



Welcome to Schindler
Annual Results
Presentation 2016

February 15, 2017



Schindler

Annual results presentation 2016

Agenda

Market development

Results 2016

Outlook 2017

Q&A

Highlights 2016

Growth strategy yielding results

Strategic progress

- New partnerships with GE Digital and Huawei to power digital urban mobility
- Enhanced market presence with acquisitions in China and Germany
- Successful new product launches
- Participation in ALSO 5.6% (status January 31, 2017)

Operational progress

- Orders received increased by 4.6% in local currencies
- Revenue rose by 3.6% in local currencies
- EBIT margin increased to 11.5% before sale of operations in Japan and restructuring costs
- Net profit reached CHF 823 million (CHF 766 million before exceptional items)

Global markets in 2016

Key developments

Global demand for new installations declined slightly

- Contraction mainly due to the softening Chinese market
- Indian real estate market hit in Q4 by demonetization effects
- Europe, the US and Asian markets w/o China and India with positive growth
- Brazil still in severe recession, but some signs of bottoming out

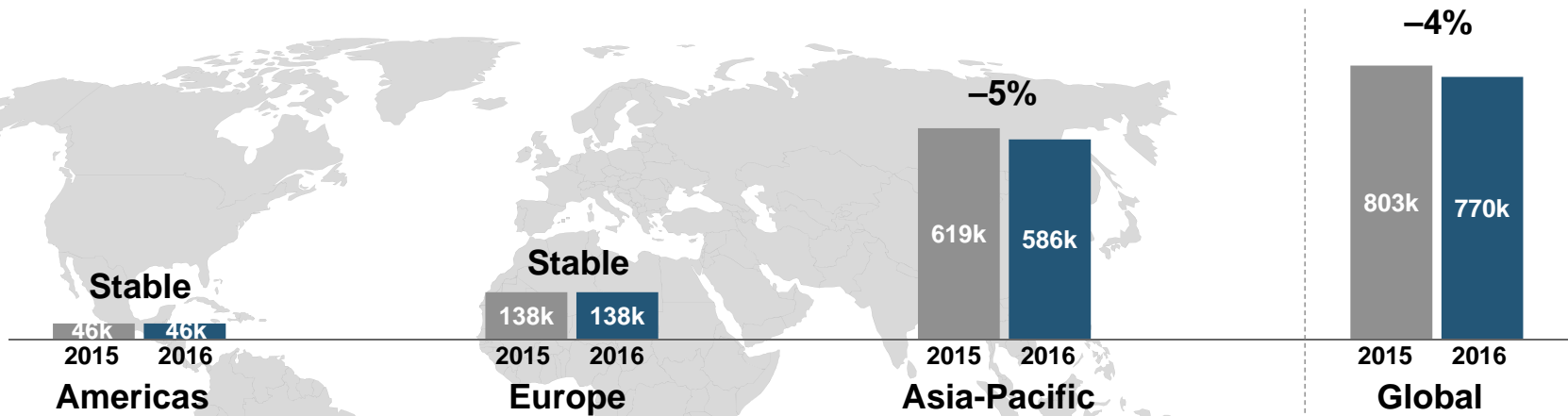
Strong growth in modernization and service markets

- Growing installed base in emerging markets due to conversions
- Increasing modernization opportunities driven by ageing urban portfolio
- Pricing pressure particularly in mature markets

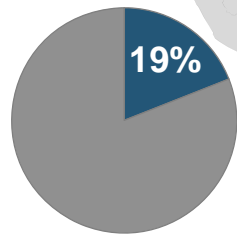
Global new installations market

Contraction in Asia-Pacific, other regions stable

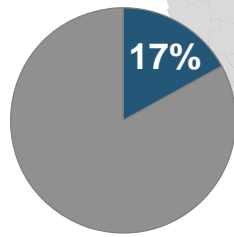
NI market size (units) and growth rate 2015-16



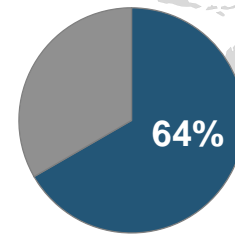
Regional weight of NI market size (value) 2016



