

Presentation ThyssenKrupp
Dr. A. Stefan Kirsten
11th Annual Cyclical and Specialty Materials Forum
May 20, 2003

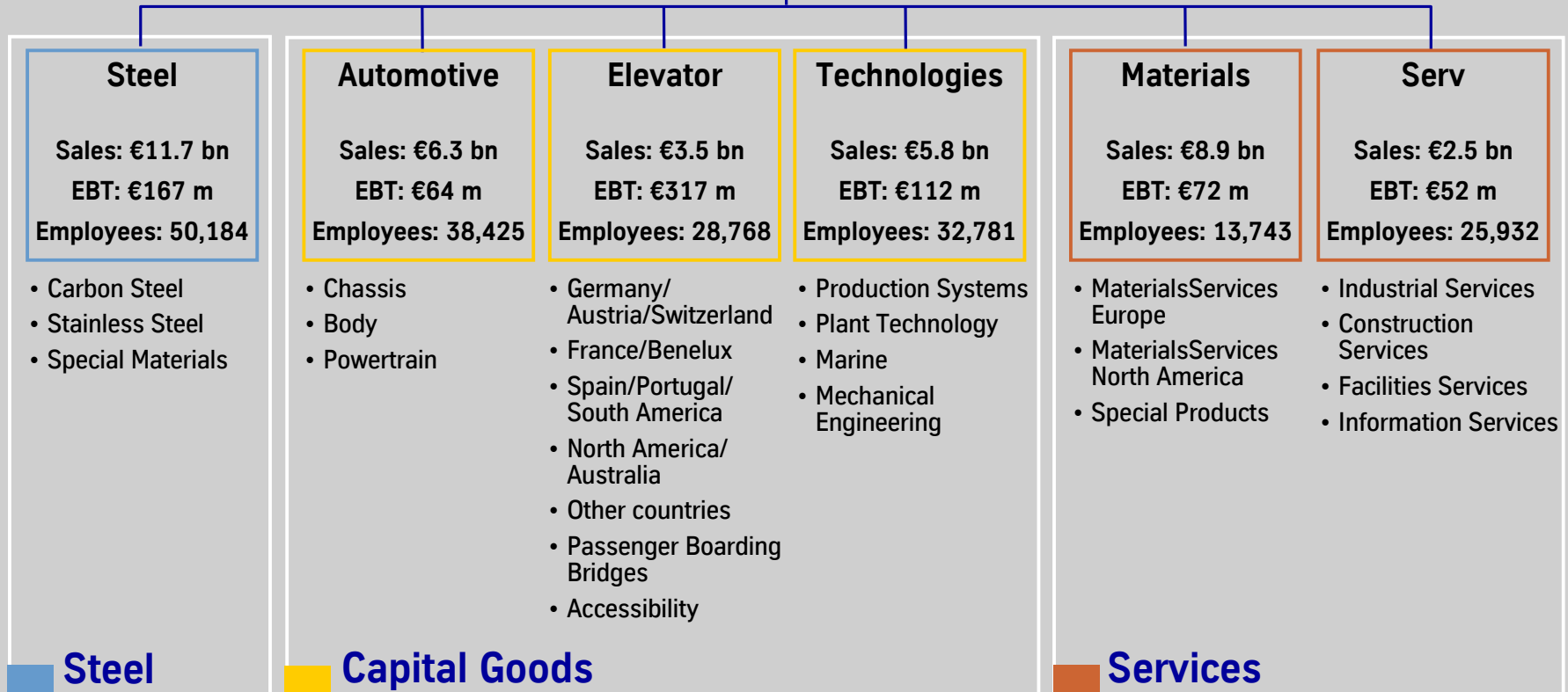
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ThyssenKrupp Group 2001/2002

ThyssenKrupp AG

Group sales (consolidated): €36.7 billion • EBT (consolidated): €762 million • Employees: 191,254



Inter-segment sales unconsolidated; employees on Sept. 30, 2002



Q2 2002/2003 – Overview

Significant performance improvements achieved despite tough economic environment

- Sales 2% up from prior year at €9.2 billion; order intake 1% down from prior year at €9.1 billion
- Although sales up only slightly, significant improvement in normalized EBT from €5 million to €209 million
- Significant improvement in operating performance; efficiency enhancement program continues to make an impact
- Slight increase in net financial payables to €4.9 billion compared with Sept. 30, 2002



H1 2002/03 – Overview

- Sales 3% up from prior year at €17.9 billion; order intake the same as a year earlier at €18.2 billion
- EBT reached €391 million, an increase of €267 million compared with a year earlier; normalized EBT €350 million (from €10 million in H1 2001/2002)
- Earnings per share rose from -€0.49 to €0.41 in 2002/2003; normalized EPS at €0.38 (€0.00)
- Net income reached €212 million vs. -€254 in the prior-year period



News from the Group

- Portfolio optimization
 - Thyssen Polymer to be sold to best owner
 - Sale of stainless quarto plate activities completed at February 1, 2003
 - Sale of at-equity investment Böhler Thyssen Schweißtechnik

 - Acquisition of remaining 75.5% of Galmed completed at April 1, 2003
 - LOI on acquisition of stainless steel business from TAD

