

# ThyssenKrupp Equity Story Elevator Technology

May 2012

Developing the future.



**ThyssenKrupp**

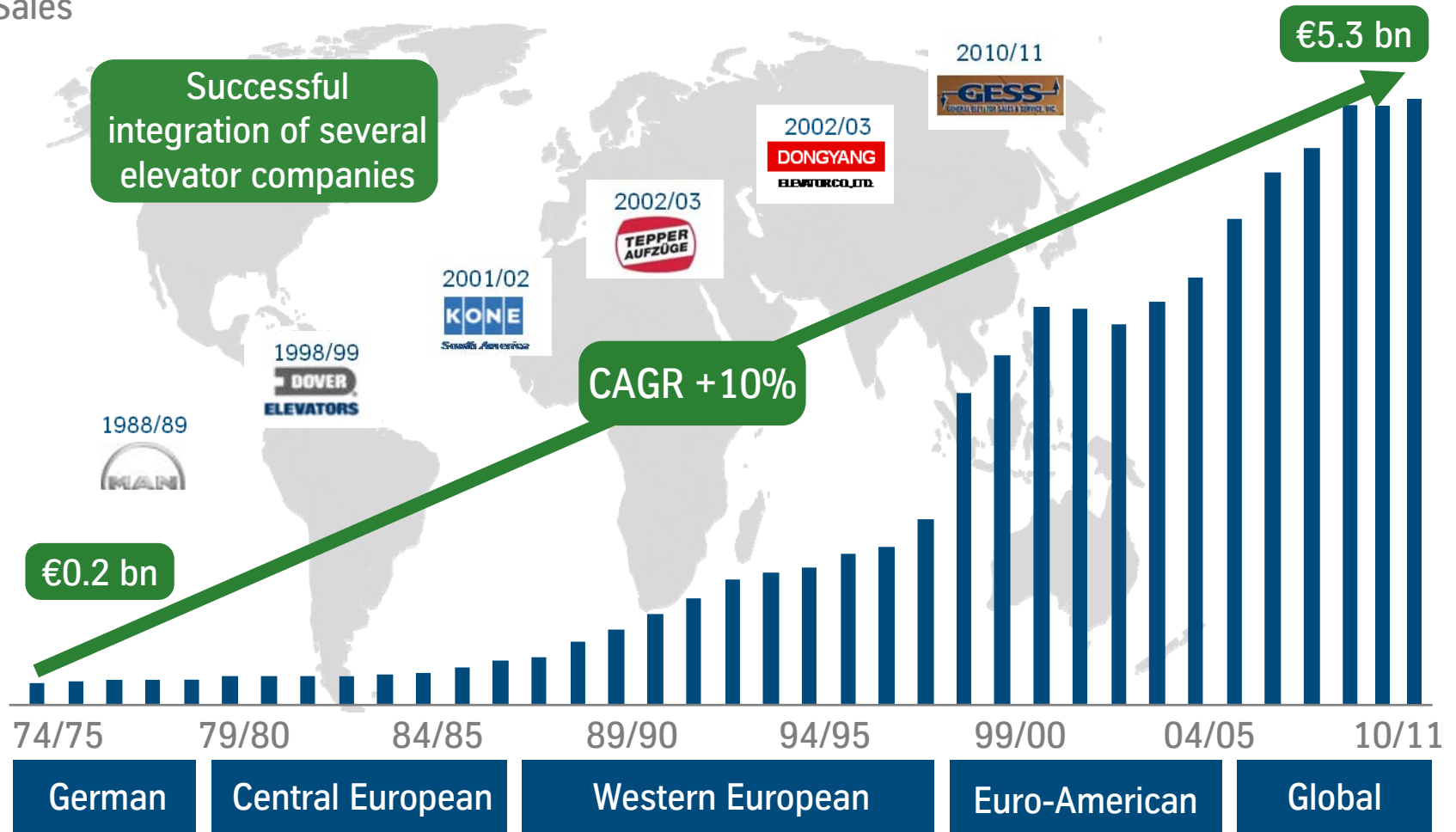
# Elevator Technology

## Key figures

		2010/11				FY	2011/12	
		Q1	Q2	Q3	Q4		Q1	Q2
Order intake	€m	1,306	1,358	1,320	1,297	<b>5,281</b>	1,466	1,541
Sales	€m	1,299	1,267	1,298	1,389	<b>5,253</b>	1,348	1,322
EBITDA	€m	189	165	168	353	<b>875</b>	132	139
EBIT	€m	171	147	151	332	<b>801</b>	113	118
EBIT adjusted	€m	171	147	151	172	<b>641</b>	142	132
TK Value Added	€m					<b>621</b>		
Ø Capital Employed	€m	2,249	2,272	2,259	2,243	<b>2,243</b>	2,322	2,393
OCF	€m	52	168	87	315	<b>623</b>	(49)	169
CF from divestm.	€m	3	3	1	3	<b>10</b>	2	0
CF for investm.	€m	(18)	(16)	(28)	(79)	<b>(142)</b>	(77)	(26)
FCF	€m	38	155	60	239	<b>491</b>	(124)	143
Employees		44,489	44,937	45,603	46,243	<b>46,243</b>	46,581	46,605

