

**SHORT REPORT**

2015

The new generation  
of ComfoAir Q ventilation  
units is setting a new standard  
in comfortable indoor  
ventilation with energy recovery.

The devices make less  
noise during operation,  
consume much less power  
(energy efficiency class A+),  
recover more energy  
and are easier to install  
and operate.

## Key Figures

		2015	2014	%
Net sales	EUR million	533.0	525.1	1.5
EBIT before restructuring	EUR million	27.0	32.7	-17.2
	% of net sales	5.1	6.2	
EBIT after restructuring	EUR million	5.2	32.7	-83.9
	% of net sales	1.0	6.2	
Net income <sup>1</sup>	EUR million	0.3	26.0	-98.7
	% of net sales	0.1	5.0	
Net income before depreciation & amortization <sup>1</sup>	EUR million	21.6	45.9	-53.0
	% of net sales	4.1	8.7	
Investments in property, plant and equipment & intangible assets	EUR million	-29.4	-25.1	16.8
Depreciation & amortization	EUR million	21.3	19.9	6.9
Total assets	EUR million	435.6	429.7	1.4
Non-current assets	EUR million	209.1	193.1	8.3
Shareholders' equity <sup>1</sup>	EUR million	269.0	281.8	-4.5
	% of total assets	61.8	65.6	
Number of employees	Ø full time equivalents	3,194	3,239	-1.4
Net earnings per registered share A <sup>2</sup>	EUR	0.01	2.19	-99.5
Net earnings per registered share A before depreciation & amortization <sup>2</sup>	EUR	1.83	3.90	-52.9
Shareholders' equity per registered share A <sup>2</sup>	EUR	21.76	22.94	-5.2
<b>Zehnder Group AG</b>				
Share capital	CHF million	0.6	0.6	-
Dividend per registered share A <sup>3</sup>	CHF	-	1.00	-100.0

<sup>1</sup> Including minority interests

<sup>2</sup> Excluding minority interests

<sup>3</sup> For 2015 as proposed by the Board of Directors

# To strengthen our market position, we increased investment in 2015.

## Dear shareholders,

In the financial year 2015 we were faced with two significant challenges: firstly, the considerable weakening of the euro against the Swiss franc and, secondly, declining sales in countries which are particularly important to us.

### The weakened euro

The decision made by the Swiss National Bank on 15 January 2015, to scrap the minimum exchange rate of the euro against the Swiss franc was unexpected and affected the entire Swiss economy. This bombshell also had far-reaching consequences for our company. Although we occupy a strong position in the eurozone, expenses exceeded revenues in Swiss francs. In the Group accounts, which are managed in euros, this triggered a considerable drop in 2015 profits despite the introduction of countermeasures.

As a consequence of the weak euro, we also suffered increased pricing pressures in the Swiss market, which reduced our margins. Additionally, profits fell due to one-off exchange losses on various balance sheet items.

### Weak demand

Depressed market trends in many countries was the second challenge. Contrary to our expectations, demand in our biggest markets dropped, which, when adjusted for currency effects, led to a decline in revenue. Unfortunately, increased revenues in smaller markets did not compensate for this decline.

As is to be expected in recessionary markets, decreases in volume were accompanied by pressure on selling prices, which diminished our margins further.

### Comprehensive package of measures

Both of these huge challenges compelled us to take rapid and far-reaching action. The main objective was, and remains, to increase profits, while keeping investment in product development, new markets and operational processes at a high level in order to satisfy the needs of our customers to an even higher degree.

Costs were reduced by means of production transfers, site closures, the sale of the production plant in Châlons-en-Champagne (FR) and strategic staff reductions. Measures to increase efficiency introduced over the last few years, such as Kaizen and rationalization in conjunction with the new IT platform (SAP), were intensified. Redundancies were regrettably unavoidable, but we endeavoured to do this in the most socially responsible manner possible.

The positive impact of these measures on results will only become evident in the coming year. The restructuring costs incurred, on the other hand, were all accounted for in the 2015 financial closing statement.

With a view towards increasing sales, we decided both to expand personnel in the sales and service organizations in certain countries and to intensify product development. In addition, sales campaigns have been defined which should lead to growth in earnings over the coming years.

