

- ThyssenKrupp in France
- Acquisition of Sofedit - a success

Christian Krutoff
Automotive Field Day
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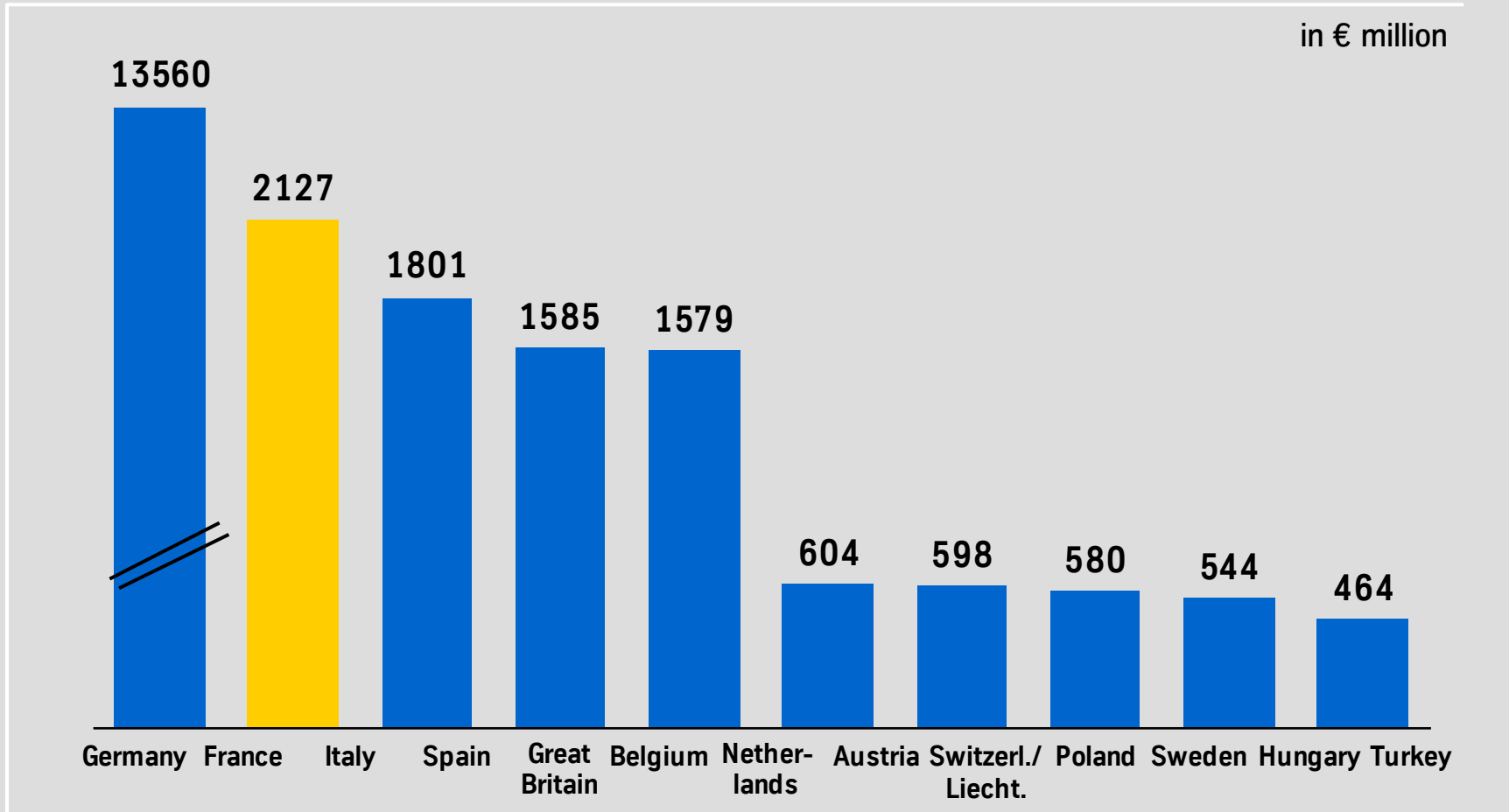


