

Remarks

by

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Member of the Executive Board of ThyssenKrupp AG
Chairman of the Executive Board of ThyssenKrupp Services AG

at the

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“Services segment focuses growth strategy”

Dreischeibenhaus, Düsseldorf

Check against delivery.

Ladies and Gentlemen,

What goes for the Group also goes for the Services segment. In recent years, the trading and service activities of ThyssenKrupp have performed outstandingly well. Earnings before taxes of €704 million in the past fiscal year – as Dr. Schulz just mentioned – ROCE of 23.6% and value added for the Group of almost €500 million speak for themselves.

How did we get there? In the first step with our Project 300, then with Project 500 – the figures stand for sustainable earnings targets – we launched extensive packages of measures to take Services to a new and above all stable dimension of earnings. This involved streamlining the portfolio, which in particular meant parting company with our IT and facility services as well as a number of marginal activities. At the same time we looked at each and every loss-making unit – Services today has over 800 branches – and eliminated the sources and causes of the loss-making. In the next step we focused on all areas which although profitable were failing or only just managing to earn their cost of capital. All performance programs had the desired effect, whether they were in purchasing, in systems and structures – including in particular logistics – in sales or in customer service and support.

Through these activities alone, we now have a different quality and stability of earnings in the Services segment than we did a few years ago. The success of the performance programs allowed us to shift our attention to growth. Three years ago we launched the Roadmap 890, a targeted development program. In our materials activities in Eastern Europe, we expanded our branch network and made further acquisitions and are now market leader. The acquisition of Alcoa's aerospace service activities – the Apollo Metals Group – at the beginning of the year and the current extension of our supply chain management contract with Boeing by a further 10 years have made us the undisputed number 1 provider of materials services in the aerospace sector. Our investments were mainly focused on materials services activities, without neglecting our other operations: RIP in Brazil was an important addition to Industrial Services, while in the Special Products business unit we acquired several minority shareholdings to expand our engineering and raw materials business in particular.

Today, the Services segment comprises three very healthy business units, all of which hold good market positions. The strongest of these is the Materials Services unit with a very broad range of products and services, a global network and around 250,000 customers in all sectors. The unit holds leading positions in Europe and ranks among the top 5 in North

America, and we aim to achieve further targeted expansion through organic growth and acquisitions. We see excellent opportunities for this in the growth markets, particularly Asia and Eastern Europe, but also in the established markets as they continue to consolidate. We intend to play an active part in this. Size is not everything in this business, but a large amount of mass in purchasing, systems and standards, sales, services and logistics provides greater stability and thus reduces volatility. Major competitors are currently expanding rapidly through acquisitions. We want to match this growth pace, not just to avoid getting left behind, but because our clear aim is to achieve global market leadership.

While the materials services business is all about economies of scale and global systems and structures, different success factors are involved in our Industrial Services business. In this area, specific knowledge of sectors, a flexible regional setup and highly efficient personnel management are of key importance. This business unit has a stable, low-volatility business model generating a very good cash flow, we perform strongly in all individual activities and step by step in recent years we have achieved profitable growth.

But the opportunities for us to take further major growth steps are restricted. This is due to the characteristics of the business and the markets – growth is very limited in developing and low-wage countries. In addition, there are few or no suitable candidates for acquisition, and the purchase price multiples are very high.

Compared with Materials Services, achieving global growth in Industrial Services would take us longer and would be more complex, while synergies with our materials services business are very low.

The situation is different in our third business unit, Special Products. Global trading in rolled steel and tubes has very close links with our warehousing business and offers good opportunities for growth worldwide. In our raw materials business with metallurgical products, minerals and foundry/blast furnace coke, many of our customers are suppliers to our materials business. Last but not least, our engineering business with its system solutions for railway, harbor and civil engineering (rails and sheet piling) is also a materials business, albeit with a far wider service dimension. The business of our Special Products unit calls for a very strong entrepreneurial component. It is all about seizing opportunities quickly, skillfully and with a clear knowledge of the risks involved. We are not able to make major acquisitions in this area as there are no suitable candidates on the world market. But by acquiring minority

interests on the raw materials side and in the rolled steel and tube areas, we see excellent opportunities for securing long-term sales rights and growing the business profitably.

As with our growth ambitions in our core materials services business, this too calls for high capital expenditure. For this reason we have decided to dispose of Industrial Services, with the exception of the steel mill service operations in Germany and Brazil. We are convinced that this business unit will have better development opportunities with a best owner than in our Group. For our Special Products business unit we would like to give a strategic partner the opportunity to acquire a minority interest.

The greater part of the proceeds from both transactions – which we believe can be completed in 2009 – will be used to finance the next major growth step for the Services segment.

To put it in figures: we want to achieve sales of well over €20 billion and generate sustainable earnings before taxes of €1 billion in the foreseeable future.

Thank you for your attention, I would now be pleased to take your questions.