



# Shaping cities

## Group Review 2018



**Schindler**

## Urban landscapes – shaped by dedicated people and leading technology.

Schindler moves people and goods, connecting vertical and horizontal transportation systems, enabling the shaping of urban landscapes – now and in the future.

## Our products and services



### Passenger elevators

Elevator solutions to meet every individual need in the market – from low-rise requirements with a focus on basic transportation through to mid-rise applications for the residential and commercial market segments and finally to high-rise solutions for buildings of up to 500 meters.



### Escalators and moving walks

Escalators for all applications – from shopping malls, offices, hotels, and entertainment centers, to busy airports, subways, and railway stations. Our moving walks – whether inclined or horizontal – ensure efficient transportation in public areas.



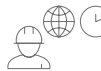
### Freight elevators

Our freight elevators can transport small or large volumes of light or heavy freight.



### Modernization

We offer a range of elevator and escalator modernization products.



### Maintenance

Worldwide, fast, 24 hours a day.

## 2018

In CHF million

	2018	2017	Δ %	Δ % local currencies
Order intake	<b>11 669</b>	10 989	6.2	6.6
Revenue	<b>10 879</b>	10 179	6.9	7.3
Operating profit (EBIT)	<b>1 269</b>	1 187	6.9	7.5
in %	<b>11.7<sup>1</sup></b>	11.7 <sup>2</sup>		
Net income from financing and investing activities	<b>-17<sup>3</sup></b>	-21		
Profit before taxes	<b>1 252</b>	1 166	7.4	
Income taxes	<b>244<sup>3</sup></b>	282		
Net profit	<b>1 008</b>	884	14.0	
Net profit before tax refund	<b>948</b>	884	7.2	
Earnings per share and participation certificate in CHF	<b>8.79</b>	7.70	14.2	
Cash flow from operating activities	<b>1 005</b>	810	24.1	
Investments in property, plant, and equipment	<b>245</b>	227	7.9	
Net liquidity	<b>2 231</b>	2 147	3.9	
Net working capital	<b>-455</b>	-467	-2.6	
As of December 31				
Order backlog <sup>4</sup>	<b>8 618</b>	8 106	6.3	9.7
Number of employees	<b>64 486</b>	61 019	5.7	

<sup>1</sup> Before restructuring costs (CHF 26 million) 11.9%

<sup>2</sup> Before restructuring costs (CHF 35 million) 12.0%

<sup>3</sup> One-time tax refund CHF 60 million (income taxes CHF 33 million, net interest income CHF 27 million)

<sup>4</sup> With the implementation of IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018, the order backlog is reported net of already recognized revenue for contracts with customers. Previous-year figures have been restated accordingly.

## Dividend per registered share/ participation certificate

Dividends proposed by the Board of Directors

	2018	2017
Registered share	<b>4.00</b>	4.00
Participation certificate	<b>4.00</b>	4.00

Subject to approval by the General Meeting, the dividend will be paid on April 1, 2019

## Order intake

In CHF million

11 669

## Revenue

In CHF million

10 879

## EBIT margin

In %

11.7

## Return on equity

In %

28.8

## Number of employees

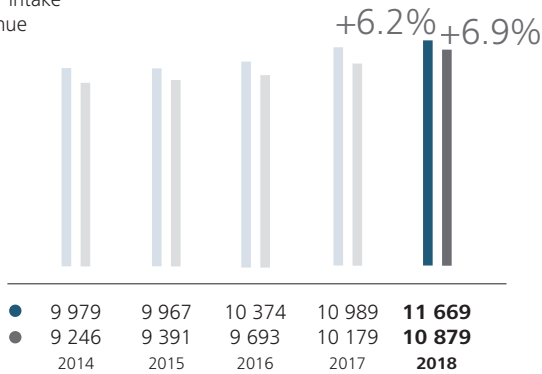
As of December 31

64 486

## Order intake and revenue

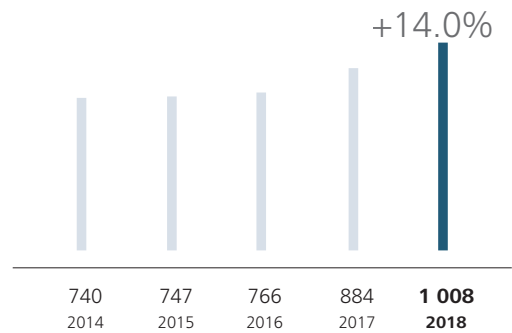
In CHF million

- Order intake
- Revenue



## Net profit

In CHF million

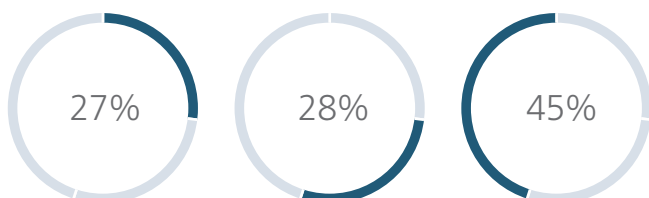


## Revenue by region

Asia-Pacific

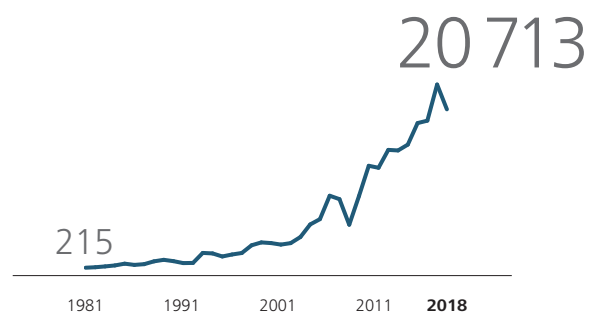
Americas

EMEA



## Market capitalization

In CHF million per December 31



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# Milestones

2018 was a year of growth and a year full of challenges for Schindler. Most importantly, 2018 was a year when Schindler's *purpose* enabled us to overcome unexpected obstacles, and at the same time continue to build our platform for future success. Growth remains our number one objective and, in spite of the return of foreign exchange headwinds, both our revenue and profit continued to grow, while we preserved the profitability level achieved over the last few years.

Financials aside, the idea that a company's *sense of purpose* is the most crucial factor in its success is regaining credence in the marketplace. Yet, creating 'shareholder value' is still seen as a corporation's sole purpose.

However, there is now a growing view that this monolithic approach has inherent flaws and is outdated in today's environment. Board directors have a fiduciary duty to act in the best interests of a corporation, and not merely to do shareholders' bidding. Also, over the last 50 years, the profile of shareholders has changed significantly: today's shareholders are typically anonymous and entrust their shares to third parties.

Individual savers and company employees are now a seldom minority. Unlike the individual and engaged shareholders of the past, today's institutional intermediaries often focus on the short term and are typically subject to incentives too often at odds with the actual shareholders they represent. Today's shareholders are not uniform – they range from sovereign states, pension funds and central banks to hedge funds – and, as such, tend to have vastly different interests.

In the 70s, shareholders held shares on average for five years. Today, in a technology-driven marketplace, where the majority of the trading volume on the stock exchange is measured in milliseconds, stocks are only held for around six months. One side effect is that the average life span of a company has dropped dramatically, from almost 40 years back then to 18 years today, and it is projected

**'Today's increasingly short term approach is at odds with entrepreneurial courage.'**

to slip even further by 2025. On the other hand, it typically takes 8 years to develop a new smart phone, up to 15 years to bring a medication to market, and more than 20 years to get payback on a new factory. This increasingly short term approach is at odds with the entrepreneurial courage essential to stay competitive.

So, is there another approach and what might it look like? And what might be its *purpose*? One viable alternative is the board and management working together to create value way beyond the short term. In reality this is nothing new. Several entrepreneurial corporations, and family companies in particular, have applied this basic principle for centuries, generating top performance and outliving their competitors. Recent bank studies show that family companies outperform their peers both in Switzerland and globally, and that consistently over the last ten years. This can be explained precisely by their *purpose*: family companies feel obliged to preserve wealth for the coming genera-

tions. Research confirms that the average longevity of a family company in Europe and in the US is 74 years; that's more than three times longer than their non-family peers, with an average life span of 24 years.

Schindler, with a history of over 144 years, is a case in point. The Schindler family, who founded the company in 1874, is still the leading shareholder five generations later. Throughout its life, Schindler has adapted, grown, and prevailed over seismic shifts in industry. It transitioned from steam to electrical power, from relay to microprocessors, and is now evolving in the dynamic digital era. Schindler is a world leader in vertical transportation, even though there are no megacities in Switzerland. In 1980, it was the first company in history to set up an industrial joint venture in the People's Republic of China. It is a classic story of Swiss engineering excellence and entrepreneurial courage.

People often ask me if there is a secret recipe to our growth. I do not think so. Yet, I do believe it comes down to two elements. Firstly: right time, right place – with urbanization burgeoning, the elevator and escalator market has grown exponentially alongside it. Secondly, operating on the fundamentals of a well-run family company with a particular emphasis on cultivating a robust system of checks and balances.

As I start my 25th year at Schindler, I am, more than ever, convinced that the famous adage 'Culture eats strategy every day for breakfast' is at the core of our growth. This view is also shared by

**‘Family  
companies  
preserve  
wealth for  
coming  
generations.’**



leadership experts, who maintain that successful organizations think, act, and communicate from the ‘inside out,’ in other words, they start from their *purpose*, the ‘why.’

For some, the company *purpose* lies in building something that lasts for the generations that follow. ‘Plant trees you will never see growing’ is how the famous All Blacks rugby team transmit their legacy down through generations of players.

And that is precisely what drives Schindler every day. Each and every one of our 64 486 employees across over one hundred countries have their own individual ‘why,’ each one anchored in

our strong culture of integrity, meritocracy, and excellence. We know that for our employees it is the *purpose*, the ‘why,’ that keeps them engaged with Schindler. And we know that ultimately this is how you bring in and nurture top talent. For the ‘why’ to truly work, it needs to be consistent among all our stakeholders, starting with our shareholders through customers to employees. And that is exactly what binds us as a company.

At Schindler, our job is to nurture the business for future generations. We have been following that same philosophy for 144 years. And today, we are well positioned to continue our path again

in 2019. At times, our *purpose* calls for taking tough decisions. As the current global economic growth cycle show signs of weakening, we know we must be vigilant and keep the focus on operational discipline. In an unsteady environment, holding on to our ‘why’ will be more important than ever, to make sure we stay on course for creating long-term value.

An important part of Schindler’s culture is recognizing what we owe to our stakeholders. For their continued trust, I would like to thank our customers, who rely on us to design, install, and service their equipment in buildings conceived to serve many generations. I am extremely proud of the achievements of our employees and thank them for their dedication and determination in bringing success for Schindler and for our customers. Thank you, investors, for entrusting Schindler with your investment. It is this commitment that enables us to remain independent and to drive entrepreneurial progress in a fast-changing world.

Our journey goes forward. And I look forward to what lies ahead.

Silvio Napoli  
Chairman of the Board of Directors

# Schindler in brief

Schindler was founded in 1874 in Lucerne, Switzerland, and is one of the leading manufacturers of elevators, escalators, and moving walks, as well as a top provider of vertical transportation maintenance and modernization across the globe.

The Group has over 1 000 branch offices in more than 100 countries, in addition to production sites as well as research and development centers in Brazil, China, Europe, India, and the United States.

## **Long-term strategic orientation**

Over the long term, Schindler is committed to deliver on safety, quality, and customer experience. By focusing on these priorities, the company aims to grow more rapidly than the global elevator and escalator market, while at the same time increasing profitability both in absolute and relative terms over the long term. Schindler strives to achieve these goals through constantly improved operational processes and the modularity of products.

Throughout its 144-year history, Schindler has embraced global changes as a strategic opportunity through targeted investments, constant innovation, and a clear focus on the elevator and escalator business. Today, for example, seven out of ten elevators in the world are sold in Asia. Accordingly, Schindler has significantly expanded its footprint in the region, including supply chains, technical training facilities, and research and development.

## **Moving more than one billion people each day**

With more than one billion people moved each day, the company is committed to providing reliable customer service and high-quality mobility solutions that ensure safe and efficient trips for the riding public, as well as superior equipment for building owners and operators. Schindler's offering ranges from solutions for low-rise buildings to sophisticated access and transport management concepts for multifunctional buildings.



**Tradition of innovation**

Over the years, Schindler has built a tradition of pioneering innovative, customer-driven products, including destination control systems and the first-ever patent for elevators without a machine room. Other landmark examples include development of exclusive elevator suspension traction media and 'InTruss' modernization, which enables existing escalators to be upgraded with significantly diminished building impact. With the dawn of artificial intelligence, the company is at the forefront of the 'Internet of Elevators and Escalators' (IoEE). 'Schindler Ahead' provides a unique, cloud-based digital toolbox connecting machine, users, technicians, and around-the-clock call centers in a closed-loop ecosystem. To realize the full potential of digitization across the entire value chain, Schindler launched in 2018 a multiyear strategic investment program aimed at implementing the 'Digital Twin' functionality across the full scope of the business.

As one of the industrial sector's leading digital companies, Schindler will continue to invest in the smart networking of products and digital processes.

**Success driven by employees**

The motivation, commitment, and expertise of more than 64 000 employees have made Schindler's worldwide success a reality. In 2018, 59% of its global workforce worked in the area of installation and maintenance, while 7% of the company's professionals worked in production and 34% in engineering, sales, and administration.

**Schindler creates value**

Schindler will continue to systematically pursue its strategy of growth and innovation to create value for the company's diverse stakeholders and to provide fulfilling and exciting careers for employees.

# Statement of the Board of Directors

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Global position strengthened through strategic investments and accelerated innovation

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Strong growth while securing stable margins

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## Board of Directors

Front row, from left: Patrice Bula, Prof. Dr. Monika Büttler, Prof. Dr. Pius Baschera, Erich Ammann, Carole Vischer  
Back row, from left: Dr. Rudolf W. Fischer, Alfred N. Schindler, Silvio Napoli, Luc Bonnard, Tobias B. Staehelin, Anthony Nightingale – not pictured: Michael Nilles



The year 2018 saw a continuation of the market trends that had already emerged in previous years, as challenges intensified. Alongside material costs and wage inflation, pricing pressure, and the return of foreign exchange headwinds, Schindler faced an extremely competitive environment. The company managed to adapt to such fast-changing market conditions and delivered strong growth and significantly improved cash flow, while securing stable margins. Most importantly, Schindler further strengthened its global position through strategic investments and by accelerating innovation.

Order intake grew by 6.2% to CHF 11 669 million, corresponding to an increase of 6.6% in local currencies. Revenue rose by 6.9% to CHF 10 879 million, equivalent to a growth of 7.3% in local currencies. Operating profit increased by 6.9% to CHF 1 269 million and the EBIT margin reached 11.7%, in line with the previous year despite the adverse external factors. Net profit increased by 14.0% to CHF 1 008 million, and cash flow from operating activities improved by CHF 195 million to CHF 1 005 million.

In 2018, we made significant investments that will deliver strategic value in the future.

Starting with innovation, significant progress was achieved with 'Schindler Ahead,' the leading IoT platform in the elevator and escalator industry. Further advances were made with the closed-loop system for servicing elevators and escalators, introducing new 'use case' algorithms to our true predictive maintenance system for elevators. Our cloud technology stack was complemented with a new crowd knowledge platform, enabling global consolidation of the local expertise of service technicians worldwide.

Schindler is determined to realize the full potential of digitization across the entire value chain. We launched a multiyear strategic investment to implement 'Digital Twin' functionality across the full scope of our business in collaboration with Dassault Systèmes. The 'Digital Twin' is achieved by combining the digital representation of each individual piece of equipment along the value chain, thereby enabling traceability and optimization of each individual unit – including development, production, delivery, installation, and service.

Schindler's innovation not only focuses on the digital space, but also on the more traditional activities of the business. With the launch of R.I.S.E (Robotic Installation System for Elevators), we are investing to deliver a quantum change in quality assurance, work safety, and installation speed in the elevator industry.

The multiyear modularization project continues to advance. When modularity will be fully implemented, our customers will benefit from an even more flexible, competitive, and seamless product offering.

Other strategic investments included the acquisition of more than 25 service companies, the increase in our stake to 49% in the Chinese joint venture Volkslift Elevator, the completion of the escalator factory in India, and the opening of the new escalator step factory in China.

In over 144 years of history, Schindler has grown around the world while being recognized as a responsible corporate citizen in each country where the company operates. We have consolidated our efforts in our sustainability strategy, which underscores our long-term focus, our responsibility toward the environment, and the social commitments that were not only initiated but still are driven by the founding families. The sustainability strategy focuses on six areas selected to deliver the greatest impact and to be measured against ambitious targets set for 2022.

People are what a company is made of, and the workforce across the world is our greatest asset. By the end of 2018, the Schindler team was 64 486 employees strong, corresponding to a growth of 3 467 employees in one year. As in the recent past, the largest increase in headcount occurred in the dynamic markets of the Asia-Pacific region. To sustain levels of growth, training, and development of employees – at all levels of the company – must remain at the core of Schindler's priorities. Over the last five years, we have opened ten new technical training centers around the world, to create the necessary infrastructure to certify more than 4 000 employees per year in an ideal environment.

Schindler Holding Ltd. closed the fiscal year 2018 with a net profit of CHF 502 million (previous year: CHF 575 million). The Board of Directors will propose a dividend of CHF 4.00 per registered share and per participation certificate to the forthcoming General Meeting, scheduled for March 26, 2019.

Looking ahead, the global megatrends continue to be favorable to the development of the elevator and escalator market. Global population growth, demographic change, and advancing urbanization, among other factors will drive a rising demand for more vertical space to live and work in.

Some of the key elevator and escalator markets are expected to slow down in 2019. Growing political and economic challenges point to the importance of executing our strategy in a focused manner. With its vast geographical diversification, Schindler is ideally positioned to benefit from developments in several areas where markets will continue to grow.

For 2019, excluding any unforeseeable events, we expect to continue growing faster than the market, with revenue increasing between 4% and 6% in local currencies. As in previous years, the annual forecast for net profit will be provided with the publication of the half-year results.

Overall, 2018 was a successful year for Schindler. Our progress and the results we achieved are a testimony to the exemplary commitment, world-class expertise, and remarkable performance of our employees, to whom we wish to express our most sincere gratitude. Most importantly, we would like to thank our customers around the globe for the privilege of their business and for the trust that they continue to place in Schindler. Finally, this message would not be complete without thanking our shareholders, for their valuable trust and for their essential support to the company.



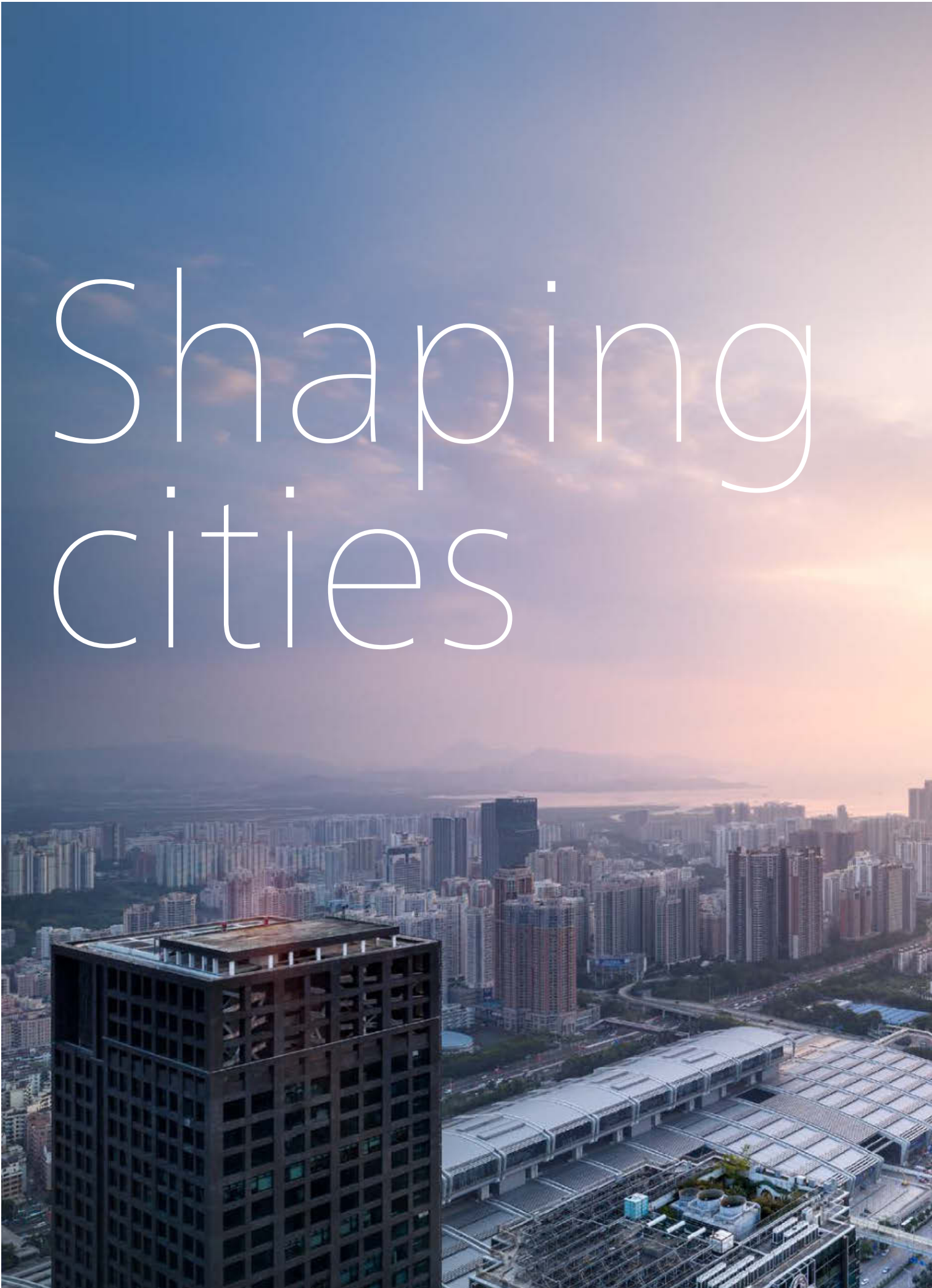
Silvio Napoli  
Chairman of the Board of Directors

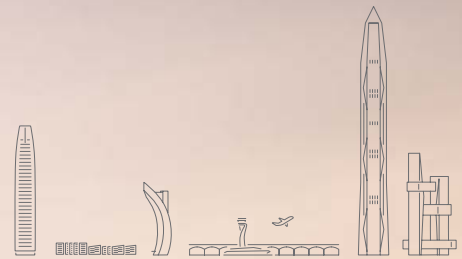


Prof. Dr. Pius Baschera  
Vice Chairman of the Board of Directors



# Shaping cities





Around the globe, Schindler is helping to build the future – as you can see if you visit San Francisco’s latest landmark, the giant construction site of Istanbul’s new airport, Shenzhen’s skyscrapers, or the new green lungs of Milan.

Schindler combines innovation, technological advances, and smart mobility with high ethical standards and respect for the environment.

In the world’s growing metropolises, Schindler is ensuring quality of life for current and future generations with its pioneering and sustainable approach.



## San Francisco Salesforce Tower

The Salesforce Tower soars to a height of 326 meters and is secured in the rock to a depth of almost 100 meters.

# Go West

The new Salesforce Tower is much more than a symbol of prestige for the Schindler crew.



Installing 34 elevators in the second-highest skyscraper on America’s West Coast was no standard undertaking. San Francisco’s new landmark gave Schindler the opportunity to showcase its technological expertise.

‘This was the first time in my 37-year career that the elevators were not a cause of contention,’ says Danny Murtagh, Vice President of Engineering at Boston Properties, which owns the high-rise building in the city center. ‘Schindler delivered ahead of schedule and more than exceeded our requirements.’ All the elevators are equipped with ‘Schindler Ahead.’

**‘Schindler delivered ahead of schedule and more than exceeded our requirements.’**

**Danny Murtagh**  
Vice President of Engineering  
Boston Properties

Danny Murtagh (left) with Michael Choung, Boston Properties





## San Francisco Salesforce Tower



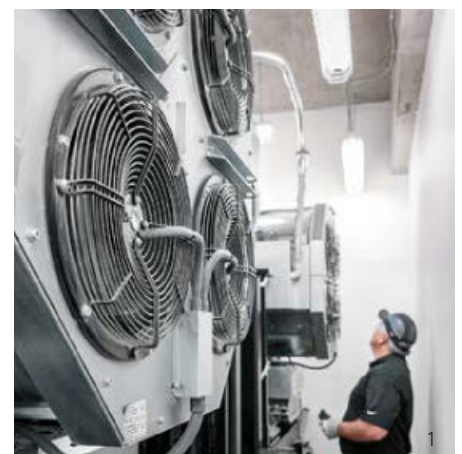
Brian Cave with one of the earthquake backpacks supplied to every Schindler employee in the Bay Area

**‘We’ve grown into a real family.’**

‘There is every chance this will be the tallest building in the city for the next 50 years – and that required maximum effort on our part,’ says Brian Cave, Schindler San Francisco General Manager. Calling on specialists from across North America, he put together a 50-strong highly motivated team. ‘We’ve grown into a real family,’ Cave explains.

A particular challenge was the high risk of earthquakes in the region. Fortunately, when constructing the 326-meter tower, Boston Properties secured its foundations in the rock at a depth of almost 100 meters. Schindler also equipped it with sensors that will shut down the building’s elevators if they detect an earthquake of more than 3 on the Richter scale. The last severe earthquake that struck back in October 1989 reached 6.9 on the Richter scale, with moderate aftershocks. Today, this would cause the elevators in the Salesforce Tower to temporarily stop operating. Boston Properties is convinced that it chose the right partner. ‘Schindler delivered a really attractive system,’ says Murtagh.

- 1 The impressive high-performance elevator motors
- 2 The Salesforce Tower in the heart of the city
- 3 The lobby of the Salesforce Tower with the 34 elevators in the background





# San Francisco Salesforce Tower

The tower also sets new environmental standards. Its energy usage is 35% lower than the strictest standards and it is equipped with a waste water treatment plan that should save 29.6 million liters of water each year. This is the largest treatment plant of its kind to be installed in any skyscraper in the US. The building is supplied with 100% renewable energy and is heated and ventilated using an underground distribution network. This also allows the building's cooling systems to operate without additional energy and reduces energy costs by 50%.

Brian Cave is now writing the next chapter of Schindler's success story in San Francisco. In the neighboring Park Tower, Schindler has installed the first-ever fireproof elevators that can be used for evacuation purposes in the event of a fire. 'This represents a win-win situation from a user safety and commercial perspective, since one less stairway is needed in the building – allowing for more office space.' Cave believes that skyscrapers around the world will be equipped with fire-proof elevators in future. The installation has already been trialed successfully in San Francisco.



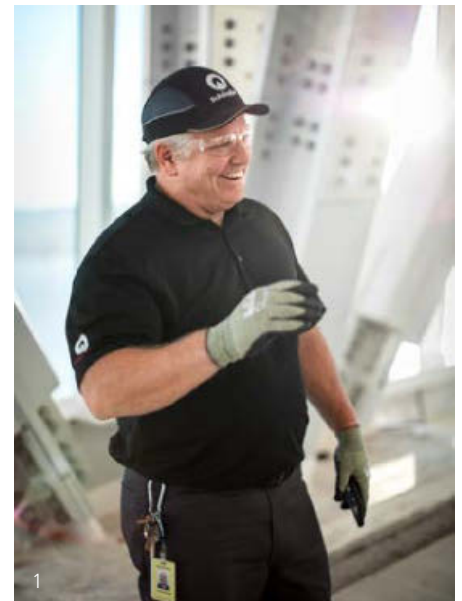
## Salesforce Tower Commercial building

  
34 elevators



## San Francisco Salesforce Tower

# Team spirit is the recipe for success



Tremon Adams is an early bird, starting work at 6.00 a.m. 'The project was very challenging. It forced me to adapt and learn new things. But if it had been easy, I wouldn't have enjoyed it nearly as much.'

Four months into the project, Adams joined the team in the Salesforce Tower as a High-Rise Adjuster. 'I'm mainly responsible for ensuring that the elevators are installed correctly and comply with Schindler's strict safety regulations and quality standards.'



24 km **Total length of the steel tracks installed in the Salesforce Tower**

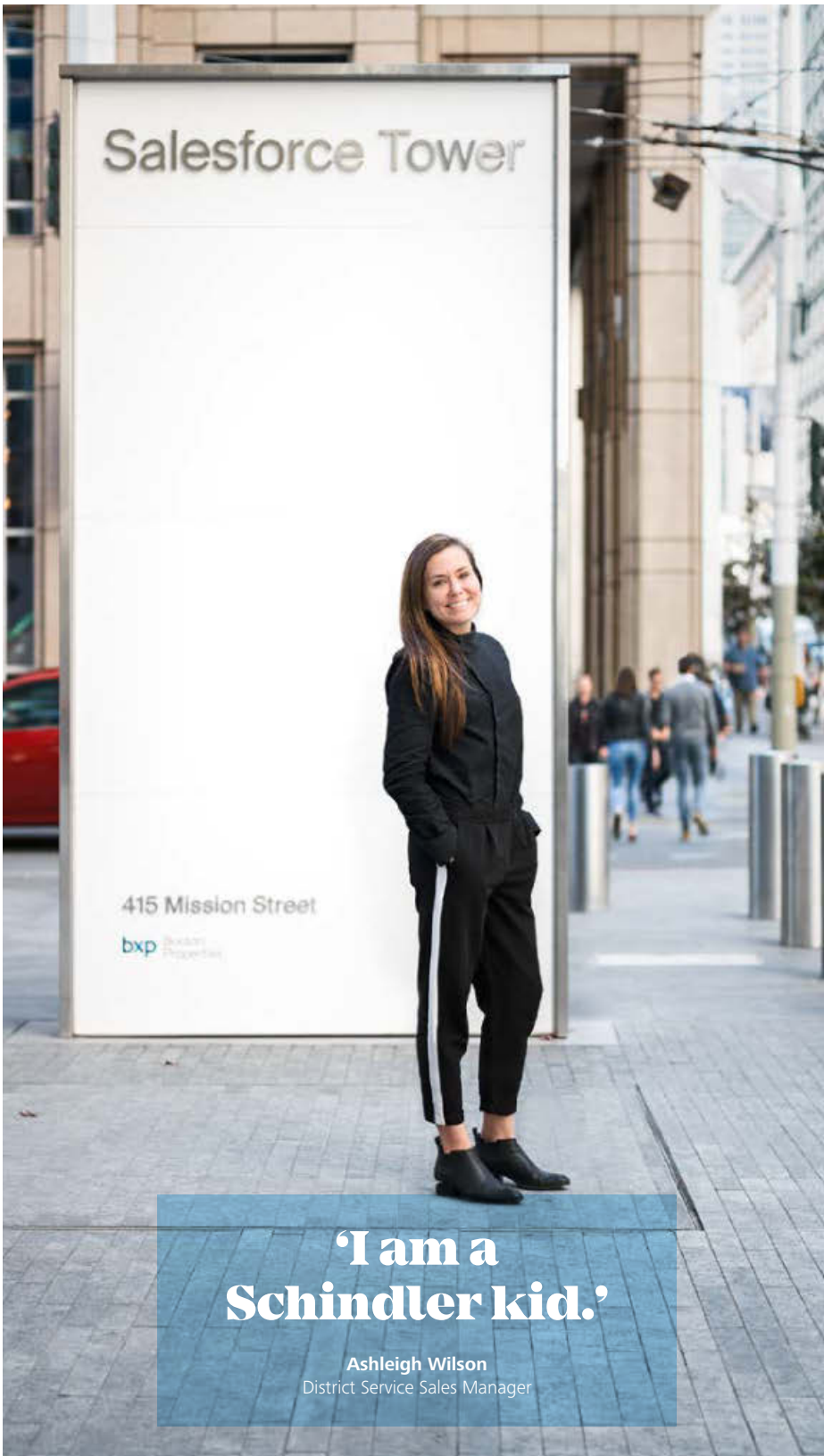
Working in pitch black conditions in the elevator shafts, the engineers had to lift over 24 kilometers of steel tracks that guide the elevators – in some cases raising them to a height of over 300 meters. They used rope winches, similar to those used on ships, and slowly pulled the steel components upwards. It was vital for the engineers to maintain permanent radio contact, says Adams. Apart from a few cuts and scratches, there were no injuries. 'I've never worked with such a strong team. The success of the project is all down to that.'

**Safety is Schindler's first priority.**

Safety was Schindler's first priority. This was no simple task because specialists from across the whole of the US came to San Francisco – each one bringing his or her own experience but all having to adapt to the local way of working on such a unique construction site. 'At the start, it was anything but easy, but we knew that we would get there by all learning from each other.'

1 Geoff Johnston, Schindler Service Technician  
2 Brett Hederick, Schindler Project Leader

## A perfect pair



**'I am a  
Schindler kid.'**

**Ashleigh Wilson**  
District Service Sales Manager

The customers always want everything by yesterday – but that doesn't worry District Service Sales Manager Ashleigh Wilson. 'Boston Properties and Salesforce have high expectations. I like working with them because we've had a great relationship right from the start.'

Ashleigh says that the teamwork at Schindler is one of the most important factors that support her in her work. Close collaboration with the client is a must in order to safely operate elevators on this scale. Once the building is completed, the elevators will have to transport thousands of employees as well as visitors to the Salesforce Tower viewing platform. 'When you are dealing with clients at this level who are so important for the company, you have to be like the captain of a ship and steer the right course.' Ashleigh was not entirely unprepared for this challenge when she transferred from Hawaii to San Francisco to take on her new role in April 2016. Her father already worked for Schindler. 'I am a Schindler kid,' she says.

**Schindler and  
Salesforce are a  
winning combination.**

Schindler and Salesforce are a winning combination in her eyes. 'Innovation and quality are what matter to Salesforce. They wanted the smartest design and the best product technologically. That is precisely what Schindler delivers.'



# 661 x Schindler

The new Istanbul Airport was built in record time. It was a Herculean task for the Schindler team who installed 328 elevators, 166 escalators, and 167 moving walks in just two years.




## Istanbul Airport

The gigantic new Istanbul Airport is being built 35 kilometers from the city center. It covers an area of 76.5 million square meters – equivalent to 11 000 football pitches. On the ground, Schindler will transport the around 250 000 travelers who will pass through the airport each day.

The team installed 328 elevators, 166 escalators, and 167 moving walks. That is a total of 661 Schindler units – more than in almost any other building worldwide.

Working from mobile offices, the management team coordinated the 270 employees on site – reaching decisions and looking for creative solutions – as part of an enormous workforce of more than 30 000 people. Never before has an airport of this size been built in such a short time.

 **Very few buildings around the world have more Schindler units.**

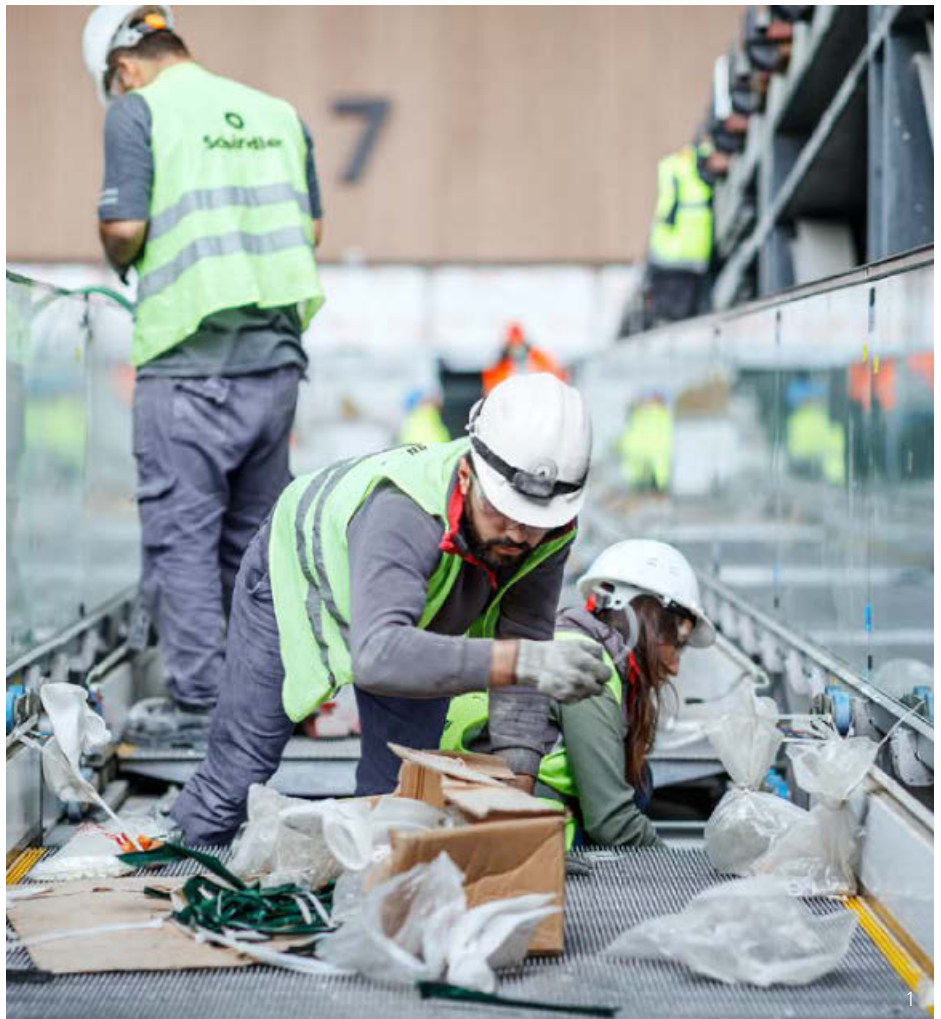
Following the completion of the construction work, Schindler has a service and maintenance team on site. Zafer Kabadayi, General Manager of Schindler Turkey, is proud to have secured this order and is equally proud of his crew's work. 'The airport will be the new gateway to Istanbul, welcoming millions of people from around the world. For Schindler, this is a unique opportunity to showcase our experience and capabilities.'





**‘A unique opportunity to showcase Schindler’s experience and capabilities.’**

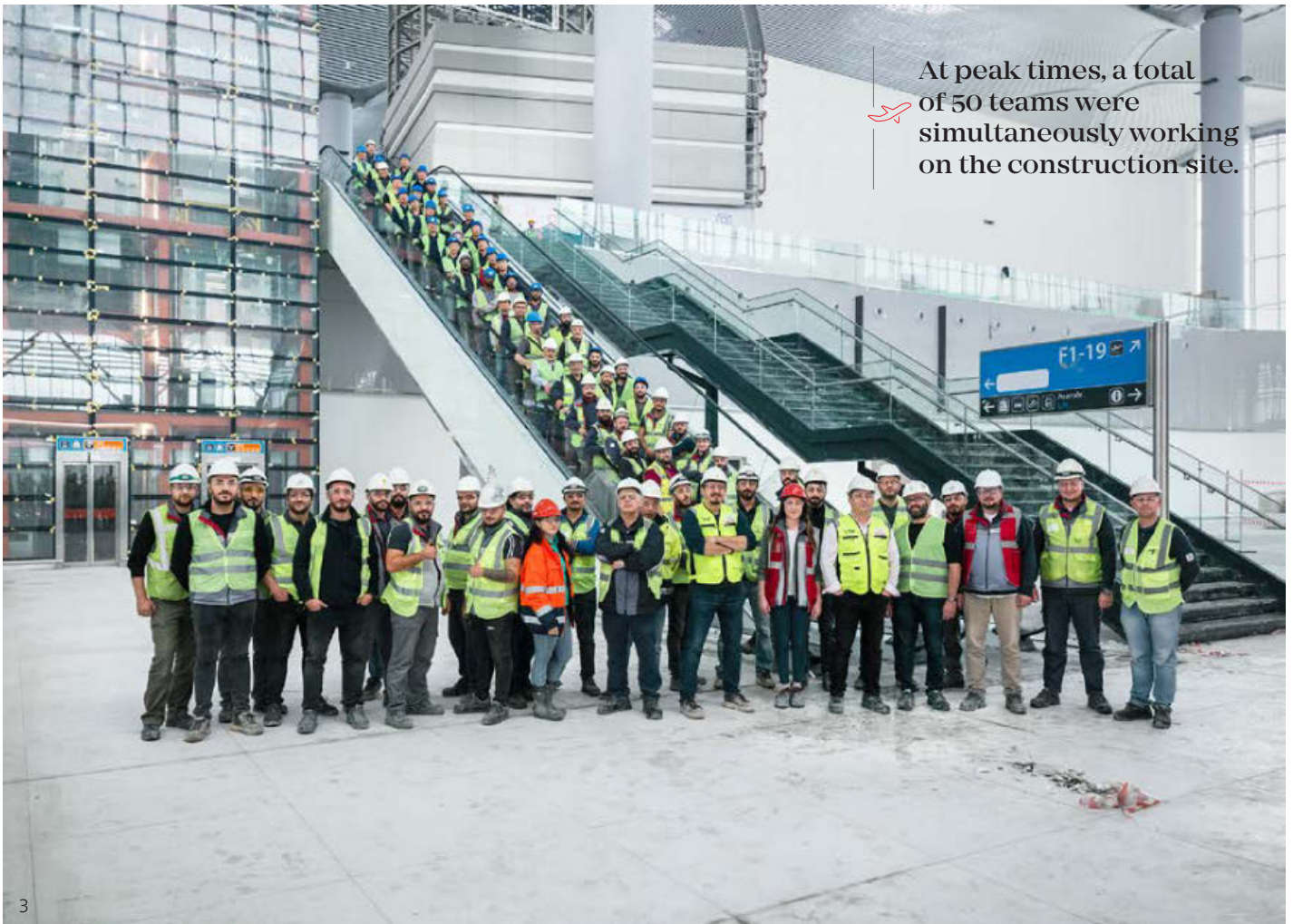
**Zafer Kabadayi**  
General Manager of Schindler Turkey



- 1 Assembly of a moving walk
- 2 Schindler elevators are also installed in the tower
- 3 The Schindler team in mid-October 2018
- 4 The moving walks are ready

Installation sites are located throughout the airport, meaning that an inspection round involves a kilometer-long march – a short sprint compared to the marathon that the entire Schindler crew has completed over the last couple of years. The scale, speed, and complexity of this mega-project were enormous. At peak times, a total of 50 teams were simultaneously working on the building site, which evolved and grew on a daily basis, like a living organism. One wrong decision in one place could have halted work at another part of the site for several days. It was all interconnected. The logistics had to be coordinated for hundreds of different units.





At peak times, a total of 50 teams were simultaneously working on the construction site.

3



million


From 2019, 90 million passengers are expected to use the airport every year

4

## Istanbul Airport Terminal 1

 328 elevators

 166 escalators

 167 moving walks





## The coin test

If there is an issue when an elevator is first put into operation, the team calls for 'le docteur.' That is what they call Halit Sisman, since he can always diagnose the problem. His colleagues say he has a sixth sense when it comes to elevators. Sisman modestly describes himself as focused and experienced. The 42-year-old Schindler engineer with the cool nickname is called in right at the end, once the mechanical and electrical work has been completed and before the elevator is put into operation. He spends one or two days performing the final tests and takes care of the fine-tuning. 'It is always a special moment when you take the first ride in a newly installed elevator,' says Sisman – even after seven years at Schindler. During the elevator's 'maiden journey,' Turkish employees who work for Schindler perform a special test to check the quality of the work: They balance a coin on its edge on the rounded smooth handrail of the

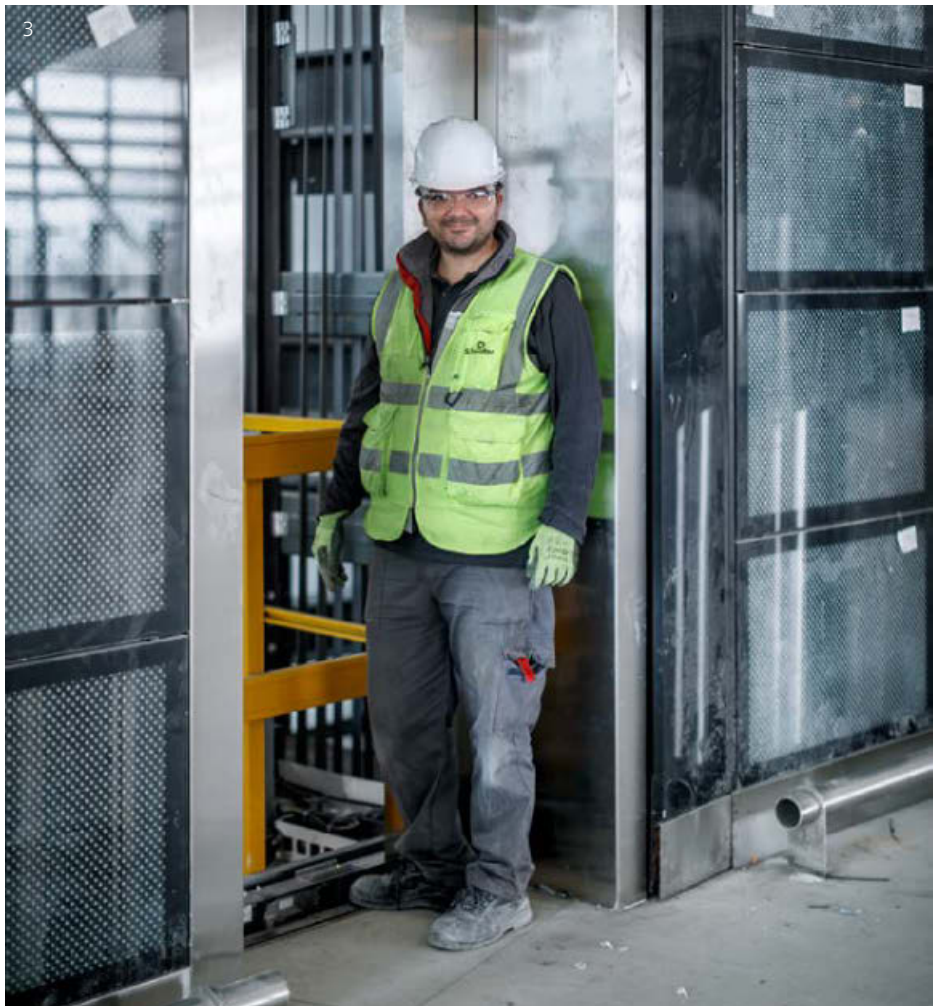


elevator. The coin shouldn't move when the elevator begins operating, continues its journey and then stops. This test doesn't allow for even the smallest jolt. Halit Sisman has a 100% success rate.

