Remarks

by

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Chairman of the Executive Board
of ThyssenKrupp AG

at the
Annual Press Conference
on
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Villa Hügel, Essen

Check against delivery

[Chart 2 – EBT 2008/2009]

Ladies and Gentlemen,

The global economic downturn hit ThyssenKrupp hard in almost all our key markets. In this environment the Group's sales plummeted to €40.6 billion in fiscal 2008/2009. Earnings before taxes and nonrecurring items amounted to €(734) million. Including nonrecurring items – in particular restructuring expenditure, impairment charges and project costs for the new steelmaking and processing facilities in Brazil and the USA – pre-tax earnings were €(2,364) million. In addition to the nonrecurring items mentioned, inventory writedowns and asset losses of around €1.2 billion weighed on earnings. These were caused by the sharp fall in prices for materials.

On September 30, 2009 ThyssenKrupp employed 187,495 people worldwide, 11,879 or 6% fewer than at the end of the previous fiscal year. Short-time working had to be introduced at many of the Group's subsidiaries.

How do we see fiscal 2009/2010?

[Chart 3 – Outlook 2009/2010]

We see the fledgling economic recovery as still fragile and expect only a slow improvement. We do not anticipate a return to the level of 2008 before 2012. For 2010 the risk of a temporary setback remains. Overall we therefore do not expect a self-sustaining upswing in 2010.

For the current 2009/2010 fiscal year we anticipate that sales will stabilize. Earnings are expected to improve significantly and return to profit, thanks in large part to the cost-cutting programs we have introduced. Adjusted earnings before interest and taxes (EBIT adjusted for nonrecurring items) are expected to be in the high three-digit million euro range. Adjusted earnings before taxes (EBT adjusted for nonrecurring items) are expected to be in the low three-digit million euro range. Adjusted EBT will be significantly impacted by project costs and startup losses in the Steel Americas business area in the mid three-digit million euro range. We will no longer classify these costs as nonrecurring items as the startup of our steelmaking and processing plants in the 2nd quarter of 2010 will mean that they can no longer be regarded as projects.

In 2010/2011 ThyssenKrupp expects an improvement in the overall economic environment and further positive effects from our cost-cutting programs. This will have a corresponding influence on sales and earnings. The sustained effects of ThyssenKrupp PLuS, the programs to restructure and adapt capacities and the portfolio, and the implementation of the new organizational structure will result in significant and sustainable savings for the Group as a whole. The full effect of €1.5 to €2 billion will be felt from the 2010/2011 fiscal year.

This shows that we are not only carrying out short-term measures to secure liquidity and earnings but are providing the Group with a solid long-term foundation for the future.

[Chart 4 – Current ratings]

Ladies and Gentlemen,
The rating agency Standard & Poor's has downgraded our rating from BBB- to BB+. This means that ThyssenKrupp has lost its investment grade status at Standard & Poor's. The Group's rating at Moody's (Baa3) and Fitch (BBB-) remains investment grade. The direct impact of Standard & Poor's decision will be limited due to the measures carried out in fiscal 2008/2009 to secure liquidity. The Group's financing costs will increase only slightly.

Of course we would have wished that Standard & Poor's had continued to apply the principle of "rating through the cycle" in the current economic crisis. Maintaining investment grade status across all agencies continues to be a primary goal for ThyssenKrupp. For this reason we will systematically continue the measures already initiated so as to regain investment grade status at Standard & Poor's as quickly as possible.

Otherwise the measures we have introduced have received a positive assessment from the capital markets. You only have to look at the performance of our stock in recent months and the development of the risk spread of our outstanding bonds.

[Chart 5 – Dividend]

Another subject dominated the reporting after November 13: The Executive Board's decision to propose to the Supervisory Board the payment of a dividend of €0.30 for the 2008/2009 fiscal year. The Supervisory Board approved the proposal in its meeting yesterday. The Executive Board and Supervisory Board will put this to the vote in the Annual General Meeting on January 21, 2010.

In the past ThyssenKrupp has always valued dividend continuity. In good years for the Company, an appropriate but moderate dividend was paid to stockholders. As a result of this judicious dividend policy, it has also been possible to pay out a dividend in less successful years. A dividend policy of this kind is in the interests of all stockholders and is by no means a "curiosity", as has been written. Stockholders expect dependability and continuity. For small investors in particular, dividend payments and the regularity thereof are key investment criteria. And one more thing: If anyone feels it necessary to compare the current dividend policy with that of one of our predecessor companies, then I expect them to take into account the change in the par value of the shares brought about by the merger of Thyssen and Krupp, and the changeover to the euro. You have to compare like with like.

