

Presentation ThyssenKrupp

May/June 2006

ThyssenKrupp



ThyssenKrupp Group 2004/2005

ThyssenKrupp AG

Group sales €42.9 billion • EBT €1,677 million • TKVA* €955 • Employees 185,932

Steel		Stainless		Automotive		Technologies		Elevator		Services	
Sales	€9.6 bn	Sales	€5.6 bn	Sales	€7.9 bn	Sales	€5.8 bn	Sales	€3.8 bn	Sales	€12.7 bn
EBT	€1,094 m	EBT	€286 m	EBT	€118 m	EBT	€40 m	EBT	€355 m	EBT	€261 m
TKVA	€593 m	TKVA	€68 m	TKVA	€-47 m	TKVA	€-204 m**	TKVA	€238 m	TKVA	€50 m
Empl.	31,634	Empl.	12,201	Empl.	43,537	Empl.	28,042	Empl.	34,151	Empl.	35,067
<ul style="list-style-type: none"> • Steelmaking • Industry • Auto • Processing 		<ul style="list-style-type: none"> • Nirosta • Acciai Speciali Terni • Mexinox • Shanghai Krupp Stainless • Stainless Int. • VDM 		<ul style="list-style-type: none"> • Chassis • Body • Powertrain 		<ul style="list-style-type: none"> • Plant Technology • Marine Systems • Mechanical Engineering • Transrapid 		<ul style="list-style-type: none"> • 4 regional business units • Accessibility • Escalators/ Passenger Boarding Bridges 		<ul style="list-style-type: none"> • Materials Services Europe • Materials Services North America • Industrial Services • Special Products 	
Steel				Capital Goods				Services			

Inter-segment sales unconsolidated; employees as at Sept 30, 2005 * ThyssenKrupp Value Added ** impacted by disposal loss of MetalCutting



Steel – At a Glance

Steel



- European #2 in flat-rolled carbon steel*, leading position in electrical steel and tailored blanks
- Structure of Duisburg site unique in Europe: capacity of 17.3 million metric tons of crude steel p.a.
- Concentration on flat steel products with high value-added
- Highly innovative in products and processes
- Targeting quality and margin leadership in Europe through efficiency enhancement, sustainable investment policy and portfolio optimization
- Further strengthening of international presence with production sites in global growth markets as well as strategic alliances and cooperative ventures

* production / latest figures available



Stainless – At a Glance

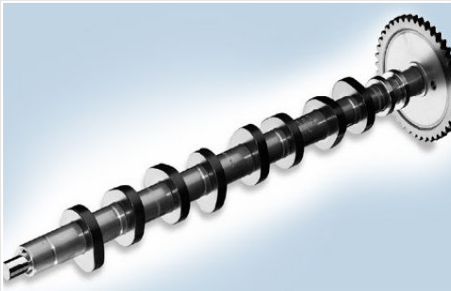
Stainless



- One of the world's biggest producers of flat-rolled stainless steels and leading position in nickel-base alloys
- Global market presence through local production sites, steel service centers and 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 through strong delivery performance and consideration of individual customer needs
- Development and expansion in high-profit growth markets: Asia, North America and Eastern Europe

Capital Goods – At a Glance (I)

Automotive



- Aiming for position amongst relevant global Top 3 players
- Providing creative solutions based on competitive and innovative component capabilities
- High competence in product and process technologies
- Cross-segment cooperation and joint product development
- Strong focus on Asia, especially China and India, to balance customer structure
- Main task: Streamlining of portfolio and eliminating underperforming businesses, especially in North America

Capital Goods – At a Glance (II)

Technologies



- Focus on 3 highly profitable business units: Plant Technology, Marine Systems, Mechanical Engineering
- Strong regional and global top 3 market positions, based on innovativeness and leading-edge technology:
 - Large-scale plant construction (fertilizer plants, petrochemical plants and cement plants)
 - Surface naval shipbuilding, conventionally powered diesel submarines and mega-yachts
 - Large-diameter bearings (e.g. for wind power plants)
- Rapid expansion of service business
- Focus on activities with clear growth potential (e.g. oil sands, renewable energy)
- Sustainable value creation and generation of cash flow

Capital Goods – At a Glance (III)

Elevator



- Number 3 on world market for elevators and escalators; US number 1 for stair and platform lifts
- About 800,000 service contracts worldwide; services share of segment sales more than 50%
- Besides customer-oriented services, strong focus on modernization business
- Continuing growth through further acquisitions
- Increasing market share globally and locally, especially in Asia and Eastern Europe
- Developing and introducing innovative products (e.g. TWIN and Turbo Track)

Services – At a Glance

Services



- Service provider across the customer's value chain: procurement, logistics and production-related services as well as complete supply chain management
- Excellent market positions both in Materials Services and in Industrial Services
- After portfolio optimization and extensive restructuring back on track with sustainable earnings contribution throughout recent quarters
- 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