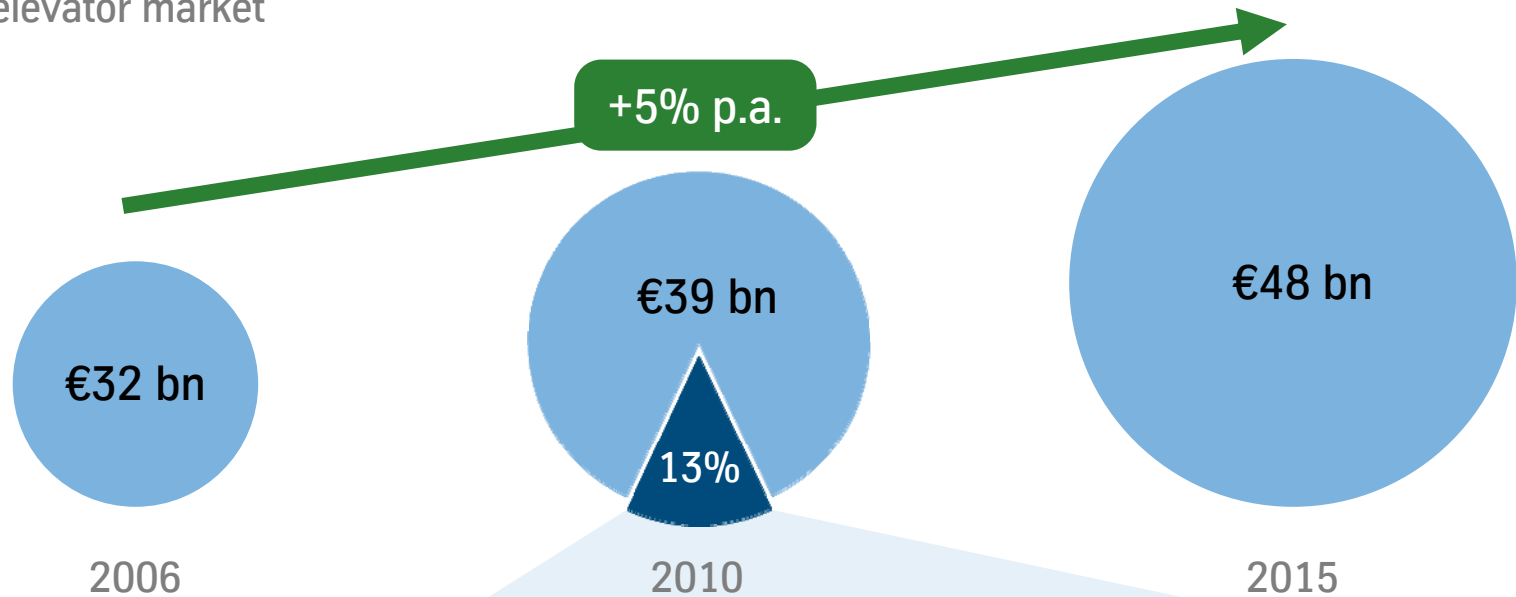
# Young, fast-moving elevator company

Sales



# Global #3 in an exciting industry

World elevator market



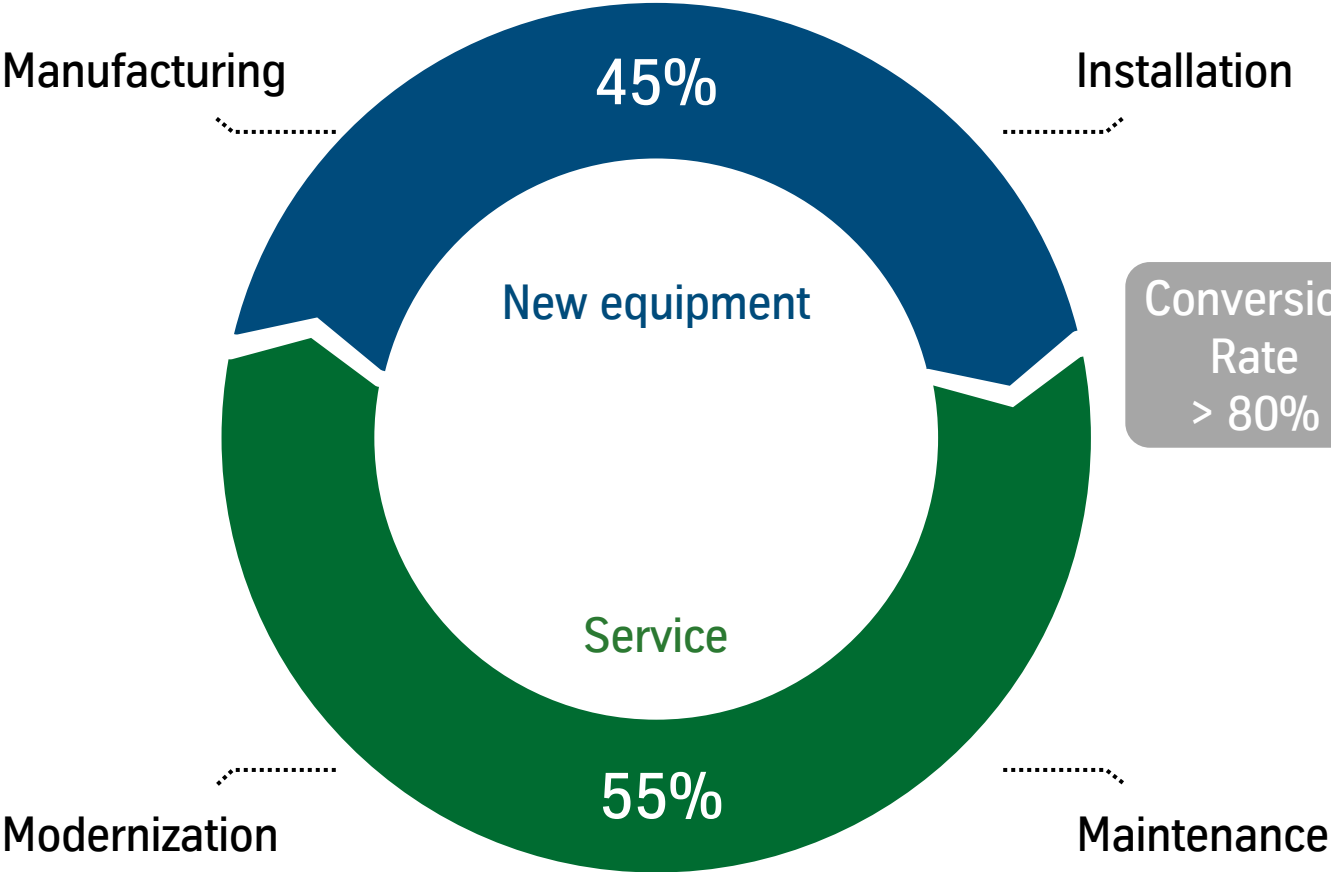
## Elevator Technology

- Number 3 in the world
- ~1,000,000 Units under Maintenance
- 70 Countries
- 900 Branches

# New Installations drive a long lasting stream of profits/cash

Facilitator

Cash Provider



# Innovative solutions: A hallmark of ThyssenKrupp

Space efficiency



**TWIN®**

**-30% space**

Transport speed




**TurboTrack®**

**2 times faster**


Safe, reliable, fast...

