

Presentation ThyssenKrupp

January 2006

ThyssenKrupp



ThyssenKrupp Group

ThyssenKrupp AG

Group sales: €42.1 billion • EBT: €1,836 million • Employees: 183,729

Steel	Stainless	Automotive	Technologies	Elevator	Services
<p>Sales: €9.7 bn EBT: €1,063 m Empl.: 31,576</p>	<p>Sales: €5.6 bn EBT: €282 m Empl.: 12,201</p>	<p>Sales: €7.6 bn EBT: €49 m Empl.: 42,541</p> <ul style="list-style-type: none"> • Chassis • Body • Powertrain 	<p>Sales: €5.7 bn EBT: €172 m Empl.: 27,449</p> <ul style="list-style-type: none"> • Plant Technology • Marine Systems • Mechanical Engineering • Transrapid 	<p>Sales: €3.8 bn EBT: €352 m Empl.: 34,151</p> <ul style="list-style-type: none"> • 4 regional Business Units • Accessibility • Escalators/ Passenger Boarding Bridges 	<p>Sales: €12.5 bn EBT: €380 m Empl.: 34,835</p> <ul style="list-style-type: none"> • Materials Services Europe • Materials Services North America • Industrial Services • Special Products
Steel		Capital Goods			Services

Figures FY 2004/05; continuing operations; inter-segment sales unconsolidated; employees as at Sept 30, 2005



Steel – At a Glance

Steel



- European #2 in the area of flat-rolled carbon steel, world leader in electrical steel and tailored blanks
- Structure of Duisburg site unique in Europe: capacity 17.3 million metric tons of crude steel per year
- Concentration on flat steel products with high value-added
- Targeting quality and margin leadership in Europe through portfolio optimization, investment policy and efficiency enhancement
- Innovation leadership in products and processes
- Further strengthening of international presence with production sites in the global growth markets as well as strategic alliances and cooperative ventures

Stainless – At a Glance

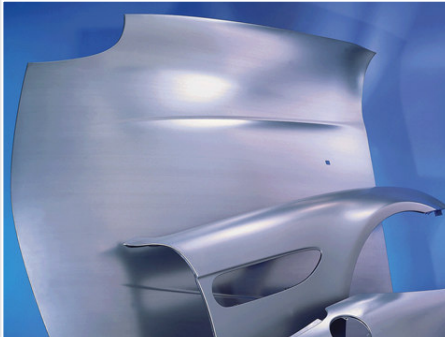
Stainless



- World's biggest producer of flat-rolled stainless steels and leading supplier of nickel-base alloys
- Global market presence through local production sites, steel service centers or distribution warehouses
- Full range of stainless, acid- and heat-resistant steels (added value for customers)
- Concentration on high-quality stainless steel products
- Systematic focus on customers expressed in strong delivery performance and consideration of individual customer needs
- Development and expansion of high-profit growth markets in Asia, North America and Eastern Europe

Capital Goods – At a Glance (I)

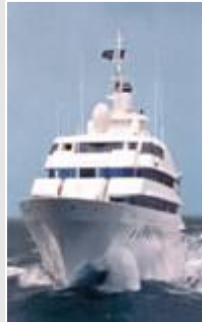
Automotive



- Aim for position amongst relevant Top 3 players
- Streamline portfolio and eliminate underperforming businesses
- Strong focus on Asia, especially China and India, to balance customer structure
- Provide creative solutions based on competitive and innovative component capabilities
- Technology leadership in product and process technologies
- Cross segment cooperation and joint product development

Capital Goods – At a Glance (II)

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

Capital Goods – At a Glance (III)

Elevator



- No. 3 on world market
- More than 800,000 service contracts worldwide
- Services share of segment sales bigger than 50%
- Continuing growth through further acquisitions and even stronger focus on services
- Increase market share globally and locally, especially in Asia and Eastern Europe
- Focus on customer and technology orientation with full range of products and services from single source

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 almost completed and restructuring on track, e.g. disposal of Facilities Services, Construction Services and IT business (Triaton)

29 Portfolio Optimizations in 2004/05

Steel

CS Inox (IT)*	Acquisition
Eurinox (NL/TR)*	Acquisition
Dortmunder Eisenbahn (DE)	Disposal
MRT (IT)	Acquisition
EWK (DE)	Disposal
Hoesch Contecna (DE)	Disposal

Automotive

QDF (GB)	Disposal
JV TK Gerlach/Sumitomo (CN)**	Acquisition
Fahrzeugguss (DE)	Disposal
Truck springs (PT, RO)	Disposal

Technologies

HDW (DE)	Acquisition
Elastomertechnik (DE)	Disposal
Stahlbau Hanover (DE)	Disposal
G&L Motion Control (US)	Disposal
TK INSA (ES)	Disposal
MetalCutting (DE, GB, US)	Disposal
Turbinenkomponenten (DE, US)	Disposal

Elevator

Kare Elevators & Engineering (IN)	Acquisition
Ascensores Silves Hidrolex (ES)	Acquisition
Trapo Küng (CH)	Acquisition
Ceteco (IT)	Acquisition
Ascensores Juan Pena (ES)	Acquisition
R&O Elevator (US)	Acquisition

Services

TMH/ThyssenKrupp Mannex (DE)	Winding down
MUT (CZ)	Acquisition
Automata (BR)	Acquisition
Lesser Group (DE)	Acquisition
Eckhardt Marine (DE)	Disposal

Real Estate

TK Wohnimmobilien (DE)	Disposal
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* minority interest / ** 34%



11 Portfolio Optimizations in 2005/06

Steel

Special profile operations (DE)* **Disposal** ⁺

Elevator

Sun Rhine Enterprises (TW) **Acquisition**
 General Elevator Maintenance (CA) **Acquisition**
 Atlantic Elevator (US) **Acquisition**

Technologies

Atlas Elektronik (DE)** **Acquisition** ⁺

Services

Jupiter Stomana (BG)*** **Acquisition**
 Coferal (DE) **Acquisition**
 RIP (BR)**** **Acquisition** ⁺
 Krupp Druckereibetriebe (DE) **Disposal**
 Standardkessel (CH) **Acquisition** ⁺
 Hearn Group (CA) **Acquisition** ⁺

* 75.1% / ** 60% / *** 80% / **** 51%

⁺ closing not yet completed



Successful Disposal Program

	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
Fiscal year 2004/05	8	€1,981 m	€119 m	€348 m	€234 m	9,742
Total	29	€4,358 m	€112 m	€853 m^{***}	€413 m^{***}	22,396
Subsequent events	4	€333 m	€(11) m	€113 m ^{***}	€25 m ^{***}	1,600

