

# Service Orientation at ThyssenKrupp

Dr. Hans-Erich Forster

## ThyssenKrupp Serv

Dr. Thomas Ludwig



Analysts' Meeting  
June 6, 2001, Krefeld

**ThyssenKrupp**



# Service Orientation at ThyssenKrupp

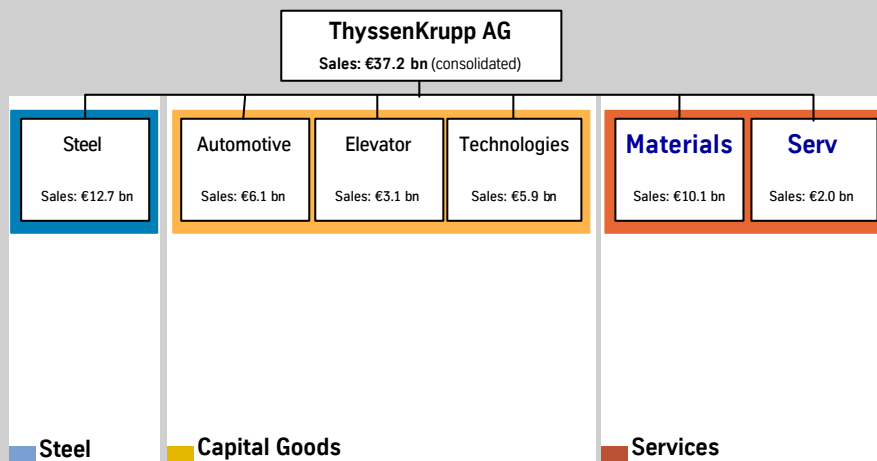
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## ThyssenKrupp Group



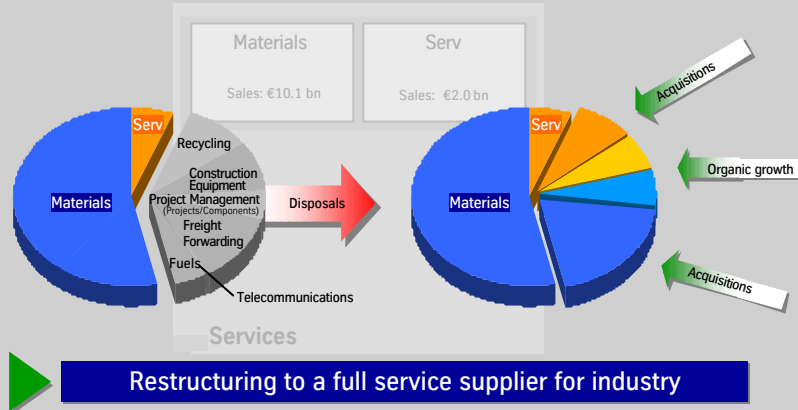
Sales figures 1999/2000 (segments unconsolidated)

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## Strict focusing at Materials and Serv

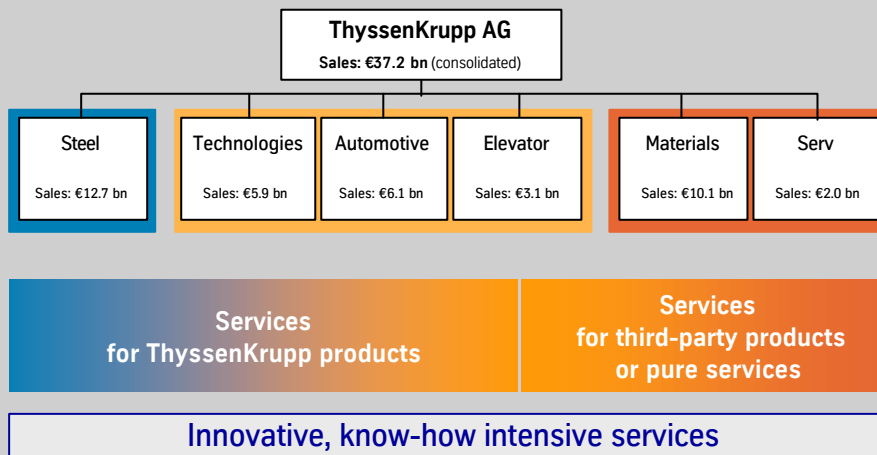
- Between 1997 and 1999 disposal of companies with sales of €5 billion and 14,000 employees
- In the same period acquisitions and organic growth of a similar magnitude



