

▪ Comfortable indoor ventilation ▪ Heat exchangers ▪ Clean air solutions ▪ Decorative radiators ▪ Climate ceilings

Octavian Seminar 2023

Zehnder Company Presentation

CFO René Grieder
12 January 2023



zehnder

always the best climate

Structure

Company profile

Market leader for a healthy indoor climate

Review HY1 2022

Solid business results

Outlook

Mid-term targets:

Sales CAGR of 5%
EBIT margin of 9–11%
ROCE >20%

Company profile

Market leader for a healthy indoor climate

- Innovative strength since 127 years
- Best climate in the world
- Five product lines for a perfect indoor climate
- From innovative R&D to excellent after-sales service
- Health and sustainability drive our ambitions
- The Zehnder Group strategy:
“Growth for ventilation – harvest for radiators”
- Zehnder’s path to becoming a leading ventilation provider



Innovative strength since 127 years

Innovative strength
since **1895**

Strong
family
backing

Around
4,000
employees

Some
25,000
customers trained
in 2021



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

Available in over
70
countries

Own production
plants in **Europe,**
North America and
China

Best climate in the world



The Zehnder Group has subsidiaries in 20 countries. Their sales activities span more than 70 countries.

Five product lines for a perfect indoor climate

Ventilation segment



**Comfortable
indoor ventilation**



**Heat
exchangers**



**Clean air
solutions**

Radiator segment



**Decorative
radiators**



**Climate
ceilings**

From innovative R&D to excellent after-sales service



Innovation

- Exploration of trends
- Products based on new materials and technologies



Production

- Own production sites throughout the world
- Numerous lean production initiatives



Distribution

- Optimisation of transport methods
- Fast delivery times



Support

- Professional customer support
- Customer-specific training sessions



Trade

- Own distributor network in core markets
- Diverse sales channels:
 - Installers
 - Wholesalers
 - DIY stores



Service

- Consultation from planning to maintenance
- Excellent customer service

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.

Health



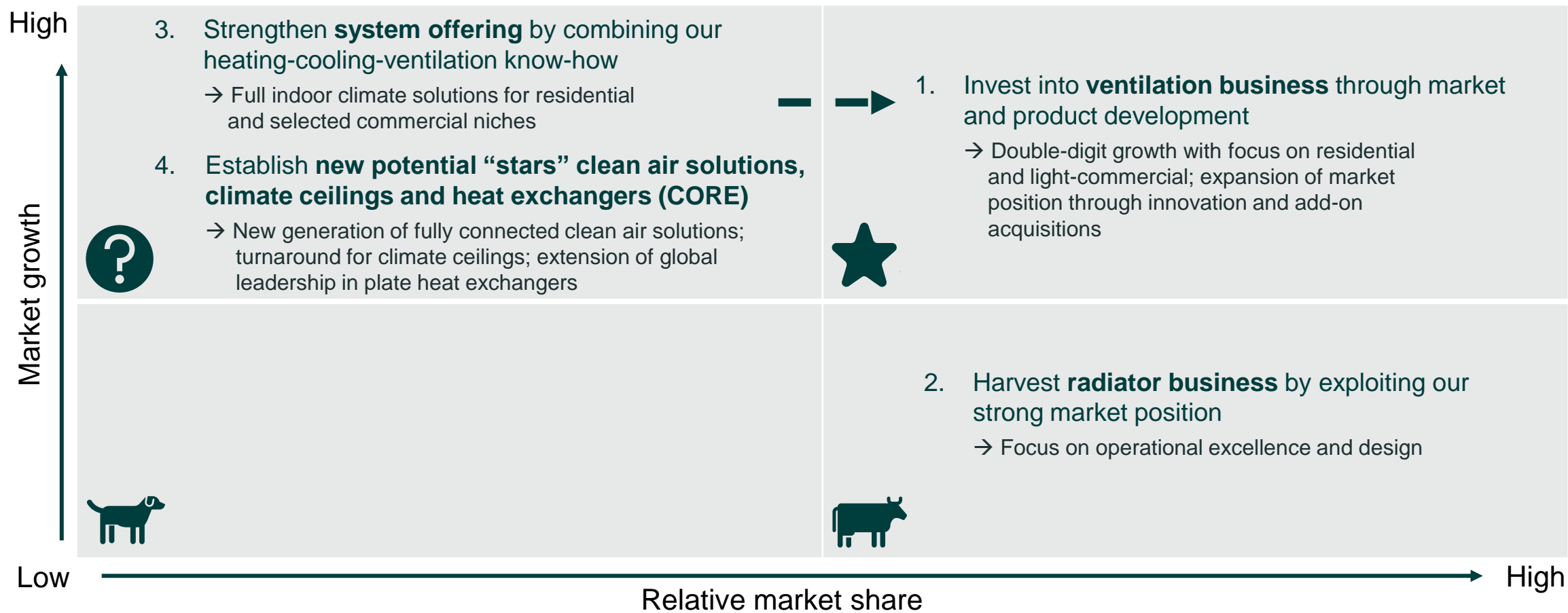
Buildings are responsible for ~40% of global energy consumption and ~36% of greenhouse gas emissions.

