Remarks

by

Dr. Heinrich Hiesinger

Chairman of the Executive Board
of ThyssenKrupp AG

at the
14th Annual General Meeting
on
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at RuhrCongress Bochum

Check against delivery

[Chart 0: Cover]

Shareholders,
Ladies and gentlemen,

Also on behalf of the Executive Board I would like to welcome you to the 14th Annual General Meeting of ThyssenKrupp AG in Bochum.

Today you are expecting me not just to present the figures for the past fiscal year, but also to speak plainly about the state of our Company – and rightly so. Media reports have spoken of a "billion-euro morass", a "company in crisis" and "ThyssenKrupp in a minefield". Although they present an exaggerated and one-sided view that in no way does justice to your Company and its employees, it is nonetheless clear that a great deal has gone wrong in the past. We have recognized this, and we are putting things right.

Last year was dominated by the consequences of the massive problems at Steel Americas. But it was also the year in which a profound cultural change started to take place in the Group. Together with the Supervisory Board, we have worked relentlessly to identify and rectify the mistakes made in the past. My colleagues Olaf Berlien, Jürgen Claassen and Edwin Eichler took overall responsibility for the consequences of the steel projects in the Americas and the leadership culture and agreed to the termination of their contracts. There are no indications or facts pointing to personal misconduct. Their action allows us to make a fresh start in the Company, free of burdens from the past. They deserve respect for this step, and I would like to thank them sincerely once again.

This radical step shows how serious the situation is. But it also shows how seriously we take the strategic development of ThyssenKrupp and the necessary change of culture. We are in the middle of a fundamental shake-up. Many of the issues which have been occupying us in recent weeks show that the changes we have initiated are necessary and right. This change is already starting to take effect in many areas of the Company.

The fresh start is something that is occupying not only the Executive Board and Supervisory Board, but literally the whole Company. I have received hundreds of e-mails from employees since the Annual Press Conference in early December. They include a great deal of support, but also critical questions and new ideas. And many of you, our shareholders, have also written to us. Your messages are very clear. I don't think anyone here today will be surprised by the main issues addressed:

- You ask how the restructuring of ThyssenKrupp will work and how long it will take.
- You criticize the fact that things were allowed to go so drastically wrong at Steel Americas.
- Our employees in particular want to know whether it is even possible to change the culture of a Group with more than 150,000 employees.
- Many messages also address the compliance infringements.
- Some shareholders express their concern about the financial situation of the Group after the write-downs.
- And one thing everyone wants to know – what are we doing for the future of the Group?

You quite rightly expect to hear answers from me to these important questions. For this is also part of our new culture: We, the Executive Board, do not make excuses, we address problems openly, discuss them, and then work systematically to find a solution.

[Chart 1: ThyssenKrupp – Strategic Way Forward]

Let's move on straight away to the first issue: the restructuring of the Group.

Ladies and gentlemen, this extensive restructuring will take several years. But I can tell you exactly what we need to do to achieve it. We call the strategic development program our **Strategic Way Forward**. In a nutshell: We must systematically optimize our portfolio, change our corporate culture, and improve our performance. In this way we will **further stabilize our financial situation** and will then be able to go back on the **strategic offensive** to continue our transformation into a diversified industrial group.

We embarked on our Strategic Way Forward in spring 2011 – I reported on this at last year's Annual General Meeting. We made important progress in 2012. And the strategic development program also sets the framework for our actions in 2013 and beyond. Our vision is therefore consistent and reliable, it creates confidence both inside and outside the Company, and facilitates culture change. In the past there have been repeated changes in strategic direction.

In the public perception, our strategic development program has often been reduced to the subject of portfolio optimization. Internally, we have always regarded corporate culture and performance orientation as critical elements for success. But I admit that when I took over as CEO I didn't realize how radical the necessary change process would be. Our old **leadership culture** was characterized by 'old boys' networks' and blind loyalty in many areas. Negative developments were concealed rather than corrected. And unfortunately there were obviously some who thought that rules, regulations and laws do not apply to everyone.

We are going to change all this. We have already made a start. We are establishing a new corporate culture based on three pillars:

- We will move the **performance principle** back to the center of our business and personnel decisions.
- We expect everyone to practice values such as **openness, honesty and mutual respect** at all times.
- We will take a **zero tolerance** approach to infringements of laws or our internal rules.

