ThyssenKrupp Group
Portfolio optimization in the past two years

Analysts’ and Investors’ Meeting, London
May 18, 2005
Contents

- Focusing the Group
- Examples: Triaton and Real Estate
- Summary and conclusion
Review of the fiscal year 2002/2003
6+1 segments

ThyssenKrupp

Steel
Automotive
Elevator
Technologies
Materials
Serv

Steel
Capital Goods

ThyssenKrupp

Real Estate
Starting the “Desinvest 33” program in May 2003

ThyssenKrupp

Disposal program

Procedure: systematic and analytical approach
- EVA and FCF performance
- Strategic target criteria

Result: definition of 33 non-strategic businesses
- 22 non-profitable/low-profit
- 11 profitable, but non-core

Steel

Capital Goods

Services

Note: Segments Materials and Serv merged in 2003
Clear criteria for strategic development

Active portfolio management

Target criteria for TK operating groups

- Competition
- Market
- Product/service
- Profitability/liquidity
- Innovation/technology potential

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Portfolio optimizations in the past two years

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Steel
- KEP
- SWK
- Borkenhoff
- Darcast
- Alu-Castings

Automotive
- GDF

Elevator

Technologies
- EnCoke
- Henschel
- Stahlbau
- Polymer
- Novoform
- Elastomerotechnik

Services
- Umweltservice
- Formwork/scaffolds
- Media Services
- Werkzeugstahl (EWK)
- Handel-Übersee
- TRT
- Triaton group
- TMH

Real Estate
(Wohnimmobilien)

“Divest 33”
- Quarte-plate activities
- LA.RE.
- GalvaSud
- Reihenwerk Fuchs
- SWR Stahlformguss
- Dortmund-Eisenbahn

“33+”
- Greening-Donald
- Phillips & Temro
- Otto-India
- Sheffield Measurement
- 6&8 Motion Control
- Facilities Services
- Sievering
- thy3
- Böhler-Thyssen-Schweiss-Technik (Corporate)

Note: Two businesses redefined as core.

ThyssenKrupp
Contents

- Focusing the Group
- Examples: Triaton and Real Estate
- Summary and conclusion
T r i a t o n

ThyssenKrupp
Company to be sold: Triaton group
Leading German IT company with high capability

Business activities

Trianon comprises three operational divisions
- Hosting services,
- Onsite services,
- Applications & solutions
and
- five foreign subsidiaries
in Europe, America, and Asia.

IT companies in Germany

<table>
<thead>
<tr>
<th>No.</th>
<th>IT company</th>
<th>Sales 2002 (in € billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>T-Systems</td>
<td>11.3</td>
</tr>
<tr>
<td>2.</td>
<td>IBM</td>
<td>6.1</td>
</tr>
<tr>
<td>3.</td>
<td>SBS</td>
<td>5.8</td>
</tr>
<tr>
<td>4.</td>
<td>Hewlett-Packard</td>
<td>5.1</td>
</tr>
<tr>
<td>5.</td>
<td>Agis</td>
<td>1.0</td>
</tr>
<tr>
<td>6.</td>
<td>EDS</td>
<td>0.8</td>
</tr>
<tr>
<td>7.</td>
<td>DB Systems</td>
<td>0.7</td>
</tr>
<tr>
<td>8.</td>
<td>Fiducia</td>
<td>0.7</td>
</tr>
<tr>
<td>9.</td>
<td>Sparkassen Informatik</td>
<td>0.7</td>
</tr>
<tr>
<td>10.</td>
<td>Gedas</td>
<td>0.6</td>
</tr>
<tr>
<td>11.</td>
<td>CSC</td>
<td>0.6</td>
</tr>
<tr>
<td>12.</td>
<td>Accenture</td>
<td>0.6</td>
</tr>
<tr>
<td>13.</td>
<td>Lufthansa Systems</td>
<td>0.6</td>
</tr>
<tr>
<td>14.</td>
<td>Triaton</td>
<td>0.4</td>
</tr>
<tr>
<td>15.</td>
<td>Cap Gemini Ernst &amp; Young</td>
<td>0.4</td>
</tr>
<tr>
<td>16.</td>
<td>BASF IT Services</td>
<td>0.4</td>
</tr>
<tr>
<td>17.</td>
<td>HVB Systems</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Key figures (2002/03)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€365 m</td>
</tr>
<tr>
<td>EBT</td>
<td>€16 m</td>
</tr>
<tr>
<td>Employees</td>
<td>2,311</td>
</tr>
</tbody>
</table>

