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Interim report 1st quarter 2016 / 2017
October 1, 2016 – December 31, 2016
thyssenkrupp AG

thyssenkrupp

thyssenkrupp in figures

GROUP

		1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change	in %
Order intake	million €	9,810	9,954	145	1
Net sales	million €	9,548	10,087	538	6
EBIT [1]	million €	193	240	48	25
EBIT margin	%	2.0	2.4	0.4	—
Adjusted EBIT [1]	million €	234	329	95	40
Adjusted EBIT margin	%	2.5	3.3	0.8	—
EBT	million €	34	124	90	269
Net income/(loss) / Income/(loss) (net of tax)	million €	(54)	15	69	++
attributable to thyssenkrupp AG's shareholders	million €	(23)	8	31	++
Earnings per share (EPS)	€	(0.04)	0.01	0.06	++
Operating cash flows	million €	(598)	(1,450)	(851)	--
Cash flow for investments	million €	(254)	(362)	(108)	(43)
Cash flow from divestments	million €	5	20	16	328
Free cash flow [2]	million €	(847)	(1,791)	(944)	--
Free cash flow before M&A [2]	million €	(847)	(1,736)	(889)	--
Net financial debt (Dec. 31)	million €	4,384	5,433	1,049	24
Total equity (Dec. 31)	million €	3,355	3,275	(80)	(2)
Gearing (Dec. 31)	%	130.7	165.9	35.2	—
Employees (Dec. 31)		155,387	157,400	2,013	1

[1] See reconciliation in segment reporting (Note 07).
[2] See reconciliation in the analysis of the statement of cash flows.

BUSINESS AREAS

	Order intake million €		Net sales million €		EBIT [1] million €		Adjusted EBIT [1] million €		Employees	
	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016
Components Technology	1,649	1,759	1,650	1,743	71	58	71	75	29,772	31,100
Elevator Technology	1,992	1,903	1,869	1,882	193	184	203	215	51,644	51,931
Industrial Solutions	1,530	1,159	1,506	1,479	90	13	90	42	19,518	19,553
Materials Services	2,846	3,131	2,821	3,032	(1)	38	3	51	20,009	19,708
Steel Europe	1,846	2,078	1,723	1,908	50	25	51	28	27,493	27,437
Steel Americas	371	432	350	447	(84)	52	(74)	37	3,783	4,082
Corporate	57	37	60	58	(132)	(126)	(117)	(115)	3,168	3,589
Consolidation	(482)	(546)	(432)	(462)	7	(3)	7	(3)		
Group	**9,810**	**9,954**	**9,548**	**10,087**	**193**	**240**	**234**	**329**	**155,387**	**157,400**

[1] See reconciliation in segment reporting (Note 07).

THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN			Number of shares (total)	shares	565,937,947
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001		Closing price end December 2016	€	22.64
ADRs (over-the-counter trading)	US88629Q2075		Stock exchange value end December 2016	million €	12,812
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

Report on the economic position

Summary

Good start to the new fiscal year

- thyssenkrupp back on growth track: order intake, sales and earnings up year-on-year
- Orders at Industrial Solutions still below good prior-year level, but significant increase versus previous quarters; several major projects at advanced stage of negotiation
- Capital goods businesses overall and all materials businesses with sales growth, average revenues at Steel Europe below prior-year quarter due to high share of long-term contracts
- €200 million EBIT effects from "impact" increase efficiency in 1st quarter
- Overall best Q1 adjusted EBIT since start of Strategic Way Forward in 2011 and improvement in net income
- As expected, cash flows temporarily clearly negative due to increase in net working capital (increasing volumes and sharp rise in material prices, working down of order backlog at Industrial Solutions)
- Significant quarter-on-quarter decrease in pension obligations due to higher discount rates
- Full-year forecast confirmed: significant increase in earnings and slightly positive free cash flow before M&A expected (see forecast report)

Macro and sector environment

Global economic growth will accelerate slightly in 2017 – high economic risks remain

- Compared with start of fiscal year, growth expectations slightly higher worldwide and in almost all regions
- Industrialized countries: Continued, slightly faster upturn thanks to continuing expansionary monetary policy
- Emerging economies: Increasing momentum, in part due to higher raw material prices
- But risks and uncertainties for global economy remain exceptionally high (geopolitical flashpoints, impact of new US economic policy and interest rate liftoff in USA, Brexit negotiations, elections in major EU member states, high volatility in Chinese financial and real estate sectors)

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2016[1]	2017[1]
Euro zone	1.7	1.3
Germany	1.9	1.5
Russia	(0.6)	0.8
Rest of Central/Eastern Europe	2.6	2.8
USA	1.6	2.4
Brazil	(3.3)	0.5
Japan	0.6	0.7
China	6.7	6.4
India	7.0	7.3
Middle East & Africa	2.3	3.1
World	**2.9**	**3.3**

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

Automotive

- Continued slight growth in global sales and production of cars and light trucks expected in 2017
- Europe: Impact of Brexit very small to date
- NAFTA: Uncertainties about impact of new US economic policy on regional distribution of production
- China: Sales and production of cars with double-digit growth in 2016, benefiting in part from pull-forward effects due to reduced tax breaks; further growth expected in 2017 with reduced government incentives
- Heavy trucks: Global production output positive in 2016, buoyed by Asian markets; further growth in 2017 assuming positive trend in NAFTA and Brazil, stable situation in Europe and slight growth in China

Machinery

- Germany: Slight improvement in global economy should support exports in 2017
- USA: Low investment in oil and gas production likely to end
- China: Growth in 2017 expected to slow slightly at higher-than-expected level; lower government fiscal incentives for infrastructure and state-owned companies; however, planned transformation to high-tech nation should keep growth at a solid level

Construction

- Germany: Further slight increase in growth expected in 2017; drivers remain housing and public sector construction
- USA: Potential additional stimulus from new administration’s planned investment drive
- China and India: Continuing urbanization to provide further important impetus

