

Interim Report as of June 30, 2018

Press release
August 17, 2018

Balanced growth

Schindler achieved strong growth in the first half of 2018, delivering a significant increase in operating profit. The order intake grew by 9.8% to CHF 5 869 million (+7.9% in local currencies). Revenue rose by 10.2% to CHF 5 255 million (+8.4% in local currencies). Operating profit (EBIT) increased by 9.9% to CHF 613 million (+7.5% in local currencies) and the EBIT margin reached 11.7%, in line with the previous year. Net profit rose by 23.2% to CHF 516 million (first half of 2017: CHF 419 million) and cash flow from operating activities totaled CHF 434 million (first half of 2017: CHF 441 million).

Order intake and order backlog

In the first half of 2018, the order intake rose by 9.8% to CHF 5 869 million (first half of 2017: CHF 5 346 million), corresponding to growth of 7.9% in local currencies. The share of major orders increased, driven by strong growth in infrastructure projects and by the Key Account Management for global clients.

The Americas region achieved the strongest growth, followed by EMEA and Asia-Pacific. In the Chinese new installations market, Schindler grew both in volume and value.

In the second quarter of 2018, the order intake rose by 11.2% to CHF 3 047 million (second quarter of 2017: CHF 2 739 million), equivalent to growth of 8.2% in local currencies.

As of June 30, 2018, the order backlog totaled CHF 8 708 million. Compared to the figure of CHF 7 785 million as of June 30, 2017, the order backlog rose by 11.9% (+8.9% in local currencies).

Revenue

Revenue grew by 10.2% to CHF 5 255 million in the first half of 2018 (first half of 2017: CHF 4 769 million), corresponding to an increase of 8.4% in local currencies. The largest contribution to growth was generated by the EMEA region, followed by the Americas and Asia-Pacific regions.

In the second quarter of 2018, revenue improved by 10.9% to CHF 2 782 million (second quarter of 2017: CHF 2 509 million), equivalent to a growth rate of 7.9% in local currencies.

Operating profit (EBIT)

EBIT totaled CHF 613 million in the first half of 2018 (first half of 2017: CHF 558 million), corresponding to growth of 9.9% (+7.5% in local currencies). The EBIT margin stood at 11.7%, in line with the previous year. Economies of scale and efficiency gains offset the higher cost of raw materials as well as pricing pressure in China. Before restructuring costs of CHF 9 million (first half of 2017: CHF 12 million), the EBIT margin was 11.8% (first half of 2017: 12.0%).

In the second quarter of 2018, EBIT rose to 332 million (second quarter of 2017: CHF 298 million), equivalent to a growth rate of 11.4% (+7.7% in local currencies). The EBIT margin was 11.9% (second quarter of 2017: 11.9%). Before restructuring costs of CHF 5 million (second quarter of 2017: CHF 7 million), the EBIT margin was 12.1% (second quarter of 2017: 12.2%).

Net profit and cash flow from operating activities

Net profit increased by 23.2% to CHF 516 million in the first half of 2018 (first half of 2017: CHF 419 million), mainly reflecting the improved operating result and a settlement in an arbitration procedure with regards to Schindler's tax position which had an impact on net profit of CHF 55 million that was recognized in the second quarter of 2018. Net profit before tax refund grew by 10.0% and amounted to CHF 461 million. Cash flow from operating activities totaled CHF 434 million (first half of 2017: CHF 441 million).

Strategic initiatives on course

Schindler reached two important milestones in the first half of 2018. In its digitization initiative, all new elevators feature the Schindler Ahead Cube and are therefore digitally connected with the 'Internet of Elevators and Escalators.' In its modularity initiative, Schindler brought to market the first modular components across the world.

Outlook for 2018

Market trends seen in the first half of 2018 are expected to largely continue in the second half of the year. For the full year 2018 – excluding any unforeseeable events – Schindler expects revenue growth of between 5% and 7% in local currencies and net profit of between CHF 960 million and CHF 1 010 million for the fiscal year 2018.

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Dial-in details to today's conference call at 10.00 CET:

<https://www.schindler.com/com/internet/en/investor-relations/conference-call-details.html>

Key figures as of June 30, 2018

1st half: January to June

In CHF million	2018	2017	Δ %	Δ % local currencies
Order intake	5 869	5 346	9.8	7.9
Revenue	5 255	4 769	10.2	8.4
Operating profit (EBIT)	613	558	9.9	7.5
in %	11.7¹	11.7 ²		
Net income from financing and investing activities	11³	-16		
Profit before taxes	624	542	15.1	
Income taxes	108³	123		
Net profit	516³	419	23.2	
Net profit before tax refund	461	419	10.0	
Earnings per share and participation certificate in CHF	4.54	3.67	23.7	
Cash flow from operating activities	434	441	-1.6	
Investments in property, plant, and equipment	111	87	27.6	
	30.6.2018	31.12.2017		
Order backlog ⁴	8 708	8 106	7.4	8.6
Number of employees	62 707	61 019	2.8	

¹ Before restructuring costs (CHF 9 million) 11.8%

² Before restructuring costs (CHF 12 million) 12.0%

³ One-time tax refund CHF 55 million (income taxes CHF 30 million, net interest income CHF 25 million)

⁴ With the implementation of IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018, the order backlog is reported net of work in progress. Previous-year figures have been restated accordingly.

2nd quarter: April to June

In CHF million	2018	2017	Δ %	Δ % local currencies
Order intake	3 047	2 739	11.2	8.2
Revenue	2 782	2 509	10.9	7.9
Operating profit (EBIT)	332	298	11.4	7.7
in %	11.9¹	11.9 ²		
Net income from financing and investing activities	20³	16		
Profit before taxes	352	314	12.1	
Income taxes	44³	74		
Net profit	308³	240	28.3	
Net profit before tax refund	253	240	5.4	
Earnings per share and participation certificate in CHF	2.72	2.12	28.3	
Cash flow from operating activities	104	85	22.4	
Investments in property, plant, and equipment	65	54	20.4	
	30.6.2018	30.6.2017		
Order backlog ⁴	8 708	7 785	11.9	8.9
Number of employees	62 707	59 055	6.2	

¹ Before restructuring costs (CHF 5 million) 12.1%

² Before restructuring costs (CHF 7 million) 12.2%

³ One-time tax refund CHF 55 million (income taxes CHF 30 million, net interest income CHF 25 million)

⁴ With the implementation of IFRS 15 – Revenue from Contracts with Customers as of January 1, 2018, the order backlog is reported net of work in progress. Previous-year figures have been restated accordingly.