

## ThyssenKrupp Group 2001/2002

### ThyssenKrupp AG

Group sales (consolidated): €36.7 billion • EBT (consolidated): €762 million • Employees: 191,254

Steel	Automotive	Elevator	Technologies	Materials	Serv
Sales: €11.7 bn EBT: €167 m Employees: 50,184	Sales: €6.3 bn EBT: €64 m Employees: 38,425	Sales: €3.5 bn EBT: €317 m Employees: 28,768	Sales: €5.8 bn EBT: €112 m Employees: 32,781	Sales: €8.9 bn EBT: €72 m Employees: 13,743	Sales: €2.5 bn EBT: €52 m Employees: 25,932
<ul style="list-style-type: none"> <li>• Carbon Steel</li> <li>• Stainless Steel</li> <li>• Special Materials</li> </ul>	<ul style="list-style-type: none"> <li>• Chassis</li> <li>• Body</li> <li>• Powertrain</li> </ul>	<ul style="list-style-type: none"> <li>• Germany/Austria/Switzerland</li> <li>• France/Benelux</li> <li>• Spain/Portugal/South America</li> <li>• North America/Australia</li> <li>• Other countries</li> <li>• Passenger Boarding Bridges</li> <li>• Accessibility</li> </ul>	<ul style="list-style-type: none"> <li>• Production Systems</li> <li>• Plant Technology</li> <li>• Marine</li> <li>• Mechanical Engineering</li> </ul>	<ul style="list-style-type: none"> <li>• MaterialsServices Europe</li> <li>• MaterialsServices North America</li> <li>• Special Products</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial Services</li> <li>• Construction Services</li> <li>• Facilities Services</li> <li>• Information Services</li> </ul>
<b>Steel</b>	<b>Capital Goods</b>			<b>Services</b>	

Inter-segment sales unconsolidated; employees on Sept. 30, 2002

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## Q2 2002/2003 – Overview

Significant performance improvements achieved despite tough economic environment

- Sales 2% up from prior year at €9.2 billion; order intake 1% down from prior year at €9.1 billion
- Although sales up only slightly, significant improvement in normalized EBT from €5 million to €209 million
- Significant improvement in operating performance; efficiency enhancement program continues to make an impact
- Slight increase in net financial payables to €4.9 billion compared with Sept. 30, 2002

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## H1 2002/03 – Overview

- Sales 3% up from prior year at €17.9 billion; order intake the same as a year earlier at €18.2 billion
- EBT reached €391 million, an increase of €267 million compared with a year earlier; normalized EBT €350 million (from €10 million in H1 2001/2002)
- Earnings per share rose from -€0.49 to €0.41 in 2002/2003; normalized EPS at €0.38 (€0.00)
- Net income reached €212 million vs. -€254 in the prior-year period

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## News from the Group

- Portfolio optimization
  - Thyssen Polymer to be sold to best owner
  - Sale of stainless quarto plate activities completed at February 1, 2003
  - Sale of at-equity investment Böhler Thyssen Schweißtechnik
  - Acquisition of remaining 75.5% of Galmed completed at April 1, 2003
  - LOI on acquisition of stainless steel business from TAD
- Operational efficiency
  - ThyssenKrupp best program making a lasting improvement to earnings
- Group management structure
  - Further focusing and rejuvenating of the Executive Board
  - Despite generational shift continuity ensured

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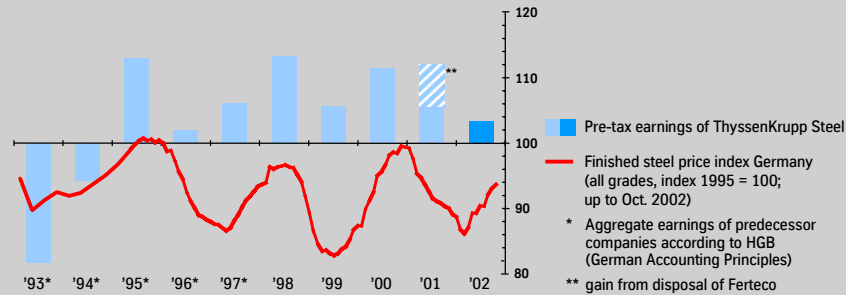


## Closer look at the Segments (I)

### Steel

#### Steel

- Positive earnings momentum at Carbon Steel
- "Price before volume" policy successfully implemented and bearing fruits
- High proportion of contract business and cost reduction measures secure profitability
- Earnings potential about €800 million

