

**ARBONIA** 

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**Capital Markets Day**

26 October 2021

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## **1. Introductory remarks**

## **2. HVAC Division**

## **3. Doors Division**

### **4.1 Group strategy**

### **4.2 Mid-term financial targets**

### **4.3 Sustainability**

## **5. Q&A session**

# Capital Markets Day

## Programme

10.45 – 11.00 hrs	<b>Introductory remarks</b>	Alexander von Witzleben, CEO Arbonia Group
11.00 – 11.30 hrs	<b>HVAC Division</b>	Alexander Kaiss, CEO HVAC Division
11.30 – 12.00 hrs	<b>Doors Division</b>	Claudius Moor, Co-CEO Doors Division Markus Hütt, Co-CEO Doors Division
12.00 – 12.30 hrs	<b>Group strategy</b> <b>Mid-term financial targets</b> <b>Sustainability</b>	Alexander von Witzleben, CEO Arbonia Group Daniel Wüest, CFO Arbonia Group
12.30 – 13.00 hrs	<b>Q&amp;A session</b>	
13.00 – 14.00 hrs	Lunch	
14.00 – 16.30 hrs	<b>Factory tour</b> <b>1. HVAC R&amp;D</b> <b>2. Glass Solutions production</b> <b>3. Steel panel radiator production</b>	Dominik Lampert, CTO HVAC Division Elmar Limmer, Technical Director Kermi Sanitär Horst Hauzenberger, Plant Manager

# Key takeaways of the German coalition's roadmap

## Political tailwind for construction and HVAC industry

### Commitments

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-  Addressing and solving key challenges: **climate change, digitisation, demographic change**, securing wealth and social cohesion
-  Accelerating innovation through **faster procedures for investments** both public and private
-  **Meeting the goals of the Paris climate agreement** (limit global warming to 1.5° C)

### Planned initiatives

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-  **Accelerating the construction of renewable and decentral energy sources** (e.g. photovoltaic (PV) systems on roofs should become the norm) by reducing bureaucracy and making electricity more affordable
-  **Increasing the number of new built flats to 400'000** annually (whereof 100'000 for social housing) through standardisation, digitisation and less bureaucracy in order to **expand capacity for the industry**
-  **Improving climate protection in new-construction and accelerating renovations for energy-efficiency**
-  **Freeing capital for investments** in the public and private sector (e.g. through special depreciation schemes for investments into climate protection and digitisation)
-  Improving education and reforming immigration laws to **boost the number of skilled workers**

**Arbonia will receive an additional boost both in construction and renovation**

Source: Sounding paper of the likely new German government coalition (Social Democrats, The Green Party and Liberals)

# Group structure

**Chairman of the Board of Directors**  
Alexander von Witzleben

**CEO**  
Alexander von Witzleben \*

**CFO**  
Daniel Wüest \*

**Corporate Functions**

**Heating, Ventilation and Air Conditioning Division**  
CEO HVAC Division: Alexander Kaiss \*

**Doors Division**  
Co-CEO Doors Division: Claudius Moor \*  
Co-CEO Doors Division: Markus Hütt

**Heating, Ventilation and Air Conditioning**

**Wood Solutions**

**Glass Solutions**



\* Members of Group Management

# HVAC Division

## Alexander Kaiss



**1997 – today**

2021 – today

2018 – 2020

2013 – 2017

2001 – 2012

1997 – 2001

**1995 – 1997**

### **Arbonia Group**

Arbonia Group  
Member of Group Management  
CEO HVAC Division

Arbonia HVAC Division  
COO

Arbonia Heating Technology Business Unit  
Head of Technology

Kermi (CZ)  
Plant Manager

Kermi (DE)  
Head of Department Engineering Shower Enclosures

### **Siemens**

Production Planning Engineer for Airbag Control  
Units, Automotive Engineering Division

# Doors Division

## Claudius Moor



**2015 – today**

2020 – today

**Arbonia Group**

Arbonia Group  
Member of Group Management  
Co-CEO Doors Division

2019 – today

Prüm-Garant  
Managing Director Sales & Marketing

2018 – today

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

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

## Markus Hütt



<b>2020 – today</b>	<b>Arbonia Group</b> Co-CEO Doors Division
<b>2010 – 2020</b>	<b>Jeld-Wen</b>
2013 – 2020	Jeld-Wen Central Europe CEO
2010 – 2013	Jeld-Wen Deutschland Managing Director
<b>2008 – 2010</b>	<b>Vigour (Cordes and Graefe Group)</b> Managing Director
<b>2007 – 2009</b>	<b>Vieler</b> Head of Sales & Marketing
<b>2003 – 2007</b>	<b>Keuco</b> Head of Sales & Marketing
<b>1994 – 2002</b>	<b>Hewi Heinrich Wilke</b> Head of Department barrier-free living
<b>1990 – 1994</b>	<b>B. Braun Melsungen</b> Product Management

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# HVAC Division

## Starting point 2020

**9**  
**factories**

# of state of the art  
factories

*Located in 8 European  
countries BE, NL, DE,  
RU, CZ, PL, RS, IT*

**CHF**  
**529 M**

Net revenues  
(2020)

*Following a multi-  
brand and -channel  
strategy*

**+9%**

Net revenue CAGR  
(2017-2020)

*Based on product  
innovations, market  
penetration and  
acquisitions*

**CHF**  
**60 M**

EBITDA  
(2020) <sup>1</sup>

*At stable 11.3%  
EBITDA margin*

**Integrated system supplier for indoor climate solutions**

<sup>1</sup> Excluding one-time effects

# HVAC Division

## Proximity to our European customers



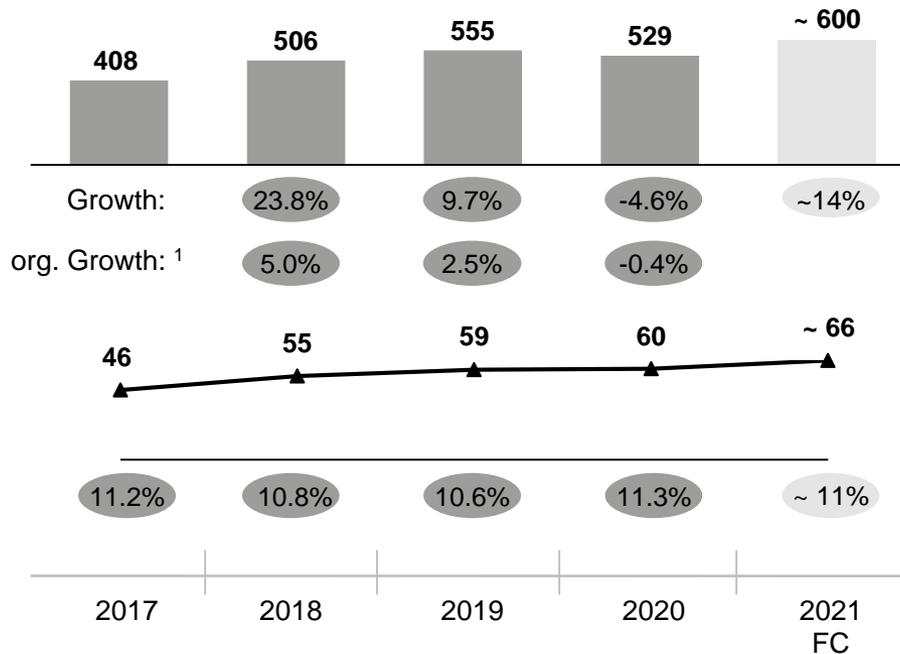
# HVAC Division

## Continuing growth in revenues and profitability

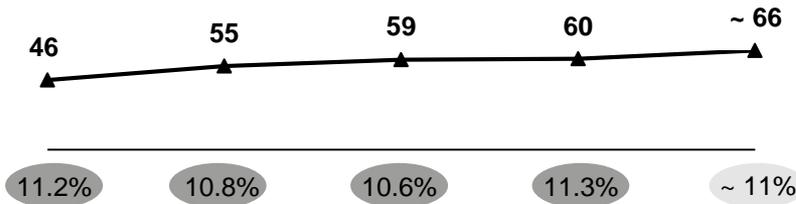
### Milestones

- Vasco Group June
- Tecna (ES) September
- Cicsa (ES) April
- Termovent (RS) July

### Net revenues (in CHF M)



### EBITDA <sup>2</sup> (in CHF M; % margin)



### Ambition 2026

Net revenues:  
> CHF 800 M

EBITDA:  
> CHF 100 M

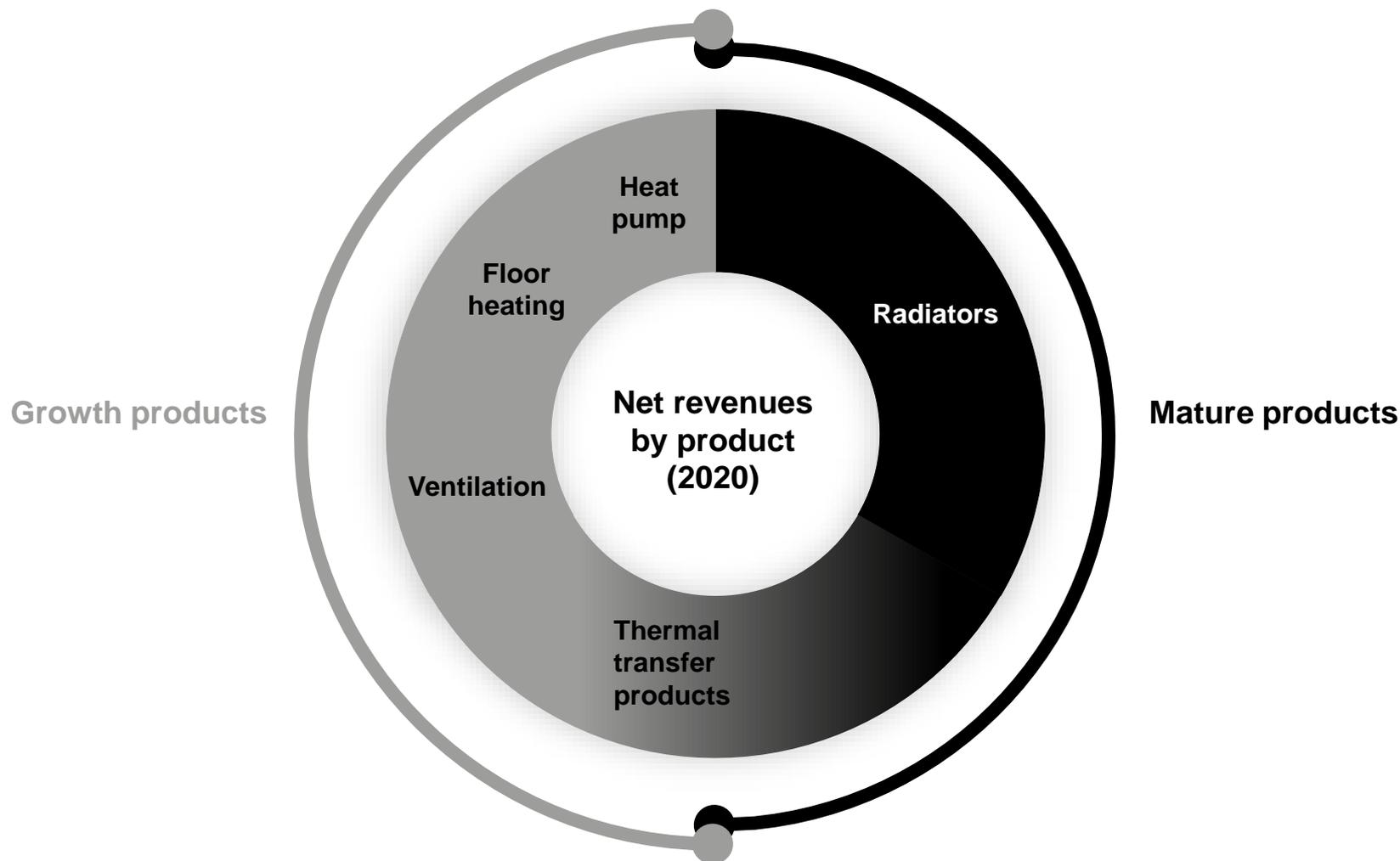
EBITDA margin:  
> 12.5%

Backed by various projects for revenue growth and profitability

<sup>1</sup> Adjusted for currency and acquisition effects | <sup>2</sup> Excluding one-time effects

