OCTAVIAN

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INITIATION OF COVERAGE

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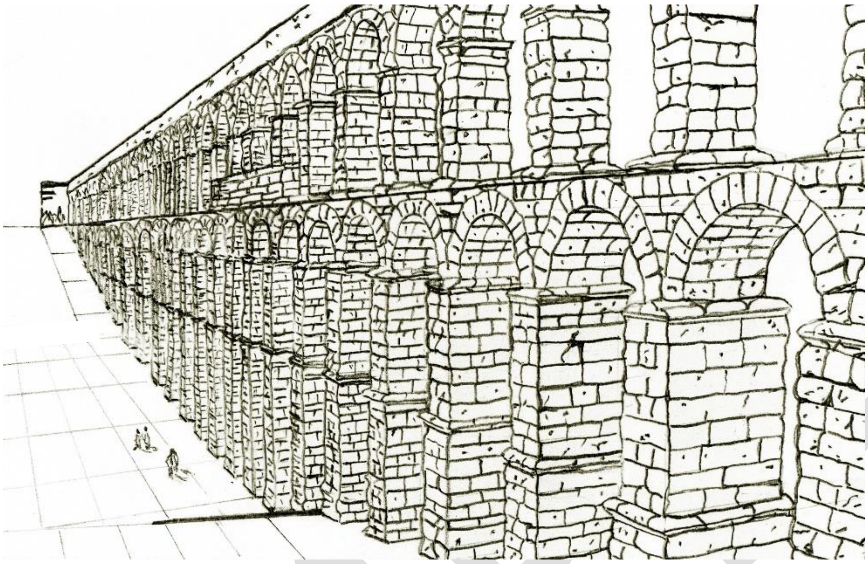
POENINA HOLD – PT CHF 51



The ancient Romans, who were pretty famous for their installations, gave the lower part of today's Valais the name "Vallis Poenina"

Bloomberg	PNHO SW
Market Cap.	CHF 188.4m
Share Price (27.11.18)	CHF 47.2
Price Target	51.0
Rating	HOLD

Installing Everything

We initiate with a HOLD and PT of CHF 51

We initiate coverage on Poenina with a HOLD rating and a price target of CHF 51, based on our CFRoEV model (2019E). At current prices the stock trades on 15.7x Adj. PE and 11.6x EV/EBIT (2019E), which is in line with the most relevant peers in the Swiss market. We note that our CFRoEV (2020E) and our DCF model support the above valuation.

Becoming a market leader

Poenina is a leader in the Swiss market for sanitary-, heating/cooling-air/ventilation- installations, roofing & lightning protection, plumbing & drainage. The **Inretis acquisition is transformational**: by doubling the size of the company (to ~CHF 250m) it will boost it into the **top 5 of the market** and will spirally expand the geographic reach from the greater Zurich area towards the North, East and South. **We think it's a good fit.**

Actively consolidating the Swiss market

We estimate the market to reach ~CHF 9bn, and to have an underlying growth around GDP (i.e. 2% +/-1%). With a market share of ~3% and succession planning being problem for small players, we expect more consolidation in the future. Poenina will have opportunities to expand the business organically and with M&A. **We think that's plenty.**

Locally managed with central surveillance

A clearly local business needs to be managed locally. What we call **"The Poenina Way"** reflects solid and deeply rooted management principles focused on local responsibility and accountability, but with common guidelines and project management tools. **We think it's cool.**

Good financial performance

Financial performance is good. In a low asset business (the main recurrign investment is NWC) the company can generate ~6-7% EBIT and typically, once taxes are paid, everything else is converted in free cash (~CHF 9-13m p.a., representing ~80-90% of net profit). With an impeccable balance sheet, acquisitions and dividends look well supported (pay out policy of 2/3 of net profit). **We think this is solid.**

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1 Investment Case

1.1 Investment Triggers

Becoming a market leader

- **Becoming a market leader:** While the market for sanitary, heating/cooling and air/ventilation installations is highly fragmented, Poenina is growing into a leading position in the Swiss market. We believe that despite the 3000+ companies active in the space, only a handful will have the critical size and competence to further consolidate the market, successfully develop large and complex projects, and ultimately make good money. Poenina is set to be one of the few.
- **Attractive Employer:** we believe that Poenina is on track to become a most attractive employer in the space. In this (project and service) business people are key: projects can only be run and completed successfully (and profitably) if experienced, skilled and motivated professionals and project managers are available (which evidently is a structural scarcity in the Swiss engineering/installation market).
- **Attractive Returns:** we think that the market for Building Technology and Building Shell Installations is intrinsically attractive, with low capital needs and (despite an EBIT margin that at first sight seems low) an attractive return on capital; typical of a service business.

We like the Inretis Acquisition

- **Inretis, an optimal fit:** the Inretis acquisition (which basically allows Poenina to double in size) is in our view not only financially sensible (post-integration EPS increase of ~10% despite more shares outstanding) but is a virtually perfect fit with Poenina: similar entrepreneurial organization, active in the same markets, with a geographic match.

Fragmented market, leaving scope for further acquisitions

- **Further acquisitions to come:** Inretis is just one (and not the first one) of potentially many acquisitions to come in a market, where succession in ownership is not always guaranteed. Provided acquisition prices remain sensible, the story is set to continue for quite a while.
- **Experienced Founders and Management:** all key people of Poenina (CEO, Chairman, Board Members) have been involved in the formation of Swiss listed Burkhalter (BRKN); a successful company with a successful capital market story, that has very much the same strategy of consolidating via acquisitions in Swiss electrical installations market.

Growth

End market (cyclically) growing at ~GDP

- The addressable market of Poenina (a CHF 9bn market) is estimated to grow around GDP (i.e. ~2% +/-1%). Besides GDP, financing availability, net immigration and interest rates are business drivers.
- **Growth** should stem from (1) underlying growth of the construction market, which can vary significantly in the different regions in Switzerland, and in the different market segments new-build, renovation, residential and commercial; (2) a broader, more complete and regionally complementary offering of the Poenina-Inretis companies; and (3) consolidation of the Swiss market (see also chapter 2.1, on Strategy).

Long term trends remain favourable

- We believe that **certain trends will offer additional opportunities**, such as: (1) compact building is a long term trend mainly relevant in the cities where territory is scarce; (2) increasing requirements for energy efficiency in buildings (also driven by the 2050 Energy Strategy of the Swiss Confederation), (3) increasing ventilation (particularly also slow ventilation), (4) with a rather old building stock (in some areas, e.g. around Zurich where 50% of buildings were built before 1970) the renovation requirements looks set to increase.

Despite a strong market, lack of skilled labour has been dampening growth

- A "chronic" lack of skilled people (particularly project managers, but experienced installers as well) represent a bottleneck and a limiting growth factor, as projects in the pipeline cannot be executed. **According to management, also because of this issue, the pipeline is full.**

Short term cyclical risk is possible, but we think project pipeline remains favourable

- The **Swiss housing market** (for new constructions) has been booming for several years, and it seems to have reached a plateau. Construction permits are now in decline (-8% in H1 2018) and net immigration (an important driver for housing in the past years) is on the retreat. As such, there is a downturn risk for new constructions.
- There are, however, reasons to remain cautiously optimistic due to (1) the already mentioned good backlog of awarded projects and the pipeline of new projects, and (2) renovation and conversion activities, that have been extremely low, are expected to recover counterbalancing a potential decline in the new construction segment of the market.
- **In conclusion,** we estimate Poenina sales to grow organically along GDP by 3.5% in 2018E, 1.5% in 2019E and 1-1.5% p.a. thereafter.

Profitability and Returns

Solid returns: we estimate ROIC in the 15–20% range

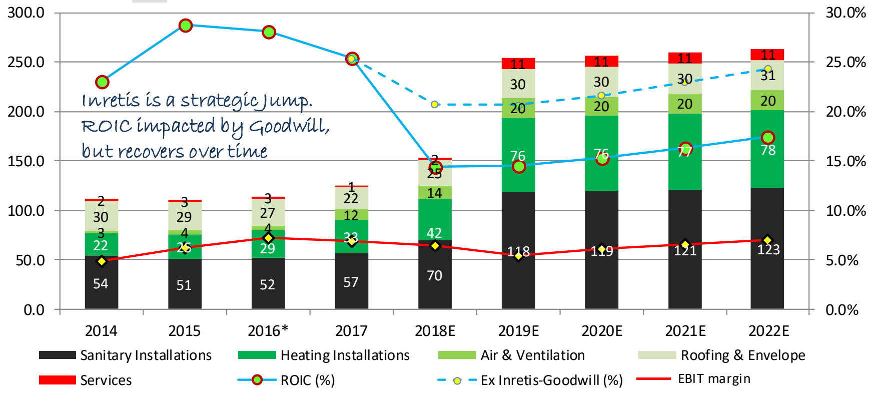
- **Poenina is profitable.** Despite an apparently low margin of ~7% EBIT, it has been generating ROIC well above 20%. Typical of a service and project business, capital employed is low and mainly consists of (1) trade receivables (~16.0% of sales) that are partially compensated by trade payables (~7-8% of sales); (2) inventories and work in process (another ~6-7% of sales); and (3) ~CHF 2m in fixed assets (Inretis has slightly more). In line with Swiss Gaap FER standards, there is no goodwill on balance; we estimate the cumulated written-off goodwill - before the Inretis acquisition - at ~CHF 13m (see Financial Forecasts in Chapter 3, page 19, for detailed explanations).

INRETIS (CHFm)	PF 2018
Sales	**121.8**
EBIT	**5.8**
% Margin	4.8%
Net Profit	4.5
EV	**74.0**
- Trade Receivable	17.0
- Inventories+WIP	10.0
- Trade Payable	-15.0
- Fix Assets	12.0
- Goodwill	50.0
1st consolidation by Poenina (OCTV estimate)	**01.12.2018**

Source: Company, Octavian estimates

- **The Inretis acquisition will somewhat modify metrics:** with an EBIT margin at 4.8% it is lower than Poenina's and we estimate the combined margin to initially drop from the historic ~7% to 5-5.5% (to be fair, this dilution is not only driven by Inretis but by Albis Technik and Elsener-Klima as well, both acquired mid of 2017). After integration, we expect the margin to recover thanks to (1) synergies in purchasing, and (2) implementation of best practices in project management.
- Excluding further changes to the current set up (i.e. more acquisitions), **we expect the margin to continuously improve with a potential objective to reach again ~7% by 2021-2022E.**
- **The ROIC metric will be affected more,** particularly when adding back goodwill. While this is our standard practice, we choose in this case to add back only half of the acquired goodwill (see page 19).
- **Consequently, we expect ROIC to initially drop to around 13% and to continuously rise towards 17-18% by 2022,** which is attractive in our view. It has to be noted that without adding back goodwill, the return on capital remains very high, and well into the 20% range, suggesting that return on incremental investments is very strong.

Estimated Sales (in CHFm) and Margins (in % – RHS)



Source: Company reports, Octavian

Capital Increase

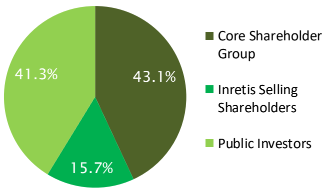
Two subsequent Poenina capital increases executed in Q4-2018 to pay for the Inretis acquisition

On November 5th, 2018, Poenina increased its capital in two rounds to finance the acquisition of the Inretis Group (we estimate an Enterprise Value of CHF 74m); about half of the purchase price was paid in cash (round 1) and the other half in Poenina shares (round 2).

