

## Q2 2003/2004 – Overview

### Business picking up

- **Order intake** up 18% at €10.7 billion, at constant €/ \$ rate up 22%
- **Sales** up 7% at €9.8 billion, at constant €/ \$ rate up 11%
- **EBT** from continuing operations €249 million, up €42 million against last year's EBT figures before a disposal gain of €41 million
- **Basic EPS** increased from €0.31 to €0.56
- **Net financial payables** at €4.3 billion remained almost on September 2003 level; effects from dividend payment and portfolio optimizations counterbalanced



# Highlights

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- Business in **Steel** is continuously improving
    - Orders, sales and EBT (adjusted for disposals) picking up
    - Carbon Steel driving profits, Stainless Steel cyclical, Special Materials still difficult
    - Further price increases implemented
  - **Services** and **Automotive** performing increasingly well
    - Restructuring and streamlining of portfolio bearing fruit
  - Groupwide **portfolio optimization** continued
    - Selective white space acquisitions in Elevator – entering important Italian market
    - Triaton Group sold with a significant gain
  - Proven **Capital Market** capability
    - Successful bond placement
- 



# Portfolio Optimizations since October 2003

## Automotive

MB Lenk Group (D)	Acquisition
Darcast (UK)	Disposal
Bertrandt (D)	Acquisition*

## Technologies

Novoform (D)	Disposal
Sheffield Automation (USA)	Disposal*
Foundry (USA)	Closure

## Elevator

Dong Yang Elevator (South Korea)	Acquisition
Elevator Service 1 (Singapore)	Acquisition
Bonfedi (I)	Acquisition

## Services

Triaton Group (D)	Disposal
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\* Closing not yet completed



## Portfolio Optimization – Disposals

	Number of Entities	Sales (annual)	EBT (annual)	Net Financial Debt	Pension Obligations	Employees
Fiscal Year 2002/03	12*	€919 m	€1 m	€242 m	€19 m	4,529
1st Quarter 2003/04	1	€327 m	€8 m	€1 m	€14 m	2,177
2nd Quarter 2003/04	1	€365 m	€16 m	€31 m	€69 m	2,311
Total	14	€1,611 m	€25 m	€274 m	€102 m	9,017
Subsequent Event	-	-	-	-	-	-

\* incl. non-consolidated entities




## Disposal Triaton – Key Facts

Sales	€365 million
EBT	€16 million
Employees	2,311
<hr/>	
Transaction Volume	€351 million
Cash-in	€272 million
Selling price	€249 million
Total gain (before taxes)	€191 million*
Disposal gain Q2 (net of tax)	€126 million*

\* Due to the continuation of service contracts between ThyssenKrupp and Triaton for a fixed period of seven years, €64 million of disposal gain will be recognized ratably over a period of seven years

- **Service portfolio** – Hosting services, Onsite Services and Applications & Solutions
- More than 400 **clients**, thereof 100 ThyssenKrupp entities – accounting for around 50% of business
- Sold to **Hewlett-Packard** - best owner solution
- Closing and deconsolidation March 31, 2004 (Q2)

 In this presentation all figures related to the income statement refer to continuing operations. The **Information Services business unit** is treated as a **discontinued operation** following the sale of IT service provider Triaton and the termination of the business unit's remaining activities. The **impacts** on a Group and Segment level are shown on the following two slides.



## Disposal Triaton Group – Impact on the Group

Group		Q2 02/03 incl. Discontinued Operations	Adjustments	Q2 02/03 excl. Discontinued Operations	Q2 03/04 excl. Discontinued Operations
Order intake	€m	9,134	-53	9,081	10,744
Sales	€m	9,218	-53	9,165	9,847
EBITDA	€m	691	-10	681	656
EBIT	€m	307	-2	305	300
EBT	€m	250	-2	248	249
Net income	€m	158	-1	157	155
EPS	€	0.31	+/-	0.31	0.31
Normalized EPS	€	0.22	+/-	0.22	0.31



## Disposal Triaton Group – Impact on the Services Segment

<b>Services</b>		Q2 02/03 incl. Discontinued Operations	Adjustments	Q2 02/03 excl. Discontinued Operations	Q2 03/04 excl. Discontinued Operations
Order intake	€m	2,845	-53	2,792	2,882
Sales	€m	2,772	-53	2,719	2,819
EBITDA	€m	76	-10	66	75
EBIT	€m	31	-2	29	45
EBT	€m	19	-2	17	38



# Outlook

- For the 2nd half of fiscal 2003/2004 we currently expect an unchanged economic environment, even though the risks of an economic weakening have increased.
- For the full year we forecast sales in the magnitude of roughly €38 billion. In terms of earnings before taxes, excluding the effects of disposals, we aim to get as close as possible to €1 billion.
- With support from the economy and without major distortions on the currency and raw material markets, we could pass the €1 billion mark this year.

