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## Arbonia – H1 2017 Results – 10 August 2017

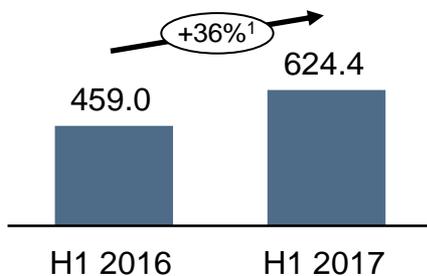
Alexander von Witzleben, Chairman of the Board of Directors, CEO  
Felix Bodmer, CFO

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## H1 2017 summary Overview key metrics

All figures in CHF M

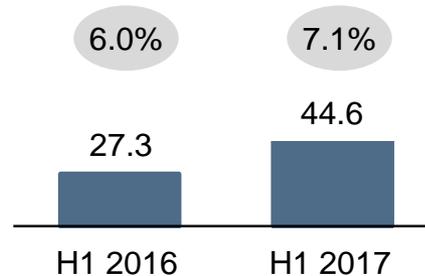
### Net revenues



Arbonia group achieved critical scale by acquisitions of Looser Group (Prüm, Garant, Invado) and Koralle in 2016



### EBITDA<sup>2</sup>

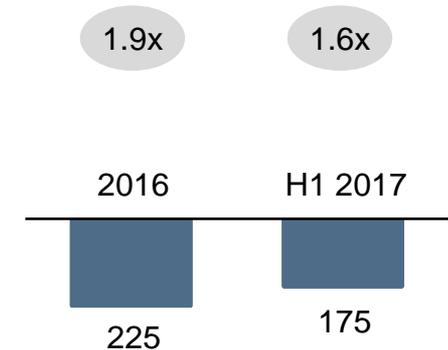


 EBITDA-margin

Improved EBITDA profile driven by rigorous cost optimization efforts and relocation of plant footprint to best cost locations



### Net debt



 Leverage ratio

Divestment of Looser Group coating activities significantly improved net debt position of Arbonia



**Arbonia delivered across all key metrics in H1 2017**

<sup>1</sup> Organic revenue growth adjusted for currency and acquisition effects -1.8%

<sup>2</sup> Including one-time effects – EBITDA H1 2016 excl. one-time effects CHF 23.3M; EBITDA H1 2017 excl. one-time effects CHF 45.9M

**1. H1 2017**

Overview of key financial parameters

**2. Transformation of Arbonia**

Update on key measures

**3. Outlook**

Short- and long-term guidance

**Questions**

## Income Statement Including one-time effects

In CHF M	1-6/2017	in %	1-6/2016	in %
<b>Net revenues</b>	<b>624.4</b>	<b>100.0</b>	<b>459.0</b>	<b>100.0</b>
Cost of material and goods	-295.2	-47.3	-217.7	-47.4
Personnel expenses	-219.1	-35.1	-172.6	-37.6
Other operating expenses	-95.6	-15.3	-67.9	-14.8
<b>EBITDA</b>	<b>44.6</b>	<b>7.1</b>	<b>27.3</b>	<b>6.0</b>
Depreciation, amortisation, impairments	-21.5	-3.5	-18.8	-4.1
Amortisation of intangible assets from acquisitions	-10.5	-1.7	-2.9	-0.6
<b>EBIT</b>	<b>12.6</b>	<b>2.0</b>	<b>5.7</b>	<b>1.2</b>
Net financial results	-4.8	-0.8	-7.5	-1.6
<b>Group result before income tax</b>	<b>7.8</b>	<b>1.2</b>	<b>-1.8</b>	<b>-0.4</b>
Income tax expenses	-2.4	-0.4	-1.7	-0.4
<b>Group result from continuing operations</b>	<b>5.4</b>	<b>0.9</b>	<b>-3.5</b>	<b>-0.8</b>
<b>Group result from discontinued operations</b>	<b>-3.5</b>	<b>-0.6</b>	-	-
<b>Group result</b>	<b>1.9</b>	<b>0.3</b>	<b>-3.5</b>	<b>-0.8</b>

In CHF M	Actual 1-6/2017	Building Techn.	Windows	Others	1-6/2017 without one-time effects
Net revenues	624.4				624.4
EBITDA	44.6	1.5	-0.6	0.3	45.9
EBIT	12.6	-0.6			13.2
Group result from continuing operations	5.4	-1.1	0.1	1.2	6.2

