

Presentation ThyssenKrupp

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Cyclicals – Best Play in the Cycle
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Agenda

- 1st Half 2001/2002 and outlook
- Situation in the segments
- Strategy
- Summary



ThyssenKrupp feels the economic headwind

- 1st quarter 2001/2002 strongly impacted by economic slowdown
- 2nd quarter still at a low level
- Group's growth held back
- Has the economic down cycle bottomed out?

➡ Forecast for H2 2001/2002 still has to be cautious



Key data ThyssenKrupp Group 1st half 2001/2002

- Orders and sales down 5.5% and 7.5% respectively against prior-year period
- EBITDA declined approx. 35% to €1,069 million
- Normalized EPS more or less zero (versus €0.57 in H1 2000/2001)
- Net cash provided by operating activities very weak at €35 million



Segments impacted to varying degrees by economic slowdown



Outlook for ThyssenKrupp 2001/2002

- In view of brightening economic environment, sales in H2 will be higher than in H1; but full-year sales will be lower than in 2000/2001
- Higher sales in H2, together with initiated performance enhancement measures, will have positive impact on earnings situation; however, increased restructuring efforts will lead to expenditures of over €100 million in the second half; impossible to predict at present what effects the current wage conflict will have
- Adjusted EBT – excluding disposal gains – will be over €100 million lower than our previous forecast of €0.5 billion; elimination of goodwill amortization has been taken into account. Goodwill impairment due to adoption of SFAS 142 is not included. This may exceed previous goodwill amortization of over €200 million



Steel



		1st Half	
		2000/01	2001/02
Order intake	m €	6,177	5,730
Sales	m €	6,451	5,551
EBT	m €	294	(65)
Employees	(03/31)	53,677	50,363

- Noticeable recovery in demand; significant market stabilization due to production cutbacks (crude steel output 16% lower in Q2 2001/2002 against Q2 2000/2001);
- Sales 14% down due to lower volumes and prices; Earnings down particularly due to lower shipments in Carbon Steel
- April 1 price increases largely accepted by market; further price increases in Carbon Steel announced for 07/01/2002
- Strong increase in orders in Stainless Steel in Q2 2001/2002 versus Q1 2001/2002 by 21%



Steel



- Leading European flat steel producer; worldwide market leader in stainless flat steel; European No. 2 in carbon steel
- Expanding technology leadership in processes and products
- Ongoing optimization of production sites; unique plant configuration in Europe in carbon crude steel
- Firmly focused on higher value products; developing innovative products



Automotive



		1st Half	
		2000/01	2001/02
Order intake	m €	2,991	3,041
Sales	m €	3,010	3,078
EBT	m €	70	67
Employees	(03/31)	39,726	38,127

- Sales higher due to onset of economic recovery in North America and strengthening of market positions in Europe
- Earnings include disposal gain of €21 million
- Persistent margin and price pressure
- Restructuring program strengthened in Spring business and in preparation at Budd



Automotive



- 80% of sales from top 3 positions
- Organic sales growth to €7.5 bn by 2003/2004
- Further sales growth to €10 bn through acquisitions
- Double focus strategy
- Growth in System business

Elevator



		1st Half	
		2000/01	2001/02
Order intake	m €	1,852	1,930
Sales	m €	1,615	1,714
EBT	m €	103	138
Employees	(03/31)	27,212	28,286

- Orders again higher, mainly thanks to major Madrid airport contract, setting a new record in 1st half
- Sales higher, particularly in North America
- Earnings improvement in all business units, particularly in North America
- In Germany and in Passenger Boarding Bridges, earnings significantly stronger due to completion of reorganization measures and absence of restructuring charges



Elevator



- Stable position in world top 3
- Full range from a single source
- Growth to continue through further acquisitions and stronger service focus
- Stable earnings due to 50% of total sales in after sales business
- Strong R & D approach

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Technologies



		1st Half	
		2000/01	2001/02
Order intake	m €	2,953	2,649
Sales	m €	2,663	2,652
EBT	m €	104	(11)
Employees	(03/31)	31,957	32,472

- Orders down at Production Systems due to economic slowdown. Prior-year orders at Mechanical Engineering included approx. €300 million for the Transrapid line in Shanghai. Marine and Plant Technology up from prior year
- Earnings lower at Production Systems in Metal Cutting and at Plant Technology
- Earnings improvements at Marine
- Earnings significantly lower at Mechanical Engineering due to the winding down of the structural steel activities in Berlin; construction-related activities achieved higher earnings



Technologies



- Portfolio with strong regional and global market positions in relevant technologies
- High share of engineering in overall value added
- Activities in portfolio will be developed in line with their capabilities
- First Transrapid line under construction in Shanghai

Materials



		1st Half	
		2000/01	2001/02
Order intake	m €	4,964	4,477
Sales	m €	4,918	4,148
EBT	m €	33	5
Employees	(03/31)	14,269	13,880

