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Interim Report 1st Quarter 2004_2005
October 01 – December 31, 2004

ThyssenKrupp



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THE GROUP IN FIGURES*

Group

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	9,302	10,854
Sales	million €	8,444	10,131
EBITDA	million €	569	868
Income**	million €	168	473
Net income	million €	100	275
Basic earnings per share	€	0.20	0.55
Earnings per share from continuing operations	€	0.19	0.53
Employees (Dec. 31)		180,887	181,649

		Sept. 30, 2004	Dec. 31, 2004
Net financial payables	million €	2,833	3,573
Stockholders' equity	million €	8,327	8,431

Segments

	Order intake million €		Sales million €		Income** million €		Employees		
	1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004	1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004	1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004	Dec. 31, 2003	Sept. 30, 2004	Dec. 31, 2004
Steel	3,320	3,615	2,919	3,622	114	351	46,947	46,723	46,640
Automotive	1,669	1,850	1,667	1,798	28	4	43,400	43,762	43,326
Elevator	939	1,002	875	876	87	97	30,858	31,658	32,444
Technologies	1,480	1,687	1,015	1,272	6	42	25,015	25,413	25,539
Services	2,430	3,221	2,420	3,195	29	100	33,595	33,747	32,771
Corporate	32	29	32	29	(91)	(112)	1,072	1,014	929
Consolidation	(568)	(550)	(484)	(661)	(5)	(9)			
Group	9,302	10,854	8,444	10,131	168	473	180,887	182,317	181,649

* With the exception of net income, basic earnings per share, net financial payables and stockholders' equity all figures relate to continuing operations.

** from continuing operations before income taxes and minority interest

THYSSENKRUPP OFF TO A GOOD START IN 1ST QUARTER 2004/2005

ThyssenKrupp made a good start to the new fiscal year. In a generally favorable economic environment, demand for products and services from ThyssenKrupp increased significantly. Order intake and sales showed strong growth. The Group's income from continuing operations before taxes and minority interest almost tripled and reached €473 million in the 1st quarter 2004/2005 compared with €168 million in the corresponding prior-year period.

The highlights for the first three months of fiscal year 2004/2005 were as follows:

- Order intake increased to €10.9 billion, up 17% from the same quarter a year earlier.
- Sales were €10.1 billion, up 20% from a year earlier.
- EBITDA increased by €299 million to €868 million.
- Income from continuing operations before taxes and minority interest reached €473 million, compared with €168 million in the 1st quarter the year before.
- Earnings per share from continuing operations amounted to €0.53, compared with €0.19 a year earlier.
- The Group's net financial payables amounted to €3,573 million at December 31, 2004, €740 million more than on September 30, 2004 and €980 million less than on December 31, 2003.

We expect the encouraging business performance to continue on the whole in the further course of the year. For the full year we plan sales in the magnitude of just over €41 billion. This figure does not include portfolio changes. In terms of earnings before taxes, excluding the effects of major disposals and restructuring measures, we aim to surpass the very good level of 2003/2004.

ECONOMIC ENVIRONMENT

The world economy remained on a growth course in the second half of 2004. However, high oil prices, especially in the final months of the calendar year, slowed economic expansion.

The greatest impetus for growth continued to come from North America and Asia. The us economy recovered from a short phase of weakness in mid-2004 and expanded thereafter thanks to increased private consumption and business spending. The Asian countries benefited from their high exports. Despite a more restrictive economic policy, the Chinese economy showed strong growth. By contrast, the growth rate in Japan slowed recently on account of weak domestic demand.

The economic situation in Latin America remained favorable; high raw material prices and increased exports were key factors here. The countries of Central and Eastern Europe also recorded high growth rates in the past year.

The economic situation in Western Europe, however, remained subdued. In the euro zone the slow pace of growth continued in the second half of 2004. In Germany there was a marked lack of impetus from domestic demand. Despite the strength of the euro, exports were the mainstay of the economy.

In the sectors of importance to ThyssenKrupp the picture was as follows:

- The international steel market remained in good shape. World crude steel production in the final quarter of 2004 significantly exceeded the comparable prior-year level, with the strongest stimulus again coming from China. However, the demand surge from this market weakened in the course of last year. Raw materials were generally expensive and in short supply on the world markets through to the end of the year, though there were no supply bottlenecks. In Western Europe the supply situation for steel eased considerably in the 4th quarter of 2004, the delivery capacities of producers in the region improved. Imports from outside the EU increased in the course of the year. Alongside the slowdown in other regions of the world, this reflects the strength of the euro and the further rise in steel prices in Western Europe coupled with declining prices in North America. According to the latest figures, shipments by Western European flat carbon steel producers remained at a high level in excess of the prior-year volumes. By contrast, new orders have started to slow down. Customers are thought to have completed restocking. The workload situation for steel producers nevertheless remains very good, with order backlogs from previous months securing the workload over the next few months.

- The market for stainless steel flat products remained stable in terms of volume in the final quarter of 2004. Unlike shipments, orders at Western European producers were slightly lower. The increase in the value of the euro against the us dollar led to further significant growth in imports from non-EU countries. The continued tight situation on the global energy, transport and raw materials markets increased the pressure on margins in the reporting period. The base price increases introduced in the course of 2004 remained in place in the last three months of the year so that base prices were higher than in the same period the year before. The market for nickel base alloys improved especially in the market segments of importance to ThyssenKrupp. In some cases significant net price increases were pushed through.
- In the final quarter of 2004, auto sector activity in the main sales markets was generally moderately positive. Vehicle production in North America showed a slight decline against the year before. Output of passenger cars as well as light trucks such as minivans and sport utility vehicles decreased. However, with continued high purchase incentives, demand edged up slightly. In Brazil further production growth was recorded. Demand for passenger cars increased in the countries of Western Europe but fell sharply in the new EU member countries of Eastern Europe. Despite lower exports, the German vehicle industry expanded its production to meet higher domestic demand.
- Capital spending increased in the course of the economic recovery. The German mechanical engineering industry, particularly the machine tool segment, received a high level of new orders last year, stemming especially from foreign demand. The us machine tool industry also reported very high growth rates.
- The situation in the German construction industry remained difficult. Both output and orders decreased further. The situation in the countries of Central and Eastern Europe as well as in Asia remained more favorable.

BUSINESS SITUATION

ThyssenKrupp in figures

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	9,302	10,854
Sales	million €	8,444	10,131
Income*	million €	168	473
Employees (Dec. 31)		180,887	181,649

All figures relate to continuing operations. *before income taxes and minority interest

Sales and order intake

ThyssenKrupp made a good start to the 1st quarter 2004/2005. Key performance indicators showed a further improvement. In connection with the implementation of the portfolio streamlining program, the disposal of two major activities was initiated in the 1st quarter of the fiscal year. These were the residential real estate assets from the Group's Real Estate business and the Aluminum Castings activity of the Automotive segment. To allow comparability between the periods, the statements below regarding order intake, sales, earnings and employees apply only to continuing operations, unless otherwise stated.

