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Umstrukturierung • Value • Trends  
WestLB, Zürcher Kantonalbank, Deutsche Börse  
Zurich, July 6, 2005

Gundolf Moritz  
Head of Investor Relations

ThyssenKrupp



# Agenda

**Gundolf Moritz**

Head of Investor Relations

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- Group Overview
- 
- Financials Q2 2004/05 and Outlook
- 
- Strategy of the Group
- 
- Appendix
- 



# ThyssenKrupp Group 2003/04

## ThyssenKrupp AG

Group sales (consolidated): €38.2 billion • EBT (consolidated): €1,454 million • Employees: 179,498

Steel	Automotive	Elevator	Technologies	Services
<p>Sales: €13.2 bn EBT: €912 m Employees: 43,995</p> <ul style="list-style-type: none"> <li>• Carbon Steel</li> <li>• Stainless Steel</li> <li>• Special Materials</li> </ul>	<p>Sales: €7.4 bn EBT: €258 m Employees: 43,762</p> <ul style="list-style-type: none"> <li>• Body&amp;Chassis (NA)</li> <li>• Body&amp;Chassis (EU/AP/LA)</li> <li>• Powertrain (Global)</li> </ul>	<p>Sales: €3.6 bn EBT: €370 m Employees: 31,658</p> <ul style="list-style-type: none"> <li>• 4 regional Business Units</li> <li>• Accessibility</li> <li>• Escalators/ Passenger Boarding Bridges</li> </ul>	<p>Sales: €4.6 bn EBT: €67 m Employees: 25,229</p> <ul style="list-style-type: none"> <li>• MetalCutting</li> <li>• Plant Technology</li> <li>• Marine Systems</li> <li>• Mechanical Engineering</li> <li>• Transrapid</li> </ul>	<p>Sales: €11.5 bn EBT: €255 m Employees: 33,840</p> <ul style="list-style-type: none"> <li>• Materials Services Europe</li> <li>• Materials Services North America</li> <li>• Industrial Services</li> <li>• Special Products</li> </ul>
<b>Steel</b>	<b>Capital Goods</b>			<b>Services</b>

Employees as at Sept 30, 2004; inter-segment sales unconsolidated



## Q2 2004/05 – Overview

### ThyssenKrupp remains on growth course

- **Order intake** 9% higher yoy at €11.1 billion
- **Sales** were €10.5 billion, up 12% from the comparable prior-year period
- **EBT** from continuing operations rose by €95 million to €445 million yoy
- **EPS** from continuing operations reached €0.52, compared with €0.44 a year earlier
- **Net financial payables** at €1.7 billion (March 31, 2005) were €1.1 billion less than at Sept 30, 2004 and €2.6 billion less than at March 31, 2004



## Q2 2004/05 – Highlights

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- **Strong earnings contribution from the Steel segment**

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- **Main earnings improvement in the Technologies and Services segments**

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- **Portfolio optimization program successfully continued**
  - With sale of EWK clear focus on flat Carbon and flat Stainless within the steel segment
  - Sale of ThyssenKrupp Stahlbau and ThyssenKrupp Elastomertechnik to further streamline the activities of the Technologies segment

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- **Balance sheet strengthened by proceeds of the Residential Real Estate disposal**
  - Net financial payables €1.7 billion (March 31, 2005)
  - Gearing: 18.5%

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- **Strong commitment to sustainable profitability and value enhancement throughout the cycle**

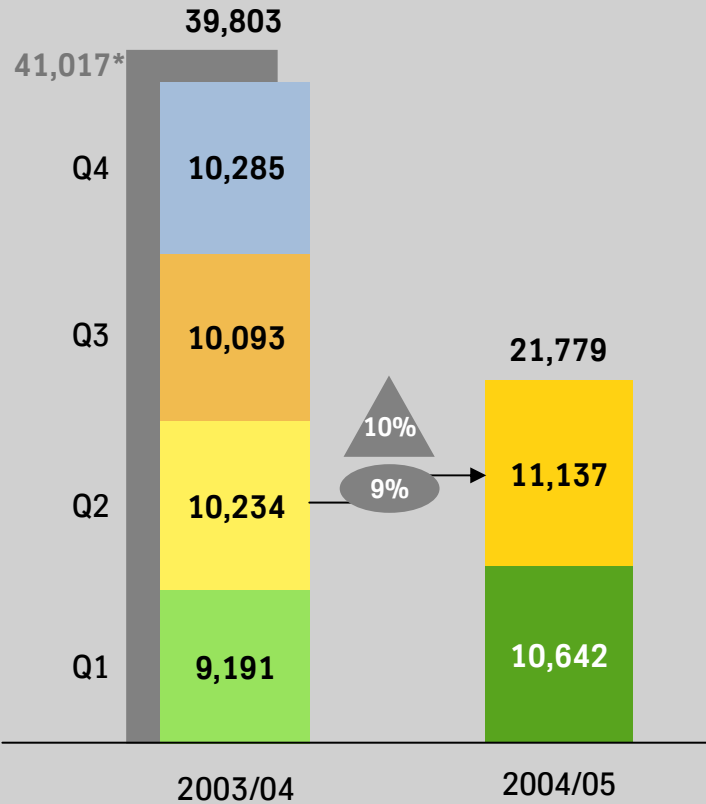
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# Group in Figures (I)

