Illustration concept

The illustrations show Schindler’s latest products in typical applications.

The back cover of the Annual Report is devoted to the work of young artists whose creativity enlivens our business premises.
Every day, all over the world, Schindler elevators and escalators transport more than 700 000 000 people
Photos: Maya Torgler, Lucerne, Switzerland
Key figures 2003

The financial results for 2003 and 2002 are significantly affected by special costs of the R03 program, as explained on page 7 of the Financial Statements. In the interest of greater transparency and comparability, and where relevant, the key figures which follow are in each case also shown excluding R03 project costs.

<table>
<thead>
<tr>
<th>Group</th>
<th>2002</th>
<th>2003</th>
<th>Δ %</th>
<th>Δ % local currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>7 888</td>
<td>7 725</td>
<td>−2.1</td>
<td>+2.1</td>
</tr>
<tr>
<td>EBITDA* Group</td>
<td>349</td>
<td>566</td>
<td>+62.2</td>
<td></td>
</tr>
<tr>
<td>EBITDA Elevators and Escalators in %</td>
<td>5.0</td>
<td>8.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA ALSO in %</td>
<td>2.4</td>
<td>1.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>62</td>
<td>344</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>8</td>
<td>184</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow**</td>
<td>430</td>
<td>368</td>
<td>−14.4</td>
<td></td>
</tr>
<tr>
<td>Orders received Elevators and Escalators</td>
<td>6 344</td>
<td>6 246</td>
<td>−1.5</td>
<td>+4.1</td>
</tr>
<tr>
<td>Orders received ALSO</td>
<td>1 685</td>
<td>1 620</td>
<td>−3.9</td>
<td>−5.0</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1 067</td>
<td>1 165</td>
<td>+9.2</td>
<td></td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>39 918</td>
<td>39 617</td>
<td>−0.8</td>
<td></td>
</tr>
</tbody>
</table>

Key figures before charging R03 project costs

<table>
<thead>
<tr>
<th>2002</th>
<th>2003</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA* Group</td>
<td>665</td>
<td>702</td>
</tr>
<tr>
<td>EBITDA Elevators and Escalators in %</td>
<td>10.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Net profit before taxes</td>
<td>448</td>
<td>481</td>
</tr>
</tbody>
</table>

* EBITDA: Operating profit plus depreciation/amortization
** Cash flow: Net profit before minority interests plus depreciation/amortization and change in provisions
Dividends proposed by the Board of Directors of Schindler Holding Ltd.

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered share</td>
<td>CHF 0.–</td>
<td>CHF 6.–</td>
</tr>
<tr>
<td>Bearer participation certificate</td>
<td>CHF 0.–</td>
<td>CHF 6.–</td>
</tr>
</tbody>
</table>

You will find further key figures starting on page 52.
Brighter economy but no perceptible recovery in the construction sector
After the early part of 2003 was dominated by the war in Iraq and SARS, the fourth quarter of the year showed increasing signs of economic recovery. Except in China, this positive trend did not yet spread to the construction sector. Although various companies reported improved growth and earnings, employment levels in the OECD countries fell further. Consequently, there was a reduction in demand for office accommodation, and the volume of empty space increased. By contrast, residential building construction remained stable, helped partly by low interest rates. The resulting competition put further pressure on prices in the elevators and escalators industry with its burden of overcapacities. It must be assumed that the elevator industry will, as in the past, only react to the economic upswing with some delay, since the empty building space must first be absorbed. Despite these difficult conditions, as well as continuing negative effects of currency fluctuations, in the reporting year Schindler’s performance – both before and after special costs for the R03 projects – improved.

Burdened by special projects and currency effects
As already in the previous year, the result for 2003 is affected by the R03 (run rate 03) special projects launched early in 2002. These aim to attain a substantial increase in productivity in the elevators and escalators business, as well as improved geographical positioning, and should contribute to raising the EBITDA margin of this business to 14% by the end of 2005. In the reporting year, improvements became clearly visible.

At the level of consolidated profit before taxes, the R03 project costs incurred in the reporting year were CHF 137 million, which is slightly above the announced range of approximately CHF 100 million to CHF 130 million.

In addition to costs for the R03 projects, the financial results for the year were burdened by negative exchange rate effects. These reduced consolidated operating revenue by a total of CHF 324 million, and operating profit by CHF 16 million. Over the last three years, the Group has therefore lost CHF 1,006 million of operating revenue, and CHF 84 million of operating profit, due to exchange rates.

Operating performance improves
During the reporting year, the scope of the consolidation was expanded to include Schindler Monaco, Monaco, Schindler Joong Ang Elevator Co. Ltd., South Korea, Doppelmayr Aufzüge AG, Wolfurt, Austria (9 months), and a number of smaller companies of minor significance. The effect of all first-time consolidations is approximately 1% on both Group operating revenue and Group operating profit.

Consolidated operating revenue fell by 2.1% from CHF 7,888 million to CHF 7,725 million. In local currencies, there was an increase of 2.1%. At the level of operating revenue, there were exchange rate losses of CHF 294 million accruing from the US dollar, CHF 76 million from the Brazilian real, and CHF 35 million from other currencies. By contrast, there was an exchange rate gain of CHF 81 million derived from the euro. Net of exchange losses, the decline in consolidated operating revenue is therefore entirely attributable to lower net sales by ALSO.
Consolidated operating profit EBITDA before charging R03 project costs increased by 5.6% to CHF 702 million. This reflects the operational improvement in the elevators and escalators business, while the operating result of the ALSO Group declined sharply. EBITDA after charging R03 project costs rose from CHF 349 million to CHF 566 million (+62%).

Consolidated net profit before taxes but after charging R03 project costs of CHF 137 million was CHF 344 million compared with CHF 62 million the previous year. Consolidated net profit before taxes and before charging R03 project costs was CHF 481 million, which is 7.4% above the previous year’s amount. Consolidated net profit after taxes and minority interests, and after charging R03 project costs, was substantially higher than the previous year at CHF 184 million.

At CHF 7,866 million, consolidated orders received were 2.0% below the previous year’s amount of CHF 8,029 million. In local currency values, there was an increase of 2.2%. The consolidated order backlog at the end of 2003 was 6.5% above the previous year’s value (+9.2% in local currencies) at CHF 3,712 million.

Since the end of 2002, the number of employees went down by 301, or 0.8%, to 39,617. In the elevators and escalators business, the number of people employed declined by 163, or 0.4%. The workforce of ALSO contracted by a total of 138, or 12.4%.

Operating profit EBITDA was CHF 542 million after charging R03 project costs (previous year CHF 313 million), and CHF 678 million before R03 project costs (previous year CHF 629 million). The EBITDA margin before charging R03 project costs rose from 10.1% in the previous year to 11.1%, which demonstrates that despite heavy pressure on prices, a respectable improvement in performance was achieved. The corresponding EBIT margin rose by as much as 14%, i.e. from 7.6% to 8.7%.

Order bookings for elevators and escalators closed at CHF 6,246 million, which was 1.5% less than the preceding year. In local currencies, however, there was growth of 4.1%.

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1 Atrium of Queen Mary 2: the largest passenger ship of all time. 45 elevators and 4 escalators take passengers to their desired deck. Photo: Yves Guillotin, Saint-Nazaire, Loire-Atlantique, France.

2 FieldLink: the new tool for service technicians in which all key information about every installation is stored. Photo: E.T. Studhalter, Schachen, Switzerland.

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Elevators and escalators business
The results for the elevators and escalators business were affected by R03 special project costs. Most of the more than 50 individual projects in all were completed, and already delivered first improvements. In Europe, the standardized IT platform (one single client), as well as business processes standardized in accordance with best demonstrated practices, were tested successfully in pilot projects. Phased introduction at the Group companies begins early in 2004, so that the full impact of R03 on improving income will start in 2005.

Consolidated operating revenue fell by 1.6% from CHF 6,231 million to CHF 6,133 million. In local currencies, however, it rose by 4.0%.
Approximately 60% of the high-rise market is in the Asia/Pacific region. Europe also has a number of significant projects in the pipeline, but in North America demand in this segment has collapsed. In the reporting year, Schindler made great efforts to present the new Schindler700 high-rise elevator at numerous well-attended customer events in China and Europe, and will continue these in the current year. The product was very well received by customers as well as the professional world. Especially in China, but also in Europe, Schindler won many orders for major projects, such as the LDC-K2 hotel and office tower in Hong Kong, Grand Gateway office tower, Shanghai, Holloway Circus office tower, Birmingham UK, and the Blue Heaven hotel complex, Frankfurt. In addition, these contacts with customers also yielded major orders for other Schindler product lines.

**ALSO**

For the fourth year in succession, the IT market contracted and thereby slowed business for the ALSO Group. Falling prices, pressure on margins, and declining demand for IT services caused the result of this subsidiary company, which is active in the IT logistics and services industry, to be sharply lower than in the previous year.

With its now completely renewed product range, Schindler is in a strong position and defended its market position well. As measured by unit sales and local currency values, there was growth in all regions except some European countries. The proportion of new products contained in orders received is now over 80% (previous year 80%). In the escalators business, the Group maintained its position as world leader again in the reporting year.

**Schindler 700 high-rise elevator**

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In the Distribution Division, net sales amounted to CHF 1516 million (–0.5%) and the operating profit of CHF 25.5 million was CHF 5.9 million (18.8%) below the previous year. ALSO strengthened its market leadership in Switzerland with the acquisition of ACS Trading AG, the third-largest distributor of IT consumables, and by expanding its logistics services.

Although the Systems Business Division was systematically adapted to the drastically shrunk key markets, it nevertheless produced an operating loss of CHF 9.9 million, including exceptional charges of CHF 6.8 million. These relate to the sale of the systems business to the German Bechtle Group which was announced at the start of 2003 and completed on February 5, 2004.

With net sales of CHF 1 598 million (–3.3%), the ALSO Group earned a net profit of CHF 1.8 million (previous year CHF 19.7 million) which includes exceptional charges of CHF 11.3 million.

Changes in the Management Committee Elevators and Escalators

On October 31, 2003, Jörgen Svenningsson relinquished his position as a member of the Management Committee Elevators and Escalators, as well as his responsibility for technology and strategic supply management, and left the Group by mutual agreement. The Board of Directors thanks him for his work in setting up a platform management and central purchasing function. His successor is David J. Bauhs, Deputy to the President of the Management Committee, and previously responsible for the Americas. Member of the Management Committee Heikki Poutanen took over responsibility for the Americas on January 1, 2004.

Dividend of Schindler Holding Ltd.

Schindler Holding Ltd. closed the 2003 reporting year with a net profit of CHF 127 million (previous year CHF 120 million). The next General Meeting on March 18, 2004, will be requested to approve payment of a dividend of CHF 6.– per registered share and bearer participation certificate.

