Welcome to Schindler

Full year results presentation 2017

February 16, 2018

Schindler

Agenda

Market development

Strategy and execution

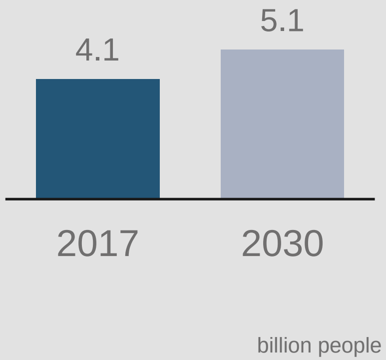
Results 2017

Outlook 2018

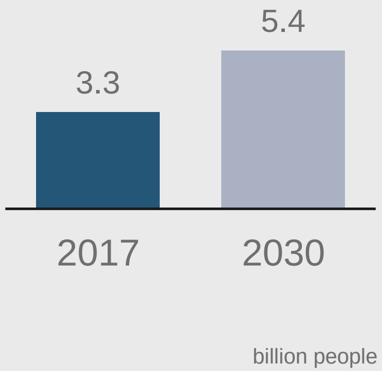
Megatrends remain intact

Urbanization & demographic change will raise E&E demand

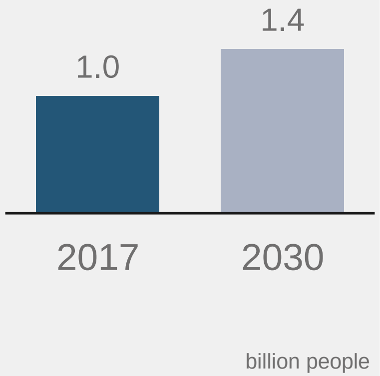
Urban population is constantly increasing. By 2030, almost 9% of the world's population will live in just 41 mega-cities.



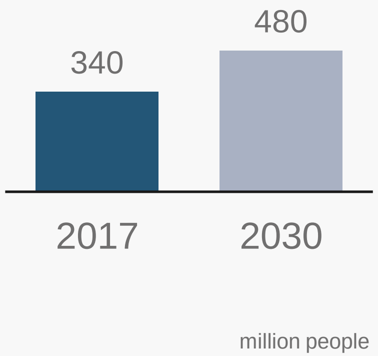
Global middle class is set to increase by more than 60% worldwide over the next 13 years, bringing the need for more structures and living space.



Persons aged 60+ will soon exceed 1.4 billion globally, prompting a need for inventive solutions to facilitate safe mobility.



Single-person households are on the rise with new alternative living concepts spreading through societies.



Every second, two people move to a city

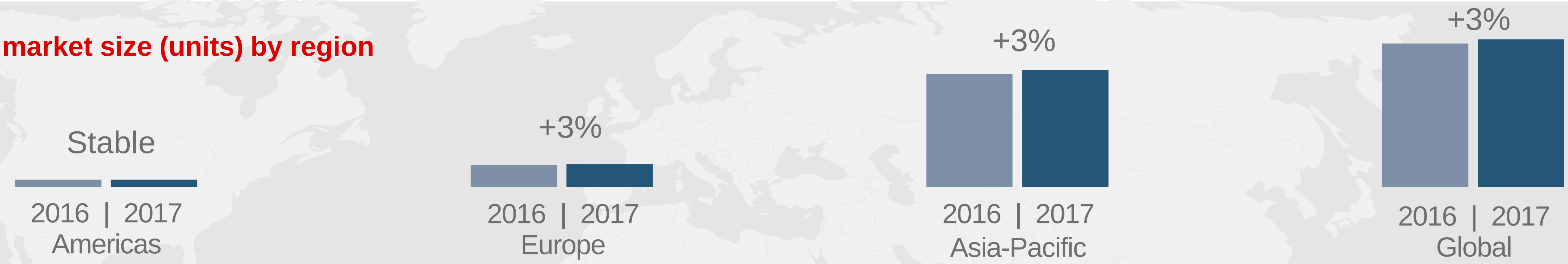
Sources: United Nations; Euromonitor International; Brookings

