

Annual Results 2014

Media release
February 13, 2015

Solid growth and increased profit

Schindler stayed on course with its growth strategy in 2014, recording a strong fourth quarter. For the reporting year orders received increased 7.8% in local currencies, with revenue up 7.3%. In Swiss francs, growth in orders received and revenue was 5.5% and 4.9% respectively. Operating profit (EBIT) was CHF 1 138 million, a rise of CHF 242 million from the previous year, giving an EBIT margin of 12.3%. Adjusted for exceptional items, operating profit in local currencies improved 7.4% to CHF 932 million, representing an EBIT margin of 10.1%. Net profit was CHF 902 million, significantly exceeding the previous year. Net profit before exceptional items was CHF 740 million, an improvement of 8.5% over the previous year.

Strong orders received and backlog

Schindler generated CHF 9 979 million in orders received in the reporting year, an increase of 5.5% (7.8% in local currencies). Growth was strongest in the Asia-Pacific region, led by China, India, and South-East Asia, where Schindler significantly exceeded market growth rates. The market recovery in the USA stimulated an encouraging increase in orders received for the Americas region. In Europe, despite declines in some markets, a small growth rate was recorded as a whole.

In the fourth quarter of 2014, orders received reached an unprecedented CHF 2 569 million, an increase of 13.9% compared to the same period in the previous year (11.1% in local currencies).

Order backlog also reached a new high of CHF 9 263 million by the end of 2014, up 20.0% from the previous year (+15.4% in local currencies).

Further significant increase in revenue

Revenue for the reporting year increased 4.9% (+7.3% in local currencies) to CHF 9 246 million. The negative impact of foreign exchange conversions was CHF 206 million. The strongest growth was achieved in Asia-Pacific, most notably in the new installations business. The USA made a substantial contribution to growth in the Americas region, while a small growth rate was recorded for the European region as a whole.

In the fourth quarter of 2014, revenue totaled CHF 2 593 million, representing an increase of 9.5% in Swiss francs and 7.6% in local currencies compared to the same period of the previous year.

6 000 new employees

Schindler's global workforce increased by more than 6 000 during 2014, with over 3 000 new positions created organically – primarily in the growth markets – and some 3 000 new employees added following acquisition of the majority participation in XJ-Schindler.

Operating profit on the increase

Operating profit (EBIT) improved 27.0% in the reporting year to CHF 1 138 million (previous year: CHF 896 million), corresponding to an EBIT margin of 12.3% (previous year: 10.2%).

This includes exceptional items of CHF 206 million¹ that were recognized due to the sale of the Mall of Switzerland development project, as well as the gain on the revaluation of the majority participation in XJ-Schindler and an exceptional impairment of intangible assets in the amount of CHF 21 million in the fourth quarter of 2014.

Adjusted for these exceptional items, operating profit totaled CHF 932 million, or an increase of 4.0% (+7.4% in local currencies) over the previous year. The adjusted EBIT margin was 10.1% (previous year: 10.2%). The strong Swiss franc had a negative effect of CHF 30 million on operating profit.

Fourth quarter adjusted operating profit reached CHF 259 million, representing an increase of 21% compared to the same period in the previous year, or an EBIT margin of 10.0% (fourth quarter of the previous year: 9.0%). EBIT margin adjusted before restructuring costs reached 11.0%, underlining the progress made in improving profitability throughout 2014.

Strongly improved net income from financing and investing activities

Net income from financing and investing activities was CHF 11 million (previous year: CHF –196 million). In 2014 the impact from the participation in Hyundai Elevator Co. Ltd. was reduced to a single further impairment of CHF –40 million in the second quarter, down significantly from the previous year's total of CHF –219 million. Adjusted for these exceptional impairments, net income from financing and investing activities increased by CHF 28 million. This was mainly attributable to improved income from financing activities.

Strong net profit and solid cash flow

Net profit totaled CHF 902 million, significantly exceeding the result for the previous year. Before exceptional items², net profit was CHF 740 million, representing an increase of 8.5%.

Cash flow from operating activities increased by 11.6% to CHF 902 million (previous year: CHF 808 million). This was due to the improvement in net profit as well as the further optimization of net working capital.

Schindler Holding Ltd: Dividend and changes to the Board of Directors

Schindler Holding Ltd. closed the financial year 2014 with a net profit of CHF 761 million (previous year: CHF 765 million). The payment of an ordinary dividend of CHF 2.20 and an additional dividend of CHF 1.00 per registered share and participation certificate will be proposed to the forthcoming General Meeting of March 20, 2015 (previous year: CHF 2.20 per registered share and participation certificate).

