Interim report 1st half 2019/2020

October 1, 2019 –
March 31, 2020
thyssenkrupp AG

thyssenkrupp

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thyssenkrupp in figures

		Full Group				Group – continuing operations[1]			
		1st half ended March 31, 2019	1st half ended March 31, 2020	Change	in %	1st half ended March 31, 2019	1st half ended March 31, 2020	Change	in %
Order intake	million €	20,471	19,203	(1,269)	(6)	16,334	14,988	(1,346)	(8)
Net sales	million €	20,374	19,781	(593)	(3)	16,581	15,876	(705)	(4)
EBIT[2]	million €	213	(578)	(791)	--	(154)	(863)	(708)	--
EBIT margin	%	1.0	(2.9)	(4.0)	--	(0.9)	(5.4)	(4.5)	--
Adjusted EBIT[2]	million €	457	(30)	(487)	--	55	(443)	(498)	--
Adjusted EBIT margin	%	2.2	(0.2)	(2.4)	--	0.3	(2.8)	(3.1)	--
Income/(loss) before tax	million €	45	(743)	(787)	--	(320)	(1,012)	(693)	--
Net income/(loss) or earnings after tax	million €	(93)	(1,310)	(1,217)	--	(335)	(1,130)	(795)	--
attributable to thyssenkrupp AG's shareholders	million €	(113)	(1,320)	(1,207)	--	(355)	(1,140)	(785)	--
Earnings per share (EPS)	€	(0.18)	(2.12)	(1.94)	--	(0.57)	(1.83)	(1.26)	--
Operating cash flows	million €	(1,927)	(2,013)	(86)	(4)	(2,183)	(2,168)	16	1
Cash flow for investments	million €	(580)	(685)	(105)	(18)	(520)	(613)	(93)	(18)
Cash flow from divestments	million €	52	29	(23)	(44)	50	24	(26)	(52)
Free cash flow[3]	million €	(2,455)	(2,669)	(214)	(9)	(2,653)	(2,756)	(103)	(4)
Free cash flow before M & A[3]	million €	(2,454)	(2,685)	(231)	(9)	(2,653)	(2,774)	(121)	(5)
Net financial debt (March 31)	million €	4,834	7,549	2,715	56				
Total equity (March 31)	million €	2,882	1,174	(1,707)	(59)				
Gearing (March 31)	%	167.8	642.9	475.2	283				
Employees (March 31)		161,153	160,090	(1,063)	(1)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 10).
[3] See reconciliation in the analysis of the statement of cash flows.

		Full Group				Group – continuing operations[1]			
		2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change	in %	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change	in %
Order intake	million €	10,360	9,542	(818)	(8)	8,366	7,559	(807)	(10)
Net sales	million €	10,638	10,108	(530)	(5)	8,768	8,247	(521)	(6)
EBIT[2]	million €	32	(462)	(494)	--	(137)	(561)	(424)	--
EBIT margin	%	0.3	(4.6)	(4.9)	--	(1.6)	(6.8)	(5.2)	--
Adjusted EBIT[2]	million €	240	(80)	(320)	--	41	(266)	(308)	--
Adjusted EBIT margin	%	2.3	(0.8)	(3.0)	--	0.5	(3.2)	(3.7)	--
Income/(loss) before tax	million €	(55)	(537)	(482)	--	(224)	(630)	(406)	--
Net income/(loss) or earnings after tax	million €	(161)	(946)	(784)	--	(272)	(688)	(416)	--
attributable to thyssenkrupp AG's shareholders	million €	(173)	(948)	(775)	--	(284)	(691)	(407)	--
Earnings per share (EPS)	€	(0.28)	(1.52)	(1.25)	--	(0.46)	(1.11)	(0.65)	--
Operating cash flows	million €	319	132	(187)	(59)	72	(58)	(130)	--
Cash flow for investments	million €	(323)	(359)	(35)	(11)	(286)	(318)	(32)	(11)
Cash flow from divestments	million €	27	11	(15)	(58)	26	6	(20)	(77)
Free cash flow[3]	million €	22	(215)	(237)	--	(188)	(371)	(183)	(97)
Free cash flow before M & A[3]	million €	23	(209)	(232)	--	(188)	(370)	(182)	(97)
Net financial debt (March 31)	million €	4,834	7,549	2,715	56				
Total equity (March 31)	million €	2,882	1,174	(1,707)	(59)				
Gearing (March 31)	%	167.8	642.9	475.2	283				
Employees (March 31)		161,153	160,090	(1,063)	(1)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 10).
[3] See reconciliation in the analysis of the statement of cash flows.

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT[1] million €		Employees	
	1st half ended March 31, 2019	1st half ended March 31, 2020	1st half ended March 31, 2019	1st half ended March 31, 2020	1st half ended March 31, 2019	1st half ended March 31, 2020	1st half ended March 31, 2019	1st half ended March 31, 2020	March 31, 2019	March 31, 2020
Automotive Technology[2]	2,589	2,535	2,589	2,634	9	(208)	22	(28)	24,984	25,572
Industrial Components[2]	1,345	1,147	1,223	1,117	98	47	100	96	14,350	13,318
Elevator Technology	4,137	4,215	3,793	3,905	368	375	402	402	52,918	52,567
Plant Technology[2]	1,181	1,025	1,284	1,492	(63)	(46)	(60)	(38)	11,107	11,218
Marine Systems	240	235	795	805	0	(2)	0	2	5,859	6,133
Materials Services	7,191	6,403	7,084	6,434	72	24	75	38	20,302	20,023
Steel Europe	4,792	4,374	4,481	4,005	(84)	(497)	76	(372)	27,882	27,869
Corporate Headquarters[2]	1	1	1	1	(139)	(262)	(118)	(129)	1,119	969
Reconciliation[2]	(1,005)	(732)	(876)	(613)	(48)	(10)	(40)	(2)	2,632	2,421
Full Group	**20,471**	**19,203**	**20,374**	**19,781**	**213**	**(578)**	**457**	**(30)**	**161,153**	**160,090**
Discontinued elevator operations[2]	4,137	4,214	3,793	3,905	368	285	402	413	52,918	52,567
Group continuing operations[2]	**16,334**	**14,988**	**16,581**	**15,876**	**(154)**	**(863)**	**55**	**(443)**	**108,235**	**107,523**

[1] See reconciliation in segment reporting (Note 10).
[2]) See preliminary remarks.

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT[1] million €	
	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020
Automotive Technology[2]	1,306	1,182	1,358	1,267	0	(130)	9	(49)
Industrial Components[2]	702	589	650	573	56	5	57	52
Elevator Technology	1,995	1,982	1,869	1,860	169	168	198	174
Plant Technology[2]	513	457	669	737	(26)	(27)	(30)	(21)
Marine Systems	133	132	497	423	0	(2)	0	2
Materials Services	3,821	3,325	3,696	3,389	51	14	53	28
Steel Europe	2,451	2,259	2,350	2,154	(118)	(332)	37	(208)
Corporate Headquarters[2]	1	0	1	1	(64)	(159)	(55)	(63)
Reconciliation[2]	(562)	(384)	(452)	(297)	(36)	0	(29)	4
Full Group	**10,360**	**9,542**	**10,638**	**10,108**	**32**	**(462)**	**240**	**(80)**
Discontinued elevator operations[2]	1,994	1,983	1,870	1,861	169	98	198	186
Group continuing operations[2]	**8,366**	**7,559**	**8,768**	**8,247**	**(137)**	**(561)**	**41**	**(266)**

[1] See reconciliation in segment reporting (Note 10).
[2] 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 March 2020	€	4.77
ADR (over-the-counter trading)	US88629Q2075	Stock exchange value end March 2020	million €	2,969
Symbols				
Shares	TKA			
ADR	TKAMY			

Contents

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

Interim management report

Preliminary remarks

On June 13, 2019 the European Commission formally prohibited the planned steel joint venture with Tata Steel Europe. The planned transaction encompassed the Steel Europe business area, thyssenkrupp MillServices & Systems GmbH from the Materials Services business area, and individual companies belonging to Corporate. As a result of the prohibition, these businesses no longer meet the criteria for presentation as a discontinued operation under IFRS 5. Starting with the interim report for the 3rd quarter 2018 / 2019 the discontinued operations were therefore reclassified as continuing operations for the full 2018 / 2019 fiscal year. In accordance with IFRS 5 the presentation in the consolidated statements of income and cash flows therefore had to be adjusted accordingly. The adjustments also include the retrospective recognition of amortization and depreciation not charged due to classification as a discontinued operation, amounting to €113 million in the 2nd quarter 2018 / 2019 (before taxes) and €228 million in the 1st half 2018 / 2019 (before taxes).

In connection with the strategic realignment "newtk", Components Technology has been focused on the automotive business since October 1, 2019 and renamed Automotive Technology. A new addition to the business area is System Engineering, which develops among other things production lines for the auto industry and was part of Industrial Solutions up to September 30, 2019. The Bearings and Forged Technologies businesses have been removed from Components Technology. The two units now report under the name Industrial Components. Industrial Solutions has been renamed Plant Technology and comprises our chemical plant, cement plant and mining equipment businesses. The administrative units of Corporate and the regions are presented as Corporate Headquarters. In addition the Service Units and Special Units have been combined with consolidation items and are presented separately in the new reporting line "Reconciliation".

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

In addition, in late February 2020 thyssenkrupp signed an agreement with a consortium of Advent, Cinven and the RAG Foundation on the full sale of its Elevator Technology business. The purchase price (assuming closing of the transaction at June 30, 2020) is €17.2 billion. The closing of the transaction is subject to merger control approvals, although thyssenkrupp continues to expect no concerns from the responsible authorities. Even under the circumstances of the coronavirus pandemic, the closing of the transaction is expected by the end of the current fiscal year. The transaction meets the criteria for presentation as a discontinued operation under IFRS 5. It encompasses the Elevator Technology business area and individual units from Corporate Headquarters. In accordance with IFRS 5, for the discontinued elevator operations in the current reporting periods in particular all income and expense items are presented separately in the statement of income and all cash flows separately in the statement of cash flows; the prior-period presentation has been adjusted accordingly. In addition, in accordance with IFRS 5 the assets and liabilities attributable to the discontinued elevator operations are presented separately for the first time in the statement of financial position at March 31, 2020 under the items "Assets held for sale" and "Liabilities associated with assets held for sale"; the prior-period presentation has not been adjusted accordingly. With classification as a discontinued operation, non-current assets are no longer subject to depreciation/amortization; the effect of this amounts to €18 million in the 1st half/ 2nd quarter 2019 / 2020 (before taxes).

Report on the economic position

Summary

Volatility in our materials and components businesses, initial impacts of coronavirus pandemic and low demand from automotive customers impact performance in 1st half

- Order intake of continuing operations and Group down significantly due in particular to considerably weaker materials businesses
  - Automotive Technology, despite production start-up of new plants and projects, down slightly from a year earlier, mainly due to pandemic-related drop in demand starting in February in China, the world's biggest automotive market, and continuing in March in Europe with plant closures by major customers
  - Industrial Components significantly lower year-on-year: growth in particular in wind energy unable to offset cyclical and pandemic-related decline in forging business
  - Plant Technology down significantly from prior year, which included a major mining order
  - Marine Systems stable, orders among others in marine electronics and subcontracts for a customer from North Africa
  - Materials Services down from a year earlier mainly due to lower volumes, in the second half of March also as a result of the pandemic, AST with temporary plant closure
  - Steel Europe lower year-on-year mainly for price reasons, collapse in demand (auto) in second half of March due to pandemic
  - Elevator Technology (discontinued operation) with slight growth mainly in USA and Europe; decline in Asia due in particular to coronavirus pandemic in China in 2nd quarter
- Sales of continuing operations and Group down year-on-year: largely robust capital goods businesses unable to offset weak materials businesses
  - Automotive Technology with slight improvement: significant growth in particular in steering systems offset pandemic-related drop in demand in almost all other product groups
  - Industrial Components down from prior year: sales follow order intake
  - Plant Technology significantly higher year-on-year mainly due to increasing project progress on major chemical plant orders
  - Marine Systems up slightly from prior year due to higher sales in surface vessels; submarines, marine electronics and services stable
  - Materials Services: sales follow order intake
  - Steel Europe down significantly from prior year due to lower volumes and in particular prices
  - Elevator Technology (discontinued operation) with positive performance overall, in particular in services in the USA; declining sales in Europe and Asia
- Adjusted EBIT of continuing operations and Group significantly lower than a year earlier also due to initial impacts of pandemic
  - Automotive Technology down year-on-year and negative, mainly due to pandemic-related drop in demand in 2nd quarter together with production stoppages and plant shutdowns in China and Europe; System Engineering and Springs & Stabilizers significantly lower than a year earlier and negative
  - Industrial Components lower: higher earnings from bearings for wind turbines unable to offset cyclical and pandemic-related reduction in volumes in forging business

  - Plant Technology negative but with improvement year-on-year, in part through cost measures and slight operating recovery in chemical and cement plant construction
  - Marine Systems slightly positive with continuing low margins in project billings, performance measures showing results
  - Materials Services with decline in both service units – with the exception of Plastics – due to lower volumes and prices, AST negative also as a result of temporary plant closure
  - Steel Europe significantly lower year-on-year and negative due to continuing price/cost pressure and lower shipments, mainly to the automotive industry
  - Corporate Headquarters continuing reduction of administrative costs, with increase through recognition of provisions in connection with the long-term incentive plan
  - Elevator Technology (discontinued operation) stable: positive performance in service business in USA and China offset negative effects of coronavirus pandemic in particular in China in the 2nd quarter
- Significantly higher net loss of continuing operations and Group in the reporting period mainly due to operating performance
- Free cash flow before M & A of continuing operations lower year-on-year and negative in 2nd quarter: milestone payment at Marine Systems more than offset by operating performance in other businesses; in 1st half down from prior year and significantly negative, mainly due to payment of fine in cartel case (€370 million); free cash flow before M & A of Group down from prior year due to fine payment
- Full-year forecast withdrawn as a result of the global spread of the coronavirus pandemic and associated impacts on the economy; impacts of the pandemic on our businesses still subject to major uncertainties, from today's perspective significant decline in our key performance indicators, mainly due to developments in our automotive-related materials and components businesses (see forecast report)
- Measures to protect employees and secure businesses include short-time work, greater work time flexibility such as using up overtime and leave, reducing the use of temporary workers, remote working and review of investment projects
- "newtk" update:
  - Portfolio: agreement signed for full sale of our elevator business to a bidder consortium of Advent, Cinven and the RAG Foundation for €17.2 billion, closing of transaction expected by end of current fiscal year; disposal process/assessment of alliances for Plant Technology under way, indicative bids received
  - Performance: implementation of Steel strategy 20-30 to start immediately, goal: leading technology position with competitive costs, additional investments to optimize production network and focus on growth markets, at the same time cost reductions and 3,000 job cuts necessary; Springs & Stabilizers: decision made in April to close Olpe site and cut 490 jobs; continuing restructuring of Corporate Headquarters: departure of 177 employees via transfer program supports goal of reducing workforce from around 800 to around 430 this fiscal year
  - Martina Merz takes the position of CEO of thyssenkrupp AG on a permanent basis, Johannes Dietsch steps down from the Executive Board, Dr. Klaus Keysberg succeeds him as CFO

