

# Full year results presentation 2019

February 14, 2020

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Sinar Mas Plaza  
Shanghai  
China



**Schindler**

# Agenda

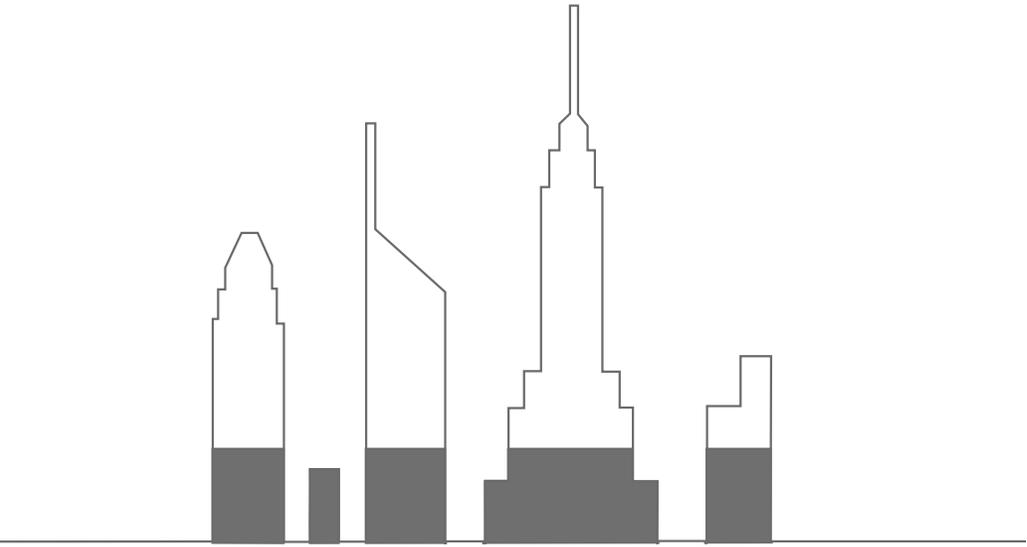
1. Market development
2. Strategy
3. Innovation for a unique user experience
4. Results 2019
5. Outlook 2020



# 1. Market development



# Urbanization and demographic change call for improved mobility solutions



**15%** of the urban population of **5.1 billion** people forecasted by 2030 will live in **43 megacities**

**60+**

**>1.4 billion**

people aged **60+** by 2030, driving the need for innovative solutions for safe mobility

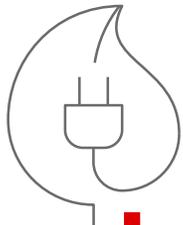
Middle class set to increase by **more than 60% worldwide** by 2030, creating the need for more infrastructure and living space

**> 60%**

Source: United Nations, Department of Economic and Social Affairs



# Technology drives and challenges urban mobility

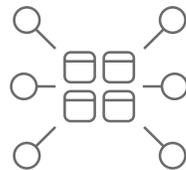


**+ 40%**

of global energy consumption is generated by buildings

## Energy efficiency

Energy-efficient solutions are increasingly in demand

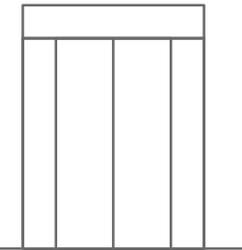


## Digitalization

Mass connectivity will be commonplace and the number of connected units is growing rapidly

**500 000 000**

Passengers per day will use Schindler's digitally connected elevators and escalators by 2022



## Aging installed base

Aging equipment in developed countries creates an increasing demand for modernization

**20 years**

average age of an elevator worldwide

# Global new installations market continued to grow in 2019

## Asia-Pacific contributed the most, driven by growth in China

NI market size by region (units)



NI market size by region (value)



US slightly negative in units; Brazil with growing signs of a recovery

Growth in Northern Europe more than offset by sharp contraction in Turkey

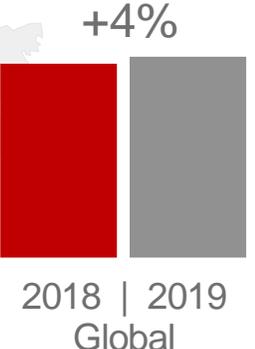
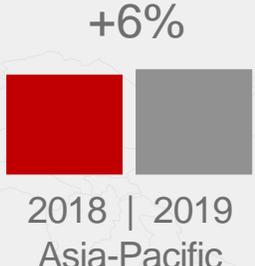
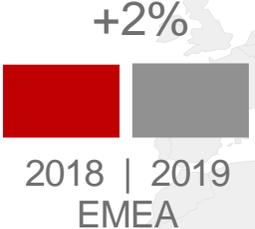
China with surprising growth; mixed development in the rest of Asia-Pacific



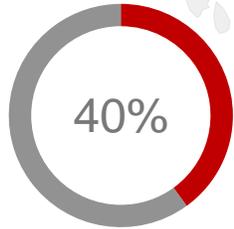
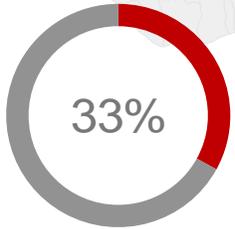
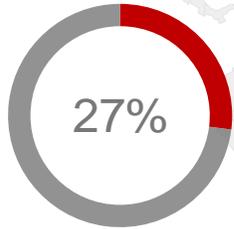
# Global existing installations market increased in 2019

## Highest growth in emerging markets

El market size by region (installed base in units)



El market size by region (installed base in value)



