

# Elevator Technology

## Service network for people mobility

Capital Markets Day Division Technologies

Olaf Berlien

December 7<sup>th</sup>, 2011

Developing the future.



ThyssenKrupp

# ThyssenKrupp Headquarters: Biggest and best elevator showroom in the world



2 TWINs

12 machine room-less elevators

6 elevators with machine room

3 escalators

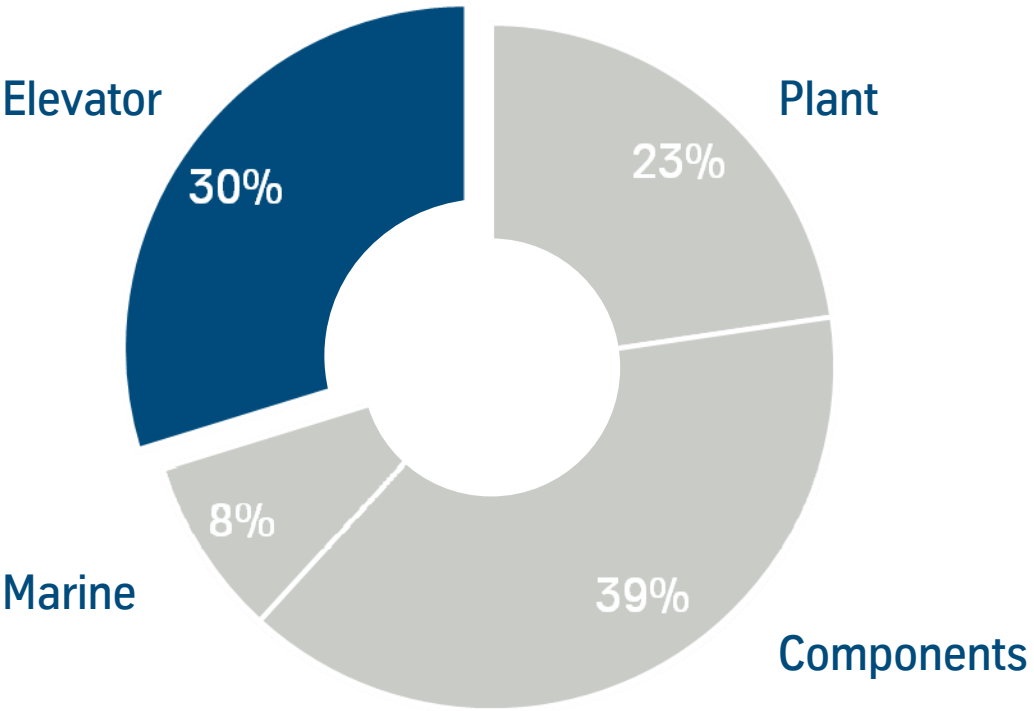
1 platform lift

# Elevator Technology generates one-third of the division's revenues



**FY 10/11**  
**Sales €5,253 mn**

Sales Division Technologies 2010/11



Total ~ €18 billion

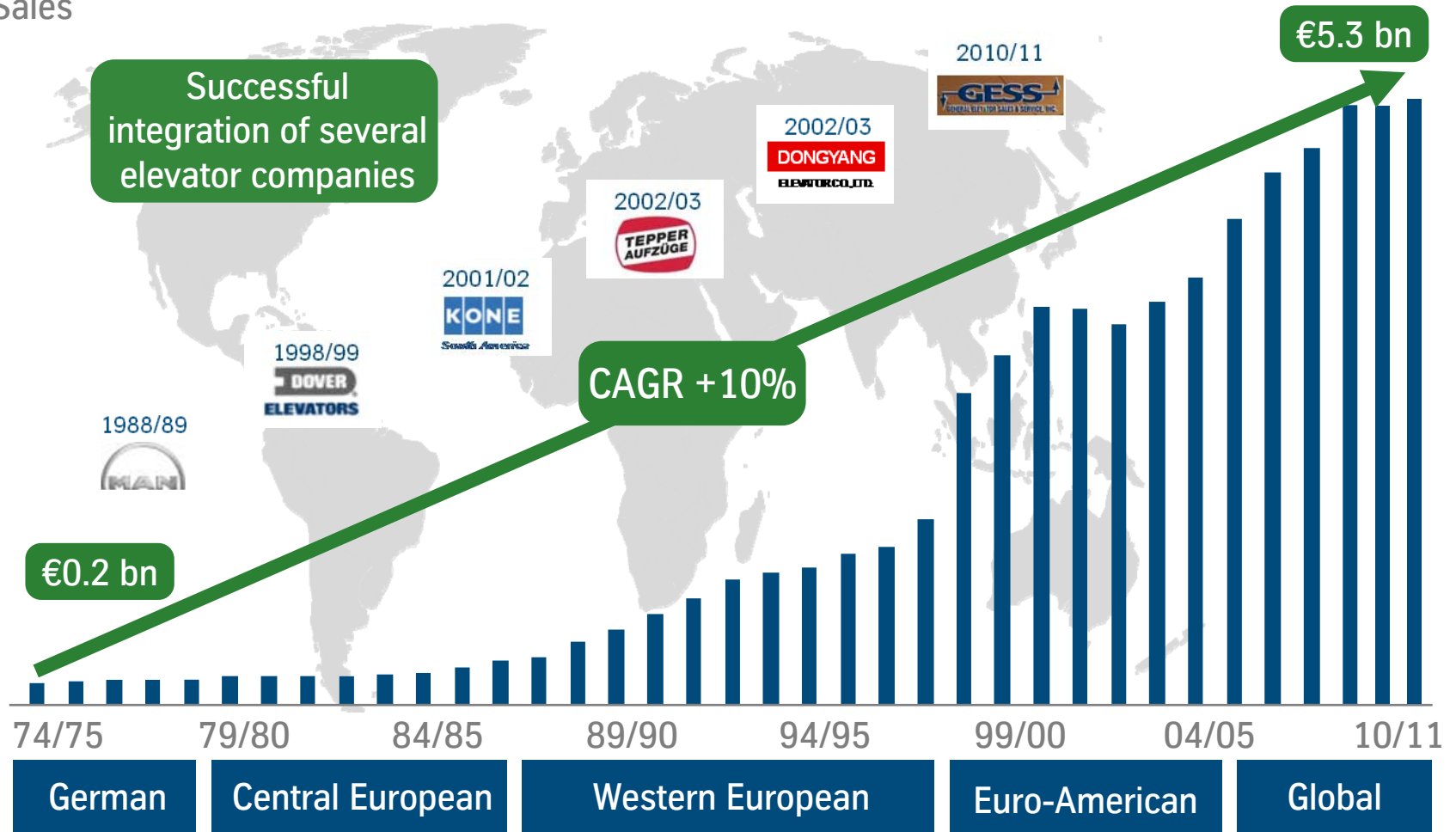
# Elevator Technology: Consistent value driver and cash provider

[€ mn]