Macro and sector environment

Coronavirus pandemic plunging global economy into deep recession in 2020

- Compared with beginning of fiscal year, forecast for global economic growth in 2020 revised massively downward due to coronavirus pandemic
- Extensive measures adopted and implemented to contain spread of virus; production activity declining extremely rapidly or at a standstill
- After an already weak 2019, global economy sliding into deep recession in 2020; the slump will be particularly severe in the industrialized nations; emerging economies also negatively impacted
- Forecasts for global economic growth marked by extreme uncertainty over the progression of the coronavirus pandemic; further risks for 2020: renewed escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East, USA-Iran), negotiations in transitional phase between EU and UK on possible free trade agreement, medium-term severe and sustained weakening of growth in China; indebtedness problems particularly in some countries of Europe which could be exacerbated through numerous government aid measures to mitigate negative consequences of coronavirus pandemic; shortages of capital possible even at large companies; volatile material and commodity prices and exchange rates

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2019[1]	2020[2]
Euro zone	1.2	(6.5)
Germany	0.6	(6.0)
Russia	1.3	(4.8)
Rest of Central/Eastern Europe	3.6	(5.2)
USA	2.3	(5.7)
Brazil	1.1	(4.8)
Japan	0.7	(3.4)
China	6.1	1.7
India	5.1	2.0
Middle East & Africa	1.2	(5.4)
World	**2.8**	**(2.9)**

[1] Partly estimates
[2] 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 2019 already down significantly from prior year; expected further decline in 2020 greatly exacerbated by production stoppages and distribution constraints due to lockdown measures
- Europe: sales in 2019 stable year-on-year; decline expected in 2020; in addition to uncertainty about future trading conditions with UK (Brexit) and USA, above all significant slump due to pandemic impacts
- NAFTA: sales and production down in 2019 from a high market level; significant slump in 2020 due to pandemic impacts
- China: car sales in 2019 significantly down year-on-year; continuing weak sales in 2020 partly masked by pandemic outbreak and its consequences
- Trucks over 6t: 2019 weaker in China and collapse in India, other markets with stable, in some cases positive trend; overall market expected to shrink significantly in 2020 due to further declines in China and Europe, a cyclical drop in Class 8 truck sales in NAFTA and pandemic effects

Machinery

- Germany: after a significant decline in 2019, the even more negative growth forecast for 2020 faces a further downside risk for machinery production due to collapsing investment and continuing bottlenecks along global supply chains as a result of the pandemic
- USA: production output clearly negative in 2020; weak prior-year demand for machinery further exacerbated by pandemic
- China: following positive growth in 2019, significant decline in production in 2020 due to plant closures and weak export demand

Construction

- Germany: after solid growth in 2019, slight decline in construction output in 2020, negatively impacted by coronavirus pandemic; but fundamental driving forces such as sustained demand for housing and public-sector investment remain intact
- USA: after weak prior year, production growth in 2020 also expected to be at a low level – but going forward, housing construction should ensure higher growth rates
- China and India: growth in China in 2020 significantly lower than in 2019 due to lockdown measures – but sustained urbanization trend will continue to support investment in housing construction; slightly lower growth in India

IMPORTANT SALES MARKETS

	2019[1]	2020[2]
Vehicle production, million cars and light trucks[3]		
World	86.3	75.7
Western Europe (incl. Germany)	13.3	11.3
Germany	4.8	4.2
USA	10.6	9.3
Mexico	3.8	3.3
Japan	9.2	8.3
China	24.4	21.6
India	4.1	3.7
Brazil	2.7	2.1
Machinery production, real, in % versus prior year		
Germany	(3.0)	(6.0)
USA	0.1	(4.3)
Japan	(6.3)	(6.0)
China	5.3	(4.5)
Construction output, real, in % versus prior year		
Germany	3.6	(0.3)
USA	0.1	0.5
China	5.6	0.4
India	4.2	3.9

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

Steel

- Slight year-on-year increase in global demand for finished steel in 2019 due almost entirely to continued growth in China, almost 6% decline in EU greater than expected; prospects for 2020 gloomy above all due to production stoppages at relevant steel processors as a result of pandemic, significant decline in demand likely on a broad front, extent currently not quantifiable
- EU carbon steel flat market contracted by 6% in 2019 due to very weak automotive market and recessionary trends in other sectors; with current high level of uncertainty, decline in 2020 expected to be higher, possibly in the two-digit range; import volumes too high
- Market environment remains extremely challenging, also structurally – continuing global overcapacities, high volatility of recently slightly lower raw material prices

Group review

Volatility in our materials and components businesses, initial impacts of coronavirus pandemic and low demand from automotive customers impact performance in 1st half

ORDER INTAKE

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	Change in %	Change on a comparable basis[1] in %	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change in %	Change on a comparable basis[1] in %
Automotive Technology[2]	2,589	2,535	(2)	(3)	1,306	1,182	(10)	(10)
Industrial Components[2]	1,345	1,147	(15)	(15)	702	589	(16)	(16)
Elevator Technology	4,137	4,215	2	1	1,995	1,982	(1)	(1)
Plant Technology[2]	1,181	1,025	(13)	(14)	513	457	(11)	(10)
Marine Systems	240	235	(2)	(2)	133	132	(1)	(1)
Materials Services	7,191	6,403	(11)	(12)	3,821	3,325	(13)	(13)
Steel Europe	4,792	4,374	(9)	(9)	2,451	2,259	(8)	(8)
Corporate Headquarters[2]	1	1	(8)	(6)	1	0	--	--
Reconciliation[2]	(1,005)	(732)	—	—	(562)	(384)	—	—
Full Group	**20,471**	**19,203**	**(6)**	**(7)**	**10,360**	**9,542**	**(8)**	**(8)**
Discontinued elevator operations[2]	4,137	4,214	2	1	1,994	1,983	(1)	(1)
Group continuing operations[2]	**16,334**	**14,988**	**(8)**	**(9)**	**8,366**	**7,559**	**(10)**	**(10)**

[1] Excluding material currency and portfolio effects
[2] See preliminary remarks.

Order intake **of continuing capital goods operations** down sharply:

Automotive Technology

- No growth despite startup of new plants and projects for steering and damper systems. Demand shortfalls also as a result of coronavirus pandemic starting in February in world's biggest auto market China and continuing in March in Europe with plant shutdowns by our biggest customers in connection with lockdown in Germany and Europe
- Sharp reduction in order intake at System Engineering with difficult overall project situation in automotive plant construction

Industrial Components

- Clearly down from prior year mainly due to weaker demand as a result of coronavirus pandemic and cyclical downturn in forging business
- Bearings: continued good order situation in particular for wind energy in China; slight declines in construction machinery components and project business
- Forgings: plant closures at main customers for automotive and industrial components from March 2020 in response to coronavirus pandemic and resultant temporary closure/slowdown of all main plants; also general weakening of economy in Europe, fall in demand in China; with:
  - Cars/trucks: continued sharp downturn in cyclical Class 8 truck market – particularly USA
  - Undercarriages for construction machinery: continuing global cyclical fall in demand, partly offset by widening of product range and development of new markets and business fields

Plant Technology

- Significantly lower year-on-year, mainly reflecting major mining order in prior year
- Chemical plants: stable demand in particular for electrolysis plants and equipment, among others in Europe, Asia, Middle East; order for energy-saving chlorine production plant in Spain
- Cement: positive development; medium-size orders for cement line in USA and first industrial plant for low-CO_2 cement production with thermally activated (calcined) clays in Cameroon; smaller orders for components and services
- Mining: smaller orders among others for stockyard technology in Russia, gravel plant in Germany, and biomass boiler in India

Marine Systems

- At prior year level; medium-size order in marine electronics for German customer, subcontracts for a customer in North Africa, and smaller maintenance and service orders
- Contract signed in joint venture with Embraer Defense & Security and Atech for construction of four new frigates for the Brazilian navy, all conditions for entry into effect of order expected to be in place by 4th quarter

Order intake of the **materials businesses** significantly down from prior year:

- Materials Services lower year-on-year due to steep fall in volumes, slight pandemic-related decline in demand in second half of March; AST with effects of temporary plant closure
- Steel Europe significantly lower due to decreased prices; higher order volumes (5.7 million t; +11%) – recovery in orders from industrial customers (excl. automotive), steel service centers and distribution customers mainly due to restocking; pandemic-related collapse in demand (auto) in second half of March

Elevator Technology (discontinued operation)

- Slightly up from prior year: positive performance in USA and positive exchange-rate effects; Europe slightly higher year-on-year; Asia mainly pandemic-related decline in 2nd quarter in China

NET SALES

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	Change in %	Change on a comparable basis[1] in %	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change in %	Change on a comparable basis[1] in %
Automotive Technology[2]	2,589	2,634	2	1	1,358	1,267	(7)	(7)
Industrial Components[2]	1,223	1,117	(9)	(9)	650	573	(12)	(12)
Elevator Technology	3,793	3,905	3	2	1,869	1,860	(1)	(1)
Plant Technology[2]	1,284	1,492	16	16	669	737	10	11
Marine Systems	795	805	1	1	497	423	(15)	(15)
Materials Services	7,084	6,434	(9)	(10)	3,696	3,389	(8)	(9)
Steel Europe	4,481	4,005	(11)	(11)	2,350	2,154	(8)	(8)
Corporate Headquarters[2]	1	1	78	80	1	1	(27)	(27)
Reconciliation[2]	(876)	(613)	—	—	(452)	(297)	—	—
Full Group	**20,374**	**19,781**	**(3)**	**(3)**	**10,638**	**10,108**	**(5)**	**(5)**
Discontinued elevator operations[2]	3,793	3,905	3	2	1,870	1,861	(1)	(1)
Group continuing operations[2]	**16,581**	**15,876**	**(4)**	**(5)**	**8,768**	**8,247**	**(6)**	**(6)**

[1] Excluding material currency and portfolio effects
[2] See preliminary remarks.

Sales of the **continuing capital goods operations** robust:

- Automotive Technology: slightly higher year-on-year, sales in components business in line with order intake and likewise negatively impacted by coronavirus pandemic in 2nd quarter, at System Engineering sales higher than order intake on account of invoice timing; positive exchange-rate effects especially from USD
- Industrial Components: clear increase in wind energy in Germany and China unable to offset severe pandemic-related sales weakness and cyclical decrease in forgings business
- Plant Technology significantly higher year-on-year, mainly due to progress on major chemical plant orders
- Marine Systems up slightly from prior year due to increased sales in surface vessel area; submarine, marine electronics, maintenance and service areas stable

Sales of the **materials businesses** down sharply year-on-year:

Materials Services

- Overall materials sales revenues and volumes clearly lower year-on-year (4.7 million t shipments; prior year: 5.0 million t), reflecting absence of international direct-to-customer business (partial transfer to Steel Europe) as well as demand trend
- Lower volumes particularly in warehousing and distribution and auto-related service centers; demand on European markets remains weak, in North America too demand in 1st half lower year-on-year
- Further decline in prices in virtually all product segments, particularly stainless steel; slight price recovery for finished steel at end of 2nd quarter
- AST slightly lower year-on-year: rise in sales due to higher volumes until February offset by government-ordered several-day-long production stoppages in response to pandemic

Steel Europe

- Volume- and above all price-related sales decrease: reduction in shipments (5.0 million t; –1%) affecting practically all end customer groups, but increased volumes with our distributor customers due to need for restocking
- Price level clearly lower year-on-year partly due to less favorable product mix and down slightly again in reporting quarter

Elevator Technology (discontinued operation)

- Elevator Technology (discontinued operation) with slight growth; positive performance particularly in service area in USA and positive exchange-rate effects; Europe and Asia slightly lower year-on-year, Asia mainly in connection with coronavirus pandemic in 2nd quarter in China

ADJUSTED EBIT

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	Change in %	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change in %
Automotive Technology[1]	22	(28)	--	9	(49)	--
Industrial Components[1]	100	96	(4)	57	52	(9)
Elevator Technology	402	402	0	198	174	(12)
Plant Technology[1]	(60)	(38)	36	(30)	(21)	31
Marine Systems	0	2	++	0	2	++
Materials Services	75	38	(49)	53	28	(48)
Steel Europe	76	(372)	--	37	(208)	--
Corporate Headquarters[1]	(118)	(129)	(9)	(55)	(63)	(14)
Reconciliation[1]	(40)	(2)	—	(29)	4	—
Full Group	**457**	**(30)**	**--**	**240**	**(80)**	**--**
Discontinued elevator operations[1]	402	413	3	198	186	(6)
Group continuing operations[1]	**55**	**(443)**	**--**	**41**	**(266)**	**--**

[1] See preliminary remarks.