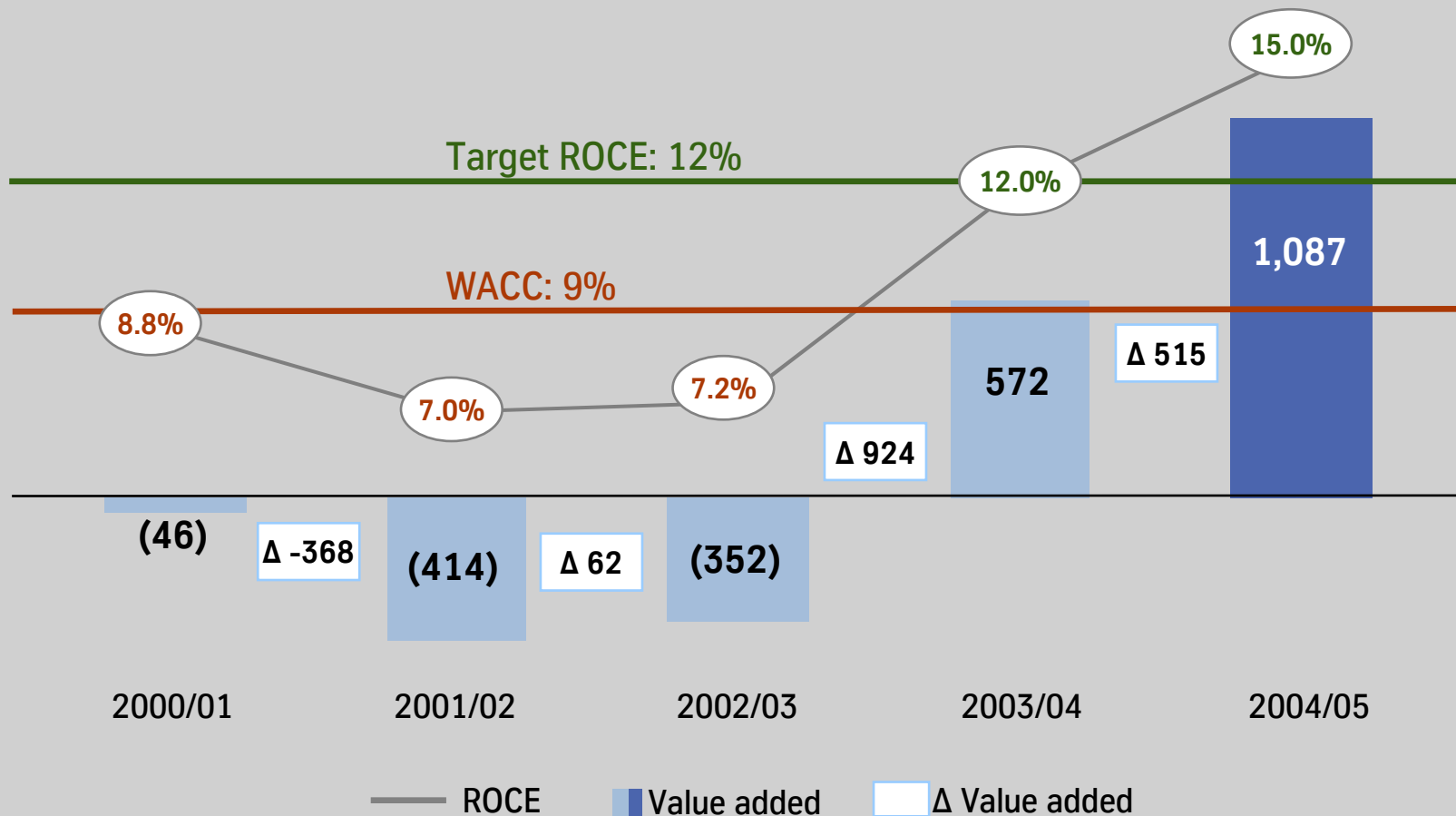
* when company was disposed of ** incl. non-consolidated entities *** as on last reporting date when deal was announced



Group Overview – Value Indicators

ROCE and value added

million €



Value Indicators by Segment

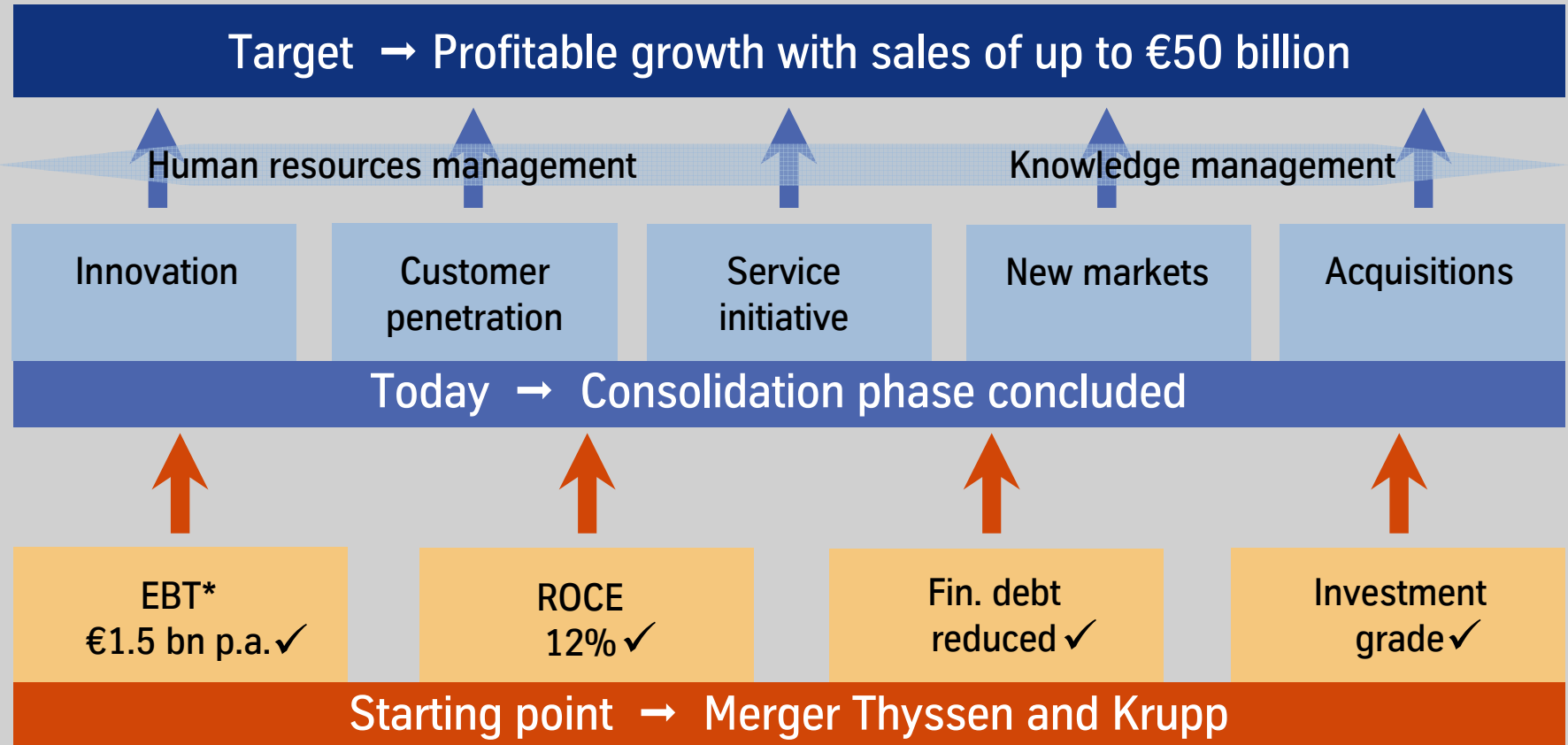
	Capital Employed*/** in million €	WACC in % 2003/04 and 2004/05	Target ROCE in %	ROCE** in %		EVA** in million €		Change
				2003/04	2004/05	2003/04	2004/05	
Group	17,994	9.0	12.0	12.0	15.0	572	1,087	515
thereof								
Steel	8,804	10.0	12.0	12.6	16.0	226	526	300
Automotive	3,145	9.5	17.0	12.7	5.0	100	(141)	-241
Technologies	936	10.0	15.0	14.7	(3.7)***	27	(128)	-155
Elevator	1,752	9.0	18.0	23.7	21.6	250	220	-30
Services	2,677	9.0	14.0	12.9	14.6	105	150	45

* average 2004/05
 ** incl. discontinued operations
 *** impacted by disposal loss of MetalCutting

