



Arbonia – 2017 Results – 27 February 2018

Alexander von Witzleben, CEO
Felix Bodmer, CFO

All figures in CHF M

	<u>2017</u>	<u>2016</u>	<u>Δ</u>
Net revenues	1'246	916	+36%
EBITDA			
Excl. one-time effects	101*	62	+63%
Incl. one-time effects	120	65	+84%
Group result			
Incl. one-time effects	38	5	-
Net debt	43	225	-81%

1. Without Conecta and Forster Profile Systems

* EBITDA incl. discontinued operations: CHF 123.3 M

1. Highlights 2017

2. Financials 2017



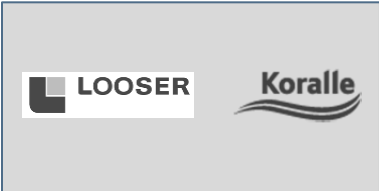

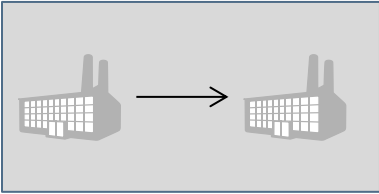

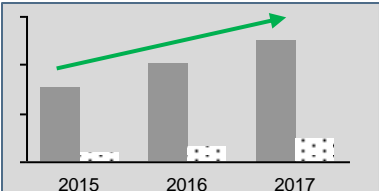

3. Recap transformation

4. Divisional strategies

5. Guidance

Questions

Highlights 2017 Update on key achievements

<p>1</p> <p>Successful portfolio realignment</p>		<ul style="list-style-type: none"> Disposal of 5 non core entities¹ and non operational real estate Focus on core divisions (HVAC, Sanitary, Windows, Doors) <p style="text-align: right;"></p>
<p>2</p> <p>Full integration of Looser and Koralle</p>		<ul style="list-style-type: none"> Successful integration of former Looser Group² Successful closure of former Koralle site Vlotho <p style="text-align: right;"></p>
<p>3</p> <p>Production footprint optimisation</p>		<ul style="list-style-type: none"> Completion of 3 production relocation/centralisations Groundbreaking ceremony of new production plant in Russia <p style="text-align: right;"></p>
<p>4</p> <p>Strong operational performance</p>		<ul style="list-style-type: none"> Improved operational results in all divisions Above market growth and improved EBITDA profile <p style="text-align: right;"></p>

1. Industrial Services (Conducta), Coatings (Feyco Treffert, Schekolin, ILAG) and Profile Systems (Forster) 2. Prüm, Garant and Invado

1 Successful portfolio realignment Disposal of non core assets

Coatings



- All coating activities divested in H1 2017
- Total realized enterprise value of divested assets CHF 116 M



Industrial Services



- Industrial Services disposed in H2 2017
- Transaction closed on Dec 12 – new owner Paragon Partners



Forster Profile Systems



- Forster Profile Systems disposed in H2 2017
- Transaction closed in January 2018 – new owner Reynaers Group



Real estate assets



- Disposal of non operational real estate
- Sale of former EgoKiefer headquarters in Altstätten



Total proceeds¹ of disposals approx. CHF 300 M

1. Based on enterprise value of Coatings, Industrial Services and Forster Profile Systems as well as Altstätten property sale

2 Full integration of Looser and Koralle Improved business profile

Rational and advantages



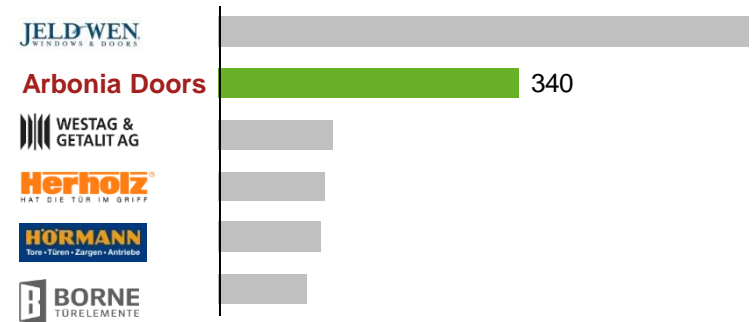
- **Financial and operational integration** of Prüm, Garant and Invado completed in 2017
- **Implementation of first cost** (especially procurement and F&E) **and revenue synergies**
- **Full integration/absorption of Looser Holding** into Arbonia Group
- **Complementary product portfolios** across key markets and distribution channels
- **Cross-Selling synergies to be further leveraged in 2018/2019**



- **Integration of Koralle's shower production** into new Plattling site completed in 2017
- **No. 1 position in Europe established** through strong position in DE / CH
- **Strong operational performance in CH** with outstanding market position of Bekon-Koralle
- **Optimisation of production and logistics processes** incl. SAP implementation at Koralle

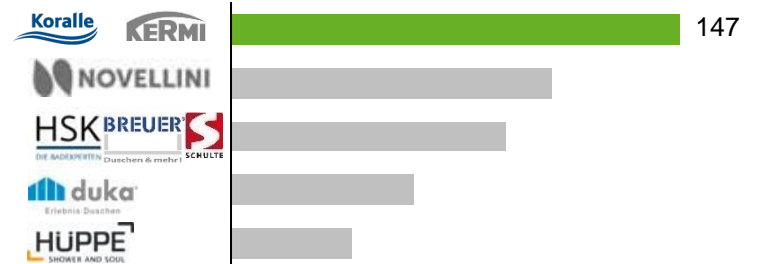
Resulting market position in 2017

Est. revenues interior doors in Cent. Europe (CHF M)¹



→ Transformation of interior doors business from Swiss niche player to No. 2 in Europe

Est. revenues shower enclosures in Europe (CHF M)²



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

1. Market figures complemented by Arbonia estimates for Central Europe: Austria, Belgium, Croatia, Czech Rep., Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Slovenia and Switzerland 2. Market figures completed by Arbonia estimates

3 Production footprint optimisation Relocations completed and new initiative

HVAC





 → 

- Relocation of special radiators production from Arbon (CH) to Stříbro (CZ) finalised (~70 FTEs affected)
- Ramp up to full capacity accomplished and delivery time back at normal level



Sanitary




 → 

- Relocation of Koralle's shower production from Vlotho to Plattling (GER) (~70 FTEs affected)
- Continued investment and capacity expansion in modern Plattling (GER) site



Windows



 → 

- Relocation of wood and wood/alu production from Altstätten to Langenwetzendorf (GER) (red. of ~160 FTEs)
- Service shop remains in Altstätten (CH) to ensure excellent customer service



HVAC





- Construction start for new panel radiators production plant in Stupino (Moscow region) in September 2017
- Area of 15'000 m², yearly capacity of 500k radiators, EUR 27 M investment volume



Completed

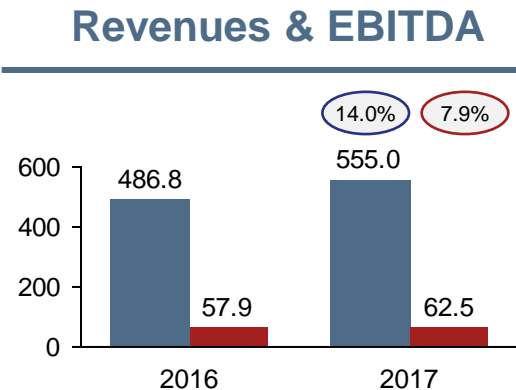


On track for completion in 2018

4 Strong operational performance Divisional overview key metrics

All figures in CHF M

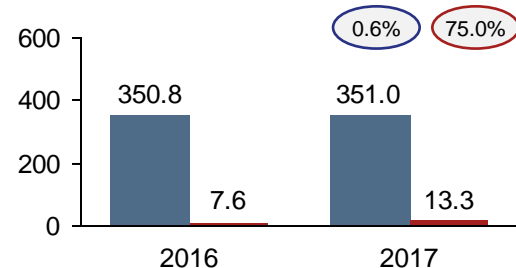
Building
Technology



Comment

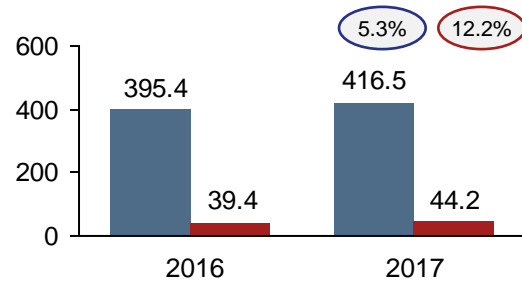
- EBITDA margin above key industry peers
- Steel price increases successfully absorbed through price increases
- Further market share gains in competitive German market

Windows



- Significant EBITDA margin improvement despite production relocation
- All operational entities with significant operational improvements
- Focus on completion of wood/aluminum relocation and ramp-up

Doors



- Successful integration of Prüm, Garant & Invado
- Growth driven by strong demand in German market
- First purchasing and sales synergies realised

■ Revenues ■ EBITDA ○ Revenues Growth ○ EBITDA Growth

Note: All figures after adjustments of one-time effects / Doors Division incl. Forster Profile Systems, 2016 incl. Looser Doors business (proforma)

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Income Statement

Continuing operations

In CHF M	2017	in %	2016	in %
Net revenues	1'245.6	100.0	916.4	100.0
Cost of material and goods	-570.7	-45.8	-397.9	-43.4
Personnel expenses	-411.6	-33.0	-324.1	-35.4
Other operating expenses	-182.6	-14.7	-134.7	-14.7
EBITDA	120.3	9.7	65.3	7.1
Depreciation, amortisation, impairments	-39.9	-3.2	-32.2	-3.5
EBITA	80.4	6.5	33.1	3.6
Amortisation from PPA	-19.1	-1.5	-5.9	-0.6
EBIT	61.3	4.9	27.2	3.0
Net financial results	-10.9	-0.9	-13.9	-1.5
Group result before income tax	50.4	4.0	13.4	1.5
Income tax expenses	-12.8	-1.0	-8.0	-0.9
Group result from <u>continuing</u> operations	37.6	3.0	5.4	0.6
Group result from <u>discontinued</u> operations	8.8	0.7	2.3	0.2
Group result	46.4	3.7	7.6	0.8

Reconciliation to adjusted numbers

One-time effects

In CHF M	Actual 2017	Building Techn.	Windows	Doors	Others	2017 without one-time effects
Net revenues	1'245.6					1'245.6
EBITDA	120.3	-1.7	-16.4	-0.3	-0.6	101.3
EBIT	61.3	-0.5			0.9	42.6
Group result	37.6	0.6	3.1	0.0	0.2	22.8

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

Continuing operations without one-time effects

In CHF M	2017	in %	2016	in %
Net revenues	1'245.6	100.0	916.4	100.0
Cost of material and goods	-571.1	-45.8	-399.1	-43.6
Personnel expenses	-415.0	-33.3	-320.2	-34.9
Other operating expenses	-176.3	-14.1	-138.6	-15.1
EBITDA	101.3	8.1	61.9	6.7
Depreciation, amortisation	-39.6	-3.1	-29.9	-3.3
EBITA	61.7	5.0	32.0	3.5
Amortisation from PPA	-19.1	-1.5	-5.9	-0.6
EBIT	42.6	3.4	26.1	2.8
Net financial results	-10.9	-0.9	-7.7	-0.8
Group result before income tax	31.7	2.5	18.5	2.0
Income tax expenses	-8.9	-0.7	-9.0	-1.0
Group result from <u>continuing</u> operations	22.8	1.8	9.4	1.0

