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Presentation ThyssenKrupp  
February 2005

ThyssenKrupp



# ThyssenKrupp Group 2003/04

## ThyssenKrupp AG

Group sales (consolidated): €39.3 billion • EBT (consolidated): €1,580 million • Employees: 184,358

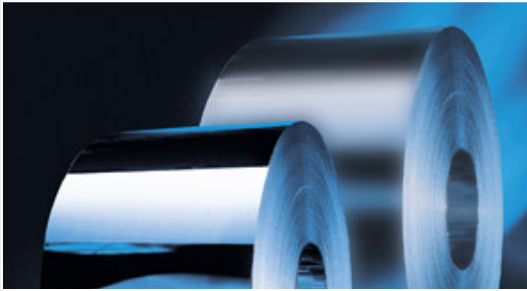
Steel	Automotive	Elevator	Technologies	Services
<p>Sales: €13.7 bn EBT: €911 m Employees: 46,630</p> <ul style="list-style-type: none"> <li>• Carbon Steel</li> <li>• Stainless Steel</li> <li>• Special Materials</li> </ul>	<p>Sales: €7.3 bn EBT: €288 m Employees: 43,491</p> <ul style="list-style-type: none"> <li>• Body&amp;Chassis (NA)</li> <li>• Body&amp;Chassis (EU/AP/LA)</li> <li>• Powertrain (Global)</li> </ul>	<p>Sales: €3.6 bn EBT: €370 m Employees: 31,658</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: €5.1 bn EBT: €67 m Employees: 27,803</p> <ul style="list-style-type: none"> <li>• MetalCutting</li> <li>• Plant Technology</li> <li>• Marine</li> <li>• Mechanical Engineering</li> <li>• Transrapid</li> </ul>	<p>Sales: €11.9 bn EBT: €271 m Employees: 33,469</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>

As reported at Dec 1, 2004; employees as at Sept 30, 2004; inter-segment sales unconsolidated



# Steel – At a Glance

## Steel

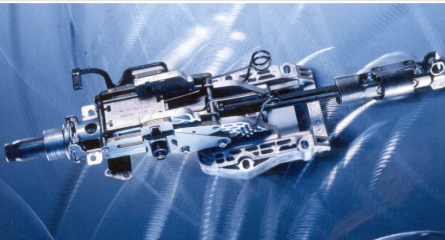
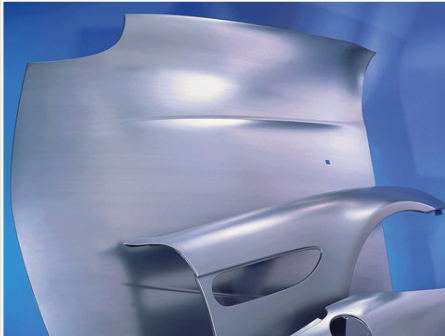


- European No. 2 in carbon steel flat products
- World market leader in stainless steel flat products, nickel-base alloys, electrical steel and tailored blanks
- Focus on flat products with high value added
- Site configuration unique in Europe: 17.3 mt/yr crude steel capacity in Duisburg
- Profit leader 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 €7-8 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
- Cross segment cooperation and joint product development

## Capital Goods – At a Glance (II)

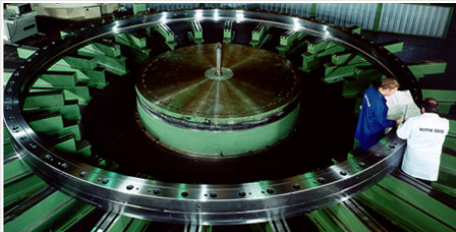
### Elevator



- No. 3 on world market
- More than 800,000 service contracts worldwide
- Focus on customer and technology orientation with full range of products and services from 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
- Continuing growth 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

