



Capital Markets Day 2023

Prüm, Weinsheim
6 December 2023

Capital Markets Day

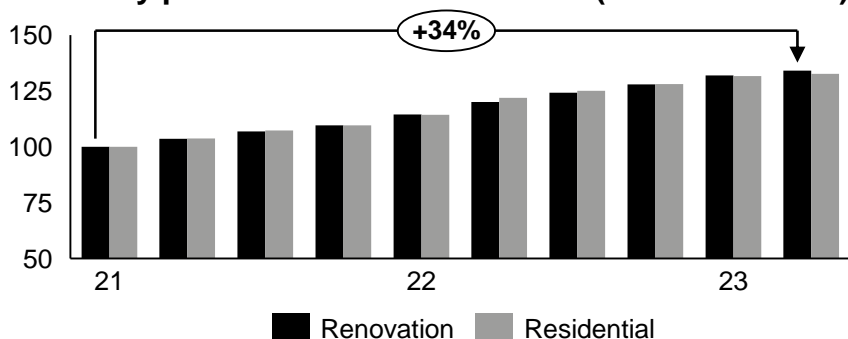
Programme

9.00 – 9.15 am	Introductory remarks & market update	Daniel Wüest, Group CFO
9.15 – 9.45 am	Climate Division	Alexander Kaiss, CEO Climate Division
9.45 – 10.30 am	Doors Division	Claudius Moor, CEO Doors Division
10.30 – 10.45 am	Summary & outlook	Daniel Wüest, Group CFO
10.45 – 11.00 am	Q&A	
11.00 am	End of the live stream	
11.00 – 11.30 am	Digital Experience Arbonia Doors	Philippe König, CDO Doors Division
11.30 – 12.30 pm	Lunch	
12.30 – 2.30 pm	Factory tour	Jörg Korz, Plant Manager
from 2.30 pm	Closing remarks, Break	
from 3.15 pm	Transfer	

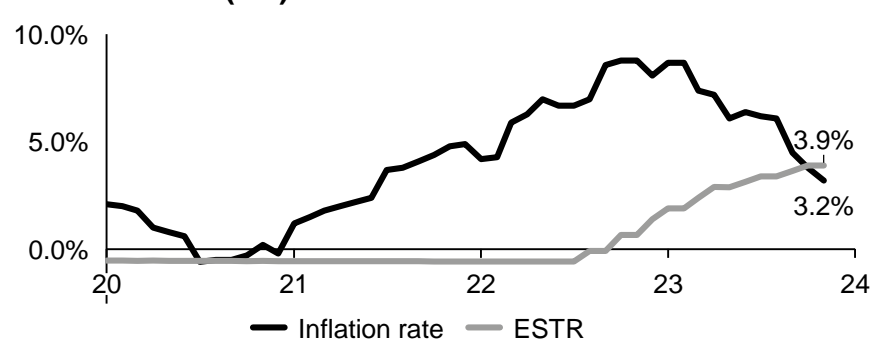
Overall slow-down in (German) construction industry due to

- high level of and slowly decreasing material prices have lead to **high construction costs**, while rents remained moderate
- high inflation and elevated interest rates making **returns on new real estate investments unattractive**
- economic uncertainty and lack of alternative flats leading to fewer households moving and thus **fewer empty flats ready to be renovated**

Quarterly price index for construction (Jan. 2021 = 100)



Inflation rate (DE) and 3-month ESTR



Impact on Arbonia

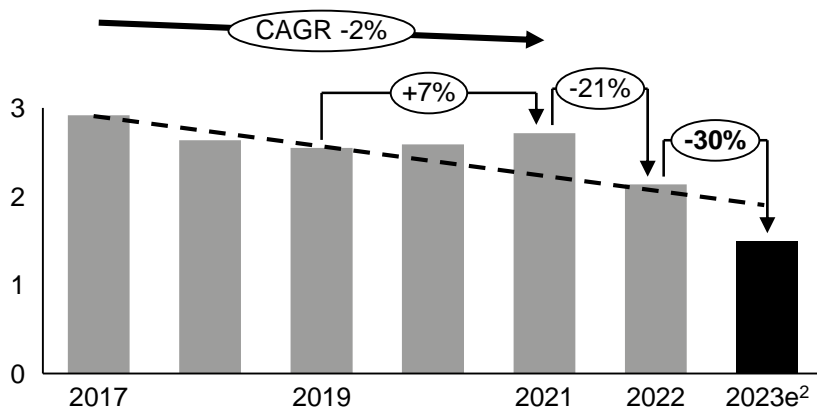
- Destocking at wholesalers has impacted H1, but has ended (for standard doors, steel panel radiators and shower enclosures), due to economic uncertainty **wholesalers have moved to smaller stocks and short-term orders, but order volumes are picking up slightly**
- **Energy cost** (mainly in the Doors Division) impacting profitability
- **Adjustment of production footprint** for design radiators and **focus on cash flow**
- **Demand for oil- and gas-fired heating systems surged**, due to previous regulatory uncertainty and irrational fears (German household heating law), impacting all other heating installations
- **Heat pump sales severely impacted by uncertainty in relation to subsidies (H2 2023)**

Source: Destatis, European Money Markets Institute (EMMI)

Destocking and volume developments

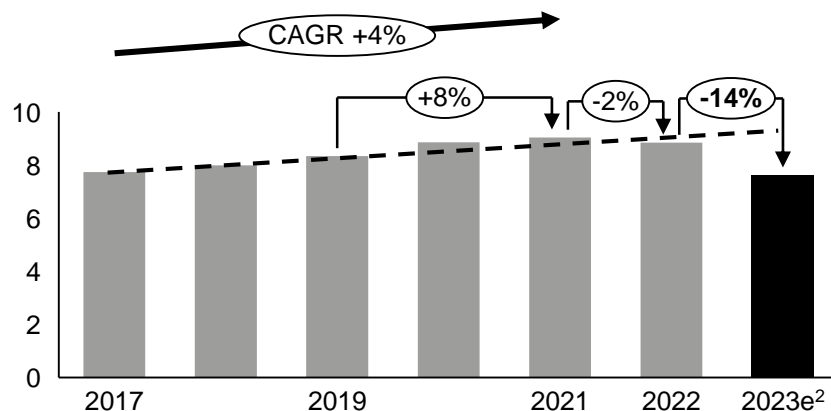
Steel panel radiators and interior doors

German SPR¹ market (in M units)



- **Overstocking in the German market during 2021**, with ~20% higher volumes in some months vs. 2020, annualised ~5% higher volumes
- The number of completed flats decreased by ~4% in 2021 vs. 2020 → **excess inventory >10% of volumes**
- Volumes collapsed in H2 2022, with annualised ~20% decrease due to excess inventories, high costs and slow demand; **volumes YTD ~30% lower than previous year**
- **Order intake and backlog have stabilised and are slightly improving as of the end of Q3**

German interior doors market (in M units)



- **In previous years, a healthy order backlog** provided insights into future performance
- Both lead time and size of orders have decreased significantly, making **production more fragmented and leading to efficiency losses**
- The resulting **decreased order backlog** makes both production planning and **forecasting difficult**
- Interior door market expected to decline, with **disproportionate decrease of residential doors** (~ ¼ of the market)

Order volumes are slightly increasing again, which seems to indicate a normalisation of wholesale orders

Source: BDH – Bundesverband der deutschen Heizungsindustrie (07/23), Arbonia AG, B+L Marktdaten | 1 SPR: steel panel radiator | 2 estimates based on H1 2023

1. Strategy of the Climate Division

2. Strategy of the Doors Division

3. Summary & outlook

4. Q&A



Diploma in Mechanical Engineering, TU
Munich, Germany

Chief Executive Officer Alexander Kaiss has been with the Arbonia Group since 2001. He held positions including plant manager and COO before being appointed CEO of the ARBONIA climate division in 2021

1

Strategic Position

2

Strategic Initiatives

3

Financials / Strategic Outlook

1. Strategic Position

Solid growth with attractive margins even in very challenging periods

M&A

VASCOGROUP

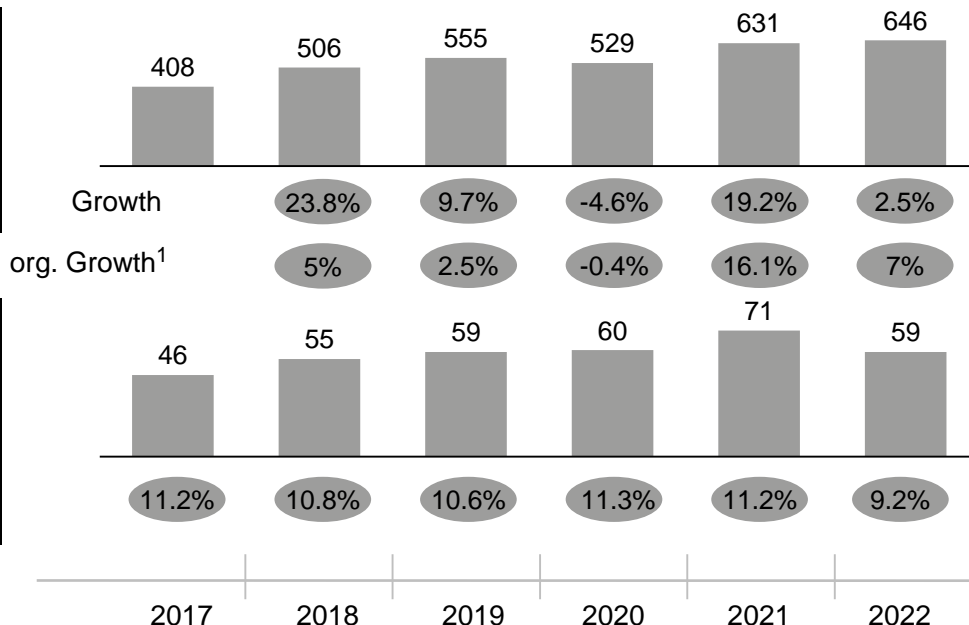
TECNA



CIRELIUS

TERMOVENT

Net revenues
(in CHF M)



EBITDA²
(in CHF M;
% margin)

Ambition 2026

- ▶ Net revenue > CHF 800M
- ▶ EBITDA > CHF 100M
- ▶ EBITDA Margin > 12.5%
- ▶ Backed by various projects for revenue growth and profitability

1. Strategic Position

ARBONIA climate a glance

NR 2022
CHF 646M

EBITDA 2022¹
CHF 59M (9.2%)