The program which was announced on February 28, 2002, to repurchase a maximum of 10% of the outstanding registered shares and bearer participation certificates has been extended until December 31, 2004. As of December 31, 2003, 23 550 registered shares and 365 350 bearer participation certificates had been purchased for the purpose of reducing the capital. This corresponds to 3% of the outstanding
Schindler Holding Ltd. will propose to the General Meeting of March 18, 2004, a reduction of the bearer participation capital by the 365,350 bearer participation certificates repurchased since March 1, 2002. Contrary to the public announcement in 2002, the share capital will not be reduced by the amount of the 23,550 registered shares repurchased since March 1, 2002. These shares will be used for existing employee share programs (see also pages 17 and 18 of the Financial Statements).

Walter G. Frehner, a member of the Board of Directors since 1984, retired on grounds of age as from the date of the General Meeting in 2003. The Board of Directors thanks him for his long-standing support to the Group's management and the valuable impulses which he was able to contribute as a result of his many years of management experience and clear vision of business priorities. In the reporting year, Walter G. Frehner was appointed an additional member of the Audit Committee. He also holds the same function in other companies, and his many years of experience enable him to question matters appropriately. The Audit Committee is thereby considerably strengthened.

Lord Powell of Bayswater, KCMG, of London, was newly elected to membership of the Board of Directors for a term of three years. Charles Powell served for many years in the British diplomatic service as advisor on foreign policy to Prime Minister Margaret Thatcher. Since 1992 he has held important board memberships of international companies and is President of the China-Britain Business Council.

1 9 Schindler elevators, including 6 Schindler 500 with Miconic 10 hall call destination control system, and 2 escalators Schindler 9300 for Switzerland's tallest building, the Messeturm in Basel; Switzerland Photo: Hans Ege, Weggis, Switzerland

2 Service technician performs highly skilled work at the Culture and Congress Center; Lucerne, Switzerland Photo: E.T. Studhalter, Schachen, Switzerland
External growth, but not at any price

External growth through major acquisitions has become very difficult because of antitrust legislation. The few remaining medium-sized acquisition candidates are courted by the entire competition, with the consequence that in some cases irrational prices are paid. Schindler evaluates such opportunities very carefully when they arise, but is not willing to join a trend in which exorbitant acquisition prices are paid which clearly result in the destruction of corporate value. In such cases it may be possible to increase turnover and operating profit, but payback from the investment will never be achieved.

Outlook 2004

In view of the overall economic situation described at the outset, in most markets prices can be expected to fall. Also, especially in relation to the US dollar, further negative exchange rate effects must be anticipated. The overriding problem in both the industrial and service sectors is global overcapacity. Increased productivity and technological innovations exacerbate this problem further, so that in today’s market environment, an improvement in the margin can primarily only be obtained by reducing costs.

Schindler is well equipped for this difficult environment. The product portfolio in the elevators and escalators business has been completely renewed. The strong position which has been established in the more resilient commodity business, as well as the outstanding acceptance of the Schindler 700 high-rise elevator, will affect order bookings positively. The heavy investments in product and process innovations are gradually paying returns.

Completion of the R03 projects in 2004 is expected to incur project costs of approximately CHF 75 million. However, these will no longer be reported separately in the Financial Statements for 2004.

1 45 Schindler 9300 escalators and 6 Schindler 9500 moving walks transport passengers at Zurich Airport; Switzerland

Photo: Michael Meschede, Kaufungen, Germany

ALSO: In view of the restraint which companies have now been exercising in relation to IT investments for more than four years, in the current year orders may be expected to increase again. The management will concentrate its efforts mainly on improving performance.

Taking into account the price erosion as stated, and leaving aside unforeseeable events, it is anticipated that net profit in 2004 will be substantially higher than in the previous year.

Thanks to employees

Despite very difficult market conditions, the additional workload for the R03 projects was absorbed by an extremely high level of commitment. The approximately 39 000 employees have collaborated decisively in implementing the strategy, and thereby assisted substantially in reaching the defined goals. The Board of Directors wishes to express its appreciation and cordial thanks to all employees for this major achievement.

Alfred N. Schindler
Chairman of the Board of Directors

Luc Bonnard
Vice Chairman of the Board of Directors

Queen Mary 2: the largest passenger ship of all time. 42 meters wide, 72 meters high, accommodation for 2620 passengers and 1250 crew. Schindler supplied 45 elevators and 4 escalators

Photo: Yves Guillotin, Saint-Nazaire, Loire-Atlantique, France
In tall buildings, how can operation of the elevators be simplified and individualized, at the same time as access to the building and specific floors is controlled?

Under the name SchindlerID, Schindler offers a new individualization concept, as the letters “ID” clearly reveal. An intelligent access control system which combines the control of various elevator groups at the same time as integrating individual passenger wishes. As a general rule, SchindlerID is used with a Miconic 10 hall call destination control system. The SchindlerID database manages information such as, for example, conditions for access to the floors by customers, employees, and residents who enter and leave a building. The core function of SchindlerID is the administration and management of the individual access rights of elevator users. The personal identification of passengers makes it possible to provide additional, individual services. When doing so, at the same time, the efficiency of the total elevator system is maintained.

Simple handling – comprehensive service

Using an elevator which is controlled by SchindlerID could not be easier. Passengers identify themselves with their badge or PIN code to the terminal of the Miconic 10 hall call destination control system. Based on identification of the passenger, SchindlerID checks authorization for access to the destination floor they have requested, as well as their individual needs, and indicates which elevator car will take them to their desired destination.

1 Before the elevator begins its journey, identification takes place at the input terminal, for example by means of a badge. In the broadest sense, this identification is the key to the diverse world of SchindlerID: it allows or prevents access to particular floors, distributes elevator capacities according to individual access rights, separates passengers from incompatible goods being transported, and supports passengers individually with text and sound in their language.
In many ways, implementation of Schindler ID fulfills the Schindler principle of "Design for All" (see Market profile Europe, page 17). This means that the specific needs of very diverse users are satisfied such as, for example, the allocation of a larger car for freight transportation, or the separation of guests and staff in a hotel.

The future with Schindler ID Infotainment

Schindler ID Infotainment allows individualized provision of information and entertainment. A screen on the landing or in the car displays multimedia information, for example profiles of companies with offices in the building. For passengers with a Schindler ID identification, the system can display media content adapted to their individual needs. The system can be connected to the Internet, and thereby utilize the wealth of information in the World Wide Web.

1 The screen in the car shows the passenger favorite information about news, sport, entertainment, etc.

2 With Schindler ID, access to the building can be partially or completely restricted. However, controlled access to the destination floor is assured: by means of simple multilingual user guidance on the touch screen, the visitor finds his or her partner. By lifting the handset, a connection is made automatically to the selected person or company. The person who receives the call sends the elevator to the entrance, from where the passenger is taken to the destination without any intermediate stops.
Schindler\textit{ID} is unique, and already today fulfills the highly diverse wishes of customers. Solutions to further needs can be integrated into the existing platform. This guarantees that in the future too, Schindler\textit{ID} will provide innovative services, and therefore open up new opportunities for value creation in buildings.

1 The Santa Fe Fallena Corporate Tower, Mexico City, is equipped with the Miconic 10 hall call destination control system; Mexico

1 In hospitals intelligent separation of different groups of passengers and goods is particularly important. Differing requirements with regard to space and comfort must also be taken into account.

2 The first time the hall call destination control system is used an explanation is often necessary. Using words and pictures, the Schindler\textit{ID} touch terminal clearly shows the passenger the way.
Strong competition
Stagnation or slower growth characterized the development of some European markets. Throughout Europe, competition grew tougher. Prices came under increasing pressure. While residential building construction remained stable in this environment, the commercial sector contracted.

Growth in new installation business
Relative to the previous year, the new installations business grew in terms of both value and units. This development was the result of greater concentration of construction activity in residential buildings, with the commercial sector suffering from a lack of demand. In France, for instance, residential building construction received additional impetus from a law which encourages investment in this segment.

Structural changes at country subsidiaries completed
All European country subsidiaries have successfully completed the necessary managerial structural changes, so that business processes can now be standardized throughout Europe.

Successful introduction of the Schindler 700 high-rise elevator
Elevator consultants, architects, and general contractors from all over Europe attended various presentations of the new, globally applicable Schindler 700 high-rise elevator which was presented at customer events in Frankfurt, Paris, Madrid, and Brussels. There was especially

Market profile elevators and escalators
Europe

1 Schindler supplied various installations for the historic Le Centorial office building; Paris, France
Photo: Studio V. U., Malakoff (Hauts-de-Seine), France

2 42 Schindler EuroLift elevators and 71 Schindler 9300 escalators provide passenger transportation in Terminal II at Munich Airport; Germany
strong interest in the numerous possibilities for improving the traffic management in buildings as well as individual use of the elevator which are opened up by the new Schindler-ID system in combination with the Miconic 10 hall call destination control system (see also Innovation, page 12).

“Design for All”
The European Year of People with Disabilities which was declared for 2003 by the Council of the European Union was aimed at achieving a breakthrough on the principle of “Equal rights for those with and without disabilities”.

Schindler underscored its commitment with the motto “Design for All”. In accordance with this motto, the development of Schindler products takes into account people’s diverse needs, including dealing with disabilities. The “universal” design of the Schindler product lines therefore already complies to a very large extent with the standards for accessibility which have come into force with the new European standards.

Schools of architecture at European universities have been invited by Schindler to submit entries for an international architectural competition. The central theme of this competition is “Access for All” (see also www.schindleraward.com).