Order intake from continuing operations climbed 17% to €10.9 billion in the 1st quarter 2004/2005. All segments reported higher orders. The appreciation of the euro against the us dollar continued to slow down business in the reporting period. If the euro – us dollar exchange rate had been unchanged, total order intake would have increased by 2%.

Sales from continuing operations increased by 20% to €10.1 billion. In particular the Steel, Technologies and Services segments strongly expanded their volume of business. Excluding the effects of the rise in the euro against the us dollar, sales would have increased by 22%.

Sales billion €

2003/2004	1st quarter	8.4
	1st half	18.0
	9 months	28.3
	12 months	38.8
2004/2005	1st quarter	10.1

Earnings

ThyssenKrupp achieved earnings from continuing operations before taxes and minority interest of €473 million in the 1st quarter of fiscal 2004/2005. This represents an increase of €305 million against the same quarter a year earlier. Key factors were once again the success of efficiency enhancement programs and the positive volume and revenue situation for steel, which benefited the Steel and Services segments.

The Steel segment achieved significant earnings improvements in both Carbon Steel and Stainless Steel, despite considerably higher raw material costs. The Special Products business unit returned to profit, though income continues to be impacted by losses in the grain-oriented electrical steel product group which were incurred at the Italian plant in Terni. Profits at Automotive were considerably lower than in the prior-year quarter, mainly on account of reduced capacity utilization at two North American plants and non-recurring expenses. Following a good performance in its key markets, the Elevator segment returned higher profits. The Technologies segment achieved a significant improvement in earnings, reflecting the reduction of losses in the MetalCutting business unit and increased profits in the Mechanical Engineering business unit. The Services segment reported high growth in profits in all areas, especially Materials Services Europe and Materials Services North America.

After deducting the expense for Corporate as well as taxes and minority interest, the Group's earnings from continuing operations amounted to €267 million, compared with €95 million a year earlier; this equates to earnings per share of €0.53, compared with €0.19 for the year-earlier quarter.

Earnings from discontinued operations after taxes amounts to €8 million, compared with €5 million in the prior-year period. This figure includes the profits reported in the 1st quarter 2004/2005 by the Residential Real Estate (€7 million, previous year €11 million) and Aluminum Castings (€5 million, previous year €4 million) units. In addition, this item includes follow-up expenses from disposals in previous periods. The gains from the disposals of Aluminum Castings and Residential Real Estate are not included in these figures because they can only be realized when the disposals are legally implemented in the 2nd quarter.

Total income from continuing and discontinued operations after taxes and minority interest amounts to €275 million, €175 million more than in the year-earlier quarter. Accordingly, earnings per share rose to €0.55, compared with €0.20 in the corresponding prior-year quarter.

Income* million €

2003/2004	1st quarter	168
	1st half	521
	9 months	1,061
	12 months	1,465
2004/2005	1st quarter	473

*before income taxes and minority interest

Net financial payables and capital expenditures

Net financial payables at December 31, 2004 stood at €3,573 million, €740 million higher than at September 30, 2004. This increase is due to both seasonal factors such as the payment of insurance premiums and employee bonuses and to a large extent to the increase in capital employed as a result of the expansion in business. Compared with December 31, 2003, the Group's net financial payables were reduced by €980 million.

In the 1st quarter 2004/2005, capital expenditures reached around €348 million, 33% less than the year before. €337 million was invested in property, plant and equipment and intangible assets, with the remaining €11 million being used for the acquisition of businesses, shareholdings and other financial assets.

Net financial payables million €

2003/2004	December 31	4,553
	March 31	4,280
	June 30	4,262
	September 30	2,833
2004/2005	December 31	3,573

Employees

The number of employees fell slightly in the first three months of fiscal 2004/2005. ThyssenKrupp had 181,649 employees worldwide on December 31, 2004, 668 or 0.4% fewer than at the end of the last fiscal year. The number of employees increased in the Elevator segment due to acquisitions and decreased in particular at Services.

In Germany the headcount decreased by 1.0% to 88,530 while outside Germany it increased by 0.3% to 93,119. At the end of 2004, 49% of the workforce was employed in Germany, 20% in other EU countries and 17% in the NAFTA region.

SEGMENTS

Steel: Earnings tripled

Steel in figures

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	3,320	3,615
Sales	million €	2,919	3,622
Income*	million €	114	351
Employees (Dec. 31)		46,947	46,640

All figures relate to continuing operations. * before income taxes and minority interest

In the Steel segment the exceptionally encouraging business performance continued in the 1st quarter 2004/2005. Order intake increased by 9% to €3.6 billion owing to higher steel prices. Sales grew by 24% to €3.6 billion on account of volumes and revenues. Crude steel production increased by 1% to 4.3 million metric tons, even though a disruption to blast furnace operations at our investee company Hüttenwerke Krupp Mannesmann in October 2004 significantly reduced slab deliveries. Inventories of finished products were further reduced.

At €2.1 billion, the Carbon Steel business unit's order intake again reached the high level of the previous year. Sales climbed 28% to €2.2 billion. This includes the sales of ThyssenKrupp Stahlunion, which was transferred to Carbon Steel from the Services segment. The prior-year figures have been adjusted. The business expansion at ThyssenKrupp Stahl AG was mainly the result of the roughly 19% rise in average revenues. This reflects the price increases introduced for quarterly contracts in the course of fiscal 2003/2004 and at October 01, 2004, as well as a higher-revenue product mix. In addition, shipments were increased by 5%. At the other companies the business performance was mixed. While the tinplate/blackplate unit, Hoesch Hohenlimburg and the European steel service centers showed strong expansion, other activities suffered setbacks. ThyssenKrupp Steel North America reported losses mainly on account of the further reduction in the value of the us dollar and starting material shortages. Lower call-off orders from auto producers toward the end of the year caused a fall in sales at ThyssenKrupp Tailored Blanks.

In terms of value, Stainless Steel's 1st-quarter order intake increased by 16% to €1,325 million. While orders for the core product cold strip were down slightly from the year-earlier quarter, significant growth was achieved in nickel base alloys as a result of higher demand from the plant construction and aerospace sectors. Sales of Stainless Steel climbed 24% to €1,294 million. Base prices for stainless steel were higher than in the prior-year quarter, and alloy surcharges also rose further to reflect nickel prices. Shipments increased slightly overall, though the volume of cold strip delivered was slightly lower than the year before. ThyssenKrupp VDM reported strong growth in sales of nickel base alloys, reflecting both higher shipments and in some cases significant net price increases.

Sales of the Special Materials business unit fell slightly short of the prior-year level. At ThyssenKrupp Electrical Steel the business volume decreased following restructuring measures. By contrast, the tool steel specialist Edelstahl Witten-Krefeld expanded its sales significantly.

