



Mechanical Engineering  
and Steel Conference

BHF-Bank, Frankfurt / Main  
September 13, 2006

ThyssenKrupp



# Agenda

## Karl-Ulrich Köhler

CEO ThyssenKrupp Steel AG and Executive Board Member of ThyssenKrupp AG

- 
- Group Overview
- 
- Strategy of the Group
- 
- Steel meets the International Challenges
- 
- ThyssenKrupp – A Value driven Company
- 
- Appendix
- 



# ThyssenKrupp – Geared Towards Sustainable Profitable Growth

- Manage value systematically by concentrating on high-performance business areas and active portfolio management
- Expand technological and innovative capabilities
- Make optimal use of potential within the Group
- Strengthen customer and service orientation



# ThyssenKrupp Group 2004/2005

## ThyssenKrupp AG

Group sales: €42.9 billion • EBT: €1,677 million • Employees: 183,729

Steel	Stainless	Automotive	Technologies	Elevator	Services
<p>Sales: €9.6 bn EBT: €1,094 m Empl.: 31,576</p> <ul style="list-style-type: none"> <li>• Steelmaking</li> <li>• Industry</li> <li>• Auto</li> <li>• Processing</li> </ul>	<p>Sales: €5.6 bn EBT: €286 m Empl.: 12,201</p> <ul style="list-style-type: none"> <li>• Nirosta</li> <li>• Acciai Speciali Terni</li> <li>• Mexinox</li> <li>• Shanghai Krupp Stainless</li> <li>• Stainless Int.</li> <li>• VDM</li> </ul>	<p>Sales: €7.9 bn EBT: €118 m Empl.: 42,541</p> <ul style="list-style-type: none"> <li>• Chassis</li> <li>• Body</li> <li>• Powertrain</li> </ul>	<p>Sales: €5.8 bn EBT: €40 m Empl.: 27,449</p> <ul style="list-style-type: none"> <li>• Plant Technology</li> <li>• Marine Systems</li> <li>• Mechanical Engineering</li> <li>• Transrapid</li> </ul>	<p>Sales: €3.8 bn EBT: €355 m Empl.: 34,151</p> <ul style="list-style-type: none"> <li>• 4 regional business units</li> <li>• Accessibility</li> <li>• Escalators/ Passenger Boarding Bridges</li> </ul>	<p>Sales: €12.7 bn EBT: €261 m Empl.: 34,835</p> <ul style="list-style-type: none"> <li>• Materials Services Europe</li> <li>• Materials Services North America</li> <li>• Industrial Services</li> <li>• Special Products</li> </ul>
<b>Steel</b>		<b>Capital Goods</b>			<b>Services</b>

Continuing operations; inter-segment sales unconsolidated; employees as at Sept 30, 2005



# Overview of Segment Strategies

## Steel

- Clear strategy to enter NAFTA market with focus on high value-added products
- Secure growth opportunities by utilizing low-cost slabs from Brazil
- Expand strong European market position

## Stainless

- Further concentration on high-quality stainless steel products and nickel alloys
- Customer focus through strong delivery performance and distribution network
- Downstream expansion in high-profit growth markets

## Technologies

- Strengthen highly profitable business units and expansion of service business
- Sustainable value creation and generation of cash flow
- Integration of the Automotive business and bringing them back on track

## Elevator

- Continuing growth through further acquisitions
- Increasing market share globally and locally, especially Asia and Eastern Europe
- Developing and introducing innovative products and focus on modernization business

## Services

- Growth through integrated services to further dampen volatility of business
- Expansion through organic growth and acquisitions, especially Eastern Europe and North America



# Steel – At a Glance

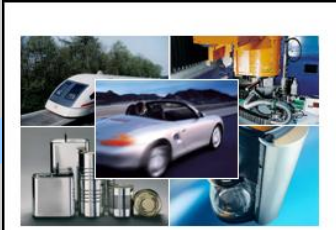
## Steel



- European #2 in flat-rolled carbon steel\*, leading position in electrical steel and tailored blanks
- Structure of Duisburg site unique in Europe: capacity of 17.3 million metric tons of crude steel p.a.
- Concentration on flat steel products with high value-added
- Highly innovative in products and processes
- Targeting quality and margin leadership in Europe through efficiency enhancement, sustainable investment policy and portfolio optimization
- Further strengthening of international presence with production sites in global growth markets as well as strategic alliances and cooperative ventures