Only if **each and every one** of us follows these principles **uncompromisingly** will we as a Group win back the trust we have lost.

Alongside a viable corporate culture, we also need to improve our **performance orientation**. For ThyssenKrupp is not the measure of all things, the market is.

So as you can see, ladies and gentlemen, the changes to the Company are in full swing. But our understanding of leadership also includes confidence and a differentiating view of things that enables us to see not only the difficulties and problem areas but also ThyssenKrupp's strengths and successes. I would like to demonstrate this by reference to the **figures for the past fiscal year**.

In brief:

- We achieved our operating targets and, unlike many other companies, did not need to revise our outlook downwards.
- New orders in our capital goods businesses were at an all-time high.
- Six of eight business areas, i.e. three quarters of the Company, are profitable.
- We executed our portfolio program as announced in full and on schedule.
- We confirm the outlook for the first quarter of the current fiscal year.

[Chart 2: Order intake and sales]

As you know, Steel Americas has been put up for sale and is reported as a discontinued operation. The following information relates to our continuing operations, i.e. excluding stainless steel and Steel Americas.

- Our continuing operations received new **orders** of €42.3 billion in fiscal 2011/12, 5 percent down from the prior year. Volumes decreased in our materials business, where we also had to contend with falling prices. By contrast, new orders in our capital goods business reached an all-time high.
- **Sales** of the continuing operations were 6 percent lower at €40.1 billion. This was mainly due to the slow markets for Steel Europe and Materials Services. Our capital goods business, and in particular the Elevator Technology business area, performed positively.

[Chart 3: Adjusted EBIT targets achieved]

- As forecast, our **adjusted EBIT** including Steel Americas was in the mid three-digit million euro range. Despite the weak economic climate, we achieved adjusted EBIT of €399 million in the 2011/12 fiscal year.
- A look at the **future continuing business areas** – without stainless steel and Steel Americas – already shows **the clearly improved earning power of the future** Group with adjusted EBIT of €1.4 billion.
- But this positive adjusted EBIT from continuing operations was offset by negative EBIT for the Group as a whole of €4.4 billion. This was mainly attributable to the high losses of our discontinued business areas, in particular the €3.6 billion impairment charge at Steel Americas. The Group as a whole generated a net loss of €5.0 billion.

A loss of this magnitude also affects our ability to pay a dividend. You know ThyssenKrupp as a company that traditionally attaches great importance to dividend continuity, even in bad years – where financially justifiable. However in the past year we reported no unappropriated income. That means a dividend payout is not possible. I understand that this is painful for you. We will do everything possible to restore the dividend.

[Chart 4: All continuing business areas with positive earnings contributions]

- However, the good news is that **all continuing business areas** recorded **positive adjusted EBIT** in the past fiscal year. Our capital goods operations were again much more robust than the materials operations; Materials Services and Steel Europe achieved unconsolidated adjusted EBIT of €0.6 billion. Our **capital goods** businesses achieved unconsolidated adjusted EBIT of around €1.7 billion. The biggest earnings contribution here – €587 million – was delivered by the Elevator Technology business area.
- The losses of the stainless steel operations and Steel Americas weighed on our earnings. We have now successfully sold the stainless steel business, and I will go into the sale process for Steel Americas shortly.
- Without stainless steel and Steel Americas, we are on the right track overall. In this configuration, the Group as a whole achieved almost break-even earnings after taxes.

[Chart 5: Steel Americas sale process proceeding to plan]

Let us move on now to the **massive problems at Steel Americas**. There are both external and internal reasons for these. Externally we must remember that many sectors, but particularly the steel industry, have still not yet fully recovered from the financial and economic crisis of 2009. Internally it is clear that many of the assumptions made by the then Executive Board were too optimistic or were later shown to be wrong. The dramatic consequence: The original plan is not sustainable.

