

ThyssenKrupp Automotive

Reliable Partner to the Automotive Industry

Dr. Jürgen Harnisch and Dr. A. Stefan Kirsten

Deutsche Bank Auto Show, Frankfurt/Main, September 11, 2003



ThyssenKrupp



Agenda

- **Overview ThyssenKrupp**

Dr. A. Stefan Kirsten
Executive Board Member + CFO ThyssenKrupp AG

- **Overview ThyssenKrupp Automotive**

Dr. Jürgen Harnisch

- Executive Board Member ThyssenKrupp AG
- Executive Board Chairman ThyssenKrupp Automotive AG

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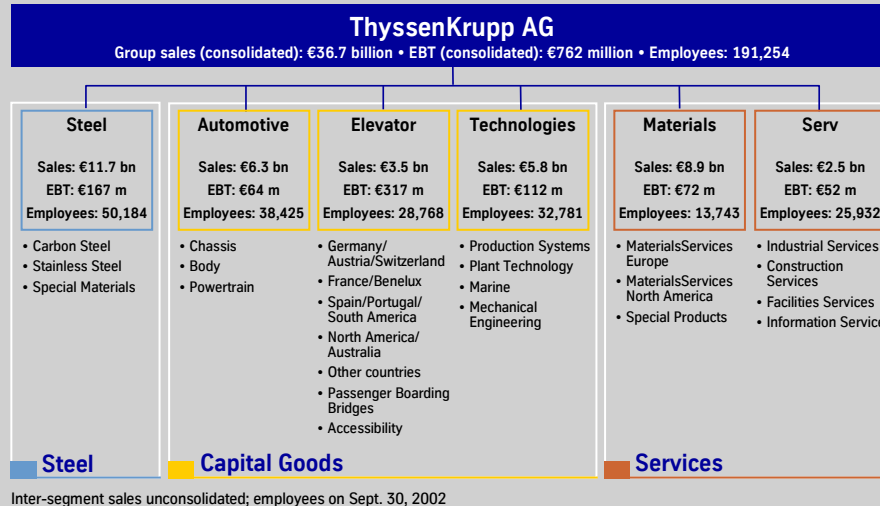
Dr. Jürgen Harnisch

- Overview ThyssenKrupp Automotive
 - Strategy
 - Outlook
-

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ThyssenKrupp Group 2001/2002



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ThyssenKrupp Q3 2002/2003 – Overview

Still holding up well in a tough economic environment

- Sales 8% down at €8.9 billion, orders 4% down from prior year at €9.1 billion
- EBT at €221 million roughly in line with the year before, taking into consideration the profits from the sale of activities at Automotive and Technologies and particularly high income from the fair value measurement of foreign currency positions and derivatives in the prior-year quarter
- EPS slightly higher at €0.42 (previous year €0.39); adjusted for a positive tax effect due to share repurchase normalized EPS are €0.23 (previous year €0.31)
- Against September 30, 2002 net financial payables slightly up to €4.9 billion after dividend payment and share repurchase

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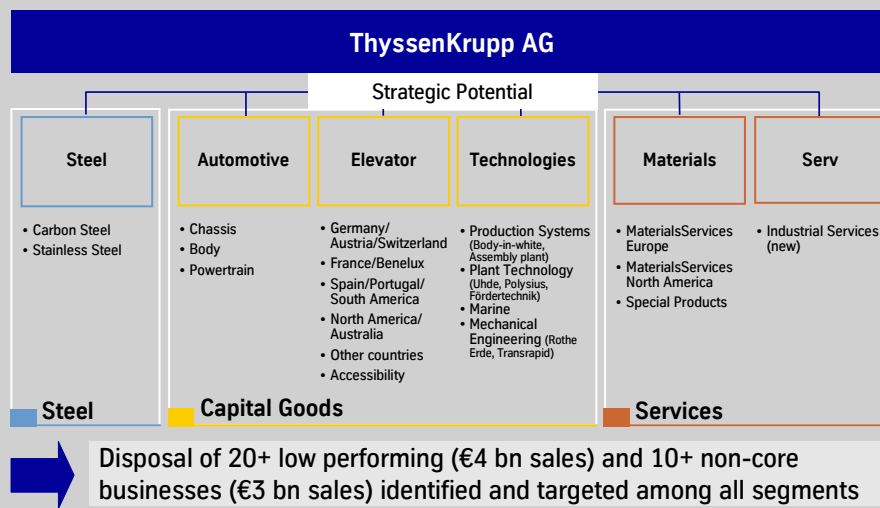
ThyssenKrupp Outlook