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

## Adjusted Income Statement Without one-time effects

In CHF M	1-6/2017	in %	1-6/2016	in %
<b>Net revenues</b>	<b>624.4</b>	<b>100.0</b>	<b>459.0</b>	<b>100.0</b>
Cost of material and goods	-295.9	-47.4	-217.7	-47.4
Personnel expenses	-217.4	-34.8	-171.7	-37.4
Other operating expenses	-95.4	-15.3	-72.7	-15.8
<b>EBITDA</b>	<b>45.9</b>	<b>7.3</b>	<b>23.3</b>	<b>5.1</b>
Depreciation, amortisation	-22.2	-3.5	-16.3	-3.6
Amortisation of intangible assets from acquisitions	-10.4	-1.7	-2.9	-0.6
<b>EBIT</b>	<b>13.2</b>	<b>2.1</b>	<b>4.2</b>	<b>0.9</b>
Net financial results	-4.9	-0.8	-7.5	-1.6
<b>Group result before income tax</b>	<b>8.4</b>	<b>1.3</b>	<b>-3.4</b>	<b>-0.7</b>
Income tax expenses	-2.2	-0.3	-1.9	-0.4
<b>Group result from continuing operations</b>	<b>6.2</b>	<b>1.0</b>	<b>-5.3</b>	<b>-1.1</b>

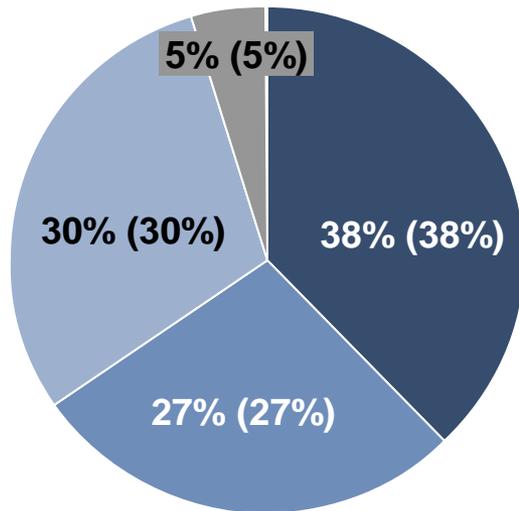
Blue figures are adjusted by one-time effects

**Result from divestment Coating 30/06/2017**

Result from discontinued operations after Taxes	KCHF 1'198
Profit from disposal of discontinued operations	KCHF 1'294
<u>Costs of disposal (Consultancy fees, Fees, Taxes,...)</u>	<u>KCHF -6'013</u>
<b><u>Result from discontinued operations</u></b>	<b><u>KCHF -3'521</u></b>

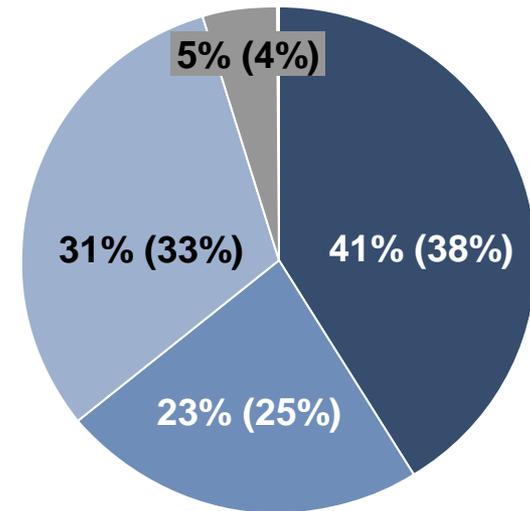
## Net Revenues by Division Balanced portfolio with 3 strong divisions