Blue numbers are adjusted by one-time effects

Income Statement

Continuing and discontinued operations

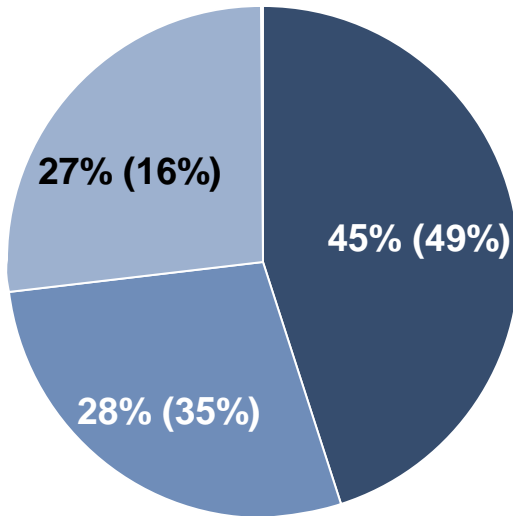
In CHF M	2017		2016	
	Segment information		Segment information	
	Total	Without one- time effects ¹	Total	Without one- time effects
Net revenues	1'378.5	1'378.5	995.3	995.3
Cost of material and goods	-626.8	-627.2	-435.9	-436.9
Personnel expenses	-447.7	-451.9	-347.9	-343.2
Other operating expenses	-202.7	-195.0	-146.8	-150.7
EBITDA	140.6	122.5	68.7	66.0
Depreciation, amortisation, impairments	-47.7	-47.2	-33.4	-31.1
EBITA	92.9	75.3	35.3	34.9
Amortisation from PPA	-20.6	-20.6	-6.2	-6.2
EBIT	72.3	54.7	29.1	28.6
Net financial results	-10.4	-10.5	-13.5	-7.3
Group result before income tax	61.9	44.2	15.6	21.4
Income tax expenses	-15.1	-11.2	-8.0	-9.2
Group result	46.8	33.0	7.6	12.2

1. Industrial Services for 11 months. For 12 months, revenues would have been CHF 1'383 M, and EBITDA CHF 123.3 M

Net Revenues by Division / Region

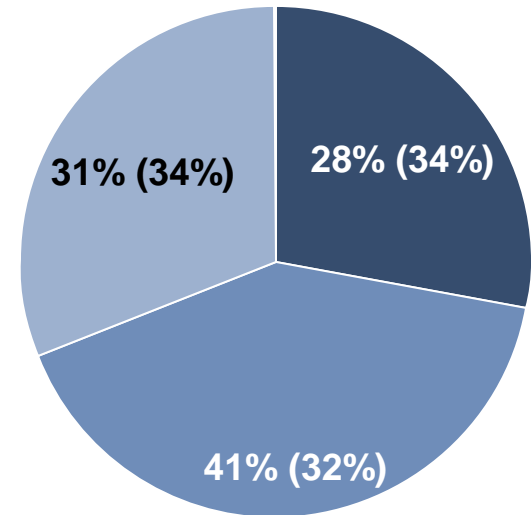
Regional shifts mainly through acquisitions

Net revenues by Division



Building Technology
 Doors
 Windows

Net revenues by Region

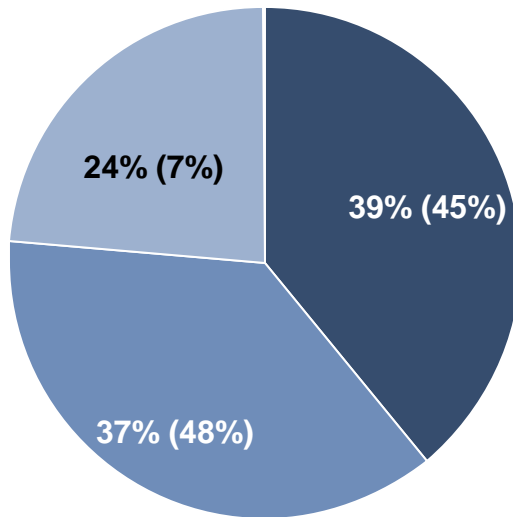





Switzerland
 Germany
 RoW

Note: Figures in brackets represent last year's figures.

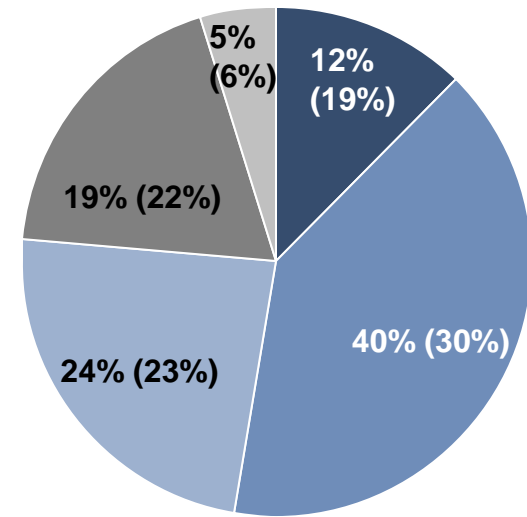
Employees by Division / Region Average headcount (full-time equivalents)

Ø-FTEs by Division



-  Building Technology
-  Windows
-  Doors

Ø-FTEs by Region

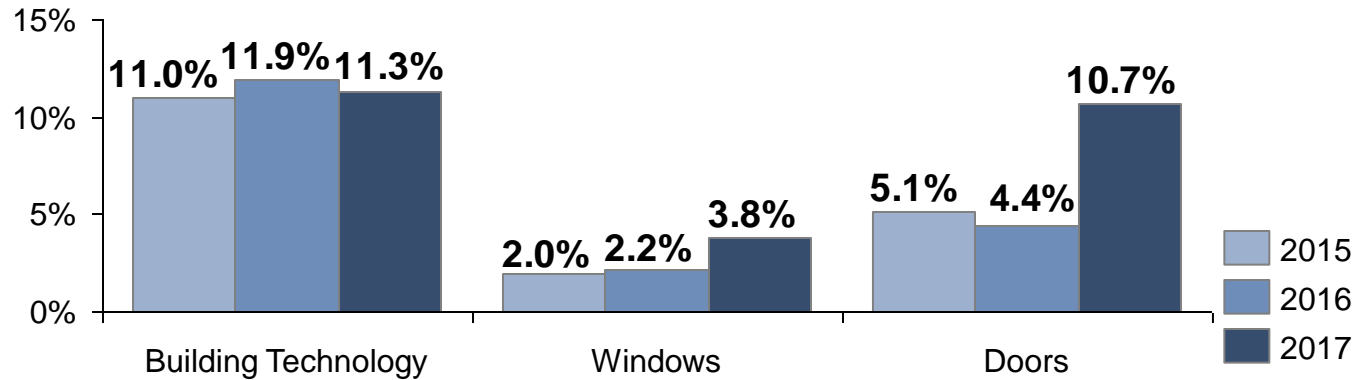


-  Switzerland
-  Germany
-  Poland
-  Czech Republic / Slovakia
-  Others

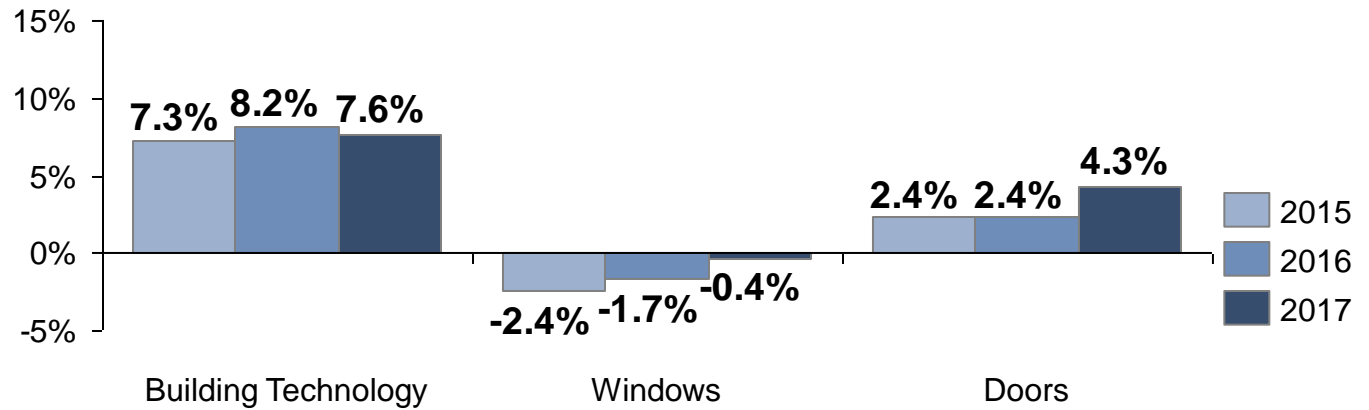
Incl. temporary staff, excl. trainees
 Incl. Koralle (01.10.2016)
 Incl. Prüm / Garant / Invado (01.01.2017) / without Industrial Services

EBITDA- / EBIT-margins per Division Division Doors improved due to acquisition

**EBITDA
margin,
adjusted**



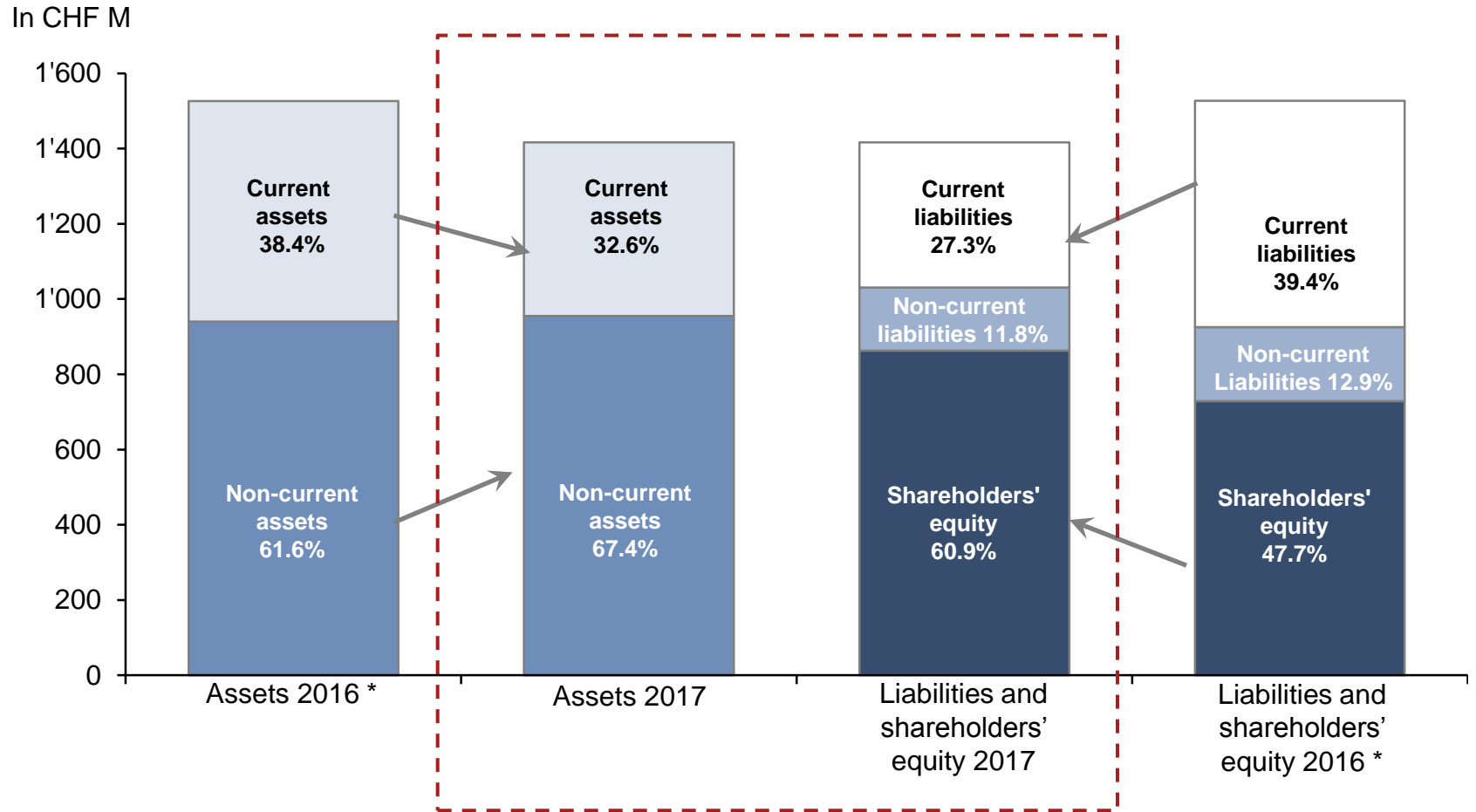
**EBIT
margin,
adjusted**



Net revenues continuing operations in CHF M	2017	2016	Δ Year Total	Organic growth ¹	Δ Price- effect	Δ Volume- effect
Arbonia	1'245.6	916.4	35.9%	2.6%	1.4%	1.2%
Building Technology	555.0	486.8	14.0%	4.1% ²	2.7%	1.4%
Windows	351.0	350.8	0.0%	-1.4%	-0.5%	-0.8%
Doors	340.0	77.8	337.2%	4.8% ³	1.6%	3.3%