- There was still no brightening of the economic picture in the 3rd quarter of fiscal 2002/2003. Due to declining orders in key sectors, a rapid improvement in the situation is not expected. Assuming no further deterioration in the world economic parameters at least in the short term, we aim to achieve normalized earnings before taxes of €700 million in the 2002/2003 fiscal year.
- Should the weakening trends continue in the coming months, especially in the key auto, construction and mechanical engineering industries, we will review our plan of achieving €1.5 billion EBT in fiscal 2003/2004. Since the plan was presented at the 2002 Annual Stockholders' Meeting, the economic parameters have continuously deteriorated.

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ThyssenKrupp - Strategic Direction

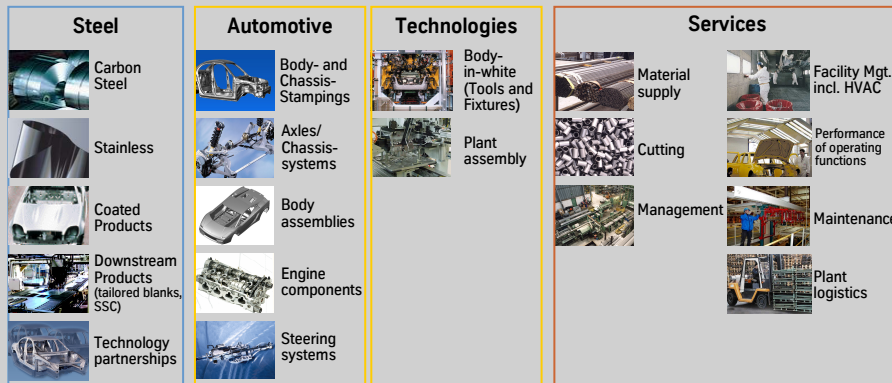


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Cross Segment Development of Client Solutions

ThyssenKrupp capabilities for the automotive industry



Steel

Capital Goods

Services

Sales with automotive clients: ~€10 bn

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Growth Area Automotive Suppliers

Development trend: OEMs reducing in-house manufacture (vertical integration) in favor of an increasingly wide variety of models (horizontal)

- Shorter product life cycles with steadily increasing degree of innovation
- Growing number of models
- Increasing globalization in production, sales and development

This trend provides huge growth opportunities

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Overview ThyssenKrupp Automotive

| | 1999/2000 | 2000/2001 | 2001/2002 | 9 months 2002/2003 |
|--------------------------------|-----------|-----------|-----------|-----------------------|
| Sales consolidated | €6,043 m | €6,115 m | €6,337 m | €4,627 m |
| EBT | €280 m | €155 m | €64 m* | €125 m |
| ROCE | 14.1% | 9.0% | 5.1% | – |
| Capital expenditure | €674 m | €489 m | €452 m | – |
| Employees (Sep. 30/June 30) | 39,920 | 39,883 | 38,425 | 37,010 |

* incl. restructuring expense of €149 m

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ThyssenKrupp is the Ninth Largest Automotive Supplier Worldwide

Sales 2000/2001, in € bn

| | | |
|----|-----------------------------|-------------|
| 1 | Delphi, USA | 30.7 |
| 2 | Robert Bosch, D | 22.4 |
| 3 | Visteon, USA | 20.5 |
| 4 | Denso, J | 17.1 |
| 5 | Lear, USA | 14.8 |
| 6 | Johnson Controls, USA | 12.5 |
| 7 | TRW, USA | 11.6 |
| 8 | Dana, USA | 10.6 |
| 9 | ThyssenKrupp, D | 10.3 |
| 10 | Magna International, CDN | 10.0 |
| 11 | Valeo, F | 9.1 |
| 12 | Aisin Seiki, J | 8.7 |
| 13 | ZF Friedrichshafen/Sachs, D | 8.6 |
| 14 | Arvin Meritor, USA | 8.1 |
| 15 | Siemens Automotive/VDO, D | 7.0 |
| 16 | Yazaki, J | 6.3 |
| 17 | Continental/Temic, D | 5.8 |
| 18 | Faurecia, F | 5.6 |
| 19 | Magneti Marelli, I | 4.5 |
| 20 | Freudenberg, D | 4.4 |