Net revenues by Division –  
incl. Looser (without Coating)  
31/12/2016



Building Technology
  Doors  
 Windows
  Industrial Services

Net revenues by Division  
30/06/2017

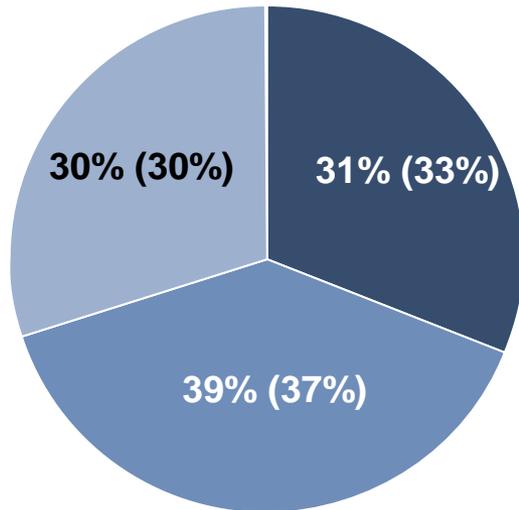


Building Technology
  Doors  
 Windows
  Industrial Services

Note: Figures in brackets represent last year's figures

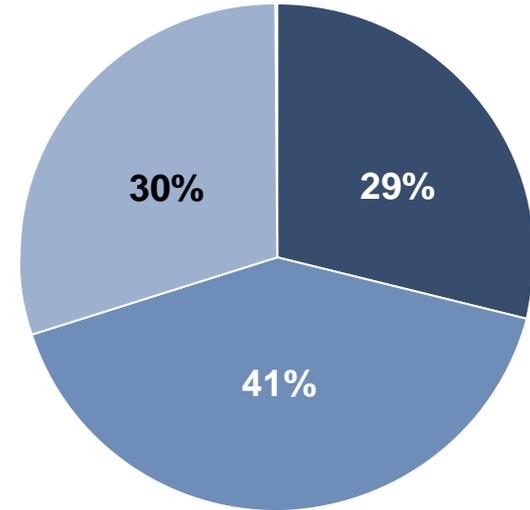
## Net Revenues by Region Germany most important market

Net revenues by Region –  
incl. Looser (without Coating)  
31/12/2016



■ Switzerland ■ Germany ■ RoW

Net revenues by Region –  
incl. Looser (without Coating)  
30/06/2017



■ Switzerland ■ Germany ■ RoW

Note: Figures in brackets represent last year's figures

## Development of Net Revenues by Division

### Organic growth of -1.8%

Net revenues as reported in CHF M	1-6/2017 <sup>2), 3)</sup>	1-6/2016	Δ Year Total	Currency Effects	Acquisition Effects	Organic growth <sup>1</sup>	Organic growth incl. Looser Doors <sup>1</sup>
<b>Arbonia</b>	<b>624.4</b>	<b>459.0</b>	<b>+36.0%</b>	<b>-0.8%</b>	<b>+38.6%</b>	<b>-1.8%</b>	<b>-1.0%</b>
Building Technology	259.1	232.4	+11.5%	-1.0%	+10.2%	+2.2%	+2.2%
Windows	142.2	151.4	-6.1%	-0.2%	0.0%	-5.8%	-5.8%
Doors	193.8	75.1	158.0%	-0.6%	+164.5%	-5.9%	-1.1%
Industrial Services	29.3	-	-	-	-	-	-

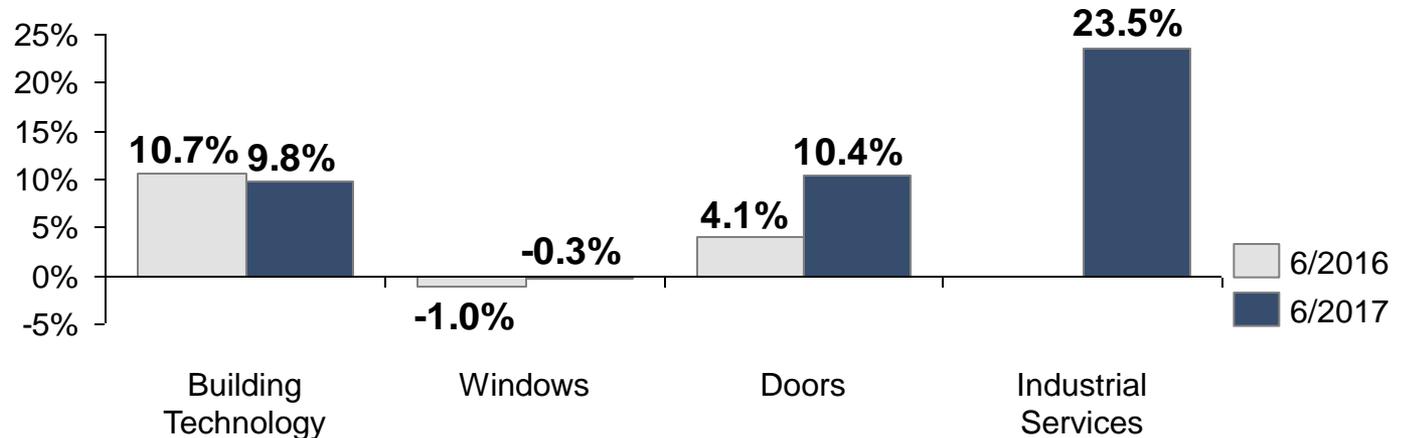
1 Adjusted for currency and acquisition effects