Megatrends remain intact
Ongoing demand for latest technology

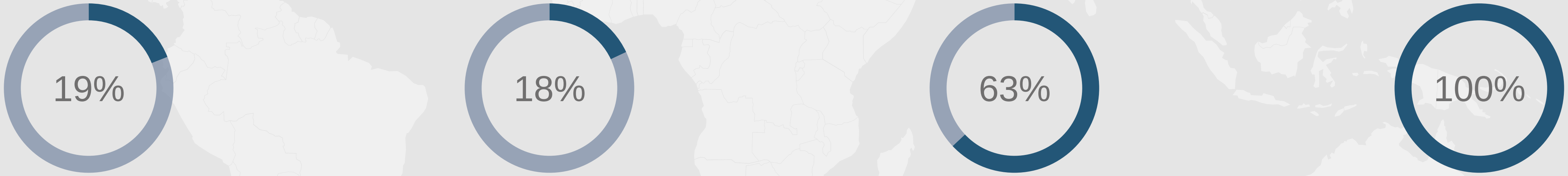
Ageing installed base	Digitization and IoT	Energy efficiency
20 years is the average age of an elevator in developed countries, creating a huge demand for modernization.	Mass connectivity is coming everywhere. The number of things connected to the internet is rapidly growing.	Energy efficient solutions are increasingly in demand as buildings are responsible for 40% of global energy consumption.
20 years average age of an elevator	**500 000 000 000** connected things by 2030	**40%** of global energy consumption comes from buildings

Global new installations market with slight growth
China has stabilized

NI market size (units) by region



NI market size (value) by region



North America compensates for Latin American contraction

Growth driven by Germany, France and Spain

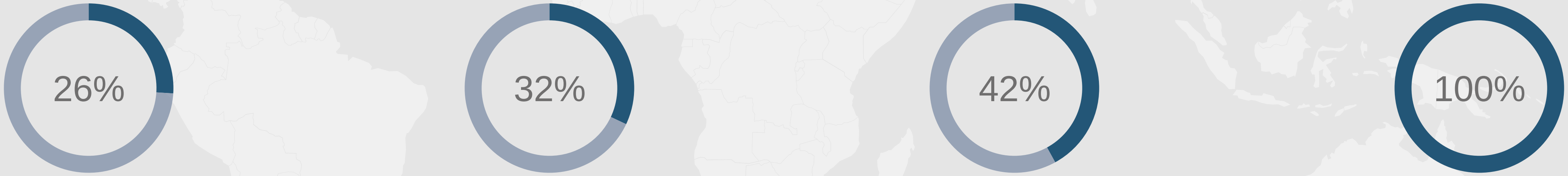
China with marginal growth; India impacted by reforms

Global existing installations market grew strongly

China adds more than 500k units per year

EI market size (installed base in units) by region

EI market size (installed base in value) by region



United States with >1 million units in operation

Spain, Italy, France and Germany with largest installed base

China's installed base crossed the 5 million unit mark

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Schindler's response to the megatrends
Three objectives driving our engagement in all areas

Grow faster than the market

Customers & Markets

Customer excellence

Strategic markets

Growth in service business

Improve profitability

Innovation & Processes

Digitization (IoEE)

Modularity in new products

Efficiency in processes

Foster a winning team

People & Organization

Talent management

Quality champions

Lean structures

Top priorities to achieve our three objectives
Creating an unrivaled user experience

Operational excellence

- New installations
- Existing installations
- M&A

Customer excellence →

User experience

Schindler – Your First Choice

Trusted. Professional. Smart.

← Quality & innovation

Strategic priorities

- People
- Quality
- Modularity
- Digitization
- Digital twin

Grow faster than the market | **Improve profitability** | **Foster a winning team**

Modularity
Making things simple!