21 Portfolio Optimizations in 2005/2006

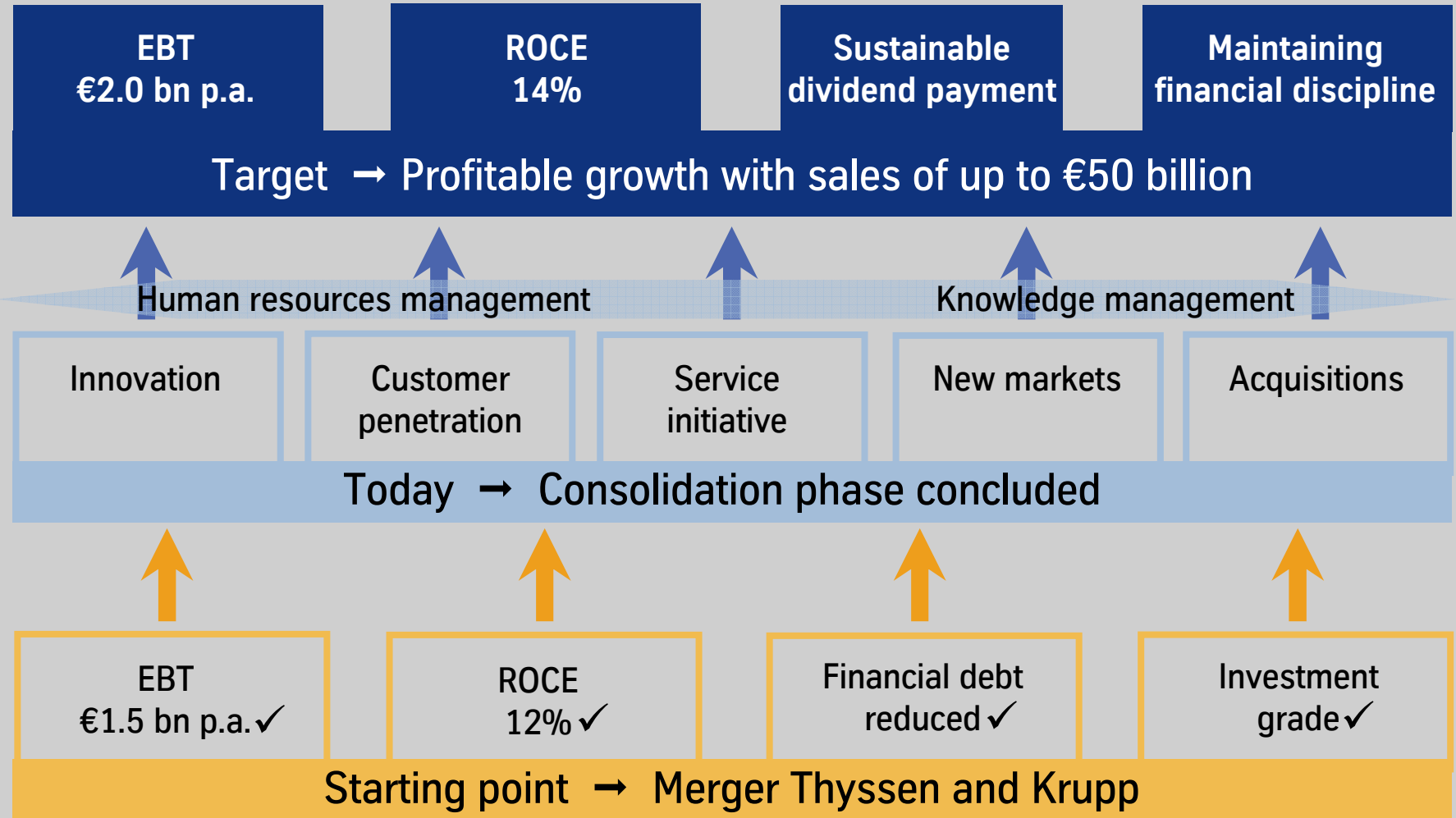
Steel		Services	
Special Profile operations (DE)*	Disposal	Jupiter Stomana (BG)**	Acquisition
Automotive		Coferal (DE)	Acquisition
Stahl Company (US)	Disposal initiated	RIP (BR)****	Acquisition
Budd Plastics division (US, MX)	Disposal initiated	Krupp Druckereibetriebe (DE)	Disposal
Technologies		Standardkessel (DE)	Acquisition
Atlas Elektronik (DE)***	Acquisition ⁺	Hearn Group (CA)	Acquisition
Maerz Ofenbau (CH)	Acquisition	Metalfast (GB)	Acquisition
BVI Steam Turbine division (DE)	Disposal	VPK Metal (CA)	Acquisition
Elevator		Werkzeugmaschinen (DE)	Disposal ⁺
Sun Rhine Enterprises (TW)	Acquisition		
General Elevator Maintenance (CA)	Acquisition		
Atlantic Elevator (US)	Acquisition		
KR Liften (NL)	Acquisition		
SIAR (IT)	Acquisition		
TEAM (ES)	Acquisition ⁺		

