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SHORT REPORT

Key Figures

		2018	2017	%
Sales	EUR million	601.8	582.4	3.3
EBITDA	EUR million	53.2	45.7	16.5
	% of sales	8.8	7.8	
EBIT	EUR million	31.1	23.5	32.1
	% of sales	5.2	4.0	
Net profit ¹	EUR million	24.5	16.5	48.3
	% of sales	4.1	2.8	
Cash flow from operating activities	EUR million	30.5	18.5	65.5
	% of sales	5.1	3.2	
Investments in property, plant and equipment & intangible assets	EUR million	24.4	26.8	–8.9
Depreciation & amortisation	EUR million	–22.1	–22.1	–0.1
Total assets	EUR million	440.9	419.8	5.0
Non-current assets	EUR million	207.8	206.5	0.6
Net liquidity/(net debt)	EUR million	21.3	27.5	–22.5
Shareholders' equity ¹	EUR million	283.1	271.2	4.4
	% of total assets	64.2	64.6	
Return on capital employed (ROCE)	%	9.1	7.3	
Number of employees	Ø full-time equivalents	3,412	3,383	0.9
Market closing price registered share A	CHF	33.35	39.95	–16.5
Net profit per registered share A ²	EUR	1.98	1.34	48.2
Shareholders' equity per registered share A ²	EUR	23.21	22.42	3.5
Dividend per registered share A ³	CHF	0.80	0.50	60.0
Payout ratio	%	35	34	

¹ Including minority interests

² Excluding minority interests

³ For 2018 as proposed by the Board of Directors

Effective action

Dear shareholders,

On 5 February 2018, after Dominik Berchtold had tendered his resignation as CEO, I took on the interim role of the Zehnder Group's operational manager and added this to my existing position as Chairman of the Board of Directors.

Working in this capacity over the year under review, I chose to sharpen my focus on three areas: boosting sales, eliminating areas of operational weakness, and achieving a sustained reduction in costs. These aims also allowed me to continue pursuing the strategy that the Group Executive Committee had set out back in the second half of 2017.

Growth in sales and improved results

The areas in which we have taken action have had a positive impact on the Zehnder Group's sales figures: by reaching EUR 601.8 million in the year under review, it was in fact possible for the Group to surpass the EUR 600 million mark for the very first time. This equates to growth of 3% and can primarily be attributed to the ventilation business in Europe and China. Overall, ventilation sales rose by 11%. Meanwhile, the radiator business – which is a declining market – recorded a decrease of 2%. Sales in 2018 stagnated in Germany, France, the United Kingdom and Switzerland, which represent our four key markets and together account for more than half of our sales, but the figures in the Netherlands, Belgium, Poland, Russia and Spain in particular experienced positive trends in contrast to this.

2018 saw us reduce procurement costs and improve delivery reliability. The highlights of the year under review included the welcome contribution that the Clean Air Solutions product line made to the Group's figures by putting in a profitable performance once again. Business in North America delivered less pleasing results, however, leading to restructuring measures at the Buffalo, NY (USA) plant.

On the whole, the year under review saw us achieve significant operational progress and improved profitability. The EBIT margin rose 1.2 percentage points to 5.2% in comparison to the previous year. We will continue to lower costs and boost efficiency in the interests of attaining an EBIT margin of 8% – our aim for the medium term. At the same time, however, we intend to remain firmly on our path of investing in growth and innovation.

Expansion of the ventilation business, optimisations in the radiator business

The leading position that we hold in the field of residential building ventilation has continued to drive growth within the Group. In Europe, the takeover of InteliVENT OÜ in Estonia and Enervent in Finland is enabling us to expand both our geographical footprint and our product range. In China, meanwhile, we are increasing our network of distributors.

With the radiator business operating in a challenging environment, the gradual measures that we have taken to optimise our structures have been a vital step. Autumn 2018 saw the opening of our new bathroom radiator factory in Manisa (Turkey), featuring significantly more capacity than the production areas in the previous rented building were able to offer.