IMPORTANT SALES MARKETS

	2016[1]	2017[1]
Vehicle production, million cars and light trucks		
World	90.8	92.0
Western Europe (incl. Germany)	14.6	14.7
Germany	5.9	5.8
USA	12.0	11.3
Mexico	3.5	4.1
Japan	8.7	8.9
China	27.0	27.6
India	4.1	4.3
Brazil	2.1	2.1
Machinery production, real, in % versus prior year		
Germany	0.2	0.5
USA	(3.0)	3.4
Japan	(0.8)	0.9
China	4.5	3.8
Construction output, real, in % versus prior year		
Germany	1.5	2.0
USA	4.5	5.8
China	6.6	4.6
India	4.3	5.5

[1] Forecast
Sources: IHS Markit, Oxford Economics, national associations, own estimates

Steel

- Global finished steel demand up 1 % in 2016, slightly higher than expected (mainly unforeseen market growth in China); slight growth forecast again for 2017
- EU carbon flat steel market also expanded in 2nd half 2016 – imports remained high overall: slight decline in volumes from China, but higher imports from other third countries

Group and business area review

Order intake, sales and earnings up year-on-year in Group and at majority of business areas

ORDER INTAKE BY BUSINESS AREA

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change in %	Change on a comparable basis[1] in %
Components Technology	1,649	1,759	7	6
Elevator Technology	1,992	1,903	(4)	(4)
Industrial Solutions	1,530	1,159	(24)	(24)
Materials Services	2,846	3,131	10	10
Steel Europe	1,846	2,078	13	13
Steel Americas	371	432	17	15
Corporate	57	37	(34)	(34)
Consolidation	(482)	(546)	—	—
Total order intake	**9,810**	**9,954**	**1**	**1**

[1] Excluding material currency and portfolio effects

Order intake in the **capital goods businesses** was lower year-on-year overall in the 1st quarter.

- Further increase at Components Technology
- Elevator Technology and Industrial Solutions below good prior-year level

Components Technology

- Car components: Growth in particular in axle assembly, damping systems and camshaft modules; continued high demand in China and positive trend in Western Europe more than offset weaker US market and continuing weak demand in Brazil
- Components for heavy trucks: Market improvement in China, Europe solid, but decline in USA, Brazil still very weak
- Industrial components: Demand for construction machinery components still at low level, slower demand from wind energy sector

Elevator Technology

- Order intake lower overall, but higher than sales
- Positive trend in Europe (Spain and Russia in particular up year-on-year; France remains difficult); USA below strong prior-year level with rising prices; China lower year-on-year with continued high price pressure

Industrial Solutions

- Clear increase versus previous quarters confirms good project pipeline; order intake down from strong prior-year quarter (included major cement plant order)
- Medium-size cement plant in Algeria and pleasing demand for expansion contracts
- Mining with medium-size and smaller orders (incl. bucket wheel excavator, beltwagon, spreader in China and biomass power plant in Australia)
- System Engineering with continued lively demand for production systems for the automotive industry in Europe and Asia (several orders for body-in-white lines and test systems from leading German OEMs)
- Chemical plant engineering and Marine Systems with several major projects at advanced stage of negotiation

All **materials businesses** up year-on-year in a volatile environment thanks to higher volumes and prices; recovery on materials markets continuing overall with significantly increased spot prices.

NET SALES BY BUSINESS AREA

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change in %	Change on a comparable basis[1] in %
Components Technology	1,650	1,743	6	5
Elevator Technology	1,869	1,882	1	1
Industrial Solutions	1,506	1,479	(2)	(2)
Materials Services	2,821	3,032	7	7
Steel Europe	1,723	1,908	11	11
Steel Americas	350	447	28	26
Corporate	60	58	(4)	(4)
Consolidation	(432)	(462)	—	—
Total net sales	**9,548**	**10,087**	**6**	**6**

[1] Excluding material currency and portfolio effects

Overall sales in the **capital goods businesses** were higher year-on-year.

- Rising sales at Components Technology and Elevator Technology (incl. pleasing growth in service and new installations in USA), slight sales decrease at Industrial Solutions (lower number of milestone billings)

All **materials businesses** achieved higher year-on-year sales.

- Materials Services mainly and Steel Americas exclusively due to higher prices
- Steel Europe due to higher volumes given high share of long-term contracts

Materials Services

- Continuation of price recovery starting in 2nd and 3rd quarter of prior fiscal year in almost all product segments except plastics
- Overall materials volumes higher year-on-year (shipments up 5 % to 2.3 million metric tons)
- Stable warehousing and service business, but decline in North America; significant growth in auto-related service centers, in particular also due to new service centers in Hungary and Spain
- Growth in global materials trading and at AST
- Raw material volumes down from 900,000 tons to 400,000 tons; stronger focus on higher-value, higher-margin products, clear reduction in bulk nickel ore business

Steel Europe

- Higher sales due to improvement in volumes (shipments: 2.7 million t; up 15 %), volume increase in practically all end user sectors
- Average selling prices still lower year-on-year but higher quarter-on-quarter due to positive price trend

Steel Americas

- Higher sales owing to clear recovery in prices in the USA and South America, shipments temporarily lower (1.0 million t; down 5 %)
- Good progress building further long-term customer relationships

ADJUSTED EBIT BY BUSINESS AREA

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change in %
Components Technology	71	75	6
Elevator Technology	203	215	6
Industrial Solutions	90	42	(54)
Materials Services	3	51	++
Steel Europe	51	28	(46)
Steel Americas	(74)	37	++
Corporate	(117)	(115)	1
Consolidation	7	(3)	—
Total adjusted EBIT [1]	**234**	**329**	**40**

[1] See reconciliation in segment reporting (Note 07).

In the **capital goods businesses** as a whole adjusted EBIT was lower year-on-year despite sustainable efficiency and cost-reduction measures.

