thyssenkrupp

20 / 21

Interim report
1st half 2020 / 2021

October 1, 2020 –
March 31, 2021

thyssenkrupp in figures

		Full group				Group – continuing operations[1]			
		1st half ended March 31, 2020	1st half ended March 31, 2021	Change	in %	1st half ended March 31, 2020	1st half ended March 31, 2021	Change	in %
Order intake	million €	19,203	16,491	(2,712)	(14)	14,988	16,491	1,502	10
Net sales	million €	19,781	15,899	(3,883)	(20)	15,876	15,899	23	0
EBITDA	million €	232	390	158	68	(127)	406	533	++
EBIT[2]	million €	(578)	(49)	529	92	(863)	(33)	830	96
EBIT margin	%	(2.9)	(0.3)	2.6	89	(5.4)	(0.2)	5.2	96
Adjusted EBIT[1, 2]	million €	(64)	298	362	++	(465)	298	763	++
Adjusted EBIT margin	%	(0.3)	1.9	2.2	++	(3.1)	1.9	5.0	++
Income/(loss) before tax	million €	(743)	(217)	525	71	(1,012)	(202)	811	80
Net income/(loss) or earnings after tax	million €	(1,310)	(313)	997	76	(1,130)	(297)	833	74
attributable to thyssenkrupp AG's shareholders	million €	(1,320)	(356)	964	73	(1,140)	(340)	800	70
Earnings per share (EPS)	€	(2.12)	(0.57)	1.55	73	(1.83)	(0.55)	1.28	70
Operating cash flows	million €	(1,981)	(212)	1,769	89	(2,168)	(209)	1,958	90
Cash flow for investments	million €	(685)	(602)	83	12	(613)	(602)	11	2
Cash flow from divestments	million €	(3)	908	911	++	(8)	908	916	++
Free cash flow[3]	million €	(2,669)	94	2,763	++	(2,788)	97	2,885	++
Free cash flow before M & A[3]	million €	(2,685)	(718)	1,967	73	(2,774)	(718)	2,056	74
Net financial debt (assets) (March 31)	million €	7,549	(4,229)	(11,778)	--				
Total equity (March 31)	million €	1,174	10,414	9,240	++				
Gearing (March 31)	%	642.9	—[4]	—	—				
Employees (March 31)		160,090	102,306	(57,784)	(36)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 08).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial receivables, the significance of the gearing key ratio is of no relevance.

		Full group				Group – continuing operations[1]			
		2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change	in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change	in %
Order intake	million €	9,542	8,646	(896)	(9)	7,559	8,646	1,086	14
Net sales	million €	10,108	8,577	(1,530)	(15)	8,247	8,577	331	4
EBITDA	million €	(6)	158	164	++	(136)	170	306	++
EBIT[2]	million €	(462)	(69)	393	85	(561)	(57)	503	90
EBIT margin	%	(4.6)	(0.8)	3.8	82	(6.8)	(0.7)	6.1	90
Adjusted EBIT[1, 2]	million €	(95)	220	315	++	(279)	220	499	++
Adjusted EBIT margin	%	(0.8)	2.6	3.4	++	(3.2)	2.6	5.8	++
Income/(loss) before tax	million €	(537)	(124)	413	77	(630)	(112)	518	82
Net income/(loss) or earnings after tax	million €	(946)	(187)	758	80	(688)	(175)	513	75
attributable to thyssenkrupp AG's shareholders	million €	(948)	(211)	737	78	(691)	(199)	492	71
Earnings per share (EPS)	€	(1.52)	(0.34)	1.18	78	(1.11)	(0.32)	0.79	71
Operating cash flows	million €	151	(476)	(627)	--	(58)	(474)	(415)	--
Cash flow for investments	million €	(359)	(328)	30	8	(318)	(328)	(10)	(3)
Cash flow from divestments	million €	(7)	35	43	++	(13)	35	48	++
Free cash flow[3]	million €	(215)	(769)	(554)	--	(390)	(767)	(377)	(97)
Free cash flow before M & A[3]	million €	(209)	(750)	(541)	--	(367)	(750)	(383)	--
Net financial debt (assets) (March 31)	million €	7,549	(4,229)	(11,778)	--				
Total equity (March 31)	million €	1,174	10,414	9,240	++				
Gearing (March 31)	%	642.9	—[4]	—	—				
Employees (March 31)		160,090	102,306	(57,784)	(36)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 08).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial receivables, the significance of the gearing key ratio is of no relevance.

THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN		Number of shares (total)	shares	622,531,741
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001	Closing price end March 2021	€	11.39
ADR (over-the-counter-trading)	US88629Q2075	Stock exchange value end March 2021	million €	7,091
Symbols				
Shares	TKA			
ADR	TKAMY			

Contents

Our fiscal year begins on October 1 and ends on September 30 of the following year.

Interim management report

Preliminary remarks

This report follows thyssenkrupp's internal control concept.

As part of the concretization of the realignment, since October 1, 2020 certain businesses for which the company is considering other ownership structures in the short to medium term have been combined to form the new stand-alone Multi Tracks segment and managed by a dedicated segment board in the sense of active investment management. The above-mentioned other ownership structures could involve, for example, the complete or partial sale or also the continuation of the business together with one or more external partners. In this connection, the following businesses were assigned organizationally to the new Multi Tracks segment at the beginning of the 2020/2021 fiscal year: plant engineering, i.e. the chemical plant, cement plant and mining equipment businesses, the stainless steel plant in Terni, Italy (AST) incl. the associated sales organization as well as the Infrastructure unit from the Materials Services segment, Automation Engineering (System Engineering Powertrain Solutions and Battery Solutions) as well as Springs & Stabilizers from the Automotive Technology segment and Heavy Plate from the Steel Europe segment. The Elevator reinvestment included in the "Reconciliation" reporting line under Special Units until the end of fiscal 2019/2020 and thyssenkrupp Carbon Components, included under Special Services, have also been assigned to this new segment since October 1, 2020.

Presentation and disclosure of the corresponding prior-year periods have been adjusted in line with the aforementioned changes.

With effect from October 1, 2020, the definition of adjusted EBIT has been adjusted to include a narrower definition of special items, according to which earnings are adjusted only for restructuring expenses, impairment losses/reversals, and disposal gains or losses. Here, too, the presentation of the prior-year periods has been adjusted accordingly.

In late February 2020 thyssenkrupp signed an agreement on the full sale of its Elevator Technology business with a bidding consortium led by Advent International and Cinven. Following approval by the relevant authorities the closing of the transaction and deconsolidation of Elevator Technology took place on July 31, 2020. The transaction met the criteria of IFRS 5 for reporting Elevator Technology as a discontinued operation. It comprised Elevator Technology and individual units from Corporate Headquarters. In accordance with IFRS 5, the presentation for the discontinued elevator operations for the prior-year quarter has been adjusted and all income and expense items have been presented separately in the statement of income and all cash flows separately in the statement of cash flows. In addition, subsequent expenses and income and cash flows directly related to the sale of the elevator activities must continue to be reported separately in the statement of income and the statement of cash flows. As a result of the sale at the end of July 2020, it was no longer necessary to report the assets and liabilities attributable to Elevator Technology separately in the statement of financial position at September 30, 2020.

Since the sale of the Elevator Technology business on July 31, 2020 thyssenkrupp has held a reinvestment which was part of the consideration received for the sale. For further details regarding the reinvestment see also Note 02 (Discontinued operations) and Note 08 (Segment reporting).

In addition, thyssenkrupp AG and its subsidiaries are referred to in this interim management report as a “group”. The group comprises the entities included in the legal scope of consolidation.

Starting with this report, the business review is presented by segment rather than by key indicators as in the past. The aim is to ensure that the ‘Group of Companies’ concept is also reflected in the interim reporting. The focus is on the current quarter and comparison with the prior-year quarter.

Report on the economic position

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT [1), 2)] million €		Employees	
	1st half ended March 31, 2020	1st half ended March 31, 2021	1st half ended March 31, 2020	1st half ended March 31, 2021	1st half ended March 31, 2020	1st half ended March 31, 2021	1st half ended March 31, 2020	1st half ended March 31, 2021	March 31, 2020	March 31, 2021
Materials Services[2]	5,596	5,579	5,664	5,256	33	143	42	131	16,984	15,495
Industrial Components	1,147	1,318	1,117	1,247	47	188	95	198	13,318	13,005
Automotive Technology[2]	2,213	2,341	2,283	2,382	(73)	191	38	184	21,409	20,719
Steel Europe[2]	4,219	4,845	3,875	4,155	(438)	(138)	(308)	68	27,059	25,912
Marine Systems	242	664	811	1,054	0	8	4	7	6,165	6,466
Multi Tracks[2]	2,597	2,785	2,937	2,622	(254)	(317)	(192)	(191)	19,293	18,305
Corporate Headquarters[2]	1	2	1	9	(156)	(110)	(124)	(103)	971	642
Reconciliation[2]	(1,025)	(1,042)	(812)	(827)	(22)	3	(19)	4	2,324	1,762
Group continuing operations[2]	**14,988**	**16,491**	**15,876**	**15,899**	**(863)**	**(33)**	**(465)**	**298**	**107,523**	**102,306**
Discontinued elevator operations[2]	4,214	0	3,905	0	285	(16)	401	0	52,567	0
Full group	**19,203**	**16,491**	**19,781**	**15,899**	**(578)**	**(49)**	**(64)**	**298**	**160,090**	**102,306**

[1] See reconciliation in segment reporting (Note 08).
[2] See preliminary remarks.

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT[1] million €	
	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Materials Services[2]	2,845	3,096	2,975	2,888	21	132	29	126
Industrial Components	589	656	573	626	5	90	52	97
Automotive Technology[2]	1,065	1,158	1,101	1,167	(80)	74	(8)	75
Steel Europe[2]	2,165	2,437	2,078	2,238	(307)	(161)	(181)	47
Marine Systems	133	405	424	689	(1)	3	3	2
Multi Tracks[2]	1,268	1,360	1,495	1,422	(110)	(133)	(100)	(80)
Corporate Headquarters[2]	0	0	1	5	(73)	(56)	(59)	(49)
Reconciliation[2]	(507)	(468)	(401)	(457)	(14)	(7)	(15)	1
Group continuing operations[2]	**7,559**	**8,646**	**8,247**	**8,577**	**(561)**	**(57)**	**(279)**	**220**
Discontinued elevator operations[2]	1,983	0	1,861	0	98	(12)	184	0
Full group	**9,542**	**8,646**	**10,108**	**8,577**	**(462)**	**(69)**	**(95)**	**220**

[1] See reconciliation in segment reporting (Note 08).
[2] See preliminary remarks.

Summary

Market recovery and restructurings in all segments again deliver significant earnings improvement in 2nd quarter and thus in 1st half

- Business development shows progress in transformation of the company; further steps necessary for sustainable performance
- Significant year-on-year improvement in 1st half performance of the continuing operations:
  - Order intake significantly improved due to positive performances in particular at Steel Europe and Marine Systems; 2nd quarter orders higher year-on-year in all segments
  - 1st half sales overall up slightly year-on-year: increases at Industrial Components, Automotive Technology, Steel Europe and Marine Systems, decreases at Materials Services and Multi Tracks; 2nd quarter sales higher year-on-year
  - Adjusted EBIT significantly improved and positive in all segments with exception of Multi Tracks, additionally supported by effects from initiated restructurings and product mix; in 2nd quarter all segments up year-on-year with exception of Marine Systems
- Performance of the segments in the 1st half:
  - Materials Services with significant improvement in adjusted EBIT and adjusted EBIT margin due to substantial increase in 2nd quarter, mainly as a result of significant price rises for finished steel and stainless steel, demand higher than availability, so only small increase in shipments and decrease in sales
  - Industrial Components with significant increase in sales and adjusted EBIT in both quarters, boosted by higher demand from wind energy sector and in sales region China as well as clear recovery in demand for forgings business in all regions and applications
  - Automotive Technology with increases in order intake and sales due to growth in automotive original equipment business in particular for steering systems, camshaft modules and damper systems and with good demand overall in China; adjusted EBIT significantly higher due to

improvements across all product groups and higher capacity utilization of new plants in both quarters
- Steel Europe with significantly improved order intake, sales and adjusted EBIT in both quarters due to significant increase in demand, in particular from automotive sector; growth due both to higher average selling prices and higher shipments as well as higher capacity utilization
- Marine Systems with significantly higher sales and improved adjusted EBIT mainly due to delivery of the third F125 frigate in 2nd quarter and securing of margins though performance program
- Multi Tracks with higher order intake in almost all business units in difficult market environment due to pandemic, as well as slightly lower loss in adjusted EBIT; mixed performances across the portfolio: earnings higher at Heavy Plate, mining equipment businesses and Springs & Stabilizers, lower at other companies
- Corporate Headquarters with mainly lower administrative expenses