Proposed dividend within the framework of the long-term dividend policy

For the 2018 financial year, the Board of Directors is proposing to the Annual General Meeting a dividend of CHF 0.80 per registered share A. The provision of 35% reflects the Zehnder Group's long-term dividend policy of distributing 30 to 50% of the consolidated net profit.

A fond farewell to Hans-Jakob Zehnder, honorary president of the Zehnder Group

My father, who had spent many years of his life serving as Chairman of the Executive Board, Chairman of the Board of Directors and Honorary President, passed away on 3 October 2018 at the age of 95. Taking up a position at Zehnder in 1953 – the third generation of the family to do so – he brought a remarkable breadth of vision and boundless energy to his efforts in expanding the business. In the 1960s, he became an early adopter of the internationalisation concept, founding subsidiaries abroad and thus laying the groundwork for the international profile of the Group as we know it today. We owe a huge debt of thanks to his extraordinary entrepreneurial spirit and hold his life's achievements in extremely high esteem.

New CEO

On 1 January 2019, I handed the chairmanship of the Group Executive Committee – including the responsibility for the China & North America segment – to Matthias Huenerwadel, who joined our company in mid-November. With his extensive experience as an industry manager, I am confident that he is the right person to drive the Zehnder Group forwards into a profitable future. I would like to wish Matthias Huenerwadel all the very best as he takes up his new position and am delighted that I will now be able to focus my full attention on my role as Chairman of the Board of Directors.

Additional members of the Board of Directors

The Board of Directors will propose the election of Daniel Frutig and Ivo Wechsler as additional members at the Annual General Meeting in March 2019. These individuals possess extensive industry knowledge, including expertise in finance, that they will be able to contribute to the Zehnder Group.

A word of thanks

On behalf of the Board of Directors and the Group Executive Committee, I would like to extend my thanks to our 3,500 or so employees whose dedication and enthusiasm enabled us to make real strides in 2018.

I would also like to thank our customers, suppliers and business partners for their loyalty and the excellent working relationships that we have established with them.

Of course, I must also take this opportunity to extend my immense thanks to you, our valued shareholders, for the trust and sense of loyalty that you have continued to show to our company.

Yours sincerely,



Hans-Peter Zehnder

Chairman of the Board of Directors

Sales exceed EUR 600 million for the first time and results increase once again

In the 2018 financial year, the Zehnder Group boosted its sales by 3% to EUR 601.8 million and its operating result (EBIT) from EUR 23.5 million to EUR 31.1 million. This enabled the EBIT margin to rise from 4.0 to 5.2%. Net profit amounted to EUR 24.5 million.

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 601.8 million, equating to growth of 3% (+4% organically). However, the market conditions in the key markets became increasingly challenging in the second half of the year. The sales growth is primarily attributable to the ventilation business in Europe and China. Ventilation sales in the financial year increased by 11% (+10% organically) and now account for 46% of total sales (previous year: 43%). Radiator revenues decreased by 2% (–1% organically).

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 demonstrated sideways trends, as did Italy, sales in the Netherlands, Belgium, Poland, Spain and Russia in particular put in a positive performance. The significant sales growth of 11% in the ventilation business area in Europe (+9% organically) more than compensated for the slight decline of 2% (–2% organically) in the European radiator

business. The warm temperatures in autumn had a negative effect on radiator sales. The ComfoAir Q ventilation unit was the primary growth driver.

The China & North America segment accounted for EUR 95.3 million (EUR 91.3 million in the previous year) or 16% of total sales. The 4% 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. For the year as a whole, ventilation sales rose by 21% (+24% organically) and thus accounted for 77% 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 17% (–15% organically) due to the lack of major projects involving radiant ceiling panels. Overall, the result for China in 2018 was growth of 10% (+13% 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. Ventilation sales continued to decline, and – as in the previous year – only accounted for around one fifth of sales in North America.