2 With Koralle (Building Technology) since 01.10.2016

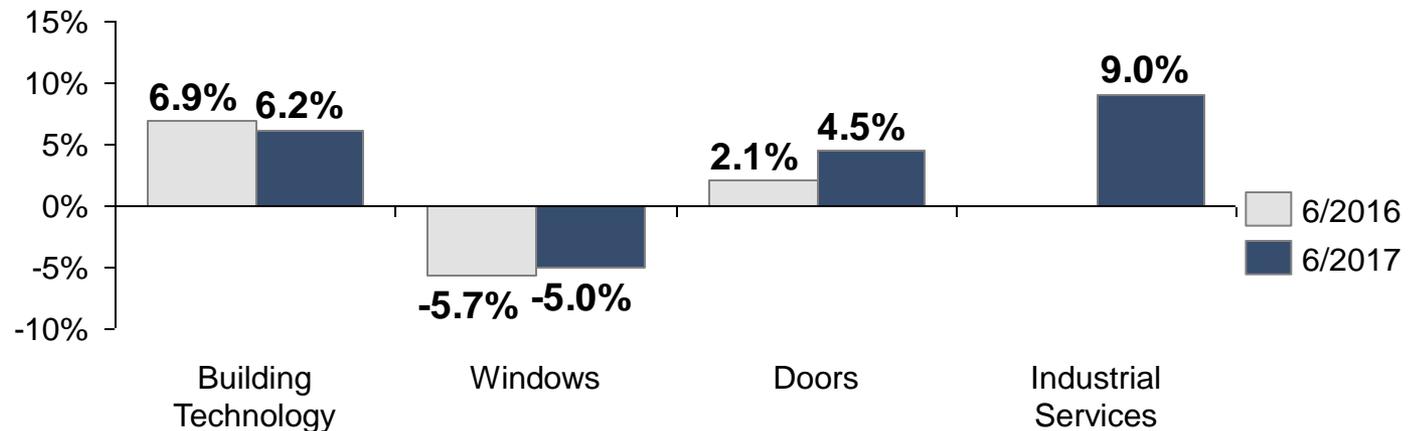
3 With Looser (Doors, Industrial Services) since 31.12.2016

