



## Presentation ThyssenKrupp

June 2009

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# 2009

ThyssenKrupp



# Agenda

- Group Structure and Strategy
- Group Financials and Segment Performance

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- Appendix

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# ThyssenKrupp Group FY 2007/08

## ThyssenKrupp AG

FY 2007/08: Sales €53,426 m • EBT €3,128 m • TKVA €1,916 m • Employees 199,374

Steel	Stainless	Technologies	Elevator	Services
<p>Sales €14.4 bn EBT €1,540 m TKVA €1,007 m Employees 41,311</p> <ul style="list-style-type: none"> <li>• Corporate</li> <li>• Steelmaking</li> <li>• Industry</li> <li>• Auto</li> <li>• Processing</li> </ul>	<p>Sales €7.4 bn EBT €126 m TKVA €(119) m Employees 12,212</p> <ul style="list-style-type: none"> <li>• Nirosta</li> <li>• Acciai Speciali Terni</li> <li>• Mexinox</li> <li>• Shanghai Krupp Stainless</li> <li>• Stainless Int.</li> <li>• VDM</li> </ul>	<p>Sales €12.4 bn EBT €741 m TKVA €502 m Employees 54,043</p> <ul style="list-style-type: none"> <li>• Plant Technology</li> <li>• Marine Systems</li> <li>• Mechanical Components</li> <li>• Automotive Solutions</li> <li>• Transrapid</li> </ul>	<p>Sales €4.9 bn EBT €434 m TKVA €314 m Employees 42,992</p> <ul style="list-style-type: none"> <li>• 4 regional business units</li> <li>• Escalators/ Passenger Boarding Bridges</li> <li>• Accessibility</li> </ul>	<p>Sales €17.3 bn EBT €750 m TKVA €508 m Employees 46,486</p> <ul style="list-style-type: none"> <li>• Materials Services International</li> <li>• Materials Services North America</li> <li>• Industrial Services</li> <li>• Special Products</li> </ul>

Inter-segment sales not consolidated



# Cornerstones of the ThyssenKrupp Group's Strategy

## Earnings

### Active portfolio management

Divestments

Acquisitions

### Development of core businesses

#### Materials

Steel Europe  
Steel Americas  
Stainless Global  
Materials Services

#### Technologies

Elevator Technology  
Plant Technology  
Components Technology  
Marine Systems

### Group initiatives

Reorganization

TK PLuS

TK best

HR / MD / Academy

Innovation / R&D

### Value management

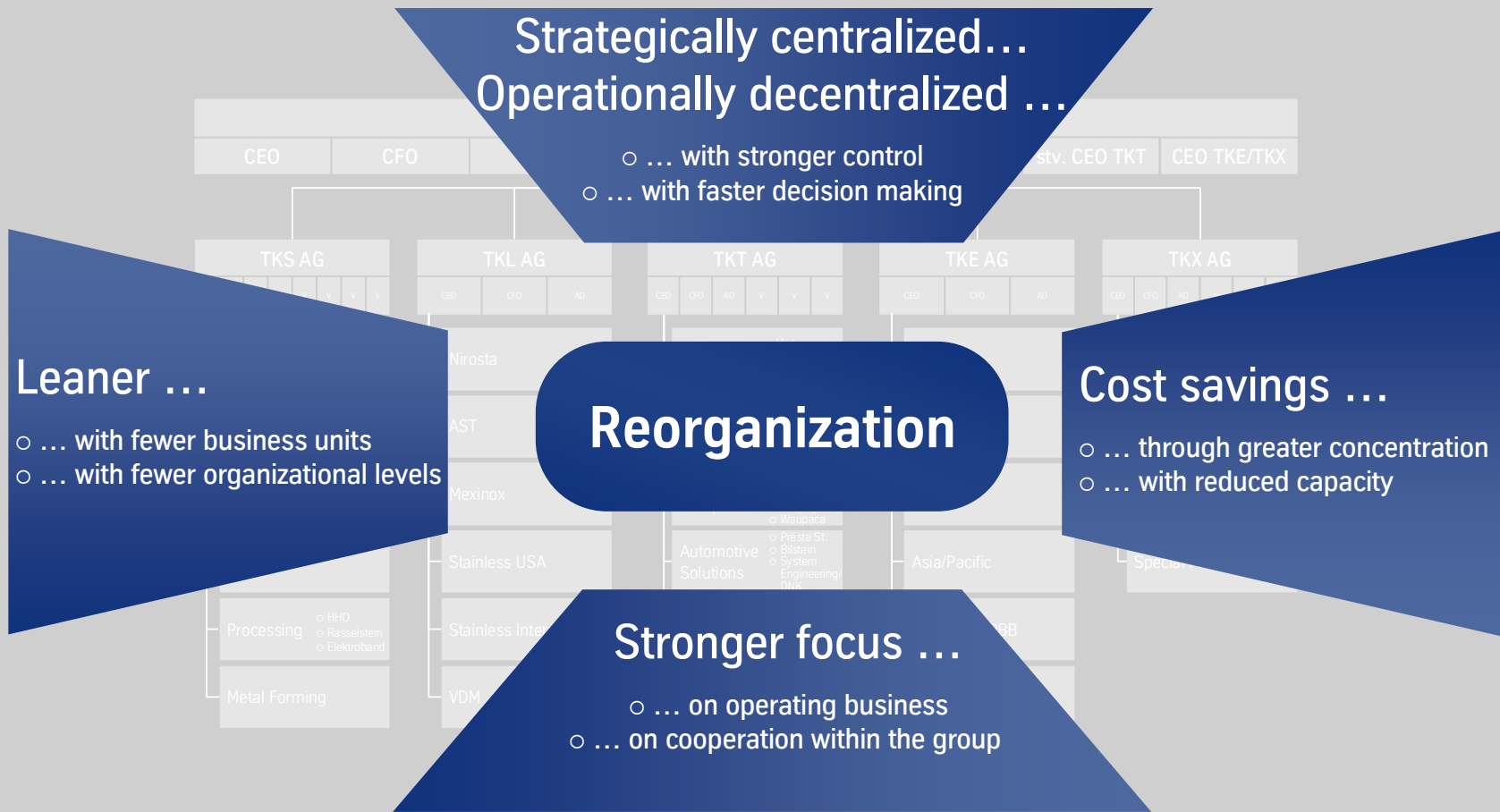
Clear and consistent performance orientation

Target setting and controlling

Allocation of resources

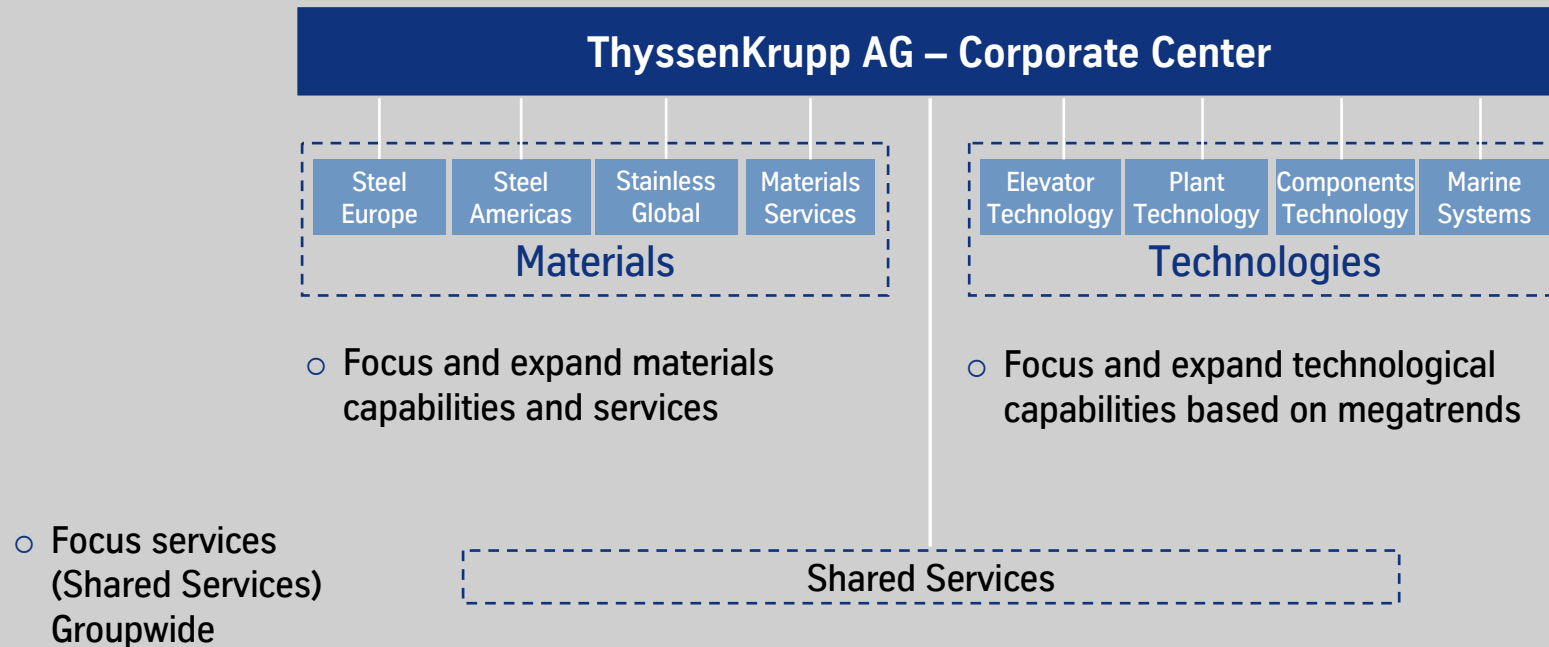


# Core Targets of the Reorganization

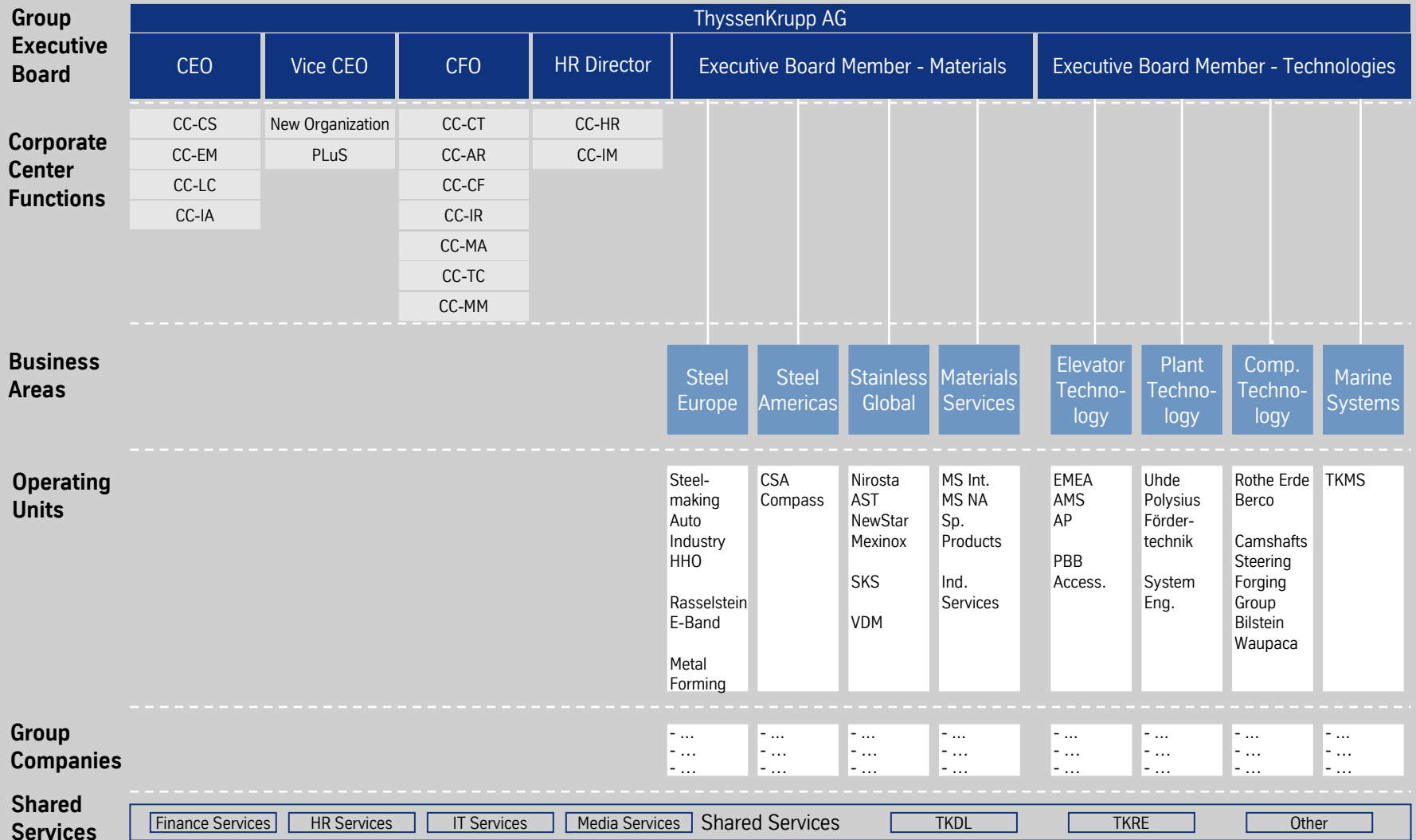


# Reorganization ThyssenKrupp – Overview

- Strong corporate center
- Strategic further development as integrated materials and technology group
- Value-based control
- Active portfolio management
- Selective growth
- Focused corporate initiatives