**'It is always a special moment when you take the first ride in a newly installed elevator.'**

**Halit Sisman**  
Installation Engineer

- 1 The coin is placed on the handrail
- 2 The elevator units in their glass housings form part of the airport architecture
- 3 Halit Sisman at work in the final stage of installation



## All-round safety

Seçil Yüzgöl takes 30 000 steps each day. On her 10-kilometer route, she goes from one installation site to the next, checking whether employees have complied with the strict safety rules and flagging potential risks. And there are plenty of those on a building site where more than 30 000 employees are working at any one time. 'This is why we introduced the 360-degree safety rule. It stipulates that our employees have to turn to look in all directions to spot any risks in good time.'

In her own career, Seçil has made a 180-degree turn. Before coming to Istanbul two years ago, the qualified geologist and paleontologist worked as an assistant at the University of Ankara. Today, she is one of three women in Schindler's health and safety team in Turkey. 'Working

**'We introduced the 360-degree safety rule.'**

**Seçil Yüzgöl**  
Health and Safety Specialist

with so many men was tough at first,' she recalls. There are now around 1 000 women employed at the airport and the situation has improved significantly. 'Especially the toilet facilities!' she adds, laughing. She never had a problem asserting her authority within the Schindler team, although her role involves assessing men's work.

Schindler's investments in safety have paid off. It has twice been named the safest company by airport operator IGA – and much more importantly: There have been no injuries on the team, even though elevator installers have the most dangerous job of all. 'That fills me with pride and motivates me to do my best each day,' she says.

**Seçil Yüzgöl**  
takes 30 000 steps  
each day.

- 1 Seçil Yüzgöl instructs her colleagues
- 2 Hüseyin Karakaş, one of Seçil's highly motivated colleagues







# China's high-tech campus

**A city of superlatives: Once a fishing village, Shenzhen is now home to more than 11 million people and its skyline is dotted with more than 300 skyscrapers. Schindler has an important role to play in Shenzhen's two most spectacular buildings.**



# Shenzhen Tencent Seafront & Ping An Financial Center



He is master of the 77 elevators in this skyscraper – the fastest, most comfortable and, above all, the smartest installations of their type. Standing in the lobby of the new Tencent building, Huang Xiaodong, aged 46, pulls out his staff badge. He is almost like a high priest of technology: The steel and glass roof structure rises above him like a cathedral; the red and blue lights from the massive screens beneath it are reflected on his face. Huang holds his badge up to the reader next to the elevator – and it knows exactly which floor he needs to travel to.

Tencent is the Chinese market leader in messaging apps, payment services, and games. The company moved into this double high-rise building in Shenzhen’s high-tech district almost a year ago. ‘We are very proud to serve this customer,’ says Schindler manager Huang Xiaodong. He and his team take care of the maintenance of elevators within the building, known as Tencent Seafront. One of the towers has 50 storeys, the other 39. They are angled towards each other – this is intended to reduce the wind load.





●  
**‘We are very proud to serve this client.’**

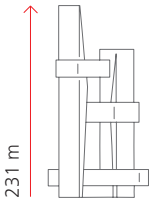
**Huang Xiaodong**  
Manager Existing Installations



The building with towers that are angled towards each other – connected by the two recovery decks

## Tencent Seafront Headquarters

-  77 elevators  
PORT Technology
-  4 escalators





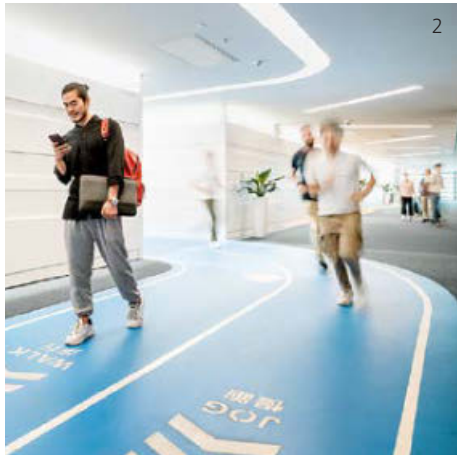
## Shenzhen Tencent Seafront & Ping An Financial Center

Huang enters the elevator and travels to the recreation deck on the 23rd floor, which boasts a proper sports area complete with a basketball court, climbing wall, and running track for joggers. Huang stands in front of the wall of windows and points to Shenzhen's skyline, which features some of the most spectacular buildings on the planet.

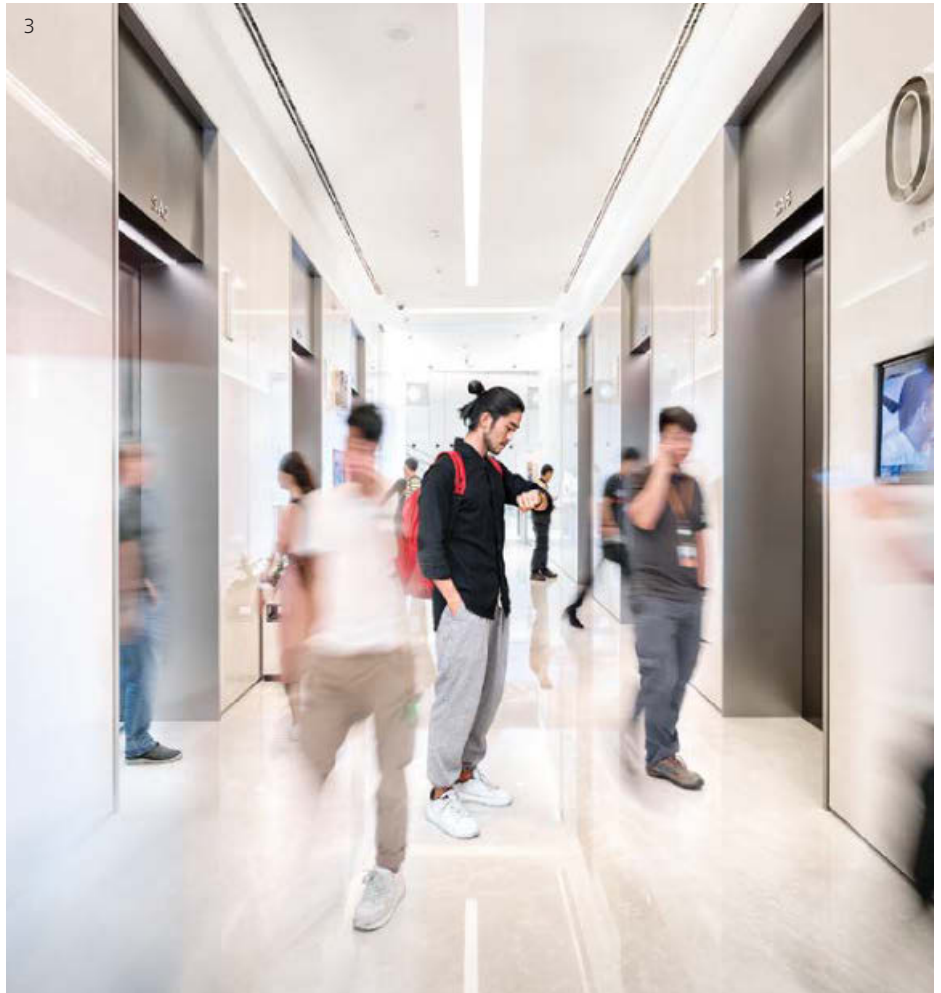
**Today, the city has more than 300 skyscrapers reaching a height of over 200 meters.**



Sitting in his office, Yigui Wei doesn't notice the minutiae of the hustle and bustle going on around him – he only perceives it on a larger scale, when he sees trucks moving between the skyscrapers. The 35-year-old manages the local branch of Schindler – a job that gives him a great view here in the eastern part of the city. However, the tall buildings and busy construction work are not first and foremost an architectural wonder for Wei. Instead, he sees them as a source of potential orders. Today, the city has more than 300 skyscrapers reaching a height of over 200 meters, Wei explains. A large proportion of them are fitted with Schindler elevators.



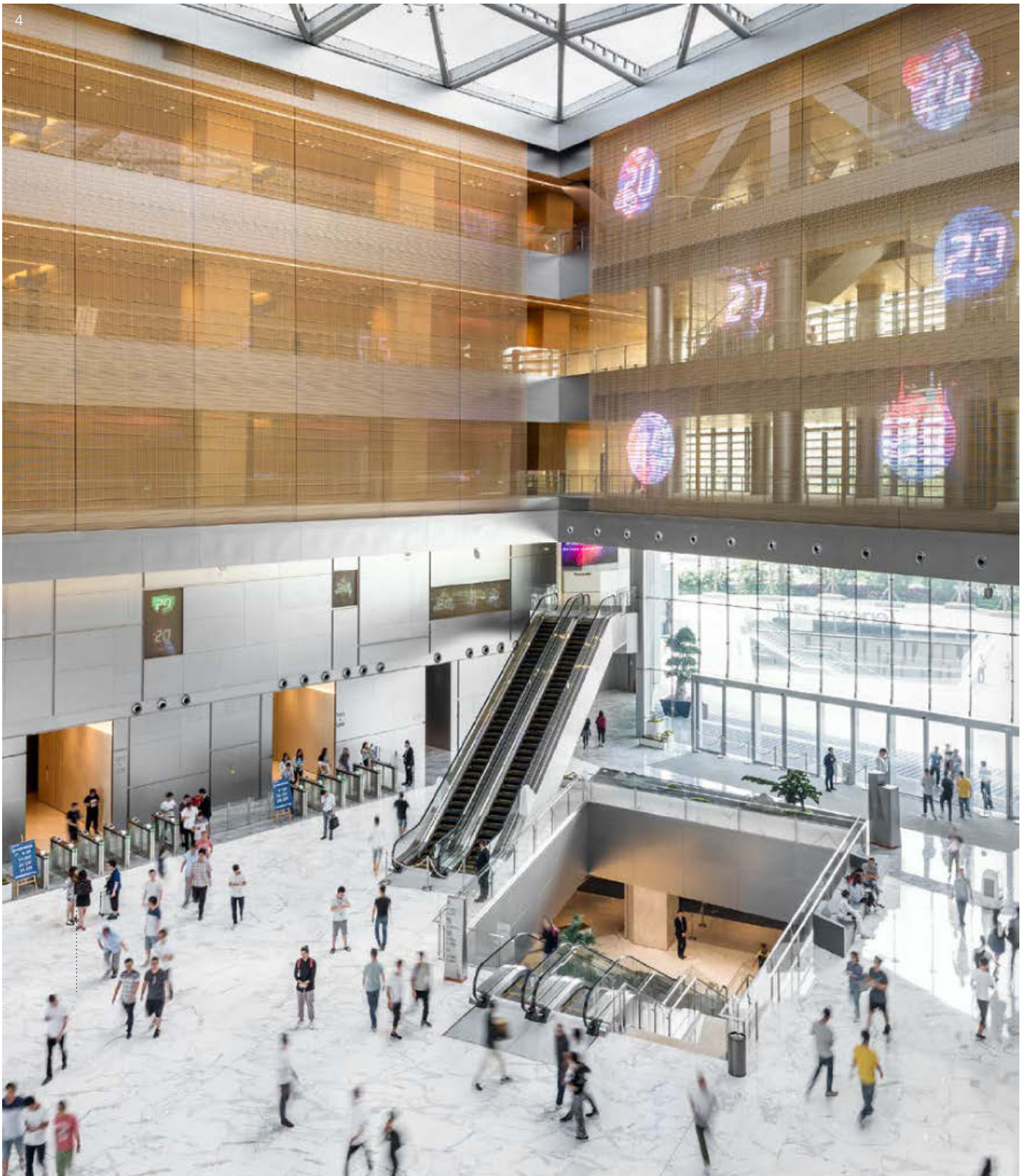
- 1 Yigui Wei, Manager of Schindler's Shenzhen branch
- 2 Fitness at work: All Tencent employees can use the running track on the recreation deck
- 3 Shorter waiting times thanks to The PORT Technology
- 4 Around 9 600 employees pass through the lobby of the tech giant's office headquarters and use the elevators and escalators



# Shenzhen

## Tencent Seafront & Ping An Financial Center

Shaping cities

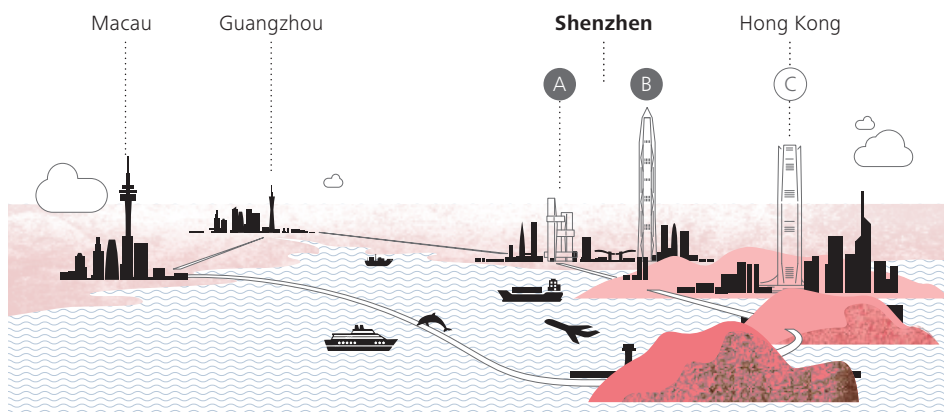




# Shenzhen

## Tencent Seafront & Ping An Financial Center

86  million



**The largest urban region in the world**  
 The combined population of Hong Kong, Shenzhen, Guangzhou, and Macau is 86 million. In future, these four major cities will officially form the Pearl River Delta Metropolitan Region.


- Landmark buildings with Schindler products**
- A Tencent Seafront
  - B Ping An Finance Center
  - C ICC

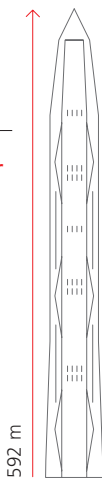
In addition to Tencent’s head office, he is proud of the skyscraper that towers above all the rest: At a height of 592 meters and with 118 storeys, the new home of the South Chinese insurance giant Ping An is the fourth tallest building in the world. Schindler installed 33 double-deck elevators in the Ping An Finance Center. They speed through the elevator shafts at a rate of 7 meters per second, connecting the four levels of the building. ‘This is highly sophisticated technology,’ explains Yigui Wei. ‘We are making our mark throughout the city,’ he adds.



Ping An, the fourth-tallest building in the world

### Ping An Finance Center Headquarters

  
 33 double-deck elevators





## Great career opportunities for women

●  
**‘The career prospects for women are generally just as good as for men.’**  
●

**Danny Huang**  
Client Service Team Manager

Danny Huang’s desk is located right at the front of the open-plan office in Schindler’s Shenzhen branch. She manages the Client Service team for the Shenzhen region, which represents one of the largest elevator and escalator markets in the world.

Huang has worked for Schindler for 15 years – a long time by Chinese standards. Employees generally switch companies each time they want to take the next step on the career ladder. That is not the case at Schindler: ‘We have a low turnover rate in the team,’ says Huang.

With her hard work and precision, Huang soon came to the attention of her line manager. After only a few years, she was promoted to her current position. She doesn’t find this career advancement surprising: ‘In China, the career prospects for women are generally just as good as for men.’

‘I’ve never had to think about the relationship between professional success and being a woman,’ says Huang. Both of her parents worked, and it was always clear to them that their daughter would go on to study and earn her own living.

A lot of women like Danny Huang have made it to the top in business in China. ‘In this country, one-fifth of all senior employees at Schindler are women,’ says Huang. When it comes to promoting young talent, one in every three are women. Danny Huang points to a framed photo on her desk that was taken at a meeting of Schindler team leaders from around the world. Half of the Chinese delegation are women.



# Milan reinvented





**Top architecture meets sustainability and quality of life in the CityLife district. And the scene wouldn't be complete without Schindler.**

Marco Beccati, Technical Director of CityLife, beams with pleasure as he is asked about his VIP neighbors. It is no secret that football stars, basketball icons, and fashion designers have moved into the CityLife residential development created by star architects Zaha Hadid and Daniel Libeskind.

Residenza Hadid  
Residenza Libeskind  
Residential buildings



97 elevators





# Milan CityLife

‘At first, the Milanese didn’t entirely trust us. They couldn’t imagine what this dusty old part of town would look like once we had finished,’ explains Marco Beccati, who has been managing the project for nine years. ‘Today, our district has become a place to work and a place where the whole of Milan can relax.’

In 2010, Schindler won the contract to supply elevators for the seven residential buildings designed by Zaha Hadid, with their curves and rounded balconies, and the eight buildings created by Daniel Libeskind, with their angular and asymmetrical exteriors. The apartments were soon sold or rented. Angelo Fumagalli, General Manager of Schindler Italy, comments: ‘CityLife is a prestigious project that has transformed Milan’s skyline. With its visibility and appeal that extends far beyond Milan, CityLife is a must for every high-tech company. We had to be part of it.’

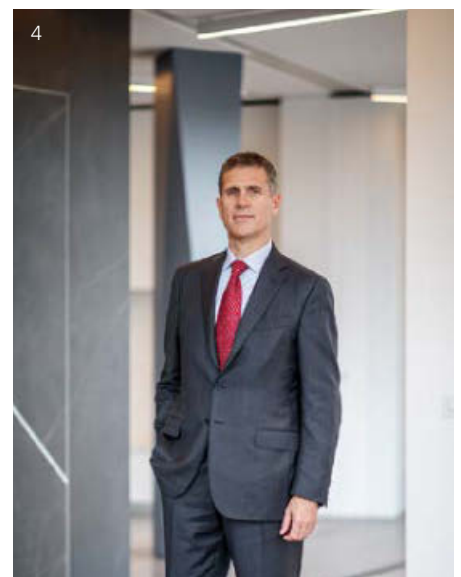
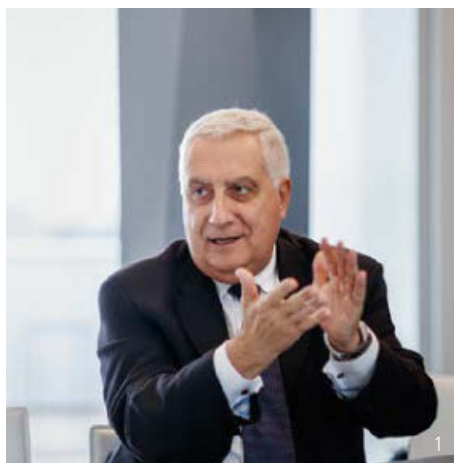
CityLife’s landmarks – three high-rise buildings designed by architects Daniel Libeskind, Zaha Hadid, and Arata Isozaki – are visible from far away. The Milanese

didn’t waste any time in naming the towers, christening them Il Curvo (The Curved One), Lo Storto (The Twisted One), and Il Dritto (The Straight One). Two of the three towers, which reach a height of between 170 and 220 meters, are already occupied, while PwC employees are due to move into the Libeskind building in 2020. Schindler secured the order for Il Curvo in 2016.

**CityLife has breathed new life into Milan.**

CityLife has breathed new life into Milan. Located not far from the heart of the city, it represents the ‘green lungs’ of Milan. This is the city’s second-largest park and it has 5 kilometers of cycle paths and a metro station, with cars confined to driving and parking below ground. Of the 5 000 people who already work in the towers, no fewer than 70% travel to work using public transport.

How do you compete successfully in the global market? Key Account Manager Paolo Cassani explains: ‘We weren’t



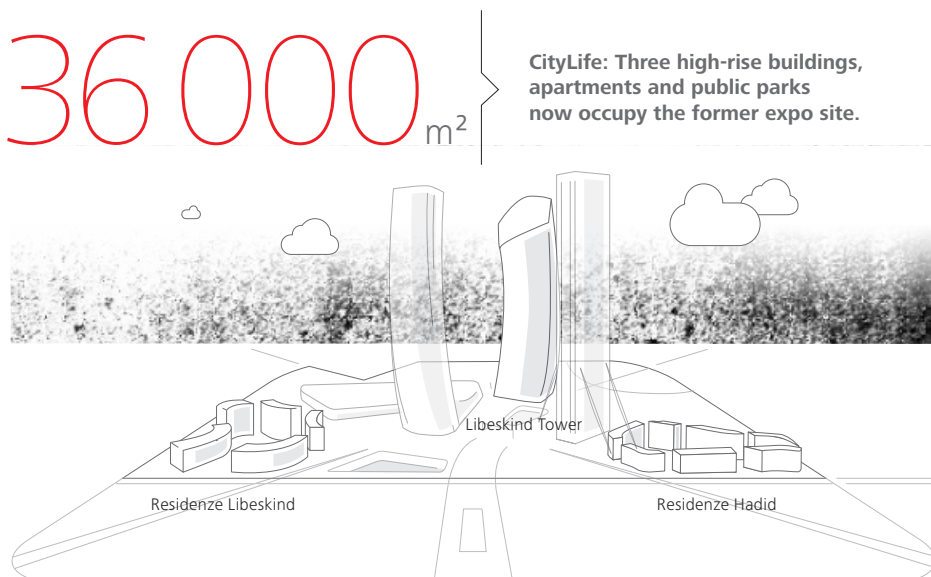


**‘We weren’t offering standard products – we offered the best solution.’**



Paolo Cassani  
Key Account Manager

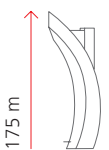
offering standard products – we offered the best solution. Our engineers support our clients during the sales phase and beyond. We are always transparent and never compromise on quality. That’s why our clients place their trust in Schindler.’

Schindler has experience of working on renowned projects in Milan – in modern and historic buildings alike. The company has already made its mark in the equally vast new business district Porta Nuova, and in the Duomo – Milan’s famous cathedral.



### Libeskind Tower Office building

-  16 elevators  
PORT Technology
-  2 escalators



- 1 Marco Beccati, Technical Director of CityLife
- 2 Schindler engineers at work
- 3 Schindler elevators are also installed in Milan’s cathedral
- 4 Angelo Fumagalli, General Manager of Schindler Italy
- 5 Elevators in the Residenze Hadid
- 6 Constructing the shell of the Libeskind Tower

## Suspended above the abyss

**‘I can’t stop myself from examining all the details.’**

**Fabio Porta**  
Installation Chief



Installation chief Fabio Porta oversaw the installation of all the Schindler elevators in CityLife. He is clearly proud that this demanding project has been successfully completed. Porta explains: “It is the biggest construction site I’ve ever worked on – with the tightest schedule.”

Despite his 18 years at Schindler, one aspect of the project was new for Fabio Porta: CityLife is one of the first projects in Italy to be carried out without scaffolding. The installation engineers first had to fit the suspension devices and wall claddings in the building shell. Using electric winches, they lifted the components into place one by one in order to fit the guide rails for the elevators. The cabin was then installed and connected to the counterweight. Next, the specialists connected the electrical cables and mounted the doors.

What goes through Porta’s head when he travels in an elevator? ‘I can’t stop myself from examining all the details. How does the display look? Which colors were chosen? We work a lot with colors, as it creates a sense of warmth. A good design can help reduce a sense of claustrophobia.’

CityLife is one of the first projects in Italy to be carried out without scaffolding.



One of the high-performance motors for the Libeskind Tower is lifted by crane.



## 'We made a good team'



**Yama Karim** is a Partner at Studio Libeskind in New York. He is responsible for the master plan for all Libeskind construction projects on the CityLife site. Karim studied architecture at various renowned universities. He spent a year as a guest professor at the Swiss Federal Institute of Technology (ETH) in Zurich.

### What fascinates you about CityLife?

We have forged a link between the historic part of Milan and CityLife. Even with our modern design, we have been able to bring about the renaissance and revitalization of the former exhibition site. CityLife is one of the most important projects of my whole career.

### How did three star architects manage to work together?

It was no problem. Zaha Hadid, Arata Isozaki and our studio had similar ideas when it came to building a new district in an historic setting. Our concepts complemented each other. We made a good team.

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The Residenze Libeskind with the communal garden and garden bar



### Why is the Libeskind tower curved?

The goal was for all three towers to have their own character while being connected in some way. Our tower completes the composition on the site – as if it is embracing the two towers. This composition is intended to echo the idea of a piazza. Our piazza is vertical and reaches up towards the sky.

### The shape of Il Curvo didn't exactly make life easy for Schindler's engineers.

Why should we make life easy for them? If the task was simple, we wouldn't need to work with Schindler! (laughs). I regard Schindler as state of the art. I already use the Schindler name almost like a synonym for elevators.

### How do people benefit from great architecture?

Architecture has a huge influence on all aspects of life. It shapes our view of the world, our character, and our well-being. We experience every space differently depending on its light, materials, and colors. We are people, not machines.

**'I already use the Schindler name almost like a synonym for elevators.'**

**Yama Karim**  
Studio Libeskind, New York

# Business review

- 
- 40 Markets
  - 46 Examples of significant orders

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Megatrends drive growth

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Growth across all regions  
and product lines

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## Group Executive Committee

From left: Christian Schulz, Daryoush Ziai, Egbert Weisshaar, David Clymo, Carlos Guembe, Karl-Heinz Bauer, Andre Inserra, Robert Seakins, Urs Scheidegger, Thomas Oetterli, Paolo Compagna, Julio Arce



Advancing urbanization is the main global driver of Schindler's business. In 2018, the proportion of the world's population living in cities already reached 55%, according to studies by the United Nations – almost double the figure in 1950. Every second, two more people migrate from rural regions to urban centers. It is expected that by the middle of this century, two-thirds of the global population will reside in cities.

As a result of this trend, the density and height of buildings in metropolitan areas is increasing. At the same time, the flow of people moving around cities is growing – driving the need for urban mobility solutions. Efficient vertical traffic is shaping the skylines of rapidly expanding global metropolises – making tall buildings easily accessible.

The growth of the middle class and the aging of the population in industrialized nations and emerging markets is generating additional demand for elevators and escalators. The use of energy-efficient and user-friendly technologies in buildings is also increasing, leading to a greater need to modernize outdated units. As one of the leading providers of elevators and escalators, Schindler is part of this trend and is committed to shaping a sustainable future.

### **Long-term strategic focus**

Schindler's strategy has a long-term focus with the aim of generating sustained value for all of the company's stakeholders. Its goal is to grow more strongly than the global elevator and escalator market, while at the same time further increasing profitability.

Strategic initiatives support the realization of these objectives. Their main focus is on the modularization of the product portfolio as well as the digitization of the business.

Modular concepts for elevators are a core strategic element of Schindler's efforts to enhance competitiveness. They lower the complexity of the product portfolio by substantially reducing the range of components. Furthermore, modular product platforms seamlessly close the gap between different product lines. The standardization of key components leads to economies of scale and lower raw material costs and increases quality. In addition, it will enhance the efficiency of the installation process and service business in the medium term.

In its efforts to digitize the business, Schindler is concentrating on the further development of the 'Internet of Elevators and Escalators' and 'Schindler Ahead,' as well as the 'Digital Twin' for elevators and escalators, which it began rolling out in 2018 as part of a multiyear investment program.



### **Global position strengthened**

The year 2018 saw a continuation of the market trends that had already emerged in previous years, as challenges intensified. Despite material costs and wage inflation, continued pricing pressure, and the return of foreign exchange headwinds, Schindler generated strong growth and maintained stable margins. Most importantly, Schindler further strengthened its global position through strategic investments and by accelerating innovation.

### **Order intake and order backlog**

Overall market demand for new installations increased slightly around the globe in the reporting year. In China, there was a modest increase in demand, while India returned to growth. The strength of the North American market was undiminished, and South America benefited from higher volumes in Brazil. The EMEA region experienced robust levels of demand in both Northern and Southern Europe.

Order intake rose by 6.2% to CHF 11 669 million (previous year: CHF 10 989 million), corresponding to a growth of 6.6% in local currencies. The Americas region achieved the strongest increase, followed by the EMEA and Asia-Pacific regions. The proportion of major projects rose substantially compared to the previous year.

As of December 31, 2018, the order backlog was CHF 8 618 million, equivalent to an increase of 6.3% (+9.7% in local currencies) compared to the order backlog of CHF 8 106 million as of December 31, 2017.

### **Revenue**

Schindler generated revenue of CHF 10 879 million in 2018 (previous year: CHF 10 179 million), corresponding to a growth of 6.9%, or 7.3% in local currencies. Foreign exchange headwinds had a negative impact of CHF 44 million. The largest regional contribution came from the Americas, followed by the EMEA and Asia-Pacific regions.

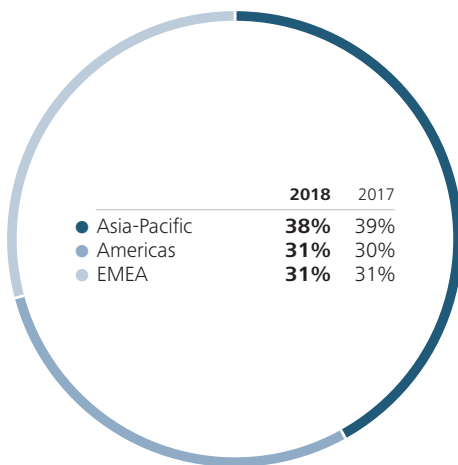
### **Operating profit (EBIT)**

Operating profit (EBIT) rose by 6.9% to CHF 1 269 million (previous year: CHF 1 187 million), equivalent to a growth of 7.5% in local currencies. The EBIT margin reached 11.7%, in line with the previous year. Continued operational progress offset pricing pressure as well as material costs and wage inflation. Before restructuring costs of CHF 26 million (previous year: CHF 35 million), the EBIT margin was 11.9% (previous year: 12.0%).

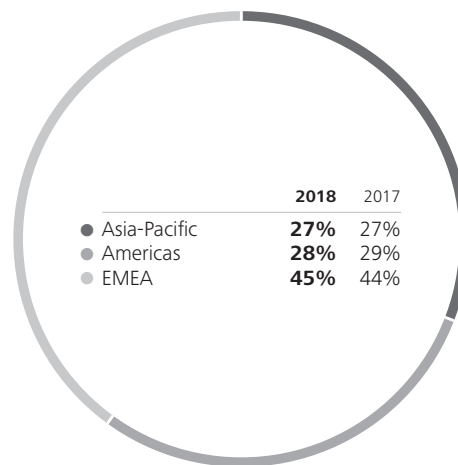
**Net profit and cash flow from operating activities**

Net profit increased by 14.0% to CHF 1 008 million (previous year: CHF 884 million), driven by the improved operating result and a tax settlement of CHF 60 million. Net profit before the tax refund increased by 7.2% to CHF 948 million. Cash flow from operating activities increased to CHF 1 005 million (previous year: CHF 810 million).

Order backlog



Revenue



# Markets

## Asia-Pacific

The Chinese new installations market grew slightly and other markets in the region also generated growth.

### China

China saw a slowdown in economic growth, and uncertainty increased as a result of the trade dispute with the USA. In addition, developments in the construction sector continued to be impacted by measures to prevent real estate speculation. Despite this, the world's most important elevator and escalator market grew slightly in the reporting year – primarily in the residential construction segment. In contrast, the commercial sector continued to experience high vacancy rates and declining volumes, especially in mid-sized and smaller cities. Projects were delayed as a result of ongoing liquidity shortages among real estate developers. The Chinese market remained highly competitive – particularly in respect of major projects.

Schindler pursued its growth strategy and achieved above-market growth in the new installations business in this challenging environment. The service and modernization businesses generated high growth rates. On the campus in Jiading, Shanghai, Schindler opened a new escalator step plant, thereby completing its production infrastructure in China.

### India

In the reporting year, the Indian economy benefited from a good macroeconomic environment, policies aimed at promoting stability, and reforms such as the simplification of the tax system and measures to combat black market trading. The construction industry benefited from advancing urbanization as well as from investments in infrastructure and the construction of social housing. The commercial real estate sector also generated growth.

Schindler was able to benefit from these favorable conditions, achieving strong growth in the new installations business as well as in the service and modernization businesses. A new escalator plant was opened in Pune.

### Southeast Asia and Australia

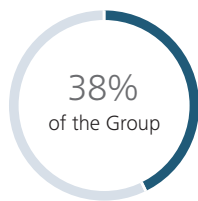
Markets in Southeast Asia displayed differing trends. Many markets were supported by continued urbanization and investments in infrastructure and social housing, while the commercial real estate sector displayed a downward trend.

Schindler performed in line with the market and achieved growth in the service and modernization businesses in particular.



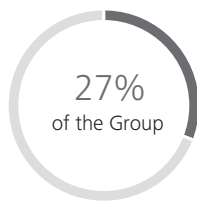
**Order backlog**  
in CHF million

3 305



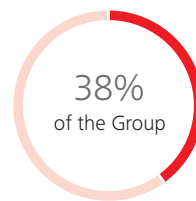
**Revenue**  
in CHF million

2 935



**Headcount**  
as of December 31

24 594



	2018	2017	Δ %	In local currencies
Revenue (in CHF million)	<b>2 935</b>	2 769	6.0	6.5
Number of employees	<b>24 594</b>	22 998	6.9	

- Production sites
- R&D, IT Services, Digital Business Hub

Countries with Schindler Group companies are shown below



## The Americas

Growth in the region was supported by the undiminished strength of the US market and signs of a recovery in Brazil.

### North America

The US construction sector experienced moderate growth. The continuing trend towards urbanization had a positive impact on the demand for apartment buildings. In the institutional buildings sector, an acceleration of activity was visible in the leisure and education segments in particular. In contrast, there was a slight slowdown in commercial properties, hotels, and shopping malls.

Against this backdrop, Schindler further strengthened its market position and increased order intake. Growth was supported by the sale of elevators such as the machine room-less model of the Schindler 3300 and the Schindler 5500 for the mid-rise segment.

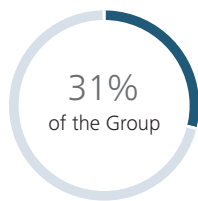
### Latin America

In most markets in Latin America, demand in the new installations business developed positively. After three years of recession and declining unit sales, demand in Brazil stabilized at a low level and the first signs of a recovery emerged.

Schindler achieved a positive performance, with an increase in order intake compared to the previous year. In Brazil, Atlas Schindler celebrated its centenary. Schindler succeeded in further improving its market position through product innovations and the continued development of services. In addition, the plant in Londrina was expanded to create a regional production and logistics hub.

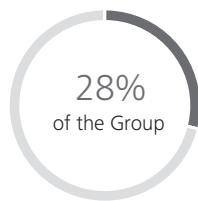
**Order backlog**  
in CHF million

2 683



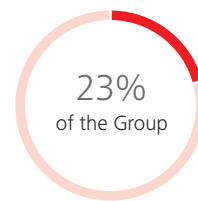
**Revenue**  
in CHF million

3 047



**Headcount**  
as of December 31

14 600



	2018	2017	Δ %	In local currencies
Revenue (in CHF million)	<b>3 047</b>	2 927	4.1	7.7
Number of employees	<b>14 600</b>	14 186	2.9	

- Production sites
- R&D, IT Services, Digital Business Hub

Countries with Schindler Group companies are shown below





## EMEA

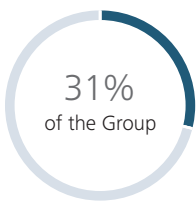
The positive trends in Northern and Southern Europe continued and Schindler generated growth in both new installations and the service business.

The construction industry in Northern Europe experienced strong levels of activity. However, the high degree of capacity utilization, high levels of employment, and the shortage of skilled workers on construction sites led to some challenges in the execution of projects. The development of the elevator and escalator market was generally very solid, driven primarily by residential construction. Growth slowed in the commercial real estate sector. In terms of regional developments, Germany displayed very positive trends, and most markets in Eastern Europe grew compared to the previous year. In the UK, uncertainty surrounding Brexit persisted. Markets in Southern Europe mainly benefited from the strong residential construction sector and experienced predominantly robust growth, with the exception of Turkey. Overall, the new installations business in the Middle East achieved growth, although developments varied between individual markets.

Schindler was able to benefit from the favorable operating conditions in Europe and further strengthened order intake. The service and modernization businesses generated a solid contribution and were supported by several acquisitions of smaller or mid-sized service companies. In the Middle East, Schindler also saw positive trends in the new installations and service businesses.

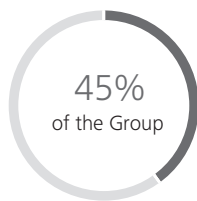
**Order backlog**  
in CHF million

2 630



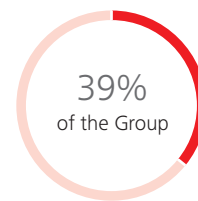
**Revenue**  
in CHF million

4 897



**Headcount**  
as of December 31

25 292



	2018	2017	Δ %	In local currencies
Revenue (in CHF million)	<b>4 897</b>	4 483	9.2	7.6
Number of employees	<b>25 292</b>	23 835	6.1	

- Production sites
- R&D, IT Services, Digital Business Hub
- Headquarters, Holding

Countries with Schindler Group companies are shown below



# Examples of significant orders

## Global business, local projects

Schindler's global business is the sum of numerous local projects. The overview on the following pages features examples of significant orders.

### Asia-Pacific

Beijing Daxing International Airport, China



172 elevators



62 moving walks



### Americas

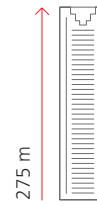
Scotia Plaza, Toronto, Canada



36 elevators



12 escalators



### EMEA

New Munch Museum, Oslo, Norway



8 elevators



16 escalators





**Pondok Indah Mall 3, shopping mall, Jakarta, Indonesia**  
44 elevators, including 16 Schindler 7000, 27 Schindler 5500, and 1 Schindler 2600



**Lulu Mall, shopping mall, Lucknow, India**  
20 Schindler 5500 elevators, 23 Schindler 9300 escalators, and 2 Schindler 9500 moving walks



**Beijing Daxing International Airport, Beijing, China**  
172 Schindler 5500 elevators and 62 Schindler 9500 moving walks



**Victoria Dockside, office building and hotel, Hong Kong SAR, China**  
64 elevators, including 27 Schindler 7000 and 36 Schindler 5500, as well as 2 Schindler 9300 escalators



**80 Collins Street, commercial building, Melbourne, Australia**  
40 elevators, including 9 double-deck Schindler 7000, 1 Schindler 7000, and 11 Schindler 5500, as well as 19 elevators modernized with The PORT Technology and 2 Schindler 9300 escalators





**Midtown, office and commercial building, Guadalajara, Mexico**  
28 elevators, including 4 Schindler 7000 and 24 Schindler 5500,  
as well as 28 Schindler 9300 escalators and 4 Schindler 9500 moving walks



**Scotia Plaza, commercial buildings, Toronto, Canada**  
36 elevators – of which 27 with The PORT Technology – and 12 escalators



**One Manhattan West, office building, New York, USA**  
41 elevators, including 39 Schindler 7000 – of which 30 with  
The PORT Technology, and 2 Schindler 5500



**Yachthouse Residence Club, residential buildings, Balneário Camboriú, Brazil**  
17 elevators, including 10 Schindler 7000 with The PORT Technology,  
2 Schindler 5500, and 5 Schindler 3300



**Comcast Technology Center, office building, Philadelphia, USA**  
44 elevators, including 31 Schindler 7000 –  
of which 26 with The PORT Technology,  
11 Schindler 5500, and 2 Schindler 330 A,  
as well as 10 Schindler 9300 escalators

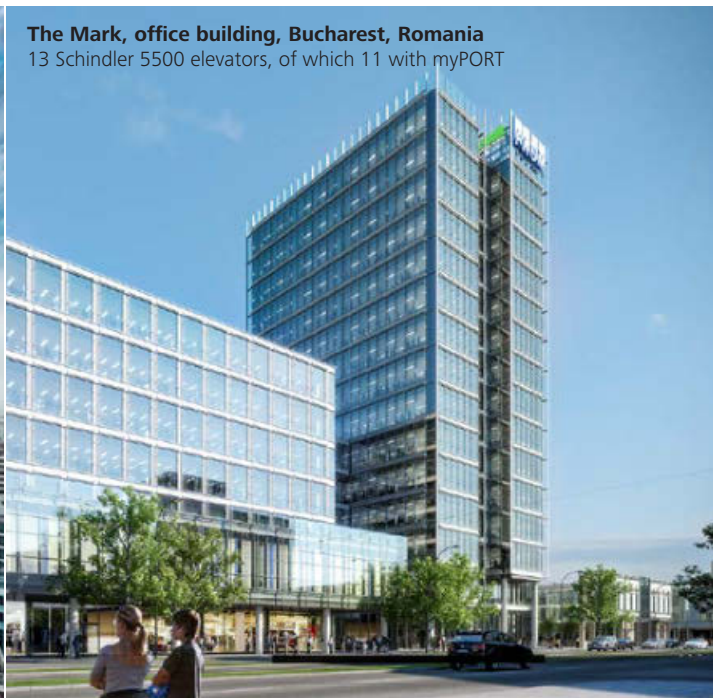




**One Crown Place, office and residential building, London, UK**  
17 elevators, including 16 Schindler 5500 – 11 with The PORT Technology



**The Mark, office building, Bucharest, Romania**  
13 Schindler 5500 elevators, of which 11 with myPORT



**New Munch Museum, Oslo, Norway**  
8 Schindler 5500 elevators and 16 Schindler 9300 escalators



Estudio Herreros / Kultur- og idrettsbygg Oslo KF

**Imperial Avenue, residential building, Dubai, United Arab Emirates**  
20 elevators, including 7 Schindler 7000, 7 Schindler 5500, and 6 Schindler 3300



**Matrix Office Park, office buildings, Zagreb, Croatia**  
8 Schindler 3300 elevators, including 2 with The PORT Technology





**Further significant orders by regions/territories in Asia-Pacific**

**Australia**

**Melbourne**

- M-City, residential buildings
- 405 Bourke Street, office building

**Perth**

- Forrestfield–Airport Link, various stations
- Westralia Square, office building

**Sydney**

- 4 Parramatta Square, office building
- Quay Quarter Tower, office building

**China**

**Beijing**

- Beijing Daxing International Airport
- Asian Infrastructure Investment Bank, headquarters, office building

**Changsha**

- Wuyue Plaza, shopping mall

**Chengdu**

- Chengdu Metro, line 5, various stations

**Cixi**

- Cixi Wuyue Plaza, shopping mall

**Foshan**

- Guotong Plaza, shopping mall

**Fuzhou**

- Shenglong Global Center, office and commercial building

**Hohhot**

- Hohhot Metro, line 1, various stations

**Jinan**

- Dongying Optics Valley Future City, office buildings

**Jingshan**

- Kangyuan Jin Zun Fu, residential buildings

**Jurong**

- Wuyue Plaza, shopping mall

**Linyi**

- Linyi Wuyue Plaza, shopping mall

**Nanjing**

- Wuyue Plaza, shopping mall

**Ningbo**

- Ningbo Metro, line 4, various stations

**Shanghai**

- Shanghai Metro, line 14, Pudong section, various stations

- Shanghai Zhenru Sub-Central Business District, office and commercial buildings

- S11 Block, villas

**Shenzhen**

- Shenzhen International Convention and Exhibition Center

- Dazu Laser Intelligent Manufacturing Center, office building

**Shenyang**

- Shenyang Metro, line 10, various stations

**Shijiazhuang**

- Shijiazhuang Metro, line 3, various stations

**Suzhou**

- Luneng Taishan No. 9, villas

**Tianjin**

- Tianjin Rong Jin Ting Lan Yuan, residential buildings

**Xuzhou**

- Xuzhou Metro, line 1, various stations

**Zhengzhou**

- Phoenix, blocks B and C, residential buildings

**Hong Kong SAR**

- Yau Tong In Land, No. 44, residential buildings

- Yuen Long Town, lot 510, residential buildings

- Ap Lei Chau Residential, lot 136, residential building

- One and Two Pacific Place, commercial buildings

- Jardine House, commercial building

**Macau SAR**

- Concordia, lot 9, residential building

**Taiwan region**

- Xing Fu Fa, residential buildings, Kaohsiung

- Taichung Shuinan A-MART, commercial building, Taichung

- Fubon Changchun Hotel, Taipei

- Honhui Group, projects I-TOWER, Honhui Rueiguang Plaza, Hyatt Place, Honhui Plaza, Taipei

**India**

**Allahabad**

- Allahabad Airport

**Bangalore**

- Pura West End, residential buildings

- DivyaSree Technopark SEZ, commercial buildings

- Suncity Gloria & Arcadia, residential buildings

**Hubballi**

- Akshay Sky Mall, shopping mall

**Nagpur**

- Nagpur Metro, various stations

**Noida**

- Greater Noida Metro Rail, various stations

**Lucknow**

- Lulu Mall, shopping mall

**Indonesia**

**Bali**

- Hotel Shangri-La Villa

**Batam**

- Grand Batam, shopping mall

**Cikarang**

- Chadstone Cikarang, residential building

**Jakarta**

- Transpark, projects Transpark Cibubur, Transpark Bekasi, Transpark Bintaro, and Trans Studio Bali, commercial buildings

- Rajawali Place, commercial building

- Sawangan Mall, shopping mall

- Pondok Indah Mall 3, shopping mall

**Malaysia**

**Klang**

- KSL City Mall, shopping mall

**Kuala Lumpur**

- Bukit Jalil Mall, Pavilion, shopping mall

- Triterra Metropolis, office buildings

- Metropolis 7B2, multi-functional buildings

- Ibarat Duta Solaris 3, residential buildings

- Majestic Maxim Cheras, residential buildings

- Sunway Avila, residential buildings

- Sunway Velocity Two, multifunctional buildings

- TRX Mall, shopping mall

- TRX Affin Bank, commercial building

**Muara Selatan**

- KTCC Mall, shopping mall

**Nilai**

- GD Pavilion, residential buildings

**Petaling Jaya**

- Uptown 8 Tower, office building

## New Zealand

### Auckland

- Westfield 277, Newmarket, commercial buildings

### Christchurch

- Christchurch Convention Centre

### Wellington

- Bowen Campus, Bowen State Building, and Charles Fergusson Tower, office and commercial buildings

## Philippines

### Caticlan

- Marriott Hotel

### Clark Global City

- West Aeropark, phase 2, office buildings
- Widus Tower 4, expansion, hotel and casino

### Paranaque

- Grand Westside Hotel

## Singapore

- Mandai, bird park
- Woodlands Health Campus, hospital
- Parc Esta, residential buildings

## South Korea

### Bucheon

- Queen's Park Bucheon Okgil, complex mall

### Suwon

- Suwon Convention Center

## Thailand

### Bangkok

- Rama 4 Home Office, commercial buildings
- The Obsidian, residential buildings
- Muang Thai Office at Sukhumvit Road, office building
- Intrarat Hospital
- Oriental Residence Bangkok, commercial building