The Steel segment's profit increased by €237 million to €351 million in the reporting quarter. All business units contributed to this leap in earnings.

Carbon Steel generated a profit of €227 million, €148 million more than in the 1st quarter of the previous year. The earnings improvement was mainly the result of the continued systematic implementation of efficiency enhancement measures in all areas, with ThyssenKrupp Stahl AG making a particularly strong contribution. Contributory factors included a further increase in shipment and production volumes against the high prior-year level and higher average revenues as a result of price increases. Running counter to this were the drastic price increases for key raw materials such as ore, coal/coke and scrap as well as for freight rates and energy. The steel service centers and non-grain-oriented electrical steel activity likewise reported considerable growth in profits and made a significant contribution to earnings. The building construction activities generated a profit for the first time. The positive earnings performance of the cold room operating group continued. The Tailored Blanks activity reported a sharp drop in profits compared with its good year-earlier income. In tinplate and medium-wide strip, profits were at the same level as the year before.

Compared with the prior-year quarter, Stainless Steel increased its earnings by €72 million to €116 million. The growth in profits in the Stainless Steel business unit likewise reflected the efficiency enhancement measures implemented. Against the background of strongly reviving demand, price increases were pushed through in the EU and on the US market. The addition of a scrap component to the alloy surcharge at least partly offset the considerable rise in scrap prices. The German activities returned significantly higher earnings. In Italy, lower profits were reported on account of increasing import pressure. The Mexican cold-rolling activities expanded their already strong earnings. The cold-rolling mill in China also profited from an improved revenue situation and good volume market and achieved a substantial earnings improvement. In nickel base alloys, profits rose significantly as a result of the cost-reduction programs carried out and the recovery of the plant construction and aerospace markets.

Special Materials achieved a profit of €7 million following a loss of €11 million the year before. The tool steel specialist Edelstahl Witten-Krefeld achieved a clear profit, as opposed to the loss incurred in the prior-year quarter. The main reasons for the growth in earnings were the successful implementation of extensive restructuring programs and an improved market environment. The grain-oriented electrical steel product group significantly reduced its loss as the German and French plants returned to profit. The Italian unit continued to make a loss.

Automotive: Growth in component and system business

Automotive in figures

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	1,669	1,850
Sales	million €	1,667	1,798
Income*	million €	28	4
Employees (Dec. 31)		43,400	43,326

All figures relate to continuing operations. *before income taxes and minority interest

In a moderate growth market, the Automotive segment recorded sales of €1.8 billion in the 1st quarter 2004/2005, up 8% from the prior-year period. All three business units – Body & Chassis (North America), Body & Chassis (Europe/Asia Pacific/Latin America) and Powertrain (Global) – contributed to the increase in revenues. If the euro–US dollar exchange rate had remained unchanged, sales would have risen even more.

Based on regional organizational principles, the new business units Body & Chassis (North America) und Body & Chassis (Europe/Asia Pacific/Latin America) were created effective October 01, 2004. They incorporate the activities of the former Body and Chassis business units. The prior-year figures have been recalculated on a comparable basis.

Sales at Body & Chassis (North America) were higher than a year earlier, in particular due to higher call-off orders at the foundries. The stamping plants recorded a reduction in call-off orders for specific vehicle models.

Sales at Body & Chassis (Europe/Asia Pacific/Latin America) were also encouraging. Sales growth was recorded in the systems business due to the ramp-up of new plants and vehicle models. Increasing demand, especially at the German plants, also had a positive impact.

The Powertrain (Global) business unit achieved a significant year-on-year sales increase. The growth was mainly due to the acquisition of the steering systems business of DaimlerChrysler, which was included in consolidated figures from December 01, 2003. Higher demand at the South American plants and ramp-ups in Europe also contributed to the sales rise. Continuing high demand for heavy trucks is ensuring full workloads for our strategic crankshafts unit.

The Automotive segment reported earnings of €4 million from continuing operations, down from €28 million in the comparable prior-year quarter. These figures do not include the ongoing earnings of €8 million (prior year €7 million) from the Aluminum Castings business in the Powertrain (Global) business unit, which has now been sold; these earnings are reported under discontinued operations.

In all three business units, negotiations regarding the passing on in full of steel price increases have not yet been concluded, which means that the expected earnings effects were not fully realized in the 1st quarter.

The Powertrain (Global) business unit once again made the biggest contribution to earnings.

After more or less breaking even in the same period a year earlier, the Body & Chassis (North America) business unit reported a loss, primarily as a result of declining workloads at the Detroit and Kitchener plants.

The Body & Chassis (Europe/Asia Pacific/Latin America) business unit also returned a loss for the quarter, following a profit in the prior-year period. The non-recurring expense in connection with terminating our involvement in Valmet as well as follow-up costs from the winding down of a UK foundry had a negative impact.

The Powertrain (Global) business unit once again returned a clear profit but fell short of its high year-earlier earnings.

Elevator: Good position maintained

Elevator in figures

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	939	1,002
Sales	million €	875	876
Income*	million €	87	97
Employees (Dec. 31)		30,858	32,444

*before income taxes and minority interest

Despite a difficult market environment in some countries and negative exchange rate effects, Elevator held up very well in the 1st quarter 2004/2005. Demand for new installations stabilized in continental Europe and the USA. The service business, which is less susceptible to cyclical fluctuations, continued to perform encouragingly. Elevator's order intake climbed 7% year-on-year to €1,002 million, while sales remained steady at €876 million.

At the start of fiscal 2004/2005, some elevator activities were reallocated to the regionally organized business units, and the escalator and passenger boarding bridge activities were combined. The prior-year figures have been adjusted accordingly.

The increase in sales at the Central/Eastern/Northern Europe business unit was mainly attributable to strong business in Germany and France. The UK market remained difficult. There were slight declines in Eastern European business due to temporary deferrals of new installations.

Exchange-rate differences were the sole reason for the slight decrease in sales at the Americas business unit. Whereas the US business held up well at operating level, encouraging growth was recorded in Canada and Latin America. Order intake picked up strongly in the USA.

The Southern Europe/Africa/Middle East business unit reported a further increase in sales, thanks largely to growth in Spain.

Sales at the Asia/Pacific business unit were level with the prior-year quarter. Business in South Korea stabilized at a high level, while further significant growth was realized in China.

The Escalators/Passenger Boarding Bridges business unit recorded the same level of sales as a year earlier. As a result of major orders, e.g. for the Dubai airport project, orders in hand for passenger boarding bridges and escalators are encouragingly high.

The Accessibility business unit also performed positively, with further growth in particular at the Dutch and us subsidiaries.

In the first fiscal quarter, the Elevator segment returned a profit of €97 million, €10 million higher than a year earlier. This improvement was achieved despite the significant depreciation of the us dollar and the substantial increase in the price of starting materials. All business units reported a 1st-quarter profit.

