

Presentation ThyssenKrupp  
August 2004

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ThyssenKrupp



# ThyssenKrupp Group 2002/2003

## ThyssenKrupp AG

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

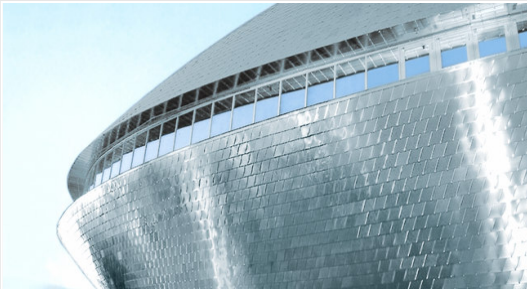
Steel	Automotive	Elevator	Technologies	Services
<p>Sales: €12.0 bn EBT: €384 m Employees: 49,286</p> <ul style="list-style-type: none"> <li>• Carbon Steel</li> <li>• Stainless Steel</li> <li>• Special Materials</li> </ul>	<p>Sales: €6.3 bn EBT: €188 m Employees: 41,414</p> <ul style="list-style-type: none"> <li>• Chassis</li> <li>• Body</li> <li>• Powertrain</li> </ul>	<p>Sales: €3.4 bn EBT: €355 m Employees: 29,689</p> <ul style="list-style-type: none"> <li>• 5 regional Business Units</li> <li>• Passenger Boarding Bridges</li> <li>• Accessibility</li> </ul>	<p>Sales: €5.4 bn EBT: €42 m Employees: 29,871</p> <ul style="list-style-type: none"> <li>• Production Systems</li> <li>• Plant Technology</li> <li>• Marine</li> <li>• Mechanical Engineering</li> </ul>	<p>Sales: €10.9 bn EBT: €24 m Employees: 38,487</p> <ul style="list-style-type: none"> <li>• MaterialsServices Europe</li> <li>• MaterialsServices North America</li> <li>• Industrial Services</li> <li>• Special Products</li> </ul>
<b>Steel</b>	<b>Capital Goods</b>			<b>Services</b>

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



# Steel – At a Glance

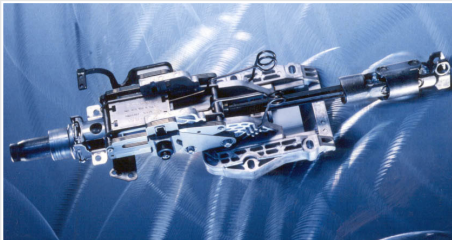
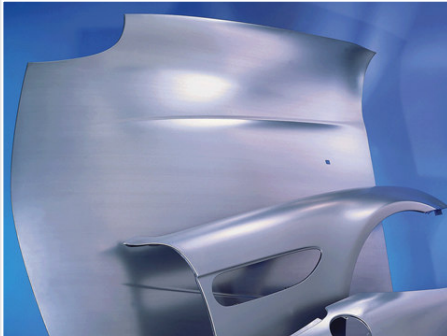
## Steel



- European No. 2 in carbon steel flat products
- World market leader in stainless steel flat products, nickel-base alloys, electrical steel and tailored blanks
- Focus on flat products with high value added
- Site configuration unique in Europe: 17.3 mt/yr crude steel capacity in Duisburg
- Profit leader in Europe through portfolio optimization, investment policy and performance enhancement
- Innovation leader in products and processes
- International presence further strengthened with production facilities in the world's growth markets; systematic development of global strategic alliances

# Capital Goods – At a Glance (I)

## Automotive



- 80% of sales from Top 3 positions
- Sales growth to €10 billion through organic growth and acquisitions
- Technology leadership in product and process technologies
- Materials capabilities: Processing of all key materials e.g. iron, steel, aluminum, magnesium, plastic
- Parallel expansion of component and system business capabilities
- Further participation in outsourcing trends of automobile manufacturers

## Capital Goods – At a Glance (II)

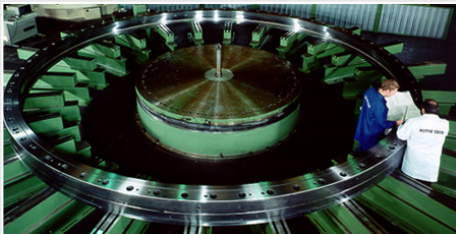
### Elevator



- No. 3 on world market, top global market positions
- More than 700,000 service contracts worldwide
- Full range of products and services from a single source
- Strong service network – benefiting from full maintenance products
- More than 50% of segment sales through services
- Increase market share globally and locally, especially in Asia
- Growth to continue through further acquisitions and even stronger focus on services