Adjusted EBIT of the **continuing capital goods operations** significantly lower year-on-year:

Automotive Technology

- Significantly lower year-on-year and negative; decline in 2nd quarter owing to pandemic-related demand shortfalls together with production and plant shutdowns in China and Europe; System Engineering and Springs & Stabilizers with negative earnings significantly lower year-on-year
- Elimination of business area level; implementation of lean office structure on schedule with lower costs in 2nd quarter; continuation of capacity adjustments and cost measures at System Engineering

Industrial Components

- Lower overall year-on-year
- Bearings: significantly higher year-on-year due to volume and structural factors
- Forgings: significantly lower year-on-year mainly due to lower sales (also pandemic-related); tariff disputes between USA and China with continued negative impact on demand

Plant Technology

- Negative but significantly better than in prior year, mainly due to transformation program (among other things lowering of administrative costs), slight recovery in chemical and cement plant engineering as well as proceeds from sale of a building in 1st quarter
- Continued implementation of transformation program; reorganization largely completed at April 1, 2020

Marine Systems

- Up slightly from prior year with continuing low margins on projects billed; performance measures showing results.

Adjusted EBIT of the **materials businesses** down significantly year-on-year in a weak market environment:

Materials Services

- Decline in both service units – with exception of plastics – due to lower volumes and prices
- Absence of positive one-time effects from prior year (real estate sales and compensation payments for partial transfer of international direct-to-customer business)
- AST also lower year-on-year and negative mainly due to price trend in stainless steel caused by continuing import pressure – as a result of largely ineffective EU safeguard measures; impact of pandemic-related plant closure

Steel Europe

- Earnings significantly negative and lower year-on-year: difficult market environment with negative volume and price effects and higher iron ore costs; earnings also impacted by lower capacity utilization, increased personnel costs and from mid-March collapse in shipments of high-margin steel grades for auto manufacturers

Corporate Headquarters

- Increase due to recognition of provisions in connection with Long-Term Incentive plan
- Cost savings in administrative area and recharging of IT services

Elevator Technology (discontinued operation)

- At prior-year level
- Positive developments in service business particularly in USA and China; pandemic-related negative effects in 2nd quarter mainly in China offset by high sales level in 1st quarter

Reconciliation shows improvement from higher sales (mainly services) and lower costs for maintenance measures.

Earnings impacted by special items

SPECIAL ITEMS

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	Change	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change
Automotive Technology[1]	13	180	167	9	81	72
Industrial Components[1]	2	49	47	1	47	46
Elevator Technology	35	26	(8)	29	6	(23)
Plant Technology[1]	3	8	4	(4)	6	10
Marine Systems	0	4	4	0	4	4
Materials Services	3	14	11	2	14	12
Steel Europe	159	125	(34)	155	124	(31)
Corporate Headquarters[1]	21	134	113	9	96	87
Reconciliation[1]	8	8	0	6	4	(2)
Full Group	**244**	**548**	**304**	**207**	**382**	**174**
Discontinued elevator operations[1]	35	128	94	29	88	58
Group continuing operations[1]	**209**	**419**	**210**	**178**	**294**	**116**

[1] See preliminary remarks.

- Main special items in the reporting period:
  - Automotive Technology: restructuring expenses mainly in connection with capacity adjustments and personnel reduction at System Engineering, job cuts at business area level, and impairment losses on property, plant and equipment at Springs & Stabilizers and at Dampers due to pandemic-related lower earnings expectations and higher costs of capital, and at Steering due to revaluation of an order at a Chinese site owing to reduced customer demand and higher costs of capital
  - Industrial Components: mainly impairment losses on technical equipment, buildings and other non-current assets in China as well as continuation of restructurings already underway at the plants in Brazil, Italy and India in the forgings business
  - Plant Technology: restructuring expenses
  - Marine Systems: provisions for restructuring
  - Materials Services: in 2nd quarter provisions for closure of Varel branch of Aerospace Germany
  - Steel Europe: provisions for Steel Strategy 20-30 restructuring
  - Corporate Headquarters: provisions for volunteer program at thyssenkrupp AG; project expenses in connection with Elevator transaction
  - Elevator Technology (discontinued operation): mainly costs in connection with restructurings in business units Europe/Africa and Americas and preparation of carve-out; partly offset by partial reversal of a provision for a legal case

Results of operations and financial position

Analysis of the statement of income

Income from operations

- Clear fall in net sales of continuing operations coupled with virtually unchanged cost of sales of continuing operations mainly due to disproportionately small decrease in material expenses compared with the decline in sales and at the same time higher personnel expenses in connection with restructuring measures as well as impairment losses on non-current assets significantly higher year-on-year; noticeable decrease in gross profit margin of continuing operations to 8.5% (prior year: 12.0%)
- Rise in selling expenses of continuing operations mainly due to higher depreciation and amortization of non-current assets and increased personnel expenses in connection with restructuring measures
- Clear rise in general and administrative costs of continuing operations mainly as a result of increased personnel expenses, mostly in connection with restructuring measures; partly offset by lower consulting costs
- Decrease in other income of continuing operations mainly due to incomplete coverage of reported insurance claims
- Other expenses of continuing operations clearly lower, mainly reflecting absence of increase made in 2nd quarter of prior year to provision in connection with the heavy plate cartel case against thyssenkrupp Steel AG which was closed in December 2019
- Decrease in other gains/losses of continuing operations mainly due to lower gains from disposal of non-current assets

Financial income/expense and income tax

- Overall improvement in financial income/expense of continuing operations mainly the result of lower interest expense for pensions and similar obligations combined with higher interest expense for financial debt
- Increase in tax expense of continuing operations due to higher deferred tax expenses from temporary differences in Germany

Earnings per share

- Net loss increased significantly by €1,217 million to €1,310 million; includes income of discontinued operations which – mainly as a result of higher tax expenses – was down by €422 million to a net loss of €180 million
- Loss per share accordingly up sharply by €1.94 to €2.12

Analysis of the statement of cash flows

Operating cash flows

- Strongly negative operating cash flows of continuing operations slightly improved mainly due to significantly lower funds tied up in operating assets and liabilities

Cash flows from investing activities

- Capital spending clearly higher year-on-year, mainly reflecting higher capital spending at Steel Europe

INVESTMENTS

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	Change in %	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change in %
Automotive Technology[1]	198	176	(11)	98	75	(23)
Industrial Components[1]	30	54	76	18	25	38
Elevator Technology	55	72	31	33	40	24
Plant Technology[1]	17	16	(3)	9	9	(6)
Marine Systems	17	32	85	9	19	105
Materials Services	54	57	6	36	34	(4)
Steel Europe	211	262	24	117	141	20
Corporate Headquarters[1]	12	9	(21)	11	9	(18)
Reconciliation[1]	(14)	7	++	(8)	6	++
Full Group	**580**	**685**	**18**	**323**	**359**	**11**
Discontinued elevator operations[1]	60	72	20	37	40	9
Group continuing operations[1]	**520**	**613**	**18**	**286**	**318**	**11**

[1] See preliminary remarks.

Automotive Technology

- Focus on camshafts, including adjustable camshafts in China and cylinder head modules in Hungary

Industrial Components

- Growth capex to increase production capacity above all in wind energy, primarily at European and Asian production sites
- Continued investment in fully automated forging press for truck front axles at the Homburg site in Germany progressing on schedule

Plant Technology

- Continuing investment in expansion of technology portfolio to safeguard market position and also in infrastructure measures

Marine Systems

- Further implementation of modernization of Kiel shipyard

Materials Services

- Foundation stone laying took place on February 4, 2020 for construction of a new, state-of-the-art strategic logistics center for Region North in Rotenburg (Wümme)
- Modernization and maintenance measures at warehousing and service units and AST; continuing digital transformation of business area

Steel Europe

- Foundation stone laying for new hot-dip coating line (FBA 10) took place at the Dortmund site on October 31, 2019, construction of steelwork ongoing since November 2019

Corporate Headquarters

- Mainly expenditures for IT licenses

Elevator Technology (discontinued operation)

- Alongside regular maintenance capex, chiefly expenditures in connection with construction of new headquarters to concentrate administration and research activities in Atlanta/USA

Cash flows from financing activities

- Clearly lower cash flows from financing activities of continuing operations primarily due to significant overall year-on-year decrease in proceeds from borrowings

Free cash flow and net financial debt

RECONCILIATION TO FREE CASH FLOW BEFORE M & A

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	Change	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	(2,183)	(2,168)	16	72	(58)	(130)
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	(470)	(589)	(119)	(260)	(312)	(52)
Free cash flow – continuing operations (FCF)[1]	**(2,653)**	**(2,756)**	**(103)**	**(188)**	**(371)**	**(183)**
–/+ Cash inflow/cash outflow resulting from material M & A transactions	0	30	30	0	30	30
Adjustment due to IFRS 16	0	(48)	(48)	0	(29)	(29)
Free cash flow before M & A – continuing operations (FCF before M & A)[1]	**(2,653)**	**(2,774)**	**(121)**	**(188)**	**(370)**	**(182)**
Discontinued elevator operations[1]	199	89	(110)	211	161	(50)
Free cash flow before M & A – Group (FCF before M & A)	**(2,454)**	**(2,685)**	**(231)**	**23**	**(209)**	**(232)**

[1] See preliminary remarks.

- FCF before M & A of continuing operations lower year-on-year and negative in 2nd quarter: milestone payment at Marine Systems more than offset by operating performance in other businesses; in 1st half significantly negative and down from prior year: mainly due to payment of fine in cartel case (€370 million); FCF before M & A of Group lower year-on-year due to fine payment
- Net financial debt up to €7.5 billion at March 31, 2020 mainly reflecting significantly negative FCF before M & A as well as first-time application of IFRS 16 (Leases)
- On May 8, 2020 thyssenkrupp concluded a credit line of €1 billion from the KfW special program with a consortium of KfW and other banks. The credit line will additionally secure liquidity during

the coronavirus pandemic until the cash inflow from the sale of the Elevator Technology business area expected this fiscal year.

- Ratio of net financial debt to equity (gearing) at 642.9% higher than at September 30, 2019 (166.8%); €1.0 billion increase in net financial debt from first-time application of IFRS 16 (Leases) at October 1, 2019 has no effect on gearing limit at closing date (September 30) specified in thyssenkrupp AG's current agreements with banks, because for this purpose net financial debt is adjusted for IFRS 16 effects
- Available liquidity of €4.5 billion (€2.5 billion cash and cash equivalents and €2.0 billion undrawn committed credit lines)
- Existing commercial paper program with a maximum emission volume of €3.0 billion was drawn in the amount of €0.8 billion at March 31, 2020

Rating

RATING

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

- Following publication of our results for the 1st quarter 2019 / 2020 and in connection with the upcoming sale of our elevator business, all three rating agencies changed their credit ratings for thyssenkrupp:
  – Standard & Poor's: outlook for "BB-" rating raised from "developing" to "positive"
  – Moody's: rating downgraded from "Ba3 outlook negative" to "B1 outlook developing"
  – Fitch: rating downgraded from "BB+ outlook watch negative" to "BB- outlook stable"

Analysis of the statement of financial position

Non-current assets

- Sharp decline in intangible assets particularly influenced by the reclassification of goodwill as assets held for sale at March 31, 2020 in connection with the discontinued elevator operations
- Slight net decrease in property, plant and equipment mainly due to a significant increase resulting from the first-time application of IFRS 16 combined with simultaneous decreases due to reclassifications to assets held for sale in connection with the discontinued elevator operations and due to currency translation
- Significant reduction in deferred tax assets, in particular due to reclassification of amounts from the Elevator business to assets held for sale and changes in interest rates for pension obligations

Current assets

- Overall strong increase in current assets mainly influenced by reclassification of non-current assets to assets held for sale in connection with the discontinued elevator operations
- Significant reductions in inventories and trade accounts receivable, in particular due to reclassifications to assets held for sale in connection with the discontinued elevator operations

- Decrease in contract assets mainly due to reclassifications to assets held for sale in connection with the discontinued elevator activities, with simultaneous increases in the continuing plant construction operations from the execution of construction contracts
- Decrease in other financial assets primarily as a result of derivatives accounting
- Decrease in other non-financial assets mainly due to reclassifications to assets held for sale in connection with the discontinued elevator operations
- Overall significant decrease in cash and cash equivalents, mainly due to the negative free cash flow from continuing operations in the reporting period together with cash inflows from proceeds from borrowings
- Sharp increase in assets held for sale due to the reclassification of non-current and current assets in connection with the discontinued elevator operations at March 31, 2020

Total equity

- Significant decrease compared with September 30, 2019, in particular due to the net loss in the reporting period and losses from currency translation recognized in other comprehensive income; partly offset by gains on remeasurement of pensions and similar obligations recognized in other comprehensive income

Non-current liabilities

- Sharp decline in accrued pension and similar obligations mainly due to gains from remeasurement in the reporting period as a result of higher pension interest rates, and reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Decrease in other provisions mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Overall significant reduction in financial debt, in particular due to the reclassification of two bonds due in November 2020 and at the beginning of March 2021 as current financial debt; at the same time, increase in financial debt due to first-time application of IFRS 16

Current liabilities

- Overall strong increase in current liabilities partly influenced by reclassifications from non-current liabilities to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Decrease in provisions for current employee benefits, mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations and utilization
- Decrease in other provisions mainly due to use of the provision in connection with the heavy plate cartel case against thyssenkrupp Steel Europe AG which ended in December 2019 and reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Significantly higher financial debt in particular due to the aforementioned reclassification of two bonds from non-current financial debt as well as liabilities to financial institutions
- Sharp decrease in trade accounts payable mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations and decreases in the materials and automotive businesses
- Decrease in other financial liabilities mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations

- Significant decrease in contract liabilities mainly due to reclassifications to assets held for sale in connection with the discontinued elevator operations, with simultaneous increases in the continuing plant construction operations from the execution of construction contracts
- Decrease in other non-financial liabilities, in particular due to reclassifications to assets held for sale in connection with the discontinued elevator operations
- Sharp increase in liabilities associated with assets held for sale due to the reclassification of non-current and current liabilities in connection with the discontinued elevator operations at March 31, 2020

Compliance

- Strong values as foundation of our work, currently of particular importance: reliability, honesty, credibility and integrity
- Values anchored in the Group Mission Statement, Code of Conduct and Compliance Commitment
- Close involvement of Compliance in M&A activities to advise on various antitrust issues
- More information on compliance at thyssenkrupp in the 2018 / 2019 Annual Report and on the website www.thyssenkrupp.com