The Central/Eastern/Northern Europe business unit improved slightly on its good prior-year earnings. A major contribution to this came from the growth of the markets in Germany and in particular France, in which the Elevator segment had a disproportionately high share. By contrast, earnings in Northern Europe were weaker, where intense competition resulted in lower margins.

The Southern Europe/Africa/Middle East business unit also realized significantly higher earnings than in the prior-year period. Although market conditions in Spain tightened substantially, at operating level the business unit matched its very high prior-year profit. The hedging of export orders billed in us dollars had a positive impact, while the activities in the Mediterranean and Middle Eastern growth regions also performed positively.

Despite the negative impact of the depreciation of the us dollar, earnings at the Americas business unit were level with the prior year. A further improvement in Canada, where our market leadership was consolidated, and the stabilization of earnings in Brazil were supplemented by a brightening of the us economy.

Profits declined at the Asia/Pacific business unit. In China in particular, the business unit failed to match the strong result of the corresponding prior-year period; a slowing of growth rates for new installations intensified price sensitivity, while higher steel prices in particular further impacted earnings. In the region's other markets, the segment held up well.

The Escalators/Passenger Boarding Bridges business unit returned a significantly higher profit year-on-year. Alongside the stable earnings situation in the escalator business, the effects of currency hedging for the major "Dubai passenger boarding bridges" order had a positive impact. There was a significant increase in profitability in the us passenger boarding bridge activities.

The Accessibility business unit repeated its strong prior-year earnings.

Technologies: On growth course

Technologies in figures

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	1,480	1,687
Sales	million €	1,015	1,272
Income*	million €	6	42
Employees (Dec. 31)		25,015	25,539

* before income taxes and minority interest

1st-quarter orders at Technologies in fiscal 2004/2005 were up 14% from the previous year at €1.7 billion. Sales showed even stronger growth of 25%.

Order intake at the MetalCutting business unit fell slightly short of the year-earlier level, but sales almost doubled.

The Plant Technology business unit continued its growth course. Higher order volumes were recorded in particular for cement plants and handling equipment. The high order backlog was the basis for the strong increase in sales by 30%.

The Marine business unit booked orders for two mega-yachts and two container ships, more than doubling order intake compared with the corresponding prior-year quarter.

Mechanical Engineering also reported high order and sales growth, with encouraging performances in all areas.

The Transrapid unit is pursuing the Munich airport and Hangzhou projects.

The Technologies segment reported a €36 million improvement in earnings to €42 million. Improved workloads, higher sales and the elimination of non-recurring expense allowed MetalCutting to significantly reduce its losses in the 1st quarter 2004/2005 to single figures. Sales increases and positive foreign currency effects helped Plant Technology to a double-digit profit which was higher than a year earlier. Higher workloads at Marine resulted in a year-on-year rise in 1st-quarter earnings. A strong performance by Mechanical Engineering saw a significant increase in profit. Compared with the 1st quarter 2003/2004, losses at Transrapid were reduced through the elimination of restructuring expenditure and cost-cutting measures.

The merger of the shipyards groups of ThyssenKrupp and Howaldtswerke-Deutsche Werft (HDW) was consummated with the formal closing on January 05, 2005. With its registered office in Hamburg, the new lead company ThyssenKrupp Marine Systems incorporates the following major investment companies: Howaldtswerke-Deutsche Werft (Kiel), HDW-Nobiskrug (Rendsburg), Blohm + Voss GmbH and Blohm + Voss Repair (Hamburg), Nordseewerke (Emden) plus Kockums AB (Sweden) and Hellenic Shipyards S.A. (Greece). ThyssenKrupp Marine Systems represents sales of some €2.2 billion and currently has 9,300 employees. The shipyards alliance is focused on four product areas: submarines, naval vessels, merchant vessels and repairs. All previous production sites have been retained. The Hamburg, Emden and Kiel locations will each become centers of excellence with clearly defined product responsibilities.

Services: Lively materials business

Services in figures

		1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Order intake	million €	2,430	3,221
Sales	million €	2,420	3,195
Income*	million €	29	100
Employees (Dec. 31)		33,595	32,771

All figures relate to continuing operations. *before income taxes and minority interest

In the 1st quarter 2004/2005 the Services segment achieved a 32% year-on-year increase in sales to €3.2 billion.

Sales at Materials Services Europe, the segment's biggest business unit, also grew strongly. One reason for this were price increases for rolled steel and the continuing high price level for stainless steel. In Western Europe (excluding Germany), the main improvements were in France, the Netherlands and Spain. Further growth was achieved in Central and Eastern Europe, with particularly strong growth in business in Poland.

A very favorable market environment coupled with a broad-based sales initiative led to disproportionately high sales growth at the Materials Services North America business unit, despite the weakness of the us dollar.

The increase at Industrial Services was more moderate. The higher sales were attributable to the completion of major projects and strong foreign business, particularly in the USA. The German market is still characterized by great restraint in the awarding of maintenance and modernization orders; by contrast, the production-related services business performed well.

The Special Products business unit recorded a strong increase in sales in the reporting period. In addition to trading activities with rolled steel and tubes, a major contribution to this came from the raw materials business, which profited from the continuing high prices and strong demand for minerals and coke. The technical trading activities also boosted sales in Germany and abroad.

Compared with the 1st quarter 2003/2004, the Services segment more than tripled its profit to €100 million. All business units posted higher earnings. The largest profit contribution came from the Materials Services Europe business unit. Earnings more than quadrupled compared with the corresponding prior-year period as a result of higher sales and successful performance-enhancement programs at numerous companies. The Materials Services North America business unit achieved an even bigger profit increase. The Industrial Services business unit also significantly improved on its prior-year profit, which was impacted by restructuring expense. The Special Products business unit reported a further improvement on its good year-earlier 1st-quarter profit and made the second biggest contribution to the segment's overall earnings.

Corporate includes the Group's head office and internal service providers as well as inactive companies not assigned to the individual segments. Following the dissolution of the Real Estate business, effective October 01, 2004 non-operating property is also managed and utilized centrally by Corporate. The presentation of the prior-year figures has been adjusted accordingly. Sales at Corporate were €29 million, compared with €32 million in the prior-year quarter.

Expenditure at Corporate rose by €21 million from a year earlier to €112 million. This was mainly due to one-off expenditure from the discharge of pension obligations, a slight increase in interest expense due to the conversion of the financing structure to longer term, and reduced revenues from the Group levy. Management of the non-operating real estate generated a roughly breakeven result.

Consolidation mainly includes the results of intercompany profit elimination.

OUTLOOK

The world economic upswing will continue in 2005. However, the pace of growth in the USA and Asia is expected to slow somewhat. We do not anticipate any radical improvement in the economic situation in the euro zone and Germany. In addition to the geopolitical situation, the main economic risks continue to lie in the development of raw material and energy prices and the euro-dollar exchange rate.