# Capital Goods – At a Glance (III)

## Technologies



- Portfolio with leading regional and global market positions
- High technological competencies throughout product portfolio
- Leading engineering companies in the fields of chemical and industrial complexes
- Leading position in surface naval shipbuilding, conventional diesel powered submarines and mega yachts
- World's leading manufacturer of large-diameter bearings, e.g. for general engineering applications as well as solar and wind power plants

# Services – At a Glance

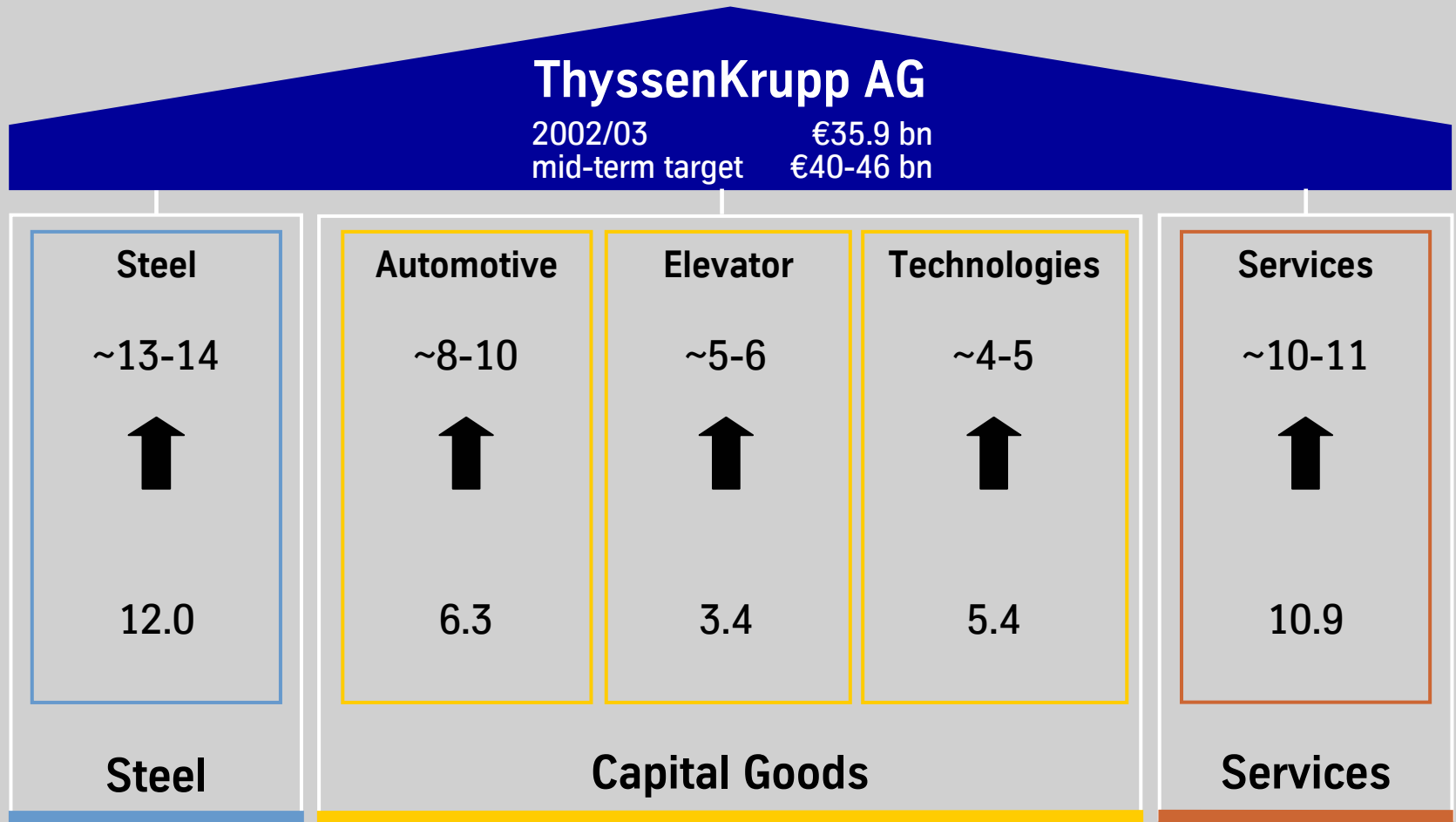
## Services



- Service provider across the customer's value chain – procurement, logistics and production-related services through to supply chain management
- 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
- Portfolio optimization and restructuring on track, e.g. disposal of loss making construction services and non-core IT business completed
- Excellent market positions both in Materials Services and in Industrial Services

# The View Beyond – Focused Industrial Group based on 3 Pillars

Sales in € bn





## Value Indicators by Segment

	ROCE in %		WACC in %	Target ROCE in %	Capital Employed* in million €	EVA in million €		Change
	2001/02	2002/03	2001/02 and 2002/03		2001/02	2002/03		
<b>Group</b>	<b>7.0</b>	<b>6.9</b>	<b>9.0</b>	<b>12.0</b>	<b>19,496</b>	<b>(413)</b>	<b>(413)</b>	<b>0</b>
thereof								
Steel	4.0	6.5	10.0	12.0	8,743	(538)	(311)	227
Automotive	5.1	9.6	9.5	17.0	2,941	(137)	2	139
Elevator	20.4	23.6	9.0	18.0	1,647	208	241	33
Technologies	11.7	4.2	10.0	15.0	1,165	22	(68)	-90
Services	6.2	3.7	9.0	14.0	3,190	(101)	(168)	-67
Real Estate	5.4	4.0	7.5	9.5	1,782	(39)	(63)	-24

