Interim report 9 months 2018/2019

October 1, 2018 – June 30, 2019
thyssenkrupp AG

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thyssenkrupp in figures

		Group[1)2)]				Group[1)2)]			
		9 months ended June 30, 2018	9 months ended June 30, 2019	Change	in %	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	Change	in %
Order intake	million €	30,171	30,690	520	2	10,554	10,219	(335)	(3)
Net sales	million €	30,755	31,153	398	1	10,771	10,779	8	0
EBIT[3)]	million €	1,096	396	(701)	(64)	243	183	(60)	(25)
EBIT margin	%	3.6	1.3	(2.3)	(64)	2.3	1.7	(0.6)	(25)
Adjusted EBIT[3)]	million €	1,274	683	(591)	(46)	331	226	(105)	(32)
Adjusted EBIT margin	%	4.1	2.2	(2.0)	(47)	3.1	2.1	(1.0)	(32)
Income/(loss) before tax	million €	813	124	(688)	(85)	157	80	(78)	(49)
Net income (loss) or income (loss) net of tax	million €	229	(170)	(399)	--	(114)	(77)	37	32
attributable to thyssenkrupp AG's shareholders	million €	189	(207)	(396)	--	(131)	(94)	38	29
Earnings per share (EPS)	€	0.30	(0.33)	(0.64)	--	(0.21)	(0.15)	0.06	29
Operating cash flows	million €	(797)	(1,709)	(912)	--	60	218	157	261
Cash flow for investments	million €	(855)	(955)	(100)	(12)	(293)	(375)	(81)	(28)
Cash flow from divestments	million €	78	60	(18)	(24)	34	8	(27)	(77)
Free cash flow[4)]	million €	(1,573)	(2,604)	(1,031)	(66)	(199)	(149)	49	25
Free cash flow before M & A[4)]	million €	(1,592)	(2,546)	(954)	(60)	(211)	(92)	119	56
Net financial debt (June 30)	million €	3,808	5,101	1,292	34				
Total equity (June 30)	million €	3,339	2,494	(845)	(25)				
Gearing (June 30)	%	114.0	204.5	90.5	79				
Employees (June 30)		159,655	161,740	2,085	1				

1) Prior-year figures have been adjusted due to the adoption of IFRS 15.
2) See preliminary remarks.
3) See reconciliation in segment reporting (Note 09).
4) See reconciliation in the analysis of the statement of cash flows.

	Order intake[2] million €		Net sales[2] million €		EBIT[1)2)3)] million €		Adjusted EBIT[1)2)3)] million €		Employees	
	9 months ended June 30, 2018	9 months ended June 30, 2019	9 months ended June 30, 2018	9 months ended June 30, 2019	9 months ended June 30, 2018	9 months ended June 30, 2019	9 months ended June 30, 2018	9 months ended June 30, 2019	June 30, 2018	June 30, 2019
Components Technology	4,939	5,188	4,927	5,059	231	158	267	183	34,126	35,036
Elevator Technology	5,814	6,136	5,536	5,835	590	590	641	642	52,683	53,010
Industrial Solutions[3]	2,340	2,945	2,606	2,786	(131)	(124)	(107)	(112)	15,794	16,020
Marine Systems[3]	483	385	987	1,305	(119)	(1)	(117)	0	5,789	5,870
Materials Services	10,957	10,528	11,023	10,590	214	106	235	119	20,148	20,242
Steel Europe	7,030	6,969	7,061	6,828	597	(75)	586	77	27,090	27,934
Corporate	242	135	245	203	(292)	(250)	(237)	(219)	4,025	3,628
Consolidation	(1,635)	(1,596)	(1,631)	(1,451)	6	(9)	6	(6)	0	0
Group[3]	**30,171**	**30,690**	**30,755**	**31,153**	**1,096**	**396**	**1,274**	**683**	**159,655**	**161,740**

[1] See reconciliation in segment reporting (Note 09).
[2] Prior-year figures have been adjusted due to the adoption of IFRS 15.
[3] See preliminary remarks.

	Order intake[2] million €		Net sales[2] million €		EBIT[1)2)3)] million €		Adjusted EBIT[1)2)3)] million €	
	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019
Components Technology	1,696	1,754	1,717	1,753	69	54	100	65
Elevator Technology	1,981	1,999	1,937	2,042	202	222	217	239
Industrial Solutions[3]	883	1,265	815	996	(108)	(64)	(106)	(55)
Marine Systems[3]	170	145	440	510	(108)	(1)	(107)	0
Materials Services	3,818	3,336	3,846	3,505	75	34	84	43
Steel Europe	2,475	2,177	2,492	2,347	239	9	227	1
Corporate	73	47	74	69	(124)	(75)	(82)	(70)
Consolidation	(542)	(504)	(550)	(442)	(2)	3	(2)	3
Group[3]	**10,554**	**10,219**	**10,771**	**10,779**	**243**	**183**	**331**	**226**

[1] See reconciliation in segment reporting (Note 09).
[2] Prior-year figures have been adjusted due to the adoption of IFRS 15.
[3] See preliminary remarks.

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 June 2019	€	12.83
ADRs (over-the-counter trading)	US88629Q2075	Stock exchange value end June 2019	million €	7,987
Symbols				
Shares	TKA			
ADRs	TKAMY			

Contents

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

Interim management report

Preliminary remarks

In connection with the realignment of the Industrial Solutions business area, Marine Systems was taken out and has been managed as a separate business unit since October 1, 2018.

On June 13, 2019 the European Commission formally prohibited the planned steel joint venture with Tata Steel Europe. The planned transaction, encompassing the Steel Europe business area, thyssenkrupp MillServices & Systems GmbH from the Materials Services business area, and individual companies which in 2017 / 2018 belonged to Corporate, therefore no longer meets the criteria for presentation as a discontinued operation in accordance with IFRS 5 and has to be reclassified accordingly in the current interim financial statements. Under IFRS 5, the reporting has to be adjusted in such a way that in the statement of income, all expenses and income of the discontinued steel operations in the current reporting periods are re-included in income from continuing operations, and analogously in the statement of cash flows, all cash flows of the discontinued steel operations are re-allocated to continuing operations. In each case the prior-period figures must be adjusted accordingly. In the statement of financial position the assets and liabilities of the discontinued steel operations are no longer reported separately at the current reporting date and the comparative period to September 30, 2018 has been adjusted accordingly. A further element of the required adjustments is the retrospective recognition of amortization and depreciation not charged due to classification as a discontinued operation, amounting to €107 million in the 4th quarter 2017 / 2018 and €228 million in the 1st half 2018 / 2019 (in each case before tax).

Report on the economic position

Summary

Weaker economic conditions, lower demand for cars particularly in China, dislocations on raw materials markets and steel import pressure weighing on volumes and margins mainly in auto components and materials businesses

- Order intake and sales in first 9 months higher year-on-year: clear increase in capital goods businesses overall outweighs decline in materials businesses:
  - Components Technology with significant gains in industrial components
  - Elevator Technology with several major projects particularly in Asia-Pacific
  - Industrial Solutions confirms positive trend in chemical plants with orders in Saudi Arabia, Egypt and Poland
  - Marine Systems without major orders in order intake
  - Materials Services with volumes down mainly in direct-to-customer business and auto-related service centers
  - Steel Europe with distinctly lower volumes, mainly in automotive business

- Adjusted EBIT clearly lower year-on-year, mainly due to volume and margin pressure in auto components and materials businesses
  – Components Technology with severe pressure in Springs & Stabilizers, slowdown in global demand for auto components particularly in China and Western Europe, and higher launch costs for new customer projects; business with bearings, crankshafts and construction machinery components significantly higher year-on-year
  – Elevator Technology stable, performance measures offsetting material and selling price developments in the USA and China; in 3rd quarter return to margin growth (0.5 percentage points)
  – Industrial Solutions negative with continuing lower margins on projects billed and order deferrals from customers of production systems for the auto industry (System Engineering) mainly due to market conditions; comprehensive turnaround program being implemented
  – Marine Systems with improvement mainly due to absence of prior-year project expenses, also increased sales but continuing low margins on projects billed
  – Materials Services with margin pressure due to declining prices and volumes
  – Steel Europe significantly down year-on-year due to increased costs among other things for raw materials (particularly iron ore) and as a result of production cutbacks and logistics (low Rhine water levels); also lower shipments mainly to the auto industry and increasingly also to other customer segments
  – Corporate with faster than planned reduction of G&A costs
- Net income significantly lower mainly due to operating performance
- Cash flow negative in 3rd quarter but with improvement year-on-year; as expected clearly negative in 9-month period also due to increase in net working capital mainly at the materials businesses
- Full-year forecast revised owing to continuing weaker economic conditions, lower demand for cars particularly in China, dislocations on raw materials markets, and steel import pressure weighing on volumes, margins and NWC mainly in auto components and materials businesses; adjusted EBIT now around €0.8 billion, FCF before M&A >€1 billion negative
- Update “newtk”: under Performance First initial measures addressing businesses with negative cash flow whose long-term development in the Group is under scrutiny; under Flexible Portfolio we are preparing the IPO of Elevator Technology, but also examining expressions of interest for alternative options; for other businesses, initial contacts with possible strategic partners

Macro and sector environment

Global economic growth significantly weaker in 2019

- Growth expectations for 2019 in our most important sales markets revised down again compared with start of fiscal year
- Industrialized countries: continued economic slowdown with weaker investment; reduced impetus from consumer spending; continued supportive monetary policy
- Emerging economies: moderate economic momentum with high political and economic uncertainties

- Risks and uncertainties: further escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East), Brexit process, severe and sustained weakening of growth in China; indebtedness problems particularly in some countries of Europe, and volatile material and commodity prices

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2018	2019[1]
Euro zone	1.9	1.2
Germany	1.4	0.6
Russia	2.2	1.3
Rest of Central/Eastern Europe	4.1	3.3
USA	2.9	2.4
Brazil	1.1	1.1
Japan	0.8	0.6
China	6.6	6.2
India	7.2	6.6
Middle East & Africa	2.7	1.4
World	**3.7**	**3.1**

[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 2018 down from year before, noticeably weaker again in 2019 to date
- Subdued outlook for 2019 mainly reflecting situation in world’s largest car market, China
- China: car sales and production very weak in first half of 2019 after demand drop in second half of 2018; recovery still uncertain
- Western Europe: production and sales in 2019 down from prior year
- NAFTA: production and sales expected to fall slightly in 2019 after stable prior year at high level
- Trucks above 6 t: 2018 positive year-on-year with slight decrease in China and clear positive trend in Class 8 Trucks in North America; overall market expected to decline in 2019 due to weaker Chinese market and passing of cyclical peak in North America

