

4th Annual Stockholders' Meeting

Remarks by Prof. Dr. Schulz

future value

ThyssenKrupp



Annual Stockholders' Meeting

- Fiscal year 2001/2002
- 1st quarter 2002/2003
- Strategic development
- Outlook



Fiscal year 2001/2002

Virtually no impetus from the economy

- USA: Economic recovery lost pace
- Japan: Economy in decline
- Euro zone: Economy subdued
- Latin America: Economy in decline
- Asia/Central and Eastern Europe: Economic upswing

**ThyssenKrupp held up well in this
difficult economic situation**



Highlights of fiscal year 2001/2002

		2000/2001	2001/2002
Order intake	million €	37,869	36,404
Sales	million €	38,008	36,698
EBITDA	million €	3,267	2,648
EBT			
after goodwill amortization	million €	876	–
before goodwill amortization	million €	1,117	762
Normalized EBT			
after goodwill amortization	million €	533	–
before goodwill amortization	million €	774	419
Consolidated net income	million €	665	216



Highlights of fiscal year 2001/2002

		2000/2001	2001/2002
Basic earnings per share			
after goodwill amortization	€	1.29	–
before goodwill amortization	€	1.76	0.42
Normalized earnings per share			
after goodwill amortization	€	0.58	–
before goodwill amortization	€	1.05	0.48
Net cash provided by			
operating activities	million €	2,245	2,454
Net financial payables	million €	6,407	4,742
Employees (Sept. 30)		193,516	191,254



Capital market expectations met

	Capital market expectation	Actual 2001/2002
<ul style="list-style-type: none"> ○ Normalized consolidated EBT <p>All segments recorded positive earnings</p>	€412 million	€419 million
<ul style="list-style-type: none"> ○ Restructuring expense 	> €100 million	€149 million
<ul style="list-style-type: none"> ○ Impairment 	€200 - 500 million	€338 million
<ul style="list-style-type: none"> ○ Net financial payables 	< €6.0 billion	€4.7 billion
<ul style="list-style-type: none"> ○ EPS as per income statement 		€0.42
<ul style="list-style-type: none"> ○ Normalized EPS 	€0.44	€0.48



Research and development (R&D) 2001/2002

Technological capabilities strengthened further

- R&D expenditure:
€641 million
- R&D employees:
approx. 3,000 scientists, engineers and technicians
- R&D projects:
approx. 2,000



Research and development (R&D) 2001/2002

- Steel:** ○ New Solartec roof and facade system provides heat insulation and features solar cells to produce electricity from the sun's rays
- Automotive:** ○ EPAS (Electric Powered Assisted Steering) systems reduce fuel consumption
- Elevator:** ○ Groundbreaking TWIN elevator system cuts waiting times and improves performance



Research and development (R&D) 2001/2002

- Technologies:** ○ Special process to forge power plant compressor blades patent pending
- Materials:** ○ Variable sheet piling system for flood protection advanced further



Capital expenditures 2001/2002

- Capital expenditures €1.8 billion
 - Property, plant and equipment and intangible assets €1.5 billion
 - Acquisition of companies and interests €0.3 billion



ThyssenKrupp

TOP positions worldwide in our three main business areas:

- Steel
- Capital Goods
- Services



Steel

ThyssenKrupp Steel

		2000/2001		2001/2002	
Order intake	billion €	⇒	11.8	⇒	11.7
Sales	billion €	⇒	12.5	⇒	11.7
Earnings	million €	⇒	673 ¹⁾	⇒	167
Employees at 09-30-02		⇒	51,418	⇒	50,184

¹⁾ incl. Ferteco in amount of €333 million

ThyssenKrupp



Capital Goods

ThyssenKrupp Automotive

		2000/2001		2001/2002	
Order intake	billion €	⇒	6.2	⇒	6.4
Sales	billion €	⇒	6.1	⇒	6.3
Earnings	million €	⇒	155	⇒	64
Employees at 09-30-02		⇒	39,883	⇒	38,425



Capital Goods

ThyssenKrupp Elevator

		2000/2001	2001/2002
Order intake	billion €	⇒ 3.7	⇒ 3.6
Sales	billion €	⇒ 3.5	⇒ 3.5
Earnings	million €	⇒ 276	⇒ 317
Employees at 09-30-02		⇒ 28,501	⇒ 28,768



Capital Goods

ThyssenKrupp Technologies

			2000/2001		2001/2002
Order intake	billion €	⇒	5.7	⇒	5.3
Sales	billion €	⇒	5.7	⇒	5.8
Earnings	million €	⇒	203	⇒	112
Employees at 09-30-02		⇒	32,249	⇒	32,781



Breakthrough for the Transrapid China: Shanghai

- Successful maiden voyage on December 31, 2002
- 30 kilometer link between airport and financial center
- 8 minutes travel time at 430 km/h
- Commercial operation to commence early 2004

- Construction of 2 further lines:
Shanghai – Hangzhou
Shanghai – Nanjing



Breakthrough for the Transrapid

Germany:

Metrorapid Ruhr area / Transrapid Munich

- February 2002: Government grants federal aid of €2.3 billion for the two lines

Metrorapid Ruhr area

- ThyssenKrupp and Siemens offering to contribute up to €200 million
- State government and industry jointly developing form of refinancing venture capital

ThyssenKrupp



Breakthrough for the Transrapid Germany:

Metrorapid Ruhr area

- 79 kilometer link between Düsseldorf and Dortmund
- 37 minutes travel time at 300 km/h