\* average 2002/03



# 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>

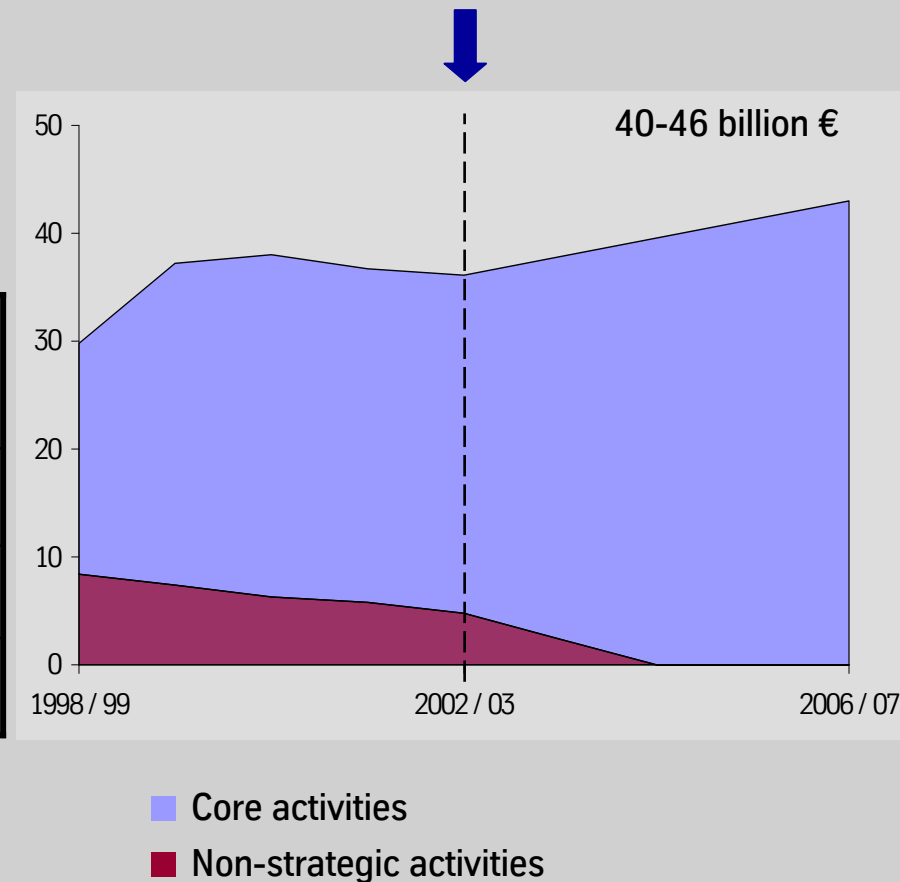


# Portfolio Optimization through Focusing

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	31.1	35.9
CAGR		9.8%	4.8%



# Portfolio Optimizations since October 2003

## Steel

GalvaSud (BR)	Disposal
Röhrenwerke Fuchs (D)	Disposal

## Automotive

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

## Elevator

Dong Yang Elevator (South Korea)	Acquisition
Elevator Service 1 (Singapore)	Acquisition
Bonfedi (I)	Acquisition
Elevator Technologies (N. Zealand)	Acquisition

## Technologies

Novoferm (D)	Disposal
Sheffield Automation (USA)	Disposal
Foundry (USA)	Closure
Inventa-Fischer (CH)	Acquisition

## Services

Triaton Group (D)	Disposal
TRT (D)	Unwinding

\* 25.2%; 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 half 2003/04	2	€692 m	€24 m	€32 m	€83 m	4,488
3rd quarter 2003/04	1	€25 m	€0 m	€0 m	€0 m	113
Total	15	€1,636 m	€25 m	€274 m	€102 m	9,130
Subsequent Events	-	-	-	-	-	-

\* incl. non-consolidated entities



# 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

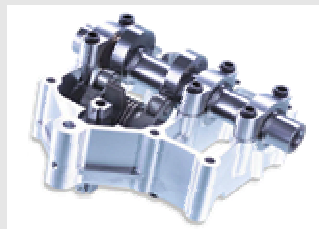


- Air suspension, which has considerable comfort advantages in comparison to conventional spring suspensions
- The system ensures that the entire spring travel is permanently available, regardless of vehicle load, to compensate for uneven road surfaces

## Automotive

### Presta DeltaValveControl

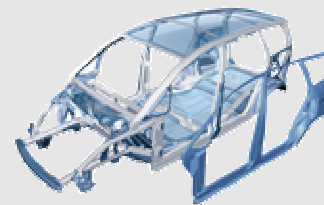
- Modular system provides variable control of the gas exchange valves in internal combustion engines
- Key advantages include lower fuel consumption, reduced exhaust emissions, quieter operation and improved engine dynamics