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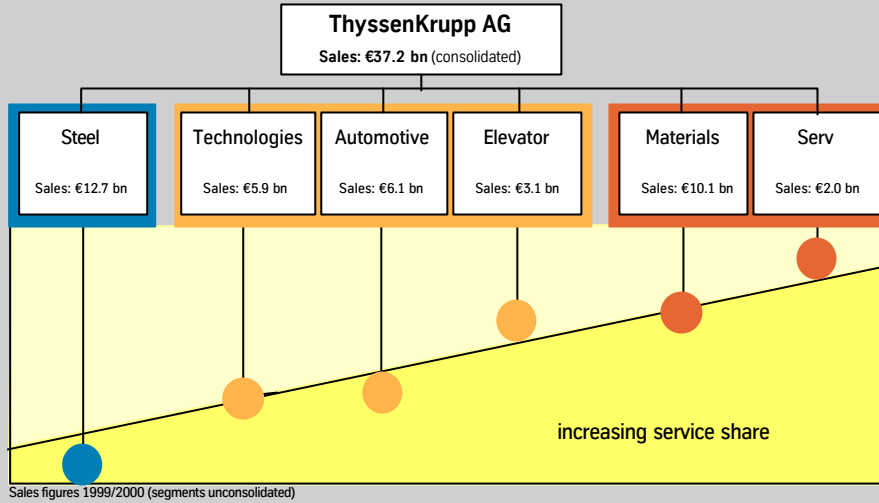
## Services by ThyssenKrupp



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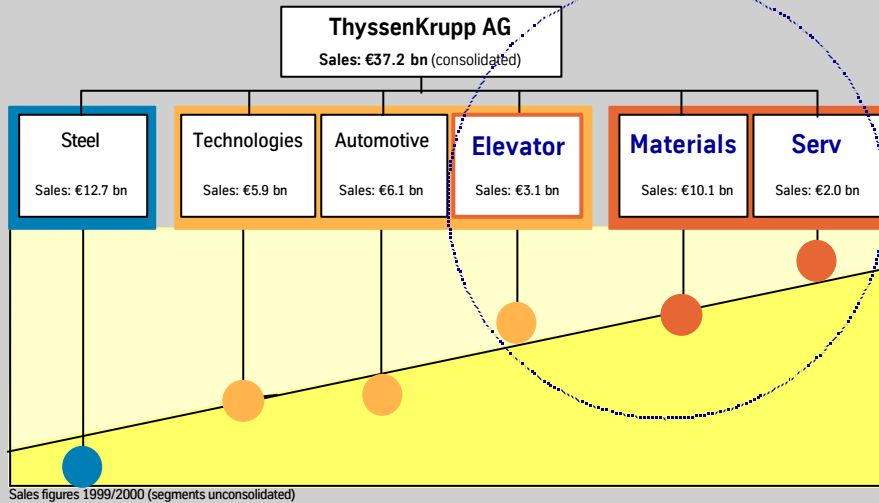
## Increasing service orientation in the ThyssenKrupp Group



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## Concentration at ThyssenKrupp on industrial and facility services



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## Outstanding market positions

- **Materials**

Europe	# 1	# 1 in Germany, # 5 in rest of Europe
USA	# 1/6	# 1 in stainless steel/ nonferrous metals, # 6 in carbon steel



- **Serv**

Europe	# 1	Industrial Services
World	# 1	Construction Services
Germany	# 3	Facilities Services
Germany	# 3	Information Services



- **Elevator**

World	# 3
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## Summary

**ThyssenKrupp is a one-stop shopping provider  
of industrial and facility services**

The combination of technical know-how,  
IT expertise, experience in the provision of services  
and the international presence of the Materials,  
Serv and Elevator segments give **ThyssenKrupp**  
a **unique selling position** in terms of capabilities  
and size.