### Chiang Mai

- The New Concept Pool Villa Garden View, residential buildings

### Nakhon Sawan

- Radiation & Surgery Building, hospital

## Vietnam

### Hanoi

- To Hop TM, VP Va Nha O De Dan, residential buildings
- Starlake, residential buildings
- Sunshine Center, phases 1 & 2, residential buildings

### Ho Chi Minh City

- Pmh Cr 1 and 2, phase 2, commercial building
- Coop Mart, shopping mall
- Alpha 2–4, residential buildings
- Vinhomes Central Park, residential buildings
- Khu Nha O Xa Hoi Hung Phat, residential buildings
- The Sun, residential building

### Nha Trang

- Swisstouches La Luna Resort, hotel

## Further significant orders in the Americas

### Brazil

#### Brasilia

- Banco do Brasil, headquarters, office buildings

#### Rio de Janeiro

- Centro Empresarial Cidade Nova – Teleporto, commercial building

#### São Paulo

- Parque da Cidade, Gleba B, office buildings
- Tri Mais Hiper Center, shopping mall and office building

### Canada

#### Toronto

- City of Toronto, various municipal government properties, maintenance contract

### Colombia

#### Barranquilla

- Marriott Hotel

#### Bogotá

- Caracas Avenida Apartamentos, residential buildings
- Secretaría Distrital de Hacienda, commercial buildings, modernization

#### Cali

- Condomino La Gran Via, residential buildings

#### Medellín

- CROSS Business Center, office and commercial building
- SWISS Living Suites, residential buildings, maintenance contract

#### Various cities

- Cencosud Columbia S.A., commercial buildings, maintenance contract

### Mexico

#### Mexico City

- Distrito Santa Fe, office and commercial buildings

#### Monterrey

- Torre Loma Larga, office and commercial buildings

#### Riviera Maya

- The Waldorf Astoria Hotel
- Hilton Riviera Maya Hotel

### USA

#### Bal Harbour, FL

- Bal Harbour Shops, shopping mall, maintenance contract

#### Charlotte, NC

- Atrium Health, hospital, maintenance contract
- Spectrum Center, sports arena, maintenance contract

#### Chicago, IL

- 321 North Clark, office building, modernization and maintenance

#### Frisco, TX

- Dallas Cowboys World Headquarters, maintenance contract

#### Huntington Beach, CA

- Pacific City, shopping mall, maintenance contract

#### Las Vegas, NV

- Miracle Mile Shops at Planet Hollywood Resort & Casino, shopping mall, maintenance contract

#### Los Angeles, CA

- Los Angeles International Airport, Terminal 1.5, Southwest Airlines

#### Milwaukee, WI

- Milwaukee Center Tower, office building, modernization

#### New York, NY

- 335 Madison Avenue, office building, modernization
- One Penn Plaza, commercial building, new installation and modernization

#### Orlando, FL

- Hyatt Regency Grand Cypress Hotel, maintenance contract

#### Philadelphia, PA

- Comcast Technology Center, office building, maintenance contract

#### Salt Lake City, UT

- Salt Lake City International Airport, North Concourse, phase I

#### Santa Ana, CA

- MainPlace Mall, shopping mall, maintenance contract

#### Virginia

- George Mason University, maintenance contract

#### Nationwide

- Aimbridge Hospitality, hotel, maintenance contract
- E&I Cooperative Services, various colleges/high schools, maintenance contract
- JCPenney, retail stores, maintenance contract



## Further significant orders in EMEA

<p><b>Austria</b></p> <p><b>Steyr</b></p> <ul style="list-style-type: none"> <li>– Hey Steyr, shopping mall</li> </ul>	<p><b>France</b></p> <p><b>Lyon</b></p> <ul style="list-style-type: none"> <li>– La Part-Dieu, commercial building</li> </ul> <p><b>Narbonne</b></p> <ul style="list-style-type: none"> <li>– Clinique Le Languedoc, hospital/medical facility</li> </ul> <p><b>Neuilly-sur-Seine</b></p> <ul style="list-style-type: none"> <li>– Clinique de Neuilly, hospital</li> </ul> <p><b>Paris</b></p> <ul style="list-style-type: none"> <li>– Paris Expo, Pavilion 6</li> <li>– Boccador, shopping mall</li> </ul> <p><b>Saint-Étienne</b></p> <ul style="list-style-type: none"> <li>– Le Steel, office buildings</li> </ul>	<p><b>Latvia</b></p> <p><b>Riga</b></p> <ul style="list-style-type: none"> <li>– Gustava Zemgala, office building</li> <li>– Alfa, shopping mall</li> </ul>	<p><b>Romania</b></p> <p><b>Bucharest</b></p> <ul style="list-style-type: none"> <li>– Blue Rose Office Park, office buildings</li> <li>– Ana Tower, office building</li> <li>– IKEA, shopping mall</li> </ul>	<p><b>Spain</b></p> <p><b>Barcelona</b></p> <ul style="list-style-type: none"> <li>– Finestrelles, shopping mall</li> </ul> <p><b>Madrid</b></p> <ul style="list-style-type: none"> <li>– Riu Hotels &amp; Resorts</li> <li>– Julián Camarillo, office building</li> <li>– Centro Canalejas, commercial building</li> <li>– Ritz Hotel</li> <li>– Torre Rioja, office building</li> </ul> <p><b>Various cities</b></p> <ul style="list-style-type: none"> <li>– Vithas, hospitals, maintenance contract</li> </ul>	<p><b>United Arab Emirates</b></p> <p><b>Abu Dhabi</b></p> <ul style="list-style-type: none"> <li>– Soho Square, multiuse building</li> </ul> <p><b>Dubai</b></p> <ul style="list-style-type: none"> <li>– Al Mamzar Park Hotel</li> <li>– Imperial Avenue, residential building</li> <li>– Town Square development 35, four residential towers</li> <li>– Silicon Oasis, Avenues Mall, shopping mall</li> <li>– Bluewaters Development, multiuse building, maintenance contract</li> <li>– Duja Tower, residential building, maintenance contract</li> </ul>
<p><b>Bulgaria</b></p> <p><b>Sofia</b></p> <ul style="list-style-type: none"> <li>– Sky Fort, office building</li> </ul>		<p><b>Lithuania</b></p> <p><b>Vilnius</b></p> <ul style="list-style-type: none"> <li>– Saltoniškių 7, phase 3, office building</li> <li>– Ukmergės 219, office building</li> <li>– Santaros klinikos, hospitals, modernization</li> </ul>	<p><b>Serbia</b></p> <p><b>Belgrad</b></p> <ul style="list-style-type: none"> <li>– Ada Mall, shopping mall</li> </ul>		
<p><b>Czech Republic</b></p> <p><b>Prague</b></p> <ul style="list-style-type: none"> <li>– Bořislavka, shopping mall, office, and commercial buildings</li> <li>– Telehouse, office building</li> <li>– Churchill, residential buildings</li> </ul> <p><b>Vimperk</b></p> <ul style="list-style-type: none"> <li>– Město Vimperk, residential buildings</li> </ul>	<p><b>Germany</b></p> <p><b>Dresden</b></p> <ul style="list-style-type: none"> <li>– Bosch, industrial buildings</li> </ul> <p><b>Hamburg</b></p> <ul style="list-style-type: none"> <li>– Olympus Campus, office buildings</li> </ul> <p><b>Karlsruhe</b></p> <ul style="list-style-type: none"> <li>– KASIG, public transport</li> </ul> <p><b>Nationwide</b></p> <ul style="list-style-type: none"> <li>– Deutsche Bahn, various stations</li> </ul>	<p><b>Netherlands</b></p> <p><b>Amsterdam</b></p> <ul style="list-style-type: none"> <li>– Schiphol Airport</li> </ul>	<p><b>Slovakia</b></p> <p><b>Bratislava</b></p> <ul style="list-style-type: none"> <li>– Sky Park, residential buildings</li> <li>– Rezydencia Nido, residential buildings</li> </ul>	<p><b>Switzerland</b></p> <p><b>Basel</b></p> <ul style="list-style-type: none"> <li>– Roche, Bau 2, office building</li> <li>– Roche, research and development buildings</li> <li>– Roche, BSN, service buildings</li> </ul> <p><b>Berne</b></p> <ul style="list-style-type: none"> <li>– V-Bahn, railway station</li> </ul> <p><b>Zurich</b></p> <ul style="list-style-type: none"> <li>– Police and judicial administration building, office building</li> </ul>	
<p><b>Croatia</b></p> <p><b>Zagreb</b></p> <ul style="list-style-type: none"> <li>– Matrix Office Park, office buildings</li> </ul>		<p><b>Poland</b></p> <p><b>Szczecin</b></p> <ul style="list-style-type: none"> <li>– Posejdon, shopping mall, hotel, and commercial buildings</li> </ul> <p><b>Warsaw</b></p> <ul style="list-style-type: none"> <li>– Galeria Młociny, shopping mall</li> </ul> <p><b>Zielona Góra</b></p> <ul style="list-style-type: none"> <li>– SM Zielonogórska, residential buildings</li> </ul>	<p><b>Slovenia</b></p> <p><b>Ljubljana</b></p> <ul style="list-style-type: none"> <li>– Šiška, shopping mall</li> <li>– Citypark, shopping mall</li> </ul>		<p><b>United Kingdom</b></p> <p><b>London</b></p> <ul style="list-style-type: none"> <li>– 80 Fenchurch Street, commercial building</li> <li>– One Braham, commercial building</li> <li>– 60 Curzon Street, residential building</li> <li>– Triton Square, commercial building</li> <li>– Blackwall Reach Poplar, residential building</li> <li>– Abbey Wharf Barking, residential building</li> <li>– Victoria Way, residential building</li> </ul>
<p><b>Egypt</b></p> <p><b>Giza</b></p> <ul style="list-style-type: none"> <li>– Arkan Plaza, extension, shopping mall, hotel, office, and residential buildings</li> </ul> <p><b>New Cairo</b></p> <ul style="list-style-type: none"> <li>– 90 Avenue, residential buildings</li> <li>– Madinaty 8 and Madinaty B10, residential buildings</li> <li>– Sodic Easttown, block B, residential buildings</li> </ul> <p><b>New Giza</b></p> <ul style="list-style-type: none"> <li>– Jasper Wood and Jasper Lake, residential buildings</li> </ul>	<p><b>Italy</b></p> <p><b>Milan</b></p> <ul style="list-style-type: none"> <li>– Metro, line 4, various stations</li> <li>– Fiera Milano, expo area</li> <li>– Porta Nuova Bonnet Tower, office building</li> </ul> <p><b>Naples</b></p> <ul style="list-style-type: none"> <li>– Hilton Hotel</li> </ul> <p><b>Turin</b></p> <ul style="list-style-type: none"> <li>– Eataly Green Pea, supermarket</li> </ul> <p><b>Cruise ships</b></p> <ul style="list-style-type: none"> <li>– 6 cruise ships for Viking Cruises, Holland-America Line, Norwegian Cruise Line, MSC</li> </ul>	<p><b>Portugal</b></p> <p><b>Almada</b></p> <ul style="list-style-type: none"> <li>– Almada Forum, shopping mall, maintenance contract</li> </ul> <p><b>Coimbra</b></p> <ul style="list-style-type: none"> <li>– Universidade de Coimbra, maintenance contract</li> </ul> <p><b>Porto</b></p> <ul style="list-style-type: none"> <li>– NorteShopping, shopping mall</li> </ul> <p><b>Madeira</b></p> <ul style="list-style-type: none"> <li>– Instituto Segurança Social da Madeira, public building, maintenance contract</li> </ul>	<p><b>South Africa</b></p> <p><b>Cape Town</b></p> <ul style="list-style-type: none"> <li>– Eskom, headquarters, office building, modernization</li> </ul> <p><b>Johannesburg</b></p> <ul style="list-style-type: none"> <li>– Steyn City, residential and office buildings</li> <li>– 144 Oxford Rd, office buildings</li> <li>– Deloitte Head Office, office building</li> <li>– Sandton City, shopping mall</li> </ul>	<p><b>Turkey</b></p> <p><b>Ankara</b></p> <ul style="list-style-type: none"> <li>– Başkent Emlak Konutları, residential buildings</li> </ul> <p><b>Istanbul</b></p> <ul style="list-style-type: none"> <li>– Pendik–Sabiha Gökçen Airport metro line, various stations</li> <li>– Media Center, press center and office buildings</li> <li>– Yedi Mavi, residential buildings</li> <li>– IFM Vakıf GYO, office buildings</li> </ul> <p><b>Izmir</b></p> <ul style="list-style-type: none"> <li>– Hilltown, shopping mall</li> </ul>	

# Innovation and technology

By 2030, the world's urban population will increase by around one billion. Schindler is prepared for this next phase of global urbanization. The company is anticipating the needs of people and is putting in place structures and technical innovations to enable better quality of life – benefitting people who want to lead a safe, pleasant, and comfortable life in constantly expanding cities.

Schindler is driving forward the digital transformation of elevators, escalators, and moving walks. Every phase in the life cycle of a unit is being digitized:

- The design, engineering, and production phases with 'Digital Twin' and Building Information Models (BIM)
- Installation and the construction process with R.I.S.E
- Control and functionality with The PORT Technology
- Maintenance, safety, design, and engineering with 'Schindler Ahead'

As a global company, Schindler can develop new technologies simultaneously in multiple R&D centers around the world. The way Schindler thinks and acts is interconnected. All data and information are shared and are accessible to all of its centers of expertise at all times. Employees have state-of-the-art technology at their fingertips and they are invited to contribute their own ideas. This makes Schindler an attractive employer that offers an exciting platform for talented professionals from around the globe.



1, 2 New technologies are simultaneously developed and tested around the world



### Digital Twin – a digital avatar

Every elevator and every escalator will have a digital virtual twin. A 'Digital Twin' is a data set that contains a digital replica of a unit that physically exists. It includes all the information of an installation about processes and systems that is needed for the specification, construction, manufacturing, installation, and maintenance of the unit through its entire life cycle. In 'Digital Twins', all the actions and procedures involving the unit are coupled with the real life product. This leads to optimized processes and shorter development times since the elevators and escalators that are to be developed can already

undergo virtual testing in every possible form at an earlier stage. All instructions, parts, and maintenance activities are recorded digitally for each specific unit and are fully traceable – allowing for more flexible production and more efficient maintenance.

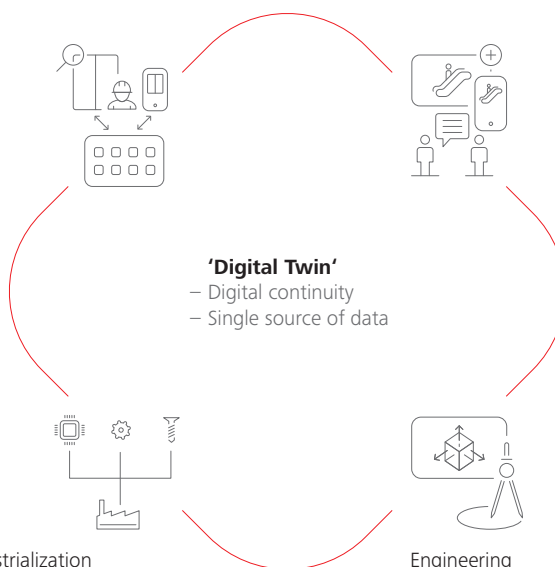
'Digital Twin' integrates elevators and escalators into Building Information Models (BIM) – during the construction phase and throughout the building's life cycle, including the project management, cost management, and building management phases, as well as the operation of the unit.

#### Installation and maintenance

- Accurate data for every installation
- Paperless instruction to the field
- Permanent monitoring
- Feedback and solution of quality problems

#### Sales and ordering

- Visualization of options
- Configuration to customer requests
- BIM (Building Information Model)



#### Industrialization and supply chain

- Synchronized data flow
- Supplier integration
- Process simulation and optimization

#### Engineering

- CAD, 3D methodology
- Simulation and virtual testing
- Requirement engineering
- Design for manufacturing, installation and maintenance



### R.I.S.E – robots for tough jobs

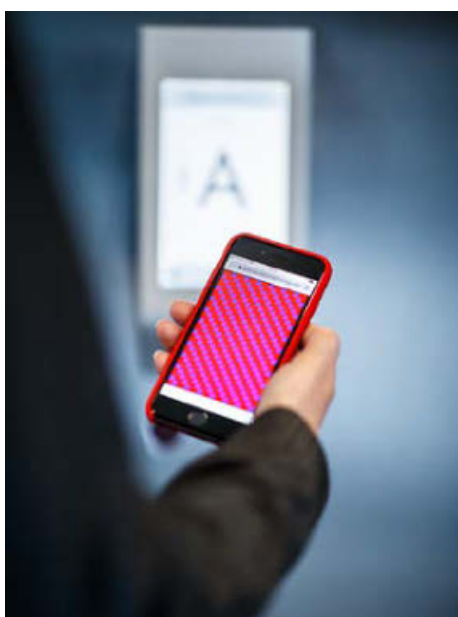
Schindler has launched a breakthrough Robotics Installation System for Elevators (R.I.S.E). The autonomous and self-climbing robots facilitate the safe and precise installation of elevators, especially in high-rise buildings. Working with universities and industry partners, the R.I.S.E team has automated repetitive, physically demanding work. The robots drill holes in concrete walls and set anchor bolts that give greater precision when installing guide rails. The system is suitable for use in demanding working conditions and significantly increases employee safety. The available prototype solution will now be industrialized and tested with selected customers.



R.I.S.E in operation

R.I.S.E consists of a lightweight platform carried by the robot, an autonomously controlled winch that lifts the platform, and a brace system that the robots can lock between the walls to create a stable position for their work. A laser scanner records the robot's position in the shaft before it begins drilling.

The innovative high-tech R.I.S.E marks a breakthrough in the digitization of the elevator business through the robotization of construction processes and by creating a digital connection between planning and execution. At the same time, it leads to security and quality improvements on construction sites while optimizing installation times.



Access is provided using video color coding

### myPORT – the portable intelligent traffic management system

Thanks to a specific smartphone app, user access, navigation, and transportation through a building can be individually defined and customized.

myPORT is based on the PORT Transit Management System that intelligently combines traffic management with access control within buildings, allowing for a time saving of up to 40% during passenger embarking and disembarking. When authorized building occupants identify themselves at the entrance to the building using their smartphone, they can then follow the optimal route through the building to reach their destination floor.

myPORT is designed as a modular system that can be tailored to all needs – rapidly, securely, and individually. Even visitors invited to the building receive a temporary access code (video color code) via instant messaging that they can use as soon as they reach the entrance and as they move through the building to reach their destination floor. myPORT has already been installed in many buildings around the world.

### Schindler Ahead – the networked ecosystem

The cloud-based digital platform 'Schindler Ahead' is the world's first digitally connected closed-loop maintenance, emergency, and information system for elevators and escalators. This powerful machine-learning-supported system offers a predictive maintenance service for customers. It increases the availability of the units (Uptime) and accelerates product development. In addition, 'Schindler Ahead' enables customers, service technicians, and customer contact centers to access information (Insights) in real time, and a range of personalized solutions ensures greater convenience for passengers.

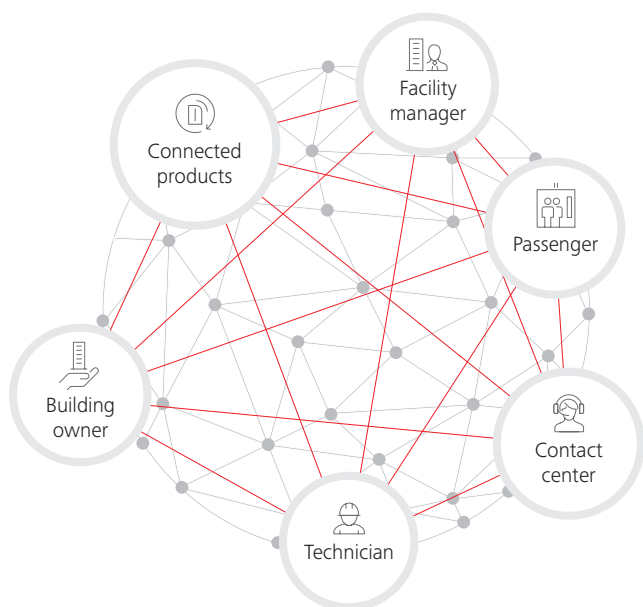
At its center is the 'Ahead Cube,' a smart communication gateway installed on each connected unit. The 'Ahead Cube' runs analytics and transmits data. Over-the-air (OTA) functionality ensures that the product is always up to date.

'Schindler Ahead' can connect elevators and escalators from all manufacturers and brands – an attractive prospect.

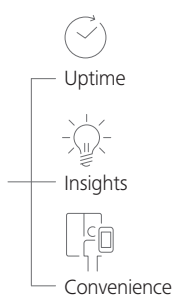
### InTruss – the inner structure preserved

This technology enables existing escalators to be upgraded with minimal downtime. During the modernization process, the existing 'skeleton' is retained and only aged parts are replaced. The escalator is then equipped with state-of-the-art technology and electronic systems. This proprietary approach means that construction work is minimized and customers can regain use of their equipment with minimal downtime. In addition, the performance and energy efficiency of the unit – and its entire aesthetics – are improved.

#### Closed loop system



#### Customer benefits



Modernization of an escalator using 'InTruss'



# Sustainability

Schindler moves more than one billion people each day. And not just vertically – we connect people in a variety of ways. We contribute to mobility in the urban world and make everyday life easier. With our products and services, we have our finger directly on the pulse and shape the way people live today – and will live in the future. Schindler strives to minimize its use of natural resources, invest in people, and ultimately make a positive contribution to society. We want to create value for people and permanently improve the quality of life in cities.

To achieve these objectives, our sustainability strategy focuses on six areas in which we can generate the greatest possible impact. Schindler's effort has been recognized with the inclusion in the SXI Switzerland Sustainability 25® Index on the SIX Swiss Exchange, which is composed of the 25 most sustainable companies on the SMI Expanded Index. Schindler also subscribes to the Carbon Disclosure Project (CDP).

The Sustainability Report produced in accordance with GRI guidelines is available under: [www.schindler.com/about-schindler/sustainability](http://www.schindler.com/about-schindler/sustainability)

## Six priorities





### Enhance safety

Passenger and employee safety is one of our company's core values. More than one billion passengers and more than 64 000 employees put their trust in Schindler each day. We work hard to guarantee and continuously improve the safety of our products. The same applies to safety at work. Our objective is to increase safety in the workplace and to reduce the 'total case rate' by a further 20% by 2022.

### Attract diverse talents

Schindler promotes an inclusive culture in which we value our employees, with their different backgrounds, skills, and ideas. To further increase this diversity and measure the progress achieved, we have established a Diversity Council across all geographic regions. Schindler also launched 'Women in Leadership' – a program to increase the number of women in management positions. Within our pipeline of candidates for leadership positions, we want to increase the proportion of women to 25% by 2022 and in addition we want to provide a work environment where our employees find the right balance between their professional commitments and their personal interests. As a global company, we address diversity in all its forms. Gender diversity has been identified as an immediate objective and we intend to expand the scope of our initiatives.

### Create value in communities

Schindler not only moves people. We also assume our social responsibility with a coordinated focus in three main areas:

#### Vocational education and training –

To achieve our ambitious growth targets, Schindler is partnering with government bodies to invest in the next generation of professionals. More than 30 programs are underway to help 2 000 young people from around the globe to begin a career and improve their career opportunities. We also support education outside the company, with programs such as 'Igniting Minds' in India.



In Switzerland, around 80 Schindler apprentices complete their vocational education each year.

**Employee volunteering** – Our employees are directly engaged in their local communities. We encourage them to engage in volunteering and to inspire others through their work.

**Donations** – Schindler supports a variety of projects around the world and promotes the further development of local communities.

#### Partnership with Habitat for Humanity® in the USA and India

Inspired by the successful project carried out in Morristown, New Jersey, USA, in 2017, employees in New Holland, Ohio, USA, volunteered to work on renovation projects with their local Habitat for Humanity® organization. In India, Schindler employees spent their vacation building five homes in New Delhi as part of the Schindler volunteering project 'Evolve.'

#### Tour de Schindler – cycling to support the fight against cancer

The Tour de Schindler 2018 attracted 22 cyclists who covered a total distance of 830 kilometers from The Hague to Berlin, cycling between 150 and 330 kilometers each day. Schindler employees pedaled across Europe in support of a good cause, as they do each year. As part of this event, Schindler and the participants donated to cancer support groups in Germany and the Netherlands.

#### Schindler 'Igniting Minds' scholarship program in India

In India, Schindler has launched an award-winning program – 'Igniting Minds' – to promote the technical training of young people. Scholarships are awarded to talented students at engineering and ITI colleges – with more than 700 graduates having benefited to date. Schindler wants to award 1 000 scholarships by 2020.



#### Jardine Schindler supports projects in Myanmar and Vietnam

Children living in a village in Myanmar were able to reach for paintbrushes themselves to paint their new school thanks to the 'Paint the School Day' initiative financed by Jardine Schindler and two local NGOs. In Hanoi, volunteers from the local Schindler branch collected clothing, food, toys, and books to help families in the remote region of Yen Lap.

**Pioneer smart urban mobility**

With ideas and solutions focused on the future, Schindler is a pioneer in the field of intelligent mobility.

The digitization of the business is well underway. The Internet of Things (IoT) connects buildings with people and opens the way for a whole series of new products and services. Our response to digital change is 'Schindler Ahead', which today already offers intelligent digital solutions and connects our elevators and escalators with passengers, service technicians, and customer contact centers. Schindler will continue to drive forward smart urban mobility and by 2022 over half a billion people per day will travel on our digitally connected elevators and escalators.



The 'Ahead ActionBoard' provides customers with greater transparency about their units.

**Lower vehicle fleet emissions**

The installation, maintenance, and modernization of elevators and escalators is an important part of our business as a service provider. Schindler has a global fleet of around 23 000 cars, which accounts for the majority of our direct energy consumption. Service vehicles are continuously being replaced with more environmentally friendly models, and technological advances are rapidly incorporated into the fleet. Service technicians use digital tools to optimize their routes to destinations – generating further reductions in emissions. Alternative transport solutions such as public transport, car sharing, and even bicycles form part of our logistics concept. Our target is to reduce fleet CO<sub>2</sub> emissions by 25% by 2022 compared to 2017 levels.



In Shenzhen's inner city, service technicians cycle to their destination.

**Increase sustainability performance of suppliers**

Schindler wants to achieve continuous improvements in the sustainability of the supply chain. We systematically evaluate suppliers based on their environmental, labor, and business practices, and we work with them to develop long-term improvement plans. By 2022, we will have independent sustainability assessments for all suppliers accounting for 75% of our component purchases.



### Thinking ahead – acting today: With Swissloop, Schindler supports a futuristic transport concept

Travel from one city to the next at a speed of 1 200 kilometers per hour – is this science fiction or soon a reality? Hyperloop is a new type of mobility concept that allows passengers to travel through vacuum tubes in magnetic levitation pods – without generating any carbon emissions. In 2018, ‘Swissloop’ – a team of talented students from Swiss universities – took part in the Hyperloop Pod Competition to build the fastest pod. The team was supported by the Schindler vocational training team in Ebikon, Switzerland. As part of their training, Schindler apprentices produced almost 200 molded parts for the Swissloop pod. Schindler fosters exceptional commitment and forward-thinking among young people. This is the only way of creating pioneering approaches for smart urban mobility.



Members of the Swissloop team and Schindler apprentice Timo Lindegger examine components produced by Schindler's vocational training team.

### We care about the safety of our employees

Safety is the most important value. Workshops known as ‘Schindler Safety and Health Awareness Days,’ which are regularly held at Schindler branches around the world, play a key role.

At these workshops, employees learn to regard their safety as a personal asset and they practice a feedback culture among colleagues. These events encourage them to think about risks and potential consequences, and to reflect and improve on their own personal conduct – not only in the workplace but also when they are on the move or at home.



# Information for our shareholders

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63 Five-year overview

66 Key figures registered share/participation certificate

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# Five-year overview

In CHF million	2018	Δ %	2017	Δ %	2016	Δ %	2015	Δ %	2014	Δ %
<b>Order intake and order backlog</b>										
Order intake	11 669	6.2	10 989	5.9	10 374	4.1	9 967	-0.1	9 979	5.5
Δ % in local currencies	6.6		5.5		4.6		4.6		7.8	
Order backlog	8 618 <sup>1</sup>	6.3	8 106 <sup>1</sup>		10 004	6.8	9 364	1.1	9 263	20.0
Δ % in local currencies	9.7				6.5		7.9		15.4	
<b>Income statement</b>										
Revenue	10 879	6.9	10 179	5.1	9 683	3.1	9 391	1.6	9 246	4.9
Δ % in local currencies	7.3		4.6		3.6		6.7		7.3	
Operating profit (EBIT)	1 269 <sup>2</sup>	6.9	1 187 <sup>2</sup>	4.8	1 133 <sup>2,4</sup>	13.1	1 002 <sup>2</sup>	-12.0	1 138 <sup>2,6</sup>	27.0
in %	11.7		11.7		11.7		10.7		12.3	
Net profit	1 008		884		823		747		902	
Net profit before exceptional items	948 <sup>3</sup>		884		766 <sup>4,5</sup>		747		740 <sup>6,7</sup>	
Research and development cost	178 <sup>8</sup>		170 <sup>8</sup>		148 <sup>8</sup>		138		134	
<b>Balance sheet</b>										
Net liquidity	2 231		2 147		2 455		1 935		2 375	
Net working capital	-455		-467		-776		-791		-706	
Total equity	3 743		3 268		2 847		2 357		2 971	
in % of total assets	37.5		37.9		34.3		28.5		33.3	
Return on equity (in %)	28.8		28.9		31.6		28.0		32.8	
Return on equity before exceptional items (in %)	27.0		28.9		29.4		28.0		27.7	
<b>Cash flow statement</b>										
Cash flow from operating activities	1 005		810		929		1 076		902	
Investments in property, plant, and equipment	245		227		189		183		183	

<sup>1</sup> With the implementation of IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018, the order backlog is reported net of already recognized revenue for contracts with customers. Previous-year figures have been restated accordingly.

<sup>2</sup> Restructuring costs 2018: CHF 26 million, 2017: CHF 35 million, 2016: CHF 27 million, 2015: CHF 29 million, 2014: CHF 40 million

<sup>3</sup> One-time tax refund CHF 60 million (income taxes CHF 33 million, net interest income CHF 27 million)

<sup>4</sup> Gain on sale of operations in Japan: CHF 50 million (CHF 31 million after taxes)

<sup>5</sup> Revaluation gain ALSO participation: CHF 26 million

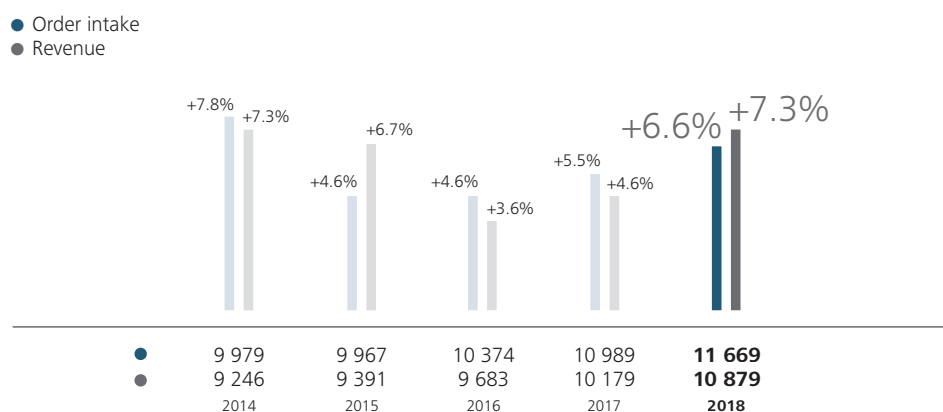
<sup>6</sup> XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain: CHF 145 million, gain on sale of Mall of Switzerland development project: CHF 82 million (CHF 75 million after taxes), impairment of intangible assets: CHF 21 million (CHF 18 million after taxes)

<sup>7</sup> Hyundai Elevator Co. Ltd. impairment: CHF 40 million

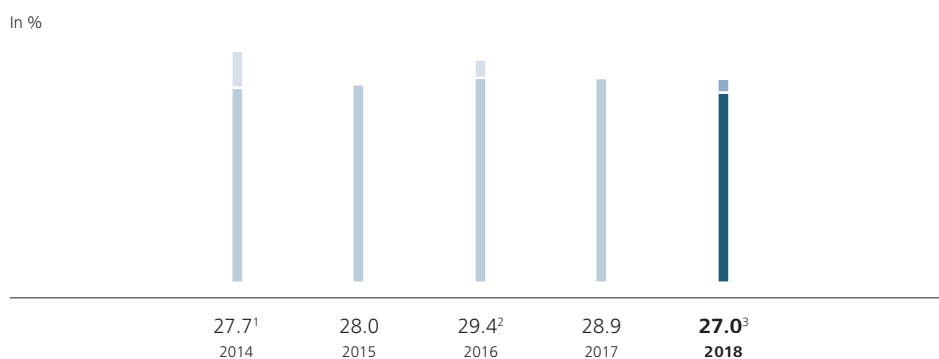
<sup>8</sup> Restated following change in cost definition

	2018	In %	2017	In %	2016	In %	2015	In %	2014	In %
<b>Revenue by region (in million CHF)</b>										
Asia-Pacific	2 935	27	2 769	27	2 788	29	2 756	29	2 360	25
Americas	3 047	28	2 927	29	2 726	28	2 636	28	2 578	28
EMEA	4 897	45	4 483	44	4 169	43	3 999	43	4 308	47
<b>Total</b>	<b>10 879</b>	<b>100</b>	10 179	100	9 683	100	9 391	100	9 246	100
<b>Number of employees by region</b>										
Asia-Pacific	24 594	38	22 998	38	21 480	37	20 754	37	18 903	35
Americas	14 600	23	14 186	23	13 801	24	13 728	24	13 369	25
EMEA	25 292	39	23 835	39	22 990	39	22 280	39	21 937	40
thereof Switzerland	4 812	7	4 711	8	4 741	8	4 716	8	4 600	8
<b>Total</b>	<b>64 486</b>	<b>100</b>	61 019	100	58 271	100	56 762	100	54 209	100
<b>Number of employees by business area</b>										
Production	4 798	7	4 489	7	4 321	7	4 342	8	4 165	8
Installation and maintenance	37 581	59	35 670	59	33 679	58	32 578	57	31 010	57
Engineering, Sales, Administration	22 107	34	20 860	34	20 271	35	19 842	35	19 034	35
<b>Total</b>	<b>64 486</b>	<b>100</b>	61 019	100	58 271	100	56 762	100	54 209	100

### Growth rate in local currencies



### Return on equity before exceptional items



<sup>1</sup> After exceptional items: 32.8%

<sup>2</sup> After exceptional items: 31.6%

<sup>3</sup> After exceptional items: 28.8%



**Definition on non-GAAP items used in this report**

The financial information included in the Group Review comprise certain non-GAAP measures, which are not accounting measures as defined by IFRS. They are solely used by management for setting goals and measuring the Group's performance. The non-GAAP measures may not be comparable to similar measures of other companies and they should not be viewed as a substitute for IFRS measures.

<b>Number of employees</b>	The number of employees is defined as full-time equivalent employees (FTE).
<b>Order intake</b>	Includes all product lines, new installations, modernization, repairs, and maintenance.
<b>Order backlog</b>	Includes all open customer contracts, net of already recognized revenue for contracts with customers.
<b>Return on equity (RoE)</b>	RoE is defined as net profit divided by the average total equity. The average is based on the opening and closing balance of the period.
<b>Net liquidity</b>	+ Cash and cash equivalents + Current financial assets + Non-current financial assets (excluding investment in Hyundai Elevator Co. Ltd.) – Current financial debts – Non-current financial debts
<b>Net working capital</b>	+ Accounts receivable + Income tax receivable + Contract assets + Inventories + Prepaid expenses and accrued income – Accounts payable – Income tax payable – Contract liabilities – Accrued expenses and deferred income
<b>Restructuring costs</b>	Include costs related to strategic restructuring.
<b>Exceptional items</b>	Comprise significant costs and income, which because of their exceptional nature cannot be viewed inherent to the Group's ongoing performance, such as revaluation gains, disposals of Group companies, and impairments.
<b>Changes in local currencies</b>	Changes in local currencies are calculated using constant exchanges rates. The change is calculated by converting the current period at previous year average rates and comparing the result with the previous-year figures.

# Key figures registered share/ participation certificate

		Registered shares				
		2018	2017	2016	2015	2014
Number of registered shares/participation certificates outstanding		<b>67 077 452</b>	67 077 452	67 077 452	68 061 802	68 180 352
thereof treasury shares		<b>370 846</b>	489 174	556 115	1 513 747	545 769
Nominal value	in CHF	<b>0.10</b>	0.10	0.10	0.10	0.10
High	in CHF	<b>238.80</b>	224.00	193.50	171.00	143.90
Low	in CHF	<b>183.00</b>	176.90	147.80	125.10	119.80
Year-end rate	in CHF	<b>190.60</b>	220.50	177.90	169.00	142.60
P/E ratio December 31		<b>21.70</b>	28.60	24.90	26.90	18.40
P/E ratio December 31 before exceptional items		<b>23.20</b>	28.60	26.90	26.90	22.70
Earnings per registered share/participation certificate	in CHF	<b>8.79</b>	7.70	7.14	6.28	7.74
Earnings before exceptional items per registered share/participation certificate	in CHF	<b>8.23</b>	7.70	6.61	6.28	6.28
Cash flow from operating activities per registered share/participation certificate	in CHF	<b>9.37</b>	7.56	8.69	10.07	8.09
Equity at year-end per registered share/participation certificate	in CHF	<b>33.93</b>	29.52	25.76	21.30	25.70
Gross dividend per registered share/participation certificate	in CHF	<b>4.00</b> <sup>1</sup>	4.00	5.00	2.70	3.20
ordinary	in CHF	<b>4.00</b> <sup>1</sup>	4.00	3.00	2.70	2.20
extraordinary	in CHF	–	–	2.00	–	1.00
Pay-out ratio	in %	<b>45.5</b>	52.0	70.0	41.9	41.4

<sup>1</sup> Proposal by the Board of Directors

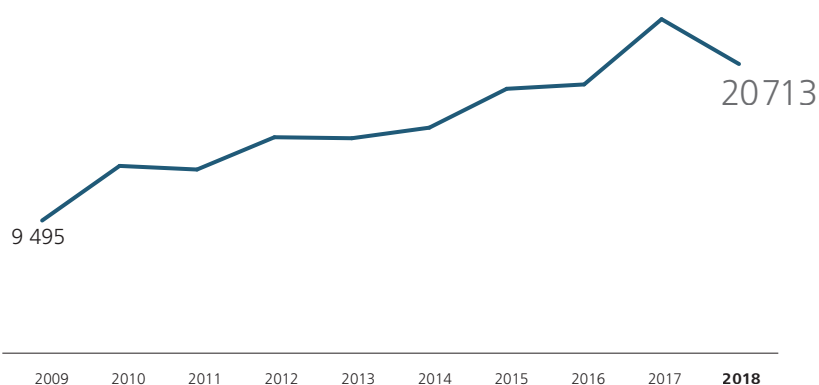
## Additional information

in CHF million	2018 <sup>1</sup>	2017	2016	2015	2014
Total dividend					
Registered shares	<b>268</b>	266	333	180	216
Participation certificates	<b>163</b>	162	202	109	139
<b>Total</b>	<b>431</b>	428	535	289	355

<sup>1</sup> Proposal by the Board of Directors

## Market capitalization 2009 to 2018 (as of December 31)

In CHF million



	Participation certificate				
	2018	2017	2016	2015	2014
	<b>40 716 831</b>	40 716 831	40 716 831	44 236 311	44 618 533
	<b>142 434</b>	211 740	299 649	3 907 999	785 058
	<b>0.10</b>	0.10	0.10	0.10	0.10
	<b>246.40</b>	229.70	197.50	171.10	145.70
	<b>188.90</b>	177.30	147.10	124.90	120.50
	<b>194.70</b>	224.30	179.60	168.00	144.00
	<b>22.20</b>	29.10	25.20	26.80	18.60
	<b>23.70</b>	29.10	27.20	26.80	22.90
	<b>8.79</b>	7.70	7.14	6.28	7.74
	<b>8.23</b>	7.70	6.61	6.28	6.28
	<b>9.37</b>	7.56	8.69	10.07	8.09
	<b>33.93</b>	29.52	25.76	21.30	25.70
	<b>4.00<sup>1</sup></b>	4.00	5.00	2.70	3.20
	<b>4.00<sup>1</sup></b>	4.00	3.00	2.70	2.20
	<b>–</b>	–	2.00	–	1.00
	<b>45.5</b>	52.0	70.0	41.9	41.4

### Ticker and security number

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

	Registered share	Participation certificate
Bloomberg	SCHN SW	SCHP SW
Reuters	SCHN.S	SCHP.S
Valor	002463821	002463819
ISIN	CH0024638212	CH0024638196

### Shareholders

At the end of 2018, registered shares of Schindler Holding Ltd. were held by 8312 shareholders (previous year: 7 135).

On the same date, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families held 47 662 664 registered shares (previous year: 47 661 559) of Schindler Holding Ltd., corresponding to 71.1% (previous year: 71.1%) of the voting rights of the share capital entered in the Commercial Register.

### Dividend policy

The dividend policy is earnings-related and provides for a payout ratio of 35% to 65% of net profit attributable to shareholders of Schindler Holding Ltd.



# Financial calendar

	2019	2020
Annual results media conference	February 14	February
Ordinary General Meeting Schindler Holding Ltd.	March 26	March 19
First trading date ex-dividend	March 28 <sup>1</sup>	
Date of Schindler Holding Ltd. dividend payment	April 1 <sup>1</sup>	
Publication of selected key figures as of March 31	April 26	April
Publication of Interim Report as of June 30	August 14	July
Publication of selected key figures as of September 30	October 24	October

<sup>1</sup> Subject to approval of a dividend payment by the General Meeting of Schindler Holding Ltd.

# Important addresses

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

Schindler Holding Ltd.  
Seestrasse 55  
6052 Hergiswil  
Switzerland  
Telephone +41 41 632 85 50

Schindler Management Ltd.  
Zugerstrasse 13  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 32 32  
Fax +41 41 445 39 11  
email@schindler.com

[www.schindler.com](http://www.schindler.com)

## **Corporate Communications**

Nelly Keune  
Chief Communications Officer  
Schindler Management Ltd.  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 30 88  
nelly.keune@schindler.com

## **Investor Relations**

Marco Knuchel  
Head Investor Relations  
Schindler Management Ltd.  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 30 61  
marco.knuchel@schindler.com

## **Europe**

Schindler Management Ltd.  
Zugerstrasse 13  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 32 32  
Fax +41 41 445 39 11

## **USA and Canada**

Schindler Elevator Corporation  
20 Whippany Road  
PO Box 1935  
Morristown, NJ 07962-1935  
USA  
Telephone +1 973 397 65 00  
Fax +1 973 397 36 19  
[www.us.schindler.com](http://www.us.schindler.com)

## **Latin America**

Latin America Operations  
Camino a San Mateo N° 2  
Colonia Anexo Jardines de San Mateo  
53240 Naucalpan de Juárez  
Estado de México  
Mexico  
Telephone +5255 5080 1400  
Fax +5255 1665 6147

## **Asia-Pacific**

Schindler Management Asia-Pacific  
Unit 1506A, Level 15  
International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong SAR, China  
Telephone +852 3652 5200  
Fax +852 3160 8495

## **China**

Schindler Management  
Asia-Pacific (Shanghai) Co. Ltd.  
555, Xingshun Road  
Jiading District, Shanghai  
P. R. China  
Telephone +86 21 6709 6666  
Fax +86 21 6709 6677

## **Middle East and North Africa**

Schindler Pars International  
Sheikh Zayed Road  
Al Safa 2, Indigo Building 5  
115117 Dubai  
United Arab Emirates  
Telephone + 971 4 372 5020  
Fax + 971 4 392 7424

The Annual Report of the Schindler Group for 2018 consists of the Group Review and the Financial Statements.

The original German version is binding. English and Chinese translations of the Group Review are available. The Financial Statements are published in German and English.

**Overall responsibility,  
concept, and text**

Schindler Management Ltd.  
Corporate Communications  
Ebikon, Switzerland

**Concept and graphic design**

Christoph Stalder,  
Zurich, Switzerland

**Premedia**

Management Digital Data AG  
Lenzburg, Switzerland

**Printing**

Multicolor Print AG  
Baar, Switzerland

**Photography**

Manuel Rickenbacher  
Zurich, Switzerland

Pages 54–55:  
Remo Inderbitzin  
Schwyz, Switzerland









Front cover and back cover:  
Tencent Seafront, Shenzhen, China



# Shaping cities

## Financial Statements 2018



**Schindler**





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# Consolidated Financial Statements

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# Consolidated income statement

In CHF million	Note	2018 <sup>1</sup>	%	2017 <sup>2</sup>	%
<b>Revenue</b>	4	<b>10 879</b>	<b>100.0</b>	10 179	100.0
Cost of materials		<b>3 188</b>	<b>29.3</b>	2 935	28.8
Personnel expenses	6	<b>4 012</b>	<b>36.9</b>	3 771	37.0
Other operating expenses	7	<b>2 236</b>	<b>20.5</b>	2 133	21.0
Depreciation, amortization, and impairment	15, 16	<b>174</b>	<b>1.6</b>	153	1.5
<b>Total operating expenses</b>		<b>9 610</b>	<b>88.3</b>	8 992	88.3
<b>Operating profit</b>		<b>1 269</b>	<b>11.7</b>	1 187	11.7
Financial income	8	<b>61</b>	<b>0.5</b>	44	0.4
Financial expenses	8	<b>65</b>	<b>0.6</b>	59	0.5
Result from associates	18	<b>-13</b>	<b>-0.1</b>	-6	-0.1
<b>Profit before taxes</b>		<b>1 252</b>	<b>11.5</b>	1 166	11.5
Income taxes	9	<b>244</b>	<b>2.2</b>	282	2.8
<b>Net profit</b>		<b>1 008</b>	<b>9.3</b>	884	8.7
Net profit attributable to					
Shareholders of Schindler Holding Ltd.		<b>943</b>	<b>8.7</b>	824	8.1
Non-controlling interests		<b>65</b>	<b>0.6</b>	60	0.6
<b>Earnings per share and participation certificate in CHF</b>					
Basic	10	<b>8.79</b>		7.70	
Diluted	10	<b>8.77</b>		7.67	

<sup>1</sup>The Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments. Prior-year figures were not restated. See note 2.1 for further information.