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



ThyssenKrupp – Consolidation Concluded

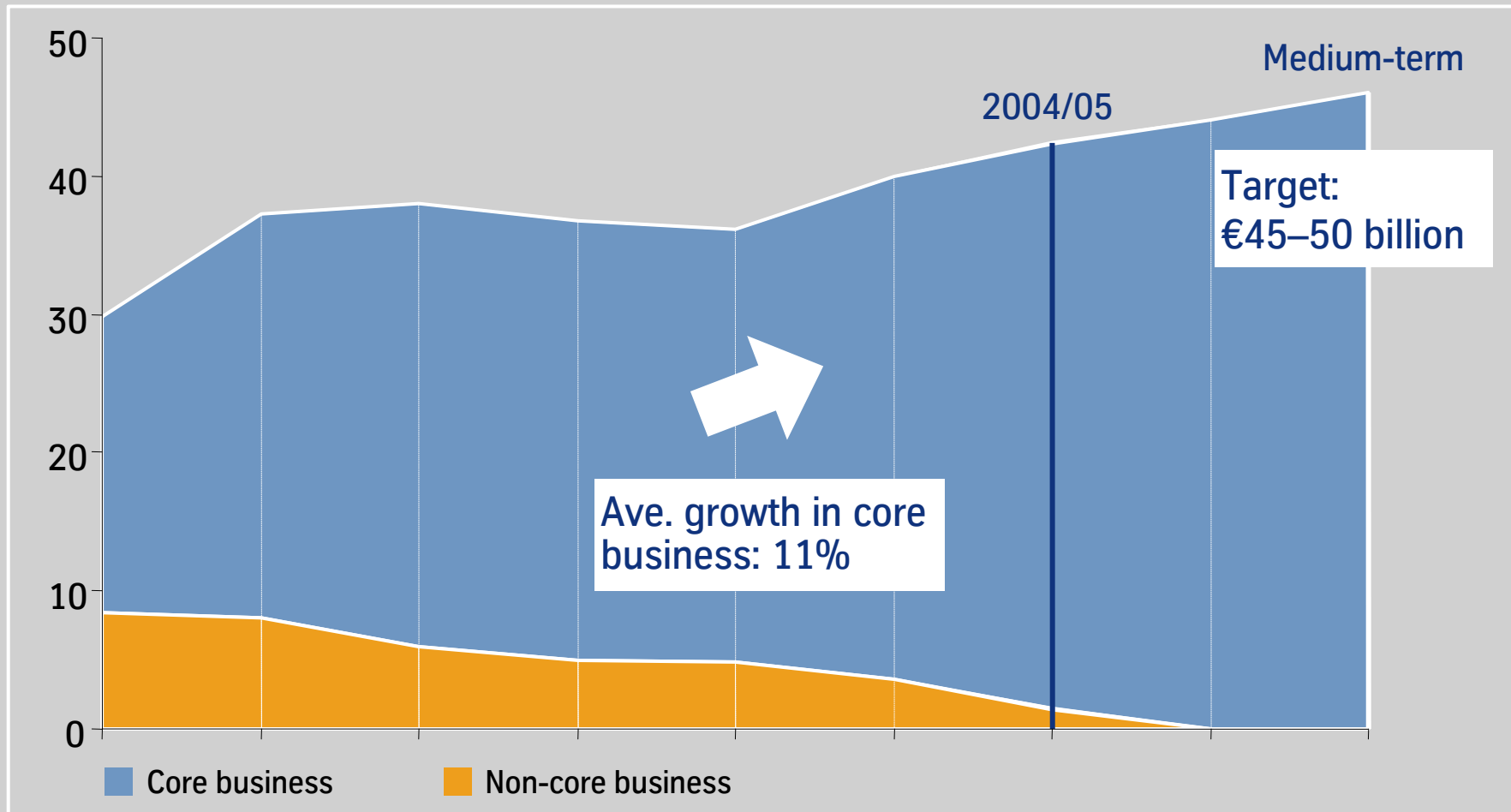


* core business



Strategic Goals for the Future

Sales of €45 - €50 billion through disproportionate growth of core business



Strategic Key Points

- Manage value systematically by concentrating on high-performance business areas and active portfolio management

- Strong commitment to sustainable profitability and value enhancement throughout the cycles

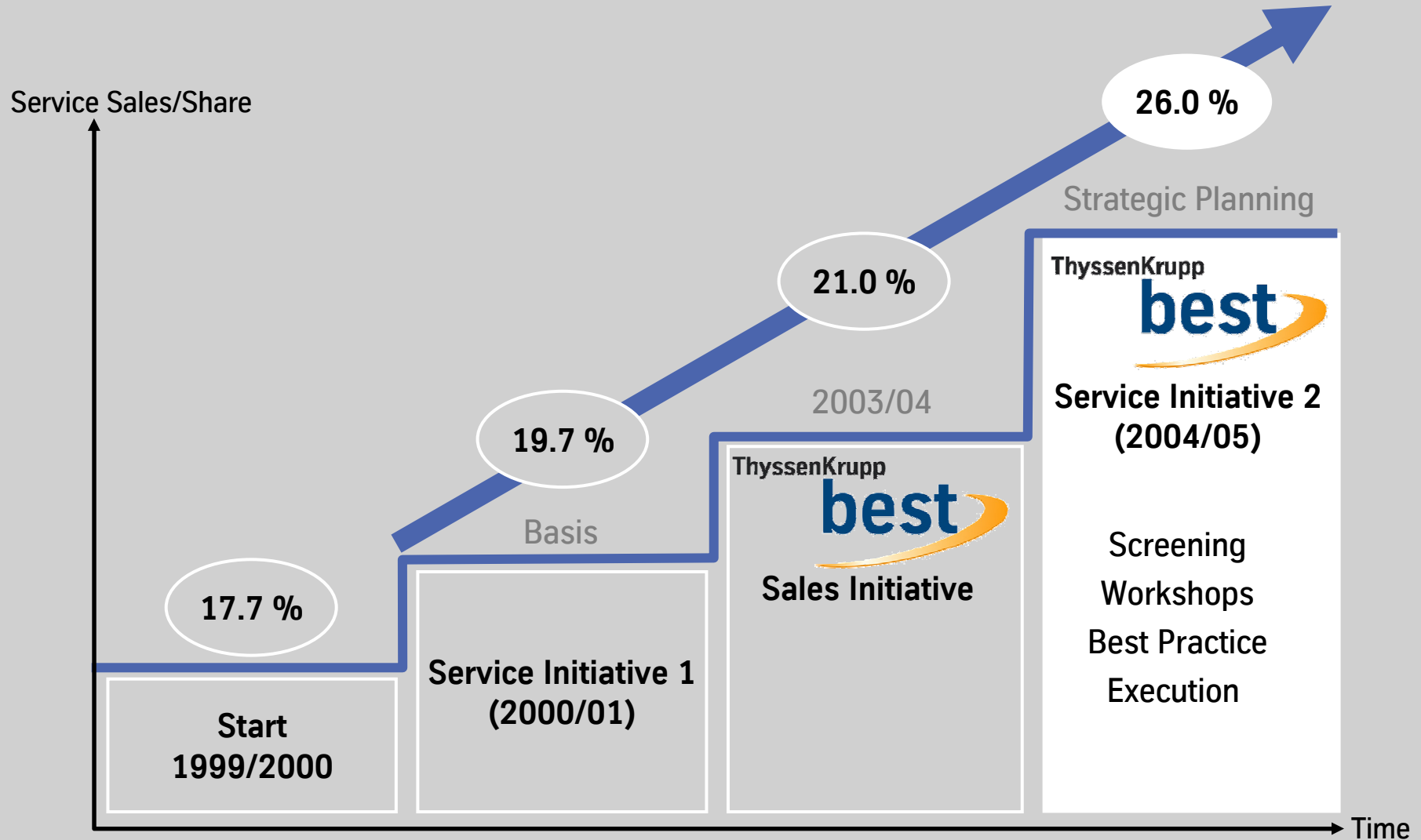
- Strengthen customer and service orientation

