

Interim Report as of September 30, 2009



Schindler

A very good result in the third quarter of 2009

Reporting period: January 1 to September 30, 2009

The Schindler Group continued its good first-half performance through the third quarter of 2009 and recorded a net profit of CHF 505 million for the reporting period. The economic environment remains difficult. The economies in most of the world's regions contracted during the first nine months of the year, leading to a decline in the Group's level of orders received and operating revenue.

Consolidated orders received totaled CHF 9 214 million, corresponding to a reduction of 16.6% (–12.5% in local currencies). Consolidated operating revenue decreased by 11.4% to CHF 9 062 million (–7.2% in local currencies). ALSO accounted for a substantial proportion of the reduction in the value of orders received (approximately 50%) and the decline in operating revenue (approximately 70%); this was partly attributable to the closure of the subsidiaries in Poland and Sweden at the end of 2008.

Schindler was, however, able to significantly increase both its operating profit and net profit due to its excellent order backlog at the start of 2009 and its decision to adapt capacity and cost structures at an early stage, as well as its process improvements and a reduction in the cost of materials.

Consolidated operating profit (EBIT) totaled CHF 746 million, an increase of 12.7% (+19.3% in local currencies). Net profit grew by 6.3% to CHF 505 million, and the cash flow from operating activities was CHF 846 million.

Elevators and escalators business

EBIT margin of 12% confirmed

Total orders received decreased by 13.7% to CHF 6 202 million (–9.7% in local currencies) compared to the first nine months of 2008. Compared to the third quarter of 2008, orders received declined by 12.0% (–8.3% in local currencies), reflecting developments across all regions.

The difficult economic environment in several markets led to a drastic downturn in construction activity. During the first nine months of 2009, demand in the new installations business was significantly lower than in the previous year – particularly in Spain, the US, the UK, Australia and a number of Eastern European markets. Compared to the first nine months of 2008, the new installations business experienced a decline of 28.0% (–24.4% in local currencies).

Modernization orders decreased slightly compared to the strong prior-year period. However, a pleasing performance was recorded in the maintenance business, which achieved further growth during the reporting period.

Thanks to the good order backlog at the start of 2009, operating revenue declined only moderately compared to the same period of the previous year (–5.4%) to CHF 6 097 million (–1.1% in local currencies). A pleasing increase in operating profit (EBIT) was recorded in the reporting period: it rose by 11.8% (+18.3% in local currencies) to CHF 732 million. This corresponds to an EBIT margin of 12% (prior-year period: 10.2%). The result underscores the effectiveness of the measures that were initiated at an early stage: the adjustment of capacity, systematic cost controls, increases in productivity and a reduction in the cost of materials. The related restructuring costs totaled around CHF 25 million for the reporting period.

The different reporting structure may cause individual values and percentages to differ from ALSO reports. In particular, the amounts reported separately by ALSO under “Discontinued operations” are not shown separately in this report.

ALSO

Return to profitability

The measures introduced one year ago to achieve a sustained improvement in net profit have proved effective. Despite the difficult environment, ALSO increased its profit to CHF 15 million (prior-year period: CHF 0 million). In the third quarter of 2009, ALSO generated a net profit of CHF 6 million (third quarter of 2008: loss of CHF 2 million). The margin improved from 0.4% to 1.3% compared to the third quarter of 2008.

Group

Further increase in financial strength

In the first nine months of 2009, the Group achieved a net profit of CHF 505 million (an increase of 6.3%) and cash flow from operating activities of CHF 846 million. This good result had a positive impact on the balance sheet figures: cash and cash equivalents totaled CHF 1 757 million as of September 30, 2009 (31. 12. 2008: CHF 1 254 million). The equity ratio was 33.0% as of the closing date (31. 12. 2008: 29.7%).

Outlook 2009

Elevators & Escalators

It remains difficult to make any forecasts regarding the future performance of the economy. The elevators and escalators business takes a considerable time to react to economic developments. The decline in orders received in the new installations business in the first nine months of 2009 will begin to affect results in the fourth quarter of 2009 and will continue to have an impact in 2010.

Further restructuring projects are currently being implemented to prepare the core business for lower volumes in the area of new installations. Additional costs of a maximum of CHF 20 million are expected for the fourth quarter. It is anticipated that further recession-related costs will be incurred in 2010.

ALSO

Following a pleasing third quarter and on the assumption that demand will be stronger in the fourth quarter than in the third, ALSO expects to generate a net profit of slightly over CHF 20 million for 2009. This excludes any unforeseeable events as well as a potential amortization charge of approximately CHF 15 million relating to the discontinuation of the GNT brand name.

Group

Excluding any unforeseeable events, Schindler expects 2009 net profit before restructuring costs and special amortization charges to exceed the level in the previous year.

After the deduction of restructuring costs and special amortization charges, a net profit of slightly over CHF 600 million is expected.