A ThyssenKrupp
Automotive
company

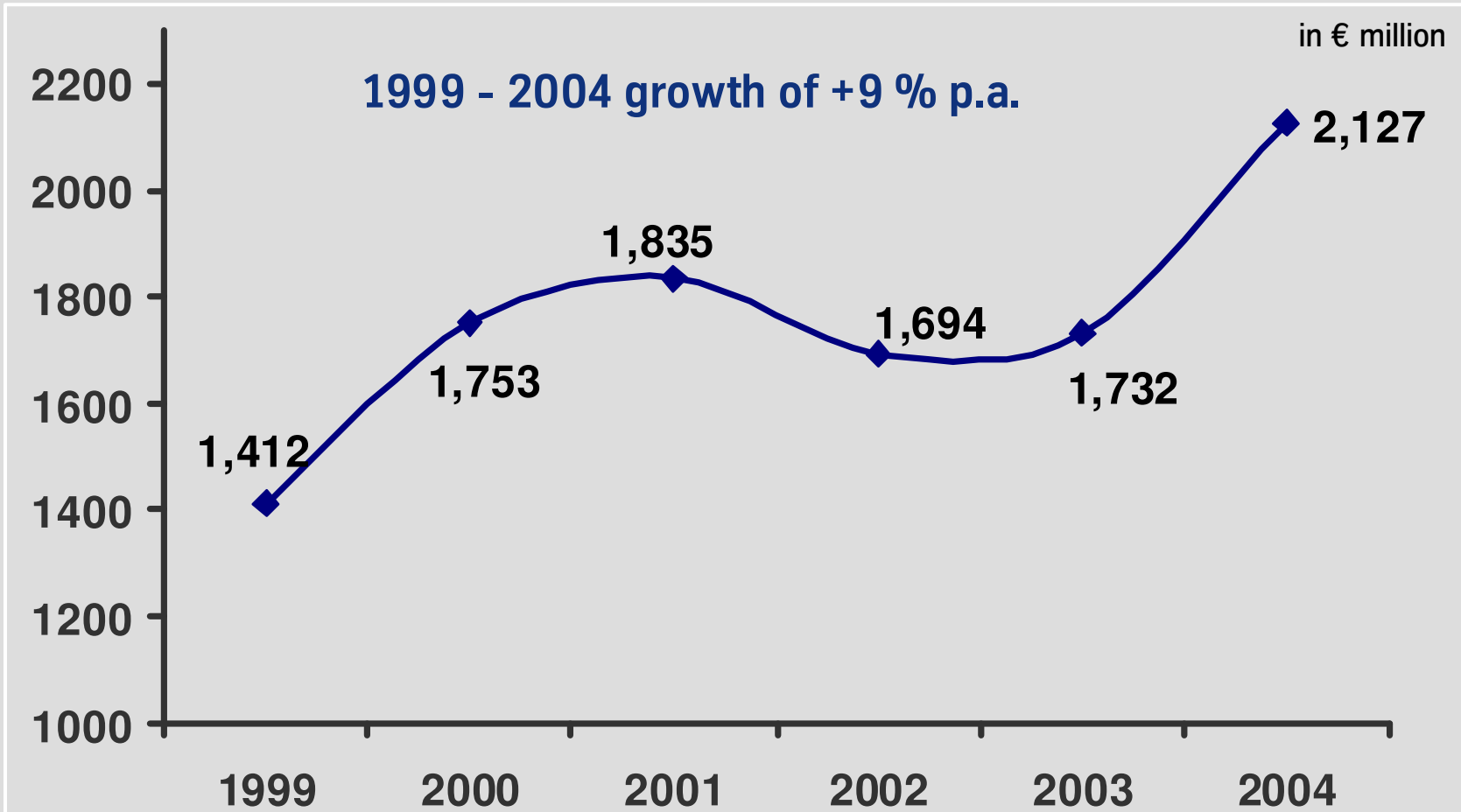
ThyssenKrupp Sofedit



ThyssenKrupp: In terms of sales France is second only to Germany in Europe