\* production / latest figures available

# ThyssenKrupp Steel Meets the International Challenges



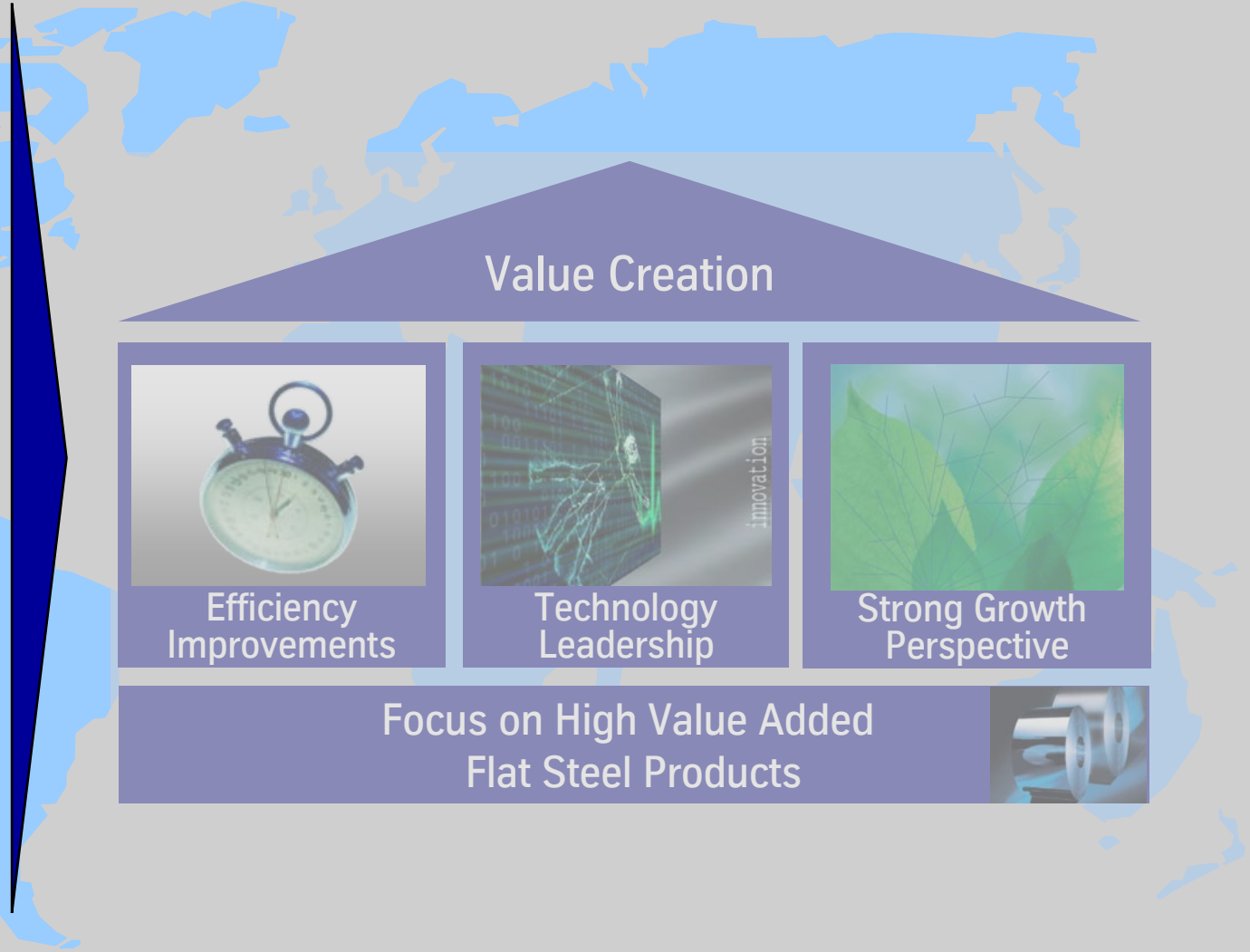
Globalization of Customers



Worldwide Consolidation of the Steel Industry




Raw Material Markets in flux





# Same Quality of Pre-Processed Material Worldwide

**Automotive**



Pioneer in Globalization

**Home Appliances**



Cost Pressure led to Globalization

**Packaging**



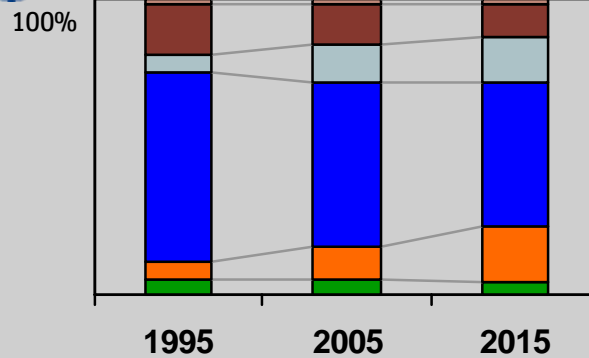
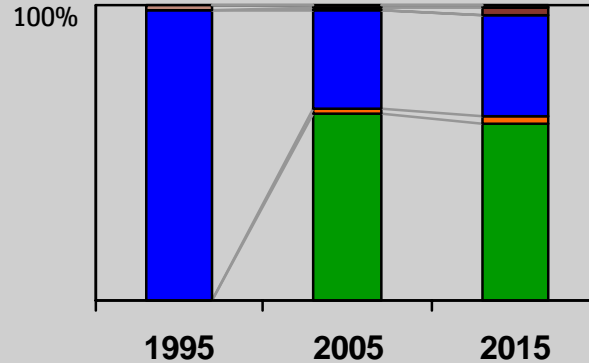
Already at High Level of Concentration

**Mech. Engineering**









Driven by an International Clientel

## DAIMLERCHRYSLER



Production cars & trucks:

-  ROW
-  S. America
-  E.Europe
-  W.Europe
-  Asia/Pacific
-  NAFTA

**Follow the Customer as a Strategic Necessity**

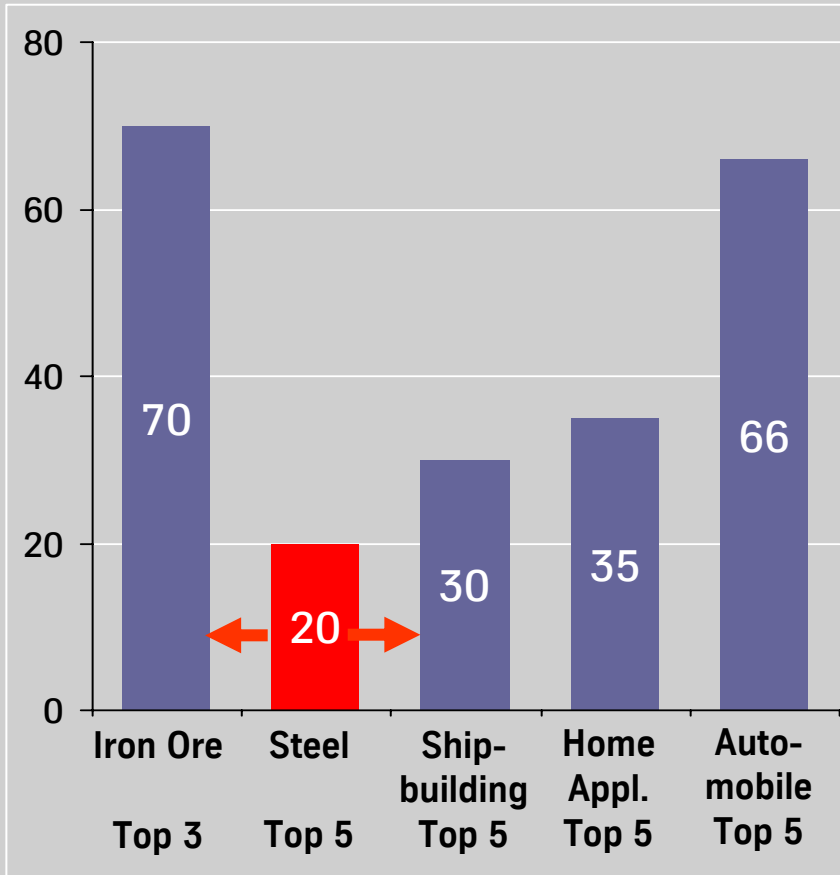
Source: DRI Global Insight; MS; WMA; Company information; Broker reports; Press search; BCG analysis