Key figures as of September 30, 2009 January–September

Elevators & Escalators				
In million CHF	2009 Jan.–Sept.	2008 Jan.–Sept.	Δ %	Δ % local currencies
Orders received	6 202	7 188	-13.7	-9.7
Operating revenue	6 097	6 446	-5.4	-1.1
Operating profit (EBIT)	732	655	+11.8	+18.3
in %	12.0	10.2		
	30.09.2009	31.12.2008		
Order backlog	6 577	6 292	+4.5	+2.4
Personnel at end of period (number)	42 361	43 226	-2.0	

ALSO				
In million CHF	2009 Jan.–Sept.	2008 Jan.–Sept.	Δ %	Δ % local currencies
Orders received	3 012	3 856	-21.9	-17.9
Operating revenue	2 965	3 782	-21.6	-17.6
Operating profit (EBIT)	35	29	+20.7	+24.1
in %	1.2	0.8		
Net profit	15	0		
	30.09.2009	31.12.2008		
Personnel at end of period (number)	1 449	1 837	-21.1	

Group				
In million CHF	2009 Jan.–Sept.	2008 Jan.–Sept.	Δ %	Δ % local currencies
Orders received	9 214	11 044	-16.6	-12.5
Operating revenue	9 062	10 228	-11.4	-7.2
Operating profit (EBIT)	746	662	+12.7	+19.3
in %	8.2	6.5		
Profit before taxes	701	640	+9.5	
Net profit	505	475	+6.3	
Cash flow ¹	582	569	+2.3	
Cash flow from operating activities	846	831	+1.8	
Capital expenditure	74	83	-10.8	
	30.09.2009	31.12.2008		
Order backlog	6 730	6 396	+5.2	+3.1
Consolidated shareholders' equity	2 369	2 018	+17.4	
Personnel at end of period (number)	43 810	45 063	-2.8	

¹ Cash flow: Net profit + depreciation/amortization +/- change in provisions

The different reporting structure may cause individual values and percentages to differ from ALSO reports. In particular, the amounts reported separately by ALSO under "Discontinued operations" are not shown separately in this report.

Key figures as of September 30, 2009 – 3rd quarter

Elevators & Escalators				
In million CHF	2009 3rd quarter	2008 3rd quarter	Δ %	Δ % local currencies
Orders received	2 049	2 328	-12.0	-8.3
Operating revenue	2 077	2 195	-5.4	-1.1
Operating profit (EBIT)	250	232	+7.8	+13.8
in %	12.0	10.6		
	30.09.2009	30.06.2009		
Order backlog	6 577	6 725	-2.2	-0.4
Personnel at end of period (number)	42 361	42 541	-0.4	

The different reporting structure may cause individual values and percentages to differ from ALSO reports. In particular, the amounts reported separately by ALSO under "Discontinued operations" are not shown separately in this report.

ALSO				
In million CHF	2009 3rd quarter	2008 3rd quarter	Δ %	Δ % local currencies
Orders received	1 090	1 382	-21.1	-17.7
Operating revenue	1 016	1 289	-21.2	-18.0
Operating profit (EBIT)	13	5	+160.0	+166.7
in %	1.3	0.4		
Net profit	6	-2		
	30.09.2009	30.06.2009		
Personnel at end of period (number)	1 449	1 507	-3.8	

Group				
In million CHF	2009 3rd quarter	2008 3rd quarter	Δ %	Δ % local currencies
Orders received	3 139	3 710	-15.4	-11.8
Operating revenue	3 093	3 484	-11.2	-7.3
Operating profit (EBIT)	256	229	+11.8	+18.3
in %	8.3	6.6		
Profit before taxes	254	214	+18.7	
Net profit	185	162	+14.2	
Cash flow ¹	218	186	+17.2	
Cash flow from operating activities	339	268	+26.5	
Capital expenditure	22	27	-18.5	
	30.09.2009	30.06.2009		
Order backlog	6 730	6 802	-1.1	+0.8
Consolidated shareholders' equity	2 369	2 196	+7.9	
Personnel at end of period (number)	43 810	44 048	-0.5	

¹ Cash flow: Net profit + depreciation/amortization +/- change in provisions

Financial statements Group as of September 30, 2009

Profit and loss statement January–September

In million CHF	2009		2008	
	Jan.–Sept.	%	Jan.–Sept.	%
Operating revenue	9 062	100.0	10 228	100.0
Operating expenses	8 316	91.8	9 566	93.5
Operating profit	746	8.2	662	6.5
Net income from financing and investing activities	–45	–0.5	–22	–0.2
Profit before taxes	701	7.7	640	6.3
Income taxes	196	2.1	165	1.7
Net profit	505	5.6	475	4.6
Of which:				
Shareholders of Schindler Holding Ltd.	481		453	
Minority interests	24		22	

Net profit (earnings) per share and bearer participation certificate in CHF

Basic earnings per share and bearer participation certificate	4.05	3.78
Diluted earnings per share and bearer participation certificate	4.04	3.77