	FY 09/10	FY 10/11
<b>Stable and consistent growth</b> (Sales)	5,188	5,253
<b>Achieve benefits</b> (EBIT adj./rep.)	646 / 646	641 / 801
<b>Stable margin</b> (EBIT margin adj./rep.)	12.4% / 12.4%	12.2% / 15.2%
<b>Create value</b> (TKVA)	461	621
<b>Steady profit performance</b> (ROCE)	28.0%	35.7%
<b>Stable capital employed</b> (CE average)	2,307	2,243
<b>Powerful cash provider</b> (FCF)	490	491

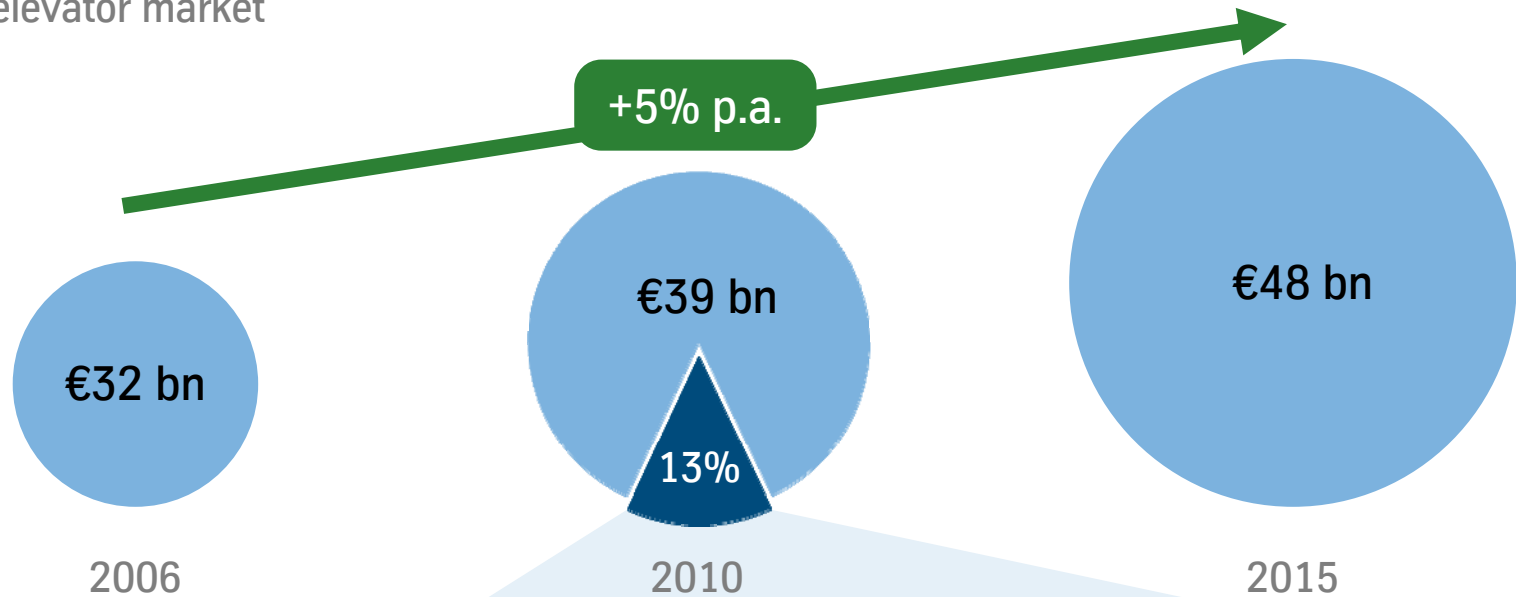