1 5 panoramic elevators are installed in the NMBS/SNCB railroad station at Leuven; Belgium
2 Schindler supplied the elevators and escalators for the modern Terminal II at Munich Airport; Germany
**Europe**

**Major orders**

**Austria:**
- Installation of Servitel in 490 elevators in residential buildings throughout Austria; 11 elevators and 2 Schindler 9300 escalators for Vienna Exhibition Center, Vienna; 14 Schindler Smart 002 DE elevators for Gartensiedlung Ottakring residential complex, Vienna; 15 elevators and modernization of 2 Schindler 9700 escalators for metro system, Vienna; 3 elevators and 6 Schindler 9300 escalators for Eybl shopping mall, Vienna; 11 Schindler EuroLift elevators for Euro Plaza office building, Vienna; 21 elevators for Neue Heimat Tirol residential complex, Innsbruck; 27 Schindler Smart MRL 002 elevators for GWG residential complex, Linz

**Belgium:**
- 22 Schindler 500 elevators for Galaxy Towers office building, Brussels; 4 Schindler EuroLift elevators, 4 Schindler EuroLift panoramic elevators, and 1 Schindler 9300 elevator for Bierset Airport, Liège; 12 Schindler 500 elevators for European Community Lex 2000 building, Brussels; modernization of 8 Schindler EuroLift elevators at Antwerp Tower office building, Antwerp

**France:**
- 10 Schindler 700 elevators and 3 service elevators for CBX office building, Paris; modernization of 8 elevators at AIG office tower, Paris; modernization of 22 elevators at Ariane office tower, Paris; modernization of 8 elevators at Bretagne Tower office building, Nantes

**Germany:**
- 4 Schindler 9700 escalators for Nord-Ostsee-Kanal pedestrian underpass, Rendsburg; 17 elevators for Munich Reinsurance office building, Munich; modernization of 23 elevators at Bayerischer Rundfunk office building, Munich; 8 Schindler EuroLift elevators for Mövenpick Hotel, Berlin; 13 elevators for Hotel Augsburger Strasse, Berlin; 16 elevators, including 8 Schindler 800 and 3 Schindler EuroLift, for Herriot’s office building, Frankfurt; 14 elevators, including 12 Schindler EuroLift, for Campus office building, Frankfurt; 5 elevators for Theodor-Heuss-Allee office building, Frankfurt; 18 Schindler 9300 escalators for Kaiser Passage Worms shopping center, Worms; 5 Schindler 800 elevators with Miconic 10, 1 Schindler EuroLift elevator, and 2 service elevators for Blue Heaven Hotel, SAS Radisson, Frankfurt

**Great Britain:**
- National maintenance contract for 152 units in Alders department stores; 9 elevators, including 8 Schindler 500 and 1 Schindler EuroLift, for Beetham Tower, Birmingham; modernization of 4 elevators with Schindler ID at White House Hotel, London; 3 elevators for Great Western Hospital, Swindon; modernization of 10 elevators with Schindler ID at Barnsley District General Hospital, Barnsley; 11 Schindler 9300 escalators and 2 Schindler EuroLift elevators for various Alders department stores nationwide; 4 Schindler 500 elevators and 1 Schindler EuroLift elevator at Trafford Boulevard, Manchester

**Greece:**
- 32 Schindler 9300 escalators, 13 Schindler EuroLift elevators, and 12 hydraulic panoramic elevators for Athens Suburban Railway, Athens; 10 Schindler 9500 moving walks for Sklavenitis supermarket, Keratsini; 14 hydraulic elevators for Olympic Shooting Center, Markopoulo; 8 Schindler 9300 escalators, 4 Schindler 9500 moving walks, and 5 elevators for railway station at Athens International Airport, Athens

**Hydraulic elevator at EuroAirport Basel-Mulhouse-Freiburg**

**Photo:** Studio V. U., Malakoff (Hauts-de-Seine), France

1 One of 35 Schindler EuroLift elevator cars in the Metro Do Porto; Oporto, Portugal
Italy:
42 Schindler EuroLift elevators, 31 hydraulic elevators, and 87 Schindler 9300 escalators for Milan Fair, Milan; 10 Schindler 9500 moving walks for Le Acciaierie shopping mall, Bergamo; 28 elevators, including 4 panoramic elevators, and 8 Schindler 9300 escalators for Monfalcone 6111 cruise liner, built by Carnival Group; 45 elevators, including 4 panoramic elevators, and 4 service elevators for Queen Mary 2 cruise liner, built by Cunard

Spain:
2 Schindler EuroLift elevators, 6 freight elevators, 48 Schindler 9300 escalators, and 12 Schindler 9500 moving walks for El Corte Inglés Maella shopping mall, Valencia; 21 elevators, including 16 Schindler EuroLift and 3 Schindler Smart MRL 002 elevators, and 2 Schindler 9300 escalators for Sorolla Hotel, Valencia; 30 elevators, including 4 Schindler Smart MRL 002 and 3 panoramic elevators, 1 platform, 4 Schindler 9300 escalators, and 10 Schindler 9500 moving walks for Miguel Servet Hospital, Zaragoza; modernization of 3 bed elevators at Universidad Hospital, Valle Hebrón, Barcelona; modernization of 6 bed elevators at 12 de Octubre Hospital, Madrid; modernization of 4 bed elevators at Ciudad de Jaén Hospital, Jaén; modernization of 4 elevators at Cuzco Hotel, Madrid; maintenance contract for 8 Schindler 9300 escalators, 12 Schindler 9500 moving walks, and 6 elevators at Carrefour shopping mall, Tenerife; maintenance contract for 10 Schindler 9300 escalators, 9 Schindler EuroLift elevators, and 1 Schindler Smart MRL 002 DE elevator in the AVE high-speed railroad system, Zaragoza

Sweden:
14 Schindler 9300 escalators for headquarters of Trygg Hansa, Stockholm; modernization of 24 elevators with Miconic BX at HSB residential building, Stockholm; modernization of 8 elevators with Miconic TX at Folkswagen office building, Stockholm; modernization of 10 elevators with Miconic BX at BRF Askungen residential building, Göteborg; 7 Schindler Smart MRL 002 elevators for Kv. Gästvningen residential building, Stockholm

Norway:
1 special elevator with explosion-proof equipment and aluminum hoistway for the existing platform Troll A in the North Sea; modernization of 78 elevators, and 15 new elevators at Romsås BBL residential building, Oslo

Portugal:
8 Schindler EuroLift elevators, including 6 elevators with Miconic 10, for Banco Nacional de Crédito, Lisbon; 14 Schindler EuroLift elevators, 11 Schindler 9300 escalators and 10 Schindler 9500 moving walks for Sonae shopping malls at Viana do Castelo and Azores; 11 Schindler EuroLift elevators for Estádio do Dragão football stadium, Porto; 16 Schindler EuroLift elevators, 2 panoramic elevators, 2 micro-elevators, and one platform for Expoland building, Lisbon; 57 Schindler EuroLift elevators, 32 Schindler 9300 escalators, and 14 Schindler 9500 moving walks for Amorim Imobiliária shopping malls at Porto, Coimbra, and Vila Real; modernization of 4 elevators at Alfa Hotel, Lisbon

Switzerland:
9 Schindler EuroLift elevators, 10 freight elevators, 2 panoramic elevators, and 18 Schindler 9500 moving walks for Pilatusmarkt Schlund shopping mall, Kriens; 10 elevators, including 6 Schindler EuroLift, for Swiss Paraplegic Center, Nottwil; 7 elevators, including 1 Schindler EuroLift, and 6 Schindler 9500 moving walks for Coop Centro Commerciale shopping mall, Tenero

1 Schindler elevators in the Le Centorial office building in Paris; France
Photo: Studio V. U., Malakoff (Hauts-de-Seine), France

2 3 Schindler EuroLift elevators and one Schindler Smart MRL 001 elevator are installed at the headquarters of Reykjavik Energy; Iceland

Post Tower Bonn: the office tower is served by 12 Schindler 800 elevators; Germany
Weak construction industry

Although the North American economy returned to growth in 2003, overall activity in the construction industry contracted by about 6%. The decline in the commercial building segment was sharper than for residential buildings and hotels. The number of unoccupied commercial premises increased, but showed signs of stabilizing toward the end of the year. Despite the weak construction industry, Schindler has a good order backlog for 2004. In the high-rise segment, Schindler won the important order for the historic Hearst Building in New York City. The contract is for 15 units of the new globally applicable Schindler 700 high-rise elevator equipped with the Miconic 10 hall call destination control system, plus 6 further elevators and 3 escalators.

Market position in North America strengthened again

Relative to the previous year, the new installations business grew sharply. Schindler again confirmed its leadership in the escalators market. In the commodity business, Schindler expanded its market position even further thanks to the success of the Schindler 330 A hydraulic elevator. In addition, the launch of the new Schindler 400 A rope-traction elevator strengthens the Group’s position in the mid-range market segment.

As a consequence of the large amount of unrented floorspace, the maintenance business suffered continued pressure on prices. An increasingly wide range of customized solutions is offered by the Schindler Elevator Network for Ser-
vice Excellence (SENSE) which was successfully introduced during the reporting year. Optimized processes and procedures, and use of state-of-the-art technologies, along with the development and utilization of pre-configured components in the modernization business, contributed to increased productivity.

**Market position in Latin America expanded further**

Macroeconomic measures to stabilize the economy slowed the construction industry in most Latin American markets except Mexico. Even so, in all countries of Latin America, Schindler succeeded in expanding its strong market position.

Brazil, the most important market of the region, registered record vacancy levels in commercial buildings in both Rio de Janeiro and São Paulo. No recovery is expected in this segment before the second half of 2004. Construction of basic residential buildings also slowed.

Construction of new shopping malls along with government investment in public transportation boosted escalator sales in the second half-year. These included orders for 33 escalators for the São Paulo public transportation network and 13 units for the new airport at Maceio. Schindler is the only supplier with an escalator production plant in Latin America, and enjoys the number-one position in this market.

1 Brazil, the most important market of the region, registered record vacancy levels in commercial buildings in both Rio de Janeiro and São Paulo. No recovery is expected in this segment before the second half of 2004. Construction of basic residential buildings also slowed.

2 Visitors to the Casa Cor de Brasilia 2003 exhibition were transported by a Schindler Smart MRL elevator. The elevator now serves the building’s residents; Brasilia, Brazil

3 Customers in the Carrefour Picacho and Universidad shopping malls have 9 Schindler 9500 moving walks and 4 Schindler 9300 escalators at their disposal; Mexico City, Mexico
National maintenance contract with J.C. Penney Company, Inc., covering 823 elevator and escalator units in retail stores throughout the USA

**Arizona:**
8 elevators for USSA Norterra building, Phoenix

**California:**
Maintenance contract for 20 elevators and 11 escalators at Long Beach Convention Center, Long Beach; modernization of 13 elevators with Miconic 10 at One California Office Building, San Francisco

**Connecticut:**
Maintenance contract for 9 elevators and 15 escalators at Stamford Town Center shopping mall, Fairfield

**Florida:**
8 elevators for St. Regis Hotel, Fort Lauderdale; modernization of 12 elevators at Park Tower residential complex, Tampa; 5 elevators, including 4 Schindler 500 A, for Brickell on the River condominium, Miami

**Idaho:**
Modernization of 6 elevators with Miconic 10 at One Capital Center office building, Boise

**Illinois:**
Modernization of 27 elevators at 100 & 150 South Wacker Office Buildings, Chicago; modernization of 29 elevators at World Trade Center, Chicago

**Indiana:**
Modernization of 14 elevators at Indiana Government Center, Indianapolis

**Maryland:**
Maintenance contract for 40 escalators in the Baltimore Mass Transit Subway, Baltimore; maintenance contract for 25 elevators and 4 escalators at Baltimore P&D Center office building, Baltimore

**Massachusetts:**
20 Schindler 9300 escalators and 4 Schindler 9500 moving walks for Delta Airlines terminal at Logan International Airport, Boston; modernization of 27 elevators with Miconic 10 at One Federal Street office building, Boston

**Michigan:**
Maintenance contract for 18 elevators, 2 escalators, and 4 other units at McClaren Regional Medical Center, Flint

**Minnesota:**
Maintenance contract for 20 elevators and 2 escalators at American Express CSC office building, Minneapolis; modernization of 8 elevators at Minnesota Mutual office building, St. Paul