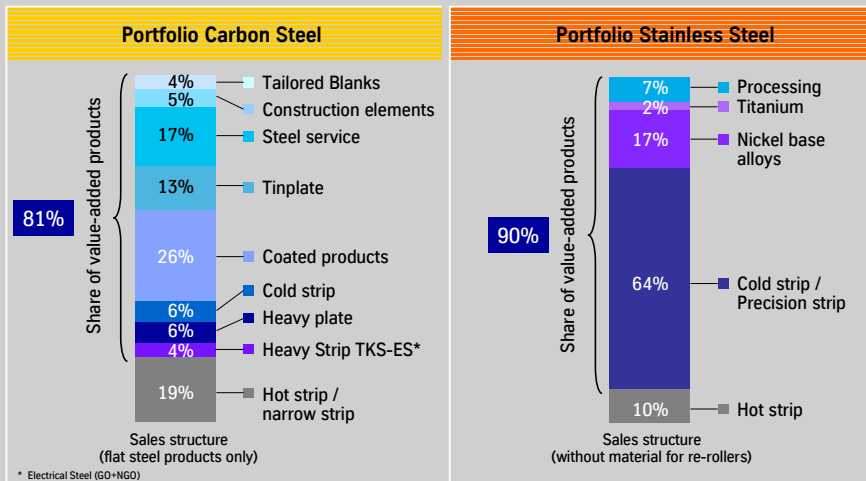


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## Focusing on High Value-Added and Innovative Flat Products

### Sales Structures BU Carbon Steel and BU Stainless Steel

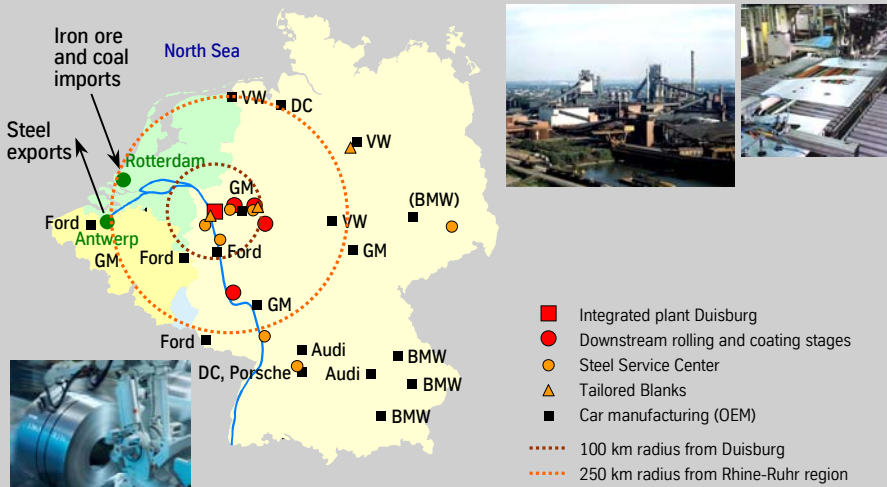


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## Logistics Chain of Carbon Steel Achieves an Over-all Optimum

Raw materials supplies, production locations and customers



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## ThyssenKrupp Steel Strategy

- Profit leader in Europe through
  - portfolio optimization
  - investment policy
  - performance enhancement
- Innovation leader in products and processes
- Organic growth in core business (e.g. tinplate, Shanghai Krupp Stainless, Tailored Blanks, coating)
- Systematic development of global strategic alliances
  - JFE (Carbon)
  - Baosteel (Stainless/China) and Angang (Coated/China)
  - Nippon (Electrical Steel)
- Active participation in the European and international restructuring of the steel industry

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## Closer look at the Segments (II)

### Capital Goods

#### Automotive

- New innovative product for SUVs to be launched
- Lifetime contracts will result in a sales volume of €7.5 billion in 2003/2004
- Further cost reduction measures in response to continuing price pressure

#### Elevator

- Stable earnings and cash flow contributions due to high proportion of service-based sales (> 50%)
- Well balanced expansion program along organic growth and acquisitions in place

#### Technologies

- Major portfolio optimization on its way
- Successful divestiture of Thyssen Polymer
- Strong order book in Plant Technology

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## Closer look at the Segments (III)

