



## ThyssenKrupp Group

Portfolio optimization in the past two years

Analysts' and Investors' Meeting, London  
May 18, 2005

**ThyssenKrupp**



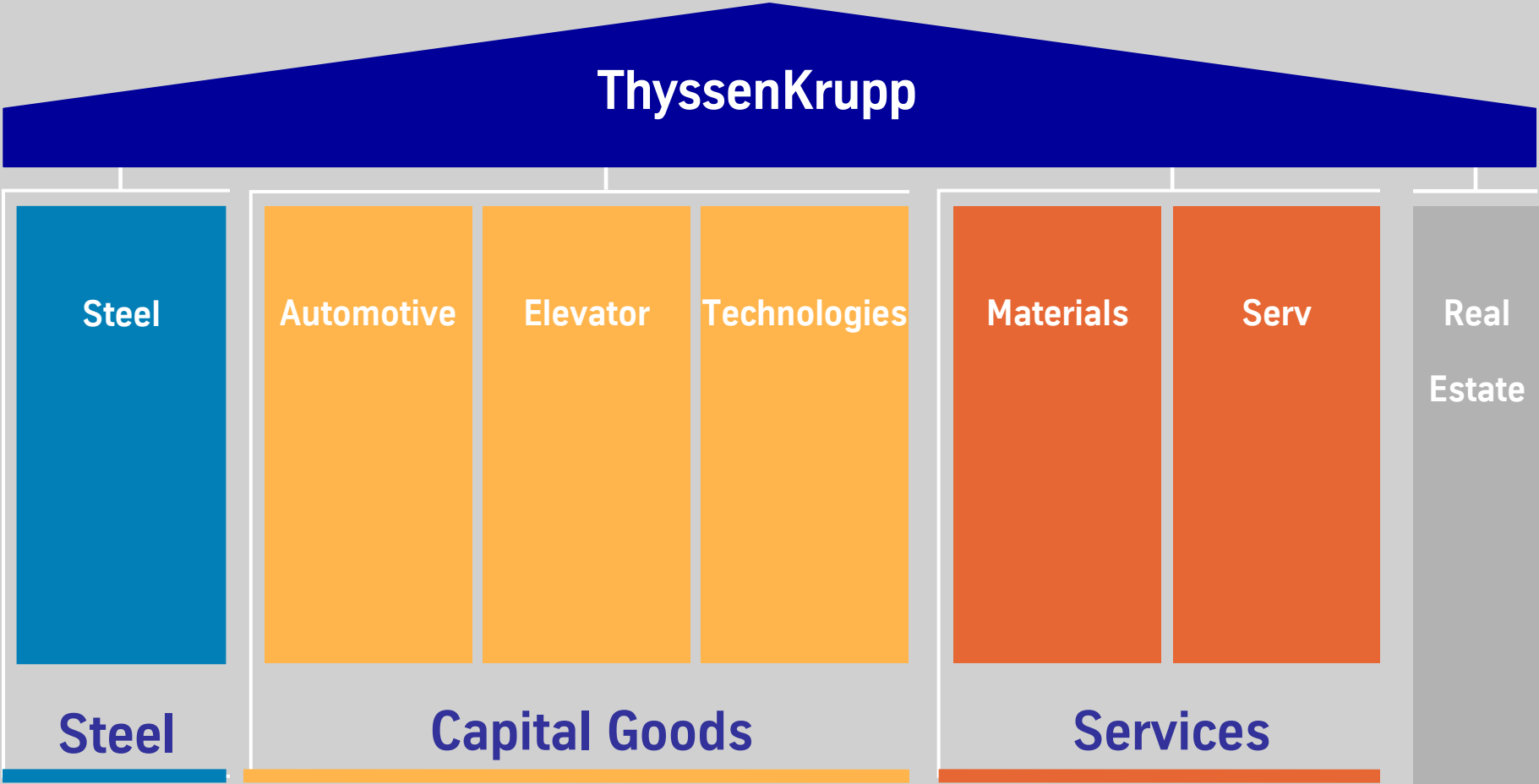
# Contents

- **Focusing the Group**
- Examples: Triaton and Real Estate
- Summary and conclusion