Profit and loss statement 3rd quarter

In million CHF	2009		2008	
	3rd quarter	%	3rd quarter	%
Operating revenue	3 093	100.0	3 484	100.0
Operating expenses	2 837	91.7	3 255	93.4
Operating profit	256	8.3	229	6.6
Net income from financing and investing activities	–2	–0.1	–15	–0.5
Profit before taxes	254	8.2	214	6.1
Income taxes	69	2.2	52	1.5
Net profit	185	6.0	162	4.6
Of which:				
Shareholders of Schindler Holding Ltd.	176		158	
Minority interests	9		4	

Net profit (earnings) per share and bearer participation certificate in CHF

Basic earnings per share and bearer participation certificate	1.47	1.32
Diluted earnings per share and bearer participation certificate	1.47	1.32

Balance sheet

In million CHF	30.09.2009	%	31.12.2008	%	30.09.2008	%
Cash on hand	1 757	24.5	1 254	18.5	1 361	18.0
Other current assets	3 479	48.5	3 702	54.5	4 131	54.7
Non-current assets	1 932	27.0	1 833	27.0	2 061	27.3
Total assets	7 168	100.0	6 789	100.0	7 553	100.0
Current liabilities	3 719	51.9	3 726	54.9	4 379	58.0
Non-current liabilities	1 080	15.1	1 045	15.4	1 143	15.1
Total liabilities	4 799	67.0	4 771	70.3	5 522	73.1
Equity of shareholders' of Schindler Holding Ltd.	2 246	31.3	1 907	28.1	1 909	25.3
Minority interests	123	1.7	111	1.6	122	1.6
Consolidated shareholders' equity	2 369	33.0	2 018	29.7	2 031	26.9
Total liabilities and shareholders' equity	7 168	100.0	6 789	100.0	7 553	100.0

Statement of comprehensive income January – September

In million CHF	2009			2008		
	Share-holders Schindler Holding Ltd.	Minority interests	Group	Share-holders Schindler Holding Ltd.	Minority interests	Group
Net profit	481	24	505	453	22	475
Other comprehensive income:						
Exchange differences	92	-1	91	-135	-3	-138
Hedging transactions	3	-	3	1	2	3
Financial instruments available for sale	1	-	1	-	-	-
Taxes other comprehensive income	-	-	-	-	-	-
Comprehensive income	577	23	600	319	21	340

Statement of shareholders' equity as of September 30

In million CHF	2009			2008		
	Share-holders Schindler Holding Ltd.	Minority interests	Group	Share-holders Schindler Holding Ltd.	Minority interests	Group
January 1	1 907	111	2 018	1 957	125	2 082
Net profit	481	24	505	453	22	475
Other comprehensive income	96	-1	95	-134	-1	-135
Comprehensive income	577	23	600	319	21	340
Dividends	-238	-11	-249	-192	-18	-210
Additions/disposals treasury stock	-5	-	-5	-173	-	-173
Options for participation plan (fair value)	5	-	5	3	-	3
Change in minority interests	-	-	-	-5	-6	-11
September 30	2 246	123	2 369	1 909	122	2 031

According to the International Financial Reporting Standards (IFRS), since January 1, 2009, a statement of comprehensive income must be published. In addition to consolidated net profit or loss according to the traditional profit and loss statement, the statement also includes other comprehensive income.

Formerly, other comprehensive income was reported in the statement of shareholders' equity. According to the new rule, the individual elements of other comprehensive income are now presented together with net profit or loss in the consolidated profit and loss statement. In consequence, the statement of shareholders' equity now only contains the various transactions with the shareholders complemented by comprehensive income (Net profit and other comprehensive income). The purpose and contents of the individual elements of the financial statements remain unchanged, only their arrangement has been modified.

Exchange rates

			2009		2008		
			Closing rate on September 30	Average rate Jan.–Sept.	Closing rate on December 31	Closing rate on September 30	Average rate Jan.–Sept.
Eurozone	EUR	1	1.51	1.51	1.49	1.58	1.61
USA	USD	1	1.03	1.10	1.06	1.10	1.06
United Kingdom	GBP	1	1.66	1.69	1.53	1.98	2.07
Brazil	BRL	100	57.56	52.74	45.30	55.99	62.30
China	CNY	100	15.07	16.10	15.49	16.05	15.15

Financial calendar

Important addresses

	2009	2010
Annual results media conference	February 17	February 18
Ordinary General Meeting Schindler Holding Ltd.	March 16	March 15
Date of Schindler Holding Ltd. dividend payment	March 20	March ¹
Publication Interim Report as at March 31	April 21	April 23
Publication Interim Report as at June 30	August 18	August 17
Publication Interim Report as at September 30	October 27	October 26

¹ Subject to approval of a dividend payment by the General Meeting of Schindler Holding Ltd.

The quarterly financial statements of the Schindler Group are published exclusively on the internet in German and English at www.schindler.com – Investors – Results and Reports (www.schindler.com/group_index/group_kg_about/group_kg_ir/group_kg_ir_results_2009.htm). The original German language version is binding.

Also available at www.schindler.com are the annual reports, press releases, and current share price, as well as general information about the Group. Interested persons from the financial markets, or members of the public, may also communicate with the Group directly through the following contacts:

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