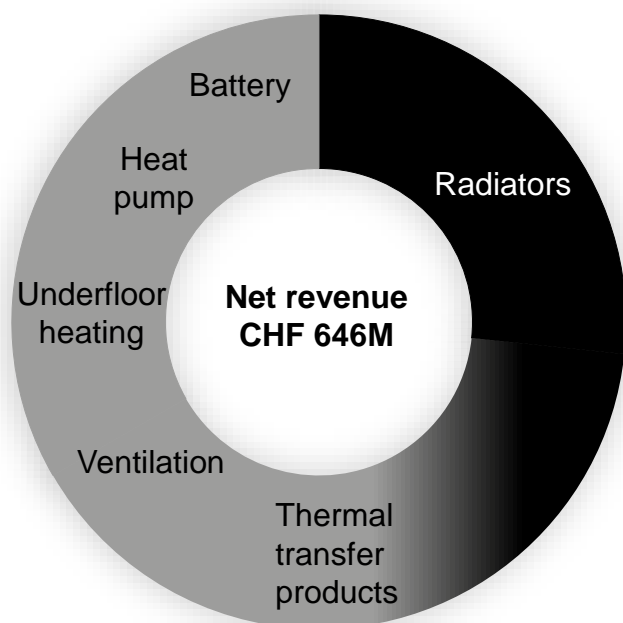
FTE 2022
3,239

Europe
Broadest system supplier

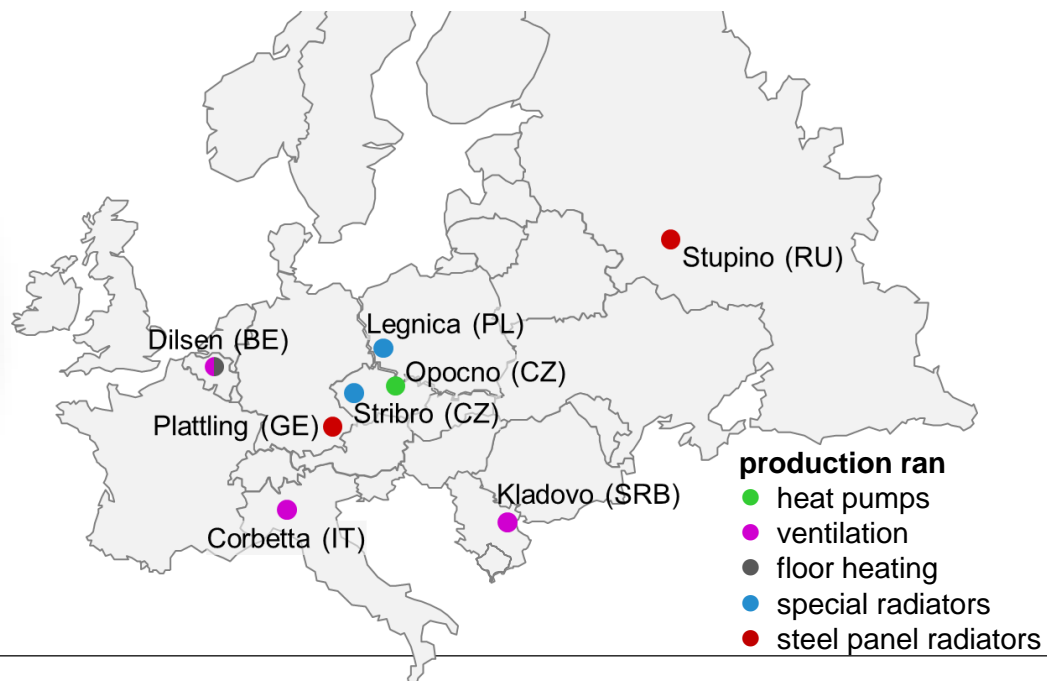
Radiators Europe²
TOP 2

Fan Coils Europe³
~ 15-20% market share/TOP 1

NR by product



Production footprint

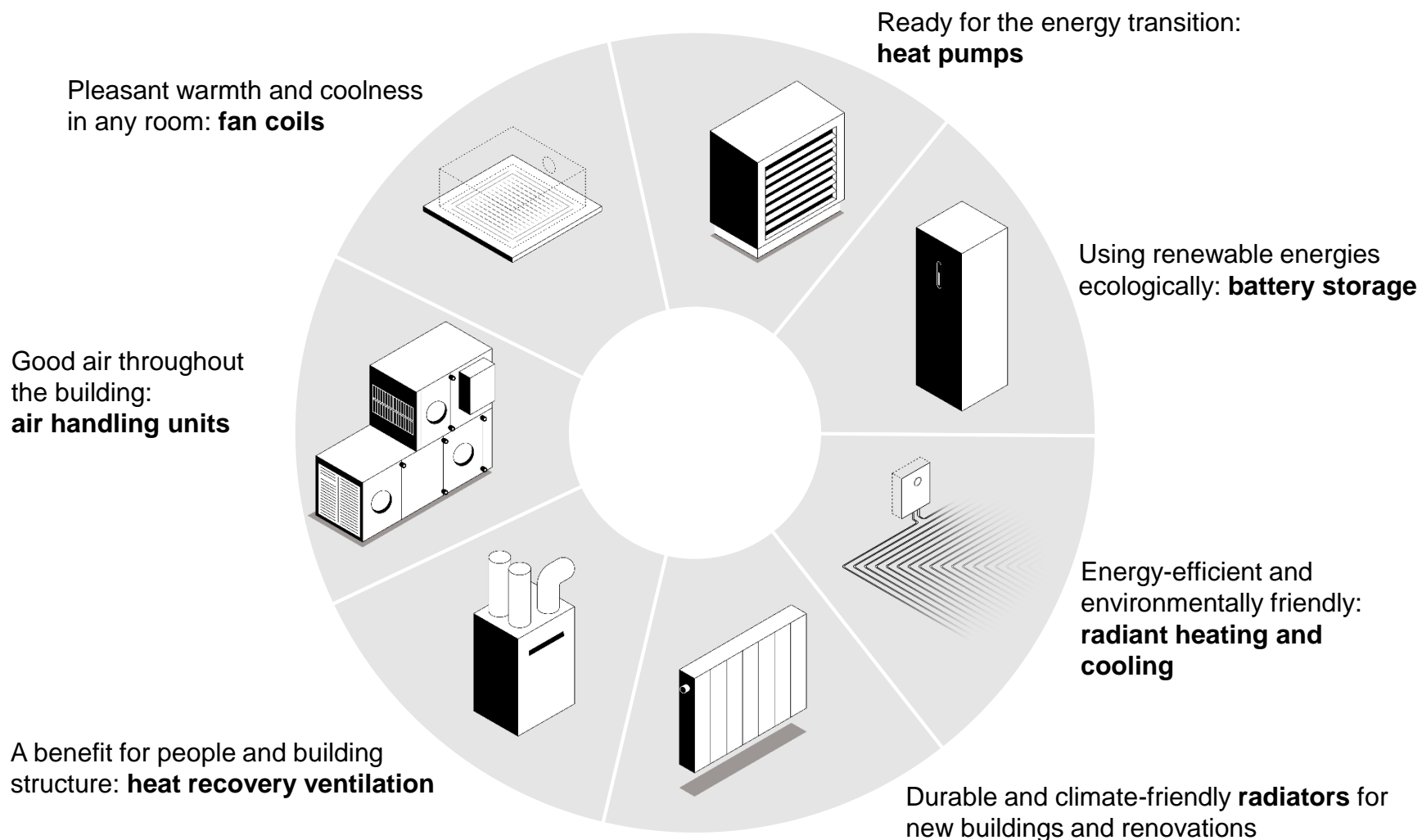


¹ Excluding one-time effects

² BRG no.1076 excl. TR, UK | ³ own estimate based on Eurovent

1. Strategic Position

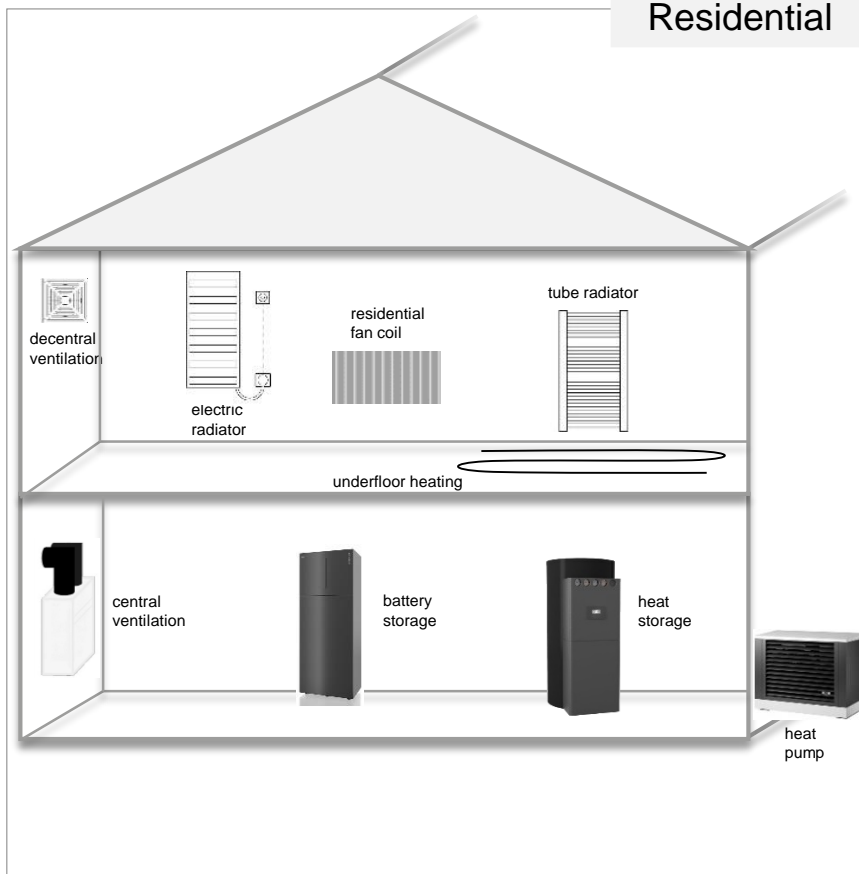
The broadest range of smart solutions for a sustainable future



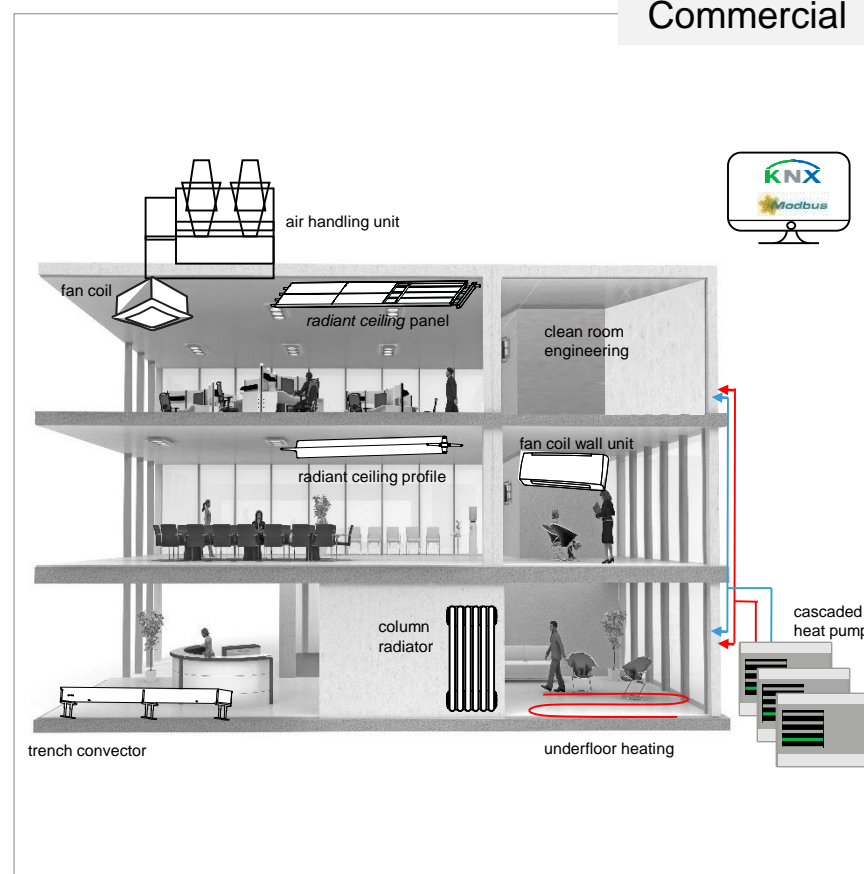
1. Strategic Position

ARBONIA climate house

Residential



Commercial



We provide energy efficient solutions to all types of buildings: residential & commercial, new construction & renovation

