



Arbonia – 2016 Results – 28 February 2017

Alexander von Witzleben, CEO
Felix Bodmer, CFO

Results of 2016

In line with Guidance

All figures in CHF M

	2016			Guidance 2016
	2016	2015	Δ	
Net revenues	995	941	+1%¹	~1'000 ✓
EBITDA				
Excl. one-time effects	66	57	+16%	~65 ✓
Incl. one-time effects	69	27	+158%	
Group result				
Incl. one-time effects	8	-177	n/a	
Net debt	225	22	n/a	

1. Net revenues: adjusted for currency and acquisition effects

Improved business profile by two major acquisitions



Looser Holding

- **Takeover of Looser Holding** by a combined cash (21%) & share (79%) offer: >98% acceptance level achieved
- Transformation of AFG's **interior door business** from pure Swiss market focus to a **leading position in Europe**
- Looser's door business with **strong growth and profitability** track record
- Integration of Looser into AFG holding and renaming to **Arbonia Group**
- **Improved business and financial profile** of new Arbonia Group



- **Market consolidation:** New No.1 for shower enclosures in Europe
- **Access to attractive Swiss market** – leading position of Koralle in Switzerland
- **Relocation of Koralle's production facilities** in Vlotho (GER) to existing BU Sanitary production setup

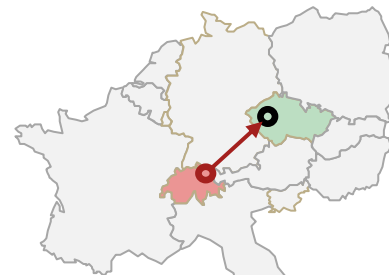
Two relocations to Eastern Europe completed



Building Envelope

Transfer of PVC windows production from Villeneuve to Slovakia (90 FTEs)

Completed end of 2016



Building Technology

Transfer of special radiator production from Arbon to Czech Republic (70 FTEs)

Completed end of 2016

1. Financials 2016

Measures deliver first results

2. Transformation of Arbonia

Update on key measures

3. Outlook

New Arbonia Group and guidance 2017

Questions

Income Statement Including one-time effects

In CHF M	2016	in %	2015	in %
Net revenues	995.3	100.0	941.4	100.0
Cost of material and goods	-435.9	-43.8	-431.3	-45.8
Personnel expenses	-347.9	-35.0	-352.0	-37.4
Other operating expenses	-146.8	-14.7	-157.6	-16.7
EBITDA	68.7	6.9	26.6	2.8
Depreciation, amortisation, impairments	-39.6	-4.0	-185.0	-19.7
EBIT	29.1	2.9	-158.4	-16.8
Net financial results	-13.5	-1.4	-23.2	-2.5
Group result before income tax	15.6	1.6	-181.6	-19.3
Income tax expenses	-8.0	-0.8	4.5	0.5
Group result	7.6	0.8	-177.1	-18.8

In CHF M	Actual 2016	Building Techn.	Building Envelope	Building Security	Others	2016 without one-time effects
Net revenues	995.3					995.3
EBITDA	68.7	4.4	-0.6	1.0	-7.5	66.0
EBIT	29.1	0.1	-0.3		2.4	28.6
Group result	7.6	-0.8	0.1	-0.2	5.9	12.2

Presentation of the respective one-time effects on the immediate result line without disclosure of the impact on the subsequent line items.

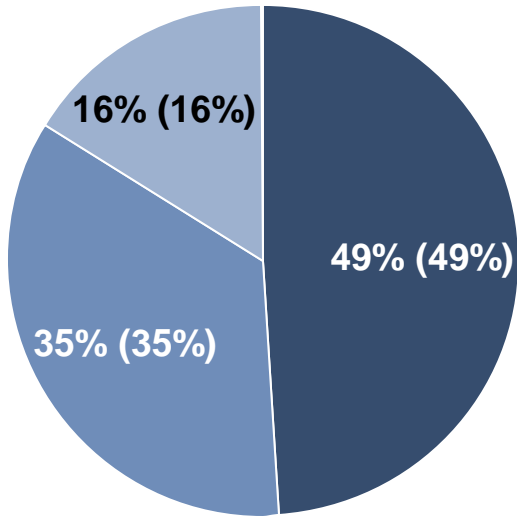
Adjusted Income Statement Without one-time effects

In CHF M	2016	in %	2015	in %
Net revenues	995.3	100.0	941.4	100.0
Cost of material and goods	-436.9	-43.9	-431.3	-45.8
Personnel expenses	-343.2	-34.5	-335.1	-35.6
Other operating expenses	-150.7	-15.1	-143.8	-15.3
EBITDA	66.0	6.6	56.7	6.0
Depreciation, amortisation	-37.3	-3.8	-40.3	-4.3
EBIT	28.6	2.9	16.5	1.8
Net financial results	-7.3	-0.7	-18.7	-2.0
Group result before income tax	21.4	2.1	-2.2	-0.2
Income tax expenses	-9.2	-0.9	-12.3	-1.3
Group result	12.2	1.2	-14.5	-1.5

Blue figures are adjusted by one-time effects

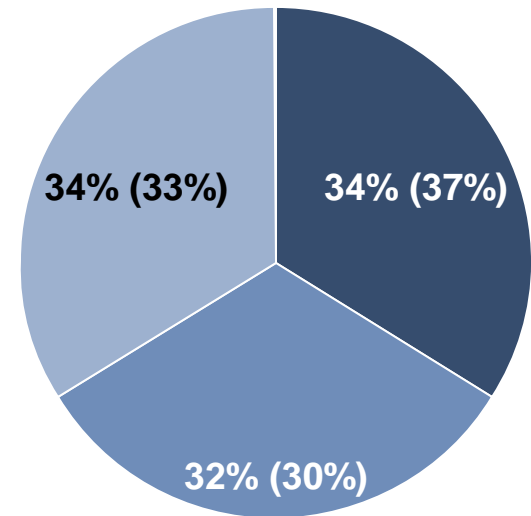
Net Revenues by Division / Region Regional shifts mainly through acquisitions

Net revenues by Division



Building Technology
 Building Envelope
 Building Security

Net revenues by Region



Switzerland
 Germany
 RoW

Note: Figures in brackets represent last year's figures

Development of Net Revenues by Divisions Organic growth in transformation phase

Net revenues as reported in CHF M	2016	2015	Δ Year Total	Currency Effects	Acqui- sition Effects	Organic growth ¹	Δ 1st half- year	Δ 2nd half- year
Arbonia	995.3	941.4	5.7%	0.7%	4.1%	0.9%	2.3%	-0.3%
Building Technology	486.8	462.2	5.3%	1.4%	2.8%	1.1% ²	4.0%	-1.5%
Building Envelope	350.8	331.4	5.9%	0.0%	7.1%	-1.2% ³	0.0%	-2.1%
Building Security	156.7	147.6	6.2%	0.2%	1.5%	4.5% ⁴	1.5%	7.2%

1. Adjusted for currency and acquisition effects

2. With Koralie (Building Technology) since 01.10.2016

3. With Wertbau (Building Envelope) since 01.10.2015

4. With Bloxer (Building Security) since 01.07.2015

Revenue breakdown for other Key Regions Including FX effects and effects from acquisitions

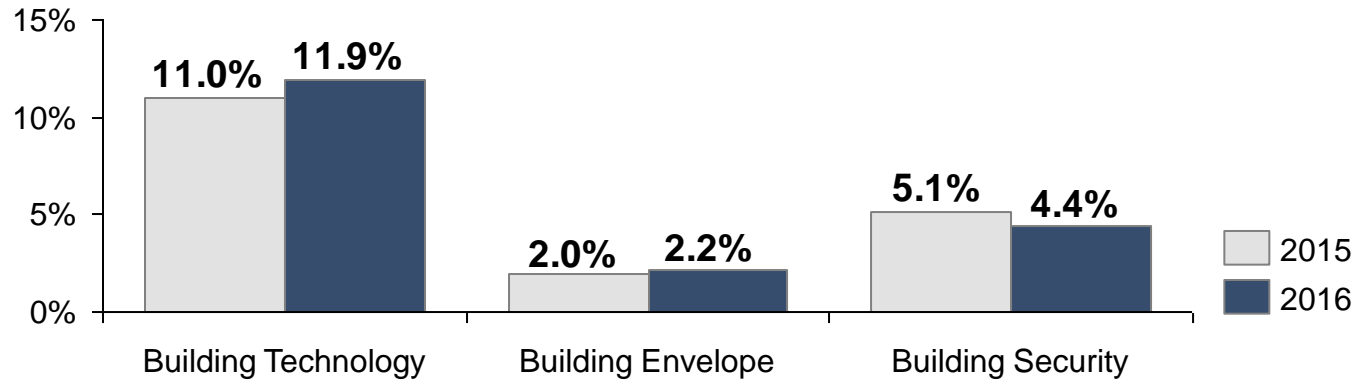
in CHF M	2016 ¹	2015 ²	Δ %
Poland	60'842	62'238	-2.2
Italy	51'900	48'031	+8.1
France	42'040	40'436	+4.0
Czech Republic	25'712	21'878	+17.5
Slovakia	25'660	22'432	+14.4
Russia	23'549	25'876	-9.0
Austria	20'975	18'225	+15.1
China	10'055	7'953	+26.4
Great Britain	7'123	8'538	-16.6

1. With Koralle since 01.10.2016

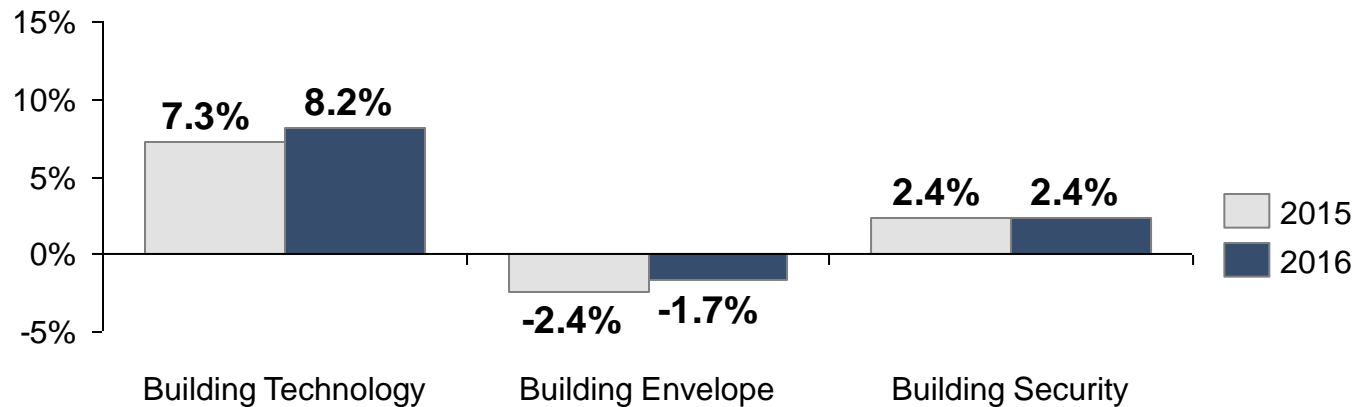
2. With Wertbau since 01.10.2015 and Bloxer since 01.07.2015