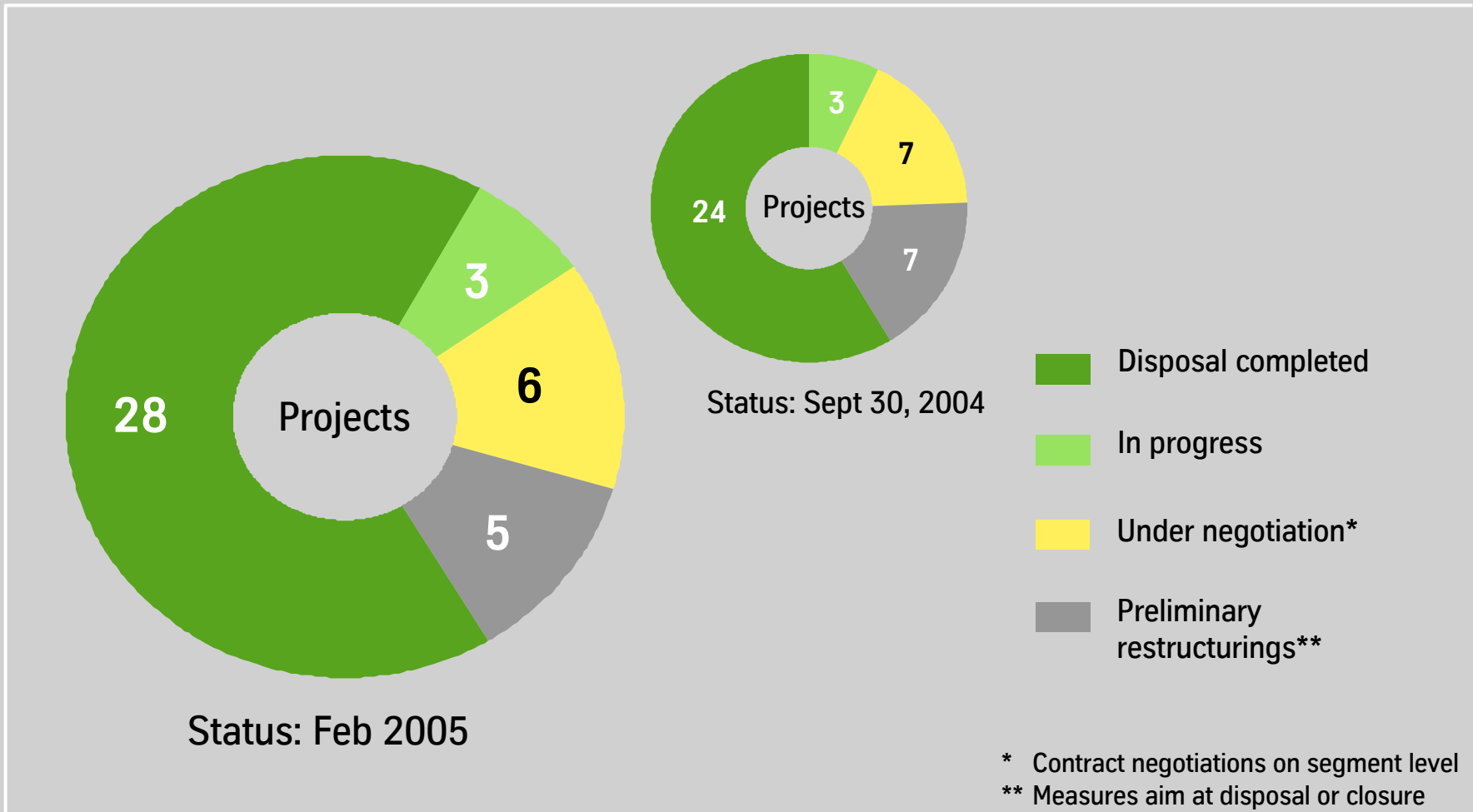
# Services – At a Glance

## Services



- Service provider across the customer's value chain – procurement, logistics and production-related services through to supply chain management
- Excellent market positions both in Materials Services and in Industrial Services
- 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 Facilities Services, Construction Services and IT business (Triaton) completed

# Portfolio Optimization Program – Status Quo





# Portfolio Optimizations since October 2003

## Steel

Cipros [minority interest] (I)	Acquisition
GalvaSud (BR)	Disposal
Röhrenwerke Fuchs (D)	Disposal
SWB Stahlformguss (D)	Disposal
Berkenhoff (D)	Disposal
Krupp Edelstahlprofile (D)	Disposal
CS Inox [minority interest] (I)	Acquisition
Eurinox [minority interest] (NL/TUR)	Acquisition
Dortmunder Eisenbahn (D)	Disposal***

## Automotive

MB Lenk Group (D)	Acquisition
Darcast (UK)	Disposal
Bertrandt (D)	Acquisition*
QDF (GB)	Disposal
JV TK Gerlach/Sumitomo (CHN)	Acquisition**
Fahrzeugguss (D)	Disposal

## Elevator

Dong Yang Elevator (South Korea)	Acquisition
Elevator Service 1 (Singapore)	Acquisition
Bonfedi (I)	Acquisition
Elevator Technologies (N. Zealand)	Acquisition
Whitaker Company (USA)	Acquisition
Kare Elevators & Engineering (India)	Acquisition