US with >1 million units in operation

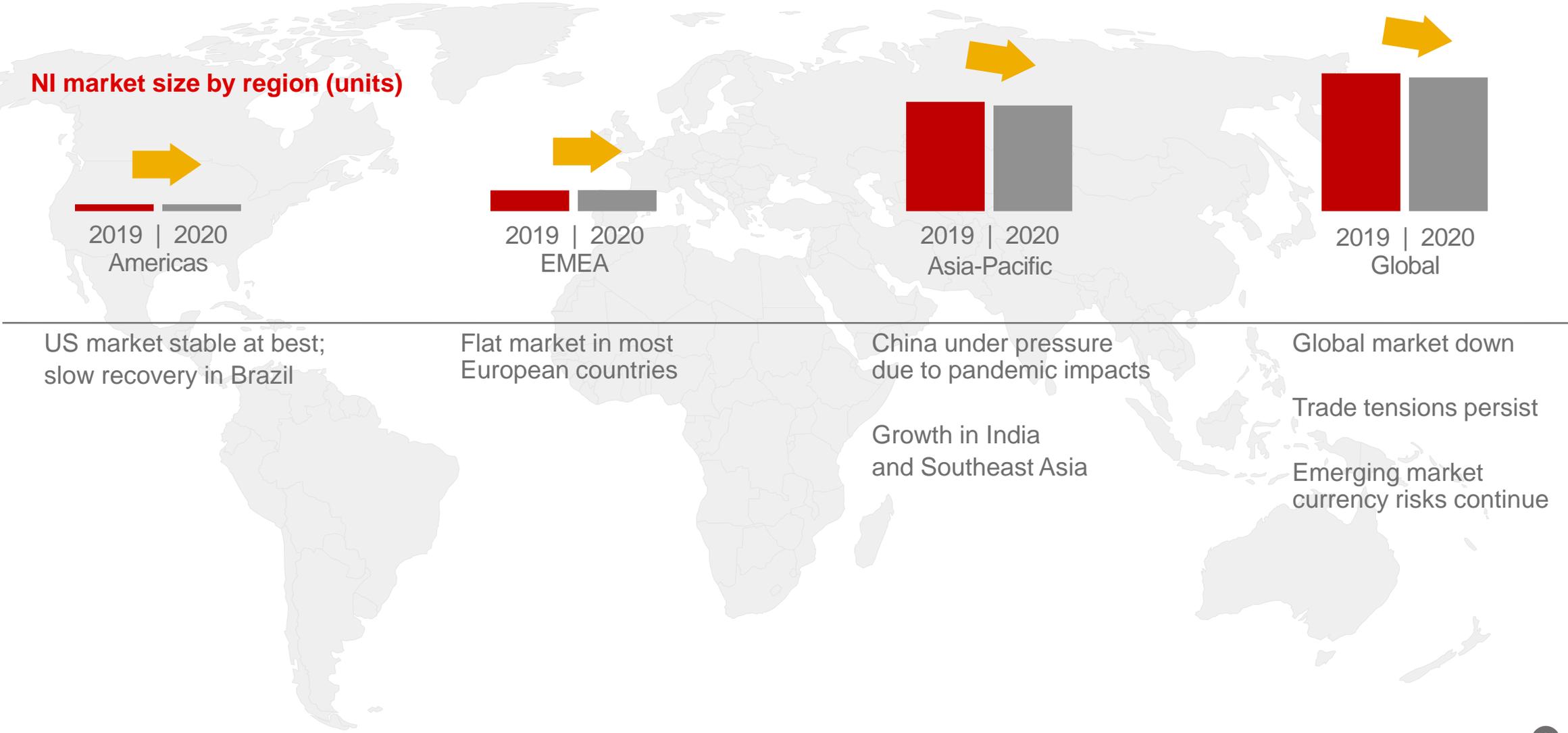
Spain, Italy, Germany and France with largest installed base

China's share exceeds one third of units



# Market outlook 2020: slowing growth

NI market size by region (units)



US market stable at best;  
slow recovery in Brazil

Flat market in most  
European countries

China under pressure  
due to pandemic impacts

Growth in India  
and Southeast Asia

Global market down

Trade tensions persist

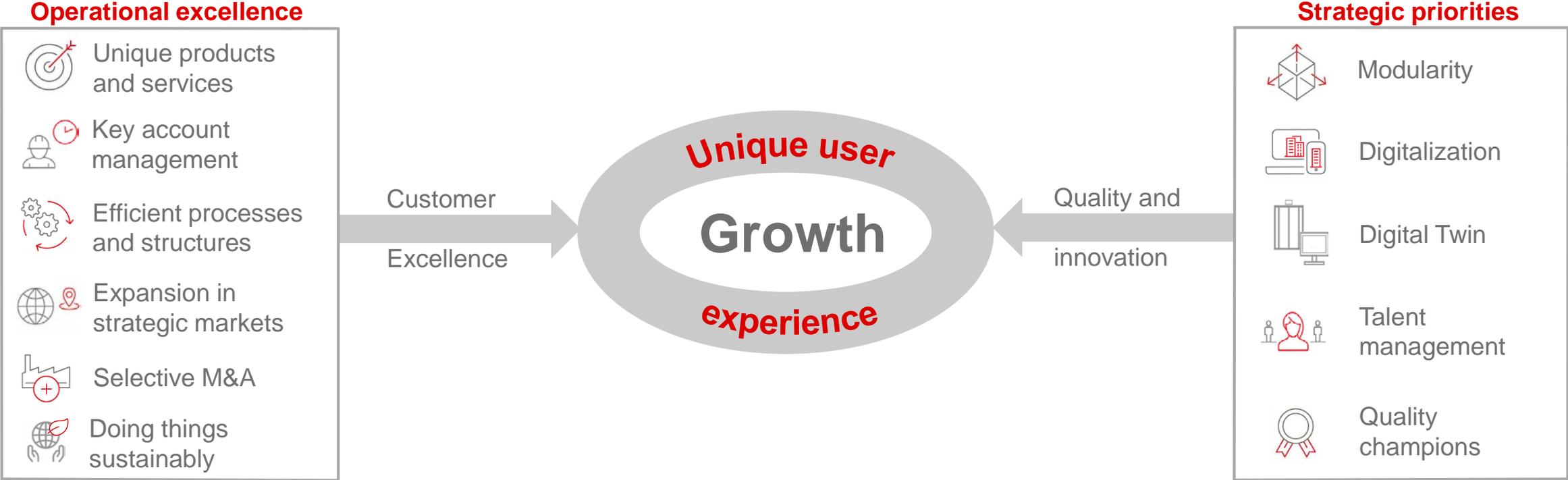
Emerging market  
currency risks continue