**Missouri:**
Modernization of 13 elevators with Miconic HXpress at IBM Data Center, Hazelwood

**New York:**
17 Schindler 700 elevators, including 15 with Miconic 10, 4 hydraulic elevators, and 3 Schindler 9300 escalators for Hearst Building, New York; maintenance contract for 20 elevators and 2 escalators at 5 Times Square, New York; modernization and maintenance contract for 103 elevators at Starrett City residential complex, Brooklyn; modernization of 4 elevators at Rockefeller Plaza Observation Deck, New York; maintenance contract for 182 elevators at Cornell University, Ithaca

**North Carolina:**
10 elevators, including 6 with Miconic 10, at Progress Energy office building, Raleigh

**Pennsylvania:**
Modernization of 45 elevators at Center Square office building, Philadelphia

**Texas:**
Maintenance contract for 26 elevators and 2 other units at Hillcrest Baptist Medical Center, Waco

20 elevators, including 16 with the Miconic 10 hall call destination system, and 2 Schindler 9300 escalators for 5 Times Square, New York; USA
Washington:
Modernization of 22 elevators at 1001 4th Avenue Plaza office building, Seattle

Wisconsin:
Modernization of 8 elevators at Federal Office Building, US Courthouse, Milwaukee

Canada:
4 Schindler 330 A hydraulic elevators for Red Deer Care Center medical building, Calgary; 4 Schindler 330 A hydraulic elevators for Sunpark Plaza office building, Calgary; 5 Schindler 400 A elevators for Humber College Student Residences, North and Lakeshore Campuses, Toronto; 4 Schindler 400 A elevators for Durham College, Oshawa; 6 Schindler 9300 escalators for Promenade shopping mall, Thornhill; 6 Schindler 330 A hydraulic elevators for Western Fair Race Track Slots Expansion, London, Ontario

Brazil:
33 Schindler 9300 escalators for Transportes São Paulo, São Paulo, SP; 70 Schindler 310 L elevators, 6 Schindler 100 L elevators, and 1 SchindlerSmart MRL elevator for GAFISA residential building, São Paulo, SP; 16 Schindler 9300 escalators, 2 Schindler 9500 moving walks, and 4 Schindler 510 L elevators for Matec commercial building, São Paulo, SP; 20 Schindler 310 L elevators and 1 SchindlerSmart MRL elevator for Rossi Residencial residential building, São Paulo, SP; 16 Schindler 9300 escalators for Uninove commercial building, São Paulo, SP; 23 Schindler 310 L elevators for Tecnisa Engenharia residential building, São Paulo, SP; 3 Schindler 310 L elevators and 10 Schindler 9300 escalators for Cofac Fluminense commercial building, Niterói, RJ

Chile:
4 elevators with Miconic 10 and 2 SchindlerSmart MRL 002 elevators for Edificio Security commercial building, Santiago; 7 Schindler 9300 escalators for Parque Arauco shopping mall, Santiago

Mexico:
5 elevators with Miconic 10, 1 with Miconic TX, 3 SchindlerEuroLift elevators with Miconic 10, 5 Schindler 510 L elevators, and 4 Schindler 9300 escalators for Corporative Diamante Santa Fe office complex, Mexico City; 10 Schindler 9500 moving walks, 4 Schindler 9300 escalators, and 1 freight elevator for 3 Carrefour shopping malls in Acapulco, Cancún, and Nezahualcóyotl

Puerto Rico:
Modernization of 6 elevators at Bayamon Judicial Center, Bayamón

Venezuela:
41 Schindler 9300 escalators and 18 elevators for metro system, Valencia; 8 Schindler 9300 escalators, 1 panoramic elevator, and 1 freight elevator for Emporio Chacaito shopping mall, Caracas City; 6 Schindler 9300 escalators for Centro Comercial Ciudad Tamanaco, Caracas City
Economic development was hampered by SARS

Growth in Asia/Pacific in the reporting year was negatively influenced by SARS, particularly in Hong Kong, Taiwan, and Singapore where the economies entered recession. The exception was China where growth continued at an impressive pace. In Japan, signs of economic recovery finally appeared and growth in other countries of the region also showed encouraging developments.

The elevators and escalators business environment reflected the general economic climate. Except for Hong Kong, Taiwan, and to some extent Singapore, many Southeast Asian countries experienced good demand. In China, there was continuing strong growth particularly in residential building construction, which caused the government to enact measures to avoid overheating of this sector. The rapid rate of growth over the past years has made China the world’s largest market for new installations. In Japan the overall market remained at the previous year’s level despite a noticeable decline in the demand for high-rise elevators.

Expansion and increased market shares

Schindler substantially strengthened its market position in the reporting year and posted strong sales growth in all key markets of the region. A contributory factor was the successful restructuring measures in China, which reduced duplication between the Group companies by reorganization of marketing activities and the introduction of shared services. With the acquisition of Joong Ang Elevator, Schindler obtained a foothold in South Korea, the third-largest market in Asia. In Japan, Schindler won orders for important public transportation projects.

New products offer further growth opportunities

The high point of the reporting year was the introduction of the Schindler 700 high-rise elevator in Beijing and Shanghai. The customer events met with strong interest and already resulted in winning orders for significant projects in this important market segment.

The introduction of a low-cost variant of the Schindler 9300 escalator enabled Schindler to strengthen its market position in this business segment despite increasing pressure on prices.
The trend toward machine roomless elevators continues undiminished. With the Schindler Elegant MRL the customer receives a competitive highly standardized product with ultramodern technology. The elevator can be supplied optionally with or without machine room, thereby offering maximum flexibility.

For 2004, economic development is expected to be more stable throughout the region. Increasing export demand will stimulate Southeast Asia, China, and Japan. China will derive additional economic momentum from the Olympic Games in Beijing in 2008 as well as the Expo 2010 in Shanghai. Schindler with its renewed product range is well positioned in all important market segments and will use the positive economic climate to further strengthen its market position.
Asia/Pacific

Major orders

**Australia:**
5 Schindler 9300 escalators, 6 Schindler 9500 moving walks, and 15 elevators, including 3 Schindler 300 P and 8 Schindler 300 H elevators, for Rhodes Waterside commercial center, Sydney; 18 Schindler 9300 escalators and 10 Schindler 300 H elevators for Spencer Street Railway Station, Melbourne; 16 Schindler 9300 escalators and 11 elevators, including 3 Schindler 300 P and 3 Schindler 300 P MRL elevators, for Queens Street Plaza complex, Brisbane; 5 Schindler 500 P, 2 Schindler 300 H, and 2 Schindler 300 P MRL elevators, and 2 Schindler 9300 elevators for Meriton Tower residential building, Sydney; 8 Schindler 700 elevators for Civic Tower office building, Sydney

**China:**
10 Schindler 700 elevators for Beijing Cheng Zhong Mansion commercial building, Beijing; 97 Schindler 9700 escalators for Guangzhou metro system, Guangzhou; 159 Schindler Smart/ elevators for residential building, Guangzhou; 20 Schindler 700 elevators and 3 Schindler 9300 elevators for Jia Cheng Plaza office building, Beijing; 62 Schindler Elegant MRL elevators for Li Yuan Garden residential complex, Beijing; 35 Schindler 700 and 8 Schindler 300 P elevators, and 12 Schindler 9300 elevators, for Guang Cai International Center, Beijing; 40 Schindler 700 elevators for Grand Gateway commercial center, Shanghai; 31 elevators, including 11 Schindler 700, 5 Schindler 300 MRL, 10 Schindler 300 PCL, and 2 panoramic elevators, as well as 18 Schindler 9300 escalators, for New Century Plaza office building, Nanjing; 42 Schindler 9300 escalators for Xihuan Plaza public transportation, Beijing; maintenance contract for 36 Schindler 700 elevators at Shanghai Plaza 66 multifunction complex, Shanghai; maintenance contract for 121 Schindler 9300 escalators in the Shanghai light railway system, Shanghai; maintenance contract for 64 elevators at Beijing New World Trade Center, Beijing; maintenance contract for 17 Schindler 700 elevators and 12 Schindler 9300 elevators at Ciros Plaza multifunction complex, Shanghai

**Hong Kong:**
30 elevators, including 6 Schindler 700, and 39 Schindler 9300 elevators for the Hanoi Road K11 commercial building and hotel, Hong Kong; 23 elevators, including 21 Schindler 300 P elevators, for Hong Kong Disneyland Resort, Hong Kong; 22 elevators, including 19 Schindler 300 P elevators, and 2 Schindler 9300 elevators for Pok Oi Hospital, Hong Kong; 2 Schindler 300 P MRL elevators and 17 Schindler 9300 elevators for Landmark Scheme Phase III–IV, Hong Kong

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1. The Miconic 10 hall call destination system ensures optimal coordination of the 13 Schindler 700 elevators at Nanjing Shangmao International Plaza; Nanjing, Jiangsu Province, China

2. 26 Schindler 9300 elevators, 6 Schindler 9700 elevators, and various elevators are installed in the Putrajaya Convention Center; Putrajaya, Malaysia
**Japan:**
8 Schindler 300 J MRL and 5 Schindler NEU elevators, and 39 Schindler 9300 escalators for 6 stations of Fukuoka City Subway Line, Fukuoka; 15 Schindler 9300 escalators and 6 Schindler NEU elevators for 3 stations of JR Joban New Line, Saitama and Chiba; 12 Schindler NEU elevators for Higashi Toynaka Housing residential complex, Osaka; 14 Schindler 9300 escalators for Unimat commercial building, Tokyo; 1 Schindler 300 J MRL and 3 Schindler NEU elevators for General Research Building of Tokyo University, Chiba; 19 Schindler Smart elevators for Yokoo Housing residential complex, Yokohama

**Korea:**
30 Schindler 9500 moving walks and 2 Schindler 9300 escalators for 3 hypermarkets of Carrefour Korea Ltd, Seoul and Taejeon; 29 Schindler 300 P MRL elevators for Hyupsung Development Co. residential buildings, Ulsan; 8 Schindler 500 P and 2 Schindler 300 P MRL elevators for 56-story Rasung Academy Sweet Tower residential building, Seoul

**Malaysia:**
14 elevators for KLHCC Hospital, Kuala Lumpur; modernization of 14 elevators at Sime Darby commercial building, Kuala Lumpur

**New Zealand:**
9 elevators, including 5 Schindler 500 P elevators, and 6 Schindler 9300 escalators for Sky City hotel and conference center, Auckland; 6 elevators with Miconic 10 and Schindler ID for Northern Roller Mills office tower, Auckland; 7 Schindler 100 P MRL elevators for Trinity Park office complex, Auckland

**Philippines:**
4 Schindler Elegant Classic elevators, 4 Schindler 300 P elevators, and 32 Schindler 9300 escalators for Gateway Mall Araneta Center commercial complex, Manila; 18 elevators, including 10 Schindler 300 P and 4 Schindler 500 P, as well as 10 Schindler 9300 escalators for Marina Square commercial complex, Manila