We expect the following developments on the major markets:

- The boom on the international steel market will continue this year. The key factor will remain the high growth in Chinese demand, though this is expected to slacken slightly. The situation on the raw material markets will therefore remain tight and result in continuing high raw material costs and steel prices. Overall, we anticipate world crude steel production of approximately 1,090 million metric tons in 2005, 5% more than in 2004. In Germany, production is expected to increase to 47 million tons compared with 46.5 million tons in 2004.
- World auto production is forecast to rise to almost 67 million vehicles in 2005. The main source of this 4% growth will be China and the other Asian countries. Car production in Germany will experience model-related growth, but the boom in heavy trucks is expected to abate.
- The expectations for the German mechanical engineering industry are also positive. A 3% production increase appears realistic in 2005. Growth will also continue in the USA, Japan and China, though at a slightly lower rate than in 2004. Demand for machine tools is expected to grow strongly.
- The situation for the German construction industry remains difficult. A marked weakening is expected in the USA. The prospects for the markets in Central and Eastern Europe and Asia remain more favorable.

If these economic forecasts prove accurate, we expect the encouraging business performance to continue on the whole in the further course of the year. For the full year we plan sales in the magnitude of just over €41 billion. This figure does not include portfolio changes. In terms of earnings before taxes, excluding the effects of major disposals and restructuring measures, we aim to surpass the very good level of 2003/2004.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

million €, earnings per share in €

	Note	1st quarter ending Dec. 31, 2003*	1st quarter ending Dec. 31, 2004
Net sales	11	8,444	10,131
Cost of sales		(6,949)	(8,295)
Gross margin		1,495	1,836
Selling expenses		(641)	(668)
General and administrative expenses		(584)	(605)
Other operating income		72	59
Other operating expenses		(114)	(83)
Gain/(loss) on the disposal of subsidiaries, net		0	2
Income from operations		228	541
Financial expense, net		(60)	(68)
Income from continuing operations before income taxes and minority interest	11	168	473
Provisions for income taxes		(62)	(185)
Minority interest		(11)	(21)
Income from continuing operations		95	267
Discontinued operations (net of tax)	3	5	8
Net income		100	275
Basic earnings per share	12		
Income from continuing operations		0.19	0.53
Net income		0.20	0.55

* adjusted due to the presentation of discontinued operations and the change of inventory method

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

Assets million €

	Note	Sept. 30, 2004	Dec. 31, 2004
Intangible assets, net	7	3,554	3,419
Property, plant and equipment, net		10,574	9,235
Financial assets, net		1,020	957
Fixed assets		15,148	13,611
Inventories		6,274	6,903
Trade accounts receivable, net		5,764	5,516
Other receivables and other assets, net		976	1,371
Marketable Securities		42	68
Cash and cash equivalents		1,350	854
Operating assets		14,406	14,712
Deferred income taxes		1,148	665
Prepaid expenses and deferred charges		220	260
Assets held for sale		219	1,639
Total assets		31,141	30,887

Stockholders' Equity and Liabilities million €

	Note	Sept. 30, 2004	Dec. 31, 2004
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		3,478	3,753
Accumulated other comprehensive income		(765)	(936)
Treasury stock		(387)	(387)
Total Stockholders' Equity		8,327	8,431
Minority interest		410	402
Accrued pension and similar obligations		7,189	6,906
Other accrued liabilities	8	2,859	2,898
Accrued liabilities		10,048	9,804
Financial payables		4,232	4,303
Trade accounts payable		3,644	3,344
Other payables		3,129	3,118
Payables		11,005	10,765
Deferred income taxes		977	829
Deferred income		183	140
Liabilities associated with assets held for sale		191	516
Total Stockholders' Equity and Liabilities		31,141	30,887

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

million €

	1st quarter ending Dec. 31, 2003*	1st quarter ending Dec. 31, 2004
Operating:		
Net income	100	275
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes (net)	41	123
Minority interest	11	21
Depreciation, amortization and impairment of fixed assets	373	352
Earnings from companies valued at equity, net of dividends received	2	0
(Gain)/loss from disposal of assets	2	27
(Gain)/loss on disposal of discontinued operations	0	7
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(212)	(669)
- trade accounts receivable	270	212
- other assets not related to investing or financing activities	(307)	(519)
- accrued pension and similar obligations	(46)	(199)
- other accrued liabilities	9	115
- trade accounts payable	(226)	(271)
- other liabilities not related to investing or financing activities	(40)	32
Net cash used in operating activities	(23)	(494)
Investing:		
Purchase of financial assets and businesses	(214)	(11)
Cash acquired from acquisitions	3	0
Capital expenditures for property, plant and equipment	(286)	(324)
Capital expenditures for intangible assets	(17)	(13)
Proceeds from the sale of financial assets and businesses	178	35
Cash of disposed businesses	(3)	0
Proceeds from disposals of property, plant and equipment	42	39
Proceeds from disposals of intangible assets	9	0
Net cash used in investing activities	(288)	(274)
Financing:		
Increase of payables to financial institutions	222	309
Proceeds from notes payable and other loans	348	14
Decrease in bills of exchange	0	(19)
Decrease/(increase) in securities classified as operating assets	1	(27)
Other financing activities	23	(20)
Net cash provided by financing activities	594	257
Effect of exchange rate changes on cash and cash equivalents	(20)	(26)
Net increase/(decrease) in cash and cash equivalents	263	(537)
Cash and cash equivalents at beginning of reporting period	693	1,395
Cash and cash equivalents at end of reporting period	956	858
[thereof cash and cash equivalents within the discontinued operations]	-	[4]

* adjusted due to the change of inventory method

See accompanying notes to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited)

million € (except number of shares)

	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Accumulated other comprehensive income				Treasury stock	Total
					Cumulative translation adjustment	Available- for-sale securities	Minimum pension liability	Derivative financial instruments		
Balance as of Sept. 30, 2003, adjusted*	497,546,991	1,317	4,684	2,830	(197)	1	(525)	(33)	(406)	7,671
Net income, adjusted*				100						100
Other comprehensive income					(113)	0	1	6		(106)
Total comprehensive income										(6)
Treasury stock issued	660			0					0	0
Balance as of Dec. 31, 2003, adjusted*	497,547,651	1,317	4,684	2,930	(310)	1	(524)	(27)	(406)	7,665
Balance as of Sept. 30, 2004	498,338,299	1,317	4,684	3,478	(275)	1	(473)	(18)	(387)	8,327
Net income				275						275
Other comprehensive income					(136)	0	2	(37)		(171)
Total comprehensive income										104
Balance as of Dec. 31, 2004	498,338,299	1,317	4,684	3,753	(411)	1	(471)	(55)	(387)	8,431

* adjusted due to the change of inventory method

See accompanying notes to the condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1 Basis of presentation

The accompanying unaudited condensed consolidated financial statements present the operations of ThyssenKrupp AG and its subsidiaries (the "Group"). The condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required by US GAAP for complete financial statements for year end reporting purposes.

