

## **German & Austrian Corporate Conference**

Deutsche Bank

Frankfurt/Main

June 4, 2008

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# 2008

**ThyssenKrupp**



# Agenda

- Track Record ThyssenKrupp
- Group Strategy and Capex Program for Growth
- Investment Summary
- Appendix



## Group Overview – Q2 2007/08 Highlights

- ThyssenKrupp continued its good performance:

<b>Order intake</b>	<b>€14,084 m</b>	<b>(€13,962 m)</b>
<b>Sales</b>	<b>€13,199 m</b>	<b>(€13,114 m)</b>
<b>EBT*</b>	<b>€784 m</b>	<b>(€1,052 m)</b>

⇒ Order intake at high level, sales above previous year figure

- EBT outlook 2007/08 confirmed (> €3 bn\*)
- Current planning process confirms mid- and long-term targets

\* excl. major nonrecurring items      ( ) = Q2 2006/07



## Segment Overview – Quarterly EBT

	2005/2006	2006/2007					2007/2008			
million €	FY	Q1	Q2	Q3	Q4	FY	Q1	Q1 excl. major nonrecurring items	Q2	Q2 excl. major nonrecurring items
Steel	1,406	399	471	428	364	1,662	353	419	396	462
Stainless	423	325	291	296	(135)	777	(45)	(42)	38	42
Technologies	410	148	108	155	133	544	179	179	186	155
Elevator	391	97	(390)*	106	74	(113)	119	119	90	90
Services	482	192	140	218	154	704	132	132	135	135
Corporate	(446)	(93)	(43)	20	(89)	(205)	(84)	(84)	(97)	(97)
Consolidation	(43)	(6)	(5)	(4)	(24)	(39)	(8)	(8)	(6)	(3)
Group	2,623	1,062	572	1,219	477	3,330	646	715	742	784