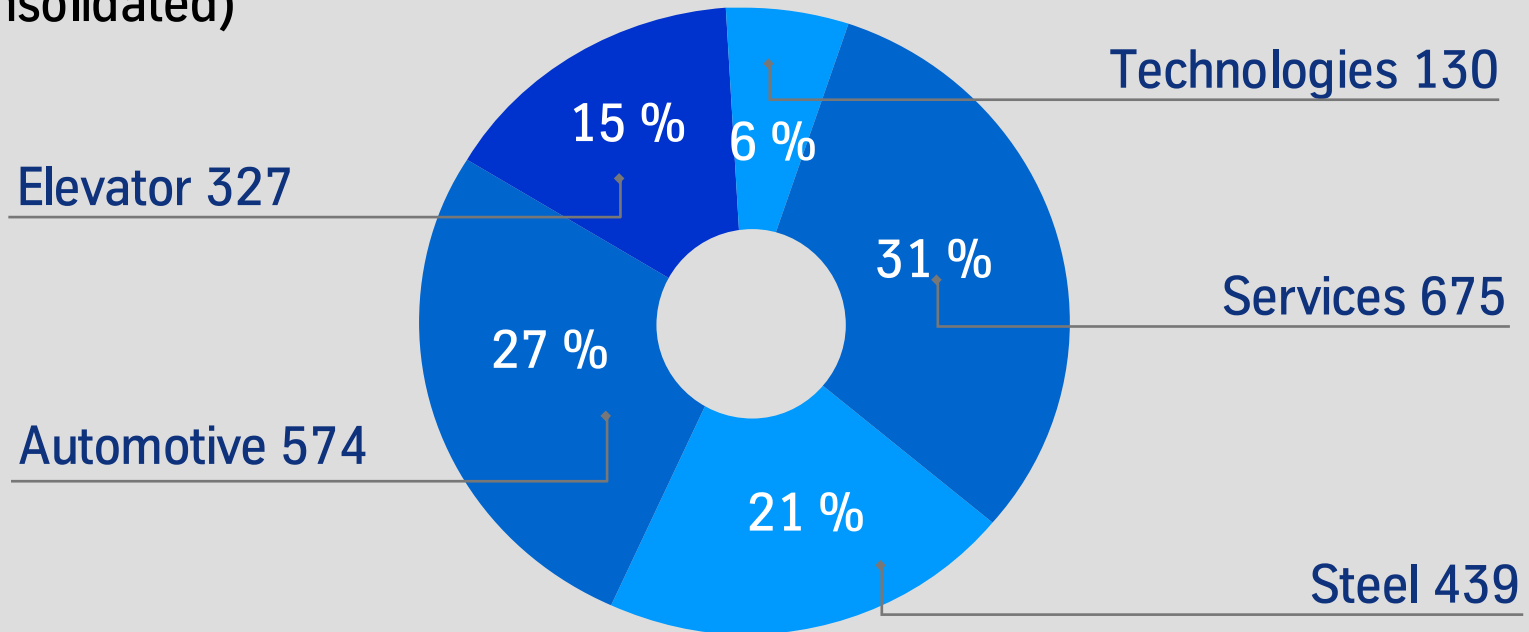
ThyssenKrupp: Sales with customers in France



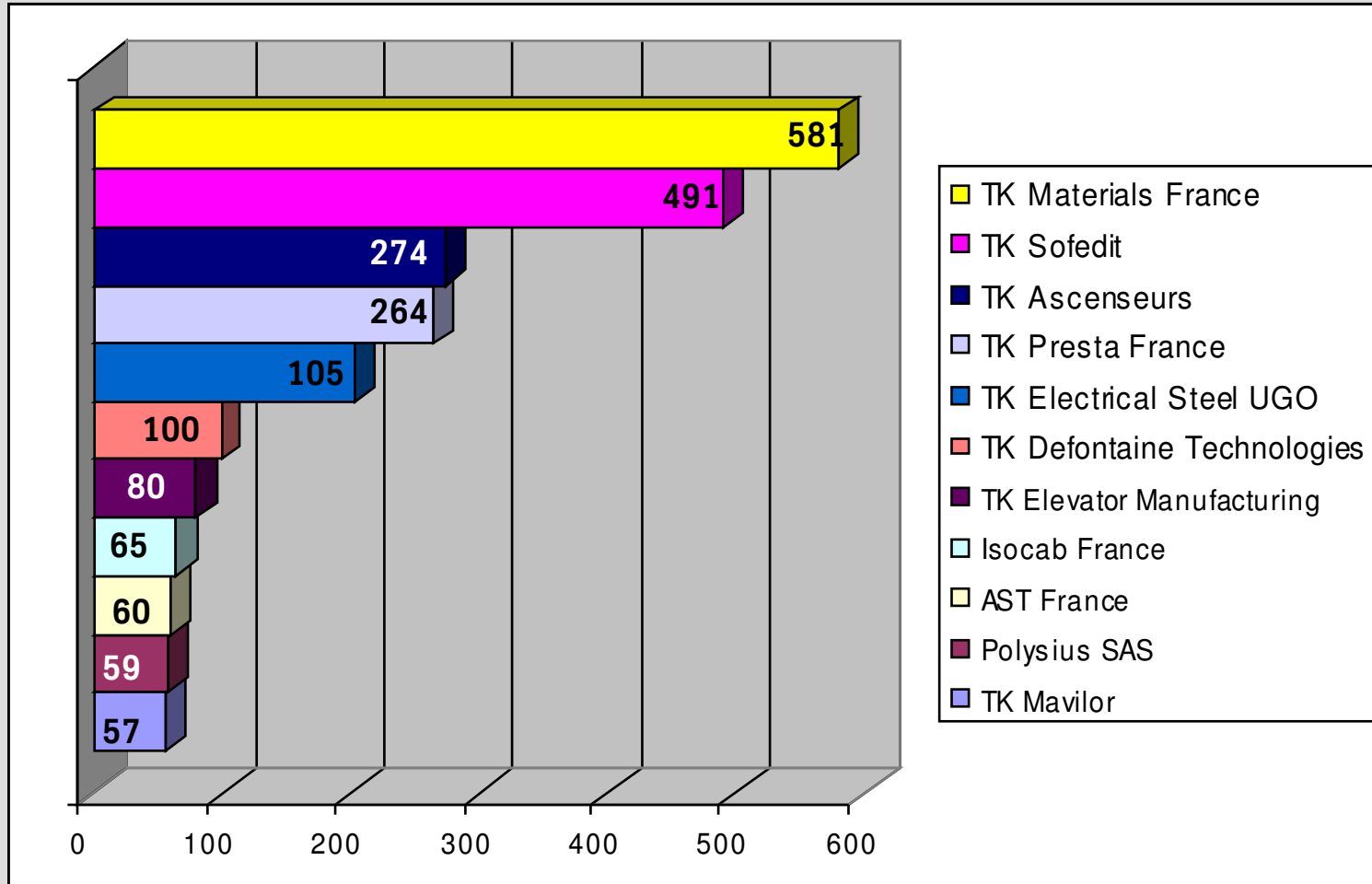
ThyssenKrupp: Sales with customers in France by segment