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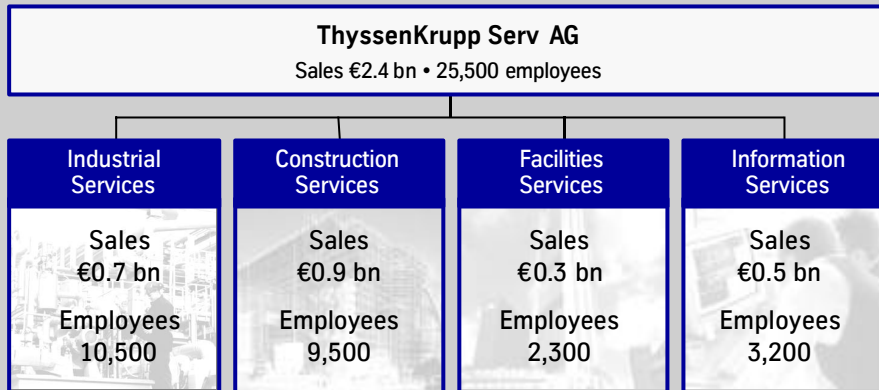
## Key data

		1999/2000	1st half	
			1999/2000	2000/2001
Order intake	€ m	2,266	894	1,213
Sales	€ m	2,108	798	1,167
EBT	€ m	77	12	(17)
EBITDA	€ m	237	92	79
ROCE	%	11.3	n.a.	n.a.
Employees (Sep. 30/March 31)		24,971	15,230	25,505

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## Structure and key data 2000/2001<sup>e</sup>



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## Service spectrum ThyssenKrupp Serv

### Industrial Services

- offers industrial services such as maintenance, production and assembly, workshop services, internal plant logistics, etc.
- develops maintenance planning and control systems, handles part-services, even taking on complete production operations including employees
- Sales €0.7 bn • Employees 10,500 • Over 100 locations in Europe



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## Service spectrum ThyssenKrupp Serv

### Construction Services

- offers "scaffold-based" services for the construction and maintenance of industrial facilities and buildings of all kind, e.g. insulation, corrosion protection, concrete repair etc. (75% of sales)
  - develops, sells and hires out innovative formwork and scaffold systems (25% of sales)
- Sales €0.9 bn • Employees 9,500 • Over 150 locations in 20 countries



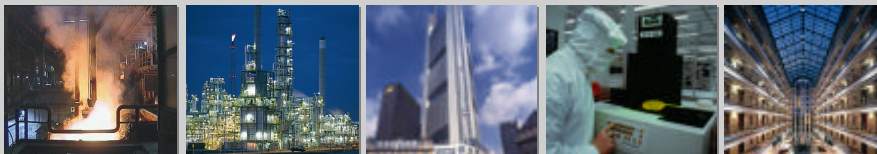
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## Service spectrum ThyssenKrupp Serv

### Facilities Services

- offers technical and infrastructural facility management for industry and buildings in almost all sectors
  - analyzes, develops, plans and operates tailored solutions for complex projects in air conditioning, energy, electrical, building control
- Sales €0.3 bn • Employees 2,300 • 30 locations in Europe



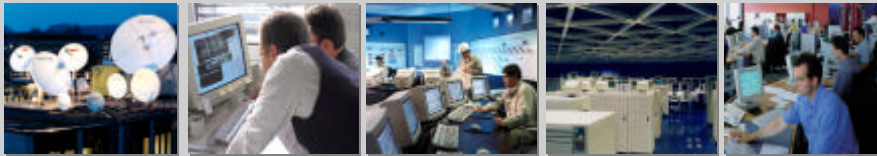
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## Service spectrum ThyssenKrupp Serv