In the opinion of Management, the accompanying unaudited condensed consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods. Results of the period ending December 31, 2004, are not necessarily indicative of future results.

The accounting principles and practices as applied correspond in general to those pertaining to the most recent annual consolidated financial statements. A detailed description of these principles is published in the financial report of our annual report 2003/2004.

Certain reclassifications have been made to the prior period presentation to conform to that of the current period.

In November 2004, the Emerging Issues Task Force (EITF) reached a final consensus on EITF No. 03-13, "Applying the Conditions in Paragraph 42 of FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, in Determining Whether to Report Discontinued Operations". EITF 03-13 addresses the evaluation of whether the operations and cash flows of a disposed component have been or will be eliminated from the ongoing operations of the entity and whether the selling entity will have significant continuing involvement in the operations of the disposed entity. The consensus should be applied to a component that is either disposed of or classified as held for sale in periods beginning after December 15, 2004.

In December 2004, the FASB issued FASB Statement No. 123 (Revised 2004), "Share-Based Payment, an Amendment of FASB No. 123". The revised statement, which is effective for reporting periods beginning after June 15, 2005, requires all share-based payments to employees to be recognized in the income statement based on their fair values. The Group currently accounts for its share-based payments to employees under the intrinsic value method of accounting set forth in Accounting Principles Board

Opinion No. 25, "Accounting for Stock Issues to Employees". Management does not expect the adoption of the revised standard to have a significant impact on the Group's financial position or results of operations.

In November 2004, the FASB issued FASB Statement No. 151, "Inventory Costs, and Amendment of ARB No. 43". The amendment clarifies that abnormal amounts of idle facility costs, freight, handling costs, and spoilage should be recognized as current period charges rather than capitalized as inventory. The amendment also requires the allocation of fixed production overheads to inventory based on normal capacity of the production facility. The standard is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not expect the adoption of the standard to have a material impact on its financial position or results of operations.

In December 2004, the FASB issued FASB Statement No. 153, "Exchanges of Nonmonetary Assets", which is an amendment of APB Opinion No. 29 and is effective for periods beginning after June 15, 2005. The guidance in the Opinion allowed certain exceptions to the principle that the exchange of nonmonetary assets should be measured at fair value. The new standard eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange does not have commercial substance if the future cash flows are not expected to change significantly as a result of the exchange. Management believes the adoption of the standard will not materially impact the Group's financial position or results of operations.

2 Emissions Trading Scheme

Beginning January 01, 2005, the Group is subject to the European Union Emissions Trading Scheme (ETS). The Group received notification from the national emissions-trading agency that it is entitled to receive allowances to emit 56.0 million tons of CO₂ (one third is allocated to 2005) during the compliance period 2005 – 2007. The majority of the total allowances are allocated to the Steel segment. As of January 01, 2005, the Group must begin to monitor its CO₂ emissions and surrender ETS allowances equal to its actual annual emissions of CO₂ within four months from the end of the calendar year in which such emissions arose. In any year, the Group may not exceed its ETS allowances for that year unless it has purchased additional allowances to cover such excess emissions. The allowances for the year 2005 will be issued and credited to the Group on February 28, 2005.

3 Discontinued operations

As part of the portfolio optimization program, in December 2004, the Group has initiated the disposal of its Alu Castings and its Residential Real Estate businesses, both of which were consummated subsequent to December 31, 2004. In accordance with SFAS 144, these transactions have been classified as discontinued operations and accordingly the ordinary income/(loss) of the discontinued operations has been presented separately in the consolidated statements of income in the line item "discontinued operations (net of tax)". The prior period has been adjusted accordingly. Since the disposals have not been completed as of December 31, 2004, the associated assets and liabilities have been reported separately in the consolidated balance sheet of the current reporting period as "assets held for sale" and "liabilities associated with assets held for sale".

Alu Castings of the Automotive segment is a development partner and producer of light metal cast products for the international automobile industry. The following two tables show the results from the discontinued operation in the 1st quarter ending December 31, 2003 and December 31, 2004 as well as the major classes of assets and liabilities as of December 31, 2004:

million €

	1st quarter ending Dec. 31, 2003*	1st quarter ending Dec. 31, 2004*
Net sales	71	69
Other income / expenses (including cost of sales)	(64)	(61)
Ordinary income from discontinued operations before taxes	7	8
Provisions for income taxes	(3)	(3)
<i>Ordinary income from discontinued operations (net of tax)</i>	4	5
Discontinued operations (net of tax)	4	5

* contribution to the Group's consolidated financial statements

million €

	Dec. 31, 2004
Intangible assets	4
Property, plant and equipment	98
Inventories	19
Trade accounts receivable, net	23
Other receivables and other assets	3
Cash and cash equivalents	3
Deferred income taxes	5
Prepaid expenses and deferred charges	1
Assets held for sale	156
Accrued pension and similar obligations	21
Other accrued liabilities	18
Financial payables	10
Trade accounts payable	12
Other payables	5
Deferred income taxes	13
Liabilities associated with assets held for sale	79

Residential Real Estate manages approximately 48,000 housing units in Germany's Rhine-Ruhr region. The following two tables show the results from the discontinued operation in the 1st quarter ending December 31, 2003 and December 31, 2004 as well as the major classes of assets and liabilities as of December 31, 2004. The loss on the disposal is the result of transaction costs incurred through the end of the 1st quarter.

million €

	1st quarter ending Dec. 31, 2003*	1st quarter ending Dec. 31, 2004*
Net sales	44	41
Other income / expenses (including cost of sales)	(25)	(23)
Ordinary income from discontinued operations before taxes	19	18
Provisions for income taxes	(8)	(8)
<i>Ordinary income from discontinued operations (net of tax)</i>	11	10
Loss on the disposal of discontinued operations before taxes	0	(3)
<i>Loss on the disposal of discontinued operations (net of tax)</i>	0	(3)
Discontinued operations (net of tax)	11	7

* contribution to the Group's consolidated financial statements

million €

	Dec. 31, 2004
Property, plant and equipment	1,046
Trade accounts receivable, net	3
Other receivables and other assets	6
Cash and cash equivalents	1
Deferred income taxes	427
Assets held for sale	1,483
Accrued pension and similar obligations	28
Other accrued liabilities	8
Financial payables	186
Trade accounts payable	5
Other payables	9
Deferred income taxes	199
Deferred income	2
Liabilities associated with assets held for sale	437

On October 01, 2004, the disposal of the operating group Krupp Edelstahlprofile (KEP) (Steel segment) as well as the disposal of the operating group Facilities Services (Services segment), which were both initiated in September 2004, were consummated. The selling price of KEP amounted to €25 million. A loss on the disposal of €22 million (€19 million net of tax) had been recognized in 2003/2004 when the sale was initiated of which €21 million was from an impairment loss to write down the assets held for sale to fair value less costs to sell. The selling price of Facilities Services amounted to €14 million, resulting in a gain before taxes in the amount of €300,000 (€300,000 net of tax) in the 1st quarter 2004/2005. In conjunction with the initiated sale, an impairment loss of €34 million had been recognized in 2003/2004 to write down the related carrying amounts to their fair values less cost to sell. In total, the sale of Facilities Services resulted in a loss of €34 million (€34 million net of tax). In addition, €4 million in transaction related expenses were recognized from disposals that were incurred in previous periods. The above mentioned "income from discontinued operations" as well as the "assets held for sale" and "liabilities associated with assets held for sale" are included in the various tables within the notes to these financial statements.

