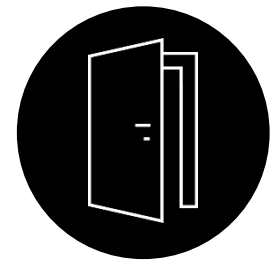
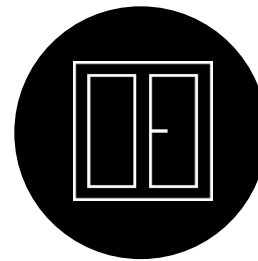


# ARBONIA



---

## Annual results 2019

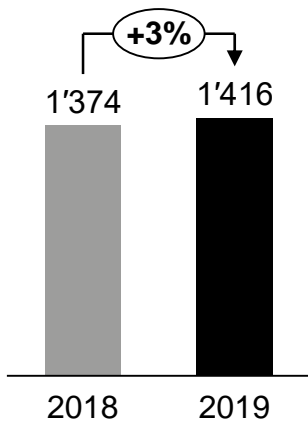
Alexander von Witzleben, CEO  
Daniel Wüest, CFO

---

# 2019 summary

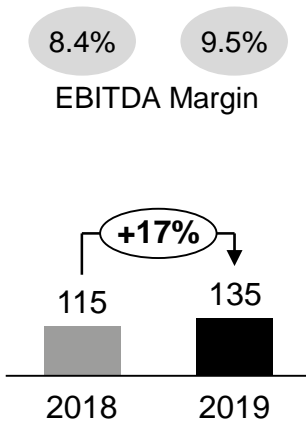
## Overview key metrics (CHF M)

### Net revenues<sup>1</sup>



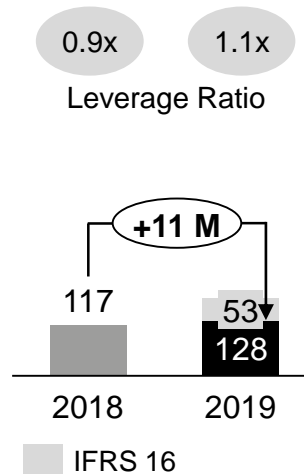
Revenues increase due to new product launches, higher productivity, price increases, multi-channel sales and digitisation

### EBITDA<sup>2</sup>



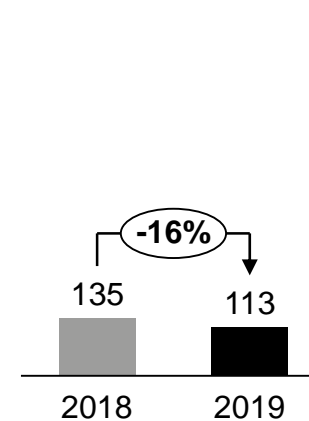
EBITDA driven by optimisation efforts, increased productivity, capex program and successful relocations of production sites and integration of acquisitions

### Net debt<sup>3</sup>



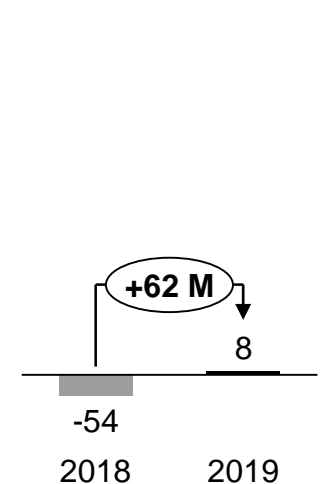
Slight increase of net debt due to dividend payment

### Capex



Targeted capex in PPE to optimise processes, increase profitability and as a result enhance competitiveness

### Free cash flow



Substantial free cash flow improvement due to increased operational performance, lower capex and first effect of NWC management

## Results show first effects of successful repositioning

2019: Including IFRS 16

1 Organic revenue growth adjusted for currency and acquisition effects 2.0%

2 EBITDA figures without one-time effects – EBITDA with one-time effects 2018: CHF 130.5 M and 2019: CHF 125.4 M

3 Net debt including IFRS 16 effect: CHF 181 M

# Agenda

**1. Arbonia's transformation completed**

**2. Group results 2019**

**3. Market environment and key drivers**

**4. Divisional and corporate strategy**

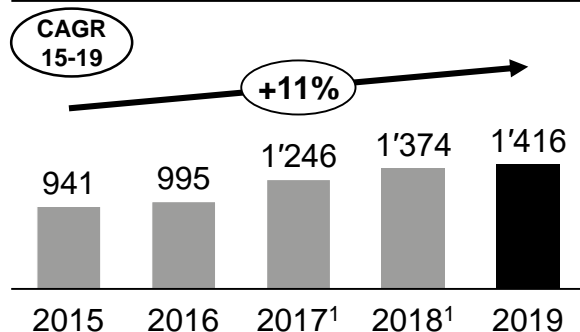
**5. Guidance**

**Questions**

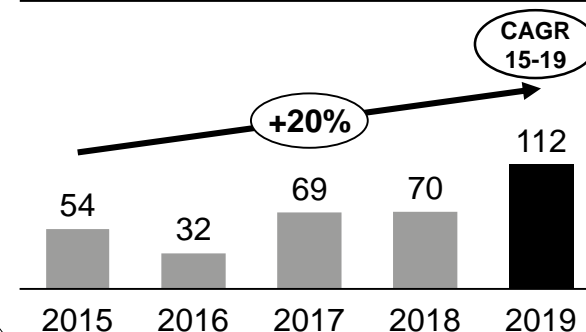
# Arbonia's 5-year performance: Transformation completed

Key figures 2015-2019 (CHF M)

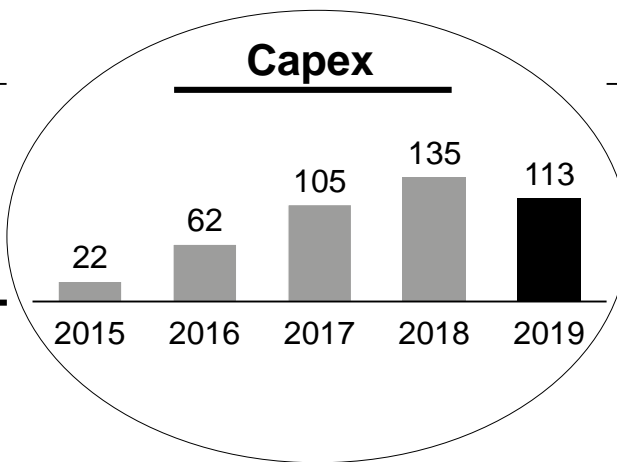
## Net revenues



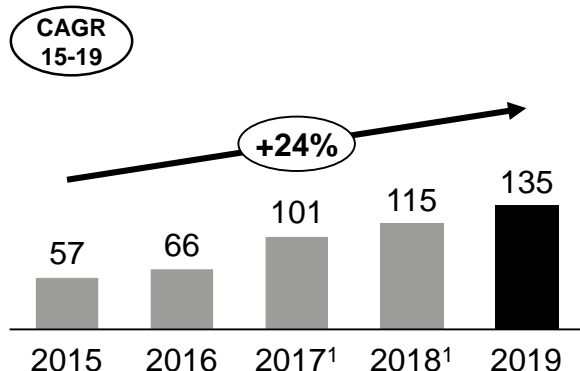
## CF from operating activities



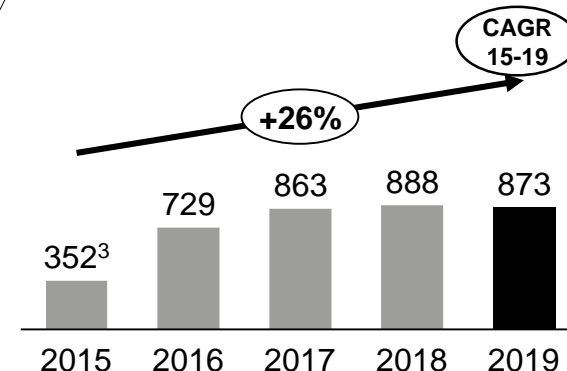
## Capex



## EBITDA<sup>2</sup>



## Shareholders' equity



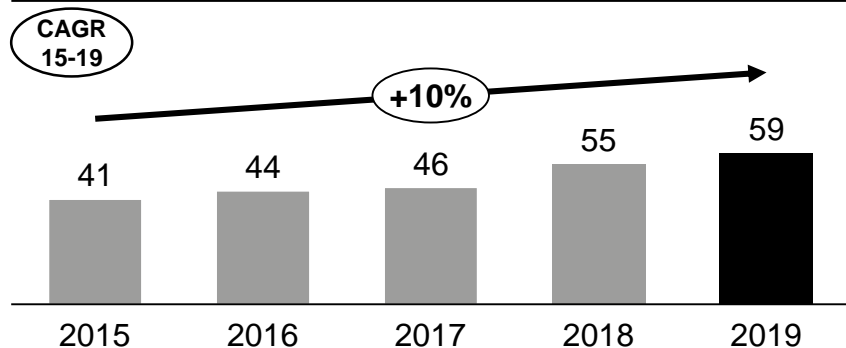
**Transformation completed – Shift to profitable growth**

2019: Including IFRS 16 | 1 Continuing operations | 2 EBITDA figures without one-time effects | 3 H1 2015: CHF 187 M

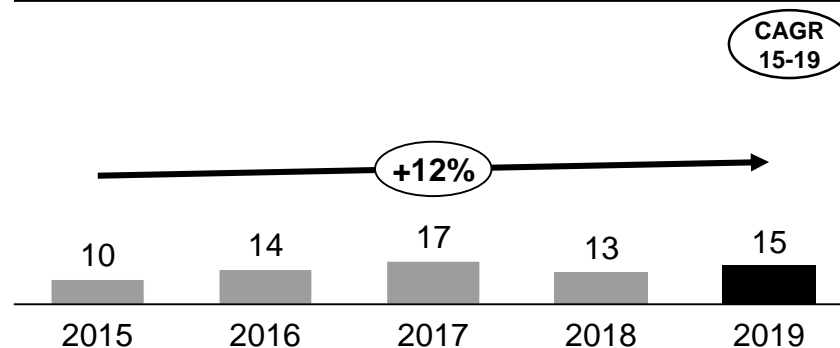
# Arbonia's 5-year EBITDA performance: Divisions

## Key figures 2015-2019 (CHF M)

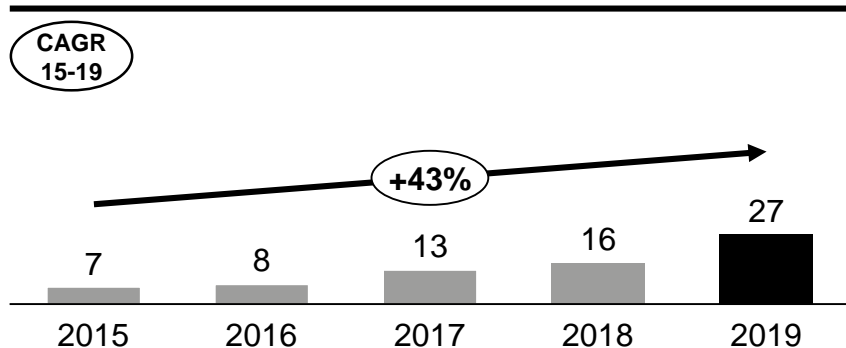
### HVAC<sup>1</sup>



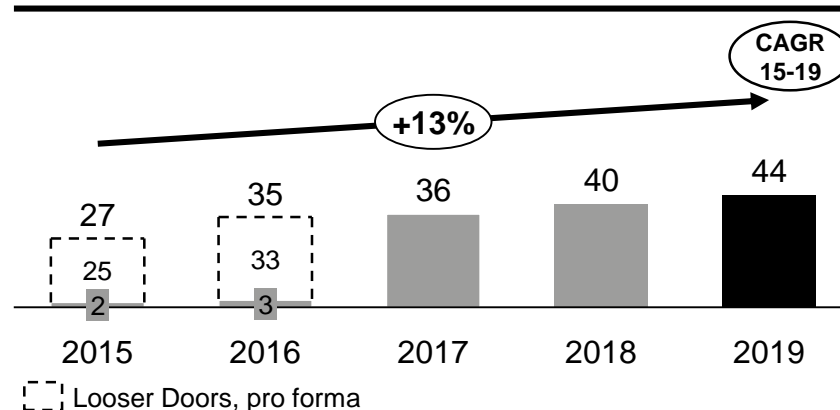
### Sanitary Equipment<sup>2</sup>



### Windows<sup>3</sup>



### Doors<sup>4</sup>



EBITDA figures without one-time effects

2019: Including IFRS 16

<sup>1</sup> Acquisition of Vasco Group in June 2018 and Tecna in September 2018

<sup>2</sup> Acquisition of Koralle Group in October 2017

<sup>3</sup> Acquisition of Wertbau in October 2015

<sup>4</sup> Without disposed Profile Systems Business Unit. Acquisition of Looser Group in December 2016

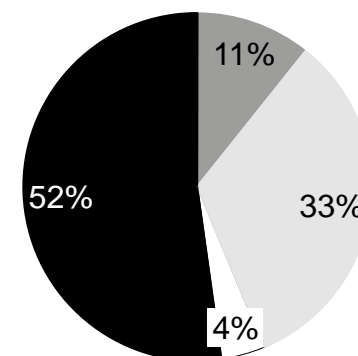
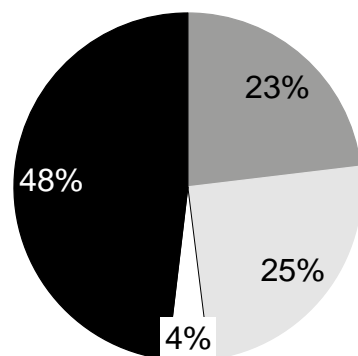
# Ongoing shift from West to East

