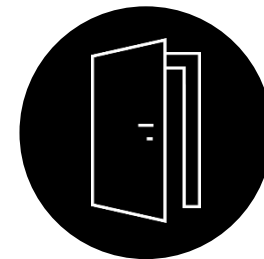
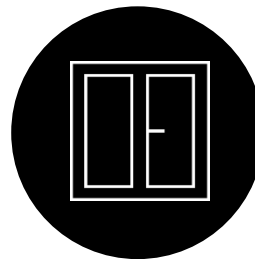


# ARBONIA



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## H1 results 2021

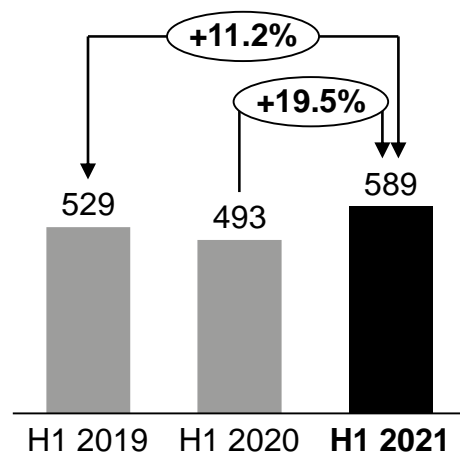
Alexander von Witzleben  
Daniel Wüest

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# Overview H1 2021

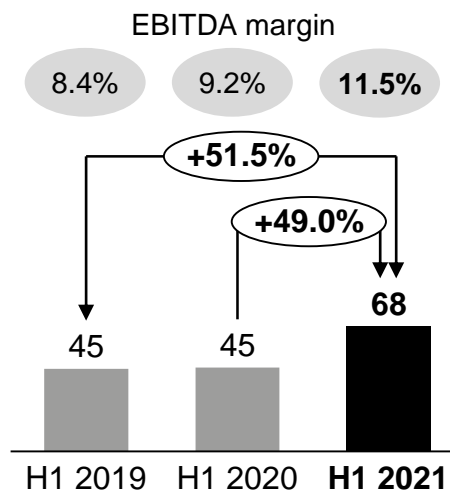
Key metrics (CHF M), continuing operations as reported<sup>1</sup>

## Net revenues



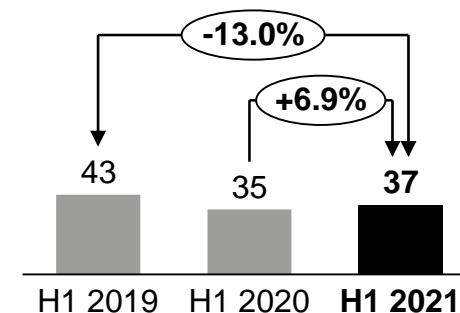
Strong revenue growth H1 2020 to H1 2021 of +19.5% (+16.5% organic) but also compared to H1 2019 (+11.2%; +14.5% organic)

## EBITDA



Despite higher raw material prices strong increase of EBITDA and margin compared to H1 2020 and H1 2019 due to increase of productivity

## Capex



Increased capex compared to H1 2020 due to accelerated capex program on back of announced sale of Windows Division

**Strong revenue growth and increase of profitability compared to H1 2020 but also H1 2019**

<sup>1</sup> H1 2019 net revenues and EBITDA calculated on a pro forma basis

## **1. Group results H1 2021**

## **2. Construction environment**

## **3. Divisional highlights H1 2021 and outlook**

## **4. Guidance**

## **Questions**

# Income Statement

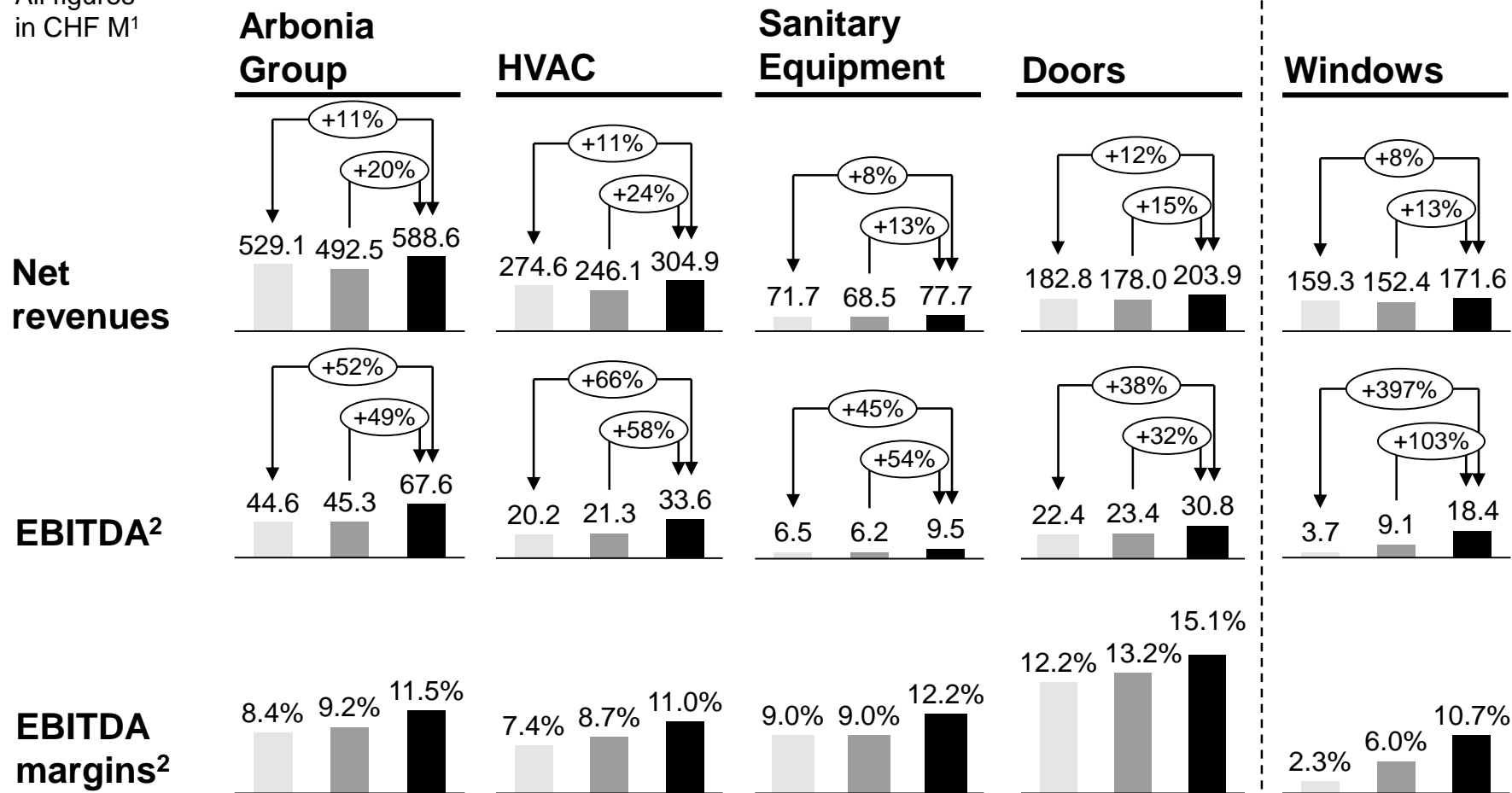
As reported, continuing operations

In CHF M	H1 2021	in %	H1 2020	in %	
Net revenues	588.6	100.0	492.5	100.0	<b>I Net revenues (+20%)</b> – Increasing raw material prices offset by price increases and productivity gains (relative lower personnel expense ratio)
Cost of material and goods	-264.9	-45.0 <sup>I</sup>	-221.5	-45.0	
Personnel expenses	-189.0	-32.1 <sup>I</sup>	-171.4	-34.8	
Other operating expenses	-78.0	-13.3 <sup>I</sup>	-70.6	-14.3	
EBITDA	67.6 <sup>II</sup>	11.5	45.3	9.2	<b>II EBITDA (+49%)</b> – EBITDA up 49.0%, margin increase of 2.3%-points
Depreciation, amortisation	-25.0	-4.2	-23.1	-4.7	
EBITA	42.6	7.2	22.3	4.5	– Margin increase at or above 11% across all Divisions
PPA amortisation	-7.7	-1.3	-7.4	-1.5	
EBIT	34.9 <sup>III</sup>	5.9	14.9	3.0	<b>III EBIT (+135%)</b>
Net financial result	-2.5 <sup>IV</sup>	-0.4	-7.1	-1.4	– EBIT up 134.7% despite higher D&A
Group result before income tax	32.4	5.5	7.8	1.6	
Income tax expense	-8.8	-1.5	-1.9	-0.4	<b>IV Net financial result</b>
Group result from contin. operations	23.6 <sup>V</sup>	4.0	5.9	1.2	– Positive impact due to positive FX effects and lower financing costs
Group result from discont. operations	13.3	2.3	-1.3	-0.3	
Group result	36.9	6.3	4.6	0.9	<b>V Net profit (+300%)</b> – Net profit quadrupled