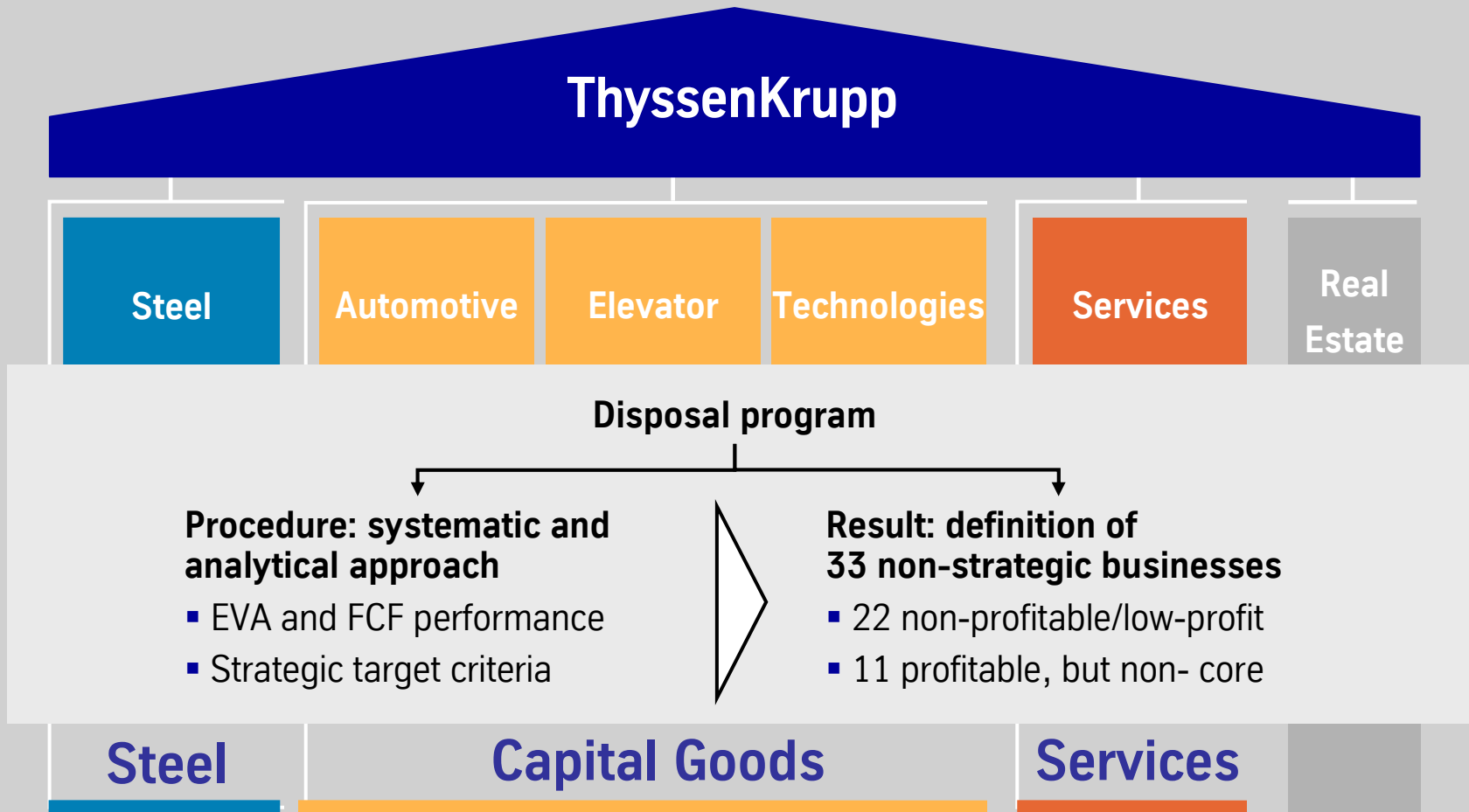


# Review of the fiscal year 2002/2003

6+1 segments



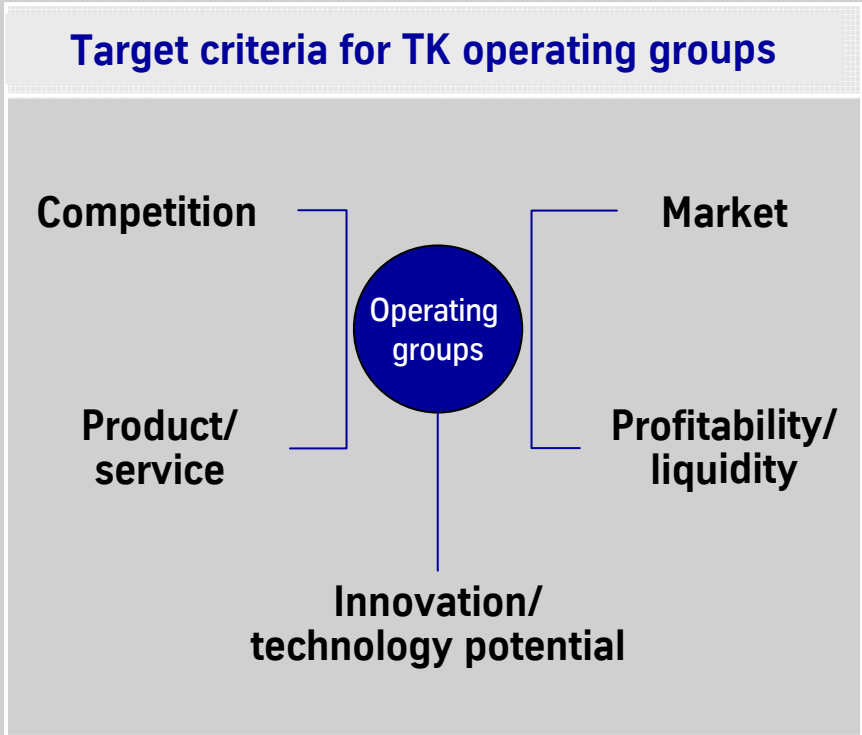
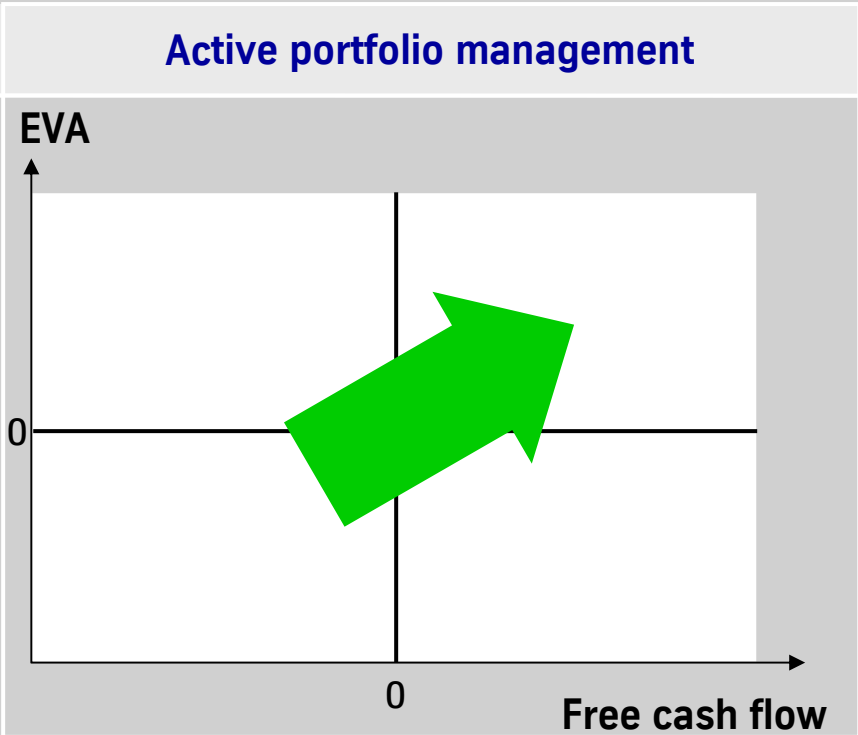
# Starting the “Desinvest 33” program in May 2003