Transrapid Munich

- 39 kilometer link between Munich airport and downtown
- 10 minutes travel time at 350 km/h



ThyssenKrupp



Further perspectives for the Transrapid

Netherlands

- Ring line Amsterdam, Schiphol, Den Haag, Rotterdam, Utrecht under investigation



USA

- Three projects under investigation:
 - Baltimore - Washington
 - Pittsburgh - Greensburg
 - Los Angeles - Las Vegas



Cooperation ThyssenKrupp / Gildemeister

- July 2002: Investigation into combining metal-cutting machine tool activities
- Attractive industrial plan
- Pooling of machine tool businesses currently not possible
- ThyssenKrupp and Gildemeister in continuing discussions to address alternative solutions
- Restructuring program at ThyssenKrupp Metal Cutting still being systematically implemented



New basis for shipyard cooperation

- Two agreements on worldwide cooperation in naval surface vessel and submarine construction between Blohm + Voss GmbH, Nordseewerke GmbH and Howaldtswerke Deutsche Werft (HDW)
- Agreements to come into force as soon as regulatory approvals are received
- Agreements no longer contingent on the acquisition of a 15% interest in HDW



Services

ThyssenKrupp Materials

		2000/2001	2001/2002
Order intake	billion €	⇒ 9.8	⇒ 8.9
Sales	billion €	⇒ 9.6	⇒ 8.9
Earnings	million €	⇒ 42	⇒ 72
Employees at 09-30-02		⇒ 14,315	⇒ 13,743



Services

ThyssenKrupp Serv

			2000/2001		2001/2002
Order intake	billion €	⇒	2.6	⇒	2.5
Sales	billion €	⇒	2.6	⇒	2.5
Earnings	million €	⇒	(36)	⇒	52
Employees at 09-30-02		⇒	25,665	⇒	25,932



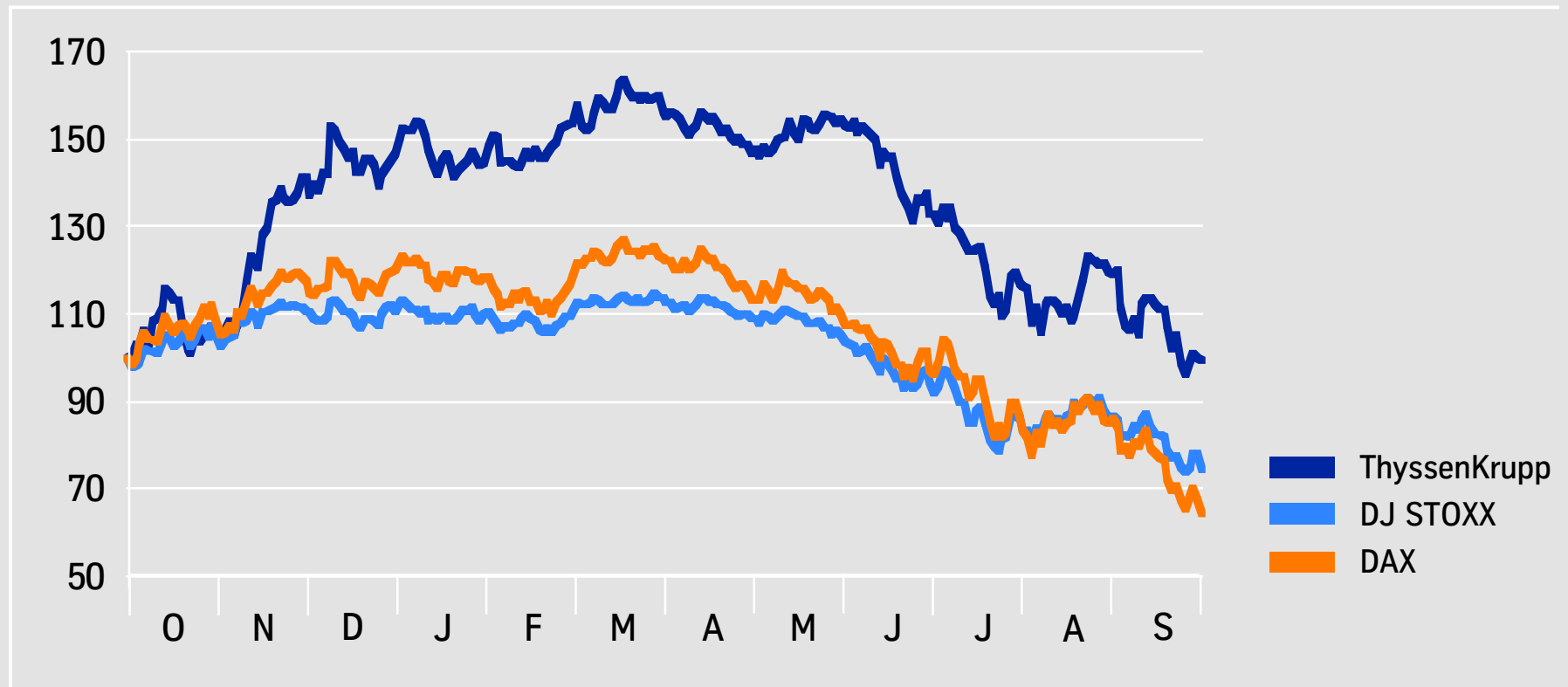
Real Estate

		2000/2001	2001/2002
Order intake	million €	⇒ 317	⇒ 320
Sales	million €	⇒ 317	⇒ 320
Earnings	million €	⇒ 80	⇒ 80
Employees at 09-30-02		⇒ 791	⇒ 745