Source: Wirtschaftswoche, Sep. 11, 2005
Triaton group: excellent timing for the sale
Recovery of listed IT companies after the collapse of the “new economy”

Development of stock prices of important IT companies

Sale of Triaton

-69%
+50%
-18%


Competitor 1
Competitor 2
Competitor 3
Average

ThyssenKrupp
Five special features of the Triaton group transaction process

1. Ideal transaction process

2. Strictly confidential - not even details to Board members -

3. 8 1/2-month period

<table>
<thead>
<tr>
<th>Phase</th>
<th>Important Measures</th>
</tr>
</thead>
</table>
| Preparation & Analysis | • Definition of project teams and process  
                           • Definition of the scope of the transaction  
                           • Preparation of the business plan  
                           • Draft of the ThyssenKrupp framework agreement  
                           • Preparation of the information memorandum  
                           • Valuation |
| Pre Marketing       | • Screening of potential buyers  
                           • Evaluation of indicated interest |
| Marketing           | • Contact of potential buyers  
                           • Signing of a Confidentiality Agreement  
                           • NDA  
                           • Due Diligence instructions  
                           • Manager of the negotiations  
                           • Expert witnesses  
                           • Site visits  
                           • Receiving binding offers |
| Due Diligence       | • Negotiations  
                           • Confirmatory Due Diligence  
                           • Signing |
| Signing & Closing   |                                                                                     |

4. Parallel contract negotiations with three parties

5. Final bid on negotiated contract ("Dutch auction")
Residential REAL ESTATE

ThyssenKrupp
Company to be sold: Residential Real Estate group
The portfolio is focused on Duisburg and Essen

<table>
<thead>
<tr>
<th>Distribution of rental units by city*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of rental units (only apartments)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Managed portfolio (September 30, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(number of rental units)</td>
</tr>
<tr>
<td>Apartments</td>
</tr>
<tr>
<td>Garages/parking spaces</td>
</tr>
<tr>
<td>Commercial</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>No. of employees</td>
</tr>
</tbody>
</table>

* Does not include 89 apartments in Bielefeld, Finnentrop, Hünxe, Marl and Rheinberg.

ThyssenKrupp
### Rationale behind the disposal of the Residential Real Estate group

#### ThyssenKrupp prospects

<table>
<thead>
<tr>
<th>Focus on core business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear continuation of active portfolio optimization toward an integrated technology Group.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable earnings* in the past for ThyssenKrupp Wohnimmobilien, but with high capital employed.</td>
</tr>
<tr>
<td>Reallocation of funds to areas with greater profitability increases ROCE and EVA.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant reduction in net financial payables leads to an improvement in rating.</td>
</tr>
</tbody>
</table>

#### Residential real estate market prospects

<table>
<thead>
<tr>
<th>Demographic development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term risk of falling income from rentals due to declining population development forecast in the Ruhr area.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investor trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of interest from international funds in attractive investments in the German residential real estate sector.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>However, risk of market saturation through planned sales of large residential real estate inventories (e.g. Viterra).</td>
</tr>
</tbody>
</table>

* FY 2003/04: Sales: €245 million, EBT: €85 million, employees: 372
Residential Real Estate: very fast and strictly confidential transaction process

**Typical transaction process (simplified)**

- Official kick-off
- Beauty contest with investment banks
- Teaser to “long list” (25 pot. buyers)
- Info memorandum to 10 candidates
- Indicative offer
- Due diligence/data room
- Contract negotiation
- Binding offer
- Final bid

**TK process**

- Confidential start with only a few people involved
- Investment bank defined by ThyssenKrupp

**more than 15 months***

Broad knowledge of business and financial community/press articles

- Info package to 4 selected companies (no lawyers, accountants, or consultants allowed)
- Indicative offer
- Data room with parallel access and contract negotiation (at the same time)
- Final offer + signing (36 hours later)

**7 months**

- May 2004
- Dec. 2004

* Large German real estate company

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Residential Real Estate: organization of data rooms