Employees

- 107,523 employees worldwide at March 31, 2020 in the continuing operations and 160,090 employees in the full Group; compared with September 30, 2019 this represents a decrease of 1,765 employees or 1.6% in the continuing operations and a decrease of 2,282 employees or 1.4% in the full Group
- No to child labor, unfair payment and discrimination: International Framework Agreement (IFA) contains binding rules to secure values and standards worldwide; as at end of March 2020, more than 50 cases reported from 20 countries since 2016 and resolved together with employee representatives
- Against the background of the worldwide spread of the coronavirus pandemic our global occupational safety and health (OSH) organization is advising and supporting the Group Executive Board with technical experts and an operational task force in order to provide the best possible protection for employees and limit the negative impacts on the businesses
- More information on employees at thyssenkrupp in the 2018 / 2019 Annual Report

Technology and innovations

- Green steel: tests started on the use of hydrogen in ongoing blast furnace operation; goal: sustainable reduction of CO_2 emissions generated during steel production; test start marks milestone in the transformation to climate-neutral steel production
- Green hydrogen: as part of the “Reallabor Westküste” project in Schleswig-Holstein thyssenkrupp is building a 30 MW water electrolysis plant which will produce green hydrogen from offshore wind energy. This will be fed into gas networks and serve as a basis for climate-friendly fuels. Goal: establishment of a regional hydrogen economy
- Low-carbon cement production in the Plant Technology business area: first order for climate-friendly cement plant. thyssenkrupp technology reduces CO_2 emissions by up to 40%. Plant located in Kibri, Cameroon, will save 120,000 tons of CO_2 per year.
- Internet of things: Materials Services’ toii project is part of North Rhine-Westphalia’s industrial innovation excellence cluster. Excellence clusters pool the potential of established companies and start-ups. Goals: accelerate innovations, drive the transformation of industry and the energy system, strengthen the industrial core of the Ruhr area. toii is an Industrial Internet of Things (IIoT) platform, specifically for the use and optimization of industrial production. Developed by thyssenkrupp’s Materials Services business.
- Improved customer service: “smart processing” online platform from Materials Services shortens response time to customer inquiries for materials services. Quotes for defined blanks, material grades and thicknesses are calculated fully automatically in minutes.
- Additive manufacturing: 3D printing activities of techCenter Additive Manufacturing integrated into Marine Systems business unit. Successful integration of a central development project into operations. Marine Systems now a pioneer in 3D printing in the marine sector. Parts certification for marine applications available.
- More information on technology and innovations at thyssenkrupp in the 2018 / 2019 Annual Report

Forecast, opportunity and risk report

Statements on the 2019 / 2020 forecast

The following forward-looking statements relate to continuing operations, i.e. the full Group excluding the discontinued elevator operations; the latter include the Elevator Technology business area and individual units from Corporate Headquarters. We also make statements on the discontinued operations, which will be fully consolidated until the Elevator transaction is closed.

Sales and earnings in large parts of our materials and components businesses are generally subject to rapid fluctuations, partly driven by raw material prices. We have described our assumptions regarding the economic parameters for our businesses and the existing uncertainties in the section "Macro and sector environment" of this report and in the "Forecast" section of the 2018 / 19 Annual Report. In addition, there are the effects and risks of the coronavirus pandemic.

As the pandemic has progressed, we saw temporary plant closures at our customers in China in the 2nd quarter of the fiscal year and almost all over the world from mid-March. In addition, there have been significant disruptions to economic and public life, the impact of which on our businesses, particularly materials and components for cars and trucks, cannot yet be fully predicted.

For this reason thyssenkrupp withdrew its original forecast for the 2019 / 2020 fiscal year in an ad hoc announcement on March 23, 2020. Against the background of the still solidifying estimates of the economic research institutes regarding the expected economic downturn, a reliable forecast for the development of our key performance indicators is currently only possible with great uncertainty. Our statements regarding the fiscal year are therefore only trend indications.

In the current situation our priority is to protect the health of our employees and mitigate the economic impact of the pandemic through measures. In addition to short-time working in the plants and administrative units affected by plant closures and production cutbacks at our customers, we are using ways to flex working hours such as using up overtime and leave and reducing the use of temporary workers. In addition, we are widening the possibilities for remote working in order to keep the risk of infection among employees as low as possible. We are also implementing cost-saving measures, scaling back or delaying investment projects and freeing up net working capital.

As part of the further implementation of "newtk" we are currently focusing on examining and restructuring our portfolio. By the end of May we will say more about the future setup of the Group and its portfolio. We will provide information on the use of the cash inflow from the Elevator transaction when the uncertainties have lessened and the economic parameters for business planning have become more stable.

We are continuing the restructurings and improvements in our businesses. The costs of the restructurings will also depend on the speed with which they can be implemented. In particular, the pandemic-related short-time work situation is making it currently impossible to restructure the businesses to the full extent originally planned.

Key assumptions

For the global production of passenger cars and light trucks, the slight decline already expected in 2020 will be significantly exacerbated by production stoppages and distribution constraints resulting from lockdown measures. The Western European and North American markets will not stabilize at a lower level in 2020, as anticipated, but are likely to collapse significantly due to the pandemic. In China, the world's largest market, we expect the outbreak of the pandemic and its consequences to temporarily intensify the continuing sales weakness in 2020. For our businesses we see growth opportunities through the ramp-up of new plants and projects, including increasing deliveries of our electromechanical steering systems.

Demand for our bearings from the energy and wind sectors should remain at a high level in 2020, especially in China and North America, also due to pull-forward effects resulting from the foreseeable end of subsidies. However, the industrial markets are showing signs of cooling, mainly due to political uncertainties. We therefore expect a sideways movement in demand for our bearings in 2020. In addition to weaker demand across our entire forgings business as a result of the corona pandemic, demand for construction equipment components, after peaking in 2018, will continue to decline cyclically in 2020. The global market for trucks over 6t is expected to decline overall due to continuing normalization after the recent very high market level in China and the cyclical downturn in class 8 trucks in the NAFTA region. In the industrial components business too, measures are being continuously implemented to reduce costs and increase efficiency.

At Plant Technology, business in the 2nd quarter was not significantly impacted by the virus outbreak and with a few exceptions operations were maintained for orders in process. However, we expect the spread of the pandemic to have significant negative impacts on business and earnings in new plant and service business in the coming quarters. Contract awards will be postponed, progress on ongoing projects delayed, costs for project logistics and quality assurance for current orders will increase while utilization of available engineering capacities will decline. The restructuring measures (incl. reintegration of the service business into the business units, significantly leaner headquarters) will continue to be implemented systematically and will have a positive and partially offsetting effect on the negative pandemic impacts.

Marine Systems, acting in consortium with Embraer, signed a contract for a frigate program in Brazil in March this year. The contract is expected to take effect in July this year. At the same time we are negotiating with Germany and Norway over a submarine program. The performance program is being continued and is already showing good results.

Global steel demand, which is relevant to our materials business, is expected to decline in 2020. Visibility is extremely low. The outlook is clouded above all by pandemic-related production stoppages at relevant steel processors. The growth of the Chinese steel market will slow and may even decline slightly. In the industrialized countries, steel demand is expected to fall noticeably. Against the background of continuing global overcapacities and increasing protectionism, import pressure on the European steel market is likely to remain high. We expect the situation on the raw material markets to ease and at the same time anticipate intense competition on the oversupplied steel markets.

At Materials Services we intend to press ahead with the digitization of business processes and distribution channels to increase productivity and efficiency throughout the value chain and systematically continue our omnichannel approach. This includes the increased use of our “Alfred” artificial intelligence system to better control transportation routes and logistics flows, the further rollout of a state-of-the-art ERP platform and the expansion of the e-commerce functionalities of our B2B portal. A further focus is on the optimization of operational processes and targeted measures to improve quality in the process chain. In addition, structural adjustments to the organization and methods of cooperation at headquarters are intended to accelerate decision-making processes, reduce complexity and cut costs.

At Steel Europe we expect a significant slowdown in business for the rest of the fiscal year due to the effects of the corona pandemic, which has already forced the automotive industry in particular to temporarily shut down plants.

Due to the reorganization of business units, the prior-year figures for Automotive Technology, Industrial Components, Plant Technology and Corporate have been calculated on a simplified basis, i.e. without reconsolidation.

- **Sales from continuing operations** down sharply, particularly in the 2nd half of the year, mainly due to lower demand for our materials and components for cars and trucks as a result of pandemic-related temporary plant closures and production cutbacks by our customers in the automotive industry (prior year, continuing operations: €34.0 billion)

- **Adjusted EBIT from continuing operations** strongly negative this fiscal year (prior year, continuing operations: €(110) million) due to significant decline in sales and resultant underutilization of capacity; in the 3rd quarter – given the currently unforeseeable effects of the pandemic on demand and supply chains and depending on the speed of the just beginning restart of production by our customers – a loss in the high three-digit million € range is likely and up to a good €1 billion cannot be ruled out.

  - **Automotive Technology** with pandemic-related significant decline in sales unable to be offset by the ramp-up of new plants and projects; adjusted EBIT clearly negative, Springs & Stabilizers and System Engineering with continuing strongly negative earnings contributions (prior year: pro forma €(22) million)
  - **Industrial Components** with significant drop in sales, adjusted EBIT positive but significantly lower year-on-year (prior year, pro forma sales: €2.5 billion, adjusted EBIT: €230 million); continued growth in bearings business, especially in the wind energy sector; decline in demand and sales in forgings business due to pandemic and cyclical factors
  - **Plant Technology** with pandemic-induced lower sales as a result of slower progress on projects and postponements of orders (prior year: pro forma €2.9 billion); adjusted EBIT accordingly lower (prior year: pro forma €(145) million)
  - **Marine Systems** with stable sales; slightly positive adjusted EBIT (prior year: €1 million) due to cost measures, improvements in project execution, and higher earnings contributions from new projects

- **Materials Services** sales significantly lower year-on-year due to pandemic-related decline in demand at our materials businesses; in particular customers in the automotive industry with weak demand due to temporary plant closures and production cutbacks; adjusted EBIT significantly negative, depending on the decline in shipments and further price developments (prior year: €107 million)
- **Steel Europe** sales significantly lower year-on-year, adjusted EBIT significantly negative (prior year: €31 million); lower capacity utilization due to pandemic-related decline in customer orders, in particular for high-value automotive grades; additional negative impact of continued negative earnings at Heavy Plate and structural cost disadvantages, being addressed by the 20-30 strategy
- **Corporate Headquarters,** comprising the administrative units of Corporate and the regions, with costs/adjusted EBIT for the fiscal year roughly level with the prior year (prior year: pro forma €(252) million)

Until the closing of the Elevator transaction we expect our discontinued elevator operations to make a significant positive contribution to the Group's adjusted EBIT (prior year: €907 million).

As part of the implementation of Performance First under "newtk", continuation of our restructurings, with costs (special items) expected in a mid 3-digit million € amount.

For **earnings after tax from continuing operations** we expect a net loss with a significant decline compared with the prior year, in particular due to operating performance and restructuring expenses (prior-year earnings after tax, continuing operations: €(1,110) million).

Capital spending before M & A of the continuing operations is expected to amount to around €1.4 billion in the current fiscal year (prior year, continuing operations: €1,210 million).

Free cash flow before M & A from continuing operations (prior year, continuing operations: €(1,756) million) significantly lower year-on-year, mainly due to operating performance, depending on inflows from order intake and payment profile of projects at Plant Technology and Marine Systems, expenses for restructuring and payment of the €370 million fine in the heavy plate cartel case.

We expect the **Group's FCF** (prior year, Group FCF: €(1,263) million) to be significantly positive due to the cash inflow from the Elevator transaction.

With the closing of the Elevator transaction we expect a significant positive effect on net income, a corresponding positive effect on equity and a positive effect on the Group's net financial debt.

Net financial debt of the Group taking into account the proceeds from the Elevator transaction with a significant improvement into net financial assets, offsetting effects from cash flow developments and the first-time application of IFRS 16 (prior year: €3,703 million).

tkVA of the Group clearly positive due to the effects described above (prior year: €(1,068) million).

