



zehnder

Media and Financial Analyst Conference 2023

Full Year Results 2022

CEO Matthias Huenerwadel and CFO René Grieder
1 March 2023

always the best climate

Agenda

Business Review 2022

- Strong sales growth in the ventilation segment and stable radiator sales
- Segment strategies further executed
- Progress made in digitalisation and sustainability

Financial Review 2022

- Strong sales driven by acquisitions; solid operating results
- Solid liquidity despite investments and share buyback
- Further investments in strategic projects

Outlook

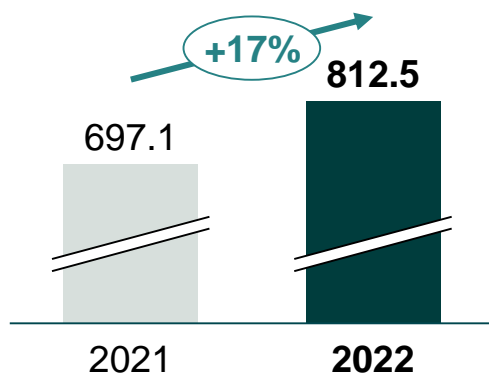
- “Growth for ventilation, harvest for radiators” strategy to be further executed
- Additional investments planned
- Medium-term targets confirmed

Business Review 2022

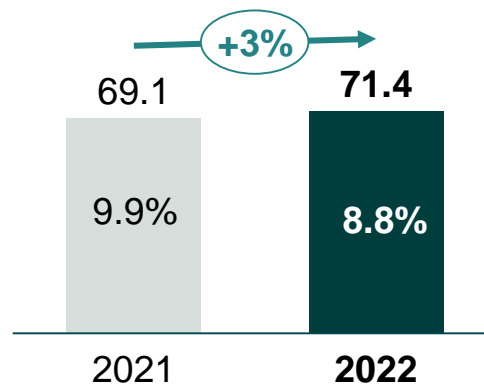
- Sales growth in the ventilation segment and stable radiator sales
- Segment strategies further executed
- Progressing in digitalisation and sustainability profile

Solid set of results in 2022

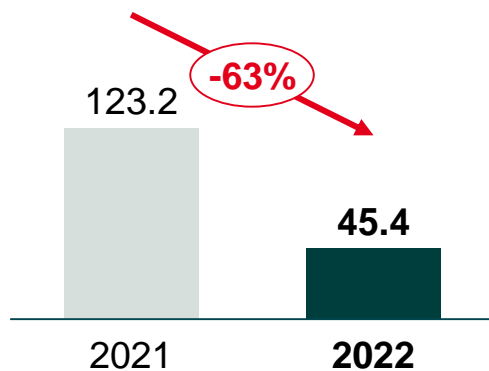
Sales



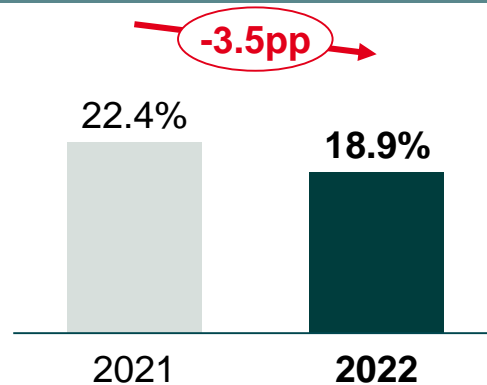
EBIT



Net liquidity



ROCE



in MEUR

Key topics in 2022

- Continuing to execute strategy
- Realizing acquisitions
- Managing supply chain logistics and costs
- Exit of Russian activities
- Driving digital transformation
- Focusing on sustainability

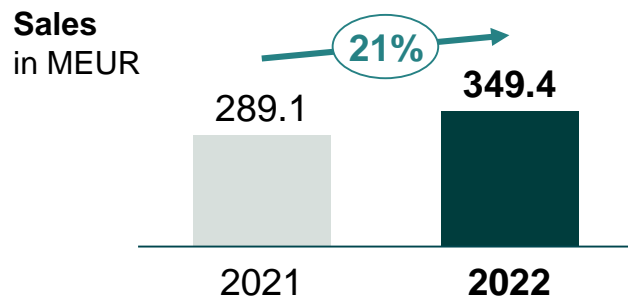
Ventilation segment

The WEST 5 Sifton project in London, Ontario (CA) is a net zero community that will use 1,108 **Lifebreath** energy recovery units.



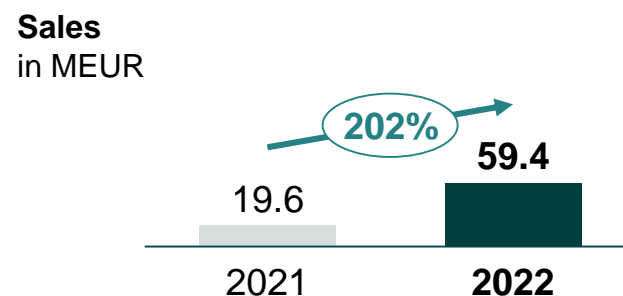
Ventilation sales increased due to acquisitions

EMEA¹



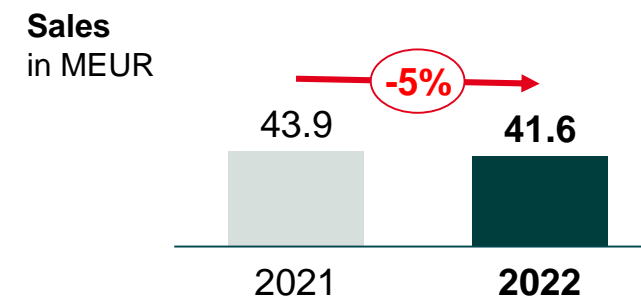
- Positive contribution from the acquisitions of Caladair² and Filtech³
- Strong sales of available components
- Shortage of electronic components limited ability to supply

North America



- Strong growth in Canada and the US following the acquisition of Airia⁴
- Ventilation amount to 60% of sales in North America (2021: 35%)
- Shortage of electronic components limited ability to supply

Asia-Pacific



- Decline of ventilation sales in China as a result of real estate crisis and implications of zero-COVID policy
- Expansion of heat exchanger business (Fortuneway) partly compensated for decline in ventilation segment

¹ Europe, Middle East and Africa; ² Caladair acquired in October 2021 (France); ³ Filtech acquired in April 2022 (Netherlands); ⁴ Airia acquired in February 2022 (Canada)

Ventilation segment highlights 2022

Acquisition of Airia Brands Inc.