# Revenue split today

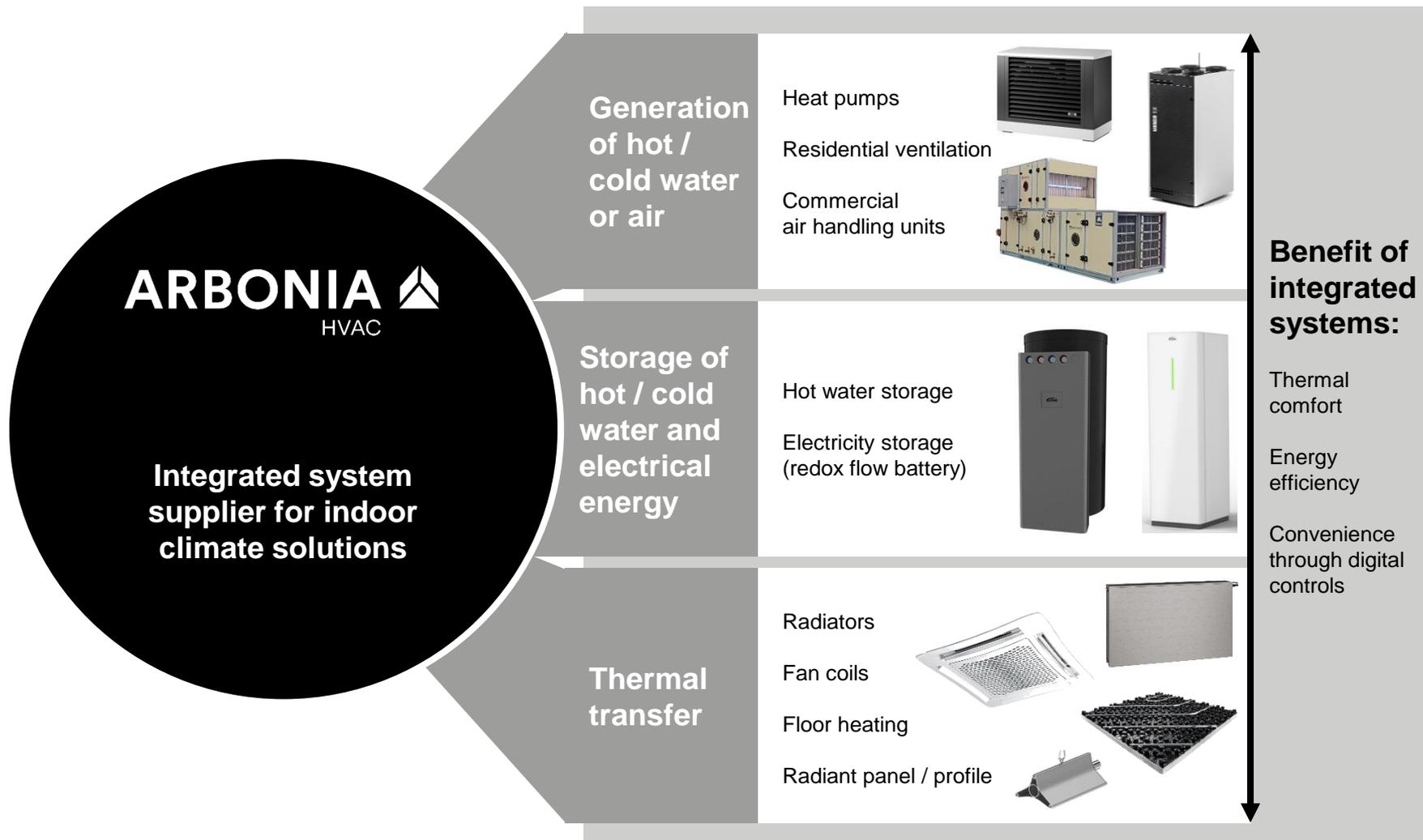
## Balance between growth and mature products



Growth products: Heat pump, ventilation, air handling, fan coils, underfloor heating, design radiators; Mature products: Steel panel radiators and other radiators

# Strategy for our portfolio

## A comprehensive, integrated product range



# Mega trends

Supporting our growth ambition



## Mega trends



### Decarbonisation

- Energy saving
- Renewables
- Sector coupling



### Healthy indoor climate

- Air purity and quality
- Regulation of temperature
- Adjustment of humidity



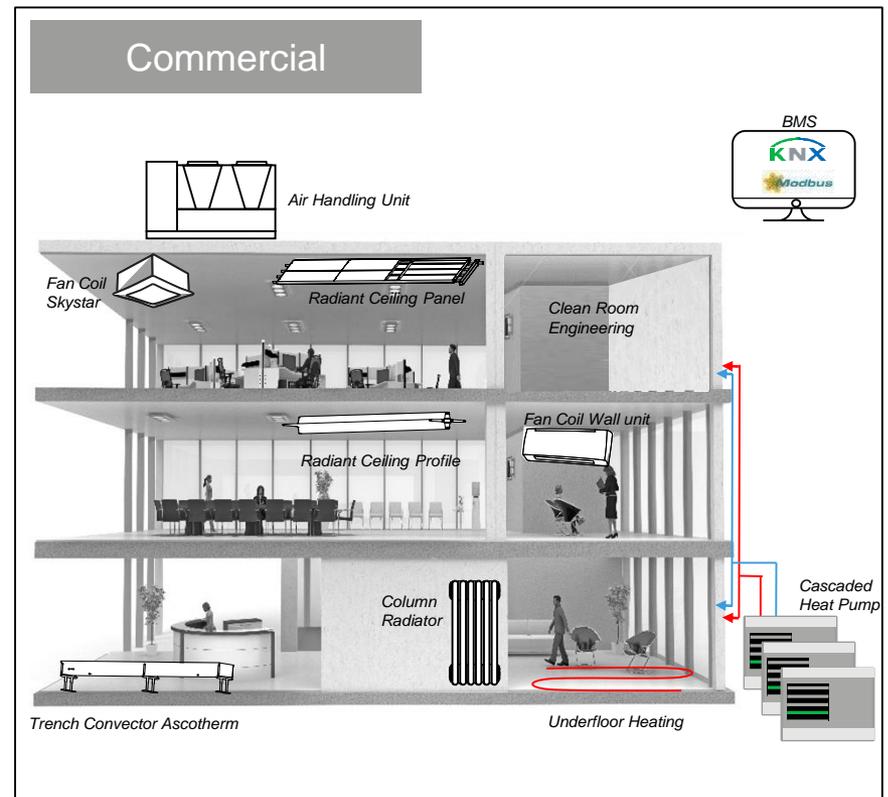
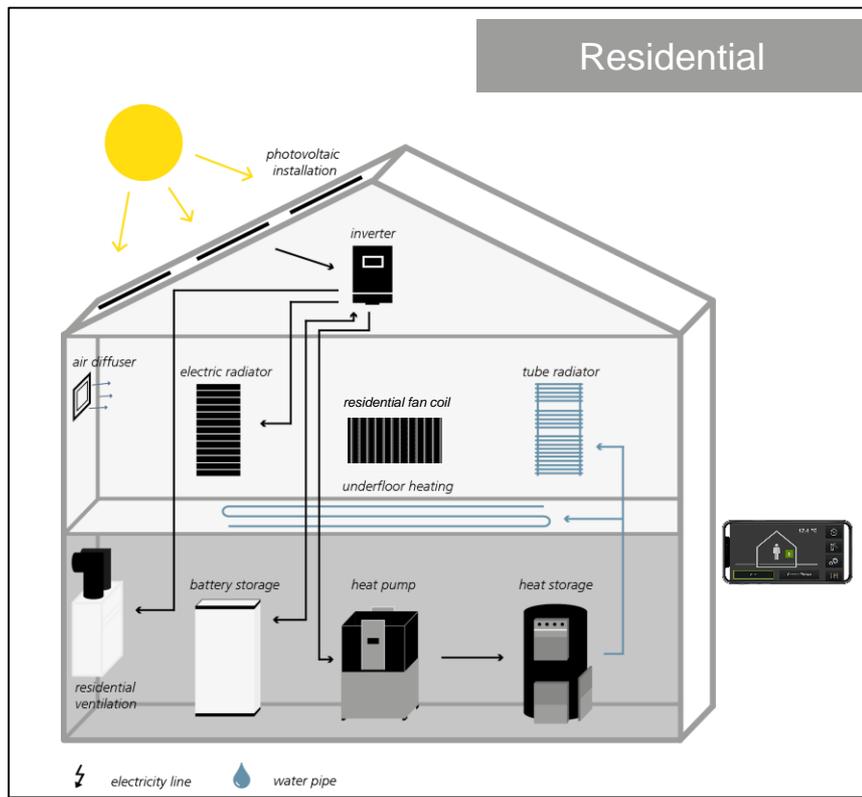
### Digitalisation