# Overview H1 2021

## Performance by Division, continuing operations<sup>3</sup>

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



<sup>1</sup> Not currency adjusted – for adjustments see slide “Organic growth”

<sup>2</sup> EBITDA figures with one-time effects (as reported)

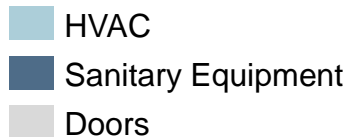
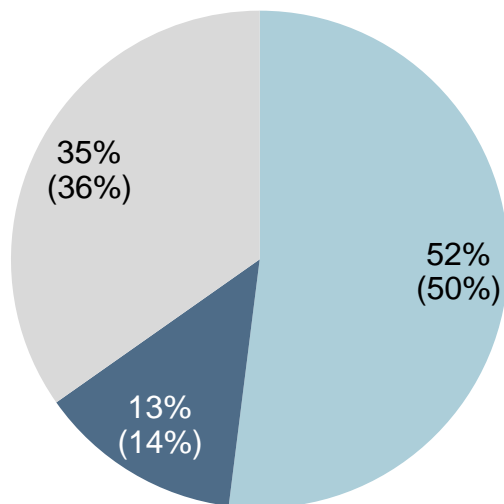
<sup>3</sup> H1 2019 Arbonia Group net revenues and EBITDA calculated on a pro forma basis

■ H1 2019 ■ H1 2020 ■ H1 2021

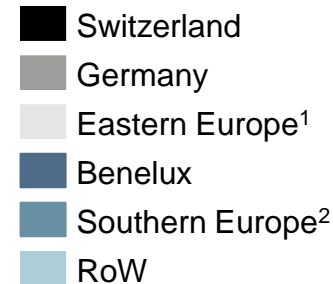
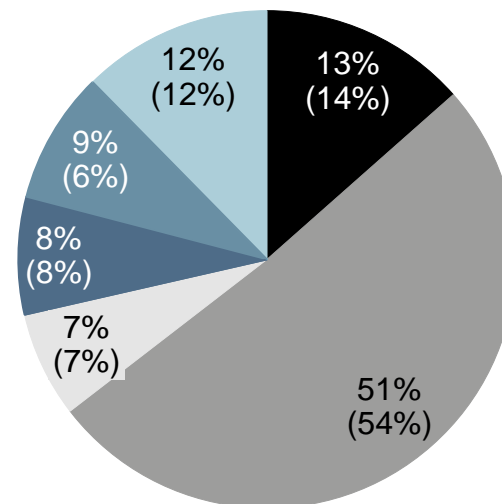
# Net revenues by Division and Region

Germany largest market with over 50% share while base effect in Southern Europe after sale of Windows Division – as reported, continuing operations

## 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

<sup>2</sup> Southern Europe: IT and ES

# Organic growth

Organic growth mainly driven by volume but also price effects

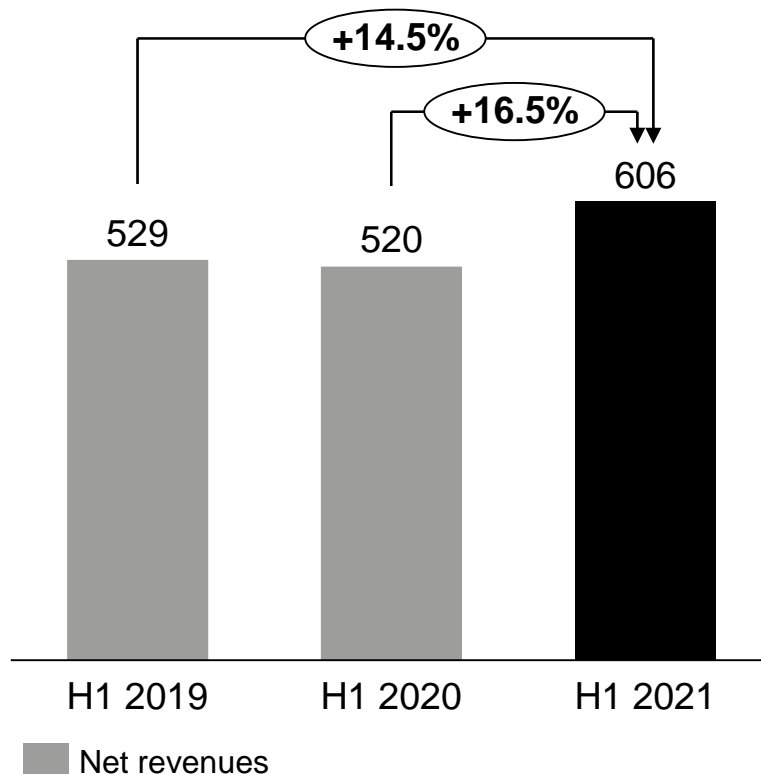
As reported, continuing operations

<b>Net revenues as reported</b> <i>continuing operations</i> in CHF M	H1 2021	H1 2020	$\Delta$ Year total	Currency effects	Acquis. effect	Organic growth <sup>1</sup>
<b>Arbonia Group</b>	<b>588.6</b>	<b>492.6</b>	<b>+19.5%</b>	<b>-2.2%</b>	<b>-0.8%</b>	<b>+16.5%</b>
HVAC	304.9	246.1	+23.9%	-2.4%	-0.7%	+20.9%
Sanitary Equipment	77.7	68.5	+13.5%	-2.3%		+11.2%
Doors	203.9	178.0	+14.5%	-2.2%		+12.4%

<sup>1</sup> Adjusted for currency and acquisition effects

# Overview organic revenue growth H1 2019, H1 2020 and H1 2021

In CHF M, continuing operations

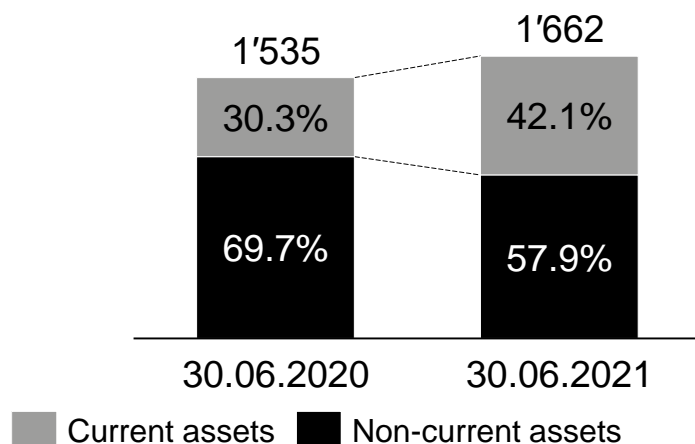


- Strong organic growth since 2019 despite negative impact due to COVID-19 in 2020
- Growth H1 2019 to H1 2021 based on volume and price effects



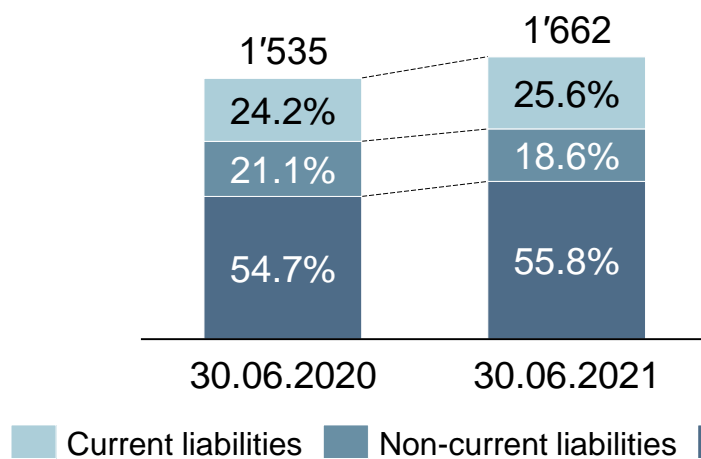
# Balance sheet

In CHF M, including discontinued operations



## I Assets

- Higher absolute asset base mainly due to increased operative activities, capex and positive FX translation effects (EUR, CZK, RUB)
- CHF 315 M of assets allocated to Windows Division in current assets and classified as "available for sale"

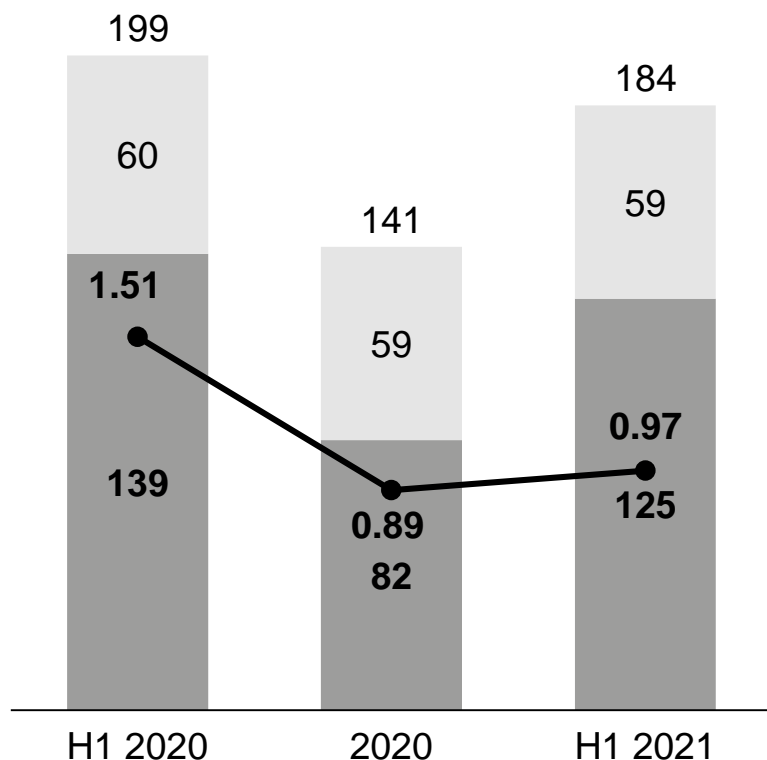


## II Liabilities and shareholders' equity

- Higher liability base due to increased operating activities and FX translation effects
- Increased equity base of CHF 928 M (2020: 840 M) or 55.8% (2020: 54.7%) of total balance sheet
- CHF 111 M of liabilities allocated to Windows Division and classified as "available for sale"

