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Illustration concept

The full-page illustrations show Schindler’s latest products in typical applications, while the smaller pictures in the text document note-worthy installations made during the 2002 reporting year.

The back cover of the annual report is devoted to the work of young artists whose creativity enliven our business premises.
Activity Report 2002
of the Board of Directors of
Schindler Holding Ltd.,
CH-6052 Hergiswil NW, Switzerland,
to the Ordinary General Meeting
of March 24, 2003

75th Financial Year

Stages of elevator installation at the Banque et Caisse d'Epargne de l’Etat; Luxembourg
Key figures 2002

The financial results for 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, the key figures which follow are, where relevant, also shown excluding R03 project costs.

### Group

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>△ %</th>
<th>△ % local currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>8 327</td>
<td>7 888</td>
<td>−5.3</td>
<td>−0.1</td>
</tr>
<tr>
<td>EBITDA* Group</td>
<td>680</td>
<td>349</td>
<td>−48.7</td>
<td></td>
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<tr>
<td>EBITDA Elevators and Escalators in %</td>
<td>9.9</td>
<td>5.0</td>
<td></td>
<td></td>
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<tr>
<td>EBITDA ALSO in %</td>
<td>1.9</td>
<td>2.4</td>
<td></td>
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<tr>
<td>Profit before taxes</td>
<td>443</td>
<td>62</td>
<td>−86.0</td>
<td></td>
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<tr>
<td>Net profit</td>
<td>379</td>
<td>8</td>
<td>−97.9</td>
<td></td>
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<tr>
<td>Cash flow**</td>
<td>555</td>
<td>430</td>
<td>−22.5</td>
<td></td>
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<tr>
<td>Orders received Elevators and Escalators</td>
<td>6 658</td>
<td>6 344</td>
<td>−4.7</td>
<td>+1.5</td>
</tr>
<tr>
<td>Orders received ALSO</td>
<td>1 768</td>
<td>1 685</td>
<td>−4.7</td>
<td>−3.8</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1 329</td>
<td>1 067</td>
<td>−19.7</td>
<td></td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>41 524</td>
<td>39 918</td>
<td>−3.9</td>
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### Key figures before charging R03 project costs

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>△ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA* Group</td>
<td>680</td>
<td>665</td>
<td>−2.2</td>
</tr>
<tr>
<td>EBITDA Elevators and Escalators in %</td>
<td>9.9</td>
<td>10.1</td>
<td></td>
</tr>
<tr>
<td>Net profit before taxes</td>
<td>443</td>
<td>448</td>
<td>+1.1</td>
</tr>
</tbody>
</table>

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* 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.

Registered share
2001: CHF 50.–  
2002: CHF —

Bearer participation certificate
2001: CHF 50.–  
2002: CHF —

Before 10:1 split on June 11, 2002

The request not to pay a dividend was already announced at the last General Meeting on March 26, 2002, in association with the planned R03 project costs.

You will find further key figures starting on page 54.
Schindler 700:
10 meters/second
Satisfactory result before special project costs

**Special project costs and exchange rate effects burden financial performance for 2002**

The results for 2002 are substantially affected by the special projects in the elevators and escalators business which were announced in the spring under the name R03 (run rate 03). The aim of these projects is to invest earnings amounting to approximately one year’s net profit in increasing productivity, improving geographical positioning, and in projects for expansion. This package of measures will lastingly strengthen the elevators and escalators business, and contribute to increasing the EBITDA margin to 14% in the medium term, assuming all other conditions remain unchanged.

At the level of consolidated profit before taxes, the R03 project costs incurred in the reporting period were CHF 386 million, which is at the upper end of the planned range.

In addition to costs for the R03 projects, the financial results for the year were burdened by massive currency devaluations. Negative effects of exchange rates, especially in North and South America, but also in the euro area, reduced consolidated operating revenue by a total of CHF 442 million, and operating profit by CHF 39 million. Shareholders’ equity decreased by CHF 188 million.

**Operational performance**

Relative to 31.12.2001, the scope of consolidation was expanded by ZAO Schindler, Russia. The effect of this first-time consolidation on Group operating revenue and Group operating profit was less than one percent. In the reporting year, the holding in China-Schindler Elevator Co. Ltd. was increased from 62.7% to 92.8%. The remaining 7.2% are held by Jardine Schindler (Pacific) N.V.

Consolidated operating revenue fell by 5.3% from CHF 8,327 million to CHF 7,888 million. In local currencies (−0.1%), the previous year’s value was maintained. At the level of operating revenue, there were exchange rate losses of CHF 180 million accruing from the US dollar, CHF 112 million from the Brazilian real, CHF 75 million from the euro, and CHF 75 million from other currencies. Net of exchange losses, the remaining decline in operating revenue was therefore attributable entirely to lower net sales by ALSO.

Consolidated EBITDA dropped from CHF 680 million to CHF 349 million after charging R03 project costs in the reporting year, and to CHF 665 million before charging R03 project costs.

Consolidated net profit before taxes but after charging R03 project costs was CHF 62 million, compared with CHF 443 million the previous year. This is approximately CHF 50 million less than the consolidated net profit before taxes for 2002 which was forecast at the Annual Results Media Conference. The shortfall is mainly due to higher R03 project costs, and massive unforeseeable losses on exchange. Before charging R03 project costs, net profit before taxes was CHF 448 million, which is 1.1% above the previous year’s value. Consolidated net profit after taxes and minority interests and after charging R03 project costs was CHF 8 million.

At CHF 8,029 million, consolidated orders received were 4.7% below the previous year’s amount of CHF 8,426 million. In local currency values, there was an increase of 0.4%. The consolidated order backlog at the end of 2002 was 13.7% lower than the previous year’s value (1.7% lower in local currencies) at CHF 3,486 million.

Relative to the end of 2001, the total number of employees fell by 1,606, or 3.9%. In the elevators and escalators business, the number employed declined by 3.4%, despite integration of approximately 500 employees in Russia. The total number of employees at ALSO dropped by 243, or 17.9%, mainly as a result of changes in the Systems Business Division.
Elevators and escalators business

The results for the elevators and escalators business reflect the R03 special projects, as well as tougher conditions in the marketplace. The R03 program comprises a total of more than 50 individual projects. Of the projects initiated in the first half of 2002, the merger in North America between Schindler and Millar was completed. Besides corresponding costs, the merger has produced pro rata savings at the planned rate. In Brazil, manufacturing was concentrated into the modern elevator and escalator plant at Londrina, and an older factory at Rio de Janeiro was closed down. Other production facilities were closed in Germany, France, Japan, Malaysia, Poland, and Turkey. In China, duplication and internal competition between the group companies were eliminated according to plan by realignment of marketing activities and the field organization. As well as this, shared services were introduced into the product line management, IT, export, logistics, and training areas. In Russia, Schindler has regained a foothold by purchasing the majority share in Liftremon, an elevator company active in the Moscow area, which it has renamed to ZAO Schindler and will progressively expand to participate in the growth potential of the Russian market. Events in Europe were dominated by complex preparations for the standardization of business processes in line with best demonstrated practices, implementation of which will start in 2003. The improvements in profitability resulting from the R03 program will become visible in 2004 and 2005.

Consolidated operating revenue fell by 5.6% from CHF 6601 million to CHF 6231 million. Expressed in local currencies, operating revenue rose by 0.7%.

EBITDA was CHF 313 million after charging R03 project costs, and CHF 629 million before R03 project costs, which compares with CHF 654 million the previous year. The EBITDA margin fell from 9.9% in the previous year to 5.0% after R03 project costs were charged. Before charging R03 project costs, this value...
increased to 10.1%, despite massive direct and indirect exchange rate effects of the Brazilian subsidiary.

Order bookings for elevators and escalators closed at CHF 6,344 million, which was 4.7% less than the preceding year. In local currencies, the decrease was 1.5%. In the USA and Latin America, demand contracted along with the weakening economy. In Europe, recessionary trends increased, except in a few countries such as Russia. In Asia, the only growth was in China. In the Middle East, demand was held back mainly by the political uncertainty.

The proportion of new products contained in the orders received rose to 80% (previous year 70%). The Schindler Smart and Schindler EuroLift product lines grew in importance, also outside Europe. In North America, slightly higher sales were attained again with the Schindler 330 A hydraulic elevator. In China, thanks to promising high-rise products, there were substantially higher order bookings in this important segment. In the escalators business, the Group again maintained its position as world leader.

The new Schindler 700 high-rise elevator
At a technology presentation held in the telecommunications tower at Frankfurt during the first days of November 2002, Schindler demonstrated its new Schindler 700 high-rise elevator to some 100 guests from all over the world. The new elevator, which is the fastest in the company’s history, as well as its first high-rise elevator for global application, contains a multitude of technical innovations (see also page 14 of the Activity Report). Its ride comfort and finish match up to the highest demands. Schindler will introduce the new elevator globally in 2003, and thereby expand its position in the high-rise business worldwide.
In the difficult IT market, ALSO – which is active in the IT logistics and services business – held its position well. Although sales fell (–4.1%), the Group’s net income rose substantially to CHF 19.7 million (previous year CHF 11.1 million). Net sales in the Distribution Division rose by 0.6% to CHF 1 523 million, and income before taxes increased by 3.3% to CHF 31.4 million. In the Systems Business Division, the structures were rigorously adapted to the market needs. At CHF –0.4 million, the operating result was only slightly short of a profit (previous year’s loss CHF 10.4 million).

Changes in the Management Committee
During the reporting year, the Board of Directors determined plans for succession in the Management Committee Elevators and Escalators. They take effect on March 1, 2003, with the following changes:

On completion of his seven-year term of office as planned, Peter J. Zbinden will retire from his function as President of the Management Committee. The Board of Directors takes this opportunity to thank Peter J. Zbinden for his great efforts. Under his presidency, the elevators and escalators business has grown remarkably: between December 1995 and December 2001, operating revenue increased by CHF 2.4 billion (+53%) and operating profit by CHF 367 million (+350%). At the same time, he led the Schindler escalator business to the top of the world league. Schindler has now occupied this position for five years in succession. Peter J. Zbinden will continue as head of the escalators business, as well as undertaking strategic projects for the Executive Committee of the Board.

His successor as President of the Management Committee will be Roland W. Hess, formerly head of Schindler USA. Roland W. Hess began his career with Schindler as an Area Controller, following which he became CFO of Schindler USA, then of the Group, and subsequently a member of the Manage-
The management of Schindler USA will be assigned to Heikki Poutanen, member of the Management Committee and currently responsible for the EMIA market area (Eastern Europe, Middle East, India, and Africa). In the spring of 2004, Heikki Poutanen will take over responsibility as member of the Management Committee for North and South America from David J. Bauhs, who will then retire.