# New Organizational Structure



# Agenda

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- Group Structure and Strategy
  - Group Financials and Segment Performance
  - Appendix
- 





## Group Overview – Q2 2008/09 Highlights

		qoq	yoy
<b>Order intake</b>	<b>€7,642 m</b>	(41)%	(46)%
<b>Sales</b>	<b>€9,859 m</b>	(14)%	(25)%
<b>EBT as reported</b>	<b>€(455) m</b>	€(695) m	€(1,197) m
<b>EBT before major nonrecurring items</b>	<b>€(283) m</b>	€(616) m	€(1,067) m

- ⇒ Positive earnings at Steel
- ⇒ Negative results at Stainless and Services due to falling prices and volumes
- ⇒ Technologies hit by automotive, construction equipment and civil shipbuilding business
- ⇒ Elevator with strong earnings

<b>Operating cash flow</b>	<b>€1,483 m</b>	+272%	+48%
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Group performance hit by:

- further deteriorating economic environment
- restructuring charges
- impairments

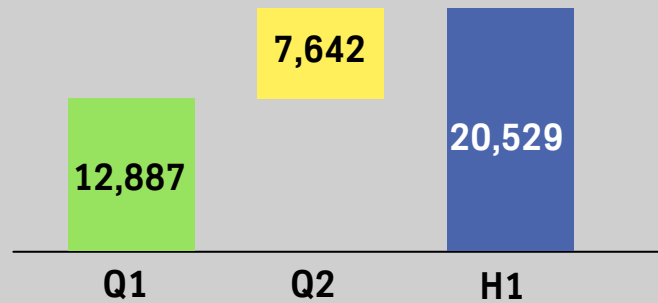


# Group Financials – Order Intake and Sales

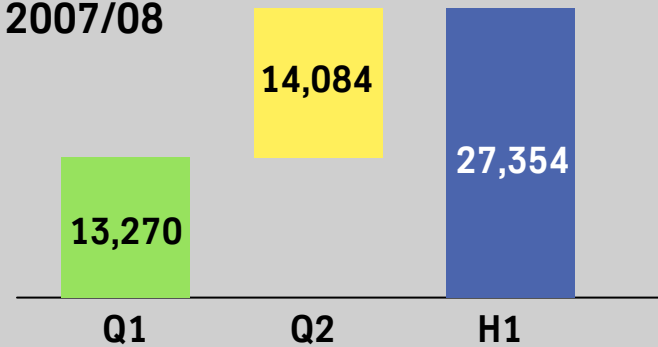
## Order intake

million €

2008/09



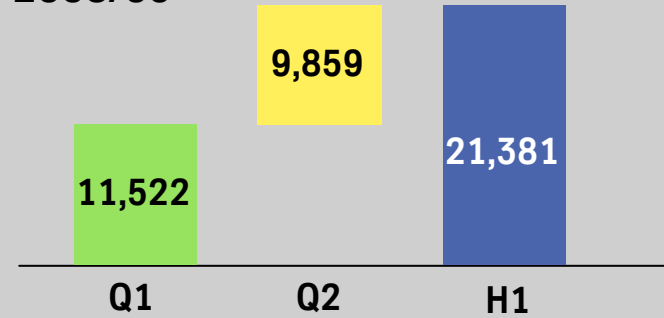
2007/08



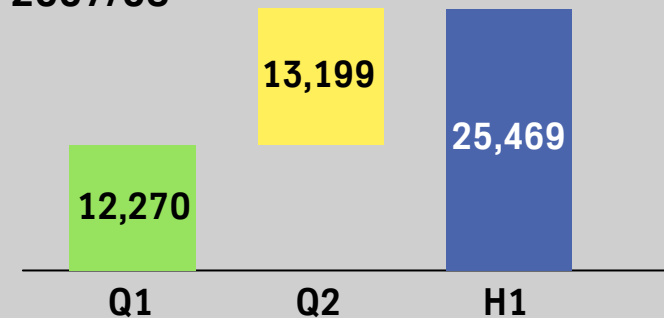
## Sales

million €

2008/09



2007/08

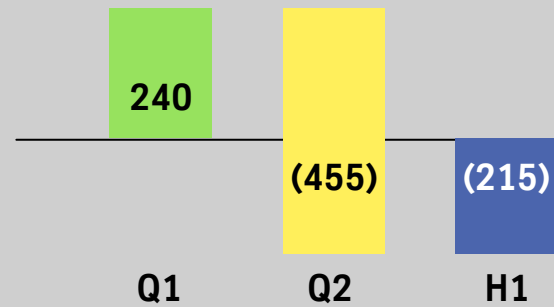


# Group Financials – EBT

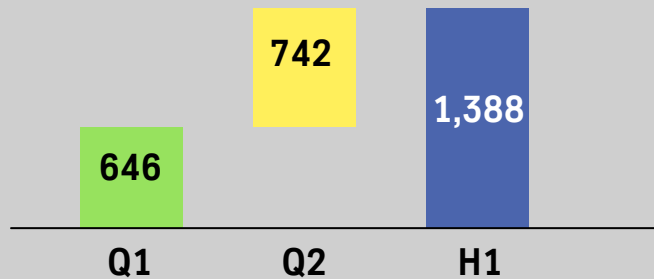
EBT as reported

million €

2008/09



2007/08



EBT before major nonrecurring items

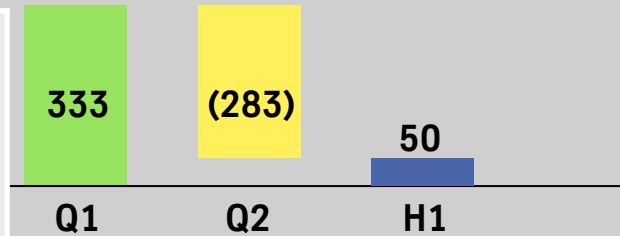
million €

2008/09

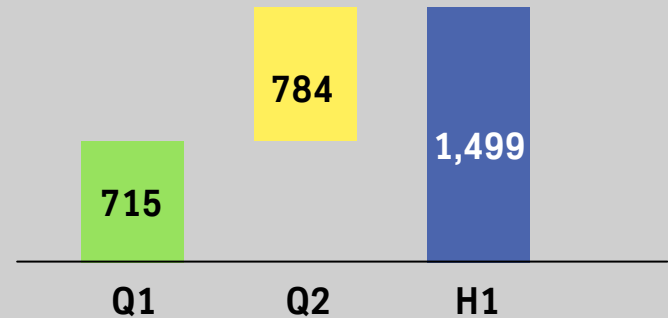
H1: inventory writedowns and windfall losses ~€650 m

thereof:

	Q1	Q2
Stainless	~€200 m	~€150 m
Services	~€100 m	~€150 m



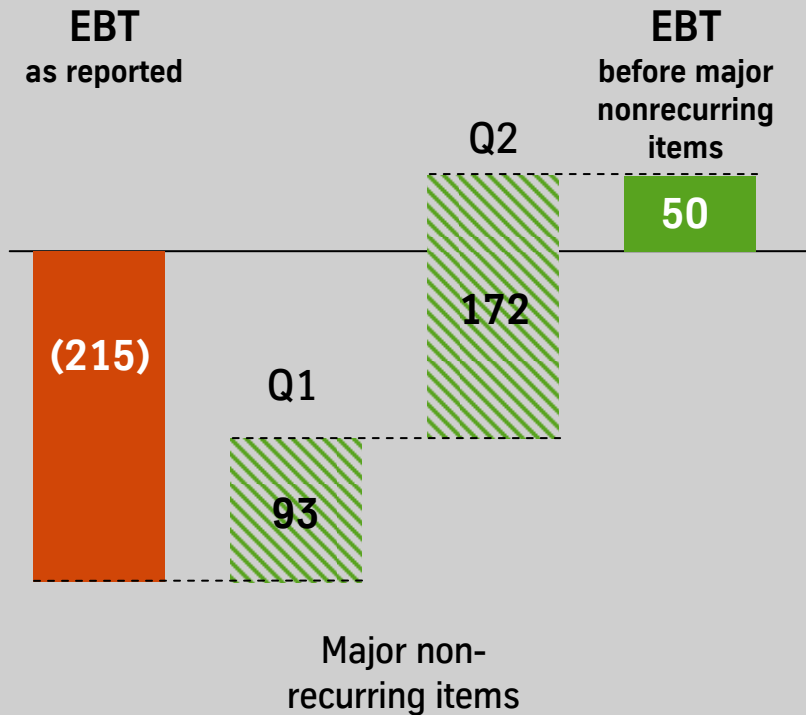
2007/08



# Reconciliation of Group Earnings

H1 2008/09

million €



Major nonrecurring items 2008/09

million €

	Q1	Q2
• Project costs	(83)	(26)
thereof:		
TK CSA, Brazil	(57)	(17)
Steel/Stainless Alabama	(26)	(9)
• Steel: - restructuring SSC		(5)
- restructuring Metal Forming	(8)	(3)
• Stainless: asset impairment		(60)
• Technologies: - restructuring/disp.		(60)
- asset impairment		(16)
• Elevator: restructuring	(2)	(2)
<b>Σ</b>	<b>(93)</b>	<b>(172)</b>



