

Facts and figures.

Interim Report as of June 30, 2021

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Schindler

Key figures as of June 30, 2021

1st half: January to June

In CHF million	2021	2020	Δ %	Δ % local currencies
Order intake	6 043	5 355	12.8	14.1
Revenue	5 475	4 959	10.4	11.6
Operating profit (EBIT)	607	421	44.2	45.1
in %	11.1	8.5		
Operating profit (EBIT), adjusted	638¹	507 ²	25.8	26.6
in %	11.7	10.2		
Financing and investing activities	-24	-11		
Profit before taxes	583	410	42.2	
Income taxes	128	97		
Net profit	455	313	45.4	
Earnings per share and participation certificate in CHF	4.00	2.73	46.5	
Cash flow from operating activities	721	636	13.4	
Investments in property, plant, and equipment	57	66	-13.6	
	30.6.2021	31.12.2020		
Order backlog	9 623	8 687	10.8	6.3
Number of employees	67 234	66 674	0.8	

¹ Adjusted for Top Speed 23 costs (CHF 4 million), restructuring costs (CHF 15 million), and expenses for BuildingMinds (CHF 12 million)

² Adjusted for restructuring costs (CHF 77 million) and expenses for BuildingMinds (CHF 9 million)

2nd quarter: April to June

In CHF million	2021	2020	Δ %	Δ % local currencies
Order intake	3 106	2 635	17.9	17.7
Revenue	2 873	2 512	14.4	14.3
Operating profit (EBIT)	319	255	25.1	23.5
in %	11.1	10.2		
Operating profit (EBIT), adjusted	337¹	286 ²	17.8	16.4
in %	11.7	11.4		
Financing and investing activities	-11	-9		
Profit before taxes	308	246	25.2	
Income taxes	66	58		
Net profit	242	188	28.7	
Earnings per share and participation certificate in CHF	2.12	1.65	28.5	
Cash flow from operating activities	264	313	-15.7	
Investments in property, plant, and equipment	27	35	-22.9	
	30.6.2021	30.6.2020		
Order backlog	9 623	8 936	7.7	5.9
Number of employees	67 234	65 627	2.4	

¹ Adjusted for Top Speed 23 costs (CHF 4 million), restructuring costs (CHF 7 million), and expenses for BuildingMinds (CHF 7 million)

² Adjusted for restructuring costs (CHF 26 million) and expenses for BuildingMinds (CHF 5 million)

Schindler reports encouraging growth for the first half of 2021

For the first half of 2021 and compared to a weak prior-year period, order intake rose by 12.8% to CHF 6 043 million and revenue increased by 10.4% to CHF 5 475 million. Operating profit reached CHF 607 million, corresponding to an EBIT margin of 11.1% (EBIT adjusted 11.7%). With these results, revenue and operating results broadly reached pre-pandemic levels, while order intake remained slightly below 2019 levels. Net profit amounted to CHF 455 million and cash flow from operating activities improved to CHF 721 million. The Top Speed 23 program has been ramping up with expenses starting to arise in the second half of the year and beyond.

“We are encouraged by the positive trajectory of the first half of 2021. Looking ahead, we remain cautious due to the strong Swiss franc, increasing raw material costs, and delays of construction sites across the world,” said Thomas Oetterli, Schindler’s CEO. “With the Top Speed 23 program ramp-up, we are accelerating digital transformation and boosting product innovation with the objective to strengthen our position in key markets and address profitability gaps over the longer term.”

Order intake and order backlog

Order intake rose by 12.8% to CHF 6 043 million in the first half of 2021 (previous year: CHF 5 355 million), corresponding to an increase of 14.1% in local currencies – still remaining slightly below 2019 levels. All regions and product lines contributed to this growth. New installations remained robust, while the positive trends that could be seen towards the end of the first quarter in modernizations and repairs prevailed. Maintenance growth was solid. The Asia-Pacific region generated the highest growth rate, followed by the Americas and EMEA regions.

In the second quarter of 2021, order intake reached CHF 3 106 million (second quarter of 2020: CHF 2 635 million), corresponding to an increase of 17.9%, or 17.7% in local currencies.

As of June 30, 2021, the order backlog increased by 7.7% to CHF 9 623 million (previous year: CHF 8 936 million). In local currencies, the order backlog increased by 5.9%.

