

Facts and figures.

Interim Report as of June 30, 2015

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Schindler

Key figures as of June 30, 2015

1st half: January to June

In CHF million	2015	2014	Δ %	Δ % local currencies
Orders received	4 977	4 962	+0.3	+3.7
Revenue	4 492	4 339	+3.5	+7.4
Operating profit (EBIT), comparable	476	442	+7.7	+14.7
in %	10.6	10.2		
Net profit, comparable	358	336	+6.5	

Including exceptional items 2014

Operating profit (EBIT)	476	524 ¹	-9.2	-3.2
in %	10.6	12.1		
Net income from financing and investing activities	0	-34 ²		
Profit before taxes	476	490	-2.9	
Income taxes	118	119		
Net profit	358	371 ³	-3.5	
Cash flow from operating activities	472	401	+17.7	
Investments in property, plant, and equipment	77	103	-25.2	
	30.06.2015	31.12.2014		
Order backlog	9 191	9 263	-0.8	+8.5
Number of employees	55 234	54 209	+1.9	

¹ Gain on sale of Mall of Switzerland development project: CHF 82 million

² Hyundai Elevator Co. Ltd. impairment: CHF -40 million

³ Mall of Switzerland: CHF 75 million, Hyundai Elevator Co. Ltd. impairment: CHF -40 million

2nd quarter: April to June

In CHF million	2015	2014	Δ %	Δ % local currencies
Orders received	2 534	2 520	+0.6	+5.2
Revenue	2 355	2 292	+2.7	+7.9
Operating profit (EBIT), comparable	254	237	+7.2	+15.6
in %	10.8	10.3		
Net profit, comparable	190	176	+8.0	
Including exceptional items 2014				
Operating profit (EBIT)	254	319 ¹	-20.4	-14.1
in %	10.8	13.9		
Net income from financing and investing activities	0	-40 ²		
Profit before taxes	254	279	-9.0	
Income taxes	64	68		
Net profit	190	211 ³	-10.0	
Cash flow from operating activities	141	46	+206.5	
Investments in property, plant, and equipment	42	64	-34.4	
	30.06.2015	31.03.2015		
Order backlog	9 191	9 163	+0.3	+3.2
Number of employees	55 234	54 668	+1.0	

¹ Gain on sale of Mall of Switzerland development project: CHF 82 million

² Hyundai Elevator Co. Ltd. impairment: CHF -40 million

³ Mall of Switzerland: CHF 75 million, Hyundai Elevator Co. Ltd. impairment: CHF -40 million

Sustained growth and improved profitability

In the first half of 2015, Schindler continued on its growth path while, at the same time, improving its profitability. At CHF 4 977 million, orders received in Swiss francs were slightly higher than in the first half of 2014 (CHF 4 962 million), equivalent to an increase of 3.7% in local currencies.

Revenue grew by 3.5% to CHF 4 492 million (+7.4% in local currencies). Operating profit totaled CHF 476 million (first half of 2014: CHF 524 million – including the Mall of Switzerland extraordinary gain of CHF 82 million). Adjusted for this exceptional item, operating profit increased by 7.7% in Swiss francs and by 14.7% in local currencies. The EBIT margin was 10.6% (first half of 2014, comparable: 10.2%).

Net profit totaled CHF 358 million in the first half of 2015 and was 6.5% higher than the comparable figure of CHF 336 million for the first half of 2014 (CHF 371 million after exceptional items). Cash flow from operating activities improved by 17.7% to CHF 472 million.

Commenting on the financial results, CEO Silvio Napoli stated: “Our performance in the first half of 2015 underscores the successful implementation of our growth strategy. As we continue to expand our position in growth markets, we also gain scale. This is one of the requirements to achieve higher profitability.” He added: “Despite negative foreign exchange impacts, we were able to increase our revenue and operating profit in absolute terms and, at the same time, improved our EBIT margin. This encouraging increase in performance is the result of the organic development of our business combined with the consolidation of our Chinese joint venture, XJ-Schindler.”