€2,127 million in 2003/04

(consolidated)



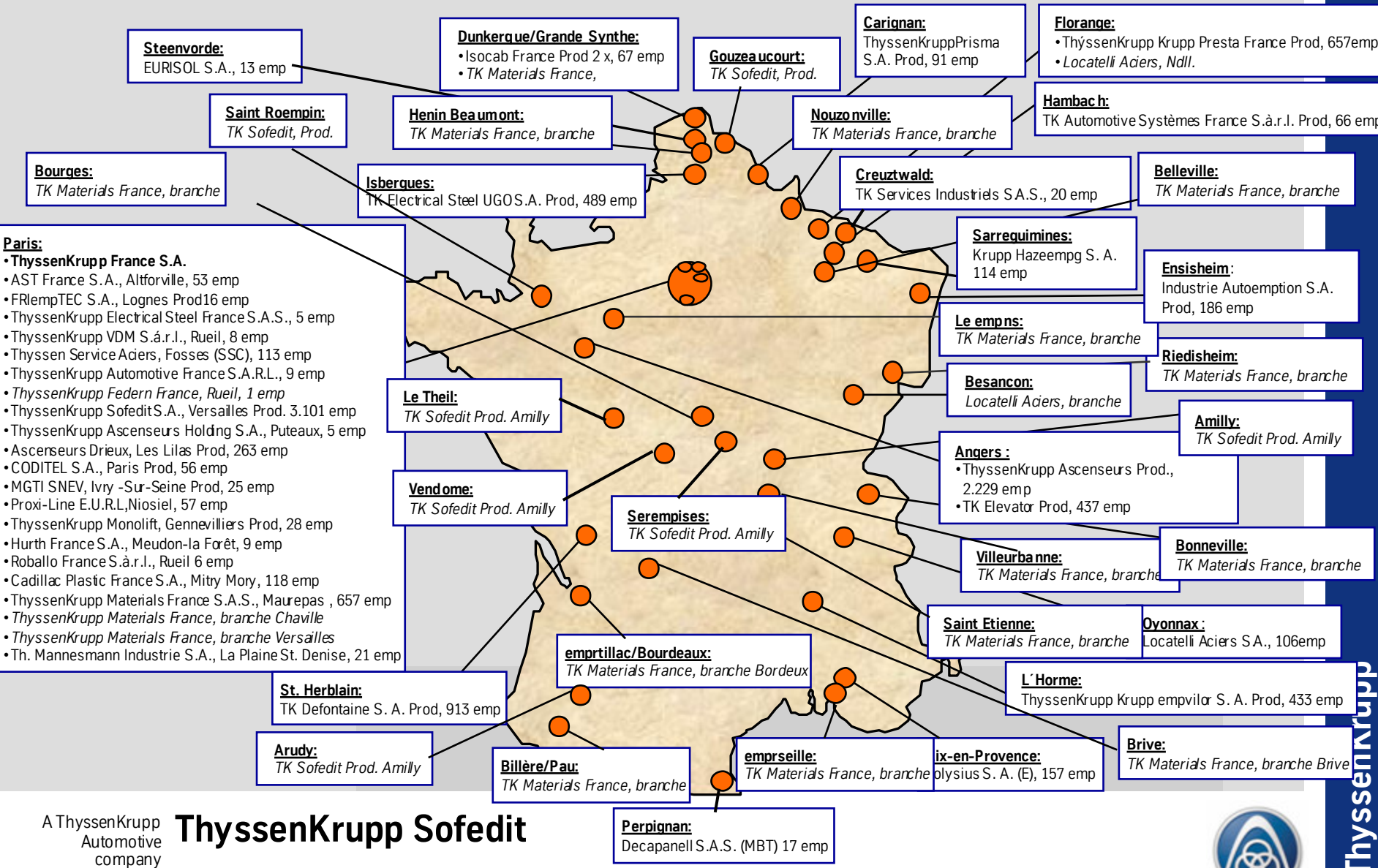
ThyssenKrupp: Sales of the largest local companies (Top 11)