The dividend being proposed to the Annual General Meeting is an expression of our faith in the success of our measures and in the future earning power of ThyssenKrupp.

[Chart 6 – Response to the crisis]

Ladies and Gentlemen,
ThyssenKrupp responded decisively to the crisis with three central action packages:

- Measures to secure liquidity and earnings
  Under the ThyssenKrupp PLuS program, costs were reduced by €1.8 billion in the past fiscal year. Of these savings, €0.8 billion will have sustainable effect. Net working capital was reduced by around €3.6 billion by September 30, 2009. Capital expenditure was lowered by around €1.6 billion to €4.2 billion. Net financial debt increased from €1,584 million at September 30, 2008 to only €2,059 million at September 30, 2009. The Group's liquidity situation was also further improved by successful bond transactions: At September 30, 2009 the Group had €9.8 billion in cash, cash equivalents and committed credit lines. My colleague Mr. Alan Hippe will explain the key figures in detail to you in a moment.

- Our second measure: Programs to restructure and adjust capacities and the portfolio
  All segments introduced and implemented restructuring measures to flexibilize and optimize their capacities. We published the full package of measures in our press release of November 13. You will find this in your documents. I will concentrate today on two examples:

  1. To further strengthen its focus on core business, after the disposal of ThyssenKrupp Industrieservice GmbH, Services also sold the North American Safway group. Safway is the market leader in the area of scaffold services in the USA and Canada, with sales of USD715 million in fiscal 2008/2009. The company is being sold to Odyssey Investment Partners. We expect the closing of both disposal processes before the end of the current quarter. With these disposals ThyssenKrupp has completed the reorganization of the industrial services business.

  2. In implementing our strategic investments in the production and processing of carbon steel and stainless steel in Brazil and the USA we are reacting flexibly to the changed economic conditions.

     The ramp-up of the iron and steel mill in Brazil has been adapted in line with the lower demand expected in 2010/2011. The first production line will start operation with one blast furnace and one converter in mid 2010; as things stand today, the second production line with the second blast furnace and the second converter is expected to be ramped up in 2011.

Production at the new steel making and processing plant near Mobile in Alabama/USA will begin in the 2nd quarter 2010. Capacities will be ramped up flexibly in line with steel demand. The stainless steel plant will also be put into operation flexibly. Production is to start from October 2010, initially only with a reduced cold-rolled capacity of around 100,000 t/a. The start-up of the other stainless steel production units will be stretched out over time, but with the possibility to ramp up capacity flexibly at any time. The same applies to the start-up of the melt shop, which was scheduled for the beginning of 2012 and now may be delayed by up to 24 months.

Allow me to make a remark about the continuing discussion on the increased costs: On September 13, 2006, following the completion of all detailing steps, the Supervisory Board of ThyssenKrupp AG gave its final approval for the construction of the steel mill in Brazil with an investment budget of €3.04 billion. Construction work began in September 2006. With such a major investment project there are different preliminary stages in the cost planning, reflecting the different deliberations and different approaches in the structuring of the project. For example the capacity was increased from 4.4 million t/a to 5 million t/a, and the port terminal as well as the coke plant and power plant were also included in the investment budget. However the only basis for a credible presentation of the costs can be the Supervisory Board decision of ThyssenKrupp AG on final approval. The increase in the investment budget by €1.7 billion from €3 billion to €4.7 billion is due to the increased costs for supplies and services, the in-sourcing of the electricity network and slab logistics, targeted technological enhancements, higher interest costs and exchange-rate differences.

- The implementation of the new Group organizational structure is our third central measure in response to the crisis.

It enables us to act faster and more flexibly in the global marketplace in the future; in addition, it makes our internal decision-making processes shorter and more transparent. Operational management will be more decentralized and strategic management more centralized. The initial experience from various parts of the Group is positive and speaks clearly in favor of the restructuring. The aim is to reduce our administrative costs of €2.5 billion a year worldwide by 20%. The new organizational structure will play a big part in this. The savings will be made up of both material and personnel costs. Administrative jobs will be reduced by 2,000 - 2,500.

