

# Interim results as of June 30, 2019

August 14, 2019

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# Highlights January – June 2019

## Growth and strategic investments

- Growth across all regions and product lines; strategic investments on track
- Noteworthy development in major projects, particularly in the public-transport segment in North America and China
- Higher material costs, wage inflation, foreign currency impacts and the planned increase in strategic investments weighed on operating profit
- Improving margins in order intake and order backlog

## Ongoing growth, profitability impacted as expected

- Order intake increased by 3.8% (+5.8% in local currencies)
- Revenue rose by 3.3% (+5.4% in local currencies)
- EBIT reached CHF 596 million (2018: CHF 613 million), sequential increase in EBIT margin
- Net profit was CHF 436 million (2018: before one-time tax refund CHF 461 million)

# Asia-Pacific

## Significant growth in China and India

### Continued overall positive new installations market environment

- China: Slightly positive market in the first half-year
- India: Ongoing strong growth driven by residential and infrastructure segments
- Southeast Asia: Mixed picture

### Schindler performance

- New installations: Good performance in major markets supported by large project wins
- Existing installations: Strong growth in service and modernization

# Americas

## Sustained growth across the region

### Stable new installations markets

- North America: Broadly stable on a high level; growth in large public-transport; low-/mid-rise segment trending towards less activity
- Latin America: Overall stable; Brazil still with challenging environment

### Schindler performance

- North America: Slight decline in new installations business; bottleneck of qualified field labor
- Latin America: Overall good new installations growth despite still muted development in Brazil
- High growth in existing installations business across the region



# EMEA

## Solid markets

### New installations markets on a high level

- Northern Europe: Continued solid markets on a high level
- Southern Europe: Slight market contraction, especially driven by Turkey

### Schindler performance

- New installations: Slightly negative development year on year
- Existing installations: Continued strong portfolio development
- Availability of qualified labor is an issue across the region

# Strategic investments on track

## Impacting our results



### Modularity

- Reducing complexity with modular products:
  - ✓ Harmonized cars and car deco
  - ✓ Hoistway materials
  - ✓ Controller components
  - Doors and door drives
  - Elevator systems
  - Tools and processes
  - Machines



### Digitization

- New products launched:
  - ✓ Ahead SmartMirror
  - ✓ Ahead AdScreen
- Global roll-out and connectivity according to plan
- Top notch cyber security features



### BuildingMinds

- Core team set up
- Collaboration with Microsoft established
- First customer solutions being developed

# Key figures as of June 30, 2019

## April to June

In CHF million	Q2 2019	Q2 2018	Δ%	Δ% in LC
Order intake	3 122	3 047	2.5	5.1
Revenue	2 849	2 782	2.4	5.0
Operating profit (EBIT)	322	332	-3.0	-0.3
in %	11.3	11.9		
Operating profit (EBIT), adjusted	334 <sup>1)</sup>	337 <sup>2)</sup>	-0.9	1.8
in %	11.7	12.1		
Financing and investing activities	-17	20 <sup>4)</sup>		
Profit before taxes	305	352	-13.4	
Income taxes	66	44 <sup>4)</sup>		
Net profit	239	308 <sup>4)</sup>	-22.4	
Earnings per share and participation certificate in CHF	2.08	2.72	-23.5	
Cash flow from operating activities	85 <sup>3)</sup>	104	-18.3	

1) Adjusted for restructuring costs (CHF 7 million) and expenses for BuildingMinds (CHF 5 million)

2) Adjusted for restructuring costs (CHF 5 million)

3) Before IFRS 16 – Leases CHF 53 million

4) One-time tax refund of CHF 55 million (income taxes CHF 30 million, net interest income CHF 25 million)

