

IFRS Conversion

Factbook
February 01, 2006

ThyssenKrupp



Agenda

- Introduction
- Highlights
- Changes in Relevant Accounting Policies
- New Balance Sheet Structure
- Summary of IFRS Impact
- IFRS Conversion – Wrap-up
- Appendix



IFRS Conversion – In a Nutshell

⇒ No material impact on key performance indicators

- EBT mainly impacted by losses of reclassified discontinued operations
- Net income 2004/2005 slightly increased to €1,079 million
- Cash generation not affected by IFRS conversion

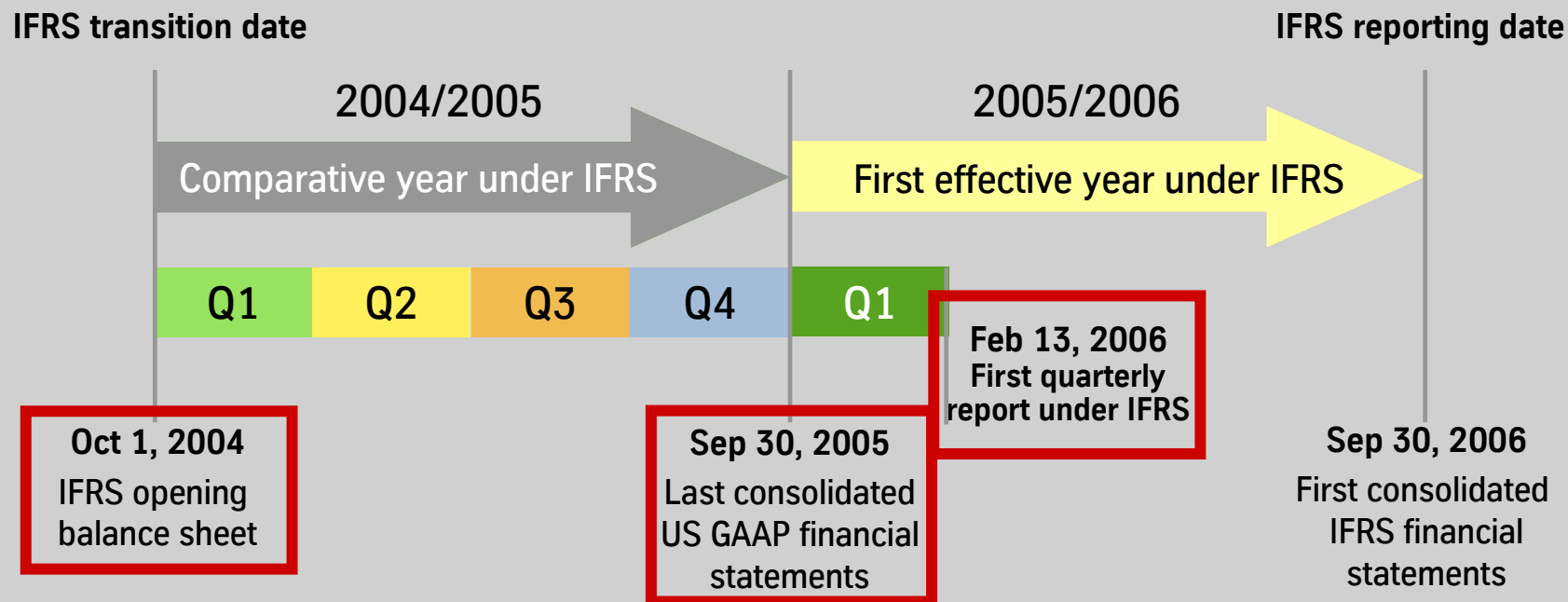
⇒ Effects on balance sheet

- Conservative asset valuation due to IFRS impairment approach
- Improved transparency due to full recognition of pensions/healthcare obligations
- Actual impact on balance sheet lowered by deferred taxes
- Change in Equity dampened



Schedule for IFRS Conversion

- Publicly traded EU-companies are required to move to IFRS accounting for fiscal years starting on/after January 1, 2005 (EU Reg. No. 1606/2002)
- Interim report **Q1 2005/2006** will be the **first financial statement** under IFRS
- Reporting under **US GAAP** will be **discontinued**



Introductory Explanations

- The presentation will focus on the differences between US GAAP and IFRS referring to the **opening balance sheet** of October 1, 2004.

- It will further highlight the differences between US GAAP and IFRS with regard to the **balance sheet of September 30, 2005** and the consolidated **income and cash flow** statements of fiscal year 2004/2005.

- The **Factbook** provided on the internet focuses on more detailed information as well as on the quarterly financial numbers which you need to update your models.

- If you have any **questions** during the Virtual Classroom Meeting, do not hesitate to contact us via phone in the Q&A session following this presentation.



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Opening Balance Sheet (Oct 1, 2004)

million €	US GAAP	IFRS	Change	Major Impact
	Sep 30, 04	Oct 1, 04		
Non-current assets	16,296	15,392	-904	Goodwill (-437), PPE (-247), Inv. Property (-70), Development Costs (+77), Def. taxes (-272)
Current assets	14,626	14,836	+210	Asset-Backed Securities (+238)
Assets held for sale	219	256	+37	Assets held for sale (+37)
Total equity	8,327	7,403	-924	Total equity attr. to TK stockholders (-1,284), Minority interest (+360)
Minority interest	410	—	-410	Part of equity under IFRS
Non-current liabilities	12,294	12,739	+445	Pensions/Similar Obligations (+1,095), Financial liabilities (+60), Def. taxes (-757)
Current liabilities	9,919	10,123	+204	Financial liabilities (+238)
Liabilities assoc. with assets held for sale	191	219	+28	Liabilities ass. with assets held for sale (+28)
Total	31,141	30,484	-657	



