In a persistently challenging environment, thyssenkrupp starts the new fiscal year relatively robustly and in line with expectations

- Order intake, sales and adjusted EBIT below prior year as expected due to market effects
- "APEX" performance program delivers initial positive earnings effects with further progress achieved in the transformation process
- Full-year forecast for adjusted EBIT and free cash flow before M&A confirmed
- CEO Miguel López: "We are continuing to press ahead vigorously with the transformation of thyssenkrupp."

In the 1st quarter of the 2023/2024 fiscal year, operational performance by thyssenkrupp was in line with expectations in a persistently challenging market environment. At €8.0 billion, **order intake** was down year-on-year (€9.2 billion), mainly due to economic effects with price- and demand-induced declines at Materials Services and Steel Europe. The significant increase in order intake in the Marine Systems projects business could only partly offset this development. **Sales** amounted to €8.2 billion (prior year: €9.0 billion). Here, too, lower price levels at Steel Europe and Materials Services especially – associated with lower volumes of materials and raw materials – had a negative impact. The group posted **adjusted EBIT** of €84 million. The decrease compared with the prior-year figure of €168 million was attributable to the reduced earnings contributions from Steel Europe – due to lower sales – and, as expected, the declining earnings of the individual Decarbon Technologies businesses. Earnings increases at Automotive Technology and Materials Services were able to offset this development to a limited extent only. Based on the expected operating business performance in the 1st quarter, thyssenkrupp confirmed its **forecast** for adjusted EBIT and free cash flow before M&A in the 2023/2024 fiscal year.

Miguel López, CEO of thyssenkrupp AG: "In the face of the ongoing weakness of the global economy and geopolitical conflicts, thyssenkrupp displayed a comparatively robust performance in the 1st quarter in line with our expectations. Earnings were stabilized by the performance-enhancing measures that we initiated and implemented – the first fruits of our 'APEX' performance program. At the same time, the figures again confirm that the speed and intensity of our activities are both right and necessary. We will continue to press ahead vigorously with the transformation of thyssenkrupp. This applies as much to performance and portfolio measures as to the restructuring we have initiated in preparation for the green transformation."

With its "APEX" performance program, thyssenkrupp is focusing on enhancing the performance of its businesses. The segments have already identified more than 2,500 measures that are now being implemented. The goal is to contribute as much as €2.0 billion to adjusted EBIT by the 2024/2025 fiscal year and to mitigate opposing market effects. Initial positive earnings effects were already achieved in the 1st quarter.

In addition, thyssenkrupp is pressing ahead systematically with its **strategic transformation**. The group has further streamlined its portfolio and won important contracts in the field of decarbonization. At the World Climate Conference in Dubai in December 2023, thyssenkrupp signed agreements with the United Arab Emirates for two projects, thus creating new global partnerships. **thyssenkrupp Polysius and Fujairah Cement Industries**, the largest cement producer in the United Arab Emirates, will collaborate to test the use of alternative fuels in cement production with the aim of significantly reducing CO_2 emissions. In a second project, **thyssenkrupp Uhde and Gulf Biopolymers** are planning to build a biopolymers plant. Biopolymers have a substantially lower carbon footprint than synthetic polymers, are derived from renewable biomass and are biodegradable.

Also in the 1st quarter of the current fiscal year, thyssenkrupp initiated the divestment process for the activities of thyssenkrupp Industries India, which is part of the Decarbon Technologies segment. The company is active in sectors including mining, energy and sugar. On January 22, 2024, an agreement was signed to sell a 55-percent stake to a consortium of the previous co-owners. Upon closing, which is likely to take place in the 3rd quarter of the 2023/2024 fiscal year, thyssenkrupp will reduce its headcount by around 2,370 positions.

Business performance of the segments in the 1st quarter 2023/2024

thyssenkrupp is focusing all its businesses on future issues and new technologies. Since the start of the current fiscal year, the group reports as five segments: Automotive Technology, Decarbon Technologies, Materials Services, Steel Europe and Marine Systems.