1. Strategic Position

European production footprint



Plattling, DE: SPR
66,700 m²



Stribro, CZ: special rads,
batteries – 50,000 m²



Opatowitz, CZ: heat pumps
9,500 m²



Legnica, PL: design rads
17,500 m²

specialized production
network
with state-of-the-art
technology & integrated
logistics



Kladovo, RS: commercial
ventilation – 4,500 m²



Dilsen, BE: ventilation /
UFH – 13,000 m²



Corbetta, IT: ventilation
53,400 m²



Stupino, RU: SPR
14,500 m²

1. Strategic Position

ARBONIA climate



**We create
superior
indoor climate
solutions
for future
generations**

Unique competence profile for optimized integrated systems and a clear organization with regional responsibilities, supplemented with matrix functions

Focused on growth markets with the right products: energy-efficient buildings

Extensive R&D competences efficiently organized as well as specialized and optimized factories building a highly competitive production network

Broad geographic presence with market access all over Europe and multi channel sales approach with country specific sales organizations

Implementation of detailed growth cases backed by binding targets & measures

Brand strategy focusing on brands and accelerated brand value

1

Strategic Position

2

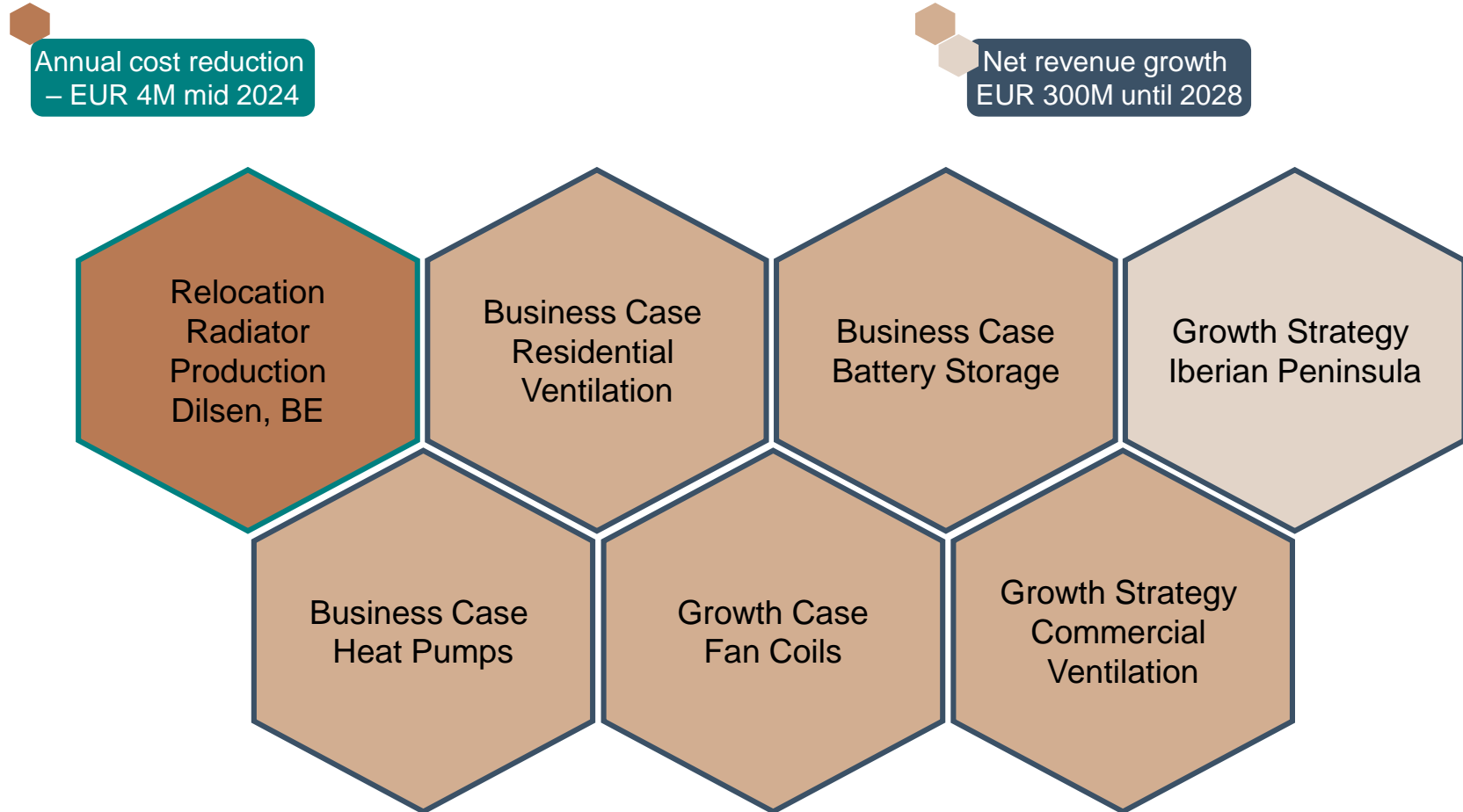
Strategic Initiatives

3

Financials / Strategic Outlook

2. Strategic Initiatives

Six growth cases secure net revenue growth



Growth strategy and profit ambition backed by several major projects and business cases

**Relocation Radiator
Production Dilsen, BE**

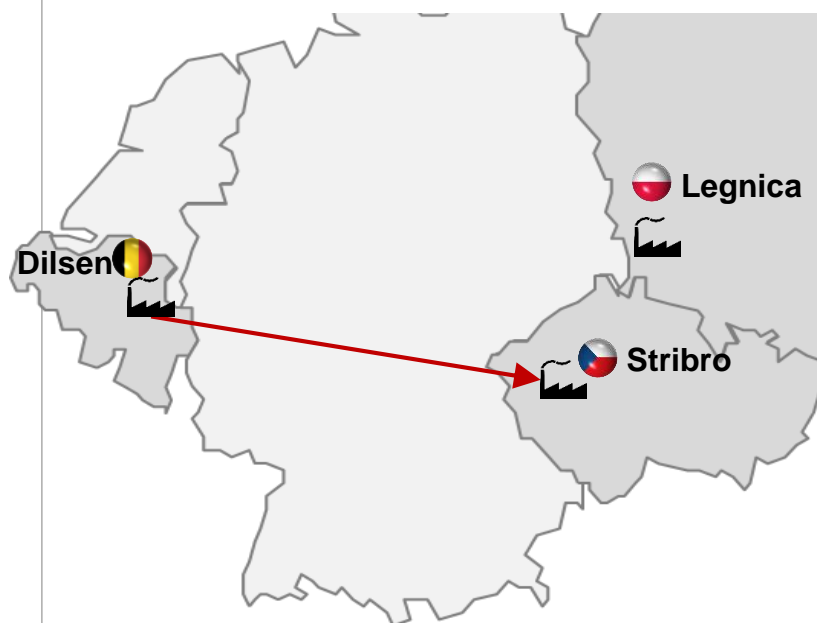




2. Strategic Initiatives: Relocation Radiator Production **ARBONIA**

On track to further increase operational excellence in Central Europe

Production footprint



Closure of design radiator production BE

- **To improve utilisation and productivity**, production and painting of design radiators will be moved to Střibro (CZ) until end of Q2 2024
- **R&D centre and production of underfloor heating and ventilation systems will remain in Dilsen**, as is the logistical hub for Benelux
- Restructuring costs of CHF ~10M will impact H2 2023, with **annual net-savings of CHF ~4M as of H2 2024**

**Streamlining of product range and production relocations
lead to annual savings of EUR ~4 M from mid 2024**

Heat Pumps





2. Strategic Initiatives 2023: Heat Pumps

Key growth pillars of heat pump business case

Products

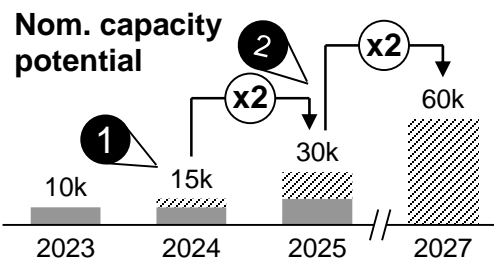


- Solid and complete product portfolio available from 6-20 kW for residential application
- Clear product roadmap defined for the coming years to meet market demand for natural refrigerants
- Focus on natural refrigerants, complementary products and state of the art control system

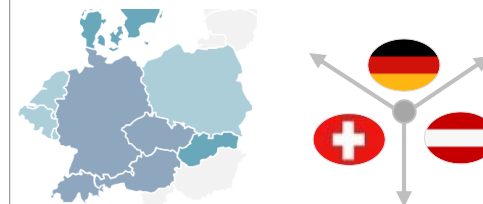
Infrastructure & additional capacities



- Opočno I completed & operational with new 3rd prod. line, staff recruited
- Construction Opočno II in progress
- Land for further expansion acquired mid 2023
- Precondition for growth given



Markets & customers



- Solid business nucleus in DACH + CZ
- Further market expansions as well as penetration in existing markets
- Untapped market and customer potentials to be selectively attacked
- Market potential heat pumps with SPR (DE) → 3 additional SPR for each installed heat pump in renovations*