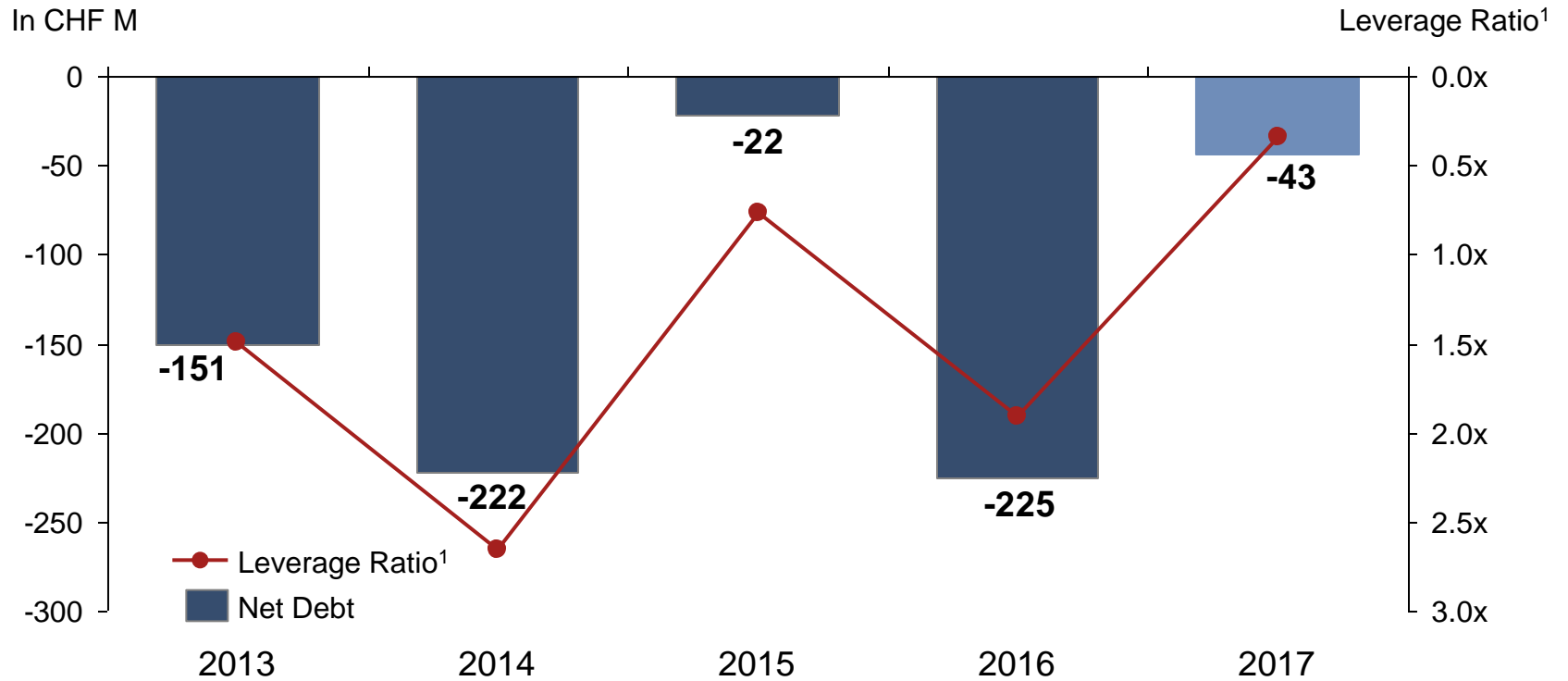
1. Adjusted for currency and acquisition effects
2. With Koralle (Building Technology) since 01.10.2016 and Sabiatherm since 01.08.2016
3. With Prüm, Garant, and Invado (Doors) since 01.01.2017

Balance Sheet Equity ratio above 60%



*) 2016: adjusted

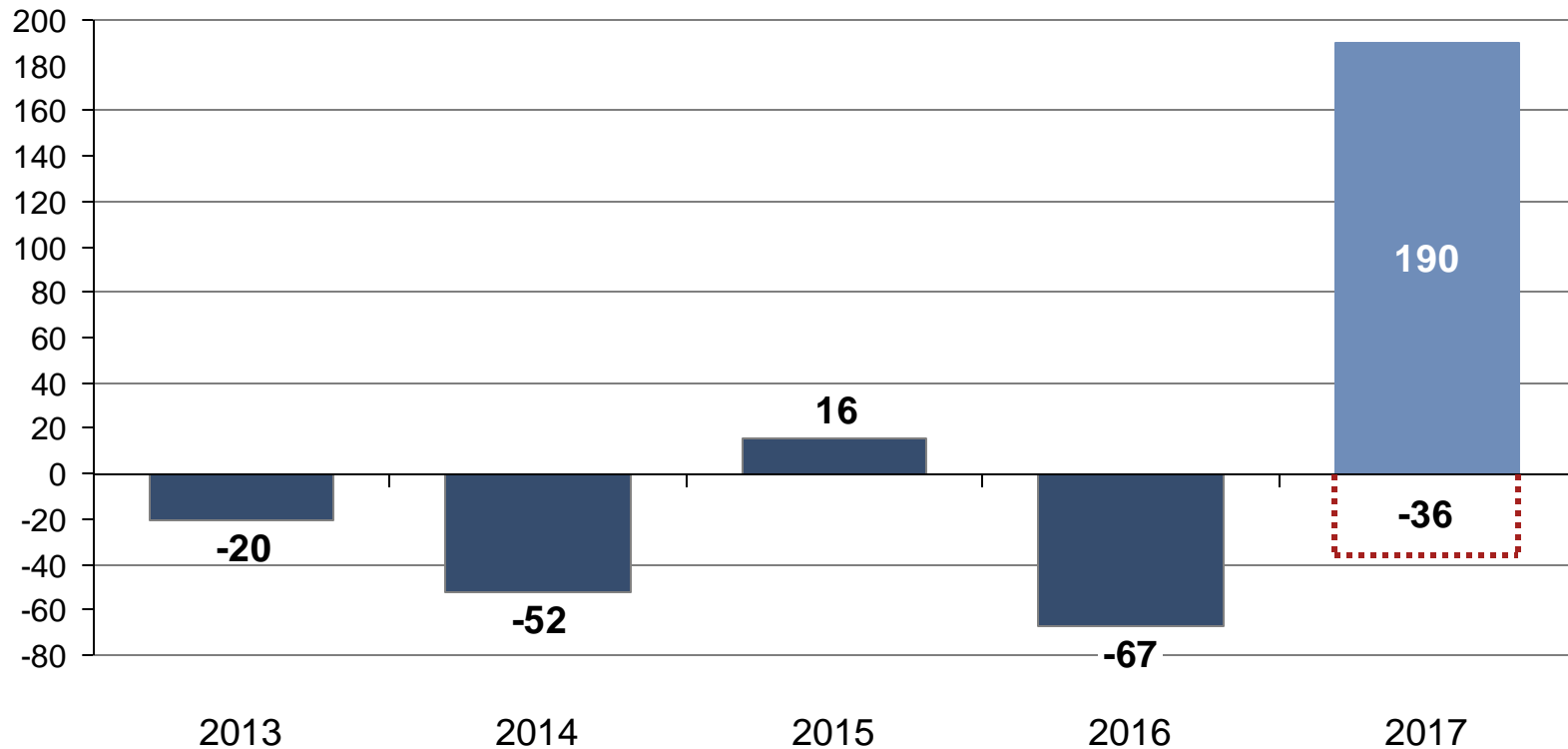
Net Debt and Leverage Ratio Almost debt-free





