

Schindler Holding Ltd. Interim Report
as at June 30, 2000

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Key figures as at June 30, 2000

Group		1999	2000	
In million CHF		1st half	1st half	Δ in %
Orders received		3 603	4 282	+18.8
Elevators and escalators		2 858	3 409	+19.3
ALSO		745	873	+17.2
Operating revenue		3 407	4 094	+20.2
Elevators and escalators		2 662	3 221	+21.0
ALSO		745	873	+17.2
Operating profit		133	168	+26.3
As % of operating revenue	%	3.9	4.1	
Net income from financing and investing activities		-13	-26	
Profit before taxes		120	142	+18.3
Profit before minority interests		86	112	+30.2
As % of operating revenue	%	2.5	2.7	
Net profit		77	108	+40.3
Cash flow		118	154	+30.5
Capital expenditure		77	77	

		31.12. 1999	30.06. 2000	Δ in %
Order backlog		3 689	3 995	+8.3
Personnel		43 705	43 258	-1.0
Elevators and escalators		42 140	41 582	-1.3
ALSO		1 565	1 676	+7.1
Shareholders' equity		1 185	1 186	
Equity ratio	%	21.3	20.2	

		1999	2000	Δ in %
		1st half	1st half	
EBITDA Group		206	271	+31.6
in %	%	6.0	6.6	
EBITDA Elevators and escalators		179	273	+52.5
in %	%	6.7	8.5	
EBITDA ALSO		21	2	-90.5
in %	%	2.8	0.2	
EBIT Group		133	168	+26.3
in %	%	3.9	4.1	
EBIT Elevators and escalators		110	178	+61.8
in %	%	4.1	5.5	
EBIT ALSO		17	-6	-135.3
in %	%	2.3	-0.7	

Pleasing growth in first half-year

Outlook for 2000: slightly higher consolidated net profit

Pleasing order intake in elevator business

The Schindler Group boosted orders received in the first half of 2000 by 18.8% relative to the same period last year to reach CHF 4 282 million. Expressed in local currencies the increase was 14.3%. Approximately 80% of the growth was derived from the elevator and escalator business which on a half-yearly comparison basis was favorably influenced by the positive effects of exchange rates (+4.7%) and first-time consolidations. The most important of these were Atlas (Brazil) and Haushahn (Germany). There have, however, been no changes in the scope of consolidation since year-end 1999.

Even without the newly-consolidated subsidiaries, there was a pleasing increase in orders for elevators and escalators in all market regions. They rose by 19.3% to CHF 3 409 million (+13.6% at constant exchange rates). Sales in Europe climbed, with the new Schindler-*Smart MRL* 001 and 002 machine-room-less elevators selling particularly well. In North America a slight weakening of the market was per-

ceptible. However, order bookings in local currency were kept at the same high level as in the previous year. In South America the integration of Atlas enabled greater participation in the market recovery in Brazil, Mexico, and Venezuela, thereby delivering a sharp increase in order intake. In Asia a pleasing gain in orders was achieved. The new products introduced in recent years have resulted in better market penetration.

ALSO posted substantially lower growth than in the same period last year, with orders received increasing at a similar rate to operating revenue by 17.2% to CHF 873 million. This is entirely due to the surprising slump in the systems business, whereas the distribution business in both Switzerland and Germany experienced strong growth totaling 31%.

Higher operating revenue

Consolidated operating revenue rose 20.2% (+15.5% at constant exchange rates) to CHF 4 094 million. In the elevator and escalator business the growth of 21% was mainly derived from the activities in Europe and in North and South America, boosted by exchange rate effects and first-time consolidations. In Asia the lower level of order intake in previous years left operating revenue unchanged in the reporting period.

Further progress in operating profit

Consolidated operating profit improved by 26.3% from CHF 133 million to CHF 168 million. In the elevator and escalator business there was an increase of 61.8% from CHF 110 million to CHF 178 million. The operating margin increased from the previous year's 4.1% to 5.5%. This also reflects the contribution of Atlas and Haushahn which in the meantime have been fully integrated. The operating profit is improving roughly in parallel with the increasing proportion of new products. As soon as the old products have been completely replaced, the rate of profit improvement should accelerate.

At ALSO the operating result for the first half-year was a loss of CHF 6 million (same period last year CHF +17 million). The operating loss in ALSO's systems business could not be compensated even by the strong increase in operating profit for the distribution business. Moreover, the measures introduced in the systems business will only have an impact in the second half-year.

Bond interest holds down result for financing and investing activities

At CHF –26 million (CHF –13 million) net income from financing and investing activities deteriorated as expected. The previous year's result was favorably affected by extraordinary factors, whereas in the period under review the full cost of interest on the bonds issued in the prior year (CHF 450 million net) was payable.

Net profit 40% higher

Net profit after taxes for the first half of 2000 climbed 40.3% to CHF 108 million as compared with CHF 77 million in the previous period thanks to the operating improvements.

