ZARDOYA OTIS, S.A.
Lorea García Jáuregui
Secretaria del Consejo de Administración

ZARDOYA OTIS, S.A.
Golfo de Salónica, 73
28033 Madrid - España
Teléfono 91 343 51 00
www.otis.com

Comisión Nacional del Mercado de Valores
Dirección General de Mercados
Edison, 4
28006 MADRID

Madrid, 30 de Enero de 2020

Acompañando esta carta, adjuntamos la siguiente información en inglés:

- Notes to the Interim Financial Statements for the 2nd Semester of 2019
- Quarterly Report for 2nd Semester 2019

NOTA: la citada información en inglés ha sido traducida por la propia entidad, bajo su exclusiva responsabilidad y no tiene la consideración de oficial

Atentamente,

Lorea García Jáuregui

ZARDOYA OTIS S.A.
AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND SEMESTER OF 2019

ZARDOYA OTIS S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND SEMESTER OF 2019

1. Accounting policies

The accounting policies and consolidation processes applied in these interim financial statements are the same as those used when preparing the consolidated annual financial statements for the annual period ended November 30, 2018. The Group's consolidated financial statements as of November 30, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and in force at said date. The condensed consolidated interim financial statements for the six-month period ended May 31, 2019 set out the standards that entered into force in 2019 and have been adopted by the Group.

In relation to IFRS 9 *Financial Instruments*, it addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new hedge accounting rules and a new financial asset impairment model.

The Group has reviewed and validated that the new guideline has no significant impact on the classification and measurement of its financial assets for the following reasons:

- The Group does not currently hold any debt instruments classified as available for sale.
- Equity investments currently held at fair value through profit and loss will continue to be measured on the same basis under IFRS 9.
- Debt instruments currently classified as held-to-maturity and measured at amortized cost appear to meet the requirements to be classified at amortized cost under IFRS 9.

As explained in Note 5b, the Group has estimated the expected loss of credits and credit risk in accordance with the age of the debt and our experience in previous years, in line with the prior segregation of the customer portfolio and the current economic environment, in order to calculate the necessary provisions. A breakdown of receivables by age is shown below. As of November 30, 2019, based on the expected loss estimate, the Group had provisioned EThs 795 (EThs 663 in 2018) for debt aged less than 6 months, representing 0.7% of the balance of said age bracket, in line with our credit experience with our customers.

F.Y. 2019

Thousands of euros	Total	Impaired	Net	Not matured	Matured but not impaired
Less than 6 months	102,704	(795)	101,909	60,848	41,061
Between 6 months and 1 year	13,673	(1,792)	11,880	0	11,880
Between 1 and 2 years	21,462	(17,675)	3,787	0	3,787
More than 2 years	6,429	(6,429)	0	0	0
Under litigation	42,399	(42,399)	0	0	0
Total	**186,667**	**(69,090)**	**117,576**	**60,848**	**56,728**

F.Y. 2018

Thousands of euros	Total	Impaired	Net	Not matured	Matured but not impaired
Less than 6 months	94,452	(663)	93,789	55,104	38,685
Between 6 months and 1 year	10,034	(1,491)	8,543	-	8,543
Between 1 and 2 years	23,018	(15,680)	7,339	-	7,339
More than 2 years	27,371	(27,371)	0	-	0
Under litigation	39,979	(39,979)	-	-	-
Total	**194,855**	**(85,184)**	**109,671**	**55,104**	**54,567**

Additionally, the Group is assessing the impact of standards issued but not applied, such as IFRS 16:

IFRS 16 *Leases* was issued in January 2016. It will mean that almost all leases are recognized in the statement of financial position, given that it eliminates the distinction between operating and finance leases. Under the new Standard, an asset (the right to use the leased asset) is recognized, as well as a financial liability for payment of the lease instalments. The only exceptions are short-term and low-value leases.

The Standard will affect mainly the accounting for the Group's operating leases. At the 2019 reporting date, the Group held operating lease commitments of ETHs 9,556 (ETHs 9,918 en 2018). However, the Group has not yet determined the extent to which these commitments will result in the recognition of an asset and a liability for future payments or how this will affect the Group's profit and the classification of future cash flows.

Some of the commitments may be covered by the exceptions for short-term and low-value leases and there are other commitments that may be related to agreements that will not be classified as leases under IFRS 16.

The Standard is mandatory for the first interim periods in the periods beginning on or after January 1, 2019. The Group does not intend to adopt the Standard before it enters into force.

In 2019, there were no value adjustments with a material effect on the items of the assets, liabilities, equity, profit and loss or cash flows presented.