EBITDA- / EBIT-margins per Division Slight improvements in transformation year


**EBITDA
margin,
adjusted**



**EBIT
margin,
adjusted**



Income Statement Arbonia including continued Looser business

In CHF M	<u>Arbonia adjusted</u>	<u>Looser *) adjusted</u>		<u>Arbonia “new”</u>
Net revenues	995.3	300.1		1'295.4
EBITDA	66.0	42.8		108.8
EBIT	28.6	22.7		51.3

*) Looser without Coating

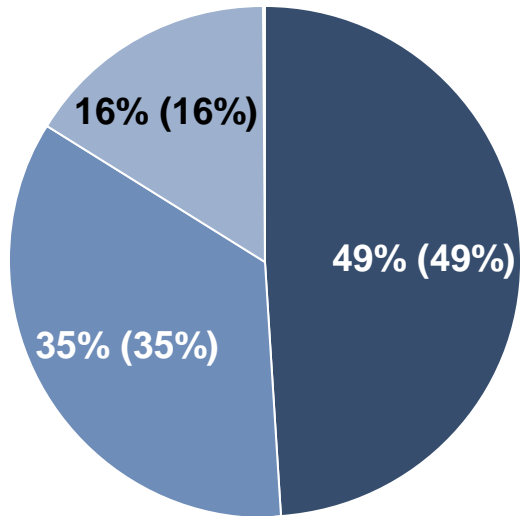
Net Revenues and EBITDA by Divisions

Improvement in almost all segments

	2016		2015	
in CHF M	Net revenues	EBITDA adjusted	Net revenues	EBITDA adjusted
Arbonia	1295.4	8.4%	1212.4	7.6%
Building Technology	486.8	11.9%	462.2	11.0%
Building Envelope	350.8	2.2%	331.4	2.0%
Building Security	395.4	10.0%	362.5	8.9%
Industrial Services	61.3	24.2%	56.0	27.4%

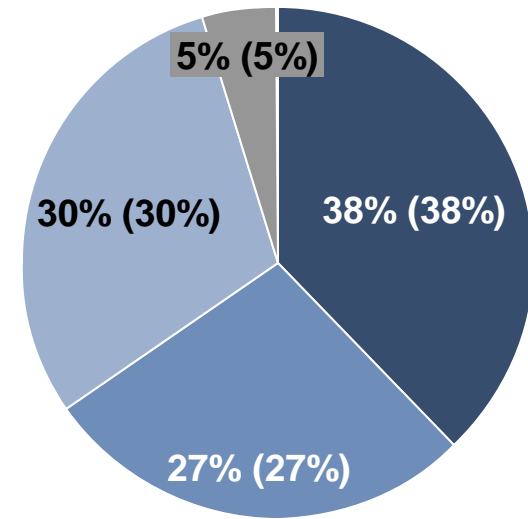
Net Revenues by Division Equal size of Divisions

Net revenues by Division –
Arbonia «reported»



Building Technology
 Building Security
 Building Envelope

Net revenues by Division –
incl. Looser (without Coatings)

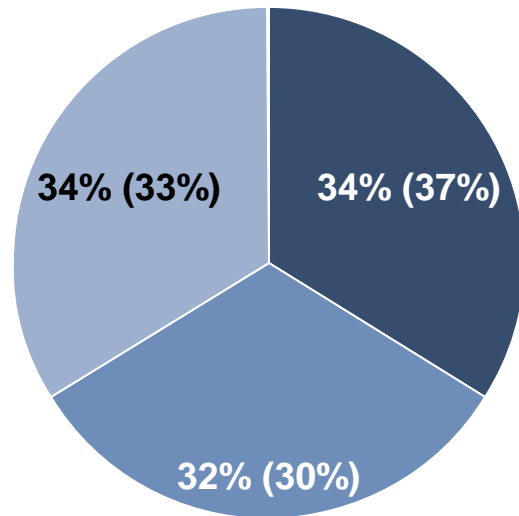


Building Technology
 Building Security
 Building Envelope
 Industrial Services

Note: Figures in brackets represent last year's figures

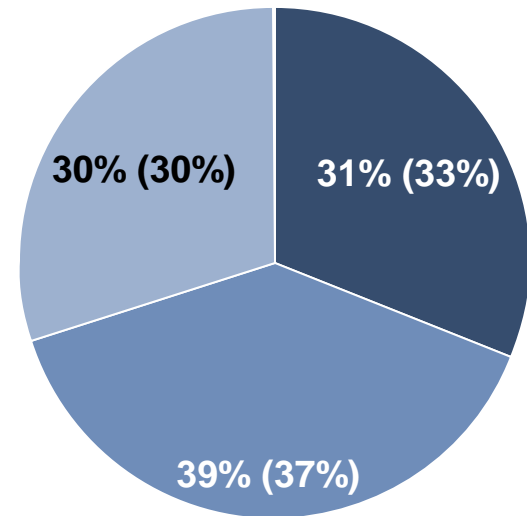
Net Revenues by Regions Germany clearly strongest market

Net revenues by Regions –
Arbonia «reported»



■ Switzerland ■ Germany ■ RoW

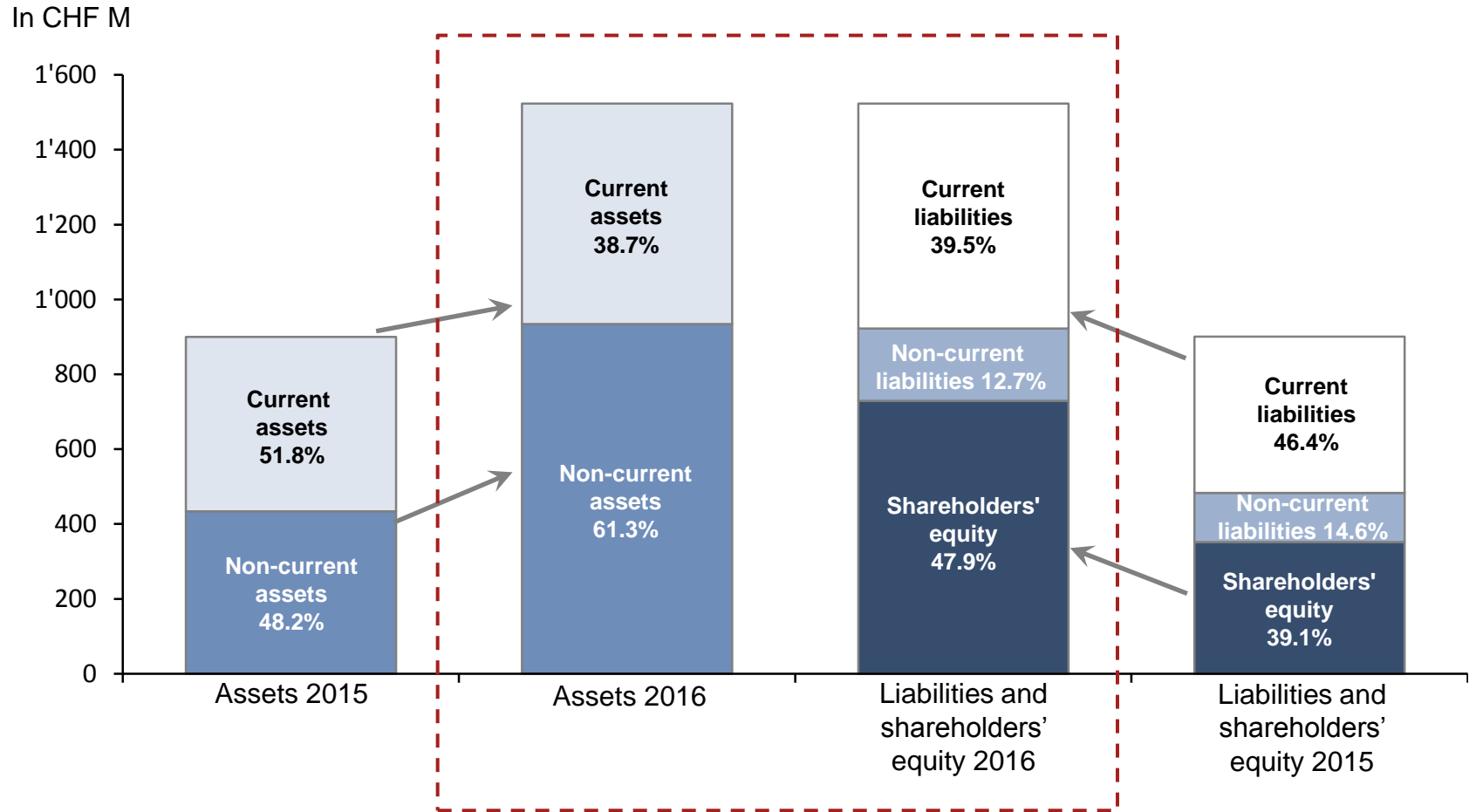
Net revenues by Regions –
incl. Looser (without Coatings)



