

# Facts and figures.

## Interim Report as of June 30, 2017

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**Schindler**

# Key figures as of June 30, 2017

## 1st half: January to June

In CHF million	2017	2016	Δ %	Δ % local currencies
Orders received	<b>5 346</b>	5 083	5.2	5.6
Revenue	<b>4 769</b>	4 645	2.7	2.9
Operating profit (EBIT)	<b>558</b>	504	10.7	10.1
in %	<b>11.7<sup>1</sup></b>	10.9 <sup>2</sup>		
Net income from financing and investing activities	<b>-16</b>	-17		
Profit before taxes	<b>542</b>	487	11.3	
Income taxes	<b>123</b>	115		
Net profit	<b>419</b>	372	12.6	
Cash flow from operating activities	<b>441</b>	427	3.3	
Investments in property, plant, and equipment	<b>87</b>	69	26.1	
	<b>30.6.2017</b>	31.12.2016		
Order backlog	<b>10 340</b>	10 004	3.4	6.5
Number of employees	<b>59 055</b>	58 271	1.3	

<sup>1</sup> Before restructuring costs (CHF 12 million) 12.0%

<sup>2</sup> Before restructuring costs (CHF 13 million) 11.1%

## 2nd quarter: April to June

In CHF million	2017	2016	Δ %	Δ % local currencies
Orders received	<b>2 739</b>	2 616	4.7	5.4
Revenue	<b>2 509</b>	2 469	1.6	2.2
Operating profit (EBIT)	<b>298</b>	269	10.8	10.8
in %	<b>11.9<sup>1</sup></b>	10.9 <sup>2</sup>		
Net income from financing and investing activities	<b>16</b>	-22		
Profit before taxes	<b>314</b>	247	27.1	
Income taxes	<b>74</b>	57		
Net profit	<b>240</b>	190	26.3	
Cash flow from operating activities	<b>85</b>	94	-9.6	
Investments in property, plant, and equipment	<b>54</b>	36	50.0	
	<b>30.6.2017</b>	31.3.2017		
Order backlog	<b>10 340</b>	10 409	-0.7	1.9
Number of employees	<b>59 055</b>	58 570	0.8	

<sup>1</sup> Before restructuring costs (CHF 7 million) 12.2%

<sup>2</sup> Before restructuring costs (CHF 10 million) 11.3%

# Sustained growth and improved results

Schindler achieved solid growth, made further operational progress, and significantly increased its operating profit in the first half of 2017. As a result of its well-balanced geographical presence, orders received grew by 5.2% to CHF 5 346 million, equivalent to an increase of 5.6% in local currencies. Revenue rose by 2.7% to CHF 4 769 million (+2.9% in local currencies). Operating profit (EBIT) increased by 10.7% to CHF 558 million (+10.1% in local currencies) and the EBIT margin reached 11.7% (first half of 2016: 10.9%). Net profit grew by 12.6% to CHF 419 million (first half of 2016: CHF 372 million) and cash flow from operating activities was CHF 441 million (first half of 2016: CHF 427 million).

## **Increase in orders received and order backlog**

In the first half of 2017, orders received rose by 5.2% to CHF 5 346 million (first half of 2016: CHF 5 083 million), corresponding to an increase of 5.6% in local currencies. The Americas region produced the strongest growth, followed by Europe. There were also positive developments in the Asia-Pacific region. In the challenging Chinese new installations market, Schindler achieved a further increase in the number of elevators and escalators sold compared to the same period of last year; in terms of value, there was a slightly negative development due to strong pricing pressure.

In the second quarter of 2017, orders received rose by 4.7% to CHF 2 739 million (second quarter of 2016: CHF 2 616 million), corresponding to an increase of 5.4% in local currencies.

The order backlog totaled CHF 10 340 million as of June 30, 2017. This represents an increase of 3.4% compared to the order backlog of CHF 10 004 million as of December 31, 2016, and is equivalent to growth of 6.5% in local currencies.

## **Growth in revenue**

In the first half of 2017, revenue rose by 2.7% to CHF 4 769 million (first half of 2016: CHF 4 645 million), or 2.9% in local currencies. The Americas region made the largest contribution to growth, followed by Europe. Asia-Pacific also displayed growth despite a slight decline in revenue in China.