 - Operational efficiency
 - ThyssenKrupp best program making a lasting improvement to earnings

 - Group management structure
 - Further focusing and rejuvenating of the Executive Board
 - Despite generational shift continuity ensured
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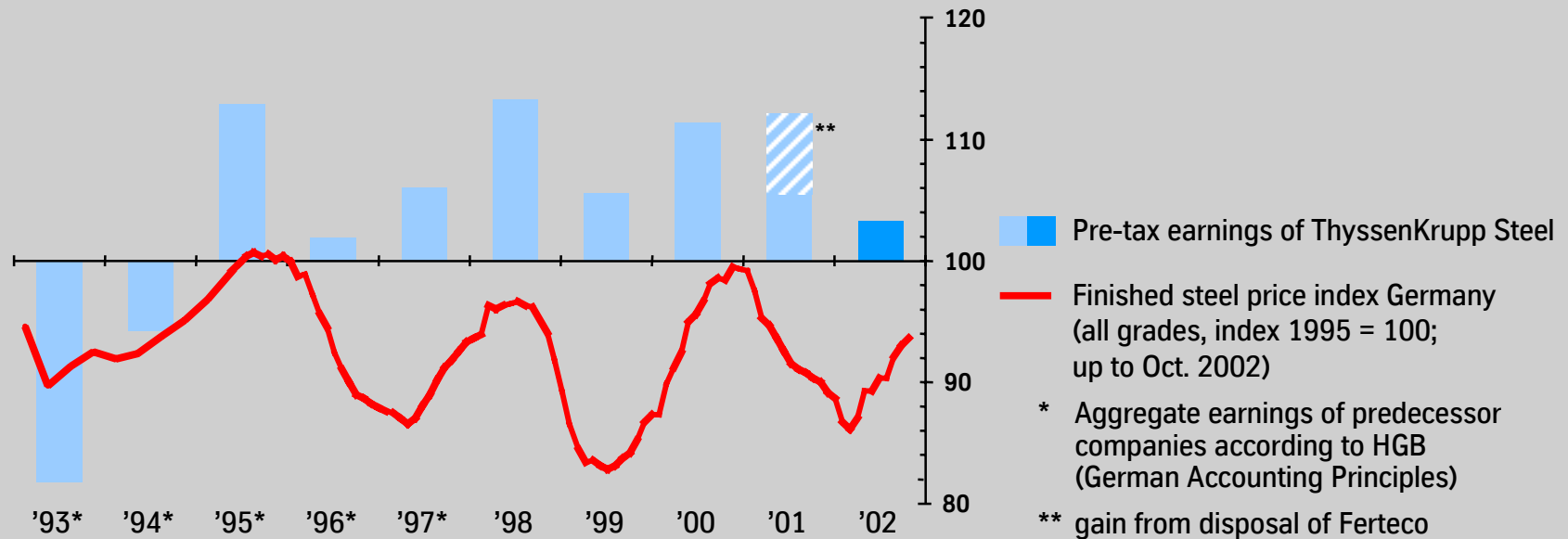


Closer look at the Segments (I)