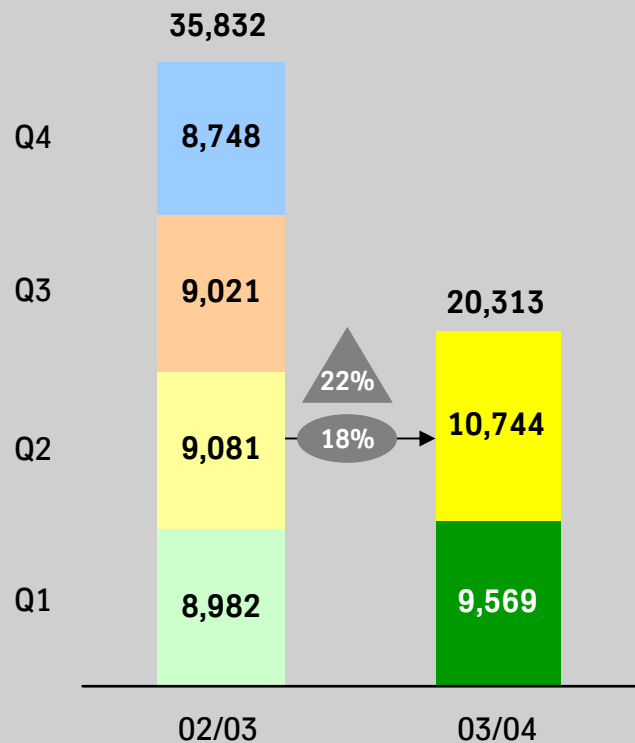




# Group (I)

## Order intake

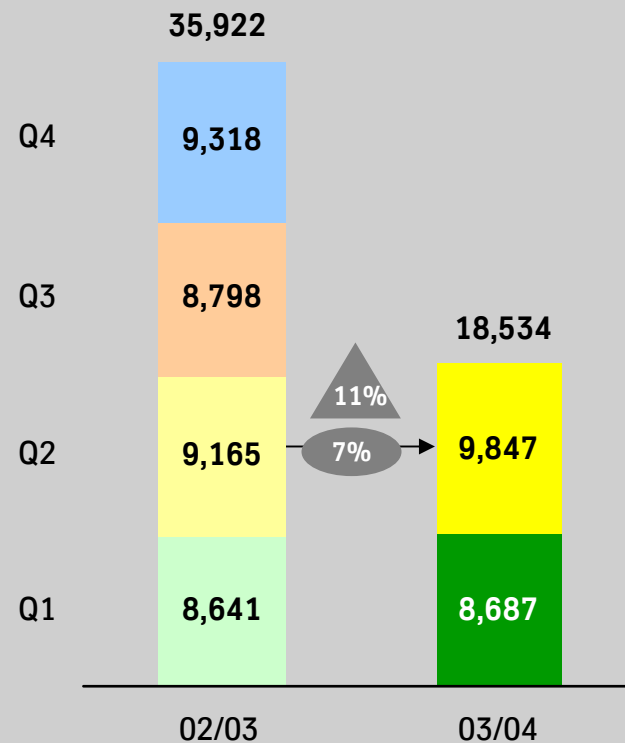
million €



▲ excluding €/\$ exchange rate effects

## Sales

million €



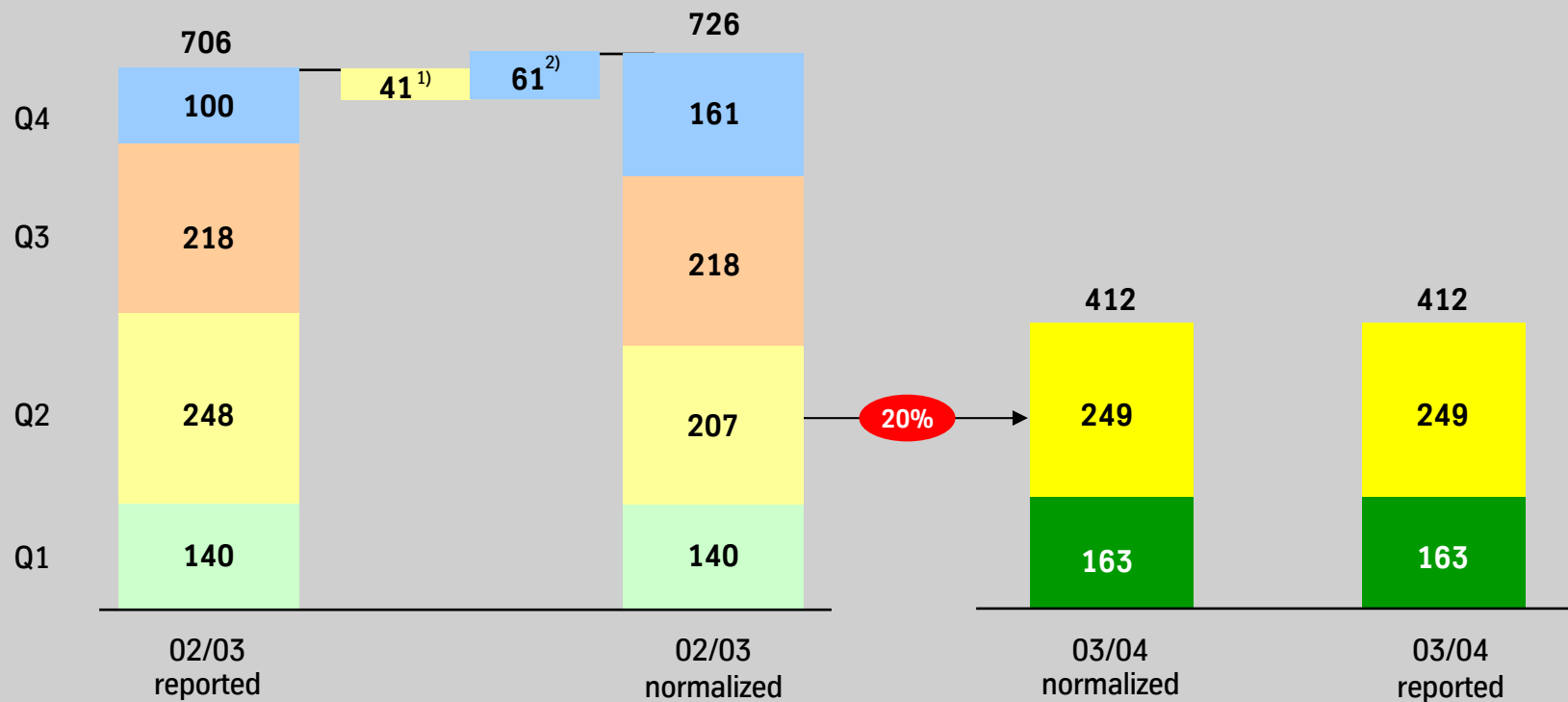
▲ excluding €/\$ exchange rate effects



# Group (II)

EBT

million €



<sup>1)</sup> Sale of stainless quarto plate activities €41 m

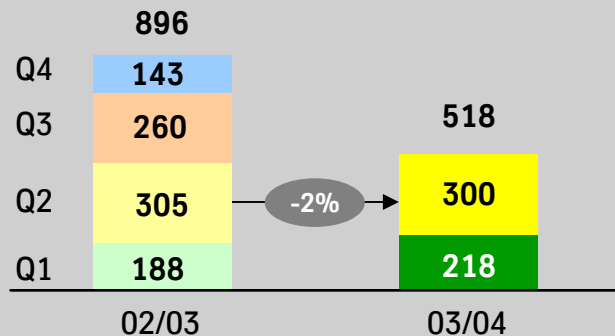
<sup>2)</sup> Sale of construction services -€61 m



