

Presentation ThyssenKrupp  
German Corporates Day

Reykjavik / Iceland  
September 15, 2006

ThyssenKrupp



# 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



# Steel – At a Glance (I)

## 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

## Steel – At a Glance (II)

### Stainless



- One of the world's biggest producers of flat-rolled stainless steels and leading position in nickel-base alloys
- Global market presence through local production sites, steel service centers and distribution warehouses
- Full range of stainless, acid- and heat-resistant steels (added value for customers)
- Concentration on high-quality stainless steel products
- Systematic focus on customers through strong delivery performance and consideration of individual customer needs
- Development and expansion in high-profit growth markets: Asia, North America and Eastern Europe

## Capital Goods – At a Glance (I)

### Automotive



- Aiming for position amongst relevant global Top 3 players
- Providing creative solutions based on competitive and innovative component capabilities
- High competence in product and process technologies
- Cross-segment cooperation and joint product development
- Strong focus on Asia, especially China and India, to balance customer structure
- Main task: Streamlining of portfolio and eliminating underperforming businesses, especially in North America



## Capital Goods – At a Glance (II)

### Technologies



- Focus on 3 highly profitable business units: Plant Technology, Marine Systems, Mechanical Engineering
- Strong regional and global top 3 market positions, based on innovativeness and leading-edge technology:
  - Large-scale plant construction (fertilizer plants, petro-chemical plants and cement plants)
  - Surface naval shipbuilding, conventionally powered diesel submarines and mega-yachts
  - Large-diameter bearings (e.g. for wind power plants)
- Rapid expansion of service business
- Focus on activities with clear growth potential (e.g. oil sands, renewable energy)
- Sustainable value creation and generation of cash flow

## Capital Goods – At a Glance (III)

### Elevator



- Number 3 on world market for elevators and escalators; US number 1 for stair and platform lifts
- About 800,000 service contracts worldwide; services share of segment sales more than 50%
- Besides customer-oriented services, strong focus on modernization business
- Continuing growth through further acquisitions
- Increasing market share globally and locally, especially in Asia and Eastern Europe
- Developing and introducing innovative products (e.g. TWIN and Turbo Track)

# Services – At a Glance

## Services



- Service provider across the customer's value chain: procurement, logistics and production-related services as well as complete supply chain management
- Excellent market positions both in Materials Services and in Industrial Services
- After portfolio optimization and extensive restructuring back on track with sustainable earnings contribution throughout recent quarters
- Goal to increase share of high-end services – residual business serves as a base and trigger
- Boost internal growth especially in high-margin regions, mainly Eastern Europe and North America