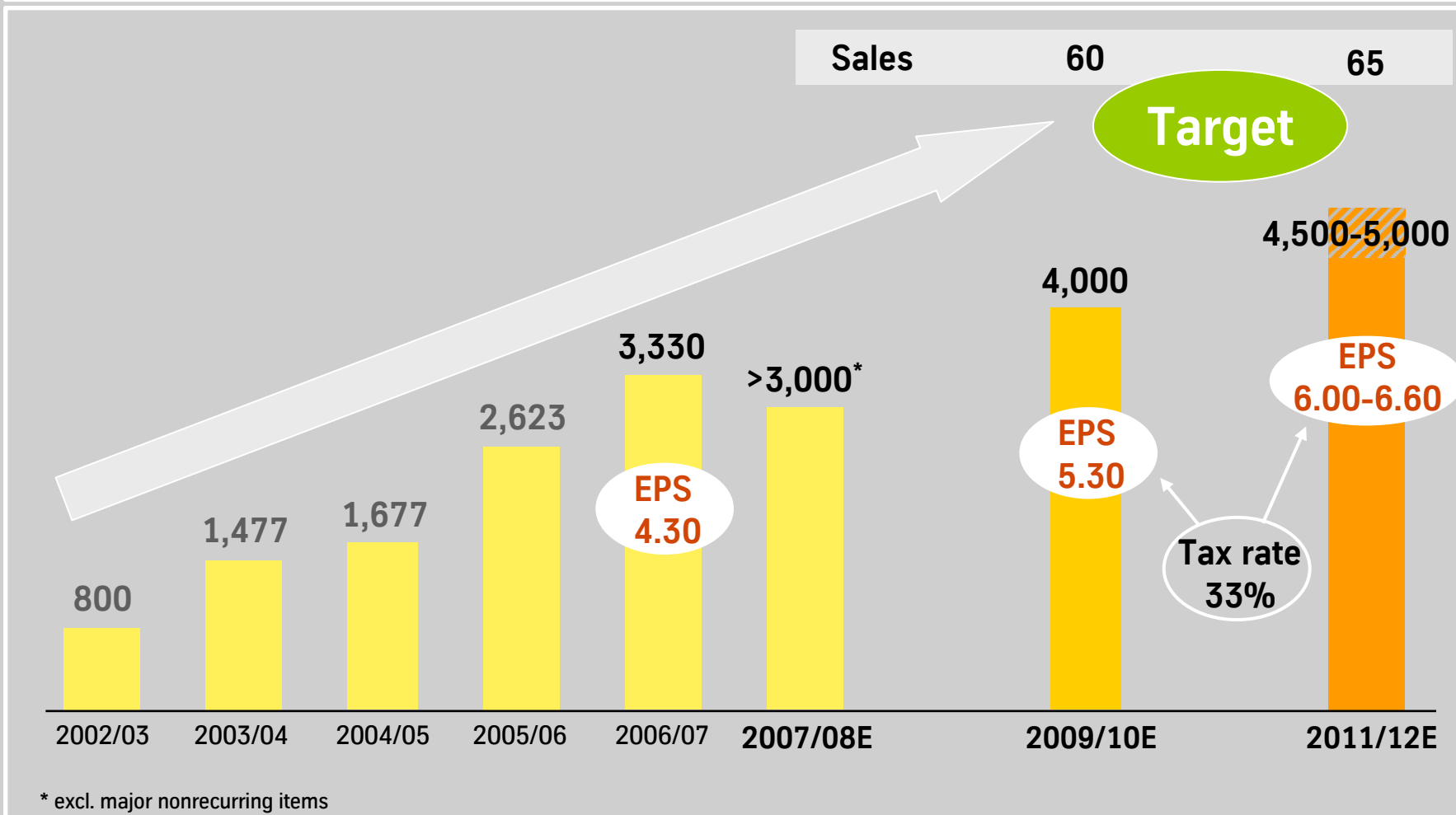
\* incl. EU fine



# Group Targets 2009/10 and 2011/12 Confirmed by Current Budget

Sales, EBT and EPS

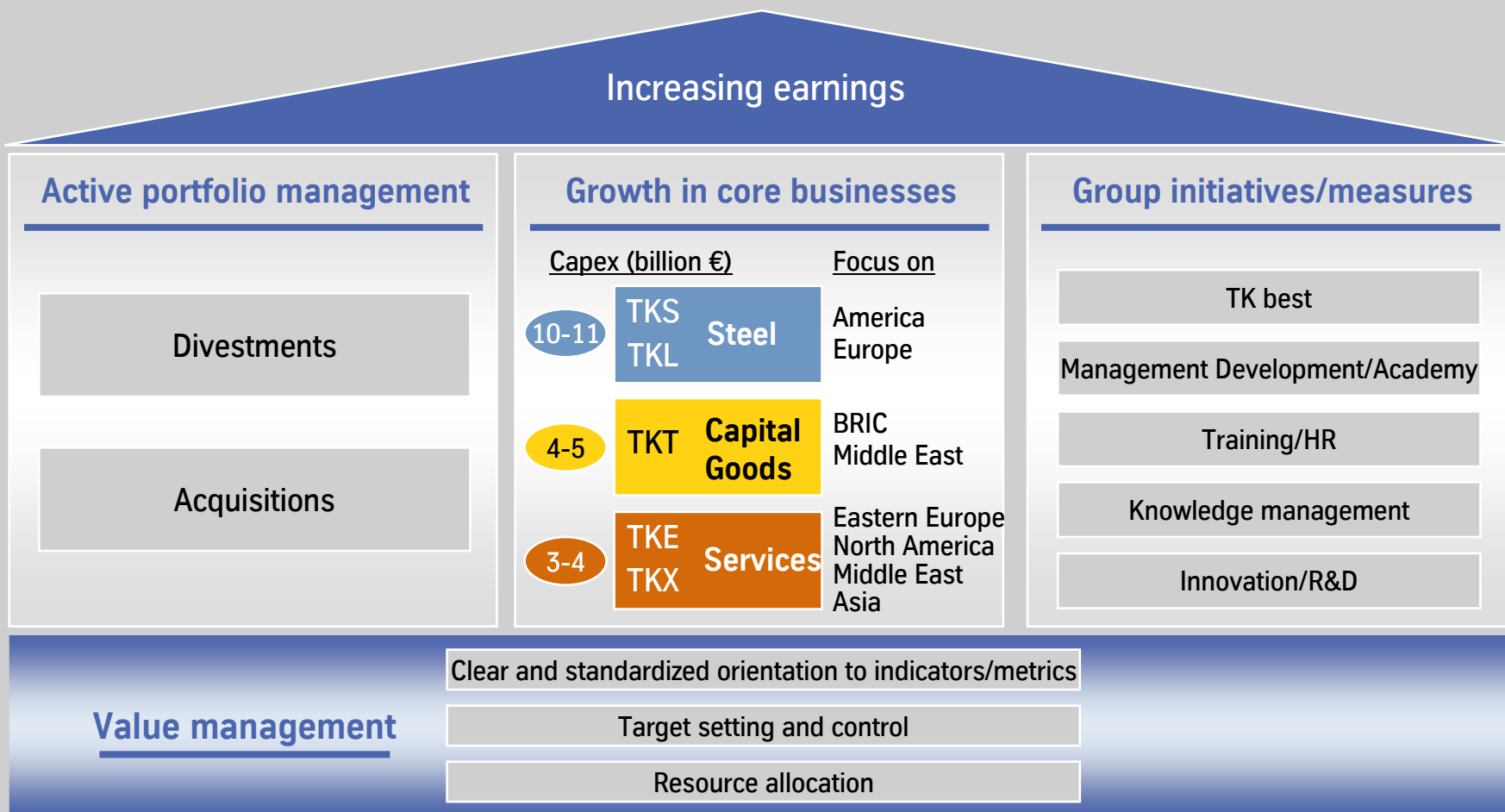
billion € / million € / €



ThyssenKrupp

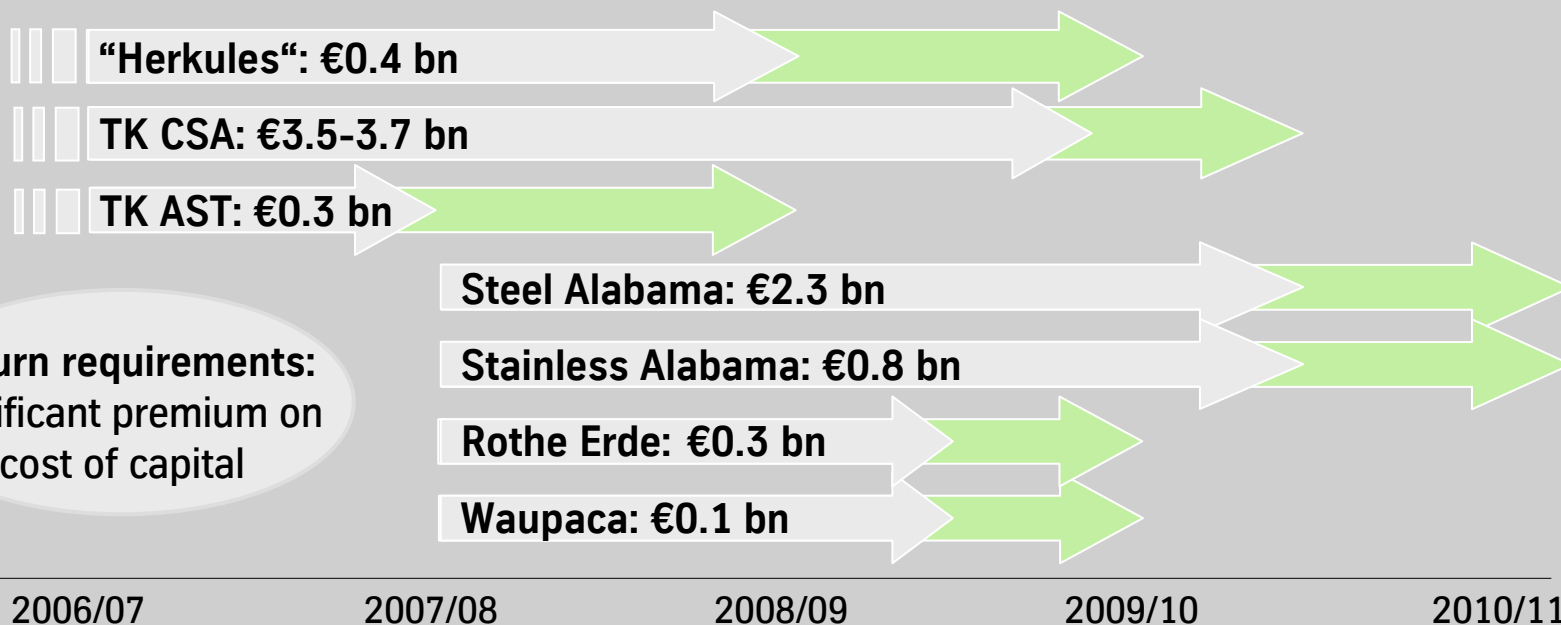


# Cornerstones of the ThyssenKrupp Group's Strategy

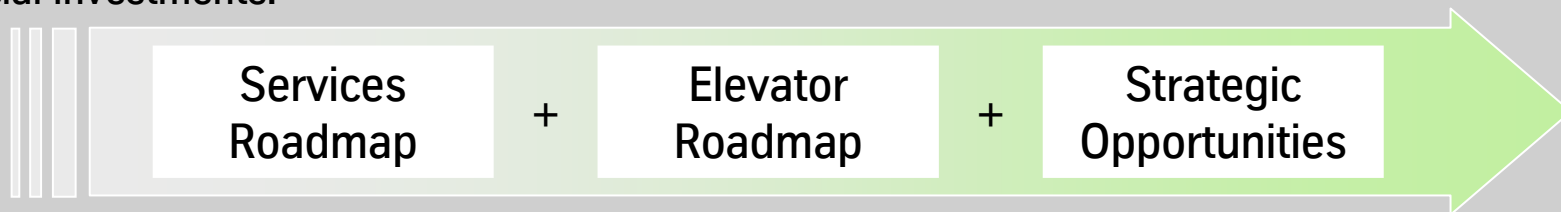


# Growth in Core Businesses to Drive Earnings

## Fixed assets investments:



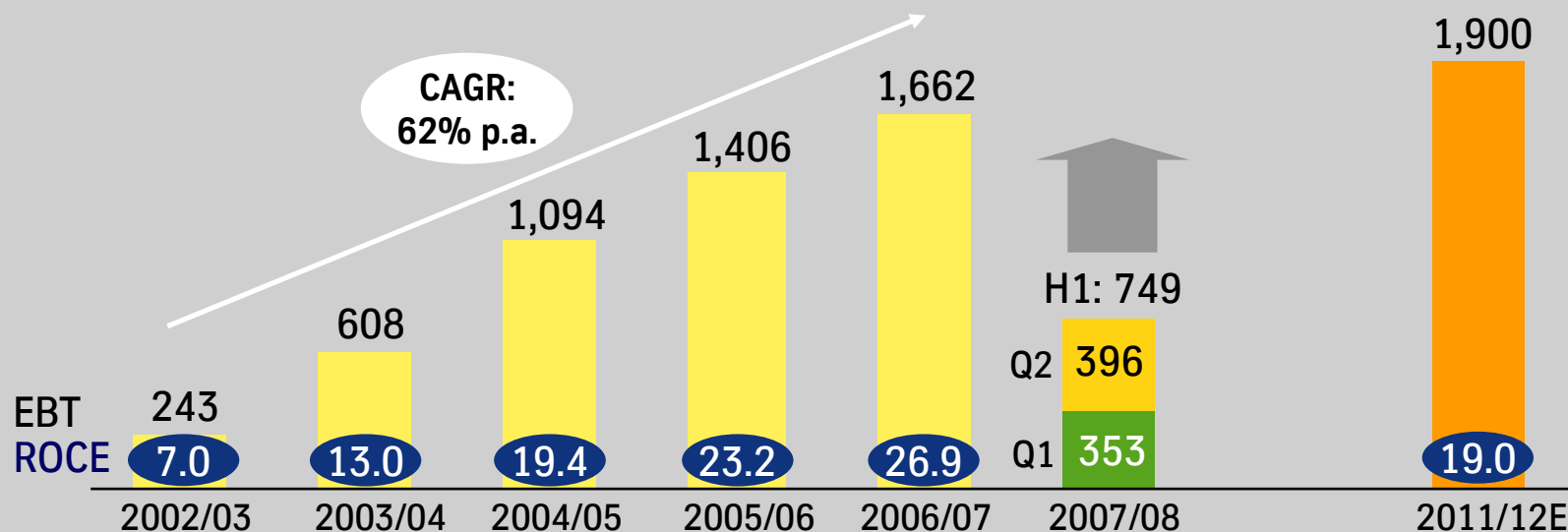
## Financial investments:



# Steel: Value Drivers

## EBT / ROCE track record

million € / %



- Steel plant in Brazil goes on stream in calendar Q3 2009: 5 m tons of low cost slabs for NAFTA market and Duisburg
- Ramping up of rolling capacities in Alabama starting in 2010

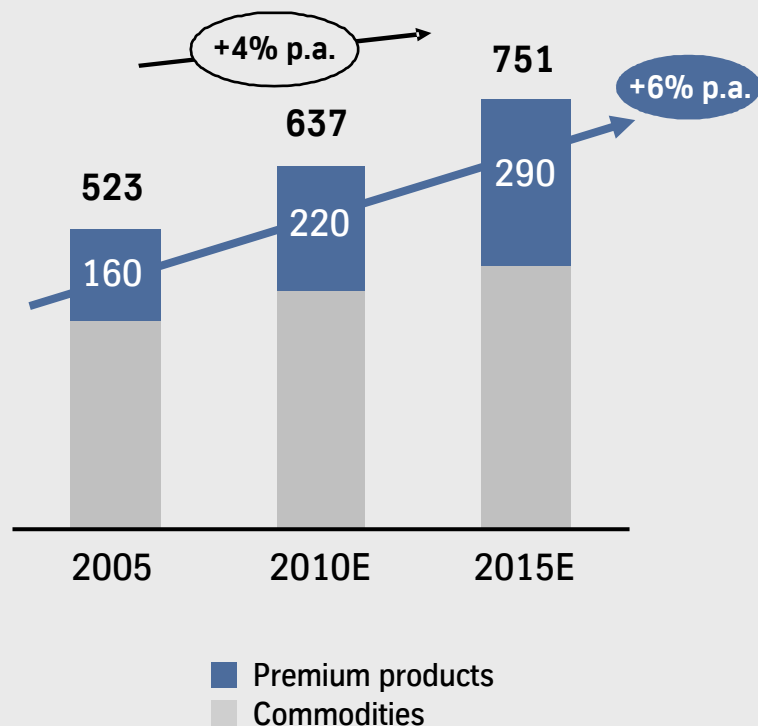
2002/03-2004/05 in the Group structure valid at that time