Seamless product offering	Reduce complexity	Competitiveness
Product offering tailored to market needs increasing customer value through a seamless product portfolio	Less component variants, less effort for design changes, and enhanced quality	Cost savings for increased competitiveness and enhanced profitability

Modularity – roadmap to reduce systems and modules

On track to cut product complexity by half

<table>
<tr><td>Systems</td><td>Elevator systems</td><td rowspan="6">50%
reduction of active and maintained subcomponents and configurations</td></tr>
<tr><td>Machines</td><td>Machine types</td></tr>
<tr><td>Controller components</td><td>Controller hardware, inverter types</td></tr>
<tr><td>Hoistway materials</td><td>Single components (no «system»)</td></tr>
<tr><td>Doors and door drives</td><td>Door systems</td></tr>
<tr><td>Cars and car deco</td><td>Car modules</td></tr>
</table>

2017 → **2020**

Digital business transformation – roadmap
Digitization (IoEE)

Focus 1 – IT rationalization

IT efficiency

- Global IT system landscape
- Infrastructure standardization
- Industrialization and outsourcing of IT services

Focus 2 – Operational excellence

Efficiency & productivity

- Global business process platform
- Business process optimization
- Global harmonization
- Simplification

Focus 3 – Schindler Ahead

Revenue generation

- Leading-edge digital business
- Superior customer and user experience
- New business models, products and services
- Digital platforms and ecosystems

Schindler Ahead
Video

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Global markets in 2017
Key developments

Global demand for new installations showing slight growth

– Demand in China stabilized; pricing under continuous pressure
– Indian market still impacted by 2016 monetary reforms as well as by regulatory and fiscal changes; signs of recovery seen in fourth quarter
– Europe very strong across the region
– US and Asian markets without China and India continued to develop positively
– Latin American markets remained challenging, particularly Brazil

Service and modernization with continued strong growth

– Growing installed base in emerging markets backed by high conversion rates
– Increasing modernization opportunities driven by ageing urban portfolio
– Persisting pricing pressure particularly in mature markets