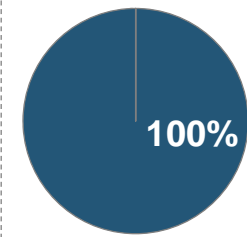
North America growth offset by Brazil



Europe virtually flat due to adverse developments in Russia and Turkey

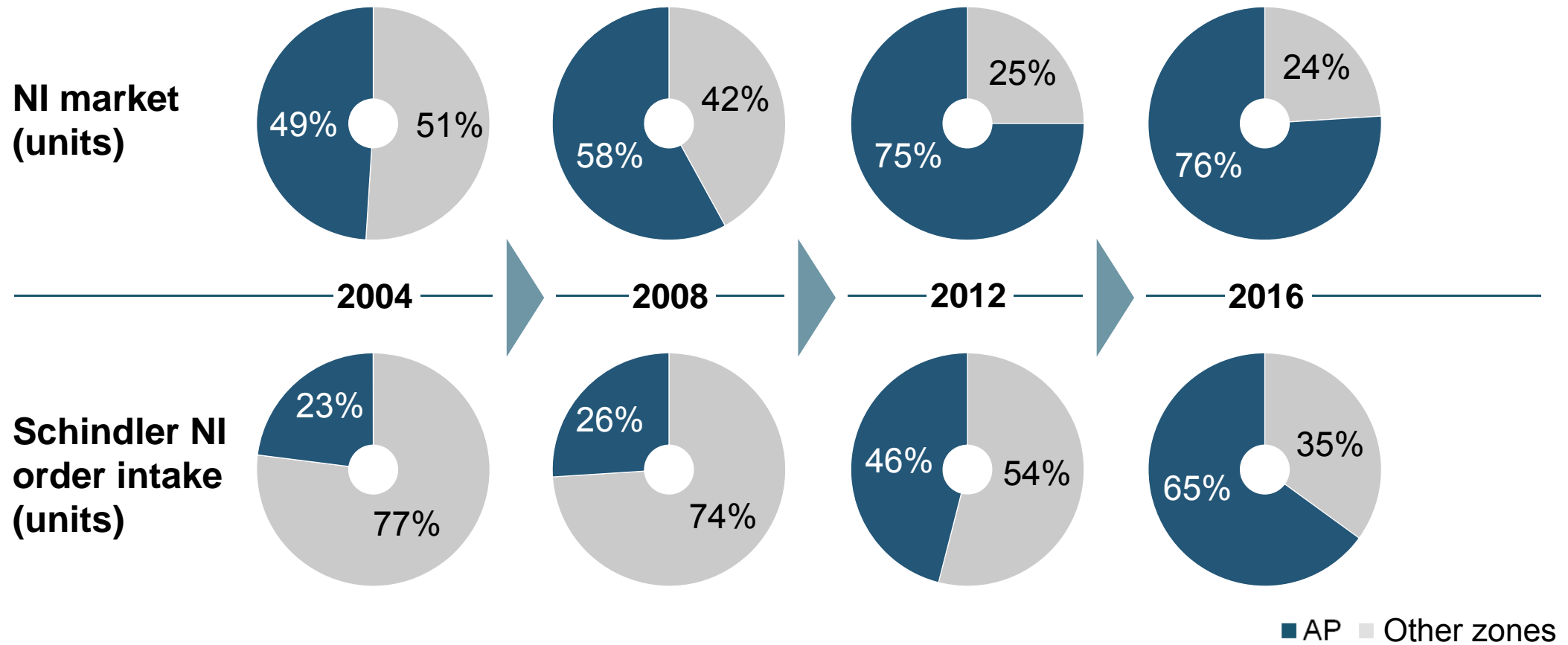


China: contraction continued
 India: demonetization impacted demand short term
 Southeast Asia: healthy growth



Order intake increasingly aligned with global demand footprint

Improved position in strategic markets



Asia-Pacific: China

Still weakening new installations market

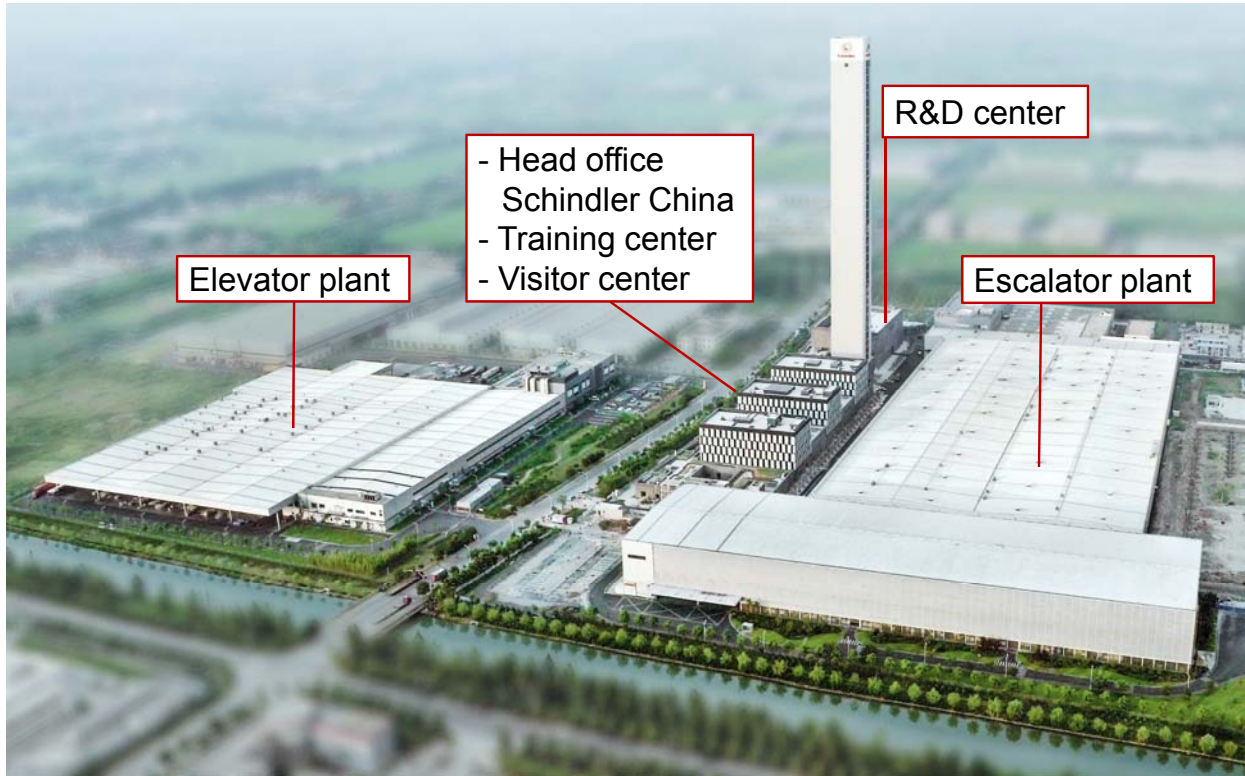
Market development

- New installations still softening, mainly driven by lower tier cities
- Strong service market growth
- Delays in down-payments, continued pricing pressure