Machinery

- Germany: growth forecast for 2019 revised down again; slowing global economy, trade restrictions and geopolitical dislocations holding back investment
- USA: production growth significantly slower in 2019; growth impetus from tax reform weakening; trade restrictions and cyclical downturn with negative impact
- China: reduced growth in 2019 due to slowing demand for capital goods and trade restrictions; but fiscal policy supportive

Construction

- Germany: growth only slightly lower in 2019; support from high income growth, favorable financing conditions and high demand for new housing
- USA: output growth weaker in 2019 – housing construction momentum lower due to increasing bottlenecks on labor market and high material prices
- China and India: growth in China in 2019 up from prior year – fiscal policy and continuing urbanization supporting housing construction investment; growth also higher in India

IMPORTANT SALES MARKETS

	2018	2019[1]
Vehicle production, million cars and light trucks		
World	91.1	88.8
Western Europe (incl. Germany)	14.3	13.8
Germany	5.3	5.1
USA	11.0	10.8
Mexico	3.9	3.9
Japan	9.2	9.3
China	26.6	25.4
India	4.6	4.6
Brazil	2.7	2.9
Machinery production, real, in % versus prior year		
Germany	2.5	(2.0)
USA	7.0	1.6
Japan	4.8	(0.2)
China	8.8	7.1
Construction output, real, in % versus prior year		
Germany	3.1	2.8
USA	2.9	1.2
China	4.5	6.3
India	8.6	10.4

[1] Forecast
Sources: IHS Light Vehicle Model Production Forecast (Assembly Type: only CBU = Completely Build Units), IHS Markit Macro-Service, national associations, own estimates

Steel

- Global steel demand growth in 2019 only moderately slower than last year (+2%); overall sideways movement in the industrialized countries; more favorable outlook for many emerging economies, particularly India and the ASEAN countries, China again with stronger growth than expected at the start of the year but with clear decline in automotive sector
- EU carbon flat steel market cyclically weaker in first five months of 2019; third-country imports again higher at expense of European suppliers, EU safeguard measures so far without major limiting effect on overall imports, also through further 5% increase in import quotas from July
- Market environment remains challenging, also structurally – continuing global overcapacities, ongoing risks from trade imbalances also due to further relaxation of safeguards, drastically increased iron ore prices with falling revenues

Group and business area review

Weaker economic conditions, lower demand for cars particularly in China, dislocations on raw materials markets and steel import pressure weighing on volumes and margins mainly in auto components and materials businesses

ORDER INTAKE

million €	9 months ended June 30, 2018[2]	9 months ended June 30, 2019	Change in %	Change on a comparable basis[1] in %	3rd quarter ended June 30, 2018[2]	3rd quarter ended June 30, 2019	Change in %	Change on a comparable basis[1] in %
Components Technology	4,939	5,188	5	4	1,696	1,754	3	2
Elevator Technology	5,814	6,136	6	4	1,981	1,999	1	(1)
Industrial Solutions[3]	2,340	2,945	26	26	883	1,265	43	43
Marine Systems[3]	483	385	(20)	(21)	170	145	(15)	(15)
Materials Services	10,957	10,528	(4)	(5)	3,818	3,336	(13)	(14)
Steel Europe	7,030	6,969	(1)	(1)	2,475	2,177	(12)	(12)
Corporate	242	135	(44)	(44)	73	47	(35)	(35)
Consolidation	(1,634)	(1,596)	—	—	(542)	(504)	—	—
Group[3]	**30,171**	**30,690**	**2**	**1**	**10,554**	**10,219**	**(3)**	**(4)**

[1] Excluding material currency and portfolio effects
[2] Prior-year figures have been adjusted due to the adoption of IFRS 15.
[3] See preliminary remarks.

Order intake in the **capital goods businesses** overall in the first 9 months significantly higher year-on-year:

Components Technology

- Higher year-on-year due to significant growth in industrial including truck components
- Car components at prior-year level: mainly growth in steering business due to start of production at new plants; axle module assembly lower and declining demand in China and western Europe, noticeable Brexit uncertainties among customers
- Industrial components with strong demand for heavy trucks in the USA and Europe; good demand in wind energy sector and for construction machinery components

Elevator Technology

- Order intake at continued high level and with clear year-on-year growth
- All regions contributing to growth, particularly Asia-Pacific, due mainly to several major projects in China, Australia and Europe (primarily Russia, Germany and France)

Industrial Solutions

- Order intake up from prior year mainly due to orders for chemical plants
- Chemical plants: improved market environment; orders in Saudi Arabia, Egypt and Poland and for equipment and services mainly from Europe and Asia

- Cement plants: tight market situation due to overcapacities built up in recent years, though project demand starting to pick up slightly again; smaller orders for plant components, including several catalyst plants for emissions reduction in Asia
- Mining: stable demand, including orders for stockyard and handling equipment in Australia, biomass boilers in India, and handling equipment for mining in Central Asia
- System Engineering: slowing demand for production systems for the auto industry; increasing uncertainties caused by Brexit, sector-specific economic risks and technology shift towards e-mobility

Marine Systems

- Extension of an existing order in surface vessel area as well as various maintenance and service orders
- Nomination as preferred bidder together with Embraer Defense & Security and Atech for the construction of four new corvettes for the Brazilian Navy supports future order intake
- Order for frigates from North Africa at very advanced stage of negotiations and expected to be received shortly

Order intake of the **materials businesses:**

- Materials Services down from prior year, strong warehousing business in North America outweighed mainly by weaker service center business in Europe and weaker direct-to-customer business worldwide
- Steel Europe slightly down year-on-year with order volumes significantly lower (7.5 million t; prior year: 8.3 million t); restricted booking possibilities in 1st quarter mainly due to low Rhine water levels, also slowing market momentum overall in subsequent quarters, in particular sharp drop in demand from auto industry

NET SALES

million €	9 months ended June 30, 2018[2]	9 months ended June 30, 2019	Change in %	Change on a comparable basis[1] in %	3rd quarter ended June 30, 2018[2]	3rd quarter ended June 30, 2019	Change in %	Change on a comparable basis[1] in %
Components Technology	4,927	5,059	3	1	1,717	1,753	2	1
Elevator Technology	5,536	5,835	5	4	1,937	2,042	5	4
Industrial Solutions[3]	2,606	2,786	7	7	815	996	22	21
Marine Systems[3]	987	1,305	32	32	440	510	16	16
Materials Services	11,023	10,590	(4)	(5)	3,846	3,505	(9)	(10)
Steel Europe	7,061	6,828	(3)	(4)	2,492	2,347	(6)	(6)
Corporate	245	203	(17)	(17)	74	69	(7)	(7)
Consolidation	(1,631)	(1,451)	—	—	(550)	(442)	—	—
Group[3]	**30,755**	**31,153**	**1**	**0**	**10,771**	**10,779**	**0**	**(1)**

[1] Excluding material currency and portfolio effects
[2] Prior-year figures have been adjusted due to the adoption of IFRS 15.
[3] See preliminary remarks.

Sales of the **capital goods businesses** significantly higher overall:

- Sales at Components Technology in line with order intake, growth in industrial components, car components level with prior year; positive exchange rate effects especially from USD, negative from BRL
- Elevator Technology clearly higher year-on-year, mainly due to positive trend in the USA; number of installed units in China higher year-on-year
- Industrial Solutions clearly higher year-on-year: chemical plant business with higher sales from major projects in Hungary and Brunei; sales down in cement plant business due to lower order intake and at System Engineering due to order deferrals by customers in response to market conditions
- Marine Systems sharply up from prior year, mainly due to significant increase in submarine and surface vessel sales in the past two quarters

Sales of the **materials businesses:**

Materials Services

- Overall materials sales volumes lower year-on-year (7.4 million t shipments; prior year: 8.5 million t)
- Volumes in warehousing and distribution down slightly year-on-year only because of strong performance in North America (virtually offsetting decline in other regions); lower volumes in direct-to-customer business and auto-related service centers
- Prices in stainless steel and finished steel product segments under pressure overall and also currently in 3rd quarter; overall average price level lower year-on-year
- Volumes and prices at AST lower year-on-year mainly due to continuing import pressure from Asia

Steel Europe

- Volume-related decrease: shipments down sharply (7.8 million t; prior year: 8.5 million t) – reductions necessary as a result of production cutbacks due to low Rhine water levels and negative effects of WLTP problem on auto volumes, also weaker market momentum across all sectors

- Higher average prices year-on-year partly offset the volume decrease; negative price trend on spot market also had a delayed impact on some of our longer-term contracts in the reporting quarter

ADJUSTED EBIT

million €	9 months ended June 30, 2018[2]	9 months ended June 30, 2019	Change in %	3rd quarter ended June 30, 2018[2]	3rd quarter ended June 30, 2019	Change in %
Components Technology	267	183	(32)	100	65	(35)
Elevator Technology	641	642	0	217	239	10
Industrial Solutions[1]	(107)	(112)	(4)	(106)	(55)	48
Marine Systems[1]	(117)	0	++	(107)	0	100
Materials Services	235	119	(50)	84	43	(49)
Steel Europe	586	77	(87)	227	1	(100)
Corporate	(237)	(219)	8	(82)	(70)	14
Consolidation	6	(6)	—	(2)	3	—
Group[1]	**1,274**	**683**	**(46)**	**331**	**226**	**(32)**

[1] See preliminary remarks.
[2] Prior-year figures have been adjusted due to the adoption of IFRS 15.