Schindler Highlights 2017
Sustained growth and increased profitability

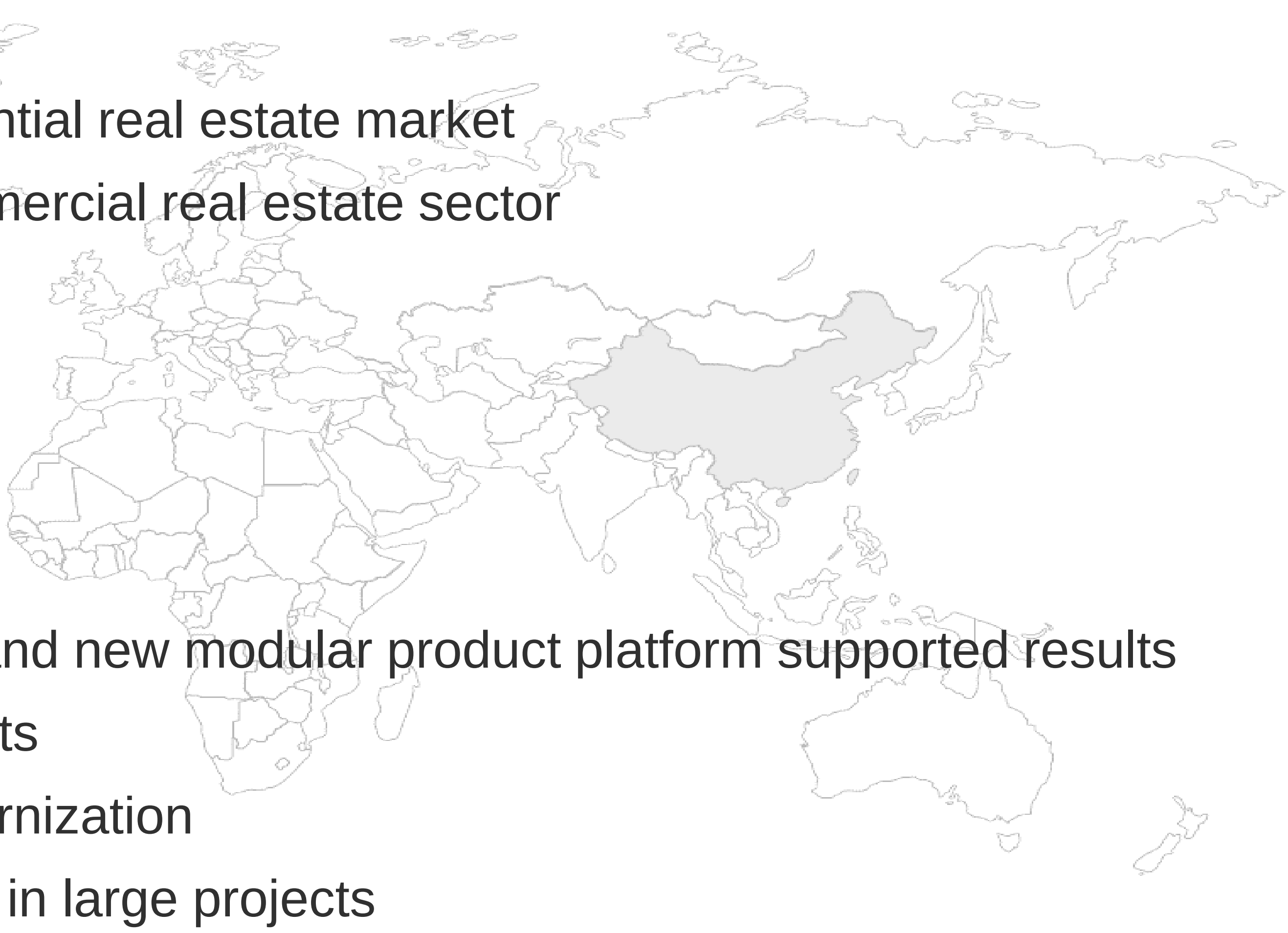
Sustained growth

- Overall growth above market
- Growth in both new installations and particularly service business
- High acceptance of new products
- Strong conversion of new installations into service contracts
- Execution of major strategic initiatives on track

Increased profitability

- Orders received increased by 5.9% (5.5% in local currencies)
- Revenue crossed the CHF 10 billion milestone and rose by 5.1% (4.6% in local currencies)
- Comparable EBIT margin up by 50 bps to 12.0%
- Net profit reached CHF 884 million, up 15.4% on a comparable basis

Asia-Pacific: China
New installations market stabilized



Market development

- Stabilization driven primarily by residential real estate market
- Challenging market conditions in commercial real estate sector
- Strong service market growth
- Pricing under continuous pressure

Schindler performance

- Above-market growth
- Enhanced key account management and new modular product platform supported results
- Strong success in infrastructure projects
- Sustained growth in service and modernization
- Prices still under pressure, particularly in large projects

Asia-Pacific: other markets
Overall growth

Mixed market development

– India: the 2016 currency reform and regulatory changes still affected the progression of real estate projects; signs of recovery seen in fourth quarter
– Southeast Asia: residential real estate and infrastructure sectors drove new installations growth
– Middle East: slightly improved development with regional variances

Schindler performance

– India: growth across all product lines despite muted market conditions
– Southeast Asia: prospering markets drove orders received
– Middle East: orders received increased
– Continued growth in service and modernization

Americas
Robust US market

Diverging market developments

– North America: positive development in US construction sector continued; accelerated demand for residential properties and improved commercial real estate sector

– Latin America: very challenging environment in Brazil, signs of turnaround

Schindler performance

– North America: strong performance of all product lines

– Latin America: position in Brazil defended; good growth in other Latin American markets

Europe
Strong markets

Overall positive development

- Northern Europe: positive developments, particularly in Germany; good growth in most Eastern European countries; UK with uncertainties surrounding Brexit
- Southern Europe: robust growth, especially in residential markets in France and Spain

Schindler performance

- Overall strong in all business lines
- Further strengthened market position supported by bolt-on acquisitions