4 Adjustment of comparative prior period result to reflect the change of the inventory method

In the 4th quarter of 2003/2004, the Group changed its method of valuing similar inventories from the last-in, first-out method (LIFO) to the average cost method and therefore it is necessary to adjust the previously reported quarters as if the accounting change has already been effective as of October 01, 2003. The effect of the accounting change on the 1st quarter ending December 31, 2003 is as follows:

	1st quarter ending Dec. 31, 2003
Total amount in million €:	
Net income as originally reported	89
Adjustment due to the change of inventory method (net of tax)	11
Net income as adjusted	100
Earnings per share in €:	
Net income as originally reported	0.18
Adjustment due to the change of inventory method (net of tax)	0.02
Net income as adjusted	0.20

5 Compensation for management incentive plans

As of December 31, 2004, the performance hurdles for the fourth and fifth installment of the Group's long-term management incentive plan were met. As a result, the Group recorded compensation expense from the plan in the amount of €3.4 million in the 1st quarter of 2004/2005 (1st quarter of 2003/2004: €16.9 million).

For the obligations under the mid-term incentive plan, ThyssenKrupp recorded compensation expense of €0.6 million in the 1st quarter (1st quarter of 2003/2004: €0.3 million).

6 Cost for pensions and similar obligations

The net periodic pension cost for the defined benefit plans is as follows:

million €

	1st quarter ending Dec. 31, 2003		1st quarter ending Dec. 31, 2004	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
Service cost	10	15	9	13
Interest cost	27	75	30	77
Expected return on plan assets	(32)	0	(32)	0
Amortization of transition obligations	0	9	0	1
Amortization of prior service cost	2	0	2	1
Amortization of actuarial loss	4	1	6	1
Settlement and curtailment loss	0	0	0	14
Net periodic pension cost	11	100	15	107

The net periodic postretirement benefit cost for health care obligations is as follows:

million €

	1st quarter ending Dec. 31, 2003 US/Canadian plans	1st quarter ending Dec. 31, 2004 US/Canadian plans
Service cost	5	4
Interest cost	15	14
Amortization of prior service cost	(1)	(2)
Amortization of actuarial loss	9	7
Net periodic postretirement benefit cost	28	23

7 Goodwill and other intangible assets

Intangible assets of the Group by major classes are as follows:

million €

	Gross values		Accumulated amortization		Net values	
	Sept. 30, 2004	Dec. 31, 2004	Sept. 30, 2004	Dec. 31, 2004	Sept. 30, 2004	Dec. 31, 2004
Customer base and relationship	23	18	19	16	4	2
Prohibition to compete	2	2	2	2	0	0
Licences and franchises	125	126	64	66	61	60
Patents, copyrights and similar	10	10	5	5	5	5
Service contracts	203	195	63	63	140	132
Other contractual positions	9	9	9	9	0	0
Acquired software and website	325	320	234	236	91	84
Internally developed software and website	85	87	48	53	37	34
Intangible assets subject to amortization	782	767	444	450	338	317

In addition to the above mentioned amortized intangible assets the Group has an unamortized intangible asset resulting from a company name with a net book value of €9 million (Sept. 30, 2004: €9 million).

The aggregate amortization expense related to intangible

assets for the 1st quarter ending December 31, 2004, was €24 million. Estimated amortization expense for each of the next five years will be approximately €75 million.

The change in the carrying amount of goodwill (excluding goodwill of equity method investments) is as follows:

million €

	Steel	Automotive	Elevator	Technologies	Services	Corporate	Total*
Balance as of Sept. 30, 2004	821	375	1,157	425	346	15	3,139
Currency changes	(16)	(11)	(77)	(9)	(11)	0	(124)
Acquisitions/(divestitures)	7	0	8	(1)	(3)	0	11
Balance as of Dec. 31, 2004	812	364	1,088	415	332	15	3,026

* excluding goodwill of equity investments

Furthermore, the intangible asset position in the balance sheet includes advance payments on intangible assets and intangible pension assets in the amount of €71 million as of December 31, 2004 (Sept. 30, 2004: €72 million).

8 Other accrued liabilities

The accrued liability for asset retirement obligations consists primarily of obligations associated with mining activities and recultivating landfills. In most cases the associated asset is already fully depreciated.

The change in the accrued liability for asset retirement obligations is as follows:

million €

	Total
Balance as of Sept. 30, 2004	215
Accretion	1
Amounts utilized	(1)
Reversals	(1)
Balance as of Dec. 31, 2004	214

Product warranties and product defects represent the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation to compensate the clients for damages that arise from the use of the products sold (product defect).

The change in the accrued liability for product warranties and product defects is as follows:

million €

Balance as of Sept. 30, 2004	284
Currency changes	(11)
Acquisitions/(divestitures)	(3)
Amounts utilized	(14)
Increase from product warranties issued in the first 3 months of 2004/2005	22
Changes from prior periods product warranties and product defects issued	(7)
Balance as of Dec. 31, 2004	271

9 Contingencies including pending lawsuits and claims for damages

Guarantees

ThyssenKrupp AG and its segment lead companies as well as – in individual cases – its subsidiaries have issued guarantees in favor of customers or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated Group company.

million €

	Maximum potential amount of future payments as of Dec. 31, 2004	Accrued liability as of Dec. 31, 2004
Advance payment bonds	12	0
Performance bonds	149	0
Third party credit guarantee	22	0
Residual value guarantees	58	1
Other guarantees	210	1
Total	451	2

The terms of those guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees).

The basis for possible payments under the guarantees is the non-performance of the primary obligor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, non-performance with respect to the warranted quality or default under a loan agreement.

All guarantees issued by ThyssenKrupp AG or the segment lead companies are based on requests from third parties who are subject to recourse provisions in case of default. In some cases we, as the guarantor, have received cash under a collateralization agreement to partially cover a potential loss from our performance under such guarantee.

Variable interest entities

ThyssenKrupp has leased facilities used in the production of coke and transloading of coal from four entities which have characteristics of variable interest entities as described in the FASB Interpretation No. 46 (Revised December 31, 2003), "Consolidation of Variable Interest Entities". The application of the rules of this Interpretation to the two companies acting as operators of these facilities resulted in the consolidation of these variable interest entities as of July 01, 2003. The consolidation of these companies does not have a material effect on the results of operations or the financial position of the Group.