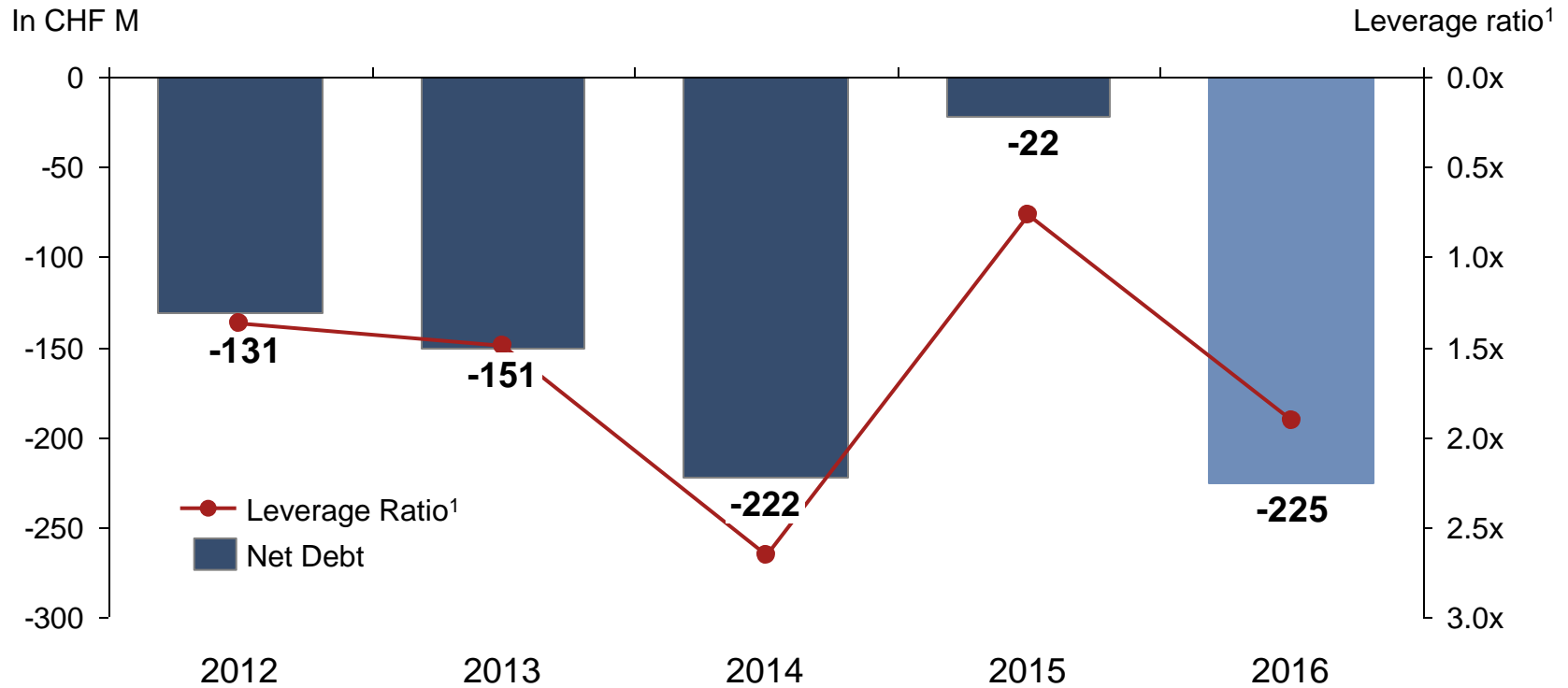
■ Switzerland ■ Germany ■ RoW

Note: Figures in brackets represent last year's figures

Balance Sheet Stronger equity



Net Debt and Leverage Ratio Impacted by Looser acquisition

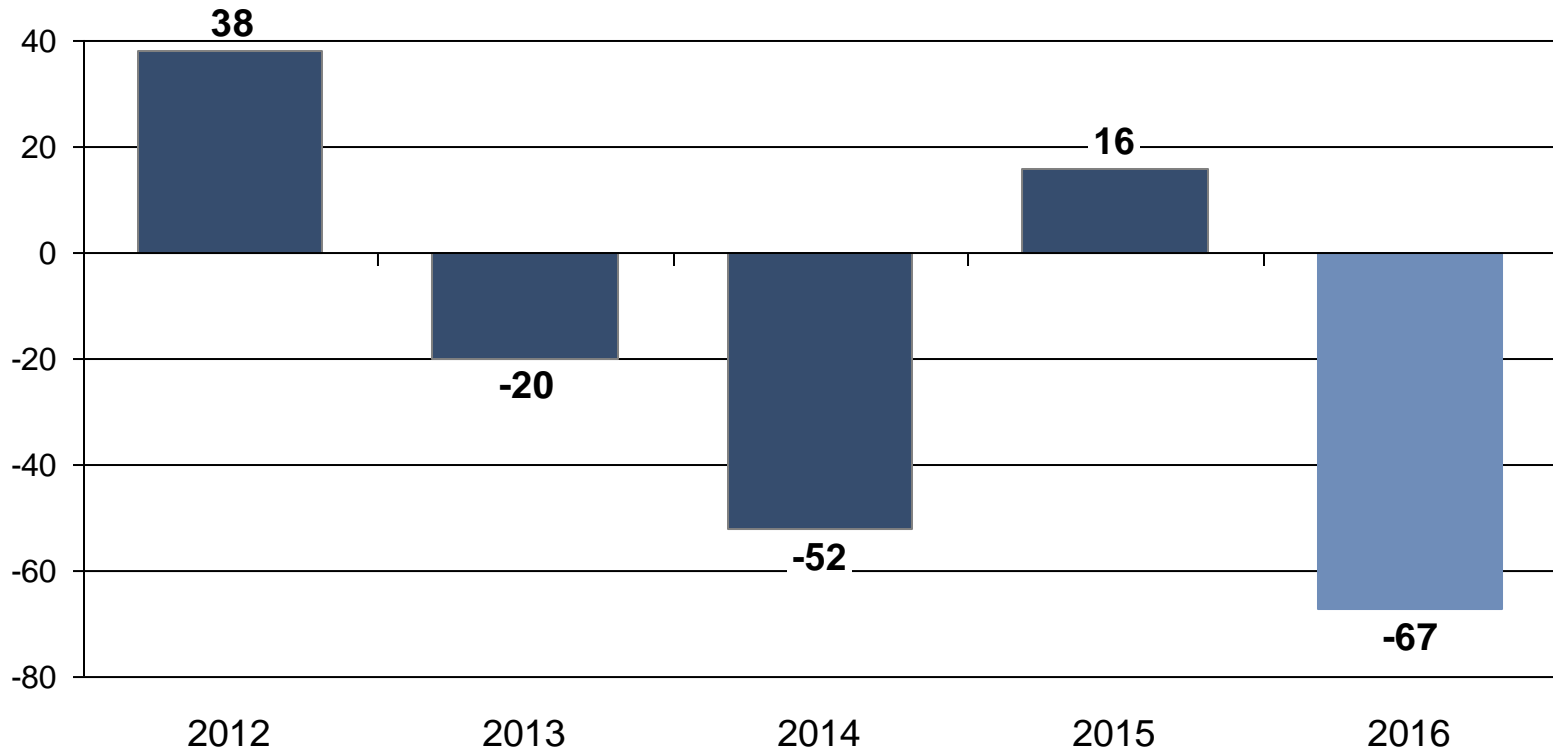


Sale of Coating Business for approximately CHF M 100 leads to Leverage Ratio of 1.1x

1. Leverage ratio = Net debt / EBITDA

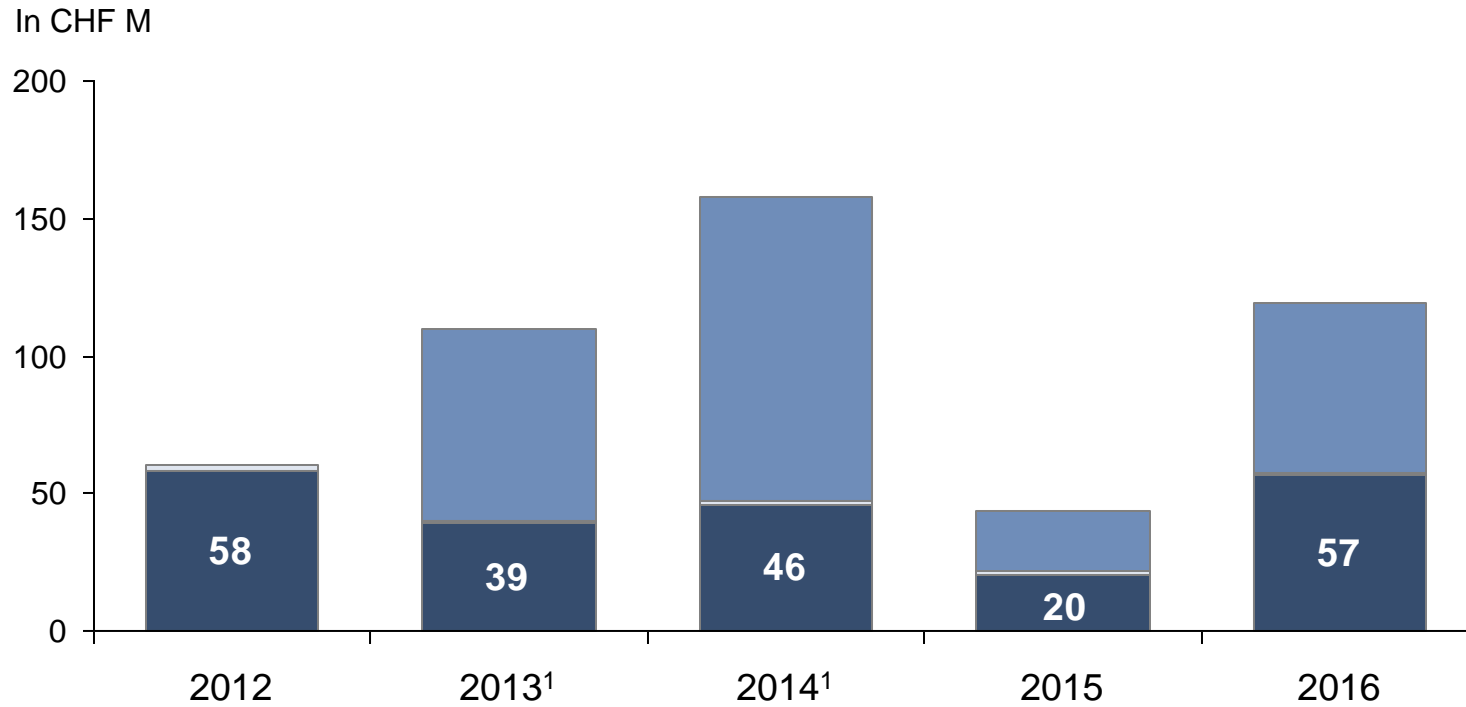
Free Cash Flow Impacted from Looser and Koralle acquisitions

In CHF M



 Free cash flow (Cash flow from operating and investing activities)

