

02 O N D J F M A M J J A S



Internationalization Concept of ThyssenKrupp

Concept

- Penetrate growth markets
- Reach significant market position
- Use logistical advantages
- Address attractiveness of market for each Segment/BU
- Develop cross-Segment potential and share know-how and resources

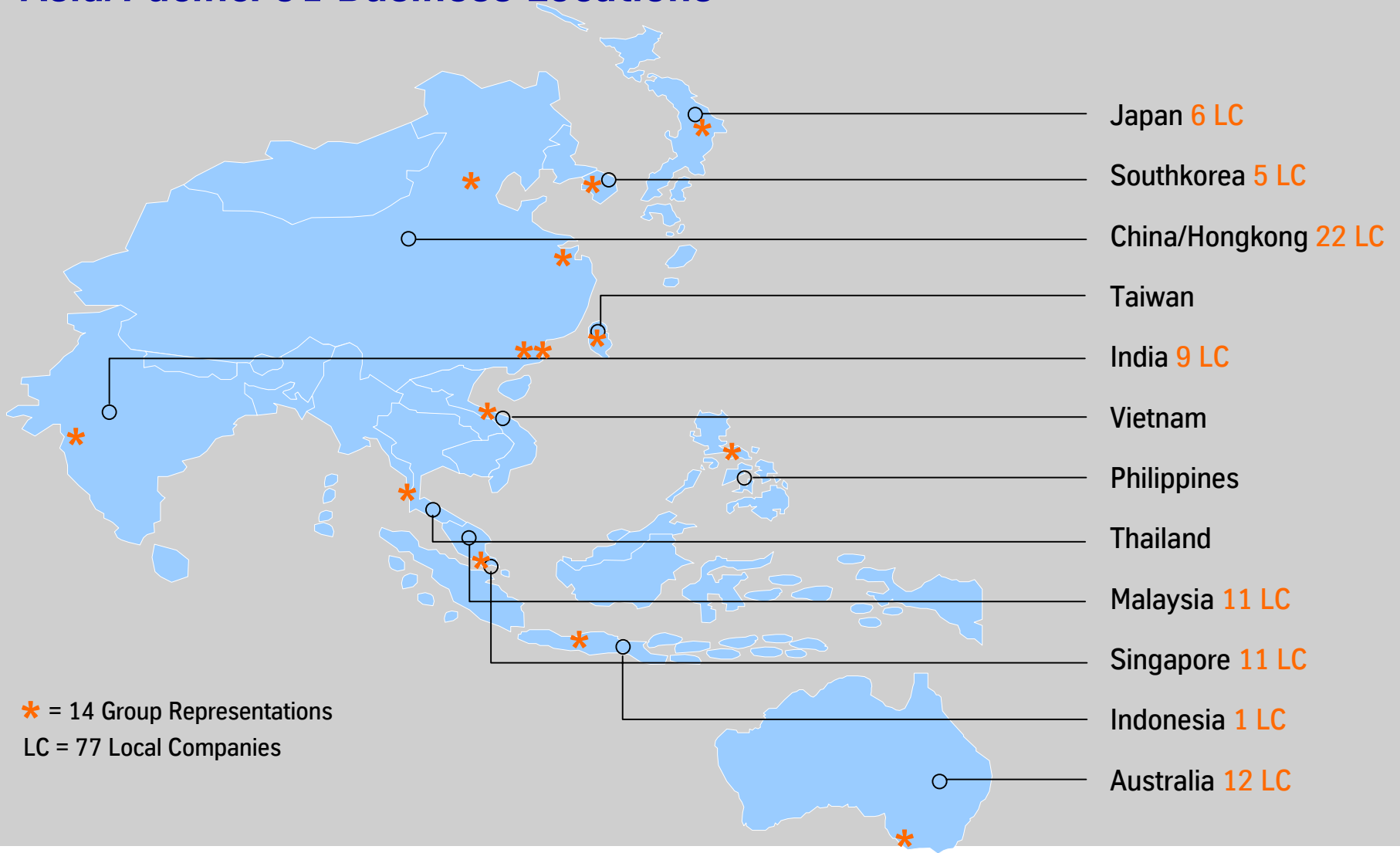
Organization

- BU's have the operative responsibility. We are supporting on a country specific basis, but do not have Regional Headquarters
- Group Representative Offices allow market penetration by providing country specific know-how and support
- Casa ThyssenKrupp acts as platform for sales and service activities in developing markets
- Regional Strategic Management Meetings are held to develop positioning of Group in local markets

ThyssenKrupp



Asia/Pacific: 91 Business Locations



ThyssenKrupp Locations in China

Beijing

- ThyssenKrupp AG Beijing Representative Office
- Thyssen Elevators Co. Ltd, Beijing Branch
- Giddings & Lewis Representative Office Beijing
- Giddings & Lewis Technical Service Center
- Hüller Hille GmbH, Office Beijing
- ThyssenKrupp Fördertechnik GmbH, Rep. Office Beijing
- Uhde GmbH Representative Office
- Thyssen Mannesmann Trading, Beijing Office
- Triaton China Ltd., Beijing Office

Xuzhou

Xuzhou Rothe Erde Slewing Bearing Co.Ltd.

Chongqing

Thyssen Elevators Co Ltd., Chongqing Branch

Guangzhou

- ThyssenKrupp AG Representative Office Guangzhou
- Thyssen Elevators Co. Ltd., Werk Zhongshan
- Thyssen Elevators Co. Ltd., Guangzhou Branch
- ThyssenKrupp Fördertechnik GmbH, Guangzhou Office
- B+V Industrietechnik GmbH, Guangzhou Office

Taiping

International Heat Treatment Ltd.

Shenzen

Shenzhen Advance Specialist Treatment Engineering

Wuhan

ThyssenKrupp Zhong-Ren Tailored Blanks

Liaoyang

Liaoyang K.S. Automotive Spring Comp. Ltd.