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

⁺ closing not yet completed



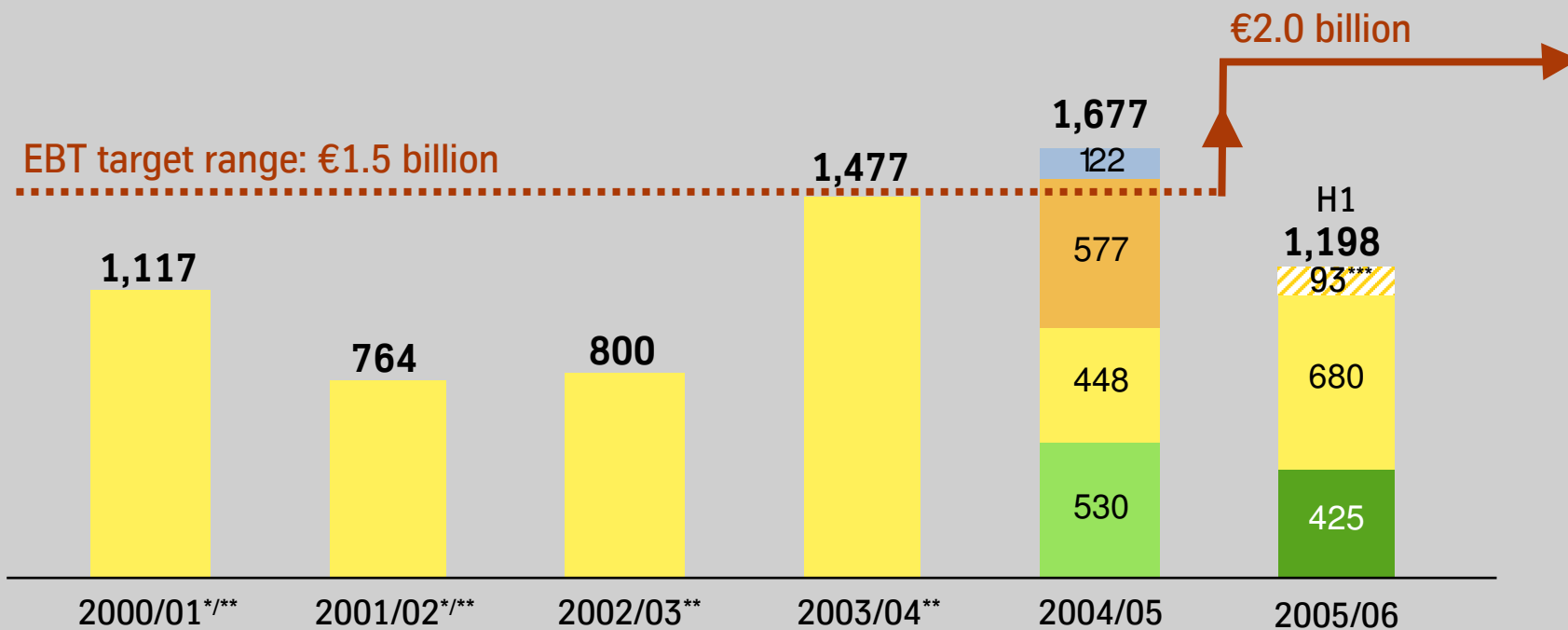
ThyssenKrupp – Growth Strategy



EBT – Track Record and Mid-term Target

EBT

million €



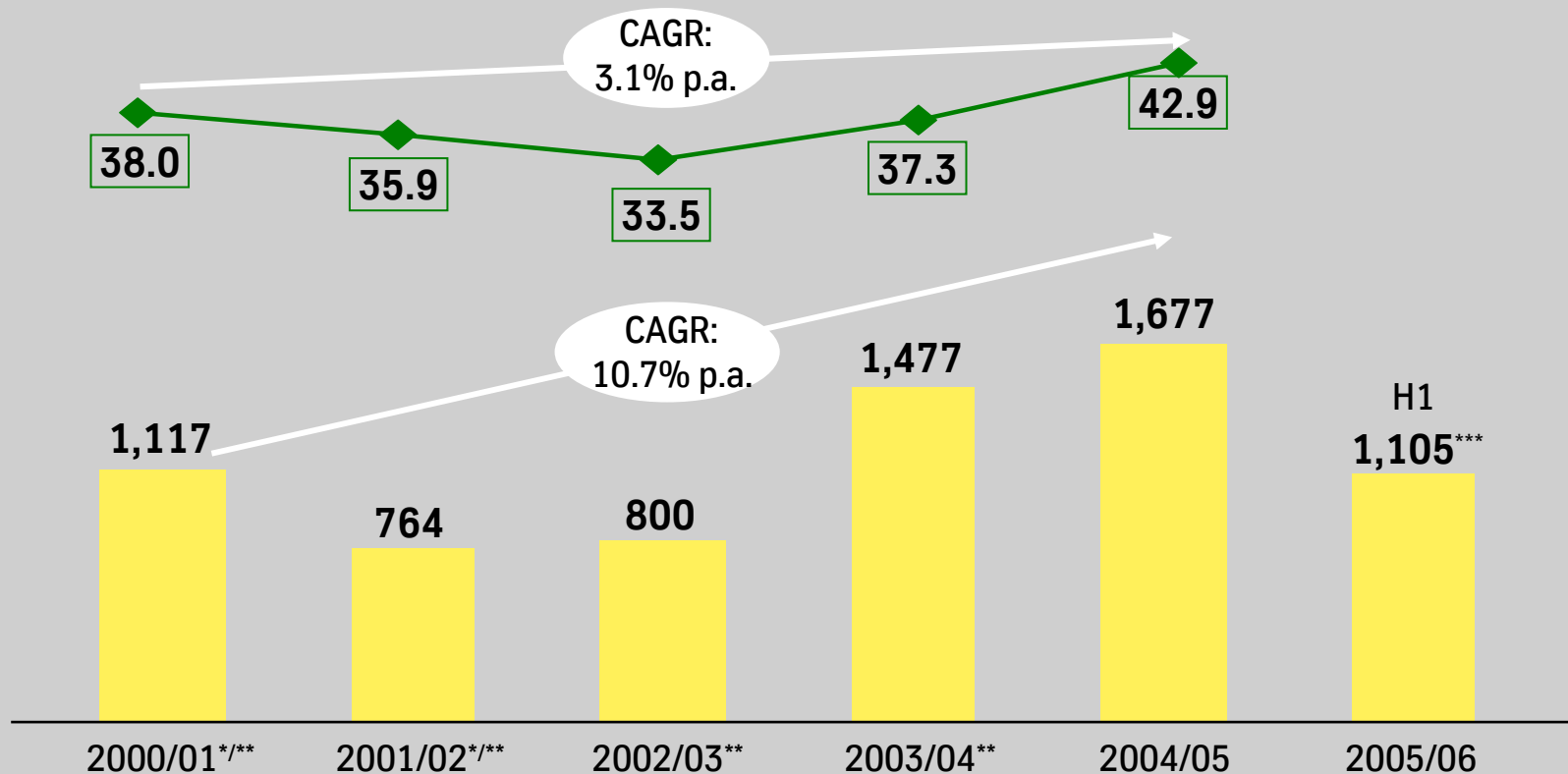
* not adjusted for discontinued operations ** US GAAP *** break fee Dofasco €+142m and asset impairment Kitchener €-49m