In the second quarter of 2017, revenue improved by 1.6% to CHF 2 509 million (second quarter of 2016: CHF 2 469 million), equivalent to an increase of 2.2% in local currencies.

### **Significant improvement in operating profit**

Operating profit (EBIT) totaled CHF 558 million in the first half of 2017 (first half of 2016: CHF 504 million). This represents an increase of 10.7% in Swiss francs and 10.1% in local currencies. The EBIT margin rose to 11.7% (first half of 2016: 10.9%). Before restructuring costs of CHF 12 million (first half of 2016: CHF 13 million), the EBIT margin was 12.0% (first half of 2016: 11.1%).

In the second quarter of 2017, operating profit rose to CHF 298 million (second quarter of 2016: CHF 269 million). In both Swiss francs and local currencies, operating profit grew by 10.8%. The EBIT margin rose to 11.9% (second quarter of 2016: 10.9%). Before restructuring costs, the EBIT margin was 12.2% (second quarter of 2016: 11.3%).

### **Net profit and cash flow from operating activities**

Net profit grew by 12.6% to CHF 419 million in the first half of 2017 (first half of 2016: CHF 372 million), mainly reflecting the further improvement in the operating result. Cash flow from operating activities reached CHF 441 million (first half of 2016: CHF 427 million).

### **Outlook for 2017**

Schindler will continue the focused implementation of its growth strategy and of its measures to further enhance profitability. In parallel, Schindler will continue to move forward as planned with the strategic development of modular product platforms and of the 'Internet of Elevators and Escalators'. The overall objective is to improve customer and user experience with Schindler products and services, as well as operational efficiency. For the full year 2017 – excluding any unforeseeable events – Schindler still expects revenue growth of between 3% and 5% in local currencies, and a net profit of between CHF 840 million and CHF 880 million.

# Consolidated interim financial statements

## Consolidated income statement

In CHF million	Jan.–June		Jan.–June	
	2017	%	2016	%
<b>Revenue</b>	<b>4 769</b>	<b>100.0</b>	4 645	100.0
Operating expenses	4 211	88.3	4 141	89.1
<b>Operating profit</b>	<b>558</b>	<b>11.7</b>	504	10.9
Net income from financing and investing activities	-16	-0.3	-17	-0.4
<b>Profit before taxes</b>	<b>542</b>	<b>11.4</b>	487	10.5
Income taxes	123	2.6	115	2.5
<b>Net profit</b>	<b>419</b>	<b>8.8</b>	372	8.0
Net profit attributable to				
Shareholders of Schindler Holding Ltd.	393		345	
Non-controlling interests	26		27	
<b>Earnings per share and participation certificate in CHF</b>				
Basic	3.67		3.23	
Diluted	3.66		3.21	

## Consolidated statement of comprehensive income

In CHF million	Jan.–June	Jan.–June
	2017	2016
<b>Net profit</b>	<b>419</b>	372
Other comprehensive income – may be reclassified to the income statement in future		
Exchange differences	-50	2
Cash flow hedges	8	-22
Available-for-sale financial assets	11	10
Share of other comprehensive income of associates	-	1
Taxes	-	2
<b>Total – may be reclassified to the income statement in future</b>	<b>-31</b>	-7
Other comprehensive income – not to be reclassified to the income statement in future		
Remeasurements of employee benefits	49	-93
Taxes	-2	19
<b>Total – not to be reclassified to the income statement in future</b>	<b>47</b>	-74
<b>Total other comprehensive income</b>	<b>16</b>	-81
<b>Comprehensive income</b>	<b>435</b>	291
Comprehensive income attributable to		
Shareholders of Schindler Holding Ltd.	410	267
Non-controlling interests	25	24

## Consolidated balance sheet

In CHF million	30.6.2017	%	31.12.2016	%
Cash and cash equivalents	1 625	20.0	1 988	23.9
Other current assets	3 537	43.6	3 432	41.4
<b>Total current assets</b>	<b>5 162</b>	<b>63.6</b>	<b>5 420</b>	<b>65.3</b>
Non-current assets	2 954	36.4	2 883	34.7
<b>Total assets</b>	<b>8 116</b>	<b>100.0</b>	<b>8 303</b>	<b>100.0</b>
Current liabilities	4 315	53.2	4 290	51.7
Non-current liabilities	1 075	13.2	1 166	14.0
<b>Total liabilities</b>	<b>5 390</b>	<b>66.4</b>	<b>5 456</b>	<b>65.7</b>
Equity	2 726	33.6	2 847	34.3
<b>Total liabilities and equity</b>	<b>8 116</b>	<b>100.0</b>	<b>8 303</b>	<b>100.0</b>