Stock performance

(compared with DAX and DJ STOXX, indexed, 10-01-2001 to 09-30-2002)

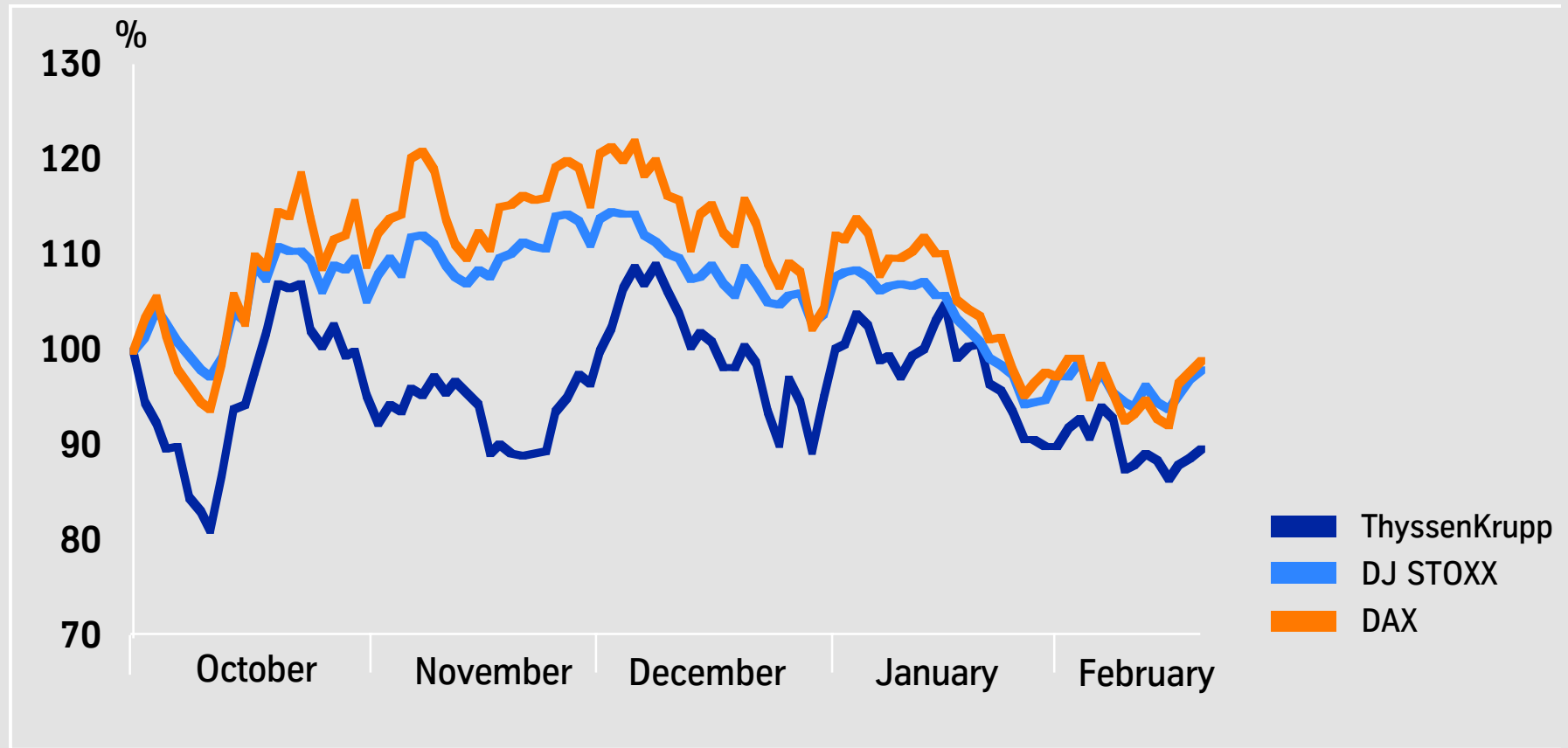


ThyssenKrupp



Stock performance

(compared with DAX and DJ STOXX, indexed, 10-01-2002 to 02-18-2003)



