

# Half-year 2023 results

July 21, 2023

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# Agenda

## 1. Highlights

2. Market update
3. Performance
4. Financial results
5. Outlook 2023
6. Q&A

## Silvio Napoli

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Carla De Geyseler

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Silvio Napoli/Carla De Geyseler



# Gaining momentum

## Market uncertainty

NI under pressure driven by China, robust Service and Modernization

## Q2 order intake recovery, FX headwinds increasing

Total OIT (LC): Q2 +6.7%, H1 stable  
Q2 OIT: NI/MOD: up mid-single digit  
Service portfolio continues to grow

## Revenue growth

Strong backlog execution across all regions and product lines

## Strong H1 profitability uptake: EBIT CHF +199m yoy, sustained trend over four quarters

Operational measures, supply chain stabilization, and continued pricing efforts yielding results

## Q2 cash flow rebounding CHF +227m yoy

Improving profits and net working capital as drivers



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# Updated market outlook for 2023

## NI market contracting, Service and Modernization strong

Units	China	APAC w/o China	Americas	EMEA	Global
New Installations	---	++	---	-	--
Comments on Q2 development	Completions strong but weak construction starts	India: growing Southeast Asia: continued growth	North America: declining in commercial and multi-family  South America: slowdown due to high interest rates	Europe: widespread "wait-and-see" attitude delaying new investments, despite of strong underlying demand  Middle East/Africa: strong momentum	Declining China, US and Europe, growth in rest of Asia and MENA  High overall uncertainty
Modernization	Robust demand				++
Service	Continued growth across the regions				++

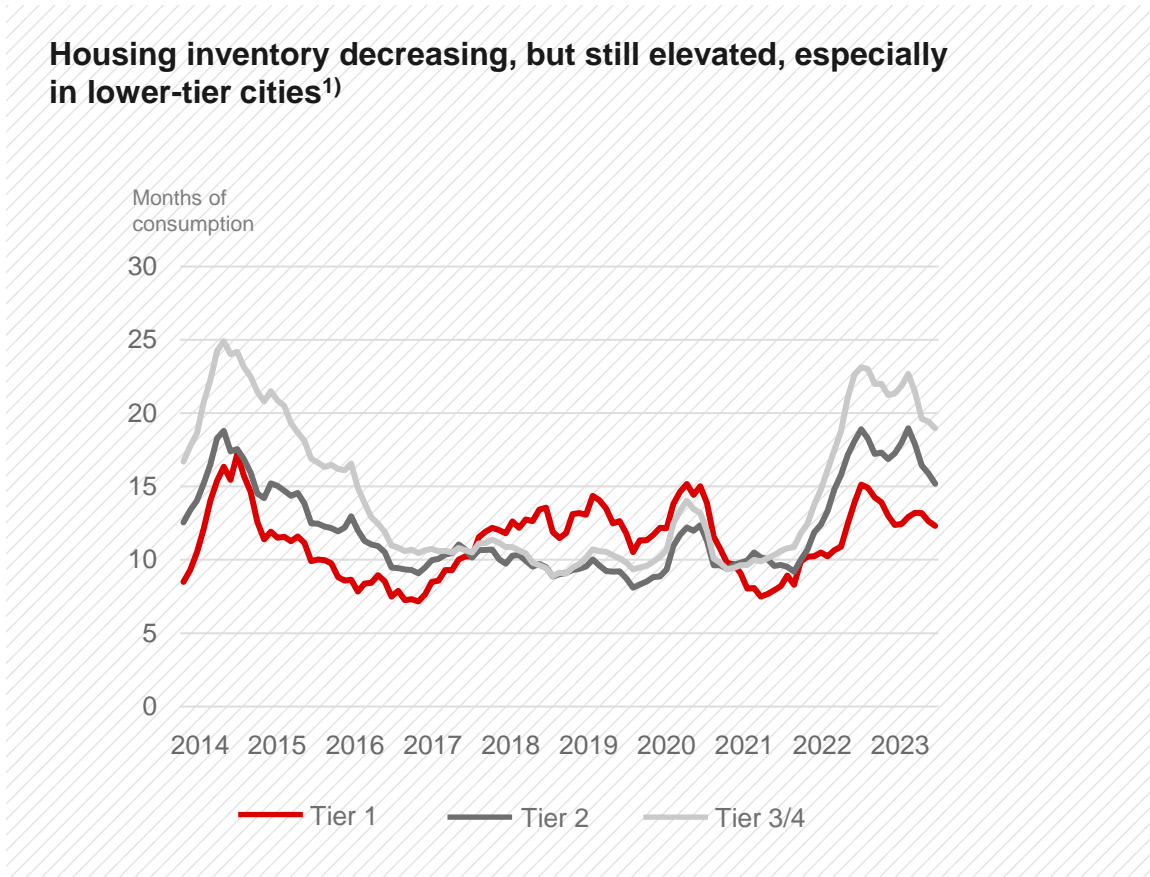
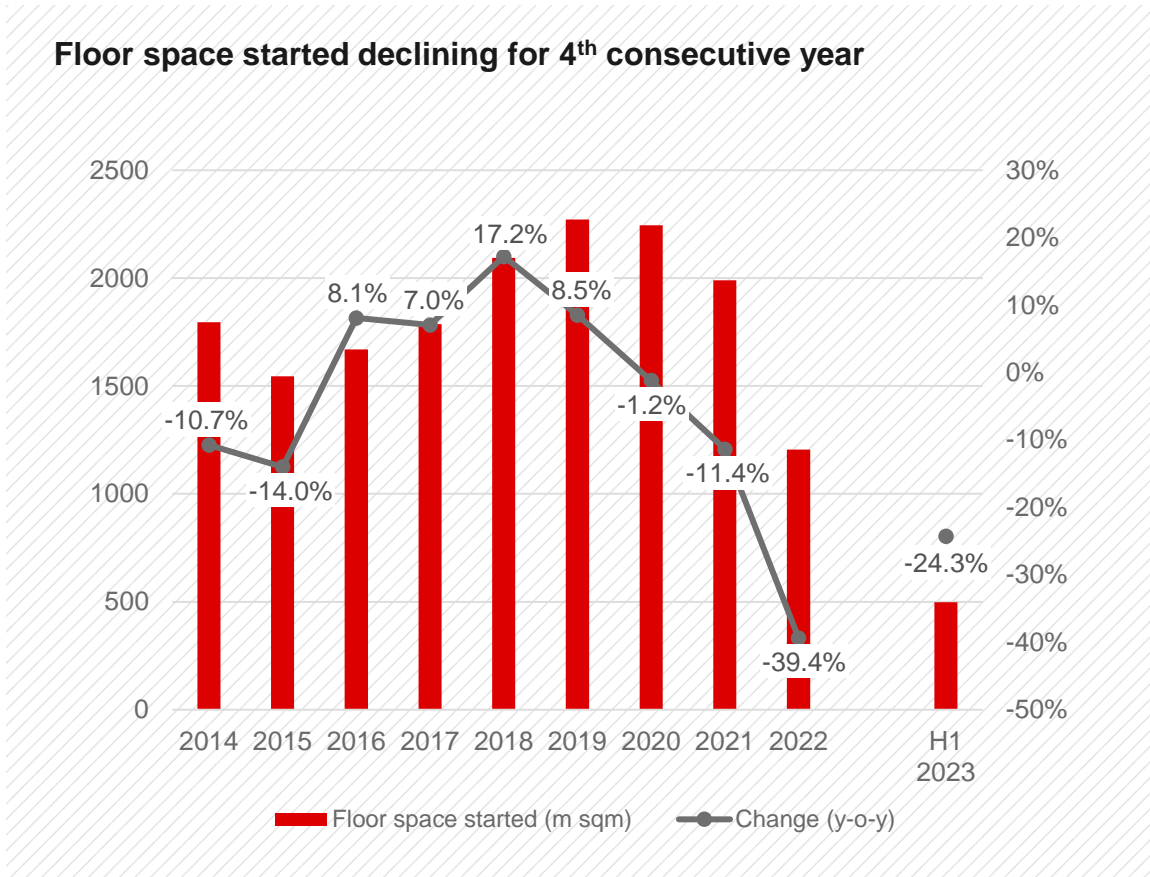
0 to <5% +  
5% to 10% ++  
>10% +++