## Segment Overview – Quarterly EBT

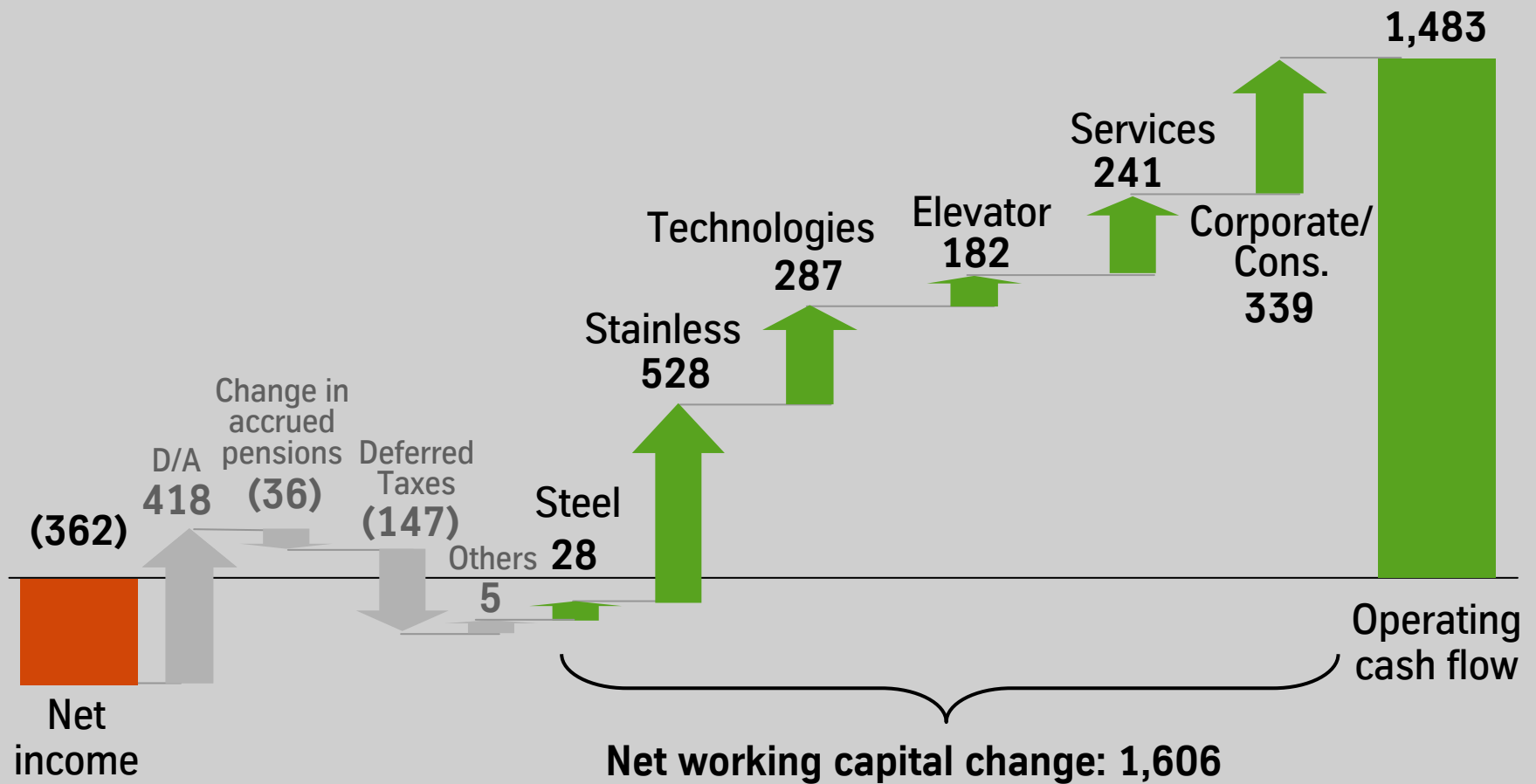
million €	2007/08	2008/09		change	
	Q2	Q1	Q2	qoq	yoy
Steel	396	251	56	(195)	(340)
<i>before major nonrecurring items</i>	<i>462</i>	<i>335</i>	<i>86</i>	<i>(249)</i>	<i>(376)</i>
Stainless	38	(249)	(373)	(124)	(411)
<i>before major nonrecurring items</i>	<i>42</i>	<i>(242)</i>	<i>(309)</i>	<i>(67)</i>	<i>(351)</i>
Technologies	186	164	(105)	(269)	(291)
<i>before major nonrecurring items</i>	<i>155</i>	<i>164</i>	<i>(29)</i>	<i>(193)</i>	<i>(184)</i>
Elevator	90	156	146	(10)	56
<i>before major nonrecurring items</i>	<i>90</i>	<i>158</i>	<i>148</i>	<i>(10)</i>	<i>58</i>
Services	135	30	(78)	(108)	(213)
Corporate	(97)	(108)	(103)	5	(6)
Consolidation	(6)	(4)	2	6	8
<i>before major nonrecurring items</i>	<i>(3)</i>	<i>(4)</i>	<i>2</i>	<i>6</i>	<i>5</i>
<b>Group</b>	<b>742</b>	<b>240</b>	<b>(455)</b>	<b>(695)</b>	<b>(1,197)</b>
<i>Group before major nonrecurring items</i>	<i>784</i>	<i>333</i>	<i>(283)</i>	<i>(616)</i>	<i>(1,067)</i>



# Group Financials – Net Income ⇒ Operating Cash Flow

Development of operating cash flow in Q2 2008/09

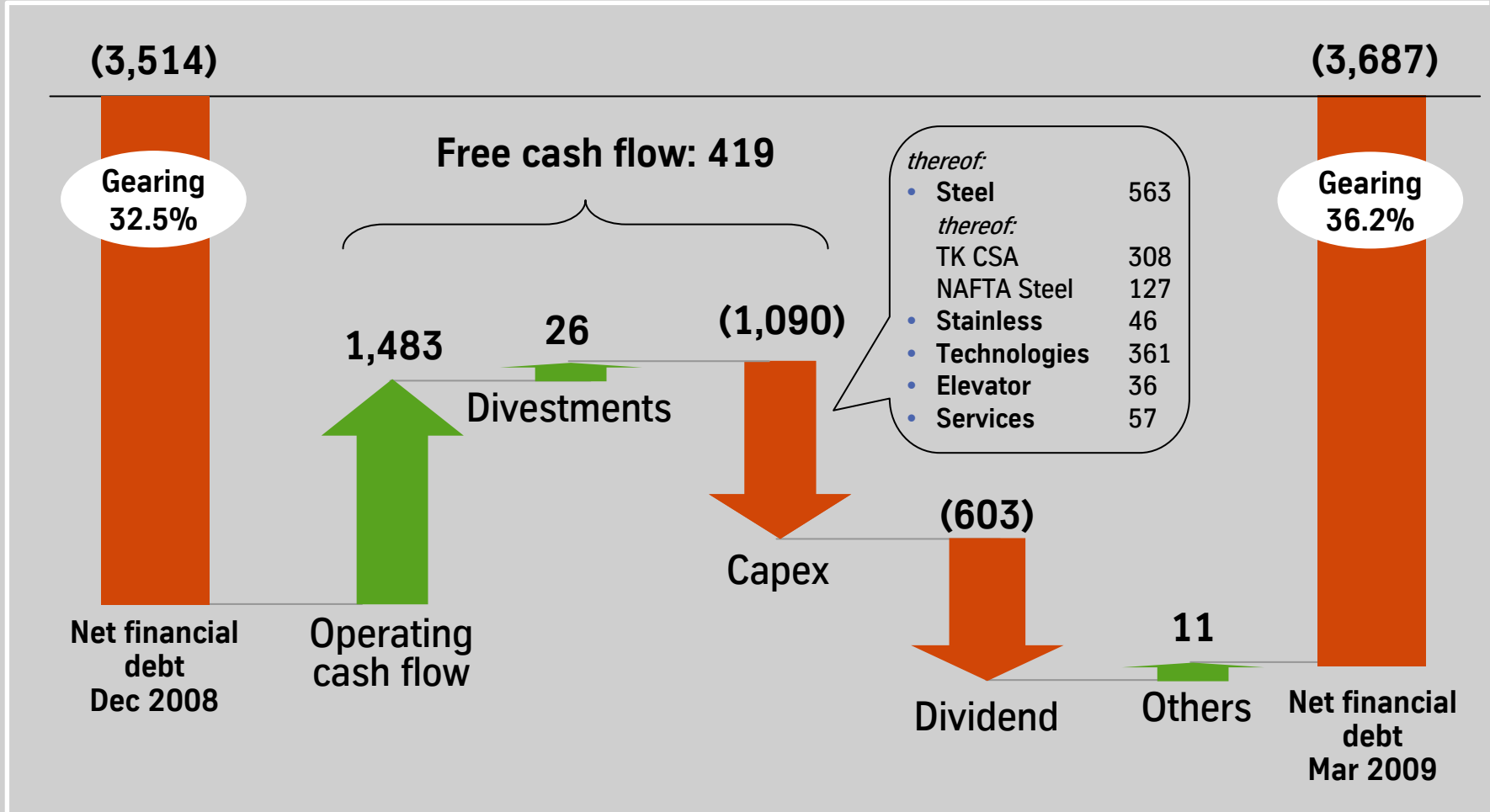
million €



# Group Financials – Net Financial Debt

Development of net financial debt in Q2 2008/09

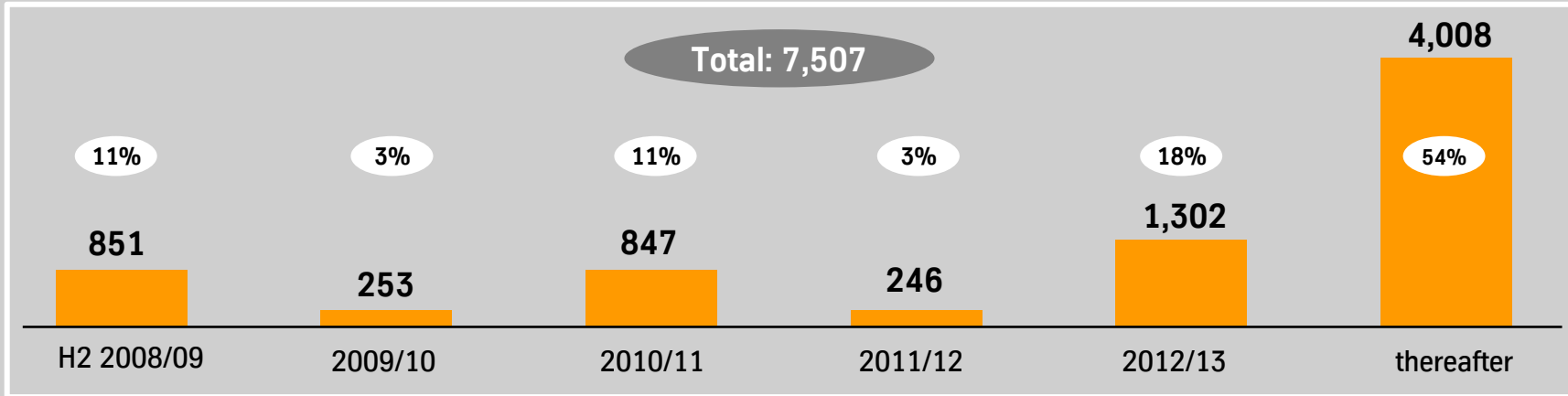
million €



# Solid Financial Situation – No Short-Term Refinancing Needs

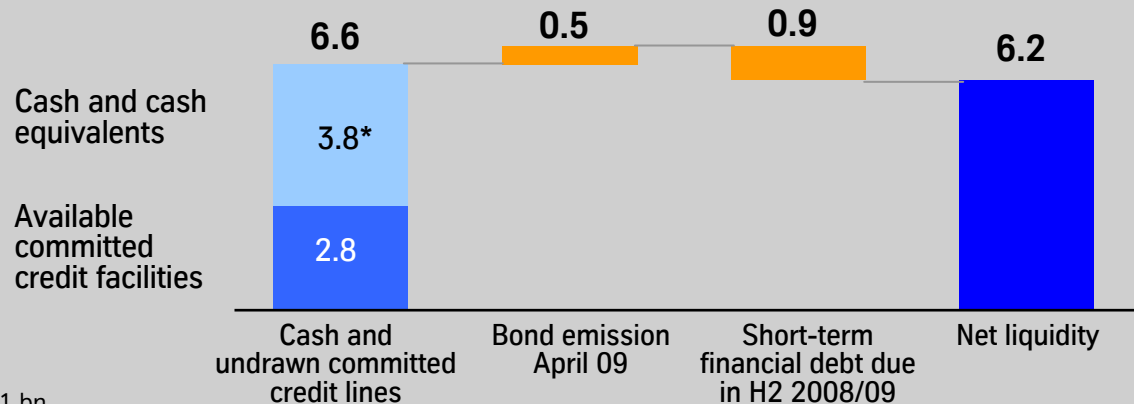
Maturity profile of gross financial debt as of March 31, 2009

million €



Liquidity analysis as of March 31, 2009

billion €



\* incl. securities of €0.1 bn





# Progress of Net Working Capital Reduction and Cost Savings 2008/09

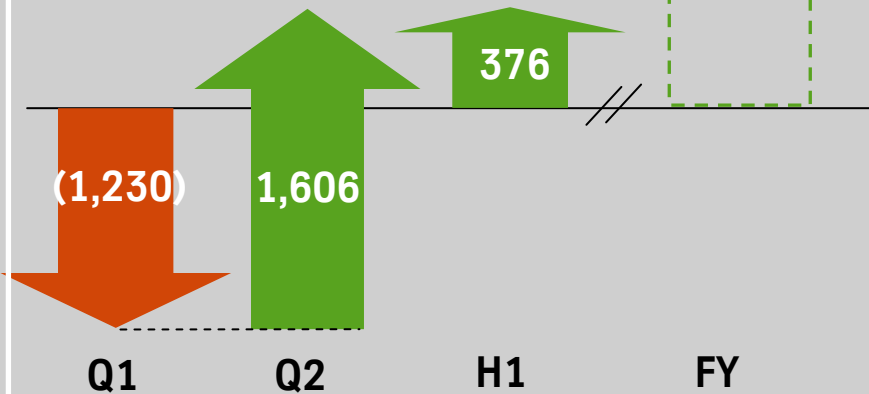
## Net working capital development

million €

Measures:

- Inventory reduction, adjustment of required stock levels
- Improvement of turnover rate
- Optimization of spare parts
- Accounts receivable and accounts payable management

Target ~2,000

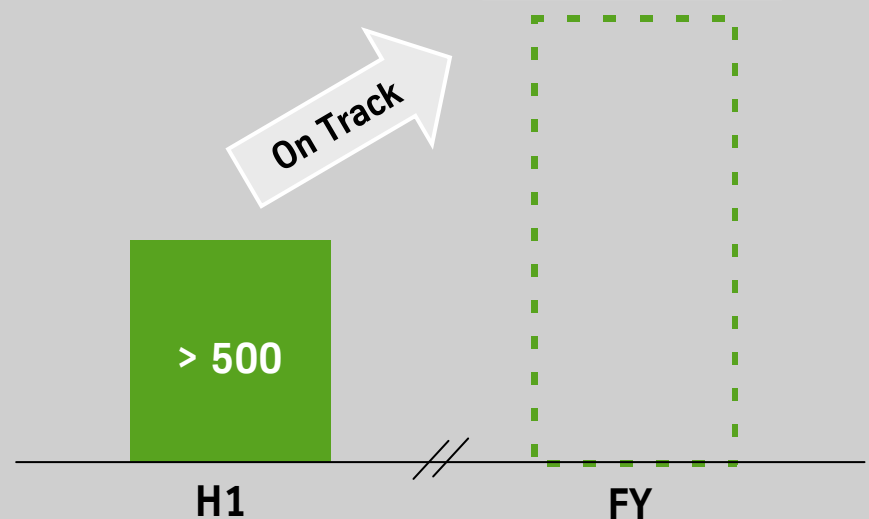


Main contribution expected in H2 2008/09

## Progress of cost savings

million €

Target >1,000



Measures:

- Human Resources measures (e.g. layoff of temporary staff, short-time working)
- Reduction of administrative costs
- Adjustment of maintenance and repair charges
- Optimization of energy management



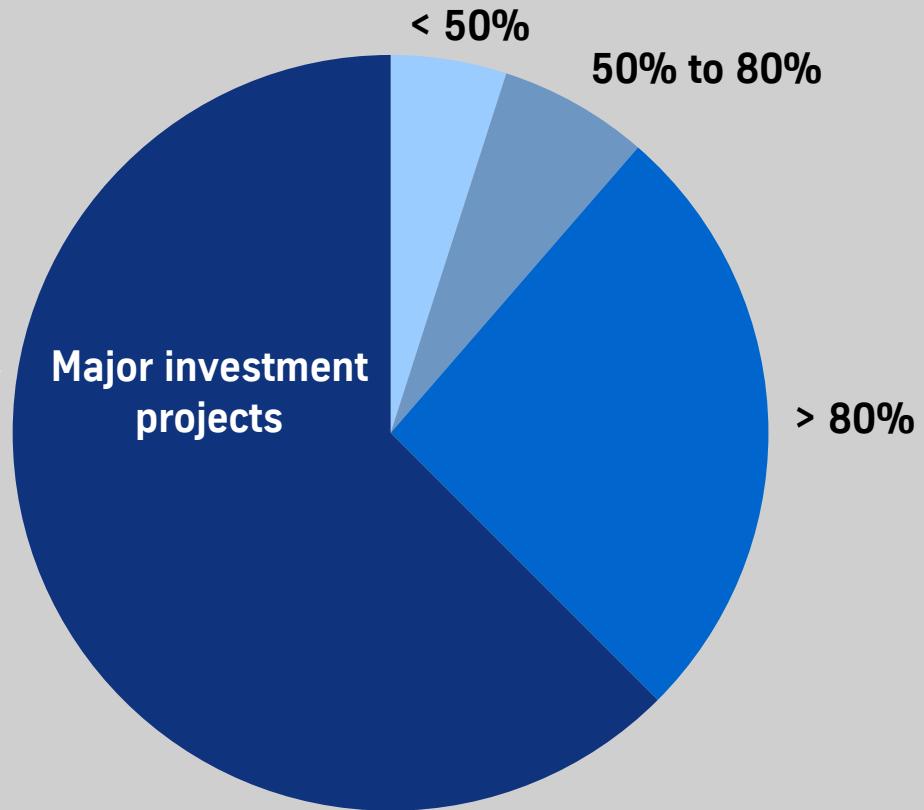
# Capital Expenditures in 2008/09

## Overview of capital expenditures by degree of completion

**Target**  
**€4,500 m – €5,000 m**

Capex H1 2008/09:

TK CSA	€849 m
NAFTA Steel	€196 m
NAFTA Stainless	€24 m
<b>Σ</b>	<b>€1,069 m</b>



## Group Outlook 2008/09

### **EBT**

**before major  
nonrecurring  
items**

Mid-range to upper three-digit million € negative depending on economic environment

### **EBT**

**as reported**

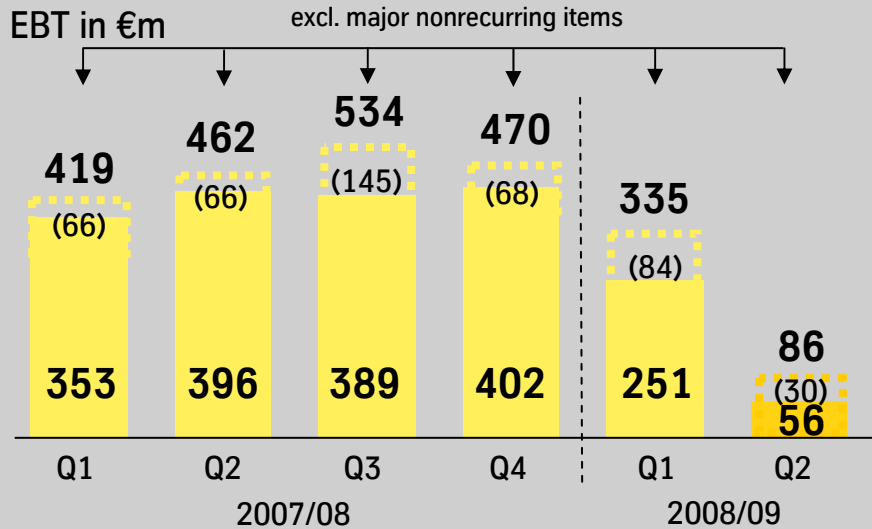
Impacted by:

- Restructuring charges:
  - to achieve major cost savings in the future
  - for reorganization
- Project costs for the new steel plants
- Potential impairment charges

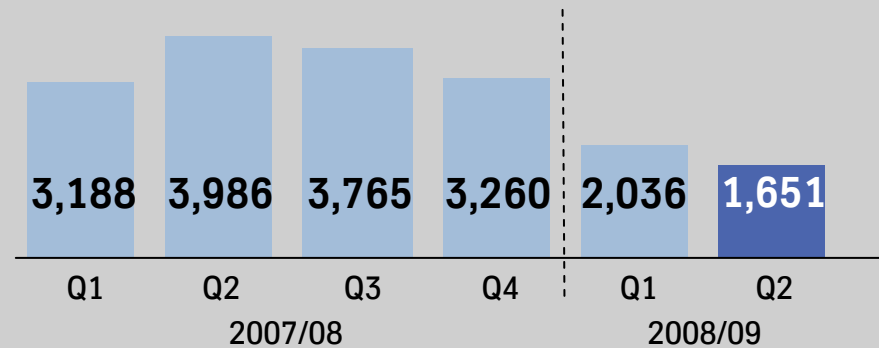


# Steel

## Q2 2008/09 Highlights



## Order intake in €m



### Comments Q2 2008/09

- Relatively stable average revenues/ton
- Lower shipments
- Further reduction of capacity utilization
- Net working capital release commenced
- Declining order intake aggravated by de-stocking

### Outlook H2 2008/09

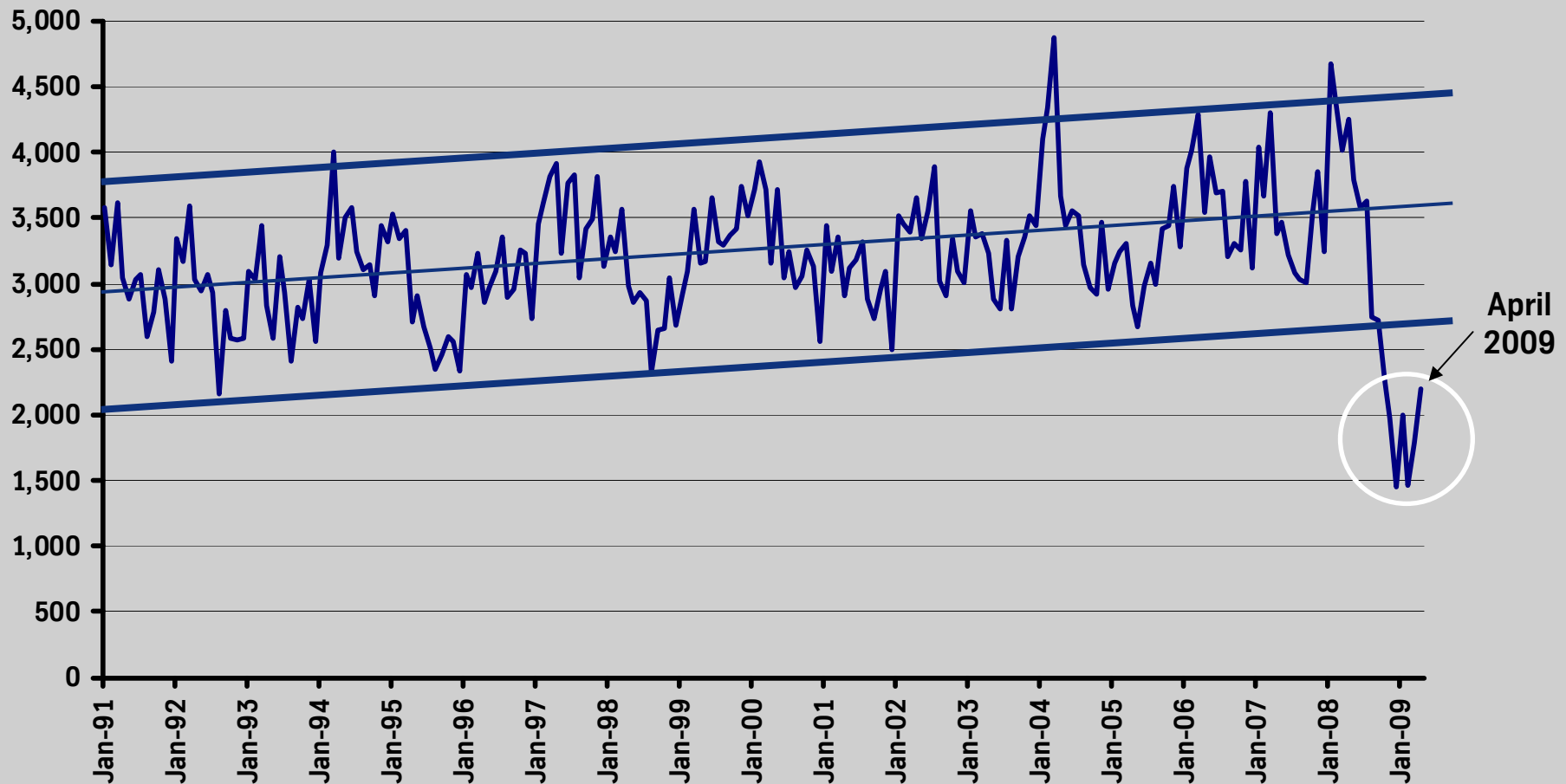
- Further production cuts and underutilization
- Declining average revenues/ton
- Benefit from lower raw material prices from beginning of next fiscal year
- Net working capital release
- Restructuring charges