Q4 2017 – key figures
October to December

In CHF million	2017	2016	Δ%	Δ% in LC
Orders received	2 906	2 699	7.7	5.9
Revenue	2 820	2 629	7.3	6.0
Operating profit (EBIT) reported	327	352	–7.1	–9.1
in %	11.6	13.4		
Net profit reported	236	237	–0.4	
Before exceptional items				
Operating profit (EBIT)	342 [1)]	311 [2)]	10.0	7.7
in %	12.1	11.8		
Net profit	236	206 [3)]	14.6	

1) Restructuring costs: CHF 15 million
2) Gain on sale of operations in Japan: CHF 50 million, restructuring costs: CHF 9 million
3) Gain on sale of operations in Japan (after taxes): CHF 31 million

Full year 2017 – key figures
January to December

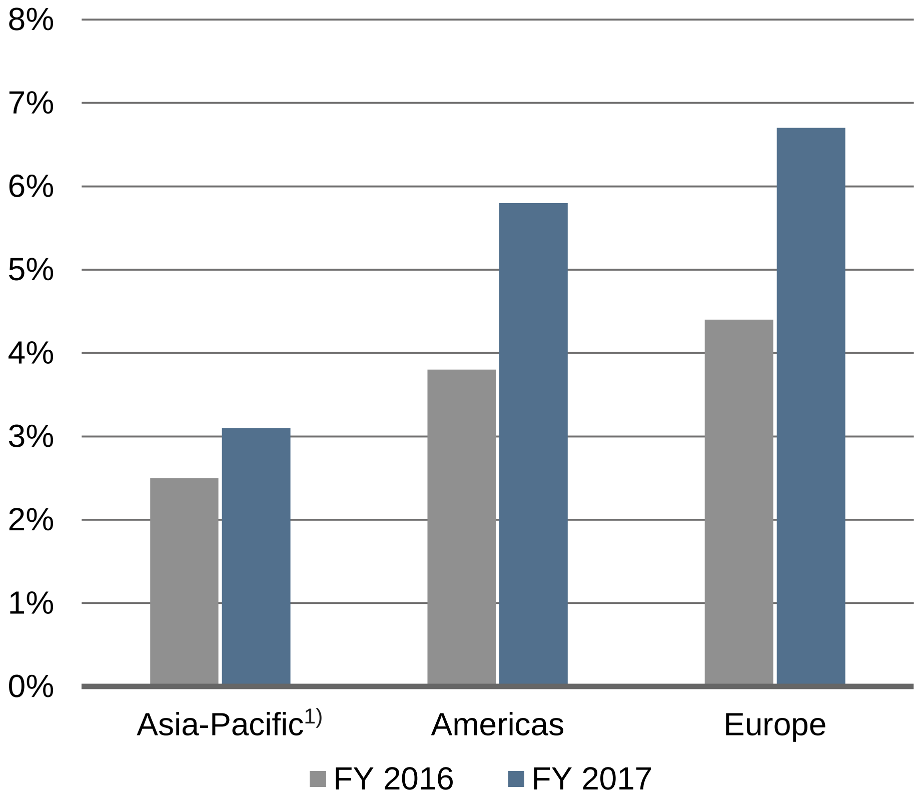
In CHF million	2017	2016	Δ%	Δ% in LC
Orders received	10 989	10 374	5.9	5.5
Revenue	10 179	9 683	5.1	4.6
Operating profit (EBIT) reported	1 187	1 133	4.8	3.3
in %	11.7	11.7		
Net profit reported	884	823	7.4	
Before exceptional items				
Operating profit (EBIT)	1 222 [1)]	1 110 [2)]	10.1	8.6
in %	12.0	11.5		
Net profit	884	766 [3)]	15.4	

1) Restructuring costs: CHF 35 million
2) Gain on sale of operations in Japan: CHF 50 million, restructuring costs: CHF 27 million
3) Gain on sale of operations in Japan (after taxes): CHF 31 million, revaluation gain ALSO participation: CHF 26 million