Schindler performance

- Growth in all segments (units) driven by excellent acceptance of new products (Chinese Product Platform and Schindler 7000 new generation)
- Good order intake in large projects (e.g. public transport)
- Excellent growth in service business due to conversions
- Joint venture with Volkslift to enhance market presence in China

Schindler Campus in Jiading Shanghai



- Size of over 325 000 m² (equivalent to 45 football fields)
- Around 2 000 employees
- Escalator plant, elevator plant, training center, visitor center, head office of Schindler China, R&D center, and a 200 m test tower
- LEED Silver and LEED Gold certifications

Asia-Pacific: other markets

Good growth overall

Mixed market development

- India: demonetization and new regulations in the real estate sector put pressure on demand in Q4
- Southeast Asia: further growth, particularly in residential and infrastructure
- Middle East: historically low oil and gas prices led to reduced market levels
- Growing service markets due to conversion of new installations

Schindler performance

- India: muted development in new installations business due to challenging Q4
- Southeast Asia: enhanced product portfolio resulting in good order growth
- Middle East: growing in a challenging environment
- Sustained growth in service and modernization

Americas

Supported by a healthy US market

Diverging market trends

- North America: sustained growth in the US new installations and modernization markets across all segments
- Latin America: except for Brazil, Latin American key markets growing; some markets still under pressure due to low commodities prices, raising interest rates and weak currencies

Schindler performance

- North America: very robust in new and existing installations businesses; successful product launches of Schindler 3100, Schindler 5500 and Schindler 7000 new generation
- Schindler awarded several large projects, e.g. upgrade and service Atlanta's urban public transportation system (MARTA)
- Latin America: overall up, driven by strong existing installations business

Europe

Modest growth in European markets

Opportunities in various markets

- Northern Europe: continued moderate growth
- Southern Europe: positive demand trend in most countries
- Russia and Turkey slowed overall growth
- Increasing modernization opportunities driven by ageing installed base in mature markets

Schindler performance

- Broad based growth, driven by a large number of countries
- Growing maintenance and modernization businesses
- Acquisition of FB Group will further strengthen position in Germany
- Acquisition of several smaller portfolios enhancing footprint and density

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4th quarter 2016 – key figures

October to December

In CHF million	Q4/2016	Q4/2015	Δ%	Δ% in LC
Orders received	2 699	2 606	3.6	6.4
Revenue	2 629	2 589	1.5	3.7
Operating profit (EBIT), reported	352	277	27.1	28.9
in %	13.4	10.7		
Net profit, reported	237	194	22.2	
Before exceptional items				
Operating profit (EBIT)	311 ¹⁾	296 ³⁾	5.1	6.8
in %	11.8	11.4		
Net profit	206 ²⁾	194	6.2	

¹⁾ Gain on sale of operations in Japan: CHF 50 million, restructuring costs: CHF 9 million

²⁾ Gain on sale of operations in Japan (after taxes): CHF 31 million

³⁾ Restructuring costs: CHF 19 million

Full year 2016 – key figures

January to December

In CHF million	2016	2015	Δ%	Δ% in LC
Orders received	10 374	9 967	4.1	4.6
Revenue	9 683	9 391	3.1	3.6
Operating profit (EBIT), reported	1 133	1 002	13.1	13.9
in %	11.7	10.7		
Net profit, reported	823	747	10.2	
Before exceptional items				
Operating profit (EBIT)	1 110 ¹⁾	1 031 ³⁾	7.7	8.4
in %	11.5	11.0		
Net profit	766 ²⁾	747	2.5	

¹⁾ Gain on sale of operations in Japan: CHF 50 million, restructuring costs: CHF 27 million

