

Key figures as of March 31, 2020

Press release
April 22, 2020

Stable revenue in local currencies

For the first quarter of 2020, Schindler reports stable revenue in local currencies (–0.2%), supported by the resilience of the service business. In Swiss francs, revenue of CHF 2 447 million declined 5.2% as numerous currencies depreciated. As the impact from the COVID-19 pandemic has expanded globally, order intake in the first quarter of 2020 declined 8.4% to CHF 2 720 million (–3.2% in local currencies). The Group’s highest priority continues to be the safety and well-being of employees, their family members, customers, and the passengers who use Schindler elevators and escalators throughout the world every day.

The COVID-19 pandemic initially affected the Asia-Pacific construction industry, with the effects later spreading to all regions of the world. The pandemic led to the temporary shutdown of production plants in several countries as well as the closure of construction sites. Far-reaching restrictions on the freedom of movement of people made it difficult to conclude contracts for new projects and to carry out work on existing orders. This had an impact on the new installations and modernization businesses in particular. The service business proved resilient and achieved growth, even in this adverse environment.

Order intake and order backlog

Order intake decreased by 8.4% to CHF 2 720 million in the first quarter of 2020 (previous year: CHF 2 968 million), corresponding to a decline of 3.2% in local currencies. The volume of orders for major projects remained robust. The Asia-Pacific region, especially China, was most affected by the COVID-19 pandemic. EMEA was the only region able to grow its order intake compared to the previous year.

As of March 31, 2020, the order backlog decreased by 1.7% to CHF 8 975 million (previous year: CHF 9 128 million). In local currencies, the order backlog increased by 5.6%.

Revenue

In the first quarter 2020, revenue amounted to CHF 2 447 million (previous year: CHF 2 582 million), which is equivalent to a reduction of 5.2%. Supported by the resilience of the service business, revenue in local currencies was stable (–0.2%). In the Asia-Pacific region, revenue was below the previous year’s level, while it developed positively in the Americas and EMEA regions.

Operating profit (EBIT)

Operating profit was significantly impacted by special effects and decreased by 39.4% to CHF 166 million (previous year: CHF 274 million). Restructuring costs of CHF 51 million (previous year: CHF 4 million) were recognized for the closure of a factory in Spain and efficiency initiatives in selected countries. Foreign currency headwinds as well as additional costs for protective measures related to the COVID-19 pandemic had further negative impacts on EBIT. The decrease in local currencies was 34.3%. The EBIT margin reached 6.8% (previous year: 10.6%).

Before restructuring costs and expenses for BuildingMinds, operating profit reached CHF 221 million (previous year: CHF 282 million) and the margin was 9.0% (previous year: 10.9%). The decline compared to the previous year is primarily due to less revenue and margin resulting from the temporary shutdown of production plants and construction sites in several countries.

Net profit and cash flow from operating activities

Net profit totaled CHF 125 million (previous year: CHF 197 million). Cash flow from operating activities reached CHF 323 million (previous year: CHF 263 million, adjusted for one-off impacts CHF 420 million).

The Schindler COVID-19 Employee Relief Fund

Schindler has launched a relief fund for employees to support individual hardship cases related to the COVID-19 pandemic. As an initial contribution, the Executive Committee and Supervisory and Strategy Committee will waive 10% of their fixed salary for six months starting in May 2020. Other senior leaders from around the world can also participate. Each contribution will be matched by the company.

Outlook for 2020

The COVID-19 pandemic has created a high level of uncertainty regarding economic developments and their operational and financial consequences for the Schindler Group. The company has initiated measures to counteract the negative impacts as effectively as possible. Depending on the severity and duration of government measures worldwide to contain the COVID-19 pandemic spread, revenue growth is expected to be contained between 0% and –10% in local currencies.

The guidance for the 2020 net profit will be provided with the publication of half-year results. Considering COVID-19 pandemic impacts, foreign currency headwinds, and higher restructuring costs, net profit for the year should be expected to come in below 2019, in the order of magnitude of 20%.

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Dial-in details to today's conference call at 10:00 CET are available at:
www.schindler.com/com/internet/en/investor-relations/conference-call-details.html

Key figures
1st quarter: January to March

In CHF million	2020	2019	Δ %	Δ % local currencies
Order intake	2 720	2 968	-8.4	-3.2
Revenue	2 447	2 582	-5.2	-0.2
Operating profit (EBIT)	166	274	-39.4	-34.3
in %	6.8	10.6		
Operating profit (EBIT), adjusted	221 ¹	282 ²	-21.6	-16.0
in %	9.0	10.9		
Financing and investing activities	-2	-15		
Profit before taxes	164	259	-36.7	
Income taxes	39	62		
Net profit	125	197	-36.5	
Earnings per share and participation certificate in CHF	1.08	1.71	-36.8	
Cash flow from operating activities	323	263 ³	22.8	
Investments in property, plant, and equipment	31	49	-36.7	
	31.3.2020	31.3.2019		
Order backlog	8 975	9 128	-1.7	5.6
Number of employees	66 324	64 984	2.1	

¹ Adjusted for restructuring costs (CHF 51 million) and expenses for BuildingMinds (CHF 4 million)

² Adjusted for restructuring costs (CHF 4 million) and expenses for BuildingMinds (CHF 4 million)

³ Before settlement of pension obligations (CHF -157 million) CHF 420 million

Balance sheet

In CHF million	31.3.2020	%	31.12.2019	%	31.3.2019	%
Cash and cash equivalents	2 247	21.9	2 370	22.4	2 345	21.9
Other current assets	4 453	43.5	4 587	43.2	4 509	42.2
Total current assets	6 700	65.4	6 957	65.6	6 854	64.1
Non-current assets	3 542	34.6	3 641	34.4	3 839	35.9
Total assets	10 242	100.0	10 598	100.0	10 693	100.0
Current liabilities	5 254	51.3	5 184	48.9	5 260	49.2
Non-current liabilities	1 695	16.5	1 531	14.5	1 542	14.4
Total liabilities	6 949	67.8	6 715	63.4	6 802	63.6
Equity	3 293	32.2	3 883	36.6	3 891	36.4
Total liabilities and equity	10 242	100.0	10 598	100.0	10 693	100.0

Exchange rates

			2020		2019		
			Closing rate as of March 31	Average rate for 1st quarter	Closing rate as of December 31	Closing rate as of March 31	Average rate for 1st quarter
Eurozone	EUR	1	1.06	1.07	1.08	1.12	1.13
USA	USD	1	0.97	0.97	0.97	1.00	0.99
Brazil	BRL	100	18.59	21.71	24.03	25.59	26.18
China	CNY	100	13.60	13.82	13.88	14.84	14.72
India	INR	100	1.28	1.33	1.35	1.44	1.41

Non-GAAP measures

The key figures comprise certain non-GAAP measures, which are not defined by International Financial Reporting Standards (IFRS). The Group's definitions of these non-GAAP items are available at: www.schindler.com – Investors – Results (www.schindler.com/com/internet/en/investor-relations/reports/definition-on-non-gaap-items.html).