## Europeanisation of HR footprint

Average FTE 2015<sup>1</sup>: 6'186

Average FTE 2019<sup>1</sup>: 8'606

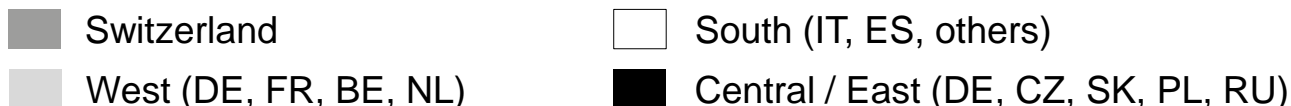
Regional distribution  
(Ø FTE)



Personnel expense ratio<sup>2</sup>

37.4%

33.9%



### Comparison of development of average wages in key markets 2015-2018<sup>3</sup>:

Czech Republic = +12.5% | Germany = +3.7% | Poland = +17.7% | Slovakia = +8.6%

**Personnel shift towards best-cost countries with fast growing domestic markets – supplemented by a high automation level**

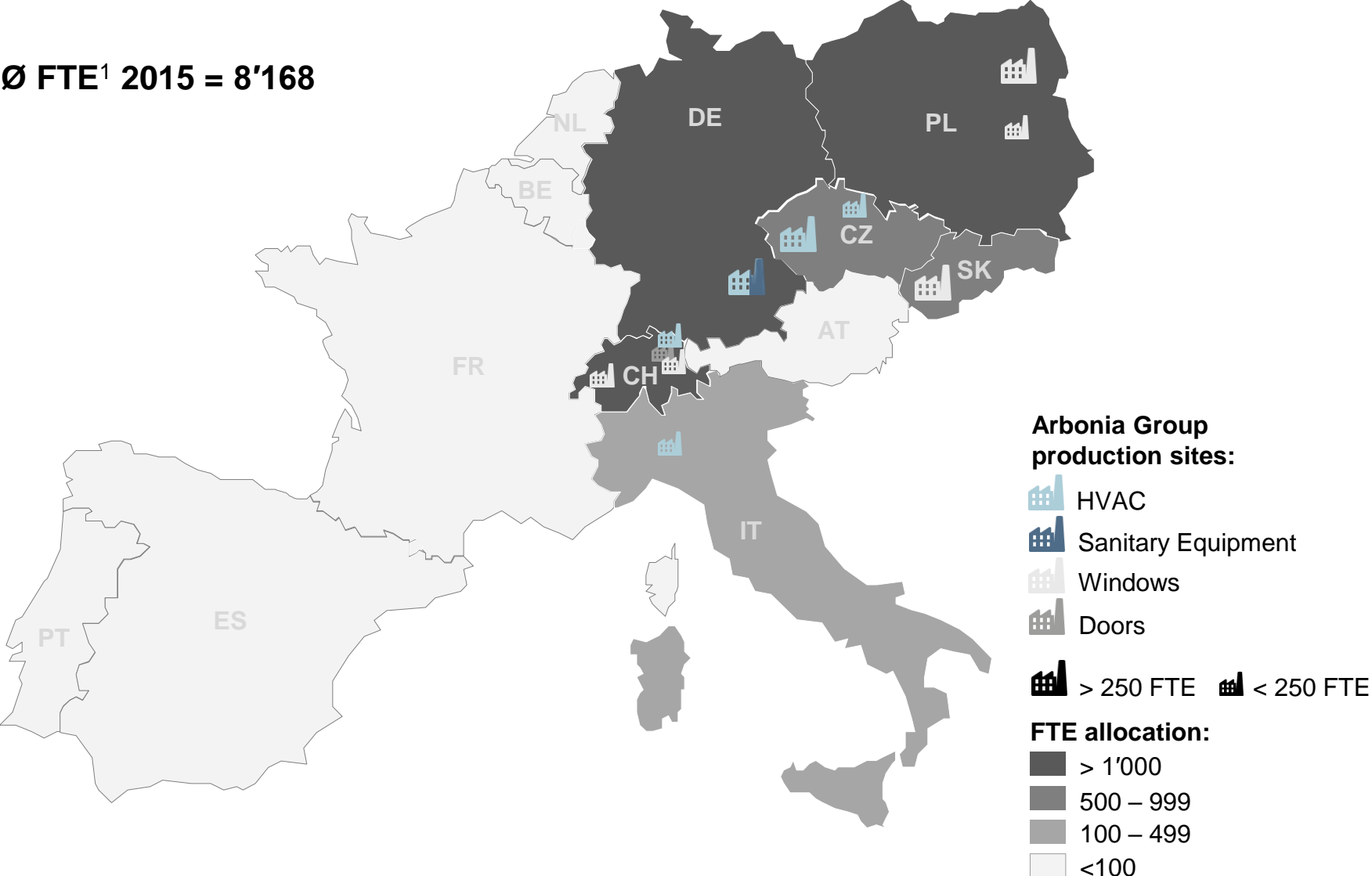
<sup>1</sup> Annual reports

<sup>2</sup> Personnel expenses / net revenues

<sup>3</sup> 2018, OECD (Organisation for Economic Co-operation and Development) total growth numbers 2015 to 2018

# Production sites and FTE allocation

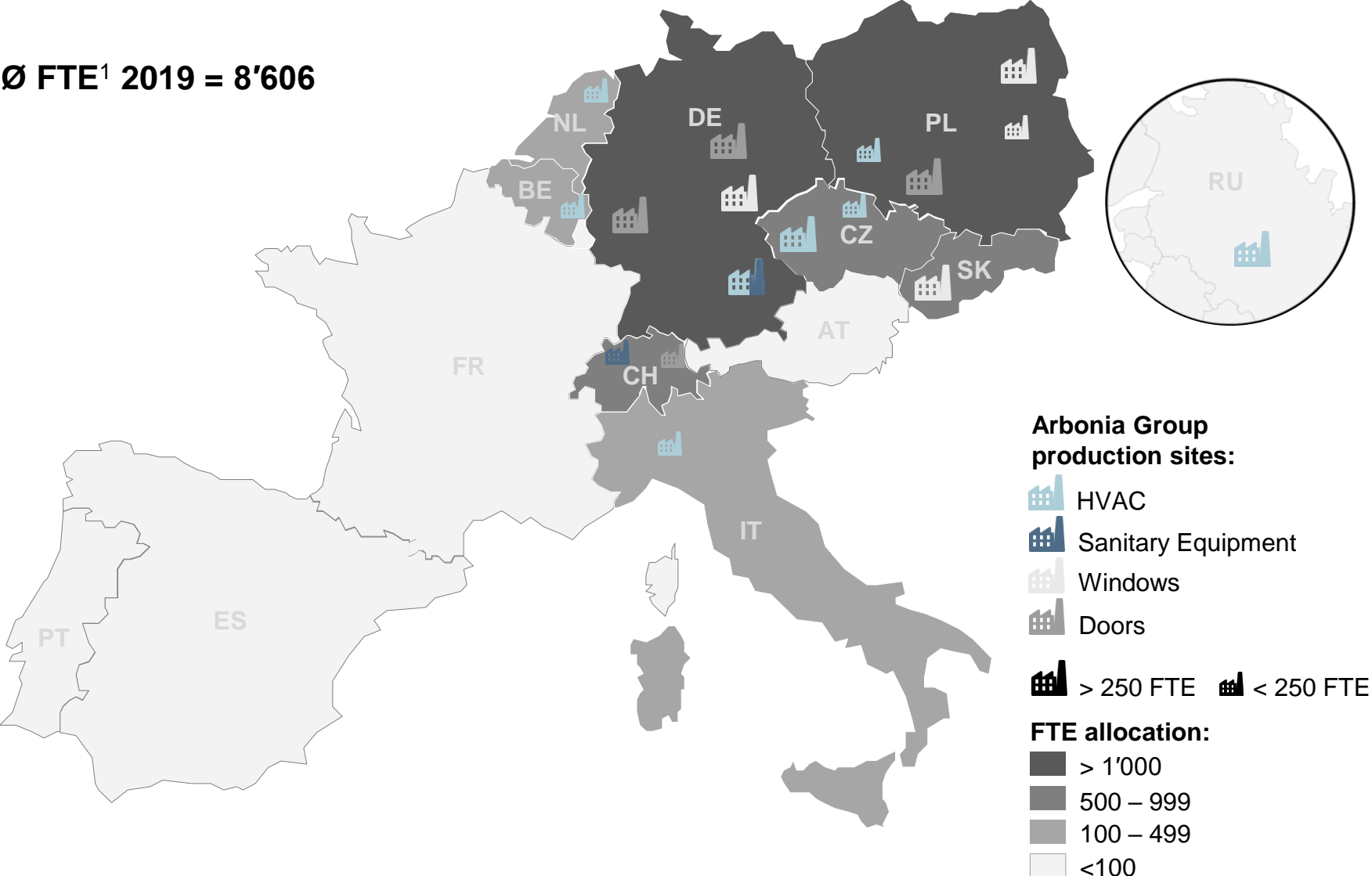
Ø FTE<sup>1</sup> 2015 = 8'168



<sup>1</sup> Including temporary employees

# Production sites and FTE allocation

























Ø FTE<sup>1</sup> 2019 = 8'606



<sup>1</sup> Including temporary employees



# Arbonia brands and presence

		<b>ARBONIA</b> 			
Region	Revenues <sup>1</sup>	HVAC	Sanitary Equipment	Windows	Doors
	25%	 <sup>4</sup> 	 	 Fenster und Türen	  Objektüren nach Mass Türen die zu Ihnen passen
	39%	  	 	 Mehr Licht zum Leben	  Türen für Ihr Zuhause Türen die zu Ihnen passen
	11%				  Türen die zu Ihnen passen
					
					
	6%	 <sup>4</sup> IL CLIMA AMICO		Private Label	
					
	6%	 		 Türen die zu Ihnen passen	
					
<b>RoW<sup>2</sup>:</b>	13%	Various	  <sup>3</sup>	Various	Various

1 Arbonia Group revenues | 2 RoW includes 12% revenues in rest of Europe and 1% revenues in overseas

3 Baduscho is only present in Austria, other brands are sold in RoW | 4 With presence abroad

# Agenda

**1. Arbonia's transformation completed**

**2. Group results 2019**

**3. Market environment and key drivers**

**4. Divisional and corporate strategy**

**5. Guidance**

**Questions**

# Income Statement

## Without one-time effects

In CHF M	2019	in %	2018	in %
<b>Net revenues</b>	<b>1'416.0</b>	<b>100.0</b>	<b>1'374.0</b>	<b>100.0</b>
Cost of material and goods	-635.9	-44.9 <sup>I</sup>	-633.7	-46.1
Personnel expenses	-472.9	-33.4 <sup>II</sup>	-447.6	-32.6
Other operating expenses	-199.0	-14.1	-197.8	-14.4
<b>EBITDA</b>	<b>134.8</b> <sup>III</sup>	<b>9.5</b>	<b>115.1</b>	<b>8.4</b>
Depreciation, amortisation, impairments	-63.8 <sup>IV</sup>	-4.5	-48.4	-3.5
<b>EBITA</b>	<b>71.0</b>	<b>5.0</b>	<b>66.7</b>	<b>4.9</b>
PPA amortisation	-18.6	-1.3	-18.8	-1.4
<b>EBIT</b>	<b>52.3</b>	<b>3.7</b>	<b>47.8</b>	<b>3.5</b>
Net financial result	-5.4 <sup>V</sup>	-0.4	-12.4	-0.9
<b>Group result before income tax</b>	<b>46.9</b>	<b>3.3</b>	<b>35.4</b>	<b>2.6</b>
Income tax expense	-10.5	-0.7	-11.6	-0.8
<b>Group result</b>	<b>36.5</b>	<b>2.6</b>	<b>23.8</b>	<b>1.7</b>

### **I** Cost of material

- Support from lower material costs (glass, wood, etc.) ...

### **II** Personnel exp.

- ...but partially offset by higher personnel expenses

### **III** EBITDA

- EBITDA up 17%

### **IV** Depreciation

- Higher depreciation due to IFRS 16, Vasco and capex

### **V** Net Financial result

- Positive impact from reclassification of inter-company loans and FX

Blue figures are adjusted for one-time effects

2019: Including IFRS 16

2018: Including Vasco since 1 June 2018 and Tecna since 1 September 2018

# Income Statement

## With one-time effects

In CHF M	2019	in %	2018	in %
<b>Net revenues</b>	<b>1'416.0</b>	<b>100.0</b>	<b>1'374.0</b>	<b>100.0</b>
Cost of material and goods	-638.3	-45.1	-633.7	-46.1
Personnel expenses	-480.1	-33.9 <sup>I</sup>	-454.7	-33.1
Other operating expenses	-200.8	-14.2	-201.5	-14.7
<b>EBITDA</b>	<b>125.4</b> <sup>II</sup>	<b>8.9</b>	<b>130.5</b> <sup>II</sup>	<b>9.5</b>
Depreciation, amortisation, impairments	-67.0 <sup>III</sup>	-4.7	-50.7	-3.7
<b>EBITA</b>	<b>58.3</b>	<b>4.1</b>	<b>79.8</b>	<b>5.8</b>
PPA amortisation	-18.6	-1.3	-18.8	-1.4
<b>EBIT</b>	<b>39.7</b>	<b>2.8</b>	<b>61.0</b>	<b>4.4</b>
Net financial result	-5.4	-0.4	-11.2	-0.8
<b>Group result before income tax</b>	<b>34.3</b>	<b>2.4</b>	<b>49.8</b>	<b>3.6</b>
Income tax expense	-8.1	-0.6	-11.1	-0.8
<b>Group result</b>	<b>26.2</b>	<b>1.9</b>	<b>38.7</b>	<b>2.8</b>

### **I** Personnel exp.

- Reflecting restructuring charges at Vasco and EgoKiefer, closure of Wertbau Elemente plus ramp-up Stupino plant

### **II** EBITDA

- CHF 9.5 M net one-time effects mainly include Vasco, EgoKiefer, closure of Wertbau Elemente and ramp-up costs Russia plant
- 2018 includes sale of properties of CHF 25.7 M