- Expand technological and innovative capabilities

- Make optimal use of potential within the Group



Service Initiative Gains Momentum



Innovations Pave the Way to Success

Elevator

*ThyssenKrupp
Innovation Award
2003 (1st)*

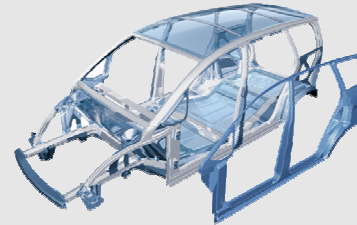
TWIN® elevator



- 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

Steel

NSB® NewSteelBody



Automotive

*ThyssenKrupp
Innovation Award
2004 (1st)*

- 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

Technologies

*ThyssenKrupp
Innovation Award
2004 (2nd)*

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 increased by 65%, energy consumption to be reduced by around 5%

Technologies

*ThyssenKrupp
Innovation Award
2005 (1st)*

EnviNOx®



- Reduction in greenhouse gases through almost complete elimination of harmful nitrogen oxides (NOx) and laughing gas (N₂O)
- First large-scale implementation completed in Linz, Austria (2003)

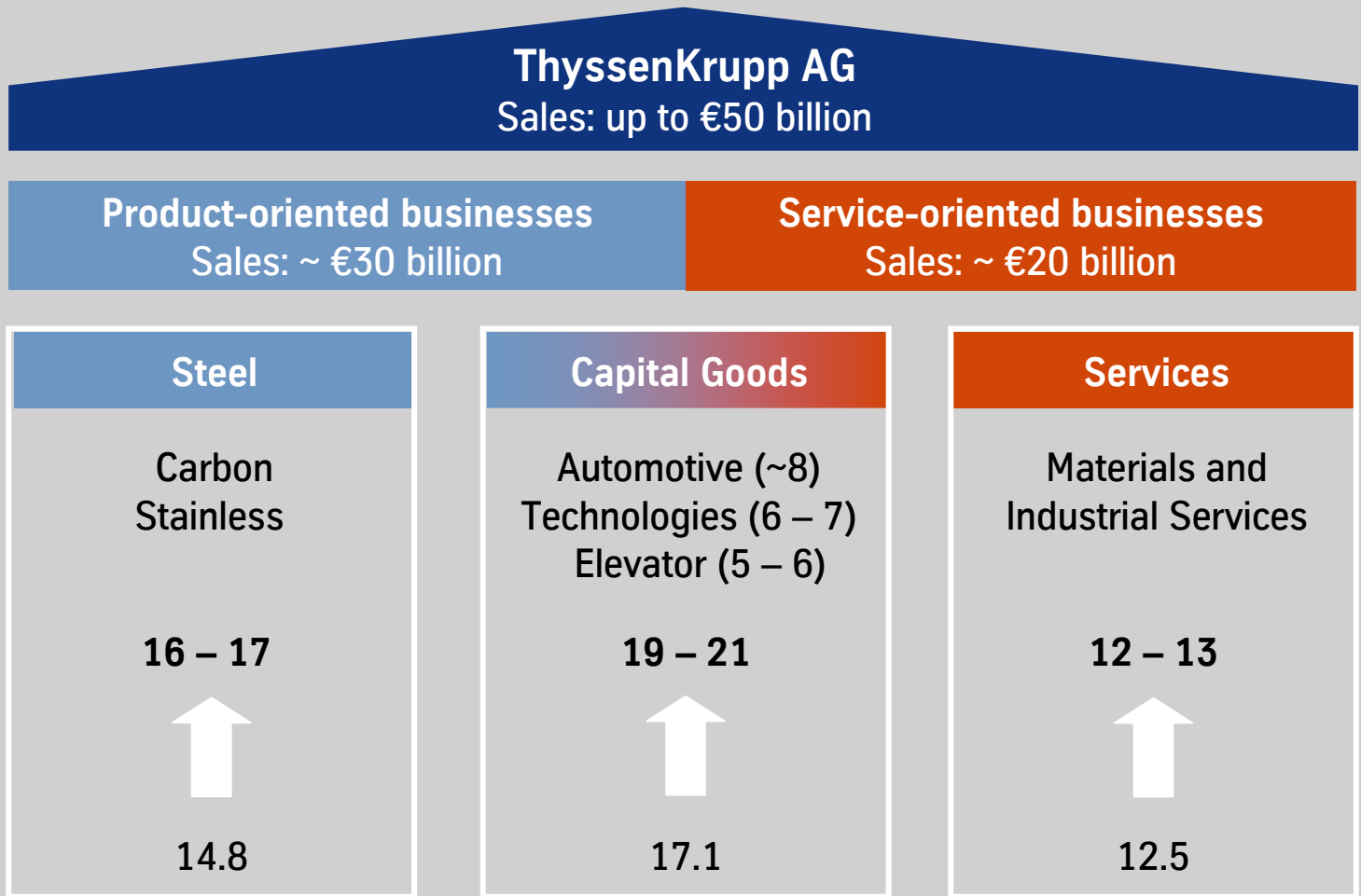


Overview of Segment Business Strategies

Steel	<ul style="list-style-type: none">• Secure and strengthen market position in Europe• Slab production site in Brazil• Expand in China, address US market
Stainless	<ul style="list-style-type: none">• Growth through downstream strategy• Secure world market leadership
Automotive	<ul style="list-style-type: none">• Focus on innovative components and systems/solutions based on them• Growth in Asia, in particular China
Technologies	<ul style="list-style-type: none">• Focus on three high-performance BUs Plant Technology, Marine Systems and Mechanical Engineering
Elevator	<ul style="list-style-type: none">• Organic growth and operational acquisitions• Strive to achieve no. 2 ranking on world market
Services	<ul style="list-style-type: none">• Growth through integrated services (material and industrial services) across customer value chains• Regional growth focused on Eastern Europe and North America



Objective: Group With Sales up to €50 Billion



* as reported on Dec 1, 2005



FY 2004/05 – Best Performance Ever

- **Value generation increased over last year**
 - EVA of €1,087 million compared to €572 million in FY 2003/04
- **EBT increased to €1,836 million, 24% higher yoy**
 - Driven by strong performance of Steel, Technologies and Services
- **Net income (incl. discontinued operations) up 13% at €1,019 million**
 - Earnings per share reached €2.05 compared with €1.81
- **Net financial credit for the first time: €9 million**
 - Gearing at -0.1%
- **Proposal to increase dividend by €0.10 to €0.70 per share, in addition special dividend of €0.10 per share**



FY 2004/05 – Highlights

Strong performance as the result of...

- successful execution of our strategy to focus on Steel, Capital Goods and Services
- numerous efficiency enhancement programs, predominantly TK best
- improved market positions

...and despite...

- significant price hikes for raw materials and energy
- suffering OEMs in North America



Outlook

- If the economic forecasts prove accurate, we anticipate a positive performance overall in 2005/2006.

- According to current plans, we expect sales in the region of €43 billion in the current fiscal year.

- Our long-term target for pre-tax earnings is around €1.5 billion, and in fiscal 2005/2006 we once again plan to achieve a figure of this magnitude, excluding major nonrecurring effects.