<sup>2</sup>See note 2.3 for information on the change in presentation

# Consolidated statement of comprehensive income

In CHF million	Note	2018 <sup>1</sup>	2017
<b>Net profit</b>		<b>1 008</b>	884
Other comprehensive income – may be reclassified to the income statement in future			
Exchange differences		<b>-82</b>	6
Cash flow hedges		<b>-</b>	3
Available-for-sale financial assets			-4
Debt instruments at fair value through other comprehensive income	31	<b>-</b>	
Taxes		<b>-2</b>	2
<b>Total – may be reclassified to the income statement in future</b>		<b>-84</b>	7
Other comprehensive income – not to be reclassified to the income statement in future			
Equity instruments at fair value through other comprehensive income	31	<b>192</b>	
Remeasurements of employee benefits	25	<b>-16</b>	141
Taxes		<b>-10</b>	-25
<b>Total – not to be reclassified to the income statement in future</b>		<b>166</b>	116
<b>Total other comprehensive income</b>		<b>82</b>	123
<b>Comprehensive income</b>		<b>1 090</b>	1 007
Comprehensive income attributable to			
Shareholders of Schindler Holding Ltd.		<b>1 030</b>	943
Non-controlling interests		<b>60</b>	64

<sup>1</sup>The Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments. Prior-year figures were not restated. See note 2.1 for further information.



# Consolidated balance sheet

## Assets

In CHF million	Note	31.12.2018 <sup>1</sup>	%	31.12.2017	%
<b>Current assets</b>					
Cash and cash equivalents		2 248	22.5	1 709	19.8
Current financial assets	11	224	2.3	191	2.2
Accounts receivable	12	2 143	21.5	2 089	24.2
Income tax receivable		114	1.1	126	1.4
Net assets from construction contracts	13			695	8.1
Contract assets	13	624	6.3		
Inventories	14	1 049	10.5	517	6.0
Prepaid expenses and accrued income		91	0.9	145	1.7
Assets held for sale		7	0.1	8	0.1
<b>Total current assets</b>		<b>6 500</b>	<b>65.2</b>	<b>5 480</b>	<b>63.5</b>
<b>Non-current assets</b>					
Property, plant, and equipment	15	1 086	10.9	1 041	12.1
Intangible assets	16	1 191	11.9	1 123	13.0
Associates	18	118	1.2	81	0.9
Non-current financial assets	19	797	8.0	638	7.4
Deferred taxes	20	282	2.8	263	3.1
Employee benefits	25	2	–	–	–
<b>Total non-current assets</b>		<b>3 476</b>	<b>34.8</b>	<b>3 146</b>	<b>36.5</b>
<b>Total assets</b>		<b>9 976</b>	<b>100.0</b>	<b>8 626</b>	<b>100.0</b>

<sup>1</sup> The Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments. Prior-year figures were not restated. See note 2.1 for further information.

## Liabilities and equity

In CHF million	Note	31.12.2018 <sup>1</sup>	%	31.12.2017	%
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	21	976	9.8	947	11.0
Financial debts	22	105	1.1	160	1.8
Income tax payable		118	1.2	78	0.9
Net liabilities from construction contracts	13			1 232	14.3
Contract liabilities	13	2 186	21.9		
Accrued expenses and deferred income	23	1 196	12.0	1 782	20.7
Provisions	24	163	1.6	180	2.1
<b>Total current liabilities</b>		<b>4 744</b>	<b>47.6</b>	<b>4 379</b>	<b>50.8</b>
<b>Non-current liabilities</b>					
Financial debts	22	531	5.3	20	0.2
Provisions	24	342	3.4	344	4.0
Deferred taxes	20	131	1.3	116	1.3
Employee benefits	25	485	4.9	499	5.8
<b>Total non-current liabilities</b>		<b>1 489</b>	<b>14.9</b>	<b>979</b>	<b>11.3</b>
<b>Total liabilities</b>		<b>6 233</b>	<b>62.5</b>	<b>5 358</b>	<b>62.1</b>
<b>Equity</b>					
Share capital and participation capital	26	11	0.1	11	0.1
Share premium		311	3.1	311	3.6
Treasury shares	26	-85	-0.8	-107	-1.2
Exchange differences		-836	-8.4	-756	-8.8
Other reserves	26	-	-	110	1.3
Retained earnings		4 239	42.5	3 592	41.7
Shareholders of Schindler Holding Ltd.		3 640	36.5	3 161	36.7
Non-controlling interests		103	1.0	107	1.2
<b>Total equity</b>		<b>3 743</b>	<b>37.5</b>	<b>3 268</b>	<b>37.9</b>
<b>Total liabilities and equity</b>		<b>9 976</b>	<b>100.0</b>	<b>8 626</b>	<b>100.0</b>

<sup>1</sup> The Group implemented IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments. Prior-year figures were not restated. See note 2.1 for further information.

# Consolidated statement of changes in equity

In CHF million	Share and participation capital	Share premium	Treasury shares	Exchange differences	Other reserves	Retained earnings	Total	Non-controlling interests	Total Group
<b>January 1, 2017</b>	11	311	-114	-762	111	3 198	2 755	92	2 847
Net profit						824	824	60	884
Other comprehensive income				6	-1	114	119	4	123
Comprehensive income				6	-1	938	943	64	1 007
Dividends						-535	-535	-50	-585
Change in treasury shares			7			-26	-19		-19
Share-based payments						23	23		23
Change in non-controlling interests						-47	-47	1	-46
Change in liabilities towards non-controlling interests						41	41		41
<b>December 31, 2017</b>	11	311	-107	-756	110	3 592	3 161	107	3 268
Effect adoption of IFRS 15 and IFRS 9					-110	-29	-139	-4	-143
<b>January 1, 2018, restated</b>	11	311	-107	-756	-	3 563	3 022	103	3 125
Net profit						943	943	65	1 008
Other comprehensive income				-80	-	167	87	-5	82
Comprehensive income				-80	-	1 110	1 030	60	1 090
Dividends						-428	-428	-59	-487
Change in treasury shares			22			-31	-9		-9
Share-based payments						29	29		29
Change in non-controlling interests						-2	-2	-2	-4
Change in liabilities towards non-controlling interests						-2	-2	-	-2
Business combinations						-	-	1	1
<b>December 31, 2018</b>	<b>11</b>	<b>311</b>	<b>-85</b>	<b>-836</b>	<b>-</b>	<b>4 239</b>	<b>3 640</b>	<b>103</b>	<b>3 743</b>

# Consolidated cash flow statement

In CHF million	Note	2018	2017
<b>Profit before taxes</b>		<b>1 252</b>	1 166
Financial result	8	4	15
Result from associates	18	13	6
<b>Operating profit</b>		<b>1 269</b>	1 187
Depreciation, amortization, and impairment	15, 16	174	153
Additional contributions to pension plans	25	–	–44
Other non-cash items	28	–30	37
Dividends received		12	10
Interest received	8	48	20
Interest paid		–11	–10
Other financial result		–33	–28
Income taxes paid	9	–205	–261
Change in net working capital		–219	–254
<b>Cash flow from operating activities</b>		<b>1 005</b>	810
Additions			
Property, plant, and equipment	15	–245	–227
Intangible assets	16	–36	–35
Associates		–61	–63
Current and non-current financial assets		–317	–258
Disposals			
Property, plant, and equipment	15	44	8
Current and non-current financial assets		328	321
Assets held for sale		1	–
Business combinations	27	–106	–136
<b>Cash flow from investing activities</b>		<b>–392</b>	–390
Proceeds from increase in current and non-current financial debts	22	538	23
Repayments of current and non-current financial debts	22	–95	–49
Acquisition of non-controlling interests		–4	–46
Purchase of treasury shares	26	–19	–37
Disposal of treasury shares	26	10	18
Dividends paid to the shareholders of Schindler Holding Ltd.	37	–428	–535
Dividends paid to non-controlling interests		–59	–50
<b>Cash flow from financing activities</b>		<b>–57</b>	–676
Exchange differences		–17	–23
<b>Change in cash and cash equivalents</b>		<b>539</b>	–279
Cash and cash equivalents as at January 1		1 709	1 988
Cash and cash equivalents as at December 31		2 248	1 709



# Notes to the consolidated financial statements

## 1 Business activities

The Schindler Group (referred to hereinafter as 'the Group') is one of the world's leading suppliers of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe.

The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

## 2 Basis of preparation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are compliant with the Swiss Code of Obligations. The consolidated financial statements are prepared using the accrual basis of accounting and the historical cost approach with the exception of financial instruments, which are measured at fair value or at amortized cost. The reporting periods of all Group companies (directly or indirectly controlled by Schindler Holding Ltd.) end on December 31.

### 2.1 Changes in IFRS

The accounting standards IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments, which became effective as of January 1, 2018, were applied by the Group for the first time. The impact of the initial application of these new standards was recognized directly in retained earnings and other reserves as of January 1, 2018. Comparative figures were not restated and continue to be presented in accordance with the previous accounting policies.

Previously applied accounting policies are not disclosed in these consolidated financial statements. Please refer to the consolidated financial statements 2017 for more information on accounting policies applied in the previous year.

The nature of these first-time applications and their impact on the Group's consolidated financial statements are outlined below.

Several other interpretations and amendments were applied for the first time as of January 1, 2018, but did not have an impact on accounting practices or on the Group's consolidated balance sheet, consolidated statement of comprehensive income, and consolidated cash flow statement.

#### 2.1.1 Impact on the consolidated balance sheet

The following table summarizes the restatement impacts and reclassifications.

In CHF million	31.12.2017 reported	IFRS 15 restatement	IFRS 9 restatement	1.1.2018 restated
<b>Current assets</b>				
Cash and cash equivalents	1 709	–	–	<b>1 709</b>
Current financial assets	191	–	–	<b>191</b>
Accounts receivable	2 089	–	–13	<b>2 076</b>
Income tax receivable	126	–	–	<b>126</b>
Net assets from construction contracts	695	–695	–	<b>–</b>
Contract assets	–	402	–	<b>402</b>
Inventories	517	547	–	<b>1 064</b>
Prepaid expenses and accrued income	145	–30	–	<b>115</b>
Assets held for sale	8	–	–	<b>8</b>
<b>Total current assets</b>	<b>5 480</b>	<b>224</b>	<b>–13</b>	<b>5 691</b>
<b>Non-current assets</b>				
Property, plant, and equipment	1 041	–	–	<b>1 041</b>
Intangible assets	1 123	–	–	<b>1 123</b>
Associates	81	–3	–	<b>78</b>
Non-current financial assets	638	–	–	<b>638</b>
Deferred taxes	263	42	4	<b>309</b>
<b>Total non-current assets</b>	<b>3 146</b>	<b>39</b>	<b>4</b>	<b>3 189</b>
<b>Total assets</b>	<b>8 626</b>	<b>263</b>	<b>–9</b>	<b>8 880</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	947	–	–	<b>947</b>
Financial debts	160	–	–	<b>160</b>
Income tax payable	78	–	–	<b>78</b>
Net liabilities from construction contracts	1 232	–1 232	–	<b>–</b>
Contract liabilities	–	2 019	–	<b>2 019</b>
Accrued expenses and deferred income	1 782	–403	–	<b>1 379</b>
Provisions	180	2	–	<b>182</b>
<b>Total current liabilities</b>	<b>4 379</b>	<b>386</b>	<b>–</b>	<b>4 765</b>
<b>Non-current liabilities</b>				
Financial debts	20	–	–	<b>20</b>
Provisions	344	10	–	<b>354</b>
Deferred taxes	116	1	–	<b>117</b>
Employee benefits	499	–	–	<b>499</b>
<b>Total non-current liabilities</b>	<b>979</b>	<b>11</b>	<b>–</b>	<b>990</b>
<b>Total liabilities</b>	<b>5 358</b>	<b>397</b>	<b>–</b>	<b>5 755</b>
Shareholders of Schindler Holding Ltd.	3 161	–130	–9	<b>3 022</b>
Non-controlling interests	107	–4	–	<b>103</b>
<b>Total equity</b>	<b>3 268</b>	<b>–134</b>	<b>–9</b>	<b>3 125</b>
<b>Total liabilities and equity</b>	<b>8 626</b>	<b>263</b>	<b>–9</b>	<b>8 880</b>

In the interim financial statements for the period ended June 30, 2018, the Group disclosed inventory for customer contracts as contract assets instead of inventory. The disclosure was corrected accordingly. The reclassification had no impact on total current assets of the Group and affected the restatement disclosures only.

### **2.1.2 IFRS 15 – Revenue from Contracts with Customers**

The Group applied the new standard using the modified retrospective approach. Consequently, the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2018, and comparative figures were not restated.

Under IFRS 15, revenue is recognized when the control of goods or services is transferred to the customer. This can occur at a point in time or over time. The major impact of IFRS 15 for the Group relates to new installations and modernization. Revenue is recognized by performance obligation progressively over time as the customer controls the asset while it is created or enhanced, beginning with the start of installation and based on the cost-to-cost method. This results in deferred revenue recognition compared to the previous accounting practice, where revenue was already recognized from the start of the project. A performance obligation typically represents the installation or modernization of elevators or escalators.

For customer contracts related to maintenance and repairs, revenue recognition remained substantially unchanged. For maintenance, revenue is recognized over time as the service is provided, and for repairs, it is recognized at the point of customer acceptance.

Costs incurred before the start of revenue recognition are recognized as inventory for customer contracts at the lower of production cost or the net realizable value. Net construction assets and liabilities were replaced by contract assets and contract liabilities, respectively. Contract balances are reported when the revenue recognized does not coincide with the amounts to which the Group has an unconditional right to payment (e.g. when the goods and services transferred to the customer exceed the amounts invoiced a contract asset is reported). A receivable is recognized once the Group has an unconditional right to payment. For maintenance, a receivable is recognized when the customer is invoiced based on the contractual terms and conditions.

The first-time application of IFRS 15 resulted in a negative equity impact of CHF 134 million after deferred taxes. This negative impact is substantially related to deferred revenue recognition for new installation and modernization contracts. Other impacts are related to the allocation of the transaction prices between different performance obligations. As a result of the restatement, inventory for customer contracts increased substantially, whereas contract assets decreased, and contract liabilities increased, respectively. Service contracts that are invoiced in advance were previously disclosed in accrued expenses. This balance has been reclassified to contract liabilities as the performance obligation has not yet been satisfied. Additional amounts were reclassified between other balance sheet accounts to reflect IFRS 15 requirements without any impact on equity.

The implementation of IFRS 15 did not have a significant impact on the consolidated statement of comprehensive income in the reporting period. The restatement impact as of January 1, 2018, provides a reasonable approximation of the expected balance sheet impacts if IFRS 15 had not been implemented as of December 31, 2018.

### 2.1.3 IFRS 9 – Financial Instruments

IFRS 9 triggered changes to the classification and measurement of financial instruments as well as to the impairment of financial assets, particularly bad debt allowances. The Group implemented the new standard as of January 1, 2018, and applied the exemption from the full retrospective application for the classification and measurement requirements, including impairment. Consequently, comparative figures were not restated.

The Group classified and measured its financial instruments in accordance with IFRS 9 for the first time as of January 1, 2018. The classification was performed based on the business model for managing these assets, and their contractual cash flow characteristics.

The following table summarizes the changes in the classification and measurement of financial instruments as of January 1, 2018:

In CHF million	December 31, 2017 Previous category and carrying amount					January 1, 2018 New category and carrying amount					Total	
	LAR <sup>1</sup>	FVPL <sup>2</sup>	AFS <sup>3</sup>	Other financial liabilities	Total	IFRS 9 restatement	Amortized cost	FVPL <sup>2</sup>	FVOCI with recycling <sup>4</sup>	FVOCI without recycling <sup>4</sup>		Other financial liabilities
Cash and cash equivalents	1 709				1 709		1 709					<b>1 709</b>
Current financial assets	183	8			191		183	8				<b>191</b>
Accounts receivable	1 913				1 913	-13	1 900					<b>1 900</b>
Prepaid expenses	121	24			145		121	24				<b>145</b>
Non-current financial assets	313	52	273		638		318	60	5	255		<b>638</b>
<b>Total financial assets</b>	<b>4 239</b>	<b>84</b>	<b>273</b>		<b>4 596</b>	<b>-13</b>	<b>4 231</b>	<b>92</b>	<b>5</b>	<b>255</b>		<b>4 583</b>
Accounts payable				757	757						757	<b>757</b>
Financial debts				180	180						180	<b>180</b>
Accrued expenses		21		919	940			21			919	<b>940</b>
<b>Total financial liabilities</b>		<b>21</b>		<b>1 856</b>	<b>1 877</b>			<b>21</b>			<b>1 856</b>	<b>1 877</b>

<sup>1</sup> LAR: Loans and receivables

<sup>2</sup> FVPL: At fair value through profit and loss

<sup>3</sup> AFS: Available for sale

<sup>4</sup> FVOCI: At fair value through other comprehensive income

Equity investments of CHF 255 million that were previously classified as available for sale were reclassified as equity instruments at fair value through other comprehensive income without recycling, as these investments are not held for trading purposes. As a result, fair value gains of CHF 110 million after deferred taxes previously recognized in other comprehensive income were reclassified from other reserves to retained earnings. The classification and measurement of financial liabilities remained unchanged.



The Group adjusted the impairment model applied to financial assets from an incurred loss to a forward-looking expected credit loss model. The change impacted the calculation of the bad debt allowance for accounts receivable in particular. The Group applies the simplified approach, which allows expected lifetime losses to be recognized for accounts receivable using a provision matrix. The provision matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The first-time application of IFRS 9 resulted in a negative equity impact of CHF 9 million after deferred taxes. The impact results from the reassessment of the bad debt allowances as of January 1, 2018, in accordance with the new impairment model. The increase of bad debt allowances was mainly due to the recognition of additional allowances for receivables not due.

The implementation of IFRS 9 did not have a significant impact on the consolidated statement of comprehensive income in the reporting period.

## **2.2 Published standards, interpretations, and amendments not yet applied**

The Group will apply IFRS 16 – Leases with effect from January 1, 2019. The new standard requires leasing contracts to be recognized in the balance sheet with a lease liability and a corresponding right-of-use asset. This will result in an increase in assets and liabilities of approximately CHF 400 million. Furthermore, operating expenses will decrease by approximately CHF 5 million to CHF 10 million and financial expenses will increase by approximately CHF 5 million to CHF 10 million. The first-time application will have an insignificant impact on the Group's net profit. The impact of the initial application of IFRS 16 of approximately CHF 10 million will be recognized directly in equity as of January 1, 2019, and comparatives will not be restated.

There are no plans for the early adoption of other standards prior to the mandatory effective date. Other amendments to IFRS are not currently expected to have any material impact on accounting practices or on the Group's consolidated balance sheet, consolidated statement of comprehensive income, and consolidated cash flow statement.

## **2.3 Changes in presentation**

### **2.3.1 Presentation of changes in provisions**

The additions to and utilization of provisions are no longer reported in the line item Change in provisions in the consolidated income statement. With effect from January 1, 2018, changes in provisions are recognized in the line items that the expense relates to. Consequently, the amount used is recognized against the relevant provision. This change was made to improve the presentation of the consolidated income statement and did not have any impact on the Group's net profit.

The line items reported in the consolidated Group Financial Statements 2017 were adjusted as follows:

In CHF million	Reported	Change in presentation	Adjusted
Personnel expenses	3 765	6	<b>3 771</b>
Other operating expenses	2 144	-11	<b>2 133</b>
Change in provisions	-5	5	-

### 2.3.2 Change in geographical information

The Group amended its geographical information as of January 1, 2018. Middle East and Africa, which were previously part of the Asia-Pacific, Africa region, were transferred to the Europe region, which was subsequently renamed EMEA (Europe, Middle East, and Africa). The Asia-Pacific, Africa region was renamed Asia-Pacific. The comparative information in note 5 has been restated accordingly.

### 2.4 Significant assumptions and estimates

The consolidated financial statements prepared in accordance with IFRS contain certain assumptions and estimates that influence the figures presented in this report. They are based on analyses and judgments that are continuously reviewed and adapted if necessary. The actual results may differ from these assumptions and estimates.

#### Assumptions and estimates

Description	Assumptions and estimates	Note
Taxes	<ul style="list-style-type: none"> <li>- Estimation of risks resulting from final tax assessments that are only made several years after the end of the reporting year</li> <li>- Assumptions and estimates regarding the probability to offset unused tax loss carryforwards and deferred tax assets, based on forecasts and interpretations of existing tax laws and regulations</li> </ul>	3.16, 9, 20
Provisions	<ul style="list-style-type: none"> <li>- Actuarial reports for product liability take account of all units under maintenance and the probability of occurrence, based on experience</li> <li>- Actuarial reports for self-insurance take account of all employees and the probability of occurrence, based on experience</li> </ul>	3.15, 24
Employee benefits	<ul style="list-style-type: none"> <li>- Key assumptions such as discount rate, future increase in salaries and mortality tables</li> </ul>	3.17, 25

## 3 Summary of main accounting principles

### 3.1 Consolidation

#### 3.1.1 Scope of consolidation

The consolidated financial statements include the annual financial statements of Schindler Holding Ltd., Hergiswil, Switzerland, and of all companies controlled by Schindler Holding Ltd. (Group companies).

The Group acquired various smaller entities in the reporting year as well as in the previous year (see note 27).

An overview of material Group companies is provided in note 36.

### 3.1.2 Consolidation principles

The consolidated financial statements are based on the annual financial statements of the individual Group companies. These companies are controlled directly or indirectly by Schindler Holding Ltd. Control exists if the Group is exposed, or has rights, to variable returns and if it has the ability to affect the amount of those returns through its power over a company. When assessing whether the Group has power over a company, the voting rights held (normally a share of more than 50% of voting rights) and other contractual agreements, as well as operational responsibility, are taken into account.

Companies acquired in the reporting period are included in the consolidated financial statements from the date on which the Group obtained control. Companies sold by the Group are consolidated until the date on which control is transferred to the acquirer.

Companies in which the Group has significant influence but which are not controlled by it are classified as associates and accounted for using the equity method.

### 3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Acquisition costs comprise the consideration paid, including the proportion of the deferred purchase consideration for contractual representations and warranties, and contingent consideration. The latter is recognized at fair value on the transaction date. Subsequent changes in the fair value of contingent consideration are recognized in the income statement. Transaction costs are recognized as operating expenses.

Net assets acquired comprise identifiable assets, liabilities, and contingent liabilities and are recognized at fair value. Identifiable intangible assets mainly consist of service portfolios. The difference between the acquisition costs and the fair value of the proportionate interest in the net assets acquired is recognized as goodwill.

Non-controlling interests are generally recognized according to their proportionate share of the fair value of the net assets acquired.

Goodwill and fair value adjustments on the net assets are recognized in the assets and liabilities of the acquiree in its functional currency. Goodwill is allocated to those cash-generating units that are expected to benefit from the acquisition and/or to generate future cash flows.

If the Group obtains control of an associate (business combination achieved in stages), the previously held interests are measured at fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognized in other income. Items previously recognized in other comprehensive income are reclassified to the income statement.

In the case of acquisitions, it is common practice for the Group to acquire call options and to write put options for the remaining interests that were not acquired. Shares of the profits continue to be allocated to the non-controlling interests. Liabilities from written put options are measured at the present value of the redemption amount.

These financial liabilities are remeasured annually and the resulting differences are recorded in retained earnings without any impact on the income statement.

### **3.1.4 Change in interests held and disposals**

Changes in the interests held in Group companies are recognized as equity transactions provided control is retained. If control of a Group company is lost, the difference between the consideration received and the net assets disposed of, plus accumulated exchange differences, is reported as other income in the income statement.

### **3.1.5 Associates**

The carrying amount of associates comprises goodwill and the proportionate fair value of the net assets. The Group's share of the associated profit or loss as well as amortization and impairments are recognized in the income statement as result from associates. Exchange differences are recognized in other comprehensive income. In the event of a partial or complete sale of an associate, the difference between the consideration received and the carrying amount plus components of other comprehensive income, where required, are recognized in the income statement as the result from associates.

The carrying amount of associates is based on the most recent quarterly financial results for the reporting year. This means that the relevant result from associates is taken into account one quarter after it is reported. If there are any material differences compared to the accounting policies applied by the Group, the values of the local financial statements are adjusted.

## **3.2 Translation of foreign currency**

The functional currency of Group companies is generally the currency used in the primary economic environment in which they operate. Transactions in foreign currencies are translated at the exchange rate that applied on the transaction date. Exchange rate gains and losses resulting from such transactions or from the revaluation of foreign currency assets and liabilities at the balance sheet date are recognized as financial income or expenses.

For consolidation purposes, the annual financial statements of Group companies that are reported in foreign currencies are translated into Swiss francs as follows: balance sheet at year-end rates, and the income statement, statement of comprehensive income, and cash flow statement at average rates or at the spot rate for significant transactions.

The change in accumulated exchange differences from the translation of foreign companies is reported in other comprehensive income. If a Group company is sold, or if part of it is sold and control is lost, the accumulated exchange differences are reclassified to the income statement.



The exchange rates for the most significant foreign currencies are as follows:

			2018		2017	
			Year-end rate	Average rate	Year-end rate	Average rate
Eurozone	EUR	1	<b>1.13</b>	<b>1.15</b>	1.17	1.11
USA	USD	1	<b>0.99</b>	<b>0.98</b>	0.98	0.99
Brazil	BRL	100	<b>25.40</b>	<b>26.92</b>	29.43	30.73
China	CNY	100	<b>14.33</b>	<b>14.77</b>	15.00	14.58
India	INR	100	<b>1.41</b>	<b>1.44</b>	1.53	1.51

### 3.3 Segment reporting

The Group consists of one operating segment for which reports are submitted to the Supervisory and Strategy Committee (Chief Operating Decision Maker). These reports form the basis for the evaluation of performance and the allocation of resources.

### 3.4 Revenue from customer contracts

Revenue recognition policies for the Group's businesses are shown in the table below.

Business	Revenue recognition	Accounting policy
New Installations and Modernization	Over time	– The new installations business provides mobility solutions with elevators, escalators, and moving walks for all applications and needs, whereas the modernization business provides solutions for existing installations. Control is transferred continuously to the customer from the start of the installation of the unit as the work performed by the Group enhances an asset controlled by the customer. Revenue is recognized over time based on the cost-to-cost method under which the accumulated costs to date are expressed as a percentage of the expected costs. Anticipated losses are recognized as onerous contract provisions. A performance obligation typically represents the installation or modernization of elevators or escalators.
Maintenance	Over time	– The maintenance business provides maintenance services for a wide range of elevators, escalators, and moving walks. The control transfers to the customer equally over the contract period based on the time elapsed. Maintenance revenue is recognized over the contract period as the service is provided, according to the agreed contractual terms and conditions.
Repairs	At a point in time	– The repair business includes a range of services from small to large repairs. For both smaller and larger repairs the customer benefits from the service and obtains control once the repair is finished. Revenue for repairs is recognized at the point of customer acceptance.

### 3.5 Cash and cash equivalents

Cash and cash equivalents include bank accounts and time deposits with an original maturity of a maximum of 3 months.

### 3.6 Current financial assets

Time deposits with a maturity of 3 to 12 months or a residual maturity of up to 12 months, as well as financial instruments that the Group intends to hold on a short-term basis, are recognized as current financial assets.

### 3.7 Accounts receivable

A receivable is recognized once the Group has an unconditional right to payment. Accounts receivable do not bear interest and are initially recognized at the transaction price determined according to contractual terms and conditions. They are subsequently measured at amortized cost, which is usually the nominal value less bad debt allowances for expected lifetime credit losses. Bad debt allowances are based on internal guidelines

that require individual value adjustments to first be undertaken. For accounts receivable that are not individually adjusted, the Group applies the simplified approach for the recognition of the expected lifetime losses using a provision matrix. The provision matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Prior to January 1, 2018, bad debt allowances were measured using the incurred loss model.

Changes in bad debt allowances and write-offs of accounts receivable are recognized in operating expenses. Accounts receivable are written off when there is no reasonable expectation of recovery. The Group does not expect to receive any cash flows in future from receivables that have been written off.

### **3.8 Inventories**

Inventories are recognized at the lower of cost of purchase or production cost or the net realizable value. The cost of purchase or production cost is calculated using the weighted average cost method. The net realizable value corresponds to the estimated sales proceeds less the estimated cost of completion. Based on a range analysis, items with a slow rate of turnover are written down by 20% to 100%. Technically obsolete items are written off.

Material costs incurred before the start of revenue recognition (i.e. the start of installation) are reported as inventory for customer contracts.

### **3.9 Contract balances**

Contract assets are recognized when the Group has transferred goods or services to a customer and the Group has a right to consideration that is conditional on something other than the passage of time. Contract liabilities are recognized when the Group has an obligation to transfer goods or services to a customer for which the Group has already received consideration or the amount is due. Contract liabilities are recognized as revenue when the Group satisfies the performance obligations.

Contract assets are regularly reviewed for impairment indicators.

### **3.10 Property, plant, and equipment (PPE)**

Property, plant, and equipment, as well as investment properties not used for operational purposes, are valued at cost less accumulated depreciation.

Property, plant, and equipment are depreciated on a straight-line basis over their useful life. Land is not depreciated systematically. An impairment test is performed whenever impairment indicators are identified. If the test reveals that the carrying amount exceeds the recoverable amount, the carrying amount is reduced accordingly. Impairment losses are recognized in the income statement and reported separately in the notes.

Costs are capitalized if they extend the useful life or expand the production capacity of an asset. The costs of non-value-adding maintenance and repairs are recognized immediately as expenses.

Gains and losses from the sale of property, plant, and equipment are recognized as other operating income or other operating expenses.

The estimated useful life of property, plant, and equipment is as follows:

	Years
Buildings	20–40
Equipment, machinery	5–10
Furniture	10
IT equipment	3–5
Vehicles	5–10

### 3.11 Leasing

Property, plant, and equipment acquired through lease contracts where the benefits and risks are substantially transferred to the Group are classified as finance leases. These assets are recognized both in property, plant, and equipment and in financial liabilities at the lower of fair value or the present value of future minimum lease payments. Assets from finance leases are depreciated over the shorter of their expected useful life or the duration of the contract.

Operating leases are recognized as operating expenses.

### 3.12 Intangible assets

Goodwill, service portfolios acquired from third parties, licenses, patents and similar rights, as well as software, are recognized as intangible assets.

All intangible assets with finite useful lives are amortized using the straight-line method. An impairment test is performed whenever impairment indicators are identified. If the test reveals that the carrying amount exceeds the recoverable amount, the carrying amount is reduced accordingly. Goodwill is not amortized systematically but is, instead, tested for impairment annually or whenever there are indications that impairment may have occurred.

Impairment losses are recognized in the income statement and disclosed separately in the notes. Impairment expenses from earlier periods may be reversed in the case of intangible assets, with the exception of goodwill.

The estimated useful life of intangible assets is as follows:

	Years
Service portfolio	5–20
Software	3–5
Rights, patents, and licenses	3–10

### 3.13 Research and development

Order-related development costs are capitalized as contract assets or contract liabilities. Other research and development costs are charged to the income statement in the period in which they occur. Development costs for new products are not capitalized, since experience shows that future economic benefits can only be proven when the products are successfully launched in the market.

### 3.14 Financial instruments

#### 3.14.1 Financial assets

##### Categorization and measurement

Financial assets comprise cash and cash equivalents, accounts receivable, derivatives, and current and non-current financial assets.

Financial assets are divided into the following categories:

Category	Type of financial assets	Measurement at initial recognition	Subsequent measurement
Amortized cost	– Debt instruments held to collect contractual cash flows that are solely payments of the principal amount and interest	– Fair value including transaction cost	– At amortized cost using the effective interest method – Interest, foreign currency revaluations, and impairment losses are recognized in the income statement. Impairment losses are measured in accordance with the expected credit loss model – On sale or derecognition, gains and losses are recognized in the income statement
Fair value through other comprehensive income with recycling (FVOCI with recycling)	– Debt instruments held both for selling and collecting contractual cash flows that are solely payments of the principal amount and interest	– Fair value including transaction cost	– At fair value – Unrealized fair value changes are reported in other comprehensive income – Interest, foreign currency revaluations, and impairment losses are recognized in the income statement. Impairment losses are measured in accordance with the expected credit loss model in the financial result – On sale or derecognition, the accumulated gains and losses recognized in other comprehensive income are reclassified to the income statement
Fair value through other comprehensive income without recycling (FVOCI without recycling)	– Equity instruments not held for trading	– Fair value including transaction cost	– At fair value – Dividends are recognized in the income statement, whereas unrealized fair value changes and foreign currency revaluations are recognized in other comprehensive income – On sale or other derecognition, the accumulated gains and losses recognized in other comprehensive income remain in retained earnings
Fair value through profit or loss (FVPL)	– Equity instruments held for trading – Derivatives (unless designated for hedge accounting)	– At fair value	– At fair value – All fair value changes are reported in the income statement

All purchases and sales are recognized at trade date. Financial assets are derecognized when control of them is lost, i.e. when the related rights to the resulting cash flows are sold or expire.

##### Impairment

An allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss is recognized. ECLs are based on the difference between the contractual cash flows and the cash flow that the Group expects to receive. Generally, the Group applies a 12-month ECL in view of the low credit risk of its debt instruments – excluding accounts receivable and contract assets. At every reporting date, an assessment is performed to determine whether the debt instruments still have a low credit risk. For those credit exposures for which there has been an increase in credit risk since initial recognition, the allowance is based on the lifetime ECL.



For accounts receivable and contract assets, the Group applies the simplified approach. Consequently, the changes in credit risk are not tracked. Instead, the Group recognizes a lifetime expected loss allowance based on a provision matrix.

### 3.14.2 Financial liabilities

Financial liabilities comprise debt instruments issued, especially accounts payable, bank overdrafts and loans, bonds, finance lease liabilities, derivatives, and other financial debts.

Financial liabilities issued are divided into two categories:

Category	Type of financial liabilities	Measurement at initial recognition	Subsequent measurement
At fair value through profit or loss	<ul style="list-style-type: none"> <li>– Held for trading</li> <li>– Designated at initial recognition</li> <li>– Derivatives (unless designated for hedge accounting)</li> </ul>	– At fair value	<ul style="list-style-type: none"> <li>– At fair value</li> <li>– All value changes are reported in the financial result</li> </ul>
Other financial liabilities	– All other financial liabilities	– At fair value including transaction cost	– At amortized cost using the effective interest method

### 3.14.3 Derivative financial instruments and hedge accounting

The Group hedges interest rate risks and foreign currency risks arising from its operating activities, financial transactions, and investments using derivative financial instruments. These instruments are measured at fair value. The initial measurement occurs on the date on which derivative contracts are entered into. They are subsequently recognized at fair value through profit or loss unless the derivative financial instrument was designated for hedge accounting.

For hedge accounting to be applied, various criteria must be fulfilled relating to documentation, probability of occurrence, effectiveness of the hedging instrument, and reliability of the valuation. The Group decides on an individual basis whether hedge accounting is applied.

Changes in value resulting from cash flow hedge accounting are recognized in other comprehensive income and reclassified to the income statement when the underlying transaction occurs. However, when the hedged transaction results in the recognition of a non-financial asset (i.e. inventories) or a non-financial liability, the amounts are transferred from other reserves and included in the initial measurement of the cost of the non-financial asset or liability. Ineffective changes in value are recognized immediately in the financial result.

### 3.14.4 Fair value hierarchy

All financial instruments are assigned to one of the following fair value levels according to the input data available:

Fair value level	Input data available
Level 1	– Quoted prices in active markets
Level 2	<ul style="list-style-type: none"> <li>– Quoted prices in inactive markets</li> <li>– Other observable data (e.g. interest rates, counterparty risk, and other risk factors)</li> </ul>
Level 3	– Unobservable input data

### 3.14.5 Treasury shares

Treasury shares (including registered shares and participation certificates) are reported as a deduction from equity. The cost of purchase, gains or losses realized on the sale, and other changes in the number or amount of treasury shares held, are recognized in equity.

### 3.15 Provisions

Provisions are only recorded if the Group has a probable obligation (legal or constructive) to third parties as a result of a past event and if the obligation can be reliably estimated. Existing provisions are reassessed at every balance sheet date.

Non-current provisions are discounted at a risk-adjusted interest rate if the effect is material. The increase in the present value of the provisions that arises from the passage of time is recognized as interest expense.

Restructuring provisions are calculated and recognized on the basis of the restructuring plans that have been announced. Provisions for product liability as well as self-insurance are based on external actuarial reports that are drawn up annually.

### 3.16 Taxes

#### 3.16.1 Current income taxes

Current income taxes are determined on the basis of the results for the reporting year, taking account of national tax laws in the relevant jurisdictions. Additional tax payments or tax refunds that are expected to be made or have been made for previous years are considered.

#### 3.16.2 Deferred taxes

Deferred taxes are recognized in accordance with the liability method. The income tax effects of temporary differences between the balance sheet values that are relevant for the consolidated financial statements and the tax base are recognized accordingly.

Deferred tax assets from unused tax loss carryforwards, as well as deductible temporary differences, are recognized if it is probable that the corresponding tax benefits can be realized. Forecasts serve as the basis for this assessment. Deferred tax liabilities are calculated on all taxable temporary differences.

The change in deferred tax assets and liabilities is recognized as tax expense. If underlying factors leading to a change in deferred tax assets and liabilities are recognized in other comprehensive income or directly in equity, the change in deferred tax assets and liabilities is also recognized in other comprehensive income or directly in equity, respectively.

### 3.17 Employee benefits

The Group has both defined contribution plans and defined benefit plans. Its defined benefit plans are covered by funds from separate legal entities or are funded directly by the Group.

In the case of defined contribution plans, contributions are paid to publicly or privately administered pension plans on a statutory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses.

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recognized in the balance sheet as a net defined benefit liability or a net defined benefit asset. The defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. Employee contributions are recognized in the period in which the related service is rendered. Plan assets are not available to the Group's creditors.

Pension costs consist of three elements: service costs, net interest, and remeasurements of employee benefits.

- Service costs are part of personnel expenses and consist of current service costs, past service costs (gains or losses from plan amendments or curtailments), and gains or losses from plan settlements.
- Net interest is recorded in the financial result and is determined by applying the discount rate to the net defined benefit liability or net defined benefit asset that exists at the beginning of the year.
- Gains and losses resulting from the actuarial valuation are recorded in other comprehensive income as remeasurements of employee benefits. The return on plan assets (excluding interest based on the discount rate) and any change in the effect of an asset ceiling are also recorded in this item.

Other long-term employee benefits (mainly jubilee benefits) are also measured using the projected unit credit method.

Termination benefits are recognized on the earlier date on which the Group can no longer withdraw the offer of this type of benefit or on which restructuring provisions are recorded.

### **3.18 Share-based payments**

Executive members of the Board of Directors of Schindler Holding Ltd. and members of the Group Executive Committee and other managers receive share-based payments.

Share-based payments are settled with treasury shares of Schindler Holding Ltd., of which the Group usually holds the required amount. As a result, no additional shares or participation certificates are issued. Issued options allow for the purchase of shares or participation certificates and are not settled with cash or cash equivalents. The same applies to Performance Share Units.

The fair value of share-based payments is determined at grant date. At the same date, or over the vesting period, the amount is charged to personnel expenses and recognized as an increase in equity.

## 4 Revenue

In CHF million	<b>2018</b>	2017
Billings		10 030
Change in work in progress (PoC)		113
Revenue from contracts with customers	<b>10 835</b>	
Other operating revenue	<b>44</b>	36
<b>Total revenue</b>	<b>10 879</b>	10 179

Revenue from contracts with customers is disaggregated based on the timing of the transfer of goods and services to customers for the regions in which the Group operates.

	<b>2018</b>			
	Revenue recognized over time	Revenue recognized at a point in time	Other operating revenue	<b>Total</b>
In CHF million				
EMEA	3 916	947	34	<b>4 897</b>
Americas	2 476	571	–	<b>3 047</b>
Asia-Pacific	2 717	208	10	<b>2 935</b>
<b>Total revenue</b>	<b>9 109</b>	<b>1 726</b>	<b>44</b>	<b>10 879</b>

Revenue from unsatisfied or partially unsatisfied performance obligations relates to not yet completed new installation and modernization contracts (order backlog) and maintenance contracts. The majority of the new installation and modernization contracts reported in order backlog are recognized as revenue in the next two years, whereas the average contract duration of not yet expired maintenance contracts is somewhat longer. The Group expects CHF 8 100 million to be recognized in the following year, CHF 5 400 million in the following two to three years and CHF 2 500 million in more than three years.

## 5 Segment reporting

The Elevators & Escalators segment comprises an integrated business that specializes in the production and installation of elevators and escalators, as well as the modernization, maintenance, and repair of existing installations. The segment is managed as a global unit.

The column Finance substantially represents the expenses of Schindler Holding Ltd. as well as centrally managed financial assets and financial liabilities that have been entered into for Group investing and financing purposes.

Since internal and external reporting is based on the same accounting principles, there is no need to reconcile the management reporting figures to the financial reporting figures.



## 5.1 Segment information

In CHF million	2018			2017		
	Group	Finance	Elevators & Escalators	Group	Finance	Elevators & Escalators
Revenue from third parties	10 879	–	10 879	10 179	–	10 179
Operating profit	1 269	–40	1 309	1 187	–25	1 212
Additions to property, plant, and equipment, and intangible assets	284	1	283	256	–	256
Total depreciation and amortization	174	–	174	153	–	153
Result from associates	–13	–	–13	–6	–	–6
Assets	9 976	2 484	7 492	8 626	1 536	7 090
Associates	118	–	118	81	–	81
Liabilities	6 233	576	5 657	5 358	143	5 215

## 5.2 Geographical information by regions

In CHF million	2018		2017	
	Total revenue from third parties	Non-current assets <sup>1</sup>	Total revenue from third parties	Non-current assets <sup>1</sup>
EMEA	4 897	1 239	4 483	1 085
Americas	3 047	412	2 927	421
Asia-Pacific	2 935	746	2 769	739
<b>Group</b>	<b>10 879</b>	<b>2 397</b>	10 179	2 245

<sup>1</sup> Excluding non-current financial assets and deferred taxes

## 5.3 Geographical information by material countries

In CHF million	2018		2017	
	Total revenue from third parties	Non-current assets <sup>1</sup>	Total revenue from third parties	Non-current assets <sup>1</sup>
USA	2 177	195	2 004	175
China	1 426	639	1 383	624
Switzerland	1 012	398	967	317

<sup>1</sup> Excluding non-current financial assets and deferred taxes

## 6 Personnel expenses

In CHF million	Note	2018	2017 <sup>1</sup>
Salaries		3 543	3 296
Cost of defined benefit plans	25	50	72
Cost of defined contribution plans		102	98
Share-based payments		29	23
Other personnel expenses		288	282
<b>Total personnel expenses</b>		<b>4 012</b>	3 771

<sup>1</sup> See note 2.3 for information on the change in presentation

Other personnel expenses primarily consist of social and insurance benefits.

## 7 Other operating expenses

In CHF million	2018	2017 <sup>1</sup>
Production, installation, maintenance, transport, and subcontractors	1 001	917
Employee-related expenses	338	319
Rent and leasing	160	166
Maintenance and repairs	93	83
Energy supply and consumables	180	171
Insurance, fees, and capital taxes	72	76
Administration and marketing	319	251
Other operating expenses	86	152
Other operating income	-13	-2
<b>Total other operating expenses</b>	<b>2 236</b>	<b>2 133</b>

<sup>1</sup> See note 2.3 for information on the change in presentation

Employee-related expenses primarily consist of training costs, travel allowances, and work equipment.

Research and development costs of CHF 178 million were charged to the income statement (previous year: CHF 170 million, restated).

## 8 Financial result

In CHF million	Note	2018	2017
Interest		55	20
Net income from equity instruments		6	18
Revaluation/exchange of 0.375% exchangeable bond 2013–2017			6
<b>Total financial income</b>		<b>61</b>	<b>44</b>
Interest		11	10
Net interest on employee benefits	25	9	11
Increase in the present value of provisions	24	10	9
Net losses on foreign exchange		10	6
Other financial expenses		25	23
<b>Total financial expenses</b>		<b>65</b>	<b>59</b>
<b>Financial result</b>		<b>-4</b>	<b>-15</b>

Interest includes a one-time positive net impact of CHF 27 million related to the settlement of a tax arbitration procedure (see note 9). Other financial expenses mainly comprise bank charges and financial transaction costs.

In June 2013, the Group issued a 0.375% exchangeable bond that could be exchanged for registered shares of ALSO Holding AG with an initial nominal amount of CHF 218 million. It was valued at fair value. The exchange period ended on May 26, 2017. During the term of four years, 99.99% of the 0.375% exchangeable bond was exchanged and Schindler's participation in ALSO Holding AG was subsequently reduced to almost zero. The revaluation and exchange of the 0.375% exchangeable bond as well as the available-for-sale financial asset had a positive net impact of CHF 6 million on the financial result in the previous reporting period.

## 9 Income taxes

In CHF million	2018	2017
Income taxes for the reporting period	268	246
Income taxes for previous periods	-34	1
Deferred income taxes	10	35
<b>Total income taxes</b>	<b>244</b>	<b>282</b>

### Reconciliation of income taxes

In CHF million	2018	%	2017	%
Profit before taxes	1 252		1 166	
Weighted average income tax rate as % of profit before taxes		22.9		23.2
Expected income tax expenses	287		271	
Effects of				
Recognition/utilization of unrecognized tax loss carryforwards	-4		-3	
Recognition of future tax impacts	-16		-9	
Other non-taxable income / Other non-deductible expenses	3		5	
Non-refundable withholding taxes	17		15	
Income taxes from prior periods	-34		1	
Other differences	-9		2	
<b>Total income taxes</b>	<b>244</b>	<b>19.5</b>	<b>282</b>	<b>24.2</b>

The weighted average tax rate is calculated using the enacted tax rates for the individual Group companies in each jurisdiction. Due to the composition of the Group's taxable income, as well as changes in local tax rates, the average tax rate varies from year to year. As of January 1, 2018, the federal corporate tax rate in the USA has been reduced from 35% to 21%. The positive impact from this tax rate reduction was offset by effects in other jurisdictions.