- **Round 1:** with the issue of 833'333 new shares Poenina raised CHF 37.5m. The capital increase took place via rights issue (3 for 1 conversion) at a subscription price of CHF 45 per share.
- **Round 2:** Poenina issued further 657'717 new shares, that were directly delivered to the Inretis Group selling shareholders.

Lock-up: On November 8, 2018 a group of shareholders consisting of Jean Claude Bregy (30.6% of voting rights), Thomas Kellenberger (5.2%), Luzius Willi (5.2%), Matthias Sulzer (5.2%), Urs Ledermann (4.0%), Willy Hüppi (3.3%) and Marco Syfrig (2.5%) – owning in total ~2.236m shares (56% of voting rights) – was announced to the SIX Stock Exchange. This shareholder group agreed to a lock-up of 12 months starting from date of the capital increase (5.11.2018). At the same time, the company has agreed to a lock-up of 6 months.

Current Ownership



Source: SIX Filings, Octavian Estimates

Current shareholder ownership: free float up 41.3%

Following the above-mentioned capital increases, the number of registered shares outstanding is now 3'991'050.

Mr Bregy has not exercised his rights, allowing for the bulk of the increase in free float. The Poenina Core Shareholder Group now owns 43.1% of shares and the Inretis selling shareholders 15.7%.

The pure free float is now raised to 41.3% from previously 34%.

Valuation

Poenina's stock is trading on Adj. PE of 15.7x and EV/EBIT of 11.6x (2019E). While there is very little history to compare the stock with past multiples, we note that at current valuations it trades in line with the relevant companies of the Swiss Industrial and Construction sector (see our Peer Group Valuation on Page 25).

We value Poenina using our Cash Flow Return on EV model (CFRoEV); on our 2019E estimates this delivers our price target of CHF 51; given the upside of 8.1% to the current share price we initiate with a HOLD rating.

1.2 Investment Case Risks

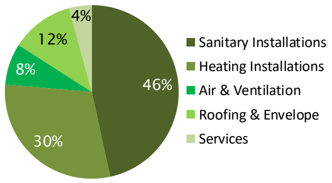
There are risks related to the Poenina investment case that investors should bear in mind. Note that this list represents key risk factors but is not meant to be comprehensive or exhaustive:

- **Macro risk:** The economic cycle, the low interest rate environment and a favorable net immigration in Switzerland have been supportive of the Swiss construction sector for a number of years, i.e. there is a certain downturn risk.
- **Competition risk:** The Swiss construction sector is characterized by a high level of competition and fragmentation in terms of regional and product/service offerings. Depending on the CHF/EUR exchange rate, foreign players could further increase competition.
- **Key person risk:** The loss of key employees could impair the development of certain businesses or potentially lead to relevant know-how losses.
- **Project risk:** The achievement of Poenina's targets is contingent on the successful execution of its construction projects. While the management so far has been successful, further progress may be hindered by internal or external factors that may not be totally in control of management.
- **Seasonality risk:** Poenina's business is subject to seasonal fluctuations, which in combination with part of its cost structure being fixed, can lead to intra-year results fluctuations.
- **Acquisition risk:** Poenina's growth strategy relies on sourcing and integrating attractive bolt-on acquisitions, which bears execution risk. Furthermore, there is some competition in the race to acquire companies with players like BKW and Alpiq very active on the Swiss market.
- **Shareholder risk:** Poenina's core shareholders have significant operating responsibilities in Poenina and interests in adjacent activities. Their objectives may in certain circumstances differ from those of the minority shareholders.

2 The Poenina Way

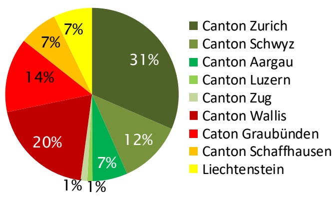
2.1 Buy and Build Strategy

Poenina Sales split by Segment after integration of Inretis (2019E)



Source: Octavian Estimates

Poenina Sales split by Geography after integration of Inretis (2019E)



Green Areas: Former Poenina
Red Areas: Inretis Standalone

Source: Octavian Estimates

- **Can they do it again?**

  Poenina is run by an experienced team with a successful track record of creating a consolidator platform for electricians implemented in the form of **Burkhalter** (BRKN), which is quoted on the Swiss Stock exchange. The Burkhalter story is not just of one of operational success, but also a very successful capital market story: s**ince the 2008 IPO, Burkhalter's share price has more than tripled in value and that's not taking into account the high and consistently rising dividend, which is currently yielding around ~5-6%.**

- **Delivering consistent and increasing dividends is a key investment attribute for Poenina as well.** Management (both Chairman and CEO have been deeply involved in Burkhalter) is trying to replicate this model with the creation of another local, i.e. Switzerland focused champion in technical installations.

- **Poenina intends to remain active within the two business areas 'Building Technology' and 'Building Shell'** (see chapter 2.3). Within building technology, the company provides sanitary- and air & ventilation equipment and sells products and services in heating & cooling technology. The building shell segment consists of selling products and services in roofing, plumbing and drainage. Energy Management in buildings (with a focus on energy saving and renewable energies) is set to become a future topic; Poenina's offer already encompasses sun collectors, thermal pumps and more.

- **While organic and external growth are part of the strategy, there is a focus on M&A: Poenina is looking at companies** that are (1) in in the same activity space (primarily in building technology), (2) complement the regional footprint, and (3) that fit Poenina's corporate culture. While there is competition in consolidating the industry (BKW and Alpiq are very active), the company remarks that the cultural match is such a key element, that there is ultimately little risk to end up competing against BKW or Alpiq for a potential take-over target. As a principle, Poenina does not carry out acquisitions if the management of the acquired company is not willing to stay on board and lead the company post-transaction.

- **Inretis was a big transformational deal and we think it is a nearly perfect match** in all respects of strategy and business model (see chapter 2.4). We don't expect transactions of this kind and size in the foreseeable future - with future targets having sales more in the range of ~CHF 10-30m.

- As Poenina grows to become a leading player (we think it is now in the top 10 of the Swiss industry), it will increasingly benefit as an employer of choice, not only offering apprenticeships but also career development pathways attracting experienced personnel.

- As such, we expect it to become an attractive buyer for companies with succession issues or for any player under pressure to expand competencies (being able to offer a full range of services after joining Poenina, can be a convincing argument). See also our market analysis in Chapter 2.6.

2.2 Flat Hierarchy and Hands-on Management

The business is eminently a local business.

Local business, lean management and flat hierarchy

Poenina Holding owns 9 independent companies in 4 major areas in Switzerland with 10 locations (with Inretis owning another 5 companies in 15 locations).

It is part of Poenina's culture and a firm belief of CEO Bregy that **strong local managers** (with local experience and a strong local network) are necessary to successfully and profitably lead the individual companies. As such, daily operations are locally managed by the previous owner (or his manager) with an individual budget and P&L responsibility that have been agreed with the group.

Reflecting this corporate culture, the group management is kept lean and is composed of:

- **Jean Claude Bregy, Founder and Group CEO.** Overall group leadership and direct strategy responsibility. He sits in all boards of the Poenina companies and will join the Inretis board.
- **Fotios Michos, CFO.** Responsible for finance and controlling; Mr. Michos is as well sitting in several group company's boards.

That's it.

The hierarchy is flat. All managers of the Poenina companies are directly reporting to Mr. Bregy; and Mr. Bregy himself continues to be the local manager of SADA AG in Zurich, the largest group company and Poenina's first acquisition. Of note, Inretis has been managed pretty much the same way, Mr. Kellenberger will continue to manage the Inretis companies and besides joining the Poenina's board will report to Mr. Bregy as well.

The business is eminently a project business.

Project business, local execution and central support.

Poenina's **customers** range from general contractors to public and private builders; their interest resides in quality of installations, timeliness of execution and respect of cost budget. We underline that Poenina does not manufacture any of the products it installs (and that are mainly sourced from distributors).

A typical project requires a truly holistic approach with strong engineering and project management capabilities. This typically entails (1) project planning and engineering, (2) on site installation, until commissioning and delivery (3) after sales services including maintenance, repair, emergency interventions, and (4) during the whole project, monitoring and assurance of quality, time, costs and cash collection.

Some projects are small or very small (below CHF 200k) some are large (up to a few million CHF, with delivery times that can easily surpass one year), as such cost overruns, warranty and project losses, and even reputational risks are substantial and can be fiancially relevant.

Preaching project controlling

A proper project controlling is extremely important to manage risks.

While projects are managed within the companies by local project managers (~250 after the integration of Inretis), **project controlling is driven by the group management**; as a rule, all projects (we estimate 1000+ at any given time) have to be reviewed monthly.

Given the sheer number of projects, we asked CEO Bregy if it is realistic to carry out what looks like a monster-task on a monthly basis. The answer was (quote) ***"It's a must".***

Poenina management AG is the entity that helps in the project controlling process. It is located at SADA's site and has a staff of 20; besides supporting project controlling, it offers IT services (including ERP, offer management, controlling SW), accounting, finance and controlling, HR administration, leadership development, marketing & communication, quality management and certain centralized purchases. It has no direct operational management tasks.

In the past years, Poenina had recurring warranty provisions of less than 0.5% of sales and losses due to warranty cases were even lower. **In the financial data at our disposal (i.e. from 2014 to H1 2018) the average combined warranty and project loss was CHF 0.1m;**

In our view, this is a small number.

Quality is a question of culture

It's a people's business

Quality in execution and management does not go without **skill and experience**; it is a question of culture.

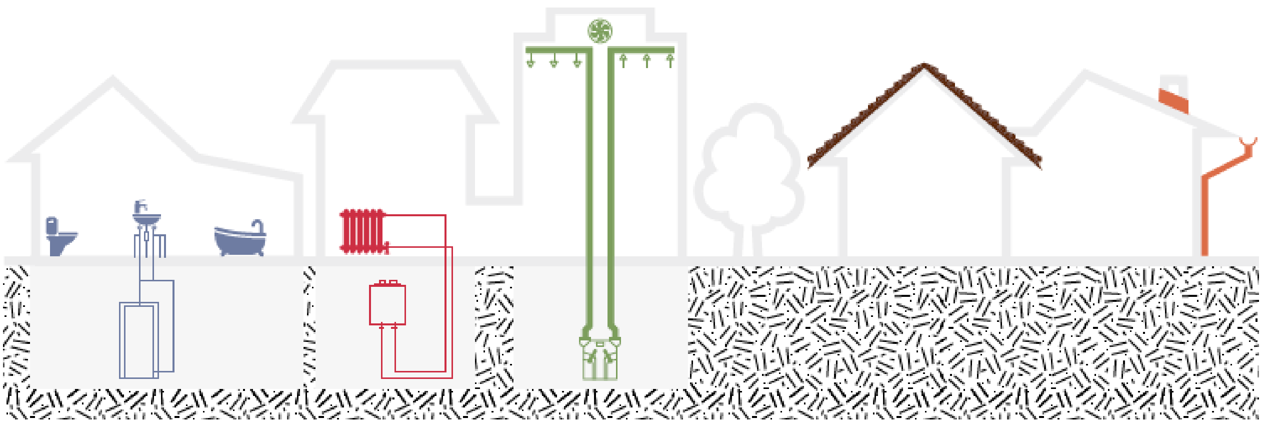
Besides the appointment of the local managers, which typically ensue from the acquired companies, the company engages in internal education and formation of its own project managers and is traditionally an employer of young apprentices.