1. Leverage ratio = Net debt / EBITDA

Free Cash Flow Driven by divestments

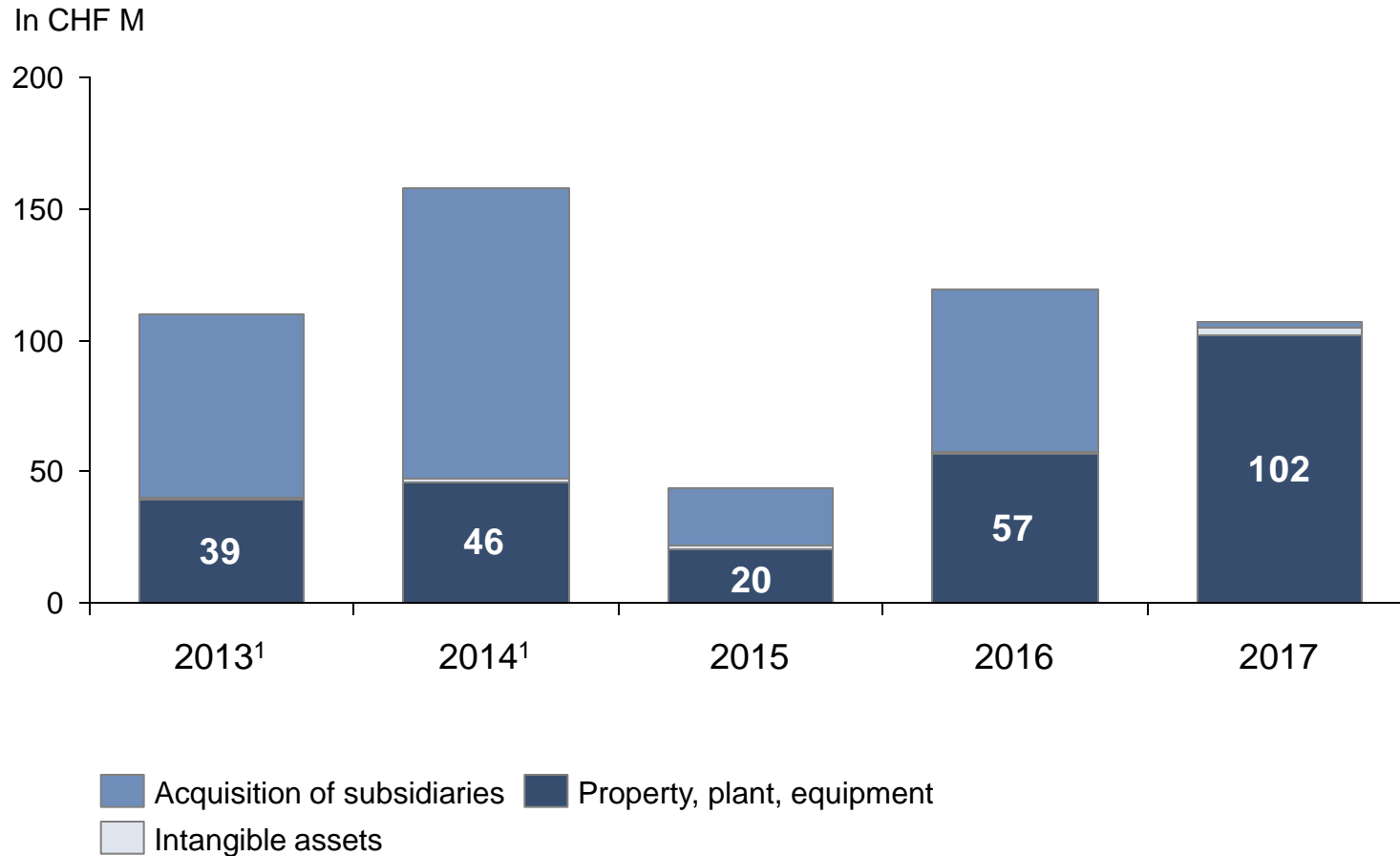
In CHF M



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

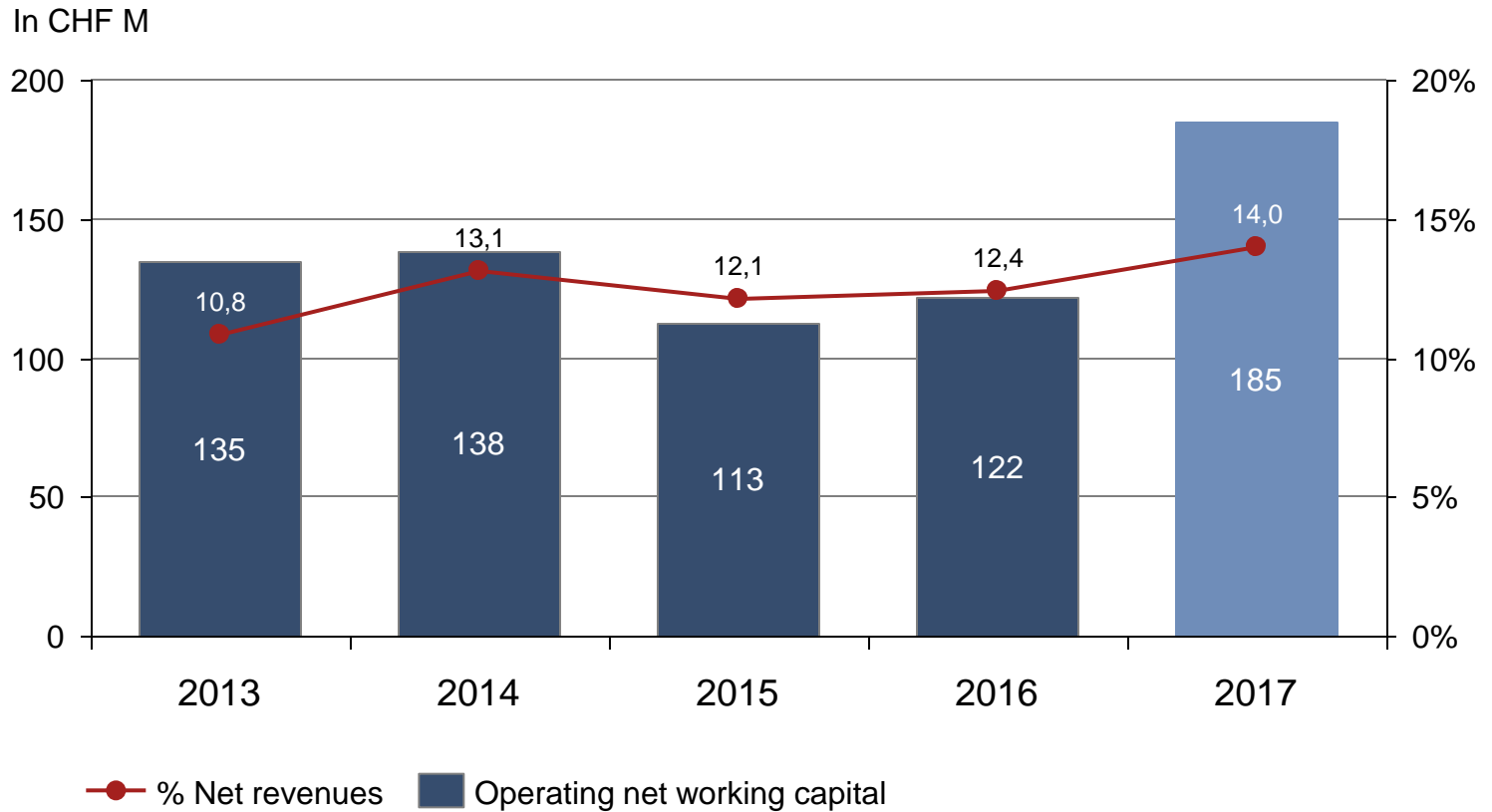
 Free cash flow (Cash flow from operating and investing activities, without divestments / acquisitions of businesses)

Development of Capital Expenditures On high level as planned



1. Continuing Operations

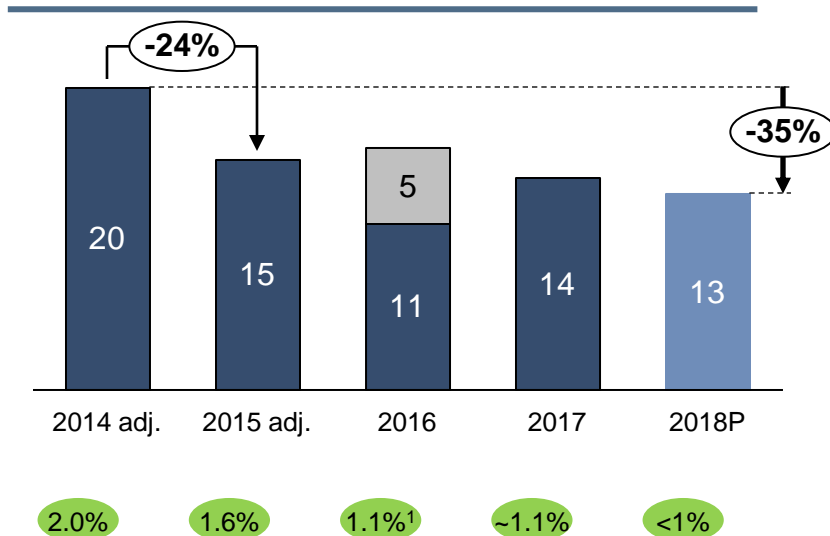
Operating Net Working Capital Driven by acquisitions





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

Lean industrial holding Less than 1% of revenues

Development



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

 Holding costs of former Arbonia

 Holding costs in % of sales

Measures

- Complete shift of all Looser Holding activities to Arbonia Holding by end of April 2017
- Holding cost synergies will be completely realised in 2018

Income Statement – continuing operations

Going into 2018 with new structure

2017 In CHF M	Arbonia	HVAC	Sanitary	Windows	Doors
Net revenues	1'245.6	408.3	146.7	351.0	340.0
EBITDA <i>in %</i>	101.3 8.1	45.6 11.2	16.9 11.5	13.3 3.8	36.4 10.7
EBITA <i>in %</i>	61.7 5.0	31.6 7.8	14.6 10.0	2.1 0.6	26.3 7.7
EBIT <i>in %</i>	42.6 3.4	29.5 7.2	12.8 8.7	-1.4 -0.4	14.7 4.3

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Restructuring and repositioning of Arbonia Key strategic measures

Focus of Arbonia

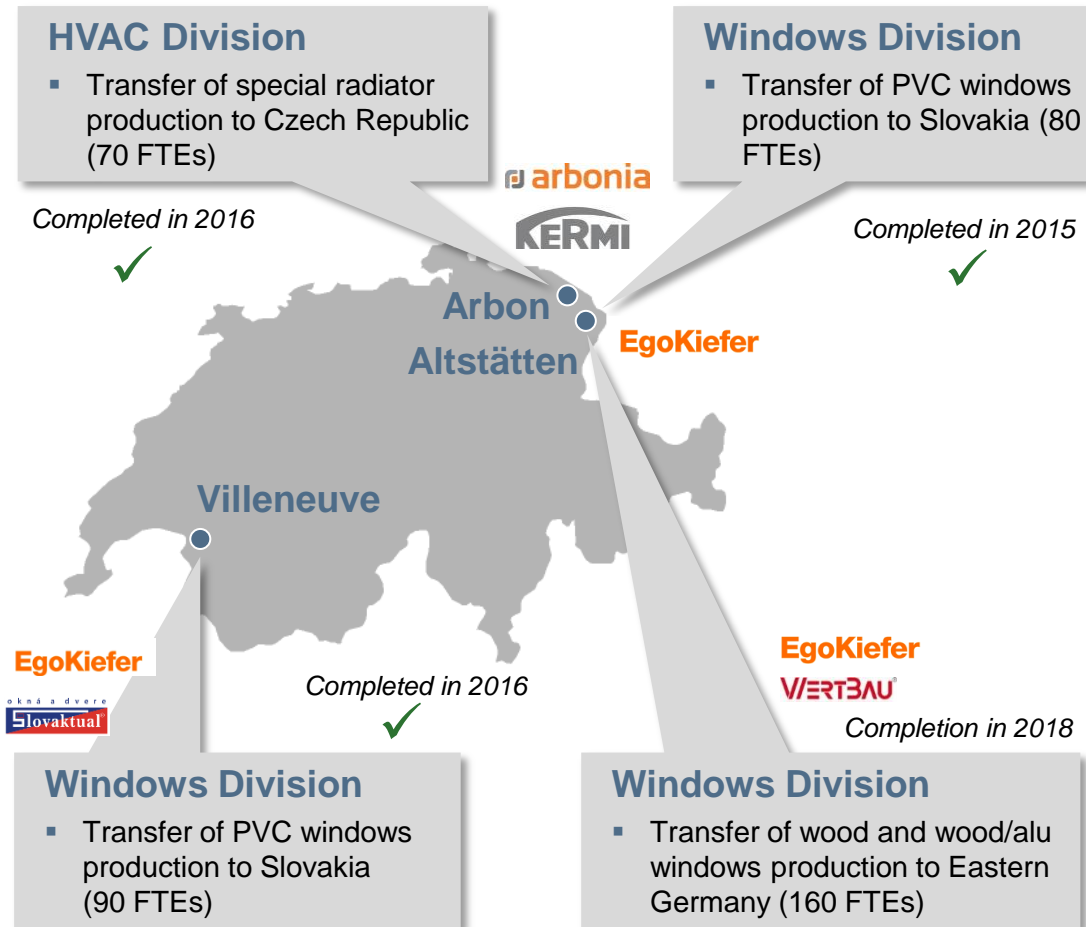
- *Building supplier*
- *Europe*
- *Energy efficiency*



1 Relocation of production footprint Major relocations from Switzerland

Former Swiss production locations

Relocation objectives

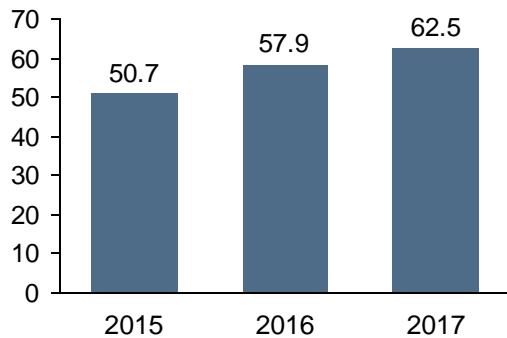


- Creation of specialized Production Competence Centres (PCC) in Best Cost Locations (Eastern Germany / Eastern Europe)
- A total of 400 FTEs transferred from high-wage country Switzerland to low-cost locations since 2015
- The largest share (330 FTEs) relates to the Windows Division, which returned to a sustainable profitability level
- In parallel, significant investments into automation and vertical integration in order to expand leadership position in competitive markets with limited product differentiation
- Significant reduction of direct (labour) and indirect costs (suppliers)