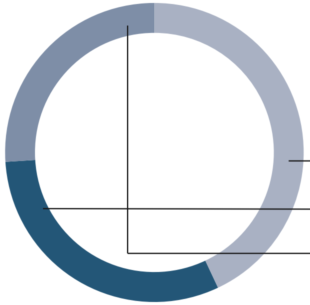
Order backlog and revenue by region

Robust order backlog provides solid base for future growth

Revenue growth by region (in LC)



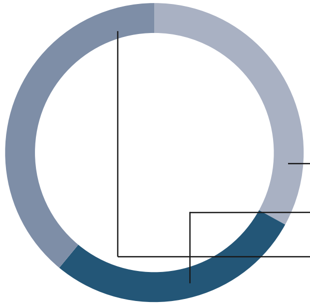
Order backlog



2017: CHF 10 707 million (+6.3% in LC)
2016: CHF 10 004 million

	2017	2016
Asia-Pacific	**42%**	43%
Americas	**29%**	31%
Europe	**29%**	26%

Revenue



2017: CHF 10 179 million (+4.6% in LC)
2016: CHF 9 683 million

	2017	2016
Asia-Pacific	**31%**	33%
Americas	**29%**	28%
Europe	**40%**	39%

1) Before deconsolidation impact of Schindler Japan

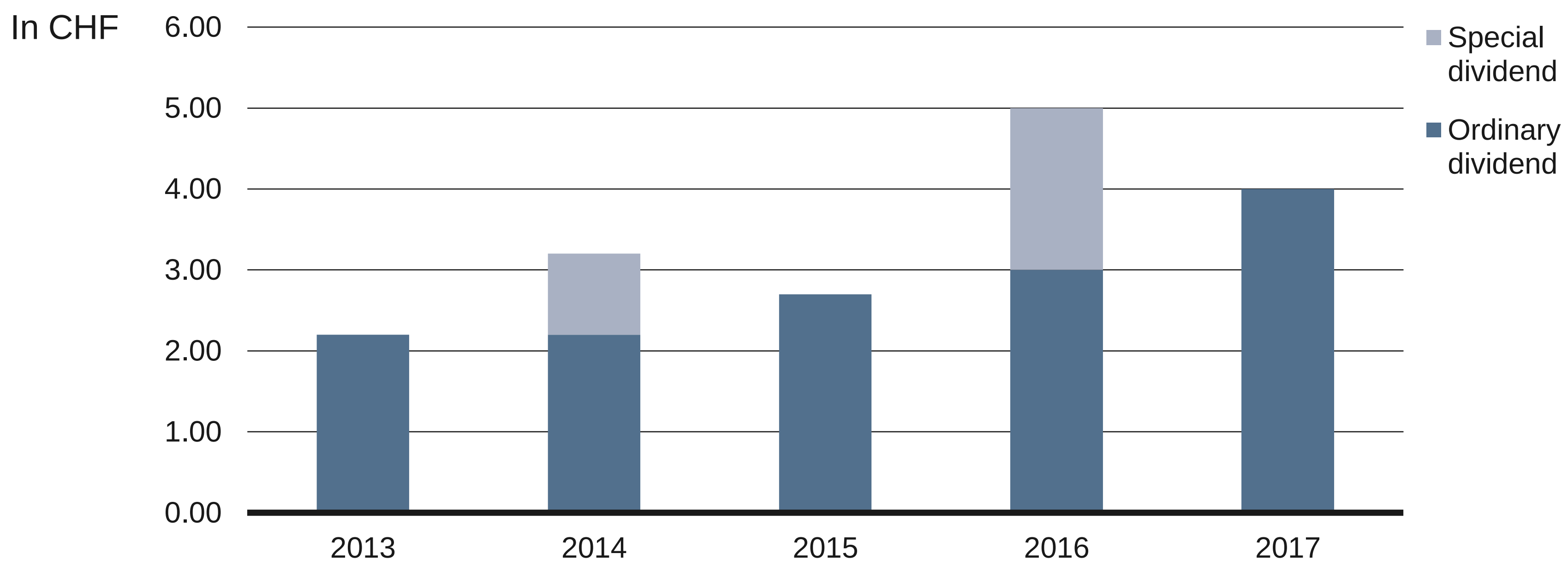
Full year 2017 – key figures
January to December