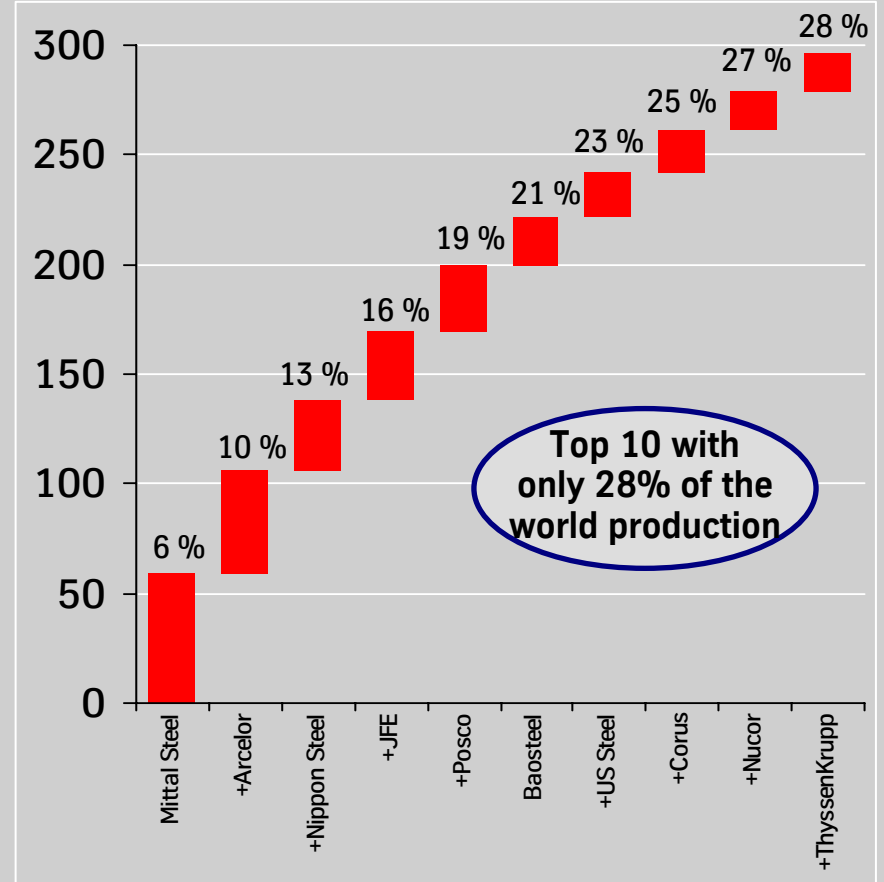


# „Sandwich-Position“ of the Steel Industry Forces Consolidation

World-Market Shares in %

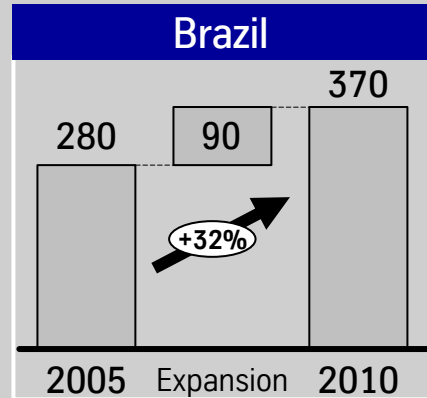
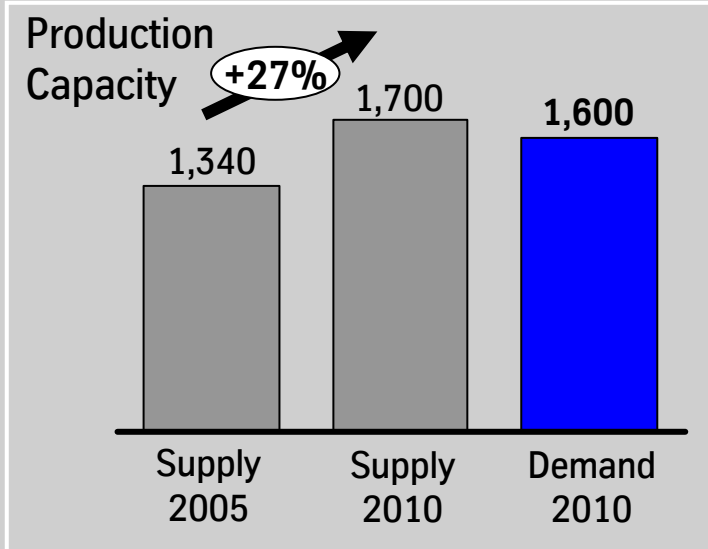


mn t Crude Steel Production 2004

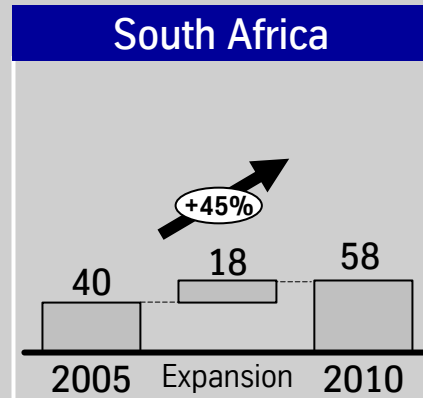
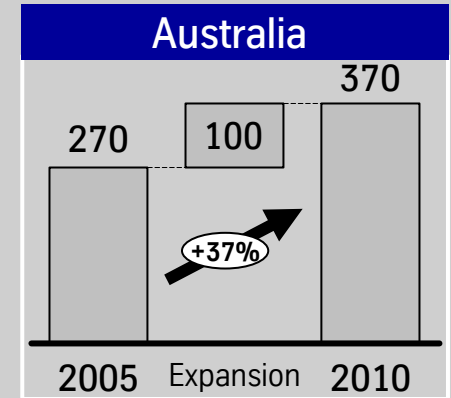


# New Capacities Lead to a Balanced Iron Ore Supply-Demand Level

(all data in mn metric tons)



## Worldwide Expansion Projects



Sources: IISI, RAMCO Expert Group

Indication for Price Reduction of Iron Ore in Mid-term Scenarios



# ThyssenKrupp Steel Responds to the International Challenges



Globalization of Customers



Worldwide Consolidation of the Steel Industry



Raw Material Markets in flux

## Value Creation



Efficiency Improvements

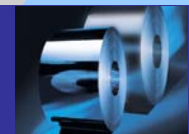


Technology Leadership



Strong Growth Perspective

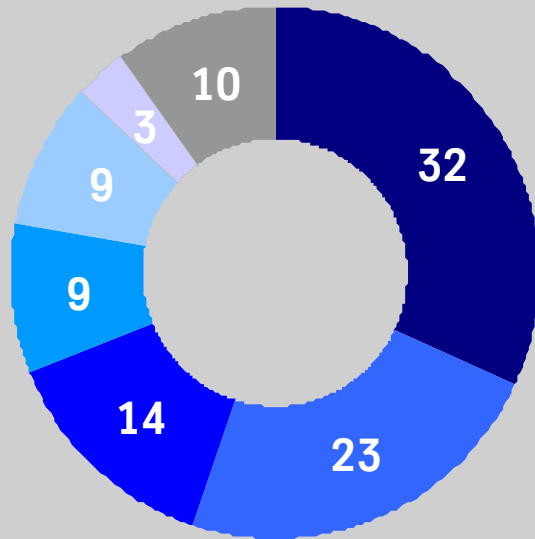
Focus on High Value Added Flat Steel Products



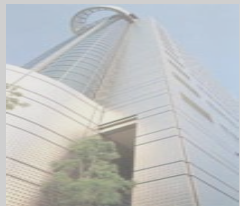
# Customers with High Quality Requirements in Flat Carbon Steel

Steel: Sales by Industry FY 2004/05

in %



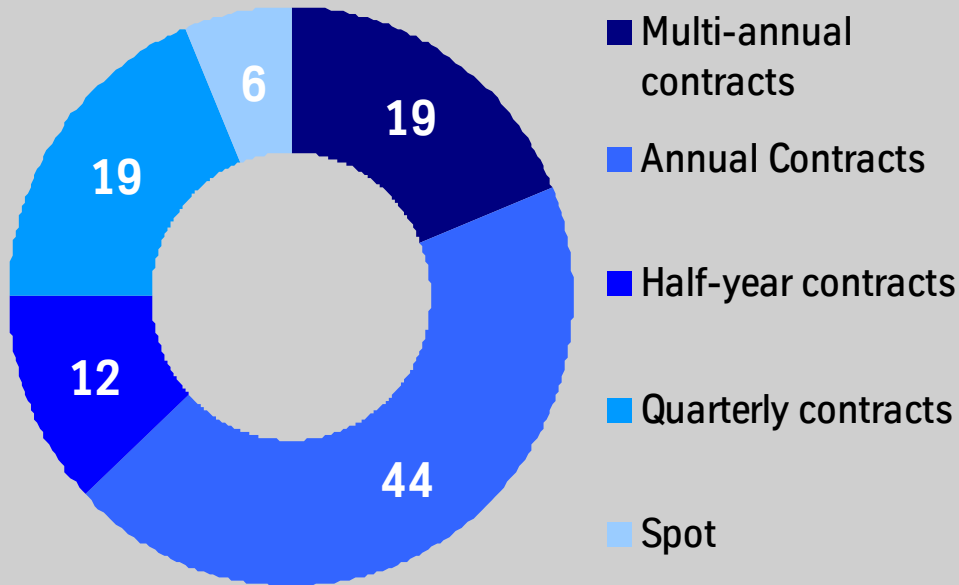
- Automotive industrie (incl. suppliers)
- Steel and steel-related-processing
- Trade
- Packaging
- Engineering & plant construction
- Construction
- Other



# Long-term Relationships Foster Sustainable Value Performance ...

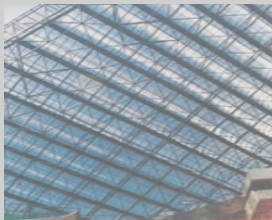
Steel: Sales by maturity (FY 2004/05)

in %



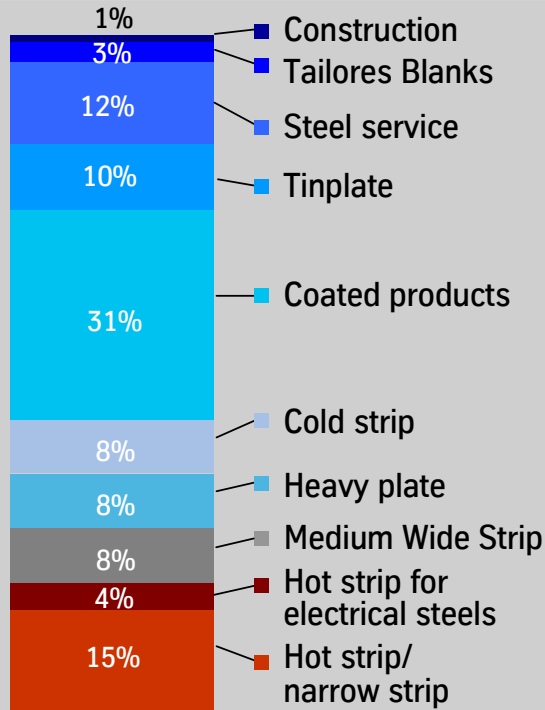
- Customer relationship in focus
- 63% long-term contract exposure as an indicator of reliability and trustworthiness
- Short-term business not an opportunity business