- We will continue to pay a dividend based on our earnings performance.

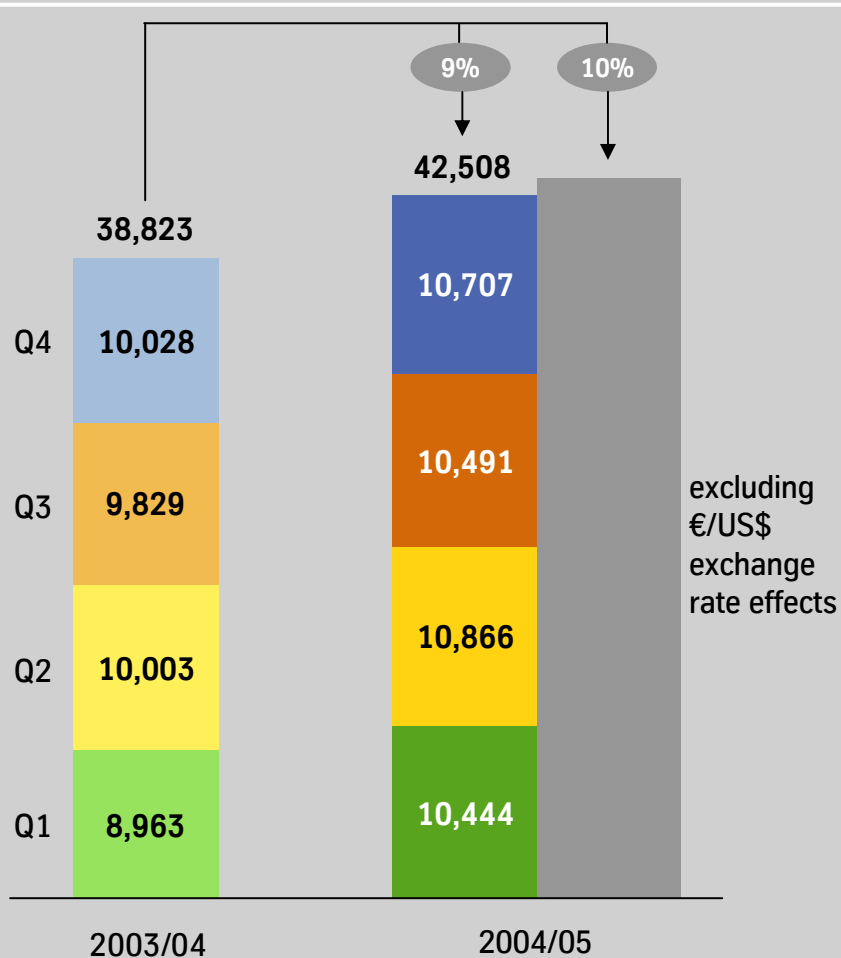
As published in the Annual Report 2004/05, p. 52, December 01, 2005



Group in Figures (I)