In CHF million	2017	2016	Δ%	Δ% in LC
Cash flow from operating activities	810	929	–12.8	
Investments in property, plant, and equipment	227	189	20.1	

	31.12.2017	31.12.2016		
Order backlog	10 707	10 004	7.0	6.3
Number of employees	61 019	58 271	4.7	

Dividend proposal of CHF 4.00

Target pay-out ratio increased to 35% – 65%[1)]



Pay-out ratio in %[2)]	59.6	41.9	44.0	70.5	52.3

1) previously: 35% – 45%
2) Pay-out ratio in % of net profit attributable to shareholders of Schindler Holding Ltd.

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Outlook 2018
Status as of February 16, 2018

Business environment

- Long-term growth drivers remain intact
- Global elevator and escalator market is estimated to continue growing along similar patterns as in the previous year, barring unforeseen circumstances

Schindler guidance

- Focus on profitable growth unchanged
- Revenue expected to increase by 3% to 5% in local currencies
- net profit guidance for 2018 will be provided with the publication of the half-year results

Financial calendar

	2018	2019
Full year results media conference	February 16	February
Closing date of shareholders' register	March 14	
Ordinary General Meeting Schindler Holding Ltd.	March 20	March 26
First trading date ex-dividend	March 22[1)]	
Date of Schindler Holding Ltd. dividend payment	March 26[1)]	
Publication of selected key figures as of March 31	April 26	April
Publication of Interim Report as of June 30	August 17	August
Publication of selected key figures as of September 30	October 23	October

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

Additional charts

Balance sheet

In CHF million	31.12.2017		31.12.2016	in %
Cash and cash equivalents	1 709	19.8	1 988	23.9
Other current assets	3 771	43.7	3 432	41.4
Total current assets	**5 480**	**63.5**	**5 420**	**65.3**
Non-current assets	3 146	36.5	2 883	34.7
Total assets	**8 626**	**100.0**	**8 303**	**100.0**
Current liabilities	4 379	50.8	4 290	51.7
Non-current liabilities	979	11.3	1 166	14.0
Total liabilities	**5 358**	**62.1**	**5 456**	**65.7**
Equity	3 268	37.9	2 847	34.3
Total liabilities and equity	**8 626**	**100.0**	**8 303**	**100.0**
Net working capital	**–467**		**–776**	
Net liquidity	**2 147**		**2 455**	

Quarterly overview 2017/2016

In CHF million			2017					2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Orders received	2 906	2 737	2 739	2 607	2 699	2 592	2 616	2 467
Revenue	2 820	2 590	2 509	2 260	2 629	2 409	2 469	2 176
Operating profit (EBIT)	327	302	298	260	352	277	269	235
in %	11.6	11.7	11.9	11.5	13.4	11.5	10.9	10.8
Financing activities	–9	3	23	–32	–24	–17	–23	–3
Investing activities (associates)	3	–2	–7	–	–2	24	1	8
Profit before taxes	321	303	314	228	326	284	247	240
Income taxes	85	74	74	49	89	70	57	58
Net profit	236	229	240	179	237	214	190	182
in %	8.4	8.8	9.6	7.9	9.0	8.9	7.7	8.4

Cash flow from operating activities	266	103	85	356	270	232	94	333
Investments in property, plant, and equipment	86	54	54	33	76	44	36	33

Financing and investing activities

In CHF million	2017	2016
Interest income net	10	11
Net income from securities	18	4
Net interest on employee benefits, increase in the present value of provisions	–20	–21
Net losses on foreign exchange	–6	–32
Revaluation/exchange of 0.375% exchangeable bond 2013 – 2017	6	–6
Other financial expenses	–23	–23
Total financing activities	–15	**–67**