Price premium over the cycle



# High Value Added Products Strengthen Market Position ...

## Product Portfolio Steel (FY 04/05)\*



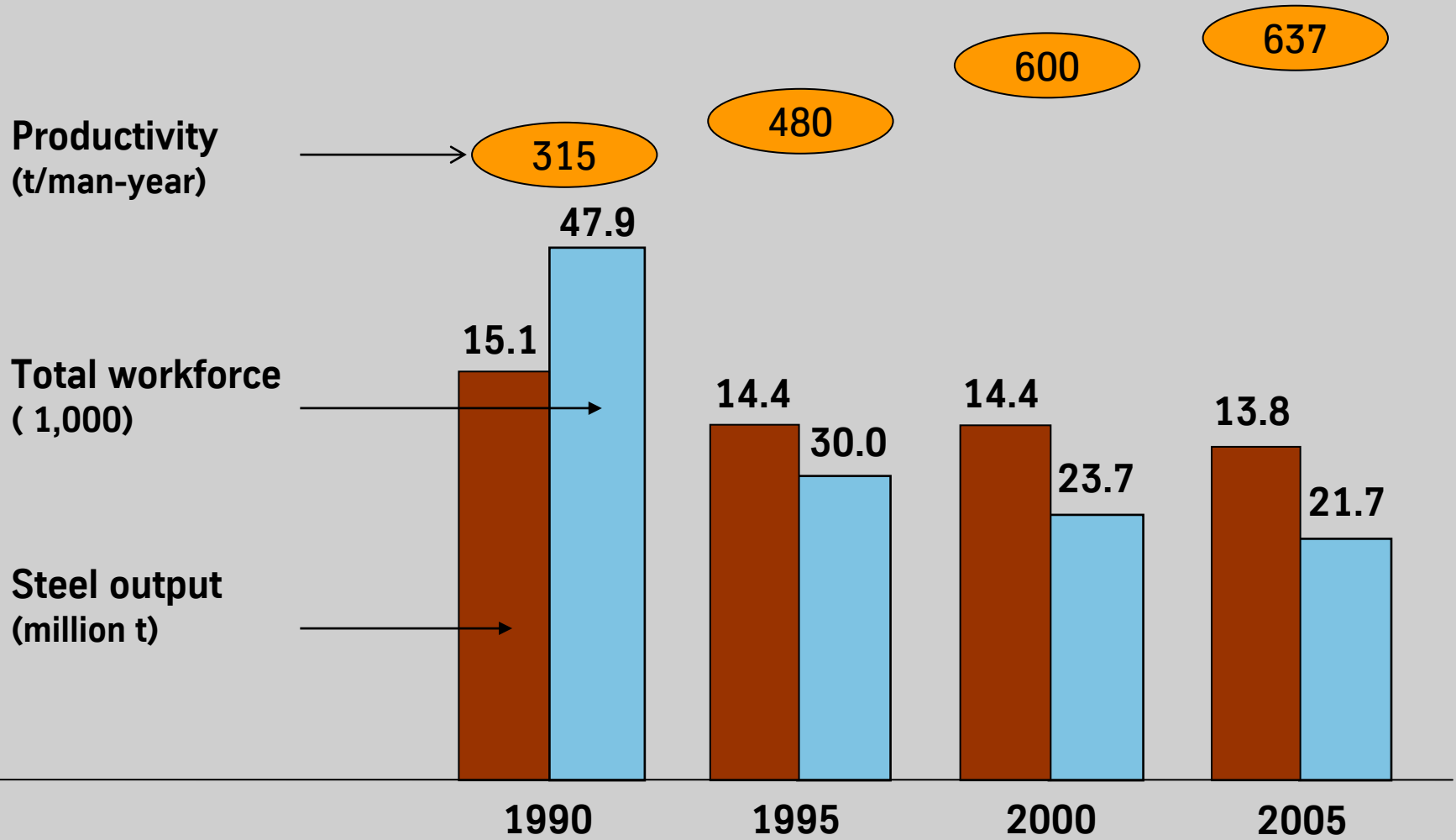
- Full product range in flat carbon steels
- Permanent development of new grades and products
- Joint R&D with major customers