### Information Services

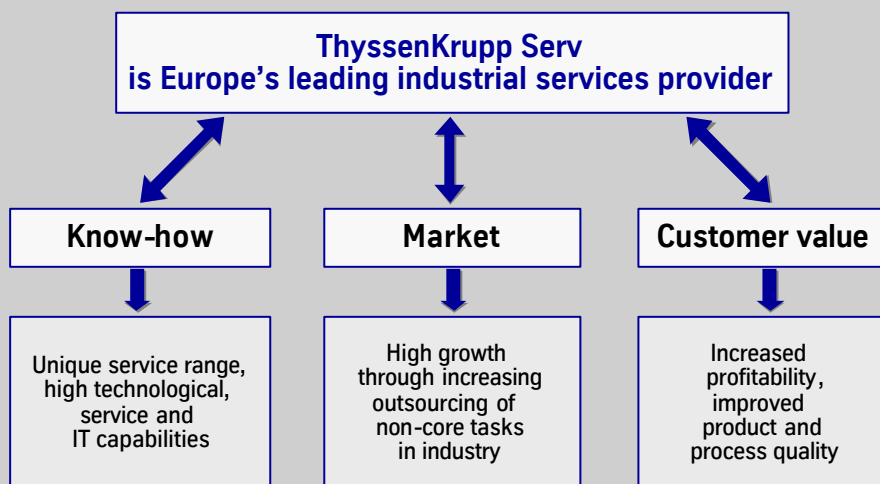
- offers computer center operation and SAP services, consulting and application development, voice-data communication, satellite communication, broadcasting and telematics, e-business and multimedia
- focuses on Plan-Build-Run solutions for IT systems (does not produce its own hardware or software)
- Sales €0.5 bn • Employees 3,200 • 39 locations in 10 countries



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## Strategic approach



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## ThyssenKrupp Serv is active on attractive markets

### Industry concentrating on core competencies

- = further systematic reduction of in-house manufacture
- = simultaneous outsourcing of non-core activities

**High market growth  
(~ 10% p.a.)**

- increasing demand for complete solutions to reduce interfaces and suppliers
- increasing globalization of customers with the requirement for greater flexibility, international presence and uniform quality standards
- ever greater penetration of information technology in all business and management processes (IT competency is required in almost all trades.)

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## Market positions and competitive environment

**Large companies, e.g. Siemens, Suez, Harsco, are increasingly building strong positions in industrial services.**

### Market position

**ThyssenKrupp Serv**  
Leading position in Germany and Europe



### Competitors

**Harsco, Reinhold and Mahla, Siemens, Suez**

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## Market positions and competitive environment

Particularly in Europe competition is still highly fragmented and frequently takes place at local level.

Market position		Competitors
Industrial Services No. 1 in Germany and leading in Europe	➔	← DIW, Dürr, Harsco ...
Construction Services No. 1 in the world	➔	← Harsco, Brand, Layher, Doka, Peri, Plettac ...
Facilities Services No. 3 in Germany	➔	← Hochtief, Siemens, Babcock, Jenoptik, Sulzer ...
Information Services No. 3 in Germany*	➔	← Dt. Telekom/Debis, EDS, (Siemens, IBM) ...

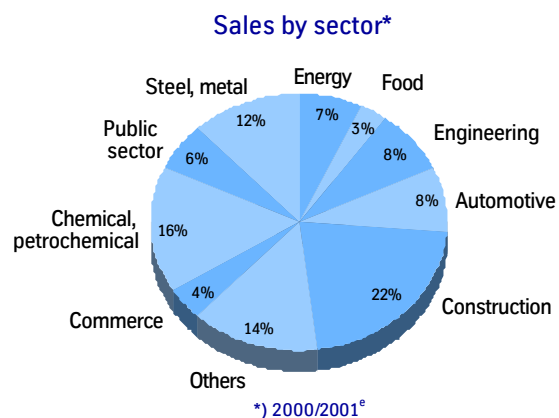
\*) vendor-independent companies

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## Broad sector spectrum

- largely sector-independent
- strong capability in several key sectors, particularly auto, steel, chemical
- transfer gained know-how to other sectors



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## Key Customers




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## Strengths of ThyssenKrupp Serv

- Long-term customer orientation
- Years of experience in industrial production
- Extensive experience in service business
- Strong technical expertise
- Vendor-independent
- High quality standard
- Strong regional presence
- Highly trained staff
- Strong IT service capabilities