- Based in London (Canada)
- Ventilation systems with heat recovery
- Primary use in residential buildings
- Established brand: Lifebreath
- ~200 employees



VSK Award 2022

- Award from largest Dutch HVAC trade fair for Zehnder ComfoClima and Thermal Shield in Health and Comfort category
- An all-in-one system: heating, ventilation, cooling, hot water preparation, and air distribution

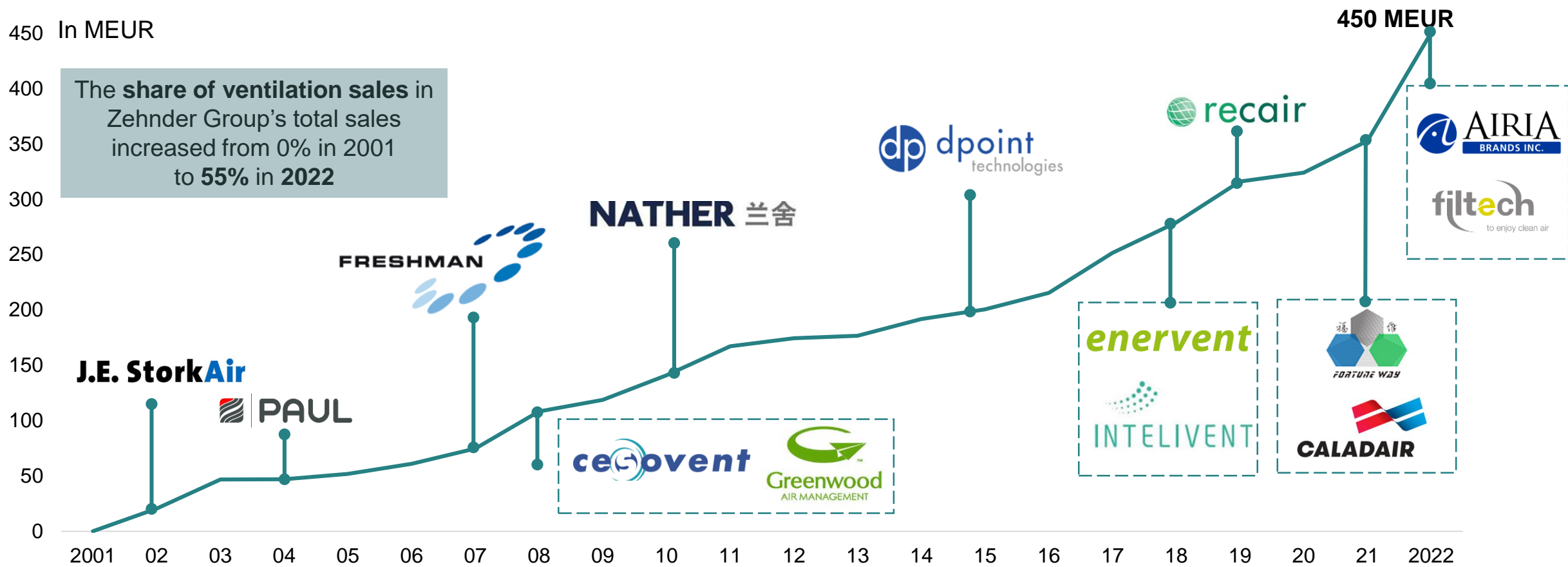


Launch of Zehnder CleanAir Max

- New generation of air cleaning units
- Maximum clean air thanks to improved outlets and fan integration
- Maximum intelligence through smart features
- Maximum flexibility due to modular filter units and installation options



Zehnder's path to becoming... ...a leading ventilation solutions provider



Radiator segment

zehnder

Ashley Gardens offers a range of family apartments adjacent to Down Lane Park (London, UK) and is equipped with 1,300 **Zehnder Charleston** radiators.



JOHN McASLAN + PARTNERS

Radiator segment with lower volumes in 2022... ...than in peak year 2021

EMEA

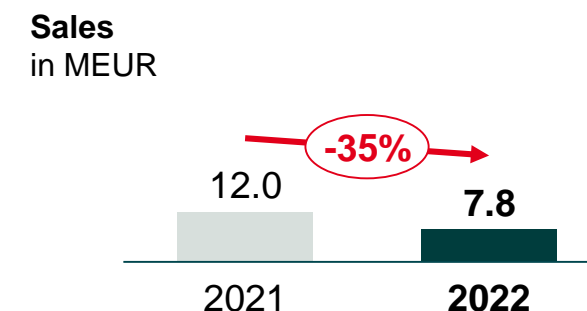
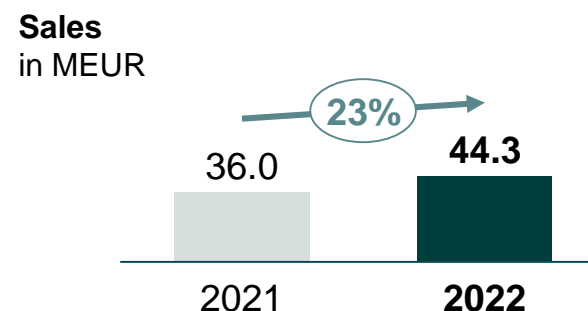
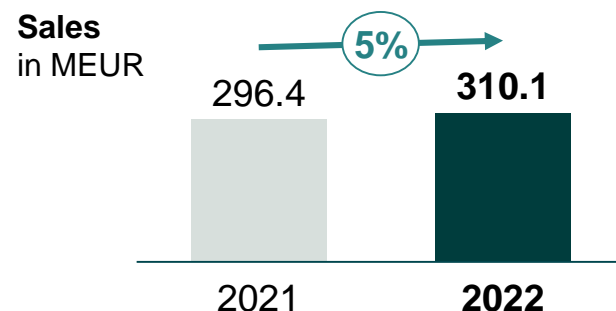
- Declining demand after high order backlog due to pandemic
- Component shortages for electric radiators in France
- Positive development for multicolumn radiators in Germany and support of booming market for low-energy buildings in Italy

North America

- Robust and stable demand for radiators in the US market
- Positive momentum in online sales for electric radiators

Asia-Pacific

- Radiator business suffered significantly in China from overall challenging economic environment



Radiator segment highlights 2022

New colour concept

- Development and introduction of **5 trending colour schemes** together with design experts
- **Attractive colour palette** for customers
- Underscoring of Zehnder's **high design standards**



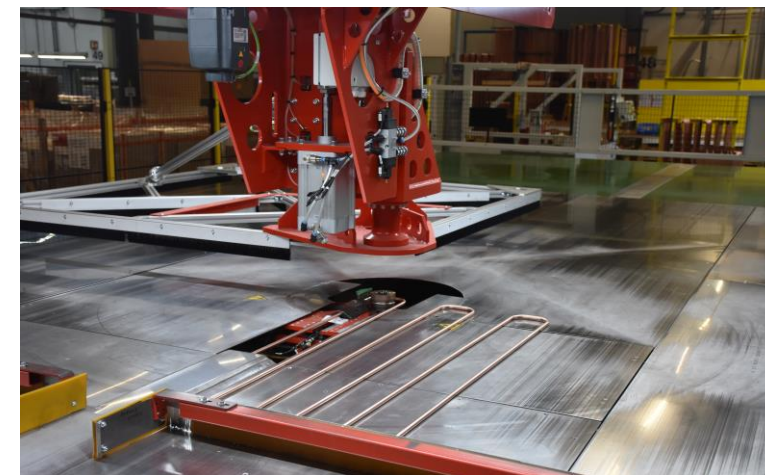
Design award for Zehnder Zenia

- Bathroom radiator Zehnder **Zenia** was named “**product with the best design**” by Spanish Aúna Distribución in Spain in 2022