Orders received reach almost CHF 5 billion

Orders received totaled CHF 4 977 million in the first half of 2015 (first half of 2014: CHF 4 962 million). In Swiss francs, orders received marginally improved by 0.3%, reflecting negative foreign exchange impacts. In local currencies, an increase of 3.7% was recorded. Asia-Pacific and North Americas generated the strongest growth. In the second quarter of 2015, orders received rose by 5.2% in local currencies and by 0.6% in Swiss francs compared to the strong result for the second quarter of 2014.

The order backlog was CHF 9 191 million, representing a decline of 0.8% compared to December 31, 2014. In local currencies, an increase of 8.5% was recorded.

Execution of strategy leads to revenue growth

In the first half of 2015, revenue totaled CHF 4 492 million (first half of 2014: CHF 4 339 million), corresponding to an increase of 7.4% in local currencies. Due to negative foreign exchange impacts in the amount of CHF 170 million, revenue increased by only 3.5% in Swiss francs. In the second quarter of 2015, revenue rose by 7.9% in local currencies and by 2.7% in Swiss francs.

All regions contributed to this development, with the most substantial improvement in Asia-Pacific followed by Americas and Europe.

Significant improvement in operating profit and EBIT margin

Operating profit (EBIT) totaled CHF 476 million (first half of 2014, comparable: CHF 442 million) despite negative foreign exchange impacts in the amount of CHF 31 million. Compared to the adjusted figure for the first half of 2014, operating profit rose by 7.7% in Swiss francs and by 14.7% in local currencies. The EBIT margin rose to 10.6% (first half of 2014, comparable: 10.2%). In the second quarter of 2015, the EBIT margin was 10.8% (second quarter of 2014: 10.3%). The increase in profitability was driven by higher economies of scale combined with cost optimization and efficiency measures.

Increased net profit and higher cash flow from operating activities

Net profit totaled CHF 358 million in the first half of 2015 and was 6.5% higher than the comparable figure of CHF 336 million for the first half of 2014 (CHF 371 million after exceptional items).

Cash flow from operating activities increased by 17.7% to CHF 472 million (first half of 2014: CHF 401 million), reflecting a further improvement in net working capital compared to the first half of 2014.

Outlook for 2015

Schindler expects the global elevator and escalator market to show limited growth in 2015. China, the most important new installations market worldwide, is at most expected to achieve minimal growth this year. Other markets in Asia-Pacific and India are likely to achieve continued good growth in the second half of the year. In the Americas, Schindler expects to see further growth in the US market and a contraction in South America. Developments in Europe will remain mixed.

For the full year 2015, Schindler expects – excluding any unforeseeable events – revenue to grow by 6% to 8% in local currencies and that net profit will total CHF 700 million to CHF 750 million.

Consolidated interim financial statements

Consolidated income statement

In CHF million	Note	Jan.–June 2015		Jan.–June 2014	
			%		%
Revenue		4 492	100.0	4 339	100.0
Operating expenses		4 016	89.4	3 897	89.8
Other income	5	–	0.0	82	1.9
Operating profit		476	10.6	524	12.1
Net income from financing and investing activities	5	0	0.0	–34	–0.8
Profit before taxes		476	10.6	490	11.3
Income taxes	5	118	2.6	119	2.7
Net profit		358	8.0	371	8.6
Net profit attributable to					
Owners of Schindler Holding Ltd.		332		356	
Non-controlling interests		26		15	

Earnings per share and participation certificate in CHF			
Basic		2.99	3.20
Diluted		2.97	3.17

