

ThyssenKrupp Equity Story

Steel Americas

August 2011

Developing the future.



ThyssenKrupp

Business Area Overview

○ Steel Americas

- Key Financials
- Key Facilities & Product Overview
- Strategy & Key Success Factors



Steel Americas: Fact Sheet (I)

The Steel Americas business area includes our new carbon steel facilities in the Americas:

- a full-fledged steel mill complex in Brazil with an annual crude steel capacity of >5 million metric tons
- a state-of-the-art processing plant in the USA, including hot rolling, cold rolling and coating lines



Operating Units

ThyssenKrupp CSA
slab plant, Rio de Janeiro, Brazil



ThyssenKrupp Steel USA
steel processing facilities, Alabama, USA

Key Strategic Elements

- Based on the high-quality, low-cost slabs from Brazil and a premium product mix and service portfolio, our aim is to realize
 - attractive margins and
 - grow our share of the NAFTA flat carbon steel market to over 5%.



Steel Americas: Fact Sheet (II)

ThyssenKrupp CSA

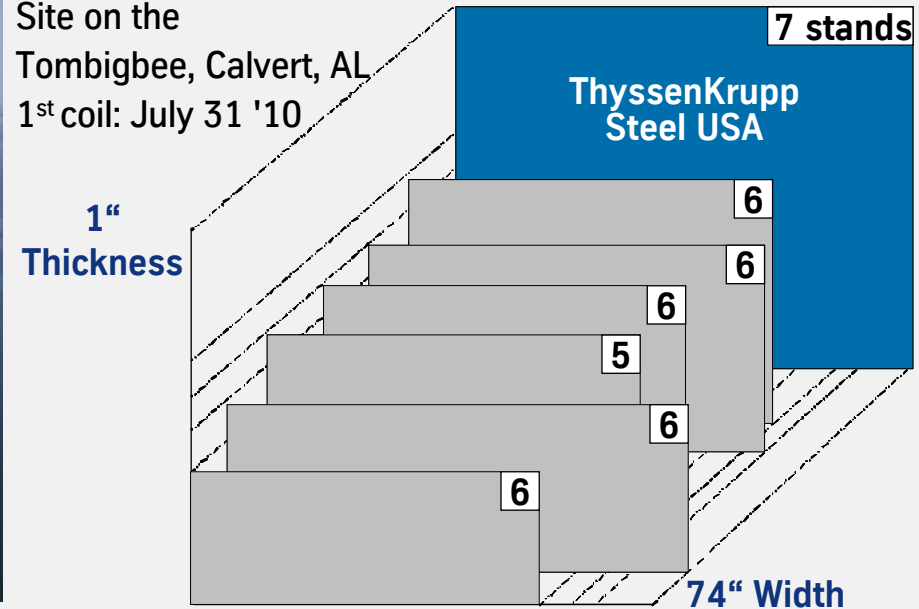
Sepetiba Bay, Santa Cruz, Rio de Janeiro, Brazil
 Blow in BF #1: July 12th 2010
 1st slab: Sep 7th 2010



- Coking plant: 1.9 m t/yr of coke
- Sinter plant: 5.7 m t/yr of sinter
- 2 blast furnaces: 5.3 m t/yr of hot metal
- Steel shop: >5 m t/yr of slabs
- Power plant: 490 MW

ThyssenKrupp Steel USA

Site on the Tombigbee, Calvert, AL
 1st coil: July 31 '10



- Hot strip mill: >5 m t/yr
 - up to 74" width / 1" thickness
 - 7 stands
- Tandem/cold strip line: 2.5 m t/yr
- 4 galvanizing lines: >1.5 m t/yr

Business Area Overview

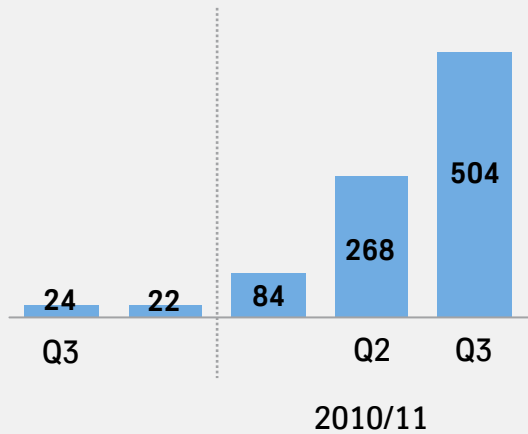
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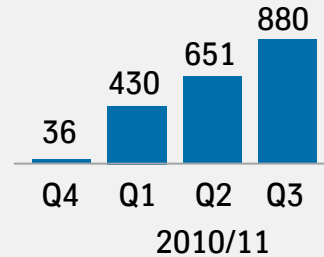
Steel Americas – Q3 2010/11 Highlights

Order intake in €m

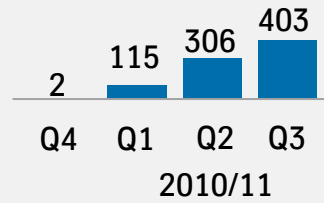


Production & shipments in 1,000 t

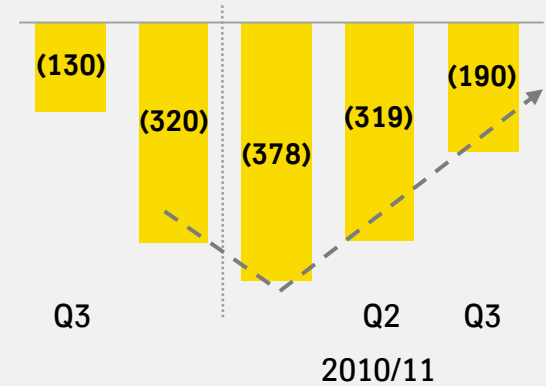
Slab production
CSA



Shipments
Steel USA



EBIT in €m



1st Coil from 3rd HDGL on July 15th



Current trading conditions

- CSA: ramp-up of coke plant battery B; continuous optimization of specific consumption rates and expansion of grade structures
- Steel USA: first volumes being tested by OEMs from the auto, pipe & tube, white & yellow goods industries
- Cont'd gradual improvement of real demand
- Service Centers with moderate inventories and low months of supply