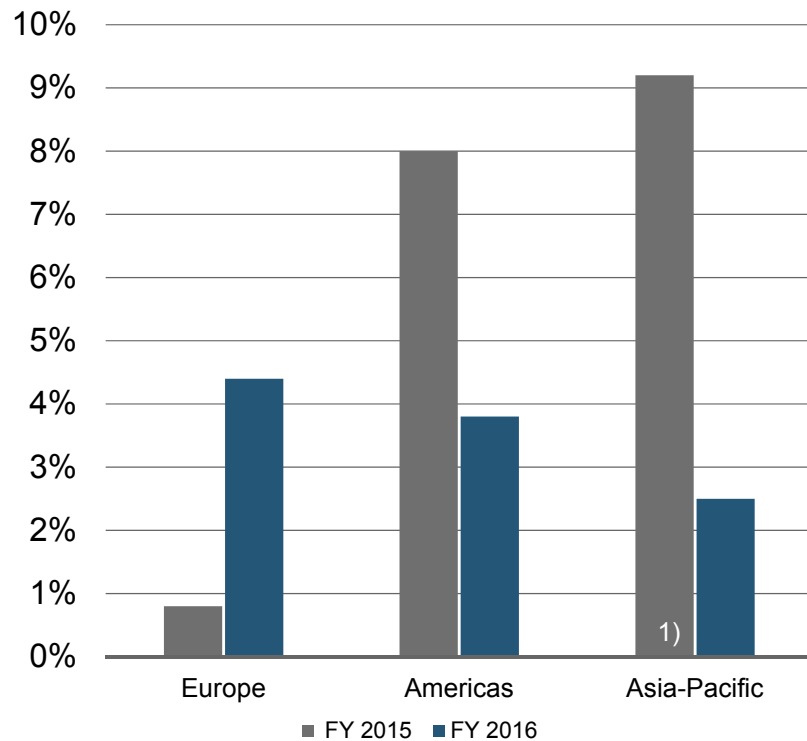
²⁾ Gain on sale of operations in Japan (after taxes): CHF 31 million, revaluation gain ALSO participation: CHF 26 million

³⁾ Restructuring costs: CHF 29 million

Order backlog and revenue by region

Record order backlog provides solid base for future growth

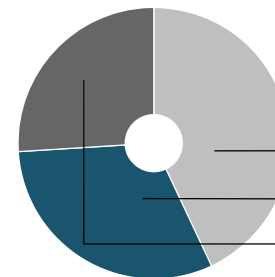
Revenue growth by region (in LC)



1) 2015: adjusted for consolidation impact XJ Schindler

Order backlog

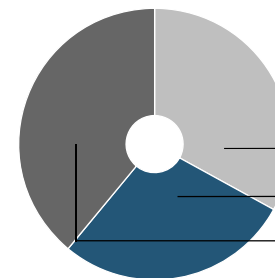
2016: CHF 10 004 million (+6.5% in LC)
2015: CHF 9 364 million