The basic idea was to create an integrated network in which the Brazilian plant would produce low-cost slabs and the US plant would sell premium flat carbon steels. The economic parameters have changed significantly since the plans were made. Production costs in Brazil have increased disproportionately due to rising labor costs, the effects of inflation and the appreciation of Brazil's currency against the US dollar. On top of this came the enormous increase in ore prices since the new ore price model was introduced in mid 2010. These high ore prices put our own plants at a disadvantage compared with backward-integrated steel producers in the USA who have their own access to raw materials. At the same time we are being impacted by slow demand on the US market. Even in the medium term we will not be able to achieve the prices planned for the projects. In May 2012 we therefore made the decision to divest Steel Americas.

Consequently we now report Steel Americas as a discontinued operation and therefore had to remeasure the assets of the business area at fair value less costs to sell. This resulted in the high impairment charge of €3.6 billion. Alongside the non-binding purchase offers for the two plants, the valuation is also based on internal calculations and those of auditors and management consultants.

Some of you may be wondering whether it will be possible to sell the plants at all. To those people, I can say that even if the tandem model with slab production in Brazil and rolling in the USA is not viable from our point of view, the two plants can still be a very attractive proposition for new owners in their respective markets. Each of the plants is technically state-of-the-art and absolutely competitive in terms of conversion costs. The **sale process** is running completely to plan. Since November we have given potential buyers the opportunity to carry out due diligence on the plants. At the end of this due diligence they will submit binding offers. We are determined to find a new solution for both plants in the course of this fiscal year.

Responsibility for the devastating developments at Steel Americas has been taken not only by three of my Executive Board colleagues, but also by many other managers. Many of the letters I have received from shareholders ask whether the Supervisory Board performed its duties adequately in this respect. As Mr. Cromme just explained, the Supervisory Board itself took a detailed and self-critical look at this question. From my personal perspective, I would like to add that it was the Supervisory Board under the leadership of Mr. Cromme that initiated the current change. They made a conscious decision to bring in Mr. Kerkhoff and myself from outside the Company as CFO and CEO. From the very outset, we have received the **full backing of the Supervisory Board** for our course. Even for tough decisions such as the sale of the stainless operations and Steel Americas, cooperation between the Executive Board and Supervisory Board was always fact-based, resolute and results-oriented. That means that we, the Executive Board, can count on the full support of the Supervisory Board even in the challenging phase of change and take the bold steps necessary. I am convinced that together, the Executive Board and Supervisory Board of ThyssenKrupp can lead the Company to a successful future if we continue our critical but trusting dialogue.

[Chart 6: Portfolio optimization program fully executed]

We set ourselves ambitious targets from the outset under our strategic development program. In May 2011 we announced we would be divesting Group activities with sales of more than **ten billion euros within 18 months**. **Despite a significantly more difficult environment, we completed this enormous task in full and on schedule**. And we remained true to our best-owner strategy: We didn't simply offload the businesses, we found the best-possible partner for them in each case. At the same time we always remained open to viable alternatives. For example, we will now not be selling our **springs and stabilizers business**, but will develop it further in the Group under an extensive restructuring program.

By far the **biggest and most important transaction** was the combination of our stainless steel business Inoxum with Outokumpu. Here, we found a very good, forward-looking solution for our stainless steel business and at the same time significantly improved our balance sheet: We received one billion euros from the sale in December 2012. Outokumpu also took on around €133 million of external financial liabilities and €338 million of pension obligations. In addition, ThyssenKrupp has further financial receivables of around €1.25 billion outstanding against Outokumpu and holds a 29.9 percent share in the new company, which is now world market leader for stainless steel.

But Inoxum was just one of several successful disposals:

- We sold our **Metal Forming group** to the Spanish automotive supplier Gestamp Automación.
- The industrial service provider **Xervon** was sold to REMONDIS. As part of this move our Materials Services business area also restructured its industrial services operations.
- We sold the **Brazilian Automotive Systems operations** of the Components Technology business area to Magna.
- Our **civil shipbuilding operations** were sold to Star Capital Partners. ThyssenKrupp is now focused on naval shipbuilding. The restructuring of our shipyards is therefore largely complete.
- We sold the US iron foundry **Waupaca** to KPS Capital Partners.
- We sold our **Construction Group** to Kingspan.

- We signed an agreement with Wuhan Iron and Steel Corporation (WISCO) on the sale of ThyssenKrupp **Tailored Blanks** from the Steel Europe business area at the end of September 2012.

Today, 18 months on, we can describe the portfolio optimization program as a complete success.