# Net debt as of June 2021

In CHF M, including discontinued operations



- Leverage ratio (incl. Lease liabilities)
- Lease liabilities
- Net debt

## I Net debt

- Decrease of net debt by CHF 15 M compared to H1 2020
- Increase compared to M12 2020 mainly due to dividend payments, purchase of treasury shares and acquisition of Cicsa

## II Leverage ratio

- Leverage ratio below 1.00x leads to favourable financing conditions

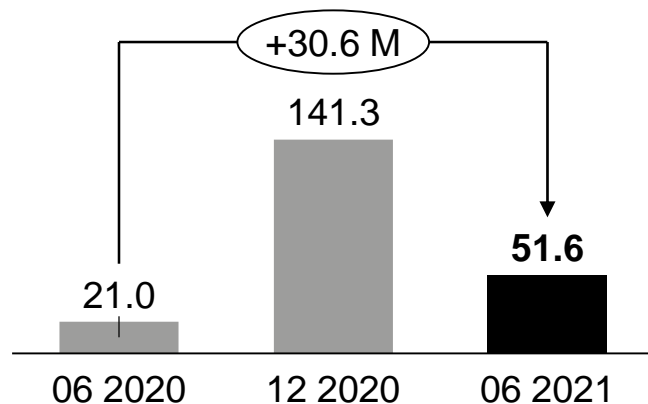
## III Real estate and land

- Surplus real estate and land reserves not reflected in net debt calculation

# Cash flow statement

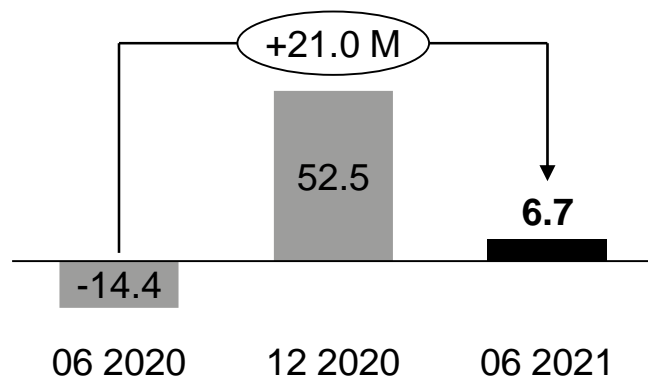
In CHF M, including discontinued operations

## I Cash flow from operating activities



- Substantial increase of cash flow from operating activities due to better operational performance and ...
- ...despite slight increase of NWC

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



- Significant improvement of free cash flow due to higher cash flow from operating activities compared to H1 2020 and ...
- ...despite higher capex and acquisition of Cicsa

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

**1. Group results H1 2021**

**2. Construction environment**

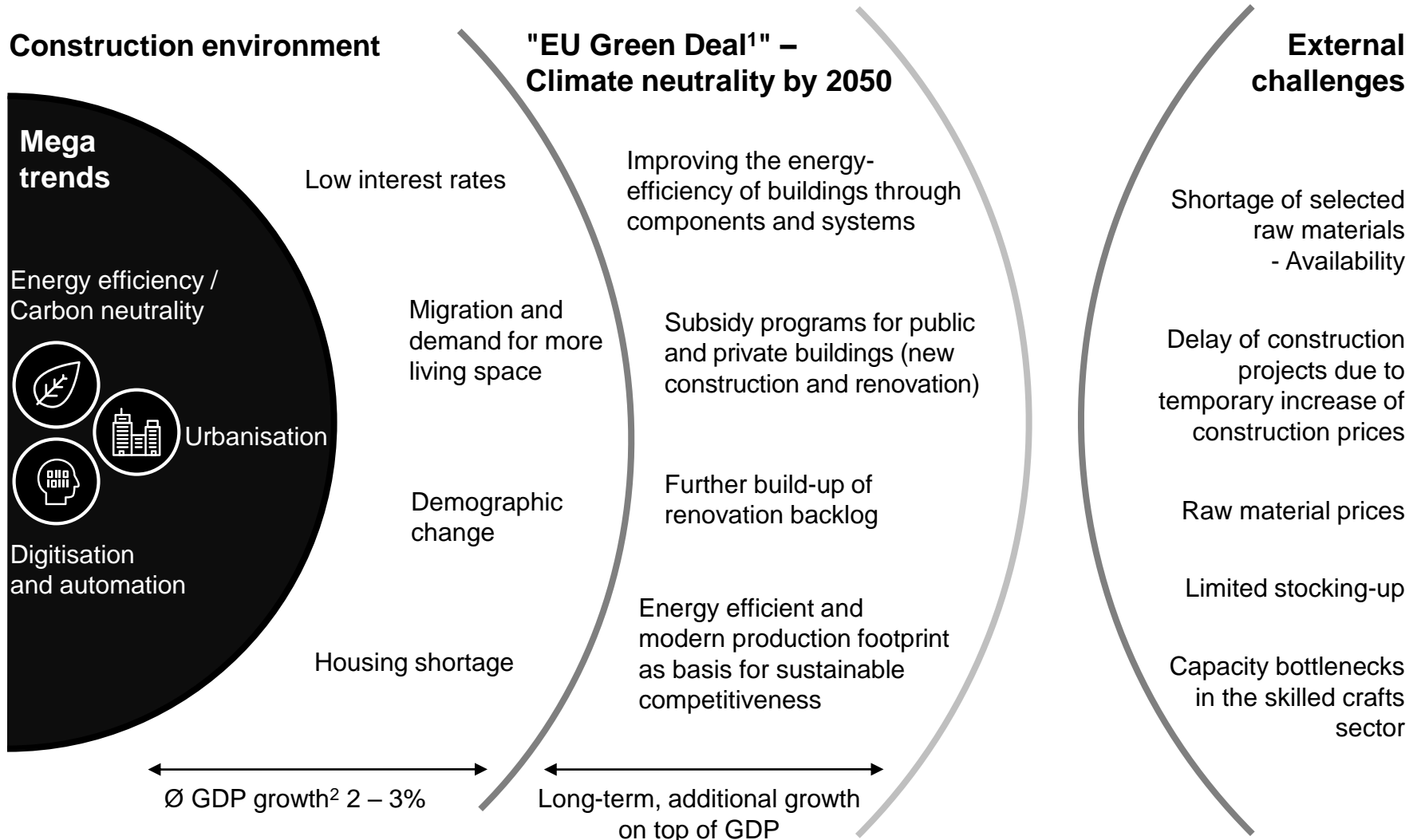
**3. Divisional highlights H1 2021 and outlook**

**4. Guidance**

**Questions**

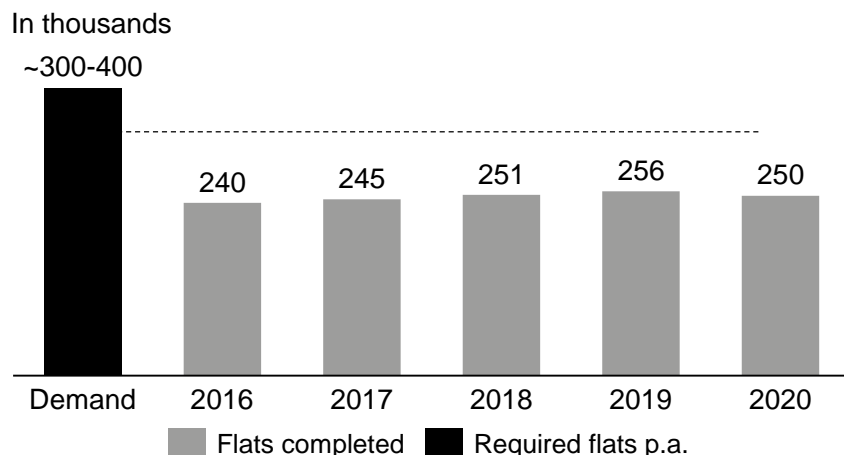
# Construction environment and key drivers