Formula:
 1x = 3x

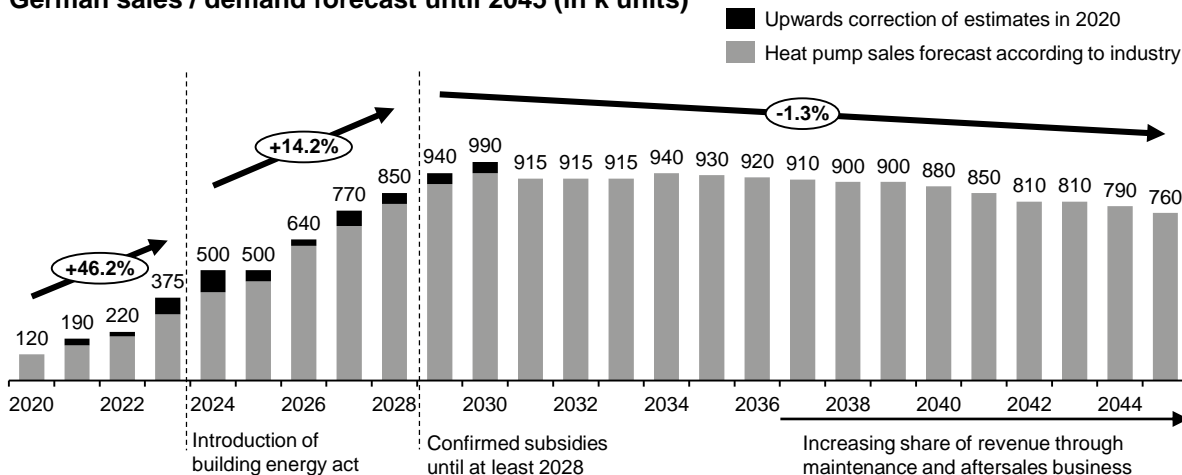
Solid base for further growth



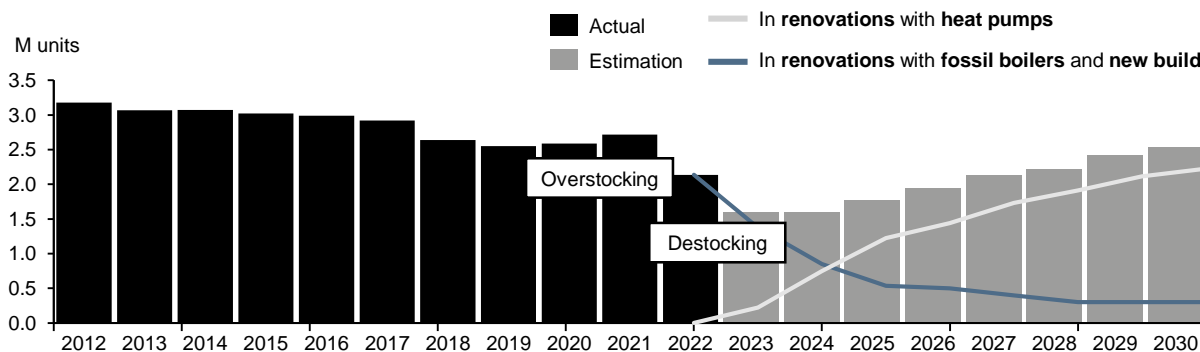
2. Strategic Initiatives 2023: Heat Pumps

Market development Steel Panel Radiators Germany 2015 – 2030

German sales / demand forecast until 2045 (in k units)¹



- Market data based on German association reports
- Historical development with stable slight decline between – 2% and – 3% p. a. as underlying market trend
- Market disruptions in 2020 – 2024 caused by
 - Overstocking in 2020 / 2021 due to material shortages and price increases
 - Destocking 2022 / 2023
 - Missing installer capacities (focus on fossil boilers) and break down in construction industry in 2023 / 2024
- Wait and see market in 2024 expected
- Market pickup from 2025 on in line with heat pump sales



Renovation with heat pumps is an additional potential for steel panel radiators



2. Strategic Initiatives 2023: Heat Pumps

State-of-the-art factory Opočno



Fan Coils



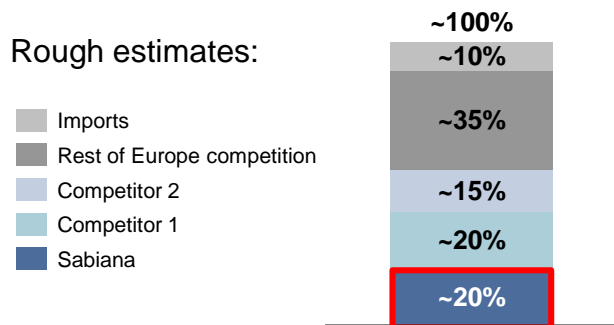


2. Strategic Initiatives: Fan Coils

Very strong position in fan coils should allow for good growth

Rationale / Market Europe

- Sabiana, 20% market share in fan coils in Europe, consolidation ongoing



- Heat pump growth will further accelerate fan coil growth
- Growth outlook around 5 – 10% p.a. (depending on market studies)

Plant Sabiana IT

- Sabiana is Europe's largest fan coil producer



Sustainable fan coil growth backed by solid market position and further growth initiatives





2. Strategic Initiatives: Battery Storage

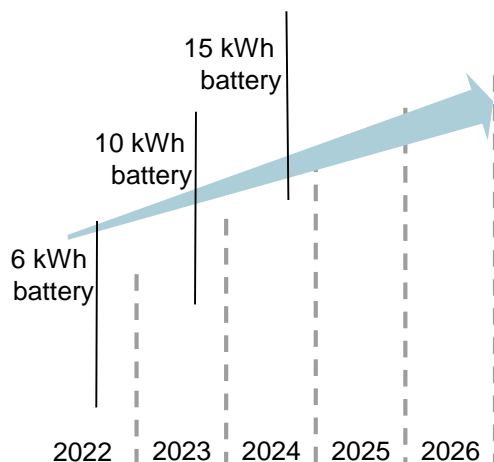
Leveraging operational setup from 2024 onwards

Redox flow battery



Forecast

Market Launch



Key facts

- Sustainable battery with Redox Flow technology and recyclable electrolyte¹, no use of rare earths, non-flammable
- No degeneration: capacity strength >95% after 20 years
- 2022: market entry in Germany, moving series production to Střibro (CZ)
- 2023: market entry in Switzerland and launch of 10 kWh battery
- Production capacity easily scalable



2. Strategic Initiatives: Battery Storage

Storac evolution – larger sizes with more capacity

Storac 2/6

1

- 6 kWh capacity
- 2 kW power
- 2 x 150 l electrolyte
- HxBxT: 195x60x60

- Market launch 07/22
- Emergency power, cascade

- For single family house



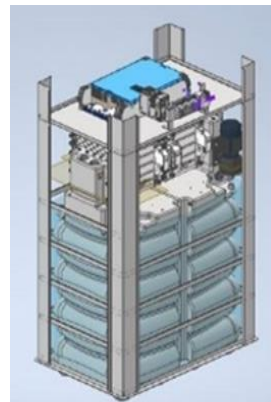
Storac 4/10 (4/15)

2

- 10 kWh; (15 kWh) capacity
- 4 kW power
- 2 x 280 l (2 x 420 l) electrolyte
- HxBxT: 182x120x74 (182x180x74)

- In development
- Market launch Q3/23 (Q3/24)

- Single / multi family house



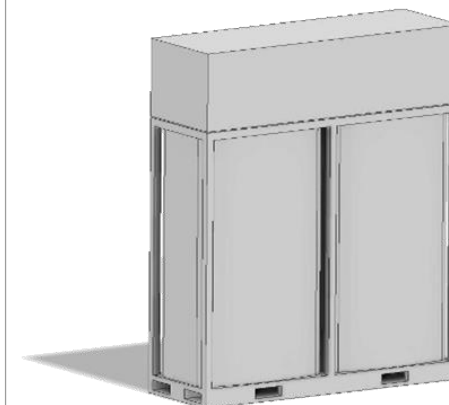
Storac 10/40

3

- > 40 kWh capacity
- 10 kW power
- 2 x 1000 l electrolyte
- HxBxT: 255x230x800

- In concept phase

- Commercial buildings



Residential Ventilation





2. Strategic Initiatives: Residential Ventilation

Summary

Strong market growth in nearly all countries

- Increase of German new construction market expected (high demand of living space)
- Possibility of obligatory ventilation in PL, NL etc.
- Indoor air quality gains importance in politics & healthcare



Improved profitability by

- Strong increase of net revenue in defined countries
- Newly launched platform unit for narrow spaces
- New platforms for further products

Countries served



High potential of net revenue increase with a full focus on residential ventilation in each country

Commercial Ventilation





2. Strategic Initiatives: Commercial Ventilation

Deepening our skills in industrial clean air to unlock new growth

Summary

- Offering range from "Air Handling Units (AHUs)" to fully functional cleanrooms
- For Sabiana, focus on AHUs, which can e.g. be sold in bundle with fan coils
- For Termovent, focus on cleanroom turnkey solutions (strong pipeline for clean air projects in battery & pharma)

Products

- Cleanrooms allow to set and control air parameters, such as pressure and humidity



Project business



TERMOVENT

- Launch of fully modular, plug & play cleanroom laboratory
- Launch during Karlsruhe Cleanroom fair April 2023
- Strong customer feedback, opens new application field



We are preferred supplier for a battery giga factory with strong follow-on potential

Iberian Peninsula



TECNA
Asociación en colaboración
responsable con el planeta

TECNA.es

TECNA

BRITEC



2. Strategic Initiatives: Iberian Peninsula

With Cirelius, our Iberian Distribution business has reached an attractive size

Iberian logistic hub in Madrid, ES

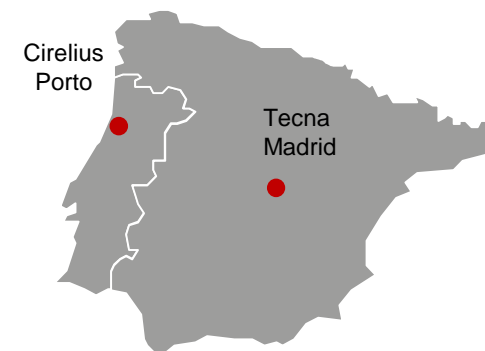


Our Iberian distribution business is well prepared with

- Tecna / Britec (ES) strong in commercial segment and
- Cirelius (PT) strong in residential segment

and has reached already an attractive size, i.e.

- among other products, distributing Sabiana fan coils and Vasco / Kermi radiators
- attractive margin due to strong customer intimacy and with "asset light" model



For Iberia we foresee fantastic growth possibilities

1

Strategic Position

2


Strategic Initiatives

3

Financials / Strategic Outlook

3. Financials / Strategic Outlook

Ambition 2026



We create superior
indoor climate solutions
for future generations

- ▶ Net revenue
 > **CHF 800M**
- ▶ EBITDA
 > **CHF 100M**
- ▶ EBITDA Margin
 > **12.5 %**
- ▶ **Backed by various
projects for revenue
growth and profitability**

3. Financials / Strategic Outlook

ARBONIA climate following the megatrends

CO₂-REDUCTION & SUSTAINABILITY

- energy efficiency
- climate protection
- energy independence



HEALTHY INDOOR CLIMATE

- indoor air quality
- humidity
- temperature



HOUSING SHORTAGE

- social housing
- trend for single households
- immigration, i.e. in DE



DIGITAL TRANSFORMATION

- customer experience
- industry 4.0
- connectivity



Megatrends shaping the basis for ARBONIA climate's long-term success

1. Strategy of the Climate Division

2. Strategy of the Doors Division

3. Summary & outlook

4. Q&A

Doors Division

Claudius Moor



2015 – today

2020 – today

Arbonia Group

Arbonia Group
Member of Group Management
CEO Doors Division

2023 – today

Griffwerk
Member of the Advisory Board

2018 – today

KIWI
Member of the Advisory Board (Chairman as of 2020)

2019 – 2023

Prüm-Garant
Managing Director Sales & Marketing

2017 – 2020

Arbonia Doors Division
Member of Divisional Management

2015 – 2017

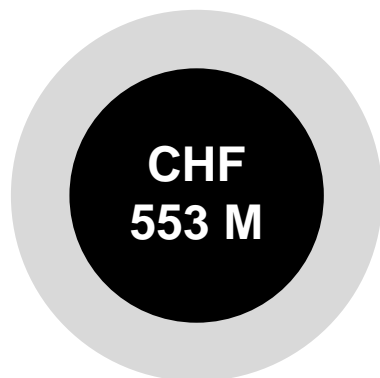
Arbonia Group
Head of Strategy and Business Development