# Steel: Market Outlook

## Global demand for flat carbon steel

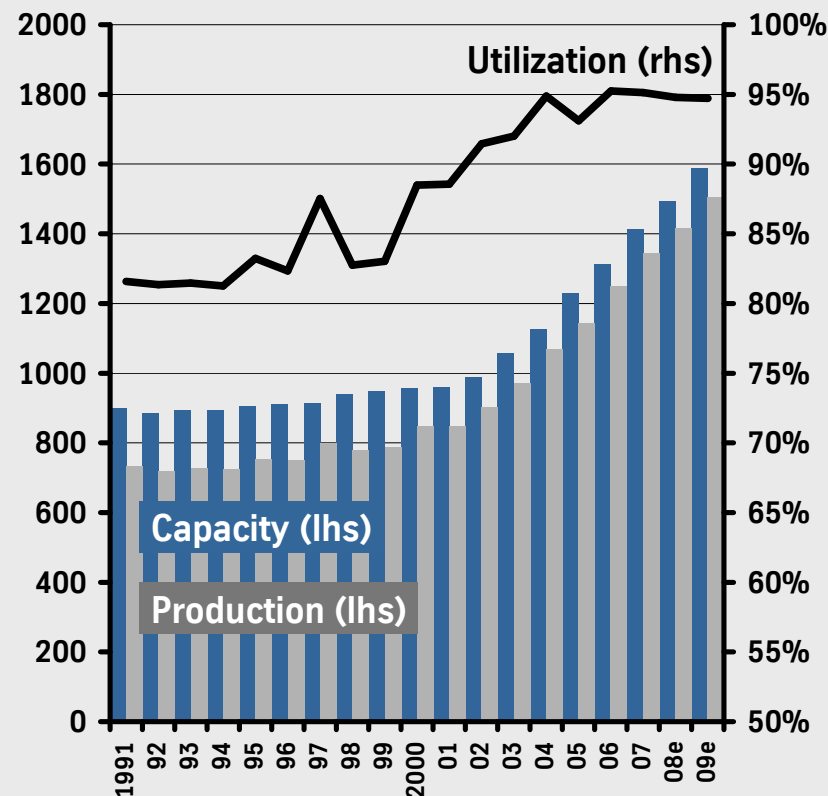
million tons



Source(s): CRU MerchantSlabMarket 2006-Q4,  
WSD Global Steel Product Matrix

## Global crude steel capacity utilization rates

million tons

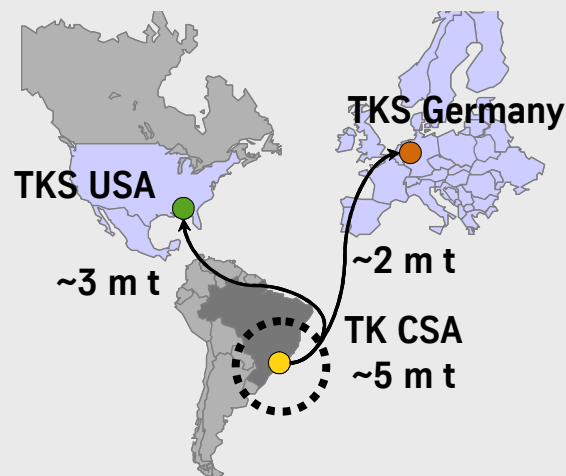


Source(s): German Steel Federation



# Steel: Strategic Concept

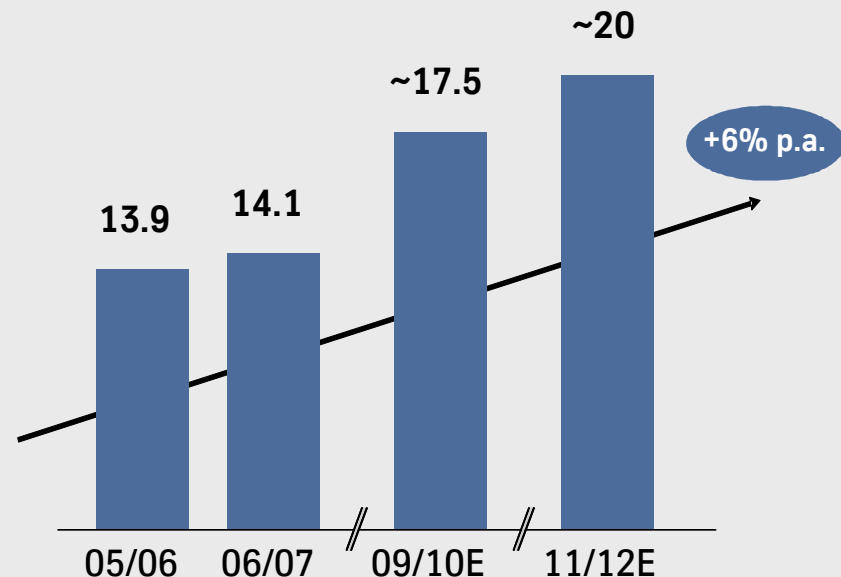
## Transatlantic forward strategy



- Low-cost and high-quality slabs as ideal basis for further processing in Europe and North America
- Production of first slab in calendar Q3 2009

## Steel shipments

million tons

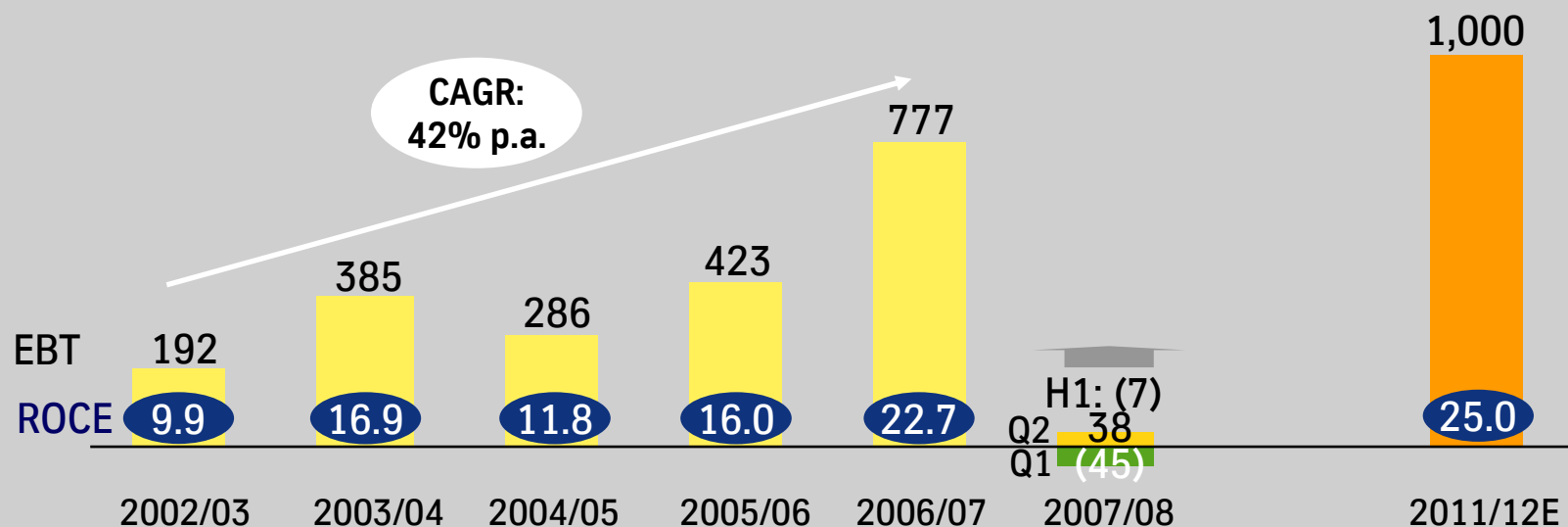


- Strong organic growth based on proven business model
- Shipments to increase by more than 40% by 2011/12
- Excellently positioned to meet increasing demand for premium products

# Stainless: Value Drivers

## EBT / ROCE track record

million € / %



- World Class Terni project strengthens European position
- Stainless Alabama going on stream in 2010
  - ⇒ Further penetration of NAFTA market

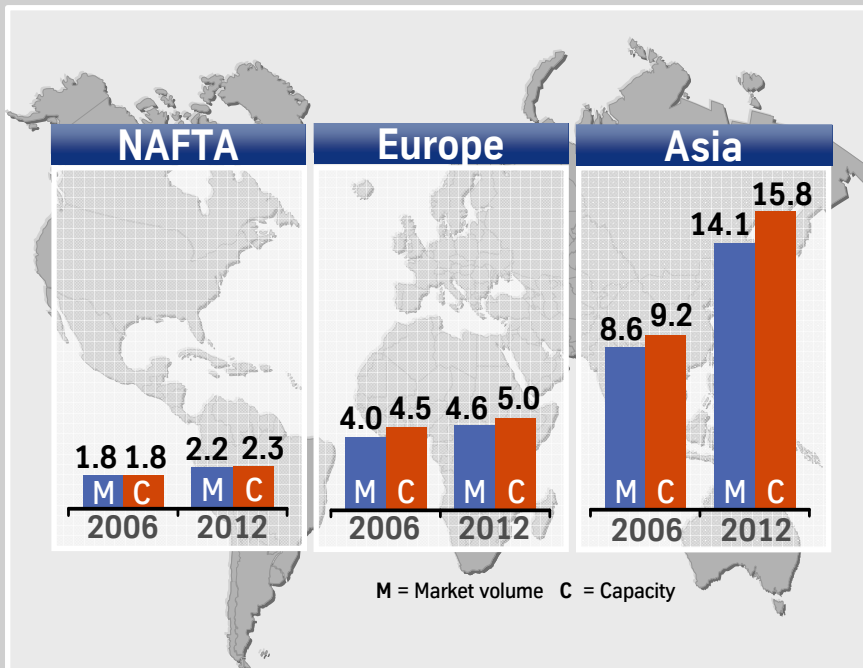
2002/03-2004/05 in the Group structure valid at that time



# Stainless: Market Outlook

## Development global trade flows

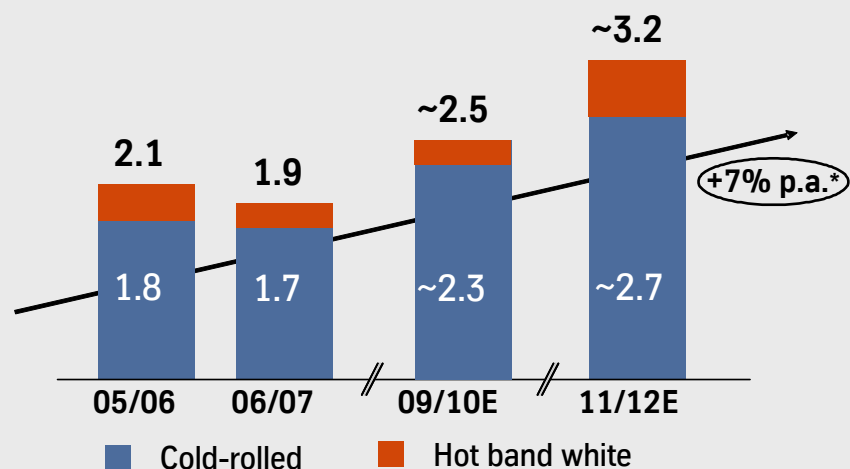
million tons



- NAFTA and Europe: supply and demand is more balanced → core markets of ThyssenKrupp Stainless
- Asia: increasing overcapacities