Energy consumption




**synergy blue®**

**-25% energy**



A
B
C
D
E
F
G

Flexibility



**iwalk®**

**No construction work**

# Service: ThyssenKrupp solutions maximizing customer value

## Service planning



GPS routing and tracking via ERP

Efficient

## Service execution



Integrated workflow via mobile devices

Fast & Easy

## Service tracking

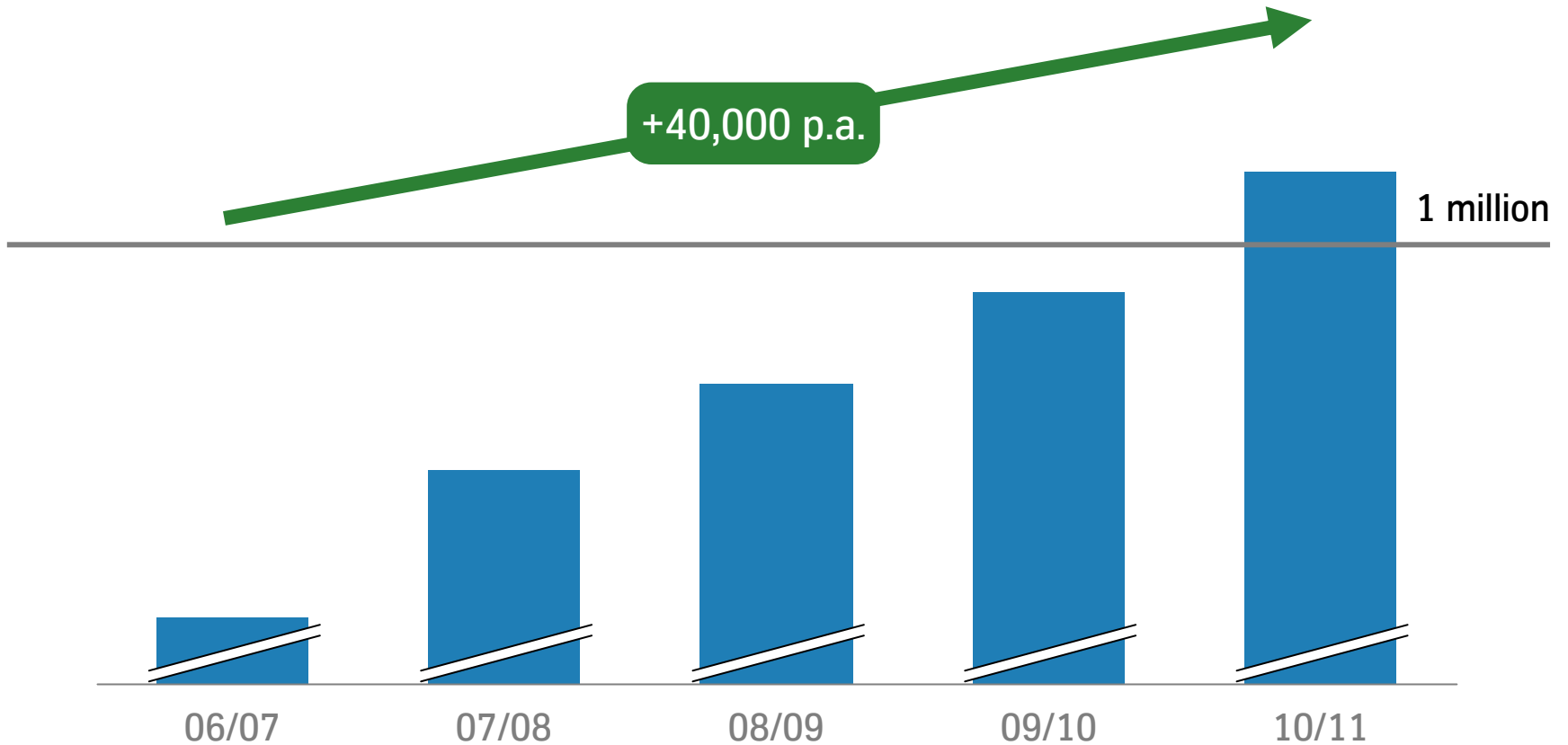


Online tracking for customers

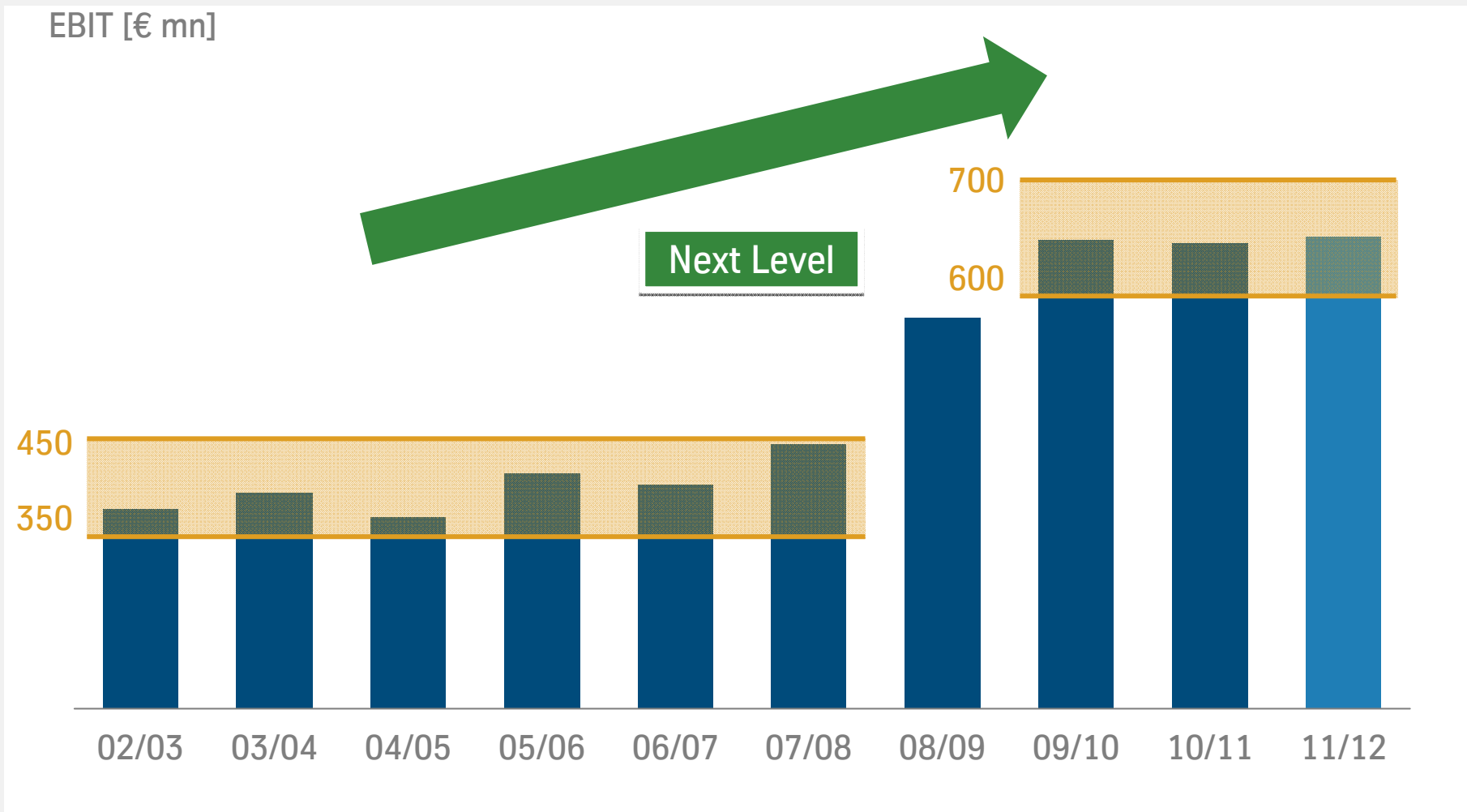
Transparent

# Continuous growth in Units under Maintenance

Units under Maintenance