2 Divisional strategies Return to sustainable EBITDA levels

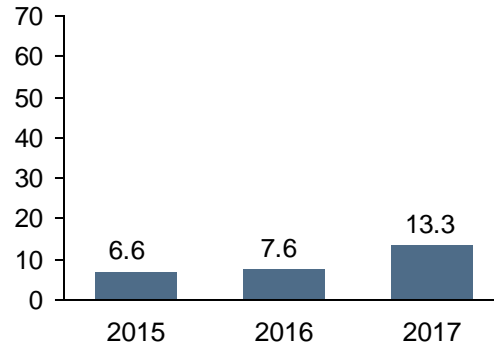
Building Technology

In CHF M



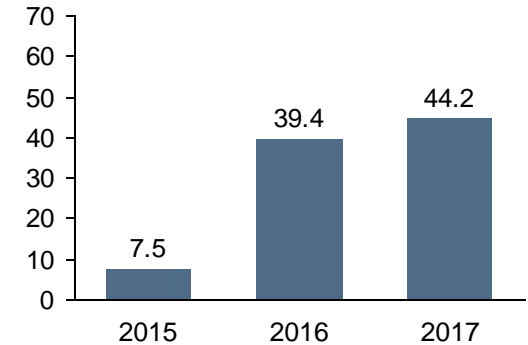
- Improvement of EBITDA profile despite challenging market conditions (radiators market)

Windows



- Completion of restructuring & relocation measures result in improved EBITDA levels

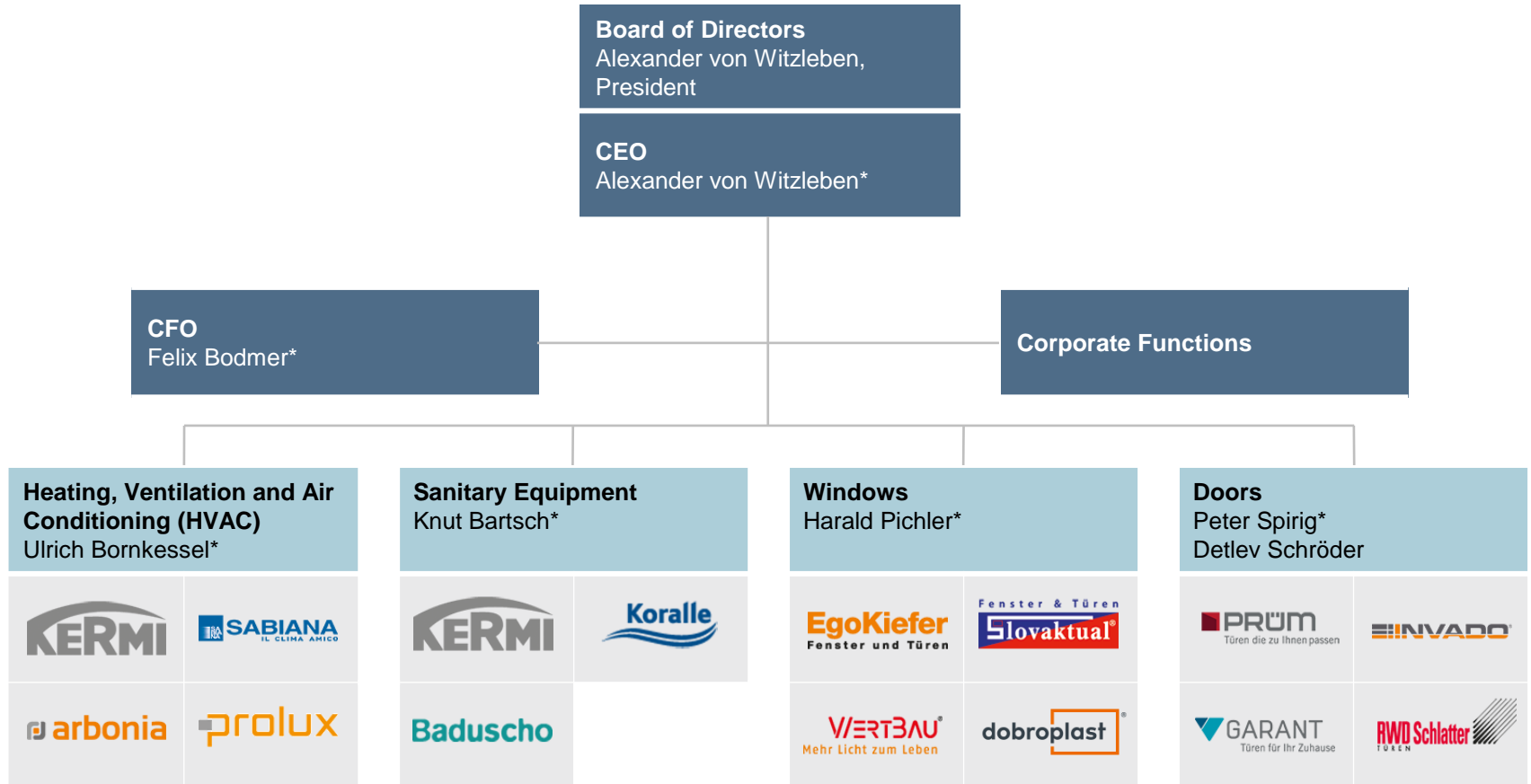
Doors



- Transformation from Swiss focused niche player to European Market leader

Balanced Portfolio – two out of three divisions with sustainable EBITDA levels

Note: All figures after adjustments of one-time effects / Doors Division incl. Forster Profile Systems, 2016 incl. Looser Doors business (proforma)



* Members of the Group Management

Recap transformation

Overview key metrics 2014 - 2017

In CHF M	Full year 2014 ¹	Full year 2015	Full year 2016	Full year 2017
Net revenues	1'017.4	941.4	995.3	1'378.5
EBITDA	78.3	26.6	68.7	140.6
Shareholders' equity	363.0	351.8	728.8	863.1
Net debt	222.3	21.7	225.1	43.3
Investments	47.7	21.9	62.1	105.1
Key Events	02.12.2014 Artemis becomes new main shareholder	17.04.2015 A. von Witzleben and M. Pieper join the Board of Directors 01.07.2015 A. von Witzleben becomes interim CEO 13.08.2015 Announcement of restructuring process 01.10.2015 Completion of takeover of Wertbau	20.09.2016 Completion of takeover of Koralle Group 13.12.2016 Takeover of 98 % of the Looser Group	27.06.2017 Completion of sale of Coatings Business 14.11.2017 Sale of Conducta 14.12.2017 Sale of Forster Profile Systems 21.12.2017 Sale of non operational real estate of EgoKiefer in Altstätten

1. Only continuing operations

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Major current capex projects



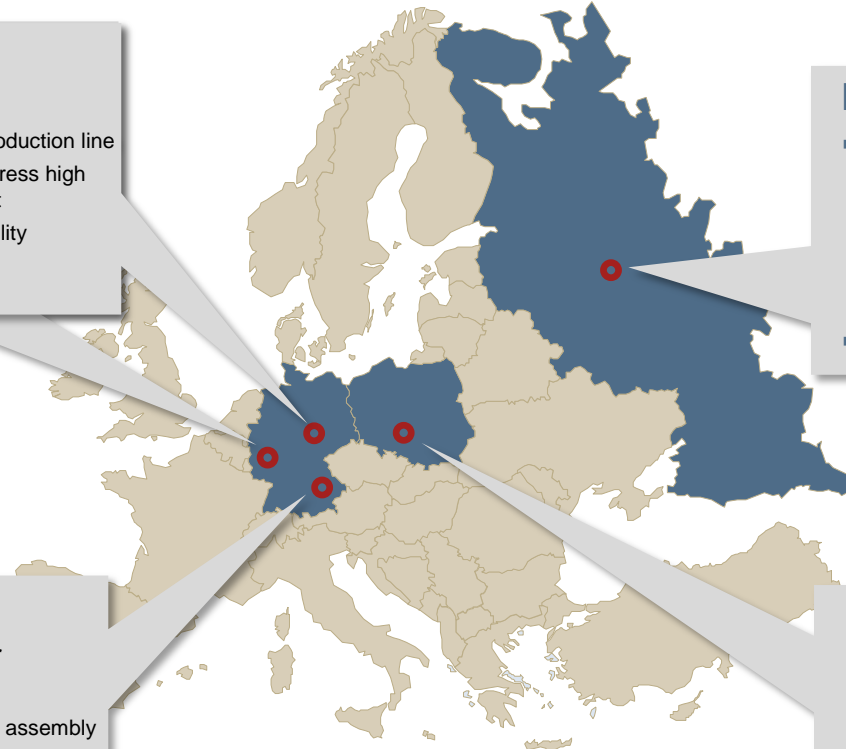
Doors Division

- New processing line:
 - Replacement of current production line
 - Capacity expansion to address high demand in German market
 - New premium edge capability
- Volume: ~ **EUR 20 M**



HVAC Division

- New panel radiators production site in Russia:
 - Capacity expansion by 500'000 radiators per year
 - Competitive manufacturing costs in best cost location
- Volume: ~ **EUR 27 M**



HVAC Division

- Investment in radiator production:
 - Automation of steel panel assembly and packaging
 - New half panel presses
 - Automation of side cover assembly
- Volume: ~ **EUR 27 M**

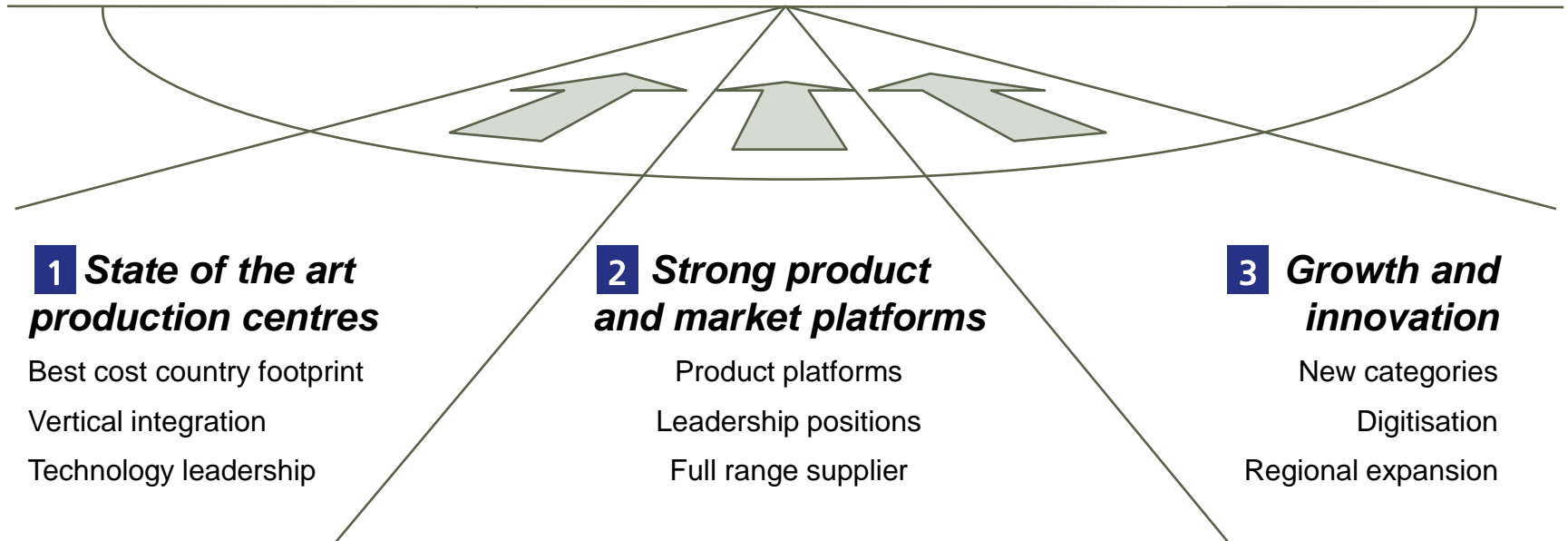


Doors Division

- New production hall with new plant & assembly line:
 - Capacity expansion to serve growing Polish market
 - Investment in new machinery to increase productivity and automation
- Volume: ~ **EUR 13 M**

What's next ?
Divisional strategies Arbonia

Objective:
*Consolidate position as
leading European Building Supplier*



Heating, Ventilation and Air Conditioning (HVAC) Division



HVAC Division

Set up of new Production Centre in Russia

Production competence centres (PCC) at optimal locations¹



1) PCC Plattling (DE)

- > 2 M steel panel radiators per year
- Highly automated
- Vertical integration
 - Steel slitting
 - Welding lines
 - Flat front production
 - Paint shop



2) PCC Střibro (CZ)

- > 600 K special radiators per year
- Competitive labour costs
- Vertical integration
 - Radiator production (welding, soldering)
 - Chrome plating
 - Paint shop



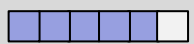
3) PCC Corbetta (IT)

- > 200 K fan coils per year, add. radiant panels and RVUs
- Investment in new factory outlet planned
- Vertical integration
 - Fan coil production
 - Radiant panel production
 - RVU production
 - Unit heater prod.