## Order intake

million €

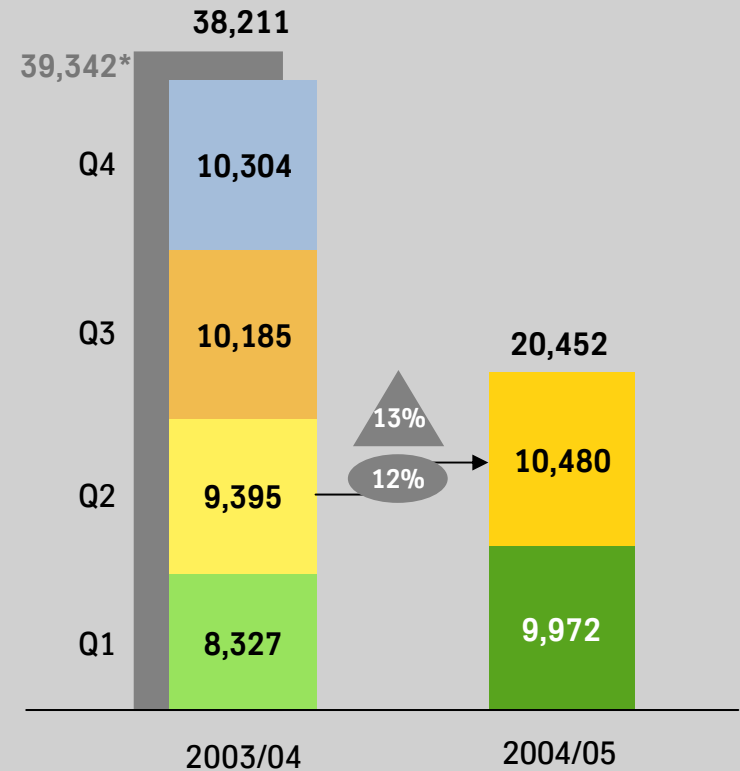


\* as reported on Dec 1, 2004

▲ excluding €/\$ exchange rate effects

## Sales

million €



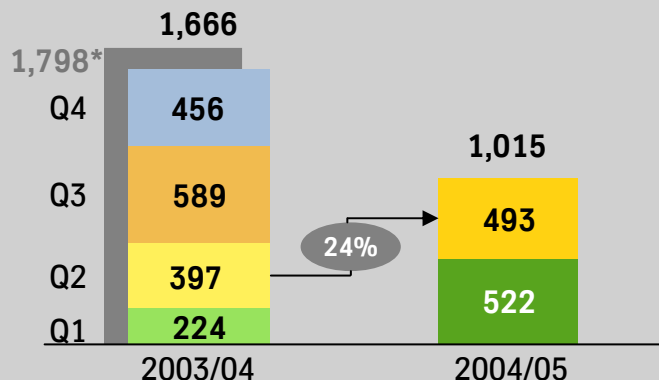
\* as reported on Dec 1, 2004

▲ excluding €/\$ exchange rate effects



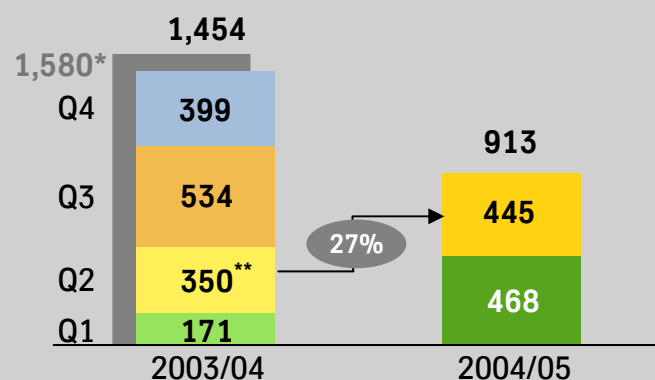
# Group in Figures (II)

**EBIT** million €



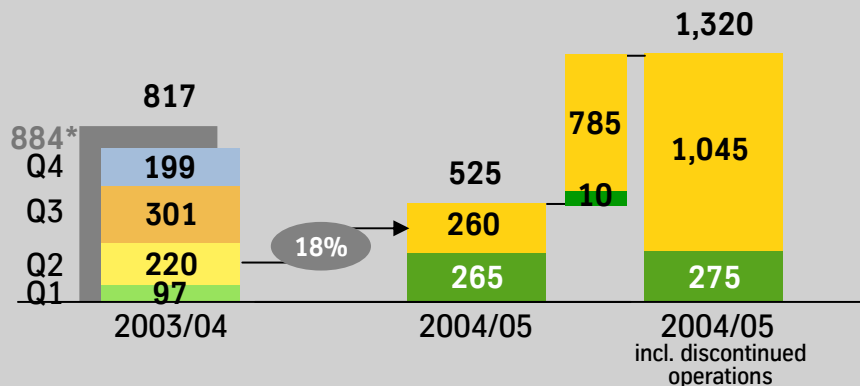
\* as reported on Dec 1, 2004

**EBT** million €



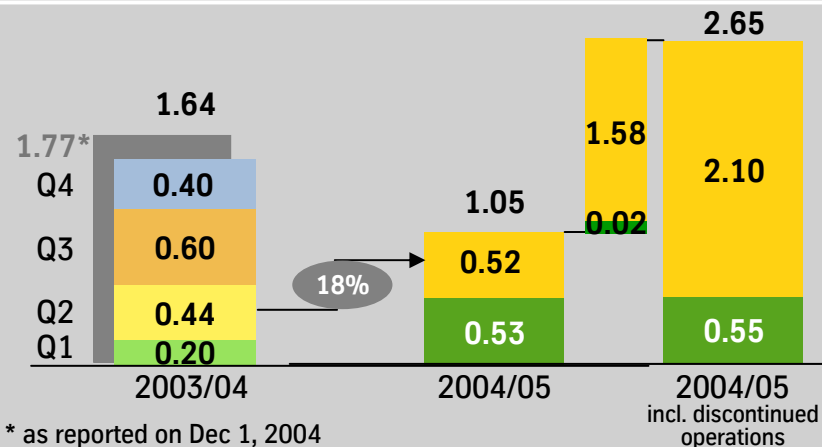
\* as reported on Dec 1, 2004 \*\* effect of restatement LiFo: €116 m

