

Facts and figures.

Interim Report as of June 30, 2022

- 2 Key figures as of June 30, 2022
- 4 Intensifying challenges
- 7 Consolidated interim financial statements
- 11 Notes to the consolidated interim financial statements
- 16 Other information



Schindler

Key figures as of June 30, 2022

1st half: January to June

In CHF million	2022	2021	Δ %	Δ % local currencies
Order intake	6 227	6 043	3.0	4.0
Revenue	5 345	5 475	-2.4	-1.5
Operating profit (EBIT)	403	607	-33.6	-32.3
in %	7.5	11.1		
Operating profit (EBIT), adjusted	466¹	638 ²	-27.0	-25.7
in %	8.7	11.7		
Financing and investing activities	-19	-24		
Profit before taxes	384	583	-34.1	
Income taxes	88	128		
Net profit	296	455	-34.9	
Earnings per share and participation certificate in CHF	2.54	4.00	-36.5	
Cash flow from operating activities	299	721	-58.5	
Investments in property, plant, and equipment	58	57	1.8	
	30.06.2022	31.12.2021		
Order backlog	10 257	9 565	7.2	6.3
Number of employees	69 429	69 015	0.6	

¹ Adjusted for Top Speed 23 costs (CHF 31 million), restructuring costs (CHF 20 million), and expenses for BuildingMinds (CHF 12 million)

² Adjusted for Top Speed 23 costs (CHF 4 million), restructuring costs (CHF 15 million), and expenses for BuildingMinds (CHF 12 million)

2nd quarter: April to June

In CHF million	2022	2021	Δ %	Δ % local currencies
Order intake	3 063	3 106	-1.4	-0.6
Revenue	2 713	2 873	-5.6	-4.6
Operating profit (EBIT)	192	319	-39.8	-38.2
in %	7.1	11.1		
Operating profit (EBIT), adjusted	230¹	337 ²	-31.8	-30.3
in %	8.5	11.7		
Financing and investing activities	4	-11		
Profit before taxes	196	308	-36.4	
Income taxes	44	66		
Net profit	152	242	-37.2	
Earnings per share and participation certificate in CHF	1.30	2.12	-38.7	
Cash flow from operating activities	13	264	-95.1	
Investments in property, plant, and equipment	34	27	25.9	
	30.06.2022	30.06.2021		
Order backlog	10 257	9 623	6.6	8.3
Number of employees	69 429	67 234	3.3	

¹ Adjusted for Top Speed 23 costs (CHF 15 million), restructuring costs (CHF 17 million), and expenses for BuildingMinds (CHF 6 million)

² Adjusted for Top Speed 23 costs (CHF 4 million), restructuring costs (CHF 7 million), and expenses for BuildingMinds (CHF 7 million)

Intensifying challenges

In the first six months of 2022, Schindler's business continued to be under pressure, particularly due to the slowdown of the Chinese economy, COVID-related lockdowns, persistent supply chain disruptions, and steep inflation. Order intake rose by 3.0% to CHF 6 227 million and revenue decreased by 2.4% to CHF 5 345 million, while operating profit dropped to CHF 403 million, corresponding to an EBIT margin of 7.5% (EBIT adjusted 8.7%). Net profit amounted to CHF 296 million, and cash flow from operating activities reached CHF 299 million.

"We continue to face a unique mix of challenges, unprecedented in their magnitude and complexity. The supply chain issues combined with the aggravated situation in China and sharply rising inflation have been weighing on our results in the first six months of the year," said Silvio Napoli, Schindler's Chairman and CEO. "The performance and profitability enhancing measures we have been accelerating since February are starting to yield benefits. Their full impact, however, will take time to flow through the execution of our growing order backlog."

Order intake and order backlog

Order intake rose by 3.0% to CHF 6 227 million in the first half of 2022 (previous year: CHF 6 043 million), corresponding to an increase of 4.0% in local currencies. The Americas and EMEA regions recorded positive growth, while Asia-Pacific suffered from the significant contraction of the Chinese new installations market. As a result, New Installations overall recorded a decline, which was offset by growth in Maintenance and by an uptake in Modernization and Repairs orders.

In the second quarter of 2022, the growth momentum receded, with order intake reaching CHF 3 063 million (second quarter of 2021: CHF 3 106 million), corresponding to a decline of 1.4%, or 0.6% in local currencies.

As of June 30, 2022, order backlog increased by 6.6% to CHF 10 257 million (previous year: CHF 9 623 million). In local currencies, the order backlog rose by 8.3%.

