

**Sales Force Briefing
Bankgesellschaft Berlin**

January 9, 2004
Frankfurt / Main

ThyssenKrupp



Group Overview (I)

		FY			
		2001/02	2002/03	Change	Change in %
Order intake	€m	36,404	36,047	-357	-1.0
Sales	€m	36,698	36,137	-561	-1.5
EBITDA	€m	2,648	2,454	-194	-7.3
EBIT	€m	1,046	905	-141	-13.5
EBT	€m	762	714	-48	-6.3
Normalized EBT	€m	419	734	315	75.2
Net income	€m	216	512	296	137.0
Basic EPS	€	0.42	1.01	0.59	140.5
Normalized EPS	€	0.48	0.89	0.41	85.4



Group Overview (II)

		FY			
		2001/02	2002/03	Change	Change in %
Capital employed	Ø €m	21,001	19,496	-1,505	-7.2
ROCE	in %	7.0	6.9	-0.1%-p.	-1.4
EVA	€m	(413)	(413)	0	0.0
Capex	€m	1,777	1,604	-173	-9.7
Deprec./amort.	€m	1,949	1,549	-400	-20.5
Net cash from operating activities	€m	2,454	2,027	-427	-17.4
Free cash flow	€m	1,908	858	-1,050	-55.0
Employees (Sept. 30)		191,254	190,102	-1,152	-0.6



2002/03 – Overview (I)

Major achievements in the segments

- Price stabilization in Carbon Steel

- Ongoing significant earnings and value contribution from Elevator

- Positive value contribution from Automotive

- Streamlining of the portfolio at Technologies and Serv (including a €61million loss from sale of Construction Services)

- As of October 1, 2003 the former segments Materials and Serv were combined into the new segment Services to focus materials competency and industrial services



2002/03 – Overview (II)

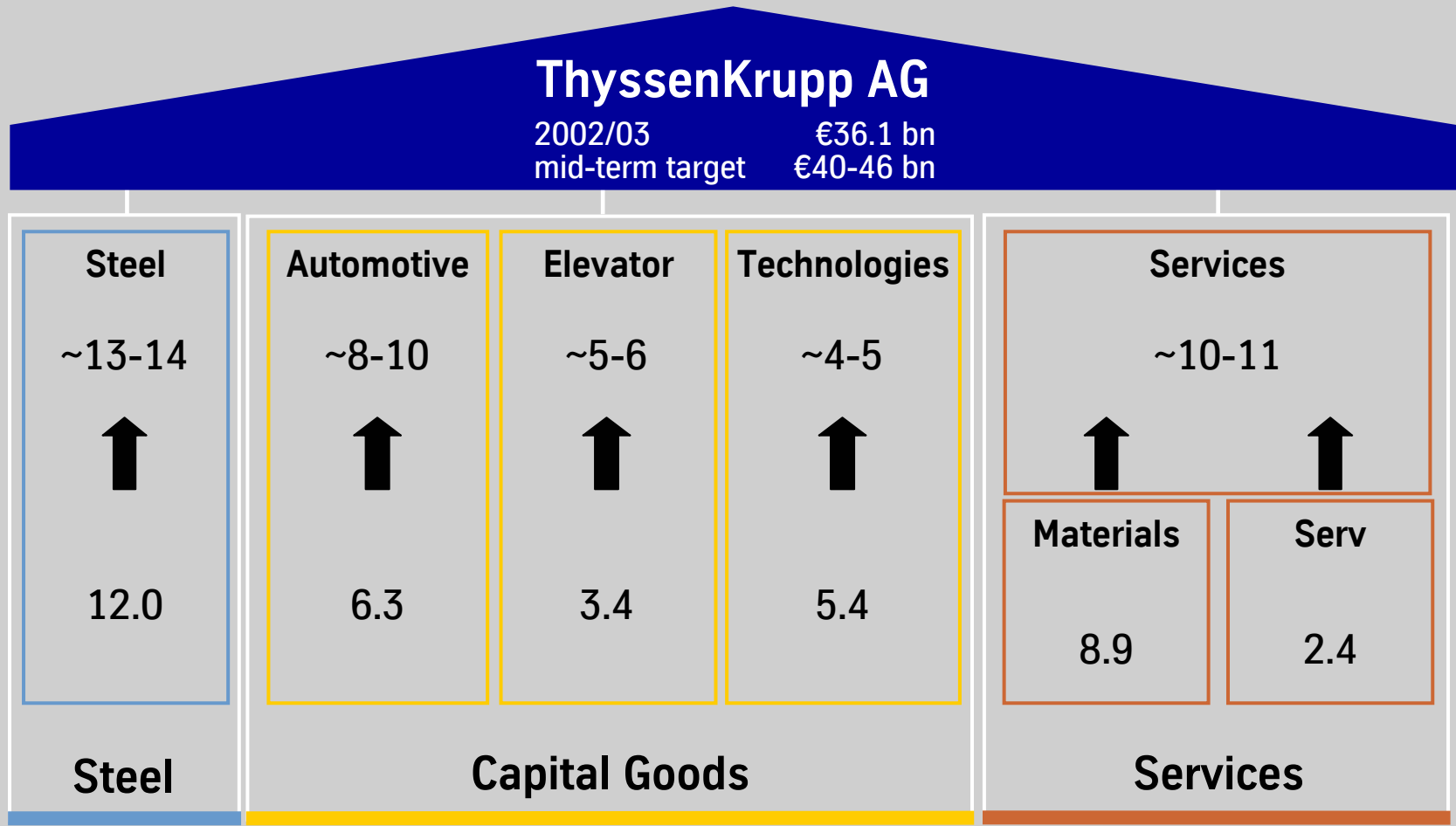
Despite an adverse environment ThyssenKrupp held up well and achieved significant performance improvements