## 23 Portfolio Optimizations in 2005/2006

### Steel

Special Profile operations (DE)\* **Disposal**

### Automotive

TK Stahl Company (US) **Disposal**

Aluminiumfeinguss Soest (DE) **Disposal**

Budd Plastics division (US, MX) **Disposal**

### Technologies

Maerz Ofenbau (CH) **Acquisition**

Atlas Elektronik (DE)\*\*\* **Acquisition**

BVI Steam Turbine division (DE) **Disposal**

Noske-Kaeser group (DE) **Disposal**

### Elevator

Sun Rhine Enterprises (TW) **Acquisition**

General Elevator Maintenance (CA) **Acquisition**

Atlantic Elevator (US) **Acquisition**

KR Liften (NL) **Acquisition**

SIAR (IT) **Acquisition**

TEAM/TRABOSA (ES) **Acquisition**

### Services

Jupiter Stomana (BG)\*\* **Acquisition**

Coferal (DE) **Acquisition**

RIP (BR)\*\*\*\* **Acquisition**

Krupp Druckereibetriebe (DE) **Disposal**

Standardkessel (DE) **Acquisition**

Hearn group (CA) **Acquisition**

Metalfast (GB) **Acquisition**

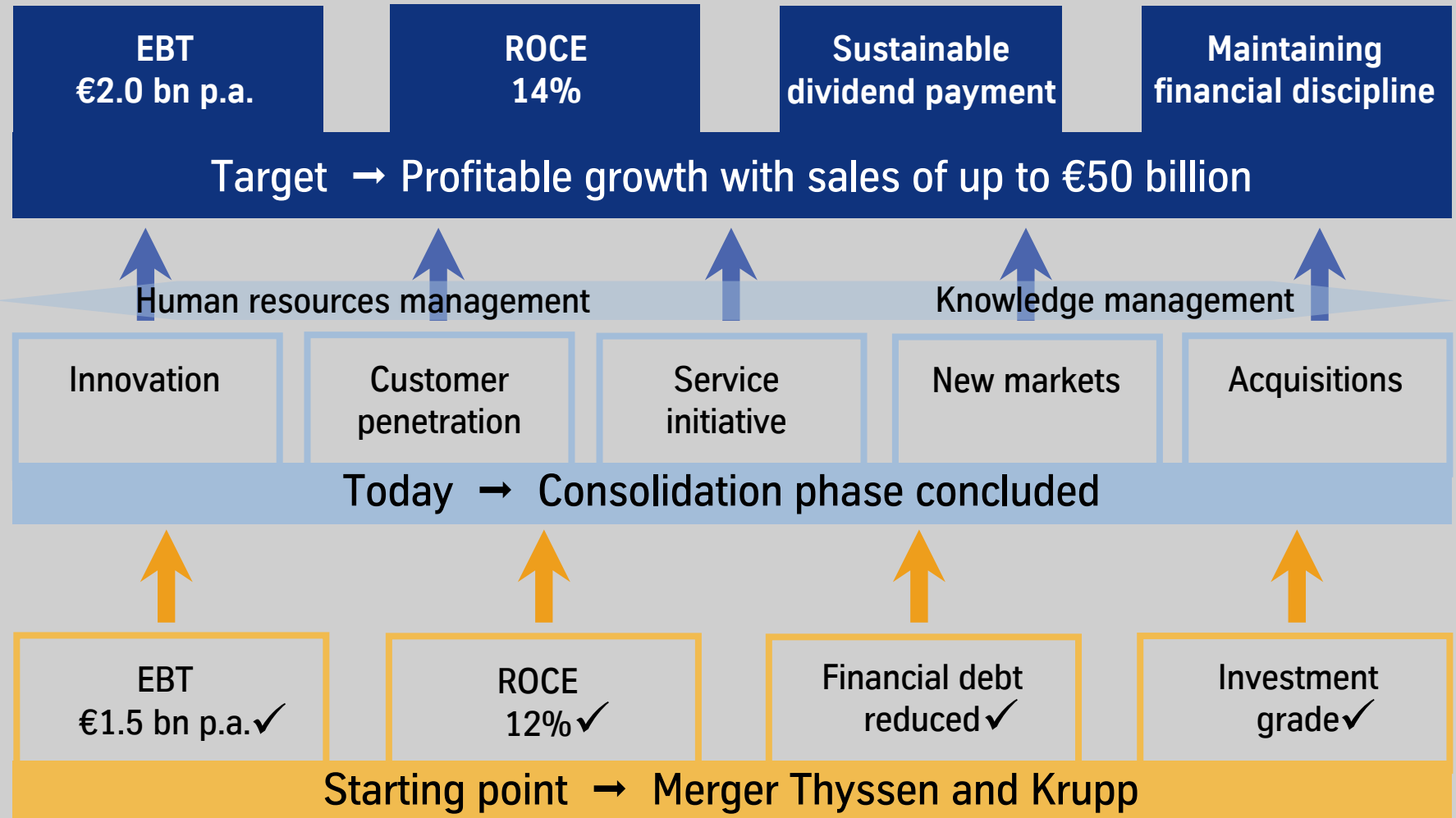
VPK Metal (CA) **Acquisition**

Hommel group (DE) **Disposal**

\* 75.1% / \*\* 80% / \*\*\* 60% / \*\*\*\* 51%



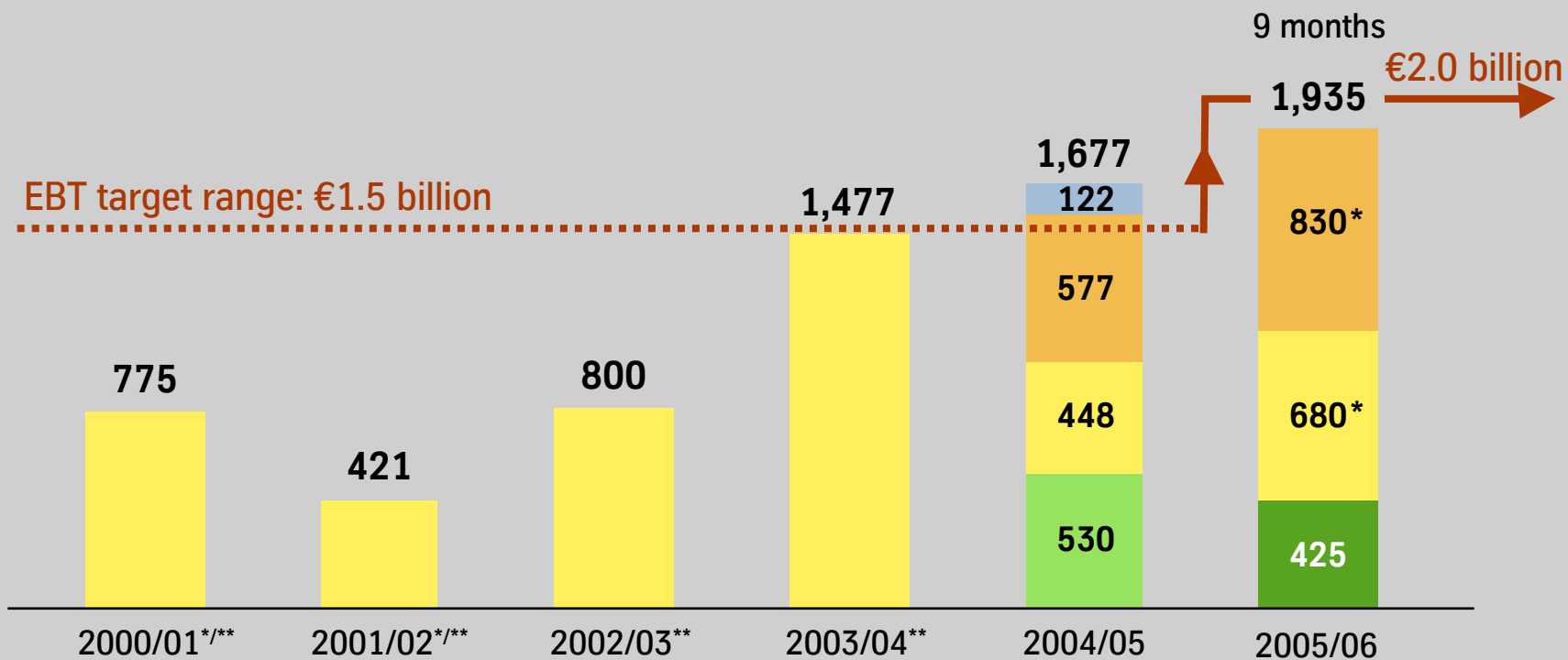
# ThyssenKrupp – Growth Strategy



# EBT – Track Record and Mid-term Target

EBT

million €



\* excluding major nonrecurring items    \*\* 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.)



# 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





# 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



## Financial Calendar 2006/2007

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- 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

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

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

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

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

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



# How to Contact ThyssenKrupp Investor Relations

## Institutional Investors and Analysts:

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

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# Appendix



## Q3 2005/2006 – Overview

### Continued growth course

- **Order intake** increased to €12.4 billion, up 18% from a year earlier
- **Sales** rose by 8% to €12.1 billion
- **EBT** jumped to €806 million from €577 million in the prior-year quarter
- **EPS** reached €0.87, compared with €0.66 in the 3rd quarter of the prior year
- **Net financial receivables** of €496 million (Jun 30, 2006) improved by €2.32billion (Jun 30, 2005) and €673 million (Sep 30, 2005) respectively



## Highlights

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- **Once again a record quarter:**
    - EBT of €830 million excluding restructuring charge for Automotive
    - Main profit contribution by Steel segment, improving year-on-year
    - Earnings situation significantly enhanced at Stainless
    - Technologies once again with major leap in profits (+170%)
    - Elevator: Stable, stable, stable
    - With highest-ever quarterly sales and EBT Services convincing top and bottom line

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  - **Exceeding mid-term target of €2 billion already in this fiscal year –**  
EBT of €2.5 billion targeted for fiscal 2005/2006 excluding major nonrecurring items

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  - **Net financial credit of €0.5 billion –**  
strengthening balance sheet and supporting future growth strategy