(4) PCC Stupino (RU)

- New production site steel panel radiators for Russia and custom union
 - under construction
- Production start 2019



New

Technological leadership

Current Capabilities

- Mastery of high product variety and versions to fulfill customer requests
- Coverage of “value and differentiation niches” of mass products (panel radiators)
- High degree of automation in the panel radiator production, Industry 4.0
- Integrated order management system (across brands and locations)
- Short turnaround and lead times for all product ranges

Investment plans

- Further automation at production sites Plattling, Corbetta and Střibro
- Intensification of Industry 4.0 initiatives
- Modernisation and rationalisation of the painting process in Corbetta
- Ramp up and gradual capacity build at Stupino plant
- Further improvement of the integrated order processing process
- Capacity expansion for heat pumps

Objective: Technology-based cost leadership

1. Additional smaller production site for heat pumps in Dobré, CZ

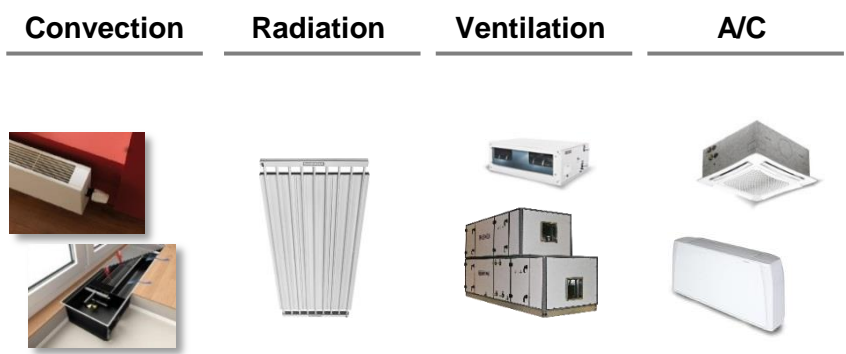


HVAC Division

Complete portfolio and strong market position

Complete product portfolio for thermal transfer

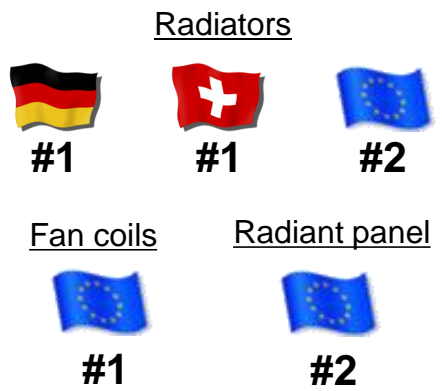
Industrial / commercial application



Residential application



Market position in target markets



Comment

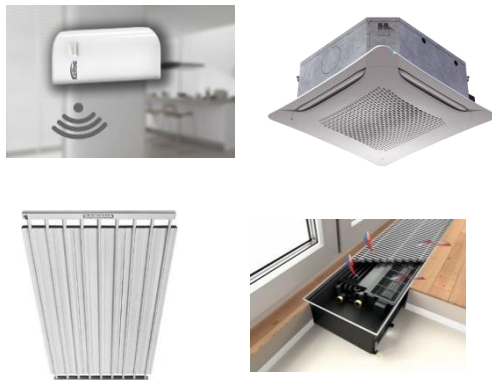
- Complete product portfolio for thermal transfer
- Growing demand for water based HVAC-solutions and ventilation systems in Europe
- Substantial potential to further improve position in underfloor heating/heat pumps and ventilation
- Focus on cost leadership in radiator production



HVAC Division

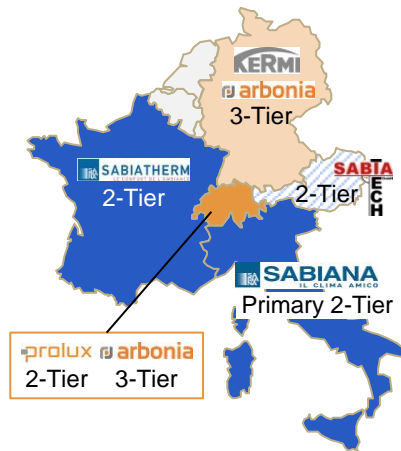
New products for new channels and markets

New products



- New generation of radiant panels for DACH market
- Trench convectors for heating and cooling applications
- Smart Home System Kermi X-Center base
- Range extension of Skystar cassette

Distribution channels



- Excellence in market coverage with 2-tier and 3-tier channel
- Enhance cross selling through integrated Division HVAC
- Additional market exploitation with OEM brands

Growth categories



- Central residential ventilation units (high efficiency, low noise)
- Further penetration of strongly growing heat pump markets
- Development of production capabilities in underfloor heating segment

Above market growth through innovations and extended market coverage

Sanitary Equipment Division




Sanitary Equipment Division

Concentrated footprint for small batch sizes

Production competence centres (PCC) at optimal locations




1) PCC Plattling (DE)

- Main production site for shower enclosures and bath screens (multiple brands)
- Vertical integration 
 - Profile processing
 - Glass surface treatment
 - Shower assembly



2) PCC Dagmersellen (CH)

- Local production site for Swiss specific products
- Vertical integration 
 - Bespoke showering solutions



Technological leadership

Current Capabilities

- All machinery and equipment capable of single-item or serial production
- Sandblasting plant for sandblasting of design decors beginning with batch size 1
- Ability to paint metal parts with powder thanks to own powder coating line
- Wet varnishing equipment with water-soluble coatings for wet painting of plastic parts
- Coating system for nanotechnology coating of toughened safety glass and water- and dirt-repellent glass finishing

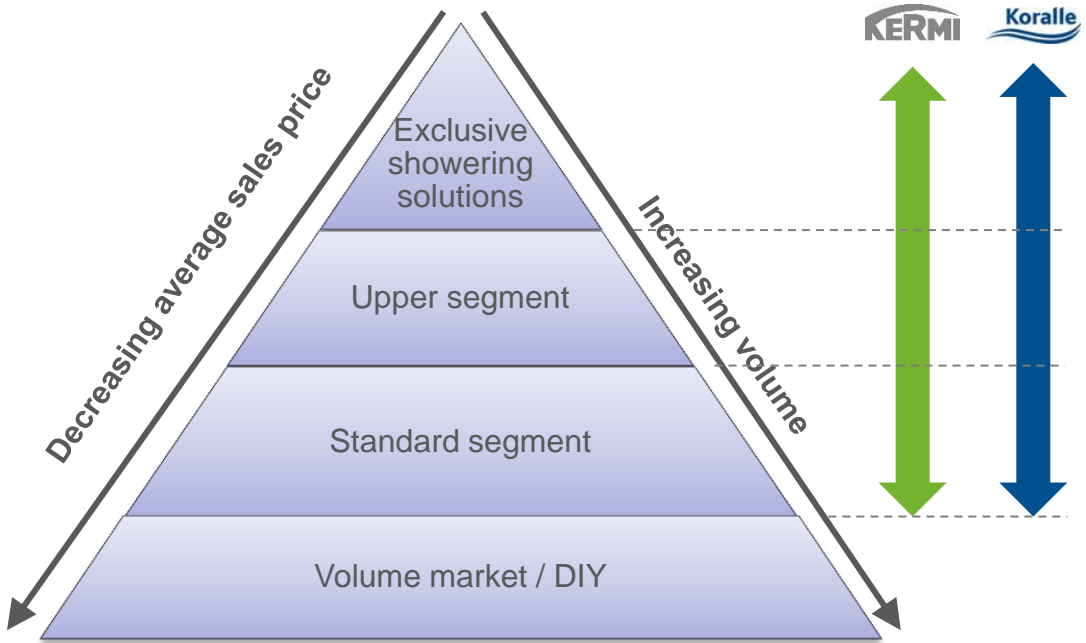
Investment plans

- Continual renewal of the product range based on modern and high-class design
- Further vertical integration with critical components
- One data format for measurement, manufacturing organisation & machine control
- State-of-the-art logistics and IT support
- Data preparation for BIM solutions



Sanitary Equipment Division Covering all customer needs

Shower design –
perfected shower enclosures and wet floor systems



Market position in target markets



Objective: Top 3 position in target markets

Go to market model

- Market leading position in attractive German speaking market with strong brands KERMI and KORALLE
- USP: Exclusive showering solutions especially for Swiss market
- Compared to industry highly automated production in Germany lead to competitive cost base

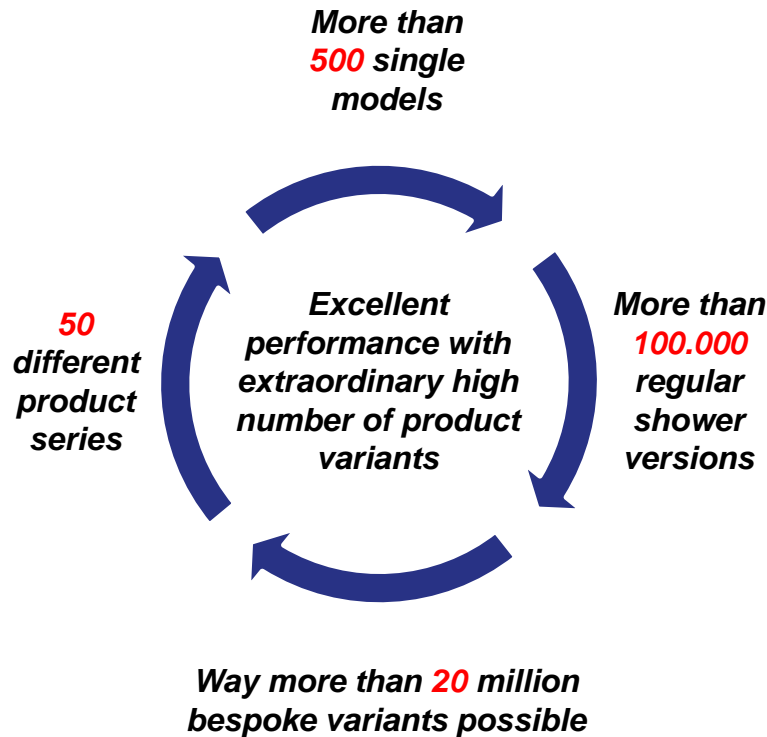
Market leader for high-end shower enclosures in Europe



Sanitary Equipment Division

Mastering individualisation

Mastering product variants complexity



Excellence in production process

- Leading specialist for shower enclosures in Europe offering mass production as well as unique items, in every category and for every individual need
- Extremely high degree of flexibility in sourcing and production with efficient and competitive operations
- Individual adaption of standard products e. g. for height, width, handle position
- Full IT support for all production processes with avoidance of media discontinuity within order processing
- Market leading delivery time and delivery reliability for all models
- Local Swiss production site for custom made showering solutions

Excellence in sales process

- Providing showering solutions for every need
- Broad service offering: Measurement, technical guidance, installation etc.
- Partnership with all main wholesalers in core markets

markt intern
installer survey Germany 2015 / 2016



Market leading performance in complex product offering process

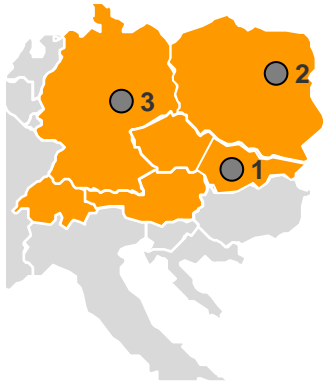
Windows Division



Windows Division

Strong footprint and high vertical integration

Production competence centres (PCC) at optimal locations¹



1) PCC Pravenec (Slovakia)