- Lower sales mainly due to still weak economy at home and abroad with continued price and competitive pressure
- Lower earnings at MaterialsServices Europe mainly due to poor market conditions with lower volumes
- Earnings at MaterialsServices North America constant
- Earnings improvements at Materials Trading

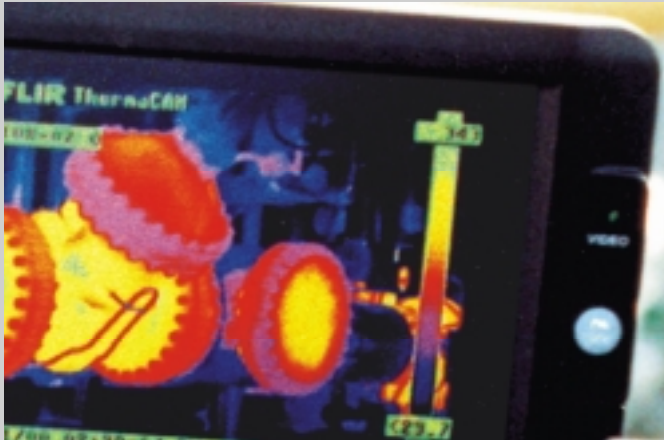


Materials



- Leading materials distributor in Germany
- Further strengthening of market position in Western and Eastern Europe through the one-stop-shopping principle and by integrating the European warehousing and logistics organization
- Further strengthening of service-oriented range with focus on Europe and North America
- Reduction of share of trading and direct business
- E-business concepts for customers and suppliers to be developed further

Serv



		1st Half	
		2000/01	2001/02
Order intake	m €	1,213	1,298
Sales	m €	1,168	1,186
EBT	m €	(8)	29
Employees	(03/31)	25,505	25,860

- Serv stable despite weaker economy; clear increase in business at Industrial Services
- Earnings include disposal gain of €19 million
- Construction Services in profit through successful development of scaffold services in the USA and successful closure of scaffold and formwork production
- Earnings improvements at Information Services
- Negative earnings at Industrial Services and Facilities Services

Serv



- Expansion of system services (one-stop shopping)
- Serv provides pure play services with high value added
- Serv is Europe's leading industrial and facility service provider
- Market leader in Industrial Services
- World market leader in Construction Services
- 3rd biggest vendor-independent systems house on the German market

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Continuation of strategy

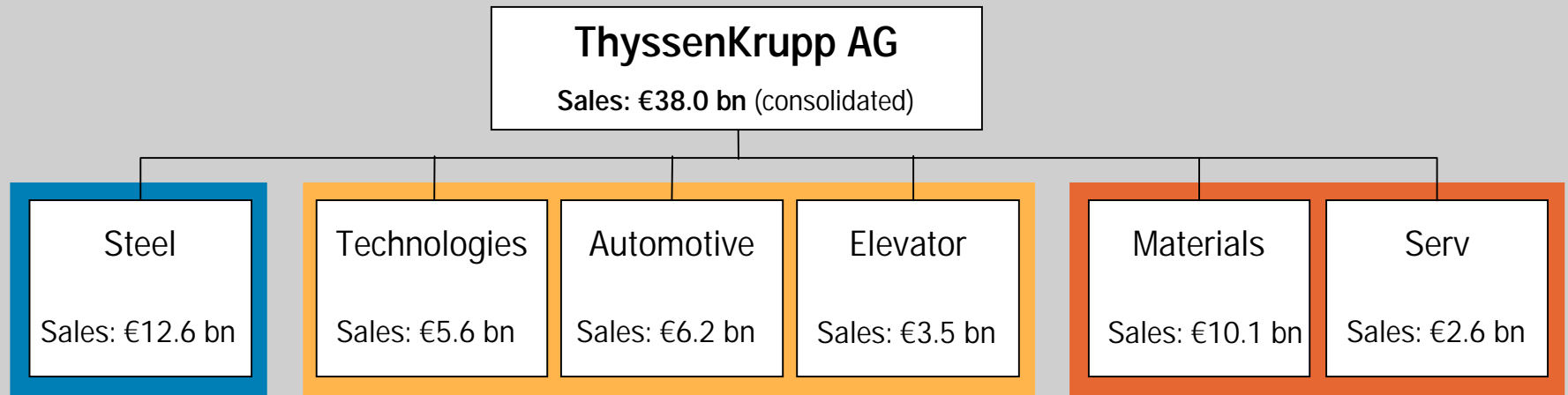
- ThyssenKrupp will continue to focus on three areas:
Steel, Capital Goods and Services
- These three areas will be systematically grown by:
 - active portfolio management;
balance of cash providers and value drivers
 - organic growth



Focused industrial group



Services by ThyssenKrupp



Innovative, know-how intensive services



Financial targets unchanged

Medium term targets (excluding effects of SFAS 141/42):