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

 change vs. Q1

# China NI: recovery timing and magnitude still uncertain

## Construction starts still declining, housing inventories remain high



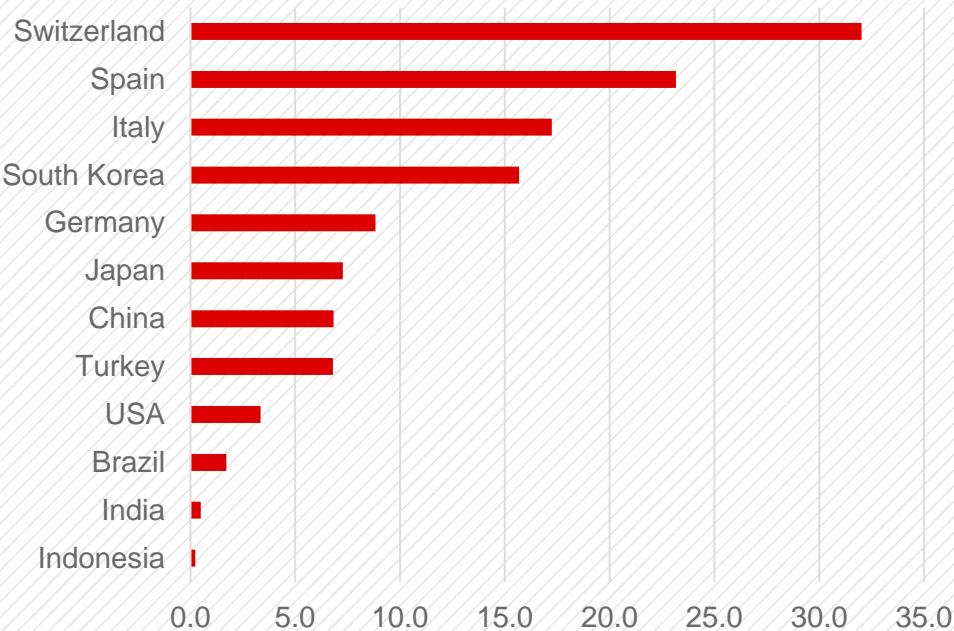
<sup>1)</sup> Housing inventory by city tier (months of sales; source: Yiju, May 2023)

# China: E&E transition to Service and Modernization

Installed base at ~10 million units, with room for further growth

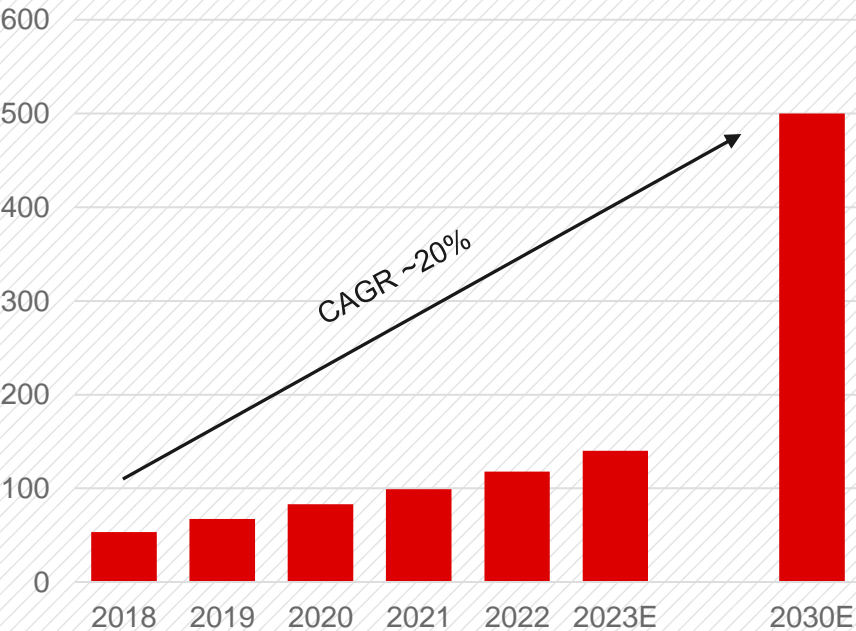
China urbanization continues to drive E&E growth potential,  
China still less than half of South Korea's density

E&E installed base per 1'000 inhabitants



China Modernization to reach 50% of global market by 2030

China Modernization market (1'000 units)





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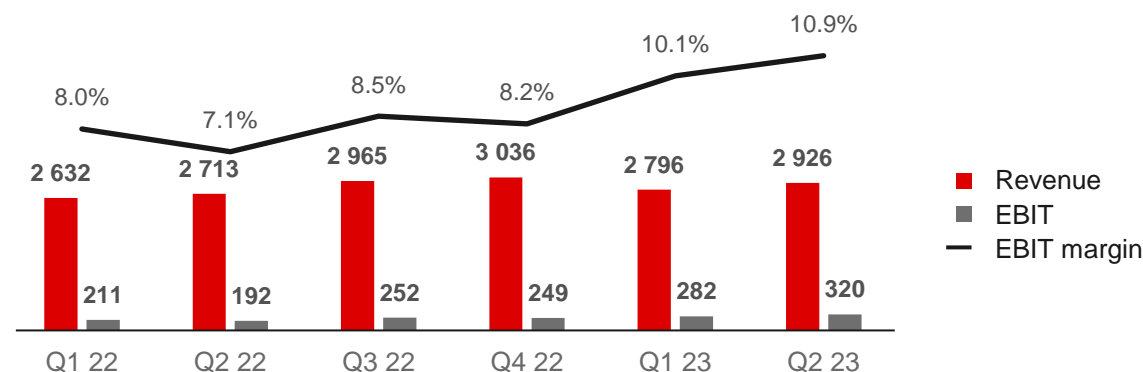
Carla De Geyseler

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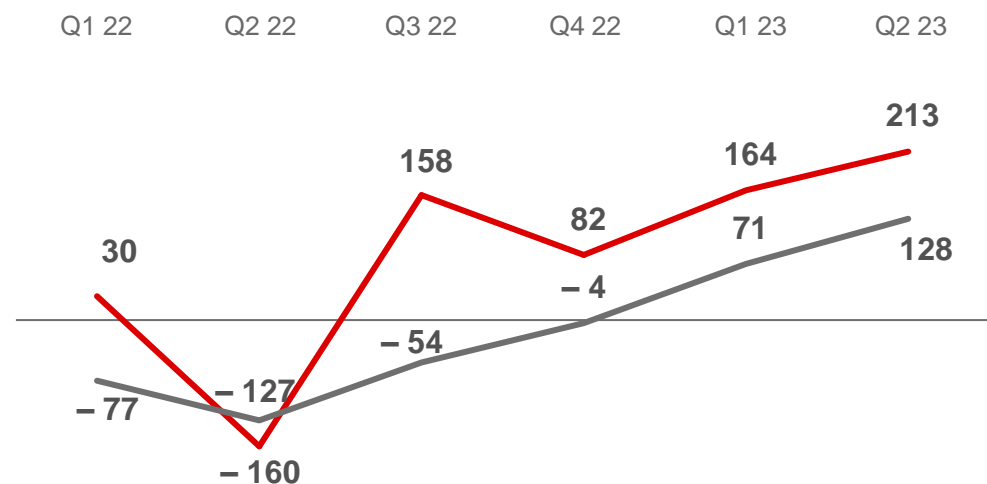


# Sustained performance improvement over last twelve months

Revenue and EBIT evolution (CHF million)