Further improvements in the operating result

The operating result (EBIT) increased by a considerable 32% to EUR 31.1 million (previous year: EUR 23.5 million). This resulted in an improvement in the EBIT margin, which reached 5.2% (compared to 4.0% in the previous year).

The business also saw the impact of the Step-up programme, whose measures were adopted in the fourth quarter of 2017. The programme focuses on five principal objectives: reducing procurement costs, increasing our reliability of supply, optimising our pricing structure, turning around unprofitable businesses and product segments, and implementing general Group-wide measures that aim to boost efficiency and reduce costs. Significant progress was made in every single one of these areas.

In the Europe segment, the EBIT figure managed to reach EUR 28.8 million in the year under review (compared to EUR 21.1 million in the previous year) as a result of growth in the field of ventilation and the effects of the Step-up programme. 2018 also marked the point at which the Clean Air Solutions product line became profitable again. The business chose to suspend production and sales of the Zehnder Zmart polymer radiator: despite our best efforts, it was not possible to achieve the cost reductions that would have been necessary to make this a profitable product on the market. Real progress could be seen in the area of heating and cooling ceiling systems, however, where the impact of the measures that had been introduced was evident.

At EUR 2.3 million, EBIT in the China & North America segment remained at the previous year's level (of EUR 2.4 million). China experienced welcome growth as a result of increased sales in the ventilation business, although it was not possible to achieve the aim of turning around the unprofitable Buffalo, NY (USA) plant in 2018. Inventory as well as property, plant and equipment amounting to approximately EUR 1.0 million were written down as part of efforts made to put this area of the business back on course, and the acquisition of part of NuClimate Air Systems, Inc. – headquartered in Syracuse, NY (USA) – in January 2018 is also set to help us realign the Buffalo plant's fortunes.

As a result of the increases in sales and profitability, the Zehnder Group's net profit rose by some 48% to EUR 24.5 million (previous year: EUR 16.5 million).

Investment level remains high

Expenditure on research and development in the year under review amounted to EUR 16.5 million (previous year: EUR 17.7 million), with the majority of investments being made in Europe. The focus of 2018 was on developing existing products and launching products on new markets; one example of the work carried out in this area was the launch of the ComfoAir E ventilation unit in Germany. This new model range has been designed specifically with project business and prefabricated buildings in mind.

With a view to expanding both its product range and its geographical territory, one of the Zehnder Group's areas of focus is on making complementary acquisitions. In 2018, this included the takeover of ventilation company InteliVENT OÜ: based in Tallinn (Estonia), it specialises in planning, installing and selling heating, indoor climate and energy solutions. In Finland, meanwhile, the Zehnder Group acquired Porvoo-based ventilation company Enervent, whose high-quality, energy-efficient ventilation units focus on accommodating the specific climate-related needs and legal requirements found in the Nordic nations.

Investments in property, plant and equipment and intangible assets in the reporting period amounted to EUR 24.4 million (previous year: EUR 26.8 million), a figure that included investments of EUR 20.7 million (previous year: EUR 20.3 million) in Europe. Particularly worthy of note is the investment made in the new production site in Manisa (Turkey) that commenced operation on schedule in September 2018. In China, the plot of land required for building a new factory for ventilation units was purchased in the city of Pinghu (located in Zhejiang Province), around 100 km south-west of Shanghai.

A strong balance sheet

At the end of the year, the Zehnder Group continued to have a high equity ratio of 64% with shareholder equity of EUR 283.1 million (EUR 271.2 million, or 65%, in the previous year). Net liquidity fell from EUR 27.5 million to EUR 21.3 million during the year under review, due in part to the acquisition activity that took place. However, cash flow from operating activities increased significantly from EUR 18.5 million to EUR 30.5 million.