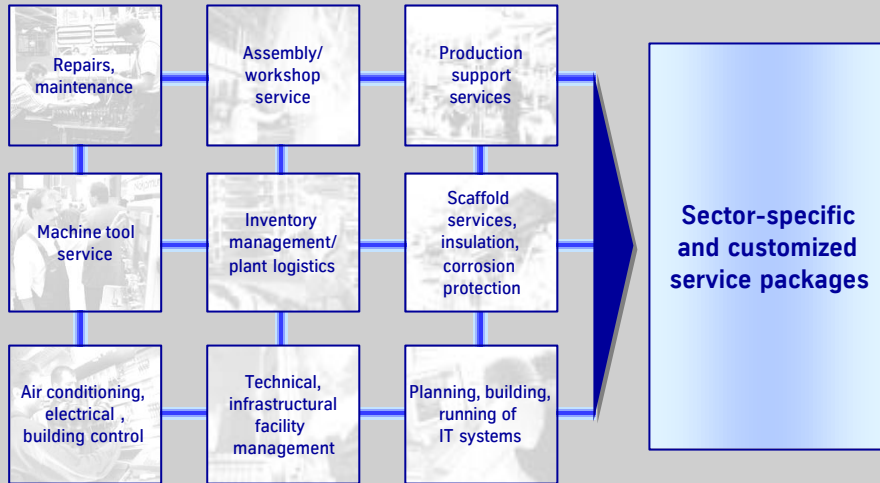


**Strong partner  
in the industrial  
value chain**

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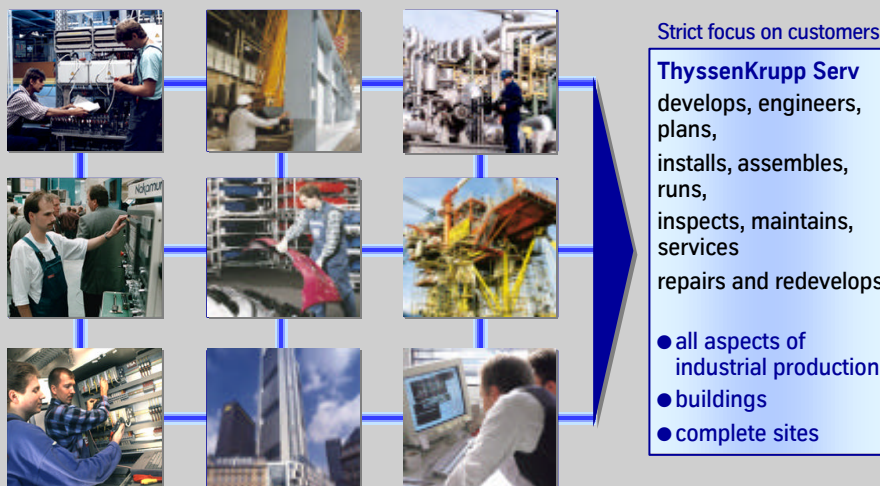
### One-stop shopping



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### One-Stop shopping



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## Services for the chemical industry

- Shut-downs and turnarounds
  - Repair, maintenance and assembly
  - Engineering, workshop service
  - Electrical, control and regulation systems
- 
- Scaffold services
  - Corrosion and fire protection, insulation, coating, painting and concrete refurbishment
- 
- Ventilation, heating and electrical equipment
  - Building control systems
  - Technical and infrastructural facility management
- 
- Computer center operation
  - Development and set-up of IT infrastructures for SAP
  - Development/advancement of ERP systems
  - Disaster recovery



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## Services for the automobile industry

- Maintenance, inspection, repair, disassembly and reassembly of machines, equipment, production lines
  - Construction of fixtures, dies, special machinery
  - Paint stripping, special painting, treatment of engine parts
  - Internal transport, warehouse management
- 
- Scaffold services
  - Corrosion and fire protection, insulation, coating, painting and concrete refurbishment
- 
- Ventilation, heating, electrical, building control
  - Technical and infrastructural facility management
- 
- Operation of computer centers, SAP/R3 systems
  - "CASTRUM Sequence" – supply chain management software allows system suppliers to produce in parallel with final assembly, supports in-cycle assembly and JIS delivery of system modules



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## ThyssenKrupp Serv has ambitious targets