We are confident that these precautionary measures will stand us in good stead to overcome future challenges.

### **Investment remains high**

In order to further strengthen our market position and to secure medium-term growth potential, we have not only maintained our investment plans but have in fact invested even more than in the previous year. Highlights include plants for manufacturing new products such as the Zmart plastic radiator, the expansion of the training infrastructure in France, the United Kingdom and Switzerland, and the continuation of the ERP roll-out as scheduled.

The complete takeover of dPoint Technologies Inc. in Vancouver (Canada) was a key milestone towards further strengthening our market position in the field of hygienic recovery of heat and moisture from ambient air.

### **Income statement affected by one-off charges**

Consolidated sales rose slightly compared to the previous year by 2 per cent. Organically and adjusted for currency effects, they declined by 3 per cent.

Operating profit (EBIT) fell by 84 per cent to EUR 5.2 million. In addition to the reduction in contribution margins as a consequence of sales trends and pricing pressure, the non-recurring restructuring costs of EUR 21.8 million affected the EBIT.

Even when the restructuring costs are disregarded, the adjusted EBIT does not compare favourably with last year. A deterioration of EUR 5.6 million or 17 per cent resulted. Consolidated net income therefore fell from EUR 26.0 million to EUR 0.3 million.

We predict significant improvement from this totally unsatisfactory result in the coming year and are confident in the measures that have been introduced.

### **Dividends**

The long-term dividend policy of the Zehnder Group makes provision for 30 to 50% of consolidated net income to be paid out in dividends. Given the low net income in 2015 of EUR 0.3 million, the Board of Directors is proposing to the Annual General Meeting that a dividend payment is not made.

### **Many thanks**

Despite the disappointing financial results, all of our members of staff have once again demonstrated complete commitment to our Group. We would like to pay our respect to our employees for their dedication throughout an extremely difficult financial year, and sincerely thank them.

We would also like to thank our customers. Their loyalty and trust motivate us to only do our best in order to satisfy their needs.

Finally, we would like to express our gratitude to all shareholders for their support, which has given us further encouragement to significantly improve our financial results over the coming year.

Yours sincerely,



**Hans-Peter Zehnder**  
Chairman of the Board of Directors



**Dominik Berchtold**  
Chairman of the Group Executive Committee,  
CEO

# Restructuring costs and currency effects adversely impact profits.

In 2015, amidst consistently challenging market conditions, the Zehnder Group recorded sales of EUR 533.0 million. This represented a 2% increase on the previous year, in which sales of EUR 525.1 million were recorded. Organically and once adjusted to reflect exchange rates, sales were 3% below the level of the previous year. Due to the impact of one-off restructuring costs and negative currency effects, the operating profit (EBIT) fell from EUR 32.7 million to EUR 5.2 million. Net income came out at EUR 0.3 million (compared to EUR 26.0 million in the previous year).

## Modest growth in sales

In the financial year 2015, the Zehnder Group increased its sales from EUR 525.1 million to EUR 533.0 million. This equates to growth of 2% (currency-adjusted: -3%). The Europe segment accounted for EUR 465.7 million, or 87% of total sales, which is on par with the previous year (currency-adjusted: -3%). While sales in local currencies picked up in the United Kingdom, Belgium, Poland, Sweden and Spain, they declined in the key markets of France, Germany and Switzerland. Sales in the radiator business area in Europe declined by 3% (currency-adjusted: -5%), whereas the ventilation business area achieved growth of 4% (unchanged from previous year when adjusted for currency effects).

The China & North America segment accounted for EUR 67.3 million or 13% of total sales. Sales in China suffered due to the decline in the number of new homes under construction. In local currency, sales fell by 2%. Thanks to currency gains in our favour, an increase in sales of 16% was recorded. In North America, sales rose by 15% thanks to the strength of the US dollar. However, organically and adjusted for currency effects, sales dropped by 4%.

