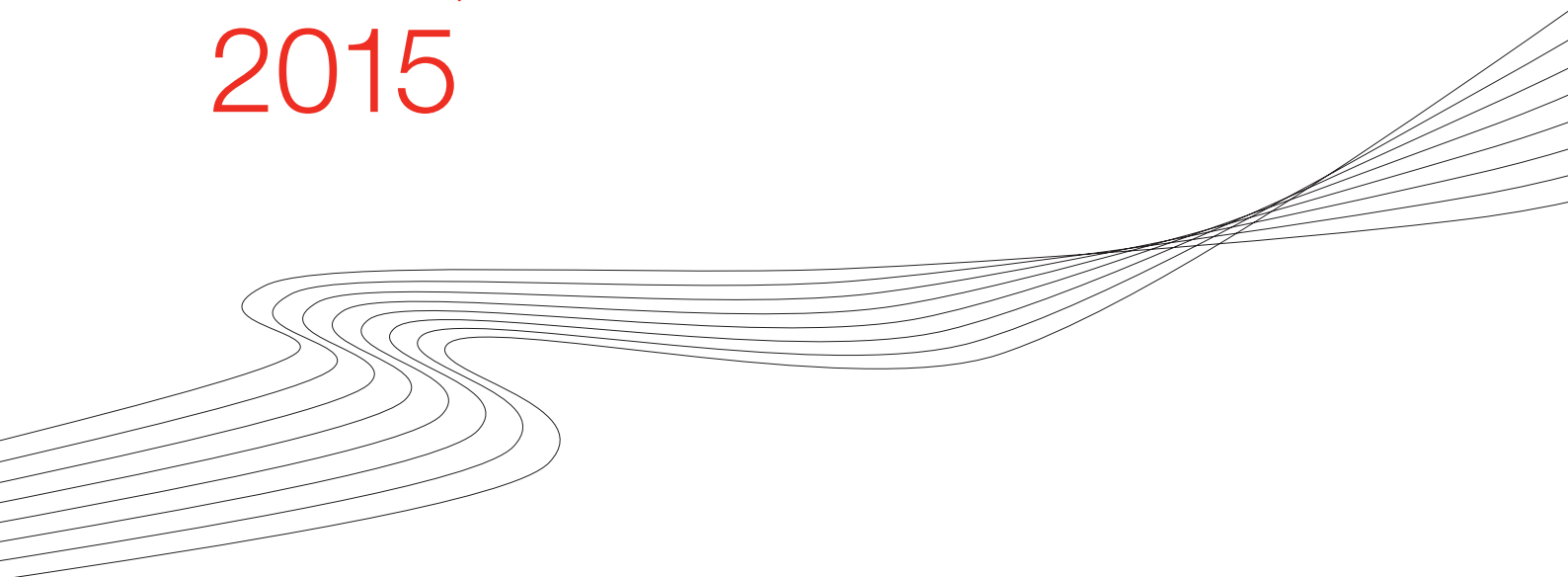


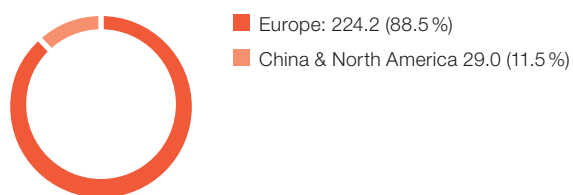
Six-month Report

2015



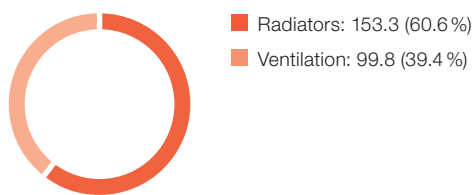
Sales by segment

EUR million



Sales by business area

EUR million



Key figures

		2015 1 Jan.–30 June	2014 1 Jan.–30 June	Change from prior year %
Net sales	EUR million	253.2	250.1	1.2
EBIT	EUR million	6.2	13.0	–52.5
	% of sales	2.4	5.2	
Net income^[1]	EUR million	2.2	9.5	–76.8
	% of sales	0.9	3.8	
Net income before depreciation & amortization^[1]	EUR million	13.5	20.2	–33.3
	% of sales	5.3	8.1	
Investments in tangible fixed assets & intangible assets	EUR million	11.6	15.6	–26.1
Depreciation & amortization	EUR million	11.2	10.7	5.5
Total assets	EUR million	450.9	417.6	8.0
Fixed assets	EUR million	205.9	188.7	9.1
Shareholders' equity^[1]	EUR million	293.9	260.8	12.7
	% of total assets	65.2	62.5	
Number of employees	Ø full time equivalents	3,259	3,238	0.6
Share key figures				
Registered shares A (CHF 0.05 par value)	Units	9,756,000	9,756,000	–
thereof own shares	Units	25,277	39,450	
Registered shares B (not listed; CHF 0.01 par value)	Units	9,900,000	9,900,000	–
Total notional number of shares outstanding	Units	11,710,723	11,696,550	
Closing price	CHF	34.90	38.00	–8.2