**Singapore:**
12 elevators, including 7 Schindler 300 P elevators, as well as 42 Schindler 9300 escalators and 6 Schindler 9500 moving walks for Novena commercial center, Singapore; 25 Schindler 300 P MRL elevators for Lakeshore Condominium residential building, Singapore; 12 elevators, including 10 Schindler 500 P and 2 Schindler 300 P MRL elevators, as well as 4 Schindler 9300 escalators for Icon Condominium residential complex, Singapore; modernization of 8 elevators at Cairnhill Plaza residential building, Singapore; modernization of 11 elevators at CPF government building, Singapore

**Taiwan:**
13 elevators, 34 Schindler 9500 moving walks, and 2 Schindler 9300 escalators for KY Chung Ho retail store, Taipei City

**Thailand:**
30 elevators with Schindler ID, including 16 Schindler 700 elevators, and 12 Schindler 9300 escalators for Central World Tower commercial center, Bangkok; modernization of 15 elevators at Royal Orchid Sheraton Tower & Hotel, Bangkok

**Vietnam:**
22 Schindler 300 P MRL elevators for My Dinh Hud residential buildings, Hanoi; 8 Schindler 100 P and 14 Schindler 300 P MRL elevators for North Linh Dam residential buildings, Hanoi

1 Schindler high-rise elevators traveling at 6 meters per second take customers and residents to their desired floor in the World Tower; Sydney, Australia

Panoramic elevators reward passengers with a view of the city. E-Town building in Ho Chi Minh City; Vietnam
A region of opposites
In Eastern Europe, many countries are preparing to join the EU. The Middle East region is still suffering from the effects of the war in Iraq and the conflict between Israel and Palestine. India is developing into the world’s second-largest growth market, and the South African sub-continent anticipates a cautious recovery. Schindler is successful in these markets with its standardized elevator lines Schindler Smart and Schindler EuroLift, its escalators and also with its design elevators in combination with the Miconic 10 hall call destination system and Schindler ID.

Continuing growth in Eastern Europe
For the Russian economy, supported by political stability, promotion of foreign investment activity, and ambitious reform programs, GDP is forecasted to double by 2010. Especially in Moscow, St. Petersburg, and their surrounding regions, the higher standard of living is fueling the construction of residential apartments and shopping malls. There are also numerous projects for new commercial centers. Schindler was able to further grow its position in the two main markets of Russia, namely Moscow and St. Petersburg.

Positive impulses for growth resulting from entry to the EU are especially expected in Poland, Hungary, the Czech Republic and Slovakia. In all these markets Schindler has already a strong position which could be further improved. Characteristic of all these markets is the tough competition, not only in the new installations business but also in the maintenance and modernization business.
Great uncertainty in the Middle East
The aftermath of the Iraq war and the continuing terrorist attacks dominated the economy of the region. The new installations business stagnated, and orders in the maintenance and modernization business were strongly contested. Most strongly affected were the subsidiaries in Israel, Egypt, Morocco, and Turkey. Kuwait, the United Arab Emirates, and Saudi Arabia were also not left unaffected by the negative developments. Fortunately, in the second half of 2003 there were the first signs of recovery, so that for 2004 stabilization can be expected. Despite this difficult environment Schindler was able to win important orders in the area.

Strong growth in India and Bangladesh
The Indian economy continues to grow with great dynamism. Residential building construction benefits from low interest rates. Numerous projects for shopping malls and subway systems contribute to growth in the commercial sector. However, the increase in unoccupied office space is reason for caution.

In Bangladesh, expansion continues undiminished, not only in residential building construction but also in the commercial sector. Schindler participates successfully in this growth and has won major projects.

Pleasing prospects in southern Africa
South Africa’s influence in the region is increasing. Schindler is represented in many countries and expects an economic upswing as soon as stability returns to these nations.

Schindler concentrated very successfully on extending sales of the Schindler Smart, Schindler EuroLift, and Schindler 300 P MRL elevator lines, as well as on modernization of existing installations. In the escalator business, Schindler reinforced its market position with the Schindler 9300 and Schindler 9700 product lines.

Schindler participates in projects which are directed at achieving greater involvement of the black population in the economy, such as the Pretoria Academic Hospital Joint Venture; social projects in the fields of education and job creation, and equal opportunity (Employment Equity) in the workplace.
EMIA
Major orders

**Czech Republic:**
4 Schindler 9500 moving walks, 7 Schindler EuroLift elevators, and 1 freight elevator for the new airport terminal, Prague; 4 Schindler 9500 moving walks, 2 Schindler EuroLift elevators, 1 Schindler Smart elevator, and 1 freight elevator for Carrefour Stodušky hypermarket, Prague; 4 Schindler 9500 moving walks for Globus Hypermarket, Brno; 4 Schindler EuroLift elevators and 11 Schindler Smart elevators for various residential projects with general contractor Metrostav, Prague

**Egypt:**
Modernization of 14 elevators at Semiramis Intercontinental luxury hotel, Cairo; 3 elevators for Cairo Tower tourist attraction and telecommunications tower, Cairo; modernization of 4 elevators at El Nahda Tower office building, Cairo

**India:**
10 Schindler Smart MRL 002 elevators for Bengal Ambuja Metro residential building, Kolkata; 6 Schindler 001 elevators for Palm Court (K Raheja) residential building, Mumbai; 8 Schindler 9300 escalators for Victoria Mall commercial center, Bangalore; 6 Schindler 9300 escalators and 2 Schindler 001 elevators for Heera Panna Mall commercial center, Mumbai; 12 Schindler 9300 escalators for Airport Authority of India at Delhi, Chennai, and Mumbai; 6 Schindler Smart MRL 002 and 10 Schindler 001 elevators for Sujay Garden, Pune; 16 Schindler 001 elevators for Sun City residential building, Bangalore; 8 Schindler 001 elevators for Kanishka Towers, Delhi; 8 Schindler EuroLift/Schindler 100 P MRL elevators for Hiranandani Estate, Mumbai; 24 Schindler 001 elevators for the residential complex Gagan Galaxy, Pune; replacement of 4 elevators with Schindler 300 P and Miconic 10 elevators at the government office building Navin Vidhan Bhavan, Mumbai

**Israel:**
10 elevators for Israel Electricity Company, Tel Aviv; 2 elevators at Pagoda House, Tel Aviv

**Kenya:**
5 Schindler EuroLift elevators, including 2 panoramic elevators, at Panari Plaza shopping mall in Mombasa Road, Nairobi

**Moscow, Russia**
16 Schindler 9300 escalators in the Union of Istanbul Textile Exporters building; Istanbul, Turkey
Lebanon:
12 Schindler 100 P MRL elevators for Al Sayar Villas residential building, Bhamdoun; 2 Schindler 9300 escalators for Monoprix Stores, Jounieh; 8 elevators, including 2 hydraulic elevators, at Safir Heliopolitian Hotel, Beirut

Poland:
4 Schindler 9300 escalators and 7 Schindler EuroLift elevators for A-18 Plac Wilsone metro station, Warsaw; 2 Schindler EuroLift elevators, 1 panoramic elevator, and 1 Schindler 9300 elevator for the historic Market Hall, Gdansk; 5 Schindler EuroLift elevators for Centrum Jasna office building, Warsaw

Russia:
10 elevators, including 9 Schindler EuroLift elevators, and 6 Schindler 9300 escalators for Varshavskaya shopping mall, Moscow; 16 Schindler EuroLift elevators for Andreievskayanab residential complex, Moscow; 6 Schindler EuroLift elevators, 12 Schindler 9500 moving walks, and 2 Schindler 9300 escalators for Lublnskaya Street shopping mall, Moscow; 4 Schindler 9500 moving walks and 4 Schindler 9300 escalators for Weimart shopping mall, Moscow; 11 elevators, including 10 Schindler EuroLift elevators, for Kozikha residential complex, Moscow

Slovakia:
6 Schindler Smart MRL 001, 3 Schindler Smart MRL 002, and 2 hydraulic elevators for Otyk Invest residential complex, Bratislava; 9 elevators, including 5 Schindler Smart MRL 002 DE elevators, for the administration building for diplomatic services, Bratislava; 4 Schindler 9500 moving walks and 3 Schindler Smart MRL 002 elevators for Tesco shopping mall, Bratislava; 2 Schindler Smart MRL 001 elevators, 1 hydraulic freight elevator, and 1 Schindler 9300 elevator for shopping mall, Pezinok

Turkey:
7 elevators with Miconic 10, SchindlerID, lobby vision, and visitor control, as well as 4 Schindler EuroLift glass elevators and 1 service elevator at Sun Plaza business center, Istanbul; 8 Schindler 9300 escalators, 4 Schindler 9500 moving walks, and 3 elevators for Arcadium shopping mall, Ankara; 8 Schindler 9300 escalators for Aksaray pedestrian underpass, Istanbul; modernization of 4 elevators at Ziraat Bank headquarters, Ankara

Ukraine:
4 Schindler 9300 elevators for Maveks shopping mall, Chernivci

† Visitors to the Galaxy shopping mall are served by 6 Schindler 9500 moving walks and various elevators; Szczecinie, Poland
 ALSO had a difficult year

The ALSO Group, which is active in the IT logistics and services business, looks back on a year of many challenges. In this reporting year again, the long-awaited increase in IT investments largely failed to materialize because of the weak economic situation. Within the space of a few months, average prices for desktop PCs and notebooks fell by 20–30%. The demand for IT services also declined further. This development had a negative effect on the result of the ALSO Group. On February 5, 2004, the systems business was sold to the German Bechtle Group and the announced concentration on the distribution business thereby completed. However, this caused a one-time exceptional charge in the annual accounts of the Group for 2003.

Group result weighed by exceptional influences

Despite the difficult environment, with net sales of CHF 1 598 million the ALSO Group was almost able to match the previous year’s level (2002: CHF 1 653 million). At the same time, the Group succeeded in reducing operating expenses by CHF 7.5 million. Even so, the collapse in prices, pressure on margins, falling demand for IT services, and exceptional influences caused operating profit to drop by 49% to CHF 15.7 million (2002: CHF 30.7 million). Net profit at CHF 1.8 million was also substantially lower than the previous year (2002: CHF 19.7 million). However, leaving aside exceptional influences in association with the sale of the systems business, which at this level amount to CHF 11.3 million, the Group result was substantially higher than the communicated expectation because the profit contribution in the fourth quarter was overproportionally high due to the simultaneous occurrence of lower costs and higher sales. At 42.8% of the balance sheet value, shareholders’ equity was substantially above the target ratio of 25–35%. In the reporting year, the ALSO Group had a total of 1 040 employees (2002: 1 177).

