

Annual Results 2020

Press release
February 17, 2021

Resilience and innovation in adversity

- **Order intake decreased 3.2% in local currencies after the construction sector contracted in some key markets as a consequence of the global pandemic**
- **Cash flow from operating activities increased by 33.4%, reaching CHF 1 581 million**
- **Total restructuring costs reached CHF 135 million for the year**
- **Foreign currency effects substantially weighed on results**
- **New modular elevator platform launched worldwide with customer feedback above expectations**

The COVID-19 pandemic has confronted the world with unprecedented challenges and had significant impacts on Schindler's business in 2020. Order intake decreased by 9.1% to CHF 11 018 million and revenue dropped by 5.6% to CHF 10 640 million, operating profit reached CHF 1 032 million, corresponding to an EBIT margin of 9.7% (EBIT adjusted 11.1%). Net profit amounted to CHF 774 million, and cash flow from operating activities increased to CHF 1 581 million.

"The global crisis caused by COVID-19 has made 2020 a year like no other. Schindler employees around the world met the challenges with resolve, solidarity, and care for their communities. We extend our sympathies to those who have suffered from personal loss and anxiety during this difficult time," says Thomas Oetterli, Schindler's CEO. "The pandemic has also impacted Schindler. We introduced a series of measures to enhance our competitiveness, as some of the key markets have been experiencing a contraction and are not likely to return to 2019 levels before 2022 at the very earliest. The further deterioration of currencies against the Swiss franc adds to our resolve to accelerate our investments to prepare for the 'new normal'."

Despite the adverse environment, Schindler remains on course with its long-term objectives, kept accelerating innovation, and continued to invest in technology.

The year 2020 marked the launch of the new generation of modular, cloud-connected, low-carbon-footprint elevators in key markets across Europe and Asia-Pacific. Customer feedback is very positive, and the rollout in the Americas and in China is due for completion in 2021.

Digital functionality is also supported by the drive to connect all elevators and escalators maintained by Schindler to the cloud, thanks to the deployment of the Schindler Ahead solution, enabling state-of-the-art digital services such as Schindler ActionBoard and Digital Media Services.



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Schindler's Robotic Installation System for Elevators (Schindler R.I.S.E), the world's first self-climbing, autonomous robotic system able to conduct installation work in an elevator shaft, has been deployed commercially in customer projects for the first time.

In response to the health emergency, Schindler launched CleanMobility solutions in record time-to-market. This new range of touchless, sanitization, and physical-distancing innovations boost the hygiene and safety of our elevators, escalators, and moving walks. These solutions have been developed to support customers in dealing with the COVID-19 emergency, including hospitals and providers of essential infrastructure.

Sustainability at Schindler

Building on the multigenerational tradition of corporate citizenship, Schindler is committed to enhancing transparency around its ESG impact, which benefits shareholders, customers, and employees alike. In recognition of these efforts, CDP has upgraded Schindler to a score of A- with the organization's widely recognized annual environmental disclosure system. In the same context, Schindler reaffirmed its commitment to inclusion and diversity by joining the Valuable 500 initiative, refining programs on how to best include differently abled people in its operations.

BuildingMinds

In addition to driving the reduction of its core business's carbon footprint, Schindler extended its ESG reach into a close co-innovation with key customers. In 2020, BuildingMinds, Schindler's "Software-as-a-Service" start-up, released its first commercial product. The cloud-based platform, which uses an industry-specific Common Data Model, unifies all building-related information – including location, spaces, carbon footprint, and equipment performance – into one single digital ecosystem, enabling artificial-intelligence-based insights and sustainable real estate portfolio management.

Order intake and order backlog

With the exception of China, markets around the globe have been negatively impacted by the COVID-19 pandemic. The construction sector – and with it the elevator and escalator new installation and modernization markets – contracted abruptly, with no recovery in sight to 2019 levels until 2022, at the very earliest. Only a few markets, such as China, managed quick recoveries.