[Chart 7: Portfolio optimization with significant impact on financial performance]

We are already seeing that the portfolio optimization is having a positive effect on our **financial performance**: Even before impairment charges, the discontinued operations including Steel Americas represented negative EBIT of more than €1 billion and negative free cash flow of over €1.5 billion in the past fiscal year. So with the disposal of these operations we have gained more scope for growth investments.

The weight of our capital goods operations within the Group has already increased significantly: Without stainless, Steel Americas and the other disposals mentioned, **steel production's share of sales** drops from 40 percent to only around 30 percent. To put it another way: 70 percent, by far the larger share, is capital goods and industrial services. So our reorganization into a diversified industrial group is well under way and has long been a reality. At the same time the structure of our capital employed and our capital efficiency have improved substantially. Previously we have used over 60 percent of our **capital employed** for steel production. With the sale of stainless and Steel Americas this share reduces to below 40 percent.

In view of the numerous businesses sold, many employees wanted to know whether the reorganization process would continue after the disposals.

Ladies and Gentlemen, there can only be one answer to this: "Yes". Active **portfolio management** will remain a key element of our reorganization in the future. In the competition for capital and resources within the Group, we will be holding our business areas more accountable in the future. If individual businesses are unable to meet our requirements for results in the foreseeable future, there are two options: a convincing restructuring plan or sale.

Even though all business areas are profitable now after the disposals, the Group as a whole is still **only just achieving break-even earnings and break-even cash flow**. That means that we are not yet viable for the future. We have to further improve the profitability of our continuing operations by increasing our efficiency and further reducing costs.

This is also the context in which the current **optimization program at Steel Europe** should be seen. Although Steel Europe is holding up very well against the competition, in the past fiscal year its adjusted EBIT margin was just 2.2 percent. The business therefore no longer covers it costs of capital.

On top of this, Steel Europe faces major challenges. The climate in the steel industry in Europe has worsened in the past few years. The accession of the Russian Federation to the WTO has further intensified the situation. In the past year we were able to adjust to the new market situation. At some locations we are working short time. As things stand today we expect to have to continue short-time working at least into the first quarter of the 2013 calendar year. We have already agreed an extension of short-time working until July 31, 2013 with the works council. Against this background we welcome the federal government's decision to extend the short-time allowance to 12 months.

A further issue is occupying us at Steel Europe: The EU Commission is working on plans to permanently increase prices for CO_2 allowances. This would place an enormous and unilateral burden on the European steel industry. A stand-alone CO_2 emissions trading policy by Europe without the participation of the USA, China, Japan and Korea would pose a massive threat to our competitiveness. Here too we are counting on a sensible political solution to minimize the additional charges and help protect competitiveness and jobs in the German steel industry.

Despite these challenges there are no plans to sell Steel Europe. On the contrary: We will do everything to ensure that Steel Europe has a successful future in our Group. We are currently working on an extensive optimization program to identify growth opportunities for Steel Europe and internal opportunities for improvement. With Steel Europe, unlike Steel Americas, we are operating from a position of strength.

[Chart 8: impact 2015: Program to increase efficiency]

To enhance our performance Groupwide we are continuing our corporate program "**impact"** with new targets. With impact we have already achieved cost savings of more than €300 million in the past fiscal year. For the coming three years we have set ourselves even higher targets. We are aiming for a cumulative positive EBIT effect of €2 billion. We want to achieve €500 million of this in the current fiscal year, and €750 million in each of the two following years.

We have **three main action areas**:

- Firstly: A **sustainable performance improvement in the individual business areas**. To achieve this we have carried out extensive benchmarking projects.
- Secondly: **Cross-cutting initiatives**. In purchasing alone, we aim to reduce costs by around €1 billion. To enhance efficiency we are also standardizing our data and core processes and harmonizing our IT.
- Thirdly: Streamlining the **administration**. There are still too many unclear responsibilities and processes, leading to duplication and inefficiency.

The goal we want to achieve with impact is clear: We as a group want to become more efficient, more flexible, and significantly more profitable.