Our products help to reduce energy consumption while maintaining high levels of comfort.

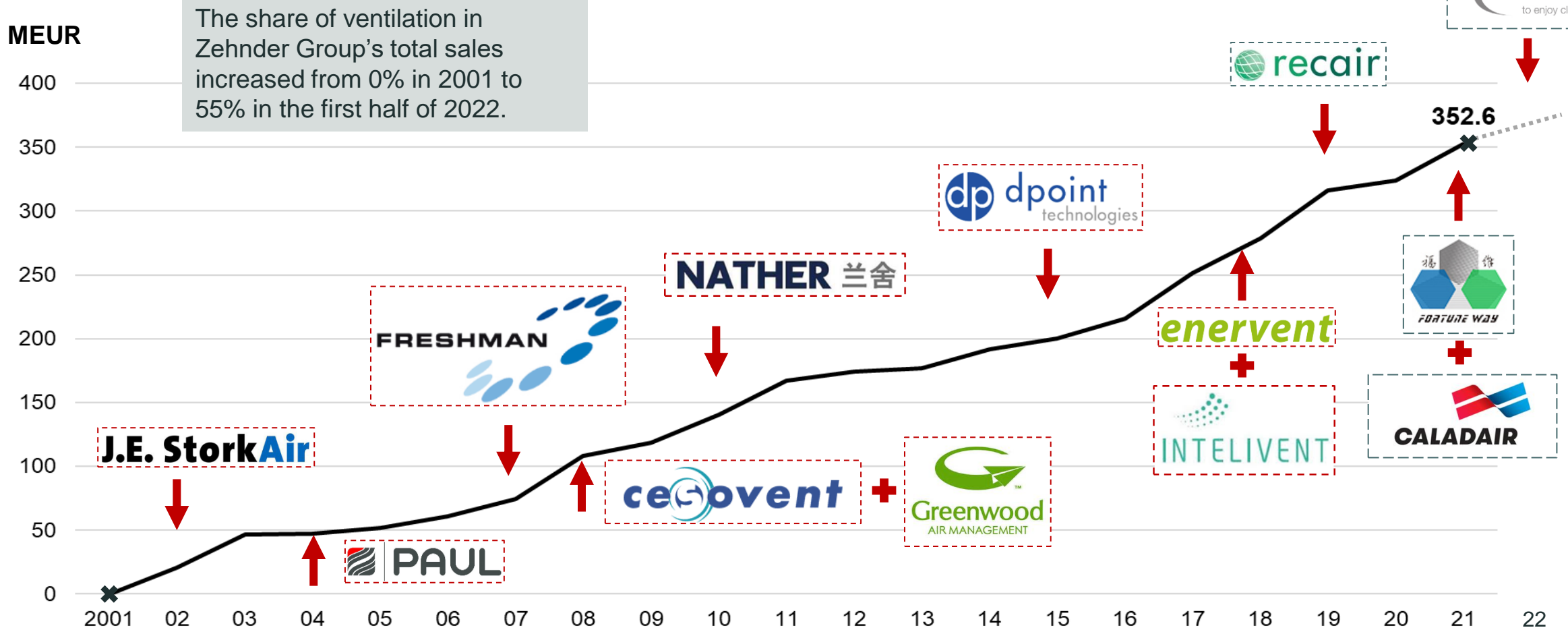
Sustainability



The Zehnder Group strategy: “Growth for ventilation – harvest for radiators”