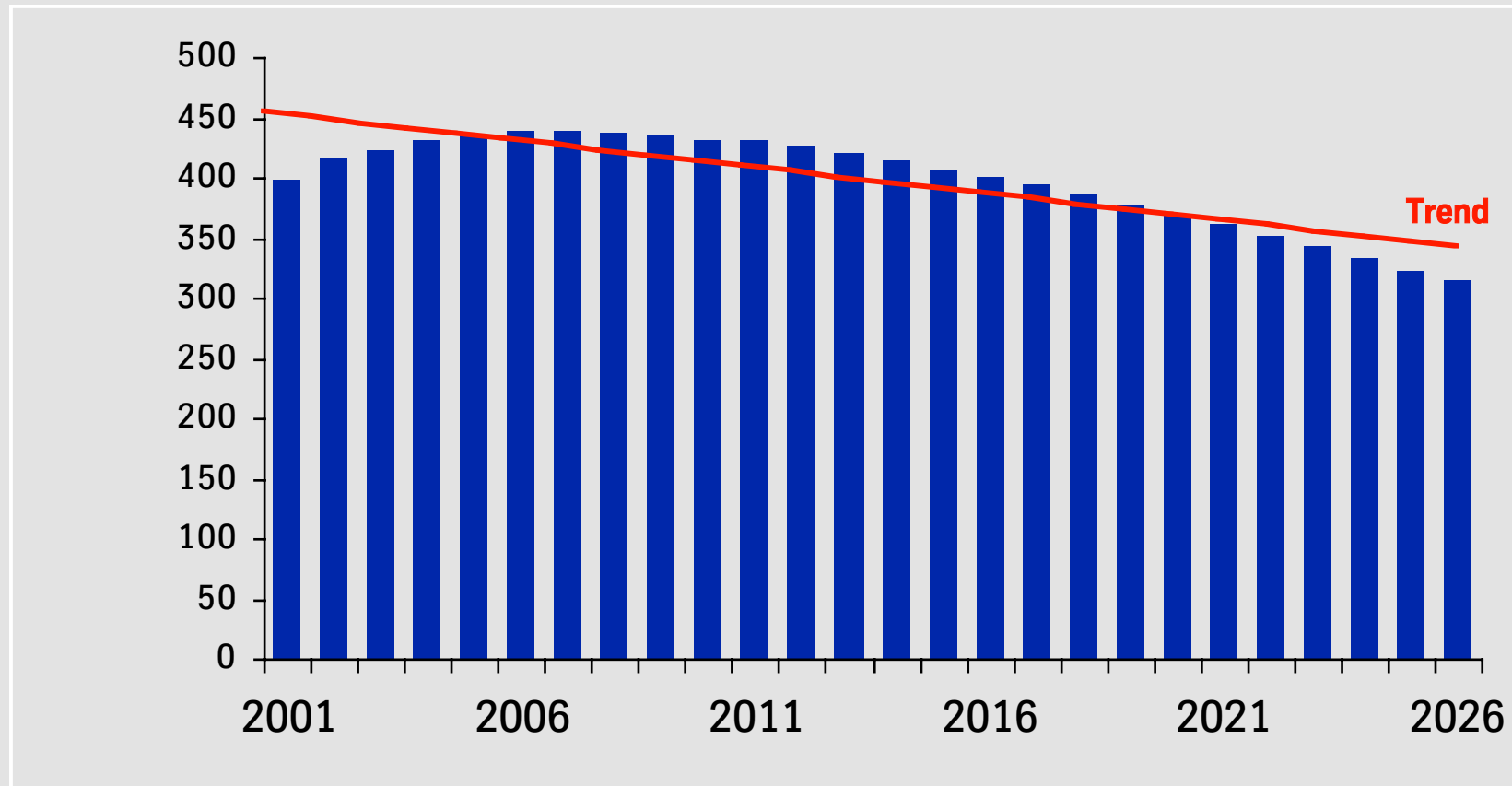
ThyssenKrupp



Pension and similar obligations

Trend in annual pension payments for German postretirement obligations *)

million €



*) incl. 1.5% annual pension increase



Accrued liabilities for pension and similar obligations

A corresponding balance sheet item of €7.1 billion is recognized in the consolidated financial statements for the year ended Sept. 30, 2002, thereof:

Unfunded pension plans	€5,960 million
Accrued liabilities from funded pension plans	€263 million
Accrued pension liabilities	€6,223 million
Accrued postretirement obligations other than pensions	€567 million
Other accrued pension-related obligations	€275 million
Total	€7,065 million



Postretirement obligations ThyssenKrupp

Unfunded postretirement obligations

mainly in Germany

PBO: €5,900 million

Financed by accrued liabilities
(covered by assets)

→ “internal funding”

Funded postretirement obligations

mainly in UK/USA

PBO: €1,924 million

Financed by fund assets

→ “external funding”



Two different systems



Dividend €0.40 per share

- Based on normalized EPS of €0.48
- Payout ratio around 95 % of consolidated net income

Dividend per no-par-value share	€0.40	(prior year €0.60)
------------------------------------	-------	--------------------

Dividend yield	3.6%	(prior year 5.3%)
----------------	------	-------------------



Corporate Governance

- Strong tradition at ThyssenKrupp
- Promotes confidence through open, up-to-date and consistent reporting
- ThyssenKrupp complies with the recommendations of the German Corporate Governance Code with just one exception and to a large extent with the suggestions in the Code
- First DAX 30 company to issue Declaration of Conformity on October 1, 2002
- Individualized publication of Executive Board compensation



Annual Stockholders' Meeting

- Fiscal year 2001/2002
- 1st quarter 2002/2003
- Strategic development
- Outlook



ThyssenKrupp in the 1st quarter 2002/2003

			1st quarter ending Dec. 31, 2001	1st quarter ending Dec. 31, 2002
Order intake	billion €	⇒	8.9	⇒ 9.0
Sales	billion €	⇒	8.3	⇒ 8.7
EBITDA	billion €	⇒	0.5	⇒ 0.6
Income before taxes and minority interest	million €	⇒	28	⇒ 141
Normalized earnings per share	€	⇒	(0.01)	⇒ 0.16
Net financial payables	billion €	⇒	7.2	⇒ 4.9



Annual Stockholders' Meeting

- Fiscal year 2001/2002
- 1st quarter 2002/2003
- Strategic development
- Outlook



Concept to further enhance the value of ThyssenKrupp

Group active in main areas of Steel, Capital Goods and Services

Strategy

Focus Group within areas of

- Steel
- Capital Goods
- Services

Develop segments

- active portfolio management
- organic growth
- stronger service focus (targeted share of sales: 30%)

Productivity improvements/ restructuring measures

Continuous productivity increase of at least 2% - 3% p.a.