- Continued growth at Components Technology and Elevator Technology could not offset decline at Industrial Solutions

Components Technology

- Adjusted EBIT higher year-on-year for the seventh quarter in succession
- Improvements in components for cars outweighed declines in industrial components; margin level with prior-year overall at 4.3 %

Elevator Technology

- Adjusted EBIT and margin higher year-on-year for the 17th quarter in succession
- Margin improved by 0.5 percentage points to 11.4 % – despite continued difficult market situation in individual European countries

Industrial Solutions

- Adjusted EBIT clearly lower year-on-year, reflecting in particular lower milestone billings with weaker margins

In the **materials businesses** adjusted EBIT was higher year-on-year overall, supported partly by cost-saving programs.

- Strong improvements at Materials Services and Steel Americas outweighed decline at Steel Europe

Materials Services

- Positive price trend and continued earnings-securing measures led to strong earnings improvement in virtually all units
- AST with high earnings contribution, restructuring showing further sustainable success

Steel Europe

- Earnings down from prior year due to lower selling prices, significantly higher raw material costs, expense in connection with a blast furnace reline at Hüttenwerke Krupp Mannesmann (HKM), and follow-on effects from production disruptions the year before
- Unexpected drastic cost increase can mostly only be passed onto market with a time lag due to high share of long-term contract business

Steel Americas

- Stable price recovery and positive valuation effects on input tax credits outweighed lower shipments and higher raw material costs

At **Corporate** adjusted EBIT improved slightly year-on-year.

- Slightly lower costs in the regions outweighed slightly higher expenses for harmonizing the IT infrastructure to prepare the digital transformation and at Global Shared Services

Earnings impacted by special items

SPECIAL ITEMS BY BUSINESS AREA

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change
Components Technology	0	17	17
Elevator Technology	10	31	21
Industrial Solutions	1	29	29
Materials Services	4	13	9
Steel Europe	1	2	2
Steel Americas	10	(15)	(25)
Corporate	15	11	(5)
Consolidation	0	0	—
Total special items	**41**	**88**	**47**

- Main special items in reporting period:
  - Components Technology: Restructuring costs at Forging & Machining as a result of adjusting capacity to weak order situation in “heavy crankshafts” in Germany and non-period expenses in steering systems business
  - Elevator Technology: Restructuring and reorganization in Europe and the Middle East
  - Industrial Solutions: Restructuring and reorganization (incl. disposal of biotechnology product unit)
  - Materials Services: Several smaller restructuring measures, winding-up of railway equipment
  - Steel Americas: Updated valuation of a long-term freight contract
  - Corporate: Expenses from divestment projects

Results of operations and financial position

Analysis of the statement of income

Income from operations

- Growth in cost of sales slightly smaller than growth in net sales; gross profit margin level year-on-year at 16.2 %
- Increase in general and administrative expenses resulting mainly from higher personnel expenses due in part to increased restructuring provisions and higher IT costs
- Increase in other income and decrease in other expenses mainly in connection with the valuation of a long-term freight contract
- Deterioration in other gains/losses mainly influenced by the currency translation of refund entitlements in connection with non-income taxes and higher losses from the disposal of property, plant and equipment

Financial income/expense and income tax

- Net decrease in finance expense mainly due to lower exchange rate losses in connection with financial transactions and lower interest expense for financial debt and pensions alongside higher expenses from derivatives in connection with financing
- Tax expense as in the prior year affected by non-recognition of deferred tax assets for current losses at individual Group companies

Earnings per share

- Net income of €15 million, up by €69 million
- Improvement in non-controlling interest mainly due to takeover of minority interest in thyssenkrupp CSA in 3rd quarter of fiscal 2015 / 2016
- Earnings per share increased to €0.01 profit

Analysis of the statement of cash flows

Operating cash flows

- Operating cash flows negative and significantly lower year-on-year in the first 3 months, mainly due to net increase in operating assets and liabilities
  - Volume recovery and strong rise in materials prices in the materials businesses
  - Working down of order backlog at Industrial Solutions

Cash flows from investing activities

- Capital spending higher year-on-year in all business areas
- Modernization of IT and harmonization of systems landscape at all business areas and Corporate to enhance efficiency, lower costs, and as a basis for Industry 4.0

INVESTMENTS BY BUSINESS AREA

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change in %
Components Technology	78	91	16
Elevator Technology	21	36	73
Industrial Solutions	15	17	14
Materials Services	14	19	34
Steel Europe	86	121	41
Steel Americas	30	73	143
Corporate	11	6	(42)
Consolidation	(2)	(2)	—
Total investments	**254**	**362**	**43**

Components Technology

- Building of highly automated plants in growth region China following new orders from international and Chinese OEMs for the supply of electric steering systems, springs and stabilizers
- Electric steering systems form the basis among other things for innovative chassis and steering concepts such as steer-by-wire systems for semi-autonomous and autonomous driving

Elevator Technology

- China: Ramp-up of elevator production in Zhongshan, further progress with construction of the 249 m high test tower at the same location
- India: Ramp-up of elevator production in Pune
- Germany: Further progress with construction of the 246 m high test tower in Rottweil, opened for research in December, external facade almost completed

Industrial Solutions

- Cement and Mining: Expansion of infrastructure and optimization of technology portfolio to strengthen market position
- Chemical plant construction: Continued investment in optimization of technology portfolio
- System Engineering: Continued growth and international expansion in forming dies
- Marine Systems: Further implementation of modernization program at Kiel shipyard (currently mainly IT and infrastructure)

Materials Services

- Modernization and maintenance measures at warehousing and service units and AST
- New warehouse operation opened in Poland

Steel Europe

- Reline of blast furnace B at HKM
- New ladle furnace at BOF meltshop 2 to produce high-quality grades as part of focus on premium products, in particular ultrahigh-strength steels for the automotive industry; project started last fiscal year

Steel Americas

- Insourcing of water and effluent treatment services with acquisition of two Brazilian companies
- Environmental protection and continued technical optimization

Corporate

- Carbon2Chem project launched
- Centrally pooled property investments

The slight increase in cash inflows from divestments was mainly the result of proceeds in the reporting quarter from the disposal of Germany property classified as non-operating real estate.