Balance Sheet as of Sep 30, 2005

million €	US GAAP Sep 30, 05	IFRS Sep 30, 05	Change	Major Impact
Non-current assets	16,185	15,152	-1,033	Goodwill (-390), B. Comb. (+107), PPE (-181), Inv. Property (-70), Dev. Costs (+92) Def. taxes (-686)
Current assets	19,472	19,558	+86	Asset-Backed Securities (+130)
Assets held for sale	582	591	+9	Assets held for sale (+9)
Total equity	8,771	7,878	-893	Total equity attr. to TK stockholders (-1,282), Minority interest (+389)
Minority interest	481	—	-481	Part of equity under IFRS
Non-current liabilities	12,875	13,041	+166	Pensions/Sim. Oblig. (+938), Financial liabilities (+57), B. Comb. (+207), Def. taxes (-1,055)
Current liabilities	13,527	13,752	+225	Financial liabilities (+130)
Liabilities assoc. with assets held for sale	585	630	+45	Liabilities ass. with assets held for sale (+45)
Total	36,239	35,301	-938	



Itemized Adjustments Year End 2004/2005

million €	2004/2005 EBT
US GAAP	1,836
• Goodwill-Impairment	+2
• Asset-Impairment	+66
• ABS	–
• Pensions/Similar Obligations	+59
• Development Costs	+9
• Minorities	–*
• Discontinued Operations	-190
Deferred taxes	–
Others	-105
IFRS	1,677

* Impact on Net income €46 m

- ⇒ EBT down by €159 m mainly due to reclassification of discontinued operations
- ⇒ Total Equity down by €893 m (-10%)
- ⇒ Equity ratio down from 24% to 22%



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Goodwill

IAS 36

- **Similar**
 - Impairment test on an **annual basis** or at **triggering event**

- **Different**
 - Impairment test at **Cash Generating Unit (CGU)** level instead of **Reporting Unit (RU)** level
 - ⇒ **CGU level below RU level in all segments except Elevator**
 - **One-step** goodwill impairment test

million €	2004	2005
Goodwill		
US GAAP (Sep 30)	3,139	4,161
Business Combinations	32	107
Impairment (cumulative)	-437	-390
IFRS (Oct 1, 04 / Sep 30, 05)	2,734	3,878
Impact on EBT (2004/05)	–	2



Assets (I)

IAS 36

○ Similar

- Impairment test at the **reporting date** or at **triggering event**

○ Different

- **One-step** approach impairment test
- **Reduction of scheduled depreciation** expense under IFRS in 2004/05 due to additional impairments on assets in opening balance sheet
- Reclassification of **Investment Property** in a separate line item
 - ⇒ Main impact in opening balance sheet resulting from **Residential Real Estate**



Assets (II)

IAS 36

million €		2004	2005
Property, Plant and Equipment			
US GAAP	(Sep 30)	10,574	9,469
Impairment PPE (cumulative)		-247	-181
Reclassification to Investment Property*		-1,688	-627
Other		79	82
IFRS	(Oct 1, 04 / Sep 30, 05)	8,718	8,743
Impact on EBT	(2004/05)	–	66

* Impairment of Investment Property: €70 million



Asset-Backed Securities

IAS 39

- Application of the “Risk and Reward” approach
 - Derecognition of receivables from the balance sheet only if substantially all risks and rewards are transferred to the buyer of accounts receivable
 - ⇒ Some receivables sold have to be kept on balance under IFRS
 - ⇒ Increase in net financial debt

million €	2004	2005
Trade Accounts Receivable		
US GAAP (Sep 30)	5,764	5,966
Reclassification of ABS	238	130
Other Reclassifications	415	572
IFRS (Oct 1, 04 / Sep 30, 05)	6,417	6,668
Impact on EBT (2004/05)	–	–



Pensions (I)

IAS 19

○ Opening Balance Sheet

- **Application of the Fresh Start method:**

- ⇒ Direct recognition in equity of all unrecognized actuarial gains/losses according to IFRS effective October 1, 2004

- ⇒ Negative effect on Equity in opening balance sheet

- **Reduced discount rate (5.0% instead of 5.5%)* due to change of measurement date to September 30, 2004 instead of June 30, 2004**

○ Starting with balance sheet date September 30, 2005

- **Recognition of all actuarial gains/losses directly in Equity (no corridor approach)**

- ⇒ Increase/decrease in EBT because unrecognized actuarial losses/gains are not amortized as under US GAAP

- ⇒ Better transparency through complete presentation of obligations in balance sheet

- ⇒ Increased volatility of Equity

* Applicable to €-region



Pensions (II)

IAS 19

- **General changes in pension accounting**
 - **Reclassification** of pension interest cost/expected return on plan assets to **financial income/expense**
 - **Measurement date on September 30** of each fiscal year (instead of June 30)
 - **Additional provisions** due to expected voluntary early retirement agreements under IFRS, which were not recorded under US GAAP (“Anspruchs-Altersteilzeit”)
 - **No additional minimum pension liability**



Pensions (III)

IAS 19

million €	2004	2005
Pension and similar obligations		
US GAAP (Sep 30)	7,189	7,954
Adjustments	1,095	938
thereof:		
Pension obligations	484	159
Postretirement obligations other than pensions	540	716
Voluntary early retirement agreement	71	63
IFRS (Oct 1, 04 / Sep 30, 05)	8,284	8,892
Impact on EBT (2004/05)	–	59



Pensions (IV)

IAS 19

Pension cost – 2004/2005

- **Reclassification** of pension interest cost/expected return on plan assets to **financial income/expense**
- No amortization of unrecognized actuarial gains/losses

million €	2004/2005						Δ IFRS/ US GAAP
	Germany	US GAAP outside Germany	Total	Germany	IFRS outside Germany	Total	
Service cost	65	54	119	68	53	121	2
Interest cost	307	116	423	293	125	418	-5
Expected return on plan assets	(5)	(121)	(126)	(5)	(115)	(120)	6
Amortization of transition obligations	6		6				-6
Recognition of past service cost	2	7	9	2	1	3	-6
Amortization of actuarial loss	3	22	25				-25
Settlement and curtailment loss	14	1	15	7	(4)	3	-12
Net periodic pension cost	392	79	471	365	60	425	-46