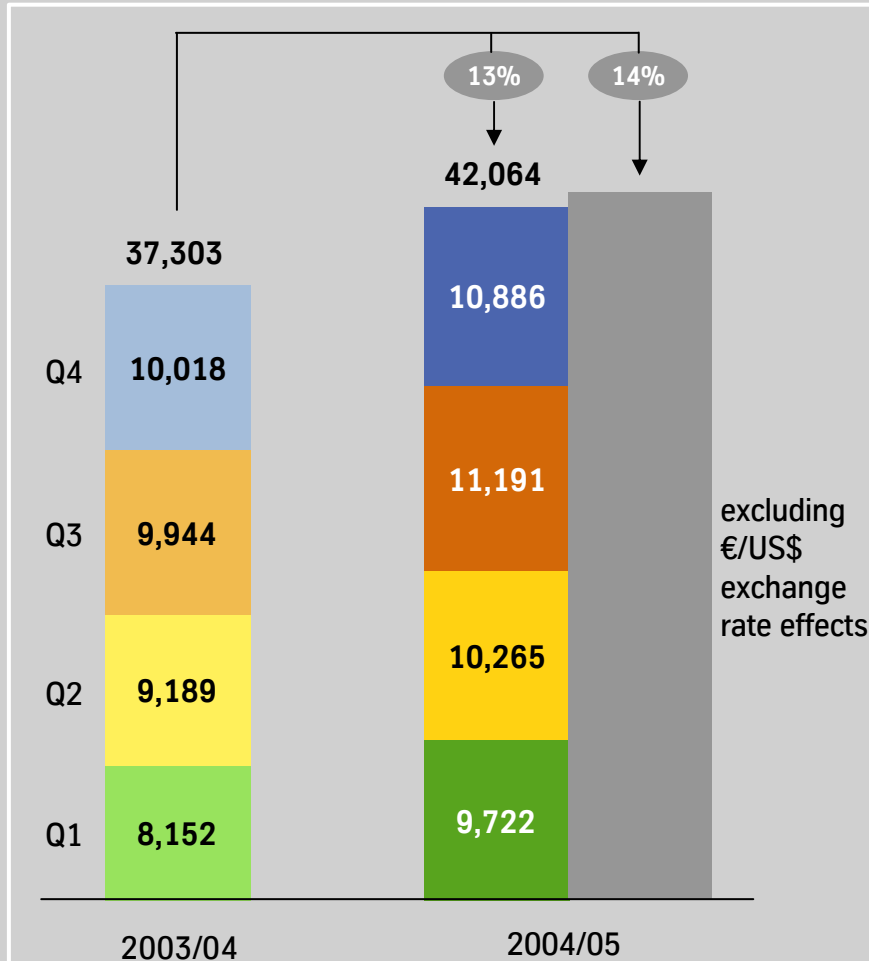
Order intake

million €



Sales

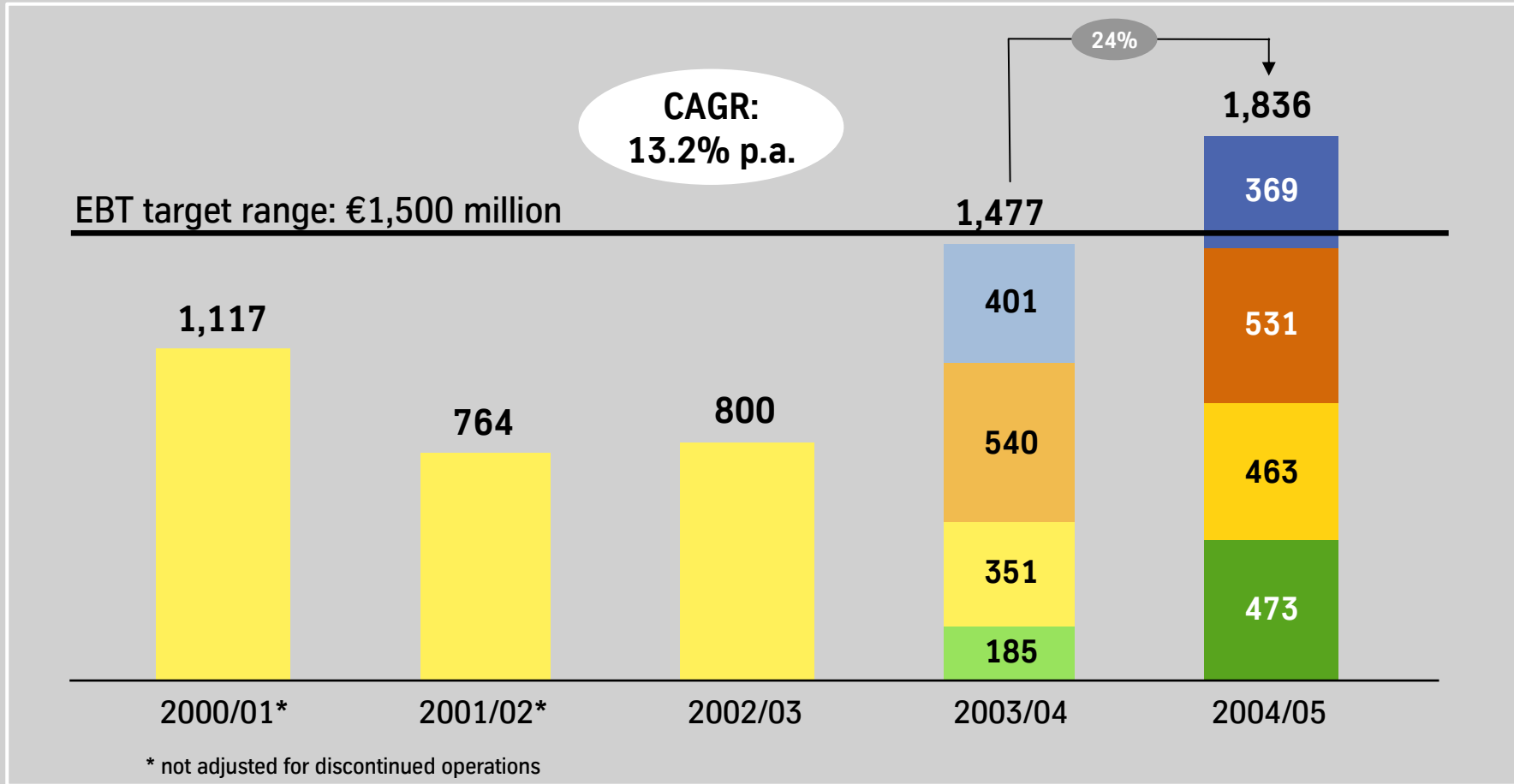
million €



Group in Figures (II)

EBT

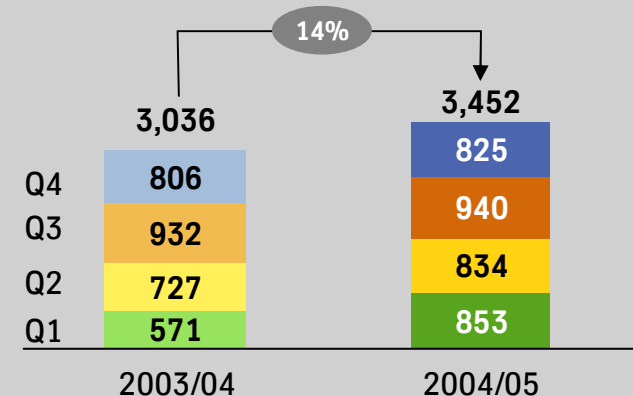
million €



Group in Figures (III)

EBITDA*

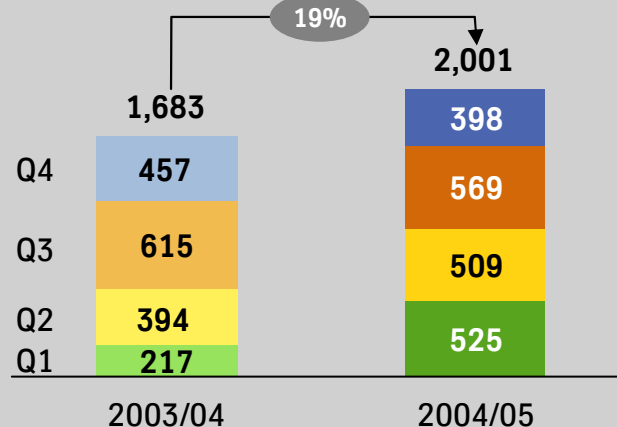
million €



* excl. interest on accrued pension liabilities

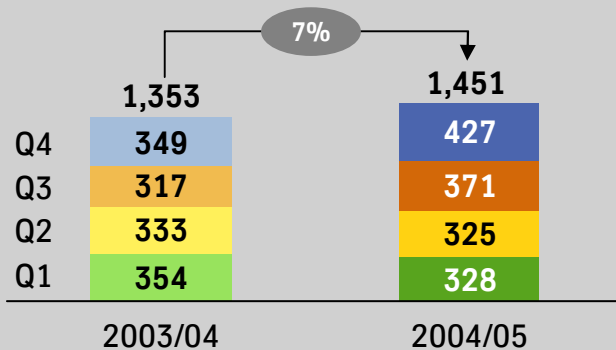
EBIT

million €



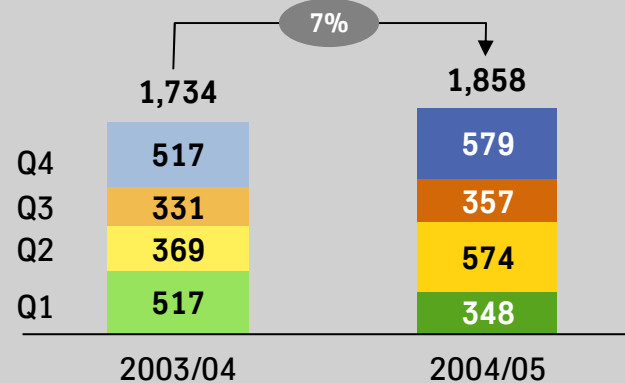
Depreciation and amortization

million €



Capital expenditures*

million €



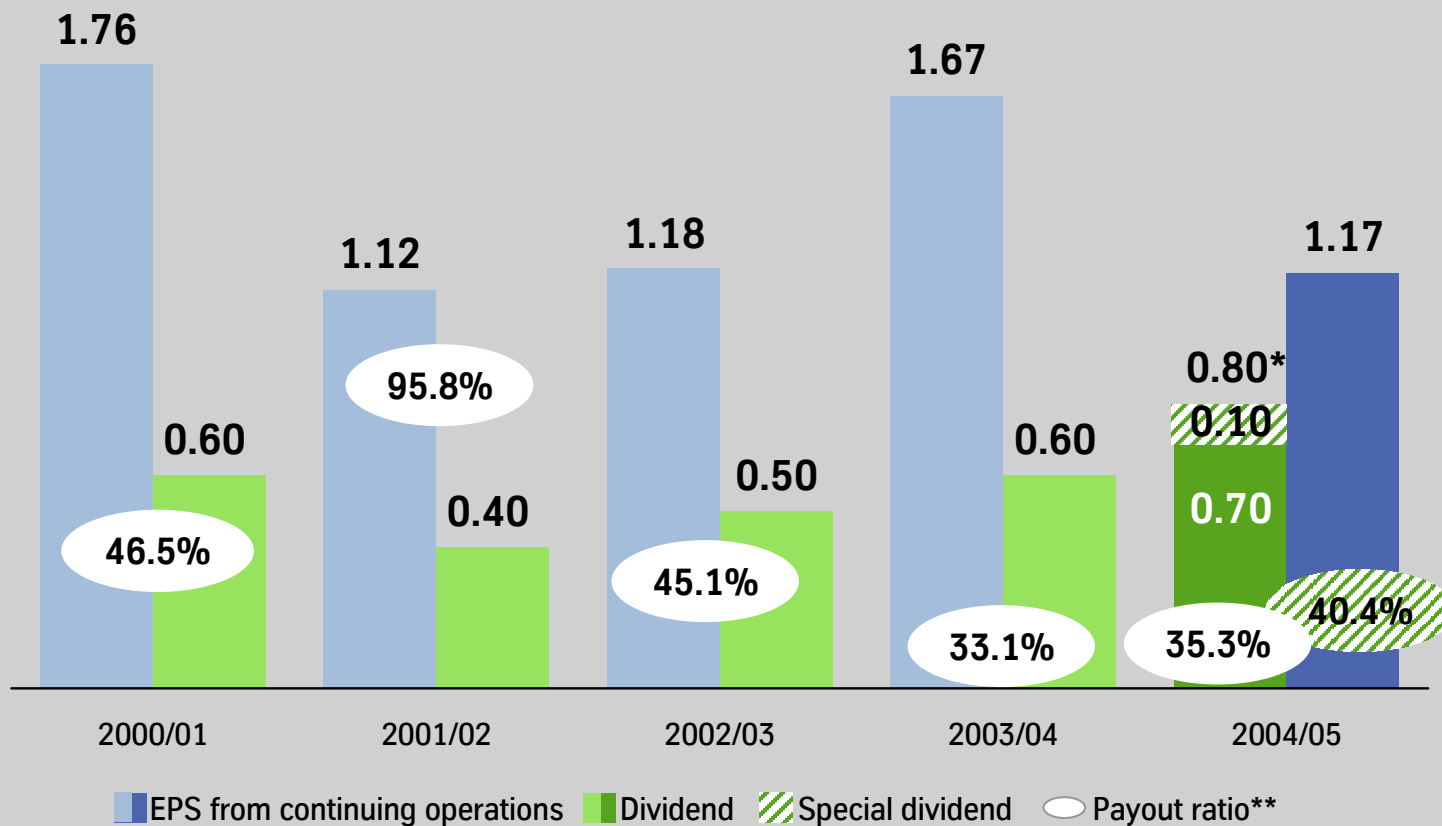
* incl. financial investments; figures not adjusted in accordance with SFAS 144