## 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



## 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%



## 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



## 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





## 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
- 



## Q3 2003/2004 – Overview

### Significant earnings jump

- **Order intake** increased to €10.6 billion, up 18% yoy
- **Sales** were €10.7 billion, up 21% from the prior-year period
- **EBT** from continuing operations improved by €270 million to €488 million, corresponding to normalized figures
- **EPS** reached €0.55 compared with €0.42 a year earlier; the normalized prior-year number was €0.23
- **Net financial payables** at €4.3 billion remained almost at September 2003 level



# Highlights

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- **Steel business** benefits from ongoing strong demand
  - Order intake, sales and EBT rose in all three business units
  - Mainly driven by volume and price increases plus efficiency enhancements
  - Increased raw material costs almost covered by higher steel prices

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- **Services and Automotive:** Strong growth both top and bottom line
  - Restructuring efforts and portfolio measures proved effective

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- **Portfolio optimization** proceeds
  - Sale of 49% stake in GalvaSud and 50% in Röhrenwerke Fuchs, MBO at Darcast
  - Elevator entered New Zealand service market
  - HDW: Due Diligence completed, contract negotiations proceeding well

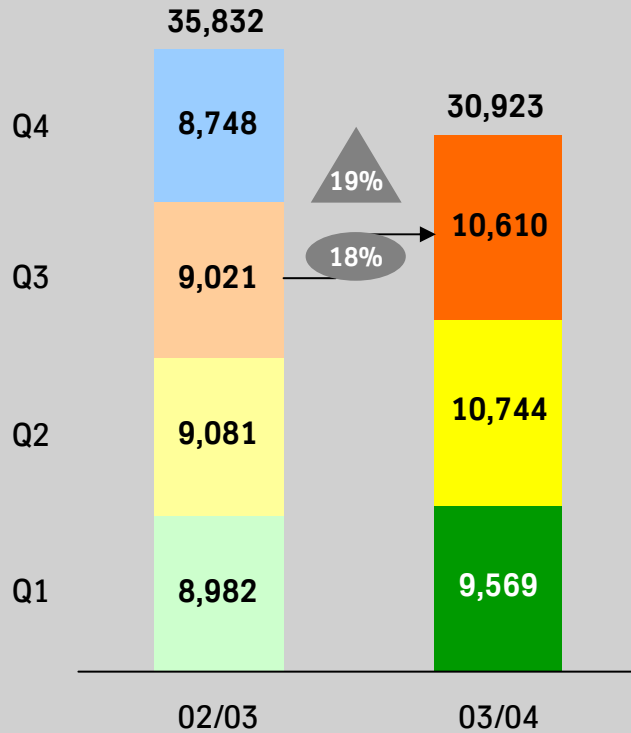
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# Group (I)