## Group (III)

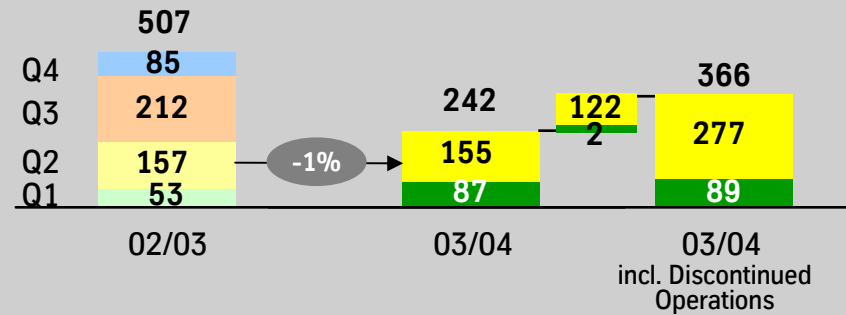
### EBIT

million €



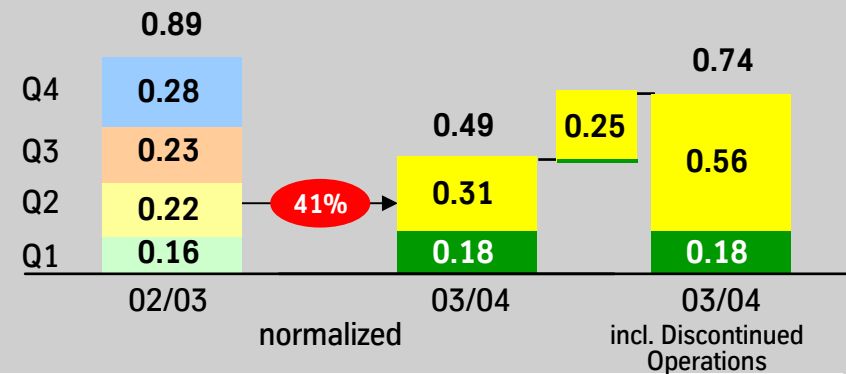
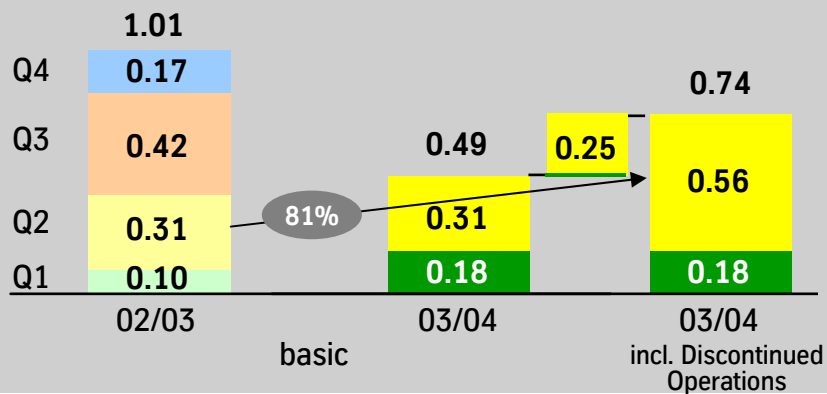
### Net income