## 2. Strategy



# Three strategic targets drive our engagement in all areas

## Creating growth and a unique user experience



**Grow faster than the market**

**Improve profitability**

**Foster a winning team**

# We Elevate... Growth

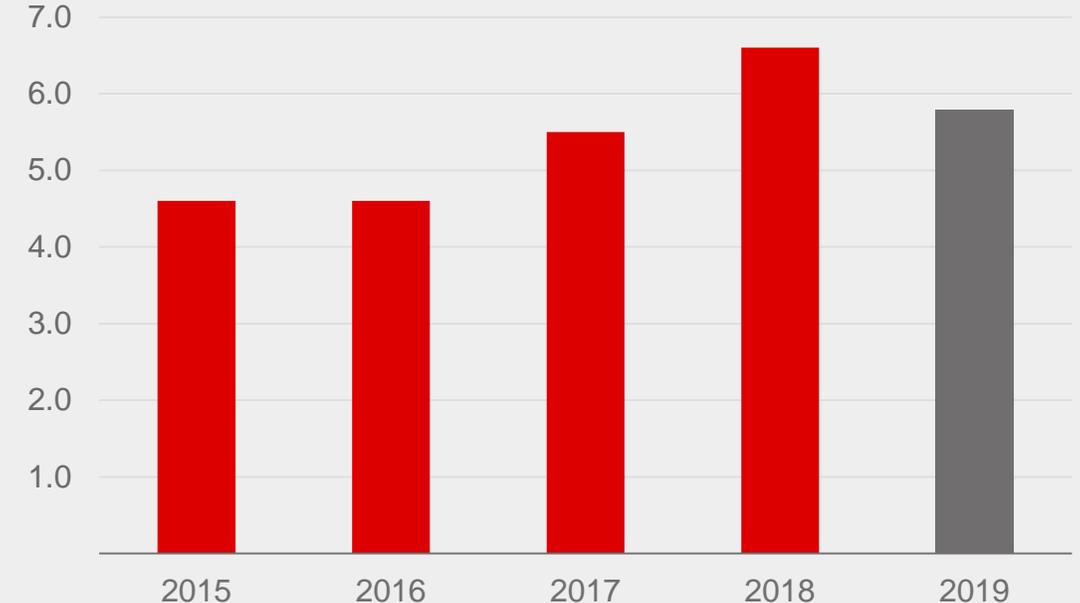
## Outgrowing the market

### Growth in all segments and regions

- Outperforming global NI market growth
  - Large projects
  - Key accounts
  - Volume business by higher sales density
- Substantial growth of EI base
  - NI conversions
  - Higher average pricing through connectivity
  - Selective M&A
- MOD opportunities
  - Modular components for transformation packages
  - Competitive replacement products

### OIT growth

% in local currencies



# We Elevate... Growth

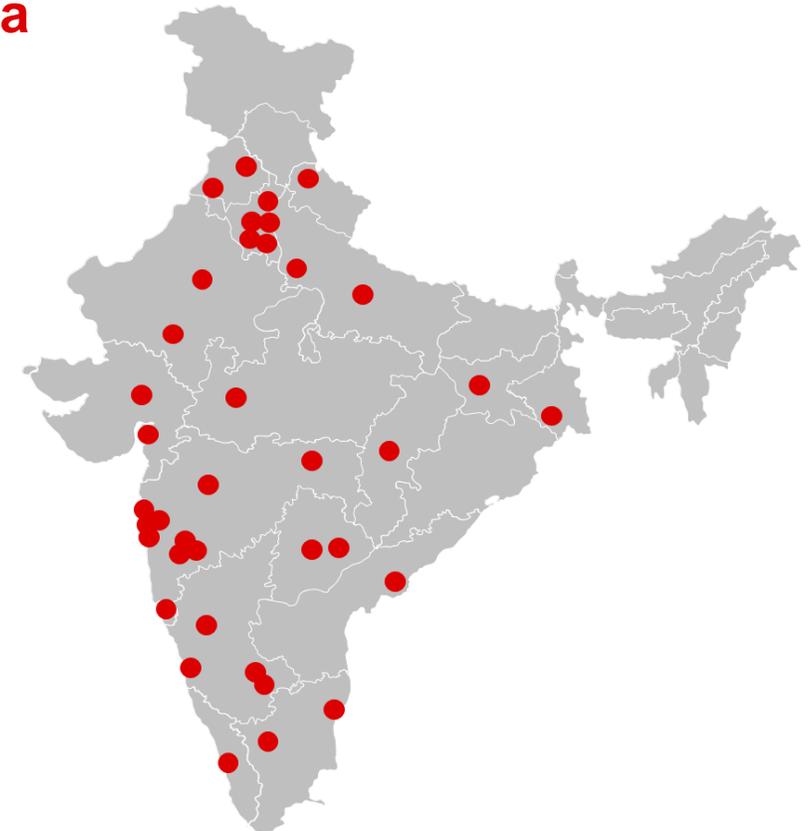
Footprint in China and India doubled in the last five years

## China



● Schindler major branch offices

## India



# We Elevate... Growth

## Winning landmark projects around the globe



# We Elevate... Results

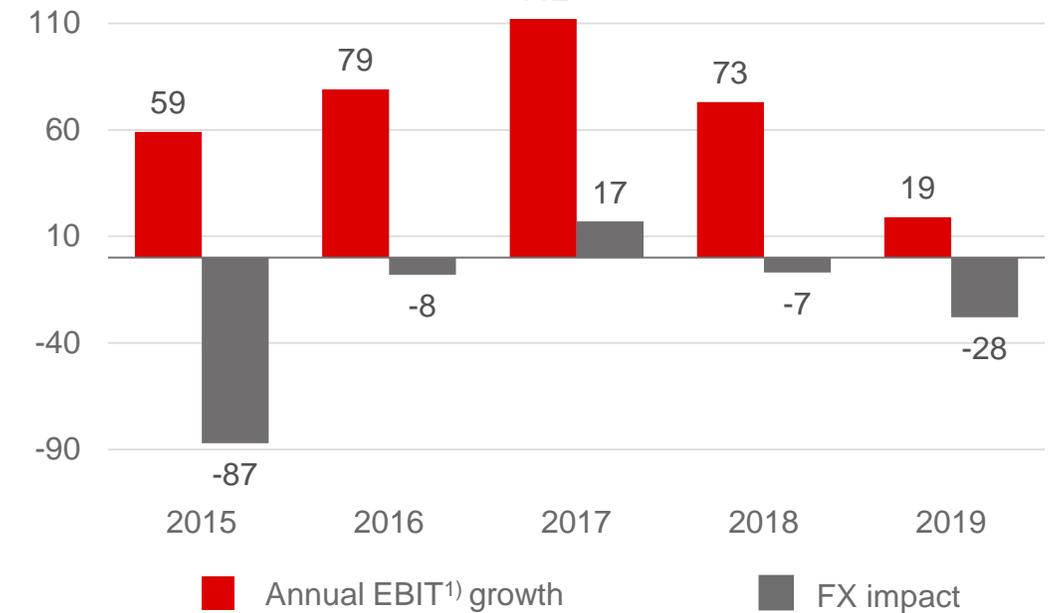
## Improving EBIT in spite of FX-burden and long-term investments