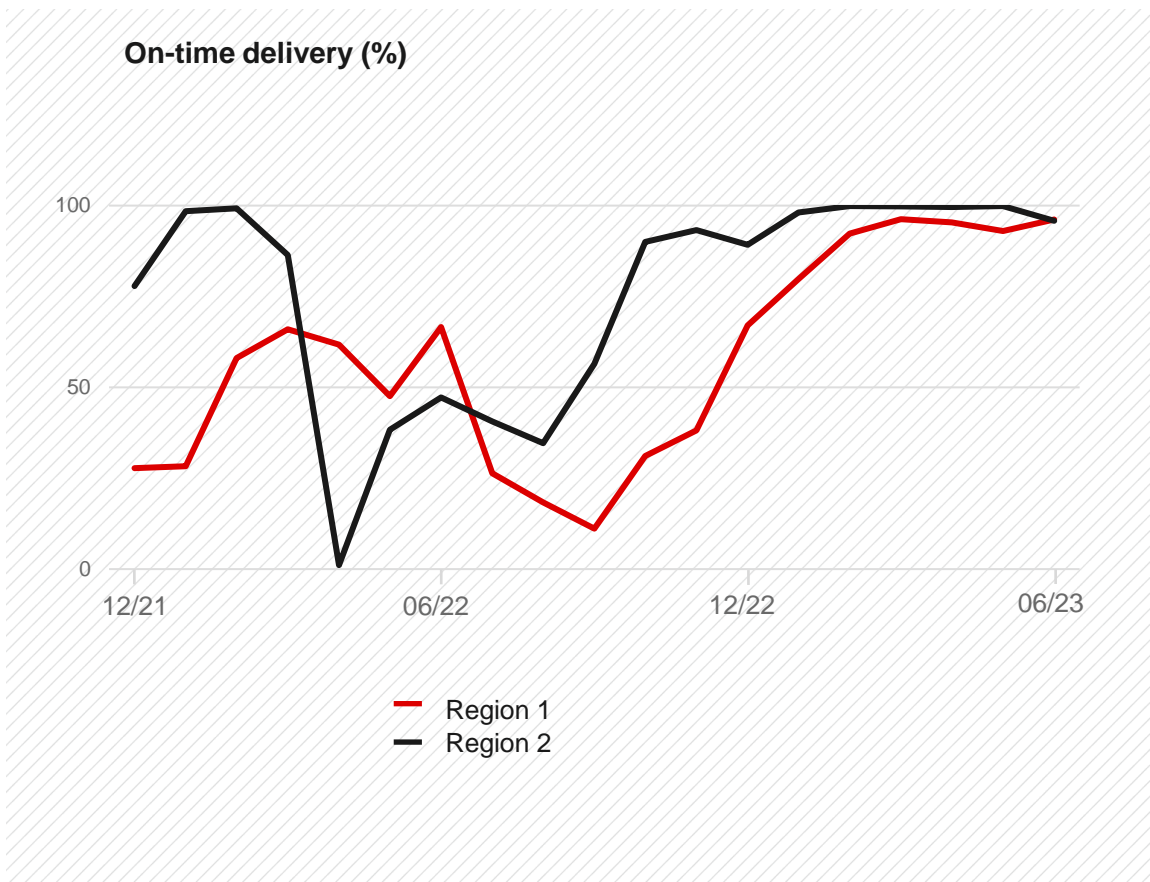
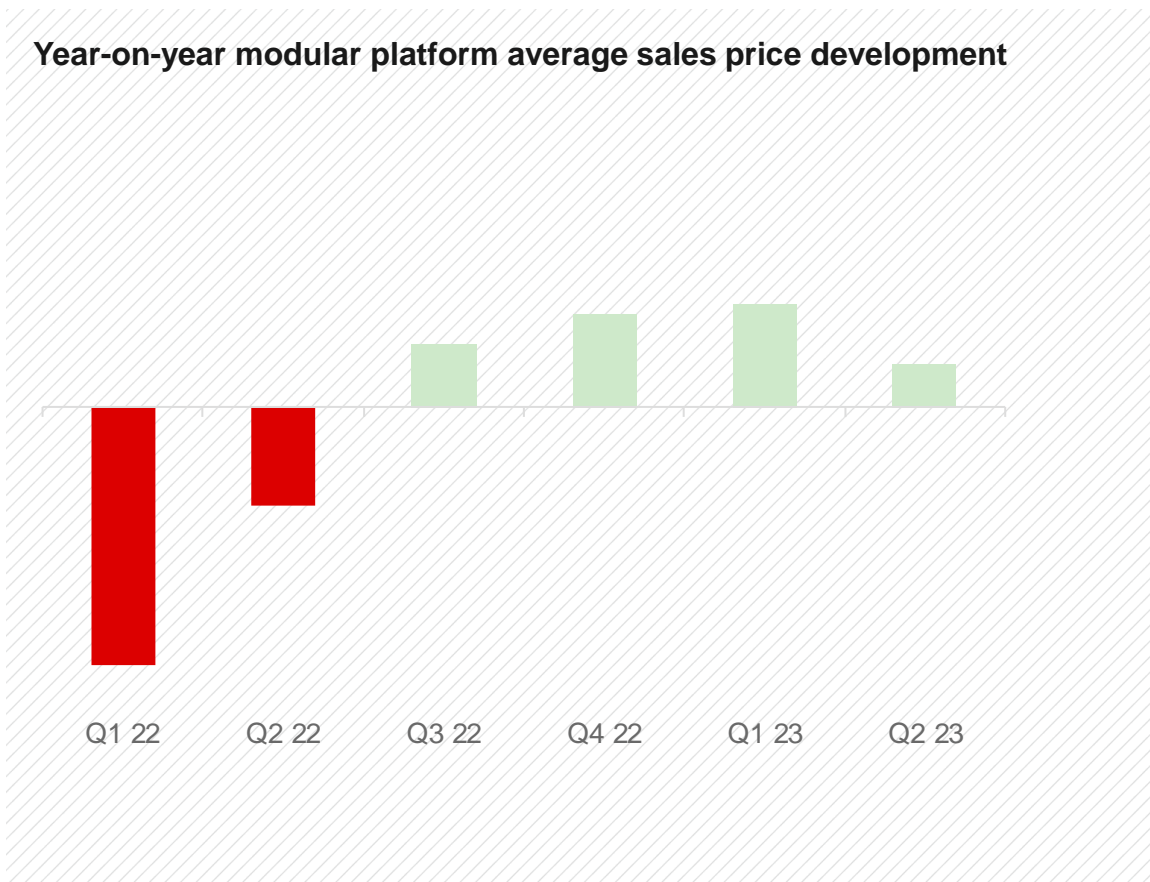
Revenue and EBIT yoy difference



	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
EBIT growth in reported currency, yoy	-26.7%	-39.8%	-17.6%	-1.6%	+33.6%	+66.7%
EBIT growth in local currencies, yoy	-25.7%	-38.2%	-15.0%	+1.2%	+39.8%	+78.1%
Δ EBIT margin in percentage points, yoy	-3.1	-4.0	-2.4	-0.4	+2.1	+3.8