million €



### Earnings per share

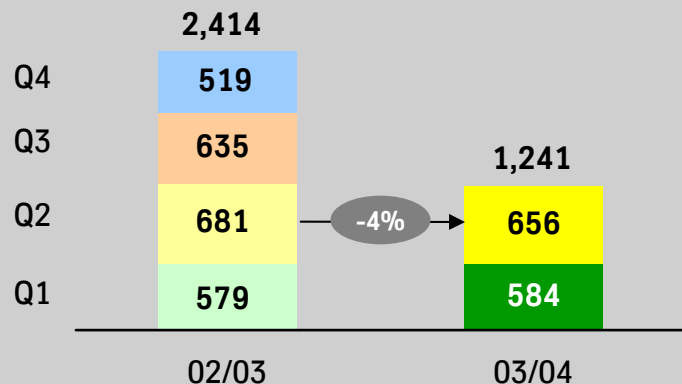
€



## Group (IV)

### EBITDA\*

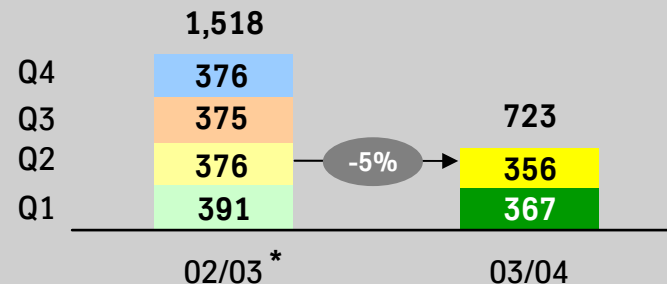
million €



\* excl. interest on accrued pension liabilities

### Depreciation and amortization

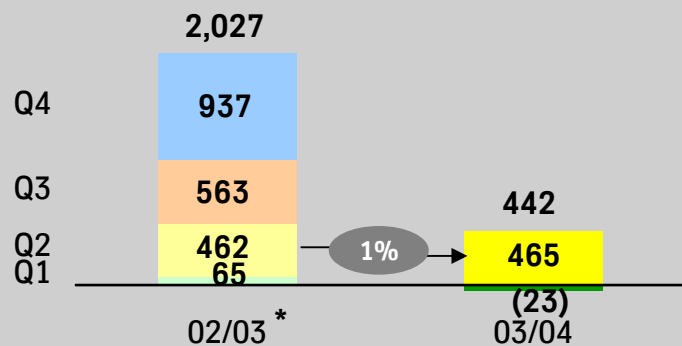
million €



\* figures not adjusted in accordance with SFAS 144

### Net cash provided by operating activities

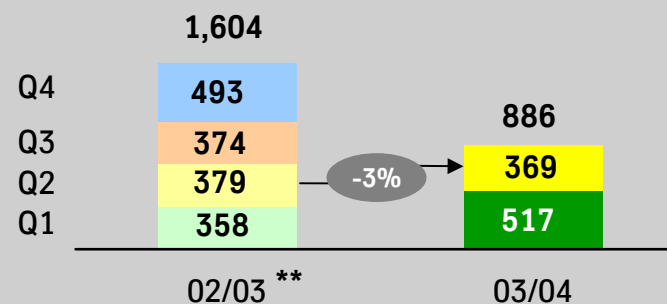
million €



\* figures not adjusted in accordance with SFAS 144

### Capital expenditures\*

million €



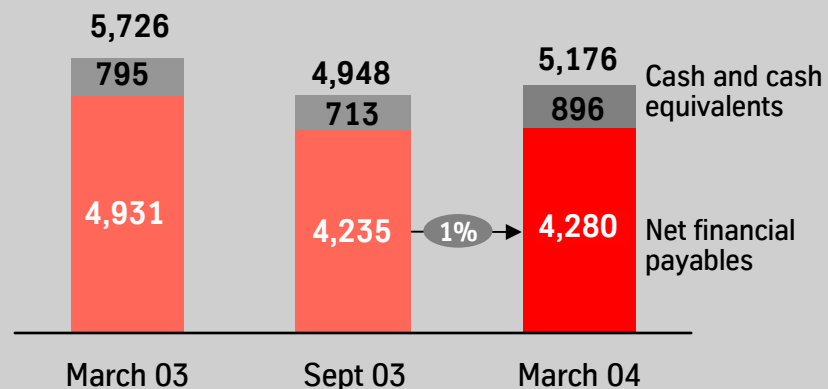
\* incl. financial investments    \*\* figures not adjusted in accordance with SFAS 144



# Group (V)

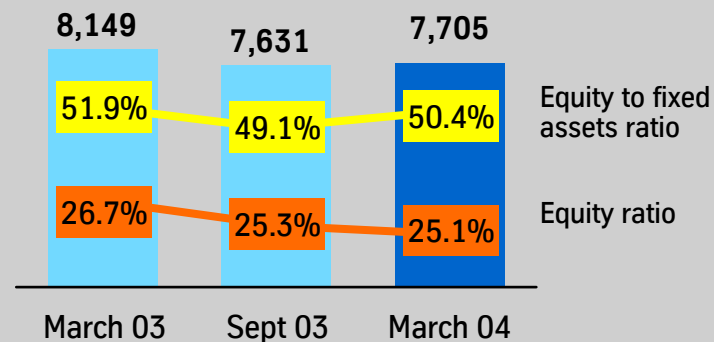
## Financial payables

million €



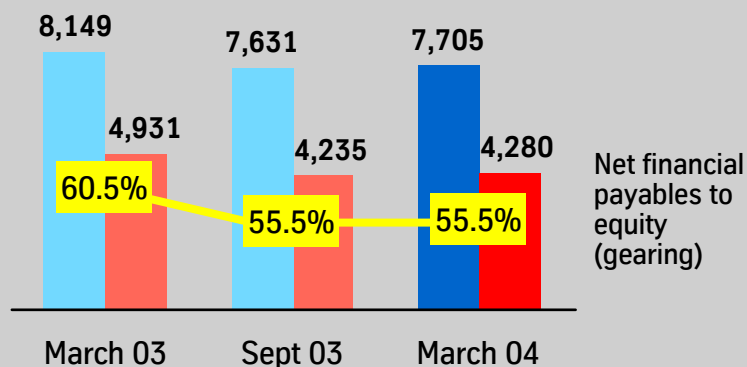
## Stockholders' equity

million €



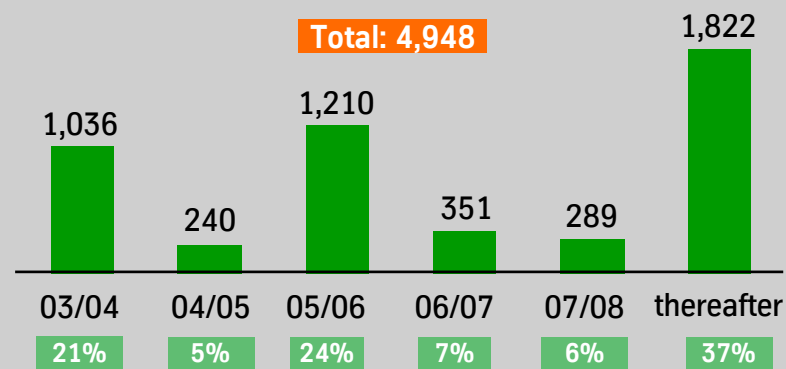
## Gearing

million €



## Maturity profile of gross financial payables\*

million €



\* as of Sept 03



# Segment Overview – Steel (I)

## Steel

- **International market** characterized by high demand and significantly increased raw material costs at the beginning of the year => jump in freight rates and costs of ore, coal, coke and scrap