To take over responsibility for the EMIA market area, Christoph Lindemann, formerly head of Schindler Switzerland, has been newly designated a member of the Management Committee.

**Dividend and capital structure of Schindler Holding Ltd.**

Schindler Holding Ltd. closed the 2002 reporting year with a net profit of CHF 120 million (previous year CHF 115 million). In the Group, however, within the scope of the R03 program, almost a year’s profit was invested in increasing productivity. As a result, in 2003 some affiliated companies will make no dividend payments to the holding company. As already indicated at the Annual Results Media Conference on February 28, 2002, and in view of the R03 project costs which occurred in the reporting year, the Board of Directors has decided to propose to the General Meeting on March 24, 2003, that no dividend be paid.

The change in capital determined by the General Meeting of March 26, 2002, became effective on June 11, 2002. The corresponding measures (reduction of capital, partial repayment, and stock split) were already commented on in the Interim Report, and are summarized on page 51 of the Financial Statements.

**Corporate governance**

Schindler Holding Ltd. is a listed company which is actively controlled by the successors of its founding shareholders, and which places great importance on protecting the interests of all its shareholders. For a long time, this has included the principle that most members of the Board of Directors do not hold executive office, and that use is made of Executive Committees of the Board. The corporate governance structure of Schindler Holding Ltd. therefore conforms to the recommendations and spirit of the Swiss Code of Best Practice.

Furthermore, this year’s Annual Report contains all the information required by the Corporate Governance Directive of the Swiss Exchange SWX, which came into force on July 1, 2002. The importance which Schindler Holding Ltd. attaches to corporate governance is reflected in the fact that the new corporate governance guidelines were drawn up under the leadership of Member of the Management Committee Professor Dr. Karl Hofstetter, working in collaboration with Professor Dr. Peter Böckli, author of the Swiss Code of Best Practice in Corporate Governance commissioned by the Swiss Business Federation (Economie-suisse).

**Outlook for the Group**

Despite economic weakness and increasing political uncertainty practically all over the world, the R03 program to improve operational performance will be pursued undiminished. However, the International Financial Reporting Standards (IFRS) do not allow all R03 project costs to be charged in the reporting year, so some of these costs will also burden the result for 2003.
The decline in demand, especially for commercial buildings, will probably become more pronounced. For the first time, overcapacity is becoming apparent not only in the industrial sector, but also in the entire services sector. Moreover, the volumes forecast by the technology, media, and telecommunication companies have not been fulfilled by far, so that the restructuring measures which can be foreseen will lead to a further increase in the number of unoccupied commercial buildings.

In this recessionary environment, Schindler will hold its own. The completely renewed and powerful product range, with its especially strong positioning in the commodity business, promises a continuingly satisfactory level of sales. With the newly introduced Schindler 700 elevator, the company will secure greater participation in the high-rise market. In the USA, the Schindler 400 A elevator will give access to another significant market segment. In addition, progressive implementation of best demonstrated practices within the scope of the R03 program will gradually improve margins as from the end of 2003.

At the start of 2003, the ALSO Group announced its intention of separating from the Systems Business Division. Through this concentration, the ALSO Group expects to be able to make faster use of opportunities in distribution. The focus will be on securing income and increasing sales, especially by development of the product portfolio in Germany.

On the basis of these assessments, and excluding remaining costs of CHF 100–130 million for R03 special projects, the present expectation is for consolidated profit before taxes in 2003 to be slightly higher than in the previous year. However, after charging costs for R03 special projects, consolidated profit before taxes in 2003 will be substantially higher than in the previous year.

Thanks to employees
Successful strategies, competitive products, and satisfied customers alone are not sufficient to secure a company’s long-term success. Some 40,000 motivated employees have contributed to making the Schindler Group as strong as it is today, and have untringly supported the various levels of management in implementing the strategy. For this, the Board of Directors extends its sincere thanks to all employees and their families. The Board of Directors is aware that the difficult market conditions, and the R03 projects have demanded unusually great efforts. In their daily work, employees have had to be highly flexible, and willing to share the load of making the massive changes which were necessary. Only their continuing commitment will ensure that the various measures can be successfully implemented.

1 The interior finish of the Schindler EuroLift car blends perfectly into the architectural design of the Altmarkt-Galerie; Dresden, Germany

2 Final adjustments before commissioning the two 51-meter-long Schindler 9500 moving walks in the Parc des Expositions de la Porte de Versailles; Paris, France

Alfred N. Schindler
Chairman of the Board of Directors

Luc Bonnard
Vice Chairman of the Board of Directors
On November 5, 2002, eminent elevator consultants from all over the world had the first-ever opportunity of traveling in the new Schindler 700 high-performance elevator in the 330-meter high telecommunications tower in Frankfurt. The new elevator, which is the fastest in the company’s history and its first high-performance elevator for global application, contains a multitude of technical innovations. Schindler 700 is an elevator system which has modular components, and therefore allows customer-specific solutions.

The technical design of the elevator emphasizes a high level of ride comfort, safety, and availability. The most powerful drive machine can hoist a mass of 45 metric tons as high as 500 meters, accelerating it to a travel speed of 10 meters per second and then braking it again without the passenger feeling the forces involved. To eliminate the pressure waves, lateral motion, and noise which arise in the hoistway at such high speeds, the car is fitted with a wind-tunnel tested aerodynamic fairing, stiffeners, and a cleverly sprung chassis. The guiderails are aligned in the hoistway using a laser beam. These measures ensure that passengers experience a smooth, comfortable ride.

The doors used on the Schindler 700 elevator are state-of-the-art Varidor 70 center-opening doors. The Varidor 70 door system has sophisticated control software which makes it not only intelligent, but also able to learn. The system can detect different door dimensions on different floors, and calculate the optimal closing and opening speeds each time. If the doors strike objects or passengers, they immediately stop and re-open. The transportation needs of a skyscraper’s occupants – often several thousand people – are met by several groups of elevators controlled with great efficiency by...

1. 4 elevators with the Miconic 10 hall call destination system, and 4 Schindler 9300 escalators at the La Viña Plaza commercial and shopping center; Valencia, Venezuela
2. The Summit and Highcliff residential towers are typical buildings for the new Schindler 700 elevator; Hong Kong, China
the Schindler hall call destination system. As well as this, a new development in the field of passenger recognition, SchindlerID, radically improves access control and the evacuation of passengers compared to conventional solutions.

**Completion of market and product strategy**

With the market introduction of the Schindler 700 high-performance elevator, a very important phase of the Schindler market and product strategy will be complete. In the first phase, new standards were set in the volume business, with highly-standardized machine room-less elevators for residential buildings, and modular elevators for commercial buildings. At the same time, a leading position was built up on all continents with the new range of escalators. Based on a densely-spread worldwide service network, the final step is now to add to the product range the first high-performance elevator in the company’s history for global application. This elevator contains a whole range of innovations, which in relation to technology, ride comfort, and

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1 Installed in Plaza 66 are 36 Schindler 700 elevators and 29 escalators; Shanghai, China

2 Noi Bai Airport is served by 16 elevators and 9 escalators; Hanoi, Vietnam
dependability make it one of the most modern elevators on the high-performance market today. Schindler will launch its new product onto the markets in mid-2003, and thereby further expand its position in the high-performance business in Asia, the USA, Europe, and other regions.

The high-performance elevator market is important to Schindler for a number of reasons. In both new installations and maintenance, these elevators generate a greater proportion of average revenue than conventional elevators in low-rise buildings. Furthermore, orders for high-performance elevators generally lead to follow-on orders, especially for elevators and escalators in shopping centers, restaurants, parking garages, and subway stations in the immediate vicinity of tall buildings. And last but not least, reference installations around the globe underpin the Schindler brand and increase recognition of the company.

Major market potential
World-wide there is a requirement for around 6 000 high-performance elevators every year, 3 500 of them in the Asian area alone. Despite the present economic weakness and uncertainty arising from the possibility of terrorist attacks, the market potential in the medium term is high. In Southeast Asia, and particularly China, vigorous population growth is leading to rapid urbanization. In other regions, where urbanization has already reached an advanced stage, there is a growing need for technical modernization of existing metropolitan buildings.

The Schindler 700 rounds off the market and product strategy which has been pursued for many years, and will enable the Group to expand its position further worldwide.

1 The All Seasons Place complex encompasses 3 office towers, a residential tower, a shopping mall, and the Conrad Hotel. Installed in the complex are 30 elevators, including 22 Schindler 700, and 16 Schindler 9300 escalators; Bangkok, Thailand

2 Various Schindler installations in the Fullerton Hotel and May Tower; Singapore

Steel and glass – an ideal combination for the 34 Schindler EuroLift elevators at Telenor Fornebu; Oslo, Norway
End of a period of growth
In most European countries, the year 2002 clearly marked the end of the period of growth. The uncertain economic situation along with the weak performance of stock markets caused many projects in the construction industry to be postponed. The resulting stagnation, and in some markets even recession, was most apparent in the commercial buildings segment, whereas the residential buildings segment still grew modestly in a few countries. The prospects for 2003 are not encouraging: further contraction of...
the construction industry is anticipated in both residential and commercial buildings.

Under these difficult conditions, competition has become tougher, pressure on prices has increased, and customers have become even more cost-conscious.

**Proven products underpin expanded market position**

The two product lines Schindler-Smart and SchindlerEuroLift place Schindler in a competitive position. Especially in the basic segment of residential buildings, and with the SchindlerSmart MRL 001, Schindler is the market leader in many countries. Besides this, in the commercial buildings segment, Schindler’s position has been strengthened by completing the range of offerings of the SchindlerEuroLift. The importance of hydraulic elevators continues to decline. The future belongs to the machine room-less elevator.

Sales of high-value installations increased, thanks to a number of major projects in Europe. However, whether this good performance can be repeated in 2003 depends heavily on how the global economic situation develops.