	2016	2015
Asia-Pacific	43%	45%
Americas	31%	30%
Europe	26%	25%

Revenue

2016: CHF 9 683 million (+3.6% in LC)
2015: CHF 9 391 million



	2016	2015
Asia-Pacific	33%	33%
Americas	28%	28%
Europe	39%	39%

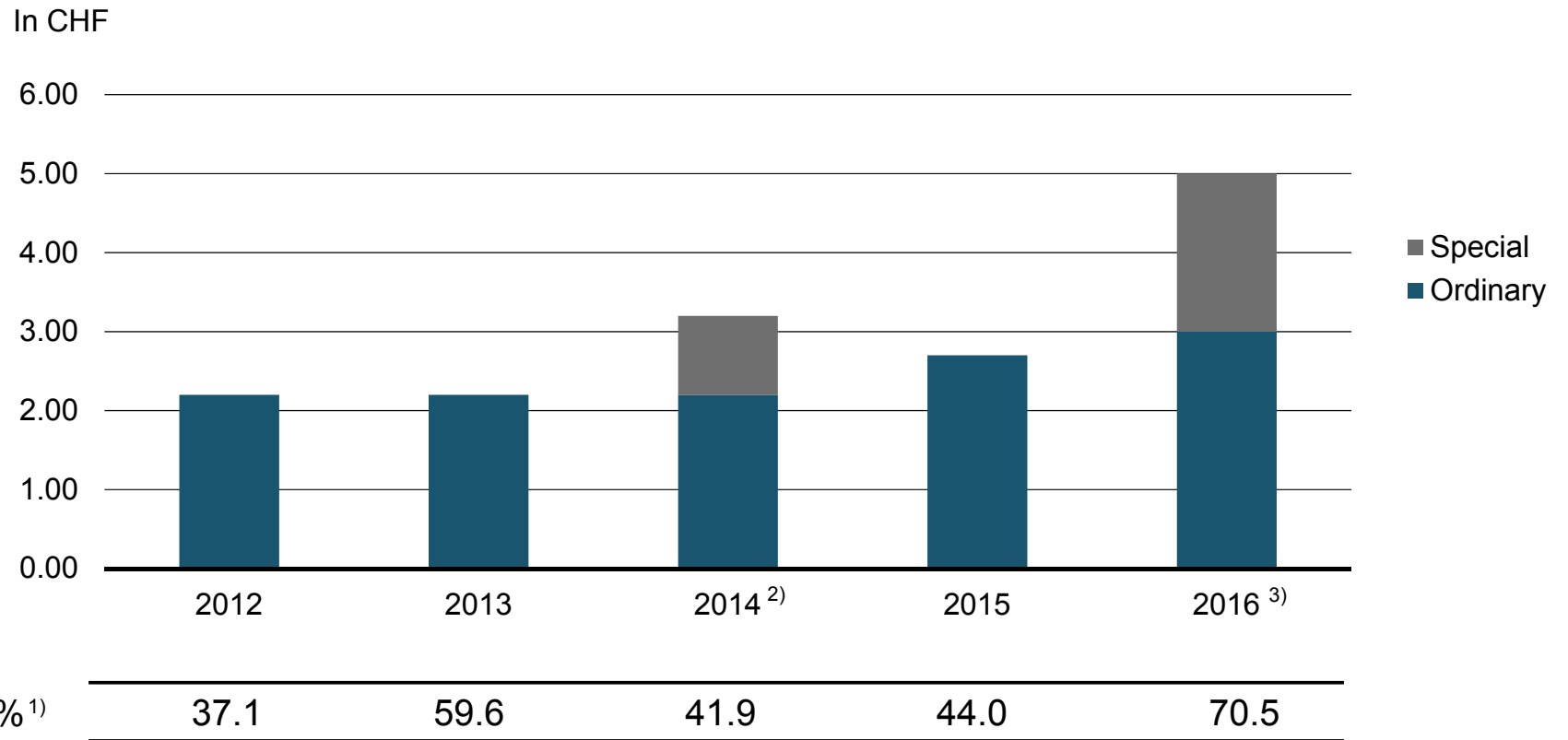
Full year 2016 – key figures

January to December

In CHF million	2016	2015	Δ%	Δ% in LC
Cash flow from operating activities	929	1 076	-13.7	
Investments in property, plant, and equipment	189	183	3.3	
	31.12.2016	31.12.2015		
Order backlog	10 004	9 364	6.8	6.5
Number of employees	58 271	56 762	2.7	

Dividend proposal 2016

Dividend of CHF 5.00



1) Pay-out ratio in % of net profit after minorities
 2) Ordinary dividend CHF 2.20, extraordinary dividend CHF 1.00
 3) Ordinary dividend CHF 3.00, extraordinary dividend CHF 2.00

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Agenda

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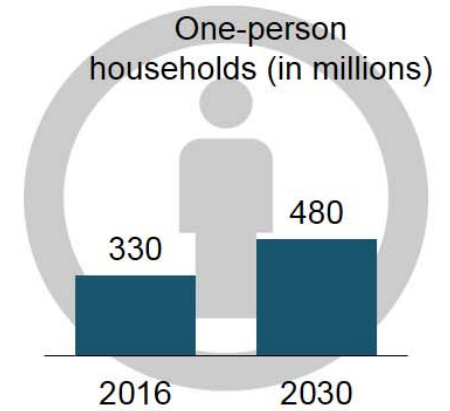
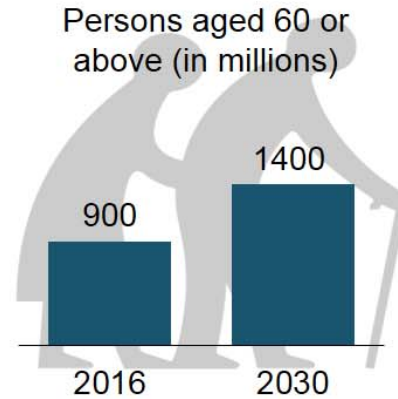
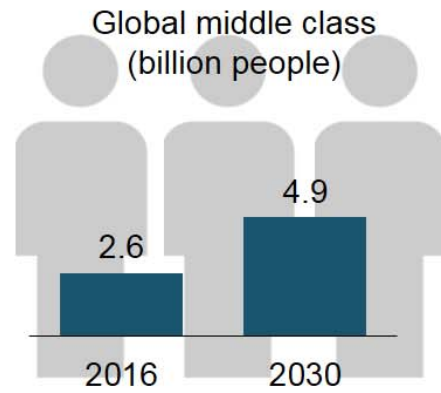
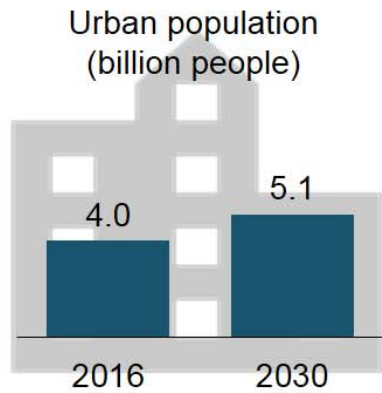
Results 2016

Outlook 2017

Q&A

Megatrends driving demand for Elevators and Escalators

Urbanization and demographic change will support higher E&E demand



Increasing density leads to more and taller buildings.

Sources: United Nations; Euromonitor International; Brookings

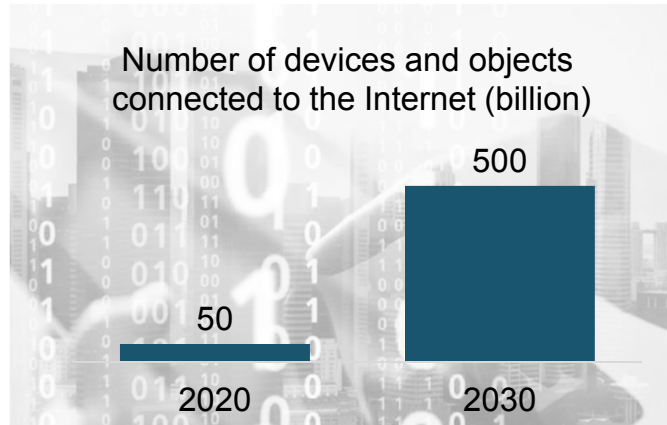
Megatrends driving demand for Elevators and Escalators