Overall, we think *The Poenina Way* allows standardizing project controlling and risk-, quality-, time- and cost- management, while at the same time maintaining the necessary level of independence and entrepreneurial spirit in the local companies.

More of the history of Poenina and Inretis can be found in Appendix 1.

2.3 Services and Products

	Building Technology Installations				Building Shell Installations	
	Sanitary Systems	Heating/Cooling Systems	Air/Ventilation Systems		Roofing	Plumbing & Drainage



Products and applications						
	Water & wastewater installations	Radiator	Comfort ventilation (energy efficient)		Roofing (flat-, steep roof)	Plumbing
	Gas installations	Towel radiator	Kitchen ventilation		Lightning protection	Drainage
	Pressurized air	Converters	Bathroom ventilation			Panels of all kinds
	In-front of the wall installations	Underfloor heating	Heat recovery systems			
		Air heaters	Air conditioning			
		Warm water treatment	Catering equipment			

Source: Company information, Octavian

School Sanitary System

Source: Poenina references

Sanitary Systems

Sanitary Systems covers activities related to **water- and wastewater installations, gas installations, pressurized air solutions and the installment of in-front of the wall applications**. Poenina is typically responsible for installing the entire pipe system throughout the building be it for drinking water or waste water. The company optimizes the drainage system including access to sewage water systems of the communities. Poenina offers its services for new buildings as well as for renovations or conversions of existing houses.

Typical Applications	Customer service activities
• Bathroom	• 24-hour service
• Wellness areas	• Boiler decalcifications
• Kitchen conversions	• Pipe cleaning and filter replacements

Typical Applications (cont'd)	Customer service (cont'd)
• Leak detection systems	• General repair and maintenance
• Water softening systems	• Service subscriptions model
• Hot water treatment	
• Thermal solar systems	

Heating & Cooling Systems

Commercial Heating System with Pellets

Source: Poenina references

Poenina designs and **installs heating & cooling systems, including alternative heating options and cooling systems**. The choice of the right heating & cooling system depends on various aspects such as room size, building use and location of a property. After the planning of heating technology and cooling systems in strict accordance with the applicable regulations and the technical details, the installation and commissioning of the heating and cooling systems is carried out by the heating installers of Poenina.

Products and applications	Customer service activities
• Heat pumps	• 24-hour service
• Cooling systems	• Desludging/rinsing heating systems
• Gas- and Oil heaters	• Burner repair & maintenance
• Wood chipping / pellets plants	• Repair & maintenance of heating systems, pumps, valves
• Thermal solar systems	• Service subscriptions model

Air & Ventilation Systems

Ventilation for a commercial space with exhibition room

Source: Poenina references

Poenina plans and **installs air & ventilation systems**. Creating a room climate corresponding to individual needs, requires sophisticated air/ventilation systems. These include comfort ventilation, which ensures an efficient and energy-saving solution, especially for residential buildings in the energy efficient standard.

Products and applications	Customer service activities
• Comfort ventilation systems (*Minergie* standards)	• 24-hour service
• Kitchen and bathroom ventilation	• Device replacements
• Heat recovery systems	• Repair and maintenance
• Air conditioning systems	• Service subscriptions model
• Systems for gastronomy	

Insulation and Sealing, Flat Roof

Source: Poenina references

Roofing, Lightning Protection

Poenina offers a variety of roofing solutions for flat and pitched roofs, including lightning protection. Flat roof solutions include gravelly, vegetated, earth-covered, accessible and passable flat roofs covered with paving or stone covering. Pitched roof techniques and components are adapted both to the climatic conditions and the purpose-use of the building to achieve reliable sealing and thermal insulation.

Lightning protection systems protect buildings and their inhabitants. Based on the applicable building code, Poenina divides buildings into lightning protection classes. According to these classifications, Poenina subsequently plans and installs the complete lightning protection system from the lightening rod, to down-conductors and grounding systems. Poenina is also certified for the acceptance and control of lightning protection situations and the corresponding certification to home insurers.

Products and applications	Customer service activities
• Insulation and sealing systems	• Roof inspection
• Various materials for roofing	• Fall protection
• Flat roof: Gravel, Paving, stones	• Repairs & maintenance
• Steep roof: clay- and concrete tiles, slate, timber	• Service subscriptions model
• Green roof	
• Plastic work	
• Planning, execution, regulatory approval of lightening protection	
• Electrical grounding	

Nicely Executed Renovation of a Drainage System in Zurich City

Source: Poenina references

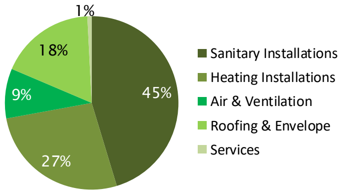
Roof Plumbing & Drainage

In its roof plumbing business, Poenina installs different kinds of cladding, roof edges, borders, gutters and drain pipes. Highly complex fold roofing or the stylish production of decorative elements for historical renovations are also part of Poenina's offering. Poenina has special expertise in material properties as well as processing capabilities and characteristics of various materials in contact with other sheet types with exposure to moist and sunlight.

Products and applications	Customer service activities
• Various plumber work	• Repair & maintenance
• Panels of all kinds	• Service subscriptions model

2.4 Inretis: a Truly Complementary Combination

Poenina Sales Split by Market Before Inretis (2017A)



Source: Company, Octavian

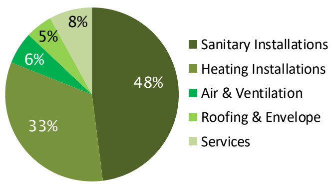
The price paid for Inretis was around 13.3x EV/EBIT (on past 2017 numbers) and consisted of (1) a cash component calculated on the basis of an EBIT multiple and (2) a share for share component referenced to the Poenina market capitalization. While this is not undemanding, we believe it is justified given the transformational nature of the deal.

We think that the similarities between Poenina and Inretis are striking and the combination of the two companies appears to be truly complementary.

First: Inretis, as much as Poenina, has been built via acquisitions by a very entrepreneurial and hands-on management team, who has been and continues to be directly involved in the daily operations. With a clear focus on quality and a strong local presence, we conclude that the cultural fit will be excellent.

Second: The overlap in business activities is extremely high, which will allow in our view both sides to (1) easily understand each other, (2) share know-how and (3) actively cooperate on new projects. We note that while Poenina is stronger on the Building Shell, Inretis has a considerably higher share of services.

Inretis Sales Split by Market on a Standalone basis (2017A)



Source: Company, Octavian

Brands and Business Segments: good fit with Inretis acquisition

Poenina

Kernkompetenzen	SADA	DEMUTH	BANZ	ZIEGLER	WT&SERVICE AG	ALBIS TECHNIK	ELSENER KLIMA
Ort/Kanton	Opfikon ZH	Baden-Dättwil AG	Ebikon LU	Lachen SZ	Lachen SZ	Zug ZG	Adliswil ZH
Sanitär	●	●		●			
Heizung & Kälte	●	●		●			
Lüftung & Klima	●	●		●		●	●
Bedachung, Spenglerei	●		●				
Kundendienst	●	●	●		●	●	●

Inretis

Kernkompetenzen	Lauber IWISA	WILLI HAUSTECHNIK	OSPELT HAUSTECHNIK	scherrer haustechnik	SPESCHA Haustechnik
Ort/Kanton	Naters VS	Chur GR	Vaduz LIE	Schaffhausen SH	Lenzerheide GR
Sanitär	●	●	●	●	●
Heizung & Kälte	●	●	●	●	●
Lüftung & Klima	●	●			
Bedachung, Spenglerei	●				
Kundendienst	●	●	●	●	●

Source: Company

A Strong Platform in the German speaking area of Switzerland

Source: Company information

Third: There is no overlap in geography. A look on the Swiss map is enough to see that the Inretis network, which is spread out between Wallis, Graubünden, Liechtenstein and Schaffhausen will perfectly complement Poenina with its focus in central Switzerland, primarily near Zurich. We think that the combination could allow for (1) growth in the "interstitial spaces", for example in the Zug, Lucerne or St. Gallen area, and (2) more efficient management organization.

In Conclusion: we believe the fit is close to optimal. The new company is set to (1) grow faster by gaining market share; (2) tap certain synergies, which we identify potentially on the material purchase side, management and financial services and HR management; and (3) share know-how.

2.5 Key People

Board

Marco Syfrig,
Chairman

Jean Claude Bregy,
Delegate of the Board

Thomas Kellenberger
Board Member

Urs Ledermann,
Board Member

Willy Hüppi,
Board Member

Sarah Meier-Bieri,
Board Member

Group Management

Jean Claude Bregy,
CEO

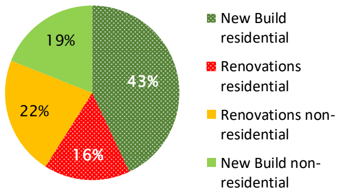
Fotios Michos,
CFO

Detailed CV's of the management team can be found in Appendix 2.

2.6 Swiss Construction Market Overview

2.6.1 Size, Segmentation and Dynamics

Market Size – CHF 50-54bn



Green Side:	*New Build*
Red side:	*Renovation*
Dotted area:	*Residential*
Full color:	*Non-Residential*

Source: Poenina, Euroconstruct

Poenina's business is highly exposed to the overall health of the **building construction market in Switzerland**. Hence, the company is dependent on the level of activity in residential, commercial and industrial housing construction and to a minor extent infrastructure investment**.**

Size and Segmentation

In **2016, the Swiss market** (including all residential and non-residential building construction and public maintenance work but excluding civil and underground engineering) had a total size of **~CHF 50 - 54bn,** representing ~8.3% of Swiss GDP (*sources: Euroconstruct, the Swiss Federal Statistic Department, BFS and the Economic Activity Monitoring Office of the Swiss Federal Institute of Technology, KOF*).

Of this, about CHF 20bn is related to the raw "cement and steel" construction (foundations, shell, sewage, roof) and the remaining CHF 30-35bn is related to all other finishing activities (sanitary- heating/cooling-air/ventilation- and electrical installations, plastering and painting, bathroom, windows, flooring, doors, etc.). We estimate that the **relevant market segment addressable by Poenina** (i.e. Building Technology Installations – excluding electrical), has **a total value of ~CHF 9bn** in Switzerland.

While **residential** buildings have a share of ~59%, and **non-residential** buildings ~41%, we highlight that the **total market** is split in (1) **~62% new constructions**, and (2) **~38% renovations** (modernization of old buildings).

In the last years, **Poenina's exposure** was skewed towards new constructions and this has been related to (1) a buoyant market in general, and (2) a recently intensifying trend, mainly seen in the largest Swiss cities to **tear-down and rebuild more compactly** to better use the (scarce) territory. While the market has its cycles, we think that the second trend is here to stay for the foreseeable future. Furthermore, ~320 references (published on Poenina's website) indicate that the company is likewise active in residential (56%), commercial as well as industrial buildings (combined 44%).

Growth

According to Euroconstruct and BFS, total construction output slowed down from 2-3.5% (2013-2015) to almost 0% in 2016 and building investments in Switzerland increased by +0.8% in 2017. Activity is forecasted to recover again to 1-2% p.a. until 2019E.

In the relevant building construction ("Hochbau"), the increase was +2.1% (+3.2% in new constructions, -0.2% in renovations) while civil and underground engineering was down 5.2%. The 2018 outlook provided by the BFS is +2.6% for the total market.

In a recent publication, the KOF projects as well continued solid growth in construction investments of 1.8% in 2018E.