Pensions (V)

IAS 19

Healthcare cost – 2004/2005

- **Reclassification of interest to financial income/expense**
- **No amortization of unrecognized actuarial gains/losses**

million €	2004/2005		
	US GAAP USA/Canada	IFRS USA/Canada	Δ IFRS/ US GAAP
Service cost	16	21	5
Interest cost	53	60	7
Recognition of past service cost	(6)		6
Expected return on reimbursement rights		(4)	-4
Amortization of actuarial loss	27		-27
Curtailment gain		(1)	-1
Net periodic postretirement benefit cost	90	76	-14



Development Costs

IAS 38

- Recognition of Development Costs as an intangible asset, if certain conditions are met

⇒ **Development costs capitalized** for various projects in the segments
Steel, Automotive and Technologies

e.g. for

Uhde-EnviNOx[®]: process to reduce emissions of the greenhouse gas N₂O

million €		2004	2005
Development Costs			
US GAAP	(Sep 30)	0	0
Capitalization of Development Costs		77	92
IFRS	(Oct 1, 04 / Sep 30, 05)	77	92
Impact on EBT	(2004/05)	–	15



Minorities

IAS 1

- **Separate recognition of Minority Interest in the balance sheet within Equity and not outside Equity as required under US GAAP**
- **Presentation of Net Income includes the Minority Interest**
 - ⇒ **Increase of Net Income in 2004/2005**

million €	2004	2005
Minority Interest		
US GAAP (Sep 30)	410	481
Reclassification to Equity	-410	-481
thereof:		
Minority Interest	360	389
Retained Earnings	50	92
IFRS (Oct 1, 04 / Sep 30, 05)	0	0
Impact on Net income* (2004/05)	-	46

* reclassification of US GAAP Minority Interest



Discontinued Operations (I)

IFRS 5

- Qualification of a disposal group as a discontinued operation if the disposal group
 - is a major line of business or
 - represents all operations within a geographical area
- ⇒ Certain discontinued operations under US GAAP do not qualify as discontinued operations under IFRS

- **Similar**
 - **Discontinued operations under IFRS: Real Estate and MetalCutting**

- **Different**
 - **Reclassification of certain discontinued operations to EBT in 2004/2005**
 - ⇒ Reclassification of EWK, HoeschContecna, AluCastings, Truck springs, Stahl Company, Stahlbau, Turbine components, Hommel Group, Krupp Druckereibetriebe



Discontinued Operations (II)

IFRS 5

million €	2004	2005
Assets held for sale		
US GAAP (Sep 30)	219	582
Adjustments	37	9
IFRS (Oct 1, 04 / Sep 30, 05)	256	591
Liabilities associated with assets held for sale		
US GAAP (Sep 30)	191	585
Adjustments	28	45
IFRS (Oct 1, 04 / Sep 30, 05)	219	630
Impact on EBT (2004/05)	–	-190



Minor Change

Embedded derivatives (FX)

IAS 39

- No separate accounting as an embedded derivative if denomination in a currency that is commonly used in underlying business

million €	2004	2005
Embedded derivatives (net)		
US GAAP (Sep 30)	4	-35
Adjustments	7	17
IFRS (Oct 1, 04 / Sep 30, 05)	11	-18
Impact on EBT (2004/05)	–	10



CO₂-Emission Rights

- **No final IFRS interpretation for the accounting of emission rights existing up to now**
- So far, accounting of CO₂-emission rights unchanged to US GAAP
- **Initial treatment**
 - ⇒ Capitalized at purchase costs under intangible assets
 - Allowances granted by the government for free: purchase costs = 0
 - Purchased allowances: purchase costs = price paid
- **Subsequent treatment**
 - ⇒ Amortization expensed on basis of weighted average purchase costs in accordance with actual consumption
 - ⇒ A liability at fair value is accrued if effectively incurred CO₂-emissions reveal underfunding



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New Balance Sheet Structure

IAS 1

- **Current/non-current** classification of assets and liabilities “on the face” of the balance sheet

Assets	Equity and Liabilities
Intangible assets, net	Total equity
Property, plant and equipment, net	Accrued pension and similar obligations
Investment property	Other provisions
Investments accounted for using the equity method	Deferred tax liabilities
Financial assets	Financial liabilities
Deferred tax assets	Other liabilities
Total non-current assets	Total non-current liabilities
Inventories	Other provisions
Trade accounts receivable, net	Current income tax liabilities
Other receivables	Financial liabilities
Current income tax assets	Trade accounts payable
Cash and cash equivalents	Other liabilities
Total current assets	Total current liabilities
Assets held for sale	Liabilities associated with assets held for sale
	Total liabilities
Total assets	Total equity and liabilities



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Non-current assets	16,296	15,392	-904	Goodwill (-437), PPE (-247), Inv. Property (-70), Development Costs (+77), Def. taxes (-272)
Current assets	14,626	14,836	+210	Asset-Backed Securities (+238)
Assets held for sale	219	256	+37	Assets held for sale (+37)
Total equity	8,327	7,403	-924	Total equity attr. to TK stockholders (-1,284), Minority interest (+360)
Minority interest	410	—	-410	Part of equity under IFRS
Non-current liabilities	12,294	12,739	+445	Pensions/Similar Obligations (+1,095), Financial liabilities (+60), Def. taxes (-757)
Current liabilities	9,919	10,123	+204	Financial liabilities (+238)
Liabilities assoc. with assets held for sale	191	219	+28	Liabilities ass. with assets held for sale (+28)
Total	31,141	30,484	-657	