A settlement in an arbitration procedure with regard to the Group's tax position led to a tax refund, including interest. A one-time positive impact of CHF 60 million (income taxes CHF 33 million, net interest income CHF 27 million) was recognized in the Group's net profit. Cash flows related to the tax refund are disclosed in interest received and income taxes paid in cash flow from operating activities.

In the previous year, the USA enacted a new tax law, which reduced the corporate tax rate from 35% to 21%. The revised tax rate was applied to the temporary differences reported as of December 31, 2017, by the Group's subsidiaries based in the USA. This resulted in an additional tax expense in the previous year, which impacted the Group tax rate by 1.3%. This effect was substantially offset by intra-group transactions and by a reassessment of deferred tax assets in various countries.

## 10 Earnings per share and participation certificate

		2018	2017
Net profit (attributable to the shareholders of Schindler Holding Ltd.)	in CHF million	<b>943</b>	824
Shares and participation certificates	Number	<b>107 794 283</b>	107 794 283
Less treasury shares (weighted average)	Number	<b>-546 201</b>	-728 822
Outstanding shares and participation certificates (weighted average)	Number	<b>107 248 082</b>	107 065 461
<b>Basic earnings per share and participation certificate</b>	in CHF	<b>8.79</b>	7.70
Net profit (attributable to the shareholders of Schindler Holding Ltd.)	in CHF million	<b>943</b>	824
Diluted shares and participation certificates (weighted average)	Number	<b>107 492 926</b>	107 367 355
<b>Diluted earnings per share and participation certificate</b>	in CHF	<b>8.77</b>	7.67

Diluted earnings per share reflect the impact of the share-based payment plans at Schindler Holding Ltd.

## 11 Current financial assets

In CHF million	2018	2017
Time deposits	<b>216</b>	183
Other current financial assets	<b>8</b>	8
<b>Total current financial assets</b>	<b>224</b>	191

## 12 Accounts receivable

In CHF million	2018	2017
Trade accounts receivable	<b>1 934</b>	1 856
Associates	<b>14</b>	14
Other receivables	<b>195</b>	219
<b>Total accounts receivable</b>	<b>2 143</b>	2 089

### 12.1 Bad debt allowances

In CHF million	2018	2017
January 1	<b>-174</b>	-164
Effect adoption of IFRS 9	<b>-13</b>	
January 1, restated	<b>-187</b>	
Addition	<b>-24</b>	-25
Utilization	<b>21</b>	20
Exchange differences	<b>6</b>	-5
<b>December 31</b>	<b>-184</b>	-174



## 12.2 Aging analysis of receivables

### 2018

In CHF million	Total carrying amounts	of which not overdue	of which overdue			
			< 90 days	91 to 180 days	181 to 360 days	> 360 days
Trade accounts receivable, gross	2 118	909	698	162	151	198
Bad debt allowances	-184	-5	-6	-7	-33	-133
Associates	14	5	2	3	1	3
Other receivables	195	155	24	1	4	11
<b>Total accounts receivable</b>	<b>2 143</b>	<b>1 064</b>	<b>718</b>	<b>159</b>	<b>123</b>	<b>79</b>

### 2017

In CHF million	Total carrying amounts	of which not overdue	of which overdue			
			< 90 days	91 to 180 days	181 to 360 days	> 360 days
Trade accounts receivable, gross	2 030	698	765	234	138	195
Bad debt allowances	-174	-1	-5	-6	-29	-133
Associates	14	6	4	1	-	3
Other receivables	219	175	32	1	1	10
Total accounts receivable	2 089	878	796	230	110	75

## 13 Contract balances

In CHF million	2018	2017
Work in progress (PoC)		1 716
Progress payments from customers		-1 021
<b>Net assets from construction contracts</b>		695
Contract assets related to new installation and modernization contracts	<b>586</b>	
Contract assets related to maintenance contracts	<b>38</b>	
<b>Contract assets</b>	<b>624</b>	
Work in progress (PoC)		1 200
Progress payments from customers		-2 432
<b>Net liabilities from construction contracts</b>		-1 232
Contract liabilities related to new installation and modernization contracts	<b>-1 582</b>	
Contract liabilities related to maintenance contracts	<b>-604</b>	
<b>Contract liabilities</b>	<b>-2 186</b>	

In the new installations and modernization business, contract balances are recognized on a contract-by-contract basis once the installation begins. The amounts invoiced to the customer are generally based on the achievement of contractually agreed milestones. Such milestones are typically defined as the dates of contract signature, delivery call-off by the customer, and handover of the goods or services to the customer. Consequently, the amounts recognized as revenue over time do not necessarily coincide with the amounts invoiced. In cases where the amount of goods or services transferred to the customer exceeds the amount the Group has an unconditional right

to payment for, the difference is recognized as a contract asset. In the case of contracts where the amount of goods or services transferred to the customer is lower than the consideration received or due, the difference is recognized as a contract liability. For maintenance contracts, the contract balances relate to instances where the services are prepaid (contract liability) or work is performed ahead of the payment being unconditionally due (contract asset).

Changes in contract balances are triggered by the progress of projects, business growth and the timing of down payments received. The Group has recognized CHF 1 300 million as revenue that was included in the contract liability balance at the beginning of the reporting period. This amount represents new installation and modernization contracts that made further progress or have been completed and the release of contract liabilities related to maintenance contracts.

#### 14 Inventories

In CHF million	2018	2017
Inventory for contracts with customers	596	
Raw materials, semifinished and finished goods	424	479
Advance payments to suppliers	29	38
<b>Total inventories</b>	<b>1 049</b>	517

Following the implementation of IFRS 15 – Revenue from Contracts with Customers, material costs incurred before the start of revenue recognition (i.e. the start of installation) are reported as inventory for customer contracts.

Inventories include write-downs and write-offs of CHF 110 million (previous year: CHF 96 million) related to items with a slow rate of turnover and technically obsolete items.

## 15 Property, plant, and equipment

### 2018

In CHF million	Land	Buildings	Equipment and machinery	Assets under construction	Other PPE	Total
<b>Net book values</b>						
January 1	75	525	180	120	141	1 041
Additions	1	40	59	92	56	248
Disposals	–	–29	–1	–1	–4	–35
Depreciation	–	–28	–47	–	–52	–127
Business combinations	1	–	–	–	1	2
Reclassifications	–	28	12	–49	9	–
Exchange differences	–3	–21	–9	–6	–4	–43
<b>December 31</b>	<b>74</b>	<b>515</b>	<b>194</b>	<b>156</b>	<b>147</b>	<b>1 086</b>
of which finance leases	–	–	–	–	7	7
<b>Cost</b>	<b>82</b>	<b>833</b>	<b>635</b>	<b>156</b>	<b>481</b>	<b>2 187</b>
Accumulated depreciation and impairment	–8	–318	–441	–	–334	–1 101
<b>December 31</b>	<b>74</b>	<b>515</b>	<b>194</b>	<b>156</b>	<b>147</b>	<b>1 086</b>

### 2017

In CHF million	Land	Buildings	Equipment and machinery	Assets under construction	Other PPE	Total
<b>Net book values</b>						
January 1	72	477	185	61	129	924
Additions	4	49	35	94	39	221
Disposals	–	–1	–2	–	–3	–6
Depreciation	–	–27	–43	–	–46	–116
Business combinations	–	–	–	–	2	2
Reclassifications	1	10	3	–36	22	–
Exchange differences	–2	17	2	1	–2	16
December 31	75	525	180	120	141	1 041
of which finance leases	–	1	–	–	6	7
<b>Cost</b>	<b>84</b>	<b>839</b>	<b>598</b>	<b>120</b>	<b>465</b>	<b>2 106</b>
Accumulated depreciation and impairment	–9	–314	–418	–	–324	–1 065
December 31	75	525	180	120	141	1 041

In the reporting year, the sale of property, plant, and equipment resulted in gains of CHF 9 million (previous year: gains of CHF 2 million). The gains are recognized in other operating income.

Contractual commitments for the acquisition of property, plant, and equipment amount to CHF 34 million (previous year: CHF 55 million).

In the previous year, additions to property, plant, and equipment were reported net of non-cash government grants of CHF 8 million.

## Investment properties

The following table provides information for investment properties included in land and buildings:

In CHF million	2018	2017
Net book value	37	51
Fair value	54	69
thereof determined by external expert opinions in the reporting year	1	3
Rental income	4	4
Operating expenses	2	2
Operating expenses of investment properties without rental income	1	1

Investment properties are valued using the discounted cash flow method. Input factors such as the discount rate, rental income, and increases in rent are used, resulting in a level 3 fair value classification.

## 16 Intangible assets

In CHF million	Goodwill	Service portfolio	Other intangible assets	Total
<b>Net book values 2018</b>				
January 1, 2018	819	197	107	1 123
Additions			36	36
Amortization		-27	-20	-47
Business combinations	52	68	-	120
Exchange differences	-37	-	-4	-41
<b>December 31, 2018</b>	<b>834</b>	<b>238</b>	<b>119</b>	<b>1 191</b>
Cost	851	574	248	1 673
Accumulated amortization and impairment	-17	-336	-129	-482
<b>December 31, 2018</b>	<b>834</b>	<b>238</b>	<b>119</b>	<b>1 191</b>
<b>Net book values 2017</b>				
January 1, 2017	716	158	81	955
Additions			35	35
Amortization		-23	-14	-37
Business combinations	90	62	2	154
Exchange differences	13	-	3	16
December 31, 2017	819	197	107	1 123
Cost	836	518	221	1 575
Accumulated amortization and impairment	-17	-321	-114	-452
December 31, 2017	819	197	107	1 123

Other intangible assets comprise licenses, patents, and similar rights, as well as software.



## 17 Impairment test

The value in use is determined annually in the third quarter using the discounted cash flow method. Future cash flows, discount rates, and other parameters relating to the respective cash-generating units are determined using various assumptions. The estimate for the reporting year and the forecast for the following two years form the basis for the test. Assumptions such as market conditions, sales volumes, revenue, earnings before taxes and tax rates, as well as capital expenditure and other economic factors, are considered reasonable by management. An impairment is recognized if the carrying amount of the cash-generating unit exceeds the recoverable amount.

The calculations were based on the following assumptions:

In CHF million	Goodwill 31.12.2018	Assumptions used		
		Pre-tax discount rate	Growth rate	Inflation rate
China	243	10.7%	3.0%	3.0%
Germany	239	8.6%	2.5%	2.5%
Brazil	141	22.8%	4.0%	4.0%
Switzerland	66	6.6%	1.0%	1.0%
USA	35	8.4%	2.2%	2.2%
Saudi Arabia	34	13.6%	2.1%	2.1%
Others	76			
<b>Total</b>	<b>834</b>			

No impairment was necessary (previous year: no impairment). The item Others comprises seven (previous year: seven) individually insignificant cash-generating units. A change in the assumptions used, e.g. in the event of a sustained deterioration in operating profit while the balance sheet and cost structure remain unchanged, would not result in an impairment of goodwill. Even if cash flow forecasts were based on zero growth, the carrying amount would not exceed the recoverable amount. An increase of 1 percentage point in the assumed discount rate would not alter the results of the impairment test.

In CHF million	Goodwill 31.12.2017	Assumptions used		
		Pre-tax discount rate	Growth rate	Inflation rate
China	254	11.4%	2.6%	2.6%
Germany	226	8.9%	2.5%	2.5%
Brazil	163	24.7%	4.0%	4.0%
Switzerland	51	7.0%	1.0%	1.0%
Saudi Arabia	34	12.3%	2.0%	2.0%
USA	28	11.2%	2.3%	2.3%
Others	63			
<b>Total</b>	<b>819</b>			

## 18 Associates

In the previous year, the Group acquired a 25% stake in Volkslift Elevator (China) Co. Ltd. In the reporting year, the participation was increased from 25% to 49% with options to purchase the remaining shares, which are currently not exercisable.

### Group's share of results of associates

In CHF million	2018	2017
Gain/loss recognized in the income statement	-13	-6
Gain/loss recognized in other comprehensive income	-	-
<b>Gain/loss recognized in total comprehensive income</b>	<b>-13</b>	<b>-6</b>

## 19 Non-current financial assets

In CHF million	2018	2017
Loans to associates	5	5
Marketable securities	126	114
Investment in Hyundai Elevator Co. Ltd.	402	211
Other non-current financial assets	264	308
<b>Total non-current financial assets</b>	<b>797</b>	<b>638</b>

The investment in Hyundai Elevator Co. Ltd. is treated as a non-current equity instrument measured at fair value through other comprehensive income. The Group's interest at the reporting date was diluted from 17.1% as of December 31, 2017, to 15.5% as of December 31, 2018. In the reporting year, the Group received CHF 2 million in dividend payments from this investment (previous year: CHF 2 million), recognized in the financial result.

Marketable securities mainly comprise equity instruments and bonds traded in active markets and private equity investments, whereas other non-current financial assets include time deposits.

## 20 Deferred taxes

### 20.1 Deferred taxes by category

In CHF million	2018			2017		
	Deferred tax assets	Deferred tax liabilities	Net book value	Deferred tax assets	Deferred tax liabilities	Net book value
Current assets	126	-51	75	93	-26	67
Property, plant, and equipment	3	-24	-21	2	-20	-18
Intangible assets	32	-114	-82	27	-111	-84
Other non-current assets	-	-21	-21	1	-10	-9
Current liabilities	133	-70	63	117	-71	46
Provisions	69	-26	43	67	-23	44
Employee benefits	85	-	85	91	-	91
Other non-current liabilities	-	-	-	1	-	1
Tax loss carryforwards	9	-	9	9	-	9
<b>Total deferred tax assets / deferred tax liabilities (net)</b>			<b>151</b>			<b>147</b>
of which deferred tax assets			<b>282</b>			<b>263</b>
of which deferred tax liabilities			<b>-131</b>			<b>-116</b>

The Group does not expect material additional tax liabilities due to dividend payments from Group companies.

### 20.2 Changes in deferred taxes

In CHF million	2018	2017
January 1	147	209
Effect adoption of IFRS 15 and IFRS 9	45	
January 1, restated	192	
Addition and reversal of temporary differences		
through the income statement	-10	-35
through other comprehensive income	-12	-23
Business combinations	-12	-5
Exchange differences	-7	1
<b>December 31</b>	<b>151</b>	<b>147</b>

### 20.3 Unrecognized deferred tax assets

In CHF million	2018	2017
Temporary differences	21	24
Tax loss carryforwards	163	180
<b>Total basis</b>	<b>184</b>	<b>204</b>
<b>Unrecognized deferred tax assets</b>	<b>38</b>	<b>43</b>
Average tax rate in %	20.7	21.1

Deferred tax assets, including assets for unused tax loss carryforwards, are only recognized if it is probable that future profits will be available against which these assets can be offset for tax purposes. Unrecognized deferred tax assets mainly apply to Group companies with a history of tax losses and for which no or only a small taxable profit is expected in the future.

In the previous year, reassessments of unrecognized deferred tax assets resulted in a recognition of deferred tax assets.

## 20.4 Tax loss carryforwards

In CHF million	2018		2017	
	Loss carry-forwards	Tax effects	Loss carry-forwards	Tax effects
<b>Total</b>	<b>197</b>	<b>43</b>	213	48
Recognized as deferred tax assets	<b>-34</b>	<b>-9</b>	-33	-9
<b>Total unrecognized</b>	<b>163</b>	<b>34</b>	180	39
of which expiring				
< 1 year	<b>5</b>	<b>1</b>	5	1
1–5 years	<b>39</b>	<b>6</b>	36	5
> 5 years	<b>119</b>	<b>27</b>	139	33

## 21 Accounts payable

In CHF million	2018	2017
Trade accounts payable	<b>665</b>	648
Associates	<b>13</b>	10
Social security	<b>53</b>	51
Indirect taxes and capital taxes	<b>164</b>	139
Other payables	<b>81</b>	99
<b>Total accounts payable</b>	<b>976</b>	947

## 22 Financial debts

### 22.1 Current financial debts

In CHF million	2018	2017
Bank overdrafts	<b>63</b>	43
Liabilities to related parties	<b>16</b>	93
Current portion of non-current financial debts		
of bank loans	<b>2</b>	3
of finance leases	<b>3</b>	2
Other current financial debts	<b>21</b>	19
<b>Total current financial debts</b>	<b>105</b>	160

### 22.2 Non-current financial debts

In CHF million	2018	2017
0.00% bond 2018–2020, nominal CHF 100 million	<b>100</b>	
0.25% bond 2018–2023, nominal CHF 400 million	<b>400</b>	
Finance leases	<b>4</b>	5
Liabilities towards non-controlling interests	<b>9</b>	7
Other non-current financial debts	<b>18</b>	8
<b>Total non-current financial debts</b>	<b>531</b>	20



In June 2018, the Group issued domestic bonds in two tranches: a 2-year bond tranche of CHF 100 million with a coupon of 0.00% and a 5-year bond tranche of CHF 400 million with a coupon of 0.25%.

## 22.3 Changes in financial debts

In CHF million	2018			2017		
	Current financial debts	Non-current financial debts	Total	Current financial debts	Non-current financial debts	Total
January 1	160	20	<b>180</b>	254	55	309
Proceeds from increase in financial debts	31	507	<b>538</b>	23	–	23
Repayment of financial debts	–91	–4	<b>–95</b>	–44	–5	–49
Acquisition of non-controlling interests	–	–	–	–	–45	–45
Other cash flows	–17	–1	<b>–18</b>	–25	–17	–42
Non-cash items						
Revaluation/exchange of 0.375% exchangeable bond 2013–2017	–	–	–	–87	–	–87
Reclassifications	11	–11	–	4	–4	–
Others	15	21	<b>36</b>	35	35	70
Exchange differences	–4	–1	<b>–5</b>	–	1	1
<b>December 31</b>	<b>105</b>	<b>531</b>	<b>636</b>	160	20	180

In the previous year, the Group exercised the last acquisition right to acquire 5% in XJ-Schindler (Xuchang) Elevator Co. Ltd.

Other cash flows and other non-cash items mainly comprise payments and changes in deferred purchase consideration.

## 22.4 Maturity and average interest rates on financial debts

In CHF million	2018		2017	
	Book values	Effective interest rate in %	Book values	Effective interest rate in %
< 1 year	<b>105</b>	<b>2.1</b>	160	1.5
1–5 years	<b>522</b>	<b>0.2</b>	20	2.8
> 5 years	<b>9</b>	–	–	–
<b>Total financial debts</b>	<b>636</b>	<b>0.6</b>	180	1.7

## 23 Accrued expenses and deferred income

In CHF million	2018	2017
Personnel expenses	<b>478</b>	471
Follow-up work from construction contracts	<b>281</b>	334
Invoiced service contracts		508
Cost of materials and services	<b>171</b>	218
Other accrued expenses and deferred income	<b>266</b>	251
<b>Total accrued expenses and deferred income</b>	<b>1 196</b>	1 782

Invoiced service contracts and deferred income related to customer contracts previously shown in Other accrued expenses and deferred income have been reclassified to contract liabilities (see notes 2 and 13) following the implementation of IFRS 15 – Revenue from Contracts with Customers.

## 24 Provisions

In CHF million	Onerous customer contracts	Restructuring costs	Product liabilities and warranties	Self-insurance	Others	Total
Current provisions	29	20	78	11	25	163
Non-current provisions	–	–	208	53	81	342
<b>Total provisions</b>	<b>29</b>	<b>20</b>	<b>286</b>	<b>64</b>	<b>106</b>	<b>505</b>
<b>Statement of changes</b>						
January 1, 2018	35	32	290	62	105	524
Effect adoption of IFRS 15	2	–	10	–	–	12
January 1, 2018, restated	37	32	300	62	105	536
Addition	20	8	56	13	19	116
Increase in present value	–	–	4	6	–	10
Utilization	–21	–17	–71	–12	–16	–137
Reversal	–6	–1	–4	–	–2	–13
Business combinations	–	–	–	–	2	2
Exchange differences	–1	–2	1	–5	–2	–9
<b>December 31, 2018</b>	<b>29</b>	<b>20</b>	<b>286</b>	<b>64</b>	<b>106</b>	<b>505</b>

Provisions for onerous contracts are recognized to cover losses contained in loss-making customer contracts. These provisions are calculated on the basis of pre-calculations and experience. Customer contracts are usually satisfied within 9 to 24 months. The provisions are reversed as each contract progresses.

Provisions for product liability are based on actuarial calculations by independent experts for cases that are expected to occur or have already occurred but are not yet resolved. The provisions are used as the payments are made, which may be over a period of up to ten years following the occurrence of damages. Warranty provisions cover the risk of expenses that are expected to occur before the warranty period expires (assurance-type warranties). These provisions are calculated on the basis of experience.

The provisions for self-insurance mainly cover employee-related risks that are not, or not sufficiently, covered by local or state insurance in individual countries. These provisions are based on actuarial reports. The provisions are used as the payments are made, which may be over a period of up to ten years following the occurrence of damages.

Other provisions cover further risks relating to individual Group companies, such as litigation, as well as direct and indirect taxation. Other provisions are normally used within five years.

## 25 Employee benefits

In CHF million	2018			2017		
	Funded	Unfunded	Total	Funded	Unfunded	Total
<b>Switzerland</b>						
Fair value of plan assets	2 056		<b>2 056</b>	2 096		2 096
Present value of defined benefit obligation	-2 114		<b>-2 114</b>	-2 152		-2 152
<b>Plan deficit – Switzerland</b>	<b>-58</b>		<b>-58</b>	-56		-56
<b>USA</b>						
Fair value of plan assets	229		<b>229</b>	261		261
Present value of defined benefit obligation	-228	-39	<b>-267</b>	-271	-43	-314
<b>Plan deficit – USA</b>	<b>1</b>	<b>-39</b>	<b>-38</b>	-10	-43	-53
<b>Other plans</b>						
Fair value of plan assets	103		<b>103</b>	113		113
Present value of defined benefit obligation	-122	-341	<b>-463</b>	-130	-346	-476
<b>Plan deficit – other plans</b>	<b>-19</b>	<b>-341</b>	<b>-360</b>	-17	-346	-363
<b>Total</b>						
Fair value of plan assets	2 388		<b>2 388</b>	2 470		2 470
Present value of defined benefit obligation	-2 464	-380	<b>-2 844</b>	-2 553	-389	-2 942
<b>Total plan deficit</b>	<b>-76</b>	<b>-380</b>	<b>-456</b>	-83	-389	-472
Present value of other employee benefits		-27	<b>-27</b>		-27	-27
<b>Total net book value of employee benefits</b>	<b>-76</b>	<b>-407</b>	<b>-483</b>	-83	-416	-499
of which employee benefits assets			<b>2</b>			-
of which employee benefits liabilities			<b>-485</b>			-499

The Group has a number of funded defined benefit plans. Certain plans are managed by separate legal entities. The governing bodies of these entities have an obligation to act in the interests of the plan participants and are also responsible for the investment strategy. The largest plans are in Switzerland and the USA. Together, they account for 84% (previous year: 84%) of the Group's total defined benefit obligation and 96% (previous year: 95%) of its plan assets. Unfunded defined benefit plans mainly exist in Germany, France, and Austria.

### Pension plans in Switzerland

These pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, separate legal entities. It also stipulates that a pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability, and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, various measures can be taken, such as a reduction in benefits by altering the conversion rates or increasing current contributions. The BVG states how the employer and employees have to jointly fund potential restructurings.

The Schindler Pension Fund has the legal structure of a foundation. All actuarial risks are borne by the foundation. They consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries, and the return on plan assets) and are regularly assessed by the Board of Trustees. In addition, an actuarial report is drawn up annually in accordance with BVG requirements. The final funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status as at December 31, 2018, is 111% (previous year: 116%, final).

The Board of Trustees defines the investment strategy. When defining the investment strategy, it takes account of the foundation's objectives, benefit obligations, and risk capacity. The investment strategy is defined on the basis of a long-term target asset structure. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term.

The funded plans also include the Schindler Foundation (an extramandatory, semi-autonomous management pension plan). This plan for employees in management functions extends the insurance cover provided by the pension plan. All of the Schindler Foundation's actuarial risks are reinsured.

### **Pension plan in the USA**

The Schindler Elevator Corporation Retirement Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the plan's statutory minimum funded status. An actuarial report on the plan is prepared annually in accordance with ERISA requirements. The final funded status is determined in the second quarter of the following year. According to estimates, the funded status as at December 31, 2018, is 114% (previous year: 117%, final).

Plan participants are insured against the financial consequences of old age, disability, and death. Contributions to the pension plan are paid entirely by Schindler Elevator Corporation. Pension entitlements are, to a large extent, insured with the government's Pension Benefit Guaranty Corporation.

The Benefit Administration Committee (BAC) is responsible for the internal structure and supervision of the plan. The BAC consists of employees of Schindler Elevator Corporation, the majority of whom are members of the Executive Board. The assets are held in a separate legal entity. The Benefits Investment Committee defines the investment strategy, taking the plan's objectives, benefit obligations, and risk capacity into account.

No new plan participants have been accepted since 2002. Since 2003, the pension entitlements of employees who were more than 25 years from reaching the normal retirement age at that time were frozen. In 2018, the plan was amended to no longer provide additional benefit accruals to active participants resulting in a past service income recognition. The future retirement benefit of the plan participants were frozen as of the date of the amendment. Instead of this defined benefit plan, a defined contribution plan pursuant to Internal Revenue Code 401(k) is now in place.



## 25.1 Cost of defined benefit plans

In CHF million	2018	2017
Service costs		
Current service costs	62	65
Past service costs	-12	-
Gains/losses from settlements	-	7
<b>Total service costs</b>	<b>50</b>	<b>72</b>
Net interest on employee benefits	9	11
<b>Total pension expenses recognized in income statement</b>	<b>59</b>	<b>83</b>
of which arising from funded pension plans	39	65
of which arising unfunded pension plans	20	18

Service costs for the reporting year totaled CHF 46 million (previous year: CHF 47 million) for pension plans in Switzerland and CHF -8 million (previous year: CHF 5 million) for the pension plan in the USA. Net interest expenses for the reporting year totaled CHF 0 million (previous year: CHF 1 million) for pension plans in Switzerland and CHF 2 million (previous year: CHF 3 million) for the pension plan in the USA.

## 25.2 Remeasurements of employee benefits

In CHF million	2018	2017
Actuarial gains/losses		
Changes in demographic assumptions	-2	-5
Changes in financial assumptions	84	-22
Experience adjustments	-15	-17
Return on plan assets (excluding interest based on discount rate)	-83	185
<b>Total remeasurements recognized in other comprehensive income</b>	<b>-16</b>	<b>141</b>
of which arising from funded pension plans	-9	196
of which arising from unfunded pension plans	-7	-55

Remeasurements recognized in other comprehensive income for the reporting year totaled CHF -8 million (previous year: CHF 191 million) for pension plans in Switzerland and CHF 6 million (previous year: CHF -9 million) for the pension plan in the USA.

## 25.3 Change in fair value of plan assets

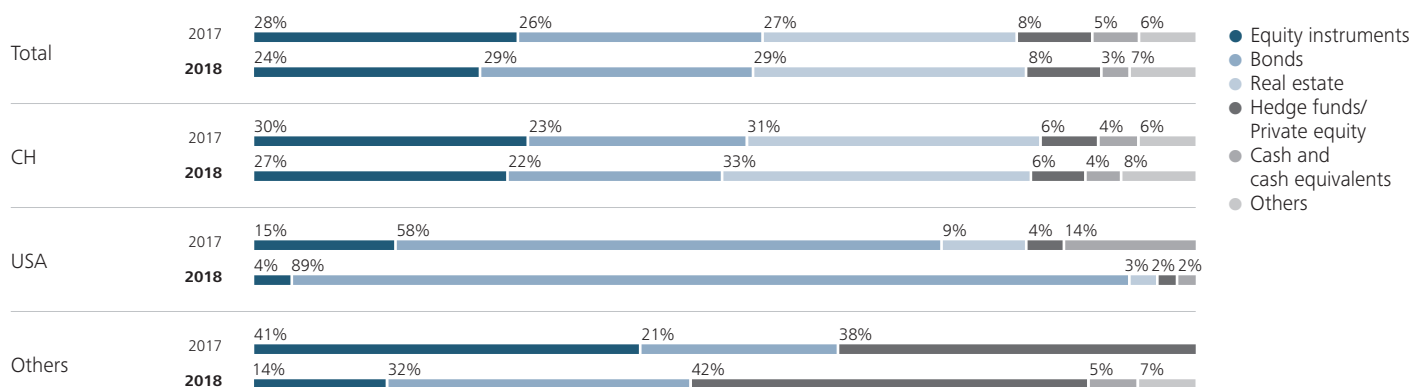
In CHF million	2018	2017
January 1	2 470	2 289
Interest income (based on discount rate)	26	23
Return on plan assets (excluding interest based on discount rate)	-83	185
Employee contributions	45	41
Ordinary employer contributions	57	55
Additional employer contributions	-	44
Benefits paid	-126	-121
Settlements	-	-37
Exchange differences	-1	-9
<b>December 31</b>	<b>2 388</b>	<b>2 470</b>

In the previous year, additional employer contributions consisted of voluntary payments in excess to contributions required by pension plan regulations.

## 25.4 Change in present value of defined benefit obligation

In CHF million	2018			2017		
	Funded	Unfunded	Total	Funded	Unfunded	Total
January 1	-2 553	-389	-2 942	-2 601	-316	-2 917
Service costs	-38	-12	-50	-62	-10	-72
Interest costs	-27	-8	-35	-27	-7	-34
Actuarial gains/losses	74	-7	67	11	-55	-44
Employee contributions	-45	-	-45	-41	-	-41
Benefits paid	126	20	146	121	20	141
Business combinations	-	-1	-1	-	-2	-2
Settlements	-	2	2	37	2	39
Exchange differences	-1	15	14	9	-21	-12
<b>December 31</b>	<b>-2 464</b>	<b>-380</b>	<b>-2 844</b>	<b>-2 553</b>	<b>-389</b>	<b>-2 942</b>

## 25.5 Allocation of plan assets as at December 31



The outflow of funds due to pension payments and other obligations can be forecast reliably. Contributions are paid regularly to funded pension plans. Furthermore, the various investment strategies take account of the need to guarantee the liquidity of the plans at all times. The Group does not make use of any assets held by pension plans.

Equity instruments represent investments in equity funds and direct investments. They generally have quoted market prices in an active market (level 1 fair value classification). The pension plan assets do not include any registered shares or participation certificates of Schindler Holding Ltd.

Bonds generally have a credit rating that is no lower than investment grade and have quoted market prices in an active market (level 1). They comprise investments in funds and direct investments.

Real estate is divided into residential and commercial properties and comprises direct and indirect investments (level 2 or 3). Real estate that is held directly is valued annually by an independent expert.

Investments in hedge funds and private equity investments serve as alternative asset classes. They are used mainly for risk management purposes. No quoted market prices in an active market are usually available (level 2 or 3).

Cash and cash equivalents are invested with financial institutions that have an investment grade rating.

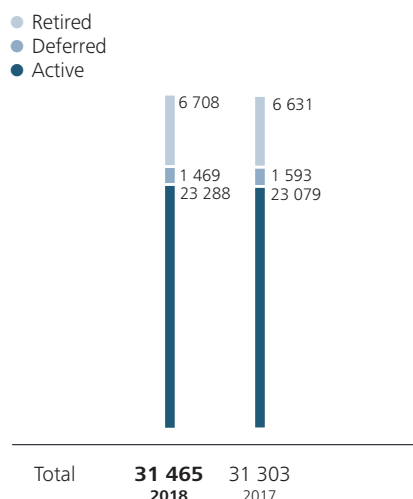
The item Others includes commodities, insurance-linked securities, and derivatives, among others (levels 1 to 3). The latter are acquired primarily for the purpose of hedging interest rate risks and foreign currency risks. The use of derivatives is only permitted if appropriate liquidity or underlying investments are available. Leveraging and short selling are not permitted.

The actual return on plan assets for 2018 was:

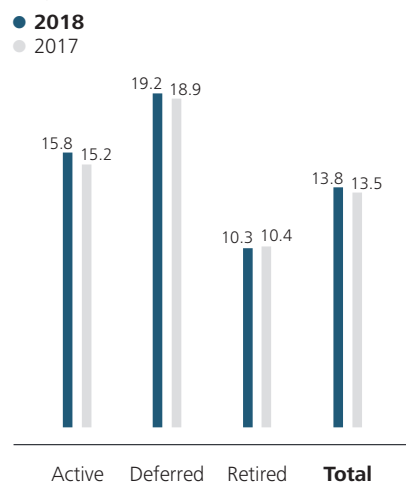
- Switzerland: –2% (previous year: 9%)
- USA: –3% (previous year: 12%)

## 25.6 Plan participants

### Plan participants in numbers



### Weighted average duration in years



In CHF million	Active		Deferred		Retired		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Present value of defined benefit obligation	<b>1 650</b>	1 701	<b>92</b>	104	<b>1 102</b>	1 137	<b>2 844</b>	2 942
Share in %	<b>58.0</b>	57.8	<b>3.2</b>	3.5	<b>38.8</b>	38.7	<b>100.0</b>	100.0

The following employer contributions are expected for the reporting year 2019:

- Switzerland: CHF 46 million
- USA: CHF 2 million
- Other plans: CHF 5 million

## 25.7 Significant actuarial assumptions

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method.

	Switzerland		USA	
	2018	2017	2018	2017
Discount rate in %	<b>0.90</b>	0.70	<b>4.26</b>	3.61
Increase in salaries in %	<b>1.00</b>	1.00	<b>2.50</b>	2.50
Mortality table	<b>BVG2015 CMI 1.25%</b>	BVG2015 CMI 1.25%	<b>RP-2014 FG + MP2018</b>	RP-2014 FG + MP2017

### Sensitivities of significant actuarial assumptions

The discount rate and the future increase in salaries were identified as significant assumptions. The following impacts on the defined benefit obligation would result from changes in actuarial assumptions:

- A 0.25% increase or decrease in the discount rate would lead to a decrease or increase of 3% (previous year: 3%) in the defined benefit obligation.
- A 1.00% increase or decrease in the expected increase in salaries would lead to an increase or decrease of 2% (previous year: 2%) in the defined benefit obligation.

The sensitivity analysis is based on reasonable possible changes as at the end of the reporting year. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

## 26 Equity

### 26.1 Share and participation capital

	2018				2017	
	Number	Nominal value in CHF	Capital in CHF	Number	Nominal value in CHF	Capital in CHF
Shares	<b>67 077 452</b>	<b>0.10</b>	<b>6 707 745</b>	67 077 452	0.10	6 707 745
Participation certificates	<b>40 716 831</b>	<b>0.10</b>	<b>4 071 683</b>	40 716 831	0.10	4 071 683

Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, or any other rights of membership, such as participation in General Meetings of Shareholders.

### 26.2 Treasury shares

	Registered shares			Participation certificates		
	Number	Average share price in CHF	Value in CHF million	Number	Average share price in CHF	Value in CHF million
January 1, 2017	556 115		83	299 649		31
Purchases	180 000	205.27	37	–	–	–
Disposals	–2 819	205.75	–1	–	–	–
Share-based payments						
Allocation	–85 302	197.60	–17	–	–	–
Exercising of options and Performance Share Units	–158 820	97.32	–15	–87 909	94.28	–8
Difference in value due to allocation and exercise			–1			–2
<b>December 31, 2017</b>	<b>489 174</b>		<b>86</b>	<b>211 740</b>		<b>21</b>
Reserved for share-based payment plans	489 174			211 740		
Purchases	106 124	182.21	19	575	–	–
Disposals	–11 725	206.39	–2	–3 028	214.27	–1
Share-based payments						
Allocation	–77 738	199.03	–15	–	–	–
Exercising of options and Performance Share Units	–134 989	118.51	–16	–66 853	97.08	–6
Difference in value due to allocation and exercise			–1			–
<b>December 31, 2018</b>	<b>370 846</b>		<b>71</b>	<b>142 434</b>		<b>14</b>
Reserved for share-based payment plans	370 846			142 434		



## 26.3 Other reserves

In CHF million	Cash flow hedges	Available-for-sale financial assets	Debt instruments at FVOCI with recycling <sup>1</sup>	Share of other comprehensive income of associates	Total
<b>January 1, 2017</b>	-2	114		-1	111
Unrealized changes in fair value	3	34		-	37
Taxes on unrealized changes in fair value	-	-		-	-
Realized/reclassified changes in fair value	-2	-38		-	-40
Taxes on realized/reclassified changes in fair value	2	-		-	2
<b>December 31, 2017</b>	1	110		-1	110
Effect adoption of IFRS 9		-110			-110
<b>January 1, 2018, restated</b>	1	-	-	-1	-
Unrealized changes in fair value	2		-	-	2
Taxes on unrealized changes in fair value	-2		-	-	-2
Realized/reclassified changes in fair value	-		-	-	-
Taxes on realized/reclassified changes in fair value	-		-	-	-
<b>December 31, 2018</b>	<b>1</b>		<b>-</b>	<b>-1</b>	<b>-</b>

<sup>1</sup>FVOCI: At fair value through other comprehensive income

## 27 Business combinations

The Group acquired the business activities or the shares of various smaller companies that sell, install, modernize, and maintain elevators and escalators. Viewed individually, the acquisitions are not significant. However, these acquisitions enable the Group to strengthen its market position and regional coverage. The Group assumes that CHF 9 million of goodwill is tax-deductible (previous year: CHF 48 million). Gross trade accounts receivable total CHF 12 million (previous year: CHF 21 million) and the related bad debts allowances total CHF 1 million (previous year: CHF 3 million).

The impact on the Group's revenue as well as operating profit resulting from the acquisitions was not material nor would it be material if all acquisitions would have occurred at January 1, 2018, or January 1, 2017, respectively. Net cash outflows comprise cash and cash equivalents paid, less cash and cash equivalents acquired, as well as deferred purchase consideration paid related to business combinations of previous years.

In CHF million	Cumulative fair values at acquisition date	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	5	6
Accounts receivable	11	18
Other current assets	4	7
Service portfolio	68	62
Other intangible assets	–	2
Deferred tax assets	1	1
Other non-current assets	4	2
<b>Liabilities</b>		
Current liabilities	19	26
Deferred tax liabilities	13	6
Non-current liabilities	3	2
<b>Net assets acquired</b>	<b>58</b>	<b>64</b>
Non-controlling interests	1	–
Goodwill	52	90
<b>Total acquisition costs</b>	<b>111</b>	<b>154</b>
Cash and cash equivalents paid	93	142
Deferred purchase consideration	18	12
<b>Total acquisition costs</b>	<b>111</b>	<b>154</b>
Cash and cash equivalents acquired	–5	–6
Deferred purchase consideration	–18	–12
Paid deferred purchase consideration from previous years	18	–
<b>Net cash outflow</b>	<b>106</b>	<b>136</b>

## 28 Other non-cash items

In CHF million	2018	2017
Share-based payments	29	23
Change in provisions	–30	–5
Employee benefits	–29	–3
Others	–	22
<b>Total other non-cash items</b>	<b>–30</b>	<b>37</b>

## 29 Off-balance sheet transactions

### 29.1 Contingent liabilities

In CHF million	2018	2017
Guarantees in favor of third parties	44	54

Guarantees are reported as contingent liabilities and are only recognized as a provision if it is probable that an outflow of resources embodying economic benefits will occur.

The Group is exposed to a variety of legal risks. In particular, they may include risks associated with employment law, product liability, patent law, tax law, and competition law. Several Group companies are involved in legal proceedings. The results of pending or future proceedings cannot be accurately forecast. Consequently, decisions by courts or other authorities can give rise to expenses that are not covered either partly or fully by insurance policies. This may have a significant impact on the business and future results.

The decision by the European Commission on February 21, 2007, regarding fines under competition law, as well as the decision by the Higher Regional Court in Vienna on December 14, 2007, to impose fines, resulted in civil damage claims against Group companies and other elevator companies being lodged with courts in Belgium, the Netherlands, and Austria. The total capital amount claimed jointly and severally from all the defendants involved in the proceedings – in which Group companies are involved as defendants – was EUR 170 million at the end of 2018. The Group companies in question consider the claims to be without merit.

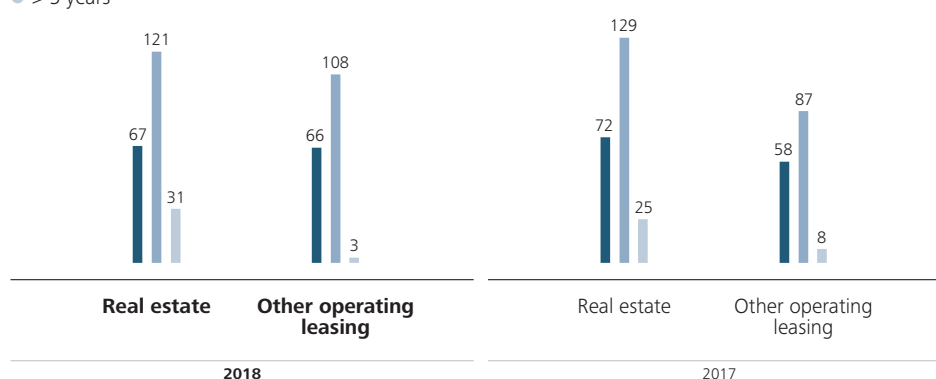
## 29.2 Other unrecognized obligations

In CHF million	2018	2017
Non-cancellable capital commitments for the purchase of PPE and material	104	112

## 29.3 Maturity of non-cancellable lease payments

In CHF million

- < 1 year
- 1–5 years
- > 5 years



Other operating leases mainly comprise vehicles, and equipment.

## 30 Financial risk management

### 30.1 Principles for risk management

The Group is exposed to a variety of general and industry-specific risks. The most significant financial risks to which it is exposed are market risks (including interest rate risks, foreign currency risks, and price risks), liquidity risks, and credit risks. These risks can have a material impact on the Group's consolidated balance sheet, consolidated statement of comprehensive income, and consolidated cash flow statement.

The Group-wide management of financial risks is one of the main responsibilities of Corporate Treasury. Principles and guidelines for the management of these risks are determined annually by the Board of Directors, the Supervisory and Strategy Committee, and the Group Executive Committee. The risk policy is intended to promote sustainable growth, increase the value of the business, and minimize potential adverse effects on the Group's financial performance. If necessary, risks are managed using derivatives such as foreign currency contracts or interest rate swaps. The risk management is monitored by the Supervisory and Strategy Committee and the Finance Steering Committee. The Finance Steering Committee is composed of internal experts who are not members of the Board of Directors.

Various risk management and control systems are used to anticipate, measure, monitor, and address risks. The Group Executive Committee and the Audit Committee review the appropriateness of the risk management and internal control systems at regular intervals – or immediately if unexpected risks arise.

Sensitivity analyses are performed to assess the effects of different market conditions. These analyses enable risk positions to be evaluated on a Group-wide basis. They provide an approximate measurement of the risk that can arise based on specific assumptions in the event of isolated changes to individual parameters of a defined amount. The actual impacts on the statement of comprehensive income may differ, depending on how the market develops.

The Group's assets and liabilities associated with pension plans are not included in the following quantitative and qualitative information.

Type of risk	Sources of risk	Mitigation of risks
Interest rate risk	<ul style="list-style-type: none"> <li>– The Group is exposed to interest rate risks primarily on the income side due to its large positive net cash position. A significant portion of financial assets is held in Swiss francs and the Group is therefore exposed to negative interest rates.</li> <li>– The risk arising from financial liabilities is limited since the relevant interest rates are mainly fixed.</li> </ul>	<ul style="list-style-type: none"> <li>– The Finance Steering Committee maintains and periodically reviews the strategy to invest excess cash (mainly in Swiss francs) in order to mitigate negative interest exposure.</li> <li>– The Supervisory and Strategy Committee defines the target structure of fixed and variable interest-bearing liabilities.</li> <li>– Active management and continuous monitoring of changes in interest rates by Corporate Treasury (CTR).</li> </ul>
Foreign currency risk	<ul style="list-style-type: none"> <li>– The Group is exposed to foreign currency risks because of its international operations and the related transaction and translation risks.</li> <li>– Transaction risks resulting from income and expenses in currencies other than the local reporting currency.</li> <li>– Translation risks arising from the consolidation of the financial statements of Group companies in Swiss francs.</li> </ul>	<ul style="list-style-type: none"> <li>– The majority of income and expenses from operating activities are incurred in local currencies. While transactions in foreign currencies occur, these are either managed by matching the invoicing currency to the source currency of the cost of materials (natural hedge), or by hedging the exposure. If country-specific regulations allow, CTR combines the transaction risks by currency and creates natural hedging relationships. The remaining transaction risks are hedged with high-quality credit-rated financial institutions.</li> <li>– Group companies are not permitted to speculatively obtain or invest in foreign currency cash.</li> <li>– The Supervisory and Strategy Committee receives quarterly updates on the foreign currency risk exposure of the Group.</li> <li>– The Group's internal financing is, in the majority of cases, executed in the relevant local currency.</li> </ul>
Price risk	<ul style="list-style-type: none"> <li>– The Group invests part of its excess cash in equity instruments classified at fair value through other comprehensive income or at fair value through profit or loss and is therefore exposed to price risks.</li> </ul>	<ul style="list-style-type: none"> <li>– Investments in equity instruments are only made on an individual basis upon the instruction of the Supervisory and Strategy Committee, the Finance Steering Committee, or CTR.</li> </ul>
Liquidity risk	<ul style="list-style-type: none"> <li>– The Group is exposed to funding and liquidity risk from operations and from external borrowing and the risk of not being able to refinance debt obligations or meeting other cash outflow obligations when required.</li> </ul>	<ul style="list-style-type: none"> <li>– The Group maintains a substantial liquidity reserve in the form of cash and cash equivalents to ensure its solvency and financial flexibility at all times.</li> <li>– The Group's creditworthiness allows it to make efficient use of international financial markets for financing purposes, if necessary.</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>– The Group is exposed to credit risk from trade receivables, other receivables, contract assets, and financial instruments due to counterparties being unable or unwilling to fulfill their payment obligation.</li> </ul>	<ul style="list-style-type: none"> <li>– The Group minimizes the credit risk associated with trade and other receivables and contract assets by undertaking transactions with a large number of customers in various countries. The concentration of credit risk in receivables is therefore limited.</li> <li>– Outstanding receivables and contract assets are regularly reviewed and the related credit risk is assessed by Group companies. Progress payments from customers provide additional security.</li> <li>– The Group's risk policy stipulates that a major proportion of cash and cash equivalents must be placed with broadly diversified counterparties with a low default risk.</li> <li>– The Supervisory and Strategy Committee defines limits for the value of assets that may be held at any one financial institution. The limits are regularly assessed and determined based upon credit ratings and credit default swaps.</li> </ul>



## 30.2 Market risks

### 30.2.1 Interest rate risks

The principal currencies in which the Group is exposed to interest rate risks are the Swiss franc, the euro, the US dollar, the Brazilian real, the Indian rupee, and the Chinese renminbi.

