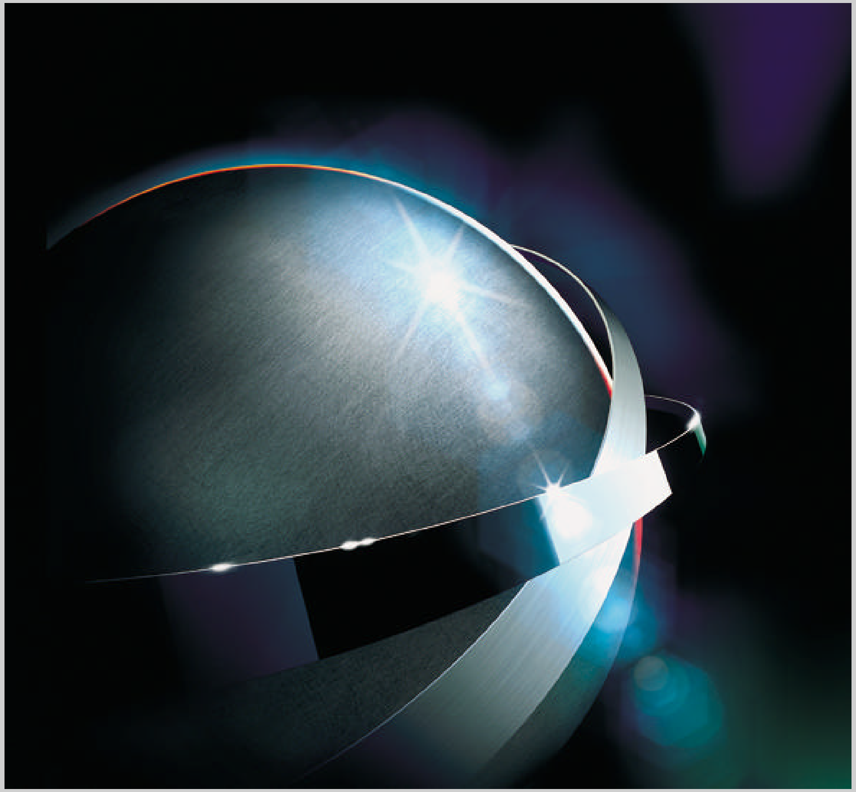
Handelsbanken, Nordic Basic Industry Seminar

Dr. Andreas Nordmeyer
ThyssenKrupp Steel
March 16, 2001
Stockholm



Structure

1. Overview ThyssenKrupp Steel
2. How to create shareholder value
3. Summary

Structure

1. Overview ThyssenKrupp Steel

2. How to create shareholder value

3. Summary

ThyssenKrupp Group

ThyssenKrupp AG
Group sales (consolidated): €37.2 bn   EBT: €1.1 bn

Steel	Automotive	Elevators	Technologies	Materials	Serv
Sales: €12.7 bn	Sales: €6.1 bn	Sales: €3.1 bn	Sales: €5.9 bn	Sales: €10.1 bn	Sales: €2.0 bn
EBT: €606 m	EBT: €295 m	EBT: €204 m	EBT: €83 m	EBT: €153 m	EBT: €79 m

Steel | **Capital Goods** | **Services**

Figures 1999/2000 (segments not consolidated)

Key data Steel 1999/2000

Steel

Sales	€12.7 bn
Employees	53,856
EBT	€606 m
EBITDA	€1,675 m
Margin	13.2%
ROCE	9.5%
Total crude steel output	18.1 mt