Own meander production line

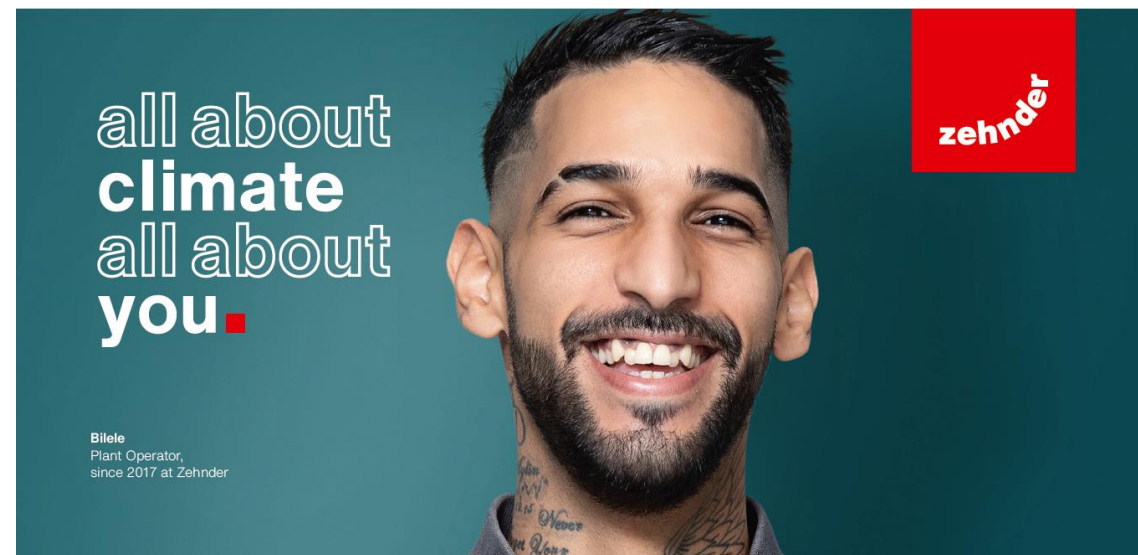
- Installation of **own production line** for **copper pipe coils** of ceiling modules in Lahr (DE)
- Increase of value add and production flexibility
- Reduction of transports and storage space



Strengthening of the Zehnder employer brand

Employer branding project started in 2022

- Zehnder's employees act as proud **brand ambassadors**
- **Raise awareness** about Zehnder as an **employer of choice**, providing a motivational and meaningful working environment
- Get the **attention of the best fitting people** to find future colleagues much faster
- **Sustain the success** of Zehnder based on the commitment, enthusiasm, and passion of our entire team



We focus on digital business transformation

Chief Digital Officer
with dedicated organizational unit and investments

Customer experience (external customers)

- Leverage digital technology to add further value to our customers in supporting them achieve desired outcomes faster and without friction
- Our focus is on B2B (installers) in EMEA

Operational processes (internal customers)

- Maximize automation of repetitive processes to attract and retain talent
- Focus on value-added and innovative solutions in a modern working environment

Business models

- We will generate additional revenue by developing new business models that take advantage of digital trends
- Leveraging existing capabilities of the group

- Unified Data and Processes
- Analytics Capability
- Enhanced Intelligence

Digital Capabilities
Speed & Agility
Customer Excellence

- Business & IT Integration
- Solution Delivery
- Cloud/IoT Technologies

Taking further action in sustainability

- New team at Group level under lead of Sustainability Manager established in 2022
- Systematic, group-wide collection and analysis of ESG data started
- Targets and measures to reduce CO₂ emissions defined
- First Sustainability Status Report published in September 2022
- Publication of Sustainability Report 2022 with reference to GRI Standards to be published in June 2023



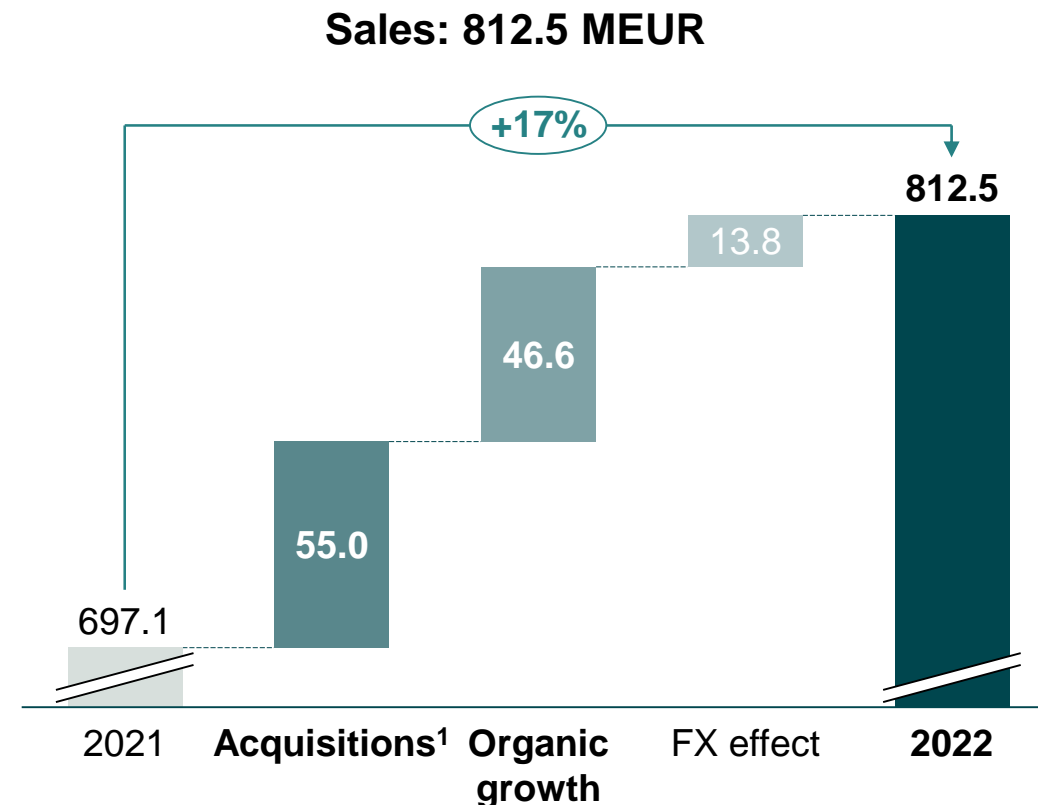
- **Solar plant commissioned** on the roof of the production site in Gränichen, Switzerland
- Produces about **500 MWh** of **energy** p.a.
- Covers about **20%** of total energy consumption of production plant

Financial Review 2022

- Strong sales driven by acquisitions; solid operating results
- Solid liquidity despite investments and share buyback
- Further investments in strategic projects

2022 group sales up +17% due to growth... ...in the ventilation segment

- **Strong Group sales** driven by
 - +8% due to acquisitions¹
 - +7% organic growth (mostly price increases)
 - +2% positive FX effect
- Limited availability of electronic components hampered further growth in the ventilation segment
- Strained supply situation improved towards year-end
- Lower sales volumes for radiators



¹ Airia, Caladair, Filtech, and Fortuneway

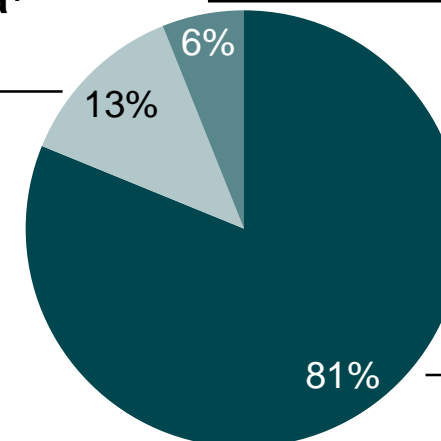
Strongest growth rates in Canada and United States in 2022; China clearly decreasing