# Key figures as of June 30, 2019

## January to June

In CHF million	1H 2019	1H 2018	Δ%	Δ% in LC
Order intake	6 090	5 869	3.8	5.8
Revenue	5 431	5 255	3.3	5.4
Operating profit (EBIT)	596	613	-2.8	-0.7
in %	11.0	11.7		
Operating profit (EBIT), adjusted	616 <sup>1)</sup>	622 <sup>2)</sup>	-1.0	1.1
in %	11.3	11.8		
Financing and investing activities	-32	11 <sup>4)</sup>		
Profit before taxes	564	624	-9.6	
Income taxes	128	108 <sup>4)</sup>		
Net profit	436	516 <sup>4)</sup>	-15.5	
Earnings per share and participation certificate in CHF	3.79	4.54	-16.5	
Cash flow from operating activities	348 <sup>3)</sup>	434	-19.8	

1) Adjusted for restructuring costs (CHF 11 million) and expenses for BuildingMinds (CHF 9 million)

2) Adjusted for restructuring costs (CHF 9 million)

3) Before settlement of pension obligations (CHF -157 million), and IFRS 16 – Leases (CHF 61 million) CHF 444 million

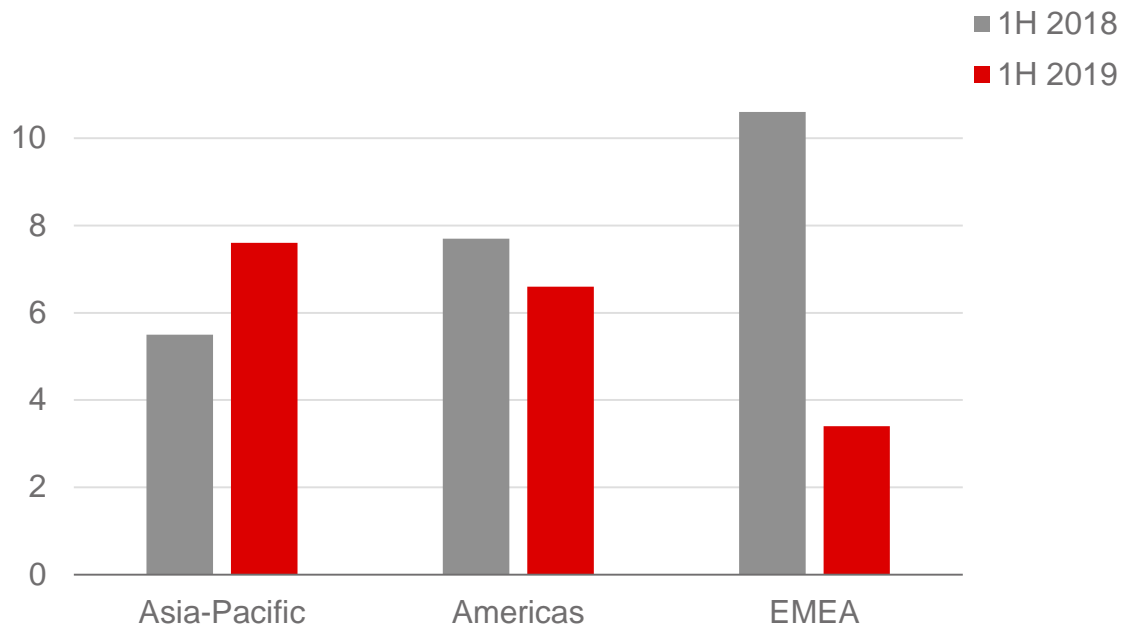
4) One-time tax refund of CHF 55 million (income taxes CHF 30 million, net interest income CHF 25 million)