## Consolidated statement of changes in equity

In CHF million	Share and participation capital	Share premium	Treasury shares	Exchange differences	Other reserves	Retained earnings	Total	Non-controlling interests	Total Group
<b>January 1, 2017</b>	11	311	-114	-762	111	3 198	2 755	92	2 847
Net profit						393	393	26	419
Other comprehensive income				-47	17	47	17	-1	16
Comprehensive income				-47	17	440	410	25	435
Dividends						-535	-535	-33	-568
Change in treasury shares			23			-24	-1	-	-1
Share-based payments						13	13	-	13
Change in non-controlling interests and business combinations						-3	-3	3	-
<b>June 30, 2017</b>	<b>11</b>	<b>311</b>	<b>-91</b>	<b>-809</b>	<b>128</b>	<b>3 089</b>	<b>2 639</b>	<b>87</b>	<b>2 726</b>
<b>January 1, 2016</b>	11	311	-819	-798	122	3 449	2 276	81	2 357
Net profit						345	345	27	372
Other comprehensive income				3	-7	-74	-78	-3	-81
Comprehensive income				3	-7	271	267	24	291
Dividends						-289	-289	-35	-324
Cancellation of treasury shares			713			-713	-	-	-
Change in treasury shares			18			-23	-5	-	-5
Share-based payments						16	16	-	16
Change in non-controlling interests and business combinations						2	2	4	6
<b>June 30, 2016</b>	<b>11</b>	<b>311</b>	<b>-88</b>	<b>-795</b>	<b>115</b>	<b>2 713</b>	<b>2 267</b>	<b>74</b>	<b>2 341</b>

## Consolidated cash flow statement

In CHF million	Jan.–June 2017	Jan.–June 2016
<b>Profit before taxes</b>	<b>542</b>	487
Net income from financing and investing activities	<b>16</b>	17
<b>Operating profit</b>	<b>558</b>	504
Depreciation, amortization, and impairment	<b>74</b>	68
Other non-cash items	<b>35</b>	18
Dividends received	<b>6</b>	10
Interest paid and received	<b>6</b>	8
Other financial result	<b>-23</b>	-37
Income taxes paid	<b>-115</b>	-149
Change in net working capital	<b>-100</b>	5
<b>Cash flow from operating activities</b>	<b>441</b>	427
Investments in property, plant, and equipment, net	<b>-84</b>	-65
Investments in intangible assets and business combinations, net	<b>-75</b>	-37
Change in marketable securities and non-current financial assets	<b>-29</b>	225
<b>Cash flow from investing activities</b>	<b>-188</b>	123
Change in financial debts	<b>-12</b>	23
Change in non-controlling interests	<b>-</b>	1
Change in treasury shares	<b>-1</b>	-5
Dividends paid	<b>-568</b>	-324
<b>Cash flow from financing activities</b>	<b>-581</b>	-305
Exchange differences	<b>-35</b>	-15
<b>Change in cash and cash equivalents</b>	<b>-363</b>	230
Cash and cash equivalents as at January 1	<b>1 988</b>	1 975
Cash and cash equivalents as at June 30	<b>1 625</b>	2 205

# Notes to the consolidated interim financial statements

## **1 Business activities**

The Schindler Group (referred to hereinafter as 'the Group') is one of the world's leading suppliers of elevators, escalators, and moving walks. It is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe.

The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

## **2 Basis of preparation**

The consolidated interim financial statements as of June 30, 2017, are based on International Financial Reporting Standards (IFRS) and have been prepared in condensed form in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited.

The consolidated interim financial statements contain estimates, assumptions, and judgments that influence the figures presented in this report. The actual results may differ from these estimates. All significant estimates, assumptions, and judgments remain unchanged compared to the Group Financial Statements as of December 31, 2016.