Efficiency Enhancement – Track Record

Sales and EBT

billion € / million €



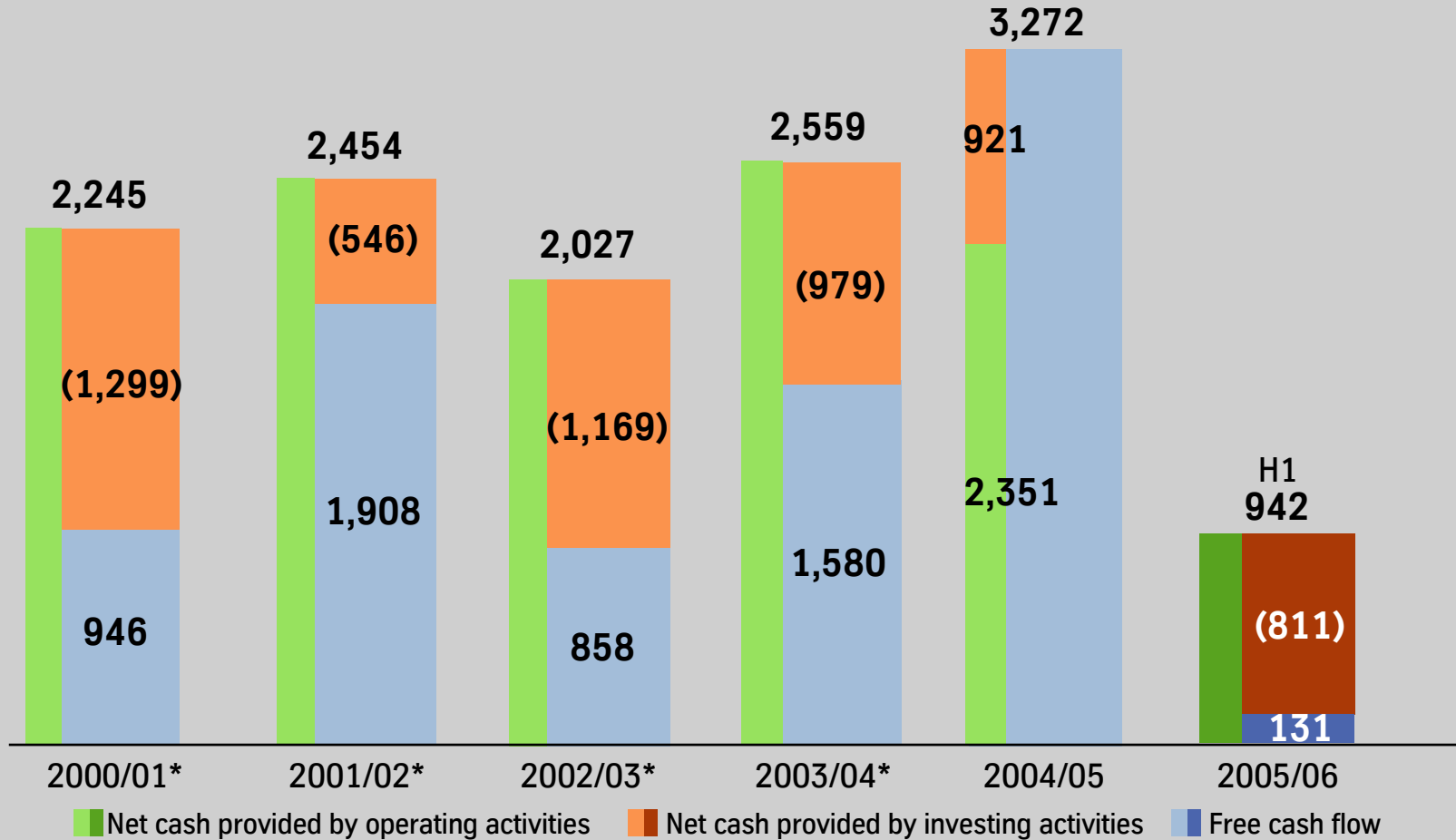
* not adjusted for discontinued operations ** US GAAP *** before nonrecurring items



Cash Flow – Track Record

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

million €



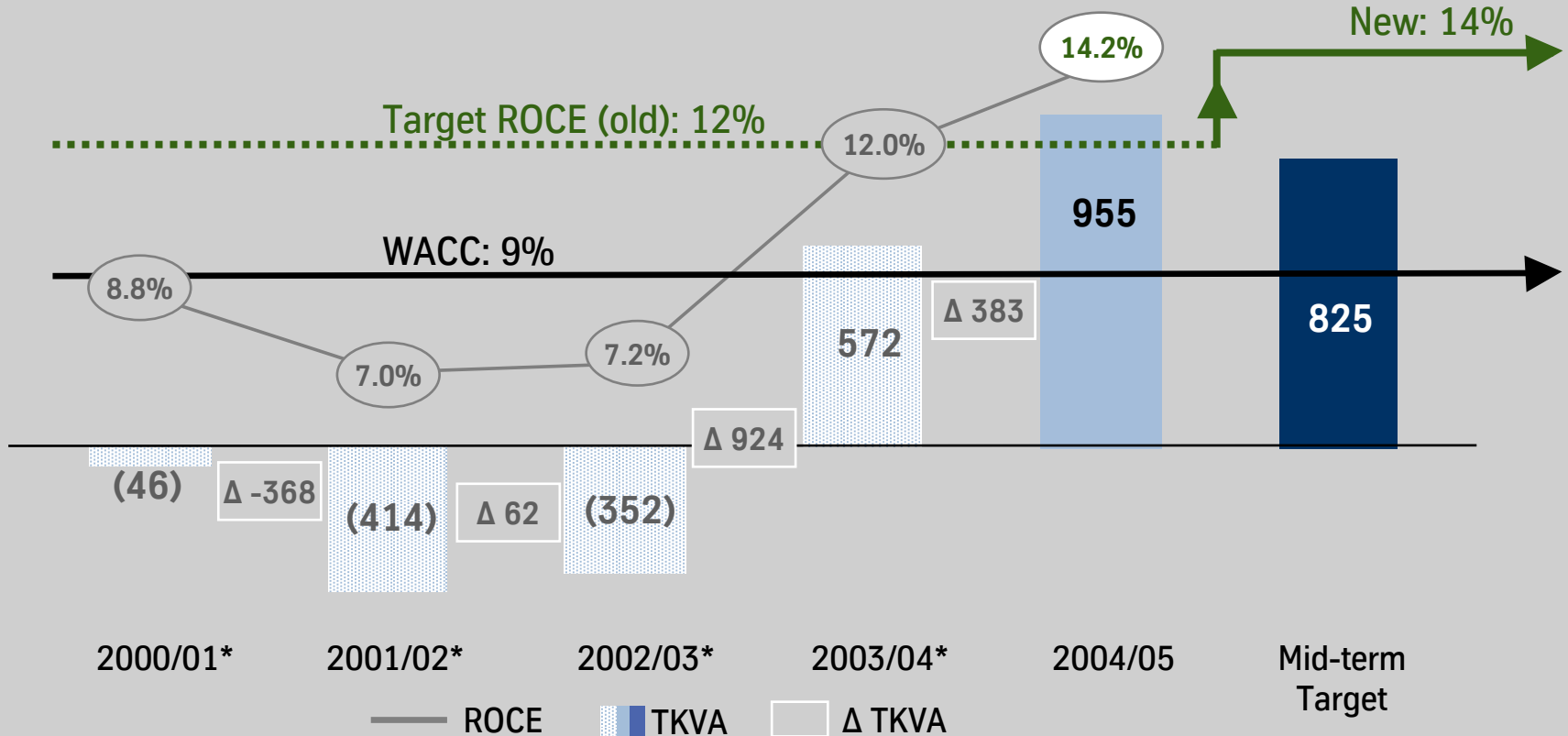
* US GAAP



Value Indicators – Track Record and Mid-term Target

ROCE and ThyssenKrupp Value Added

% / million €



* US GAAP



Value Indicators by Segment – Mid-term Targets

	Capital Employed in million € Ø 2004/05	WACC in %	ROCE in %		TKVA in million €		EBT in million €	
			2004/05	Target	2004/05	Target	2004/05	Target
Group	18,391	9.0	14.2	14.0	955	825	1,677	2,000
thereof								
Steel	5,965	9.5	19.4	16.5	593	410	1,094	950
Stainless	2,996	9.5	11.8	13.5	68	110	286	320
Automotive	2,982	9.5	7.9	16.5	-47	200	118	340
Technologies	435	9.5	-15.3*	30.0	-204*	270	40	320
Elevator	1,613	8.5	23.3	27.0	238	330	355	450
Services	3,089	9.0	10.6	14.0	50	160	261	375

All figures incl. discontinued operations except EBT.