Steel Americas

Key figures

		2009/10				FY	2010/11		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	€m	0	23	24	22	69	84	268	504
Sales	€m	0	23	24	21	68	86	260	429
EBITDA	€m	(70)	(78)	(119)	(297)	(564)	(328)	(211)	(95)
EBIT	€m	(71)	(79)	(130)	(320)	(600)	(378)	(319)	(190)
EBIT adjusted	€m	(71)	(79)	(130)	(320)	(600)	(378)	(319)	(190)
TK Value Added	€m					(1,111)			
Ø Capital Employed	€m	4,620	5,006	5,359	5,678	5,678	7,230	7,430	7,524
OCF	€m	(171)	(93)	(221)	(361)	(847)	(585)	(360)	(269)
CF from divestm.	€m	2	1	5	(4)	4	90	1	(6)
CF for investm.	€m	(455)	(447)	(622)	(530)	(2,054)	(477)	(424)	(197)
FCF	€m	(624)	(539)	(839)	(895)	(2,897)	(972)	(783)	(472)
Employees		1,794	2,256	2,876	3,319	3,319	3,571	3,748	3,995



Business Area Overview

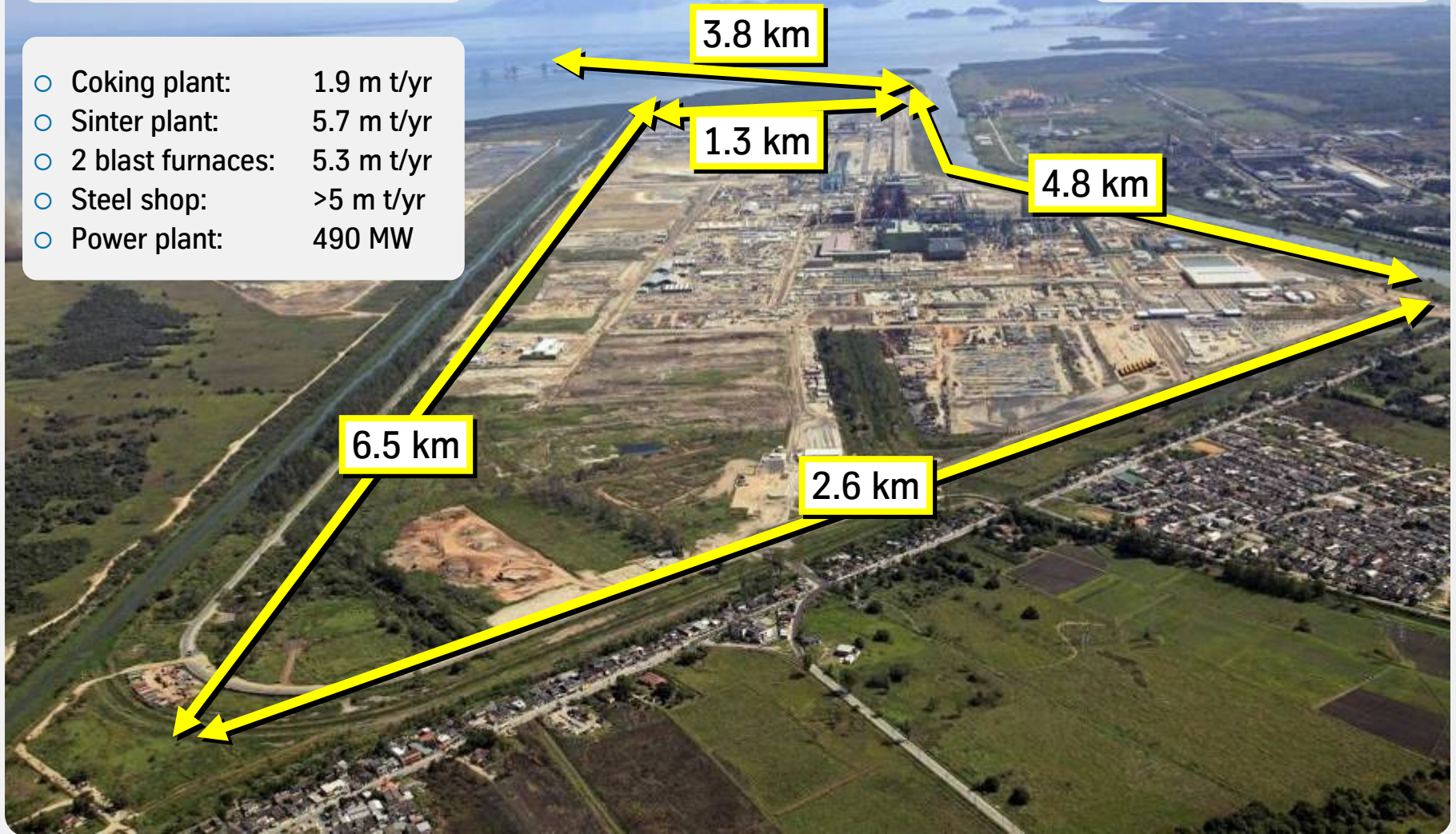
○ Steel Americas

- Key Financials
 - **Key Facilities & Product Overview**
 - Strategy & Key Success Factors
-