### **III** Impairment

- CHF 3.2 M impairment of equipment

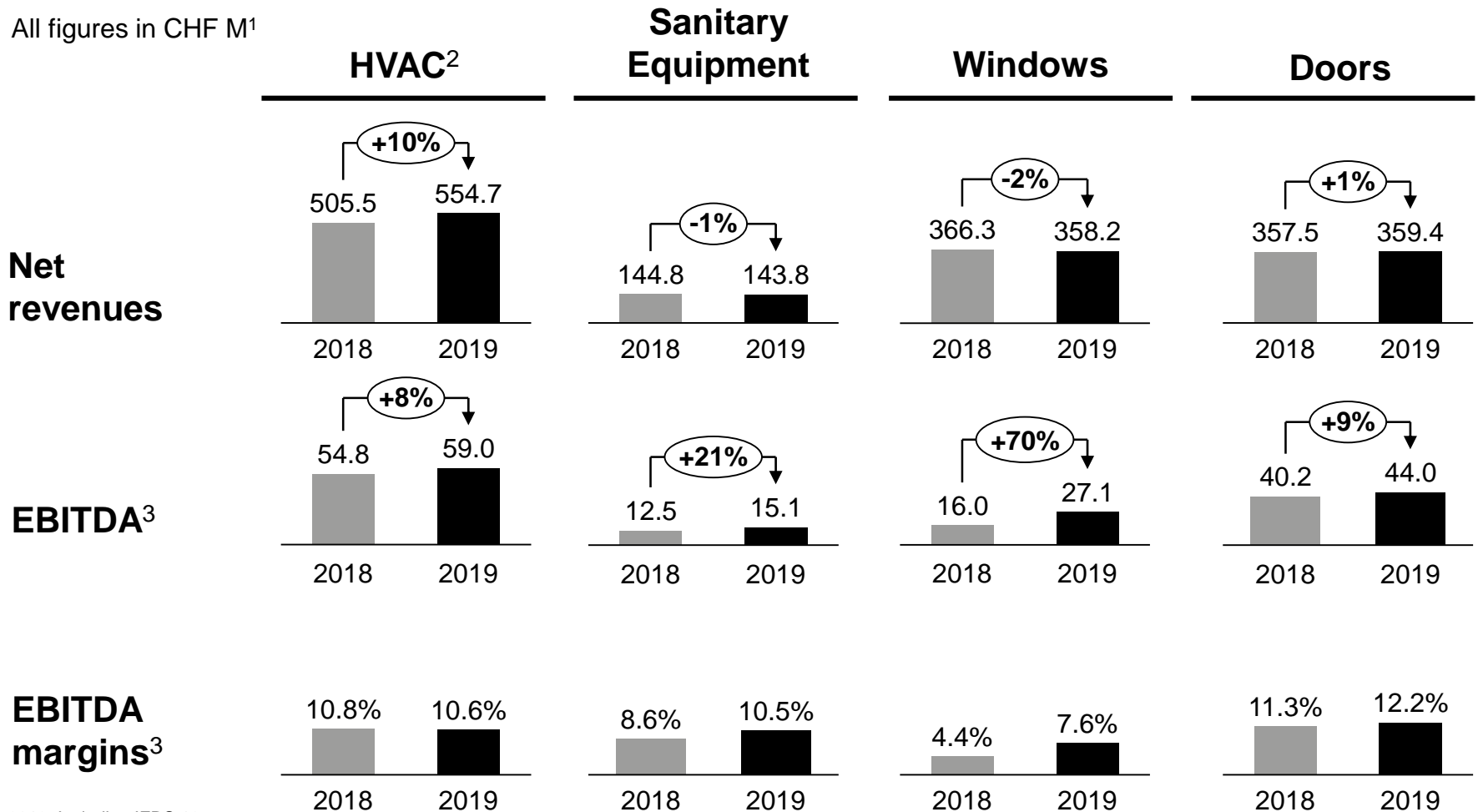
2019: Including IFRS 16

2018: Including Vasco since 1 June 2018 and Tecna since 1 September 2018

# 2019 summary

## Performance by Division

All figures in CHF M<sup>1</sup>



2019: Including IFRS 16

<sup>1</sup> Not adjusted for currency and acquisition effects – for adjustments see slide "Organic growth"

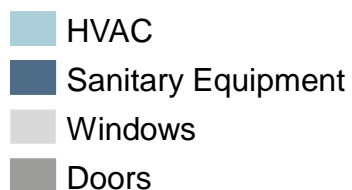
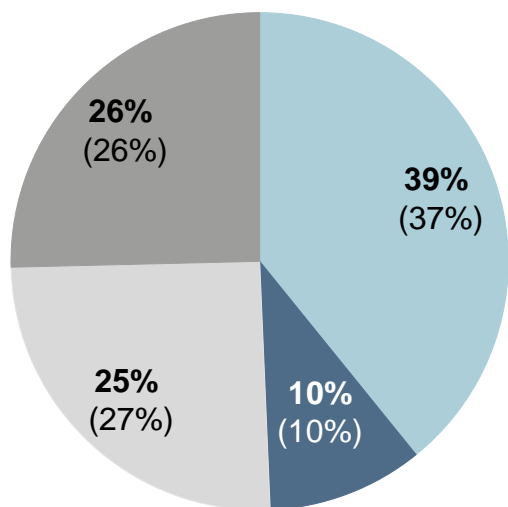
<sup>2</sup> Including Vasco since 1 June 2018 and Tecna since 1 September 2018

<sup>3</sup> EBITDA figures without one-time effects

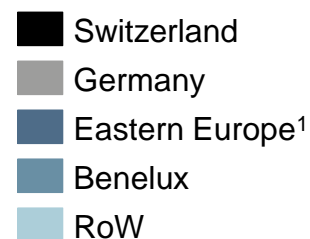
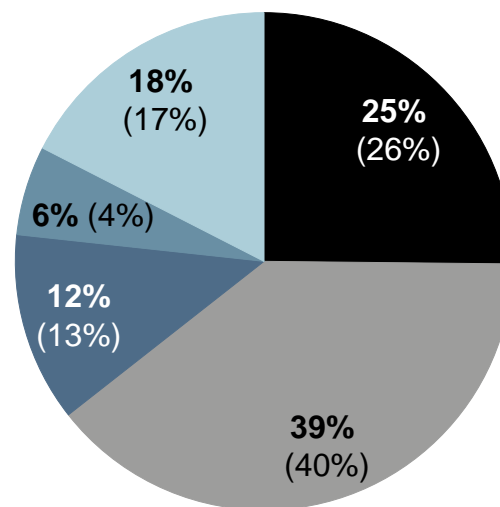
# Net revenues by Division and Region

## Share of HVAC up due to Vasco and Tecna acquisitions

### Net revenues by Division



### Net revenues by Region



The figures in brackets show the values of the previous year

<sup>1</sup> Eastern Europe: PL, CZ, SK and RU

# Organic growth

Top-line growth negatively impacted by translation effects – organic growth mainly driven by price effects

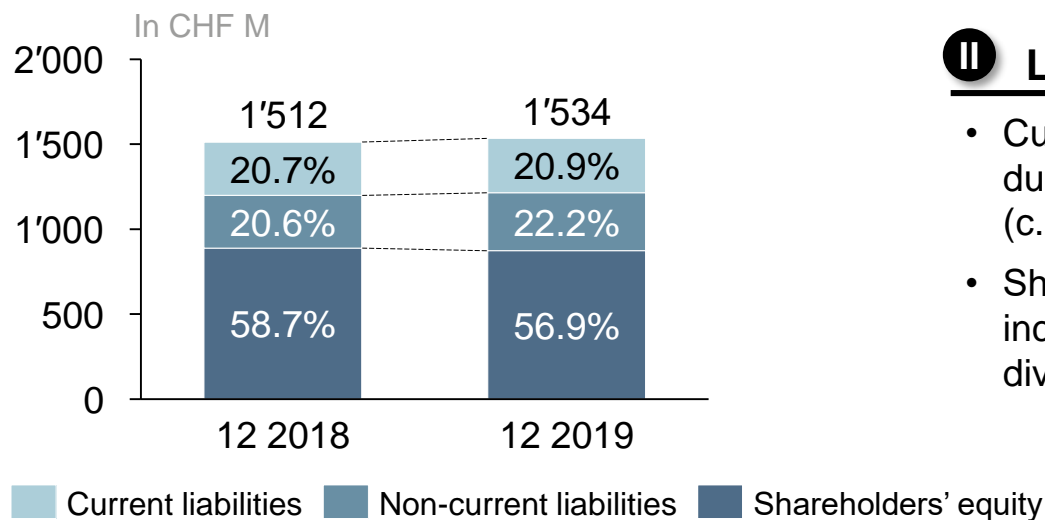
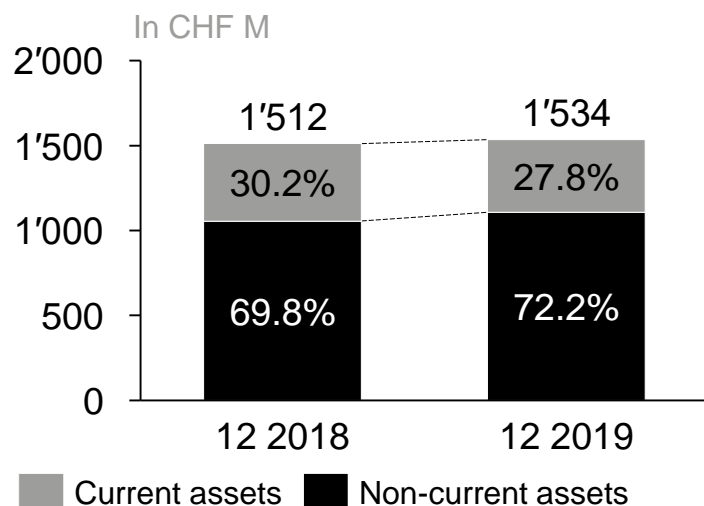
Net revenues as reported in CHF M	2019	2018 <sup>1</sup>	Δ Year Total	Currency effects	Acquisition effects	Organic growth <sup>2</sup>
<b>Arbonia</b>	<b>1'416.0</b>	<b>1'374.0</b>	<b>+3.1%</b>	<b>-2.9%</b>	<b>+3.9%</b>	<b>+2.0%</b>
HVAC	554.7	505.5	+9.7%	-3.5%	+10.7%	+2.5%
Sanitary Equipment	143.8	144.8	-0.7%	-2.9%	0.0%	+2.2%
Windows	358.2	366.3	-2.2%	-1.8%	0.0%	-0.5%
Doors	359.4	357.5	+0.5%	-3.2%	0.0%	+3.7%

<sup>1</sup> Including Vasco since 1 June 2018 and Tecna since 1 September 2018

<sup>2</sup> Adjusted for currency and acquisition effects

# Financials

## Balance sheet



### I Assets

- IFRS 16, capitalisation of right-of-use assets (leases) of CHF 55 M as of 01/01/2019
- Capitalisation of capex 2019

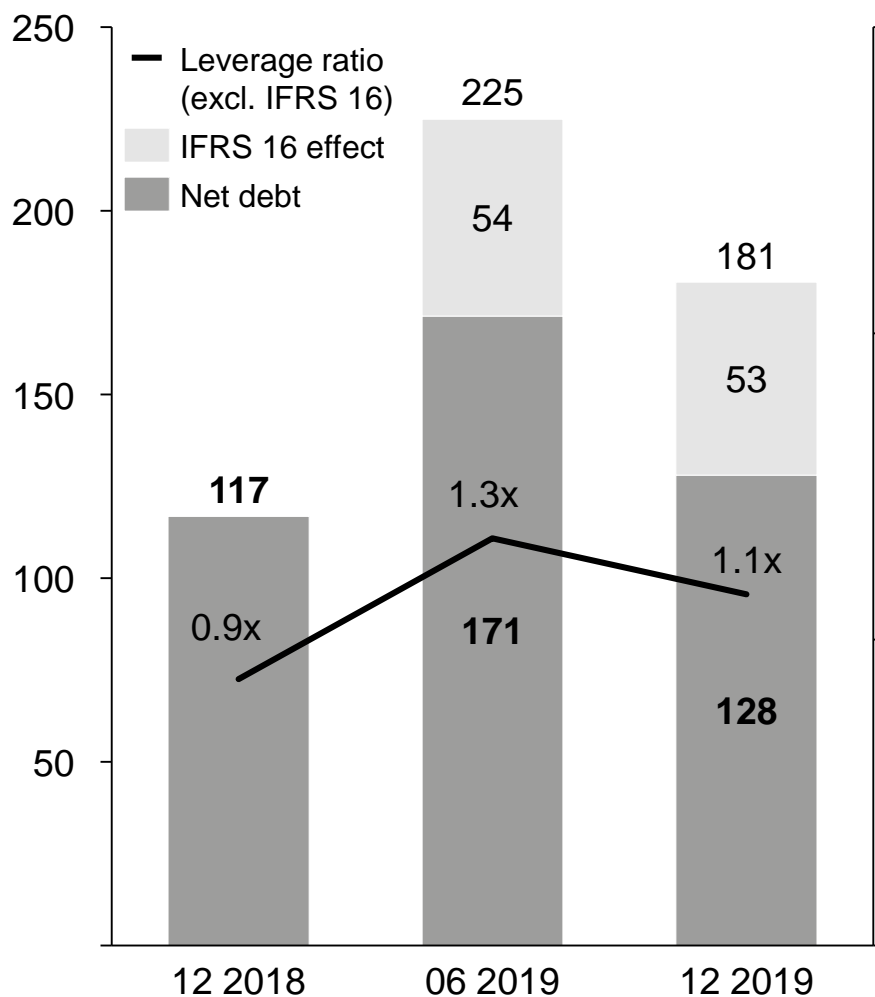
### II Liabilities

- Current and non-current liabilities increased due to IFRS 16 lease liabilities (c. CHF 53 M as of 31/12/2019)
- Shareholders' equity marginally down due to increased total assets as a result of IFRS 16, dividend payment and FX translation effects



# Net debt as of December 2019

In CHF M



## I Net debt

- Slight increase of net debt by CHF 11 M to CHF 128 M compared to 12 2018 mainly due to dividend payment
- Early refinancing of existing CHF 350 M credit facility planned for 2020

