

Ad hoc announcement pursuant to Art. 53 LR

Interim Report as of June 30, 2022

Press release
July 22, 2022

Intensifying challenges

- **Order intake and revenue growth affected by China market contraction and COVID-related lockdowns**
- **Profit development burdened by cost inflation, semiconductor shortage, supply chain issues, and restructuring costs, exacerbated by lockdowns in China**
- **Sharpened focus on increasing prices to offset inflation, streamlining product offering, and driving efficiency**
- **Order backlog reaching the 10-billion milestone**
- **Further changes to the Group Executive Committee**
- **2040 net-zero emission targets approved by the Science Based Targets initiative**

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.

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Dial-in details to today's conference call at 10:00 am CET are available at:
group.schindler.com/en/investor-relations/events.html

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)