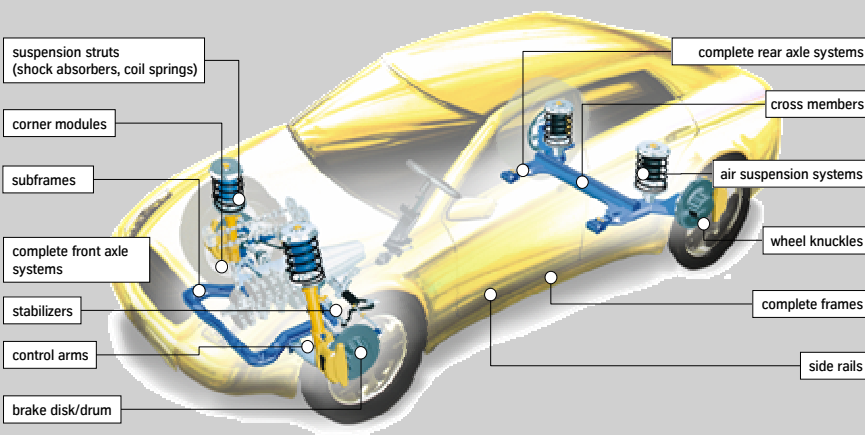
Source: Automobile production Oct. 2001, Automobile industry Oct. 2001, Automotive News Europe June 2001, Analysis and Presentation TKA
* excl. tires

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Chassis

Components, modules, systems

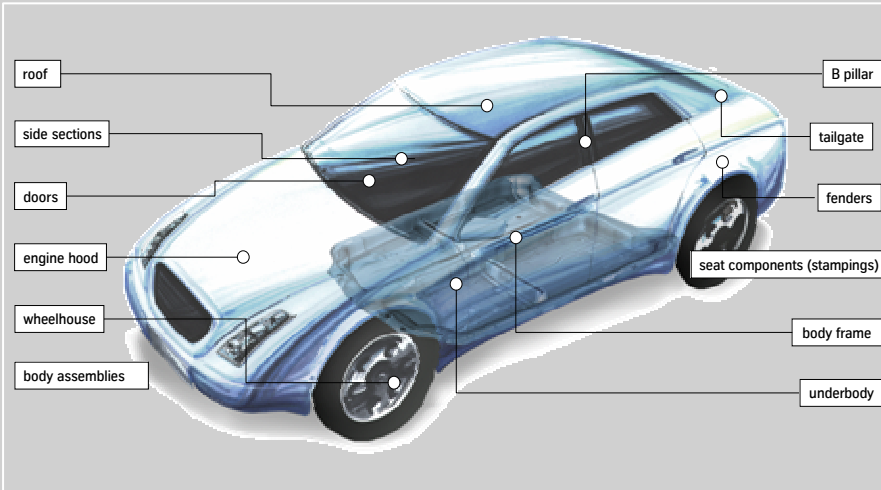


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Body

Components, modules, systems

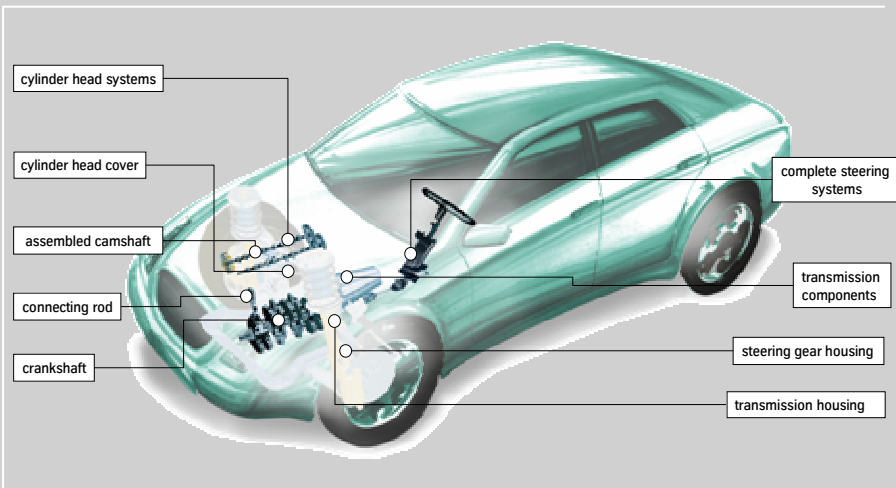


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Powertrain

Components, modules, systems



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ThyssenKrupp Automotive - Capabilities