## II Leverage ratio

- Leverage increased to 1.1x (excl. IFRS 16 effects)
- Slight support in the coming years from reduction of IFRS 16 liabilities and higher EBITDAs

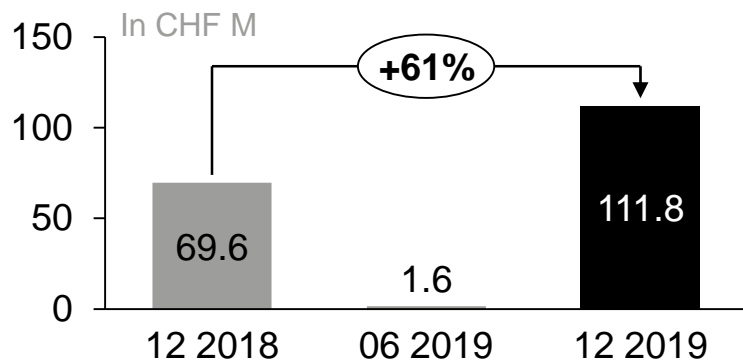
## III Real estate

- Surplus real estate with c. CHF 20 M market value
- On top sale of two surplus properties out of Vasco acquisition for c. CHF 10 M contracted in 2019 – cash-in expected in 2020

# Financials

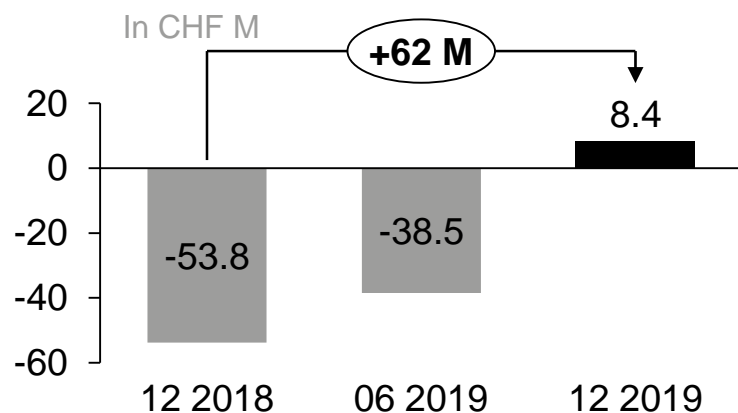
## Cash flow statement

### I Cash flow from operating activities



- Strong increase of cash flow from operating activities testifies operational performance of underlying business
- Positive effect out of lower NWC – first relief due to completed factory relocations

### II Free cash flow<sup>1</sup>



- Free cash flow turned positive due to improved operational performance and lower capex activities compared to 2018

2019: Including IFRS 16

2018: Including Vasco since 1 June 2018 and Tecna since 1 September 2018

<sup>1</sup> Free cash flow: cash flow from operating and investing activities

# Agenda

**1. Arbonia's transformation completed**

**2. Group results 2019**

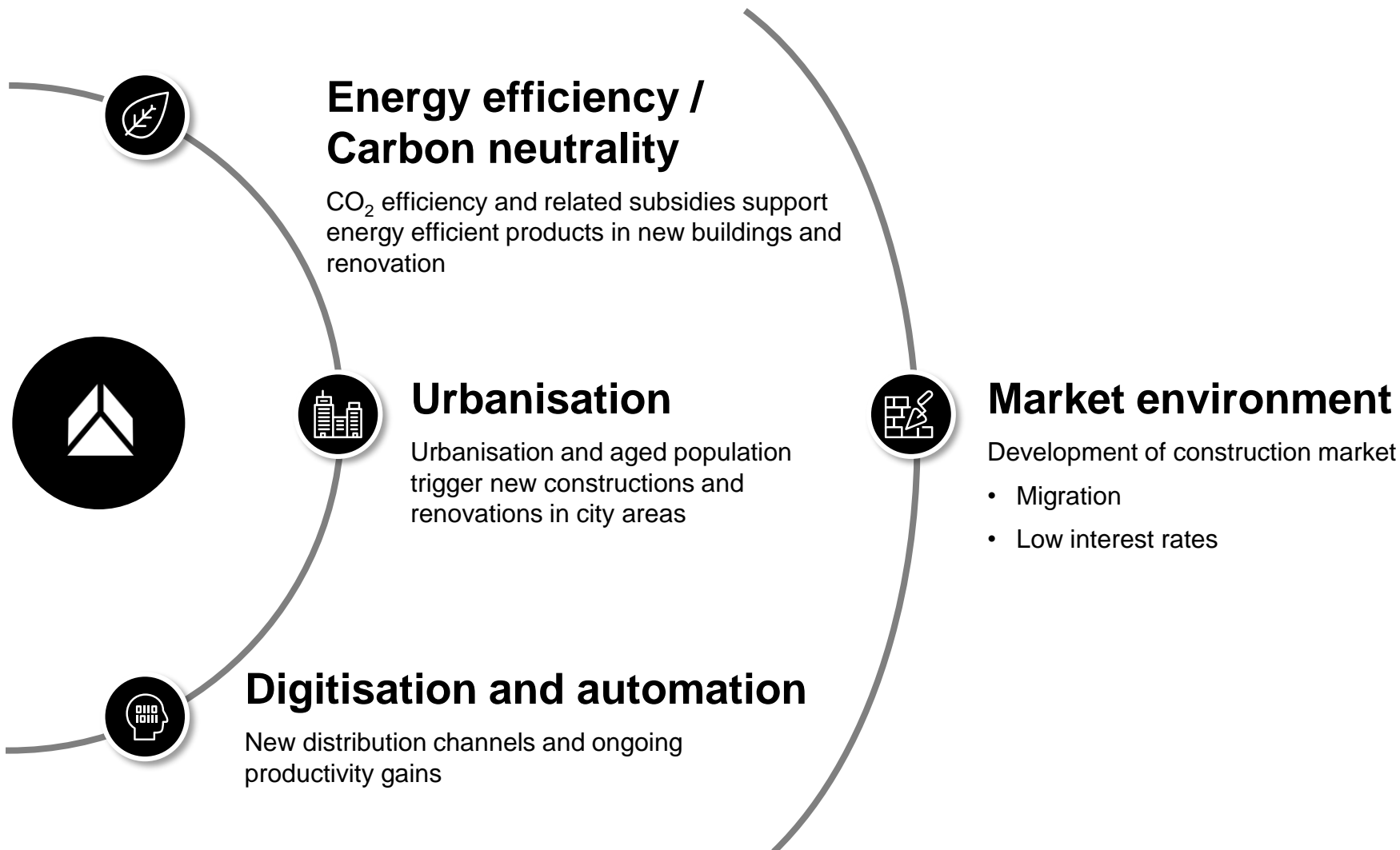
**3. Market environment and key drivers**

**4. Divisional and corporate strategy**

**5. Guidance**

**Questions**

# Market environment and key drivers

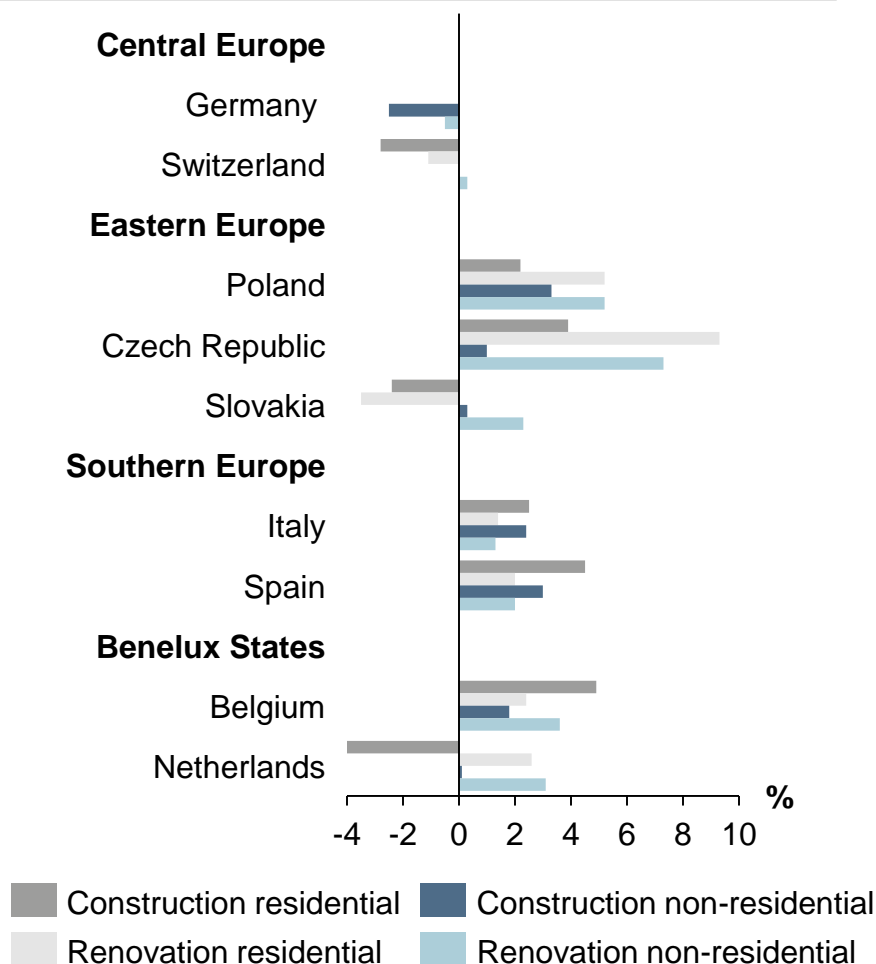


# Market environment

## Development of relevant construction market



### Euroconstruct forecast 2020



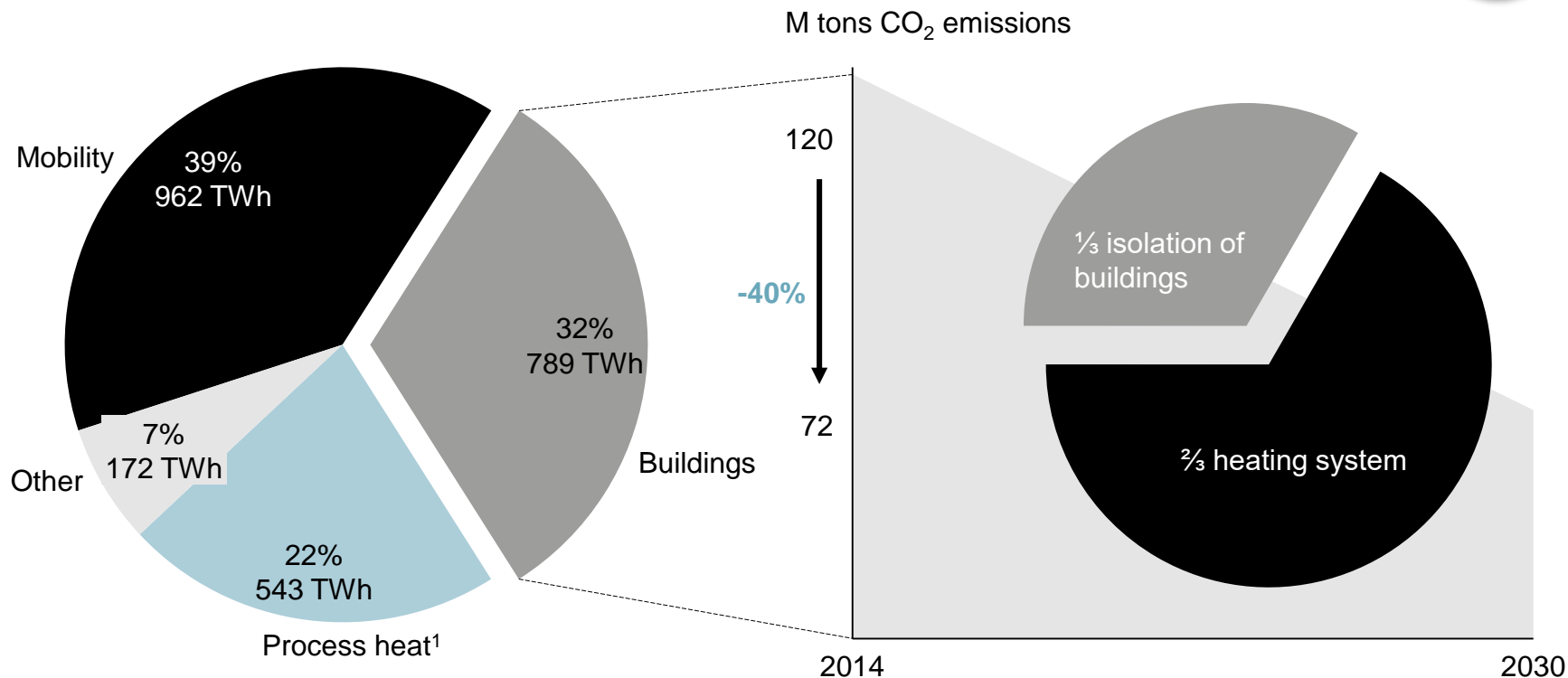
### Key factors

- Continued **low interest rates** make interest bearing assets unattractive and boost investments in real estate
- **Migration to Western European countries** increases the pressure on urban housing markets
- **Increased competition** from **heating system** producers taking advantage of its weak currency and domestic over-supply (UK, Turkey)
- **Shortage of skilled workers** remains important and limits growth of the construction industry
- **German residential market remains strong**, while non-residential market will be impacted by uncertainty
- **Swiss non-residential market remains flat**, while residential market slightly declines due to increasing vacancy outside city areas
- Slightly lower growth rates on existing high levels in **Eastern European** markets with **encouraging growth in renovation**
- **Southern European** markets continue their **remarkable recovery** despite economic uncertainty
- **Benelux** markets continue with **positive momentum**

Source: 88<sup>th</sup> Euroconstruct Report 2019

# Energy efficiency / Carbon neutrality

## German Climate Protection Concept



### Annual German energy consumption

- Total energy consumption is roughly 2'500 TWh
- Buildings are among the highest energy consumption segments. Its saving potential is easiest to realise

