

Selected key figures as of 30 September 2011

26 October 2011

Pleasing performance

Schindler achieved a 5.4% increase in orders received in local currencies and a 6.3% rise in operating revenue in the reporting period from January 1 to September 30, 2011. As a result of foreign exchange impacts of around 12%, however, orders received in Swiss francs decreased by 6.4% and operating revenue declined by 5.6%. Operating profit (EBIT) in the elevators and escalators business totaled CHF 691 million, corresponding to an EBIT margin of 12.1% (same period of the previous year: 12.2%). In the third quarter of 2011, Schindler generated an EBIT margin of 12.5%, in line with the same period of the previous year.

Net profit totaled CHF 528 million for the reporting period from January 1 to September 30, 2011, and was thus virtually unchanged compared to the previous year (CHF 530 million).

Sustained good level of demand for Schindler products

Schindler products continue to experience a good level of demand globally. Orders received in local currencies grew by 5.4% in the first nine months of 2011 and by as much as 6.6% in the third quarter. The pleasing level of demand was driven by all regions, especially Asia / Pacific.

After conversion into Swiss francs, orders received amounted to CHF 6 214 million for the first nine months of 2011, a decline of 6.4% compared to the same period of the previous year.

The following orders should be highlighted in particular: In China, the Chengu Ai Mei Gao commercial building in Chengdu City will be equipped with 43 Schindler 7000 high-rise elevators. A total of 62 high-rise elevators of the same model will be installed in One Oasis in Macao. Schindler will supply 37 elevators – including 28 Schindler 7000 high-rise elevators and 8 Schindler 5400 elevators – for the Tsuen Wan West Station in Hong Kong. The Rasuna Tower in Jakarta, Indonesia, will be fitted with 25 Schindler 7000 high-rise elevators, 5 Schindler 5400 elevators and 2 Schindler 9300 escalators. In New York, 34 elevators in the commercial building 1290 Avenue of the Americas will be modernized with the installation of the Schindler ID hall call destination system, and 7 Schindler 7000 high-rise elevators with Schindler ID will be installed in the Newport Center in Newport Beach, California. A total of 57 Schindler 9300 AE escalators will be supplied for the cross-city rail link in Zurich, which is the central element of a major project initiated by Swiss Federal Railways (SBB).

Operating revenue and operating profit

Operating revenue in local currencies grew by 6.3% in the first nine months of 2011. After conversion into Swiss francs, operating revenue totaled CHF 5 699 million, which corresponds to a decrease of 5.6%. The significantly lower exchange rates had a negative impact in the amount of CHF 719 million or around 12%. The strong growth in operating revenue was achieved primarily in the new installations business in Asia / Pacific.

The elevators and escalators business reported an operating profit (EBIT) of CHF 691 million for the first nine months of 2011 (same period of the previous year: CHF 738 million). The lower exchange rates had a negative impact in the amount of CHF 91 million or 12.4%. An EBIT margin of 12.1% was generated in the first nine months of 2011 (same period of the previous year: 12.2%). In the third quarter of 2011, the EBIT margin was 12.5%, in line with the third quarter of 2010. Despite the challenging pricing environment and strong growth in the new installations business, the EBIT margin was maintained at the previous year's level thanks to improved productivity and an enhanced cost structure.

Net income from financing and investing activities

Net income from financing and investing activities totaled CHF 26 million (first nine months of 2010: CHF -3.0 million). This positive result was driven by pleasing net income from currency hedging as well as a slight improvement in net interest income.

Net profit and cash flow from operating activities

Reported net profit totaled CHF 528 million and thus reached the level recorded in the first nine months of 2010 (CHF 530 million). No restructuring costs were incurred during the reporting period.

Cash flow from operating activities amounted to CHF 461 million and was thus significantly below the high level of CHF 887 million reported for the first nine months of 2010. This primarily reflects a less favorable level of net working capital. Lower exchange rates also had a negative impact.

As of 30 September 2011, the Group had cash and cash equivalents of CHF 1 953 million, of which CHF 1 365 million is held in Swiss francs. The equity ratio as of the closing date was 38.4% (December 31, 2010: 37.9%).

