

Annual results 2022 presentation

February 22, 2023

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Key messages

Markets

Declining New Installations,
growth in Service and
Modernization

Order intake

Growth in Service and
Modernization, reduction in
New Installations

Revenue and profit
recovery
in the second half
of the year

Progress on resolving
legacy issues

Supply chain
recovery underway

New strategic
framework for
disciplined execution

Agenda

1. Highlights

2. Market update

3. Strategic framework

4. Financial results 2022

5. Outlook 2023

6. Q&A

Silvio Napoli

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Silvio Napoli

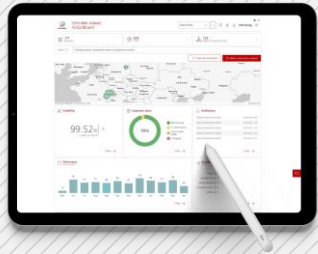
Carla De Geyseler

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Highlights 2022



>25%
cloud-connected portfolio units

Simplified
leadership structure

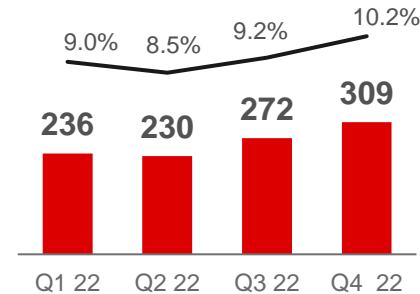


“Green service”
contracts launched