### EBIT<sup>1)</sup> growing >CHF 65 m p.a. on average

- Increasing cost base to absorb growth
- Material cost pressure and wage inflation
- Strategic investments into technology and innovation
- FX headwinds
  
- Savings through modularity program
- Field efficiency
- Pricing initiatives
- Operational leverage

### Annual EBIT<sup>1)</sup> growth

In CHF million



1) EBIT, adjusted before exceptional items:

– 2016: Gain on sale of operations in Japan: CHF 50 million

– 2014: XJ-Schindler (Xuchang) Elevator Co. Ltd. revaluation gain: CHF 145 million, gain on sale of Mall of Switzerland development project: CHF 82 million, impairment of intangible assets: CHF 21 million

# We Elevate... Sustainably

## Six priorities to do things sustainably

### Goals for 2022 – setting focus on areas with the greatest possible impact



#### **Enhance safety**

Reduce the number of employee incidents and injuries by improving our Total Case Rate (TCR) by 20% compared to 2017



#### **Attract diverse talents**

Increase the number of women in the succession pipeline for leadership roles to 25% and promote an inclusive work culture



#### **Create value in communities**

Develop our vocational education programs to support communities



#### **Pioneer smart urban mobility**

Increase to over half a billion people per day the number of passengers using Schindler's digitally connected elevators and escalators



#### **Lower vehicle fleet emissions**

Reduce CO<sub>2</sub> intensity of our global vehicle fleet by 25% compared to 2017



#### **Increase supplier sustainability performance**

Perform independent sustainability assessments for 75% of manufacturing purchases

### 3. Innovation for a unique user experience



# OmniTurm, Frankfurt

## Seamless mobility in action

**44 floor office and residential building:  
11 elevators, 147 PORT video intercoms,  
116 PORT doors, and 17 visitor stations**

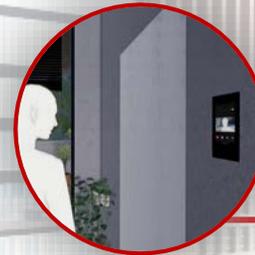
### **Schindler Ahead ActionBoard**

Real-time information and performance status of elevators delivered onto a desktop or mobile device



### **PORT 4 Home**

Bringing visitors seamlessly to the apartment by opening doors and calling elevators



### **Schindler E-Vision**

Inform and entertain passengers with a sophisticated in-car infotainment system



### **myPORT**

Mobile intercom, visitor management, and keycard – a simple solution for delivery



### **PORT 4 Cars**

Car number plate recognition identifies tenants' car providing convenient access to buildings



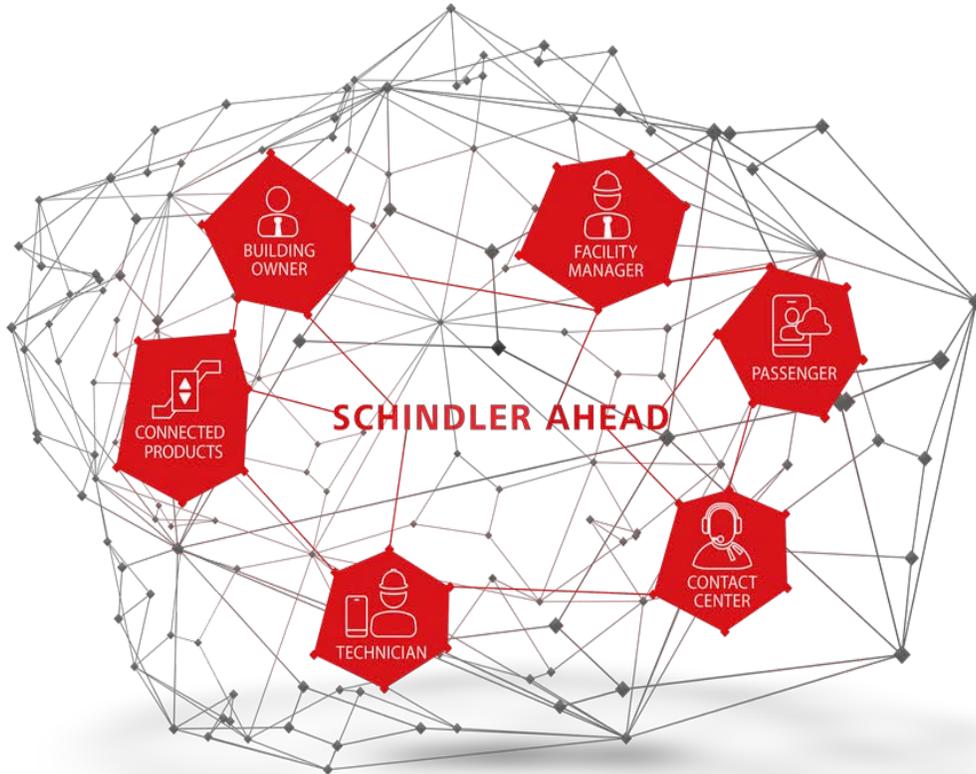
### **PORT 4 Visitor & Color Code**

Touch screen, card reader, Bluetooth, and a temporary mobile access card via color code for guests – all flexibly manageable by operators



# Schindler Ahead

## Pioneering digitalization



## Digital products

Schindler Ahead  
Connectivity

Schindler Ahead  
RemoteMonitoring

Schindler Ahead  
ActionBoard

Schindler Ahead  
DoorShow **NEW**

Schindler Ahead  
SmartMirror **NEW**

Schindler Ahead  
AdScreen **NEW**

- New digital products launched in 2019
- Number of connected units significantly increased and monitored by Technical Operation Centers
- Leading in cyber security
- Combination of industry-leading technology and highly skilled field teams create a unique value proposition