Steel

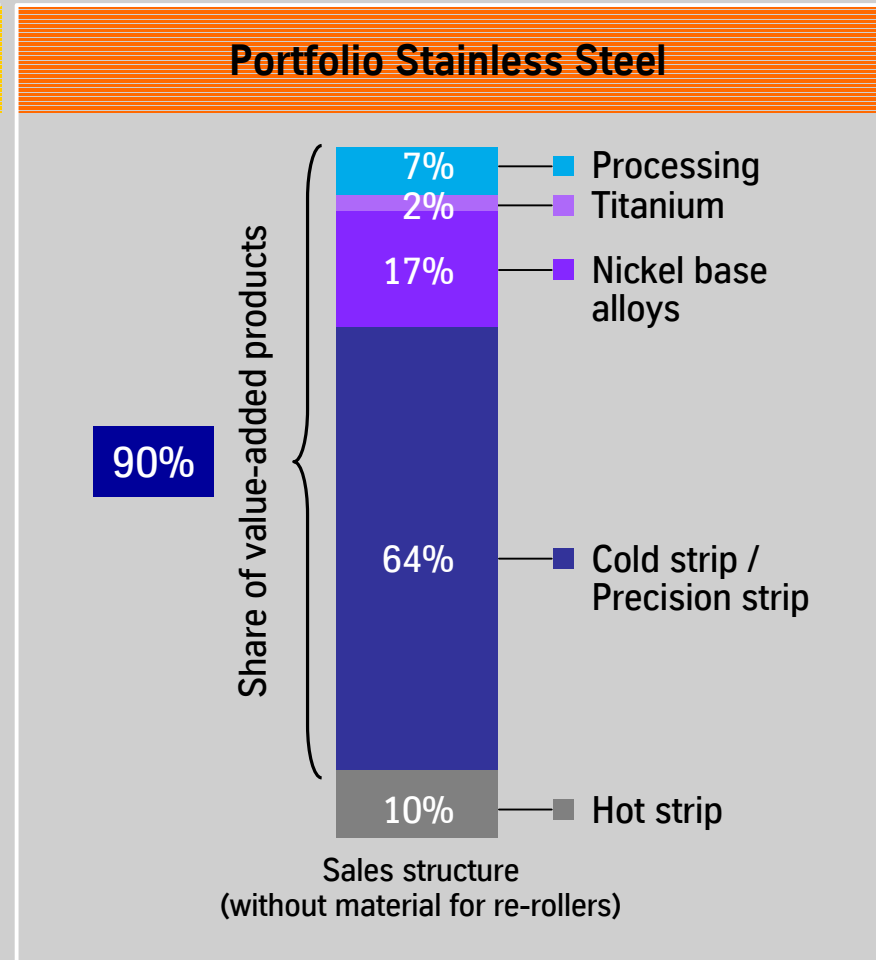
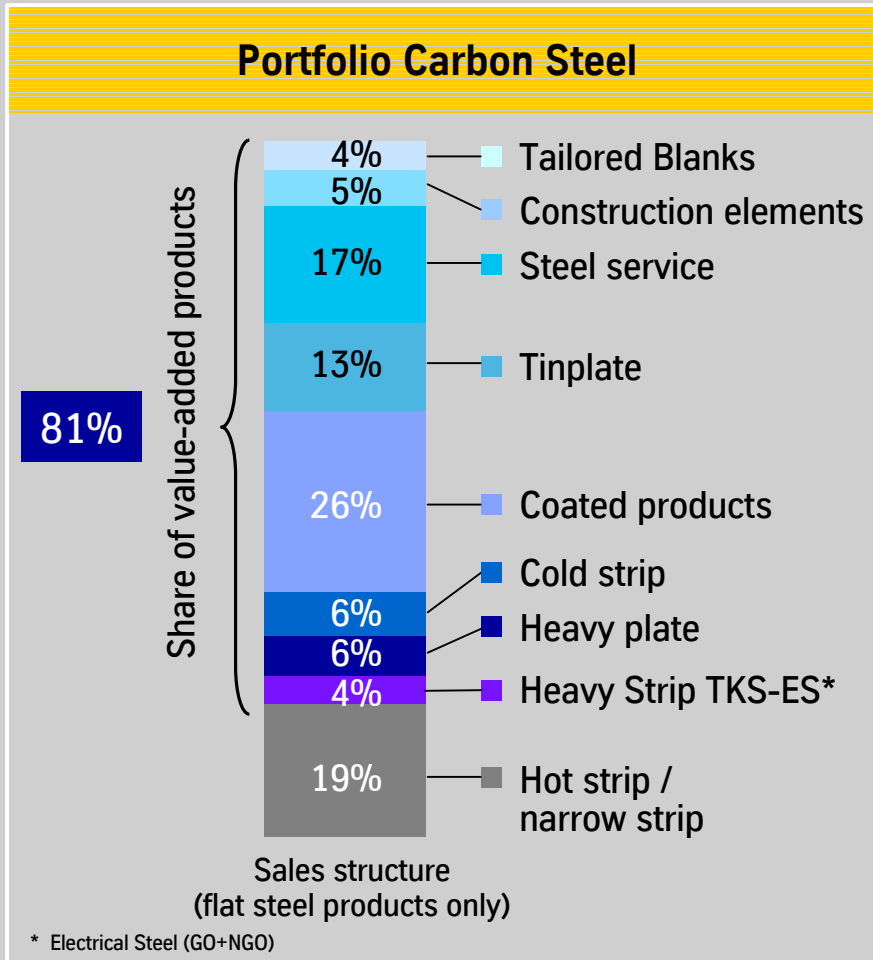
Steel

- Positive earnings momentum at Carbon Steel
- “Price before volume” policy successfully implemented and bearing fruits
- High proportion of contract business and cost reduction measures secure profitability
- Earnings potential about €800 million