## Technologies

Novoferm (D)	Disposal
Sheffield Automation [Measurem.] (USA)	Disposal
Foundry [Giddings&Lewis] (USA)	Closure
Inventa-Fischer (CH)	Acquisition
HDW (D)	Acquisition

## Services

Triaton Group (D)	Disposal
TRT (D)	Winding down
Facilities Services (D)	Disposal
Sievering (D)	Disposal
TMH/ThyssenKrupp Mannex (D)	Winding down

## Real Estate

tk3 (CH)	Disposal
TK Wohnimmobilien (D)	Disposal

\* 25.2% / \*\* 34% / \*\*\* closing not yet completed



## Portfolio Optimization – Disposals since October 2002

	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
Fiscal year 2003/04	9	€1,458 m	€(8) m	€263 m	€160 m	8,125
1st quarter 2004/05	-	-	-	-	-	-
<b>Total</b>	<b>21</b>	<b>€2,377 m</b>	<b>€(7) m</b>	<b>€505 m</b>	<b>€179 m</b>	<b>12,654</b>
Subsequent Events	2	€535 m	€123 m	€173 m <sup>***</sup>	€50 m <sup>***</sup>	2,140

\* incl. non-consolidated entities/\*\* when company was disposed of/\*\* as at last reporting date when deal was announced



# Disposal Residential Real Estate – Key Facts

- Transaction volume : €2.1 bn
- Book value : €1.0 bn
- Buyer : Morgan Stanley Real Estate Fund  
Corpus Immobiliengruppe
- Number of housing units : 48,000 (approx. 3.3 m sqm)  
mainly located in the Rhine-Ruhr area
- Deconsolidation : Q2 2004/05



Sales 2003/04 : €245 m

EBT 2003/04 : €85 m

Employees  
(Sept 30, 2004): 372

## Value Indicators by Segment

	Capital Employed*/** in million €	WACC in % 2002/03 and 2003/04	Target ROCE in %	ROCE** in %		EVA** in million €		Change
				2002/03	2003/04	2002/03	2003/04	
Group	18,870	9.0	12.0	7.2	12.0 ✓	(352)	572 ✓	924
thereof								
Steel	8,633	10.0	12.0	7.1	12.5	(255)	212	467
Automotive	3,043	9.5	17.0	9.6	13.1	3	108	105
Elevator	1,709	9.0	18.0	23.6	23.7	241	250	9
Technologies	687	10.0	15.0	4.2	13.0	(68)	21	89
Services	2,769	9.0	14.0	3.8	13.3	(166)	120	286

