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ThyssenKrupp Marine Systems Restructuring largely complete / Strategy confirmed by Turkish submarine contract

Submarine strategy of the ThyssenKrupp Marine Systems group confirmed

The 2.0 billion order for six U 214 submarine material packages placed with ThyssenKrupp Marine Systems by the Republic of Turkey has entered into force with receipt of the advance payment. As a longstanding partner and supplier to the Turkish Navy, ThyssenKrupp Marine Systems can now begin executing the order. The order will contribute to securing employment at HDW in Kiel, as well as at many subcontractors in Germany and Turkey, for the next ten years.

The comprehensive solution achieved in October 2010 for Hellenic Shipyards, under which Privinvest Shipbuilding, a major shareholder of Abu Dhabi MAR, acquired 75.1% of the company s shares from us, can also be seen as a milestone for the ThyssenKrupp Marine Systems group. ThyssenKrupp Marine Systems was able to secure the acceptance of the first U-214 submarine for the Greek Navy and the payment of outstanding debts. As part of the agreement an option was granted for an order for two further submarines at Hellenic Shipyards/HDW. All parties are eager, provided the solid commitment which the Hellenic authorities have promised, to have this order successfully implemented.

Naval surface ship business close to export success again for the first time in many years

The naval surface ship business under the brand name MEKO has been restructured in Blohm+Voss Naval GmbH, founded this year with two sites at Hamburg and Emden. Blohm+Voss Naval GmbH is a highly efficient unit with around 500 employees, specialized in supplying engineering, procurement and project management for complex naval surface vessels in cooperation with different manufacturing sites in Germany and abroad. This is in line with the expectations of many export customers: Engineering from Germany, manufacturing in the country of the purchaser.

With the four ships of the F 125 program for the German Navy this business has a solid base workload; an initial export success is expected soon.

Major steps implemented in necessary divestment of civil shipbuilding activities

The financial crisis created a need for decisive action in the civil shipbuilding area: Capacities in commercial shipbuilding had to be reduced, exports strengthened, and the problem in Greece solved.

In March 2010 the majority of Nordseewerke in Emden was transferred to the SIAG group as part of a unique industrial transformation process for the North Sea coast. At Emden the SIAG group will produce large components for offshore wind farms in the North Sea, and has already won several orders.

A further element of the new strategy was to be the sale of the civil shipbuilding business of Blohm+Voss and HDW to the Abu Dhabi MAR group (combined with a military surface vessel joint venture with Blohm+Voss Naval). Following two years of amicable talks and negotiations exploring the joint-venture both ThyssenKrupp Marine Systems and Abu Dhabi MAR have agreed to cease their efforts to form the envisaged joint-venture around the naval and non-naval shipbuilding business of Blohm+Voss in Hamburg. Both parties believe that the commercial drivers for the transaction have weakened to a point that opportunities previously identified are no longer commercially viable.

The scope of the originally envisaged transaction between the two parties will now relate exclusively to the civil activities of HDW-Gaarden in Kiel. The corresponding contracts have been completed with the approval of the supervisory bodies; only formal regulatory approval now needs to be obtained.

For the civil operations of Blohm+Voss we are working without delay on solutions with the aim of transferring these companies in the medium term to new owners capable of placing a stronger strategic focus on the business of these companies than ThyssenKrupp can.

In line with the strategic development program resolved on May 13, ThyssenKrupp Marine Systems will concentrate in the future on military shipbuilding. This involves our high-tech capacities for submarine system integration at HDW in Kiel and Kockums in Sweden as well as our design, equipment and project management capabilities for military surface vessels at Blohm+Voss Naval in Hamburg.

Overall, ThyssenKrupp Marine Systems believes it is in a good position. As a compactly structured high-tech systems integrator ThyssenKrupp Marine Systems will be able to compete successfully in the global military shipbuilding market and therefore once again contribute appropriately to the earnings of the ThyssenKrupp Group while securing long-term jobs for the employees of ThyssenKrupp Marine Systems.