Materials capabilities

- Processing all key materials used in automobile construction – iron, steel, aluminum, magnesium, plastic

Cost leadership

- Highly automated production (e.g. for body assemblies, steering columns)
- Standardized design (e.g. assembled camshaft)
- Reduced number of individual components (e.g. hydroforming solutions)

Technology leadership

- High degree of innovation in product and process technologies

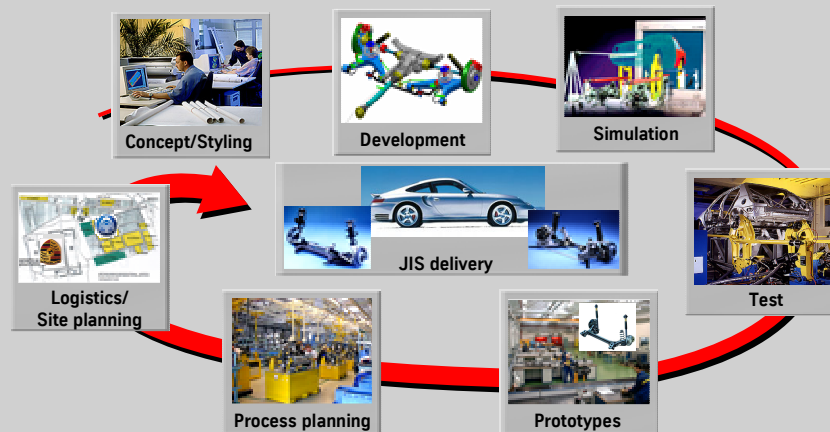
Systems capabilities

- Engineering in cooperation with OEMs and suppliers
- Assumption of system responsibility in production, assembly, logistics (e.g. Porsche axles)

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ThyssenKrupp Automotive Chassis Capabilities: From Concept to Realization

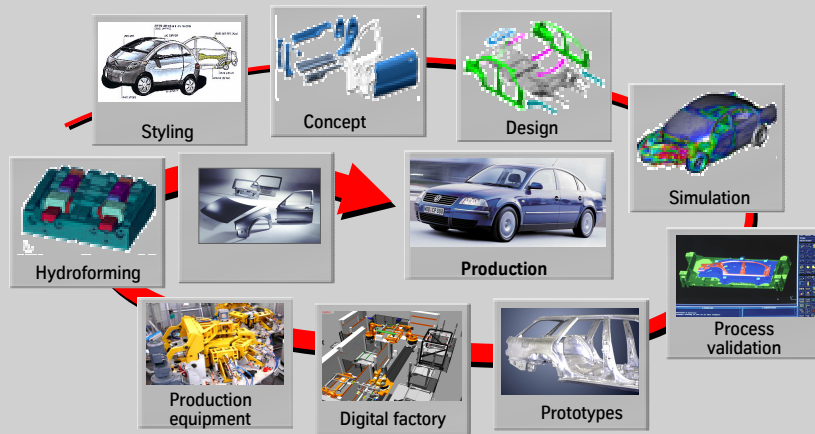


➤ System partner ThyssenKrupp Automotive – one-stop process chain

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ThyssenKrupp Automotive Body Capabilities: From Concept to Realization