Revenue

In the first half of 2022, revenue reached CHF 5 345 million (previous year: CHF 5 475 million), for a drop of 2.4% (-1.5% in local currencies). The increase in the EMEA and Americas regions was offset by a decline in the Asia-Pacific region, where COVID-related lockdowns in China heavily affected the economy and supply chains.

In the second quarter of 2022, revenue decreased by 5.6% to CHF 2 713 million (previous year: CHF 2 873 million), corresponding to a drop of 4.6% in local currencies.

Operating profit (EBIT)

As a result of declining top-line growth, cost inflation, semiconductor shortage, supply chain issues, and restructuring costs, operating profit dropped in the first half to CHF 403 million (previous year: CHF 607 million). The EBIT margin reached 7.5% (previous year: 11.1%).

EBIT adjusted reached CHF 466 million with a margin of 8.7% (previous year: CHF 638 million; 11.7%).

In the second quarter of 2022, operating profit amounted to CHF 192 million (previous year: CHF 319 million). The EBIT margin was 7.1% (previous year: 11.1%). The adjusted EBIT margin reached 8.5% (previous year: 11.7%).

Net profit and cash flow from operating activities

Net profit totaled CHF 296 million (previous year: CHF 455 million) for the first half of 2022. Cash flow from operating activities reached CHF 299 million (previous year: CHF 721 million), due to lower operating profit and increased net working capital requirements.

Changes to the Group Executive Committee

Urs Scheidegger, CFO, will leave the Group Executive Committee to become Chief Risk Officer, effective September 1, 2022. In his new position he will report to the Supervisory and Strategy Committee.

He will be succeeded by Carla De Geyseler, who will join the Group Executive Committee as CFO, effective September 1, 2022. Carla brings with her a wealth of international corporate finance experience in publicly listed companies. Most recently, she served as Volvo Cars Group CFO. Prior to that, Carla was CFO at Société Générale de Surveillance (SGS) and held various senior leadership positions in finance and controlling at Vodafone and DHL. Carla is a non-executive board member at Hilti and Polestar and a member of the advisory board of the University of Geneva.

Sabine Siméon-Aissaoui, responsible for Supply Chain, will step down from the Group Executive Committee, effective July 31, 2022, and leave the company.

As of September 1, 2022, the Group Executive Committee will be composed of the following members: Silvio Napoli (Chairman and CEO), Paolo Compagna (COO and Deputy CEO), Julio Arce (Europe South), Matteo Attrovio (CIO), Karl-Heinz Bauer (CTO), Carla De Geyseler (CFO), Meinolf Pohle (Europe North), Robert Seakins (Asia-Pacific), Tobias B. Staehelin (Human Resources), and Daryoush Ziai (China and Escalators).

Commitment to 2040 net-zero greenhouse gas emissions

With the release of the 2021 Corporate Responsibility report in June, Schindler announced its commitment to reaching net-zero greenhouse gas emissions by 2040. This resolve was validated by the Science Based Targets initiative (SBTi), the global body that supports companies setting emissions reduction targets in line with the goals of the Paris Agreement. To date, Schindler is one of the very few companies that have committed to reach net-zero across the value chain by 2040, out of more than 3 300 companies that have committed to set themselves science-based targets.

The 2021 Corporate Responsibility report illustrates the many ways in which Schindler works with customers to help them meet their own climate targets and engages with other players in the construction and real estate ecosystem to drive meaningful change. Schindler's 2021 Corporate Responsibility report is the tenth published to date.

Outlook for 2022

Schindler anticipates the slowing growth momentum to continue. In addition, cost inflation, persistent foreign exchange pressure, construction site delays, and supply chain issues are expected to impact our business negatively. Assuming no further lockdowns and no other unexpected events, Schindler foresees revenue growth of -2% to +2% in local currencies and net profit between CHF 620 million and CHF 660 million for full year 2022.

Consolidated interim financial statements

Consolidated income statement

In CHF million	2022		2021	
	01.01.–30.06.	%	01.01.–30.06.	%
Revenue	5 345	100.0	5 475	100.0
Cost of materials	1 493	27.9	1 547	28.3
Personnel expenses	2 151	40.3	2 069	37.8
Other operating expenses	1 128	21.1	1 086	19.8
Depreciation, amortization, and impairment	170	3.2	166	3.0
Total operating expenses	4 942	92.5	4 868	88.9
Operating profit	403	7.5	607	11.1
Financial income	25	0.5	13	0.2
Financial expenses	36	0.7	39	0.7
Result from associates	-8	-0.1	2	-
Profit before taxes	384	7.2	583	10.6
Income taxes	88	1.6	128	2.3
Net profit	296	5.5	455	8.3
Net profit attributable to				
Shareholders of Schindler Holding Ltd.	273		430	
Non-controlling interests	23		25	
Earnings per share in CHF				
Basic	2.54		4.00	
Diluted	2.53		3.99	