### How to reduce CO<sub>2</sub> emissions

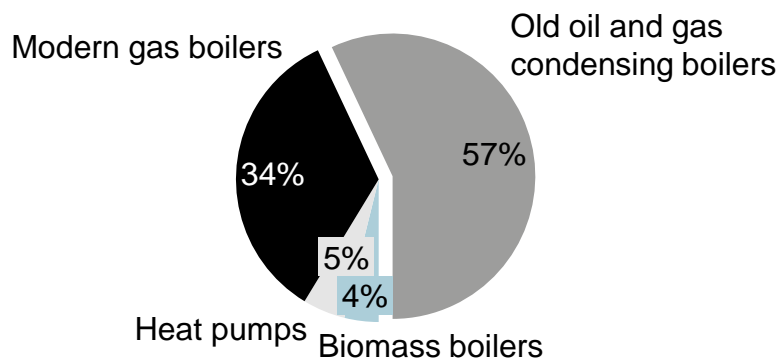
- To meet the German Climate Protection Concept's goals by 2030, CO<sub>2</sub> emissions must be reduced by **40%**
- Highest CO<sub>2</sub> emission reduction potential in buildings remains in more efficient heating systems, energy efficient windows and insulated interior and exterior doors

Source: BDH – Bundesverband der Deutschen Heizungsindustrie, German Ministry of Economics

<sup>1</sup> Heat required for certain technical processes (especially in industry)

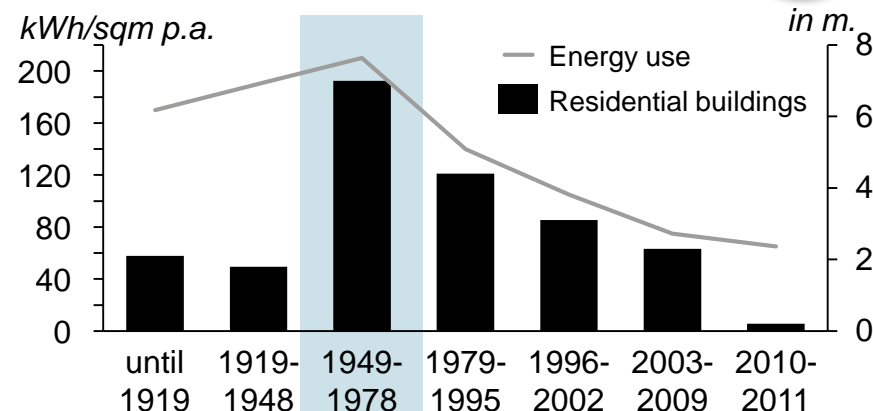
# Energy efficiency / Carbon neutrality

## German Climate Protection Concept



### Usage of different heating systems in Germany (2018)

- Market share of old heating systems: roughly 57% represent 11.8 M units



### German housing market

- Large share of German housing was built prior to 1978 and is highly energy inefficient (heating and isolation)

### German Climate Protection Concept announced in September 2019

- Subsidies for exchange of oil-fired boiler and use of renewable heat sources as of 1<sup>st</sup> January 2020
- Tax reduction of up to 20% over 3 years for replacement of old heating systems
- Introduction of a CO<sub>2</sub> charge in 2021
- Impediments for the installation of oil-fired boilers from 2026 onwards

### Selected climate protection concepts in other countries

- Switzerland committed to a CO<sub>2</sub> reduction of 50% by 2030 compared to 1990
- It has paid CHF 340 M in subsidies from 2010 and 2018 for energy efficient heating systems and increased its CO<sub>2</sub> charge to 96 CHF/t in 2018
- Similar programs are ongoing in the Benelux countries

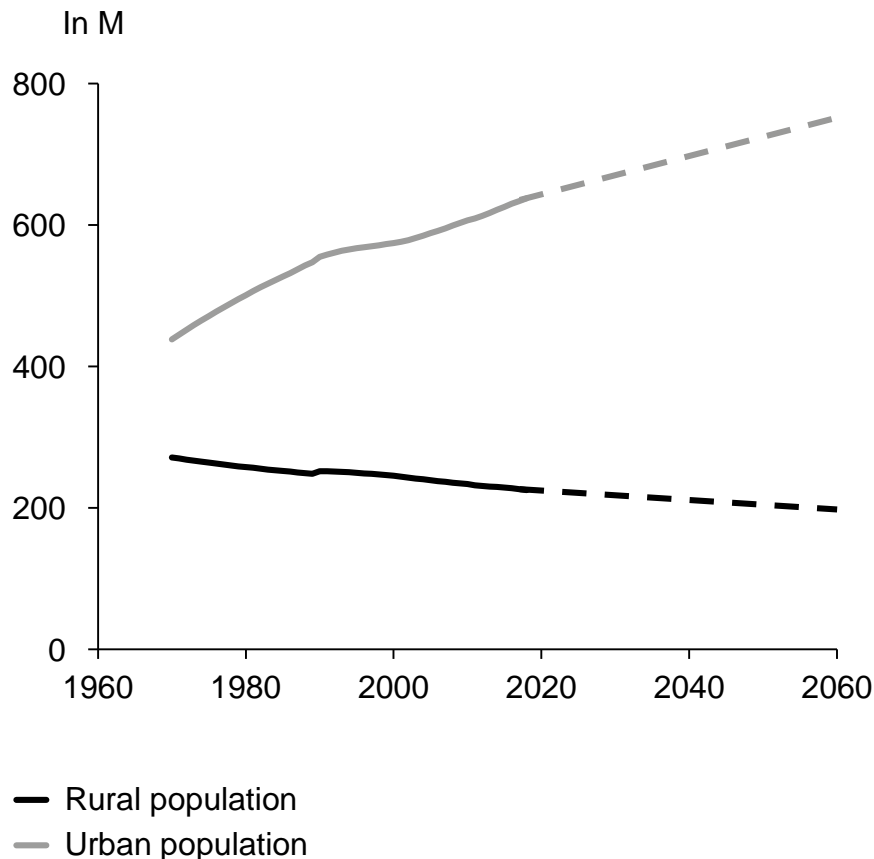
Source: German Ministry of Economics, BDH; Survey by "Schornsteinfegerhandwerk"

Source: Das Gebäudeprogramm, Bundesamt für Energie BFE

# Urbanisation



## Development of urban and rural population in Europe (1970 – 2050)



Source: The World Bank Group, World development indicators

## Reasons

- Better infrastructure than in rural areas
- Ageing of population leads to new needs (nurseries, geriatric care, etc.)
- Lack of jobs and education opportunities in rural areas
- Greater choice of consumer goods

## Consequences

- There is a tendency for more renovation in rural areas and new construction in urban areas (e.g. high-rise buildings)
- The increased demand for residential space in cities with low availability of building space (particularly in big cities) leads to new trends:
  - **Micro apartments** (Furnished residential units with a few square metres, supplemented by common rooms such as kitchen or lounge)
  - **Temporary housing**
  - **Co-living** (furnished flat-sharing communities with a high standard)
  - **Co-working spaces**





## Digitisation

---

### Customer needs

- New technologies change business models almost every day
- Growing expectations for self-service, 24/7 customer access, interaction and user-centric experiences
- Convenience, speed and transparency as drivers

### Competition

- Increasing number of innovative offers, digital solutions and unconventional business models
- Increasing number of platform solutions offered by competitors

### Products

- Differentiation by true customer relations, not product features
- Customers are willing to switch brands for a better and easier experience

## Automation | Industry 4.0

---

### Customer values

- Shorter production times
- Shorter and more reliable delivery times
- Reduced error rates

### Company benefits

- Increasing productivity and efficiency, accelerated processes and work steps
- Offsetting personnel costs through productivity and efficiency
- Bypass lack of skilled workers
- Increased agility
- Reduced error rates
- Better customer service

# Agenda

**1. Arbonia's transformation completed**

**2. Group results 2019**

**3. Market environment and key drivers**

**4. Divisional and corporate strategy**

**5. Guidance**

**Questions**

# Divisional strategy

## HVAC

 **arbonia**

 **BRUGMAN**

 **KERMI**

 **prolux**

### Plant productivity

- Modern, highly automated production sites result in increased efficiencies and permit the implementation of an end-to-end order tracking
- Selective expansion capex in new manufacturing facilities will support revenue growth in CO<sub>2</sub> efficient products such as ventilation, underfloor heating and heat pumps

### Product innovation

- Further product portfolio extension with new commercial ventilation units, residential fan coils and air handlings units
- Evaluation of a potential systems extension by residential energy storage unit



### Market penetration

- Organic growth in key markets Germany, Switzerland and Benelux countries supported by climate protection concepts, promoting CO<sub>2</sub> efficient products
- Organic growth in all products: radiators in Eastern Europe through the local production site in Stupino (RU) and other products in Central Europe through entrance into new sales channels
- Inorganic growth in energy efficient growth products (ventilation, heat pumps, underfloor heating and others) and in selected European markets

 **SABIANNA**  
IL CLIMA AMICO

 **superia**

 **TECNA**

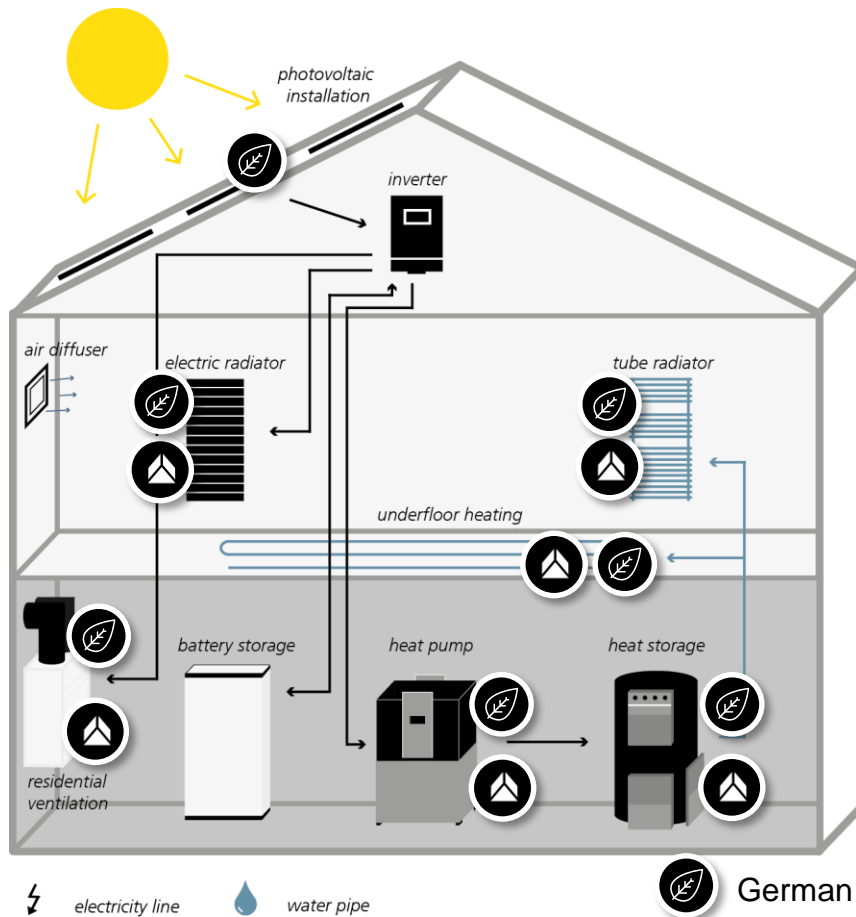
 **VASCO**

# Arbonia's energy efficient house



## CO<sub>2</sub> efficient energy management system

Arbonia introduces a **CO<sub>2</sub> efficient energy management system**. Each component can be used as a **plug and play solution** or can be **combined to an integrated system**



In order to meet CO<sub>2</sub> emission target by 2030 11.8 M old oil- and gas-fired boilers need to be replaced.