- Net income of continuing operations significantly improved year-on-year but still negative; improvement mainly due to increased and positive earnings contributions from almost all segments
- FCF before M & A of continuing operations with significant improvement versus prior year mainly due to higher adjusted EBIT and positive effects from normalization of net working capital; 2nd quarter down year-on-year due to increase in net working capital as a result of market recovery
- Full-year forecast for sales and adjusted EBIT raised again due to positive performance in 1st half
- “Strategic realignment” update
  - Portfolio: Examination of stand-alone readiness of Steel Europe at an early stage, clarification of general conditions for green transformation and corresponding planning certainty a key precondition; decision made to close heavy plate mill by end of fiscal year, last working day at the central rolling mill on March 18, final orders currently being executed; sale process for mining equipment businesses in advanced bilateral negotiations (prospect of signing in near future); sale process for stainless steel mill in Terni (AST) including associated sales organization with numerous expressions of interest; Infrastructure: sale process in the first due diligence phase of an M & A process; further development of hydrogen business as stand-alone unit within the group with existing joint venture partner Industrie De Nora, hence chemical plant business temporarily removed from sale process
  - Performance: Further implementation of extensive restructuring measures in all segments (see Segment review) with the aim of achieving a clear improvement in adjusted EBIT and FCF before M & A

Macro and sector environment

Recovery of global economy continues – uncertainties remain high due to pandemic

- Compared with the start of the fiscal year, forecast for growth of global economy in 2021 adjusted slightly upward to 5.2%
- Industrialized countries: increase in economic output in 2021 will be slightly higher than previously expected at 4.3%
- Emerging economies: 5.9% GDP growth in 2021 slightly higher than forecast at the start of the fiscal year
- Risks and uncertainties: uncertainty over further progression of the coronavirus pandemic in particular regarding the speed of vaccination and the possibility of new virus mutations and renewed and stricter lockdown measures; uncertainty over course of trade conflicts and geopolitical flashpoints; possible weakening of growth in China; indebtedness problems particularly in some countries of Europe especially as a result of numerous government support measures to mitigate pandemic consequences; volatile material and commodity costs

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2020	2021[1]
Euro zone	(6.6)	3.9
Germany	(4.9)	3.2
Russia	(3.1)	2.8
Rest of Central/Eastern Europe	(4.0)	3.1
USA	(3.5)	5.5
Brazil	(4.4)	3.4
Japan	(4.9)	2.6
China	2.3	7.8
India	(8.2)	9.8
Middle East & Africa	(4.5)	3.8
World	**(3.6)**	5.2

[1] Forecast
Sources: IHS Markit, IMF, Consensus Forecasts, misc. banks and research institutes, own estimates

Automotive

- Global sales and production of cars and light trucks in 2020 with double-digit percentage decline year-on-year, driven mainly by general lockdowns, economic uncertainties and production stoppages lasting several weeks in connection with the coronavirus pandemic; anticipated recovery in 2021 slowed by bottlenecks since end of 2020 calendar year in the supply of semiconductors and raw materials and associated logistical challenges in global supply chains; recovery trend expected to continue in 2022 assuming possible recouping of bottleneck-related production losses from 2021 and successful control of infection rates
- Europe: recovery expected in 2021, but still significantly below pre-crisis level; in addition, challenges due to adjustment to changed trading conditions with the UK as a result of Brexit and stricter CO_2 requirements for OEMs
- North America: 2021 expected to be significantly higher year-on-year
- China: continuation of positive trend expected in 2021

Machinery

- Germany: following double-digit fall in production in 2020, positive growth forecast for 2021 adjusted significantly upwards; orders recently rising again, higher capacity utilization and improving export figures supporting production growth
- USA: significant production drop in 2020; outlook for 2021 more positive due to robust leading indicators, rising capital investment and fiscal stimulus measures
- China: following already positive prior-year figures, stronger growth expected for 2021; solid recovery process in manufacturing progressing further, pre-crisis levels already clearly exceeded

Construction

- Germany: pace of growth remaining solid in 2021; support from pent-up purchasing power, continued favorable financing conditions and demand for new housing and office space
- USA: following output drop in 2020, significant expansion expected this year – outlook positive due to continued low interest rates and solid growth in housing construction
- China: following weak growth in 2020, output in current year significantly higher on back of overall economic recovery – ongoing urbanization trend continues to support housing and infrastructure investment

IMPORTANT SALES MARKETS

	2020	2021[1]
Vehicle production, million cars and light trucks[2]		
World	72.9	81.4
Western Europe (incl. Germany)	10.0	11.6
Germany	3.7	4.3
North America (USA, Mexico, Canada)	13.0	15.7
USA	8.6	10.7
Mexico	3.0	3.6
Japan	7.7	8.1
China	23.3	24.6
India	3.2	4.2
Brazil	1.9	2.3
Machinery production, real, in % versus prior year		
World	(3.7)	8.9
Europe	(12.3)	9.9
Germany	(12.0)	7.0
USA	(5.3)	7.3
Japan	(8.7)	13.4
China	6.5	8.1
Construction output, real, in % versus prior year		
Euro zone	(6.4)	6.6
Germany	3.2	3.0
USA	(2.0)	5.9
China	1.3	10.2
India	(18.3)	19.0
Demand for steel, in % versus prior year		
World	(0.2)	5.8
Germany	(11.6)	9.3
EU28	(11.4)	10.2
USA	(18.0)	8.1
China	9.1	3.0

[1] Forecast (March/April 2021)
[2] Passenger cars and light commercial vehicles up to 6t (completely built up vehicles only; without so-called CKD units)
Sources: IHS Markit, Oxford Economics, wordsteel, national associations, own estimates

Steel

- Global demand for finished steel expected to recover by 5.8% in 2021; growth in China 3.0%; growth in EU 10.2%
- EU flat carbon steel market with 12% slump in 2020; recovery in 2nd half mainly in demand for material from EU production; imports rising again at start of year but still significantly below prior-year level
- Significant rise in spot market prices since low point in July 2020
- Market environment still beset with risks, including the further progression of the coronavirus pandemic, production disruptions due to semiconductor bottlenecks and increasing global trade restrictions

Performance of the segments in the 2nd quarter

Starting with this report, the business review is presented by segment rather than by key indicators as in the past. The aim is to ensure that the 'Group of Companies' concept is also reflected in the interim reporting. The focus is on the current quarter and comparison with the prior-year quarter.

Materials Services

MATERIALS SERVICES IN FIGURES

		1st half ended March 31, 2020	1st half ended March 31, 2021	Change in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change in %
Order intake	million €	5,596	5,579	0	2,845	3,096	9
Net sales	million €	5,664	5,256	(7)	2,975	2,888	(3)
EBITDA	million €	98	210	115	53	166	212
EBIT	million €	33	143	333	21	132	++
Adjusted EBIT[1]	million €	42	131	215	29	126	331
Adjusted EBIT margin	%	0.7	2.5	—	1.0	4.4	—
Investments	million €	40	42	4	25	16	(35)
Employees (March 31)		16,984	15,495	(9)	16,984	15,495	(9)

[1] See preliminary remarks.

Order intake

- Overall significantly higher year-on-year
- Clearly rising orders in direct-to-customer business due to improved material availability and higher prices
- In warehousing and distribution, slight decline in orders due to lower volumes (exception Eastern Europe), similar situation in automotive-related service centers and at Aerospace

Sales

- Overall down year-on-year, mainly due to shortage of materials in warehousing and distribution business; higher sales here only in Eastern Europe and at the European service centers, decline in volumes more than offset there by price increases
- Overall materials volumes up from prior year (2.3 million tons vs. 2.2 million tons) due to high direct-to-customer volumes (Materials Trading +25%); warehouse volumes slightly lower year-on-year due to materials shortages
- Most product prices rising sharply, in particular for finished steel; stainless steel also up year-on-year due to high nickel price
- Demand from the aerospace industry remaining weak

Adjusted EBIT

- Significantly higher year-on-year
- Significant margin recovery at both business units due to price increases, also as a result of materials shortages
- Further progress in strategic transformation, among other things restructurings and network optimization with corresponding job reductions: sale of Plastics company Röhm Italia with three sites, closure of Aerospace branch in Varel, transfer of stainless steel service center in Dortmund to Multi Tracks segment, closure of warehouse site in Serbia
- 9% reduction in workforce versus prior year, also resulting in a 7% increase in productivity (warehouse sales per employee) compared with the prior-year period

Main special items in the reporting period

- Income from the sale of the Leverkusen site of Materials Processing Europe discontinued in 2020 and from the disposal of the Plastics company Röhm Italia

Investments

- Acquisition of a warehouse site in Frechen (Germany)
- Modernization and replacement investment at warehousing and service units; continuing digital transformation

Industrial Components

INDUSTRIAL COMPONENTS IN FIGURES

		1st half ended March 31, 2020	1st half ended March 31, 2021	Change in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change in %
Order intake	million €	1,147	1,318	15	589	656	11
Net sales	million €	1,117	1,247	12	573	626	9
EBITDA	million €	153	237	55	81	115	42
EBIT	million €	47	188	298	5	90	++
Adjusted EBIT[1]	million €	95	198	107	52	97	89
Adjusted EBIT margin	%	8.5	15.9	—	9.0	15.5	—
Investments	million €	54	81	51	25	49	95
Employees (March 31)		13,318	13,005	(2)	13,318	13,005	(2)

[1] See preliminary remarks.

Order intake

- Significantly higher year-on-year due to substantial increase at both bearings and forgings businesses following pandemic-related collapse of market in spring and summer 2020
- Bearings: Order situation remaining good with growth versus prior-year quarter (already impacted by coronavirus) in particular in industrial applications and in the regions Europe (outside Germany) and Americas; wind energy at prior-year level, likewise the regions Germany and Asia
- Forgings: continued strong recovery in demand for car/truck components in all regions
- Significant demand recovery for construction machinery undercarriages in all regions supported by expansion of product range and development of new markets/fields of business

Sales

- Up significantly from prior year due to sales growth at both business units
- Clear sales increase in particular for wind energy in China, industrial applications and other regions overall level with prior year
- Sales of forgings in line with order intake and significantly higher than a year earlier

Adjusted EBIT

- Significantly higher year-on-year due to sales growth and cost and efficiency measures
- Bearings: up significantly year-on-year due to volumes, structure and measures; further economies of scale in particular in wind energy supported by product mix and increased productivity (incl. improvements in output per employee and selling, general and administrative expenses ratio) plus initial earnings-improving effects of initiated restructuring measures
- Forgings: significantly higher than prior year due to sales recovery and early introduction of cost reduction measures; earnings improvements due among other things to reduction in workforce and associated optimization of personnel cost ratio and lowering of selling, general and administrative expenses, along with extensive measures in purchasing focused on direct production materials

Main special items in the reporting period

- Mainly impairment of assets in connection with a restructuring in the forging business

Investments

- Growth investments to increase production capacity, above all in wind energy and mainly at European and Asian production sites
- Continued investment in fully automated forging press for truck front axles at the Homburg site (Germany)

Automotive Technology

AUTOMOTIVE TECHNOLOGY IN FIGURES

		1st half ended March 31, 2020	1st half ended March 31, 2021	Change in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change in %
Order intake	million €	2,213	2,341	6	1,065	1,158	9
Net sales	million €	2,283	2,382	4	1,101	1,167	6
EBITDA	million €	135	296	120	59	127	115
EBIT	million €	(73)	191	++	(80)	74	++
Adjusted EBIT[1]	million €	38	184	385	(8)	75	++
Adjusted EBIT margin	%	1.7	7.7	—	(0.7)	6.4	—
Investments	million €	158	104	(34)	70	54	(23)
Employees (March 31)		21,409	20,719	(3)	21,409	20,719	(3)

[1] See preliminary remarks.