**Fluctuating situation in the modernization business**

Although sales in the modernization business were sustained at a good level in the reporting year, a slight decline is expected in the near term. This is partly due to the deterioration in market conditions, but also because many projects are being postponed in view of the introduction of the new European safety standards for existing elevators (SNEL). In the future, however, these European standards will act as a stimulus. Some countries have already begun legal enforcement of the new standards.
Europe

Major orders

Austria:
11 Schindler 9700 escalators and 2 elevators for Praterstern subway station, Vienna; 9 Schindler EuroLift elevators for the Le Meridien Hotel, Vienna; 10 elevators, including 4 Schindler EuroLift, and 2 Schindler 9300 escalators for the SCA shopping center, Amstetten; modernization of 5 Schindler 9700 escalators at Südtirolerplatz subway station, Vienna; modernization of 400 elevators with Servitel for Vienna Council Housing buildings

Belgium:
10 elevators, including 1 panoramic elevator, and 8 escalators for the Galerie Saint-Lambert shopping center, Liège; 9 Schindler EuroLift and 1 panoramic elevator for the Mondrian office building, Brussels; 21 elevators, 12 with Miconic 10, for the Centre International Rogier office building, Brussels; 18 Schindler EuroLift elevators and 4 escalators for the Zuiderpoort office building, Ghent; modernization of 10 elevators at the VRT office and television building, Brussels

France:
15 Schindler 9500 inclined moving walks and 2 Schindler 9300 escalators for the Carrefour commercial center, Saint-Quentin-en-Yvelines (world frame agreement); 22 Schindler EuroLift and 2 special elevators for the Crystalparc office building, Neuilly-sur-Seine; 19 Schindler EuroLift, 9 with Miconic 10, and 2 service elevators for the Technopolis office building, Le Plessis-Robinson; 12 Schindler 9300 escalators, 6 Schindler 9500 inclined moving walks, 2 Schindler EuroLift, and 1 panoramic elevator for the Grand’Place commercial center, Grenoble; national maintenance contract with Dalkia facilities management; 8 Schindler EuroLift, 2 elevators, and 3 freight elevators for Galeries Lafayette department store, Paris

Germany:
10 elevators for the office building of Rheinische Zusatz-Versorgungskasse, Cologne; 8 Schindler 9300 escalators and 6 Schindler 9500 moving walks for the Itzehoe shopping center; 13 elevators, including 7 Schindler EuroLift, 14 Schindler 9300 escalators, and 2 Schindler 9500 moving walks for the Landshut shopping center, 7 elevators, including 1 Schindler EuroLift, and 6 Schindler 9300 escalators for the Hiendl furniture store, Augsburg; 18 Schindler 9500 moving walks for the Neue Messe, Munich; 26 elevators, including 14 Schindler 700, for the Hochhaus Ensemble am Münchner Tor, Munich; 7 Schindler-Smart MRL 001 elevators for a residential building in Bautzen; 14 elevators, including 12 Schindler EuroLift, for the Campus office building in Frankfurt-Niederrad

Great Britain:
37 elevators, including 24 Schindler 700, and 2 Schindler 9300 escalators for Canary Wharf, London; 5 Schindler EuroLift elevators for the Radisson Hotel, Manchester; 22 Schindler Smart MRL 002 elevators for Greenbank Village, Edinburgh; modernization of 6 elevators at the Holiday Inn Kensington Forum Hotel, London; modernization of 8 elevators at the Royal Gwent Hospital, Newport, Gwent

Greece:
1 Schindler EuroLift elevator for the British Council, Athens; 20 Schindler 9300 escalators for the Klaoudatos commercial center, Athens; modernization of 10 elevators, including 8 Schindler EuroLift, at the Sheraton Grande Bretagne Hotel, Athens

1 2 escalators and 1 panoramic elevator at the Doemere shopping center; Almere, Netherlands
Iceland:
3 Schindler EuroLift elevators for a headquarters office building of Reykjvík Energy, Reykjavík

Ireland:
31 Schindler Smart MRL 002 elevators for a residential building, Pelletstown

Italy:
27 elevators and 26 Schindler 9300 escalators for a polyfunctional commercial, business, cultural, and leisure center, Rome; 32 elevators, including 4 Schindler EuroLift, and 2 Schindler 9300 escalators for the F. Miulli Hospital, Acquaviva-Bari; 8 Schindler 9300 escalators and 4 elevators for the Harbor Ship Terminal, Savona; 14 elevators for the Holland America Line Ship 6110, built by Fincantieri, Trieste; 15 Schindler Smart MRL 001 elevators for the Corso Rossetti residential building, Turin

Netherlands:
16 elevators, including 11 Schindler EuroLift, and 4 Schindler 9300 escalators for the Carnisseveste shopping center, Barendrecht; 20 Schindler EuroLift elevators for the Plaza Arena office building, Amsterdam; 10 elevators, including 8 Schindler EuroLift, for the Dorint Hotel at Schiphol Airport, Amsterdam

Norway:
1 elevator for the Oseberg C North Sea oil platform; 5 elevators for the Kristin oil platform

Portugal:
4 Schindler 9300 escalators for the Dolce Vita shopping center, Miraflores; 4 Schindler EuroLift elevators for the Vila Rica Hotel, Lisbon; 18 elevators, including 4 panoramic elevators, for the El Corte Inglés shopping center, Lisbon; modernization of 4 elevators at the Inogi office building, Amoreiras; modernization of 4 elevators at the Ritz Hotel, Marquês de Pombal

Spain:
12 Schindler 9300 escalators, 20 Schindler 9500 moving walks, and 7 elevators for the Hipercor commercial building, Algeciras, Cádiz; 14 Schindler 9300 escalators and 8 panoramic elevators for the Valencia subway system; 4 Schindler 9300 escalators and 3 elevators, including 2 Schindler EuroLift, for the Supercor commercial building, Jaén; for the AVE high-speed railroad system: 51 elevators and 20 Schindler 9300 escalators for the stations Guadalajara, Calatayud, and Zaragoza; modernization of 5 elevators at the Edificio Colón office building, Barcelona; modernization of 5 elevators for the El Corte Inglés commercial building, Zaragoza

Sweden:
11 Schindler Smart MRL 002 elevators for the Östra Hamnen residential building, Västerås; 5 Schindler Smart MRL 002 elevators for the Tyresö Strand residential building, Tyresö; 6 Schindler 9300 escalators for a new shopping center in Kalmar; maintenance contract for 110 elevators for the residential and commercial buildings of the municipality of Österåker

Switzerland:
27 elevators, including 21 Schindler EuroLift, for the Wankdorf stadium, Berne; 16 elevators for the Fachmarkt Meierhöfli shopping center, Emmen; 17 elevators, including 14 Schindler EuroLift and 1 Schindler Smart, and 2 Schindler 9300 elevators for the Midi Cointet shopping and office building, Vevey; 10 Schindler EuroLift elevators for the IBM office building, Zurich; modernization of 9 elevators at Novartis, Basel; modernization of 11 elevators for the Le Lignon residential complex, Geneva; modernization of 14 elevators at the Swiss Federal Institute of Technology (ETH), Zurich; modernization of 8 elevators for Migros, Lugano

1 Glass-enclosed elevator provides direct access to living room; Villa Boccardo, Monza, Italy
2 The Grand Place commercial center has 12 escalators, 6 moving walks, 2 Schindler EuroLift elevators and a panoramic elevator; Grenoble, France

Counterweight of panoramic elevator in the Scala office building, Frankfurt, Germany
Uncertainty delays upswing

The North American economy spent the reporting year 2002 in a fragile state. Weak consumer sentiment, gloomy employment prospects, falling stock prices, and issues of national security spread a mood of uncertainty, even though the economic fundamentals speak for a return to sustainable growth in the second half of 2003.

Growth in the construction industry sagged in the reporting year. The number of unoccupied buildings leapt abruptly in all categories. Commercial buildings were especially affected, since many companies required drastically less office space. Other areas such as retail premises and residential buildings also suffered a significant, though less radical, decline. This falling trend gradually slowed during the reporting year, and at year-end appears to have bottomed out. Irrespective of the market’s development, Schindler has a long backlog of orders for 2003.

Schindler booked good sales of new installations in the reporting year. As well as maintaining its lead in the escalators market, the Group can also look back on record unit sales of the Schindler 330 A hydraulic elevator.

All newly supplied hydraulic elevators are equipped with a remote monitoring system. Hydraulic elevators already in the maintenance portfolio are being correspondingly retrofitted. The remote monitoring system records even minor irregularities. Thanks to this information, corrective action is taken sooner – and usually preventively – which reduces downtime and breakdowns.

Successful integration in North America

The merger between Schindler and Millar, which was initiated in the first half of 2002, was completed successfully. Thanks to exploitation of state-of-the-art technologies and synergies, the new Schindler organization is even stronger and more cost-efficient. It has a comprehensive and competitive product assortment, a very dense nationwide network of more than 250 branches, and offers the full range of maintenance services from a single supplier.
Strong market position in Latin America

Political and economic uncertainties, as well as weakening currencies, affected South America to an extent not experienced since the nineteen-eighties. In several countries this caused the gross domestic product to fall, and the private construction industry to contract. The only exception was Mexico, where construction activity grew faster than the overall economy.

In Brazil, various factors, including the adverse global situation as well as the presidential elections, caused increased volatility of the national currency, which was devalued by more than 60%.

The Schindler Smart MRL 002 machine room-less elevator was successfully introduced in all Latin American countries during the reporting year, which strengthened Schindler’s leading position in the elevator business. The Miconic 10 hall call destination system conquered the market, and became the standard in high-class business buildings.

To increase productivity further, the production plants in Brazil were concentrated at Londrina, which resulted in a factory outside Rio de Janeiro being closed.

In the escalators segment, production started of the Schindler 9500 moving walk. Additional improvement in Schindler’s market position again came from the highly competitive Schindler 9300 escalator.

1 Rapid transportation to the desired destination in the Norvalbank office and commercial tower is provided by 4 elevators with the Miconic 10 hall call destination system; Valencia City, Venezuela

2 10 new Schindler 9300 escalators for the Minneapolis Convention Center; Minnesota, USA

Photo: ©2002 Bob Perzel
**Americas**

**Major orders**

**Arkansas:** 7 elevators and 4 Schindler 9300 escalators for The William J. Clinton Presidential Center & Park, Little Rock

**California:** Maintenance contract for 87 elevators for the Pacific Bell office buildings, El Segundo; maintenance contract for 22 elevators for the Naval Postgraduate School, Monterey; modernization of 12 elevators at the 1801 Century Park office building, Los Angeles

**Florida:** Modernization of 16 elevators at Orlando International Airport, Orlando; 14 elevators and 3 Schindler 9300 escalators for the US Courthouse, Miami

**Illinois:** Modernization of 11 elevators at the Prudential I and II office buildings, Chicago

**Indiana:** Maintenance contract for 40 elevators and 6 escalators for the Eli Lilly Corporate Center industrial/office building, Indianapolis

**Maryland:** Maintenance contract for 14 elevators for Baltimore Mass Transit, Baltimore

**Minnesota:** Maintenance contract for 30 elevators and 6 escalators for the Minnesota Mutual office building, St. Paul

**New Jersey:** Modernization of 6 elevators at Toys “R” Us, Wayne

**New York:** Maintenance contract for 24 elevators at the 666 Fifth Avenue office building, New York City; maintenance contract for 19 elevators, 12 escalators, and 6 moving walks in the International Air Terminal at John F. Kennedy International Airport, New York; 22 Schindler 9300 escalators and 20 elevators at the City Center retail/residential complex, White Plains; 6 Schindler 9300 escalators and 6 elevators for the World Trade Center Path station, New York City; 19 Schindler 9300 escalators and 10 elevators for the Queens Center Mall, New York City