Adjusted EBIT of the **capital goods businesses** overall higher year-on-year due to the absence of project expenses at Marine Systems and in plant construction, but lower than expected mainly due to the weaker economic conditions:

Components Technology

- Clearly lower year-on-year, mainly due to negative performance at Springs & Stabilizers in conjunction with higher costs for the launch of new customer projects, declining demand for auto components in China and Western Europe, flatter ramp-up curve for new plants
- Business with bearings, crankshafts and construction machinery components sharply up from prior year
- Flexibilization of personnel deployment and recruitment; accelerated implementation of short-term cost savings, and preparation of potential structural measures

Elevator Technology

- At prior-year level; positive contribution of performance program outweighing negative effects mainly from material and selling price trends in the USA owing to tariffs on material imports, and in China
- Year-on-year margin improvement in 3rd quarter (+0.5 percentage points); further improvements expected in 4th quarter

Industrial Solutions

- Negative at prior-year level; mainly reflecting lower margins on projects billed and order deferrals by customers at System Engineering mostly in response to market conditions
- Comprehensive turnaround program being implemented for plant construction; new organizational structure in place as of April 1; further measures to increase profitability include a reduction of administrative and material costs, improved project execution and optimized selling costs

Marine Systems

- Significant improvement on prior year due to absence of once-only project expenses and increased sales; continuing low margins on projects billed

In a weak market environment adjusted EBIT of the **materials businesses** was down significantly year-on-year, despite support from cost reduction programs:

Materials Services

- Margin pressure from declining prices and volumes particularly in warehousing and distribution, compared with positive effects from strong price increases in the prior-year period
- Positive effects among other things from sale of real estate and compensation from Steel Europe for part transfer of direct-to-customer business in 2nd quarter
- AST significantly lower year-on-year mainly due to volume and price trend in stainless steel caused by continuing import pressure and weak market environment
- Intensified measures to reduce working capital; targeted recruitment freeze; streamlining of administrative structures and site consolidation in Germany; utilization of opportunities on growing US market, including expansion of supply chain business

Steel Europe

- Significantly lower year-on-year and worsening over course of fiscal year; in the overall period positive price effects overshadowed from 2nd quarter by significant cost increases for raw material procurement, partly on account of exchange rates
- Decline in shipment volumes increasingly market-related and due to WLTP, after decrease in 1st quarter mainly caused by low Rhine water levels
- Significantly higher costs partly due to changed transportation logistics in response to the low water level problem and associated production scale-back; in 2nd quarter higher personnel provisions after new collective agreement
- Impacted by compensation of Materials Services for transfer of direct-to-customer business in 2nd quarter

Corporate

- Faster than planned reduction of general and administrative costs as a result of further measures to reduce project costs at headquarters
- Efficiency improvement in the regional organization
- Lower earnings effects from real estate and property sales year-on-year and negative transfer effects

Earnings impacted by special items

SPECIAL ITEMS

million €	9 months ended June 30, 2018	9 months ended June 30, 2019	Change	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	Change
Components Technology	36	25	(11)	31	10	(20)
Elevator Technology	51	52	1	15	17	3
Industrial Solutions[1]	24	12	(11)	2	9	7
Marine Systems[1]	2	1	(1)	1	1	0
Materials Services	21	12	(9)	9	9	0
Steel Europe	(11)	151	162	(12)	(8)	3
Corporate	55	31	(24)	42	5	(37)
Consolidation	0	3	3	0	0	0
Group[1]	**178**	**287**	**109**	**88**	**43**	**(45)**

[1] See preliminary remarks.

- Main special items in the reporting period:
  – Components Technology: mainly at Forged Technologies due to closure costs for a site in India, Springs and Stabilizers with closure costs and impairment charges
  – Elevator Technology: restructuring and reorganization in Europe and the USA
  – Industrial Solutions: earn-out agreement for technology purchase, restructuring in connection with the turnaround program, impairment charges on operating assets; partly offset by income from liquidation of an investment company in 2nd quarter
  – Marine Systems: restructuring and deconsolidation of thyssenkrupp Marine Systems Canada Inc.
  – Materials Services: mainly closure of two branches of thyssenkrupp Aerospace Germany to streamline structures
  – Steel Europe: transfer of IT infrastructure from Corporate; costs in connection with carve-out; provision for risks from antitrust proceedings; income in connection with purchase of Schwelgern coke plant (Duisburg)
  – Corporate: reduced project expenses in connection with the originally planned steel joint venture and the repositioning of the Group; also transfer of IT infrastructure to Steel Europe

Results of operations and financial position

Analysis of the statement of income

Income from operations

- Increase in net sales coupled with disproportionate increase in cost of sales mainly due to higher personnel and material costs; decrease in gross profit margin to 14.6% (prior year: 16.5%)
- Increase in other income mainly due to insurance recoveries
- Rise in other expenses mainly reflecting the increase in the provision in connection with the investigations into alleged cartel agreements relating to heavy plate in the 2nd quarter of fiscal 2018 / 2019

Financial income/expense and income tax

- Overall deterioration reflecting above all lower income overall from currency hedging and lower gains from the sale of investments, partly offset by decreased interest expense for financial debt
- Decrease in tax expense due to absence of one-time effects of US tax reform and write-down of deferred tax assets on tax loss carryforwards in Germany in the prior year

Earnings per share

- Net income clearly down by €399 million to net loss of €170 million
- Earnings per share accordingly down by €0.64 to loss of €0.33

Analysis of the statement of cash flows

Operating cash flows

- Significantly higher negative operating cash flows primarily due to decrease in net income before depreciation, amortization and deferred income taxes, and net increase in funds tied up in operating assets and liabilities

Cash flows from investing activities

- Capital spending higher year-on-year; share of capital goods businesses in Group capital spending level year-on-year at around 57%

INVESTMENTS

million €	9 months ended June 30, 2018	9 months ended June 30, 2019	Change in %	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	Change in %
Components Technology	365	340	(7)	123	115	(7)
Elevator Technology	78	141	79	30	85	185
Industrial Solutions[1]	34	34	0	12	13	10
Marine Systems[1]	23	30	32	9	13	42
Materials Services	66	83	26	26	30	13
Steel Europe	249	321	29	79	110	39
Corporate	42	29	(32)	12	5	(60)
Consolidation	(4)	(23)	—	1	4	—
Group[1]	**855**	**955**	**12**	**293**	**375**	**28**

[1] See preliminary remarks.

Components Technology

- Global automotive production network in process of implementation; start of production deliveries at new plant for electric steering systems in China, new product launches in Hungary and Mexico; damper systems at the expanded plant in Romania, setting up of springs and stabilizers plant in Hungary advanced

Elevator Technology

- Acquisition of elevator company Nashville Machine Elevator Co. Company Inc. aimed at strengthening our presence in regional markets in the USA (Tennessee)
- In April 2019 the foundation stone was laid in Atlanta, USA for a 128 m high elevator test tower and new headquarters to concentrate administration and research activities; investments for this are being made through Corporate

Industrial Solutions

- Continuing investment in expansion of technology portfolio to safeguard market position in plant construction
- Continuation of organic growth through order-related investment for e-mobility at System Engineering

Marine Systems

- Further implementation of modernization program at Kiel shipyard

Materials Services

- Modernization and maintenance measures at warehouse and service units as well as at AST; continuation of digital transformation of business area

Steel Europe

- Construction of a further hot-dip coating line (FBA 10) at the Dortmund site to serve rising demand for high-quality hot-dip coated products; piling work completed, construction of foundations underway

Corporate

- Investments for the construction of the elevator test tower in the USA
- Investments for the Carbon2Chem project largely completed (technical center: buildings and power supply) and procurement of licenses for the thyssenkrupp Group

Cash flows from financing activities

- Strongly improved cash flows from financing activities mainly due to proceeds from borrowings in the reporting period

Free cash flow and net financial debt

RECONCILIATION TO FREE CASH FLOW BEFORE M & A

million €	9 months ended June 30, 2018	9 months ended June 30, 2019	Change	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2019	Change
Operating cash flows (consolidated statement of cash flows)	(797)	(1,709)	(912)	60	218	157
Cash flow from investing activities (consolidated statement of cash flows)	(776)	(895)	(119)	(259)	(367)	(108)
Free cash flow (FCF)[1]	**(1,573)**	**(2,604)**	**(1,031)**	**(199)**	**(149)**	**49**
–/+ Cash inflow/cash outflow resulting from material M&A transactions	(19)	58	77	(12)	58	70
Free cash flow before M&A (FCF before M&A)[1]	**(1,592)**	**(2,546)**	**(954)**	**(211)**	**(92)**	**119**

[1] See preliminary remarks.

- FCF before M & A higher year-on-year in the 3rd quarter mainly due to improved operating cash flows, but significantly lower year-on-year in the first 9 months
- Net financial debt up to €5.1 billion at June 30, 2019 mainly due to temporarily significantly negative FCF before M & A
- Ratio of net financial debt to equity (gearing) at 204.5% higher than at September 30, 2018 (72.2%); decrease expected at end of fiscal year
- Available liquidity of €6.5 billion (€2.9 billion cash and cash equivalents and €3.6 billion undrawn committed credit lines)
- Existing commercial paper program with a maximum emission volume of €1.5 billion was drawn in the amount of €1.0 billion at June 30, 2019

Financing measures

- Placement of a €100 million loan note in December 2018; maturity three years; coupon 1.15% p.a.
- Placement of a €1,500 million bond in February 2019; maturity five years; coupon 2.875% p.a.

Rating

RATING

	Long-term rating	Short-term-rating	Outlook
Standard & Poor's	BB	B	developing
Moody's	Ba2	not Prime	review for downgrade
Fitch	BB+	B	watch negative

- With the announcement of the strategic realignment in May 2019, the rating agency Moody's changed its Ba2 rating outlook from 'negative' to 'review for downgrade'. According to Moody's, the review of the rating will consider further information on the future strategic direction of the Group.

Analysis of the statement of financial position

Non-current assets

- Increase in intangible assets primarily reflecting business combinations and exchange-rate effects
- Increase in deferred taxes mainly in connection with interest rate changes for pension obligations

Current assets

- Increases in inventories mainly in materials and components businesses
- Increase in trade accounts receivable mainly in plant engineering business and at Steel Europe
- Decrease in contract assets primarily in connection with the execution of construction contracts
- Increase in other non-financial assets mainly due to higher assets in connection with non-income taxes and rise in advance payments
- Overall decrease in cash and cash equivalents mainly reflecting negative free cash flow in the reporting period as well as dividend payments, together with significant cash inflows from proceeds from borrowings

Total equity

- Clear decline versus September 30, 2018 as a result of net loss in the reporting period, dividend payments and above all losses recognized in other comprehensive income from the remeasurement of pensions and similar obligations

Non-current liabilities

- Increase in accrued pension and similar obligations mainly due to losses from remeasurement in the reporting period, primarily as a result of lower pension interest rates
- Net increase in financial debt mainly due to placement of a bond in February 2019 and reclassification of a bond due in October 2019 to current financial debt

Current liabilities

- Strong net increase in current liabilities mainly due to higher financial debt, in particular from the aforementioned reclassification of a bond from non-current financial debt and from utilization of the commercial paper program
- Sharp decrease in trade accounts payable, above all in materials and components businesses
- Increase in contract liabilities mainly due to higher customer advance payments in connection with construction contracts

Compliance

- We build on strong values: reliability, honesty, credibility and integrity
- Our values are anchored in the Group Mission Statement, Code of Conduct and Compliance Commitment
- Ongoing implementation of compliance management system for data protection, including EU-wide roll-out of new e-learning program based on GDPR
- Investigations by Federal Cartel Office: thyssenkrupp Steel Europe AG and others are/were the subject of investigations into alleged cartel agreements relating to heavy plate and flat carbon steel. In the case of flat carbon steel the proceedings have now been dropped. Based on very advanced talks with the Federal Cartel Office, thyssenkrupp still expects to be able to conclude the heavy plate case by mutual agreement in the near future. The associated increase at March 31, 2019 in the provision recognized at the end of the last fiscal year to the amount of the expected fine will impact net income for the year in the amount of slightly over €100 million.
- More information on compliance at thyssenkrupp in the 2017 / 2018 Annual Report and on the website www.thyssenkrupp.com

Forecast, opportunity and risk report

2018 / 2019 forecast

For key assumptions and expected economic conditions see forecast section and “Macro and sector environment” in the report on the economic position in the 2017 / 2018 Annual Report and this interim management report.