Carbon

Sales: €7.7 bn

EBT: €435 m

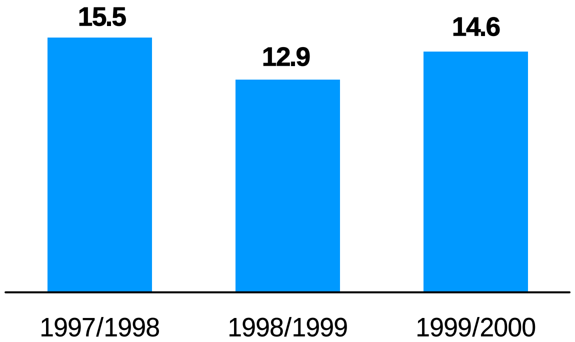
Stainless

Sales: €4.3 bn

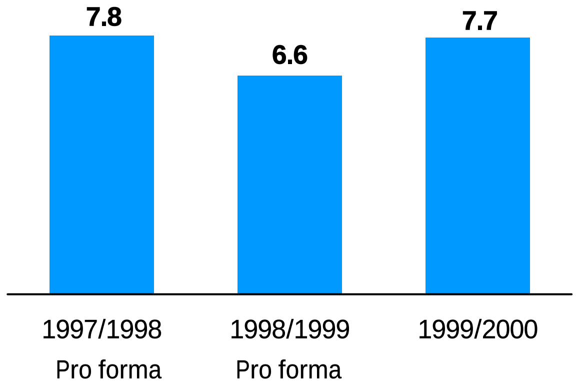
EBT: €238 m

Key data Carbon

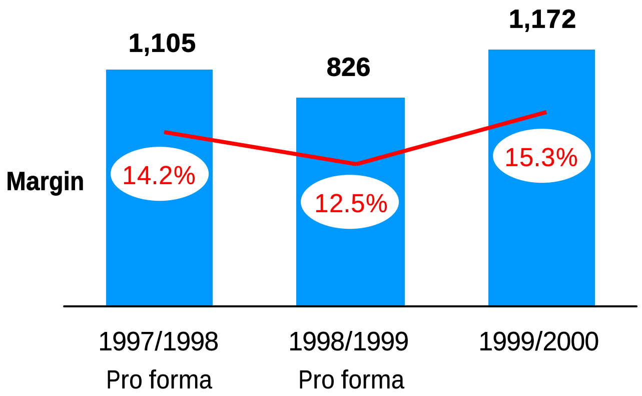
Crude steel output (mt)



Sales (€ bn)

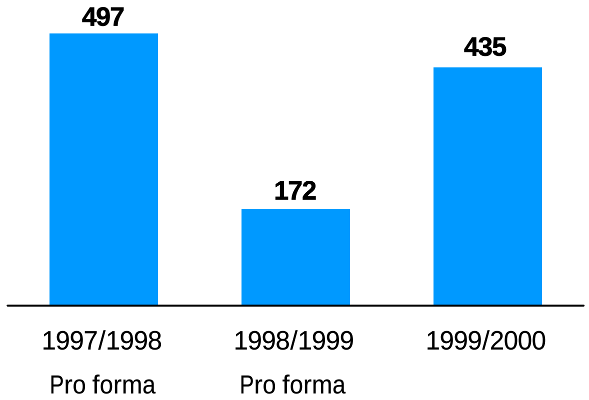


EBITDA* (€ m)



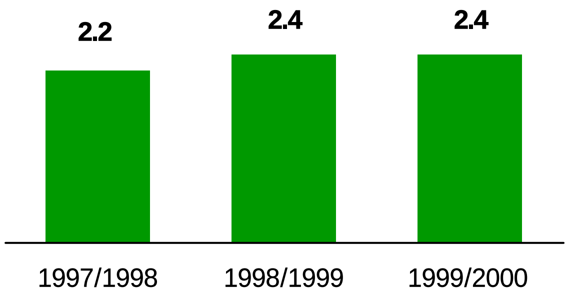
*excl. interest expense on pension accruals

EBT (€ m)

