



ZARDOYA OTIS, S.A.

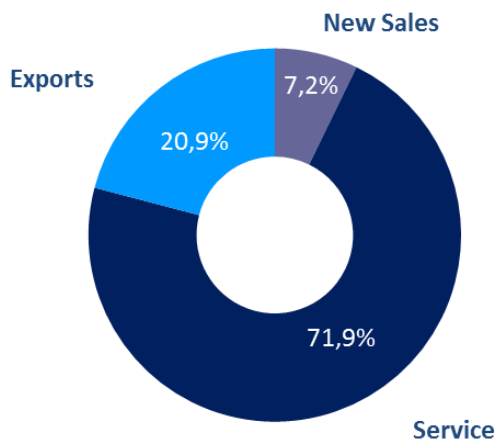
QUARTERLY REPORT FOR THE THIRD QUARTER 2018

FISCAL PERIOD: DECEMBER 1, 2017 – NOVEMBER 30, 2018

1. BUSINESS EVOLUTION

VENTAS:

Sales by activity

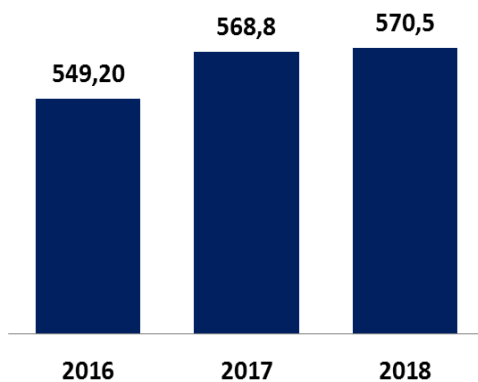


Total consolidated sales at the end of the third quarter of 2018 were 570.5 million euros, in comparison with the 568.8 million euros obtained in the same period of 2017, representing an increase of 0.3%.

New Sales

The value of new sales at the end of the third quarter of 2018 was 41.2 million euros, 21.4% higher than the figure at the end of the third quarter of 2017.

Total Sales



At the end of the third quarter of 2018, new installation sales accounted for 7.2% of total sales (6.0% at the end of the third quarter of 2017).

(Millions of euros – 3rd quarter figures)

Service

Consolidated service sales totalled 409.9 million euros (405.7 million euros at the end of the third quarter of 2017), which meant a 1.0% increase on those obtained in the same period of 2017.

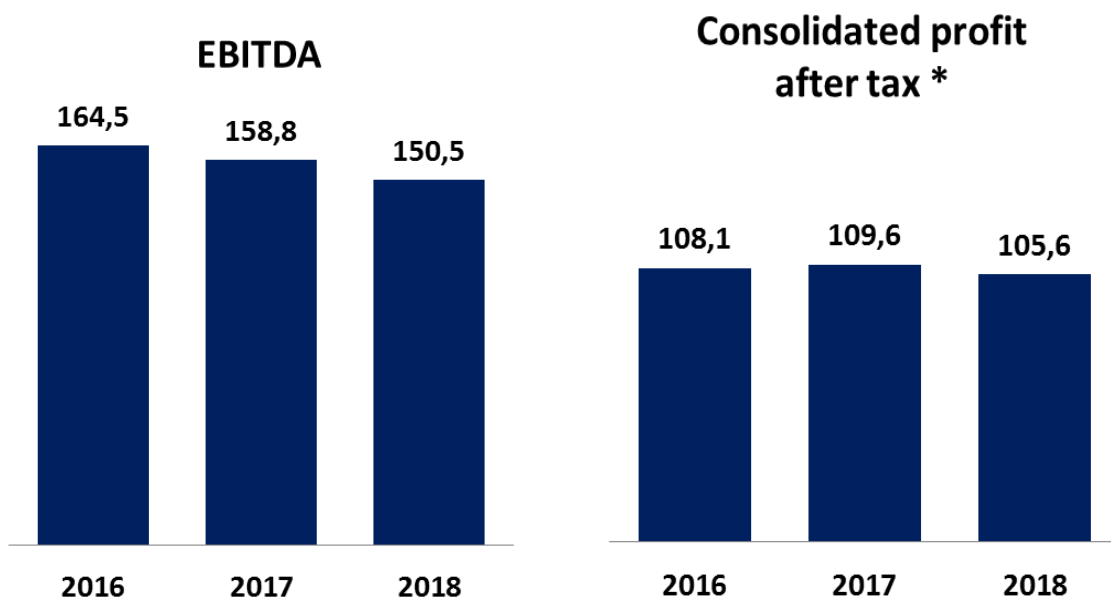
The service activity accounted for 71.9% of the Group's total billing up to the end of the third quarter of 2018 (71.3% in the same period of 2017).