Risks from changes in interest rates are modelled using sensitivity analyses that demonstrate the effects of changes in market interest rates on interest expense and interest income. If market interest rates had been 1% higher or lower during the reporting year, net interest income would have been CHF 20 million higher or lower (previous year: CHF 21 million higher or lower).

### 30.2.2 Foreign currency risks

The Group uses the Swiss franc as its reporting currency. It is exposed to foreign currency exchange movements, primarily in euros, US dollars, Chinese renminbi, Brazilian reals and Indian rupees.

The following table shows the net positions of significant currency hedges and the impact on the net financial result in the event of a movement of +/- 5% in the respective currency for transaction risks only.

In CHF million	2018		2017	
	Net position	Sensitivity +/-5%	Net position	Sensitivity +/-5%
EUR	252	+13 / -13	212	+11 / -11
USD	-9	- / -	-45	-2 / +2
GBP	-34	-2 / +2	-40	-2 / +2
AUD	-67	-3 / +3	-53	-3 / +3
CAD	-	- / -	-16	-1 / +1
CNY	74	+4 / -4	155	+8 / -8

Unhedged net positions amount to less than CHF 10 million (previous year: less than CHF 10 million) and the resulting foreign currency risks to the Group are insignificant.

Translation risks are only hedged in exceptional cases and are not included in the sensitivity analysis above.

### 30.2.3 Price risks

The Group has investments in equity instruments totaling CHF 505 million (previous year: CHF 288 million). The investment in Hyundai Elevator Co. Ltd. (CHF 402 million, previous year: CHF 211 million) accounts for the major proportion of these investments.

If the prices of the various equity instruments as at December 31, 2018, had been 10% higher or lower, net financial income would have been CHF 5 million higher or lower (previous year: CHF 3 million higher or lower). Other comprehensive income would have been CHF 45 million higher or lower (previous year: CHF 26 million higher or lower).

### 30.3 Liquidity risks

#### Financial liabilities: carrying amounts and cash outflows

2018

In CHF million	Carrying amounts	Total	Cash outflows		
			< 1 year	1–5 years	> 5 years
Accounts payable	-759	-759	-759	-	-
Bonds	-500	-505	-1	-504	-
Financial debts	-129	-129	-102	-18	-9
Finance lease liabilities	-7	-7	-3	-4	-
Accrued expenses	-902	-902	-902	-	-
Derivatives					
Cash inflows		2 148	2 105	43	-
Cash outflows		-2 150	-2 107	-43	-
Net	-2	-2	-2	-	-
<b>Total</b>	<b>-2 299</b>	<b>-2 304</b>	<b>-1 769</b>	<b>-526</b>	<b>-9</b>

2017

In CHF million	Carrying amounts	Total	Cash outflows		
			< 1 year	1–5 years	> 5 years
Accounts payable	-757	-757	-757	-	-
Financial debts	-173	-173	-158	-15	-
Finance lease liabilities	-7	-7	-2	-5	-
Accrued expenses	-919	-919	-919	-	-
Derivatives					
Cash inflows		2 148	2 080	68	-
Cash outflows		-2 145	-2 077	-68	-
Net	3	3	3	-	-
<b>Total</b>	<b>-1 853</b>	<b>-1 853</b>	<b>-1 833</b>	<b>-20</b>	<b>-</b>

This information is based on contractually agreed, i.e. undiscounted, interest and principal payments.

### 30.4 Credit risks

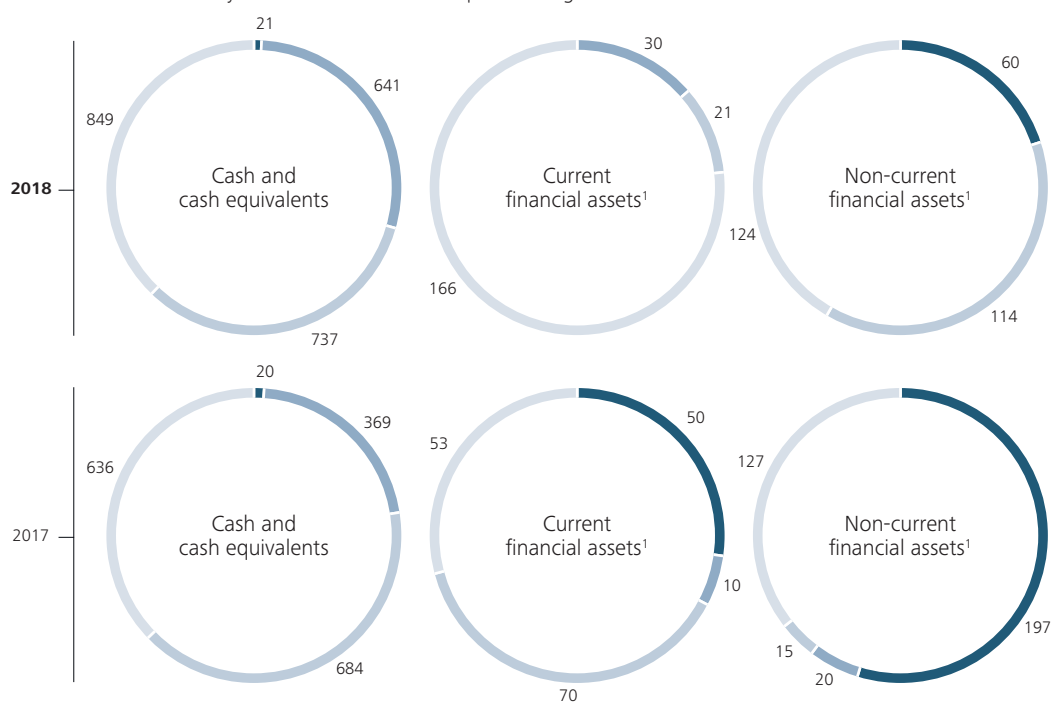
#### 30.4.1 Cash and cash equivalents, current and non-current financial assets

Cash and cash equivalents are invested mainly in time deposits and in high-quality, low-risk, liquid securities issued by financial institutions that fulfill certain minimum requirements in terms of their credit ratings. The Group makes various other investments that are classified either as current or non-current financial assets. Current financial assets mainly comprise time deposits. Non-current financial assets comprise beside equity instruments, which are not subject to the credit risks, mainly time deposits and bonds.

Creditworthiness is categorized using the following rating:

In CHF million

- AAA Default risk practically zero
- AA Secure investment but minor risk of default
- A Secure investment provided no unforeseen circumstances impair overall economy or industry
- < A Mainly investments for which no public rating exists



<sup>1</sup> Excluding equity instruments

### 30.4.2 Trade accounts receivable and contract assets

In view of the Group's large customer base and global presence, the concentration of credit risk in trade receivables (see note 12) and contract assets (see note 13) is limited.

### 30.5 Capital management

The Group's capital management activities aim to maintain its strong credit rating and robust key performance indicators in order to support its operating activities. Measures that can be taken include changes to dividend payments, the repayment of capital to shareholders through a repurchase program, or the issuing of new shares.

The Group manages capital by monitoring net liquidity and the equity ratio. The Group defines net liquidity as cash and cash equivalents, current financial assets, and non-current financial assets excluding the investment in Hyundai Elevator Co. Ltd. less financial liabilities.

In CHF million	2018	2017
Net liquidity	<b>2 231</b>	2 147
Equity ratio in %	<b>37.5</b>	37.9

## 31 Financial instruments

### 31.1 Classification

In CHF million	2018					2017					
	Amortized cost	FVPL <sup>1</sup>	FVOCI with recycling <sup>2</sup>	FVOCI without recycling <sup>2</sup>	Other financial liabilities	Total	Loans and receivables	Held for trading <sup>3</sup>	Available for sale	Other financial liabilities	Total
Cash and cash equivalents	2 248					<b>2 248</b>	1 709				1 709
Current financial assets	217	7	–	–		<b>224</b>	183	8			191
Accounts receivable	2 004					<b>2 004</b>	1 913				1 913
Prepaid expenses	80	11				<b>91</b>	121	24			145
Non-current financial assets	294	48	5	450		<b>797</b>	313	52	273		638
<b>Total financial assets</b>	<b>4 843</b>	<b>66</b>	<b>5</b>	<b>450</b>		<b>5 364</b>	4 239	84	273		4 596
Accounts payable					759	<b>759</b>				757	757
Financial debts					636	<b>636</b>				180	180
Accrued expenses		13			902	<b>915</b>		21		919	940
<b>Total financial liabilities</b>		<b>13</b>			<b>2 297</b>	<b>2 310</b>		21		1 856	1 877
Changes recognized through profit or loss											
Interest income/expense	18				–8	<b>10</b>	20			–10	10
Net income from current financial assets		3		3		<b>6</b>	1	12	11		24
Bad debt allowances	–24					<b>–24</b>	–25				–25
<b>Total</b>	<b>–6</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>–8</b>	<b>–8</b>	–4	12	11	–10	9
Changes recognized in other comprehensive income											
Changes in fair value			–	192		<b>192</b>			34		34
Realized through/reclassified to the income statement			–	–		<b>–</b>			–38		–38
<b>Total</b>			<b>–</b>	<b>192</b>		<b>192</b>			–4		–4
<b>Total recognized in comprehensive income</b>	<b>–6</b>	<b>3</b>	<b>–</b>	<b>195</b>	<b>–8</b>	<b>184</b>	–4	12	7	–10	5

<sup>1</sup> FVPL: At fair value through profit and loss

<sup>2</sup> FVOCI: At fair value through other comprehensive income

<sup>3</sup> At fair value through profit or loss

## 31.2 Fair value hierarchy

In CHF million	2018				2017			
	Level 1	Level 2	Level 3	Total fair values	Level 1	Level 2	Level 3	Total fair values
<b>Financial assets</b>								
at fair value through profit or loss								
Current financial assets	7	–	–	<b>7</b>	8	–	–	8
Derivatives	–	11	–	<b>11</b>	–	24	–	24
Non-current financial assets	48	–	–	<b>48</b>	52	8	–	60
Debt instruments at FVOCI to be reclassified to the income statement in the future								
Non-current financial assets	5	–	–	<b>5</b>	5	–	–	5
Equity instruments at FVOCI not to be reclassified to the income statement in the future <sup>1</sup>								
Non-current financial assets	443	–	7	<b>450</b>	251	–	9	260
<b>Financial liabilities</b>								
at fair value through profit or loss								
Derivatives	–	13	–	<b>13</b>	–	21	–	21
<b>Other disclosed fair values</b>								
<b>Financial assets</b>								
Current financial assets	–	217	–	<b>217</b>	–	183	–	183
Non-current financial assets	–	294	–	<b>294</b>	–	313	–	313
<b>Financial liabilities</b>								
Financial debts	500	136	–	<b>636</b>	–	180	–	180

<sup>1</sup> Previous year: Available for sale

The fair values of cash and cash equivalents, accounts receivable, prepaid expenses, accrued expenses, and accounts payable are expected to approximate their carrying amounts given the short-term nature of these financial instruments. Derivatives are reported within the positions prepaid expenses and accrued income or accrued expenses and deferred income.

There was no transfer between level 1 fair value and level 2 and no transfer into or out of level 3 during the reporting year (previous year: no transfer between the different levels).



### 31.3 Valuation methods

Balance sheet position	Type of financial instruments	Valuation methods
Current financial assets	– Equity instruments and bonds traded in active markets – Time deposits	– Quoted prices from active markets – Discounted cash flow method based on observable data
Prepaid expenses and accrued income	– Derivatives	– Discounted cash flow method based on observable data
Non-current financial assets	– Equity instruments and bonds traded in active markets – Private equity investments – Time deposits	– Quoted prices from active markets – External valuations – Discounted cash flow method based on observable data
Financial debts	– Bonds traded in an active market – Liabilities towards non-controlling interest	– Quoted prices from an active market – Discounted cash flow method based on unobservable data
Accrued expenses and deferred income	– Derivatives	– Discounted cash flow method based on observable data

### 31.4 Reconciliation of level 3 fair values

In CHF million	2018	2017
<b>Non-current financial assets</b>		
January 1	9	10
Changes in value recognized in other comprehensive income	–2	–1
<b>December 31</b>	<b>7</b>	<b>9</b>

### 31.5 Derivatives

In CHF million	2018			2017		
	Fair value of assets	Fair value of liabilities	Nominal amount	Fair value of assets	Fair value of liabilities	Nominal amount
<b>Currency instruments</b>						
Hedges without hedge accounting	8	8	1 750	19	17	1 756
Fair value hedges	–	–	20	–	–	19
Cash flow hedges	3	5	367	5	4	349
<b>Total derivatives</b>	<b>11</b>	<b>13</b>	<b>2 137</b>	<b>24</b>	<b>21</b>	<b>2 124</b>

### 32 Pledged assets

In CHF million	2018	2017
Cash and cash equivalents / Current financial assets	3	13
Non-current financial assets	17	20
<b>Total pledged assets</b>	<b>20</b>	<b>33</b>

Pledged assets serve as security for the Group's own liabilities.

### 33 Share-based payments

The Group has several share-based payment plans in place. Current plans comprise those plans for which instruments were granted during the reporting year. Instruments listed under previous plans are still disclosed if they are subject to exercise periods that only end in the reporting year or future years.

	Current plans			Previous plans	
	Performance Share Plan (PSP)	Bonus Share Plan (BSP)	Deferred Share Plan (DSP) 2015	Capital Participation Plans 2000/2003	Long Term Incentive Plan
Year of implementation	2013	2013	2015	Replaced by BSP and PSP in 2013	In 2012 replaced by DSP 2012, subsequently replaced by DSP 2015
Instruments used	Registered shares or participation certificates	Registered shares or participation certificates	Performance Share Units	Options and registered shares or participation certificates	Options and Performance Share Units
Beneficiaries	Members of the Supervisory and Strategy Committee	Group management (approximately 500 employees)	Group Executive Committee	Group management (approximately 500 employees)	Group Executive Committee and the executive member of the Board of Directors who was not a member of the Supervisory and Strategy Committee

#### 33.1 Current plans

##### 33.1.1 Performance and Bonus Share Plans

Each year, the Board of Directors determines the specific conditions of each plan (including the number of shares and the applicable terms of vesting) and its beneficiaries and defines whether registered shares or participation certificates of Schindler Holding Ltd. are to be allocated under the plans.

The allocated registered shares or participation certificates are transferred to the ownership of employees once the vesting conditions have been met and include all associated rights. Vesting conditions are service conditions only. However, the shares and participation certificates are blocked for a period of three years, during which they may not be disposed of.

In the reporting year, a provisional number of 84 000 registered shares was granted in connection with these plans. The final number of registered shares will be allocated in April 2019 based on the extent to which targets are achieved. Personnel expenses are calculated on the basis of the provisional number of registered shares and the fair value on the date of grant (fair value per registered share: CHF 221.60).

For the registered shares granted in the previous year, personnel expenses were adjusted based on the final number of registered shares allocated in April 2018, which totaled 77 738 (fair value per registered share: CHF 178.00).

### 33.1.2 Deferred Share Plan 2015

Under the Deferred Share Plan 2015, a number of Performance Share Units are granted based on a contractual target amount. Each Performance Share Unit gives the beneficiary the right to a still-to-be-determined number of registered shares or participation certificates of Schindler Holding Ltd.

At the start of the reporting year, a combination of growth and profitability targets that applies to all members of the Group Executive Committee is set for the next three business years. The achievement of those targets is determined after the end of this three-year service period. Depending on the extent to which the targets are achieved, the Performance Share Units will be converted at a conversion rate of between 0% and 300%. The maximum value of the converted registered shares or participation certificates that a participant may receive is three times the contractual target amount.

The Performance Share Units are converted three years after they are granted, always in the month of April, and transferred to the ownership of the beneficiaries. From that date, the registered shares or participation certificates include all of the associated rights. In the event of any qualified breaches of the Schindler Code of Conduct, the beneficiary forfeits the right to have their Performance Share Units converted.

In the reporting year, 27 313 (previous year: 31 138) Performance Share Units were granted under the Deferred Share Plan 2015, based on the contractual target amount. The resulting personnel expenses are recognized over the 40-month vesting period (assuming a 100% achievement factor). The fair value of CHF 207.27 (previous year: CHF 167.38) corresponds to the price of the registered share at grant date less the present value of the expected dividends over the vesting period.

## 33.2 Previous plans

### 33.2.1 Capital Participation Plans 2000/2003

In April 2013, options were allocated for the last time. After three years, they were transferred to the unrestricted ownership of the beneficiaries, provided they had remained with the company throughout this period. An exercise period of six years subsequently applies.

### 33.2.2 Long Term Incentive Plan

In April 2011, options were allocated for the last time. After three years, they were transferred to the unrestricted ownership of the beneficiaries, provided they had remained with the company throughout that period. An exercise period of six years subsequently applies.

### 33.2.3 Options on registered shares and participation certificates of Schindler Holding Ltd.

#### Capital Participation Plans 2000/2003

	2013	2012	2011	2010	2009
Options allocated	138 012	162 118	222 621	207 896	464 175
Exercised/expired in the previous years	-66 274	-100 054	-160 812	-162 295	-418 129
Outstanding as at January 1, 2018	71 738	62 064	61 809	45 601	46 046
Options exercised/expired	-7 570	-10 789	-9 077	-15 484	-46 046
Balance as at December 31, 2018	64 168	51 275	52 732	30 117	-
Exercisable	64 168	51 275	52 732	30 117	-
Entitles holder to purchase (allocation ratio 1:1)	Shares	PC	PC	PC	Shares
Exercise price	137.84	108.20	85.10	53.60	56.40
Exercise period ends	30.4.2022	30.4.2021	30.4.2020	30.4.2019	30.4.2018
Weighted average share price on exercise in 2017	198.56	205.07	209.62	206.20	201.25
Weighted average share price on exercise in 2018	214.28	221.28	227.18	227.31	203.11

#### Long Term Incentive Plan

	2011	2010
Options allocated	104 854	107 739
Exercised/expired in the previous years	-69 834	-100 493
Outstanding as at January 1, 2018	35 020	7 246
Options exercised/expired	-26 710	-7 246
Balance as at December 31, 2018	8 310	-
Entitles holder to purchase (allocation ratio 1:1)	PC	PC
Exercise price	124.80	85.10
Exercise period ends	30.4.2020	30.4.2019
Weighted average share price on exercise in 2017	214.25	207.25
Weighted average share price on exercise in 2018	221.33	220.35

### 34 Related parties

Schindler Holding Ltd., Hergiswil, Switzerland, is the ultimate holding company and is not controlled by any other company.

As at December 31, 2018, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families held 47 662 664 registered shares (previous year: 47 661 559) of Schindler Holding Ltd. This corresponds to 71.1% (previous year: 71.1%) of the voting rights of the share capital entered in the Commercial Register.

All business transactions with related parties were conducted at arm's length. Goods and services transactions are based on prices that apply to third parties. General terms and conditions also apply.

The fees charged for management and other central services are charged on the basis of costs plus a margin that is in line with market rates.

The transactions with associates and other related parties consist of the following:

#### Associates

In CHF million	2018	2017
Revenue	53	48
Material and operating expenses	27	15
Accounts receivable and loans	19	19
Liabilities	13	10

#### Other related parties

In CHF million	2018	2017
Liabilities towards shareholders	16	93
Interest expenses	–	–



### 35 Compensation paid to key management

The aggregate fees and expenses paid to members of the Board of Directors of Schindler Holding Ltd. for their activities as Board members totaled CHF 2.7 million (previous year: CHF 2.6 million).

In addition, the executive members of the Board of Directors and the members of the Group Executive Committee receive fixed compensation as well as performance-related variable compensation.

In CHF million	2018	2017
Salary payments (incl. cash bonuses and lump-sum expenses), fees	22	22
Contributions to pension plans and social benefits	5	5
Share-based payments	7	8
<b>Total</b>	<b>34</b>	35

The disclosure in accordance with statutory requirements of compensation, participating interest, and option rights is provided in the Compensation Report.

## 36 Material Group companies

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)	
			2018	2017		
Argentina	Buenos Aires	Ascensores Schindler S.A.	100.0	100.0	3 094 ARS	●
Australia	Sydney	Schindler Lifts Australia Pty. Ltd.	100.0	100.0	8 500 AUD	●
Austria	Vienna	Schinac Verwaltungs GmbH	100.0	100.0	70 EUR	○
		Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	2 000 EUR	●
		Schindler Fahrtreppen International GmbH	100.0	100.0	2 000 EUR	●
Belgium	Brussels	S.A. Schindler N.V.	100.0	100.0	22 000 EUR	●
Brazil	São Paulo	Elevadores Atlas Schindler Ltd.	100.0	100.0	70 479 BRL	● ●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50.0	50.0	1 USD	○
Canada	Toronto	Schindler Elevator Corporation	100.0	100.0	25 100 CAD	●
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	100.0	100.0	1 270 626 CLP	●
China	Henan	XJ-Schindler (Xuchang) Elevator Co. Ltd.	66.0	66.0	351 000 CNY	● ●
	Hong Kong SAR	Schindler Lifts (Hong Kong) Ltd. <sup>1</sup>	100.0	100.0	25 000 HKD	●
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. <sup>1</sup>	100.0	100.0	25 MOP	●
	Shanghai	Schindler (China) Elevator Co. Ltd.	100.0	100.0	941 400 CNY	● ●
	Suzhou	Suzhou Esca Step Co. Ltd.	100.0	100.0	38 914 CNY	●
Colombia	Medellín	Ascensores Schindler de Colombia S.A.S.	100.0	100.0	10 199 551 COP	●
Czech Republic	Prague	Schindler CZ a.s.	100.0	100.0	101 000 CZK	●
Denmark	Ballerup	Schindler Elevatorer A/S	100.0	100.0	3 000 DKK	●
Egypt	Cairo	Schindler Ltd.	100.0	100.0	178 530 EGP	●
Finland	Helsinki	Schindler Oy	100.0	100.0	100 EUR	●
France	Vélizy-Villacoublay	Schindler S.A.	100.0	100.0	8 594 EUR	●
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	9 715 EUR	●
	Stuttgart	C. Haushahn GmbH & Co. KG	100.0	100.0	8 997 EUR	●
Greece	Athens	Schindler Hellas S.A.	100.0	100.0	3 638 EUR	●
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcső KFT	100.0	100.0	460 000 HUF	●
India	Mumbai	Schindler India PVT Ltd.	100.0	100.0	1 217 879 INR	● ●
Indonesia	Jakarta	PT Berca Schindler Lifts <sup>1</sup>	64.0	64.0	11 320 296 IDR	●
Israel	Petah Tikva	Schindler Nechushtan Elevators Ltd.	100.0	100.0	7 045 ILS	●
Italy	Concorezzo	Schindler S.p.A.	100.0	100.0	8 400 EUR	●
Kenya	Nairobi	Schindler Ltd.	100.0	100.0	5 000 KES	●
Liechtenstein	Vaduz	Reassur AG	100.0	100.0	20 000 CHF	○
Malaysia	Kuala Lumpur	Antah Schindler Sdn. Bhd. <sup>1</sup>	70.0	70.0	5 000 MYR	●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100.0	100.0	32 073 MXN	●
Morocco	Casablanca	Schindler Maroc S.A.	100.0	100.0	10 000 MAD	●
Netherlands	The Hague	Schindler Liften B.V.	100.0	100.0	567 EUR	●
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100.0	100.0	1 000 NZD	●

● Production ● Sales, installation, maintenance ○ Other services

<sup>1</sup> Participations of Jardine Schindler Holdings Ltd., BVI

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)	
			2018	2017		
Norway	Vennesla	Schindler AS	100.0	100.0	8 000 NOK	●
Peru	Lima	Ascensores Schindler del Perú S.A.	100.0	100.0	6 718 PEN	●
Philippines	Manila	Jardine Schindler Elevator Corp. <sup>1</sup>	100.0	100.0	277 000 PHP	●
Poland	Warsaw	Schindler Polska Sp. z o.o.	100.0	100.0	5 000 PLN	●
Portugal	Carnaxide	Schindler – Ascensores e escadas rolantes, S.A.	100.0	100.0	4 000 EUR	●
Romania	Bucharest	Schindler Romania S.R.L.	100.0	100.0	125 RON	●
Russia	Moscow	ZAO Schindler	100.0	100.0	21 RUB	●
Saudi Arabia	Jeddah	Schindler Olayan Elevator Company Ltd.	90.0	90.0	30 000 SAR	●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. <sup>1</sup>	100.0	100.0	3 714 SGD	●
Slovakia	Dunajská	Schindler Dunajská Streda a.s.	100.0	100.0	5 950 EUR	●
		Schindler Eskalátory s.r.o.	100.0	100.0	1 245 EUR	●
South Africa	Johannesburg	Schindler Lifts (SA) (PTY) Ltd.	90.0	90.0	0,09 ZAR	●
South Korea	Seoul	Schindler Elevator Company Ltd.	100.0	100.0	6 180 000 KRW	●
Spain	Madrid	Schindler S.A.	99.8	99.8	27 801 EUR	● ● ○
Sweden	Danderyd	Schindler Hiss AB	100.0	100.0	9 440 SEK	●
Switzerland	Ebikon	Schindler Aufzüge AG	100.0	100.0	25 000 CHF	● ●
		Schindler IT Services AG	100.0	100.0	1 000 CHF	○
		Schindler Digital Group AG	100.0	100.0	1 000 CHF	○
		Schindler Management AG	100.0	100.0	1 000 CHF	○
	Hergiswil	Inventio AG	100.0	100.0	11 000 CHF	○
		Schindler Pars International Ltd.	100.0	100.0	5 000 CHF	● ○
		Schindler Supply Chain Europe AG	100.0	100.0	100 CHF	● ○
	Locarno	Schindler Elettronica S.A.	–	100.0	2 000 CHF	●
Küssnacht a.R.	AS Aufzüge AG	100.0	100.0	7 000 CHF	●	
Taiwan	Taipei	Jardine Schindler Lifts Ltd. <sup>1</sup>	100.0	100.0	100 000 TWD	●
Thailand	Bangkok	Jardine Schindler (Thai) Ltd. <sup>1</sup>	100.0	100.0	90 268 THB	●
Turkey	Istanbul	Schindler Türkeli Asansör Sanayi A.Ş.	100.0	100.0	150 000 TRY	●
UK	Sunbury	Schindler Ltd.	100.0	100.0	2 005 GBP	●
United Arab Emirates	Dubai	Schindler Pars International Ltd. (Dubai and Abu Dhabi branches)	100.0	100.0	– –	●
USA	Cantaño	Schindler of Puerto Rico	100.0	100.0	1 USD	●
	Morristown	Schindler Elevator Corporation	100.0	100.0	1 USD	● ●
	Mountainside	Slade Industries, Inc.	100.0	100.0	1 USD	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. <sup>1</sup>	100.0	100.0	20 818 485 VND	● ●

● Production ● Sales, installation, maintenance ○ Other services

<sup>1</sup> Participations of Jardine Schindler Holdings Ltd., BVI

### **37 Dividends paid and proposal by the Board of Directors**

In 2018, CHF 428 million was paid in dividends (previous year: CHF 535 million). This corresponds to an ordinary dividend of CHF 4.00 per registered share and per participation certificate (previous year: ordinary dividend of CHF 3.00 and an additional dividend of CHF 2.00).

The Board of Directors proposes to the General Meeting of Shareholders the payment of an ordinary dividend of CHF 4.00 per registered share and participation certificate for the reporting year 2018. This represents a total gross dividend payment of CHF 431 million. The proposed dividends are not included in this financial report because they will be charged to equity in the period in which the distribution is approved by the General Meeting of Shareholders.

### **38 Approval of the consolidated financial statements for publication**

The consolidated financial statements were approved for publication by the Board of Directors of Schindler Holding Ltd. on February 13, 2019, and will be presented to the General Meeting of Shareholders for approval on March 26, 2019.

# Report of the statutory auditor

## To the General Meeting of Schindler Holding Ltd., Hergiswil

### Statutory auditor's report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Schindler Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 4 to 65) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements.



The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

### **Revenue from new installations and modernization and onerous contract provisions**

#### **Area of focus**

As at 31 December 2018, contract assets related to new installation and modernization contracts represent 6% of the Group's total assets and contract liabilities related to new installation and modernization contracts 16% respectively. For those contracts, revenue is recognized over time based on the cost-to-cost method under which the accumulated costs to date are expressed as a percentage of the expected costs. Anticipated losses are recognized as onerous contract provisions. Revenue recognition includes estimates, such as total forecasted and remaining project costs and the identification and recognition of onerous contract provisions. The Group applied IFRS 15 using the modified retrospective approach recognizing the cumulative impact of the adoption in retained earnings as of 1 January 2018. Comparative figures were not restated. Due to the significance of revenue from new installations and modernization and related estimates, this matter is considered significant to our audit. Refer to notes 2.1, 4, 13 and 24 to the consolidated financial statements for further information.

#### **Our audit response**

We assessed the process of entering into new installation and modernization contracts as well as the pre-calculation of such customer contracts by walking through a selection of new and existing contracts. Furthermore, we tested the design and operating effectiveness of internal controls over the accounting for new installation and modernization contracts including the development of the key assumptions applied. We evaluated the methodology to determine the progress of projects including the identification and determination of onerous contract provisions. Additionally, we evaluated the analyses of forecasted and actual cost on a project-by-project basis and periodic review of onerous contracts and their development compared to prior periods. Moreover, we assessed the historical accuracy of the pre-calculation process and the use of estimates. Where material, we evaluated the sensitivity of the key assumptions applied and compared these to other internal information. Aforementioned factors were also considered upon first time application of IFRS 15 and their impact on the Group's consolidated balance sheet. Our audit procedures did not lead to any reservations concerning the revenue from new installations and modernization and onerous contract provisions.

## **Current and deferred income tax position**

### **Area of focus**

Significant judgment is involved in determining deferred and current income tax amounts. The assessment is complex, since the Group operates in multiple tax jurisdictions. Furthermore, the Group is required to record both deferred tax assets and liabilities and estimates the recoverability of its deferred tax asset position related to temporary differences and the amount of tax loss carry-forwards that can be applied to future taxable income. Key assumptions applied by the Group regarding recoverability of deferred tax assets relate to management's budgets and forecasts including applicable tax rates whether enacted or substantially enacted. Due to the significance of the income tax balances and the judgment involved in determining these, this matter is considered significant to our audit. Refer to notes 9 and 20 to the consolidated financial statements for further information.

### **Our audit response**

We assessed the Group's overall risk exposure regarding taxation considering, among other factors, the inherent complexities due to the multiple tax jurisdictions the Group is operating in, complemented by the assessment of the tax risk exposures at the components by our component teams. We assessed the policies and procedures in place to mitigate such risks including related internal controls. We corroborated our observations and our understanding of tax matters with management. We considered correspondence with tax authorities where warranted and inquired regarding ongoing tax audits and potential disputes. We further evaluated underlying budgets and forecasts including the assessment of applicable tax rates. We also considered developments in tax legislation and whether these were reflected in the assumptions applied. We involved tax specialists across the Group to assist in examining the Group's tax methodologies and analyzing the underlying assumptions. Our audit procedures did not lead to any reservations concerning the current and deferred income tax position.

### **Other information in the annual report**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Basle, 13 February 2019

Ernst & Young Ltd

Roland Ruprecht  
Licensed audit expert  
(Auditor in charge)

Simon Zogg  
Licensed audit expert

# Financial Statements of Schindler Holding Ltd.

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# Income statement

In CHF 1 000	Note	2018	2017
Income from participations	1	<b>509 867</b>	576 149
Financial income		<b>30 515</b>	34 590
<b>Total operating income</b>		<b>540 382</b>	610 739
Personnel expenses		<b>-19 261</b>	-13 603
Other operating expenses		<b>-11 869</b>	-6 968
Financial expenses	2	<b>-5 863</b>	-42
<b>Total operating expenses</b>		<b>-36 993</b>	-20 613
<b>Profit before taxes</b>		<b>503 389</b>	590 126
Taxes		<b>-1 123</b>	-15 008
<b>Net profit</b>		<b>502 266</b>	575 118



# Balance sheet

## Assets

In CHF 1 000	Note	31.12.2018	%	31.12.2017	%
<b>Current assets</b>					
Cash and cash equivalents	3	1 504 771		978 650	
Current financial assets	4	7 473		6 926	
Other receivables	5	920 016		471 236	
Prepaid expenses	6	12 125		172	
<b>Total current assets</b>		<b>2 444 385</b>	<b>45.7</b>	1 456 984	42.2
<b>Non-current assets</b>					
Loans to Group companies		876 666		284 833	
Non-current financial assets	7	155 633		52 276	
Participations	8	1 868 036		1 658 356	
Property, plant, and equipment		1 132		–	
<b>Total non-current assets</b>		<b>2 901 467</b>	<b>54.3</b>	1 995 465	57.8
<b>Total assets</b>		<b>5 345 852</b>	<b>100.0</b>	3 452 449	100.0

## Liabilities and equity

In CHF 1 000	Note	31.12.2018	%	31.12.2017	%
<b>Liabilities</b>					
Trade accounts payable		1 667		1 136	
Interest-bearing liabilities	9	1 744 270		460 439	
Other payables	10	7 936		6 103	
Accrued expenses	11	27 665		11 499	
Provisions	12	–		1 793	
<b>Total current liabilities</b>		<b>1 781 538</b>	<b>33.3</b>	480 970	13.9
Interest-bearing liabilities to third parties	13	500 000		–	
Provisions	12	63 856		67 459	
<b>Total non-current liabilities</b>		<b>563 856</b>	<b>10.6</b>	67 459	2.0
<b>Total liabilities</b>		<b>2 345 394</b>	<b>43.9</b>	548 429	15.9
<b>Equity</b>					
Share capital	14	6 708		6 708	
Participation capital	14	4 072		4 072	
Legal reserves	14	317 121		317 121	
Free reserves					
Profit brought forward		49 709		23 052	
Net profit		502 266		575 118	
Other free reserves	14	2 205 341		2 085 341	
Treasury shares	14	–84 759		–107 392	
<b>Total equity</b>		<b>3 000 458</b>	<b>56.1</b>	2 904 020	84.1
<b>Total liabilities and equity</b>		<b>5 345 852</b>	<b>100.0</b>	3 452 449	100.0

# Notes to the financial statements

## **Business activities**

Schindler Holding Ltd. has its registered office in Hergiswil (Canton of Nidwalden, Switzerland). The purpose of the company is the management and financing of participations in Switzerland and abroad.

Schindler Holding Ltd. had less than 50 employees in the reporting year, but more than 10 (previous year: less than 50, more than 10).

In the reporting year, Schindler Holding Ltd. took over the worldwide financing activities of Group companies from one of its subsidiaries. This resulted in a significant increase in receivables and loans to Group companies as well as interest-bearing liabilities to Group companies. The previous year's balance sheet structure was adjusted to increase reader-friendliness.

## **Basis of preparation**

The financial statements of Schindler Holding Ltd. were prepared in accordance with the principles set out in the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). The main accounting principles applied are described below.

## **Derivative financial instruments**

Group companies hedge their transaction-related foreign currency risks centrally with Schindler Holding Ltd., which aggregates transaction risks by currency and thus creates natural hedging relationships. The remaining transaction risks are hedged with high-quality credit-rated financial institutions.

Derivative financial instruments are measured at market value. Positive replacement values are recognized in financial income and are disclosed in prepaid expenses. Negative replacement values are recognized in financial expenses and are disclosed in accrued expenses.

## **Current financial assets**

Current financial assets consist of marketable securities with market prices and are measured at market value. Changes in value are recognized in financial income or financial expenses.

In the prior year, current financial assets were reported at the lower of cost or market value at the balance sheet date. Changes in value that exceeded the acquisition costs were recognized in a valuation reserve. If the value of marketable securities fell below the acquisition costs, the change in value was recognized in financial expenses. Marketable securities were disclosed net of the valuation reserve.

## **Participations**

Participations are disclosed at cost less appropriate write-downs. The recoverability of the participations is tested on an annual basis using the discounted cash flow method.

### Treasury shares

Own registered shares and participation certificates (treasury shares) are initially recognized at acquisition costs and deducted from equity with no subsequent measurement. If the treasury shares are disposed of, the resulting gain or loss is recognized in the income statement.

### Share-based payments

The Schindler Group has several share-based payment plans in place. Schindler Holding Ltd. charges the costs of share-based payments to the respective Group companies that employ the beneficiaries.

Gains or losses are recognized in the income statement as other operating expenses or financial income when share-based payment plans are charged to Group companies. The gains or losses result from the difference between the acquisition costs of the treasury shares and their fair value at grant date. For treasury shares not yet acquired, a provision is recorded if the current market price exceeds the fair value at grant date.

### 1 Income from participations

Income from participations comprises dividends from Group companies, contractually agreed payments for services rendered, and gains on sale of participations.

### 2 Financial expenses

Financial expenses include net losses from foreign exchange of CHF 2.0 million. The foreign exchange losses amount to CHF 125.3 million and the foreign exchange gains to CHF 123.3 million. These impacts result mainly from hedging activities related to the financing activities of Group companies.

### 3 Cash and cash equivalents

Cash and cash equivalents include bank accounts and time deposits with an original maturity of a maximum of 3 months. The reported amount consists mainly of cash and cash equivalents in Swiss francs.

### 4 Current financial assets

In the previous year, the valuation reserve totaled CHF 1.4 million.

### 5 Other receivables

In CHF 1 000	2018	2017
From third parties	<b>145 375</b>	140 701
From Group companies	<b>774 641</b>	330 535
<b>Total other receivables</b>	<b>920 016</b>	471 236

Other receivables from third parties mainly comprise time deposits with a maturity of 3 to 12 months totaling CHF 143.4 million (previous year: CHF 140.0 million).

## 6 Prepaid expenses

In CHF 1 000	2018	2017
Positive replacement values of forward exchange transactions to third parties	<b>4 105</b>	–
Positive replacement values of forward exchange transactions to Group companies	<b>6 706</b>	–
Other prepaid expenses	<b>1 314</b>	172
<b>Total prepaid expenses</b>	<b>12 125</b>	172

The positive replacement values of forward exchange transactions are measured at market value. The forward exchange transactions have a nominal amount of CHF 1 200.9 million (previous year: CHF 0 million).

## 7 Non-current financial assets

Non-current financial assets mainly comprise time deposits with a maturity of more than 12 months totaling CHF 126.7 million (previous year: CHF 48.7 million) and bonds totaling CHF 25.4 million (previous year: CHF 0 million).

## 8 Participations

In CHF 1 000	2018	2017
January 1	<b>1 658 356</b>	1 599 605
Capital increases	<b>159 705</b>	13 200
Additions	<b>49 975</b>	45 551
<b>December 31</b>	<b>1 868 036</b>	1 658 356

An overview of the companies that are directly or indirectly controlled by Schindler Holding Ltd. is provided in note 36 to the consolidated financial statements.

## 9 Current interest-bearing liabilities

In CHF 1 000	2018	2017
To Group companies	<b>1 728 087</b>	367 320
To shareholders	<b>16 183</b>	93 119
<b>Total current interest-bearing liabilities</b>	<b>1 744 270</b>	460 439

## 10 Other payables

In CHF 1 000	2018	2017
To third parties	<b>1 472</b>	1 058
To pension plans	<b>5 839</b>	4 511
To Group companies	<b>337</b>	375
To shareholders and governing bodies	<b>288</b>	159
<b>Total other payables</b>	<b>7 936</b>	6 103

## 11 Accrued expenses

In CHF 1 000	2018	2017
Negative replacement values of forward exchange transactions to third parties	3 650	6
Negative replacement values of forward exchange transactions to Group companies	8 314	–
Other accrued expenses	15 701	11 493
<b>Total accrued expenses</b>	<b>27 665</b>	<b>11 499</b>

The negative replacement values of forward exchange transactions are measured at market value. The forward exchange transactions have a nominal amount of CHF 1 308.6 million (previous year: CHF 0 million).

## 12 Provisions

The provisions to cover financial risks amount to CHF 63.9 million (previous year: CHF 69.3 million). They consist mainly of guarantee provisions.

## 13 Non-current interest-bearing liabilities to third parties

In CHF 1 000	2018	2017
0.00% bond 2018–2020, due June 5, 2020	100 000	–
0.25% bond 2018–2023, due June 5, 2023	400 000	–
<b>Total non-current interest-bearing liabilities to third parties</b>	<b>500 000</b>	<b>–</b>

## 14 Equity

In CHF 1 000	Share capital	Participation capital	Legal reserves	Other free reserves	Available earnings	Treasury shares	Total equity
January 1, 2017	6 708	4 072	317 121	2 085 341	558 089	–114 180	2 857 151
Dividend					–535 037		–535 037
Change in treasury shares						6 788	6 788
Net profit					575 118		575 118
<b>December 31, 2017</b>	<b>6 708</b>	<b>4 072</b>	<b>317 121</b>	<b>2 085 341</b>	<b>598 170</b>	<b>–107 392</b>	<b>2 904 020</b>
Dividend					–428 461		–428 461
Allocation to other reserves				120 000	–120 000		–
Change in treasury shares						22 633	22 633
Net profit					502 266		502 266
<b>December 31, 2018</b>	<b>6 708</b>	<b>4 072</b>	<b>317 121</b>	<b>2 205 341</b>	<b>551 975</b>	<b>–84 759</b>	<b>3 000 458</b>
of which share premiums (unchanged)			311 321				

### 14.1 Share and participation capital

	2018			2017		
	Number	Nominal value in CHF	Capital in CHF	Number	Nominal value in CHF	Capital in CHF
Shares	67 077 452	0.10	6 707 745	67 077 452	0.10	6 707 745
Participation certificates	40 716 831	0.10	4 071 683	40 716 831	0.10	4 071 683



## 14.2 Treasury shares

	Registered shares			Participation certificates		
	Number	Average share price in CHF	Value in CHF million	Number	Average share price in CHF	Value in CHF million
January 1, 2017	556 115		83	299 649		31
Purchases	180 000	205.27	37	–	–	–
Disposals	–2 819	205.75	–1	–	–	–
Share-based payments						
Allocation	–85 302	197.60	–17	–	–	–
Exercising of options and Performance Share Units	–158 820	97.32	–15	–87 909	94.28	–8
Difference in value due to allocation and exercise			–1			–2
<b>December 31, 2017</b>	<b>489 174</b>		<b>86</b>	<b>211 740</b>		<b>21</b>
Reserved for share-based payment plans	489 174			211 740		
Purchases	106 124	182.21	19	575	–	–
Disposals	–11 725	206.39	–2	–3 028	214.27	–1
Share-based payments						
Allocation	–77 738	199.03	–15	–	–	–
Exercising of options and Performance Share Units	–134 989	118.51	–16	–66 853	97.08	–6
Difference in value due to allocation and exercise			–1			–
<b>December 31, 2018</b>	<b>370 846</b>		<b>71</b>	<b>142 434</b>		<b>14</b>
Reserved for share-based payment plans	370 846			142 434		

### 15 Contingent liabilities

The contingent liabilities of Schindler Holding Ltd. total CHF 1 164.3 million (previous year: CHF 1 109.7 million). They mainly comprise guarantees, letters of comfort, and guarantee bonds in favor of Group companies.

Schindler Holding Ltd. is part of the Swiss value-added tax group of the Schindler Group and is therefore jointly liable for existing and future VAT claims from the Swiss Federal Tax Administration.

### 16 Significant shareholders

See note 34 to the consolidated financial statements for information about shareholders agreements.

### 17 Equity instruments and Performance Share Units allocated

Share-based payments in	2018		2017	
	Number	Value in CHF 1 000	Number	Value in CHF 1 000
Executive members of the Board of Directors Registered shares/Performance Share Units	<b>11 816</b>	<b>2 042</b>	12 410	2 260
Other employees of Schindler Holding Ltd. Registered shares/Performance Share Units	<b>5 327</b>	<b>1 132</b>	5 394	1 032

The number of registered shares disclosed in the reporting year is provisional. The final number is reported in the following year.

## 18 Levels of participation

The participations and option rights of the members of the Board of Directors of Schindler Holding Ltd. and of the Group Executive Committee, as well as of related parties, are as follows (there are no outstanding conversion rights):

### 18.1 Board of Directors

#### 2018

As of 31.12.	Number		
	Registered shares	Participation certificates	Options
Silvio Napoli, Chairman <sup>1</sup>	50 205	725	–
Alfred N. Schindler, Chairman emeritus <sup>2</sup>	<sup>5</sup>	43 330	–
Prof. Dr. Pius Baschera, Vice Chairman <sup>2</sup>	3 000	–	–
Erich Ammann <sup>3</sup>	27 417	–	–
Michael Nilles <sup>3</sup>	4 471	1 635	5 828 <sup>6</sup>
Luc Bonnard <sup>2</sup>	<sup>5</sup>	–	–
Patrice Bula <sup>2</sup>	1 500	–	–
Prof. Dr. Monika Bütler <sup>2</sup>	1 500	–	–
Dr. Rudolf W. Fischer <sup>2</sup>	20 091	–	3 171 <sup>7</sup>
Anthony Nightingale <sup>2</sup>	3 000	–	–
Tobias B. Staehelin <sup>4</sup>	<sup>5, 8</sup>	–	–
Carole Vischer <sup>2</sup>	<sup>5, 9</sup>	–	–

<sup>1</sup> Member of the Supervisory and Strategy Committee

<sup>2</sup> Non-executive member

<sup>3</sup> Member of the Supervisory and Strategy Committee (from the General Meeting of Shareholders 2018)

<sup>4</sup> Executive member at Group company level

<sup>5</sup> Alfred N. Schindler, Luc Bonnard, Tobias B. Staehelin, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 47 662 664 shares as at December 31, 2018, corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

<sup>6</sup> Fully vested options on participation certificates granted under the Capital Participation Plans 2000/2003:

- 2010: 291
- 2011: 2 145
- 2012: 1 859
- 2013: 1 533

<sup>7</sup> Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan grant 2013)

<sup>8</sup> In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares.

<sup>9</sup> In addition, a related party (not a member of the shareholder agreement) holds 14 registered shares.