3 physical data rooms with sensitive tenant information

1 electronic data room for all bidders

- Parallel data room use by up to 80 users per investor
- Due to volume of information provided
  - efficient Q&A process and
  - significantly shorter contract negotiations
Residential Real Estate: double premium and comparatively high purchase price

Disposal gain

<table>
<thead>
<tr>
<th>€ billion</th>
<th>Book value</th>
<th>Expected value incl. package discount (&quot;purchase price&quot;)</th>
<th>Assessor value for optimized sale (&quot;retail price&quot;)</th>
<th>Actual sales price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Premium 1</td>
<td>Expected profit</td>
<td>Premium 2</td>
<td></td>
</tr>
</tbody>
</table>

Actual profit on sale

Comparable transactions

<table>
<thead>
<tr>
<th>No. of residential units</th>
<th>Seller</th>
<th>Buyer</th>
<th>Purchase price</th>
<th>Price per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>66,000</td>
<td>Land Berlin</td>
<td>Cerberus / Whitehall</td>
<td>€2.0 billion</td>
<td>€30K</td>
</tr>
<tr>
<td>27,000</td>
<td>Viterra/E.On</td>
<td>Mira</td>
<td>€0.5 billion</td>
<td>€19K</td>
</tr>
<tr>
<td>48,000</td>
<td>ThyssenKrupp</td>
<td>Morgan Stanley / Corpus</td>
<td>€2.1 billion</td>
<td>€44K</td>
</tr>
<tr>
<td>77,000</td>
<td>Gagfah/BfA</td>
<td>Fortress</td>
<td>€2.1 billion</td>
<td>€27K</td>
</tr>
<tr>
<td>152,000</td>
<td>Viterra/E.On</td>
<td>- open -</td>
<td>~€6.0 billion*</td>
<td>€39K*</td>
</tr>
</tbody>
</table>

* Estimated/expected

ThyssenKrupp
Contents

- Focusing the Group
- Examples: Triaton and Real Estate
- Summary and conclusion

ThyssenKrupp
## Summary: more than 100 transactions in the past two years

<table>
<thead>
<tr>
<th></th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05 1st half</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acquisitions</strong></td>
<td>18</td>
<td>9</td>
<td>8</td>
<td>35</td>
</tr>
<tr>
<td><strong>Disposals</strong></td>
<td>12</td>
<td>12</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36</td>
<td>24</td>
<td>17</td>
<td>77</td>
</tr>
</tbody>
</table>

**Additional low-volume transactions**
- 2002/03: 7
- 2003/04: 24
- 2004/05 1st half: 2
- Total: 33

More than 100 transactions

**Transaction volume of disposals**
- +100%
- +240%
Conclusion

- Two years ago ThyssenKrupp started a comprehensive program of portfolio optimizations to further focus the Group.

- Today, not only have almost all disposals on the defined list been executed (“Desinvest 33”), but also a significant number of further non-core businesses have been sold – including Residential Real Estate.

- In the future, M&A will be a typical function of the Group’s activities. Through selected acquisitions, ThyssenKrupp will strengthen its core business in pursuit of an increase in Group sales from €45 billion to €50 billion.
Backup
### 36 portfolio optimizations in 2002/03

<table>
<thead>
<tr>
<th>Corporate</th>
<th>Steel</th>
<th>Automotive</th>
<th>Technologies</th>
<th>Serv</th>
</tr>
</thead>
<tbody>
<tr>
<td>Böhler Thyssen Schweißtechnik (D)</td>
<td>Galmed (E)</td>
<td>Greening Donald (CAN)</td>
<td>Polymer (D)</td>
<td>Rodisola (E)</td>
</tr>
<tr>
<td></td>
<td>Quarto plate activities (D)</td>
<td>Sofedit (F)</td>
<td>Otto India (India)</td>
<td>Umweltservice (D)</td>
</tr>
<tr>
<td></td>
<td>LA.RE. (I)</td>
<td>Phillips &amp; Temro (USA)</td>
<td>Stahlbau Berlin (D)</td>
<td>Construction Services (D)</td>
</tr>
<tr>
<td></td>
<td>TAD (I)</td>
<td>Philadelphia Plant (USA)</td>
<td>Henschel (D)</td>
<td>Media Services (D)</td>
</tr>
<tr>
<td></td>
<td>Fischer (F)</td>
<td>Kendalville (USA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bauelemente Dinslaken (D)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal</td>
<td>Acquisition</td>
<td>Disposal</td>
<td>Disposal</td>
<td>Acquisition</td>
</tr>
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<td></td>
<td>Disposal</td>
<td>Closure</td>
<td>Closure</td>
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<tr>
<td></td>
<td>Acquisition</td>
<td>Closure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acquisition</td>
<td>Mothballed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**ThyssenKrupp**
# 24 portfolio optimizations in 2003/04