Outlook

As the second half of 2018 demonstrated, the Zehnder Group is operating in a market environment in which it faces growing challenges. It is difficult to say with any certainty how trade disputes, Brexit, the Chinese property market or Switzerland's stock of vacant residential buildings will have an impact on the business. We are continuing to devote our resources principally to attaining an EBIT margin of 8% in the medium term, and will consistently follow up on the operational measures that we have introduced with this in mind. We intend to achieve yet more improvement in our operating results in 2019 and will remain on the same strategic course by pursuing a growth strategy for our ventilation business and a harvest strategy in the area of radiators. We will also sharpen our focus on innovation, digitisation and new products with the aim of enabling the Zehnder Group to keep growing over the medium term.

Board of Directors

(Status 1.1. 2019)

Members of the Board of Directors,
other activities
and vested interests

Hans-Peter Zehnder

**Chairman of the Board,
first elected 1988**

Swiss citizen, born 1954

- Executive member
- Chairman and Delegate of the Board (since 1993)
- Studied economics (doctorate) at the University of St. Gallen (Switzerland)
- 1981–1984 Gebr. Bühler AG (Switzerland)
- Since 1985 member of the Group Executive Committee of Zehnder Group
- 1986–1988 head of the instrument division
- 1988–1991 head of the radiator division
- 1988–1992 deputy chairman of the Group Executive Committee
- 1993–31.10.2014 and 5.2.–31.12.2018 chairman of the Group Executive Committee
- Member of the Board of Directors of AZ Medien AG (Switzerland); R. Nussbaum AG (Switzerland); and Lagerhäuser der Central-schweiz AG (Switzerland)

Thomas Benz

**Vice Chairman of the Board,
first elected 1993**

Swiss and German citizen, born 1947

- Non-executive member
- Vice Chairman of the Board
- Member of the Compensation Committee
- Degree in electrical engineering from ETH (Swiss Federal Institute of Technology), Zurich (Switzerland)
- 1972–1973 Guardian Electric, Chicago (USA)
- End 1973 joined Zettler GmbH (Germany)
- 1977–1996 managing partner of Zettler GmbH (Germany)
- Since 1997 managing partner of CG International (Germany)
- Since 1974 member of the Bavarian Metal Working and Electrical Industry e.V. (Germany)
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Urs Buchmann

**Member of the Board,
first elected 2010**

Swiss citizen, born 1957

- Non-executive member
- Member of the Compensation Committee
- Member of the Audit Committee
- Studied law (doctorate) at the University of Bern (Switzerland)
- Long-term career in corporate and investment banking in Asia, and for institutional customers Asia Pacific
- Currently Vice Chairman Greater China in a leading international bank
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Riet Cadonau

**Member of the Board,
first elected 2013**

Swiss citizen, born 1961

- Non-executive member
- Chairman of the Compensation Committee
- Master of Arts in economics and business administration from the University of Zurich (Switzerland)
- Advanced Management Programme at INSEAD (France)
- 1990–2001 various management positions at IBM Switzerland, lastly as a member of the Management Board and Director of IBM Global Services
- 2001–2005 member of the Executive Board of the Ascom Group, from 2002 Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS in 2005
- Until 2007 Managing Director ACS Europe + Transport Revenue (today a Xerox company)
- 2007–2011 CEO Ascom Group (Switzerland)
- 2011–2015 CEO Kaba Group (Switzerland)
- Since 2015 CEO (since 2018 Chairman of the Board of Directors) dormakaba Group (Switzerland)
- Member of the Board of Directors of Georg Fischer AG (Switzerland)
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Jörg Walther

