

Zehnder Group

ZKB Swiss Equity Conference

CEO Matthias Huenerwadel and CFO René Grieder
Zurich, 6 November 2024



zehnder

always the best climate

Innovative strength since 1895

Innovative strength

Over a **Century**

Around
3,500
employees

Strong
family
backing

Some
25,000
customers trained
in 2023

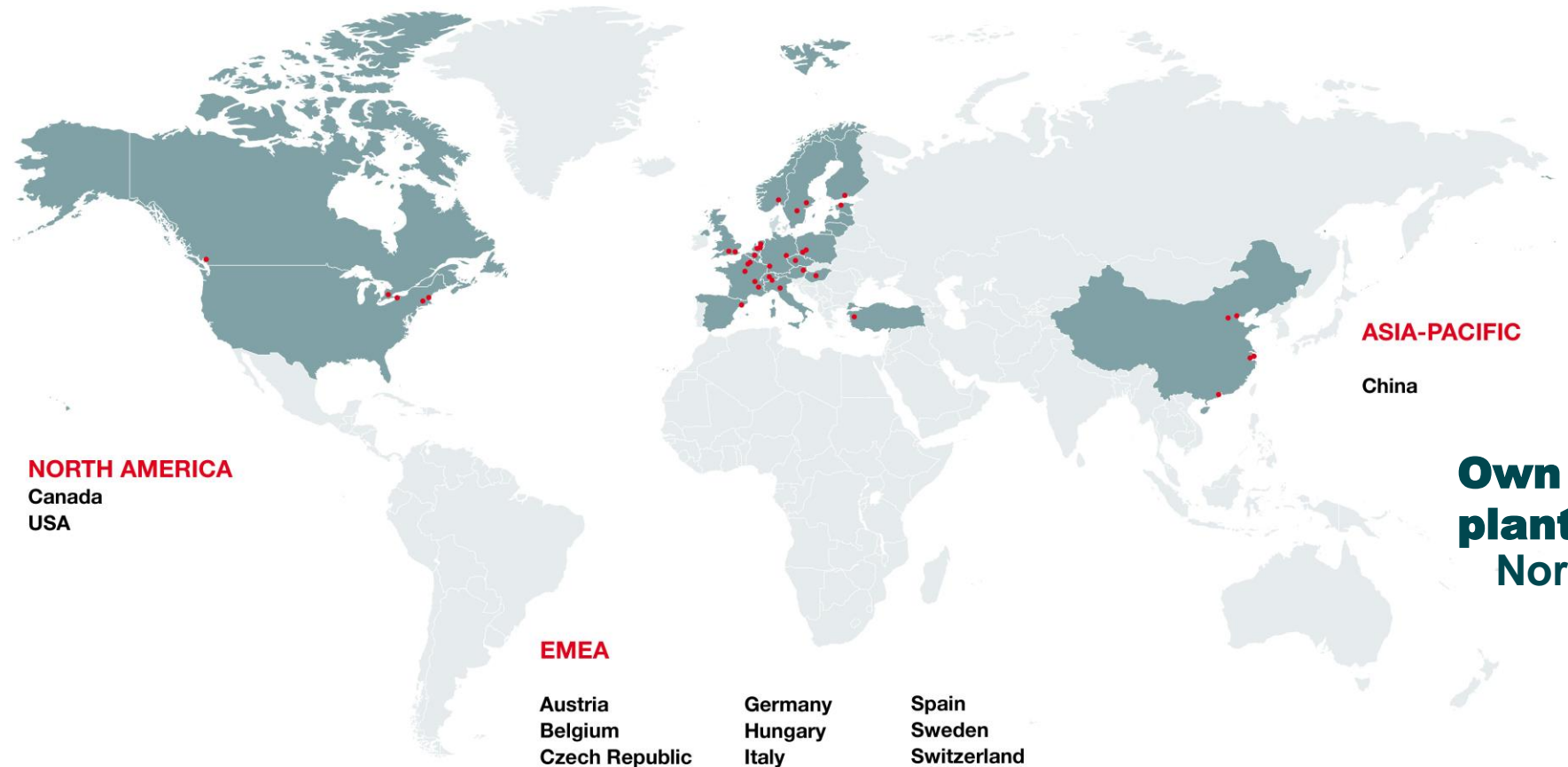


A Market leader
for a **healthy,**
comfortable
sustainable and
indoor climate

Leading positions in
key markets for
ventilation,
radiators and
system offers

Best climate in the world

Global presence
in over
70
countries



NORTH AMERICA
Canada
USA

ASIA-PACIFIC
China

Own production plants in Europe, North America & China

- EMEA**
- | | | |
|----------------|-------------|----------------|
| Austria | Germany | Spain |
| Belgium | Hungary | Sweden |
| Czech Republic | Italy | Switzerland |
| Estonia | Netherlands | Turkey |
| Finland | Norway | United Kingdom |
| France | Poland | |