Order intake

- Significantly up versus prior year, which was already weaker due to the pandemic, with growth in the automotive original equipment business, in particular steering systems, camshaft modules and damper systems as well as automotive assembly lines
- Overall good demand in China
- Bottlenecks in the supply chain, in particular for semiconductor products, resulting in reduced customer call-offs

Sales

- Sales in line with order intake in automotive original equipment business; lower sales billings in automotive assembly lines

Adjusted EBIT

- Significantly higher than prior year and once again with good margin of around 6%: earnings increases at all business units due in part to efficiency improvements in production – above all the ramp-up of new plants and projects (lower reject rates, non-conformance costs and shorter cycle times) as well as a profitable order structure and reduced writedowns
- Negative effects among other things from disruptions to the supply chain, e.g. bottlenecks in the supply of electronic semiconductors and other starting products, as well as higher freight costs amid scarce freight capacities
- Reduced personnel and material costs through restructurings at Automotive Body Solutions (previously System Engineering Body) and at segment level

Main special items in the reporting period

- No significant special items

Investments

- Investments focused on steering systems for order-related projects
- Building of new production capacities in China for electronically adjustable damper systems on the basis of several production orders won from Chinese electric vehicle manufacturers

Steel Europe

STEEL EUROPE IN FIGURES

		1st half ended March 31, 2020	1st half ended March 31, 2021	Change in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change in %
Order intake	million €	4,219	4,845	15	2,165	2,437	13
Net sales	million €	3,875	4,155	7	2,078	2,238	8
EBITDA	million €	(212)	(1)	100	(197)	(92)	53
EBIT	million €	(438)	(138)	68	(307)	(161)	48
Adjusted EBIT[1)]	million €	(308)	68	++	(181)	47	++
Adjusted EBIT margin	%	(7.9)	1.6	—	(8.7)	2.1	—
Investments	million €	258	275	7	139	174	25
Employees (March 31)		27,059	25,912	(4)	27,059	25,912	(4)

[1)] See preliminary remarks.

Order intake

- Significantly higher year-on-year at 3.0 million t (after already sharp rise in prior quarter); strong demand from restocking particularly at steel processors and catch-up effects above all in automotive industry; lower orders from industrial customers and distributors/steel service centers

Sales

- Significantly higher year-on-year; prices up sharply with shipments at prior-year level (2.7 million t); improved product mix mainly in automotive business offsetting weaker shipments primarily in business with distributors/steel service centers and in machinery and pipe sectors

Adjusted EBIT

- Significantly higher year-on-year
- Mainly result of positive price trend, reduced expenses and higher capacity utilization, partly offset by rising raw materials costs
- Shipments stable year-on-year with accompanying improvement in product mix (mainly automotive)
- Progressive restructuring, ongoing performance program and lower writedowns having additional positive impact on earnings situation

Main special items in the reporting period

- Provisions for ongoing restructuring, mainly relating to basic agreement of March 5, 2021 between IG Metall and tkSE with associated additional reduction of around 750 jobs at headquarters and production-related administrative areas of tkSE by September 30, 2023
- Further provisions for restructuring of Bochum site (closure of hot strip mill 3 and closure of Castroper Strasse site with relocation of NO production) under Strategy 20-30
- Partly offset by partial reversal of provisions recognized in prior-year period for restructuring of headquarters through further less cost-intensive personnel instruments (including employee turnover)

Investments

- Installation of equipment underway for new hot-dip coating line 10 (FBA 10) in Dortmund
- Most of contracts awarded for major projects under Strategy 20-30 such as revamp of casting-rolling line in Duisburg-Bruckhausen into a new continuous caster and conventional hot strip mill and construction of a new double reversing mill at Bochum site; contract for annealing and isolating line in Bochum also awarded

Marine Systems

MARINE SYSTEMS IN FIGURES

		1st half ended March 31, 2020	1st half ended March 31, 2021	Change in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change in %
Order intake	million €	242	664	174	133	405	204
Net sales	million €	811	1,054	30	424	689	63
EBITDA	million €	28	40	44	13	19	45
EBIT	million €	0	8	++	(1)	3	++
Adjusted EBIT[1]	million €	4	7	107	3	2	(19)
Adjusted EBIT margin	%	0.4	0.7	—	0.7	0.3	—
Investments	million €	32	46	47	19	10	(49)
Employees (March 31)		6,165	6,466	5	6,165	6,466	5

[1] See preliminary remarks.

Order intake

- Significantly higher year-on-year due to receipt of a submarine order from Italian Navy in March, further smaller orders in maintenance and service area and follow-up orders in surface vessel business

Sales

- Significantly higher year-on-year, mainly due to handover of third F125 frigate to German Navy in March

Adjusted EBIT

- Down slightly year-on-year, some existing projects still with weak profit margins; performance program securing margins in new business and strengthening existing projects
- Realization and firming of measures under performance program in connection with purchasing and project management proceeding to schedule
- Administrative cost ratio lowered as a result of reduced material and personnel costs in commercial and administrative functions accompanied by stable sales

Main special items in the reporting period

- No significant special items

Investments

- Continuation of shipyard modernization at Kiel site; contract signed with general contractor for construction of a new dock hall

Multi Tracks

MULTI TRACKS IN FIGURES

		1st half ended March 31, 2020	1st half ended March 31, 2021	Change in %	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change in %
Order intake	million €	2,597	2,785	7	1,268	1,360	7
Net sales	million €	2,937	2,622	(11)	1,495	1,422	(5)
EBITDA	million €	(187)	(258)	(38)	(77)	(98)	(28)
EBIT	million €	(254)	(317)	(25)	(110)	(133)	(21)
Adjusted EBIT[1)]	million €	(192)	(191)	1	(100)	(80)	20
Adjusted EBIT margin	%	(6.5)	(7.3)	—	(6.7)	(5.6)	—
Investments	million €	56	50	(12)	27	24	(12)
Employees (March 31)		19,293	18,305	(5)	19,293	18,305	(5)

[1)] See preliminary remarks.

Order intake

- Up year-on-year despite difficult market environment due to pandemic
- Stainless steel business with continued good demand; plant engineering and Automation Engineering higher year-on-year and therefore up slightly overall in 1st half despite slightly weaker 1st quarter
- Heavy Plate: planned reduction in order intake following closure decision

Sales

- Despite difficult market environment due to pandemic, sales down only slightly year-on-year with heterogeneous picture across companies
- Plant engineering: sales down due to concentration on more attractive market segments and customer reluctance to place major orders for new plants; initiated restructuring measures in all businesses and central administrative areas proving necessary and correct
- Heavy Plate: completion of existing orders without new order intake resulting in planned reduction
- Automation Engineering: reduction due to lower order intake in prior periods
- Stainless steel: higher and stable order volumes

Adjusted EBIT

- Clear improvement in earnings with heterogeneous picture across portfolio
- Higher earnings mainly at Springs & Stabilizers, Automation Engineering, mining equipment businesses, Heavy Plate
- Stainless steel: market-related developments on price and cost side weighing on earnings
- Around 640 restructuring and cost-reduction measures with focus in current fiscal year in Germany on chemical plant, mining equipment businesses, cement plant, Springs & Stabilizers, Automation Engineering with clear loss-reducing effect in almost all units: reduction of around 1,400 employees at plant engineering, Automation Engineering and Heavy Plate (year-on-year); personnel cutback at Springs & Stabilizers primarily starting in second half of year; related agreements reached with codetermination bodies and associated provisions already recognized

- Portfolio: closure of Heavy Plate at advanced stage of implementation; site closures in Germany initiated (automotive businesses); strong and further increasing growth in project inquiries in hydrogen business; scaling of business continuing at speed

Main special items in the reporting period

- Mainly recognition of restructuring provisions at mining equipment businesses and chemical plant

Investments

- Continuing investment in expansion of technology portfolio to safeguard market position and preserve asset value

Corporate Headquarters

Adjusted EBIT

- Administrative cost savings at Group Functions and Regional Platforms

Main special items in the reporting period

- Project expenditure in connection with M & A transactions

Investments

- No major capital expenditures

Results of operations and financial position

Analysis of the statement of income

Income from operations

- Net sales of continuing operations virtually unchanged year-on-year, but 4% higher year-on-year in reporting quarter; cost of sales of continuing operations down significantly overall mainly due to lower depreciation/amortization and lower impairment losses recognized on non-current assets, while in reporting quarter, despite sales increase, cost of sales down slightly overall due to significantly lower depreciation, amortization and impairment losses coupled with disproportionate rise in personnel expenses mostly in connection with restructuring measures; improvement in gross profit margin to 12.0% (prior year: 8.5%), in reporting quarter 12.2% (prior year: 7.7%)
- Decrease in selling expenses of continuing operations mainly resulting from lower personnel expenses, also in connection with restructuring measures; partly offset by higher sales-related freight, insurance and customs expenses
- Sharp reduction in general and administrative expenses of continuing operations mostly as a result of significantly lower personnel expenses, reinforced mainly by lower IT, impairment and consulting expenses
- Increase in other income of continuing operations due to higher insurance claims and higher subsidies mainly from the German public sector in connection with reimbursement of social insurance contributions in respect of short-time working

Financial income/expense

- Overall decline in financial income/expense of continuing operations mainly as a result of lower income from investments accounted for using the equity method in continuing operations due to share of losses from the Elevator reinvestment recognized in the first half; at the same time offsetting effects from lower interest expense for financial debt and income recognized in the first half from the subsequent measurement of the interest-free loan acquired in connection with the Elevator reinvestment

Earnings per share

- Net loss reduced very significantly by €997 million to €313 million; also includes absence of prior-year net loss of discontinued operations of €180 million following closing of Elevator transaction in July 2020.
- Loss per share accordingly reduced by €1.55 to €0.57

Analysis of the statement of cash flows

Operating cash flows

- Negative but strongly improved operating cash flows of continuing operations primarily due to increased trade accounts payable and offsetting effects resulting from increased inventories and trade accounts receivable as a result of the positive business performance; at the same time strongly improved and positive net income of continuing operations before depreciation and amortization

Cash flows from investing activities

- Capital spending lower year-on-year overall, mainly reflecting lower capital spending at Automotive Technology
- Cash inflows from disposals up sharply year-on-year as a result of reduction of time deposits with an original term of more than 90 days in 1st quarter of current fiscal year

Cash flows from financing activities

- Sharp decrease in cash flows from financing activities of continuing operations mostly due to early repayment of a bond in first half and very significant overall year-on-year reduction in liabilities to financial institutions; in prior year high increase in borrowing of financial debt

Free cash flow and net financial assets/debt

RECONCILIATION TO FREE CASH FLOW BEFORE M & A

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	Change	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	(2,168)	(209)	1,958	(58)	(474)	(415)
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	(621)	306	927	(331)	(293)	38
Free cash flow – continuing operations (FCF)[1]	**(2,788)**	**97**	**2,885**	**(390)**	**(767)**	**(377)**
–/+ Cash inflow/cash outflow resulting from material M & A transactions	62	72	10	51	43	(9)
Adjustment due to IFRS 16	(48)	(37)	11	(29)	(26)	3
Adjustment due to time deposits	0	(850)	(850)	0	0	0
Free cash flow before M & A – continuing operations (FCF before M & A)[1]	**(2,774)**	**(718)**	**2,056**	**(367)**	**(750)**	**(383)**
Discontinued elevator operations[1]	89	0	(89)	158	0	(158)
Free cash flow before M & A – group (FCF before M & A)	**(2,685)**	**(718)**	**1,967**	**(209)**	**(750)**	**(541)**

[1] See preliminary remarks.

- FCF before M & A of continuing operations with clear improvement year-on-year mainly due to improved adjusted EBIT and positive effects from the normalization of net working capital; 2nd quarter lower year-on-year due to increase in net working capital in connection with market recovery
- Net financial assets at €4.2 billion at March 31, 2021 lower than at September 30, 2020 mainly due to negative FCF before M & A
- Available liquidity of €11.3 billion (€9.8 billion cash and cash equivalents and €1.5 billion undrawn committed credit lines)

- Commercial paper program with a maximum emission volume of €3.0 billion not drawn at March 31, 2021
- €850 million bond due on March 8, 2021 repaid early on December 8, 2020 in accordance with an early repayment option under the terms and conditions of issue
- Repayment of €130 million loan note due on March 11, 2021

Rating

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	negative
Moody's	B1	not Prime	stable
Fitch	BB-	B	stable

- In January 2021 rating agency Standard & Poor's lowered the outlook for its BB- rating from "stable" to "negative".
- In March 2021 rating agency Moody's changed the outlook for its B1 rating from "developing" to "stable".