In the case of Zardoya Otis S.A., these financial statement have been prepared on the basis of the Company's accounting records and are presented in accordance with current mercantile legislation and the standards contained in the General Chart of Accounts approved by Royal Decree 1514/2007, together with the amendments to the latter included in Royal Decree 1159/2010 and Royal Decree 602/2016, in order to show a true and fair view of the Company's equity, financial position and results, as well as the accuracy of the cash flows shown on the statement of cash flows

2. Accounting estimates and judgements

The preparation of both the consolidated interim financial statements and the financial statements of Zardoya Otis, S.A. requires the use of certain critical accounting estimates. It likewise requires Management to exercise its judgement in the process of applying the Company's accounting policies. Consequently, the accounting estimates may differ from the final results of the circumstances assessed. These judgements and estimates are examined constantly and are based principally on historical experience and expectations of future events deemed reasonable.

3. Seasonality or cyclical nature of transactions in the annual period

The Group has no sales subject to significant variations over the year. In this respect, maintenance revenue is recognized on a straight-line basis when accrued. Consequently, seasonality is not considered significant for the purposes of these interim financial statements.

4. Changes in the companies that form part of the Group and transactions with non-controlling interests

In 2019, companies belonging to the CGU Zardoya Otis (Spain) Group acquired 100% of the shares of the companies Otis Lliset S.L.U. (December 4, 2018) Sige Ascensores S.L. (May 27, 2019) and Elevadores Tormes S.L. (October 10, 2019). Likewise, 80% of Ascensores Eleva S.L. was acquired (June 28, 2019). All these companies are engaged in elevator maintenance and repair in Spain (note 7)

If these acquisitions had been made at the beginning of the period, the effect on the main figures of the consolidated income statement and statement of financial position would not have been significant.

5. Financial risk management

Financial risk factors

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 policies approved by the Board of Directors of the parent company. Management assesses and hedges financial risks in close 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.

a) Market risk

(i) Foreign exchange risk

The Group operates internationally and, therefore, is occasionally exposed to foreign exchange risk arising from transactions in US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. However, these transactions are not significant and the effect of a change in the interest rate would not have a material effect on the financial information as of November 30, 2019.

To hedge the foreign exchange risk on future commercial transactions for importing materials, Group companies use forward contracts negotiated with UTC Treasury Center.

The Group holds an investment in foreign currency in Otis Maroc S.A., the net assets of which are exposed to foreign exchange risk. Although their carrying amount is around 7 million euros, the effect of a change in the exchange rate would not have a material effect on the Group's financial statements.

In relation to commercial export and import transactions, the Group is exposed to exchange rate risk that is not significant. At November 30, 2019, there were outstanding balances in currencies other than the euro equivalent to EThs 2,477 (EThs 986 in 2018).

(ii) Price risk

The Group has only limited exposure to commodity price risk.

Additionally, Group companies do not hold investments in companies outside the Group and, therefore, they are not exposed to securities price risk.

b) Credit risk

The Group has no significant concentrations of risk with customers and there are no significant old credit balances. The Group has policies in place to ensure that installation sales are made to customers with appropriate credit histories and, in addition, regular debt-monitoring procedures are conducted by the departments involved in debt collection.

To minimize credit risk, the Group has risk management policies in place to limit the amount of risk with any one financial institution. The credit risk arises from cash and cash equivalents, financial instruments, deposits with financial institutions, debt available for sale and receivables. The banks and financial institutions with which the Group works are of recognized prestige and have the highest credit ratings in the current market.

The amounts of trade receivables are shown in the statement of financial position net of the provision for impairment. At November 30, 2019, said provision was EThs 69,090 (EThs 85,184 at November 30, 2018). The Group estimates the provision in accordance with the age of the debt and experience in earlier years, in line with the previous segregation of the customer portfolio and the current economic environment, to calculate the necessary provisions. In the six-month period, the Group cancelled a provision of EThs 14,199 (EThs 2,480 in 2018) with no effect on profit and loss. This amount was written off against the customer account because it related to uncollectible balances.

As of November 30, 2019, the Group held current deposits with financial institutions of EThs 13,492 (EThs 17,726 as of November 30, 2018). As stated above these deposits are placed with prestigious financial institutions in Spain and Portugal.

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. For this purpose, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

At November 30, 2019, cash and cash equivalents represented EThs 50,589 (EThs 56,444 at November 30, 2018), including amounts held as cash, in banks and as current deposits with financial institutions.
The change in the statement of cash flows in relation to operating, investing and financing activities is shown below:

	2019	2018
Cash at beginning of period	**56,445**	**60,854**
Cash flow from operating activities	172,388	161,902
Cash flow from investing activities	(19,385)	(15,354)
Cash flow from financing activities	(158,859)	(150,957)
Cash at end of period	**50,589**	**56,445**

d) Cash flow and fair value interest rate risk

As the Group does not hold important remunerated assets, income and cash flows from operating activities are substantially independent of changes in market interest rates.

The Group does not use financial derivatives to hedge interest rate risks derived from its activity.