For the whole year 2020, Schindler's order intake decreased by 3.2% in local currencies, equivalent to a drop of 9.1% to CHF 11 018 million in variable terms (previous year: CHF 12 123 million). China recorded the highest growth, followed by the EMEA region, whereas order intake decreased in the Americas and the rest of Asia-Pacific.

In the fourth quarter, order intake increased by 1.1% in local currencies, corresponding to a decline by 5.2% in variable terms (CHF 2 951 million, previous year: CHF 3 114 million).

As of December 31, 2020, the order backlog reached CHF 8 687 million (previous year: CHF 9 042 million), corresponding to an increase of 2.4% in local currencies, or a decrease of 3.9% in variable terms, respectively.

Revenue

Revenue for the year increased slightly by 0.4% in local currencies, equivalent to reported revenue of CHF 10 640 million in 2020 (previous year: CHF 11 271 million), corresponding to a drop of 5.6%. Revenue dropped slightly in the Americas; Europe managed to attain 2019 levels, while Asia-Pacific generated growth driven by a strong performance of the Chinese operation.



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In the fourth quarter, revenue increased by 3.3% in local currencies. In absolute terms, revenue decreased by 3.0% to CHF 2 927 million (previous year: CHF 3 016 million).

The appreciation of the Swiss franc against all major currencies led to additional pressure on revenue and profitability. Faced with the reality of contracting markets and a worsening foreign currency environment, the company launched measures to remain competitive and to stay on course with its growth agenda. These included the factory closure in Zaragoza, Spain, organizational effectiveness initiatives, and a global cost optimization program to realign capacities and resources with the ongoing market resizing, resulting in the reduction of about 2 000 jobs worldwide within two years.

Operating profit (EBIT)

Operating profit (EBIT) reached CHF 1 032 million (previous year: CHF 1 258 million), which corresponds to a decrease of 18.0% (–11.0% in local currencies). EBIT margin was 9.7% (previous year: 11.2%).

The result includes restructuring costs of CHF 135 million (previous year: CHF 38 million), related to the factory closure in Spain and the global cost optimization program. EBIT adjusted reached CHF 1 185 million with a margin of 11.1% (previous year: CHF 1 314 million, 11.7%).

In the fourth quarter, operating profit amounted to CHF 298 million (previous year: CHF 335 million), representing a drop of 11.0% (–4.2% in local currencies). EBIT margin was 10.2% (previous year: 11.1%). The adjusted EBIT margin reached 11.7% (previous year: 12.1%).

Net profit and cash flow from operating activities

Net profit totaled CHF 774 million compared to the previous year's result of CHF 929 million. Cash flow from operating activities increased by 33.4%, reaching CHF 1 581 million (previous year: CHF 1 185 million, adjusted for one-off impacts: CHF 1 342 million) as a result of the effective net working capital optimization measures implemented across the Group.

Schindler Holding Ltd. profit and dividend

Schindler Holding Ltd. closed the fiscal year 2020 with a net profit of CHF 615 million (previous year: CHF 600 million). The Board of Directors will submit a proposal to the forthcoming General Meeting of March 23, 2021, for a dividend of CHF 4.00 per registered share and per participation certificate.

Changes to the Board of Directors

After more than 25 years of outstanding contribution to the Schindler Group, Dr. Rudolf W. Fischer, member of the Board of Directors since 2012, will not stand for re-election at the General Meeting of Shareholders in 2021. All other members of the Board of Directors are standing for re-election at the General Meeting of Shareholders on March 23, 2021, 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 AG.

The Board of Directors has decided to propose to the General Meeting of Shareholders in 2021 that Adam Keswick (born 1973) and Günter Schäuble (born 1962) be newly elected to the Board of Directors. The Board also proposes to elect Adam Keswick as member of the Compensation Committee.