Opening Balance Sheet in Detail (Oct 1, 2004)

Assets

million €	US GAAP Sep 30, 2004	IFRS Oct 1, 2004	Change
Intangible assets, net	3,554	3,169	-385
Property, plant and equipment, net	10,574	8,718	-1,856
Investment property	-	1,618	1,618
Investments accounted for using the equity method	341	332	-9
Financial assets	679	679	0
Deferred tax assets	1,148	876	-272
Total non-current assets	16,296	15,392	-904
Inventories	6,274	5,906	-368
Trade accounts receivable, net	5,764	6,417	653
Other receivables	1,049	974	-75
Current income tax assets	189	189	0
Cash and cash equivalents	1,350	1,350	0
Total current assets	14,626	14,836	210
Assets held for sale	219	256	37
Total assets	31,141	30,484	-657



Opening Balance Sheet in Detail (Oct 1, 2004)

Equity/Liabilities

million €	US GAAP Sep 30, 2004	IFRS Oct 1, 2004	Change
Stockholders equity	8,327	7,043	-1,284
Minority interest	-	360	360
Total equity	8,327	7,403	-924
Minority interest	410	-	-410
Accrued pension and similar obligations	7,189	8,284	1,095
Other provisions	510	515	5
Deferred tax liabilities	977	220	-757
Financial liabilities	3,618	3,678	60
Other liabilities	0	42	42
Total non-current liabilities	12,294	12,739	445
Other provisions	1,811	959	-852
Current income tax liabilities	538	538	0
Financial liabilities	614	852	238
Trade accounts payable	3,644	3,631	-13
Other liabilities	3,312	4,143	831
Total current liabilities	9,919	10,123	204
Liabilities associated with held for sale	191	219	28
Total liabilities	22,814	23,081	267
Total Equity and Liabilities	31,141	30,484	-657



Transitional Equity Effects on Opening Balance Sheet (Oct 1, 2004)

million €	
Stockholders' equity under US GAAP as of Sep 30, 2004	8,327
Intangible assets, net	-417
Property, plant and equipment, net	-168
Investment property	-70
Deferred tax assets	-272
Inventories	+2
Trade accounts receivable	+47
Other receivables	-75
Assets held for sale	+11
Accrued pensions and similar obligations	-1,095
Other provisions	-8
Deferred tax liabilities	+757
Financial liabilities	-60
Other liabilities	+33
Liabilities associated with assets held for sale	-10
Minority interest	+50
Other adjustments	-9
Total equity attr. to TK AG's stockholders as of Oct 1, 2004	7,043
Minority interest under IFRS as of Oct 1, 2004	+360
Total equity under IFRS as of Oct 1, 2004	7,403

⇒ **Total Equity down by €924 m (-11%)**

⇒ **Equity ratio down from 27% to 24%**

Balance Sheet as of Sep 30, 2005

million €	US GAAP Sep 30, 05	IFRS Sep 30, 05	Change	Major Impact
Non-current assets	16,185	15,152	-1,033	Goodwill (-390), B. Comb. (+107), PPE (-181), Inv. Property (-70), Dev. Costs (+92) Def. taxes (-686)
Current assets	19,472	19,558	+86	Asset-Backed Securities (+130)
Assets held for sale	582	591	+9	Assets held for sale (+9)
Total equity	8,771	7,878	-893	Total equity attr. to TK stockholders (-1,282), Minority interest (+389)
Minority interest	481	—	-481	Part of equity under IFRS
Non-current liabilities	12,875	13,041	+166	Pensions/Sim. Oblig. (+938), Financial liabilities (+57), B. Comb. (+207), Def. taxes (-1,055)
Current liabilities	13,527	13,752	+225	Financial liabilities (+130)
Liabilities assoc. with assets held for sale	585	630	+45	Liabilities ass. with assets held for sale (+45)
Total	36,239	35,301	-938	



Balance Sheet as of Sep 30, 2005 in Detail

Assets

million €	US GAAP Sep 30, 2005	IFRS Sep 30, 2005	Change
Intangible assets, net	4,766	4,589	-177
Property, plant and equipment, net	9,469	8,743	-726
Investment property	-	557	557
Investments accounted for using the equity method	329	337	8
Financial assets	190	181	-9
Deferred tax assets	1,431	745	-686
Total non-current assets	16,185	15,152	-1,033
Inventories	7,439	6,862	-577
Trade accounts receivable, net	5,966	6,668	702
Other receivables	1,172	1,133	-39
Current income tax assets	270	270	0
Cash and cash equivalents	4,625	4,625	0
Total current assets	19,472	19,558	86
Assets held for sale	582	591	9
Total assets	36,239	35,301	-938



