

Schindler Holding Ltd. Interim Report
as at June 30, 2001

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Key figures as at June 30, 2001

Group		2000	2001	
In million CHF		1st half	1st half	Δ in %
Orders received		4 282	4 214	-1.6
Elevators and escalators		3 409	3 309	-2.9
ALSO		873	905	+3.7
Operating revenue		4 094	4 163	+1.7
Elevators and escalators		3 221	3 258	+1.1
ALSO		873	905	+3.7
Operating profit		168	195	+16.1
As % of operating revenue	%	4.1	4.7	
Net income from financing and investing activities		-26	-36	+38.5
Profit before taxes		142	159	+12.0
Profit before minority interests		112	119	+6.3
As % of operating revenue	%	2.7	2.9	
Net profit		108	114	+5.6
Cash flow*		154	190	+23.4
Capital expenditure		77	57	-26.0
		31.12.2000	30.06.2001	Δ in %
Order backlog		3 713	4 081	+9.9
Personnel		43 334	42 328	-2.3
Elevators and escalators		41 763	40 844	-2.2
ALSO		1 571	1 484	-5.5
Shareholders' equity		1 317	1 266	-3.9
Equity ratio	%	23.3	21.2	
		2000	2001	
		1st half	1st half	Δ in %
EBITDA Group*		271	290	+7.0
in %	%	6.6	7.0	
EBITDA Elevators and escalators		273	280	+2.6
in %	%	8.5	8.6	
EBITDA ALSO		2	12	
in %	%	0.2	1.3	
EBIT Group*		168	195	+16.1
in %	%	4.1	4.7	
EBIT Elevators and escalators		178	192	+7.9
in %	%	5.5	5.9	
EBIT ALSO		-6	5	
in %	%	-0.7	0.6	

*For definition see page 8

Operational improvements in first half-year

Outlook for 2001: slightly higher consolidated net profit

Slightly lower order intake in first half

After a strong 19% increase in volume in the first six months of last year, orders received by the Schindler Group in the first half of 2001 experienced a phase of consolidation. Total order intake went down 1.6% to CHF 4 214 million. Expressed in local currencies, orders were 0.2% higher. During the first half-year efforts were made to achieve qualitatively higher margins.

In the elevator and escalator business orders declined by 2.9% (-1.0% in local currencies) to CHF 3 309 million. In contrast to the previous year the effects of exchange rates were negative, and there were no significant new consolidations. The new Schindler *EuroLift* line of elevators is now being introduced throughout Europe with very good acceptance by the market. In Europe the weakening demand in Germany has become increasingly noticeable. In North America, a pleasant increase in orders received was made possible by the newly launched Schindler 330A hydraulic elevators. In South America the good order intake was substantially

diminished by negative effects of exchange rates. In Asia there was an overall falloff in orders due to economic factors. However, the new standardized Schindler 500P elevator line for tall residential buildings met with good demand.

In Europe between 1998 and the end of June 2001 Schindler sold a cumulative total of more than 26 000 machine room-less elevators, and is currently Europe's number one in this most important market segment. The proportion of machine room-less elevators will rapidly grow further, and also increase in Asia and South America.

Orders received by ALSO rose 3.7% to CHF 905 million (+4.8% in local currencies) and at ALSO this figure is similar to operating revenue. Despite the weaker economic climate, the distribution business grew slightly by 2% (+3.1% in local currencies). The systems business achieved growth of 19% again after the sharp slump in the comparable period last year.

Operating revenue

Consolidated operating revenue rose 1.7% (3.4% in local currencies) to CHF 4 163 million. Growth in the elevator and escalator business amounted to 1.1% (+3.0% in local currencies). The negative effects of exchange rates caused a reduction in the reported operating revenue of around CHF 70 million. In North and South America, as well as in Asia, operating revenue increased, whereas in Europe it stagnated at practically the same level as in the first half of last year.

Improved operating profit

Consolidated operating profit increased by 16.1% to CHF 195 million by comparison with CHF 168 million in the respective period last year: The elevator and escalator business achieved an increase of 7.9% from CHF 178 million to CHF 192 million. The operating margin went up from 5.5% to 5.9%. This improvement was the result of productivity improvements and the greater proportion of new products. By comparison, the rate of growth in the corresponding period last year was boosted by positive effects of consolidations and exchange rates.

ALSO, despite being negatively affected by restructuring costs in the systems business, earned an operating profit of CHF 5 million in the first half-year of 2001, as against an operating loss of CHF 6 million in the comparable period last year. Contributory factors were operational improvements in the systems business, but mainly the 14.5% increase in operating profit in the distribution business.

Financing and investing activities negatively impacted by unrealized exchange losses

Net income from financing and investing activities at CHF –36 million was CHF 10 million lower than last year (CHF –26 million). Although net interest costs were reduced thanks to higher liquidity, the recording of not yet realized exchange losses of CHF –21 million (CHF +8 million in the respective period last year) in connection with operational hedging transactions caused costs to increase substantially.