The Group's interest rate risk arises on non-current borrowings tied to variable indexes. The variable interest rate applied to the loans from financial institutions is subject to fluctuations in the Euribor.

As stated in Note 12, the Group did not hold any borrowings at fixed rates at November 30, 2019.

e) Capital risk management

The Group's objectives in relation to capital management are to safeguard its capacity to maintain sustained long-term profitability; to have the capacity to fund both its internal and external growth through acquisitions; to obtain adequate yields for the shareholders; and to maintain an optimal capital structure that includes equity, the generation of its own cash from the business in each year and, as far as necessary, borrowings at the lowest cost possible.

The Group considers leverage as a capital management indicator. It is calculated by dividing the net debt by the total capital. The net debt is calculated as total borrowings plus other financial liabilities less cash and cash equivalents less current financial assets.

	2018	2018
Borrowings (current and non-current)	795	290
Other current and non-current financial liabilities	16,450	10,471
Cash and cash equivalents	(50,589)	(56,445)
Net financial debt	(33,344)	(45,684)
Equity	422,934	434,355
Leverage (*)	**-0.09**	**-0.11**

(*) (Net financial debt/(Net financial debt + Equity))

At November 30, 2019, the net financial debt represented -0.1597 of EBITDA (-0.2192 at the end of 2018). (EBITDA = Operating profit plus amortization plus depreciation).

6. Property, plant and equipment and intangible assets

In the 2019 period, investments in property, plant and equipment and intangible assets were made for values of EThs 5,907 and EThs 24,237, respectively (EThs 7,516 and EThs 18,391 in 2018).

At the reporting date, there were property, plant and equipment purchase commitments for a value of EThs 858 (EThs 2,062 in 2018), EThs 46 of which had already been paid (EThs 1,880 in 2018).

In 2019, impairment testing of the goodwill recognized in each CGU showed a value in use of the assets that was higher than the net carrying amount recorded and, therefore, no impairment of intangible assets has been recognized in the 2019 financial information.

7. Business combinations

2019:

In 2019, companies belonging to the CGU Zardoya Otis Group (Spain) acquired 100% of the shares of the companies Otis Lliset S.L.U. (December 4, 2018) Sige Ascensores S.L. (May 27, 2019) and Elevadores Tormes SL (October 10, 2019). Likewise, 80% of Ascensores Eleva S.L. was acquired (June 28, 2019). All these companies are engaged in elevator repairs and maintenance in Spain.

2018:

In 2018, companies belonging to the Zardoya Otis Group (Spain) CGU acquired 100% of the shares of Ascensores Limarlift S.L. (April 5, 2018), Integra Ascensores S.L. (June 26, 2018), Elko sistemtes d´elevacion S.L. (September 11, 2018) and Euroascensores Alcaraz SL (November 26, 2018), all of which are engaged in the elevator maintenance and repair activity. Likewise, 80% of Soluciones de accesiibilidad LV3 S.L. was acquired (April 16, 2018). This company is engaged in eliminating architectural barriers and providing accessibility solutions with stair lifts and platforms.

8. Dividends

In 2019, the company distributed four quarterly dividends as follows:

1st dividend: 0.080 euros gross per share, charged to the 2019 period. Declared on March 20, 2019 and paid out on April 10, 2019. Shares: 470,464,311 (treasury shares: zero) Gross total = 37,637,144.88 euros	37,637
Dividend charged to reserves: 0.080 euros gross per share. Declared on May 22, 2019 and paid out on July 10, 2019 Shares: 470,464,311 (treasury shares: zero) Gross total = 37,637,144.88 euros	37,637
2nd dividend: 0.080 Euros gross per share, charged to the period 2019. Declared on September 12, 2019 and paid out on October 10, 2019. Shares: 470,464,311 (treasury shares: 385,869) Gross total = 37,637,144.88 euros	37,606
Dividend at end of period	112,880
3rd dividend: 0.080 Euros gross per share, charged to the period 2019. Declared on December 11, 2019 and paid out on January 10, 2020. Shares: 470,464,311 (treasury shares: 385,869) Total = 37,637,144.88 euros	37,606
TOTAL 2019	150,486

9. Treasury shares

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 23, 2018 authorized the Board of Directors to acquire, directly or indirectly, treasury shares of Zardoya Otis, S.A., observing the limits and requirements set out in article 146 and related articles of the Capital Companies Law.

At its meeting of December 11, 2018, the Board of Directors agreed to acquire treasury shares so that they could be used in company acquisition transactions.

As a consequence of one of the company acquisition transactions (Ascensores Eleva SL) mentioned in Note 7, Zardoya Otis, S.A. acquired 922,794 shares for a value of EThs 6,206 euros and, on June 28, 2019, in payment, gave in exchange 536,925 treasury shares that it held on its portfolio, valued at EThs 3,557.