–99.5%
CO₂-emission vs. classic offering

+4%
Service portfolio growth

BUILDING
MINDS 
>15 000
buildings connected
to the platform


Recovery of operating results
EBIT adj. in CHF million



Finland, Germany, the
Netherlands, Spain and
Sweden

2. in “2022 best Swiss employers”
Handelszeitung ranking



Jardine Schindler in
Global Top 20

87% response rate in 2022
employee engagement survey

Sharpened focus

to drive efficiency across
the whole organization

SBTi validation
of near- and long-term
CO₂-emission reduction targets

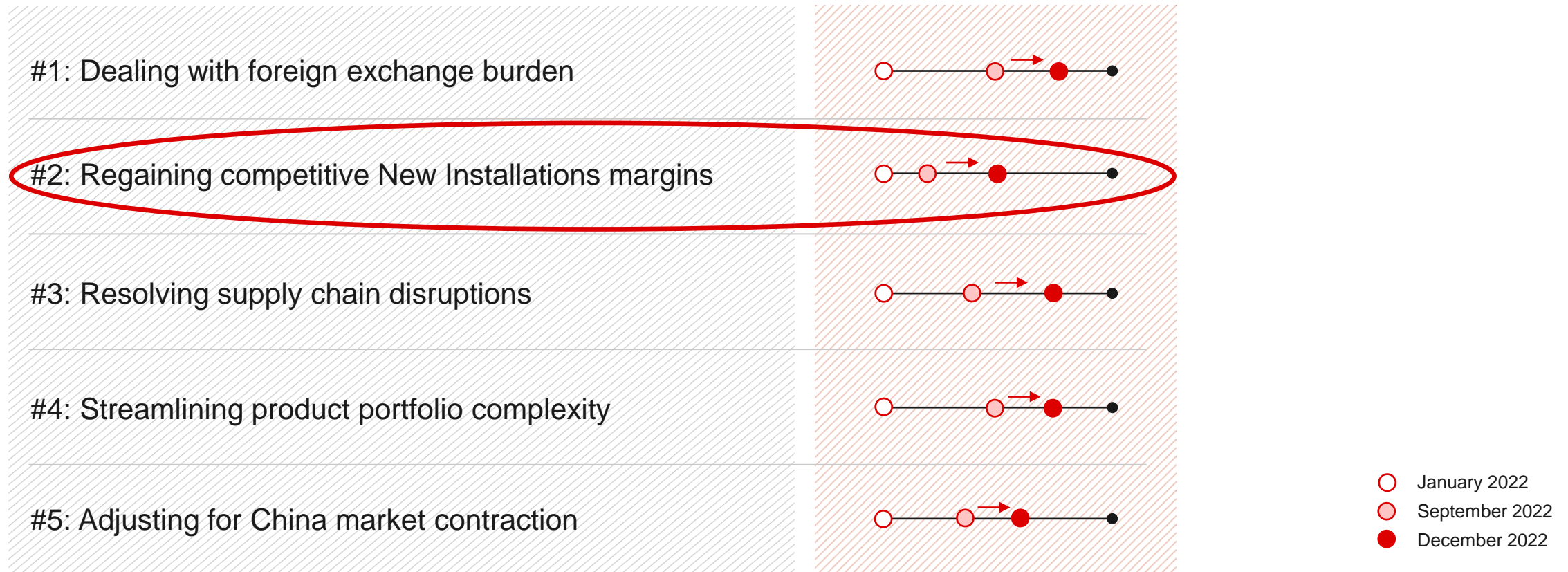


Progressing on challenges

Resolving legacy issues, adjusting to fast-evolving market conditions

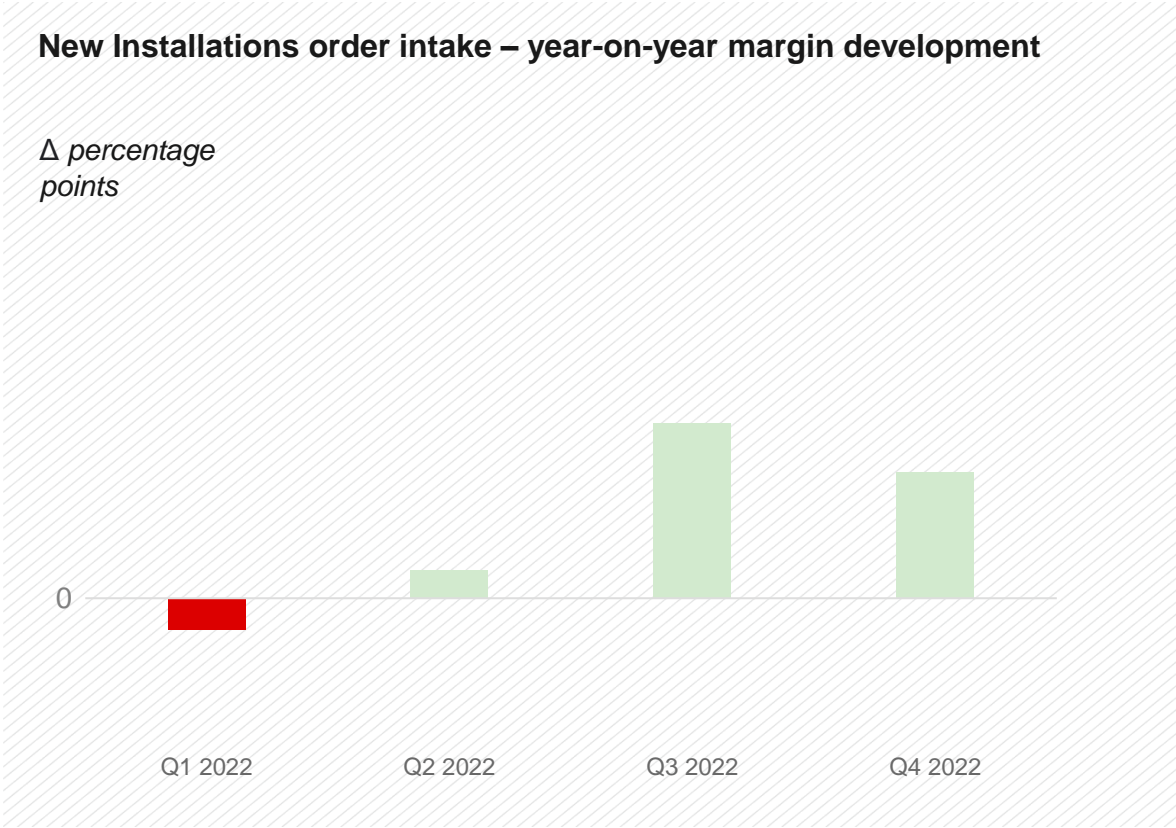
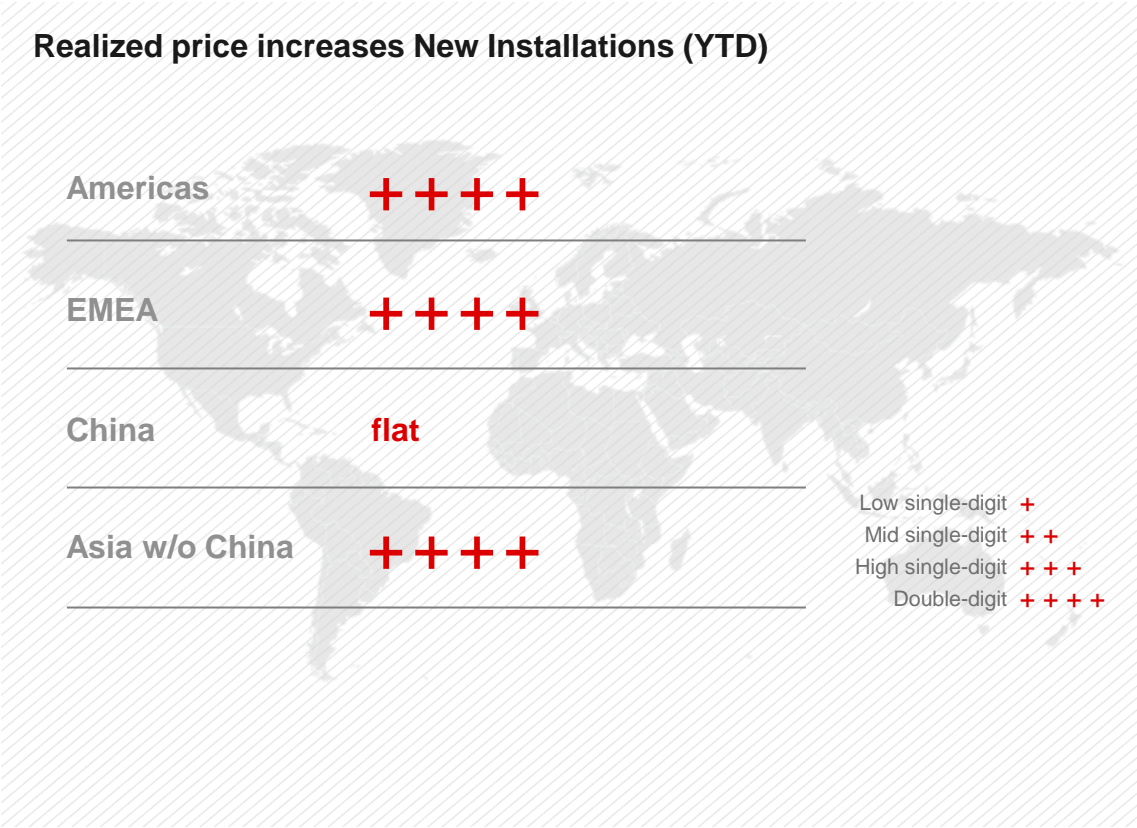
Challenges

Progress



Regaining competitive New Installations margins

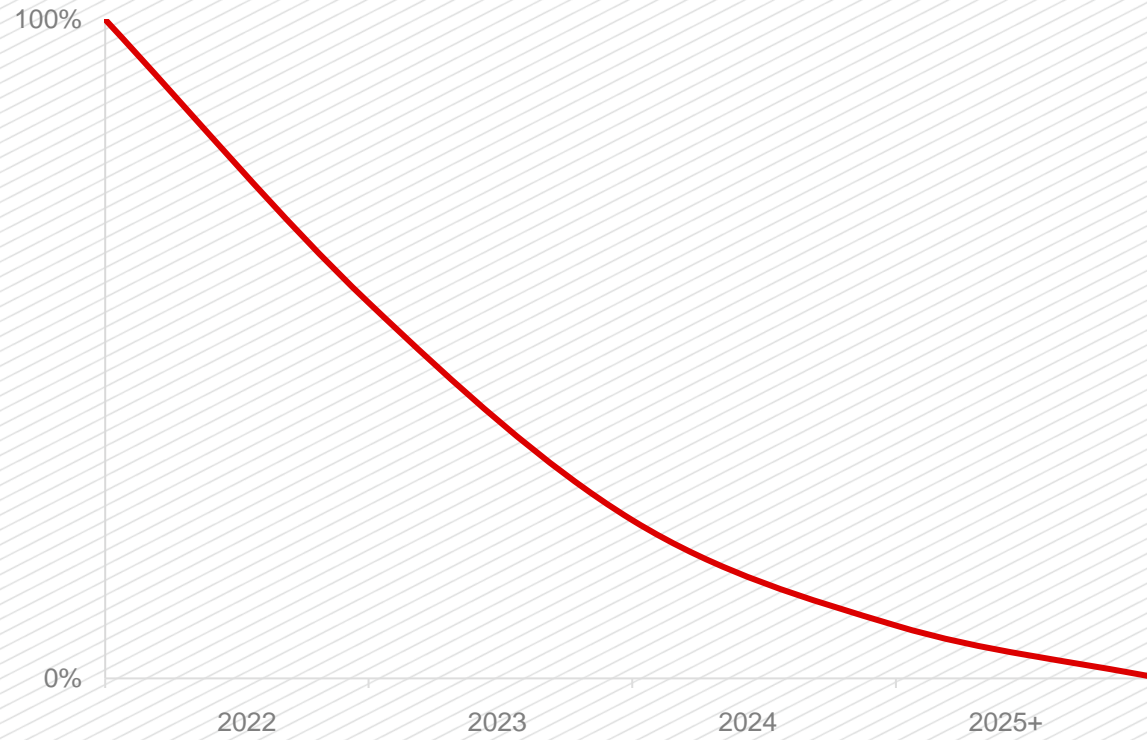
Strong progress on pricing drives improvement in order intake margins