Balance Sheet as of Sep 30, 2005 in Detail

Equity/Liabilities

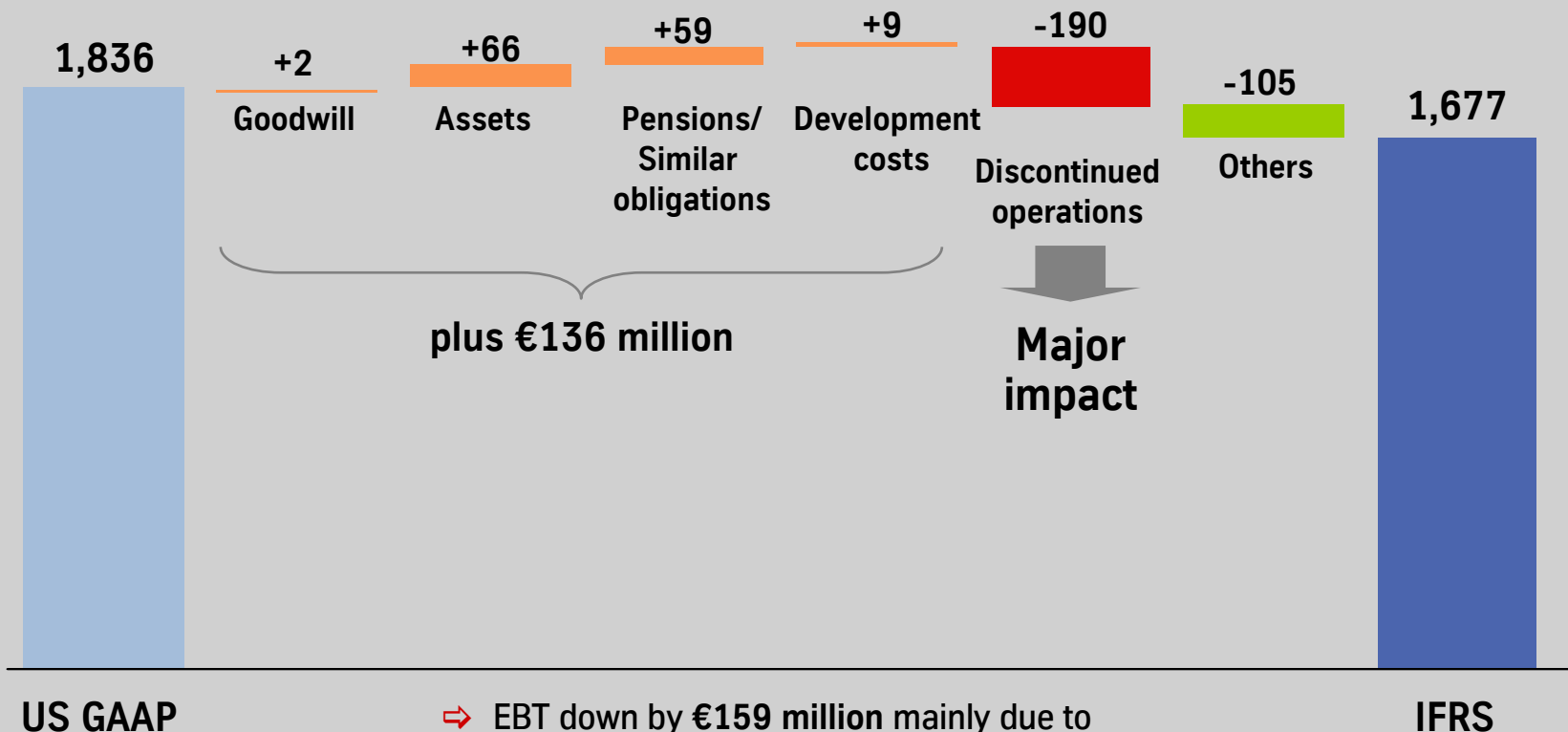
million €	US GAAP Sep 30, 2005	IFRS Sep 30, 2005	Change
Stockholders equity	8,771	7,489	-1,282
Minority interest	-	389	389
Total equity	8,771	7,878	-893
Minority interest	481	-	-481
Accrued pension and similar obligations	7,954	8,892	938
Other provisions	398	417	19
Deferred tax liabilities	1,495	440	-1,055
Financial liabilities	3,028	3,085	57
Other liabilities	-	207	207
Total non-current liabilities	12,875	13,041	166
Other provisions	2,513	1,169	-1,344
Current income tax liabilities	459	465	6
Financial liabilities	1,643	1,773	130
Trade accounts payable	3,981	3,976	-5
Other liabilities	4,931	6,369	1,438
Total current liabilities	13,527	13,752	225
Liabilities associated with held for sale	585	630	45
Total liabilities	27,468	27,423	-45
Total Equity and Liabilities	36,239	35,301	-938



EBT 2004/2005

Transition from US GAAP to IFRS

million €



⇒ EBT down by €159 million mainly due to reclassification of discontinued operations



Profit&Loss Statement 2004/2005

million €	US GAAP 2004/2005	IFRS 2004/ 2005	Change
Net sales	42,064	42,927	863
Cost of sales	(35,063)	(35,695)	-632
Gross margin	7,001	7,232	231
Selling expenses	(2,544)	(2,645)	-101
General and administrative expenses	(2,360)	(2,255)	105
Other operating income	259	276	17
Other operating expenses	(391)	(452)	-61
Gain/(loss) on the disposal of subsidiaries, net	3	16	13
Income from operations	1,968	2,172	204
Income from companies accounted for at equity	37	37	0
Other financial income/(expense), net	(169)	(532)	-363
Financial income/(expense), net	(132)	(495)	-363
Earnings before taxes	1,836	1,677	-159
Non-recurring losses related to RAG investment	(474)	(474)	0
Provisions for income taxes	(735)	(737)	-2
Minority interest	(46)	-	46
Income from continuing operations	581	466	-115
Discontinued operations (net of tax)	442	613	171
Cumulative effects of changes in accounting principles (net of tax)	(4)		4
Net income	1,019	1,079	60



Transitional Equity Effects as of Sep 30, 2005

million €

Stockholders' equity under US GAAP as of Sep 30, 2005	8,771
Intangible assets, net	-347
Property, plant and equipment, net	-98
Investment property	-70
Deferred tax assets	-686
Trade accounts receivable	-3
Other receivables	-42
Assets held for sale	+10
Accrued pensions and similar obligations	-938
Other provisions	-91
Deferred tax liabilities	+1,055
Financial liabilities	-57
Other liabilities	-22
Liabilities associated with assets held for sale	-47
Minority interest	+92
Other adjustments	-38
Total equity attr. to TK AG's stockholders as of Sep 30, 2005	7,489
Minority interest under IFRS as of Sep 30, 2005	+389
Total equity under IFRS as of Sep 30, 2005	7,878

⇒ **Total Equity down by €893 m (-10%)**

⇒ **Equity ratio down from 24% to 22%**

Group Overview (I)