### Services

#### Materials + Serv

- Merging prior service oriented segments to larger entity "Services"
- Clear focus on customer-centric processes
- Scaling back of low-margin, high-risk activities

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## Innovations in the Group

### Steel design wheels with Nirosta® cover

- High-quality appearance
- Integrated design flexibility
- Lighter and lower in cost than cast aluminum wheels



### Steel sheet piling and top structures for flood protection systems

- System solution for effective and economic flood protection
- Combination of engineering expertise, environmentally compatible materials and advanced equipment technology



### Off Road Stabilizers for SUVs

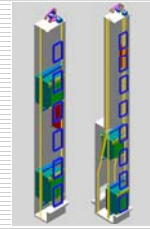


- Stiff suspension
- High damping
- Stabilizers with high torsional rigidity
- Soft suspension
- Low damping
- Stabilizers with very low torsional rigidity

Stabilizer can be switched hydraulically under load

### TWIN elevator

- Production-ready elevator system with two independent cabs in one shaft
- Higher transportation performance using fewer shafts



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## Outlook

- We do not yet expect any major improvement in the economic environment in the 2nd half of 2002/2003
- Nevertheless we will continue to strengthen our earning power. Assuming no further deterioration in the economic parameters, we aim to achieve 2nd-half earnings before taxes which should at least match the 1st-half figure
- This would take us a big step closer to our goal of €1.5 billion EBT in fiscal 2003/2004

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## Targets Unchanged

Handout  
January 15, 2002

Medium-term financial targets (excl. effects of SFAS 141/42):

EBITDA	> €4 billion
EBT	> €1.5 billion
ROCE	> 12%
EVA	> €0.5 billion
Gearing	approx. 60%
Net financial payables	~ €5.5 billion

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## Enhancing the Value of ThyssenKrupp

Group focused on Steel, Capital Goods and Services

### Strategy and market

- Focus the Group on
  - Steel
  - Capital Goods
  - Services
- Develop the segments
  - Active portfolio management
  - Organic growth
  - Increased service focus (target: 30% of sales)

### Productivity improvements/ restructuring measures

- Continuous productivity improvements of at least 2%-3% p.a.
  - Personnel adjustments
  - Improve underperformers
  - Achieve synergy goals
  - Restructuring

### ThyssenKrupp best

- Main themes:
  - Operating efficiency
  - Reduce capital employed
  - Service focus
  - Involve staff and management
  - Maximize customer value
  - Knowledge management
  - E-business
  - ...

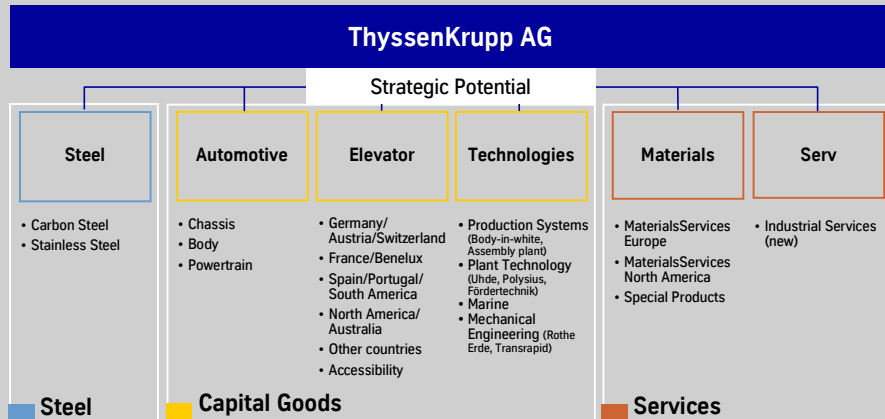
Close the earnings gap

Target: €1.5 bn EBT

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## ThyssenKrupp - Strategic Direction