Revenue

In the first half of 2021, revenue amounted to CHF 5 475 million (previous year: CHF 4 959 million), which is equivalent to an increase of 10.4% (11.6% in local currencies). It surpassed pre-pandemic levels, despite the unfavorable foreign currency developments over the last two years. Revenue increased in all regions. Asia-Pacific generated the highest growth rate, driven by new installations in China, followed by the EMEA and the Americas regions.

In the second quarter of 2021, revenue increased by 14.4% to CHF 2 873 million (previous year: CHF 2 512 million), corresponding to an increase of 14.3% in local currencies.

Operating profit (EBIT)

In the first half of 2021, operating profit increased by 44.2% to CHF 607 million. The previous year's EBIT of CHF 421 million was significantly affected by extraordinary impacts. In local currencies, operating profit increased by 45.1%. The EBIT margin reached 11.1% (previous year: 8.5%), broadly in line with pre-pandemic levels. Restructuring costs totaled CHF 15 million (previous year: CHF 77 million) and expenses for the Top Speed 23 program amounted to CHF 4 million.

Adjusted operating profit reached CHF 638 million (previous year: CHF 507 million), supported by topline growth, cost optimization, and the introduction of modular products. The adjusted EBIT margin was 11.7% (previous year: 10.2%).

In the second quarter of 2021, operating profit amounted to CHF 319 million (previous year: CHF 255 million). The EBIT margin was 11.1% (previous year: 10.2%). The adjusted EBIT margin reached 11.7% (previous year: 11.4%).

Net profit and cash flow from operating activities

Net profit totaled CHF 455 million (previous year: CHF 313 million) for the first half of 2021. Cash flow from operating activities increased to CHF 721 million (previous year: CHF 636 million) also thanks to lower net working capital.

Environment, Social, and Governance (ESG)

With the release of the 2020 Corporate Responsibility Report last month, Schindler announced its commitment to science-based targets (SBT).

The Group also outlined new sustainability initiatives, including a full transition to renewable electricity by 2025 and a "no waste to landfill" target across all its sites globally by 2023.

In 2020, Schindler officially joined the UN Global Compact (UNGC), the world's largest corporate sustainability initiative. "As a participant of the UNGC, we reaffirm our commitment to align our operations and strategies to the UNGC's ten universally recognized principles in the areas of Human Rights, Labor, the Environment, and Anti-Corruption and collectively contribute to achieve a more sustainable world," says Thomas Oetterli.

Outlook for 2021

The Top Speed 23 program will generate costs estimated at CHF 40 million to CHF 60 million. In addition, negative impacts are expected from ongoing raw material cost inflation and delays of construction sites. Barring unexpected events, Schindler expects revenue growth of between 4% and 7% in local currencies. The full year 2021 net profit is expected to reach between CHF 840 million and CHF 900 million.

Consolidated interim financial statements

Consolidated income statement

In CHF million	2021		2020	
	1.1.–30.6.	%	1.1.–30.6.	%
Revenue	5 475	100.0	4 959	100.0
Cost of materials	1 547	28.3	1 302	26.3
Personnel expenses	2 069	37.8	2 033	41.0
Other operating expenses	1 086	19.8	1 037	20.9
Depreciation, amortization, and impairment	166	3.0	166	3.3
Total operating expenses	4 868	88.9	4 538	91.5
Operating profit	607	11.1	421	8.5
Financial income	13	0.2	20	0.4
Financial expenses	39	0.7	32	0.6
Result from associates	2	0.0	1	0.0
Profit before taxes	583	10.6	410	8.3
Income taxes	128	2.3	97	2.0
Net profit	455	8.3	313	6.3
Net profit attributable to				
Shareholders of Schindler Holding Ltd.	430		293	
Non-controlling interests	25		20	
Earnings per share in CHF				
Basic	4.00		2.73	
Diluted	3.99		2.72	

Consolidated statement of comprehensive income

In CHF million	2021	2020
	1.1.–30.6.	1.1.–30.6.
Net profit	455	313
Other comprehensive income – may be reclassified to the income statement in future		
Exchange differences	92	-123
Cash flow hedges	-	8
Income taxes	-	-2
Total – may be reclassified to the income statement in future	92	-117
Other comprehensive income – not to be reclassified to the income statement in future		
Equity instruments at fair value through other comprehensive income (FVOCI)	71	-12
Remeasurements of employee benefits	143	-58
Income taxes	-29	15
Total – not to be reclassified to the income statement in future	185	-55
Total other comprehensive income (OCI)	277	-172
Comprehensive income	732	141
Comprehensive income attributable to		
Shareholders of Schindler Holding Ltd.	702	125
Non-controlling interests	30	16