GDP growth, low interest rates, immigration and internal migration are key growth drivers

Key drivers of the market growth (forecasted ~2%): the building construction market is exposed to economic cycles. The increase of the **GDP in Switzerland** is a major driver in construction demand due to the positive impact of robust economic growth on household income, corporate profits and public budgets. Other factors include (1) **low interest rates**, (2) **net immigration** and (3) **internal demographics and migration**.

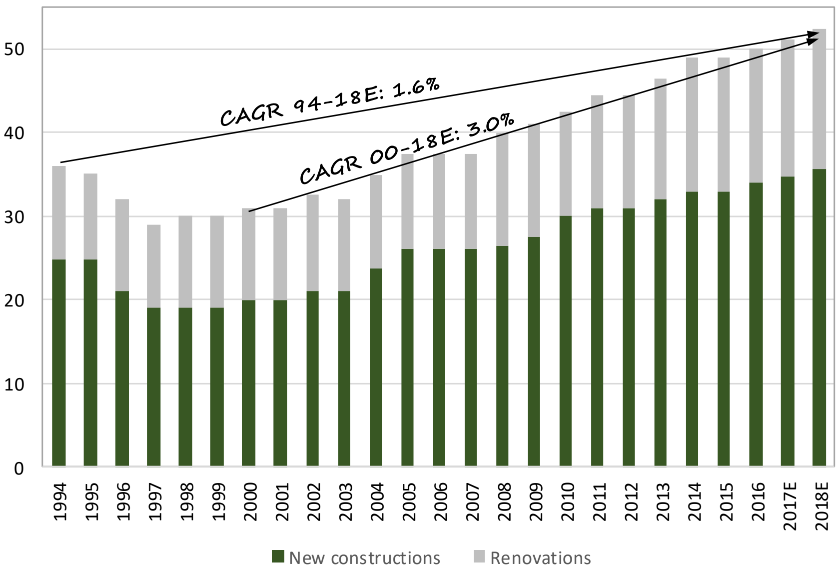
Hence, we expect that the overall building construction market will grow

along GDP (forecasted by KOF at 2.3% in 2018E, and 1.9% in 2019E).

Growth in the renovation market is supported by the Government's Energy Strategy 2050

Support from the Government's Energy Strategy 2050: we believe that an important long-term growth driver is the "Energy Strategy 2050" approved by the popular vote in 2017. The aim is to reduce energy consumption, increase energy efficiency and secure energy supplies. ~50% of all buildings in Switzerland have been built before 1970, and ~2/3 before 1981. As the **Government subsidizes energy-saving investments** and offers **tax incentives for renovations**, we expect a sustained growth in the conversion and renovation market segment. As an example, an estimated ~30% of today's heating/cooling systems are not fulfilling modern energy efficiency standards and should be modernized.

Building Construction Investments* (CHFbn)



** Includes all costs related to the construction of a building*

Source: Poenina company presentation September 2018, BFS; Octavian

2018 so far showed signs of weakness in main construction trade…

Temporary hick-ups in building construction market: despite the above-mentioned estimates, recent data provided by **the Swiss association of building masters (**SBV**)** point to a (short-term) slowdown in the Swiss construction market. In H1-18, revenues of the main construction market ("Bauhauptgewerbe"; ~CHF 20bn market size) **declined 1%** on the back of decreases in residential and public construction; commercial construction was up by a healthy 7.8%. In H1-18 order entry was -10.7%, with all segments down. For Q3-18, the forecast indicator provided by SBV and Credit Suisse ("Swiss construction index") slipped by 3 points to the lowest level for over 2 years. Although this is not immediately relevant for **Poenina** (they come in after the raw construction stands), it does point to a potential slowdown of general activity in the coming quarters.

However, the outlook is intact as planned investments remain high

However, this is **believed to be temporary as planned investments (building applications) remain at a high level.** In building construction, the 5% decrease is partly explained by the persisting excess supply of rented apartments. Still, the authors conclude that the market outlook remains intact due to the investment-friendly macroenvironment. In the long term, we see a risk as rising interest rates could harm investment activity.

In **residential construction (~59% of the market)**, the market historically grew with a CAGR of 2.6% (2000-2017). In 2017, the number of new constructions decreased by 3.6%. Of note, the number of vacancies has been increasing as of recently. In 2017, ~64'000 of dwellings were empty, +14% versus 2016, and up to ~80% more than in the last decade.

Growth rates vary on a segmental and regional basis

Robust growth in renovations market, regional differences: total volume of newly projected buildings (building applications) in Switzerland amounted to CHF 17.7bn (for the last 6 months, -3.6% vs. the 10-year average) or ~CHF 35bn on an annualized basis. In contrast, the volume of projected renovations has developed very positively (+12.6% vs. 10-year average) and amounted to CHF 6.7bn (~CHF 15m annualized). On a regional basis, there are clusters of growth across the country. For newly projected buildings, key growth regions currently include the Basel region, the Jura region and Eastern part of Switzerland, including some areas near Zurich, while the market is shrinking in the tourism centers in the mountains and in the Western parts of Switzerland. For renovations, strong growth is seen in North-Eastern, Central and Western Switzerland.

2.6.2 Poenina is active in the building installation market

Poenina's addressable market is growing ~2%

Poenina's business activities fall within the secondary contract work (addressable market estimated at CHF 9bn) and includes installations in buildings; hence, the market data described above can be used as an indicator for general market trends but do not exactly describe the actual growth in the installation segment of the market.

Considering segment-specific (penetration of newer installation systems in sanitary, heating/cooling, air/ventilation) and regional variations (where we think Poenina is generally well positioned), we believe it is reasonable to assume that Poenina's two business segments **"building technology"** and **"building shell**" are growing **~2% p.a.**, in line with GDP growth.

Near–term outlook, company remains optimistic

In its most recent statements, **Poenina expects continued high investments due to the positive economy in Switzerland** and low interest rates. The company states that order backlog and visibility continue to be good; not only for Poenina but for the whole industry.

Poenina keeps constant track of the new building applications: although they have recently come down, the level is still so high that the number of new projects coming in is still above what the industry can deliver. This is mostly related to a the already mentioned **lack of skilled and experienced personnel** (in particular project managers), which naturally limits capacity and ability to deliver on new projects.

For this reason, in **our estimates** we have slowing growth rates (below 2%) for 2019E and thereafter (i.e. slightly below GDP).

2.6.3 Market Structure & Competition

Highly fragmented market structure

Highly fragmented market: the market segments in which Poenina is active (building technology and building shell) are highly fragmented and include predominantly local and small companies. According to the sector association "suissetec", the two market segments generate combined **revenues of CHF 9bn** (2016). There are **~3'500 players** in Switzerland, with on average 15 employees and ~CHF 2.6m revenue p.a. With ~400 employees and CHF 125m revenues (2017), Poenina is clearly a leading competitor in German-speaking Switzerland with a high market share particularly in sanitary installations.

Several larger competitors, price pressure in the market

Competitive market with price pressure: according to the company, there is persistent price pressure in the industry. Poenina believes that the most important direct competitors pursue a price discounting strategy. In contrast, Poenina strives to focus on quality-contracts. While obviously such strategy carries the risk of losing (topline) business, it should protect the company's margins. Key competitors in German-speaking Switzerland include:

- **Engie** (www.engie.ch): complete service provider, focusing on the same business segments as Poenina. Multi-national company active in 70 countries. Over 20 locations in Switzerland (in most regions except Southern Switzerland), 1'400 employees.
- **BKW ISP** (www.bkw.ch): the mother company BKW (listed on the SIX, ticker: BKW) is active in the same business segments as Poenina, as well as in energy production and power grids, 1'500 employees. Operating revenue H1-18 +2% to CHF 1.3bn, adj. operating profit CHF 171m (13% margin). In Services, revenues were CHF 736m (2017) and EBIT was CHF 46m (6.3% margin). It operated 20 acquisitions in 2017. 100% subsidiary ISP Electro Solutions (www.ispag.ch) focuses on electric installations, >30 locations in German-speaking Switzerland, regionally strong presence in Bern/Western alps area, is expanding geographically via M&A. In building technology solutions, arguably the most comparable with Poenina, BKW says it has the No. 7 market position, (Central, West and East Switzerland).
- **Hälg Group** (www.haelg.ch): family-owned, 21 locations in Switzerland. Active in building technology (engineering, automation, energy services, HVAC, sanitary installation) and facility management. CHF 293m revenues in 2017, ~1'000 employees. After the integration of Inretis, Poenina and Hälg Group will be pretty similar competitors in terms of size, activities and reach; turnover per employee is very similar as well.
- **ID-Group** (www.id-group.org): based in Schlieren/ZH, focus on building technology (HVAC: heating, ventilation & air conditioning) with 10 Locations in German-speaking Switzerland and 650 employees. Again this company is pretty comparable to Poenina.
- **Alpiq Building Technology & Design** (https://www.alpiq-intec.ch/), which this summer was acquired by the French Bouguyes Construction Group, a global player in construction, with operations in more than 80 countries. Active in the areas of building technology, facility management, transport technology, energy supply technology, process automation, energy efficiency consulting and e-mobility. Group had revenues of CHF 1.3bn (2017) and ~5'500 employees.

Opportunities for Poenina to consolidate the market

Trend towards market consolidation: consolidation is an ongoing trend in the market, on the back of technological developments and margin pressure. Also, succession planning is a common reason to sell a business. Hence, we see a good potential for Poenina to play a key role as consolidator in the Swiss construction market. In contrast to small shops, larger players can (1) use economies of scale and (2) provide one-stop solutions from initial installation up to periodic maintenance.

Barriers of entry: for foreign companies, we believe there are barriers of entry due to the specific requirements of the local market including (1) the use of different building materials, (2) the generally higher quality of Swiss Products, and (3) the high standards required by engineers and architects in Switzerland from providers. Moreover, for sanitary and air/ventilation installations foreign providers need a concession to operate in Switzerland. However, it is possible that foreign providers could access the Swiss market via an acquisition.

3 Financial Forecasts

Sales and EBIT

2018 looks set to become another good year for Poenina. Despite a rather weak H1, we think sales will grow substantially in H2. This is because the business is **seasonal**: H1 is dependent from the winter season and H2 is typically rushing to close projects by year end. Swings can be significant. For the FY 2018, we estimate an organic growth of 3.5%.

For 2019, we believe that some growth (we estimate 1.0% organic) is possible, but less than in the past few years. This is not because of poor conditions (on the contrary, Poenina continues to see good market conditions) but because of capacities, as it is running close to maximum.

Albis Technik and Elsener-Klima are adding some CHF 12-13m to turnover, but with a weaker margin (first effects have been seen in H1 18 already). According to our estimates, it has the potential – and most importantly the willingness – to aim and reach for Poenina's average margins. It may take until 2022 for this however.

We estimate **Inretis** to be consolidated for 1 month in 2018 (according to company: consolidation to start in Q4-18E) and add ~CHF 10-12m to 2018E group sales with a minimal effect on margin. In 2019E, we add an additional CHF 106m in sales and decrease the group EBIT margin to 5.5%. For Inretis as well, we think there is potential for margin improvements with better purchasing and focus on best practices.

Costs

We estimate the **gross margin** to first decrease (raw material prices and integration of acquisitions) than to grow slowly mainly due to synergies and further improving execution.

Personnel costs and **other costs** are not expected to vary much in percentage of sales.

The **Tax rate** looks set to remain stable at 16-17%

Financial income is likely to remain around CHF 50k, the company has some interest in certain cooperatives in Zurich, which turn out being attractive investments. This is however almost compensated by interest on a mortgage related to a building acquired with Inretis.