Consolidated statement of comprehensive income

In CHF million	2022	2021
	01.01.–30.06.	01.01.–30.06.
Net profit	296	455
Other comprehensive income – may be reclassified to the income statement in future		
Exchange differences	4	92
Cash flow hedges	-13	-
Debt instruments at fair value through OCI	-1	-
Income taxes	4	-
Total – may be reclassified to the income statement in future	-6	92
Other comprehensive income – not to be reclassified to the income statement in future		
Equity instruments at fair value through other comprehensive income (FVOCI)	-79	71
Remeasurements of employee benefits	6	143
Income taxes	2	-29
Total – not to be reclassified to the income statement in future	-71	185
Total other comprehensive income (OCI)	-77	277
Comprehensive income	219	732
Comprehensive income attributable to		
Shareholders of Schindler Holding Ltd.	197	702
Non-controlling interests	22	30

Consolidated balance sheet

In CHF million	30.06.2022	%	31.12.2021	%
Current assets				
Cash and cash equivalents	2 408	20.2	2 841	23.7
Current financial assets	930	7.8	976	8.1
Accounts receivable	2 075	17.4	2 188	18.3
Income tax receivable	112	0.9	81	0.7
Contract assets	1 018	8.5	897	7.5
Inventories	1 393	11.7	1 188	9.9
Prepaid expenses	156	1.3	102	0.9
Assets held for sale	5	–	4	–
Total current assets	8 097	67.8	8 277	69.1
Non-current assets				
Property, plant, and equipment	1 000	8.4	1 014	8.5
Right-of-use assets	449	3.8	451	3.8
Intangible assets	1 507	12.6	1 389	11.6
Associates	27	0.2	30	0.2
Non-current financial assets	547	4.6	500	4.2
Deferred taxes	292	2.4	291	2.4
Employee benefits	22	0.2	22	0.2
Total non-current assets	3 844	32.2	3 697	30.9
Total assets	11 941	100.0	11 974	100.0
Liabilities				
Current liabilities				
Accounts payable	1 116	9.3	1 224	10.2
Financial debts	510	4.3	79	0.7
Lease liabilities	115	1.0	113	0.9
Income tax payable	121	1.0	153	1.3
Contract liabilities	3 098	26.0	2 834	23.6
Accrued expenses	1 317	11.0	1 303	10.9
Provisions	264	2.2	249	2.1
Total current liabilities	6 541	54.8	5 955	49.7
Non-current liabilities				
Financial debts	206	1.7	585	4.9
Lease liabilities	311	2.6	312	2.6
Provisions	293	2.5	291	2.4
Deferred taxes	149	1.2	142	1.2
Employee benefits	251	2.1	259	2.2
Total non-current liabilities	1 210	10.1	1 589	13.3
Total liabilities	7 751	64.9	7 544	63.0
Equity				
Shareholders of Schindler Holding Ltd.	4 072	34.1	4 303	35.9
Non-controlling interests	118	1.0	127	1.1
Total equity	4 190	35.1	4 430	37.0
Total liabilities and equity	11 941	100.0	11 974	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, 2022	11	311	-29	-1 023	5	5 028	4 303	127	4 430
Net profit						273	273	23	296
Other comprehensive income (OCI)				3	-8	-71	-76	-1	-77
Comprehensive income				3	-8	202	197	22	219
Dividends						-431	-431	-32	-463
Change in treasury shares			23			-21	2	-	2
Share-based payments						11	11	-	11
Change in non-controlling interests						-	-	1	1
Change in liabilities towards non-controlling interests						-10	-10	-	-10
June 30, 2022	11	311	-6	-1 020	-3	4 779	4 072	118	4 190
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