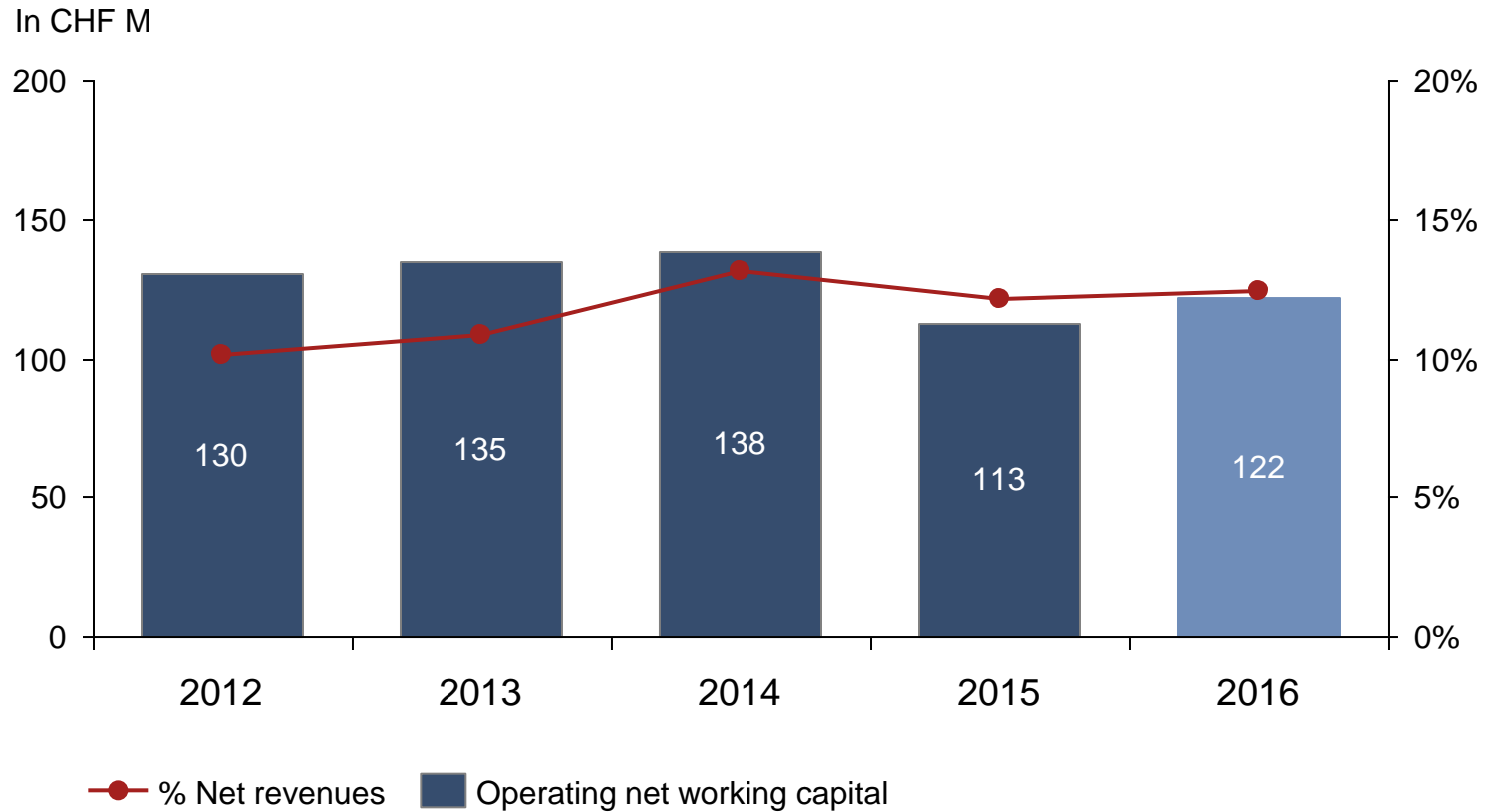
Development of Investments CAPEX driven by relocations



■ Acquisition of subsidiaries
 ■ Property, plant, equipment
 ■ Intangible assets

1) Continued Operations

Operating Net Working Capital On previous year's level despite relocations



Note: Operating NWC = Accounts receivable + inventories – accounts payable – advances from customers

1. Financials 2016

Measures deliver first results

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Update on key measures

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New Arbonia Group and guidance 2017

Questions

Restructuring and repositioning of Arbonia Key strategic measures

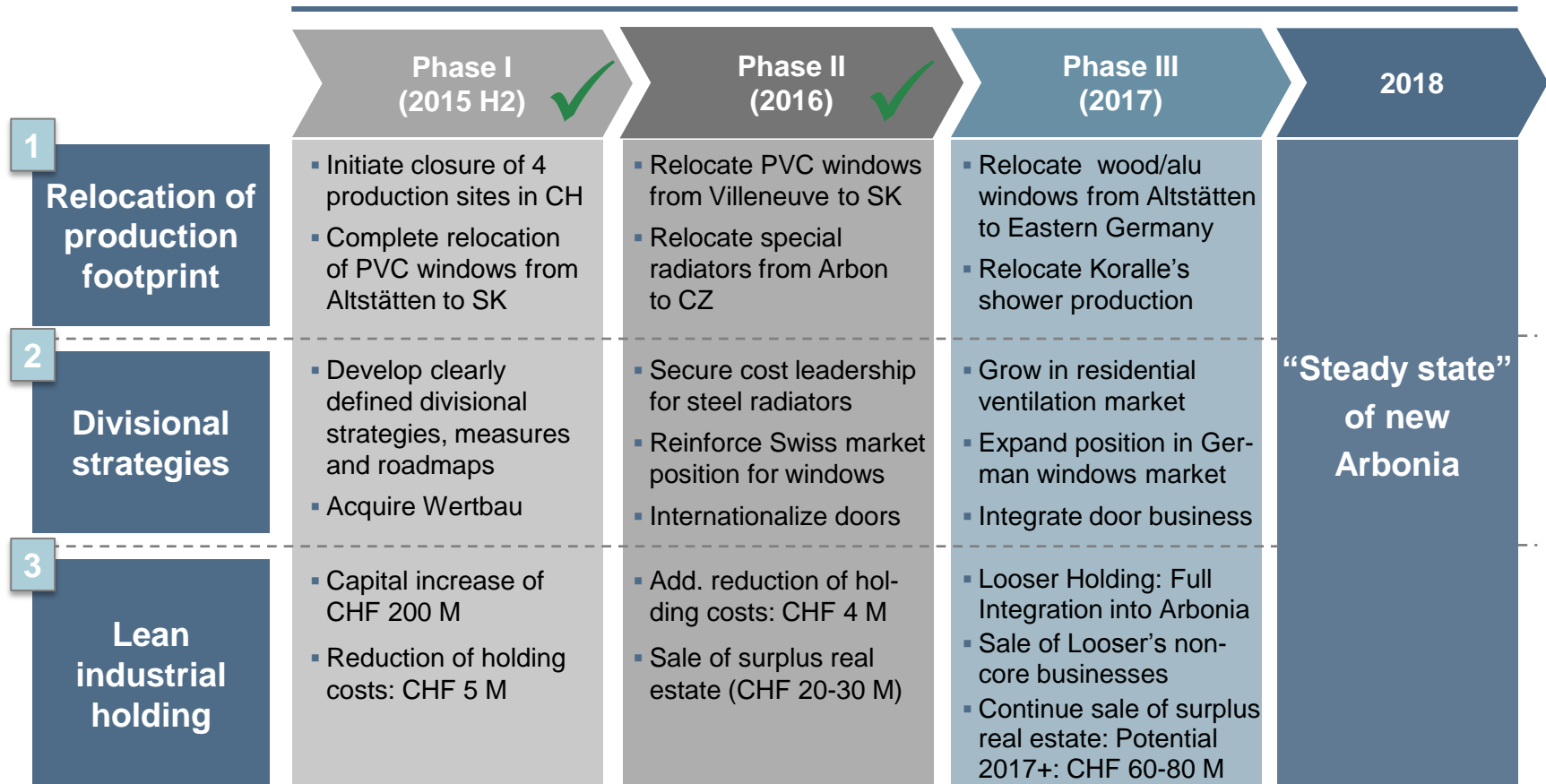
Focus of Arbonia

- *Building supplier*
- *Europe*
- *Energy efficiency*



Restructuring and repositioning of Arbonia Progressing well – still challenges ahead

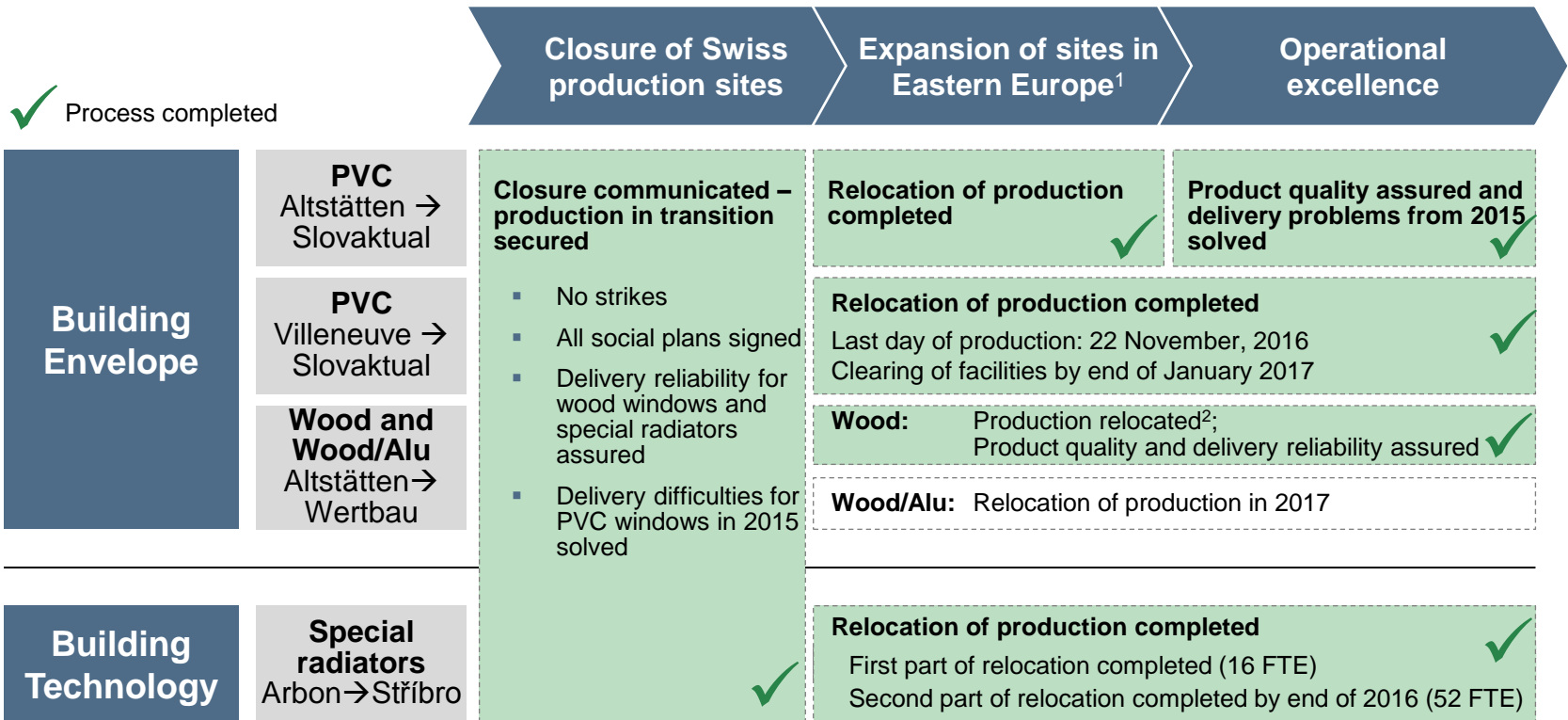
Selective key measures¹



1. The execution of most measures extend over several phases; for simplification the measures are allocated to the respective main realization phase