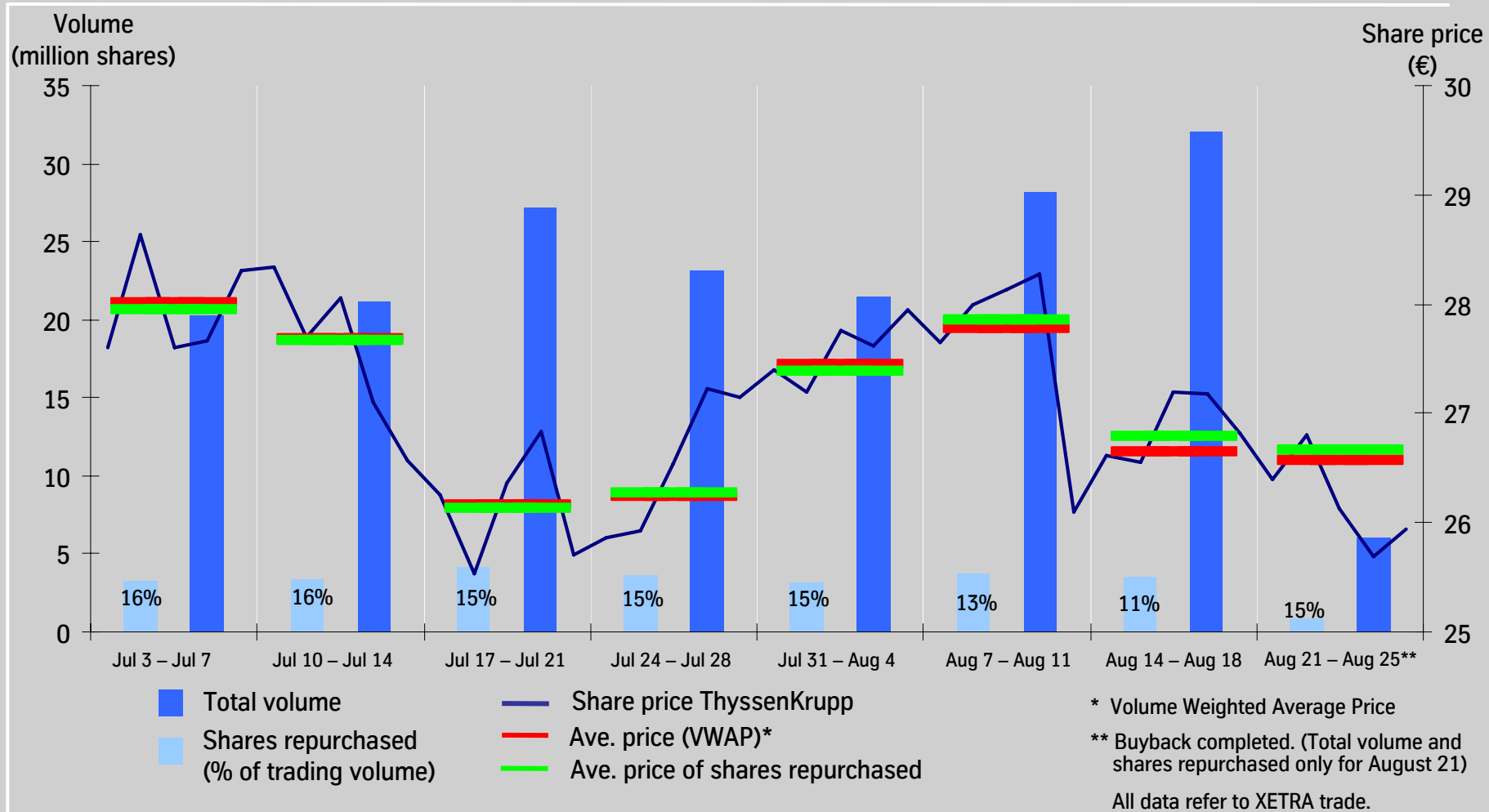
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  - **Announced share buyback almost completed:**  
25.7 million shares or 5% of capital stock bought back by August 21, 2006 at a cost of €697 million
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# ThyssenKrupp Stock and Share Buyback

## Trading volume and volume of shares repurchased



## Outlook

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- We expect the generally positive business performance to continue in the further course of the year. For fiscal year 2005/2006 we currently plan sales of €46 billion.
  - Based on the very good performance in the first nine months of fiscal 2005/2006, for the full year we now aim to achieve earnings before taxes – excluding major nonrecurring effects – of around €2.5 billion.
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As published in the Interim Report on the 3rd Quarter 2005\_2006, August 11, 2006