Real-time  
information



Adaptive  
maintenance



Personalized  
solutions

# Digitalized service offering

## Bridging technology to customer benefits



### Technical operation centers (TOCs)

- Core of the Schindler Ahead closed-loop system
- Addressing issues, coordinating actions, and deployment of technicians
- Covering 75% of connected units
- Global ramp-up until end of 2020
- Accelerated response times for customers
- Efficiency improvements in the field
- Enhanced user experience



# The Digital Twin

## Changing the way of work

### Traditional view: step-by-step approach



Physical equipment

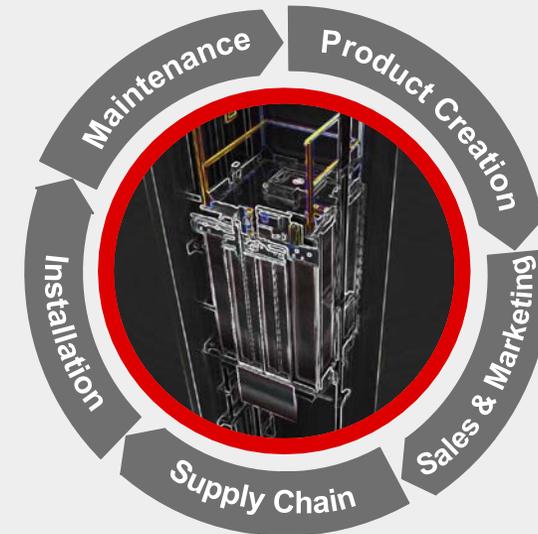


- Multiple systems environment
- Fragmented data along the value chain

*Creation of a Digital Twin for each product, enabling all information along the value chain to be accessed digitally in real time and worldwide*

### Situation tomorrow: digital data continuity

Digital Twin



- One common platform with seamless access to one consistent source of data
- AI-enabled value chain
- Accelerated time-to-market of products
- Improved quality

# Modularity program

## Adding the extra to the ordinary

- Sales started in several markets
- Range of user-friendly design options streamlining component variance and solutions
- Advanced connectivity
- Unique user experience through cloud-enabled digital features
- Videos and messages can be shared on multifunctional displays
- Superior quality further increased
- Industry-leading cyber security standards



# Digitalization in the field

## Schindler R.I.S.E

### Robotic installation system for elevators

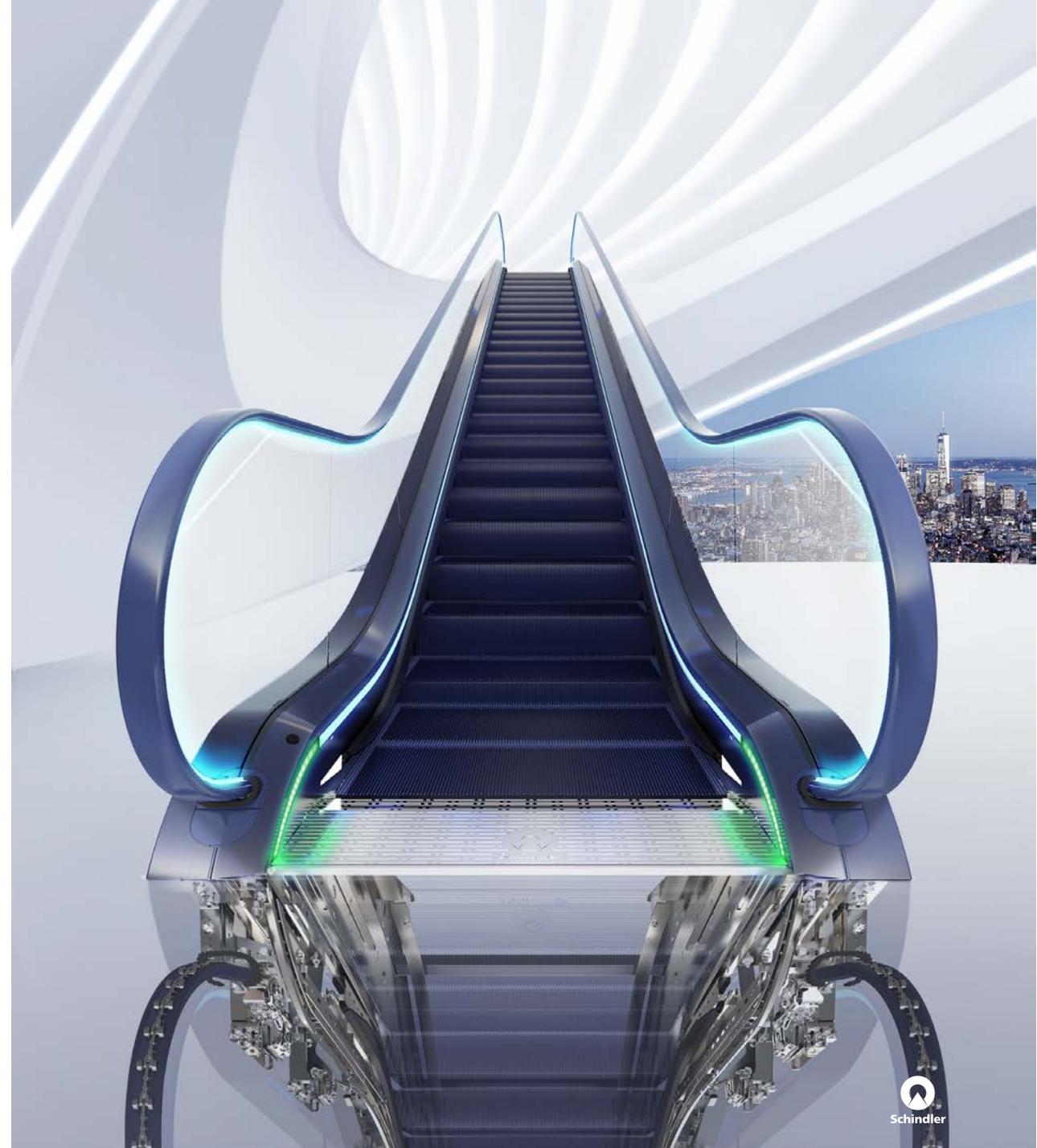
- First mover in the construction industry
- Efficient, autonomous, self-climbing robot for safe and high-quality installation of elevators
- Eliminating repetitive and physically demanding work
- Robotics research partnership with Council of Tall Buildings and Urban Habitat
- 10 key projects in 2020