\* shipments of flat products only

**Secures dealing in a premium market**

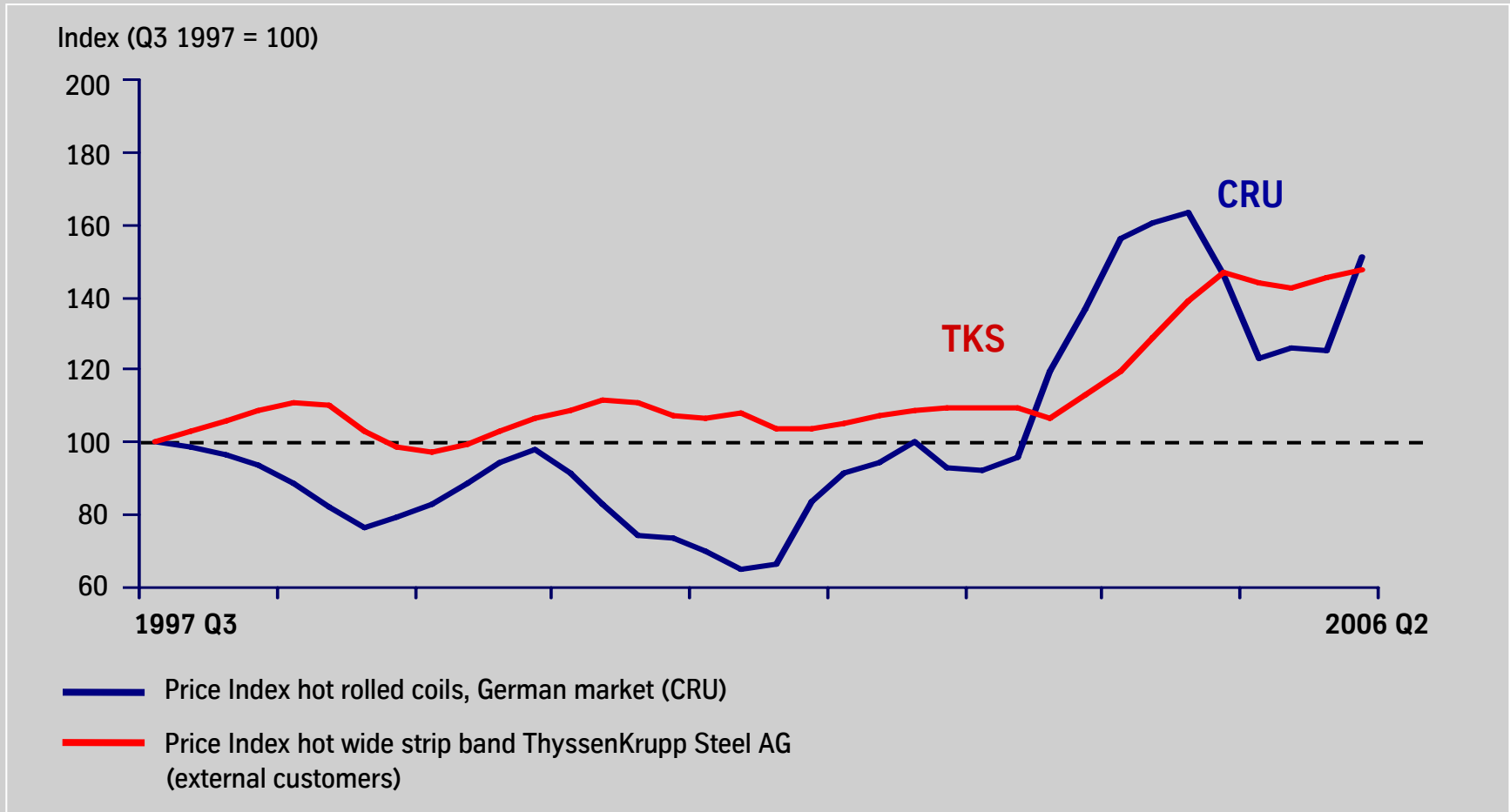


# Productivity Proceedings Reduce the Cost Base...





# ... Lead to Lower Earnings Volatility at ThyssenKrupp Steel

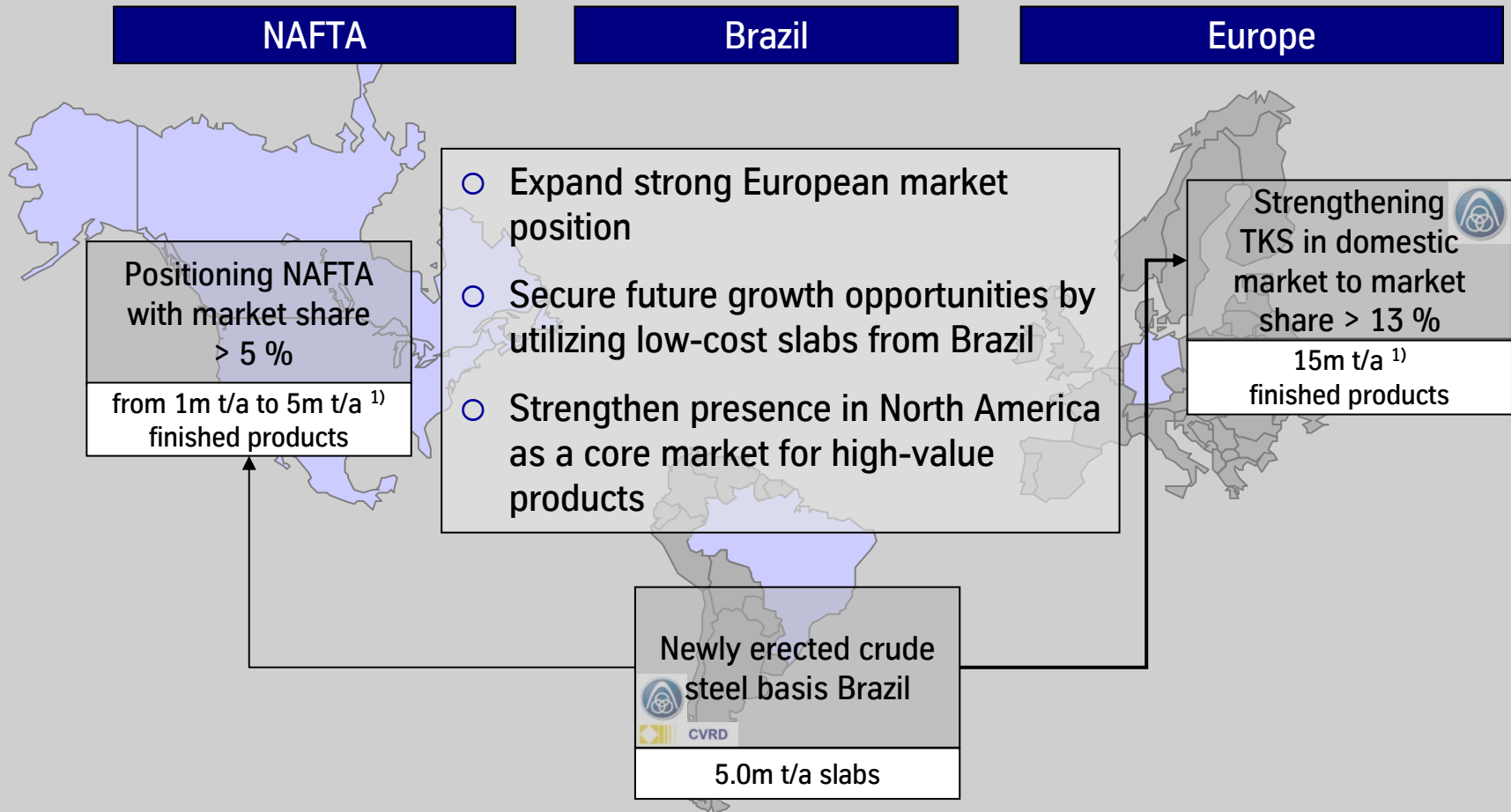


Sources: CRU, own calculations based on CRU  
TKS

all data incl. Q2 2006



# ThyssenKrupp Sticking to Global Growth Strategy for Steel

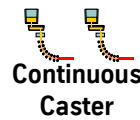


# Brazilian slab plant creates a basis for expanding position in Europe and North America

## Location

- Sepetiba, Brazil
- Link to ore logistics from Minas Gerais (CVRD South System ore mines)
- Rail connection and own dock

## Plant configuration



- Capacity: 5.0 million tpy

## Startup

- Production of first slab march 2009

## Competitive advantages

- High-quality secure ore supply
- Location advantages
- Modern, efficient technologies and processes
- Optimal logistics connection

