



ZARDOYA OTIS, S.A

QUARTERLY REPORT FOR

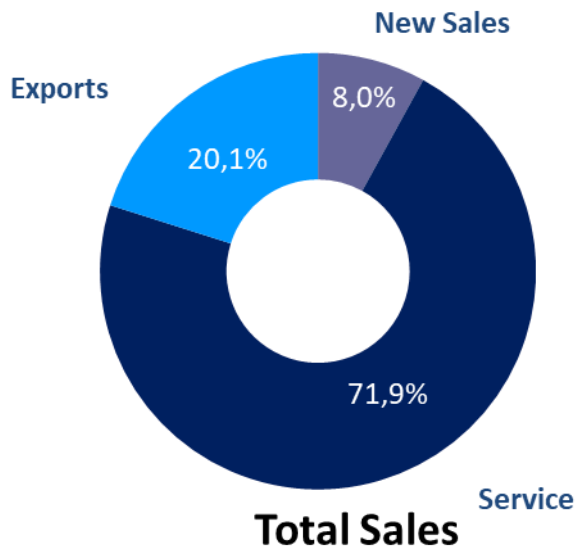
1ST SEMESTER 2019

FISCAL YEAR: DECEMBER 1, 2018 – NOVEMBER 30, 2019

1. BUSINESS EVOLUTION

SALES:

Sales by activity

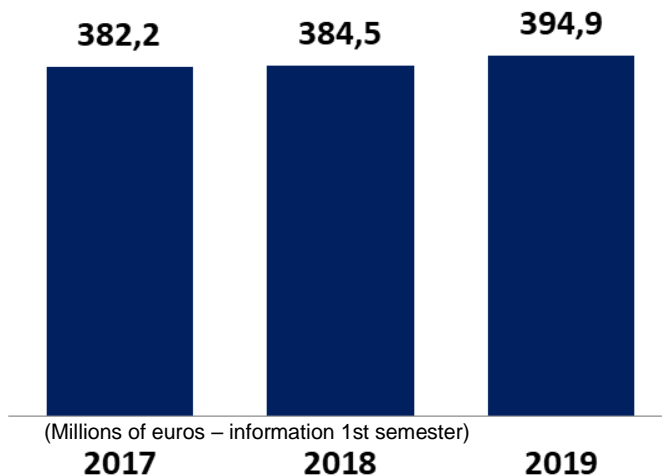


Total consolidated sales for the first semester of 2019 were 394.9 million euros, in comparison with the 384.5 million euros of the first semester of 2018, representing an increase of 2.7%.

New Installations

The value of new installations in the first semester of 2019 was 31.6 million euros, 15.7% up on figure for the first semester of 2018.

In the first semester of 2019, new installations sales accounted for 8.0% of total sales (7.1% in the first semester of 2018).



Service

Consolidated service sales totalled 283.8 million euros (275.1 million euros in the first semester of 2018), showing a 3.2% increase on the figure obtained in same period of 2018. We have been showing continuous growth in our main activity since the first quarter of 2018.

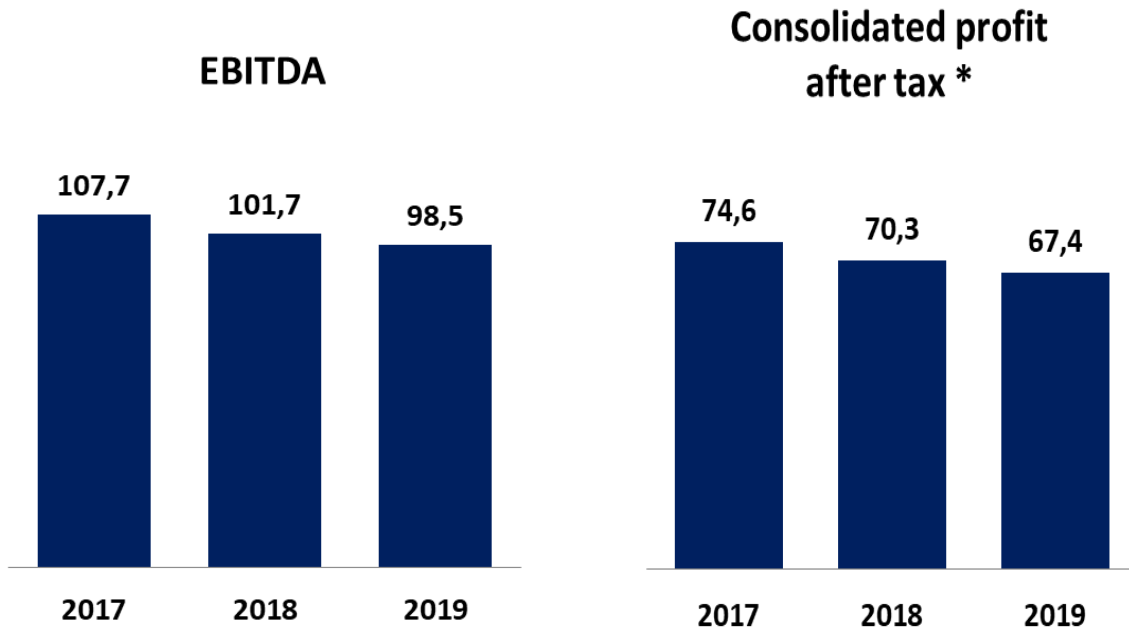
The service activity represented 71.9% of the Group's total billing in the first semester of 2019 (71.5% in the first semester of 2018).