## Growth drivers and external challenges



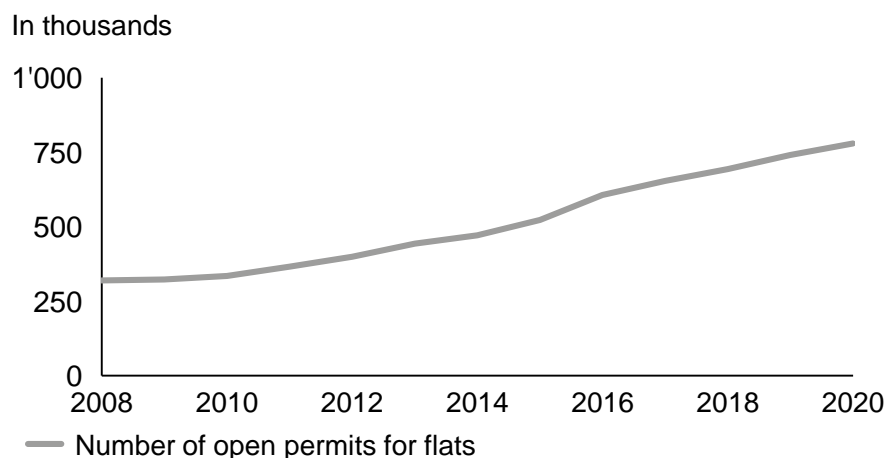
1 Source: European Commission – COM(2020) 662 | 2 Blend of Arbonia's key markets 2022 – 2023, source: 91<sup>th</sup> Euroconstruct Report 2021

## Migration and demographic change<sup>1</sup>



- 300-400k new flats are needed annually to keep up with demand in Germany
- Continued urbanisation and high demand in suburbs with fast connections to the city center
- Large cities are not able to keep up with demand
- Need for new construction keeps rising to a backlog of c. one million flats
- With increased age, changing family situations and higher incomes people require more sqm per person while the number of people per household decreases

## Housing emergency and capacity limitations<sup>2</sup>

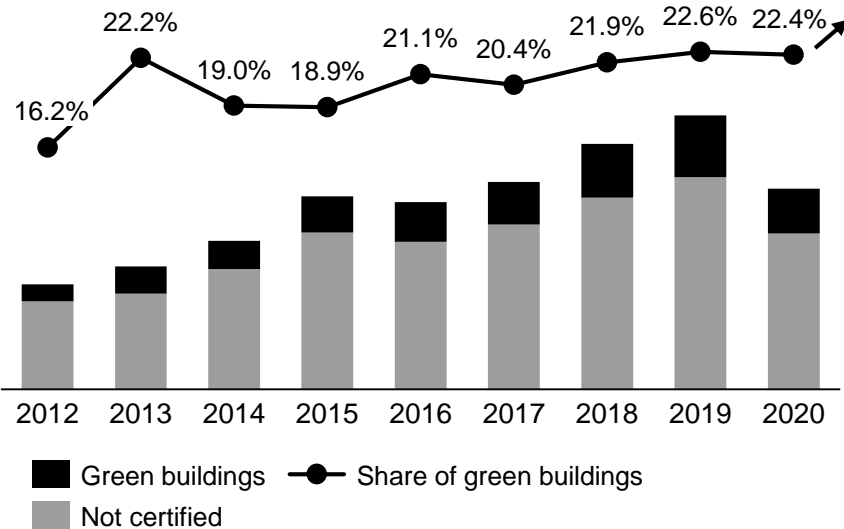


- Number of building permits for flats has increased to new record high in 2020 (~780'000 flats awaiting construction)
- Demand remains strong for construction of new housing and public works
- Capacity bottlenecks led to a lack of renovation and substantial backlog in the past years
- Order backlog and limited number of craftsmen as basis for long term above average growth

<sup>1</sup> Source: ifo Insitut, DIW Berlin, Claus Michelsen, Institut der deutschen Wirtschaft Köln, Press release Deutscher Mieterverband

<sup>2</sup> Source: Statistisches Bundesamt, EY Hochbauprognose 2021

## Development of investment volume in green buildings 2014 - 2020<sup>1</sup> (EUR million)

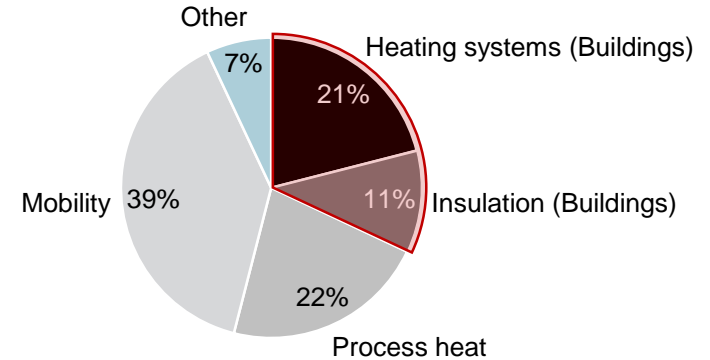


- 75% of existing buildings in the EU are not energy efficient, yet only 1% are renovated each year
- Buildings currently account for 40% of energy consumption and 36% of greenhouse gas emissions in the EU
- The share of green buildings is increasing only slowly

<sup>1</sup> Source: BNP Paribas (2021)

<sup>2</sup> Bundesverband der Deutschen Heizungsindustrie (2021)

## Buildings are responsible for ~1/3 of energy-consumption and CO<sub>2</sub> emissions in Germany



## Annual CO<sub>2</sub> savings potential in Germany<sup>2</sup>

Up to 3.5 million tons through **optimisation of room temperature control**

Up to 5.5 million tons through **optimisation of heat transfer**

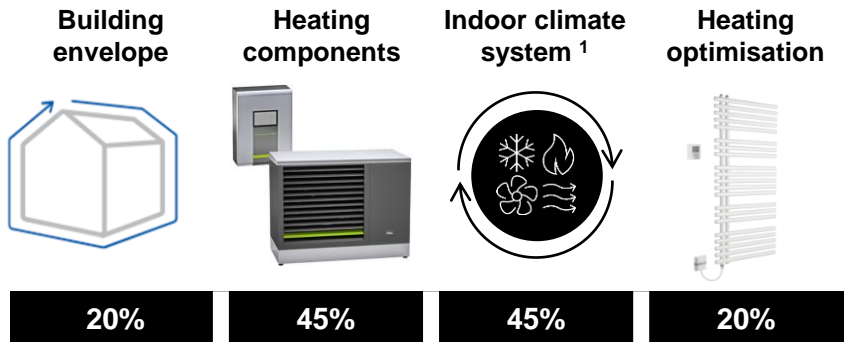
Up to 35 million tonnes through the **replacement of inefficient heat generators**

**By modernising heat generation and heat transfer, a CO<sub>2</sub> savings potential of up to 41 million tons per year could be realised.**

# EU "Green Deal"

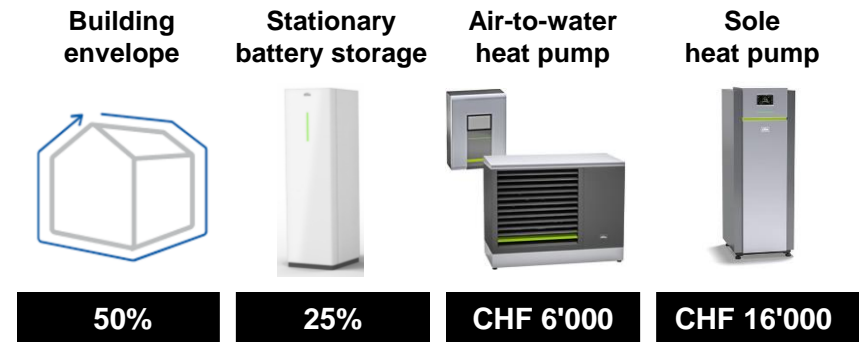
## Overview of subsidy rates (exemplary)

### Germany



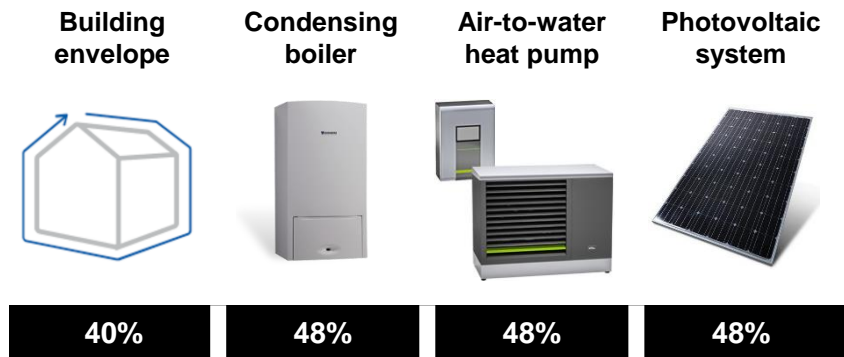
max. subsidies in % for renovation and new construction  
Source: Bundesamt für Wirtschaft und Ausfuhrkontrolle (BAFA) (16.07.2021)