Arbonia's products are subsidised by the climate concepts in Germany, Switzerland and the Benelux countries as they substantially contribute to climate protection

- **Heat pump** provides **under floor heating** and **tube radiators** with the required hot water
- **Heat storage** saves excess heat produced by the heat pump and makes it available when needed
- **Ventilation** solutions protect buildings from mold that results from high humidity in insulated buildings
- A decentralised **battery storage** unit stores excess electricity and powers **heat pumps**. Discussions on a partnership/cooperation with various suppliers

# Divisional strategy

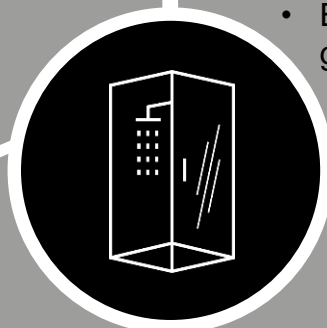
## Sanitary Equipment

### Plant productivity

- A high degree of automation in the production allow for reduced expansion capex in the upcoming years
- Targeted investments such as a new packaging line in Plattling (DE) / Kermi will increase productivity further and enable the use of new eco-friendly packaging materials
- Increase digitisation

### Product innovation

- Renewed full product range based on modern and high-class design, e.g. new walk-in series without fittings and magnet guided shower doors
- Extend product portfolio with new generation of easy-to-clean, robust and attractive shower units
- Introduce dark design and white line product series in trend colors



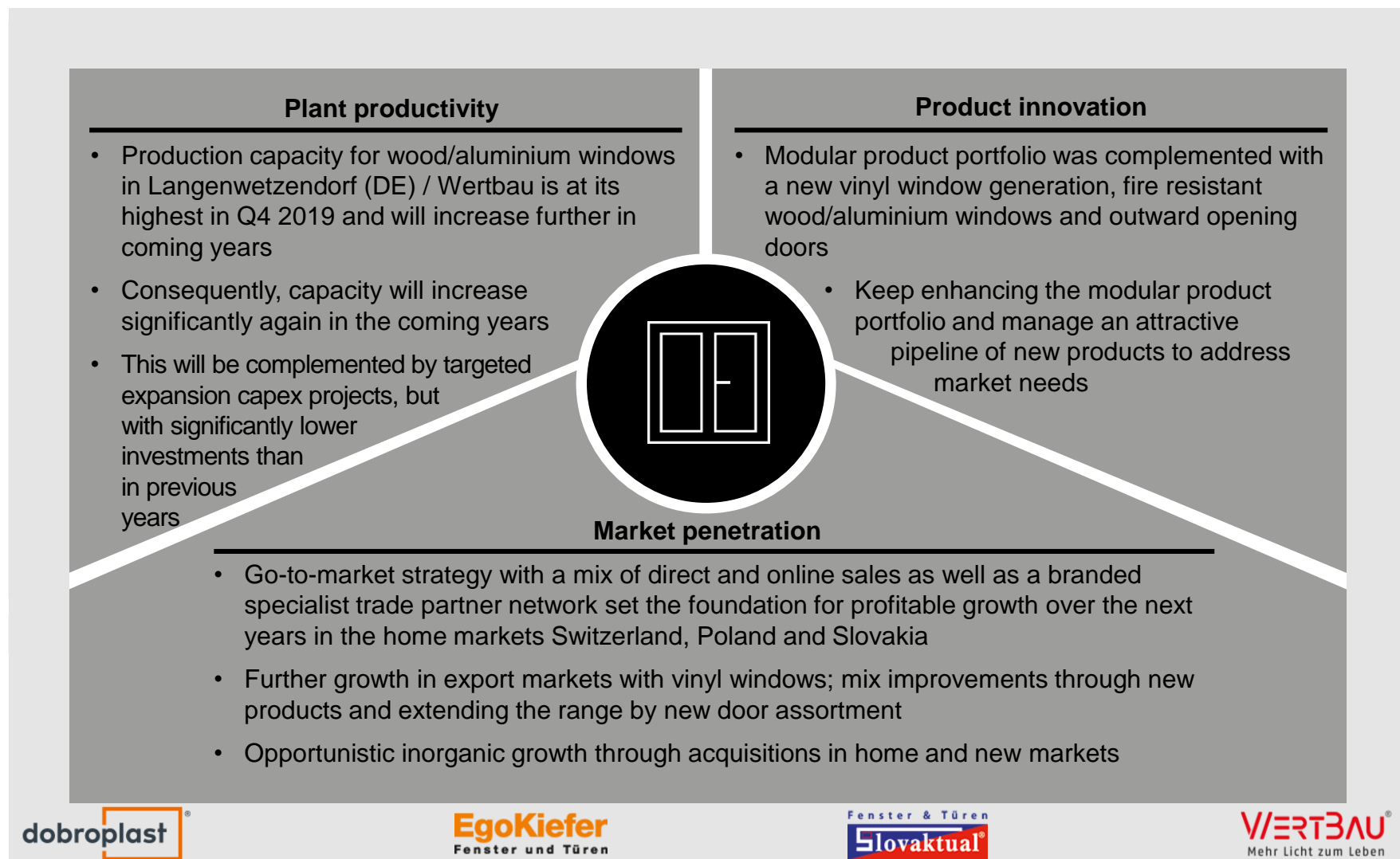
### Market penetration

- Secure market leadership in the key markets Germany, Switzerland and Austria and strengthen established position in markets France, Netherlands and Belgium through close customer relationships, multiple sales channels and an increased focus on installation services
- Grow organically in developing markets such as Poland, Czech Republic, Russia, Italy and Spain
- Opportunistic inorganic growth in target markets



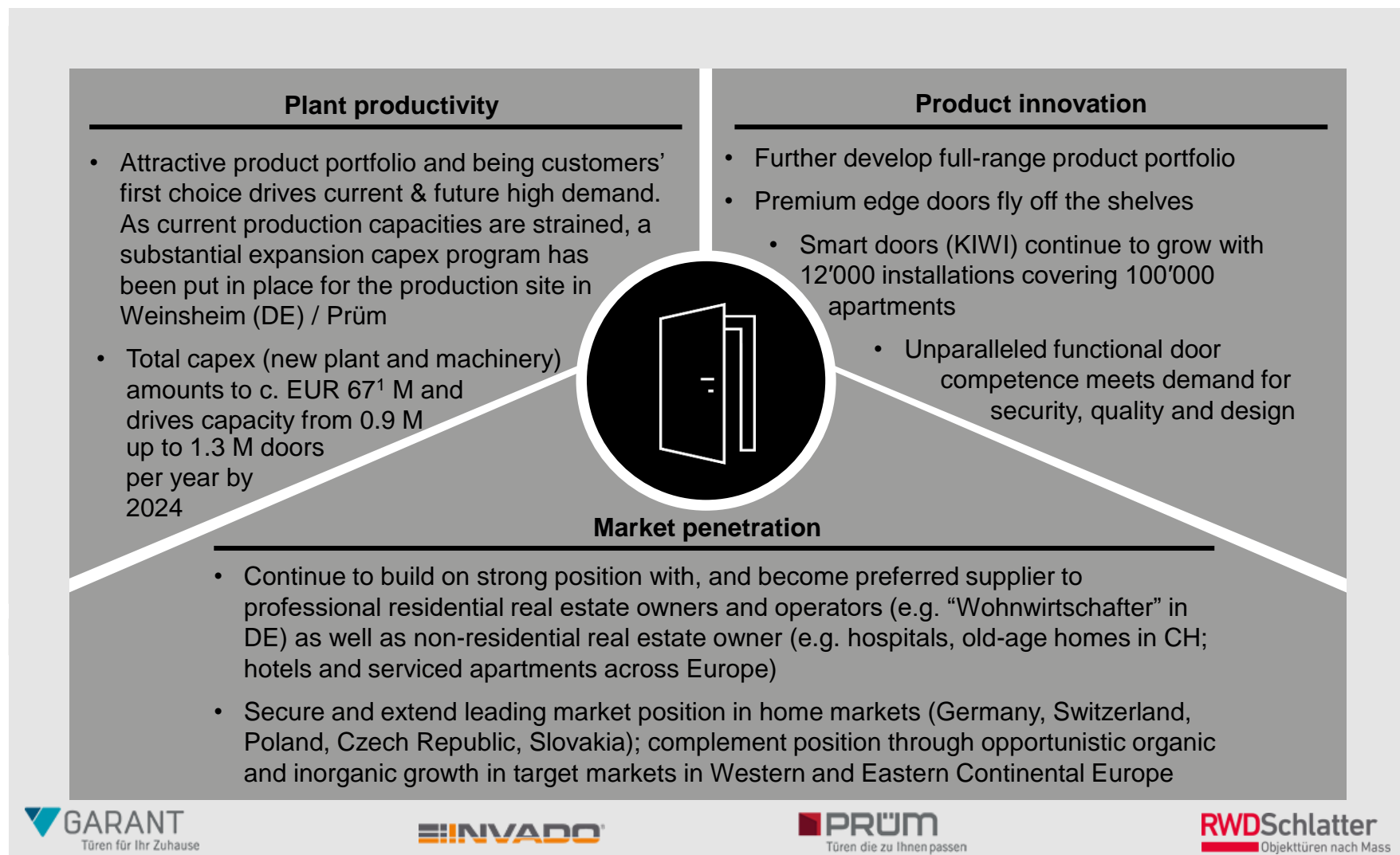
# Divisional strategy

## Windows



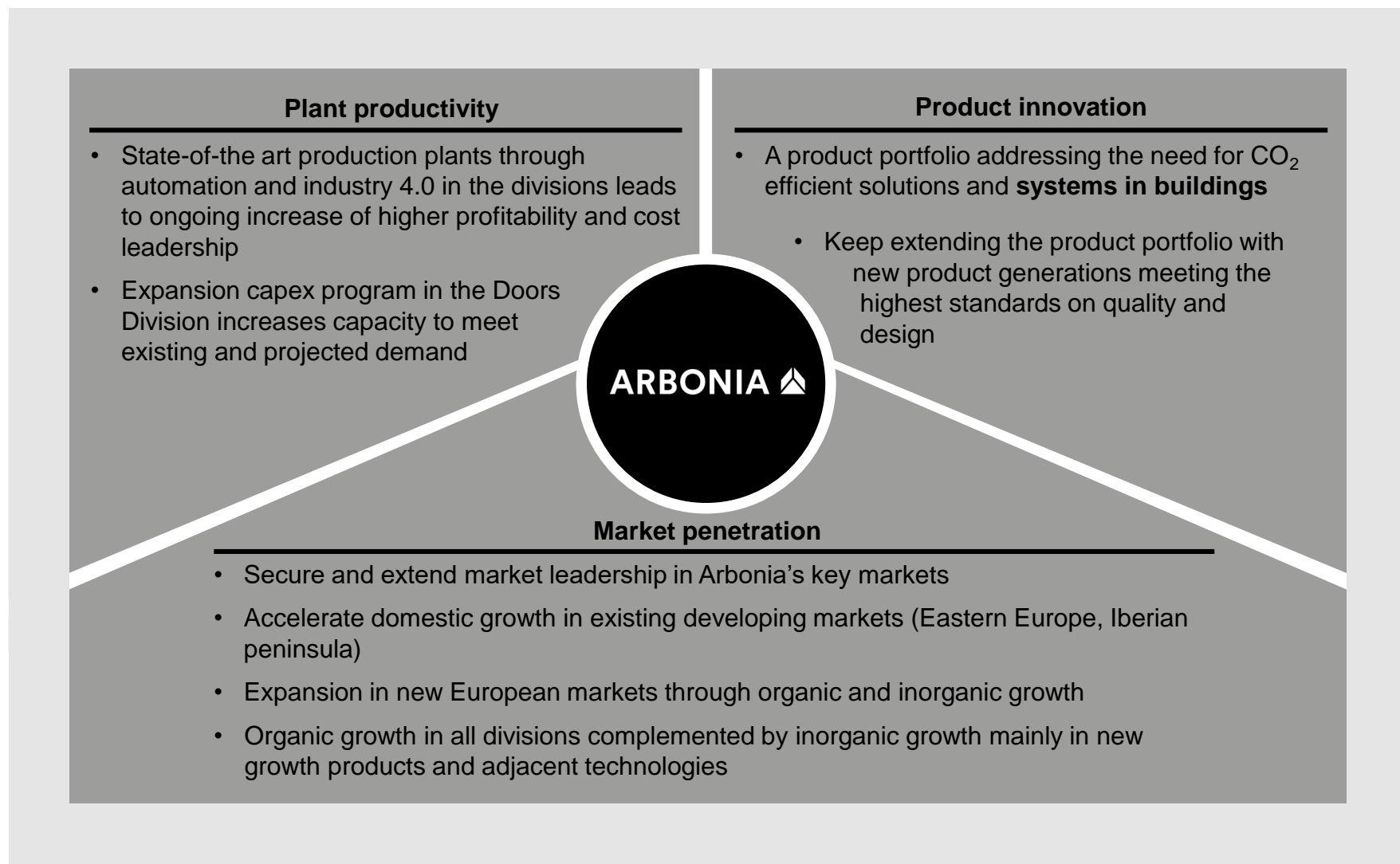
# Divisional strategy

## Doors



<sup>1</sup> Where of maintenance investment EUR 20 M and extension investment EUR 47 M

# Group strategy





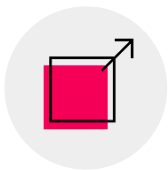


## ARBONIA DIGITAL

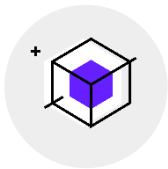
Arbonia and ARBONIA DIGITAL consistently understand the digital change as an opportunity – both for business development and growth of the divisions. At the heart of this there are three fundamental values:



**Customer-centric:** A deep understanding of customers and their needs is the prerequisite for the development of successful digital solutions.



**Agile and lean:** Interdisciplinary teams develop products with modern working methods in a self-organised and step-by-step manner.



**Cross-divisional:** Digital solutions designed by ARBONIA DIGITAL can later also be used for another division of the Group, or create at least a developmental lead.