On June 13, 2019 the European Commission formally prohibited the planned steel joint venture with Tata Steel Europe. As the conditions for presenting the steel activities as discontinued operations are no longer fulfilled, thyssenkrupp has adjusted its reporting accordingly in this quarterly report. See also the preliminary remarks on page 5.

The forecast also takes into account the continuing weaker economic conditions, lower demand for cars particularly in China, dislocations on the raw materials markets, and steel import pressure weighing on volumes and margins mainly in our auto components and materials businesses.

2018 / 2019 expectations

- **Sales of the Group** adjusted for effects from the adoption of IFRS 15 – expected to be level with the prior year (prior year, Group, adjusted for effects of IFRS 15: €41.5 billion); decline in the materials businesses (Materials Services, Steel Europe) due to effects of slower economy and trade restrictions should be offset by growth in other segments
- **Adjusted EBIT of the Group** – continuing slower-than-expected economic growth with negative price and volume effects impacting in particular our cyclical businesses with automotive components and materials, compounded by sharply increased raw material costs – expected to be around €0.8 billion (prior year, Group: €1,444 million)
  - **Components Technology** – despite weakening of the auto sector due in particular to declines in China and dislocations due to the introduction of new emission standards and procedures to measure emissions (WLTP) – with recovery of adjusted EBIT (prior year: €197 million) from sales increase in low single-digit percentage range (prior year, adjusted for effects of IFRS 15: €6.6 billion) and slight improvement in margin (prior year, adjusted for effects of IFRS 15: 3.0%), reflecting in particular the absence of additional expenses for quality-related risk provisions and the further ramp-up of new plants, supported by efficiency and restructuring programs
  - **Elevator Technology** with improvement in adjusted EBIT (prior year: €865 million) from sales growth in the mid-single-digit percentage range and stable adjusted EBIT margin (prior year: 11.5%) supported by restructuring and efficiency measures, and depending on effects of materials price movements particularly in China and scale of impact from tariffs on imports of materials to the USA

- **Industrial Solutions** – depending on order intake – with significant recovery in sales despite difficult market environment for cement and automotive production systems; adjusted EBIT down slightly year-on-year (prior year: €(127) million) with order deferrals from customers at System Engineering, mainly due to market conditions, and in part additional project costs; extensive transformation and restructuring measures initiated
- **Marine Systems** with significant recovery in order intake (mainly due to order for frigates); supported by extensive performance program and absence of additional costs of project analysis and reassessment in the prior year, significant improvement towards break-even adjusted EBIT (prior year: €(128) million)
- **Materials Services** – with slowing economy and declining prices and volumes – with adjusted EBIT significantly lower year-on-year (prior year: €317 million; prior year continuing operations of Materials Services: €308 million)
- **Steel Europe** – with slowing economy, declining volumes in particular from automotive customers and higher costs in particular for raw materials (mainly iron ore) and depending on further developments potentially negative 4th quarter – adjusted EBIT significantly lower year-on-year (prior year: €687 million)
- **Corporate** faster than planned reduction of administrative costs with clear year-on-year improvement in adjusted EBIT (prior year: €(377) million)

- **Net income of the Group** negative (prior year, before retroactive adjustment for €107 million scheduled amortization and depreciation: €60 million) due to restructurings required for future improvements, provision for upcoming final conclusion of the heavy plate cartel case by mutual agreement with the Federal Cartel Office, plus expense for the preparation of the Elevator IPO
- **Capital spending before M & A** at around €1.5 billion (prior year: €1.4 billion)
- **FCF before M & A of the Group** (prior year: €(134) million) – in line with the reduced adjusted EBIT forecast (from €1.1 – 1.2 billion to around €0.8 billion) now expected at >€1 billion negative (previously: negative in the high three-digit million euro range); also impacted by the effects of the economic slowdown, increased net working capital at Steel Europe, increased net working capital at our components businesses due to the ramp-up of new plants, and depending on order intake and payment profiles for individual major projects especially at Marine Systems; possible further impact from payment of the expected cartel fine
- **FCF of the full Group** (prior year: €(115) million) with additional negative effects in particular from costs for the preparation of the Elevator IPO as well as minor acquisitions at Elevator technology
- **Net financial debt of the Group** to increase sharply year-on-year (prior year: €2,364 million) due in particular to the aforementioned effects
- **tkVA of the Group** significantly lower year-on-year (prior year, before effects from retroactive adjustment for €107 million scheduled amortization and depreciation: €(217) million) due to the impacts described above.

Opportunities and risks

Opportunities

- With digitization increasing, global thyssenkrupp research and development network offers opportunities for convergence of previously separate value chains
- Opportunities from systematic continuation of corporate initiatives launched in previous years
- Strategic and operational opportunities described in 2017 / 2018 Annual Report continue to apply

Risks

- No risks threatening ability to continue as going concern; detailed information on risks described in 2017 / 2018 Annual Report continues to apply
- Economic risks: Further escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East), Brexit process, distinct and lasting slowdown of growth in China, problems of indebtedness in particular in some European countries, volatile material and commodity prices, further slowing of automotive market
- Trade measures of US administration being continuously monitored
- Risks of cost and schedule overruns in the execution of major projects
- Risks from attacks on IT infrastructure; countermeasure: further expansion of information security management and security technologies
- Investigations by Federal Cartel Office: thyssenkrupp Steel Europe AG and others are/were the subject of investigations into alleged cartel agreements relating to heavy plate and flat carbon steel. In the case of flat carbon steel the proceedings have now been dropped. Based on very advanced talks with the Federal Cartel Office, thyssenkrupp still expects to be able to conclude the heavy plate case by mutual agreement in the near future. The associated increase at March 31, 2019 in the provision recognized at the end of the last fiscal year to the amount of the expected fine will impact net income for the year in the amount of slightly over €100 million.

Condensed interim financial statements

thyssenkrupp AG – Consolidated statement of financial position

ASSETS

million €	Note	Oct. 1, 2017[1]	Sept. 30, 2018[2]	June 30, 2019
Intangible assets		4,813	4,844	4,922
Property, plant and equipment (inclusive of investment property)		7,605	7,730	7,757
Investments accounted for using the equity method		154	132	131
Other financial assets		43	45	46
Other non-financial assets		218	246	258
Deferred tax assets		1,684	1,288	1,439
Total non-current assets		**14,517**	**14,285**	**14,553**
Inventories		6,946	7,359	8,146
Trade accounts receivable		4,837	5,163	5,977
Contract assets		1,367	1,731	1,630
Other financial assets		583	709	713
Other non-financial assets		1,923	1,904	2,099
Current income tax assets		220	269	309
Cash and cash equivalents		5,292	3,006	2,840
Total current assets		**21,169**	**20,141**	**21,713**
Total assets		**35,686**	**34,426**	**36,266**

See accompanying notes to consolidated financial statements.
[1] Figures have been adjusted (cf. Note 01).
[2] Figures have been adjusted (cf. Note 01 and 02).

EQUITY AND LIABILITIES

million €	Note	Oct. 1, 2017[1]	Sept. 30, 2018[2]	June 30, 2019
Capital stock		1,594	1,594	1,594
Additional paid-in capital		6,664	6,664	6,664
Retained earnings		(5,402)	(5,606)	(6,471)
Cumulative other comprehensive income		33	83	230
Equity attributable to thyssenkrupp AG's stockholders		**2,889**	**2,734**	**2,016**
Non-controlling interest		515	468	478
Total equity		**3,404**	**3,203**	**2,494**
Accrued pension and similar obligations	04	7,924	7,838	8,512
Provisions for other employee benefits		354	345	306
Other provisions		645	575	528
Deferred tax liabilities		113	59	80
Financial debt	06	5,326	5,191	5,520
Other financial liabilities		182	157	129
Other non-financial liabilities		5	4	9
Total non-current liabilities		**14,549**	**14,168**	**15,084**
Provisions for current employee benefits		357	342	308
Other provisions	05	1,320	1,573	1,630
Current income tax liabilities		254	225	247
Financial debt	06	1,930	185	2,426
Trade accounts payable		5,729	6,533	5,486
Other financial liabilities		826	784	783
Contract liabilities		4,866	5,011	5,354
Other non-financial liabilities		2,452	2,403	2,451
Total current liabilities		**17,733**	**17,055**	**18,687**
Total liabilities		**32,282**	**31,223**	**33,772**
Total equity and liabilities		**35,686**	**34,426**	**36,266**

See accompanying notes to the consolidated financial statements.
[1] Figures have been adjusted (cf. Note 01).
[2] Figures have been adjusted (cf. Note 01 and 02).

thyssenkrupp AG – Consolidated statement of income

million €, earnings per share in €	Note	9 months ended June 30, 2018[1]	9 months ended June 30, 2019[2]	3rd quarter ended June 30, 2018[1]	3rd quarter ended June 30, 2019
Sales	9, 10	30,755	31,153	10,771	10,779
Cost of sales		(25,676)	(26,618)	(9,154)	(9,234)
Gross margin		**5,079**	**4,535**	**1,617**	**1,546**
Research and development cost		(247)	(252)	(83)	(88)
Selling expenses		(2,099)	(2,093)	(743)	(737)
General and administrative expenses		(1,786)	(1,834)	(575)	(619)
Other income		164	220	34	89
Other expenses		(79)	(217)	(34)	(12)
Other gains/(losses), net		20	27	8	(1)
Income/(loss) from operations		**1,051**	**386**	**224**	**176**
Income from companies accounted for using the equity method		18	11	7	4
Finance income		589	429	232	96
Finance expense		(846)	(701)	(306)	(196)
Financial income/(expense), net		**(239)**	**(262)**	**(67)**	**(97)**
Income/(loss) before tax		**813**	**124**	**157**	**80**
Income tax (expense)/income		(584)	(295)	(272)	(157)
Net income/(loss)		**229**	**(170)**	**(114)**	**(77)**
Thereof:					
thyssenkrupp AG's shareholders		**189**	**(207)**	**(131)**	**(94)**
Non-controlling interest		40	36	17	16
Net income/(loss)		**229**	**(170)**	**(114)**	**(77)**
Basic and diluted earnings per share based on	11				
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**0.30**	**(0.33)**	**(0.21)**	**(0.15)**

See accompanying notes to the consolidated financial statements.
[1] Figures have been adjusted (cf. Note 01 and 02).
[2] Figures have been adjusted (cf. Note 02).