- personnel adjustments
- improve underperformers
- realize synergy targets

ThyssenKrupp best

Key initiatives:

- operating efficiency
- reduce capital employed
- service focus
- involve employees and managers
- maximize customer value
- knowledge management
- e-business
- ...

Close the earnings gap

Target: €1.5 billion EBT

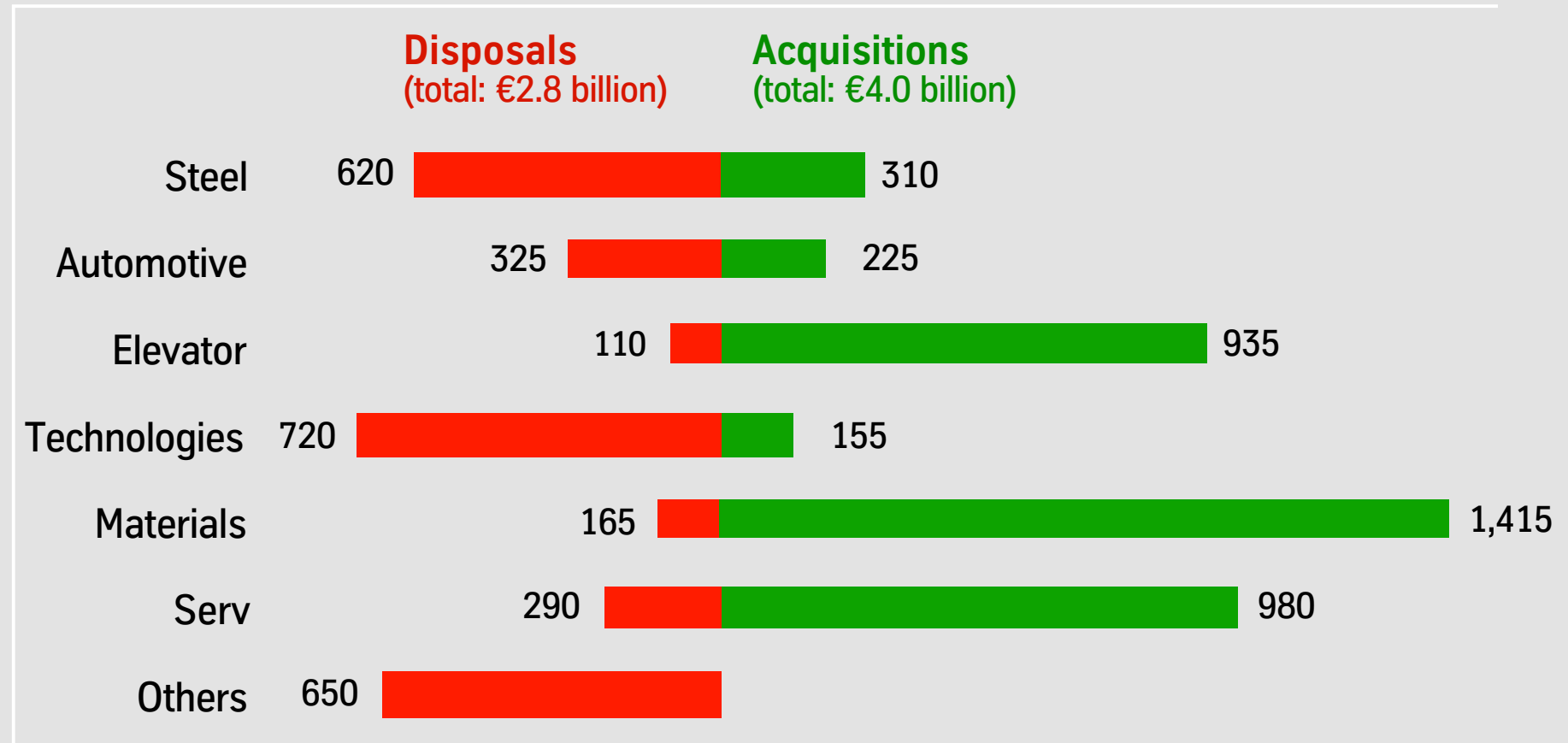
ThyssenKrupp



Active portfolio management at ThyssenKrupp

Major portfolio changes since the merger (as at Sept. 30, 2002)

Sales in million €



ThyssenKrupp



Major portfolio optimization in 2001/2002

Steel

- Carbon: equity interest in Lagermex (Mexico)
- Constr. Elements: acquisition Hobone
- Stainless:
 - acquisition EBOR Edelstahl
 - acquisition remaining 10% AST

Elevator

- Acquisition of elevator activities of Kone South America
- Acquisition of Tepper-Aufzüge effective April 01, 2003

Automotive

- Acquisition 10% interest in Valmet
- Acquisition of engineering competencies (P.A.D., joint venture Weinsberg, Mercedes-Benz Lenkungen)
- Disposal of several plants producing mechanical engineering castings

Technologies

- Uhde: Acquisition TESSAG Edeleanu
- Rothe Erde: XSBC JV in China
- Berco Bautechnik sold to Atlas Copco



Major portfolio optimization in 2001/2002

Materials

- Transactions in Germany and Southern Europe
- Joint ventures with regional partners

Serv

- Acquisition Ferrostaal Industrial Plants Service
- Acquisition DG Immobilien Facility Management
- Disposal of 50% interest Eurawasser
- Disposal of Xtend new media

Corporate

- Disposal of 10% interest in Kone Oy
- Disposal of Ruhrgas shareholding
- Disposal of car carrier business



Concept to further enhance the value of ThyssenKrupp

Group active in main areas of Steel, Capital Goods and Services

Strategy

Focus Group within areas of

- Steel
- Capital Goods
- Services

Develop segments

- active portfolio management
- organic growth
- stronger service focus
(targeted share of sales: 30%)

Productivity improvements/ restructuring measures

Continuous productivity increase of at least 2% - 3% p.a.