Consolidated statement of comprehensive income

In CHF million	Jan.–June 2015	Jan.–June 2014
Net profit	358	371
Other comprehensive income – reclassifiable to the income statement in future		
Exchange differences	–115	4
Hedging transactions	23	–6
Available-for-sale financial assets	43	–1
Taxes	–8	–
Total – reclassifiable to the income statement in future	–57	–3
Other comprehensive income – not reclassifiable to the income statement in future		
Remeasurements of employee benefits	–19	–43
Share of other comprehensive income of associated companies	–1	–1
Taxes	1	14
Total – not reclassifiable to the income statement in future	–19	–30
Total other comprehensive income	–76	–33
Comprehensive income	282	338
Comprehensive income attributable to		
Owners of Schindler Holding Ltd.	264	326
Non-controlling interests	18	12

Consolidated balance sheet

In CHF million	30.06.2015	%	31.12.2014	
			Restated ¹	%
Cash and cash equivalents	2 201	26.1	2 722	30.5
Other current assets	3 601	42.7	3 401	38.1
Total current assets	5 802	68.8	6 123	68.6
Non-current assets	2 633	31.2	2 802	31.4
Total assets	8 435	100.0	8 925	100.0
Current liabilities	4 312	51.1	4 326	48.5
Non-current liabilities	1 541	18.3	1 628	18.2
Total liabilities	5 853	69.4	5 954	66.7
Equity	2 582	30.6	2 971	33.3
Total liabilities and equity	8 435	100.0	8 925	100.0

¹ See note 2

Consolidated cash flow statement

In CHF million	Note	Jan.–June	Jan.–June
		2015	2014
Net profit		358	371
Depreciation and amortization		74	60
Change in provisions		-14	-21
Other non-cash items	6	31	-33
Employee benefits		-21	-23
Change in net working capital		44	47
Cash flow from operating activities		472	401
Investments in property, plant, and equipment, net	6	-75	-59
Investments in intangible assets and business combinations, net	6	-16	40
Change in marketable securities and financial assets		-306	31
Cash flow from investing activities		-397	12
Change in financial debts		118	52
Acquisition of non-controlling interests		-38	-3
Change in treasury shares		-231	-82
Dividends paid		-380	-257
Cash flow from financing activities		-531	-290
Exchange differences		-65	5
Change in cash and cash equivalents		-521	128
Opening balance cash and cash equivalents		2 722	2 228
Closing balance cash and cash equivalents		2 201	2 356

Consolidated statement of changes in equity

In CHF million	Share and PC capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total Group
December 31, 2013	12	-1 055	3 518	2 475	50	2 525
Restatement ¹			-25	-25	-	-25
January 1, 2014	12	-1 055	3 493	2 450	50	2 500
Net profit			356	356	15	371
Other comprehensive income		-	-30	-30	-3	-33
Comprehensive income		-	326	326	12	338
Dividends			-245	-245	-12	-257
Cancellation of treasury shares	-1	552	-551	-	-	-
Change in treasury shares		-73	-9	-82	-	-82
Share-based payments			9	9	-	9
Change in non-controlling interests			-3	-3	-	-3
June 30, 2014	11	-576	3 020	2 455	50	2 505
January 1, 2015	11	-416	3 270	2 865	106	2 971
Net profit			332	332	26	358
Other comprehensive income		-49	-19	-68	-8	-76
Comprehensive income		-49	313	264	18	282
Dividends			-355	-355	-25	-380
Cancellation of treasury shares	-	66	-66	-	-	-
Change in treasury shares		-249	-27	-276	-	-276
Share-based payments			16	16	-	16
Change in non-controlling interests			-22	-22	-16	-38
Changes in liabilities towards non-controlling interests			7	7	-	7
June 30, 2015	11	-648	3 136	2 499	83	2 582

¹ See note 2

Notes to the consolidated interim financial statements

1 Business activities

The Schindler Group is one of the world's leading suppliers of elevators and escalators. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe.

The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

2 Basis of preparation

The consolidated interim financial statements as of June 30, 2015, are based on International Financial Reporting Standards (IFRS) and have been prepared in condensed form in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

The same accounting principles have been applied as for the Group Financial Statements as of December 31, 2014, with the exception of the new or amended accounting standards and interpretations that are effective as of January 1, 2015, as described in Main changes in accounting principles below. The accounting principles that are unchanged compared to the previous year are explained in the Group Financial Statements 2014.