**Net income** million €



\* as reported on Dec 1, 2004

**Earnings per share** €



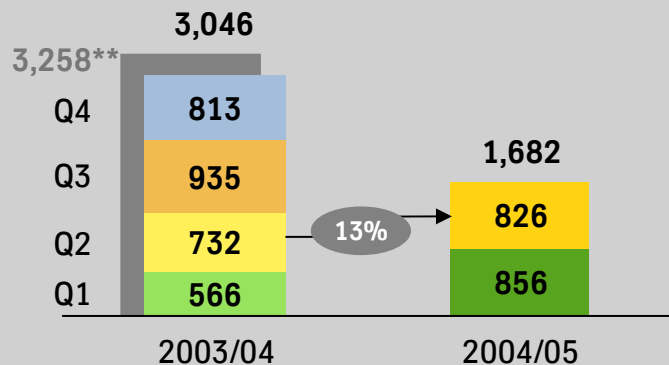
\* as reported on Dec 1, 2004



# Group in Figures (III)

## EBITDA\*

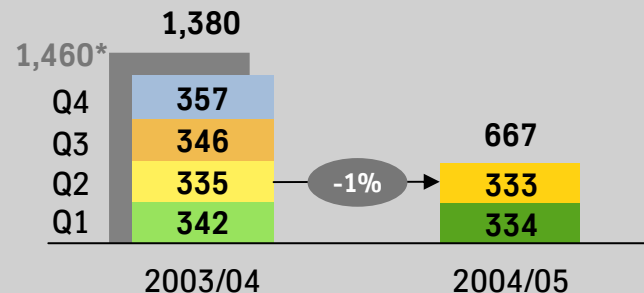
million €



\* excl. interest on accrued pension liabilities \*\* as reported on Dec 1, 2004

## Depreciation and amortization

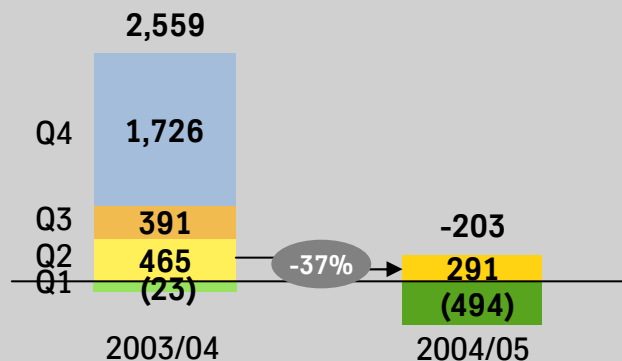
million €



\* as reported on Dec 1, 2004

## Net cash used in operating activities\*

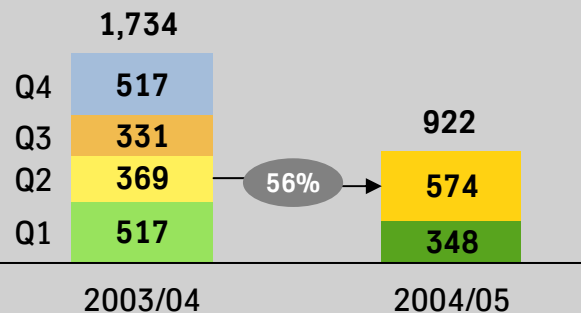
million €



\* figures not adjusted in accordance with SFAS 144

## Capital expenditures\*

million €



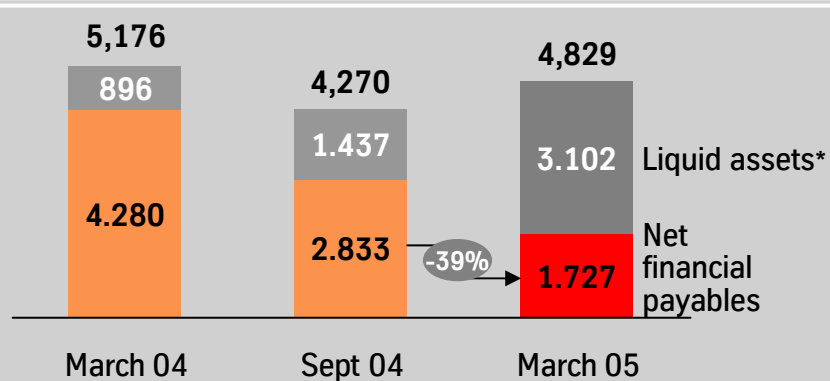
\* incl. financial investments; figures not adjusted in accordance with SFAS 144