Proactive measures to ensure the realization of mid-term targets

As a result of the sovereign debt crisis and the numerous political decisions that have yet to be reached, uncertainty persists regarding the development of the global economy. The outlook for the economies of Southern Europe and the USA remains unfavorable. Schindler therefore expects the difficult conditions in these markets to continue.

Based on this assessment, Schindler has decided to take additional measures. Over the coming months, it will implement "LEAP" (Leading in Execution and Accelerating Performance) – a package of measures designed to further enhance the positioning of the company and to make it more competitive. The LEAP program encompasses the following initiatives:

- Growth in operating revenue to exceed growth in global market
- New elevator products and reduction of material costs in the installations business
- Growth and increased productivity in the service business
- Enhanced productivity in the back office and support functions

LEAP will focus firstly on strategic growth markets. In view of the strong demand in China and India, around CHF 130 million will be invested in the expansion of production and development capabilities. In addition to the gradual launch of the new elevator product Schindler 5500, the Schindler 3300 elevator will undergo further development and a new product will be launched for use in the rapidly growing affordable housing market in China.

As a second area of focus, the structures of Group companies in Europe and the USA will, where necessary, be adjusted in line with sustained lower levels of demand to maintain or improve profitability. Related restructuring costs in the range of CHF 100 million to CHF 150 million before taxes will be incurred; these costs will mainly be charged to the income statement in the fourth quarter of 2011.

The entire package of measures is expected to result in operational improvements and cost savings of around CHF 150 million by the end of 2013. It thus represents an important step towards the realization of an EBIT margin of 14% in the medium term. However, this target does not take account of the possibility of the global economy slipping back into recession. Schindler will report on the LEAP program in greater detail and will provide specific information on its financial targets for 2012 and 2013 when it presents its full-year 2011 results.

Financing

In view of the favorable interest rate environment, Schindler is considering whether to issue a debenture in 2011 in order to finance growth, additional investments in the business, the repurchasing of further shares, and mergers and acquisitions, as well as preserving its strategic flexibility and independence.

Outlook for 2011

Schindler's operating performance in the first nine months of 2011 was in line with expectations for the full year 2011. The strong Swiss franc will continue to negatively impact its financial results in the fourth quarter of the year.

Excluding any unforeseeable events and after restructuring costs of CHF 70 million to CHF 100 million after taxes, Schindler expects net profit for 2011 to total CHF 580 million to CHF 610 million.

Selected key figures: see pages 4 – 6

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Selected key figures as of 30 September 2011 – January - September

Group					
In million CHF	2011 Jan.–Sept.	2010 Jan.–Sept.	Δ %	Δ % local currencies	2010 ¹ Jan.–Sept.
Orders received	6 214	6 642 ²	-6.4	+5.4	9 804
Operating revenue	5 699	6 038 ²	-5.6	+6.3	9 004
Operating profit (EBIT) – Elevators & Escalators	691	738	-6.4	+6.0	738
in %	12.1	12.2			12.2
Operating profit (EBIT) – Group	661	716 ²	-7.7	+5.0	750
Net income from financing and investing activities	26	-3 ²			-16
Profit before taxes	687	713 ²	-3.6		734
Profit from continuing operations	493	513	-3.9		
Profit of the disposal group ALSO	35	17			
Net profit	528	530	-0.4		530
of which non-controlling interests	20	24			24
Cash flow ³	589	640	-8.0		640
Cash flow from operating activities	461	887	-48.0		887
Investments in fixed assets	87	94	-7.4		94
	30.09.2011	31.12.2010			
Order backlog	6 553	6 075	+7.9	+13.5	
Personnel at end of period (number)	44 309	43 010	+3.0		

¹As reported in the previous year

²Retrospective adjustment resulting from separate reporting of the disposal group ALSO

³Cash flow: Net profit + depreciation/amortization +/- change in provisions

ALSO (disposal group)

In million CHF	2011 Jan.–Sept.	2010 ¹ Jan.–Sept.	2010 ² Jan.–Sept.
Orders received	–	–	3 162
Operating revenue	–	–	2 966
Operating profit (EBIT)	–	–	34
in %	–	–	1.1
Profit of the disposal group ALSO	35	17	