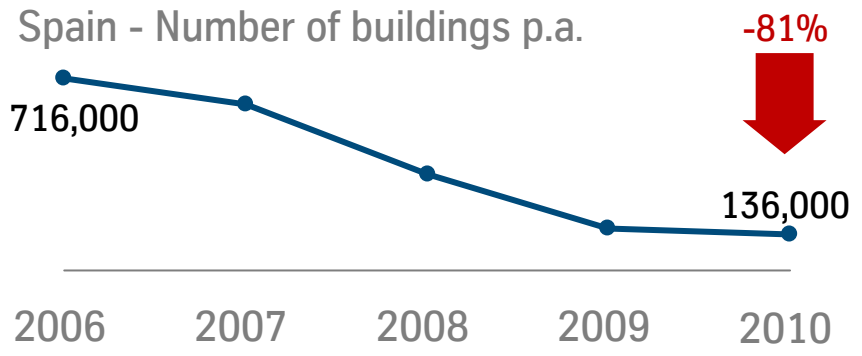
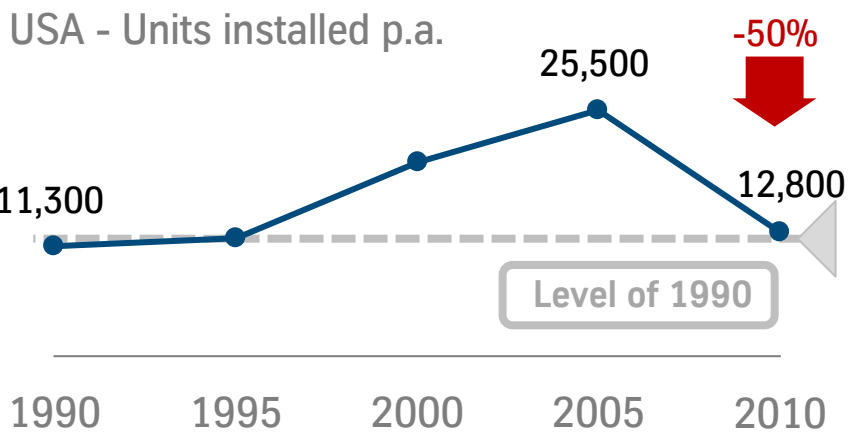
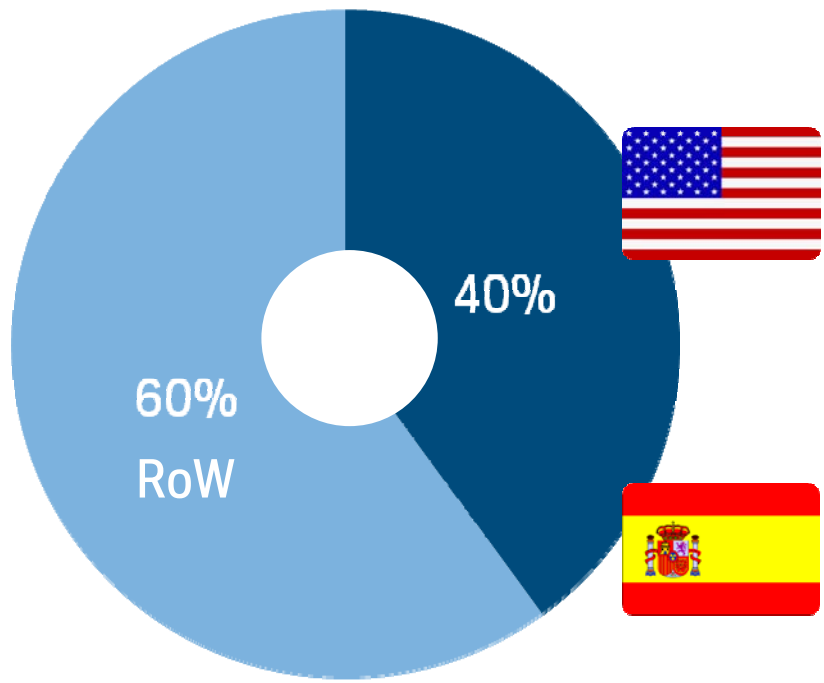


# Taking Elevator Technology to the Next Level of profitability



# North American and Spanish markets hit hard in global downturn

Sales 2010/11



# US and European operations: Quickly reformed and refocused

EBIT

- Headcount reduction
  1. Wave: USA/Spain (US -1,300, Spain -300)
  2. Wave 2012: South Europe (-300)
- Increase Units under Maintenance in USA/Spain
- China, Brazil & India: New Installation