Dalian

- ANSC-TKS Galvanizing Co Ltd.
- B+V Industrietechnik, Dalian Office

Shanghai

- ThyssenKrupp AG Shanghai Representative Office
- Shanghai Krupp Stainless Co. Ltd.
- Krupp Presta HuiZhong Automotive Shanghai Co.
- Thyssen Elevators & Escalators (Shanghai) Co.Ltd.
- Thyssen Elevator Co. Ltd. (2 x)
- Thyssen Elevators (Shanghai) Co.
- Shanghai Fadal Machine Tool Co.
- Giddings & Lewis Rep. Office
- B+V Industrietechnik GmbH Shanghai Office
- Thyssen Mannesmann Handel Shanghai Office
- Shanghai Peiniger Corrosion Protection Engineering
- Protective Treatment Astel-Peiniger
- Peiniger International GmbH, Rep. Office
- Triaton China Ltd., Shanghai Office

Hong Kong AG

- ThyssenKrupp AG Hong Kong Representative Office
- ThyssenKrupp VDM Hong Kong Ltd.
- Bongear Elevator Ltd.
- B+V Industrietechnik GmbH, Hong Kong Office
- Thyssen Asia Raw Materials Ltd.
- ASTEL Advance Specialist Treatment Engineering Ltd.
- Progressive-ASTEL Ltd. New Hong Kong
- Triaton China Ltd.
- German Steels Co. Ltd. (2 x)
- ThyssenKrupp Stainless Export (Hong Kong) Ltd.
- Thyssen Mannesmann Regional Rep. Office
- Neureuther Hong Kong Ltd.

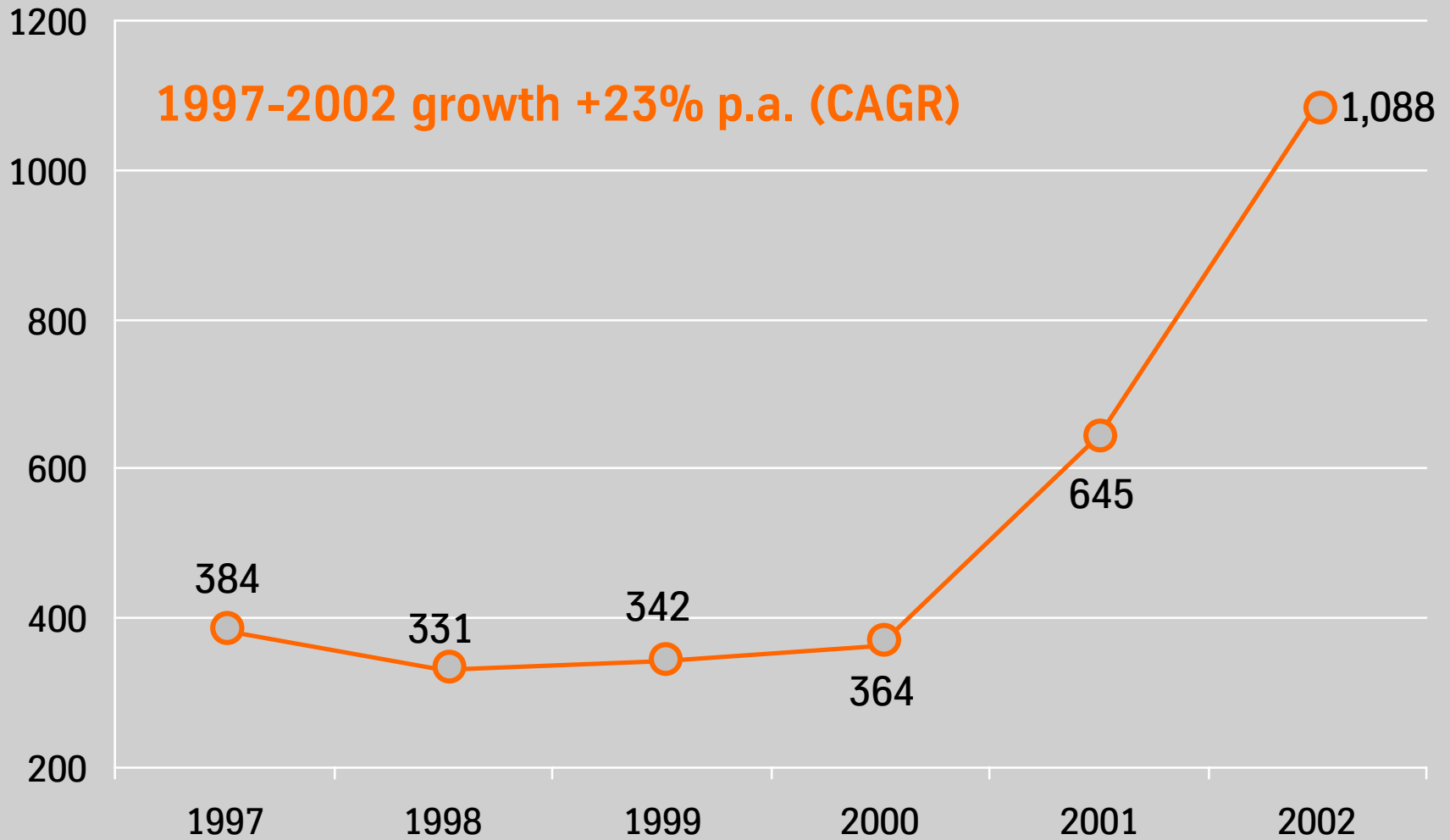
ThyssenKrupp Market Position in China

Key figures today

- €1.1 bn sales with customers in China
- China holds number 6 position with respect to foreign market sales
- 2,800 local employees
- 22 local companies, 26 delegate offices and 4 Group Representations
- Thereof 10 production companies with 2,060 employees



ThyssenKrupp Sales with Customers in China (in €m)