- 800'000m² PVC- & PVC/Alu windows
- 10'000 pieces lift-and-slide doors
- Vertical integration
 - Own insulating glass manufacturing
 - Own lamination



2) PCC Zambrow (Poland)

- 1'200'000m² PVC windows
- Vertical integration
 - Own profile extrusion
 - Own insulat. glass manufacturing
 - Own lamination



3) PCC Langenwetzendorf (DE)

- 200'000m² Wood- & Wood/Alu windows
- 4'000 pieces lift- and-slide doors (future)
- Vertical integration
 - Assembly of wooden shells



Objective: Technology-based cost leadership

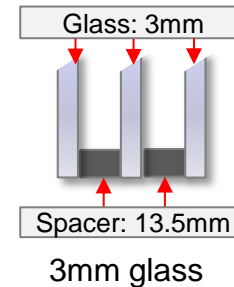
Technological leadership



New connection technology



Fine line welding



Vertical integration



IGU manufacturing



Lamination plant



PVC extrusion

1. Additional service shop in Switzerland for special production and express deliveries

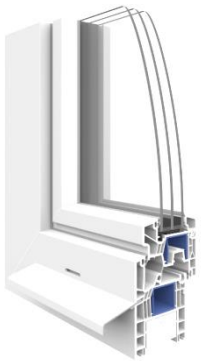


Windows Division Platform strategy and strong market position

Platform strategy

NEW

PVC window



- New divisional 76mm PVC profile platform
- Superior technical features and high degree of design options
- Insulation glass manufactured in own Arbonia plant

NEW

Wood / Alu window



- Superior technical product performance (wind, weather, sound)
- Wide variety of interior and exterior design options and excellent technical features
- Combination options with PVC platform

Market position in target markets



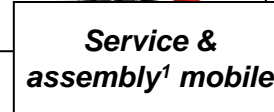
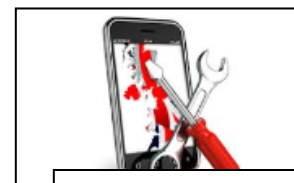
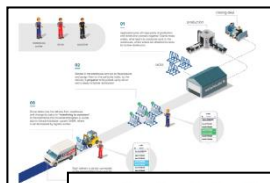
Objective: Top 3 position in target markets

Product/market strategy

- Arbonia windows with modular platform strategy across divisional entities
- High degree of standardisation combined with flexible adaptation to local customer / market needs
- In addition significant investments to broaden customer base across target market

Modular systems: High degree of standardisation combined with flexible adaptation to market needs

1. Domestic sales in Poland 2. Incl. Gaulhofer



- RFID controlled production
- Improvement of process reliability
- Quality costs reduction

- Geofencing application
- Real time windows tracking up to the construction site
- Paperless deliveries

- 35% stake / option 100%²
- Leading online windows supplier in Germany
- CAGR 2014-17 + 20%

- Digital sales assistant
- Virtual / augmented reality features
- Product visualisation

- Immediate data transmission
- Automated coordination/ disposition
- Digital invoicing

Objective: end-to-end digitisation of the entire value chain

1. Assembly online as of 2019 2. 35% stake in WEBcom with call option for 100%

Doors Division



Doors Division Strong footprint and high vertical integration

Production competence centres (PCC) in optimal locations

Expansion of production capacities

1) PCC Roggwil (CH)

- 70k doors per year
- Vertical integration
- External varnishing
- External steel frames



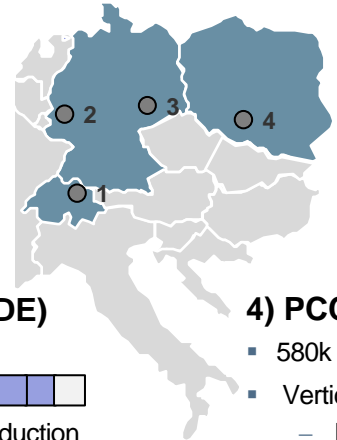
2) PCC Weinsheim (DE)

- 850k doors per year
- Vertical integration
- Internal wood frame production
- External lamination



Investment drivers

- Extension of production capacities to enable future growth
- Automation to increase productivity and as a countermeasure against imminent labour shortage in Germany and Poland
- Increased machine flexibility to expand product range without compromising speed
- Short delivery times and high reliability through reduction of lead times
- Reduction of maintenance cost & increased availability of operating hours of machinery



3) PCC Ictershausen (DE)

- 660k doors per year
- Vertical integration
- Internal wood frame production
- External lamination



4) PCC Ciasna (PL)

- 580k doors per year
- Vertical integration
- Internal wood frame production
- Manual varnishing line



Major investments in 2018/2019

- DE: 2 premium edge processing lines (EUR 20 M)
- DE: 1 premium frame manufacturing line (EUR 3 M)
- DE: 1 special manufacturing line for wood frames (EUR 6 M)
- DE: 3 machining centres for lock/hinge processing (EUR 4 M)
- PL: New production hall with completely new plant + new assembly line (EUR 13 M)



Doors Division Platform strategy and strong market position

A complementary product portfolio...



Prüm housing doors

RWD functional doors



...combined with strong market positions...



#1



#2



#3¹

Objective: Leading position in all core markets

...offers many ways to win in the marketplace

- Prüm residential doors included in RWD Schlatter's project business offerings in Switzerland
- Prüm residential doors now part of range of offerings of the largest Swiss door specialist retailer
- RWD Schlatter's functional doors competence leveraged by Prüm-Garant
- Product range extensions of Prüm-Garant and RWD Schlatter through special doors manufactured at TPO (esp. fire protection EI60/EI90)
- Basic doors from Invado for affordable housing / DIY channels

1. In terms of revenues of interior door manufactures in Poland (incl. export)



Doors Division

3 core initiatives for growth

Specialist trade channel presence in Switzerland

We're set to expand the market share in the Swiss wood-based materials trade...

- Until recently, RWD Schlatter had been focused on the project business due to lack of standard housing products (sales share: ~ 5%)

...by using and combining the strengths of Prüm-Garant and RWD Schlatter...

- Prüm-Garant is the No. 1 for doors in the German specialist trade, RWD Schlatter is the No. 1 for doors in Switzerland

...in a strategic partnership with the largest doors specialist retailer exclusively selling the Prüm brand in Switzerland

- Full range of Prüm residential doors plus door blanks as well as special doors from RWD Schlatter



Project business in Germany

There is a great potential to expand sales to the project business in Germany...

- Revenue share of project business at Prüm-Garant below 15% vs. main competitor with 50%.

...through product range expansions...

- Especially in the HPL segment required for project business.

...and a transfer of approvals from RWD Schlatter to Prüm-Garant

- After the harmonisation of European product standards (end of 2019)



Domestic market position in Poland

Invado has grown more than 10% p.a. over the last 3 years...

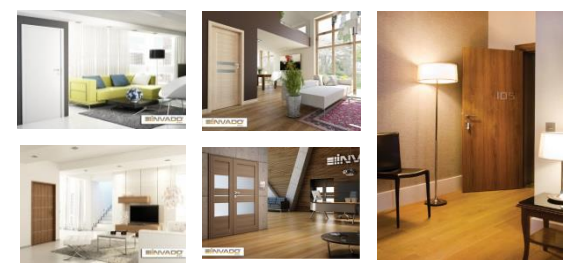
- Especially in export business

...but could not take full advantage of the strong growth in the Polish market...

- Expected CAGR 2016-2019¹: 8.7%

...as new machinery is sorely needed

- Investments in new machinery under way to expand the domestic market share in Poland



1. Forecast housing completions according to 84th Euroconstruct Country Report, November 2017



“The whole is more than the sum of its parts”

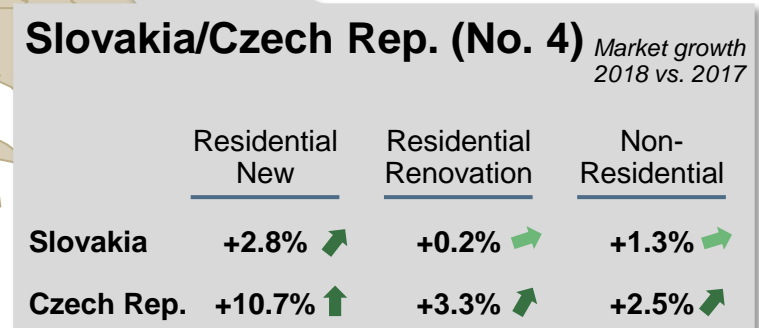
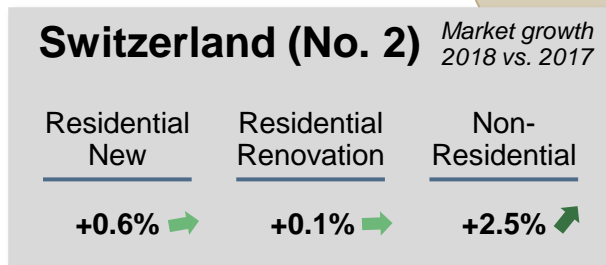
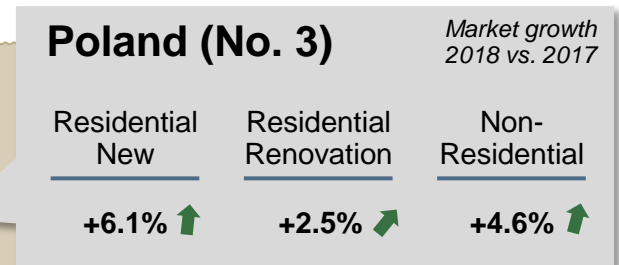
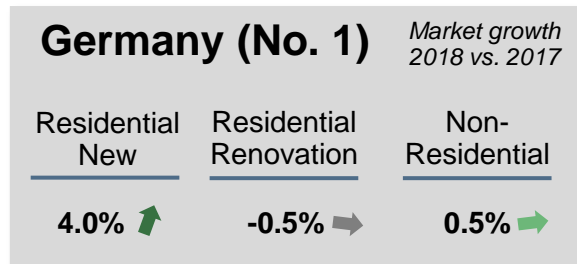
1. Highlights 2017
2. Financials 2017
3. Recap transformation
4. Divisional strategies
5. Guidance

Questions

Construction volume of our 4 key markets Stable to positive outlook for 2018

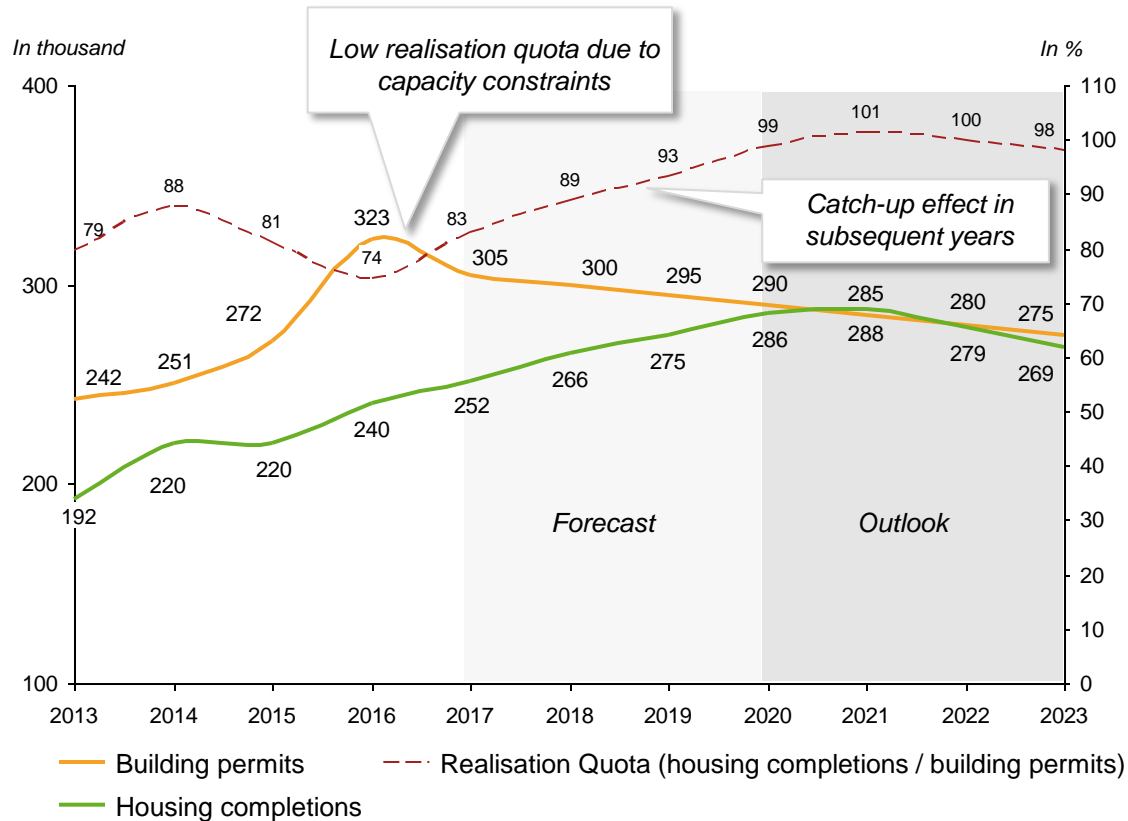
Change of market volume in real terms (EUR M)