Cash flows from financing activities

- Increase in cash flows from financing activities mainly reflects higher proceeds from borrowings compared with the prior year

Free cash flow and net financial debt

RECONCILIATION TO FREE CASH FLOW BEFORE M&A

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016	Change
Operating cash flows (consolidated statement of cash flows)	(598)	(1,450)	(851)
Cash flows from investing activities (consolidated statement of cash flows)	(249)	(342)	(93)
Free cash flow (FCF)	**(847)**	**(1,791)**	**(944)**
–/+ Cash inflow/cash outflow resulting from material M&A transactions	0	55	55
Free cash flow before M&A (FCF before M&A)	**(847)**	**(1,736)**	**(889)**

- FCF before M&A as expected down from prior year due mainly to higher negative operating cash flows
- Net financial debt correspondingly up at December 31, 2016 to €5,433 million
- Ratio of net financial debt to equity (gearing) at 165.9 % higher than at September 30, 2016 (134.2 %)
- Available liquidity of €6.3 billion (€2.6 billion cash and cash equivalents and €3.7 billion undrawn committed credit lines)
- Under the existing commercial paper program with a maximum emission volume of €1.5 billion, €371 million had been drawn at December 31, 2016

Rating

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB	B	stable
Moody's	Ba2	Not Prime	stable
Fitch	BB+	B	stable

Analysis of the statement of financial position

Non-current assets

- Increase in intangible assets and property, plant and equipment mainly exchange rate related
- Decrease in deferred tax assets mainly the result of interest rate changes for pension obligations at December 31, 2016

Current assets

- Net decrease in current assets mainly due to significant reduction in cash and cash equivalents as a result of negative free cash flow in the reporting period
- Increase in inventories mainly reflects sharp rise in inventories in the materials businesses
- Other financial assets were higher in particular due to derivatives accounting
- Rise in other non-financial assets mainly the result of higher advance payments and entitlements in connection with non-income taxes
- Reduction in assets held for sale due to the ongoing sale of non-operating German property initiated in the 3rd quarter of fiscal 2015 / 2016

Total equity

- Increase mainly due to gains (after taxes) recognized in other comprehensive income from the remeasurement of pensions and similar obligations as a result of higher discount rates
- Other increases caused by gains from currency translation recognized in other comprehensive income and the net income for the period

Non-current liabilities

- Decrease in provisions for pensions and similar obligations mainly due to higher discount rates
- Slight reduction in financial debt mainly caused by reclassification of loan notes due in October 2017 to current financial debt

Current liabilities

- Reduction in provisions for current employee benefits mainly due to utilization
- Increase in financial debt mainly reflects use of the existing commercial paper program in the reporting period as well as the above-mentioned reclassification of loan notes from non-current financial debt
- Decrease in trade accounts payable particularly in the components and plant engineering businesses
- Net reduction in other non-financial liabilities mostly in connection with construction contracts and lower advance payments received

Compliance

Compliance – a question of mindset

- Basis of our corporate culture: performance and values in equal part
- Values anchored in Group mission statement, Code of Conduct and Compliance Commitment
- Honesty, integrity and mutual respect the basis for interactions and for business relationships with customers and suppliers
- We investigate reports of violations and clear up the facts; violations are stopped immediately; necessary sanctions are independent of person and function
- More information on compliance at thyssenkrupp in the 2015 / 2016 Annual Report

Subsequent events

No reportable events occurred between the end of the reporting period (December 31, 2016) and the date of authorization for issuance (February 6, 2017).

Forecast, opportunity and risk report

2016 / 2017 forecast

Overall assessment by the Executive Board

- Overall good start to new fiscal year with rising orders, sales and earnings
- On this basis full-year forecast confirmed

For key assumptions and expected economic conditions, see forecast section and "Macro and sector environment" in the report on the economic position in the 2015 / 2016 Annual Report and this interim report.

2016 / 2017 forecast

- **Group sales** and sales of all capital goods businesses to grow on a comparable basis at a single-digit percentage rate
- **Adjusted EBIT** of Group expected to be around €1.7 billion (prior year: €1,469 million), supported by €850 million planned EBIT effects under "impact"
- Capital goods businesses
  - Components Technology: Improvement in adjusted EBIT (prior year: €335 million) from slight rise in sales and margin (prior year: 4.9 %)
  - Elevator Technology: Improvement in adjusted EBIT (prior year: €860 million) from slight sales growth and increase in adjusted EBIT margin by 0.5 to 0.7 percentage points (prior year: 11.5 %)
  - Industrial Solutions:
    - Short-term focus on reversing trend in orders and cash flow
    - Decline in adjusted EBIT (prior year: €355 million), slight decline in sales
    - In plant construction, defend bottom end of margin target range of 6 to 7 %
    - Marine Systems with temporary sharp decline in margin and earnings
    - Overall margin temporarily noticeably below target range
- Materials businesses
  - Materials Services: Adjusted EBIT significantly higher year-on-year (prior year: €128 million)
  - Steel Europe: Adjusted EBIT significantly higher year-on-year (prior year: €315 million)
  - Steel Americas: Adjusted EBIT level with prior year (prior year: €(33) million)
- **Net income:** Despite continued restructuring expense significant increase versus prior year (prior year: €261 million)
- **tkVA:** Accordingly also with significant improvement (prior year: €(85) million)
- **Capital spending:** Expected around €1.5 billion (prior year: €1,387 million)
- **FCF before M&A:** With an increase in net working capital at our materials businesses due to higher volumes and prices, slightly positive FCF before M&A overall (prior year: €198 million).