## EBITDA- / EBIT-margins per Division<sup>1</sup> Material expenses impact margins

**EBITDA  
margin,  
adjusted**



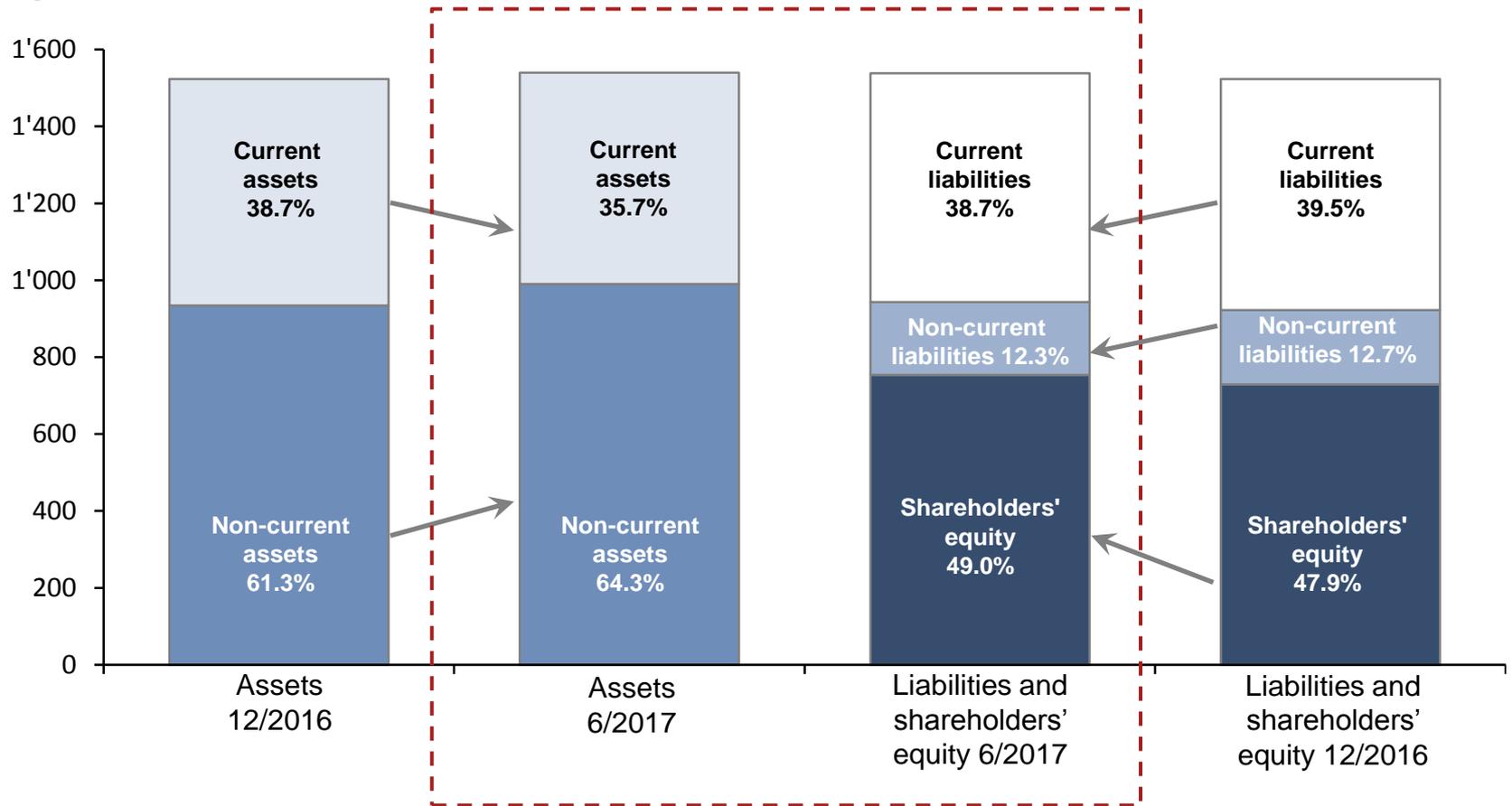
**EBIT  
margin,  
adjusted**



<sup>1</sup> In 2016 without Koralle and Looser Doors

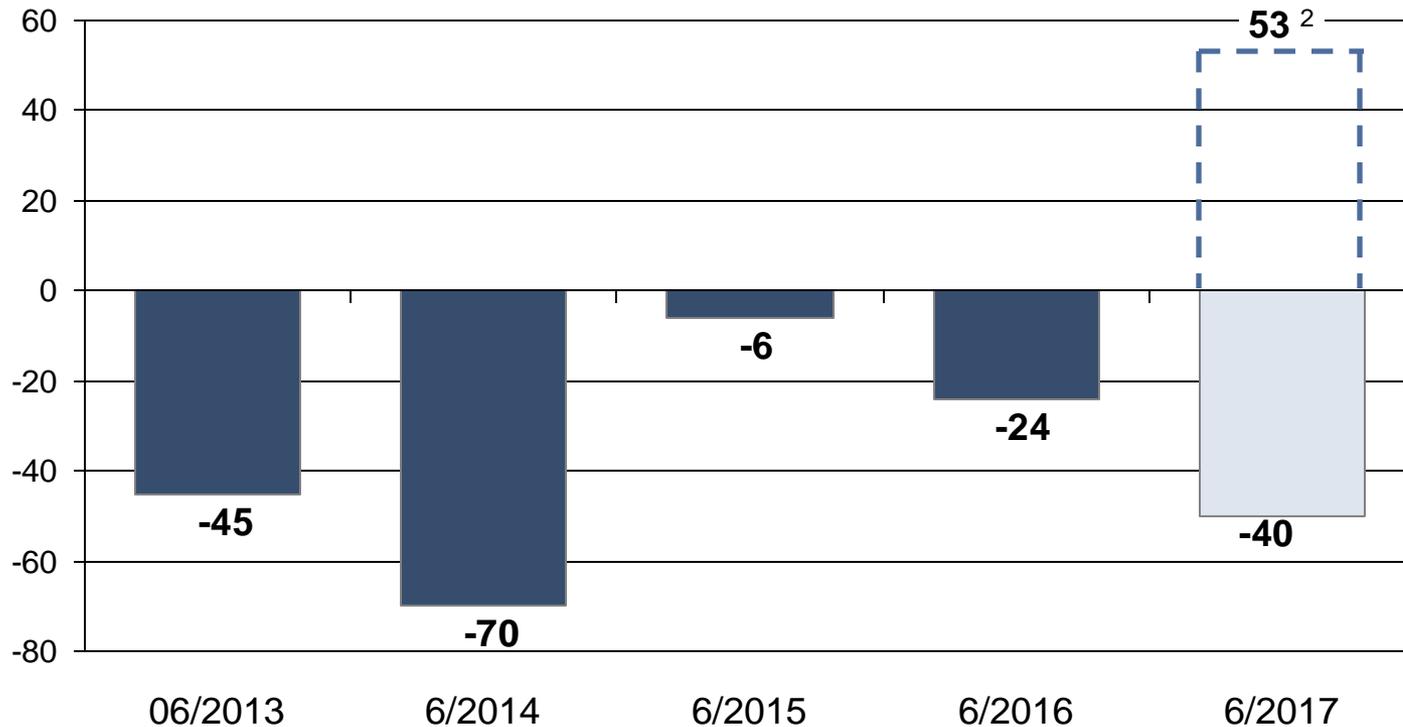
## Balance Sheet Further improvement of equity ratio