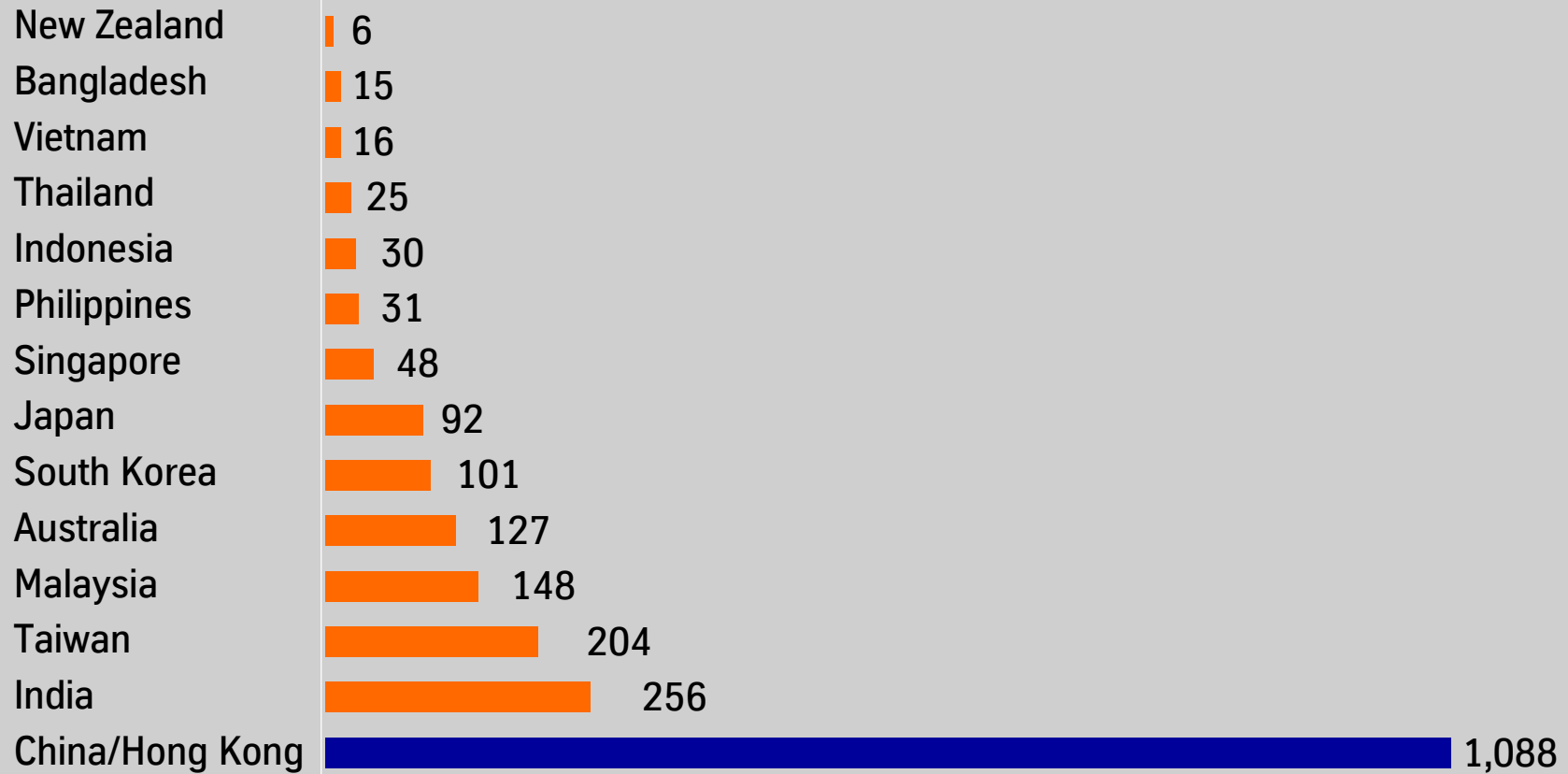


ThyssenKrupp



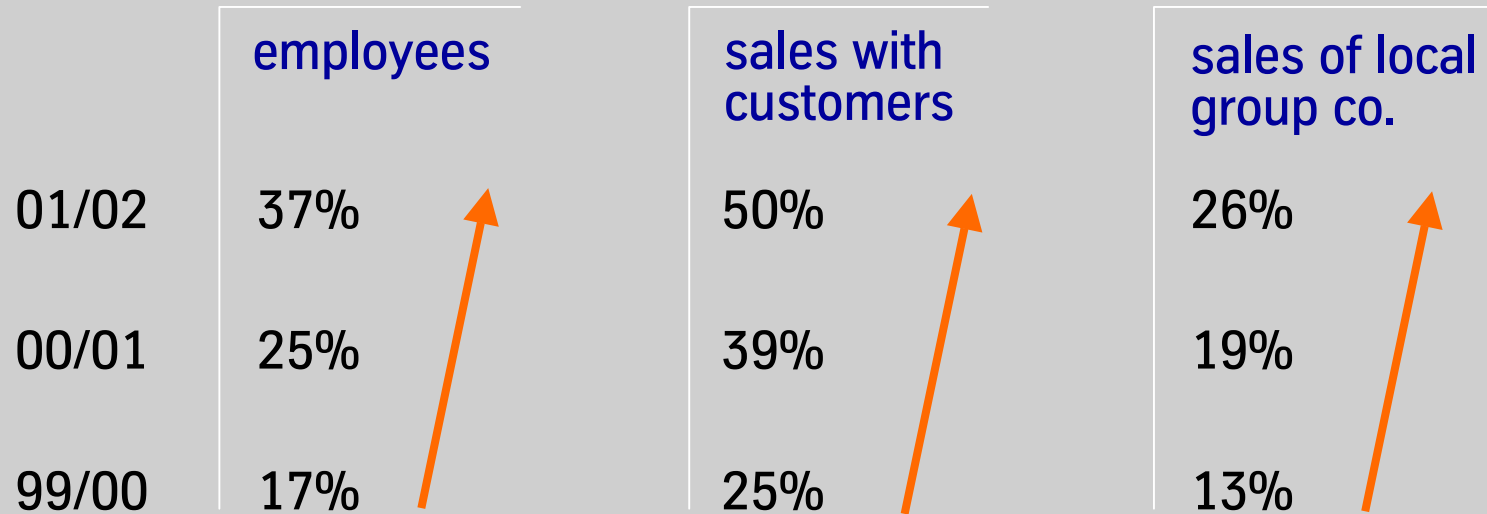
ThyssenKrupp Sales in Asia/Pacific 2001/02

Total €2,187 m



Growing Importance of China in Asia

ThyssenKrupp's position in China as share of Asian business development



Sales with Customers in China by Segments 2001/2002

	in €m	in %
○ Steel	337	31
○ Automotive	37	4
○ Elevator	81	7
○ Technologies	298	27
○ Materials	306	28
○ Serv	29	3
Σ	1,088	100

➔ All Segments are present. In the future, main focus on expansion of Automotive and Elevator

Focusing on Asia and China

- East and Southeast Asia will stay the most dynamic regions in the future – stable growth of GDP and per capita income
- China is No. 1 destination of Foreign Direct Investment in Asia
- China's economic weight in Asia is steadily growing
- China's WTO accession will give even more economic drive
- China is aiming at an ASEAN Free Trade Zone under its leadership



ThyssenKrupp has a Clear Preference for China

- Market size
- Market dynamics
- Good perspective in automotive, steel, and construction/infrastructure industries
- Reservoir of well educated laborforce
- Political stability and support



ThyssenKrupp Steel in China

Key figures 2001/2002

Sales

- €337 m with local customers
- represents 31% of the Group's sales
- increase by 59% p.a. since 1996/1997
- companies in China generated €78 m (note: SKS close to completion phase 1)

Organization

- 359 employees in 5 subsidiaries/offices
- represents 14% of the Group's employees