- personnel adjustments
- improve underperformers
- realize synergy targets

ThyssenKrupp best

Key initiatives:

- operating efficiency
- reduce capital employed
- service focus
- involve employees and managers
- maximize customer value
- knowledge management
- e-business
- ...

Close the earnings gap

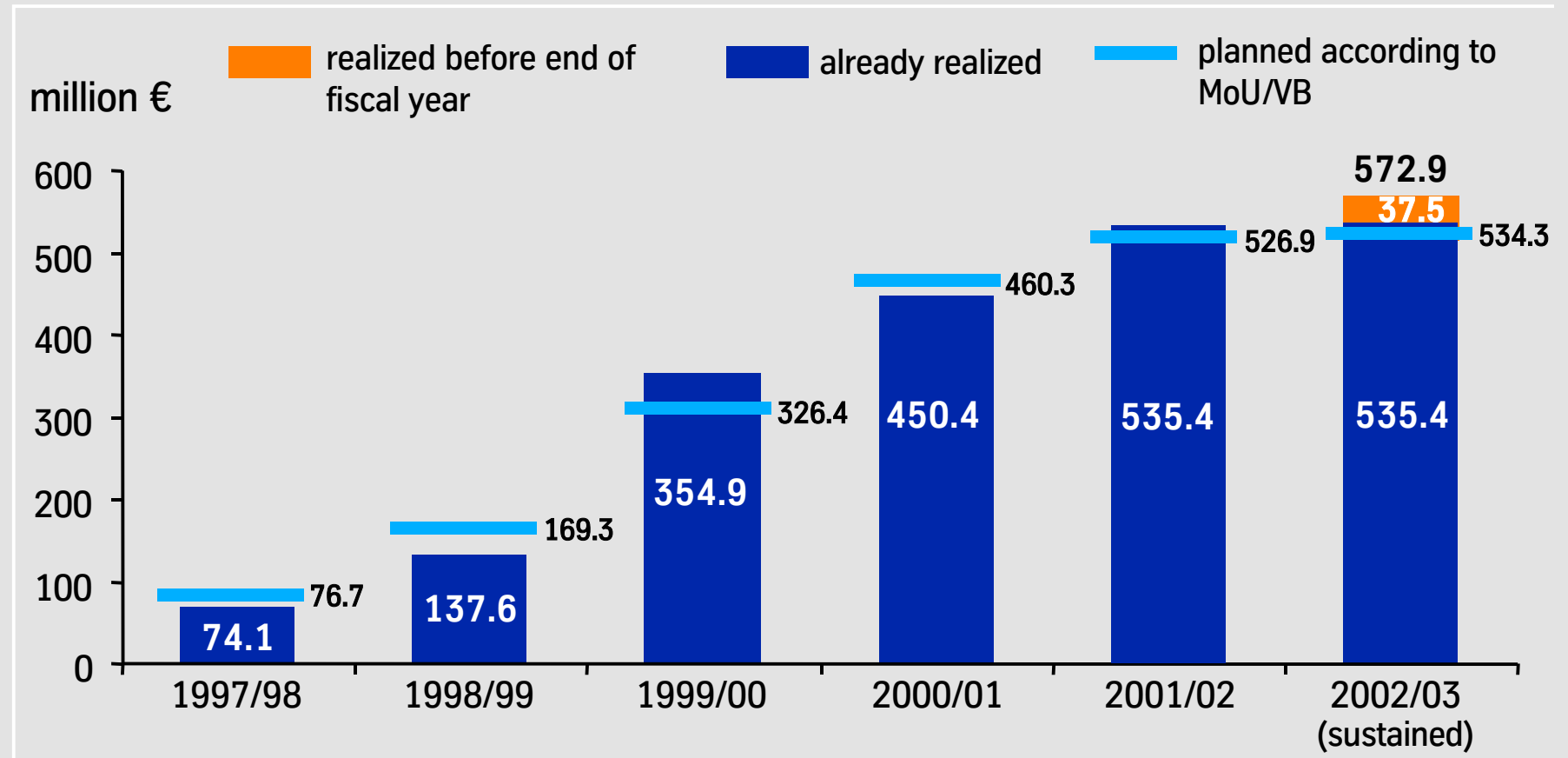
Target: €1.5 billion EBT

ThyssenKrupp



Realization of cost synergies from the merger of Thyssen and Krupp

as at Sept. 30, 2002

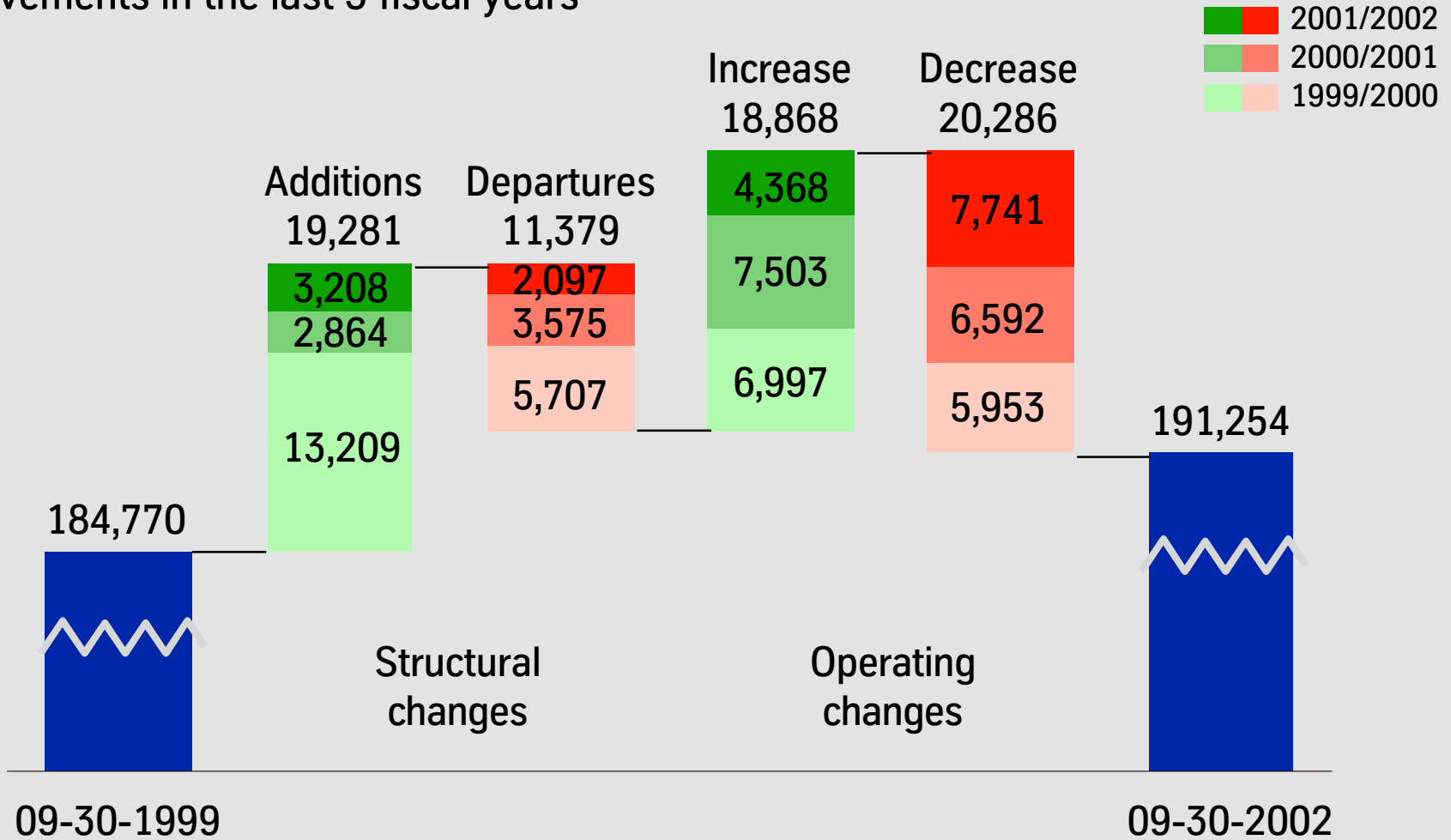


ThyssenKrupp



ThyssenKrupp Group employees

Movements in the last 3 fiscal years



ThyssenKrupp



Concept to further enhance the value of ThyssenKrupp

Group active in main areas of Steel, Capital Goods and Services

Strategy

Focus Group within areas of

- Steel
- Capital Goods
- Services

Develop segments

- active portfolio management
- organic growth
- stronger service focus
(targeted share of sales: 30%)

Productivity improvements/ restructuring measures

Continuous productivity increase of at least 2% - 3% p.a.

- personnel adjustments
- improve underperformers
- realize synergy targets

ThyssenKrupp best

Key initiatives:

- operating efficiency
- reduce capital employed
- service focus
- involve employees and managers
- maximize customer value
- knowledge management
- e-business
- ...

