

# ThyssenKrupp and Outokumpu to combine stainless steel businesses

## Analysts' and Investors' Briefing

Essen – February 1, 2012

ThyssenKrupp  
Developing the future.



**ThyssenKrupp**

# ThyssenKrupp – Strategic Way Forward



Company Positioning



# Highlights of the Transaction

## ThyssenKrupp's Perspective

### Key milestone in ThyssenKrupp's strategic way forward

- Overcome strategic deadlock, release value creation potential
- Cash contribution, debt reduction, value potential
- Reduction of Materials exposure & sharpening of ThyssenKrupp's investment profile

### Outokumpu - the perfect partner for business combination with Inoxum

- Excellent fit – complementary businesses
- Transformational transaction providing step change in competitiveness
- Compelling industrial concept with unique cost & growth synergy profile
- Key shareholders supporting transaction and business combination

### Another step towards realization of diversified industrial concept



# Driving Value by Combining Outokumpu and Inoxum

## Transaction Based on Compelling Industrial Logic

### Excellent complementarity

- Market coverage
- Customer base
- Product mix
- Technical expertise and value chain



### Combined entity

- Leader in stainless steel industry
- ~ €12 bn sales \*
- > 19,000 employees \*\*
- Under name and operational leadership of Outokumpu

### Attractive growth profile

- Regional expansion in Americas & Asia
- Vertical expansion / Chromium mine
- Expansion of specialties (Krefeld / ferritics; plate; high performance alloys)

- Operational efficiency
- Joint procurement
- Optimized logistics, ...

### Significant efficiency potentials

\* annualized pro forma figures for the 12-month period ended Sep 30, 2011

\*\* as of Sep 30, 2011



# Cash Contribution, Debt Reduction, Value Potential

## Divestment of Inoxum as Major Step in ThyssenKrupp's Strategic Way Forward

### Key Elements of Inoxum Enterprise Value of ~ €2.7 bn

- 29.9% stake in new entity to be held by ThyssenKrupp post Outokumpu capital increase
- €1 bn of cash to repay ThyssenKrupp's financial receivables towards Inoxum
- €271 m of pension liabilities of Inoxum to be assumed by Outokumpu\*
- €151 m of external net financial debt of Inoxum to be assumed by Outokumpu\*
- €235 m loan note issued by Outokumpu to ThyssenKrupp\*; any negative/positive Inoxum cash flows until closing will increase/decrease loan note issued by Outokumpu to ThyssenKrupp

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- Strengthening of financial flexibility
  - Sharpening of strategic profile
  - Value crystallization & upside potential

\* as of Sep 30, 2011

# Transaction expected to be completed by End of 2012

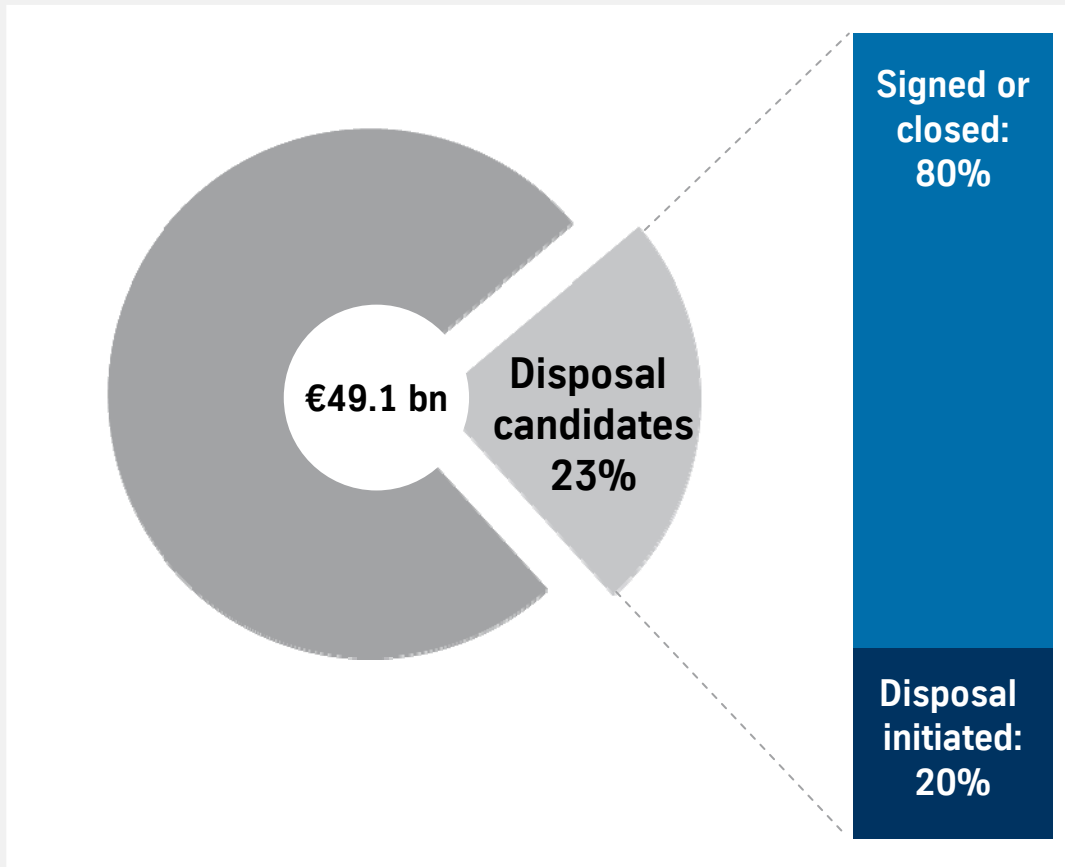
## Selected Key Milestones until Closing

- Outokumpu shareholders to authorize
  - to issue new shares in the rights offering and
  - a directed issue to ThyssenKrupp at closing of the transaction
- Regulatory approvals
- Stand-alone improvement and investment programs will be continued
- Implementation of industrial concept can only be started after closing



# Portfolio Optimization: Well on Track

Sales FY 2010/11 (before Stainless Global/Inoxum carve-out, not consolidated)



Inoxum Sales: ~€6.7 bn	✓ signed
Metal Forming Sales: ~€1.1 bn	✓ closed
Xervon Sales: ~€0.7 bn	✓ closed
Blohm + Voss (Shipyards and Services) Sales: ~€0.4 bn	✓ closed
Bilstein-Group (Automotive Systems Brazil)	✓ closed
Bilstein-Group (Springs & Stabilizers) Sales: ~€0.7 bn	carved-out
Waupaca Sales: ~€1.1 bn	progressing
Tailored Blanks Sales: ~€0.7 bn	progressing

ThyssenKrupp has already signed or closed transactions comprising ~ 80% of sales to be divested

# ThyssenKrupp – “Diversified Industrial Company”



Cross-operational synergies

Focus on  
core activities with leading  
market positions

Efficient capital allocation based  
on clearly defined key figures

Best-in-class performance  
within all businesses

Infrastructure

Leading Engineering Competence

Resources

Diversification over  
business cycles

Financial  
stability & flexibility

Stable earnings &  
cash flow profile

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- (i) market risks: principally economic price and volume developments,
- (ii) dependence on performance of major customers and industries,
- (iii) our level of debt, management of interest rate risk and hedging against commodity price risks;
- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
- (ix) general economic, political and business conditions and existing and future governmental regulation; and
- (x) the effects of competition.

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