ALSO Revaluation	–	26
Others	–6	5
Total investing activities	–6	**31**

Q4 2017 – key figures
October to December

In CHF million	2017	2016	Δ%	Δ% in LC
Cash flow from operating activities	266	270	–1.5	
Investments in property, plant, and equipment	86	76	13.2	

	31.12.2017	30.9.2017		
Order backlog	10 707	10 766	–0.5	–1.7
Number of employees	61 019	60 232	1.3	

IFRS 15 – Revenue recognition
Changes and impacts

Until end of 2017

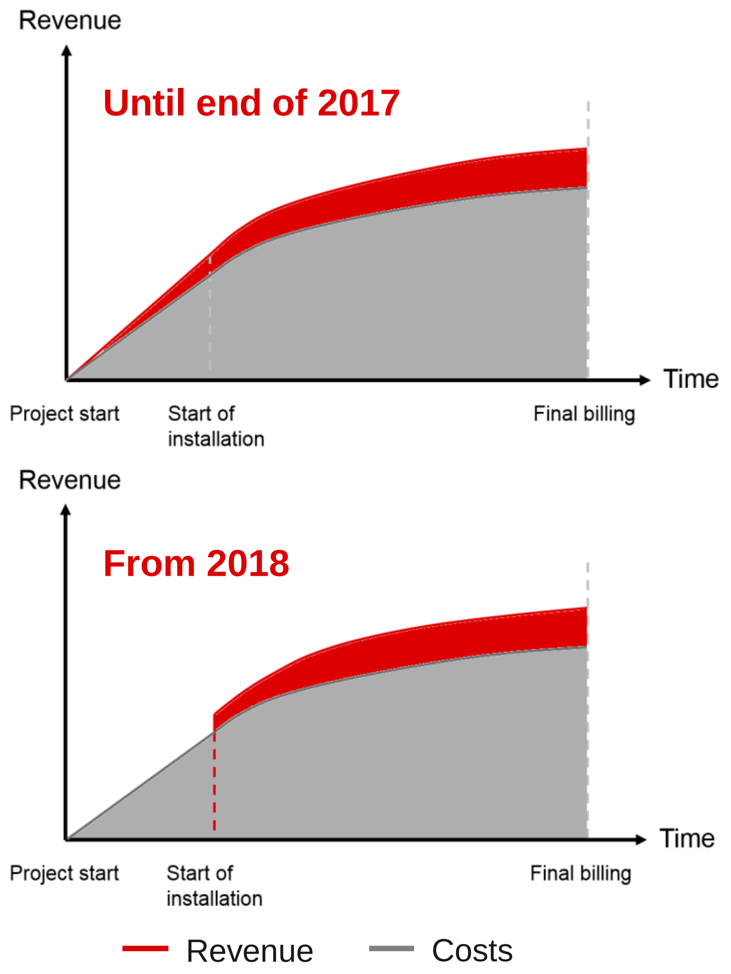
– Gradual revenue recognition over duration of new installations and modernization projects (percentage-of-completion, starting with first costs allocated to project)
– Accumulated costs and estimated margins reported as work in progress

Starting from 2018

– Gradual revenue recognition over time only starting with start of installation (transfer of control)
– Before start of installation: all costs incurred reported as inventory for customer contracts
– After start of installation: accumulated costs and estimated margins reported as work in progress
– Change will result in slightly deferred revenue recognition for new installations and modernization projects
– No significant change for other revenue streams

Conclusion

– Limited impact on total annual revenue expected
– Quarterly seasonality could be affected



IFRS 15 – Revenue recognition
Restatement as of January 1, 2018

Approach

- Transition from old accounting standard to IFRS 15 recognized in equity as of January 1, 2018
- No restatement of comparative figures 2017 reported in 2018 (modified retrospective approach)

Financial impacts

- Negative equity impact of approximately CHF 130 million (e.g. lower net contract assets: lower work in progress driven by slightly deferred revenue recognition)
- Lower net working capital of approximately CHF 150 million (e.g. lower net contract assets: lower work in progress driven by slightly deferred revenue recognition)
- No impact on cash flow