ThyssenKrupp CSA

Sepetiba Bay, Santa Cruz,
Rio de Janeiro, Brazil

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ThyssenKrupp CSA

ThyssenKrupp Steel USA

Site on the Tombigbee River,
Calvert, AL, USA

- Hot strip mill: >5 m t/yr
 - up to 74" width / 1" thickness,
 - 7 stands
- Tandem/cold strip line: 2.5 m t/yr
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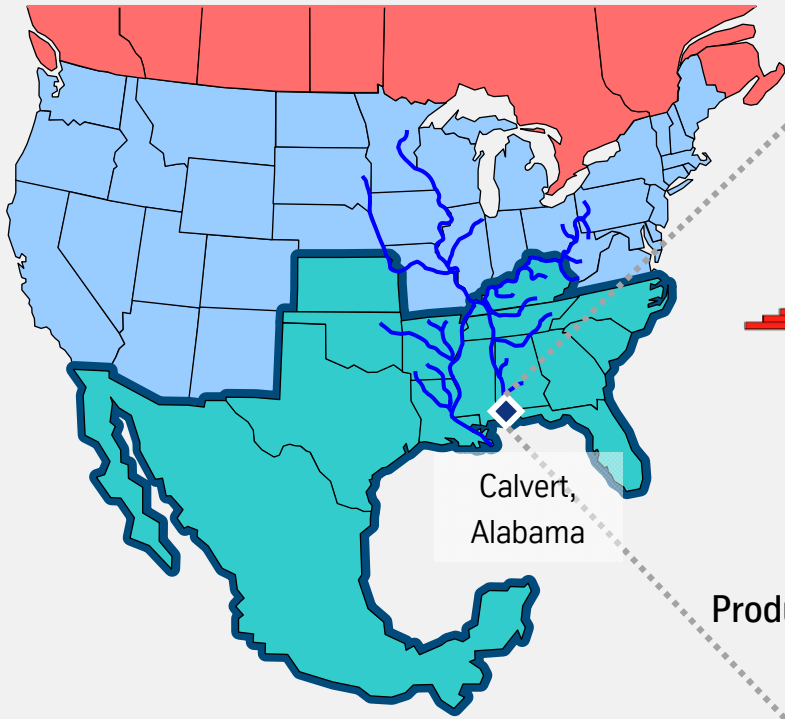
3.0 km

1.5 km



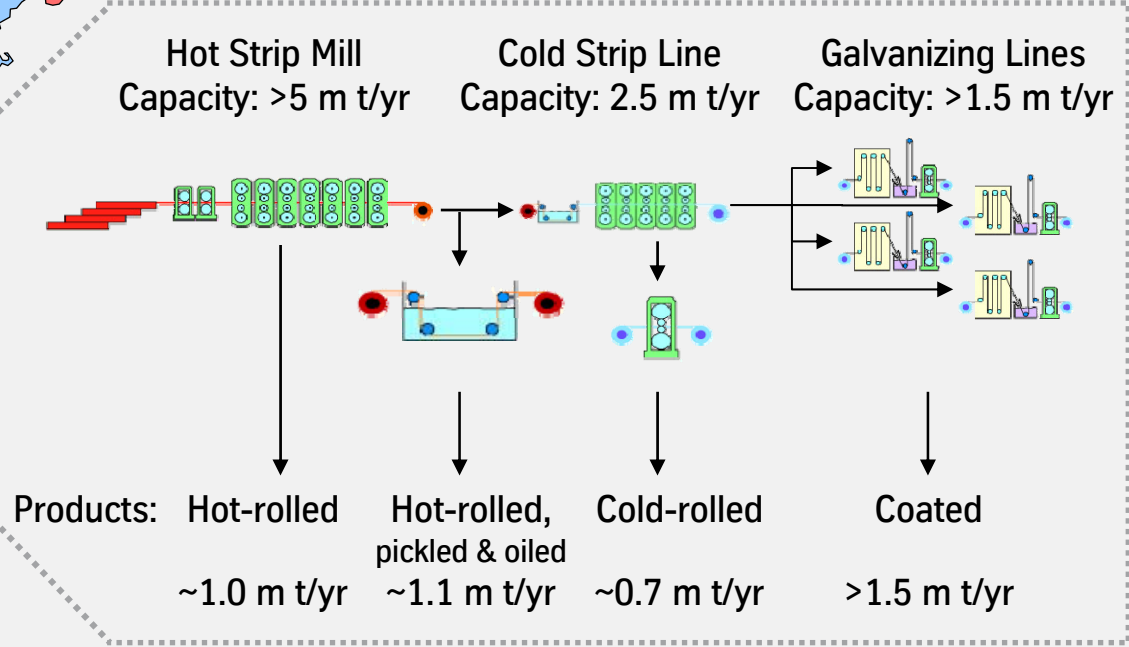
TK Steel USA: Optimum Logistics and State-of-the-Art Facilities

Located at the heart of the modern industrial center of the U.S.