thyssenkrupp AG – Consolidated statement of comprehensive income

million €	9 months ended June 30, 2018[1]	9 months ended June 30, 2019[2]	3rd quarter ended June 30, 2018[1]	3rd quarter ended June 30, 2019
Net income/(loss)	**229**	**(170)**	**(114)**	**(77)**
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	(162)	(743)	15	(306)
Tax effect	18	221	(10)	93
Other comprehensive income from remeasurements of pensions and similar obligations, net	(144)	(522)	5	(212)
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	0	0	0
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**(144)**	**(522)**	**5**	**(212)**
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	(71)	103	129	(90)
Net realized (gains)/losses	0	(2)	0	0
Net unrealized (gains)/losses	(71)	101	129	(90)
Unrealized gains/(losses) from fair value measurement of debt instruments				
Change in unrealized gains/(losses), net	1	0	0	0
Net realized (gains)/losses	0	0	0	0
Tax effect	0	0	0	0
Net unrealized (gains)/losses	1	0	0	0
Unrealized gains/(losses) from impairment of financial instruments				
Change in unrealized gains/(losses), net	—	(5)	—	0
Net realized (gains)/losses	—	(2)	—	(1)
Tax effect	—	2	—	1
Net unrealized (gains)/losses	—	(5)	—	0
Unrealized gains/(losses) on cash flow hedges				
Change in unrealized gains/(losses), net	104	(6)	(3)	28
Net realized (gains)/losses	(5)	27	3	16
Tax effect	(35)	(6)	(4)	(15)
Net unrealized (gains)/losses	64	15	(4)	29
Share of unrealized gains/(losses) of investments accounted for using the equity-method	1	2	1	(4)
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	**(5)**	**112**	**126**	**(64)**

million €	9 months ended June 30, 2018[1]	9 months ended June 30, 2019[2]	3rd quarter ended June 30, 2018[1]	3rd quarter ended June 30, 2019
Other comprehensive income	**(150)**	**(410)**	**131**	**(276)**
Total comprehensive income[1]	**79**	**(580)**	**17**	**(354)**
Thereof:				
thyssenkrupp AG's shareholders	61	(634)	12	(359)
Non-controlling interest	18	54	5	5

See accompanying notes to the consolidated financial statements.
[1] Figures have been adjusted (cf. Note 01 and 02).
[2] Figures have been adjusted (cf. Note 02).

thyssenkrupp AG – Consolidated 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, 2017	**622,531,741**	**1,594**	**6,664**	**(5,401)**
Adjustment due to the retrospective adoption of IFRS 15				(1)
Balance as of Oct. 1, 2017	**622,531,741**	**1,594**	**6,664**	**(5,402)**
Net income/(loss)[1]				189
Other comprehensive income				(145)
Total comprehensive income[1]				**44**
Profit attributable to non-controlling interest				
Payment of thyssenkrupp AG dividend				(93)
Changes of shares of already consolidated companies				4
Balance as of June 30, 2018[1]	**622,531,741**	**1,594**	**6,664**	**(5,447)**
Balance as of Sept. 30, 2018[2]	**622,531,741**	**1,594**	**6,664**	**(5,606)**
Adjustment due to the adoption of IFRS 9				(43)
Balance as of Oct. 1, 2018	**622,531,741**	**1,594**	**6,664**	**(5,649)**
Net income/(loss)				(207)
Other comprehensive income				(521)
Total comprehensive income				**(728)**
Profit attributable to non-controlling interest				
Payment of thyssenkrupp AG dividend				(93)
Other changes				0
Balance as of June 30, 2019	**622,531,741**	**1,594**	**6,664**	**(6,471)**

See accompanying notes to the consolidated financial statements.
[1] Figures have been adjusted (cf. Note 01).
[2] Figures have been adjusted (cf. Note 01 and 02).

	Equity attributable to thyssenkrupp AG's stockholders								
	Cumulative other comprehensive income								
				Cash flow hedges					
	Foreign currency translation adjustment	Fair value measurement of debt 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
	34	**8**	**—**	**(50)**	**—**	**41**	**2,890**	**515**	**3,404**
							(1)	0	(1)
	34	**8**	**—**	**(50)**	**—**	**41**	**2,889**	**515**	**3,404**
							189	40	229
	(53)	0		68		1	(128)	(22)	(150)
	(53)	**0**	**—**	**68**	**—**	**1**	**61**	**18**	**79**
							0	(31)	(31)
							(93)	0	(93)
							4	(23)	(19)
	(18)	**9**	**—**	**18**	**—**	**41**	**2,862**	**478**	**3,339**
	(34)	**8**	**—**	**69**	**—**	**40**	**2,734**	**468**	**3,203**
			53				9	(5)	5
	(34)	**8**	**53**	**69**	**0**	**40**	**2,744**	**464**	**3,207**
							(207)	36	(170)
	84	0	(5)	13	1	2	(427)	17	(410)
	84	**0**	**(5)**	**13**	**1**	**2**	**(634)**	**54**	**(580)**
							0	**(48)**	**(48)**
							(93)	0	(93)
							0	8	8
	50	**8**	**48**	**82**	**1**	**42**	**2,016**	**478**	**2,494**

thyssenkrupp AG – Consolidated statement of cash flows

million €	9 months ended June 30, 2018[1]	9 months ended June 30, 2019[2]	3rd quarter ended June 30, 2018[1]	3rd quarter ended June 30, 2019
Net income/(loss)	**229**	**(170)**	**(114)**	**(77)**
Adjustments to reconcile net income/(loss) to operating cash flows:				
Deferred income taxes, net	428	96	210	80
Depreciation, amortization and impairment of non-current assets	814	873	274	301
Income/(loss) from companies accounted for using the equity method, net of dividends received	(18)	(11)	(7)	(4)
(Gain)/loss on disposal of non-current assets	(49)	(29)	(24)	(1)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes				
– Inventories	(736)	(744)	(33)	(60)
– Trade accounts receivable	(734)	(753)	(293)	(41)
– Contract assets	12	98	(29)	51
– Accrued pension and similar obligations	(117)	(77)	(51)	(37)
– Other provisions	(139)	(69)	103	(20)
– Trade accounts payable	(123)	(1,073)	(63)	(201)
– Contract liabilities	57	275	(1)	(93)
– Other assets/liabilities not related to investing or financing activities	(421)	(125)	90	319
Operating cash flows	**(797)**	**(1,709)**	**60**	**218**
Purchase of investments accounted for using the equity method and non-current financial assets	(2)	(5)	1	0
Expenditures for acquisitions of consolidated companies net of cash acquired	(8)	(3)	(1)	0
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(755)	(777)	(255)	(281)
Capital expenditures for intangible assets (inclusive of advance payments)	(90)	(171)	(38)	(94)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	26	3	12	2
Proceeds from disposals of property, plant and equipment and investment property	52	51	22	5
Proceeds from disposals of intangible assets	0	6	0	1
Cash flows from investing activities	**(776)**	**(895)**	**(259)**	**(367)**

million €	9 months ended June 30, 2018[1]	9 months ended June 30, 2019[2]	3rd quarter ended June 30, 2018[1]	3rd quarter ended June 30, 2019
Proceeds from issuance of bonds	0	1,500	0	0
Proceeds from liabilities to financial institutions	264	2,040	39	71
Repayments of liabilities to financial institutions	(356)	(1,919)	(158)	(16)
Proceeds from/(repayments on) loan notes and other loans	(80)	972	3	99
Increase/(decrease) in bills of exchange	(11)	0	(3)	0
(Increase)/decrease in current securities	1	1	0	0
Payment of thyssenkrupp AG dividend	(93)	(93)	0	0
Profit attributable to non-controlling interest	(31)	(48)	(11)	(42)
Expenditures for acquisitions of shares of already consolidated companies	(19)	0	0	0
Other financing activities	(90)	(44)	(53)	(52)
Cash flows from financing activities	**(416)**	**2,408**	**(183)**	**60**
Net increase/(decrease) in cash and cash equivalents	(1,989)	(196)	(382)	(89)
Effect of exchange rate changes on cash and cash equivalents	(42)	30	(14)	(12)
Cash and cash equivalents at beginning of year	5,292	3,006	3,657	2,941
Cash and cash equivalents at end of year	**3,261**	**2,840**	**3,261**	**2,840**
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:				
Interest received	29	19	11	8
Interest paid	(162)	(163)	(17)	(17)
Dividends received	35	18	35	18
Income taxes paid	(290)	(226)	(88)	(63)

See accompanying notes to the consolidated financial statements.
[1] Figures have been adjusted (cf. Note 01 and 02).
[2] Figures have been adusted (cf. Note 02).

thyssenkrupp AG – 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, 2018 to June 30, 2019, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on August 5, 2019.

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 condensed interim consolidated financial statements as of June 30, 2019 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 2017 / 2018.

01 Recently adopted accounting standards

In fiscal year 2018 / 2019, thyssenkrupp adopted the following standards, interpretations and amendments to already existing standards and interpretations that, with the exemption of IFRS 9 and IFRS 15, do not have a material impact on the Group's consolidated financial statements:

In July 2014 the IASB issued the final version of IFRS 9 "Financial Instruments". The new standard includes revised requirements for the classification and measurement of financial assets, fundamental changes to the regulations on the impairment of financial assets, and revised rules on hedge accounting. thyssenkrupp adopted IFRS 9 in the fiscal year beginning on October 1, 2018. The option to apply the Standard prospectively was used and accordingly no adjusted comparative information was disclosed. Resultant transition effects are reported in retained earnings. The new hedge accounting rules are also applied prospectively.

The transition effects at the date of adoption were recognized directly in equity and the comparative period is presented in accordance with the previous rules of IAS 39 "Financial Instruments: Recognition and Measurement".

The effects of the transition on assets, liabilities and total equity are presented in the following two tables:

RECONCILIATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IFRS 9

Assets € million	Sept. 30, 2018[1]	IFRS 9 adjustment[2]	Oct. 1, 2018
Total non-current assets	**14,285**	**12**	**14,297**
thereof:			
Deferred tax assets	1,288	12	1,300
Total current assets	**20,141**	**12**	**20,153**
thereof:			
Trade accounts receivable	5,163	19	5,182
Contract assets	1,731	(7)	1,724
Total assets	**34,426**	**23**	**34,449**

Equity and liabilities € million	Sept. 30, 2018[1]	IFRS 9 adjustment[2]	Oct. 1, 2018
Total equity	**3,203**	**5**	**3,208**
thereof:			
Retained earnings	(5,606)	(43)	(5,649)
Cumulative other comprehensive income	83	53	136
Non-controlling interest	468	(5)	463
Total liabilities	**31,223**	**18**	**31,241**
thereof:			
Deferred tax liabilities	59	18	77
Total equity and liabilities	**34,426**	**23**	**34,449**

[1] Figures have been adjusted (cf. Note 01 and 02).
[2] Figures have been adjusted (cf. Note 02).