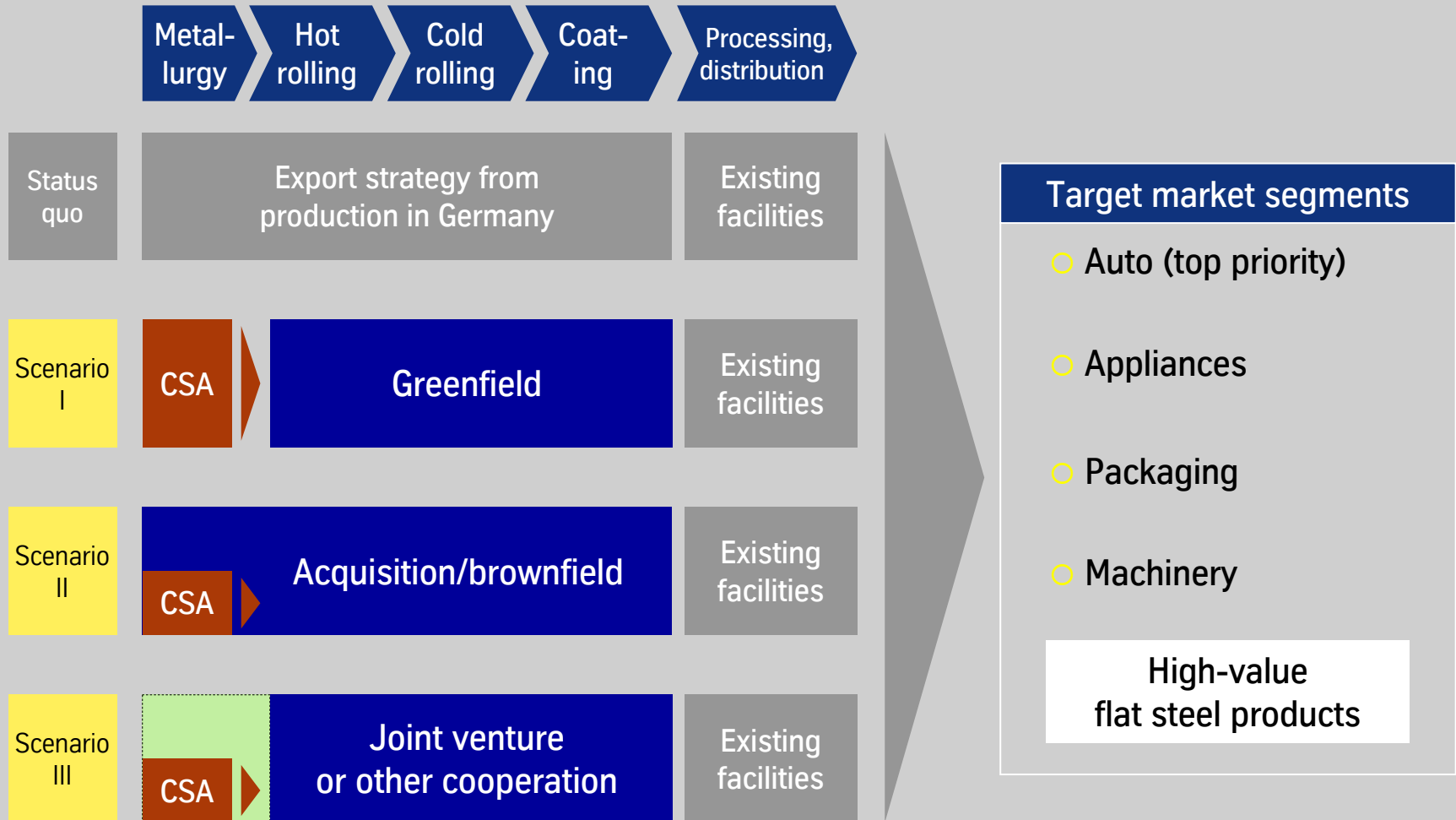
Outstanding cost position

Low-cost slabs as ideal basis for further processing in North America

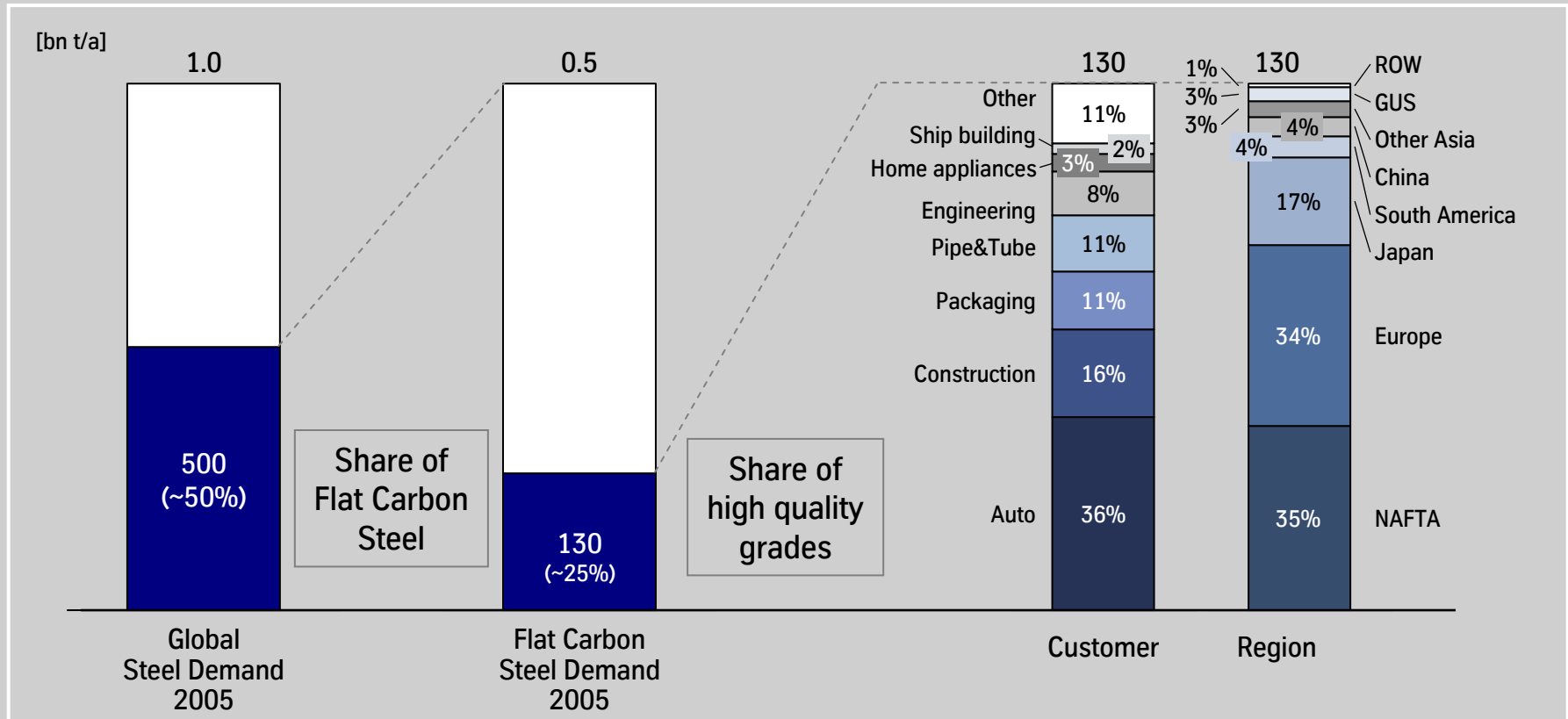
(1) a final decision has not yet been made



# Downstream Strategy for North America Bases on Three Scenarios



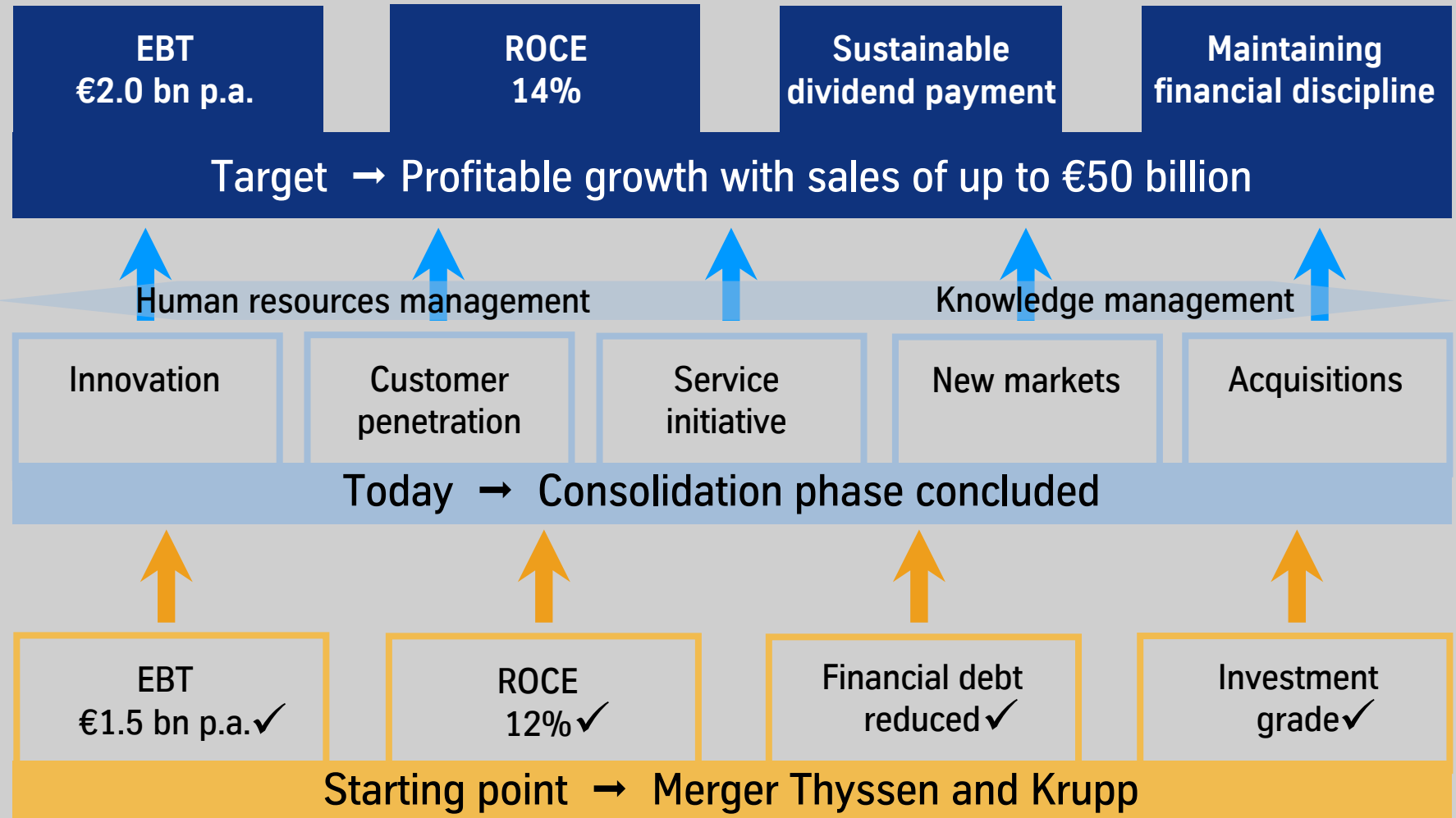
# Globalization Does Not Mean to Become Super Sized if you Are Focused on your Strengths