# Escalator leadership

## The Schindler 9300 Premium

- Top-notch quality and sustainable materials
- Premium silence
- A+++ energy classification
- Seamless BIM support
- Unique Schindler Ahead services



# 4. Results 2019



# Global markets in 2019

## Key developments

### Global demand for new installations slightly up (in units)

- China: growth mainly driven by residential construction segment and public transport
- India: growth particularly in the second half of the year
- USA: slightly declining from a high level after many years of strong demand
- EMEA: solid in many markets but did not reach previous year's level (Turkish market has halved)

### Service and modernization continued to grow

- Growing installed base in emerging markets backed by high conversion rates
- Increasing modernization opportunities driven by ageing portfolio

# Highlights January to December 2019

## Another year of growth

### Long-term objectives and strategic initiatives on track

- Strong top-line growth maintained, market position further strengthened
- Growth across all product lines and regions, successful in major project wins
- Higher costs, foreign currency effects and planned strategic investments weighed on results
- Significant progress in digital transformation and advancement of the sustainability agenda

### Persistently strong top-line growth and solid results

- Order intake: +3.9% (+5.8% in local currencies)
- Revenue: +3.6% (+5.6% in local currencies)
- EBIT: CHF 1 258 million
- Net profit: CHF 929 million (2018: before one-time tax refund CHF 948 million)

# Asia-Pacific

## Driving global new installations demand again

### Overall positive markets for new installations

- Slowing economic growth in many markets impacting construction industry
- Construction sector benefited from continued urbanization and infrastructure spend
- China: growth, contrary to expectations
- India: gained momentum in the second half of the year
- Other markets: mixed development, partly affected by political and social uncertainties

### Schindler performance

- New installations: above market growth, driven by residential construction and major project wins
- Existing installations: sustained high growth rates in service and modernization

# Americas

## US new installations market began to cool

### Broadly stable new installations markets overall

- North America: slightly slowing down after a strong cycle, mainly driven by multi-family residential and commercial construction; infrastructure, institutional buildings, and large projects still solid; shortage of qualified workers led to delays in construction activity
- Latin America: slightly positive overall; growing signs of recovery in Brazil

### Schindler performance

- North America: new installations broadly in-line with market; strong performance in modernization and service; challenged by shortage of qualified field technicians
- Latin America: positive development across all product lines

# EMEA

## Overall declining new installations market

### New installations markets with mixed development

- Northern Europe: solid market development on a high level; maintained momentum in residential construction and infrastructure; commercial construction segment subdued; challenges in project execution in some markets due to qualified field labor shortage
- Southern Europe: slightly negative due to sharp contraction of the Turkish market

### Schindler performance

- New installations: previous year's high level maintained
- Existing installations: persistent portfolio growth
- Challenges due to shortage of qualified field technicians

# Key figures as of December 31, 2019

## October to December

In CHF million	Q4 2019	Q4 2018	Δ%	Δ% in LC
Order intake	3 114	3 016	3.2	5.7
Revenue	3 016	2 940	2.6	5.0
Operating profit (EBIT)	335	343	-2.3	0.6
in %	11.1	11.7		
Operating profit (EBIT), adjusted	364 <sup>1)</sup>	354 <sup>2)</sup>	2.8	5.6
in %	12.1	12.0		
Financing and investing activities	-18	-14 <sup>3)</sup>		
Profit before taxes	317	329	-3.6	
Income taxes	68	67 <sup>3)</sup>		
Net profit	249	262 <sup>3)</sup>	-5.0	
Earnings per share and participation certificate in CHF	2.12	2.24		
Cash flow from operating activities	529 <sup>4)</sup>	289	83.0	

1) Adjusted for restructuring costs (CHF 25 million) and expenses for BuildingMinds (CHF 4 million)

2) Adjusted for restructuring costs (CHF 11 million)

3) One-time tax refund of CHF 5 million (income taxes CHF 3 million, net interest income CHF 2 million)

4) Before IFRS 16 – Leases CHF 499 million

# Key figures as of December 31, 2019

## January to December

In CHF million	FY 2019	FY 2018	Δ%	Δ% in LC
Order intake	12 123	11 669	3.9	5.8
Revenue	11 271	10 879	3.6	5.6
Operating profit (EBIT)	1 258	1 269	-0.9	1.3
in %	11.2	11.7		
Operating profit (EBIT), adjusted	1 314 <sup>1)</sup>	1 295 <sup>2)</sup>	1.5	3.6
in %	11.7	11.9		
Financing and investing activities	-57	-17 <sup>3)</sup>		
Profit before taxes	1 201	1 252	-4.1	
Income taxes	272	244 <sup>3)</sup>		
Net profit	929	1 008 <sup>3)</sup>	-7.8	
Earnings per share and participation certificate in CHF	8.04	8.79		
Cash flow from operating activities	1 185 <sup>4)</sup>	1 005	17.9	

1) Adjusted for restructuring costs (CHF 38 million) and expenses for BuildingMinds (CHF 18 million)

2) Adjusted for restructuring costs (CHF 26 million)

3) One-time tax refund of CHF 60 million (income taxes CHF 33 million, net interest income CHF 27 million)

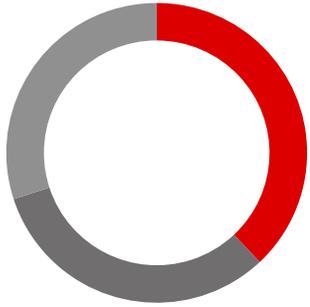
4) Before settlement of pension obligations (CHF -157 million), and IFRS 16 – Leases (CHF 118 million) CHF 1 224 million

# Backlog & revenue by region

Robust order backlog provides solid base for future growth

## Order backlog

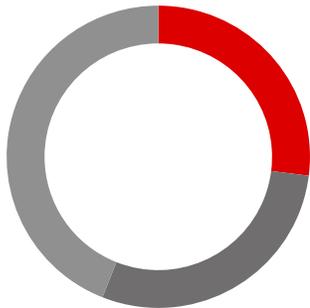
2019: CHF 9 042 million (+7.6% in LC)  
2018: CHF 8 618 million