ThyssenKrupp Steel USA: Equipment Layout, Capacities and Shipment Structure

million tons per year



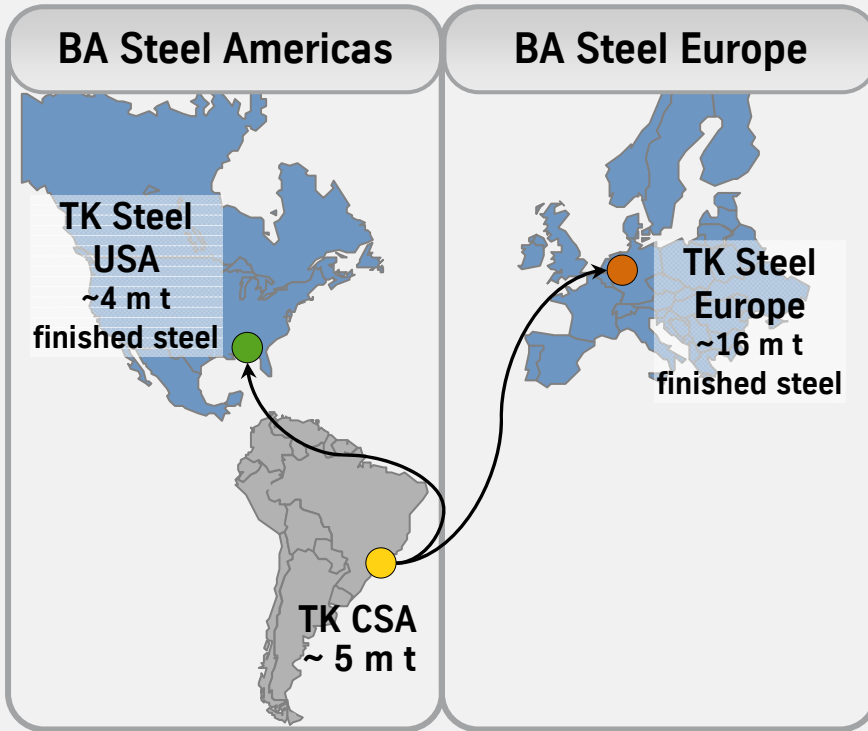
Geared to demanding customers from the automotive, service center, pipe & tube, construction and appliances industry

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Transatlantic Steel Concept (I)



Targeted major transatlantic production capacities

Capacity in m metric tons p.a.	Steel Americas Brazil	NAFTA	Steel Europe**
Slabs	>5	-	15
Hot-rolled	-	>5*	17
Cold-rolled	-	2.5	10
Coated	-	>1.5	8

* incl. ~1 million t for Stainless ** slabs incl. share in HKM; hot-rolled incl. heavy plate and medium-wide strip; coated incl. EG, HDG and tinplate

- Production cost advantage from production in Brazil
- Build on and expand strong European market position in premium flat carbon steels
- Transfer of proven business model into the modern industrial center of the U.S.

Transatlantic Steel Concept (II)