		2004/2005			
		US GAAP	IFRS	Change	Change in %
Order intake	€m	42,508	43,509	1,001	2.4
Sales	€m	42,064	42,927	863	2.1
EBITDA	€m	3,452	3,768	316	9.2
EBIT	€m	2,001	2,209	208	10.4
EBT	€m	1,836	1,677	-159	-8.7
Income from continuing operations	€m	581	466	-115	-19.8
EPS from continuing operations	€	1.17	0.85	-0.32	-27.4
Net income	€m	1,019	1,079	60	5.9
EPS	€	2.05	2.08	0.03	1.5



Group Overview (II)

	2004/2005			
	US GAAP	IFRS	Change	Change in %
Capital employed* ave. €m	17,994	18,391	397	2.2
ROCE* %	15.0	14.2	-0.8 %-p.	-5.3
TKVA* €m	1,087	955	-132	-12.1
Capex €m	1,858	1,903	45	2.4
Deprec./amort. €m	1,451	1,559	108	7.4
Net cash from operating activities €m	2,183	2,351	168	7.7
Free cash flow €m	3,146	3,272	126	4.0
Net fin. payables (Sep 30) €m	(9)	177	186	—

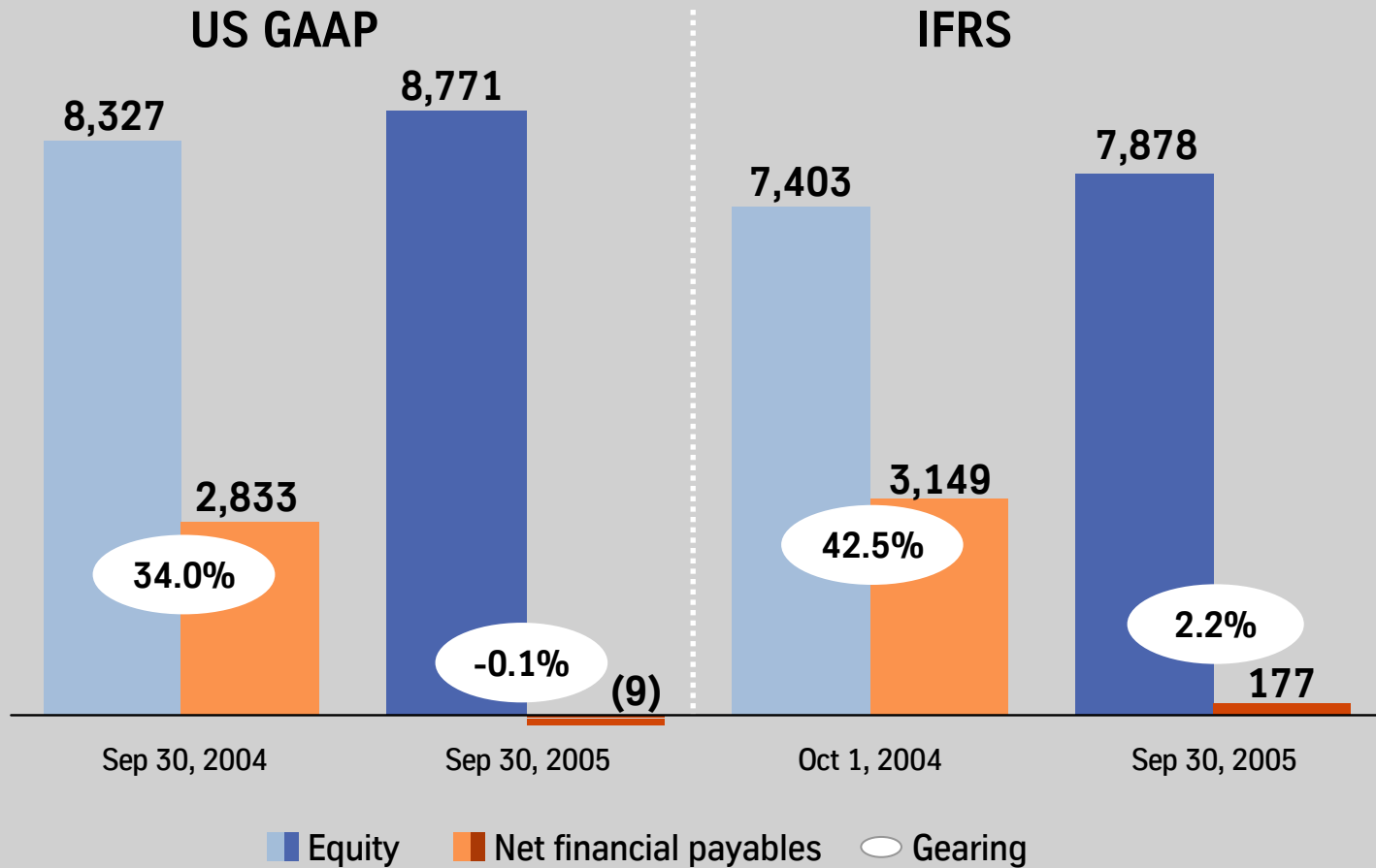
* incl. discontinued operations; figures preliminary for IFRS



Gearing

Ratio of net financial payables to equity

million €



Cash Flow in 2004/2005

- **Cash generation obviously not affected by IFRS conversion**
- Increase in net cash provided by operating activities mainly due to **reclassification of Development costs and Asset-Backed Securities**
 - ⇒ Net cash provided by investing and used in financing activities respectively down
 - ⇒ Free Cash Flow respectively up

million €	Sep 30, 2005		Δ US GAAP/ IFRS
	US GAAP	IFRS	
Net Cash provided by operating activities	2,183	2,351	168
Net Cash provided by investing activities	963	921	-42
Free Cash Flow	3,146	3,272	126
Net Cash used in financing activities	123	(3)	-126
Cash and cash equivalents at Sep 30, 2005	4,715	4,715	0