## Operating profit impacted by one-off costs

One-off costs of EUR 21.8 million associated with restructuring measures affected profit, of which EUR 11.6 million related to the sale of the production plant in Châlons-en-Champagne, France. Currency losses had a significant additional impact on the operating profit (EBIT). At EUR 5.2 million (EUR 27.0 million before restructuring costs) or 1.0 per cent of sales, EBIT was much lower than the previous year's figure of EUR 32.7 million. Currency losses affected the financial result by some EUR 2.5 million. Net income came out at EUR 0.3 million (compared to net income of EUR 26.0 million in the previous year).

## A comprehensive package of measures

The Zehnder Group was quick to respond to weak demand, the insufficient utilization of production capacities as well as the strong Swiss franc, by promptly coming up with a comprehensive package of measures, which includes a headcount reduction of approximately 10%.

Production and ongoing development of the Comfo-Box compact energy unit was outsourced from Gränichen to a third-party partner abroad. Locations in Italy and the United Kingdom were closed and merged with local headquarters. The production plant in Châlons-en-Champagne, France, was sold during the reporting year. Various offensives were launched on the sales front. In parallel, the Zehnder Group focused on the development of new products.

### **Process of optimization in full swing**

The Zmile initiative introduced in 2012 based on the Kaizen strategy for continuous process optimization in production continued to be a success in the reporting year and was rolled out to both administration and sales. Experience shows that as well as saving money, Zmile also increases employee satisfaction and reduces the number of accidents in the workplace. By the end of 2015, more than 10,000 ideas had been successfully implemented.

The introduction of the SAP software solution across the Group went ahead on schedule. It was rolled out in 2015 in sales and logistics in France, as well as in production in Poland. SAP means harmonizing processes across international borders – from development to purchasing and beyond to the invoicing of delivered products and services. This reduces complexity whilst increasing efficiency and transparency.

### **A strong balance sheet – investments increase**

At year-end, the balance sheet total was EUR 435.6 million (compared to EUR 429.7 million in the previous year). The Zehnder Group continues to have a high equity ratio of 62% (EUR 269.0 million), compared to 66% (EUR 281.8 million) in the previous year. In the reporting year, net liquidity fell from EUR 63.7 million to EUR 41.1 million. Cash flow from operating activities dropped from EUR 51.3 million to EUR 31.8 million.

A figure of EUR 29.0 million was invested by the Zehnder Group in property, plant and equipment, representing an increase of approximately one-fifth compared to the previous year. The majority of the investment was in productivity-boosting plants and in the expansion of the training and sales infrastructure in France, the United Kingdom and Switzerland. Expenditure on research and development rose by 8% to EUR 15.3 million.

### **Personnel news**

In August 2015, René Grieder was appointed Chief Financial Officer (CFO) and joined the Group Executive Committee. He has been employed by the Zehnder Group since 2009 and most recently worked as Head of Group Controlling. Josef Brügger, our previous CFO, is our new Head of Internal Audit & Compliance.

All five members of the Board of Directors will be up for reelection at the next Annual General Meeting. At the Annual General Meeting to be held on 6 April 2016, the Board of Directors will also propose the election of Jörg Walther and Milva Zehnder. Jörg Walther is a lawyer who will bring valuable legal expertise in international commercial and corporate law to the Group. He is also an expert in compliance. Milva Zehnder, a lawyer and notary, will ensure that the Zehnder family continues to be represented on the Board of Directors of the Zehnder Group as we move forward into the future.

### **Dividends**

The long-term dividend policy of the Zehnder Group makes provision for 30 to 50% of consolidated net income to be paid out in dividends. Given the low net income in 2015 of EUR 0.3 million, the Board of Directors is proposing to the Annual General Meeting that a dividend payment is not made.

### **Outlook**

The relevant markets are set to remain challenging in the coming year. The macroeconomic situation continues to be very fragile in many countries. The Zehnder Group is not expecting any significant growth in the major sales regions and is focusing on gaining market shares.

The introduction of the ComfoAir Q ventilation system and the Zmart plastic radiator in the key markets of France and Germany, combined with expansion of activities for Clean Air Solutions and radiant ceiling panels, will enhance the Group's competitiveness. The Zehnder Group is expecting a slight increase in sales for 2016 and a significantly better operating profit. Investments in new products and services as well as in the infrastructure will be continued. The measures introduced are likely to start to come to fruition in 2016.