Subsidiaries in
20
countries

Five product lines for a perfect indoor climate

Ventilation segment



Comfortable indoor ventilation



Clean air solutions



Heat exchangers

Radiator segment

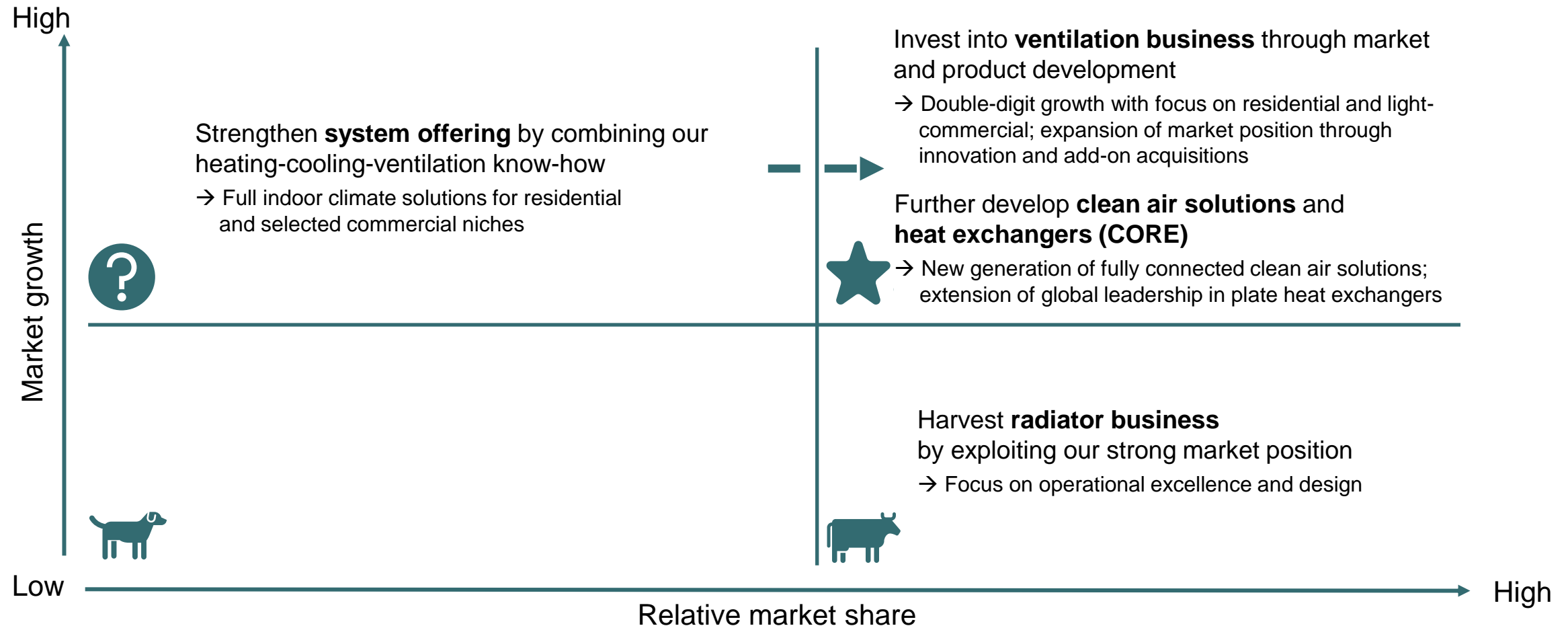


Decorative radiators



Heating & cooling panels

Transformation strategy from component manufacturer to provider of healthy and sustainable indoor climate solution



Heat and Energy Recovery Ventilation solutions address the requirements for an optimum indoor climate



Temperatures 21 until 23 °C



Low level of fine dust and pollution

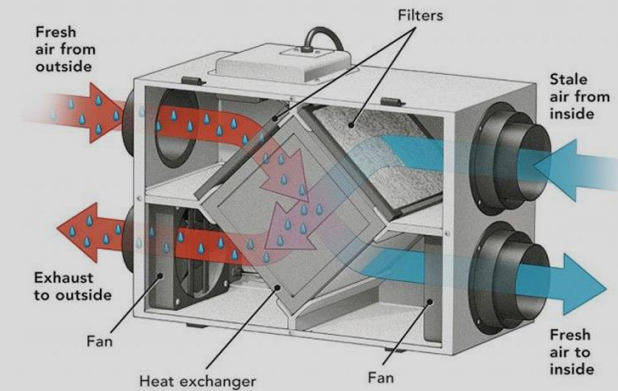


CO₂ concentration <1000 ppm



Relative humidity 40 until 60%

Factors such as noise, lighting and draughts



Zehnder Solutions - healthy and sustainable...