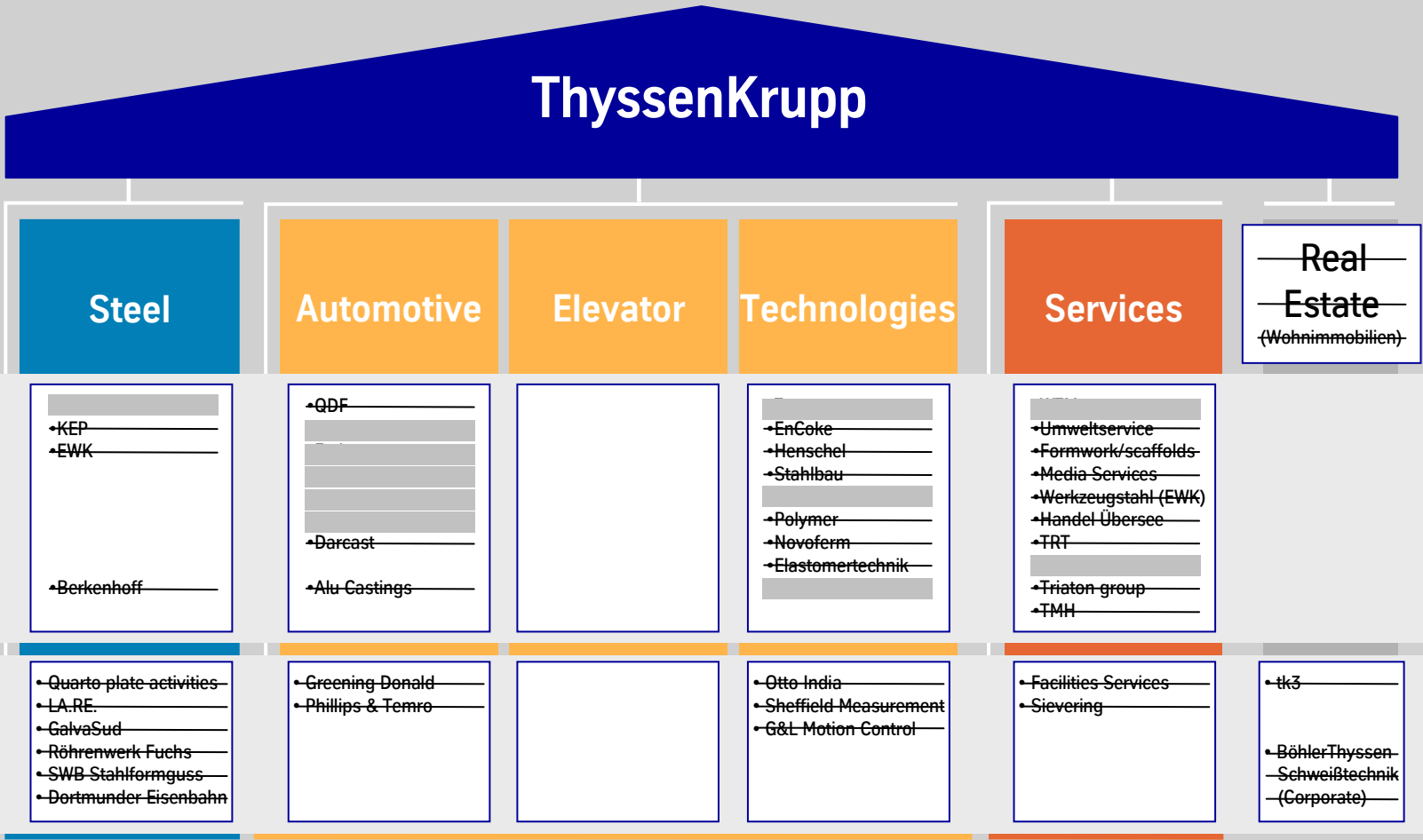
Note: Segments Materials and Serv merged in 2003



# Clear criteria for strategic development



# Portfolio optimizations in the past two years



Note: Two businesses redefined as core.



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# Triaton



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## Company to be sold: Triaton group

### Leading German IT company with high capability

#### Business activities

Triaton comprises three operational divisions

- **Hosting services,**
- **Onsite services,**
- **Applications & solutions**

and

- **five foreign subsidiaries**

in Europe, America, and Asia.

#### Key figures (2002/03)

Sales	€365 m
EBT	€16 m
Employees	2,311

#### IT companies in Germany

<u>No.</u>	<u>IT company</u>	<u>Sales 2002</u> (in € billion)
1.	T-Systems	11.3
2.	IBM	6.1
3.	SBS	5.8
4.	Hewlett-Packard	5.1
5.	Agis	1.0
6.	EDS	0.8
7.	DB Systems	0.7
8.	Fiducia	0.7
9.	Sparkassen Informatik	0.7
10.	Gedas	0.6
11.	CSC	0.6
12.	Accenture	0.6
13.	Lufthansa Systems	0.6
14.	Triaton	0.4
15.	Cap Gemini Ernst & Young	0.4
16.	BASF IT Services	0.4
17.	HVB Systems	0.4