# Board of Directors

(Status 1.1.2016)

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

## Hans-Peter Zehnder

**President 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 (CH)
- 1981–1984 Gebr. Bühler AG (CH)
- 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 chairman of the Group Executive Committee
- Supervision of Zehnder's activities in China and North America a.i.
- Member of the board of directors of AZ Medien AG (CH); R. Nussbaum AG (CH); Lagerhäuser der Centralschweiz AG (CH); and Rouge + Blanc Holding AG (CH)

## Urs Buchmann

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

Swiss citizen, born 1957

- Studied law (doctorate) at the University of Bern (CH)
- Non-executive member, member of the compensation committee
- Long-term career in corporate investment banking in Asia
- Currently Vice-Chairman Corporate & Institutional Clients Asia Pacific in a leading international bank
- Chairman of the Board of the Sino-Swiss Partnership Fund, member of the Board of Zehnder (China) Indoor Climate Co. Ltd.
- 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.

## Enrico Tissi

**Member of the Board,  
first elected 2005**

Swiss citizen, born 1946

- Non-executive member
- Chairman of the compensation committee
- Degree in engineering from ETH (Swiss Federal Institute of Technology), Zurich (CH)
- 1972–1986 various responsibilities and positions at Rieter AG (CH)
- 1986–1996 delegate of the Board and CEO of Elco Looser Holding AG (CH)
- 1997–2004 delegate of the Board and CEO of Sika Corp. (USA) and a member of group management of Sika AG (CH)
- 2005–2007 vice chairman of Sika Corp. (USA)
- Member of the Board of Georg Utz Holding AG (CH)
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He supports Zehnder's subsidiaries in the USA in strategic and conceptual issues.

## Thomas Benz

**Member of the Board, Deputy Chairman,  
first elected 1993**

Swiss and German citizen, born 1947

- Non-executive member
- Member of the compensation committee
- Degree in electrical engineering from ETH (Swiss Federal Institute of Technology), Zurich (CH)
- 1972–1973 Guardian Electric, Chicago (USA)
- End 1973 joined Zettler GmbH (DE)
- 1977–1996 managing partner of Zettler GmbH (DE)
- Since 1997 managing partner of CG International (DE)
- Since 1974 member of the Bavarian Metal Working and Electrical Industry e. V. (DE)
- Since 3.5.2011 Deputy Chairman of the Board of Warema Renkhoff SE (DE)
- 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
- Master of Arts in economics and business administration from the University of Zurich (CH)
- Advanced Management Program at INSEAD (FR)
- 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
- 2007–2011 CEO Ascom Group (CH)
- 7.2011–8.2015 CEO Kaba Group (CH)
- Since 1.9.2015 CEO dorma+kaba Group (CH)
- 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.

## Hans-Jakob Zehnder

**Honorary President**

Swiss citizen, born 1923

In 1993, after having spent 34 years at the head of the company he served for a total of 39 years, Hans Jakob Zehnder resigned as Chairman of the Board. In recognition of his outstanding contribution to the development of Zehnder Group, the Board of Directors appointed him Honorary President. This office carries no vote.



# Group Executive Committee

(Status 1.1.2016)

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

## Dominik Berchtold

**Chairman of the Group Executive Committee, CEO, Sales Nordic**

Swiss citizen, born 1971

- Degree in business administration from the University of Freiburg i. Ü. (CH)
- Executive master of corporate finance from the Institute of Financial Services IFZ, Zug (CH)
- Advanced Management Program INSEAD (Singapore)
- 1996–1997 finance and marketing assistant at Exsa (PE); Cervesur (PE); and Linde (CN)
- 1997–2005 various management positions in finance and controlling at Pilatus Aircraft Ltd. (CH); and Transairco SA (CH)
- 2005–2006 manager corporate restructuring at KPMG (CH)
- 2006–2008 director business development Zehnder Group
- 2008–2012 member of the Group Executive Committee of Zehnder Group
- 2013–6.2014 CEO designate, Sales & Marketing Switzerland and Nordic, Head Operations Europa a.i. (as of 11.6.2014)
- 7.2014–10.2014 CEO designate, Sales Nordic, Head Operations Europa a.i.
- Since November 2014 Chairman of the Group Executive Committee, CEO, Sales Nordic