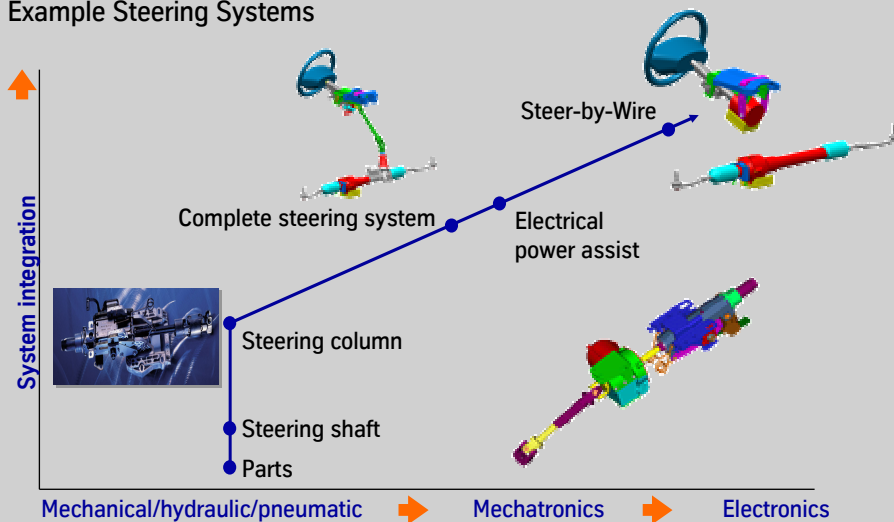


➤ System partner ThyssenKrupp Automotive – one-stop process chain

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From Component to System Business Example Steering Systems



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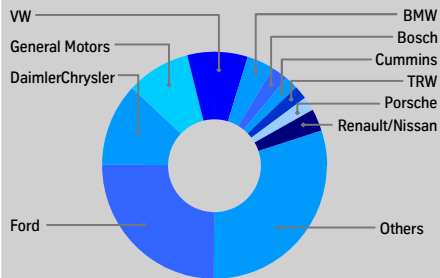
OEM Environment and Customers of ThyssenKrupp Automotive

Objective of global mergers among manufacturers

- Economies of scale and synergy effects in research and development, purchasing, production and sales
- Complete product ranges and brand portfolios to cover all market segments and market niches
- Platform and component sharing strategies
- New sales regions and use of regional growth markets through global presence

ThyssenKrupp Automotive consistently utilizes the opportunities arising out of this development

Biggest customers of ThyssenKrupp Automotive

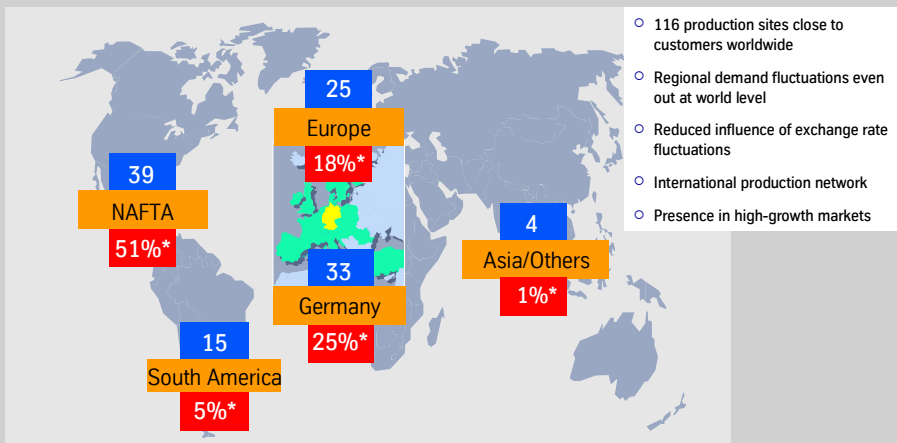


ThyssenKrupp Automotive achieves 2/3 of its €6,337 m sales with its 10 biggest customers (2001/2002)

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ThyssenKrupp Automotive – Close to Customers the World Over



- 116 production sites close to customers worldwide
- Regional demand fluctuations even out at world level
- Reduced influence of exchange rate fluctuations
- International production network
- Presence in high-growth markets

➔ High degree of internationalization

*Regional share of sales in %

(as at December 2002)

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ThyssenKrupp Automotive Value Enhancement with the business units Chassis, Body and Powertrain

STRATEGY

- Increase sales to €10 billion through organic growth and acquisitions
- Expand presence in Asia and increase deliveries to Asian OEMs
- Parallel expansion of component and system business

PRODUCTIVITY/ RESTRUCTURING

- Cost reduction action programs
 - Material
 - Personnel
 - Energy
 - Other costs
- Underperformer program
- Portfolio optimization

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- Involve staff and managers
- Quality management
- Increase capital productivity
- Service focus
- Value management
- Maximize customer value/ sales leadership
- E-business
- Improve operating efficiency
- Develop the organization
- Knowledge and innovation management

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Twin-Focus Strategy

Modules, components

- Superior products
- Cost leadership through process optimization
- Technology leadership in production processes