Slightly higher consolidated net profit

Consolidated after-tax net profit rose slightly by 5.6% to CHF 114 million (first-half last year CHF 108 million). The result suffered from higher costs in the financial area, negative effects of exchange rates, and a first-half loss by ALSO. Because of these factors the operational improvement was not evident.

Personnel numbers

Since the end of 2000 the number of employees went down by 1 006, or 2.3%, to 42 328. In the elevator and escalator business the number employed fell by 919, or 2.2%, roughly half of which was attributable to changes in China. At ALSO there was an overall decline in the workforce of 87 employees, or 5.5%. The increase in the distribution business was offset by a significantly greater fall in the systems business. However, the employee reductions caused by restructuring will only become effective in the second half of the year.

Capital reduction by partial repayment of nominal value

By decision of the Annual General Meeting on April 9, 2001, partial repayment of the nominal value of the registered shares and bearer participation certificates of CHF 35.– each, and a corresponding reduction in the capital, was put into effect on June 22, 2001. The new value of the share capital is therefore CHF 37 643 300, divided into 752 866 registered shares with a nominal value of CHF 50.– each. The bearer participation certificate capital now consists of 592 424 bearer participation certificates with a par value of CHF 50.– each, giving a total value of CHF 29 621 200.

Outlook for 2001: slightly higher consolidated net profit

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

Elevator and escalator markets: In Europe there are growing signs of recessionary weakness accompanied by increasing pressure on prices. In North America demand in the segments supplied by Schindler will weaken only slightly overall. In South America the risk of the exchange rate problems becoming even more acute continues. In Southeast Asia the rate of decline may slacken, whereas China should expand further.

Profits: The new products, which are proving themselves even in a difficult market environment, have a cost structure which supports achievement of the medium-term operational objective of 10% EBIT. Because of the long throughput time in the relevant construction markets, the proportion of operating revenue derived from these products has not yet reached the planned level of at least 80%.

Because ALSO is negatively affected by restructuring costs in the systems business as well as a decline in demand due to economic factors, it presently expects net profit to be approximately the same as in the previous year.

At the annual results media conference on March 13, 2001, it was already announced that the exceptional effect of deferred taxes due to IAS will be disclosed and commented in the annual financial statements. Leaving aside this exceptional positive effect, as well as unforeseeable events, consolidated net profit for the full year 2001 is expected to be slightly higher.

Changes in the Management Committee and organizational redesign

At the end of the year Mr. Ernst Bärtschi, Member of the Management Committee and CFO, will leave the Group at his own wish. After 22 years of successful service he will take up a new challenge with Sika Corp. The Board of Directors of Schindler Holding AG has appointed Mr. Erich Ammann, formerly CFO of Schindler USA and presently Head of Group Controlling, as his successor.

In response to the growing impact of information technology as well as e-commerce on the core business, the Board of Directors has decided to create the position of a CIO (Chief Information Officer) at the Management Committee level. Mr. Brent Glendening has been appointed to this position with effect from September 1, 2001. Mr. Glendening was formerly a member of the management committee of Schindler USA, and most recently held the position of CIO with an American corporation.

With the objective of achieving the profit target of 10% EBIT (medium-term) the Board of Directors of Schindler Holding AG has redesigned the organizational structure of its elevator and escalator business to reflect the needs of the market. Within this context, and especially in Europe, the organizational structure, the corresponding workflow organization, and numerous processes will be redefined. The Group will provide the media with more detailed information about this redesign on September 14, 2001.



Alfred N. Schindler
Chairman of the Board of Directors



Luc Bonnard
Vice Chairman of the Board of Directors

Group half-year financial statements 2001

Profit and loss statements

In million CHF	2000		2001	
	1st half	%	1st half	%
Operating revenue	4 094	100.0	4 163	100.0
Operating expenses	3 926	95.9	3 968	95.3
Operating profit	168	4.1	195	4.7
Net income from financing and investing activities	-26	-0.6	-36	-0.9
Profit before taxes	142	3.5	159	3.8
Income taxes	30	0.7	40	1.0
Minority interests	4	0.1	5	0.1
Net profit	108	2.6	114	2.7

Net profit per share

Basic earnings per share and BPC in CHF	81.45	85.89
Diluted earnings per share and BPC in CHF	81.45	85.89

Balance sheet

In million CHF	31.12.2000		30.06.2001	
		%		%
Cash and cash equivalents	737	13.0	889	14.8
Other current assets	2 644	46.7	2 888	48.3
Non-current assets	2 279	40.3	2 206	36.9
Total assets	5 660	100.0	5 983	100.0
Current liabilities	2 359	41.7	2 700	45.1
Non-current liabilities	1 847	32.6	1 888	31.6
Total liabilities	4 206	74.3	4 588	76.7
Minority interests	137	2.4	129	2.1
Shareholders' equity	1 317	23.3	1 266	21.2
Total liabilities and shareholders' equity	5 660	100.0	5 983	100.0