In million € in 2003 / 04



ThyssenKrupp: locations in France (10,560 employees)



Acquisition of Sofedit

A success



ThyssenKrupp Automotive before acquisition of Sofedit

Stampings and assemblies for body and chassis are among TKA's core business.

In this area TKA had a strong market position in the US, Germany and UK, but not in France.

- Sales 2002/03 (Body, Chassis and Powertrain) in € million

US	2,889
Germany	1,512
UK	522
France	253 (of which Body/Chassis only €20 million)
- The French market for body and chassis could not be served from existing plants:
 - no regular contacts to PSA / Renault purchasing
 - no plant in France for body and chassis stampings
 - language barrier



ThyssenKrupp Sofedit

The target



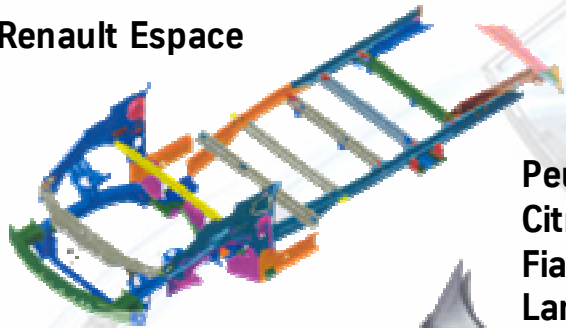
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ThyssenKrupp Sofedit



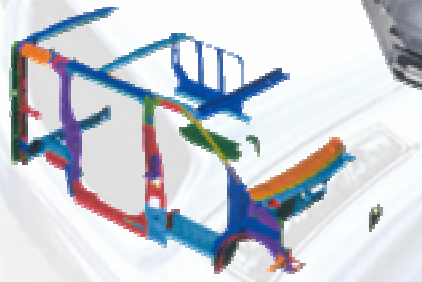
Sofedit: Overview (I)

Renault Espace



**Peugeot 807
Citroën C8
Fiat Ulysse
Lancia Phedra**

Renault Trafic



B pillars



Bumpers



Sales:	€520 m
Staff:	4,080
Main customers:	Renault, PSA, VAG, DC, Toyota (F)
Products:	chassis, body: stampings and assemblies
Locations:	8 plants in France 1 plant in Brazil 1 plant in Poland 1 plant in Spain