Sales development 2022 per country;
Local currency

	Ventilation	Radiators	Total
1. Germany	↑	↑	↑
2. France	↑	↓	↑
3. United Kingdom	↑	↓	↑
4. Switzerland	↑	↑	↑
5. United States ▲ +2	↑	↑	↑
6. Netherlands	↑	↑	↑
7. Italy	↑	↑	↑
8. China ▼ -3	↓	↓	↓
9. Canada ▲ +6	↑	↑	↑
10. Belgium	↑	↑	↑

¹ Sales in MEUR, in total 812.5 MEUR in 2022

North America¹
103.6 / +86%



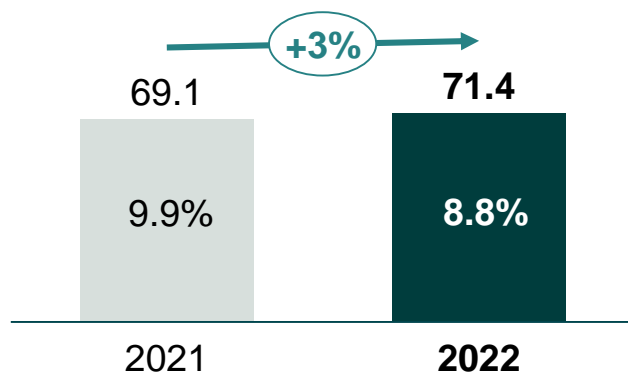
Asia-Pacific¹
49.3 / -12%

EMEA¹
659.5 / +13%

Top 10 markets account for 85% of total sales

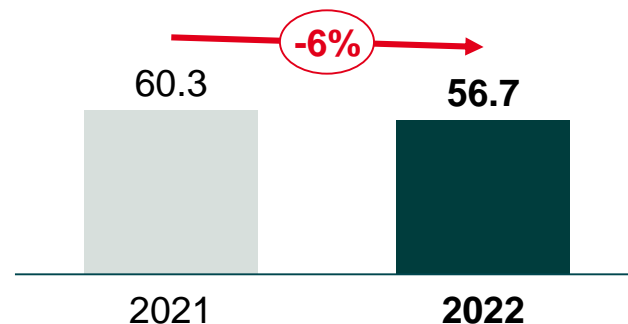
Group EBIT slightly increased by +3% in 2022

EBIT: 71.4 MEUR



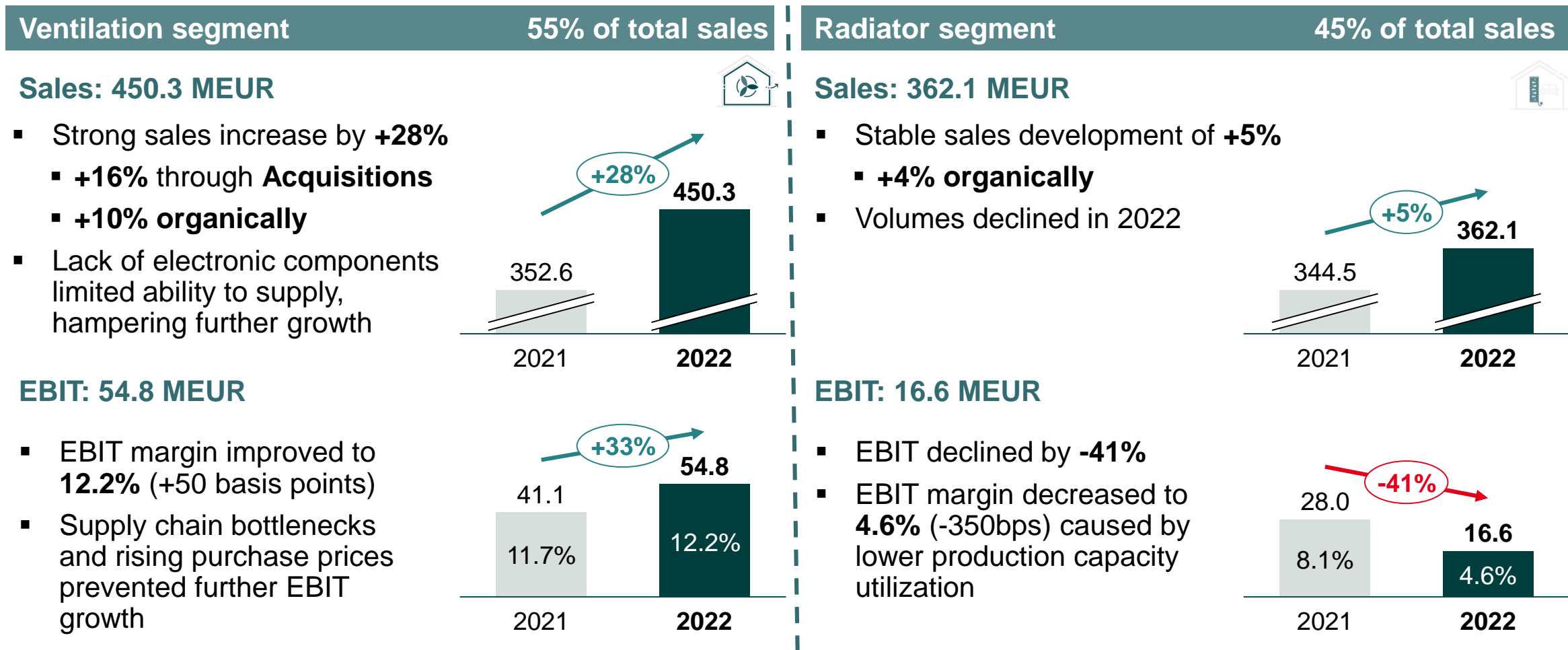
- EBIT-margin decreased by 110 basis points, due to:
 - global supply chain bottlenecks leading to increased material, transport and operating costs
 - delay in price increases as a result of extended delivery times
 - lower production capacity utilization rate (radiators)
- Consistent pursuit of optimisation and efficiency improvements and continued financial discipline
- Increase of expenditure for research and development

Net income: 56.7 MEUR



- Net income decreased by 6%, since the tax rate rose to 20% in 2022, versus 12% in 2021