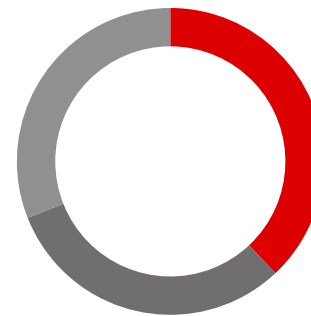
# Order backlog and revenue by region

Robust order backlog provides solid base for future growth

Revenue growth by region (in LC) in %



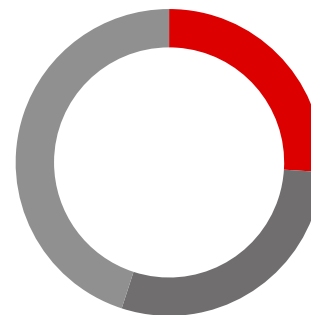
Order backlog



1H 2019: CHF 9 217 million (+9.3% in LC)  
1H 2018: CHF 8 708 million

	2019	2018
■ Asia-Pacific	38%	39%
■ Americas	31%	29%
■ EMEA	31%	32%

Revenue



1H 2019: CHF 5 431 million (+5.4% in LC)  
1H 2018: CHF 5 255 million

	2019	2018
■ Asia-Pacific	26%	26%
■ Americas	29%	28%
■ EMEA	45%	46%

# Outlook 2019

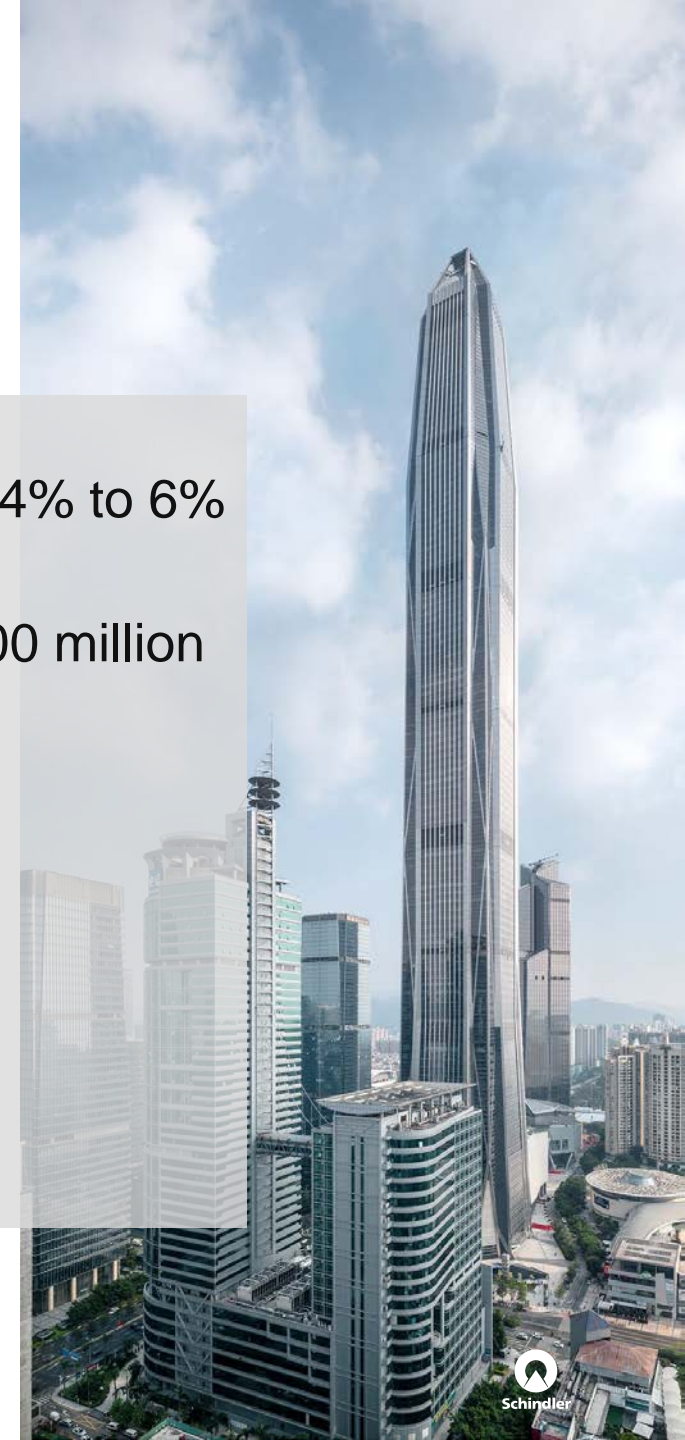
Status as of August 14, 2019

## Business environment

- Long-term growth drivers remain intact
- Persistent political and economic uncertainties:
  - Foreign currency effects
  - Trade war
  - Material cost and wage inflation
- Markets may slightly weaken for the remainder of the year
- Qualified field labor shortage