### Switzerland



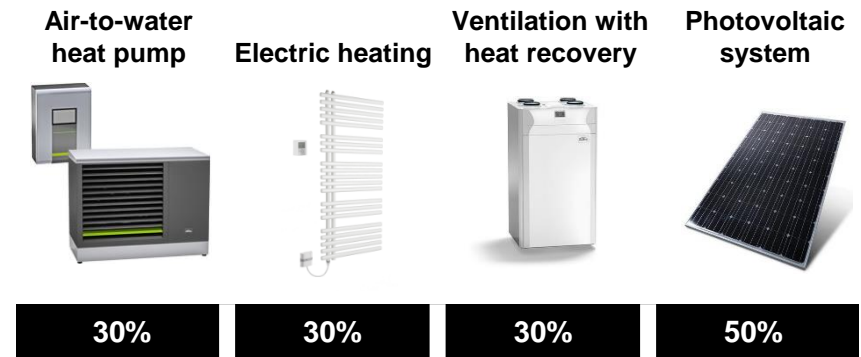
max. subsidies in % / max. subsidy amount of the total investment for renovation  
Source: energieheld.ch/renovation/foerderung#nach-kanton-geordnet (16.07.2021)

### Belgium



max. subsidies in % of the invoice and per housing unit  
Source: publicaties.vlaanderen.be/view-file/32301 (19.07.2021)

### Poland



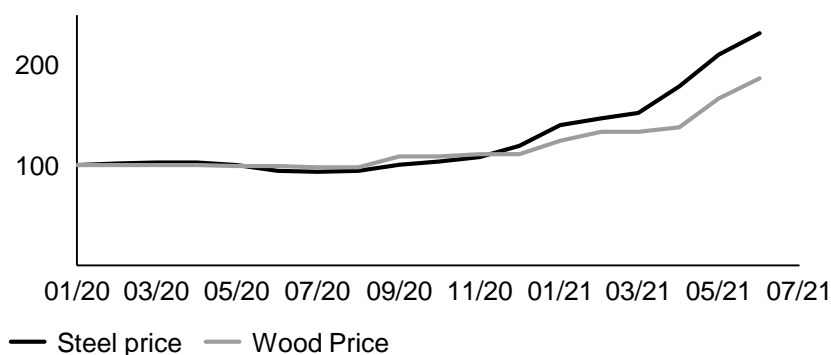
max. subsidies in of the actual costs incurred  
Source: czystepowietrze.gov.pl/czyste-powietrze/#do-pobrania (16.07.2021)



## Raw material expected to consolidate mid-term

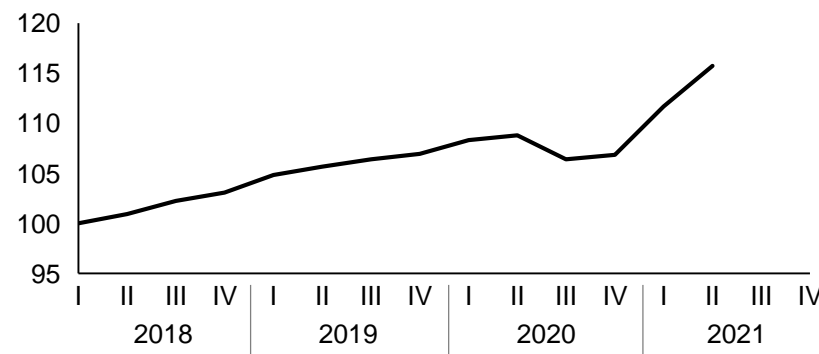
### Raw material prices

Development of steel<sup>1</sup> and wood<sup>2</sup> prices (indexed)

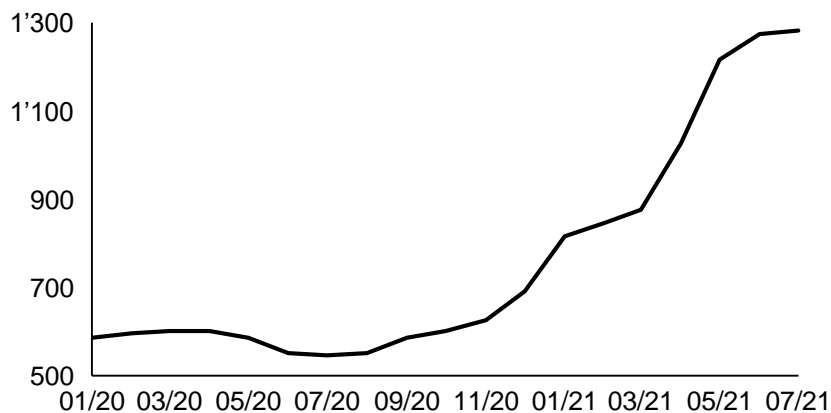


### Construction price index Germany<sup>3</sup>

Residential new construction (indexed)



Development of steel prices<sup>1</sup> (in EUR/t)



### Raw material prices

- Rapid recovery of US and Chinese economy paired with lower production capacity drove raw material prices up in H1 2021
- Steel production capacity slowly to go up to pre-pandemic levels resulting in decreasing prices for steel futures
- Wood futures fell sharply in June, due to production increase and postponement of construction projects
- Rising construction costs due to increased raw material prices

### Raw material availability

- Raw material availability is critical – secured by long term sourcing contracts

1 Source: MEPS European Steel Review, Cold Rolled Coil | 2 Source: EUWID Wood Index | 3 Source: Destatis Statistisches Bundesamt (2021)

**1. Group results H1 2021**

**2. Construction environment**

**3. Divisional highlights H1 2021 and outlook**

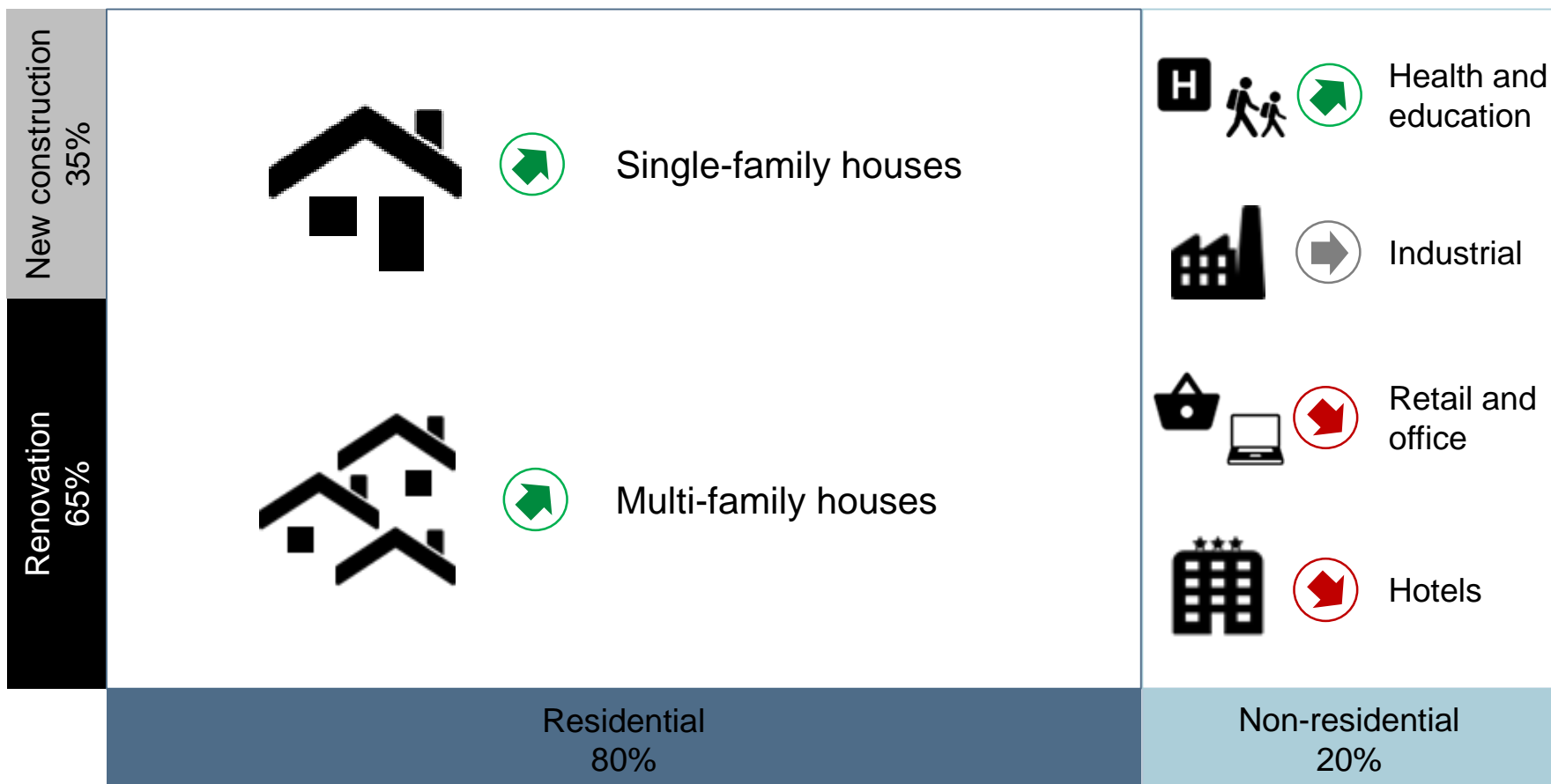
**4. Guidance**

**Questions**


# Arbonia's footprint

Arbonia has a strong market presence in the growing residential, health and education construction market