Strong double-digit sales and EBIT growth in ventilation

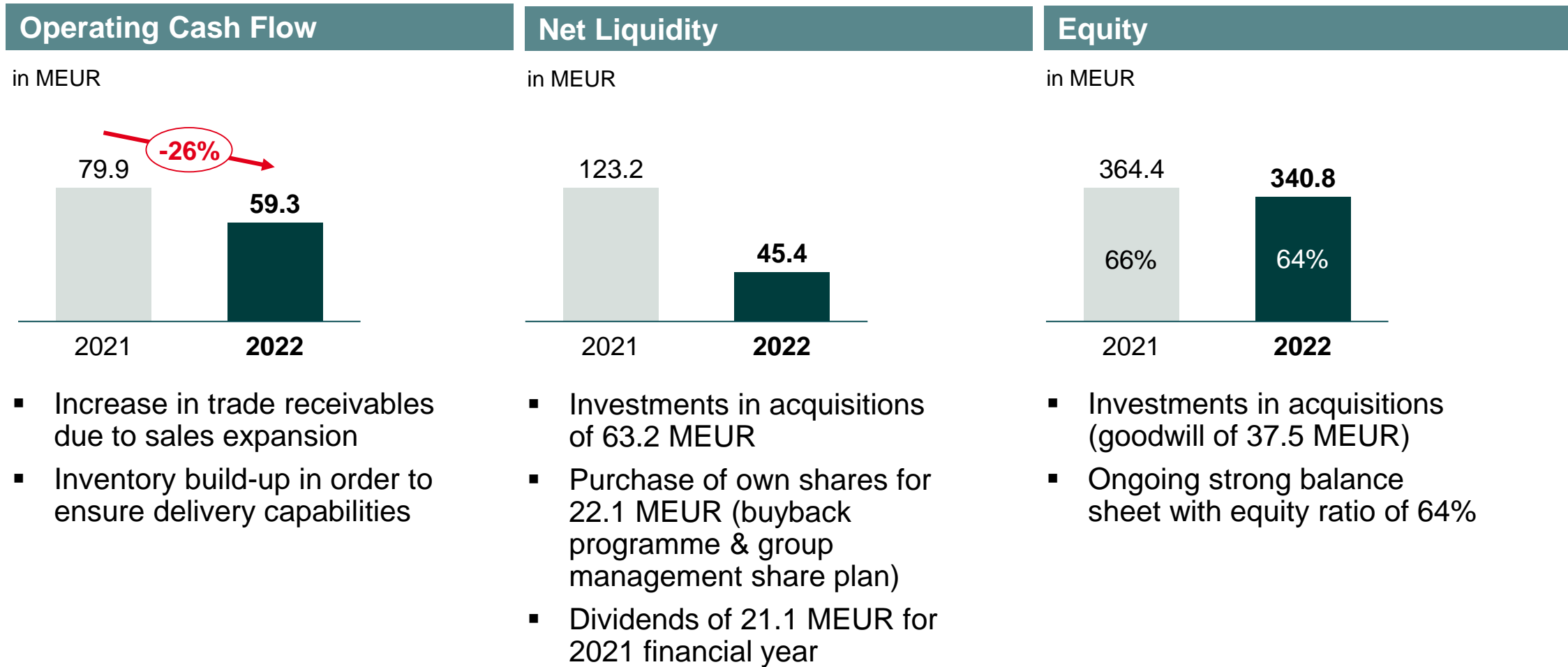


In H2 2022, ventilation sales grew strongly... ...while radiator volumes declined

MEUR	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022	Δ H1	Δ H2	Δ FY
Sales ventilation	182.5	170.2	352.6	219.9	230.5	450.3	20%	35%	28%
Sales radiators	166.3	178.1	344.5	179.8	182.4	362.1	8%	2%	5%
Sales total	348.8	348.3	697.1	399.6	412.9	812.5	15%	19%	17%
EBIT total	37.7	31.4	69.1	36.9	34.4	71.4	-2%	10%	3%
EBIT margin	10.8%	9.0%	9.9%	9.2%	8.3%	8.8%			

- In H2 2022, total sales grew by 19% compared to 15% in H1 2022, since ventilation sales were bolstered towards year-end by an improved availability of electronic components.
- In H2 2022, volumes declined in the radiator segment (absence of usual seasonality) due to decreasing demand.
- The total EBIT-margin level decreased from 9.2% in H1 2022 to 8.3% in H2 2022, mainly due to lower production volumes and related factory utilization for radiators.

Solid net liquidity and high equity despite investment activities



Total investments of 27.1 MEUR in fixed and intangible assets

Center of Climate, Lahr (DE)

- Meeting place for customers, partners, and employees
- Modern workspaces and training facilities
- Opening planned for spring 2023
- **8.6 MEUR** investment in 2022



New office building, Bolesławiec (PL)

- Expansion of building with attractive workspaces for employees
- New office building including a design and development laboratory
- **1.9 MEUR** investment

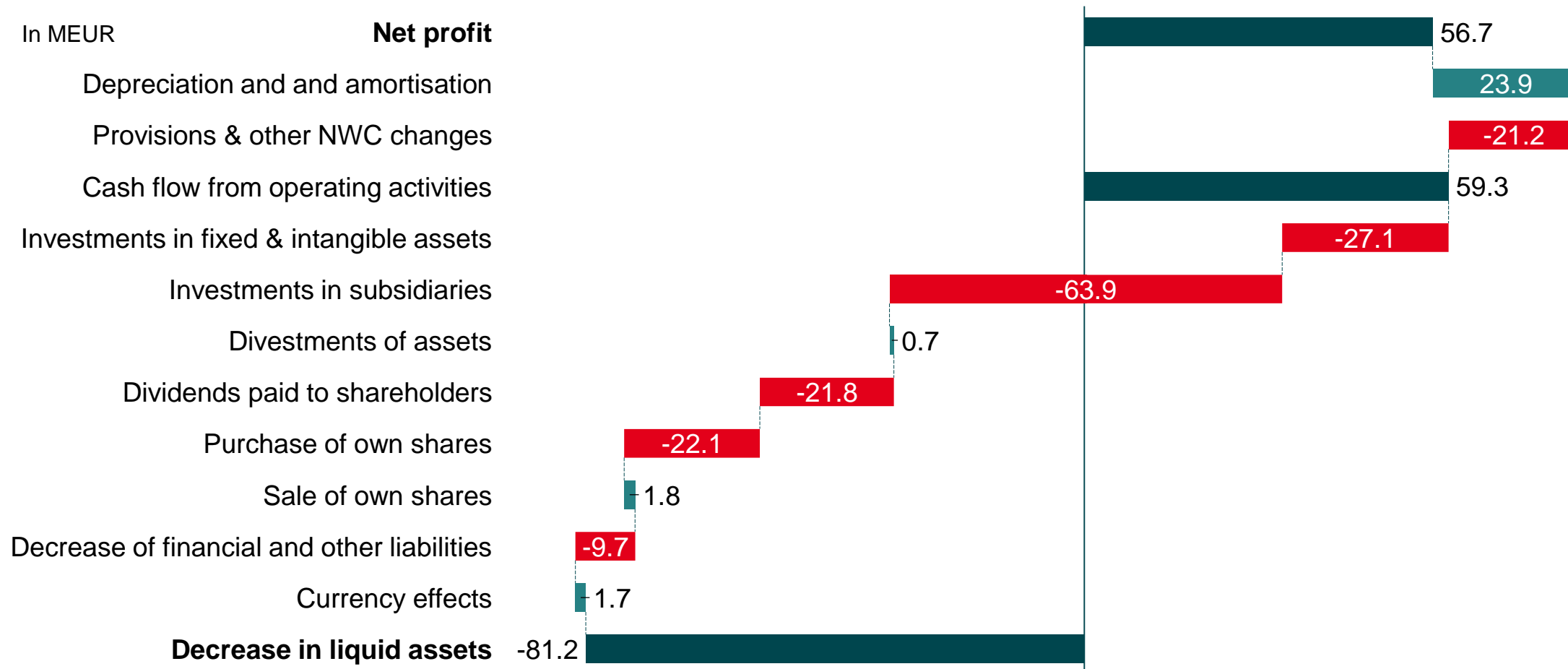


Heat exchanger production, Waalwijk (NL) and Reinsdorf (DE)

- Extension of capacities for heat exchangers
- Modernisation, automation, and optimisation of production processes
- **2.0 MEUR** investment