	2019	2018
■ Asia-Pacific	38%	38%
■ Americas	32%	31%
■ EMEA	30%	31%

## Revenue

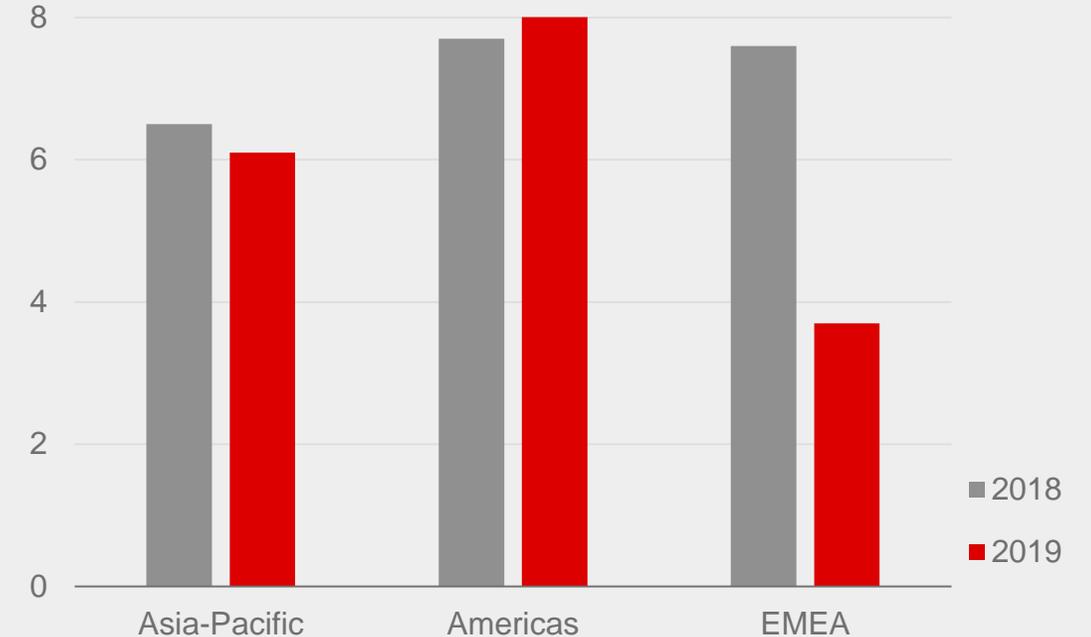
2019: CHF 11 271 million (+5.6% in LC)  
2018: CHF 10 879 million



	2019	2018
■ Asia-Pacific	27%	27%
■ Americas	29%	28%
■ EMEA	44%	45%

## Revenue growth by region (in LC)

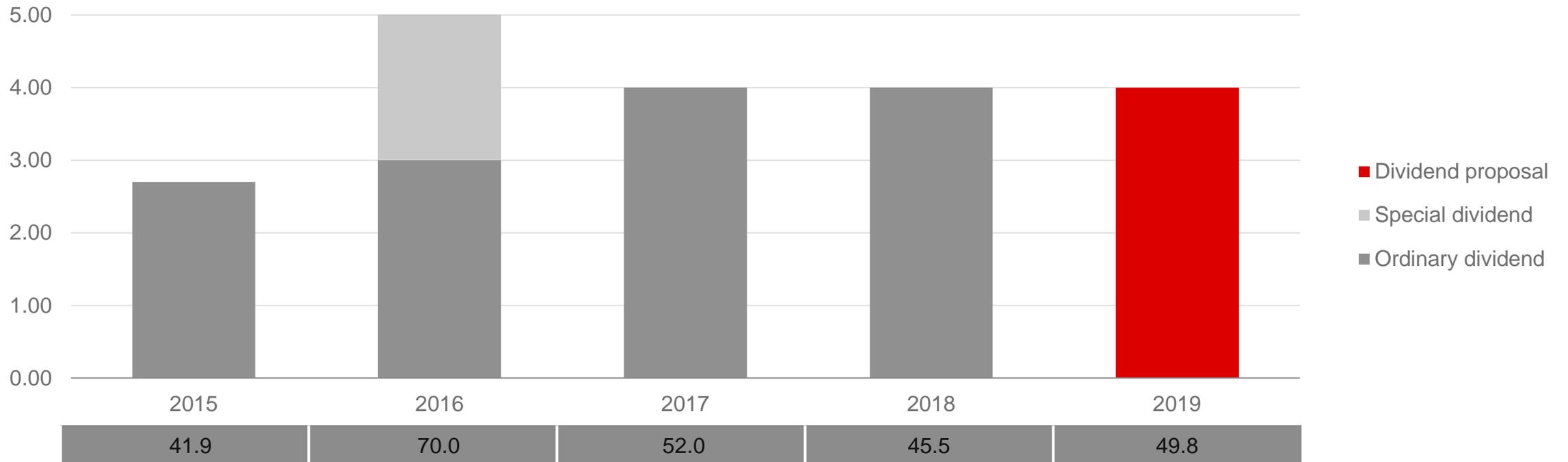
In %



# Dividend

## Proposal to the Annual General Meeting of CHF 4.00

Dividends Schindler Holding Ltd. in CHF



Pay-out ratio in % of earnings per registered share/participation certificate.