Zehnder's path to becoming a leading ventilation provider



Review HY1 2022

Solid business results

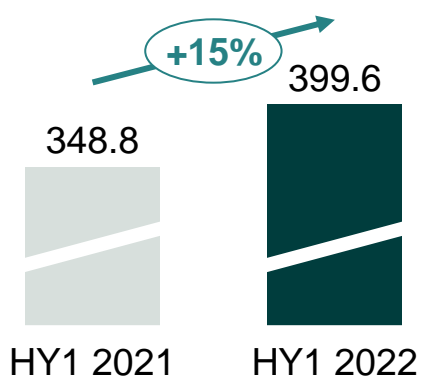
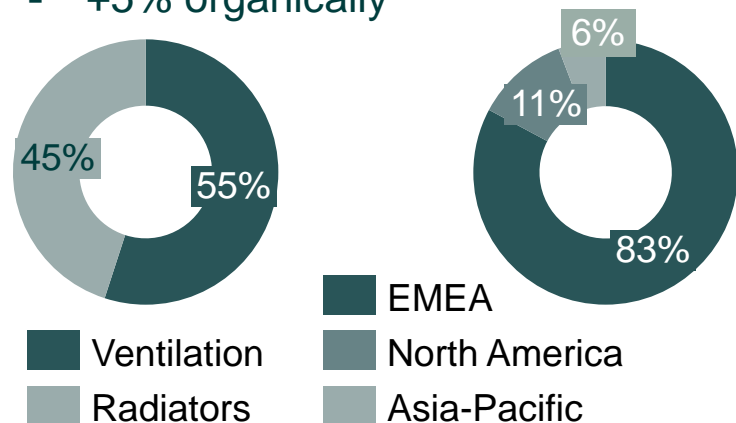
- Sales growth and operating margin within guidance
- Net liquidity despite high investment activity
- New segment reporting according to business areas
- Investment in infrastructure
- Continued acquisition activities
- Acquisition strengthen ventilation sales
- Cost increases led to slightly lower profitability in HY1 2022



Sales growth and operating margin within guidance

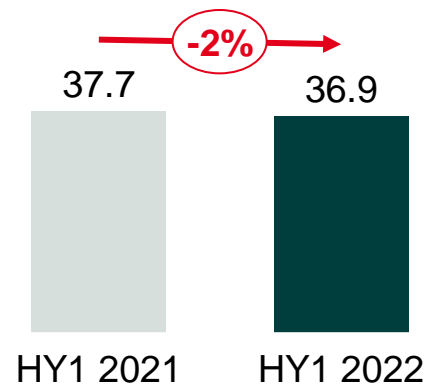
Sales: 399.6 MEUR

- +5% organically



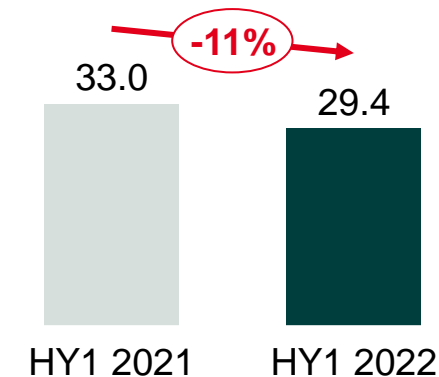
EBIT: 36.9 MEUR

- Further increases in material, transport and operating costs
- Delay in price increases to customers due to extended delivery times
- Increased spending on strategically important business activities
- Consistent pursuit of optimisation and efficiency improvements



Net income: 29.4 MEUR

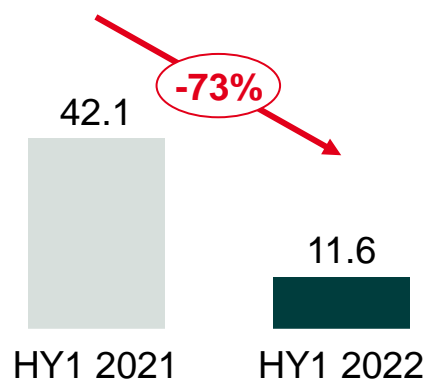
- Neutral financial result
- Normalised tax rate of 21% (HY1 2021: reduced rate of 12% due to positive one-off effects)