## René Grieder

**Chief Financial Officer**

Swiss citizen, born 1979

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

## Tomasz Juda

**Competence Center Radiators/RHC**

Polish citizen, born 1969

- Engineering degree at the Dresden University of Technology (DE)
- Master's degree in Business Administration from the St. Gallen Business School at the Cracow University of Economics (PL)
- 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 (PL)
- Since November 2014 member of the Group Executive Committee of Zehnder Group (Head Competence Center Radiators/RHC)

## Cyril Peysson

**Sales Europe/Middle East/Africa (EMEA)**

French citizen, born 1965

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

## 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)

## Five-year Overview

		2015	2014	2013	2012	2011
<b>Net sales</b>	<b>EUR million</b>	<b>533.0</b>	<b>525.1</b>	<b>522.4</b>	<b>523.8</b>	<b>515.4</b>
Change from prior year	%	1.5	0.5	-0.3	1.6	8.3
Of which segment Europe	EUR million	465.7	466.8	463.8	469.3	461.1
Change from prior year	%	-0.2	0.6	-1.2	1.8	7.7
Of which segment China & North America	EUR million	67.3	58.3	58.6	54.5	54.2
Change from prior year	%	15.4	-0.5	7.6	0.5	13.2
<b>EBIT<sup>1</sup></b>	<b>EUR million</b>	<b>27.0</b>	<b>32.7</b>	<b>32.3</b>	<b>38.5</b>	<b>51.1</b>
Change from prior year	%	-17.2	1.1	-16.0	-24.7	1.3
	% of net sales	5.1	6.2	6.2	7.3	9.9
<b>Net income<sup>2</sup></b>	<b>EUR million</b>	<b>0.3</b>	<b>26.0</b>	<b>18.2</b>	<b>26.8</b>	<b>41.1</b>
Change from prior year	%	-98.7	42.8	-32.0	-34.7	7.4
	% of net sales	0.1	5.0	3.5	5.1	8.0
<b>Net income before depreciation &amp; amortization<sup>2</sup></b>	<b>EUR million</b>	<b>21.6</b>	<b>45.9</b>	<b>37.4</b>	<b>45.1</b>	<b>58.9</b>
Change from prior year	%	-53.0	22.9	-17.1	-23.4	5.4
	% of net sales	4.1	8.7	7.2	8.6	11.4
<b>Investments in property, plant and equipment &amp; intangible assets</b>	<b>EUR million</b>	<b>29.3</b>	<b>25.1</b>	<b>35.9</b>	<b>39.4</b>	<b>35.6</b>
<b>Depreciation &amp; amortization</b>	<b>EUR million</b>	<b>21.3</b>	<b>19.9</b>	<b>19.1</b>	<b>18.2</b>	<b>17.8</b>
<b>Total assets</b>	<b>EUR million</b>	<b>435.6</b>	<b>429.7</b>	<b>412.6</b>	<b>407.3</b>	<b>406.0</b>
<b>Non-current assets</b>	<b>EUR million</b>	<b>209.1</b>	<b>193.1</b>	<b>183.8</b>	<b>177.7</b>	<b>160.1</b>
<b>Shareholders' equity<sup>2</sup></b>	<b>EUR million</b>	<b>269.0</b>	<b>281.8</b>	<b>255.5</b>	<b>247.6</b>	<b>239.7</b>
	% of total assets	61.8	65.6	61.9	60.8	59.0
<b>Employees</b>	<b>Ø full time equivalents</b>	<b>3,194</b>	<b>3,239</b>	<b>3,265</b>	<b>3,266</b>	<b>3,169</b>
<b>Zehnder Group AG</b>						
Dividends <sup>3</sup>	CHF million	-	11.7	6.5	10.6	2.3
Nominal value repayment	CHF million	-	-	-	-	14.1
Share capital	CHF million	0.6	0.6	0.6	0.6	14.7
Market capitalization <sup>4</sup>	CHF million	375.1	402.9	400.0	429.3	501.0
Total market capitalization <sup>5</sup>	CHF million	451.2	484.7	481.2	516.4	602.6