# Group in Figures (IV)

## Financial payables

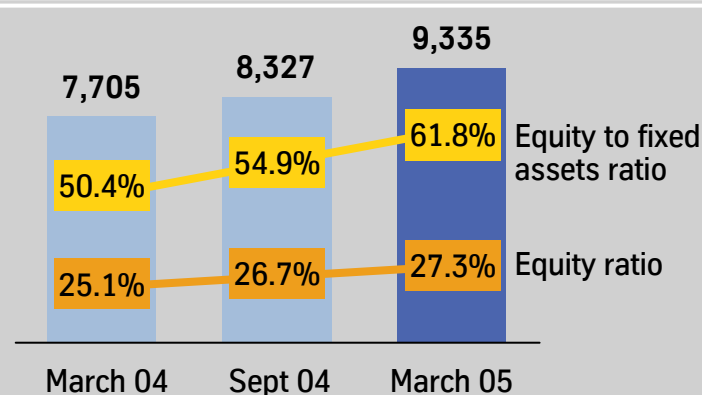
million €



\* cash and cash equivalents, marketable securities

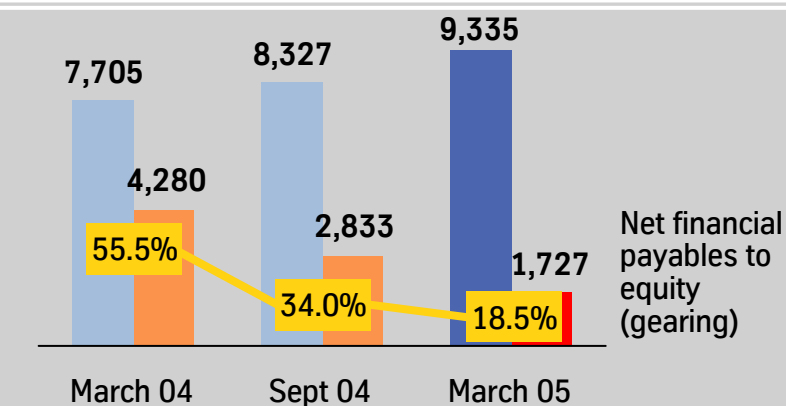
## Stockholders' equity

million €



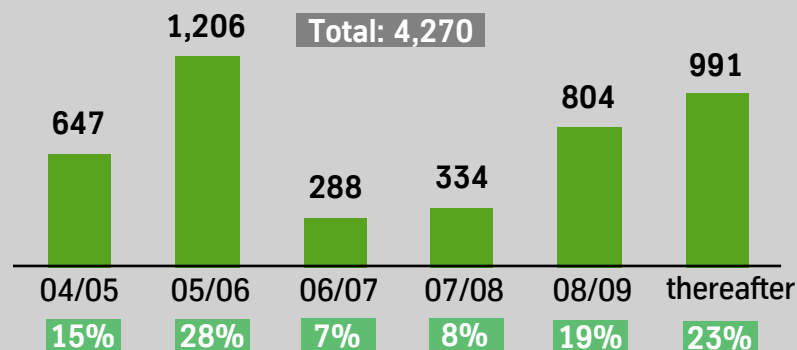
## Gearing

million €



## Maturity profile of gross financial payables\*

million €



\* as of Sept 2004



## 20 Portfolio Optimizations in 2004/05

### Steel

CS Inox [minority interest] (I)	Acquisition
Eurinox [minority interest] (NL/TUR)	Acquisition
Dortmunder Eisenbahn (D)	Disposal
MRT (I)	Acquisition
EWK (D)	Disposal

### Automotive

QDF (GB)	Disposal
JV TK Gerlach/Sumitomo (CHN)	Acquisition*
Fahrzeugguss (D)	Disposal

### Elevator

Kare Elevators & Engineering (India)	Acquisition
Ascensores Silves Hidrolex (Spanien)	Acquisition

### Technologies

HDW (D)	Acquisition
Elastomertechnik (D)	Disposal
Stahlbau Hanover (D)	Disposal
G&L Motion Control (USA)	Disposal

### Services

TMH/ThyssenKrupp Mannex (D)	Winding down
MUT (CZ)	Acquisition
Automata (BR)	Acquisition
Lesser-Gruppe (D)	Acquisition
Eckhardt Marine (D)	Disposal

### Real Estate

TK Wohnimmobilien (D)	Disposal
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\* 34%



## Portfolio Optimization – Disposals since October 2002

	Number of Entities	Sales (annual)	EBT (annual)	Net Financial Debt*	Pension Obligations	Employees
Fiscal year 2002/03	12**	€919 m	€1 m	€242 m	€19 m	4,529
Fiscal year 2003/04	9	€1,458 m	€(8) m	€263 m	€160 m	8,125
1st quarter 2004/05	-	-	-	-	-	-
2nd quarter 2004/05	2	€535 m	€123 m	€173 m***	€50 m***	2,140
<b>Total</b>	<b>23</b>	<b>€2,912 m</b>	<b>€116 m</b>	<b>€678 m</b>	<b>€229 m</b>	<b>14,794</b>
Subsequent Events	3	€855 m	€17 m	€57 m***	€87 m***	3,797

\* when company was disposed of \*\* incl. non-consolidated entities \*\*\* as on last reporting date when deal was announced