Network

Steel

Materials

Technologies

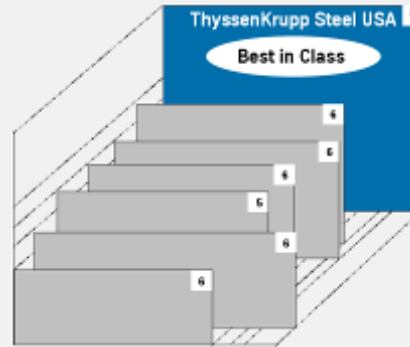


Quality

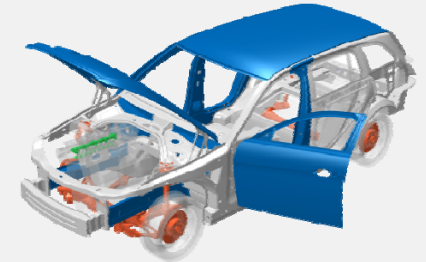
Technology

Innovation

Service



InCar



Efficiency

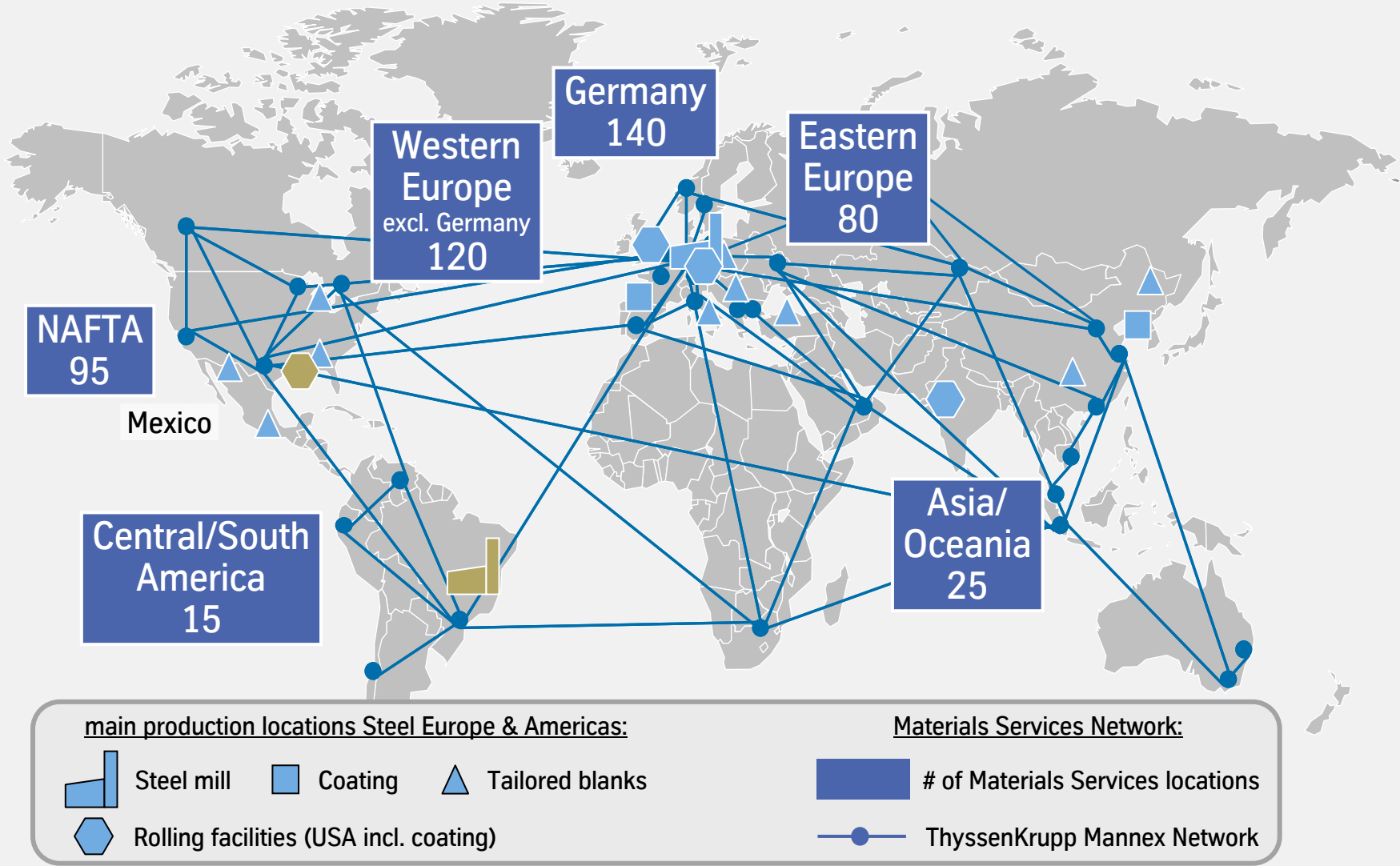
Raw materials logistics

Production

Outbound logistics



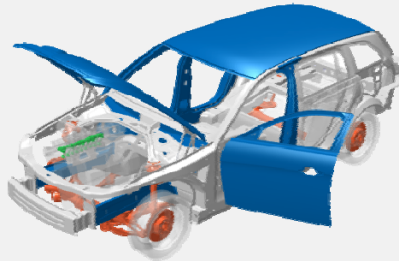
Steel Expansion into the Americas Backed by Global Materials Services Network



Steel Expansion into the Americas Based on Premium Quality Leveraging Unique Service Portfolio and Product Mix

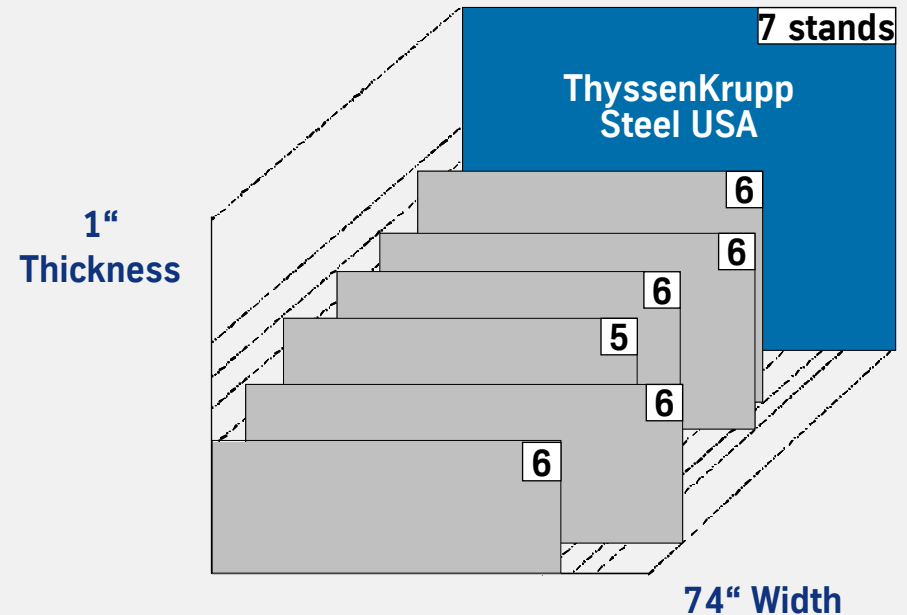
Service Portfolio: Example InCar Project

InCar



- High demand for ThyssenKrupp quality
 - Local Tech Center with US and German engineers
 - Development of future material concepts
 - Innovative technical support from Customer Technical Service
- InCar InCar project – toolbox for optimized weight/cost/safety solutions – rolled out to NAFTA customer base

Product Mix: Example Hot Strip Mill Capabilities



- 74" width – e.g., large diameter pipes
- 1" thickness – e.g., coiled plate market entry
- 7 stands – e.g.,
 - superior defect free surface and
 - more consistent mechanical properties
 - tight tolerances and superior gauge control



Steel Expansion into the Americas Based on Most Efficient Operations

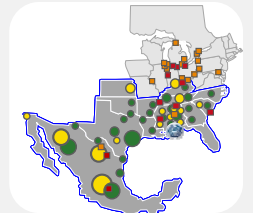
ThyssenKrupp CSA

- highly efficient inbound logistics
- highly efficient intraplant logistics and optimum plant layout
- state-of-the-art slab production facilities; highly efficient energy supply network
- highly efficient outbound / interplant logistics