Consolidated cash flow statement

In million CHF	2000 1st half	2001 1st half
Net profit before minority interests	112	119
Depreciation and amortization	103	95
Change in provisions	-61	-24
Other positions with no effect on liquidity	-11	-12
Change in marketable securities	-287	-165
Change in remaining net working capital	121	175
Cash flow from operating activities	-23	188
Investments in fixed assets, net	-65	-35
Investments in non-current assets, net	-198	-6
Cash flow from investing activities	-263	-41
Dividends paid by Schindler Holding Ltd.	-60	-66
Dividends paid to minority shareholders	-11	-11
Other financing activities	-31	44
Cash flow from financing activities	-102	-33
Translation exchange differences	-28	-16
Change in net cash	-416	98
Net cash at start of period	582	620
Net cash at end of period	166	718

Consolidated statement of changes in shareholders' equity

In million CHF	31.12.2000	30.06.2001
Shareholders' equity as at January 1st	1 185	1 317
Restatement IAS 39		-5
Dividends	-60	-66
Disposals treasury stock	3	1
Reduction in nominal value	-20	-47
Net profit	299	114
Valuation movements of financial instruments		-5
Translation exchange differences	-90	-43
Total shareholders' equity	1 317	1 266
Dividend per registered share and BPC (paid on 12. 04. 2001)		CHF 50.-

Segment information

	Europe	Americas	Asia, Australia, Africa	Services/ Eliminations A & FT	Elevators and Escalators	ALSO	Finance/ Eliminations	Group
1st half 2000								
Operating revenue								
third parties	1 575	1 202	438	6	3 221	873	–	4 094
Intercompany sales	427	6	26	–459	–	2	–2	–
Total operating revenue	2 002	1 208	464	–453	3 221	875	–2	4 094
Operating profit					178	–6	–4	168
Additions of fixed assets	37	15	5	1	58	19	–	77
Depreciation and amortization	47	34	13	1	95	8	–	103
1st half 2001								
Operating revenue								
third parties	1 564	1 241	447	6	3 258	905	–	4 163
Intercompany sales	431	19	45	–495	–	2	–2	–
Total operating revenue	1 995	1 260	492	–489	3 258	907	–2	4 163
Operating profit					192	5	–2	195
Additions of fixed assets	31	9	10	3	53	4	–	57
Depreciation and amortization	46	28	12	2	88	7	–	95
31.12.2000								
Assets	2 057	1 693	758	20	4 528	476	656	5 660
Liabilities	1 359	797	500	117	2 773	343	1 090	4 206
Personnel	20 039	13 858	7 624	242	41 763	1 571	–	43 334
30.06.2001								
Assets	2 096	1 632	815	35	4 578	424	981	5 963
Liabilities	1 586	941	531	94	3 152	293	1 143	4 588
Personnel	19 849	13 725	7 023	247	40 844	1 484	–	42 328

Reporting principles

The reporting principles applied to these statements as at 30.06.2001 comply with Swiss Corporation Law and with the International Accounting Standards (IAS).

The scope of consolidation versus 30.06.2000 and 31.12.2000 was expanded to include India PVT Ltd., India, and Schindler Electronics (Suzhou) Co. Ltd., China. The influence of these first-time consolidations on Group operating revenue and Group operating profit is less than one percent.

The turnover-weighted effect of currency exchange rates on the Group P&L statement is –1.7%.

Currency exchange rates

			2000	2001	2000	2001
			December 31 Closing date rates	June 30 Closing date rates	1st half Average rates	1st half Average rates
USA	USD	1	1.64	1.80	1.66	1.71
Euro	EUR	1	1.52	1.52	1.59	1.53
Germany	DEM	100	77.82	77.72	81.15	78.14
France	FRF	100	23.20	23.17	24.20	23.30
United Kingdom	GBP	1	2.44	2.53	2.60	2.47
Italy	ITL	100	0.0786	0.0785	0.0820	0.0789
Austria	ATS	100	11.06	11.05	11.54	11.11
Spain	ESP	100	0.91	0.91	0.95	0.92
Brazil	BRL	100	84.01	75.55	93.21	79.94
China	CNY	100	19.79	21.72	20.01	20.71

Definitions of key figures

Cash flow: Net profit before minority interests plus depreciation and amortization +/- change in provisions

EBITDA: Operating profit plus depreciation and amortization

EBIT: Operating profit

The Ordinary General Meeting of Shareholders of Schindler Holding Ltd. will take place at the Kultur- und Kongresszentrum Lucerne on Tuesday, March 26, 2002.

The Interim Report for 2001 and further information on the Schindler Group are available at www.schindler.com

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

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