### Steel

- Significant expansion of business volumes; **orders, sales and EBT** (excl. sale of quarto plate activities of €41 million) above previous years figures
- **Crude steel output** remained high at 4.4 million metric tons; no major production cuts due to raw material shortage

### Carbon Steel

- **Order intake and sales** up due to higher revenues and volumes
- Leap in **EBT** in all operating groups, primarily volume driven; price increases only had minor impact on account of shipment structure and high proportion of longer term contracts; higher raw material and freight rate costs cut into earnings; efficiency-enhancement and €/ \$ rate helped

million €	2nd quarter			
	2002/03	2003/04	Change	Change in %
Order intake	3,299	4,261	962	29.2
• Carbon Steel	1,887	2,433	546	28.9
• Stainless Steel	1,128	1,445	317	28.1
Sales	3,222	3,617	395	12.3
• Carbon Steel	1,863	2,061	198	10.6
• Stainless Steel	1,096	1,259	163	14.9
EBITDA	368 *	349	-19	-5.2
• Carbon Steel	211	294	83	39.3
• Stainless Steel	154 *	64	-90	-58.4
EBIT	178 *	161	-17	-9.6
• Carbon Steel	75	160	85	113.3
• Stainless Steel	112 *	26	-86	-76.8
EBT	157 *	138	-19	-12.1
• Carbon Steel	60	146	86	143.3
• Stainless Steel	104 *	14	-90	-86.5