For the third consecutive quarter, service sales increased, consolidating the trend noted in the first six months of the reporting period.

Exports. Net consolidated export sales were 119.3 million euros (129.0 million euros at the end of the third quarter of 2017), 7.5% down on the figure obtained in the same period of 2017. The scenario did not change in comparison with the first six months of the period and the volume remains lower than in 2017. The work completion rate in some of the countries to which we export is still lower than our forecasts, leading to delays in the receipt of orders.

At the end of the third quarter of 2018, exports accounted for 20.9% of the Group's consolidated sales (22.7% in the same period of 2017).

INFORMATION ON RESULTS:



(Millions of euros – 3rd quarter figures)

(Millions of euros – 3rd quarter figures)

EBITDA (operating profit plus depreciation and amortization) at the end of the third quarter of 2018 was 150.5 million euros, 5.2% down on the 2017 figure.

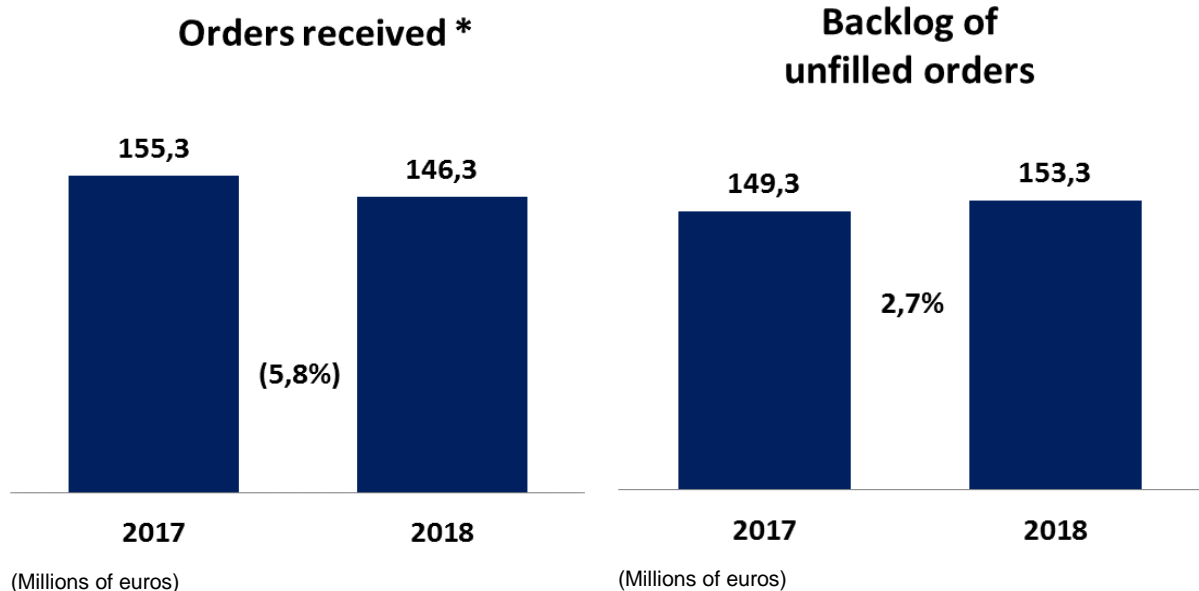
At the end of the third quarter of 2018, the consolidated profit before tax was 139.8 million euros, 3.9% lower than the amount obtained in the same period of 2017.

Profit after tax was 105.6 million euros, 3.6% lower than the 109.6 million euros obtained in the same period of 2017.

In the second half of 2018, the Group commenced a digitalization plan. The 2018 third-quarter figures include expenses related to this process. Likewise, raw material prices are evolving unfavourably, which also having an impact on us in this reporting period.

* Consolidated profit after tax for the period from continuing operations attributable to Company shareholders in the first nine months of each reporting period.