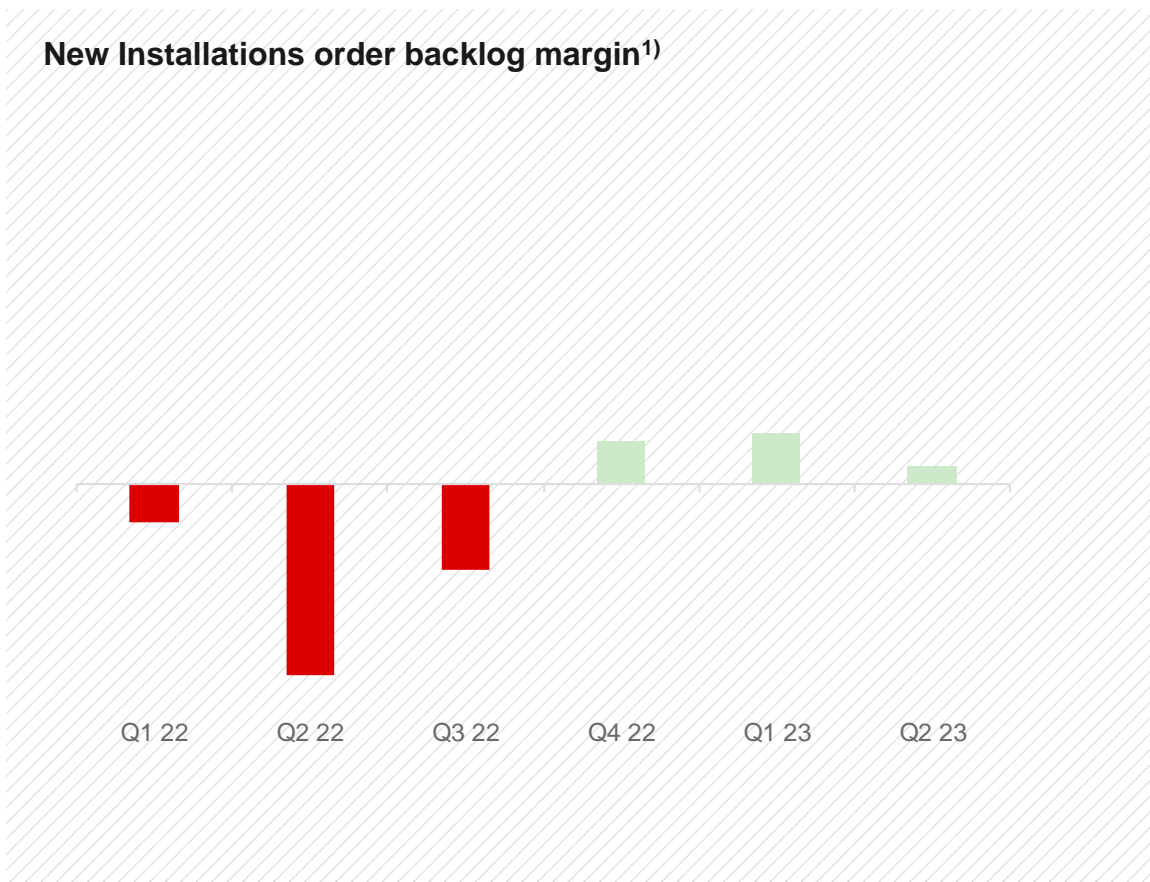
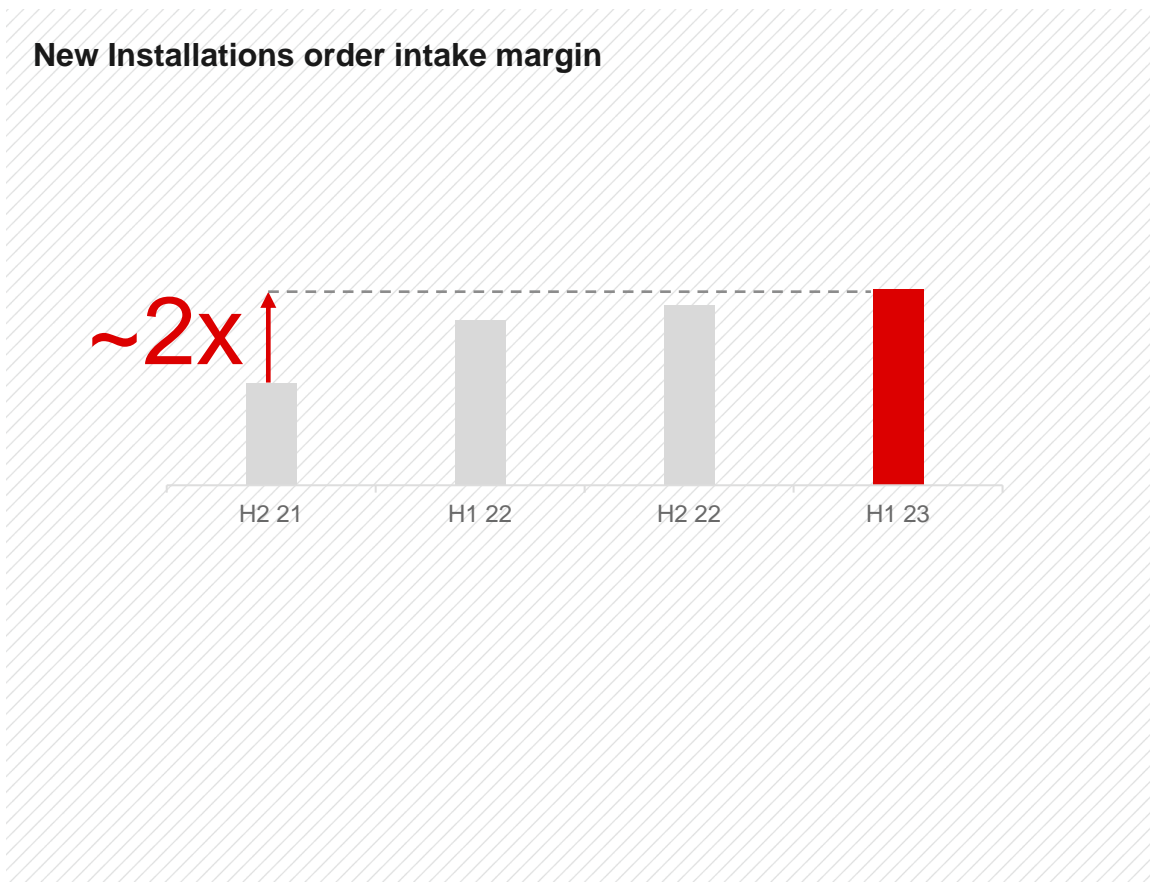


# Focus on continued pricing gains and supply chain stabilization paying off





# Value selling and diligent backlog execution drive margin recovery

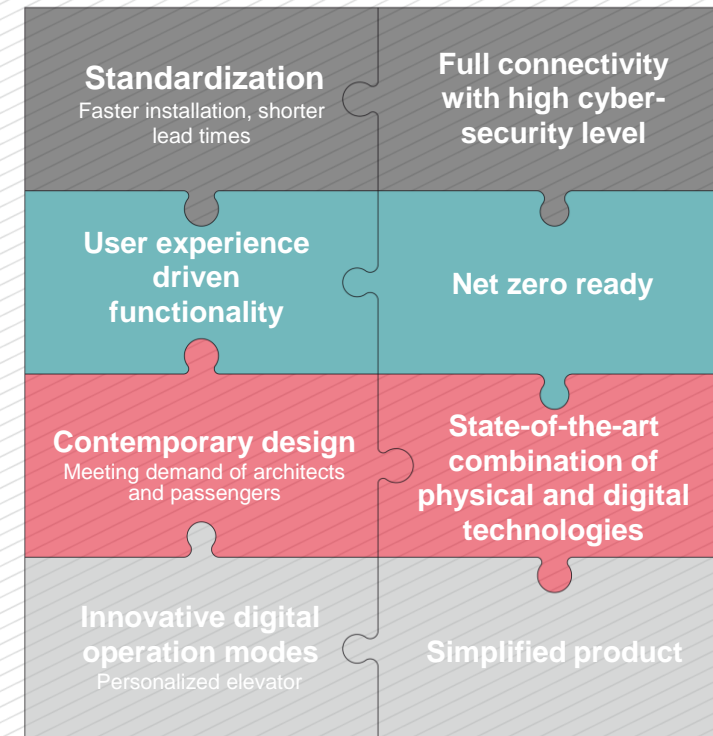
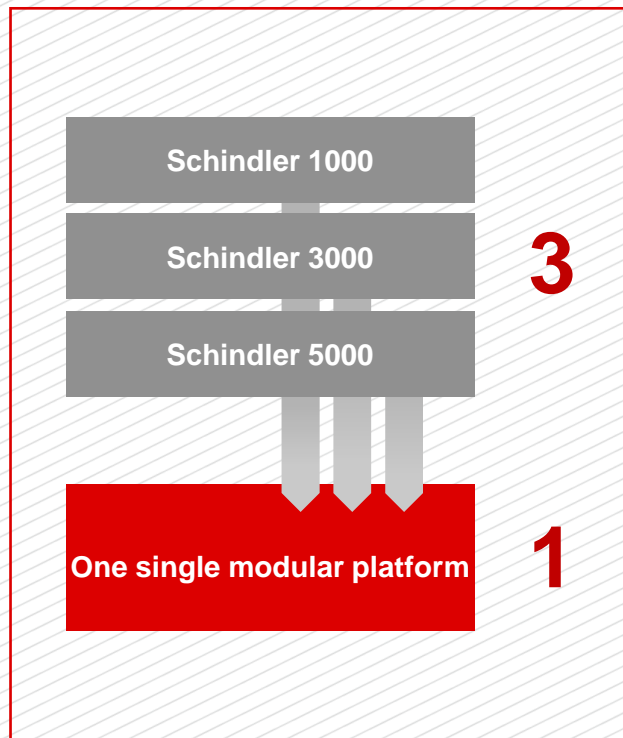