The same accounting principles have been applied as for the Group Financial Statements as of December 31, 2016, with the exception of the amended accounting standards and interpretations that are effective as of January 1, 2017. The application of the amendments did not have any material impact on accounting practices or on the Group's financial position, results of operations, and cash flows. The accounting principles that are unchanged compared to the previous year are explained in the Group Financial Statements 2016.

The Group will apply IFRS 15 – Revenue from Contracts with Customers with effect from January 1, 2018, using the modified retrospective approach. Under IFRS 15, revenue is recognized as the control of the goods or services is transferred to the customer. This can occur at a point in time or over time. For maintenance, revenue is recognized over time as the service is provided, and for repairs, it is recognized at the point of customer acceptance. For new installations and modernizations, the Group will recognize revenue progressively over time. The Group does not expect a material impact on annual revenue. The effect of the initial application of IFRS 15 will be recognized directly in equity.

The Group will apply IFRS 9 – Financial Instruments with effect from January 1, 2018. The calculation of bad debt allowances will thereby change based on the expected credit loss model. The Group does expect a slight increase of the total bad debt allowances.

The consolidated interim financial statements as of June 30, 2017, were approved and released for publication by the Board of Directors of Schindler Holding Ltd. on August 14, 2017.



### 3 Scope of consolidation

There were no material changes to the scope of consolidation as of June 30, 2017, compared to December 31, 2016.

### 4 Translation of foreign currencies

			2017		2016		
			Closing rate as of June 30	Average rate for Jan.–June	Closing rate as of December 31	Closing rate as of June 30	Average rate for Jan.–June
Eurozone	EUR	1	1.09	1.08	1.07	1.08	1.09
USA	USD	1	0.96	0.99	1.02	0.98	0.99
Brazil	BRL	100	29.11	31.04	31.26	30.34	26.82
China	CNY	100	14.13	14.43	14.65	14.69	15.08

### 5 0.375% exchangeable bond 2013–2017

In June 2013, Schindler Holding Ltd. issued a 0.375% exchangeable bond that could be exchanged for registered shares of ALSO Holding AG with an initial nominal amount of CHF 218 million. It was valued at fair value (December 31, 2016: nominal amount of CHF 59 million and fair value of CHF 87 million). The exchange period ended on May 26, 2017. During the term of four years, 99.99% of the 0.375% exchangeable bond were exchanged and Schindler's participation in ALSO Holding AG was subsequently reduced to almost zero.

The revaluation and exchange of the 0.375% exchangeable bond as well as the available-for-sale financial asset had a positive net impact of CHF 5 million on the financial result in the first half of 2017 (previous year: CHF 3 million from revaluation and exchange of the 0.375% exchangeable bond as well as CHF 12 million from results from associates).

## 6 Financial instruments

### 6.1 Fair value hierarchy

In CHF million	30.6.2017				31.12.2016			
	Level 1	Level 2	Level 3	Total fair values	Level 1	Level 2	Level 3	Total fair values
<b>Financial assets</b>								
at fair value through profit or loss								
Marketable securities	7	–	–	<b>7</b>	7	–	–	7
Derivatives	–	18	–	<b>18</b>	–	17	–	17
Non-current financial assets	51	–	–	<b>51</b>	52	–	–	52
available-for-sale								
Marketable securities	64	–	–	<b>64</b>	168	–	–	168
Non-current financial assets	228	–	9	<b>237</b>	211	–	10	221
<b>Financial liabilities</b>								
at fair value through profit or loss								
Financial debts	–	–	–	<b>–</b>	87	–	–	87
Derivatives	–	18	–	<b>18</b>	–	37	–	37
<b>Other disclosed fair values</b>								
<b>Financial assets</b>								
Marketable securities	–	222	–	<b>222</b>	–	163	–	163
Non-current financial assets	–	350	–	<b>350</b>	–	368	–	368
<b>Financial liabilities</b>								
Financial debts	–	216	41	<b>257</b>	–	181	41	222

The fair values of the financial instruments equal their carrying amounts.

There was no transfer between level 1 fair value and level 2 and no transfer into or out of level 3 during the reporting period (previous year: no transfer between the different levels).