Group in Figures (IV)

Earnings per share, dividend and payout ratio

€



* proposal to Annual General Meeting

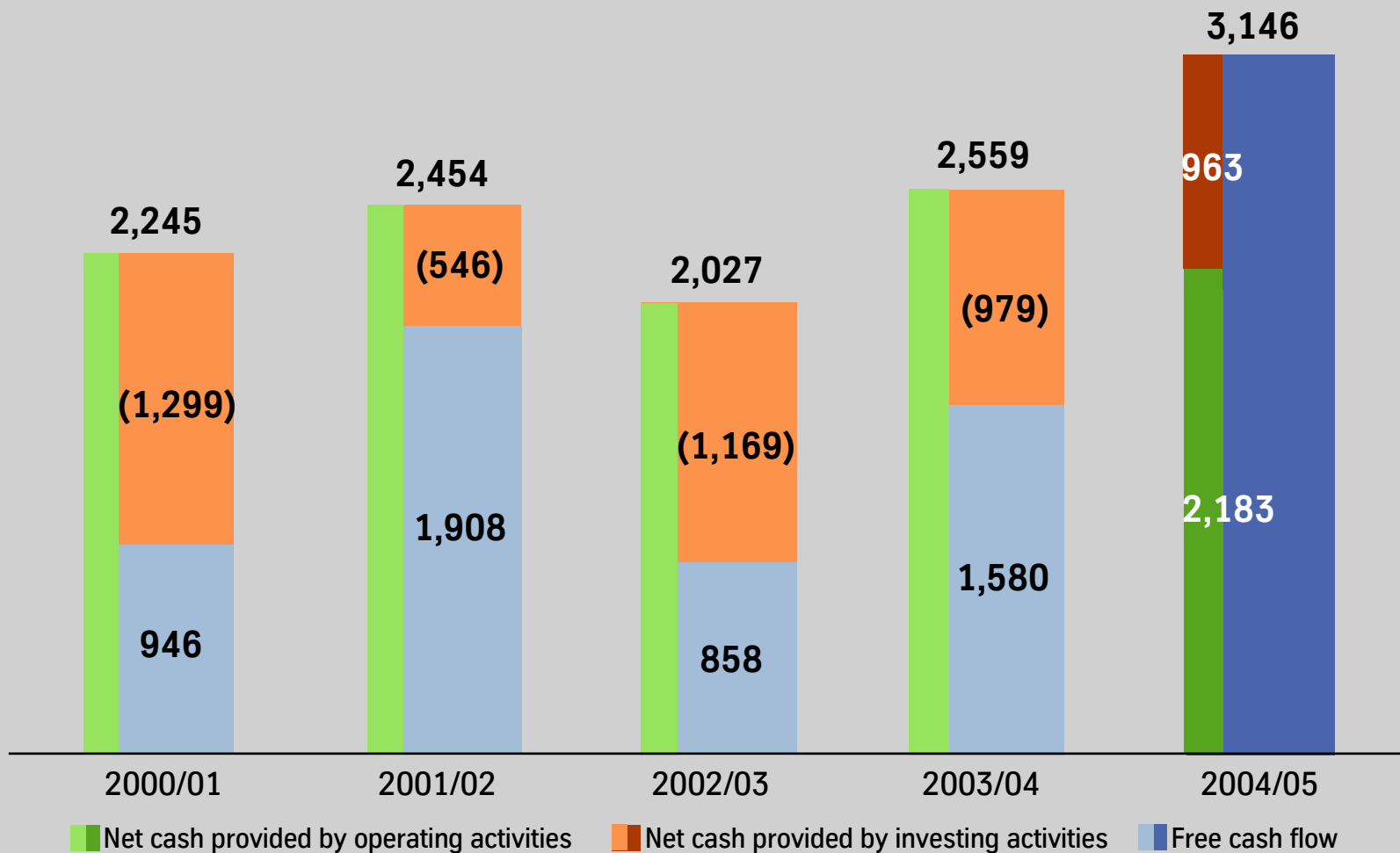
** payout ratio related to net income incl. discontinued operations