<sup>1</sup> Before restructuring

<sup>2</sup> Including minority interests

<sup>3</sup> For 2015 as proposed by the Board of Directors

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

<sup>5</sup> Registered shares A and B; registered shares B recognized at 1/5 of the price of the registered share A at year end

# Consolidated Balance Sheet

EUR million	31 December 2015	31 December 2014	Change from prior year %
<b>Assets</b>			
Liquid assets	59.7	73.7	
Trade accounts receivable	89.0	88.1	
Other receivables	17.7	13.0	
Inventories	52.8	57.1	
Prepayments	3.7	2.0	
Accrued income	3.6	2.8	
<b>Current assets</b>	<b>226.5</b>	<b>236.6</b>	<b>-4.3</b>
Property, plant and equipment	202.9	186.9	
Financial assets	4.0	3.4	
Intangible assets	2.2	2.8	
<b>Non-current assets</b>	<b>209.1</b>	<b>193.1</b>	<b>8.3</b>
<b>Total assets</b>	<b>435.6</b>	<b>429.7</b>	<b>1.4</b>
<b>Liabilities &amp; shareholders' equity</b>			
Loans	10.3	1.2	
Trade accounts payable	24.6	25.9	
Other liabilities <sup>1</sup>	40.4	40.9	
Provisions	19.3	8.8	
Accruals and deferred income	30.7	31.6	
<b>Current liabilities</b>	<b>125.2</b>	<b>108.3</b>	<b>15.6</b>
Loans	8.3	8.7	
Provisions	33.0	30.9	
<b>Long-term liabilities</b>	<b>41.4</b>	<b>39.6</b>	<b>4.4</b>
<b>Total liabilities</b>	<b>166.6</b>	<b>147.9</b>	<b>12.6</b>
Share capital	0.4	0.4	
Capital reserves	33.6	33.6	
Own shares	-3.0	-2.0	
Retained earnings	212.7	238.7	
Accumulated FX differences	10.4	-2.7	
Minority interests	15.0	13.7	
<b>Equity</b>	<b>269.0</b>	<b>281.8</b>	<b>-4.5</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>435.6</b>	<b>429.7</b>	<b>1.4</b>

<sup>1</sup> Includes the advanced payments in relation to the sale of factory property in China amounting to EUR 14.1 million (2015) respectively EUR 11.0 million (2014).

# Consolidated Income Statement

EUR million	2015	2014	Change from prior year %
<b>Net sales</b>	<b>533.0</b>	<b>525.1</b>	<b>1.5</b>
Changes in inventories	-0.7	0.4	
Internal additions to plant and equipment	1.0	-	
Other income	2.7	5.1	
Cost of materials <sup>1</sup>	-179.9	-177.4	
Personnel costs	-193.1	-176.6	
Depreciation of property, plant and equipment	-20.0	-18.7	
Amortization of intangible assets	-1.2	-1.2	
Other operating expenses <sup>1, 2</sup>	-136.5	-124.1	
<b>Earnings before interest and taxes (EBIT)</b>	<b>5.2</b>	<b>32.7</b>	<b>-83.9</b>
Result from associated companies <sup>3</sup>	2.4	-0.3	
Financial result	-2.8	1.9	
<b>Earnings before taxes</b>	<b>4.8</b>	<b>34.3</b>	<b>-85.9</b>
Income taxes	-4.5	-8.2	
<b>Net income</b>	<b>0.3</b>	<b>26.0</b>	<b>-98.7</b>
Minority interests	0.2	0.4	
Net income excluding minority interests	0.1	25.6	
Non-diluted net income excluding minority interests per registered share A (EUR)	0.01	2.19	
Diluted net income excluding minority interests per registered share A (EUR)	0.01	2.19	
Non-diluted net income excluding minority interests per registered share B (EUR)	-	0.44	
Diluted net income excluding minority interests per registered share B (EUR)	-	0.44	

<sup>1</sup> The prior years's figure were adjusted (see accounting and valuation principles in the full version of this annual report on page 39).

<sup>2</sup> Includes the loss from the sale of the production plant in Châlons-en-Champagne (FR) in the amount of EUR 11.6 million (2015).