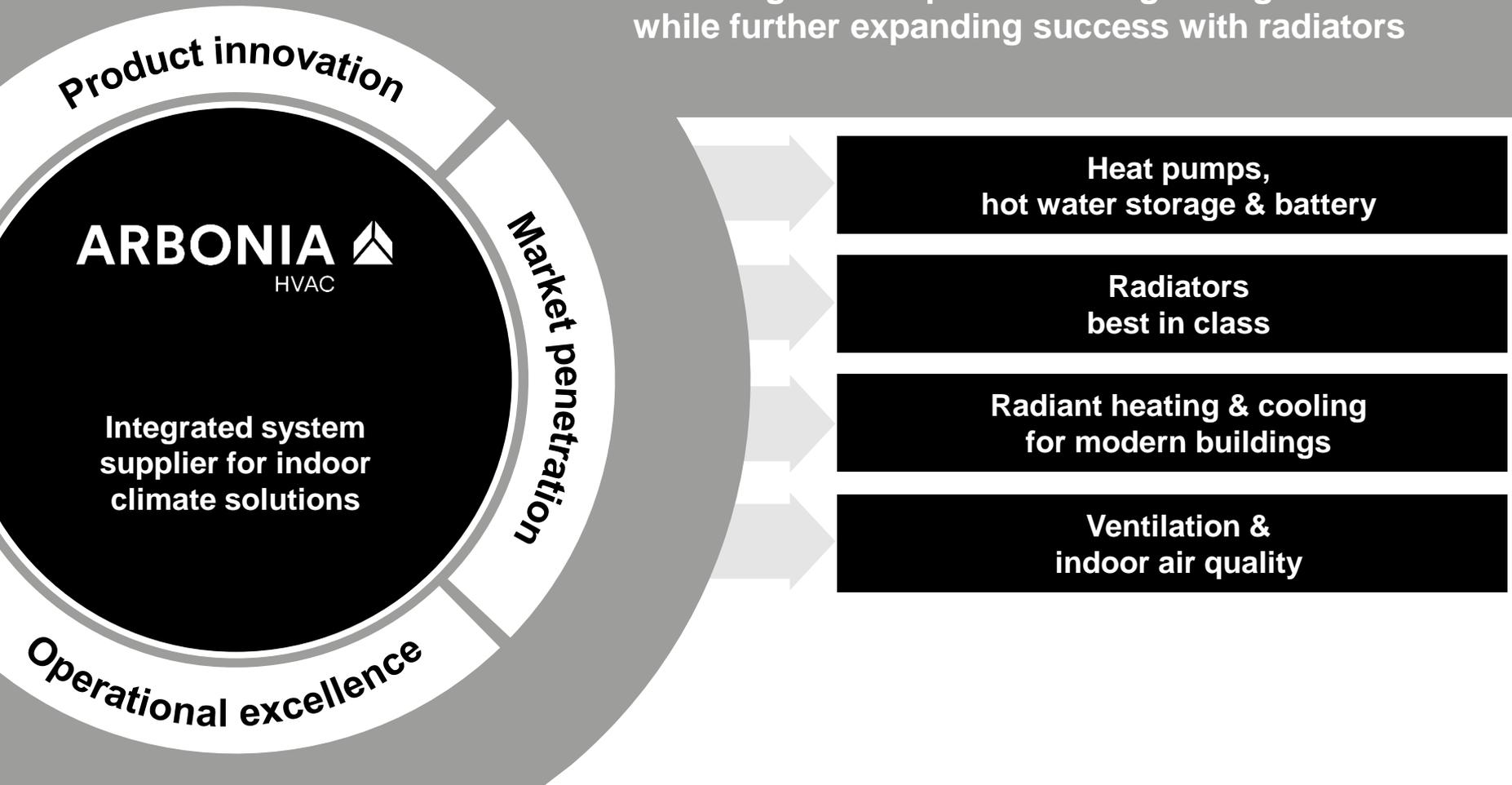
- Products → Connectivity
- Operations → Industry 4.0
- Sales → Multi channel

# Comprehensive product range

## Serving all types of buildings

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

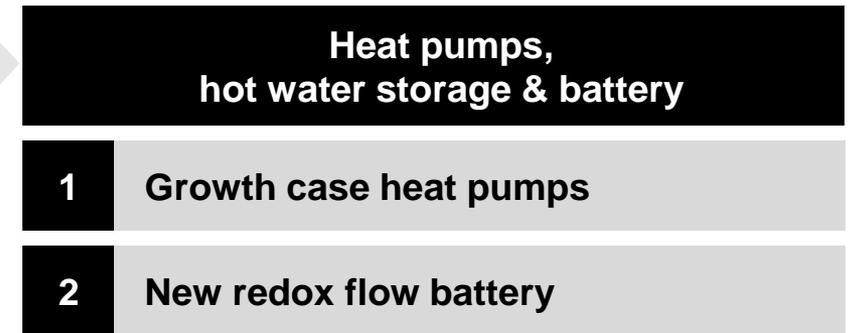




Focusing on new products for growing markets  
while further expanding success with radiators



Focusing on new products for growing markets  
while further expanding success with radiators



# Growth case heat pumps

## Significantly expanding capacity

### Ambition

- Significant growth acceleration over the coming years
- Benefiting from expansion of yearly production in a new heat pump factory CZ with up to 20'000 units p.a.
- Increase in profitability through scale in production and go-to-market with a comprehensive offering
- Doubling man power in R&D for heat pumps

### Operations

- New heat pump factory CZ with capacity of up to 20'000 heat pumps



### Market / Sales



### Product innovation



# New redox flow battery

## Breakthrough technology for energy storage

### Ambition

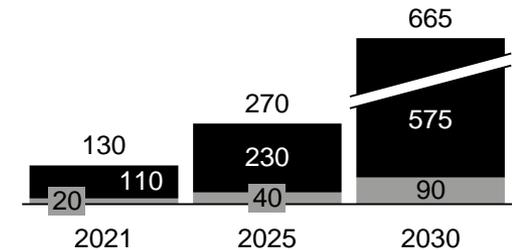
- Redox flow as advanced battery: superior performance combined with ecological advantages
- Enabling a high degree of energy self-supply for home owners - a rapidly growing market
- Market launch planned for mid 2022

### Market

Annual battery additions (in thousands)



Base (2020):  
2 M existing  
PV systems  
gradually  
loosing fixed  
feed-in fee



■ Part of new PV systems ■ Upgrade of existing PV systems

### USP: sustainability & performance

- Ecological advantages (no Lithium)
- Not flammable
- (Very) limited performance loss in recharging (up to 30 years lifetime and 10'000 cycles)
- Not suitable for automotive, given size and weight



### Research network

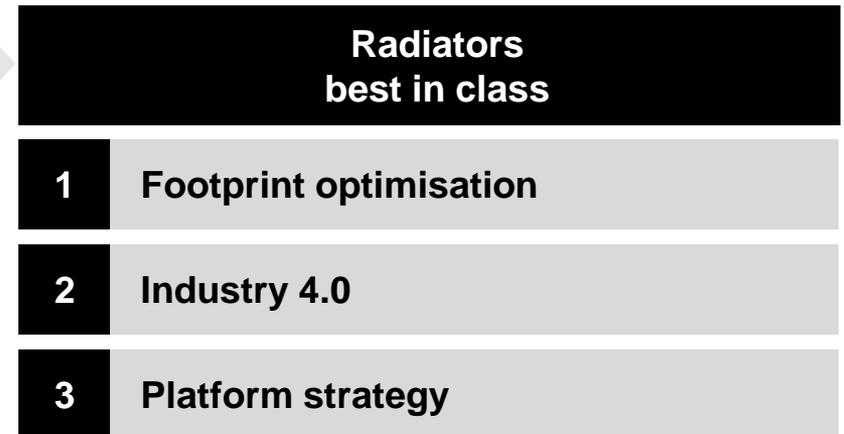
- Result of fundamental research together with Volterion – a spin-off of the Fraunhofer Institut



- Well established redox flow technology now applied to residential use
- Assessment of partial IP protection in progress



Focusing on new products for growing markets  
while further expanding success with radiators



# Radiators – Footprint optimisation

## Strengthening our presence in Russia

### Ambition

- Expanding steel panel radiator presence in Russia to serve strong local demand
- With a newly added second welding line, increasing annual capacity to up to 700'000 steel panel radiators
- Expansion of the product portfolio (premium and mid segment)

### Impression

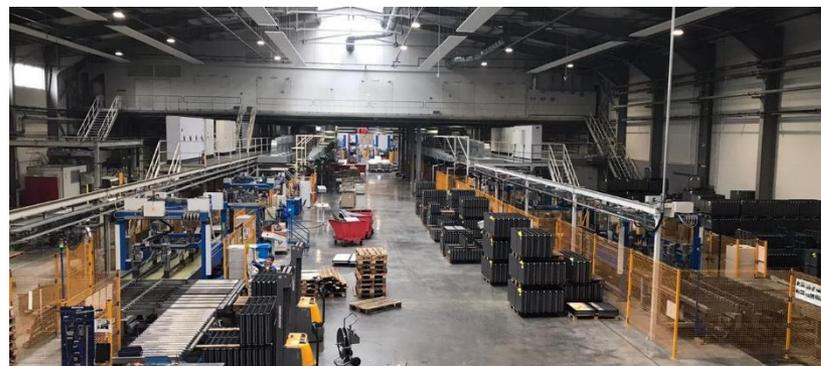


New factory in Stupino (RU)

### Opportunities

- Economies of scale
- Benefiting from a solid underlying market
- Meeting demand across both new construction and renovation
- Offering steel panel radiators with a different thickness as high quality alternative to aluminium
- Export potential to (former) CIS member states

### Impression



Two welding lines in operation

# Radiators – Industry 4.0

## State of the art production sites

### Example 1

- Modernisation and automation of steel panel radiator production in our factory in Plattling (DE)
- Achieving full automation in steel welding leading to quality improvements and material savings
- Part of continuous cost enhancement efforts along all production steps, from material inflow to distribution

### New automated welding lines



### Example 2

- Modernisation of column radiator production in our factory in Stribro (CZ)
- Ensuring cost discipline in production

### New column radiator line



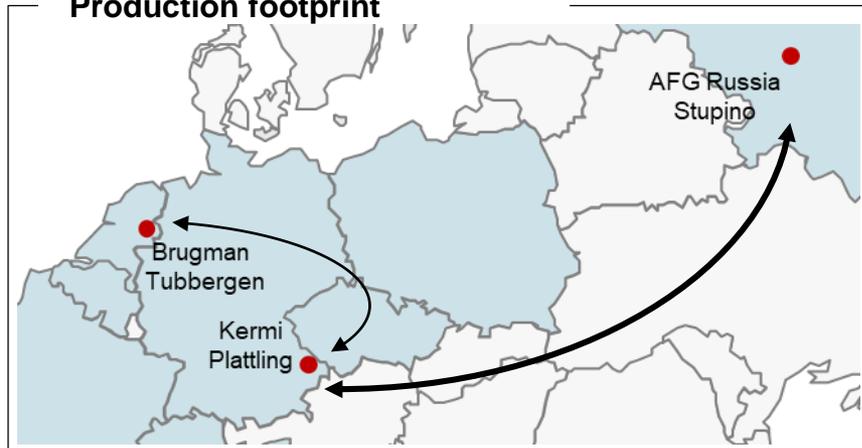
# Radiators – Platform strategy

## Cost advantages through complexity reduction

### Example: steel panel radiators

- Steel panel radiator platform across HVAC Division, e. g. harmonisation between Plattling (DE) and Stupino (RU)
- Increased flexibility in production, warehousing and distribution
- Secure material supply
- Simultaneous material cost savings

### Production footprint



### Example: Towel rail radiators



Brand differentiation, one-piece production, production on demand, design variability

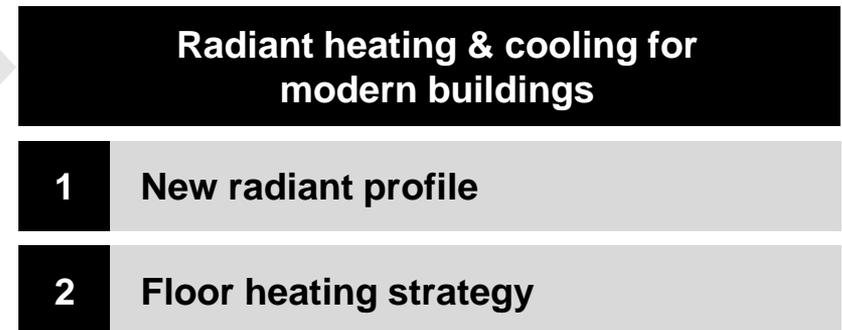


### Innovation





Focusing on new products for growing markets  
while further expanding success with radiators