## Order intake

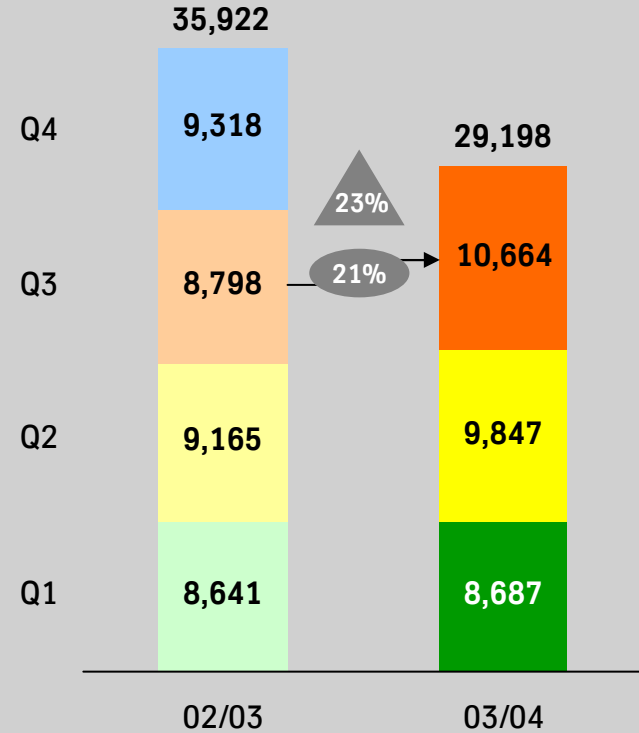
million €



▲ excluding €/\$ exchange rate effects

## Sales

million €



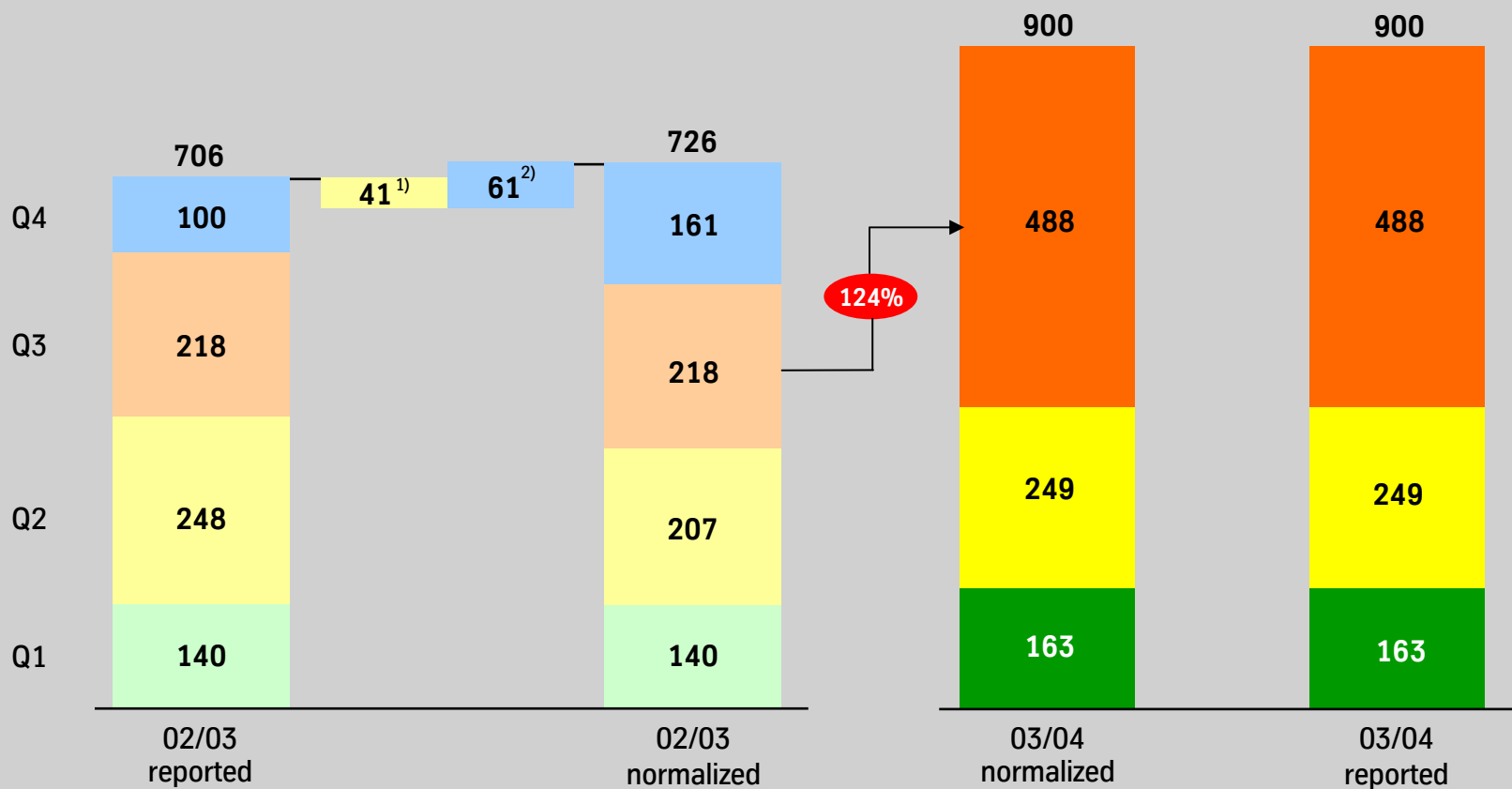
▲ excluding €/\$ exchange rate effects



