

# Facts and figures.

## Interim Report as of June 30, 2020

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**Schindler**

# Key figures as of June 30, 2020

## 1st half: January to June

In CHF million	2020	2019	Δ %	Δ % local currencies
Order intake	<b>5 355</b>	6 090	-12.1	-6.6
Revenue	<b>4 959</b>	5 431	-8.7	-3.1
Operating profit (EBIT)	<b>421</b>	596	-29.4	-22.7
in %	<b>8.5</b>	11.0		
Operating profit (EBIT), adjusted	<b>507<sup>1</sup></b>	616 <sup>2</sup>	-17.7	-10.7
in %	<b>10.2</b>	11.3		
Financing and investing activities	<b>-11</b>	-32		
Profit before taxes	<b>410</b>	564	-27.3	
Income taxes	<b>97</b>	128		
Net profit	<b>313</b>	436	-28.2	
Earnings per share and participation certificate in CHF	<b>2.73</b>	3.79	-28.0	
Cash flow from operating activities	<b>636</b>	348 <sup>3</sup>	82.8	
Investments in property, plant, and equipment	<b>66</b>	117	-43.6	
	<b>30.6.2020</b>	31.12.2019		
Order backlog	<b>8 936</b>	9 042	-1.2	2.7
Number of employees	<b>65 627</b>	66 306	-1.0	

<sup>1</sup> Adjusted for restructuring costs (CHF 77 million) and expenses for BuildingMinds (CHF 9 million)

<sup>2</sup> Adjusted for restructuring costs (CHF 11 million) and expenses for BuildingMinds (CHF 9 million)

<sup>3</sup> Before settlement of pension obligations (CHF -157 million) CHF 505 million

## 2nd quarter: April to June

In CHF million	2020	2019	Δ %	Δ % local currencies
Order intake	<b>2 635</b>	3 122	-15.6	-9.9
Revenue	<b>2 512</b>	2 849	-11.8	-5.8
Operating profit (EBIT)	<b>255</b>	322	-20.8	-12.7
in %	<b>10.2</b>	11.3		
Operating profit (EBIT), adjusted	<b>286<sup>1</sup></b>	334 <sup>2</sup>	-14.4	-6.3
in %	<b>11.4</b>	11.7		
Financing and investing activities	<b>-9</b>	-17		
Profit before taxes	<b>246</b>	305	-19.3	
Income taxes	<b>58</b>	66		
Net profit	<b>188</b>	239	-21.3	
Earnings per share and participation certificate in CHF	<b>1.65</b>	2.08	-20.7	
Cash flow from operating activities	<b>313</b>	85	268.2	
Investments in property, plant, and equipment	<b>35</b>	68	-48.5	
	<b>30.6.2020</b>	30.6.2019		
Order backlog	<b>8 936</b>	9 217	-3.0	2.4
Number of employees	<b>65 627</b>	65 269	0.5	

<sup>1</sup> Adjusted for restructuring costs (CHF 26 million) and expenses for BuildingMinds (CHF 5 million)

<sup>2</sup> Adjusted for restructuring costs (CHF 7 million) and expenses for BuildingMinds (CHF 5 million)

# Schindler reports lower revenue and profit for H1 2020; announces cost optimization program

- Revenue –8.7%, order intake –12.1%, operating profit (EBIT) adjusted –17.7%, net profit –28.2% year-on-year
- Strong cash flow from operating activities at CHF 636 million
- Announcing cost optimization program, including reducing some 2 000 jobs globally over the next two years

**For the first half of 2020, Schindler reports 3.1% lower revenue in local currencies. In Swiss francs, revenue decreased by 8.7% to CHF 4 959 million, as numerous currencies depreciated versus the Swiss franc. With the impact of the global recession induced by the COVID-19 pandemic, order intake in the first half of 2020 contracted 12.1% to CHF 5 355 million (–6.6% in local currencies). To preserve its competitiveness, Schindler announces a cost optimization program that will entail reducing some 2 000 jobs globally.**

During the second quarter of 2020, the COVID-19 pandemic negatively impacted every market around the globe, heavily affecting the construction sector. As a result, Schindler saw new installation and modernization markets declining worldwide. The service business continued to be resilient, supporting stable revenues in local currencies, despite the adverse environment.