In addition, upon review of the owner companies of the leased facilities, that are also considered variable interest entities under the scope of the Interpretation, it was determined that the Group is not the primary beneficiary of those companies and consequently will not include these entities in the consolidated financial statements. The obligations of the Group existing under the

leasing and purchasing agreements will continue to be considered future minimum lease payments from operating leases and amount to approximately €71 million in the current fiscal year. The Group's maximum exposure to loss from both facilities amounts to approximately €63 million and results from the residual value guarantees for the assets at the end of the lease and purchasing agreements.

Commitments and other contingencies

In the Steel segment the long-term „take-or-pay“ power purchase contract of the ThyssenKrupp Stahl AG was replaced by an operating lease contract of a power station with a term of seven years.

Pending lawsuits and claims for damages

The Group is involved in pending and threatened litigation in connection with the sale of certain companies, which may lead to partial repayment of purchase price or to the award of damages. In addition, damage claims may be payable to customers and subcontractors under performance contracts. Certain of these claims have proven unfounded or have expired under the statute of limitations. The Group believes, based upon consultation with relevant legal counsel, that the ultimate outcome of these pending and threatened lawsuits will not result in a material impact on the Group's financial condition or results of operations.

Regarding the remaining contingencies, including pending litigations, there have been no significant changes since the previous year end.

10 Derivative financial instruments

The carrying values and fair market values of the Group's derivative financial instruments are as follows:

million €

	Carrying value Sept. 30, 2004	Fair value Sept. 30, 2004	Carrying value Dec. 31, 2004	Fair value Dec. 31, 2004
Derivative financial instruments				
Assets				
Foreign currency derivatives incl. embedded derivatives	125	125	301	301
Commodity derivatives	44	44	38	38
Liabilities				
Foreign currency derivatives incl. embedded derivatives	87	87	279	279
Interest rate derivatives	30	30	24	24
Commodity derivatives	21	21	16	16
Total	307	307	658	658

11 Segment reporting

In context with the initiation of the disposal of Residential Real Estate, as of October 01, 2004, the activities of Real Estate have been assigned to Corporate. Additionally, effective October 01, 2004, the Group has reorganized the segment allocation of

certain Group companies. Prior period presentation has been adjusted accordingly.

Segment information for the 1st quarter ending December 31, 2003 and December 31, 2004 is as follows:

million €

	Steel	Automotive	Elevator	Technologies	Services	Corporate	Consolidation	Group
1st quarter ending Dec. 31, 2003								
External sales	2,572	1,726	874	1,012	2,304	71	0	8,559
Internal sales within the Group	347	12	1	3	116	5	(484)	0
Total sales	2,919	1,738	875	1,015	2,420	76	(484)	8,559
Sales of continuing operations	2,919	1,667	875	1,015	2,420	32	(484)	8,444
Income/(loss) from continuing operations before income taxes and minority interest	114	28	87	6	29	(91)	(5)	168
1st quarter ending Dec. 31, 2004								
External sales	3,169	1,856	875	1,269	3,006	66	0	10,241
Internal sales within the Group	453	11	1	3	189	4	(661)	0
Total sales	3,622	1,867	876	1,272	3,195	70	(661)	10,241
Sales of continuing operations	3,622	1,798	876	1,272	3,195	29	(661)	10,131
Income/(loss) from continuing operations before income taxes and minority interest	351	4	97	42	100	(112)	(9)	473

12 Earnings per share

Basic earnings per share is computed as follows:

	1st quarter ending Dec. 31, 2003		1st quarter ending Dec. 31, 2004	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Numerator:				
Income before changes in accounting principles (net of tax)	95	0.19	267	0.53
Ordinary income from discontinued operations (net of tax)	5	0.01	15	0.03
Loss on disposal of discontinued operations (net of tax)	0	0.00	(7)	(0.01)
Net income	100	0.20	275	0.55
Denominator:				
Weighted average shares	497,567,801		498,358,299	

Relevant number of common shares for the determination of earnings per share

Earnings per share have been computed by dividing income available to common stockholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Shares issued during the period and shares reacquired during the period have been weighted for the portion of the period that they were outstanding.

The weighted average number of outstanding shares was reduced by the reacquisition of shares on May 06, 2003 and

increased by the reissuance of a portion of those shares on March 01, 2004. The reacquisition of shares held in treasury for settlement with outside shareholders of the former Thyssen Industrie AG who have not yet converted their shares but continue to be entitled to dividends, does not effect the determination of the weighted average number of shares. As of December 31, 2004, there are 20,000 (December 31, 2003: 20,150) of these shares held in treasury included in the weighted average number.

There were no dilutive securities in the periods presented.

13 Additional information to the consolidated statements of cash flows

Included in the Group's cash flows from operations were the following amounts of interest and income taxes paid or received:

million €

	1st quarter ending Dec. 31, 2003	1st quarter ending Dec. 31, 2004
Interest paid	71	56
Income taxes paid, net	143	35

Non-cash investing activities

In the 1st quarter ending December 31, 2004, the acquisition and first-time consolidation of companies created an increase in fixed assets of €0 million (December 31, 2003: €247 million).

The non-cash addition of assets under capital leases in the 1st quarter ending December 31, 2004 amounts to €1 million (December 31, 2003: €14 million).

Non-cash financing activities

In the 1st quarter ending December 31, 2004, the acquisition and first-time consolidation of companies resulted in an increase in gross financial payables in the amount of €2 million (December 31, 2003: €99 million).

14 Subsequent events

In January 2005, the alliance of shipyards resulting from the merging of ThyssenKrupp Werften and Howaldtswerke-Deutsche Werft (HDW) was consummated. The new group is under the control of ThyssenKrupp Marine Systems AG and is expected to generate annual sales of approximately €2.2 billion with presently 9,300 employees. It will be consolidated in the Group's financial statements beginning January 01, 2005.

REPORT BY THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

The interim report on the 1st quarter 2004/2005 and the review report by the Group's financial statement auditors were presented to the Audit Committee of the Supervisory Board in its meeting on February 11, 2005 and commented on by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, February 11, 2005

Chairman of the Audit Committee
Dr. Martin Kohlhaussen

DATES

May 13, 2005	Interim report 2nd quarter 2004/2005 (January to March)
May 18, 2005	Analysts' and investors' meeting
August 12, 2005	Interim report 3rd quarter 2004/2005 (April to June) Conference call with analysts and investors
December 01, 2005	Annual Press Conference Analysts' and investors' meeting
January 27, 2006	Annual General Meeting
February 13, 2006	Interim report 1st quarter 2005/2006 (October to December) Conference call with analysts

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Forward-looking statements

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond ThyssenKrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. ThyssenKrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

This report is available in German and English; both versions are also available for downloading and as an interactive online version at <http://www.thyssenkrupp.com>.

On request, we would be pleased to send you additional information on the ThyssenKrupp Group free of charge.

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