Consolidated balance sheet

In CHF million	30.6.2021	%	31.12.2020	%
Current assets				
Cash and cash equivalents	2 425	20.8	2 483	22.8
Current financial assets	1 088	9.3	908	8.4
Accounts receivable	2 106	18.1	2 065	19.0
Income tax receivable	83	0.7	89	0.8
Contract assets	961	8.3	742	6.8
Inventories	1 090	9.4	996	9.2
Prepaid expenses	138	1.2	88	0.8
Assets held for sale	4	–	4	–
Total current assets	7 895	67.8	7 375	67.8
Non-current assets				
Property, plant, and equipment	1 057	9.1	1 037	9.5
Right-of-use assets	468	4.0	435	4.0
Intangible assets	1 414	12.2	1 278	11.8
Associates	32	0.3	33	0.3
Non-current financial assets	474	4.1	420	3.9
Deferred tax assets	296	2.5	299	2.7
Total non-current assets	3 741	32.2	3 502	32.2
Total assets	11 636	100.0	10 877	100.0
Liabilities				
Current liabilities				
Accounts payable	1 134	9.7	1 092	10.0
Financial debts	99	0.9	86	0.8
Lease liabilities	115	1.0	110	1.0
Income tax payable	145	1.2	174	1.6
Contract liabilities	2 882	24.8	2 412	22.2
Accrued expenses	1 302	11.2	1 269	11.7
Provisions	215	1.8	222	2.0
Total current liabilities	5 892	50.6	5 365	49.3
Non-current liabilities				
Financial debts	445	3.9	446	4.1
Lease liabilities	325	2.8	297	2.7
Provisions	293	2.5	267	2.5
Deferred tax liabilities	154	1.3	130	1.2
Employee benefits	234	2.0	366	3.4
Total non-current liabilities	1 451	12.5	1 506	13.9
Total liabilities	7 343	63.1	6 871	63.2
Equity				
Shareholders of Schindler Holding Ltd.	4 175	35.9	3 890	35.8
Non-controlling interests	118	1.0	116	1.0
Total equity	4 293	36.9	4 006	36.8
Total liabilities and equity	11 636	100.0	10 877	100.0

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
January 1, 2021	11	311	-54	-1 045	-	4 667	3 890	116	4 006
Net profit						430	430	25	455
Other comprehensive income (OCI)				87	-	185	272	5	277
Comprehensive income				87	-	615	702	30	732
Dividends						-430	-430	-28	-458
Change in treasury shares			24			-20	4	-	4
Share-based payments						9	9	-	9
June 30, 2021	11	311	-30	-958	-	4 841	4 175	118	4 293
January 1, 2020	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
June 30, 2020	11	311	-56	-1 013	2	4 226	3 481	116	3 597

Consolidated cash flow statement

In CHF million	2021 1.1.–30.6.	2020 1.1.–30.6.
Operating profit	607	421
Depreciation, amortization, and impairment	166	166
Other non-cash items	92	175
Other cash items	-76	-69
Dividends received	7	5
Interest received	8	9
Interest paid	-9	-10
Other financial result	-15	-14
Income taxes paid, net	-153	-90
Change in net working capital	94	43
Cash flow from operating activities	721	636
Additions		
Property, plant, and equipment	-57	-66
Intangible assets	-4	-6
Current and non-current financial assets	-648	-394
Disposals		
Property, plant, and equipment	3	1
Associates	1	-
Current and non-current financial assets	492	345
Business combinations	-106	-99
Cash flow from investing activities	-319	-219
Proceeds from increase in current and non-current financial debts	9	32
Repayments of current and non-current financial debts	-8	-112
Lease payments	-66	-65
Purchase of treasury shares	-	-14
Disposal of treasury shares	4	2
Dividends paid to the shareholders of Schindler Holding Ltd.	-430	-430
Dividends paid to non-controlling interests	-21	-7
Cash flow from financing activities	-512	-594
Exchange differences	52	-30
Change in cash and cash equivalents	-58	-207
Cash and cash equivalents as of January 1	2 483	2 370
Cash and cash equivalents as of June 30	2 425	2 163