\* average 2003/04  
\*\* incl. discontinued operations

■ above target ROCE   
 ■ above WACC, below target ROCE   
 ■ below WACC



# 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>



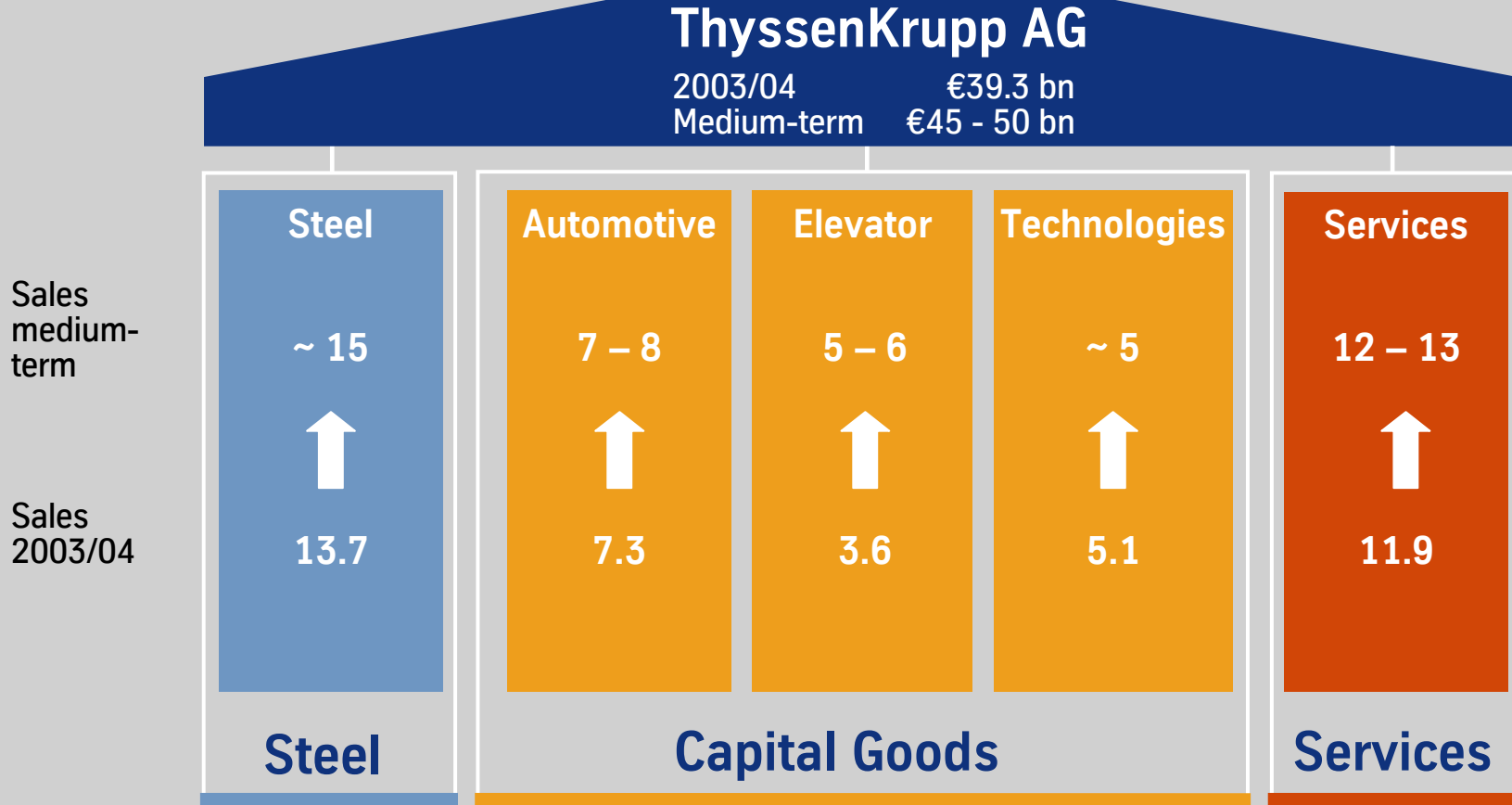
## Strategic Key Points

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



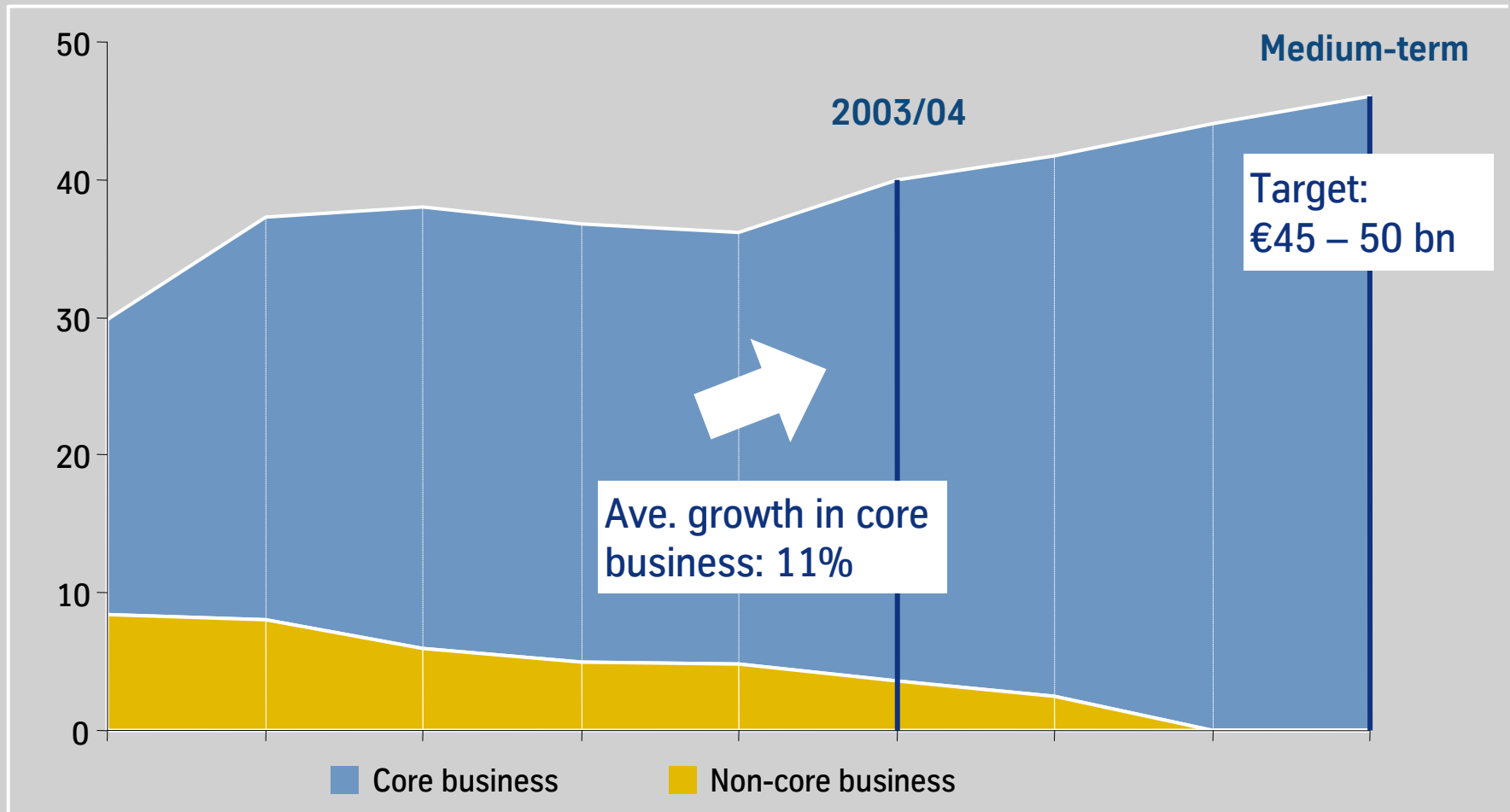
# Strategic Objectives for the Future (I)