1 Relocation of production footprint

1 Relocation of production footprint Progressing according to plan



Withdrawal of production facility duplication in Arbon and Villeneuve in 2017 vs. 2016

1. Except Wertbau's production site which is located in Eastern Germany (Thuringia) 2. Except special production that will remain in Altstätten

1 Relocation of production footprint Two major relocations completed end of 2016

New PVC production halls in Pravenec (SK)



- Most modern PVC production facilities in Europe
- Total CAPEX of CHF 19 M
(excl. restructuring/relocation costs of CHF 9 M)

New special radiator factory in Stříbro (CZ)



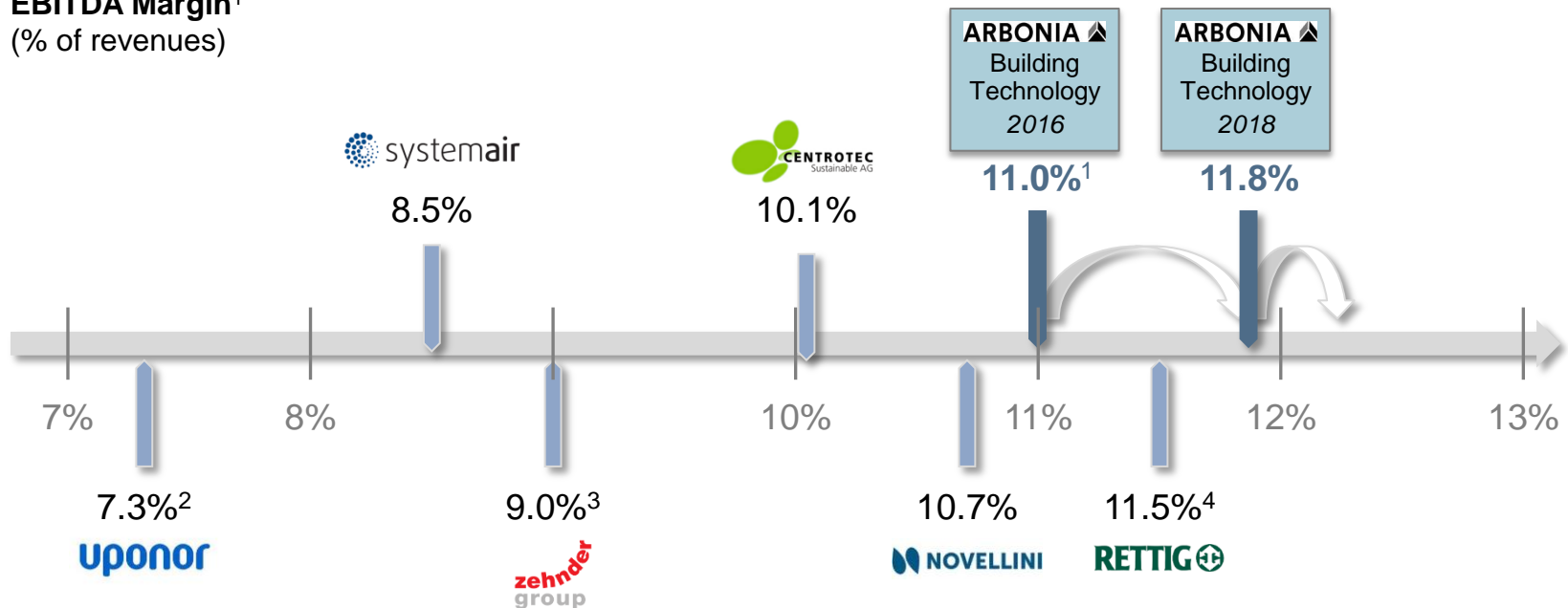
- Modern factory for special radiators
- Total CAPEX of CHF 10 M
(excl. restructuring/relocation costs of CHF 6 M)

Modern production facilities at cost-optimized locations in Eastern Europe

2 Focus on divisional strategies

2 Divisional strategies – Building Technology Securing cost leadership

EBITDA Margin¹
(% of revenues)



Ambition: most profitable company in our markets

1. EBITDA 2015 for competitors (as 2016 figures not available yet); EBITDA 2016 for Arbonia Building Technology incl. one-time effects 2. Uponor Building Solutions Europe (Uponor Group with EBITDA margin 10.5%) 3. Zehnder adjusted for one-time restructuring costs (EBITDA-margin incl. restructuring costs of 7.1%) 4. Rettig Division Indoor Climate Comfort incl. Emmeti: based on Rettig ICC 2015 + Emmeti 2014; Rettig Group EBITDA-margin (incl. other divisions) and incl. Emmeti: 14.4%

2 Divisional strategies – Building Technology Key measures to secure cost leadership

Investments into operations

Sales growth

Heating Technology

- Investment of CHF 30 M into radiator factories (DE/CZ)
- Relocation of production from Arbon to Stříbro (completed end of 2016)

- Expansion in growing segments
 - Residential ventilation
 - Underfloor heating

Air- Conditioning & Ventilation

- Investment into automated radiant panel production in Corbetta (IT)
- Redesign of factory layout and implementation of lean production program

- Market entry into residential ventilation
- Expansion of sales activities in France by integration of Sabiatherm
- Cross-selling of BU Heating products in Italy

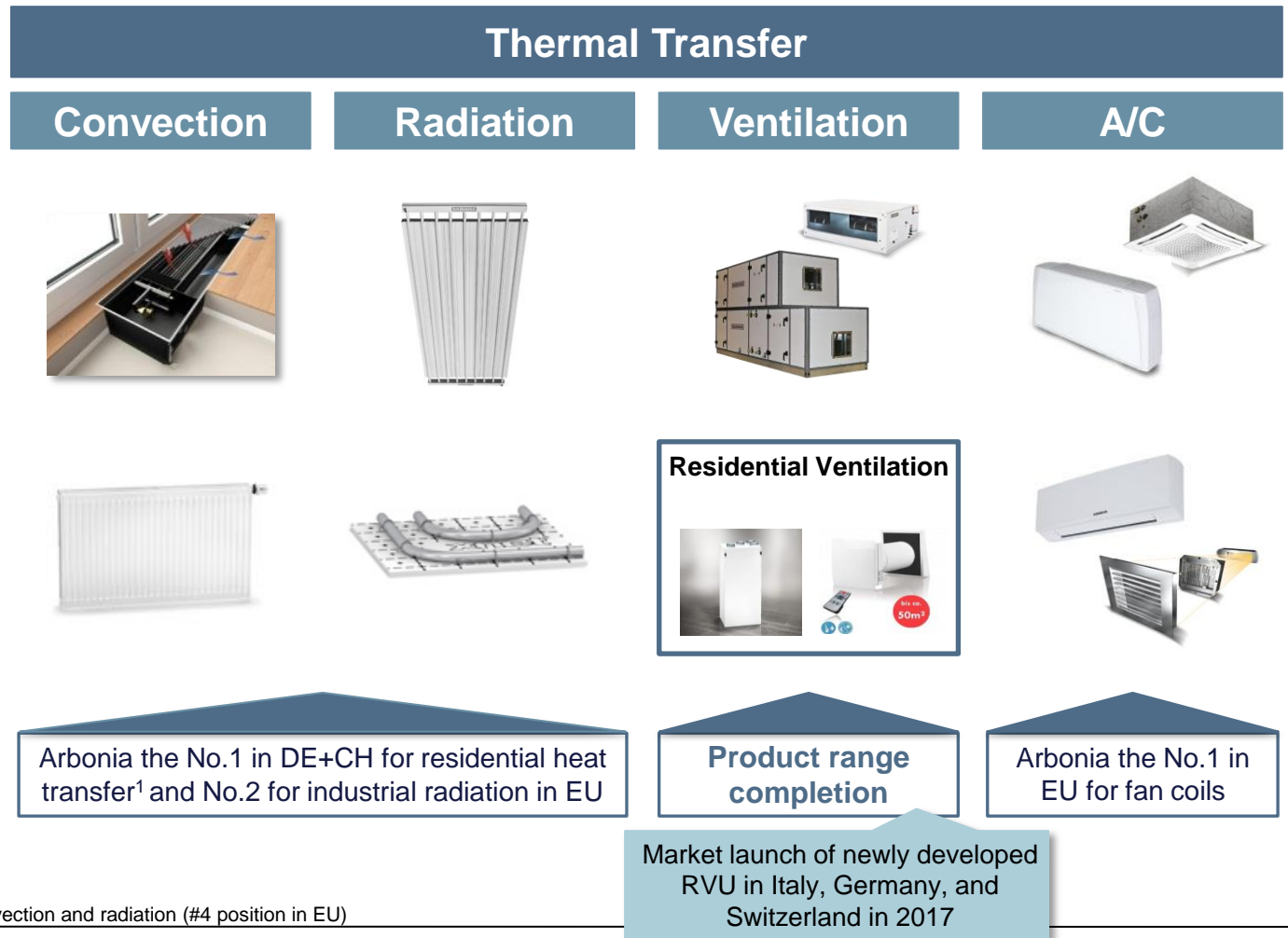
Sanitary

- New production hall in Plattling with new equipment for automatization
- Relocation of Koralle's production site in Vlotho to existing BU Sanitary production setup

- Integration of Koralle
 - New No. 1 for shower enclosures in EU
 - Market access to Switzerland
 - Sales growth in Germany and Austria