Legacy backlog weighs on profitability

Impact phasing out over the next three years

>40% of dilutive backlog digested in 2022



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Market environment

Resilient business model to overcome persistent challenges



Stabilizing
energy crisis



China market
recovery



Raw material costs
stabilizing



Sustained pricing
momentum



Record inflation



Rising capital cost



Labor constraints



Supply chain risks

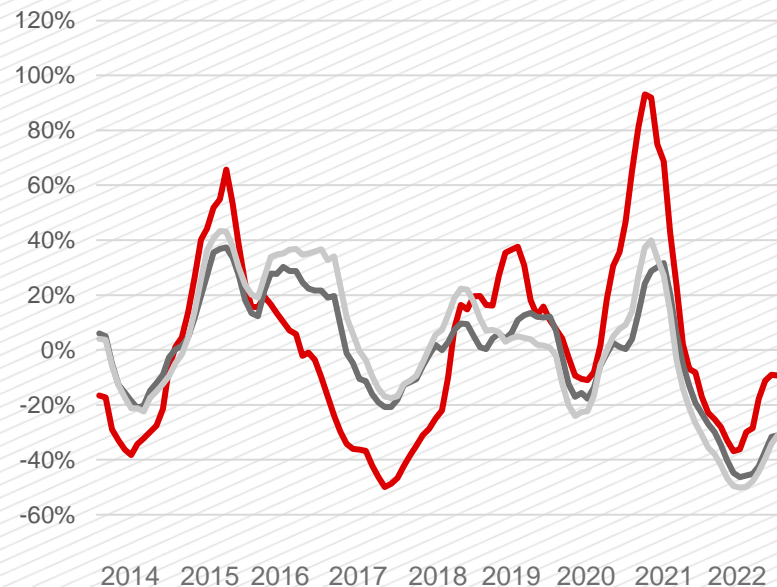


Geopolitical
re-alignment

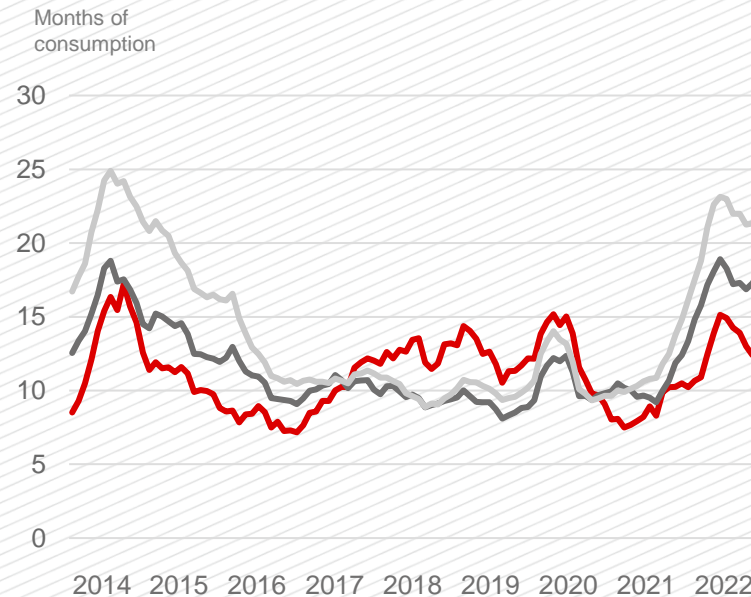
China: >60% of global market, easing downturn

No recovery before second half of 2023

Floor space sold showing early signs of recovery¹⁾



Housing inventory improving in tier 1 cities²⁾



Latest developments

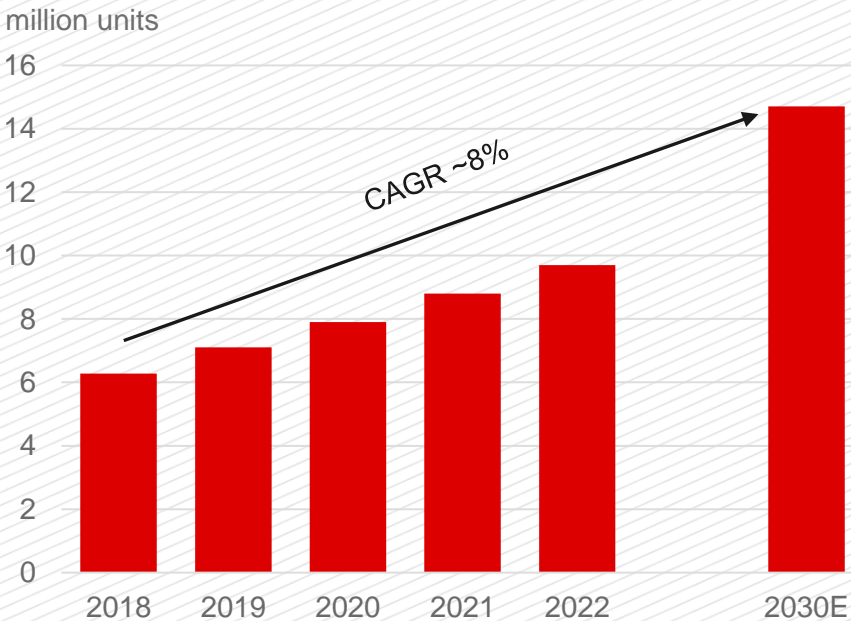
- Government's 16-point "rescue plan"
- Easing of the "three-red-lines" policy for developers of systemic importance
- Mortgage rate cuts, additional measures expected
- Continued infrastructure build-up to connect city clusters
- Modernization opportunities increasing
- Transition towards service driven market

¹⁾ Six months average by city tier (source: Yiju, December 2022)

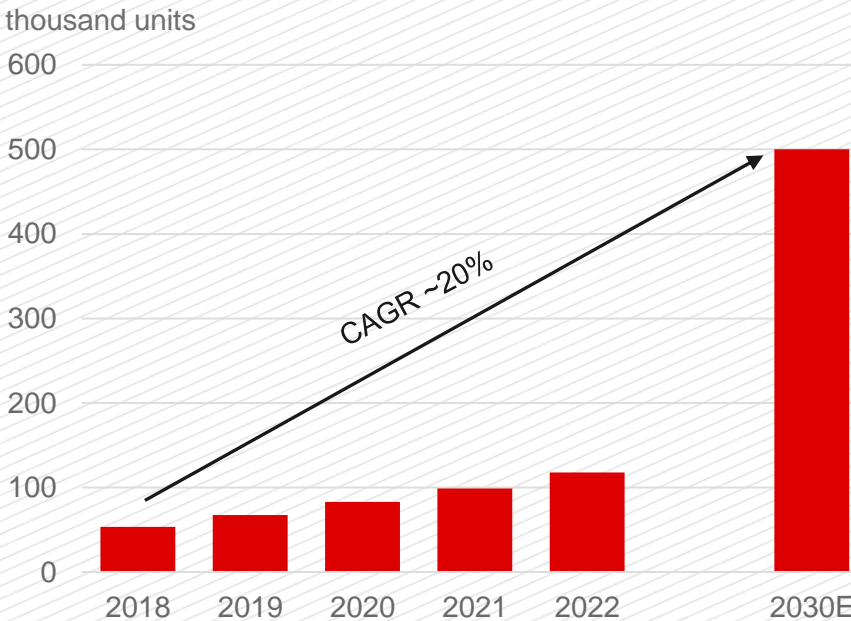
²⁾ Housing inventory by city tier (months of sales; source: Yiju, December 2022)

China: E&E transition to Service and Modernization

China E&E installed base at ~50% of global market



China Modernization to reach 50% of global market by 2030



Up to 1.5 million units between 12 and 20 years of age

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Eight themes shape E&E industry competitiveness

1

Fiercer competition with disciplined execution

2



New Installations declining – cost and efficiency more vital than ever

3



Existing Installations and MOD growing: digital and sustainability as differentiators

4



Service price pressure from low-cost Independent Service Providers

5

Industry 5.0

6

Integrated & resilient supply chain

7

Hunt for talent

8

Frontline capacity & competence

Our response: strategic framework for disciplined execution

Our purpose

Enhancing the quality of life in urban environments by providing the best mobility solutions across buildings

Our ambition

- Be the preferred E&E customer choice
- Create sustainable customer value and unique user experience
- Be the preferred E&E employee choice
- Create sustainable shareholder value

Our choices

- **Service:** Drive density
Ramp-up digital services through connectivity and new offerings
- Foster **simplification, standardization and modularity**
- **New Installations:** Grow segments with high conversion, loyalty and margins
- **Modernization:** Focus on portfolio density with low complexity and high conversion projects
- Focus on **strategic markets**

Our targets

- Best-in-class customer & employee NPS
- Accelerate portfolio value growth
- Drive digital revenue
- Competitive profitability
- Improve NI / MOD margins
- Gender diversity: 30% female executives by 2030
- Net zero by 2040