Consolidated cash flow statement

In CHF million	2022 01.01.–30.06.	2021 01.01.–30.06.
Operating profit	403	607
Depreciation, amortization, and impairment	170	166
Other non-cash items	109	92
Other cash items	-76	-76
Dividends received	7	7
Interest received	11	8
Interest paid	-10	-9
Other financial result	-8	-15
Income taxes paid, net	-144	-153
Change in net working capital	-163	94
Cash flow from operating activities	299	721
Additions		
Property, plant, and equipment	-58	-57
Intangible assets	-3	-4
Current and non-current financial assets	-795	-648
Disposals		
Property, plant, and equipment	4	3
Associates	-	1
Current and non-current financial assets	715	492
Business combinations	-91	-106
Cash flow from investing activities	-228	-319
Proceeds from increase in current and non-current financial debts	15	9
Repayments of current and non-current financial debts	-10	-8
Lease payments	-68	-66
Proceeds from disposals to non-controlling interests	1	-
Disposal of treasury shares	2	4
Dividends paid to the shareholders of Schindler Holding Ltd.	-431	-430
Dividends paid to non-controlling interests	-27	-21
Cash flow from financing activities	-518	-512
Exchange differences	14	52
Change in cash and cash equivalents	-433	-58
Cash and cash equivalents as of January 1	2 841	2 483
Cash and cash equivalents as of June 30	2 408	2 425

Notes to the consolidated interim financial statements

These are the consolidated interim financial statements as of June 30, 2022, 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 21, 2022. 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, 2022, 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 2021. Therefore, these consolidated interim financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

Amendments in IFRS, effective as of January 1, 2022, 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, 2021.

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 2022 and 2021, 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 impact of the business combinations on the Group's revenue and its operating profit for the first half of 2022 was not material and is not expected to be material for the full year 2022.

1.3 Exchange rates

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

			2022		2021	
			Closing rate June 30	Average rate June 30	Closing rate December 31	Average rate June 30
Eurozone	EUR	1	1.00	1.03	1.03	1.09
USA	USD	1	0.95	0.94	0.91	0.91
Brazil	BRL	100	18.43	18.43	16.37	16.98
China	CNY	100	14.25	14.51	14.36	14.03
India	INR	100	1.21	1.23	1.23	1.24

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 2022				January to June 2021			
	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	1 914	486	11	2 411	1 966	479	13	2 458
Americas	1 253	290	–	1 543	1 212	226	–	1 438
Asia-Pacific	1 268	119	4	1 391	1 467	110	2	1 579
Total revenue	4 435	895	15	5 345	4 645	815	15	5 475

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 2022			January to June 2021		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Revenue	5 345	–	5 345	5 475	–	5 475
Operating profit	430	–27	403	631	–24	607
Depreciation and amortization	169	1	170	166	–	166
Additions to PPE and intangible assets	61	–	61	61	–	61
Result from associates	–8	–	–8	2	–	2

In CHF million	30.06.2022			31.12.2021		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Assets	9 073	2 868	11 941	8 850	3 124	11 974
thereof associates	27	–	27	30	–	30
Liabilities	7 259	492	7 751	7 059	485	7 544

4 Dividends

On March 22, 2022, 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 431 million were paid out on March 28, 2022.

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. Derivatives are reported within prepaid and accrued expenses.

Level 3: Fair values are determined by using external valuations or according to 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.

As of June 30, 2022, the carrying amount of the 5-year bond tranche 2018–2023 with a coupon of 0.25% is CHF 400 million. The level 1 fair value amounts to CHF 397 million (December 31, 2021: carrying amount CHF 400 million and fair value CHF 404 million). As the bond will reach its maturity in June 2023, it was reclassified from non-current financial debts to current financial debts in June 2022. The bond is listed on the SIX Swiss Exchange.

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

In CHF million	30.06.2022		31.12.2021	
	Fair value	Level	Fair value	Level
Financial assets				
Current financial assets	53	1	54	1
Derivatives	28	2	22	2
Non-current financial assets	61	1	61	1
Financial instruments at FVPL	142		137	
Non-current financial assets	4	1	5	1
Debt instruments at FVOCI with recycling	4		5	
Non-current financial assets	175	1	201	1
Non-current financial assets	8	3	7	3
Equity instruments at FVOCI without recycling	183		208	
Financial liabilities				
Derivatives	23	2	17	2
Financial instruments at FVPL	23		17	

As of June 30, 2022, CHF 124 million of non-current equity instruments are represented by the level 1 fair value of the investment in Hyundai Elevator Co. Ltd. (December 31, 2021: CHF 201 million). Schindler's interest in this investment remains unchanged at 15.5% as of June 30, 2022.

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	2022	2021
January 1	7	8
Fair value changes recognized in OCI	1	-2
June 30	8	6

6 Contingent liabilities

Contingent liabilities are described in the notes to the consolidated financial statements 2021. As of June 30, 2022, 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 142 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 definition of these non-GAAP measures is available on the Group's website (group.schindler.com).

Financial calendar

Publication of key figures as of September 30	October 20, 2022
Annual results media conference	February 2023
Ordinary General Meeting of Schindler Holding Ltd.	March 28, 2023

The Group's Interim Report 2022 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 the current share price, is available at: group.schindler.com.

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