Looking ahead, Schindler expects global new installation and modernization markets to contract further, with no recovery to 2019 levels in sight until 2022. At the same time, pockets of growth continue to emerge in specific countries. An accelerated appreciation of the Swiss franc versus all major currencies will, in this context, lead to an even higher impact on consolidated revenue and cost than previously expected. In this new market reality, the Group is now required to realign capacities and resources.

“Adverse conditions have been accelerating over the last few months and that calls for cost adjustment measures along the whole value chain. We need to remain competitive to be able to fulfill our growth agenda. Reducing cost now is essential to secure the long-term health of our company,” said Thomas Oetterli, Schindler’s CEO.

Over the last ten years, the continuous appreciation of the Swiss franc has negatively impacted Schindler’s revenue by CHF 2.5 billion, while dampening the company’s EBIT by CHF 364 million. Despite such headwinds, the company significantly expanded its global footprint during the same period, while growing its workforce to more than 65 000 people worldwide in 2020, having added about 24 000 employees during the last decade.

The cost optimization program involves reducing some 2 000 jobs worldwide, including at the Group's headquarters. These restructuring measures will cost up to CHF 150 million and will be implemented over the next two years.

### **Order intake and order backlog**

Order intake decreased by 12.1% to CHF 5 355 million in the first half of 2020 (previous year: CHF 6 090 million), corresponding to a drop of 6.6% in local currencies. The Americas and Asia-Pacific regions were most affected by the global recession. The EMEA region and China showed order intake for new installations close to 2019 levels.

Order intake was positively impacted by the launch of the new modular elevator range and the Schindler CleanMobility solutions, promoting touchless, sanitization and physical distancing innovations to boost hygiene and safety in elevators, on escalators and on moving walks.

In the second quarter of 2020, the order intake contracted to CHF 2 635 million (second quarter 2019: CHF 3 122 million), corresponding to a drop of 15.6%, or 9.9% in local currencies.

As of June 30, 2020, the order backlog decreased by 3% to CHF 8 936 million (previous year: CHF 9 217 million). In local currencies, the order backlog increased by 2.4%.

### **Revenue**

In the first half of 2020, revenue amounted to CHF 4 959 million (previous year: CHF 5 431 million), which is equivalent to a reduction of 8.7% (–3.1% in local currencies). Revenue in all regions was slightly down in local currencies, except for China which reported growth.

In the second quarter of 2020, revenue decreased by 11.8% to CHF 2 512 million (previous year: CHF 2 849 million), corresponding to –5.8% in local currencies.

### **Operating profit (EBIT)**

In the first half of 2020, operating profit was significantly affected by extraordinary impacts, decreasing 29.4% to CHF 421 million (previous year: CHF 596 million). The decrease in local currencies corresponded to 22.7%. The EBIT margin reached 8.5% (previous year: 11.0%). Restructuring costs of CHF 77 million (previous year: CHF 11 million) were recognized for the closure of the factory in Spain and efficiency initiatives in selected countries.

Adjusted operating profit reached CHF 507 million (previous year CHF 616 million) and the margin was 10.2% (previous year: 11.3%). The drop is driven by less revenue and margin resulting from the temporary shutdown of production plants and construction sites in several countries related to the lockdown.

In the second quarter 2020, operating profit amounted to CHF 255 million (previous year: CHF 322 million). The EBIT margin was 10.2% (previous year: 11.3%). The adjusted EBIT margin reached 11.4% (previous year: 11.7%).

**Net profit and cash flow from operating activities**

Net profit totaled CHF 313 million (previous year: CHF 436 million) for the first half of 2020. Cash flow from operating activities increased to CHF 636 million (previous year: CHF 348 million) also thanks to lower net working capital.

**Consolidation of Volkslift-Schindler Elevator Co. Ltd.**

Schindler holds a 49% participation in Volkslift-Schindler Elevator Co. Ltd., China, and will consolidate it starting in July 2020 as contractual rights to increase its stake to 51% will become exercisable. Volkslift-Schindler is a local Chinese elevator and escalator company and is expected to generate approximately CHF 130 million of revenue for the full financial year 2020.