Exports. Net consolidated export sales were 79.4 million euros (82.1 million euros in the first semester of 2018), 3.2% down on the figure obtained in the first semester of

2018. The work completion and order rates in Turkey, the Middle East and Latin America, regions to which we export, are lower than forecast.

In the first semester of 2019, exports represented 20.1% of Group consolidated sales (21.3% in the first semester of 2018).

RESULTS:



(Millions of euros – information 1st semester)

EBITDA (operating profit plus amortization and depreciation) for the first semester of 2017 was 98.5 million euros, 3.1% lower than the 2018 figure.

Consolidated profit after tax was 88.6 million euros, 4.0% down on the same period of 2018.

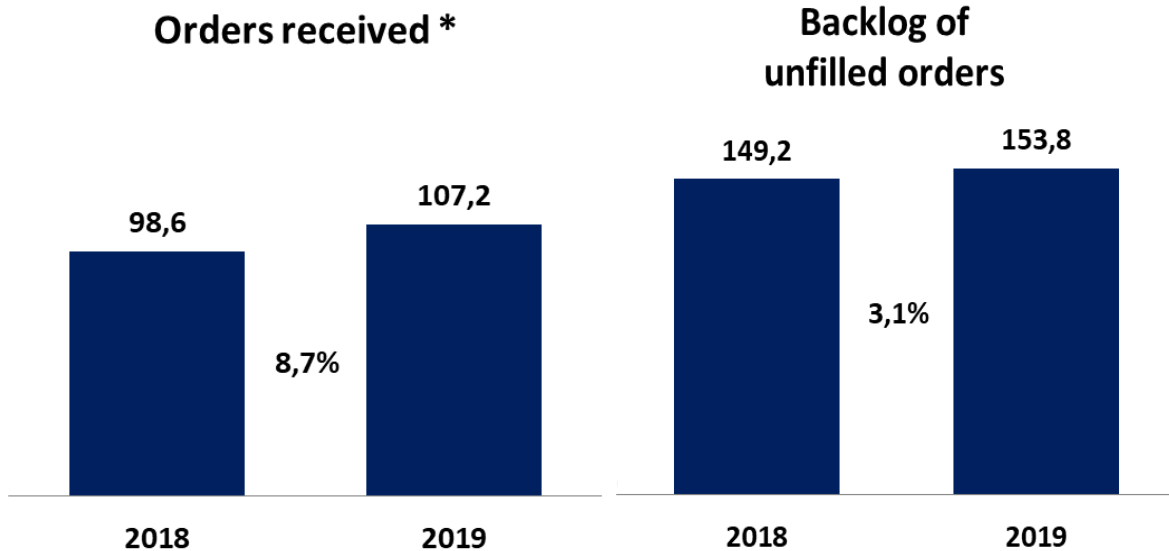
Profit after tax was 67.4 million euros, 4.1% below the 70.3 million euros obtained in the same period of 2018.

The decrease in exports in this quarter had an adverse impact on our profit.

** Consolidated profit after tax on continuing operations attributable to the Company's shareholders for the first semester of each fiscal period.*

To meet the demand of our new installations market, in 2018, we expanded our assembly area, which entailed investment in hiring and training our human capital and affected our profit for the first quarter in comparison with the same period of 2018. For Zardoya Otis, training our assembly team is a fundamental priority in order for our installations to meet the required quality and safety standards.