We have applied a few **adjustments to earnings** for better comparison of EPS, EBIT and valuations multiples in 2018E and 2019E. First in 2018E, we have annualized the Inretis contribution; second in 2019E, we have added back one-off integration costs of an estimated CHF 0.5m (see our Adj. EPS and Adj. EBIT lines)

Cash Flow

Clearly, one of Poenina's strengths is cash flow generation. We underline that **free cash flow** is reaching up to 80-90% of net profit and will reach in our estimate CHF 9-13m after the Inretis consolidation. In addition, we see quite a significant upside should the company reduce working capital, which is now at a whopping 43% of total assets.

Capex requirements are limited, after the integration of Inretis, we expect the company to invest around CHF 1m to maintain its asset base. This is in line with depreciation.

This clearly leaves room for **dividends**. The current policy is to pay out 2/3 of net profit and represents around 3-3.5% yield.

Balance Sheet

Main components of the balance sheet are really **working capital, cash and a few tangible assets**.

Working capital has grown steadily in percentage of sales over the past few years, but we think that the 2018E level will be skewed by acquisitions. We do expect improvements in H2 2018E and, in particular, in 2019E with a smaller cash out

Tangible operating assets requirements are low: a few million at best for vehicles and certain production equipment.

With Inretis, **buildings worth ~CHF 10m** will be added to the balance sheet, the building is 4 years old and will hence require little investment for the foreseeable future.

With estimated **mortgages** of CHF 4m connected to the building and after the capital increase and payment of the purchase price consideration for Inretis, we estimate that the group will end the 2018 year with a **Net Cash position of ~CHF 14m and liquidity of ~CHF 18m, as in the past.**

There is **no other debt** on the balance sheet, in particular there is no **pension liability** whatsoever.

Other provisions reflect in our view normal business trends. We note, that in the past year losses for projects and warranties were extremely low (see also page 8).

Goodwill treatment: in accordance to Swiss Gaap FER goodwill is directly written off against equity at the time of the acquisition, and the balance sheet is hence goodwill free. While this eliminates all risks, it does not totally reflect the economic return on invested capital. As a rule, when we calculate ROIC, we add back cumulated goodwill to invested capital. In this case, however, we have opted for a less "harsh" way and we have added back half of the estimated goodwill from Inretis, i.e. CHF 25m.

This is because (1) half the transaction price was paid with shares, (2) the deal could have been carried out as a merger with likely no goodwill at all, and (3) while it would be "too generous" to leave all goodwill, we felt it would have been "too punishing" to add it back in full.

Excerpt from our asset ledger, how we have reconstructed goodwill.

POENINA - INTANGIBLE ASSET LEDGER	2014	2015	2016	2017	2018	2019	2020	2021	2022
Goodwill									
Cumulated Gross Cost BEGIN OF YEAR	**6.6**	**7.2**	**7.9**	**9.3**	**13.2**	**38.2**	**38.2**	**38.2**	**38.2**
Additions	**0.6**	**0.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Revaluations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct Disposals	-2.5	-3.1	-1.7	-1.3	-25.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	1.4	3.9	50.0	0.0	0.0	0.0	0.0
For Ever Cumulated Acq. Cost END of YEAR	**7.2**	**7.9**	**9.3**	**13.2**	**38.2**	**38.2**	**38.2**	**38.2**	**38.2**
NET BOOK VALUE (as reported)	**4.7**	**2.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source: company accounts, Octavian estimates

In conclusion: with an estimated **equity ratio of ~57%,** no gearing and up to ~90% FCF conversion, we think that the balance sheet and the financial performance are strong. In addition, we estimate that the company has an additional debt capacity of some CHF 30-50m, which in our view could be raised without stretching the balance sheet.

This will support future dividends and allow Poenina growing organically and externally.

OCTAVIAN

KEY FIGURES			LAST UPDATE: 14.11.2018 / AFO
	CHFm	PRICE ON 27.11.2018	47.2
MARKET CAPITALISATION	188.4	TARGET PRICE (CHF)	51.0
NET CASH / (DEBT) 2018E	14.2	RECOMMENDATION	HOLD
ENTERPRISE VALUE 2018E	172.5	NR. SHARES ('000)	3991
NET SALES 2018E	153.0	AVG. TRADING VOL. (m)	0.14
NET ADJ. PROFIT 2018E	8.2	WACC (%)	7.4%
EQUITY 2018E	52.0	DIV YIELD 2018E	3.6%
ACCOUNTING STANDARDS	Swiss Gaap FER	FREE FLOAT (%)	41.2%
NEXT EVENT	Financials FY18, 11.4.19	MAJOR SHAREHOLDERS	
		- Core Shareholders Poenina	43.1%
		- Inretis Selling Shareholders	15.7%

Rights issue enabled a significant increase of free float

KEY RATIOS	2014	2015	2016*	2017	H1 18	H2 18E	2018E	2019E	2020E	2021E	2022E
Adj. PE	26.1	18.7	15.6	20.2			16.8	15.7	14.5	13.3	12.3
EV/EBIT	18.7	14.1	11.4	14.0			12.1	11.6	10.6	9.6	8.6
EV/EBITDA	16.2	12.2	10.6	14.7			11.2	10.8	9.9	8.9	8.0
EV/Sales	0.91	0.88	0.83	1.12			1.15	0.67	0.65	0.63	0.60
ROIC **	23.1%	28.8%	28.1%	25.4%			14.4%	14.5%	15.3%	16.3%	17.4%
ROIC / WACC	3.1	3.9	3.8	3.5			2.0	2.0	2.1	2.2	2.4
EV/CE	5.27	5.0	4.1	4.2			2.1	2.0	2.0	1.9	1.8
P/CEPS	26.8	19.4	21.3	27.5			25.7	17.7	14.7	13.5	12.4
P/Book	9.7	13.1	10.4	5.3			3.6	3.3	3.1	2.8	2.6
FCF YIELD (%)	2.6%	3.4%	3.7%	3.5%			3.6%	5.2%	6.2%	6.8%	7.3%

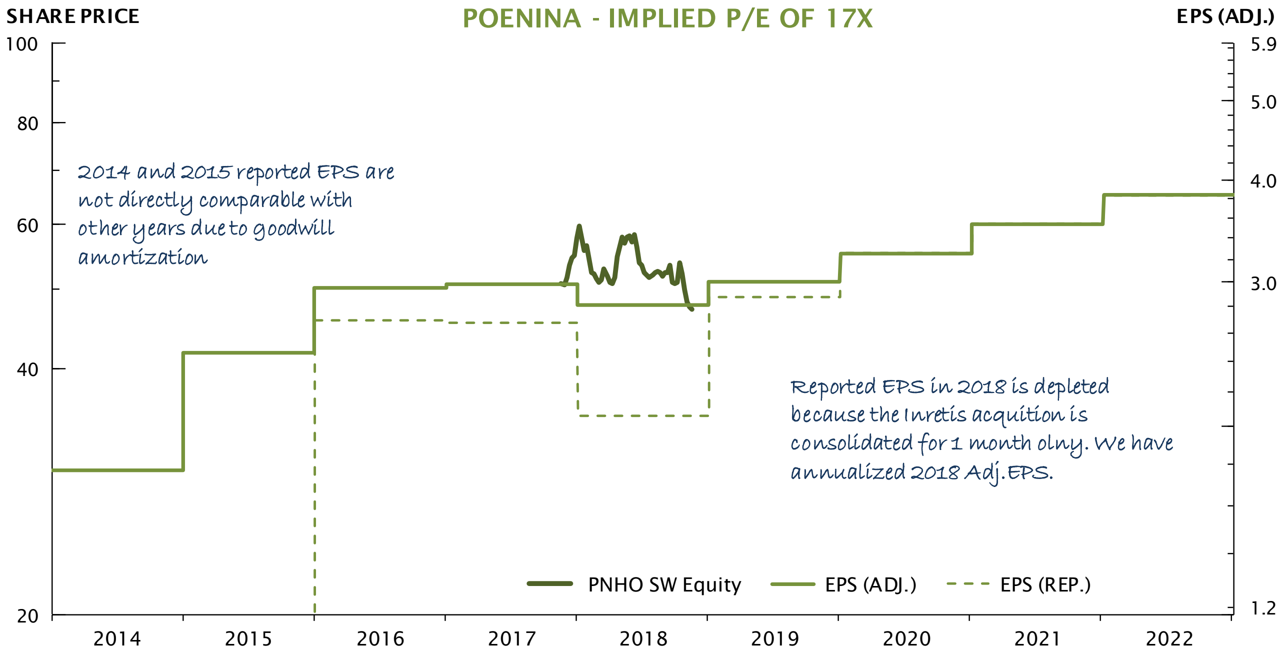
PER SHARE DATA (CHF)	2014	2015	2016*	2017	H1 18	H2 18E	2018E	2019E	2020E	2021E	2022E
Reported EPS	0.53	0.95	2.70	2.68			2.06	2.88	3.26	3.54	3.83
EPS (Adj.) **	1.76	2.46	2.95	2.98	1.00	1.81	2.81	3.00	3.26	3.54	3.83
- CHANGE (%)		*39.2%*	*20.0%*	*1.1%*	*13.1%*	*-13.5%*	*-5.6%*	*6.7%*	*8.5%*	*8.7%*	*8.3%*
CEPS	1.71	2.38	2.16	2.20			1.84	2.67	3.20	3.49	3.80
- CHANGE (%)		*38.6%*	*-9.0%*	*1.6%*			*-16.5%*	*45.6%*	*19.8%*	*9.0%*	*8.9%*
BPS	4.8	3.5	4.4	11.5			13.0	14.2	15.4	16.7	18.1
- CHANGE (%)		*-26.0%*	*25.4%*	*160.2%*			*13.4%*	*8.8%*	*8.6%*	*8.5%*	*8.4%*
DIVIDEND	0.4	0.4	0.4	1.9			1.6	1.7	2.0	2.2	2.4
- CHANGE (%)		*3.3%*	*-2.6%*	*433.3%*			*-16.5%*	*6.5%*	*17.6%*	*10.0%*	*8.9%*
- DIV. PAYOUT (%)	*20%*	*21%*	*15%*	*81%*			*51%*	*61%*	*67%*	*68%*	*68%*
NUMBER OF SHARES ('000)	2'000	2'000	2'000	2'500	2'500	3'991	3'991	3'991	3'991	3'991	3'991

We estimate a steady growth in EPS, driven mainly by better margins

** Introduction of POC method (previously Cost to Cost Method). Goodwill is written off completely against equity immediately after an acquisition (Swiss Gaap FER).*

*** Before 1.1.2016, Poenina used to amortize Goodwill over a period of 5 years. As a principle, we add back Goodwill to our ROIC and Adj.EPS calculations. We have annualized 2018E data.*