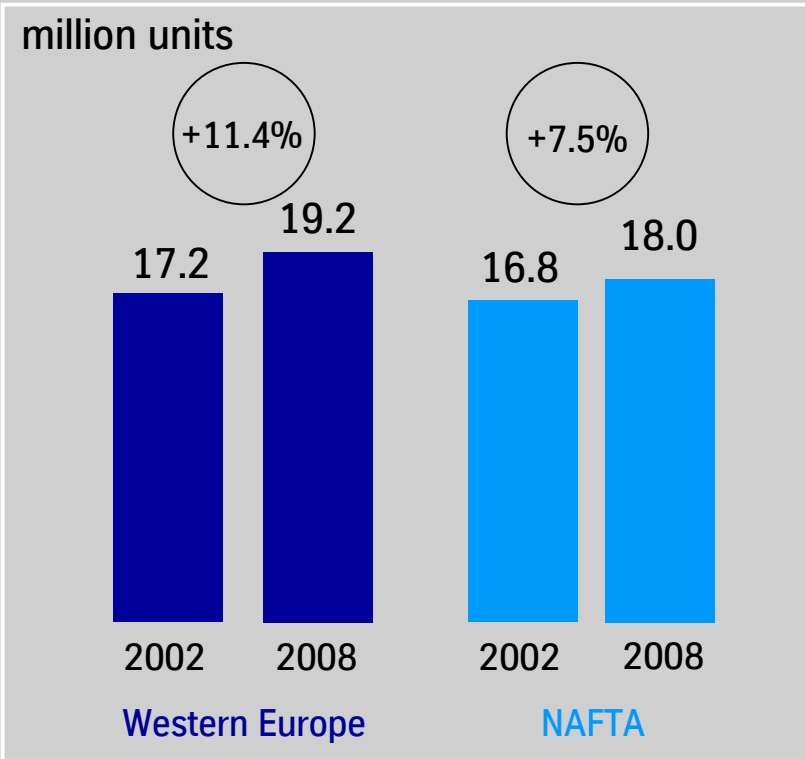
Market Potential for Carbon Steel in China

- More and more large OEMs establish or expand production sites in China
- Significant increase in share of local content in the automotive production
- Demand for high quality steel from the automotive industry: e.g. hot dip galvanized or tailored blanks (high margin market for ThyssenKrupp)
- Other industries are of less importance for Carbon Steel since lower quality steel offers too low margins

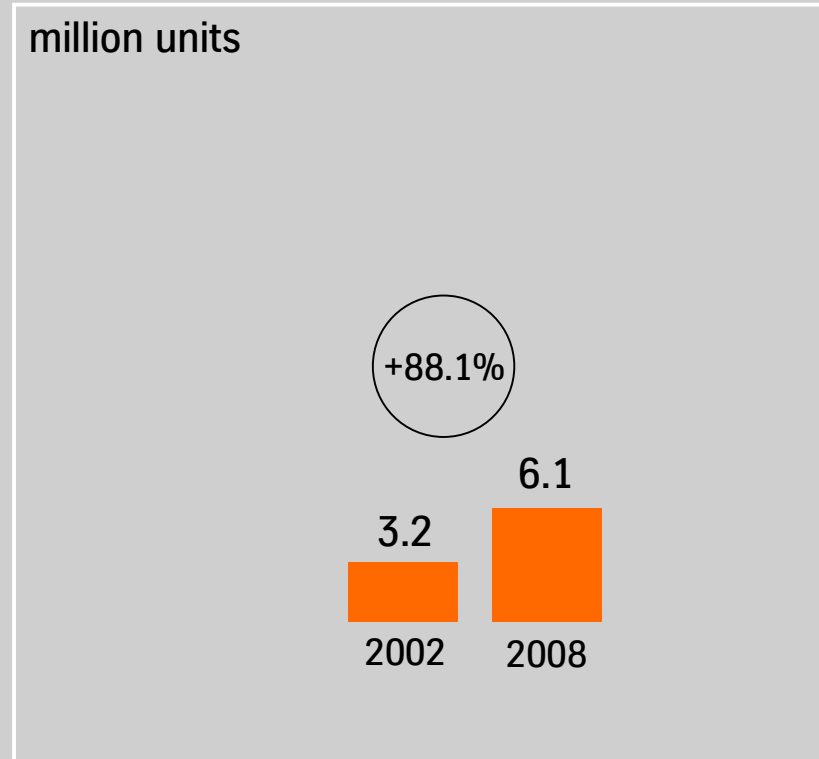


Customer Base for Carbon Steel in China: Main Focus on Automotive Production

Western Europe / NAFTA



China



Source: J.D. Power-LMC, 1st quarter 2003



HDG Consumption and Domestic Production in China in m tons

	demand	domestic production	import	import ratio
2002	4.61	1.52	3.1	67%
2003	5.80	2.25	3.6	61%
2004	6.20	3.36	2.8	46%
2005	6.40	4.72	1.7	26%

➔ **Strategic goal: ThyssenKrupp focuses on high value products for the automotive industry and is going to participate in local production**



Downstream Expansion in China: Hot Dip Galvanizing Line

- New Production Facility **Tagal** in Dalian, China
- 50/50 Joint Venture
 - ThyssenKrupp Stahl, Germany
 - Angang New Steel Co. Ltd. (ANSC), China
- Capacity: 400,000 t p.a., 193 employees
- US\$ 180 million investment
- Start of production: September 2003
- Customers: automotive industry in Northern China (80%) and appliance sector (20%)
- Further production facilities investigated



First Production Site for Tailored Blanks in China

- ThyssenKrupp Zhong-Ren Tailored Blanks, Wuhan
- 51/49 Joint Venture
- ThyssenKrupp Tailored Blanks, Germany (51%)
 - ➔ Wuhan Zhong-Ren Rui Zhong Auto Component Industry, China (49%)
- Capacity: 15,000 t p.a.
- US\$ 5 million investment
- Start of production: October 2002
- Customers: OEMs (VW/Audi, Ford, Citroën, GM)
- Further investments investigated