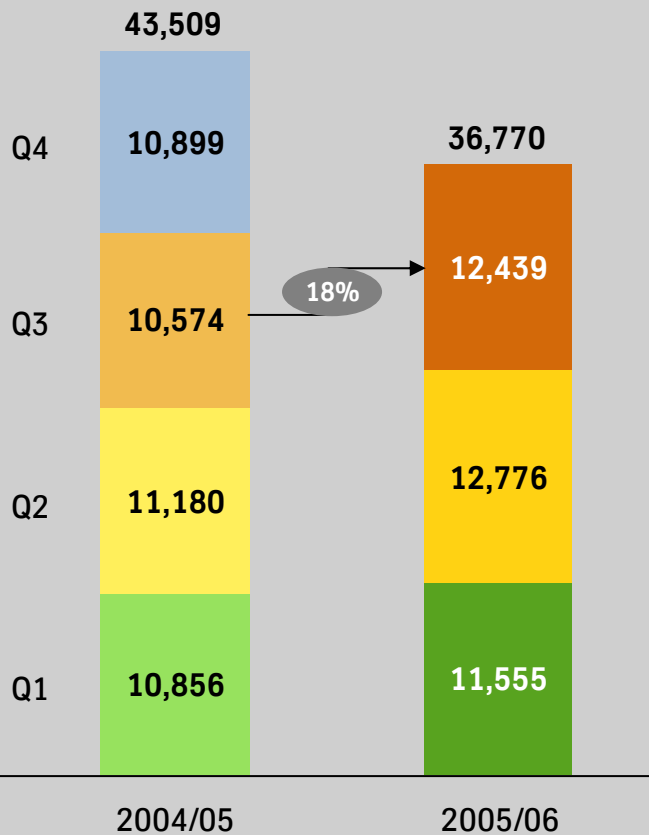




# Group in Figures (I)

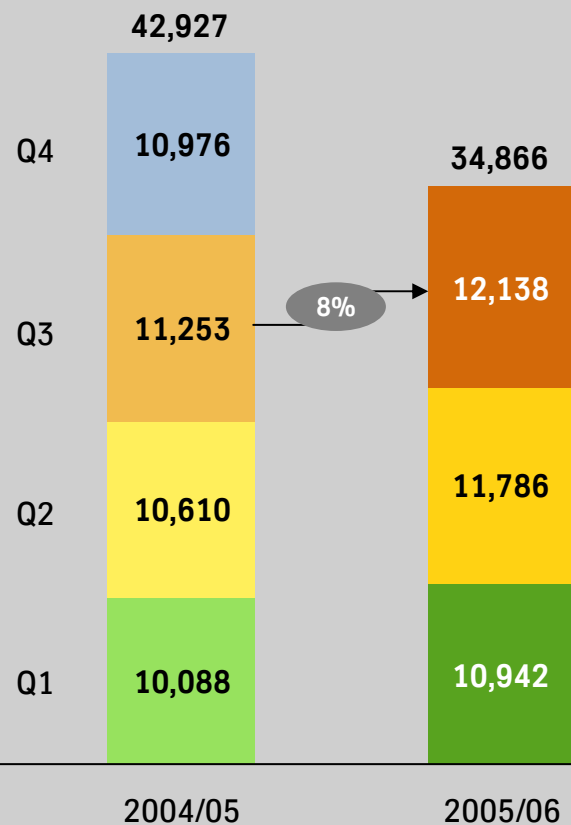
## Order intake

million €



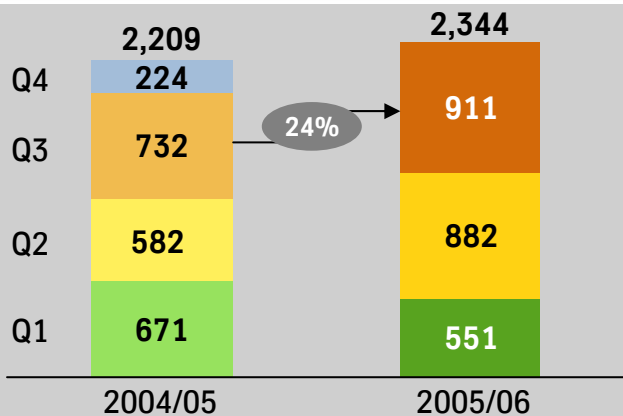
## Sales

million €

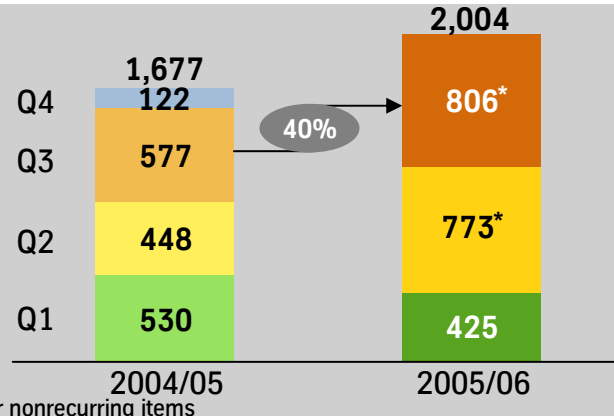


# Group in Figures (II)

**EBIT** million €

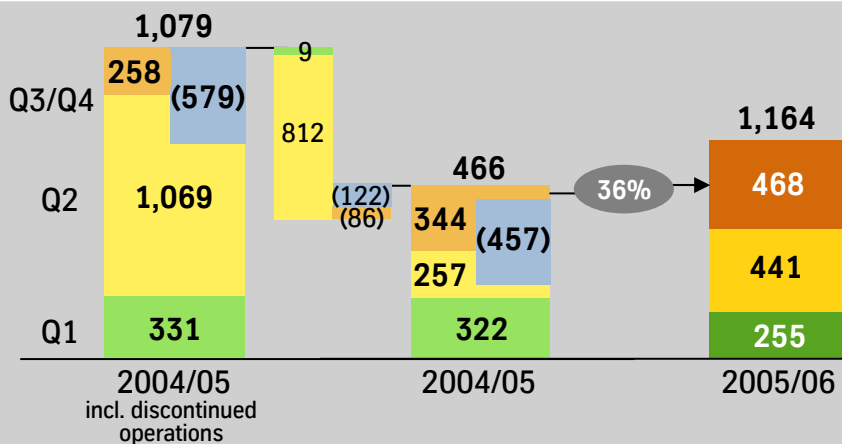


**EBT** million €

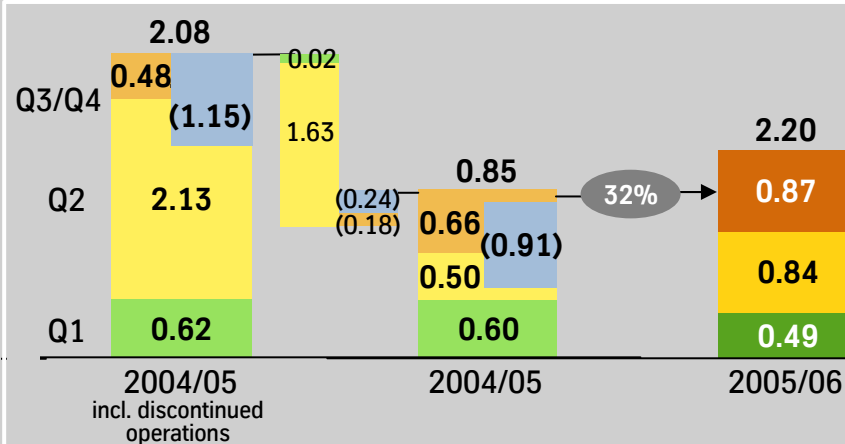


\* incl. major nonrecurring items

**Net income** million €



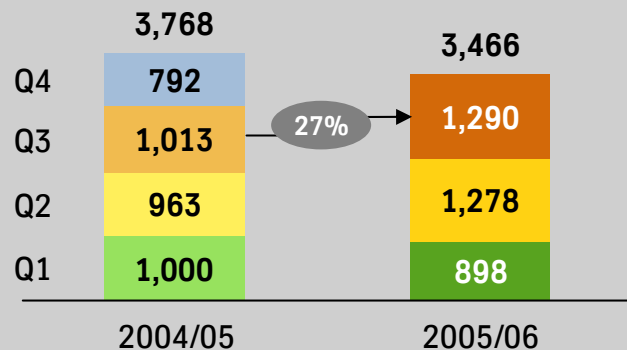