Despite lower order intake of €1.9 billion (-9 percent), **Automotive Technology** kept sales level with the prior year at €1.9 billion. Development of the automotive serial business was largely stable whereas the construction machinery business declined due to the downturn in the construction industry. At €48 million, adjusted EBIT of the segment was slightly higher than the prior-year level of €46 million. Cost reductions on the materials side, for example, resulted in improved earnings. The efficiency improvement measures of the “APEX” program and the negotiation of new prices had a positive impact on earnings.

In the 1st quarter of the 2023/2024 fiscal year, the **Decarbon Technologies** segment posted order intake totaling €0.6 billion (prior year: €1 billion). Sales increased from €0.8 billion to €0.9 billion. Adjusted EBIT was negative at €(17) million (prior year: €19 million). At **Rothe Erde**, declines in demand for wind energy and construction machinery in China resulted in lower order intake and sales overall. Price pressure in the wind energy sector and lower volumes also reduced earnings. With a temporary low order intake level, **Uhde** posted sales at the prior-year level but adjusted EBIT was lower than in the prior year.

Reduced order intake in the **Polysius** project business was offset by higher sales in the new installations business. Earnings almost matched the prior-year level. **thyssenkrupp nucera** is still on a growth track and increased both order intake and sales. As a result of the higher up-front costs associated with expanding the business, earnings were negative and below the prior-year level. “APEX” measures to improve efficiency and optimize procurement enabled the segment to support its earnings.

With lower volumes and prices overall, **Materials Services** posted a figure of €2.9 billion for both order intake and sales (prior year: €3.3 billion and €3.2 billion, respectively) in a weak economic environment. This trend was particularly evident in inventory-based materials trading. The segment increased adjusted EBIT by 30 percent to €26 million. Significantly positive earnings contributions were delivered by the service centers, Aerospace and the direct-to-customer business. The ongoing efficiency measures bundled in the “APEX” program also had a positive impact on earnings and included cost reductions for external services and further network optimization.

The steel industry is currently facing a very challenging environment. The weak economy, renewed increases in raw material costs, high energy costs and strong competition from non-European market participants are affecting Europe’s steel producers. This development also had an impact on **Steel Europe**. The figure of €2.4 billion for both order intake and sales was below the prior-year level of €3 billion, also for both indicators. This was due especially to strong price declines. Whereas shipment volumes were stable compared with the prior year, order volumes decreased, mainly driven by lower demand from automotive customers. Adjusted EBIT amounted to €69 million after €90 million a year earlier. With raw material and energy costs lower overall than in the prior-year period, earnings were supported by “APEX” measures, e.g., efficiency improvements in production, energy and logistics and further cost improvements and procurement successes.

Marine Systems significantly increased order intake to €529 million (prior year: €128 million). Contributions came from the substantial extension of two existing orders in the submarine business and higher order intake for maintenance, service and marine electronics. Sales amounted to €433 million after €507 million in the prior year. Adjusted EBIT came to €17 million (prior year: €19 million). “APEX” measures in areas such as materials, processes and human resources contributed positively to earnings.

The adjusted EBIT of **Corporate Headquarters** amounted to €(57) million (prior year: €(43) million). This also includes expenses posted centrally in connection with the “APEX” program.

1st quarter 2023/2024: Key figures for the thyssenkrupp group

With earnings positive, impairment losses of around €200 million due to technical effects in particular meant that thyssenkrupp recorded a **net loss** of €(305) million for the 1st quarter of the 2023/2024 fiscal year (prior year: €98 million). These impairment losses were mainly attributable to the higher cost of capital used in measurement, especially at Steel Europe. After deducting minority interest, net income in the 1st quarter was €(314) million (prior year: €75 million); earnings per share came to €(0.50) (prior year: €0.12).

As expected, **free cash flow before M&A** amounted to €(531) million (€(166) million year-on-year) due to a stronger increase in net working capital. As of December 31, 2023, the group's **net financial assets** decreased accordingly to €3.8 billion (September 30, 2023: €4.3 billion). With cash and cash equivalents and undrawn committed credit lines totaling €7.9 billion, thyssenkrupp retained a very good liquidity position.