EBITDA margin of 12% a realistic ambition given profound measures

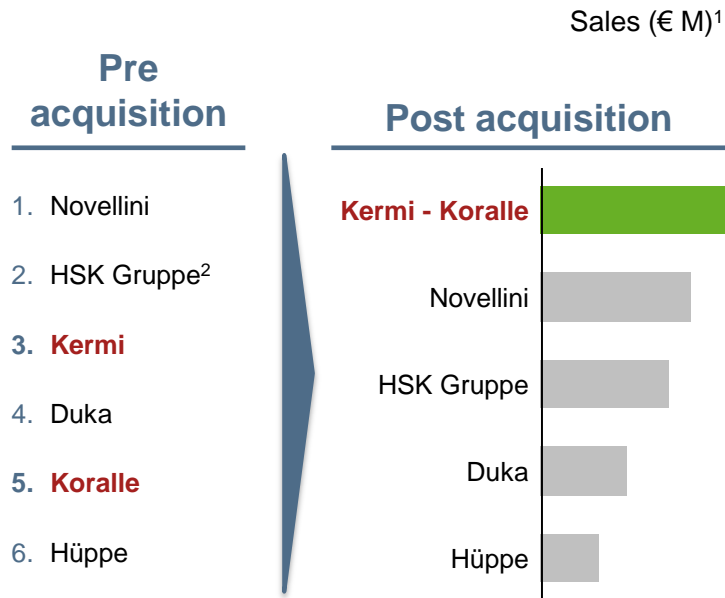
2 Divisional strategies – Building Technology Resident. Ventilation completes product range



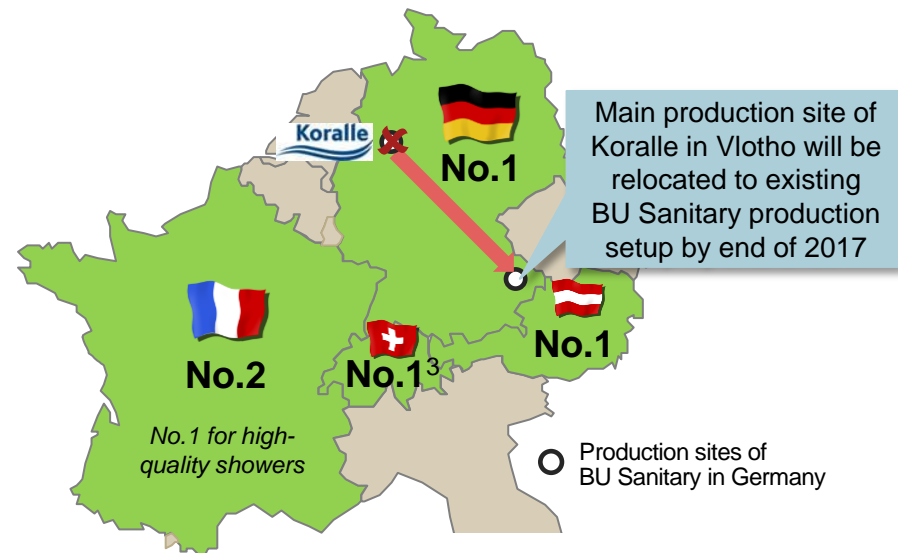
1. In a combined market of convection and radiation (#4 position in EU)

2 Divisional strategies – Building Technology No. 1 for shower enclosures in Europe

European players for shower enclosures



Market positions of Kermi & Koralle in the key markets for high-quality showers

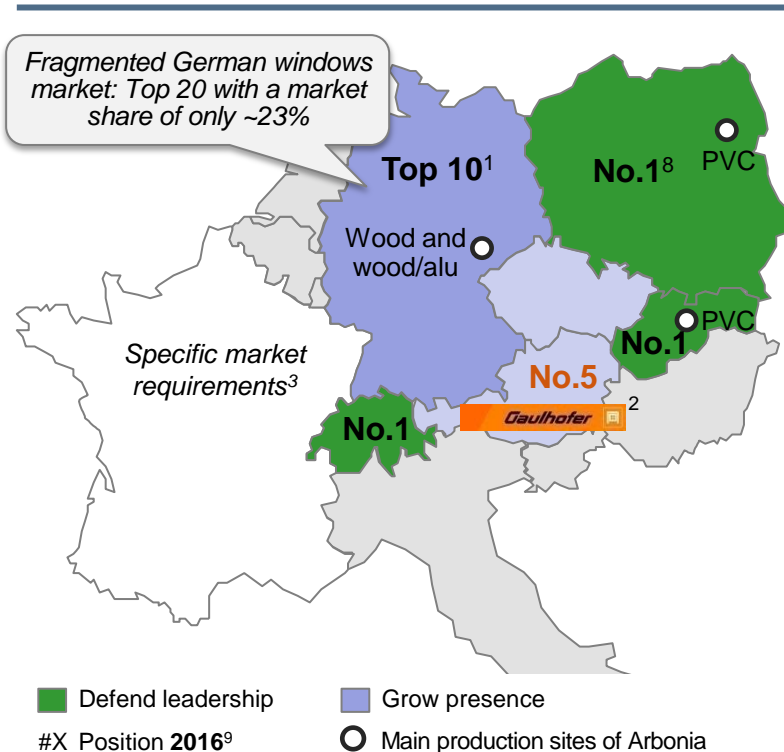


Transformation of shower enclosures business from No. 3 to No. 1 position in Europe

1. Market figures complemented by Arbonia estimates 2. Including DIY brands Breuer and Schulte 3. Shared market leadership with Duscholux

2 Divisional strategies – Building Envelope Ambition: European leader in windows

Market Ambition



Largest Central European Players⁴

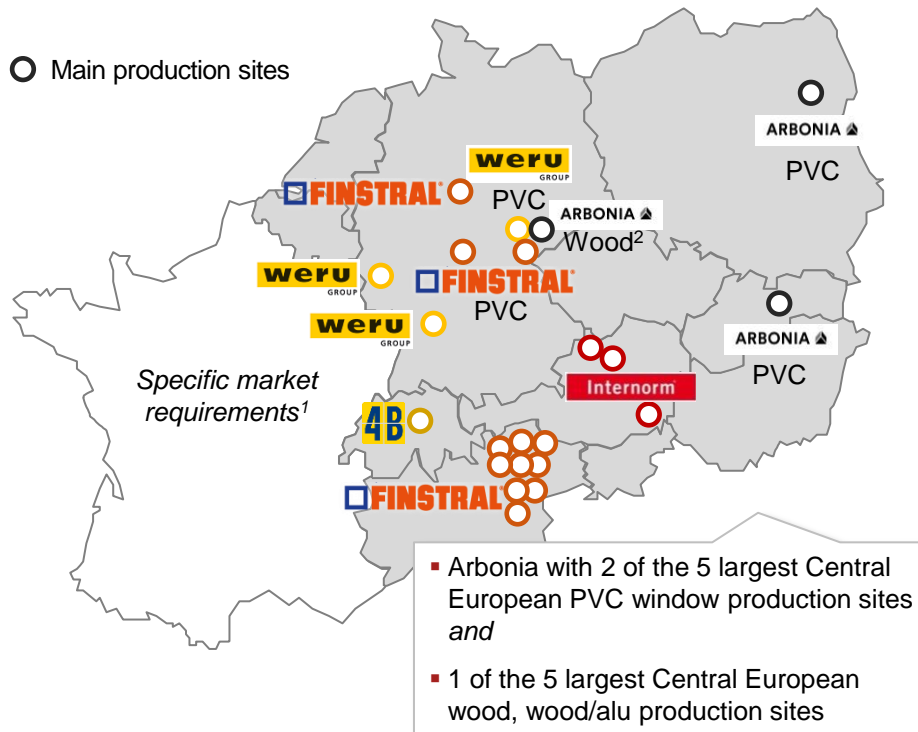
1.	Internorm IIFN⁵	€ ~370 M ⁶
2.	ARBONIA 	€ 325 M ⁷
3.	FINSTRAL	€ ~185 M
4.	weru GROUP	€ ~170 M
5.	4B	€ ~160 M ⁶

Key measures of Arbonia




- Secure clear leadership position in CH (500+ FTEs serve our customers locally)
- Grow in Germany – Wertbau with 700 sales partners across Germany as basis for future growth
- Grow in Austria – 31% stake at Gaulhofer combined with PVC-supplier-partnership
- Strengthen leading positions in Poland, Slovakia

1. Market position in wood and wood/alu windows 2. 31% stake in 3. E.g. different installation depths, integrated shutters, monoblock and regulatory requirements
 4. Windows sales 2015 5. Internorm (EUR 307 M), Kastrup (EUR 29 M) and HSF (EUR 33 M) 6. Without facades 7. Without Gaulhofer (Sales of EUR ~58 M).
 8. For domestic sales Note: 1 € = 1.08 CHF

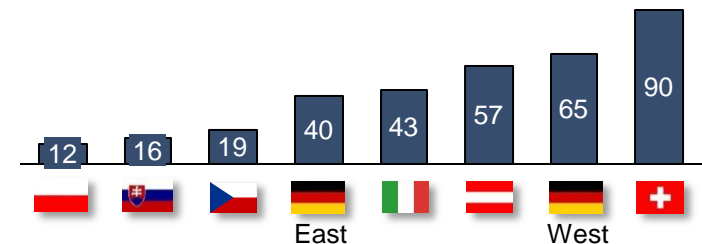
2 Divisional strategies – Building Envelope Production-Footprint in comparison



Largest Central European Players

	Production sites ³	Sales (€ M) ⁴
Internorm	3 ⁵	~370
ARBONIA 	3	~325
FINSTRAL 	12	~185
weru 	3	~170
4B	1	~160

Avg. cost of a blue collar worker per year (CHF '000)⁶

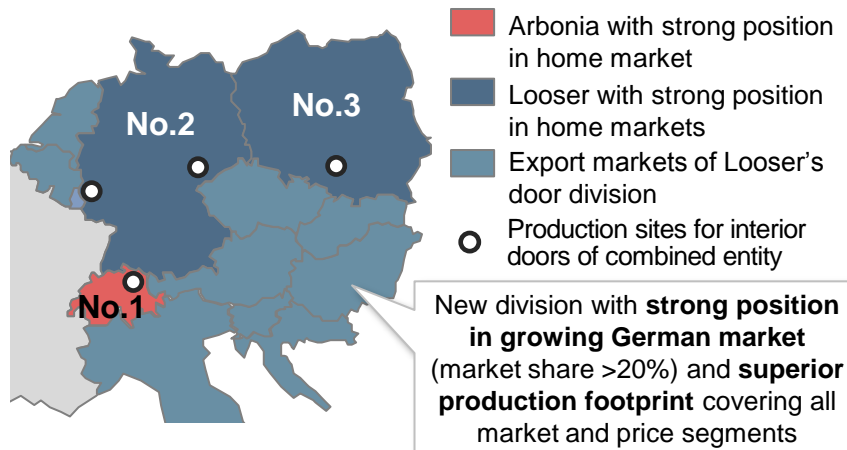


Sustainable competitive advantage of Arbonia through consolidated production sites in the East (Lead Factories)

