

Media Release 11/2016

Unexpectedly weak sales development in the final trimester of the year puts pressure on profitability

Gränichen/Switzerland, 11 November 2016 – The Zehnder Group has posted unexpectedly weak sales figures in the final trimester of 2016. In particular, sales development in France has been below expectations. Moreover, the continuing fall in value of Sterling imposed a negative effect on sales and margins expressed in euros. For the year as a whole, the Group Executive Committee is expecting sales to reach the same level as the previous year.

In the first half of 2016, the Zehnder Group increased its sales by 3% to EUR 261.6 million. As a consequence of the package of measures introduced in 2015, the operating result (EBIT) improved year-on-year from EUR 6.2 million to EUR 10.6 million. At the time when the six-month report was published, the Group Executive Committee was expecting a slight uptick in sales and an operating result of about EUR 30 million for the year as a whole.

In the past, the months with the strongest sales for the Zehnder Group have been in the final trimester of the year. This year, sales during this decisive period have been below expectations, however. This was particularly the case in France and the UK. In France, demand for radiators has weakened significantly, and customers have been increasingly demanding the lower-cost models with smaller margins. The warm autumn reinforced the negative trend in October. In the UK, the continuing fall in the value of Sterling led to reduced sales revenues and margins expressed in euros, because to a large extent the procurement and production costs are incurred in euros.

The Group Executive Committee is now expecting sales to achieve the previous year's levels and for the operating result to be significantly below the targeted EUR 30 million (excluding the positive one-off effect of selling the old production facility in China, amounting to about EUR 40 million).

In view of the unsatisfactory profit situation, further measures will be introduced to increase profitability in the medium term.

Next dates to note

Announcement of sales for 2016
Annual results 2016 and Media/Analyst Conference
Annual General Meeting 2017

13 January 2017
3 March 2017
6 April 2017

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For this and further information about the Zehnder Group, please visit www.zehndergroup.com.
This media release is published in German and English. The German version is binding.

Company profile

Operating worldwide, the Zehnder Group improves quality of life by providing outstanding indoor climate solutions. It develops and manufactures its products in 14 of its own factories, 5 of which are located in China and North America. Its sales activities, spanning more than 70 countries, take place through local sales companies and representative offices.

Zehnder's products and systems for heating and cooling, comfort indoor ventilation, and interior air purification feature outstanding energy efficiency and excellent design. With brands such as Zehnder, Runtal, Acova, Bisque, Greenwood, Paul and dPoint, the Zehnder Group is a market and technology leader in its business areas.

The Zehnder Group has had its headquarters in Gränichen, Switzerland, since 1895. It employs around 3000 people worldwide and achieved sales of EUR 533 million in 2015. The company is listed on the SIX Swiss Exchange (symbol ZEHN/number 27 653 461). The unlisted registered shares B are held by the Zehnder family and persons closely associated with them.