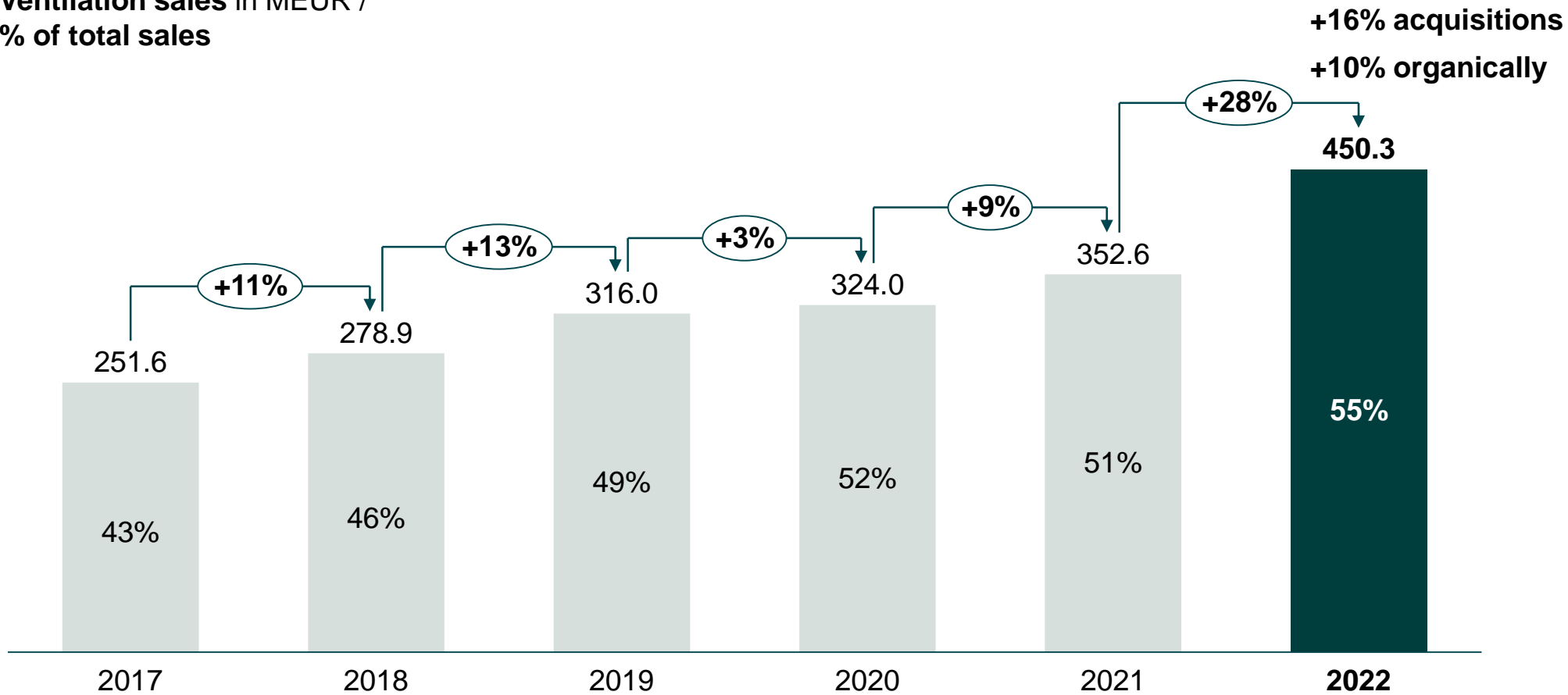
Decrease of liquid assets in 2022 due to higher net working capital, acquisitions, CAPEX, and share buyback



Acquisitions strengthened ventilation sales in 2022; share of ventilation sales increased to 55%