- Steady and balanced fresh air supply
- Filtration of allergens and fine dust
- No draft and minimal noise

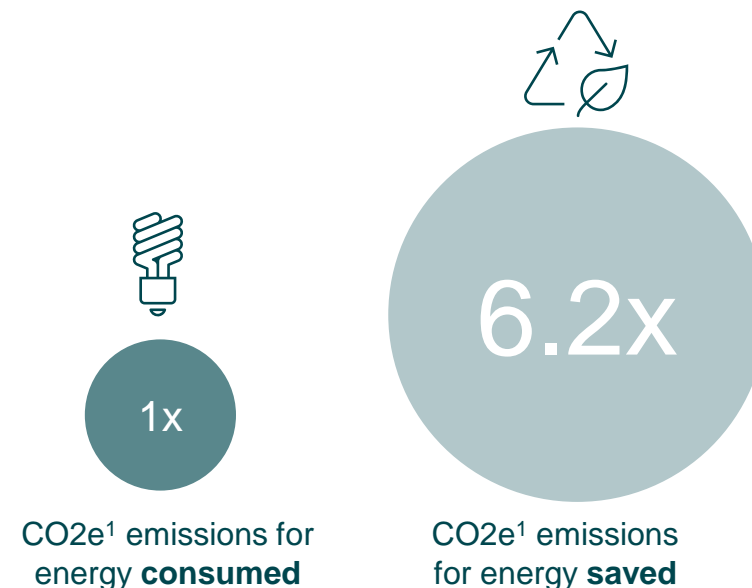


- Reduction of CO2 and TVOCs
- Energy and Heat Recovery
- Humidity Control
- Tempering of air both in summer and winter

...saving approx. 6 times more emissions than they cause

- Zehnder's heat-recovery ventilation systems use highly-efficient temperature exchange:
 - keeping more heat inside (or outside),
 - cutting heating/cooling costs,
 - reducing indoor air pollution
- Zehnder's heat-recovery systems will save customers approx. 8.9 times more energy than they use during their lifetimes compared to traditional ventilation
- Heat-recovery ventilation emits much less CO₂e¹ than traditional ventilation, with an avoided emissions ratio of **1 to 6.2** for energy consumed versus energy saved²

Avoided emissions ratio³



¹ CO₂ equivalent; ² for further information please refer to Zehnder Sustainability Report 2023

Continuous innovation to increase addressable market and extend product and service offering

Heat recovery ventilation systems



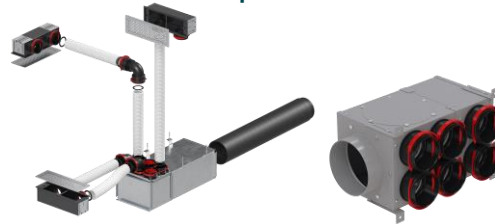
Decentralized heat recovery ventilation systems



Tempering, humid control and energy recovery units



Air Distribution components



Services & replacement

- About 70% of Group R&D is invested into ventilation segment
- Focus on residential and (light-) commercial
- Most complete and innovative ventilation and accessory portfolio for improved indoor air quality and reduced energy consumption
- Numerous patents on different systems and components
- New decentralized solutions for renovations
- Most comprehensive service offering such as support in design, installation, maintenance and repair as well for a growing appliance replacement business

Strategic 2024 actions for growth beyond the downturn

1 M&A / Portfolio optimization

Acquisition of SIBER in Spain

- Tapping of complementary customer structure and products; Roll-out of regional (Southern Europe) strength to other markets

Divestment of Climate Ceiling Solutions (CCS) business

- Exit of non-core activity and concentration on core businesses

2 Growth in North America and Europe

Further development of North America market

- Significant potential of the North American market underlined by appointment of President North America

Fostering growth in EMEA

- Addressing of identified further strategic growth drivers

3 Radiator capacity adjustments

Capacity adjustments

- Optimization of capacity utilization and relocation of radiator production from Switzerland to France

Improve production network

- Outsourcing of production in Dachang plant in China and focus on local needs

Acquisition of Siber, a leading regional Spanish manufacturer of residential ventilation systems



- By acquiring Siber, Zehnder Group strengthens its residential ventilation business in Spain and Portugal
- Complementary geographical presence and strong strategic fit in terms of customers and products
- Further expansion plans to other southern European countries in line with strategy
- The transaction was financed with existing credit lines and liquid funds
- Siber expects sales of around EUR 40 million for FY 2024



Strengthening of Executive Committee... ...to best address market needs



Matthias Huenerwadel
Chairman of the Group
Executive Committee,
Chief Executive Officer (CEO)



René Grieder
Chief Financial Officer (CFO)



- new -

Dorien Terpstra
Chief Commercial Officer
(CCO) EMEA



Johannes Bollmann
Chief Operating Officer
(COO) Ventilation EMEA



Jörg Metzger
Chief Operating Officer
(COO) Radiators EMEA



- new -

Valentina Videva Dufresne
President North America

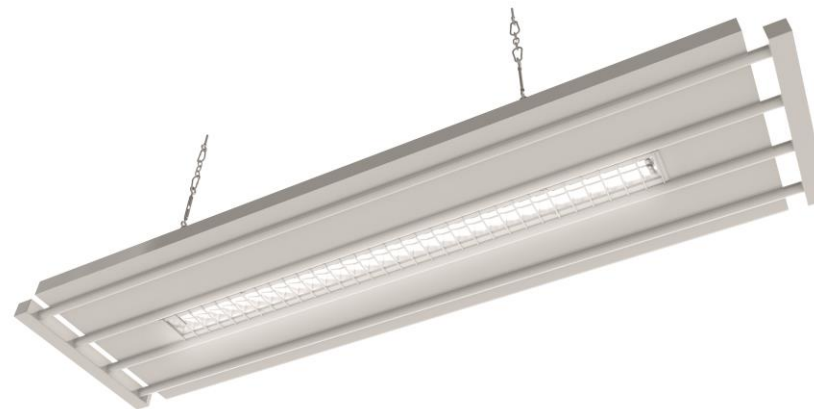
- Dorien Terpstra, appointed new Chief Commercial Officer EMEA, joined the Group Executive Committee on 1 January 2024
- Valentina Videva Dufresne was appointed President North America and member of the Group Executive Committee, effective 1 January 2025. In this new role, Valentina Videva Dufresne will be responsible for driving the continued growth of the Group's North American operations.
- Zehnder's new Executive Committee to best reflect strategic goals and address market needs