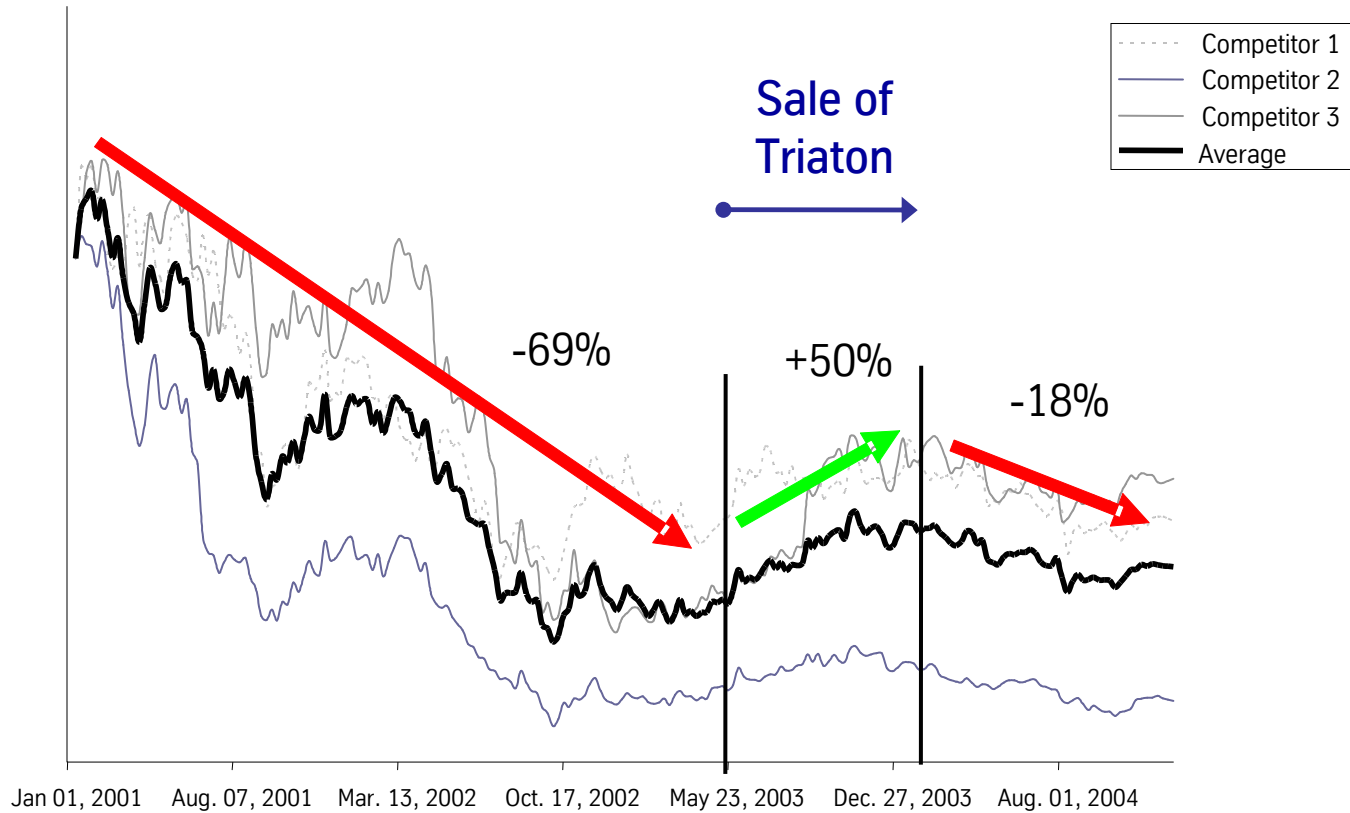
Source: Wirtschaftswoche, Sep. 11, 2005



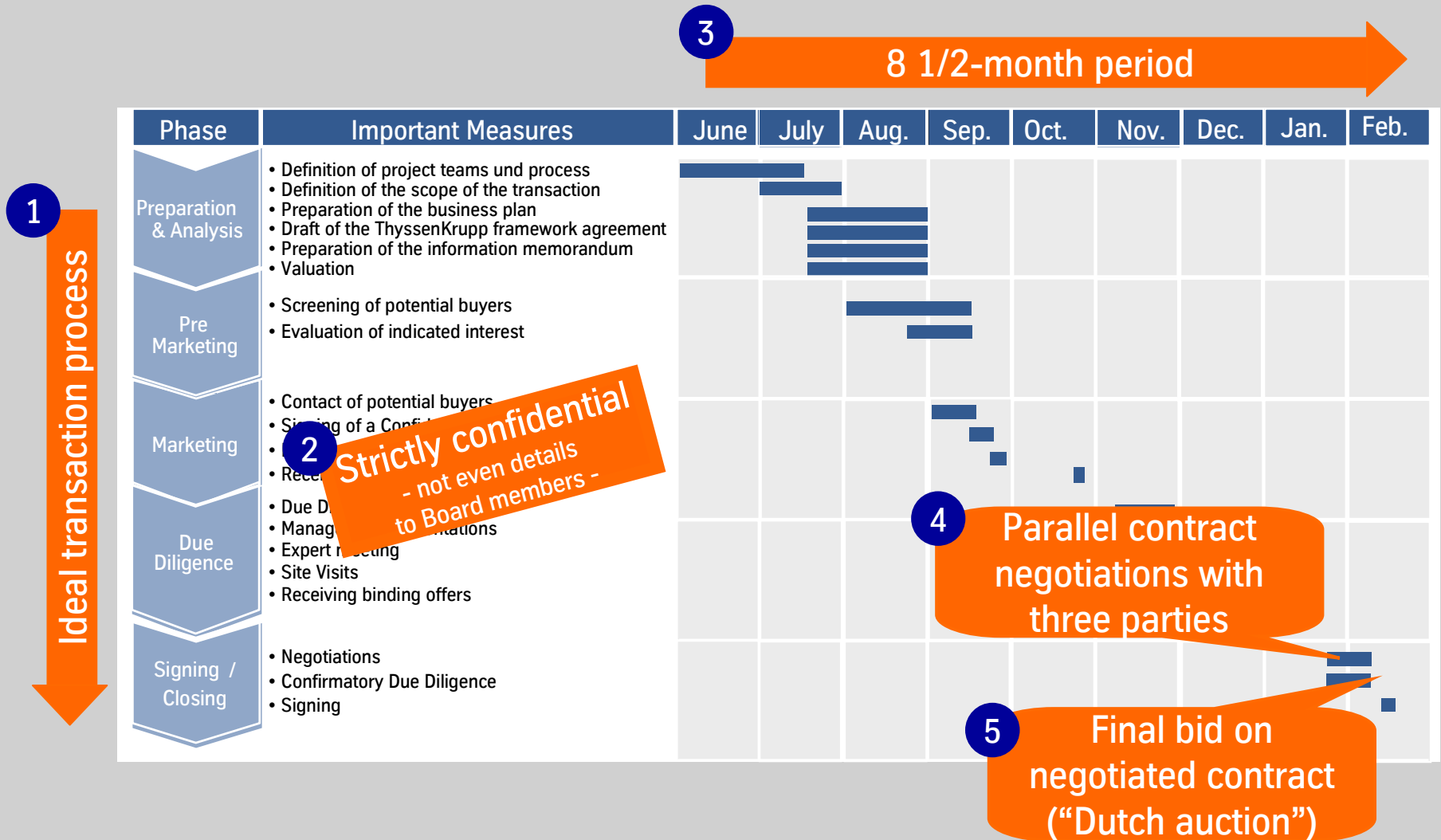
## Triaton group: excellent timing for the sale

Recovery of listed IT companies after the collapse of the “new economy”

### Development of stock prices of important IT companies



# Five special features of the Triaton group transaction process





# Residential REAL ESTATE



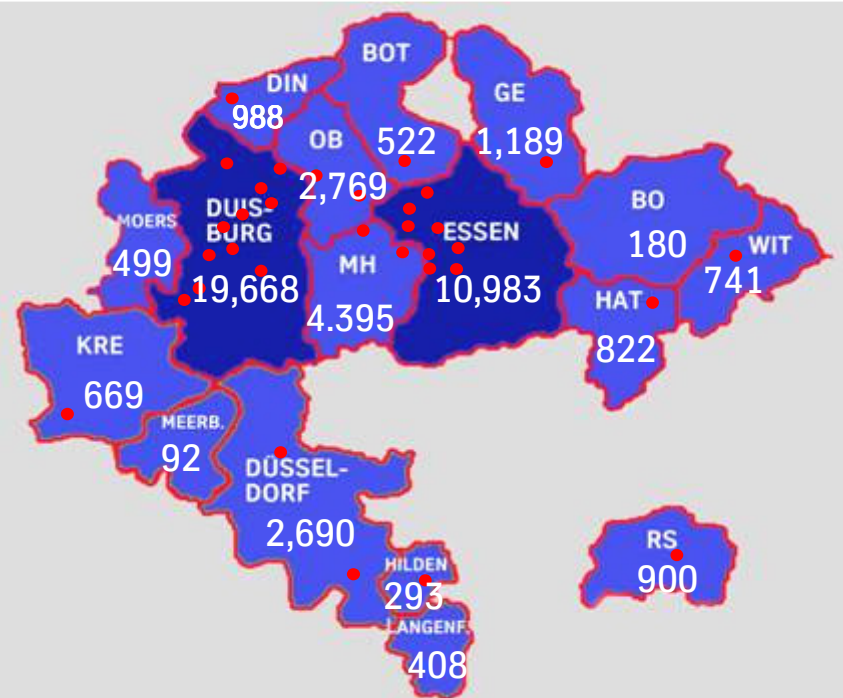
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## Company to be sold: Residential Real Estate group

The portfolio is focused on Duisburg and Essen

Distribution of rental units by city\*  
Number of rental units (only apartments)



Managed portfolio (September 30, 2004)  
(number of rental units)

Apartments	47,897
Garages/parking spaces	8,754
Commercial	454
Other	26
<b>Total</b>	<b>57,131</b>

No. of employees	372
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● Customer support office location

\* Does not include 89 apartments in Bielefeld, Finnentrop, Hünxe, Marl and Rheinberg.