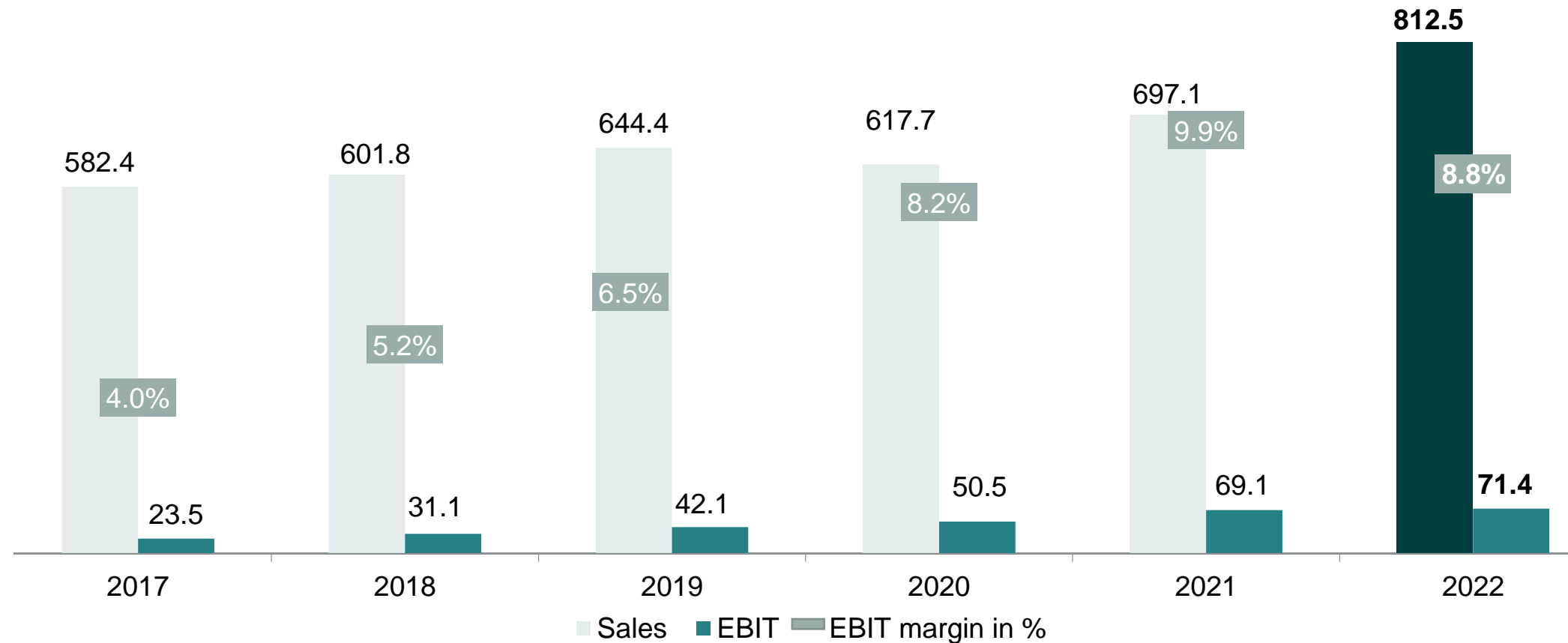


Ventilation sales in MEUR /
% of total sales



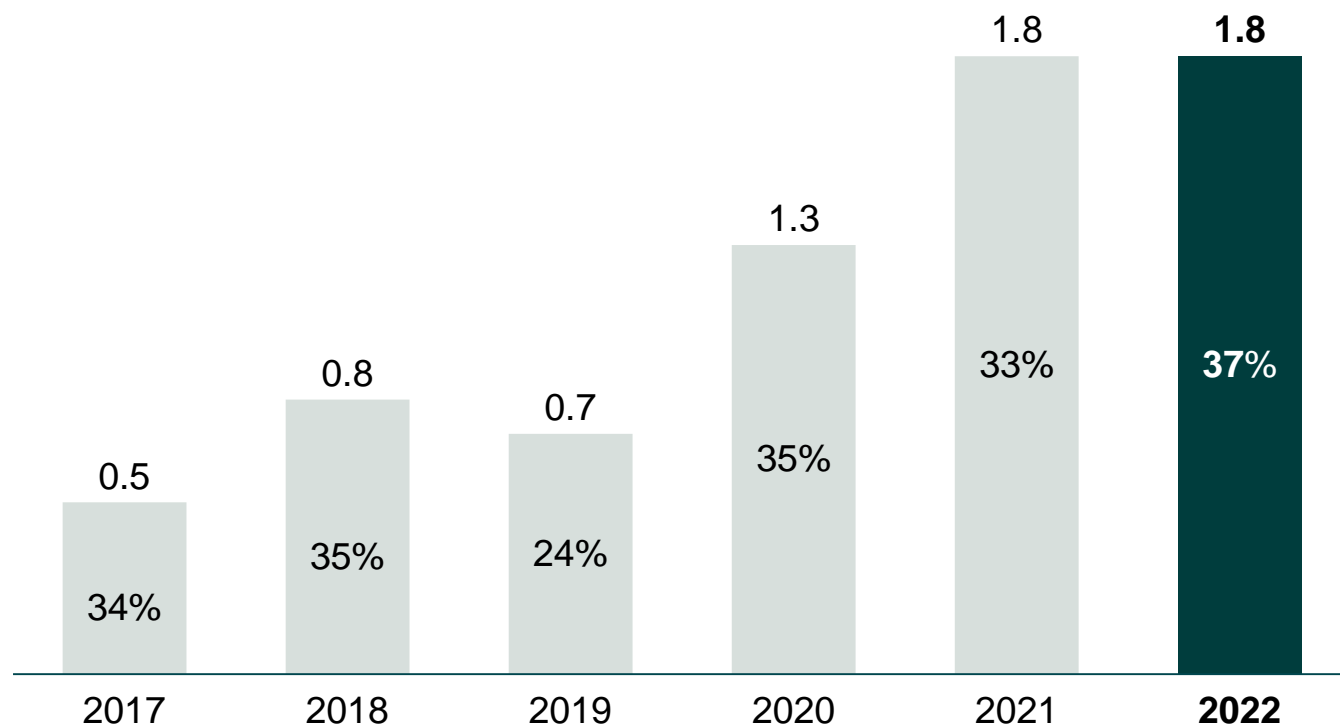
Increased costs led to a lower profitability margin in 2022; positive trend over the last years

In MEUR



Proposed dividend of CHF 1.80 per registered share A

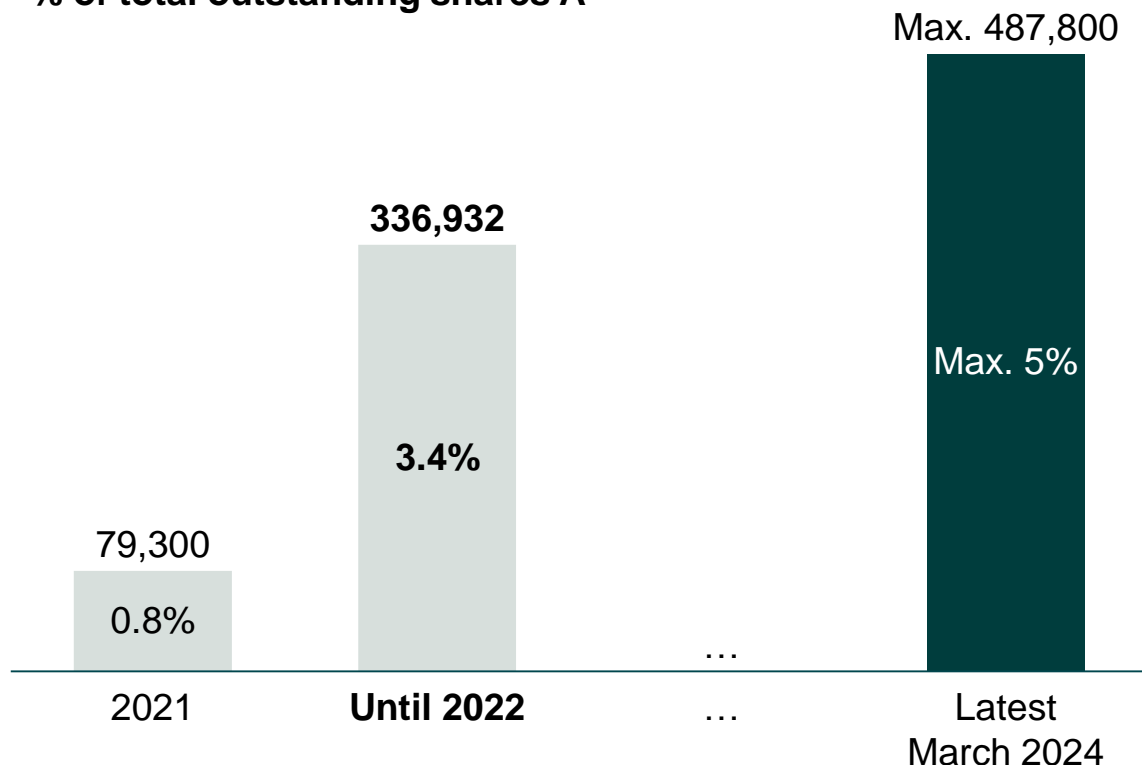
In CHF



- The **pay-out ratio** of **37%** is in line with our dividend policy, which envisages a pay-out ratio of **30–50% of consolidated net profits**

Share buyback programme well under way

Number of shares /
% of total outstanding shares A



- Zehnder's buyback programme's¹ target of **maximum 5%** of listed registered shares A (maximum of **487,800 shares**)
- **257,632 shares A** bought in 2022 as part of Zehnder's ongoing share buyback programme for a total price of **EUR 17.8 m**
- Since inception of buyback programme in 2021, **3.4%** of listed registered shares A (**336,932 shares**) were bought

¹ Announced by Zehnder Group on 24 February 2021 commenced on 24 March 2021. For more information please visit: <https://www.zehndergroup.com/en/investor-relations/shares>

Outlook

- “Growth for ventilation, harvest for radiators” strategy to be further executed
- Additional investments planned
- Medium-term targets confirmed

Full Year 2023: Further sales growth; stable EBIT margin

Market evaluation

- Material, logistics, energy, and operating costs still affected by ongoing supply chain issues
- Temporary lower construction activities expected due to price and interest rate increases
- Persisting business risks due to geopolitical uncertainties
- **Positive** medium and long-term **market outlook** due to **strong underlying trends** in construction industry
- Zehnder Group's products meet growing demand for **sustainable, healthy, and comfortable buildings**