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

Opportunities and risks

Opportunities

- Strategic and operational opportunities described in 2018 / 2019 Annual Report continue to apply, possibly delayed due to coronavirus pandemic
- Opportunities from the resolved strategic realignment of the Group
- Engineering and materials expertise and “thyssenkrupp” brand: market opportunities with tailored technological and competitive solutions
- With advancing digitization, global thyssenkrupp research and development network offers opportunities for integrating currently separate value chains

Risks

- Taking into account the closing of the Elevator transaction within the planned timeframe, no risks threatening ability to continue as going concern; information on risks described in 2018 / 2019 Annual Report continues to apply, but changed assessment of selected risks due to coronavirus pandemic
- High risks if the coronavirus pandemic goes on longer than expected: additional sales declines, especially with customers from the automotive industry, in individual business models risks in the supply chains and thus production losses and temporary plant closures worldwide, payment defaults or delays by individual customers
- Economic risks: renewed escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East, USA-Iran); course of negotiations in the transition phase between EU and UK on a possible free trade agreement; pronounced and lasting slowdown of growth in China in medium term; problems of indebtedness in particular in some European countries, which could be exacerbated due to numerous state aid measures to mitigate the impact of the coronavirus pandemic; volatile material and commodity prices and exchange rates; further weakening of automotive market
- Temporary efficiency losses in production as a result of restructurings in connection with implementation of our strategic realignment
- 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

Condensed interim financial statements

thyssenkrupp AG – Consolidated statement of financial position

ASSETS

million €	Note	Sept. 30, 2019	March 31, 2020
Intangible assets	03	5,029	3,042
Property, plant and equipment (inclusive of investment property)	03	8,144	8,126
Investments accounted for using the equity method		128	132
Other financial assets		39	34
Other non-financial assets		240	251
Deferred tax assets	04	1,733	984
Total non-current assets		**15,313**	**12,568**
Inventories		7,781	7,197
Trade accounts receivable		5,488	3,961
Contract assets		1,443	1,309
Other financial assets		808	715
Other non-financial assets		1,642	1,532
Current income tax assets		293	240
Cash and cash equivalents		3,706	2,295
Assets held for sale	02	0	6,137
Total current assets		**21,162**	**23,386**
Total assets		**36,475**	**35,954**

See accompanying notes to consolidated financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2019	March 31, 2020
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		(6,859)	(7,629)
Cumulative other comprehensive income		352	124
[thereof discontinued operations]		[—]	[38]
Equity attributable to thyssenkrupp AG's stockholders		**1,751**	**753**
Non-controlling interest		469	422
Total equity		**2,220**	**1,174**
Accrued pension and similar obligations	05	8,947	7,654
Provisions for other employee benefits		307	287
Other provisions	06	554	435
Deferred tax liabilities		48	43
Financial debt	07	6,529	5,400
Other financial liabilities		136	100
Other non-financial liabilities		6	6
Total non-current liabilities		**16,527**	**13,924**
Provisions for current employee benefits		357	130
Other provisions	06	1,726	1,068
Current income tax liabilities		260	183
Financial debt	07	886	4,357
Trade accounts payable		6,355	4,280
Other financial liabilities		1,209	1,093
Contract liabilities		4,561	3,306
Other non-financial liabilities		2,373	1,759
Liabilities associated with assets held for sale	02	0	4,678
Total current liabilities		**17,728**	**20,856**
Total liabilities		**34,255**	**34,780**
Total equity and liabilities		**36,475**	**35,954**

See accompanying notes to consolidated financial statements.

thyssenkrupp AG – Consolidated statement of income

million €, earnings per share in €	Note	1st half ended March 31, 2019[1]	1st half ended March 31, 2020	2nd quarter ended March 31, 2019[1]	2nd quarter ended March 31, 2020
Sales	10, 11	16,581	15,876	8,768	8,247
Cost of sales		(14,598)	(14,529)	(7,750)	(7,615)
Gross margin		**1,982**	**1,347**	**1,017**	**632**
Research and development cost		(133)	(125)	(68)	(65)
Selling expenses		(1,110)	(1,135)	(552)	(580)
General and administrative expenses		(851)	(1,000)	(446)	(542)
Other income		112	98	32	29
Other expenses		(186)	(50)	(145)	(25)
Other gains/(losses), net		30	1	25	(9)
Income/(loss) from operations		**(156)**	**(864)**	**(137)**	**(561)**
Income from companies accounted for using the equity method		6	6	3	2
Finance income		286	703	116	505
Finance expense		(455)	(858)	(205)	(576)
Financial income/(expense), net		**(164)**	**(149)**	**(86)**	**(69)**
Income/(loss) before tax		**(320)**	**(1,012)**	**(224)**	**(630)**
Income tax (expense)/income		(16)	(117)	(48)	(58)
Income/(loss) from continuing operations (net of tax)		**(335)**	**(1,130)**	**(272)**	**(688)**
Income/(loss) from discontinued operations (net of tax)	02	**242**	**(180)**	**110**	**(258)**
Net income/(loss)		**(93)**	**(1,310)**	**(161)**	**(946)**
Thereof:					
thyssenkrupp AG's shareholders		**(113)**	**(1,320)**	**(173)**	**(948)**
Non-controlling interest		20	10	12	2
Net income/(loss)		**(93)**	**(1,310)**	**(161)**	**(946)**
Basic and diluted earnings per share based on	12				
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		**(0.57)**	**(1.83)**	**(0.46)**	**(1.11)**
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**(0.18)**	**(2.12)**	**(0.28)**	**(1.52)**

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

thyssenkrupp AG – Consolidated statement of comprehensive income

million €	1st half ended March 31, 2019[1]	1st half ended March 31, 2020	2nd quarter ended March 31, 2019[1]	2nd quarter ended March 31, 2020
Net income/(loss)	**(93)**	**(1,310)**	**(161)**	**(946)**
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	(437)	835	(356)	584
Tax effect	128	(290)	115	(223)
Other comprehensive income from remeasurements of pensions and similar obligations, net	(309)	545	(241)	361
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	**(309)**	**545**	**(241)**	**361**
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	193	(191)	131	(102)
Net realized (gains)/losses	(2)	0	(3)	0
Net unrealized (gains)/losses	190	(191)	127	(102)
Unrealized gains/(losses) from fair value measurement of debt instruments				
Change in unrealized gains/(losses), net	0	1	(1)	1
Net realized (gains)/losses	0	0	0	0
Tax effect	0	0	0	0
Net unrealized (gains)/losses	0	1	(1)	1
Unrealized gains/(losses) from impairment of financial instruments				
Change in unrealized gains/(losses), net	(4)	(2)	(3)	(2)
Net realized (gains)/losses	(2)	1	0	1
Tax effect	1	0	1	0
Net unrealized (gains)/losses	(5)	(1)	(2)	(1)
Unrealized gains/(losses) on cash flow hedges				
Change in unrealized gains/(losses), net	(30)	(90)	(35)	(70)
Net realized (gains)/losses	7	1	0	(2)
Tax effect	8	25	12	18
Net unrealized (gains)/losses	(15)	(64)	(23)	(55)
Share of unrealized gains/(losses) of investments accounted for using the equity-method	6	0	4	0
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	**176**	**(256)**	**105**	**(156)**
Other comprehensive income	**(133)**	**290**	**(136)**	**204**
Total comprehensive income	**(226)**	**(1,020)**	**(297)**	**(741)**

million €	1st half ended March 31, 2019[1]	1st half ended March 31, 2020	2nd quarter ended March 31, 2019[1]	2nd quarter ended March 31, 2020
Thereof:				
thyssenkrupp AG's shareholders	(271)	(1,002)	(321)	(719)
Non-controlling interest	45	(18)	24	(23)
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:				
Continuing operations	(560)	(760)	(455)	(419)
Discontinued operations[1]	289	(242)	134	(300)

See accompanying notes to consolidated financial statements.
[1] 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, 2018[1)]	**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)[1)]				(113)
Other comprehensive income				(309)
Total comprehensive income[1)]				**(422)**
Profit attributable to non-controlling interest				
Payment of thyssenkrupp AG dividend				(93)
Balance as of March 31, 2019[1)]	**622,531,741**	**1,594**	**6,664**	**(6,165)**
Balance as of Sept. 30, 2019	**622,531,741**	**1,594**	**6,664**	**(6,859)**
Adjustment due to the adoption of IFRS 16				(1)
Balance as of Oct. 1, 2019	**622,531,741**	**1,594**	**6,664**	**(6,860)**
Net income/(loss)				(1,320)
Other comprehensive income				545
Total comprehensive income				**(775)**
Profit attributable to non-controlling interest				
Other changes				5
Balance as of March 31, 2020	**622,531,741**	**1,594**	**6,664**	**(7,629)**

See accompanying notes to consolidated financial statements.
1) Figures have been adjusted (cf. Note 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**	**—**	**69**	**—**	**40**	**2,734**	**468**	**3,203**
		53				9	(5)	5
(34)	**8**	**53**	**69**	**0**	**40**	**2,744**	**463**	**3,208**
						(113)	20	(93)
165	0	(5)	(16)	0	6	(158)	25	(133)
165	**0**	**(5)**	**(16)**	**0**	**6**	**(271)**	**45**	**(226)**
						0	(6)	(6)
						(93)	0	(93)
131	**8**	**48**	**53**	**0**	**46**	**2,378**	**503**	**2,882**
187	**7**	**46**	**68**	**(1)**	**43**	**1,751**	**469**	**2,220**
						(1)	0	(1)
187	**7**	**46**	**68**	**(1)**	**43**	**1,750**	**469**	**2,219**
						(1,320)	10	(1,310)
(164)	0	(1)	(62)	(1)	0	318	(28)	290
(164)	**0**	**(1)**	**(62)**	**(1)**	**0**	**(1,002)**	**(18)**	**(1,020)**
						0	(15)	(15)
						5	(15)	(10)
24	**8**	**46**	**6**	**(2)**	**43**	**753**	**422**	**1,174**

thyssenkrupp AG – Consolidated statement of cash flows

million €	1st half ended March 31, 2019[1]	1st half ended March 31, 2020	2nd quarter ended March 31, 2019[1]	2nd quarter ended March 31, 2020
Net income/(loss)	**(93)**	**(1,310)**	**(161)**	**(946)**
Adjustments to reconcile net income/(loss) to operating cash flows:				
Income/(loss) from discontinued operations (net of tax)	(242)	180	(110)	258
Deferred income taxes, net	(37)	60	9	21
Depreciation, amortization and impairment of non-current assets	528	735	266	425
Income/(loss) from companies accounted for using the equity method, net of dividends received	(6)	(6)	(3)	(2)
(Gain)/loss on disposal of non-current assets	(30)	(7)	(23)	3
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes				
– Inventories	(696)	(62)	48	488
– Trade accounts receivable	(691)	14	(622)	(290)
– Contract assets	82	(294)	184	(166)
– Accrued pension and similar obligations	(49)	(103)	(19)	(19)
– Other provisions	(9)	(319)	132	39
– Trade accounts payable	(750)	(1,354)	570	67
– Contract liabilities	213	532	(69)	288
– Other assets/liabilities not related to investing or financing activities	(405)	(234)	(128)	(226)
Operating cash flows – continuing operations	**(2,183)**	**(2,168)**	**72**	**(58)**
Operating cash flows – discontinued operations	256	155	247	190
Operating cash flows	**(1,927)**	**(2,013)**	**319**	**132**
Purchase of investments accounted for using the equity method and non-current financial assets	(5)	(3)	(4)	(2)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(459)	(578)	(249)	(296)
Capital expenditures for intangible assets (inclusive of advance payments)	(56)	(32)	(33)	(19)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	1	0	1	0
Proceeds from disposals of property, plant and equipment and investment property	44	23	26	5
Proceeds from disposals of intangible assets	5	0	0	0
Cash flows from investing activities – continuing operations	**(470)**	**(589)**	**(260)**	**(312)**
Cash flows from investing activities – discontinued operations	(58)	(67)	(37)	(35)
Cash flows from investing activities	**(528)**	**(656)**	**(297)**	**(347)**

million €	1st half ended March 31, 2019[1]	1st half ended March 31, 2020	2nd quarter ended March 31, 2019[1]	2nd quarter ended March 31, 2020
Proceeds from issuance of bonds	1,500	0	1,500	0
Proceeds from liabilities to financial institutions	1,957	2,598	834	1,542
Repayments of liabilities to financial institutions	(1,900)	(1,008)	(1,798)	(492)
Lease liabilities	0	(66)	0	(34)
Proceeds from/(repayments on) loan notes and other loans	873	59	285	(207)
(Increase)/decrease in current securities	1	(1)	1	1
Payment of thyssenkrupp AG dividend	(93)	0	(93)	0
Profit attributable to non-controlling interest	(6)	(15)	(2)	(3)
Financing of discontinued operations	211	150	193	186
Other financing activities	8	11	(124)	(95)
Cash flows from financing activities – continuing operations	**2,550**	**1,729**	**795**	**897**
Cash flows from financing activities – discontinued operations	(203)	(197)	(198)	(205)
Cash flows from financing activities	**2,348**	**1,532**	**597**	**692**
Net increase/(decrease) in cash and cash equivalents	(107)	(1,137)	619	476
Effect of exchange rate changes on cash and cash equivalents	41	(52)	24	(38)
Cash and cash equivalents at beginning of year	3,006	3,706	2,297	2,079
Cash and cash equivalents at end of year	**2,941**	**2,517**	**2,941**	**2,517**
[thereof cash and cash equivalents within the discontinued operations]	[284]	[223]	[284]	[223]
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:				
Interest received	10	10	4	4
Interest paid	(146)	(158)	(84)	(130)
Dividends received	0	0	0	0
Income taxes paid[2]	(100)	(122)	(40)	(65)

See accompanying notes to consolidated financial statements.

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

[2] Therof €(42) million in 1st half 2019/2020 (previous year: €8 million) and €(3) million in 2nd quarter 2019/2020 (previous year: €20 million) included in cash flows from financing of discontinued operations.

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, 2019 to March 31, 2020, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on May 11, 2020.

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 March 31, 2020 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 2018 / 2019.

01 Recently adopted accounting standards

In fiscal year 2019 / 2020, thyssenkrupp adopted the following standard, interpretations and amendments to existing standards that, with the exception of IFRS 16, do not have a material impact on the Group's consolidated financial statements:

In January 2016, the IASB published the new accounting standard IFRS 16 Leases. The new standard replaces the previous classification of leases into operating and finance leases as a lessee and introduces a uniform accounting model for the lessee. Under the previous standard (IAS 17), lease obligations for operating leases were only to be disclosed in the notes. In accordance with IFRS 16, the rights and obligations resulting from leases must be recognized as a right-of-use of the leased asset and a corresponding lease liability in the lessee's statement of financial position.

This resulted in the following recognition and measurement principles:

A contract constitutes a lease if the contract conveys the lessee

- the right to control the use of an identified asset (the leased asset)
- for a specific period
- in exchange for a consideration.

Since October 1, 2019, the group as a lessee recognizes in general for all leases within the statement of financial position an asset for the right of use of the leased assets and a liability for the lease payment commitments at present value. These are primarily rentals of property and buildings, technical equipment and machinery, other plants and operating and office equipment. The right of use assets reported under property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Payments for non-lease components are not included in the determination of the lease liability. The lease liabilities reported under financial liabilities reflect the present value of the outstanding lease payments at the time the asset is made available for use. Lease payments are discounted at the interest rate implicit in the lease if it can be readily determined. Otherwise, they are discounted at the lessee's incremental borrowing rate. The derivation of the interest rate is based on the assumption that an adequate amount of funds will be raised over an adequate period of time in the amount of an asset comparable to the right of use asset, taking into account the economic environment and comparable collateral.

The lease liabilities include the following lease payments:

- Fixed payments, less lease incentives to be paid by the lessor;
- variable lease payments that are based on an index or an interest rate;
- expected amounts to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the exercise is reasonably certain and
- payment of penalties for the termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease .

Right-of-use assets are measured at cost, which are comprised as follows:

- Lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs, and
- dismantling obligations.

Subsequent measurement is performed at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the useful life of the underlying asset is shorter. If the lease agreement contains reasonably certain purchase options, the right of use is depreciated over the economic life of the underlying asset.