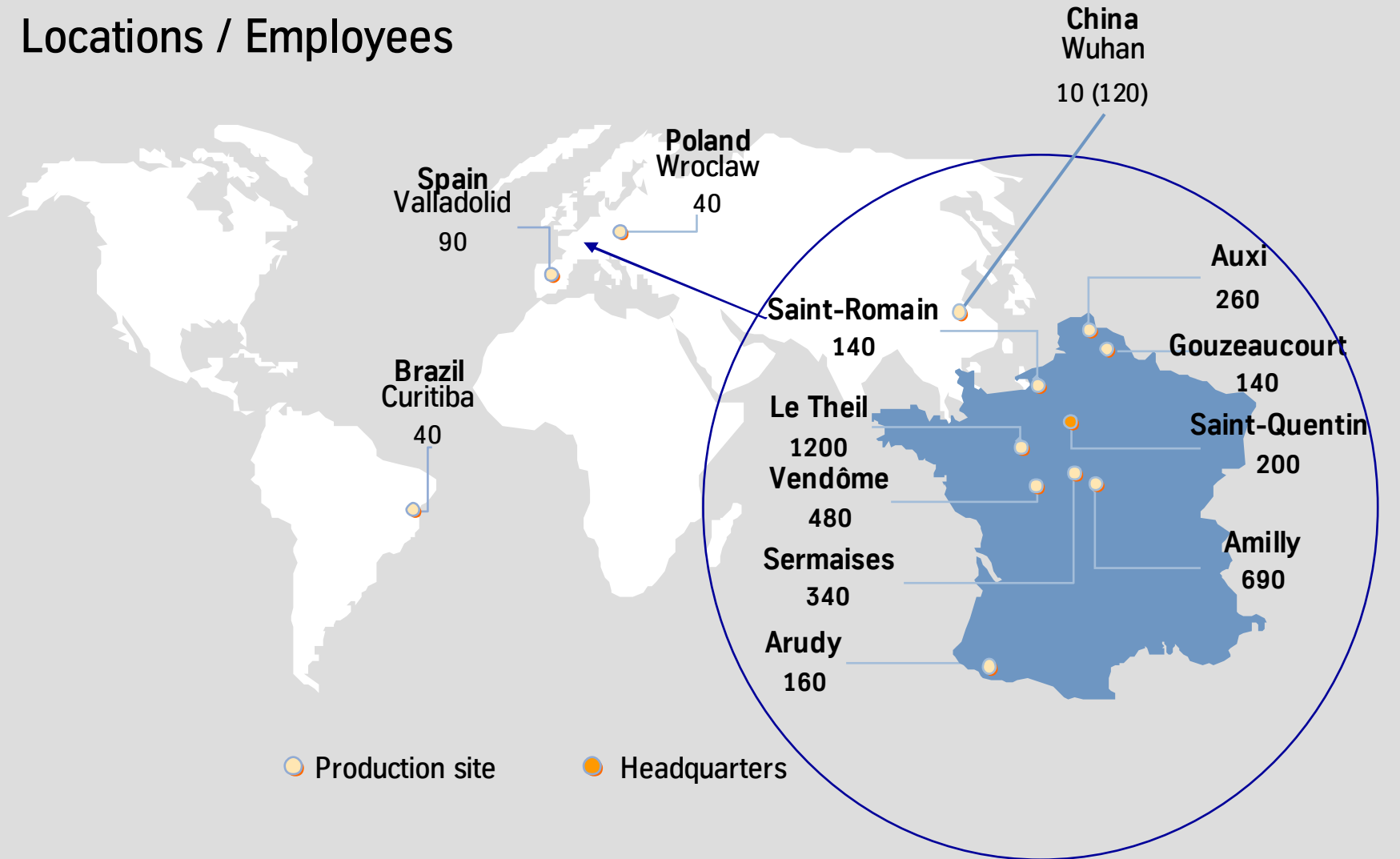
Sofedit: Overview (II)

- Sofedit is a leading French supplier of automotive stampings and assemblies, mainly chassis, body and cockpit assemblies
- Production processes include the newly developed hot stamping technology
- Key customers are Renault (34% of sales) and PSA (40%) along with Toyota (4%), Volkswagen (3%), DaimlerChrysler, Volvo and GM/Fiat (2% each)