* impacted by disposal loss of MetalCutting



Overview of Segment Strategies

Steel

- Clear strategy to enter NAFTA market with focus on high value-added products
- Secure growth opportunities by utilizing low-cost slabs from Brazil
- Expand strong European market position

Stainless

- Further concentration on high-quality stainless steel products and nickel-base alloys
- Customer focus through strong delivery performance and distribution network
- Downstream expansion in high-profit growth markets

Automotive

- Focus more on consolidation, especially restructuring of North American activities
- Strengthen global market position for competitive products
- Screening future growth opportunities: business in Asia/with Asian OEMs

Technologies

- Strengthen 3 highly profitable business units and expansion of service business
- Focus on activities with clear growth potential
- Sustainable value creation and generation of cash flow

Elevator

- Continuing growth through further acquisitions
- Increasing market share globally and locally, especially Asia and Eastern Europe
- Developing and introducing innovative products and focus on modernization business

Services

- Growth through integrated services to further dampen volatility of business
- Expansion through organic growth and acquisitions, especially Eastern Europe and North America



Objective: Profitable Growth Across all Businesses

ThyssenKrupp AG
Sales: up to €50 billion EBT: €2 billion

Product-oriented businesses
Sales: ~ €30 billion

Service-oriented businesses
Sales: ~ €20 billion

Steel

Steel
Stainless

	Sales	EBT
Objective*	16 – 17	1,270
	↑	↑
2004/05*	15.1	1,380

Capital Goods

Automotive
Technologies
Elevator

	Sales	EBT
Objective*	19 – 21	1,110
	↑	↑
2004/05*	17.4	513

Services

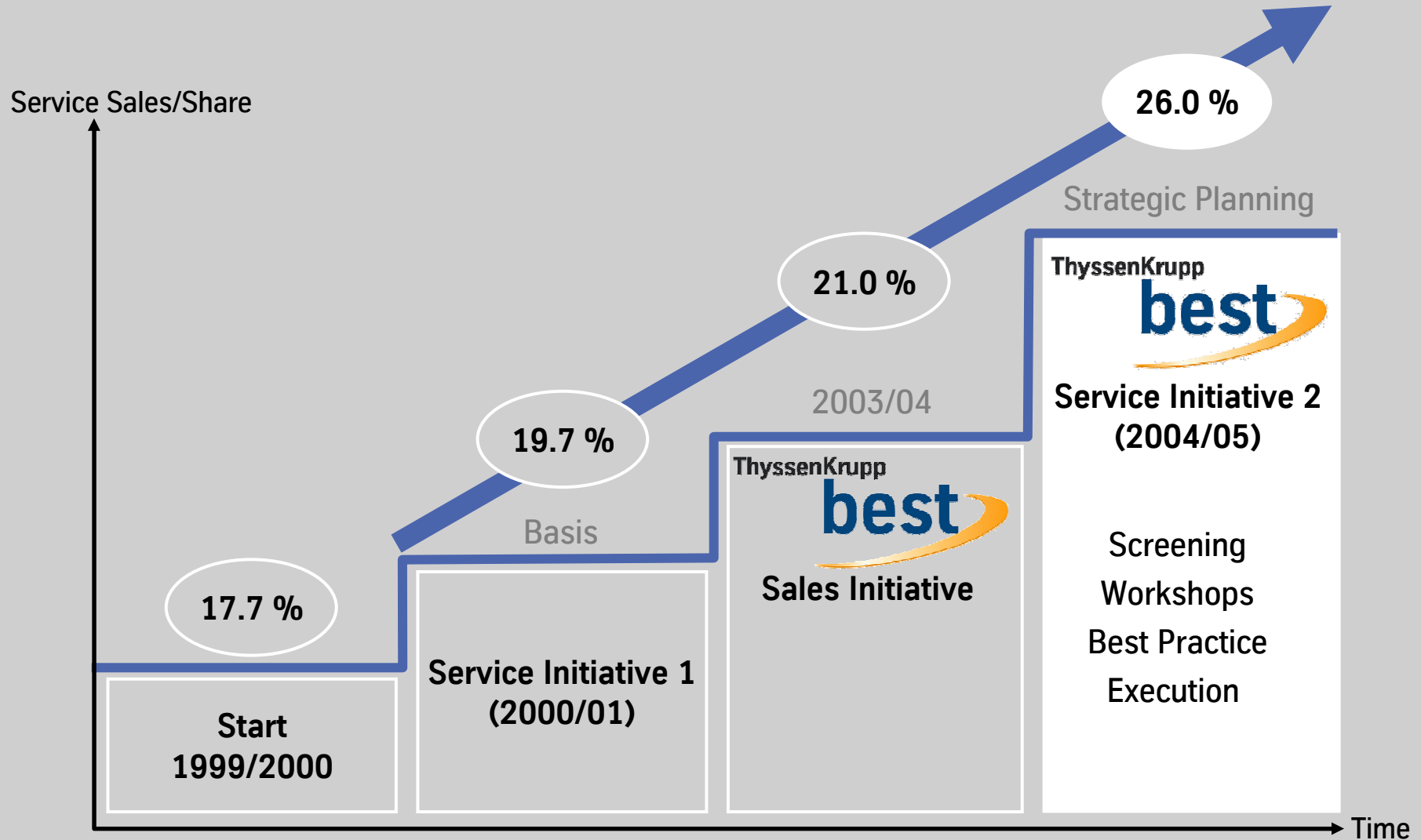
Materials and
Industrial Services

	Sales	EBT
Objective*	12 – 13	375
	↑	↑
2004/05*	12.7	261

* sales in €bn, EBT in €m



Service Initiative Gains Momentum



Innovations Pave the Way to Success

Elevator

*ThyssenKrupp
Innovation Award
2003 (1st)*

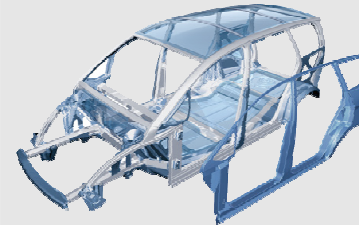
TWIN® elevator



- 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



- 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
Innovation Award
2004 (1st)*