<sup>1)</sup> Sequential margin development by quarter








# Simplified modular elevator platform re-launch on track

## Complexity reduction, cost-competitiveness, higher margins



# Efficiency key to competitiveness

Focus on disciplined execution

	<b>1</b> <b>NI/MOD</b>	<ul style="list-style-type: none"><li>▪ New modular products</li><li>▪ Standardization/harmonization</li><li>▪ Process simplification</li></ul>
	<b>2</b> <b>Service &amp; Repairs</b>	<ul style="list-style-type: none"><li>▪ Drive density</li><li>▪ Boost connected units</li><li>▪ Digital services</li></ul>
	<b>3</b> <b>Procurement</b>	<ul style="list-style-type: none"><li>▪ Shift from tactical to strategic sourcing</li><li>▪ Complexity reduction</li><li>▪ Streamlined supplier matrix</li></ul>
	<b>4</b> <b>Back-office processes</b>	<ul style="list-style-type: none"><li>▪ Customer-centric process redesign</li><li>▪ Review of operating model</li></ul>
	<b>Benchmarking and best practice sharing</b> (internal/external)	



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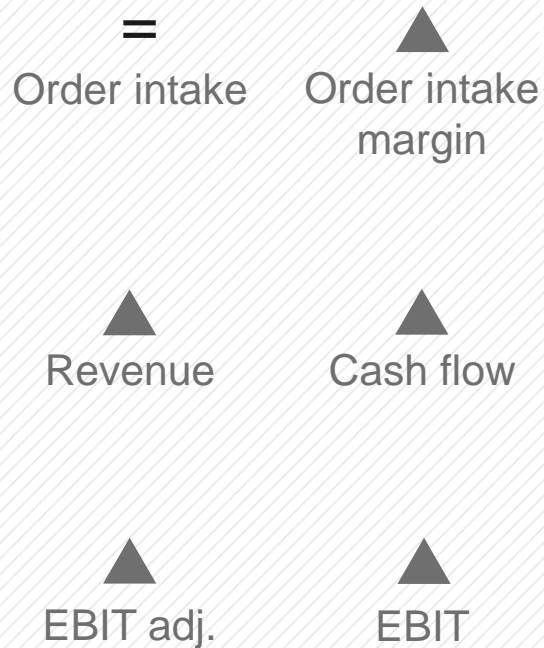
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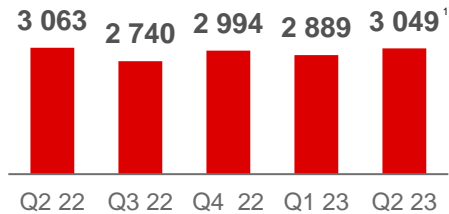
# Delivering on commitments

## Disciplined execution driving performance

### Q2 2023 vs. Q2 2022



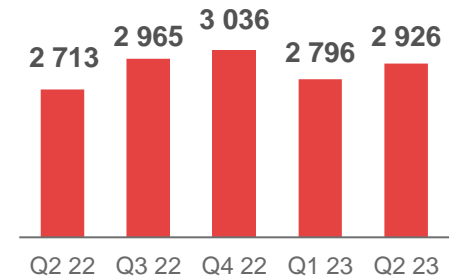
### Order intake stable, up in LC



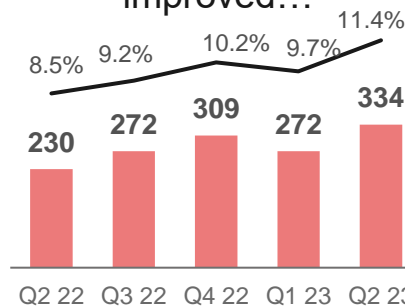
### Order intake margin almost doubled



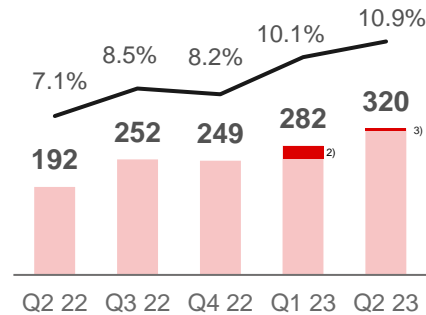
### Strong order backlog execution resulting in revenue growth



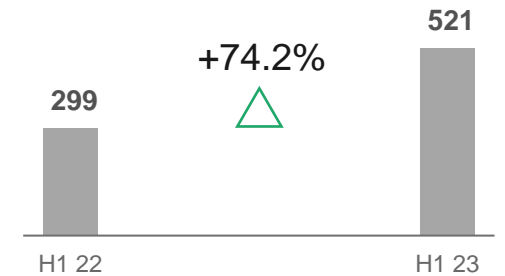
### EBIT adj. significantly improved...



### ... as did EBIT



### Operating cash flow increase driven by profit and NWC



1) FX impact of CHF 219 million vs. prior-year, equivalent to yoy growth of 6.7% in LC

2) One-off real estate gain of CHF 26 million

3) One-off real estate gain of CHF 6 million



# Key figures as of June 30, 2023

## April to June

In CHF million	Q2 2023	Q2 2022	△ %	△% in LC
Order intake	3 049	3 063	−0.5	6.7
<b>Revenue</b>	<b>2 926</b>	<b>2 713</b>	<b>7.9</b>	<b>15.2</b>
<b>Operating profit (EBIT)</b>	<b>320</b>	<b>192</b>	<b>66.7</b>	<b>78.1</b>
in %	10.9	7.1		
<b>Operating profit (EBIT), adjusted</b>	<b>334</b> <sup>1)</sup>	<b>230</b> <sup>2)</sup>	<b>45.2</b>	<b>55.2</b>
in %	11.4	8.5		
Financing and investing activities	2	4		
Profit before taxes	322	196	64.3	
Income taxes	71	44		
<b>Net profit</b>	<b>251</b>	<b>152</b>	<b>65.1</b>	
Earnings per share and participation certificate in CHF	2.15	1.30	65.4	
Cash flow from operating activities	240	13	—	

<sup>1)</sup> Adjusted for Top Speed 23 costs (CHF 10 million), restructuring costs (CHF 5 million), real estate gain (CHF −6 million), and expenses for BuildingMinds (CHF 5 million)

<sup>2)</sup> Adjusted for Top Speed 23 costs (CHF 15 million), restructuring costs (CHF 17 million), and expenses for BuildingMinds (CHF 6 million)

# Key figures as of June 30, 2023

## January to June

In CHF million	1H 2023	1H 2022	△ %	△% in LC
Order intake	5 938	6 227	−4.6	0.8
<b>Revenue</b>	<b>5 722</b>	<b>5 345</b>	<b>7.1</b>	<b>12.6</b>
<b>Operating profit (EBIT)</b>	<b>602</b>	<b>403</b>	<b>49.4</b>	<b>58.1</b>
in %	10.5	7.5		
<b>Operating profit (EBIT), adjusted</b>	<b>606</b> <sup>1)</sup>	<b>466</b> <sup>2)</sup>	<b>30.0</b>	<b>37.8</b>
in %	10.6	8.7		
Financing and investing activities	−6	−19		
Profit before taxes	596	384	55.2	
Income taxes	133	88		
<b>Net profit</b>	<b>463</b>	<b>296</b>	<b>56.4</b>	
Earnings per share and participation certificate in CHF	3.99	2.54	57.1	
Cash flow from operating activities	521	299	74.2	