ThyssenKrupp Steel as one of the Major Steelmaking Companies Worldwide focused on Markets with Strong Demand of High-Quality Flat Carbon Steel



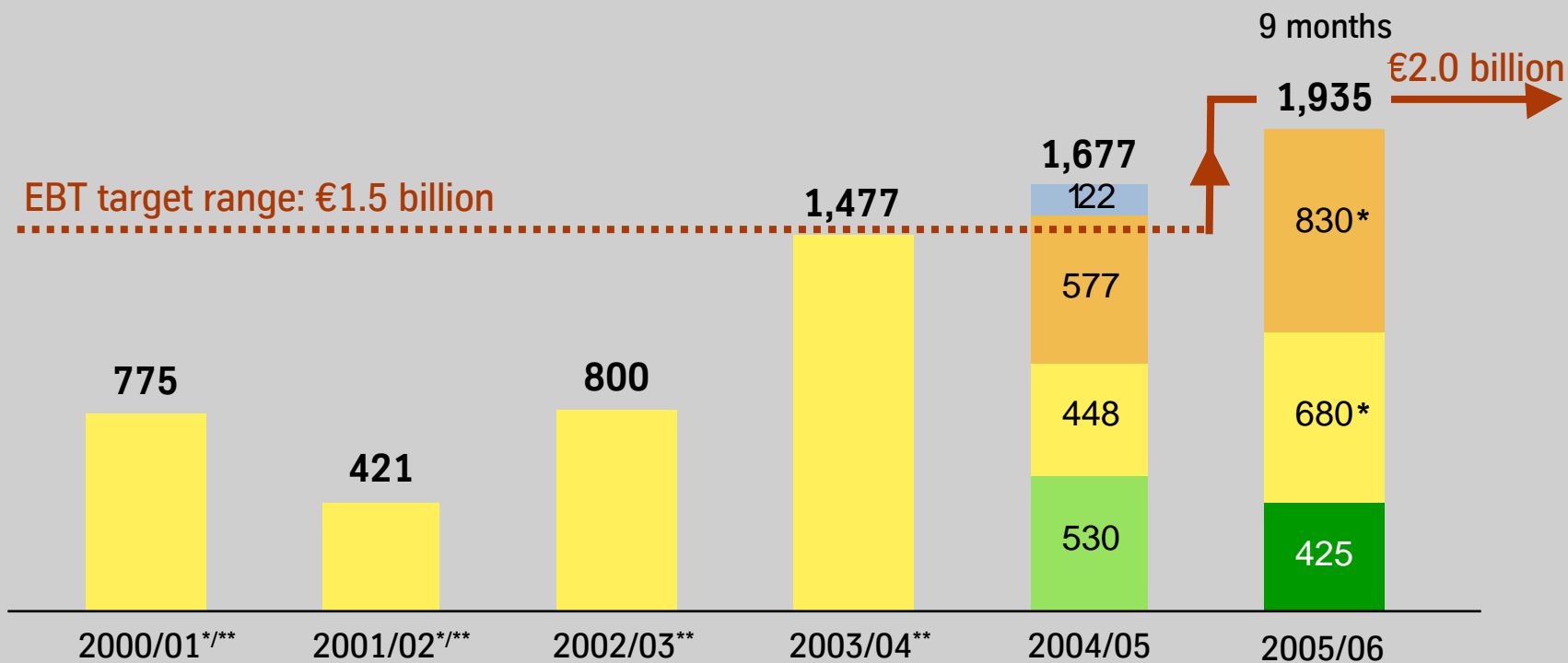
# ThyssenKrupp – Growth Strategy and Consolidation as Value Driver