# Young, fast-moving elevator company

Sales



# Global #3 in an exciting industry

World elevator market



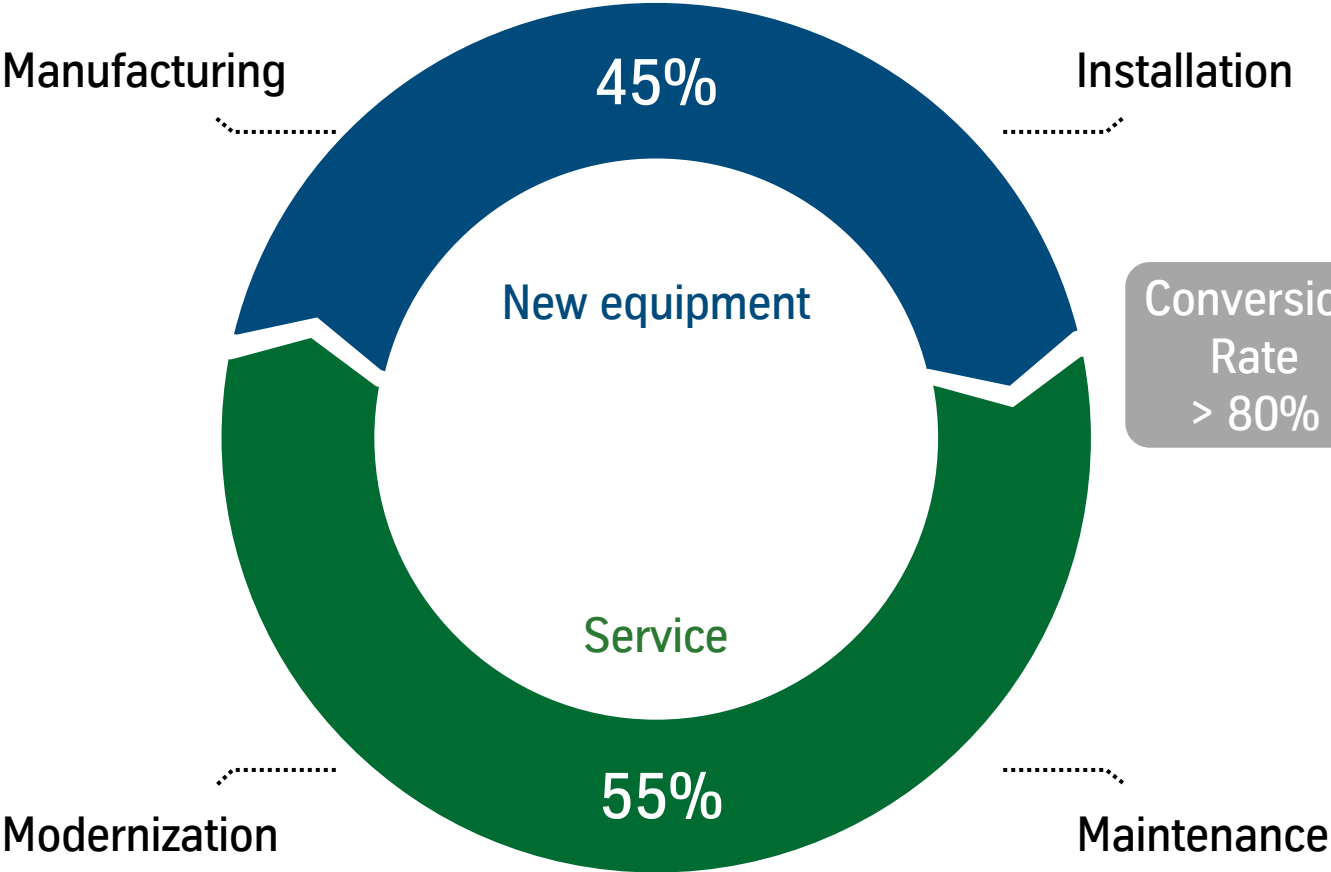
## Elevator Technology

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

# New Installations drives 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

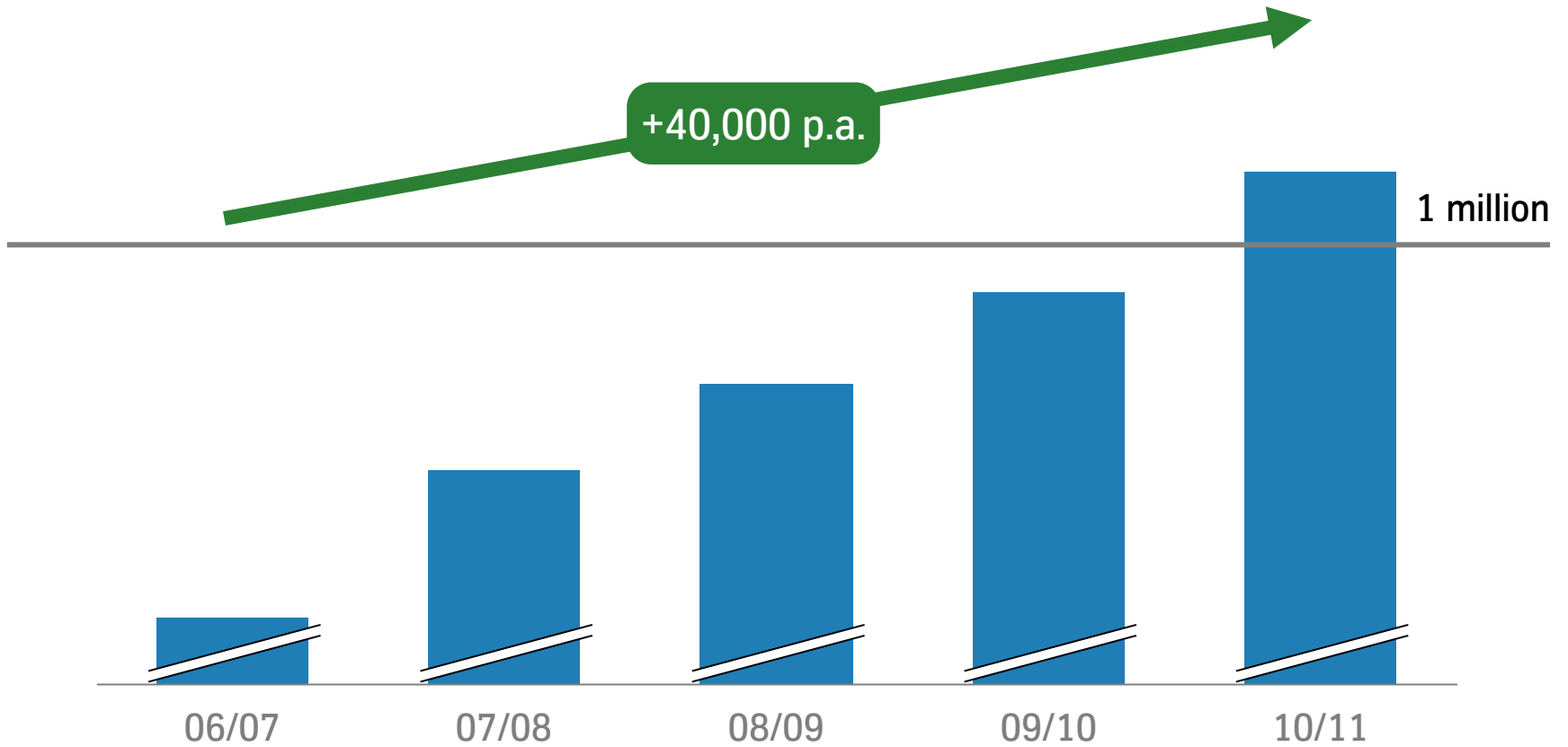


Online tracking for customers

Transparent

# Continuous growth in Units under Maintenance

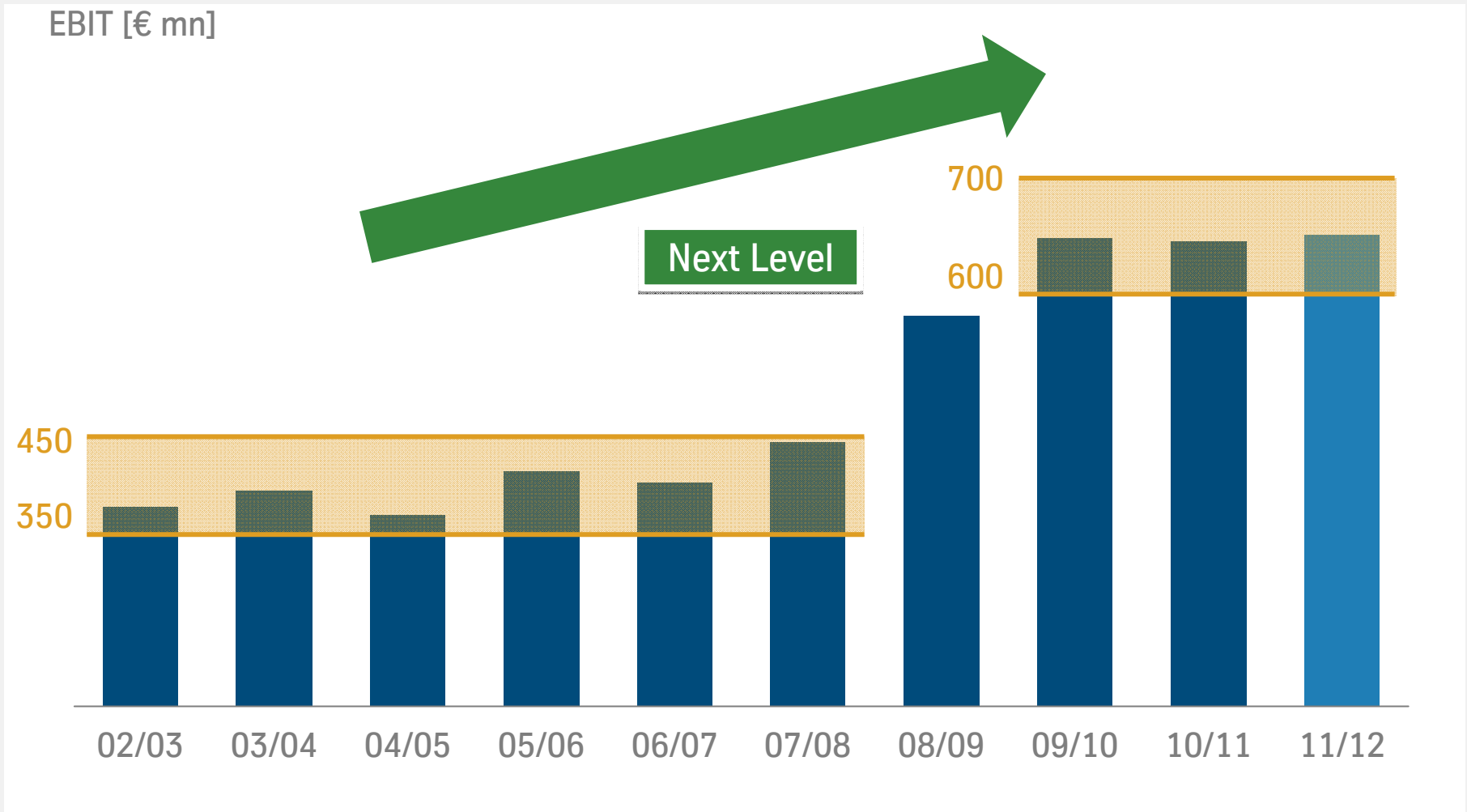