As of November 30, 2019, Zardoya Otis, S.A. held 385,869 treasury shares (zero at the end of 2018) for a value of EThs 2,572.

10. Segment reporting

This information is included in section 11 of the selected information of the half-yearly financial report.

11. Related-party transactions

This information is included in section 14 of the selected information of the half-yearly financial report.

12. Borrowings

As of November 30, 2019 and 2018, the carrying amount of current borrowings from financial institutions was equal to its fair value, since the impact of discounting was not significant. Interest accrued in the period was EThs 104 (2018: EThs 104).

At November 30, 2019:

	Current	2019	2020	Noncurrent
Borrowings from financial institutions	795	-	-	-
Other	-			
EThs	795	-	-	-

At November 30, 2018:

	Current	2019	2020	Noncurrent
Borrowings from financial institutions	155	-	-	-
Other	135			
EThs	290	-	-	-

13. Welfare commitments

Post-employment commitments held with Group employees, consisting of the payment of social security benefit complements, other retirement benefits and life insurance premiums, are met through group insurance policies and are classified as defined benefit plans.

The liability recognized on the statement of financial position for the defined benefit plans is the present value of the obligation at reporting date less the fair value of the assets attached to the plan. The defined benefit obligation is calculated annually, once the salary adjustment process has concluded in October, by independent actuaries, using the projected unit credit method. The consolidated income statement in these financial statements shows an expense of EThs 1,697 (2018: EThs 1,596) for this item, presented as employee benefit expenses.

The amounts recognized in the consolidated and individual income statements of Zardoya Otis, S.A. are as follows:

	2019	2018
Current service cost	2,012	2,106
Interest cost	713	589
Expected yield on plan assets	(741)	(690)
Settlements	(287)	(409)
Actuarial (gains)/losses	-	-
EThs	**1,697**	**1,596**

Deferred taxes

Deferred taxes are calculated on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated annual financial statements. In order to determine their amounts, tax rates enacted or substantially enacted at the reporting date and expected to apply when the deferred tax asset is realized or the deferred tax liability is settled are used.

	Deferred tax asset	Deferred tax liability
At November 30, 2017	23,994	24,263
P&L impact	204	(2,894)
Movement due to change in rate	-	-
Business combinations	-	2,303
November 30, 2018	24,197	23,672
P&L impact	(723)	(2,323)
Movement due to change in rate	-	-
Business combinations	-	3,598
November 30, 2019	23,474	24,947

15. Events after the reporting date

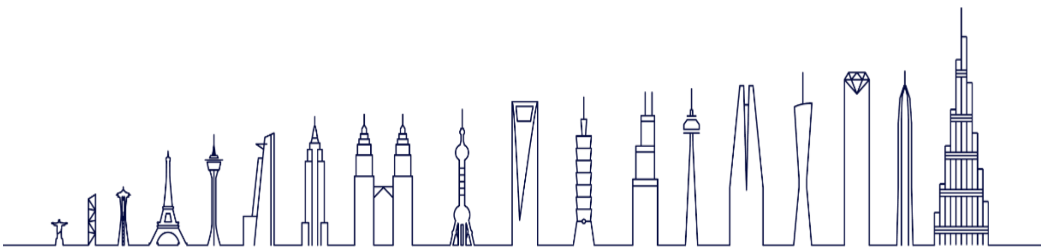
On December 11, 2019, Zardoya Otis, S.A. declared the third interim dividend charged to the profit for the period, for a gross amount of 0.080 per share. The resulting amount was a total gross dividend of ETHs 37,637, which was paid on January 10, 2020.

ZARDOYA OTIS, S.A

QUARTERLY REPORT FOR

4TH QUARTER 2019

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



1. ENVIRONMENT AND PROSPECTS

The year 2019 was marked by an increase in global uncertainty, propitiated not only by the possible outcome of Brexit and the intensity of the trade war between the U.S.A. and China (and, to a lesser extent, the EU), but also by the increase in political and social instability in many countries all over the world. This scenario has harmed trade and global economic activity and has meant continual downward revisions of the growth prospects.