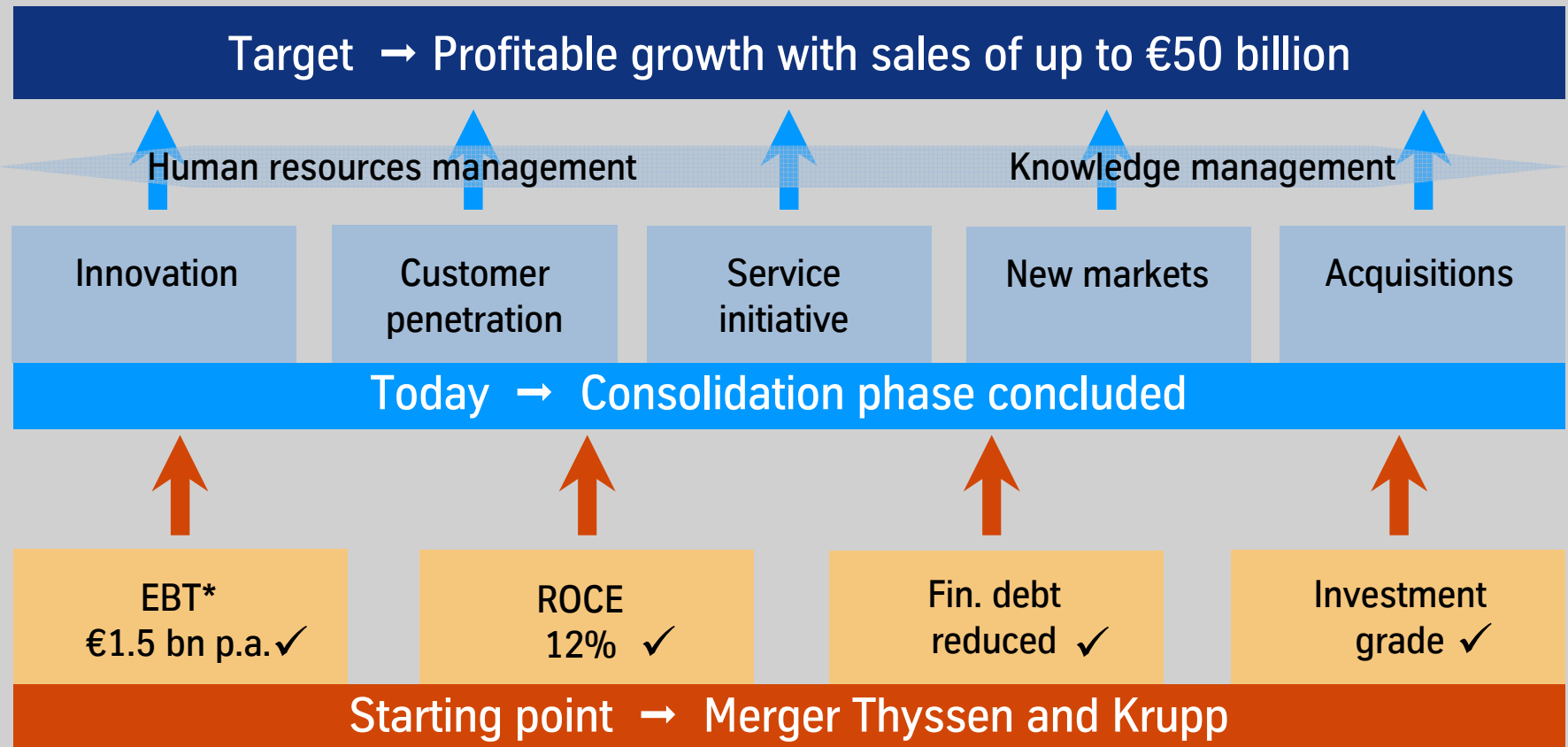
## Outlook

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- 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 (excl. 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 (€1,454 million).
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# ThyssenKrupp – Consolidation Concluded



