

Interim report.

October 1, 1998 - March 31, 1999.

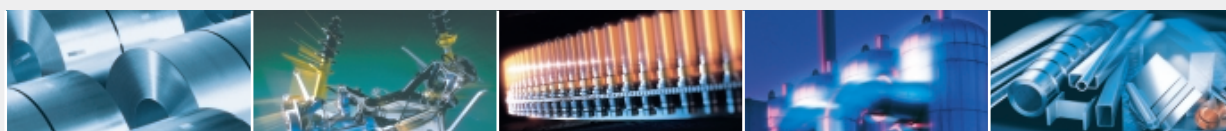


ThyssenKrupp



ThyssenKrupp Group.

ThyssenKrupp Steel	ThyssenKrupp Automotive	ThyssenKrupp Industries
Carbon Steel Flat-Rolled	Body	Elevators
Stainless	Chassis	Production Systems
Investments	Powertrain	Plastics Machinery
	Systems/Suspensions	Components
		Shipyards
		Civil Engineering



ThyssenKrupp Engineering	ThyssenKrupp Materials & Services
Chemical Technology	Materials
Cement Plants	Industrial & Facility Services
Bulk Handling Equipment	Project Management
Energy Technology	
Engineering India	

Other Group Companies
Real Estate
Insurance
Services



The Group in figures.

1st half.

DM in millions	1997/98	1998/99
Order intake	34,117	30,722
Sales	32,804	30,787
Income before taxes	1,312	523
Workforce (9-30-98 and 3-31-99)	174,262	178,724

DM in millions	Order intake		Sales		Workforce	
	1997/98	1998/99	1997/98	1998/99	9-30-98	3-31-99
Steel	12,101	9,892	12,055	9,998	55,907	54,733
Automotive	4,949	4,882	4,953	5,008	37,836	37,091
Industries	6,032	6,043	5,014	5,817	40,929	47,255
Engineering	1,896	1,796	1,502	1,590	9,969	9,618
Materials & Services	10,891	9,640	10,850	9,785	27,915	28,376
Other Group Companies	477	444	477	444	1,706	1,651
Total	36,346	32,697	34,851	32,642	174,262	178,724
less intra-Group	- 2,229	- 1,975	- 2,047	- 1,855		
Group	34,117	30,722	32,804	30,787		





On March 17, 1999, Thyssen Krupp AG was officially registered in Düsseldorf and the merged Group was born. The merger of Thyssen AG, Duisburg, and Fried. Krupp AG Hoesch-Krupp, Essen/Dortmund—effective October 1, 1998—was thus completed.

Important dates and contacts.

Important dates for the 1998/99 fiscal year

January 21, 2000	Publication of key figures
February 10, 2000	Annual accounts press conference (10.00 a.m.) Analysts' meeting (2.00 p.m.)
March 31, 2000	Annual Stockholders' Meeting (10.00 a.m., Mercatorhalle Duisburg)

Information and contacts

This interim report is available in German and English; both versions can be downloaded from the Internet at: <http://www.thyssenkrupp.com>.

The report and other information material on the ThyssenKrupp Group can be obtained free of charge from Corporate Department Communication (tel. +49 211/824-36017, fax +49 211/824-36037).

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This interim report is unaudited.

ThyssenKrupp shares on the stock market

March 25, 1999, was the first day of trading in the new ThyssenKrupp shares on the stock exchanges in Frankfurt am Main, Düsseldorf, London and in Switzerland. They were initially quoted at a price of 18.05 euros.

New corporate structure in place

Comparable Thyssen and Krupp operations have been grouped together in the following five business segments which encompass a total of 21 divisions: Steel, Automotive, Industries, Engineering, and Materials & Services. All business segments commenced operations as of the effective date. The management companies have been established and their boards appointed.

In addition to normal operations, work in the first few months has centered on informing customers about the new Group and implementing the new structure internally. From an economic perspective, the Group companies have already been assigned to their business segments and legal implementation is expected to be completed in June. The worldwide network of sales operations outside Germany is currently being optimized, with duplicate offices being combined. The planning, controlling and reporting systems within the Group have been harmonized and integrated in a single system. Overall, the ThyssenKrupp consolidated group comprises more than 600 companies in Germany and abroad.

While significant functions of the Group's headquarters are now concentrated in Düsseldorf, some important functions still remain in Duisburg and Essen.

The merger is being implemented according to plan. Initial synergies have already been achieved and the synergy volume planned for the current fiscal year is being realized. The synergies forecast from the merger of the carbon steel flat-rolled operations, which took place in 1997, have been significantly exceeded.