# Order Intake Remained at Very Low Levels in April

Order Intake German Steel Industry; January 1991 – April 2009

1,000 t

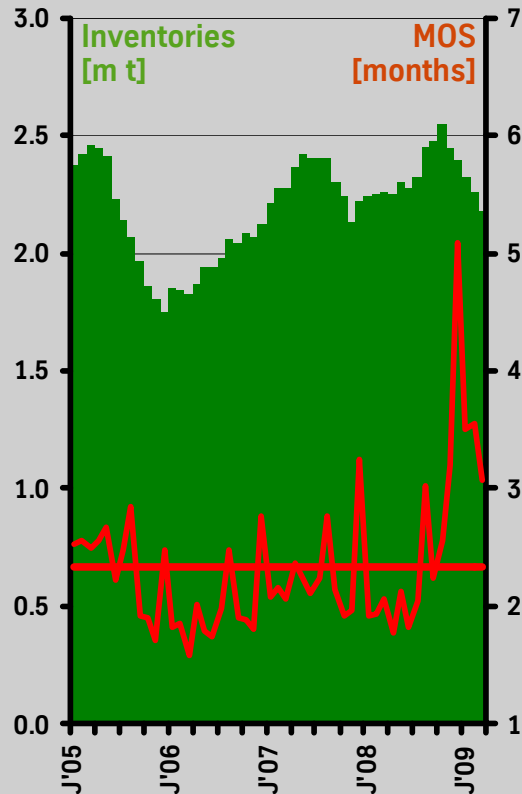


Source: WV



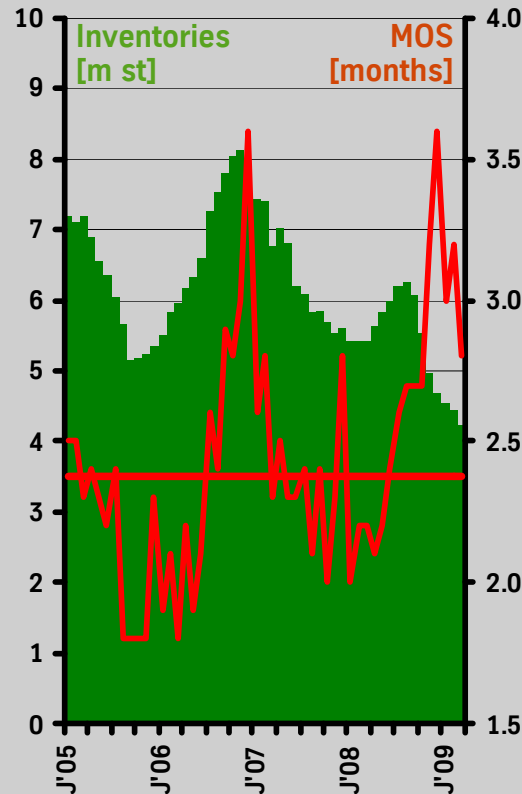
# De-Stocking Peaking in Europe; Virtually Completed in the US

**Inventories and Months of Supply - Europe**



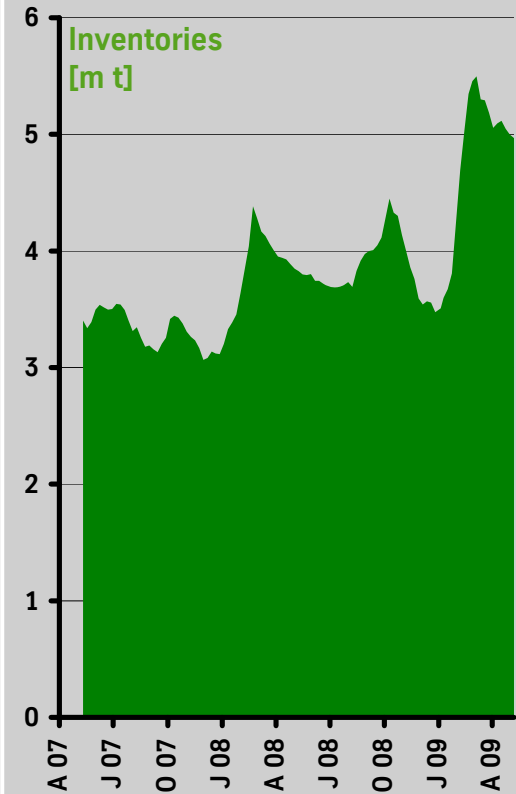
Europe: European SSC: Inventories at month' end / flat carbon steel w/o quarto

**Inventories and Months of Supply - USA**



USA: March MSCI inventories, carbon flat rolled

**Inventories China**



China: flat steel inventory in 23 major cities (HR, CR and Plate)

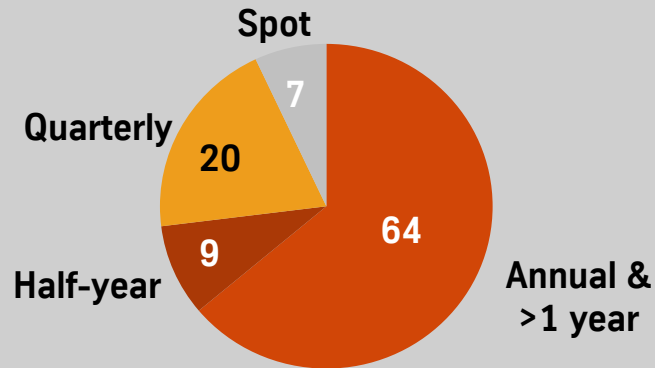
Source(s): TKS, EASSC, MAR, MSCI, UBS, MySteel



# Long Term Customer Relations Reduce Volatility

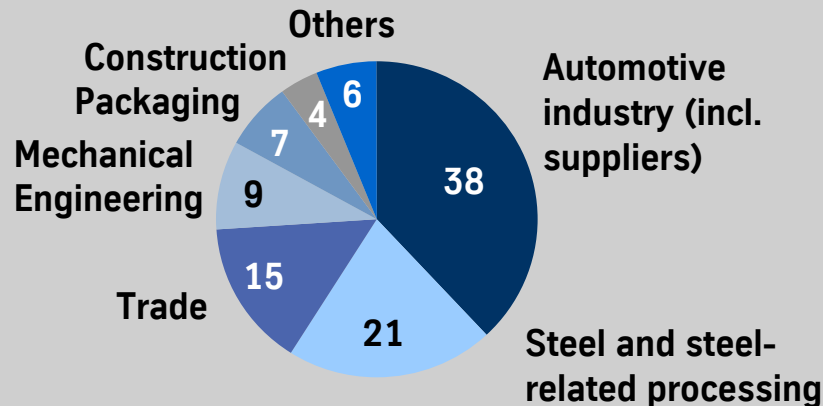
Sales by maturity FY 2007/08

in %



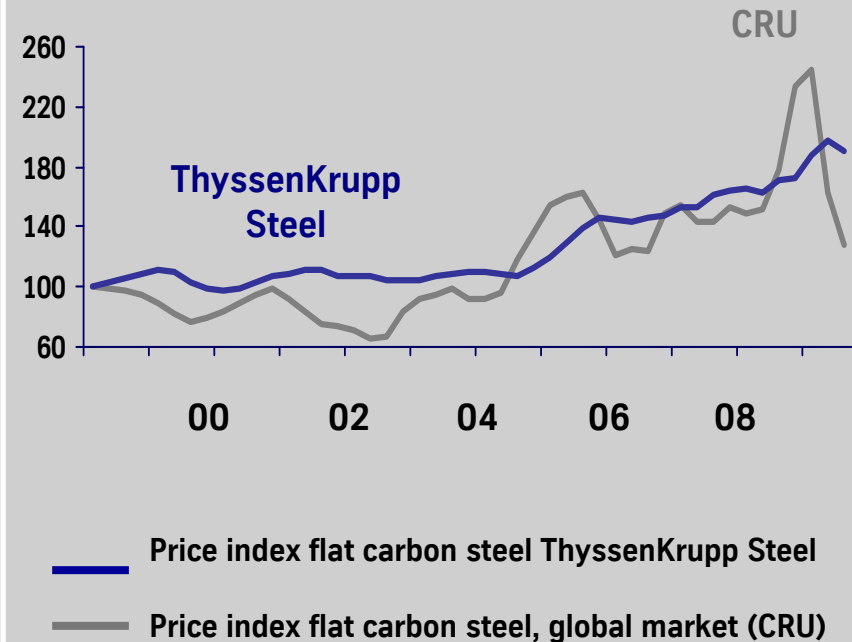
Sales by industry FY 2007/08

in %



Price index

Index (Q3 1997 = 100)



