

Media Release 1/2019

Zehnder Group records solid sales growth

Gränichen/Switzerland, 18 January 2019 – In the 2018 financial year, the Zehnder Group (SIX: ZEHN), a leading international provider of complete solutions for a healthy indoor climate, achieved sales of EUR 602.3 million (unaudited), equating to an increase of 3% compared to the previous year (EUR 582.4 million). The full end-of-year financial statements will be published on 27 February 2019.

Increase in sales due to ventilation business

In the 2018 financial year, the Zehnder Group increased its sales from EUR 582.4 million to EUR 602.3 million (unaudited). This equates to growth of 3% (+4% organically). However, the market conditions in the key markets became more challenging in the second half of the year. The sales growth is primarily attributable to the ventilation business in Europe and China. In the year under review, ventilation sales increased by 11% (+10% organically) and now account for 46% of total sales (previous year: 43%). Radiator revenues decreased by 2% (-1% organically). This development is in line with the Zehnder Group's strategic alignment: the Group is continuing to strengthen its leading position in the field of ventilation by investing in market and product development. In the declining radiator business, the Group is focusing on gaining market shares and on niches with potential.

Growth in Europe despite stagnation in the key markets

As in the previous year, the Europe segment accounted for 84% or EUR 506.5 million of consolidated sales (previous year: EUR 491.1 million), which represents an increase in sales of 3% (+3% organically). While the key markets of Germany, France, the United Kingdom and Switzerland as well as Italy and Austria stagnated, sales in the Netherlands, Belgium, Poland, Russia and Spain in particular experienced positive trends. The significant sales growth of 11% in the ventilation business area (+9% organically) more than compensated for the slight decline of 2% (-2% organically) in the radiator business. The warm temperatures in autumn had a negative effect on radiator sales. Consequently, in the 2018 financial year, the proportion of sales in Europe attributable to ventilation grew further, reaching 46% (43% in the previous year). The new ComfoAir Q ventilation unit was the primary growth driver. But the Estonian ventilation company InteliVENT OÜ (now Zehnder Baltics OÜ), which was acquired as of 1 January 2018, and the Finnish ventilation company Enervent acquired as of 1 September 2018 also contributed a total of 2.5% to ventilation growth in Europe.

Further sales growth in China

The China & North America segment accounted for EUR 95.8 million (EUR 91.3 million in the previous year) or 16% of total sales. The 5% growth (+8% organically) for the entirety of 2018 is therefore significantly lower than for the first half of the year (+10%, +20% organically). In China, ventilation sales continued to grow in the second half of the year, but at a lower rate than in the first six months when various major projects were completed. For the year as a whole, ventilation sales rose by 21% (+24% organically) and thus accounted for 76% of total sales in China at the end of the year (previous year: 70%). While sales in the radiator business

area remained stable in the first half of the year, sales for the entirety of the year fell by 13% (-11% organically). This is due to the significantly lower demand for radiant ceiling panels. No major projects were undertaken for this product line in 2018. Overall, the result for China in 2018 was a growth of 11% (+14% organically).

In North America, sales fell just slightly below the previous year's level with a decline of 1%. However, the region achieved organic growth of 3%. Revenues in the radiator business area demonstrated a positive trend in the second half of the year. In addition, the acquisition of part of NuClimate Air Systems, Inc. contributed 1% to growth in North America. Ventilation sales continued to decline, but – as in the previous year – only accounted for around one fifth of sales in North America.

The full end-of-year financial statements will be published on 27 February 2019.

Annex: Sales by region and business area in 2018 (unaudited)

Next dates to note

Annual results 2018 and Media/Analyst Conference	27 February 2019
Annual General Meeting 2019	28 March 2019
Six-month Report 2019	26 July 2019
Announcement of sales for 2019	17 January 2020

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

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 15 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, Core and Enervent, 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 3500 people worldwide and achieved sales of EUR 602 million in 2018. The

company is listed on the SIX Swiss Exchange (symbol ZEHN/number 27 653 461). The un-listed registered shares B are held by the Zehnder family and persons closely associated with them.

Annex to Media Release 1/2019

Sales by region and business area in 2018 (unaudited)

		2017			2018			Change from prior year %			
		HY1	HY2	Total	HY1	HY2	Total	HY1	HY2	Total	Organic
Radiators Europe	EUR million	135.1	146.6	281.7	130.8	144.0	274.8	-3 %	-2 %	-2 %	-2 %
Change from HY1 to HY2	%		8 %			10 %					
Ventilation Europe	EUR million	106.7	102.6	209.4	117.1	114.5	231.7	10 %	12 %	11 %	9 %
Change from HY1 to HY2	%		-4 %			-2 %					
Total Europe	EUR million	241.9	249.2	491.1	248.0	258.5	506.5	3 %	4 %	3 %	3 %
Change from HY1 to HY2	%		3 %			4 %					
Radiators North America	EUR million	17.9	17.3	35.2	16.6	20.1	36.7	-7 %	16 %	4 %	8 %
Change from HY1 to HY2	%		-3 %			21 %					
Ventilation North America	EUR million	5.3	5.0	10.3	4.3	4.1	8.4	-19 %	-19 %	-19 %	-15 %
Change from HY1 to HY2	%		-5 %			-6 %					
Total North America	EUR million	23.2	22.3	45.5	20.9	24.1	45.0	-10 %	8 %	-1 %	3 %
Change from HY1 to HY2	%		-4 %			16 %					
Radiators China	EUR million	4.1	9.8	13.9	4.1	8.0	12.1	0 %	-19 %	-13 %	-11 %
Change from HY1 to HY2	%		138 %			94 %					
Ventilation China	EUR million	11.4	20.5	31.9	17.6	21.1	38.7	54 %	3 %	21 %	24 %
Change from HY1 to HY2	%		79 %			20 %					
Total China	EUR million	15.6	30.3	45.8	21.7	29.0	50.8	40 %	-4 %	11 %	14 %
Change from HY1 to HY2	%		94 %			34 %					
Total business area radiators	EUR million	157.2	173.7	330.9	151.5	172.1	323.6	-4 %	-1 %	-2 %	-1 %
Change from HY1 to HY2	%		11 %			14 %					
Total business area ventilation	EUR million	123.5	128.1	251.6	139.1	139.6	278.7	13 %	9 %	11 %	10 %
Change from HY1 to HY2	%		4 %			0 %					
Total Zehnder Group	EUR million	280.6	301.8	582.4	290.6	311.7	602.3	4 %	3 %	3 %	4 %
Change from HY1 to HY2	%		8 %			7 %					