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



# Segment Overview – Steel (II)

## Steel

### Stainless Steel

- Rise in **order intake** reflecting higher demand
- Total **shipments** 9% lower, mainly as a result of a strike at the Terni plant
- **Sales** up at cold-rolled strip due to higher alloy surcharges while base price remained stable; nickel-base alloys business again unsatisfactory
- Excl. sale of quarto plate activities **EBT** down by €49 million due to lower base prices and noticeable input cost increases for nickel, chromium and scrap; additionally an unfavorable €/ \$ rate led to higher import pressure; nickel-base alloys posted a loss again due to the weak aerospace, electronics and plant engineering sector

### Special Materials

- **Order intake** and **sales** increased, primarily stemming from specialty steel long products
- Electrical steel activities are being reorganized
- **EBT** includes a loss at Electrical Steel of €19 million from the strike at the Terni plant; rationalization program at specialty steel long products produces significant improvements

	2nd quarter			
	2002/03	2003/04	Change	Change in %
Crude steel output (million tons)	4.4	4.4	+/-	+/-
• Carbon Steel	3.5	3.5	+/-	+/-
• Stainless Steel	0.7	0.7	+/-	+/-
Shipments (1,000 tpm)				
• TKS cold-rolled	546	587	41	7.5
• TKS hot-rolled	393	475	82	20.9
• Stainless total	219	217	-2	-0.9
• Stainless cold-rolled	144	149	5	3.5
Employees (March 31)	49,128	48,836	-292	-0.6
• Carbon Steel	29,097	28,913	-184	-0.6
• Stainless Steel	11,891	11,744	-147	-1.2



## Segment Overview – Capital Goods (I)

### Automotive

		2nd quarter			
		2002/03	2003/04	Change	Change in %
Order intake	€m	1,596	1,887	291	18.2
Sales	€m	1,601	1,888	287	17.9
EBITDA	€m	123	159	36	29.3
EBIT	€m	53	80	27	50.9
EBT	€m	47	69	22	46.8
Employees	(March 31)	37,736	43,158	5,422	14.4

- **Order intake** and **sales** increased in all business units - mainly at Body and Powertrain due to the successful integration of Sofedit and DaimlerChrysler steering system business
- At constant **€/ \$ rate** the increase in order intake would have been 26%, in sales also 26%
- **EBT** at all business units improved, the highest growth was reported at Body, the highest contribution again came from Powertrain





## Segment Overview – Capital Goods (II)

### Elevator

		2nd quarter			
		2002/03	2003/04	Change	Change in %
Order intake	€m	836	918	82	9.8
Sales	€m	812	833	21	2.6
EBITDA	€m	99	99	+/-	+/-
EBIT	€m	88	87	-1	-1.1
EBT	€m	83	81	-2	-2.4
Employees	(March 31)	29,054	30,817	1,763	6.1

- **New installation business** still weak, **service and modernization business** performed well despite strong competition
- **Order intake** and **sales** increased attributable to acquisitions (mainly DongYang) and improved marketing efforts; at constant €/ \$ rate the improvement in order intake was 16%, in sales 8%
- **EBT** maintained at prior-year level even in an environment characterized by intensive price competition and declining demand for new installations; mixed picture on business unit level



## Segment Overview – Capital Goods (III)

### Technologies

		2nd quarter			
		2002/03	2003/04	Change	Change in %
Order intake	€m	1,068	1,436	368	34.5
Sales	€m	1,336	1,215	-121	-9.1
EBITDA	€m	41	25	-16	-39.0
EBIT	€m	3	(5)	- 8	-
EBT	€m	15	2	-13	-86.7
Employees	(March 31)	31,500	27,346	-4,154	-13.2

- Despite disposals of several companies (at Mechanical Engineering) **order intake** up; particularly at Plant Technology and Marine
- **Sales** down mainly due to disposals, excl. structural changes sales were slightly higher; improvements at Plant Technology
- In April 04, the customer of **Transrapid** in Shanghai signed the overall acceptance
- **EBT** mainly impacted by a loss of €27 million realized on the sales financing of cruise ships at Marine; restructuring measures at MetalCutting showed positive impacts; Plant Technology and Mechanical Engineering increased their earnings