Examples:

- | | |
|-----------------|--|
| TK Budd/Waupaca | ○ Brake disks |
| | ○ Brake drums |
| TK Gerlach | ○ Crankshafts |
| TK Presta | ○ Assembled camshafts |
| TK Federn | ○ Springs, leaf springs, stabilizer bars |



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Twin-Focus Strategy

Systems (system integrator, system specialist)

- Engineering capability
- Assembly and logistics capability
- Electronics/mechatronics capability
- Project management capability

Examples:

- | | |
|-----------|--|
| TKA-AS | ○ Air spring system |
| | ○ DaimlerChrysler E- and S-Klasse |
| | ○ Jaguar XJ-Type |
| | ○ Smart rear axle |
| | ○ Front/rear axles Porsche Carrera, Boxster, Cayenne |
| TK Presta | ○ EPAS steering system |



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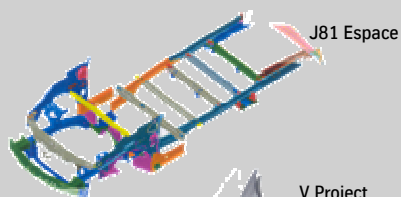
Milestones in Strategy Implementation

- Successful expansion of systems business while retaining/expanding high-profit components business
- Expansion of systems engineering and electronics
- Expansion of presence in Asia
- Programs for underperformers and restructuring
- Divestitures: for example non-automotive casting activities
- External growth: Sofedit and MB Lenk

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Sofedit



| | |
|-----------|--|
| Sales | 600 million € |
| Employees | approx. 4,000 |
| Customers | Renault, PSA (DC) |
| Products | Chassis, Body: stampings & assembly |
| Locations | 8 plants in France 1 plant in Brazil 1 plant in Poland 1 plant in Spain |

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Sofedit

- Sofedit is a leading French supplier of automotive stampings and assemblies for the body and chassis areas
- Technologies include deep drawing, hydroforming, roll and stretch forming as well as the new technology of hot stamping
- Major customers are Renault, PSA, Volkswagen, DaimlerChrysler, Toyota (F), Volvo and GM/Fiat
- Body and chassis stampings and assemblies are TKA core business in the USA, UK and Germany. French car manufacturers cannot be served adequately from our existing plants
- The acquisition of Sofedit gives TKA at a stroke a leading position in the French market
- Through TKA, Sofedit will get better access to customers like DaimlerChrysler, VW and BMW

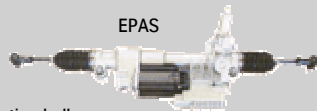
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MBLenk (in the future ThyssenKrupp Presta SteerTec)



EPAS



Recirculating ball steering gear



Rack and pinion steering gear



| | |
|--------------|--|
| Sales | 300 million € |
| Employees | 1,600 |
| Customers | DC, Saab |
| Products | Steering gears |
| Locations | 3 plants in Germany 1 development center in Germany 1 plant in Poland 1 plant in the USA 1 plant in Brazil |
| Shareholding | Initially 60% TKA TKA option on 100% |

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MBLenk: Strategic Fit

- Combining the activities of MBLenk (steering gears) and ThyssenKrupp Presta (steering columns) will create a global supplier of complete steering systems
- Know-how and technology gains for the TKA steering business
- TKA will become a system supplier for steering systems and steering gears for the Mercedes Benz, Chrysler, Smart and Maybach marques, as well as the external marques Saab and VW
- Strategic know-how gain in EPAS
- Increased business with DaimlerChrysler

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Globalizing: Further Growth for ThyssenKrupp Automotive in Asia

- Our joint ventures are economically successful in every dimension
- Due to the attractiveness and growth rate of the automotive industry as well as customers' expansion plans, ThyssenKrupp Automotive is actively pursuing opportunities in the Chinese market
- New Joint Ventures are planned, such as
 - ➔ ThyssenKrupp Tallent Chassis for suspension systems and modules
 - ➔ ThyssenKrupp Budd Systems with a new production company for suspension systems
 - ➔ ThyssenKrupp Gerlach joint venture for engine components

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Latest ThyssenKrupp Automotive Activities in Japan