Equity amounted to €11.6 billion compared with €12.7 billion on September 30, 2023. Alongside the net loss and currency translation effects, this development was caused above all by the remeasurement of pensions due to the application of lower discount rates. Nevertheless, the **equity ratio** remained at a comfortable 36 percent.

Dr. Klaus Keysberg, CFO of thyssenkrupp AG: "thyssenkrupp responded solidly to the challenges of the 1st quarter. We are making progress and have a very good liquidity position. Our goals are unchanged. Within a defined period of time, we aim to achieve an adjusted EBIT margin of 4 to 6 percent for the group, a significantly positive free cash flow before M&A and a reliable dividend payment for our shareholders."

Forecast for key financial indicators for 2023/2024 fiscal year confirmed

In a difficult **market environment** characterized by geopolitical and trade conflicts, thyssenkrupp anticipates that macroeconomic development in the current fiscal year will be challenging overall. Moreover, the company expects further volatile price levels on sales and procurement markets, e.g., for raw materials and energy. This may result in fluctuations in sales and earnings development.

Due to volume reductions at Steel Europe and Materials Services, thyssenkrupp now expects **sales** for the 2023/2024 fiscal year to be at the prior-year level. It had previously assumed a slight increase. thyssenkrupp continues to anticipate that **adjusted EBIT** will rise to a figure in the high three-digit million euro range (prior year: €703 million). The group expects to achieve **free cash flow before M&A** in the low three-digit million euro range (prior year: €363 million).

Principally as a result of the interest rate-induced impairment losses in the 1st quarter of the 2023/2024 fiscal year, the company now expects **net income** to increase to around break-even (previously: increase to a positive figure in the low to mid three-digit million euro range).

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thyssenkrupp in figures – key performance indicators at a glance

		Group			
		1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2023	Change	in %
Order intake	million €	9,177	7,973	(1,204)	(13)
Sales	million €	9,018	8,181	(837)	(9)
EBITDA	million €	485	238	(247)	(51)
EBIT[2]	million €	246	(185)	(431)	--
EBIT margin	%	2.7	(2.3)	(5.0)	--
Adjusted EBIT[1),2)]	million €	168	84	(84)	(50)
Adjusted EBIT margin	%	1.9	1.0	(0.8)	(45)
Income/(loss) before tax	million €	167	(232)	(399)	--
Net income/(loss) or earnings after tax	million €	98	(305)	(402)	--
attributable to thyssenkrupp AG's shareholders	million €	75	(314)	(389)	--
Earnings per share (EPS)	€	0.12	(0.50)	(0.62)	--
Operating cash flows	million €	(137)	(424)	(287)	--
Cash flow for investments	million €	(227)	(107)	120	53
Cash flow from divestments	million €	14	32	18	++
Free cash flow[3]	million €	(350)	(499)	(149)	(43)
Free cash flow before M&A[3]	million €	(365)	(531)	(166)	(45)
Net financial assets (Dec. 31)	million €	3,258	3,796	538	17
Total equity (Dec. 31)	million €	14,476	11,607	(2,869)	(20)
Gearing (Dec. 31)	%	–[4]	–[4]	—	—
Employees (Dec. 31)		97,323	99,973	2,650	3

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

	Order intake million €		Sales million €		EBIT[1] million €		Adjusted EBIT[1),2)] million €		Employees	
	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2023	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2023	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2023	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023
Automotive Technology[2)]	2,047	1,854	1,884	1,863	31	42	46	48	30,893	31,753
Decarbon Technologies[2)]	1,021	644	848	900	18	(25)	19	(17)	14,829	14,981
Materials Services	3,348	2,857	3,246	2,860	22	(13)	20	26	16,040	16,233
Steel Europe[2)]	3,035	2,397	2,945	2,446	186	(143)	90	69	26,222	26,923
Marine Systems[2)]	128	529	507	433	17	18	19	17	7,131	7,793
Corporate Headquarters	2	1	2	2	(44)	(61)	(43)	(57)	609	631
Reconciliation[2)]	(404)	(309)	(414)	(323)	16	(3)	17	(3)	1,599	1,659
Group	**9,177**	**7,973**	**9,018**	**8,181**	**246**	**(185)**	**168**	**84**	**97,323**	**99,973**

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