**Ohio:** Maintenance contract for 10 elevators and 2 escalators for the Halle Building, Cleveland; maintenance contract for 14 elevators at the office building of General Electric, Cincinnati

**Oregon:** Maintenance contract for 8 elevators at the office building of Intel, Aloha Campus, Aloha; Maintenance contracts for 40 elevators at the office buildings of Intel, Hillsboro

**Pennsylvania:** Maintenance contract for 30 elevators at the Mercy Hospital, Pittsburgh; modernization of 20 elevators at the U.S. Post office building, Pittsburgh; 15 elevators and 6 Schindler 9300 escalators at the Philadelphia Baseball Stadium, Philadelphia

**Texas:** Modernization of 11 elevators, including 6 with Miconic 10, at the Howell Building, Houston; modernization of 14 elevators at the 3000 & 3050 Post Oak office building, Houston

**Washington D.C.:** Modernization of 23 elevators at the International Square office building

**Wisconsin:** Maintenance contract for 30 elevators for the St. Luke’s Medical Hospital, Milwaukee

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Schindler 700: highly sophisticated electronic equipment in the new Schindler 700, the first high-rise elevator for global application in the company’s history

1 Plaza Iguatemi – one of the most modern office buildings in prestigious Faria Lima, São Paulo, Brazil. Installed are 8 Schindler elevators with the Miconic 10 hall call destination system
Canada:
6 Schindler 9500 moving walks, 3 Schindler 9300 escalators, and 2 Schindler 300 A elevators for the expansion of Toronto Airport; 4 Schindler 9300 escalators and 3 Schindler 300 A elevators for the Oriental Center commercial building, Toronto; 6 Schindler 330 A elevators for the Bishops Gate residential complex, Toronto; 2 Schindler 9300 escalators and 2 Schindler 300 A panorama elevators for the Fairview shopping center, Montreal; modernization of 12 elevators at the 360 St. Jacques West office tower, Montreal; modernization of 8 elevators at the Foothills Medical Center hospital, Calgary.

Brazil:

Chile:
12 elevators with Miconic 10 for the El Golf 2001 commercial building, Santiago; 13 Schindler 9300 escalators, 2 Schindler 9500 moving walks, 2 Schindler 310 L elevators, and 1 Schindler 510 L elevator for the Los Angeles shopping center, Los Angeles/Chile; 6 Schindler 100 L elevators for the headquarters of Codelco Chuqui, Calama; 7 Schindler 100 L elevators for the Centenario de San Miguel residential building, Santiago.

Mexico:
10 elevators, including 9 with Miconic 10, for the World Plaza Tower, Mexico City; 4 Schindler 9300 escalators, 6 elevators, including 2 Schindler 510 L, for the Forum Culiacán shopping center in Culiacán, Sinaloa; 19 Schindler 310 L elevators for the Lomas Residencial II residential complex, Mexico City; 14 elevators, including 8 with Miconic 10 and 3 Schindler EuroLift, for the

Venezuela:
31 Schindler 9300 escalators and 10 elevators for the Tolón Plaza shopping center, Caracas.

1 Right in the business center of São Paulo stands BankBoston, the most modern building in Latin America, which has 18 Schindler elevators; Brazil
2 The Corporate Tower center is served by 9 elevators with the Miconic 10 hall call destination system; Mexico City, Mexico
3 Passenger transportation at the Gabriel Kibrit office building is handled by 3 Schindler 510 L elevators; Mexico City, Mexico

Schindler 700: attractive and modern car design
Tougher market conditions
Overall growth in the Asia/Pacific region stabilized in the reporting year. However, economic developments at country level varied greatly. In China, South Korea, and Australia the brisk development continued, whereas Hong Kong and Singapore stagnated at a low level.

Strong order bookings and new products
In most markets in the region, Schindler increased its order bookings in the reporting year. There was especially strong progress in escalators, for which Schindler is

The elevator and escalator market was especially strong in China and South Korea, where low interest rates, government reforms, and a substantial need to catch up drove the markets to record heights. These positive developments were offset by contracting markets in the other markets of the region, where falling real-estate prices and a high quota of empty buildings braked construction activity. In this deflationary situation, pressure on prices for both new installations and maintenance was unabated. This trend will probably continue in 2003.

China’s entry to the World Trade Organization WTO is expected to give a lasting impulse to its economy and its construction industry in 2003. For the rest of the Asian region, it has to be assumed that demand for elevators and escalators will more or less stagnate at the previous year’s level.

Market profile elevators and escalators
Asia/Pacific

1 Customized elevator for the V28 commercial building; Tokyo, Japan
2 17 elevators and 12 escalators in Ciro’s Plaza commercial building; Shanghai, China
the number 1 in various countries. The restructuring measures in China led to a major improvement in sales.

The research and development center in Shanghai developed a number of new products, which were successfully launched and contributed to increasing turnover. The SchindlerElegant elevator enjoyed strong demand in China’s growing residential buildings market. The new Schindler 300 P MRL elevator for application in the burgeoning machine room-less segment was successfully launched throughout Asia.

In the high-rise segment, contracts for important major projects with the new Schindler 700 high-rise elevator system were won in Hong Kong and China.

**Improved competitiveness and profitability**

The continuing endeavors in innovation, and optimization of products and processes, brought a sharp improvement in competitiveness and profitability despite difficult market conditions.

The 100% takeover of China-Schindler Elevator Co. Ltd. made it possible to coordinate the business activities of the subsidiaries in China, and to introduce shared services. Costs were thereby reduced, duplication of functions eliminated, and sales activities coordinated. This strengthened the position in the market.

Within the scope of the Schindler R03 projects, measures were taken to improve competitiveness and accelerate growth. The manufacturing plants in Malaysia and Japan were closed, and the introduction of new products was supported by special sales activities to expand the key markets even further.

1 Hotel and apartments on Tomorrow Square, where 14 Schindler 700 elevators are in service; Shanghai, China

2 Schindler was again the chosen supplier for the third phase of the Wan Quan Garden project. There are now more than 100 elevators and 6 escalators in operation; Beijing, China

3 Schindler 9700: the escalator for the special requirements of public transportation. Tseung Kwan O line of the Hong Kong mass transit railway corporation (MTRC); China
Asia/Pacific

Major orders

Australia:
6 Schindler 300 H elevators and 3 Schindler 9300 escalators for the Convention Centre, Perth; 17 Schindler 300 H and 4 Schindler 300 P MRL elevators for Victoria Park apartments in Sydney; 7 Schindler 330 P and 2 Schindler 300 P MRL elevators with Lobby Vision for the Bureau of Meteorology, Melbourne; 8 Schindler 300 P MRL elevators for Proximity Apartments, Sydney; 6 Schindler 300 P elevators for the Cassia Gardens commercial and residential building, Perth

China:
75 elevators, including 12 Schindler 700 elevators and 63 Schindler-Elegant elevators for the Junefield Plaza hotel and residential building, Beijing; 43 Schindler 9300 escalators and 32 elevators for the Beijing Light Railway, Beijing; 22 Schindler 700 and 13 Schindler 300 PCL elevators for Walton Plaza commercial building, Shanghai; 60 Schindler 9700 escalators and 4 Schindler 9300 escalators for the Nanjing subway system; 26 Schindler 700 elevators and 30 Schindler 9300 escalators for the Tianjin Xinda Plaza, Tianjin; 22 Schindler 700 elevators for the Shui-On 100 Commercial Ave commercial building, Shanghai; 22 Schindler 9300 escalators for the Hunan Exhibition Centre, Wuhan; 15 elevators, including 12 Schindler 700, for the Shangmao Century Plaza, Nanjing; 22 elevators, including 18 Schindler 700, and 12 Schindler 9300 escalators for the Oriental Kenzo Plaza commercial building, Beijing; 16 Schindler 500 elevators and 4 Schindler 300 PCL elevators for the Kerry Pavilion of Elegant Canticle residential building, Shenzhen; 24 Schindler 300 PCL elevators for the Guangzhou Qi Fu Xincun residential building, Guangzhou; 26 elevators, including 18 Schindler 500, 4 Schindler 300 PCL, and 4 Schindler 300 MRL, for the International Investment Building, Beijing

Hong Kong:
119 elevators, including 19 Schindler 700, 70 Schindler 500 P, and 17 Schindler 300 P, and 2 Schindler 9300 escalators for the Cyberport residential development; 40 elevators, including 8 Schindler 700, 8 Schindler 500 P, 11 Schindler 300 P, and 7 Schindler 300 P MRL, for the office and shopping center at 416–424 Kwun Tong Road; 23 elevators, including 17 Schindler 700 and 2 Schindler 300 P, 10 Schindler 9300 escalators, 3 Schindler 9500 moving walks, and 2 Schindler 9700 escalators for the Three Pacific Place office and shopping center; 17 elevators, including 15 Schindler 700, and 8 Schindler 9300 escalators for the AIG Tower office building; 16 elevators, including 11 Schindler 500 P and 3 Schindler 300 P, and 3 Schindler 9300 escalators for the Kennedy Town New Praya residential building; 9 Schindler 9500 moving walks for the railroad stations of KCRC East Rail Extension; modernization of 15 elevators at the Scenic Villa residential building

Indonesia:
4 Schindler 300 P elevators for the Studio 2 office building, Metro TV, Jakarta; 8 Schindler 9300 escalators for the Batavia Plaza shopping center, Jakarta

1 16 Schindler 9300 escalators and 30 elevators transport passengers in the All Seasons Place building complex; Bangkok, Thailand
2 37 Schindler 9700 escalators for extension of the Tsuen Kwan O line of the Hong Kong mass transit railway corporation (MTRC); China
Japan:
40 Schindler 9500 moving walks and 15 elevators for the Carrefour Hypermarket in Sayama, Minoo, Amagasaki, Higashi-Osaka; 4 Schindler 9300 escalators and 4 Schindler 300 J MRL elevators for the Okinawa Monorail; 8 Schindler Smart J elevators for the Shimoshinjo public housing complex renovation project, Osaka; 6 Schindler 9300 escalators and 2 Schindler 300 J MRL elevators for Japan Railway stations in Odawara and Tamachi; 8 Schindler 9300 escalators for the Hoshigaoka Terrace shopping center, Nagoya; 4 Schindler 9300 elevators and 4 elevators for Tobata station, Kitakyushu

