

Annual Results 2019

Press release
February 14, 2020

Another year of growth

In 2019, markets faced growing global political and economic uncertainty, protectionism, currency volatility, and rising labor costs. Within this context, Schindler continued to grow while adapting to these changes. Order intake grew by 3.9% to CHF 12 123 million and revenue rose by 3.6% to CHF 11 271 million. Operating profit reached CHF 1 258 million, corresponding to an EBIT margin of 11.2%. Net profit amounted to CHF 929 million, and cash flow from operating activities improved to CHF 1 185 million.

Order intake and order backlog

Global demand in the new installations business increased slightly in the reporting year. This development was driven by the Asia-Pacific region, particularly China.

Schindler further increased order intake, which rose by 3.9% to CHF 12 123 million (previous year: CHF 11 669 million), corresponding to a growth of 5.8% in local currencies. In addition to the positive development of the volume business, there was solid new installations demand in major infrastructure and commercial building projects in North America and Asia-Pacific. All product lines and regions generated growth compared to the previous year. Asia-Pacific grew the most, followed by the Americas and EMEA regions. The service and modernization business recorded solid growth, both in volume and value.

In the fourth quarter, order intake rose by 3.2% to CHF 3 114 million (previous year: CHF 3 016 million), equivalent to an increase of 5.7% in local currencies.

As of December 31, 2019, the order backlog reached CHF 9 042 million (previous year: CHF 8 618 million), corresponding to an increase of 4.9%, respectively 7.6% in local currencies.

Revenue

Schindler generated revenue of CHF 11 271 million in 2019 (previous year: CHF 10 879 million), corresponding to a growth of 3.6%, or 5.6% in local currencies. The Americas region achieved the highest growth, followed by the Asia-Pacific and EMEA regions.

In the fourth quarter, revenue grew by 2.6% to CHF 3 016 million (previous year: CHF 2 940 million), corresponding to an increase of 5.0% in local currencies.

Operating profit (EBIT)

Operating profit (EBIT) reached CHF 1 258 million (previous year: CHF 1 269 million), which corresponds to a decrease of 0.9% (+1.3% in local currencies). EBIT margin was 11.2% (previous year: 11.7%). Operational progress and price adjustments could not fully offset higher material costs and wage inflation, as well as the higher spend on strategic investments, compared to the previous year. Before restructuring costs of CHF 38 million (previous year: CHF 26 million) and expenses for BuildingMinds of CHF 18 million, EBIT margin was 11.7% (previous year: 11.9%).

In the fourth quarter, operating profit amounted to CHF 335 million (previous year: CHF 343 million), representing an increase of 0.6% in local currencies. EBIT margin was 11.1% (previous year: 11.7%). Before restructuring costs of CHF 25 million (previous year: CHF 11 million) and expenses for BuildingMinds of CHF 4 million, EBIT margin reached 12.1% (previous year: 12.0%).

Net profit and cash flow from operating activities

Net profit totaled CHF 929 million compared to the previous year's result of CHF 1 008 million, which included a one-time tax refund of CHF 60 million. Cash flow from operating activities was CHF 1 185 million (previous year: CHF 1 005 million).

Schindler Holding Ltd. profit and dividend

Schindler Holding Ltd. closed the year 2019 with a net profit of CHF 600 million (previous year: CHF 502 million). The Board of Directors will submit a proposal to the forthcoming General Meeting of March 19, 2020, for a dividend of CHF 4.00 per registered share and per participation certificate.

Changes to the Board of Directors

The Board of Directors has decided to propose to the General Meeting of Shareholders in 2020 that Orit Gadiesh be newly elected to the Board of Directors. Following her election, she will become a member of the Supervisory and Strategy Committee. Orit Gadiesh serves as Chairman of Bain & Co. Inc. since 1993. Amongst other degrees, Orit Gadiesh holds a Master of Business Administration from Harvard University, USA.

Anthony Nightingale, non-executive, independent member of the Board of Directors since 2013, will not stand for re-election at the General Meeting of Shareholders in 2020, in consideration of the age limit stipulated in the organizational regulations of Schindler Holding Ltd. The Board of Directors sincerely thanks Anthony Nightingale for his years of outstanding contributions to the Company.

All other members of the Board of Directors are standing for re-election at the General Meeting on March 19, 2020, including Luc Bonnard, for whom the Board of Directors has decided to extend the age limit in accordance with the exemption foreseen in the organizational regulations of Schindler Holding Ltd.

Changes to the Group Executive Committee

The Board of Directors has appointed Matteo Attrovio to the Group Executive Committee, effective April 1, 2020. He has been serving as Schindler's Chief Information Officer since October 2017. Matteo Attrovio holds a master's degree in mechanical engineering from Università degli Studi di Genova.