Net liquidity despite high investment activity

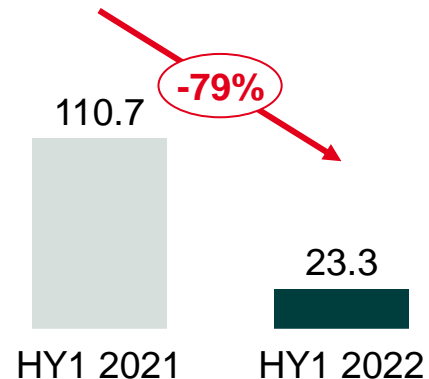
Operating cash flow: 11.6 MEUR

- Increase in trade accounts receivable associated with growth in sales
- Build-up of inventories in connection with supply chain issues



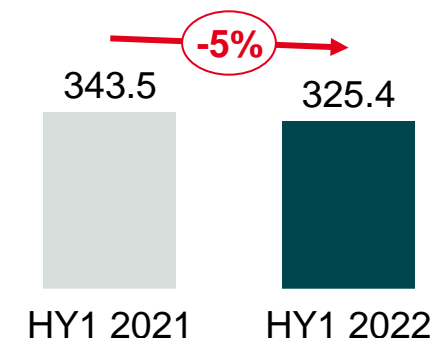
Net liquidity: 23.3 MEUR

- Investments in subsidiaries of 61.7 MEUR
- Purchase of own shares amounting to 15.9 MEUR (as part of ongoing share buyback programme and for employee share ownership plans)
- Dividends of 21 MEUR for 2021 financial year



Equity: 325.4 MEUR

- High equity ratio of 58%
- Investments in subsidiaries (goodwill of 36.6 MEUR)
- Dividends paid
- Share buyback

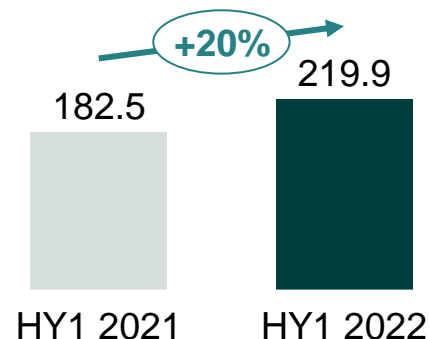


New segment reporting according to business areas: double digit sales growth and EBIT margin for ventilation

Ventilation segment

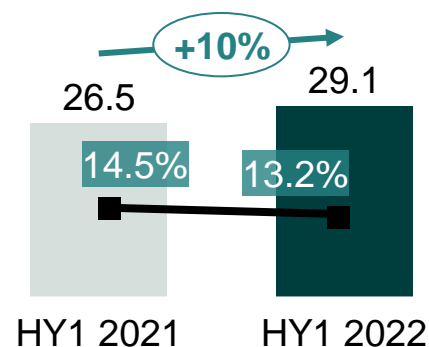
Sales: 219.9 MEUR

- +4% organically
- Acquisitions strengthen
- Lack of electronic components limited ability to supply



EBIT: 29.1 MEUR

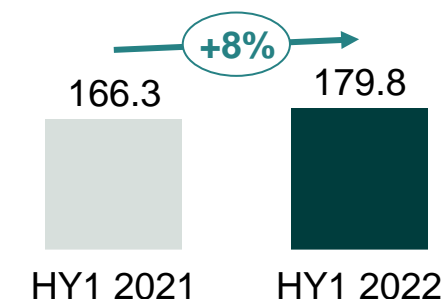
- EBIT margin: 13.2% (-1.3pp)
- Lower profitability due to global supply challenges and rising purchase prices



Radiator segment

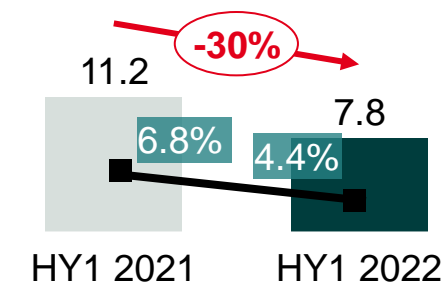
Sales: 179.8 MEUR

- +7% organically
- Normalised demand after high order backlog in HY1 2021



EBIT: 7.8 MEUR

- EBIT margin: 4.4% (-2.4pp)
- Still challenging business with climate ceilings, decline in sales in China and one off costs due to discontinuation of business activities in Russia



Investment in infrastructure

Center of Climate, Lahr (DE)

- 5,000 m² for training rooms, practical workshops, showroom, meeting and conference rooms, office space and a restaurant
- Move-in scheduled for beginning of 2023