Malaysia:
69 elevators, including 14 Schindler 500 P and 26 Schindler 300 P, and 8 Schindler 9300 escalators for the Putrajaya office, auditorium, and conference center, Selangor; 22 elevators, including 9 Schindler 100 P elevators, and 2 Schindler 9300 escalators for the hospital in Temerloh, Pahang; 19 elevators, including 6 Schindler 100 P, for the hospital and its associated apartment block in Sg Petani, Kedah; 12 Schindler 300 P elevators for the Pyramid Hotel in Kuala Lumpur;

Philippines:
3 Schindler 300 P MRL elevators and 4 Schindler 9300 escalators for the San Lazaro leisure park, Manila; 6 Schindler 300 P elevators for the Oriental Gardens residential building, Manila; 4 Schindler 9300 escalators for the Bangko Sentral ng Pilipinas commercial center, Manila

Singapore:
27 elevators, including 2 Schindler 500 P and 11 Schindler 300 P MRL, and 22 Schindler 9300 escalators for the Eu Tong Sen Street office and shopping center; 15 Schindler 300 P MRL elevators for the Whitewater EC Condominium residential building; 15 Schindler 300 P elevators for the Condominium residential building at West Coast Crescent; 13 Schindler 300 P elevators for the Condominium residential building at BT Batok East / Hillview

Taiwan:
10 elevators and 25 Schindler 9500 moving walks for the Tesco Chung-Li hypermarket at Chung-Li and the Tesco Sang-Ming hypermarket at Taipei; 12 Schindler 300 P elevators for the FU Shin Private Elementary & Junior High School, Taipei

Thailand:
8 Schindler 9300 escalators and 4 Schindler 9500 moving walks for Tesco Lotus Bangkapi, Bangkok; 2 Schindler 9300 escalators and 2 Schindler 9500 moving walks for Tesco Lotus Nakornpathom, Bangkok; 2 elevators, 1 Schindler 9300 elevator, and 1 Schindler 9500 moving walk for the Homepro-Sukhapiban 3 retail center, Bangkok

Vietnam:
6 Schindler 300 P MRL elevators for the Hon Tre Resort Hotel, Nhatrang; 7 elevators for the Franco Vietnam Hospital, Ho Chi Minh City; 4 elevators, including 3 Schindler 300 MRL, for the office and residential building at 27 Huynh Thuc Khang, Hanoi

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1 A custom-built elevator car for the Elevator Tower office and commercial building in Atago Green Hills, Tokyo, Japan

2 In the Compass Point office building, the compass theme is also integrated into the elevator design; Singapore
Market presence strengthened

In the Eastern European countries, progress continued on the reforms needed to fulfill the criteria for entry to the EU. In Russia, political stability and reforms stimulated foreign investment. Added to this, high export prices for oil had a positive effect on the Russian economy.

Stable market position in the Middle East

In the Persian Gulf region, the high oil price stimulated brisk investment activity in infrastructure, commercial centers, and hotels. By contrast, in Israel the few projects for high-class commercial buildings were fiercely contested. Here, Schindler not only held its position but expanded it further.

The trend to machine room-less elevators also gained momentum in the Middle East. Thanks to its flexibility, the new Schindler 300 P MRL machine room-less elevator is suitable not only for residential buildings, but also for commercial buildings.

Growth in Eastern Europe

Schindler secured a stake in the rapidly growing Russian market by acquiring the elevator company Liftremont. Renamed to ZAO Schindler, this company is mainly active in the greater Moscow area and St. Petersburg. Integration of this new subsidiary is proceeding well.

The slow economic recovery in Turkey and Poland did not yet show through into their construction industries. In Prague and other regions, the floods damaged not only the subway system, but also residential buildings and downtown areas. In Poland, the order for 14 elevators for the Intercontinental Hotel strengthened the market position of the local company. With 45 stories, this hotel is the tallest in the country.

With the aim of improving customer satisfaction and strengthening its market position in Eastern Europe even further, Schindler focused on standard products in the new installations business. This resulted in closure of the factories in Warsaw and Istanbul.

Market profile elevators and escalators

Eastern Europe, Middle East, India and Africa (EMIA)
Market presence in Southern Asia expanded
Sales by the subsidiary in Bangladesh boomed, especially for high-class commercial properties. In the Indian market, Schindler strengthened its position in the rapidly growing residential buildings segment, thanks to intensive sales efforts and competitive standard products. The Schindler Smart MRL product line is particularly aimed at this segment, and makes a significant contribution to penetration of the Indian market.

Sales successes in Africa
In Morocco, Schindler improved its customer orientation and concentrated on standard products. The Egyptian construction industry has not yet recovered from the year-long recession. Schindler, however, was working at full speed on the largest project the Group has ever won: the Golden Pyramids Plaza (GPP), which will be opened in 2003. This “mini-city in the desert” comprises an enormous complex of buildings with hotels, wellness amenities, shopping malls, offices, and residential accommodation close to Cairo’s international airport. Schindler is supplying more than 100 high-rise elevators, and over 100 escalators.

The results of Schindler subsidiaries in South Africa, Kenya, Zimbabwe, Botswana, Mozambique and Namibia improved sharply, and their strong market position was maintained.

1 The historic Palace Hotel has been refurbished and fitted with 3 Schindler EuroLift elevators; Budapest, Hungary

2 23 elevators and 15 escalators are in operation at the central bus station in Tel Aviv, Israel
EMIA

Major orders

**Algeria:**
46 elevators for the University Hospital Center, Oran

**Bahrain:**
6 Schindler 500 P elevators with Miconic 10, and 2 Schindler 9300 escalators, for the Al Moayed Tower office building, Bahrain

**Bangladesh:**
5 elevators for the Eunoos Trade Center office building, Dhaka; 10 Schindler 9300 escalators for the Khaddar Bazar commercial center, Dhaka; 6 elevators for the Water Garden Hotel, Dhaka

**Czech Republic:**
8 elevators, including 5 Schindler-EuroLift, for the Bosco Hotel, Prague; 7 elevators for the Aquapark leisure center, Pruhonice; reconstruction of 10 escalators damaged by floods in the Prague subway system

**Egypt:**
11 Schindler Smart MRL 002 elevators for the El Rehab Administration Building, Cairo; 7 elevators for the Mohamr Bek Pearl residential building, Alexandria; 5 elevators for the El Warrak Hospital, Cairo; modernization of 5 elevators at the Helnan Palestine Hotel, Alexandria

**India:**
16 Schindler 300 P elevators with Miconic 10, and 1 dumbwaiter, for the Cyber Gateway commercial building, Hyderabad; 6 Schindler 9300 escalators for the Fashion Lifestyles shopping mall, Mumbai; 22 Schindler Smart MRL 001 and 002 elevators for the Mantri Elegance & Mantri Pride residential complex, Bangalore; 12 Schindler 001 elevators for the Marathon Cosmos residential building, Mumbai; 6 Schindler 9300 escalators and 3 Schindler-Smart MRL 002 elevators for the Hatane Mall shopping mall, Mumbai

**Iran:**
77 elevators for the Tehran subway system

**Jordan:**
7 elevators with Miconic 10 for the Arab Bank office building, Jordan

**Kenya:**
3 Schindler EuroLift elevators with Miconic 10 for Shell BP House, Nairobi

**Kuwait:**
4 Schindler 9300 escalators for the Al Fanar commercial center, Hawally

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1 In the Cyber Gateway commercial building, customers are transported by 16 Schindler 300 P elevators with the Miconic 10 hall call destination system; Hyderabad, India

2 The elevators in the Ararat Park Hyatt Hotel are maintained by employees of the new ZAO Schindler subsidiary; Moscow, Russia

For the Europark leisure and shopping center, Schindler supplied several elevators, escalators, and moving walks; Sterboholy, Czech Republic
Morocco:
31 Schindler Smart MRL 001 elevators for the Koutoubia residential building, Casablanca; 4 Schindler Smart MRL 002 elevators for the La Gazelle Hotel, Marrakesh; 7 elevators for the ABS Agadir Hotel, Agadir; 4 Schindler Smart MRL DE elevators for the SCI Philippines office building, Casablanca; 2 Schindler EuroLift elevators, and 2 Schindler Smart MRL 002 elevators, for the High Tech Center, Rabat

Pakistan:
6 Schindler 500 elevators with Miconic 10 for the Muslim Commercial Bank office building, Karachi

Poland:
5 elevators, including 2 Schindler Smart MRL 002, and 4 Schindler 9500 moving walks, for the Auchan Wola shopping center, Warsaw; 17 Schindler Smart MRL 001 elevators for the Inpro residential building, Gdansk; 8 Schindler Smart MRL 002 DE elevators for SGGW High School, Warsaw; 8 elevators and 6 moving walks for the Galaxy shopping center, Szczecin

Russia:
10 elevators, including 7 Schindler EuroLift, and 10 Schindler 9300 escalators for the Arbat business center, Moscow; 9 elevators, including 1 Schindler EuroLift, and 13 Schindler 9300 escalators for the IKEA home furnishing store, Moscow; maintenance contract for 11 elevators at the Ararat Park Hyatt Hotel, Moscow

Saudi Arabia:
12 Schindler 9300 escalators and 4 elevators for the Al Nakheel shopping center, Riyadh; 16 elevators and 2 Schindler 9300 escalators for the Al-Hashmie residential building, Medina

South Africa:
8 Schindler 9300 escalators, 9 Schindler 9500 moving walks, and 3 elevators for the International Airport, Johannesburg; 4 elevators for the Melrose Arch Hotel, Johannesburg; 15 elevators for the Pretoria Academic Hospital, Pretoria; modernization of 3 elevators at the Arnott Electric Power Station, Witbank; modernization of 3 elevators at the Post Office, Church Street, Pretoria

Sudan:
3 Schindler 500 elevators for the Khartoum Tower office building, Khartoum

United Arab Emirates:
6 Schindler 9300 escalators and 7 elevators for the Gulf Library and Study Center, Abu Dhabi; 10 Schindler 9500 moving walks and 4 elevators for the Al Shafir Mall commercial center, Sharjah

1 Tradition combines with modern elevator technology in the refurbished 5-star Esplanade Hotel; Márianské Lázné, Czech Republic
2 Various Schindler escalators and elevators aid shoppers at the Wola Park shopping mall; Warsaw, Poland
3 2 Schindler 001 elevators for the Gordon House Hotel; Mumbai, India

Schindler 700: the new elevator for the high-rise segment with travel heights up to 500 meters
Panoramic elevator in the Holland Casino, Utrecht, Netherlands.
**ALSO more competitive**

The overall economic situation, and especially the IT market, is still difficult. Contrary to many expectations, in some quarters of 2002 the market was even worse than in the previous year, with most companies implementing further cuts in their IT expenditure.

ALSO, which is active in the IT logistics and services business, successfully withstood this trend in the market. The Management Committee was quick to recognize the worsening prospects, and consequently concentrated in the reporting year on securing income and strengthening the balance sheet. As a result, net profit in the reporting year was substantially higher than the previous year.