Sales in € m



# Strategic Objectives for the Future (II)

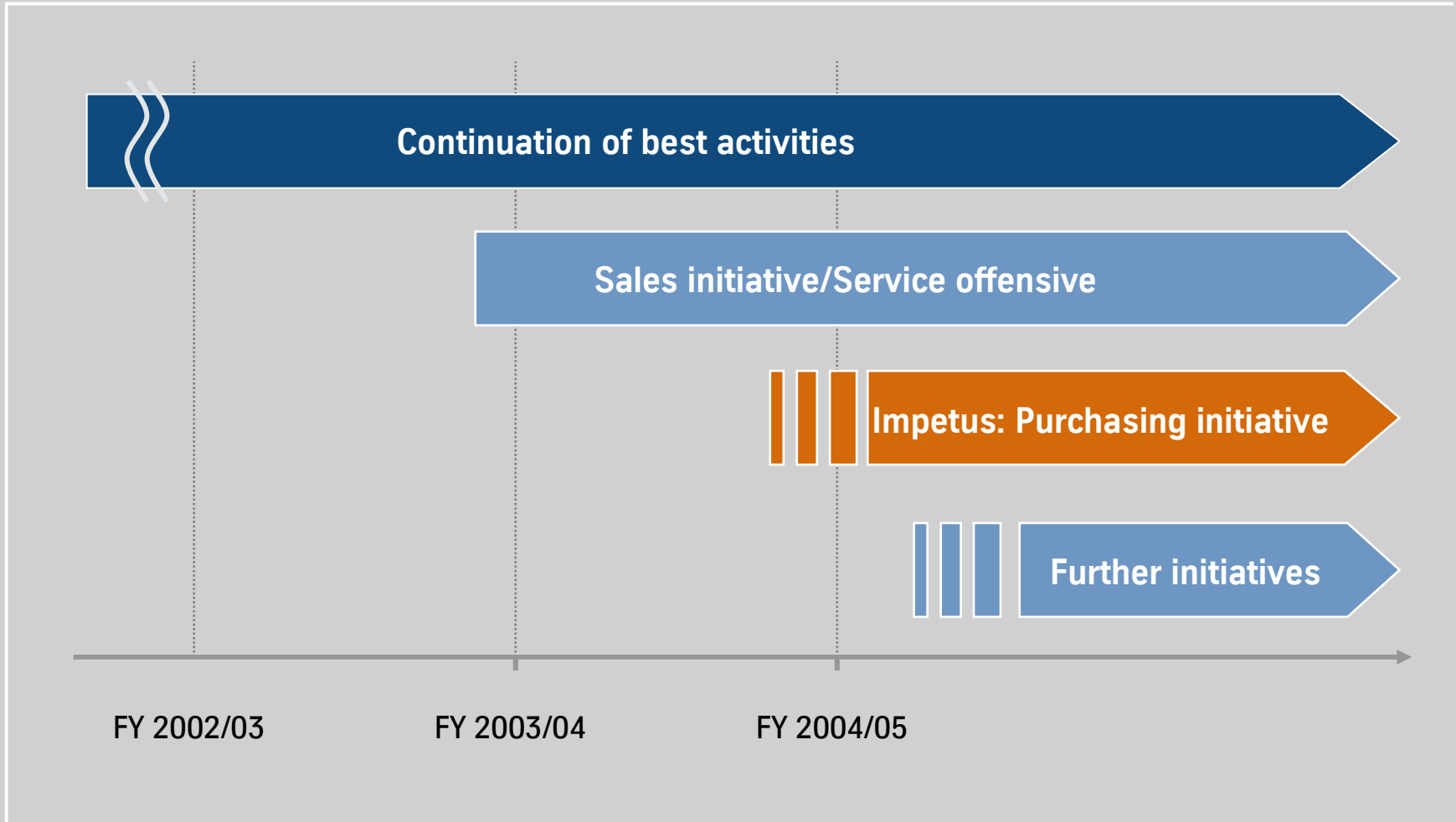
Disproportionately high growth in core business to boost sales to €45 – 50 bn





