

Annual Results 2013

Media release
February 14, 2014

Successful Group expansion in growth markets

As part of its growth strategy, Schindler generated a 7.2% increase in orders received and a 8.4% increase in revenue in local currencies in 2013. In Swiss francs, orders received rose by 5.5% and revenue by 6.7%. In addition, Schindler invested in the construction of new production plants in China, India, the USA, and Slovakia, and created around 3 000 new positions worldwide. In the reporting year, operating profit (EBIT) decreased by 9.5% to CHF 896 million (–7.6% in local currencies), corresponding to an EBIT margin of 10.2%. Net profit totaled CHF 463 million, or CHF 682 million excluding the impairments of CHF 219 million relating to the Hyundai participation.

Good level of orders received, order backlog and revenue

Despite adverse developments in European markets, Schindler was able to maintain orders received in Europe at the same level as in the previous year and to generate increases in all other regions, with substantial growth in certain markets. The success of its growth strategy is highlighted by its strong growth rates in China and India, which significantly exceeded market growth.

The Group achieved a 5.5% increase in orders received to CHF 9 456 million in the reporting year (+7.2% in local currencies). The order backlog totaled CHF 7 722 million, corresponding to a rise of 9.0% (+13.8% in local currencies) compared to the end of 2012. This mainly reflects its success in the growth markets of Asia.

Revenue totaled CHF 8 813 million, an increase of 6.7% (+8.4% in local currencies). The growth in revenue accelerated in the fourth quarter and reached +8.1% (+10.8% in local currencies). The Asia/Pacific region – particularly China and India – produced the strongest growth in the reporting year. North and South America also made a good contribution to revenue growth. Europe generated a slight increase in revenue despite a further decline in market volumes in Southern Europe.

Operating profit

Operating profit (EBIT) decreased by 9.5% to CHF 896 million (–7.6% in local currencies) in the reporting year, corresponding to an EBIT margin of 10.2%. It was not possible to achieve an increase in operating profit while executing the growth strategy. The operational improvements that were achieved during the reporting year were largely offset by the impact of the strong Swiss franc, expenses related to the strategic expansion of the business in growth markets (costs of around CHF 30 million), delays in the implementation of cost reduction and efficiency measures, and significant pricing pressure. Restructuring costs of CHF 25 million were incurred in the fourth quarter of 2013.

Net profit and cash flow from operating activities

Net profit totaled CHF 463 million, or CHF 682 million excluding the impairments of CHF 219 million relating to the Hyundai participation. Cash flow from operating activities increased by 3.3% to CHF 808 million.



Schindler

Schindler Management Ltd.

Corporate Communications

Schindler Holding Ltd.: Dividend and changes in the Board of Directors

Schindler Holding Ltd. closed the financial year 2013 with a net profit of CHF 765 million (previous year: CHF 551 million). This significant increase is due to exceptional income from Group companies as well as changes in participation structures. The payment of a dividend of CHF 2.20 per registered share and participation certificate will be proposed to the forthcoming General Meeting of Shareholders of March 17, 2014.

The Board of Directors of Schindler Holding Ltd. decided in September 2013 to propose Jürgen Tinggren for election to the Board of Directors at the forthcoming General Meeting of March 17, 2014. It is intended that he will be appointed as a member of the Supervisory and Nomination Committee.

Lord Powell of Bayswater, a member of the Board of Directors of Schindler Holding Ltd. since 2003, has announced that he wishes to retire and will therefore step down at the next ordinary General Meeting of March 17, 2014.

Outlook

Despite early signs of growth, economic conditions continue to be impacted by high levels of political and macro-economic uncertainty. The construction sector is likely to continue experiencing its strongest growth in the markets of Asia. The outlook for the construction sector may improve slightly in the North, Central, and South America region as well as in Northern Europe, while Southern Europe will probably stabilize at a low level.

Schindler will continue to pursue its growth strategy and will focus on further expanding its market position in growth markets. Further investments and project costs will be recognized in 2014.

Thanks to a further strong increase in the order backlog (+13.8% in local currencies), Schindler expects revenue to increase by around 6–8% in local currencies in 2014. Schindler will issue a forecast concerning its net profit for 2014 when it publishes its half-year results.

Attachment: further key figures

The full Annual Report is available online from 07.00 CET at:
<http://www.schindler.com/com/internet/en/investor-relations/reports.html>

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Information on how to dial in to today's annual results presentation at 11.30 CET is available at www.schindler.com under Investor Relations/Conference Calls.

Selected key figures as of December 31, 2013 – January to December

Group				
In CHF million	2013	2012	Δ %	Δ % local currencies
Orders received	9 456	8 967	+5.5	+7.2
Revenue	8 813	8 258	+6.7	+8.4
Operating profit (EBIT)	896	990	-9.5	-7.6
in %	10.2	12.0		
Net income from financing and investing activities	23	-7		
Hyundai impairment	-219	-		
Profit before taxes	700	983	-28.8	
Income taxes	237	253		
Net profit	463	730	-36.6	
Net profit before Hyundai impairment	682	730	-6.6	
Cash flow from operating activities	808	782	+3.3	
Investments in fixed assets	252	132	+90.9	
As of December 31				
Order backlog	7 722	7 083	+9.0	+13.8
Headcount at year-end	48 169	45 246	+6.5	

Selected key figures as of December 31, 2013 – 4th quarter

Group				
In CHF million	2013 4th quarter	2012 4th quarter	Δ %	Δ % local currencies
Orders received	2 256	2 241	+0.7	+3.6
Revenue	2 367	2 190	+8.1	+10.8
Operating profit (EBIT)	214	267	-19.9	-16.9
in %	9.0	12.2		
Net income from financing and investing activities	3	-		
Hyundai impairment	-64	-		
Profit before taxes	153	267	-42.7	
Income taxes	58	59		
Net profit	95	208	-54.3	
Net profit before Hyundai impairment	159	208	-23.6	
Cash flow from operating activities	195	260	-25.0	
Investments in fixed assets	114	31	+267.7	
31.12.2013 30.09.2013				
Order backlog	7 722	8 113	-4.8	-3.2
Headcount at end of period	48 169	47 366	+1.7	