**Pleasing developments in the Group**

Despite a contraction in the market of more than 10%, net sales of the ALSO Group fell by only 4.1%. Against the disappointing market backdrop, ALSO generated a pleasing operating profit of CHF 30.7 million (2001: CHF 19.9 million). Net income rose by 77.5% to CHF 19.7 million after the previous year’s CHF 11.1 million. Personnel numbers decreased again in 2002. In the reporting year, ALSO had a total of 1112 employees (2001: 1355). There was a further substantial increase in the equity ratio to 45.3%.

**Strategic expansion of Distribution**

Net sales in 2002 rose by 0.6% from CHF 1514.7 million to CHF 1523.2 million. Thanks mainly to growth in services, operating profit rose by 3.3% from the previous year’s CHF 30.4 million to CHF 31.4 million. The Distribution Division continued to expand its logistics services. Following Swisscom Mobile and Sunrise, a third mobile telephone customer was won with Orange. Also in its core business, ALSO acquired the logistics for Swisscom IT Services, the largest independent provider of IT services in Switzerland.

An independent survey of retailers confirmed again in 2002 that the company had set the right focus on quality, process reliability, and service optimization. For the third year in succession, the Distribution Division was elected Best Distributor by the leading trade journals in both Germany and Switzerland.

![ALSO employee scans a barcode](image)

**Despite technological progress, logistics processes still include manual operations. An ALSO employee scans a barcode; Emmen, Switzerland**

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No barcode, no shipment: in the ALSO logistics center at Emmen, Switzerland, working without these aids is no longer imaginable.
In the course of the reporting year, the Distribution Division pursued its strategy of internationalization further. A first step was completed with establishment of a pan-European alliance in the form of the European Wholesale Group. The four partners in the alliance offer vendors a platform for efficient and consistent access to a broad spectrum of retailers across Europe. Finally, to increase productivity further, the Distribution Division has initiated transnational standardization of its processes.

Substantial improvement in Systems Business
In the Systems Business Division, demand from the large customers segment again declined. Net sales in 2002 were CHF 130.0 million (2001: CHF 209.0 million). Although sales were lower, the operating result at CHF –0.4 million only just missed being a profit. This operating loss of CHF –0.4 million was a substantial improvement on the previous year’s loss of CHF –10.4 million. This success was achieved by rigorous cost management and uncompromising adaptation of the structures.

Ecological consciousness in the ALSO Group
The ALSO Group has been promoting ecological consciousness for many years. For example, as early as 1992 the company changed from disposable cardboard packaging to reusable boxes. Ecological aspects were taken into consideration when constructing the office building at Emmen, for example, by fitting all rooms with automatic light sensors. Even in the business processes, the burden on the environment is reduced by combining delivery of multiple orders for the same customer into a single vehicle trip.

Cautious outlook for 2003
The economic environment will probably remain weak, and no significant recovery in demand is in sight at present. The Distribution Division will concentrate on securing income and increasing sales, especially by development of the product portfolio in Germany. At the start of 2003, the ALSO Group announced its intention of separating from the Systems Business Division. Through this concentration, the Group expects to be able to make faster use of opportunities in distribution. The transition to new ownership will enhance the prospects of the Systems Business Division, and allow further development of its potential. In view of the rapid pace of the IT industry, it is too early to make a forecast regarding the current year. However, looking further ahead and especially in view of the demand for logistic services, ALSO is confident that it will be able to achieve sustainable growth in net sales and income.

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1 The logistics center at Emmen, Switzerland, is like a beehive. What appears chaotic is in fact a highly structured activity.
2 Checked, coded, and ready for shipping.
3 An order is assembled by hand.
Schindler Holding Ltd.
Board of Directors

Executive Committee
of the Board

Elevators and Escalators
Management Committee

ALSO
Management Committee

Europe

Americas

Asia/Pacific

EMIA
(Eastern Europe/Middle East/India/Africa)

Distribution

Systems Business

Organization
Status January 1, 2003

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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

Walter G. Frehner
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Dr. Hubertus von Grünberg
Supervisory Chairman of the Board Continental AG; Hannover, Germany 2005

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

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

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

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

* Member of the Executive Committee of the Board
** Ordinary General Meeting in the year 2005
*** Nominated to be elected at the Annual General Meeting of March 24, 2003
# Management Committee Elevators and Escalators

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
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<tbody>
<tr>
<td>Peter J. Zbinden</td>
<td>President</td>
</tr>
<tr>
<td>David J. Bauhs</td>
<td>Deputy to the President; Americas</td>
</tr>
<tr>
<td>Miguel A. Rodríguez</td>
<td>Europe</td>
</tr>
<tr>
<td>Jürgen Tinggren</td>
<td>Asia/Pacific</td>
</tr>
<tr>
<td>Heikki Poutanen</td>
<td>Eastern Europe/Middle East/India/Africa (EMIA)</td>
</tr>
<tr>
<td>Jörgen Svenningsson</td>
<td>Technology and Strategic Supply Management</td>
</tr>
<tr>
<td>Brent Glendening</td>
<td>Chief Information Officer (CIO)</td>
</tr>
<tr>
<td>Erich Ammann*</td>
<td>Chief Financial Officer (CFO)</td>
</tr>
<tr>
<td>Dr. Rudolf W. Fischer*</td>
<td>Human Resources and Training</td>
</tr>
<tr>
<td>Prof. Dr. Karl Hofstetter</td>
<td>General Counsel</td>
</tr>
</tbody>
</table>

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

# Management Committee ALSO

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas C. Weissmann</td>
<td>President (CEO)</td>
</tr>
<tr>
<td>Jürgen Baumgartner</td>
<td>Chief Financial Officer (CFO)</td>
</tr>
<tr>
<td>Dr. Axel Keller</td>
<td>Distribution Germany</td>
</tr>
<tr>
<td>Marc Schnyder</td>
<td>Distribution Switzerland</td>
</tr>
<tr>
<td>Thomas Willenegger</td>
<td>Systems Business</td>
</tr>
<tr>
<td>Peter Zurbrügg</td>
<td>Chief Information Officer (CIO)</td>
</tr>
</tbody>
</table>

For information regarding Corporate Governance according to the directive of the SWX Swiss Exchange, please refer to the chapter on Corporate Governance on page 60 of the separate Financial Statements and Corporate Governance.
Financial statements Group

Condensed

The figures for 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| December 31
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In million CHF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>2,978</td>
<td>3,335</td>
<td>3,381</td>
<td>3,436</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,371</td>
<td>2,219</td>
<td>2,279</td>
<td>2,102</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,349</td>
<td>5,554</td>
<td>5,660</td>
<td>5,538</td>
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<tr>
<td>Current liabilities</td>
<td>1,916</td>
<td>2,219</td>
<td>2,359</td>
<td>2,313</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>1,316</td>
<td>2,000</td>
<td>1,847</td>
<td>1,777</td>
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<tr>
<td>Total liabilities</td>
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<td>4,219</td>
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<td>4,090</td>
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<td>Minority interests</td>
<td>105</td>
<td>150</td>
<td>137</td>
<td>119</td>
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<tr>
<td>Shareholders’ equity</td>
<td>1,027</td>
<td>1,165</td>
<td>1,317</td>
<td>1,329</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>4,349</td>
<td>5,554</td>
<td>5,660</td>
<td>5,538</td>
</tr>
</tbody>
</table>

*After restatement and in compliance with IFRS
**As of 1999 in compliance with IFRS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In million CHF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>6,584</td>
<td>7,657</td>
<td>8,530</td>
<td>8,327</td>
<td><strong>7,888</strong></td>
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<tr>
<td>Operating expenses</td>
<td>6,343</td>
<td>7,275</td>
<td>8,108</td>
<td>7,843</td>
<td><strong>7,766</strong></td>
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<tr>
<td>Operating profit</td>
<td>251</td>
<td>382</td>
<td>422</td>
<td>484</td>
<td><strong>122</strong></td>
</tr>
<tr>
<td>Financing activities</td>
<td>−17</td>
<td>−86</td>
<td>−53</td>
<td>−58</td>
<td><strong>−62</strong></td>
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<tr>
<td>Investing activities</td>
<td>84</td>
<td>29</td>
<td>5</td>
<td>17</td>
<td><strong>2</strong></td>
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<tr>
<td>Profit before taxes</td>
<td>318</td>
<td>325</td>
<td>374</td>
<td>443</td>
<td><strong>62</strong></td>
</tr>
<tr>
<td>Taxes</td>
<td>73</td>
<td>67</td>
<td>71</td>
<td>46</td>
<td><strong>45</strong></td>
</tr>
<tr>
<td>Profit before minority interests</td>
<td>245</td>
<td>258</td>
<td>303</td>
<td>397</td>
<td><strong>17</strong></td>
</tr>
<tr>
<td>Minority interests</td>
<td>21</td>
<td>20</td>
<td>4</td>
<td>18</td>
<td><strong>9</strong></td>
</tr>
<tr>
<td>Net profit</td>
<td>224</td>
<td>238</td>
<td>299</td>
<td>379</td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

*Classified according to IFRS but not revalued
**As of 1999 in compliance with IFRS

<table>
<thead>
<tr>
<th>Cash flow statements</th>
<th>1998</th>
<th>1999*</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>In million CHF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>163</td>
<td>313</td>
<td>539</td>
<td>635</td>
<td><strong>437</strong></td>
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<tr>
<td>Cash flow from investing activities</td>
<td>−577</td>
<td>−694</td>
<td>−344</td>
<td>−94</td>
<td><strong>90</strong></td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>−7</td>
<td>488</td>
<td>−146</td>
<td>−251</td>
<td><strong>−359</strong></td>
</tr>
<tr>
<td>Translation exchange differences</td>
<td>−5</td>
<td>20</td>
<td>−10</td>
<td>−16</td>
<td><strong>60</strong></td>
</tr>
<tr>
<td>Change in net cash</td>
<td>−426</td>
<td>127</td>
<td>39</td>
<td>274</td>
<td><strong>228</strong></td>
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</table>

*As of 1999 in compliance with IFRS
Financial statements Schindler Holding Ltd.
Condensed