[Chart 7 – Strategic action areas]

Ladies and Gentlemen,
Our goal is to return the Group to its profitable growth track as quickly as the economic environment allows. In the medium term we are aiming for sales of €50 – 60 billion, which corresponds to a pre-tax earnings target of over €4 billion. In the past we have already shown that we can achieve sales and earnings in this order of magnitude. For this, our eight business areas will align their activities around four strategic action areas.

[Chart 8 – New markets, new technologies]

1. New markets
We must participate to an even greater extent than before in the growth of the emerging markets, particularly in India, China and Brazil. These regions offer major business potential for ThyssenKrupp. For this reason we will significantly expand our market presence in these countries. In China, for example, we will strengthen our Elevator Technology and Materials Services activities in the coming years. Our subsidiary Rothe Erde is currently expanding its slewing bearings business in India. Plant Technology is strengthening its involvement in the Asian market. We are confident that our technological expertise, for example in materials, plant engineering and component manufacturing, will allow us to grow successfully precisely in these regions.

2. New technologies

Based on the global trends, we have identified key technology trends for ThyssenKrupp. These are: Materials, energy, the environment and resources, and mobility. In these central areas we will encourage and promote innovations in a coordinated way across the Group in the future. For this we will further expand our already excellent cooperation network in research and development. This applies both to networking within the Group and to cooperation with universities and external research institutes. It is fashionable today to speak at every opportunity about potential in the greentech area. Our Technologies division already generates almost 50% of its sales in this area. I think that says enough about our future potential.

[Chart 9 – Portfolio optimization, organizational development – sales changes]

3. Portfolio optimization

Continuous portfolio management – acquisitions, divestments and strategic partnerships – will remain an integral part of the Group's strategy in the future. In the Elevator area we have acquired new businesses and further strengthened our market position despite the crisis. In addition to the already mentioned divestments in the Services area, we are concentrating at Marine Systems on our leading position in naval shipbuilding. At the Emden and Hamburg sites, which are mainly focused on civil shipbuilding, viable partnerships are being implemented that will secure employment and reduce the risk of underutilization. In Emden, the wind turbine manufacturer SIAG Schaaf Industrie will use the site to produce components for offshore wind turbines and thus contribute to structural change in the region. In Hamburg, the plan is to sell 80% each of Blohm + Voss Shipyards, Blohm + Voss Repair and Blohm + Voss Industries to the Abu Dhabi MAR Group. A joint venture to build naval surface ships is planned with Abu Dhabi MAR.

The Brazilian iron ore producer Vale has increased its stake in ThyssenKrupp CSA Siderúrgica do Atlântico, our Brazilian steel mill subsidiary, to almost 27% through a capital injection of €965 million. This strengthens the basis for a long-term strategic partnership between Vale and ThyssenKrupp.

[Chart 10 – Portfolio optimization, organizational development – employee movements]

4. Continuous organizational development

The new organizational structure is a major step towards greater efficiency in the Group. It gives us a platform to adapt our structures and processes across the Group to meet particular economic requirements. Organizations are dynamic entities and must be developed continuously. How much ThyssenKrupp has changed in the past ten years is shown by the sales and employee movements since the merger. On September 30, 1999 the Group had around 185,000 employees. At the end of the fiscal year on September 30, 2009 it was more than 187,000. The net change is minor. However in that time two thirds of the Group's workforce has been replaced through portfolio changes and operational measures. In addition, the proportion of employees outside Germany has increased from roughly 40% to almost 60%. In the current fiscal year the number of employees will decrease significantly due to the planned portfolio measures already mentioned at Services and the shipyards. Roughly 5,000 employees will leave as a result of restructurings and the streamlining of administrative functions. Set against this will be additions of roughly 3,000 employees, for example at Steel Americas and Elevator. At the end of the current fiscal year ThyssenKrupp is therefore expected to have around 167,000 employees. All the key personnel measures were decided in agreement with the employee representatives after in some cases heated discussion. Competitiveness, viability and social responsibility must not be mutually exclusive. We have shown that this is possible even in difficult times.

Ladies and Gentlemen,

The effects of the crisis will be temporary. We will return to our long-term growth path. We have put the Group on a sustainable platform for the future. Opening new markets, strengthening our innovation skills and developing our employees and structures are permanent tasks, as are restructurings, portfolio optimizations and further cost reductions.

If we master them, we will continue to be sustainably profitable in the future and achieve our long-term goals.