## ThyssenKrupp Stainless shipments

million tons



\* total shipments

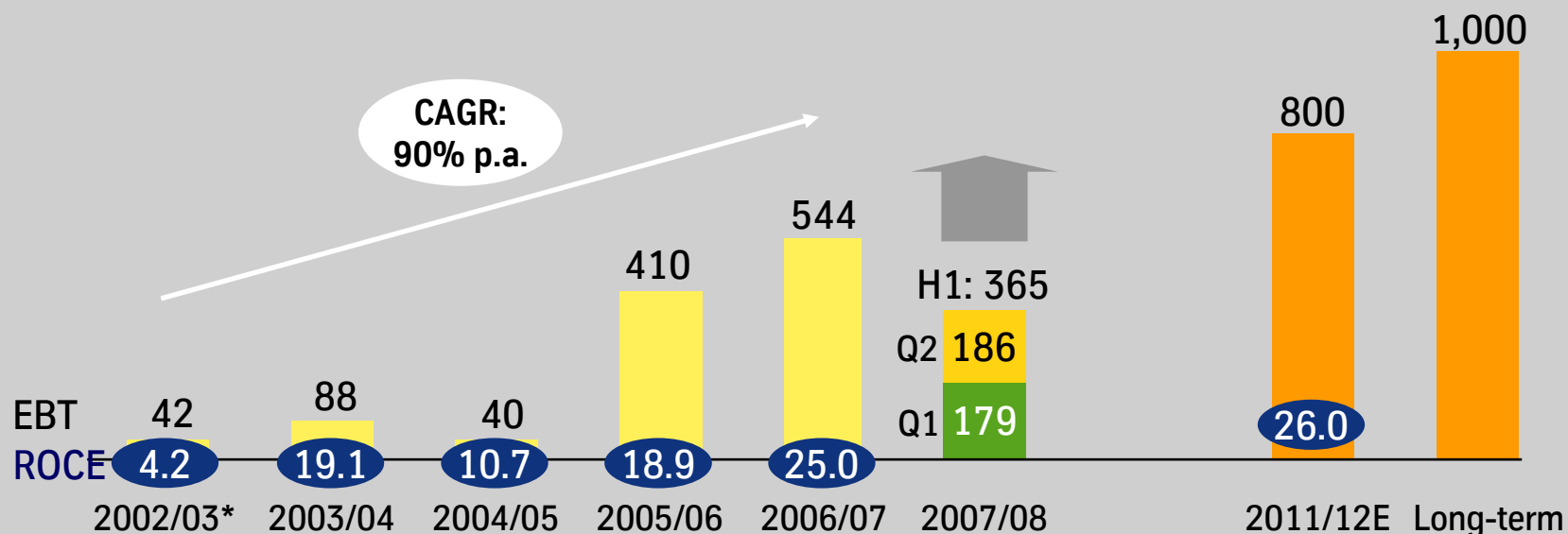
- Stainless Alabama starting to ramp up in 2010
- Increasing shipments from higher capacities in NAFTA
- Further market penetration and market share gains targeted in NAFTA



# Technologies: Value Drivers

## EBT / ROCE track record

million € / %

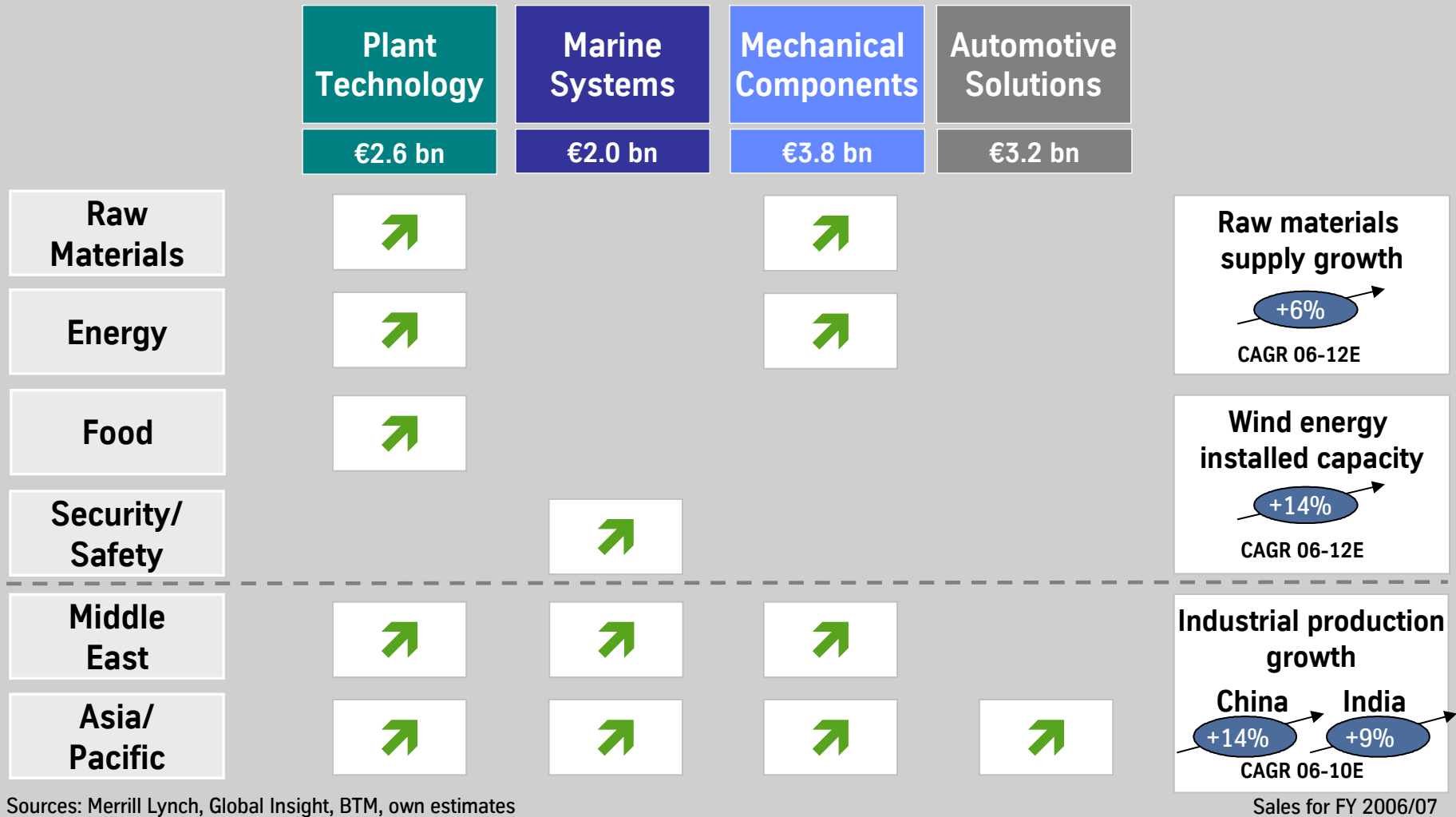


\* excl. Automotive  
2002/03-2004/05 in the Group structure valid at that time

- Global secular growth trends will continue to drive profitable business: raw materials (mining and processing), food (fertilizers), energy (renewable and fossil), security (surface vessel and submarine)
- Development of additional business potential, e.g. in Middle East



# Technologies: Strategic Focus on Mega-trends



# Mega-trend: Raw Materials

## Mining and refining of raw materials

## Chemical intermediates and end products



**Diamonds**  


**Oilsand**  



**Limestone**  


**IronOre**  


**BlackCoal**  


**Gold**  

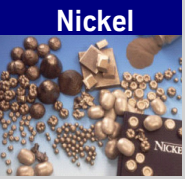

About 30 % of the world's raw materials are mined, processed and handled with systems by ThyssenKrupp

**Bauxite**  



**Copper**  



**Phosphate**  


**Sulfur**  


**Nickel**  



Note: Strip mining without shovel truck

**Fertilizer**  
  




**Electrolysis**  
  



**Coking Plant**  
  


**Biotechnology**  
  


**Gas Technology**  
  


**Refinery Technology**  
  


**Polymers**  
  


**Polyester**  
  


## Mega-trend: Raw Materials → Plant Technology and Oil Sand Mining “Canadian Natural Resources”

### Mobile crushing system

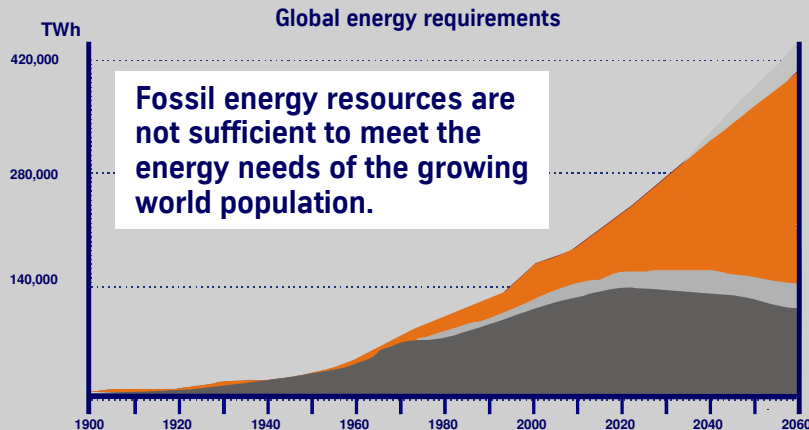
- Replaces 5 trucks
- Saves >10 million ltr. diesel p.a.