<table>
<thead>
<tr>
<th><strong>Balance sheet</strong> December 31</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In million CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>397</td>
<td>679</td>
<td>465</td>
<td>701</td>
<td>836</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1,726</td>
<td>1,462</td>
<td>1,601</td>
<td>1,369</td>
<td>1,144</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,123</td>
<td>2,141</td>
<td>2,066</td>
<td>2,070</td>
<td>1,980</td>
</tr>
<tr>
<td>Debentures</td>
<td>350</td>
<td>800</td>
<td>785</td>
<td>785</td>
<td>590</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>239</td>
<td>229</td>
<td>208</td>
<td>210</td>
<td>441</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>589</td>
<td>1,029</td>
<td>993</td>
<td>995</td>
<td>1,031</td>
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<tr>
<td>Share capital</td>
<td>76</td>
<td>76</td>
<td>64</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>Bearer participation capital</td>
<td>61</td>
<td>61</td>
<td>50</td>
<td>29</td>
<td>6</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,306</td>
<td>880</td>
<td>855</td>
<td>893</td>
<td>816</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>91</td>
<td>95</td>
<td>104</td>
<td>115</td>
<td>120</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1,534</td>
<td>1,112*</td>
<td>1,073</td>
<td>1,075</td>
<td>949</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>2,123</td>
<td>2,141</td>
<td>2,066</td>
<td>2,070</td>
<td>1,980</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th><strong>Profit and loss statement</strong></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In million CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from subsidiaries</td>
<td>115</td>
<td>179</td>
<td>201</td>
<td>225</td>
<td>209</td>
</tr>
<tr>
<td>Other revenue</td>
<td>124</td>
<td>37</td>
<td>34</td>
<td>39</td>
<td>90</td>
</tr>
<tr>
<td>Total revenue</td>
<td>239</td>
<td>216</td>
<td>235</td>
<td>264</td>
<td>299</td>
</tr>
<tr>
<td>Depreciation and adjustments</td>
<td>97</td>
<td>57</td>
<td>85</td>
<td>108</td>
<td>139</td>
</tr>
<tr>
<td>Other expenses</td>
<td>51</td>
<td>64</td>
<td>46</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>Total expenses</td>
<td>148</td>
<td>121</td>
<td>131</td>
<td>149</td>
<td>179</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>91</td>
<td>95</td>
<td>104</td>
<td>115</td>
<td>120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Dividend payment</strong></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In million CHF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered shares</td>
<td>35</td>
<td>35</td>
<td>38</td>
<td>38</td>
<td>0*</td>
</tr>
<tr>
<td>Bearer participation certificates</td>
<td>27</td>
<td>27</td>
<td>29</td>
<td>29</td>
<td>0*</td>
</tr>
<tr>
<td>Total dividend payment</td>
<td>62</td>
<td>62</td>
<td>67</td>
<td>67</td>
<td>0*</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 62).

The request not to pay a dividend for the reporting year was already announced at the last General Meeting on March 26, 2002, in association with planned R03 project costs.
In the interest of greater transparency and comparability, the figures for 2002 which follow are, where relevant, also shown excluding R03 project costs.

<table>
<thead>
<tr>
<th>Group</th>
<th>1998•</th>
<th>1999••</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>6 604</td>
<td>7 695</td>
<td>8 750</td>
<td>8 426</td>
<td><strong>8 029</strong></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>6 594</td>
<td>7 657</td>
<td>8 530</td>
<td>8 327</td>
<td><strong>7 888</strong></td>
</tr>
<tr>
<td>EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>451</td>
<td>532</td>
<td>624</td>
<td>680</td>
<td><strong>349</strong></td>
</tr>
<tr>
<td>in %</td>
<td>6.8</td>
<td>6.9</td>
<td>7.3</td>
<td>8.2</td>
<td><strong>4.4</strong></td>
</tr>
<tr>
<td>EBIT&lt;sup&gt;2&lt;/sup&gt;</td>
<td>251</td>
<td>382</td>
<td>422</td>
<td>484</td>
<td><strong>122</strong></td>
</tr>
<tr>
<td>in %</td>
<td>3.8</td>
<td>5.0</td>
<td>4.9</td>
<td>5.8</td>
<td><strong>1.5</strong></td>
</tr>
<tr>
<td>Net income from financing and investing activities</td>
<td>67</td>
<td>–57</td>
<td>–48</td>
<td>–41</td>
<td><strong>–60</strong></td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>318</td>
<td>325</td>
<td>374</td>
<td>443</td>
<td><strong>62</strong></td>
</tr>
<tr>
<td>Profit before minority interests</td>
<td>245</td>
<td>258</td>
<td>303</td>
<td>397</td>
<td><strong>17</strong></td>
</tr>
<tr>
<td>in %</td>
<td>3.7</td>
<td>3.4</td>
<td>3.6</td>
<td>4.8</td>
<td><strong>0.2</strong></td>
</tr>
<tr>
<td>Net profit</td>
<td>224</td>
<td>238</td>
<td>299</td>
<td>379</td>
<td><strong>8</strong></td>
</tr>
<tr>
<td>Cash flow&lt;sup&gt;3&lt;/sup&gt;</td>
<td>394</td>
<td>329</td>
<td>417</td>
<td>555</td>
<td><strong>430</strong></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>177</td>
<td>158</td>
<td>157</td>
<td>122</td>
<td><strong>105</strong></td>
</tr>
<tr>
<td>Order backlog</td>
<td>2 954</td>
<td>3 689</td>
<td>3 713</td>
<td>4 039</td>
<td><strong>3 486</strong></td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>38 574</td>
<td>43 654</td>
<td>43 334</td>
<td>41 524</td>
<td><strong>39 918</strong></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1 012</td>
<td>1 185</td>
<td>1 317</td>
<td>1 329</td>
<td><strong>1 067</strong></td>
</tr>
<tr>
<td>Equity ratio</td>
<td>23.3</td>
<td>21.3</td>
<td>23.3</td>
<td>24.0</td>
<td><strong>20.7</strong></td>
</tr>
<tr>
<td>Equity ratio incl. minority interests in %</td>
<td>25.7</td>
<td>24.0</td>
<td>25.7</td>
<td>26.1</td>
<td><strong>23.1</strong></td>
</tr>
</tbody>
</table>

• Balance sheet positions after restatement and in compliance with IFRS
•• As of 1999 in compliance with IFRS
<sup>1</sup> EBITDA: Operating profit plus depreciation/amortization
<sup>2</sup> EBIT: Operating profit
<sup>3</sup> Cash flow: Net profit before minorities interests plus depreciation/amortization and change in provisions

### Key figures 2002 Group before charging R03 project costs

<table>
<thead>
<tr>
<th>In million CHF</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>665</td>
</tr>
<tr>
<td>in %</td>
<td>8.4</td>
</tr>
<tr>
<td>EBIT</td>
<td>498</td>
</tr>
<tr>
<td>in %</td>
<td>6.3</td>
</tr>
<tr>
<td>Net profit before taxes</td>
<td>448</td>
</tr>
</tbody>
</table>
### Elevators and Escalators

<table>
<thead>
<tr>
<th></th>
<th>1998•</th>
<th>1999••</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>5325</td>
<td>6028</td>
<td>6852</td>
<td>6658</td>
<td>6344</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>5324</td>
<td>5996</td>
<td>6669</td>
<td>6601</td>
<td>6231</td>
</tr>
<tr>
<td>EBITDA 1</td>
<td>427</td>
<td>482</td>
<td>612</td>
<td>654</td>
<td>313</td>
</tr>
<tr>
<td>in %</td>
<td>8.0</td>
<td>8.0</td>
<td>9.2</td>
<td>9.9</td>
<td>5.0</td>
</tr>
<tr>
<td>EBIT 2</td>
<td>236</td>
<td>342</td>
<td>422</td>
<td>471</td>
<td>95</td>
</tr>
<tr>
<td>in %</td>
<td>4.4</td>
<td>5.7</td>
<td>6.3</td>
<td>7.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Personnel at year-end</td>
<td>37543</td>
<td>42140</td>
<td>41763</td>
<td>40169</td>
<td>38806</td>
</tr>
</tbody>
</table>

**EBITDA:** Operating profit plus depreciation/amortization

**EBIT:** Operating profit

---

### Key figures 2002 Elevators and Escalators before charging R03 project costs

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>629</td>
</tr>
<tr>
<td>in %</td>
<td>10.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>471</td>
</tr>
<tr>
<td>in %</td>
<td>7.6</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.

**Allocation of the Group's net value added 2002**

<table>
<thead>
<tr>
<th>In %</th>
<th>Wages, salaries and social-service expenditures 93</th>
<th>Creation of reserves 0</th>
<th>Direct taxes 6</th>
<th>Dividends 0</th>
<th>Net interest charges 1</th>
</tr>
</thead>
</table>

For complete information in compliance with IFRS please refer to the Financial Statements.
**Return on equity ROE**

- 2002: **20%**
- 2001: **25%**
- 2000: **15%**
- 1999: **10%**
- 1998: **5%**

* 1998: IFRS Restatement
** Before R03 project costs

---

**Cash flow**

- 2002: **430** million CHF
- 2001: **394** million CHF
- 2000: **517** million CHF
- 1999: **565** million CHF
- 1998: **619** million CHF

---

**Capital expenditure**

- 2002: **105** million CHF
- 2001: **122** million CHF
- 2000: **157** million CHF
- 1999: **158** million CHF
- 1998: **177** million CHF
**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>1998</td>
<td>5,324</td>
<td>1,270</td>
<td>6,594</td>
</tr>
<tr>
<td>1999</td>
<td>5,996</td>
<td>1,661</td>
<td>7,657</td>
</tr>
<tr>
<td>2000</td>
<td>6,669</td>
<td>1,881</td>
<td>8,550</td>
</tr>
<tr>
<td>2001</td>
<td>7,028</td>
<td>1,726</td>
<td>8,754</td>
</tr>
<tr>
<td>2002</td>
<td>6,604</td>
<td>1,657</td>
<td>8,261</td>
</tr>
</tbody>
</table>

* Incl. other products

**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>1998</td>
<td>5,325</td>
<td>1,279</td>
<td>6,604</td>
</tr>
<tr>
<td>1999</td>
<td>6,028</td>
<td>1,667</td>
<td>7,695</td>
</tr>
<tr>
<td>2000</td>
<td>6,658</td>
<td>1,888</td>
<td>8,546</td>
</tr>
<tr>
<td>2001</td>
<td>6,658</td>
<td>1,768</td>
<td>8,426</td>
</tr>
<tr>
<td>2002</td>
<td>6,344</td>
<td>1,685</td>
<td>8,029</td>
</tr>
</tbody>
</table>

* Incl. other products
Invoiced sales 2002 by market
Elevators & Escalators

In %
- Switzerland 9
- EU Countries 38
- Rest of Europe 3
- Americas 35
- Asia, Australia, Africa 15

Invoiced sales 2002 by market
ALSO

In %
- Switzerland 65
- Germany 35
Personnel at the end of year

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>39,978</td>
</tr>
<tr>
<td>2001</td>
<td>41,524</td>
</tr>
<tr>
<td>2000</td>
<td>43,365</td>
</tr>
<tr>
<td>1999</td>
<td>44,364</td>
</tr>
<tr>
<td>1998</td>
<td>38,574</td>
</tr>
</tbody>
</table>

Personnel 2002 by sector

In %
- Production: 17%
- Installation and maintenance: 62%
- Engineering, Sales, Administration, and ALSO: 21%
### Personnel 2002
#### Elevators & Escalators
By region, total 38,806

- Switzerland: 3,861 (10.0%)
- EU Countries: 14,413 (37.1%)
- Rest of Europe: 1,816 (4.7%)
- Americas: 12,569 (32.4%)
- Asia, Australia, Africa: 6,147 (15.8%)

### Personnel 2002
#### ALSO
By country, total 1,112

- Switzerland: 931 (83.7%)
- Germany: 181 (16.3%)
The figures for 2002 are significantly affected by R03 project costs. Further information is given on page 7 of the Financial Statements, and in the respective notes.