## Digital cooperations & initiatives



Participation



Arbonia owned solutions

# Strategic financial roadmap

## Focus on profitable growth and underlying cash generation

### Growth and profitability

- Through the cycle organic top-line growth of c. 3% across all divisions
- Over-proportional increase of profitability due to operational leverage achieved by relocation and capex program
- Selected acquisitions and cooperations to strengthen and extend existing product range and to gain access to adjacent technologies / systems and geographies

### Capex

- Reduction of maintenance capex ratio to  $\leq 4\%$  of Group revenues
- Selected expansion capex projects with sustainable positive impact on profitability (e.g. capacity increase Doors Division)

**ARBONIA** 

### Cash flow management

- Focus on (operational) free cash flow generation (before M&A) backed by increased productivity and active management of capex level and NWC
- Free cash flow to fund dividend payments and to reduce financial debt

### Balance sheet management

- Strong balance sheet reflecting a sustainable leverage and equity ratio to provide financial flexibility for M&A and expansion capex projects
- Early refinancing of existing CHF 350 M credit facility planned for 2020

# Agenda

1. Arbonia's transformation completed
2. Group results 2019
3. Market environment and key drivers
4. Divisional and corporate strategy

## 5. Guidance

### Questions

# Guidance of Arbonia Group<sup>1</sup>

## Focus on profitable growth and pay-out

### Guidance 2020

#### Revenues

~ 3% organic growth

#### EBITDA margin<sup>2</sup>

~ 10%

#### Dividend 2019

CHF 0.22 per share



### Guidance mid-term

#### Revenues growth p.a.

~ 3% organic

#### EBITDA margin<sup>2</sup>

> 11%

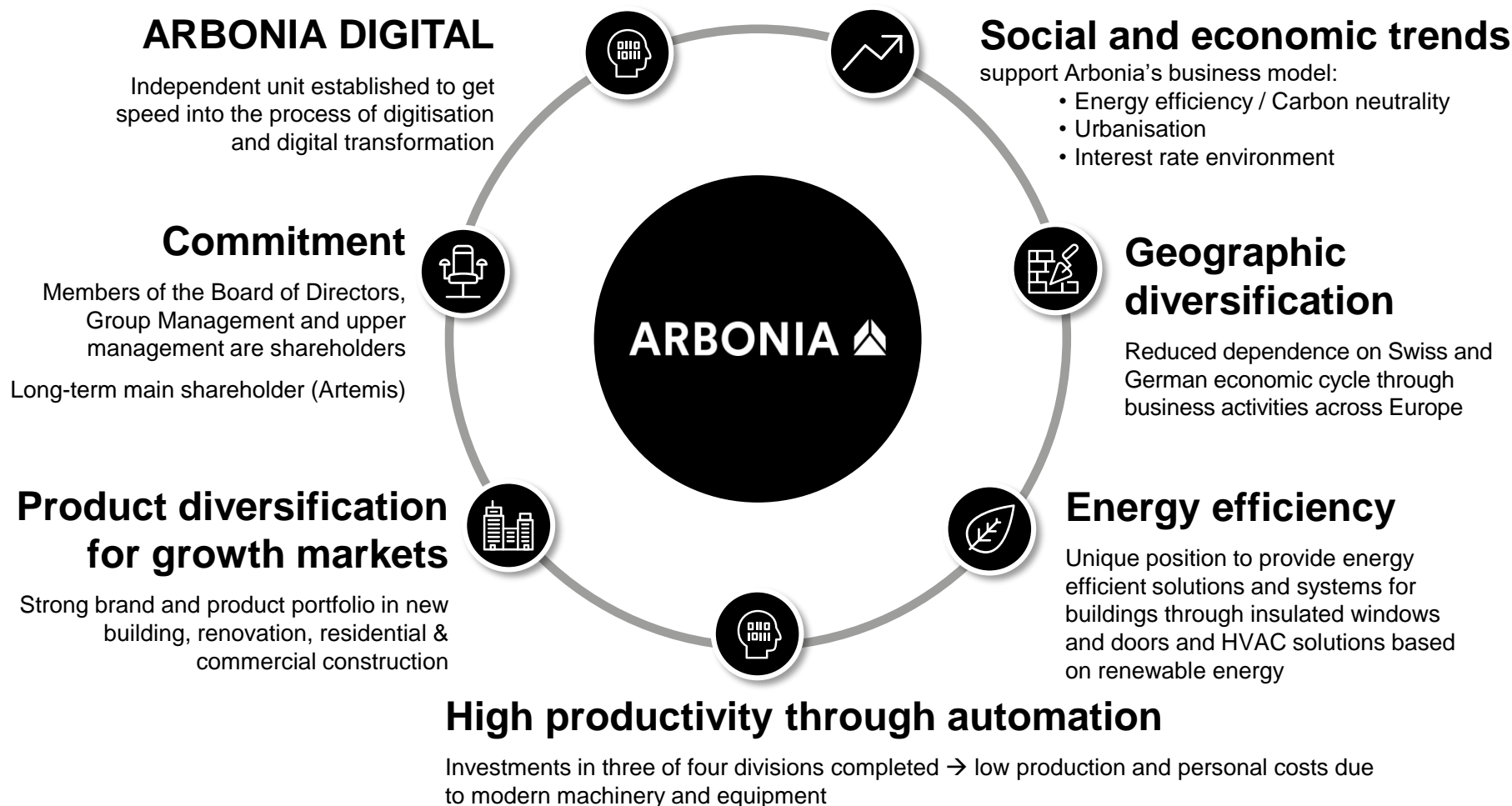
#### Dividend policy

Dividend growth ~ 10% p.a.

<sup>1</sup> Assuming a stable to positive market environment and currency exchange rates, organic growth adjusted for currency and acquisition effects

<sup>2</sup> EBITDA (excl. one-time effects)

# Why Arbonia?



**Proven business model, cost and quality leadership supported by social and economic trends offering value and growth**

# Disclaimer

Arbonia AG is making great efforts to include accurate and up-to-date information in this document, however we make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided in this document and we disclaim any liability whatsoever for the use of it.

The information provided in this document is not intended nor may be construed as an offer or solicitation for the purchase or disposal, trading or any transaction in any Arbonia AG securities. Investors must not rely on this information for investment decisions.

This presentation may contain certain forward-looking statements relating to the Group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation.

The Arbonia AG assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

# ARBONIA

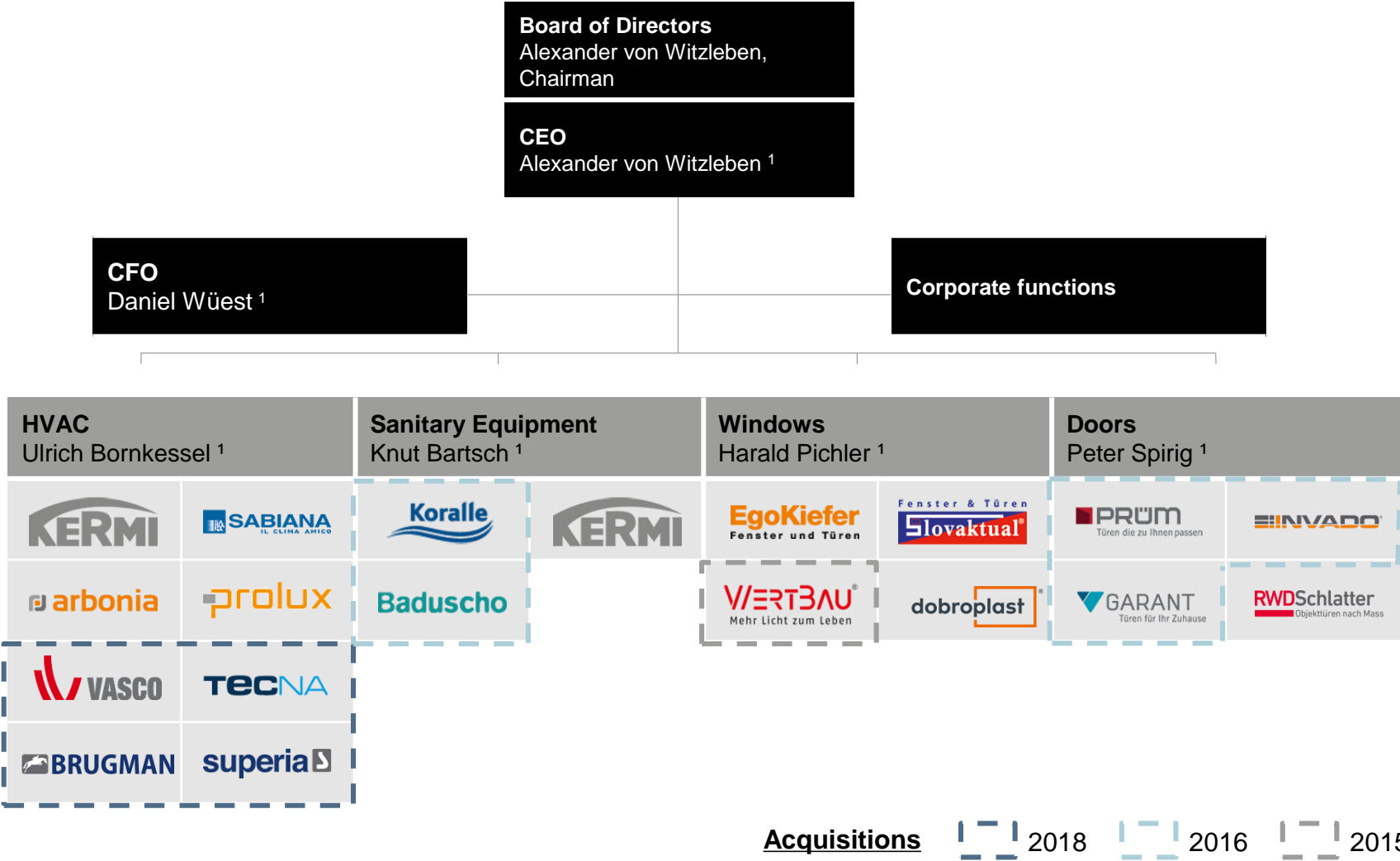
---

## Appendix

---

---

# Group organisation



<sup>1</sup> Members of Group Management

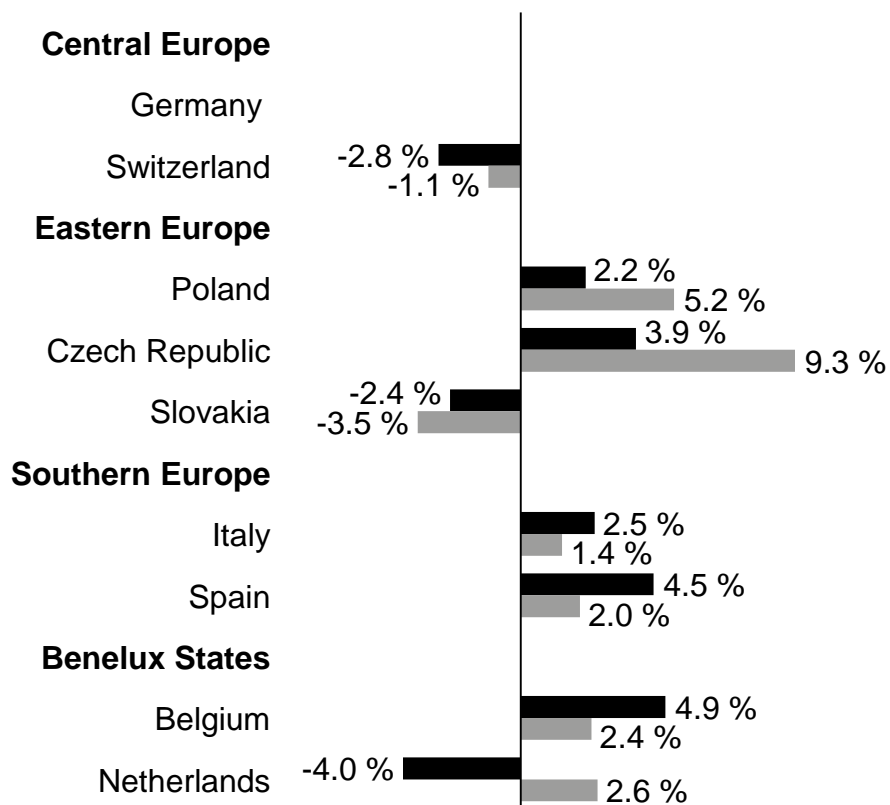


# Market environment

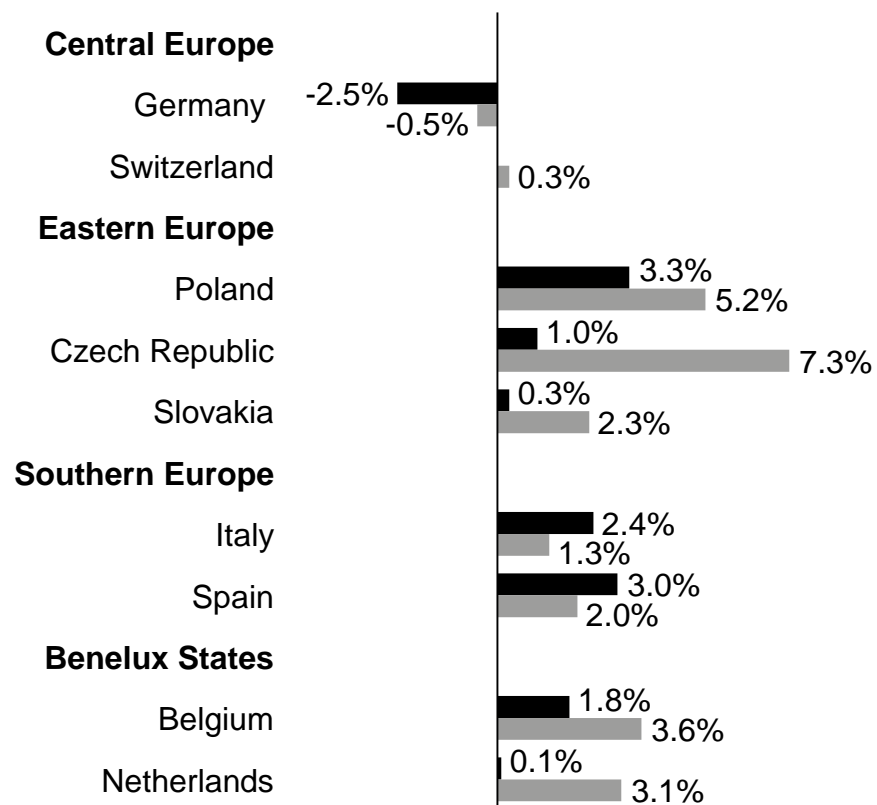
## Construction market 2020



### Residential



### Non-residential



■ Construction ■ Renovation

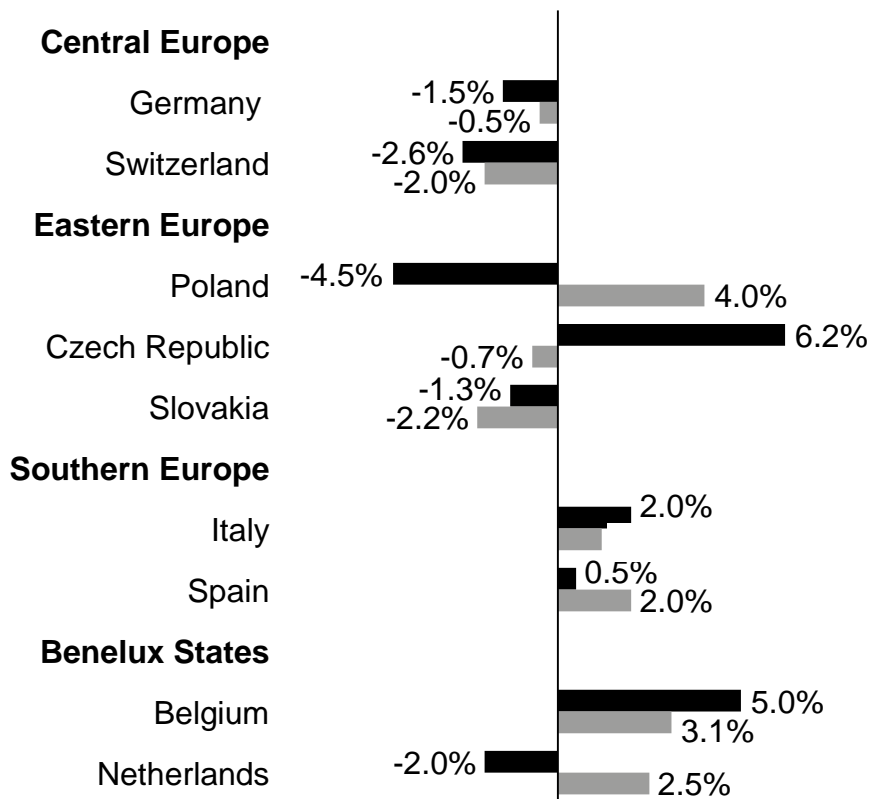
Source: 88<sup>th</sup> Euroconstruct Report 2019