New  
Installation

Measures

- USA
- Spain
- Portugal

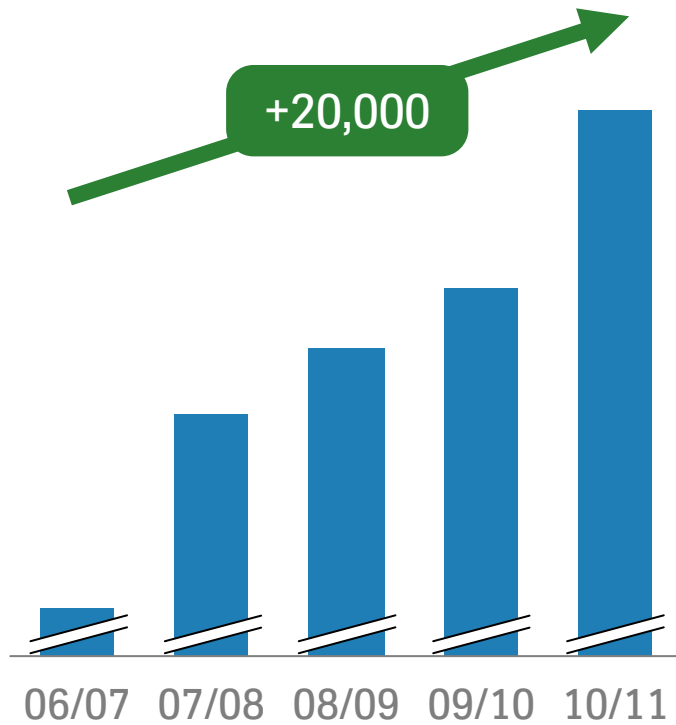
09/10

11/12

# Service as stable growth driver in US and Spain

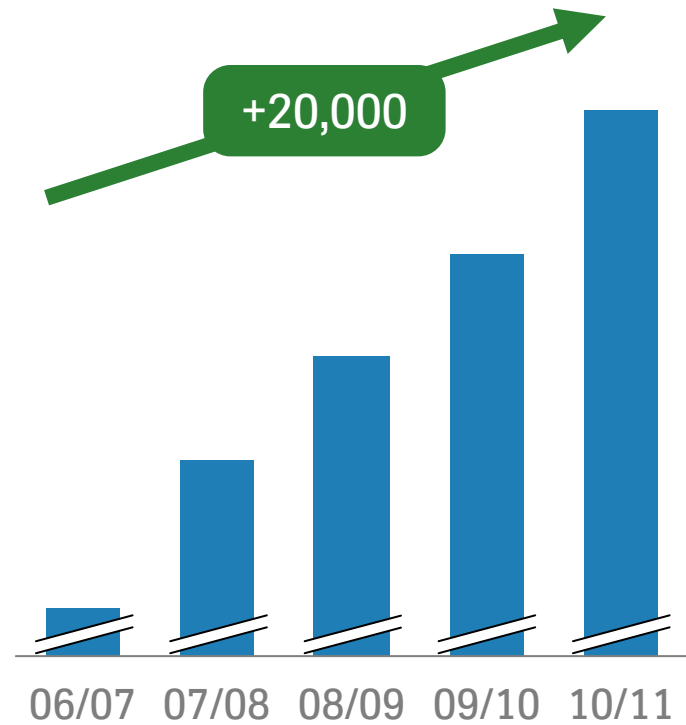
US

Units



Spain

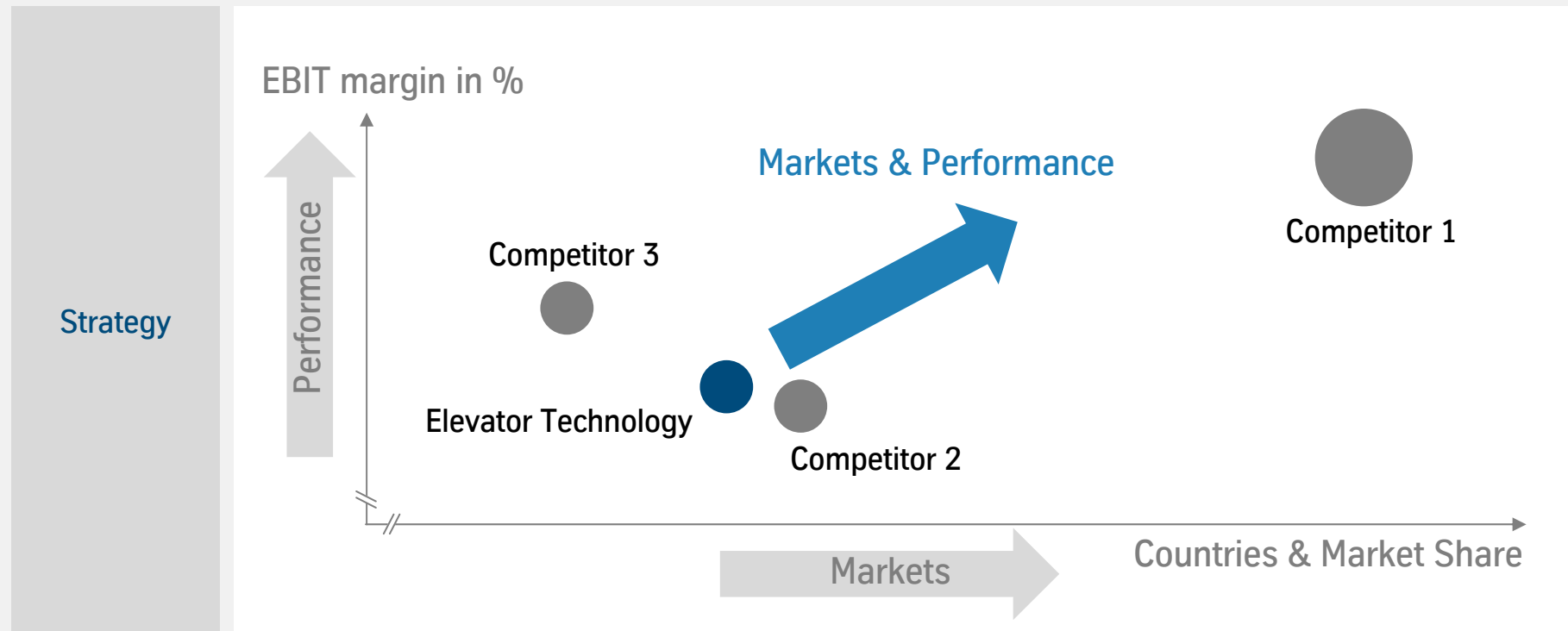
Units



# Aimed at highest potential for margin improvement

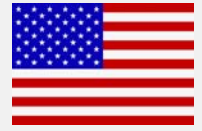
Economies of scale is key to expansion

	Competitor 1	Competitor 2	Elevator Technology	Competitor 3
Relevant Countries*	~65	~55	50	~40
Years in business	>150 years	>130 years	35 years	~100 years