Units under Maintenance



## ▶ ThyssenKrupp Elevator

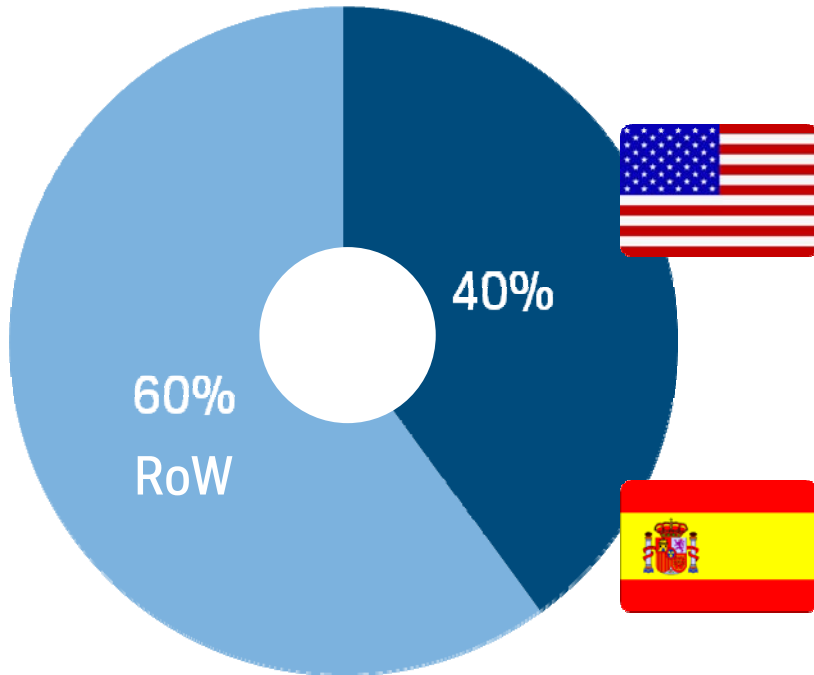
High potential for further  
growth in margin!

# Taking Elevator Technology to the Next Level of profitability

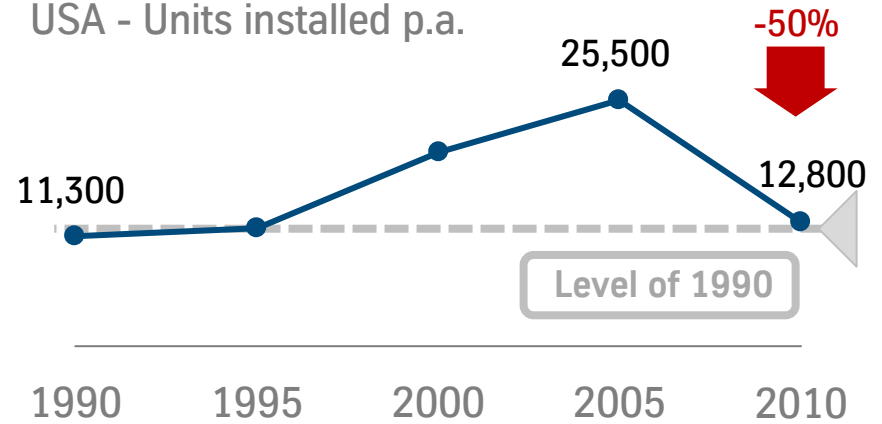


# North American and Spanish markets hit hard in global downturn

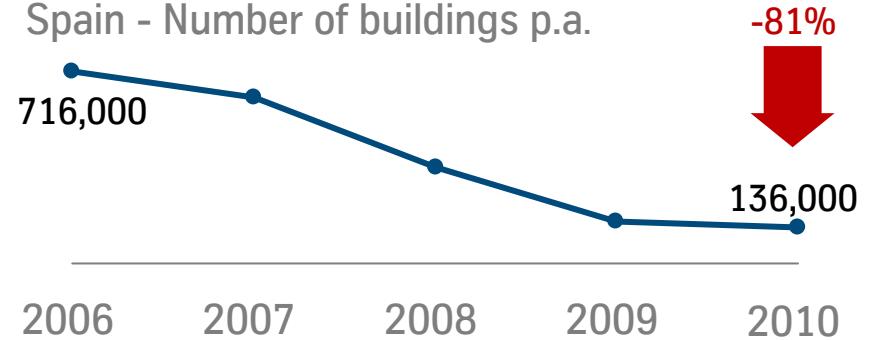
Sales 2010/11



USA - Units installed p.a.



Spain - Number of buildings p.a.