# 5. Outlook 2020



# Outlook 2020

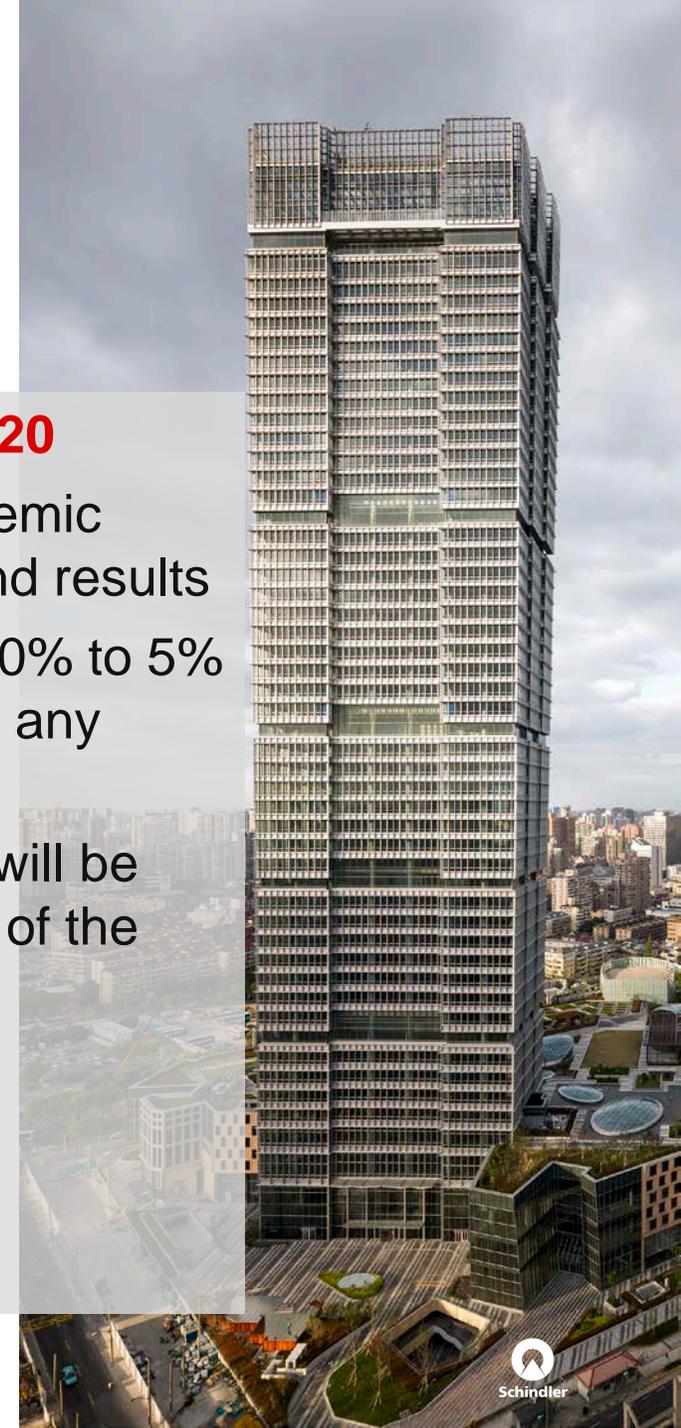
Status as of February 14, 2020

## Business environment

- Long-term growth drivers remain intact
- Solid backlog
- Service business growth
- Persistent political, social and economic uncertainties:
  - Trade dispute
  - Wage inflation
  - Strengthening Swiss Franc
  - Qualified field labor shortage

## Schindler guidance for FY 2020

- Significant coronavirus pandemic implications on operations and results
- Revenue growth of between 0% to 5% in local currencies, excluding any other unforeseeable events
- Net profit guidance for 2020 will be provided with the publication of the half-year results



# Financial calendar

	2020	2021
Full year results media conference	February 14	February
Closing date of shareholders' register	March 12	
Ordinary General Meeting Schindler Holding Ltd.	March 19	March 23
First trading date ex-dividend	March 23 <sup>1)</sup>	
Date of Schindler Holding Ltd. dividend payment	March 25 <sup>1)</sup>	
Publication of selected key figures as of March 31	April 22	April
Publication of Interim Report as of June 30	July 24	July
Publication of selected key figures as of September 30	October 23	October

1) Subject to approval of a dividend payment by the General Meeting of Schindler Holding Ltd.

## Contact:

Marco Knuchel, Head Investor Relations; Phone +41 41 445 30 61, [investor.relations@schindler.com](mailto:investor.relations@schindler.com)

Non-GAAP measures: The key figures comprise certain non-GAAP measures, which are not defined by International Financial Reporting Standards (IFRS). They are used by management for the purpose of defining targets and measuring the Group's performance. These measures may not be comparable to similar measures at other companies and should not be viewed as substitute for IFRS measures. They are available at: [www.schindler.com](http://www.schindler.com) – Investors – Results ([www.schindler.com/com/internet/en/investor-relations/reports/definition-on-nongAAP-items.html](http://www.schindler.com/com/internet/en/investor-relations/reports/definition-on-nongAAP-items.html)).

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# Additional charts



# Balance sheet

In CHF million	31.12.2019 <sup>1)</sup>	in %	31.12.2018	in %
Cash and cash equivalents	2 370	22.4	2 248	22.5
Other current assets	4 587	43.2	4 252	42.7
<b>Total current assets</b>	<b>6 957</b>	<b>65.6</b>	<b>6 500</b>	<b>65.2</b>
Non-current assets	3 641	34.4	3 476	34.8
<b>Total assets</b>	<b>10 598</b>	<b>100.0</b>	<b>9 976</b>	<b>100.0</b>
Current liabilities	5 184	48.9	4 807	48.2
Non-current liabilities	1 531	14.5	1 426	14.3
<b>Total liabilities</b>	<b>6 715</b>	<b>63.4</b>	<b>6 233</b>	<b>62.5</b>
Equity	3 883	36.6	3 743	37.5
<b>Total liabilities and equity</b>	<b>10 598</b>	<b>100.0</b>	<b>9 976</b>	<b>100.0</b>
<b>Net working capital</b>	<b>-600</b>		<b>-518</b>	
<b>Net liquidity</b>	<b>2 046 <sup>2)</sup></b>		<b>2 231</b>	

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

2) Before IFRS 16 – Leases CHF 2 477 million

# Quarterly overview 2019/2018

## Highest order intake and operating profit per quarter

In CHF million	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	3 114	2 919	3 122	2 968	3 016	2 784	3 047	2 822
Revenue	3 016	2 824	2 849	2 582	2 940	2 684	2 782	2 473
Operating profit (EBIT)	335	327	322	274	343	313	332	281
in %	11.1	11.6	11.3	10.6	11.7	11.7	11.9	11.4
Operating profit (EBIT), adjusted	364	334	334	282	354	319	337	285
in %	12.1	11.8	11.7	10.9	12.0	11.9	12.1	11.5
Financing and investing activities	-18	-7	-17	-15	-14	-14	20	-9
Profit before taxes	317	320	305	259	329	299	352	272
Income taxes	68	76	66	62	67	69	44	64
Net profit	249	244	239	197	262	230	308	208
in %	8.3	8.6	8.4	7.6	8.9	8.6	11.1	8.4
Cash flow from operating activities	529	308	85	263	289	282	104	330