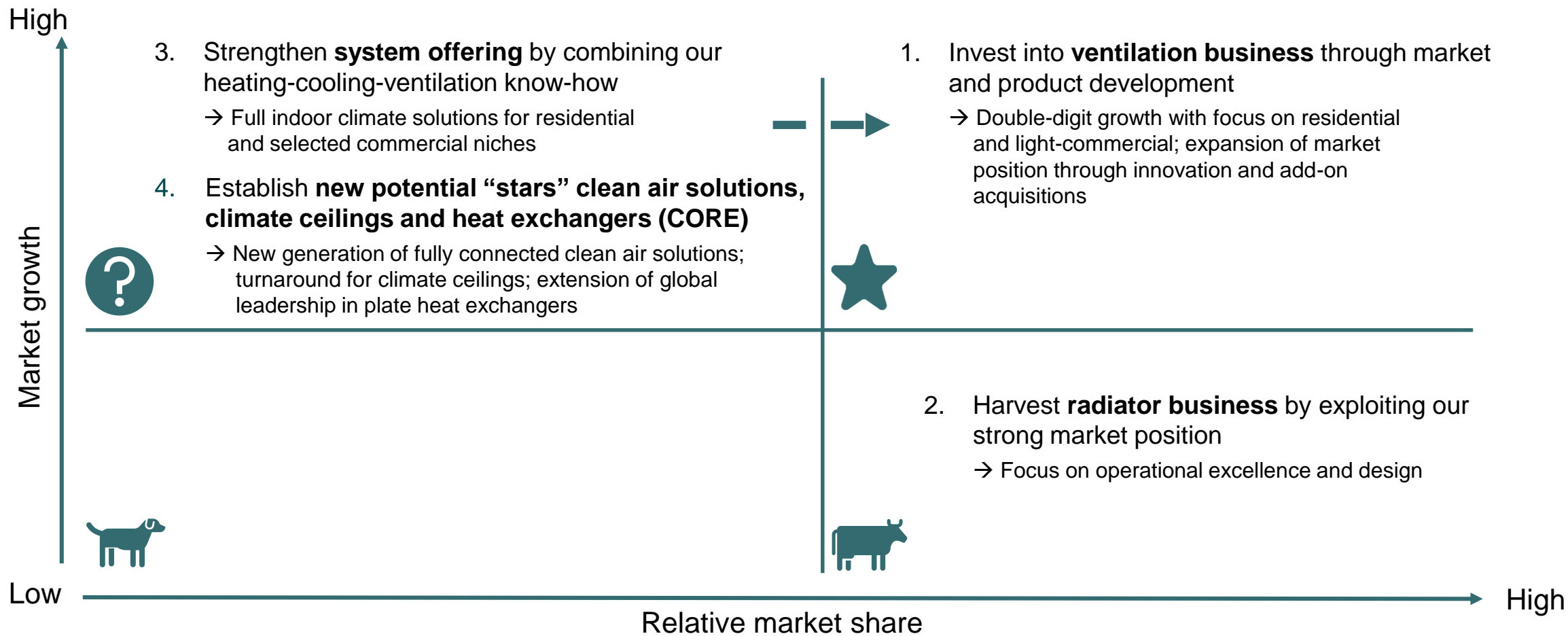
Further investments

- Market and product developments
- Expansion of production capacities
- Digital & Sustainability transformation

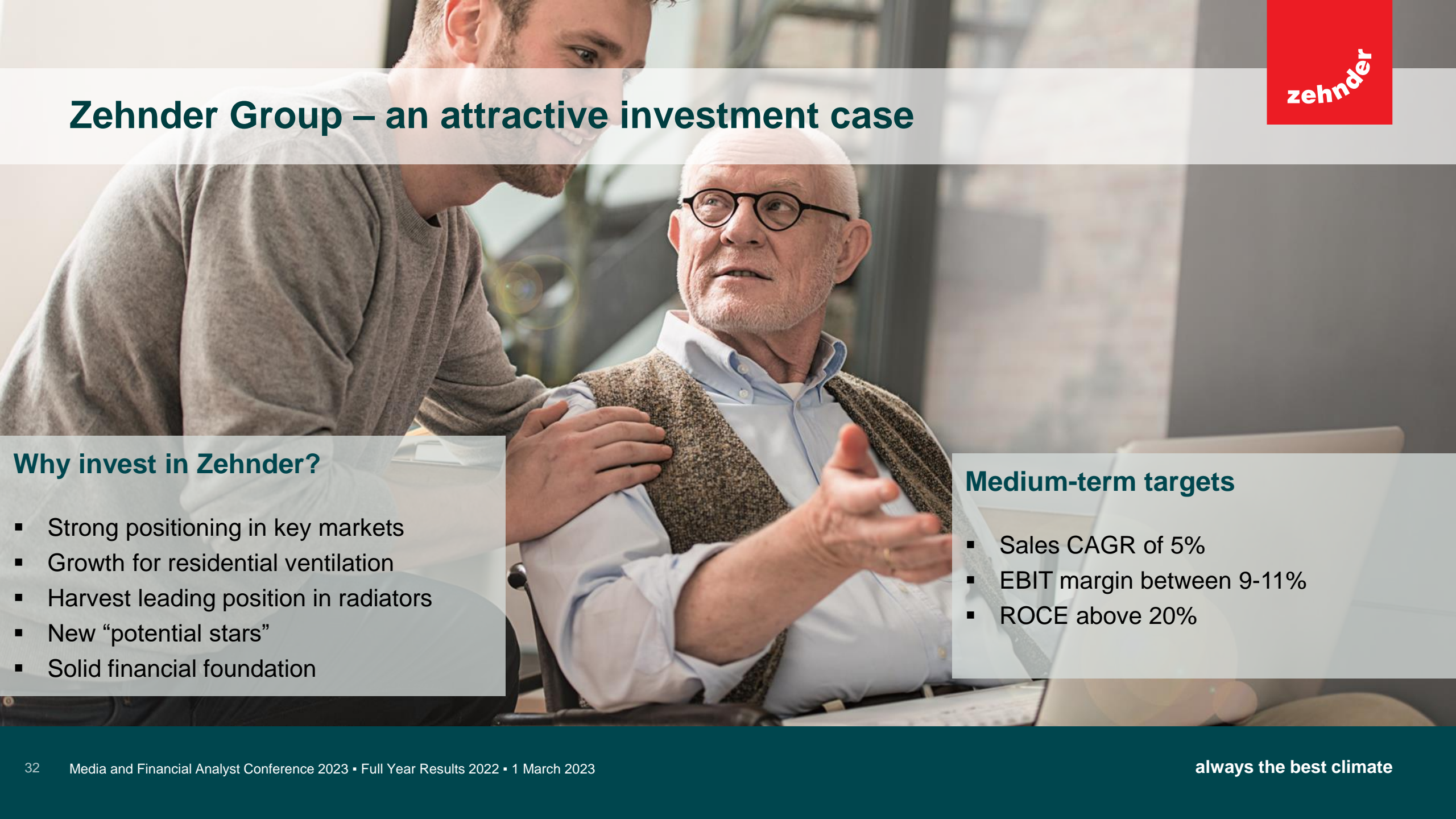
Outlook 2023 & Medium-term targets

- Aim to achieve **further sales growth** and an **EBIT margin** comparable to that of 2022
- Ongoing **cost discipline** to counterbalance margin pressure
- Diligent execution of strategic growth investments towards **mid-term targets**: Sales CAGR of 5%, EBIT margin between 9-11% and a ROCE above 20%

Continuation of “Growth for Ventilation, Harvest for Radiators” strategy



Zehnder Group – an attractive investment case



Why invest in Zehnder?

- Strong positioning in key markets
- Growth for residential ventilation
- Harvest leading position in radiators
- New “potential stars”
- Solid financial foundation

Medium-term targets

- Sales CAGR of 5%
- EBIT margin between 9-11%
- ROCE above 20%



Thank you for your time and attention

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Questions and Answers

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- Raise your hand 
- Wait for the presenter to ask you to speak
- Unmute yourself (for participants online)
- Say your name and ask your question(s)
- Mute yourself after all questions have been answered (for participants online)
- Lower your hand 

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