## Arbonia's approximate revenue split by segments



 Expected positive outlook until 2021/22

 Expected neutral outlook until 2021/22

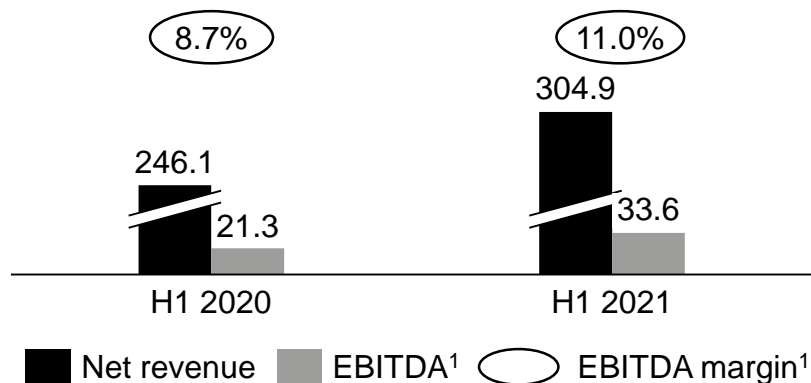
 Expected negative outlook until 2021/22

Source: 91<sup>th</sup> Euroconstruct Report (2021)

# Divisional highlights H1 2021 and outlook

## HVAC Division

### Overview



- Strong demand of CO<sub>2</sub> efficient systems and components for heat/cold generation and distribution, energy saving system, air ventilation and air quality for residential as well as for non-residential buildings
- Start construction of the new heat pump factory in CZ to multiply capacity and to address the high demand
- Start of production of the new heat pump factory is Q1 2022. The production will continuously be ramped up quadrupling the production capacity in a first step

<sup>1</sup> EBITDA and EBITDA margin with one-time effects

### New heat pump factory in CZ



Start of construction  
H1 2021

Start of production  
H1 2022

**TERMOVENT**

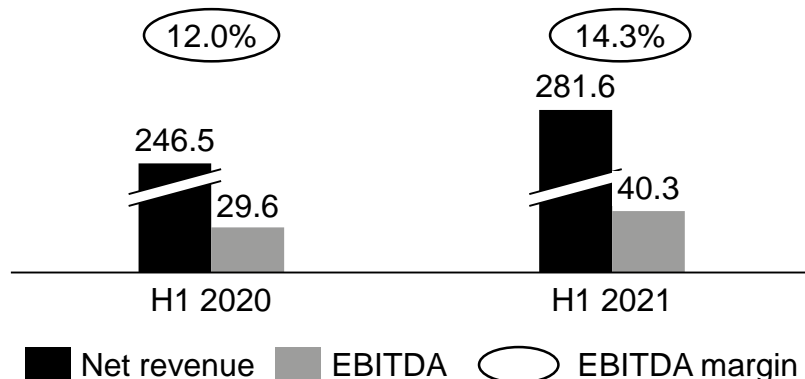


- Established manufacturer of commercial ventilation with European reach
- Revenues of EUR 15 M and double digit EBITDA margin (2020)
- Extending expertise in indoor air quality, especially cleanrooms and geo-graphical footprint (South-Eastern and Central Europe)
- Spanish distributor of design radiators and bathroom radiators
- Revenues in the high single-digit EUR million range and attractive EBITDA margin (2020)
- Strengthening DIY and online sales channel
- Geographical expansion

# Divisional highlights H1 2021 and outlook

## Doors Division

### Overview



- Integration of Sanitary E. Division into Doors Division as of 1 July 2021 in order to realise synergy potential
- Doors Division comprises two Business Units, Wood Solutions and Glass Solutions (former Sanitary Division)

### Wood Solutions Business Unit

- Capex spent since 2017 (cf. CHF 130 M) – led to increased capacities (+25%) from 2.1 M (2017) to 2.6 M (2021E) doors and particularly higher productivity (EBITDA margin 10.9%, H1 2017 to 15.1%, H1 2021)

### Glass Solution Business Unit

- Strong market position allows to take advantage of favourable market conditions

### New door frame factory Prüm



1

Increase of capacity by c. 40% from 1 M doors and frames p.a. to 1.4 M p.a.

Start of construction  
Q1 2020

Start of production  
Q3 2022

### Glasverarbeitungs-Gesellschaft Deggendorf (GVG)

- Signing on 31 July 2021, closing expected in Q3 2021
- Insourcing of main supplier for processed glass of the Business Unit Glass Solutions will increase profitability
- Approx. 50% of GVG's revenues are generated with the Glass Solutions Business Unit
- Revenues EUR 19 M (2020)
- Insourcing of glass processing and reducing dependency of material supplier
- Basis to offer a range of additional glass solutions

<sup>1</sup> Door frame production hall – the highest investment in the capacity expansion program

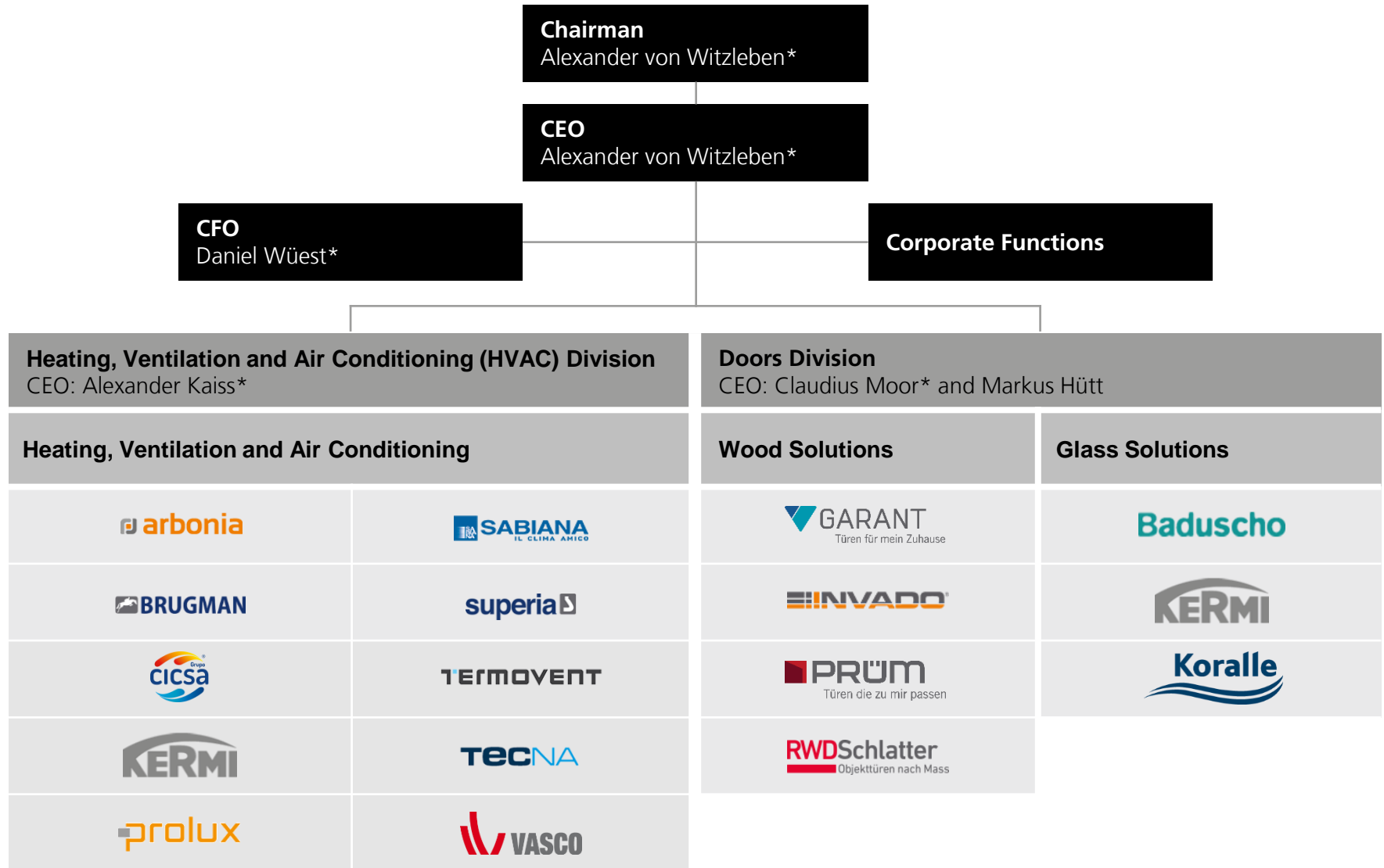
1. Group results H1 2021
2. Construction environment
3. Highlights H1 2021 and strategic outlook

## 4. Guidance

### Questions

# Adapted Group structure as of 1 July 2021

## Two focused divisions<sup>1</sup>



<sup>1</sup> Arbonia Group FY 2021 Annual Report will reflect the adapted Group structure | \* Member of the Group Management Board