Distribution operates profitably and expands market position

At CHF 1 516 million, net sales were held at the same level as the previous year (2002: CHF 1 523 million). However, as a consequence of the collapse in prices and pressure on margins, operating profit dropped back to CHF 25.5 million (2002: CHF 31.4 million). In the reporting year, the Swiss distribution company succeeded in gaining market share with product sales, and increased revenue and profit from logistics services. After the telecommunications providers Swisscom Mobile and Sunrise, the already existing contract with Orange could be massively expanded. Acquisition by the Swiss company of ACS Trading, holder of third position in Switzerland’s IT consumables business, allowed it to add further strength to...
its leading market position. The German subsidiary increased its net sales slightly, which in view of the declining value of the market also brought a higher market share. In the toughly contested German market, it was again successful in operating profitably in 2003. Through the introduction of new product lines, the German company is also well equipped to grow further in the years ahead. Already for the fourth time in succession, both the Swiss and the German companies were voted “Best Distributor” in surveys conducted by the leading industry journals.

The strategic alliance which was formed in September 2002 with leading distributors from other countries, the European Wholesale Group, already produced concrete results in 2003. The alliance provides vendors with a best-in-class platform from which to reach a large number of retailers in Europe.

**Systems business sold to German Bechtle Group**

In this reporting year again, the long-expected impulses for growth in the large-customers segment failed to materialize because of the weak economic situation. The noticeable pressure on prices forced most large companies – especially those in financial services – to make further savings, also on IT services. Despite this difficult environment, the Systems Business Division succeeded in gaining important new customers. However, because long-standing customers spent considerably less on IT services, net sales of the division suffered a further decline to CHF 82.2 million (2002: CHF 130.0 million), with product sales falling more sharply than revenues from services. Although operating expenses were substantially lower, the operating result for the reporting year was a loss of CHF 9.9 million (2002: CHF –0.4 million), which includes exceptional influences of CHF 6.8 million. These relate to the sale of the systems business to the Bechtle Group on February 5, 2004. For the systems business, its employees, and its customers, the sale opens up new prospects for growth and development. In the future, the ALSO Group itself will concentrate entirely on its core businesses of distribution and logistics services.

**Cautious optimism for 2004**

Since most of the IT infrastructure installed in the professional field is now already five or six years old, ALSO expects the IT market to recover slightly in 2004. The product lines newly introduced in the reporting year will give the distribution business additional impulses for growth. Relative to the net income of 2003, which was burdened by exceptional influences – and following the sale of the systems division on February 5, 2004, a substantial improvement in net income is expected for the current year.
Board of Directors Schindler Holding Ltd.

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Chairman; Hergiswil, Switzerland 2005

Luc Bonnard
Vice Chairman; Hergiswil, Switzerland 2005

Alfred Spörri
Zug, Switzerland 2005

Prof. Dr. Dr. h.c. mult. Rolf Dubs
Professor emeritus at the University of St. Gallen; St. Gallen, Switzerland 2005

Dr. Hubertus von Grünberg
Supervisory Chairman of the Board Continental AG; Hanover, Germany 2005

Scott D. Miller
Vice Chairman Hyatt Hotels Corporation; Chicago, USA 2005

Charles Powell (Lord Powell of Bayswater KCMG), London, UK
Former Advisor on Foreign Affairs and Defense to Prime Minister Margaret Thatcher 2006

Dr. Jenö C. A. Staehelin
New York, USA 2005

Robert Studer
Formerly Chairman of the Board of Directors, Union Bank of Switzerland, Schönenberg, Switzerland 2005

* Member of the Executive Committee of the Board
** Ordinary General Meeting in the year 2005, resp. 2006
Management Committee Elevators and Escalators

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Deputy to the President; Americas (until 31.12. 2003)  
Technology and Strategic Supply Management (as from 15.12. 2003)

Miguel A. Rodríguez  
Europe

Jürgen Tinggren  
Asia/Pacific

Heikki Poutanen  
Americas (as from 1.1. 2004)

Dr. Christoph Lindenmeyer  
Eastern Europe/Middle East/India/Africa (EMIA)

Jörgen Svenningsson  
Technology and Strategic Supply Management (until 31.10. 2003)

Brent Glendening  
Chief Information Officer (CIO)

Erich Ammann*  
Chief Financial Officer (CFO)

Dr. Rudolf W. Fischer*  
Human Resources and Training

Prof. Dr. Karl Hofstetter*  
General Counsel

* Reporting directly to a member of the Executive Committee of the Board

Management Committee ALSO

Thomas C. Weissmann  
President (CEO)

Jürgen Baumgartner  
Chief Financial Officer (CFO)

Dr. Axel Keller  
Distribution Germany

Marc Schnyder  
Distribution Switzerland

Thomas Willenegger  
Systems Business

Peter Zurbrügg  
Chief Information Officer (CIO)

＞ For information regarding Corporate Governance according to the directive of the SWX Swiss Exchange, please refer to the chapter on Corporate Governance on page 62 of the separate Financial Statements and Corporate Governance.
The figures for 2003 and 2002 are significantly affected by R03 project costs. Further information is given on page 7 of the Financial Statements, and in the respective notes.

### Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>3,335</td>
<td>3,381</td>
<td>3,436</td>
<td>3,621</td>
<td>3,734</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>2,219</td>
<td>2,279</td>
<td>2,102</td>
<td>1,524</td>
<td>1,486</td>
</tr>
<tr>
<td>Total assets</td>
<td>5,554</td>
<td>5,660</td>
<td>5,538</td>
<td>5,145</td>
<td>5,220</td>
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<tr>
<td>Current liabilities</td>
<td>2,219</td>
<td>2,359</td>
<td>2,313</td>
<td>2,518</td>
<td>2,433</td>
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<td>2,000</td>
<td>1,847</td>
<td>1,777</td>
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<td>1,496</td>
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<td>4,206</td>
<td>4,090</td>
<td>3,955</td>
<td>3,929</td>
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<tr>
<td>Minority interests</td>
<td>150</td>
<td>137</td>
<td>119</td>
<td>123</td>
<td>126</td>
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<td>Shareholders’ equity</td>
<td>1,185</td>
<td>1,317</td>
<td>1,329</td>
<td>1,067</td>
<td>1,165</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>5,554</td>
<td>5,660</td>
<td>5,538</td>
<td>5,145</td>
<td>5,220</td>
</tr>
</tbody>
</table>

*As of 1999 in compliance with IFRS

### Profit and loss statement

<table>
<thead>
<tr>
<th></th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>7,657</td>
<td>8,530</td>
<td>8,327</td>
<td>7,888</td>
<td>7,725</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>7,275</td>
<td>8,108</td>
<td>7,843</td>
<td>7,766</td>
<td>7,319</td>
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<tr>
<td>Operating profit</td>
<td>382</td>
<td>422</td>
<td>484</td>
<td>122</td>
<td>406</td>
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<tr>
<td>Financing activities</td>
<td>-86</td>
<td>-53</td>
<td>-58</td>
<td>-62</td>
<td>-68</td>
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<tr>
<td>Investing activities</td>
<td>29</td>
<td>5</td>
<td>17</td>
<td>2</td>
<td>6</td>
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<tr>
<td>Profit before taxes</td>
<td>325</td>
<td>374</td>
<td>443</td>
<td>62</td>
<td>344</td>
</tr>
<tr>
<td>Taxes</td>
<td>67</td>
<td>71</td>
<td>46</td>
<td>45</td>
<td>142</td>
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<tr>
<td>Profit before minority interests</td>
<td>258</td>
<td>303</td>
<td>397</td>
<td>17</td>
<td>202</td>
</tr>
<tr>
<td>Minority interests</td>
<td>20</td>
<td>4</td>
<td>18</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Net profit</td>
<td>238</td>
<td>299</td>
<td>379</td>
<td>8</td>
<td>184</td>
</tr>
</tbody>
</table>

*As of 1999 in compliance with IFRS

### Cash flow statements

<table>
<thead>
<tr>
<th></th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>313</td>
<td>539</td>
<td>635</td>
<td>437</td>
<td>587</td>
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<tr>
<td>Cash flow from investing activities</td>
<td>-694</td>
<td>-344</td>
<td>-94</td>
<td>90</td>
<td>-118</td>
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<tr>
<td>Cash flow from financing activities</td>
<td>488</td>
<td>-146</td>
<td>-251</td>
<td>-359</td>
<td>-158</td>
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<tr>
<td>Translation exchange differences</td>
<td>20</td>
<td>-10</td>
<td>-16</td>
<td>60</td>
<td>5</td>
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<tr>
<td>Change in net cash</td>
<td>127</td>
<td>39</td>
<td>274</td>
<td>228</td>
<td>316</td>
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</table>

*As of 1999 in compliance with IFRS
### Balance sheet  December 31

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>679</td>
<td>465</td>
<td>701</td>
<td>836</td>
<td>1 235</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1 462</td>
<td>1 601</td>
<td>1 369</td>
<td>1 144</td>
<td>802</td>
</tr>
<tr>
<td>Total assets</td>
<td>2 141</td>
<td>2 066</td>
<td>2 070</td>
<td>1 980</td>
<td>2 037</td>
</tr>
<tr>
<td>Debentures</td>
<td>800</td>
<td>785</td>
<td>785</td>
<td>590</td>
<td>600</td>
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<tr>
<td>Other liabilities</td>
<td>229</td>
<td>208</td>
<td>210</td>
<td>441</td>
<td>361</td>
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<tr>
<td>Total liabilities</td>
<td>1 029</td>
<td>993</td>
<td>995</td>
<td>1 031</td>
<td>961</td>
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<tr>
<td>Share capital</td>
<td>76</td>
<td>64</td>
<td>38</td>
<td>7</td>
<td>7</td>
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<tr>
<td>Bearer participation capital</td>
<td>61</td>
<td>50</td>
<td>29</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>880</td>
<td>855</td>
<td>893</td>
<td>816</td>
<td>936</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>95</td>
<td>104</td>
<td>115</td>
<td>120</td>
<td>127</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1 112*</td>
<td>1 073</td>
<td>1 075</td>
<td>949</td>
<td>1 076</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>2 141</td>
<td>2 066</td>
<td>2 070</td>
<td>1 980</td>
<td>2 037</td>
</tr>
</tbody>
</table>

* After extraordinary adjustment of investments in subsidiaries via elimination of other reserves (CHF 457 million)

### Profit and loss statement

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from subsidiaries</td>
<td>179</td>
<td>201</td>
<td>225</td>
<td>209</td>
<td>211</td>
</tr>
<tr>
<td>Other revenue</td>
<td>37</td>
<td>34</td>
<td>39</td>
<td>90</td>
<td>31</td>
</tr>
<tr>
<td>Total revenue</td>
<td>216</td>
<td>235</td>
<td>264</td>
<td>299</td>
<td>242</td>
</tr>
<tr>
<td>Depreciation and adjustments</td>
<td>57</td>
<td>85</td>
<td>108</td>
<td>139</td>
<td>80</td>
</tr>
<tr>
<td>Other expenses</td>
<td>64</td>
<td>46</td>
<td>41</td>
<td>40</td>
<td>35</td>
</tr>
<tr>
<td>Total expenses</td>
<td>121</td>
<td>131</td>
<td>149</td>
<td>179</td>
<td>115</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>95</td>
<td>104</td>
<td>115</td>
<td>120</td>
<td>127</td>
</tr>
</tbody>
</table>

### Dividend payment

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered shares</td>
<td>35</td>
<td>38</td>
<td>38</td>
<td>0</td>
<td>44*</td>
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<tr>
<td>Bearer participation certificates</td>
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<td>29</td>
<td>29</td>
<td>0</td>
<td>33*</td>
</tr>
<tr>
<td>Total dividend payment</td>
<td>62</td>
<td>67</td>
<td>67</td>
<td>0</td>
<td>77*</td>
</tr>
</tbody>
</table>

* Proposal by the Board of Directors
Management Schindler Holding Ltd.