**Outlook for 2020**

The COVID-19 pandemic has created a high level of uncertainty regarding all economic developments. With major macroindicators showing declining GDP levels across the globe, the recession will also have significant negative effects on Elevator & Escalator markets. For the full year 2020 and barring further unexpected events, the company's revenue is expected to contract by 0% to -6% in local currencies. Considering the situation at hand and restructuring costs of up to CHF 130 million this year, full-year 2020 net profit is expected to reach between CHF 680 and CHF 720 million.

# Consolidated interim financial statements

## Consolidated income statement

In CHF million	2020		2019	
	1.1.–30.6.	%	1.1.–30.6.	%
<b>Revenue</b>	<b>4 959</b>	<b>100.0</b>	5 431	100.0
Cost of materials	<b>1 302</b>	<b>26.3</b>	1 504	27.7
Personnel expenses	<b>2 033</b>	<b>41.0</b>	2 121	39.0
Other operating expenses	<b>1 037</b>	<b>20.9</b>	1 057	19.5
Depreciation, amortization, and impairment	<b>166</b>	<b>3.3</b>	153	2.8
<b>Total operating expenses</b>	<b>4 538</b>	<b>91.5</b>	4 835	89.0
<b>Operating profit</b>	<b>421</b>	<b>8.5</b>	596	11.0
Financial income	<b>20</b>	<b>0.4</b>	16	0.3
Financial expenses	<b>32</b>	<b>0.6</b>	47	0.9
Result from associates	<b>1</b>	<b>0.0</b>	–1	0.0
<b>Profit before taxes</b>	<b>410</b>	<b>8.3</b>	564	10.4
Income taxes	<b>97</b>	<b>2.0</b>	128	2.4
<b>Net profit</b>	<b>313</b>	<b>6.3</b>	436	8.0
Net profit attributable to				
Shareholders of Schindler Holding Ltd.	<b>293</b>		407	
Non-controlling interests	<b>20</b>		29	
<b>Earnings per share in CHF</b>				
Basic	<b>2.73</b>		3.79	
Diluted	<b>2.72</b>		3.78	

## Consolidated statement of comprehensive income

In CHF million	2020		2019	
	1.1.–30.6.		1.1.–30.6.	
<b>Net profit</b>	<b>313</b>		436	
Other comprehensive income – may be reclassified to the income statement in future				
Exchange differences	<b>–123</b>		–14	
Cash flow hedges	<b>8</b>		–2	
Income taxes	<b>–2</b>		–	
<b>Total – may be reclassified to the income statement in future</b>	<b>–117</b>		–16	
Other comprehensive income – not to be reclassified to the income statement in future				
Equity instruments at fair value through OCI	<b>–12</b>		–73	
Remeasurements of employee benefits	<b>–58</b>		33	
Income taxes	<b>15</b>		3	
<b>Total – not to be reclassified to the income statement in future</b>	<b>–55</b>		–37	
<b>Total other comprehensive income (OCI)</b>	<b>–172</b>		–53	
<b>Comprehensive income</b>	<b>141</b>		383	
Comprehensive income attributable to				
Shareholders of Schindler Holding Ltd.	<b>125</b>		354	
Non-controlling interests	<b>16</b>		29	