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# Rationale behind the disposal of the Residential Real Estate group

## ThyssenKrupp prospects

### Focus on core business

- Clear continuation of active portfolio optimization toward an integrated technology Group.

### Profitability

- Stable earnings\* in the past for ThyssenKrupp Wohnimmobilien, but with high capital employed.
- Reallocation of funds to areas with greater profitability increases ROCE and EVA.

### Capital market

- **Significant reduction in net financial payables leads to an improvement in rating.**



## Residential real estate market prospects

### Demographic development

- **Long-term risk of falling income from rentals due to declining population development forecast in the Ruhr area.**

### Investor trend

- High level of interest from international funds in attractive investments in the German residential real estate sector.

### Market offer

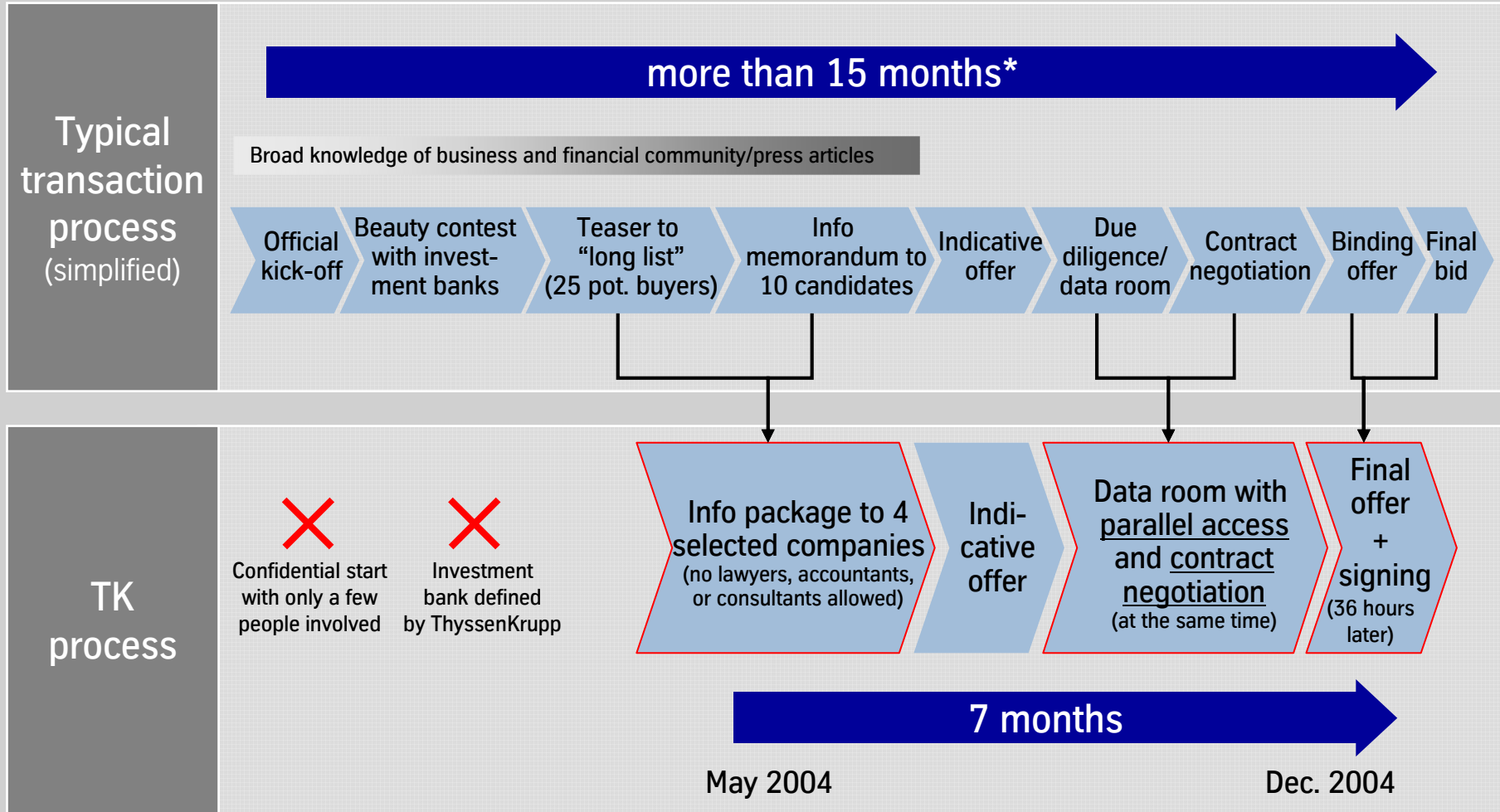
- However, risk of market saturation through planned sales of large residential real estate inventories (e.g. Viterra).

\* FY 2003/04: Sales: €245 million, EBT: €85 million, employees: 372

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# Residential Real Estate: very fast and strictly confidential transaction process