# 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

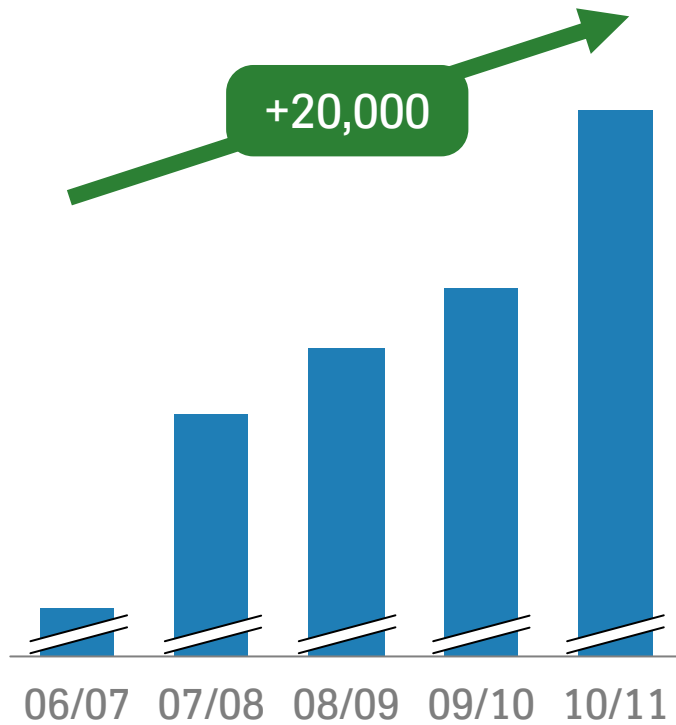
09/10

11/12

# Service as stable growth driver in US and Spain

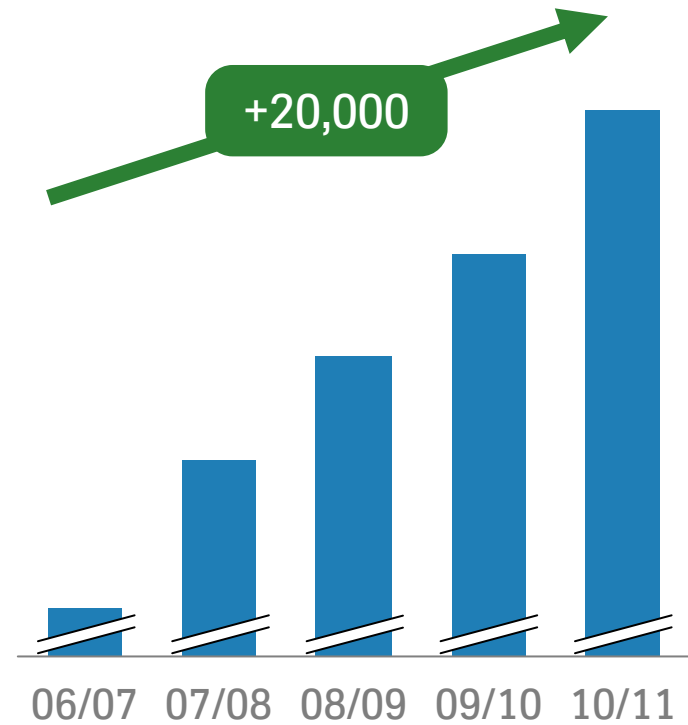
US

Units



Spain

Units



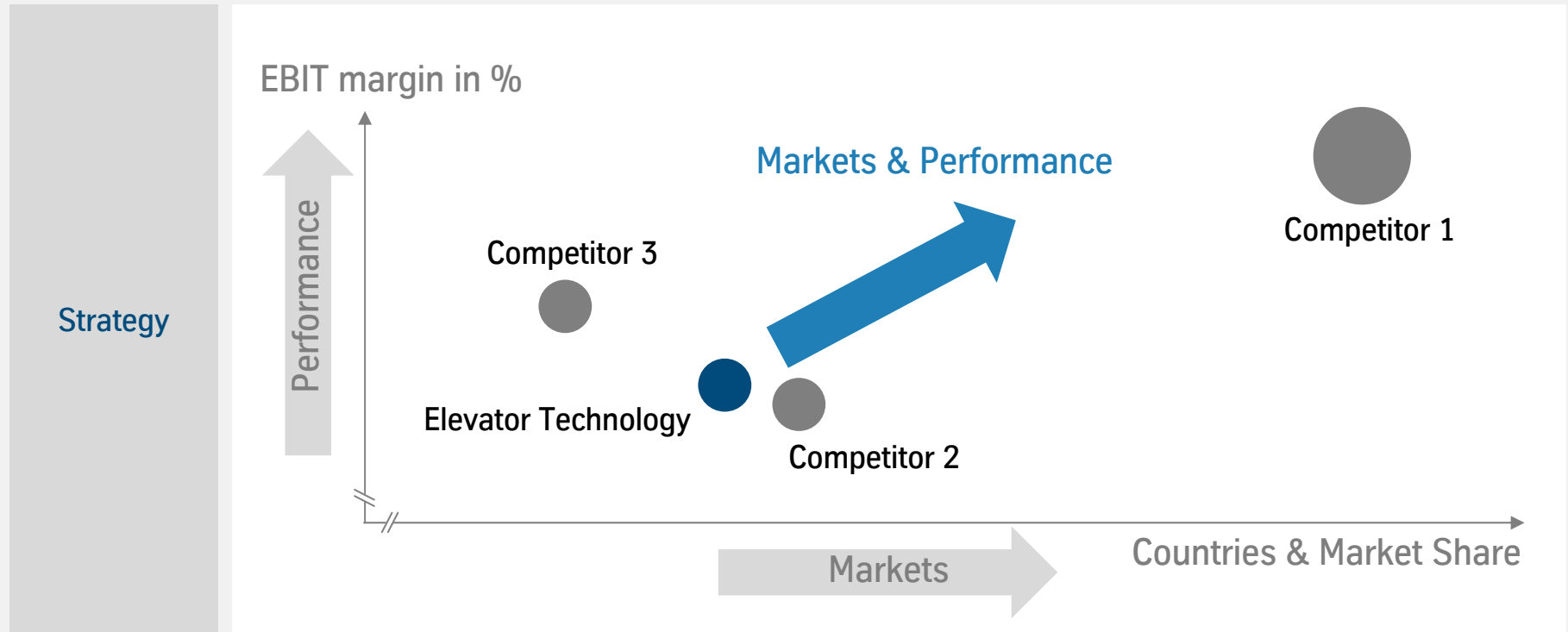
▶ ThyssenKrupp Elevator

Aiming for the TOP!