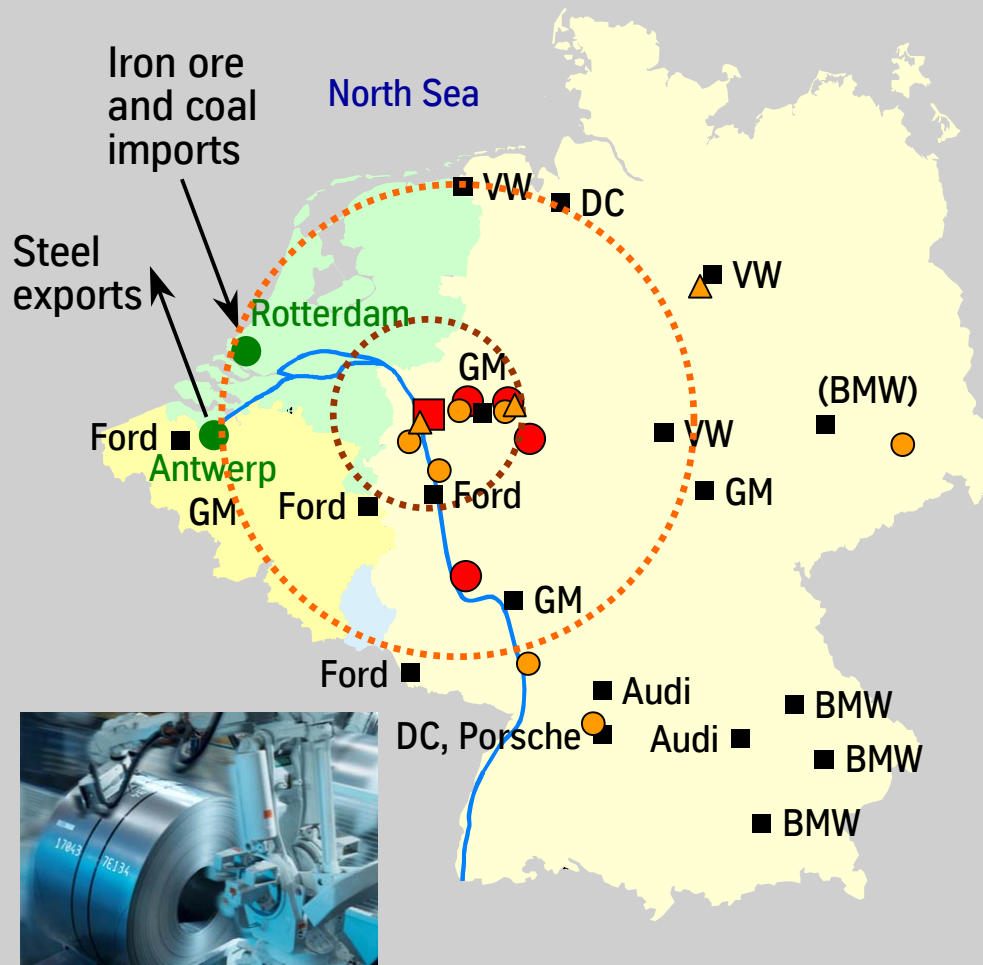
Focusing on High Value-Added and Innovative Flat Products

Sales Structures BU Carbon Steel and BU Stainless Steel



Logistics Chain of Carbon Steel Achieves an Over-all Optimum

Raw materials supplies, production locations and customers



- Integrated plant Duisburg
- Downstream rolling and coating stages
- Steel Service Center
- ▲ Tailored Blanks
- Car manufacturing (OEM)
- - - 100 km radius from Duisburg
- - - 250 km radius from Rhine-Ruhr region

ThyssenKrupp



ThyssenKrupp Steel Strategy

- Profit leader in Europe through
 - portfolio optimization
 - investment policy
 - performance enhancement
 - Innovation leader in products and processes
 - Organic growth in core business
(e.g. tinplate, Shanghai Krupp Stainless, Tailored Blanks, coating)
 - Systematic development of global strategic alliances
 - JFE (Carbon)
 - Baosteel (Stainless/China) and Angang (Coated/China)
 - Nippon (Electrical Steel)
 - Active participation in the European and international restructuring of the steel industry
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Closer look at the Segments (II)

Capital Goods

Automotive

- New innovative product for SUVs to be launched
- Lifetime contracts will result in a sales volume of €7.5 billion in 2003/2004
- Further cost reduction measures in response to continuing price pressure

Elevator

- Stable earnings and cash flow contributions due to high proportion of service-based sales (> 50%)
- Well balanced expansion program along organic growth and acquisitions in place

Technologies

- Major portfolio optimization on its way
- Successful divestiture of Thyssen Polymer
- Strong order book in Plant Technology



Closer look at the Segments (III)

Services

Materials + Serv

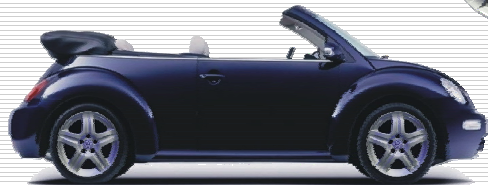
- Merging prior service oriented segments to larger entity “Services”
- Clear focus on customer-centric processes
- Scaling back of low-margin, high-risk activities



Innovations in the Group

Steel design wheels with Nirosta® cover

- High-quality appearance
- Integrated design flexibility
- Lighter and lower in cost than cast aluminum wheels



Off Road Stabilizers for SUVs



- 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

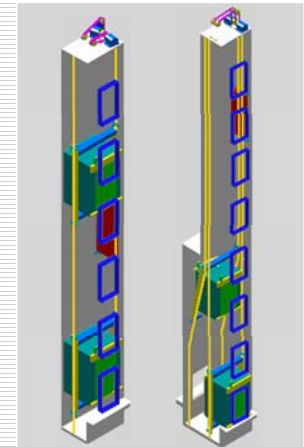
Steel sheet piling and top structures for flood protection systems

- System solution for effective and economic flood protection
- Combination of engineering expertise, environmentally compatible materials and advanced equipment technology



TWIN elevator

- Production-ready elevator system with two independent cabs in one shaft
- Higher transportation performance using fewer shafts



Outlook

- We do not yet expect any major improvement in the economic environment in the 2nd half of 2002/2003

- Nevertheless we will continue to strengthen our earning power. Assuming no further deterioration in the economic parameters, we aim to achieve 2nd-half earnings before taxes which should at least match the 1st-half figure