\* Large German real estate company

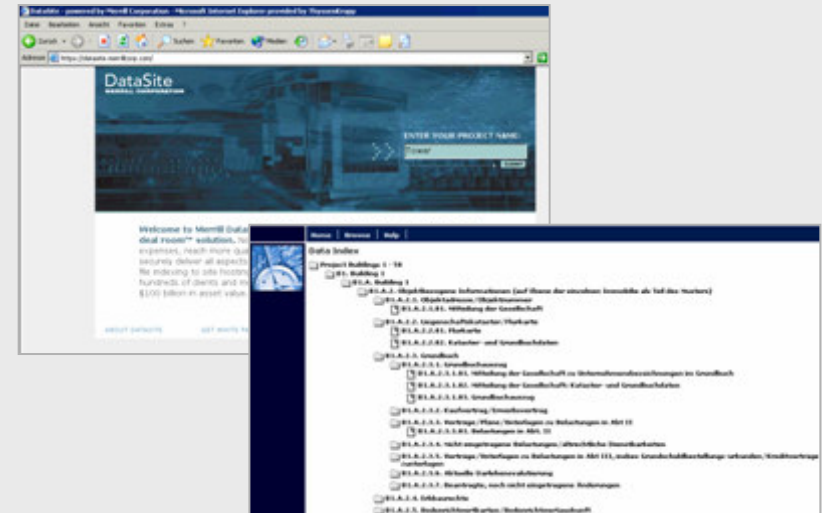


## Residential Real Estate: organization of data rooms

3 physical data rooms  
with sensitive tenant information

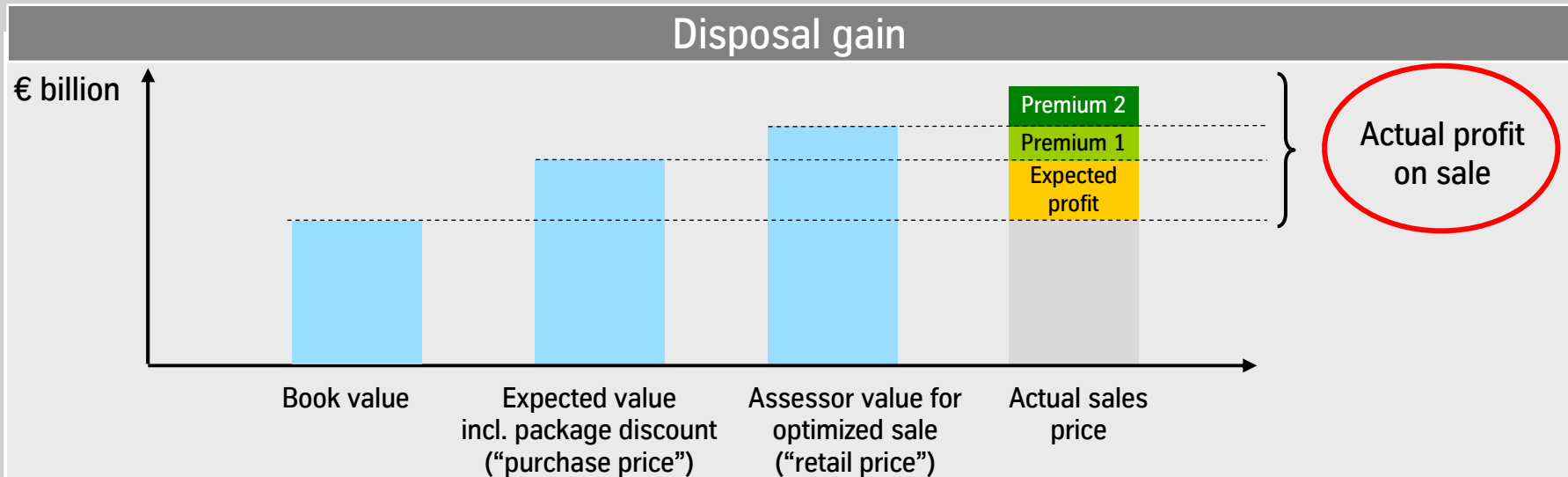


1 electronic data room  
for all bidders



- Parallel data room use by up to 80 users per investor
- Due to volume of information provided
  - efficient Q&A process and
  - significantly shorter contract negotiations

# Residential Real Estate: double premium and comparatively high purchase price



## Comparable transactions

No. of residential units	Seller	Buyer	Purchase price	Price per unit
66,000	Land Berlin	Cerberus / Whitehall	€2.0 billion	€30K
27,000	Viterra/E.On	Mira	€0.5 billion	€19K
48,000	ThyssenKrupp	Morgan Stanley / Corpus	€2.1 billion	€44K
77,000	Gagfah/BfA	Fortress	€2.1 billion	€27K
152,000	Viterra/E.On	- open -	~€6.0 billion*	€39K*

\* Estimated/expected

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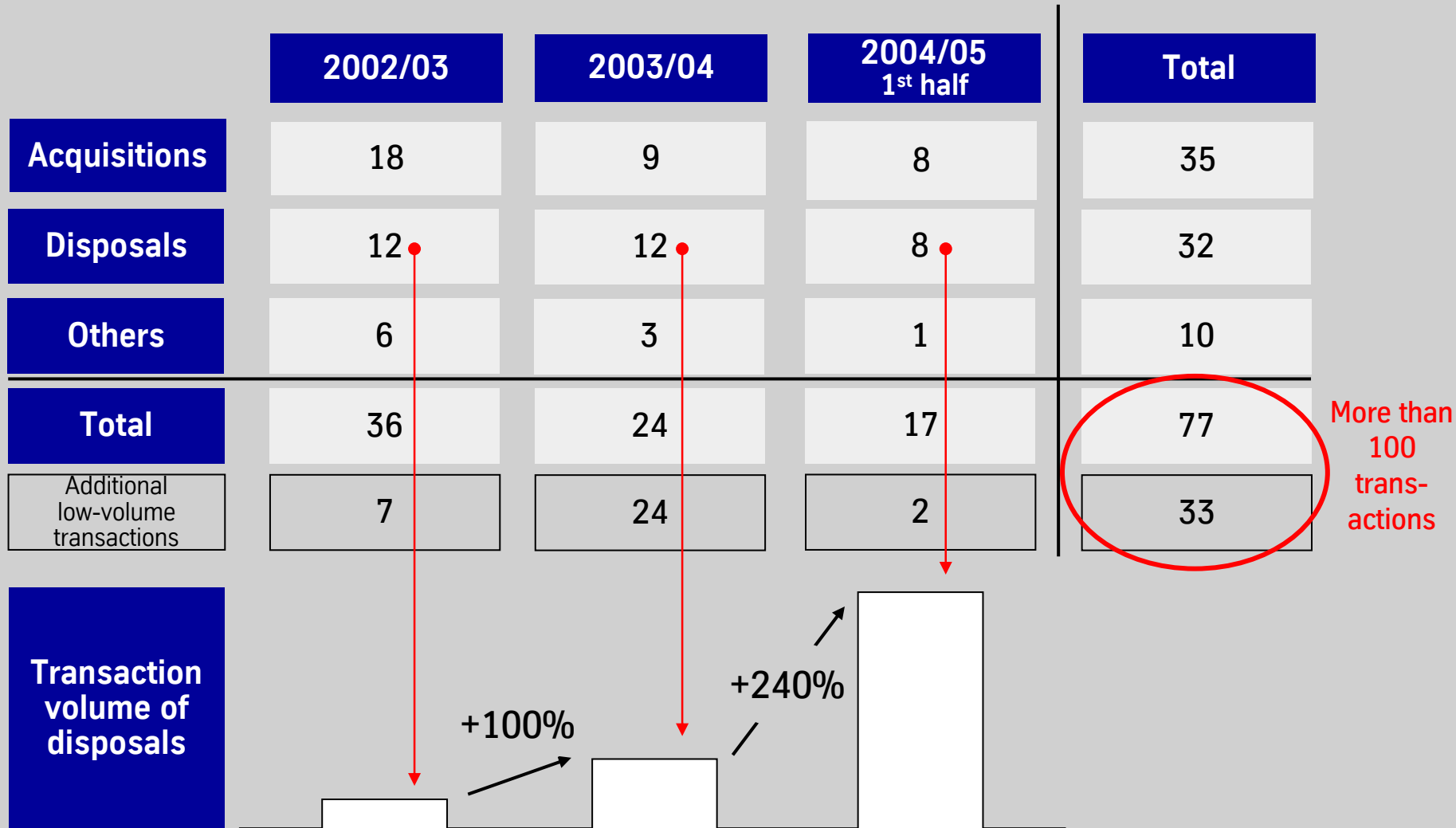