## Schindler guidance for FY 2019

- Revenue growth of between 4% to 6% in local currencies
- Net profit of between CHF 900 million and CHF 940 million



# Financial calendar

	2019	2020
Publication of selected key figures as of September 30	October 24	
Annual results media conference		February 14
Ordinary General Meeting Schindler Holding Ltd.		March 19

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# Additional charts



# IFRS 16 – Leases

## Changes and impacts

**Until end of 2018:** Costs for most of the lease contracts have been expensed in other operating expenses

**Starting from 2019:** Lease contracts will be recognized in the balance sheet as a right-of-use asset and related lease liability

**Transition:** Schindler applies the modified retrospective approach; no restatement of previous year's figures

### Balance sheet (as of January 1, 2019)

- Increase of assets by CHF 401 million
- Increase of lease liabilities by CHF 409 million (negatively impacting net liquidity)
- Negative impact on equity by CHF 8 million

### Cash flow statement (as of June 30, 2019)

- Increase of cash flow from operating activities by CHF 61 million
- Decrease of cash flow from financing activities by CHF 61 million

### Income statement (as of June 30, 2019)

- Insignificant impact on net profit



# Balance sheet

In CHF million	30.6.2019 <sup>1)</sup>	in %	31.12.2018	in %	30.6.2018	in %
Cash and cash equivalents	2 036	19.8	2 248	22.5	1 992	20.5
Other current assets	4 457	43.4	4 252	42.7	4 320	44.4
<b>Total current assets</b>	<b>6 493</b>	<b>63.2</b>	<b>6 500</b>	<b>65.2</b>	<b>6 312</b>	<b>64.9</b>
Non-current assets	3 782	36.8	3 476	34.8	3 409	35.1
<b>Total assets</b>	<b>10 275</b>	<b>100.0</b>	<b>9 976</b>	<b>100.0</b>	<b>9 721</b>	<b>100.0</b>
Current liabilities	5 223	50.8	4 807	48.2	4 959	51.0
Non-current liabilities	1 395	13.6	1 426	14.3	1 485	15.3
<b>Total liabilities</b>	<b>6 618</b>	<b>64.4</b>	<b>6 233</b>	<b>62.5</b>	<b>6 444</b>	<b>66.3</b>
Equity	3 657	35.6	3 743	37.5	3 277	33.7
<b>Total liabilities and equity</b>	<b>10 275</b>	<b>100.0</b>	<b>9 976</b>	<b>100.0</b>	<b>9 721</b>	<b>100.0</b>
<b>Net working capital</b>	<b>-480</b>		<b>-455</b>		<b>-474</b>	
<b>Net liquidity</b>	<b>1 482</b>		<b>2 231</b>		<b>1 924</b>	

1) First-time application of IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments, prior-year figures were not restated

# Quarterly overview 2019/2018

In CHF million		2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	
Order intake	3 122	2 968	3 016	2 784	3 047	2 822	
Revenue	2 849	2 582	2 940	2 684	2 782	2 473	
Operating profit (EBIT)	322	274	343	313	332	281	
in %	11.3	10.6	11.7	11.7	11.9	11.4	
Financing activities	-17	-14	-3	-16	24	-9	
Investing activities (associates)	-	-1	-11	2	-4	-	
Profit before taxes	305	259	329	299	352	272	
Income taxes	66	62	67	69	44	64	
Net profit	239	197	262	230	308	208	
in %	8.4	7.6	8.9	8.6	11.1	8.4	
Cash flow from operating activities	85	263	289	282	104	330	
Investments in property, plant, and equipment	68	49	77	57	65	46	