## 2017

As of 31.12.	Number		
	Registered shares	Participation certificates	Options
Silvio Napoli, Chairman <sup>1</sup>	33 905	5 631	–
Alfred N. Schindler, Chairman emeritus <sup>2</sup>	<sup>4</sup>	43 330	–
Prof. Dr. Pius Baschera, Vice Chairman <sup>2</sup>	3 000	–	–
Prof. Dr. Karl Hofstetter <sup>1</sup>	91 868	6 431	13 712 <sup>5</sup>
Luc Bonnard <sup>2</sup>	<sup>4</sup>	–	–
Patrice Bula <sup>2</sup>	1 500	–	–
Prof. Dr. Monika Bütler <sup>2</sup>	1 500	–	–
Dr. Rudolf W. Fischer <sup>2</sup>	20 091	–	3 171 <sup>6</sup>
Anthony Nightingale <sup>2</sup>	3 000	–	–
Tobias B. Staehelin <sup>3</sup>	<sup>4,7</sup>	–	–
Carole Vischer <sup>2</sup>	<sup>4</sup>	–	–

<sup>1</sup> Member of the Supervisory and Strategy Committee

<sup>2</sup> Non-executive member

<sup>3</sup> Executive member at Group company level

<sup>4</sup> Alfred N. Schindler, Luc Bonnard, Tobias B. Staehelin, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 47 661 559 shares as at December 31, 2017, corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

<sup>5</sup> Fully vested options on participation certificates granted under the Long Term Incentive Plan 2011

<sup>6</sup> Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan grant 2013)

<sup>7</sup> In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares

## 18.2 Group Executive Committee

### 2018

As of 31.12.	Number		Number of vested options on		
	Registered shares	Participation certificates	Participation certificates granted 2011	Participation certificates granted 2012 <sup>1</sup>	Registered shares granted 2013 <sup>1</sup>
Thomas Oetterli, CEO	25 947	–	–	–	–
David Clymo	10 192	–	–	–	–
Urs Scheidegger	4 049	8 000	–	–	1 005
Julio Arce	2 945	385	419 <sup>1</sup>	277	189
Karl-Heinz Bauer	2 380	–	–	–	–
Paolo Compagna	5 663	284	–	–	–
Carlos Guembe	4 242	–	2 168 <sup>2</sup>	–	1 026
Andre Inserra	4 705	–	–	–	–
Christian Schulz	4 518	1 959	–	–	252
Robert Seakins	1 366	199	418 <sup>1</sup>	277	210
Egbert Weisshaar	5 340	–	–	–	–
Daryoush Ziai	356	–	–	–	–

<sup>1</sup> Options from Capital Participation Plans 2000/2003

<sup>2</sup> Options from Long Term Incentive Plan 2011

### 2017

As of 31.12.	Number		Number of vested options on			
	Registered shares	Participation certificates	Participation certificates granted 2010	Participation certificates granted 2011	Participation certificates granted 2012 <sup>1</sup>	Registered shares granted 2013 <sup>1</sup>
Thomas Oetterli, CEO	19 263	7 307	4 529 <sup>2</sup>	5 142 <sup>3</sup>	–	–
Erich Ammann	20 000	–	–	–	–	–
Julio Arce	1 555	385	–	419 <sup>1</sup>	277	189
Karl-Heinz Bauer	–	–	–	–	–	–
David Clymo	8 813	–	–	–	–	–
Paolo Compagna	1 505	284	–	–	–	–
Carlos Guembe	551	–	–	2 168 <sup>3</sup>	–	1 026
Andre Inserra	3 505	–	–	–	–	–
Michael Nilles	4 916	–	291 <sup>1</sup>	2 145 <sup>1</sup>	1 859	1 533
Christian Schulz	4 927	–	577 <sup>1</sup>	617 <sup>1</sup>	371	252
Robert Seakins	347	–	–	418 <sup>1</sup>	277	210
Egbert Weisshaar	4 114	–	–	–	–	–
Daryoush Ziai	356	–	–	–	–	–

<sup>1</sup> Options from Capital Participation Plans 2000/2003

<sup>2</sup> Options from Long Term Incentive Plan 2010

<sup>3</sup> Options from Long Term Incentive Plan 2011

See note 35 to the consolidated financial statements for information on option conditions.

# Appropriation of available earnings

In CHF 1 000		<b>Proposal by the Board of Directors 31.12.2018</b>	Resolution of the General Meeting of Shareholders 31.12.2017 <sup>2</sup>
Available earnings			
Net profit		<b>502 266</b>	575 118
Profit brought forward		<b>49 709</b>	23 052
<b>Total available earnings</b>		<b>551 975</b>	598 170
<b>Appropriation of available earnings</b>			
Dividend (gross)			
per registered share	CHF 4.00 (previous year: CHF 4.00)	<b>268 310</b> <sup>1</sup>	266 416
per participation certificate	CHF 4.00 (previous year: CHF 4.00)	<b>162 867</b> <sup>1</sup>	162 045
<b>Total dividend</b>		<b>431 177</b>	428 461
Allocation to other free reserves		–	120 000
<b>Total appropriation of available earnings</b>		<b>431 177</b>	548 461
Profit brought forward		<b>120 798</b>	49 709

<sup>1</sup>The total dividend amount covers all outstanding registered shares and participation certificates (including treasury shares)

<sup>2</sup>Resolution of the General Meeting of Shareholders as of March 20, 2018; payment excludes dividends on treasury shares



# Report of the statutory auditor

## To the General Meeting of Schindler Holding Ltd., Hergiswil

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Schindler Holding Ltd., which comprise the income statement, balance sheet and notes (pages 71 to 81), for the year ended 31 December 2018.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.

### **Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Basle, 13 February 2019

Ernst & Young Ltd

Roland Ruprecht  
Licensed audit expert  
(Auditor in charge)

Simon Zogg  
Licensed audit expert

# Compensation Report

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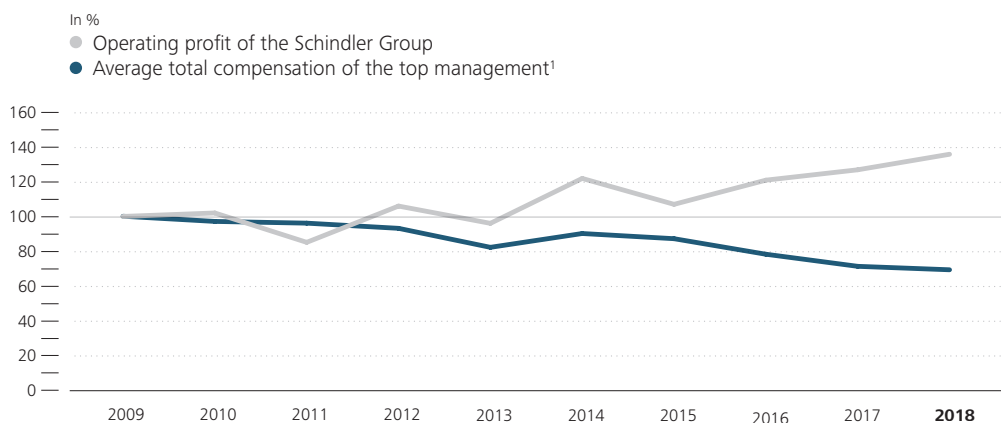
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**Foreword**

Schindler pursues a growth strategy with a long-term focus. The company is therefore committed to looking beyond short-term financial results to create sustained value. Since 2000, revenue in the elevators and escalators business has grown from CHF 6 669 million to CHF 10 879 million and operating profit has risen from CHF 422 million to CHF 1 269 million. Over the same period, the company’s market capitalization has increased more than six times and was CHF 20.7 billion as of December 31, 2018. Return on equity reached 28.8%.

The following chart shows the evolution of the operating profit of the Schindler Group over the last ten years, in comparison with the average total compensation of top management<sup>1</sup>.

**Operating profit versus average total compensation**



While operating profit has increased by an average of more than 3% annually since 2009, the average total compensation awarded to top management<sup>1</sup> has decreased over the same period.

To continue generating growth as well as returns for shareholders, it is important for Schindler Holding Ltd. to have a highly qualified management team. Competitive compensation is a key requirement to attract and retain the right talent for top positions and to engage experienced managers over the long term. For this purpose, Schindler compared the compensation of its top management<sup>1</sup> with an external benchmark in 2018.

<sup>1</sup> Members of the Supervisory and Strategy Committee as well as members of the Group Executive Committee

In spite of the relatively low portion of executive compensation on the overall personnel expenses (0.8%), the company treats the matter with the professional sensitivity it deserves. In accordance with legal requirements and state-of-the-art governance practice, compensation of the members of the Board of Directors and of the Group Executive Committee is driven by the Compensation Committee.

This Compensation Report contains information about the compensation of the members of the Board of Directors and of the Group Executive Committee, as well as their shareholdings in Schindler Holding Ltd., and any loans granted to these individuals. The disclosures are made in accordance with the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange and the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegüV). The information relates to the reporting year 2018 unless otherwise stated.

## 1 Compensation governance

### 1.1 Responsibilities and determination process

The compensation system and the capital participation plans are defined by Corporate Human Resources and are reviewed by the CEO, the Supervisory and Strategy Committee, and the Compensation Committee before being submitted to the Board of Directors for approval.

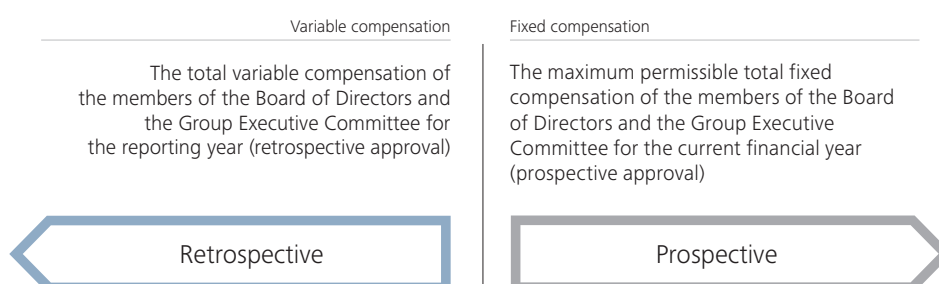
The responsibilities related to compensation matters at the level of the Board of Directors and the Group Executive Committee are defined in the Articles of Association and the Organizational Regulations. The most important functions and responsibilities in this context are summarized in the following table:

	Beneficiaries									
	Chairman of the Board of Directors		Executive members of the Board of Directors		Non-executive members of the Board of Directors			CEO	Members of the Group Executive Committee (excl. CEO)	
	Fixed and target compensation	Variable compensation	Fixed and target compensation	Variable compensation	Fixed compensation	Fixed and target compensation	Variable compensation	Fixed and target compensation	Variable compensation	
Compensation Committee	●	●	●	●	●	●	●	●	●	●
Chairman of the Board of Directors			●	●	●	●	●	●	●	●
CEO								●	●	
Board of Directors	●	●	●	●	●	●	●	●	●	●

● Proposal  
● Decision

The members of the committees may not participate in discussions when decisions are made about their compensation.

In accordance with the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegüV) and Article 32 of the Articles of Association of Schindler Holding Ltd., the General Meeting of Shareholders votes annually on the total compensation of the Board of Directors and the Group Executive Committee to approve:



According to Article 32 of the Articles of Association of Schindler Holding Ltd., the maximum permissible fixed compensation may be increased by 20% if, following the approval of the fixed compensation, additional members or replacement members are appointed to the Group Executive Committee.

In the reporting year, Corporate Human Resources conducted a benchmarking analysis of the compensation level of the members of the Group Executive Committee and the members of the Supervisory and Strategy Committee with the support of the independent expert company Willis Towers Watson. For the purpose of the benchmarking, compensation data of comparable companies was taken into account. Comparable companies are defined as companies with a similar size in terms of market capitalization, revenue, number of employees and geographic scope, which operate in similar business segments and are headquartered in Switzerland. The results of the benchmarking analysis were discussed with the Compensation Committee and were used as the basis for their proposals to the Board of Directors regarding the fixed and target compensation for the Group Executive Committee and the Supervisory and Strategy Committee members.

### 1.2 Compensation Committee

The Compensation Committee holds at least two meetings per year. In the reporting year it met seven times. For details of the composition of the Compensation Committee, refer to the Corporate Governance Report, section 3.5.2.



## 2 Compensation principles

### 2.1 Compensation policy

The Schindler Group's success depends to a large extent on the quality and commitment of its management. Its compensation policy is designed to attract, motivate, and retain well-qualified professionals. In addition, the awarding of performance-related and, in particular, share-based components of variable compensation is intended to promote an entrepreneurial mindset and approach.

Performance-related compensation in line with market	Participation in the company's success
<b>Schindler compensation policy</b>	
Fair and transparent compensation decisions	Balanced proportion of short-term and long-term compensation components

### 2.2 Overview of compensation components

In accordance with Article 33 of the Articles of Association of Schindler Holding Ltd., fixed and variable compensation can be paid to members of the Board of Directors and the Group Executive Committee. Compensation can be paid in the form of cash, shares, other equity instruments, options, comparable instruments, or units. In addition, non-cash benefits or services can be provided. For further details, refer to Article 33 of the Articles of Association ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/articles-of-association.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/articles-of-association.html)).

An overview of the compensation components of the Board of Directors and the Group Executive Committee is provided below. The compensation components are described in detail in sections 3 and 4 of this report.

	Board of Directors		
	Executive members	Non-executive members	Group Executive Committee
<b>Fixed compensation – prospective approval</b>			
<b>Cash (gross)</b>			
Annual salary	●		●
Fixed Board of Directors' fee	●	●	
Flat-rate expense allowances			
Flat-rate allowance	●	●	
Representation allowance	●		●
Car allowance	●		●
<b>Pension, social, and other benefits</b>			
Pension benefits			
Pension fund	●		●
Schindler Foundation	●		●
Social contributions	●	●	●
Other benefits	●		●
<b>Variable compensation – retrospective approval</b>			
<b>Short-term – cash bonus</b>			
	●		●
<b>Long-term – equity instruments</b>			
Performance Share Plan (PSP)	●		
Deferred Share Plan (DSP)			●
<b>Social and other benefits</b>			
Social contributions	●		●
Other benefits			●

### 2.3 Employment terms

The employment contracts of the executive members of the Board of Directors and the members of the Group Executive Committee are aligned with the provisions of the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegüV). In particular, none of these employment contracts has a term or notice period exceeding 12 months or contains any entitlements to severance payments.

### 2.4 Disclosure principles

The disclosed compensation of the Board of Directors and the Group Executive Committee comprises the compensation for the full reporting year, irrespective of which Schindler company paid it, subject to the following additions and limitations:

- The compensation paid to new members of the Board of Directors or the Group Executive Committee is included from the date on which the member takes over the relevant function.
- If a member transfers from the Group Executive Committee to the Board of Directors, or vice versa, the full compensation is taken into account and reported under the new function.

- If a member resigns from office and/or steps down from the Board of Directors or the Group Executive Committee, the compensation paid up to the date on which the member stepped down, plus any compensation paid in the reporting year in connection with his/her former activities, is included. Statutory compensation paid in the following year is reported separately under benefits for former members of governing bodies.

Compensation is reported according to the accrual principle, based on estimates. The actual amounts paid may differ from these estimates, especially in the case of social and other benefits.

### **3 Compensation system for the Board of Directors**

#### **3.1 General remarks**

The Board of Directors consists of executive and non-executive members. Four members of the Board of Directors are executive members, although none serves concurrently as a member of the Group Executive Committee.

- Silvio Napoli, Erich Ammann, and Michael Nilles form the Supervisory and Strategy Committee and receive fixed and variable compensation, as described in sections 3.2 and 3.3.
- Tobias B. Staehelin holds an executive position at a Group company and receives fixed and variable compensation according to the compensation system of the Group company. At Group level, he receives compensation as a non-executive member of the Board of Directors.

#### **3.2 Fixed compensation**

All members of the Board of Directors receive a fixed Board of Directors' fee as well as a flat-rate allowance. The members of the Compensation Committee and the Audit Committee receive an additional fee for their work in these committees.

The fixed compensation of the members of the Supervisory and Strategy Committee comprises in addition an annual salary, a representation allowance and a car allowance, as well as pension (pension fund, Schindler Foundation), social, and other benefits. Other benefits comprise in particular health insurance contributions and premiums for management insurance plans.

#### **3.3 Variable compensation (Supervisory and Strategy Committee)**

The members of the Supervisory and Strategy Committee receive performance-related variable compensation, which is paid partially in cash and partially in shares.

The amount of the variable compensation awarded is based on the Group's consolidated cash flow from operating activities (before changes in net working capital) and is determined as a rate per thousand of cash flow. The rate per thousand is set by the Board of Directors for each individual member of the Supervisory and Strategy Committee and may amount to a maximum of three per thousand. When determining the rate per thousand, the achievement of strategic as well as individual targets is taken into account.

Cash flow from operating activities is used as a parameter to measure performance in order to promote a long-term increase in the value of the Group rather than short-term profit maximization. This compensation system ensures, among other things, that restructuring projects are initiated as early as possible and that the associated depreciation and amortization and the corresponding provisions are recognized.

In April of the following year (grant year) 50% of variable compensation is paid in cash and 50% is paid in shares according to the rules of the Performance Share Plan.

### Performance Share Plan

The Board of Directors decides each year whether registered shares or participation certificates will be granted under the Performance Share Plan. For the reporting year, it decided to grant registered shares.

The granted shares include all of the associated rights but are blocked for a period of three years, during which they may not be disposed of.

The number of shares granted is calculated on the basis of the volume-weighted average price in March of the following year, less a discount. The Board of Directors decides at its sole discretion on the discount.

The number of shares disclosed in the reporting year is a provisional figure based on the volume-weighted average price in December of the reporting year, with the discount determined by the Board of Directors. For the reporting year, it decided to apply a discount of 20%. The final number is disclosed in the following year's Compensation Report.

In order to include them in the total compensation for the reporting year, the shares that are to be granted are valued at the volume-weighted average price in December less a discount of 10%. The discount reflects the fact that once they have been allocated, the shares are then blocked for a period of three years.

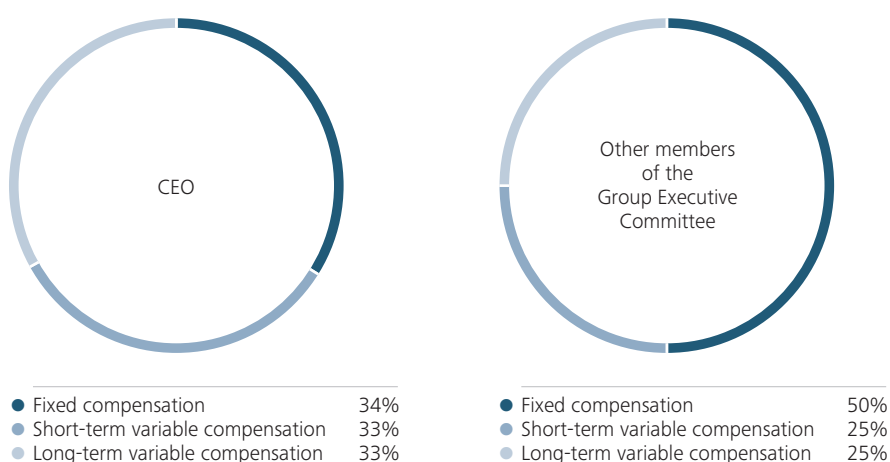
Provisional number of shares	=	50% of the performance-related bonus achieved	÷	Volume-weighted average share price in December of the reporting year (less discount)
Value disclosed in Compensation Report	=	Volume-weighted average share price in December of the reporting year (less 10%)	×	Provisional number of shares
Number of shares granted	=	50% of the performance-related bonus achieved	÷	Volume-weighted average share price in March of the following year (less discount)
Value disclosed in Compensation Report in the following year	=	Volume-weighted average share price in March of the grant year (less 10%)	×	Number of shares granted

Benefits related to variable compensation such as social contributions are reported as social and other benefits.

#### 4 Compensation system for the Group Executive Committee

The compensation of the members of the Group Executive Committee consists of fixed, short-term variable and long-term variable compensation. The targeted split between these different compensation components is as follows for the CEO and other members of the Group Executive Committee (assuming 100% target achievement):

##### Target compensation



##### 4.1 Fixed compensation

The fixed compensation of the members of the Group Executive Committee comprises an annual salary, a representation allowance and a car allowance, as well as pension (pension fund, Schindler Foundation), social, and other benefits. In individual cases – depending on the country in which a member of the Group Executive Committee is employed – a company car may be provided. Benefits may also be paid in the case of international assignments. Such benefits related to fixed compensation are reported under pension, social, and other benefits. Other benefits also comprise health insurance contributions and premiums for management insurance plans.

##### 4.2 Variable compensation

The members of the Group Executive Committee receive an annual performance-related cash bonus (short-term variable compensation component) and an annual grant of Performance Share Units (long-term variable compensation component) in accordance with the rules of the Deferred Share Plan 2015.

##### Short-term variable compensation component

The annual performance-related cash bonus is calculated on the basis of the achievement of financial, strategic, and operational targets. The targets that need to be achieved, as well as the target bonus, are set at the start of the calendar year.

For the reporting year, 50% of the cash bonus was based on financial targets (growth and profitability) and 50% on personal strategic and operational targets. Depending on the extent to which the targets are achieved, the cash bonus awarded may be between 0% and 150% of the target bonus and is paid in April of the following year.

### Long-term variable compensation component

Under the Deferred Share Plan 2015 the members of the Group Executive Committee receive an annual grant of Performance Share Units as a long-term compensation component. The long-term incentive plan is designed to reward long-term value creation in line with the business strategy based on the following criteria:

	General description	Grant 2018
Plan	Deferred Share Plan 2015	
Vehicle	Performance Share Units (PSU) to be converted into registered shares or participation certificates	PSU to be converted into registered shares
Number of PSU granted	Contractual target amount divided by the volume-weighted average share price in March of the reporting year, less a discount. The Board of Directors decides at its sole discretion on the discount to be applied.	Share price: CHF 202.24 Discount: 20%
Performance targets	At the start of the reporting year, the performance targets that apply to all members of the Group Executive Committee are set for the next three business years. The achievement of those targets is determined after the end of the three-year period.	– Group revenue – Group EBIT – Strategic projects
Grant year	Reporting year	2018
Performance period	Reporting year plus two years	2018–2020
Conversion date	In the year following the three-year performance period	30.4.2021
Conversion rate	0%-300%, depending on the extent to which the performance targets are achieved	to be determined in 2021
Cap	The maximum value of the converted shares that a participant may receive equals three times the contractual target amount.	
Forfeiture of conversion	In the event of any qualified breaches of the Code of Conduct, participants forfeit the right to have the PSU converted into shares.	

The number of PSU disclosed represents the number of registered shares that would be granted if the set targets are achieved (i.e. 100% achievement rate). This estimate is based on the current interim assessment of the achievement of targets. In order to include them in total compensation, the PSU are valued at the volume-weighted average price in March of the reporting year less a discount of 10%. This discount reflects the fact that the PSU are only converted into shares three years after they were granted.

Number of PSU granted	=	Contractual target amount	÷	Volume-weighted average share price in March of the reporting year (less discount)
Value disclosed in Compensation Report	=	PSU granted (estimated performance)	×	Volume-weighted average share price in March of the reporting year (less 10%)
Number of shares granted (after 3 years)	=	PSU granted	×	Performance evaluation between 0% and 300%

Benefits related to variable compensation such as social contributions and taxes for international assignments are reported as social and other benefits.



## 5 Compensation for the reporting year

### 5.1 Board of Directors

In CHF 1 000	Fixed compensation		Variable compensation			Total for 2018
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Registered shares/PSU	Social and other benefits	
Silvio Napoli, Chairman <sup>1</sup>	1 393	338	859	967	106	<b>3 663</b>
Alfred N. Schindler, Chairman emeritus <sup>2</sup>	353 <sup>6</sup>	19	–	–	–	<b>372</b>
Prof. Dr. Pius Baschera, Vice Chairman <sup>2</sup>	339 <sup>7</sup>	16	–	–	–	<b>355</b>
Erich Ammann <sup>3</sup>	725	227	551	605	65	<b>2 173</b>
Michael Nilles <sup>3</sup>	831	202	411	447	48	<b>1 939</b>
Luc Bonnard <sup>2</sup>	450 <sup>6</sup>	22	–	–	–	<b>472</b>
Patrice Bula <sup>2</sup>	231 <sup>7</sup>	13	–	–	–	<b>244</b>
Prof. Dr. Monika Bütler <sup>2</sup>	240 <sup>8</sup>	14	–	–	–	<b>254</b>
Dr. Rudolf W. Fischer <sup>2</sup>	231 <sup>7</sup>	11	–	–	–	<b>242</b>
Prof. Dr. Karl Hofstetter <sup>4</sup>	796	312	1 657	–	93	<b>2 858</b>
Anthony Nightingale <sup>2</sup>	200	9	–	–	–	<b>209</b>
Tobias B. Staehelin <sup>5</sup>	458	241	92	23	64	<b>878<sup>9</sup></b>
Carole Vischer <sup>2</sup>	240 <sup>8</sup>	14	–	–	–	<b>254</b>
<b>Total compensation reported</b>	<b>6 487</b>	<b>1 438</b>	<b>3 570</b>	<b>2 042</b>	<b>376</b>	<b>13 913</b>
Total compensation to active members of the Board of Directors	5 691	1 126	1 913	2 042	283	<b>11 055<sup>10</sup></b>

<sup>1</sup> Member of the Supervisory and Strategy Committee

<sup>2</sup> Non-executive member

<sup>3</sup> Member of the Supervisory and Strategy Committee (from the General Meeting of Shareholders 2018)

<sup>4</sup> Member of the Supervisory and Strategy Committee (until the General Meeting of Shareholders 2018)

<sup>5</sup> Executive member with executive position at Group company level

<sup>6</sup> Including fee for consulting services (based on fixed daily fee and number of days actually worked)

<sup>7</sup> Including fee for work as member of the Compensation Committee or its Chairman

<sup>8</sup> Including fee for work as member of the Audit Committee

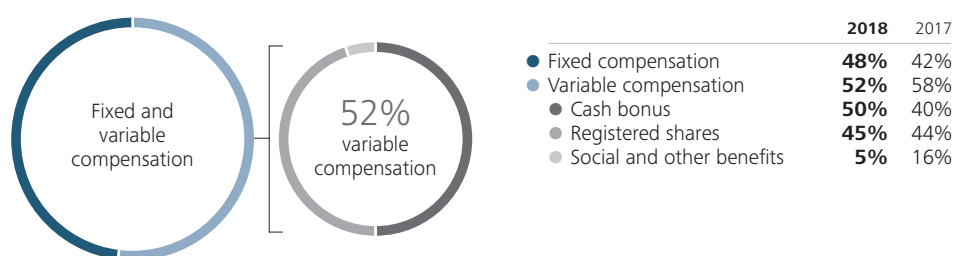
<sup>9</sup> Includes compensation for operational function as Managing Director of the C. Haushahn Group, Germany, as well as fee as a member of the Board of Directors of a Group company

<sup>10</sup> Represents compensation of all members of the Board of Directors in office at December 31, 2018

### Fees for members of the Board of Directors and committees of the Board

In CHF 1 000	
Chairman	400
Vice Chairman	300
Other members	200
Chairman Compensation Committee	50
Compensation Committee members	40
Audit Committee members	40

## Compensation of members of the Supervisory and Strategy Committee



The variable compensation reported is subject to the approval of the General Meeting of Shareholders.

In the reporting year, no collateral or guarantees were granted to members of the Board of Directors. Neither Schindler Holding Ltd. nor any other Group company waived any claims against members of the Board of Directors.

## Registered shares and Performance Share Units granted

	Registered shares	PSU
Silvio Napoli, Chairman	5 631	–
Erich Ammann	2 703	773
Michael Nilles	2 150	425
Tobias B. Staehelin	134	–

The number of registered shares disclosed is a provisional figure based on the volume-weighted average price in December 2018, with a discount of 20%. The final number is reported in the following year's Compensation Report.

## Value per share and Performance Share Unit

In CHF	Performance Share Plan	Deferred Share Plan
Participation right	Registered share	PSU on registered share
Volume-weighted average price in March 2018		202.24
Volume-weighted average price in December 2018	190.78	
Value for inclusion in variable compensation	171.70	182.02

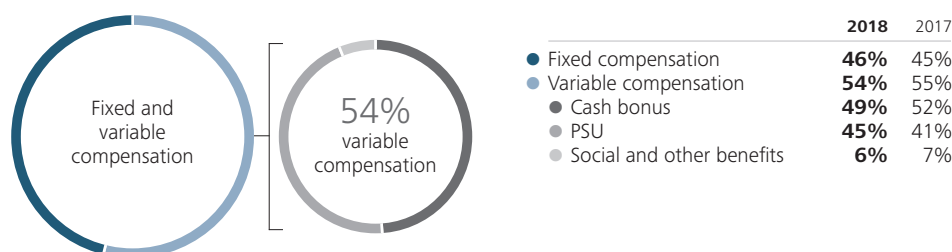
## Approved fixed compensation

In CHF 1 000	
Approved by the General Meeting of Shareholders 2018	8 700
Actual fixed compensation 2018	7 925

## 5.2 Group Executive Committee

In CHF 1 000	Fixed compensation		Variable compensation			Total for 2018
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Performance Share Units	Social and other benefits	
Total compensation	6 402	2 631	5 218	4 754	600	<b>19 605</b>
Highest individual compensation: Thomas Oetterli, CEO	902	208	1 300	1 125	136	<b>3 671</b>

### Compensation of members of the Group Executive Committee



The variable compensation reached at maximum 231% of the fixed compensation (previous year: 256%).

The cash bonus awarded for 2018 reflects an average achievement factor of 120% based on the targets set for the year (previous year: 125%).

The variable compensation of the Group Executive Committee reported is subject to the approval of the General Meeting of Shareholders.

In April 2018, the PSU granted under the Deferred Share Plan 2015 for the performance period 2015–2017 were converted into registered shares at a conversion rate of 2.0. Due to the increase in the share price over the three years and the applicable cap of 300% of the original target amount, the real conversion factor was 1.89.

In the reporting year, no collateral or guarantees were granted to members of the Group Executive Committee. Neither Schindler Holding Ltd. nor any other Group company waived any claims against the members of the Group Executive Committee.

### Performance Share Units granted

	Number
Total Group Executive Committee	26 115
Thomas Oetterli, CEO	6 181

## Value per Performance Share Unit

In CHF	Deferred Share Plan
Participation right	PSU on registered share
Volume-weighted average price in March 2018	202.24
Value for inclusion in variable compensation	182.02

## Approved fixed compensation

In CHF 1 000	
Approved by the General Meeting of Shareholders 2018	10 100
Actual fixed compensation 2018	9 033

## 6 Compensation for the previous year

### 6.1 Board of Directors

In CHF 1 000	Fixed compensation			Variable compensation			Total for 2017
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Registered shares	Other	Social and other benefits	
Silvio Napoli, Chairman <sup>1</sup>	1 279	329	1 035	1 165	–	124	3 932
Alfred N. Schindler, Chairman emeritus <sup>2</sup>	712	74	132	149	651 <sup>11</sup>	47	1 765
Prof. Dr. Pius Baschera, Vice Chairman <sup>3</sup>	279	13	–	–	–	–	292
Prof. Dr. Karl Hofstetter <sup>4</sup>	952	318	827	930	–	99	3 126
Luc Bonnard <sup>5</sup>	221	10	–	–	227 <sup>12</sup>	15	473
Patrice Bula <sup>5</sup>	200	12	–	–	–	–	212
Prof. Dr. Monika Bütler <sup>5</sup>	232 <sup>8</sup>	13	–	–	–	–	245
Dr. Rudolf W. Fischer <sup>5</sup>	200	9	–	–	–	–	209
Anthony Nightingale <sup>5</sup>	200	9	–	–	–	–	209
Rolf Schweiger <sup>6</sup>	42	2	–	–	–	–	44
Tobias B. Staehelin <sup>7</sup>	324	121	64	16	–	45	570 <sup>13</sup>
Carole Vischer <sup>5</sup>	244 <sup>9</sup>	14	–	–	–	–	258
Prof. Dr. Klaus W. Wellershoff <sup>6</sup>	51 <sup>10</sup>	3	–	–	–	–	54
Total compensation	4 936	927	2 058	2 260	878	330	11 389

<sup>1</sup> Member of the Supervisory and Strategy Committee (Chairman from the General Meeting of Shareholders 2017)

<sup>2</sup> Chairman and member of the Supervisory and Strategy Committee until General Meeting of Shareholders 2017, thereafter non-executive member

<sup>3</sup> Non-executive member (Vice Chairman from the General Meeting of Shareholders 2017)

<sup>4</sup> Member of the Supervisory and Strategy Committee, including function as Group General Counsel, 80% basis

<sup>5</sup> Non-executive member

<sup>6</sup> Non-executive member (until General Meeting of Shareholders 2017)

<sup>7</sup> From the General Meeting of Shareholders 2017 executive member at Group company level

<sup>8</sup> Including fee for work as a member of the Audit Committee (from the General Meeting of Shareholders 2017)

<sup>9</sup> Including fee for work as a member of the Audit Committee as well as fee as a member of the Board of Directors of a Group company

<sup>10</sup> Including fee for work as a member of the Audit Committee (until the General Meeting of Shareholders 2017)

<sup>11</sup> Fee for consulting services (CHF 119 000, based on fixed daily fee and number of days actually worked) as well as compensation for unused vacation days during past years as member of the Supervisory and Strategy Committee (CHF 532 000)

<sup>12</sup> Fee for consulting services (based on fixed daily fee and number of days actually worked)

<sup>13</sup> Includes compensation for operational function as Regional Director at Schindler Aufzüge und Fahrtreppen GmbH as well as fee as a member of the Board of Directors of a Group company

## Registered shares granted

	Registered shares
Silvio Napoli, Chairman	6 397
Alfred N. Schindler, Chairman emeritus	817
Prof. Dr. Karl Hofstetter	5 108
Tobias B. Staehelin	88

The final number of registered shares was calculated using a grant value of CHF 161.79, which corresponds to the volume-weighted average share price in March 2018, less 20%. The number disclosed in the previous year was based on a provisional value (volume-weighted average share price of registered shares in December 2017, less 20%, resulting in a provisional grant value of CHF 174.98).

## 6.2 Group Executive Committee

In CHF 1 000	Fixed compensation			Variable compensation			Total for 2017
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Performance Share Units	Other	Social and other benefits	
Total compensation	7 697	3 149	6 877	5 362	55	930	24 070 <sup>1</sup>
Highest individual compensation: Thomas Oetterli, CEO	903	207	1 570 <sup>2</sup>	1 125	–	152	3 957

<sup>1</sup> Includes contractual payments to members who stepped down from the Group Executive Committee in 2017

<sup>2</sup> Including special bonus of CHF 170 000 for exceptional progress on strategic projects

## Performance Share Units granted

	Number
Total Group Executive Committee	31 138
Thomas Oetterli, CEO	6 533

## 7 Benefits for former members of governing bodies

Miguel A. Rodríguez left the Group Executive Committee on March 31, 2017. He continued to work for the company on projects related to his former position. In the reporting year, he was paid compensation of CHF 440 600 for these services.

No other compensation as defined in Article 14, para. 1, section 4 of the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegüV) was paid to former members of a governing body.

## 8 Loans and credits

Article 34 of the Articles of Association of Schindler Holding Ltd. states that the Board of Directors may grant loans or credits to members of the Board of Directors or the Group Executive Committee. The total amount of these loans and credits must not exceed CHF 10 million and they may only be granted at market rates and subject to the applicable abstention rules.

### 8.1 Present and former members of governing bodies

No loans or credits were granted by Schindler Holding Ltd. or any other Group company to present or former members of governing bodies, and no such loans were outstanding as of December 31, 2018.

### 8.2 Related parties

No loans or credits were granted by Schindler Holding Ltd. or any other Group company to related parties of present or former members of governing bodies, and no such loans were outstanding as of December 31, 2018.

## 9 Proposals to the General Meeting of Shareholders 2019

The aggregate amount of fixed compensation for the Board of Directors and the Group Executive Committee for the financial year 2019 and the aggregate amount of variable compensation for the reporting year 2018 will be proposed separately to the General Meeting of Shareholders in March 2019 for approval.

### 9.1 Fixed compensation for 2019

The aggregate amount of fixed compensation for the Board of Directors to be approved is CHF 7.6 Mio (amount approved in 2018: CHF 8.7 Mio).

The reduction compared to the previous year is due to continuing contractual payments made to departing members of the Board of Directors in 2018. These payments will cease in 2019.

The aggregate amount of fixed compensation for the Group Executive Committee to be approved is CHF 10.5 Mio (amount approved in 2018: CHF 10.1 Mio).

The increase compared to the previous year is due to salary increases given to certain members of the Group Executive Committee, following the compensation benchmarking exercise carried out in 2018.



## 9.2 Variable compensation for 2018

The aggregate amount of variable compensation for the Board of Directors to be approved is CHF 5 988 000 (amount approved in 2018: CHF 5 526 000).

The change compared to the previous year is based on the increase in the number of members of the Supervisory and Strategy Committee from two to three and the inclusion of contractual payments to departing members of the Board of Directors, partly offset by the lower average level of bonus payouts to the members of the Supervisory and Strategy Committee.

The aggregate amount of variable compensation for the Group Executive Committee to be approved is CHF 10 572 000 (amount approved in 2018: CHF 13 224 000).

The reduction compared to the previous year is due to the reduced number of Group Executive Committee members reported under the variable compensation for 2018 (twelve members in 2018 compared to fifteen in 2017).

The aggregate amount of variable compensation to be approved for the Group Executive Committee includes an amount of CHF 4 753 000, representing the value of the Performance Share Units granted in 2018, assuming that the Group's targets set for 2020 are achieved (i.e. assuming a 100% conversion rate). This is based upon the most recent interim performance assessment. In 2021, when the Performance Share Units will be converted into shares, the final conversion rate will vary between 0% and 300%, depending on (i) the company's performance in relation to the defined targets as well as (ii) the share price development over the three-year period. The maximum payout in shares is capped at CHF 12 675 000.

## 10 Levels of participation

The participations and option rights of members of the Board of Directors of Schindler Holding Ltd. and the Group Executive Committee, as well as related parties, are as follows (there are no conversion rights outstanding):

## 10.1 Board of Directors

### 2018

As of 31.12.	Number		
	Registered shares	Participation certificates	Options
Silvio Napoli, Chairman <sup>1</sup>	50 205	725	–
Alfred N. Schindler, Chairman emeritus <sup>2</sup>	<sup>5</sup>	43 330	–
Prof. Dr. Pius Baschera, Vice Chairman <sup>2</sup>	3 000	–	–
Erich Ammann <sup>3</sup>	27 417	–	–
Michael Nilles <sup>3</sup>	4 471	1 635	5 828 <sup>6</sup>
Luc Bonnard <sup>2</sup>	<sup>5</sup>	–	–
Patrice Bula <sup>2</sup>	1 500	–	–
Prof. Dr. Monika Bütler <sup>2</sup>	1 500	–	–
Dr. Rudolf W. Fischer <sup>2</sup>	20 091	–	3 171 <sup>7</sup>
Anthony Nightingale <sup>2</sup>	3 000	–	–
Tobias B. Staehelin <sup>4</sup>	<sup>5, 8</sup>	–	–
Carole Vischer <sup>2</sup>	<sup>5, 9</sup>	–	–

<sup>1</sup> Member of the Supervisory and Strategy Committee

<sup>2</sup> Non-executive member

<sup>3</sup> Member of the Supervisory and Strategy Committee (from the General Meeting of Shareholders 2018)

<sup>4</sup> Executive member at Group company level

<sup>5</sup> Alfred N. Schindler, Luc Bonnard, Tobias B. Staehelin, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 47 662 664 shares as at December 31, 2018, corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

<sup>6</sup> Fully vested options on participation certificates granted under the Capital Participation Plans 2000/2003:

– 2010: 291

– 2011: 2 145

– 2012: 1 859

– 2013: 1 533

<sup>7</sup> Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan grant 2013)

<sup>8</sup> In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares.

<sup>9</sup> In addition, a related party (not a member of the shareholder agreement) holds 14 registered shares.

### 2017

As of 31.12.	Number		
	Registered shares	Participation certificates	Options
Silvio Napoli, Chairman <sup>1</sup>	33 905	5 631	–
Alfred N. Schindler, Chairman emeritus <sup>2</sup>	<sup>4</sup>	43 330	–
Prof. Dr. Pius Baschera, Vice Chairman <sup>2</sup>	3 000	–	–
Prof. Dr. Karl Hofstetter <sup>1</sup>	91 868	6 431	13 712 <sup>5</sup>
Luc Bonnard <sup>2</sup>	<sup>4</sup>	–	–
Patrice Bula <sup>2</sup>	1 500	–	–
Prof. Dr. Monika Bütler <sup>2</sup>	1 500	–	–
Dr. Rudolf W. Fischer <sup>2</sup>	20 091	–	3 171 <sup>6</sup>
Anthony Nightingale <sup>2</sup>	3 000	–	–
Tobias B. Staehelin <sup>3</sup>	<sup>4, 7</sup>	–	–
Carole Vischer <sup>2</sup>	<sup>4</sup>	–	–

<sup>1</sup> Member of the Supervisory and Strategy Committee

<sup>2</sup> Non-executive member

<sup>3</sup> Executive member at Group company level

<sup>4</sup> Alfred N. Schindler, Luc Bonnard, Tobias B. Staehelin, and Carole Vischer hold their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 47 661 559 shares as at December 31, 2017, corresponding to 71.1% of the voting rights of the share capital entered in the Commercial Register.

<sup>5</sup> Fully vested options on participation certificates granted under the Long Term Incentive Plan 2011

<sup>6</sup> Fully vested options on registered shares granted under the Capital Participation Plan 2000 (option plan grant 2013)

<sup>7</sup> In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares

## 10.2 Group Executive Committee

### 2018

As of 31.12.	Number		Number of vested options on		
	Registered shares	Participation certificates	Participation certificates granted 2011	Participation certificates granted 2012 <sup>1</sup>	Registered shares granted 2013 <sup>1</sup>
Thomas Oetterli, CEO	25 947	–	–	–	–
David Clymo	10 192	–	–	–	–
Urs Scheidegger	4 049	8 000	–	–	1 005
Julio Arce	2 945	385	419 <sup>1</sup>	277	189
Karl-Heinz Bauer	2 380	–	–	–	–
Paolo Compagna	5 663	284	–	–	–
Carlos Guembe	4 242	–	2 168 <sup>2</sup>	–	1 026
Andre Inserra	4 705	–	–	–	–
Christian Schulz	4 518	1 959	–	–	252
Robert Seakins	1 366	199	418 <sup>1</sup>	277	210
Egbert Weisshaar	5 340	–	–	–	–
Daryoush Ziai	356	–	–	–	–

<sup>1</sup> Options from Capital Participation Plans 2000/2003

<sup>2</sup> Options from Long Term Incentive Plan 2011

### 2017

As of 31.12.	Number		Number of vested options on			
	Registered shares	Participation certificates	Participation certificates granted 2010	Participation certificates granted 2011	Participation certificates granted 2012 <sup>1</sup>	Registered shares granted 2013 <sup>1</sup>
Thomas Oetterli, CEO	19 263	7 307	4 529 <sup>2</sup>	5 142 <sup>3</sup>	–	–
Erich Ammann	20 000	–	–	–	–	–
Julio Arce	1 555	385	–	419 <sup>1</sup>	277	189
Karl-Heinz Bauer	–	–	–	–	–	–
David Clymo	8 813	–	–	–	–	–
Paolo Compagna	1 505	284	–	–	–	–
Carlos Guembe	551	–	–	2 168 <sup>3</sup>	–	1 026
Andre Inserra	3 505	–	–	–	–	–
Michael Nilles	4 916	–	291 <sup>1</sup>	2 145 <sup>1</sup>	1 859	1 533
Christian Schulz	4 927	–	577 <sup>1</sup>	617 <sup>1</sup>	371	252
Robert Seakins	347	–	–	418 <sup>1</sup>	277	210
Egbert Weisshaar	4 114	–	–	–	–	–
Daryoush Ziai	356	–	–	–	–	–

<sup>1</sup> Options from Capital Participation Plans 2000/2003

<sup>2</sup> Options from Long Term Incentive Plan 2010

<sup>3</sup> Options from Long Term Incentive Plan 2011

Information on the conditions that apply to options is provided in note 33.2 to the consolidated Financial Statements.

## To the General Meeting of Schindler Holding Ltd., Hergiswil

### Report of the statutory auditor on the compensation report

We have audited compensation report of Schindler Holding Ltd. for the year ended 31 December 2018. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in sections 5 to 8 and 10 of the compensation report.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the compensation report for the year ended 31 December 2018 of Schindler Holding Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Basle, 13 February 2019

Ernst & Young Ltd

Roland Ruprecht  
Licensed audit expert  
(Auditor in charge)

Simon Zogg  
Licensed audit expert

# Corporate Governance

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The Corporate Governance Report contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2018, and is structured in accordance with the Directive. The required disclosures of the compensation and participations of the company's most senior management are provided in the Compensation Report. In addition, an explanation is provided in accordance with the 'comply or explain' principle if the company's corporate governance deviates from the recommendations set out in the Swiss Code of Best Practice for Corporate Governance (referred to hereinafter as the Swiss Code).

## 1 Group structure and shareholders

### 1.1 Group structure

Schindler Holding Ltd. is a holding company under Swiss law that is headquartered in Hergiswil (Canton of Nidwalden, Switzerland). Its registered shares (ISIN: CH0024638212, Swiss security number: 2.463.821, SCHN) and participation certificates (ISIN: CH0024638196, Swiss security number: 2.463.819, SCHP) are listed on the SIX Swiss Exchange. As at December 31, 2018, the market capitalization of Schindler Holding Ltd. amounted to CHF 20.7 billion. Schindler Holding Ltd. has a direct or indirect interest in the consolidated companies listed in note 36 of the Group Financial Statements.

As one of the world's leading suppliers of elevators, escalators, and moving walks, the Schindler Group is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe. Its operating structure as at December 31, 2018, can be summarized as follows:

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#### Board of Directors

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#### Supervisory and Strategy Committee

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#### Group Executive Committee

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Chief Executive Officer (CEO)

Corporate Human Resources, Deputy CEO

Chief Financial Officer (CFO)

Chief Technology Officer (CTO)

Field Quality & Excellence

Escalators and Supply Chain

Operations

Europe North

Europe South

Americas

Asia-Pacific

China

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Information on organizational or management changes after December 31, 2018, is provided in section 1.4 'Events after the balance sheet date.'

The duties of the full-time Supervisory and Strategy Committee are described in section 3.5.2.1 and in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).