<sup>3</sup> Includes the profit from the revaluation of the 33% participation in dPoint Technologies Inc. in relation to the complete acquisition as at 1 December 2015.

# Consolidated Cash Flow Statement

EUR million	2015	2014
Net income	0.3	26.0
Depreciation and amortization of property, plant and equipment	20.0	18.7
Depreciation and amortization of intangible assets	1.2	1.2
(Gain)/loss from sale of subsidiaries <sup>1</sup>	11.6	–
Non-cash change in valuation adjustments on receivables and inventories	0.2	1.3
Loss/(gain) on disposals of property, plant and equipment	–0.2	0.1
Result from associated companies <sup>2</sup>	–2.4	0.3
(Increase)/decrease of trade accounts receivable	1.2	3.3
(Increase)/decrease of other receivables, prepayments and accrued income	–6.0	2.6
(Increase)/decrease of inventories	6.6	2.0
Increase/(decrease) of trade accounts payable	–3.2	–0.3
Increase/(decrease) of other short-term liabilities, accruals and deferred income	–6.1	–8.8
Increase/(decrease) of provisions	8.5	4.7
<b>Cash flow from operating activities</b>	<b>31.8</b>	<b>51.3</b>
Investments in property, plant and equipment	–29.0	–24.1
Investments in financial assets <sup>3</sup>	–0.3	–0.7
Investments in intangible assets	–0.3	–1.1
Investments in subsidiaries <sup>4</sup>	–12.9	–
Divestment of property, plant and equipment <sup>5</sup>	3.2	12.3
Divestment of subsidiaries <sup>1</sup>	–4.8	–
<b>Cash flow from investing activities</b>	<b>–44.0</b>	<b>–13.6</b>
Dividends paid to shareholders	–11.1	–5.3
(Purchase)/sale of own shares	–1.0	0.2
Increase/(decrease) of short-term loans	9.1	–16.0
Increase/(decrease) of long-term loans	–0.9	–4.5
<b>Cash flow from financing activities</b>	<b>–4.0</b>	<b>–25.6</b>
Currency effects	2.2	–0.3
<b>(Decrease)/increase of liquid assets</b>	<b>–13.9</b>	<b>11.8</b>
Liquid assets at 1.1.	73.7	61.8
Liquid assets at 31.12.	59.7	73.7
<b>(Decrease)/increase</b>	<b>–13.9</b>	<b>11.8</b>

<sup>1</sup> Equals loss from the sale of the production plant in Châlons-en-Champagne (FR) in the amount of EUR 11.6 million, of which EUR 4.8 million is cash outflow (2015).

<sup>2</sup> Includes profit from the revaluation of the 33 % participation in dPoint Technologies Inc. in relation to the complete acquisition as at 1 December 2015.

<sup>3</sup> Purchase of 49 % of the shares in Eric & Bason Building Environment Technologies Co., Ltd. (2015), and increase of the participation in dPoint Technologies Inc. by 2 % to 33 % (2014)

<sup>4</sup> Purchase of Eco Concept Habitat and the remaining 67 % of dPoint Technologies Inc. (2015)

<sup>5</sup> Includes the proceeds from the advanced payments in relation to the sale of factory property in China amounting to EUR 1.5 million (2014: EUR 11.0 million).

## 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. They only account for 5% and 7% of total sales, respectively.

The Europe segment comprises a total of 32 production, sales and management companies in 13 European countries. The largest locations are in France, Germany, Great Britain, and Switzerland.

The China & North America segment is comprised of a total of nine production, sales and management companies in China and North America.