Divestment of Climate Ceiling Solutions business

- In July 2024, Zehnder closed the divestment of its Climate Ceiling Solutions divisions in Germany and France
- Divestment is due to pronounced project orientation of this non-core business
- One-off loss of EUR 8.1 million in HY1 2024
- The radiant ceiling panel business for heating and cooling remains with Zehnder Group
- Continued focus on execution of strategy in core businesses



Sold Climate Ceiling Solutions



Remaining Zehnder radiant ceiling panel

Concentration of radiator production for radiators at the plant in France and repurposing of Swiss Facilities

- Plant optimization by **closing underutilized radiator production site** in Graenichen (CH) and moving production to the site in Vaux-Andigny (FR)
- **Transformation** of Graenichen site into an **international competence centre** for indoor climate solutions:
 - Serving the growing service and maintenance business, and
 - Providing information, training and professional development
- Builders and architects yet often overlook the value of active room ventilation, seeing it as optional rather than essential, presenting significant market education and development opportunities
- The indoor climate technology market is evolving, and we are well-positioned to enhance our focus in this area
- The Graenichen site will be repurposed to **capitalize on opportunities** from market changes

At the forefront of customer trainings



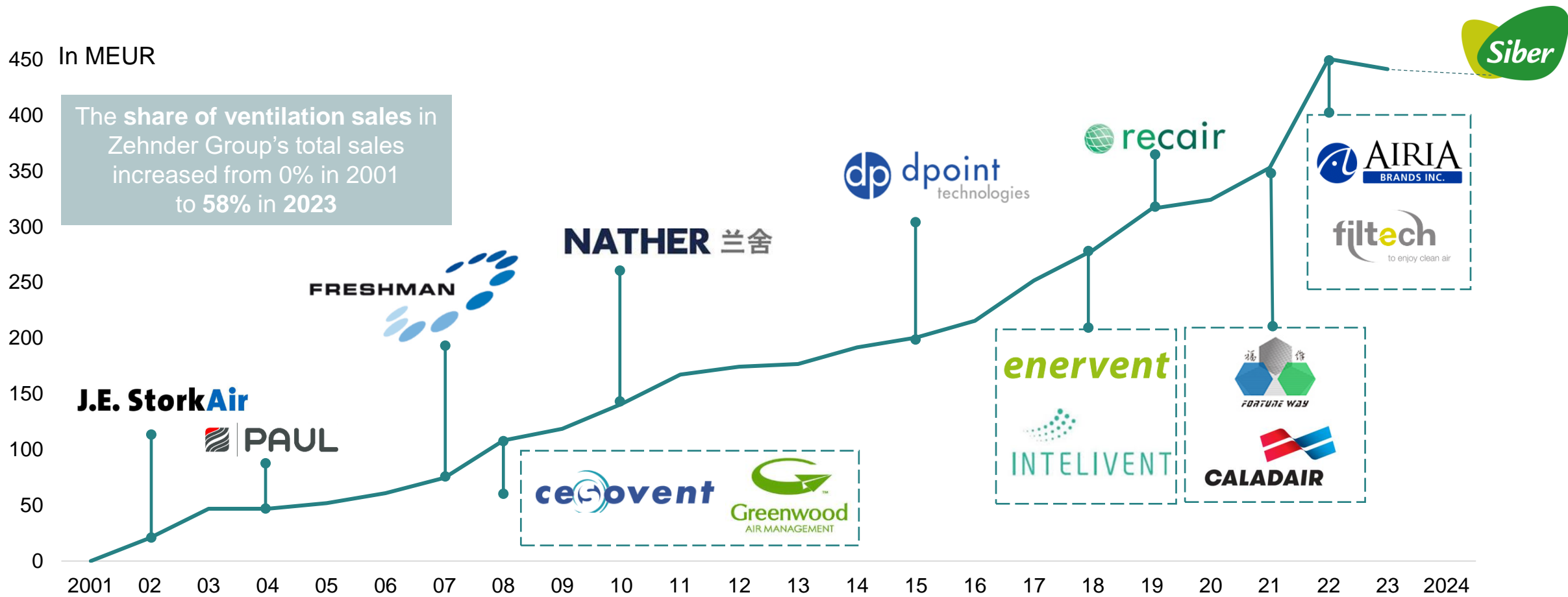
- Zehnder Academies to create lasting customer loyalty through training offerings
- Attractive, tailor-made training courses to qualify customers and their employees
- Simulated indoor climate scenarios in a unique learning infrastructure
- Broad customer spectrum including architects, planners, installation technicians, chimney sweeps and residents
- Investment in building strong relationships between all our stakeholder
- Competence and thought leadership as differentiator