**Member of the Board,
first elected 2016**

Swiss citizen, born 1961

- Non-executive member
- Chairman of the Audit Committee
- 1989 Lic. iur. at the University of Zurich (Switzerland)
- 1990 Admitted to the bar
- 1993 Post-graduate certificate in European Economic Law at the University of St. Gallen (Switzerland)
- 1999 MBA University of Chicago (USA), Booth School of Business
- 1991–1995 Danzas Management AG, Legal Counsel/General Counsel and Head Legal Services
- 1995–1998 ABB Schweiz AG, Senior Corporate Counsel
- 1999–2001 ABB Asea Brown Boveri AG, Group Vice President M&A
- 2001–2009 Novartis International AG, Senior Corporate Counsel, Global Head Legal M&A and Antitrust, Member of the Group Legal Executive Committee
- Since 2010 Partner with Schärer Attorneys at Law, Aarau (Switzerland)
- 2010–2012 Resun AG, General Counsel and Head Corporate Services, Member of the Executive Committee
- Member of the Board of Directors and member of the Audit Committee of SFS Group AG, Huber + Suhner AG, AEW Energie AG; member of the Board of Directors of Kraftwerk Augst AG, Immobilien AEW AG, Proderma AG (Chairman), Care & Cure AG
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He provides Zehnder Group AG and its subsidiaries with legal advice on commercial matters.

Milva Zehnder

**Member of the Board,
first elected 2016**

Swiss citizen, born 1985

- Non-executive member
- 2005–2010 Studies of law at University of Lucerne (Switzerland) with a Master of Law degree
- 2008–2009 Legal assistant at Geissmann Attorneys at Law, Baden (Switzerland)
- 2009 Exchange semester at Fordham University, School of Law, New York (USA)
- 2010–2011 Legal intern at Schweiger Attorneys at Law and Notaries, Zug (Switzerland)
- 2012 Admitted to the bar, attorney-at-law and notary in the canton of Zug (Switzerland)
- Since 2013 Attorney-at-law and notary at Schweiger Attorneys at Law and Notaries, Zug (Switzerland)
- At no time was she a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- She has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

Group Executive Committee

(Status 1.1.2019)

Members of the Group Executive Committee,
other activities
and vested interests

Matthias Huenerwadel

Chairman of the Group Executive Committee, CEO

Swiss citizen, born 1968

- Bachelor of Science in Mechanical Engineering, Swiss Federal Institute of Technology (ETH) Zurich (Switzerland)
- Master of Science in Industrial Engineering, Swiss Federal Institute of Technology (ETH) Zurich (Switzerland)
- 1996–2005 Various leading positions in logistics, IT, customer service, sales and marketing at the Franke Group
- 2005–2017 Member of the Executive Board and head of the Movement Systems (2005–2012) resp. Flooring Systems (2013–2017) division, Forbo International SA, Baar (Switzerland)
- 12.11.–31.12.2018 Member of the Group Executive Committee of Zehnder Group (CEO Designate), Gränichen (Switzerland)
- Since January 2019 Chairman of the Group Executive Committee, CEO
- Member of the Board of Directors of Daedalus Holding AG (Switzerland)

René Grieder

Chief Financial Officer

Swiss citizen, born 1979

- Bachelor of Science in Business Economics, University of Applied Sciences Lucerne (Switzerland)
- Master of Advanced Studies in Corporate Finance, Institute of Financial Services Zug (Switzerland)
- 1998–2000 Product Manager, Intercycle SA, Sursee (Switzerland)
- 2003–2007 Controller, Pilatus Aircraft Ltd, Stans (Switzerland)
- 2007–2009 Group Controller, Emhart Glass SA, Cham (Switzerland)
- 2009–2010 Manager Group Reporting & Head of Group Reporting, Zehnder Group, Gränichen (Switzerland)
- 2011–2015 Head of Group Controlling, Zehnder Group
- Since August 2015 member of the Group Executive Committee of Zehnder Group (Chief Financial Officer)
- Since July 2017 member of the board of SwissHoldings

Tomasz Juda

Competence Center

Radiators

Polish citizen, born 1969

- Engineering degree at the Dresden University of Technology (Germany)
- Master's degree in Business Administration from the St. Gallen Business School at the Cracow University of Economics (Poland)
- Various posts at Polish companies as material testing engineer and as head of engineering and manufacturing
- 2.2000–10.2014 Managing Director of the Polish manufacturing company Zehnder Group Bolesławiec (Poland)
- Since November 2014 member of the Group Executive Committee of Zehnder Group (Head Competence Center Radiators), Gränichen (Switzerland)