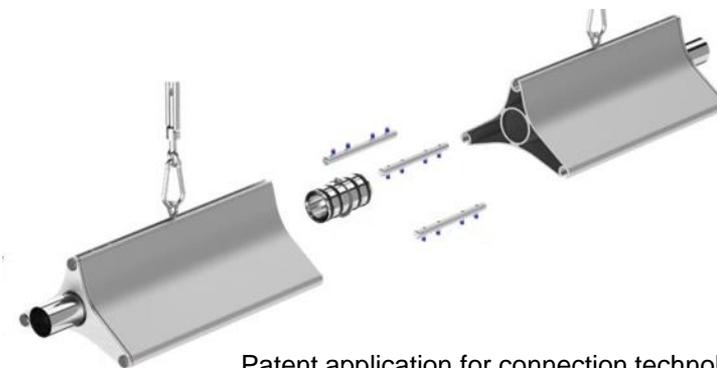
# New radiant profile & floor heating strategy

## Continuous enhancement of our offering

### New radiant profile

- Stand-alone solution for radiant heating and cooling for commercial buildings and industrial application
- Easy installation, high-class design

### Product innovation



### Floor heating strategy

Gradual insourcing of tubes production into our factory while increasing our margin

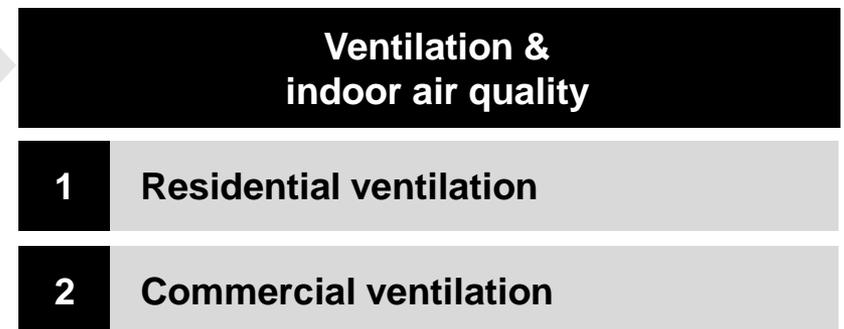
- 1<sup>st</sup> New PERT 5 Extrusion Line (2021) ✓
- 2<sup>nd</sup> New PERT 5 Extrusion Line (2023)
- 3<sup>rd</sup> New PERT 5 Extrusion Line (2025)

### Operations in Dilsen (BE)



PERT: Polyethylen Raised Temperature

Focusing on new products for growing markets  
while further expanding success with radiators



# Residential ventilation

## Targeting growth with new products

### Summary

- Growth with already existing and with new in-house developed products for residential ventilation
  - Doubling of sales by 2026
  - Increasing profitability through volume effect

### Product innovation

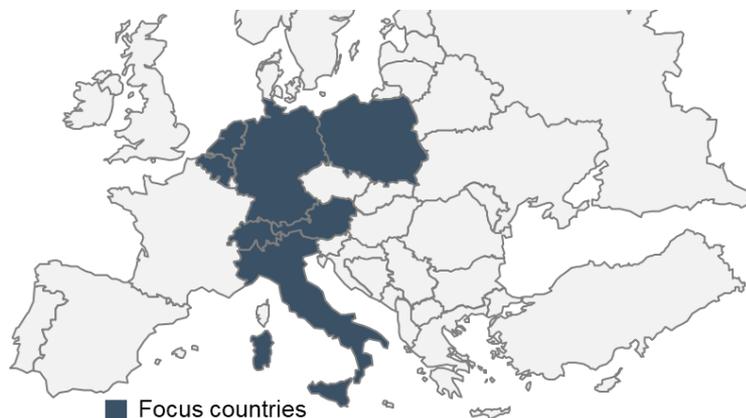


DACH platform



BENELUX platform

### Market and sales



### Product innovation

- Increase competitiveness for narrow spaces
- Common HVAC Division platform concept
- Increasing market needs for individual homes with limited space in urban areas



# Commercial ventilation

## Growing our product portfolio and capacities

### Insourcing air handling units

- Significant growth of Sabiana air handling unit business by expansion of our production capacity with a new production space of 8'000 m<sup>2</sup>

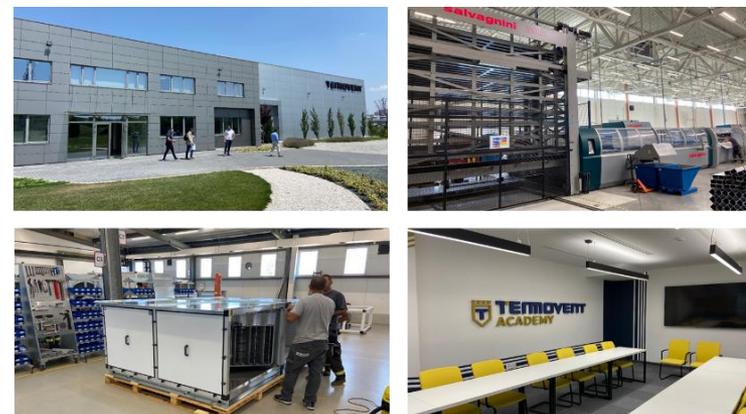
### New factory: Sabiana 4 (IT)



### Acquisition of Tervovent

- Offering both commercial air handling solutions and engineering services (esp. clean room)
- State of the art factory with very competitive labor costs in East Serbia
- Strong track record, especially in pharma (clean rooms), with potential across other industries (e.g. semiconductor, food & beverages)

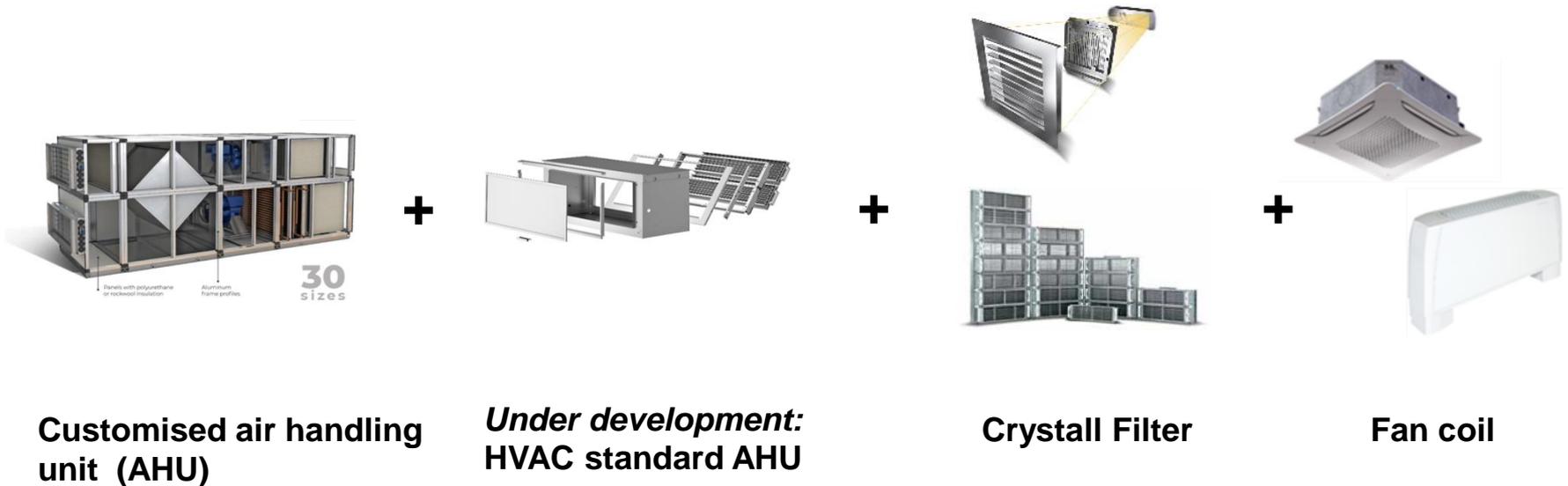
### Modern factory in Kladovo (RS)



# Commercial ventilation

## Integrating components into a commercial system

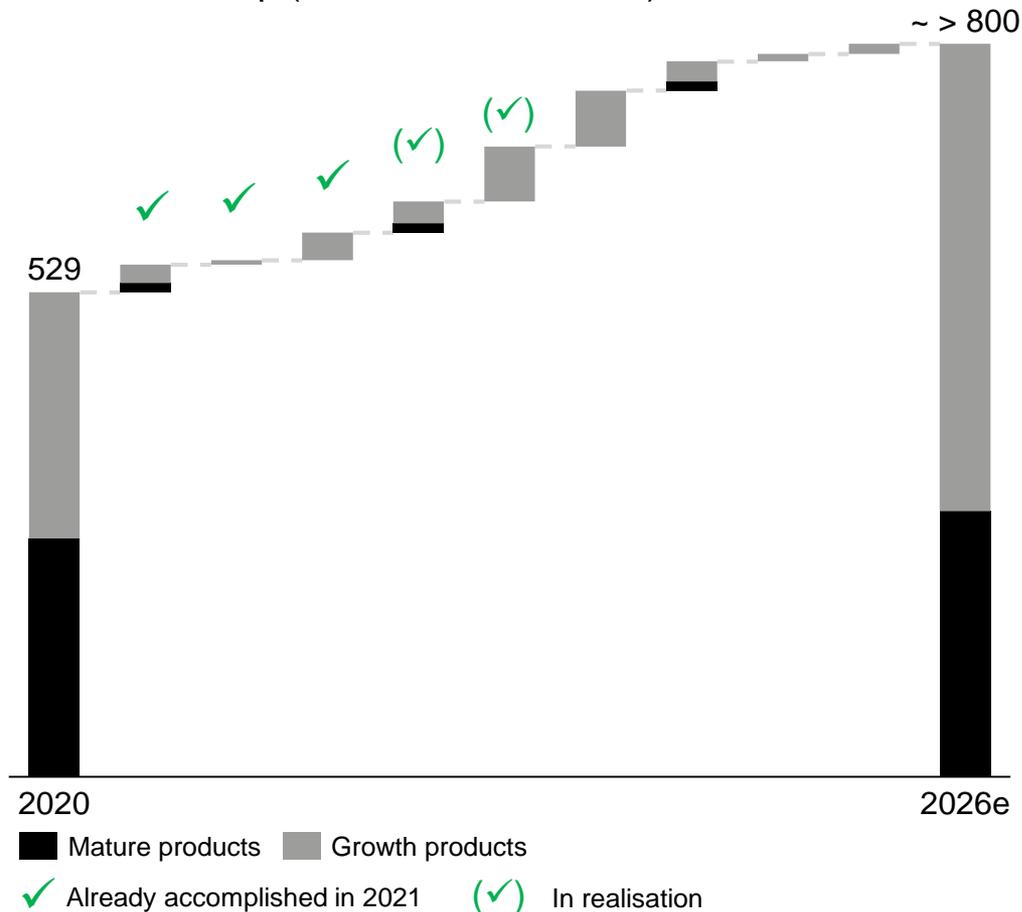
### From components to a comprehensive commercial air treatment system