The consolidated interim financial statements contain estimates, assumptions, and judgments that influence the figures. The actual results may differ from these estimates. The same estimates, assumptions, and judgments were used as in the Group Financial Statements as of December 31, 2014.

The consolidated interim financial statements as of June 30, 2015, were approved and released for publication by the Board of Directors of Schindler Holding Ltd. on August 13, 2015.

Main changes in accounting principles

The following amended IFRS standards were applied with effect from January 1, 2015:

- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
- Annual Improvements to IFRSs 2010–2012 Cycle
- Annual Improvements to IFRSs 2011–2013 Cycle

As of January 1, 2015, the Schindler Group applied the amended IFRS standard Defined Benefit Plans: Employee Contributions – Amendments to IAS 19. In accordance with the option introduced, the Schindler Group now recognizes employee contributions in the period in which they are paid. This resulted in an increase in the defined benefit obligation in the amount of CHF 29 million (CHF 25 million after tax). The amendment was applied retrospectively, in accordance with IAS 8. The impacts on the income statement are not significant.

The application of other implemented changes did not have any material impacts on the Schindler Group's financial position, results of operations, and cash flows.

3 Scope of consolidation

The scope of consolidation as of June 30, 2015, is unchanged compared to December 31, 2014.

4 Translation of foreign currencies

			2015		2014		
			Closing rate as of June 30	Average rate for Jan.–June	Closing rate as of December 31	Closing rate as of June 30	Average rate for Jan.–June
Eurozone	EUR	1	1.04	1.07	1.20	1.22	1.22
USA	USD	1	0.93	0.95	0.99	0.89	0.89
Brazil	BRL	100	29.72	32.31	37.30	40.58	38.97
China	CNY	100	15.02	15.27	15.94	14.35	14.45

5 Consolidated income statement

5.1 Other income

In connection with the Mall of Switzerland development project, Schindler sold its 74% participation in EbiSquare AG as well as property, plant, and equipment in the first half of 2014. The gain on the sale recognized in other income totaled CHF 82 million, comprising CHF 51 million from deconsolidation and CHF 31 million from property, plant, and equipment held for sale. The gain after tax recognized in connection with the Mall of Switzerland development project was CHF 75 million.

5.2 Net income from financing and investing activities

In CHF million	Jan.–June 2015	Jan.–June 2014
Financial result		
Hyundai impairment	–	–40
Other financial result	–9	–24
Income from associates	9	30
Total net income from financing and investing activities	0	–34

In the first half of 2014, declines in the share price of the participation in Hyundai Elevator Co. Ltd., which is classified as available-for-sale, resulted in financial expenses of CHF 40 million.

5.3 Income taxes

In the consolidated interim financial statements, income taxes are determined on the basis of the anticipated annual result.

In the first half of 2014, the Group tax rate was negatively impacted by tax-neutral financial expenses resulting from the impairment of the participation in Hyundai Elevator Co. Ltd. in the amount of CHF 40 million. Taxes on other income related to the Mall of Switzerland development project totaled CHF 7 million. The net impact of the two transactions on the Group tax rate was not material in the first half of 2014.

6 Consolidated cash flow statement

6.1 Other non-cash items

In CHF million	Jan.–June 2015	Jan.–June 2014
Mall of Switzerland development project	–	–75
Hyundai Elevator Co. Ltd. impairment	–	40
Pension expenses	38	38
Share-based payments	16	9
Others	–23	–45
Total other non-cash items	31	–33

6.2 Cash flow from investing activities

In the first half of 2014, cash inflows from the sale of property, plant, and equipment (CHF 37 million) as well as from the sale of the 74% participation in EbiSquare AG (CHF 49 million) were recognized in connection with the Mall of Switzerland development project. In addition, net investments of CHF 96 million were made in property, plant, and equipment, excluding Mall of Switzerland.