2010 – 2015

Boston Consulting Group (BCG)
Project Leader

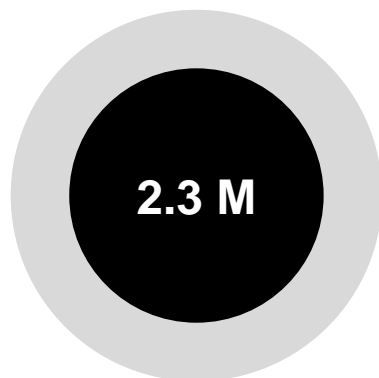
Doors Division

Starting point 2022



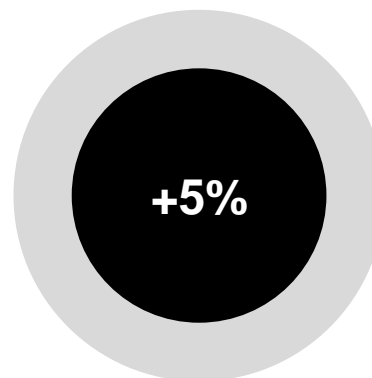
Net revenues
(2022)

*Whereof CHF 399 M
from Wood Solutions
and CHF 154 M from
Glass Solutions*



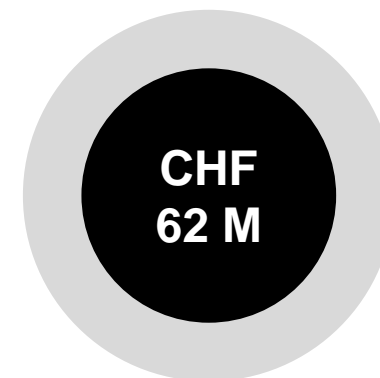
of wooden doors
sold (2022)

*Produced in 4 market
leading wooden door
factories (plus 2 factories
for glass solutions)*



Organic growth CAGR
(2019-2022)

*Based on market
penetration, product
innovation and capacity
extension*



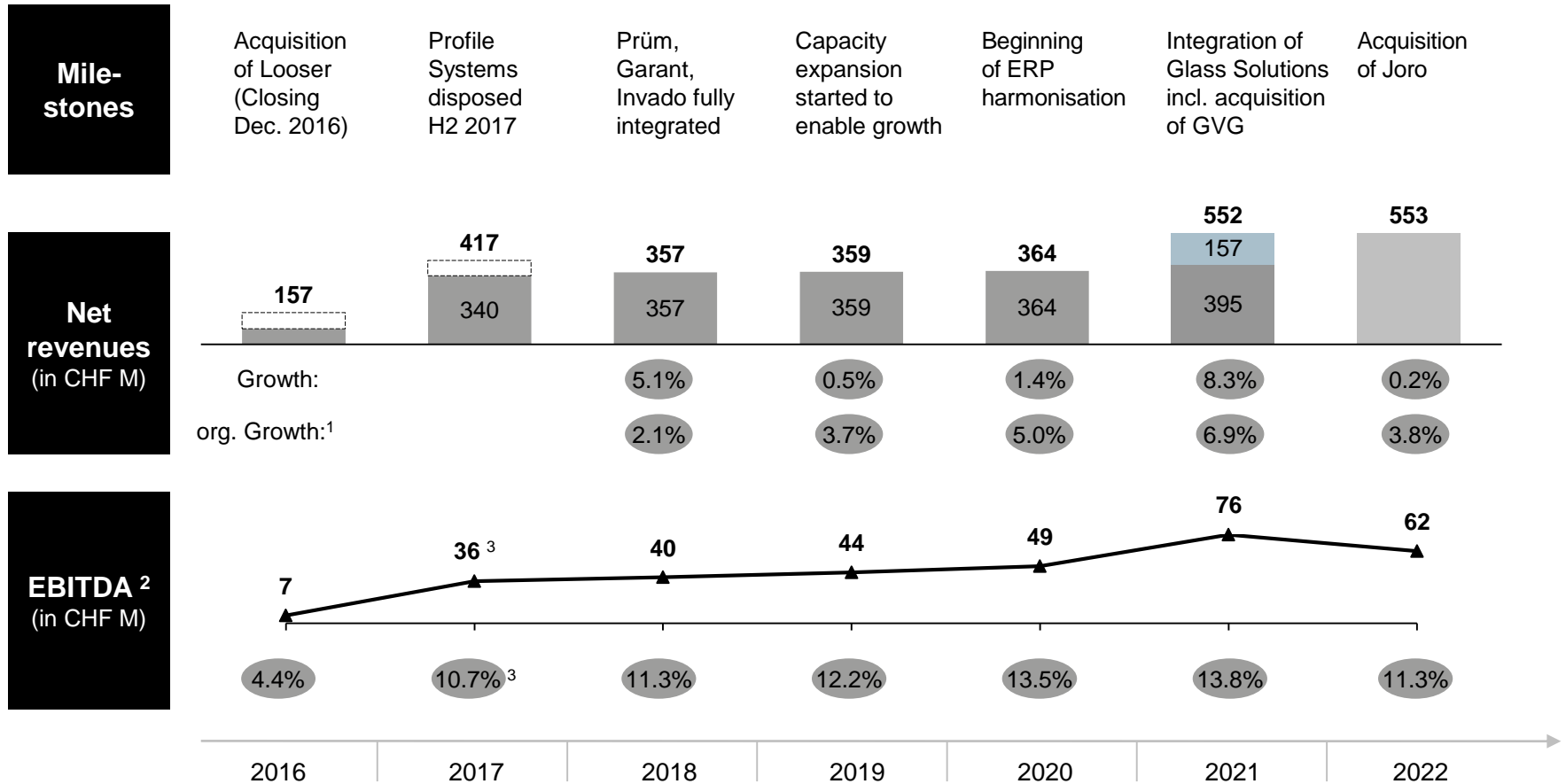
EBITDA
(2022)¹

*At stable double digit
EBITDA margins
(2022: 11.3%)*

Arbonia Doors reflects an excellent platform for future profitable growth

¹ Excluding one-time effects

Building a Central European Leader



¹ Adjusted for currency and acquisition effects

² Excluding one-time effects | ³ Excluding Profile Systems

 Profile Systems
 Glass Solutions
 Wood Solutions
 Doors Division

Doors Division

Highlights




	Market leadership in Central Europe by integrated premium door brands protected by high barriers to entry	1
	Long-term positive market prospects for housing construction driven by housing supply-demand imbalance and continuously growing number of buildings for renovation	2
	Addressing the mega trends urbanisation, demographic change, digitisation/automation and sustainability	3
	Platform for growth in attractive DACH markets and expansion of market shares in growing Eastern European markets	4
	Digital outsider through most modern IT systems, digitisation of business models and processes, 49% stake at PropTech KIWI	5
	Cost leadership through well-invested, highly automated production facilities, CI, vertical integration and leading production footprint	6
	Active market consolidation to address new markets, increase market shares and expand the product portfolio	7
	Experienced management team with high market reputation and commitment to Arbonia Doors attracting best employees in the market	8
	Building a Tier 1 building component supplier delivering best-in-class financial and cash flow profile (org. rev. growth >5%/year, EBITDA margin target >15%)	9
	Sustainability by clearly defined goals combined with investments in direct CO2 reduction and healthy working environment	10

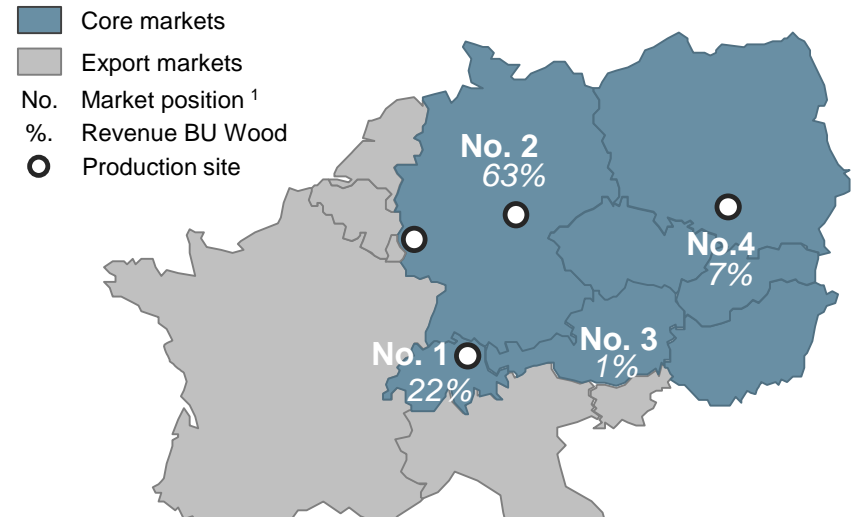
1 Market leadership in Central Europe

Wood Solutions Business Unit

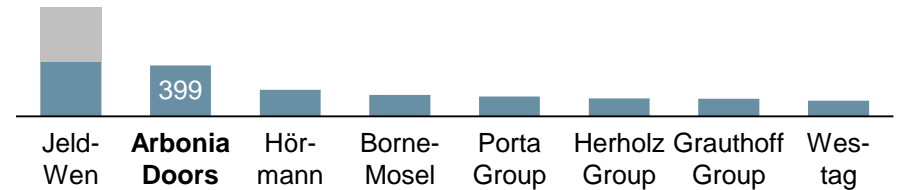
Production footprint ²

 Türen die zu Ihnen passen <ul style="list-style-type: none"> Weinsheim (DE), 760 FTE 1 M doors/year 	
 Türen für Ihr Zuhause <ul style="list-style-type: none"> Ichtershausen (DE), 570 FTE 0.7 M doors/year 	
 die tür zum raum <ul style="list-style-type: none"> Renchen (DE), 30 FTE <0.1 M doors/year 	
  Objektüren nach Mass Holzsysteme <ul style="list-style-type: none"> Roggwil (CH), 190 FTE Leutershausen (DE), 25 FTE 0.1 M doors/year 	
 <ul style="list-style-type: none"> Dzielna (PL), 430 FTE 0.5 M doors/year 	

Geographical focus



Revenues 2022 (in CHF M) with interior wooden doors in Europe¹



**Ambition: Market leadership in Central Europe
Diversification of geographical footprint aspired**

¹ Based on annual reports, market studies and Arbonia research | ² Volumes relate to year 2022, FTE to October 2023

1 Market leadership in Central Europe

Glass Solutions Business Unit

Production footprint



- Plattling (DE), 610 FTE
- 25'000m² production plant
- Local sales companies in PL, CZ, CN





- Dagmersellen (CH), 130 FTE
- 2'000m² local assembly
- Margarethen am Moos (AT), 18 MA





- Deggendorf (DE), 140 FTE
- 15'000m² production plant
- ESG/VSG² component supplier (50% of revenues with Kermi/Koralle)