Globalization Strategy of ThyssenKrupp Stainless

- Strong position in Europe

- ➔ securing and optimizing

- Endangered position in export markets

- ➔ new local capacities

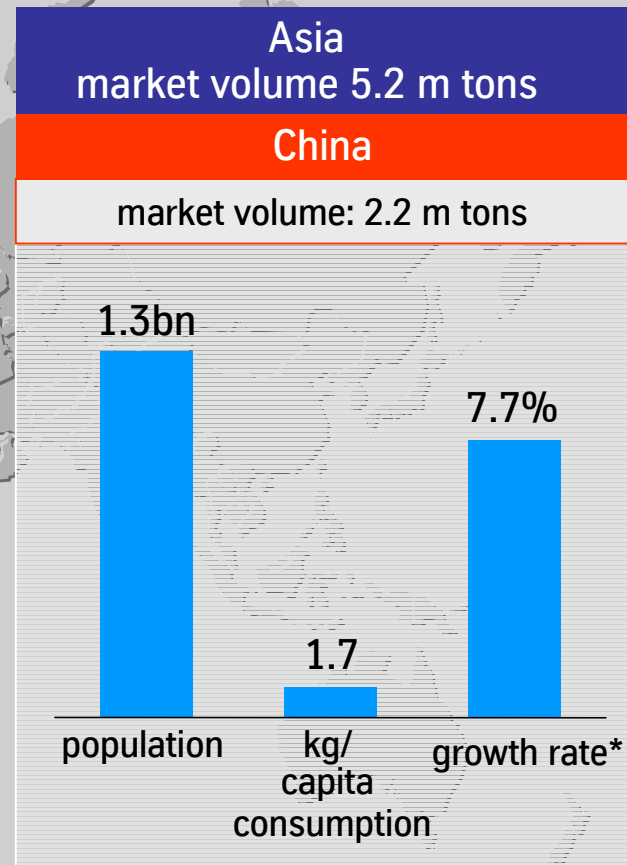
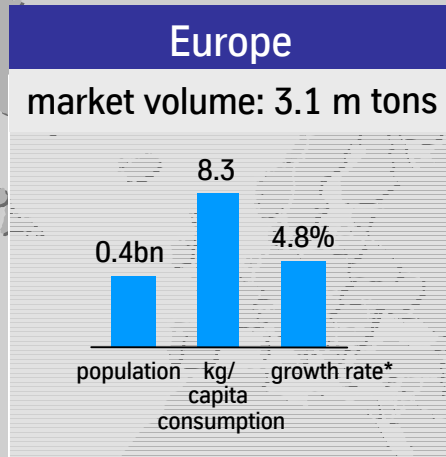
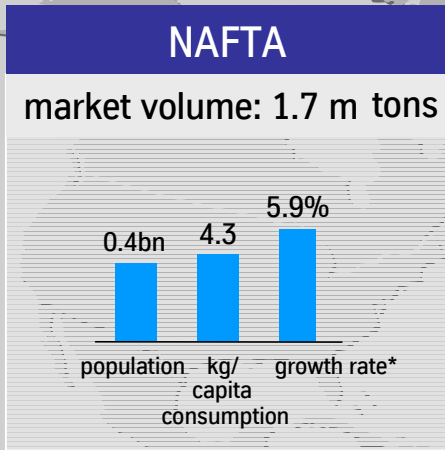
- ➔ trade barriers

- ➔ low profile of business ties



Market Potential for Stainless Flat in China

Biggest market volume and highest growth for cold rolled flat



* until 2010



Project Structure of SKS

1998	1999	2000	2001	2002	2003	2004	2005	2006
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Phase 1

CRM 1 / BA- line 72,000 t/a CR

Sales 135 \$m

1998

Phase 2

Part 1 CRM 2+3 and 1 Cold A+P line
+218,000 t/a CR
=290,000 t/a CR in total

Sales 515 \$m

Part 2 CRM 4 / Hot A+P Line
+ ~100,000 t/a CR
= ~390,000 t/a CR

Phase 3

Melt Shop
Hot Band Production

2006

- Today oscillating around breakeven
- Profitable by 2006
- ROCE 14% by 2010

Approved Investment Volume: 1.43 bn US\$
incl. Land, Financing Cost and Working Capital

ThyssenKrupp



ThyssenKrupp Automotive in China

Key figures 2001/2002

Sales

- €36.7 m with local customers
- represents 4% of the Group's sales
- increase by 66% p.a. since 1996/1997
- companies in China generated €26.2 m

Organization

- 188 employees in 2 joint ventures
- represents 6% of the Group's employees

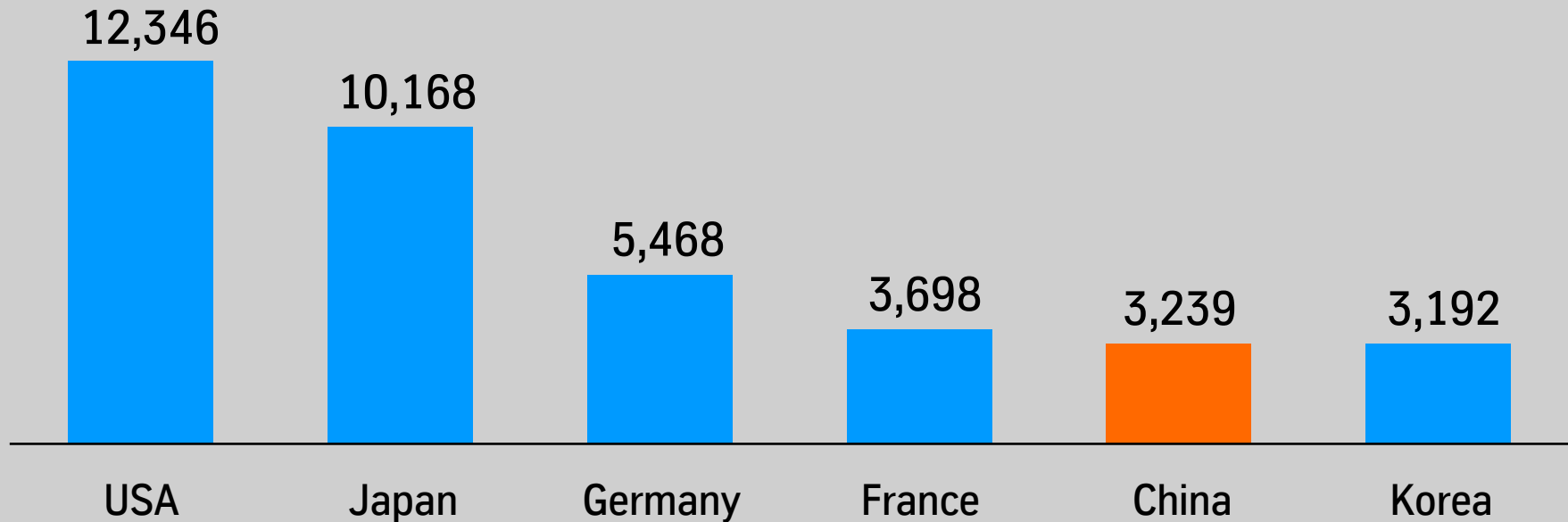


Competitive Advantages of Local Production in China for ThyssenKrupp Automotive

- Increasing market attractiveness (size, growth, competition)
- Expanding presence of OEMs with long existing supply relationships to ThyssenKrupp
- Margin and price differentiation possible
- Cost of labor and materials attractive