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## Summary: more than 100 transactions in the past two years



## Conclusion

- Two years ago ThyssenKrupp started a comprehensive program of portfolio optimizations to further focus the Group.
- Today, not only have almost all disposals on the defined list been executed (“Desinvest 33”), but also a significant number of further non-core businesses have been sold – including Residential Real Estate.
- In the future, M&A will be a typical function of the Group’s activities. Through selected acquisitions, ThyssenKrupp will strengthen its core business in pursuit of an increase in Group sales from €45 billion to €50 billion.



# Backup

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## 36 portfolio optimizations in 2002/03

### Corporate

Böhler Thyssen Schweißtechnik (D) **Disposal**

### Steel

Galmed (E) **Acquisition**  
 Quarto plate activities (D) **Disposal**  
 LA.RE. (I) **Disposal**  
 TAD (I) **Acquisition**  
 Fischer (F) **Closure**  
 Bauelemente Dinslaken (D) **Closure**

### Automotive

Greening Donald (CAN) **Disposal**  
 Sofedit (F) **Acquisition**  
 Phillips & Temro (USA) **Disposal**  
 Philadelphia Plant (USA) **Closure**  
 Kendalville (USA) **Mothballed**

### Materials

Ferrosta (CZ) **Acquisition**  
 Rodena (DK) **Acquisition**  
 Werkzeugstahl (D) **Disposal**  
 Verder Kunststoffen (NL) **Acquisition**  
 Metal Center Rochester (USA) **Acquisition**  
 TW Metals (USA) **Acquisition**

### Elevator

Lift Service Lublin (PL) **Acquisition**  
 ECE Elevator (India) **Acquisition**  
 Mahkota (Malaysia) **Acquisition**  
 Ascensores Causi (E) **Acquisition**  
 Bongear/Hang Pak (Hong Kong) **Acquisition**  
 Britannic Lift Co. (GB) **Acquisition**  
 Tepper Aufzüge (D) **Acquisition**  
 HABAG (D) **Acquisition**  
 Mylau Plant (D) **Closure**  
 TK Herouth Ltd. Partnership (ISR) **Acquisition**

### Technologies

Polymer (D) **Disposal**  
 Otto India (India) **Disposal**  
 Stahlbau Berlin (D) **Closure**  
 Henschel (D) **Disposal**

### Serv

Rodisola (E) **Acquisition**  
 Umweltservice (D) **Disposal**  
 Construction Services (D) **Disposal**  
 Media Services (D) **Disposal**

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## 24 portfolio optimizations in 2003/04

### Steel

Cipros [minority interest] (I)	Acquisition
GalvaSud (BR)	Disposal
Röhrenwerke Fuchs (D)	Disposal
SWB Stahlformguss (D)	Disposal
Berkenhoff (D)	Disposal
Krupp Edelstahlprofile (D)	Disposal

### Technologies

Novoferm (D)	Disposal
Sheffield Measurement (USA)	Disposal
G+L Foundry (USA)	Closure
Inventa-Fischer (CH)	Acquisition

### Automotive

MB Lenk Group (D)	Acquisition
Darcast (UK)	Disposal
Bertrandt (D)	Acquisition*

### Services

Triaton Group (D)	Disposal
TRT (D)	Winding down
Overseas Trading	Reorganization
Facilities Services (D)	Disposal
Sievering (D)	Disposal

### Elevator

Dong Yang Elevator (South Korea)	Acquisition
Elevator Service 1 (Singapore)	Acquisition
Bonfedi (I)	Acquisition
Elevator Technologies (N. Zealand)	Acquisition
Whitaker Company (USA)	Acquisition

### Real Estate

tk3 (CH)	Disposal
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\* 25.2%



# 17 portfolio optimizations in 2004/05 (1<sup>st</sup> half)

## Steel

CS Inox [minority interest] (I)	Acquisition
Eurinox [minority interest] (NL/TUR)	Acquisition
Dortmunder Eisenbahn (D)	Disposal**
MRT (I)	Acquisition
EWK (D)	Disposal

## Technologies

HDW (D)	Acquisition
Elastomertechnik (D)	Disposal
Stahlbau Hanover (D)	Disposal
G&L Motion Control (USA)	Disposal

## Automotive

QDF (GB)	Disposal
JV TK Gerlach/Sumitomo (CHN)	Acquisition*
Fahrzeugguss (D)	Disposal

## Services

TMH/ThyssenKrupp Mannex (D)	Winding down
MUT (CZ)	Acquisition
Automata (BR)	Acquisition**

## Elevator

Kare Elevators&Engineering (India)	Acquisition
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## Real Estate