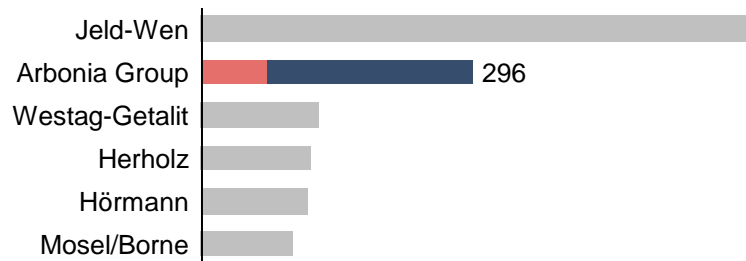
1. E.g. different installation depths, integrated shutters, monoblock and regulatory requirements 2. Incl. wood/alu 3. Main production sites for windows and doors 4. Revenues with windows and doors in 2015 5. Without production site in Denmark 6. Source: Institut der Deutschen Wirtschaft (IW) Köln; underlying exchange rate CHF-EUR 1.08

2 Divisional strategies – Build. Security (Doors) From Swiss niche player to No.2 in Europe

Combined market position for interior doors in Central Europe

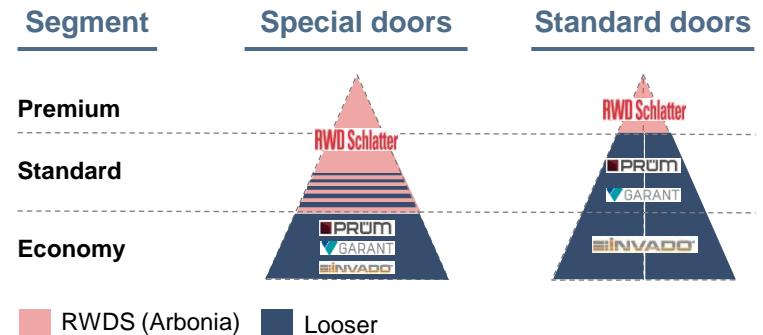


Revenues with interior doors in Central Europe (EUR M)¹



1. Estimates by Arbonia Doors division, Central Europe incl. Austria, Belgium, Croatia, Czech Rep., Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Slovenia and Switzerland

Product portfolio complementarity



Advantages of combined entity

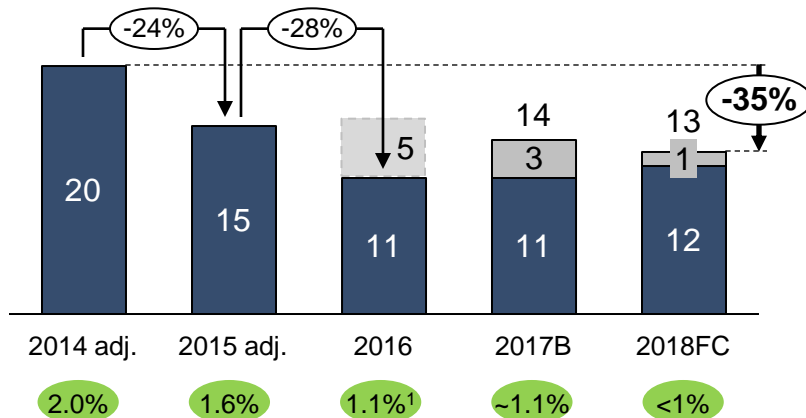
- Unique product bundle of standard and special doors (fire, smoke, etc.) in all price segments
- Market access for Prüm-Garant, Invado in Switzerland: Cross-selling of standard doors through RWD Schlatter
- Market access for RWD Schlatter in Germany: Cross-selling of special doors through Prüm-Garant
- Operations synergies (especially procurement, F&E)
- Superior production footprint


3 Lean industrial holding

3 Lean industrial holding Cost reduction to <1% of revenues by 2018

Holding cost reduction of ~50%

CHF (M)



 Add. costs from Looser Holding (2016: 5 Mio.)

 Holding costs of former AFG

 Holding costs in % of sales

Measures

- Termination of AFG-Arena sponsoring ✓
- Compensation reduction for Chairman and CEO positions ✓
- Reduction of external advisors & overhead costs ✓
- Headcount reduction at Corporate Functions ✓
- Shift to Divisions and Shared Services ✓
- Cost reduction of Corporate Center ✓
- Complete shift of all Looser Holding activities to Arbonia Holding by end of April 2017
 - Clearance of Looser Holding offices in Winterthur by April 30, 2017
 - Integration of 2 employees from Looser
- Realization of holding cost synergies in the amount of CHF ~4 M (with full effect in 2018)

Significant holding cost reduction despite integration of Looser holding activities

1. AFG holding costs of CHF 11 M in relation to AFG revenues of CHF 995 M in 2016 (without Looser Holding)

1. Financials 2016

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Arbonia Group
 Net sales 2016: CHF 1'295 M¹
 EBITDA 2016: CHF 109 M^{1,2}; 8.4% of net sales
 (EBITDA incl. one-time effects of CHF 112 M)

	Building Technology	Windows	Doors	Industrial Services
	Leading position for heat transfer in Europe Among market leaders in Europe for HVAC products <ul style="list-style-type: none"> ▪ Fan Coils (No.1) ▪ Steel Radiators (No.2) ▪ Radiant Panels (No.2) Market leader for shower enclosures in Europe	Leading position for windows in Central Europe Market leadership in home markets <ul style="list-style-type: none"> ▪ Switzerland (No.1) ▪ Slovakia (No.1) ▪ Poland (No.1)³ Growing presence in <ul style="list-style-type: none"> ▪ Germany (Wertbau) ▪ Austria (Gaulhofer) 	Leading position for interior doors in Central Europe Strong market positions for interior doors <ul style="list-style-type: none"> ▪ Switzerland (No.1) ▪ Germany (No.2) ▪ Poland (No.3) Market leader for steel profiles for doors (Forster)	Highly profitable service business in Switzerland Strong market positions in Switzerland <ul style="list-style-type: none"> ▪ Modular space syst. (No.1) ▪ Self-erecting cranes (No.1) ▪ Mobile plastic toilets (No.2)
Net sales (CHF M)¹	487	351	395	61
EBITDA (CHF M)^{1,2}	58	8	39	15
EBITDA (%)^{1,2}	11.9%	2.2%	10.0%	24.2%

3 of 4 Arbonia divisions with sustainable EBITDA-margins

Note: All market positions are estimates by Arbonia

1. Pro-forma consolidation 2016 of AFG & Looser without coatings 2. Adjusted EBITDA excl. one-time effects 3. In terms of domestic sales

Sale of Looser's coating business Disposal of individual companies

Looser's coating business

Current status of disposal



Packaging coatings

- Coatings for packaging in food, cosmetics and pharmaceuticals
- Business segments:
 - Plastic tubes/laminates
 - Metall sheets/alutubes/monoblocs
- Production site in Bendern (FL)



Plastic tubes/laminates (asset deal)

- Sale to Siegwirk Druckfarben AG
- Signing and Closing as of February 27, 2017



Metall sheets/alutubes/monoblocs (asset deal)

- Ongoing disposal process



Non-stick coatings

- Coatings for cook- and bakeware
- Production sites
 - Wangen (CH)
 - Shanghai (CN)



Ongoing disposal process



Wood coatings

- Coatings for furniture, floors, doors and carpentry
- Headquarter in Bendern (FL)
- Production sites in Germany, Malaysia, China and USA



Ongoing disposal process

Net sales 2016 (CHF) 137.9 M
EBITDA 2016 (CHF) 6.6 M

Expected sales price; Enterprise value (CHF) ~100 M
By former Looser Management

Development of our key markets (Top 4) Stable to positive outlook for 2017

Top 4 markets represent ~80% of total sales of Arbonia Group¹

Germany (No. 1)

Market growth
2017 vs. 2016

Residential New	Residential Renovation	Non-Residential
+4.0% ↑	0.0% →	+0.5% →

Poland (No. 3)

Market growth
2017 vs. 2016

Residential New	Residential Renovation	Non-Residential
+3.1% ↑	+2.9% ↑	+3.0% ↑

Switzerland (No. 2)

Market growth
2017 vs. 2016

Residential New	Residential Renovation	Non-Residential
+0.2% →	+1.2% →	+0.5% →

Slovakia/Czech Rep. (No. 4)