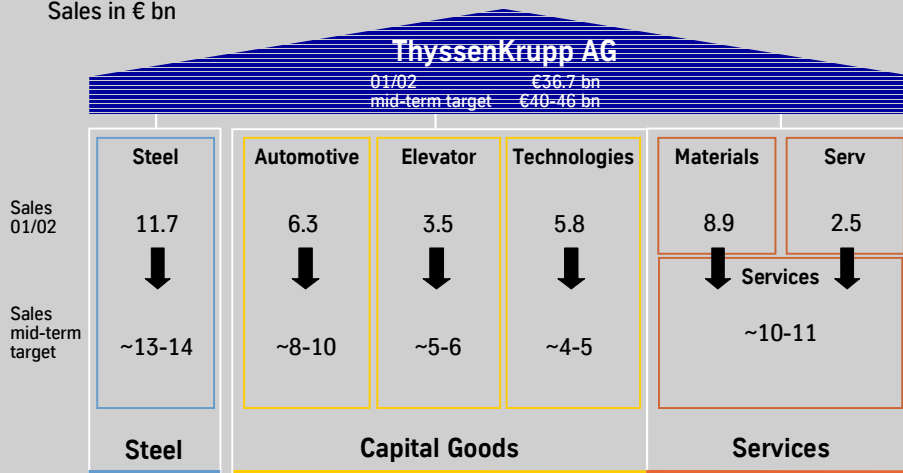
➔ Disposal of 20+ low performing (€4 bn sales) and 10+ non-core businesses (€3 bn sales) identified and targeted among all segments

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## ThyssenKrupp: Focused industrial group based on 3 pillars

Sales in € bn

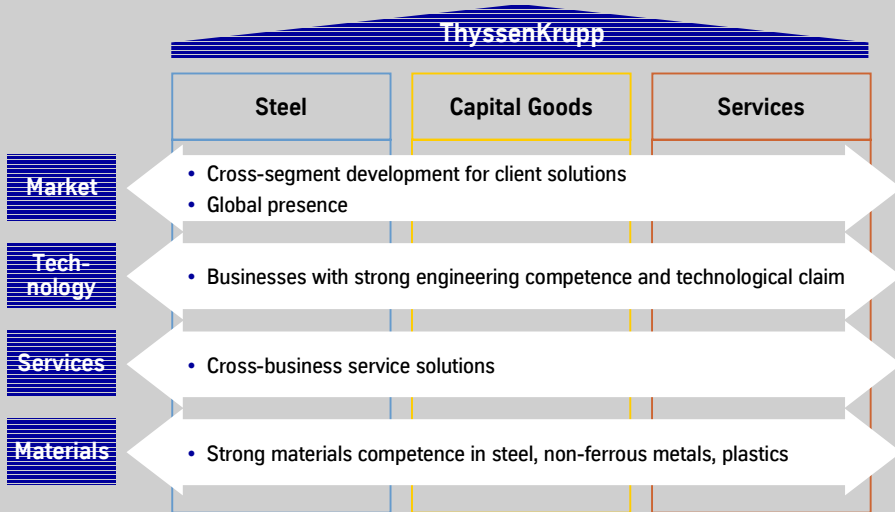


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## ThyssenKrupp: "Strategic link"

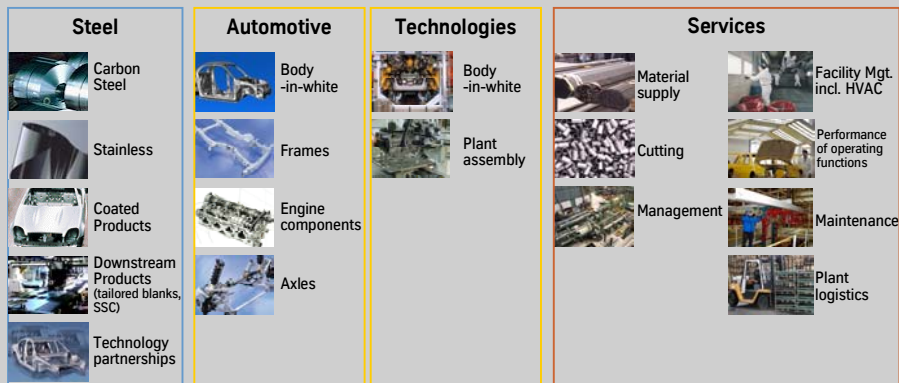


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## Cross segment development of client solutions, examples (I)