Ongoing demand for latest technology



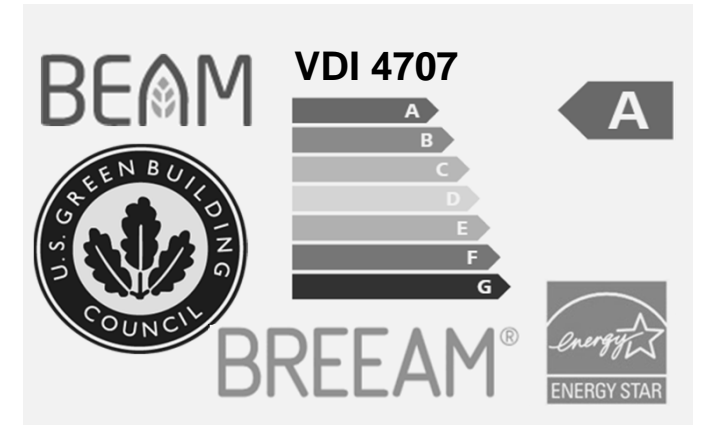
Ageing installed base

Over 50% of all units in operation in Europe and the US are older than 20 years and are a candidate for modernization



Digitization & IoT

- Mobility and connectivity impact everyday life
- New business models and ecosystems emerge



Energy efficiency

- Buildings are responsible for 40% of the global energy consumption
- Increasing demand for energy efficient solutions

Sources: United Nations; Cisco Systems; Schindler

Schindler's response to the megatrends

Innovation drives profitable growth

Objectives

- Grow faster than the market
- Improve profitability
- Foster a winning team



People & Organization

Talent Management
Quality Champions
Lean Structures



Customer & Market

Customer Excellence
Strategic Markets
Growth in Service Business



Innovation & Processes

Digitization (IoEE)
Modularity in new Products
Efficiency in Processes

Outlook 2017

Status as of February 15, 2017

Business environment

- Long-term growth drivers remain intact
- Economic conditions continue to be influenced by political and macroeconomic uncertainty
- Global new installations market expected to be flat



Schindler guidance

- Focus on profitable growth unchanged
- Revenue expected to increase by 3% to 5% in local currencies
- Net profit guidance for 2017 will be provided with the publication of half-year results

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Financial Calendar

2017

Closing date of shareholders' register	March 10
Ordinary General Meeting Schindler Holding Ltd.	March 16
First trading date ex-dividend	March 20 ¹⁾
Date of Schindler Holding Ltd. dividend payment	March 22 ¹⁾
Publication of selected key figures as of March 31	April 25
Publication of Interim Report as of June 30	August 15
Publication of selected key figures as of September 30	October 24

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

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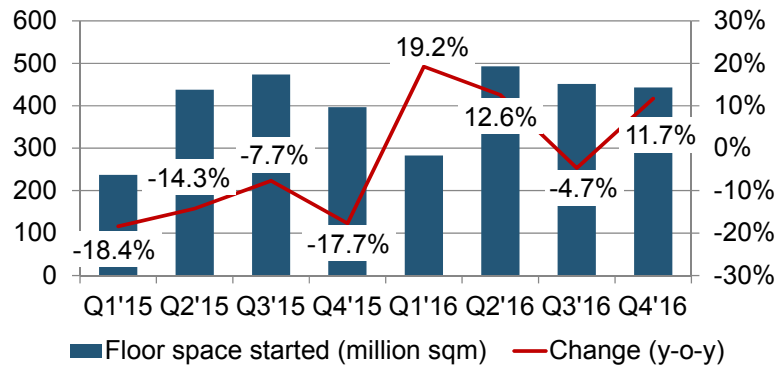


Additional Charts

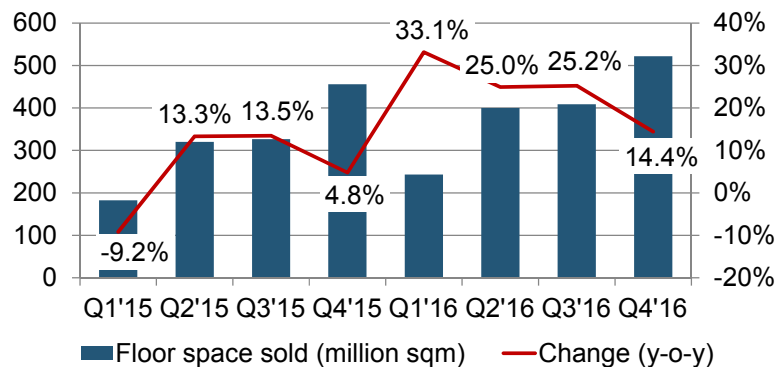
China construction data

Upward trend sustained throughout the year

Floor space started in China



Floor space sold in China



Opportunities

- China on track to reach 60% target urbanization rate by 2020
- \$500bn to be invested in high-speed railway over next four years
- Floor space started grew 11.7% in Q4 and 8.1% in the full year
- Real estate investment growth reaccelerating
- Housing inventories in bigger cities have normalized
- Looming wave of consolidation in real estate sector