- Establishment of TKA Japan with 2 locations and integration in Casa ThyssenKrupp Japan
- TKA participation in Tokyo Motor Show since 1999
- Numerous visits by delegations to all major Japanese OEMs and large suppliers to discuss operating and strategic issues
- Tech-Shows at Toyota, Honda, Nissan and Mazda from July 7 – 11, 2003
- Large increase in projects and business volume

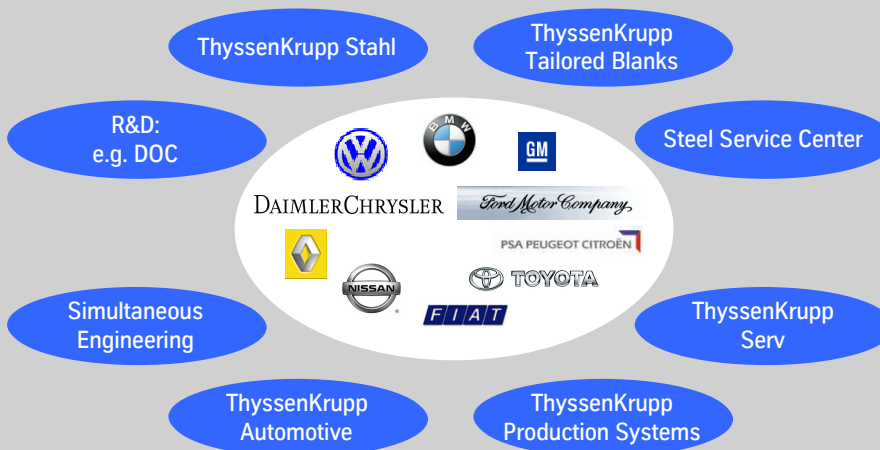


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Cross Selling: Networked Approach Towards the Global Car Industry

Automotive Strategy Carbon Steel in ThyssenKrupp Group Context



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Summary ThyssenKrupp Automotive

- Disproportionate growth
- High earning power
- Innovative products
- High international presence



ThyssenKrupp Automotive on growth track

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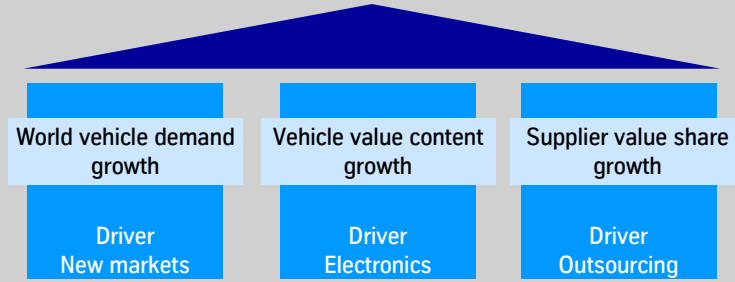


ThyssenKrupp Automotive Outlook

Growth of supply industry

The automotive supply industry is the growth sector in the next decade

From 2000 to 2010 sales of suppliers will increase worldwide by up to 75%



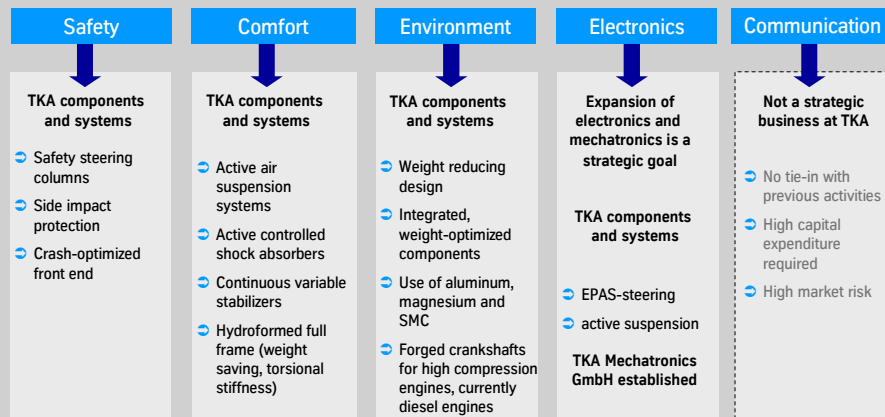
Quelle: VDA, CAR, PW

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Exploit Growth Drivers

ThyssenKrupp Automotive positioning concerning the growth drivers of the automotive industry



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