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IFRS Conversion – Wrap-up

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- EBT mainly impacted by losses of reclassified discontinued operations
- Net income 2004/2005 slightly increased to €1,079 million
- Cash generation not affected by IFRS conversion

⇒ Effects on balance sheet

- Conservative asset valuation due to IFRS impairment approach
- Improved transparency due to full recognition of pensions/healthcare obligations
- Actual impact on balance sheet lowered by deferred taxes
- Change in Equity dampened



Financial Calendar 2006

- January 24, 2006 to February 10, 2006 Quiet Period
- February 13, 2006 IFRS Interim Report 1st quarter 2005/06 (Oct to Dec)
Conference Call with analysts and investors
- March 14 and 15, 2006 ThyssenKrupp Field Day: Technologies and Elevator
(Hamburg, Germany)
- April 25, 2006 to May 11, 2006 Quiet Period
- May 12, 2006 IFRS Interim Report 2nd quarter 2005/06 (Jan to Mar)
- May 15, 2006 Analysts' and Investors' Meeting (London, UK)



Financial Calendar 2006/2007

-
- July 25, 2006 to August 10, 2006 Quiet Period

 - August 11, 2006 IFRS Interim Report 3rd quarter 2005/06 (Apr to Jun)
Conference Call with analysts and investors

 - October 25, 2006 to November 30, 2006 Quiet Period

 - December 1, 2006 Annual Press Conference
Analysts' and Investors' Meeting

 - January 19, 2007 Annual General Meeting



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Agenda

- Introduction
- Highlights
- Changes in Relevant Accounting Policies
- New Balance Sheet Structure
- Summary of IFRS Impact
- IFRS Conversion – Wrap-up
- Appendix



Group Overview – Financial Expense

Financial expense, net*

million €

	2004/2005	
	US GAAP	IFRS
Income from equity investments	42	37
Interest expense, net thereof	(171)	(539)
Pension interest	–	(478)
Expected return on plan assets	–	120
Other financial income/(loss), net	(14)	(6)
Total	(143)	(508)

* incl. discontinued operations

- Due to different pension accounting under IFRS pension interest cost/expected return on plan assets is reclassified to financial income/expense



Group Overview – Taxes

Taxes and tax rate

million €

	2004/2005	
	US GAAP	IFRS
Current income taxes	373	385
incl.: Germany	118	131
Foreign	255	254
Deferred taxes	362	352
incl.: Germany	332	327
Foreign	30	25
Total	735	737
EBT	1,836	1,677
Tax rate	% 40.0	43.9

2004/2005:

The increase in the tax rate is mainly due to non-tax-deductible losses on disposals, which are no longer posted under discontinued operations but once again under continuing operations.

2005/06:

The sound performance of the Group in high tax countries guarantees a stable effective tax rate of 40%.



Comparison by Segment

million €	2004/2005									
	US GAAP					IFRS				
	Order intake	Sales	EBITDA	EBIT	EBT	Order intake	Sales	EBITDA	EBIT	EBT
Steel	8,826	9,184	1,676	1,084	1,089	9,148	9,568	1,755	1,159	1,094
Stainless	5,573	5,568	499	339	282	5,573	5,572	509	353	286
<i>Special Materials</i>	0	0	(53)	(53)	(69)	483	389	(16)	(65)	(69)
Automotive	7,890	7,627	379	90	49	8,128	7,867	592	236	118
Technologies	5,514	5,687	245	109	172	5,643	5,765	193	21	40
Elevator	4,151	3,773	418	368	352	4,151	3,773	427	375	355
Services	12,473	12,504	541	429	380	12,655	12,678	452	328	261
Corporate	119	119	(278)	(339)	(394)	138	138	(160)	(175)	(382)
Consolidation	(2,038)	(2,398)	25	(26)	(25)	(2,410)	(2,823)	16	(23)	(26)
Group	42,508	42,064	3,452	2,001	1,836	43,509	42,927	3,768	2,209	1,677



Segment Overview – Order Intake

million €	2004/2005			
	US GAAP	IFRS	Change	Change in %
Steel	8,826	9,148	322	3.6
Stainless	5,573	5,573	0	0
<i>Special Materials</i>	<i>0</i>	<i>483</i>	<i>483</i>	<i>-</i>
Automotive	7,890	8,128	238	3.0
Technologies	5,514	5,643	129	2.3
Elevator	4,151	4,151	0	0
Services	12,473	12,655	182	1.5
Corporate	119	138	19	16.0
Consolidation	(2,038)	(2,410)	-372	-
Group	42,508	43,509	1,001	2.4



Segment Overview – Sales

million €	2004/2005			
	US GAAP	IFRS	Change	Change in %
Steel	9,184	9,568	384	4.2
Stainless	5,568	5,572	4	0.1
<i>Special Materials</i>	0	389	389	–
Automotive	7,627	7,867	240	3.1
Technologies	5,687	5,765	78	1.4
Elevator	3,773	3,773	0	0
Services	12,504	12,678	174	1.4
Corporate	119	138	19	16.0
Consolidation	(2,398)	(2,823)	-425	–
Group	42,064	42,927	863	2.1



Segment Overview – EBT

million €	2004/2005			
	US GAAP	IFRS	Change	Change in %
Steel	1,089	1,094	5	0.5
Stainless	282	286	4	1.4
<i>Special Materials</i>	<i>(69)</i>	<i>(69)</i>	<i>0</i>	<i>0</i>
Automotive	49	118	69	+
Technologies	172	40	-132	-76.7
Elevator	352	355	3	0.9
Services	380	261	-119	-31.3
Corporate	(394)	(382)	12	–
Consolidation	(25)	(26)	-1	–
Group	1,836	1,677	-159	-8.7