**Earnings per share** €



# Group in Figures (III)

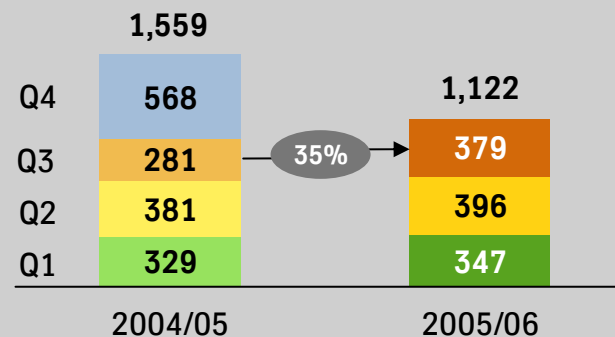
## EBITDA

million €



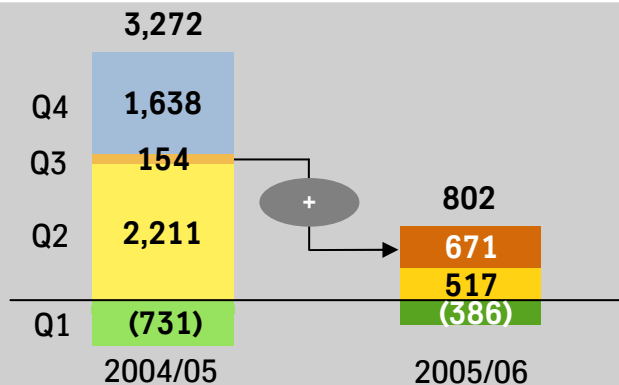
## Depreciation and amortization

million €



## Free cash flow\*

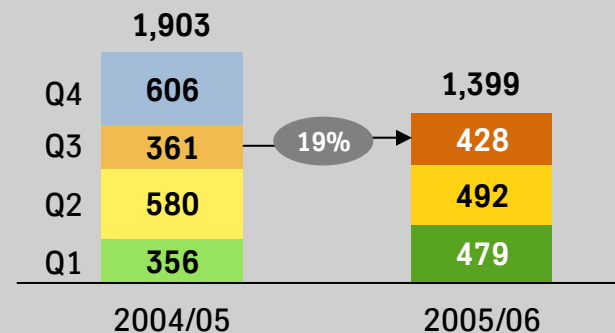
million €



\* figures not adjusted for discontinued operations

## Capital expenditures\*

million €



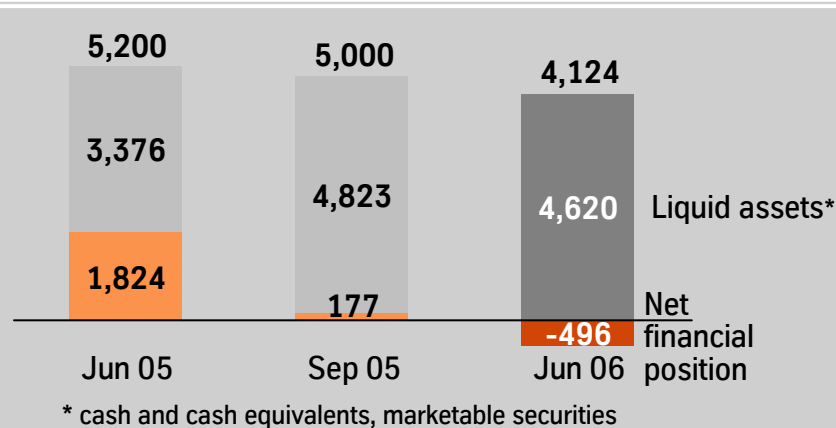
\* incl. financial investments; figures not adjusted for discontinued operations