Internal & external growth to strengthen Zehnder's ventilation solution leadership



450 In MEUR

The share of ventilation sales in Zehnder Group's total sales increased from 0% in 2001 to 58% in 2023



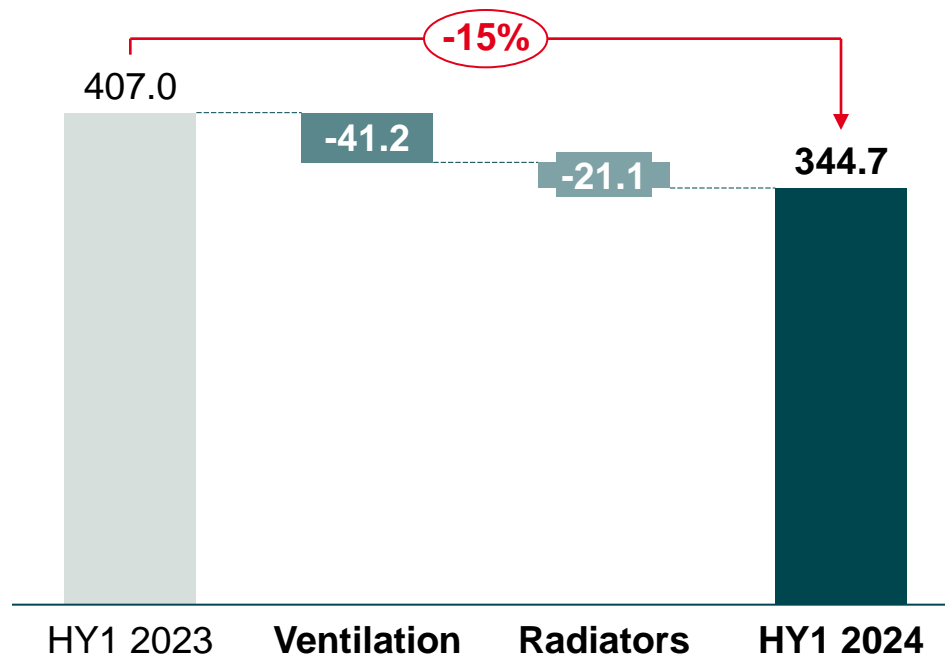
Financial Review HY1 2024

- Challenging market environment
- Sales and operating result declined
- Continuation of cost reduction measures



High costs and uncertainty slow ventilation and radiator markets

Sales: 344.7 MEUR



- Ventilation sales fell by **17%** to **EUR 204.2 million** due to a decline in construction activities for new residential buildings as a result of high construction costs
- Radiator sales decreased by **-13%** to **EUR 140.5 million** due to political/economic uncertainties affecting radiator renovations

In HY1 2024, all relevant markets were affected by declining sales; stabilisation in UK and North America

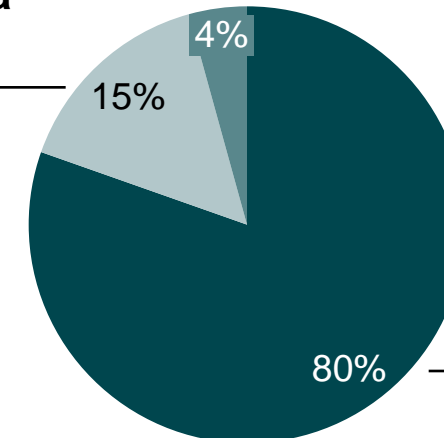
Sales development HY1 2024 per country; local currency

	Ventilation	Radiators	Total
1. Germany	↓	↓	↓
2. France	↓	↓	↓
3. Netherlands ▲ +1	↓	▲	↓
4. United Kingdom ▲ +2	▲	↓	▲
5. Switzerland ▼ -2	↓	↓	↓
6. United States ▼ -1	↓	↓	↓
7. Canada ▲ +2	↓	↓	↓
8. Italy ▲ +1	↓	↓	↓
9. Belgium ▼ -1	↓	↓	↓
10. China	↓	↓	↓

¹ Sales in MEUR, in total 344.7 MEUR in HY1 2024

North America¹
52.8 / -16.1%

Asia-Pacific¹
14.8 / -28.5%



EMEA¹
277.2 / -14.3%

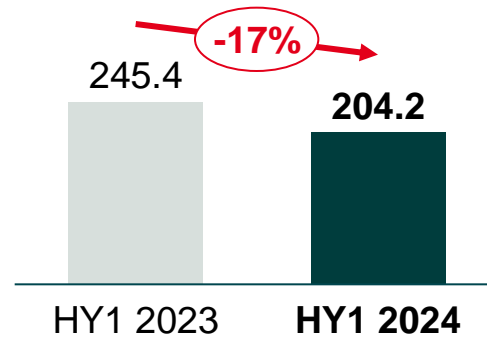
Top 10 markets account for 87% of total sales