Our priorities

People



- Safety
- Culture & talent
- Frontline capacity & competence
- Effective organization
- Execution discipline & speed
- Performance management

Product

New Installations

- Commodity product re-introduction
- Standard platforms
- Digital Twin

Modernization

- Standardization
- Modularity
- Dedicated delivery model

Service

- Customer-centric delivery model
- Drive portfolio connectivity
- Digital products and solutions
- Portfolio density and service efficiency



Performance



- Pricing
- Efficiency
- Quality
- Supply chain effectiveness

Planet



- SBTi commitment delivery
- “Green products and services”
- Industrial waste to landfill elimination

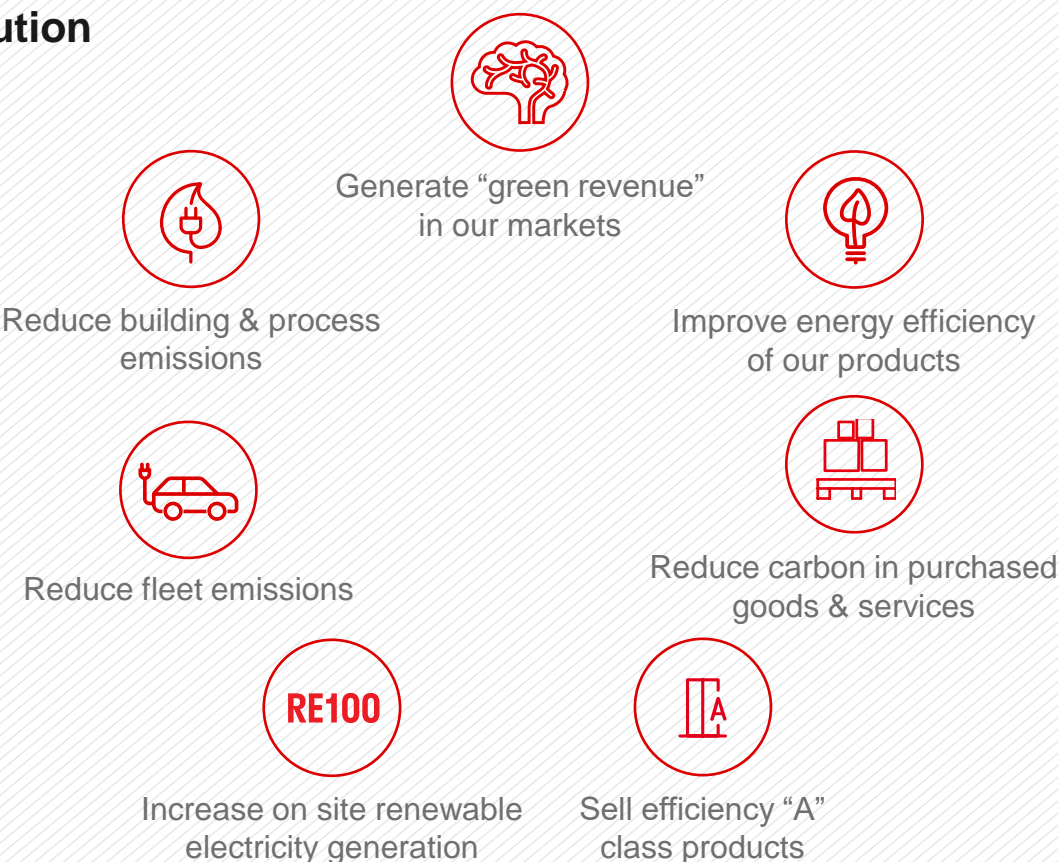
Schindler's net-zero commitment

Our commitment
Public commitment to
reduce absolute CO₂
emissions vs. 2020

By 2030 **−50%** **−42%**
Scope 1/2 Scope 3

By 2040 **−90%**
Scope 1/2/3
and neutralize remaining emissions
independent of the business growth

Our execution





**Shanghai five-star
Green Factory 2022 Award
for Jiading Campus**



**Solar power generating system
covering up to 80% of annual
electricity consumption**

Re-launch of simplified modular elevator platform

Standardization

Faster installation,
shorter lead times

Full connectivity with high cyber- security level

User experience driven functionality

Net zero ready

Material/operations

Contemporary design

Meeting demand of
architects and passengers

State-of-the-art combination of physical and digital technologies

Innovative digital operation modes

Personalized elevator

Simplified product

Scalability

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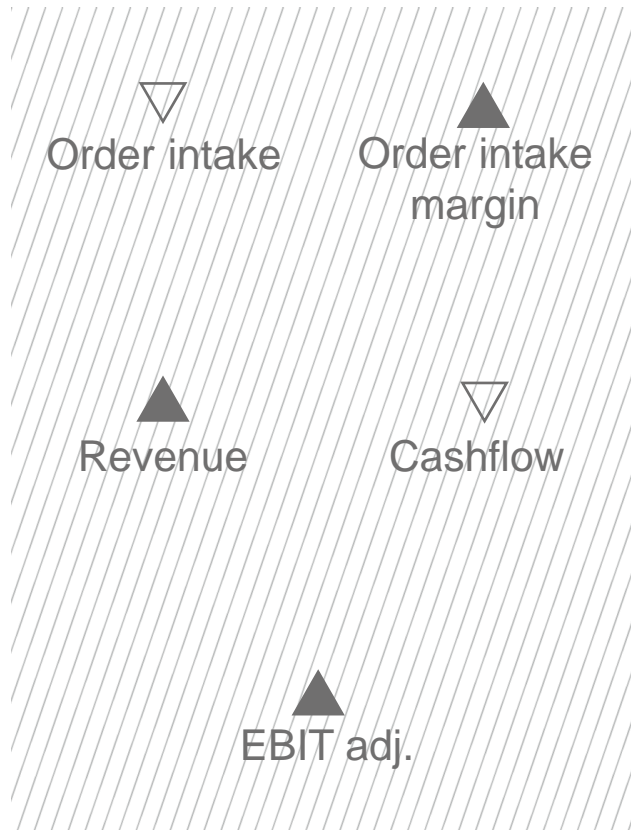
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Results in a nutshell

Revenue and profit recovery in 2nd half 2022, improving order intake margins

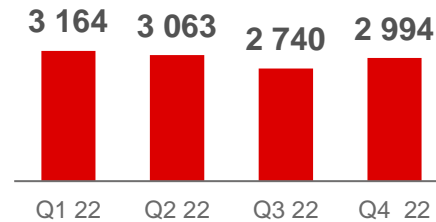
Fourth quarter 2022



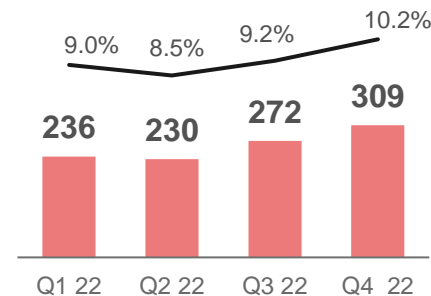
year-on-year development

Full year 2022

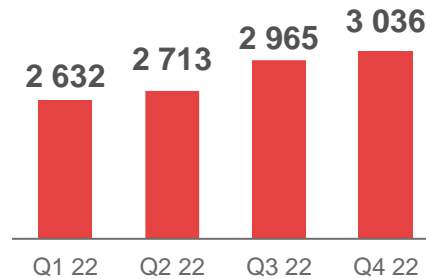
Order intake slowing



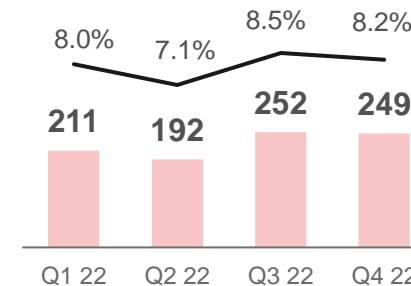
Recovery of EBIT adj.