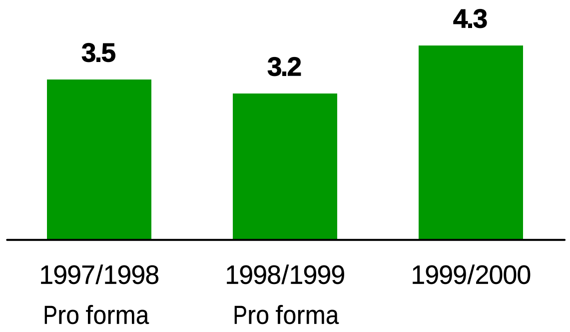


Key data Stainless

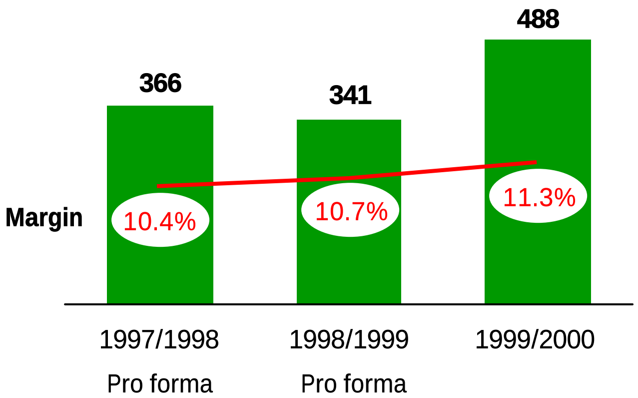
Total shipments (mt)



Sales (€ bn)

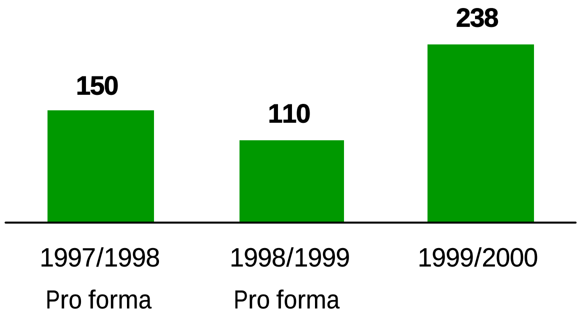


EBITDA* (€ m)



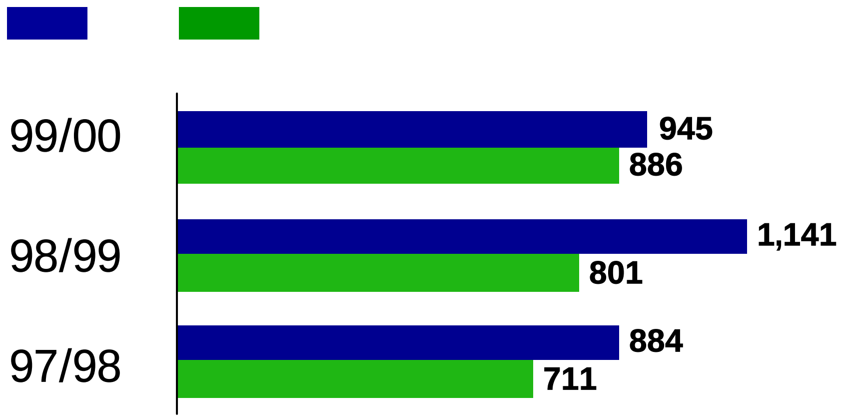
*excl. interest expense on pension accruals

EBT (€ m)



Financial key data Steel

CAPEX / depreciation (€ m)