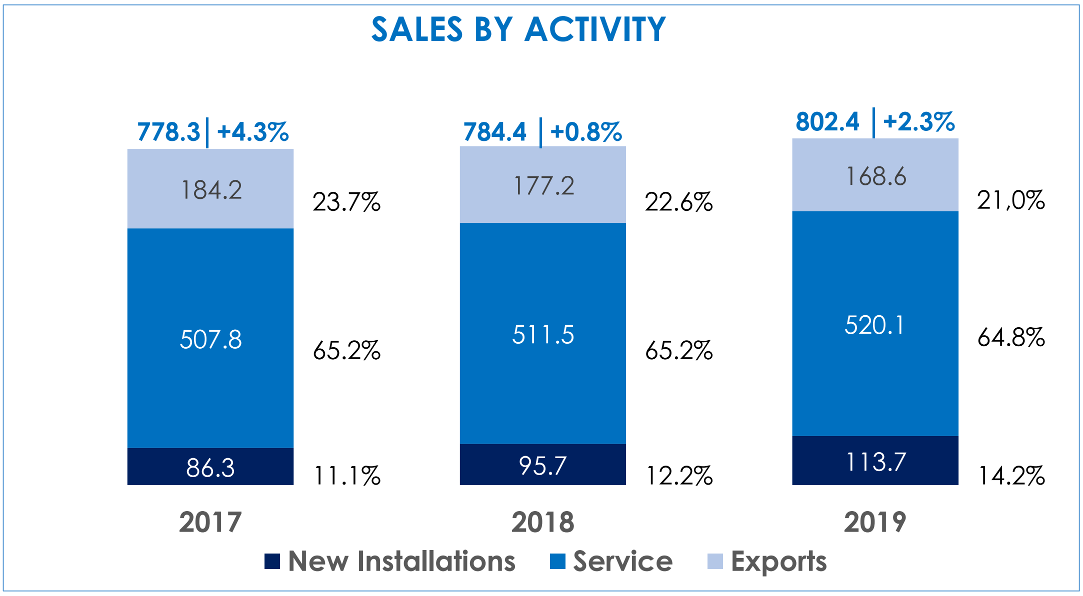
According to IMF projections, 2020 growth projections place the **GDP** for Spain at 1.8%, 1.6% for Portugal and 3.7% for Morocco. Regarding **inflation**, for 2020 the IMF predicts rates of 1% for Spain, 1.2% for Portugal and 1.1% for Morocco. In relation to the **unemployment rate**, even though it dropped in Spain, we ended 2019 with 13.9%, still a long way behind Portugal, which ended 2019 with 6.1%, and the European Union average, which was 6.7% at the end of the year. The 2020 FMI projections reduce the unemployment rate in Spain to 13.2%, 5.6% for Portugal and 8.9% for Morocco. Unemployment continues to be one of Spain's greatest challenges.

According to the Ministry of Development, the **construction sector** had been showing stable growth until 2018. Our New Sales and order figures clearly reflect this trend. We are still optimistic that this upward trend will continue but, however, in 2019, several analyses of the construction sector mentioned symptoms of a deceleration in the activity. The indicators relating to construction investment (new constructions approved, official calls for tenders, homes purchased and sold, etc.) showed signs of deterioration throughout 2019, in respect of both residential buildings and civil works.

2. BUSINESS EVOLUTION

SALES:

Total consolidated sales at the end of the fourth quarter of 2019 were 802.4 million euros, in comparison with the 784.4 million euros of the fourth quarter of 2018, representing an increase of 2.3%.



(Millions of euros – cumulative figures at the end of 2019)

For comparative purposes, the New Installations and Service figures for the periods 2018 and 2017 include reclassifications between them for ETHs 39,200 and ETHs 37,541, respectively, relating to new elevators installed in buildings that did not originally have an elevator. For presentation purposes, the Zardoya Otis Group now considers this activity as New Installations while, in the past, it was considered part of the Service activity.

New Installations

The value of new installations at the end of 2019 was 113.7 million euros, 18.8% up on the 2018 figure. Attention should be drawn to the fact that this increase took place on top of the increases, likewise in the two-digit range, of both 2017 (+18.3%) and 2018 (+10.9%), meaning that the cumulative growth between 2016 and 2019 was 55.9% (31.8% since 2017).

In 2019, new installations sales accounted for 14.2% of total sales (12.2% at the end of the fourth quarter of 2018).

Service

Consolidated service sales totalled 520.1 million euros (511.5 million euros in 2018), representing an annual increase of 1.7%. We have been showing continuous growth in our main activity since the first quarter of 2018.

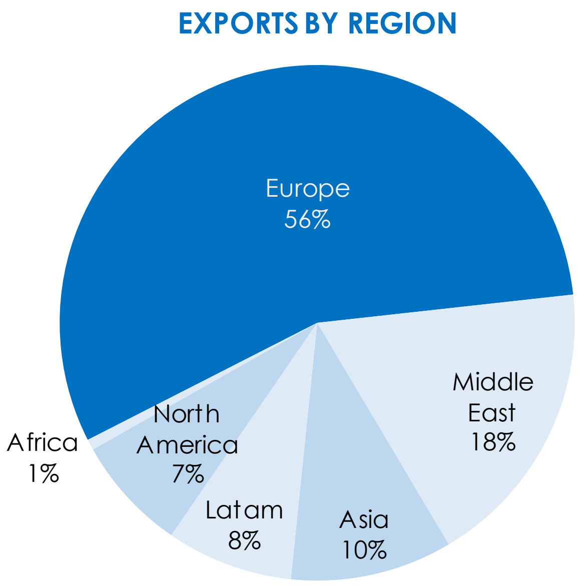
The service activity represented 64.8% of the Group's total billing in 2019 (65.2% in 2018).