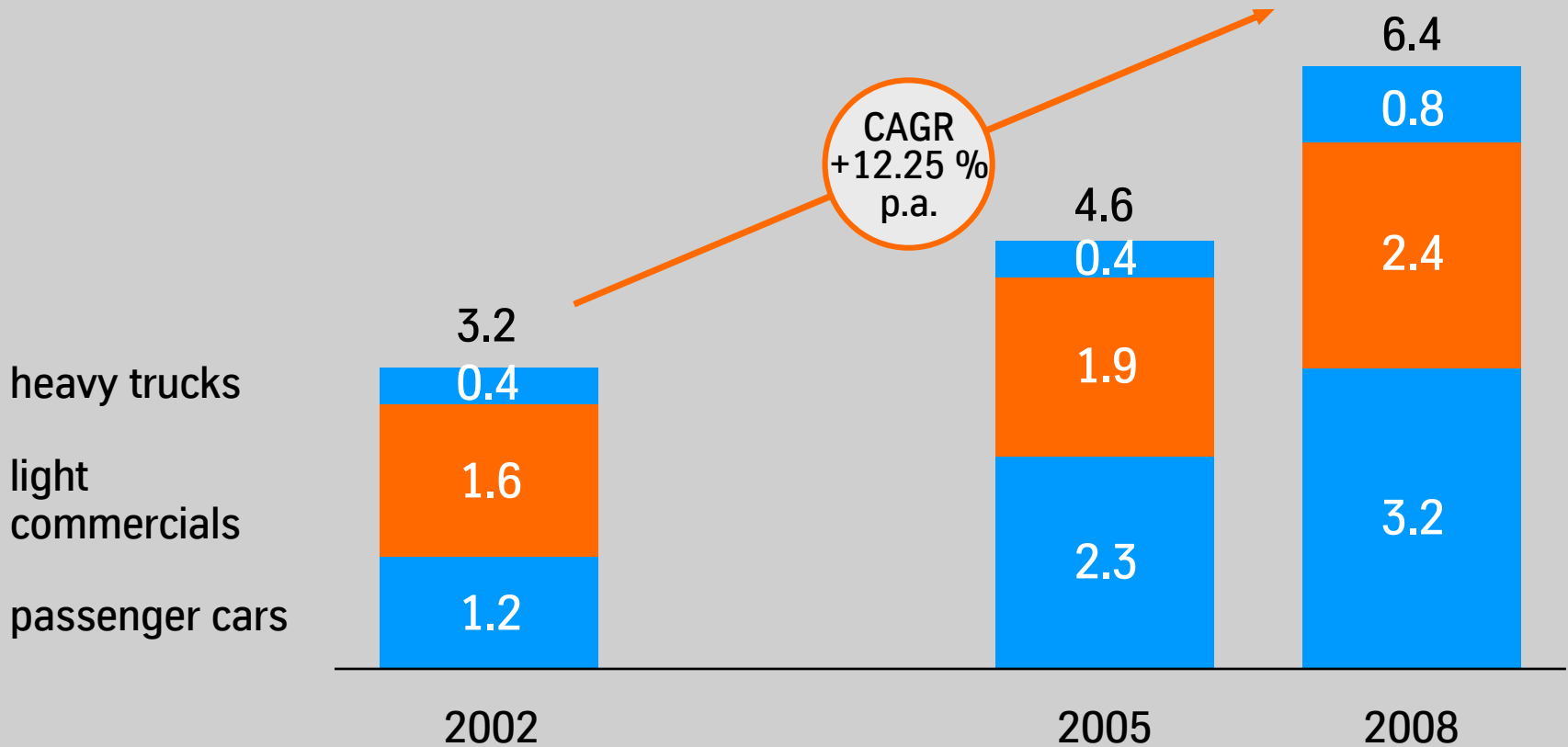
Market Attractiveness of Automotive Production in China: Size (in million units)



Already in 2002, China is 5th biggest automotive production site in the world



Market Attractiveness of Automotive Industry in China: Growth (in million units)



➔ China has been forecasted as the fastest growing car market worldwide

Source: J. D. Power-WMC, 1st quarter 2003



Market Attractiveness of Automotive Industry in China: Competition

- Existing large number of local suppliers is based on historical development and regional protectionism
- OEMs require suppliers to be more involved in their production and new model development. This requires stronger R & D capabilities and higher quality
- 70% reduction in the number of suppliers is expected by 2010 due to market restructuring
- More of our traditional customers set up or expand production sites in China (e.g. VW/Audi, DaimlerChrysler, BMW, Ford)



Krupp Presta Huizhong Automotive

Location	Shanghai, China
Sales	€19 m
Employees	68
Products	Steering columns
Founded	2000
Customer	VW/Audi in China

VW Passat B5



ThyssenKrupp



Liaoyang K.S. Automotive Spring Company Ltd.

Location	Liaoyang, in North East China
Sales	€7.2 m
Employees	120
Products	Coil Springs, Stabilizer Bars, Torsion Bars
Founded	1995
Customers	VW/Audi and others in China

VW Bora



Further Growth for ThyssenKrupp Automotive in China

- Our joint ventures are economically successful in every dimension.
- Due to the attractiveness and growth rate of the automotive industry as well as customers' expansion plans, ThyssenKrupp Automotive is actively pursuing opportunities in the Chinese market
- New Joint Ventures are planned, such as
 - ➔ ThyssenKrupp Tallent Chassis for suspension systems and modules
 - ➔ ThyssenKrupp Budd Systems with a new production company for suspension systems
 - ➔ ThyssenKrupp Gerlach joint venture for engine components



ThyssenKrupp Elevator in China

Key figures 2001/2002

Sales

- €80.5 m with local customers
- represents 7% of the Group's sales
- increase by 33% p.a. since 1996/1997
- companies in China generated €78 m