Erich Ammann
Peter E. Fraefel
Prof. Dr. Karl Hofstetter
Bernard Illi
Stephan Jud
Joachim Walker
Dr. Henry Zheng

**Dividend Policy**
The dividend policy approved and communicated by the Board of Directors is profit-related and provides for a payout ratio in the range from 25% to 35% (see also page 60).
In the interest of greater transparency and comparability, and where relevant, the figures for 2003 and 2002 which follow are in each case also shown excluding R03 project costs.

<table>
<thead>
<tr>
<th>Group</th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>7,695</td>
<td>8,750</td>
<td>8,426</td>
<td>8,029</td>
<td>7,866</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>7,657</td>
<td>8,530</td>
<td>8,327</td>
<td>7,888</td>
<td>7,725</td>
</tr>
<tr>
<td>EBITDA</td>
<td>532</td>
<td>624</td>
<td>680</td>
<td>349</td>
<td>566</td>
</tr>
<tr>
<td>in %</td>
<td>6.9</td>
<td>7.3</td>
<td>8.2</td>
<td>4.4</td>
<td>7.3</td>
</tr>
<tr>
<td>EBITA</td>
<td>406</td>
<td>475</td>
<td>531</td>
<td>184</td>
<td>443</td>
</tr>
<tr>
<td>in %</td>
<td>5.3</td>
<td>5.6</td>
<td>6.4</td>
<td>2.3</td>
<td>5.7</td>
</tr>
<tr>
<td>EBIT</td>
<td>382</td>
<td>422</td>
<td>484</td>
<td>122</td>
<td>406</td>
</tr>
<tr>
<td>in %</td>
<td>5.0</td>
<td>4.9</td>
<td>5.8</td>
<td>1.5</td>
<td>5.3</td>
</tr>
<tr>
<td>Net income from financing and investing activities</td>
<td>–57</td>
<td>–48</td>
<td>–41</td>
<td>–60</td>
<td>–62</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>325</td>
<td>374</td>
<td>443</td>
<td>62</td>
<td>344</td>
</tr>
<tr>
<td>Profit before minority interests</td>
<td>258</td>
<td>303</td>
<td>397</td>
<td>17</td>
<td>202</td>
</tr>
<tr>
<td>in %</td>
<td>3.4</td>
<td>3.6</td>
<td>4.8</td>
<td>0.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Net profit</td>
<td>238</td>
<td>299</td>
<td>379</td>
<td>8</td>
<td>184</td>
</tr>
<tr>
<td>Cash flow</td>
<td>329</td>
<td>417</td>
<td>555</td>
<td>430</td>
<td>368</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>158</td>
<td>157</td>
<td>122</td>
<td>105</td>
<td>81</td>
</tr>
<tr>
<td>Order backlog</td>
<td>3,689</td>
<td>3,713</td>
<td>4,039</td>
<td>3,486</td>
<td>3,712</td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>43,654</td>
<td>43,334</td>
<td>41,524</td>
<td>39,918</td>
<td>39,617</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,185</td>
<td>1,317</td>
<td>1,329</td>
<td>1,067</td>
<td>1,165</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>21.3</td>
<td>23.3</td>
<td>24.0</td>
<td>20.7</td>
<td>22.3</td>
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<tr>
<td>Equity ratio incl. minority interests in %</td>
<td>24.0</td>
<td>25.7</td>
<td>26.1</td>
<td>23.1</td>
<td>24.7</td>
</tr>
</tbody>
</table>

* As of 1999 in compliance with IFRS
1 EBITDA: Operating profit plus depreciation/amortization
2 EBITA: Operating profit plus depreciation
3 EBIT: Operating profit
4 Cash flow: Net profit before minority interests plus depreciation/amortization and change in provisions

<table>
<thead>
<tr>
<th>Key figures 2003 Group before charging R03 project costs</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>In million CHF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>665</td>
<td>702</td>
</tr>
<tr>
<td>in %</td>
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<td>498</td>
<td>543</td>
</tr>
<tr>
<td>in %</td>
<td>6.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Net profit before taxes</td>
<td>448</td>
<td>481</td>
</tr>
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</table>
### Elevators and Escalators

<table>
<thead>
<tr>
<th></th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>6 028</td>
<td>6 852</td>
<td>6 658</td>
<td>6 344</td>
<td>6 246</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>5 996</td>
<td>6 669</td>
<td>6 601</td>
<td>6 231</td>
<td>6 133</td>
</tr>
<tr>
<td>EBITDA ¹</td>
<td>482</td>
<td>612</td>
<td>654</td>
<td>313</td>
<td>542</td>
</tr>
<tr>
<td>in %</td>
<td>8.0</td>
<td>9.2</td>
<td>9.9</td>
<td>5.0</td>
<td>8.8</td>
</tr>
<tr>
<td>EBITA ²</td>
<td>366</td>
<td>474</td>
<td>517</td>
<td>156</td>
<td>431</td>
</tr>
<tr>
<td>in %</td>
<td>6.1</td>
<td>7.1</td>
<td>7.8</td>
<td>2.5</td>
<td>7.0</td>
</tr>
<tr>
<td>EBIT ³</td>
<td>342</td>
<td>422</td>
<td>471</td>
<td>95</td>
<td>395</td>
</tr>
<tr>
<td>in %</td>
<td>5.7</td>
<td>6.3</td>
<td>7.1</td>
<td>1.5</td>
<td>6.4</td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>42 140</td>
<td>41 763</td>
<td>40 169</td>
<td>38 806</td>
<td>38 643</td>
</tr>
</tbody>
</table>

* As of 1999 in compliance with IFRS
  ¹ EBITDA: Operating profit plus depreciation/amortization
  ² EBITA: Operating profit
  ³ EBIT: Operating profit

### Key figures 2003 Elevators and Escalators before charging R03 project costs

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>629</td>
<td>678</td>
</tr>
<tr>
<td>in %</td>
<td>10.1</td>
<td>11.1</td>
</tr>
<tr>
<td>EBITA</td>
<td>512</td>
<td>568</td>
</tr>
<tr>
<td>in %</td>
<td>8.2</td>
<td>9.3</td>
</tr>
<tr>
<td>EBIT</td>
<td>471</td>
<td>532</td>
</tr>
<tr>
<td>in %</td>
<td>7.6</td>
<td>8.7</td>
</tr>
</tbody>
</table>
The Group’s total value added is the increase in value achieved by the whole Group within a certain period of time.

The net value added is calculated by subtracting the value of goods and services drawn on by other companies, as well as depreciations, from overall Group income.

The distribution of the Group’s net value added shows how employees, the governments, the company itself, the shareholders, and other providers of finance participate in this economically relevant amount.

For complete information in compliance with IFRS please refer to the Financial Statements.
## Operating revenue by product group

<table>
<thead>
<tr>
<th>Year</th>
<th>Elevators &amp; Escalators</th>
<th>ALSO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>5,996</td>
<td>669</td>
<td>6,665</td>
</tr>
<tr>
<td>2000</td>
<td>6,669</td>
<td>1,611</td>
<td>8,280</td>
</tr>
<tr>
<td>2001</td>
<td>6,921</td>
<td>1,772</td>
<td>8,693</td>
</tr>
<tr>
<td>2002</td>
<td>6,852</td>
<td>1,657</td>
<td>8,509</td>
</tr>
<tr>
<td>2003</td>
<td>6,628</td>
<td>1,592</td>
<td>8,220</td>
</tr>
</tbody>
</table>

## Orders received by product group

<table>
<thead>
<tr>
<th>Year</th>
<th>Elevators &amp; Escalators</th>
<th>ALSO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>6,282</td>
<td>667</td>
<td>6,949</td>
</tr>
<tr>
<td>2000</td>
<td>6,852</td>
<td>1,898</td>
<td>8,750</td>
</tr>
<tr>
<td>2001</td>
<td>6,669</td>
<td>1,768</td>
<td>8,437</td>
</tr>
<tr>
<td>2002</td>
<td>6,921</td>
<td>1,685</td>
<td>8,606</td>
</tr>
<tr>
<td>2003</td>
<td>6,628</td>
<td>1,620</td>
<td>8,248</td>
</tr>
</tbody>
</table>
Invoiced sales 2003 by market Elevators & Escalators

In %
- Switzerland: 9%
- EU Countries: 43%
- Rest of Europe: 3%
- Americas: 30%
- Asia, Australia, Africa: 15%

Invoiced sales 2003 by market ALSO

In %
- Switzerland: 62%
- Germany: 38%
Personnel at the end of year

Personnel 2003 by sector

In %
- Production 16
- Installation and maintenance 63
- Engineering, Sales, Administration, and ALSO 21
Personnel 2003
Elevators & Escalators

By region, total 38643
- Switzerland: 3784 (9.8%)
- EU Countries: 14000 (36.2%)
- Rest of Europe: 1787 (4.6%)
- Americas: 12459 (32.3%)
- Asia, Australia, Africa: 6613 (17.1%)

Personnel 2003
ALSO

By country, total 974
- Switzerland: 790 (81.1%)
- Germany: 184 (18.9%)
The figures for 2003 and 2002 are significantly affected by R03 project costs. Further information is given on page 7 of the Financial Statements, and in the respective notes.