## Consolidated balance sheet

In CHF million	30.6.2020	%	31.12.2019	%
<b>Current assets</b>				
Cash and cash equivalents	2 163	20.8	2 370	22.4
Current financial assets	513	4.9	473	4.5
Accounts receivable	2 007	19.3	2 150	20.3
Income tax receivable	95	0.9	109	1.0
Contract assets	787	7.5	715	6.7
Inventories	1 089	10.5	1 040	9.8
Prepaid expenses	132	1.3	96	0.9
Assets held for sale	4	0.0	4	–
<b>Total current assets</b>	<b>6 790</b>	<b>65.2</b>	<b>6 957</b>	<b>65.6</b>
<b>Non-current assets</b>				
Property, plant, and equipment	1 062	10.2	1 096	10.3
Right-of-use assets	450	4.3	450	4.3
Intangible assets	1 229	11.8	1 179	11.1
Associates	119	1.1	125	1.2
Non-current financial assets	478	4.6	508	4.8
Deferred taxes	289	2.8	283	2.7
<b>Total non-current assets</b>	<b>3 627</b>	<b>34.8</b>	<b>3 641</b>	<b>34.4</b>
<b>Total assets</b>	<b>10 417</b>	<b>100.0</b>	<b>10 598</b>	<b>100.0</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	968	9.3	1 029	9.7
Financial debts	159	1.5	195	1.8
Lease liabilities	111	1.1	108	1.0
Income tax payable	187	1.8	197	1.9
Contract liabilities	2 486	23.9	2 301	21.7
Accrued expenses	1 125	10.8	1 183	11.2
Provisions	193	1.8	171	1.6
<b>Total current liabilities</b>	<b>5 229</b>	<b>50.2</b>	<b>5 184</b>	<b>48.9</b>
<b>Non-current liabilities</b>				
Financial debts	444	4.3	437	4.1
Lease liabilities	312	3.0	323	3.1
Provisions	255	2.4	255	2.4
Deferred taxes	111	1.1	111	1.1
Employee benefits	469	4.5	405	3.8
<b>Total non-current liabilities</b>	<b>1 591</b>	<b>15.3</b>	<b>1 531</b>	<b>14.5</b>
<b>Total liabilities</b>	<b>6 820</b>	<b>65.5</b>	<b>6 715</b>	<b>63.4</b>
Shareholders of Schindler Holding Ltd.	3 481	33.4	3 776	35.6
Non-controlling interests	116	1.1	107	1.0
<b>Total equity</b>	<b>3 597</b>	<b>34.5</b>	<b>3 883</b>	<b>36.6</b>
<b>Total liabilities and equity</b>	<b>10 417</b>	<b>100.0</b>	<b>10 598</b>	<b>100.0</b>



## Consolidated statement of changes in equity

In CHF million	Share and participation capital	Share premium	Treasury shares	Exchange differences	Other reserves	Retained earnings	Total	Non-controlling interests	Total Group
<b>January 1, 2020</b>	11	311	-70	-894	-4	4 422	3 776	107	3 883
Net profit						293	293	20	313
Other comprehensive income (OCI)				-119	6	-55	-168	-4	-172
Comprehensive income				-119	6	238	125	16	141
Dividends						-430	-430	-7	-437
Change in treasury shares			14			-26	-12	-	-12
Share-based payments						21	21	-	21
Change in non-controlling interests						1	1	-	1
<b>June 30, 2020</b>	<b>11</b>	<b>311</b>	<b>-56</b>	<b>-1 013</b>	<b>2</b>	<b>4 226</b>	<b>3 481</b>	<b>116</b>	<b>3 597</b>
<b>January 1, 2019</b>	11	311	-85	-836	-	4 227	3 628	103	3 731
Net profit						407	407	29	436
Other comprehensive income (OCI)				-14	-2	-37	-53	-	-53
Comprehensive income				-14	-2	370	354	29	383
Dividends						-429	-429	-36	-465
Change in treasury shares			18			-30	-12	-	-12
Share-based payments						20	20	-	20
<b>June 30, 2019</b>	<b>11</b>	<b>311</b>	<b>-67</b>	<b>-850</b>	<b>-2</b>	<b>4 158</b>	<b>3 561</b>	<b>96</b>	<b>3 657</b>

## Consolidated cash flow statement

In CHF million	2020 1.1.–30.6.	2019 1.1.–30.6.
<b>Operating profit</b>	<b>421</b>	596
Depreciation, amortization, and impairment	166	153
Other non-cash items	175	71
Other cash items	-69	-78
Pension settlement	-	-157
Dividends received	5	5
Interest received	9	10
Interest paid	-10	-10
Other financial result	-14	-23
Income taxes paid, net	-90	-139
Change in net working capital	43	-80
<b>Cash flow from operating activities</b>	<b>636</b>	348
Additions		
Property, plant, and equipment	-66	-117
Intangible assets	-6	-26
Associates	-	-5
Current and non-current financial assets	-394	-113
Disposals		
Property, plant, and equipment	1	4
Current and non-current financial assets	345	236
Business combinations	-99	-26
<b>Cash flow from investing activities</b>	<b>-219</b>	-47
Proceeds from increase in current and non-current financial debts	32	77
Repayments of current and non-current financial debts	-112	-70
Lease payments	-65	-63
Purchase of treasury shares	-14	-16
Disposal of treasury shares	2	4
Dividends paid to the shareholders of Schindler Holding Ltd.	-430	-429
Dividends paid to non-controlling interests	-7	-19
<b>Cash flow from financing activities</b>	<b>-594</b>	-516
Exchange differences	-30	3
<b>Change in cash and cash equivalents</b>	<b>-207</b>	-212
Cash and cash equivalents as of January 1	2 370	2 248
Cash and cash equivalents as of June 30	2 163	2 036