Exports

At the end of 2019, net accumulated Export Sales, after elimination of the sales to our subsidiaries in Portugal, Morocco, Gibraltar and Andorra in the consolidation process, were 168.6 million euros (177.2 million euros 2018), 4.9% down on the 2018 figure.

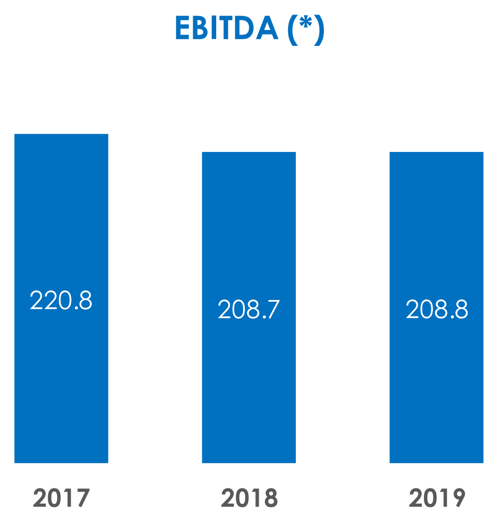
Exports represented 21% of Group consolidated sales in 2019 (20.9% in 2018).

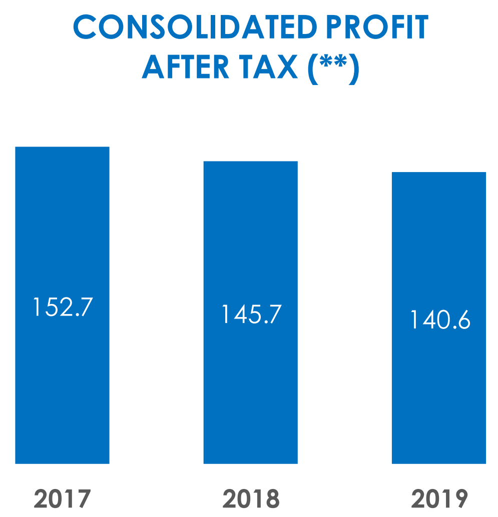
We are continuing to make a special effort to introduce our products into central and northern European countries, in order to offset the decrease in other markets, such as Turkey and the Middle East.



The graph shows the geographical destinations of the exports for 168.6 million euros in 2019

RESULTS





(*) Ebitda in millions of euros – cumulative figures at the end of fiscal period.

(**) Consolidated profit after tax on continuing operations attributable to the Company's shareholders for each fiscal period – expressed in millons of euros.

EBITDA (operating profit plus amortization and depreciation) at the end of 2019 was 208.8 million euros, 0.1% higher than the 2018 figure. For the first time since 2010, the EBITDA was higher than that of the preceding year.

In the second half of 2019, the positive effects of the plans for growth and productivity improvements initiated over recent years may be seen, allowing EBITDA to rise by 3.9% in comparison with the same period of 2018.

Consolidated profit before tax was 187.2 million euros in 2019, 2.2% down on the 2018 figure.

Profit after tax was 140.6 million euros in 2019, 3.6% down on the 145.7 million euros obtained in 2018.

We continue to advance with the digitalization process. In 2018, we accelerated the implementation of the plan. Our goal is to connect our customers and users to our technical assistance network and to the elevators we have in service. We have provided all our technical staff with latest-generation mobile devices, which has allowed us to progress in the digital transformation project. We have a digital service division that is leading the project to monitor our units and carry out remote interventions on them, with 70,000 elevators being monitored. In 2019, we successfully connected a further 20,000 units.

These advances allow us to anticipate, identify and solve incidents, considerably reducing the time for which people are trapped in the units to which we provide service.

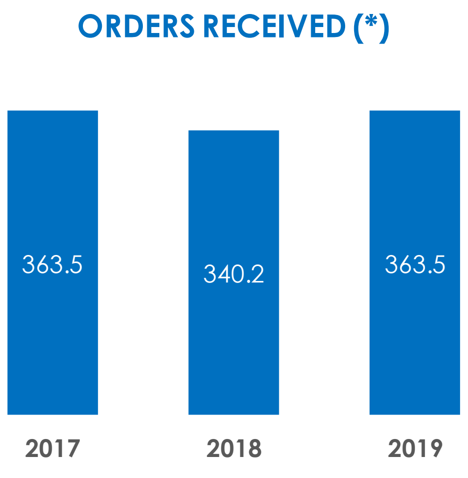
We are continually receiving millions of data that allow us to define operating patterns and, in the case of any deviation, generate specific action plans for each elevator. The technology at our disposal is very promising but, at the same time, it is necessary to modernize the elevators installed, which should give rise to new business opportunities.