ThyssenKrupp capabilities for the automotive industry



Steel

Capital Goods

Services

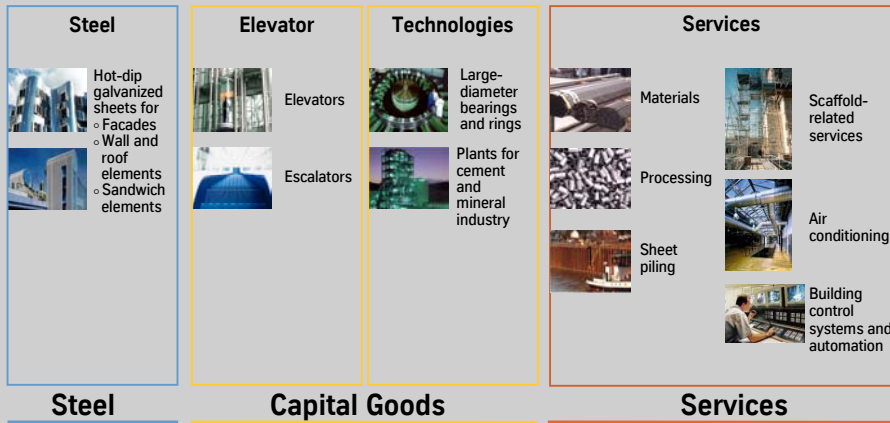
Sales with automotive clients: ~€10 bn

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## Cross segment development of client solutions, examples (II)

### ThyssenKrupp capabilities for construction industry



Sales with construction industry: ~€4 bn

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## Appendix – Financials

2nd quarter 2002/2003

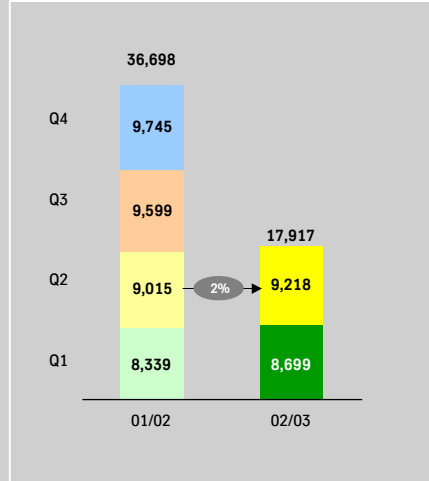
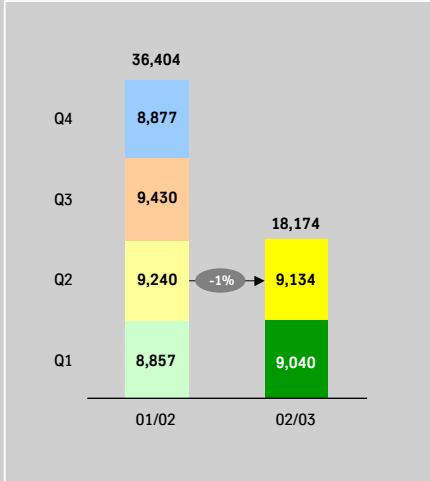
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## Group (I)

Order intake million €

Sales million €

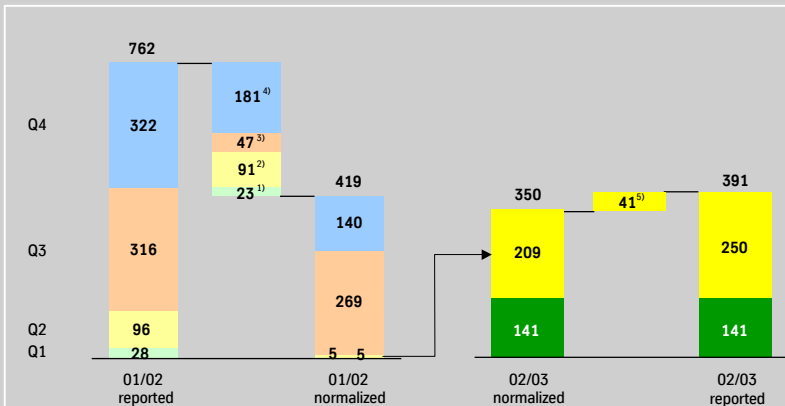


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## Group (II)

EBT million €



<sup>1)</sup> Sale of Kone shares €23 m  
<sup>2)</sup> Sale of Kone shares €51 m / Eurawasser €19 m / Sinterstahl €21 m  
<sup>3)</sup> Sale of Berco Bautechnik €56 m / Casting activities €11 m  
<sup>4)</sup> Sale of Ruhrgas shareholding €191 m / Car carrier activities -€10 m