- This would take us a big step closer to our goal of €1.5 billion EBT in fiscal 2003/2004



Targets Unchanged

Handout
January 15, 2002

Medium-term financial targets (excl. effects of SFAS 141/42):

EBITDA	> €4 billion
EBT	> €1.5 billion
ROCE	> 12%
EVA	> €0.5 billion
Gearing	approx. 60%
Net financial payables	~ €5.5 billion



Enhancing the Value of ThyssenKrupp

Group focused on Steel, Capital Goods and Services

Strategy and market

Focus the Group on

- Steel
- Capital Goods
- Services

Develop the segments

- Active portfolio management
- Organic growth
- Increased service focus (target: 30% of sales)

Productivity improvements/ restructuring measures

Continuous productivity improvements of at least 2%-3% p.a.

- Personnel adjustments
- Improve underperformers
- Achieve synergy goals
- Restructuring

ThyssenKrupp best

Main themes:

- Operating efficiency
- Reduce capital employed
- Service focus
- Involve staff and management
- Maximize customer value
- Knowledge management
- E-business
- ...

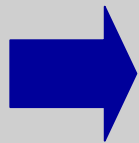
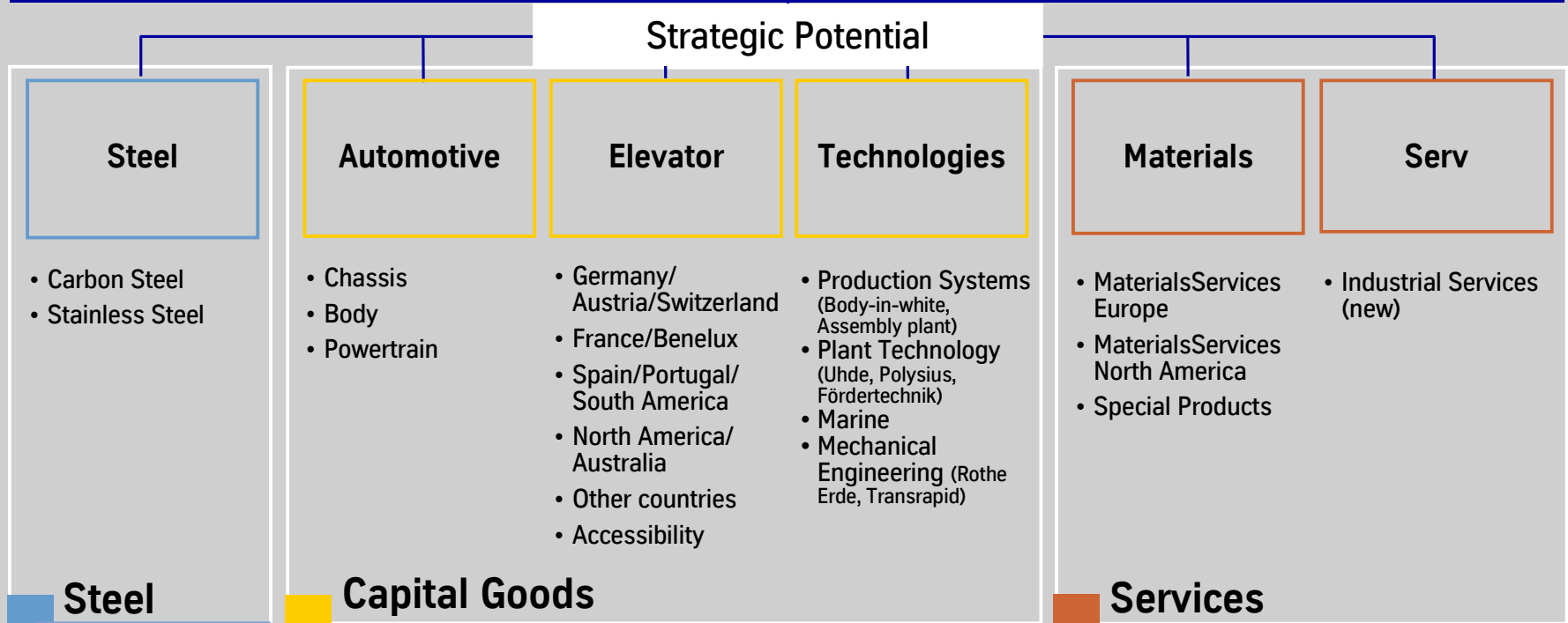
Close the earnings gap