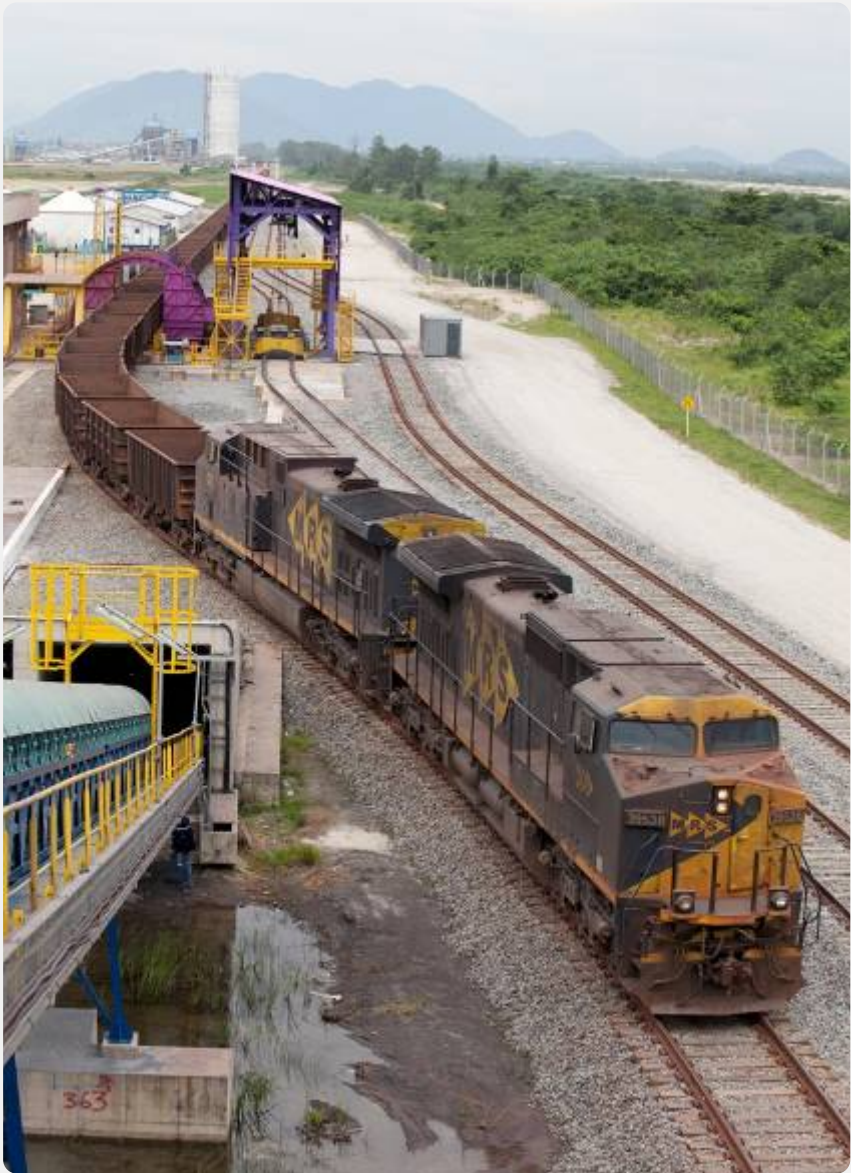


ThyssenKrupp Steel USA

- highly efficient inbound logistics
- highly efficient intraplant logistics and optimum plant layout
- state-of-the-art rolling and coating facilities
- highly efficient outbound logistics



Iron Ore Inbound Logistics



Blast Furnaces



Steel Plant



Power Plant

490 MW

Steam Turbine

Gas Turbine

Gas Turbine

- fueled by
 - blast furnace and converter gases
 - steam from the coking plant and the melt shop
- ~200 MW used internally