So you can see, these changes involve more than just cost reduction. That's why we are currently reviewing our entire leadership model. The question is how we optimize work between business units, functions, and regions. We are clarifying roles, rules and responsibilities, redefining processes, and optimizing structures. For this too we have set ourselves an ambitious time frame: We plan **to start working under the new structure from October 2013.**

We have already brought forward some structural changes. These are:

- The **reorganization** of the **Executive Board**
- The **combination** of some **business units**
- The introduction of a new **regional organization**.

We started with the **reorganization of the Executive Board**. It is not planned to increase the number of members to six again. In our aim to promote joined-up thinking and working throughout the Group, we will lead by example and work even more directly with the business area management boards in the future. In the new structure, which has been in place since January 1, 2013, the CEOs of the business areas report directly to me, and the CFOs to my Executive Board colleague Guido Kerkhoff. My colleague Ralph Labonte is in direct contact with the CHROs in the individual business areas. When he leaves the company on March 31, 2013, the function of chief human resources officer and labor director will be taken over by Oliver Burkhard, who will be working closely with Ralph Labonte as from February 1, 2013.

This will strengthen the role of the business areas, they will move closer to the Executive Board. We expect this to further enhance efficiency in the way we communicate and work.

[Chart 9: Optimization through combination of business areas]

We implemented the second structural change effective January 1, 2013: The two business areas Plant Technology and Marine Systems now form a joint business area with the name "**Industrial Solutions"**. Today the business models of the two units are very similar. Both have strong capabilities in engineering, project management, and purchasing. By combining the two we are not only streamlining their management structures but also allowing each to profit from the strengths of the other.

Also effective January 1, 2013 we have combined the Group companies **Fördertechnik and Polysius** within the Industrial Solutions business area. This will improve our position in the mining, minerals and cement markets served by the two subsidiaries. With this too we are eliminating unnecessary overlaps.

This means that in the future we will have five business areas: The three in the **capital good sector** are Components Technology, Elevator Technology and Industrial Solutions. The two in **materials** are Material Services and Steel Europe. For the Group this will reduce complexity.

[Chart 10: Development of a strong regional organization]

The third structural change currently being implemented is our new **regional organizational structure**. In the past we have lost market share in some cases because we failed to keep pace with the rapid growth of the future markets. As long as the European market was growing, we could compensate for this quite well. But the European economy is stagnating. So we now have to catch up in the growth regions and grow faster than the market. In the future we will combine our strengths more effectively as ThyssenKrupp and make the regions more accountable. In 2012 we began establishing regional structures in our most important foreign markets North America, Brazil, India and China. Further regions will follow.

[Chart 11: Change process to be resolutely continued]

Clear roles, processes and an optimum organizational structure are indispensable if we are to succeed. But to secure sustainable business success, we need to fundamentally change the **culture of our Group**. Old boys' networks and hierarchical thinking are outdated, inflexible, slow, and, as we are currently seeing, destructive. In the future employees must build up networks regardless of their boxes on the organizational chart – within their business area, their region, or their department.

Some of our employees have expressed skepticism as to whether we really can bring about cultural change. One wrote to me: Will we ever be able to change the culture of a group with more than 150,000 employees?

I am convinced we can. As well as a clearly defined philosophy as set out in our mission statement, a new corporate culture requires us to act on the basis of values, communicate openly, and treat each other with trust.

For this we must look to the future. If we continue to focus exclusively on the past we will find countless things that were not appropriate by today's standards. The media can list every single trip made by a board member, it will teach us nothing new. **We openly admit that a lot of things went wrong, a lot of things were inappropriate or behind the times**. Where rules and laws have been broken, we will rigorously investigate and take action. Where things are no longer appropriate we will introduce clear rules. The cultural change now under way is desired and there is no alternative.

In this we on the Executive Board have received support from many employees who are convinced that we must systematically continue along this path. And together we will succeed.

[Chart 12: Zero tolerance for compliance violations]

The subject of cultural change would be incomplete without mention of the compliance infringements. The so-called "**rail cartel**" in which ThyssenKrupp was involved continues to occupy us; the investigations into private railways and points are still ongoing. Although we acted firmly in the spirit of "zero tolerance", took swift personnel action and are cooperating intensively with the investigating authorities, the gross misconduct of individual employees has caused serious damage to the Group. We had to pay a high cartel fine. We now face claims for damages from customers. And we have lost a lot of trust. Now we have to earn it back again.