# 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



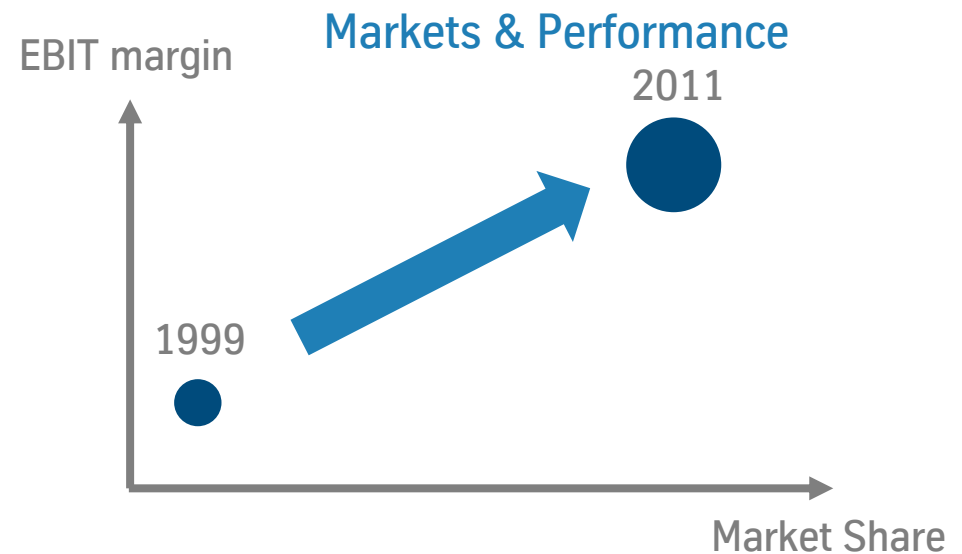
\* > €5 mn sales

# 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

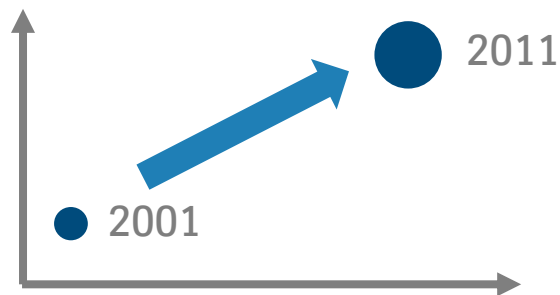


# Success story Brazil: Elevator Technology #2

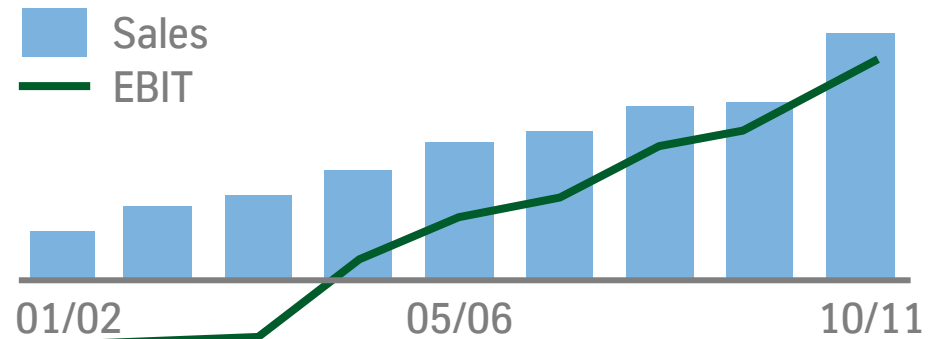


## Brazil Strategy

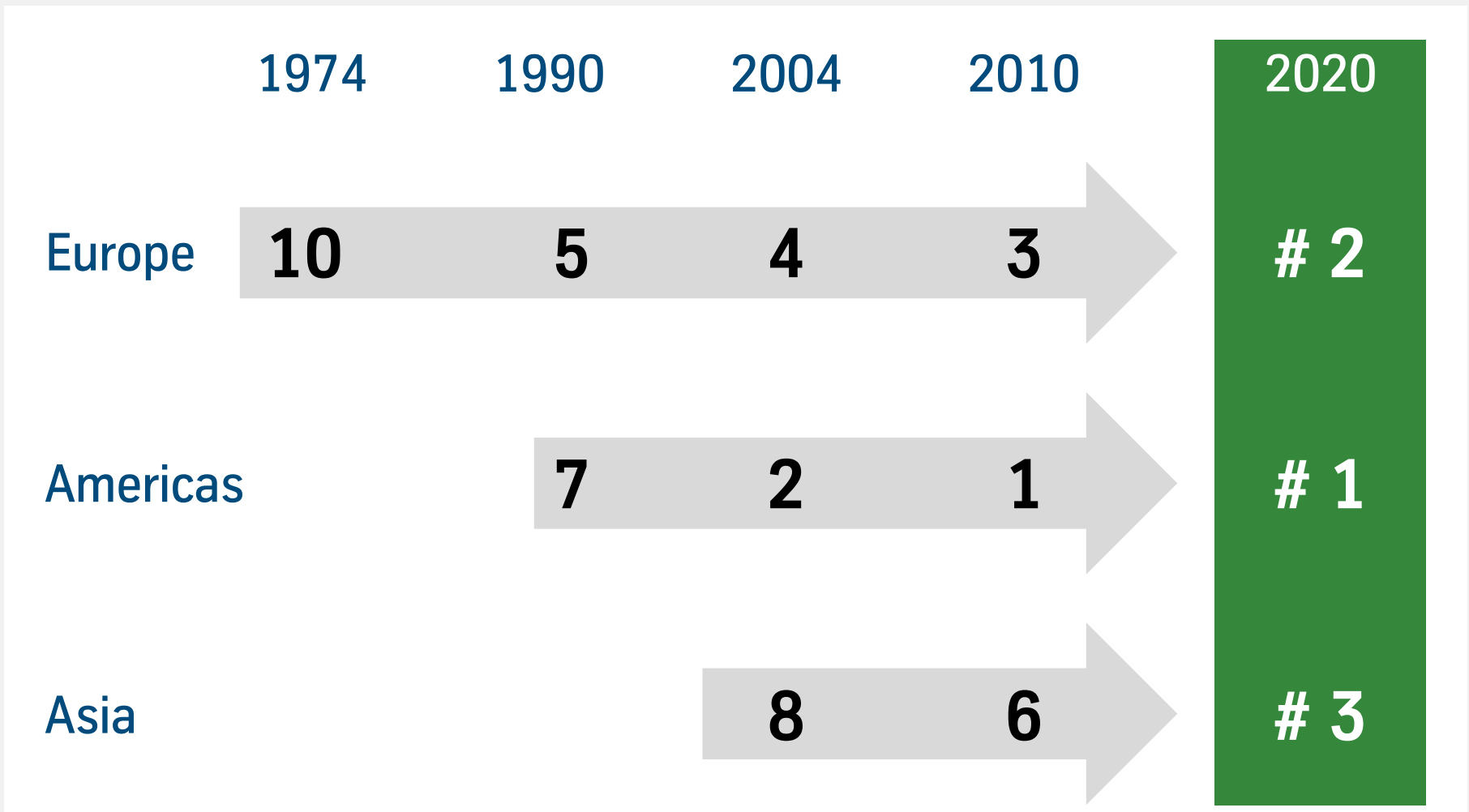
1. Acquisition of KONE South America (2001)
2. Build up local manufacturing
3. Develop brand image as quality leader



## Markets & Performance

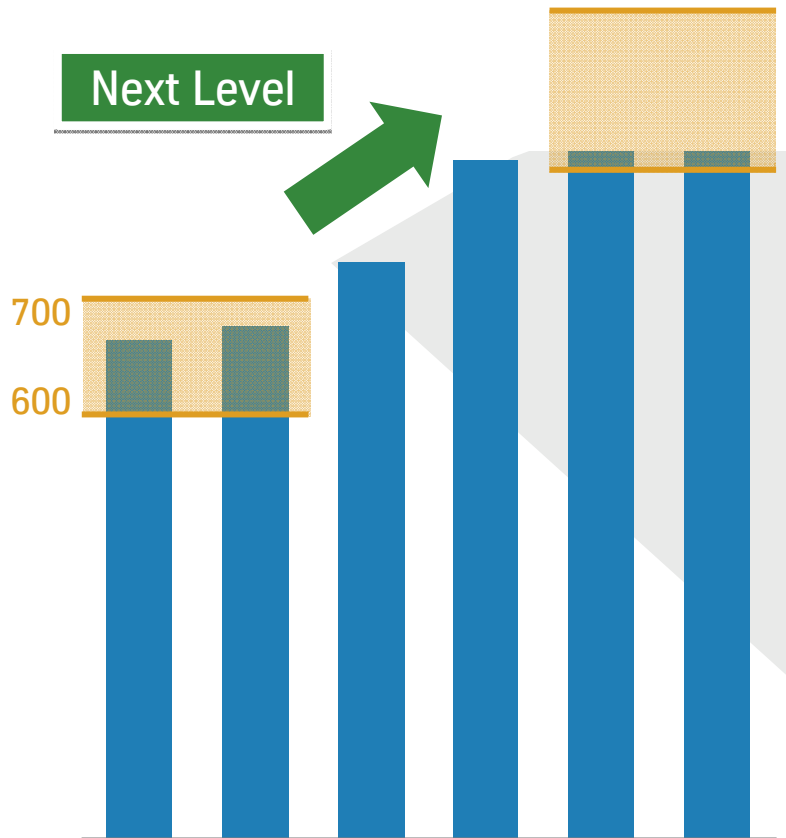


# Ambitious goals for global market ranking



# 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

Capital Markets Day Division Technologies | Elevator  
Olaf Berlien | Essen | 2011-12-07