<sup>1)</sup> Adjusted for Top Speed 23 costs (CHF 19 million), restructuring costs (CHF 7 million), real estate gain (CHF −32 million), and expenses for BuildingMinds (CHF 10 million)

<sup>2)</sup> Adjusted for Top Speed 23 costs (CHF 31 million), restructuring costs (CHF 20 million), and expenses for BuildingMinds (CHF 12 million)



# Balance sheet

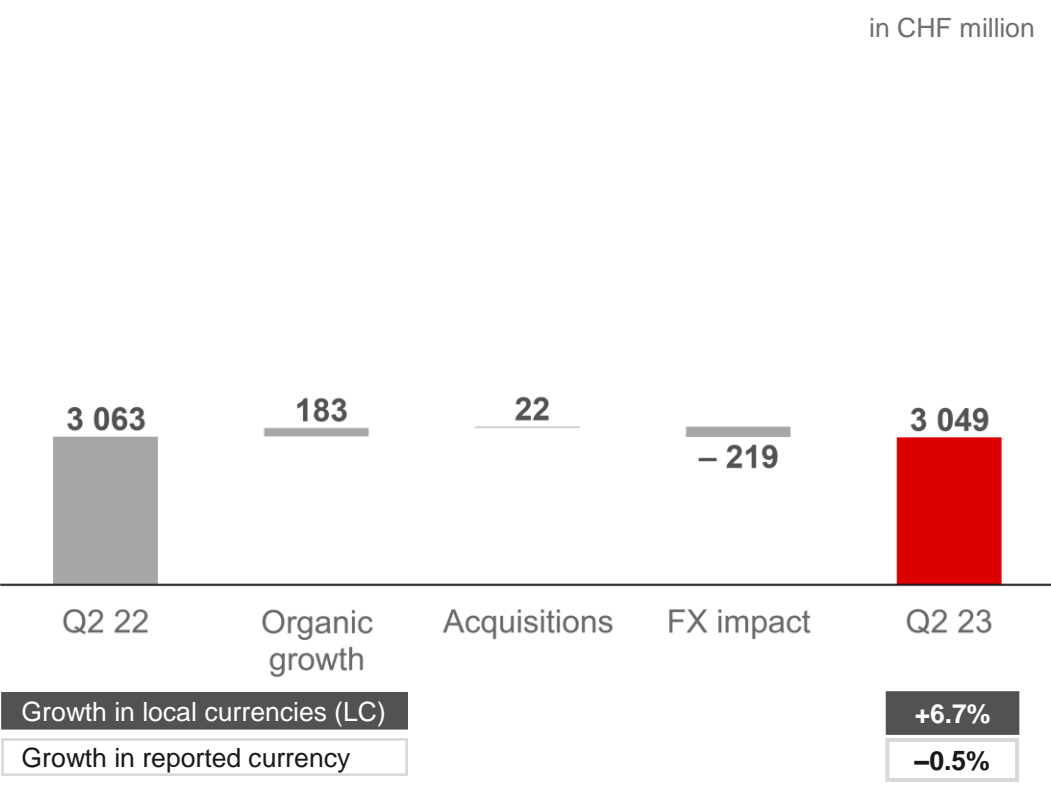
## Solid cash position despite bond repayment

In CHF million	30.06.2023	in %	31.12.2022	in %	30.06.2022	in %
Cash and cash equivalents	2 257	19.9	2 153	18.2	2 408	20.2
Other current assets	5 494	48.4	5 956	50.5	5 689	47.6
<b>Total current assets</b>	<b>7 751</b>	<b>68.3</b>	<b>8 109</b>	<b>68.7</b>	<b>8 097</b>	<b>67.8</b>
Non-current assets	3 603	31.7	3 699	31.3	3 844	32.2
<b>Total assets</b>	<b>11 354</b>	<b>100.0</b>	<b>11 808</b>	<b>100.0</b>	<b>11 941</b>	<b>100.0</b>
Current liabilities	5 823	51.3	6 252	53.0	6 541	54.8
Non-current liabilities	1 125	9.9	1 111	9.4	1 210	10.1
<b>Total liabilities</b>	<b>6 948</b>	<b>61.2</b>	<b>7 363</b>	<b>62.4</b>	<b>7 751</b>	<b>64.9</b>
Equity	4 406	38.8	4 445	37.6	4 190	35.1
<b>Total liabilities and equity</b>	<b>11 354</b>	<b>100.0</b>	<b>11 808</b>	<b>100.0</b>	<b>11 941</b>	<b>100.0</b>
<b>Net working capital</b>	<b>–690</b>		<b>–741</b>		<b>–891</b>	
<b>Net liquidity</b>	<b>2 662</b>		<b>2 751</b>		<b>2 619</b>	

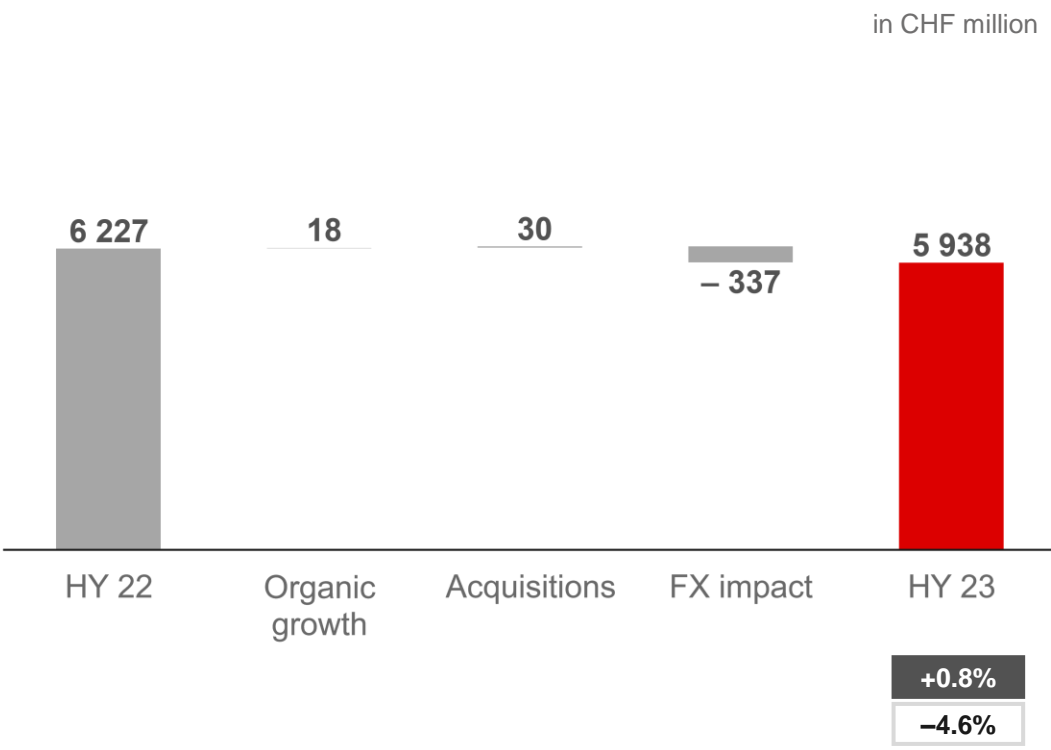
# Order intake

## Growth in local currencies despite challenging markets

April to June



January to June





# Order intake

Q2 growth across all product lines,  
HY growth mainly driven by Service, NI down but above market