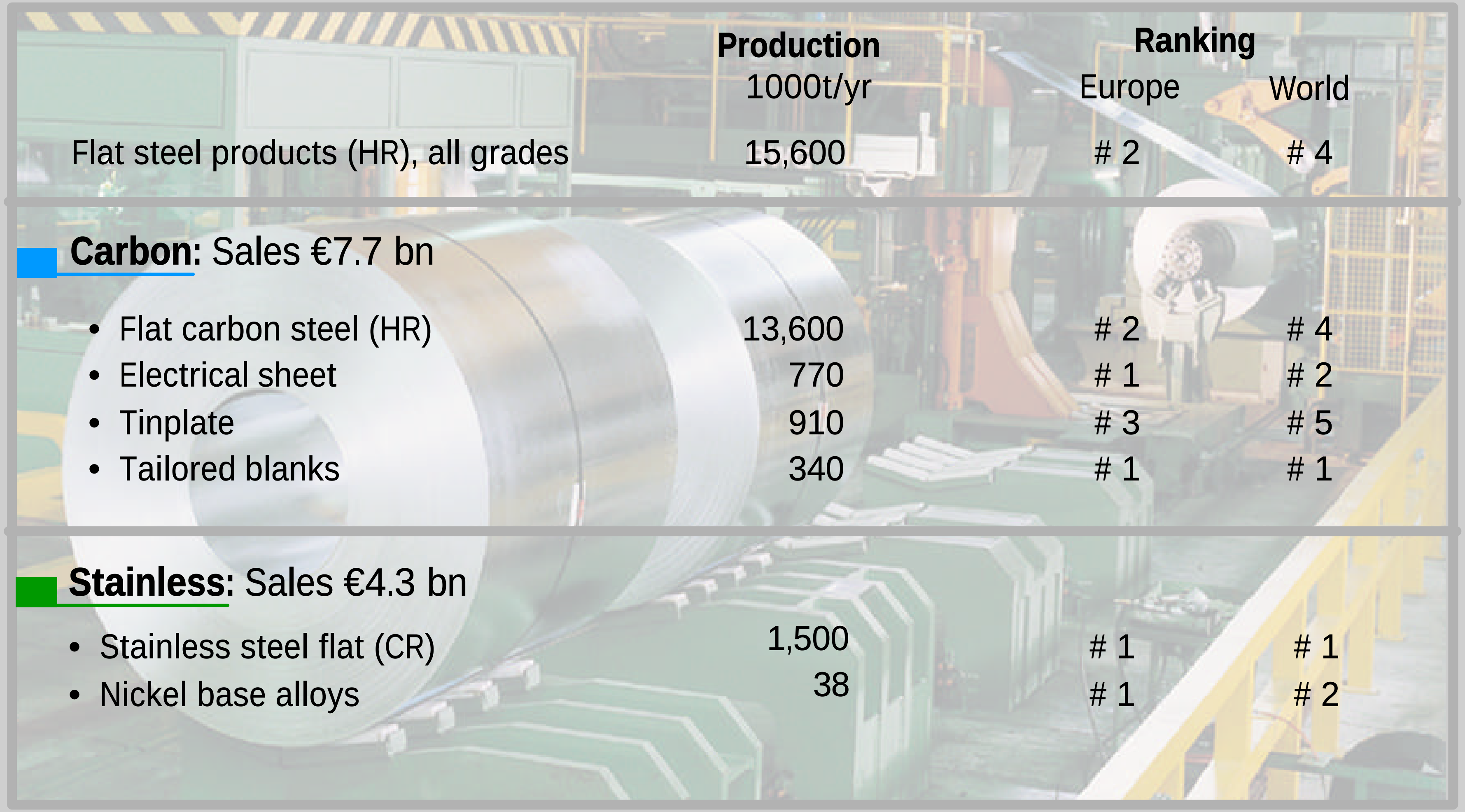
- Increased investment in high-growth products
- Investment to achieve a lasting improvement in cost positions

Balance sheet as at Sept. 30, 2000

Assets (€ bn)		**Equity/liabilities** (€ bn)	
Fixed assets	6.9	Equity	4.6
		Minority share	0.2
		Accruals	2.0
Operating assets	6.7	Payables	6.1
Deferred taxes	0.1	Deferred taxes	0.8
Total	13.7	Total	13.7

- Net gearing 56%
- Cash flow €1.3 bn

Market positions Steel



	Production 1000t/yr	Ranking Europe	Ranking World
Flat steel products (HR), all grades	15,600	# 2	# 4
Carbon: Sales €7.7 bn			
• Flat carbon steel (HR)	13,600	# 2	# 4
• Electrical sheet	770	# 1	# 2
• Tinplate	910	# 3	# 5
• Tailored blanks	340	# 1	# 1
Stainless: Sales €4.3 bn			
• Stainless steel flat (CR)	1,500	# 1	# 1
• Nickel base alloys	38	# 1	# 2

1999 data

Structure

Value based management

- Clear performance measures to control allocation of resources
  - Minimum: cover cost of capital
    - WACC defined as 9.5%
    - Achieved in 1999/2000
  - Target: generate positive EVA (ROCE > 12%)
- Active portfolio management with optimized resource allocation