<table>
<thead>
<tr>
<th>Information per registered share/bearer participation certificate</th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002 »</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>174</td>
<td>222</td>
<td>282</td>
<td>0.62</td>
<td><strong>14.30</strong></td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td>240</td>
<td>310</td>
<td>413</td>
<td>33.43</td>
<td><strong>28.61</strong></td>
</tr>
<tr>
<td><strong>Shareholders’ equity at year-end</strong></td>
<td>894</td>
<td>992</td>
<td>1,047</td>
<td>83.81</td>
<td><strong>94.41</strong></td>
</tr>
<tr>
<td><strong>Gross dividend</strong></td>
<td>45</td>
<td>50</td>
<td>50</td>
<td>0*</td>
<td><strong>6</strong></td>
</tr>
<tr>
<td><strong>Pay-out ratio %</strong></td>
<td></td>
<td></td>
<td></td>
<td>17.7</td>
<td><strong>41.9</strong></td>
</tr>
<tr>
<td><strong>Market capitalization (in million)</strong></td>
<td>3,490</td>
<td>3,402</td>
<td>3,208</td>
<td>3,397</td>
<td><strong>4,187</strong></td>
</tr>
</tbody>
</table>

* As of 1999 in compliance with IFRS  
« After 10:1 split on June 11, 2002

<table>
<thead>
<tr>
<th>Registered shares</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002 »</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of shares outstanding</strong></td>
<td>763,066</td>
<td>752,866</td>
<td>752,866</td>
<td>7,356,820</td>
<td><strong>7,356,820</strong></td>
</tr>
<tr>
<td><strong>Thereof in treasury stock</strong></td>
<td>27,040</td>
<td>16,790</td>
<td>32,561</td>
<td>120,401</td>
<td><strong>81,805</strong></td>
</tr>
<tr>
<td><strong>Nominal value</strong></td>
<td>100</td>
<td>85</td>
<td>50</td>
<td>1</td>
<td><strong>1</strong></td>
</tr>
<tr>
<td><strong>Price high</strong></td>
<td>2,600</td>
<td>2,995</td>
<td>2,801</td>
<td>320.00</td>
<td><strong>345.00</strong></td>
</tr>
<tr>
<td><strong>Price low</strong></td>
<td>2,060</td>
<td>2,320</td>
<td>2,000</td>
<td>230.80</td>
<td><strong>176.00</strong></td>
</tr>
<tr>
<td><strong>Price year-end</strong></td>
<td>2,550</td>
<td>2,549</td>
<td>2,380</td>
<td>260.00</td>
<td><strong>343.00</strong></td>
</tr>
<tr>
<td><strong>P/E ratio December 31</strong></td>
<td>14.7 ×</td>
<td>11.5 ×</td>
<td>8.4 ×</td>
<td>418.1 ×</td>
<td><strong>24.0 ×</strong></td>
</tr>
</tbody>
</table>

* After 10:1 split on June 11, 2002

<table>
<thead>
<tr>
<th>Bearer participation certificates</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002 »</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of certificates outstanding</strong></td>
<td>605,425</td>
<td>592,424</td>
<td>592,424</td>
<td>5,506,990</td>
<td><strong>5,506,990</strong></td>
</tr>
<tr>
<td><strong>Thereof in treasury stock</strong></td>
<td>15,444</td>
<td>1,410</td>
<td>42,880</td>
<td>11,550</td>
<td><strong>441,850</strong></td>
</tr>
<tr>
<td><strong>Nominal value</strong></td>
<td>100</td>
<td>85</td>
<td>50</td>
<td>1</td>
<td><strong>1</strong></td>
</tr>
<tr>
<td><strong>Price high</strong></td>
<td>2,620</td>
<td>2,925</td>
<td>2,700</td>
<td>321.80</td>
<td><strong>305.00</strong></td>
</tr>
<tr>
<td><strong>Price low</strong></td>
<td>2,050</td>
<td>2,320</td>
<td>2,050</td>
<td>225.00</td>
<td><strong>167.25</strong></td>
</tr>
<tr>
<td><strong>Price year-end</strong></td>
<td>2,550</td>
<td>2,503</td>
<td>2,390</td>
<td>269.50</td>
<td><strong>302.00</strong></td>
</tr>
<tr>
<td><strong>P/E ratio December 31</strong></td>
<td>14.7 ×</td>
<td>11.3 ×</td>
<td>8.5 ×</td>
<td>433.3 ×</td>
<td><strong>21.1 ×</strong></td>
</tr>
</tbody>
</table>

* After 10:1 split on June 11, 2002
Market capitalization as of 31.12.

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Capitalization (billion CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>3.5</td>
</tr>
<tr>
<td>2000</td>
<td>3.5</td>
</tr>
<tr>
<td>2001</td>
<td>3.0</td>
</tr>
<tr>
<td>2002</td>
<td>2.5</td>
</tr>
<tr>
<td>2003</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Net profit per registered share and bearer participation certificate (adjusted)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit per Share (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>5</td>
</tr>
<tr>
<td>2000</td>
<td>20</td>
</tr>
<tr>
<td>2001</td>
<td>25</td>
</tr>
<tr>
<td>2002</td>
<td>5</td>
</tr>
<tr>
<td>2003</td>
<td>6</td>
</tr>
</tbody>
</table>

Dividends per registered share and bearer participation certificate

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividends (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>2</td>
</tr>
<tr>
<td>2001</td>
<td>3</td>
</tr>
<tr>
<td>2002</td>
<td>4</td>
</tr>
<tr>
<td>2003</td>
<td>5</td>
</tr>
</tbody>
</table>

* After 10:1 split
* Proposed by the Board of Directors
Significant shareholders
According to information published under stock exchange law, the Schindler and Bonnard families hold within the scope of a stockholder retainer contract 65.08% of the voting rights (4,787,486 registered shares) of the share capital of Schindler Holding Ltd. entered in the Register of Companies.

A further aspect of the shareholding structure is that other persons who have a close relationship to the parties to the stockholder retainer contract hold, together with these, more than two-thirds of the voting rights. These other persons are not bound by a stockholder retainer contract. The voting rights held by shareholders who are not bound by a stockholder retainer contract are in each case less than 3%.

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Ordinary General Meeting
Thursday, March 18, 2004, 4.30 pm
at the Kultur- und Kongresszentrum Luzern, Europaplatz 1,
CH-6005 Lucerne, Switzerland

Both the registered shares and the bearer participation certificates are traded on the SWX Swiss Exchange. The bearer participation certificates have the same rights as the registered shares with the exception of attendance at the Annual General Meeting and voting rights.

<table>
<thead>
<tr>
<th>Ticker/security number</th>
<th>Registered share</th>
<th>Bearer participation certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomberg</td>
<td>SCHN</td>
<td>SCHP</td>
</tr>
<tr>
<td>Reuters</td>
<td>SCHZN.S</td>
<td>SCHZP.S</td>
</tr>
<tr>
<td>Valor</td>
<td>1391 412</td>
<td>1391 410</td>
</tr>
</tbody>
</table>

Rapid transporta-tion at Zurich Air-port is provided by 45 Schindler 9300 escalators and 6 Schindler 9500 moving walks; Switzerland

Photo: Ralph Ben-sberg, Zurich, Switzerland
Schindler’s environmental performance

Attention to details

Schindler elevators and escalators remain in operation for several decades. The operating phase is therefore particularly important for assessing the environmental impact of the installation. The PEcoPIT – Ecological Product Performance – method developed by Schindler includes evaluation of the energy and materials consumption over a period of 30 years, and compares the environmental impact of new products with that of the products being replaced. The knowledge gained in this way gives systematic indications for potential improvements to the products.

Below are examples which demonstrate how apparently minor and insignificant measures can have major effects over a service life of 30 years.

**Improvements in individual components**

For various elevator and escalator components, it has been possible to improve the consumption of energy and materials. In the electronics area, for example, use of new technologies has reduced energy consumption. The new components are lighter in weight, and preference is given to the use of materials with lower environmental impact.
**Energy consumption of car lighting**
The minimum lighting intensity for elevator cars is prescribed by law. In many cases, however, stronger lighting is used for architectural reasons as well as to provide greater subjective comfort to passengers. Schindler offers a solution which automatically reduces the lighting intensity when the elevator is stationary and not being used.

**Energy consumption of electric drives**
A high energy efficiency of drives and frequency convertors is reached by applying modern technologies. The total loss of energy results from losses of motor, brake, frequency convertor and hoistway. By a new design of the motor the heat dissipation could be optimized, so that less energy is needed to cool it.
**Aerodynamic car fairing**

Traveling at over 6 m/s the car and counterweight create increased turbulence in the air flow which is experienced as undesirable noise. By means of the aerodynamic fairing, wind noise and pressure waves occurring in the hoistway are reduced to the minimum. The low level of noise inside the car, and the almost complete absence of perceptible vibrations, contribute positively to the ride comfort of the elevator.

**Local environmental initiatives**

In the reporting year, Corporate Technology and Strategic Supply Management was audited for recertification by the TÜv and SQS. The ISO 9001/14001 certificates were renewed for a further three years. Environmental certification to ISO 14001 was also awarded to Schindler Electronics Ltd. in Locarno, Switzerland, which manufactures electronic components.

In Austria, Schindler Elevator and Escalator AG works systematically on reducing its energy consumption and negative environmental impact. As a result, this group company again received a Model Environmental Company award. The Ecoprofit environmental certificate awarded by the Austrian government was ceremonially presented in the Festival Hall of Vienna City Hall on March 19, 2003.

In the USA, Schindler received several awards. The Pennsylvania Water Environment Association awarded the Schindler production plant at Gettysburg a prize for exceptional achievement in industrial
waste-water management. The hi-tech system continuously monitors the waste water, thoroughly cleans it, and thereby protects the ground water. It also reduces water consumption by 25%.

The company was also awarded the Governor’s Award for Environmental Excellence. This award honored achievements in reducing emissions of volatile organic compounds such as paint solvents, as well as hazardous waste, despite a 10% annual increase in production:

- hazardous substance emissions: down by 34 tonnes;
- hazardous waste: down by 7 tonnes;
- elimination of adhesives in elevator doors, use of solvent-free paints, greater use of galvanized steel with correspondingly less use of anticorrosives led to a reduction of total VOC (Volatile Organic Compound) emissions by 14.8 tonnes, reduction of hazardous waste by 4 tonnes.

Since 1991, the heating plant at Schindler Elevator Ltd. in Ebikon has been fueled by natural gas. In the reporting year, the heating plant was modernized, and now exceeds the Swiss clean-air law LRV 92 and produces much less than the allowed amounts of pollutants. For example, NOx emissions are 50% and CO emissions 97% below the allowed amounts. The combustion efficiency of the heating plant was increased by 3%, thereby reducing CO2 emissions by 70 tonnes per year.

**Separate report in 2005**

The Board of Directors has decided that as from 2005 it will publish a separate report on environmental and social aspects. The necessary data will be collected from the many Group companies in 2004. The report will describe the environmental performance, especially in relation to product ecology, supplemented by information about industrial ecology. It will also describe the Group’s business principles and its social performance.
For further information about our company, our products and our services, please contact one of the following addresses:

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F+852 2574 38 93

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www.also.ch
The Annual Report of the Schindler Group for 2003 consists of the Activity Report and the Financial Statements and Corporate Governance. The original German language version is binding. English, French, and Spanish translations of the Activity Report are also available. The Financial Statements and Corporate Governance are published in German and English only.
Our Code of Conduct is dead serious, so are our compliance officers.

Alfred N. Schindler

"La Ronde"
by Stephen Buckley
Gallery: Flowers East Gallery, London