Target: €1.5 bn EBT



ThyssenKrupp - Strategic Direction

ThyssenKrupp AG

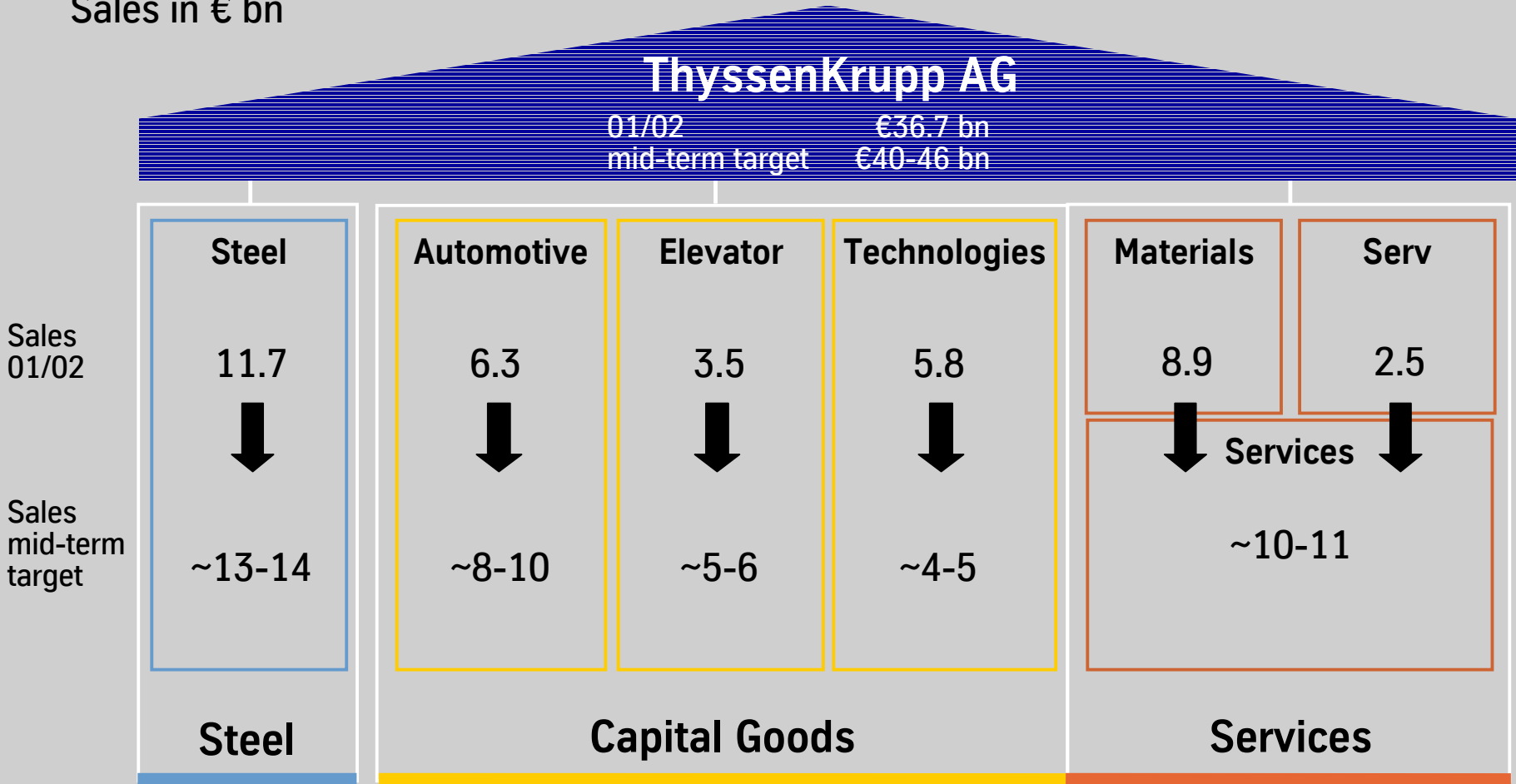


Disposal of 20+ low performing (€4 bn sales) and 10+ non-core businesses (€3 bn sales) identified and targeted among all segments