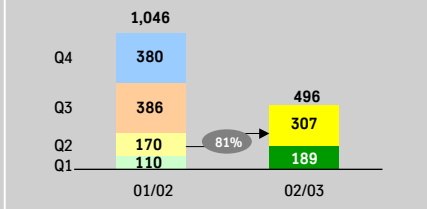
<sup>5)</sup> Sale of stainless quarto plate activities €41 m

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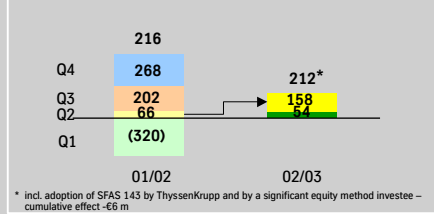


## Group (III)

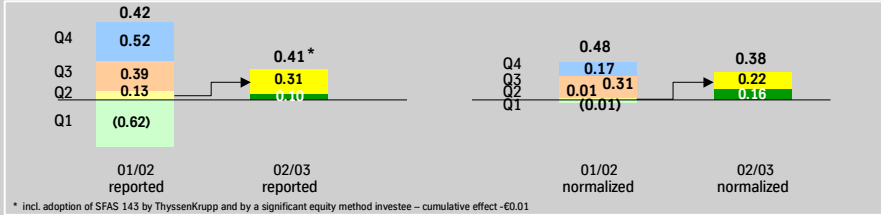
EBIT million €



Net income million €



Earnings per share €

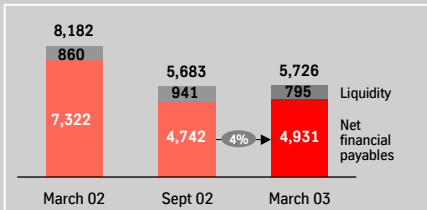


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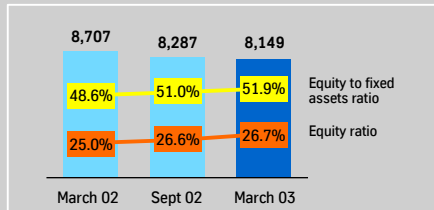


## Group (IV)

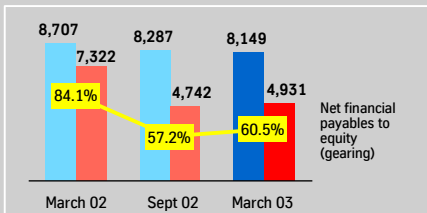
Financial payables million €



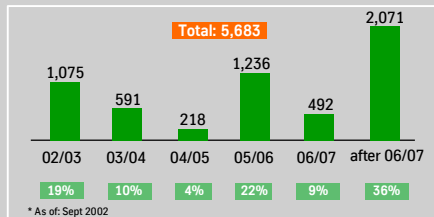
Stockholders' equity million €



Gearing million €



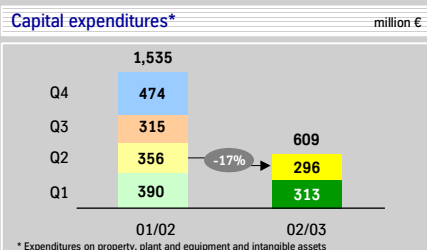
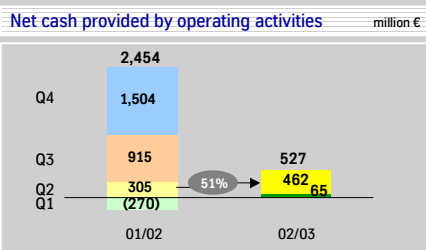
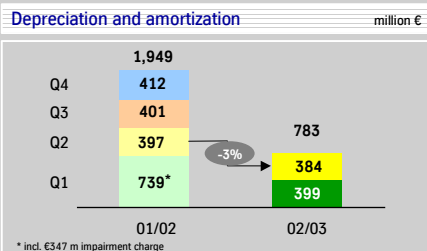
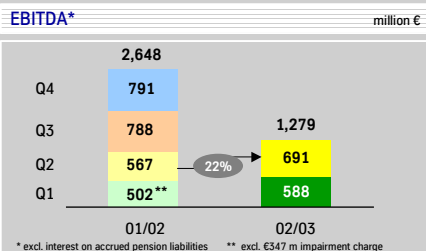
Maturity structure of gross financial payables\* million €



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## Group (V)



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## Group Overview (I)