Ventilation and radiator segments with sales and margin decline as construction activities in new building and renovation business negatively affected demand

Ventilation segment 59% of total sales

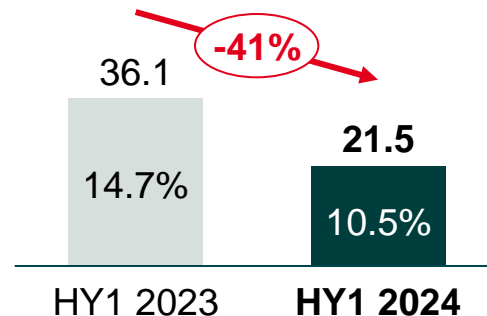
Sales: 204.2 MEUR

- Sales decrease of **-17%** (-17% also organically)
- In HY1, significant decline in demand; high comparison base



EBIT before one-off effects: 21.5 MEUR

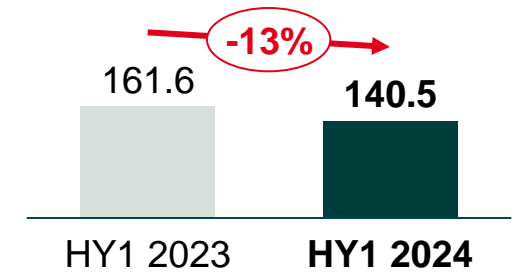
- Margin of **10.5%**
- Investments into market coverage were maintained



Radiator segment 41% of total sales

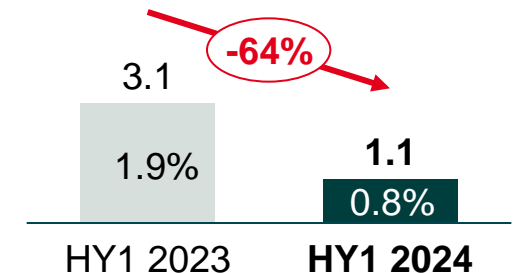
Sales: 140.5 MEUR

- Sales decline of **-13%** (-13% organically)
- Renovation activities involving radiator replacement were reduced



EBIT before one-off effects: 1.1 MEUR

- Margin of **0.8%**
- Volume decline reduced production utilisation



in MEUR

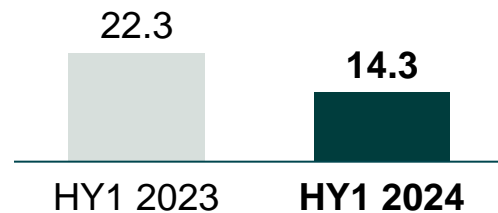
The EBIT margin before one-off effects decreased to 6.6% from 9.6% in HY1 2023, but remained on level of HY2 2023

MEUR	HY1 2023	HY2 2023	HY1 2024	Δ HY1 2024 vs HY2 2023	Δ HY1 2024 vs 2023
Sales ventilation	245.4	195.7	204.2	4%	-17%
Sales radiators	161.6	159.7	140.5	-12%	-13%
Sales total	407.0	355.1	344.7	-3%	-15%
EBIT before one-off effects	39.2	23.8	22.6	-5%	-42%
<i>Margin</i>	9.6%	6.7%	6.6%		
EBIT	37.5	22.7	12.5	-45%	-67%
<i>Margin</i>	9.2%	6.4%	3.6%		

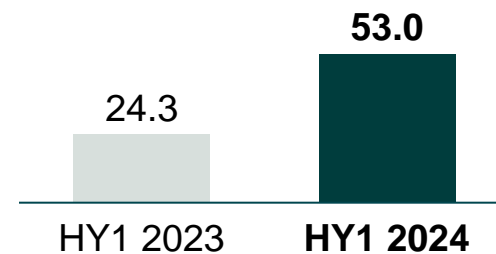
- In HY1 2024, sales decreased by -15% to EUR 344.7 million due to a lower demand caused by the unfavourable conditions in the construction market affecting both ventilation and radiator segment.
- Compared to HY2 2023, the overall sales decrease was -3%. The sales decline in radiators was much higher, which is partly due to the seasonality effect.
- In HY1 2024, EBIT margin before one-off effects decreased to 6.6% from 9.6% in HY1 2023, but remained on the level of HY2 2023, indicating a stabilisation of the operating margin before one-off effects.

Lower operating cash flow due to lower profits, but higher net liquidity and increased equity ratio in HY1 2024

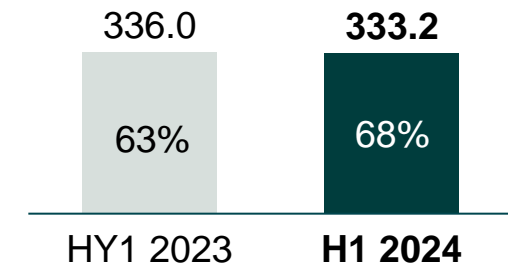
Operating Cash Flow



Net Liquidity



Equity



- Lower operating cash flow of 14.3 MEUR due to lower profits and increased trade receivables
- Investments in acquisitions of remaining 25% stake in Zehnder Caladair International for 4.7 MEUR
- Dividends of 15.4 MEUR paid for 2023 financial year
- Strong balance sheet with increased equity ratio of 68%