# Group in Figures (IV)

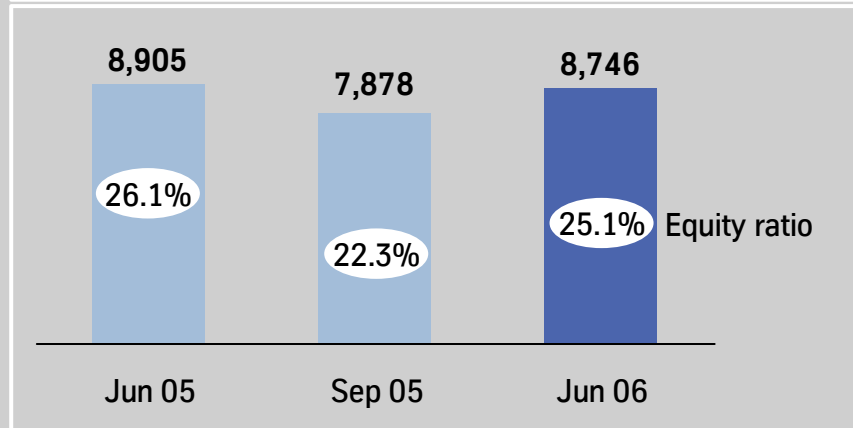
## Financial liabilities

million €



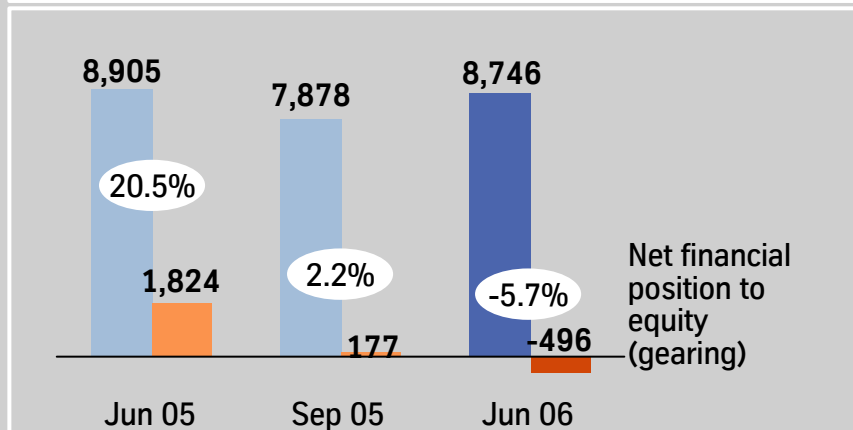
## Stockholders' equity

million €



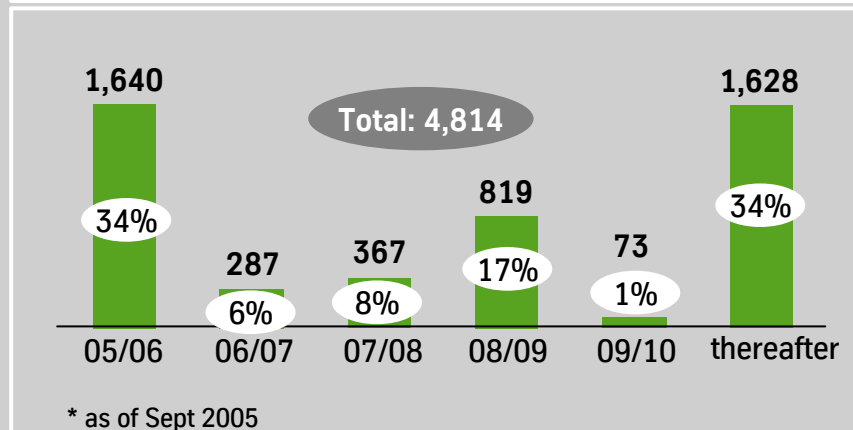
## Gearing

million €



## Maturity profile of gross financial payables\*

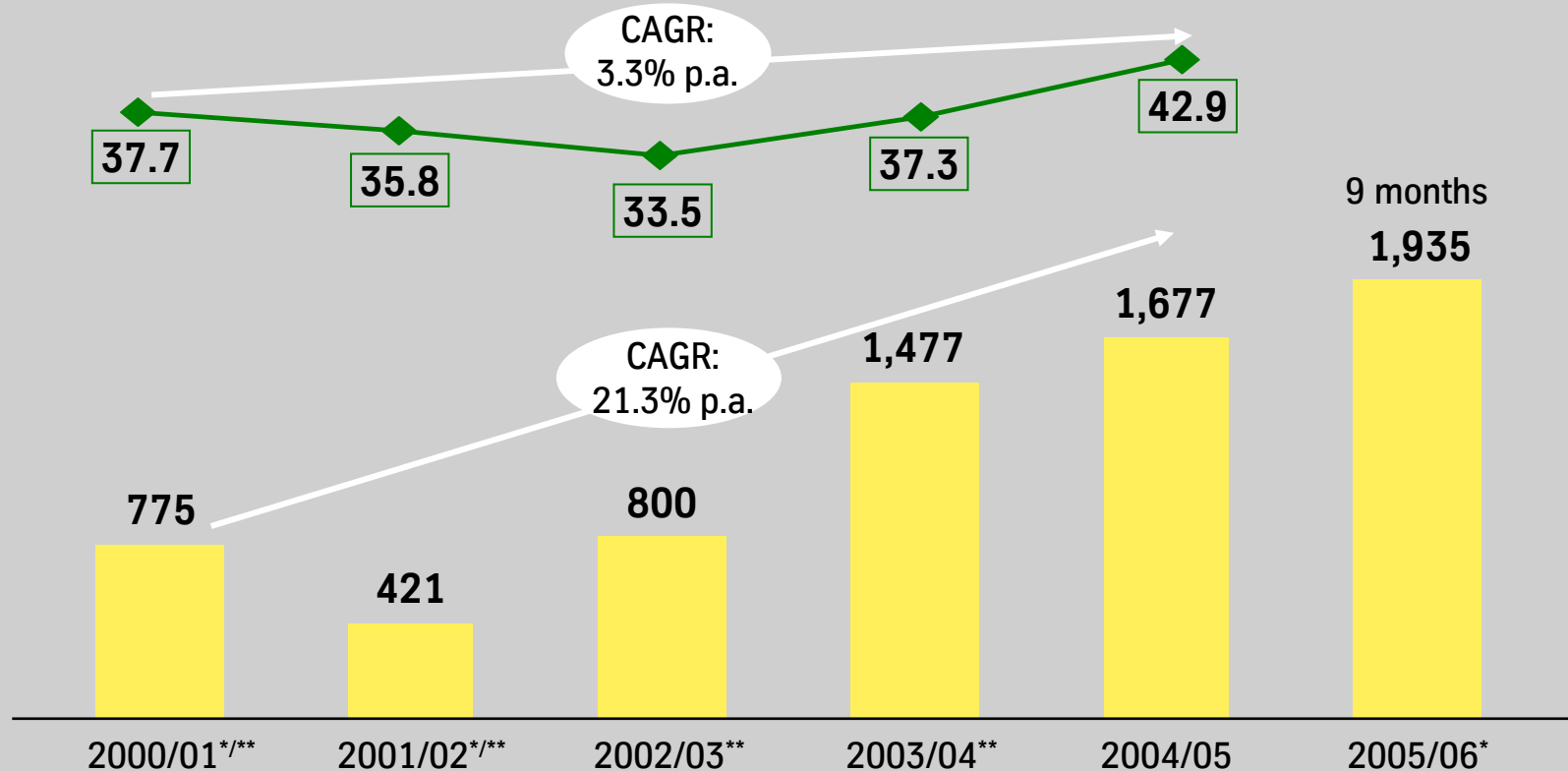
million €



# Efficiency Enhancement – Track Record

Sales and EBT

billion € / million €



\* excluding nonrecurring items \*\* US GAAP

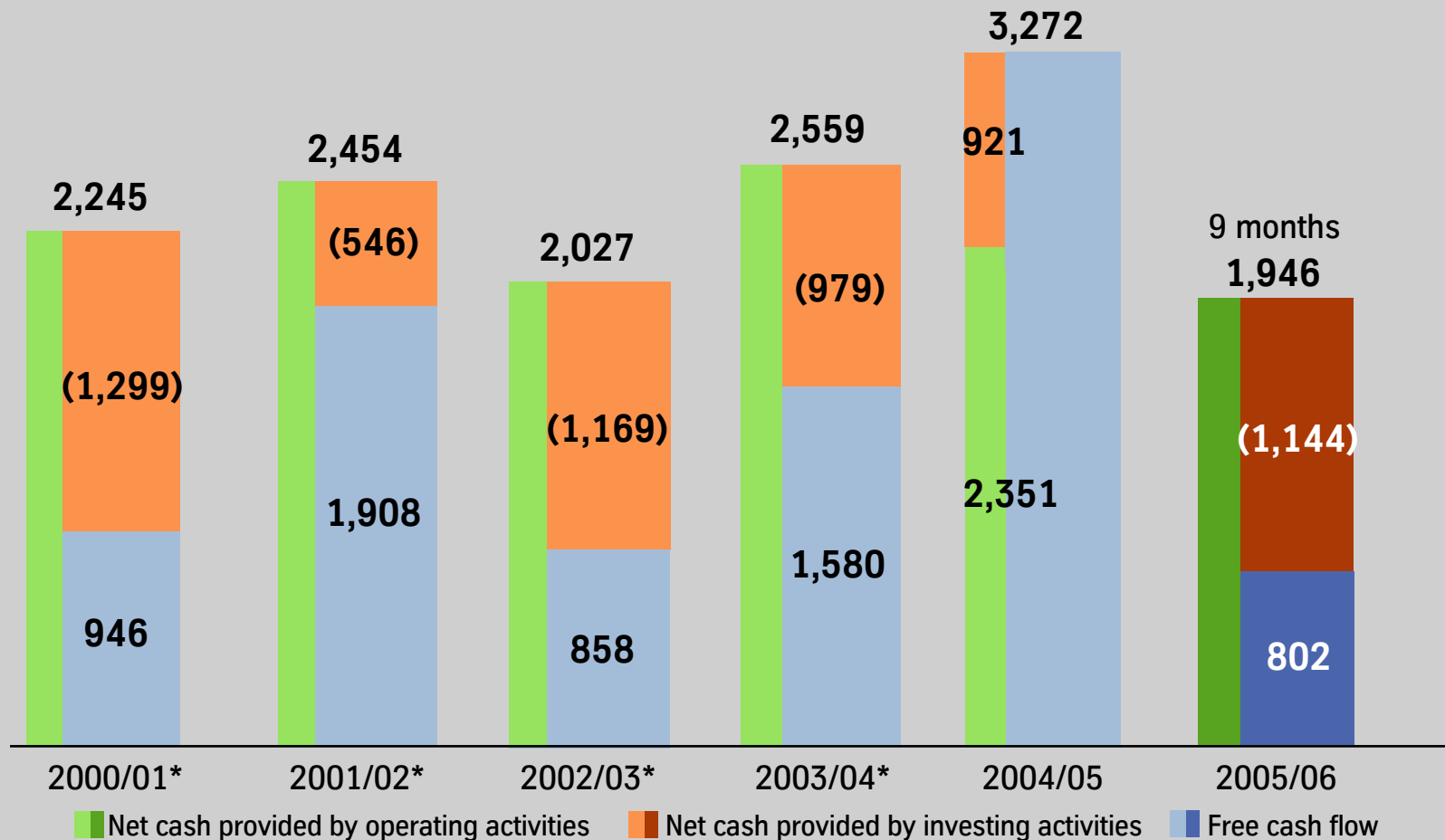




# Cash Flow – Track Record

Net cash provided by operating and investing activities, free cash flow

million €



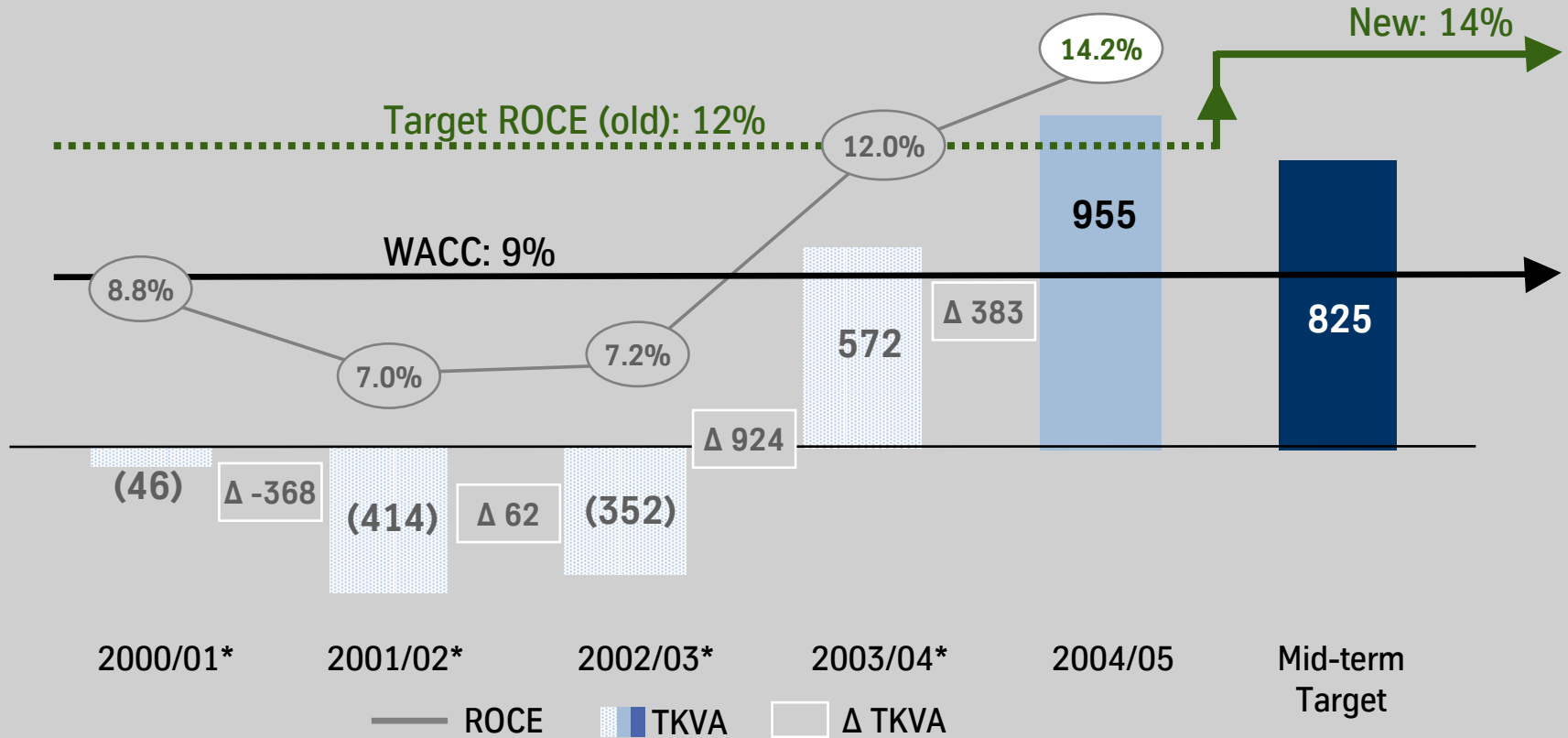
\* US GAAP



# Value Indicators – Track Record and Mid-term Target

ROCE and ThyssenKrupp Value Added

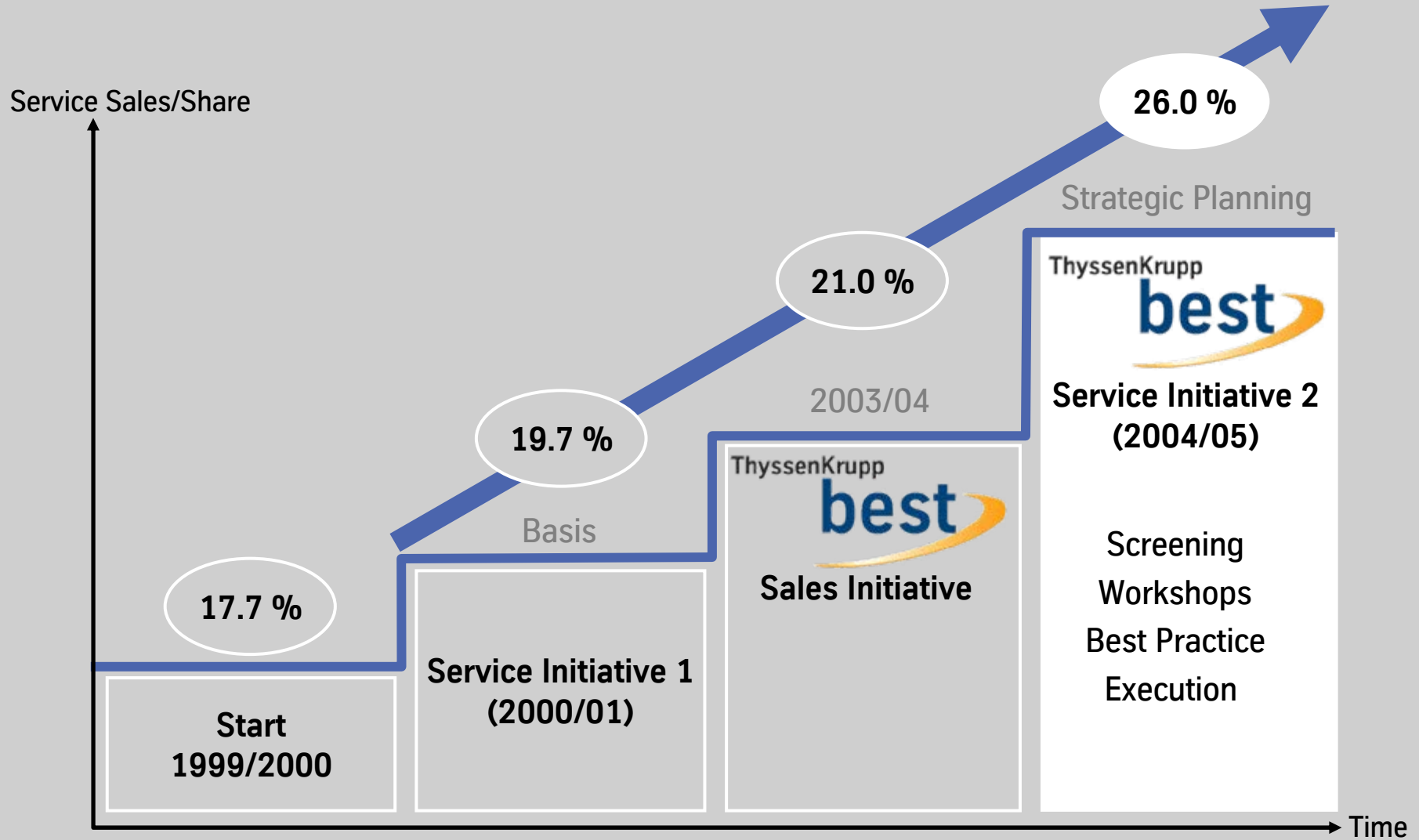
% / million €



\* US GAAP



# Service Initiative Gains Momentum



# Innovations Pave the Way to Success

## Technologies

### Air-independent propulsion system for submarines



- Air-independent propulsion through specific adaptation of the fuel cell technology
- Greater underwater endurance and range with no impact on signature
- A total of 20 fuel cell-powered submarines have been sold on the world market to date

*ThyssenKrupp  