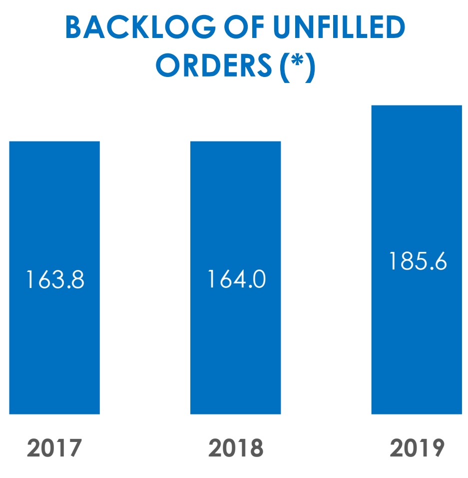
Exceptional events in the fourth quarter

The result for the fourth quarter of 2018 includes the positive effect of 3.6 million euros from the sale of a property in Munguía.

The exceptional positive impact of 4.0 million euros reported in the report on the previous quarter has been neutralized in the fourth quarter, as mentioned in the preceding quarterly report.

3. OTHER KEY DATA





(*) Includes cumulative figures at the end of fiscal period for New Installations, Modernizations and Exports

For comparative purposes, the orders received figures for 2018 and 2017 include sums of EThs 151,102 and EThs 166,321, respectively, relating to exports to distributors, other Otis companies and end customers in the Marine sector. Similarly, the backlog of unfilled orders for 2018 and 2017 contains sums of EThs 20,669 and EThs 24,481 for the same items. For presentation purposes, the Zardoya Otis Group now includes the transactions described in their Exports figures.

Orders received and backlog of unfilled orders

In 2019, the amount of the orders received for modernizations, new installations and exports, including new and existing buildings and cruise ships, was 363.5 million euros, representing an increase of 6.8% on 2018.

The backlog of unfilled orders at the end of 2019 was 185.6 million euros, an increase of 13.2% on the comparable period of 2018.

These two variables continue to grow, which will provide us with future growth in both our domestic and export markets.

In 2019, we increased our assembly capacity by recruiting and training technical personnel, which will allow us to complete work more speedily in 2020.

Units under maintenance

We ended the fourth quarter of 2019 with a new record figure of 293,746 units, representing growth of 1.8% on the units at the end of the fourth quarter of 2018. We would like to highlight the fact that the figure of 250,000 units was surpassed in Spain during the year.

4. CONDENSED CONSOLIDATED INCOME STATEMENT

(Cumulative figures at the end of the fourth quarter expressed in millions of euros)

	2019	2018
SALES	**802.4**	**784.4**
OTHER REVENUE	1.3	1.5
RAW MATERIALS AND CONSUMABLES USED	(274.0)	(264.7)
EMPLOYEE BENEFIT EXPENSES	(262.1)	(254.3)
OTHER NET EXPENSES	(58.8)	(58.3)
EBITDA	**208.8**	**208.7**
AMORTIZATION, DEPRECIATION AND IMPAIRMENT	(21.9)	(20.5)
OPERATING PROFIT	**187.0**	**188.1**
FINANCIAL INCOME	0.3	0.2
FINANCIAL COSTS	(0.2)	(0.4)
FOREIGN EXCHANGE DIFFERENCES	(0.1)	(0.1)
OTHER GAINS & LOSSES	**0.3**	**3.6**
PROFIT BEFORE TAX	**187.2**	**191.4**
INCOME TAX EXPENSE	(46.0)	(45.1)
PROFIT FOR THE PERIOD	**141.2**	**146.3**
ATTRIBUTABLE TO:		
OWNERS OF THE PARENT COMPANY	**140.6**	**145.7**
NON-CONTROLLING INTERESTS	**0.7**	**0.6**

In 2018, a capital gain on the sale of ETHs 3,635 on the sale of property, plant & equipment is included.

5. DIVIDENDS

In these four quarters, four 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 shares			(371,756)	(29,740.48) €
Total			**470,092,555**	**37,607,404.40 €**
October 10	0.080 euros	2nd interim 2019	470,464,311	37,637,144.88 €
Treasury shares			(385,869)	(30,869.52) €
Total			**470,092,555**	**37,606,275.36 €**
Total received by owners				**150,487,969.52 €**

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

Subsequently, at its December meeting, the Board of Directors approved the third interim dividend charged to the 2019 profit, paid on January 10, 2020, as follows:

Jan. 10	0.080 euros	3rd interim 2019	470,464,311	37,637,144.88 €
Treasury shares			(385,869)	(30,869.52) €
Total			**470,078,442**	**37,606,275.36 €**

6. ORDINARY GENERAL SHAREHOLDERS' MEETING

On May 22, 2019, the Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. was held in Madrid on the second call. At the Meeting, a series of resolutions were passed, which were notified to the National Securities Market Commission (CNMV) and may be consulted on the following link:

http://www.cnmv.es/portal/HR/ResultadoBusquedaHR.aspx?nif=A-28011153&division=1&page=1

The result the attendance list may be summarized as follows: (i) 165 shareholders owning 62,951,337 shares and representing 13.38% of the share capital were present;

and (ii) 930 shareholders owning 282,075,179 shares and representing 59.96% of the share capital, were represented. Consequently, the total number of shares present or represented was 345,026,516, representing 73.34% of the share capital.