- Worldwide reserves of approx. 650 bn barrels, thereof >80% in Canada (Alberta)
- These oil reserves are bigger than those of Saudi Arabia
- With Canada's deposits, today's world demand for oil could be met for the next 55 years
- With rising oil prices, mining has now become profitable as breakeven lies around US \$ 20/barrel

# Mega-trend: Energy and Environmental Protection

## Rising energy requirements



## Global warming due to CO<sub>2</sub> emissions

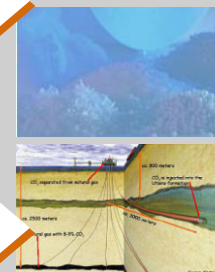


## Potential for Technologies - Project CO<sub>2</sub>-NTRA

Fossil fuels



New forms of energy



Renewable energies



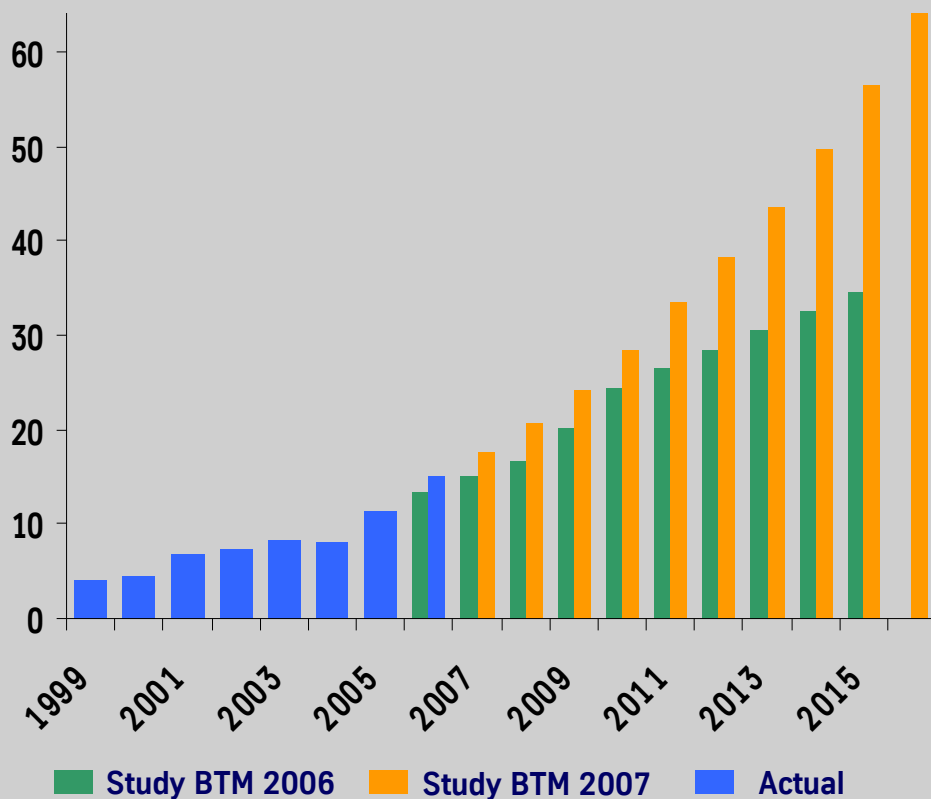
Reduced consumption



- Oil sand / oil shale
- Polyester (lactic acid)
- Refinery technology
- Coal gasification
- CO<sub>2</sub> disposal
- Bioethanol/ biodiesel
- Wind energy
- Hydrogen / fuel cell
- Lightweight components

# Growth of Wind Energy in BRIC Countries

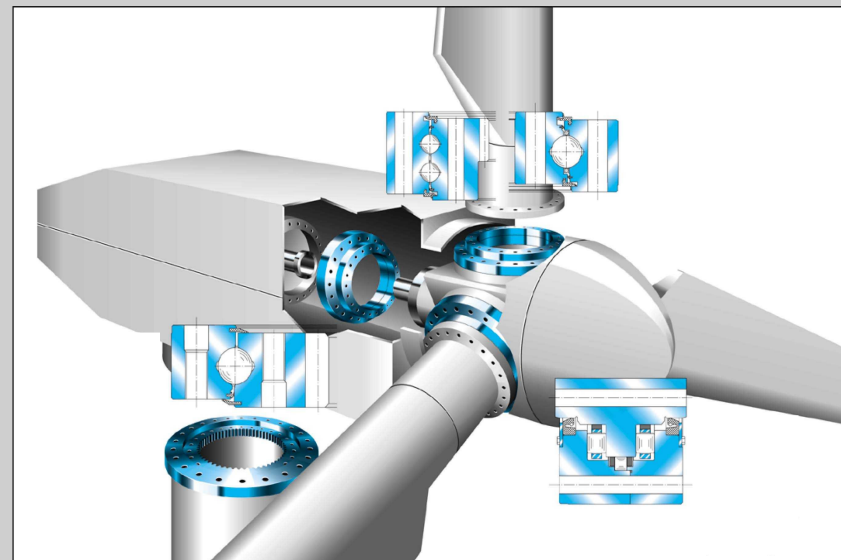
## Installed Capacity for Wind Energy



Figures in Giga Watt per year → new study

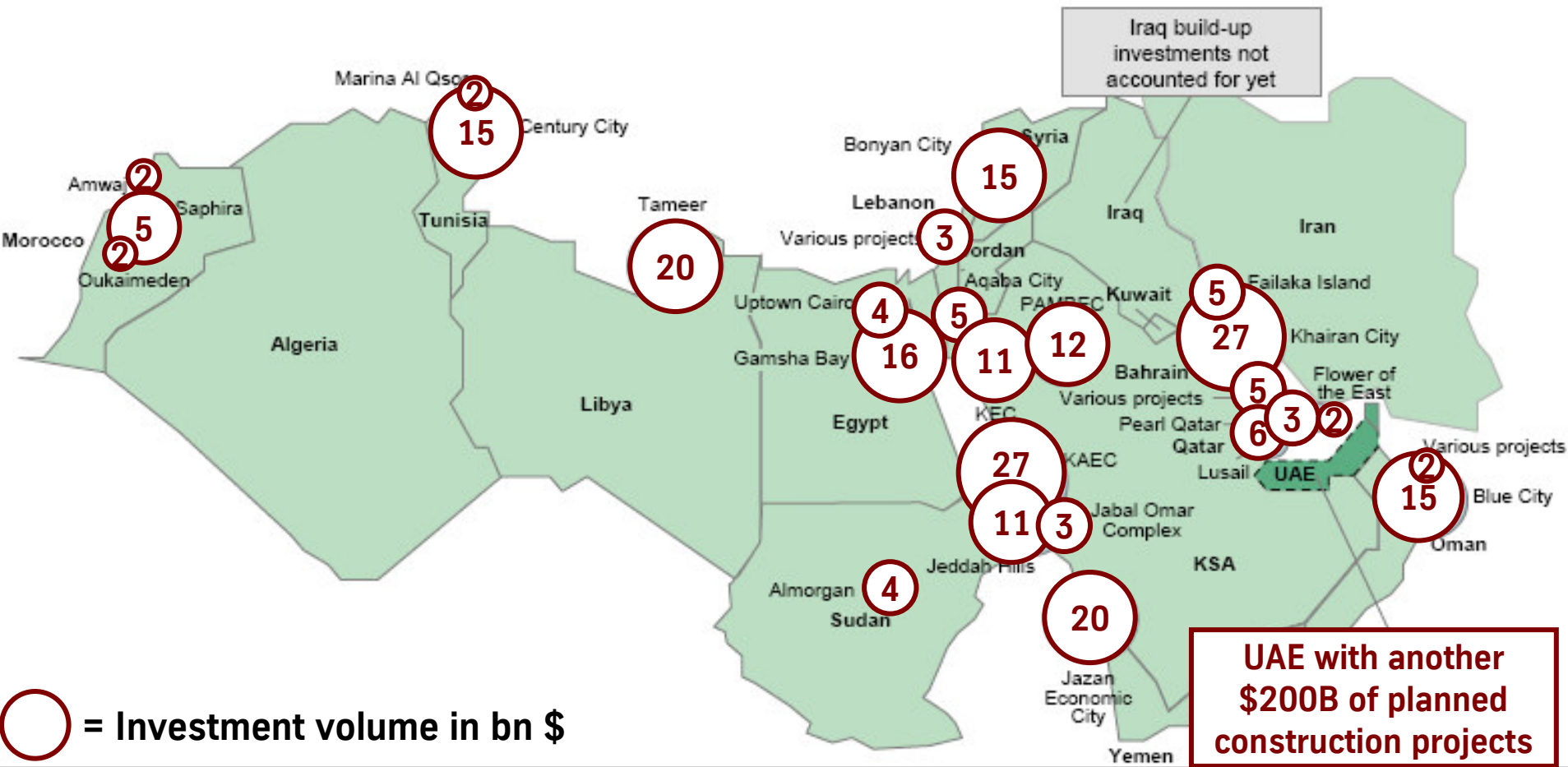
BTM = Birger T. Madsen, Consult Danish Energy Agency

## Bearings in Wind Energy Plants



- ThyssenKrupp components are essential for wind turbines  
→ 5 bearings for every wind turbine
- Capex of €300m in order to increase capacity

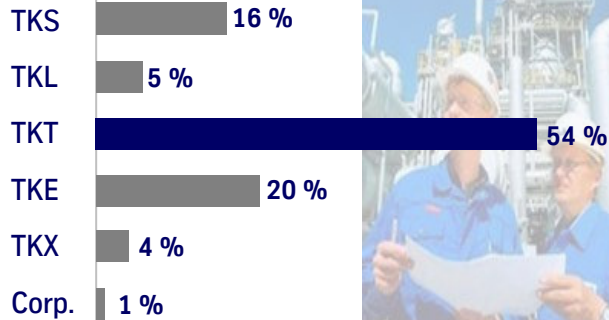
# Investments in Conjunction with Infrastructure Development and Urbanization



# Worldwide Engineering Network enables technological Leadership

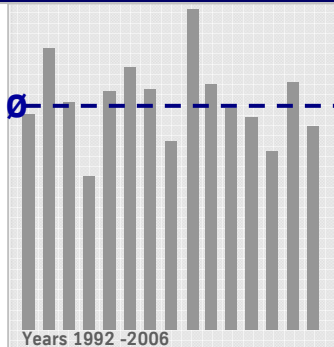
The only limit to growth: Shortage of highly skilled engineers

## More than half of all engineers at ThyssenKrupp work for Technologies



## More than 200 patents and utility models registered in 06/07

On average, more than 100 patents and utility models are registered each year



R&D



Basic Engineering



Detail Engineering



Project Mgmt.