On April 28, 1999, the Supervisory Board of Thyssen Krupp AG held its constituent meeting and elected Dr. Heinz Kriwet Chairman and Dieter Schulte Vice Chairman. Honorary Chairmen of the Supervisory Board are Prof. Dr. h.c. mult. Berthold Beitz and Prof. Dr. Günter Vogelsang.

More difficult economic environment

The international economy has cooled considerably, with foreign trade in particular slowing sharply. The crises in the Far East, Latin America and the CIS have placed an increasing burden on western industrialized countries. Despite this, the strong upswing in the USA continued.

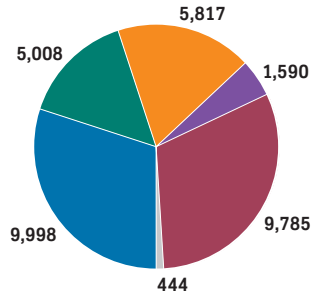
In Western Europe economic growth for the most part has weakened. This is particularly true of Germany, where a slowdown triggered by decreasing export demand and initially unfavorable exchange rates has been exacerbated by the latest round of wage negotiations and a certain degree of confusion over economic policy.

ThyssenKrupp sales impacted by economic slowdown

After getting off to a good start in the first fiscal year 1998/99, the Group has come up against increasing economic headwind. Sales in the first six months amounted to DM30.8 billion, a 6.1% decrease versus the comparable figure calculated for the previous year.

Sales by business segment (DM m)

■ Steel
■ Automotive
■ Industries
■ Engineering
■ Materials & Services
■ Other Group Companies



In the **Steel** segment, sales were down 17.1% at approximately DM10 billion. The main reason for the decrease in Carbon Steel Flat-Rolled was a large decline in shipments. Average steel prices in the period were comparable to the year before, thanks to a high proportion of contract business, in particular with the automotive and packaging industries. Thyssen Krupp Stahl responded to the weakened demand with drastic production cutbacks. Raw steel output fell 25% to 6 mt. The focus on coated products had a stabilizing effect, with demand from the automotive industry remaining high. In the Stainless division sales decreased considerably against the prior-year figure due to the price situation including lower alloy surcharges. Shipments at Krupp Thyssen Stainless remained at a good level overall.

At DM5.0 billion, sales in the **Automotive** segment slightly exceeded the strong figures of the previous year. Positive auto sector activity in North America and Germany was reflected in the sales performance of the Body and Chassis divisions. In addition, US models for which Budd supplies key components enjoyed considerable sales success. The Powertrain division has been hit by the crisis in Brazil. Systems/Suspensions recorded generally stable sales at an encouraging level.

Sales in the **Industries** segment amounted to DM5.8 billion, a 16% increase over the previous year. The Elevators division's

sales improved considerably following the inclusion of Dover Elevators. Production Systems recorded lower sales of metal-cutting machine tools in the USA, which was partially offset by an increase in body-in-white and assembly plant business. Sales in Plastics Machinery and Components showed a slight cyclical decline. The Shipyards division again delivered a very encouraging performance. Blohm + Voss billed a frigate in December 1998, and Thyssen Nordseewerke billed a submarine.

The billings of the **Engineering** segment produced sales of DM1.6 billion for the first six months of 1998/99—an increase of 5.9% against the same period last time. Business has been affected to a large degree by the Asian crisis and the resultant world economic uncertainty.

The **Materials & Services** segment achieved sales of DM9.8 billion in the first six months of 1998/99, a 9.8% decrease versus the comparable previous year's figure. This decrease occurred mainly in the Materials division as a result of a sharp price drop in international rolled steel and special products trading. The Industrial and Facility Services and Project Management divisions held up well despite the unfavorable economic climate.

Income before taxes

In the first half of 1998/99 the Group's income before taxes amounted to DM523 million. All business segments contributed to this result with the exception of Thyssen Krupp Engineering which posted a small loss for invoice timing reasons.

Major elements of international accounting methods will be adopted in the consolidated financial statements of ThyssenKrupp for the year ended

September 30, 1999. The work on the initial consolidation is under way and includes accounting for restructuring expenses in connection with the planned realization of synergies, accounting for formation costs, adjusting pension obligations to changed biometric valuation bases, and revaluing assets and liabilities. The effects of this, which on the basis of current knowledge will roughly balance out, are not included in the income before taxes figure previously stated.

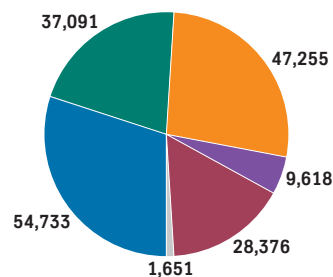
The decrease in income in Germany in the first six months of the year and the announced changes to the company tax reforms alter the tax situation and necessitate a tax optimization. In any case, an appropriate dividend can be paid for the 1998/99 fiscal year. Whether and to what extent this will be linked to a tax credit is not yet clear.