2. OTHER KEY FIGURES:



Orders received and backlog of unfilled orders

The amount of orders received for installations up to the end of the third quarter, including both new and existing buildings, was 146.3 million euros, representing a decrease of 5.8% on the same period of 2017. This decrease was mainly due to the fact that, in the same quarter of 2017, significant orders were received for the marine activity, and we expect further new orders to be received in forthcoming quarters.

The backlog of unfilled orders up to the end of the third quarter of 2018 was 153.3 million euros, an increase of 2.7% on the same period of 2017.

Units under maintenance

The company ended the third quarter of 2018 with 287,470 units under maintenance, showing growth of 0.7% of the units under maintenance in the same period of 2017.

(*). Includes new sales and modernizations figures.

3. DIVIDENDS

Up to the end of the third quarter, four quarterly dividends had been approved as follows:

Date	Gross per share	Charged to	Shares entitled to dividend	Gross total
Dividends:				
January 10	0.080 euros	3rd interim 2017	470,464,311	37,637,144.88 €
April 10	0.080 euros	1st interim 2018	470,464,311	37,637,144.88 €
July 10 (*)	0.080 euros	Reserves	470,464,311	37,637,144.88 €
October 10	0.080 euros	2nd interim 2018	470,464,311	37,637,144.88 €
Total received by owners				150,548,579.52 €

4. TREASURY SHARES

At August 31, 2018, Zardoya Otis, S.A. did not hold any treasury shares.

5. FINANCIAL RISK MANAGEMENT FIRST AND SECOND SEMESTERS 2017

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.

Risk management is controlled by Group Management in accordance with the supplementary information to the annual corporate governance report as of November 30, 2017. Management assesses and hedges financial risks in collaboration with the Group's operating units, in order to:

(*) Dividend charged to reserves approved at the Ordinary General Shareholders' Meeting of May 23, 2018.

- 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, 2018, which Management does not consider to have changed significantly in comparison with that described in the consolidated annual financial statements for 2017. For the end of the 2018 reporting period, no significant changes in financial risks are forecast in comparison to the analysis for the first nine months of the year.

6. SIGNIFICANT EVENTS UP TO END OF THE THIRD QUARTER OF 2018 AND EVENTS AFTER THE REPORTING DATE

In the first nine months of the 2018 reporting period, companies belonging to the CGU Zardoya Otis Group (Spain) acquired: 100% of the shares of the company Ascensores Limarlift (S.L.) (April 5, 2018), a company engaging in elevator maintenance and repair in Spain; 80% of the shares of the company LV3, S.L. (April 16, 2018), a company engaging in the elimination of architectural barriers and accessibility solutions with stairlifts and platforms; and 100% of the company Integra Ascensores, S.L. (June 26, 2019), a company engaging in elevator maintenance and repair in Spain.

On July 19, 2018, Zardoya Otis, S.A. sold the land and facilities of its old modernizations centre in Munguia. The impact of the gain on this disposal of property, plant and equipment on the third-quarter results was around EThs 3 635. The Company intends to reinvest this gain in the new plant.

On September 14, Zardoya Otis, S.A. declared the third dividend in the 2018 calendar year, the second charged to the profit for the period, for a gross amount of 0.08 euros per share, giving a resulting total gross dividend of EThs 37 637. This dividend will be paid on October 10, 2018.

7. EXHIBIT – KEY FIGURES:

At the end of the third quarter of the 2018 reporting period (December 1, 2017 to August 31, 2018), the total consolidated figures and the comparison thereof with those for the same period of 2017 were as follows:

Key Data, 3th Quarter 2018			
<i>Consolidated figures in millions of euros</i>			
Results	2018	2017	% variance 18/17
EBITDA	150,5	158,8	(5,2)
Profit before tax	139,8	145,4	(3,9)
Profit after tax	105,6	109,6	(3,6)

Sales	2018	2017	% variance 18/17
New Installations	41,2	34,0	21,4
Service	409,9	405,7	1,0
Exports	119,3	129,0	(7,5)
Total	570,5	568,8	0,3

Orders received and backlog of unfilled orders (*)	2018	2017	% variance 18/17
Orders received	146,3	155,3	(5,8)
Backlog	153,3	149,3	2,7

Units under maintenance	2018	2017	% variance 18/17
Units under maintenance	287.470	285.551	0,7

(*) Includes New Installations and Modernizations