Figures in brackets = no. of employees at Sep. 30, 2007, rounded; Other R&D centers <100 employees

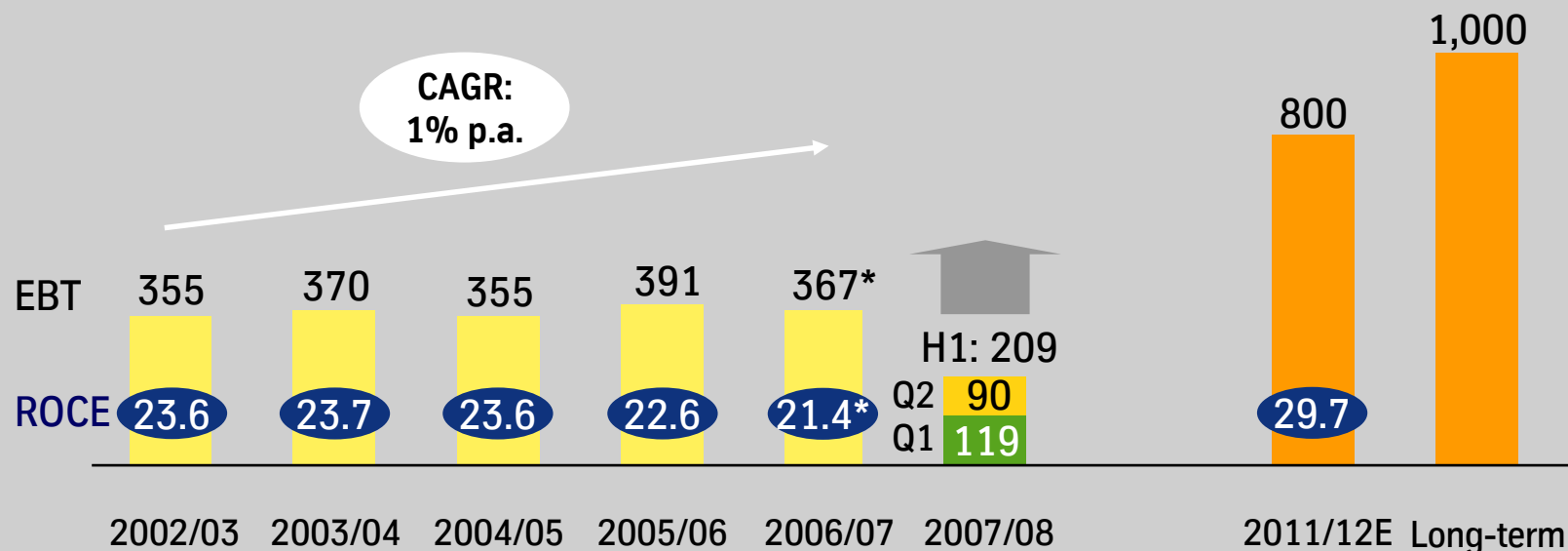
**ThyssenKrupp**



# Elevator: Value Drivers

## EBT / ROCE track record

million € / %



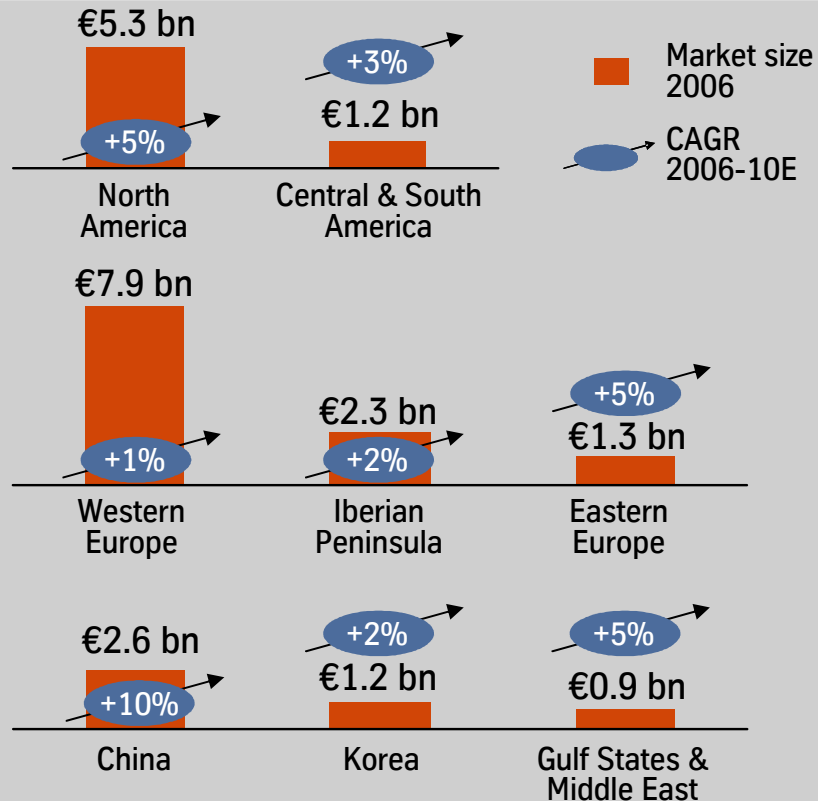
\* excl. EU fine  
2002/03-2004/05 in the Group structure valid at that time

- Investment roadmap with focus on service business
- EX East project to develop additional business potential in Asia
- Performance Program 300



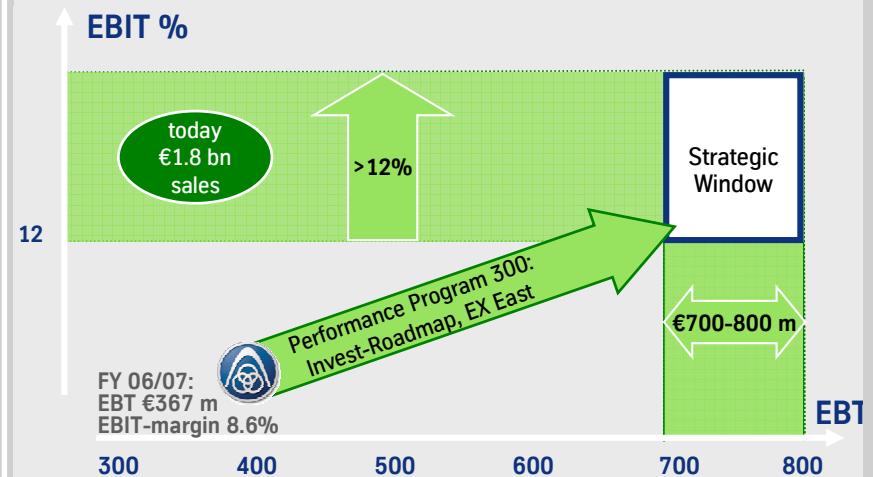
# Elevator: Market Outlook and Strategic Concept

## Steady market growth in elevators and escalators



## Profit and margin improvement clearly targeted

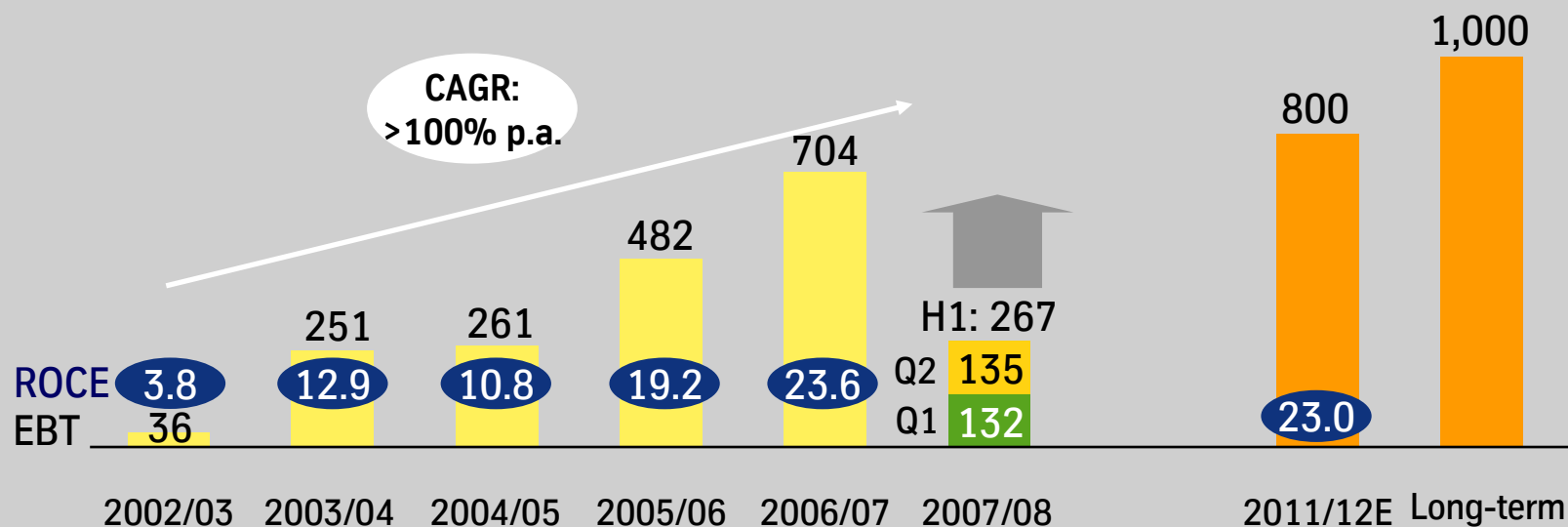
### Performance Program



# Services: Value Drivers

## EBT / ROCE track record

million € / %



- Promising growth opportunities across attractive sectors (e.g. aerospace industry) and regions (e.g. Asia, Eastern Europe)
- EX East project to develop additional business potential in Asia

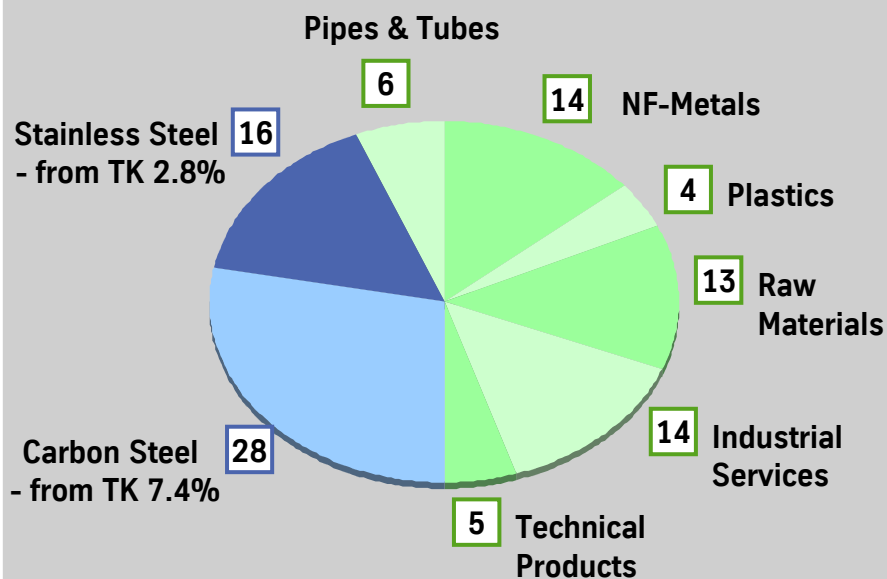
2002/03-2004/05 in the Group structure valid at that time