Core production, Waalwijk (NL)/Reinsdorf (DE)

- Further expansion of production capacities for heat exchangers



Continued acquisition activities

Airia Brands Inc., London (CA)

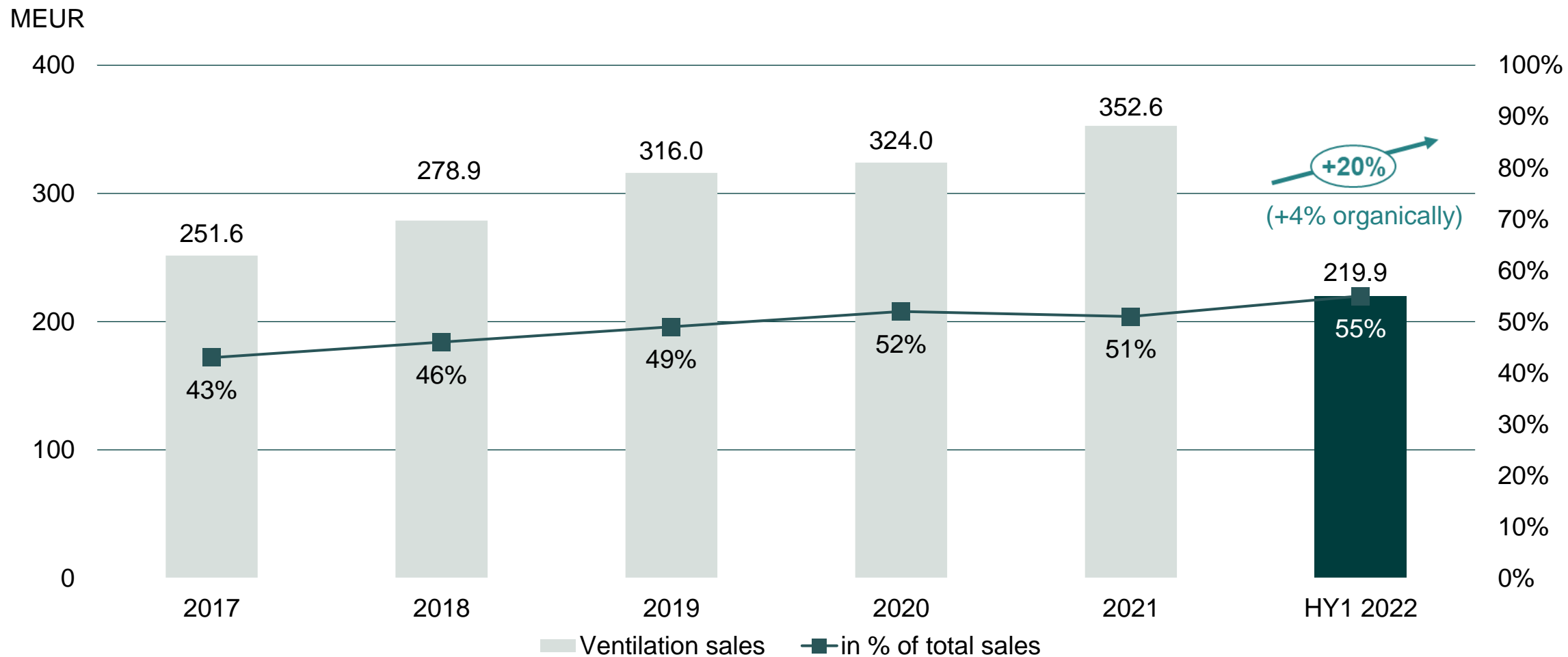
- Ventilation systems with heat recovery
- Primarily for use in residential buildings
- Established brand: Lifebreath
- ~150 employees

Filtech, Udenhout (NL)