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



Source: 84th Euroconstruct Country Report, November 2017

Building permits vs. housing completions¹



Comment

- Building permits peak in 2016 due to
 - Residential homes for refugees
 - Stricter and more cost-intensive energy regulations led to pull-forward effects
 - Low interest rates on mortgage loans
- Currently low realisation quota in consequence of craftsmen's capacity bottlenecks
- Latest **completions lags will be caught up** in the coming years
- **Further robust growth of housing completions expected** due to
 - Continuous low mortgage interest rates
 - Substantially improved state of the economy and clearly declined unemployment
 - Average number of persons per household continues to fall

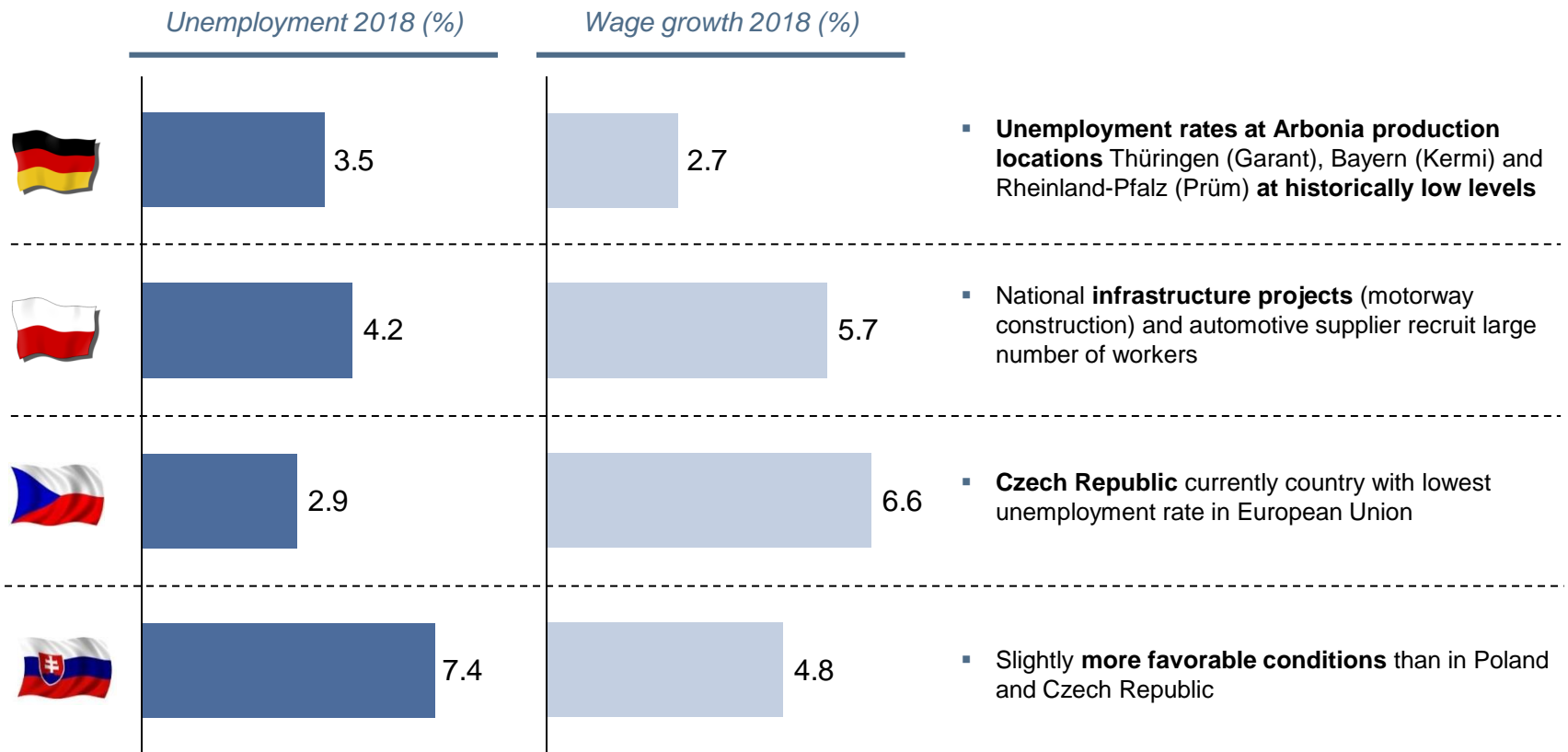
Strong growth expected in housing completions until 2021 (CAGR 3.7%)

1. Sources: 2012-2016: Statistisches Bundesamt (Destatis), 26.07.2017; Forecast 2017-2019: B&L Marktdaten GmbH (Zukunftsforum 2017), 06/2017; Outlook as of 2020: Arbonia analysis based on various market studies (BCG study, 84rd Euroconstruct Country Report, November 2017) and press articles

Outlook for the labour market Low unemployment and strong wage growth

Countries with main production sites

Influence on Arbonia



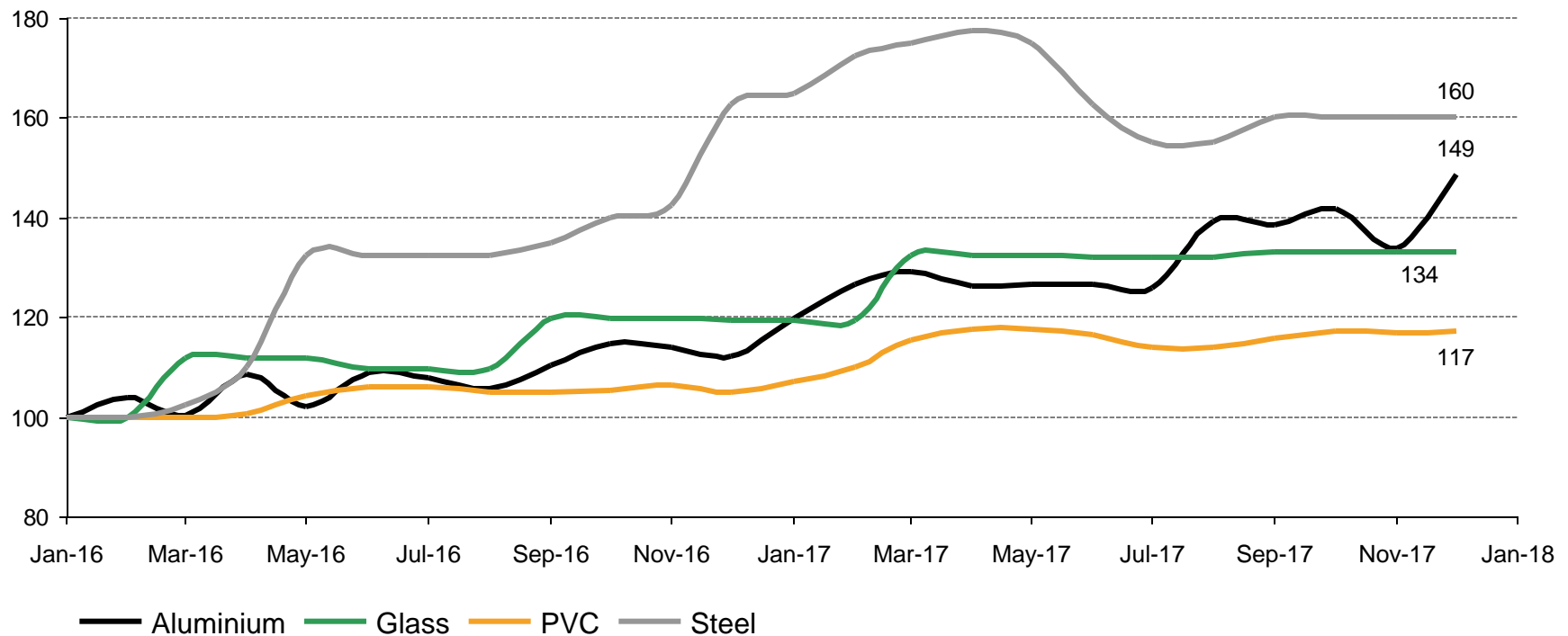
Historically low unemployment and strong wage growth expected in 2018

Source: European Economic Forecast, European Commission, November 2017 / Bundesagentur für Arbeit / Der Spiegel

Raw materials Sharp rise in prices

Aluminium, Glass, PVC and Steel

Index 100 in January 2016



Successful implementation of price increases crucial to maintain profitability

Note: Basis for aluminium, PVC and steel are the official indices / Basis for glass is the internal Arbonia glass index

Guidance of Arbonia Group¹ Transformation on track, guidance confirmed

Guidance 2018



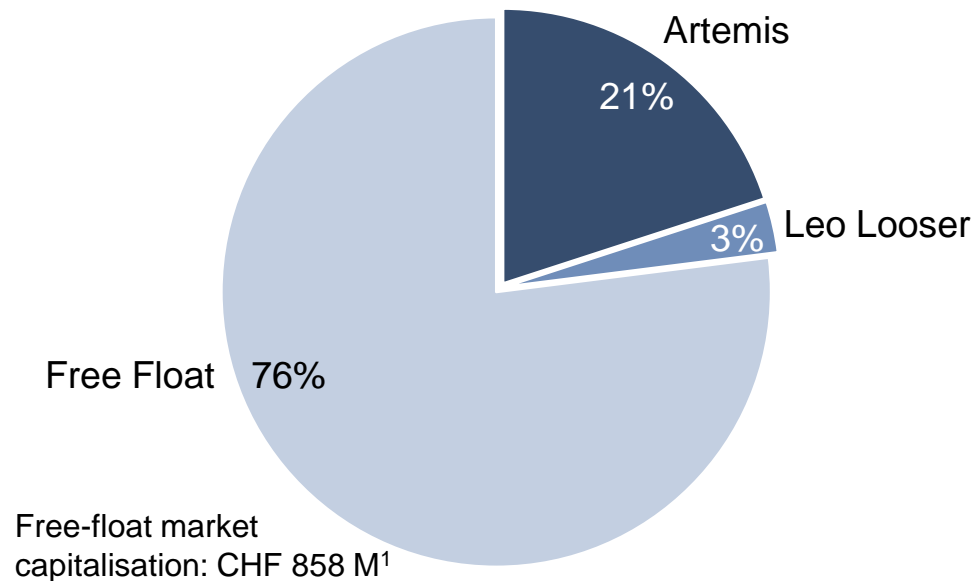
Outlook 2019



Sustainable positive free cash flow and dividend capacity from 2019 at the latest

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

Arbonia shareholder structure as of year-end 2017



Free Float of 76% after termination of lock-up for Looser & Stocker-Looser family

1. Based on market capitalisation of CHF 1'129 M at year-end 2017

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Thank you

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