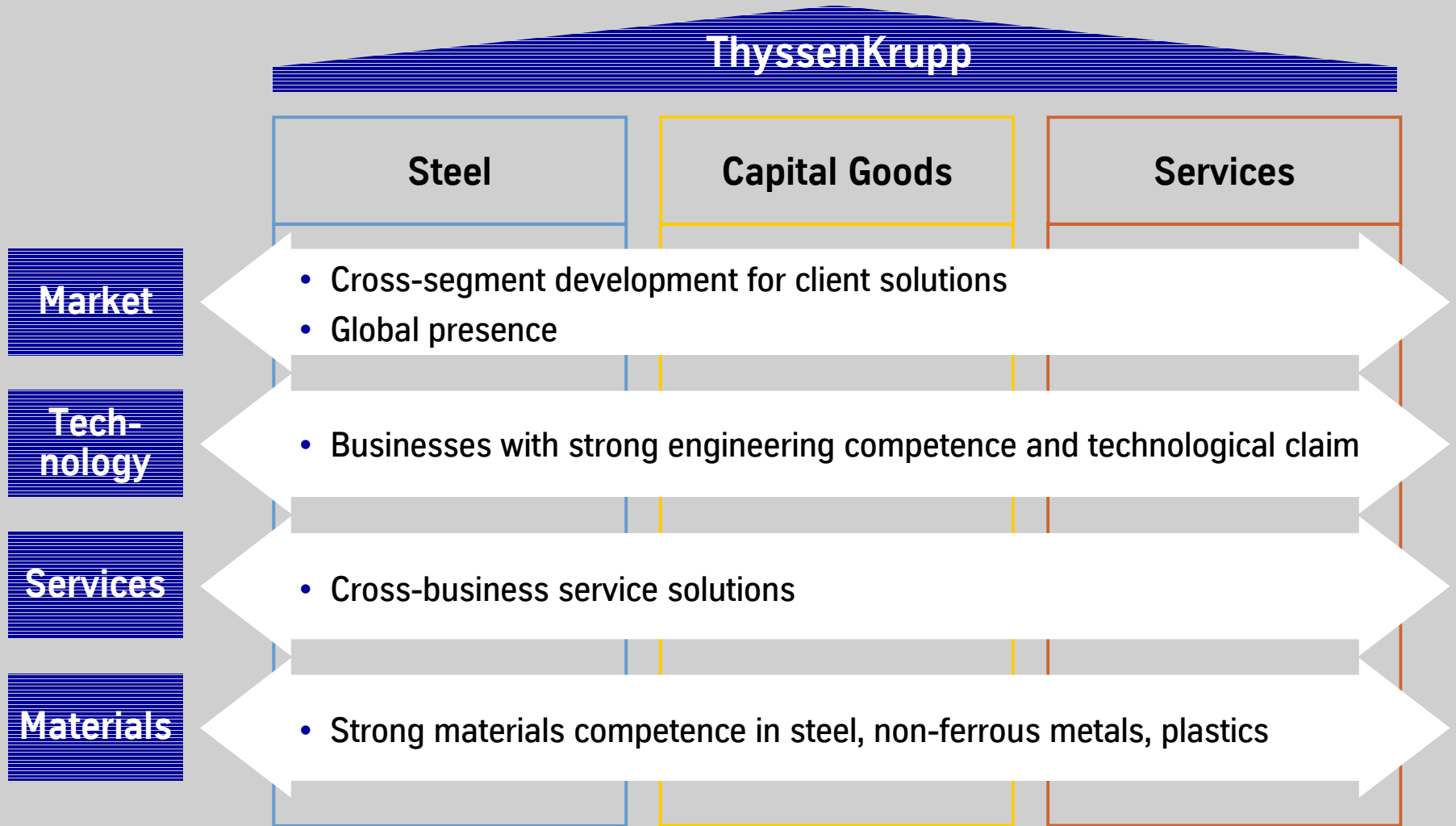


ThyssenKrupp: Focused industrial group based on 3 pillars

Sales in € bn

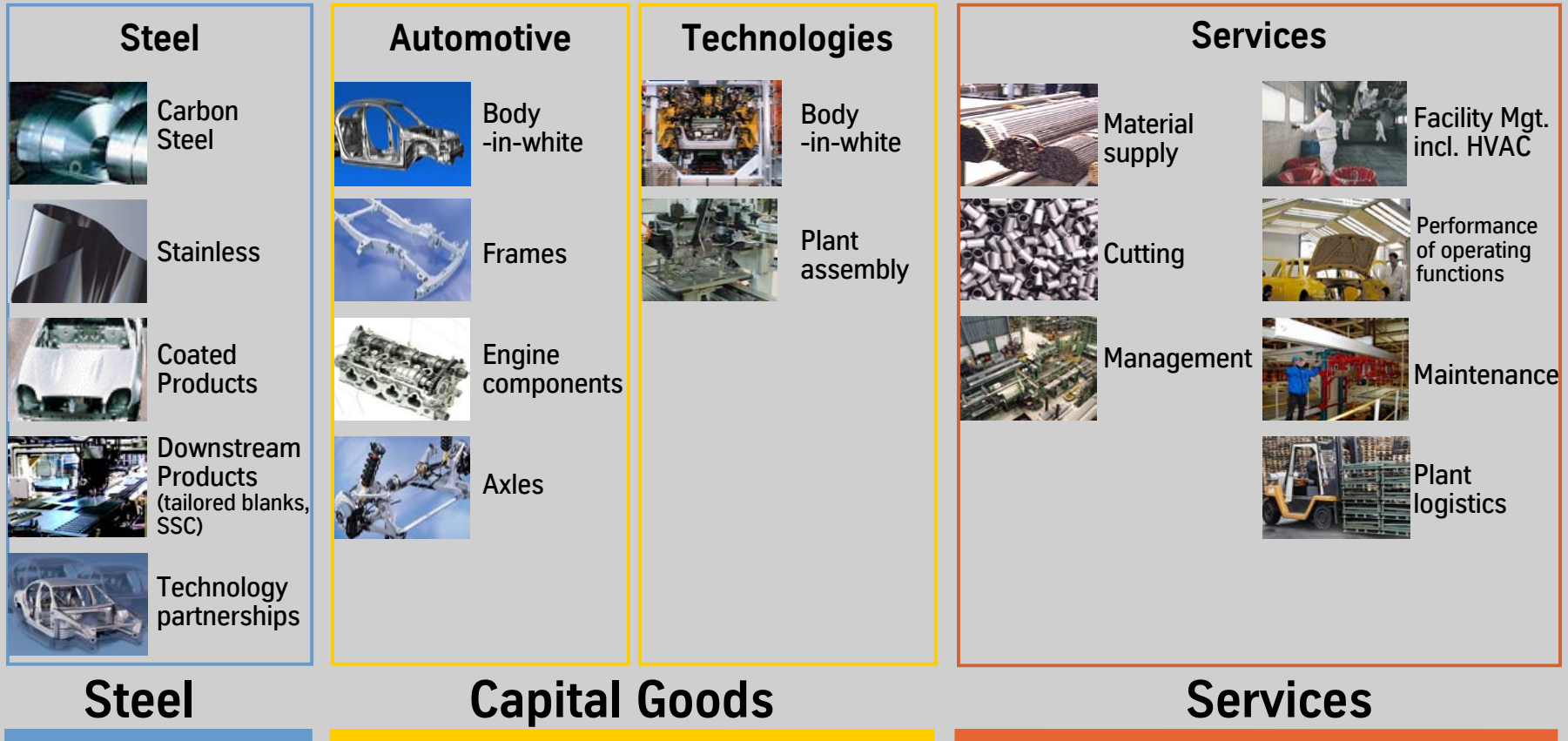


ThyssenKrupp: “Strategic link”



Cross segment development of client solutions, examples (I)

ThyssenKrupp capabilities for the automotive industry