# Market environment

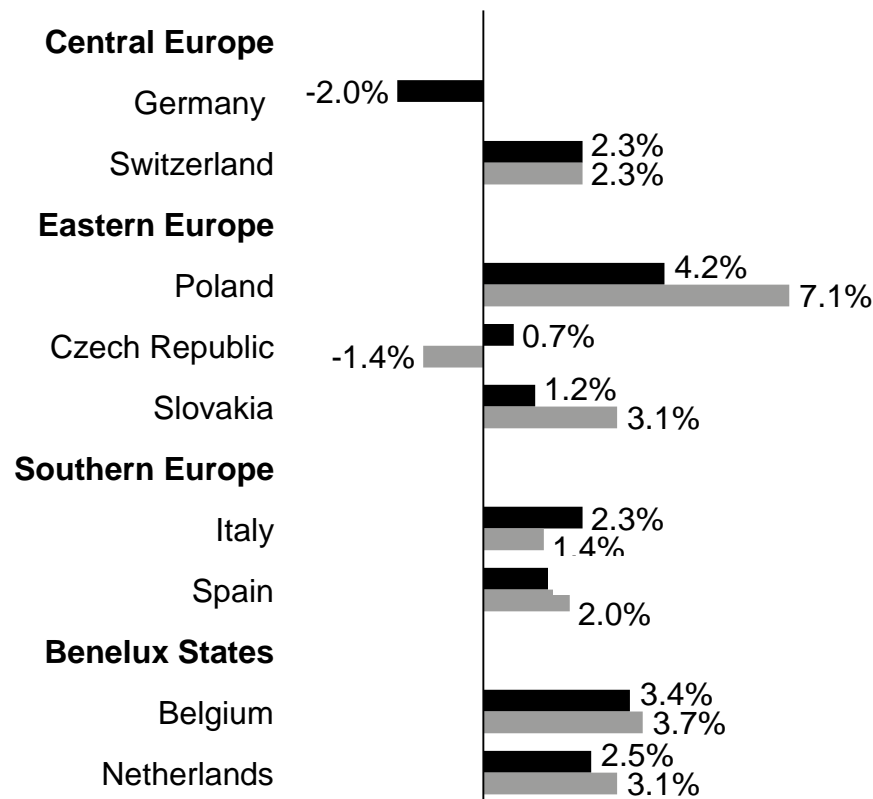
## Construction market 2021



### Residential



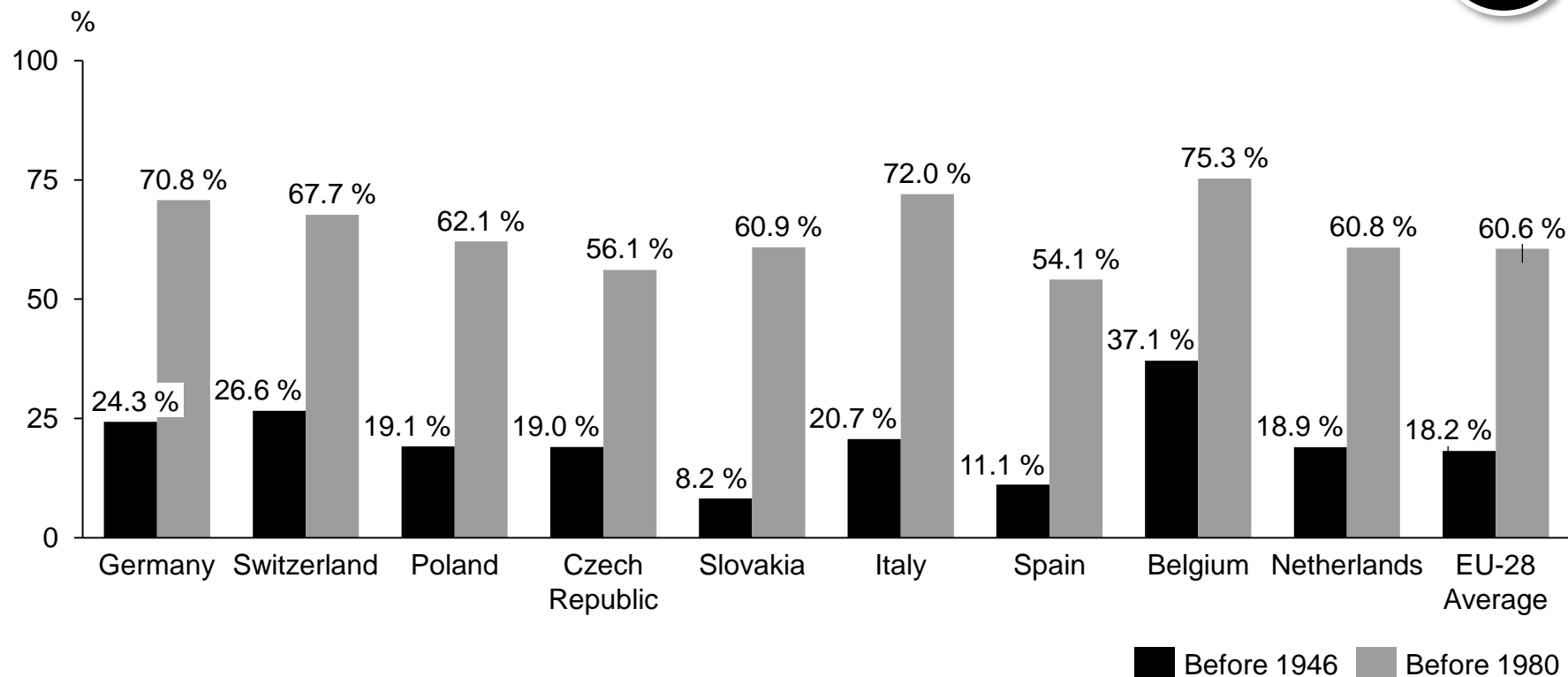
### Non-residential



■ Construction ■ Renovation

Source: 88<sup>th</sup> Euroconstruct Report 2019

# European renovation potential



## Overview: European housing market

- Large share of European housing was built prior to 1980
- Large renovation potential after new construction trails off
- Subsidies for energy-efficient heating systems expected or in place in most of Arbonia's core markets

Source: Eurostat: Census 2011, EU-28 Age of Dwellings;

# Follow up: German Climate Protection Programme



Type of heating system		Renovation		Construction
		Rate of subsidies	incl. replacement of oil fired boilers	Rate of subsidies
biomass <i>or</i> heat pump		35%	45%	35%
solar panels		30%		30%
renewable energy hybrid systems		35%	45%	35%
gas-hybrid heating system	incl. renewable heat generation	30%	40%	
	renewable ready	20%		

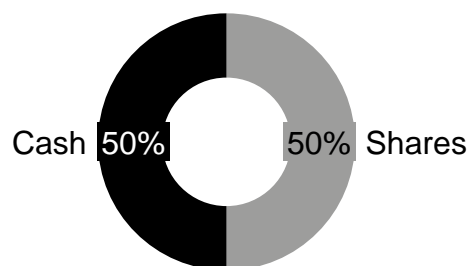
Source: German Federal Office for Economic Affairs and Export Control

# Management compensation and incentive



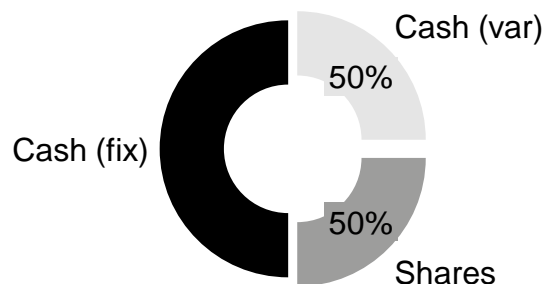
## Board of Directors

- Members of the Board of Directors receive a base compensation as well as additional compensation for membership of committees.<sup>1</sup>
- At least 50% of the total annual sum is given out in the form of shares with a lock-up period of four years.<sup>2</sup>



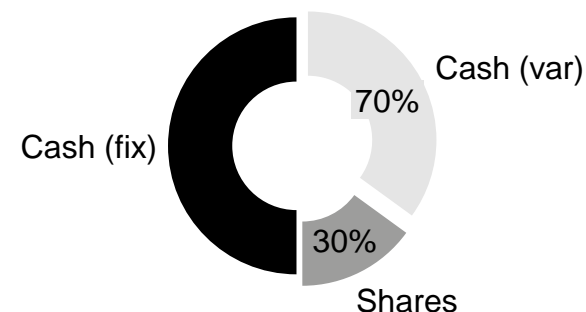
## Group Management

- Members of Arbonia's Group Management receive a individual base compensation in cash with considerations to function, experience and skills.<sup>3</sup>
- Individual variable compensation in % of base salary is dependent on financial targets. 50% of variable compensation is payed out in the form of shares with a lock-up period of four years.<sup>4</sup>



## Upper management

- Members of Arbonia's upper management receive a individual base compensation in cash with considerations to function, experience and skills.
- Individual variable compensation in % of base salary is dependent on financial targets. 30% of variable compensation is payed out in the form of shares.



**The whole management is committed to long term success**

<sup>1</sup> The Chairman of the Board of Directors waives compensation for membership of all committees

<sup>2</sup> One Board member is resident in the USA and receives his fee in cash only

<sup>3</sup> In his function as interim CEO, the Chairman and delegate of the Board of Directors receives a base compensation with cash and share components

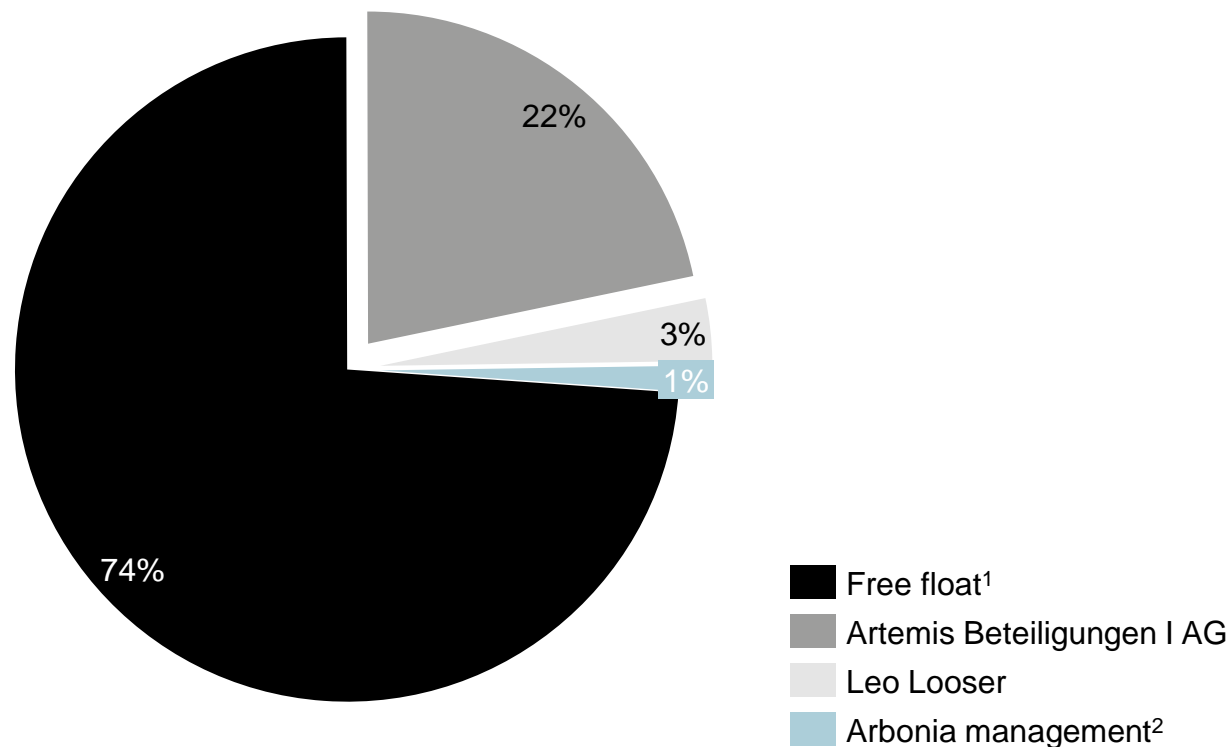
<sup>4</sup> In his function as interim CEO, the Chairman and delegate of the Board of Directors waives any variable compensation

# Arbonia shareholder structure

## As of 31 December 2019



Free float market capitalisation:  
CHF 646 M<sup>3</sup>



**Tradeable Free Float of >72%**

<sup>1</sup> Every other shareholder with <3% of shares outstanding

<sup>2</sup> Members of the Board of Directors, Group Management and upper management of Arbonia Group

<sup>3</sup> Based on the closing price of 31 December 2019 and 74% of shares outstanding



---

**Arbonia**  
**Investor Relations**  
ir@arbonia.com  
+41 71 447 45 54  
+41 79 457 01 38

---