

Interim Report as of June 30, 2017

Press release
August 15, 2017

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.

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Dial-in details to today's conference call at 10.00 CET:
[www.schindler.com/Investor Relations/Conference Calls](http://www.schindler.com/Investor%20Relations/Conference%20Calls)

Key figures as of June 30, 2017

1st half: January to June

In CHF million	2017	2016	Δ %	Δ % local currencies
Orders received	5 346	5 083	5.2	5.6
Revenue	4 769	4 645	2.7	2.9
Operating profit (EBIT)	558	504	10.7	10.1
in %	11.7¹	10.9 ²		
Net income from financing and investing activities	-16	-17		
Profit before taxes	542	487	11.3	
Income taxes	123	115		
Net profit	419	372	12.6	
Cash flow from operating activities	441	427	3.3	
Investments in property, plant, and equipment	87	69	26.1	
	30.6.2017	31.12.2016		
Order backlog	10 340	10 004	3.4	6.5
Number of employees	59 055	58 271	1.3	

¹ Before restructuring costs (CHF 12 million) 12.0%

² Before restructuring costs (CHF 13 million) 11.1%

2nd quarter: April to June

In CHF million	2017	2016	Δ %	Δ % local currencies
Orders received	2 739	2 616	4.7	5.4
Revenue	2 509	2 469	1.6	2.2
Operating profit (EBIT)	298	269	10.8	10.8
in %	11.9¹	10.9 ²		
Net income from financing and investing activities	16	-22		
Profit before taxes	314	247	27.1	
Income taxes	74	57		
Net profit	240	190	26.3	
Cash flow from operating activities	85	94	-9.6	
Investments in property, plant, and equipment	54	36	50.0	
	30.6.2017	31.3.2017		
Order backlog	10 340	10 409	-0.7	1.9
Number of employees	59 055	58 570	0.8	

¹ Before restructuring costs (CHF 7 million) 12.2%

² Before restructuring costs (CHF 10 million) 11.3%