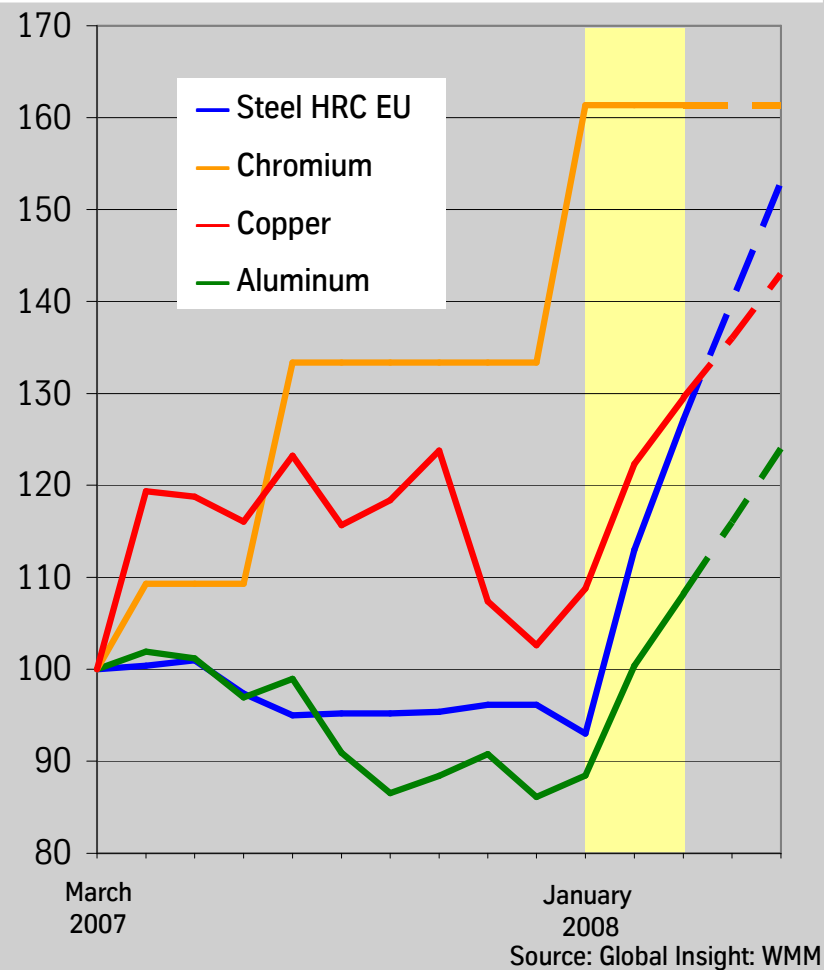
# Services: Market Outlook

## One-stop shop concept

Sales by products/services (%), 2006/07

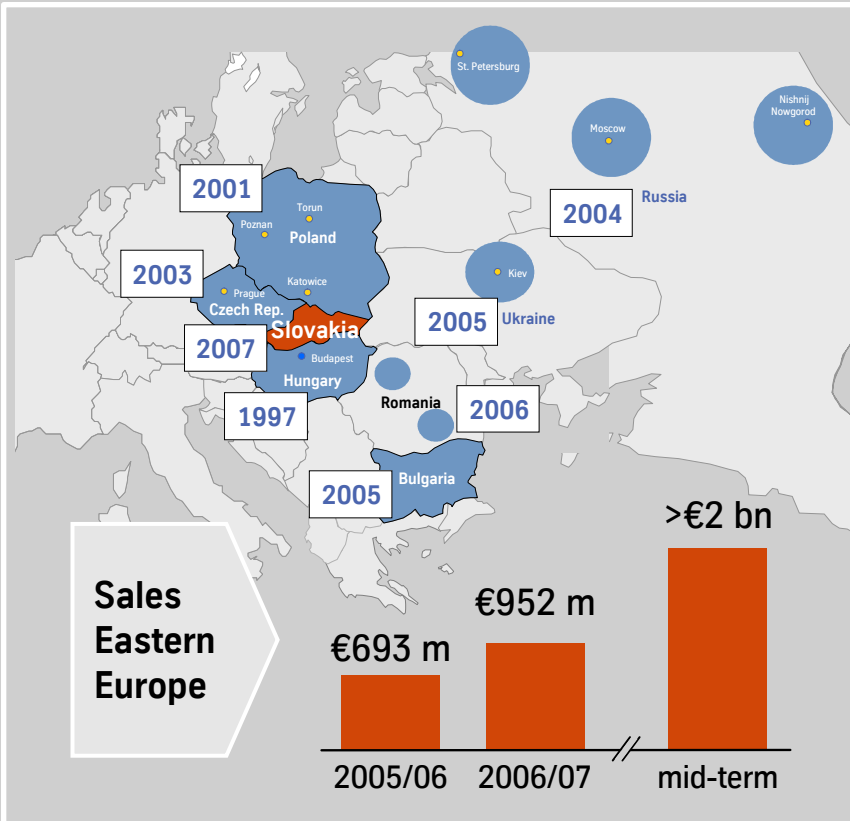


## Rising material prices (indexed)



# Services: Strategic Concept

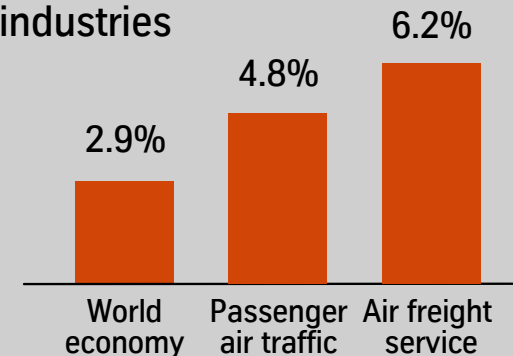
## Expansion in growth regions Example: Acquisition of Ferostav, Slovakia



## Expansion in growth sectors and services Example: Acquisition of Apollo Metals Group

- Disproportionate growth of aerospace industries

CAGR  
2005-2024\*



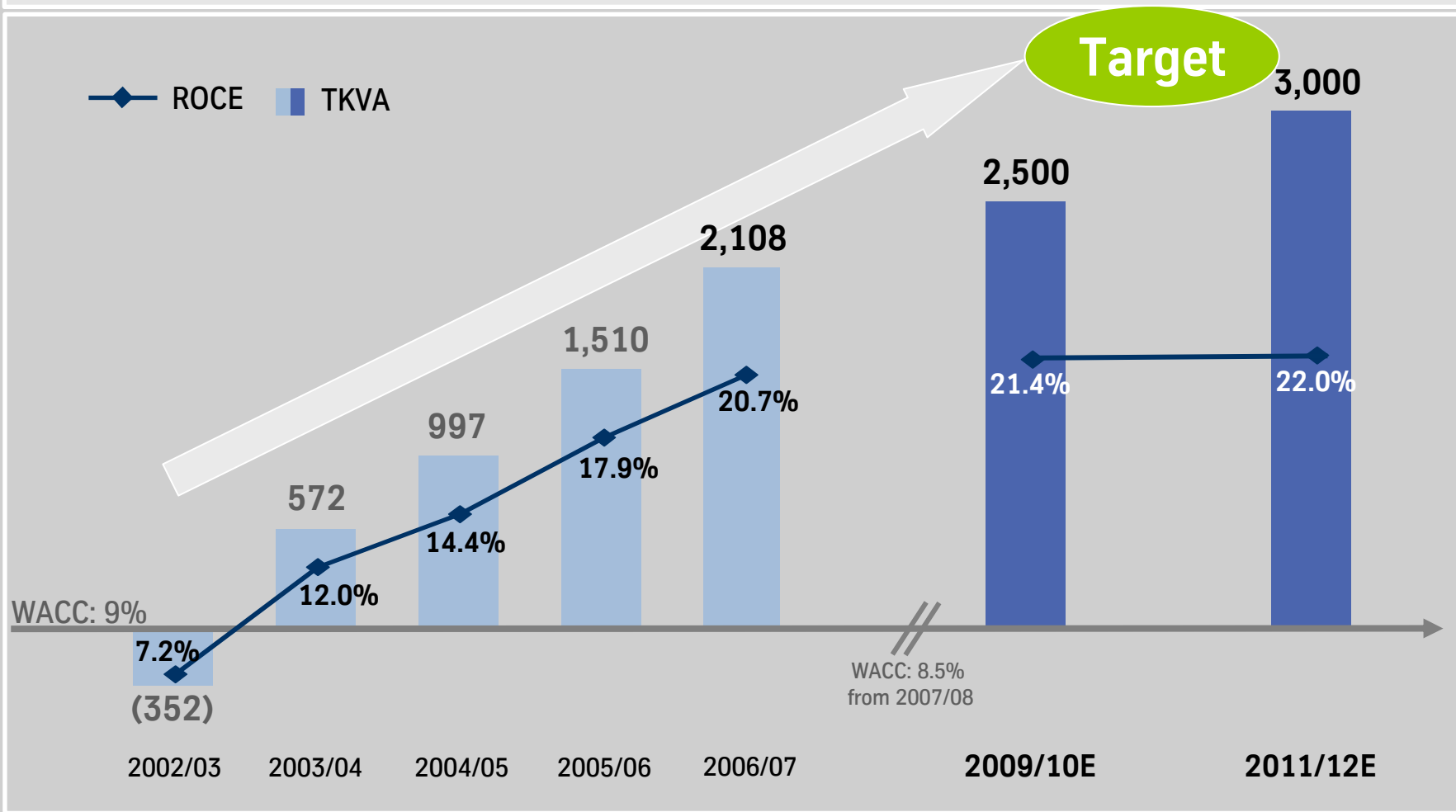
- High demand for corresponding supply chain services
- Apollo acquisition provides ideal geographic fit to existing aerospace activities
- Combined pro-forma sales of ~€0.5 bn

