

## PRESS RELEASE

### **Financial year 2022/2023: Strong operational and strategic progress with top line and profitability reaching new highs**

- Evolved transformation approach drives top line growth with record profitability despite a challenging economic environment and high inflation: order intake, sales, Adj. EBITDA and margin reach new highs.
- Major strategic milestones achieved in innovative market solutions, transforming the manufacturing footprint, increasing emphasis on Service and Modernization, enhancing organizational efficiency, developing a company-wide business system, and continued recognition as a leader in sustainability.

Düsseldorf, December 20, 2023 – In its third full year of independence, TK Elevator achieved major strategic progress in repositioning for profitable future growth whilst simultaneously improving its operating performance significantly. In a continuously challenging environment with high inflation and increased interest rates, the company substantially improved key financial performance indicators in the 2022/23 financial year ending September 30, further adding to the significant progress realized since the carve-out in 2020. Order intake increased to €9.2 billion, FX adjusted year-on-year up by 2 percent. Sales rose to €8.9 billion, FX adjusted up by 6 percent, driven by double-digit growth in Modernization, high single-digit growth in Service and New Installation sales up low single digits.

Despite negative FX effects and high inflation, the Adj. EBITDA increased to €1.3 billion, a year-on-year increase of 14 percent or more than €150 million and an increase of 24 percent or more than €250 million since the carve-out in the 2019/20 financial year. The group improved its Adj. EBITDA margin by more than one percentage point to a new high of 14.6 percent and continued to generate positive Free Cash Flow.

Uday Yadav, CEO of TK Elevator, said: "Our teams around the world deserve enormous credit; their extraordinary passion and efforts have significantly contributed to a strong financial year performance. We have achieved solid order intake and sales growth, set records in Adj. EBITDA and margin, and demonstrated strong cash conversion despite operating in a challenging and demanding environment. The progress reflects the substantial underlying operational improvements and serves as early evidence of the momentum we are building to create a high performing contemporary company through our multi-year and multi-dimensional journey to reposition TK Elevator for the future. I am further encouraged by our strong start to the new financial year."

### **Invigorating future growth with innovative market solutions**

To invigorate future growth, TK Elevator has reinforced the focus on bringing new innovative solutions to market to serve targeted customer segments and to eventually feed its continuously growing service base which increased to more than 1.5 million units under maintenance in the 2022/23 financial year. As a result, the group launched its new eco-efficient and natively digital elevator platform EOX across Europe, North America, and Brazil.

In parallel to the regional roll-out, TK Elevator introduced an ultra-flexible EOX-based refurbishment and modernization solution: EOX Renew. The newest member of the EOX family brings premium digital and sustainability features to existing, older buildings. It helps make buildings accessible for everyone, including older residents or those with disabilities, while considerably increasing value for building owners.

### **Creating a resilient supply chain and world-class manufacturing**

The new platform EOX enables the holistic transformation of TK Elevator's product portfolio, its global supply chain, installation and service processes and its customer experience, in addition to a major increase in its competitiveness in manufacturing. In the last financial year, the group has started the transformation of its German manufacturing footprint and over the coming years, the German elevator plant will be transformed into a future-proof, leading global excellence center for elevator technology. This will significantly increase productivity and cost competitiveness and includes the relocation to a new, state-of-the-art production site near the current location.

### **Increased emphasis on Service and Modernization growth**

As the ever-increasing and ageing installed base drives the structural service and modernization growth globally, TK Elevator has further increased the emphasis on these market segments across all regions. Service and Modernization constituted 60 percent of the group's revenues in the financial year 2022/23. The group has accelerated the Service growth to a new annual high FX adjusted rate of 9 percent and has finished the year recording the 11<sup>th</sup> consecutive quarter of organic Service sales growth. Moreover, the group has consistently driven the Modernization backlog to new record levels.

TK Elevator has invested into targeted service and modernization solutions and strengthened its unique resources and capabilities, such as the group's International Technical Services network, and is leveraging its leading positions in the attractive North American, German, and Spanish modernization markets where more than 50 percent of all elevators are more than 20 years old. At the same time, TK Elevator has become one of the fastest growing companies in the Chinese service and modernization markets, where it has increased its maintenance portfolio since the carve-out by more than 50 percent and has accelerated the FX adjusted Modernization growth to 80 percent in the 2022/23 financial year.

### **Driving towards a lean support organization model**

In parallel, TK Elevator is establishing a lean support organization model, addressing the overhead structure outside of its branches and improving speed and accountability. This is geared to create a more contemporary organization, including an increased internal service focus and efficiency.

### **Developing a company-wide business system**

In addition, TK Elevator has launched "Branch Excellence" to drive growth and best-in-class performance within its branches. Branch Excellence is a proprietary methodology and a core element of the new TKE Business System, an enterprise approach currently being developed to leverage the scale and strengths across the company, to foster a mindset of continuous improvement, to transfer best practices, and to enable excellence at the branches, plants, and functions.

### **Leading role in sustainability recognized**

TK Elevator is part of the solution to address climate change and enable sustainable urban mobility: moving more people with less emissions. The group's products are at the very heart of urban mobility, improving accessibility and quality of life for a growing and aging population

across cities and infrastructure worldwide. TK Elevator has always been at the forefront of technological innovation and embraces digitalization as a key enabler to drive efficiency, using resources in a more conscious and responsible manner – as exemplified by the introduction of its new EOX platform.

The group's commitment to sustainability is highlighted by further improved ESG ratings. In addition to having been awarded an A rating by the renowned CDP organization in 2022 for the third time in a row, TK Elevator topped again the entire machinery industry in Sustainalytics' global ESG rating in July 2023 for the second time running.

#### PRESS IMAGES

can be downloaded [here](#) (Credit: TK Elevator).

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#### ABOUT US

##### **TK Elevator**

With customers in over 100 countries served by more than 50,000 employees, TK Elevator achieved sales of around €9 billion in fiscal year 2022/2023. We ensure high levels of customer service globally from our extensive network of about 1,000 locations. Over the past several decades, TK Elevator has established itself as one of the world's leading elevator companies and became independent after separation from the thyssenkrupp group in August 2020. The company's most important business line is the service business proudly provided by around 25,000 service technicians. The product portfolio ranges from standardized elevators for low-rise residential buildings to highly customized solutions for skyscrapers. In addition, it covers escalators, moving walks, passenger boarding bridges and stair and platform lifts. Integrated cloud-based solutions, such as the MAX platform, are delivering enhanced services. With these digital offerings, there are no longer any limits to urban mobility. TKE – move beyond.