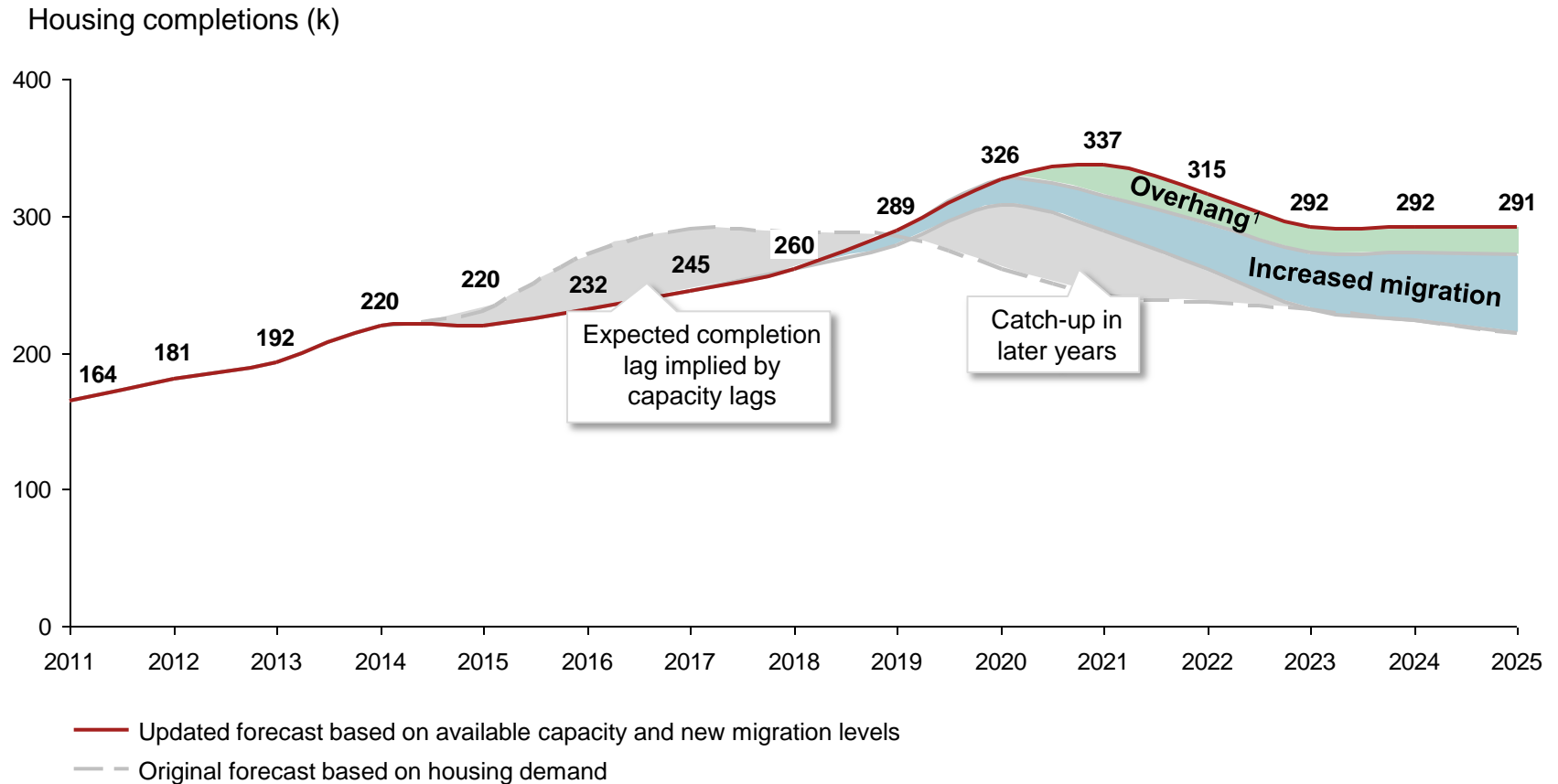
Market growth
2017 vs. 2016

	Residential New	Residential Renovation	Non-Residential
Slovakia	+1.6% →	+0.2% →	+1.0% →
Czech Rep.	+3.6% ↑	-0.3% →	+2.6% ↑

1. Incl. Looser (without Coatings)

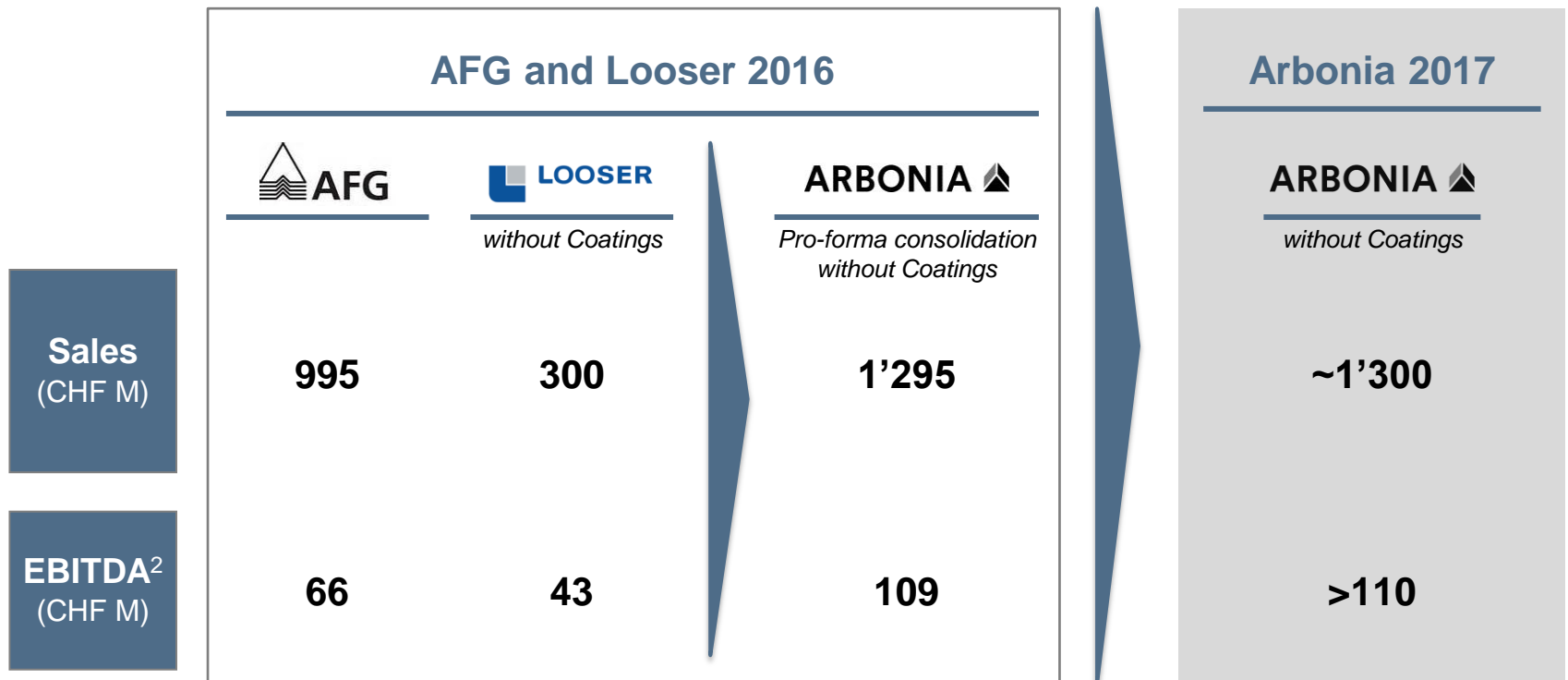
Note: Change of market volume (€ millions) in real terms 2017 vs. 2016

Source: Euroconstruct 2016



1. Long-term systematic overhang vs. demand (estimated based on the difference btw. Formation of new households and housing completions in 2012-2015)
 Sources: German Residential Construction market model (Arbonia analysis) based on various market studies from Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR), Statistisches Bundesamt (De Statis), Bundesbank, IW Cologne

Guidance of new Arbonia Group¹ After integration of Looser Holding



Sustainable free cash flows and dividend capacity from 2018 onwards

1. Assuming a stable to positive market environment 2. Operating EBITDA (excl. one-time effects)

Why Arbonia Group?

A leading building component supplier in Central Europe for

▪ **Building Technology**

- Strong market positions for core products in Europe
- Further expansion in growing segments (underfloor heating, ventilation)
- Expansion of cost leadership through rationalisation of production
- New market leader for shower enclosures in Europe by integration of Koralle

▪ **Windows**

- Transformation of challenged Swiss position into a leader in Central Europe
- Best production footprint and scale in the industry
- Strong market presence in home markets (CH, PL, SK)
- Growing presence in Germany (Wertbau) and Austria (Gaulhofer)

▪ **Doors**

- A leader for interior doors in Central Europe
- Strong market positions in home markets (CH, DE, PL)
- Bundled product offering of special and standard doors in all segments as USP
- Superior production network covering all market and price segments

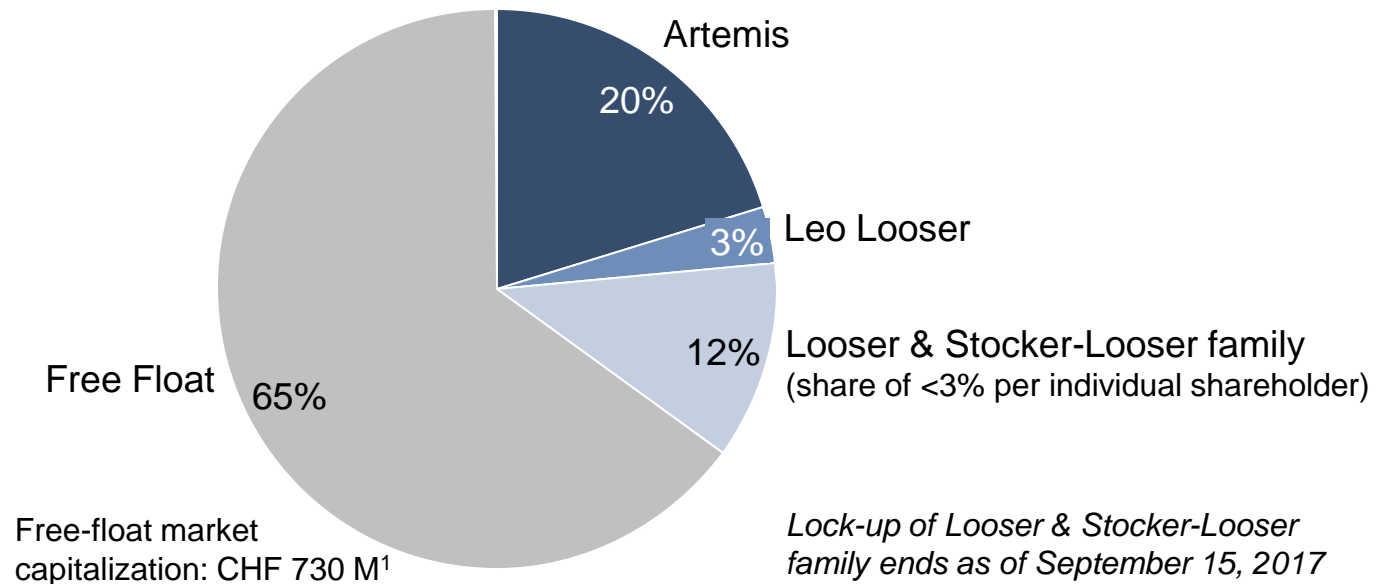
A leading Industrial Services provider in Switzerland

- Highly profitable service business with majority of sales in construction industry
- A leading market position for key services in Switzerland

Strong capital base and continuity provided by anchor shareholder

Diverse shareholder structure Strong shareholder base

Arbonia shareholder structure as of 31 December 2016



Free Float of >75% after termination of lock-up for Looser & Stocker-Looser family

1. Based on Arbonia share price of CHF 16.40 as of 31/12/2016

Questions?



Thank you

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