# Notes to the consolidated interim financial statements

These are the consolidated interim financial statements as of June 30, 2020, of the Schindler Group (“Schindler” or “the Group”), which comprises Schindler Holding Ltd. and its subsidiaries. Schindler is one of the leading suppliers of elevators, escalators, and moving walks and offers mobility solutions across the entire life cycle of a unit – from planning and installation to maintenance and modernization. Schindler operates in more than 100 countries around the globe. The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

The consolidated interim financial statements were approved for publication by the Board of Directors of Schindler Holding Ltd. on July 23, 2020. The consolidated interim financial statements are not audited.

## **1 General information**

### **1.1 Basis of preparation**

The consolidated interim financial statements as of June 30, 2020, are based on the International Financial Reporting Standards (IFRS) as issued by the IASB and have been prepared in condensed form in accordance with IAS 34 – Interim Financial Reporting. The same accounting principles have been applied as for the consolidated financial statements 2019. Therefore, these consolidated interim financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

Amendments to the IFRS, effective as of January 1, 2020, did not have a material impact on the consolidated interim financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

### **1.2 Significant estimates and assumptions**

The consolidated interim financial statements contain certain assumptions and estimates that influence the figures presented in this report. They are based on analyses and judgments that are continuously reviewed and adjusted if necessary. The actual results may differ from these assumptions and estimates.

As a response to the COVID-19 pandemic, the Group has reassessed the underlying assumptions and estimates affecting these consolidated interim financial statements. However, the main assumptions and estimates that have a significant risk of resulting in a material adjustment to the consolidated financial statements in future years remain materially unchanged compared to the estimates and assumptions outlined in the consolidated financial statements for the year ended December 31, 2019.

From a financial reporting perspective, the Group focused on impacts of the COVID-19 pandemic on the valuation of its intangible assets, including goodwill, as well as on changes in credit risks of its accounts receivable, current and non-current financial assets, and contract assets.

As of June 30, 2020, the Group reassessed the credit risks of accounts receivable and contract assets, as well as the expected credit losses related to other financial assets. Consequently, bad debt allowances on accounts receivable increased by CHF 26 million as of June 30, 2020, while the impact on contract assets and current and non-current financial assets was not significant.

Impairment tests with updated future cash flow projections based on different scenarios and revised discount rates were performed for cash-generating units where indications were identified that assets might be impaired. The impairment tests did not lead to an impairment as of June 30, 2020. Sensitivity analyses performed show that the results of the impairment tests do not significantly change.

Based on currently available information, the Group assesses the updated underlying assumptions and estimates as appropriate as of June 30, 2020.

### 1.3 Scope of consolidation

The consolidated interim financial statements are based on the interim financial statements of the individual Group companies controlled directly or indirectly by Schindler Holding Ltd.

In the first half of 2020 and 2019, the Group acquired the business activities or the shares of various smaller companies that sell, install, modernize, and maintain elevators and escalators. Viewed individually, the business combinations are not significant.

The impact of the business combinations on the Group's revenue and its operating profit for the first half of 2020 was not material and is not expected to be material for the full year 2020.

### 1.4 Exchange rates

The exchange rates for the most significant foreign currencies are as follows:

			2020		2019	
			Closing rate June 30	Average rate June 30	Closing rate December 31	Average rate June 30
Eurozone	EUR	1	<b>1.06</b>	<b>1.07</b>	1.08	1.13
USA	USD	1	<b>0.95</b>	<b>0.96</b>	0.97	1.00
Brazil	BRL	100	<b>17.39</b>	<b>20.04</b>	24.03	25.90
China	CNY	100	<b>13.43</b>	<b>13.71</b>	13.88	14.68
India	INR	100	<b>1.26</b>	<b>1.31</b>	1.35	1.42

## 2 Revenue

Revenue from customer contracts is recognized over time for new installations and modernizations, as well as for maintenance. Revenue for repairs is recognized at a point in time.

### New installations and modernizations

New installations provide mobility solutions with elevators, escalators, and moving walks for all applications and needs, whereas modernizations offer solutions for existing installations. For both, control is transferred continuously to the customer from the start of the installation of the unit, as the work performed by the Group enhances an asset controlled by the customer.