Segment Overview – Net Financial Payables

million €	2004/2005			
	US GAAP	IFRS	Change	Change in %
Steel	(113)	(320)	-207	–
Stainless	1,316	1,316	0	0
<i>Special Materials</i>	0	0	0	0
Automotive	1,258	1,276	18	1.4
Technologies	(2,078)	(2,061)	17	–
Elevator	(5)	1	6	–
Services	483	582	99	20.5
Corporate	(870)	(617)	253	–
Group	(9)	177	186	–



Segment Overview – Capital Expenditure, Depreciation and Free Cash Flow

Capital Expenditure*			Depreciation			Free Cash Flow		
million €	2004/2005		million €	2004/2005		million €	2004/2005	
	US GAAP	IFRS		US GAAP	IFRS		US GAAP	IFRS
Steel	521	537	Steel	521	595	Steel	473	809
Stainless	203	211	Stainless	203	156	Stainless	(188)	(157)
<i>Special Materials</i>	27	27	<i>Special Materials</i>	27	49	<i>Special Materials</i>	94	(21)
Automotive	462	480	Automotive	289	356	Automotive	(53)	(53)
Technologies	411	413	Technologies	136	172	Technologies	536	529
Elevator	119	121	Elevator	50	52	Elevator	606	606
Services	190	190	Services	112	124	Services	385	480
Corporate/ Consolidation	(75)	(76)	Corporate/ Consolidation	113	55	Corporate/ Consolidation	1,293	1,079
Group	1,858	1,903	Group	1,451	1,559	Group	3,146	3,272

* incl. financial investments



Segment Overview by Quarter – Order Intake

million €	2004/2005							
	US GAAP				IFRS			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Steel	2,060	2,264	2,201	2,301	2,161	2,372	2,267	2,348
Stainless	1,325	1,400	1,494	1,354	1,334	1,388	1,497	1,354
<i>Special Materials</i>	0	0	0	0	223	258	1	1
Automotive	1,819	1,886	2,088	2,097	1,919	1,927	2,106	2,176
Technologies	1,551	1,688	1,029	1,246	1,588	1,732	1,045	1,278
Elevator	1,002	1,071	1,031	1,047	1,002	1,071	1,031	1,047
Services	3,171	3,108	3,115	3,079	3,222	3,136	3,154	3,143
Corporate/Cons.	(484)	(551)	(467)	(417)	(593)	(704)	(527)	(448)
Group	10,444	10,866	10,491	10,707	10,856	11,180	10,574	10,899



Segment Overview by Quarter – Sales

million €	2004/2005							
	US GAAP				IFRS			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Steel	2,141	2,253	2,430	2,360	2,292	2,355	2,517	2,404
Stainless	1,294	1,392	1,566	1,316	1,304	1,385	1,566	1,317
<i>Special Materials</i>	0	0	0	0	178	209	1	1
Automotive	1,767	1,892	2,020	1,948	1,864	1,964	2,057	1,982
Technologies	1,107	1,403	1,558	1,619	1,133	1,466	1,542	1,624
Elevator	876	865	942	1,090	877	863	942	1,091
Services	3,144	3,039	3,291	3,030	3,198	3,077	3,327	3,076
Corporate/Cons.	(607)	(579)	(616)	(477)	(758)	(709)	(699)	(519)
Group	9,722	10,265	11,191	10,886	10,088	10,610	11,253	10,976



Segment Overview by Quarter – EBITDA

million €	2004/2005							
	US GAAP				IFRS			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Steel	380	384	471	441	407	414	512	422
Stainless	163	153	122	61	174	149	122	64
<i>Special Materials</i>	<i>(4)</i>	<i>4</i>	<i>0</i>	<i>(53)</i>	<i>12</i>	<i>(9)</i>	<i>0</i>	<i>(19)</i>
Automotive	89	103	122	65	127	168	153	143
Technologies	60	55	71	59	68	50	71	4
Elevator	114	85	93	126	117	89	94	127
Services	137	116	138	150	133	123	150	46
Corporate/Cons.	(86)	(66)	(77)	(24)	(38)	(20)	(109)	24
Group	853	834	940	825	1,000	964	993	811



Segment Overview by Quarter – EBIT

million €	2004/2005							
	US GAAP				IFRS			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Steel	236	250	332	266	269	275	384	231
Stainless	127	117	88	7	139	114	87	13
<i>Special Materials</i>	<i>(4)</i>	<i>4</i>	<i>0</i>	<i>(53)</i>	<i>6</i>	<i>(52)</i>	<i>0</i>	<i>(19)</i>
Automotive	13	26	30	21	49	94	76	17
Technologies	35	23	29	22	42	11	27	(59)
Elevator	101	74	80	113	105	76	81	113
Services	111	89	108	121	107	95	120	6
Corporate/Cons.	(94)	(74)	(98)	(99)	(46)	(27)	(66)	(59)
Group	525	509	569	398	671	586	709	243



Segment Overview by Quarter – EBT

million €	2004/2005							
	US GAAP				IFRS			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Steel	224	304	330	231	252	258	367	217
Stainless	116	102	75	(11)	125	97	72	(8)
<i>Special Materials</i>	4	(54)	0	(19)	4	(54)	0	(19)
Automotive	5	15	19	10	24	67	43	(16)
Technologies	49	36	45	42	47	15	33	(55)
Elevator	97	70	77	108	98	71	79	107
Services	99	76	97	108	92	78	102	(11)
Corporate/Cons.	(121)	(86)	(112)	(100)	(112)	(84)	(119)	(93)
Group	473	463	531	369	530	448	577	122



Disclaimer

In this presentation all figures related to the income statement refer to continuing operations unless otherwise stated.

Due to the conversion process figures included here should be seen as provisional as the IASB may still enact provisions that could be applied retroactively. The audit of the restated figures will be in conjunction with the audit of the full financial statements under IFRS for the fiscal year ending September 30, 2006.

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