\* core business



## Value Indicators by Segment

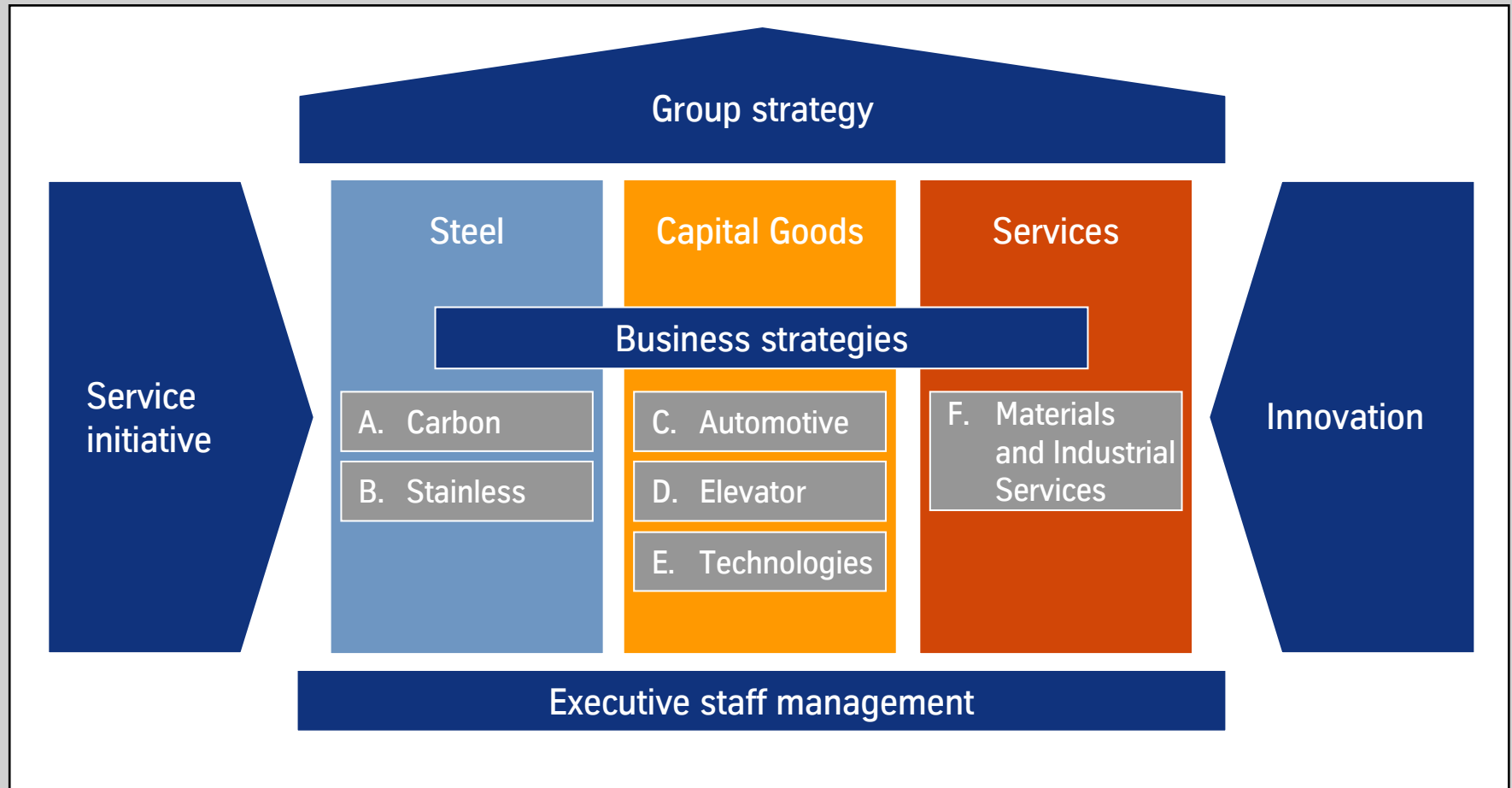
	Capital Employed*/** in million €	WACC in % 2002/03 and 2003/04	Target ROCE in %	ROCE** in %		EVA** in million €		Change
				2002/03	2003/04	2002/03	2003/04	
Group	18,870	9.0	12.0	7.2	12.0 ✓	(352)	572 ✓	924
thereof								
Steel	8,633	10.0	12.0	7.1	12.5	(255)	212	467
Automotive	3,043	9.5	17.0	9.6	13.1	3	108	105
Elevator	1,709	9.0	18.0	23.6	23.7	241	250	9
Technologies	687	10.0	15.0	4.2	13.0	(68)	21	89
Services	2,769	9.0	14.0	3.8	13.3	(166)	120	286

