

Media Release 1/2017

2016 sales slightly above previous year – a challenging second half of the year

Gränichen/Switzerland, 13 January 2017 – In the 2016 financial year, the Zehnder Group increased its sales to EUR 538.8 million (unaudited) compared to the previous year (EUR 533.0 million), equating to a rise of 1%. The end-of-year financial statements and annual report will be published on 3 March 2017.

Slight growth in sales

While the Zehnder Group increased its sales by 3% during the first half of 2016, performance in the second half was significantly below expectations. At EUR 538.8 million (compared to EUR 533.0 million in the previous year), the figure for the year as a whole amounted to a slight increase in sales of 1% (+3% organically and when adjusted for currency effects).

The Europe segment accounted for EUR 466.4 million (EUR 465.7 million in the previous year), or 87% of total sales, which is on par with the previous year (+2% when adjusted for currency effects). Germany in particular experienced an encouraging rise in sales, but figures were also up in the Netherlands, Italy, Belgium and Poland. On the other hand, France, the UK and Switzerland – all key markets for the Zehnder Group – had negative growth. In France, demand for radiators weakened significantly during the second half of the year, and customers increasingly favoured lower-cost models with smaller margins. In the UK, the fall in the value of Sterling put strain on sales and margins expressed in euros. While the revenue gained from the sale of radiators in Europe fell by 3% as a whole (-1% when adjusted for currency effects), the ventilation business managed to achieve growth of 5% (+7% when adjusted for currency effects).

The China & North America segment accounted for EUR 72.3 million (EUR 67.3 million in the previous year) or 13% of total sales. The Chinese economy experienced sluggish growth in 2016, at a rate not seen for years, which had an impact on the construction industry. The radiator market also saw significant decline. Despite this, growth in the ventilation business enabled sales to rise by 6% in the local currency (-1% in euros). The construction industry in North America recorded signs of growth. The Canadian company dPoint Technologies Inc., which was fully acquired in December 2015, was also able to contribute to the sales growth of 14% (+6% organically and when adjusted for currency effects).

Poor operating result in the second half of the year

As reported in November, the negative trend experienced during the second half of the year has led the Group Executive Committee to expect an operating result that is significantly below the targeted EUR 30 million (excluding the positive one-off effect of selling the old production facility in China, amounting to just under EUR 40 million). In view of the unsatisfactory profit situation, selective restructuring measures are being developed in order to boost profitability in the medium term.

Next dates to note

Annual results 2016 and Media/Analyst Conference	3 March 2017
Annual General Meeting 2017	6 April 2017
Six-month Report 2017	28 July 2017
Announcement of sales for 2017	19 January 2018

Contact

René Grieder
Member of the Group Executive Committee, CFO
Zehnder Group AG, 5722 Gränichen, Switzerland
T +41 62 855 15 17, rene.grieder@zehndergroup.com

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 539 million in 2016. 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.