

Annual Results 2016

Press release
February 15, 2017

Growth strategy yielding results

In a challenging environment, Schindler further strengthened its market position and achieved operational progress. Orders received, revenue, and operating profit reached record levels. Orders received rose by 4.1% to CHF 10 374 million (4.6% in local currencies). Revenue grew by 3.1% to CHF 9 683 million (3.6% in local currencies). Operating profit (EBIT) increased by 13.1% to CHF 1 133 million (13.9% in local currencies) and the EBIT margin was 11.7% (previous year: 10.7%). Before exceptional items, the EBIT margin was 11.5%. Net profit improved by 10.2% to CHF 823 million. Before exceptional items, net profit was CHF 766 million.

By entering into partnerships with GE Digital and Huawei Technologies, Schindler took an important strategic step forward in the areas of digitization and 'Internet of Elevators and Escalators' (IoEE). These alliances will allow Schindler to make targeted use of the potential of the industrial internet and will strengthen its position as a digital industrial company. Schindler also expanded its market presence in China with the acquisition of a minority stake in the Chinese elevator company Volkslift Elevator (China) and in Germany with the acquisition of the FB Group. The sale of operations in Japan was completed in the fourth quarter of 2016. The participation in ALSO Holding AG decreased to 5.6%, since 80% of the exchangeable bonds had already been exchanged for registered shares of ALSO as of the end of January 2017.

Orders received and order backlog reach record levels

In the new installations business, mixed trends were visible in markets around the globe. The majority of markets in Europe and the USA, as well as in Asia with the exception of China and India, achieved positive growth. In Brazil, there were increasing signs that the recession has bottomed out. However, demand in China continued to weaken. In India, the introduction of currency reforms, as well as regulatory changes in the real estate market, significantly impacted orders received in the new installations business in the fourth quarter of 2016. These developments resulted in a slight decline in overall demand for new installations globally in the reporting year.

Against the backdrop of this challenging market environment, Schindler achieved a 4.1% increase in orders received to CHF 10 374 million (previous year: CHF 9 967 million), corresponding to a growth of 4.6% in local currencies.

In the fourth quarter of 2016, orders received rose by 3.6% to CHF 2 699 million (fourth quarter of 2015: CHF 2 606 million), corresponding to growth of 6.4% in local currencies.

The order backlog totaled CHF 10004 million as of December 31, 2016, thereby reaching a record year-end level. This represents an increase of 6.8% from the order backlog of CHF 9364 million as of December 31, 2015, which is equivalent to growth of 6.5% in local currencies.

Increase in revenue

Revenue rose by 3.1% to CHF 9683 million (previous year: CHF 9391 million), corresponding to an increase of 3.6% in local currencies. The Europe region made the largest contribution to growth, followed by the Americas and Asia-Pacific. The modernization and service businesses achieved pleasing growth rates across all regions.

In the fourth quarter of 2016, revenue improved by 1.5% to CHF 2629 million (fourth quarter of 2015: CHF 2589 million), corresponding to growth of 3.7% in local currencies.

Improved operating profit

Operating profit (EBIT) totaled CHF 1133 million (previous year: CHF 1002 million). This represents an improvement of 13.1% and is equivalent to growth of 13.9% in local currencies. The EBIT margin rose to 11.7% (previous year: 10.7%). The result includes a gain on the sale of operations in Japan of CHF 50 million and restructuring costs of CHF 27 million. Before these exceptional items, the EBIT margin was 11.5% (previous year: 11.0%). The operational improvement was mainly attributable to economies of scale, efficiency, and cost optimization.

In the fourth quarter of 2016, operating profit increased to CHF 352 million (fourth quarter of 2015: CHF 277 million), corresponding to growth of 27.1% in Swiss francs and of 28.9% in local currencies. The EBIT margin rose to 13.4% (fourth quarter of 2015: 10.7%). Before exceptional items, the EBIT margin was 11.8% (fourth quarter of 2015: 11.4%).

Net profit and cash flow from operating activities

Since Schindler's participation in ALSO fell below the 10% threshold, it has been recognized as a financial asset available for sale and valued at market value. In this context, a one-time revaluation gain in the amount of CHF 26 million was recorded in net income from financing and investing activities in the third quarter of 2016.