Innovation Award  
2006 (1st)*

## Stainless

### Silver Ice® UV – the anti-fingerprint formula

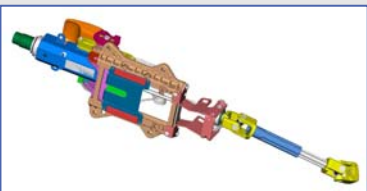


- Newly designed UV-cured coating for stainless steel surfaces providing protection from fingerprints
- High resistance to scratches and chemicals, good formability and easy to clean
- Applications: e.g. high-quality kitchen appliances, building and elevator paneling

*ThyssenKrupp  
Innovation Award  
2006 (2nd)*

## Automotive

### Adaptive linear crash systems



- Steering column crash system with energy-absorbing element based on electronically controlled intelligent materials
- Maximum safety for the person behind the wheel regardless of weight, seat position, etc.
- Currently still in the development phase with great potential (market trend “occupant protection”)

*ThyssenKrupp  
Innovation Award  
2006 (2nd)*

## Steel

### TriBond®



- Functional steel composite material with tailored properties (3-layer hot strip)
- Combination of properties such as wear resistance and ductility
- Application-specific layer materials and order simplify customer processing and realize improved end product properties

*ThyssenKrupp  
Innovation Award  
2006 (3rd)*



## Investment Conclusion

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- Strong commitment to sustainable profit generation and value enhancement throughout business cycles

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- Value creation for shareholders not only by profitable growth initiatives, but also by stable and sustainable dividend payment

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- Continuation of systematic value management by concentrating only on high-performance business areas and active portfolio management

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- Further expansion of service orientation as well as fostering technological and innovative capabilities

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## Disclaimer

In this presentation all figures are prepared in accordance with IFRS. Moreover the figures in the income statement refer to continuing operations unless otherwise stated.

**Due to the conversion process figures included here should be seen as provisional as the IASB may still enact provisions that could be applied retroactively. The audit of the restated figures will be in conjunction with the audit of the full financial statements under IFRS for the fiscal year ending September 30, 2006.**

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