Recovery of revenue



EBIT impacted by one-offs

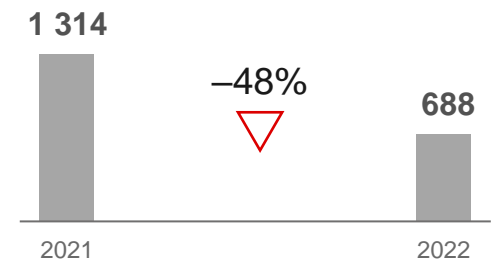


+4%
service portfolio growth

+27%
cloud-connected units

+38%
digital service contracts

NWC increase weighs on cash flow



Fourth quarter 2022 key figures

Progressive improvement in revenue, margin recovery confirmed

In CHF million	Q4 2022	Q4 2021	△%	△% in LC
Order intake	2 994	3 128	−4.3	−2.7
Revenue	3 036	2 954	2.8	4.7
Operating profit (EBIT)	249	253	−1.6	1.2
in %	8.2	8.6		
Operating profit (EBIT), adjusted	309 ¹⁾	306 ²⁾	1.0	3.6
in %	10.2	10.4		
Financing and investing activities	−21	−11		
Profit before taxes	228	242	−5.8	
Income taxes	50	50		
Net profit	178	192	−7.3	
Earnings per share and participation certificate in CHF	1.54	1.64		
Cash flow from operating activities	312	356	−12.4	

¹⁾ Adjusted for Top Speed 23 costs (CHF 29 million), restructuring costs (CHF 27 million), and expenses for BuildingMinds (CHF 4 million)

²⁾ Adjusted for Top Speed 23 costs (CHF 42 million), restructuring costs (CHF 6 million), and expenses for BuildingMinds (CHF 5 million)

Full year 2022 key figures

Growth, profitability, and cash flow impacted by external and internal challenges

In CHF million

	FY 2022	FY 2021	△%	△% in LC
Order intake	11 961	12 166	−1.7	−0.2
Revenue	11 346	11 236	1.0	2.5
Operating profit (EBIT)	904	1 166	−22.5	−20.6
in %	8.0	10.4		
Operating profit (EBIT), adjusted	1 047 ¹⁾	1 252 ²⁾	−16.4	−14.5
in %	9.2	11.1		
Financing and investing activities	−51	−42		
Profit before taxes	853	1 124	−24.1	
Income taxes	194	243		
Net profit	659	881	−25.2	
Earnings per share and participation certificate in CHF	5.67	7.70		
Cash flow from operating activities	688	1 314	−47.6	

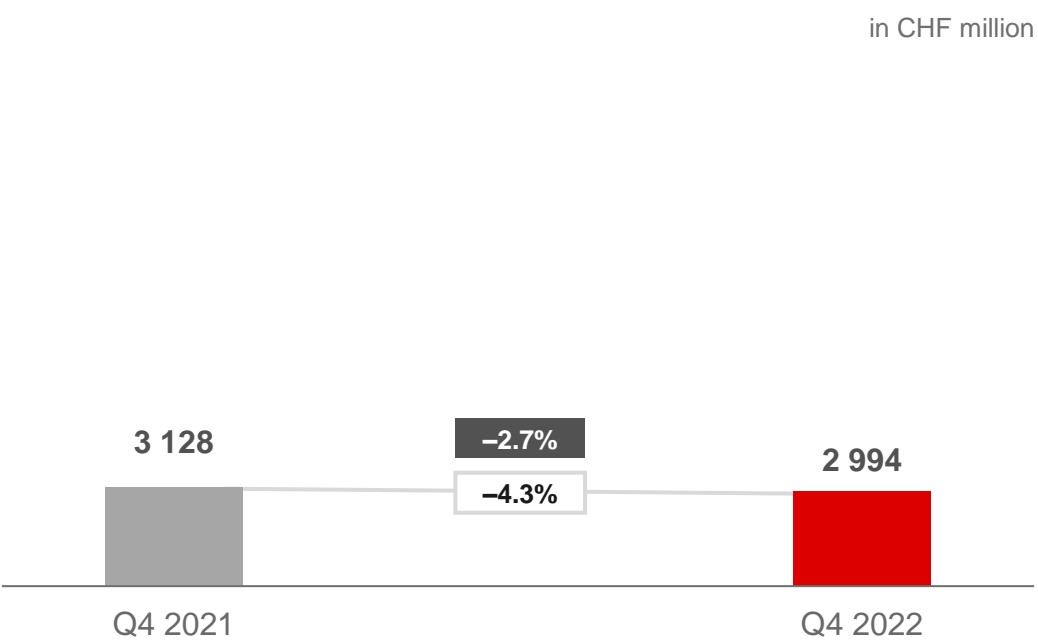
¹⁾ Adjusted for Top Speed 23 costs (CHF 72 million), restructuring costs (CHF 50 million), and expenses for BuildingMinds (CHF 21 million)

²⁾ Adjusted for Top Speed 23 costs (CHF 58 million), restructuring costs (CHF 26 million), real estate gains (CHF −21 million), and expenses for BuildingMinds (CHF 23 million)

Order intake

Lower order intake in line with market decline, at improved profitability

Fourth quarter



Growth in local currencies (LC)

Growth in reported currency

January to December



Order intake: shift from volume to value and margin

Full year growth in Modernization and Service mitigating decline in New Installations

Order intake growth Q4 2022 vs. Q4 2021

	China	APAC w/o China	Americas	EMEA	Global
<u>Value (in LC)</u>					
New Installations	---	-	--	---	---
Modernization	---	---	---	+	--
Service	+	+++	+++	++	++

Order intake growth 12M 2022 vs. 12M 2021

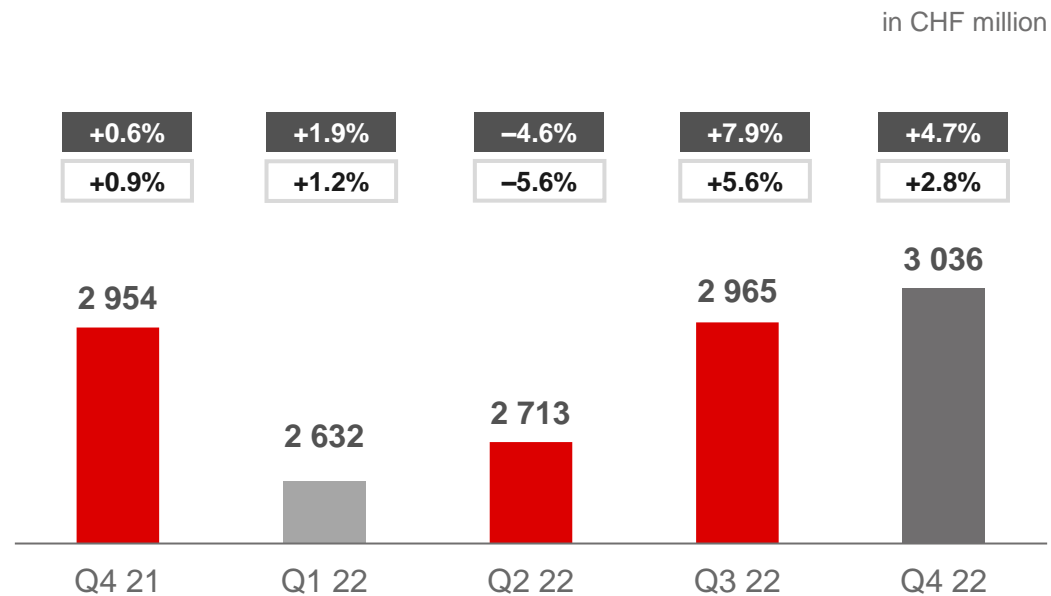
	China	APAC w/o China	Americas	EMEA	Global
<u>Value (in LC)</u>					
New Installations	---	--	-	-	---
Modernization	---	+++	-	+++	++
Service	++	++	++	++	++