In CHF M



## Free Cash Flow, adjusted<sup>1</sup> Higher capex compensate operational improvements

In CHF M

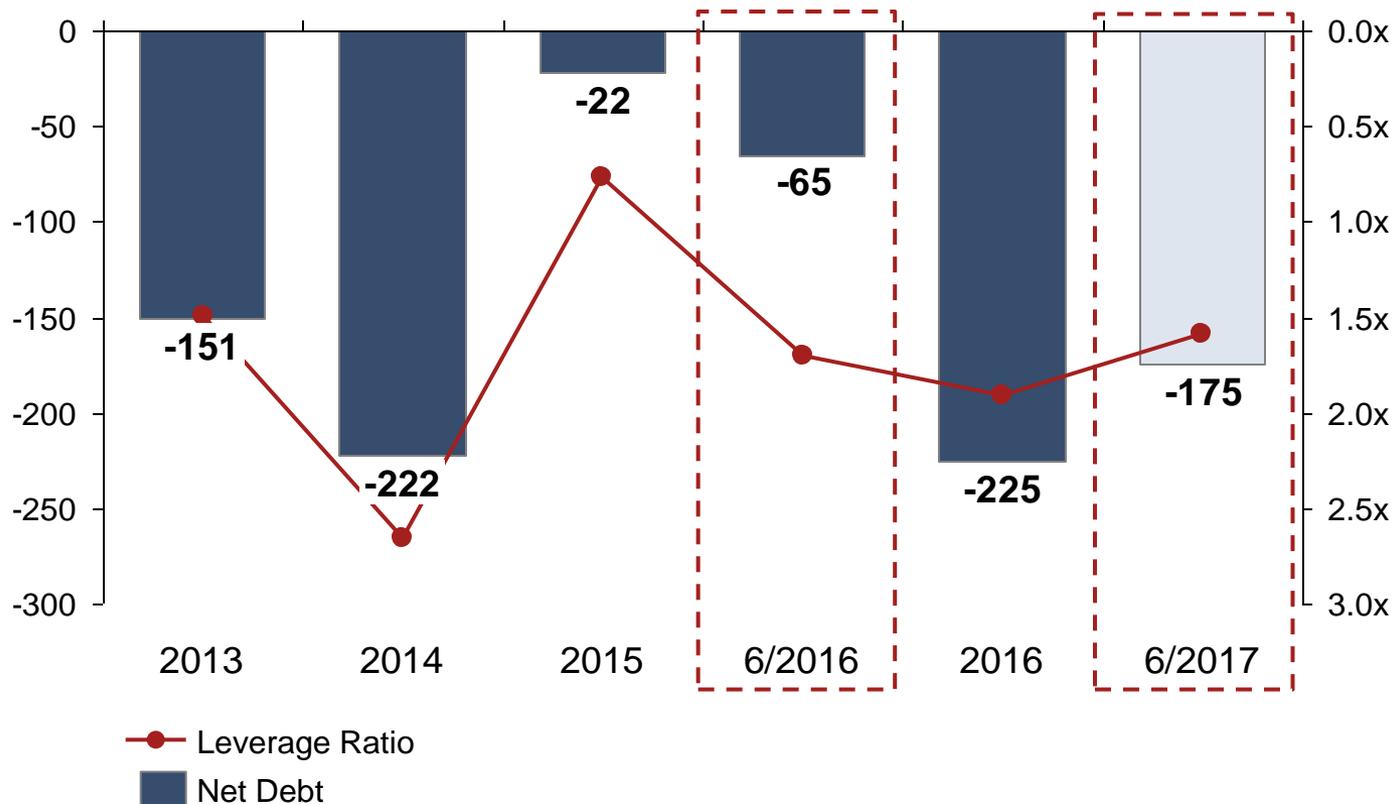


<sup>1</sup> Free cash flow without acquisition / disposal of subsidiaries, adjusted