EFFECTS OF ADOPTION OF IFRS 9 ON TOTAL EQUITY[1]

million €	
Effects of IFRS 9 on retained earnings	
Retained earnings as of Sept. 30, 2018 before adoption of IFRS 9	**(5,606)**
Change in impairment of trade accounts receivable	(44)
Change in impairment of contract assets	(7)
Change in impairment recognized in cumulative other comprehensive income	(7)
Deferred taxes on adoption effects	15
Retained earnings as of Oct. 1, 2018 after adoption of IFRS 9	**(5,649)**
Effects of IFRS 9 on cumulative other comprehensive income	
Cumulative other comprehensive income as of Sept. 30, 2018 before adoption of IFRS 9	**83**
Reclassification of trade accounts receivable due to change of measurement category	65
Remeasurement of trade accounts receivable due to change of measurement category to “Fair value recognized in equity”	7
Deferred taxes on adoption effects	(19)
Cumulative other comprehensive income as of Oct. 1, 2018 after adoption of IFRS 9	**136**
Effects of IFRS 9 on non-controlling interest	(5)
Effects of adoption of IFRS 9 on total equity[1]	**5**

[1] Figures have been adjusted (cf. Note 02).

The classification and measurement of financial assets under IFRS 9 is based on the financial asset’s cash flow characteristics and on the company’s business model for managing the financial assets.

If a debt instrument is held with the objective of collecting contractual cash flows and if the cash flows are solely payments of principal and interest, the instrument is recognized at amortized cost. At thyssenkrupp this mainly concerns trade accounts receivable, contract assets, and cash and cash equivalents.

If the cash flow conditions are met but the debt instrument is held both to collect contractual cash flows and to sell, the instrument is measured at fair value in equity (with reclassification). At thyssenkrupp this mainly concerns trade accounts receivable which may be sold, and securities (debt instruments).

For equity instruments not held for trading, thyssenkrupp has consistently exercised the option to recognize future changes in fair value in profit or loss. Derivatives that do not qualify for hedge accounting are also recognized at fair value in profit or loss.

The effects of the changed classification and measurement of financial assets at the adoption date were as follows:

RECONCILIATION OF FINANCIAL ASSETS FROM IAS 39 TO IFRS 9[1)]

million €

IAS 39 as of Sept. 30, 2018[1)]			Change due to		IFRS 9 as of Oct. 1, 2018	
Classification	Carrying amount Sept. 30, 2018	Measurement category[2)]	new classification	use of the new impairment model	Carrying amount Oct. 1, 2018	Measurement category
Trade accounts receivable (excluding finance lease)	5,162				5,182	
Loans and receivables	5,162	Lar	(1,217)	(44)	3,901	Amortized cost
			1,281		1,281	Fair value recognized in equity (with recycling)
Finance lease receivables	1	n/a			1	n/a
Contract assets	1,731	n/a		(7)	1,724	Amortized cost
Other financial assets	754				754	
Loans and receivables	527	Lar		0	527	Amortized cost
Equity instruments (Available-for-sale financial assets)	13	Afs			13	Fair value recognized in profit or loss
Debt instruments (Available-for-sale financial assets)	19	Afs			19	Fair value recognized in equity (with recycling)
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	66	Hft			66	Fair value recognized in profit or loss
Derivatives qualifying for hedge accounting	130	n/a			130	n/a
Cash and cash equivalents	3,006				3,006	Amortized cost
Loans and receivables	3,006	Lar			3,006	Amortized cost
Total of financial assets	**10,653**		**64**	**(51)**	**10,666**	

1) Figures have been adjusted (cf. Note 01 and 02).
2) Lar: Loans and receivables, Afs: Available-for-sale financial assets, Hft: Held for trading

The €64 million increase in trade accounts receivable due to the new classification stems from the fact that the removal of the carrying amount from the measurement category “at amortized cost” is presented net of impairment as of September 30, 2018, while the addition in the category “fair value recognized in equity” is presented before impairment in accordance with IFRS 9.

The adoption of IFRS 9 does not impact financial liabilities.

Under the new impairment model (expected loss model) expected losses are reported and forward-looking information is used to a greater extent. The new impairment rules are applied to debt instruments, lease receivables, trade accounts receivable, and contract assets recognized at amortized cost or at fair value in equity. The expected credit loss is generally calculated by multiplying the three parameters probability of default, carrying value of the financial asset, and loss given default. thyssenkrupp applies the simplified impairment model under IFRS 9 and reports lifetime expected losses for all trade accounts receivable and contract assets. For all other financial assets twelve-month expected credit losses are reported. Owing to the short maturities, these generally correspond to lifetime expected losses at thyssenkrupp. To implement the new rules on impairment, suitable models were developed in particular to determine the expected default rates for trade accounts receivable. The expected default rates are determined mainly on the basis of external credit information and ratings for each counterparty. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for each business area plus an appropriate risk premium. For the Elevator business area, which has a different customer structure than the rest of the Group, the probability of default is determined on the basis of historical default rates taking forward-looking information into account. Consideration is also given to the respective business model, customer groups, and economic environment of the region. Default is generally assumed after 360 days.

As before, financial assets are fully or partially impaired on the basis of individual allowances if it is reasonable to assume that they can no longer be fully realized, e.g. because the due date has long passed, or owing to insolvency or similar proceedings.

The effects of the adoption of the new impairment model in accordance with IFRS 9 are presented in the following table:

RECONCILIATION OF IMPAIRMENTS FROM IAS 39 TO IFRS 9[1)]

million€ Classification according to IAS 39	Impairment as of Sept. 30, 2018 according to IAS 39	Change in impairment due to new classification according to IFRS 9	Change in impairment due to use of the new impairment model	Impairment as of Oct. 1, 2018 according to IFRS 9	Classification according to IFRS 9
Trade accounts receivable					
Loans and receivables	(349)	64	(44)	(329)	Amortized cost
Loans and receivables	0	(64)	(7)	(72)	Fair value recognized in equity (with recycling)
Contract assets n/a	n/a		(7)	(7)	Amortized cost
Other financial assets					
Available-for-sale financial assets	(18)		0	(18)	Fair value recognized in equity (with recycling)
Loans and receivables	(1)		0	(1)	Amortized cost
Total	**(363)**	**0**	**(58)**	**(427)**	

[1)] Figures have been adjusted (cf. Note 02).

For hedge accounting thyssenkrupp exercised the option to apply the rules of IFRS 9 prospectively from October 1, 2018. All designated hedges existing at September 30, 2018 meet the hedge accounting requirements of IFRS 9 and will be continued. In some cases the hedging of components is possible. The option of initially reporting hedge costs (forward element and currency basis spread) in connection with designated foreign currency derivatives separately as costs of hedging in other comprehensive income is used prospectively in fiscal year 2018 / 2019. Reclassification to profit or loss takes place when the hedged item affects profit or loss. This will further reduce earnings volatility in the future. thyssenkrupp continues to use the spot-to-spot method to measure hedge effectiveness. At the transition date there were no impacts in the area of hedge accounting.

In May 2014 the IASB issued the new standard IFRS 15 "Revenue from Contracts with Customers". The purpose of the new standard on revenue recognition is to bring together the large number of existing guidelines contained in various standards and interpretations. At the same time it establishes uniform core principles to be applied to all industries and all types of revenue transactions. In April 2016 clarifications to IFRS 15 were issued relating mainly to the identification of separate performance obligations as well as the definition of principal and agent. thyssenkrupp adopts IFRS 15 for the 2018 / 2019 fiscal year beginning on October 1, 2018 (IFRS 15 effective date). The full retrospective approach to initial application is applied, i.e. the cumulative transition effects will be included directly in retained earnings at the start of the comparative period on October 1, 2017. With this the Group is making use of the practical expedients provided in IFRS 15. In this connection at October 1, 2017 in particular contracts that begin and are completed within the same fiscal year or are completed at October 1, 2017 were not restated.

This resulted in the following principles of revenue recognition:

Revenue from contracts with customers is recognized when the included distinct performance obligations, i.e. the distinct goods or services promised in the contract, are transferred to the customer. Transfer takes place when the customer obtains control of the promised goods or services. This is generally the case when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the transferred goods or services. Revenue from contracts with customers corresponds to the transaction price. The transaction price includes variable consideration only to the extent it is highly probable that actual occurrence of the variable consideration will not result in a significant revenue reversal. Variable consideration can include for example volume discounts, delay penalties, early completion incentives, or credits in connection with bonus agreements. The transaction price is not adjusted for a financing component, mainly because the period between the transfer of goods and services and the date of payment by the customer is generally less than 12 months.

Where a contract with a customer has multiple distinct performance obligations, the transaction price is allocated to the performance obligations by reference to their relative standalone selling prices. The standalone selling prices are determined on the basis of directly observable market prices or using recognized estimation methods. If distinct performance obligations are satisfied acting as an agent, the revenue recognized is not the gross amount payable by the customer but only the net amount retained as a commission-like fee for the respective performance obligation.

Revenue from the sale of goods and commodities is recognized at the point in time at which control is transferred to the customer. The time of transfer of control is determined partly on the basis of the delivery clauses agreed with the customer. In the case of goods and commodities supplied under consignment arrangements, sales revenue is generally recognized when the corresponding goods are removed from consignment by the customer.

Sales revenue from contracts with customers in the plant construction business is recognized over time by the percentage-of-completion method. The percentage of completion is as a rule determined by the ratio of contract costs incurred up to the reporting date to the total estimated contract costs as of the reporting date. Contract losses are recognized as expense immediately and reported in the statement of financial position under other provisions. The recognition of revenue over time for the performance of services is generally carried out through linear allocation of the transaction price over the service performance period.

Incremental costs of obtaining a contract with a customer are capitalized under non-current non-financial assets only if they relate to contracts with an original expected duration of more than 12 months. They are amortized by the straight-line method over the term of the contract.

If the performance obligations fulfilled for the customer exceed the payments received or due from the customer, contract assets are recognized in the statement of financial position on a net basis insofar as the right to receive payment from the customer is still conditional. Unconditional rights to receive payment are recognized under trade accounts receivable and from this point payment automatically becomes due with the passage of time. If the payments received or due from the customer exceed the performance obligations fulfilled, contract liabilities are recognized in the statement of financial position on a net basis.