# New Impetus: Purchasing Initiative

## Systematic methodological development of best

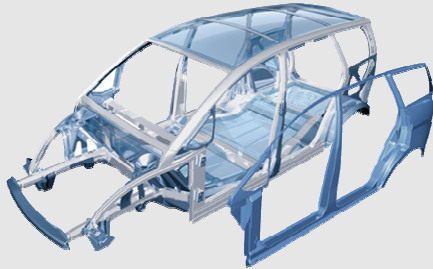


# Innovations Pave the Way to Success

## Steel

## Automotive

### NSB® NewSteelBody



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

## Elevator

### TWIN® elevator



- Production-ready elevator system with two independent cabs in one shaft
- Higher transportation performance using fewer shafts
- Reference projects: ThyssenKrupp Headquarters and University of Stuttgart, commercial projects: e.g. BMW Group headquarters



## Q1 2004/05 – Overview

### Off to a good start

- **Order intake** increased to €10.9 billion, up 17% yoy
- **Sales** were €10.1 billion, up 20% from the prior-year period
- **EBT** from continuing operations reached €473 million compared to €168 million in the corresponding prior-year period
- **EPS** amounted to €0.53 from €0.19 a year earlier (from continuing operations)
- **Net financial payables** at €3.6 billion, €740 million more than on Sept 30, 2004 and €980 million less than on Dec 31, 2003



# Highlights

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- **Ongoing strong performance of Steel segment**
    - EBT of €351 million more than tripled
    - Higher volumes, price increases and higher-revenue product mix support sales
    - Ongoing implementation of efficiency enhancement measures in all areas

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  - **Portfolio optimization program continued**
    - Sale of Residential Real Estate and Aluminum Castings business
    - Both deals signed and closed, deconsolidation as of Q2 2004/05

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  - **Regaining investment grade by S&P and upgrade by Fitch**
    - Significant reduction of net financial payables since the merger (€2.8 bn on Sept 30, 2004 compared to €8.7 bn on March 31, 2001)
    - Balance sheet structure and key ratios strengthened
    - Disposal of Residential Real Estate further improves cash position
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# Outlook

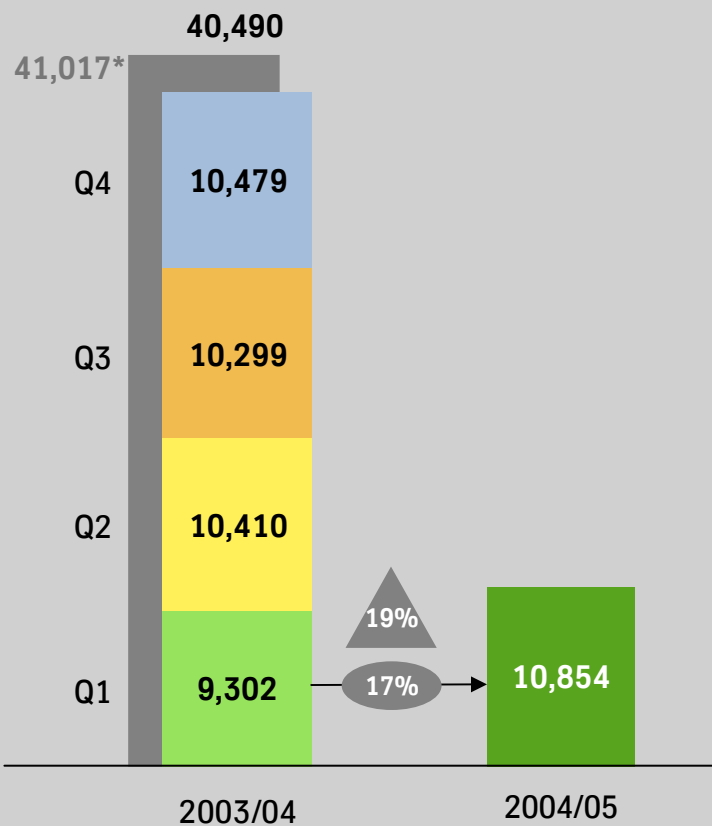
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- We expect the encouraging business performance to continue on the whole in the further course of the year. For the full year we plan sales in the magnitude of just over €41 billion (excl. portfolio changes).
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- In terms of earnings before taxes, excluding the effects of major disposals and restructuring measures, we aim to surpass the very good level of 2003/2004.
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# Group (I)