0 to <5% +
 5% to 10% ++
 >10% +++
 0 to > -5% -
 -5% to -10% --
 < -10% ---

Revenue

Continued recovery in Q4 across all regions and product lines

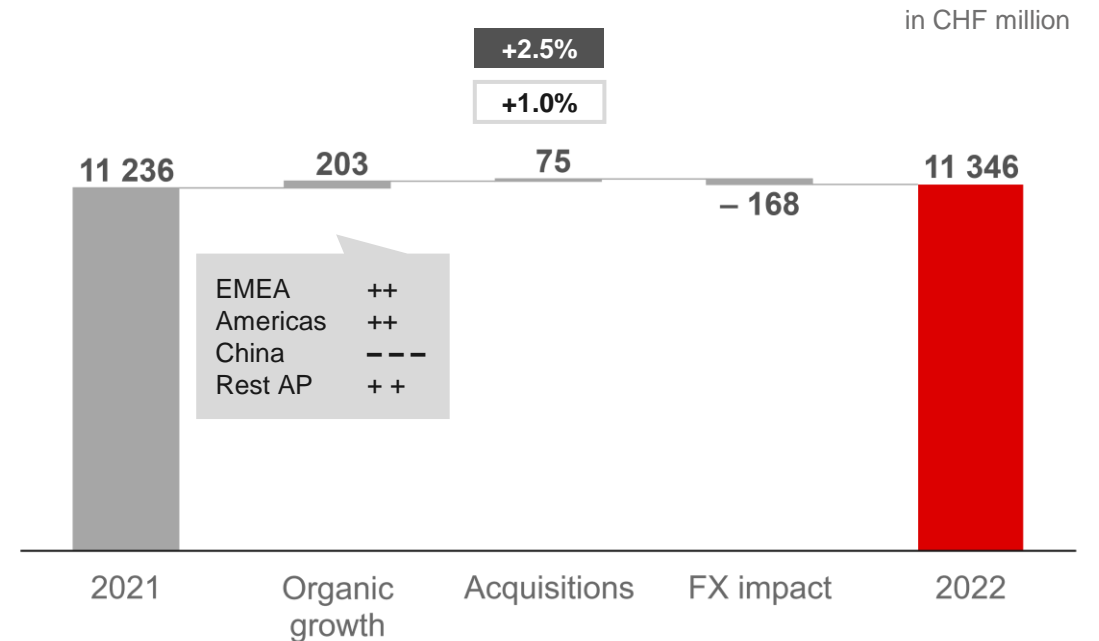
Quarterly development



Growth in local currencies (LC)