		2nd quarter			
		2001/02	2002/03	Change	Change in %
Order intake	€m	9,240	9,134	-106	-1.1
Sales	€m	9,015	9,218	203	2.3
EBITDA	€m	567	691	124	21.9
EBIT	€m	170	307	137	80.6
EBT	€m	96	250	154	160.4
Net income	€m	66	158*	92	139.4
Basic EPS	€	0.13	0.31	0.18	139.4
Normalized EPS	€	0.01	0.22	0.21	+

\* Incl. adoption of SFAS 143 by a significant equity method investee €21 m

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## Group Overview (II)

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Capex	356	296	-60	-16.9
Deprec./amort.	397	384	-13	-3.3
Net cash from operating activities	305	462	157	51.5
Free cash flow	119	107	-12	-10.1
Employees (March 31)	190,397	187,740	-2,657	-1.4

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## Steel (I)

- Business improved thanks to higher demand and revenues
- Orders up 6%, sales up 10%
- Production facilities were running at virtually full capacity
- Crude steel output 10% higher at 4.4 million tons
- Earnings include €41 m gain on disposal of stainless quarto plate activities

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Order intake	3,123	3,299	176	5.6
• Carbon Steel	1,820	1,887	67	3.7
• Stainless Steel	1,073	1,128	55	5.1
Sales	2,919	3,222	303	10.4
• Carbon Steel	1,648	1,863	215	13.0
• Stainless Steel	1,032	1,096	64	6.2
EBITDA	179	368*	189	105.6
• Carbon Steel	80	211	131	163.8
• Stainless Steel	78	154*	76	97.4
EBIT	(12)	178*	190	+
• Carbon Steel	(51)	75	126	+
• Stainless Steel	33	112*	79	+
EBT	(39)	157*	196	+
• Carbon Steel	(73)	60	133	+
• Stainless Steel	18	104*	86	+

\* incl. sale of stainless quarto plate activities €41 m

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## Steel (II)

### Carbon Steel

- Higher shipments, average revenues and a more favorable product mix resulted in increased sales and earnings
- Higher-than-average increases in sales for hot-dip coated products, medium-wide strip and tailored blanks
- Despite increases in raw material prices (coal, coke, ore), only little impact to earnings thanks to weakening of US\$

### Stainless Steel

- Continued high demand for stainless; stabilization of base prices in Europe and rise in alloy surcharges led to improvements in sales and earnings
- Earnings include €41 million gain on disposal of quarto plate activities

	2nd quarter			
	2001/02	2002/03	Change	Change in %
Crude steel output (million tons)	4.0	4.4	0.4	10.0
• Carbon Steel	3.1	3.5	0.4	12.9
• Stainless Steel	0.7	0.7	0.0	0.0
Shipments (1,000 tpm)				
• TKS cold-rolled	481	546	65	13.5
• TKS hot-rolled	396	393	-3	-0.8
• Stainless total	218	223	5	2.3
• Stainless cold-rolled	126	144	18	14.3
Employees (March 31)	50,363	49,128	-1,235	-2.5
• Carbon Steel	30,231	29,097	-1,134	-3.8
• Stainless Steel	12,557	11,891	-666	-5.3

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## Automotive

- Automotive held up well despite mixed market situation and unfavorable exchange rate conditions
- Higher sales at Chassis and Powertrain; weak performance of individual models from major US OEMs impacted negatively on Body
- Prior-year EBT included non-recurring effects from disposal of Sinterstahl (€21 million) in the Powertrain business unit; eliminating this effect, Powertrain matched its year-earlier 2nd quarter earnings; Chassis recorded higher earnings due to restructuring and cost-cutting measures; at Body, earnings situation remained tight

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Order intake	1,584	1,596	12	0.8
Sales	1,633	1,601	-32	-2.0
EBITDA	152	123	-29	-19.1
EBIT	74	53	-21	-28.4
EBT	66	47	-19	-28.8
Employees (March 31)	38,127	37,736	-391	-1.0

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## Elevator

- New installations business declined due to weak construction sector; service business performed much better
- Reductions in order intake and sales were largely due to negative exchange rate effects
- Despite weak economic environment, unfavorable exchange rates and increasing competition, all business units improved or more or less maintained earnings

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Order intake	976	836	-140	-14.3
Sales	864	812	-52	-6.0
EBITDA	98	99	1	1.0
EBIT	78	88	10	12.8
EBT	66	83	17	25.8
Employees (March 31)	28,286	29,054	768	2.7