Revenue is recognized over time based on the cost-to-cost method under which the accumulated costs to date are expressed as a percentage of the expected costs. Anticipated losses are recognized

as onerous contract provisions. A performance obligation typically represents the installation or modernization of elevators, escalators, or moving walks.

### Maintenance

Maintenance services are rendered for the full range of existing installations. Control transfers to the customer equally over the contract period based on the time elapsed. Maintenance revenue is recognized over the contract period as the service is provided, according to the agreed contractual terms and conditions.

### Repairs

Repairs include a wide range of repair services of existing installations. For repairs, the customer benefits from the service and obtains control once the repair is finished. Revenue for repairs is recognized at the point of customer acceptance.

The Group recognized its revenues from customer contracts in the respective regions in which it operates as follows:

In CHF million	January to June 2020				January to June 2019			
	Revenue recognized over time	Revenue recognized at a point in time	Other operating revenue	Total	Revenue recognized over time	Revenue recognized at a point in time	Other operating revenue	Total
EMEA	1 779	456	10	<b>2 245</b>	1 924	474	16	2 414
Americas	1 193	244	–	<b>1 437</b>	1 293	299	–	1 592
Asia-Pacific	1 175	99	3	<b>1 277</b>	1 311	112	2	1 425
<b>Total revenue</b>	<b>4 147</b>	<b>799</b>	<b>13</b>	<b>4 959</b>	4 528	885	18	5 431

### 3 Segment reporting

Internal financial reporting is submitted to the Supervisory and Strategy Committee acting as the Chief Operating Decision Maker. These financial reports form the basis for the evaluation of the segment's performance.

The same accounting policies are used for both the internal financial reporting and the consolidated interim financial statements.

The Elevators & Escalators segment is managed as one global unit and comprises an integrated business that specializes in the production and installation of elevators and escalators, as well as the modernization, maintenance, and repair of existing installations.

Finance comprises the expenses of Schindler Holding Ltd. and BuildingMinds, as well as centrally managed financial assets and liabilities that have been entered into for Group investing and financing purposes.

In CHF million	January to June 2020			January to June 2019		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Revenue	4 959	–	<b>4 959</b>	5 431	–	5 431
Operating profit	446	–25	<b>421</b>	622	–26	596
Additions to PPE, and intangible assets	72	–	<b>72</b>	143	–	143
Depreciation and amortization	166	–	<b>166</b>	153	–	153
Result from associates	1	–	<b>1</b>	–1	–	–1

  

In CHF million	30.6.2020			31.12.2019		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Assets	8 241	2 176	<b>10 417</b>	8 168	2 430	10 598
thereof associates	119	–	<b>119</b>	125	–	125
Liabilities	6 353	467	<b>6 820</b>	6 140	575	6 715

## **4 Significant events and transactions**

### **4.1 Restructuring costs**

The Group recognized restructuring costs of CHF 77 million in the first half of 2020. The costs are related to the closure of a factory in Spain and other efficiency initiatives in selected countries. As of June 30, 2020, restructuring provisions recognized in the consolidated balance sheet amount to CHF 53 million (December 31, 2019: CHF 25 million).

### **4.2 Financial debts**

On June 5, 2020, the 2-year bond tranche 2018–2020 with a coupon of 0.00% amounting to CHF 100 million reached its maturity and was repaid.

As of June 30, 2020, the carrying amount of the remaining 5-year bond tranche 2018–2023 with a coupon of 0.25% is CHF 400 million. The level 1 fair value amounts to CHF 402 million (December 31, 2019: carrying amount CHF 400 million and fair value CHF 407 million). The bond is listed on the SIX Swiss Exchange.

### **4.3 Dividends**

On March 19, 2020, the Annual General Meeting of Schindler Holding Ltd. approved an ordinary dividend of CHF 4.00 per registered share and participation certificate (previous year: ordinary dividend of CHF 4.00). Subsequently, dividends in the amount of CHF 430 million were paid out on March 25, 2020.

### **4.4 Employee benefits**

In the previous year, the Group entered into a settlement transaction and transferred unfunded defined benefit obligations to a third party. In the first quarter of 2019, the settlement led to a one-time cash outflow of CHF 157 million. Upon completion of the settlement, the corresponding defined benefit obligations were derecognized from the consolidated balance sheet.