Cyril Peysson

Sales Europe / Middle East / Africa (EMEA)

French citizen, born 1965

- Diploma from Ecole Supérieure de Commerce et d'Administration, Montpellier (France)
- 1990–2000 various responsibilities in exports and sales for French industrial companies; last position held was head of sales at De Dietrich Heiztechnik (Germany)
- 2000–2005 head of Zehnder SAS (France)
- Since 2006 member of the Group Executive Committee of Zehnder Group (Sales Europe / Middle East / Africa, EMEA; April 2008 until end 2013 Sales and Marketing Western Europe, previously Sales and Marketing Radiators), Gränichen (Switzerland)

Olaf Schulte

Competence Center

Comfosystems

Dutch citizen, born 1972

- Bachelor's degree in Industrial Management
- Master's degree in Information Management
- Various posts at Dutch companies
- 10.2000–6.2012 various roles at the Dutch subsidiary of the Zehnder Group
- 7.2012–10.2014 head of the Dutch manufacturing company Zehnder Group Nederland
- Since November 2014 member of the Group Executive Committee of Zehnder Group (Head Competence Center Comfosystems), Gränichen (Switzerland)

Five-year Overview

		2018	2017	2016	2015	2014
Sales	EUR million	601.8	582.4	538.9	533.0	525.1
Change from prior year	%	3.3	8.1	1.1	1.5	0.5
EBITDA	EUR million	53.2	45.7	70.3	26.5	52.6
Change from prior year	%	16.5	-35.0	164.9	-49.5	2.2
	% of sales	8.8	7.8	13.0	5.0	10.0
EBIT before one-off effects¹	EUR million	31.1	23.5	15.1	27.0	32.7
Change from prior year	%	32.1	56.4	-44.3	-17.2	1.1
	% of sales	5.2	4.0	2.8	5.1	6.2
Net profit²	EUR million	24.5	16.5	28.1	0.3	26.0
Change from prior year	%	48.3	-41.3	-	-98.7	42.8
	% of sales	4.1	2.8	5.2	0.1	5.0
Cash flow from operating activities	EUR million	30.5	18.5	17.5	31.8	51.3
Change from prior year	%	65.5	5.3	-44.9	-38.0	35.3
	% of sales	5.1	3.2	3.3	6.0	9.8
Investments in property, plant and equipment & intangible assets	EUR million	24.4	26.8	28.2	29.4	25.1
Depreciation & amortisation	EUR million	-22.1	-22.1	-26.9	-21.3	-19.9
Total assets	EUR million	440.9	419.8	450.5	435.6	429.7
Non-current assets	EUR million	207.8	206.5	210.1	209.1	193.1
Net liquidity / (net debt)	EUR million	21.3	27.5	54.1	41.1	63.7
Shareholders' equity²	EUR million	283.1	271.2	280.2	269.0	281.8
	% of total assets	64.2	64.6	62.2	61.8	65.6
Employees	Ø full-time equivalents	3,412	3,383	3,247	3,194	3,239
Market closing price registered share A	CHF	33.35	39.95	32.15	38.45	41.30
Dividends³	CHF million	9.4	5.9	11.1	-	11.7
Payout ratio	%	35	34	50	-	38
Market capitalisation⁴	CHF million	325.4	389.8	313.7	375.1	402.9
Total market capitalisation⁵	CHF million	391.4	468.9	377.3	451.2	484.7

¹ One-off effects in 2016 are related to the sale of the old production facility in China with a one-off positive effect of EUR 40.3 million on the operating result (EBIT) and restructuring costs of EUR 12.0 million. In 2015, restructuring costs amounted to EUR 21.8 million.