# Group (II)

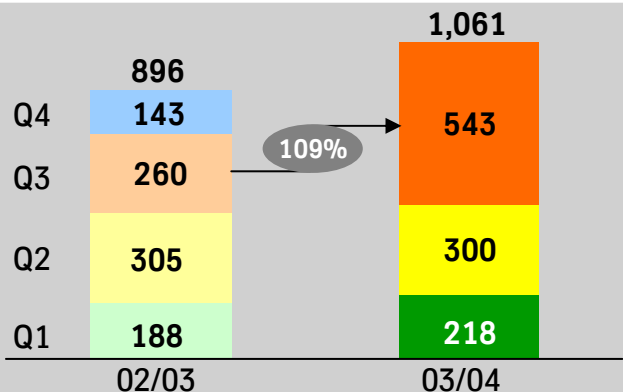
EBT

million €

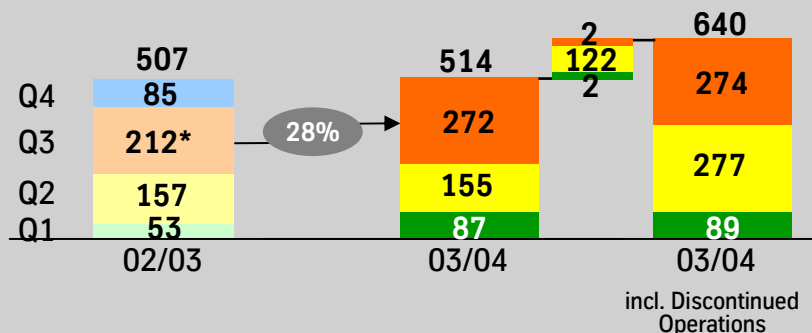


# Group (III)

**EBIT** million €

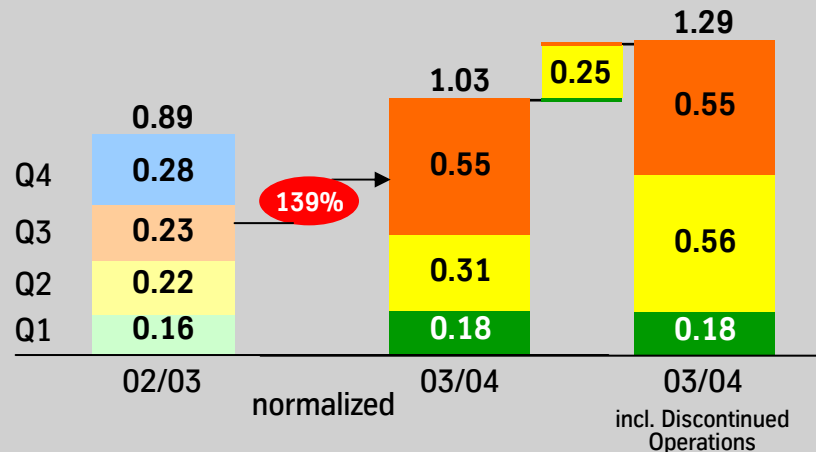
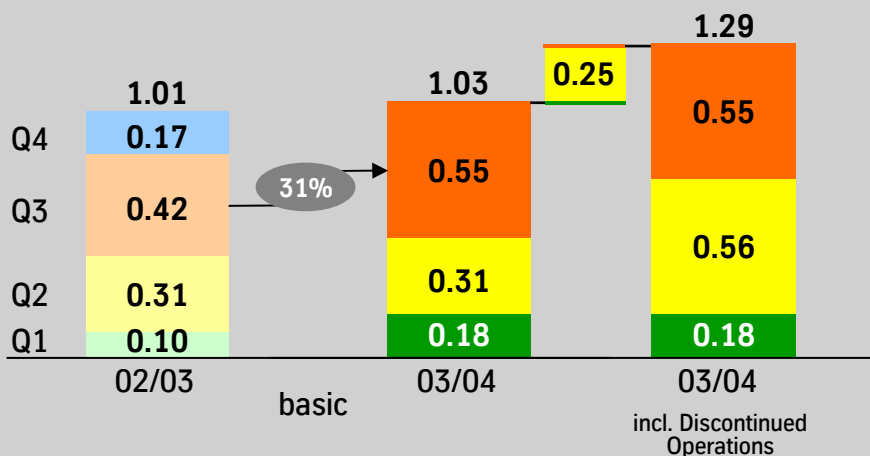