At the start of the comparative period on October 1, 2017, there are IFRS 15 transition effects versus the consolidated balance sheet on September 30, 2017 which are explained in the Notes to the 2017 / 2018 Annual Report (see Note 01). The transition effects versus the consolidated statement of financial position on September 30, 2018 result from the IFRS 15 transition effects described therein and adjusted for the effects of business activity in the 2017 / 2018 fiscal year:

IFRS 15 – CONSOLIDATED STATEMENT OF FINANCIAL POSITION

million €	Oct. 1, 2017			Sept. 30, 2018[1]		
	Before IFRS 15 adjustment	IFRS 15 adjustment	After IFRS 15 adjustment	Before IFRS 15 adjustment	IFRS 15 adjustment	After IFRS 15 adjustment
Total non-current assets	**14,502**	**15**	**14,517**	**14,272**	**12**	**14,285**
thereof:						
Other non-financial assets	207	11	218	234	11	246
Total current assets	**20,546**	**623**	**21,169**	**19,524**	**617**	**20,141**
thereof:						
Inventories	6,957	(11)	6,946	7,409	(50)	7,359
Trade accounts receivable	5,734	(897)	4,837	6,361	(1,199)	5,163
Contract assets	0	1,367	1,367	0	1,731	1,731
Other financial assets	420	164	583	573	135	709
Total assets	**35,048**	**638**	**35,686**	**33,796**	**630**	**34,426**
Total equity	**3,404**	**(1)**	**3,404**	**3,203**	**0**	**3,203**
Total non-current liabilities	**14,546**	**3**	**14,549**	**14,168**	**0**	**14,168**
Total current liabilities	**17,097**	**636**	**17,733**	**16,426**	**630**	**17,055**
thereof:						
Other provisions	1,183	137	1,320	1,426	147	1,573
Contract liabilities	0	4,866	4,866	0	5,011	5,011
Other non-financial liabilities	6,802	(4,350)	2,452	6,911	(4,508)	2,403
Total liabilities	**31,643**	**639**	**32,282**	**30,594**	**630**	**31,223**
Total equity and liabilities	**35,048**	**638**	**35,686**	**33,796**	**630**	**34,426**

[1] Figures have been adjusted (cf. Note 02).

The IFRS 15 transition effects in the consolidated statement of income for the 9 months ended June 30, 2018 and for the 3rd quarter ended June 30, 2018 result mainly from the concretized definition of principal and agent in IFRS 15 based on the principle of control for certain business models in the automotive supply business of the Components Technology business area. This leads to significant reductions in reported net sales and cost of sales of the continuing operations:

IFRS 15 – CONSOLIDATED STATEMENT OF INCOME

	9 months ended June 30, 2018[1]			3rd quarter ended June 30, 2018[1]		
million €, earnings per share in €	Before IFRS 15 adjustment	IFRS 15 adjustment	After IFRS 15 adjustment	Before IFRS 15 adjustment	IFRS 15 adjustment	After IFRS 15 adjustment
Sales	31,683	(927)	30,755	11,117	(347)	10,771
Cost of sales	(26,601)	925	(25,676)	(9,499)	345	(9,154)
Gross margin	**5,082**	**(2)**	**5,079**	**1,618**	**(1)**	**1,617**
Income/(loss) from operations	**1,053**	**(2)**	**1,051**	**225**	**(1)**	**224**
Financial income/(expense), net	**(239)**	**0**	**(239)**	**(67)**	**0**	**(67)**
Income/(loss) before tax	**814**	**(2)**	**813**	**158**	**(1)**	**157**
Income tax (expense)/income	(584)	0	(584)	(272)	0	(272)
Net income/(loss)	**230**	**(1)**	**229**	**(114)**	**0**	**(114)**
Thereof:						
thyssenkrupp AG's shareholders	**190**	**(1)**	**189**	**(131)**	**0**	**(131)**
Non-controlling interest	40	0	40	17	0	17
Net income/(loss)	**230**	**(1)**	**229**	**(114)**	**0**	**(114)**
Basic and diluted earnings per share based on						
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**0.31**	**(0.01)**	**0.30**	**(0.21)**	**0.00**	**(0.21)**

[1] Figures have been adjusted (cf. Note 02).

The following table shows the IFRS 15 transition effects in the consolidated statement of cash flows

IFRS 15 – CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended June 30, 2018[1]			3rd quarter ended June 30, 2018[1]		
million €	Before IFRS 15 adjustment	IFRS 15 adjustment	After IFRS 15 adjustment	Before IFRS 15 adjustment	IFRS 15 adjustment	After IFRS 15 adjustment
Net income/(loss)	**230**	**(1)**	**229**	**(114)**	**0**	**(114)**
Adjustments to reconcile net income/(loss) to operating cash flows:						
Income/(loss) from discontinued operations (net of tax)	0	0	0	0	0	0
Deferred income taxes, net	428	0	428	210	0	210
Depreciation, amortization and impairment of non-current assets	814	0	814	274	0	274
Reversals of impairment losses of non-current assets	(0)	0	0	(0)	0	0
Income/(loss) from companies accounted for using the equity method, net of dividends received	(18)	0	(18)	(7)	0	(7)
(Gain)/loss on disposal of non-current assets	(49)	0	(49)	(24)	0	(24)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes						
– Inventories	(753)	17	(736)	(10)	(23)	(33)
– Trade accounts receivable	(606)	(128)	(734)	(220)	(73)	(293)
– Contract assets	0	12	12	0	(29)	(29)
– Accrued pension and similar obligations	(117)	0	(117)	(51)	0	(51)
– Other provisions	(157)	18	(139)	80	22	103
– Trade accounts payable	(125)	2	(123)	(62)	(1)	(63)
– Contract liabilities	0	57	57	0	(1)	(1)
– Other assets/liabilities not related to investing or financing activities	(443)	22	(421)	(14)	104	90
Operating cash flows	**(797)**	**0**	**(797)**	**60**	**0**	**60**
Cash flows from investing activities	**(776)**	**0**	**(776)**	**(259)**	**0**	**(259)**
Cash flows from financing activities	**(416)**	**0**	**(416)**	**(183)**	**0**	**(183)**
Net increase/(decrease) in cash and cash equivalents	(1,989)	0	(1,989)	(382)	0	(382)
Effect of exchange rate changes on cash and cash equivalents	(42)	0	(42)	(14)	0	(14)
Cash and cash equivalents at beginning of year	5,292	0	5,292	3,657	0	3,657
Cash and cash equivalents at end of year	**3,261**	**0**	**3,261**	**3,261**	**0**	**3,261**

1) Figures have been adjusted (cf. Note 02).

Furthermore in fiscal year 2018 / 2019, thyssenkrupp adopted the following standards, interpretations and amendments to already existing standards that do not have a material impact on the Group's consolidated financial statements:

- Amendments to IFRS 2 "Share-based Payment": "Classification and Measurement of Share-based Payment Transactions", issued in June 2016
- Annual-Improvements to IFRSs 2014-2016 Cycle, issued in December 2016
- IFRIC 22: "Foreign Currency Transactions and Advance Consideration", issued in December 2016
- Amendments to IAS 40: "Transfers of Investment Property", issued in December 2016

Issued accounting standards that have not been adopted in fiscal year 2018 / 2019

Regarding the expected impact of the adoption of IFRS 16 "Leases" in fiscal year 2019 / 2020, we refer to the statement given in the notes to the consolidated financial statements of the annual report 2017 / 2018 that is still relevant.

02 Reclassification of discontinued operations

At the end of June 2018 thyssenkrupp signed an agreement with Tata Steel to create a new company combining their European steel activities in a 50 / 50 joint venture. The aim was to create a European flat steel supplier positioned as a quality and technology leader. Closing was subject to merger control clearance. After talks with the Competition Commission on May 10, 2019, thyssenkrupp proceeded from the assumption that the planned joint venture would not go ahead due to the Commission's continuing concerns. This assessment was confirmed with the EU Commission's formal rejection on June 13, 2019.

The transaction, encompassing the Steel Europe business area, thyssenkrupp MillServices & Systems GmbH from the Materials Services business area, and individual companies which in 2017 / 2018 belonged to Corporate, therefore no longer meets the criteria for presentation as a discontinued operation in accordance with IFRS 5 and has to be reclassified accordingly in the current interim financial statements. Under IFRS 5, the reporting has to be adjusted in such a way that in the statement of income, all expenses and income of the discontinued steel operations in the current reporting periods are re-included in income from continuing operations, and analogously in the statement of cash flows, all cash flows of the discontinued steel operations are re-allocated to continuing operations. In each case the prior-period figures must be adjusted accordingly. In the statement of financial position the assets and liabilities of the discontinued steel operations are no longer reported separately at the current reporting date and the comparative period to September 30, 2018 has been adjusted accordingly. An element of the required adjustments is also the retrospective recognition of amortization and depreciation not charged due to classification as a discontinued operation, amounting to €107 million in the 4th quarter 2017 / 2018 and €228 million in the 1st half 2018 / 2019 (in each case before tax).

03 Acquisitions

In the first 9 months ended June 30, 2019 in addition to the acquisition of the elevator company Nashville Machine Elevator Co. in May 2019, the Group completed further minor acquisitions which, on an individual basis, were immaterial. The total of the purchase prices amounted to €68 million and relates to goodwill in the amount of €48 million and other intangible assets in the amount of €22 million.

04 Accrued pension 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 June 30, 2019.

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2018[1]	June 30, 2019
Accrued pension obligations	7,607	8,266
Partial retirement	188	202
Other accrued pension-related obligations	43	44
Total	**7,838**	**8,512**

[1] Figures have been adjusted (cf. Note 02).

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

WEIGHTED AVERAGE ASSUMPTIONS

	Sept. 30, 2018			June 30, 2019		
in %	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	1.70	2.54	1.91	1.00	2.01	1.24

05 Other provisions

Other provisions include the provision recognized at the end of the last fiscal year in the context of the investigations by the Federal Cartel Office against thyssenkrupp Steel Europe AG. Based on very advanced talks with the Federal Cartel Office, thyssenkrupp expects to be able to conclude the heavy plate case by mutual agreement in the near future. Associated with this was an increase of the provision of slightly over €100 million as of March 31, 2019.

06 Financial debt

Alongside other financing measures, a €100 million loan note with a maturity of three years and a coupon of 1.15% p.a. was placed in December 2018. Furthermore in February 2019 a €1,500 million bond was issued with a maturity of five years and a coupon of 2.875% p.a.

The existing commercial paper program with a maximum emission volume of €1.5 billion was drawn in the amount of €1.0 billion at June 30, 2019.

07 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 June 30, 2019	Provision as of June 30, 2019
Advance payment bonds	20	1
Performance bonds	1	0
Other guarantees	1	0
Total	**22**	**1**

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.

The investigation of the Federal Cartel Office against thyssenkrupp Steel Europe AG in the case of flat carbon steel has now been dropped.

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe business area 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, 2018, purchasing commitments decreased by approx. €0.4 billion to €0.8 billion.

At June 30, 2019 a purchase commitment in the amount of €250 million exists for the purchase of a previously leased facility for the production of coke.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2017 / 2018.

08 Financial instruments

The carrying amounts of trade accounts receivable, other current financial assets as well as cash and cash equivalents equal their fair values. The fair value of loans equals the present value of expected cash flows which are discounted on the basis of interest rates prevailing on the interim balance sheet date.