[1] Including minority interests

Six-month Report 2015

Decline in revenues and strong currency effects

Zehnder Group, an international provider of solutions for a comfortable, healthy and energy-efficient indoor climate, achieved net sales of EUR 253.2 million in the first half of 2015, slightly above those of the previous year. Adjusted for currency effects, revenues declined by 4 %. The slow construction market, insufficient production capacity utilisation and increased pricing pressures impacted earnings negatively. Combined with unfavourable currency effects, this resulted in a significantly lower net income of EUR 2.2 million.

Currency adjusted revenue decline

Zehnder Group generated net sales of EUR 253.2 million in the first half of 2015, + 1 % over the previous year (EUR 250.1 million). Adjusted for currency effects, the revenue declined by 4 %.

In the Europe segment, sales revenues were at the same level as last year (currency adjusted: – 3 %). In the UK, Belgium, Sweden and Spain, Zehnder Group posted increases in sales. However, sales in France, Germany, Switzerland and Italy declined. In the radiator business area, sales declined in Europe by 3 % (currency adjusted: – 6 %), while the ventilation business area posted growth of 5 % (currency adjusted: + 1 %).

In the China & North America segment, revenues improved by 12 % (currency adjusted: – 9 %). After last year's heavy decline, the Chinese construction industry remained at a low level and construction projects were delayed. It was only thanks to positive currency effects that sales remained stable (currency adjusted: – 18 %). Sales for the first six months in North America were 21% above those of last year (currency adjusted – 2%). The targeted improvements in the production plant in Buffalo, USA, could be advanced further. This will provide an important foundation on which to base future growth.

Operating result under pressure

The operating result (EBIT) in the first six months of 2015 stood at EUR 6.2 million, significantly less than in the prior year (EUR 13.0 million). The EBIT margin declined from 5.2 % for the same period last year to 2.4 %.

In the Europe segment the high cost base in Swiss francs, the increased pressure on selling prices and the utilisation of production plants below optimal capacity negatively affected profitability. The China & North America segment posted an operating loss. This was primarily due to weak sales and the resulting low production utilisation in China.

In order to secure and further expand its market position in the long term, Zehnder Group invested EUR 8.0 million during the reporting period in research and development, significantly more than in the prior year reporting period (EUR 6.3 million), mainly in the ventilation business area in Europe where the launch of a new generation of ventilation units is planned for 2016. In March 2015, the Zehnder Zmart radiator made of plastic was exhibited at the ISH Trade Fair in Germany and launched in the UK. The Group continues to invest in the development of a Zehnder Zmart product family, which will be introduced gradually to other markets from 2016.

Investments in property, plant and equipment and intangible assets decreased in the reporting period by 26 % to EUR 11.6 million (prior year reporting period: EUR 15.6 million). Investments were made mainly in Europe. A part of it flowed into the new training and administrative office building in France, which came into operation at the end of June.

Healthy balance sheet

Net income fell significantly from EUR 9.5 million over the same period last year to EUR 2.2 million. In addition to the considerably lower EBIT, negative currency effects contributed to this result.

Cash flow from operating activities amounted to EUR –2.4 million (prior year reporting period: EUR 21.9 million). Net liquidity decreased from EUR 63.7 million at the 2014 year end to EUR 46.8 million.

The balance sheet of Zehnder Group continues to remain very healthy. Shareholders' equity including minority interests amounted to EUR 293.9 million at the end of June 2015 (end-December 2014: EUR 281.8 million). At 65 %, the equity ratio remained at the high level recorded at the end of 2014.

Continued process optimisation

The Kaizen initiative to continuously improve operational processes was expanded to include the administrative area in the first semester 2015. Since the beginning of the year, the new IT platform (SAP) has been successfully rolled out at the sales and logistics organisation in France and at the production plant in Poland.