\* average 2003/04  
\*\* incl. discontinued operations

■ above target ROCE   
 ■ above WACC, below target ROCE   
 ■ below WACC

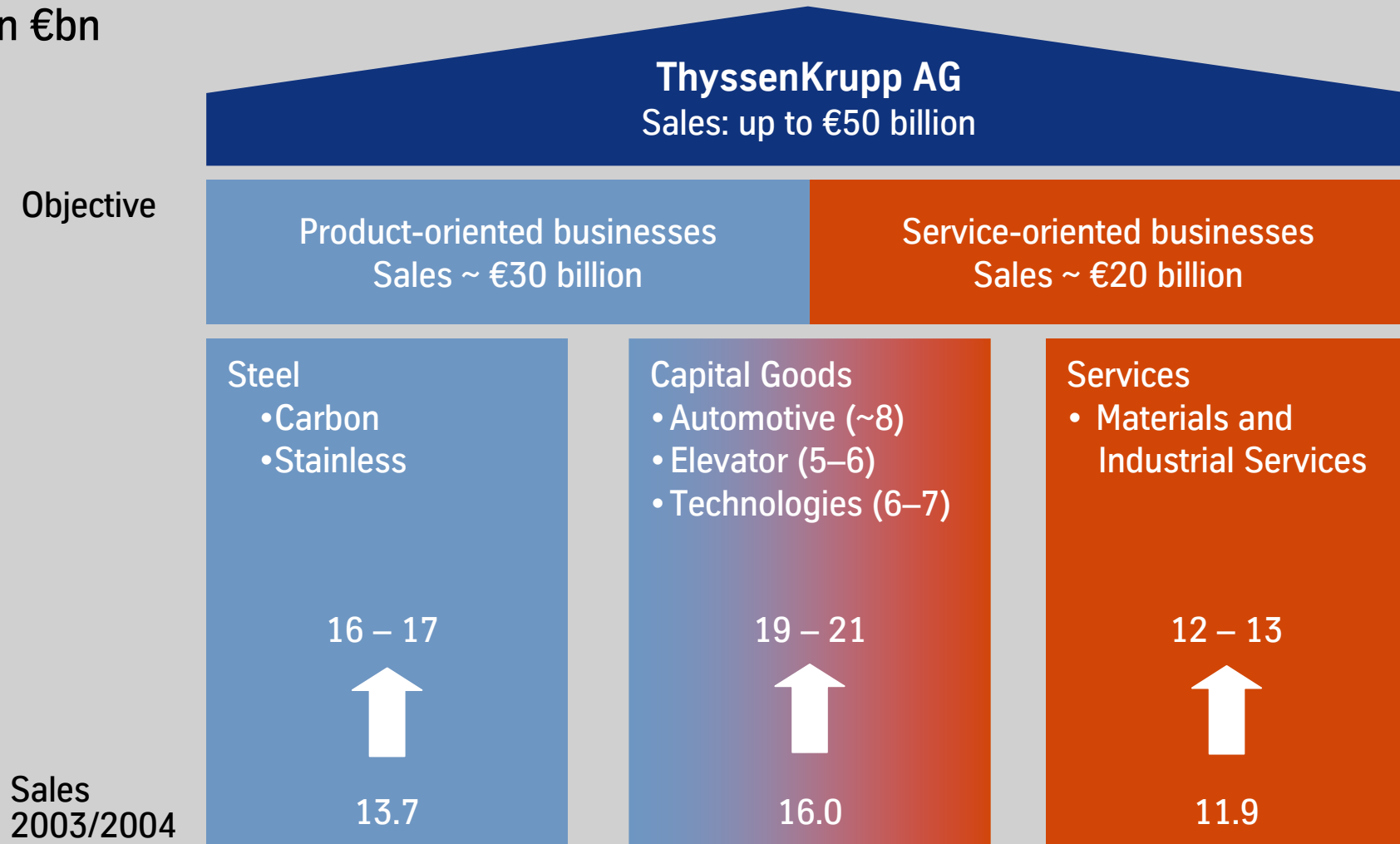


# Strategic Development of the Group



# Objective: Group With Sales up to €50 Billion

in €bn



## Conclusion

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- **ThyssenKrupp:**  
Focused industrial group based on 3 pillars,  
combining value and growth components

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- **Strategic direction:**  
From consolidation to controlled profitable growth

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- **Strategic drivers:**  
Innovation, service initiative, human resources development

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## Financial Calendar 2005

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- July 25, 2005 to August 11, 2005 Quiet Period
  - August 12, 2005 Interim Report 3rd quarter 2004/05 (April to June)  
Conference Call with Analysts and Investors
  - October 26, 2005 to November 30, 2005 Quiet Period
  - December 1, 2005 Annual Press Conference  
Analysts' and Investors' Meeting (Essen, Germany)
  - January 27, 2006 Annual General Meeting
  - January 30, 2006 Payment of dividend for fiscal year 2004/05
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## Financial Calendar 2006

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- End of January 2006 to February 10, 2006      Quiet Period

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  - February 1, 2006      Virtual Classroom-Meeting on IFRS changeover

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  - February 13, 2006      Interim Report 1st quarter 2005/06 (October to December)  
Conference Call with Analysts and Investors

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  - End of April 2006 to May 11, 2006      Quiet Period

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  - May 12, 2006      Interim Report 2nd quarter 2005/06 (January to March)

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## How to Contact ThyssenKrupp Investor Relations

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- E-mail: [ir@thyssenkrupp.com](mailto:ir@thyssenkrupp.com)
- Internet: [www.thyssenkrupp.com](http://www.thyssenkrupp.com)

To be added to the IR mailing list, send us a brief e-mail with your details!

# Appendix



## Group Overview by Quarter (I)

		2nd quarter		Change	Change in %
		2003/04	2004/05		
Order intake	€m	10,234	11,137	903	8.8
Sales	€m	9,395	10,480	1,085	11.5
EBITDA	€m	732	826	94	12.8
EBIT	€m	397	493	96	24.2
EBT	€m	350*	445	95	27.1
Net income	€m	220	260	40	18.2
EPS	€	0.44	0.52	0.08	18.2
Net income incl. discontinued operations	€m	345	1,045	700	+
EPS incl. discontinued operations	€	0.69	2.10	1.41	+

\* effects of restatement LiFo: €116 m



## Group Overview by Quarter (II)

		2nd quarter		Change	Change in %
		2003/04	2004/05		
Capex	€m	369	574	205	55.6
Deprec./amort.	€m	335	333	-2	-0.6
Net cash used in operating activities	€m	465	291	-174	-37.4
Free cash flow	€m	428	2,183	1,755	+
Employees	(March 31)	182,855	186,789	3,934	2.2



# Segment Overview – Steel (I)

## Steel

Steel market characterized by higher inventory levels in general; build up of own stock to fulfill required internal technical inventory level

### Steel

- Ongoing efficiency enhancement programs as main driver for earnings improvement
- Decline in orders reflecting softer market conditions in Q2 2004/05

### Carbon Steel

- Increase in sales despite lower order volumes and decrease in shipments due to higher average prices, especially for long-term contracts
- Rise in average revenues and improved operating performance resulting in higher earnings
- Production cut back by 500,000 tons announced for Q2 2005

million €	2nd quarter		Change	Change in %
	2003/04	2004/05		
Order intake	3,952	3,668	-284	-7.2
• Carbon Steel	2,477	2,271	-206	-8.3
• Stainless Steel	1,445	1,400	-45	-3.1
Sales	3,396	3,654	258	7.6
• Carbon Steel	2,130	2,310	180	8.4
• Stainless Steel	1,259	1,392	133	10.6
EBITDA	453	533	80	17.7
• Carbon Steel	348	396	48	13.8
• Stainless Steel	125	153	28	22.4
EBIT	274	363	89	32.5
• Carbon Steel	215	264	49	22.8
• Stainless Steel	87	117	30	34.5
EBT	253	344	91	36.0
• Carbon Steel	201	253	52	25.9
• Stainless Steel	76	102	26	34.2