Personnel slightly reduced

At 43 258 the number of employees fell slightly from the 1999 year-end headcount. In the elevators and escalators business, where staffing numbers were adjusted to conditions in individual markets, there was a net reduction of 1.3%. At ALSO headcount was 7.1% higher than at the start of the year. This is partly due to further growth in the distribution business, and partly because the staff reductions involved in resizing the systems business did not take place in the first half-year.

Capital reduced on July 27, 2000

By decision of the Annual General Meeting on May 8, 2000, the share and bearer participation certificate capital was reduced by a total of 1.7% by eliminating the securities acquired so far within the scope of the repurchase program. Approval was also given for partial repayment of the nominal value of the registered shares and bearer participation certificates of CHF 15.– each and a corresponding reduction in the capital.

These two transactions came into force on July 27, 2000. The new value of the share capital is therefore CHF 63 993 610, divided into 752 866 registered shares with a nominal value of CHF 85.– each. The bearer participation certificate capital now consists of 592 424 bearer participation certificates with a par value of CHF 85.– each, giving a total value of CHF 50 356 040.

Repurchase program continues

The Board of Directors decided on April 3, 2000, to continue the program for repurchase of a maximum of 6% of the total nominal capital until March 30, 2001.

Outlook for 2000: slightly higher consolidated net profit

It must first be pointed out that both operating revenue and operating profit are generally higher in the second half-year due to the seasonal character of the elevator and escalator business.

Markets: In Europe, demand in the elevator and escalator market will gain further momentum. By contrast, in North America a slight weakening is expected. In South America the recovery will continue in the major markets. In Southeast Asia the market is stagnating, whereas in China demand from the residential buildings sector will cause a slight upturn.

Products: In Europe, the machine-room-less Schindler *Smart MRL* 001 and 002 elevators are achieving rapidly growing acceptance and coverage. The positive effect of these new products will therefore continue to increase. Adapted versions of this product line are now being launched in Asian and South American markets. The already-announced Schindler *EuroLift* will be progressively introduced in Europe in the second half-year and will therefore boost sales as from next year. In response to the shift in demand in Asia, a new range of standardized elevators for high-rise residential buildings is currently being launched.

Over and above this, the completed integration of Atlas and Haushahn will create additional synergy effects, and the growing proportion of new products improves profitability.

Profits: Although improvement in the EBIT margin in the elevator business is slow, against the background described above there is no cause to deviate from the defined target of 7%.

At present, the ALSO Group expects the anticipated higher revenues from the distribution business, together with the impact in the second half-year of the measures taken in the systems business, to produce a neutral result.

Based on this assessment of the situation, but subject to unforeseeable factors, consolidated net profit in 2000 is expected to be slightly higher than in the previous year.



Alfred N. Schindler
Chairman of the Board of Directors



Luc Bonnard
Vice Chairman of the Board of Directors

Group half-year financial statements 2000

Profit and loss statements

In million CHF	1999		2000	
	1st half	%	1st half	%
Operating revenue	3 407	100.0	4 094	100.0
Operating expenses	3 274	96.1	3 926	95.9
Operating profit	133	3.9	168	4.1
Net income from financing and investing activities	-13	-0.4	-26	-0.6
Profit before taxes	120	3.5	142	3.5
Income taxes	34	1.0	30	0.7
Minority interests	9	0.3	4	0.1
Net profit	77	2.3	108	2.6

Net profit per share

Basic earnings per share and BPC in CHF	57.70	81.45
Diluted earnings per share and BPC in CHF	57.70	81.97

Balance sheet

In million CHF	31.12.1999		30.06.2000	
		%		%
Cash and cash equivalents	736	13.2	446	7.6
Other current assets	2 599	46.8	3 039	51.6
Non-current assets	2 219	40.0	2 399	40.8
Total assets	5 554	100.0	5 884	100.0
Current liabilities	2 219	40.0	2 574	43.7
Non-current liabilities	2 000	36.0	1 970	33.5
Minority interests	150	2.7	154	2.6
Shareholders' equity*	1 185	21.3	1 186	20.2
Total liabilities and shareholders' equity	5 554	100.0	5 884	100.0

* Taking into account the reduction in share and BPC capital which came into force on 27.07.2000

Consolidated cash flow statement

In million CHF	1999 1st half	2000 1st half
Net profit before minority interests	86	112
Depreciation and amortization	73	103
Change in provisions	-41	-61
Other positions with no effect on liquidity	22	-11
Change in remaining net working capital	-42	121
Cash flow from operating activities	98	264
Investments in fixed assets, net	-67	-65
Investments in non-current assets, net	-448	-198
Cash flow from investing activities	-515	-263
Dividends paid by Schindler Holding Ltd.	-60	-60
Dividends paid to minority shareholders	-10	-11
Other financing activities	340	-31
Cash flow from financing activities	270	-102
Translation exchange differences	13	-28
Change in net cash	-134	-129
Change of marketable securities	-88	287
Change of net cash on hand	-46	-416