# HVAC growth and profitability roadmap

Based on clearly defined and monitored initiatives

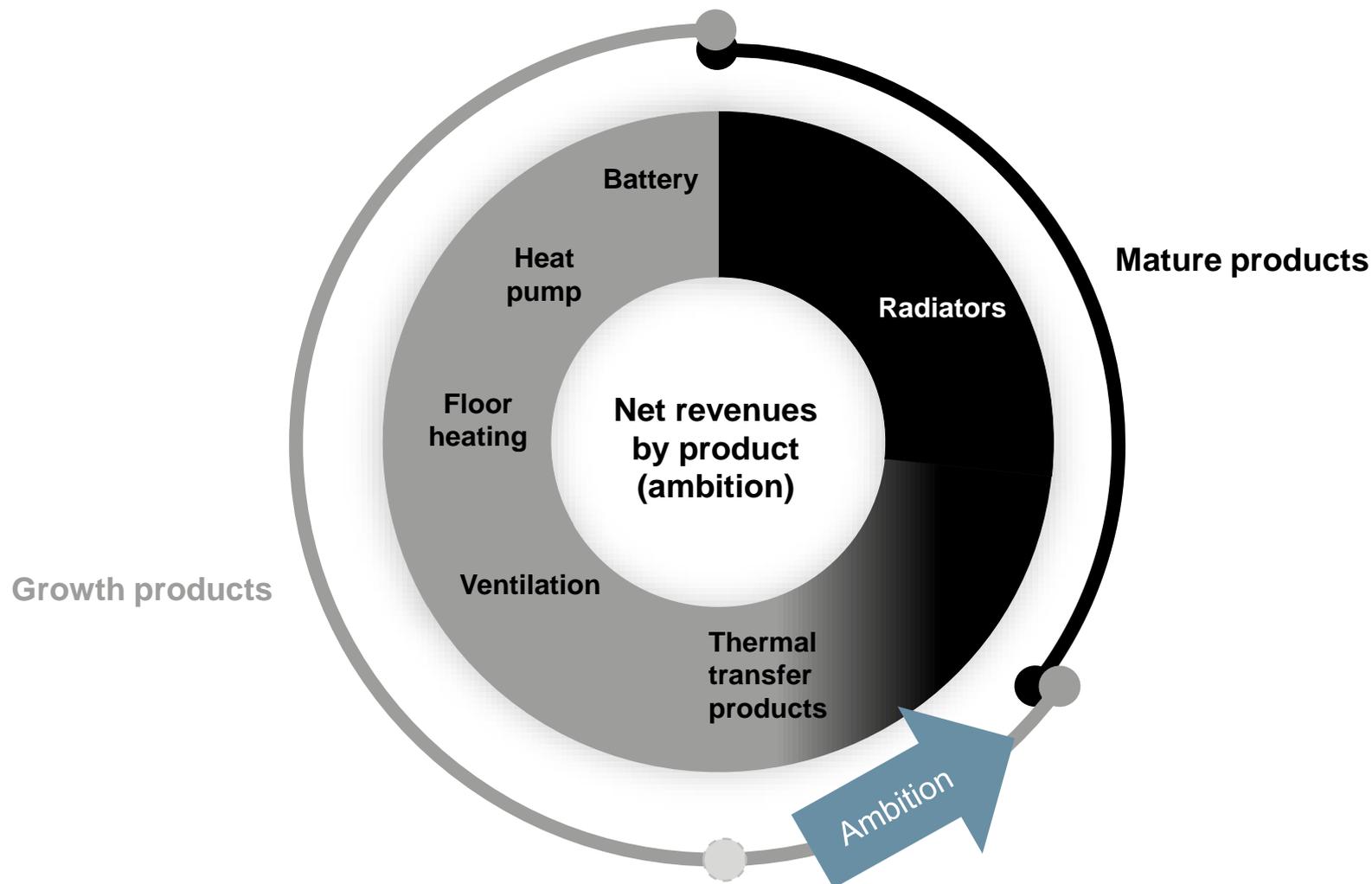
Net revenue roadmap (in CHF M, illustrative)



- Clear business case for each growth initiative
- Stringent project management for execution according to planned milestones
- Good progress already made in 2021, first projects completed

# Roadmap with focus on growth products

Ambition 2026: 2/3 net revenues with growth products



Growth products: Battery, heat pump, ventilation, air handling, fan coils, underfloor heating, design radiators; Mature products: Steel panel radiators and other radiators

**ARBONIA**   
HVAC

**Integrated system  
supplier for indoor  
climate solutions**

- ▶ Net revenue ambition 2026:  
**> CHF 800 M**
- ▶ EBITDA ambition 2026:  
**> CHF 100 M**
- ▶ EBITDA margin 2026  
**> 12.5%**
- ▶ **Backed by various projects for  
revenue growth and profitability**

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# Doors Division

## Starting point 2020

**2.5 M**

# of wooden doors <sup>1,2</sup>  
sold (2020)

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

**CHF  
364 M**

Net revenues  
(2020) <sup>1</sup>

*CHF 509 M combined,  
whereof CHF 364 M from  
Wood Solutions and  
CHF 145 M from  
Glass Solutions*

**CHF  
49 M**

EBITDA (2020) <sup>1,3</sup>

*CHF 66 M combined,  
whereof CHF 49 M from  
Wood Solutions and  
CHF 17 M from  
Glass Solutions*

**+280 bps**

2017-2020  
EBITDA margin <sup>1,3</sup>

*Cost structure and  
productivity gains  
provided platform for  
profitable growth*

**Arbonia Doors reflects an excellent platform for future profitable growth**

<sup>1</sup> Without Glass Solutions (integrated as of 1 July 2021) | <sup>2</sup> Following acquisition of Looser 2.0 M doors in 2016 | <sup>3</sup> EBITDA excluding one-time effects

# Doors Division

## Investments as basis for past and future disproportionate profitable growth

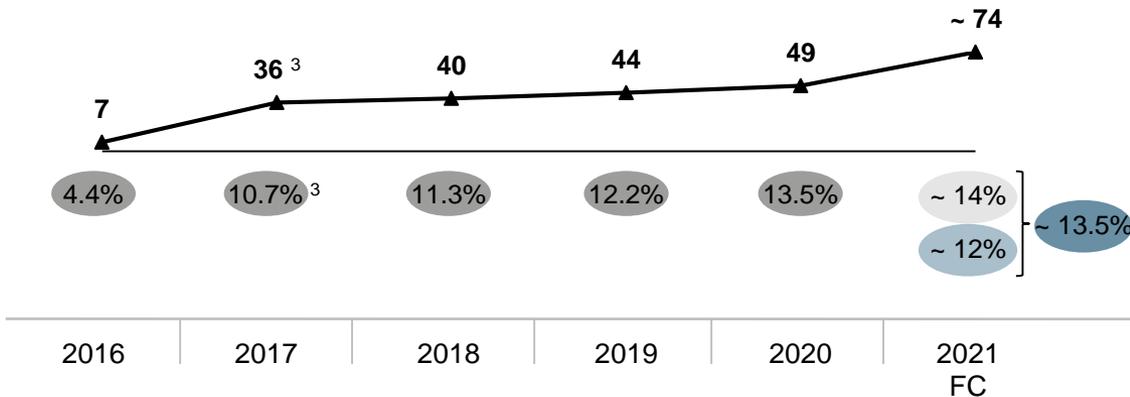
### Milestones

Acquisition of Looser (Closing Dec. 2016)    Profile Systems disposed H2 2017    Prüm, Garant, Invado fully integrated    Capacity expansion started to enable growth    Beginning ERP harmonisation    - Integration of Glass Solutions  
- Acquisition of GVG

### Net revenues (in CHF M)



### EBITDA<sup>2</sup> (in CHF M)



### Ambition 2026

**Net revenues:**  
> CHF 725 M

**EBITDA:**  
> CHF 110 M

**EBITDA margin:**  
> 15.0 %

Backed by various projects for revenues growth and profitability

<sup>1</sup> Adjusted for currency and acquisition effects | <sup>2</sup> Excluding one-time effects  
<sup>3</sup> Excluding Profile Systems

 Profile Systems     Glass Solutions     Wood Solutions     Doors Division

# Doors Division Highlights



	<b>Market leadership</b> in Central Europe for door solutions out of wood and glass with revenue potential > CHF 725 M in 2026	1
	<b>Positive market prospects</b> for housing construction driven by urbanisation and continuously growing number of buildings for renovation business	2
	<b>Addressing the mega trends</b> urbanisation, demographic change, digitisation/automation and sustainability	3
	<b>Platform for growth</b> in attractive DACH markets and expansion of market shares in growing Eastern European markets	4
	<b>Digital outrider</b> through most modern IT systems, digitisation of business models and processes, 25% stake at PropTech KIWI	5
	<b>Cost leadership</b> through well-invested, highly automated production facilities, CI, vertical integration and leading production footprint	6
	<b>Active market consolidation</b> to address new markets, increase market shares and expand the product portfolio	7
	<b>Experienced management team</b> with high market reputation and commitment to Arbonia Doors attracting best employees in the market	8
	<b>Building a Tier 1 building component supplier</b> with attractive financial profile	9

# 1 Market leadership in Central Europe

## Wood Solutions Business Unit

### Production footprint



Türen die zu Ihnen passen

- Weinsheim (DE), 750 FTE
- ~ 1 M doors/year





Türen für Ihr Zuhause

- Ichtershausen (DE), 550 FTE
- ~ 0.8 M doors/year





Objektüren nach Mass Holzsysteme

- Roggwil (CH), 180 FTE
- Leutershausen (DE), 25 FTE
- ~ 0.1 M doors/year

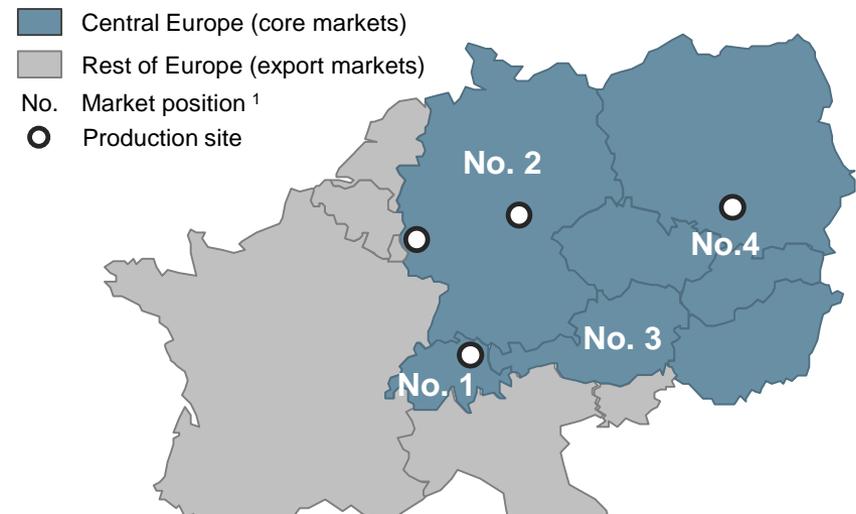




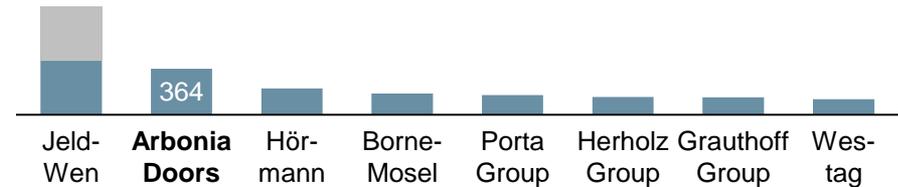
- Dzielna (PL), 550 FTE
- ~ 0.7 M doors/year