Headcount reductions commence in the second semester

The comprehensive package of measures announced on 1 June 2015 to reduce the cost base and increase efficiency, sales and profit is going ahead according to plan and shall be completed by mid-2016. A reduction of approximately 10 % of the headcount will have an impact on the number of employees starting in the second half of the year.

As part of these restructuring measures, the production plant in Châlons-en-Champagne in France with about 100 employees was sold in July 2015. The costs associated with the sale are included in the announced restructuring costs.

Outlook

In the past, sales were strongest in the second half of the year, but from today's perspective forecasts remain difficult. Taking currency adjustments into account, Zehnder Group forecasts revenues for the 2015 financial year in line with the prior year. The second-half result will be negatively affected by non-recurring costs related to restructuring measures in the order of approximately EUR 20 million. These measures will have a positive impact on earnings starting 2016. The conclusion of the existing contract for the sale of the old factory property in China is delayed. It is not yet known when the transaction will be completed.

Consolidated Balance Sheet

EUR million	2015 30 June	2014 31 December	2014 30 June
Assets			
Liquid assets	62.7	73.7	63.1
Trade accounts receivable	94.0	88.1	87.1
Other receivables	14.6	13.0	10.5
Inventories	64.2	57.1	60.8
Prepayments	4.0	2.0	2.9
Accrued income	5.5	2.8	4.5
Current assets	245.0	236.6	228.9
Fixed assets	199.2	186.9	182.4
Financial assets	4.0	3.4	3.4
Intangible assets	2.7	2.8	2.8
Fixed assets	205.9	193.1	188.7
Total assets	450.9	429.7	417.6
Liabilities & shareholders' equity			
Loans	7.2	1.2	21.2
Trade accounts payable	28.9	25.9	27.8
Other liabilities	37.3	40.9	29.2
Provisions	7.7	8.8	6.4
Accruals and deferred income	35.5	31.6	36.1
Current liabilities	116.6	108.3	120.7
Loans	8.7	8.7	8.4
Provisions	31.7	30.9	27.6
Long-term liabilities	40.4	39.6	36.1
Total liabilities	157.0	147.9	156.7
Share capital	0.4	0.4	0.4
Capital reserves	33.6	33.6	33.6
Own shares	-0.7	-2.0	-1.0
Retained earnings	229.8	238.7	222.5
Accumulated FX differences	15.4	-2.7	-6.0
Minority interests	15.4	13.7	11.4
Equity	293.9	281.8	260.8
Total liabilities & shareholders' equity	450.9	429.7	417.6

Consolidated Income Statement

EUR million	2015 1 Jan.–30 June	2014 1 Jan.–30 June	Change from prior year %
Net sales	253.2	250.1	1.2
Changes in inventories	–	1.5	
Other income	0.9	2.5	
Total income	254.1	254.1	–
Cost of materials	–82.0	–86.7	
Personnel costs	–93.8	–86.1	
Depreciation of fixed assets	–10.6	–10.1	
Amortization of intangible assets	–0.6	–0.5	
Other operating expenses	–60.9	–57.7	
Earnings before interest and taxes (EBIT)	6.2	13.0	–52.5
Result from associated companies	–0.1	–0.2	
Financial result	–1.4	0.5	
Earnings before taxes	4.7	13.3	–64.8
Income taxes	–2.5	–3.8	
Net income	2.2	9.5	–76.8
Minority interests	–0.4	0.1	
Net income excluding minority interests	2.6	9.4	
Undiluted net income excluding minority interests per registered share A (EUR)	0.22	0.81	
Diluted net income excluding minority interests per registered share A (EUR)	0.22	0.81	
Undiluted net income excluding minority interests per registered share B (EUR)	0.04	0.16	
Diluted net income excluding minority interests per registered share B (EUR)	0.04	0.16	