All data incl. Q4 2008

Sources: CRU and own calculations based on CRU, TK



# ThyssenKrupp CSA: Port and Materials Handling Nearly Completed



**ThyssenKrupp**





# ThyssenKrupp CSA: Progress on Coke, Power and Sinter Plant...



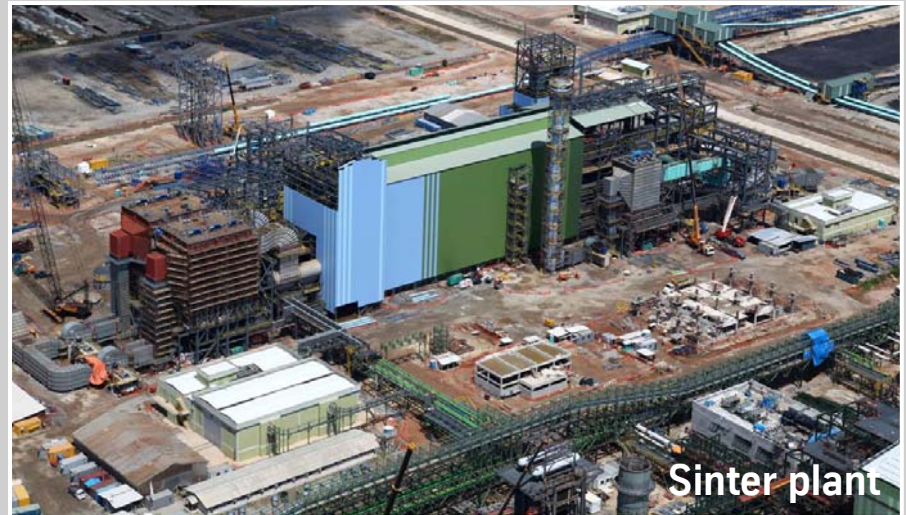
Aerial photo coke plant



Power plant



Coke plant

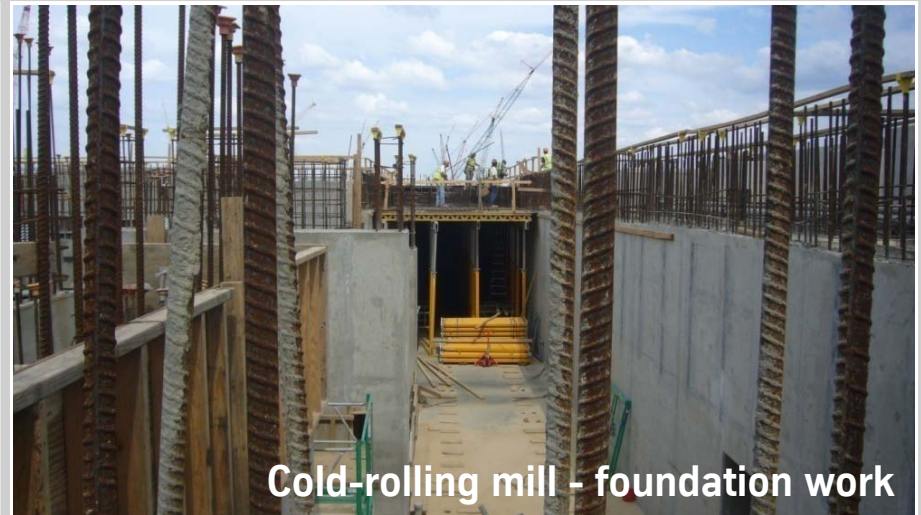


Sinter plant

# ...and on Iron and Steelmaking Facilities

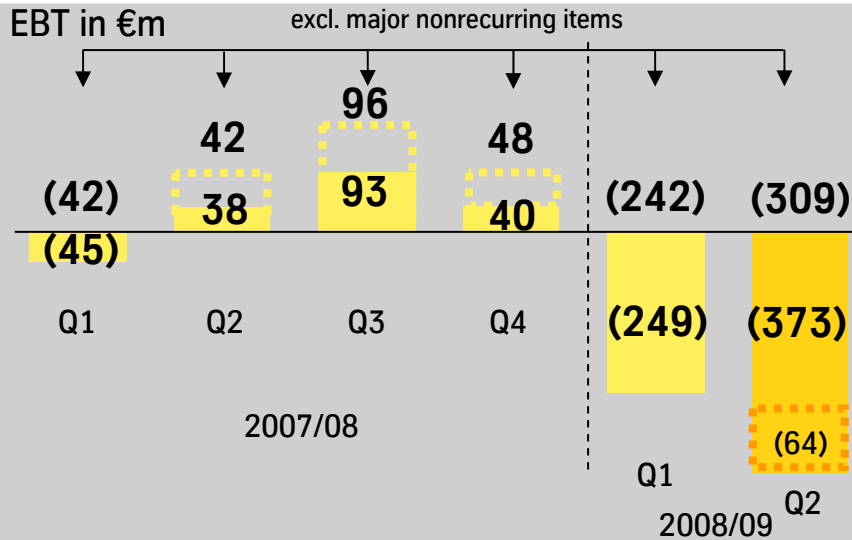


# ThyssenKrupp Steel USA: Proceeding to Schedule

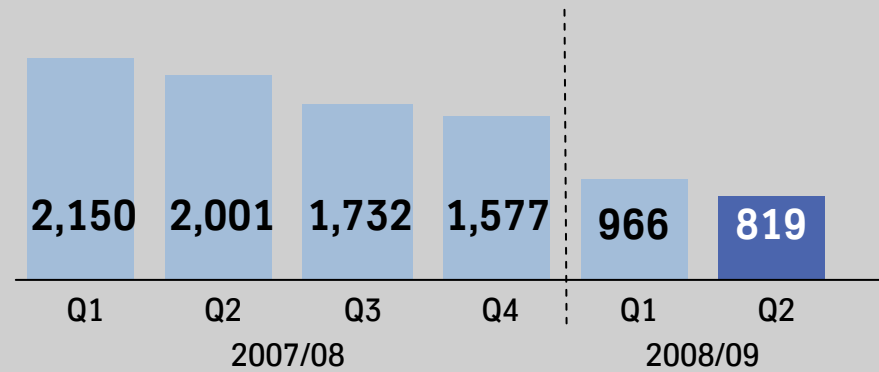


# Stainless

## Q2 2008/09 Highlights



## Order intake in €m



### Comments Q2 2008/09

- EBT effects from asset impairment (€60 m)
- Persisting low capacity utilization
- Modest stabilization of orders in German stainless industry at a low level (month-on-month)
- Net working capital release of €528 m

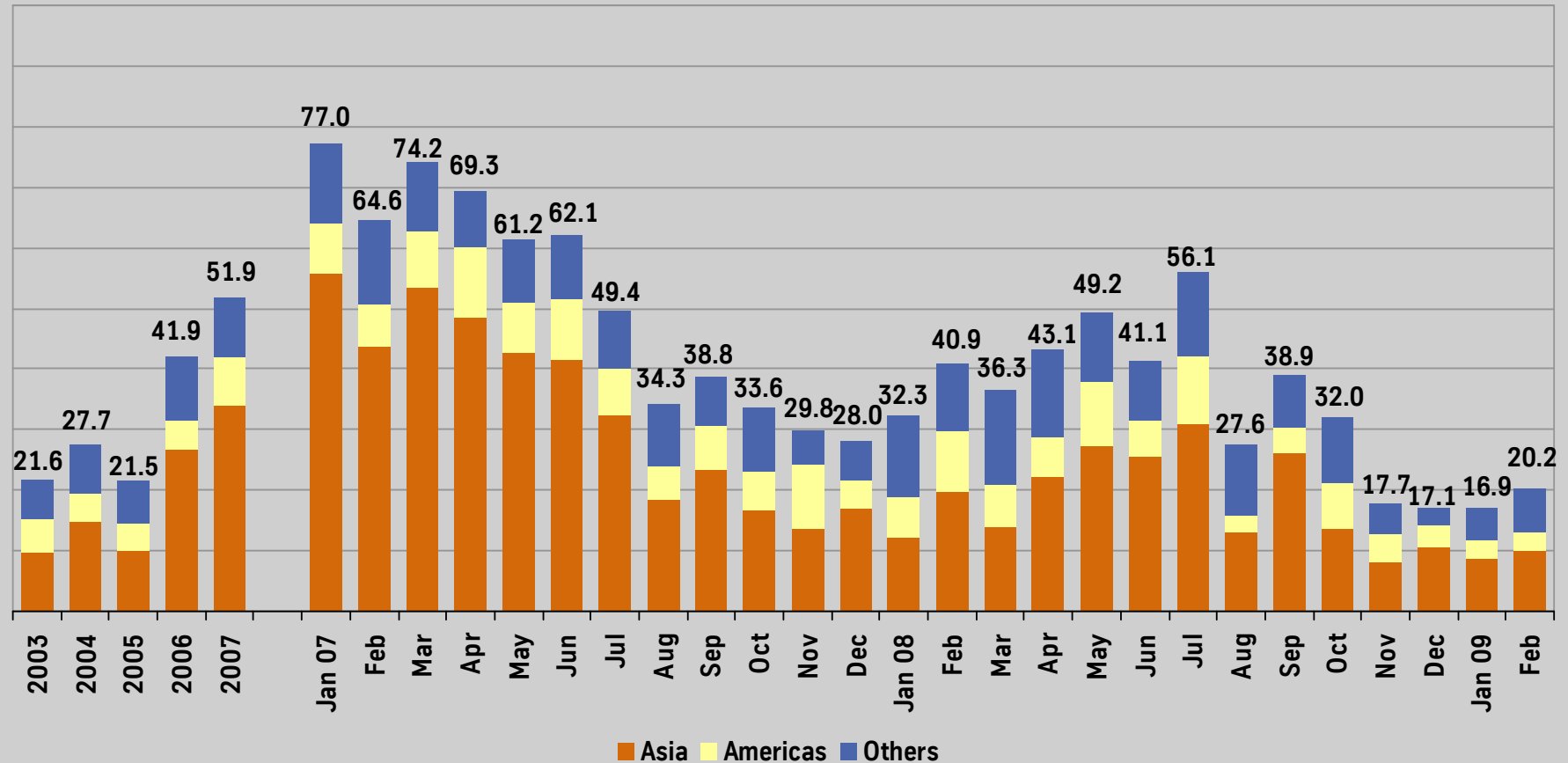
### Outlook H2 2008/09

- Continued production cuts and underutilization
- Modest volume recovery
- Stabilization of base prices and alloy surcharges expected in coming months
- De-stocking in NAFTA virtually completed; stocks in Europe as well at lower levels



# Stainless: Cold-Rolled Imports from Third Countries

[000t/Month]