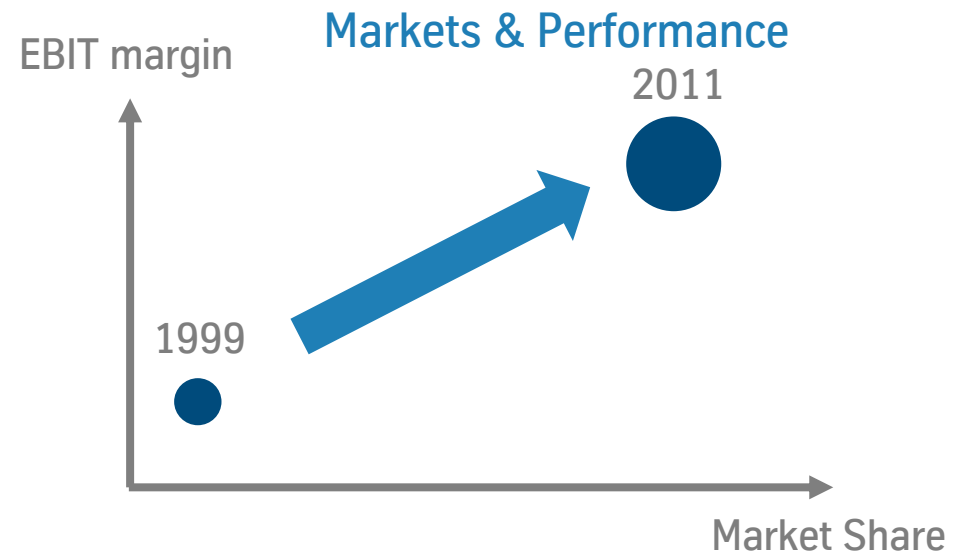
\* > €5 mn sales

# Success story North America: Elevator Technology #1



## USA Strategy

1. Acquisition of Dover (1999)
2. Build up local manufacturing
3. Develop brand image as quality leader

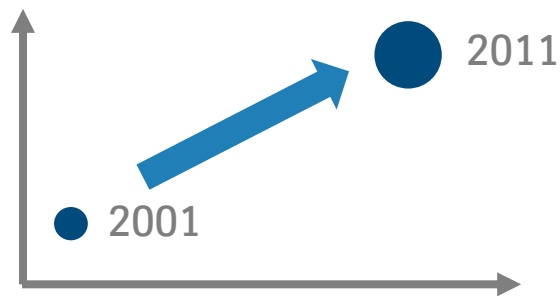


# Success story Brazil: Elevator Technology #2

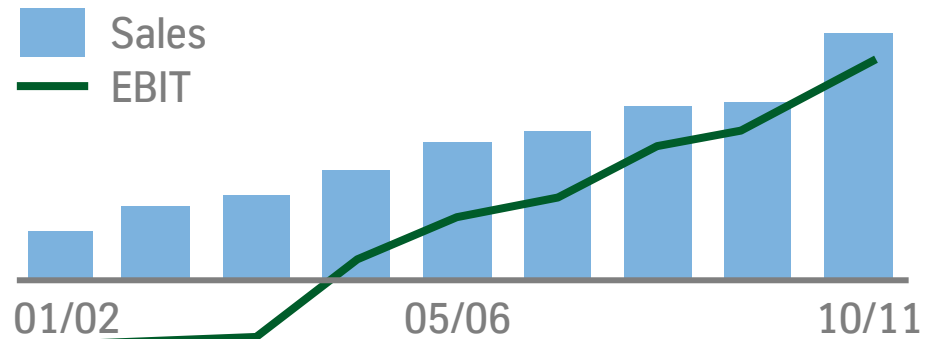


## Brazil Strategy

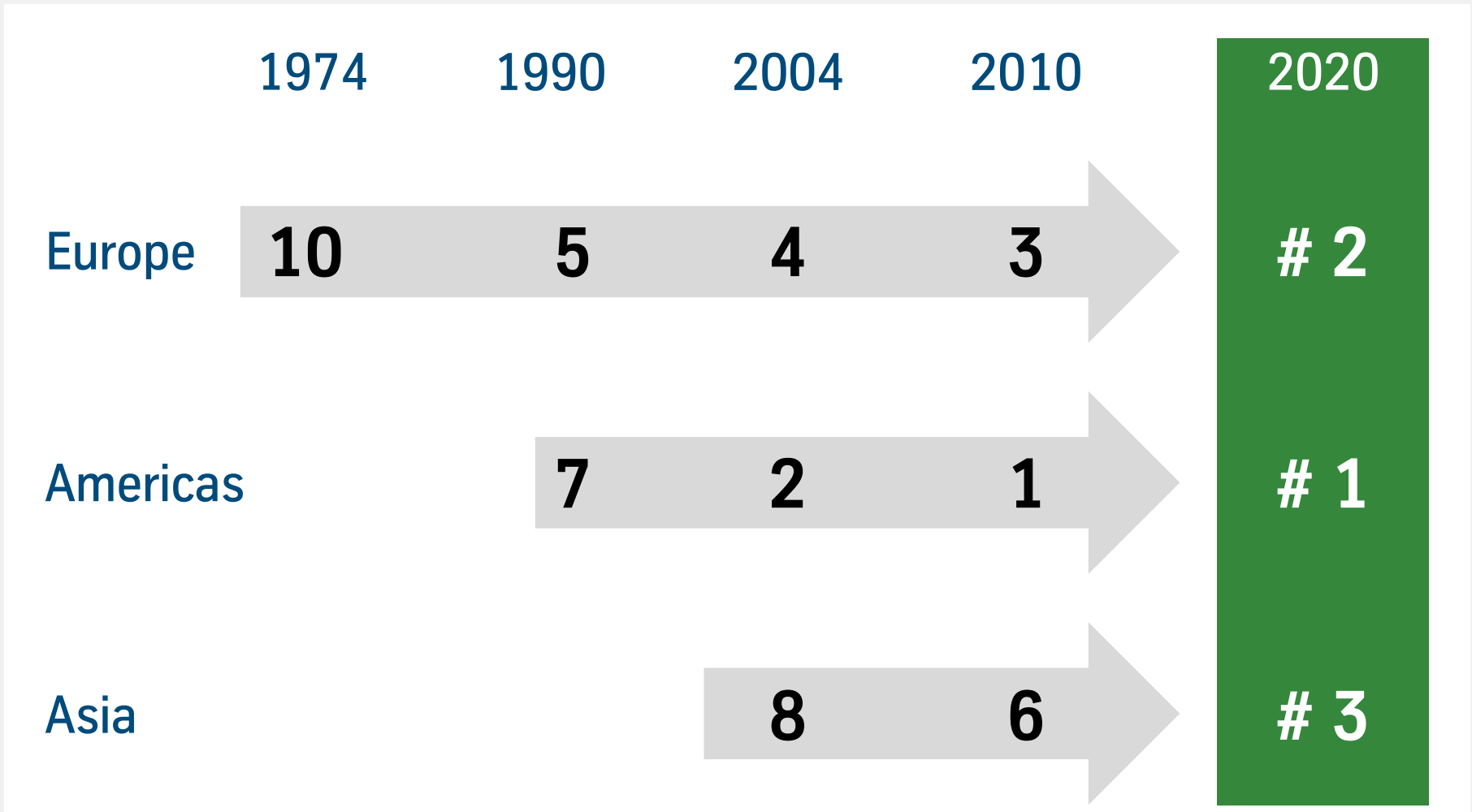
1. Acquisition of KONE South America (2001)
2. Build up local manufacturing
3. Develop brand image as quality leader



## Markets & Performance

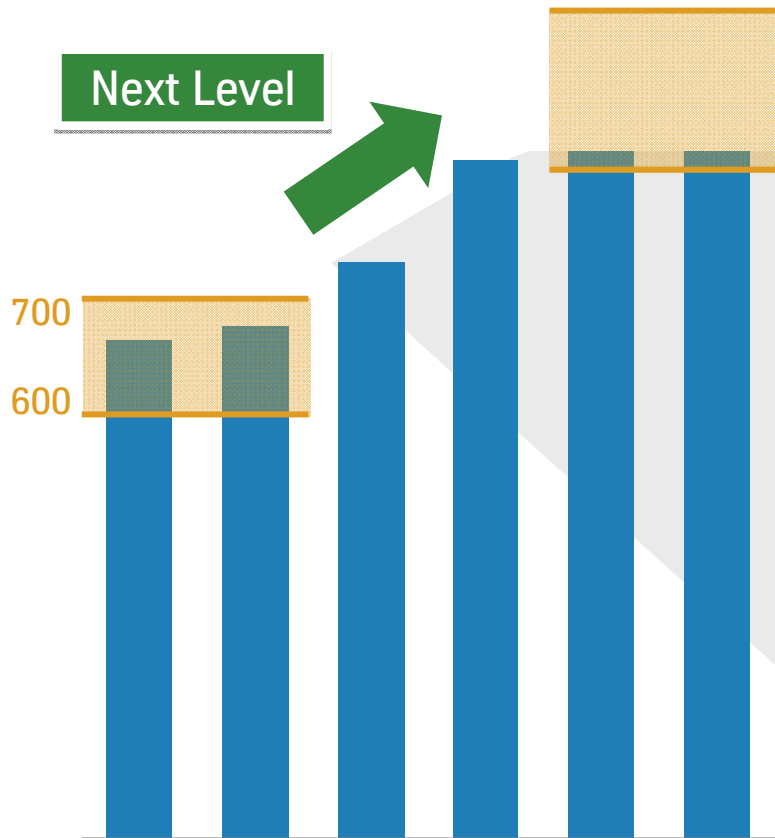


# Ambitious goals for global market ranking



# Multi-year program: Taking our performance to a higher level

EBIT\*



## Multi-year program

- 1 Asia Initiative
- 2 Service Initiative
- 3 Acquisition of Service Portfolios
- 4 Optimization Manufacturing & New Installation

~15% EBIT margin

\*) Illustrative

Equity Story Elevator Technology  
May 2012

# Multi-year program: Taking our performance to a higher level

## Multi-year program

1 Asia Initiative

2 Service Initiative

3 Acquisition of Service Portfolios

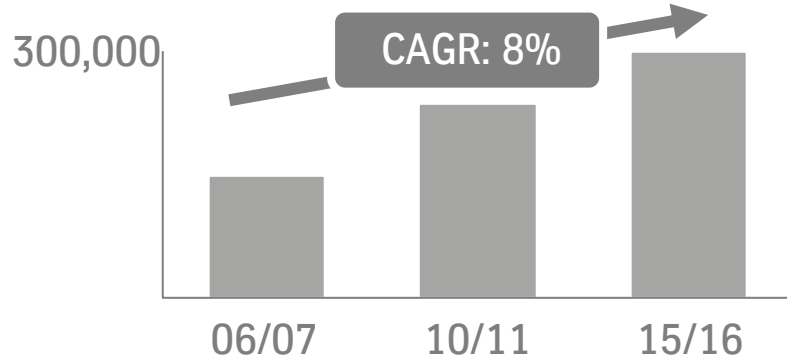
4 Optimization Manufacturing & New Installation

~15% EBIT margin

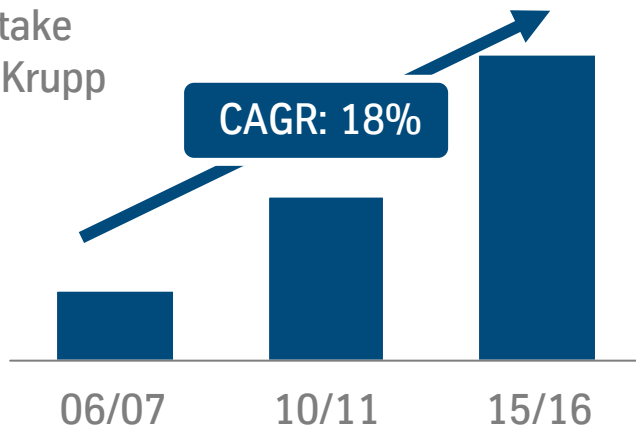
# 1 Focus on China – We are growing faster than the market



Market (in units)<sup>1</sup>



Order Intake  
ThyssenKrupp



Number of projects planned Today			
	Airports	Railway Stations	Subway Systems
	~100	>400	~200