7 Financial instruments

7.1 Fair value levels

In CHF million	30.06.2015				31.12.2014			
	Level 1	Level 2	Level 3	Total fair values	Level 1	Level 2	Level 3	Total fair values
Financial assets								
at fair value through profit or loss								
Marketable securities	5	–	–	5	11	–	–	11
Prepaid expenses and accrued income	–	43	–	43	–	20	–	20
Long-term financial assets	65	–	–	65	66	–	–	66
available-for-sale								
Marketable securities	45	–	–	45	5	–	–	5
Long-term financial assets	297	–	11	308	259	–	10	269
Financial liabilities								
at fair value through profit or loss								
Financial debts	228	–	–	228	226	–	–	226
Accrued expenses and deferred income	–	34	–	34	–	26	–	26
Other fair values								
Financial assets								
Marketable securities	–	585	–	585	–	305	–	305
Prepaid expenses and accrued income	–	7	–	7	–	6	–	6
Long-term financial assets	–	145	–	145	–	169	–	169
Financial liabilities								
Financial debts	408	221	–	629	408	192	–	600
Accrued expenses and deferred income	–	4	–	4	–	16	–	16
Liabilities towards non-controlling interests	–	–	126	126	–	–	133	133

The fair value levels for the balance sheet items cash and cash equivalents, accounts receivable, prepaid expenses and accrued income, accrued expenses and deferred income, and accounts payable that are not measured at fair value are not disclosed separately since their carrying amounts represent a reasonable approximation in view of the short-term nature of these financial instruments.

7.2 Reconciliation of fair values of level 3

In CHF million	2015	2014
Long-term financial assets		
January 1	10	15
Changes in value recognized in other comprehensive income	1	-1
June 30	11	14

There was no transfer between level 1 fair value and level 2 and no transfers into or out of level 3 during the reporting period (previous year: no transfer between the different levels).

7.3 Valuation methods

The following methods and assumptions were applied to determine the fair value:

- Marketable securities: These equity instruments and bonds are traded primarily in active markets and quoted prices are available (level 1). Level 2 mainly comprises time deposits with a residual maturity of 3 to 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Long-term financial assets: These equity instruments and bonds are traded primarily in active markets and quoted prices are available (level 1). Level 2 mainly comprises time deposits with a residual maturity of over 12 months. Their value is measured using the discounted cash flow method and is based on observable market data such as interest rates, counterparty risks, and other risk factors.
- Financial debts: The bond and the exchangeable bond that were issued are traded in active markets; quoted prices are available (level 1). Level 2 comprises bank loans and liabilities to related parties.
- Liabilities towards non-controlling interests are calculated using the discounted cash flow method and are based on unobservable input parameters. As a result, they are assigned to level 3.
- Derivatives: Derivatives are included in the items prepaid expenses and accrued income as well as accrued expenses and deferred income (level 2). The Schindler Group holds derivative financial instruments such as foreign currency contracts and interest rate swaps. The value of foreign currency contracts is measured on the basis of observable spot rates and yield curves using the discounted cash flow method. The value of interest rate swaps is measured on the basis of observable forward rates using the present value method. Schindler's own risk of default and that of counterparties are taken into account when measuring the value of derivatives.

Other level 3 financial instruments mainly comprise hedge funds and private equity investments. Their value is based on external valuations.

7.4 Fair value versus carrying amount

The carrying amount of the bonds issued totaled CHF 627 million as of June 30, 2015 (December 31, 2014: CHF 624 million) compared to a fair value of CHF 636 million (December 31, 2014: CHF 634 million). The carrying amount of other financial instruments represents a reasonable approximation of their fair value.

