

Interim Report as of June 30, 2016

Press release
August 16, 2016

Pleasing growth and improved profitability

In the first half of 2016, Schindler pursued its growth strategy while, at the same time, improving profitability. In spite of the softening of the global new installations market, Schindler reported a 2.1% increase in orders received to CHF 5 083 million, corresponding to an increase of 2.3% in local currencies.

Schindler increased revenue by 3.4% to CHF 4 645 million in the first half of 2016 (+3.9% in local currencies). Operating profit (EBIT) rose by 5.9% to CHF 504 million (+7.6% in local currencies) and the EBIT margin reached 10.9% (first half of 2015: 10.6%), or 11.1% before restructuring costs. Net profit improved by 3.9% to CHF 372 million.

Orders received exceed CHF 5 billion

In the first half of 2016, orders received grew by 2.1% to CHF 5 083 million (first half of 2015: CHF 4 977 million), corresponding to an increase of 2.3% in local currencies. The Europe and Americas regions produced the strongest growth. Developments in Asia-Pacific were mixed, with the weakening Chinese market having an adverse impact, while the other countries in the region generated good growth. In spite of the softening of the global new installations market, Schindler was able to increase its order intake thanks to the execution of its growth strategy.

In the second quarter of 2016, orders received rose by 3.2% to CHF 2 616 million (second quarter of 2015: CHF 2 534 million), equivalent to an increase of 2.6% in local currencies.

The order backlog totaled CHF 9 910 million as of June 30, 2016, representing a 5.8% increase compared to CHF 9 364 million as of December 31, 2015, corresponding to growth of 7.0% in local currencies.

In addition, Schindler strengthened its market presence in China with the acquisition of a minority stake in Volkslift Elevator (China) Co. Ltd., as well as in Germany with the acquisition of FB Group. The completion of the transaction in China is subject to approval by the relevant local authorities.

Pleasing growth in revenue

In the first half of 2016, revenue rose by 3.4% to CHF 4 645 million (first half of 2015: CHF 4 492 million), or 3.9% in local currencies. The Americas region achieved the strongest growth, followed by Europe and Asia-Pacific.

In the second quarter of 2016, revenue grew by 4.8% to CHF 2 469 million (second quarter of 2015: CHF 2 355 million), equivalent to an increase of 4.4% in local currencies.

Improved operating profit and margin

Operating profit (EBIT) improved to CHF 504 million in the first half of 2016 (first half of 2015: CHF 476 million). This corresponds to an increase of 5.9% in Swiss francs and 7.6% in local currencies.

In the second quarter of 2016, operating profit rose to CHF 269 million (second quarter of 2015: CHF 254 million). Both in Swiss francs and local currencies, operating profit grew by 5.9%. Restructuring costs incurred in the second quarter had a negative impact on operating profit of CHF 10 million.

In the first half of 2016, the EBIT margin rose to 10.9% (first half of 2015: 10.6%), or 11.1% before restructuring costs. In the second quarter of 2016, the EBIT margin reached 10.9% (second quarter of 2015: 10.8%), corresponding to 11.3% before restructuring costs. The increase in profitability was primarily driven by efficiency and cost optimization.

Net profit and cash flow

In the first half of 2016, net profit increased by 3.9% to CHF 372 million (first half of 2015: CHF 358 million).

Cash flow from operating activities decreased by 9.5% to CHF 427 million (previous year: CHF 472 million) as net working capital improved only marginally compared to the first half of 2015.

Outlook for 2016

Schindler continues to expect that the global elevator and escalator market will experience a slight decline in 2016 due primarily to weakening markets in China and Latin America. The markets in Asia-Pacific, excluding China, and in Europe are likely to achieve further moderate growth. In North America, Schindler continues to expect solid market growth. Furthermore, pricing pressure may persist in many markets.

For the full year 2016 – excluding any unforeseeable events – Schindler expects revenue growth of 3% to 5% in local currencies and a net profit of CHF 750 million to CHF 800 million.

Key figures as of June 30, 2016: see page 3

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Conference call today at 10.00 CET
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Key figures as of June 30, 2016

1st half: January to June

In CHF million	2016	2015	Δ %	Δ % local currencies
Orders received	5 083	4 977	+2.1	+2.3
Revenue	4 645	4 492	+3.4	+3.9
Operating profit (EBIT)	504	476	+5.9	+7.6
in %	10.9	10.6		
Net income from financing and investing activities	-17	0		
Profit before taxes	487	476	+2.3	
Income taxes	115	118		
Net profit	372	358	+3.9	
Cash flow from operating activities	427	472	-9.5	
Investments in property, plant, and equipment	69	77	-10.4	
	30.6.2016	31.12.2015		
Order backlog	9 910	9 364	+5.8	+7.0
Number of employees	57 425	56 762	+1.2	

2nd quarter: April to June

In CHF million	2016	2015	Δ %	Δ % local currencies
Orders received	2 616	2 534	+3.2	+2.6
Revenue	2 469	2 355	+4.8	+4.4
Operating profit (EBIT)	269	254	+5.9	+5.9
in %	10.9	10.8		
Net income from financing and investing activities	-22	0		
Profit before taxes	247	254	-2.8	
Income taxes	57	64		
Net profit	190	190	-	
Cash flow from operating activities	94	141	-33.3	
Investments in property, plant, and equipment	36	42	-14.3	
	30.6.2016	31.3.2016		
Order backlog	9 910	9 627	+2.9	+2.1
Number of employees	57 425	57 123	+0.5	