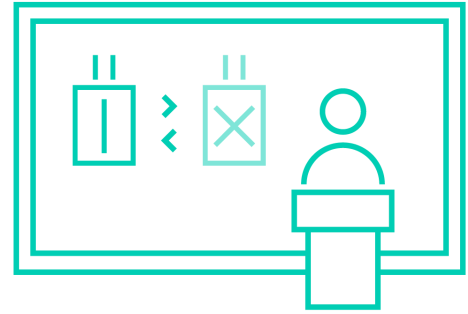


VT Market Update April 2020

Introduction

D2E has produced this document to offer our clients an insight into the current and potential commercial trends within the Vertical Transportation (VT) industry and how this will affect their business. This takes into consideration the effects of political, economic, social and technical factors within the marketplace to enable D2E to offer accurate guidance on the market.



Otis & ThyssenKrupp AG

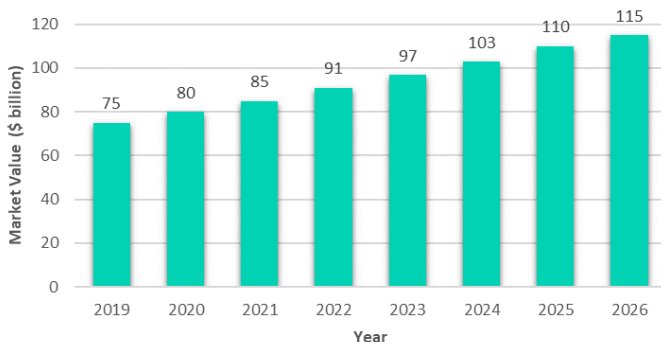
Leading elevator & escalator manufacturer Otis completes its separation from United Technologies Corporation (UTC). As a result, Otis will likely bring in more customised solutions for their customers as well as greater value for shareholders.

ThyssenKrupp AG sells its elevator technology business for a staggering €17.2 billion to a consortium of bidders led by Advent, Cinven and RAG foundation in what is the largest private equity deal in Europe since the 2008 financial crisis.

Global Vertical Transportation Market

According to Fortune Business Insights, the global VT market size was \$70.95 billion in 2018 and is projected to reach \$114.65 billion by 2026, exhibiting a CAGR of 6.4% during the forecast period.

GLOBAL VT MARKET & FORECAST



As of 2019 the top five VT companies by revenue:

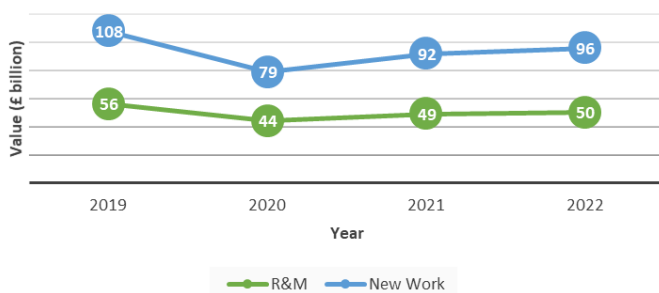
1. **Otis** — Approx. \$13.1 billion
2. **Schindler** — Approx. \$11.5 billion
3. **Kone** — Approx. \$11 billion
4. **Mitsubishi** — Approx. \$11 billion (VT sales only)
5. **ThyssenKrupp AG** — Approx. \$8.6 billion (VT sales only)

One of the biggest drives in the market is the increasing infrastructure spending in developing countries. The UNCTAD Trade and Development report analysis of more than 40 developing countries suggests an emphasis on infrastructure projects. For example, India plans to invest \$1.4 trillion on infrastructure by the next five years. Additionally, the development of smart cities is expected to drive the VT market. For instance, China alone accounts for more than 50% of the global upcoming high-rise building projects. One demand for these taller buildings is the need to have intelligent elevators that will be able to cater to greater heights where standard elevators simply can't.

UK Construction

According to Experian, the total UK construction output which includes New Work and R&M was priced at £164 billion in 2019. However, the events of COVID-19 has made it likely that in the next couple of years, the UK construction output & economy will decline. According to experts, a bounce back is expected in 2021, but having started from a lower base, construction output in 2022 is projected to be 14% lower than was predicted in the winter.

UK CONSTRUCTION OUTPUT & FORECAST



Analysis by estate agent Savills has revealed that work on 80% of housebuilding sites has stopped. Work on sites with capacity for 193,000 homes had stopped in England, equivalent to 79% of "net additional" housing supply. The equivalent analysis for Scotland and Wales showed sites with capacity for 18,992 and 8,558 units respectively had halted.

COVID-19 Update

There is no way of telling just how long the UK will be in lockdown as a result of COVID-19. What we do know is that the longer we remain in lockdown, the more damage will be inflicted on the UK economy. In response to this, the Cabinet Office has issued guidance to public authorities to keep paying contractors that are 'at risk' if projects have been stopped by the COVID-19 lockdown. Additionally, the UK Government has refined its guidance to construction companies operating in England. The guidance reaffirms that sites do not have to close even if they cannot maintain adequate social distancing and advises that maintaining social distancing on construction sites is merely something to strive for.



Suppliers will also be looking at ways of preventing the spread of the virus by implementing inexpensive solutions such as:

- Providing health and hygiene kits that include disinfecting wipes and antibacterial hand gels.
- Providing personal protective equipment (PPE) to all employees.
- Maintaining social distancing where possible.

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Experian UK Construction Forecast, Spring 2020-Volume 26: Issue 2