Notes to the consolidated interim financial statements

These are the consolidated interim financial statements as of June 30, 2021, of the Schindler Group ("Schindler" or "the Group"), which comprises Schindler Holding Ltd. and its subsidiaries. Schindler is one of the world's 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 22, 2021. 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, 2021, 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 2020. Therefore, these consolidated interim financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

Amendments in IFRS, effective as of January 1, 2021, did not have a material impact on the consolidated interim financial statements. The Group has not early adopted any standard or amendment that has been issued but is not yet effective.

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. All significant assumptions and estimates remain unchanged compared to the consolidated financial statements as of December 31, 2020.

1.2 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 2021 and 2020, 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 business combinations that occurred in the first half of 2021 primarily took place in June. Their impact on the Group's revenue and its operating profit was not material and is not expected to be material for the full year 2021.

1.3 Exchange rates

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

			2021		2020	
			Closing rate June 30	Average rate June 30	Closing rate December 31	Average rate June 30
Eurozone	EUR	1	1.10	1.09	1.08	1.07
USA	USD	1	0.92	0.91	0.88	0.96
Brazil	BRL	100	18.63	16.98	16.95	20.04
China	CNY	100	14.31	14.03	13.46	13.71
India	INR	100	1.24	1.24	1.20	1.31

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 for existing installations. For repairs, the customer benefits from the service and obtains control once the repair is completed. Revenue for repairs is recognized at the point of customer acceptance.

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

In CHF million	January to June 2021				January to June 2020			
	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	1 966	479	13	2 458	1 779	456	10	2 245
Americas	1 212	226	–	1 438	1 193	244	–	1 437
Asia-Pacific	1 467	110	2	1 579	1 175	99	3	1 277
Total revenue	4 645	815	15	5 475	4 147	799	13	4 959

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 2021			January to June 2020		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Revenue	5 475	–	5 475	4 959	–	4 959
Operating profit	631	–24	607	446	–25	421
Depreciation and amortization	166	–	166	166	–	166
Additions to PPE and intangible assets	61	–	61	72	–	72
Result from associates	2	–	2	1	–	1

In CHF million	30.6.2021			31.12.2020		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Assets	8 810	2 826	11 636	8 186	2 691	10 877
thereof associates	32	–	32	33	–	33
Liabilities	6 858	485	7 343	6 389	482	6 871

4 Significant events and transactions

4.1 Dividends

On March 23, 2021, 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 29, 2021.

4.2 Financial debts

In the first half of 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, 2021, 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 405 million (December 31, 2020: carrying amount CHF 400 million and fair value CHF 405 million). The bond is listed on the SIX Swiss Exchange.

4.3 Restructuring costs

In connection with the global cost optimization program, as well as the closure of a factory in Spain, the Group recognized restructuring costs of CHF 77 million in the first half of 2020.

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 the bond 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 value of the bond issued by the Group, refer to note 4.2.

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

In CHF million	30.6.2021		31.12.2020	
	Fair value	Level	Fair value	Level
Financial assets				
Current financial assets	57	1	75	1
Derivatives	15	2	17	2
Non-current financial assets	50	1	50	1
Financial instruments at FVPL	122		142	
Non-current financial assets	5	1	5	1
Debt instruments at FVOCI with recycling	5		5	
Non-current financial assets	276	1	203	1
Non-current financial assets	6	3	8	3
Equity instruments at FVOCI without recycling	282		211	
Financial liabilities				
Derivatives	13	2	18	2
Financial instruments at FVPL	13		18	

Derivatives are reported within prepaid and accrued expenses.

There were no transfers between the different hierarchy levels during the reporting period, nor in the previous year.

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

In CHF million	2021	2020
January 1	8	8
Fair value changes recognized in OCI	-2	-
June 30	6	8

6 Contingent liabilities

Contingent liabilities are described in the notes to the consolidated financial statements 2020. As of June 30, 2021, 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 127 million. The Group companies in question consider the claims to be without merit.

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 (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 21, 2021
Annual results media conference	February 2022
Ordinary General Meeting of Schindler Holding Ltd.	March 22, 2022

The Group's Interim Report 2021 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.

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