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

*ThyssenKrupp
Innovation Award
2004 (2nd)*

Technologies

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)

*ThyssenKrupp
Innovation Award
2005 (1st)*



Q2 2005/2006 – Overview

Continued profitable growth

- **Order intake** increased to €12.8 billion, up 14% from a year earlier
- **Sales** rose by 11% to €11.8 billion
- **EBT** improved to €773 million from €448 million in the prior-year quarter
- **EPS** reached €0.84, compared with €0.50 in the 2nd quarter of the prior year
- **Net financial payables** at €191 million (Mar 31, 2006) were €1.78 billion less than at Mar 31, 2005 and €14 million higher than at Sep 30, 2005



Highlights

- Best quarter ever –
Q2 2005/2006 EBT €680 million excluding major nonrecurring items:
 - Break fee Dofasco (€+142 million)
 - Asset impairment Automotive, Kitchener plant (€-49 million)

- Steel as main earnings contributor (>50% of Group EBT); Technologies with major improvement in profits; Automotive hit by impairment charge

- Lifting outlook after two very good quarters and already exceeding newly announced mid-term EBT target of €2 billion in the current fiscal year

- Revised value indicator scheme with increased ROCE and TKVA targets for nearly all divisions, corresponding to medium-term EBT figure



Outlook

- We expect the generally positive business performance to continue in the further course of the year. For fiscal year 2005/2006 we now plan sales of over €44 billion.
 - Based on the very good 1st-half performance, for the full year we are already aiming to exceed our new medium-term target for earnings before taxes – excluding major nonrecurring effects – of €2 billion.
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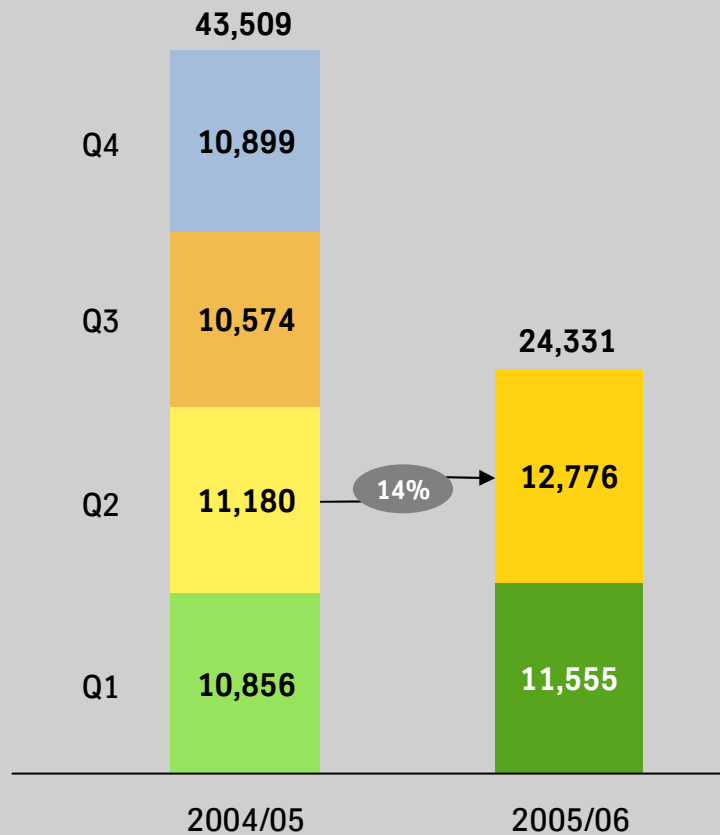
As published in the Interim Report on the 2nd Quarter 2005/2006, May 12, 2006



Group in Figures (I)