Dr. Hubertus von Grünberg, a member of the Board of Directors of Schindler Holding Ltd. since 1999, has informed the Board of Directors that he will for age related reasons not stand for re-election at the next Annual General Meeting of March 20, 2015. In his 16 years in office, Dr. Hubertus von Grünberg made a valuable contribution to the work of the Board of Directors.

¹ Before taxes: Mall of Switzerland: CHF 82 million, revaluation of XJ-Schindler: CHF 145 million, impairment of intangible assets: CHF –21 million

² After taxes: Mall of Switzerland: CHF 75 million, revaluation of XJ-Schindler: CHF 145 million, impairment of intangible assets: CHF –19 million, impairment of Hyundai: CHF –40 million



Schindler

Schindler Management Ltd.

Corporate Communications

The Board of Directors of Schindler Holding Ltd. has decided to fill the seat on the Board that will subsequently become vacant and proposes to the forthcoming Annual General Meeting of March 20, 2015, that Patrice Bula will be elected as a new member of the Board of Directors.

Patrice Bula, born in 1956, has been a member of the Executive Board of Nestlé S.A. since 2011, where he is Global Head of Strategic Business Units, Marketing, Sales and Nespresso. In his 35-year career at Nestlé, he has held various management positions; for example: Market Head – Nestlé China from 2007 to 2011; Market Head – Nestlé Germany from 2003 to 2007; Head of Strategic Business – Nestlé Chocolate from 2000 to 2003; Market Head – Nestlé Taiwan from 1992 – 1995, and Manager Food Business – Nestlé Japan from 1985 to 1988. Patrice Bula graduated from the Faculty of Business and Economics of the University of Lausanne / HEC with a Master's Degree in Economics in 1979.

Outlook 2015

Schindler is of the view that the elevator and escalator market will continue to grow above global GDP rates throughout 2015. China will remain the dominant market and is expected to be the single largest contributor to overall new installation growth, although developing at a slightly lower growth rate than in recent years. In the rest of the region, India and South-East Asia should maintain the strong growth path witnessed over recent years. The Americas region will strengthen thanks to an accelerated recovery in the USA, while in Europe uncertainty will prevail.

Thanks to a strong order book, Schindler expects to generate an increase in revenue of around 7% to 9% in local currencies for 2015. However, the discontinuation of the euro minimum exchange rate is likely to result in a negative translation impact of approximately 10%. A forecast concerning net profit for 2015 will be issued with publication of the company's 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, 2014 – January to December

In CHF million	2014	2013	Δ %	Δ % local currencies
Orders received	9 979	9 456	+5.5	+7.8
Revenue	9 246	8 813	+4.9	+7.3
Operating profit (EBIT)	1 138	896	+27.0	+30.4
in %	12.3	10.2		
Net income from financing and investing activities	51	23		
Hyundai impairment	-40	-219		
Profit before taxes	1 149	700	+64.1	
Income taxes	247	237		
Net profit	902	463	+94.8	
Before exceptional items				
Operating profit (EBIT)	932	896	+4.0	+7.4
in %	10.1	10.2		
Net profit	740	682	+8.5	
Cash flow from operating activities	902	808	+11.6	
Investments in fixed assets	183	252	-27.4	
As of December 31				
Order backlog	9 263	7 722	+20.0	+15.4
Headcount at year-end	54 209	48 169	+12.5	

Selected key figures as of December 31, 2014 – 4th quarter

In CHF million	2014 4th quarter	2013 4th quarter	Δ %	Δ % local currencies
Orders received	2 569	2 256	+13.9	+11.1
Revenue	2 593	2 367	+9.5	+7.6
Operating profit (EBIT)	238	214	+11.2	+9.8
in %	9.2	9.0		
Net income from financing and investing activities	26	3		
Hyundai impairment	–	–64		
Profit before taxes	264	153	+72.5	
Income taxes	65	58		
Net profit	199	95	+109.5	
Before exceptional items				
Operating profit (EBIT)	259	214	+21.0	+19.6
in %	10.0	9.0		
Net profit	217	159	+36.5	
Cash flow from operating activities	296	195	+51.8	
Investments in fixed assets	41	114	–64.0	
	31.12.2014	30.09.2014		
Order backlog	9 263	9 429	–1.8	–2.6
Headcount at end of period	54 209	53 617	+1.1	