In subsequent measurement, the lease liability is compounded, and the corresponding interest expense is recognized in the financial result. The lease payments made reduce the carrying amount of the lease liability.

In accordance with the recognition exemptions, low-value leases of and short-term leases (less than twelve months) are recognized in the statement of income. thyssenkrupp has identified certain asset classes (e.g. PCs, telephones, printers, copiers) which regularly contain leased assets of low value. Outside these asset classes, only leased assets with a value of up to €5,000 are classified as low-value leased assets. Furthermore, the new regulations are not applied to leases of intangible assets. For contracts comprising a non-lease component as well as a lease component, each lease component must be accounted for separately from non-lease component as a lease. The lessee must allocate the contractually agreed-upon payment to the separate lease components based on the relative standalone selling price of the lease component and the aggregated standalone selling price of the non-lease components. In addition, intercompany leases will continue to be presented in the segment report according to IFRS 8 as operating leases in accordance with IAS 17.

The term of the lease is determined based on the non-cancellable lease term. Especially real estate leases contain extension and termination options. Such contractual conditions offer the greatest possible operational flexibility to the Group. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. Lease term modifications from the exercise or non-exercise of such options are only considered in the lease term if they are reasonably certain and are based on an event that is within the control of the lessee.

As a lessor in an operating lease, the group recognizes the leased asset as an asset at amortized cost under property, plant and equipment. The lease payments received during the period are recognized as lease income under sales and are amortized on a straight-line basis over the term of the lease.

As a lessor in a finance lease, the group recognizes a receivable in the statement of financial position at the amount equal to the present value of the discounted net investment in the lease adjusted for the unguaranteed residual value.

thyssenkrupp applies IFRS 16 for the first time for fiscal year 2019 / 2020 beginning on October 1, 2019. Use is made of the exemption option to apply IFRS 16 to all agreements that were previously identified as leases by applying IAS 17 and IFRIC 4.

The Group has applied the modified retrospective approach in accordance with IFRS 16.C5(b). In accordance with this approach the comparative prior-year figures do not have to be adjusted and the first-time adoption effects are recognized in retained earnings of thyssenkrupp as of October 1, 2019.

The Group recognized new assets and liabilities for its operating leases at the date of transition to IFRS 16. When applying the modified retrospective method, right of use assets were recognized at the initial recognition date at the carrying amounts of the lease liabilities adjusted for deferred lease payments. The lease liabilities were recognized at the present value of the lease payments outstanding at the date of first-time application, discounted at the lessee's incremental borrowing rate at the date of first-time application. thyssenkrupp made use of exemption options in the transition to IFRS 16 and treated leases with a remaining term of up to twelve months as short-term leases, left initial direct costs unaffected in the initial measurement of the right-of-use asset, and took current knowledge into account in determining the lease terms for agreements with extension and/or termination options. No impairment test in accordance with IAS 36 was carried out at the time of initial application. Instead, leases entered into immediately prior to October 1, 2019, were assessed in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" to determine whether they were onerous. No onerous contracts were identified.

The effects on the Group's previous finance leases were insignificant.

As of October 1, 2019, additional right-of-use assets in the amount of €1.0 billion and additional lease liabilities in the amount of €1.0 billion were recognized as part of the transition to IFRS 16.

Based on the operating lease commitments as of September 30, 2019, the reconciliation to the carrying amounts of the opening balance of the lease liabilities as of October 1, 2019 is as follows:

RECONCILIATION – IFRS 16

million €	
Operating lease commitments as of Sept. 30, 2019	**1,326**
Minimum lease payments (gross) finance lease as of Sept. 30, 2019	50
Practical expedient for short-term leases	(21)
Practical expedient for low-value leases	(10)
IAS 17 commitments not to be considered according to IFRS 16	(102)
Others	13
Gross lease liability as of Oct. 1, 2019	**1,256**
Interest charges	(200)
Lease liabilities as of Oct. 1, 2019	**1,056**
Finance lease liabilities as of Sept. 30, 2019	(37)
Additional lease liability due to initial application of IFRS 16 as of Oct. 1, 2019	**1,019**

Based on the operating lease commitments, payments for short-term leases in the amount of €21 million, payments for leases of low-value assets in the amount of €10 million, and payment obligations in accordance with IAS 17 for leases already signed as of September 30, 2019 in which the commencement of the underlying assets will take place at a later date in the amount of €102 million, were deducted.

The lease liabilities were discounted as of October 1, 2019 using the lessee’s incremental borrowing rate. The weighted average interest rate was 3.5%.

The effects of the first-time adoption of the new standards were recognized directly in equity at the date of transition but were not material for thyssenkrupp. This also applies to the effects in regard to deferred tax assets and deferred tax liabilities.

The statement of financial position as of March 31, 2020 and the statement of income for the 1st half ended March 31, 2020 and the 2nd quarter ended March 31, 2020, respectively were as follows:

LEASES IN THE STATEMENT OF FINANCIAL POSITION – CONTINUNING OPERATIONS

Assets € million	March 31, 2020
Total non-current assets	
Right-of-use assets – land	146
Right-of-use assets – buildings	453
Right-of-use assets – technical machinery and equipment	29
Right-of-use assets – other equipment, factory and office equipment	67
Right-of-use assets – investment property	1
Total	**696**

Equity and liabilities € million	March 31, 2020
Total non-current liabilities	
Lease liabilities	607
Total current liabilities	
Lease liabilities	98
Total	**705**

Furthermore right-of-use-assets in the amount of €316 million and lease liabilities in the amount of €312 million exist at the discontinued elevator operations that are included in balance sheet line item “assets held for sale“ and “liabilities associated with assets held for sale“, respectively.

LEASES IN THE STATEMENT OF INCOME – CONTINUING OPERATIONS

million €	1st half ended March 31, 2020	2nd quarter ended March 31, 2020
Other sales		
Income from operating lease	1	1
Lease expense		
Expense from short-term leases	19	9
Expense from leases for low-value assets	1	0
Expense from variable payments	1	0
Depreciation and amortization expense		
Depreciation of right-of-use assets	69	35
Financial income/(expense), net		
Interest expense from lease liabilities	9	5

Furthermore lease effects exist at the discontinued elevator operations that in the 1st half ended March 31, 2020 mainly result from the depreciation of the right-of-use assets in the amount of €35 million, expense from short-term lease of €5 million and interest expense from lease liabilities of €6 million. In the 2nd quarter ended March 31, 2020 lease effects mainly result from the depreciation of the right-of-use assets in the amount of €17 million, expense from short-term lease of €3 million and interest expense from lease liabilities of €3 million; these effects are included in the line item “income/(loss) from discontinued operations (net of tax)”.

Furthermore in fiscal year 2019 / 2020, 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:

- IFRIC 23: "Uncertainty over Income Tax Treatments", issued in June 2017
- Amendments to IFRS 9: "Financial Instruments", issued in October 2017
- Amendments to IAS 28: "Investments in Associates and Joint Ventures", issued in October 2017
- Annual-Improvements to IFRSs 2015–2017 Cycle, issued in December 2017
- Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement", issued in February 2018

02 Discontinued operations

Classification of the elevator operations as a "discontinued operation" in the 1st half ended March 31, 2020 and the 2nd quarter ended March 31, 2020, respectively

At the end of February 2020 thyssenkrupp signed an agreement with a consortium of Advent, Cinven and the RAG Foundation on the full sale of its Elevator Technology business. The purchase price (assuming closing of the transaction at June 30, 2020) is €17.2 billion. The closing of the transaction is subject to merger control approvals, although thyssenkrupp continues to expect no concerns from the responsible authorities. Even under the circumstances of the coronavirus pandemic, the closing of the transaction is expected by the end of the current fiscal year.

The transaction meets the criteria for presentation as a discontinued operation under IFRS 5. It encompasses the Elevator Technology business area and individual units from Corporate Headquarters. In accordance with IFRS 5, in the current reporting periods all expense and income of the discontinued elevator operations are reported separately in the income statement and all cash flows are reported separately in the statement of cash flows; prior-period figures are adjusted accordingly. In the statement of financial position, assets and liabilities attributable to the discontinued elevator operations are reported separately from the date of first-time classification as discontinued operation; prior-period figures are not adjusted. In connection with the initiated disposal, the assets and liabilities continue to be measured at their carrying amount as this is lower than the fair value less costs of disposal. On the classification as a discontinued operation, non-current assets are no longer amortized or depreciated; the effect thereof amounts to €18 million (before tax) in the 1st half ended March 31, 2020 and in the 2nd quarter ended March 31, 2020, respectively.

The assets and liabilities of the discontinued elevator operations are presented in the table below:

DISCONTINUED ELEVATOR OPERATIONS

million €	March 31, 2020
Intangible assets	1,925
Property, plant and equipment (inclusive of investment property)	823
Investments accounted for using the equity method	3
Other financial assets	6
Other non-financial assets	43
Deferred tax assets	164
Inventories	648
Trade accounts receivable	1,404
Contract assets	502
Other current financial assets	34
Other current non-financial assets	267
Current income tax assets	97
Cash and cash equivalents	223
Assets held for sale	**6,137**
Accrued pension and similar obligations	355
Provisions for other employee benefits	17
Other non-current provisions	147
Deferred tax liabilities	121
Non-current financial debt	239
Provisions for current employee benefits	136
Other current provisions	346
Current income tax liabilities	96
Current financial debt	78
Trade accounts payable	559
Other current financial liabilities	62
Contract liabilities	1,834
Other current non-financial liabilities	690
Liabilities associated with assets held for sale	**4,678**

The results of the discontinued elevator operations are the following:

DISCONTINUED ELEVATOR OPERATIONS

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020
Sales	3,793	3,905	1,870	1,861
Other income	66	30	30	15
Expenses	(3,494)	(3,665)	(1,731)	(1,783)
Ordinary income/(loss) from discontinued operations (before tax)	**364**	**270**	**169**	**93**
Income tax (expense)/income	(122)	(450)	(59)	(351)
Ordinary income/(loss) from discontinued operations (net of tax)	**242**	**(180)**	**110**	**(258)**
Gain/(loss) recognized on disposal of discontinued operations (before tax)	0	0	0	0
Income tax (expense)/income	0	0	0	0
Gain/(loss) recognized on disposal of discontinued operations (net of tax)	**0**	**0**	**0**	**0**
Income/(loss) from discontinued operations (net of tax)	**242**	**(180)**	**110**	**(258)**
Thereof:				
thyssenkrupp AG's shareholders	242	(180)	110	(257)
Non-controlling interest	0	0	0	0

Tax expense of the discontinued elevator operations in the 1st half ended March 31, 2020 reflects impairment of the deferred tax assets attributable to this area in the amount of €323 million. This mainly relates to the impairment of deferred tax assets related to the "thyssenkrupp" mark. In connection with the full sale of the elevator business, an agreement was reached to reverse the transfer of rights of use of the thyssenkrupp mark which were originally transferred by thyssenkrupp AG to thyssenkrupp Elevator AG. An impairment loss has to be recognized for this reversal because insufficient taxable income will be available in the future.

Reclassification of discontinued steel operations in the 3rd quarter ended June 30, 2019

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 met the criteria for presentation as a discontinued operation in accordance with IFRS 5 and had to be reclassified accordingly for the total fiscal year 2018 / 2019 beginning with the interim financial statements of the 3rd quarter ended June 30, 2019. Under IFRS 5, the reporting had to be adjusted in such a way that in the statement of income and in the statement of cash flows the discontinued steel operations were no longer reported separately. An element of the required adjustments were also the retrospective recognition of amortization and depreciation not charged due to classification as a discontinued operation, amounting to €228 million in the 1st quarter half ended March 31, 2019 and to €113 million in the 2nd quarter ended March 31, 2019 (before tax).

03 Goodwill, other intangible assets and property, plant and equipment

Goodwill

Under the requirements of IAS 36, an impairment test must be performed when specific indicators (triggering events) are identified. On account of its significant negative impacts on the earnings forecasts of the cash generating units (CGUs) allocated to the business areas, the coronavirus pandemic is a triggering event for an impairment test of the goodwill allocated to the respective CGUs (excluding goodwill of equity-method investments). Per March 31, 2020 the thyssenkrupp Group has identified 16 CGUs with goodwill. As of March 31, 2020, total goodwill of the continuing operations amounts to €2,261 million and that of the discontinued operations to €1,669 million. The annual impairment test carried out at September 30, 2019 based on financial budgets approved by thyssenkrupp AG's management covering a three-year period confirmed the recoverability of all goodwill allocated to the CGUs. In a first step the approved three-year budget for each CGU with goodwill was tested for validity against the background of the coronavirus pandemic. In particular the recoverability of goodwill allocated to the CGUs Steering (Automotive Technology business area) and Steel Europe (Steel Europe business area) was classified as critical on account of material variances in the short- and medium-term earnings and cash flow forecast. For this reason, in a second step a further impairment test was performed for both CGUs as per March 31, 2020. The recoverable amount of the CGUs was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections, particularly for the current and next fiscal year, corresponding to the management's current estimates taking particular account of the coronavirus pandemic. The last budget year is used to calculate the perpetuity based on a business-specific, sustained growth rate. The growth rate for the CGUs concerned is 1.35% (Sept. 30, 2019: 1.35%). The weighted average cost of capital discount rate is based on a risk-free interest rate of 0.1% (Sept. 30, 2019: 0.1%) and a market risk premium of 7.5% (Sept. 30, 2019: 6.75%). In addition, the beta, the cost of debt and the capital structure are taken into account, derived individually for each CGU on the basis of a corresponding peer group. CGU specific tax rates and country risk premiums are also applied. Cash flows are discounted using after-tax discount rates, from which pre-tax discount rates are then determined based on an iterative calculation.