Slight increase in Group workforce

At March 31, 1999, the Group's workforce stood at 178,724 worldwide, an increase of 4,462 or 2.6% against September 30, 1998. The increase is mainly due to structural changes. The acquisition of the US company Dover Elevators alone pushed the ThyssenKrupp workforce up by more than 7,000.

Employees by business segment

- Steel
- Automotive
- Industries
- Engineering
- Materials & Services
- Other Group Companies



Of the total workforce, 40% or 72,013 employees worked for foreign Group companies. The largest components, around 18% in each case, came from the Group's North American and European companies.

High capital expenditures

ThyssenKrupp invested around DM3.8 billion in the first half of 1998/99. Of this amount, approximately DM2.3 billion primarily related to the acquisition of Dover, while investment in tangible and intangible assets amounted to DM1.5 billion.

The largest construction project was completed in the Steel segment. The new casting/rolling plant of Thyssen Krupp Stahl in Duisburg-Bruckhausen began operation on schedule at the beginning of April. Representing a total investment of DM600 million, the new plant can cast and roll steel into less than 1 mm thick hot strip in a single production step. It will reach its full capacity of around 2 mt of steel next year. In the Automotive segment the foundry capacities in the USA are being expanded further.

Of the Group's total investment, 29% was made in Germany and 71% abroad. The main motives for investment were to increase productivity, improve the cost structure and grow the Group's activities to achieve leading international market positions.

Further strengthening of core businesses

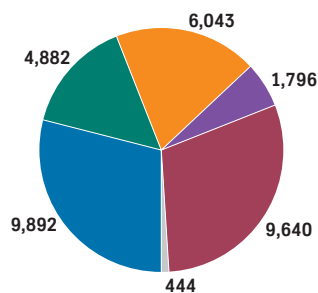
The focus on core businesses and their expansion was continued while marginal activities were disposed of. The largest disinvestment in the period was the sale of Schalker Verein, a manufacturer of tube systems. The largest investment

was the acquisition of US-based Dover Elevators. With sales of DM1.5 billion, Dover is No. 1 in the USA in hydraulic elevators and No. 2 in traction elevators. In the world rankings, ThyssenKrupp's Elevators business moved up from fifth to third place. The Materials business was also expanded by the purchase of Mannesmann Handel with annual sales of DM2.5 billion. Thyssen Mannesmann Handel, as the company is now called, strengthens the Group's materials activities in warehouse and ex-works business in Germany and in international distribution. The company is not yet included in the figures of the ThyssenKrupp Group.

Order situation

The order intake of the ThyssenKrupp Group in the first half of 1998/99 totaled DM30.7 billion. Prominent large orders include a chlorine/chemical complex for Qatar at Krupp Uhde and a submarine material package for the Turkish navy, booked by Thyssen Nordseewerke. The 10% decrease in orders compared to the previous year is mainly due to temporarily weaker demand in the Steel and Materials businesses. In the Group's other activities, orders overall were virtually comparable to the previous year. In the Engineering segment orders were still satisfactory despite a difficult economic environment. The same applies to the project situation, where several large projects are being pursued.

Order intake
by business segment
(DM m)



Outlook: Upward trend in sales and earnings

A gradual recovery of the overall economic environment is expected in the upcoming months. Most of the crisis-hit countries in Asia have survived the worst of their difficulties and there are signs of improvement in Latin America, too. This and the continued robust activity in the USA increases the prospects of a slight recovery in Western Europe.

In the markets important to ThyssenKrupp the positive signals predominate. The international automotive sector activity remains a key pillar. Car firms in North America and Germany, the largest customers of ThyssenKrupp, are enjoying continuing high production levels. The steel market has taken a turn for the better. Current orders are already showing a positive trend in volume. In Western Europe, the destocking at traders and users seems to be largely over, and steel consumption in manufacturing industry remains high. With import pressure also softening, the conditions for an improvement in prices are good, both for carbon and stainless steel.

The prospects for the Group's capital goods businesses are more mixed. The cooling of the investment climate in Western Europe is mainly impacting the mechanical engineering business, where a decrease in orders is expected. The outlook for Elevators is brighter due to the recovery in commercial construction. In Shipyards, the workload is secured by large orders.