## Segment Overview – Steel (II)

### Steel

#### Stainless Steel

- Besides efficiency enhancement measures, rise in **EBT** mainly driven by German and Mexican activities as well as nickel base alloys
- Increase in **sales** mainly resulting from higher alloy surcharges following steep raw material price increases
- **Orders** and shipments reflecting weaker demand from Western Europe
- Favorable market conditions for nickel base alloys continue

#### Special Materials

- With sale of EWK the Special Materials business unit redundant
- Grain-oriented electrical steel: Positive contribution on **sales** and **EBT** level
- Losses at Italian plant (including strike expenses of €17m in Q2 2004/05); termination of electrical steel activities in Italy by the end of 2005

	2nd quarter		Change	Change in %
	2003/04	2004/05		
Crude steel output*** (million tons)	4.2	4.2	-	-
• Carbon Steel	3.5	3.5	-	-
• Stainless Steel	0.7	0.7	-	-
<hr/>				
Shipments (1,000 tpm)				
• TKS cold-rolled*	630	552	-78	-12.4
• TKS hot-rolled**	431	345	-86	-20.0
• Stainless total	217	162	-55	-25.3
• Stainless cold-rolled	149	126	-23	-15.4
<hr/>				
Employees (March 31)	46,123	43,719	-2,404	-5.2
• Carbon Steel	28,913	30,203	1,290	4.5
• Stainless Steel	11,744	12,329	585	5.0

\* incl. NGO-Electrical Steel \*\* excl. hot-strip for NGO-Electrical Steel \*\*\* excl. EWK



## Segment Overview – Capital Goods (I)

### Automotive

		2nd quarter			
		2003/04	2004/05	Change	Change in %
Order intake	€m	1,897	1,919	22	1.2
Sales	€m	1,904	1,925	21	1.1
EBITDA	€m	151	102	-49	-32.5
EBIT	€m	73	24	-49	-67.1
EBT	€m	62	12	-50	-80.6
Employees	(March 31)	43,158	44,221	1,063	2.5

- Higher **sales** at Body&Chassis (NA) and Powertrain supported by favorable truck market; Body&Chassis (EU/AP/LA) lower due to strong comparable quarter; at constant €/US\$ exchange rate sales would have been 3.3% higher
- Decrease in **EBT** mainly due to lower productivity and increase in pensions and healthcare costs (Body&Chassis NA) and exceptionals (Body&Chassis EU/AP/LA); again strong profit at Powertrain
- Effects on sales and EBT from passing-on of steel price increases only partially included as negotiations are still ongoing
- Continuing weakness at certain North American OEMs could lead to restructuring expense of below €100 million in the further course of the year



## Segment Overview – Capital Goods (II)

### Elevator

		2nd quarter			
		2003/04	2004/05	Change	Change in %
Order intake	€m	918	1,071	153	16.7
Sales	€m	834	865	31	3.7
EBITDA	€m	99	85	-14	-14.1
EBIT	€m	87	74	-13	-14.9
EBT	€m	80	70	-10	-12.5
Employees	(March 31)	30,817	32,943	2,126	6.9

- Positive signals in new installations business, especially in the US; further growth in service activities with focus on Asia
- Improvement in **sales** at nearly all business units; jump in **order intake** due to Dubai airport order contracted in January; unfavorable €/US\$ exchange rate running counter
- **EBT** slightly lower due to exceptionals (valuation of derivatives and legal dispute in the US), moreover negative effects of significant increase in starting material prices and unfavorable €/US\$ exchange rate effects



## Segment Overview – Capital Goods (III)

### Technologies

		2nd quarter			
		2003/04	2004/05	Change	Change in %
Order intake	€m	1,325	1,898	573	43.2
Sales	€m	1,096	1,528	432	39.4
EBITDA	€m	19	53	34	+
EBIT	€m	(8)	15	23	+
EBT	€m	1	27	26	+
Employees	(March 31)	27,161	31,632	4,471	16.5

- **Order intake** and **sales** up in all business units, especially at Marine Systems (inclusion of the HDW group) and Plant Technology
- Significant improvement in **EBT** against last year's number which was impacted by a negative one-off; double-digit profit at Plant Technology and Mechanical Engineering; MetalCutting still in loss
- Sale of ThyssenKrupp Elastomertechnik and ThyssenKrupp Stahlbau to further streamline the activities in the Technologies segment completed



## Segment Overview - Services

### Services

		2nd quarter			
		2003/04	2004/05	Change	Change in %
Order intake	€m	2,774	3,135	361	13.0
Sales	€m	2,686	3,090	404	15.0
EBITDA	€m	91	119	28	30.8
EBIT	€m	62	91	29	46.8
EBT	€m	54	78	24	44.4
Employees	(March 31)	34,692	33,333	-1,359	-3.9

- Rise in **order intake** and **sales** due to growing demand, especially from Poland and France, and continuing high price levels; Materials Services EU main contributor on sales level, Materials Services NA with strongest sales growth; Special Products: benefiting from strong demand for minerals and coke
- Strong **EBT** due to favorable market conditions with Materials Services EU as main earnings driver; restructurings at Industrial Services result in clear improvement in profit
- Major restructurings in the past two years pay off as loss making units were divested and business portfolio with less volatile earnings contribution was strengthened



## Disclaimer

In this presentation all figures related to the income statement refer to continuing operations unless otherwise stated. Moreover these figures are adjusted due to the change in the method of valuing similar inventories from Last-in, First-out method (LiFo) to average cost method.

This presentation contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors 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. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. ThyssenKrupp does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.

