

## Fact Sheet

### **Processing plant in Alabama:**

#### **Major investment to strengthen market position in NAFTA region**

ThyssenKrupp has ambitious plans to achieve profitable growth in key markets of the future. A central element in this is the expansion of the company's core carbon flat steel business through major investments in Brazil and North America. The flat steel market in the NAFTA region has a large, steadily growing premium segment. ThyssenKrupp currently has only a very small presence here with flat carbon steel and wants to tap more into this market. Good growth opportunities are also seen for stainless steel flat products.

In May 2007, the Supervisory Board of ThyssenKrupp AG therefore decided to build a greenfield plant for flat-rolled carbon and stainless steel products in the USA. A site was selected in Mobile County in southern Alabama. Located on the Tombigbee River with direct access to the Gulf of Mexico, the site has excellent logistical links for the supply of starting materials from Brazil. Short distances to customers in the modern industrial centers in the southern USA and Mexico are a further advantage.

#### Modern plant technology for premium flat-rolled steel

The groundbreaking on November 2, 2007 marks the start of construction on the 14 km<sup>2</sup> site. A total of 5.0 billion US dollars is being invested in the plant complex, 3.6 billion US dollars for the carbon flat steel area and 1.4 billion US dollars for stainless.

For the production of carbon flat steel, the plant will primarily be supplied with 3 million tons of slabs from Brazil, transported by Panamax ships to the port of Mobile. From there, they will be transferred to barges and taken 40 km up the Tombigbee River in barge trains to the plant's river terminal.

The central element of the plant will be a wide hot strip mill with a capacity of over 5 million tons. This includes the required rolling capacity for the Stainless Global business area. In the

downstream cold rolling area we are installing a coupled pickling line and tandem mill capable of meeting the highest quality requirements in terms of end product dimensions and tolerances. This is followed in the production chain by four hot-dip coating lines which will satisfy the strict requirements of the auto industry, among others. Separate cold rolling facilities will be built on the site for the stainless area. Part of the stainless hot-rolled output will be supplied to the cold rolling mill in Mexico, which currently receives its starting material from Europe. The construction of a separate melt shop for the production of stainless steel slabs in the new plant is planned for a later date.

### Construction on schedule

With construction largely on schedule, the hot strip mill is expected to come on line in mid 2010. The cold rolling mill and pickling line will start production before the end of the fiscal year. Due to the economic situation, completion of the coating lines will be postponed until next fiscal year. Until the Brazilian mill starts production, the slabs to be processed will be supplied from Germany. The first two deliveries were made in the 2nd quarter 2009/2010.

The startup phase for the stainless steel mill is being extended. We intend to start production with one cold rolling mill and an annual cold-rolled capacity of around 100,000 metric tons in October 2010, expanding capacity in the subsequent period to a maximum of 140,000 tons per year. Startup of the remaining facilities is being kept flexible, allowing for an accelerated ramp-up at any time. The same applies to the startup of the melt shop, which was planned for early 2012 and can now be delayed by up to 24 months. The site will initially be supplied with starting material from the European mills. The scope of the overall project remains unchanged, as there continues to be a need for an optimized stainless steel production location on the North American market.

### New jobs

ThyssenKrupp is working with the Alabama Industrial Development Training Office (AIDT) to recruit and train future employees. Once the facilities are in operation, the plant is expected to provide 2,700 permanent jobs and roughly four times that number of indirect jobs in the region.

### Market entry being prepared

In parallel with the construction work we have systematically continued our market analyses of price and volume trends and customer requirements in the NAFTA region and prepared our sales plans for the ramp-up phase in line with the wishes of our customers. For this, our sales experts are intensifying their visits to key customers in the target automotive and electrical sectors as well as steel service centers and the tube/pipe industry. We have already received the first orders from customers in the NAFTA region.