# EBT – Track Record and Mid-term Target

EBT

million €



\* excluding major nonrecurring items    \*\* US GAAP

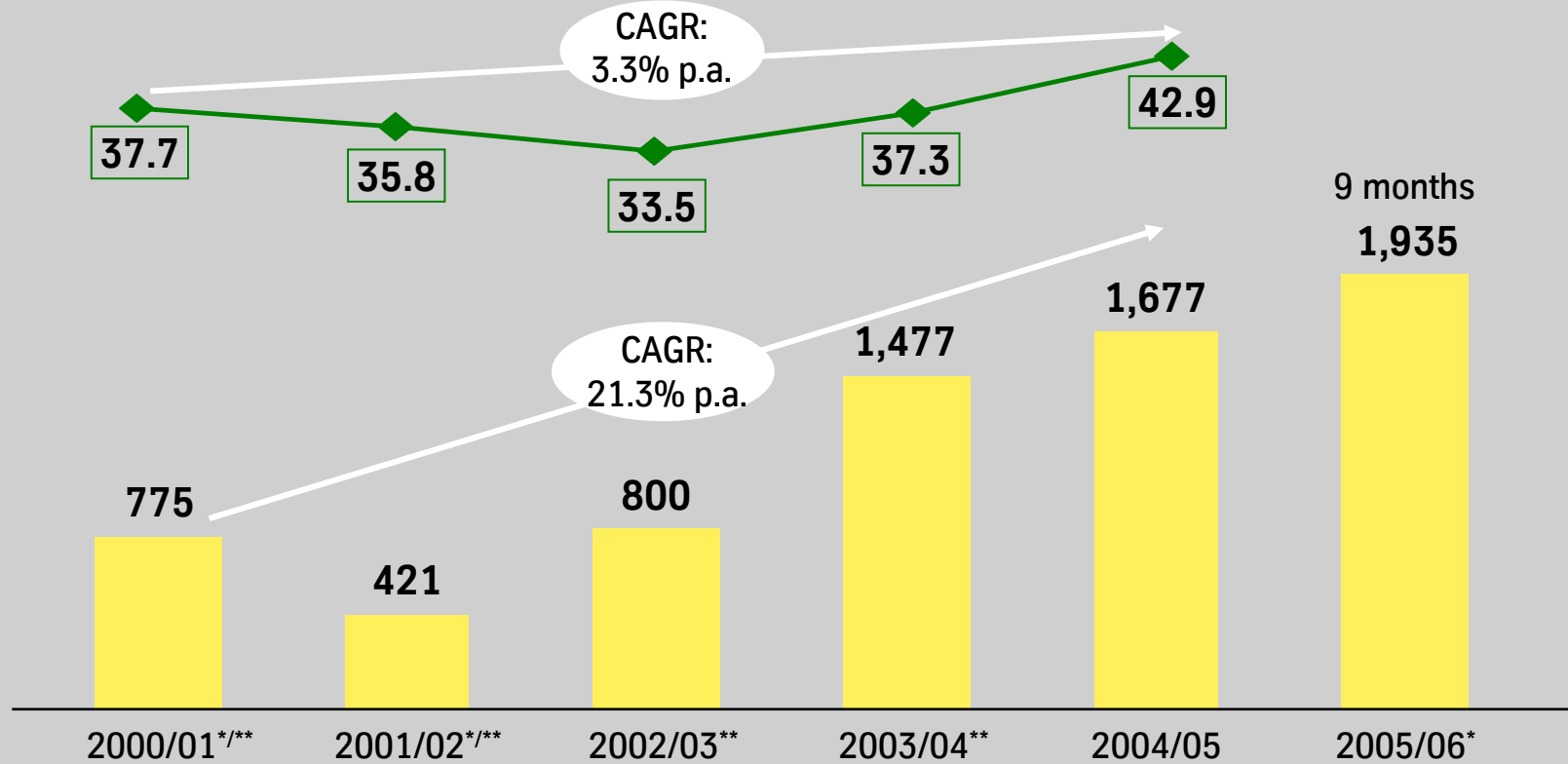




# Efficiency Enhancement – Track Record

Sales and EBT

billion € / million €



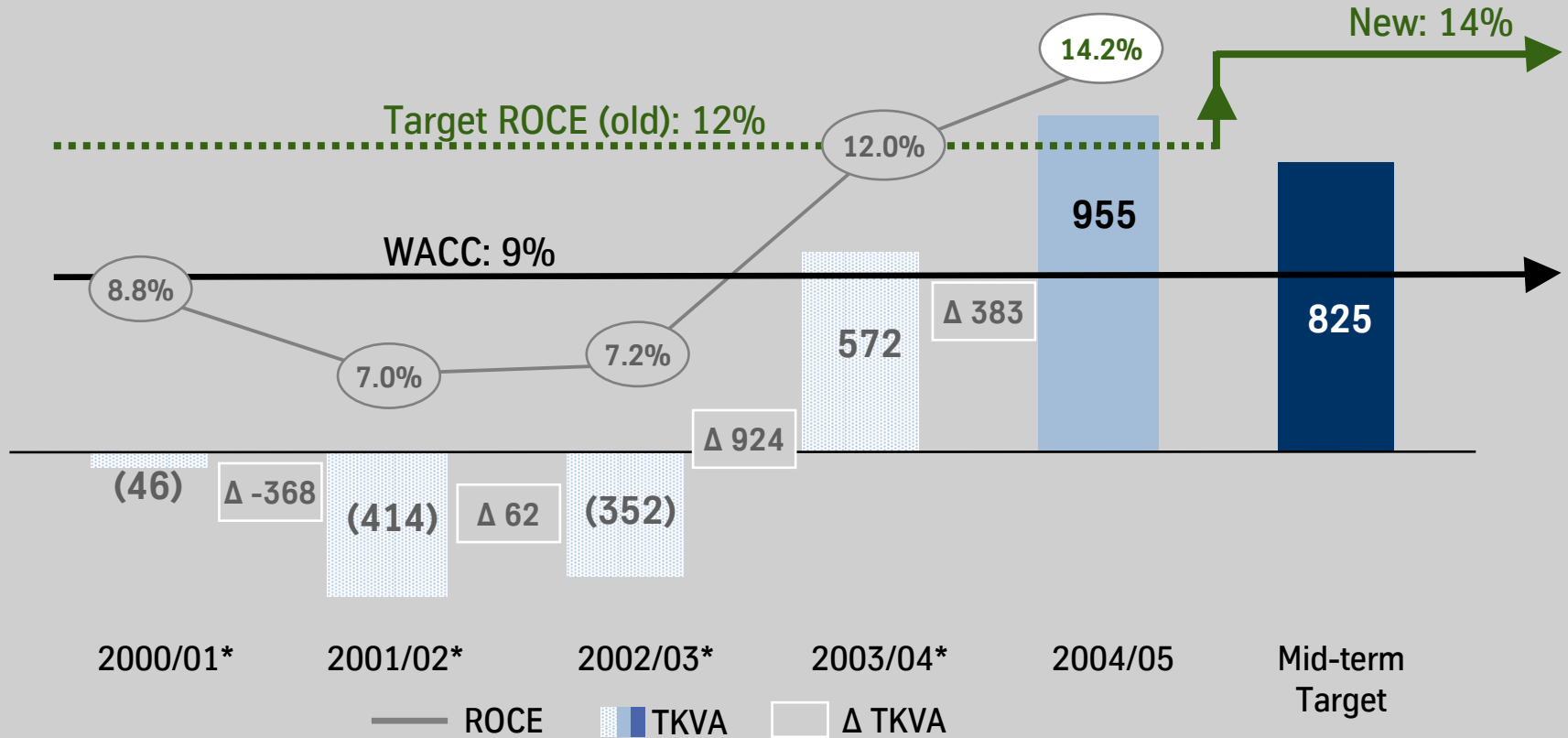
\* excluding nonrecurring items \*\* US GAAP



# Value Indicators – Track Record and Mid-term Target

## ROCE and ThyssenKrupp Value Added

% / million €



\* US GAAP



## Value Indicators by Segment – Mid-term Targets

	Capital Employed in million € Ø 2004/05	WACC in %	ROCE in %		TKVA in million €		EBT in million €	
			2004/05	Target	2004/05	Target	2004/05	Target
Group	18,391	9.0	14.2	14.0	955	825	1,677	2,000**
thereof								
Steel	5,965	9.5	19.4	16.5	593	410	1,094	950
Stainless	2,996	9.5	11.8	13.5	68	110	286	320
Automotive	2,982	9.5	7.9	16.5	(47)	200	118	340
Technologies	435	9.5	(15.3)*	30.0	(204)*	270	40	320
Elevator	1,613	8.5	23.3	27.0	238	330	355	450
Services	3,089	9.0	10.6	14.0	50	160	261	375

All figures incl. discontinued operations except EBT.

\* impacted by disposal loss of MetalCutting

\*\* including risk buffer and corporate costs (pensions etc.)



## Conclusion

---

- **ThyssenKrupp:**  
Focused industrial group based on 3 pillars,  
combining value and growth components

---

- **Strategic direction:**  
From consolidation to controlled profitable growth

---

- **Strategic drivers:**  
Innovation, service initiative, human resources development

---

## Financial Calendar 2006/2007

---

- October 25, 2006      Quiet Period  
to November 30, 2006
  - December 1, 2006      Annual Press Conference  
Analysts' and Investors' Meeting (Essen, Germany)
  - January 19, 2007      Annual General Meeting (Bochum, Germany)
  - January 24, 2007      Quiet Period  
to February 12, 2007
  - February 13, 2007      Interim Report 1st quarter 2006/2007 (Oct. to Dec.)  
Conference call with analysts and investors
- 



## Financial Calendar 2007

- 
- April 24, 2007 to May 10, 2007 Quiet Period

---

  - May 11, 2007 Interim Report 2nd quarter 2006/2007 (Jan to Mar)

---

  - May 15, 2007 Analysts' and Investors' Meeting (London, UK)

---

  - July 24, 2007 to August 9, 2007 Quiet Period

---

  - August 10, 2007 Interim Report 3rd quarter 2006/2007 (April to June)  
Conference call with analysts and investors
- 



# How to Contact ThyssenKrupp Investor Relations

## Institutional Investors and Analysts:

- Phone: +49 211 824-36464
- Fax: +49 211 824-36467
- E-mail: [ir@thyssenkrupp.com](mailto:ir@thyssenkrupp.com)
- Internet: [www.thyssenkrupp.com](http://www.thyssenkrupp.com)

To be added to the IR mailing list, send us a brief e-mail with your details!





Mechanical Engineering  
and Steel Conference

BHF-Bank, Frankfurt / Main  
September 13, 2006

ThyssenKrupp