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## Technologies

- Higher order intake at Plant Technology and Mechanical Engineering; stable at Production Systems; decline at Marine
- Decline in sales in particular at Production Systems in the Metal Cutting unit and at Mechanical Engineering due to disposal of Berco Bautechnik and lower sales; sales up at Plant Technology and Marine
- Earnings improvements at Plant Technology; Marine still at strong prior-year level; Production Systems at prior-year level; profit at Mechanical Engineering lower than prior year

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Order intake	978	1,068	90	9.2
Sales	1,374	1,336	-38	-2.8
EBITDA	33	41	8	24.2
EBIT	(10)	3	12	+
EBT	(4)	15	19	+
Employees (March 31)	32,472	31,500	-972	-3.0

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## Materials

- Sales growth mainly due to corresponding increase in volumes; higher sales at MaterialsServices Europe and Special Products; sales down at MaterialsServices North America for exchange rate reasons
- Continued price and competitive pressure
- Despite the difficult market environment, improved earnings at all business units, especially at MaterialsServices Europe and North America due to cost cutting; Special Products again reported higher income

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Order intake	2,532	2,358	-174	-6.9
Sales	2,145	2,246	101	4.7
EBITDA	39	53	14	35.9
EBIT	21	36	15	71.4
EBT	10	26	16	160.0
Employees (March 31)	13,880	13,604	-276	-2.0

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## Serv

- Decline in orders and sales reflects weak general economic situation, particularly in construction sector; industrial production remained at a very low level
- Sales down at Industrial Services and Construction Services; significant sales increase at Facilities Services due to last-year's restructuring; unchanged sales at IT Services
- Prior-year EBT included non-recurring effect from sale of Eurawasser (€19 million); 2nd quarter earnings 2002/2003 impacted by restructuring expenditure in the Construction Services business unit, which is up for sale; on a normalized basis all other business units reported improved earnings

million €	2nd quarter			
	2001/02	2002/03	Change	Change in %
Order intake	659	521	-138	-20.9
Sales	586	566	-20	-3.4
EBITDA	48	23	-25	-52.1
EBIT	16	(5)	-20	-
EBT	12	(7)	-19	-
Employees (March 31)	25,860	25,288	-572	-2.2

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## Segment Overview (I)

million €	2nd quarter 2001/02			2nd quarter 2002/03		
	Order intake	Sales	Employees (March 02)	Order intake	Sales	Employees (March 03)
Steel	3,123	2,919	50,363	3,299	3,222	49,128
Automotive	1,584	1,633	38,127	1,596	1,601	37,736
Elevator	976	864	28,286	836	812	29,054
Technologies	978	1,374	32,472	1,068	1,336	31,500
Materials	2,532	2,145	13,880	2,358	2,246	13,604
Serv	659	586	25,860	521	566	25,288
Real Estate	90	90	736	84	84	747
Corporate	15	15	673	8	8	683
Consolidation	(717)	(611)	–	(636)	(657)	–
Group	9,240	9,015	190,397	9,134	9,218	187,740

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## Segment Overview (II)

million €	2nd quarter 2001/02			2nd quarter 2002/03		
	EBITDA	EBIT	EBT	EBITDA	EBIT	EBT
Steel	179	(12)	(39)	368*	178*	157*
Automotive	152	74	66	123	53	47
Elevator	98	78	66	99	88	83
Technologies	33	(10)	(4)	41	3	15
Materials	39	21	10	53	36	26
Serv	48	16	12	23	(5)	(7)
Real Estate	34	23	19	34	22	21
Corporate	(20)	(20)	(37)	(49)	(66)	(91)
Consolidation	4	-	3	(1)	(2)	(1)
Group	567	170	96	691	307	250

\* incl. sale of stainless quarto plate activities €41 m

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## Financial Calendar

- August 14, 2003 Interim report 3rd quarter 2002/2003 (April to June)  
Conference Call
- December 4, 2003 Annual press conference  
Analysts' meeting
- January 23, 2004 Annual Stockholders' Meeting
- January 26, 2004 Dividend payment for fiscal 2002/2003
- February 13, 2004 Interim report 1st quarter 2003/2004 (October to December)  
Conference Call
- May 14, 2004 Interim report 2nd quarter 2003/2004 (January to March)  
Analysts' meeting

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## How to Contact ThyssenKrupp Investor Relations

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