## Segment Overview - Services

### Services

		2nd quarter			
		2002/03	2003/04	Change	Change in %
Order intake	€m	2,792	2,882	90	3.2
Sales	€m	2,719	2,819	100	3.7
EBITDA	€m	66	75	9	13.6
EBIT	€m	29	45	16	55.2
EBT	€m	17	38	21	123.5
Employees	(March 31)	38,892	34,692	-4,200	-10.8

- Further step in the **portfolio optimization**: disposal of Triaton Group; Information Services business unit discontinued
- **Order intake** and **sales** up despite the disposal of Construction Services in the previous year; improvements at Materials Services Europe and Special Products; Industrial Services still effected by weak economy; Materials Services North America still hit by €/ \$ rate impact
- **EBT** more than doubled – performance enhancements and restructurings bearing fruit, losses from Construction Services disappeared; Materials Services Europe and North America showed higher earnings; Industrial Services reported a loss – primarily due to further restructuring measures; Special Products again at a high level



# ThyssenKrupp Group 2002/2003

## ThyssenKrupp AG

Group sales (consolidated): €35.9 billion • EBT (consolidated): €706 million • Employees: 190,102
















Steel	Automotive	Elevator	Technologies	Services
Sales: €12.0 bn EBT: €384 m Employees: 49,286  • Carbon Steel • Stainless Steel • Special Materials	Sales: €6.3 bn EBT: €188 m Employees: 41,414  • Chassis • Body • Powertrain	Sales: €3.4 bn EBT: €355 m Employees: 29,689  • 5 regional Business Units • Passenger Boarding Bridges • Accessibility	Sales: €5.4 bn EBT: €42 m Employees: 29,871  • Production Systems • Plant Technology • Marine • Mechanical Engineering	Sales: €10.9 bn EBT: €24 m Employees: 38,487  • MaterialsServices Europe • MaterialsServices North America • Industrial Services • Special Products
<b>Steel</b>	<b>Capital Goods</b>			<b>Services</b>

Inter-segment sales unconsolidated; employees as at Sept 30, 2003

**ThyssenKrupp**



# Strategic Areas of Emphasis

Spread to WACC	negative	n/a	positive
	Capital employed ▼	ROCE ▲	Capital employed ▲
Steel			
Automotive			
Elevator			
Technologies			
Services			
Strategic actions	<ul style="list-style-type: none"> <li>○ Focusing</li> <li>○ Disposals</li> </ul>	<ul style="list-style-type: none"> <li>○ Efficiency enhancement</li> <li>○ Restructuring</li> </ul>	<ul style="list-style-type: none"> <li>○ Organic growth</li> <li>○ Acquisitions</li> </ul>

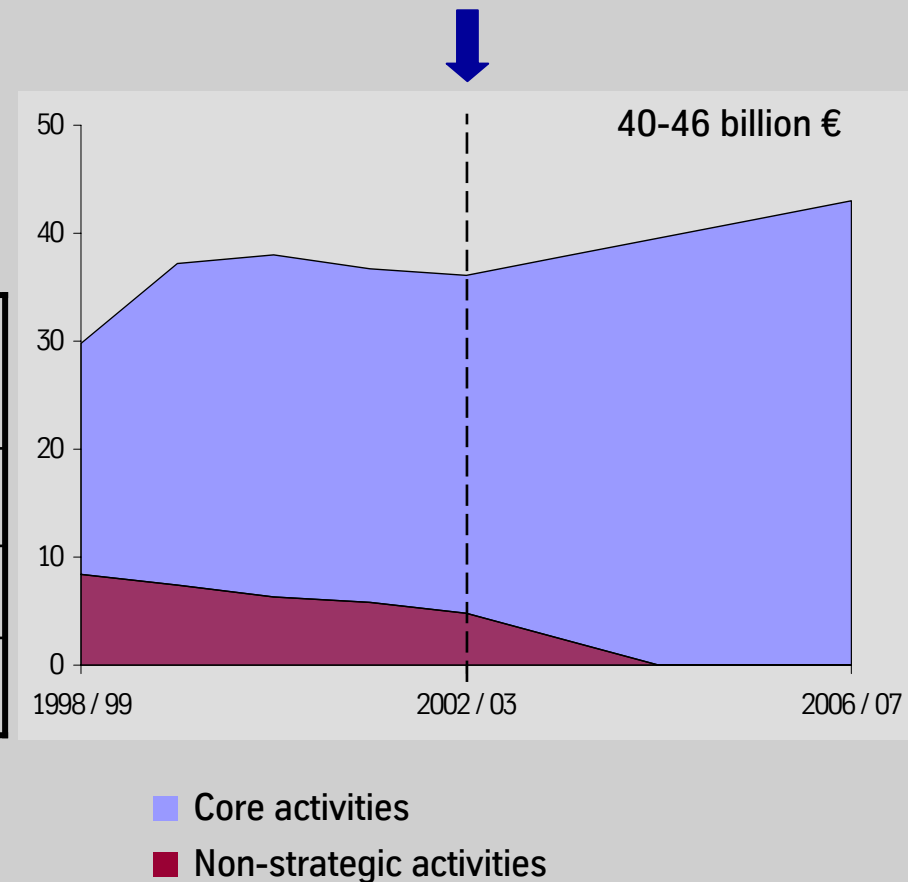


# Portfolio Optimization through Focusing

Structural changes since the merger  
(fiscal 1998/99 to 2002/03)