### Information per registered share/bearer participation certificate

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>164</td>
<td>174</td>
<td>222</td>
<td>282</td>
<td>0.62</td>
</tr>
<tr>
<td>Cash flow</td>
<td>288</td>
<td>240</td>
<td>310</td>
<td>413</td>
<td>33.43</td>
</tr>
<tr>
<td>Shareholders’ equity at year-end</td>
<td>753</td>
<td>894</td>
<td>992</td>
<td>1 047</td>
<td>83.81</td>
</tr>
<tr>
<td>Gross dividend</td>
<td>45</td>
<td>45</td>
<td>50</td>
<td>50</td>
<td>0***</td>
</tr>
<tr>
<td>Pay-out ratio</td>
<td>%</td>
<td>27.5</td>
<td>25.9</td>
<td>22.5</td>
<td>17.7</td>
</tr>
<tr>
<td>Market capitalization (in million)</td>
<td>3 118</td>
<td>3 490</td>
<td>3 402</td>
<td>3 208</td>
<td>3 397</td>
</tr>
</tbody>
</table>

*Shareholders’ equity after IFRS restatement
**As of 1999 in compliance with IFRS
***Proposal by the Board of Directors

### Registered shares

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares outstanding</td>
<td>763 066</td>
<td>763 066</td>
<td>752 866</td>
<td>752 866</td>
<td>7 356 820</td>
</tr>
<tr>
<td>Thereof in treasury stock</td>
<td>2 017 0</td>
<td>27 040</td>
<td>16 790</td>
<td>32 561</td>
<td>120 401</td>
</tr>
<tr>
<td>Nominal value</td>
<td>100</td>
<td>100</td>
<td>85</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Price high</td>
<td>2 730</td>
<td>2 600</td>
<td>2 995</td>
<td>2 801</td>
<td>320.00</td>
</tr>
<tr>
<td>Price low</td>
<td>1 530</td>
<td>2 060</td>
<td>2 320</td>
<td>2 000</td>
<td>230.80</td>
</tr>
<tr>
<td>Price year-end</td>
<td>2 340</td>
<td>2 550</td>
<td>2 549</td>
<td>2 380</td>
<td>260.00</td>
</tr>
<tr>
<td>P/E ratio December 31</td>
<td>14.3</td>
<td>14.7</td>
<td>11.5</td>
<td>8.4</td>
<td>418.1</td>
</tr>
</tbody>
</table>

### Bearer participation certificates

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of certificates outstanding</td>
<td>605 425</td>
<td>605 425</td>
<td>592 424</td>
<td>592 424</td>
<td>5 506 990</td>
</tr>
<tr>
<td>Thereof in treasury stock</td>
<td>4 004</td>
<td>15 444</td>
<td>1 410</td>
<td>42 880</td>
<td>11 550</td>
</tr>
<tr>
<td>Nominal value</td>
<td>100</td>
<td>100</td>
<td>85</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Price high</td>
<td>2 710</td>
<td>2 620</td>
<td>2 925</td>
<td>2 700</td>
<td>321.80</td>
</tr>
<tr>
<td>Price low</td>
<td>1 209</td>
<td>2 050</td>
<td>2 320</td>
<td>2 050</td>
<td>225.00</td>
</tr>
<tr>
<td>Price year-end</td>
<td>2 200</td>
<td>2 550</td>
<td>2 603</td>
<td>2 390</td>
<td>269.50</td>
</tr>
<tr>
<td>P/E ratio December 31</td>
<td>13.4</td>
<td>14.7</td>
<td>11.3</td>
<td>8.5</td>
<td>433.3</td>
</tr>
</tbody>
</table>

*After 10:1 split of registered shares and bearer participation certificates on June 11, 2002
Market capitalization as of 31. 12.

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

Dividends per registered share and bearer participation certificate (before 10:1 split)

* Proposal by the Board of Directors
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.

**Significant shareholders**
According to information published under stock exchange law, the Schindler and Bonnard families hold within the scope of a stockholder retainer contract 63.3% of the voting rights (4,654,680 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%.

**Ordinary General Meeting**
Monday, March 24, 2003, 4.30 pm at the Kultur- und Kongresszentrum Luzern, Europaplatz 1, CH-6005 Lucerne, Switzerland

**Trading**

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

Operating panel of the new Schindler-EuroLift elevator; Telenor Fornebu, Oslo, Norway

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Schindler's environmental performance

Systematic development of environmentally-friendly products

An important entrepreneurial challenge is to match products and services not only to the requirements of the market, but also to those of the environment. This means extending relationships with internal and external partners beyond specialist disciplines to search for solutions which are innovative. Schindler has integrated the methodical approach needed to achieve this into its product development process. This is all the more important since studies have shown that the environmentally relevant burdens which arise while an elevator system is in service, and during the materials-preparation phase, are substantially greater than those which occur during manufacturing. For this reason, Schindler focuses on product development.

The objective of an environmentally compatible product management is to save raw materials and energy, avoid emissions which pollute the environment or are harmful to health, and to either avoid waste throughout the entire product life cycle, or reduce its impact if it cannot be avoided. This extends from the planning and development phase, through provision of materials, manufacture, installation, logistics, use, and maintenance, to disposal of the entire elevator installation or parts of it.

Planning and design of ecological products

When products are being planned, the relevant ecological requirements and risks must be determined by considering both the needs of the market and the technologies available. The ecological criteria applying to the design of the elevator, its subsystems and components, are already defined in the respective specifications. Key requirements at the product planning stage are energy and material efficiency, and the environmentally compatible disposal of individual components. During product design, environmental aspects are taken into account with respect to material preparation, manufacturing, installation, operation, maintenance, and dismantling. Comparisons are made between different solutions, lists of prohibited materials and materials to be avoided are taken into account, suppliers are informed of product-related environmental requirements, and instructions for disposal of materials are drawn up. The PEcoPIT ecological product performance method developed by Schindler is based on a comparison between the old and the new product. The results are used to improve the new products.
Ecological product development

<table>
<thead>
<tr>
<th>Product planning</th>
<th>Product design</th>
<th>Ecological product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecological market requirements</td>
<td>Ecological product development (PEcoPIT)</td>
<td>Ecological product performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ecological product declaration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>User manual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(disposal)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Installation and maintenance manual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(handling of hazardous substances)</td>
</tr>
</tbody>
</table>

Ecological product comparison (PEcoPIT)

<table>
<thead>
<tr>
<th>Old product</th>
<th>Ecological product comparison (PEcoPIT)</th>
<th>New product</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Energy consumption when travelling</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy consumption when stationary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Material selection and weight</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Burden on the environment caused by energy consumption and material selection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disposal of hazardous substances</td>
<td></td>
</tr>
</tbody>
</table>
**Energy efficiency of elevators**

There is a need to find the best possible balance between the energy consumption of the drive, the traffic pattern, and the physiological well-being of passengers.

A program developed by Schindler can be used to calculate the energy consumption of a drive based on a particular traffic pattern and a number of parameters such as travel height, rated load, and rated speed. The energy in kWh/h consumed by the Schindler 700 elevator in five different operating situations, at a time of day when the traffic pattern is normal, is calculated for different travel heights. The lost energy is made up of losses from the motor, stopping brakes, power converter, and hoistway. Energy recuperated into the power supply is taken into account.

The traffic pattern is also measured, and a traffic matrix drawn up with information about the number of upward and downward trips, the distance traveled, and the load in the car. Elevator kinematics describes the motion of an elevator car in a hoistway, regardless of mass or force. The objective is to find the maximum acceleration and jerk (change in acceleration) which passengers can tolerate without discomfort, so as to guarantee maximum ride comfort.
1. **System model**

Components of the drive energy calculation

2. **Traffic matrix**

   - 110 trips up and down per hour
   - In-operation time 50%
   - Travel height 180 m

   - Number of trips during one business hour
   - Load in car (1%)
   - Travel distance (number of stories)

3. **Trip profile**

   - Speed (m/s)
   - Time (s)
Environmentally-friendly drive machines for Schindler 700

The drives Schindler has developed for its high-performance elevators are based on asynchronous motor technology. Although at full speed and partial load, less energy would be used by the alternative, synchronous type of motor, it was decided to use asynchronous technology after finding that more than three quarters of the energy consumed in a trip is used in the acceleration and braking phases. By systematically planning environmentally-friendly products, the environmental impact from the materials used in the drive was substantially reduced. Savings of about 30% on weight were also achieved. Besides this, the drives are easy to maintain and have a very long service life. Thanks to their compact design, the machines not only measure about 40% less around their circumference: they can also be dismantled, and then reassembled quickly and easily in very tight machine rooms.
Positive environmental performance of ceramic safety gear

The most important safety component on every elevator is the safety gear, even though it is only intended for extreme emergencies. If the speed of the car exceeds a predefined nominal value, it is automatically brought to a controlled emergency stop by triggering the safety gear. In the case of a high-performance elevator such as the Schindler 700, the brake linings then reach temperatures up to 1200 degrees Celsius. Conventional steel brake linings cannot withstand this amount of heat, unless they are built much larger. For this reason, Schindler uses brake linings made from ceramic, which improve braking performance by more than 33%, with a 65% reduction in volume, and 35% less weight. Whereas safety gear with steel wedges damaged the guide rails when prescribed safety tests were performed, the new brake linings do not cause wear or damage to the installation or elevator system when they are periodically tested, and they are also easy to install and adjust. These factors, as well as the much longer service life, have an overall positive effect on the energy balance of the elevator. The ceramic safety gear therefore fulfills the environmental requirements demanded of it.
Important addresses

For further information about our company, our products and our services, please contact one of the following addresses:

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www.also.ch

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.
“Good Corporate Governance rests on individuals – regulatory activism is like ‘nailing jelly to the wall’.”

Alfred N. Schindler

Artist:
Wolfgang Keller, D-Baden-Baden
Gallery Delio Romang, CH-Gstaad