7. TREASURY SHARES

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on May 23, 2018 authorized the Board of Directors to acquire, directly or indirectly, treasury shares of Zardoya Otis, S.A., observing the limits and requirements set out in article 146 and related articles of the Capital Companies Law.

At its meeting of December 11, 2018, the Board of Directors agreed to acquire treasury shares so that they could be used in company acquisition transactions.

As a consequence of a company acquisition transaction (Ascensores Eleva SL), Zardoya Otis, S.A. acquired 922,794 shares for a value of EThs 6,206 euros and, on June 28, 2019, in payment, gave in exchange 536,925 treasury shares that it held on its portfolio, valued at EThs 3,557.

As of November 30, 2019, Zardoya Otis, S.A. held 385,869 treasury shares (zero at the end of 2018) for a value of EThs 2,572.

8. FINANCIAL RISK MANAGEMENT FOURTH QUARTER 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.

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 close 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.

9. SIGNIFICANT EVENTS IN THE FOURTH QUARTER 2019 AND AFTER THE END OF THE REPORTING PERIOD

On December 11, 2019, Zardoya Otis, S.A. declared the third interim divided charged to the profit for the period for a gross amount of 0.080 euros per share. The result was a total gross dividend of EThs 37,637, which was paid out on January 10, 2020.

10. OTHER INFORMATION

PRINCIPAL PRODUCTS

Innovation has always been a constant factor in Zardoya Otis and our latest systems bear this out. We develop elevators that change how people move. Our revolutionary Gen2® and innovative SkyRise® systems are two of the latest examples. We are, therefore, continuing to expand our range. In 2018, we launched the Gen2 Home, an elevator for single-family homes, and, at present, we are selling more than a thousand units per year. In the next few months, we will have the first manufactured units of the Gen2 Fit.

Thus, we are endeavouring to meet the different needs of each group of customers. Examples are the following models:

Gen2 Home: versatile, silent and comfortable, it is the perfect solution for buildings with moderate traffic to allow people to move more comfortably or surmount architectural barriers. It is an ideal solution for homes, offices or schools.

Gen2 Switch: easy to install and safe, it generates energy and plugs in like a household appliance. The Gen2 Switch is a highly efficient elevator, created especially for buildings that do not have an elevator, with aesthetics adapted to any surroundings.

Gen2 Fit: this equipment has been designed to fit into minimal spaces, with cars that may be for just one person, and has all the advantages of the latest-generation Otis elevators: extreme safety, comfort, respect for the environment and energy regeneration.

REGULATIONS AND LEGISLATION

In June, the Ministry of Industry published the prior public consultation on the first draft of the Royal Decree which will amend the Supplementary Technical Instruction ITC AEM1 “Elevators” of 2013. The Ministry’s intention is to adapt national legislation to European legislation, establish the necessary technical requirements nationally to keep elevators in line with technical developments, and adapt existing elevators to the current state of the art in respect of safety. Upon completion of the public consultation, the Ministry plans to publish a draft of ITC AEM1 in the first half of 2020.

The average age of the elevators in service is over 20 years and, therefore, most of them do not include the safety measures set out in EN 81-20/50. This standard is mandatory for new elevators installed in or after September 2017.

11. EXHIBIT – KEY FIGURES:

At the end of the fourth quarter of 2019 (December 1, 2018 to November 30, 2019), the total consolidated figures and the comparison thereof with those of the preceding fiscal period were as follows:

Key Data, 4° Quarter 2019			
Consolidated figures in millions of euros			
Results	**2019**	**2018**	**% variance 19/18**
EBITDA	208.8	208.7	0.1
Profit before tax	187.2	191.4	(2.2)
Profit after tax	140.6	145.7	(3.6)
Sales	**2019**	**2018**	**% variance 19/18**
New Installations	113.7	95.7	18.8
Service	520.1	511.5	1.7
Exports	168.6	177.2	(4.9)
Total	597.1	784.4	2.3
Orders received (*) Backlog of unfilled orders (*)	**2019**	**2018**	**% variance 19/18**
Orders received	363.5	340.2	6.8
Backlog	185.6	164.0	13.2
Units under maintenance	**2019**	**2018**	**% variance 19/18**
Units under maintenance	293,746	288,467	1.8

(*) Includes New Installations, Modernizations and Exports