Consolidated statement of changes in shareholders' equity

In million CHF	31.12.1999	30.06.2000
Shareholders' equity as at January 1st	1 012	1 185
Dividends	-60	-60
Additions/disposals treasury stock	-46	-
Reduction in nominal value	-	-20
Net profit	238	108
Translation exchange differences	41	-27
Total shareholders' equity	1 185	1 186
Dividend per registered share and BPC (paid on 11.05.2000)	CHF 45.-	

Segment information

	Europe	Americas	Asia, Australia, Africa	Services/ Eliminations A & FT	Elevators and Escalators	ALSO	Finance/ Eliminations	Group
1st half 1999								
Operating revenue								
third parties	1 347	875	438	2	2 662	745	–	3 407
Intercompany sales	370	9	17	–396	–	2	–2	–
Total operating revenue	1 717	884	455	–394	2 662	747	–2	3 407
Operating profit								
					110	17	6	133
Additions of fixed assets								
	29	21	15	2	67	10	–	77
Depreciation and amortization								
	43	15	10	1	69	4	–	73
1st half 2000								
Operating revenue								
third parties	1 575	1 202	438	6	3 221	873	–	4 094
Intercompany sales	427	6	26	–459	–	2	–2	–
Total operating revenue	2 002	1 208	464	–453	3 221	875	–2	4 094
Operating profit								
					178	–6	–4	168
Additions of fixed assets								
	37	15	5	1	58	19	–	77
Depreciation and amortization								
	47	34	13	1	95	8	–	103
31. 12. 1999								
Assets	2 199	1 626	808	12	4 645	440	469	5 554
Liabilities	1 392	763	507	97	2 759	300	1 160	4 219
Personnel	19 871	14 020	8 015	234	42 140	1 565	–	43 705
30. 06. 2000								
Assets	2 239	1 681	795	–1	4 714	414	756	5 884
Liabilities	1 625	806	505	103	3 039	291	1 214	4 544
Personnel	19 878	13 867	7 596	241	41 582	1 676	–	43 258

Reporting principles

The reporting principles applied to these statements as at 30.06.2000 comply with Swiss Corporation Law, with the Listing Rules of the Swiss Exchange, and with the International Accounting Standards (IAS).

The scope of consolidation versus 30.06.1999 was expanded by the following companies: Elevadores Atlas Schindler S.A., Brazil; C. Haus-hahn GmbH & Co., Germany; Ternitz Druckguss GmbH, Austria; Schindler Polska Sp.zo.o., Poland; Schindler vytahy a eskalatory a.s., Slovakia; Schindler Ltd., Egypt, and several other smaller companies of minor significance. The effect on Group

operating revenue is an increase of around 6% and on Group operating profit of 16%. Relative to 31.12.1999 the scope of consolidation is unchanged.

The turnover-weighted effect of currency exchange rates on the consolidated P&L statement is +4.7%.

Currency exchange rates

			1999	2000	1999	2000
			December 31 Closing date rates	June 30 Closing date rates	1st half Average rates	1st half Average rates
USA	USD	1	1.60	1.63	1.48	1.66
Euro	EUR	1	1.60	1.56	1.60	1.59
Germany	DEM	100	82.05	79.66	81.87	81.15
France	FRF	100	24.46	23.75	24.41	24.20
United Kingdom	GBP	1	2.58	2.46	2.38	2.60
Italy	ITL	100	0.0829	0.0805	0.0827	0.0820
Austria	ATS	100	11.66	11.32	11.63	11.54
Spain	ESP	100	0.96	0.94	0.96	0.95
Brazil	BRL	100	89.08	90.28	87.08	93.21
China	CNY	100	19.29	19.65	17.75	20.01

The Ordinary General Meeting of Shareholders of Schindler Holding Ltd. will take place at the Kultur- und Kongresszentrum Lucerne on April 9, 2001.

The Interim Report for 2000 and further information on the Schindler Group are available at www.schindler.com

The original German language version is binding. English and French translations of the Interim Report are also available.

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Schindler *Aramid* and Schindler *EuroLift* – Innovations to benefit customers and the environment



Schindler *Permanent-Magnet Drive* – the most compact elevator drive with high efficiency. It needs neither a gearbox containing oil nor a machine room, and runs with aramide or steel ropes. It is 75% smaller, only half the weight, and uses a third less energy than a traditional drive.



Schindler *EuroLift* – the newest elevator system for buildings up to 30 stories. Its modular construction is highly flexible as regards car size, design, rated load, and functionality. Thanks to its permanent-magnet drive it needs no machine room.

Schindler *Aramid* – the world's first fully-synthetic elevator rope. Strong as a steel rope but much lighter, durable, and flexible, grips better and needs no lubricant. The rope condition is permanently electronically monitored by integral carbon fibers. Aramid ropes permit the use of smaller, lighter, gearless elevator drives, thereby radically reducing the resources needed for elevators. Mitsubishi, Asia's largest elevator manufacturer, has recognized the advantages of the new rope technology and already entered into a supply agreement with Schindler.