For us cartel agreements and corruption are not a means of winning orders. **We would rather forgo a contract that act against the law.** We on the Executive Board expect all managers to ensure business processes are conducted in a proper manner in their area of responsibility and to stay alert and act. We have unequivocally reiterated this understanding of leadership in an Executive Board resolution.

Some shareholders have written to us to say that the new compliance infringements appearing in the media on an almost weekly basis are an indication that we are still not cracking down hard enough. But the opposite is the case: The very fact that there are so many compliance cases makes clear that we **investigate such matters rigorously**. We don't have secrets, we probe and bring infringements out into the open. And we will continue to do so in the future – with all due rigor. Some 50 employees have already had to lead the Company on account of compliance infringements. I know that this is a painful process, but it is also healing. And I repeat here today: Anyone who doesn't cooperate has no business working for us.

We also announced at the end of last year that we would be carrying out a thorough review of trips with journalists and other third parties. The provisional findings of this review, which is at an advanced stage, are as follows:

The investigation into trips with journalists has so far found that no laws or internal policies were violated. The same is true of trips with other third parties, e.g. employee representatives. From a tax viewpoint the review finds that non-cash benefits must be declared in some cases for the trips. This is being clarified in close consultation with the competent tax inspector.

These are the provisional findings of our investigations which we have carried out with the help of external law firms. We will continue these reviews with due care and attention.

But regardless of this it is true that certain elements of the trips were not altogether appropriate. For this reason it has already been decided – and I can only emphasize this again today – that we will draw up clear rules on how trips with third parties must be organized in the future. This serves to protect everyone involved.

[Chart 13: Net financial debt maintained at 3rd quarter level as planned]

Ladies and Gentlemen: The culture change process, the portfolio optimization and the measures to increase earnings are all intended to stabilize our finances and grow our businesses. One question I have often been asked is: How threatening is the Group's financial situation really? The short answer is: It is not threatening but it still requires resolute action.

As planned we held our **net financial debt** at the end of the past fiscal year at the level of the 3rd quarter – around €5.8 billion. However this is still a significant increase from the prior year, mainly due to the cash outflows at Steel Americas and Inoxum.

It remains one of our most important goals to generate more cash and significantly reduce our net financial debt. The sale of Inoxum has already made a substantial contribution to this. The disposal of Steel Americas, which we aim to complete before the end of this fiscal year, will also significantly reduce our debt.

As a result of the impairment charges at Steel Americas and Inoxum our equity decreased from €10.4 billion at the end of fiscal year 2010/11 to €4.5 billion. Our equity ratio therefore dropped from 23.8 to 11.8 percent. With the reduction in equity and the simultaneous increase in net financial debt, our gearing ratio has risen significantly, but only **temporarily**. It will improve significantly again with the disposals of Inoxum and Steel Americas.

[Chart 14: Solid financing situation – No short-term refinancing requirement]

One thing I can say very clearly is that the rebuilding of ThyssenKrupp into a diversified industrial group is being carried out on a strong financial basis. The Group's liquidity is **fully secured** for the years ahead. At September 30, 2012 ThyssenKrupp had €2.3 billion in cash and cash equivalents and €4.4 billion in undrawn credit lines. That adds up to available liquidity of €6.7 billion, securing both day-to-day financial requirements and the repayment of credit lines. There is **no** short-term refinancing requirement. ThyssenKrupp is solidly financed.

[Chart 15: Stock performance]

How has our company's stock performed? The positive voices from the capital market encourage us that the steps initiated to turn ThyssenKrupp into a diversified industrial group are correct.

The stock's trajectory shows clearly what our shareholders approve of and what they don't. And this is also shown in your e-mails and letters to us: The signing of the sale agreement for our stainless steel business at the turn of 2011/12 was received **positively**, but the **negatives** included the general economic climate and above all the long time taken by the European authorities to approve the deal, the antitrust fine for Gleistechnik and the fact that Steel Americas failed to achieve the expected earnings improvement. The announcement in May 2012 that we were looking at strategic options for Steel Americas met with approval on the capital market and in particular the number of potential buyers led to a trend reversal in the stock's performance. With the announcement of the Executive Board shake-up at the beginning of December and the closing of the Inoxum transaction the stock jumped again and currently stands at around €18, level with last year's closing price.