Equity and debt instruments are in general measured 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 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 €14,221 million as of June 30, 2019 (Sept. 30, 2018: €12,762 million) have a fair value of €14,405 million (Sept. 30, 2018: €12,949 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, 2018[1)]

million €	Sept. 30, 2018	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	66	0	66	0
Derivatives qualifying for hedge accounting	0	0	0	0
Fair value recognized in equity				
Available-for-sale financial assets	19	16	3	0
Derivatives qualifying for hedge accounting	129	0	129	0
Total	**214**	**16**	**198**	**0**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting (Financial liabilities held for trading)	67	0	67	0
Derivatives qualifying for hedge accounting	0	0	0	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	20	0	20	0
Total	**87**	**0**	**87**	**0**

[1)] Figures have been adjusted (cf. Note 02).

FAIR VALUE HIERARCHY AS OF JUNE 30, 2019

million €	June 30, 2019	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	66	0	66	0
Derivatives qualifying for hedge accounting	2	0	2	0
Equity instruments	13	9	4	0
Fair value recognized in equity				
Trade accounts receivable	**1,594**			**1,594**
Debt instruments	19	17	3	0
Derivatives qualifying for hedge accounting	129	0	129	0
Total	**1,824**	**26**	**203**	**1,594**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting (Financial liabilities held for trading)	70	0	70	0
Derivatives qualifying for hedge accounting	25	0	25	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	11	0	11	0
Total	**106**	**0**	**106**	**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.

09 Segment reporting

In connection with the realignment of the Industrial Solutions business area, Marine Systems was taken out and managed as a separate business unit as of October 1, 2018. The prior-period figures are adjusted accordingly.

Segment information for the 9 months ended June 30, 2018 and 2019, respectively and for the 3rd quarter ended June 30, 2018 and 2019, respectively is as follows:

SEGMENT INFORMATION [1]

million €	Components Technology	Elevator Technology	Industrial Solutions	Marine Systems	Materials Services[2]	Steel Europe[2]	Corporate[2]	Consolidation[2]	Group[2]
9 months ended June 30, 2018									
Net sales	4,919	5,533	2,593	987	10,816	5,864	44	0	30,755
Internal sales within the Group	8	2	13	0	207	1,198	201	(1,631)	0
Total sales	4,927	5,536	2,606	987	11,023	7,061	245	(1,631)	30,755
EBIT	231	590	(131)	(119)	214	597	(292)	6	1,096
Adjusted EBIT	267	641	(107)	(117)	235	586	(237)	6	1,274
9 months ended June 30, 2019									
Net sales	5,053	5,834	2,766	1,304	10,381	5,803	14	0	31,153
Internal sales within the Group	6	1	20	0	209	1,025	189	(1,451)	0
Total sales	5,059	5,835	2,786	1,305	10,590	6,828	203	(1,451)	31,153
EBIT	158	590	(124)	(1)	106	(75)	(250)	(9)	396
Adjusted EBIT	183	642	(112)	0	119	77	(219)	(6)	683
3rd quarter ended June 30, 2018									
Net sales	1,712	1,937	814	440	3,772	2,091	5	0	10,771
Internal sales within the Group	5	0	1	0	74	402	69	(550)	0
Total sales	1,717	1,937	815	440	3,846	2,492	74	(550)	10,771
EBIT	69	202	(108)	(108)	75	239	(124)	(2)	243
Adjusted EBIT	100	217	(106)	(107)	84	227	(82)	(2)	331
3rd quarter ended June 30, 2019									
Net sales	1,751	2,041	988	509	3,430	2,058	3	0	10,779
Internal sales within the Group	3	1	8	0	75	289	66	(442)	0
Total sales	1,753	2,042	996	510	3,505	2,347	69	(442)	10,779
EBIT	54	222	(64)	(1)	34	9	(75)	3	183
Adjusted EBIT	65	239	(55)	0	43	1	(70)	3	226

[1] 2017/2018 adjusted due to IFRS 15 and new business unit Marine Systems
[2] Figures have been adjusted (cf. Note 02).

In the Industrial Solutions business area (in the new structure) average capital employed increased from €67 million as of September 30, 2018 to €112 million as of June 30, 2019.

The reconciliation of the earnings figure EBIT to EBT according to the statement of income is presented below:

RECONCILIATION EBIT TO EBT

million €	9 months ended June 30, 2018[1]	9 months ended June 30, 2019[2]	3rd quarter ended June 30, 2018[1]	3rd quarter ended June 30, 2019
Adjusted EBIT as presented in segment reporting	**1,274**	**683**	**331**	**226**
Special items[3]	(178)	(287)	(88)	(43)
EBIT as presented in segment reporting	**1,096**	**396**	**243**	**183**
+ Finance income	589	429	232	96
– Finance expense	(846)	(701)	(306)	(196)
– Items of finance income assigned to EBIT based on economic classification	(26)	(5)	(14)	(5)
+ Items of finance expense assigned to EBIT based on economic classification	(1)	7	2	3
EBT (income/(loss) before tax) as presented in the statement of income	**813**	**124**	**157**	**80**

[1] Figures have been adjusted (cf. Note 01 and 02).
[2] Figures have been adjusted (cf. Note 02).
[3] Refer to the explanation of the special items in the “Group and business area review” as part of the “Report on the economic position” of the interim management report.

10 Sales

Sales and sales from contracts with customers are presented below. The business areas with the biggest shares in each category are indicated by the numbers: 1) Components Technology, 2) Elevator Technology, 3) Industrial Solutions, 4) Marine Systems, 5) Materials Services, 6) Steel Europe.

SALES

million €	9 months ended June 30, 2018[7]	9 months ended June 30, 2019	3rd quarter ended June 30, 2018[7]	3rd quarter ended June 30, 2019
Sales from sale of finished products[1),5),6)]	12,282	12,285	3,725	4,207
Sales from sale of merchandise[5)]	8,747	8,523	3,058	2,751
Sales from rendering of services[2)]	3,455	3,750	1,176	1,267
Sales from construction contracts[2),3),4)]	5,748	6,006	2,604	2,310
Other sales from contracts with customers[1),2),5)]	489	564	186	200
Subtotal sales from contracts with customers	**30,722**	**31,128**	**10,748**	**10,734**
Other sales	33	25	23	45
Total	**30,755**	**31,153**	**10,771**	**10,779**

[7] Figures have been adjusted (cf. Note 02).

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	9 months ended June 30, 2018[7]	9 months ended June 30, 2019	3rd quarter ended June 30, 2018[7]	3rd quarter ended June 30, 2019
Automotive[1),5),6)]	8,089	8,007	2,790	2,705
Trading[2),5),6)]	3,921	4,252	1,438	1,555
Engineering[1),3),5)]	3,492	3,399	1,353	1,178
Steel and related processing[5),6)]	3,859	3,367	1,234	1,124
Construction[2)]	3,156	2,883	1,133	801
Public sector[4)]	1,113	1,474	238	690
Packaging[5),6)]	972	1,051	319	348
Energy and utilities[3),5),6)]	608	499	222	185
Other customer groups[2),3),5)]	5,513	6,196	2,021	2,149
Total	**30,722**	**31,128**	**10,748**	**10,734**

[7)] Figures have been adjusted (cf. Note 02).

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	9 months ended June 30, 2018[7]	9 months ended June 30, 2019	3rd quarter ended June 30, 2018[7]	3rd quarter ended June 30, 2019
German-speaking area[8)] [1),5),6)]	9,622	9,537	3,368	3,402
Western Europe[1),2),5),6)]	6,068	5,908	2,078	2,014
Central and Eastern Europe[5)]	1,977	2,102	679	709
Commonwealth of Independent States[3)]	227	266	83	96
North America[1),2),5)]	6,004	6,525	2,104	2,221
South America[1),2)]	853	796	290	269
Asia / Pacific[2),3),4)]	1,492	1,657	550	544
Greater China[1),2)]	2,278	2,278	866	818
India[2),3)]	316	397	116	139
Middle East & Africa[2),3),4)]	1,884	1,662	613	521
Total	**30,722**	**31,128**	**10,748**	**10,734**

[7)] Figures have been adjusted (cf. Note 02).
[8)] Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers, €6,786 million (prior year: €4,762 million) results in the 9 months ended June 30, 2019 and 2018, respectively and €2,801 million (prior year: €1,884 million) results in the 3rd quarter ended June 30, 2019 and 2018, respectively from long-term contracts, while €24,342 million (prior year: €25,960 million) results in the 9 months ended June 30, 2019 and 2018, respectively and €7,933 million (prior year: €8,864 million) results in the 3rd quarter ended June 30, 2019 and 2018, respectively from short-term contracts. €9,715 million (prior year: €8,642 million) in the 9 months ended June 30, 2019 and 2018, respectively and €3,605 million (prior year: €3,269 million) in the 3rd quarter ended June 30, 2019 and 2018, respectively relates to sales recognized over time, and €21,413 million (prior year: €22,080 million) in the 9 months ended June 30, 2019 and 2018, respectively and €7,129 million (prior year: €7,479 million) in the 3rd quarter ended June 30, 2019 and 2018, respectively related to sales recognized at a point in time.

11 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	9 months ended June 30, 2018[1]		9 months ended June 30, 2019[2]		3rd quarter ended June 30, 2018[1]		3rd quarter ended June 30, 2019	
	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 €
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**189**	**0.30**	**(207)**	**(0.33)**	**(131)**	**(0.21)**	**(94)**	**(0.15)**
Weighted average shares	622,531,741		622,531,741		622,531,741		622,531,741	

[1] Figures have been adjusted (cf. Note 01 and 02).
[2] Figures have been adjusted (cf. Note 02).

There were no dilutive securities in the periods presented.

12 Additional information to the consolidated statement of cash flows

The liquid funds considered in the consolidated statement of cash flows correspond to the “Cash and cash equivalents” line item in the consolidated statement of financial position. As of June 30, 2019 cash and cash equivalents of €40 million (prior year: €39 million) result from the joint operation HKM.

Essen, August 5, 2019

thyssenkrupp AG
The Executive Board

Kerkhoff

Burkhard Dietsch Kaufmann

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, 2018, to June 30, 2019, which are part of the quarterly 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, August 7, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Additional information

Contact and 2019 / 2020 financial calendar

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2019 / 2020 financial calendar

November 21, 2019
2018 / 2019 Annual Report (October to September)

January 31, 2020
Annual General Meeting

February 13, 2020
Interim report 1st quarter 2019 / 2020 (October to December)

May 12, 2020
Interim report 1st half 2019 / 2020 (October to March)

August 13, 2020
Interim report 9 months 2019 / 2020 (October to June)

This interim report was published on August 8, 2019.
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.

thyssenkrupp