On the basis of this market assessment, sales of the ThyssenKrupp Group in the second half of 1998/99 are expected to be higher than in the first half. A key factor will be the expected recovery in Steel and Materials, although the Engineering segment also forecasts higher sales for invoice timing reasons. Reflecting this, a clear increase in Group earnings is expected in the second half of the year.

Euro and Y2K capability

ThyssenKrupp will be switching its house currency to the euro on October 1, 1999, the beginning of fiscal 1999/2000. As of January 1, 1999, transactions are already being conducted optionally in deutschmarks or euros.

With respect to Year 2000 capability, the Group is concentrating and systematically continuing the projects that were in process at Thyssen and Krupp to eliminate the risks associated with the change to the Year 2000. In doing so, ThyssenKrupp is relying on an internationally recognized system of procedures which will secure to a large degree a comprehensive solution to the problems involved.

Agreements on guaranteed dividends

Edelstahlwerk Witten AG:
For one DM100 share the same dividend as for 20 no-par-value shares in Thyssen Krupp AG

Stahlwerke Bochum AG:
For one DM100 share 2/3 of the dividend accruing to 20 no-par-value shares in Thyssen Krupp AG, minimum DM6

Edelstahlwerk Witten AG and Stahlwerke Bochum AG do not conduct any business of their own.

**Prof. Dr. h. c. mult. Berthold Beitz,
Essen**

Honorary Chairman

Chairman of the Board of Trustees of the
Alfried Krupp von Bohlen und Halbach
Foundation

Dr. Heinz Kriwet, Düsseldorf

Chairman

Dieter Schulte, Duisburg

Vice Chairman

Chairman of the German
Trade Union Federation

Dr. Karl-Hermann Baumann, Munich

Chairman of the Supervisory Board
of Siemens AG

Wilfried Behrend, Kassel

Deputy Chairman of the Works Council
of Thyssen Henschel GmbH

**Dr. Carl L. von Boehm-Bezing,
Bad Soden**

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Dr. Klaus Götte, Munich

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of MAN AG

Gerd Kappelhoff, Witten

Trade union secretary at the Düsseldorf
branch office of IG Metall

Dieter Kroll, Voerde

Chairman of the Group Works Council
of Thyssen Krupp AG

Reinhard Kuhlmann, Frankfurt

Secretary General of the European
Metalworkers' Trade Union Federation

Dr. Manfred Lennings, Essen

Independent industrial consultant

Prof. Dr. Günter Vogelsang, Düsseldorf

Honorary Chairman

Werner Nass, Dortmund

Chairman of the Works Council of GVZ
Projektgesellschaft Feineisenstraße mbH

**Dr. Mohamad-Mehdi Navab-Motlagh,
Tehran**

Vice Minister for International Affairs and
Foreign Investment and President of the
Organization of Investment, Economic
and Technical Assistance of Iran

Dr. Friedel Neuber, Duisburg

Chairman of the Management Board
of Westdeutsche Landesbank Girozentrale

Paul Ring, Hagen

Chairman of the Group Works Council
of Thyssen Krupp AG

Thomas Schlenz, Hamminkeln

Chairman of the General Works Council of
TKR Thyssen Klöckner Recycling GmbH

Dr. Henning Schulte-Noelle, Munich

Chairman of the Management Board
of Allianz AG

Wilhelm Segerath, Duisburg

Chairman of the General Works Council
of Thyssen Krupp Stahl AG

Dr. Walter Seipp, Königstein i. Ts.

Chairman of the Supervisory Board
of Commerzbank AG

Bernhard Walter, Bad Homburg

Speaker of the Management Board
of Dresdner Bank AG

Dieter Wittenberg, Dortmund

Director of Thyssen Krupp Industries
GmbH

Executive Board.

Dr. Gerhard Cromme

Chairman

Directorates:

Corporate Development

Communication

Segment:

Automotive

Prof. Dr. Ekkehard Schulz

Chairman

Directorates:

Central Bureau

Senior Executives

Technical Developments

Energy and Environment

Segment:

Steel

Dr. Hans-Erich Forster

Segment:

Materials & Services

Dieter Hennig

Directorates:

Personnel and Social Policy

General Administration

Dr. Gerhard Jooss

Directorates:

Group Accounting

Taxes and Customs

Foreign Organization

Materials Management

Information Technology

Dr. Ulrich Middelmann

Directorates:

Controlling

Mergers & Acquisitions

Prof. Dr. Eckhard Rohkamm

Segments:

Industries

Engineering (via Supervisory Board chair)

Jürgen Rossberg

Directorates:

Legal Affairs

Organizational Development

Internal Auditing

Real Estate

Dr. Heinz-Gerd Stein

Directorates:

Finance

Investor Relations

Group Investments

Insurance