Analysis of the statement of financial position

Non-current assets

- Slight overall decline in intangible assets mainly due to amortization exceeding additions
- Slight overall increase in property, plant and equipment mainly due to additions exceeding depreciation
- Decrease in investments accounted for using the equity method and increase in other financial assets mainly due to subsequent measurement of the Elevator reinvestment
- Increase in other non-financial assets almost entirely due to higher advance payments on property, plant and equipment

Current assets

- Increase in inventories particularly in Steel Europe segment and in automotive businesses
- Increase in trade accounts receivable mainly in materials businesses in Materials Services and Steel Europe segments and in components businesses in Industrial Components segment
- Overall decrease in contract assets mainly in connection with the execution of construction contracts in plant construction business of Multi Tracks segment coupled with offsetting effects from the execution of construction contracts at Marine Systems
- Increase in other financial assets mainly as a result of derivatives accounting
- Rise in other non-financial assets mainly due to higher claims in connection with non-income taxes
- Overall significant decrease in cash, cash equivalents and time deposits mainly due to early repayment in early December 2020 of a bond originally due in March 2021, capital expenditures of continuing operations, and negative operating cash flow of continuing operations

Total equity

- Increase compared with September 30, 2020 mainly due to gains recognized in other comprehensive income from remeasurement of pensions and similar obligations, from currency translation, and from cash flow hedges; partly offset by net loss in first half

Non-current liabilities

- Decrease in accrued pensions and similar obligations primarily due to gains from the remeasurement of pensions mainly as a result of higher pension interest rates
- Increase in other provisions mainly due to restructuring measures initiated
- Reduction in financial debt in particular due to reclassification of a bond due in March 2022 and a loan note due in December 2021 to current liabilities

Current liabilities

- Increase in financial debt mainly due to above-mentioned reclassification of a bond and a loan note from non-current liabilities; partly offset by early repayment in December 2020 of a bond originally due in March 2021
- Increase in trade accounts payable mainly in materials businesses in Materials Services and Steel Europe segments
- Decrease in contract liabilities mainly due to execution of construction contracts in plant construction business of Multi Tracks segment and at Marine Systems
- Increase in other non-financial liabilities mainly as a result of higher liabilities in connection with non-income taxes

Compliance

- Strong values as foundation of our work – particularly in difficult economic environment; anchored in Mission Statement, Code of Conduct and Compliance Commitment
- Continuous implementation and enhancement of thyssenkrupp compliance management system in our core compliance areas corruption prevention, antitrust law, data protection, money laundering, and trade compliance
- Close involvement of Compliance in various M & A activities to advise on antitrust issues
- More information on compliance at thyssenkrupp in the 2019 / 2020 Annual Report and on the website www.thyssenkrupp.com

Employees

- 102,306 employees worldwide at March 31, 2021 in the continuing operations; compared with September 30, 2020 this represents a decrease of 1,292 employees or 1.2%, and compared with March 31, 2020 a decrease of 5,217 employees or 4.9% in the continuing operations (including discontinued operations – decrease of 57,784 employees or 36.1% compared with March 31, 2020)
- Against the background of the worldwide spread of the coronavirus pandemic our global occupational safety and health (OSH) organization is advising and supporting the thyssenkrupp Executive Board with technical experts and an operational task force in order to provide the best possible protection for employees and limit the negative impacts on the businesses
- More information on employees at thyssenkrupp in the 2019 / 2020 Annual Report and on the website www.thyssenkrupp.com

Technology and innovations

Climate protection

Our research and development efforts are concentrated on the major technological challenges of the future. These include the digital transformation of industry, climate change, the energy transition and modern mobility solutions.

- Green steel
  - Plan for green transformation of steel production in place
  - First trial phase for use of hydrogen in the blast furnace at Steel Europe successfully completed
  - Second phase: tests on replacing carbon with hydrogen, initially carried out on one tuyere of blast furnace 9, have now been widened to all 28 tuyeres
  - Up to now, pulverized coal and hot air have been injected into the blast furnace through the tuyeres
  - Replacement of carbon with hydrogen is part of the company's climate strategy
  - Goal: 30% reduction of CO_2 emissions by 2030 and climate neutrality by 2050
- Alkaline water electrolysis for hydrogen production
  - Project "Element One" launched at thyssenkrupp Uhde Chlorine Engineers
  - Goal: Scaling and qualification of previous module size to a 20 MW standard, to further enhance competitive advantage in large-scale installations
  - Economies of scale and further development of the manufacturing process will permit significantly reduced costs in hydrogen production
- Low-CO_2 cement plants
  - New polysius® booster mill developed at Cement Technologies allows increased use of composites as partial substitute for cement clinker
  - Conventional production of clinker extremely CO_2-intensive (around 790 kg CO_2 per t clinker)
  - Mill processes composite-clinker mix into homogeneous building material in degrees of fineness required by customers

Digitization

- E-commerce
  - Materials Services network expanded with further e-commerce platform for United Kingdom
  - "Steelbay Exchange" offers customers round-the-clock access to broad materials offering
  - Other materials suppliers interested in listing their products on Steelbay Exchange as well
  - Platform based on thyssenkrupp in-house technology
- Artificial intelligence
  - Expansion of data analytics and artificial intelligence central to optimizing services in materials distribution
  - Automated simulations calculate optimized distribution routes for logistics in Germany based on millions of historical transactions
  - 8% year-on-year production increase in German materials distribution alone
- Digital process automation
  - Expansion using lean methods for process analysis and selection of automation technologies at Materials Services

  - Key technologies include Optical Character Recognition (OCR) and Robotics Process Automation (RPA)
  - Several million order items are now processed annually using OCR technology
  - Increasing use of RPA in repetitive business processes
- Digitization in the rolling mill
  - Steel Europe’s precision strip mill digitally monitors cooling process of steel coils before pickling
  - This reduces throughput times from 72 to five to six hours. Digitized cooling process is a further step on the way to the fully connected factory

Mobility of the future

- Steer-by-wire en route for production readiness
  - Automotive Technology driving development of steer-by-wire products
  - New software and hardware developments make steering exclusively via electrical signals simpler, cheaper and safer for mass production and volume use
- Agile product development
  - Creation of further modular research platforms at Automotive Technology to enhance customer-oriented development work for chassis components and systems
  - Mobile research platforms allow flexible testing of components and systems at very early stage of development, under real-life conditions; currently three new research platforms under construction
- Composite for electric vehicles
  - Sound-absorbing sandwich material Bondal (composite of steel and plastic) from Steel Europe effectively dampens noise in electric motors
  - High-frequency sound is mainly caused by inverter, which converts direct current from the battery into alternating current for the traction motor
  - Production order received from an OEM

More information on technology and innovations at thyssenkrupp in the 2019 / 2020 Annual Report.

Forecast, opportunity and risk report

2020 / 2021 forecast raised again

For key assumptions and expected economic parameters, see the Forecast section and the section “Macro and sector environment” in the Report on the economic position in the 2019 / 2020 Annual Report and this interim management report.

We are continuing to push ahead with the implementation of our strategic realignment and the structural improvement of our businesses. With the structuring of our portfolio at the end of May 2020 a clear focus was placed on the industrial portfolio and business models, competitive profitability and cash flow of the businesses. Part of the proceeds from the Elevator transaction are to be used selectively to restructure and develop businesses where attractive target returns can be achieved. In addition, financial liabilities will be repaid in line with their maturity profile. However, in view of the uncertain economic situation caused by the coronavirus pandemic, we will continue to retain the greatest possible flexibility in the precise allocation of funds.

For 2021 we currently assume significant growth at a global level. Depending on the course of the pandemic, some countries (e.g. the USA) are likely to reach or exceed pre-crisis levels in the course of the year; in other countries, which have been hit particularly hard by the infection rates and also due to their economic structure, this will probably not be achieved until next year or later.

Against this background we will continue to focus in the current fiscal year on the restructuring and structural improvement of our businesses as well as continuing targeted growth initiatives. All targets are to be backed systematically with concrete action plans. In addition we will develop “best owner” plans for Multi Tracks towards a conclusion. We will also continue to counter the effects of the coronavirus pandemic with short-term measures as necessary.

The key assumptions for our markets forming the basis of our forecast can be found in the section “Macro and sector environment” in the Report on the economic position. The corresponding opportunities and risks are set out in the “Opportunity and risk report” below.

Expectations for 2020 / 2021

For the current fiscal year we expect a further continuing economic recovery and a structural improvement in our businesses. Based on the positive trend in the 1st half and its continuation in the 2nd half with subdued momentum, we are again raising our forecast in corresponding ranges.

With effect from October 1, 2020, the definition of adjusted EBIT has been adjusted to include a narrower definition of special items, according to which earnings are adjusted only for restructuring expenses, impairment losses/reversals, and disposal gains or losses. Here, too, the presentation of the prior-year period has been adjusted accordingly.

To take account of the effects of this, as well as the new group structure with the Multi Tracks segment, the prior-year reference values for sales of the individual segments and adjusted EBIT of the group and the segments have been calculated pro forma.

The forecast and the prior-year reference values relate to the continuing operations unless explicitly related to the group.

The forecast assumes no effects from possible portfolio measures.

Our sales forecast is based on the market forecasts provided in the section “Macro and sector environment” of the Report on the economic position.

Depending in particular on the recovery of the markets for our steel, materials and automotive components businesses, which will also be influenced by the further progression of the coronavirus pandemic, **sales** are expected to grow in the low two-digit percentage range but remain clearly below the level before the coronavirus pandemic (prior year: €28.9 billion).

We forecast that **adjusted EBIT** will improve significantly towards a positive result in the mid 3-digit million euro range (prior year: pro forma €(1.8) billion) as a result of expected improvements in all segments. These improvements will be due mainly to clear structural progress in all businesses and are predicated on the development of sales, which will depend to a large degree on the market situation. Only Multi Tracks will contribute a loss, which is expected to be in the low to mid 3-digit million euro range (prior year: pro forma €(593) million).

- At **Materials Services** we expect a significant improvement in adjusted EBIT back to a clearly positive figure in the low to mid 3-digit million euro range (prior year: pro forma €(85) million). In addition to structural improvements and the absence of negative one-time effects this will be supported by price effects amid a significant increase in volumes starting from a low level. However, a return to pre-crisis volume levels is not expected until the following years.

- At **Industrial Components** overall we expect an increase in sales in the low 2-digit percentage range and significantly higher adjusted EBIT in the low to mid 3-digit million euro range (prior year, sales: €2.1 billion, pro forma adjusted EBIT: €139 million). This will be supported by the recovery in the market and cost reductions for forgings and good demand for bearings from the wind energy sector.

- At **Automotive Technology** we expect sales growth in the high single-digit percentage range (prior year: pro forma €4.1 billion) and a significant improvement in adjusted EBIT back to a clearly positive figure in the low to mid 3-digit million euro range (prior year: pro forma €(166) million). This will result mainly from a market recovery and rising contributions from the new plants and projects – also in connection with higher workloads – continuing efficiency measures and lower depreciation/amortization.

- As a result of the clearly improved market environment, at **Steel Europe** we expect a significant improvement in adjusted EBIT and a return to positive earnings in the low to mid 3-digit million euro range (prior year: pro forma €(820) million), reflecting structural improvements from the implementation of Strategy 20-30, lower depreciation/amortization as well as a significant volume recovery starting from a low level and also depending on movements in raw material costs. However, a return to pre-crisis volume levels is not expected until the following years.

- At **Marine Systems** we expect a significant increase in sales and higher adjusted EBIT (prior year, sales: €1.8 billion, pro forma adjusted EBIT: €20 million). This will be supported by higher earnings contributions from the new projects and improvements in project execution.

- For the businesses combined under **Multi Tracks**, overall we expect stable sales (prior year: pro forma €5.5 billion) and a significant improvement in adjusted EBIT to a loss in the low to mid 3-digit million euro range (prior year: pro forma adjusted EBIT €(593) million).
  - Key drivers of the expected improvement in earnings will be plant engineering (prior year: pro forma €(250) million) and the AST stainless steel mill (prior year: pro forma €(78) million). This will be partly offset by results at Heavy Plate due to charges in connection with the planned closure of the heavy plate mill by the end of this fiscal year.

- We will continue to transform **Corporate Headquarters** into a more efficient holding company structure and expect a further reduction in costs and an improvement in adjusted EBIT in the mid to high single-digit percentage range in the fiscal year (prior year: pro forma adjusted EBIT €(221) million.

In connection with the implementation of the structural improvements we expect expenses from the necessary restructuring measures (special items) in the mid 3-digit million euro range.

Despite the clear improvements, we expect a **net loss for the group** of up to a mid 3-digit million euro amount (prior year: €(5.5) billion).

Capital spending is expected to be higher than a year earlier (prior year: €1,440 million). There will be higher investments at Steel Europe in connection with Steel Strategy 20-30 and largely stable investments overall at the other businesses. Due in particular to the uncertain environment, investments will be approved on a restrictive, step-by-step basis.

Free cash flow before M & A will improve significantly and move towards €(1) billion (prior year: €(5.5) billion). This is dependent on earnings improvements in all segments, the – offsetting – increase in net working capital required for sales growth and dependent on raw materials prices, cash-out for restructuring in the low to mid 3-digit million euro range, the level of capital expenditure exceeding depreciation, and cash inflows from order intake and the payment profile of projects (mainly Multi Tracks, Marine Systems).

Group tkVA is expected to be lower year-on-year and negative (prior year, group: €9.1 billion). The prior year profited substantially from the elevator transaction.

We will take into account the development of our key performance indicators – also keeping in mind economic justifiability – in preparing our dividend proposal to the Annual General Meeting.