The table below summarizes the main parameters and assumptions of the critical goodwill tested as of March 31, 2020 due to the effects of the coronavirus:

CRITICAL GOODWILL

CGU (Business Area)	Carrying amount of goodwill allocated to CGU in million €	Carrying amount of CGU in million €	Recoverable amount of CGU in million €	Pre-tax discount rate in %	Key assumptions
Steel Europe (Steel Europe)	306	5,630	5,650	7.9	- Significantly reduced shipment and price expectations in current and next fiscal year due to coronavirus pandemic - From 2021 / 2022 slowly but continuously stabilizing market environment until achievement of adequate margins from 2023 / 2024 - Taking into account increase in positive effects from the communicated Strategy 20-30 leads to a sustainable improvement in results by 2024 / 2025
Steering (Automotive Technology)	108	1,625	1,667	9.8	- Substantial reduction in sales volumes in 2nd half of current fiscal year and significant adjustment of sales forecast for 2020 / 2021 - From 2021 / 2022 recovery of market environment and return to previous growth track in steering systems business by 2023 / 2024 - After severe coronavirus effects up to 2020 / 2021 continuous recovery in margins until achievement of industry-specific target level in 2023 / 2024

For both CGUs the recoverable amount therefore exceeds the carrying amount by less than 10%.

At Steel Europe both an increase in the after-tax discount rate by 1 percentage point (reduction of the recoverable amount by Δ€(1,291) million) and a decrease in the sustainable perpetuity growth rate by 0.5 percentage points (Δ€(495) million reduction) would trigger impairment. The same applies in the event of a 10% (Δ€(668) million) decrease in the operating earnings (as per statement of income) assumed for the perpetuity calculation.

At Steering, too, both an increase in the after-tax discount rate by 1 percentage point (Δ€(294) million reduction in recoverable amount) and a decrease in the sustainable perpetuity growth rate by 0.5 percentage points (Δ€(84) million reduction) would trigger impairment. The same applies in the event of a 10% (Δ€(193) million) decrease in the operating earnings (as per statement of income) assumed for the perpetuity calculation.

Other intangible assets and property, plant and equipment

Based on the coronavirus pandemic as a triggering event, other intangible assets and property, plant and equipment were also tested for impairment. This resulted in impairment losses in the following areas in the 2nd quarter ended March 31, 2020:

At Steering in the Automotive Technology business area, impairment losses in the total amount of €18 million were recognized on technical machinery and equipment due to revaluation of an order at a Chinese site owing to reduced customer demand and higher costs of capital. The relevant recoverable amounts used to determine the impairment loss in each case correspond to the respective values in use amounting to €18 million in total and which were determined applying a discount rate (after taxes) of 7.88%. Also in the Automotive Technology business area, at Dampers in Germany coronavirus-related lower earnings expectations and higher costs of capital led to the recognition of impairment losses of €37 million on technical machinery and equipment, €10 million on other equipment, factory and office equipment, and €3 million on construction in progress. The relevant recoverable amounts used to determine the impairment loss in each case correspond to the respective values in use amounting to €(60) million in total and which were determined applying a discount rate (after taxes) of 8.53%.

At Forged Technologies in the Industrial Components business area, changed parameters on the Chinese market – triggered directly by the coronavirus and also driven by sales reductions mainly attributable to the tariff disputes between the USA and China – necessitated the recognition of impairment losses of €5 million on buildings, €40 million on technical machinery and equipment, and €2 million on other equipment, factory and office equipment. The relevant recoverable amounts used to determine the impairment loss in each case correspond to the respective values in use amounting to €73 million in total and which were determined applying a discount rate (after taxes) of 7.72%.

04 Deferred tax assets

Deferred tax assets for deductible temporary differences of the German tax group of thyssenkrupp AG (especially in connection with pensions and similar obligations) are recognized in the amount of €566 million because management expects that sufficient long-term taxable income will be available to utilize them. For this individual planning assumptions were validated and uncertainties above all relating to the coronavirus pandemic were appropriately taken into consideration.

05 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 March 31, 2020.

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2019	March 31, 2020
Accrued pension obligations	8,688	7,699
Partial retirement	209	256
Other accrued pension-related obligations	50	54
Reclassification due to the presentation as liabilities associated with assets held for sale	0	(355)
Total	**8,947**	**7,654**

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

WEIGHTED AVERAGE ASSUMPTIONS

	Sept. 30, 2019			March 31, 2020		
in %	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	0.70	1.42	0.88	1.60	1.66	1.62

06 Other provisions

The restructuring provisions included in other provisions increased by €57 million to €257 million compared with September 30, 2019. The additions in the amount of €199 million mainly relate to Automotive Technology, Steel Europe, Materials Services and Corporate Headquarters. In addition liabilities associated with assets held for sale as of March 31, 2020 include restructuring provisions of €67 million, of which €14 million was added in the 1st half.

As of September 30, 2019 other provisions included the provision recognized in connection with the investigations by the Federal Cartel Office into thyssenkrupp Steel Europe AG in the heavy plate case. Following receipt of the fine notice in the amount of €370 million in December 2019, the provision was utilized in full in the 1st quarter ended December 31, 2019 through payment of the fine. The proceedings with the Federal Cartel Office authorities have thus been terminated by mutual agreement.

In connection with the elevator cartel, potentially injured parties have asserted claims for damages against thyssenkrupp AG and companies of the thyssenkrupp Group in and out of court. Since September 30, 2019 further claims have been quantified. A majority of the proceedings have now been dealt with through settlement, withdrawal or dismissal of the claims. Legal cases are still pending in Austria, Belgium and the Netherlands. They are at different stages of proceedings. thyssenkrupp has recognized provisions for the portion of the pending claims which thyssenkrupp believes will probably result in cash outflows.

07 Financial debt

The existing commercial paper program with a maximum emission volume of €3.0 billion was drawn in the amount of €0.8 billion as of March 31, 2020.

08 Contingencies and commitments

Contingencies

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

CONTINGENCIES

million €	Maximum potential amount of future payments as of March 31, 2020	Provision as of March 31, 2020
Advance payment bonds	20	1
Performance bonds	1	0
Other guarantees	5	0
Total	**26**	**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.

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, 2019, purchasing commitments decreased by approx. €0.8 billion to €0.5 billion.

In connection with the majority interest formerly held by the Industrial Solutions business area in the Greek shipyard Hellenic Shipyards (HSY) and the construction of submarines for the Greek Navy, the Greek government filed legal and arbitration actions to claim reimbursement of a €115 million installment payment from thyssenkrupp Industrial Solutions AG and thyssenkrupp Marine Systems GmbH as well as from HSY and the current majority shareholders of HSY. The case was closed with final legal effect at the end of 2019 without any payment obligation for the aforesaid thyssenkrupp companies.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2018 / 2019.

09 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 €14,256 million as of March 31, 2020 (Sept. 30, 2019: €14,876 million) have a fair value of €13,731 million (Sept. 30, 2019: €14,995 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, 2019

million €	Sept. 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	126	0	126	0
Derivatives qualifying for hedge accounting	7	0	7	0
Equity instruments	13	9	4	0
Fair value recognized in equity				
Trade accounts receivable	**1,187**			**1,187**
Debt instruments	20	17	3	0
Derivatives qualifying for hedge accounting	120	0	120	0
Total	**1,472**	**26**	**259**	**1,187**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	161	0	161	0
Derivatives qualifying for hedge accounting	20	0	20	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	20	0	20	0
Total	**202**	**0**	**202**	**0**

FAIR VALUE HIERARCHY AS OF MARCH 31, 2020

million €	March 31, 2020	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	186	0	186	0
Derivatives qualifying for hedge accounting	0	0	0	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**1,237**			**1,237**
Debt instruments	18	18	0	0
Derivatives qualifying for hedge accounting	10	0	10	0
Total	**1,462**	**25**	**201**	**1,237**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	173	0	173	0
Derivatives qualifying for hedge accounting	0	0	0	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	97	0	97	0
Total	**270**	**0**	**270**	**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. For the trade accounts receivable classified as level 3, the fair value equals the carrying amount less impairment losses recognized in comprehensive income.

Impairment of trade accounts receivable and contract assets

thyssenkrupp has developed two models to determine expected credit losses, in particular expected default rates for trade accounts receivable. The expected default rates are essentially derived from external credit information and ratings for each counterparty. While a comparison of the external credit information and ratings as at April 1, 2020 against the information available at the beginning of March 2020 identified isolated deteriorations in the ratings, many external credit reports remained unchanged or even improved. We therefore conclude that the coronavirus pandemic has no material effect on the modeling of the probability of default of the Group's major customers and thus on the impairment of the receivables. This applies to approx. 50% of the receivables of the Group excluding the discontinued elevator operations. However, credit insurers expect the coronavirus pandemic to result in an increased number of insolvencies, which will more likely affect small and medium-size businesses. Based on the forecast rise in insolvencies, an adjustment to the impairment was calculated and recognized for the remaining 50% of the receivables of the Group excluding the discontinued elevator operations and for the total accounts receivable and contract assets of the discontinued elevator operations.

10 Segment reporting

In connection with the strategic realignment "newtk", the following changes have been made to the organizational and reporting structure since October 1, 2019:

The former business area Components Technology has been focused on the automotive business since October 1, 2019 and renamed Automotive Technology. A new addition to the business area is System Engineering, which develops among other things production lines for the auto industry and was part of Industrial Solutions up to September 30, 2019. The Bearings and Forged Technologies businesses have been removed from Components Technology. The two units now report under the name Industrial Components. Industrial Solutions has been renamed Plant Technology and comprises our chemical plant, cement plant and mining equipment businesses. The administrative units of Corporate and the regions are presented as Corporate Headquarters. In addition the Service Units and Special Units have been combined with consolidation items and are presented separately in the new reporting line "Reconciliation".

The prior-period figures are adjusted accordingly.

Segment information for the 1st half ended March 31, 2019 and 2020, respectively and for the 2nd quarter ended March 31, 2019 and 2020, respectively is as follows:

SEGMENT INFORMATION[1)]

million €	Automotive Technology	Industrial Components	Elevator Technology[2)]	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters[3)]	Reconciliation[4)]	Group
1st half ended March 31, 2019										
Net sales	2,591	1,214	3,793	1,275	795	6,951	3,744	0	10	20,374
Internal sales within the Group	(2)	9	0	9	0	133	736	2	(886)	0
Total sales	2,589	1,223	3,793	1,284	795	7,084	4,481	1	(876)	20,374
EBIT	9	98	368	(63)	0	72	(84)	(139)	(48)	213
Adjusted EBIT	22	100	402	(60)	0	75	76	(118)	(40)	457
1st half ended March 31, 2020										
Net sales	2,631	1,107	3,905	1,487	805	6,313	3,524	0	10	19,781
Internal sales within the Group	3	10	0	5	(1)	121	481	2	(623)	0
Total sales	2,634	1,117	3,905	1,492	805	6,434	4,005	1	(613)	19,781
EBIT	(208)	47	375	(46)	(2)	24	(497)	(262)	(10)	(578)
Adjusted EBIT	(28)	96	402	(38)	2	38	(372)	(129)	(2)	(30)
2nd quarter ended March 31, 2019										
Net sales	1,358	645	1,870	663	497	3,633	1,967	0	5	10,638
Internal sales within the Group	0	5	0	6	0	64	383	1	(457)	0
Total sales	1,358	650	1,869	669	497	3,696	2,350	1	(452)	10,638
EBIT	0	56	169	(26)	0	51	(118)	(64)	(36)	32
Adjusted EBIT	9	57	198	(30)	0	53	37	(55)	(29)	240
2nd quarter ended March 31, 2020										
Net sales	1,267	567	1,861	738	423	3,352	1,895	0	3	10,108
Internal sales within the Group	0	6	(1)	(1)	0	36	258	1	(300)	0
Total sales	1,267	573	1,860	737	423	3,389	2,154	1	(297)	10,108
EBIT	(130)	5	168	(27)	(2)	14	(332)	(159)	0	(462)
Adjusted EBIT	(49)	52	174	(21)	2	28	(208)	(63)	4	(80)

1) Figures of 2018/2019 have been adjusted.
2) Discontinued operation
3) Includes discontinued elevator operations
4) Includes in the 1st half and 2nd quarter ended March 31, 2020 the effect of the non-current assets that are no longer amortized or depreciated at Elevator Technology.

Compared with September 30, 2019, average capital employed increased by €515 million to €1,807 million at Elevator Technology (discontinued elevator operations), by €(49) million to €(201) million at Plant Technology and by €278 million to €1,206 million at Marine Systems as of March 31, 2020.

The column “Reconciliation” breaks down as following:

BREAKDOWN RECONCILIATION[1]

million €	Service Units	Special Units	Consoli-dation	Reconciliation
1st half ended March 31, 2019				
Net sales	9	2	0	10
Internal sales within the Group	132	57	(1,075)	(886)
Total sales	141	59	(1,075)	(876)
EBIT	(21)	(15)	(12)	(48)
Adjusted EBIT	(21)	(10)	(9)	(40)
1st half ended March 31, 2020				
Net sales	8	2	0	10
Internal sales within the Group	126	66	(814)	(623)
Total sales	134	68	(815)	(613)
EBIT	(16)	(13)	19	(10)
Adjusted EBIT	(15)	(6)	19	(2)
2nd quarter ended March 31, 2019				
Net sales	4	1	0	5
Internal sales within the Group	75	29	(561)	(457)
Total sales	79	31	(561)	(452)
EBIT	(9)	(11)	(16)	(36)
Adjusted EBIT	(10)	(7)	(13)	(29)
2nd quarter ended March 31, 2020				
Net sales	3	1	0	3
Internal sales within the Group	66	33	(399)	(300)
Total sales	69	34	(399)	(297)
EBIT	(8)	(11)	19	0
Adjusted EBIT	(9)	(6)	19	4

[1] Figures of 2018/2019 have been adjusted.

The Service Units mainly include Global Shared Services, Regional Services Germany and Corporate Services. The Special Units include asset management for the Group’s real estate, cross-business area technology projects as well as non-operating entities needed for example for Group financing.