Opportunities and risks

Opportunities

- Strong and stable earnings, cash flow and value added through positioning as diversified industrial group and systematic continuation of “impact” measures as well as utilization of advantages in interplay between business areas, regions, corporate functions and service units
- Increasing focus on high-earning capital goods and service businesses
- Announced infrastructure programs of new US administration
- Strategic and operational opportunities described in 2015 / 2016 Annual Report continue to apply

Risks

- No risks threatening ability to continue as a going concern; detailed information on risks described in 2015 / 2016 Annual Report continues to apply
- Economic risks from numerous geopolitical flashpoints; increasing volatility in external environment, among other things due to Brexit vote in United Kingdom; increased uncertainty over global economy and effects on the Group’s business models
- Trade measures of new US administration being continuously monitored; import tariffs on goods from Mexico could jeopardize existing supply chains between USA and Mexico
- Risks from attacks on IT infrastructure; countermeasure: further expansion of information security management and security technologies
- Atlas Elektronik is in talks with Bremen public prosecutor over ending the investigation proceedings by mutual agreement

Condensed interim financial statements

thyssenkrupp AG – Consolidated statement of financial position

ASSETS

million €	Note	Sept. 30, 2016	Dec. 31, 2016
Intangible assets		4,570	4,653
Property, plant and equipment		8,872	9,063
Investment property		66	66
Investments accounted for using the equity method		284	271
Other financial assets		44	45
Other non-financial assets		445	444
Deferred tax assets		2,322	2,132
Total non-current assets		**16,604**	**16,674**
Inventories		6,341	7,219
Trade accounts receivable		5,003	5,097
Other financial assets		407	530
Other non-financial assets		2,376	2,662
Current income tax assets		172	236
Cash and cash equivalents		4,105	2,545
Assets held for sale	02	65	7
Total current assets		**18,468**	**18,296**
Total assets		**35,072**	**34,970**

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2016	Dec. 31, 2016
Capital stock		1,449	1,449
Additional paid in capital		5,434	5,434
Retained earnings		(5,255)	(4,807)
Cumulative other comprehensive income		474	679
Equity attributable to thyssenkrupp AG's stockholders		**2,102**	**2,755**
Non-controlling interest		507	519
Total equity		**2,609**	**3,275**
Accrued pension and similar obligations	03	8,754	8,079
Provisions for other employee benefits		373	385
Other provisions		589	593
Deferred tax liabilities		33	42
Financial debt		6,157	6,082
Other financial liabilities		221	199
Other non-financial liabilities		6	6
Total non-current liabilities		**16,134**	**15,386**
Provisions for current employee benefits		408	289
Other provisions		963	985
Current income tax liabilities		279	267
Financial debt	04	1,455	1,904
Trade accounts payable		5,119	4,886
Other financial liabilities		975	1,059
Other non-financial liabilities		7,130	6,919
Total current liabilities		**16,329**	**16,309**
Total liabilities		**32,463**	**31,695**
Total equity and liabilities		**35,072**	**34,970**

See accompanying notes to consolidated financial statements.

thyssenkrupp AG – Consolidated statement of income

million €, earnings per share in €	Note	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016
Net sales	07	9,548	10,087
Cost of sales		(8,015)	(8,452)
Gross margin		**1,533**	**1,635**
Research and development cost		(81)	(85)
Selling expenses		(703)	(702)
General and administrative expenses		(557)	(619)
Other income		46	66
Other expenses		(38)	(33)
Other gains/(losses), net		10	(10)
Income/(loss) from operations		**211**	**251**
Income from companies accounted for using the equity method		16	(11)
Finance income		370	384
Finance expense		(564)	(500)
Financial income/(expense), net		**(178)**	**(127)**
Income/(loss) before tax		**34**	**124**
Income tax (expense)/income		(87)	(108)
Net income/(loss)		**(54)**	**15**
Thereof:			
thyssenkrupp AG's shareholders		**(23)**	**8**
Non-controlling interest		(30)	7
Net income/(loss)		**(54)**	**15**
Basic and diluted earnings per share based on	08		
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**(0.04)**	**0.01**

See accompanying notes to consolidated financial statements.

thyssenkrupp AG – Consolidated statement of comprehensive income

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016
Net income/(loss)	**(54)**	**15**
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	5	626
Tax effect	3	(182)
Other comprehensive income from remeasurements of pensions and similar obligations, net	8	444
Share of unrealized gains/(losses) of investments accounted for using the equity-method	3	(4)
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**11**	**440**
Items of other comprehensive income that will be reclassified to profit or loss in future periods:		
Foreign currency translation adjustment		
Change in unrealized gains/(losses), net	114	206
Net realized (gains)/losses	0	(1)
Net unrealized (gains)/losses	114	205
Unrealized gains/(losses) from available-for-sale financial assets		
Change in unrealized gains/(losses), net	0	0
Net realized (gains)/losses	0	0
Tax effect	0	0
Net unrealized (gains)/losses	0	0
Unrealized gains/(losses) on derivative financial instruments (cash flow hedges)		
Change in unrealized gains/(losses), net	(10)	(36)
Net realized (gains)/losses	5	52
Tax effect	6	(6)
Net unrealized (gains)/losses	1	10
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	3
Subtotals of items of other comprehensive income that will be reclassified to profit or loss in future periods	**115**	**218**
Other comprehensive income	**126**	**658**
Total comprehensive income	**72**	**673**
Thereof:		
thyssenkrupp AG's shareholders	101	653
Non-controlling interest	(28)	20

See accompanying notes to consolidated financial statements.