The stock's performance in recent months shows us that the portfolio measures, the boardroom restructuring and the initiated culture change process are being recognized by you, our shareholders. We want to thank you for this trust. However we are also aware that you expect even more of us in the future – also in terms of stock performance. We will do all we can to meet your expectations.

[Chart 16: Outlook 2012/13 – Continuing operations]

Against this background let me now take a **look at the fiscal year 2012/13 just started**. The debt crisis in the euro zone remains unresolved. The growth momentum in the emerging economies is slowing. A full-scale recovery of the global economy is therefore not in sight for our fiscal year 2012/2013.

In the auto industry we expect declining momentum. In the steel industry we face a challenging environment due to volume declines and price pressure. Against this background we expect our sales to be level with the prior year and adjusted EBIT from continuing operations to be around €1 billion.

We will be publishing the results for the first quarter 2012/2013 on February 12, 2012. As we informed you when we published our annual results in December, we expect adjusted EBIT of around €200 million. All continuing operations will make a positive contribution to this. We confirm this outlook for the 1st quarter. We also expect cash flow from continuing operations – excluding positive disposal effects – to be in the break-even range.

[Chart 17: Meeting the need for "more" in a "better" way]

Dear shareholders,

In recent weeks there has been much public discussion mainly about the transgressions and weaknesses of ThyssenKrupp. There is little talk about the **vision for the future of ThyssenKrupp**. Just as little is made of the fact that six out of eight business areas, or three quarters of the company, are profitable. And hardly anyone seems to have noticed that our capital goods business achieved a record level of new orders. To be honest, I believe news like this has no resonance with the public at this time.

However, you as our shareholders, just like our employees, need to have the trust and confidence that the Executive Board is pursuing a clear vision. All our strategic and operating steps are directed towards converting ThyssenKrupp from a steel company into a diversified industrial group. And despite the critics we are making great strides in this. At the end of this year we will make around 70 percent of our sales outside steel production. This will make the company's earnings and cash performance much stronger and less volatile.

ThyssenKrupp has great potential for a bright future. What distinguishes us is our outstanding engineering expertise in many industries, in materials, in mechanical components, in plant construction and service. It's what makes the eyes of many of our employees light up. We have the **engineering expertise** that can help satisfy the needs of an exploding world population, despite scarce resources. The demographic trend, the rise of the mega cities, the globalization of goods flows, all this means that global demand is rising continuously. The world needs ever "**more**" consumer and capital goods, infrastructure, energy and raw materials. However this growing demand is set against the finite nature of natural resources. The consequences of climate change and environmental legislation worldwide require "better" solutions. So the world needs not just "more" but above all "**better**". This means for example using energy more efficiently, employing greener production processes, building more sustainable infrastructure. At ThyssenKrupp we can meet demands for "more" and "better" at the same time in many areas. Let me illustrate this with a few examples:

- You will all be aware of the plans for the new **One World Trade Center** in New York. Five million visitors per year are expected to the viewing platform alone. Then there are another 10,000 people who will work on the office floors. However studies show that the longest amount of time people are happy to wait for an elevator is 28 seconds. This is where ThyssenKrupp comes in: We are building the 73 elevators that will handle these huge numbers of people with maximum energy efficiency, delivering the best possible solution for this symbolic building.
- Another example is from our **Materials Services** business: Around the world air traffic is increasing annually by around five percent. The aircraft manufacturing industry is booming. A **modern aircraft** for example is put together from millions of parts, like a gigantic jigsaw puzzle. All these parts have to be delivered to the assembly shop on time. ThyssenKrupp manages the supply chain for all aluminum and titanium parts, coordinating more than 500 part suppliers. Our team does it so well that Boeing has just extended our contract to 2018.
- As well as flying more, people are also driving more. In the future alternative energies will be needed for this. But the enemy of electric cars is weight. So we must make cars lighter. Our researchers have now developed the completely **new multilayer composite material** LiteCore, which is not just particularly light but also particularly stiff. It will give car manufacturers a cost-effective alternative to aluminum designs in the future.