The reconciliations of net sales and of the earnings figure EBIT to EBT according to the statement of income are presented below:

RECONCILIATION NET SALES

million €	1st half ended March 31, 2019	1st half ended March 31, 2020	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2020
Net sales as presented in segment reporting	**20,374**	**19,781**	**10,638**	**10,108**
– Net sales discontinued elevator operations	(3,793)	(3,905)	(1,870)	(1,861)
Net sales as presented in the statement of income	**16,581**	**15,876**	**8,768**	**8,247**

RECONCILIATION EBIT TO EBT

million €	1st half ended March 31, 2019[1]	1st half ended March 31, 2020	2nd quarter ended March 31, 2019[1]	2nd quarter ended March 31, 2020
Adjusted EBIT as presented in segment reporting	**457**	**(30)**	**240**	**(80)**
Special items[2]	(244)	(548)	(207)	(382)
EBIT as presented in segment reporting	**213**	**(578)**	**32**	**(462)**
+ Finance income	333	710	137	504
– Finance expense	(505)	(881)	(226)	(581)
+ Items of finance expense assigned to EBIT based on economic classification	4	5	2	2
EBT-Group	**45**	**(743)**	**(55)**	**(537)**
– EBT discontinued elevator operations	(364)	(270)	(169)	(93)
EBT from continuing operations as presented in the statement of income	**(320)**	**(1,012)**	**(224)**	**(630)**

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

11 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st half ended March 31, 2019[1)]									
Sales from sale of finished products	1,712	1,043	295	8	1,516	4,126	0	(719)	7,981
Sales from sale of merchandise	279	144	18	8	5,228	129	0	(90)	5,717
Sales from rendering of services	123	5	221	19	332	82	1	(77)	706
Sales from construction contracts	467	0	708	743	0	1	0	(14)	1,905
Other sales from contracts with customers	9	34	36	17	58	148	0	(4)	297
Subtotal sales from contracts with customers	**2,590**	**1,225**	**1,278**	**795**	**7,133**	**4,486**	**1**	**(904)**	**16,605**
Other sales	(1)	(2)	5	0	(49)	(5)	0	28	(24)
Total	**2,589**	**1,223**	**1,284**	**795**	**7,084**	**4,481**	**1**	**(876)**	**16,581**
1st half ended March 31, 2020									
Sales from sale of finished products	1,865	967	80	19	1,431	3,707	0	(467)	7,600
Sales from sale of merchandise	226	126	20	15	4,352	108	0	(65)	4,782
Sales from rendering of services	115	4	183	24	338	75	1	(77)	664
Sales from construction contracts	422	0	1,190	745	0	0	0	(4)	2,352
Other sales from contracts with customers	7	23	24	3	55	119	0	(5)	225
Subtotal sales from contracts with customers	**2,634**	**1,121**	**1,496**	**806**	**6,176**	**4,008**	**1**	**(618)**	**15,623**
Other sales	0	(4)	(4)	(1)	259	(3)	0	6	253
Total	**2,634**	**1,117**	**1,492**	**805**	**6,434**	**4,005**	**1**	**(613)**	**15,876**

SALES

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
2nd quarter ended March 31, 2019									
Sales from sale of finished products	887	550	233	3	819	2,166	0	(372)	4,285
Sales from sale of merchandise	140	76	9	1	2,768	56	0	(47)	3,002
Sales from rendering of services	65	3	87	11	172	53	1	(41)	351
Sales from construction contracts	262	0	312	466	0	0	0	(10)	1,030
Other sales from contracts with customers	4	22	28	16	28	76	0	(1)	172
Subtotal sales from contracts with customers	**1,358**	**649**	**670**	**497**	**3,786**	**2,351**	**1**	**(472)**	**8,841**
Other sales	0	0	(1)	0	(90)	(2)	0	21	(73)
Total	**1,358**	**650**	**669**	**497**	**3,696**	**2,350**	**1**	**(452)**	**8,768**
2nd quarter ended March 31, 2020									
Sales from sale of finished products	890	495	35	13	762	1,994	0	(251)	3,938
Sales from sale of merchandise	110	68	11	0	2,332	56	0	(32)	2,546
Sales from rendering of services	56	3	72	11	163	38	1	(42)	302
Sales from construction contracts	211	0	614	397	0	0	0	(2)	1,220
Other sales from contracts with customers	4	10	12	2	26	64	0	(3)	115
Subtotal sales from contracts with customers	**1,270**	**576**	**744**	**423**	**3,284**	**2,153**	**1**	**(330)**	**8,121**
Other sales	(3)	(3)	(6)	0	105	1	0	33	126
Total	**1,267**	**573**	**737**	**423**	**3,389**	**2,154**	**1**	**(298)**	**8,247**

[1] Figures have been adjusted (cf. Note 02 and 10).

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st half ended March 31, 2019[1)]									
Automotive	2,483	496	0	0	1,148	1,327	0	(154)	5,301
Trading	61	48	1	154	984	964	0	(463)	1,750
Engineering	18	631	503	8	732	159	0	(65)	1,986
Steel and related processing	3	10	33	0	1,387	1,019	0	(210)	2,241
Construction	0	7	0	0	340	18	0	0	365
Public sector	0	2	0	604	32	18	0	0	657
Packaging	0	1	6	0	52	645	0	0	703
Energy and utilities	0	4	50	0	100	137	0	0	290
Other customer groups	25	26	686	30	2,357	199	0	(11)	3,311
Total	**2,590**	**1,225**	**1,278**	**795**	**7,133**	**4,486**	**1**	**(904)**	**16,605**
1st half ended March 31, 2020									
Automotive	2,473	374	0	0	902	1,223	1	(51)	4,923
Trading	116	39	18	233	1,039	983	0	(395)	2,034
Engineering	19	646	760	6	613	142	0	(57)	2,129
Steel and related processing	3	16	19	0	1,216	803	0	(115)	1,942
Construction	0	9	0	0	304	16	0	(16)	313
Public sector	0	2	1	543	25	0	0	(8)	562
Packaging	0	1	2	0	48	568	0	(6)	612
Energy and utilities	0	8	34	0	60	109	0	(1)	210
Other customer groups	23	26	662	24	1,968	164	0	31	2,898
Total	**2,634**	**1,121**	**1,496**	**806**	**6,176**	**4,008**	**1**	**(618)**	**15,623**

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
2nd quarter ended March 31, 2019									
Automotive	1,320	262	0	0	584	696	1	(69)	2,794
Trading	34	26	0	87	536	513	0	(241)	955
Engineering	6	337	285	6	436	83	0	(35)	1,119
Steel and related processing	1	5	29	0	706	537	0	(116)	1,163
Construction	0	1	0	0	164	3	0	2	171
Public sector	0	1	0	388	15	9	0	3	416
Packaging	0	0	3	0	33	331	0	1	369
Energy and utilities	0	3	31	0	43	71	0	0	148
Other customer groups	(4)	14	323	16	1,267	109	0	(18)	1,707
Total	**1,358**	**649**	**670**	**497**	**3,786**	**2,351**	**1**	**(472)**	**8,841**
2nd quarter ended March 31, 2020									
Automotive	1,191	196	0	0	472	607	1	(29)	2,438
Trading	61	15	5	113	534	565	0	(199)	1,095
Engineering	11	336	395	3	320	82	0	(36)	1,111
Steel and related processing	1	8	10	0	664	435	0	(53)	1,065
Construction	0	5	0	0	157	8	0	(8)	161
Public sector	0	1	0	298	11	0	0	(4)	307
Packaging	0	0	1	0	22	305	0	(3)	325
Energy and utilities	0	3	15	0	35	58	0	(1)	111
Other customer groups	6	12	316	9	1,067	92	0	4	1,506
Total	**1,270**	**576**	**744**	**423**	**3,284**	**2,153**	**1**	**(330)**	**8,121**

[1] Figures have been adjusted (cf. Note 02 and 10).

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st half ended March 31, 2019[1)]									
German-speaking area[2)]	963	250	91	127	2,373	2,481	0	(516)	5,770
Western Europe	338	270	51	35	1,845	970	0	(252)	3,258
Central and Eastern Europe	139	24	68	1	908	300	0	(66)	1,375
Commonwealth of Independent States	6	9	61	1	26	33	0	0	135
North America	532	342	139	3	1,578	355	0	(71)	2,879
South America	65	81	87	3	24	67	0	0	327
Asia / Pacific	38	36	247	212	195	46	0	(2)	773
Greater China	481	175	122	0	44	68	0	0	890
India	5	28	105	21	20	29	0	0	209
Middle East & Africa	23	10	306	392	119	137	0	1	989
Total	**2,590**	**1,225**	**1,278**	**795**	**7,133**	**4,486**	**1**	**(904)**	**16,605**
1st half ended March 31, 2020									
German-speaking area[2)]	818	217	103	167	2,374	2,148	1	(419)	5,409
Western Europe	477	217	60	55	1,380	803	0	(65)	2,927
Central and Eastern Europe	151	21	226	0	724	321	0	(26)	1,419
Commonwealth of Independent States	7	11	63	0	18	47	0	(2)	145
North America	586	264	141	3	1,301	294	0	(58)	2,529
South America	61	69	104	7	13	53	0	(7)	300
Asia / Pacific	21	39	345	182	177	32	0	(10)	786
Greater China	478	255	85	0	45	84	0	(19)	929
India	9	18	140	18	36	24	0	(4)	241
Middle East & Africa	26	9	230	374	107	200	0	(10)	937
Total	**2,634**	**1,121**	**1,496**	**806**	**6,176**	**4,008**	**1**	**(618)**	**15,623**

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
2nd quarter ended March 31, 2019									
German-speaking area[2]	504	139	52	75	1,224	1,324	1	(273)	3,047
Western Europe	185	146	28	15	1,047	499	0	(132)	1,787
Central and Eastern Europe	83	13	39	1	486	157	0	(38)	741
Commonwealth of Independent States	2	4	40	1	16	20	0	0	83
North America	272	178	82	2	828	183	0	(38)	1,507
South America	37	44	50	1	15	36	0	1	184
Asia / Pacific	23	20	138	124	99	18	0	0	424
Greater China	237	86	27	0	15	30	0	3	398
India	2	15	66	9	9	15	0	1	116
Middle East & Africa	13	3	150	267	48	68	0	3	553
Total	**1,358**	**649**	**670**	**497**	**3,786**	**2,351**	**1**	**(472)**	**8,841**
2nd quarter ended March 31, 2020									
German-speaking area[2]	415	116	51	77	1,290	1,169	1	(211)	2,909
Western Europe	257	116	31	23	749	382	0	(39)	1,519
Central and Eastern Europe	54	12	115	0	387	180	0	(17)	731
Commonwealth of Independent States	3	4	35	0	9	36	0	(2)	86
North America	304	138	65	2	666	142	0	(34)	1,283
South America	30	37	44	4	4	26	0	(4)	141
Asia / Pacific	12	17	179	96	81	15	0	(7)	393
Greater China	176	123	34	0	18	53	0	(8)	396
India	4	10	81	10	22	12	0	(3)	135
Middle East & Africa	15	4	109	213	57	137	0	(7)	529
Total	**1,270**	**576**	**744**	**423**	**3,284**	**2,153**	**1**	**(330)**	**8,121**

[1] Figures have been adjusted (cf. Note 02 and 10).
[2] Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers, €2,726 million (prior year: €2,372 million) results in the 1st half ended March 31, 2019 and 2020, respectively and €1,515 million (prior year: €1,275 million) results in the 2nd quarter ended March 31, 2019 and 2020, respectively from long-term contracts, while €12,896 million (prior year: €14,233 million) results in the 1st half ended March 31, 2019 and 2020, respectively and €6,606 million (prior year: €7,566 million) results in the 2nd quarter ended March 31, 2019 and 2020, respectively from short-term contracts, €2,935 million (prior year: €2,896 million) in the 1st half ended March 31, 2019 and 2020, respectively and €1,385 million (prior year: €1,498 million) in the 2nd quarter ended March 31, 2019 and 2020, respectively related to sales recognized over time, and €12,688 million (prior year: €13,709 million) in the 1st half ended March 31, 2019 and 2020, respectively and €6,736 million (prior year: €7,343 million) in the 2nd quarter ended March 31, 2019 and 2020, respectively related to sales recognized at a point in time.

12 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	1st half ended March 31, 2019[1]		1st half ended March 31, 2020		2nd quarter ended March 31, 2019[1]		2nd quarter ended March 31, 2020	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Income/(loss) from continuing operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	(355)	(0.57)	(1,140)	(1.83)	(283)	(0.46)	(691)	(1.11)
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	242	0.39	(180)	(0.29)	110	0.18	(257)	(0.41)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**(113)**	**(0.18)**	**(1,320)**	**(2.12)**	**(173)**	**(0.28)**	**(948)**	**(1.52)**
Weighted average shares	622,531,741		622,531,741		622,531,741		622,531,741	

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

There were no dilutive securities in the periods presented.

13 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 inclusive of cash and cash equivalents attributable to the discontinued operation. As of March 31, 2020 cash and cash equivalents of €67 million (prior year: €34 million) result from the joint operation HKM.

14 Subsequent events

At the end of April 2020, thyssenkrupp decided on a major restructuring of the German sites of the Springs and Stabilizers business in the Automotive Technology business area. Under the restructuring plan, production of stabilizers at the Olpe site will be discontinued by the end of 2021. Production at the Hagen site is to be realigned. The restructuring will impact around 490 jobs, for which a reconciliation of interests and a social plan are to be agreed with the employee representatives in the coming weeks.

On May 8, 2020 thyssenkrupp concluded a credit line of €1 billion from the KfW special program with a consortium of KfW and other banks. The credit line will additionally secure liquidity during the coronavirus pandemic until the cash inflow from the sale of the Elevator Technology business area before the end of this fiscal year.

Essen, May 11, 2020

thyssenkrupp AG
The Executive Board

Merz

Burkhard

Keysberg

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected explanatory notes – and the interim group management report of thyssenkrupp AG, Duisburg and Essen, for the period from October 1, 2019, to March 31, 2020, which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz" German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Essen, May 11, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Responsibility statement

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

Essen, May 11, 2020

thyssenkrupp AG
The Executive Board

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Additional information

Contact and 2020 / 2021 financial calendar

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2020 / 2021 financial calendar

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

November 19, 2020
Annual report 2019 / 2020 (October to September)

February 5, 2021
Annual General Meeting

February 10, 2021
Interim report 1st quarter 2020 / 2021 (October to December)

May 12, 2021
Interim report 1st half 2020 / 2021 (October to March)

This interim report was published on May 12, 2020.
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.

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