Source: Company, Octavian Estimates



OCTAVIAN

PROFIT & LOSS (CHFm)	2014	2015	2016*	2017	H1 18	H2 18E	2018E	2019E	2020E	2021E	2022E
Sales of Products and Services	111.2	110.8	113.5	121.2	56.0	94.0	150.0	253.8	256.3	259.6	263.5
% growth (CHF)		-0.4%	2.4%	6.8%	8.2%	35.3%	23.8%	69.2%	1.0%	1.3%	1.5%
% growth (organic)		-0.4%	2.9%	4.0%	-2.6%	8.0%	3.5%	1.5%	1.0%	1.3%	1.5%
% growth (M&A)		0.0%	-0.5%	2.8%	10.8%	27.3%	20.3%	71.0%	0.0%	0.0%	0.0%
M&A growth in CHFm		0.0	-0.5	3.2	5.6	19.0	24.6	106.6	0.0	0.0	0.0
Chg. in Work In Process (WIP)	0.0	-0.9	0.9	3.6	5.9	-2.9	3.0	0.0	0.0	0.0	0.0
Total Operational Income	111.3	109.9	114.4	124.8	61.9	91.1	153.0	253.8	256.3	259.6	263.5
Material and Third Party Cost	-58.2	-56.0	-59.1	-65.3	-34.7	-46.7	-81.4	-136.1	-136.7	-137.5	-138.5
in % of sales	-52.3%	-51.0%	-51.6%	-52.3%	-56.0%	-51.3%	-53.2%	-53.7%	-53.4%	-53.0%	-52.6%
Gross Profit	53.1	53.9	55.3	59.5	27.2	44.4	71.6	117.6	119.6	122.2	125.0
% gross margin	47.7%	49.0%	48.4%	47.7%	44.0%	48.7%	46.8%	46.4%	46.7%	47.1%	47.5%
Chg. in Provisions for Risks, Warranties, etc.	-0.7	1.6	0.3	-1.5	0.9	-1.4	-0.5	-1.0	-1.0	-1.0	-1.1
in % of sales	-0.6%	1.4%	0.2%	-1.2%	1.5%	-1.5%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%
Personnel Cost	-38.6	-40.4	-39.3	-41.8	-21.5	-30.5	-52.0	-87.7	-87.6	-88.5	-89.5
in % of sales	-34.7%	-36.7%	-34.3%	-33.5%	-34.8%	-33.4%	-34.0%	-34.6%	-34.2%	-34.1%	-34.0%
Other Operating Costs	-7.5	-7.1	-7.4	-6.9	-3.5	-5.1	-8.6	-14.0	-14.2	-14.3	-14.6
in % of sales	-6.7%	-6.5%	-6.5%	-5.5%	-5.6%	-5.6%	-5.6%	-5.5%	-5.5%	-5.5%	-5.5%
EBITDA	6.3	8.0	8.9	9.2	3.1	7.4	10.6	14.8	16.8	18.3	19.9
% margin	5.6%	7.3%	7.8%	7.4%	5.1%	8.1%	6.9%	5.8%	6.5%	7.1%	7.5%
Depreciation of Tangible Assets	-0.8	-1.1	-0.6	-0.6	-0.3	-0.4	-0.7	-1.0	-1.1	-1.3	-1.5
Amortizatin of Intangibles	-2.6	-3.2	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.9	3.7	7.8	8.7	2.9	7.0	9.9	13.8	15.7	17.0	18.4
% margin	2.6%	3.4%	6.8%	6.9%	4.6%	7.7%	6.4%	5.5%	6.1%	6.6%	7.0%
Financial Result	-0.3	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Estraordinary Result	0.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Tax Income	3.0	3.6	7.7	8.5	2.8	7.0	9.9	13.8	15.7	17.0	18.4
Income Tax	-1.0	-1.3	-1.7	-1.3	-0.6	-1.1	-1.7	-2.4	-2.7	-2.9	-3.1
% Tax Rate	-34%	-36%	-22%	-16%	-22%	-15%	-17%	-17%	-17%	-17%	-17%
Minorities	-0.9	-0.3	-0.4	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	1.1	2.0	5.6	7.0	2.2	6.0	8.2	11.5	13.0	14.1	15.3
Adj. EBIT (2018: annualized)	5.4	6.9	8.3	9.7	5.3	9.0	14.3	14.6	15.7	17.0	18.4
Adj. Net Profit (2018: annualized)	3.7	5.1	6.2	7.8	4.0	7.2	11.2	12.0	13.0	14.1	15.3

Growth driven by GDP, construction spending, M&A

Synergies in purchasing should lead to better gross margin

Low capital business with good returns. We expect EBIT margin to return to average Poenina levels within a few years

BALANCE SHEET (CHFm)	2014	2015	2016*	2017	H1 18	H2 18E	2018E	2019E	2020E	2021E	2022E
Property, Plant and Equipment	2.4	2.2	1.8	1.3	1.3	13.2	13.2	13.0	13.0	12.9	12.7
Intangible Assets (incl. Reported Goodwill)	5.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cum. Amortized Goodwill **	2.2	5.2	9.3	13.2	13.2	38.2	38.2	38.2	38.2	38.2	38.2
NWC	9.7	9.2	12.1	17.6	24.6	30.8	30.8	32.6	33.9	35.4	37.0
Trade Receivable (in % of sales)	12.8%	14.6%	12.4%	16.5%	18.7%	21.7%	16.4%	16.2%	16.2%	16.4%	16.6%
WIP (in % of sales)	0.4%	-0.5%	0.0%	3.6%	8.4%	6.3%	3.5%	3.7%	3.8%	3.8%	3.8%
Inventory (in % of sales)	1.9%	2.0%	2.2%	2.2%	2.3%	3.4%	2.1%	2.6%	2.6%	2.6%	2.6%
Trade Payable (in % of sales)	-5.5%	-7.0%	-3.8%	-6.3%	-9.9%	-13.1%	-6.4%	-8.5%	-8.2%	-8.0%	-7.8%
CAPITAL EMPLOYED	19.3	19.4	23.1	32.1	39.1	82.1	82.1	83.8	85.1	86.4	87.9
% ROIC (NOPLAT/CE)	23.1%	28.8%	28.1%	25.4%	10.5%	9.3%	14.4%	14.5%	15.3%	16.3%	17.4%
% ROIC (EX-Inretis GOODWILL)							20.7%	20.7%	21.6%	23.0%	24.3%
Financial Assets	1.7	2.8	1.9	1.2	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Provisions	-7.7	-5.7	-6.1	-8.1	-7.5	-7.7	-7.7	-7.7	-7.7	-7.7	-7.7
of which, Pension related	-0.5	-0.4	-0.1	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Net Cash / (Net Debt)	-1.5	-4.3	-0.8	16.7	7.0	14.2	14.2	17.1	20.8	24.6	28.8
Net Assets (Equity Ex-Goodwill)	9.5	7.0	8.8	28.7	26.9	52.0	52.0	56.6	61.5	66.7	72.3
Equity Ratio	28.9%	21.6%	31.3%	60.2%	54.5%	57.0%	57.0%	59.9%	62.2%	64.3%	66.2%
Equity Ratio Incl. Goodwill	33.3%	32.4%	48.3%	68.8%	64.1%	69.7%	69.7%	71.5%	72.8%	73.9%	74.9%
Gearing (+ Debt) / (- Cash)	15.8%	60.4%	8.6%	-58.1%	-26.2%	-27.4%	-27.4%	-30.3%	-33.8%	-36.9%	-39.8%
Employees (FTE)	377	391	366	438			542	985	986	989	994
Turnover / Employee (CHF)	295'336	281'039	312'601	284'954			282'317	257'544	259'860	262'451	265'062
Pers. Cost / Employee (CHF)	102'541	103'198	107'246	95'494			95'988	89'046	88'807	89'430	90'055

Assets consisting mainly of working capital. Inretis owns a property in Vallis

CASH FLOW (CHFm)	2014	2015	2016*	2017	H1 18	H2 18E	2018E	2019E	2020E	2021E	2022E
Net Profit (incl. Minorities)	2.0	2.3	6.0	7.2	2.2	6.0	8.2	11.5	13.0	14.1	15.3
Depreciation & Amortizazion	3.4	4.2	1.1	0.6	0.3	0.4	0.7	1.0	1.1	1.3	1.5
Chg. In Provisions	0.6	-2.0	0.4	1.5	-0.5	0.1	-0.4	0.0	0.0	0.0	0.0
Other Non-Cash Items	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chg. In Net Working Capital	-2.5	0.4	-2.8	-3.5	-7.0	5.9	-1.2	-1.8	-1.4	-1.5	-1.6
Operating Cash Flow	3.6	5.0	4.5	5.7	-5.1	12.4	7.3	10.7	12.8	13.9	15.2
CAPEX	-1.2	-1.8	-1.1	-0.5	0.2	-0.3	-0.6	-0.9	-1.0	-1.2	-1.3
FREE CASH FLOW	2.4	3.1	3.4	5.2	-5.3	12.1	6.8	9.8	11.7	12.7	13.8
% FCF Yield	2.6%	3.4%	3.7%	3.5%	-3.8%	6.4%	3.6%	5.2%	6.2%	6.8%	7.3%
% FCF Conversion of Net Profit	63.9%	60.9%	55.8%	67.1%	-133.8%	167.3%	60.3%	81.7%	90.3%	90.2%	90.4%
Acquisitions / Divestments	0.0	0.0	0.0	-2.3	0.0	-74.0	-74.0	0.0	0.0	0.0	0.0
Capital Incerase	0.0	0.0	0.0	21.5	0.0	69.1	69.1	0.0	0.0	0.0	0.0
Dividends to Shareholders	-0.7	-0.8	-0.8	-5.0	-4.0	0.0	-4.0	-6.8	-8.0	-8.8	-9.6
% dividend yield	0.8%	0.8%	0.8%	3.3%	2.9%	0.0%	2.1%	3.6%	4.2%	4.7%	5.1%
% dividend pay out	20.2%	20.9%	14.6%	81.2%	51.4%	0.0%	51.4%	60.5%	66.8%	67.7%	67.8%
Net Change in Cash	-0.9	-0.5	1.1	10.8	-9.7	11.2	1.6	2.9	3.6	3.8	4.2

Solid FCF conversion should support M&A and allow for steady dividend increase

** Introduction of POC method (previously Cost to Cost Method). Goodwill is written off completely against equity immediately after an acquisition (Swiss Gaap FER).*

*** Before 1.1.2016, Poenina used to amortize Goodwill over a period of typically 5 years. We add back all amortized Goodwill to our ROIC and Adj.EPS calculations. We have annualized 2018E data.*

Source: Company Reports, Octavian Estimates

POENINA - SEGMENT SALES (CHFm)	2014	2015	2016*	2017	2018E	2019E	2020E	2021E	2022E
Sanitary Installations	53.9	51.0	51.9	56.6	69.7	118.2	119.4	121.0	122.8
Heating Installations	22.5	25.2	29.0	33.4	41.9	75.5	76.3	77.3	78.4
Air & Ventilation	2.7	3.6	3.7	11.6	13.7	19.6	19.8	20.0	20.3
Roofing & Envelope	30.4	28.5	27.0	22.2	25.3	29.7	30.0	30.3	30.8
Services	1.8	2.6	2.9	1.0	2.3	10.7	10.9	11.0	11.2
TOTAL SALES PRODUCTS & SERVICES	**111.2**	**110.8**	**114.4**	**124.8**	**153.0**	**253.8**	**256.3**	**259.6**	**263.5**
% of tot. Sanitary Installations	*48.4%*	*46.0%*	*45.3%*	*45.3%*	*45.6%*	*46.6%*	*46.6%*	*46.6%*	*46.6%*
% of tot. Heating Installations	*20.2%*	*22.7%*	*25.3%*	*26.8%*	*27.4%*	*29.8%*	*29.8%*	*29.8%*	*29.8%*
% of tot. Air & Ventilation	*2.5%*	*3.2%*	*3.3%*	*9.3%*	*9.0%*	*7.7%*	*7.7%*	*7.7%*	*7.7%*
% of tot. Roofing & Envelope	*27.3%*	*25.7%*	*23.6%*	*17.8%*	*16.5%*	*11.7%*	*11.7%*	*11.7%*	*11.7%*
% of tot. Services	*1.6%*	*2.3%*	*2.5%*	*0.8%*	*1.5%*	*4.2%*	*4.2%*	*4.2%*	*4.2%*
% chg. Sanitary Installations		*-5.4%*	*1.7%*	*9.1%*	*23.3%*	*69.5%*	*1.0%*	*1.3%*	*1.5%*
% chg. Heating Installations		*12.0%*	*14.9%*	*15.5%*	*25.4%*	*80.0%*	*1.0%*	*1.3%*	*1.5%*
% chg. Air & Ventilation		*30.1%*	*4.6%*	*211.1%*	*18.3%*	*42.8%*	*1.0%*	*1.3%*	*1.5%*
% chg. Roofing & Envelope		*-6.0%*	*-5.4%*	*-17.6%*	*13.8%*	*17.3%*	*1.0%*	*1.3%*	*1.5%*
% chg. Services		*45.0%*	*13.2%*	*-65.9%*	*133.5%*	*365.2%*	*1.0%*	*1.3%*	*1.5%*

Inretis and Poenina have a very similar business split ...