² Including minority interests

³ For 2018 as proposed by the Board of Directors

⁴ Market value of all listed registered shares A at year end; excluding value of unlisted registered shares B

⁵ Registered shares A and B; registered shares B recognised at 1/5 of the price of the registered share A at year end

Consolidated Balance Sheet

EUR million	Notes page 47 ff.	31 December 2018	31 December 2017	Change from prior year %
Assets				
Liquid assets	1	42.7	41.3	
Trade accounts receivable	2	104.6	93.4	
Other receivables	2	19.5	14.3	
Inventories	3	59.7	57.4	
Prepayments		2.6	3.0	
Accrued income		4.0	3.9	
Current assets		233.1	213.3	9.3
Property, plant and equipment	4	195.8	196.0	
Financial assets	4	10.7	9.0	
Intangible assets	4	1.3	1.5	
Non-current assets		207.8	206.5	0.6
Total assets		440.9	419.8	5.0
Liabilities & shareholders' equity				
Loans	5	15.5	6.7	
Trade accounts payable		31.5	31.1	
Other liabilities		23.7	22.2	
Provisions	6	8.6	10.0	
Accruals and deferred income		49.6	47.4	
Current liabilities		128.9	117.3	9.9
Loans	5	5.9	7.2	
Other liabilities		0.8	1.8	
Provisions	6	22.2	22.4	
Long-term liabilities		28.9	31.3	-7.7
Total liabilities		157.8	148.6	6.2
Share capital		0.4	0.4	
Capital reserves		33.6	33.6	
Own shares		-6.3	-8.4	
Retained earnings		245.9	235.6	
Accumulated FX differences		-5.1	-3.3	
Minority interests		14.7	13.3	
Equity	7	283.1	271.2	4.4
Total liabilities & shareholders' equity		440.9	419.8	5.0

Consolidated Income Statement

EUR million	Notes page 47 ff.	2018	2017	Change from prior year %
Sales	16	601.8	582.4	3.3
Changes in inventories		0.4	1.3	
Internal additions to plant and equipment		1.8	2.6	
Other income	17	3.6	4.0	
Cost of materials		-232.2	-220.3	
Personnel costs		-194.7	-196.6	
Depreciation of property, plant and equipment	4	-21.4	-21.4	
Amortisation of intangible assets	4	-0.7	-0.7	
Other operating expenses	18	-127.6	-127.8	
Earnings before interest and taxes (EBIT)		31.1	23.5	32.1
Result from associated companies	4	-	-0.2	
Financial result	19	-2.0	-1.6	
Earnings before taxes		29.0	21.7	33.6
Income taxes	20	-4.6	-5.2	
Net profit		24.5	16.5	48.3
Minority interests		1.6	1.1	
Net profit excluding minority interests		22.9	15.4	
Non-diluted net profit excluding minority interests per registered share A (EUR)	21	1.98	1.34	
Diluted net profit excluding minority interests per registered share A (EUR)	21	1.98	1.34	
Non-diluted net profit excluding minority interests per registered share B (EUR)	21	0.40	0.27	
Diluted net profit excluding minority interests per registered share B (EUR)	21	0.40	0.27	

Consolidated Cash Flow Statement

EUR million	Notes page 47 ff.	2018	2017
Net profit		24.5	16.5
Depreciation and amortisation of property, plant and equipment	4	21.4	21.4
Depreciation and amortisation of intangible assets	4	0.7	0.7
Non-cash change in valuation adjustments on receivables and inventories		3.0	0.4
(Gain)/loss on disposals of non-current assets		-0.1	-0.2
Result from associated companies	4	-	0.2
(Increase)/decrease of trade accounts receivable		-12.3	-8.8
(Increase)/decrease of other receivables, prepayments and accrued income		-4.4	-2.1
(Increase)/decrease of inventories		-1.1	-7.9
Increase/(decrease) of trade accounts payable		-0.2	7.3
Increase/(decrease) of other short-term liabilities, accruals and deferred income		3.2	-0.4
Increase/(decrease) of provisions	6	-1.4	-6.3
(Increase)/decrease of deferred tax assets	4	-2.7	-2.4
Cash flow from operating activities		30.5	18.5
Investments in property, plant and equipment	4	-24.0	-26.0
Investments in intangible assets		-0.5	-0.8
Investments in subsidiaries	24	-9.2	-3.0
Divestment of property, plant and equipment		0.5	0.6
Cash flow from investing activities		-33.1	-29.2
Dividends paid to shareholders		-5.0	-10.2
Dividends paid to minority shareholders		-	-4.3
(Purchase)/sale of own shares		1.4	1.8
Increase/(decrease) of short-term loans	5	8.0	-9.5
Increase/(decrease) of long-term loans	5	-0.5	-0.5
Cash flow from financing activities		3.9	-22.7
Currency effects		0.1	-4.6
Increase/(decrease) of liquid assets		1.4	-38.1
Liquid assets at 1.1.		41.3	79.4
Liquid assets at 31.12.		42.7	41.3
Increase/(decrease)		1.4	-38.1