ThyssenKrupp Steel is aiming for a sustained increase in company value

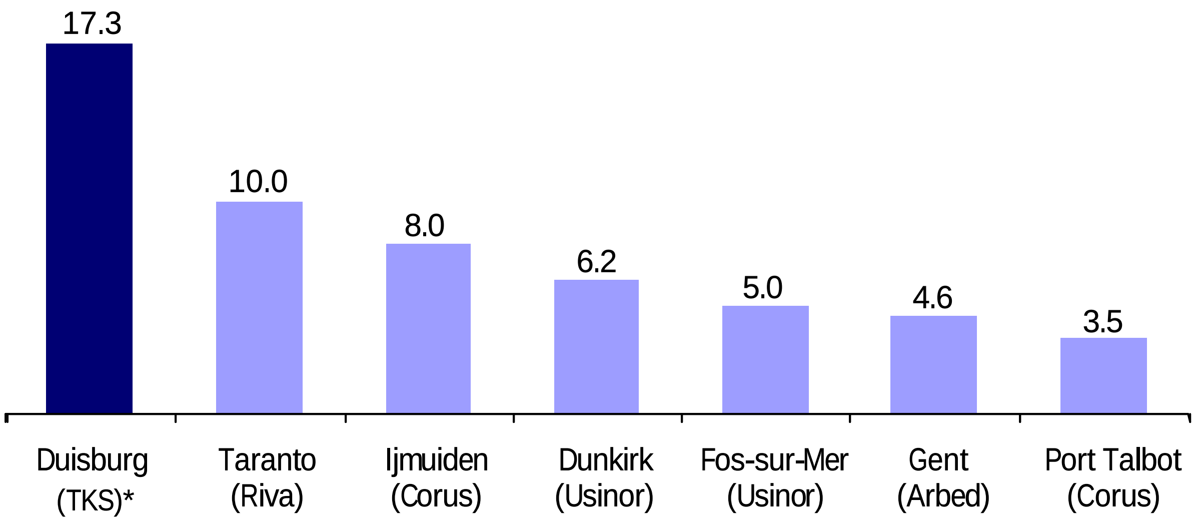
Structure

Flat carbon steel plant configuration unique in Europe

- Total capacity of 17 mt/yr in one city
- All cold-rolling activities within 150 km
- Excellence in downstream specialization and logistics
- Substantial economies of scale in metallurgy and hot-rolling
- Significant increase in productivity

Sustained synergies of almost €300 m being realized on schedule

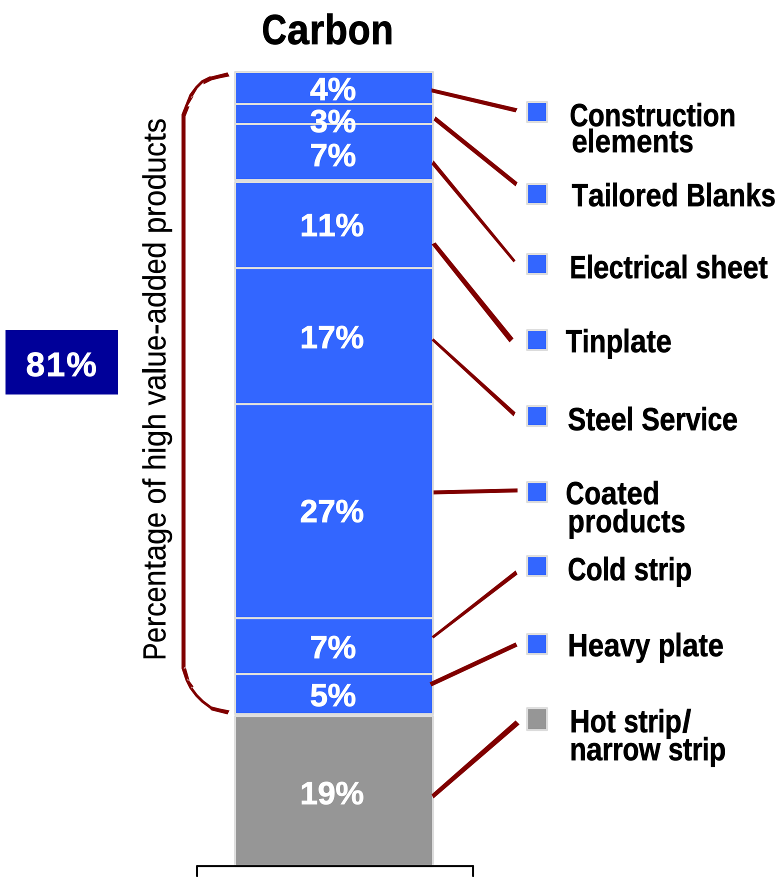
Crude steel capacities (mt/yr)