### 6.2 Reconciliation of level 3 fair values

In CHF million	2017	2016
<b>Non-current financial assets</b>		
January 1	<b>10</b>	12
Changes in value recognized in other comprehensive income	–	–2
Disposals	<b>–1</b>	–
<b>June 30</b>	<b>9</b>	10

### 6.3 Valuation methods

Balance sheet position	Type of financial instruments	Valuation methods
Marketable securities	– Equity instruments and bonds traded in active markets – Time deposits	– Quoted prices from active markets – Discounted cash flow method based on observable market data
Prepaid expenses and accrued income	– Derivatives	– Discounted cash flow method based on observable market data
Non-current financial assets	– Equity instruments and bonds traded in active markets – Hedge funds and private equity investments – Time deposits	– Quoted prices from active markets – External valuations – Discounted cash flow method based on observable market data
Financial debts	– Bond traded in an active market – Liabilities towards non-controlling interests	– Quoted prices from an active market – Discounted cash flow method based on unobservable market data
Accrued expenses and deferred income	– Derivatives	– Discounted cash flow method based on observable market data

### 7 Treasury shares

	Registered shares			Participation certificates		
	Number	Average share price in CHF	Value in CHF million	Number	Average share price in CHF	Value in CHF million
January 1, 2017	556 115		83	299 649		31
Purchase	67 821	197.69	14	–	–	–
Disposal	–2 819	205.75	–1	–	–	–
Share-based payments						
Disposal of treasury shares	–85 302	197.60	–17	–	–	–
Exercised options and Performance Share Units	–137 231	100.71	–14	–42 462	94.26	–4
Difference in value due to disposal and exercise			–			–1
<b>June 30, 2017</b>	<b>398 584</b>		<b>65</b>	<b>257 187</b>		<b>26</b>
Reserved for share-based payment plans	398 584			257 187		

### 8 Dividends paid

In accordance with the decision of the General Meeting of Shareholders of Schindler Holding Ltd. of March 16, 2017, CHF 535 million in dividends were paid on March 22, 2017 (previous year: CHF 289 million). This corresponds to an ordinary dividend of CHF 3.00 and an additional dividend of CHF 2.00 per registered share and participation certificate for the financial year 2016 (previous year: ordinary dividend of CHF 2.70 per registered share and participation certificate).

### 9 Contingent liabilities

Contingent liabilities are described in the notes to the Group Financial Statements 2016. As of the balance sheet date of June 30, 2017, the total capital amount claimed jointly and severally in the civil proceedings that followed the fines under competition law and in which Group companies are involved as defendants was EUR 189 million. The Group companies in question consider the claims to be without merit.

## 10 Segment reporting

The Elevators & Escalators segment comprises an integrated business that specializes in the production and installation of new elevators and escalators, as well as the modernization, maintenance, and repair of existing installations. The segment is managed as a global unit.

The column Finance comprises the expenses of Schindler Holding Ltd. as well as centrally managed financial assets and financial liabilities that have been entered into for Group investing and financing purposes.

Since internal and external reporting is based on the same accounting principles, there is no need to reconcile the management reporting figures to the financial reporting figures.

In CHF million	January to June 2017			January to June 2016		
	Group	Finance	Elevators & Escalators	Group	Finance	Elevators & Escalators
Revenue from third parties	4 769	–	4 769	4 645	–	4 645
Operating profit	558	–15	573	504	–15	519
Additions of property, plant, and equipment, and intangible assets	105	–	105	84	–	84
Total depreciation and amortization	74	–	74	68	–	68
Result from associates	–7	–	–7	9	12	–3

In CHF million	30.6.2017			31.12.2016		
	Group	Finance	Elevators & Escalators	Group	Finance	Elevators & Escalators
Assets	8 116	1 507	6 609	8 303	1 662	6 641
Associates	99	–	99	39	–	39
Liabilities	5 390	170	5 220	5 456	253	5 203

# Financial calendar

Publication of selected key figures as of September 30	October 24, 2017
Annual results media conference	February 16, 2018
Ordinary General Meeting of Schindler Holding Ltd.	March 20, 2018

The Group's Interim Report 2017 is published in English and German. The original German version is binding.

General information about the Group as well as its Annual Reports, press releases, and details of its current share price are available at: [www.schindler.com](http://www.schindler.com).

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