### Geographical focus



Revenues 2020 (in CHF M) with interior wooden doors in Europe <sup>1</sup>



**Ambition: Market leadership in Central Europe**

<sup>1</sup> Based on annual reports, market studies and Arbonia research

# 1 Market leadership in Central Europe

## Glass Solutions Business Unit

### Production footprint

**KERMI**

- Plattling (DE), 675 FTE
- 25'000m<sup>2</sup> production plant
- Local sales companies in Poland, Czech Republic, Russia and China



**Koralle Baduscho**

- Dagmersellen (CH), 115 FTE
- 2'000m<sup>2</sup> local assembly
- Vlotho (DE), 26 FTE
- Margarethen am Moos (AT), 18 FTE

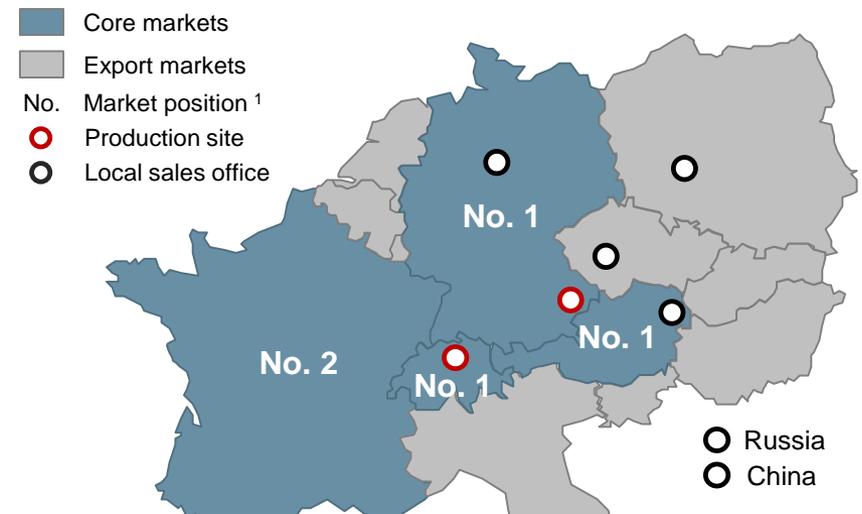


**GLASSOLUTIONS** GVG DEGGENDORF SAINT-GOBAIN

- Deggendorf (DE), 150 FTE
- 15'000m<sup>2</sup> production plant
- ESG/VSG component supplier (50% of revenues with Kermi/Koralle)



### Geographical focus



Revenues 2020 (in CHF M) with shower enclosures in Europe <sup>1</sup>



**Market leadership in Central Europe achieved with Koralle acquisition in 2016; fully integrated with acquisition of GVG**

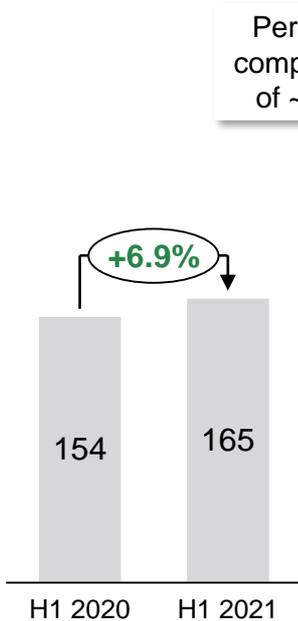
<sup>1</sup> Based on market reports and Arbonia research  
ESG: Einscheibensicherheitsglas (single-pane safety glass); VSG: Verbundsicherheitsglas (laminated safety glass)

## 2 Positive market prospects

### Germany: residential construction

#### Building permits

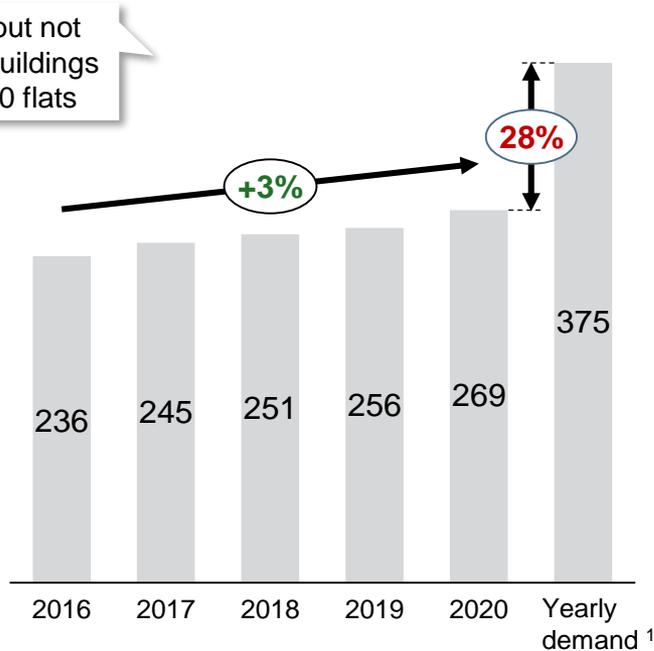
Number of flats (in thousands)



Permitted but not completed buildings of ~700'000 flats

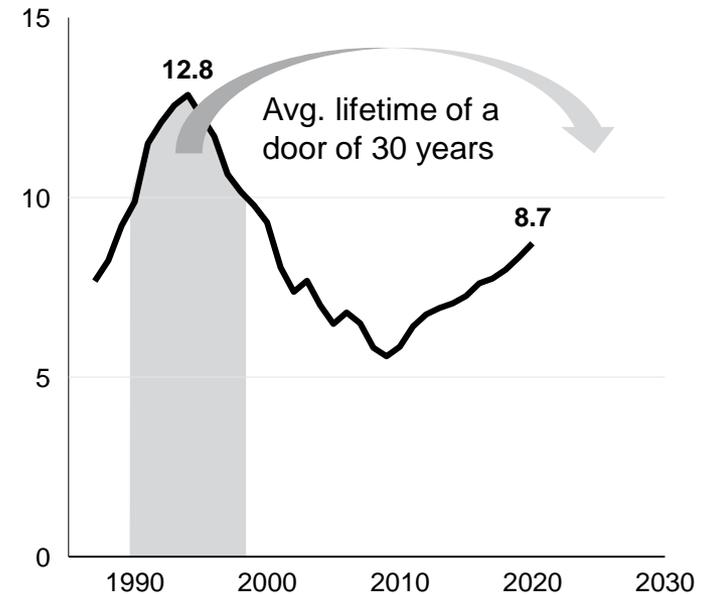
#### Building completions

Number of flats (in thousands)



#### Potential for renovation

Number of doors sold in Germany (in M)



**Positive market prospects from new buildings as well as renovation**

<sup>1</sup> According to federal government

Sources: Statistisches Bundesamt – Destatis (flats in new construction), B+L market studies

# 3 Addressing the mega trends

## Residential construction trends

### Supporting mega trends



#### New ways of living

- Urbanisation
- Home office
- Rising number of single households
- Serviced apartments in high demand



#### Digitisation

- Digital planning (BIM)
- Usage of sensors in building components
- New PropTech solutions
- Smart Building share still < 10% for new buildings



#### Sustainability

- Climate change plan 2050:
  - Energy efficiency
  - Renewable energy
  - Sustainable building materials (e.g. wood)
- ESG targets of clients



#### Demographic change

- Ageing society
- Lack of barrier-free flats (in DE lack of 2 M units)
- Increasing relevance of healthcare real estate

### Implications for Arbonia Doors

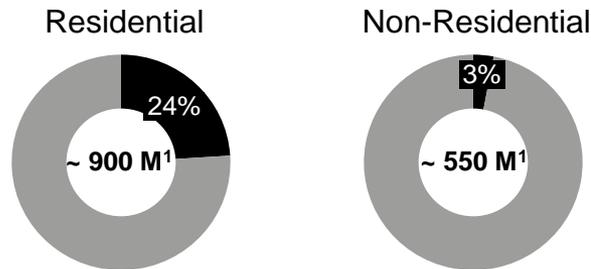
- Focus on housing companies and serviced apartment chains
- Digital, flexible access for residential (KIWI)
- Digitisation of products (SmartDOORS), processes and business models (e-commerce)
- Build-up of BIM library
- Definition and realisation of sustainability targets
- CO<sub>2</sub> free production and products
- Focus of sales activates on healthcare
- Digital access solution for nursing services (KIWI)

# 4 Platform for growth

## Selected opportunities

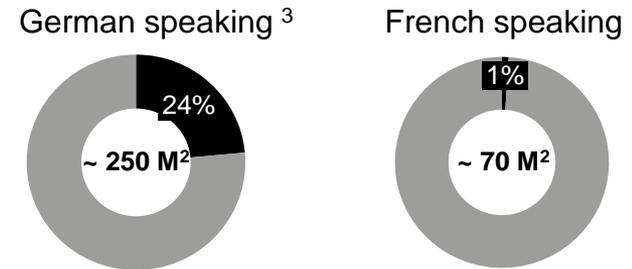
### Selected growth potentials

#### Germany: Build-up of non-residential



- Investments in machinery to produce technical doors
- Set-up of dedicated non-residential sales team

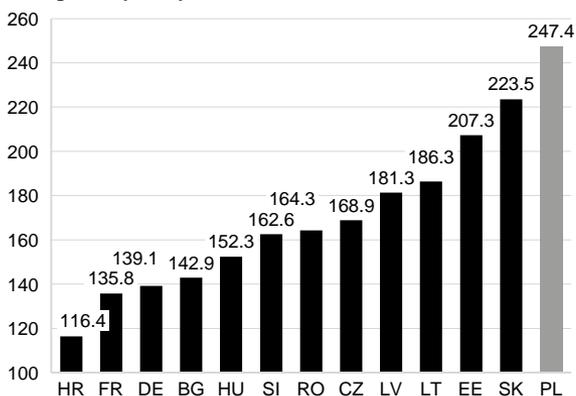
#### Switzerland: Increase market shares in W-CH



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

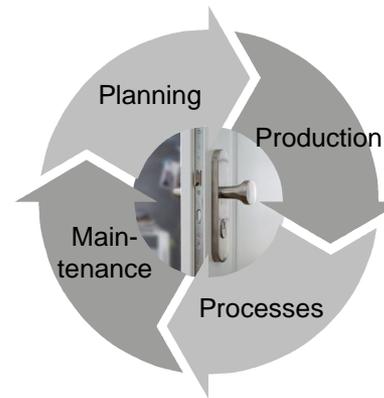
#### Eastern Europe: Growing markets

GDP growth per capita, 1990 – 2018, 1989 = 100



- Fast growing market in CEE
- Growing middle class, esp. in PL
- Increasing demand for quality products