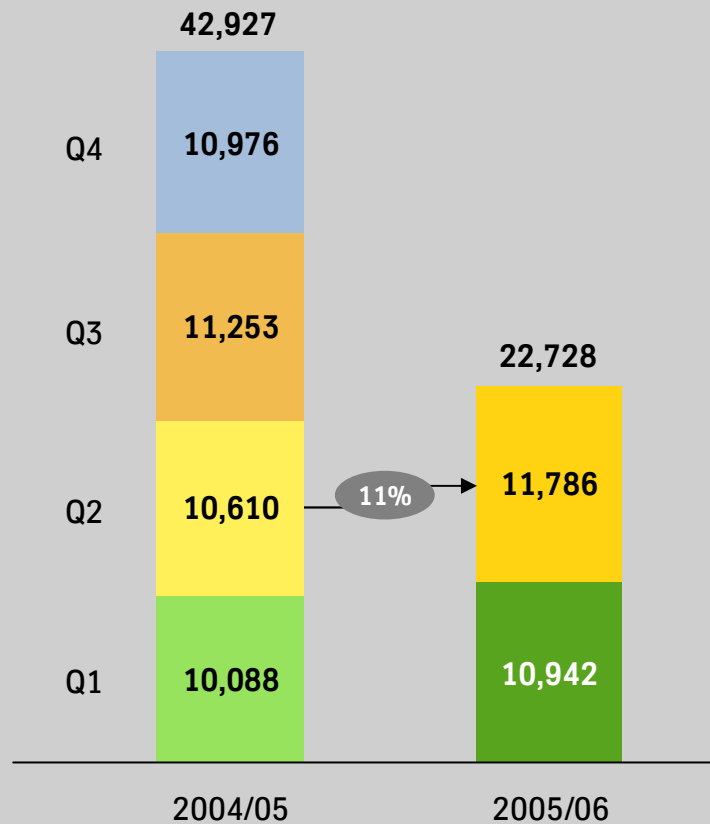
Order intake

million €



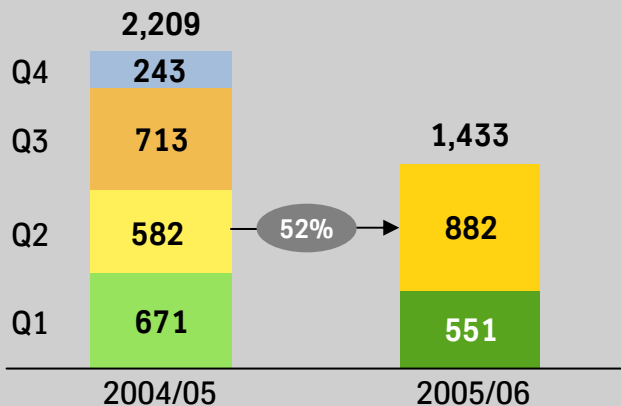
Sales

million €

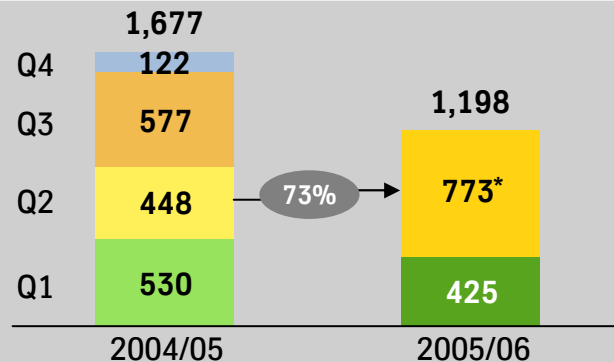


Group in Figures (II)

EBIT million €

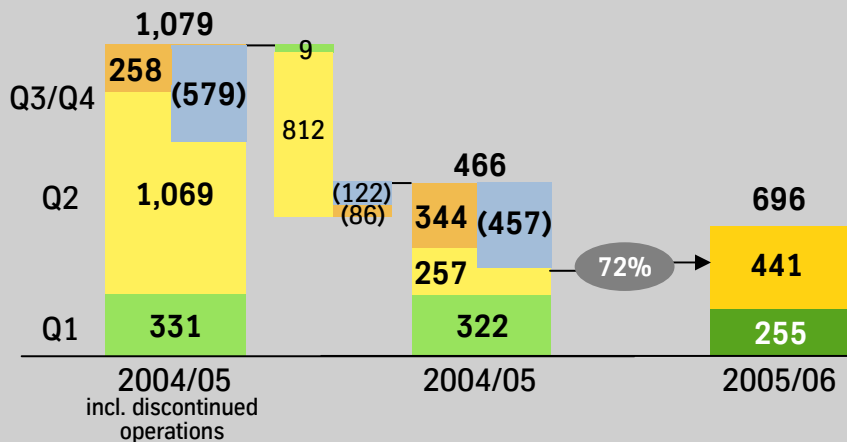


EBT million €

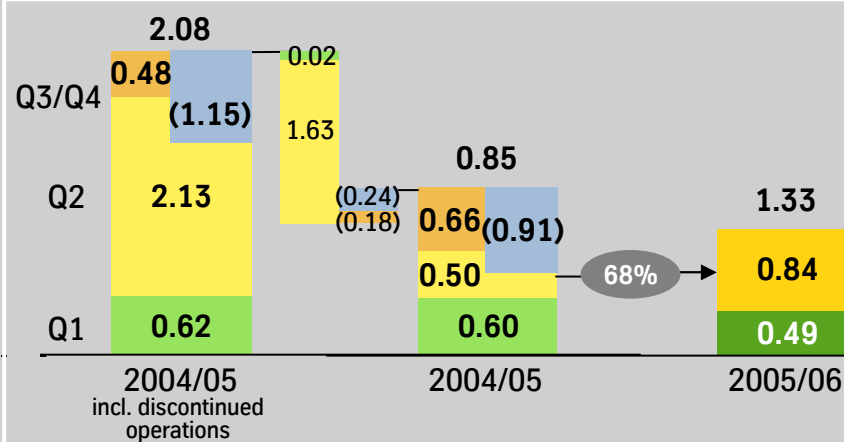


* incl. break fee Dofasco €+142m and asset impairment Kitchener €-49m

Net income million €



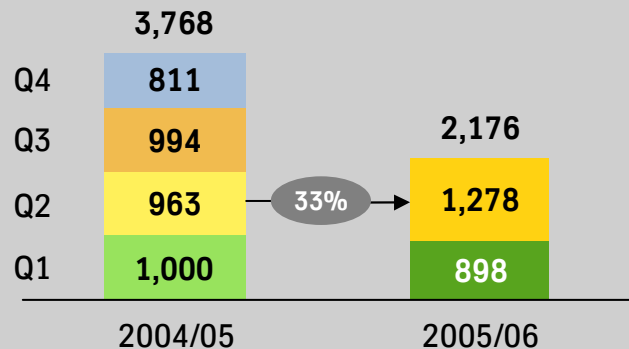
Earnings per share €



Group in Figures (III)