<sup>2</sup> Free cash flow including acquisition / disposal activities

## Net Debt / Leverage Ratio<sup>1</sup> Benefit from sale of Coating business

In CHF M



<sup>1</sup> Leverage ratio = Net debt / EBITDA

**1. H1 2017**

Overview of key financial parameters

**2. Transformation of Arbonia**

Update on key measures

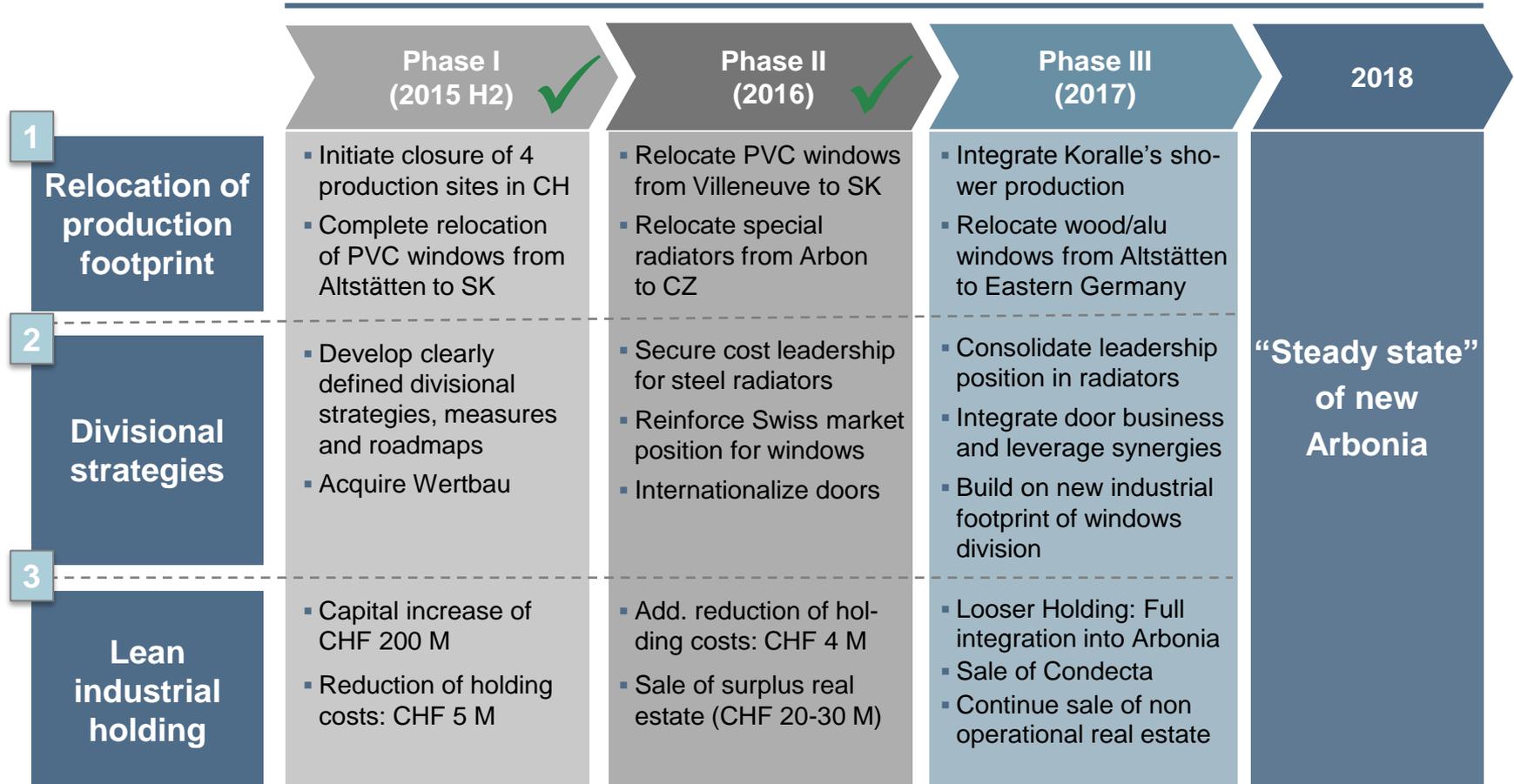
**3. Outlook**

Short- and long-term guidance

**Questions**

## Restructuring and repositioning of Arbonia On track to complete 3-year transformation

### Selective key measures<sup>1</sup>



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

## 1 Relocation of production footprint Progressing according to plan

### Heating Technology



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



completed  On track for completion in 2017

### Sanitary Equipment



- Integration of Koralle's shower production into new Plattling (GER) site ongoing (~70 FTEs affected)
- Continued investment and capacity expansion in modern Plattling (GER) site



### Windows

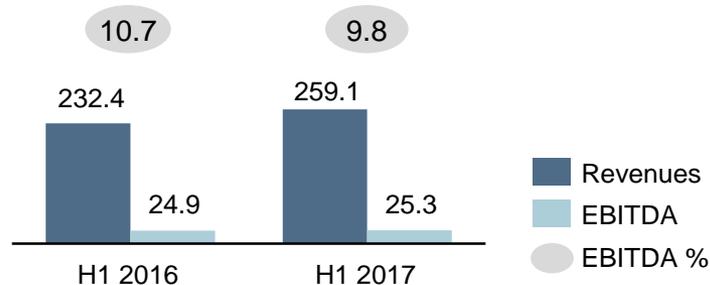


- Relocation of wood/alu production from Altstätten (CH) to Langenwetzendorf (GER) (reduction of ~70 FTEs)
- Service shop remains in Altstätten (CH) to ensure excellent customer service



All figures in CHF M

### Key figures H1 2017<sup>1</sup>



### Operational priorities H1 2017

- Successful profit protection plan in place to absorb increase in material costs (steel)
- Continued investment program at Plattling (GER) and Stříbro (CZE) sites to increase capacity levels and improve productivity
- Integration of Koralle and realization of cost and revenues synergies on track