[Chart 18: Increased investment in continuing operations]

To utilize business opportunities like these, we must invest. Despite the challenging financial situation we began doing this last fiscal year. Although our total **investment budget** decreased from €2.8 billion to €2.2 billion, the reduction mainly affected Steel Americas. For all continuing business areas, with the exception of Materials Services, we increased investment spending significantly year-on-year.

[Chart 19: Targeted acquisitions in growth areas]

We strengthened our business areas with a series of targeted **smaller acquisitions.** Elevator Technology for example raised its international profile with strategic acquisitions in North America, India and Europe. Our Plant Technology business area expanded its presence in the key Asian market for cokemaking technology by purchasing the Tokyo-based Otto Corporation. In Europe, Plant Technology acquired the UK's Energy & Power Global Limited, building increasing competency for the business area's engineering and consulting services in the global oil and gas business.

[Chart 20: Investments in organic growth]

We are also keeping a firm eye on **organic growth**. In India we are building two new factories and in China as many as five. Components Technology alone is building new plants in Shanghai, Nanjing and Changzhou, and increasing its capacity in Dalian. Our Elevator Technology business area is building a new factory in Zhongshan and another in Madrid.

[Chart 21: Research and development expenditure increased]

And naturally a company that lives off its engineering expertise can only survive with a constant stream of innovations. This is why we also increased our **research and development** budget last year by 17 percent. This year, despite the difficult economic climate, we will again be increasing it by more than 10 percent.

We are not just allocating more funds, we are specifically building new areas of business: They include for example our Carbon Composites technology center in Dresden and our battery facility near Chemnitz which is developing new manufacturing technologies for lithium-ion cells and batteries.

[Chart 22: Our employees at September 30, 2012]

And finally let me turn to the most important thing of all: our employees. Without them, everything I've said so far would be hot air. It is their effort and commitment that will change our company. We, the Executive Board, formulate the targets, set the direction and create the necessary environment. Our employees across the world do the rest.

Our workforce decreased significantly last year due to the business disposals. On September 30, 2012 we had around 152,000 employees in the continuing operations, 7.5 percent fewer than a year earlier. The percentage decrease was roughly the same in Germany and abroad. In particular Materials Services, Components Technology and Marine Systems employed fewer people, whereas Elevator Technology and Plant Technology recruited many new employees.

We had around 58,000 employees in Germany at the end of the fiscal year and around 94,000 elsewhere. This means that around 38 percent of our total workforce is based in Germany.

I'd like to take this opportunity to **thank all ThyssenKrupp employees for their efforts in the past fiscal year**. This also applies expressly to the employees in the discontinued operations, who were and still are particularly challenged by the sale processes. But for all the others too, the fiscal year was extremely demanding. But the many messages I have received show that there is great support in the workforce for the course we have chosen. For that too I thank them.

[Chart 23: ThyssenKrupp – Strategic Way Forward]

Ladies and Gentlemen: ThyssenKrupp has **outstanding prospects**. Our engineering expertise is in demand worldwide. We have fantastic employees who do great work every day. We have loyal customers who trust us and appreciate what we do. And we have five business areas that are all profitable and just waiting to make better use of their market opportunities with more investment.

We have **achieved a great deal** on our way forward: We have massively reduced the complexity of the Group, the risks and the volatility of our business. We have taken painful impairment charges, but now our balance sheet is cleaned up. All our continuing operations are making clear profits. We have tackled our big problem area Steel Americas. The sale is proceeding and we are confident of getting it wrapped up in the course of the fiscal year. All the ingredients are in place for us to become leaner, faster, more efficient and more profitable.

Just as we are rigorously pursuing portfolio optimization, so we are also further developing the Group's organizational structure and driving forward the necessary culture change.

- We are becoming a company in which our engineers, our sales experts and our managers all pull together across department and national boundaries and work in unison on major customer projects.
- We are becoming a company in which employees are judged by their performance and not by their connections.
- We are becoming a company in which decisions are made transparently, understandably and based on facts and rational analysis.
- And we are becoming a company in which our managers will be true leaders who lead their teams, commit to goals and values, and take responsibility for them.

The road there will not be easy, and it will take time. But we will make it. Together, with courage and confidence, we will make ThyssenKrupp successful again. The Group deserves it. Our employees deserve it. And you our shareholders deserve it.