Opportunities and risks

Opportunities

- Detailed information on opportunities described in the 2019 / 2020 Annual Report continues to apply
- Opportunities from systematic implementation of transformation into a high-performing “Group of Companies”: performance culture, strategic portfolio decisions
- Opportunities from extensive technological expertise under a strong “thyssenkrupp” brand: market opportunities with tailored technological and competitive solutions
- Opportunities from implementation of our hydrogen strategy

Risks

- No risks that threaten the company’s ability to continue as a going concern; detailed information on risks described in the 2019 / 2020 Annual Report continues to apply
- Uncertainties over the further progression of the coronavirus pandemic, especially the pace of vaccination coverage and possible new virus mutations or new lockdown measures; fast-rising infection rates in regions important to us; growth risks for the global economy and in markets relevant to thyssenkrupp
- Further economic risks: uncertainty over progression of further trade conflicts and geopolitical flashpoints, possible slowdown of growth in China, problems of indebtedness in particular in some European countries, particularly as a result of numerous state aid measures to mitigate the impact of the pandemic, volatile material and commodity costs
- Risks through temporary efficiency losses in production as a result of restructurings in connection with our company transformation
- Risks of cost and schedule overruns in the execution of major projects
- Risks from attacks on IT infrastructure; countermeasure: further continuous expansion of information security management and security technologies

Condensed interim financial statements of the thyssenkrupp group

thyssenkrupp group – statement of financial position

ASSETS

million €	Note	Sept. 30, 2020	March 31, 2021
Intangible assets		2,075	2,050
Property, plant and equipment (inclusive of investment property)		6,319	6,340
Investments accounted for using the equity method		722	690
Other financial assets		658	700
Other non-financial assets		230	350
Deferred tax assets		497	485
Total non-current assets		**10,501**	**10,615**
Inventories		5,922	6,480
Trade accounts receivable		4,833	5,372
Contract assets		1,575	1,535
Other financial assets		535	722
Other non-financial assets		1,414	1,533
Current income tax assets		162	136
Cash, cash equivalents and time deposits		11,547	9,742
Total current assets		**25,989**	**25,520**
Total assets		**36,490**	**36,134**

See accompanying notes to financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2020	March 31, 2021
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		1,472	1,427
Cumulative other comprehensive income		80	291
Equity attributable to thyssenkrupp AG's stockholders		**9,810**	**9,976**
Non-controlling interest		364	439
Total equity		**10,174**	**10,414**
Accrued pension and similar obligations	03	8,560	8,151
Provisions for other non-current employee benefits		289	294
Other provisions	04	507	614
Deferred tax liabilities		58	111
Financial debt	05	5,303	3,916
Other financial liabilities		96	64
Other non-financial liabilities		6	3
Total non-current liabilities		**14,819**	**13,153**
Provisions for current employee benefits		156	163
Other provisions	04	1,188	1,170
Current income tax liabilities		166	158
Financial debt	05	1,199	1,606
Trade accounts payable		3,475	4,323
Other financial liabilities		665	590
Contract liabilities		3,073	2,726
Other non-financial liabilities		1,575	1,830
Total current liabilities		**11,497**	**12,567**
Total liabilities		**26,316**	**25,720**
Total equity and liabilities		**36,490**	**36,134**

See accompanying notes to financial statements.

thyssenkrupp group – statement of income

million €, earnings per share in €	Note	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Sales	08, 09	15,876	15,899	8,247	8,577
Cost of sales		(14,529)	(13,996)	(7,615)	(7,532)
Gross margin		**1,347**	**1,902**	**632**	**1,045**
Research and development cost		(125)	(111)	(65)	(60)
Selling expenses		(1,135)	(1,113)	(580)	(584)
General and administrative expenses		(1,000)	(840)	(542)	(492)
Other income	10	98	160	29	60
Other expenses		(50)	(50)	(25)	(36)
Other gains/(losses), net		1	14	(9)	3
Income/(loss) from operations		**(864)**	**(38)**	**(561)**	**(63)**
Income from companies accounted for using the equity method	11	6	(42)	2	9
Finance income		703	367	505	156
Finance expense		(858)	(489)	(576)	(214)
Financial income/(expense), net		**(149)**	**(164)**	**(69)**	**(49)**
Income/(loss) from continuing operations before tax		**(1,012)**	**(202)**	**(630)**	**(112)**
Income tax (expense)/income		(117)	(95)	(58)	(63)
Income/(loss) from continuing operations (net of tax)		**(1,130)**	**(297)**	**(688)**	**(175)**
Income/(loss) from discontinued operations (net of tax)	02	**(180)**	**(16)**	**(258)**	**(12)**
Net income/(loss)		**(1,310)**	**(313)**	**(946)**	**(187)**
Thereof:					
thyssenkrupp AG's shareholders		**(1,320)**	**(356)**	**(948)**	**(211)**
Non-controlling interest		10	43	2	24
Net income/(loss)		**(1,310)**	**(313)**	**(946)**	**(187)**
Basic and diluted earnings per share based on	12				
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		**(1.83)**	**(0.55)**	**(1.11)**	**(0.32)**
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**(2.12)**	**(0.57)**	**(1.52)**	**(0.34)**

See accompanying notes to financial statements.

thyssenkrupp group – statement of comprehensive income

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Net income/(loss)	**(1,310)**	**(313)**	**(946)**	**(187)**
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:				
Other comprehensive income from remeasurements of pensions and similar obligations				
Change in unrealized gains/(losses), net	835	355	584	521
Tax effect	(290)	(21)	(223)	(15)
Other comprehensive income from remeasurements of pensions and similar obligations, net	545	335	361	506
Unrealized gains/(losses) from fair value measurement of equity instruments				
Change in unrealized gains/(losses), net	0	5	0	0
Tax effect	0	0	0	0
Net unrealized (gains)/losses	0	5	0	0
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	(1)	0	(1)
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**545**	**339**	**361**	**505**
Items of other comprehensive income that could be reclassified to profit or loss in future periods:				
Foreign currency translation adjustment				
Change in unrealized gains/(losses), net	(191)	58	(102)	141
Net realized (gains)/losses	0	0[1]	0	0
Net unrealized (gains)/losses	(191)	58	(102)	141
Unrealized gains/(losses) from fair value measurement of debt instruments				
Change in unrealized gains/(losses), net	1	5	1	3
Net realized (gains)/losses	0	0	0	0
Tax effect	0	0	0	0
Net unrealized (gains)/losses	1	5	1	3
Unrealized gains/(losses) from impairment of financial instruments				
Change in unrealized gains/(losses), net	(2)	(2)	(2)	0
Net realized (gains)/losses	1	(1)	1	0
Tax effect	0	0	0	0
Net unrealized (gains)/losses	(1)	(2)	(1)	0
Unrealized gains/(losses) on cash flow hedges				
Change in unrealized gains/(losses), net	(90)	196	(70)	28
Net realized (gains)/losses	1	3	(2)	14
Tax effect	25	(43)	18	2
Net unrealized (gains)/losses	(64)	155	(55)	45

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	12	0	(16)
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	**(256)**	**228**	**(156)**	**173**
Other comprehensive income	**290**	**566**	**204**	**678**
Total comprehensive income	**(1,020)**	**254**	**(741)**	**491**
Thereof:				
thyssenkrupp AG's shareholders	(1,002)	188	(719)	459
Non-controlling interest	(18)	66	(23)	32
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:				
Continuing operations	(760)	204	(419)	471
Discontinued operations	(242)	(16)	(300)	(12)

See accompanying notes to financial statements.
[1] The split of realized and unrealized foreign currency adjustments has been adjusted.

thyssenkrupp group – statement of changes in equity

		Equity attributable to thyssenkrupp AG's stockholders		
million €, (except number of shares)	Number of shares outstanding	Capital stock	Additional paid-in capital	Retained earnings
Balance as of Sept. 30, 2019	**622,531,741**	**1,594**	**6,664**	**(6,859)**
Adjustment due to the adoption of IFRS 16				(1)
Balance as of Oct. 1, 2019	**622,531,741**	**1,594**	**6,664**	**(6,860)**
Net income/(loss)				(1,320)
Other comprehensive income				545
Total comprehensive income				**(775)**
Profit attributable to non-controlling interest				
Other changes				5
Balance as of March 31, 2020	**622,531,741**	**1,594**	**6,664**	**(7,629)**
Balance as of Sept. 30, 2020	**622,531,741**	**1,594**	**6,664**	**1,472**
Net income/(loss)				(356)
Other comprehensive income				333
Total comprehensive income				**(23)**
Profit attributable to non-controlling interest				
Changes of shares of already consolidated companies				(7)
Other changes				(16)
Balance as of March 31, 2021	**622,531,741**	**1,594**	**6,664**	**1,427**

See accompanying notes to financial statements.

Equity attributable to thyssenkrupp AG's stockholders									
Cumulative other comprehensive income									
				Cash flow hedges					
Foreign currency translation adjustment	Fair value measurement of debt instruments	Fair value measurement of equity instruments	Impairment of financial instruments	Designated risk component	Hedging costs	Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
187	**7**	**0**	**46**	**68**	**(1)**	**43**	**1,751**	**469**	**2,220**
							(1)	0	(1)
187	**7**		**46**	**68**	**(1)**	**43**	**1,750**	**469**	**2,219**
							(1,320)	10	(1,310)
(164)	0		(1)	(62)	(1)	0	318	(28)	290
(164)	**0**		**(1)**	**(62)**	**(1)**	**0**	**(1,002)**	**(18)**	**(1,020)**
							0	(15)	(15)
							5	(15)	(10)
24	**8**	**0**	**46**	**6**	**(2)**	**43**	**753**	**422**	**1,174**
(93)	**6**	**2**	**42**	**84**	**(1)**	**40**	**9,810**	**364**	**10,174**
							(356)	43	(313)
53	3	5	(2)	140	1	12	544	22	566
53	**3**	**5**	**(2)**	**140**	**1**	**12**	**188**	**66**	**254**
							0	(10)	(10)
							(7)	4	(3)
							(16)	16	0
(40)	**9**	**7**	**40**	**223**	**0**	**52**	**9,976**	**439**	**10,414**

thyssenkrupp group – statement of cash flows

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Net income/(loss)	**(1,310)**	**(313)**	**(946)**	**(187)**
Adjustments to reconcile net income/(loss) to operating cash flows:				
(Income)/loss from discontinued operations (net of tax)	180	16	258	12
Deferred income taxes, net	60	4	21	14
Depreciation, amortization and impairment of non-current assets	735	473	425	243
Reversals of impairment losses of non-current assets	0	(34)	0	(16)
Income/(loss) from companies accounted for using the equity method, net of dividends received	(6)	42	(2)	(9)
(Gain)/loss on disposal of non-current assets	(7)	(20)	3	(7)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes				
– Inventories	(62)	(542)	488	(317)
– Trade accounts receivable	14	(515)	(290)	(762)
– Contract assets	(294)	46	(166)	(254)
– Accrued pension and similar obligations	(103)	(50)	(19)	(35)
– Other provisions	(319)	98	39	199
– Trade accounts payable	(1,354)	818	67	609
– Contract liabilities	532	(46)	288	(54)
– Other assets/liabilities not related to investing or financing activities	(234)	(187)	(226)	91
Operating cash flows – continuing operations	**(2,168)**	**(209)**	**(58)**	**(474)**
Operating cash flows – discontinued operations	187	(3)	209	(3)
Operating cash flows	**(1,981)**	**(212)**	**151**	**(476)**
Purchase of investments accounted for using the equity method and non-current financial assets	(3)	(2)	(2)	0
Expenditures for acquisitions of consolidated companies net of cash acquired	0	(37)	0	(2)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(578)	(548)	(296)	(317)
Capital expenditures for intangible assets (inclusive of advance payments)	(32)	(15)	(19)	(9)
Proceeds from disposals of previously consolidated companies net of cash disposed	(32)	(1)	(19)	(1)
Proceeds from disposals of property, plant and equipment and investment property	23	59	5	36
Proceeds from disposals of time deposits	0	850	0	0
Cash flows from investing activities – continuing operations	**(621)**	**306**	**(331)**	**(293)**
Cash flows from investing activities – discontinued operations	(67)	0	(35)	0
Cash flows from investing activities	**(688)**	**306**	**(366)**	**(293)**

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Repayments of bonds	0	(850)	0	0
Proceeds from liabilities to financial institutions	2,598	153	1,542	121
Repayments of liabilities to financial institutions	(1,008)	(102)	(492)	(13)
Lease liabilities	(66)	(69)	(34)	(36)
Proceeds from/(repayments on) loan notes and other loans	59	(138)	(207)	(128)
Profit attributable to non-controlling interest	(15)	(10)	(3)	(2)
Expenditures for acquisitions of shares of already consolidated companies	0	(3)	0	(3)
Financing of discontinued operations	182	(3)	205	(3)
Other financing activities	10	(36)	(95)	(46)
Cash flows from financing activities – continuing operations	**1,761**	**(1,059)**	**915**	**(109)**
Cash flows from financing activities – discontinued operations	(229)	3	(224)	3
Cash flows from financing activities	**1,532**	**(1,056)**	**692**	**(107)**
Net increase/(decrease) in cash and cash equivalents	(1,137)	(962)	476	(876)
Effect of exchange rate changes on cash and cash equivalents	(52)	7	(38)	7
Cash and cash equivalents at beginning of year	3,706	10,697	2,079	10,611
Cash and cash equivalents at end of year	**2,517**	**9,742**	**2,517**	**9,742**
[thereof cash and cash equivalents within the discontinued operations]	[223]	[0]	[223]	[0]
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:				
Interest received	10	4	4	2
Interest paid	(158)	(138)	(130)	(111)
Dividends received	0	1	0	0
Income taxes (paid)/received	(122)	(72)	(64)	(52)

See accompanying notes to financial statements.

thyssenkrupp group – Selected notes

Corporate information

thyssenkrupp Aktiengesellschaft ("thyssenkrupp AG" or "Company") is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The condensed interim consolidated financial statements of thyssenkrupp AG and its subsidiaries, collectively the "group", for the period from October 1, 2020 to March 31, 2021, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on May 7, 2021.