#### 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 Market size for interior wooden doors in CHF M based on Arbonia research

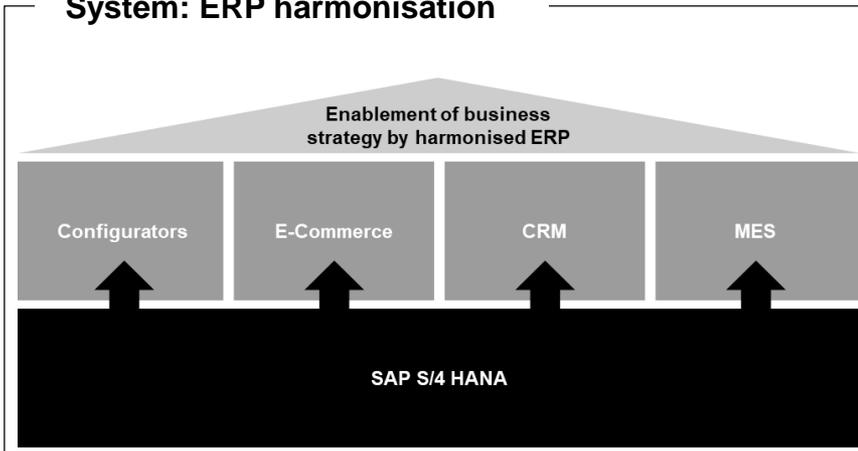
3 Including Italian speaking | 4 Source: Wirtschaft und Finanzen: Das Wunder an der Weichsel (2019)

# 5 Digital outrider

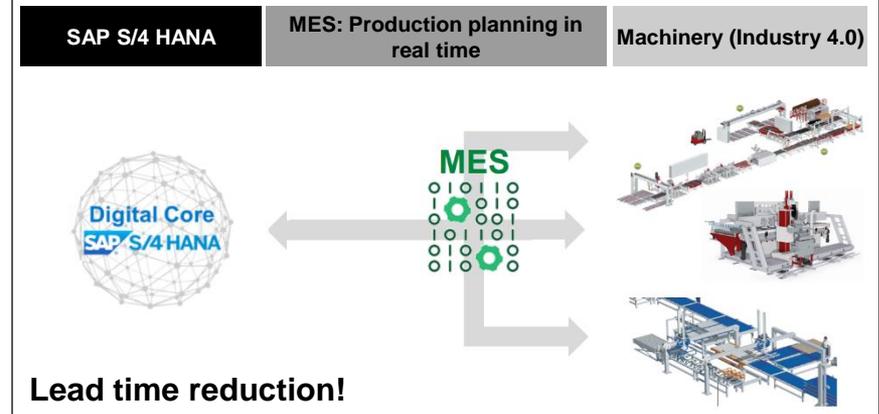
## Selected initiatives

### Selected digital initiatives

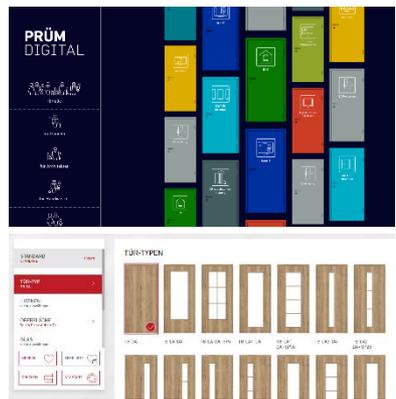
#### System: ERP harmonisation



#### 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

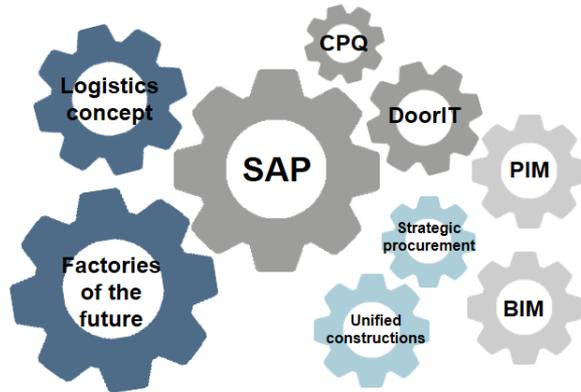
- 25% stake at KIWI, the market leader for digital access in residential
- SmartDOORS with integration of KIWI sensor

# 6 Cost leadership

## Selected initiatives

### Selected cost leadership initiatives

#### Arbonia Doors Platform



#### New frame production site at Prüm

- Economies of scale: capacity increase of 40%
- Start of production: H2 2022



#### 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 (SOP 2023)
- Lamination of doors (SOP 2023)
- Power and heat generation at Prüm (SOP 2023) towards climate neutral production

#### New door production site at Invado

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



SOP: Start of Production

**ARBONIA**   
Doors

**Expanding the leading  
position in Wood and  
Glass Solutions  
in Central Europe**

- ▶ Net revenue ambition 2026:  
**> CHF 725 M**
- ▶ EBITDA ambition 2026:  
**> CHF 110 M**
- ▶ EBITDA Margin 2026  
**> 15.0 %**
- ▶ **Backed by various projects for  
revenue growth and profitability**

**1. Introductory remarks**

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**5. Q&A session**

## Summary of our pathway towards 2026

Lean **corporate centre**, allocating and managing capital, steering ESG and serving as centre of excellence for key functions, such as finance, accounting, IT, tax, legal, M&A

### HVAC

### Doors

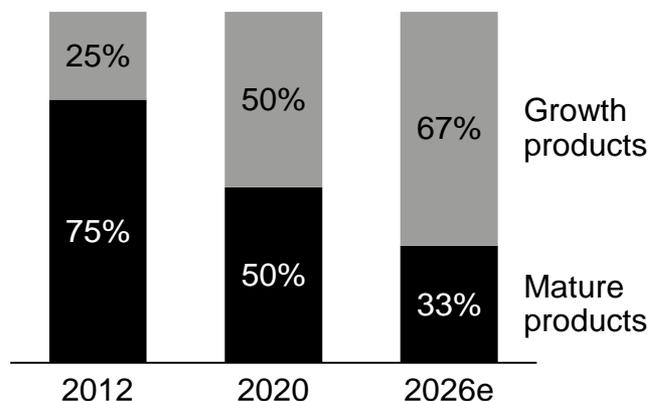
<b>Positioning</b>	<ul style="list-style-type: none"> <li>- <b>Integrated system supplier for indoor climate solutions</b></li> </ul>	<ul style="list-style-type: none"> <li>- Expanding the <b>leading position in Wood and Glass Solutions</b> in Central Europe</li> </ul>
<b>Growth</b>	<ul style="list-style-type: none"> <li>- <b>Growth to &gt; CHF 800 M</b>, supported by energy modernisation and efficiency</li> <li>- <b>Selective M&amp;A</b> to accelerate path to full system provider</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Growth to &gt; CHF 725 M</b>, supported by renovation cycle</li> <li>- <b>Selective M&amp;A</b> to drive consolidation in key markets and to extend geographical reach</li> </ul>
<b>Profitability</b>	<ul style="list-style-type: none"> <li>- Gradual <b>EBITDA margin increase to &gt; 12.5%</b> (2020: 11.3%)</li> </ul>	<ul style="list-style-type: none"> <li>- Gradual <b>EBITDA margin increase to &gt; 15.0%</b> (2020: 13.5%)</li> </ul>
<b>Focus topics</b>	<ul style="list-style-type: none"> <li>- <b>Product innovation</b>, e.g. battery, clean rooms, ventilation</li> <li>- Enhancement and optimisation of <b>best in class operations</b></li> <li>- Ensuring <b>services</b> for increasingly technical products</li> </ul>	<ul style="list-style-type: none"> <li>- Completion of <b>major plant modernisations and capacity increase</b> (by 2022/2023)</li> <li>- Streamlining the <b>ERP landscape</b> across entities</li> </ul>

# Group strategy

## Positive prospects to grow profitably

### Aiming for growth...

Example: HVAC sales by product type

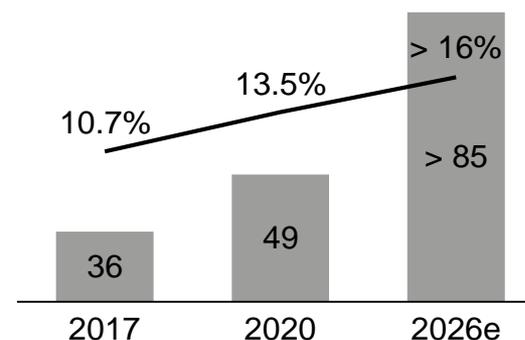


▶ Addressing the market with a comprehensive, growth oriented product portfolio

### ...and profitability

Example: Wood Solutions EBITDA

(in CHF M, margin %)



▶ Sustainable cash generation with a highly productive setup

# Group structure as of 22 April 2022

**Executive Chairman**  
Alexander von Witzleben



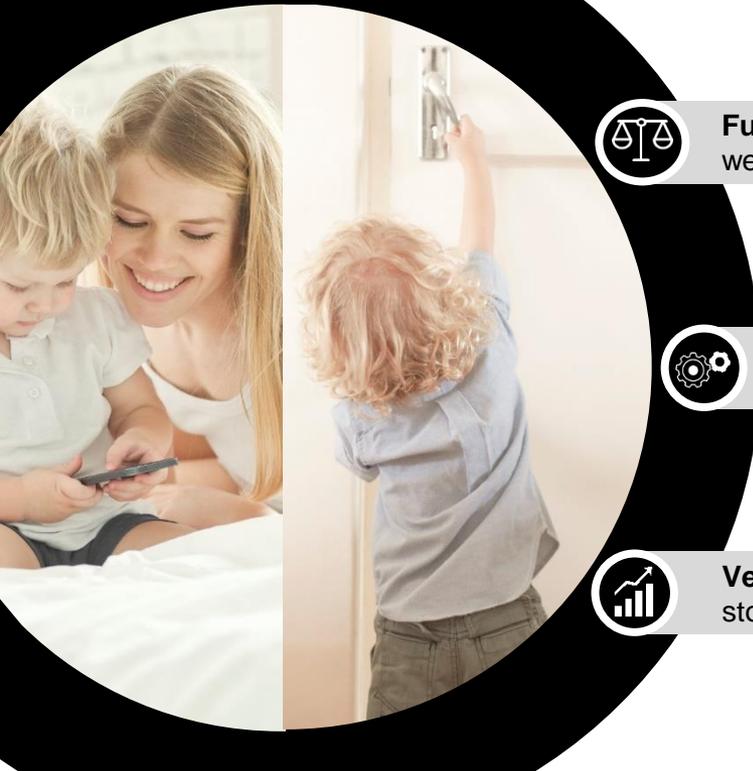
\* Members of Group Management

# Why Arbonia?

## Investment Highlights



**Market leadership** in Central Europe for doors (wood and glass) and steel panel radiators as well as a strong challenger position in fast-growing, sustainable heating & ventilation systems as an integrated systems provider



**Future-oriented product portfolio** with growth products catering to mega trends as well as cash generating mature products



**Cost leadership** through well-invested, highly automated production facilities, vertical integration and leading production footprint