## Order intake

million €

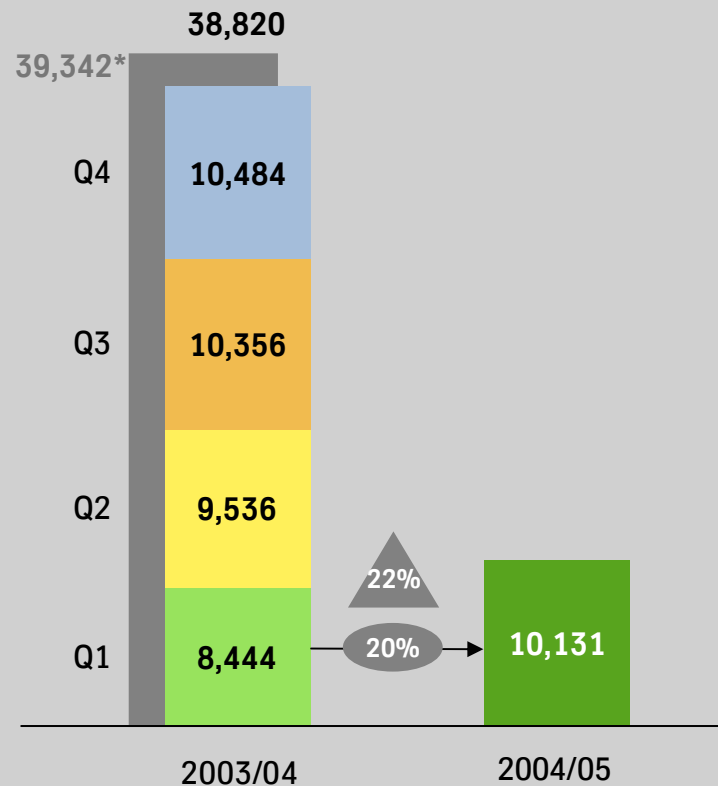


\* as reported on Dec 1, 2004

▲ excluding €/ \$ exchange rate effects

## Sales

million €



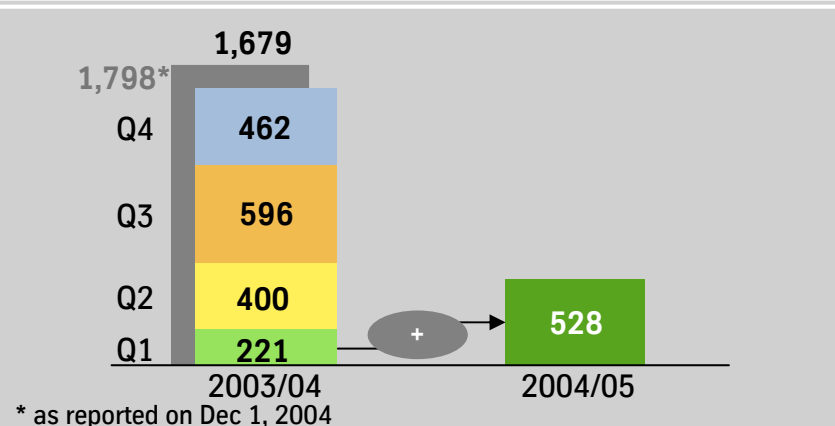
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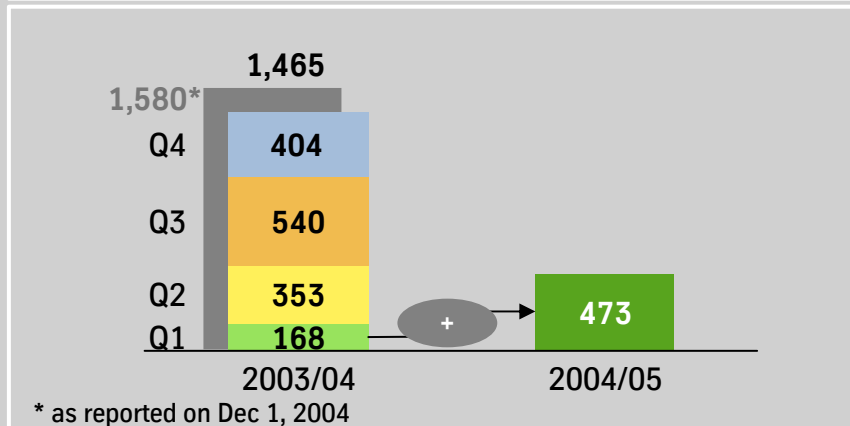