Risks

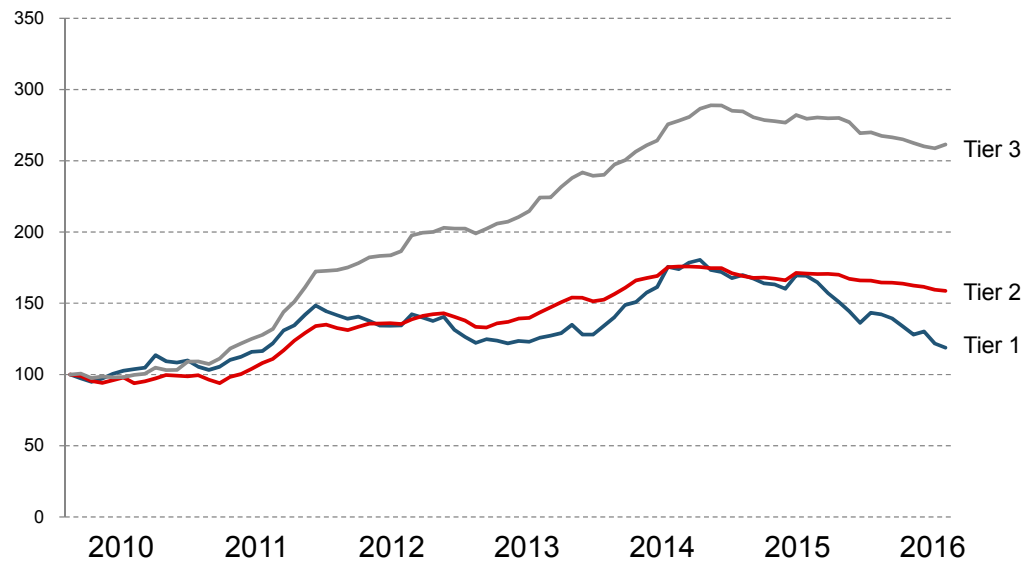
- Increasing corporate debt
- Measures introduced in 20+ cities with cooling effect on the real estate market
- Restricted mortgage approval
- Home prices dropped 8% in Q4 vs Q3 – but still 8% higher y-o-y

Source: National Bureau of Statistics of China, January 2017

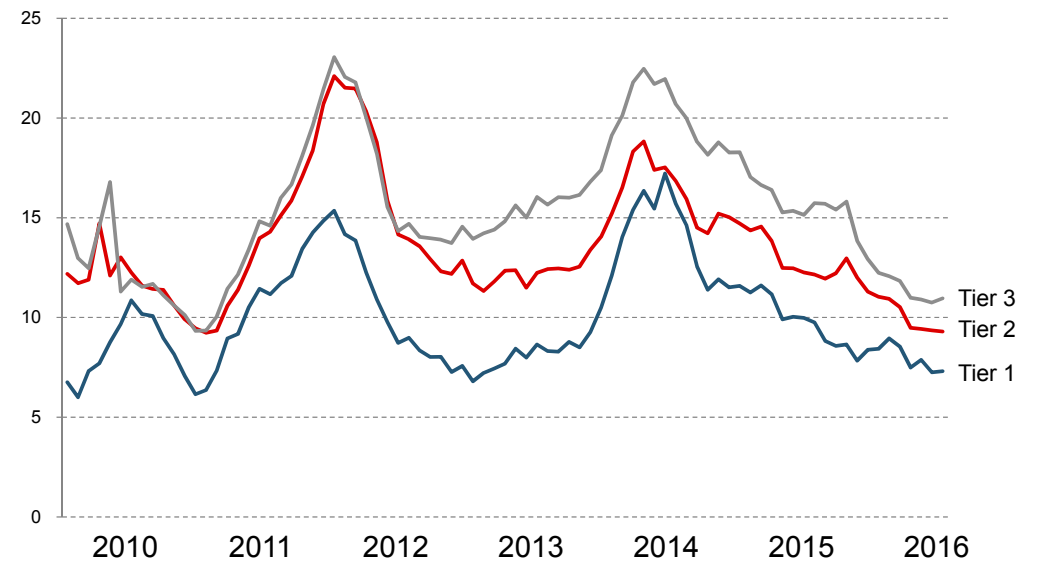
China: inventories at healthy levels in large cities

Improvement due to increased apartment sales

Housing inventory, by city tier (2010 = 100)



Housing inventory, by city tier (months of sales)



Source: Yiju, 2017, based on data in square meters for 63 cities until November 2016

Balance sheet

In CHF million	31.12.2016	in %	31.12.2015	in %
Cash and cash equivalents	1 988	23.9	1 975	23.9
Other current assets	3 432	41.4	3 500	42.4
Total current assets	5 420	65.3	5 475	66.3
Non-current assets	2 883	34.7	2 784	33.7
Total assets	8 303	100.0	8 259	100.0
Current liabilities	4 290	51.7	4 685	56.7
Non-current liabilities	1 166	14.0	1 217	14.8
Total liabilities	5 456	65.7	5 902	71.5
Equity	2 847	34.3	2 357	28.5
Total liabilities and equity	8 303	100.0	8 259	100.0
Net working capital	-776		-791	
Net liquidity	2 455		1 935	

Quarterly overview 2016/2015

In CHF million	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Orders received	2 699	2 592	2 616	2 467	2 606	2 384	2 534	2 443
Revenue	2 629	2 409	2 469	2 176	2 589	2 310	2 355	2 137
Operating profit (EBIT)	352	277	269	235	277	249	254	222
in %	13.4	11.5	10.9	10.8	10.7	10.8	10.8	10.4
Financing activities	-24	-17	-23	-3	-29	9	-	-9
Investing activities (associates)	-2	24	1	8	-1	1	-	9
Profit before taxes	326	284	247	240	247	259	254	222
Income taxes	89	70	57	58	53	64	64	54
Net profit	237	214	190	182	194	195	190	168
in %	9.0	8.9	7.7	8.4	7.5	8.4	8.1	7.9
Cash flow from operating activities	270	232	94	333	377	227	141	331
Investments in property, plant, and equipment	76	44	36	33	55	51	42	35