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

## Multi-year program

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3 Acquisition of Service Portfolios

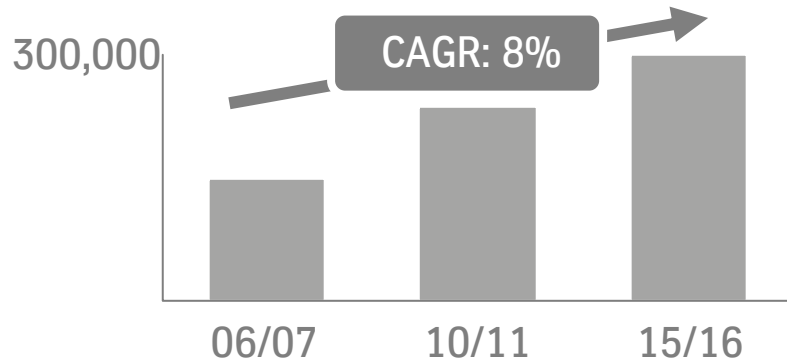
4 Optimization Manufacturing & New Installation

~15% EBIT margin

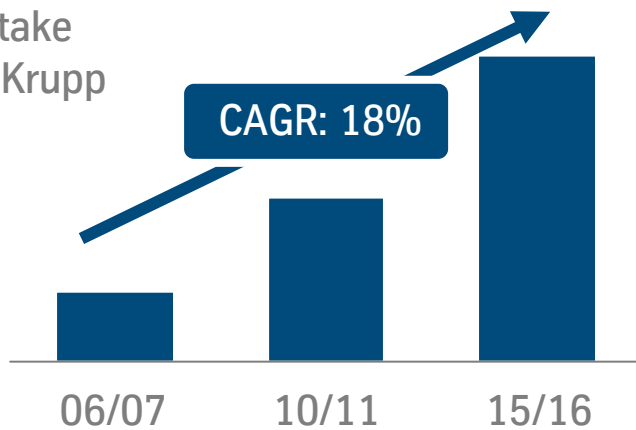
# 1 Focus on China – We are growing faster than the market