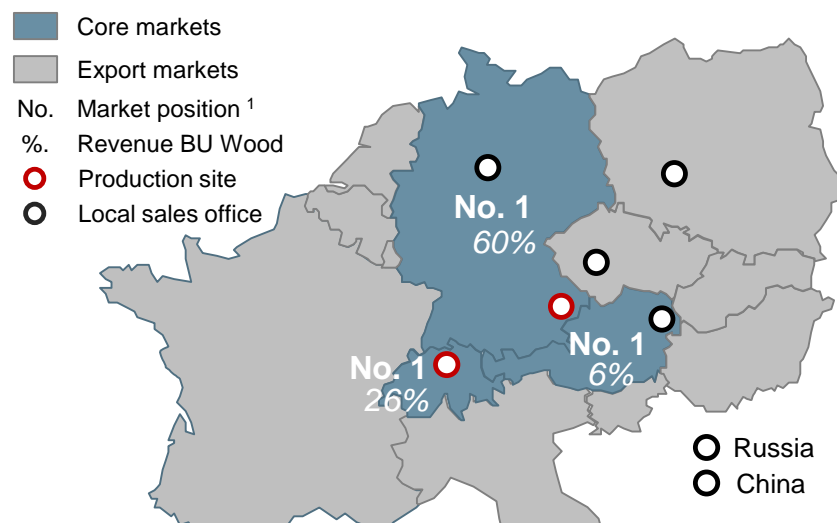




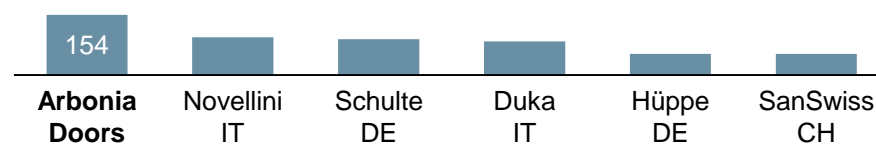
- Dörzbach (DE), 42 FTE
- 6'000m² production plant
- Producer of glass partitions



Geographical focus



Revenues 2022 (in CHF M) with shower enclosures in Europe¹

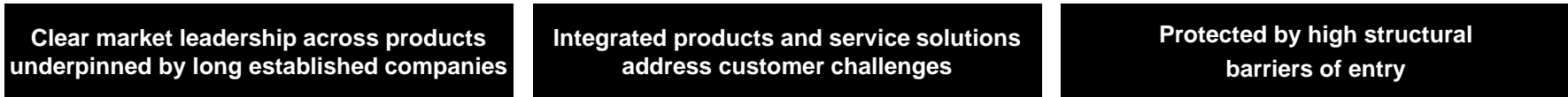


Market leadership in Central Europe achieved; fully integrated with acquisition of Arbonia Glassysteme and newly acquired Interwand

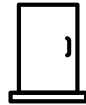
¹ Based on market reports and Arbonia research | ² ESG: Einscheibensicherheitsglas (single-pane safety glass); VSG: Verbundsicherheitsglas (laminated safety glass)

1 Market leadership in Central Europe

Premium door brands protected by high barriers of entry



>300 years old heritage brand with a vast installed base across 9 companies



Broad product portfolio offering complete door solutions (incl. fittings from Griffwerk)



Disruptive competitive behavior unlikely given high incumbent advantage



Market and cost leader in respective markets



Planning, maintenance and replacement services unlock ongoing value through the door's lifecycle



Stringent safety regulatory standards (e.g. fire protection)

Companies



Unique edge-technology differentiates offering



Unparalleled installed base providing platform for aftermarket sales



Capital intense expansion of capacity, an additional Euro of revenue requires an additional Euro in capex



Clear market leadership based on long established companies

Integrated products and service offering

Attractive, protected market environment

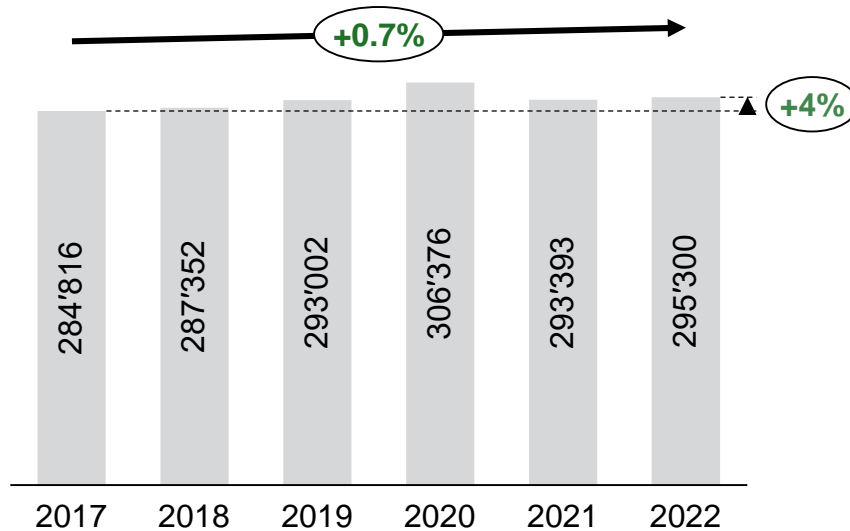
Robust business model underpinned by three strong pillars

2 Market prospects

Gaining market shares in Germany

Building completions in Germany

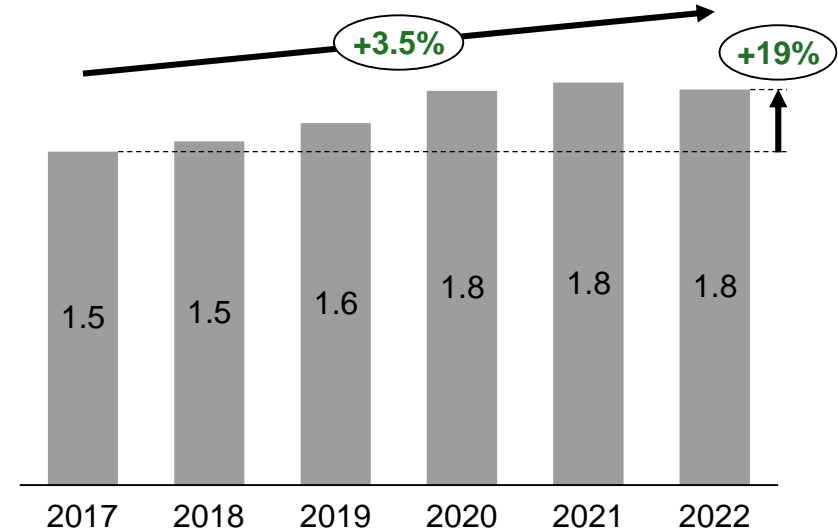
Number of flats (in thousands)



➤ Little growth in building completions

Doors sold by Prüm-Garant

Number of doors

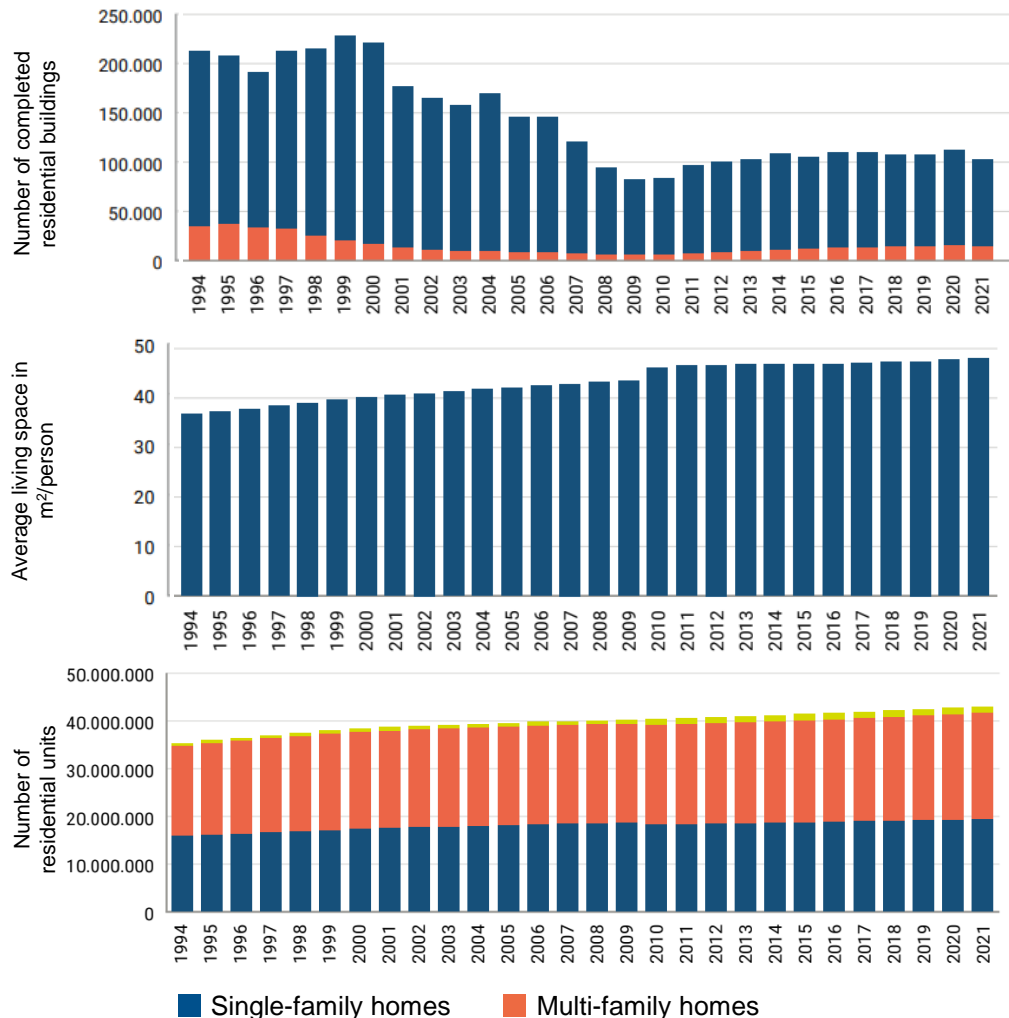


➤ Continuously gaining market share

Germany: Arbonia Doors is growing much faster than the market

2 Long-term positive market prospects

Germany: Market outlook



Source: DENA-Gebäudereport 2023, destatis.de

New Construction

German population grew 1.1m in 2022 and is expected to continue growing

Additionally, average living space per person is steadily increasing

On top, residential building completion is historically low and might hit an all time low in 2023



Resulting in a high need for residential building. Hence, the German government aims to support the completion of 400k residential units per year

Renovation

The number of residential units (flats) is constantly growing from 34.7 M units in 1994 to 41.7 M units in 2021

