

Capital Markets Day 2019: thyssenkrupp aims to continue profitable growth in elevator business

- thyssenkrupp Elevator presents strategy targets at Capital Markets Day in London
- Clear focus on improving operating performance: Adjusted EBIT margin targeted to increase to 11.5 to 13.0 percent in fiscal year 2020/21
- Carve-out of elevator division to be completed by the end of 2019
- Continued pursuit of dual track: thyssenkrupp is working on all options for elevator business

At a Capital Markets Day in London today, the elevator management team led by CEO Peter Walker presents their strategy and targets for the coming years to more than 100 investor representatives and analysts. The targets foresee low- to mid-single digit exchange rate adjusted growth for the fiscal years 2019/20 and 2020/21. Improving operating performance is at the core of the new strategy, with a targeted increase in the adjusted EBIT margin of 11.5 to 13.0 percent by fiscal year 2020/21. thyssenkrupp Elevator aims to achieve these targets by further standardizing products and optimizing the production network. In addition, thyssenkrupp Elevator plans to further expand and improve its service business while reducing complexity by streamlining the administration globally.

The Capital Markets Day in London marks an important milestone and the carve-out of the division will be completed as planned by the end of 2019. As part of its strategic realignment (newtk), the thyssenkrupp AG announced its intention in May 2019 to potentially float its Elevator Technology business area in an IPO in fiscal year 2019/20 in order to lay the financial groundwork for further developing the remaining businesses. At the same time, the Group is examining a potential sale or partial sale of the division. A decision on whether Elevator will be floated on the stock market or sold in part or in full will be made in the first quarter of 2020.

Johannes Dietsch, CFO of thyssenkrupp AG: "We are fully on track with our preparations for the carve-out of the division. The attractiveness of our elevator business is reflected in the first indicative offers we have received from financial and strategic investors in the context of the concurrent sales process. At the end of the day, we will select the option that is best for the Group, its shareholders, customers and employees as well as the elevator business itself."

thyssenkrupp Elevator: A leading global player in the E&E market

thyssenkrupp Elevator is one of the world's leading suppliers of elevators and escalators (E&E). With activities all around the world and more than 50,000 employees, the business area achieved sales of around €8 billion in fiscal 2018/2019, with an adjusted EBIT margin of slightly above 11 percent. thyssenkrupp Elevator's most important product is delivering service to around 1.4 million units with more than 29,000 service technicians worldwide. The product portfolio also covers a wide range from commodity elevators for residential and commercial buildings to cutting-edge, highly customized solutions for state-of-the-art skyscrapers – such as One World Trade Center in New York – thus covering the entire spectrum of tomorrow's urban markets.

Peter Walker, CEO of thyssenkrupp Elevator AG: "The global market for elevators and escalators is highly attractive. We expect that the market is growing long-term and has proven resilient against cyclical fluctuations. As one of the world's leading suppliers with a strong focus on the service business, we believe thyssenkrupp Elevator is in an excellent position to benefit sustainably from this expanding market. We have defined specific levers how to drive the profitability of our businesses. Now it's on us executing on this plan."

Globally, estimated E&E market volume amounts to approximately €50 billion and, according to estimates, is set to expand by more than 3 percent on an annualized basis to 2024. The main driver of this growth is urbanization that is increasing the demand for elevators and networked transport solutions for ever denser infrastructure. At the same time, demand for services and maintenance is also expected to experience sustained growth, with expected annualized expansion of nearly 4 percent anticipated to 2024.

Realizing structural profitability upside

thyssenkrupp Elevator is relying on its experienced management team to develop its elevator business. CEO Peter Walker, CFO Ercan Keles and CHRO Dr. Detlef Hunsdiek together draw on over three decades of experience in the E&E industry.

The leadership trio's main goal is to increase efficiency and thus improve margins. A number of different interlinked measures are designed to help achieve this:

- **Standardizing the product offering:** By further harmonizing the product portfolio thyssenkrupp Elevator aims to reduce complexity and increase competitiveness. These measures are designed to enable thyssenkrupp Elevator to drive sales.
- **Optimizing manufacturing:** thyssenkrupp Elevator continues to work on the transformation of the production network. While factories in Asia and South America are already operating on track with high flexibility and focused production setup, facilities in North America and Europe need further optimization.

- Expanding and further developing the service business: The focus is on expanding what is thyssenkrupp Elevator's most vital product – the service business – as well as improving processes and optimizing customer service. The IoT application MAX provides a digital solution that helps to boost efficiency and offer customers new, digital services.
- Streamlining administration: Over the next three years, we target total gross savings of approximately €80 million globally by implementing shared service centers, optimizing IT and increasing organizational efficiency.

Due to the significant differences in the regional E&E markets, thyssenkrupp Elevator pursues regionally tailored strategies to improve margins in the Americas, Europe/Africa and Asia/Pacific.

Digitization and disruptive innovations lead to profitable growth

Going forward, thyssenkrupp Elevator aims to generate further value through the company's even more systematic use of IoT opportunities and turning disruptive innovations into profitable growth. Examples of such innovations include MAX and MULTI: MAX is one of the industry's first digital and cloud-based maintenance solutions, saving customers time and increasing the efficiency of service operations. MULTI is the world's first rope-free elevator that can travel not only vertically but also horizontally and can accommodate several cabins in one shaft. This design significantly reduces the number of elevator shafts required and thus enables a significant increase in usable space in buildings.

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Link videostreaming Capital Markets Day (starts at 09:30 GMT):
<https://www.thyssenkrupp.com/en/investors/reporting-and-publications>

Current video footage:
https://transfer.thyssenkrupp.com/public/z97955i_8e86c45eeb6f2bad7cb1b8/

Media contacts

thyssenkrupp AG Communications

Peter Sauer

Telephone: +49 (201) 844-536791

mailto: press@thyssenkrupp.com

Tim Proll-Gerwe

+49 (201) 844-537961

<http://www.thyssenkrupp.com>

Twitter: [@thyssenkrupp](https://twitter.com/thyssenkrupp)

Company blog: <https://engineered.thyssenkrupp.com>