POENINA - GEOGRAPHY SALES (CHFm)	2014	2015	2016*	2017	2018E	2019E	2020E	2021E	2022E
Canton Zurich	73.5	67.3	69.8	77.3	83.3	80.1	80.9	82.0	83.2
Canton Schwyz	21.2	25.4	26.6	28.4	31.4	30.2	30.5	30.9	31.3
Canton Aargau	13.1	15.3	15.2	15.7	17.3	16.6	16.8	17.0	17.3
Canton Luzern	3.5	2.9	2.8	2.3	2.6	2.5	2.5	2.5	2.5
Canton Zug				1.2	3.3	3.2	3.2	3.2	3.3
Canton Wallis					6.2	49.9	50.4	51.1	51.9
Canton Graubünden					4.4	35.3	35.7	36.1	36.7
Canton Schaffhausen					2.3	18.3	18.5	18.7	19.0
Liechtenstein					2.3	18.3	18.5	18.7	19.0
TOTAL SALES PRODUCTS & SERVICES	**111.2**	**110.8**	**114.4**	**124.8**	**153.0**	**254.3**	**256.9**	**260.2**	**264.1**
% of tot. Canton Zurich	*66.1%*	*60.7%*	*61.0%*	*61.9%*	*54.4%*	*31.6%*	*31.6%*	*31.6%*	*31.6%*
% of tot. Canton Schwyz	*19.0%*	*22.9%*	*23.3%*	*22.8%*	*20.5%*	*11.9%*	*11.9%*	*11.9%*	*11.9%*
% of tot. Canton Aargau	*11.8%*	*13.8%*	*13.3%*	*12.6%*	*11.3%*	*6.6%*	*6.6%*	*6.6%*	*6.6%*
% of tot. Canton Luzern	*3.1%*	*2.6%*	*2.5%*	*1.9%*	*1.7%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
% of tot. Canton Zug	*0.0%*	*0.0%*	*0.0%*	*0.9%*	*2.1%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*
% of tot. Canton Wallis					*4.1%*	*19.7%*	*19.7%*	*19.7%*	*19.7%*
% of tot. Canton Graubünden					*2.9%*	*13.9%*	*13.9%*	*13.9%*	*13.9%*
% of tot. Canton Schaffhausen					*1.5%*	*7.2%*	*7.2%*	*7.2%*	*7.2%*
% of tot. Liechtenstein					*1.5%*	*7.2%*	*7.2%*	*7.2%*	*7.2%*
% chg. Canton Zurich		*-8.5%*	*3.7%*	*10.8%*	*7.8%*	*-3.8%*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Schwyz		*19.8%*	*5.1%*	*6.6%*	*10.4%*	*-3.8%*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Aargau		*16.7%*	*-0.9%*	*3.2%*	*10.4%*	*-3.8%*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Luzern		*-16.9%*	*-2.0%*	*-18.1%*	*10.4%*	*-3.8%*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Zug					*183.6%*	*-3.8%*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Wallis						*NM*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Graubünden						*NM*	*1.0%*	*1.3%*	*1.5%*
% chg. Canton Schaffhausen						*NM*	*1.0%*	*1.3%*	*1.5%*
% chg. Liechtenstein						*NM*	*1.0%*	*1.3%*	*1.5%*

... while the geographic exposure is fully complementary. The company will remain focused on Switzerland for the foreseeable future

** Introduction of POC method (previously Cost to Cost Method). Goodwill is written off completely against equity immediately after an acquisition (Swiss Gaap FER).*

Source: Company Reports, Octavian Estimates

OCTAVIAN

CFRoEV, CASH FLOW RETURN ON ENTERPRISE VALUE (CHFm)	2017	2018E	2019E	2020E	2021E	2022E
EBIT (PRE-EXCEPTIONALS)	**9.7**	**14.3**	**14.6**	**15.7**	**17.0**	**18.4**
+ DEPRECIATION OF FIXED ASSETS	0.6	0.7	1.0	1.1	1.3	1.5
+ AMORTISATION OF INTANGIBLE ASSETS	0.0	0.0	0.0	0.0	0.0	0.0
+ IMPAIRMENTS	0.0	0.0	0.0	0.0	0.0	0.0
- MAINTENANCE CAPEX	-0.4	-0.5	-0.6	-0.7	-0.8	-0.9
= ADJUSTED EBIT	**9.8**	**14.5**	**15.0**	**16.1**	**17.5**	**19.0**
- TAXES (UNDERLYING)	1.6	2.3	2.4	2.6	2.8	3.0
- MINORITIES	-0.2	0.0	0.0	0.0	0.0	0.0
= SUSTAINABLE CASH FLOW AFTER TAX	**8.4**	**12.1**	**12.6**	**13.5**	**14.7**	**15.9**
EXPECTED RETURN (AFTER TAX)	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
= FAIR ENTERPRISE VALUE RANGE	**121**	**173**	**180**	**193**	**210**	**227**
- NET DEBT (CASH), END OF YEAR	-16.7	-14.2	-17.1	-20.8	-24.6	-28.8
- PENSION PROVISIONS, END OF YEAR	0.0	0.0	0.0	0.0	0.0	0.0
+ FINANCIAL ASSETS & NON-CORE, END OF YEAR	1.5	1.5	1.5	1.5	1.5	1.5
+ ACCUMULATED DIVIDENDS OUTSTANDING	0.0	0.0	6.8	14.8	23.6	33.2
= FAIR EQUITY VALUE RANGE	**136**	**186**	**203**	**227**	**256**	**288**
FULLY DILUTED NO. OF SHARES ('000)	2500	3991	3991	3991	3991	3991
FAIR VALUE PER SHARE (CHF)	**54.4**	**46.5**	**51.0**	**56.8**	**64.2**	**72.1**
*IMPLIED Adj. P/E**	*18.2*	*16.5*	*17.0*	*17.4*	*18.1*	*18.8*
CURRENT VALUE PER SHARE (TERP)	*60.4*	*55.8*	*47.2*	*47.2*	*47.2*	*47.2*
UPSIDE (+) / DOWNSIDE (-) IN %	**-9.9%**	**-16.6%**	**8.1%**	**20.3%**	**36.1%**	**52.8%**
	-26 WEEKS	-52 WEEKS	-104 WEEKS			
STOCK PRICE VOLATILITY (IN %, BASED ON WEEKLY DATA)	38.0	42.2	NA			

Looking into 2020E the potential value of Poenina is higher, mainly driven by an improving margin.

SENSITIVITY ANALYSIS OF FAIR EQUITY VALUE TO VARYING EXPECTED RETURN RATES (CHFm)

		EXPECTED RETURN AFTER TAX (%)				
		6.0	**6.5**	**7.0**	**7.5**	**8.0**
YEAR	**2018E**	53.8	49.9	46.5	43.7	41.1
	2019E	58.6	54.5	51.0	48.0	45.4
	2020E	64.8	60.5	56.8	53.6	50.8

Concept CFRoEV: we caluclate the sustainable free cash flow to EV by adjusting EBIT for (relevant) one-off's, non-cash items, normalized taxes, monirities and maintenance capex. This is capitalized at the long-term rate of return of the Swiss Stock market (7%), which yields our implied fair EV. After adjusting for customary items (net debt, pension provisions, dividends, etc.) we arrive at our implied fair market cap.

Source: Octavian Estimates

POENINA - DCF MODEL (CHFm)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	TV
SALES	**153**	**254**	**256**	**260**	**264**	**270**	**277**	**284**	**291**	**298**	**301**
- CHANGE %	*22.6*	*65.8*	*1.0*	*1.3*	*1.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*1.0*
EBITDA	**11**	**15**	**17**	**18**	**20**	**20**	**21**	**22**	**22**	**23**	**23**
- CHANGE %	*14.5*	*40.6*	*13.1*	*23.3*	*8.7*	*-1.6*	*5.7*	*4.2*	*3.8*	*2.5*	*1.0*
- EBITDA MARGIN IN % OF NET SALES	*6.9*	*5.8*	*6.5*	*7.1*	*7.5*	*7.5*	*7.5*	*7.6*	*7.7*	*7.7*	*7.7*
DEPRECIATION & INCR. PROVISIONS	0.7	1.0	1.1	1.3	1.5	1.2	1.3	1.4	1.5	1.5	1.5
- IN % OF CAP EX	125	114	108	108	108	90	95	100	100	100	100
EBIT	**10**	**14**	**16**	**17**	**18**	**18**	**19**	**20**	**21**	**21**	**22**
- CHANGE %	13.9	40.3	13.1	22.9	8.3	-0.4	5.5	4.0	3.9	2.5	1.0
- EBIT MARGIN IN % OF NET SALES	*6.4*	*5.5*	*6.1*	*6.6*	*7.0*	*6.8*	*7.0*	*7.1*	*7.2*	*7.2*	*7.2*
. / . TAXES PAID	1.7	2.4	2.7	2.9	3.1	3.1	3.3	3.4	3.5	3.6	3.7
- TAX IN % EBITDA	*15.9*	*15.9*	*15.9*	*15.8*	*15.8*	*15.8*	*15.8*	*15.8*	*15.8*	*15.8*	*15.8*
. / . CHANGE IN NET WORKING CAPITAL	-2.0	-1.6	-0.4	-1.1	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
. / . CAP EX	0.6	0.9	1.0	1.2	1.3	1.4	1.4	1.4	1.5	1.5	1.5
- CAP EX IN % OF NET SALES	*0.4*	*0.3*	*0.4*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*
FREE CASH FLOW (BEFORE INTEREST)	**6**	**10**	**13**	**13**	**14**	**14**	**15**	**16**	**16**	**17**	**17**
FCF Yield (%)	*3.7%*	*5.8%*	*7.3%*	*7.6%*	*8.3%*	*8.1%*	*8.6%*	*9.0%*	*9.4%*	*9.7%*	*9.8%*
ROIC (%)	*14.4%*	*14.5%*	*15.3%*	*16.3%*	*17.4%*	*17.6%*	*17.7%*	*17.9%*	*18.0%*	*18.2%*	*18.3%*
WEIGHTED AVERAGE COST OF CAPITAL											
RISK FREE INTEREST RATE (%)*	3.0										
EQUITY RISK PREMIUM (%)	5.5										
BETA VS. SMI	1.1										
COST OF EQUITY	8.8										
AVG INTEREST RATE ON DEBT (%)	5.0										
TAX RATE (%)	19.0										
COST OF DEBT (TAX ADJUSTED)	4.1										
DEBT IN % OF TOTAL VALUE	30.0										
WACC (%)	**7.4**										
NUMBER OF YEARS	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	9.0
DISCOUNT FACTOR	0.93	0.87	0.81	0.75	0.70	0.65	0.61	0.57	0.53	0.49	0.53
DISC. FREE OPERATING CASH FLOWS	5.9	8.7	10.2	9.9	10.0	9.1	9.1	8.8	8.6	8.2	8.9
PERPETUAL GROWTH(%)											**1.0**
SUM OF DCF 2018E - 2027E											**88.5**
TERMINAL VALUE											**130.4**
EV = DISCOUNTED FREE CASH FLOW (CHFm)											**219.0**
+ NET CASH (2017)											**16.7**
+ FINANCIAL ASSETS AND NON CORE											**1.5**
- PENSION PROVISIONS											**0.0**
- MINORITIES & OTHER											**0.0**
TOTAL EQUITY VALUE (CHFm)											**237**
VALUE PER SHARE (CHF)											**59.4**
UPSIDE IN % (EQUITY VALUE PER SHARE / SHARE PRICE)											***26%***