## Order intake growth Q2 2023 vs. Q2 2022

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

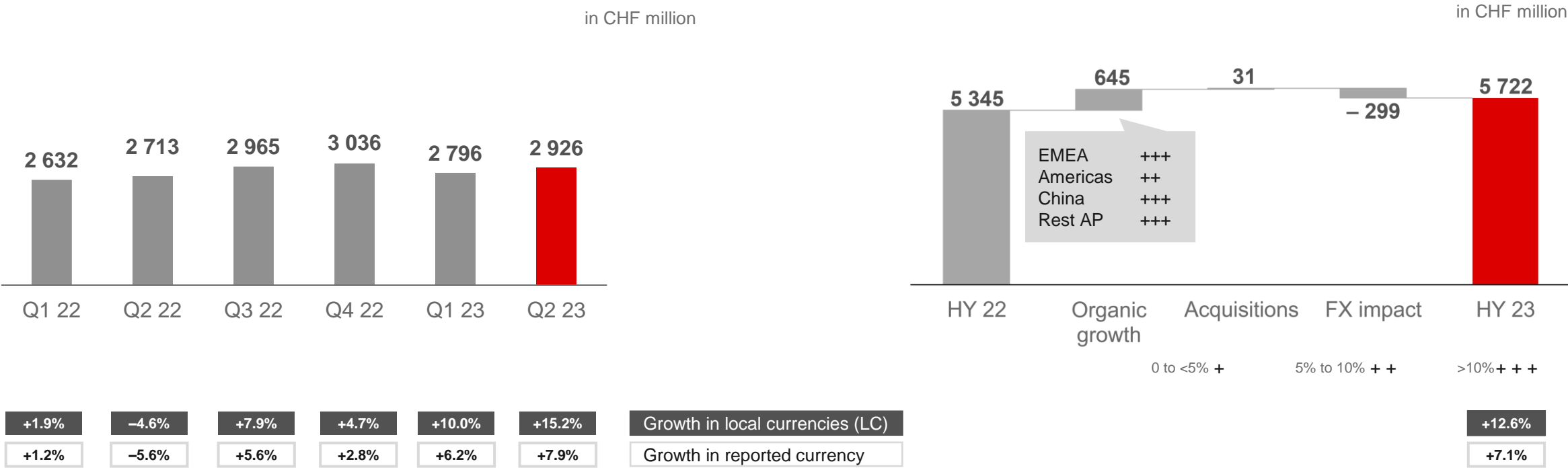
## Order intake growth HY 2023 vs. HY 2022

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

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

# Revenue

All regions and product lines contribute to revenue growth, negative FX impact doubled in Q2

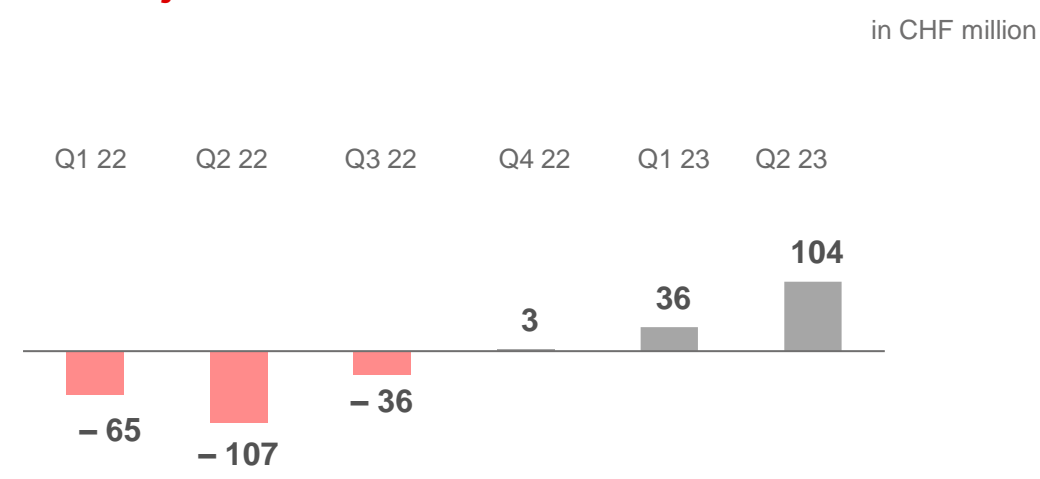




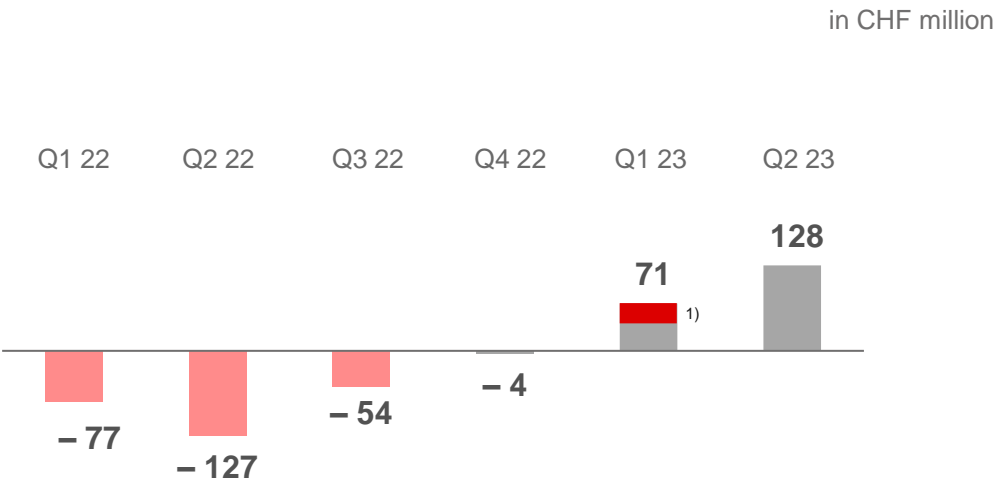
# Year-on-year EBIT adjusted and EBIT

## Continued profitability improvement, highest EBIT since Q4 2019

### EBIT adjusted



### EBIT



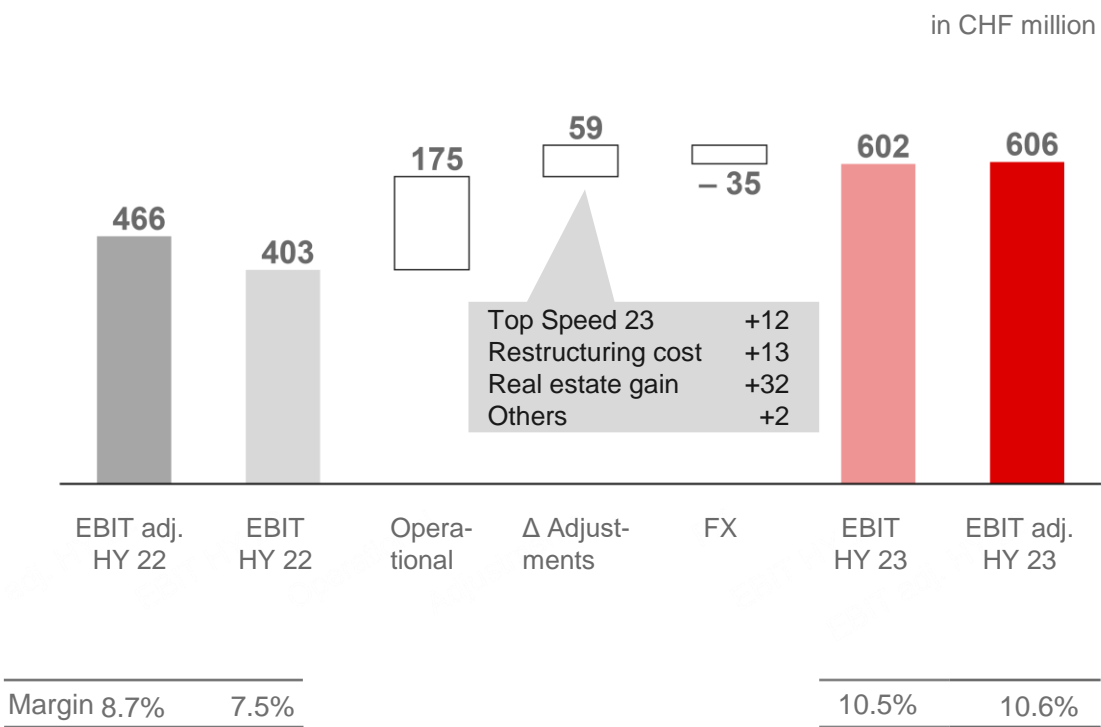
-20.6%	-30.3%	-8.8%	+3.6%	+20.8%	+55.2%	Growth in local currencies (LC)	-25.7%	-38.2%	-15.0%	+1.2%	+39.8%	+78.1%
-21.6%	-31.8%	-11.7%	+1.0%	+15.3%	+45.2%	Growth in reported currency	-26.7%	-39.8%	-17.6%	-1.6%	+33.6%	+66.7%
-2.6	-3.2	-1.8	-0.2	+0.7	+2.9	Δ margin in percentage points	-3.1	-4.0	-2.4	-0.4	+2.1	+3.8