**Net income** million €



\* Extraordinary tax effect due to share repurchase €96 m

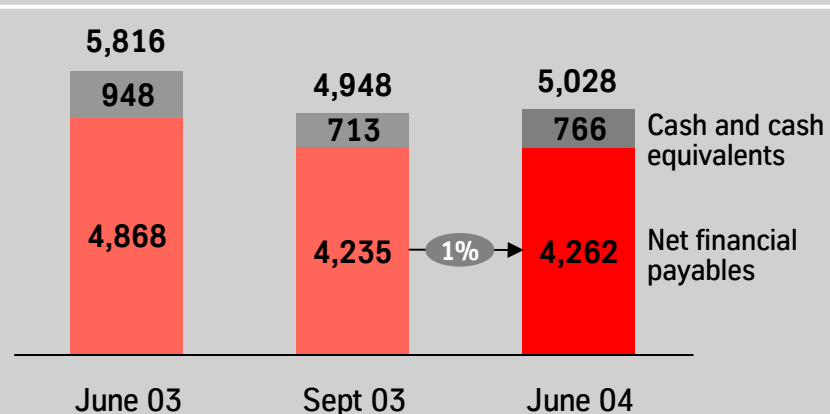
**Earnings per share** €



# Group (IV)

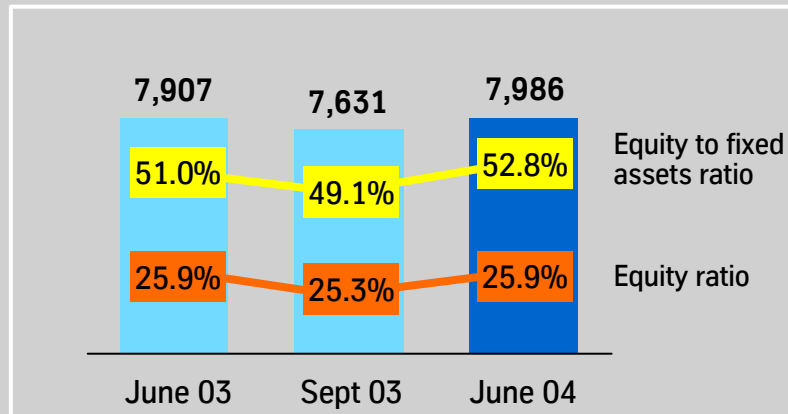
## Financial payables

million €



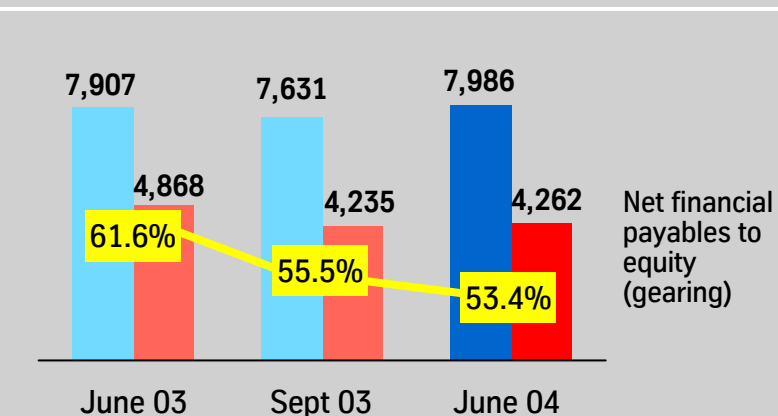
## Stockholders' equity

million €



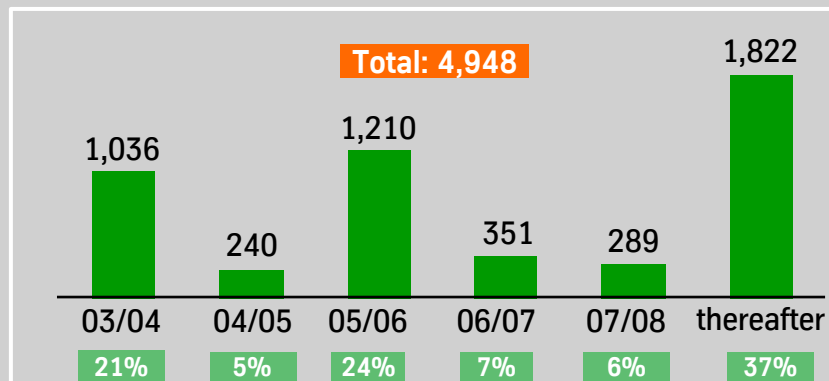
## Gearing

million €



## Maturity profile of gross financial payables\*

million €



\* as of Sept 03



## Outlook

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- For the **rest of fiscal 2003/2004** we expect an **unchanged economic environment**. The continuing risks of an economic weakening have not impacted our performance so far.

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- For the **full year** we plan sales in the magnitude of **roughly €38 billion**.

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- In terms of **EBT**, excluding the effects of disposals, we previously expected to come close to the **€1 billion** mark. Based on the recent very good performance of Steel and the improvements at Services and Automotive, we now **aim to come as close as possible to our medium-term target of €1.5 billion**.

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# Conclusion

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

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- Clear strategic direction:  
Portfolio optimization will be stepped up

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- Cross-segment development:  
Driver for technological innovations

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## Financial Calendar 2004/2005

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- October 25, 2004      Quiet Period  
to November 30, 2004
  - December 1, 2004      Annual Press Conference  
Analysts' and Investors' Meeting (Essen, Germany)
  - January 21, 2005      Annual General Meeting
  - January 24, 2005      Payment of dividend for fiscal year 2003/04
  - 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
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## Financial Calendar 2005

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- April 25, 2005 to May 12, 2005 Quiet Period

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  - May 13, 2005 Interim Report 2nd quarter 2004/05 (January to March)

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  - May 18, 2005 Analysts' and Investors' Meeting (London, UK)

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  - July 25, 2005 to August 11, 2005 Quiet Period

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  - August 12, 2005 Interim Report 3rd quarter 2004/05 (April to June)  
Conference Call with Analysts and Investors
- 



# How to Contact ThyssenKrupp Investor Relations

## Institutional Investors and Analysts:

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