

Media Release 1/2018

Zehnder Group records significant sales growth

Gränichen/Switzerland, 19 January 2018 – In the 2017 financial year, the Zehnder Group (SIX: ZEHN), an international leader in the provision of complete solutions for a healthy indoor climate, achieved sales of EUR 582.4 million (unaudited) compared with the previous year's figure of EUR 538.9 million – an increase of 8%. This equates to organic growth of 10%. Due to a strong second half of the year in which sales grew organically by 11% compared with the second half of 2016 and profitability increased significantly, the Group was able to improve its operating margin for 2017 as a whole over the previous year (before one-off effects).

Sales growth in all key countries

Following the almost stagnant performance recorded in the 2016 financial year's sales, the Zehnder Group achieved a significant improvement in the 2017 financial year – as expressed in its rise in sales from EUR 538.9 million to EUR 582.4 million (unaudited). This equates to growth of 8% (+10% when adjusted for currency effects). The Zehnder Group was able to boost its sales in all of its key markets, and particularly Germany and China due to positive market trends and gains in market shares. This positive development in sales serves as proof that the Zehnder Group is pursuing the right path in its strategy, which is to carve out a market position for itself through its integrated complete solutions for a healthy indoor climate.

Solid growth in European business

The Europe segment accounted for EUR 491.1 million (previous year: EUR 466.5 million) or 84% of consolidated sales, which represents 5% growth (+7% when adjusted for currency effects). Sales in the radiators business area also saw an increase, in this case by 3% (+5% when adjusted for currency effects). Meanwhile, the ventilation business area recorded growth of 8% (+9% when adjusted for currency effects). Sales figures were up in all key countries. The main growth drivers proved to be the new Zehnder ComfoAir Q ventilation unit, as well as cooling and heating ceilings. In addition to this, sales of the classic Zehnder Charleston radiator demonstrated a positive trend. Recent years have seen continuous investment in new production processes and market development, and this move is now paying off. It was not possible to compensate fully for the six-week production stoppage that took place in Manisa (TR) during the first half of the year due to earthquakes, but this event did not result in any further negative effects. Construction of the new factory is going according to plan and start-up is scheduled for the second half of 2018.

Air pollution drives business development in China

The China & North America segment accounted for EUR 91.3 million (EUR 72.4 million in the previous year) or 16% of total sales. Its significant sales growth of 26% (+29% when adjusted for currency effects) was spurred on by the positive trend experienced in the ventilation business area in China. Gaining an opportunity from the air pollution in China's cities – which in some cases reaches significant levels – and the population's growing demand for healthy solutions, ventilation sales more than doubled, compensating for the decline in the radiators

business area. Overall, sales proceeds in China rose by a remarkable 61% (+66% when adjusted for currency effects).

In North America, the Zehnder Group experienced a reasonably positive trend on the whole. As was the case in other regions, the growth in the ventilation business area made it possible to compensate for the slight decline in radiator sales. In total, the result was an increase in sales of 4% in North America (+4% when adjusted for currency effects).

Improved operating result due to strong second half of the year

During the first six months of 2017, several factors put a strain on the operating result: rising steel prices, higher demand for cheaper models with smaller margins, the devaluation of the British pound, the production stoppage in Manisa (TR), the measures for achieving the turnaround aimed for at the Buffalo NY (USA) plant, plus costs for expanding the Canadian company Core Energy Recovery Solutions Inc. (formerly dPoint Technologies Inc.) as well as developing and launching new products. Among the steps taken to improve profitability was relocating the production of Yucca bathroom radiators from Lahr (DE) to Bolesławiec (PL). Jobs in Switzerland were relocated from the Wädenswil sales office to Gränichen, concentrating knowledge and expertise at the Zehnder Group headquarters.

Combined with 11% organic sales growth during the second half of 2017, these measures enabled the Zehnder Group to achieve a considerable increase in profitability during the second half of the year as compared with the same period in the previous year, which experienced low margins. The Group also boosted its operating margin for 2017 as a whole compared with the previous year (before one-off effects).

Strengthened market position for cooling solutions in North America

As part of an asset deal, Hydro-Air Components, Inc. – located in Buffalo NY (USA) and a wholly owned subsidiary of the Zehnder Group – acquired assets and the brand name of NuClimate Air Quality Systems, Inc. – based in Syracuse NY (USA) – on 12 January 2018. Founded in 2013, NuClimate Air Quality Systems, Inc. specialises in cooling solutions for commercial, institutional and industrial applications. The asset deal means an expanded market presence in the area of energy-efficient cooling solutions.

Next dates to note

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| Annual results 2017 and Media/Analyst Conference | 28 February 2018 |
| Annual General Meeting 2018 | 12 April 2018 |
| Six-month Report 2018 | 27 July 2018 |
| Announcement of sales for 2018 | 18 January 2019 |

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

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 Core, 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 over 3000 people worldwide and achieved sales of EUR 582 million in 2017. 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.