Adam Keswick is executive director of Jardine Matheson Holdings Limited, which he first joined in 2001. Adam Keswick holds a Master of Arts degree from Edinburgh University, UK.

Günter Schäuble acts as Head Global Finance and Tax at Schindler and is chairman of the Board of Schindler Aufzüge AG, Switzerland. As a German and a Swiss Certified Tax Expert, he serves as a member of several industrial and tax associations.

General Meeting 2021

The health and well-being of all Schindler stakeholders, including the company's shareholders, is the Group's highest priority. As a precautionary and prudent measure, the Board of Directors has therefore decided to conduct the next Schindler General Meeting on March 23, 2021, without the physical presence of shareholders. The independent proxy will take care of votes and any other input from shareholders.

This decision is in accordance with Art. 8 of the Federal Act on the Statutory Principles for Federal Council Ordinances on Combating the COVID-19 Epidemic (COVID-19 Act) and Art. 27 of the Ordinance 3 on Measures to Combat the Coronavirus (COVID-19) (COVID-19 Ordinance 3).

Outlook for 2021

Looking ahead, demographic changes and sustainable urbanization – among other global megatrends – will continue to be conducive to the elevator and escalator industry, driving demand for more vertical space to live and work in. At the same time, the global recession induced by the COVID-19 pandemic, political tensions, increasing national debt, and obstacles to global trade, underpinned by historically low interest rates, will continue to affect markets, creating a volatile economic environment.

For 2021, barring unexpected events, the company's revenue growth is expected to reach levels between 0% and 5% in local currencies. As in previous years, the net profit guidance will be provided in combination 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 for today's conference at 9:30 CET are available at:
www.schindler.com/com/internet/en/investor-relations/conference-call-details.html

Key figures as of December 31, 2020
January to December

In CHF million	2020	2019	Δ %	Δ % local currencies
Order intake	11 018	12 123	-9.1	-3.2
Revenue	10 640	11 271	-5.6	0.4
Operating profit (EBIT)	1 032	1 258	-18.0	-11.0
in %	9.7	11.2		
Operating profit (EBIT), adjusted	1 185¹	1 314 ²	-9.8	-2.5
in %	11.1	11.7		
Financing and investing activities	-39	-57		
Profit before taxes	993	1 201	-17.3	
Income taxes	219	272		
Net profit	774	929	-16.7	
Earnings per share and participation certificate in CHF	6.72	8.04	-16.4	
Cash flow from operating activities	1 581	1 185 ³	33.4	
Investments in property, plant, and equipment	130	225	-42.2	
As of December 31				
Order backlog	8 687	9 042	-3.9	2.4
Number of employees	66 674	66 306	0.6	

¹ Adjusted for restructuring costs (CHF 135 million) and expenses for BuildingMinds (CHF 18 million)

² Adjusted for restructuring costs (CHF 38 million) and expenses for BuildingMinds (CHF 18 million)

³ Before settlement of pension obligations (CHF -157 million) CHF 1 342 million

4th quarter: October to December

In CHF million	2020	2019	Δ %	Δ % local currencies
Order intake	2 951	3 114	-5.2	1.1
Revenue	2 927	3 016	-3.0	3.3
Operating profit (EBIT)	298	335	-11.0	-4.2
in %	10.2	11.1		
Operating profit (EBIT), adjusted	341 ¹	364 ²	-6.3	0.5
in %	11.7	12.1		
Financing and investing activities	-21	-18		
Profit before taxes	277	317	-12.6	
Income taxes	51	68		
Net profit	226	249	-9.2	
Earnings per share and participation certificate in CHF	1.96	2.12	-7.5	
Cash flow from operating activities	626	529	18.3	
Investments in property, plant, and equipment	31	63	-50.8	

¹ Adjusted for restructuring costs (CHF 39 million) and expenses for BuildingMinds (CHF 4 million)

² Adjusted for restructuring costs (CHF 25 million) and expenses for BuildingMinds (CHF 4 million)