		Europe	China & North America	Eliminations	Total
<b>2015</b>					
Net sales third	EUR million	465.7	67.3	–	533.0
Net sales intercompany	EUR million	2.8	0.3	–3.1	–
<b>Net sales</b>	<b>EUR million</b>	<b>468.5</b>	<b>67.6</b>	<b>–3.1</b>	<b>533.0</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>EUR million</b>	<b>5.1</b>	<b>0.1</b>	<b>–</b>	<b>5.2</b>
	% of net sales	1.1	0.2		1.0
<b>Investments in property, plant and equipment &amp; intangible assets</b>	<b>EUR million</b>	<b>27.9</b>	<b>1.5</b>	<b>–</b>	<b>29.3</b>
<b>Property, plant and equipment</b>	<b>EUR million</b>	<b>156.7</b>	<b>46.2</b>	<b>–</b>	<b>202.9</b>
<b>Net working capital <sup>1</sup></b>	<b>EUR million</b>	<b>95.2</b>	<b>22.0</b>	<b>–</b>	<b>117.2</b>
<b>Number of employees</b>	<b>Ø full time equivalents</b>	<b>2,526</b>	<b>667</b>	<b>–</b>	<b>3,194</b>
<b>2014</b>					
Net sales third	EUR million	466.8	58.3	–	525.1
Net sales intercompany	EUR million	2.3	0.2	–2.5	–
<b>Net sales</b>	<b>EUR million</b>	<b>469.1</b>	<b>58.5</b>	<b>–2.5</b>	<b>525.1</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>EUR million</b>	<b>30.1</b>	<b>2.6</b>	<b>–</b>	<b>32.7</b>
	% of net sales	6.4	4.4		6.2
<b>Investments in property, plant and equipment &amp; intangible assets</b>	<b>EUR million</b>	<b>17.4</b>	<b>7.7</b>	<b>–</b>	<b>25.1</b>
<b>Property, plant and equipment</b>	<b>EUR million</b>	<b>142.8</b>	<b>44.1</b>	<b>–</b>	<b>186.9</b>
<b>Net working capital <sup>1</sup></b>	<b>EUR million</b>	<b>97.0</b>	<b>22.3</b>	<b>–</b>	<b>119.3</b>
<b>Number of employees</b>	<b>Ø full time equivalents</b>	<b>2,559</b>	<b>680</b>	<b>–</b>	<b>3,239</b>

<sup>1</sup> Trade accounts receivable plus inventories minus trade accounts payable

# Further Information for Investors

## For further information please contact:

Zehnder Group AG  
Investor Relations  
Moortalstrasse 1  
5722 Gränichen (Switzerland)

Phone + 41 62 855 1506  
Fax + 41 62 855 1515  
[investor-relations@zehndergroup.com](mailto:investor-relations@zehndergroup.com)  
[www.zehndergroup.com](http://www.zehndergroup.com)

Press releases  
[www.zehndergroup.com/en/news](http://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

Announcement of sales for 2015	15.1.2016
Annual report 2015	4.3.2016
Press conference on financial statements and analysts' meeting	4.3.2016
General Meeting of Shareholders	6.4.2016
Six-month report	29.7. 2016
End of business year	31.12.2016
Announcement of sales for 2016	13.1.2017

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

The full version of our Annual Report can be ordered in both languages under [investor-relations@zehndergroup.com](mailto:investor-relations@zehndergroup.com).

The online versions are also published under [www.zehndergroup.com/reports-presentations](http://www.zehndergroup.com/reports-presentations).

## General Meeting of Shareholders 2017

The general meeting of shareholders 2017 will be held on 6 April 2017 in Suhr (Switzerland).

## 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 direct on our website.  
[www.zehndergroup.com/reports-presentations](http://www.zehndergroup.com/reports-presentations)

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### Published by

Zehnder Group AG  
Moortalstrasse 1  
5722 Gränichen (Switzerland)

Phone + 41 62 855 15 06  
Fax + 41 62 855 15 15  
[investor-relations@zehndergroup.com](mailto:investor-relations@zehndergroup.com)  
[www.zehndergroup.com](http://www.zehndergroup.com)

### Concept / Design / Realization

Linkgroup AG, Zurich  
[www.linkgroup.ch](http://www.linkgroup.ch)  
Steiner Kommunikationsberatung  
Uitikon, Zurich  
[www.steinercom.ch](http://www.steinercom.ch)

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**Zehnder Group AG**

Moortalstrasse 1

5722 Gränichen (Switzerland)

T +41 62 855 15 06

F +41 62 855 15 15

[investor-relations@zehndergroup.com](mailto:investor-relations@zehndergroup.com)

[www.zehndergroup.com](http://www.zehndergroup.com)