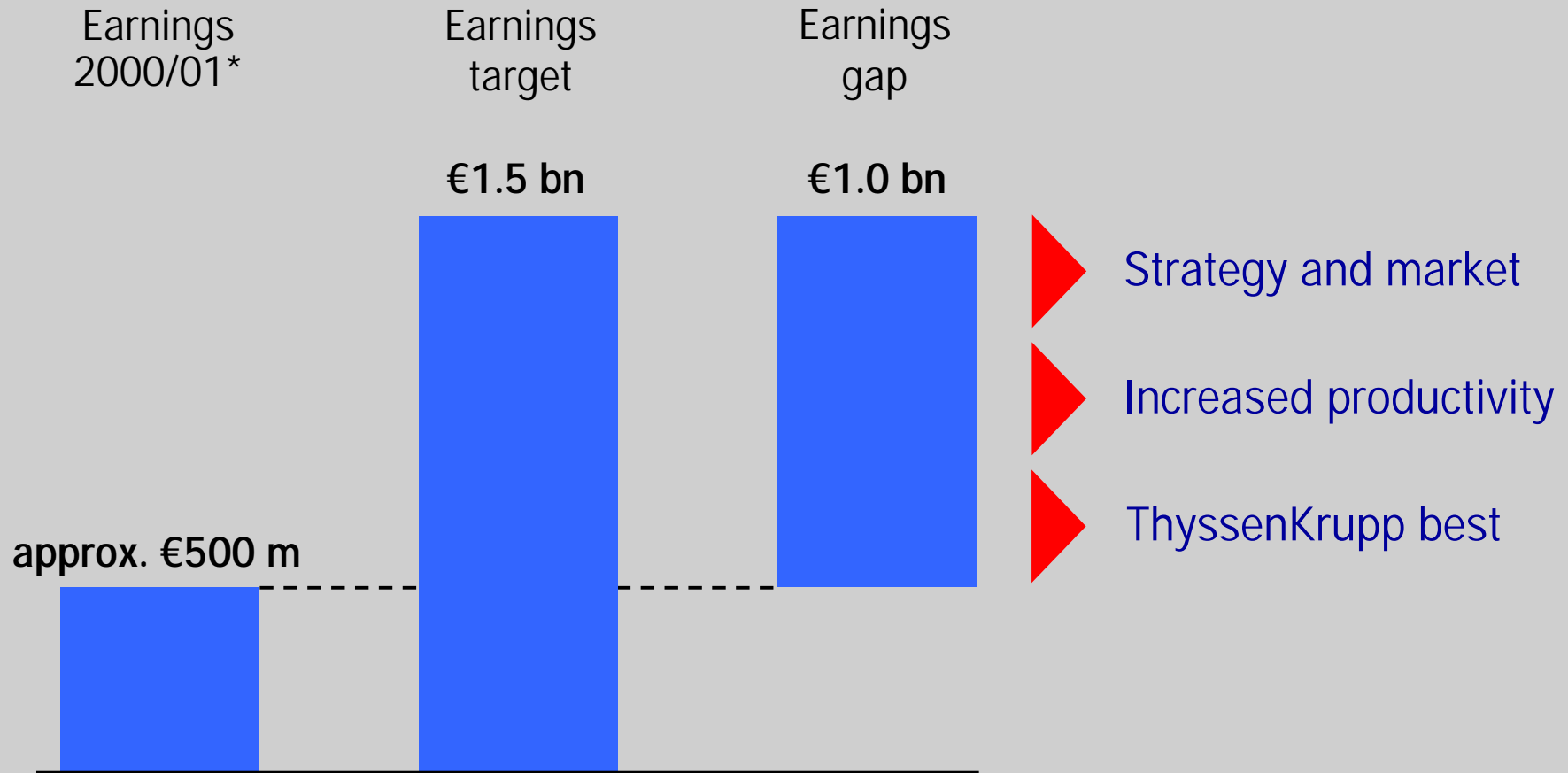
EBITDA	>	€4 bn
EBT	>	€1.5 bn
ROCE	>	12%
EVA	>	€0.5 bn
Gearing		approx. 60%
Net financial payables	≈	€5.5 bn



ThyssenKrupp has the potential to achieve these financial targets



Closing the earnings gap



* excl. non-recurring items

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Further increase in productivity

- Further restructuring of problem areas
- Improvements at underperformers
- Achievement of synergy targets
- Personnel adjustments



Continuous productivity improvements of min. 2% p.a.

ThyssenKrupp best

- Better utilization of ThyssenKrupp's potential leads to:
 - Higher margins
 - Increasing capital productivity
 - Sustainable competitiveness
 - Value-adding growth
- Inventorization identified 408 action areas
- Groupwide roll-out from January 2002: more than 1,000 projects



business excellence in service and technology



Summary

- ThyssenKrupp is pursuing a value-based strategy
- The Group network provides substantial potential
- ThyssenKrupp has clearly defined financial targets
- Concrete action to increase productivity
- ThyssenKrupp best allows better use of potential



ThyssenKrupp has the potential to achieve the financial targets



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