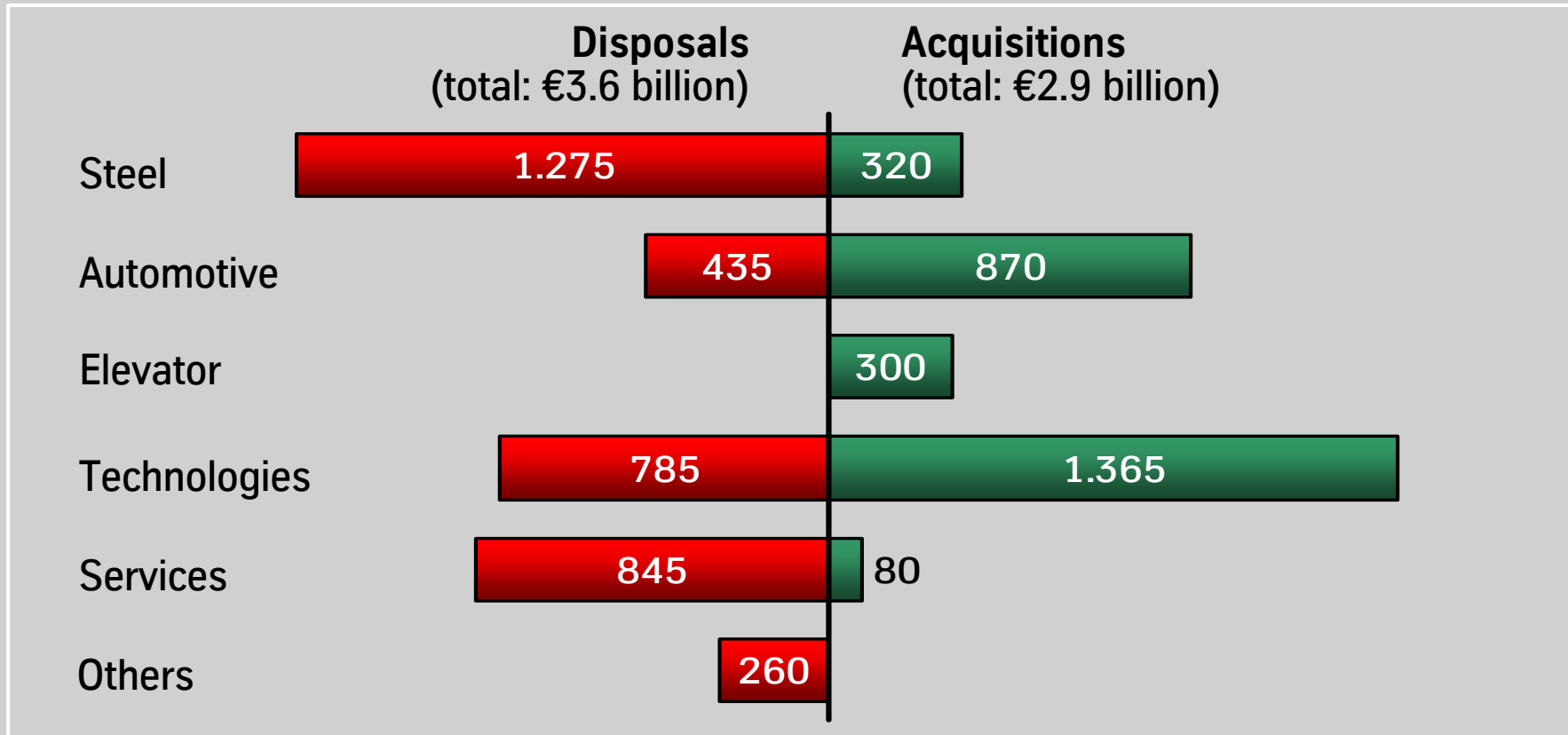
TK Wohnimmobilien (D)	Disposal
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\* 34%/\*\* closing not yet completed



## Active portfolio management at ThyssenKrupp

Key portfolio changes since 2002/03 (status: April 2005)

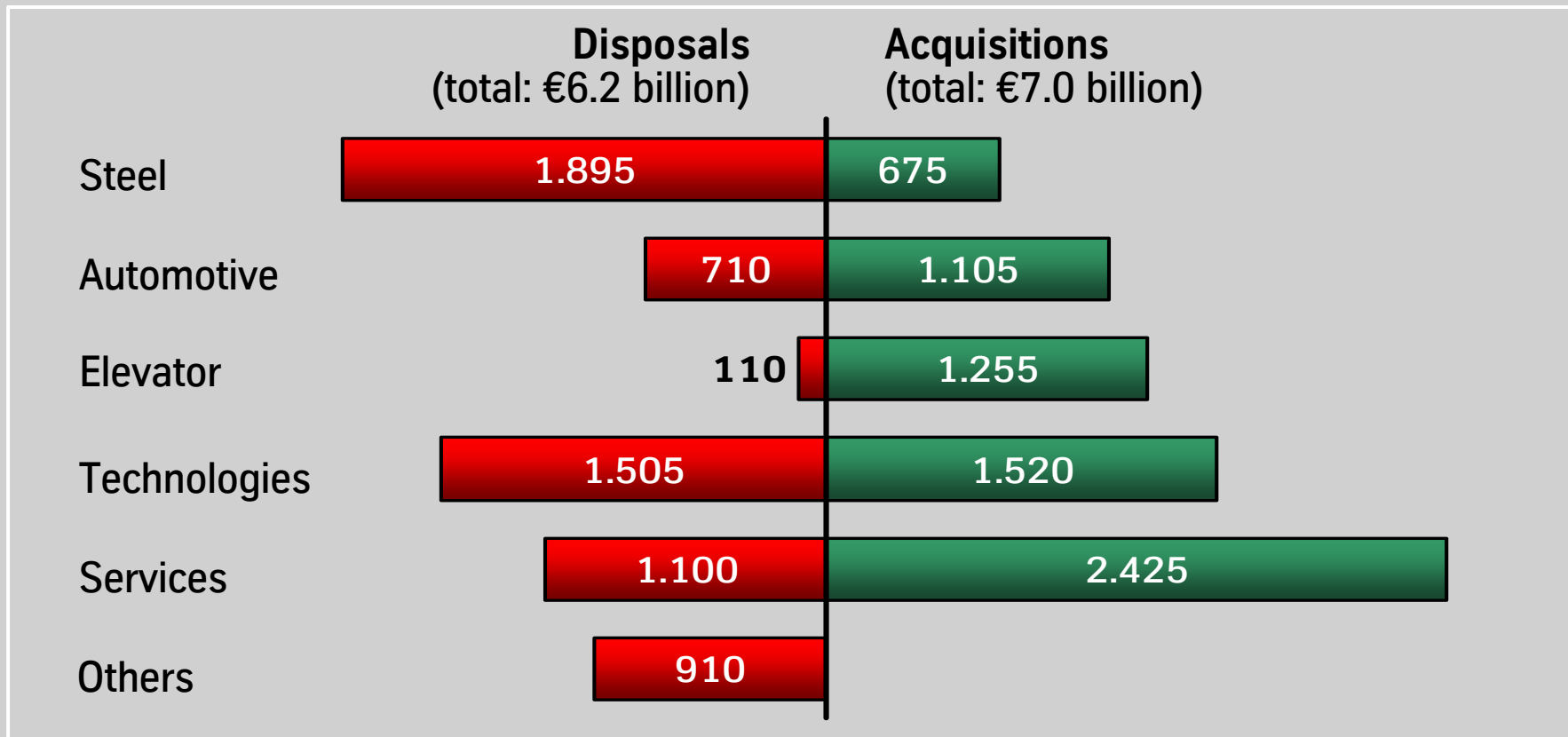


Sales figures in € million



## Active portfolio management at ThyssenKrupp

Key portfolio changes since the merger (status: April 2005)



Sales figures in € million