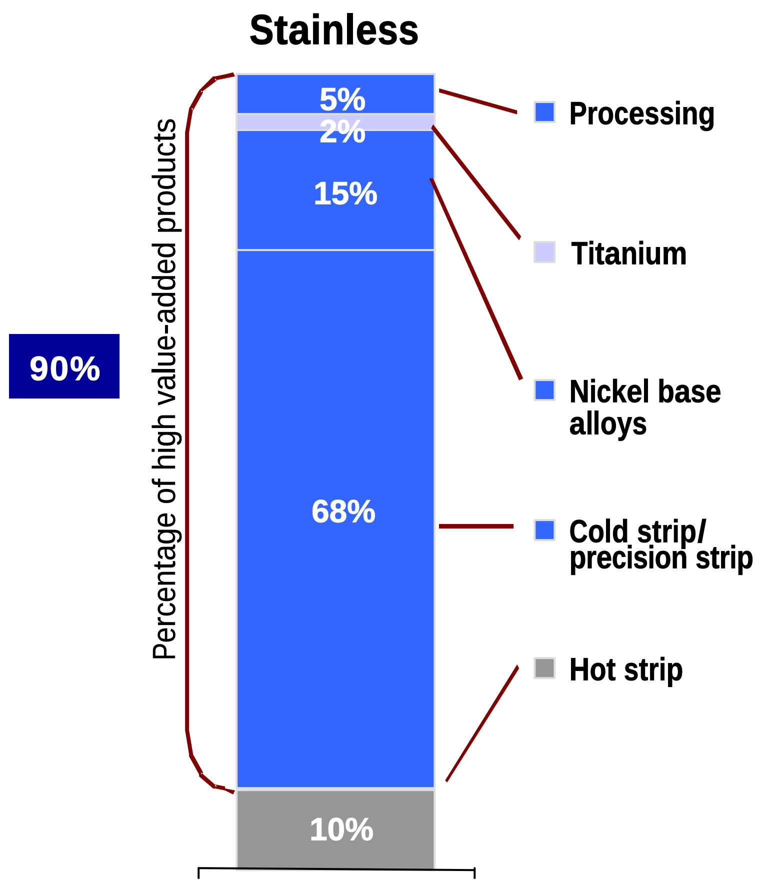
* 100% HKM

Source: ECSC - questionnaire 2-61, company publications

Concentration on high value-added and innovative flat products



Sales structure FY 1999/2000 (flat steel products only)



Sales structure FY 1999/2000 excl. material for rerollers

Advanced application-oriented R&D

Dortmunder OberflächenCentrum, DOC (inaugurated December 4, 2000)

- Europe's biggest surface engineering research center for flat steel (total investment approx. €20 m)
- Objective: Efficient development and implementation of innovative surface engineering technologies
- Partners: Thyssen Krupp Stahl AG, Fraunhofer-Gesellschaft (application-oriented institutes) and plantmaker SMS-Demag as industrial partner

Strengthen innovative capacities

Leading role in innovative production technologies

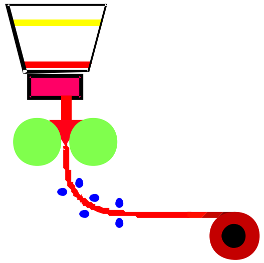
Thin-slab casting and rolling plants

Duisburg and Terni

- Suitable for carbon and stainless steels
- Clear shortening of process route
- New product segments
- Duisburg plant in operation since April 1999
- Terni plant under construction