2. OTHER KEY DATA:



Orders received and backlog of unfilled orders

In the six-month period, the orders received for modernizations and new installations, including both new and existing buildings, was 107.2 million euros, showing an increase of 9.0% on the same period of 2018.

The backlog of unfilled orders in the first semester of 2019 was 153.8 million euros, an increase of 3.1% on the same period of 2018.

These two variables continue to rise, which will provide us with future growth in our domestic markets.

Units under maintenance

We ended the first semester of 2019 with 290,802 units under maintenance, showing 1.6% growth on the first semester of 2018.

** Includes the figures for New Sales and Modernizations.*

At the end of the first six months, the Zardoya Otis Group had reached its highest levels of growth in its maintenance portfolio and achieved a world record in the sector, since it had surpassed the figure of 250,000 units under maintenance in Spain. This unprecedented milestone also allowed the Group to exceed 290,000 units at consolidated level.

3. DIVIDENDS

In the first semester, three quarterly dividends were approved as follows:

Date	Gross per share	Charged to	Shares entitled to dividend	Gross total
Dividends:				
Jan. 10	0.080 euros	3rd interim 2018	470,464,311	37,637,144.88 €
April 10	0.080 euros	1st interim 2019	470,464,311	37,637,144.88 €
July 10 (*)	0.080 euros	Reserves	470,464,311	37,637,144.88 €
Treasury stock			(371,756)	(29,740.48) €
Total			470,092,555	36,607,404.4 €
Total received by owners				112,881,694.16 €

4. TREASURY SHARES

At May 31, 2019, Zardoya Otis, S.A. did not hold any treasury shares.

5. FINANCIAL RISK MANAGEMENT FIRST AND SECOND SEMESTER 2019

The Group's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management program is focused on the uncertainty of the financial markets and trying to minimize any potential adverse effects on the Group's financial profitability.

(*) Dividend charged to reserves approved at the Ordinary General Shareholders' Meeting on May 22, 2019.

Risk management is controlled by Group Management in accordance with the supplementary information to the annual corporate governance report as of November 30, 2018. Management assesses and hedges financial risks in collaboration with the Group's operating units, in order to:

- Ensure that the most important risks are identified, assessed and

- managed,
- Ensure an appropriate operating segregation of the risk management functions,
 - Ensure that the risk exposure level accepted by the Group in its operations is in line with its risk profile.

Note 5 of the condensed consolidated interim financial statements includes an analysis of the Group's exposure to said risks in the six-month period ended May 31, 2019, which Management does not consider to have changed significantly in comparison with that described in the consolidated annual financial statements for 2018.

6. SIGNIFICANT EVENTS IN THE FIRST SEMESTER OF 2019 AND AFTER THE END OF THE REPORTING PERIOD

Zardoya Otis, S.A. acquired 100% of the shares of Otis Lliset SLU (December 27, 2018) and Ascensores SIGE SL. (May 27, 2019), as well as 80% of the company Ascensores Eleva SL. (June 28, 2019), for a total amount of ETBs 13,086. The companies are engaged in elevator maintenance and repair and, while the first of them operates in Andorra, the other two operate in Alicante. The acquisition of Ascensores Eleva SL was partially settled using treasury shares.

7. EXHIBIT – KEY FIGURES:

At the end of the first semester of 2019 (December 1, 2018 to May 31, 2019), the total consolidated figures and the comparison thereof with those for the same period of 2018 were as follows:

Key Data, 1st Semester 2019			
<i>Consolidated figures in millions of euros</i>			
<i>Results</i>	2019	2018	% variance 19/18

EBITDA	98,5	101,7	(3,1)
Profit before tax	88,6	92,2	(4,0)
Profit after tax	67,4	70,3	(4,1)

<i>Sales</i>	2019	2018	% variance 19/18
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New Installations	31,6	27,3	15,7
Service	283,8	275,1	3,2
Exports	79,4	82,1	(3,2)
Total	394,9	384,5	2,7

<i>Orders received and backlog of unfilled orders (*)</i>	2019	2018	% variance 19/18
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Orders received	107,2	98,6	8,7
Backlog	153,8	149,2	3,1

<i>Units under maintenance</i>	2019	2018	% variance 19/18
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Units under maintenance	290.802	286.236	1,6
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(*) Includes New Installations and Modernizations