thyssenkrupp AG – Consolidated statement of changes in equity

		Equity attributable to thyssenkrupp AG's stockholders									
					Cumulative other comprehensive income						
million €, (except number of shares)	Number of shares outstanding	Capital stock	Additional paid-in capital	Retained earnings	Foreign currency translation adjustment	Available-for-sale financial assets	Derivative financial instruments (cash flow hedges)	Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
Balance as of Sept. 30, 2015	**565,937,947**	**1,449**	**5,434**	**(4,123)**	**417**	**6**	**(58)**	**57**	**3,182**	**125**	**3,307**
Net income/(loss)				(23)					(23)	(30)	(54)
Other comprehensive income				11	116	0	(3)	0	124	2	126
Total comprehensive income				**(12)**	**116**	**0**	**(3)**	**0**	**101**	**(28)**	**72**
Profit attributable to non-controlling interest									0	(21)	(21)
Changes of shares of already consolidated companies				(1)					(1)	(2)	(3)
Other changes				15					15	(15)	0
Balance as of Dec. 31, 2015	**565,937,947**	**1,449**	**5,434**	**(4,121)**	**533**	**6**	**(61)**	**57**	**3,297**	**58**	**3,355**
Balance as of Sept. 30, 2016	**565,937,947**	**1,449**	**5,434**	**(5,255)**	**484**	**6**	**(64)**	**48**	**2,102**	**507**	**2,609**
Net income/(loss)				8					8	7	15
Other comprehensive income				440	193	0	9	3	645	13	658
Total comprehensive income				**448**	**193**	**0**	**9**	**3**	**653**	**20**	**673**
Profit attributable to non-controlling interest									0	(8)	(8)
Balance as of Dec. 31, 2016	**565,937,947**	**1,449**	**5,434**	**(4,807)**	**677**	**6**	**(55)**	**51**	**2,755**	**519**	**3,275**

See accompanying notes to consolidated financial statements.

thyssenkrupp AG – Consolidated statement of cash flows

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016
Net income/(loss)	**(54)**	**15**
Adjustments to reconcile net income/(loss) to operating cash flows:		
Deferred income taxes, net	24	60
Depreciation, amortization and impairment of non-current assets	297	296
Reversals of impairment losses of non-current assets	(8)	0
Income/(loss) from companies accounted for using the equity method, net of dividends received	(16)	11
(Gain)/loss on disposal of non-current assets	1	6
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	(207)	(782)
– Trade accounts receivable	(139)	(6)
– Accrued pension and similar obligations	(64)	(72)
– Other provisions	(111)	(109)
– Trade accounts payable	(594)	(294)
– Other assets/liabilities not related to investing or financing activities	273	(575)
Operating cash flows	**(598)**	**(1,450)**
Purchase of investments accounted for using the equity method and non-current financial assets	(8)	(1)
Expenditures for acquisitions of consolidated companies net of cash acquired	0	(58)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(222)	(278)
Capital expenditures for intangible assets (inclusive of advance payments)	(23)	(26)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	0	1
Proceeds from disposals of previously consolidated companies net of cash disposed	1	0
Proceeds from disposals of property, plant and equipment and investment property	4	20
Cash flows from investing activities	**(249)**	**(342)**
Proceeds from liabilities to financial institutions	8	16
Repayments of liabilities to financial institutions	(64)	(48)
Proceeds from/(repayments on) loan notes and other loans	115	374
Increase/(decrease) in bills of exchange	1	2
(Increase)/decrease in current securities	(1)	(3)
Profit attributable to non-controlling interest	(21)	(8)
Expenditures for acquisitions of shares of already consolidated companies	(2)	0
Other financing activities	(103)	(136)
Cash flows from financing activities	**(68)**	**196**
Net increase/(decrease) in cash and cash equivalents – total	(915)	(1,596)
Effect of exchange rate changes on cash and cash equivalents – total	27	36
Cash and cash equivalents at beginning of year – total	4,535	4,105
Cash and cash equivalents at end of year – total	**3,648**	**2,545**
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:		
Interest received	27	20
Interest paid	(93)	(86)
Dividends received	1	0
Income taxes paid	(107)	(127)

See accompanying notes to consolidated financial statements.

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 subsidiaries, collectively the “Group”, for the period from October 1, 2016 to December 31, 2016, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on February 6, 2017.

Basis of presentation

The accompanying Group’s condensed interim consolidated financial statements have been prepared pursuant to section 37w 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 December 31, 2016 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 2015/2016.

Recently adopted accounting standards

In fiscal year 2016/2017, thyssenkrupp adopted the following amendments to already existing standards that did not have a material impact on the Group’s consolidated financial statements:

- Amendments to IAS 1 “Presentation of Financial Statements“, issued in December 2014. The amendments mainly include clarifications regarding the judgment of materiality of disclosures, explanations how to aggregate and disaggregate line items of the balance sheet and the statement of comprehensive income, the order to the notes and the disclosure to significant accounting policies.

- Amendments to IFRS 11 “Joint Arrangements“: „Accounting for Acquisitions of Interests in Joint Operations“, issued in May 2014

- Amendments to IAS 16 “Property, Plant and Equipment“ and IAS 38 „Intangible Assets“: „Clarification of Acceptable Methods of Depreciation and Amortisation“, issued in May 2014

- Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014

- Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities – Applying the Consolidation Exception", issued in December 2014

01 Acquisitions

In the 1st quarter ended December 31, 2016, the Group consolidated the two Brazilian Ecosteel companies acquired in December 2016 for the first time and acquired additional smaller companies that are, on an individual basis, immaterial. Based on the values as of acquisition date, these acquisitions affected in total the Group's consolidated financial statements as presented below:

ACQUISITIONS

million €	1st quarter ended Dec. 31, 2016
Goodwill	6
Other intangible assets	2
Property, plant and equipment	31
Other non-current financial assets	20
Deferred tax assets	1
Trade accounts receivable	2
Current income tax assets	1
Cash and cash equivalents	3
Total assets acquired	**67**
Deferred tax liabilities	1
Other non-current non-financial liabilities	3
Other current non-financial liabilities	3
Total liabilities assumed	**7**
Net assets acquired	**60**
Non-controlling interest	0
Purchase prices	**60**
Thereof: paid in cash and cash equivalents	60

02 Disposal group

At Corporate the sale was initiated at June, 30 2016 of a package of non-operation real estate located in Germany which was classified as a disposal group under IFRS 5 and reported under "Assets held for Sale" in the statement of financial position. As of December 31, 2016 the group comprises investment property in the amount of €7 million. Measurement of the disposal group at fair value less cost to sell resulted in impairment losses of €5 million on investment property which were recognized in cost of sales in the 3rd quarter of 2015/2016.