Group Overview – Cash Flow

Net cash provided by operating and investing activities, free cash flow

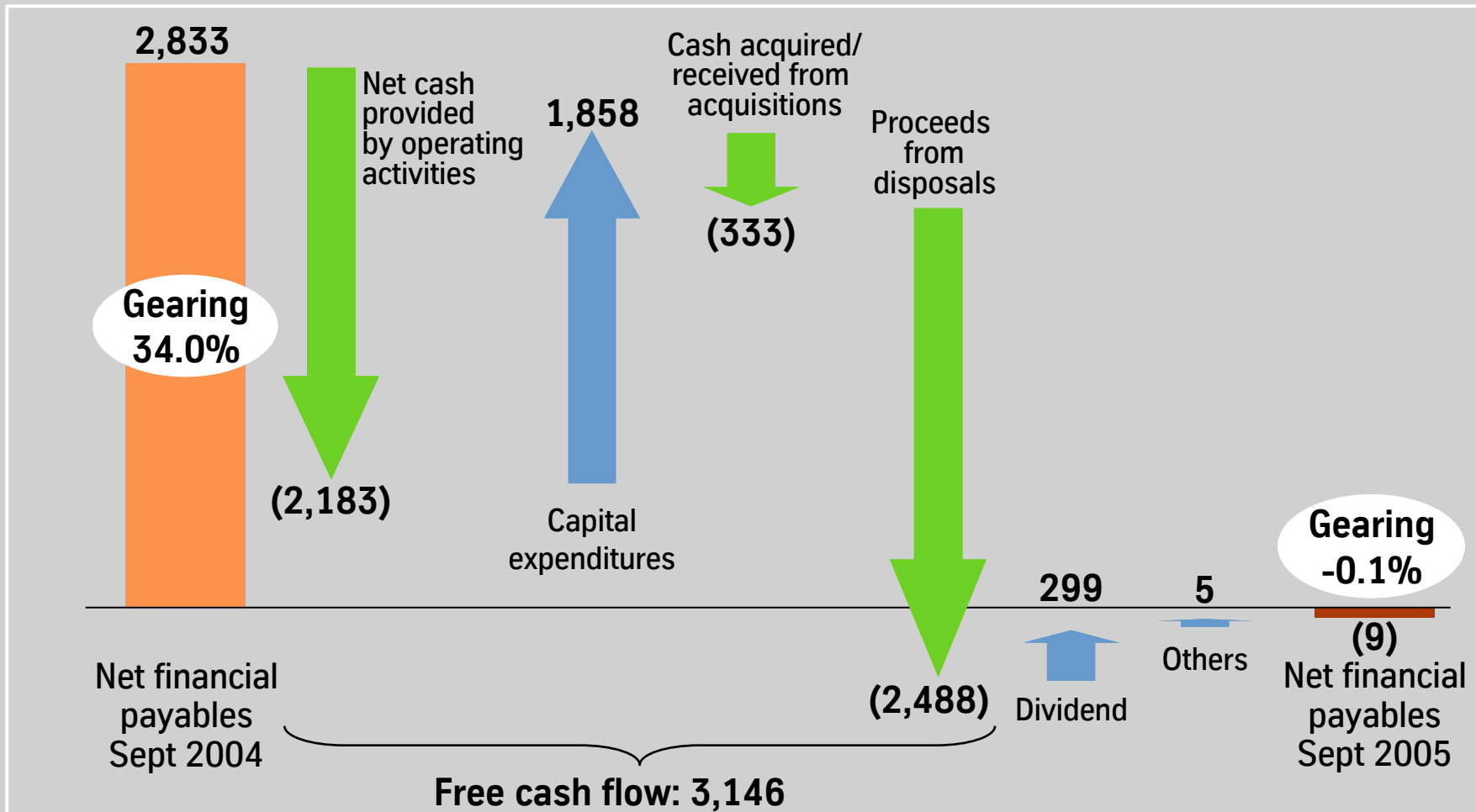
million €



Group Overview – Balance Sheet

Progression of net financial payables

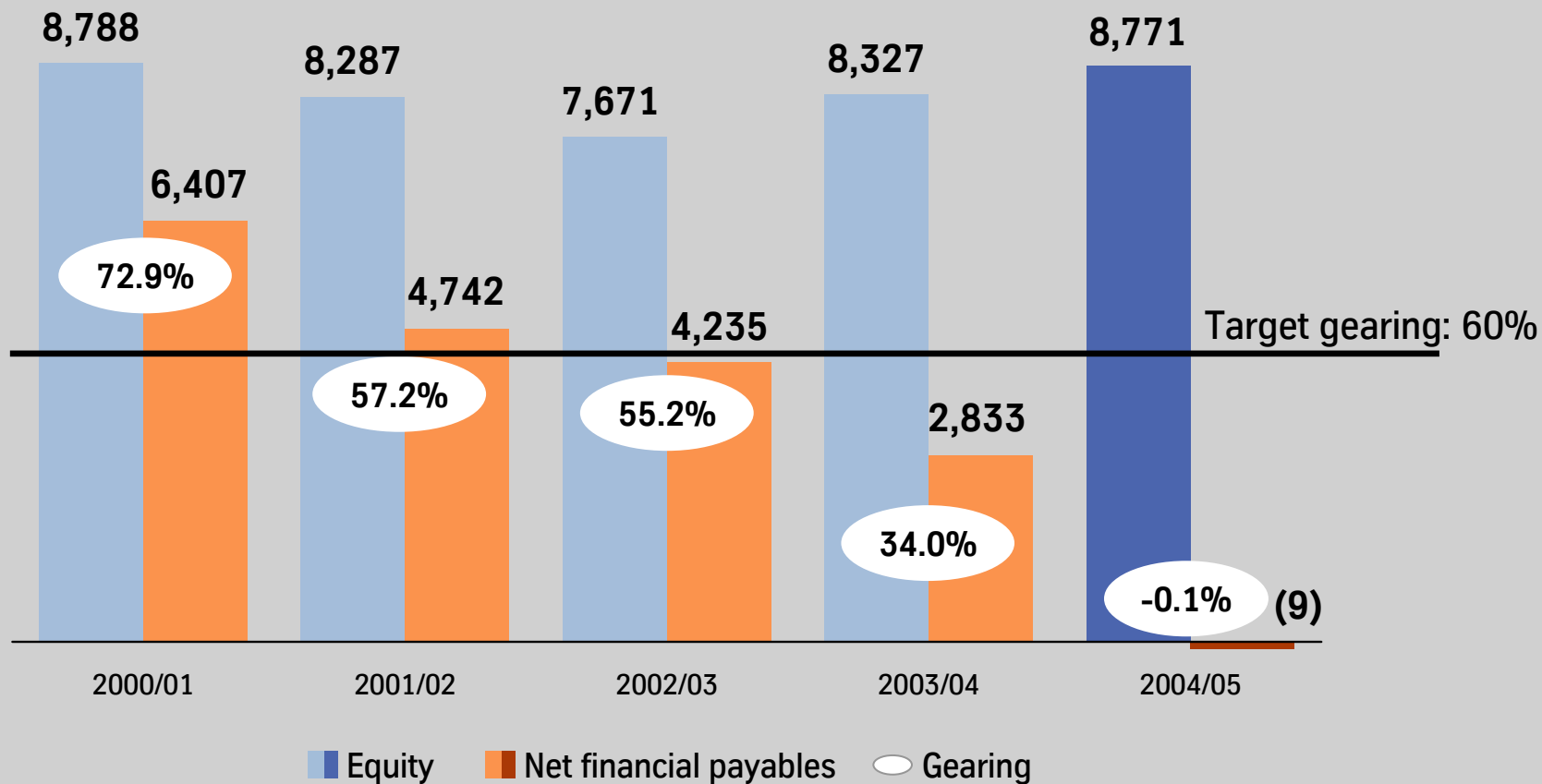
million €



Group Overview – Gearing

Ratio of net financial payables to equity (gearing)

million €



Conclusion

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

- **Strategic direction:**
From consolidation to controlled profitable growth

- **Strategic drivers:**
Innovation, service initiative, human resources development



Financial Calendar 2006

- January 27, 2006 Annual General Meeting (Bochum, Germany)
- January 30, 2006 Payment of dividend for fiscal year 2004/05
- January 24, 2006 to February 10, 2006 Quiet Period
- February 1, 2006 Virtual Classroom Meeting on IFRS changeover
- February 13, 2006 IFRS Interim Report 1st quarter 2005/06 (Oct to Dec) Conference Call with analysts and investors
- March 14 and 15, 2006 ThyssenKrupp Field Day: Technologies and Elevator (Hamburg, Germany)
- April 25, 2006 to May 11, 2006 Quiet Period



Financial Calendar 2006/2007

- May 12, 2006 IFRS Interim Report 2nd quarter 2005/06 (Jan to Mar)
- May 15, 2006 Analysts' and Investors' Meeting (London, UK)
- July 25, 2006
to August 10, 2006 Quiet Period
- August 11, 2006 IFRS Interim Report 3rd quarter 2005/06 (Apr to Jun)
Conference Call with analysts and investors
- October 25, 2006
to November 30, 2006 Quiet Period
- December 1, 2006 Annual Press Conference
Analysts' and Investors' Meeting
- January 19, 2007 Annual General Meeting



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