

Remarks

by

Dr. Alan Hippe

Member of the Executive Board of
ThyssenKrupp AG

at the

Annual Press Conference

on

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Villa Hügel, Essen

Chart 1: Agenda

Chart 2: Focus on Accelerated Realization of Liquidity and Value Potentials

In fiscal 2008/09, our financial strategy was focused on the accelerated realization of liquidity and value potentials. We defined extensive packages of measures and implemented them systematically.

As Dr. Schulz explained, we were able to realize significant efficiency improvements under our TK PLuS program. In fiscal 2008/09, we achieved management gains of around €1.8 billion, released €3.6 billion of net working capital and restricted our capital expenditures to under €4.3 billion. These short-term TK PLuS measures were supplemented by structural adjustments for which we incurred restructuring costs and impairment charges of €1.4 billion. In addition, our new organizational structure was implemented effective October 1, 2009.

We adapted the industrial concepts for our major Americas projects for Steel and Stainless to the changed conditions: the market-oriented, split ramp-up we presented to you at the beginning of September will preserve our liquidity, offer maximum flexibility and thus safeguard the significant value potential of our transatlantic forward strategy.

Of our portfolio measures, the increase of Vale's shareholding in ThyssenKrupp CSA to just under 27 percent was of major significance; this increase in Vale's shareholding secured us additional liquidity of around €900 million. In addition, the implementation of the best-owner concepts for our industrial services businesses will generate further liquidity in the current fiscal year. The process of focusing initiated in the shipyards area will make our portfolio significantly less complex and reduce risks.

We also improved our liquidity situation by successfully raising around €3.7 billion of debt capital. The increase in Vale's shareholding in CSA strengthened our total equity by €1.4 billion.

As a result of all these measures, we have extensively secured our solid liquidity position and balance sheet structure, achieved a significant reduction in complexity and risk, and optimized our basis for future value creation.

Chart 3: Order Intake and Sales

In an environment impacted worldwide by the financial and economic crisis, both orders and sales in fiscal 2008/09 failed to match our prior-year performance.

As a result of the economic slump, order intake fell 35% year-on-year to €36 billion. All segments were affected. The sharpest declines were recorded in the materials-related segments Steel, Stainless and Services. Order intake in the Technologies segment was negatively impacted by cancellations in the amount of €1.6 billion.

The Group's sales were down by 24% to €40.6 billion. With the exception of Elevator, all segments reported a significant drop in sales. Steel was impacted by lower shipments, but thanks to our high share of long-term contracts, average steel selling prices had a stabilizing effect. Declining prices and demand resulted in lower business volume at both Stainless and Services. At Technologies, higher sales in our plant engineering operations were unable to offset the falls in our automotive supply and construction equipment activities and in shipbuilding. Elevator remained on growth track and expanded its business in almost all regions.

Chart 4: Earnings Before Taxes

The Group reported a loss before taxes of €2,364 million.

This sharp drop in earnings was mainly attributable to inadequate volumes and prices in the materials-related segments and to the continued underutilization of capacities in the Technologies segment, above all in the automotive supply and construction equipment activities and in civil shipbuilding. The Group's earnings were additionally impacted by nonrecurring items in the amount of €1.6 billion and by writedowns on inventories and windfall losses of €1.2 billion.

The Group's EBT before major nonrecurring items fell to €(734) million. EBT before major nonrecurring items was also affected by the aforementioned writedowns on inventories and windfall losses of €1.2 billion, which mainly related to the Steel, Stainless and Services segments.

Chart 5: Net Income and EPS

After income taxes, the Group reported a net loss of €1,873 million.

Earnings per share deteriorated in fiscal 2008/09 to €(4.01).

Chart 6: Net Financial Debt

In the past fiscal year the rise in net financial debt was significantly contained. It only increased from €1,584 million at September 30, 2008 to €2,059 million (September 30, 2009).

This encouraging achievement is attributable to the success of our TK PLuS measures: Thanks to the realization of short-term cost-reduction and liquidity potentials, despite reporting a net loss of €1,873 million we generated the highest operating cash flow in the history of ThyssenKrupp at €3,699 million.

Chart 7: Solid Financial Situation – No Short-Term Refinancing Needs

Our extensive package of measures further improved the Group's liquidity position in the reporting year: At September 30, 2009 the Group had €9.8 billion in cash and cash equivalents and available committed credit facilities. The Group is therefore adequately and solidly financed.

Chart 8: Agenda

Chart 9: Outlook FY 2009/10 – Return to Profitability

In fiscal 2009/10 we anticipate – as explained by Dr. Schulz – that sales will stabilize and our earnings will improve significantly and return to profit, thanks in large measure to the cost-reduction programs we have introduced. Adjusted earnings before taxes (EBT adjusted for nonrecurring items) is expected to be in the low three-digit million euro range. The project costs and startup losses, which will impact the earnings of the Steel Americas business area in the mid three-digit million euro range, will no longer be classified as nonrecurring items as the startup of our facilities will mean that they are no longer regarded as projects.

Special items to be eliminated include disposal gains/losses, restructuring expense, impairment losses, other non-operating expense and other non-operating income. These special items are positive or negative effects that occur only once or infrequently, are of material importance due to their type or amount and thus affect the results of our operating activities.

Chart 10: The Way Forward to Sustainable Value Creation

In the coming fiscal years, our activities will be focused on returning to profitability and creating value. Our objective for fiscal 2009/10 is to achieve positive earnings before taxes. The swift and systematic realization of the savings potential created will make an important contribution to this.