## 5 Fair values of financial instruments

Financial instruments measured at fair value are assigned to one of the following three hierarchy levels according to the input data available to measure them:

Level 1: Fair values are determined by using quoted prices in active markets. The fair values of listed equity instruments and bonds are determined using level 1 fair values.

Level 2: Fair values are determined by using quoted prices in inactive markets or by using the discounted cash flow method based on observable market data. The fair values of derivatives are determined using level 2 fair values.

Level 3: Fair values are determined by using external valuations or by using the discounted cash flow method based on unobservable data. The fair values of private equity instruments are determined using level 3 fair values.

With the exception of bonds issued by the Group, the carrying amounts of all other financial instruments measured at amortized cost are reasonable approximations of their fair values. For information on the fair values of bonds issued by the Group, refer to note 4.

The fair values of the financial instruments measured at fair value and the hierarchy level for their measurement are as follows:

In CHF million	30.6.2020		31.12.2019	
	Fair value	Level	Fair value	Level
<b>Financial assets</b>				
Current financial assets	45	1	1	1
Derivatives	13	2	11	2
Non-current financial assets	42	1	43	1
<b>Financial instruments at FVPL</b>	<b>100</b>		55	
Non-current financial assets	5	1	5	1
<b>Debt instruments at FVOCI with recycling</b>	<b>5</b>		5	
Non-current financial assets	231	1	242	1
Non-current financial assets	8	3	8	3
<b>Equity instruments at FVOCI without recycling</b>	<b>239</b>		250	
<b>Financial liabilities</b>				
Derivatives	11	2	18	2
<b>Financial instruments at FVPL</b>	<b>11</b>		18	

Derivatives are reported within prepaid and accrued expenses.



There was no transfer between level 1 and level 2 of the fair value hierarchy and no transfer into or out of level 3 during the reporting period (previous year: no transfer between the different levels).

The reconciliation of the level 3 fair values of non-current financial assets is as follows:

In CHF million	2020	2019
January 1	8	7
Fair value changes recognized in OCI	–	–1
<b>June 30</b>	<b>8</b>	<b>6</b>

## 6 Contingent liabilities

Contingent liabilities are described in the notes to the consolidated financial statements 2019. As of June 30, 2020, the total capital amount claimed jointly and severally from all the defendants involved in the competition law proceedings – in which Group companies are involved as defendants – is EUR 120 million. The Group companies in question consider the claims to be without merit.

## 7 Events after the balance sheet date

As of July 17, 2020, a contractually agreed call option became exercisable which allows the Group to increase its interest held in Volkslift-Schindler Elevator Co. Ltd., China, by 2% to 51%. With the call option becoming exercisable, the Group obtained control over Volkslift-Schindler Elevator Co. Ltd. and consolidates the entity with an interest of 49% as of July 17, 2020. Further call options to allow the Group to purchase all of the remaining shares exist but are currently not exercisable.

Further information on the impacts of the first-time consolidation of Volkslift-Schindler Elevator Co. Ltd. will be provided with the Group's consolidated financial statements 2020. The revaluation of the existing 49% investment does not have a material impact on the consolidated income statement.

Volkslift-Schindler Elevator Co. Ltd., based in Huzhou, Zhejiang Province, is a local Chinese elevator and escalator company, with its own design, manufacturing, installation, and maintenance operations. Volkslift-Schindler Elevator Co. Ltd. is expected to generate approximately CHF 130 million of revenue for the full financial year 2020.

# Other information

## 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 measures are available at: [www.schindler.com – Investors – Results](http://www.schindler.com – Investors – Results) ([www.schindler.com/com/internet/en/investor-relations/reports/definition-on-non-gaap-items.html](http://www.schindler.com/com/internet/en/investor-relations/reports/definition-on-non-gaap-items.html)).

## Financial calendar

Publication of key figures as of September 30	October 23, 2020
Annual results media conference	February 17, 2021
Ordinary General Meeting of Schindler Holding Ltd.	March 23, 2021

The Group's Interim Report 2020 is published in English and German. The German version is binding.

General information about the Group as well as its annual reports, press releases, and details of its current share price are available at: [www.schindler.com](http://www.schindler.com).

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