- Although sales and orders were down (incl. currency effects), we achieved a significant improvement in normalized EBT from €419 million to €734 million
- This signifies the improvement in quality of our earnings: efficiency enhancement program (TK best) continues to make an impact
- Adjusted for a positive tax effect and disposal effects, EPS climbed to €0.89 from €0.48; in line with earnings improvement increased dividend of €0.50 per share will be proposed
- Against September 30, 2002 net financial payables were reduced by €0.5 billion to €4.2 billion; despite the forced share repurchase of €406 million, gearing is significantly below 60%



The view beyond – Focused industrial group based on 3 pillars

Sales in € bn



30+ Portfolio Optimizations in 2002/03

Corporate

Böhler Thyssen Schweißtechnik (D) **Disposal**

Steel

Galmed (E) **Acquisition**
 Quarto plate activities (D) **Disposal**
 LA.RE. (I) **Disposal**
 TAD (I) **Acquisition**
 Fischer (F) **Closure**
 Bauelemente Dinslaken (D) **Closure**

Automotive

Greening Donald (CAN) **Disposal**
 Sofedit (F) **Acquisition**
 Phillips & Temro (USA) **Disposal**
 Philadelphia Plant (USA) **Closure**
 Kendalville (USA) **Mothballed**
 MB Lenk (D) **Acquisition***

Materials

Ferrosta (CZ) **Acquisition**
 Rodena (DK) **Acquisition**
 Werkzeugstahl (D) **Disposal**
 Verder Kunststoffen (NL) **Acquisition**
 Metal Center Rochester (USA) **Acquisition**
 TW Metals (USA) **Acquisition**

Elevator

Lift Service Lublin (PL) **Acquisition**
 ECE Elevator (India) **Acquisition**
 Mahkota (Malaysia) **Acquisition**
 Ascensores Causi (E) **Acquisition**
 Bongear/Hang Pak (Hong Kong) **Acquisition**
 Britannic Lift Co. (GB) **Acquisition**
 Tepper Aufzüge (D) **Acquisition**
 HABAG (D) **Acquisition**
 Mylau Plant (D) **Closure**
 TK Herouth Ltd. Partnership (ISR) **Acquisition**
 DongYang Elevator (South Korea) **Acquisition***

Technologies

Polymer (D) **Disposal**
 Otto India (India) **Disposal**
 Stahlbau Berlin (D) **Closure**
 Henschel (D) **Disposal**
 Novoferm (D) **Disposal***

Serv

Rodisola (E) **Acquisition**
 Umweltservice (D) **Disposal**
 Construction Services (D) **Disposal**
 Media Services (D) **Disposal**

* closing after Sept. 30, 2003



Portfolio Optimization – Disposals in 2002/03

	Number of Entities	Sales	EBT	Net Financial Debt	Pension Obligations	Employees
9 Months	11*	€752 m	-€3 m	€155 m	€13 m	3,707
4th Quarter	1	€167 m	€4 m	€87 m	€6 m	822
Total	12	€919 m	€1 m	€242 m	€19 m	4,529
Subsequent Event	1	€327 m	€8 m	€1 m	€14 m	2,177

* incl. non-consolidated entities



Portfolio Optimization – Major Acquisitions in 2002/03

	Sales	EBT	Transaction Volume	Employees	Status
Galmed, Spain Steel Hot dip galvanizer; access to high-growth Spanish automobile market; further step in internationalization of downstream activities	≈€100 m	+	€51 m	≈60	consolidated
Tepper Aufzüge, Germany Elevator Biggest elevator manufacturer in NRW; further strengthening market position in Germany	≈€40 m	+	€42 m	≈300	consolidated
Sofedit, France Automotive French supplier, further strengthening position in OEM market	≈€600 m	+	€66 m*	≈4,000	consolidated
DongYang, South Korea Elevator Strengthen the segment's market position in Asia, especially in Korea	≈€200 m	+	not disclosed	≈1,000	closed
MB Lenk, Germany Automotive Competence in steering gears; further step to becoming major global player in steering systems	≈€300 m	+	€42 m	≈1,600	closed

* excl. factoring



Outlook

- The uncertainties over the economic outlook persist at the beginning of the new fiscal year. Most forecasts predict only a moderate recovery for 2004. If the widely forecast weak economic recovery materializes, this would of course also benefit our business performance.
- In fiscal year 2003/04 we aim to achieve a significant increase in normalized earnings before taxes.
- We will continue to pay a dividend based on our earnings performance.



Conclusion

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- ThyssenKrupp: Focused industrial group based on 3 pillars
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- Still a conglomerate combining value and growth components
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- Clear strategic direction: Portfolio optimization will be forced
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