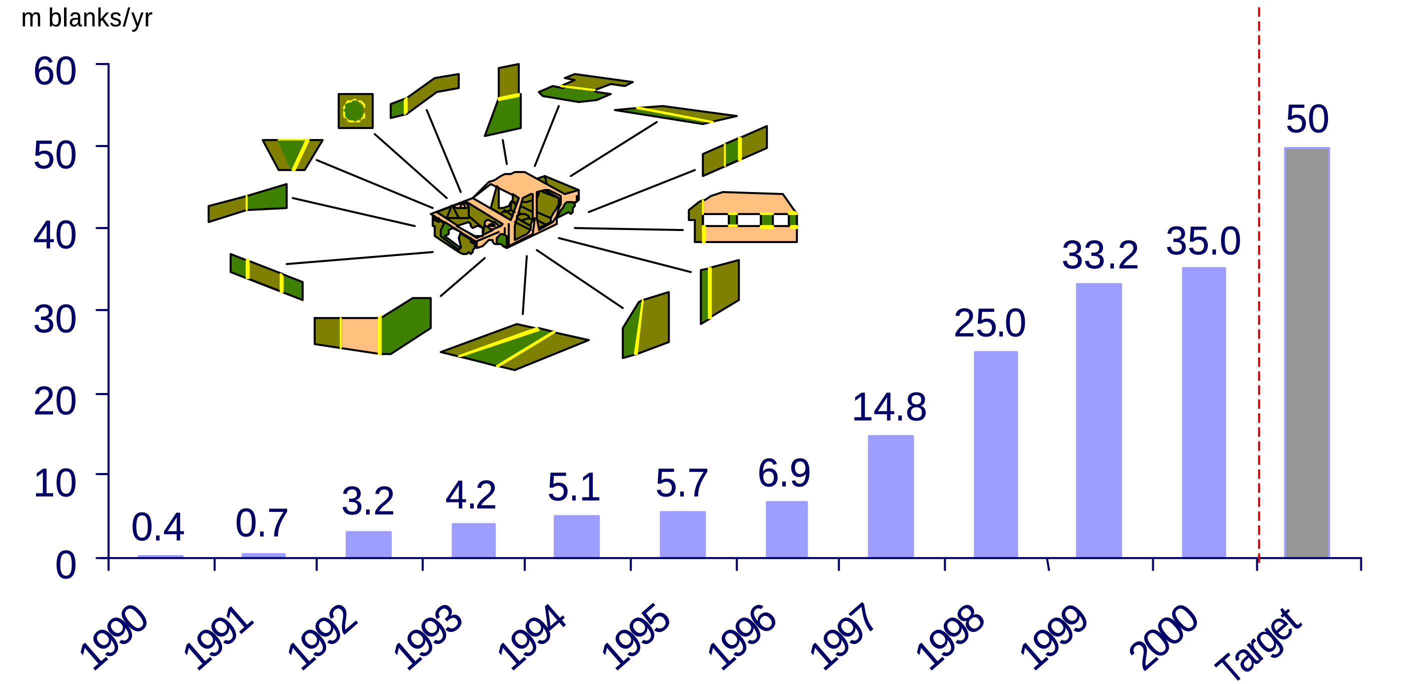
Strip-casting plants

Krefeld and Terni



- Shortest process route to date
- Potential for development of new materials
- Krefeld pre-industrial plant in operation since December 1999
- Terni pilot plant for further process development

Innovative products: Pioneer and market leader in Tailored Blanks



Thyssen Fügetechnik incl. Thyssen Worthington Blanks, Euroweld and GalvaSud
Laser and mash-seam welded blanks (from 2001 excl. Euroweld)

Two new internet market places

Purchasing:

BuyForMet@ls
The metals e-procurement platform

Joint venture founding partners

Arbed Group
Corus Group
Usinor
ThyssenKrupp Steel

The partners have

- total shipments of approx. 80 million t/year (rolled steel products)
- combined purchasing volume of considerably more than €20 billion/year

Sales:

STEEL24-7

Internationalization is making progress

- Expand worldwide presence in Stainless
  e.g. JV Shanghai Krupp Stainless, China and
  increase access to US market (at planning stage)
- Strengthen downstream activities in Carbon worldwide,
  e.g. JV GalvaSud, Brazil and JV TADUXIN mit ANSC, China
- Worldwide expansion strategy, e.g. in Electrical steel and
  cold rolled sheet JV EBG India
- Examine possibility of strategic alliances