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



Order Intake  
ThyssenKrupp



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

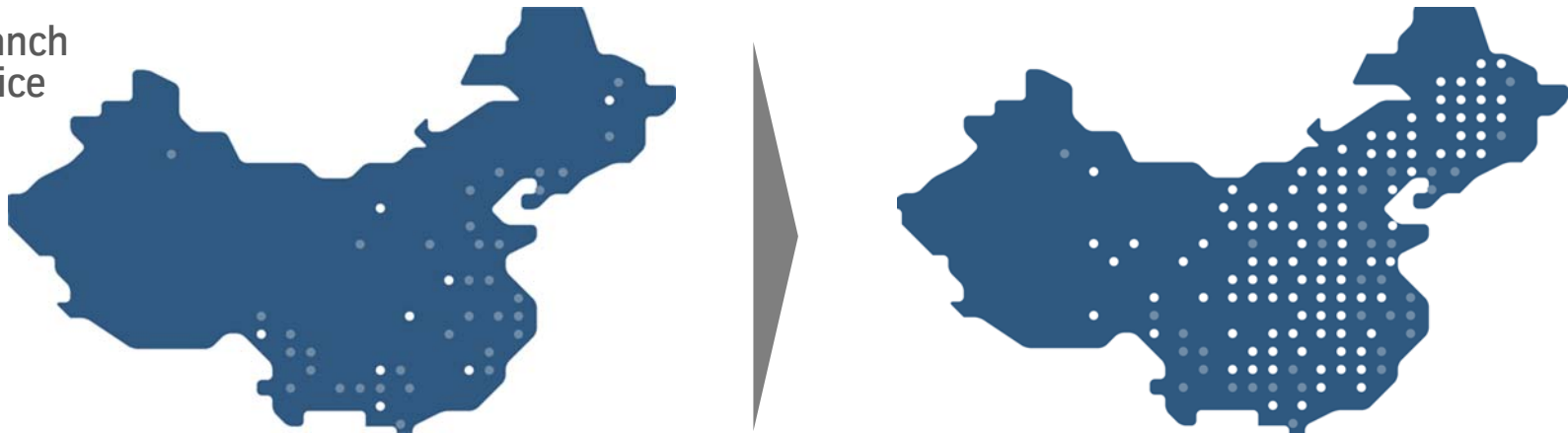


Eton Hotel,  
Dalian, China

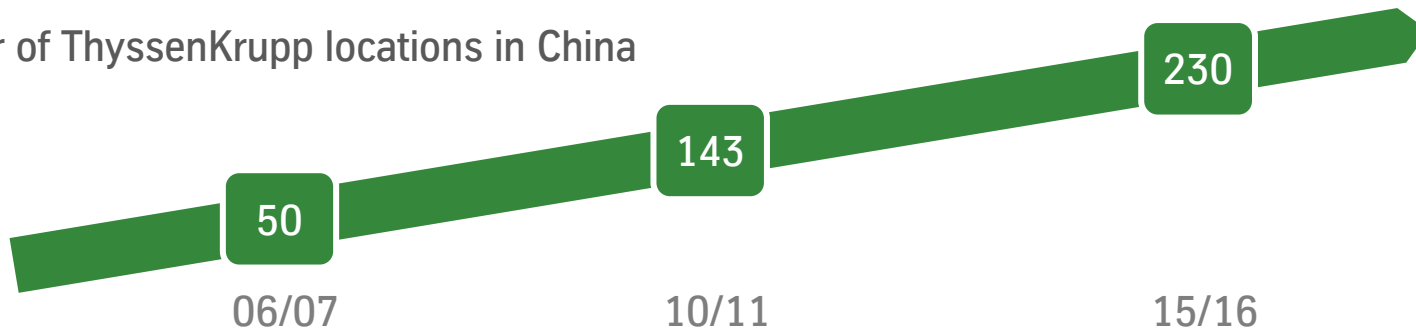
1) Source: China Elevator Association

# 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

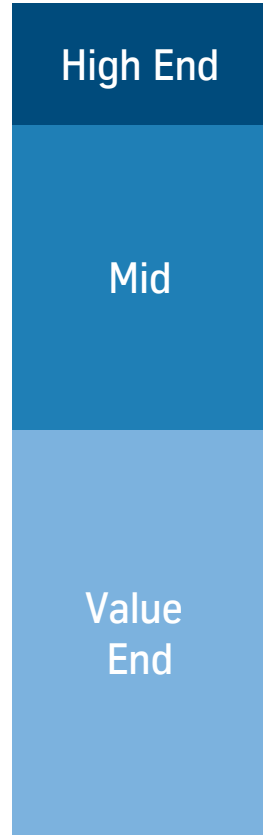


**New Test Tower for Zhongshan factory**

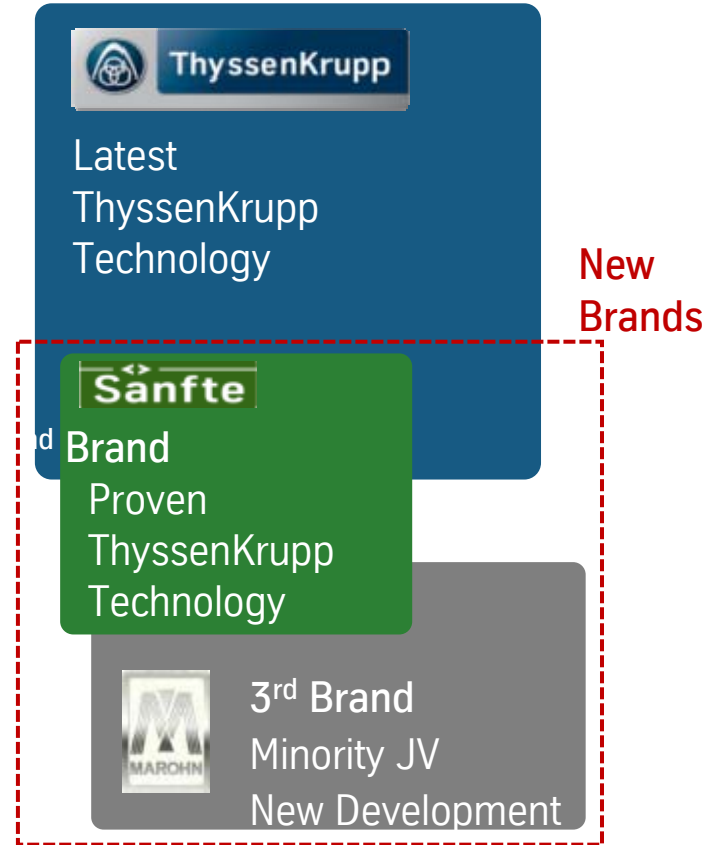
# 1 Focus on China – Targeting new customer segments



## New Equipment Market Segments



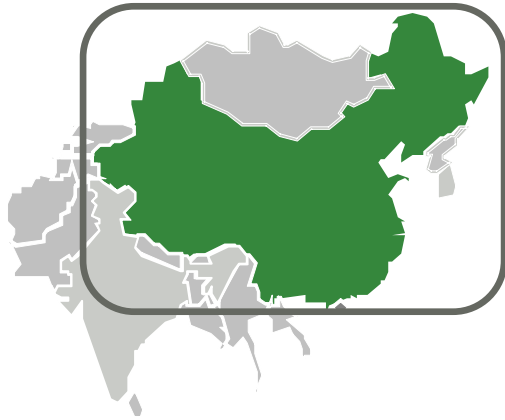
## Multi-brand Approach ThyssenKrupp



# 1 Focus on China – Growth and margin increase



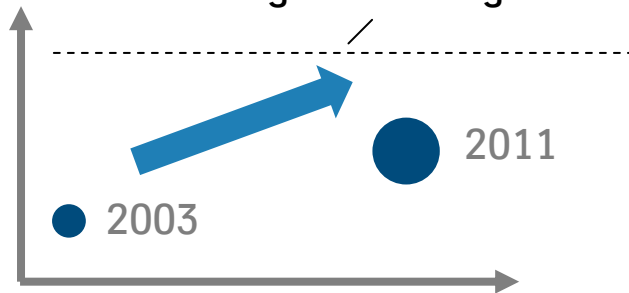
## Market Entry 2003!



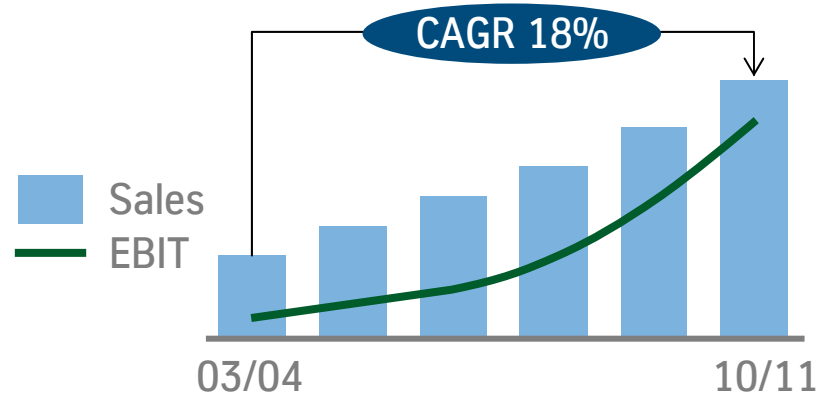
## China Strategy

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



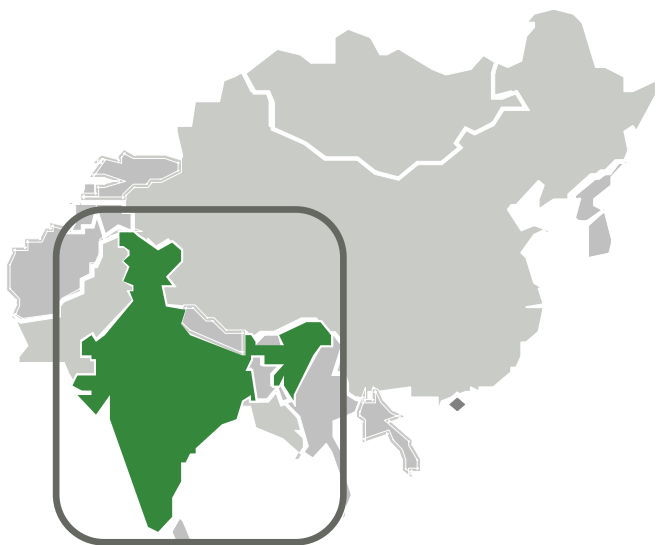
## Markets & Performance



# 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)

+ 25%

1.3 m UuM



2007

2010

2015

### 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

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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

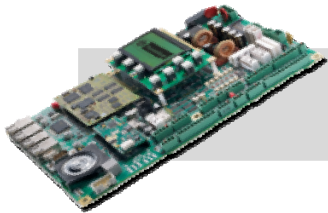
15

2009

10

Outlook

3



# Elevator Technology: Multi-year program

**Achieve #2  
in performance**

**We aim for  
15% EBIT margin**



**Elevator business is people business!**

# Elevator Technology

## Service network for people mobility

Developing the future.



**ThyssenKrupp**

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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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