Consolidated Cash Flow Statement

EUR million	2015 1 Jan.–30 June	2014 1 Jan.–30 June
Net income	2.2	9.5
Depreciation and amortization of tangible fixed assets	10.6	10.1
Depreciation and amortization of intangible assets	0.6	0.5
Non-cash change in valuation adjustments on receivables and inventories	–0.2	0.4
Loss/(gain) on disposals of tangible fixed assets	–	0.2
Result from associated companies	0.1	0.2
(Increase)/decrease of trade accounts receivable	–2.5	2.6
(Increase)/decrease of other receivables, prepayments and accrued income	–4.7	2.0
(Increase)/decrease of inventories	–2.3	–2.8
Increase/(decrease) of trade accounts payable	1.3	2.3
Increase/(decrease) of other short-term liabilities, accruals and deferred income	–5.8	–2.6
Increase/(decrease) of provisions	–1.7	–0.4
Cash flows from operating activities	–2.4	21.9
Investments in tangible fixed assets	–11.4	–15.3
Investments in financial assets ^[1]	–	–0.6
Investments in intangible assets	–0.2	–0.4
Investments in subsidiaries ^[2]	–0.5	–
Divestment of tangible fixed assets	2.1	0.4
Cash flows from investing activities	–9.9	–15.8
Dividends paid to shareholders	–11.1	–5.3
(Purchase)/sale of own shares	1.3	1.1
Increase/(decrease) of short-term loans	5.7	4.1
Increase/(decrease) of long-term loans	–0.4	–4.3
Cash flows from financing activities	–4.5	–4.4
Currency effects	5.9	–0.4
Increase/(decrease) of liquid assets	–11.0	1.3
Liquid assets at 1.1.	73.7	61.8
Liquid assets at 30.6.	62.7	63.1
Increase/(decrease)	–11.0	1.3

[1] increase of the participation in dPoint Technologies Inc. by two percentage points to 33 % (2014)

[2] purchase of Eco Concept Habitat and merger with Zehnder Group France, retrospectively as of 1 January 2015

Consolidated Statement of Changes in Equity

EUR million	Share capital	Capital reserves	Own shares	Retained earnings	Accumulated FX differences	Total excluding minority interests	Minority interests	Total including minority interests
Equity at 1.1.2015	0.4	33.6	-2.0	238.7	-2.7	268.1	13.7	281.8
Sale of own shares	-	-	1.2	0.1	-	1.3	-	1.3
Net income	-	-	-	2.6	-	2.6	-0.4	2.2
Netted goodwill	-	-	-	-0.5	-	-0.5	-	-0.5
Currency effects	-	-	-	-	18.0	18.0	2.1	20.1
Dividends	-	-	-	-11.1	-	-11.1	-	-11.1
Equity at 30.6.2015	0.4	33.6	-0.7	229.8	15.4	278.5	15.4	293.9
Equity at 1.1.2014	0.4	33.6	-2.2	218.9	-6.4	244.3	11.2	255.5
Sale of own shares	-	-	1.2	-	-	1.1	-	1.1
Net income	-	-	-	9.4	-	9.4	0.1	9.5
Netted goodwill	-	-	-	-0.5	-	-0.5	-	-0.5
Currency effects	-	-	-	-	0.4	0.4	-	0.5
Dividends	-	-	-	-5.3	-	-5.3	-	-5.3
Equity at 30.6.2014	0.4	33.6	-1.0	222.5	-6.0	249.5	11.4	260.8

Segment Reporting

		Europe	China & North America	Eliminations	Total
1 Jan.-30 June 2015					
Net sales third	EUR million	224.2	29.0	–	253.2
Net sales intercompany	EUR million	1.3	–	– 1.3	–
Net sales	EUR million	225.5	29.0	– 1.3	253.2
Earnings before interest and taxes (EBIT)	EUR million	7.8	– 1.6	–	6.2
	% of net sales	3.4	– 5.5		2.4
Investments in tangible fixed assets & intangible assets	EUR million	10.9	0.7	–	11.6
Fixed assets	EUR million	151.4	47.8	–	199.2
Net working capital ^[1]	EUR million	103.4	25.9	–	129.3
Number of employees	Ø full time equivalents	2,589	669	–	3,259
1 Jan.-30 June 2014					
Net sales third	EUR million	224.3	25.8	–	250.1
Net sales intercompany	EUR million	1.2	0.1	– 1.3	–
Net sales	EUR million	225.5	25.9	– 1.3	250.1
Earnings before interest and taxes (EBIT)	EUR million	12.1	0.9	–	13.0
	% of net sales	5.4	3.3		5.2
Investments in tangible fixed assets & intangible assets	EUR million	8.9	6.8	–	15.6
Fixed assets	EUR million	142.8	39.7	–	182.4
Net working capital ^[1]	EUR million	104.0	16.1	–	120.1
Number of employees	Ø full time equivalents	2,541	697	–	3,238