Interplant Logistics

Sepetiba Bay, Santa Cruz,
Rio de Janeiro, Brazil



River Terminal Calvert, AL, USA

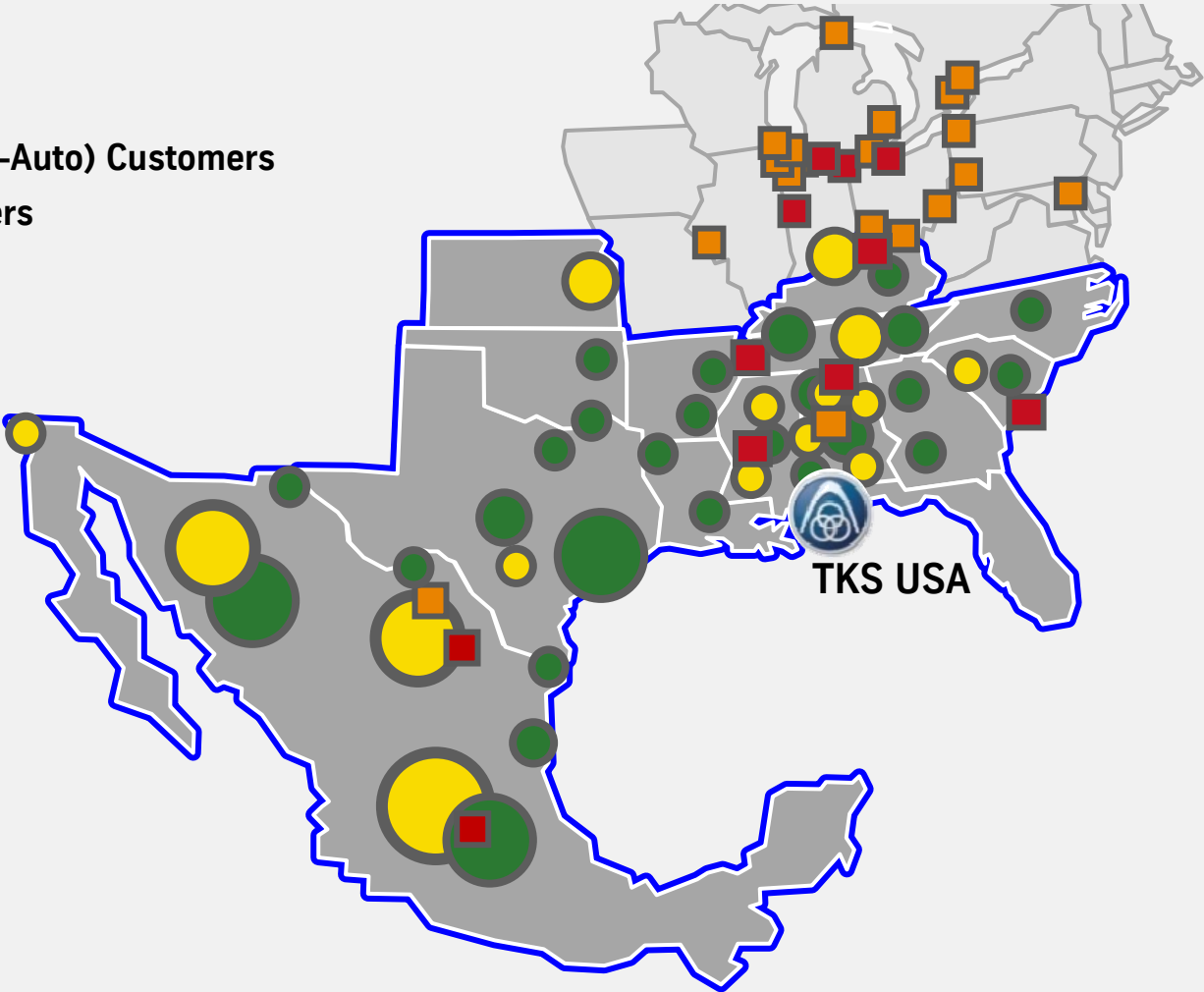


Well Positioned in Southeastern United States with Proximity to Mexico

Geographic position of TKS USA, our home market and BF & EAF competitors

■ Mini-Mill
 ■ Blast Furnace

● Industry (Non-Auto) Customers
 ● Auto Customers



- 1) Size of Industry and Auto bubbles reflect the approximate number of customer locations in the given area.
- 2) Includes all steelmaking (EAF, BF) locations, excluding West Coast of U.S. and Canada.

Successful Transition From Project Phase to Operations

1st Tap Blast Furnace #1



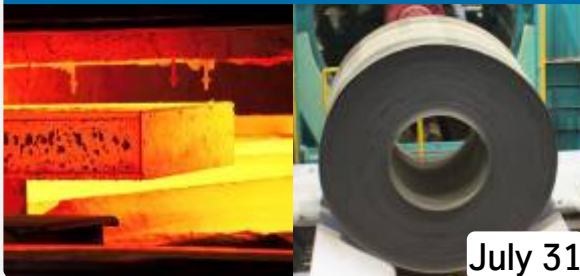
1st Slab



1st Slab Shpmts to Ger / to the US



1st HRC



1st CRC



1st CSA Slabs Arriving in Mobile



1st Push Coke Plant



1st Sales



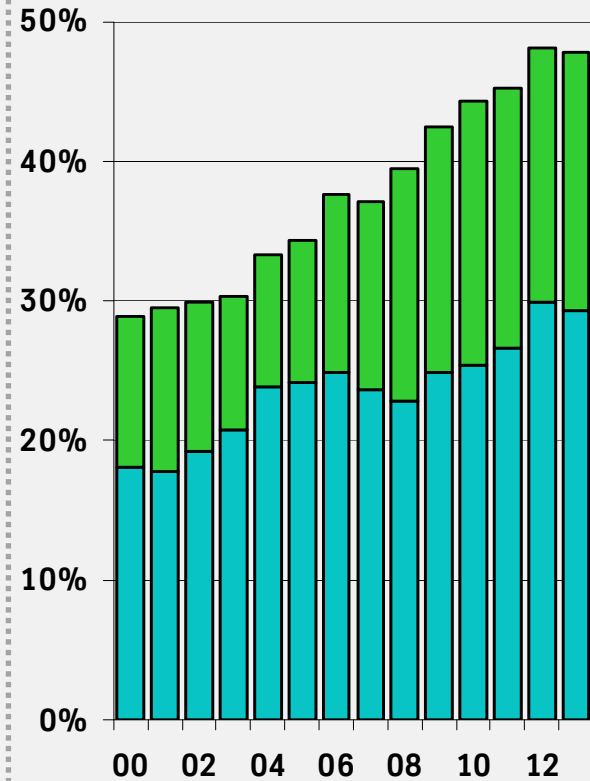
1st HDG



Migration of Automotive Production from North to South – Production in TKS USA home market to exceed pre-crisis-levels by 2012