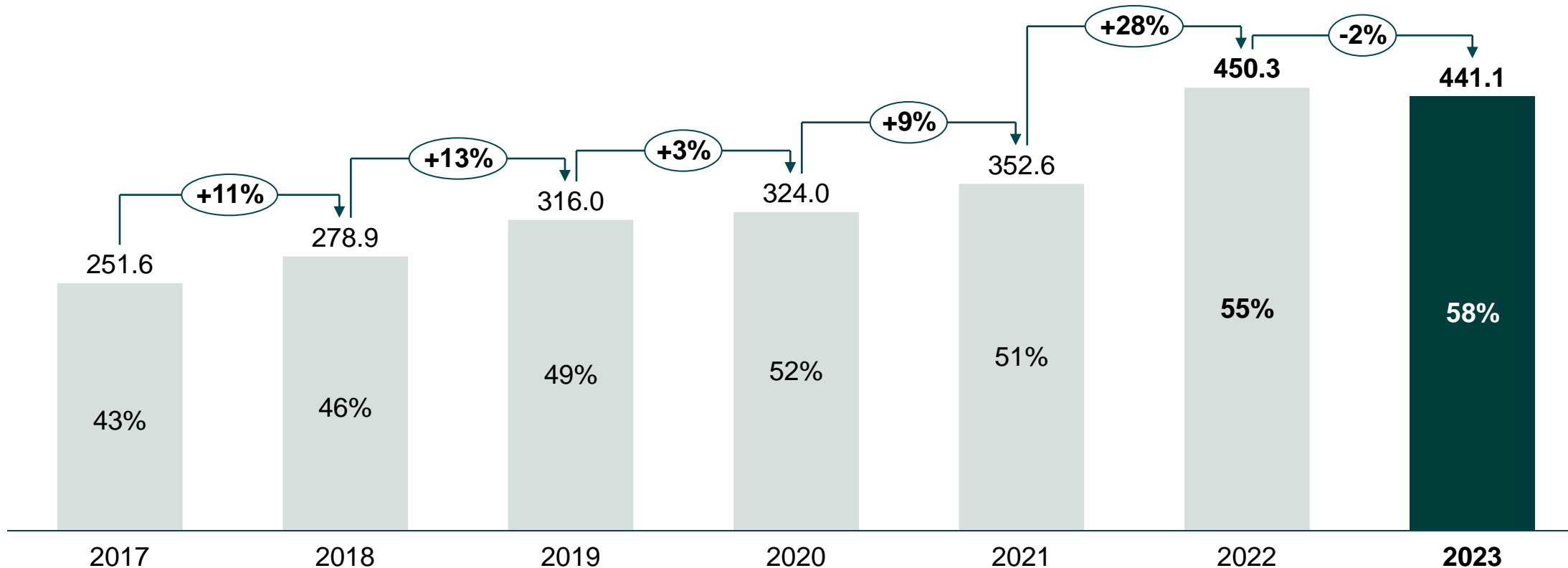
in MEUR

Share of ventilation sales increased to 58%... ...despite slightly lower sales



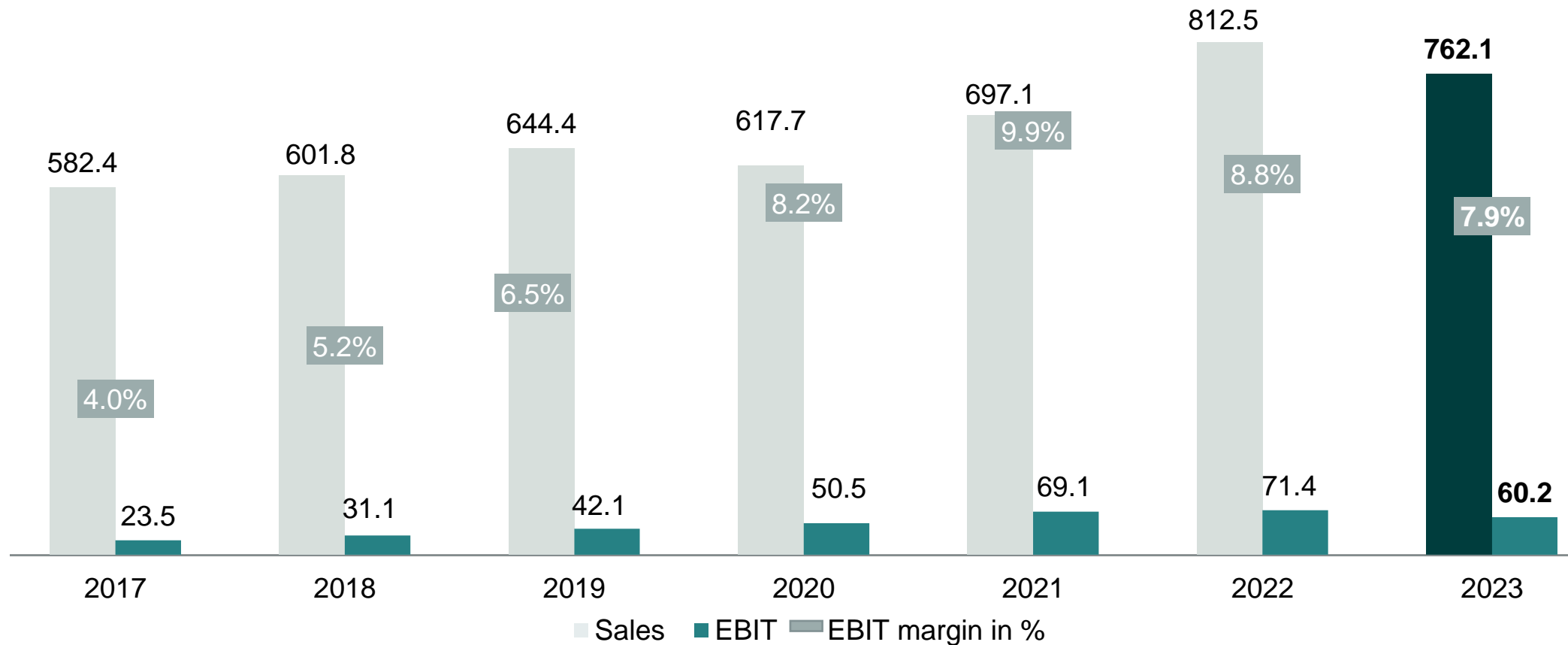
Ventilation sales in MEUR /
% of total sales