**Very positive market prospects** for housing driven by urbanisation and old building stock, supported by the European Green Deal



**Proven track record** of our highly stock-incentivised management to execute the right investments to raise productivity and profitability – thus generating value for investors

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## Group key performance indicators

### Financial

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

### Pay-out

Annual dividend growth	15% (as of financial year 2022)
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### Innovation

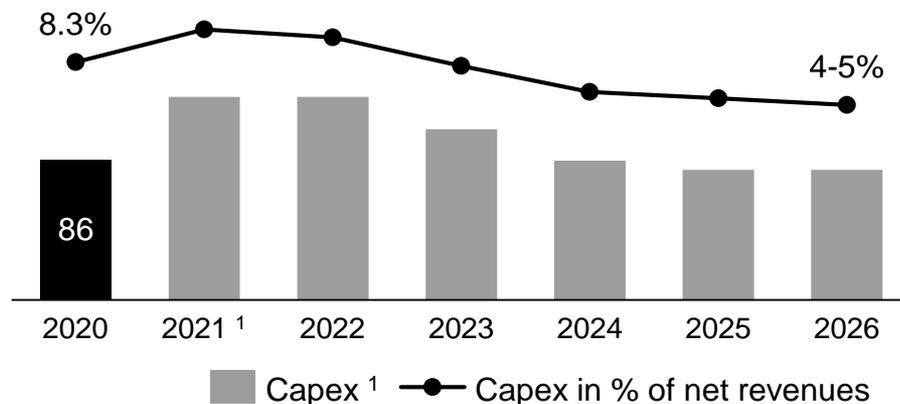
Revenues from new products in % of total revenues (over last three years)	> 20%
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### ESG

CO <sub>2</sub> reduction targets for Scope 1 & 2 based on the <b>Science Based Targets initiative</b>	Communication of targets in Sustainability Report 2021 (March 2022)
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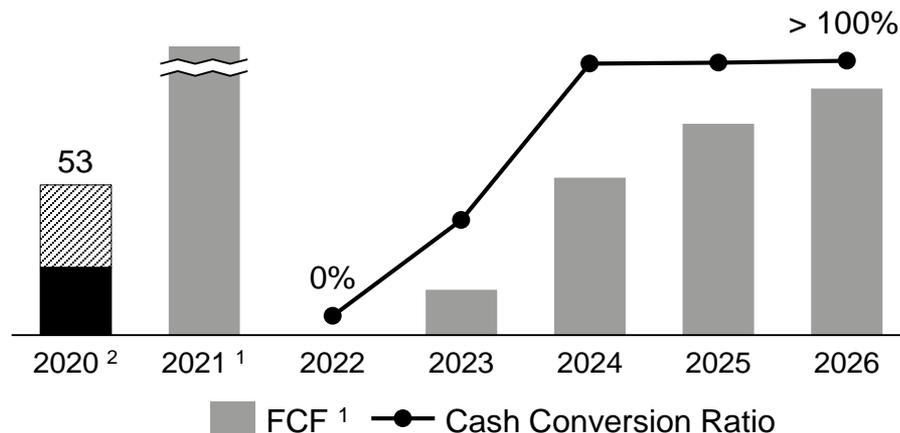
# Sustainable Cash Flow generation

in CHF M (illustrative)



- Accelerated Capex programme leads to Capex ratios of around 10% in 2021 and 2022
- From 2023 onwards gradually declining to 4-5% maintenance and expansion Capex until 2026

in CHF M (illustrative)



- Increased FCF generation will lead to sustainable Cash Conversion Ratio > 100% from 2024 onwards
- From 2024 onwards substantial excess cash after dividend payment for the business year
- As a result further increase of net cash position (excluding M&A)

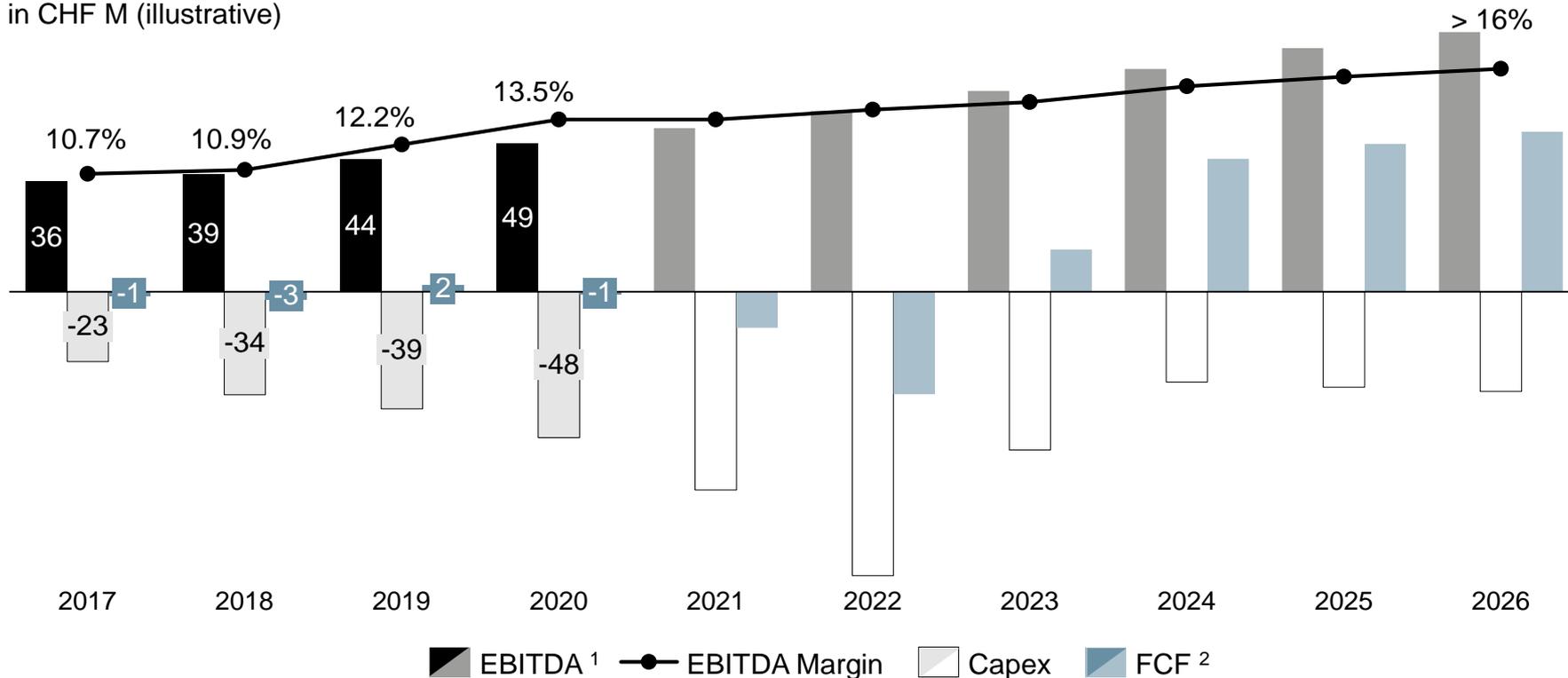
<sup>1</sup> Excluding purchase of Garant factory | <sup>2</sup> Including Windows Division

# Use case: translating Capex into profitability and cash

## ARBONIA

### Capex programme Wood Solutions Business Unit

in CHF M (illustrative)



- Since the acquisition of Looser (Prüm, Garant, Invado) in 2017 Arbonia has and will invest ~ CHF 450 M until 2026
- First achievements already realised by increasing operational margin (EBITDA) by 2.8 percentage points to 13.5%. Further increase of EBITDA margin to > 16% by 2026 (> 10% CAGR since 2017)
- Inflection point 2023 when Woods Solutions Business Unit and Doors Division will start to generate substantial FCF

<sup>1</sup> EBITDA excluding one-time effects | <sup>2</sup> For illustrative purpose FCF simplified as EBITDA less Capex from 2022 onwards

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## **4.3 Sustainability**

5. **Q&A session**

## Highlights of our commitments and activities

Accomplishments 2021	<ul style="list-style-type: none"> <li>- Defining overarching sustainability goals and ambitions on group, divisional and company level to improve the sustainability performance</li> <li>- Calculating a concrete CO<sub>2</sub> reduction path (for Scope 1 &amp; 2) based on the Science Based Targets initiative</li> <li>- Defining additional goals such as reduction of occupational accidents</li> <li>- Enhancing our Supplier Code of Conduct</li> <li>- Intensifying dialogue and partnerships with additional institutions, e.g. UN Global Compact</li> </ul>	Commitments
Plans 2022	<ul style="list-style-type: none"> <li>- Identifying and measuring relevant Scope 3 emissions (planned inclusion into Sustainability Report in 2023)</li> <li>- Integrating sustainability ratings (Ecovadis) into the supplier assessment</li> <li>- Participating in the Carbon Disclosure Project (CDP)</li> </ul>	<div data-bbox="1468 414 1700 542"> <p>SCIENCE BASED TARGETS</p> <p><small>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</small></p> </div> <p>CO<sub>2</sub> reduction path as of 2021, full inclusion of Scope 1-3 as of 2023</p> <div data-bbox="1429 742 1738 899"> <p>THE GLOBAL COMPACT UNITED NATIONS <b>GLOBAL COMPACT</b></p> <p>Joining in 2021</p> </div> <div data-bbox="1429 999 1738 1142"> <p><b>CDP</b></p> <p><small>DRIVING SUSTAINABLE ECONOMIES</small></p> </div> <p>Participation as of 2022</p>

Note: Scope 1 refers to emissions from within the companies own processes (production, internal transport), Scope 2 refers to emissions from purchased energy (power, heating), Scope 3 refers to all other emissions (purchased goods & services, distribution of products, product lifecycle etc.)

# Climate – Community – Cash

## Specific actions how we care about our environment

<b>Climate</b>	<p><b>CO<sub>2</sub> &amp; Energy</b></p> <p>Example: Improving our ecological footprint for Prüm by means of a new combined heat and power plant:</p> <ul style="list-style-type: none"><li>- Investment proposal approved in 2021</li><li>- Project contracted to GETEC in 2021</li><li>- Start of construction of boiler house in 2022</li><li>- Commissioning in 2023</li></ul>	 <p><b>Transforming waste into heat and electricity</b> to supply Prüm and neighbouring factories</p>
<b>Community</b>	<p><b>Health &amp; Safety</b></p> <p>Example: Protecting employees from COVID-19:</p> <ul style="list-style-type: none"><li>- Implementing comprehensive protective measures</li><li>- Regular testing of employees</li><li>- Voluntary on-site vaccination offers for employees</li><li>- Home office implemented wherever possible</li></ul>	 <p>Maximum efforts to <b>keep our employees safe</b> during the ongoing pandemic</p>
<b>Cash</b>	<p><b>Innovative products and solutions</b></p> <p>Example: Development of the new redox flow battery for use in homes:</p> <ul style="list-style-type: none"><li>- Environmentally friendly (no Lithium)</li><li>- Enables high degree of electricity autonomy with own PV system</li><li>- Long lifetime of up to 30 years, minimising waste</li></ul>	 <p>Making <b>environmental benefits an integral part</b> of our R&amp;D efforts</p>

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**Thank you!**

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