# Group (II)

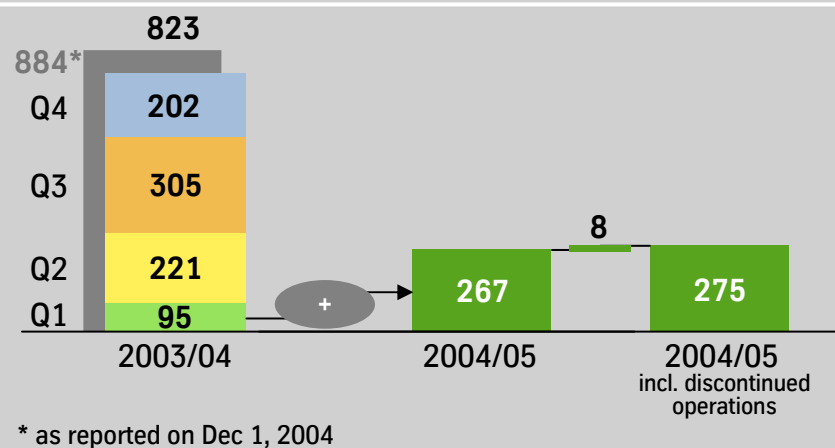
**EBIT** million €



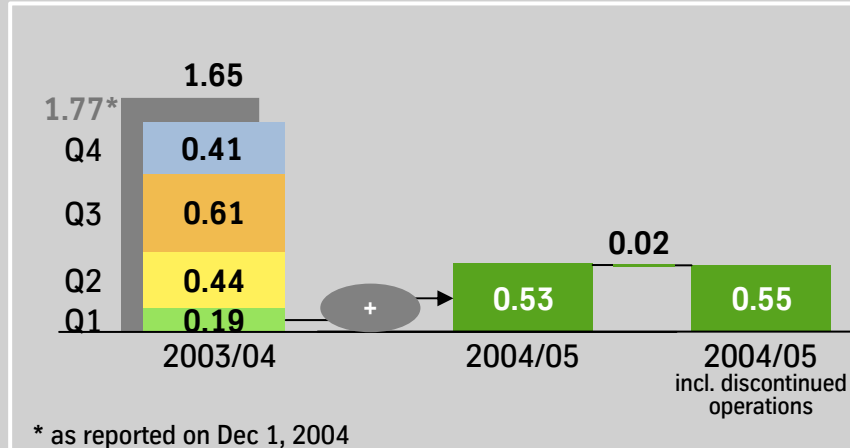
**EBT** million €



**Net income** million €



**Earnings per share** €



# 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 2004/05 (I)

- March 15, 2005 and March 16, 2005 Auto Field Day (Versailles, France)
- April 25, 2005 to May 12, 2005 Quiet Period
- May 13, 2005 Interim Report 2nd quarter 2004/05 (January to March)
- May 18, 2005 Analysts' and Investors' Meeting (London, UK)
- July 25, 2005 to August 11, 2005 Quiet Period
- August 12, 2005 Interim Report 3rd quarter 2004/05 (April to June)  
Conference Call with Analysts and Investors



## Financial Calendar 2004/05 (II)

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- October 26, 2005 to November 30, 2005 Quiet Period

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  - December 1, 2005 Annual Press Conference  
Analysts' and Investors' Meeting (Essen, Germany)

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  - January 27, 2006 Annual General Meeting

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  - January 30, 2006 Payment of dividend for fiscal year 2004/05

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  - February 13, 2006 Interim Report 1st quarter 2005/06 (October to December)  
Conference Call with Analysts and Investors
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# How to Contact ThyssenKrupp Investor Relations

## Institutional Investors and Analysts:

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