\* Source: Airbus

# ThyssenKrupp is a Long-term Delta EVA Story

## ROCE and TKVA

% / million €



## Group Overview (I)

		2nd quarter 2006/2007	2nd quarter 2007/2008	Change	Change in %
Order intake	€m	13,962	14,084	122	0.9
Sales	€m	13,114	13,199	85	0.6
EBITDA	€m	1,031	1,197	166	16.1
EBIT	€m	677	849	172	25.4
EBT	€m	572	742	170	29.7
Net income	€m	244	502	258	+
Earnings per share	€	0.45	1.00	0.55	+
TK Value Added	€m	273	438	165	60.4
ROCE	%	20.9	16.9	-4.0%-p.	-19.1

Q2 2006/07: incl. Elevator fine ROCE: based on H1



## Group Overview (II)

		2nd quarter 2006/2007	2nd quarter 2007/2008	Change	Change in %
Capital expenditures*	€m	551	1,026	475	86.2
Depreciation/amort.	€m	354	348	-6	-1.7
Operating cash flow	€m	500	1,002	502	+
+ Cash flow from divestments	€m	58	81	23	39.7
– Cash flow for investments	€m	549	1,015	466	84.9
Free cash flow	€m	9	68	59	+
Net financial liabilities	€m	897	1,988	1,091	+
Employees	(Mar 31)	187,919	195,828	7,909	4.2

\* incl. financial investments



# Steel: Segment Overview

## Steel

		2nd quarter			
		2006/07	2007/08	Change	Change %
Order intake	€m	3,510	3,986	476	13.6
Sales	€m	3,389	3,639	250	7.4
EBITDA	€m	680	599	-81	-11.9
EBIT	€m	508	434	-74	-14.6
EBT	€m	471	396	-75	-15.9
TK Value Added	€m	350	263	-87	-24.9
ROCE	%	28.8	22.8	-6.0%-p.	-20.8
OCF	€m	309	352	43	13.9
+ CF from divestm.	€m	25	25	0	0.0
- CF for investm.	€m	288	577	289	+
FCF	€m	46	(200)	-246	--
Employees (Mar 31)		39,005	40,636	1,631	4.2

ROCE: based on H1

- Global steel market remains robust
- Very good business environment for heavy plate, medium-wide strip and electrical steel
- Crude steel output: 3.4 m t (-9% yoy/qoq due to scheduled relining of blast furnace Schwelgern 1); shipments +4% yoy and +13% qoq
- Increase in order intake (mainly higher volumes) and sales (higher shipments and higher prices for contract business)
- Metal Forming: improvement in orders and sales; restructuring concept targeted at optimization of European production network, strengthening of profitable chassis activities, increased presence in growth markets



# Stainless: Segment Overview

## Stainless

		2nd quarter			
		2006/07	2007/08	Change	Change %
Order intake	€m	2,185	2,001	-184	-8.4
Sales	€m	2,407	1,955	-452	-18.8
EBITDA	€m	351	98	-253	-72.1
EBIT	€m	313	60	-253	-80.8
EBT	€m	291	38	-253	-86.9
TK Value Added	€m	220	(23)	-243	--
ROCE	%	36.0	2.0	-34.0%-p.	-94.4
OCF	€m	(107)	243	350	--
+ CF from divestm.	€m	2	2	0	0.0
- CF for investm.	€m	71	168	97	+
FCF	€m	(176)	77	253	--
Employees (Mar 31)		12,218	12,042	-176	-1.4

ROCE: based on H1

- Pick up in demand (esp. from distributors) in Europe; demand from end-users remains stable
- Clear recovery of base prices in Europe
- Order intake and sales lower on a comparable basis due to lower nickel price/alloy surcharge
- Stainless flat production and shipments slightly lower yoy but with clear improvement qoq (+11% and +22% respectively)
- Shanghai Krupp Stainless: increase in ferritic production in response to higher demand



# Technologies: Segment Overview

## Technologies

		2nd quarter			
		2006/07	2007/08	Change	Change %
Order intake	€m	3,083	3,108	25	0.8
Sales	€m	2,804	3,029	225	8.0
EBITDA	€m	199	261	62	31.2
EBIT	€m	104	178	74	71.2
EBT	€m	108	186	78	72.2
TK Value Added	€m	61	135	74	+
ROCE	%	24.6	29.4	4.8%-p.	19.5
OCF	€m	295	325	30	10.2
+ CF from divestm.	€m	46	118	72	+
- CF for investm.	€m	124	171	47	37.9
FCF	€m	217	272	55	25.3
Employees (Mar 31)		53,274	53,637	363	0.7

ROCE: based on H1

- Global secular growth trends continue to drive business
- Order intake and sales with further increase, mainly driven by Plant Technology (e.g. Uhde, Polysius) and Mechanical Engineering (e.g. Rothe Erde: large diameter bearings)
- Excluding US\$/€ exchange rate effects orders and sales would have been 4% and 11% higher
- Order book (Mar 31, 2008): €15.6 bn
- Automotive Solutions: improvement in orders and sales; restructuring concept targeted at cost-reducing site optimization, streamlining measures and efficiency programs



# Elevator: Segment Overview

## Elevator

		2nd quarter			
		2006/07	2007/08	Change	Change %
Order intake	€m	1,311	1,464	153	11.7
Sales	€m	1,088	1,164	76	7.0
EBITDA	€m	(367)	112	479	--
EBIT	€m	(382)	94	476	--
EBT	€m	(390)	90	480	--
TK Value Added	€m	(419)	60	479	--
ROCE	%	(31.1)	24.7	55.8%-p.	--
OCF	€m	172	196	24	14.0
+ CF from divestm.	€m	14	(1)	-15	--
- CF for investm.	€m	18	35	17	94.4
FCF	€m	168	160	-8	-4.8
Employees (Mar 31)		37,758	40,873	3,115	8.2

Q2 2006/07: incl. EU fine ROCE: based on H1

- Main impetus for global construction industry from Asia and Central/Eastern Europe; moderate growth in Germany (esp. commercial construction)
- Clear improvement in orders and sales, mainly driven by successful expansion in Europe (France, Spain, Italy); strong order intake in North America and China
- Improvement despite negative US\$/€ exchange rate effects; orders: +16%, sales: +12% excl. translation
- BU Accessibility with continued successful business expansion: profitable growth of European activities



# Services: Segment Overview

## Services

		2nd quarter			
		2006/07	2007/08	Change	Change %
Order intake	€m	4,592	4,322	-270	-5.9
Sales	€m	4,334	4,232	-102	-2.4
EBITDA	€m	197	195	-2	-1.0
EBIT	€m	160	156	-4	-2.5
EBT	€m	140	135	-5	-3.6
TK Value Added	€m	84	75	-9	-10.7
ROCE	%	23.0	16.9	-6.1%-p.	-26.5
OCF	€m	77	115	38	49.4
+ CF from divestm.	€m	18	10	-8	-44.4
- CF for investm.	€m	65	169	104	+
FCF	€m	30	(44)	-74	--
Employees (Mar 31)		43,411	46,318	2,907	6.7

ROCE: based on H1

- Sustainable growth trend for international raw and industrial materials markets
- Order intake and sales impacted by slowing demand on US materials market
- Excluding US\$/€ exchange rate effects orders and sales would have been only 4% lower and flat respectively
- Industrial Services further expanding business, especially in mechanical engineering and energy sectors; regionally, good performance in Germany and the Americas
- Special Products again with record earnings: raw materials trading (coke, minerals) performing very well



# Overview on Investment Projects

€bn	Total investments	2005/06	2006/07	thereof:			Breakdown of investments	
				2007/08	2008/09	2009/10	2005/06-2009/10	
							Long-term assets	Financial investments
<b>Steel</b>	<b>9.3</b>	<b>0.5</b>	<b>1.6</b>	<b>3.3</b>	<b>2.4</b>	<b>1.5</b>	<ul style="list-style-type: none"> <li>• Greenfield NAFTA 2.3</li> <li>• TKCS (Brazil) 3.5-3.7</li> <li>• Capacity increase Duisburg 0.4</li> <li>• Substance-preserving * }</li> <li>• Value-based ** } 2.7-2.9</li> </ul>	• Growth by acquisitions 0.2
<b>Stainless</b>	<b>1.9</b>	<b>0.2</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<ul style="list-style-type: none"> <li>• Greenfield NAFTA 0.8</li> <li>• Substance-preserving * }</li> <li>• Value-based ** } 1.1</li> </ul>	• no relevant transactions
<b>Technologies</b>	<b>3.9</b>	<b>0.8</b>	<b>0.6</b>	<b>1.0</b>	<b>0.9</b>	<b>0.6</b>	<ul style="list-style-type: none"> <li>• Project-related investments 1.5</li> <li>• Rothe Erde expansion 0.3</li> <li>• Waupaca 0.1</li> <li>• Substance-preserving * }</li> <li>• Value-based ** } 1.3</li> </ul>	• Growth by acquisitions 0.7
<b>Elevator</b>	<b>1.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<ul style="list-style-type: none"> <li>• Projects for efficiency improvement in new installations and services 0.4</li> </ul>	• Growth by acquisitions 0.7
<b>Services</b>	<b>1.8</b>	<b>0.4</b>	<b>0.3</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>	<ul style="list-style-type: none"> <li>• New Service Centers Globally 0.3</li> <li>• New Service Centers Eastern Europe 0.2</li> <li>• Growth Raw Materials 0.1</li> <li>• Others 0.6</li> </ul>	• Growth by acquisitions 0.6
<b>Other</b>	<b>up to 2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>up to 2.0</b>			• Others up to 0.9	• Growth by acquisitions up to 1.1
<b>TOTAL</b>	<b>18.0-20.0</b>	<b>2.1</b>	<b>3.0</b>	<b>5.6</b>	<b>4.3</b>	<b>3.0</b>	<b>15.8 - 16.7</b>	<b>2.2-3.3</b>

\*45% of the average depreciation / amortization in the segment

\*\*calculated on the basis of TKVA

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“The information set forth and included in this presentation is not provided in connection with an offer or solicitation for the purchase or sale of a security and is intended for informational purposes only.

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- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
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