Although we expect the company to continue consolidating the Swiss installation market, we have no further M&A assumption in our estimates

Driven by solid cash flows, our DCF model points to a higher intrinsic equity value

SENSITIVITY ANALYSIS OF FAIR EQUITY VALUE TO VARYING WACC'S AND TV GROWTH RATES (CHFm)

			TV EBIT MARGIN (%)				
			6.2	6.7	7.2	7.7	8.2
EQUITY FAIR VALUE AT VARIOUS		0.0	50.5	52.6	54.7	56.8	58.9
EBITDA MARGINS AND	**TV**	0.5	52.3	54.6	56.9	59.1	61.4
TV GROWTH RATES	**GROWTH**	1.0	54.5	57.0	59.4	61.9	64.3
	RATE	1.5	57.0	59.7	62.4	65.1	67.8
		2.0	60.0	63.0	65.9	68.9	71.8

			WACC (%)				
			6.4	6.9	7.4	7.9	8.4
EQUITY FAIR VALUE AT VARIOUS		0.0	63.4	58.7	54.7	51.1	48.1
WACC AND	**TV**	0.5	66.7	61.4	56.9	53.0	49.6
TV GROWTH RATES	**GROWTH**	1.0	70.5	64.5	59.4	55.1	51.4
	RATE	1.5	75.1	68.2	62.4	57.5	53.4
		2.0	80.8	72.6	65.9	60.4	55.7

Source: Octavian Estimates

BUILDNG AND CONSTRUCTION MATERIALS	CCY (report)	PRICE	MARKET CAP	PERFORMANCE %			P/E		EPS CAGR	P/B	EV / SALES		EV / EBIT		EBIT % MARGIN		ROE %	ROCE %	DPS	D.YIELD
Share prices as of 27.11.2018			(M)	-3M	YTD	-1Y	18E	19E	(18-19E)	18E	18E	19E	18E	19E	18E	19E	17	17	18E	18E
SPI SWISS PERFORMANCE IX	CHF	10450.4	1459308	2%	-3%	-2%	17.5x	15.7x	9%	2.0x									348.4	3.3%
ARBONIA AG	CHF	11.8	818	-3%	-28%	-29%	22.8x	18.2x	-6%	0.9x	0.7x	0.6x	17.2x	14.7x	3.8%	4.2%	4.2%		0.2	1.7%
BOSSARD HOLDING AG-REG A	CHF	156.8	1254	-1%	-32%	-29%	14.7x	14.4x	6%	4.8x	1.6x	1.5x	12.5x	12.1x	12.8%	12.6%	32.4%		4.4	2.8%
BURKHALTER HOLDING AG	CHF	81.6	489	10%	-36%	-30%	20.1x	19.1x	-9%	5.1x	0.9x	0.9x	14.5x	13.7x	6.0%	6.3%	25.2%	28.0%	4.0	4.9%
DORMAKABA HOLDING AG	CHF	693.5	2913	1%	-22%	-23%	22.9x	20.5x	11%	15.6x	1.9x	1.8x	14.7x	13.3x	12.7%	13.8%	68.2%	52.4%	15.2	2.2%
FISCHER (GEORG)-REG	CHF	811.0	3326	-9%	-37%	-35%	11.2x	10.8x	10%	2.4x	0.8x	0.8x	9.0x	8.6x	8.6%	8.8%	21.6%	14.5%	26.0	3.2%
FORBO HOLDING AG-REG	CHF	1535.0	2763	8%	2%	4%	20.0x	18.9x	7%	4.2x	2.0x	1.9x	15.2x	14.5x	13.1%	13.3%	20.9%		20.9	1.4%
IMPLENIA AG-REG	CHF	52.8	975	0%	-20%	-16%	12.6x	10.3x	22%	1.5x					2.4%	3.1%	11.8%	8.5%	2.1	4.0%
LAFARGEHOLCIM LTD-REG	CHF	46.2	28051	7%	-13%	-12%	15.7x	12.8x	7%	0.9x	1.6x	1.5x	12.8x	11.3x	12.5%	13.7%	5.8%		2.0	4.4%
POENINA HOLDING AG *	CHF	47.2	188	-12%	-17%		16.8x	15.7x	-6%	3.6x	1.1x	0.7x	12.1x	11.6x	6.4%	5.5%	15.8%	25.4%	1.6	3.6%
SFS GROUP AG	CHF	95.0	3563	1%	-15%	-14%	17.6x	16.0x	11%	3.3x	2.0x	1.9x	13.7x	12.4x	14.4%	15.0%	18.6%		2.2	2.3%
ZEHNDER GROUP AG-RG	EUR	36.7	431	-2%	-8%	-6%	17.1x	13.2x	75%	1.4x	0.6x	0.6x	11.2x	8.9x	5.3%	6.4%	8.2%		0.9	2.4%
Swiss - Sector Average							17.4x	15.4x	12%	4.0x	1.3x	1.2x	13.3x	12.1x	8.9%	9.3%	21.2%	25.8%		3.0%
Swiss - Sector Median							17.1x	15.7x	7%	3.3x	1.4x	1.2x	13.3x	12.3x	8.6%	8.8%	18.6%	25.4%		2.8%

** Octavian*
SOURCE: Bloomberg , Octavian

Most competitors of Poenina are privately owned companies. Direct listed competitors (e.g. BKW, Alpiq) are not comparable in our view due to a different business mix (in particular energy production). Arguably, the most comparable listed company is Burkhalter (due to the similar strategy and connections at management level). We also look in particular at Arbonia, Zehnder and (to a lesser extent) Georg Fischer. Geberit could be seen in this group as well, but we think its (high) valuation is exceptional, we hence exclude it from the peer group.

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Appendix 1: Historic Milestones

Foundation of Poenina and beginning of acquisition tour

2010 Foundation of Poenina by Jean Claude Bregy and acquisition of SADA AG Opfikon, Demuth AG Baden, FairTime AG, Wallisellen

2011 Acquisition of Lingwood Engineering AG, Wallisellen, Banz AG Ebikon.

2012 Acquisition of H. Walti AG, Untersiggenthal

2013 Acquisition of the following firms:
Hans Ziegler AG Lachen; WT & Service AG Lachen; shz.haustechnik.ag, Lachen; Univac GmbH Zurich; Müller Sanitär Zürich AG, Zurich

Streamlining of portfolio

2015 Foundation of Poenina management AG.

2016 Integration of Müller Sanitär Zürich AG into SADA AG and sale of FairTime AG.

Listing on the SIX Stock Exchange

2017 IPO on SIX Swiss Exchange
SADA AG absorbs by fusion Univac GmbH and Müller Sanitär Zürich AG, integrates H. Walti AG, halts activities of Lingwood Engineering AG and acquires Albis Technik AG Zug as well as Elsener-Klima AG, Adliswil.

2018 Acquisition of Inretis.

Inretis has an acquisitions history as well

Inretis was founded in 2005 through the combination of 3 companies: Lauber IWISA AG, Willi Haustechnik AG and Ospelt Haustechnik AG, in order to create synergies and exchange of knowledge. In a later step, Inretis Holding acquired Scherrer Haustechnik AG and Spescha Haustechnik AG, specialized in building technology and installation.

Appendix 2: CV's of the Management Team

Marco Syfrig, Chairman, CH 1960

Marco Syfrig is the chairman of the Board. He is also delegate of board at Burkhalter since 2008. He holds a lawyer degree from Berne University. He started his career in tax advisory and project management at Ernst & Young in Zurich from 1987-1997, where he became a partner in 1993. In 1997 he was one of the founding partners at Taxpartner AG. From 1998-2003, Marco was CEO and CFO of the Highlight Communication AG Pratteln and finally CFO of Fumapharm AG in Lucerne from 2004-2006.

Jean Claude Bregy, CEO, CH 1968

Jean Claude Bregy is the founder & CEO of Poenina and also the delegate of the board. He holds a degree in electrical & business engineering. Jean Claude worked as a branch manager of ABB Installations in Zurich from 1998-2000. From 2001 until 2010 he was the COO of Burkhalter Holding AG in Zurich. Jean Claude Bregy is member of the board in all the companies owned by Poenina.

Thomas Kellenberger, Member of the Board, CH 1967

Thomas Kellenberger joined the Board at Poenina and remains in the Inretis Board. He is the president of the industrial- & economy association of the region Schaffhausen. Thomas Kellenberger is a certified technician and has worked as a member of the executive committee at Wipf Wärmetechnik in Neuhausen from 1990-1995. Since 1996 he is CEO and member of the board at Scherrer Haustechnik AG in Schaffhausen

Willy Hüppi, Member of the Board, CH 1961

Willy Hüppi is member of the Board at Poenina and also at Burkhalter. As a certified accountant, he worked at Ernst & Young Zurich for audit, mergers & acquisitions from 1985-1993. After that he was responsible for finance & controlling at BZ Holding, as well as for the management of financial investments and investment projects from 1993-1999.

Urs Ledermann, Member of the Board, CH 1955

Urs Ledermann is member of the Board at Poenina, Chairman of Ledermann Holding (the owner of Ledermann Immobilien) and is Board member at Biella-Neher Holding AG and nebag ag. He holds a diploma in commerce. In 1979 he founded and lead Ledermann Personalberatung in Zurich. In 1993 he founded and lead Urs Ledermann & Partner AG until 2002. Between 2003 and 2014 Urs Ledermann was member of the board of directors of Mobimo Holding in Luzern (between 2008 – 2014 he was chairman of the board of directors). From 2007 – 2017 he was a member of the board of directors of SADA AG, Opfikon.

Sarah Meier–Bieri, Member of the Board CH, 1977

Sarah Meier-Bieri is member of the board at Poenina. She holds a degree as business economist and is a certified business & integral coach. Started her career as branch manager at Lucerne Hotels for Walker Management AG in Sursee from 2004-2006, was a member of corporate communications at Forbo International from 2006-2007 and was responsible for communication at Burkhalter Management from 2007-2010.

Fotios Michos, Group CFO, GR, 1979

Fotios Michos is CFO and board member of several group companies of Poenina holding AG. He is a certified professional in finance and accounting and worked in that lead position at Bouygues E&S FM Switzerland in Zurich from 2001 until 2008. He became then CFO of SADA AG Opfikon in 2009.

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