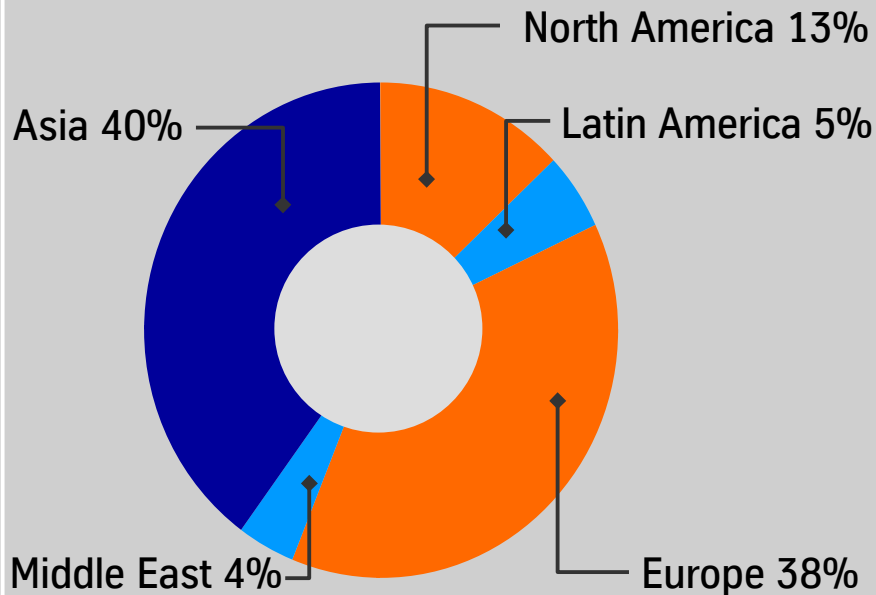
Organization

- 761 employees in 3 subsidiaries/joint ventures
- represents 30% of the Group's employees