Growth in reported currency

January to December

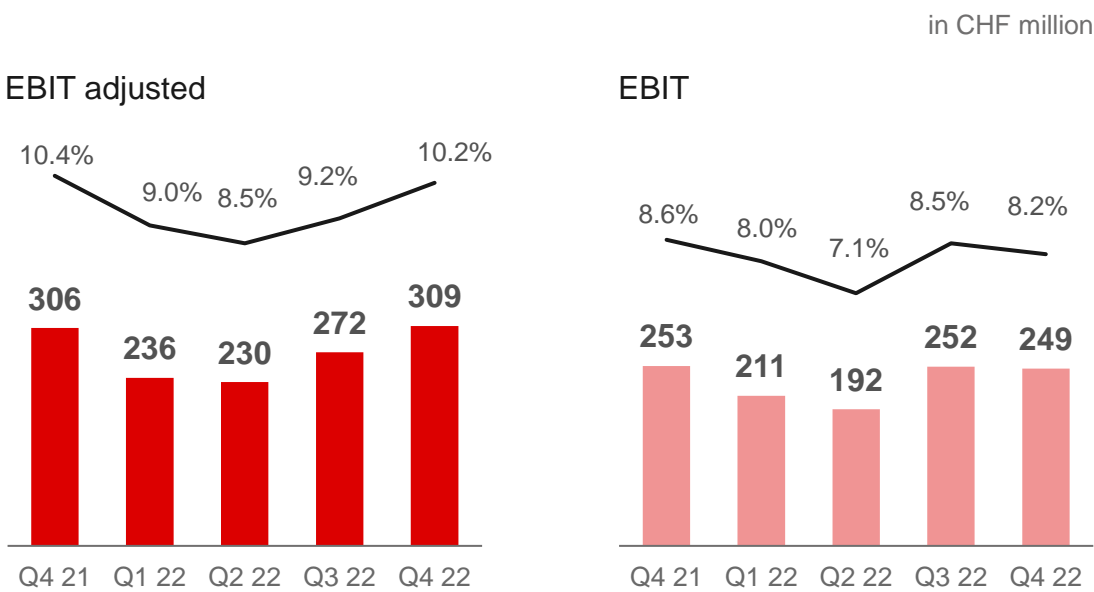


++ 5% to <10% --- < -10%

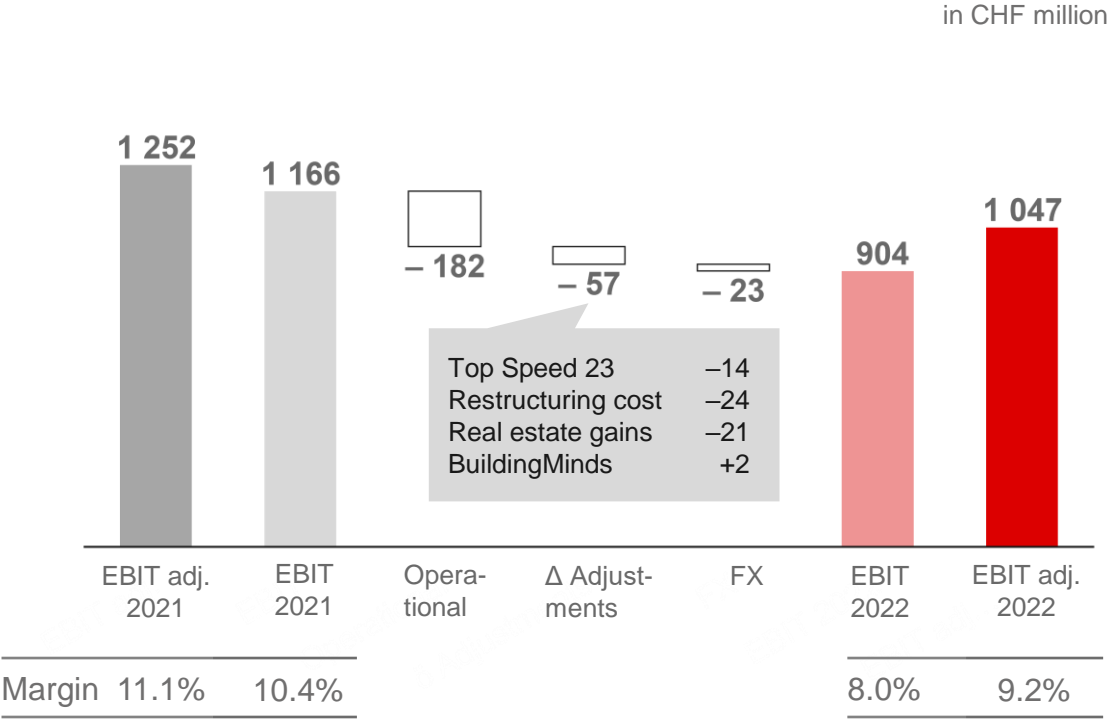
EBIT adjusted and EBIT

Measures implemented drive margin recovery, Q4 impacted by one-offs

Quarterly development



January to December

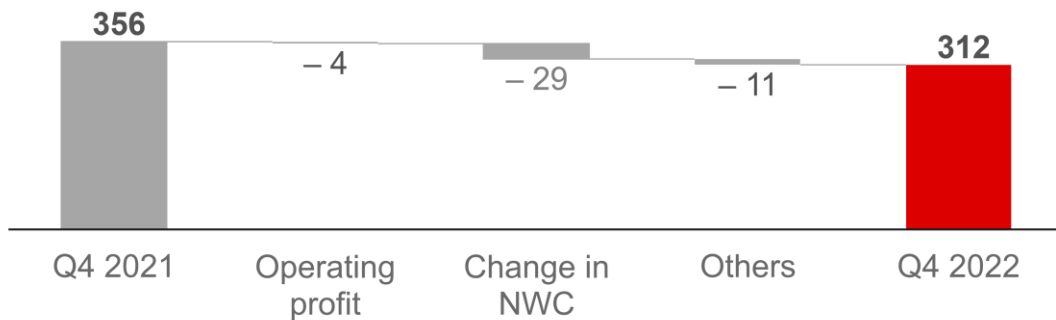


Operating cash flow

Impact from lower operating profit and increased net working capital

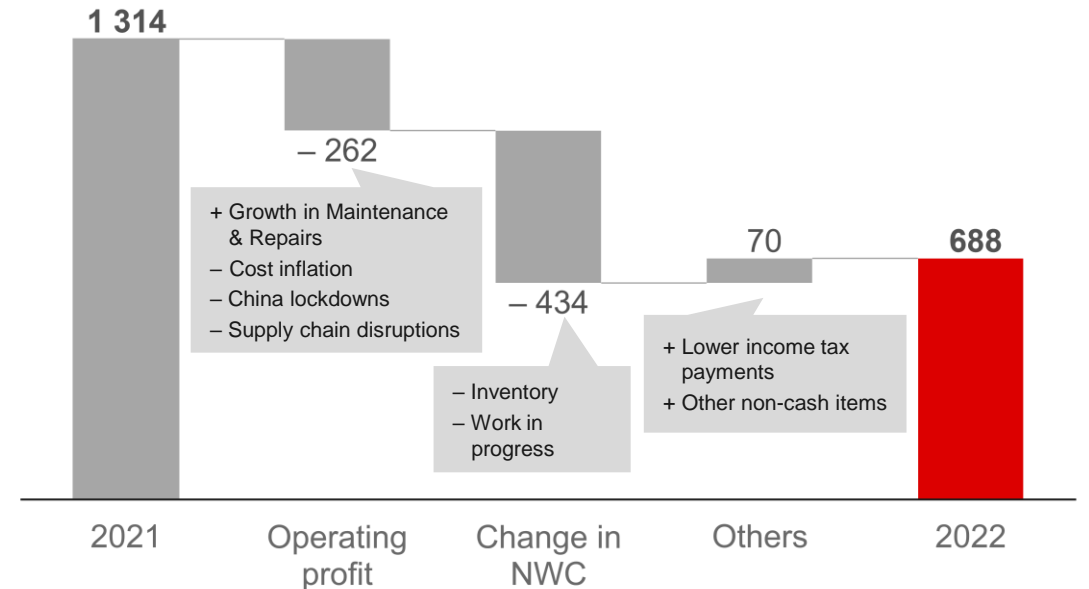
Fourth quarter

in CHF million



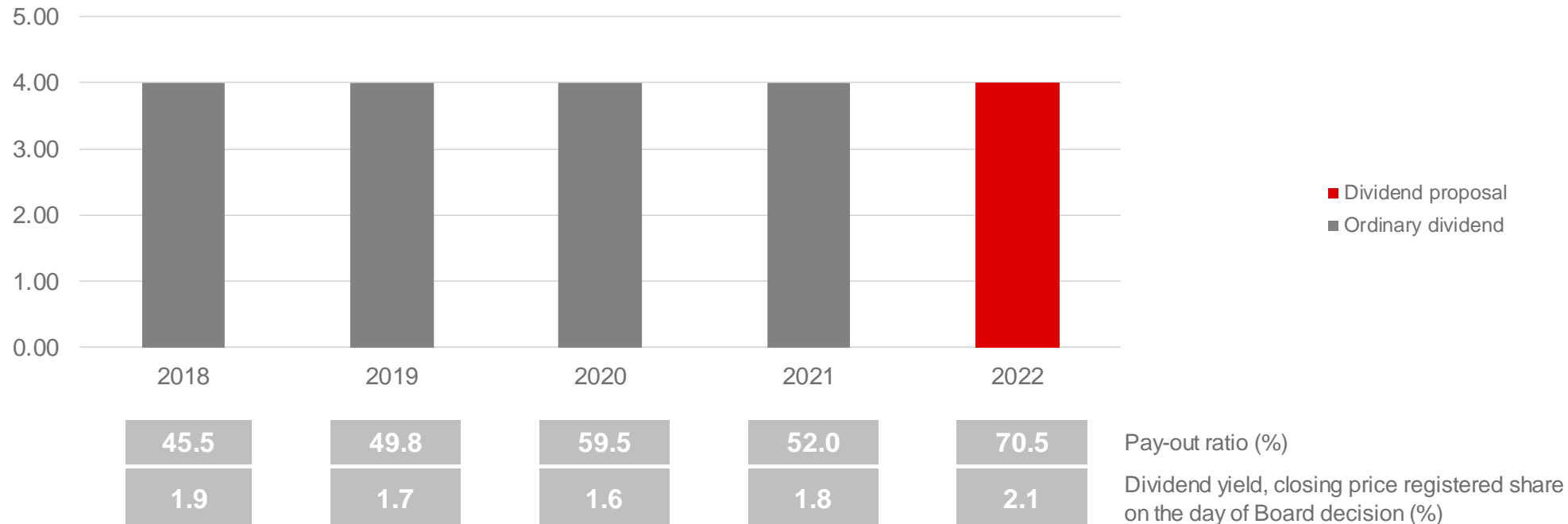
January to December

in CHF million



Dividend

Proposal to the Annual General Meeting of CHF 4.00



Sustainability goals 2018 – 2022: Five of six targets met

25% CO₂ vehicle fleet emission reduction target missed by 0.3pp



Enhance safety

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



Attract diverse talent

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



Create value in communities

Develop our vocational education programs to support communities

Vocational education programs across the globe enrolling more than 4 000 students



Pioneer smart urban mobility

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



Lower vehicle fleet emissions

Reduce CO₂ intensity of our global vehicle fleet by 25% compared to 2017 (t CO₂e/revenue at 2017 average rates)



Increase sustainability in the supply chain

Perform independent sustainability assessments of suppliers representing 75% of our manufacturing purchases



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Market outlook 2023 (units)

New Installations decline mainly driven by China
Service and Modernization growing across all regions

	2022	Outlook 2023				
	Global	China	APAC w/o China	Americas	EMEA	Global
New Installations	— — —	— — —	+ +	Flat	+	— —
		Liquidity constraints Home-buyers' caution Over-capacity	India: expanding Southeast Asia: strong growth	U.S. softening South America slightly increasing	Europe: slowing Middle East/Africa: growing	Contracting as a result of China situation
Modernization	++	Uptake in all geographies				++
Service	+	Continued growth across all regions				++