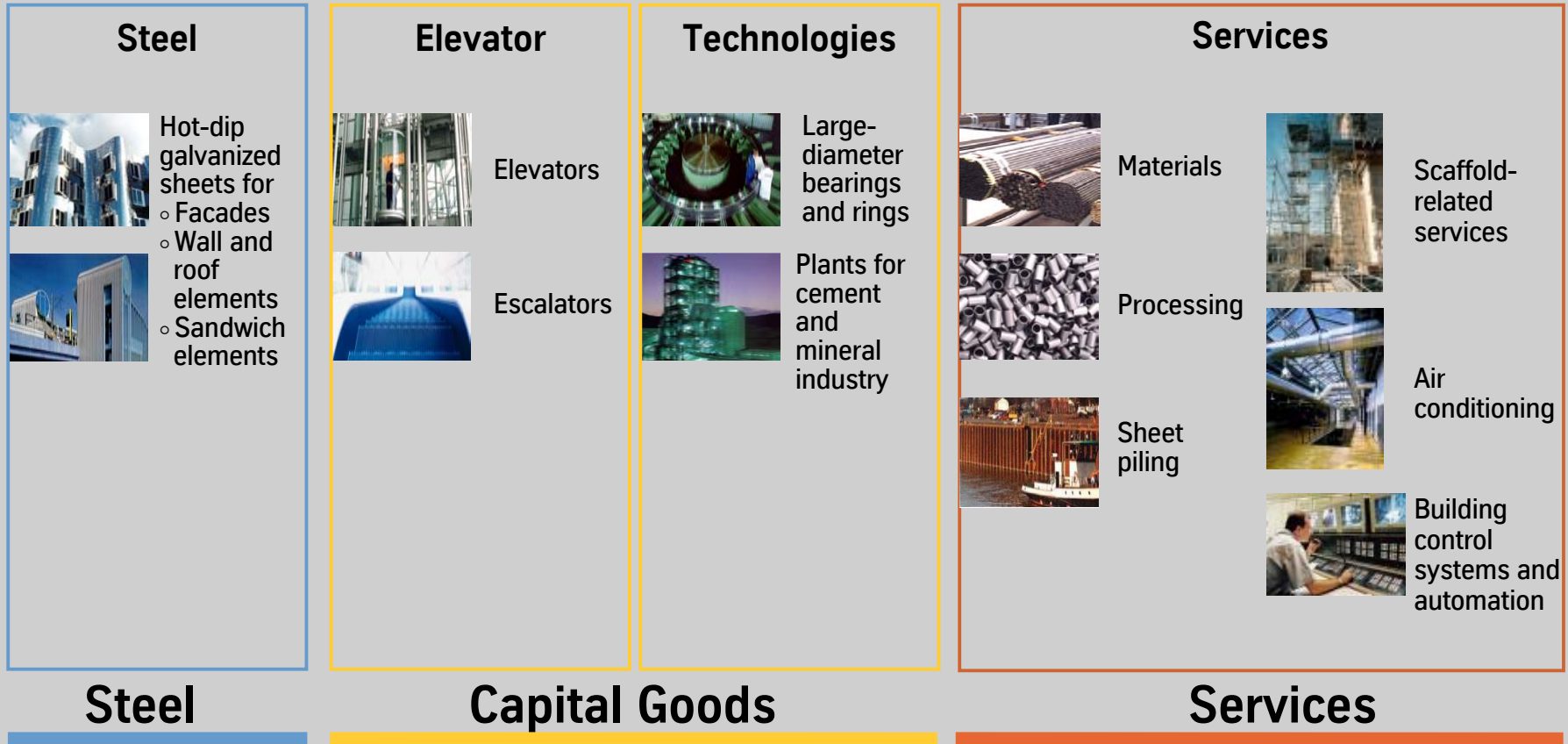


Sales with automotive clients: ~€10 bn



Cross segment development of client solutions, examples (II)

ThyssenKrupp capabilities for construction industry



Sales with construction industry: ~€4 bn

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