03 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 December 31, 2016 taking into account these effects.

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2016	Dec. 31, 2016
Accrued pension obligations	8,534	7,862
Partial retirement	178	172
Other accrued pension-related obligations	43	45
Total	**8,754**	**8,079**

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

WEIGHTED AVERAGE ASSUMPTIONS

	Sept. 30, 2016			Dec. 31, 2016		
in %	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	1.30	1.78	1.41	1.80	2.08	1.87

04 Utilization of Commercial Paper Program

As of December 31, 2016 the existing Commercial Paper Program with a maximum issuing volume of €1.5 billion was utilized with €371 million.

05 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 Dec. 31, 2016	Provision as of Dec. 31, 2016
Advance payment bonds	154	1
Performance bonds	143	2
Residual value guarantees	61	12
Other guarantees	80	1
Total	**438**	**16**

The terms of those guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees). 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 or default under a loan agreement.

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

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe and Steel Americas business areas 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, 2016, purchasing commitments increased by €1.5 billion to €8.6 billion due to increased iron ore prices and the increased US Dollar exchange rate.

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

06 Financial instruments

The following table shows financial assets and liabilities by measurement categories and classes. Finance lease receivables and liabilities, and derivatives that qualify for hedge accounting are also included although they are not part of any IAS 39 measurement category.

FINANCIAL INSTRUMENTS AS OF SEPT. 30, 2016

		Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	
million €	Carrying amount on balance sheet as of Sept. 30, 2016	(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	Fair value as of Sept. 30, 2016
Trade accounts receivable (excluding finance lease)	5,001	5,001				5,001
Loans and receivables		5,001				5,001
Finance lease receivables	1				1	1
Other financial assets	451	340	60	51		451
Loans and receivables		324				324
Available-for-sale financial assets		16		18		34
Derivatives not qualifying for hedge accounting (Financial assets held for trading)			60			60
Derivatives qualifying for hedge accounting			0	33		33
Cash and cash equivalents	4,105	4,105				4,105
Loans and receivables		4,105				4,105
Total of financial assets	**9,559**					
thereof by measurement categories of IAS 39:						
Loans and receivables	9,431	9,431				9,431
Available-for-sale financial assets	34	16		18		34
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	60		60			60
Financial debt (excluding finance lease)	7,578	7,578				7,919
Financial liabilities measured at amortized cost		7,578				7,919
Finance lease liabilities	33				33	33
Trade accounts payable	5,119	5,119				5,119
Financial liabilities measured at amortized cost		5,119				5,119
Other financial liabilities	1,196	970	165	62		1,196
Financial liabilities measured at amortized cost		970				970
Derivatives not qualifying for hedge accounting (Financial assets held for trading)			163			163
Derivatives qualifying for hedge accounting			2	62		63
Total of financial liabilities	**13,927**					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	13,667	13,667				14,008
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	163		163			163

FINANCIAL INSTRUMENTS AS OF DEC. 31, 2016

million €	Carrying amount on balance sheet as of Dec. 31, 2016	Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	Fair value as of Dec. 31, 2016
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	
Trade accounts receivable (excluding finance lease)	5,095	5,095				5,095
Loans and receivables		5,095				5,095
Finance lease receivables	1				1	1
Other financial assets	575	401	115	59		575
Loans and receivables		386				386
Available-for-sale financial assets		16		20		35
Derivatives not qualifying for hedge accounting (Financial assets held for trading)			108			108
Derivatives qualifying for hedge accounting			7	39		46
Cash and cash equivalents	2,545	2,545				2,545
Loans and receivables		2,545				2,545
Total of financial assets	**8,217**					
thereof by measurement categories of IAS 39:						
Loans and receivables	8,026	8,026				8,026
Available-for-sale financial assets	35	16		20		35
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	108		108			108
Financial debt (excluding finance lease)	7,954	7,954				8,251
Financial liabilities measured at amortized cost		7,954				8,251
Finance lease liabilities	31				31	31
Trade accounts payable	4,886	4,886				4,886
Financial liabilities measured at amortized cost		4,886				4,886
Other financial liabilities	1,258	942	204	112		1,258
Financial liabilities measured at amortized cost		942				942
Derivatives not qualifying for hedge accounting (Financial assets held for trading)			172			172
Derivatives qualifying for hedge accounting			32	112		144
Total of financial liabilities	**14,129**					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	13,782	13,782				14,079
Derivatives not qualifying for hedge accounting (Financial assets held for trading)	172		172			172

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.

Available-for-sale financial assets primarily include equity and debt instruments. They are in general measured at fair value, which is based to the extent available on market prices as of the interim balance sheet date. When no quoted market prices in an active market are available and the fair value cannot be reliably measured, equity instruments are measured at cost.

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 into 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 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, 2016

million €	Sept. 30, 2016	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)	60	0	60	0
Derivatives qualifying for hedge accounting	0	0	0	0
Fair value recognized in equity				
Available-for-sale financial assets	18	16	3	0
Derivatives qualifying for hedge accounting	33	0	33	0
Total	**111**	**16**	**96**	**0**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting (Financial liabilities held for trading)	163	0	51	113
Derivatives qualifying for hedge accounting	2	0	2	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	62	0	62	0
Total	**227**	**0**	**114**	**113**

FAIR VALUE HIERARCHY AS OF DEC. 31, 2016

million €	Dec. 31, 2016	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)	108	0	108	0
Derivatives qualifying for hedge accounting	7	0	7	0
Fair value recognized in equity				
Available-for-sale financial assets	20	17	3	0
Derivatives qualifying for hedge accounting	39	0	39	0
Total	**174**	**17**	**157**	**0**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting (Financial liabilities held for trading)	172	0	69	103
Derivatives qualifying for hedge accounting	32	0	32	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	112	0	112	0
Total	**316**	**0**	**213**	**103**

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.