Sales (billion €)

	Activities disposed of/ for disposal	Core activities	Group (total)
1998/99	8.4	21.4	29.8
2002/03	4.8	31.3	35.9
Ave. growth		10.0%	4.9%



## Strategic Key Points

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



# ThyssenKrupp Innovations (I)

## Steel

### Steel design wheels with Nirosta® cover

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



## Steel

### Preprimed sheet: organic coated steel

- The prepainted sheet already has half of the paint system needed for body outer parts
- The usual paint system applied by car manufacturers consists of primer, filler, top coat and clear coat
- The aim of the project is to supply the auto industry increasingly with prepainted sheet from coil
- The process produces extremely uniform coatings of consistently high quality

## Steel

## Automotive

### Fuel tank

- Absolutely airtight, hydrocarbons cannot escape, fully recyclable, significantly lighter than plastic fuel tank
- Greater fuel capacity due to reduced wall thicknesses
- Can be packaged in the tight confines of a compact car
- Meets strictest emission standards, e.g. Californian emission guidelines



## Steel

## Technologies

### Modular door



- The new, modular door is 12 kilograms lighter than the benchmarked model and costs significantly less to manufacture and assemble
- The modular approach means that door production and door assembly can be separated



# ThyssenKrupp Innovations (II)

## Automotive

### ORS® Off-road stabilizers for sport utility vehicles



- 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

## Automotive

### Innovative air suspension system for the new Jaguar XJ



- Air suspension, which has considerable comfort advantages in comparison to conventional spring suspensions
- The system ensures that the entire spring travel is permanently available, regardless of vehicle load, to compensate for uneven road surfaces

## Automotive

### Presta DeltaValveControl

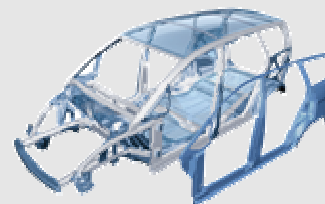
- Modular system provides variable control of the gas exchange valves in internal combustion engines
- Key advantages include lower fuel consumption, reduced exhaust emissions, quieter operation and improved engine dynamics



## Steel

## Automotive

### NSB® NewSteelBody



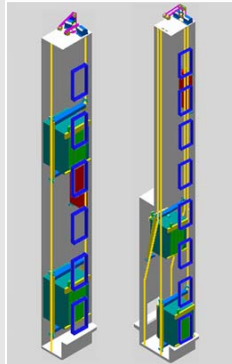
- ThyssenKrupp Stahl designed a complete weight-optimized steel body-in-white
- Open source project to interested auto manufacturers for joint further development
- Reference vehicle is the Opel Zafira
- The body developed under the project is 24% lighter than the reference vehicle

# ThyssenKrupp Innovations (III)

## Elevator

### TWIN® elevator

- Production-ready elevator system with two independent cabs in one shaft
- Higher transportation performance using fewer shafts
- Reference projects ThyssenKrupp Headquarters Düsseldorf and University of Stuttgart



## Elevator

### Accelerating moving walk

- Increases and decreases its speed at the beginning and at the end of the walk to ease step on or off
- Enables travelers at airports, metro and rail stations to cover large distances, at more than double average walking speed
- The project won the 2002 Business Innovation Award of the Asturias Institute for Economic Development (IDEPA) in Spain



## Technologies

### Ammonia plant

- The Dual Pressure Process aimed at a significant increase in plant capacity with simultaneous reduction of the scale-up risk by applying referenced equipment
- Plant capacity can be increase by 2/3, energy consumption to be reduced by around 5%



## Services

### 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



## Financial Calendar 2004

- 
- |                                      |   |
|--------------------------------------|---|
| ○ July 23 to<br>August 11, 2004      | Quiet Period  |
| ○ August 12, 2004                    | Interim Report 3rd quarter 2003/04 (April to June)<br>Conference Call with Analysts and Investors |
| ○ October 25 to<br>November 30, 2004 | Quiet Period  |
| ○ December 1, 2004                   | Annual Press Conference<br>Analysts' and Investors' Meeting                                       |
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## Financial Calendar 2005

- 
- January 21, 2005      Annual General Meeting
  - January 24, 2005      Payment of dividend for the 2003/04 fiscal year
  - January 25, 2005      Quiet Period  
to February 11, 2005
  - February 14, 2005      Interim Report 1st quarter 2004/05 (October to December)  
Conference Call with Analysts and Investors
  - May 13, 2005          Interim Report 2nd quarter 2004/05 (January to March)



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brief e-mail with your  
details!



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