ThyssenKrupp Sofedit

Locations / Employees



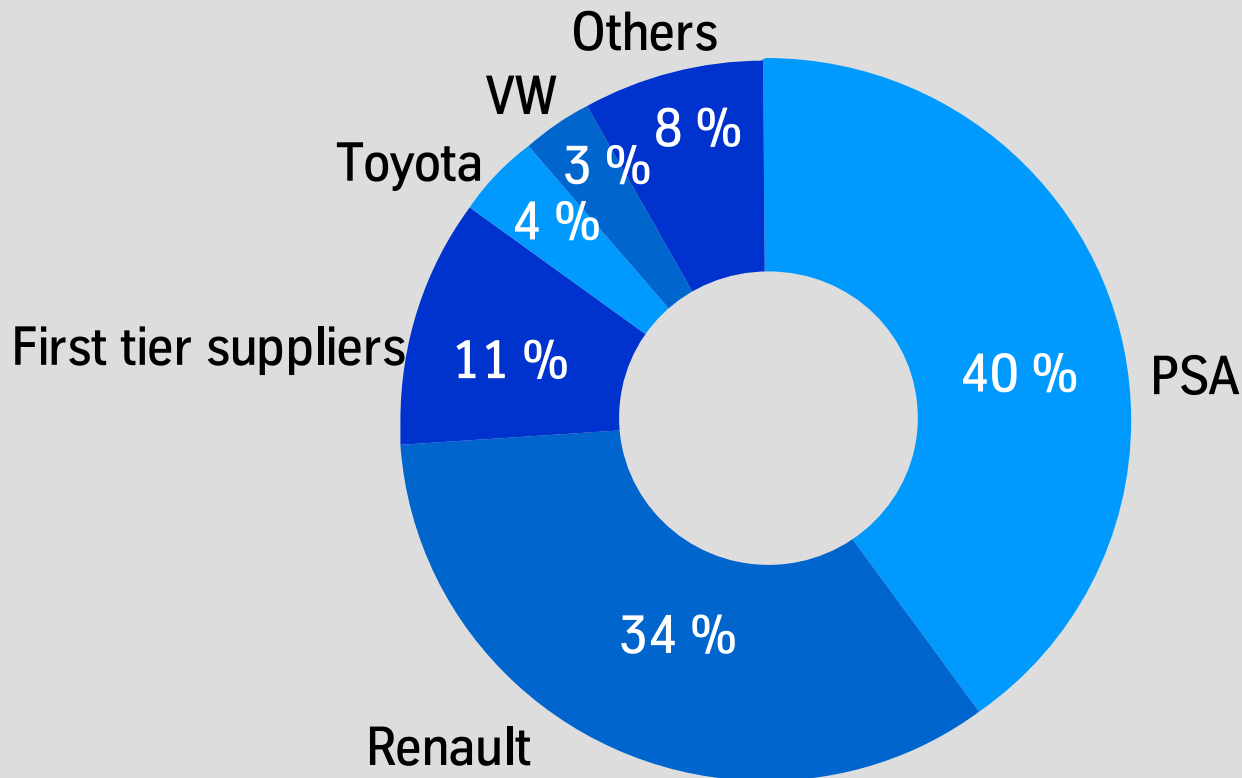
ThyssenKrupp Sofedit

Locations and OEMs



ThyssenKrupp Sofedit

Customer portfolio



ThyssenKrupp Sofedit

Hot stamping

Products:

- Bumpers
- Pillars
- Roof reinforcements



Renault Velsatis Bumper

Description	Advantages	Customers
<p>Immediately before stamping, special steel (SOLAC 22MnB5) is heated to a temperature of 800° - 900°C</p>	<p>Weight reduction (up to 50%) Increase mechanical strength Very close tolerances</p>	<p>Renault Peugeot Audi Mercedes Benz Opel VW</p>

Situation of Sofedit before acquisition (I)

- **Difficult financial situation, consequences:**
 - Business hold since 2002 ⇒ Loss of market share
 - No position of strength towards suppliers
 - Management concentrated on the “survival” of the company and the negotiations with potential acquirer
- **No reliability based on monthly reporting ⇒ No references for improvement**
- **Plants acted independently ⇒ No internal synergy between plants**



Situation of Sofedit before acquisition (II)

On the other hand:

- No operating losses
- Sufficient investment level until 2002
- SAP organization initiated
- Slow quality level improvement in 2003 vs. 2002
- Good management of most of plants
- Young and enthusiastic management team



Objectives after acquisition

Objectives after takeover by TKA:

- Reaching goals of business plan
- Integration in TKA
- New contracts
- Costs improvement / competitiveness
 - productivity improvement
 - reduction in purchase prices
- Continuous quality improvement
- Controlling management system to be set up



Present situation (I)