The following table shows the reconciliation of level 3 financial instruments:

RECONCILIATION LEVEL 3 FINANCIAL INSTRUMENTS

million €	
Balance as of Sept. 30, 2016 (assets/(liability))	(113)
Changes recognized in profit or loss	10
Balance as of Dec. 31, 2016 (assets/(liability))	**(103)**

The financial liability, which is based on individual valuation parameters and recognized at fair value, primarily comprises a freight derivative which was valued according to the contractually agreed minimum volume on the basis of recognized hedge models taking into account the market data prevailing at the closing date. The resulting income effect is recognized in the consolidated statement of income under “Other expenses” and “Other income”, respectively.

The notional amounts and fair values of the Group's derivative financial instruments are as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

million €	Notional amount as of Sept. 30, 2016	Carrying amount as of Sept. 30, 2016	Notional amount as of Dec. 31, 2016	Carrying amount as of Dec. 31, 2016
Assets				
Foreign currency derivatives that do not qualify for hedge accounting	2,100	41	2,195	67
Foreign currency derivatives qualifying as cash flow hedges	360	14	442	22
Embedded derivatives	70	1	196	7
Interest rate derivatives qualifying as cash flow hedges[1]	618	9	117	1
Commodity derivatives that do not qualify for hedge accounting	278	18	373	33
Commodity derivatives qualifying as cash flow hedges	64	10	79	17
Commodity derivatives qualifying as fair value hedges	0	0	30	7
Total	**3,490**	**93**	**3,430**	**154**
Equity and liabilities				
Foreign currency derivatives that do not qualify for hedge accounting	2,662	30	1,978	35
Foreign currency derivatives qualifying as cash flow hedges	400	7	539	21
Embedded derivatives	169	2	122	5
Interest rate derivatives that do not qualify for hedge accounting	11	0	13	1
Interest rate derivatives qualifying as cash flow hedges[1]	406	32	914	76
Commodity derivatives that do not qualify for hedge accounting[2]	483	131	498	131
Commodity derivatives qualifying as cash flow hedges	152	23	131	15
Commodity derivatives qualifying as fair value hedges	50	2	250	32
Total	**4,332**	**227**	**4,445**	**316**

[1] Inclusive of cross currency swaps
[2] Inclusive of freights

07 Segment reporting

Segment information for the 1st quarter ended December 31, 2015 and 2016, respectively is as follows:

SEGMENT INFORMATION

million €	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	Steel Americas	Corporate	Consolidation	Group
1st quarter ended Dec. 31, 2015									
Net sales	1,648	1,868	1,504	2,762	1,442	309	15	0	9,548
Internal sales within the Group	2	1	2	59	281	41	46	(432)	0
Total sales	1,650	1,869	1,506	2,821	1,723	350	60	(432)	9,548
EBIT	71	193	90	(1)	50	(84)	(132)	7	193
Adjusted EBIT	71	203	90	3	51	(74)	(117)	7	234
1st quarter ended Dec. 31, 2016									
Net sales	1,744	1,883	1,477	2,970	1,607	369	37	0	10,087
Internal sales within the Group	(2)	(1)	2	62	300	79	21	(461)	0
Total sales	1,743	1,882	1,479	3,032	1,908	447	58	(461)	10,087
EBIT	58	184	13	38	25	52	(126)	(3)	240
Adjusted EBIT	75	215	42	51	28	37	(115)	(3)	329

Adjusted EBIT as well as EBIT reconcile to EBT (income/(loss) before tax) as presented in the consolidated statement of income as following:

RECONCILIATION EBIT TO EBT

million €	1st quarter ended Dec. 31, 2015	1st quarter ended Dec. 31, 2016
Adjusted EBIT as presented in segment reporting	**234**	**329**
Special items	(41)	(88)
EBIT as presented in segment reporting	**193**	**240**
+ Non-operating income/(expense) from companies accounted for using the equity method	0	0
+ Finance income	370	384
– Finance expense	(564)	(500)
– Items of finance income assigned to EBIT based on economic classification	29	(13)
+ Items of finance expense assigned to EBIT based on economic classification	6	13
EBT (income/(loss) before tax) as presented in the statement of income	**34**	**124**

08 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	1st quarter ended Dec. 31, 2015		1st quarter ended Dec. 31, 2016	
	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)	**(23)**	**(0.04)**	**8**	**0.01**
Weighted average shares	565,937,947		565,937,947	

There were no dilutive securities in the periods presented.

09 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 December 31, 2016 cash and cash equivalents of €58 million (prior year: €72 million) result from the joint operation HKM.

Essen, February 6, 2017

thyssenkrupp AG
The Executive Board

Hiesinger

Burkhard Kaufmann Kerkhoff

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, 2016, to December 31, 2016, which are part of the quarterly financial report pursuant to § (Article) 37w 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, February 8, 2017

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann	Michael Preiß
(German Public Auditor)	(German Public Auditor)

Additional information

Contact and 2017 / 2018 financial calendar

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2017 / 2018 financial calendar

May 12, 2017
Interim report 1st half 2016 / 2017 (October to March)
Conference call with analysts and investors

August 10, 2017
Interim report 9 months 2016 / 2017 (October to June)
Conference call with analysts and investors

November 23, 2017
Annual report 2016 / 2017 (October to September)
Annual press conference
Analysts' and investors' conference

January 19, 2018
Annual General Meeting

February 14, 2018
Interim report 1st quarter 2017 / 2018 (October to December)
Conference call with analysts and investors

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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