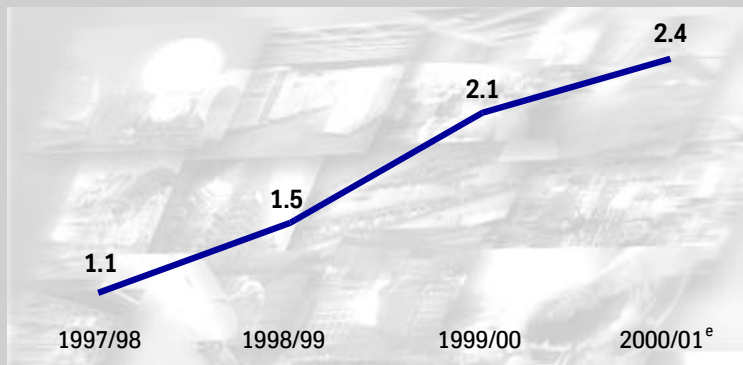
- Further organic and external growth
- Expand service business outside Germany
- Focus on high-quality services, enhance technical capabilities (incl. electronics)
- Develop and refine sector-specific solutions (incl. automobile, steel, chemical/petrochemical industries)
- Expand system services (one-stop shopping), take over complete customer value chains

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## Dynamic growth

Sales in € billion



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## External growth

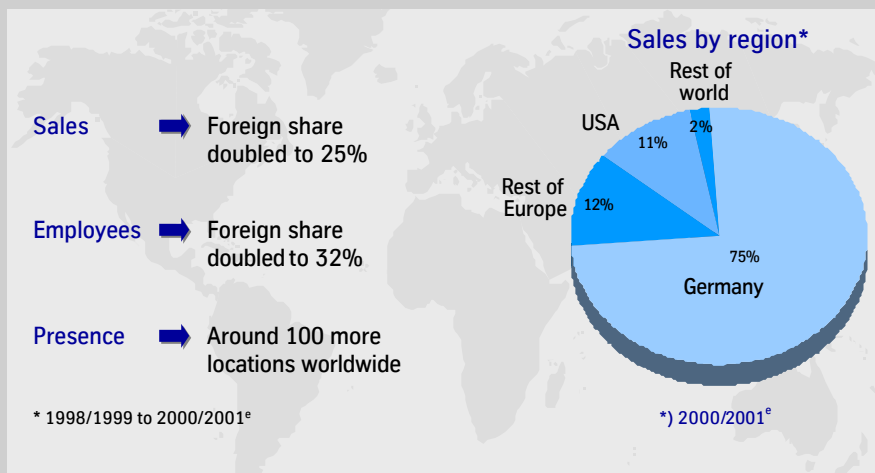
### Acquisitions 1998 - 2000 (sales volume around €750 m)

<ul style="list-style-type: none"> <li>● Kessler + Luch Raab Karcher Facility Management</li> </ul>	▶ Expand <b>Facilities Services</b> and extend capabilities in air conditioning, electrical and building control systems as well as in facility management
<ul style="list-style-type: none"> <li>● Commando (UK)</li> </ul>	▶ Internationalize <b>Industrial Services</b> , focus on the automobile industry
<ul style="list-style-type: none"> <li>● Safway (USA) Palmers (GB) Peiniger</li> </ul>	▶ Internationalize <b>Construction Services</b> in the biggest growth market USA as well as in UK and expand industrial services in conjunction with scaffold services, focus on the chemical industry
<ul style="list-style-type: none"> <li>● HiServ Timtec</li> </ul>	▶ Expand and internationalize <b>Information Services</b> , focus on computer center services, SAP services and telematics

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## Increasing internationalization \*



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## International presence



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## ThyssenKrupp Serv in consolidation phase

**Current fiscal year 2000/2001 dominated by integration and consolidation of new acquisitions.**

- ➡ Integration of HiServ in Information Services and realization of synergies
- ➡ Reorganization and reorientation of Facilities Services as part of integrating Kessler + Luch
- ➡ Restructuring of Construction Services from formwork and scaffold manufacturer to industrial service provider through full integration of Peiniger and Safway and closure of German production operations
- ➡ Reorientation and streamlining of multimedia activities due to deterioration in market conditions
- ➡ By the end of the fiscal year, more than 2,000 employees will have left ThyssenKrupp Serv due to the realization of synergies.

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## Outlook

- Consolidation phase will be largely completed in fiscal year 2000/2001.
- Our unique range of services will make ThyssenKrupp Serv a key component of our customers' value chains.
- In a dynamic growth market, ThyssenKrupp Serv will achieve disproportionate growth both nationally and internationally and will systematically increase the value of the company.
- In terms of profitability, we aim to achieve ROCE of over 12%.



**Significant added value for the ThyssenKrupp Group**

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