

Selected key figures as of September 30, 2018

Press release
October 23, 2018

Significant growth

In the first nine months of the fiscal year 2018, Schindler achieved significant growth and delivered a further improvement in results despite the return of foreign exchange headwinds in the third quarter. The order intake rose by 7.1% to CHF 8 653 million, corresponding to an increase of 6.8% in local currencies. Revenue grew by 7.9% to CHF 7 939 million (+7.6% in local currencies). Operating profit (EBIT) increased by 7.7% to CHF 926 million (+7.3% in local currencies) and the EBIT margin was 11.7%, in line with the previous year. Net profit rose by 15.1% to CHF 746 million and cash flow from operating activities improved to CHF 716 million compared to CHF 544 million in the first nine months of 2017.

Order intake and order backlog

In the first nine months, the order intake increased by 7.1% to CHF 8 653 million (first nine months of 2017: CHF 8 083 million), corresponding to a growth rate of 6.8% in local currencies.

The order intake rose across all regions and product lines. The Americas region achieved the strongest growth, followed by the EMEA and Asia-Pacific regions. The proportion of major projects increased substantially compared to the previous year.

In the third quarter of 2018, the order intake rose by 1.7% to CHF 2 784 million (third quarter of 2017: CHF 2 737 million), equivalent to an increase of 4.8% in local currencies. The Americas region made the strongest contribution to growth.

As of September 30, 2018, the order backlog was CHF 8 589 million. This corresponds to an increase of 5.5% (+8.2% in local currencies) compared to the order backlog of CHF 8 138 million as of September 30, 2017.

Revenue

Revenue grew by 7.9% to CHF 7 939 million in the first nine months (first nine months of 2017: CHF 7 359 million), corresponding to an increase of 7.6% in local currencies. The EMEA region was the strongest driver of revenue growth, followed by the Americas and Asia-Pacific regions.

In the third quarter of 2018, revenue increased by 3.6% to CHF 2 684 million (third quarter of 2017: CHF 2 590 million), which is equivalent to an increase of 6.3% in local currencies. Foreign exchange effects had a negative impact of CHF 69 million.

Operating profit (EBIT)

Operating profit (EBIT) improved by 7.7% to CHF 926 million in the first nine months (first nine months of 2017: CHF 860 million), corresponding to a growth rate of 7.3% in local currencies. The EBIT margin reached 11.7%, in line with the previous year. Continued operational progress could offset pricing pressure as well as the higher cost of raw materials. Before restructuring costs of CHF 15 million (first nine months of 2017: CHF 20 million), the EBIT margin was 11.9% (first nine months of 2017: 12.0%).

In the third quarter of 2018, operating profit (EBIT) rose to CHF 313 million (third quarter of 2017: CHF 302 million), which is equivalent to a growth rate of 3.6%, or 7.0% in local currencies. Foreign exchange effects impacted operating profit negatively by CHF 10 million. Compared to the previous year, the EBIT margin remained unchanged at 11.7%. Before restructuring costs of CHF 6 million (third quarter of 2017: CHF 8 million), the EBIT margin was 11.9% (third quarter of 2017: 12.0%).

Net profit and cash flow from operating activities

In the first nine months, net profit increased by 15.1% to CHF 746 million (first nine months of 2017: CHF 648 million), reflecting the improved operating result as well as the previously announced tax settlement of CHF 55 million recognized in the second quarter of 2018. Net profit before tax refund grew by 6.6% and amounted to CHF 691 million.

Cash flow from operating activities increased to CHF 716 million (first nine months of 2017: CHF 544 million) as a result of net working capital optimization.

Outlook for 2018

Schindler expects the market trends seen in the first nine months of 2018 to continue. For the full year 2018 – excluding any unforeseeable events – Schindler continues to expect revenue growth of between 5% and 7% in local currencies and net profit of between CHF 960 million and CHF 1 010 million.

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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>

Selected key figures
January to September

In CHF million	2018	2017	Δ %	Δ % local currencies
Order intake	8 653	8 083	7.1	6.8
Revenue	7 939	7 359	7.9	7.6
Operating profit (EBIT)	926	860	7.7	7.3
in %	11.7¹	11.7 ²		
Net income from financing and investing activities	-3³	-15		
Profit before taxes	923	845	9.2	
Income taxes	177³	197		
Net profit	746³	648	15.1	
Net profit before tax refund	691	648	6.6	
Earnings per share and participation certificate in CHF	6.55	5.68	15.3	
Cash flow from operating activities	716	544	31.6	
Investments in property, plant, and equipment	168	141	19.1	
	30.9.2018	31.12.2017		
Order backlog ⁴	8 589	8 106	6.0	9.9
Number of employees	63 961	61 019	4.8	

¹ Before restructuring costs (CHF 15 million) 11.9%

² Before restructuring costs (CHF 20 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.

3rd quarter: July to September

In CHF million	2018	2017	Δ %	Δ % local currencies
Order intake	2 784	2 737	1.7	4.8
Revenue	2 684	2 590	3.6	6.3
Operating profit (EBIT)	313	302	3.6	7.0
in %	11.7¹	11.7 ²		
Net income from financing and investing activities	-14	1		
Profit before taxes	299	303	-1.3	
Income taxes	69	74		
Net profit	230	229	0.4	
Earnings per share and participation certificate in CHF	2.01	2.01	-	
Cash flow from operating activities	282	103	173.8	
Investments in property, plant, and equipment	57	54	5.6	
	30.9.2018	30.9.2017		
Order backlog ³	8 589	8 138	5.5	8.2
Number of employees	63 961	60 232	6.2	

¹ Before restructuring costs (CHF 6 million) 11.9%

² Before restructuring costs (CHF 8 million) 12.0%

³ 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.

Balance sheet

In CHF million	30.9.2018	%	1.1.2018 ¹	%	31.12.2017	%
Cash and cash equivalents	1 976	20.3	1 709	19.2	1 709	19.8
Other current assets	4 220	43.5	3 982	44.9	3 771	43.7
Total current assets	6 196	63.8	5 691	64.1	5 480	63.5
Non-current assets	3 517	36.2	3 189	35.9	3 146	36.5
Total assets	9 713	100.0	8 880	100.0	8 626	100.0
Current liabilities	4 727	48.7	4 765	53.7	4 379	50.8
Non-current liabilities	1 467	15.1	990	11.1	979	11.3
Total liabilities	6 194	63.8	5 755	64.8	5 358	62.1
Equity	3 519	36.2	3 125	35.2	3 268	37.9
Total liabilities and equity	9 713	100.0	8 880	100.0	8 626	100.0

¹ Restatement following the implementation of IFRS 15 – Revenue from Contracts with Customers, and IFRS 9 – Financial Instruments

Exchange rates

			2018		2017		
			Closing rate as of September 30	Average rate Jan.–Sept.	Closing rate as of December 31	Closing rate as of September 30	Average rate Jan.–Sept.
Eurozone	EUR	1	1.13	1.16	1.17	1.15	1.10
USA	USD	1	0.98	0.97	0.98	0.97	0.99
Brazil	BRL	100	24.35	27.16	29.43	30.62	30.93
China	CNY	100	14.19	14.88	15.00	14.58	14.46