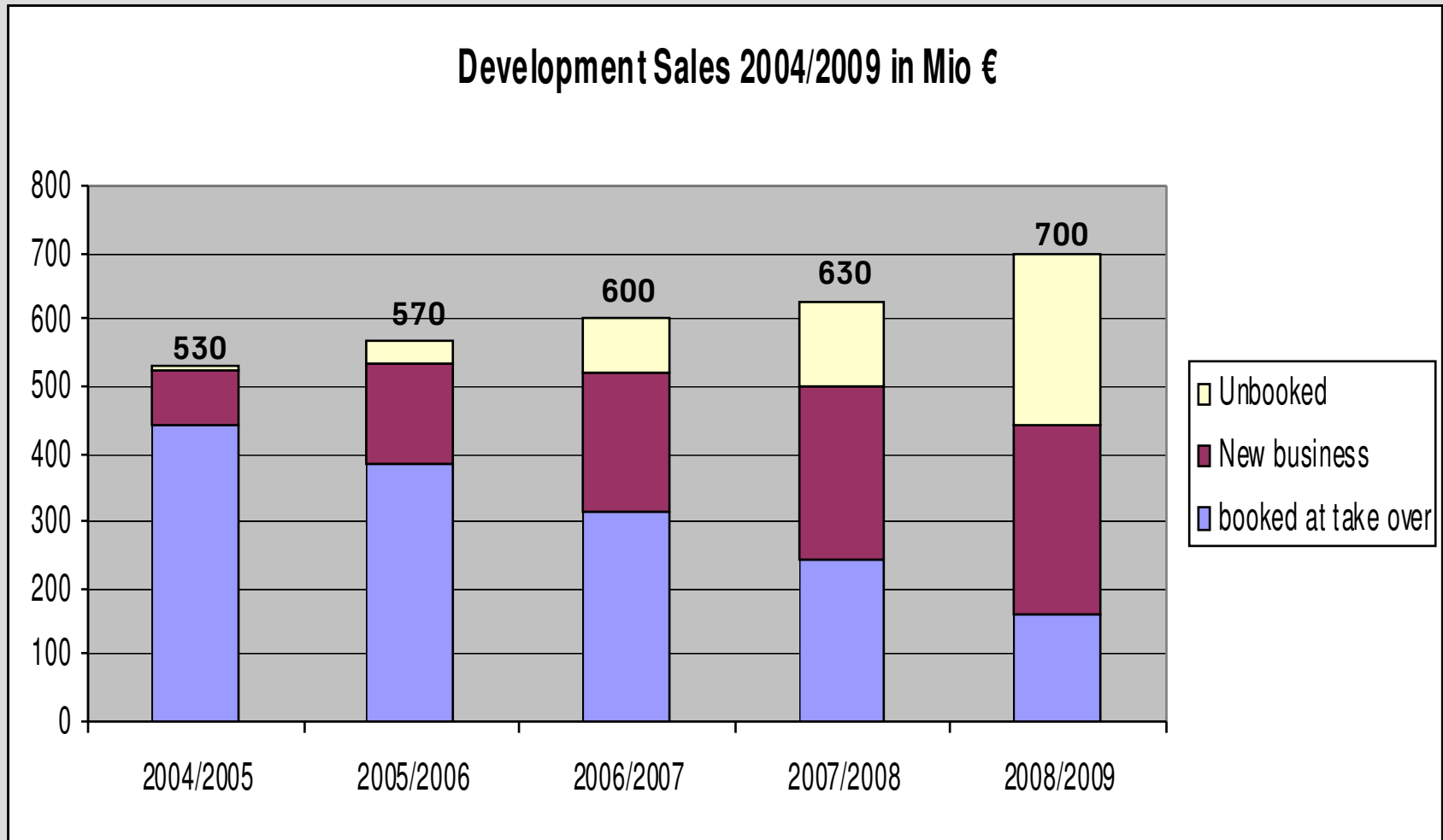
- ⇒ By acquiring Sofedit, TKA took a leading position in the French market in one step. For Renault and PSA, TKA was the preferred buyer, since acquisition contracts won with yearly sales of more than €250 million
- ⇒ TKA has strengthened existing supply relations with DaimlerChrysler, VW Group and BMW
- ⇒ In steel purchasing, synergies have been created with ThyssenKrupp Stahl – previously supplies mainly purchased from Arcelor – steel requirements of up to 250,000 tons per year



Present situation (II)

- ⇒ Post-merger integration with substantial synergies
 - Sales
 - Purchasing
 - Finance/Accounting/Controlling
 - HR
 - Technologies/Products
- ⇒ TK best programs successfully initiated (12 projects)
- ⇒ Controlling system operating
- ⇒ Technical cooperation with ThyssenKrupp Steel, Drauz, Umformtechnik, Fabco, hot stamping strategy in place
- ⇒ Joint Venture in Wuhan, China, with TK Tallent and Chinese partner established

Sales development (2004/05 - 2008/09)



Post merger integration

- Integrate in TK Systems:
 - Finance / Accounting / Controlling / Personnel
 - IT
- Purchasing Synergies
- Coordinate Sales activities
- Set up bench-marks
- Evaluate key personnel by outside consultant
- Fill 2 to 4 key positions with TK Managers

- Communicate, even overcommunicate
- Balance existing culture and TK culture, don't "germanize"
- Include managers in TK training programs
- Help managers to build up own networks within TK



Sofedit – A successful complement

Summary

- ⇒ Access to new customer base

- ⇒ Major savings through:
 - Purchasing improvement
 - Technical productivity

- ⇒ Goals of business plan for 2003/04 reached on track to reach goals for 2004/05



ThyssenKrupp Sofedit

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