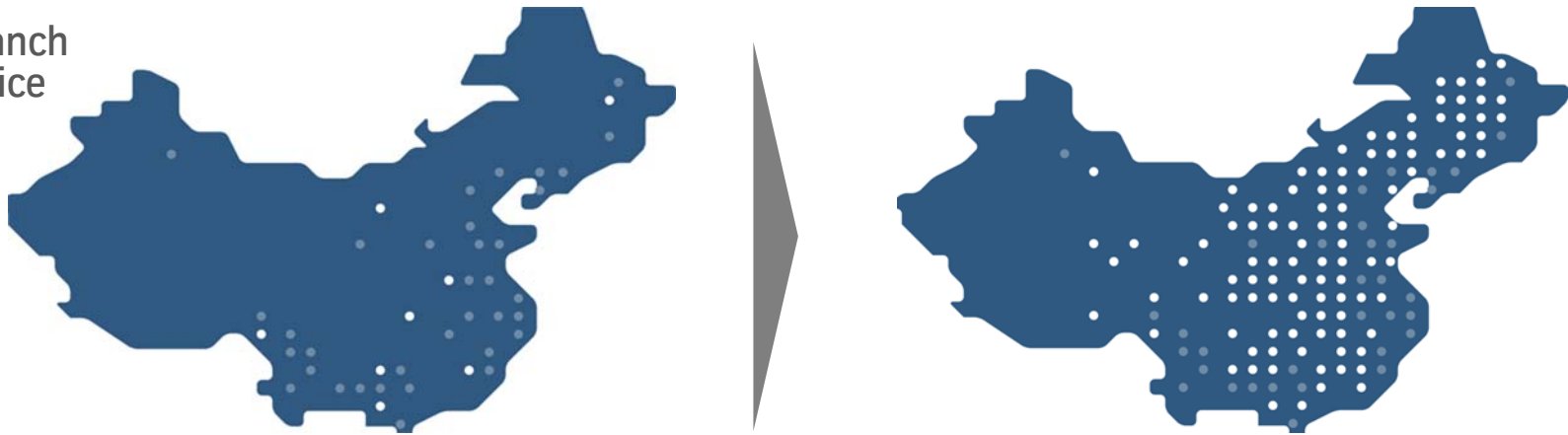


Eton Hotel,  
Dalian, China

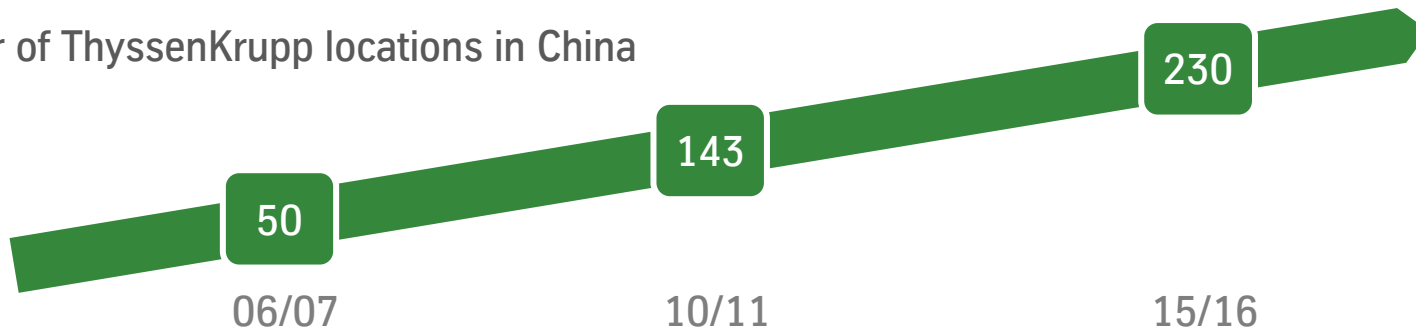
1) Source: China Elevator Association

# 1 Focus on China – Accelerating growth, expanding footprint

- Branch
- Office



Number of ThyssenKrupp locations in China



**+15,000 employees in the next 4 years**

# 1 Focus on China – Local training and R&D key to success



**SEED<sup>1)</sup> Training Campus for China and Asia**

1) Specialized Education for Executive Development

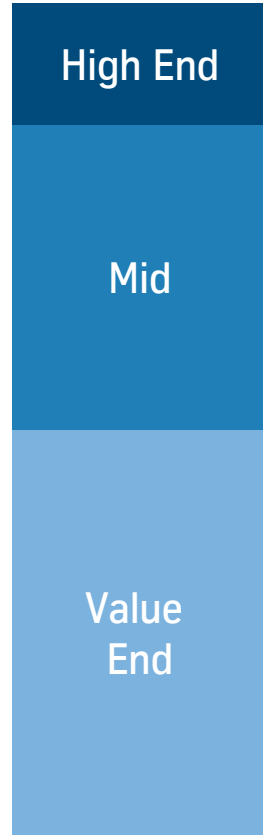


**New Test Tower for Zhongshan factory**

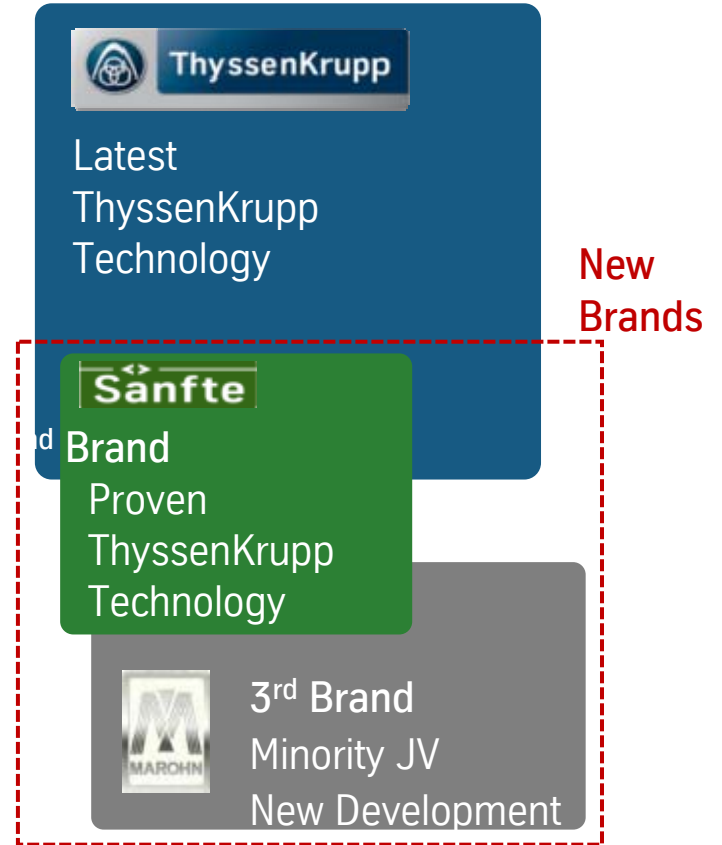
# 1 Focus on China – Targeting new customer segments



## New Equipment Market Segments



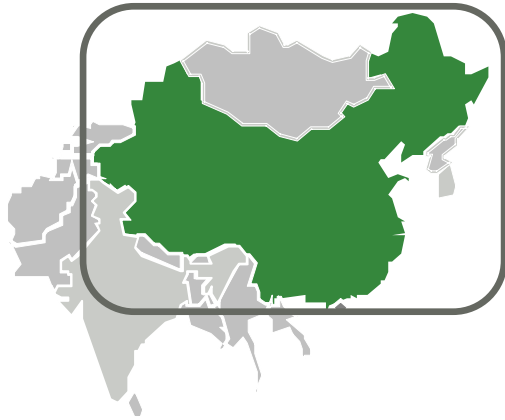
## Multi-brand Approach ThyssenKrupp



# 1 Focus on China – Growth and margin increase



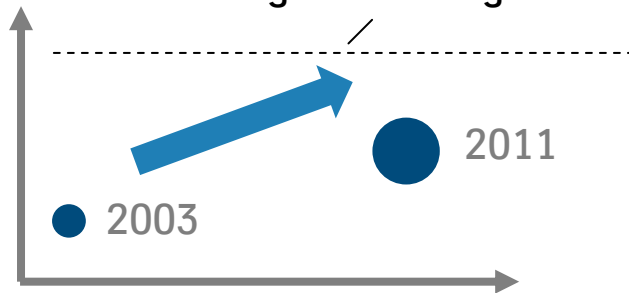
## Market Entry 2003!