Net profit totaled CHF 823 million, representing an increase of 10.2%. Before exceptional items, net profit amounted to CHF 766 million (previous year: CHF 747 million).

Cash flow from operating activities decreased by 13.7% to CHF 929 million (previous year: CHF 1076 million), as net working capital increased compared to the low level in the previous year.

Schindler Holding Ltd.: profit and dividend

Schindler Holding Ltd. closed the financial year 2016 with a net profit of CHF 519 million (previous year: CHF 490 million). To the forthcoming General Meeting of March 16, 2017 the Board of Directors proposes – per registered share and participation certificate – the payment of an ordinary dividend of CHF 3.00 as well as an extraordinary dividend of CHF 2.00 linked to the sale of ALSO.

Outlook for 2017

Schindler will move ahead with the focused implementation of its growth strategy and its measures to further enhance productivity. In view of the large order backlog, an increase in revenue of between 3% and 5% in local currencies is expected for 2017. A forecast concerning its net profit for 2017 will be provided together with the publication of the half-year results.

Attachment: key figures

The Annual Report is available online from 6:30 CET at:
www.schindler.com/com/internet/en/investor-relations/reports.html

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**Dial in details to today's annual results presentation at 9:30 CET are available at:
www.schindler.com under Investor Relations/Conference Calls**

Key figures as of December 31, 2016
January to December

| In CHF million | 2016 | 2015 | Δ % | Δ % local currencies |
|--|--------------------------|--------------------|-------|----------------------|
| Orders received | 10 374 | 9 967 | +4.1 | +4.6 |
| Revenue | 9 683 | 9 391 | +3.1 | +3.6 |
| Operating profit (EBIT) | 1 133 | 1 002 | +13.1 | +13.9 |
| in % | 11.7 | 10.7 | | |
| Net income from financing and investing activities | -36 | -20 | | |
| Profit before taxes | 1 097 | 982 | +11.7 | |
| Income taxes | 274 | 235 | | |
| Net profit | 823 | 747 | +10.2 | |
| Before exceptional items | | | | |
| Operating profit (EBIT) | 1 110¹ | 1 031 ³ | +7.7 | +8.4 |
| in % | 11.5 | 11.0 | | |
| Net profit | 766² | 747 | +2.5 | |
| Cash flow from operating activities | 929 | 1 076 | -13.7 | |
| Investments in property, plant, and equipment | 189 | 183 | +3.3 | |
| As of December 31 | | | | |
| Order backlog | 10 004 | 9 364 | +6.8 | +6.5 |
| Number of employees | 58 271 | 56 762 | +2.7 | |

¹ Gain on sale of operations in Japan: CHF 50 million, restructuring costs: CHF 27 million

² Gain on sale of operations in Japan (after taxes): CHF 31 million, revaluation gain ALSO participation: CHF 26 million

³ Restructuring costs: CHF 29 million

4th quarter: October to December

| In CHF million | 2016 4th quarter | 2015 4th quarter | Δ % | Δ % local currencies |
|--|-----------------------------|---------------------|-------|-------------------------|
| Orders received | 2 699 | 2 606 | +3.6 | +6.4 |
| Revenue | 2 629 | 2 589 | +1.5 | +3.7 |
| Operating profit (EBIT) | 352 | 277 | +27.1 | +28.9 |
| in % | 13.4 | 10.7 | | |
| Net income from financing and investing activities | -26 | -30 | | |
| Profit before taxes | 326 | 247 | +32.0 | |
| Income taxes | 89 | 53 | | |
| Net profit | 237 | 194 | +22.2 | |
| Before exceptional items | | | | |
| Operating profit (EBIT) | 311 ¹ | 296 ³ | +5.1 | +6.8 |
| in % | 11.8 | 11.4 | | |
| Net profit | 206 ² | 194 | +6.2 | |
| Cash flow from operating activities | 270 | 377 | -28.4 | |
| Investments in property, plant, and equipment | 76 | 55 | +38.2 | |
| | 31.12.2016 | 30.9.2016 | | |
| Order backlog | 10 004 | 10 118 | -1.1 | -2.9 |
| Number of employees | 58 271 | 58 313 | -0.1 | |

¹ Gain on sale of operations in Japan: CHF 50 million, restructuring costs: CHF 9 million

² Gain on sale of operations in Japan (after taxes): CHF 31 million

³ Restructuring costs: CHF 19 million