

ThyssenKrupp : New Steel Plants in US

German industrial conglomerate ThyssenKrupp AG said its supervisory board has approved plans to build two new steel plants in the U.S. and announced it intends merge its automotive and technologies units. Additionally, the Duesseldorf-based company said it will reduce the size of its management board to eight from 10 members. The decision to build new steel plants in the U.S. is part of the company's strategy aimed at significantly strengthening the position of its steel and stainless steel units in the area covered by the North American Free Trade Agreement, or NAFTA, one of the biggest volume markets for high-grade flat carbon steel, ThyssenKrupp said in a statement.

The first plant, a hot strip mill, will have an annual capacity of 4.5 million metric tons of end products. ThyssenKrupp Steel's investment volume for the project is expected to be around EUR1.8 billion. In addition, the plant will also feature cold rolling and hot-dip coating capacities for high-quality end products of flat carbon steel, the company said.

The company also said that its ThyssenKrupp Stainless unit plans to build a melt shop with an annual capacity of up to one million metric tons of slabs, which will be processed at the hot strip mill. Further, the melt shop will also feature a cold-rolling facility, which will be designed to produce 325,000 tons of cold strip and 100,000 tons of pickled hot strip, the company added. The investment volume by the stainless division is expected to be EUR500 million. So far three possible sites in Alabama, Arkansas and Louisiana have been identified, it added.

Technology services :

ThyssenKrupp, which makes steel, automotive parts, elevators and offers technology services, also said its executive board will continue negotiations on the acquisition of Canadian steel maker Dofasco. ThyssenKrupp lost a bidding war to take over the Canadian steel maker from Arcelor SA early in 2006 but during Mittal Steel Co. NV's ultimately successful takeover battle for Arcelor, the Indian steel maker pledged to sell Dofasco to ThyssenKrupp.

ThyssenKrupp's announcement of its plans to build two new steel plants in the U.S. come after its supervisory board ordered a feasibility study for the projects last May. At the time analysts welcomed the plans to possibly build its own production capacities as an alternative for the U.S. market in case ThyssenKrupp doesn't get control of Dofasco.

ThyssenKrupp's aims to grow from a European steel company to a global steel company, management board member Karl-Ulrich Koehler said in March at a steel industry conference. A core element of this strategy, as well as the new steel factory in Brazil, is to build up a strong position in North America. The company aims for a 5% market share in North America in the next few years supplying 5 million tons of finished products up from the current level of about 1 million tons of flat steel. It intends to merge its automotive and technologies units, in light of the "well-documented need for restructuring in the body and chassis operations, particularly in North America". As a result, ThyssenKrupp has decided to sell the struggling North American body and

chassis business, which generated annual sales of around EUR1 billion, it said. Olaf Berlien will continue to act as chief executive of the combined ThyssenKrupp Technologies AG unit and remain a member of the group's executive board, the company said.

Board to remain intact :

Wolfram Moersdorf, member of the group's executive board responsible for the automotive segment, will be named head of the mechanical components business of the technologies division. The merger of the two units will take effect October 1. Furthermore, ThyssenKrupp said it will slim down its executive board to eight from ten members, with effect Dec. 1. The Chief Financial Officer Stefan Kirsten has informed it that he won't seek to renew his contract when it expires in July 2007, citing "changes in perspectives" in the ThyssenKrupp group.

Kirsten will remain in his post until the company's annual financial statements have been signed off on Nov. 30, the company said. Kirsten's duties will be taken over by Ulrich Middelmann, who will continue to be responsible for mergers and acquisitions also. Gary Elliott, chief executive of ThyssenKrupp Elevator AG, will leave his post at the end of the current fiscal year, that is, Sept. 30. He will then replace Siegfried Buschmann as chairman of the ThyssenKrupp national holding company in the U.S. and as the group's NAFTA representative. Edwin Eichler, chief executive of ThyssenKrupp's services unit, will meanwhile replace Elliott at the head of the elevators division, subject to approval of that division's supervisory board.

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