Financing and investing activities

Currency headwinds

In CHF million	2016	2015
Interest income net	11	9
Net income from securities	10	26
Net interest on employee benefits, increase in the present value of provisions	-21	-21
Net losses on foreign exchange	-32	-1
Revaluation/exchange of 0.375% exchangeable bond 2013 – 2017	-6	-22
Other financial expenses	-29	-20
Total financing activities	-67	-29
ALSO Revaluation	26	-
Others	5	9
Total investing activities	31	9

ALSO exchangeable bond

Schindler's participation at 7.6% as of December 31, 2016

Background

- 0.375% exchangeable bond 2013 – 2017 (maturity date June 5, 2017)
- Initial nominal value CHF 218 million
- Bond can be exchanged into ALSO shares
- Exchange price ALSO shares CHF 60.24

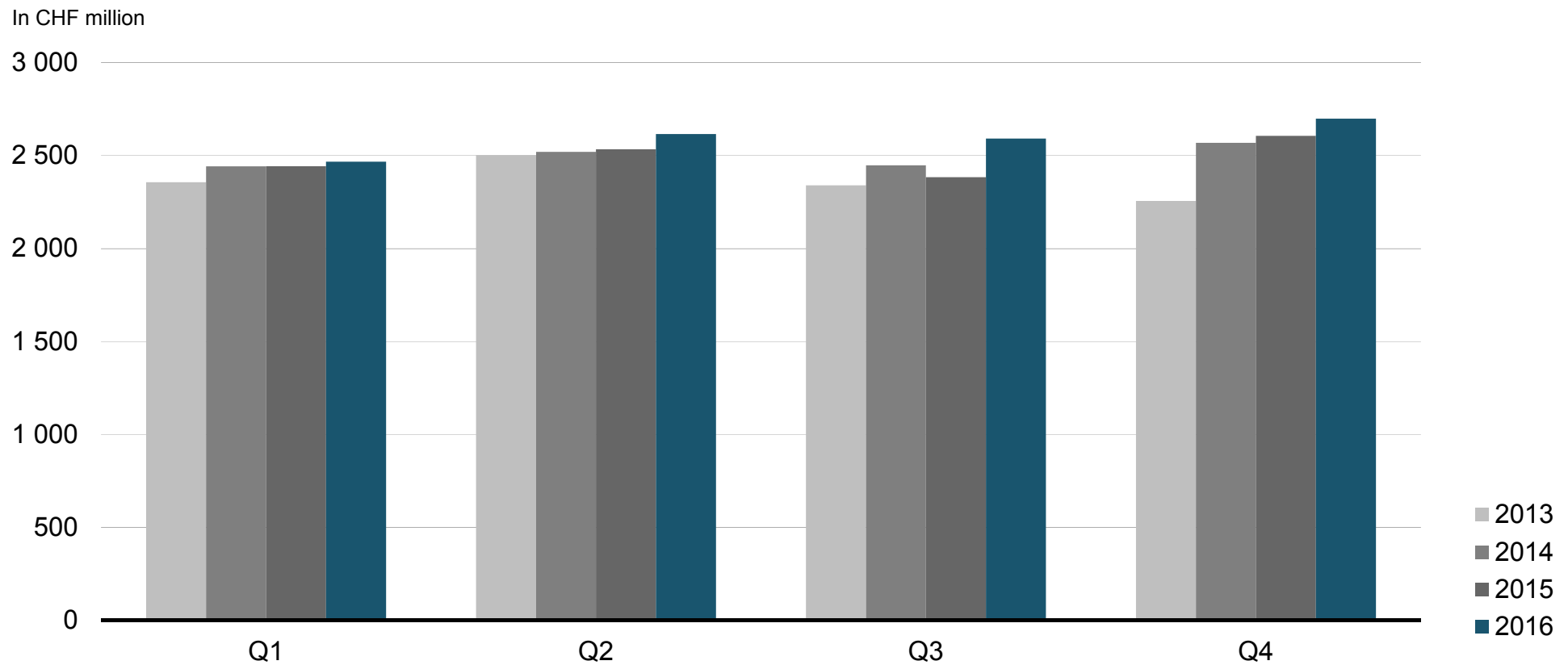
	December 31, 2016	December 31, 2015
Nominal value bond	CHF 59 million	CHF 216 million
Market value bond	148%	114%
Carrying amount bond	CHF 87 million	CHF 246 million
Participation in ALSO	7.6%	27.9%

4th quarter 2016 – key figures

October to December

In CHF million	Q4/2016	Q4/2015	Δ%	Δ% in LC
Cash flow from operating activities	270	377	-28.4	
Investments in property, plant, and equipment	76	55	38.2	
	31.12.2016	30.09.2016		
Order backlog	10 004	10 118	-1.1	-2.9
Number of employees	58 271	58 313	-0.1	

Quarterly development of orders received 2013 – 2016



Quarterly development of revenue 2013 – 2016