1) One-off real estate gain of CHF 26 million



# Year-on-year EBIT adjusted and EBIT

Strong operational performance,  
FX impact of CHF –35 million

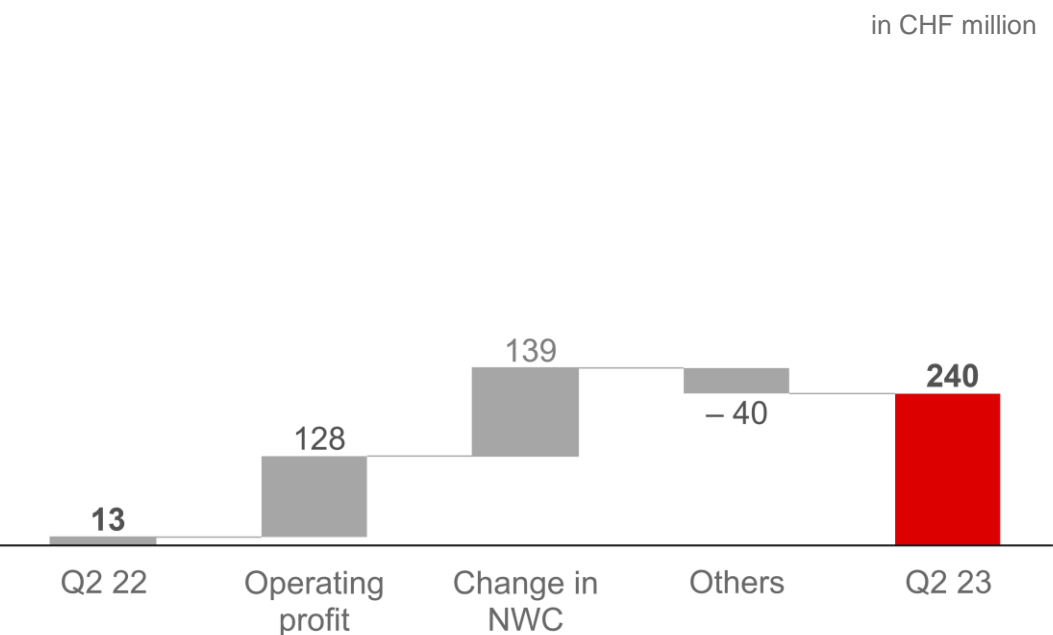




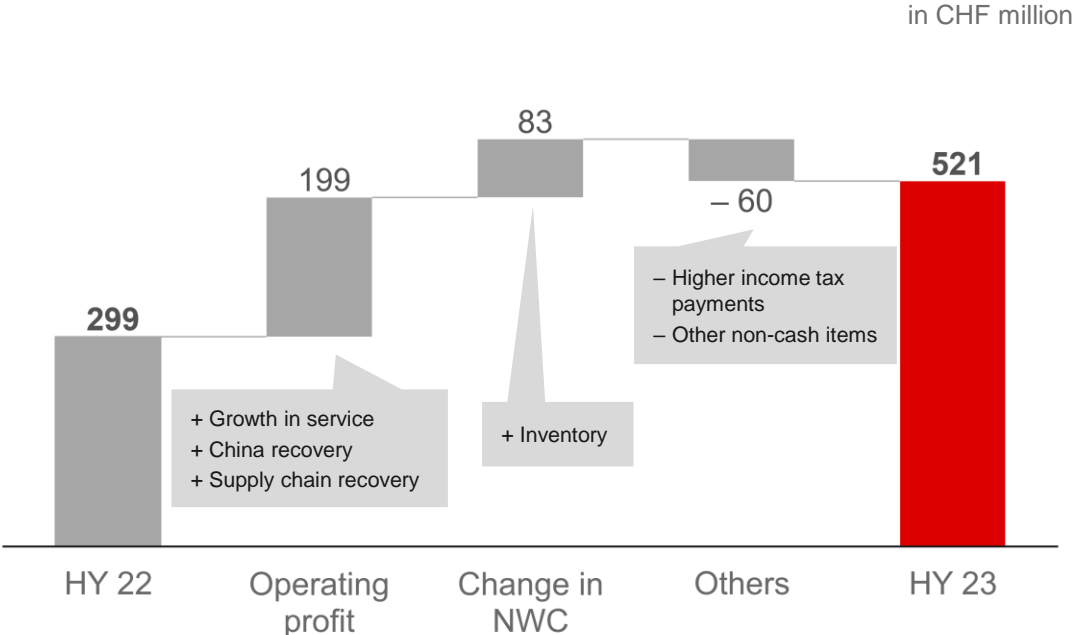
# Operating cash flow

Improvement driven by higher operating profit and net working capital

## April to June



## January to June



Growth in reported currency

+74.6%



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# Outlook 2023

## Uncertain environment

- China: timing and magnitude of NI recovery still uncertain; Service and Modernization growing
- America and Europe NI markets softening in spite of strong underlying demand, India and Southeast Asia continue to grow
- Labor cost inflation and scarcity
- Intensifying foreign exchange pressure
- Service and Modernization remain strong

## Persistent focus

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:

- Revenue growth guidance increased from low single-digit to between +5% and +8% (in LC)
- Net profit between CHF 860 million and CHF 900 million (+31% to +37% from FY 2022)



# Q&A

CAUTION | ATTENTION

←  Elevators  
to tunnel

← P Island  
parking

Ascenseurs  
vers le tunnel

Stationnement  
sur l'île

↓ 

↓ 

Toronto

via tunnel  
par le tunnel

Ground  
transportation

Transport  
terrestre

CAUTION | ATTENTION



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July 21, 2023

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# Additional charts

# Quarterly overview

## Key figures

In CHF million		2023			2022	
	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	3 049	2 889	2 994	2 740	3 063	3 164
<b>Revenue</b>	<b>2 926</b>	<b>2 796</b>	<b>3 036</b>	<b>2 965</b>	<b>2 713</b>	<b>2 632</b>
<b>Operating profit (EBIT)</b>	<b>320</b>	<b>282</b>	<b>249</b>	<b>252</b>	<b>192</b>	<b>211</b>
in %	10.9	10.1	8.2	8.5	7.1	8.0
<b>Operating profit (EBIT), adjusted</b>	<b>334</b>	<b>272</b>	<b>309</b>	<b>272</b>	<b>230</b>	<b>236</b>
in %	11.4	9.7	10.2	9.2	8.5	9.0
Financing and investing activities	2	–8	–21	–11	4	–23
Profit before taxes	322	274	228	241	196	188
Income taxes	71	62	50	56	44	44
<b>Net profit</b>	<b>251</b>	<b>212</b>	<b>178</b>	<b>185</b>	<b>152</b>	<b>144</b>
Cash flow from operating activities	240	281	312	77	13	286

# Calendar 2023/2024

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

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