

Interim Report as of June 30, 2015

Media release
August 14, 2015

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.

Key figures as of June 30, 2015: see pages 3–4

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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	

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