Change of Statutory Auditor

The Board of Directors has decided to propose to the upcoming General Meeting of Shareholders that PricewaterhouseCoopers Ltd be newly elected as statutory auditor for the financial year 2020. Ernst & Young Ltd has been serving as statutory auditor of Schindler Holding Ltd. for decades. The Board of Directors sincerely thanks Ernst & Young Ltd for their valuable services over the years.

On course with long-term objectives

In the last year, Schindler kept accelerating innovation and added to the investments in strategic projects.

The company made significant progress in transforming the business digitally. Schindler also added new solutions to the digital product offering which were positively received by customers. Through Schindler Ahead, the number of connected units significantly increased, paving the way for the transition to cloud connectivity and functionality. With the same objective in mind, the introduction of the Digital Twin for elevators and escalators remains a key priority. The related multiyear investment is crucial to bring artificial intelligence to life and enable data-driven insights.

The modularity program is market-ready. It is the foundation from which Schindler will launch a new generation of elevators in 2020. With that, clients are provided with a seamless product offering and a range of user-friendly design options streamlining component variance and solutions. Thanks to state-of-the-art connectivity, the new elevators offer an enhanced user experience through cloud-enabled digital features such as infotainment. Most importantly, all these new functionalities are channeled via industry-leading data security standards.

Schindler also started to extend digitalization beyond the traditional elevator and escalator business. In March 2019, the company launched BuildingMinds, a one-stop "Software as a Service" (SaaS) platform for building owners and operators to centrally manage all their properties and service providers. The Berlin-based start-up has set out to develop a fully integrated, product-agnostic cloud solution that improves transparency and operational efficiency.

A long-standing commitment to sustainability represents an important cornerstone of Schindler's way of doing business. Consistent with its Sustainability Strategy, Schindler drove various initiatives in 2019 to further reduce the carbon footprint, to foster an even safer work environment, and to build a more diverse and inclusive workforce.

Outlook 2020

Looking ahead, demographic changes and advancing urbanization – among other global megatrends – continue to be conducive to Schindler’s business and drive demand for more vertical space to live and work in. At the same time, fast changes on the political, social and economic fronts, underpinned by historically low interest rates, will continue to affect markets. The strengthening of the Swiss Franc constitutes yet another challenge.

With more than 1 000 offices in over 100 countries, Schindler is well positioned to tap into specific market opportunities. At the same time, we now have to recognize that the coronavirus pandemic will have implications on operations and results. Nevertheless, Schindler expects for 2020, excluding any other unforeseeable events, to continue growing faster than the market, with revenue increasing between 0% and 5% in local currencies. As in previous years, the guidance for net profit for 2020 will be provided with the publication of the half-year results.

Attachment: Key figures

The Annual Report is available online from 6:30 CET at:
www.schindler.com/com/internet/en/investor-relations/reports.html

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Dial-in details to today’s annual results presentation at 9:30 CET are available at:
[www.schindler.com/Investors/Upcoming Events](http://www.schindler.com/Investors/Upcoming%20Events)

Key figures as of December 31, 2019
January to December

In CHF million	2019	2018	Δ %	Δ % local currencies
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 ¹	1 295 ²	1.5	3.6
in %	11.7	11.9		
Financing and investing activities	-57	-17 ⁴		
Profit before taxes	1 201	1 252	-4.1	
Income taxes	272	244 ⁴		
Net profit	929	1 008 ⁴	-7.8	
Net profit before tax refund	929	948	-2.0	
Earnings per share and participation certificate in CHF	8.04	8.79	-8.5	
Cash flow from operating activities	1 185 ³	1 005	17.9	
Investments in property, plant, and equipment	225	245	-8.2	
As of December 31				
Order backlog	9 042	8 618	4.9	7.6
Number of employees	66 306	64 486	2.8	

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

² Adjusted for restructuring costs (CHF 26 million)

³ Before settlement of pension obligations (CHF -157 million) and IFRS 16 – Leases (CHF 118 million) CHF 1 224 million

⁴ One-time tax refund CHF 60 million (income taxes CHF 33 million, net interest income CHF 27 million)

4th quarter: October to December

In CHF million	2019 4th quarter	2018 4th quarter	Δ %	Δ % local currencies
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	364¹	354 ²	2.8	5.6
in %	12.1	12.0		
Financing and investing activities	-18	-14 ⁴		
Profit before taxes	317	329	-3.6	
Income taxes	68	67 ⁴		
Net profit	249	262 ⁴	-5.0	
Net profit before tax refund	249	257	-3.1	
Earnings per share and participation certificate in CHF	2.12	2.24	-5.4	
Cash flow from operating activities	529³	289	83.0	
Investments in property, plant, and equipment	63	77	-18.2	

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

² Adjusted for restructuring costs (CHF 11 million)

³ IFRS 16 – Leases CHF 499 million

⁴ One-time tax refund CHF 5 million (income taxes CHF 3 million, net interest income CHF 2 million)