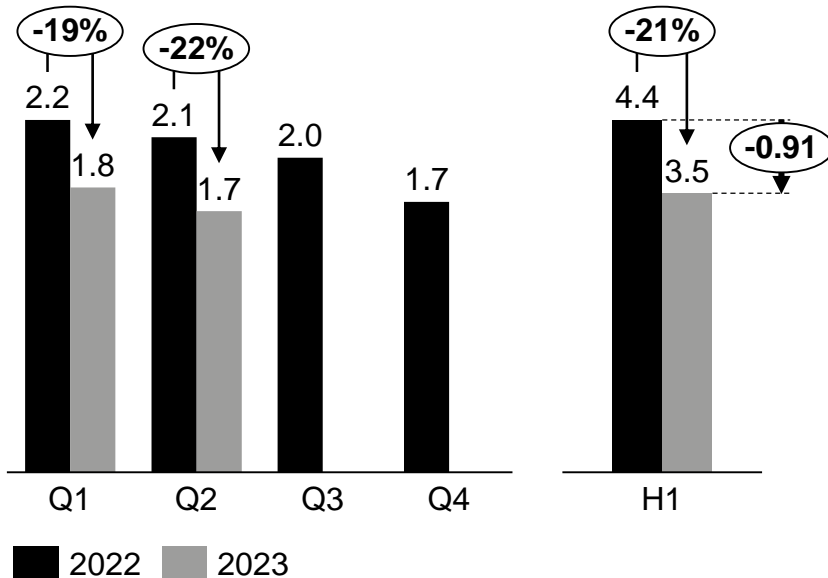
The need for renovation for these buildings is steadily growing

2 Market prospects

Current decline of German market

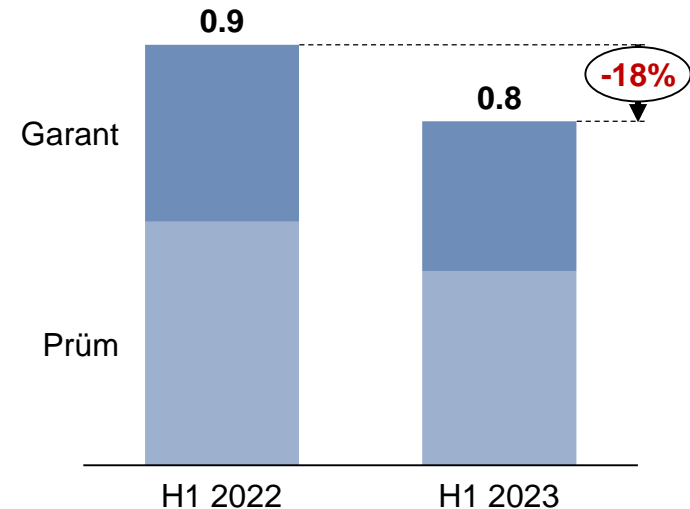
Production volume interior wooden doors of German door producers¹

Number of doors (M)



Production volume interior wooden doors of Prüm-Garant

Number of doors (M)



Prüm-Garant are successfully defending market shares in current market dip

¹ Source: Vierteljährliche Produktionserhebung des VHI (Verband der deutschen Holzwerkstoffindustrie)

3 Addressing the mega trends

Arbonia is well positioned to benefit from megatrends that are currently reshaping the market

Supporting mega trends



New living trends

Recent changes in living habits drive the reshaping of existing home spaces

- Working from home
- Single households and growing living space
- Urbanisation
- Serviced apartments



Impact of PropTech

Tech-enabled hardware required to support software within the home

- Connected homes
- Usage of sensors
- Increased security and surveillance devices
- Remote internet of things



Sustainability

~75% of EU buildings are not energy efficient and require material renovation

- Climate change plan 2050
- Energy efficiency
 - Renewable energy
 - Sustainable building materials (e.g. wood)



Ageing population

Demographic ageing driving demand for accessible and supported living

- Barrier-free apartments (lack of 2 M units in DE)
- Retirement homes
- Care homes
- Medical facilities

- Sales focus on housing companies and serviced apartment chains
- Digital, flexible access for residential (KIWI)

- Digitisation of products (SmartDOORS), processes and business models (e-commerce)
- Build-up of BIM library

- Clearly defined goals combined with investments in direct CO₂ reduction
- Sustainable and CO₂ free production and products

- Focus of R&D and sales activates on healthcare, esp. barrier-free solutions
- Digital access solution for nursing services at home

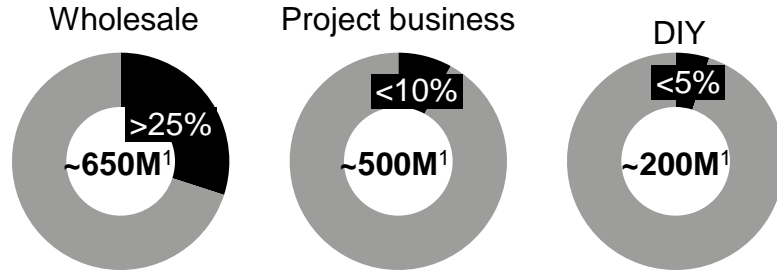
Source: BNP Paribas Real Estate City Report 2021, Zukunftsinstitut

4 Platform for growth

Selected opportunities

Selected growth potentials

Germany: Growing market segments



Wholesale business

- Clear growth plans with strategic clients
- Best-in-class production and warehouse to supply German wholesalers

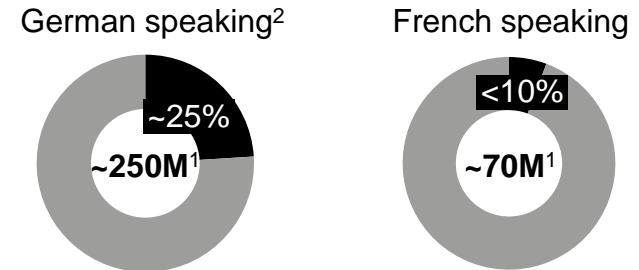
Project business

- Focus on hotels, retirement homes and modular builders
- Supported by intensive pre-sales activities, current growth of >10% YoY

DIY

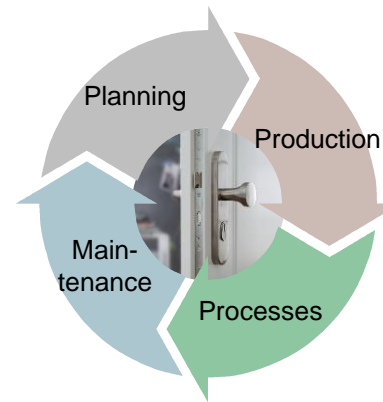
- Entrance of DIY market achieved in Q4 2023 which will be growing in subsequent years
- Strong collaboration with Griffwerk and additional potential for Arbonia Glassysteme

Switzerland: Increase market shares in W-CH



- Set-up of a new sales office in Western Switzerland with 5 experienced salesmen as of July 1, 2021

Service: Expansion up service business



Growing business

- Maintenance contracts for technical doors
- Site measuring for shower enclosures
- Participation at processes (service fees)
- ...

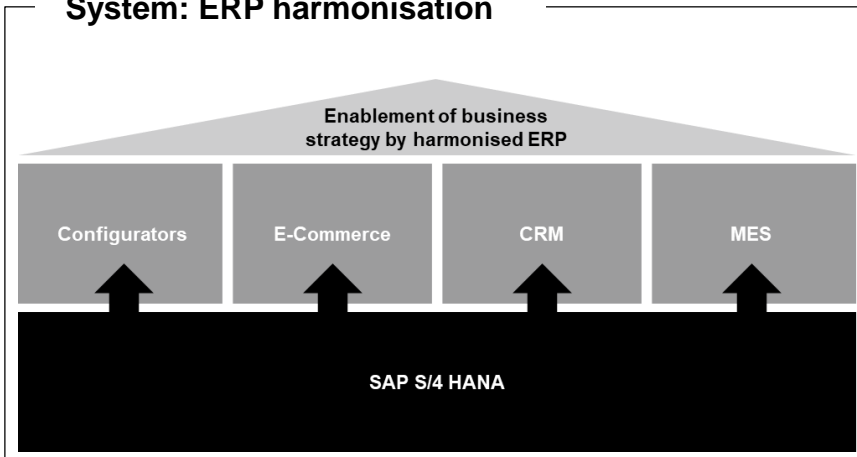
¹ Market size for interior wooden doors in EUR M based on market studies and Arbonia Research | ² Including Italian

5 Digital outrider

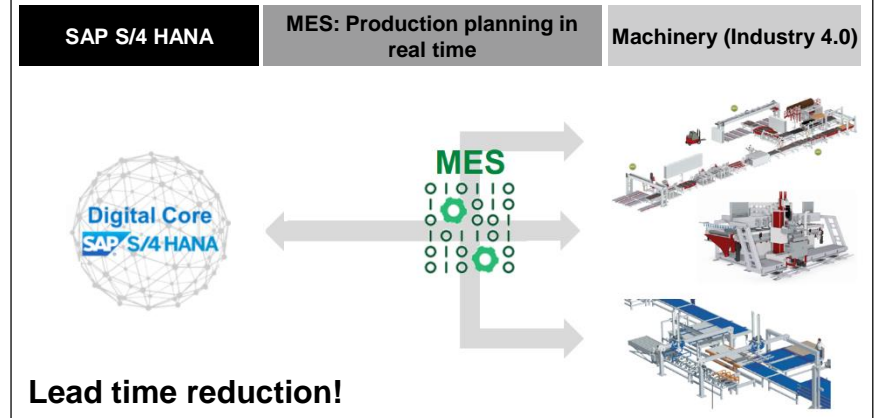
Selected initiatives

Selected digital initiatives

System: ERP harmonisation



Digitalisation of production planning (MES)



Platform for digital sales processes

From competition of products to competition of processes

- Web-based solutions
- Reduction of order processing time
- Integration with Arbonia and customer ERP

Products: SmartDOORS

KIWI
OPENING DOORS

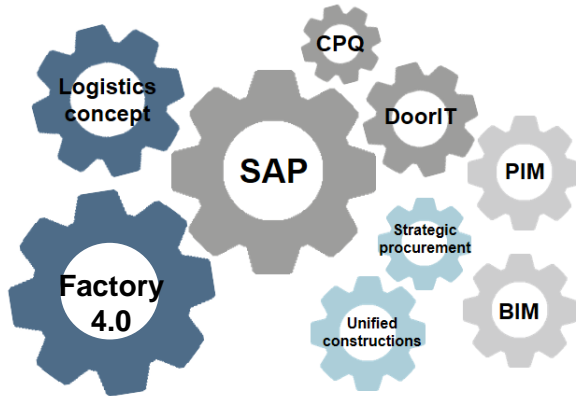
- 49% stake at KIWI, the market leader for digital access in residential housing industry
- KIWI revenue growth of >30% in 2023

6 Cost leadership

Selected initiatives

Selected cost leadership initiatives

Integrated Arbonia Doors Platform



New frame production site at Prüm

- Economies of scale: capacity increase of 35%
- Start of mass production: H2 2023



Vertical integration

Insourcing of value creation

- ESG/VSG production for Glass Solutions: acquisition of GVG Deggendorf
- Frame production and painting at RWD Schlatter
- Warehouse logistics in Switzerland
- Lamination of doors at Prüm
- Power and heat generation at Prüm and Garant towards climate neutral production

New door production site at Invado

- Automation and capacity increase of 30% (SOP H1 2021)



SOP: Start of Production

10 Sustainability

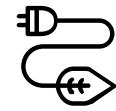
In everything we do



Selected Initiatives



Two new combined heat and power plants at the production sites in Germany, pursuing 100% use and pollution free-disposal of wood-type residue



Invested heavily in energy-efficient machines and the use of industry 4.0 technology