Basis of presentation

The accompanying group's condensed interim consolidated financial statements have been prepared pursuant to section 115 of the German Securities Trading Act (WpHG) and in conformity with IAS 34 "Interim financial reporting". They are in line with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The accounting principles and practices as applied in the group's condensed interim consolidated financial statements as of March 31, 2021 correspond to those pertaining to the most recent annual consolidated financial statements with the exception of the recently adopted accounting standards. A detailed description of the accounting policies is published in the notes to the consolidated financial statements of our annual report 2019 / 2020.

Review of estimates and judgments in the light of the global pandemic

The preparation of the group financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the group's financial position and results of operations; they are reviewed on an ongoing basis. This applies in particular with regard to the possible impacts of the current global coronavirus pandemic. Against this background an impairment test was conducted on the critical items goodwill, other intangible assets and property, plant and equipment, deferred tax assets, trade accounts receivable and contract assets (cf. Note 07); besides the subsequently mentioned items, this resulted only in impairment in respect of trade accounts receivable and contract assets. In the 1st quarter ended December 31, 2020, in the Infrastructure business unit of the Multi Tracks segment, an impairment loss of €14 million was identified. The recoverable amount relevant for determining the impairment loss corresponds to the value in use, which amounts to €60 million in total and was determined applying a discount rate (after taxes) of 6.92%. However, the impairment loss determined in this way could not be recognized due to the lower value limit of IAS 36.105. In the 2nd quarter ended March 31, 2020, due to the planned shutdown of the Carbon Components GmbH, goodwill in the amount of €3 million and other non-current assets in the amount of €6 million were completely impaired. The recoverable amount relevant for determining the impairment loss corresponds to the fair value less costs of disposal.

Our assessment of the impact of the ongoing coronavirus pandemic on earnings prospects remains unchanged from September 30, 2020. While particularly in Europe the measures have been tightened in response to a rise in infection rates and new, potentially more infectious mutations of the virus have been discovered, this has so far impacted our production and the relevant value chains to a much lesser extent than in the prior year and the expected effects in the detailed planning period therefore remain in line with the planning used as of September 30, 2020. The vaccine approvals issued worldwide since the last reporting date also confirm our medium- and long-term planning assumptions. For the automotive sector as a key end customer industry, we continue to expect a slower recovery compared with other sectors combined with lower growth rates than predicted before the coronavirus pandemic. Against the background of these observations and the generally positive business situation in the past quarter, no further impairment losses were recognized on goodwill, other intangible assets, and property, plant and equipment as of March 31, 2021.

Regarding the impacts of the global coronavirus pandemic on the current business situation and economic environment of thyssenkrupp and expectations for the future, please see the information presented in the interim management report.

01 Recently adoptetd accounting standards

In fiscal year 2020 / 2021, thyssenkrupp adopted the following amendments to existing standards that do not have a material impact on the group's consolidated financial statements:

- Amendments to IFRS Framework "Amendments to References to the Conceptual Framework in IFRS Standards", issued in March 2018
- Amendments to IFRS 3: "Definition of a Business (Amendments to IFRS 3)", issued in October 2018
- Amendments to IAS 1 and IAS 8: "Amendments to IAS 1 and IAS 8: Definition of Material", issued in October 2018
- Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform", issued in September 2019

However, thyssenkrupp does not apply the amendment to IFRS 16 "Leases COVID-19 Related Rent Concessions", issued in May 2020, giving lessees an optional practical expedient to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions.

02 Discontinued operations

End of February 2020, thyssenkrupp signed an agreement with a bidding consortium led by Advent International and Cinven on the full sale of its elevator business Elevator Technology. After all the responsible authorities had approved the sale, the closing of the transaction together with the deconsolidation of Elevator Technology took place on July 31, 2020. The transaction met the criteria for presentation as a discontinued operation under IFRS 5. It encompassed Elevator Technology and individual units from Corporate Headquarters. In accordance with IFRS 5, the presentation of the discontinued elevator operations had been adjusted for the prior-year quarter and all expense and income are reported separately in the income statement and all cash flows are reported separately in the statement of cash flows. In addition, subsequent expenses and income and cash flows directly related to the sale of the activities must continue to be reported separately in the statement of income and the statement of cash flows. As a result of the sale at the end of July 2020, it was no longer necessary to report the assets and liabilities attributable to Elevator Technology separately in the statement of financial position as of September 30, 2020.

The following table shows the results of the 1st half and of the 2nd quarter ended March 31, 2020, respectively of Elevator Technology, which was reported as a discontinued operation up to the end of July 2020. For the 1st half and the 2nd quarter ended March 31, 2021, respectively, the table shows subsequent expenses resulting from obligations under the agreement on the sale of the elevator operations in the last fiscal year.

DISCONTINUED ELEVATOR OPERATIONS

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Sales	3,905	0	1,861	0
Other income	30	0	15	0
Expenses	(3,665)	(16)	(1,783)	(12)
Ordinary income/(loss) from discontinued operations (before tax)	**270**	**(16)**	**93**	**(12)**
Income tax (expense)/income	(450)	0	(351)	0
Ordinary income/(loss) from discontinued operations (net of tax)	**(180)**	**(16)**	**(258)**	**(12)**
Gain/(loss) recognized on disposal of discontinued operations (before tax)	0	0	0	0
Income tax (expense)/income	0	0	0	0
Gain/(loss) recognized on disposal of discontinued operations (net of tax)	**0**	**0**	**0**	**0**
Income/(loss) from discontinued operations (net of tax)	**(180)**	**(16)**	**(258)**	**(12)**
Thereof:				
thyssenkrupp AG's shareholders	(180)	(16)	(257)	(12)
Non-controlling interest	0	0	0	0

In the context of the disposal of Elevator Technology business as of July 31, 2020 thyssenkrupp holds a reinvestment that was part of the consideration received from the disposal. It comprises several financing instruments which are accounted for as follows:

- Ordinary shares (with voting rights) in Vertical Topco I S.A., Luxembourg. Due to the existence of significant influence, the ordinary shares are treated and reported as an investment accounted for using the equity method in accordance with the requirements of IAS 28. Amortization of the acquisition cost is recognized in financial income from companies accounted for using the equity method in the statement of income.
- Preference shares (with voting rights) in Vertical Topco I S.A., Luxembourg. The preference shares are treated as an equity instrument in accordance with IAS 32 and IFRS 9 and reported under other non-current financial assets. Subsequent measurement is at fair value, with changes in fair value recognized directly in equity (without recycling).
- Interest-free loans (borrower: Vertical Topco I S.A., Luxembourg). The interest-free loans are treated as debt instruments in accordance with IAS 32 and IFRS 9 and likewise reported under other non-current financial assets. They are measured at amortized cost, with income effects from subsequent measurement recognized in finance income/finance expense under financial income/expense in the statement of income.

03 Accrued pensions and similar obligations

Based on updated interest rates and fair value of plan assets, an updated valuation of accrued pension obligations was performed as of March 31, 2021.

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2020	March 31, 2021
Accrued pension obligations	8,274	7,805
Partial retirement	242	314
Other accrued pension-related obligations	45	32
Total	**8,560**	**8,151**

The Group applied the following weighted average assumptions to determine pension obligations:

WEIGHTED AVERAGE ASSUMPTIONS

	Sept. 30, 2020			March 31, 2021		
in %	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	0.70	1.25	0.83	0.90	1.54	1.05

04 Other provisions

The restructuring provisions included in other provisions increased by €104 million to €493 million compared with September 30, 2020. The additions in the amount of €220 million mainly relate to the Steel Europe and Multi Tracks segments.

05 Financial debt

The €850 million bond originally due on March 8, 2021 was redeemed early on December 8, 2020 in accordance with an early redemption option under the terms and conditions of issue. In addition, the €130 million loan note was repaid on March 11, 2021.

The existing commercial paper program with a maximum emission volume of €3.0 billion was not drawn as of March 31, 2021.

06 Contingencies and commitments

Contingencies

thyssenkrupp AG as well as, in individual cases, its subsidiaries have issued or have had guarantees in favour of business partners or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated group company:

CONTINGENCIES

million €	Maximum potential amount of future payments as of March 31, 2021	Provision as of March 31, 2021
Advance payment bonds	44	0
Performance bonds	95	0
Other guarantees	5	1
Total	**144**	**1**

As of March 31, 2021, the thyssenkrupp group has issued or has had issued guarantees for TK Elevator GmbH and its subsidiaries in favor of their customers which decreased by €103 million to €119 million compared to September 30, 2020. The buyer consortium has undertaken to indemnify thyssenkrupp against expenses in connection with the guarantees until they are fully discharged. As additional security, thyssenkrupp has received guarantees in the same amount from the buyer.

The basis for possible payments under the guarantees is always the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract or non-performance with respect to the warranted quality.

All guarantees are issued by or issued by instruction of thyssenkrupp AG or subsidiaries upon request of the principal debtor obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. If such a principal debtor is a company owned fully or partially by a foreign third party, the third party is generally requested to provide additional collateral in a corresponding amount.

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe segment the existing long-term iron ore and iron ore pellets supply contracts are measured for the entire contract period at the iron ore prices applying as of the respective balance sheet date. Compared with September 30, 2020, purchasing commitments are nearly unchanged with approx. €1.1 billion.

The transmission grid operator Amprion GmbH has filed an action by stages against thyssenkrupp Steel Europe AG for information and payment of EEG surcharges and interest for the calendar years 2016 to 2019 in connection with the self-supply of electricity by individual operations of the company. In a court case relating to a similar matter, Amprion GmbH has filed an action by stages against Hüttenwerke Krupp Mannesmann GmbH (HKM) for information and payment of EEG surcharges and interest for the calendar years 2014 to 2019 and served thyssenkrupp Steel Europe GmbH with a third-party notice. Under a contractual agreement, thyssenkrupp Steel Europe AG is liable to recourse should Amprion’s action against HKM (included in the interim financial statements on a pro rata basis) succeed. With reference to IAS 37.92, we do not provide any further information on this contingency as the extent of the dispute has yet to be clarified in the legal proceedings and there is no supreme court ruling on the underlying EEG legal issue.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2019 / 2020.

07 Financial instruments

The carrying amounts of trade accounts receivable measured at amortized cost, other current financial assets as well as cash, cash equivalents and time deposits equal their fair values. For trade accounts receivable measured at fair value, the fair value equals the carrying amount less impairment losses recognized in other comprehensive income.

For the preference shares in connection with the reinvestment, which are classified as equity instruments, the option was exercised to recognize them at fair value in equity (without recycling) due to their significance. Debt instruments disclosed in the balance sheet item "Other financial assets – non-current" include the loans from the elevator transaction, which are measured at amortized cost; see also Note 02. Other equity and debt instruments are in general measured income-effective at fair value, which is based to the extent available on market prices as of the interim balance sheet date or internal valuation models.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the interim balance sheet date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. Common methods for calculating option prices are used for foreign currency options. The fair value of an option is influenced not only by the remaining term of an option, but also by other factors, such as current amount and volatility of the underlying exchange or base rate.

Interest rate swaps and cross currency swaps are measured at fair value by discounting expected cash flows on the basis of market interest rates applicable for the remaining contract term. In the case of cross currency swaps, the exchange rates for each foreign currency, in which cash flows occur, are also included.

The fair value of commodity futures is based on published price quotations. It is measured as of the interim balance sheet date, both internally and by external financial partners.