## Steel
- **Cipros [minority interest] (I)**: Acquisition
- **GalvaSud (BR)**: Disposal
- **Röhrenwerke Fuchs (D)**: Disposal
- **SWB Stahlformguss (D)**: Disposal
- **Berkenhoff (D)**: Disposal
- **Krupp Edelstahlprofile (D)**: Disposal

## Technologies
- **Novoferm (D)**: Disposal
- **Sheffield Measurement (USA)**: Disposal
- **G+L Foundry (USA)**: Closure
- **Inventa-Fischer (CH)**: Acquisition

## Automotive
- **MB Lenk Group (D)**: Acquisition
- **Darcast (UK)**: Disposal
- **Bertrandt (D)**: Acquisition*

## Services
- **Triaton Group (D)**: Disposal
- **TRT (D)**: Winding down
- **Overseas Trading Facilities Services (D)**: Reorganization
- **Sievering (D)**: Disposal

## Elevator
- **Dong Yang Elevator (South Korea)**: Acquisition
- **Elevator Service 1 (Singapore)**: Acquisition
- **Bonfedi (I)**: Acquisition
- **Elevator Technologies (N. Zealand)**: Acquisition
- **Whitaker Company (USA)**: Acquisition

## Real Estate
- **tk3 (CH)**: Disposal

---

* 25.2%

---

**ThyssenKrupp**
## 17 portfolio optimizations in 2004/05 (1st half)

### Steel
- CS Inox [minority interest] (I)
- Eurinox [minority interest] (NL/TUR)
- Dortmund Eisenbahn (D)
- MRT (I)
- EWK (D)

### Technologies
- HDW (D)
- Elastomertechnik (D)
- Stahlbau Hanover (D)
- G&L Motion Control (USA)

### Automotive
- QDF (GB)
- JV TK Gerlach/Sumitomo (CHN)
- Fahrzeugguss (D)

### Services
- TMH/ThyssenKrupp Mannex (D)
- MUT (CZ)
- Automata (BR)

### Elevator
- Kare Elevators&Engineering (India)

### Real Estate
- TK Wohnimmobilien (D)

* 34%/** closing not yet completed

ThyssenKrupp
## Active portfolio management at ThyssenKrupp

### Key portfolio changes since 2002/03 (status: April 2005)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Disposals (total: €3.6 billion)</th>
<th>Acquisitions (total: €2.9 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>1.275</td>
<td>320</td>
</tr>
<tr>
<td>Automotive</td>
<td>435</td>
<td>870</td>
</tr>
<tr>
<td>Elevator</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Technologies</td>
<td>785</td>
<td>1.365</td>
</tr>
<tr>
<td>Services</td>
<td>845</td>
<td>80</td>
</tr>
<tr>
<td>Others</td>
<td>260</td>
<td></td>
</tr>
</tbody>
</table>

Sales figures in € million
**Active portfolio management at ThyssenKrupp**

Key portfolio changes since the merger (status: April 2005)

<table>
<thead>
<tr>
<th>Category</th>
<th>Disposals (total: €6.2 billion)</th>
<th>Acquisitions (total: €7.0 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>1.895</td>
<td>675</td>
</tr>
<tr>
<td>Automotive</td>
<td>710</td>
<td>1.105</td>
</tr>
<tr>
<td>Elevator</td>
<td>110</td>
<td>1.255</td>
</tr>
<tr>
<td>Technologies</td>
<td>1.505</td>
<td>1.520</td>
</tr>
<tr>
<td>Services</td>
<td>1.100</td>
<td>2.425</td>
</tr>
<tr>
<td>Others</td>
<td>910</td>
<td></td>
</tr>
</tbody>
</table>

Sales figures in € million