Ongoing testing of sustainable materials to greatly reduce burden on the climate



Efficient use of resources enables lean production and cushions input cost pressure

1. Strategy of the Climate Division

2. Strategy of the Doors Division

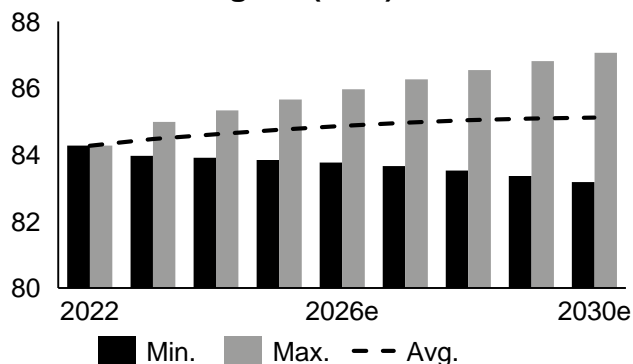
3. Summary & outlook

4. Q&A

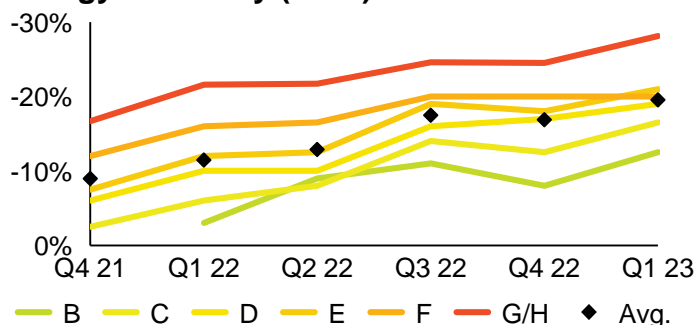
Demand for new flats steadily increasing

Developments in the German housing market¹

Population forecast before migration of Ukrainian refugees (in M)²



Discount for MFH in comparison to high energy efficiency (A/A+)⁴



Baseline

- Completions of new flats reached just 295k units in 2022, compared to a demand of ~400k annually
- The **backlog of building permits for flats has reached >700k** at the end of 2022
- The number of **single-households has increased by ~240'000** since 2016 with the average living space per person increasing too²

Additional pressure

- Ongoing high demand for energy-saving renovation and energy-efficiency in new construction to reduce costs and to increase autonomy
- German government calls for installation of 500k heat pumps annually
- **Influx of >1 M refugees (incl. from Ukraine) in 2022**, with experience showing a stay of 5 – 6 years before moving back and ~30% remaining
- Even without Ukrainian refugees the **population is expected to grow by ~330k per year and reach ~85 M by 2030**
- High energy prices and inflation lead to the number of people threatened by poverty (~13 M), whereas the number of flats in social housing has almost halved since 2007

The deficit of flats needed to house the current population is estimated to have reached 700'000 at the end of 2022

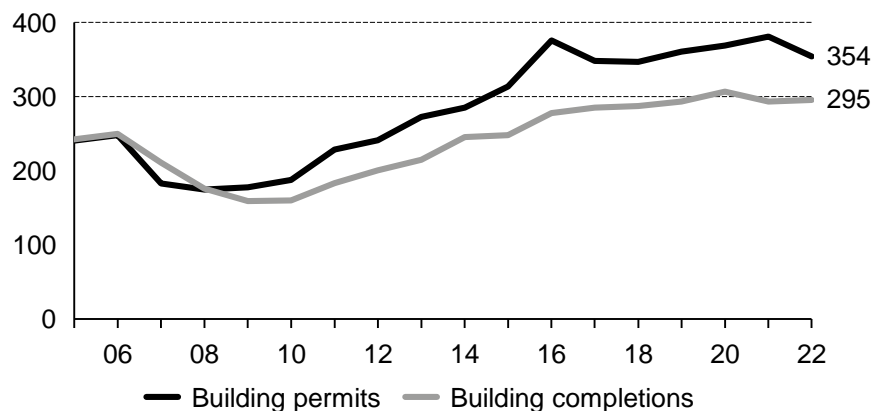
¹ Source: Verbände bündnis "Soziales Wohnen": Wohnen in der Krise (01/2023) & Destatis | ² Source: Destatis: Bevölkerungsvorausberechnung 2022 (taking birth rates, life expectancy and migration into account) | ³ Source: Destatis: Mikrozensus 2022 | ⁴ Source: JLL Germany (06/2023)

German housing construction

Permits and completion of flats

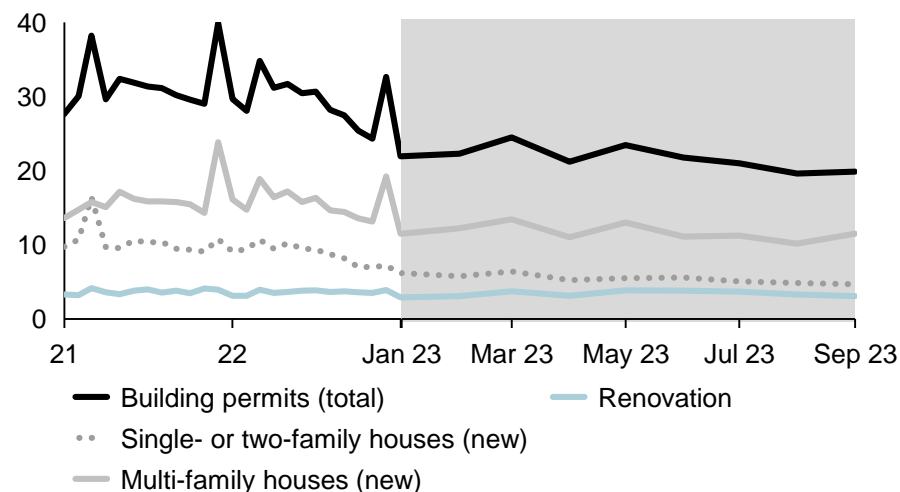
Permits and completions per year¹

(in thousands)



Permits per month¹

(in thousands)



- From the low-point of ~160k completion of flats in 2009, construction output has risen to its peak of >300k flats in 2020, **never meeting the demand of 300 – 400k flats per year** (government target to meet demand)
- Permits have outpaced completions since 2009, with the **backlog of permits reaching more than 700k by the end of 2022** and with the **share of completed multi-family houses growing from 25% to 51%** since 2005
- The **demand for low-rent flats remains high**, also due to migration, whereas rents due to ancillary expenses have significantly increased in urban centres and the number of flats in social housing has halved since 2007
- **Building permits in 2023 are relatively stable at roughly 25-30% below the previous years level**, suggesting ~260k permits for the full year (-25%)

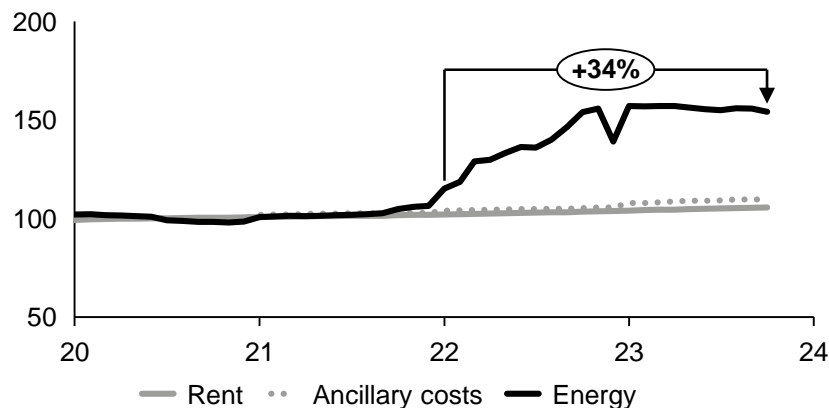
Source: Destatis (11/2023)

¹ Incl. permits in renovation subject to authorisation; permits in renovation are not divided into building types

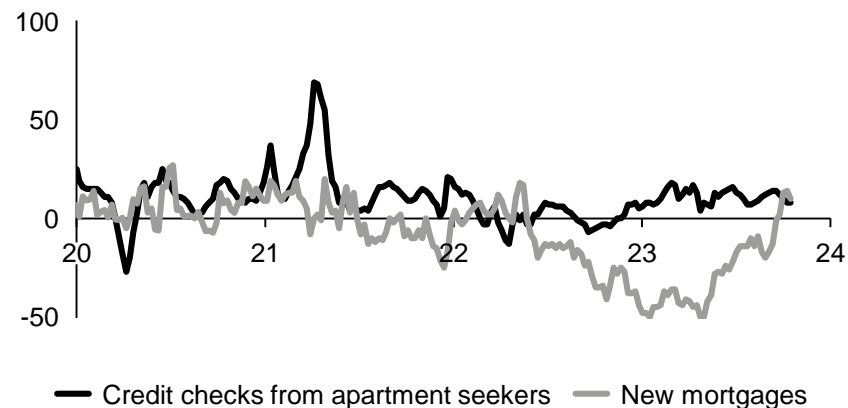
German housing market

High demand for housing and energy savings

Components of rental costs (indexed)¹



Credit checks vs. new mortgages²
(in percent)



- High deposit rates and the uncertainty in the economy are making the **financing of single-family houses more challenging, whereas demand for housing in general remains high**
- As a result single-family houses are currently not being built, people are not moving and the **high leverage of big real estate companies leading to a decrease in the construction and renovation of multi-family houses**
- Uncertainty towards the new German household heating law (GEG) has also impacted energy efficient renovation, with **households buying new oil- and gas-fired heating systems before they are banned** (planned as of 2024)
- With the bottleneck of skilled craftsmen, the capacity has been taken away from steel panel radiator and partially even from heat pumps

The large backlog in renovation and new construction continues to grow due to structural effects

Source: Destatis, SCHUFA Holding (06/2023)

¹ Consumer Price Index for rent (without heating), utility costs and household energy | ² Weekly change of credit checks from apartment seekers and new mortgages

Confirmation of mid-term guidance 2026

Adjusted for FX

Financial	per CMD 2021	per CMD 2023
Annual organic growth (CAGR 2021 – 2026)	> 5% p.a.	> 3.5% (> 5%) ¹
Group EBITDA (excluding M&A)	> CHF 200 M	> CHF 170 M ²
Capex in % of revenues (maintenance and growth)	4-5%	< 4%
Cash Conversion Ratio (FCF in % of net profit)	> 100% (as of 2024)	> 100% (as of 2024)

Pay-out	per CMD 2021	per CMD 2023
Annual dividend growth	15% (as of financial year 2022)	15% ³

Innovation	per CMD 2021	per CMD 2023
Revenues from new products in % of total revenues (over last three years)	> 20%	> 20%

ESG	per CMD 2021	per CMD 2023
CO ₂ reduction targets for Scope 1 & 2 emissions based on the Science Based Targets initiative	Communication of targets in Sustainability Report 2021	Avg. CO ₂ reduction of 4.2% per year (Scope 1 and 2)
Scope 3 emissions	N.A.	Reporting of relevant Scope 3 emissions as of 2023

¹ Excluding financial year 2023 | ² Adjusted for FX CMD 2021 EUR/CHF 1.10 and CZK, PLN, RUB | ³ CAGR until 2026

ARBONIA 

Thank you