Light-Vehicle Production NAFTA
Share of TKS USA Home Market

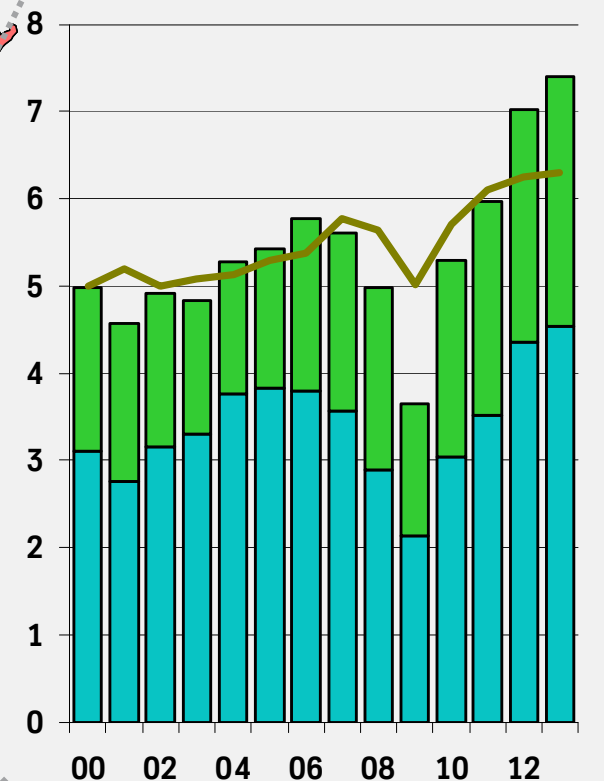
in %



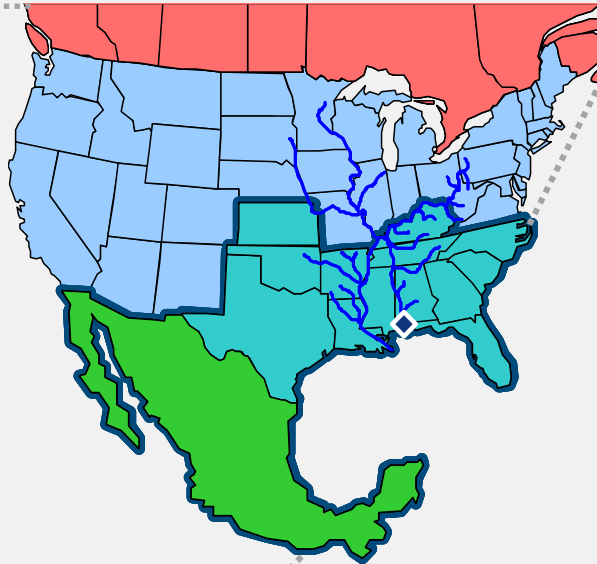
Source: Polk ProCar World April 2011; own analysis

Light-Vehicle Production
TKS USA Home Market

in million units



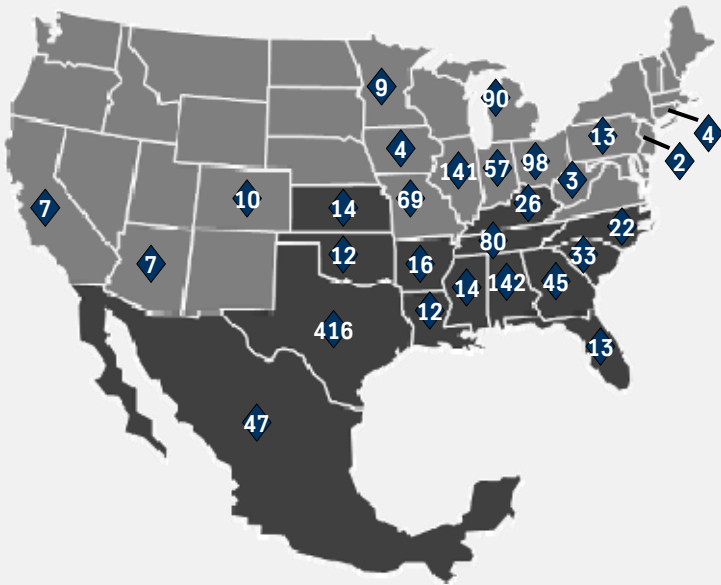
— production Germany in million units



Car production in
Germany:
~6.1 m units
(2011e)

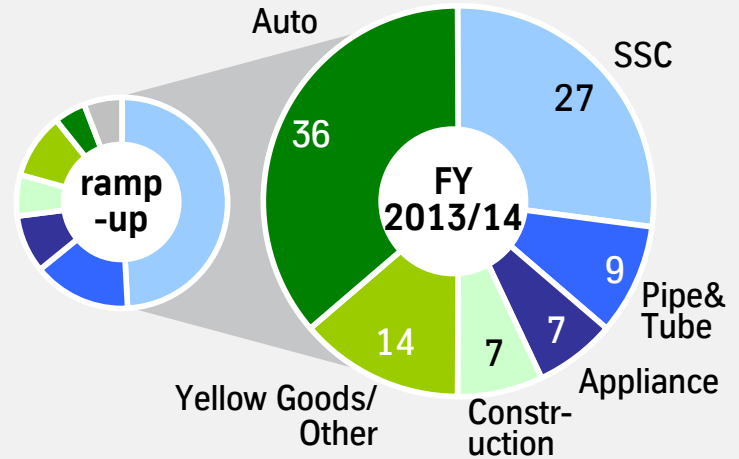
Comprehensive Customer Development Activities Geared to Market-Oriented Ramp-up at ThyssenKrupp Steel USA

Around 1,500 customers visits



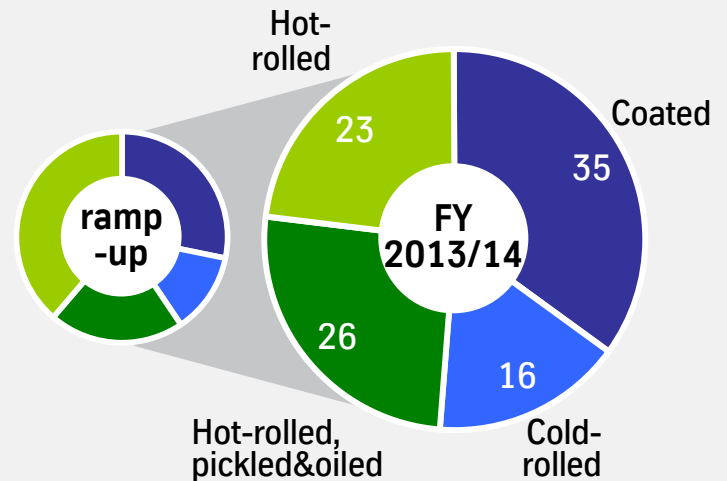
Shipments
by
Customer
Industries

%



Shipments
by Product
Mix

%



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- (i) market risks: principally economic price and volume developments,
- (ii) dependence on performance of major customers and industries,
- (iii) our level of debt, management of interest rate risk and hedging against commodity price risks;
- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
- (ix) general economic, political and business conditions and existing and future governmental regulation; and
- (x) the effects of competition.

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