Segment reporting

In accordance with Swiss GAAP FER 31/8, segment reporting used at top management level for corporate management is disclosed. The Zehnder Group is an indoor climate system supplier. With the two segments, Europe and China & North America, the Group is classified according to geographical regions. These are managed independently from one another and their business performance is assessed separately. The regions of China and North America are reported together on grounds of materiality. Each of them only account for 7 to 8% of total sales.

The Europe segment comprises a total of 39 production, sales and management companies in 17 European countries. The largest locations are in Germany, France, the United Kingdom, Switzerland, and the Netherlands.

The China & North America segment is comprised of a total of 12 production, sales and management companies in China and North America, as well as an associated company. These sites are located in China, the US and in Canada.

		Europe	China & North America	Eliminations	Total
2018					
Sales third	EUR million	506.5	95.3	–	601.8
Sales intercompany	EUR million	2.6	1.9	–4.5	–
Sales	EUR million	509.2	97.2	–4.5	601.8
EBIT	EUR million	28.8	2.3	–	31.1
	% of sales	5.7	2.3		5.2
Investments in property, plant and equipment & intangible assets	EUR million	20.7	3.7	–	24.4
Property, plant and equipment	EUR million	155.1	40.7	–	195.8
Number of employees	Ø full-time equivalents	2,625	786	–	3,412
2017					
Sales third	EUR million	491.1	91.3	–	582.4
Sales intercompany	EUR million	3.0	1.9	–4.8	–
Sales	EUR million	494.1	93.2	–4.8	582.4
EBIT	EUR million	21.1	2.4	–	23.5
	% of sales	4.3	2.6		4.0
Investments in property, plant and equipment & intangible assets	EUR million	20.3	6.5	–	26.8
Property, plant and equipment	EUR million	154.5	41.5	–	196.0
Number of employees	Ø full-time equivalents	2,615	768	–	3,383

Further Information for Investors

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Press releases
www.zehndergroup.com/en/news

Registered shares A

Security number	27 653 461
SIX	ZEHN
Bloomberg	ZEHN SW
Reuters	ZEHN S

In accordance with Art. 10 of the articles of association, the opting out clause applies.

Registered shares B (unlisted)

Security number 13 312 654

Company calendar

Annual General Meeting 2019	28.3.2019
Ex-dividend date	1.4.2019
Dividend payout	3.4.2019
Six-month report	26.7.2019
End of business year	31.12.2019
Announcement of sales for 2019	17.1.2020
Annual report 2019	26.2.2020
Press conference on financial statements and analysts' meeting	26.2.2020
Annual General Meeting 2020	2.4.2020

The Short Report is available in German and English.
The German version is binding.

Both the short and comprehensive versions of our Annual Report are available online under www.zehndergroup.com/en/investor-relations/reports-and-presentations.

Shareholder information

Zehnder Group AG regularly informs interested parties on business developments and major events in the Group. Should you wish to receive such press releases, please contact us at the above address or register directly on our website:
www.zehndergroup.com/en/investor-relations/reports-and-presentations

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 3,500 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 unlisted registered shares B are held by the Zehnder family and persons closely associated with them.

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