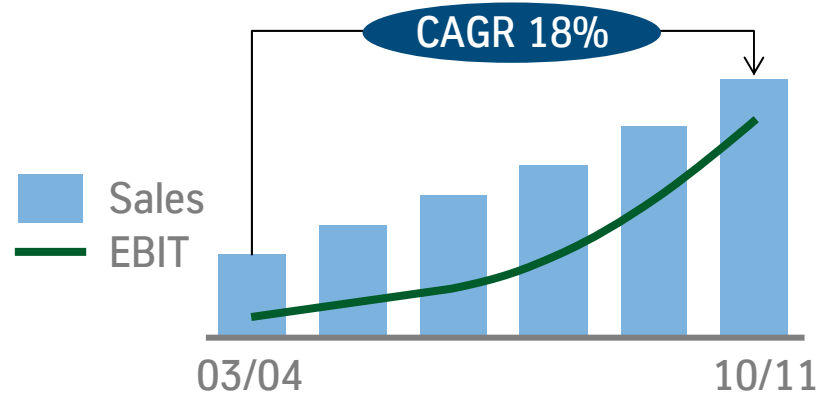
## China Strategy

1. Start with own Sales & Service Network
2. Build up local manufacturing
3. 2<sup>nd</sup> and 3<sup>rd</sup> brand

## Average EBIT margin TKE



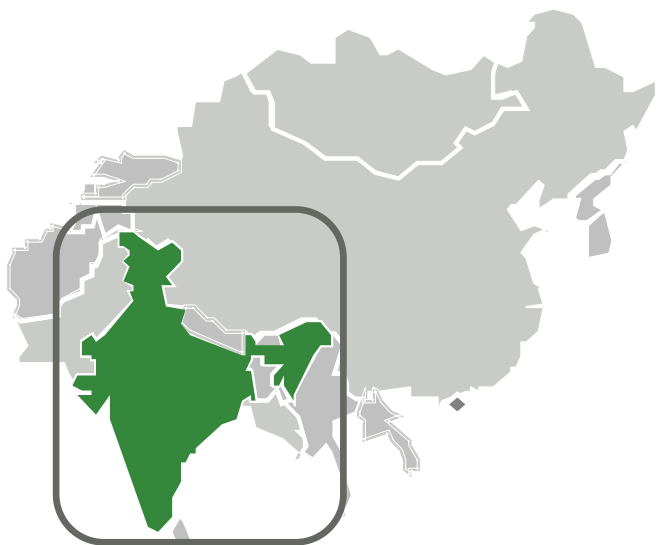
## Markets & Performance



# 1 Focus on India – On track!



## Market Entry 2007!



## India Strategy

1. Start with own Sales & Service Network
2. Build up local production
3. 2nd and 3rd brand



Multi-purpose facility under construction



# Multi-year program: Taking our performance to a higher level

## Multi-year program

1 Asia Initiative

2 Service Initiative

3 Acquisition of Service Portfolios

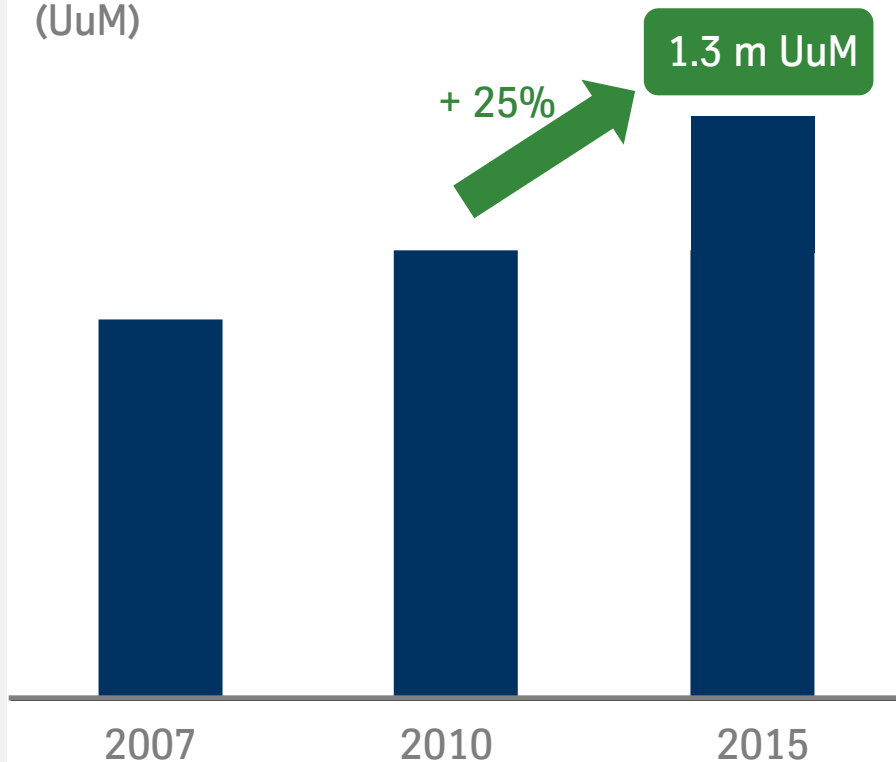
4 Optimization Manufacturing & New Installation

~15% EBIT margin

## 2 Delivering higher levels of service excellence and efficiency

### Targets

Units under Maintenance (UuM)



### Highlights

Continuous improvement of service quality



Innovative new service tools

- GPS routing and tracking via ERP
- Integrated workflow via mobile devices
- Online tracking for customers

# Multi-year program: Taking our performance to a higher level

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1 Asia Initiative

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~15% EBIT margin

# 3 Adding to service value through acquisitions (10/11 – 11/12)

## Mature TKE Markets

## Young TKE Markets

### Strong Foothold

### Room to Develop

### Growth & Start-ups

EU  
7 Acquisitions

US  
2 Acquisitions

EU  
6 Acquisitions

China & India  
2 Joint Ventures

Turkey  
2 Acquisitions



# Multi-year program: Taking our performance to a higher level

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~15% EBIT margin

## 4 Optimize manufacturing lines and streamlining platforms

### Consolidation of product lines



2008

9

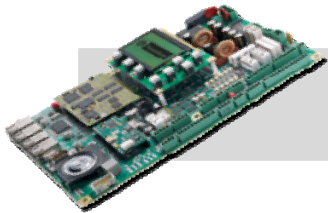
2010

4

Outlook

3

### Controller standardization



2005

15

2009

10

Outlook

3

# Elevator Technology: Multi-year program

**Achieve #2  
in performance**

**We aim for  
15% EBIT margin**

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- (ii) dependence on performance of major customers and industries,
- (iii) our level of debt, management of interest rate risk and hedging against commodity price risks;
- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
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