8 Consolidated equity

8.1 Share capital and participation capital

	Number	Nominal value	in CHF Capital
Share capital			
June 30, 2014	68 180 352	0.10	6 818 035
December 31, 2014	68 180 352	0.10	6 818 035
Reduction as of May 27, 2015	-118 550	0.10	-11 855
June 30, 2015	68 061 802	0.10	6 806 180
Participation capital			
June 30, 2014	44 618 533	0.10	4 461 853
December 31, 2014	44 618 533	0.10	4 461 853
Reduction as of May 27, 2015	-382 222	0.10	-38 222
June 30, 2015	44 236 311	0.10	4 423 631

In accordance with the decision of the General Meeting of Shareholders of Schindler Holding Ltd. of March 20, 2015, a total of 118 550 registered shares and 382 222 participation certificates were cancelled by means of a capital reduction on May 27, 2015.

8.2 Treasury shares

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2015	545 769	55	785 058	88
Cancellation	-118 550	-16	-382 222	-50
Purchase	523 950	83	1 291 262	206
Share-based payments				
Disposal of shares and participation certificates	-158 270	-21	-	-
Exercising of options and Performance Share Units	-98 713	-6	-76 370	-7
Difference in value due to disposal and exercise		-5		-1
June 30, 2015	694 186	90	1 617 728	236
Reserved shares and participation certificates for participation plans	345 836		453 445	

8.3 Dividend

In accordance with the decision of the General Meeting of Shareholders of Schindler Holding Ltd. of March 20, 2015, an ordinary dividend of CHF 2.20 (previous year: CHF 2.20) and an additional dividend of CHF 1.00 per registered share and participation certificate for the financial year 2014 was paid on March 30, 2015.

9 Contingent liabilities

Contingent liabilities are described in the notes to the Group Financial Statements 2014. As of the balance sheet date of June 30, 2015, no significant changes had occurred in local currencies. As a result of changes in exchange rates, contingent liabilities decreased by CHF 39 million to CHF 247 million compared to December 31, 2014.

10 Segment reporting

The Elevators & Escalators segment comprises an integrated business that specializes in the production and installation of new elevators and escalators, as well as the modernization, maintenance, and repair of existing installations. The segment is managed as a global unit.

The column Finance comprises the expenses of Schindler Holding Ltd., as well as centrally managed financial assets and financial liabilities that have been entered into for Group financing purposes.

In addition to segment information, other selected information is published as part of a voluntary continuing disclosure.

In CHF million	Group	Finance	Elevators & Escalators	Additional information to the segment			
				Europe	Americas	Asia-Pacific, Africa	Eliminations
January to June 2015							
Revenue from third parties	4 492	–	4 492	1 756	1 290	1 446	–
Revenue from other regions	–	–	–	156	5	74	–235
Total revenue	4 492	–	4 492	1 912	1 295	1 520	–235
Operating profit	476	–16	492				
Additions of property, plant, and equipment, and intangible assets	83	–	83	25	20	38	–
Total depreciation and amortization	74	–	74	30	17	27	–
of which impairment	2	–	2	2	–	–	–
Income from associates	9	13	–4				
January to June 2014							
Revenue from third parties	4 339	–	4 339	1 915	1 239	1 185	–
Revenue from other regions	–	–	–	130	5	63	–198
Total revenue	4 339	–	4 339	2 045	1 244	1 248	–198
Operating profit	524	66	458				
Additions of property, plant, and equipment, and intangible assets	110	–	110	20	27	63	–
Total depreciation and amortization	60	–	60	31	14	15	–
of which impairment	–	–	–	–	–	–	–
Income from associates	30	12	18				

Financial calendar

	2015	2016
Annual results media conference	February 13	February 12
Ordinary General Meeting Schindler Holding Ltd.	March 20	March 22
First trading date ex-dividend	March 24	March 29 ¹
Date of Schindler Holding Ltd. dividend payment	March 30	March 30 ¹
Publication of selected key figures as of March 31	April 28	April 28
Publication of Interim Report as of June 30	August 14	August 16
Publication of selected key figures as of September 30	October 23	October 25

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

The Schindler Group's Interim Report 2015 is published in English and German. The original German-language report is the authoritative version.

General information about the Group as well as its Annual Reports, press releases, and details of its current share price are available at: www.schindler.com.

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