0 to <5% +
5% to 10% ++
>10% +++

0 to > -5% —
-5% to -10% --
< -10% ---

Source: Schindler estimates

Outlook for 2023

Business environment

- Global economy to slow down further amid signs of resilience and China recovery
- Persisting cost inflation and labor scarcity
- Construction and real estate under pressure
- Supply chain disruptions and construction site delays continue to affect project execution

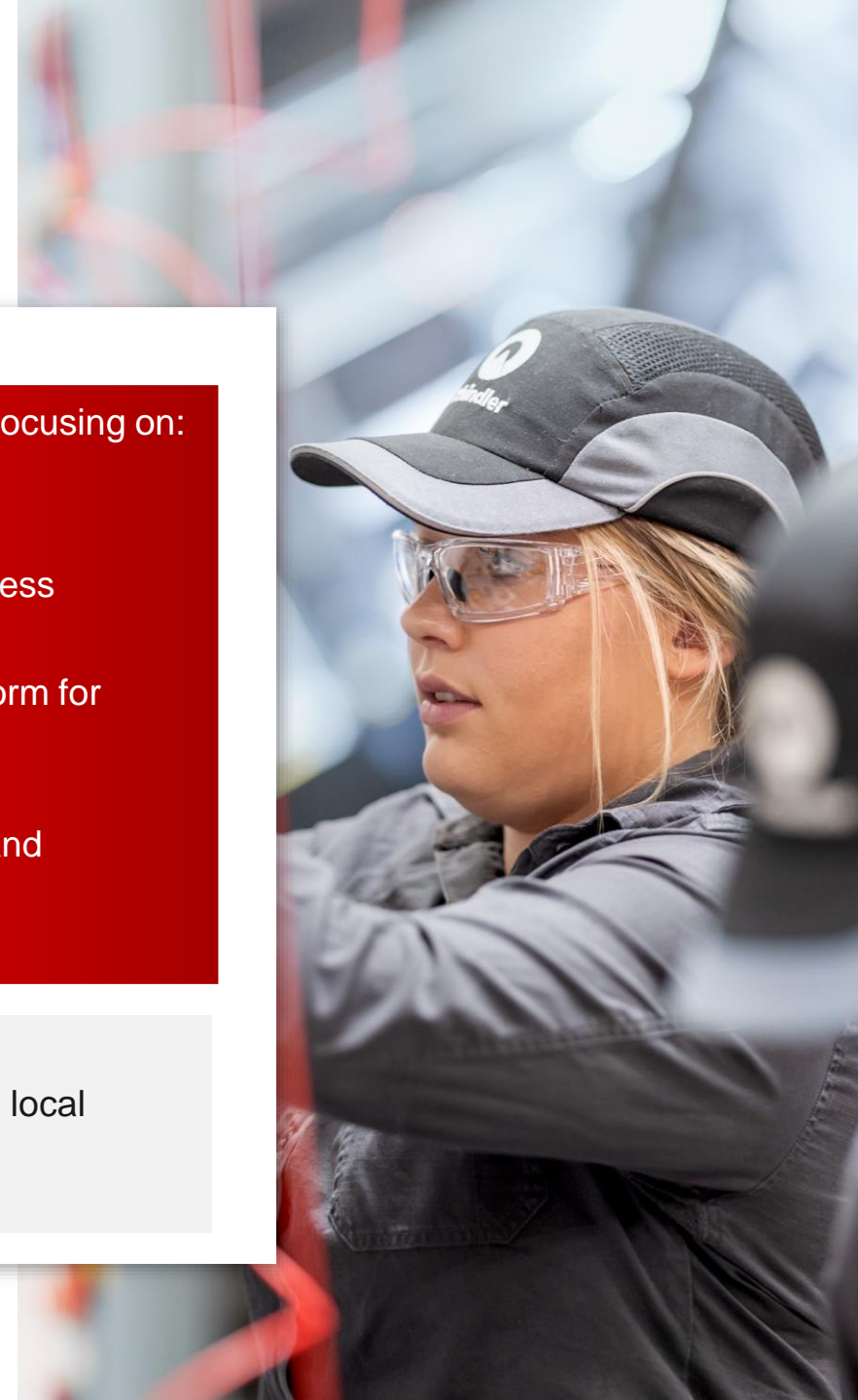
Key actions

Disciplined execution of strategic priorities focusing on:

- Pricing
- Efficiency and cost reduction drive
- Supply chain and procurement effectiveness
- Net working capital management
- Re-introduction of modular elevator platform for volume market
- Frontline capacity and competence
- Differentiation based on digital services and sustainability

Schindler outlook for 2023

- For 2023, barring unexpected events, Schindler expects low single-digit revenue growth in local currencies
- Net profit guidance to be provided with half-year results



Q&A

February 22, 2023

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Additional charts

Quarterly overview

Key figures

In CHF million	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	2 994	2 740	3 063	3 164	3 128	2 995	3 106	2 937
Revenue	3 036	2 965	2 713	2 632	2 954	2 807	2 873	2 602
Operating profit (EBIT)	249	252	192	211	253	306	319	288
in %	8.2	8.5	7.1	8.0	8.6	10.9	11.1	11.1
Operating profit (EBIT), adjusted	309	272	230	236	306	308	337	301
in %	10.2	9.2	8.5	9.0	10.4	11.0	11.7	11.6
Financing and investing activities	−21	−11	4	−23	−11	−7	−11	−13
Profit before taxes	228	241	196	188	242	299	308	275
Income taxes	50	56	44	44	50	65	66	62
Net profit	178	185	152	144	192	234	242	213
Cash flow from operating activities	312	77	13	286	356	237	264	457

Balance sheet

In CHF million	31.12.2022	in %	31.12.2021	in %
Cash and cash equivalents	2 153	18.2	2 841	23.7
Other current assets	5 956	50.5	5 436	45.4
Total current assets	8 109	68.7	8 277	69.1
Non-current assets	3 699	31.3	3 697	30.9
Total assets	11 808	100.0	11 974	100.0
Current liabilities	6 252	53.0	5 955	49.7
Non-current liabilities	1 111	9.4	1 589	13.3
Total liabilities	7 363	62.4	7 544	63.0
Equity	4 445	37.6	4 430	37.0
Total liabilities and equity	11 808	100.0	11 974	100.0
Net working capital	-741		-1 055	
Net liquidity	2 752		3 027	

Top Speed 23 program

Continuous progress of key deliverables – program to be closed in 2023

Core initiatives	Status	Progress vs. target	EBIT impact (from year)
New Installations growth in selected strategic markets	Re-focus on profitable New Installations growth	completed	2022
Portfolio growth/investments in mass connectivity	>26% of portfolio cloud-connected		2022
Sustainable Modernization solutions	Roll-out of standard MOD solutions, refocus on China market opportunity and profitability		2023
Digital Twin	Factory and R&D roll-out in progress; Field Operation use cases defined	<div>Factory/R&D</div> <div>Field operations</div>	2025
Product innovation for selected markets/segments	Cost competitive solutions for strategic markets		2025
Procurement excellence	New operating model rolled out	completed	2022

○ September 2022

● December 2022

Financial calendar 2023

	2023	2024
Full year results analyst and media conference		February
Ordinary General Meeting Schindler Holding Ltd.	March 28	March 19
Publication of key figures as of March 31	April 20	April
Publication of Interim Report as of June 30	July 21	July
Publication of key figures as of September 30	October 19	October

Contact:

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