¹Retrospective adjustment resulting from separate reporting of the disposal group ALSO

²As reported in the previous year

Selected key figures as of 30 September 2011 – 3rd quarter

Group					
In million CHF	2011 3rd quarter	2010 3rd quarter	Δ %	Δ % local currencies	2010 ¹ 3rd quarter
Orders received	1 979	2 113 ²	-6.3	+6.6	3 215
Operating revenue	1 893	2 002 ²	-5.4	+7.4	2 969
Operating profit (EBIT) – Elevators & Escalators	236	251	-6.0	+7.2	251
in %	12.5	12.5			12.5
Operating profit (EBIT) – Group	228	244 ²	-6.6	+7.4	254
Net income from financing and investing activities	15	11 ²			7
Profit before taxes	243	255 ²	-4.7		261
Profit from continuing operations	175	186	-5.9		
Profit of the disposal group ALSO	-	5			
Net profit	175	191	-8.4		191
of which non-controlling interests	7	7			7
Cash flow ³	193	219	-11.9		219
Cash flow from operating activities	97	279	-65.2		279
Investments in fixed assets	27	21	+28.6		21
	30.09.2011	30.06.2011			
Order backlog	6 553	6 278	+4.4	+3.0	
Personnel at end of period (number)	44 309	43 475	+1.9		

¹As reported in the previous year

²Retrospective adjustment resulting from separate reporting of the disposal group ALSO

³Cash flow: Net profit + depreciation/amortization +/- change in provisions

ALSO (disposal group)

In million CHF	2011 3rd quarter	2010 ¹ 3rd quarter	2010 ² 3rd quarter
Orders received	-	-	1 102
Operating revenue	-	-	967
Operating profit (EBIT)	-	-	10
in %	-	-	1.0
Profit of the disposal group ALSO	-	5	

¹Retrospective adjustment resulting from separate reporting of the disposal group ALSO

²As reported in the previous year

Selected key figures as of 30 September 2011

Balance sheet

In million CHF	30.09.2011	%	31.12.2010	%	30.09.2010	%
Cash and cash equivalents	1 953	27.9	2 310	31.1	2 214	28.8
Disposal group ALSO	–	–	729	9.8	–	–
Other current assets	2 713	38.8	2 363	31.8	3 336	43.4
Non-current assets	2 328	33.3	2 028	27.3	2 131	27.8
Total assets	6 994	100.0	7 430	100.0	7 681	100.0
Disposal group ALSO	–	–	510	6.9	–	–
Other current liabilities	3 369	48.2	3 161	42.5	3 949	51.4
Current liabilities	939	13.4	940	12.7	1 024	13.3
Total liabilities	4 308	61.6	4 611	62.1	4 973	64.7
Equity	2 686	38.4	2 819	37.9	2 708	35.3
Total liabilities and equity	6 994	100.0	7 430	100.0	7 681	100.0

Information on shares and participation certificates

in CHF	2011	2010	Δ %
Earnings per share and participation certificate: Jan.-Sept.	4.29	4.25	+0.9
Earnings per share and participation certificate: 3rd quarter	1.42	1.55	–8.4
Ordinary gross dividend per share and participation certificate for the financial year 2010/2009	2.00	2.00	–
Additional gross dividend per share and participation certificate for the financial year 2010	1.00	–	–
Gross dividend payment for the financial year 2010/2009	In million CHF 355	238	+49.2

Exchange rates

			2011		2010		
			Closing rate as of Sept. 30	Average rate Jan.–Sept.	Closing rate as of Dec. 31	Closing rate as of Sept. 30	Average rate Jan.–Sept.
Eurozone	EUR	1	1.22	1.24	1.25	1.33	1.40
USA	USD	1	0.90	0.88	0.94	0.97	1.06
United Kingdom	GBP	1	1.40	1.42	1.45	1.55	1.63
Brazil	BRL	100	49.04	53.83	56.48	57.27	59.41
China	CNY	100	14.13	13.53	14.22	14.56	15.53