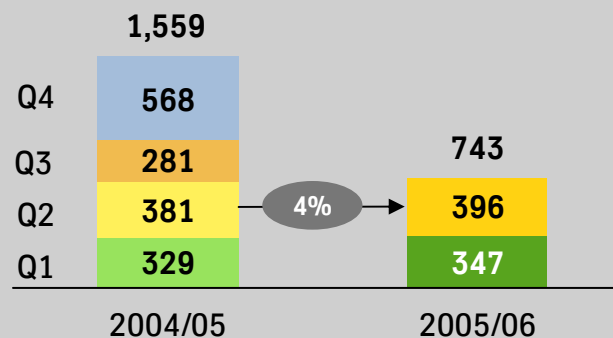
EBITDA

million €



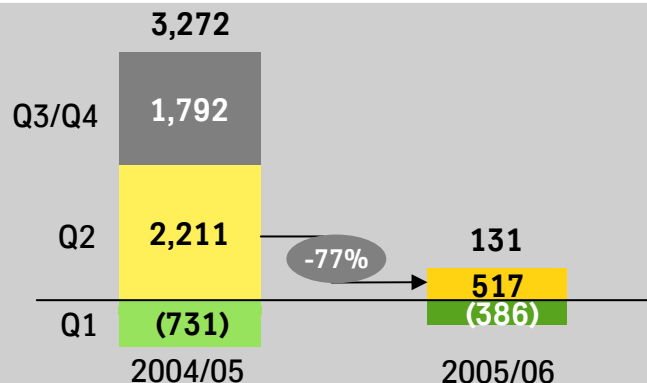
Depreciation and amortization

million €



Free cash flow*

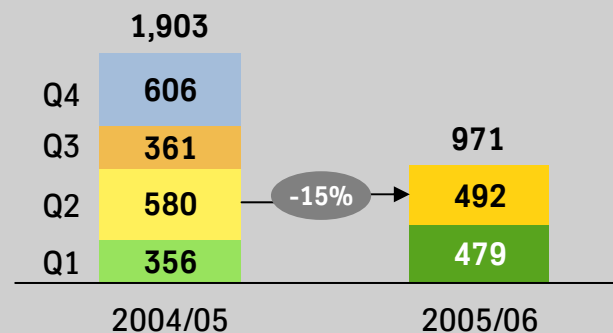
million €



* figures not adjusted for discontinued operations

Capital expenditures*

million €



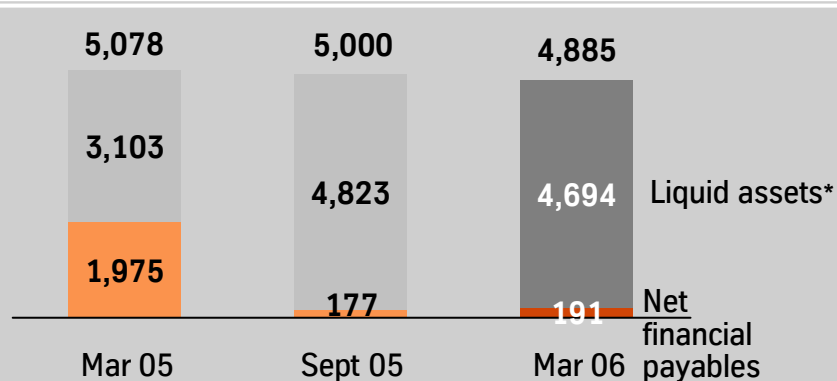
* incl. financial investments; figures not adjusted for discontinued operations



Group in Figures (IV)

Financial liabilities

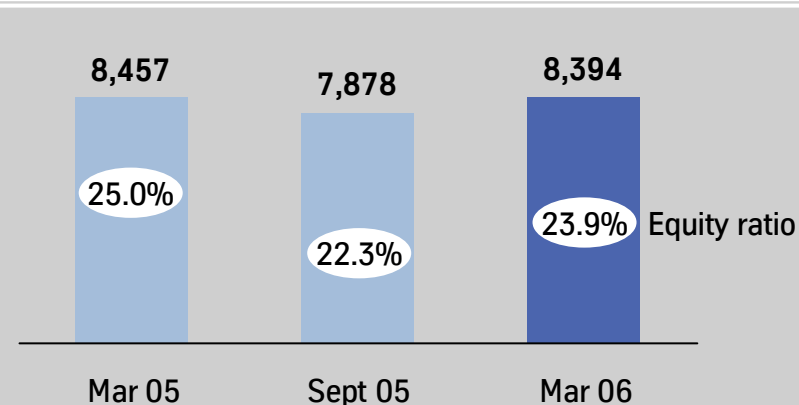
million €



* cash and cash equivalents, marketable securities

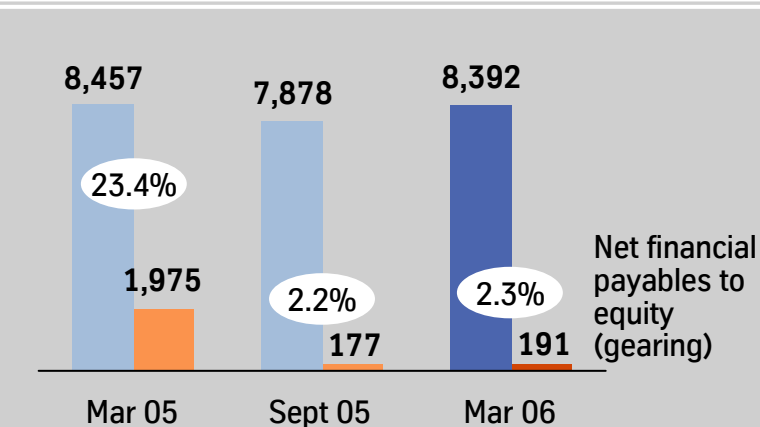
Stockholders' equity

million €



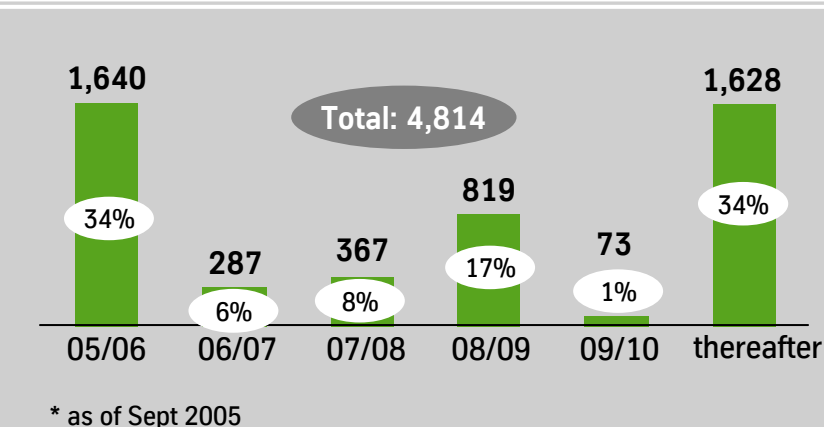
Gearing

million €



Maturity profile of gross financial payables*

million €



* as of Sept 2005



Investment Conclusion

- Strong commitment to sustainable profit generation and value enhancement throughout business cycles

- Value creation for shareholders not only by profitable growth initiatives, but also by stable and sustainable dividend payment

- Continuation of systematic value management by concentrating only on high-performance business areas and active portfolio management

- Further expansion of service orientation as well as fostering technological and innovative capabilities



Financial Calendar 2006/2007

- July 25, 2006 to August 10, 2006 Quiet Period
 - August 11, 2006 Interim Report 3rd quarter 2005/2006 (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 (Essen, Germany)
 - January 19, 2007 Annual General Meeting (Bochum, Germany)
 - February 13, 2007 Interim Report 1st quarter 2006/2007 (Oct to Dec)
Conference call with analysts and investors
 - May 11, 2007 Interim Report 2nd quarter 2006/2007 (Jan to Mar)
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Due to the conversion process figures included here should be seen as provisional as the IASB may still enact provisions that could be applied retroactively. The audit of the restated figures will be in conjunction with the audit of the full financial statements under IFRS for the fiscal year ending September 30, 2006.

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