[1] trade accounts receivable + inventories - trade accounts payable

Sales

by region and business area

		2015	2015	2014	2014
		1 Jan.–30 June	1 Jan.–30 June	1 Jan.–30 June	1 Jan.–30 June
			%		%
Radiators Europe	EUR million	130.2	51.4	134.6	53.8
change from prior year	%	–3.3		–1.2	
Radiators North America	EUR million	16.8	6.6	13.2	5.3
change from prior year	%	27.0		–1.9	
Radiators China	EUR million	6.4	2.5	6.2	2.5
change from prior year	%	3.5		–13.8	
Total business area radiators	EUR million	153.3	60.6	154.0	61.6
change from prior year	%	–0.4		–1.8	
Ventilation Europe	EUR million	94.0	37.1	89.7	35.9
change from prior year	%	4.8		10.0	
Ventilation North America	EUR million	1.5	0.6	1.9	0.8
change from prior year	%	–23.7		81.4	
Ventilation China	EUR million	4.4	1.7	4.5	1.8
change from prior year	%	–2.5		62.6	
Total business area ventilation	EUR million	99.8	39.4	96.1	38.4
change from prior year	%	3.9		12.6	
Total Europe	EUR million	224.2	88.5	224.3	89.7
change from prior year	%	–		3.0	
Total North America	EUR million	18.2	7.2	15.1	6.0
change from prior year	%	20.6		4.1	
Total China	EUR million	10.8	4.2	10.7	4.3
change from prior year	%	0.9		7.5	
Total	EUR million	253.2	100.0	250.1	100.0
change from prior year	%	1.2		3.3	

Notes

to the Six-month Report

Consolidation and valuation principles

The unaudited consolidated interim report for the first six months of 2015 was drawn up in line with the provisions of Swiss GAAP FER 31. The consolidation and valuation principles applied remained unchanged from the previous year.

Consolidation matrix

The consolidation matrix was changed in the first half of 2015 as follows:

→ Purchase of Eco Concept Habitat and merger with Zehnder Group France, retrospectively as of 1 January 2015.

Net income per registered share

The undiluted net income per registered share is determined by dividing the net income excluding minority interests by the total nominal value adjusted shares, less the average of the shares held by the Zehnder Group AG treasury.

For the calculation of the diluted net income per registered share, the number of additional registered shares is calculated from the outstanding options whose strike price on the balance sheet date is below the market price (in the money) and this is added to the total notional number of shares outstanding.

As for the prior year reporting period, there was no significant dilution effect for the first half of 2015.

Segment reporting

In accordance with the Swiss GAAP FER 31/8 accounting standard, the 2015 Six-month Report is publishing for the first time the segment reporting, which is used by top-level management to make corporate management decisions. Zehnder Group is a system provider of indoor climate. With the two segments, Europe and China & North America, the Group is divided according to geographical regions. These are independently managed and their company performance is evaluated separately. The regions of China and North America are combined for reporting purposes on grounds of materiality.

The Europe segment is made up of a total of 34 production, sales and management companies in 13 European countries. The largest sites are located in France, Germany, the UK and Switzerland. The China & North America segment is made up of a total of 8 production, sales and management companies in China and the USA.

Events after the balance sheet date

In July 2015 Zehnder Group Châlons-en-Champagne SAS was sold to Callista Private Equity GmbH & Co. KG. The production plant shall remain an important supplier for Zehnder Group. This transaction is part of the restructuring measures decided by the Board of Directors in July 2015. Zehnder Group expects restructuring costs to total about EUR 20 million.

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
www.zehndergroup.com
Press releases [\[1\]](#)

Registered shares A

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

In accordance with Art. 8 of the articles of association, the opting out clause applies.

Registered shares B (unlisted)

Security number 13 312 654

Company calendar

Six-month report	31.7.2015
End of business year	31.12.2015
Announcement of sales for 2015	15.1.2016
Financial statements 2015 and press/analysts' conference	4.3.2016
General meeting of shareholders	6.4.2016

Information and reports, as well as this six-month report, are available in German and English.
The German version is binding.

[\[1\] → www.zehndergroup.com/en/news-events](http://www.zehndergroup.com/en/news-events)

Company profile

Zehnder Group provides everything you need to create a comfortable, healthy and energy-efficient indoor climate.

Zehnder Group develops, produces and markets radiators, ceiling-mounted heating and cooling systems as well as ventilation and air cleaning systems. Products and systems are sold under various popular brand names. Zehnder Group is among the market leaders in its business areas.

Its most important sales region is Europe. In addition, Zehnder Group operates in China and North America. Its products are manufactured in modern factories in Europe and abroad. Zehnder Group employs approximately 3,300 people worldwide.

The company's registered shares A (Valor 27 653 461) are listed on the SIX Swiss Exchange. The unlisted registered shares B are held by members of the Zehnder family and persons closely associated with them.