Structure

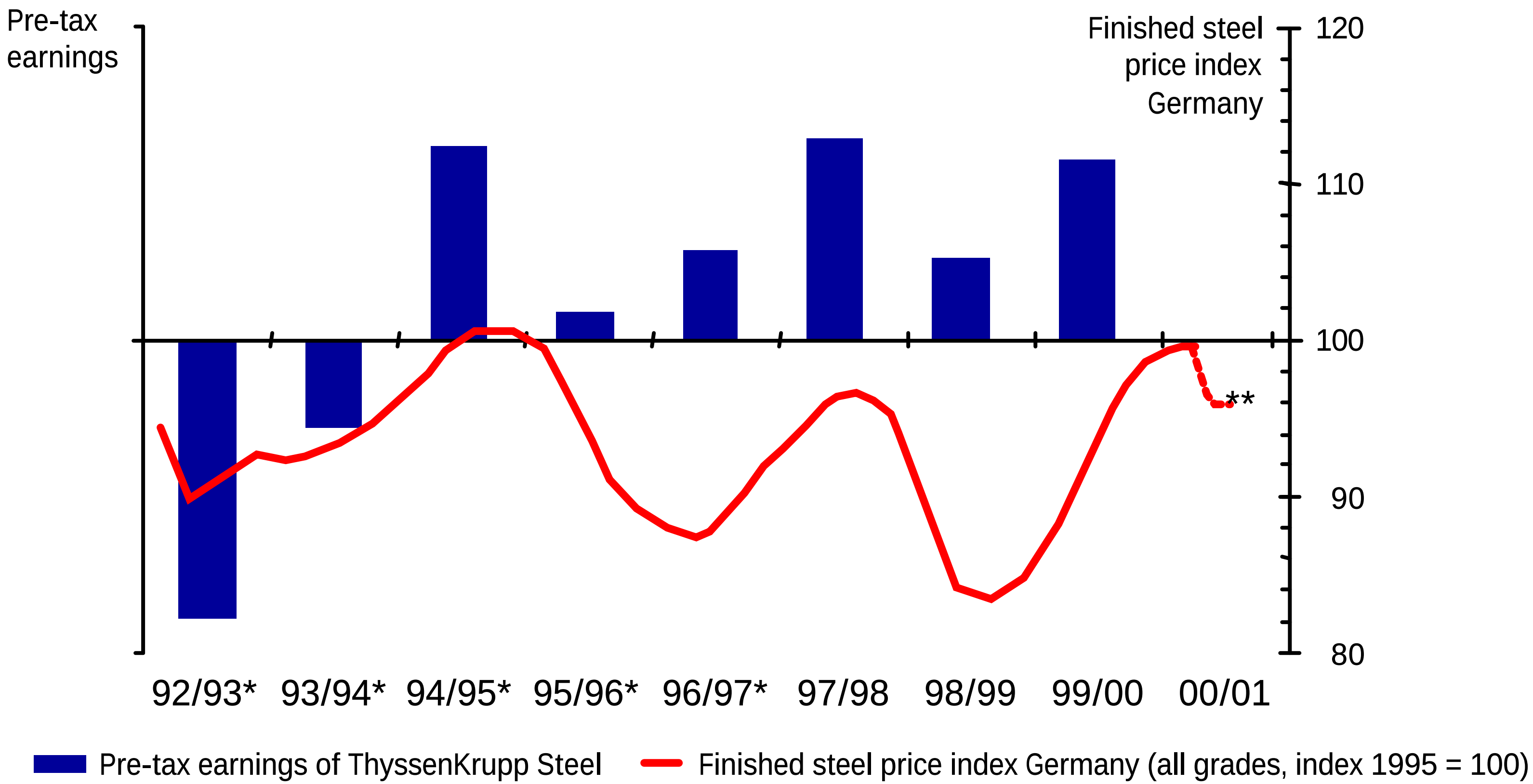
1. Overview ThyssenKrupp Steel

2. How to create shareholder value

3. Summary

Positive earnings even in downward steel cycle trend

Pre-tax earnings relative to finished steel price index



*Aggregated earnings of predecessor companies according to HGB (German Accounting Principles) **Trend

Success drivers at ThyssenKrupp Steel

- Powerful unit after successful merger
- Optimum site concentration for carbon steel metallurgy
- Expand technology leadership
- Strengthen innovativeness
- Increase international alignment
- Strict value-based company management
- Further optimize product portfolio

ThyssenKrupp Steel is pursuing a clear strategy for lasting value growth

Handelsbanken, Nordic Basic Industry Seminar

Dr. Andreas Nordmeyer
ThyssenKrupp Steel
March 16, 2001
Stockholm