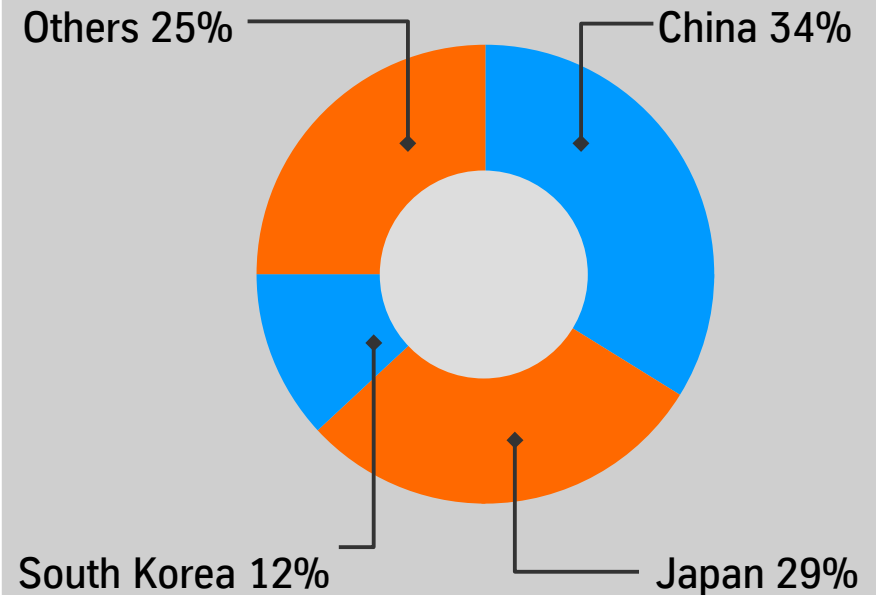


Market Size: Number of New Elevator Installations Worldwide and in Asia

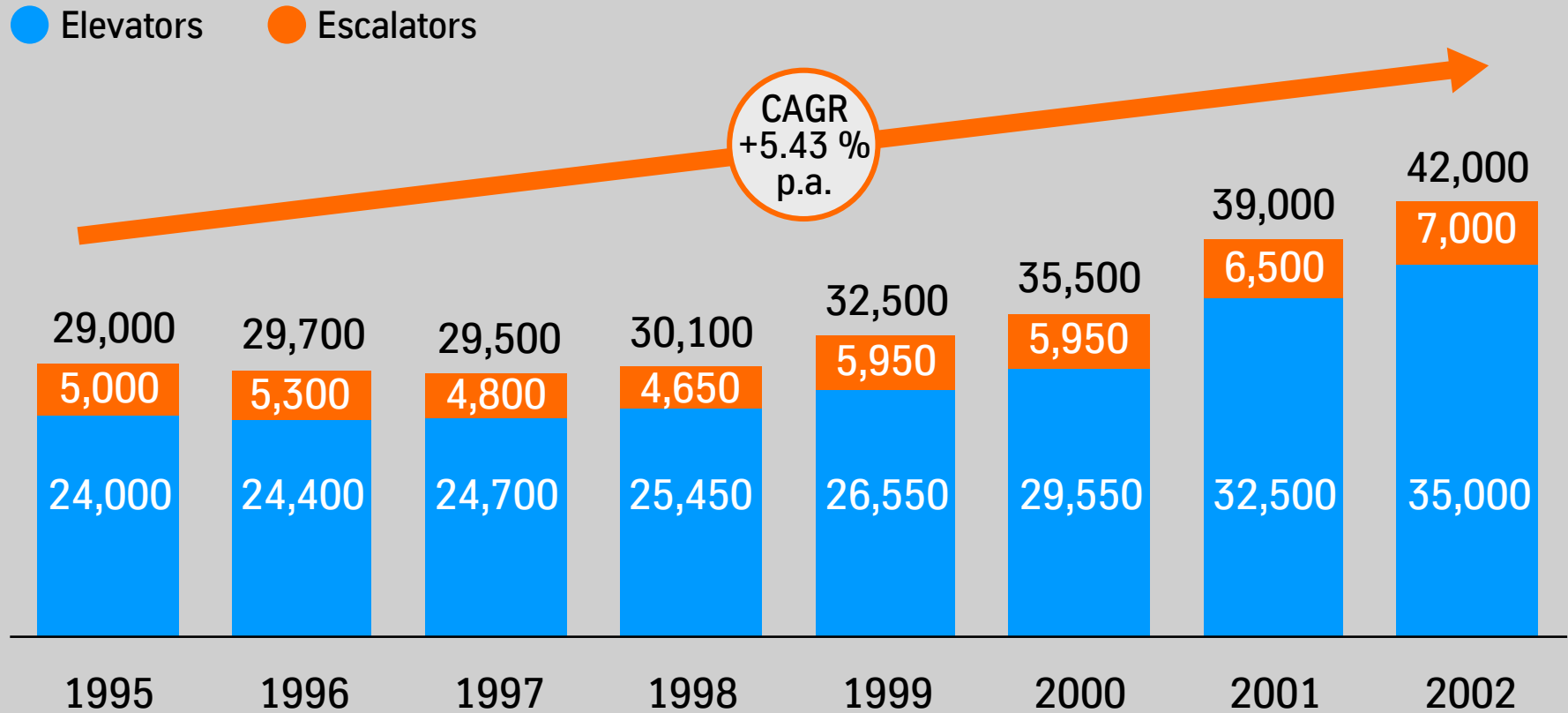
Worldwide: 255,000 units



Asia: 102,000 units



Historic Market Growth for New Installations in China



Source: China Elevator Association



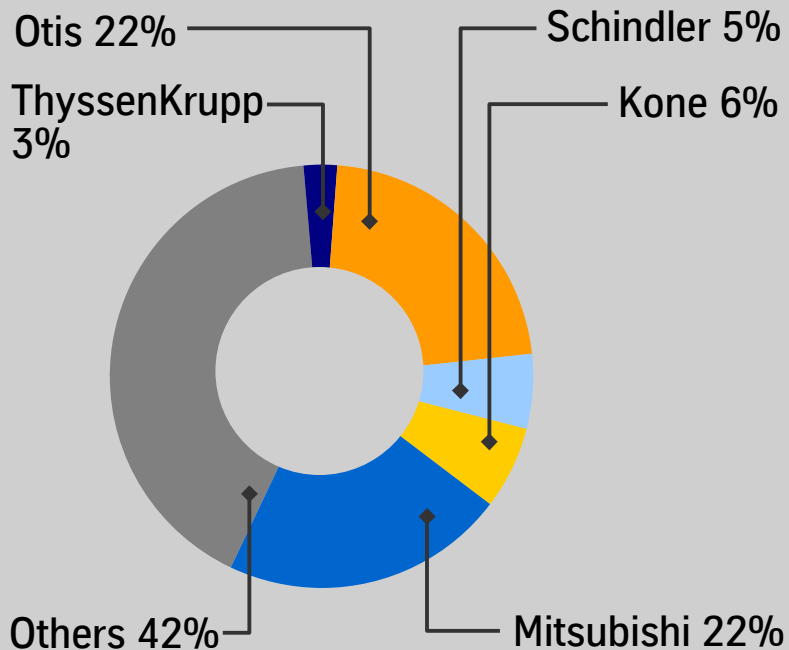
Expected Market Dynamics

- Joining WTO, hosting 2008 Olympic games and planning huge investments into infrastructure projects, the Chinese market will keep a momentum of increase during the next years.
- As a result, China has been forecasted as one of the fastest growing construction markets worldwide (7.5% p.a until 2008), effecting Elevator sales.

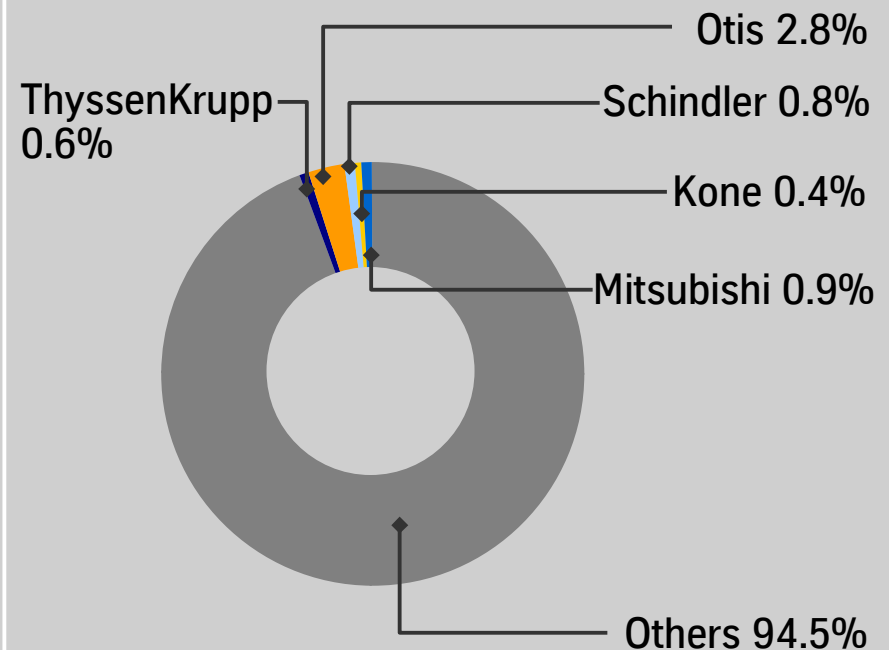


Competition: Market Situation in China

New installation



Service market



- All main competitors entered the chinese market before ThyssenKrupp Elevator did.
- Different from other markets, new installations are profitable and service is very low-priced. Proactive service is still considered unnecessary.

ThyssenKrupp



Strategic Position of ThyssenKrupp Elevator in China

- Starting up in China was difficult for everybody. Being a small contender was not the worst position to be in. After restructuring, we had a successful turnaround - in the last 3 years, the number of sold units were doubled each year.
- In a very competitive market, ThyssenKrupp Elevator was able to win against market trends continuously.
- Market penetration is planned with dual strategy: joint ventures (production and service) and own sales companies.
- Elevator will offer market adequate products and will increase local product sourcing.



ThyssenKrupp Technologies in China

Key figures 2001/2002

Sales

- €297.5 m with customers
- represents 27% of the Group's sales
- increase by 18% p.a. since 1996/1997
- companies in China generated €1.5 m

Organization

- 868 employees in 2 subsidiaries (joint venture of Rothe Erde with 848 employees operating since June 2002)
- represents 34% of the Group's employees



Strategic Positioning of ThyssenKrupp Technologies in China

- Building the world's first commercial Transrapid line in Shanghai is a success story and meets with the Chinese attitude towards innovative technologies. We have earned respect, and the unique project will be finalized in line with expectations.
- Further development of a Transrapid transport-system requires increased local content and technology transfer. Local joint venture partners are being identified.
- Market opportunities depend on automotive investments of OEMs and local suppliers, particularly for Production Systems.
- China is the world largest cement and an important fertilizer market particularly for Plant Technology.



ThyssenKrupp Materials in China

Key figures 2001/2002

Sales

- €306 m with local customers
- represents 28% of the Group's sales
- increase by 21% p.a. since 1999/2000
- companies in China generated €23.9 m

Organization

- 65 employees in 3 subsidiaries/offices
- represents 3% of the Group's employees



ThyssenKrupp Serv in China

Key figures 2001/2002

Sales

- €29.3 m with local customers
- represents 3% of the Group's sales
- increase by 107% p.a. since 1999/2000
- companies in China generated €38.3 m

Organization

- 312 employees in 7 subsidiaries/offices
- represents 12% of the Group's employees



Conclusion

- ➔ We perceive ourselves as a Global Player, but prudence seems to be a good recipe when moving into emerging markets
- ➔ When strategic opportunities arise, we do move significant resources (e.g. SKS)
- ➔ Our China strategy is paying off and we are harvesting the fruits

Today

- ➔ we understand the market better
- ➔ we have a very differentiated approach to business development of each BU
- ➔ we start small, but with competent partners
- ➔ we adapt products and services to local market conditions
- ➔ we realize that local sourcing is necessary for price competitive bidding