	Heating, Ventilation and Air Conditioning (HVAC)	Doors		Group
	Heating, Ventilation and Air Conditioning	Wood Solutions	Glass Solutions	
Organic growth	> 9%	> 6%		~ 8.0% (4 – 5%) <sup>1</sup>
EBITDA margin	~ 11%	~ 13%		~11.5% (>11%) <sup>1</sup>

<sup>1</sup> in brackets () Arbonia Group guidance March 2021



- 1. Group results H1 2021**
- 2. Construction environment**
- 3. Highlights H1 2021 and strategic outlook**
- 4. Guidance**

**Questions**

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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** 

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**Thank you**

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**Appendix**

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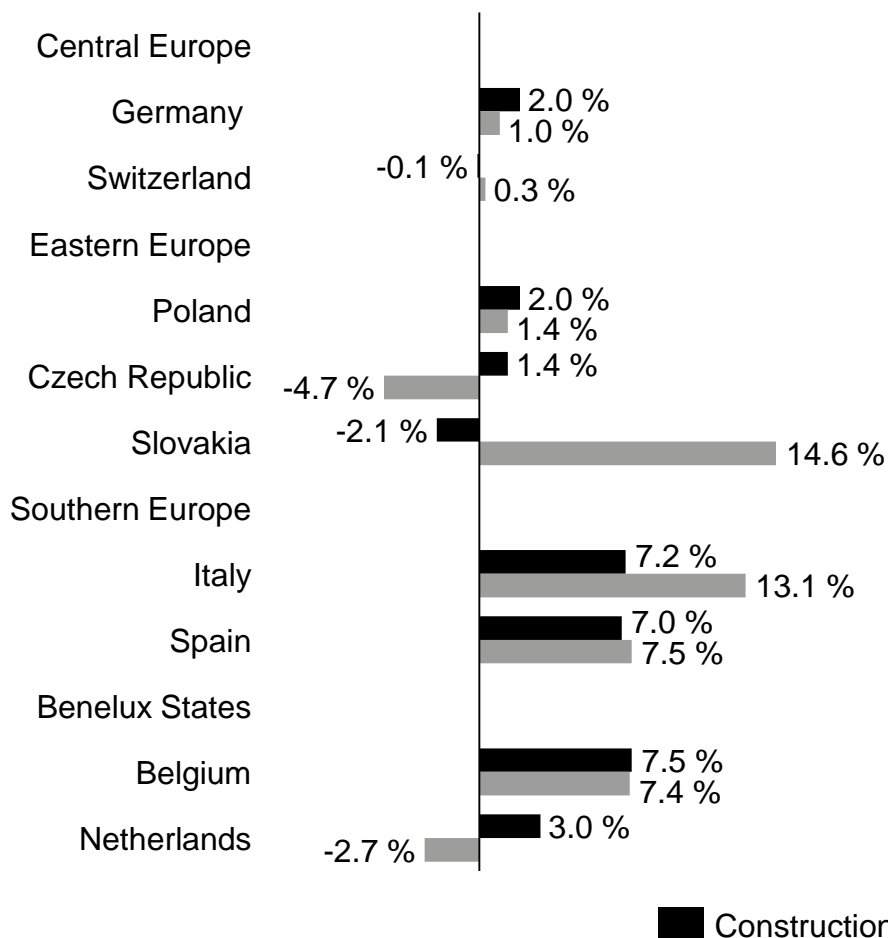
## Tagesablauf (Änderungen vorbehalten)

	Individuelle Anreise der Teilnehmer, je nach Anmeldung
10.15 – 10.45 Uhr	Willkommenskaffee
10.45 – 11.00 Uhr	Begrüßung Alexander von Witzleben (Vorstellung neue operative Führung: Claudius Moor, Alexander Kaiss und Markus Hütt)
11.00 – 11.30 Uhr	Vortrag Alexander Kaiss (Strategie HLK)
11.30 – 12.00 Uhr	Vortrag Claudius Moor & Markus Hütt (Strategie Türen)
12.00 – 12.30 Uhr	Gruppenstrategie, Mittelfristplanung und -ziele (Alexander von Witzleben und Daniel Wüest)
12.30 – 13.00 Uhr	Q&A-Session
13.00 – 14.00 Uhr	Gemeinsames Mittagessen in der Kantine
14.00 – 16.00 Uhr	Führung durch das Werk in Gruppen (Fertigung FHK, Fertigung Glaslösungen, F&E: neue Produkte sowie Energiemanagement- und Wärmepumpensysteme)
16.00 – 16.30 Uhr	Kaffee und Kuchen
Ab 16.30 Uhr	Transfer per Bus zum Bahnhof Plattling & Flughafen München