The carrying amounts of trade accounts payable and other current liabilities equal their fair values. The fair value of fixed rate non-current liabilities equals the present value of expected cash flows. Discounting is based on interest rates applicable as of the balance sheet date. The carrying amounts of floating rate liabilities equal their fair values.

Financial liabilities measured at amortized cost with a carrying amount of €9,804 million as of March 31, 2021 (Sept. 30, 2020: €10,023 million) have a fair value of €9,869 million (Sept. 30, 2020: €9,819 million) that was determined based on fair value measurement attributable to level 2.

Financial assets and liabilities measured at fair value could be categorized in the following three level fair value hierarchy:

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2020

million €	Sept. 30, 2020	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	62	0	62	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**2,179**			**2,179**
Equity instruments	54			54
Debt instruments (measured at fair value)	14	14	0	0
Derivatives qualifying for hedge accounting	46	0	46	0
Total	**2,368**	**21**	**114**	**2,232**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	50	0	50	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	18	0	18	0
Total	**68**	**0**	**68**	**0**

FAIR VALUE HIERARCHY AS OF MARCH 31, 2021

million €	March 31, 2021	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	65	0	65	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	2,376			**2,376**
Equity instruments	59			59
Debt instruments (measured at fair value)	20	20	0	0
Derivatives qualifying for hedge accounting	200	0	200	0
Total	2,732	**27**	**271**	**2,435**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	50	0	50	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	30	0	30	0
Total	80	**0**	**80**	**0**

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with fair value measurement based on quoted prices in active markets are disclosed in level 1. In level 2 determination of fair values is based on observable inputs, e.g. foreign exchange rates. Level 3 comprises financial instruments for which the fair value measurement is based on unobservable inputs using recognized valuation models.

In the reporting quarter there were no reclassifications between level 1 and level 2. For the trade accounts receivable classified as level 3, the fair value equals the carrying amount less impairment losses recognized in other comprehensive income.

Changes of the equity instruments included in level 3 were as follows:

RECONCILIATION LEVEL 3 FINANCIAL INSTRUMENTS

million €	
Balance as of Sept. 30, 2020	**54**
Changes income non-effective	5
Balance as of March 31, 2021	**59**

The equity instruments based on individual measurement parameters and recognized at fair value include only the preference shares from the reinvestment. The shares were measured taking into account expected cash flows on the basis of recognized financial mathematical models and taking into account the market data available at the balance sheet date. The effect resulting from the measurement is reported directly in equity under other comprehensive income under the item “Fair value measurement of equity instruments”.

Impairment of trade accounts receivable and other contract assets

thyssenkrupp has developed the following model to determine expected credit losses, in particular expected default rates for trade accounts receivable:

The expected default rates are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the thyssenkrupp group. The information is updated quarterly. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for each segment plus an appropriate risk premium. For the group financial statements as of March 31, 2021, the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the coronavirus pandemic. Therefore, no additional adjustment of impairment is necessary in this model.

08 Segment reporting

Segment reporting follows thyssenkrupp's internal control concept; since October 1, 2020 the following changes have been made to the organizational and reporting structure:

As part of the concretization of the realignment, since October 1, 2020 certain businesses for which the company is considering other ownership structures in the short to medium term have been combined to form the new stand-alone Multi Tracks segment and managed by a dedicated segment board in the sense of active investment management. In this connection, the following businesses were assigned organizationally to the new Multi Tracks segment at the beginning of the 2020 / 2021 fiscal year: plant engineering, i.e. the chemical plant, cement plant and mining equipment businesses, the stainless steel plant in Terni, Italy (AST) incl. the associated sales organization as well as the Infrastructure unit from the Materials Services segment, Automation Engineering (System Engineering Powertrain Solutions and Battery Solutions) as well as Springs & Stabilizers from the Automotive Technology segment and Heavy Plate from the Steel Europe segment. The Elevator reinvestment included in the "Reconciliation" reporting line under Special Units until the end of fiscal 2019 / 2020 and thyssenkrupp Carbon Components, included under Special Services, have also been assigned to this new segment since October 1, 2020

With effect from October 1, 2020 the definition of adjusted EBIT has been adjusted to include a narrower definition of special items, according to which earnings are adjusted only for restructuring expenses, impairment losses/reversals, and disposal gains or losses.

The prior-period figures were adjusted accordingly.

Segment information for the 1st half ended March 31, 2020 and 2021 and for the 2nd quarter ended March 31, 2020 and 2021, respectively is as follows:

SEGMENT INFORMATION[1]

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology[2]	Group
1st half ended March 31, 2020										
Net sales	5,535	1,107	2,273	3,420	810	2,752	0	(20)	3,905	19,781
Internal sales within the group	129	10	10	455	0	185	2	(791)	0	0
Total sales	5,664	1,117	2,283	3,875	811	2,937	1	(812)	3,905	19,781
EBIT	33	47	(73)	(438)	0	(254)	(156)	(22)	285	(578)
Adjusted EBIT	42	95	38	(308)	4	(192)	(124)	(19)	401	(64)
1st half ended March 31, 2021										
Net sales	5,066	1,236	2,381	3,706	1,053	2,423	7	26	0	15,899
Internal sales within the group	190	10	1	449	0	199	3	(853)	0	0
Total sales	5,256	1,247	2,382	4,155	1,054	2,622	9	(827)	0	15,899
EBIT	143	188	191	(138)	8	(317)	(110)	3	(16)	(49)
Adjusted EBIT	131	198	184	68	7	(191)	(103)	4	0	298
2nd quarter ended March 31, 2020										
Net sales	2,936	567	1,096	1,835	423	1,402	1	(13)	1,861	10,108
Internal sales within the group	39	6	5	244	1	94	1	(388)	0	0
Total sales	2,975	573	1,101	2,078	424	1,495	1	(401)	1,861	10,108
EBIT	21	5	(80)	(307)	(1)	(110)	(73)	(14)	98	(462)
Adjusted EBIT	29	52	(8)	(181)	3	(100)	(59)	(15)	184	(95)
2nd quarter ended March 31, 2021										
Net sales	2,784	621	1,167	1,987	689	1,313	3	14	0	8,577
Internal sales within the group	104	5	0	251	1	110	2	(471)	0	0
Total sales	2,888	626	1,167	2,238	689	1,422	5	(457)	0	8,577
EBIT	132	90	74	(161)	3	(133)	(56)	(7)	(12)	(69)
Adjusted EBIT	126	97	75	47	2	(80)	(49)	1	0	220

[1] Figures of 2019/2020 have been adjusted.
[2] Discontinued operation (cf. Note 02).

Compared with September 30, 2020, average capital employed decreased by €(469) million to €2,356 million at Automotive Systems, by €(1,245) million to €3,858 million at Steel Europe and by €(1,097) million to €821 million at Multi Tracks, while it increased by €472 million to €1,651 million at Marine Systems as of March 31, 2021.

The column “Reconciliation” breaks down as following:

BREAKDOWN RECONCILIATION[1)]

million €	Service Units	Special Units	Consolidation	Reconciliation
1st half ended March 31, 2020				
Net sales	27	10	(57)	(20)
Internal sales within the group	104	60	(956)	(791)
Total sales	131	70	(1,013)	(812)
EBIT	(12)	(14)	4	(22)
Adjusted EBIT	(11)	(12)	4	(19)
1st half ended March 31, 2021				
Net sales	20	5	0	26
Internal sales within the group	114	25	(992)	(853)
Total sales	135	30	(992)	(827)
EBIT	0	(16)	19	3
Adjusted EBIT	0	1	3	4
2nd quarter ended March 31, 2020				
Net sales	12	4	(29)	(13)
Internal sales within the group	55	31	(474)	(388)
Total sales	67	35	(502)	(401)
EBIT	(5)	(12)	3	(14)
Adjusted EBIT	(7)	(11)	3	(15)
2nd quarter ended March 31, 2021				
Net sales	12	2	0	14
Internal sales within the group	59	5	(535)	(471)
Total sales	71	6	(535)	(457)
EBIT	0	(20)	2	(7)
Adjusted EBIT	0	0	(2)	1

[1)] Figures of 2019/2020 have been adjusted.

The reconciliations of net sales and of the earnings figure EBIT to income/(loss) from continuing operations before tax according to the statement of income are presented below:

RECONCILIATION NET SALES

million €	1st half ended March 31, 2020	1st half ended March 31, 2021	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2021
Net sales as presented in segment reporting	**19,781**	**15,899**	**10,108**	**8,577**
– Net sales discontinued elevator operations	(3,905)	0	(1,861)	0
Net sales as presented in the statement of income	**15,876**	**15,899**	**8,247**	**8,577**

RECONCILIATION EBIT TO INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX

million €	1st half ended March 31, 2020[1]	1st half ended March 31, 2021	2nd quarter ended March 31, 2020[1]	2nd quarter ended March 31, 2021
Adjusted EBIT as presented in segment reporting	**(64)**	**298**	**(80)**	**220**
Special items[2]	(514)	(347)	(382)	(289)
EBIT as presented in segment reporting	**(578)**	**(49)**	**(462)**	**(69)**
+ Non-operating income/(expense) from companies accounted for using the equity method	0	(53)	0	0
+ Finance income	710	367	504	156
– Finance expense	(881)	(489)	(581)	(214)
+ Items of finance expense assigned to EBIT based on economic classification	5	6	2	3
Income/(loss) group (net of tax)	**(743)**	**(217)**	**(537)**	**(124)**
– Income/(loss) from discontinued operations before tax	(270)	16	(93)	12
Income/(loss) from continuing operations before tax as presented in the statement of income	**(1,012)**	**(202)**	**(630)**	**(112)**

[1] Figures have been adjusted (cf. Note 02).
[2] Refer to the explanation of the special items in the “Report on the economic position” in “Performance of the segments in the 2nd quarter”.

09 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st half ended March 31, 2020[1)]									
Sales from sale of finished products	730	967	1,686	3,584	19	1,225	0	(611)	7,600
Sales from sale of merchandise	4,354	126	221	103	15	87	0	(124)	4,782
Sales from rendering of services	315	4	90	73	30	231	1	(80)	664
Sales from construction contracts	0	0	279	0	745	1,344	0	(16)	2,352
Other sales from contracts with customers	27	23	5	119	3	54	0	(7)	225
Subtotal sales from contracts with customers	**5,426**	**1,121**	**2,282**	**3,878**	**811**	**2,942**	**1**	**(839)**	**15,623**
Other sales	237	(4)	1	(2)	(1)	(5)	0	27	253
Total	**5,664**	**1,117**	**2,283**	**3,875**	**811**	**2,937**	**1**	**(812)**	**15,876**
1st half ended March 31, 2021									
Sales from sale of finished products	720	1,064	1,832	3,866	19	1,292	0	(586)	8,207
Sales from sale of merchandise	4,326	144	207	36	4	163	0	(173)	4,707
Sales from rendering of services	239	4	86	108	20	220	9	(63)	624
Sales from construction contracts	5	0	250	0	994	918	0	(10)	2,158
Other sales from contracts with customers	0	34	8	148	17	25	0	(8)	223
Subtotal sales from contracts with customers	**5,291**	**1,246**	**2,383**	**4,158**	**1,054**	**2,619**	**9**	**(840)**	**15,919**
Other sales	(35)	1	0	(3)	0	3	0	13	(21)
Total	**5,256**	**1,247**	**2,382**	**4,155**	**1,054**	**2,622**	**9**	**(827)**	**15,899**

SALES

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
2nd quarter ended March 31, 2020[1]									
Sales from sale of finished products	383	495	808	1,923	13	645	0	(330)	3,938
Sales from sale of merchandise	2,324	68	107	54	0	46	0	(53)	2,546
Sales from rendering of services	153	3	44	36	12	97	1	(43)	302
Sales from construction contracts	0	0	140	0	397	690	0	(7)	1,220
Other sales from contracts with customers	13	10	3	64	2	27	0	(4)	115
Subtotal sales from contracts with customers	**2,873**	**576**	**1,102**	**2,077**	**424**	**1,505**	**1**	**(437)**	**8,121**
Other sales	102	(3)	(1)	1	0	(9)	0	36	126
Total	**2,975**	**573**	**1,101**	**2,078**	**424**	**1,496**	**1**	**(401)**	**8,247**
2nd quarter ended March 31, 2021									
Sales from sale of finished products	399	533	896	2,098	12	659	0	(322)	4,275
Sales from sale of merchandise	2,382	72	102	0	1	115	0	(123)	2,548
Sales from rendering of services	117	2	36	61	10	120	5	(31)	319
Sales from construction contracts	4	0	131	0	656	515	0	(7)	1,299
Other sales from contracts with customers	0	20	3	83	11	15	0	(4)	128
Subtotal sales from contracts with customers	**2,902**	**626**	**1,168**	**2,242**	**689**	**1,425**	**5**	**(488)**	**8,569**
Other sales	(14)	(1)	(1)	(4)	1	(2)	0	30	9
Total	**2,888**	**626**	**1,167**	**2,238**	**689**	**1,422**	**5**	**(457)**	**8,577**

[1] Figures have been adjusted.