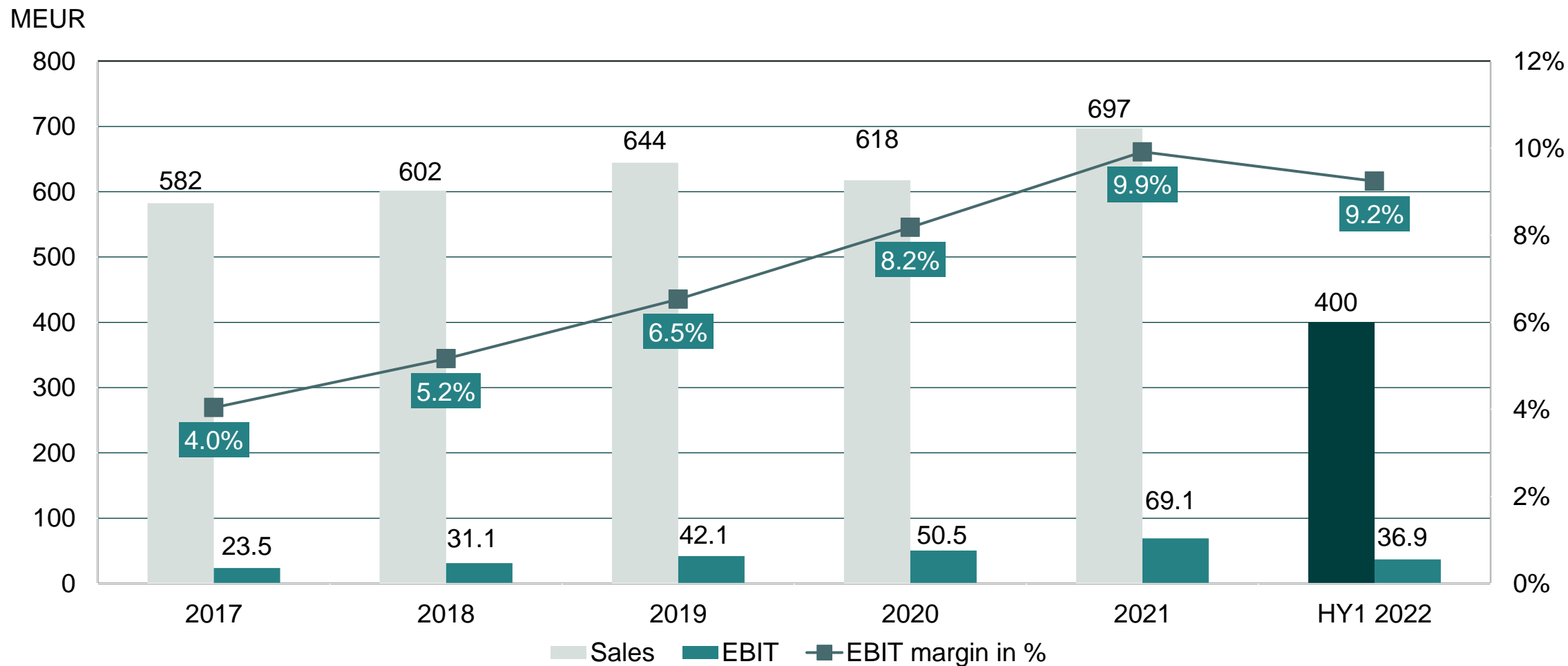
- Long-standing supplier of high-quality air filters
- Highly automated production facilities
- ~70 employees at 3 locations: Udenhout (NL), Modane (FR), Rancate-Mendrisio (CH)



Acquisition strengthen ventilation sales



Cost increases led to slightly lower profitability in HY1 2022



Outlook

- Further implementation of "Growth for ventilation – harvest for radiators" strategy
- Target of an EBIT margin of 8–10% for 2022
- The Zehnder Group – an attractive investment case



Target of an EBIT margin of 8–10% for 2022

Market evaluation

- Procurement, manufacturing and logistics affected by war in Ukraine, geopolitical tensions and ongoing pandemic
- Postponement or cancellation of construction projects possible due to price and interest rate increases
- Temporary weakening of market over medium term likely, but positive outlook over long term
- Zehnder Group's product range ideally designed to meet growing demand for sustainable, healthy and comfortable buildings

Further investments

- Market and product development
- Production capacities
- Digital transformation
- Sustainability

Guidance 2022

- Sales of EUR 775–825 million and EBIT margin of 8–10% targeted
- Consistent, proactive approach to cost management to counter increasing pressure on margins
- Thinking in scenarios to be able to react in best possible way to changes in market and economic environment

The Zehnder Group – an attractive investment case

Five reasons to invest

- Strong position in key markets
- Growth for residential ventilation
- Harvest leading position in radiators
- New potential “stars”
- Solid financial foundations

Mid-term targets

- Sales CAGR of 5%
- EBIT margin of 9–11%
- ROCE >20%



Questions and answers



Thank you for your time and attention

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