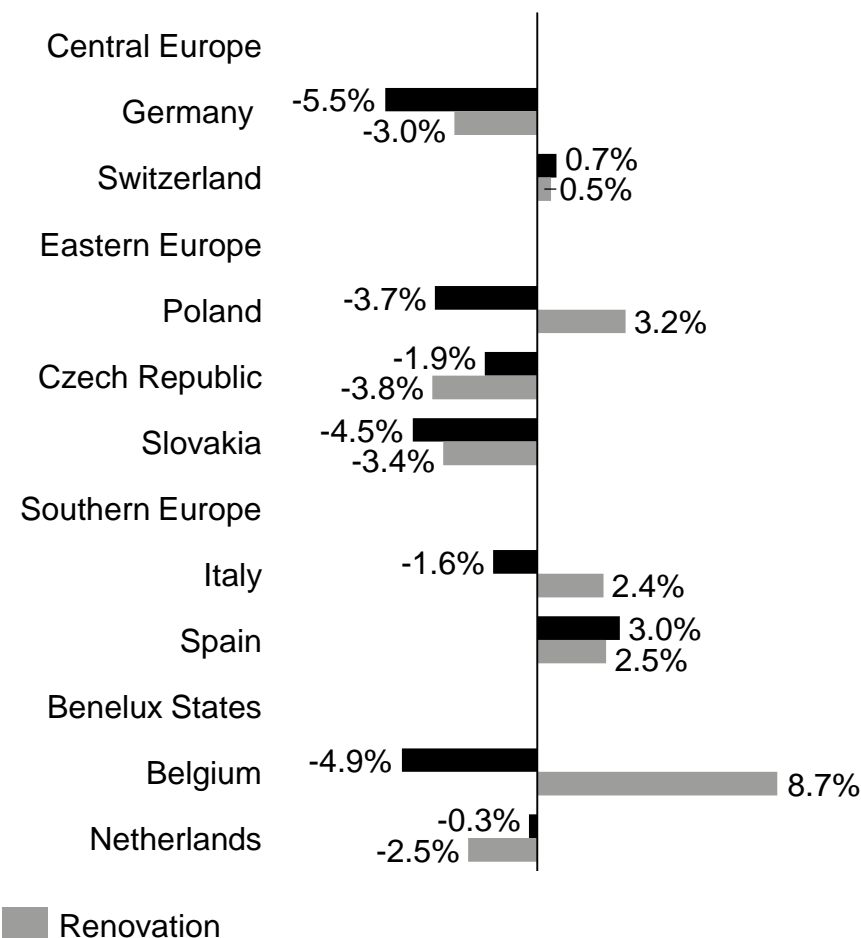
# Market environment

## Construction market 2021

### Residential



### Non-residential

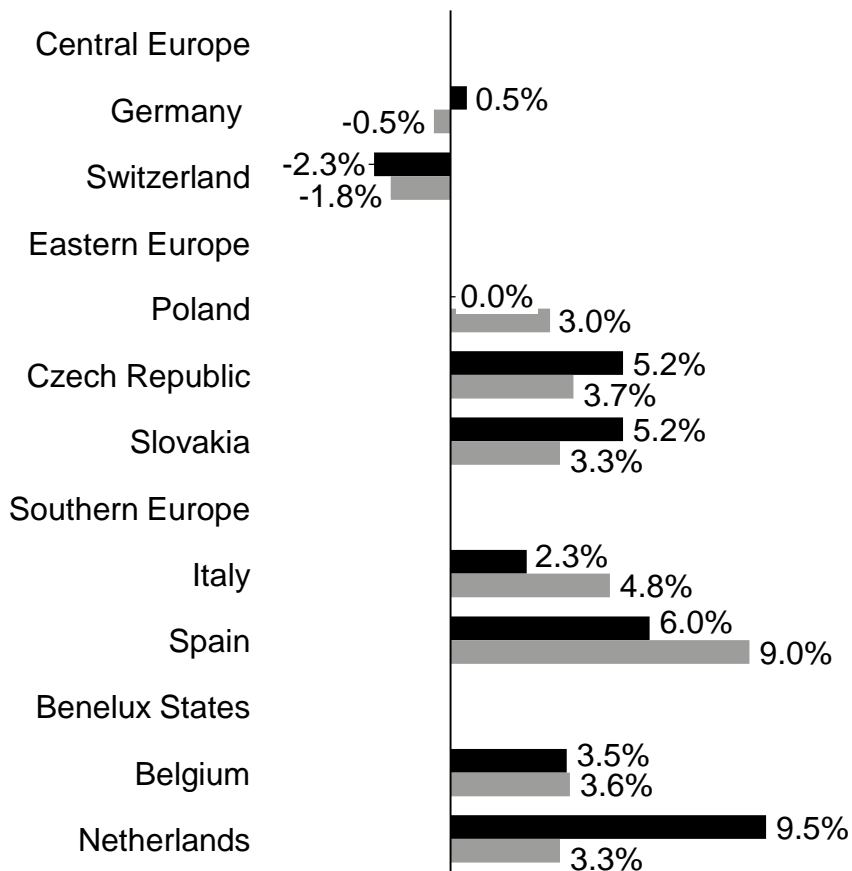


Source: 91<sup>st</sup> Euroconstruct Report 2021

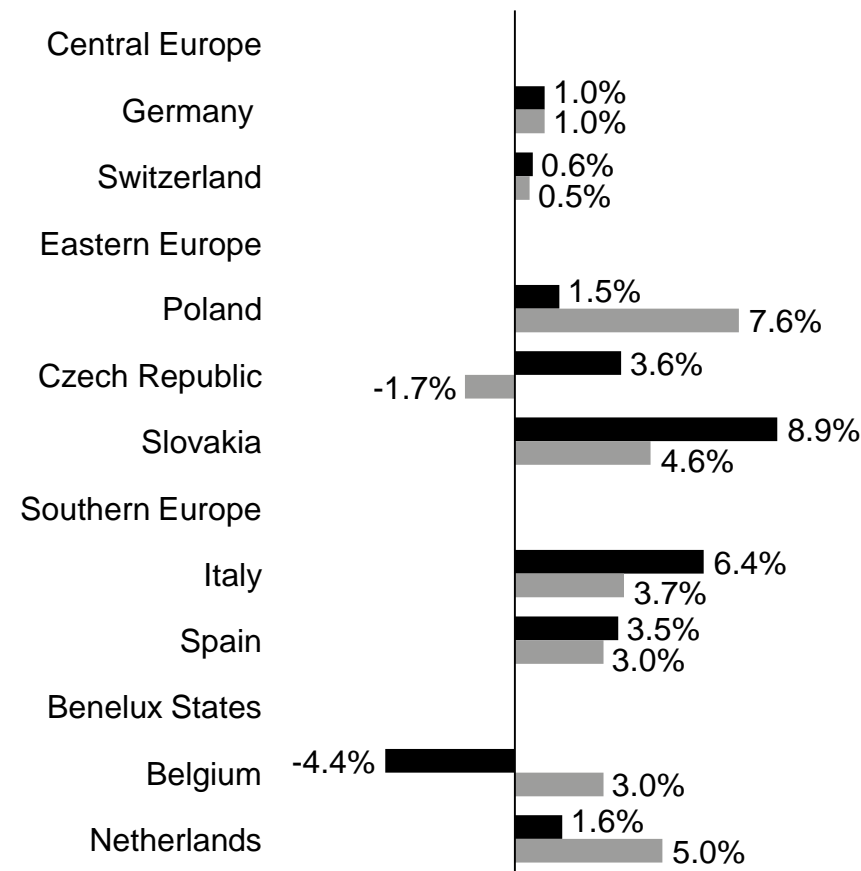
# Market environment

## Construction market 2022

### Residential



### Non-residential



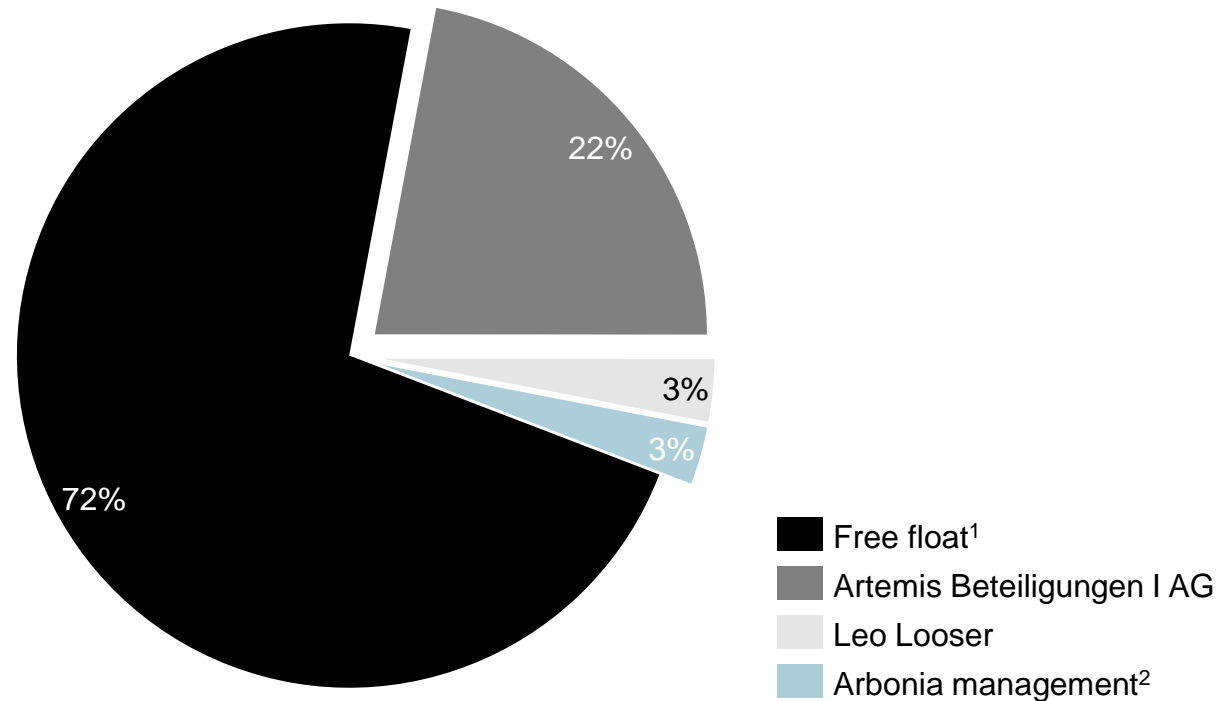
 Construction  Renovation

Source: 91st Euroconstruct Report 2021

# Arbonia shareholder structure

## As of 30 June 2021

Free float market capitalisation:  
CHF 886 M<sup>3</sup>



**Tradeable free float of ~72%**

1 Every other shareholder with <3% of shares outstanding

2 Members of the Board of Directors, Group Management and upper management of Arbonia Group

3 Based on the closing price of 30 June 2021 and 72.13% of shares outstanding



# Arbonias transformation 2015-2021

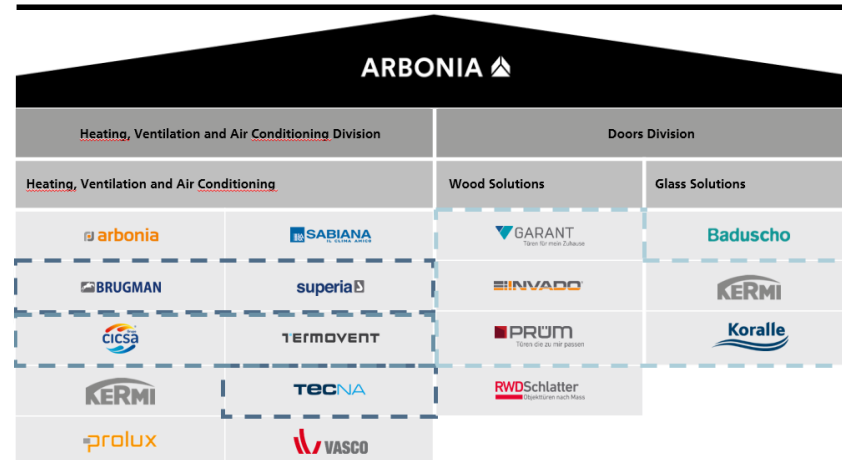
Development Key figures, including discontinued operations

## AFG in 2015



Acquisitions 2021 2018 2016

## Arbonia in 2021<sup>1</sup>



in CHF M	2015	2016	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>	H1 2020 <sup>2</sup>	2020 <sup>2</sup>	H1 2021 <sup>2</sup>
Net revenue	941.4	995.3	1'245.6	1'374.0	1'057.8	492.5	1'038.4	588.6
EBITDA <sup>4</sup>	56.7	66.0	101.3	115.1	107.7	45.3	114.5	67.2
EBIT <sup>4</sup>	16.5	28.6	42.6	47.8	49.1	14.9	52.1	34.6
Group result <sup>4</sup>	-14.5	12.2	22.8	23.8	30.1	5.9	28.1	23.3
Equity ratio	39.1%	47.7%	60.9%	58.7%	56.9%	54.7%	59.0%	55.8%
Net debt	21.7	225.1	43.3	116.8	180.6 <sup>5</sup>	198.6 <sup>5</sup>	140.6 <sup>5</sup>	183.5 <sup>5</sup>
CF from op. activities	54.5	32.0	68.8	69.6	111.8	21.0	141.3	51.6
FCF	16.0	-67.3	190.4	-53.8	8.4	-14.4	52.5	6.7
Capex	21.9	62.1	105.1	134.7	113.0	39.5	95.5	42.0

1 New organisation after the sale of the Windows Division | 2 Continuing operations | 3 Incl. discontinued operations | 4 Without one-time effects | 5 Incl. IFRS 16

**ARBONIA** 