+3% acquisitions
-3% organically



Decrease in demand led to a lower profitability margin in 2023; overall positive trend over the last years

In MEUR



Outlook

- No significant trend changes until year end expected
- Focus on cost-saving measures
- Uphold strategic investments



Further drop in residential new buildings in Europe in 2024

Residential new build

Total housing completions		2021	2022	2023	2024	2025	2026
Country	share	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2025 vs 2024	2026 vs 2025
France	26%	15%	-3%	1%	-14%	-10%	0%
Germany	18%	-4%	1%	-9%	-17%	-13%	-10%
Poland	16%	6%	2%	-3%	-20%	10%	5%
United Kingdom	12%	20%	3%	-16%	2%	5%	5%
Italy	7%	7%	9%	5%	-1%	-4%	-5%
Switzerland	3%	-8%	-5%	-3%	1%	1%	2%
Spain	6%	6%	-2%	1%	6%	5%	0%
Netherlands	5%	2%	4%	1%	-4%	-1%	1%
Belgium	4%	-1%	4%	-9%	-8%	-1%	0%
Austria	4%	1%	-3%	-10%	-12%	-6%	0%
Total	100%	6%	1%	-4%	-10%	-3%	0%

- In 2024, further declines in new buildings in top 3 largest European markets expected
- 2024 projected to mark bottom in European residential new buildings
- Attractive structural growth drivers for indoor climate intact
- Favourable interest rate outlook will be supportive

Full Year 2024: Continued challenging business environment

Market evaluation

- No significant trend changes in the residential new build segment in the short term expected
- Persisting anemic renovation market
- **Positive** medium and long-term **market outlook** due to **strong underlying trends**
- Zehnder Group's products meet growing demand for **healthy, sustainable, and comfortable buildings**

Developments & further investments

- Focus on cost-saving measures to adjust to market environment
- Strategic investments in R&D, expansion of market presence, IT and sustainability initiatives
- Further expansion of presence in North America

Outlook 2024

- For the full year 2024, Zehnder Group expects:
 - Sales between EUR 670 million and EUR 700 million
 - EBIT margin before one-off effects of 6-7% of sales
 - One-off costs of EUR 30-35 million

Health and sustainability drive our ambitions

- Air pollution, allergies and the fact that we spend 90% of our lives in enclosed rooms make a healthy indoor climate essential.
- Our products are based on the preservation and improvement of good health.
- Buildings are responsible for ~40% of global energy consumption and ~36% of greenhouse gas emissions.
- Our products help to reduce energy consumption while maintaining high levels of comfort.



Growth drivers in the Ventilation segment

Energy cost reduction

Benefit of reduced energy costs due to high efficiency of heat and humidity recovery

Climate change

Heightened need to manage climate change has implications on indoor climate ventilation

Increasing demand for eco-friendly buildings

Still low penetration rates in Europe & USA provide large potential for ventilation systems

External growth drivers

Regulation

Higher regulation on building energy efficiency and stricter GHG emission reduction targets; Net Zero-Target by 2050 in EU

Building protection

Better insulated buildings require ventilation systems to prevent mould and moisture and retain its value

Pent up demand

Backlog in new construction and renovation activities will positively stimulate ventilation sales

Zehnder Group – an attractive investment case

Why invest in Zehnder?

- Strong market positions in key markets with continuous product innovations
- Clear growth strategy in ventilation business
- Proven M&A execution
- Strengthening position in the promising North American market
- Solid financial foundation

Medium-term targets

- Sales CAGR of 5%
- EBIT margin between 9-11%
- ROCE above 20%



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always the
best climate

**MAKING HISTORY.
SHAPING THE FUTURE.**

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Questions and Answers



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