Source: Eurofer April 2009, TKL

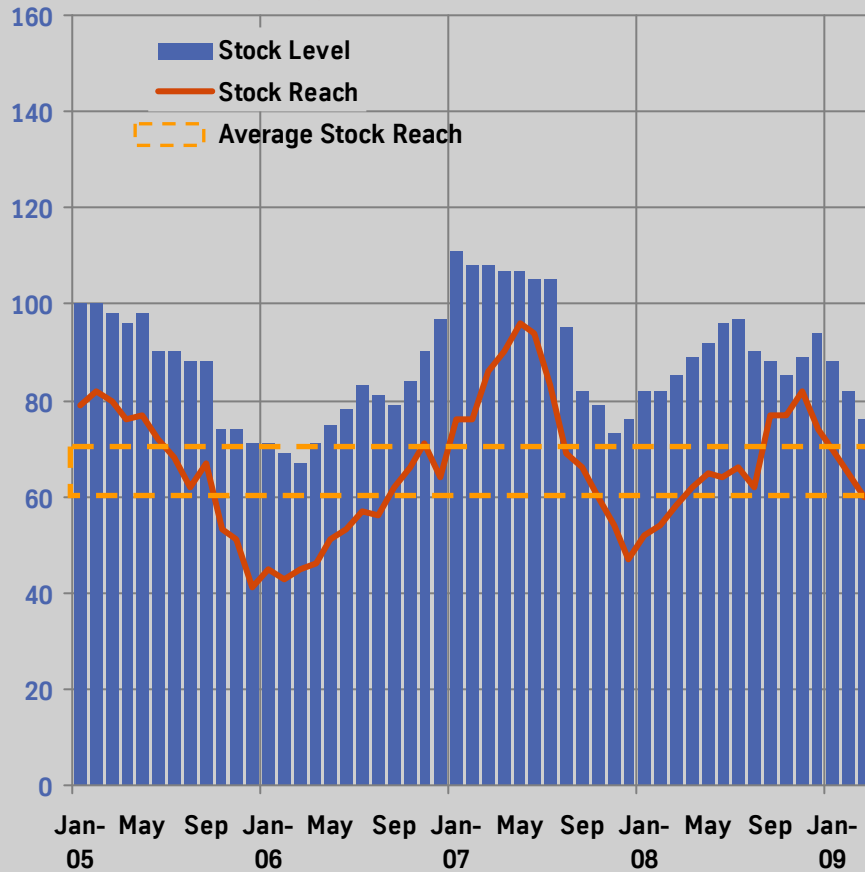


# Market Situation Cold-Rolled Products

## Germany

Stock level: INDEX Jan 2005 = 100

Stock Reach: Calendar Days

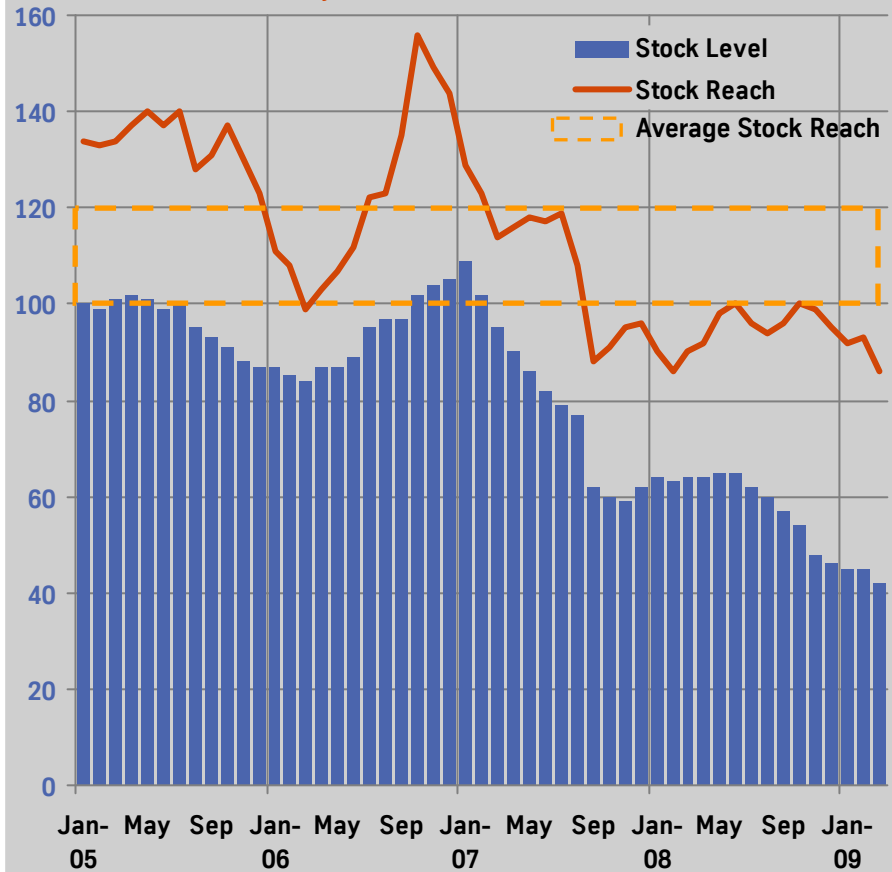


Source: EHV May 2009

## USA

Stock level: INDEX Jan 2005 = 100

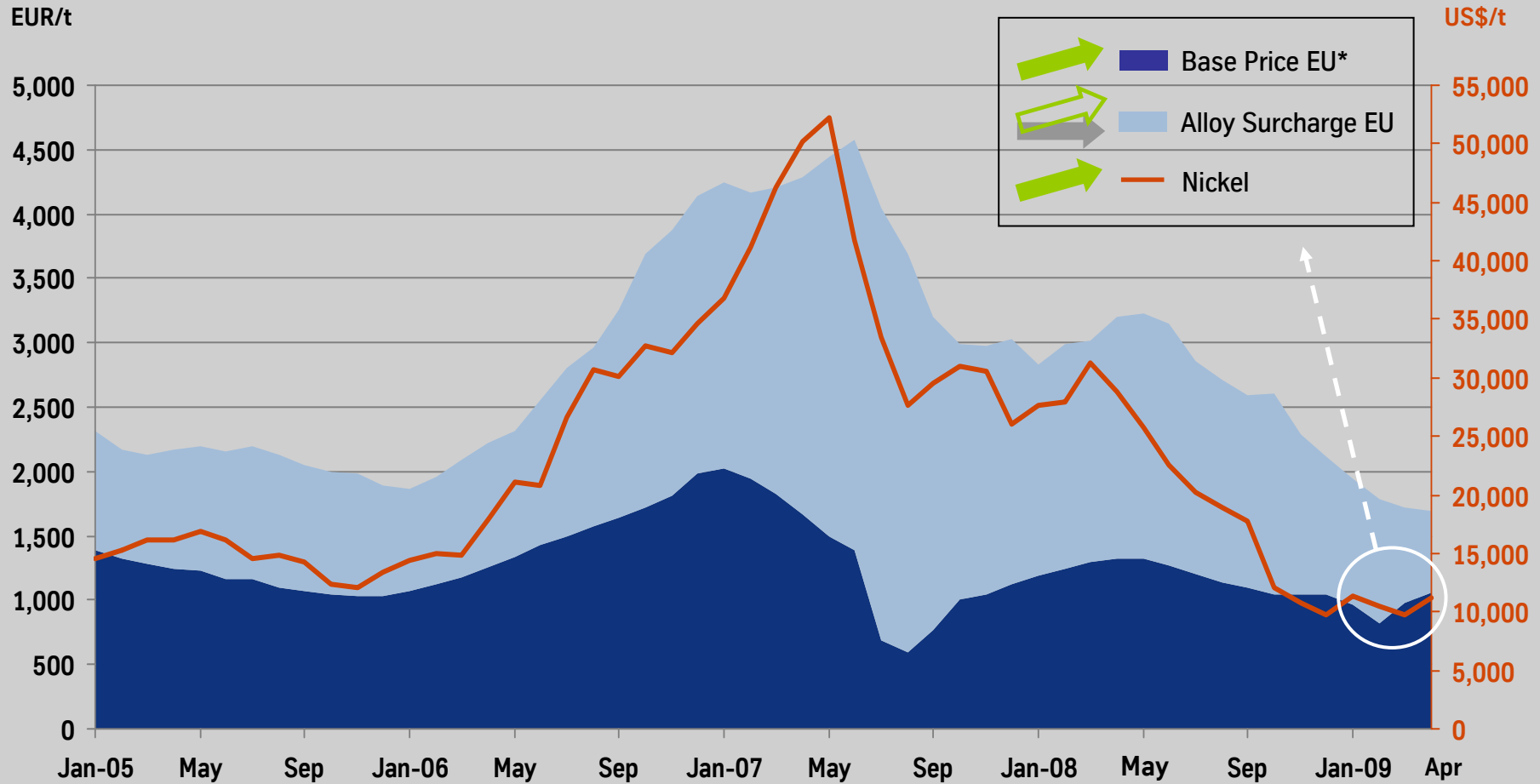
Stock Reach: Calendar Days



Source: MSCI April 2009; shipments and inventory all shapes



# Price Development: First Signs of Recovery Observable?



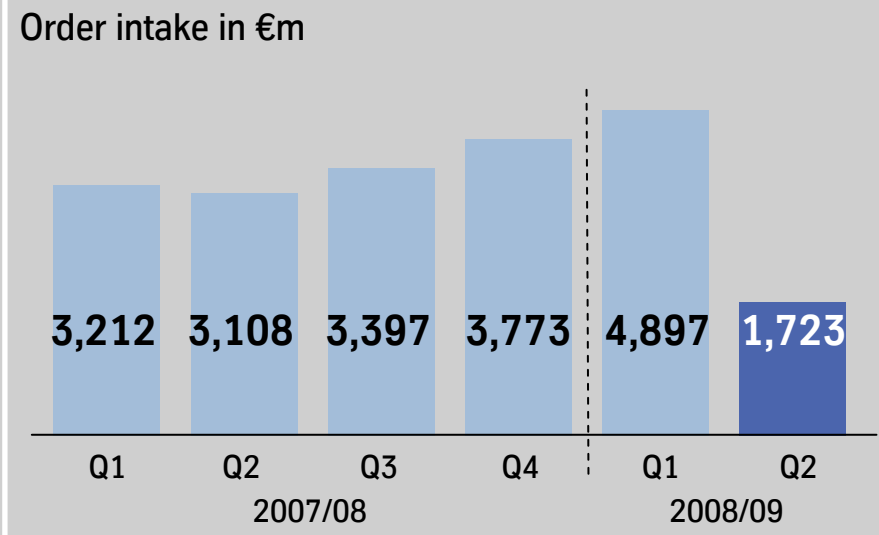
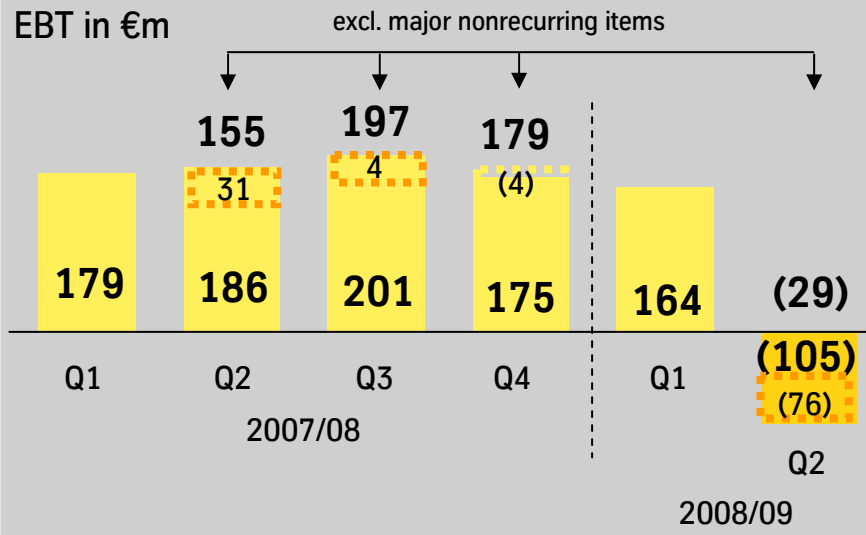
\*Base Price Germany, Traders/SSC, 304, 2mm sheet

Source: CRU April 2009, Metalprices (NICKEL) May 2009



# Technologies

## Q2 2008/09 Highlights



- ### Comments Q2 2008/09
- Solid performance at Plant Technology, naval shipbuilding and wind energy business, but lower new order inquiry activity
  - Significant underutilization in automotive & construction equipment business, cancellations in civil shipbuilding
  - Major nonrecurring items of €76 m (restructuring charges, disposals and asset impairments) mainly at automotive and civil shipbuilding

- ### Outlook H2 2008/09
- High earnings visibility at Plant Technology and naval shipbuilding business due to still strong order backlog (Mar 31, 2009: €17.1 bn)
  - Restructuring charges at automotive and civil shipbuilding

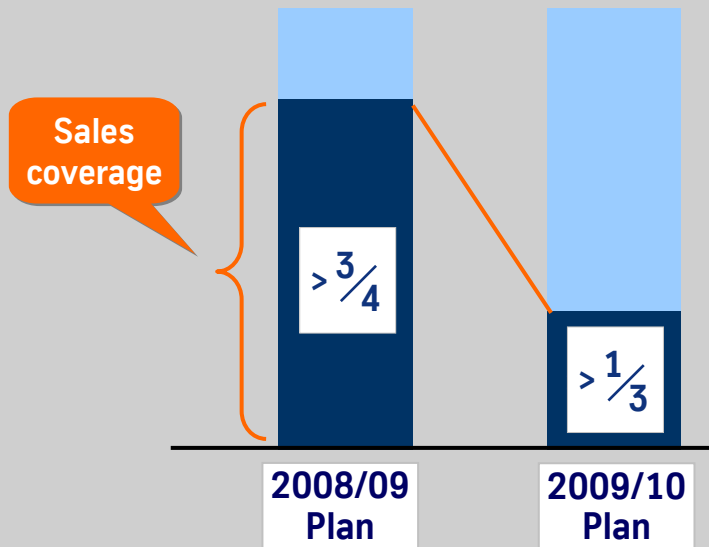




# Technologies: High Sales Coverage by Orders on Hand

## Sales coverage

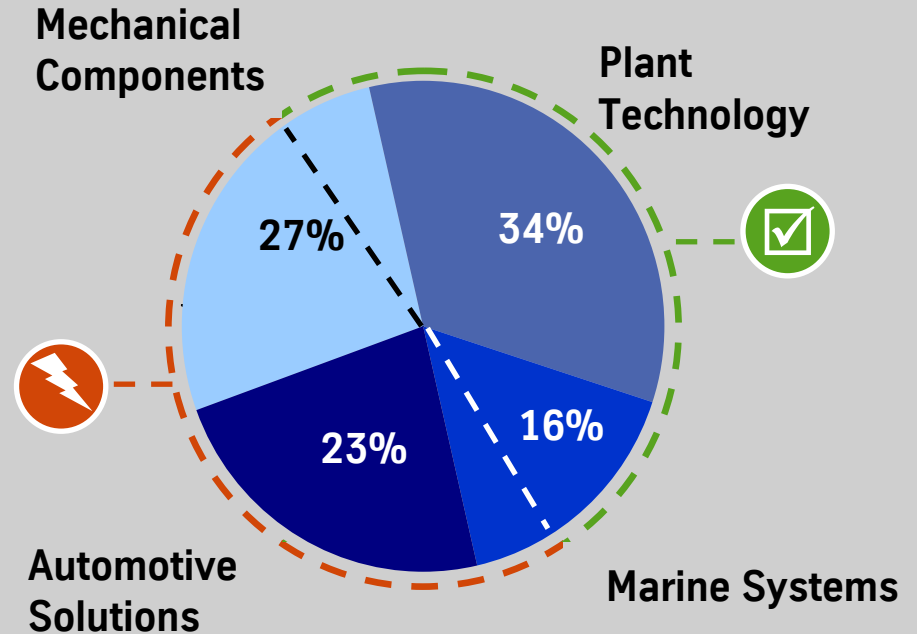
- Sales covered from orders on hand (March 31, 2009)
- Order intake