### **1.2 Significant shareholders**

As at December 31, 2018, the Schindler and Bonnard families and parties related to these families held – within the scope of shareholder agreements – 47 662 664 registered shares of Schindler Holding Ltd., corresponding to 71.1% of voting rights of the share capital entered in the Commercial Register. There are no further shareholders who have notified a holding of more than 3% of voting rights of Schindler Holding Ltd. according to Article 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). No notifications according to Article 120 of FMIA were published during the reporting year. Previous notifications can be viewed at: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

### **1.3 Cross-shareholdings**

Schindler Holding Ltd. has no cross-shareholdings of more than 5% in any company outside the Schindler Group.

### **1.4 Events after the balance sheet date**

The Board of Directors announced on February 14, 2019, that Michael Nilles will, for personal reasons, not stand for re-election to the Board of Directors of Schindler Holding Ltd. and will step down from the Supervisory and Strategy Committee at the General Meeting of Shareholders in 2019.

All other members of the Board of Directors are standing for re-election at the General Meeting on March 26, 2019. Concerning Luc Bonnard, the Board of Directors has decided to extend the age limit in accordance with the Schindler Holding Ltd. organizational regulations.

Luc Bonnard asked to give up his position as Chairman of the Audit Committee as of April 1, 2019. The Board of Directors appointed Erich Ammann as new Chairman of the Audit Committee as of April 1, 2019.

## 2 Capital structure

### 2.1 Capital

As at December 31, 2018, the ordinary share capital of Schindler Holding Ltd. totaled CHF 6 707 745.20 and its participation capital totaled CHF 4 071 683.10.

### 2.2 Authorized and conditional capital

As at December 31, 2018, Schindler Holding Ltd. had no authorized or conditional capital.

### 2.3 Changes in capital in the last three years

The share capital of CHF 6 806 180.20 as at January 1, 2016, was reduced by CHF 98 435 as at June 3, 2016, to CHF 6 707 745.20 and has remained unchanged since then. The participation capital of CHF 4 423 631.10 as at January 1, 2016, was reduced by CHF 351 948 as at June 3, 2016, to CHF 4 071 683.10 and has also remained unchanged since then.

### 2.4 Shares and participation certificates

As at December 31, 2018, the share capital totaled CHF 6 707 745.20. It is divided into 67 077 452 fully paid-in registered shares, each with a nominal value of CHF 0.10. Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share of retained earnings and to a share of the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2018, the participation capital totaled CHF 4 071 683.10. It is divided into 40 716 831 fully paid-in bearer participation certificates, each with a nominal value of CHF 0.10. Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, or any other rights of membership, such as participation in General Meetings of Shareholders.

### 2.5 Profit-sharing certificates

Schindler Holding Ltd. has not issued any profit-sharing certificates.

### 2.6 Limitations on share transferability and nominee registrations

#### 2.6.1 Limitation on share transferability

According to Article 13 of the Articles of Association, the Board of Directors shall refuse registration of an acquirer as a full shareholder in the share register if:

- the acquirer has not acquired the share(s) in his/her own name and on his/her own account, or
- registration would result in the acquirer holding more than 3% of voting rights.

The voting rights of related shareholders are counted together.

In accordance with Swiss federal law requiring the demonstration of Swiss control, the registration of foreign acquirers can be refused if, as a result of their registration, all foreign shareholders together would hold more than 10% of voting rights.

The statutory restrictions on registration do not apply if:

- on June 15, 1992, the acquirer was already recorded in the share register as holding at least 3% of voting rights, or the acquirer is the spouse, child or other descendant, brother, or sister of such a person, or
- the voting rights were acquired directly by inheritance, division of estate, or matrimonial property law.

The General Meeting of Shareholders may determine exceptions to the percentage limits by relative majority, whereby a legally binding decision requires at least half of the shares entered in the Commercial Register to be represented. Applicants have the right to have their application presented at the General Meeting of Shareholders. The General Meeting of Shareholders did not have to reach a decision on any application for exceptions in the financial year 2018.

Further details on the restrictions on registration and exceptions thereto are set out in Article 13 of the Articles of Association of Schindler Holding Ltd., which are available at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Articles of Association ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/articles-of-association.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/articles-of-association.html)).

### Information by majority shareholders

The majority shareholders informed that in the event of a sale of 49% or more of the voting rights to an acquirer that is not party to their shareholder agreement, they will only vote in favor of an exception to the percentage limits if the acquirer makes a voluntary public offer at a price that is equivalent to the price paid for the 49%.

### 2.6.2 Nominee registrations

The Articles of Association do not contain any special regulations regarding the registration of nominees in the share register.

## 2.7 Convertible bonds and options

### 2.7.1 Convertible bonds

Schindler Holding Ltd. has no outstanding convertible bonds.

### 2.7.2 Employee options

Allocation year		Options allocated (number)	Exercise price in CHF	Blocked period ends	Exercise period ends	Number as of 31.12.2018		
						Forfeited	Exercised	Outstanding
2009	A	464 175 <sup>1</sup>	56.40	30.4.2012	30.4.2018	-5 155	-459 020	-
2010	A	207 896 <sup>2</sup>	53.60	30.4.2013	30.4.2019	-925	-176 854	30 117
2010	B	107 739 <sup>2</sup>	85.10	30.4.2013	30.4.2019	-6 159	-101 580	-
2011	A	222 621 <sup>2</sup>	85.10	30.4.2014	30.4.2020	-1 389	-168 500	52 732
2011	B	104 854 <sup>2</sup>	124.80	30.4.2014	30.4.2020	-	-96 544	8 310
2012	A	162 118 <sup>2</sup>	108.20	30.4.2015	30.4.2021	-2 389	-108 454	51 275
2013	A	138 012 <sup>1</sup>	137.84	30.4.2016	30.4.2022	-11 918	-61 926	64 168

A = Options from the Capital Participation Plans 2000/2003

B = Options from the Long Term Incentive Plan

<sup>1</sup> One option gives entitlement to purchase one share

<sup>2</sup> One option gives entitlement to purchase one participation certificate

### 3 Board of Directors and Committees of the Board

#### 3.1 Members of the Board of Directors of Schindler Holding Ltd.

As of 31.12.2018	Domicile	Nationality	Year of election <sup>1</sup>
Silvio Napoli (1965), Chairman	Küsnacht, Switzerland	Italian	2016
Alfred N. Schindler (1949), Chairman emeritus	Hergiswil, Switzerland	Swiss	1977
Prof. Dr. Pius Baschera (1950), Vice Chairman	Zurich, Switzerland	Swiss/Italian	2005
Erich Ammann (1957)	Neuheim, Switzerland	Swiss	2018
Michael Nilles (1973)	Bergisch-Gladbach, Germany	German	2018
Luc Bonnard (1946)	Hergiswil, Switzerland	Swiss	1984
Patrice Bula (1956)	Yens, Switzerland	Swiss	2015
Prof. Dr. Monika Büttler (1961)	Zurich, Switzerland	Swiss	2013
Dr. Rudolf W. Fischer (1952)	Bergdietikon, Switzerland	Swiss	2012
Anthony Nightingale (1947)	Hong Kong SAR, China	British	2013
Tobias B. Staehelin (1978)	Berlin, Germany	Swiss	2017
Carole Vischer (1971)	Hergiswil, Switzerland	Swiss	2013

<sup>1</sup> Annual General Meeting of Shareholders in the year shown

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 13 members, currently has 12 members. Four members of the Board of Directors are executive members. However, none of them also serves on the Group Executive Committee. Silvio Napoli, Erich Ammann, and Michael Nilles are members of the Supervisory and Strategy Committee. Tobias B. Staehelin holds an operational function at a Group company. The eight remaining members are non-executive members of the Board of Directors.

With the exception of Alfred N. Schindler, all non-executive members of the Board of Directors are independent according to the definition set out in the Swiss Code. Hence, in accordance with the recommendations and criteria set out in the Swiss Code, the majority of the Board of Directors – i.e. 7 of its 12 members – is independent. The Board of Directors comprises both male and female members.

In terms of the composition of the committees of the Board of Directors, the company deviates from the recommendations of the Swiss Code. This is mainly due to the fact that major shareholders have their own representation on the Board of Directors, allowing them to safeguard their long-term shareholder interests directly.

### 3.2 Other activities and vested interests

#### **Silvio Napoli**

Executive Chairman of the Board of Directors, Chairman of the Supervisory and Strategy Committee and of the Nomination Committee since 2017, member of the Board of Directors and the Supervisory and Strategy Committee since 2016.

Silvio Napoli holds a master's degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland, and an MBA from Harvard Graduate School of Business Administration, Boston, USA, which he earned as a Fulbright Scholar.

He began his career at The Dow Chemical Co., Rheinmünster, Germany, in 1989. Silvio Napoli has held various international management functions in the Schindler Group since 1994. From 2008 to 2013, he served as a member of the Group Executive Committee with responsibility for the Asia-Pacific region. He then served as CEO of the Schindler Group until March 2016.

Silvio Napoli is an Italian citizen, born in 1965.

#### **Alfred N. Schindler**

Chairman emeritus, member of the Board of Directors since 1977, non-executive member since 2017, member of the Nomination Committee.

Alfred N. Schindler holds a master degree in law from the University of Basel, Switzerland, and an MBA from The Wharton School of Finance in Philadelphia, Pennsylvania, USA.

He began his career in 1974 as an auditor at Neutra Treuhand AG, Berne. From 1980 he served as CFO of Notz AG, Biel, Switzerland. He subsequently held various management positions at the Schindler Group. In 1982, he was appointed Head of Corporate Planning and he served as CEO of the Schindler Group from 1985 to 2011. Alfred N. Schindler was Chairman of the Board of Directors of Schindler Holding Ltd. and Chairman of the Supervisory and Strategy Committee from 1995 until 2017. He currently serves as an advisor to Schindler.

Alfred N. Schindler is a Swiss citizen, born in 1949.

**Prof. Dr. Pius Baschera**

Vice Chairman of the Board of Directors since 2017, non-executive, independent member of the Board of Directors since 2005, member of the Compensation Committee since 2008 and its Chairman since 2015.

Trustee and Speaker of the Martin Hilti Family Trust and member of the Board of Directors of Hilti Corporation, Schaan, Liechtenstein; member of the Advisory Board of Vorwerk & Co., Wuppertal, Germany; President of the Board of Trustees of the ETH Zurich Foundation, Zurich, Switzerland; Professor emeritus at the Swiss Federal Institute of Technology (ETH), Zurich, Switzerland.

Pius Baschera studied at the Swiss Federal Institute of Technology (ETH), Zurich, Switzerland, where he obtained a degree in mechanical engineering and in management science.

From 1979 to 2017, he held various international management functions at Hilti Corporation, Schaan, Liechtenstein, including the role of CEO for 13 years and then as Chairman of the Board of Directors.

Pius Baschera is a Swiss and Italian citizen, born in 1950.

**Erich Ammann**

Executive member of the Board of Directors, member of the Supervisory and Strategy Committee, as well as of the Nomination Committee, since 2018.

Member of the Board of Directors of Swiss Federal Railways (SBB AG), Berne, Switzerland.

Erich Ammann holds a degree in economics and business administration from the University of Applied Sciences of St. Gallen, Switzerland, and an executive MBA from The Wharton School, University of Pennsylvania, USA.

He began his career in 1982 as an auditor in Geneva, Switzerland. Since 1988, he has held various international functions in the area of finance in the Schindler Group, from 2001 until 2018 as CFO and a member of the Group Executive Committee.

Erich Ammann is a Swiss citizen, born in 1957.



### **Michael Nilles**

Executive member of the Board of Directors and member of the Supervisory and Strategy Committee since 2018, Chief Digital Officer since 2016.

Member of the Supervisory Board of Lufthansa AG and Lufthansa Technik AG, Frankfurt, Germany.

Michael Nilles holds a degree in business administration and computer science from the University of Cologne, Germany. He is an alumnus of the Kellogg School of Management, Northwestern University, Evanston, USA.

He began his career in 1996 as a Software Engineer and Consultant with SAP China and subsequently held various international positions in the field of digital transformation, including as CIO Americas and Group CIO of Bosch Rexroth AG, Chicago, USA, and Lohr am Main, Germany (2000 to 2008). He was appointed CIO of the Schindler Group and CEO of Schindler Digital Business AG in 2009. From 2016 until his election as a member of the Board of Directors, Michael Nilles was a member of the Group Executive Committee.

Michael Nilles is a German citizen, born in 1973.

### **Luc Bonnard**

Member of the Board of Directors since 1984, independent member since 2015, Chairman of the Audit Committee since 2013, and member of the Nomination Committee since 2017.

Luc Bonnard holds a degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland.

He joined the Schindler Group in 1972 and has held various management positions, including Head of the Elevators & Escalators business. He served as a member of the Supervisory and Strategy Committee from 1991 to 2012 and as Vice Chairman of the Board of Directors from 1996 to March 2017. He currently serves as an advisor to Schindler.

Luc Bonnard is a Swiss citizen, born in 1946.

**Patrice Bula**

Non-executive, independent member of the Board of Directors since 2015, member of the Compensation Committee since 2017.

As a representative of Nestlé, he is Chairman of Blue Bottle Coffee Inc., Oakland, USA, and a member of the Board of Directors of Cereal Partners Worldwide S.A., Lausanne, Switzerland, of Hsu Fu Chi Group Companies, China, and of Froneri Ltd. (joint venture between Nestlé and R&R Ice Cream), London, United Kingdom. He is also a member of the Board of Directors of Bobst Group SA, Mex, Switzerland.

Patrice Bula holds a master's degree in economic sciences from the University of Lausanne, HEC, Switzerland. He completed the Program for Executive Development at IMD business school, Lausanne, Switzerland.

He has held various international functions in the Nestlé Group since 1983. He has served as Executive Vice President of Nestlé S.A. since 2011, with responsibility for the Strategic Business Units, Marketing, Sales and Nespresso. Prior to that, among others, he served as Market Head of Nestlé Greater China Region (2007 to 2011).

Patrice Bula is a Swiss citizen, born in 1956.

**Prof. Dr. Monika Bütler**

Non-executive, independent member of the Board of Directors since 2013, member of the Audit Committee since 2017.

Member of the Bank Council of the Swiss National Bank, Zurich, Switzerland; member of the Board of Directors of HUBER+SUHNER AG, Herisau, Switzerland, and member of the Suva Council, Lucerne, Switzerland; Vice President of the Foundation Board of the Gebert Rűf Foundation, Basel, Switzerland.

Monika Bütler holds a doctorate in economics from the University of St. Gallen, Switzerland, and a degree in mathematics, majoring in physics, from the University of Zurich, Switzerland.

Since 2004, she has been Professor of Economics at the University of St. Gallen, Switzerland, and since 2008, Managing Director of the Swiss Institute for Empirical Economic Research, University of St. Gallen. From 2009 to 2013, she served as Dean of the School of Economics and Political Science of the University of St. Gallen, Switzerland. Prior to that, she was a Visiting Professor at the University of New South Wales, Sydney, Australia, in 2008 and 2011.

Monika Bütler is a Swiss citizen, born in 1961.

**Dr. Rudolf W. Fischer**

Non-executive, independent member of the Board of Directors and member of the Compensation Committee since 2012.

Member of the Board of Directors of Vetropack Holding AG, Bülach, Switzerland.

Rudolf W. Fischer holds a doctorate in economics from the University of Zurich, Switzerland.

Before joining the Schindler Group in 1996, he served, among others, as CEO of various companies and as a partner in a consulting firm. He was a member of the Group Executive Committee Elevators & Escalators with responsibility for Corporate Human Resources, Management Training, and Corporate Safety & Health until 2011. From 2012 to 2016, he was a member of the Supervisory and Strategy Committee.

Rudolf W. Fischer is a Swiss citizen, born in 1952.

**Anthony Nightingale**

Non-executive, independent member of the Board of Directors since 2013.

Member of the Board of Directors of Jardine Matheson Holdings, Bermuda, of Vitasoy International Holdings Ltd., Hong Kong, of Jardine Strategic Holdings, Bermuda, of Dairy Farm International Holdings, Bermuda, of Hong Kong Land Holdings, Bermuda, and of Mandarin Oriental International, Bermuda, as well as of Jardine Cycle & Carriage, Singapore, of Prudential plc, England and Wales, and of Shui On Land Ltd., Cayman Islands; Commissioner of PT Astra International, Jakarta, Indonesia; member of the HKSAR Chief Executive's Council of Advisers on Innovation and Strategic Development, a Hong Kong representative to the APEC Vision Group; member of the School Advisory Council of the Hong Kong University of Science and Technology, Hong Kong; Chairperson of The Sailors Home and Missions to Seafarers, Hong Kong, and Director of the UK-ASEAN Business Council, United Kingdom.

Anthony Nightingale holds a degree in classics from Peterhouse College, University of Cambridge, United Kingdom.

He held various functions at Jardine Matheson Group and served as CEO of Jardine Matheson Holdings, Bermuda, from 2006 to 2012.

Anthony Nightingale is a British citizen, born in 1947.

**Tobias B. Staehelin**

Executive member of the Board of Directors since 2017 with an operational function at a Group company.

Member of the Board of Directors of Schindler Aufzüge AG, Ebikon, Switzerland.

Tobias B. Staehelin holds a degree in law and a CEMS master in international management from the University of St. Gallen, Switzerland. He completed joint studies in law at the Northwestern University School of Law, Chicago, USA, and at the Instituto de Empresa, Madrid, Spain (master of laws with honors). He is a licensed attorney-at-law admitted to the bar in Geneva, Switzerland.

He practiced law in Geneva before joining the Schindler Group in 2009. He has since held various positions including Project Sales Manager of the Top Range Division in China and General Manager of Jardine Schindler, Macau. From 2015 to 2017, he served as Regional Director South West at Schindler Deutschland GmbH. In 2018, he was appointed Managing Director of the C. Haushahn Group, Germany.

Tobias B. Staehelin is a Swiss citizen, born in 1978.

**Carole Vischer**

Non-executive, independent member of the Board of Directors since 2013, member of the Audit Committee since 2016.

President of the Stiftung Dr. Robert und Lina Thyll-Dürr, Hergiswil, Switzerland.

Carole Vischer holds a degree in law from the University of Basel, Switzerland.

From 2002 to 2011, she served as the Director of the Stiftung Dr. Robert und Lina Thyll-Dürr (charitable foundation), Hergiswil, Switzerland.

Carole Vischer is a Swiss citizen, born in 1971.

**3.3 Number of permitted activities outside Schindler**

In accordance with Article 35 of the Articles of Association, the members of the Board of Directors may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The General Meeting of Shareholders may approve exceptions to these rules.

The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Board of Directors.

### **3.4 Elections and term of office**

The members of the Board of Directors of Schindler Holding Ltd. are elected individually by the General Meeting of Shareholders for a term of one year ending at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

The Chairman of the Board of Directors and the members of the Compensation Committee are also elected by the General Meeting of Shareholders.

In accordance with the Organizational Regulations of Schindler Holding Ltd., the term of office of members of the Board of Directors ends at the General Meeting of Shareholders in the year in which they reach the age of 73. In exceptional cases, the Board of Directors may extend this age limit.

### **3.5 Internal organizational structure**

#### **3.5.1 Allocation of duties within the Board of Directors**

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, sets the agenda, prepares the meetings, and leads them. He decides whether other persons should participate in meetings of the Board of Directors on a case-by-case basis. Every member of the Board of Directors can request that a meeting of the Board of Directors be convened, provided they state the item that is to be discussed and give a brief justification of the matter.

The Chairman of the Board of Directors – in consultation with the CEO – represents the interests of the Group vis-à-vis third parties in all important matters. The Vice Chairman deputizes for the Chairman of the Board of Directors in his absence or in specific cases in which the Chairman does not participate in the decision-making process.

The Board of Directors delegates certain duties to committees formed from its own members. It has appointed four standing committees: the Supervisory and Strategy Committee, the Nomination Committee, the Compensation Committee, and the Audit Committee. The Board of Directors appoints a chairman for each committee.

### 3.5.2 Tasks and areas of responsibility for each committee

As of 31.12.2018	Supervisory and Strategy Committee	Nomination Committee	Compensation Committee	Audit Committee
Silvio Napoli	● (chairman)	● (chairman)		
Alfred N. Schindler		●		
Prof. Dr. Pius Baschera			● (chairman)	
Erich Ammann	●	●		
Michael Nilles	●			
Luc Bonnard		●		● (chairman)
Patrice Bula			●	
Prof. Dr. Monika Bütler				●
Dr. Rudolf W. Fischer			●	
Anthony Nightingale				
Tobias B. Staehelin				
Carole Vischer				●

#### 3.5.2.1 Supervisory and Strategy Committee

The Board of Directors appoints from among its members a full-time Supervisory and Strategy Committee, consisting of the Chairman and at least one other member of the Board of Directors.

The full-time Supervisory and Strategy Committee ensures the ultimate direction and supervision of the Group's business by the Board of Directors, pursuant to Article 716a of the Swiss Code of Obligations. In addition, the Supervisory and Strategy Committee performs the following duties in particular:

- Defining the Group's corporate values (particularly safety, quality, corporate sustainability, and the Code of Conduct), strategy, and short- and long-term objectives, and proposing them for approval by the Board of Directors
- Adopting provisional resolutions or intervening on behalf of the Board of Directors in urgent cases if a regular Board resolution cannot be adopted in a timely manner
- Preparing the Board meetings and supervising the implementation of its resolutions
- Deciding on and leading of specific strategic projects within the strategy of the Group

Information on further duties of the full-time Supervisory and Strategy Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).



### 3.5.2.2 Nomination Committee

The Board of Directors appoints a Nomination Committee, consisting of the Chairman and up to three other Board members, at least two of them shall be representatives of the major shareholders.

The Nomination Committee performs the following duties in particular:

- Evaluating the composition and size of the Board of Directors and the Group Executive Committee and determining the selection criteria for the appointment of the Chairman, the members of the Board of Directors and its committees, as well as members of the Group Executive Committee, and reviewing the corresponding succession plans
- Evaluating and proposing the Chairman, the members of the Board of Directors and the Compensation Committee for nomination by the Board and election by the General Meeting of Shareholders
- Evaluating and proposing the appointment of other committee members, their chairmen, the CEO, the members of the Group Executive Committee, and the Group General Counsel for approval by the Board of Directors
- Preparing of a periodic self-evaluation of the Board of Directors

Information on further duties of the Nomination Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).

### 3.5.2.3 Compensation Committee

In accordance with the Articles of Association, the company has a Compensation Committee that consists of up to three members of the Board of Directors, who are elected individually by the General Meeting of Shareholders.

In accordance with Article 27 of the Articles of Association, the Compensation Committee reviews the compensation system annually and makes proposals to the Board of Directors regarding:

- The fixed compensation, the annual target compensation and fringe benefits, and the annual variable compensation of the Chairman, the executive members of the Board of Directors, and the CEO
- The fixed compensation, the annual target compensation, and fringe benefits of the other members of the Group Executive Committee
- The granting of loans or credits to members of the Board of Directors or the Group Executive Committee in accordance with Article 34 of the Articles of Association

The roles and responsibilities of the Compensation Committee are defined in detail by the Board of Directors in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulation ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).

Information on the duties of the Compensation Committee is also provided in the Compensation Report.

#### **3.5.2.4 Audit Committee**

The Board of Directors appoints an Audit Committee, consisting of at least three Board members. The Organizational Regulations of Schindler Holding Ltd. stipulate that at least two members are non-executive and preferably independent members of the Board of Directors. The Chairman of the Audit Committee and at least one other member must be financially literate and have accounting expertise. The Chairman of the Audit Committee reports to the Board of Directors.

The Audit Committee is responsible for the following duties in particular:

- Reviewing and approving the quarterly financial statements
- Reviewing the annual and half-year financial statements for approval by the Board of Directors
- Reviewing the qualifications, performance, and independence of the auditing body and approving its fees
- Reviewing and approving the adequacy and appropriateness of the annual internal audit programs for Group Assurance, the Compliance departments, and IT Security
- Reviewing audit reports and status reports issued by Group Assurance, the Compliance departments, and IT Security
- Issuing new guidelines, directions, clarifications, or other instructions in connection with the Code of Conduct

Information on further duties of the Audit Committee is provided in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).

The Audit Committee maintains contact with the external auditors. It is assisted by the Head of Group Assurance as well as by an Audit Expert Group, which possess the requisite financial and technical expertise.

#### **3.5.3 Working methods of the Board of Directors and its committees**

The Board of Directors holds at least six meetings per year, as well as ad hoc meetings as necessary. Once a year, it holds a two-day meeting together with the members of the Group Executive Committee.

The members of the Supervisory and Strategy Committee work on a full-time basis and meet on average two to three times per month. The Nomination Committee meets on a regular basis at the invitation of its Chairman, the Compensation Committee holds at least two meetings per year and the Audit Committee holds at least four meetings per year.

As of 31.12.2018	Number of meetings	Average duration (hours)
Board of Directors	7	8.5
Supervisory and Strategy Committee	full-time	full-time
Nomination Committee	7	2.5
Compensation Committee	7	1
Audit Committee	4	6.5

The agendas of the meetings are set by the respective chairmen. Discussions and resolutions are recorded in the minutes of the meetings. The CEO regularly attends the meetings of the Board of Directors. Other members of the Group Executive Committee and other (internal and external) persons may be invited to attend the meetings of the Board of Directors or its committees by the respective chairmen. The Audit Expert Group that assists the Audit Committee (see section 3.5.2.4) includes three external consultants.

### 3.6 Definition of areas of responsibility

According to Swiss law, the Board of Directors is responsible for the ultimate direction and supervision of the Group. The non-transferable and inalienable responsibilities set out in Article 716a, paragraph 1, of the Swiss Code of Obligations are incumbent on the Board of Directors. In addition, the Board of Directors may pass resolutions on all matters that are not defined by Swiss law or the Articles of Association as being the responsibility of the General Meeting of Shareholders.

It is also incumbent on the Board of Directors to approve, or decide on, the following:

- The Group’s corporate values (particularly safety, quality, corporate sustainability, and the Code of Conduct), as well as short- and long-term objectives and strategy
- The conditions required to enable the company to conduct its business activities
- The Group’s plans, budget, and forecasts
- The election of the chairmen of the committees of the Board and of the members of the Supervisory and Strategy Committee, the Nomination Committee, and the Audit Committee, as well as the election of the CEO, the members of the Group Executive Committee, and the Group General Counsel
- The Annual Report, including the Compensation Report
- The compensation proposals for the approval by the General Meeting of Shareholders

The Group Executive Committee performs the following duties in particular:

- Preparing strategic and operational short- and long-term objectives for submission to the Board of Directors in close collaboration with the Supervisory and Strategy Committee
- Achieving the strategic and operational objectives approved by the Board of Directors
- Defining the Group’s budget, plans, and forecasts for submission to the Supervisory and Strategy Committee and the Board of Directors
- Ensuring the implementation of the Group’s corporate values (particularly safety, quality, corporate sustainability, and the Code of Conduct)
- Issuing internal regulations, guidelines, directives, and policies

Information on further duties of the Board of Directors and the Group Executive Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: [www.schindler.com](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).

### **3.7 Information and control instruments vis-à-vis the Group Executive Committee**

The Board of Directors oversees the Group Executive Committee and supervises its work. The Schindler Group has at its disposal a comprehensive electronic management information system (MIS). The Board of Directors receives a report at least each quarter. The Supervisory and Strategy Committee is informed in detail each month about financial and operational developments. In the presence of the responsible persons, the reports are discussed in detail at the meetings of the Board of Directors and/or the Supervisory and Strategy Committee.

Schindler defines and evaluates the most important risks facing the Group in a four-phase process based on a detailed risk catalog. These risks are divided into the categories of product, market, and business risks; financial, operational, and organizational risks; and safety, health, and environmental risks. Legal aspects are also evaluated for all risk categories. The four phases of the process are as follows:

- Each Group company creates a risk matrix as part of its budget process
- The risks are combined within a Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures to address the most important risks is presented to the Group Executive Committee
- The Group Executive Committee evaluates the risk matrix and the proposed catalog of measures and proposes any additions
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for appraisal

At least once annually, the Board of Directors and the Group Executive Committee hold a joint meeting.

Group Assurance, the Compliance departments, and the auditing body support the Board of Directors in exercising its supervisory and control functions.

## 4 Group Executive Committee

### 4.1 Members of the Group Executive Committee

As of 31.12.2018	Nationality	Current function (since)	Member since
Thomas Oetterli (1969)	Swiss	CEO (2016)	2010
David Clymo (1961)	British	Corporate Human Resources (2012), Deputy CEO (2018)	2012
Urs Scheidegger (1969)	Swiss	CFO (2018)	2018
Julio Arce (1968)	Spanish	Field Quality & Excellence (2017)	2017
Karl-Heinz Bauer (1958)	German	Chief Technology Officer (2015)	2015
Paolo Compagna (1968)	Italian	Europe North (2015)	2015
Carlos Guembe (1952)	Spanish	Europe South (2014)	2014
Andre Inserra (1964)	Brazilian	Americas (2016)	2016
Christian Schulz (1964)	German	Operations (2017)	2016
Robert Seakins (1959)	Australian	Asia-Pacific (2017)	2017
Egbert Weisshaar (1956)	Swiss	Escalators and Supply Chain (2017)	2017
Daryoush Ziai (1963)	American	China (2016)	2016

### 4.2 Other activities and vested interests

#### Thomas Oetterli

CEO since 2016, Member of the Group Executive Committee since 2010.

Member of the Board of Directors of SFS Group AG, Heerbrugg, Switzerland.

Thomas Oetterli holds a degree in business administration from the University of Zurich, Switzerland.

He joined the Schindler Group in 1994 and has held various international functions, including CEO of Schindler Aufzüge AG, Switzerland (2006 to 2009). In 2010, he was appointed as a member of the Group Executive Committee with responsibility first for Europe North (2010 to 2013) and then for China (until March 2016).

Thomas Oetterli is a Swiss citizen, born in 1969.

**David Clymo**

Responsible for Corporate Human Resources (Human Resources, Talent Management and Development), Member of the Group Executive Committee since 2012, Deputy CEO since 2018.

David Clymo holds a degree in engineering from the University College London, United Kingdom.

He began his career in 1985 as a chartered accountant and subsequently held various functions in the Jardine Matheson Group and the Schindler Group. From 2007 to 2009, David Clymo served as Head of Human Resources Europe and from 2010 as Head of Human Resources for Global Business and Corporate Functions. He was appointed as a member of the Group Executive Committee in 2012.

David Clymo is a British citizen, born in 1961.

**Urs Scheidegger**

CFO, Member of the Group Executive Committee since 2018.

Urs Scheidegger holds a master's degree and a doctorate in business administration, both from the University of St. Gallen, Switzerland.

He began his career in 2000 as a Senior Associate at McKinsey. Since 2002, he has held various international functions in the area of finance in the Schindler Group. He most recently served as Area Controller Asia-Pacific (2003–2006), CFO of Schindler China (2007–2011), and Head Group Area Controlling (2011–2018).

Urs Scheidegger is a Swiss citizen, born in 1969.

**Julio Arce**

Responsible for Field Quality & Excellence, Member of the Group Executive Committee since 2017.

Julio Arce holds a bachelor's degree in electrical engineering from the University of Cantabria, Santander, Spain; a master of science in industrial engineering from the University of Cantabria, Santander, Spain; and an executive MBA from the IE Business School, Madrid, Spain.

He began his career in 1995 at Schindler Spain. From 2006 to 2007, Julio Arce served as CEO of Schindler Netherlands, before returning to Schindler Spain as Existing Installations Manager in 2008. From 2011 to 2014, he served as Technical Director of Schindler Spain and Schindler Iberia before being appointed CEO of Schindler Iberia and Area Manager Northwest Africa and Morocco.

Julio Arce is a Spanish citizen, born in 1968.



### **Karl-Heinz Bauer**

CTO, Member of the Group Executive Committee since 2015.

Karl-Heinz Bauer holds a degree in mechanical engineering from the University of Karlsruhe (TU), Germany, and a business degree from the MIT Sloan School of Management, Cambridge, Massachusetts, USA.

He began his career in 1984 as a Product Development Engineer and held international functions at various companies until 2007. From 2007 to 2015, Karl-Heinz Bauer served as Chief Technology Officer with global responsibility at Honeywell Transportation Systems, Torrance, USA, and Rolle, Switzerland. He joined the Schindler Group in 2015 as a member of the Group Executive Committee.

Karl-Heinz Bauer is a German citizen, born in 1958.

### **Paolo Compagna**

Responsible for Europe North, Member of the Group Executive Committee since 2015.

Paolo Compagna holds a degree in electrical engineering from the Technical University of Cologne, Germany, and a degree in business engineering from Beuth University of Applied Sciences, Berlin, Germany.

He began his career in 1992. Before joining the Schindler Group in 2010, he was Area Business Manager and a member of the Management Board of Cofely, Cologne, Germany. From 2010 to 2013, Paolo Compagna held the role of Field Operations Manager at Schindler Deutschland GmbH and then served as CEO of Schindler Deutschland AG & Co. KG until 2014.

Paolo Compagna is an Italian citizen, born in 1968.

### **Carlos Guembe**

Responsible for Europe South, Member of the Group Executive Committee since 2014.

Carlos Guembe holds a degree in industrial electrical engineering from ICAI (Escuela Técnica Superior de Ingeniería), Madrid, Spain, and a master's degree in foreign trade from EOI (Escuela de organización industrial), Madrid, Spain, as well as a master's in business administration from IE Business School, Madrid, Spain.

He began his career in 1978 and performed a number of international functions before joining the Schindler Group in 1990. He subsequently held various positions at Schindler Spain and Schindler Portugal. Before being appointed as a member of the Group Executive Committee, he served as CEO of Schindler Iberia from 2006 to 2014.

Carlos Guembe is a Spanish citizen, born in 1952.

**Andre Inserra**

Responsible for Americas, Member of the Group Executive Committee since 2016.

Andre Inserra holds a degree in mechanical engineering from FAAP (Fundação Armando Álvares Penteado), São Paulo, Brazil, and a master's degree in industrial management from Chalmers University of Technology, Gothenburg, Sweden.

He began his career in 1989 as an engineer and subsequently performed various international functions at ABB until 2011, including Head of the Global Business Unit Mining and Cement in the USA and Switzerland. He joined the Schindler Group in 2012 and assumed the function of CEO of Atlas Schindler in Brazil.

Andre Inserra is a Brazilian citizen, born in 1964.

**Christian Schulz**

Responsible for Operations, Member of the Group Executive Committee since 2016.

Christian Schulz holds a degree in production engineering from the University of Kaiserslautern, Germany, and a PhD in mechanical engineering from the University of Kaiserslautern, Germany.

He began his career at ABB Germany in 1993, holding various positions. He joined the Schindler Group in 2003, where he initially held the position of Product Line Manager, Existing Installations, at Schindler Germany. From 2009 to 2014, he served as Managing Director of the C. Haushahn Group, Germany. He then held the function of Head of Service and Modernization in the Schindler Group before being appointed as a member of the Group Executive Committee in 2016.

Christian Schulz is a German citizen, born in 1964.

**Robert Seakins**

Responsible for Asia-Pacific, Member of the Group Executive Committee since 2017.

Robert Seakins holds an Electrical & Lifts Licence from the Royal Melbourne Institute of Technology, Melbourne, Australia, and a master's degree in business administration and strategy from the University of New South Wales, Sydney, Australia.

He began his career in 1980. In 2003, Robert Seakins joined Schindler Australia as New Installations Director and he later performed the same function for the Jardine Schindler Group. From 2010 to 2013, he served as Managing Director of Schindler Hong Kong and was then appointed Managing Director of Schindler Australia, a role he performed until 2017.

Robert Seakins is an Australian citizen, born in 1959.

### **Egbert Weisshaar**

Responsible for Escalators and Supply Chain, Member of the Group Executive Committee since 2017.

Egbert Weisshaar holds a degree in purchasing and commerce from SVME Aarau, Switzerland, and a master's in business administration from IMD Lausanne, Switzerland.

He began his career at ABB in 1974, holding various Supply Chain positions in the United Kingdom, Switzerland, and the USA. In 1993, Egbert Weisshaar joined the Schindler Group. He served as Managing Director of AS Aufzüge Switzerland in 2007 and 2008, as Head Supply Chain Europe (2008 to 2009) and as Area Manager Eastern Europe from 2009 to 2012. From 2013 to 2017, he was Head of the Escalator Division of the Schindler Group.

Egbert Weisshaar is a Swiss citizen, born in 1956.

### **Daryoush Ziai**

Responsible for China, Member of the Group Executive Committee since 2016.

Daryoush Ziai holds a bachelor of science in civil engineering from the Virginia Military Institute, Lexington, Virginia, USA; a master of science in civil engineering from Purdue University, West Lafayette, Indiana, USA; and an MBA (master of science in management) from Krannert Graduate School of Management, Purdue University, West Lafayette, Indiana, USA.

He began his career in 1989. Before joining the Schindler Group in 2015, he held various management positions at United Technologies Corporation from 1989 to 2014, including as Vice President Service for Otis China. He has been CEO of Schindler China since 2015.

Daryoush Ziai is an American citizen, born in 1963.

### **4.3 Number of permitted activities outside Schindler**

In accordance with Article 35 of the Articles of Association, the members of the Group Executive Committee may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The General Meeting of Shareholders may approve exceptions to these rules.

The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Group Executive Committee.

### **4.4 Management contracts**

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

## 5 Compensation, participations, and loans

This information is provided in the Compensation Report.

## 6 Shareholders' participation rights

### 6.1 Restrictions on voting rights and representation

Provided it is recorded in the share register as a share with voting rights, each share carries the right to one vote. Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders (see section 2.6.1).

Shareholders' rights of participation in the General Meeting of Shareholders are defined by law and the Articles of Association. All shareholders can personally participate in and vote at the General Meeting of Shareholders, or be represented by a person with a written power of attorney. They may also be represented by the independent proxy. Shareholders are not permitted to participate in the General Meeting of Shareholders via electronic channels.

Shareholders may also grant a power of attorney or issue instructions to the independent proxy electronically. The requirements that apply to powers of attorney and instructions are determined by the Board of Directors (Article 18 of the Articles of Association). The independent proxy has a duty to exercise the voting rights assigned to him by shareholders in accordance with their instructions.

The independent proxy is elected annually by the General Meeting of Shareholders. The term of office begins on the day of election and ends at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

In accordance with Article 21 of the Articles of Association, resolutions are taken and elections are carried out by open vote or electronically. If the Chairman orders it, or the General Meeting of Shareholders decides so, votes will be cast by means of a written procedure. Since 2014, resolutions have been taken and elections have been carried out by electronic means.

The Chairman shall declare as invalid a resolution that has been passed or an election that has been carried out by open vote or electronically if, based on his assessment, the result is ambiguous or if one or several shareholders immediately express reasonable doubts regarding the obviousness of the result.

## 6.2 Statutory quorums

### 6.2.1 Quorum

Article 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders specified below, the presence of shareholders representing at least half of the share capital entered in the Commercial Register is required:

- Election or recall of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual right of choice of shareholders, conversion of shares into participation certificates
- Issuance of profit-sharing certificates, or conversion of participation certificates into profit-sharing certificates
- Exceptions to the restrictions on the registration of acquirers as full shareholders when the percentage limit is exceeded
- Resolutions that can only be passed by a qualified majority according to legal or statutory requirements

### 6.2.2 Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

According to the Articles of Association, the following resolutions require the approval of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

- All resolutions according to Article 704 of the Swiss Code of Obligations
- Resolutions regarding changes to the company name, issuance of profit-sharing certificates, and any change in the share capital or participation capital

## 6.3 Convocation of the General Meeting of Shareholders

General Meetings of Shareholders are convened by the Board of Directors or, if necessary, by the auditing body or other bodies in accordance with Articles 699 and 700 of the Swiss Code of Obligations. Notice of the General Meeting of Shareholders is given in the form of an announcement published once only in the Swiss Official Gazette of Commerce. This publication date is of relevance when ensuring compliance with the statutory notice period. In addition, non-registered letters may be sent to the addresses of registered shareholders entered in the share register to notify them of the General Meeting of Shareholders, or shareholders may be notified electronically upon request. Although not required by statute, it is also customary to publish the agenda of the General Meeting of Shareholders in selected Swiss daily newspapers. The statutory notice period is 20 days.

## 6.4 Inclusion of items on the agenda

The Board of Directors prepares the agenda of the items to be discussed. According to Article 17 of the Articles of Association, shareholders who represent 5% of the share capital can request that an item be included on the agenda. The request, with details of the item to be discussed, must be submitted in writing by the deadline determined by the Board of Directors and published once in the Swiss Official Gazette of Commerce.

### **6.5 Entries in the share register**

Only those shareholders with voting rights whose names were entered in the company's register of shareholders on the respective record date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the record date for registration as close as possible to the date of the General Meeting of Shareholders, i.e. generally 5 to 10 days before the respective General Meeting of Shareholders. There are no exceptions to this rule regarding the record date. The record date is provided in the notice of the General Meeting of Shareholders and published on the company's website.

## **7 Change of control and defensive measures**

### **7.1 Duty to submit an offer pursuant to Article 125 of FMIA**

According to Article 39 of the Articles of Association, the obligation to submit a public takeover offer has been foregone (opting out).

### **7.2 Clauses on changes of control**

There are no contractual agreements (e.g. golden parachutes, termination rights) in favor of members of the Board of Directors or the Group Executive Committee, or other members of management, in the event of a change of control.

The Capital Participation Plans allow for the early conversion of Performance Share Units into shares or the lifting of restriction periods in the event of a change of control.



## 8 Auditing body

### 8.1 Duration of mandate and term of office of the lead auditor

Ernst & Young AG has been the auditing body of Schindler Holding Ltd., as well as of the Group, since 1999.

As required by law, the lead auditor is changed every seven years. The current lead auditor took over this function in 2017.

### 8.2 Audit fees and additional fees

Ernst & Young is the auditing body of Schindler Holding Ltd. and audits the Group's consolidated financial statements, as well as the majority of Group companies in Switzerland and abroad. The audit fees and fees for additional services are as follows:

In CHF 1 000	2018	2017
<b>Audit fee</b>	<b>3 165</b>	3 163
Additional fees		
Additional audit-related services	<b>211</b>	171
Tax advice	<b>403</b>	901
Transaction advice	<b>925</b>	755
<b>Total additional fees</b>	<b>1 539</b>	1 827

### 8.3 Information instruments relating to external audits

The Audit Committee evaluates the performance, fees, and independence of the auditors each year. It discusses and reviews the scope of the audits, and the resulting feedback. Based on this information, it determines which changes and improvements are necessary.

Material non-audit-related services (e.g. tax advisory services) that are provided by the auditors must be approved in advance by the Audit Committee or its Chairman.

Further information is available in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: [www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations \(www.schindler.com/ com/internet/en/about-schindler/corporate-governance/ organizational-regulations.html\)](http://www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/ com/internet/en/about-schindler/corporate-governance/ organizational-regulations.html)).

In the reporting year, the auditing body had regular contact with members of the Supervisory and Strategy Committee and the CFO. In the reporting year, two meetings took place with the Audit Committee.

Group Assurance reported once to the Audit Committee and once to the Board of Directors.

## 9 Information policy

The Schindler Group pursues an information policy that is timely, fact-based, and comprehensive. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange. Ad hoc announcements can be accessed at the same time as they are communicated to the SIX Swiss Exchange and for two years thereafter at: [www.schindler.com](http://www.schindler.com) – Media ([www.schindler.com/com/internet/en/media.html](http://www.schindler.com/com/internet/en/media.html)).

It is also possible to receive potentially price-relevant information directly, promptly, and free of charge from Schindler by email. This service is offered at: [www.schindler.com](http://www.schindler.com) – Media – Subscription Service ([www.schindler.com/com/internet/en/media/subscription-service.html](http://www.schindler.com/com/internet/en/media/subscription-service.html)).

Schindler provides information about its annual results in the Annual Report in printed and electronic form. The Annual Report can be ordered free of charge from the company or can be accessed at: [www.schindler.com](http://www.schindler.com) – Investors – Latest Results – Reports Library ([www.schindler.com/com/internet/en/investor-relations/reports/reports-library.html#button](http://www.schindler.com/com/internet/en/investor-relations/reports/reports-library.html#button)). Schindler also presents its annual financial statements at its annual results media and analysts conference and at the General Meeting of Shareholders.

Its Interim Report as at June 30, as well as selected key figures as at March 31 and September 30, are available in electronic form at: [www.schindler.com](http://www.schindler.com) – Investors – Latest Results ([www.schindler.com/com/internet/en/investor-relations/reports/reports-library.html](http://www.schindler.com/com/internet/en/investor-relations/reports/reports-library.html)).

Key dates:

	Closing	Publication
Closing of the financial year	December 31	
Annual results media and analysts conference		Mid-February
Publication of the Annual Report		Mid-February
Selected key figures	March 31 and September 30	April and October
Interim Report	June 30	August
General Meeting of Shareholders		2nd half of March

The exact dates for the current year and following year are available at: [www.schindler.com](http://www.schindler.com) – Investors – Financial Calendar ([www.schindler.com/com/internet/en/investor-relations/calendar.html](http://www.schindler.com/com/internet/en/investor-relations/calendar.html)).

General information about the Group, as well as its annual reports, press releases, and the current share price, are available at [www.schindler.com](http://www.schindler.com).

Interested persons may also communicate with the Group directly through the following contacts:

Schindler Holding Ltd.  
Seestrasse 55  
6052 Hergiswil  
Switzerland  
Telephone +41 41 632 85 50

Schindler Management Ltd.  
Zugerstrasse 13  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 32 32  
Fax +41 41 445 39 11  
[email@schindler.com](mailto:email@schindler.com)

[www.schindler.com](http://www.schindler.com)

Nelly Keune  
Chief Communications Officer  
Schindler Management AG  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 30 88  
[nelly.keune@schindler.com](mailto:nelly.keune@schindler.com)

Marco Knuchel  
Head Investor Relations  
Schindler Management Ltd.  
6030 Ebikon  
Switzerland  
Telephone +41 41 445 30 61  
[marco.knuchel@schindler.com](mailto:marco.knuchel@schindler.com)

The Annual Report of the Schindler Group for 2018 consists of the Group Review and the Financial Statements.

The original German version is binding. English and Chinese translations of the Group Review are available. The Financial Statements are published in German and English.

**Overall responsibility,  
concept, and text**

Schindler Management Ltd.  
Corporate Communications  
Ebikon, Switzerland

**Concept and graphic design**

Christoph Stalder,  
Zürich, Schweiz

**Production**

Management Digital Data AG  
Lenzburg, Switzerland

**Printing**

Multicolor Print AG  
Baar, Switzerland

**Photography**

Manuel Rickenbacher  
Zurich, Switzerland





Front cover and Back cover:  
Salesforce Tower, San Francisco, USA