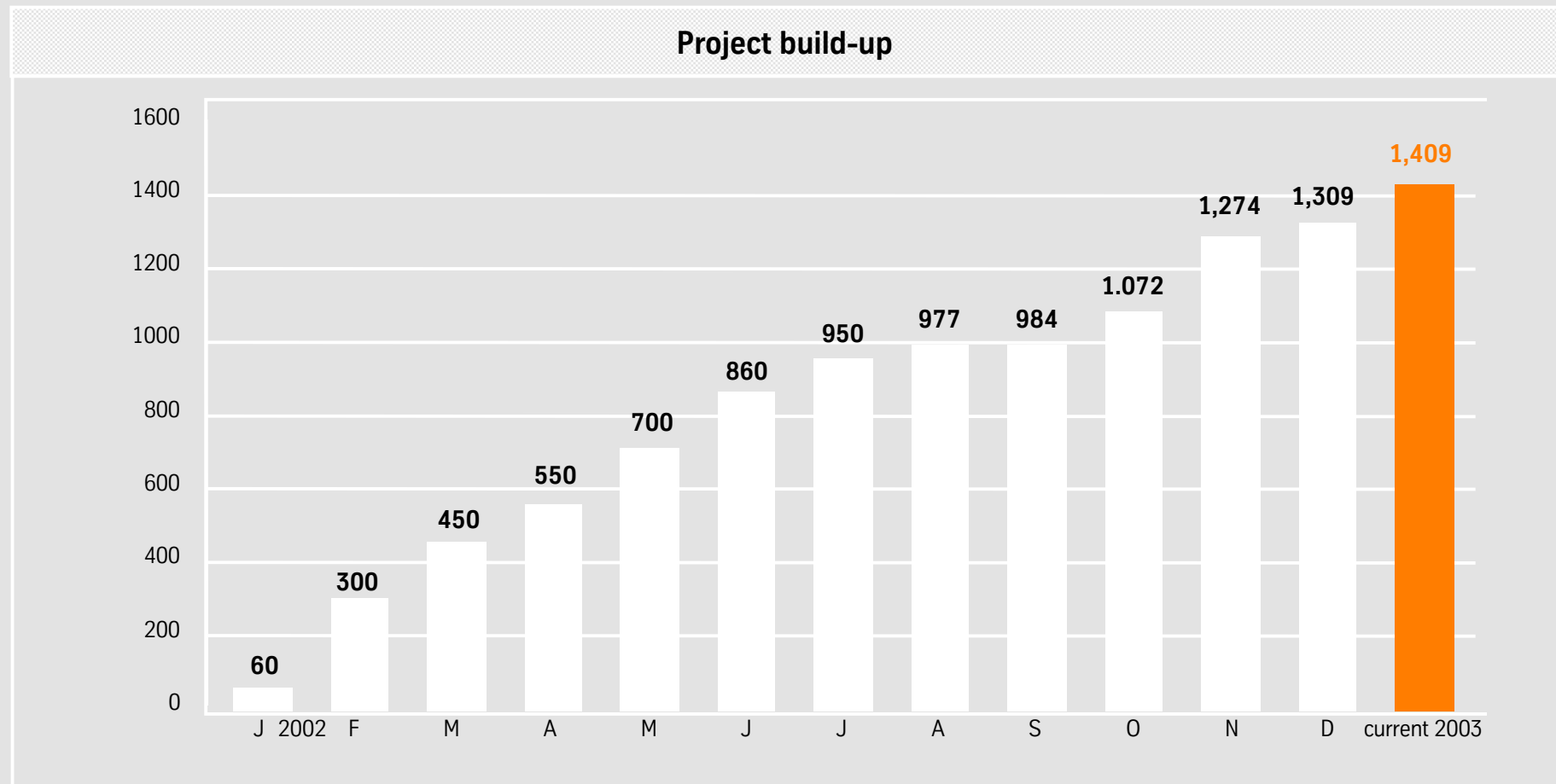
Close the earnings gap

Target: €1.5 billion EBT

ThyssenKrupp



ThyssenKrupp best – 1,409 projects launched



ThyssenKrupp



Reforms for Germany as a business location

- Germany as a business location: Considerable strengths and high prosperity
- But: Germany is bottom of the European growth league
- To date, reforms in Germany reduced to lowest common denominator and fitted into existing structures
- Sweeping structural reforms required to secure growth and jobs



Annual Stockholders' Meeting

- Fiscal year 2001/2002
- 1st quarter 2002/2003
- Strategic development
- Outlook



Outlook: Economy

Expectations for the economy remain subdued. Only gradual improvement on the markets important to ThyssenKrupp :

- **Steel:** Increased international steel demand in 2003 to meet higher consumption.
- **Auto production:** At best stable in 2003.
- **Mechanical engineering:** Production to increase only slightly due to low business spending worldwide.
- **Construction:** No lasting improvement in sight for German construction industry. Brighter prospects for Central and Eastern Europe



Outlook: ThyssenKrupp

- Significant improvement in earnings targeted for 2002/2003
- Substantially higher earnings expected for 1st half 2002/2003
- No reliable forecast for 2nd half 2002/2003

Target for fiscal 2003/2004 unchanged: EBT of €1.5 billion



Outlook: ThyssenKrupp

Value-enhancement measures to continue in fiscal 2002/2003

Steel:

- Improve costs, quality, delivery performance and product structure under ThyssenKrupp best
- Stainless Steel: Consolidate leading international market position
Expand Shanghai cold rolling mill
- Strengthen steel service network in Europe

Automotive:

- Extensive cost-cutting program
- Focus on: improving equipment availability
reducing material consumption
reducing capital employed and retooling times



Outlook: ThyssenKrupp

Value-enhancement measures to continue in fiscal 2002/2003

Elevator:

- Develop new markets
- Grow business volume in Asia and Eastern Europe
- Intensify service business in Europe and North America
- Move into new market segments with innovative products

Technologies:

- Measures to improve earnings (Metal Cutting Integration)
- Reduce capital employed, cost-cutting programs in all business units
- Concentrate on high-performance businesses



Outlook: ThyssenKrupp

Value-enhancement measures to continue in fiscal 2002/2003

- Materials:**
- Extensive measures to increase efficiency and improve processes:
 - Harmonize IT platform Europe-wide and optimize logistics
 - Greater expansion of activities in Eastern Europe, particularly in Czech Republic, Croatia and Slovenia
- Serv:**
- Broad-based restructuring and cost-cutting program
 - Extend services to automotive, chemical and steel sectors



future value

ThyssenKrupp