- High sales coverage especially at Plant Technology and Marine Systems

## Sales by business unit (H1 2008/09)

%



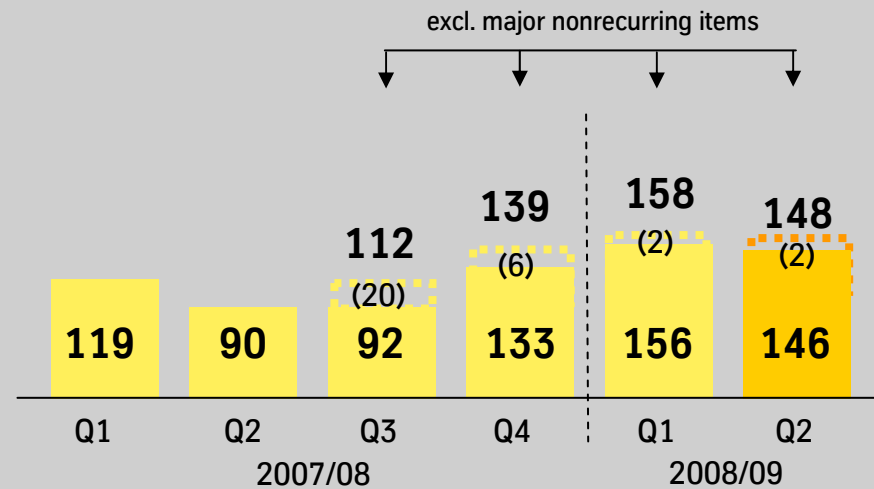
- Solid performance at Plant Technology, naval shipbuilding and wind energy business



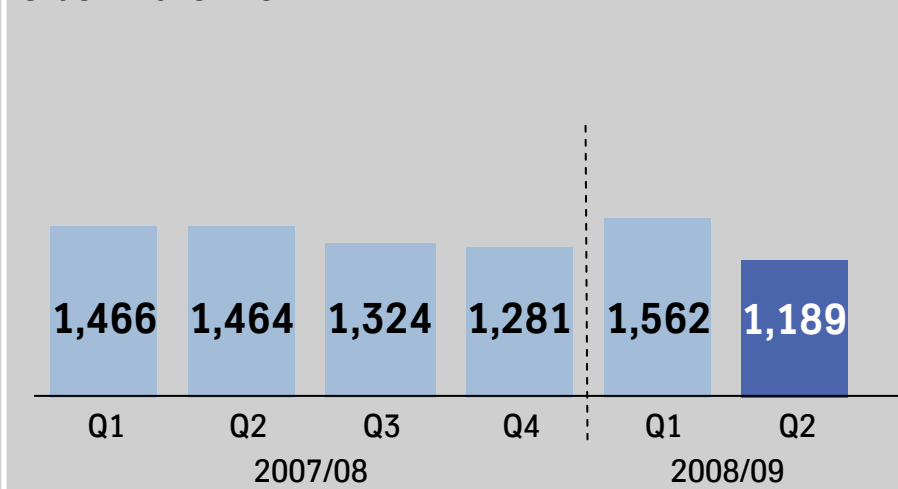
# Elevator

## Q2 2008/09 Highlights

EBT in €m



Order intake in €m



### Comments Q2 2008/09

- Excellent EBT development driven by efficiency gains and increased sales level; especially in the US
- Persisting high order backlog, but slowdown of new installation business

### Outlook H2 2008/09

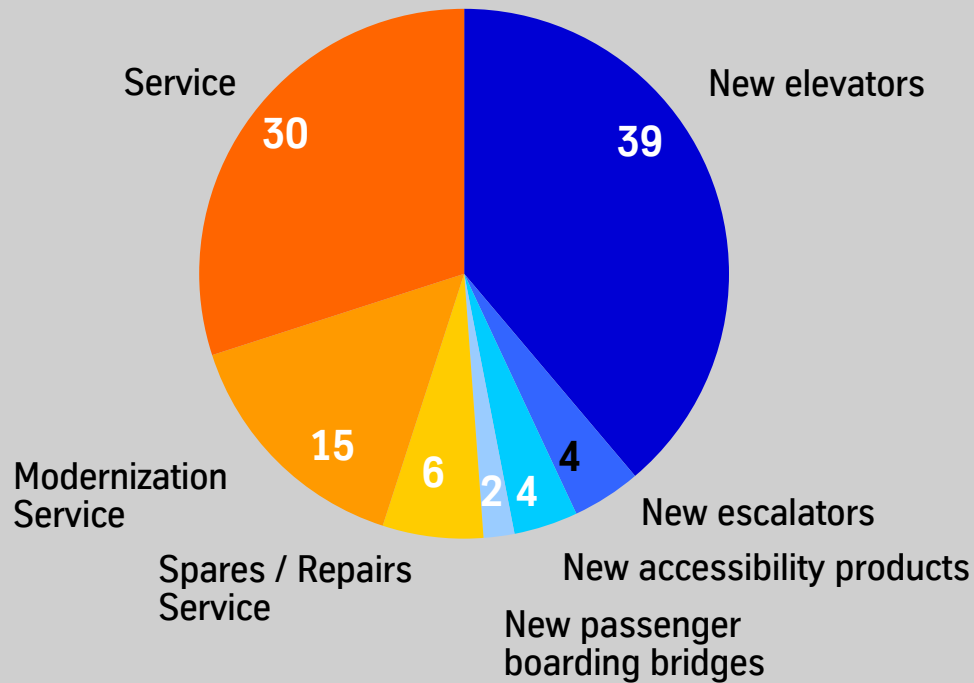
- Very strong earnings due to highly effective performance program and high services share



# Elevator: Sales by Business Activities

Sales by business activities

in %



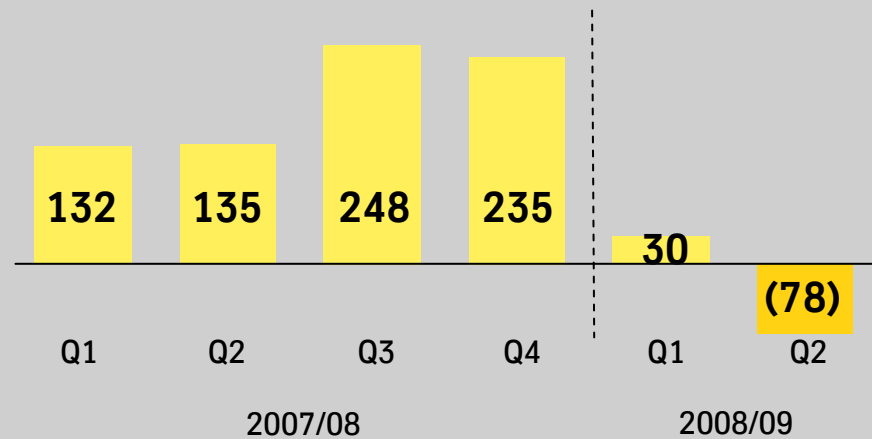
Sales for FY 2007/08



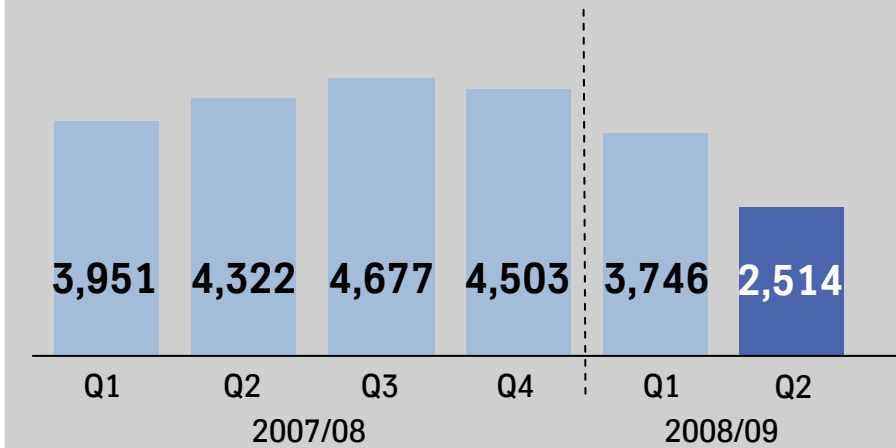
# Services

## Q2 2008/09 Highlights

EBT in €m



Order intake in €m



### Comments Q2 2008/09

- Ongoing decreases in prices and volumes in (raw) materials trading and materials distribution business
- Cash generation due to net working capital release of €241 m

### Outlook H2 2008/09

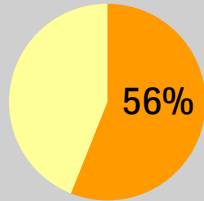
- Stabilization of prices and volumes expected
- Industrial Services predominantly stable, construction and rail equipment activities could profit from high infrastructure spending
- Net working capital release



# Services: Impact of Crisis on Business Units

## Materials Services

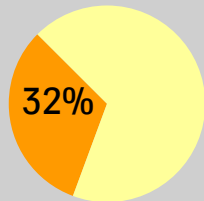
Sales  
H1 08/09



- Significant drop in volumes
- Extreme price meltdown
- High inventory devaluation
- Cash generator of the segment

## Special Products

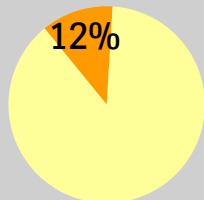
Sales  
H1 08/09



- Dramatic sales drop in trading of raw materials, minerals and coke; slump in prices in nearly all products
- Civil engineering and rail systems profit from expenditure on infrastructure
- Plant Services in Brazil excellent

## Industrial Services

Sales  
H1 08/09



- Good order book in the energy and petrochemical industries, especially North America
- Decrease above all in the automotive industry and its suppliers
- Number of employees mostly corresponds to general employment rate



# ThyssenKrupp Group FY 2007/08

## ThyssenKrupp AG

FY 2007/08: Sales €53,426 m • EBT €3,128 m • TKVA €1,916 m • Employees 199,374

Steel	Stainless	Technologies	Elevator	Services
<p>Sales €14.4 bn EBT €1,540 m TKVA €1,007 m Employees 41,311</p> <ul style="list-style-type: none"> <li>• Corporate</li> <li>• Steelmaking</li> <li>• Industry</li> <li>• Auto</li> <li>• Processing</li> </ul>	<p>Sales €7.4 bn EBT €126 m TKVA €(119) m Employees 12,212</p> <ul style="list-style-type: none"> <li>• Nirosta</li> <li>• Acciai Speciali Terni</li> <li>• Mexinox</li> <li>• Shanghai Krupp Stainless</li> <li>• Stainless Int.</li> <li>• VDM</li> </ul>	<p>Sales €12.4 bn EBT €741 m TKVA €502 m Employees 54,043</p> <ul style="list-style-type: none"> <li>• Plant Technology</li> <li>• Marine Systems</li> <li>• Mechanical Components</li> <li>• Automotive Solutions</li> <li>• Transrapid</li> </ul>	<p>Sales €4.9 bn EBT €434 m TKVA €314 m Employees 42,992</p> <ul style="list-style-type: none"> <li>• 4 regional business units</li> <li>• Escalators/ Passenger Boarding Bridges</li> <li>• Accessibility</li> </ul>	<p>Sales €17.3 bn EBT €750 m TKVA €508 m Employees 46,486</p> <ul style="list-style-type: none"> <li>• Materials Services International</li> <li>• Materials Services North America</li> <li>• Industrial Services</li> <li>• Special Products</li> </ul>

Inter-segment sales not consolidated



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- (ii) dependence on performance of major customers and industries,
- (iii) our level of debt, management of interest rate risk and hedging against commodity price risks;
- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
- (ix) general economic, political and business conditions and existing and future governmental regulation; and
- (x) the effects of competition.

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