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st half ended March 31, 2020[1)]									
Automotive	722	374	2,152	1,221	0	496	1	(43)	4,923
Trading	900	39	124	900	3	293	0	(453)	1,806
Engineering	630	646	2	111	6	816	0	(81)	2,129
Steel and related processing	796	16	0	792	0	509	0	(170)	1,943
Construction	262	9	0	16	0	53	0	(26)	314
Public sector	25	2	0	0	773	0	0	(12)	789
Packaging	49	1	0	569	0	2	0	(10)	612
Energy and utilities	50	8	0	109	0	47	0	(4)	210
Other customer groups	1,992	26	4	160	29	726	0	(39)	2,897
Total	**5,426**	**1,121**	**2,282**	**3,878**	**811**	**2,942**	**1**	**(839)**	**15,623**
1st half ended March 31, 2021									
Automotive	706	394	2,255	1,261	0	529	1	(23)	5,123
Trading	762	52	112	715	7	239	1	(267)	1,623
Engineering	568	732	8	106	7	502	0	(6)	1,918
Steel and related processing	933	12	1	1,179	0	572	0	(547)	2,151
Construction	282	9	0	11	0	55	0	(3)	354
Public sector	27	1	0	0	1,016	0	0	1	1,046
Packaging	48	0	0	580	0	0	0	0	629
Energy and utilities	43	14	0	127	0	20	0	0	205
Other customer groups	1,922	30	7	177	24	700	7	5	2,871
Total	**5,291**	**1,246**	**2,383**	**4,158**	**1,054**	**2,619**	**9**	**(840)**	**15,919**
2nd quarter ended March 31, 2020[1)]									
Automotive	370	196	1,042	606	0	227	1	(3)	2,438
Trading	455	15	54	515	2	169	0	(226)	984
Engineering	328	336	3	64	3	433	0	(57)	1,111
Steel and related processing	434	8	1	430	0	283	0	(90)	1,066
Construction	137	5	0	8	0	27	0	(14)	162
Public sector	11	1	0	0	410	0	0	(5)	417
Packaging	23	0	0	306	0	1	0	(5)	325
Energy and utilities	33	3	0	58	0	20	0	(3)	111
Other customer groups	1,081	12	2	90	9	346	0	(34)	1,507
Total	**2,873**	**576**	**1,102**	**2,077**	**424**	**1,505**	**1**	**(437)**	**8,121**
2nd quarter ended March 31, 2021									
Automotive	372	211	1,099	645	0	271	1	(20)	2,579
Trading	417	25	60	393	6	141	0	(141)	902
Engineering	329	357	5	56	2	295	0	(6)	1,037
Steel and related processing	504	5	0	677	0	299	0	(317)	1,168
Construction	152	6	0	8	0	28	0	(2)	191
Public sector	9	1	0	(1)	665	0	0	0	675
Packaging	27	0	0	294	0	0	0	(1)	320
Energy and utilities	24	6	0	73	0	8	0	0	111
Other customer groups	1,069	16	4	97	16	382	3	(1)	1,586
Total	**2,902**	**626**	**1,168**	**2,242**	**689**	**1,425**	**5**	**(488)**	**8,569**

[1)] Figures have been adjusted.

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st half ended March 31, 2020[1]									
German-speaking area[2]	2,213	217	749	2,070	168	463	1	(472)	5,410
Western Europe	836	217	401	805	55	759	0	(120)	2,953
Central and Eastern Europe	700	21	138	311	0	298	0	(49)	1,419
Commonwealth of Independent States	14	11	7	20	0	70	0	(5)	119
North America	1,334	264	508	294	3	237	0	(110)	2,530
South America	12	69	30	45	7	149	0	(11)	300
Asia / Pacific	174	39	18	31	182	369	0	(27)	786
Greater China	44	255	397	82	5	158	0	(11)	929
India	32	18	8	24	18	150	0	(9)	241
Middle East & Africa	67	9	26	196	374	290	0	(25)	936
Total	**5,426**	**1,121**	**2,282**	**3,878**	**811**	**2,942**	**1**	**(839)**	**15,623**
1st half ended March 31, 2021									
German-speaking area[2]	2,043	212	777	2,357	201	448	8	(577)	5,468
Western Europe	871	206	364	879	59	825	0	(157)	3,046
Central and Eastern Europe	780	24	128	308	1	202	0	(53)	1,391
Commonwealth of Independent States	22	15	5	25	0	65	0	0	132
North America	1,210	248	516	312	10	177	1	(49)	2,426
South America	16	74	30	45	16	126	0	1	309
Asia / Pacific	236	28	25	22	298	220	0	(3)	825
Greater China	30	411	429	65	3	165	0	(3)	1,100
India	23	16	4	22	9	102	0	0	176
Middle East & Africa	60	12	105	123	458	288	0	1	1,047
Total	**5,291**	**1,246**	**2,383**	**4,158**	**1,054**	**2,619**	**9**	**(840)**	**15,919**

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
2nd quarter ended March 31, 2020[1]									
German-speaking area[2]	1,211	116	378	1,123	77	226	1	(225)	2,908
Western Europe	438	116	218	394	23	424	0	(67)	1,545
Central and Eastern Europe	374	12	48	174	0	151	0	(29)	731
Commonwealth of Independent States	7	4	3	9	0	40	0	(4)	60
North America	683	138	266	142	2	116	0	(64)	1,284
South America	4	37	14	22	4	69	0	(8)	141
Asia / Pacific	81	17	10	15	96	195	0	(21)	393
Greater China	18	123	146	52	0	50	0	7	396
India	21	10	3	12	10	87	0	(8)	135
Middle East & Africa	35	4	15	135	213	146	0	(19)	529
Total	**2,873**	**576**	**1,102**	**2,077**	**424**	**1,505**	**1**	**(437)**	**8,121**
2nd quarter ended March 31, 2021									
German-speaking area[2]	1,152	119	384	1,282	151	256	4	(320)	3,028
Western Europe	481	105	182	464	32	426	0	(95)	1,597
Central and Eastern Europe	434	14	66	167	0	131	0	(34)	777
Commonwealth of Independent States	8	8	2	14	0	33	0	0	66
North America	648	137	263	159	5	91	1	(31)	1,273
South America	14	36	15	25	11	66	0	0	168
Asia / Pacific	121	13	14	14	222	138	0	(3)	520
Greater China	12	179	189	35	1	76	0	(3)	489
India	13	9	2	11	5	60	0	0	100
Middle East & Africa	19	6	49	71	260	148	0	(1)	552
Total	**2,902**	**626**	**1,168**	**2,242**	**689**	**1,425**	**5**	**(488)**	**8,569**

[1] Figures have been adjusted.
[2] Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers €2,285 million (prior year: €2,726 million) results in the 1st half ended March 31, 2020 and 2021, respectively and €1,188 million (prior year: €1,515 million) results in the 2nd quarter ended March 31, 2020 and 2021, respectively from long-term contracts, while €13,635 million (prior year: €12,896 million) results in the 1st half ended March 31, 2020 and 2021, respectively and €7,381 million (prior year: €6,606 million) results in the 2nd quarter ended March 31, 2020 and 2021, respectively from short-term contracts. €2,571 million (prior year: €2,935 million) results in the 1st half ended March 31, 2020 and 2021, respectively and €1,351 million (prior year: €1,385 million) results in the 2nd quarter ended March 31, 2020 and 2021, respectively relates to sales recognized over time, and €13,348 million (prior year: €12,688 million) results in the 1st half ended March 31, 2020 and 2021, respectively and €7,218 million (prior year: €6,736 million) results in the 2nd quarter ended March 31, 2020 and 2021, respectively to sales recognized at a point in time.

10 Other income

Gains from premiums and from grants in the amount of €18 million in the 1st half ended March 31, 2021 and of €5 million in the 2nd quarter ended March 31, 2021 mainly include refunds of social security contributions in connection with the utilization of short-time work allowance in Germany, which the group received from the public sector.

11 Financial income/(expense), net

The line item “Income from investments accounted for using the equity method” includes expenses in the amount of €53 million in the 1st half ended March 31, 2021 and of €0 million in the 2nd quarter ended March 31, 2021 from ordinary shares in Vertical Topco I S.A., Luxembourg, which are part of the Elevator reinvestment (cf. Note 02).

12 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	1st half ended March 31, 2020		1st half ended March 31, 2021		2nd quarter ended March 31, 2020		2nd quarter ended March 31, 2021	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Income/(loss) from continuing operations (net of tax) (attributable to thyssenkrupp AG’s shareholders)	(1,140)	(1.83)	(340)	(0.55)	(691)	(1.11)	(199)	(0.32)
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG’s shareholders)	(180)	(0.29)	(16)	(0.03)	(257)	(0.41)	(12)	(0.02)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**(1,320)**	**(2.12)**	**(356)**	**(0.57)**	**(948)**	**(1.52)**	**(211)**	**(0.34)**
Weighted average shares	622,531,741		622,531,741		622,531,741		622,531,741	

There were no dilutive securities in the periods presented.

13 Additional information to the statement of cash flows

The liquid funds considered in the statement of cash flows can be derived from the balance sheet position “Cash, cash equivalents and time deposits” as following:

RECONCILIATION OF LIQUID FUNDS

million €	March 31, 2020	Sept. 30, 2020	March 31, 2021
Cash, cash equivalents and time deposits according to the balance sheet	2,295	11,547	9,742
Cash, cash equivalents and time deposits of discontinued operations	223	0	0
– Time deposits	0	(850)	0
Liquid funds according to statement of cash flows	2,517	10,697	9,742

Time deposits are not classified as cash equivalents. Time deposits have a term of more than three months up to 12 months. The maximum risk exposure equals the book value of the time deposit.

As of March 31, 2021 cash and cash equivalents of €92 million (prior year: €67 million) result from the joint operation HKM.

Essen, May 7, 2021

thyssenkrupp AG
The Executive Board

Merz

Burkhard Keysberg

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected explanatory notes – and the interim group management report of thyssenkrupp AG, Duisburg and Essen, for the period from October 1, 2020, to March 31, 2021, which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz" German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additional observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Essen, May 10, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Harald Kayser (German Public Auditor)	Michael Preiß (German Public Auditor)

Responsibility report

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year reporting, the condensed interim consolidated financial statements give a true and fair view of assets, liabilities, financial position and profit and loss of the group, and the group interim management report includes a fair view of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the year.

Essen, May 7, 2021

thyssenkrupp AG
The Executive Board

Merz

Burkhard Keysberg

Additional information

Contact and 2021 / 2022 financial calendar

For more information please contact:

Communications
Phone: .49 201 844-536043
Fax: +49 201 844-536041
Email: press@thyssenkrupp.com

Investor Relations
Email: ir@thyssenkrupp.com
Institutional investors and analysts
Phone: +49 201 844-536464
Fax: +49 201 8456-531000
Private investors
Phone: +49 201 844-536367
Fax: +49 201 8456-531000

Published by
thyssenkrupp AG
thyssenkrupp Allee 1, 45143 Essen, Germany
Postfach, 45063 Essen, Germany

Phone: +49 201 844-0
Fax: +49 201 844-536000
Email: info@thyssenkrupp.com

www.thyssenkrupp.com

2021 / 2022 financial calendar

August 11, 2021
Interim report 9 months 2020 / 2021 (October to June)

November 18, 2021
Annual report 2020 / 2021 (October to September)

February 4, 2022
Annual General Meeting

February 10, 2022
Interim report 1st quarter 2021 / 2022 (October to December)

May 11, 2022
Interim report 1st half 2021 / 2022 (October to March)

This interim report was published on May 11, 2021.
Produced in-house using firesys.

Forward-looking statements
This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond thyssenkrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. thyssenkrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Rounding differences and rates of change
Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: Improvements are indicated by a plus (+) sign, deteriorations are shown in brackets ( ). Very high positive and negative rates of change (≥500% or ≤(100)%) are indicated by ++ and −− respectively.

Variances for technical reasons
Due to statutory disclosure requirements the Company must submit this financial report electronically to the Federal Gazette (Bundesanzeiger). For technical reasons there may be variances in the accounting documents published in the Federal Gazette. German and English versions of the financial report can be downloaded from the internet at www.thyssenkrupp.com. In the event of variances, the German version shall take precedence over the English translation.

www.thyssenkrupp.com

engineering. tomorrow. together.