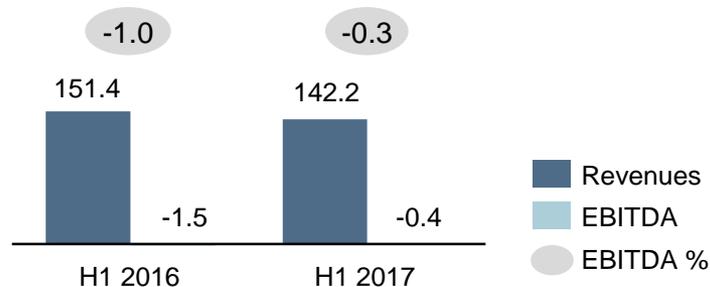
### Priorities and outlook

- **Heating Technology:** Participate in ongoing market consolidation of radiator business, expand leadership position through continued investments in automation and productivity initiatives, strengthen underfloor heating
- **Air-conditioning and Ventilation Technology:** Drive organic expansion in growing market segments (e.g., residential ventilation, heat pumps) and further expand underpenetrated market segments
- **Sanitary Equipment:** Finalize relocation into new facility (Plattling) and defend leadership position in core markets (Germany/Switzerland) through product portfolio optimization

<sup>1</sup> EBITDA figures without one-time effects

All figures in CHF M

### Key figures H1 2017<sup>1</sup>



### Operational priorities H1 2017

- Strong order entry levels in H1 2017 will fully materialize in H2 2017
- Continued complex production relocation process from Switzerland to Slovakia (PVC) and Eastern Germany (wood/alu) ongoing
- Successful launch of new wood/alu windows in Switzerland and Germany

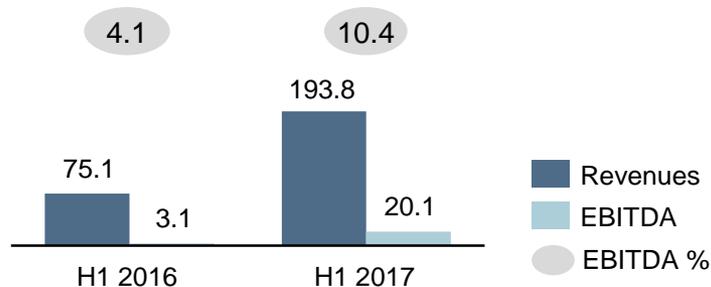
### Priorities and outlook

- **Production footprint:** Finalize production footprint relocation and fully ramp up of all 3 specialized production sites in Eastern Europe Pravenec (SVK), Zambrov (POL) and Langenwetzendorf (GER)
- **Secure leadership positions in core markets:** Expand leading position in Swiss market with introduction of new wood/alu window and drive growth in Eastern European markets with positive outlook (Slovakia, Poland)
- **Strengthen position in Germany:** Leverage Wertbau with 700 sales partners across Germany as basis for future growth in highly fragmented German windows market

<sup>1</sup> EBITDA figures without one-time effects

All figures in CHF M

### Key figures H1 2017<sup>1</sup>



### Operational priorities H1 2017

- Financial and operational integration of Looser acquisitions (Prüm, Garant, Invado)
- Ongoing transformation from Switzerland focused niche provider to European market leader with full product line
- Successful restructuring and cost improvement measures in Forster profile business

### Priorities and outlook

- **Capacity expansion:** Invest in capacity expansion and productivity improvements to strengthen competitive position and ensure excellent delivery times
- **Product portfolio:** Leverage complementary product portfolios across key markets (Switzerland, Germany, Poland) and distribution channels (sales partners, contract business)
- **Cost and revenue synergies:** Fully exploit cost (particularly purchasing and R&D) and revenue synergies across division

<sup>1</sup> EBITDA figures without one-time effects

## 3 Lean industrial holding Disposal of non core assets

### Coating



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



### Industrial Services



- Divestment process for Conducta initiated
- On track to finalize transaction by end of 2017



### Real estate



- Disposal of non operational real estate assets ongoing
- Sale of Villeneuve property will be completed in 2017



**Arbonia on track to further improve net debt position by end of 2017**

 completed  On track for completion in 2017

## Agenda

- 1. H1 2017**  
Overview of key financial parameters
- 2. Transformation of Arbonia**  
Update on key measures
- 3. Outlook**  
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## Questions

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

Top 4 markets represent ~80% of total sales of Arbonia Group<sup>1</sup>

### Germany (No. 1)

Market growth 2017 vs. 2016

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

### Poland (No. 3)

Market growth 2017 vs. 2016

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

### Switzerland (No. 2)

Market growth 2017 vs. 2016

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

### Slovakia/Czech Rep. (No. 4)

Market growth 2017 vs. 2016

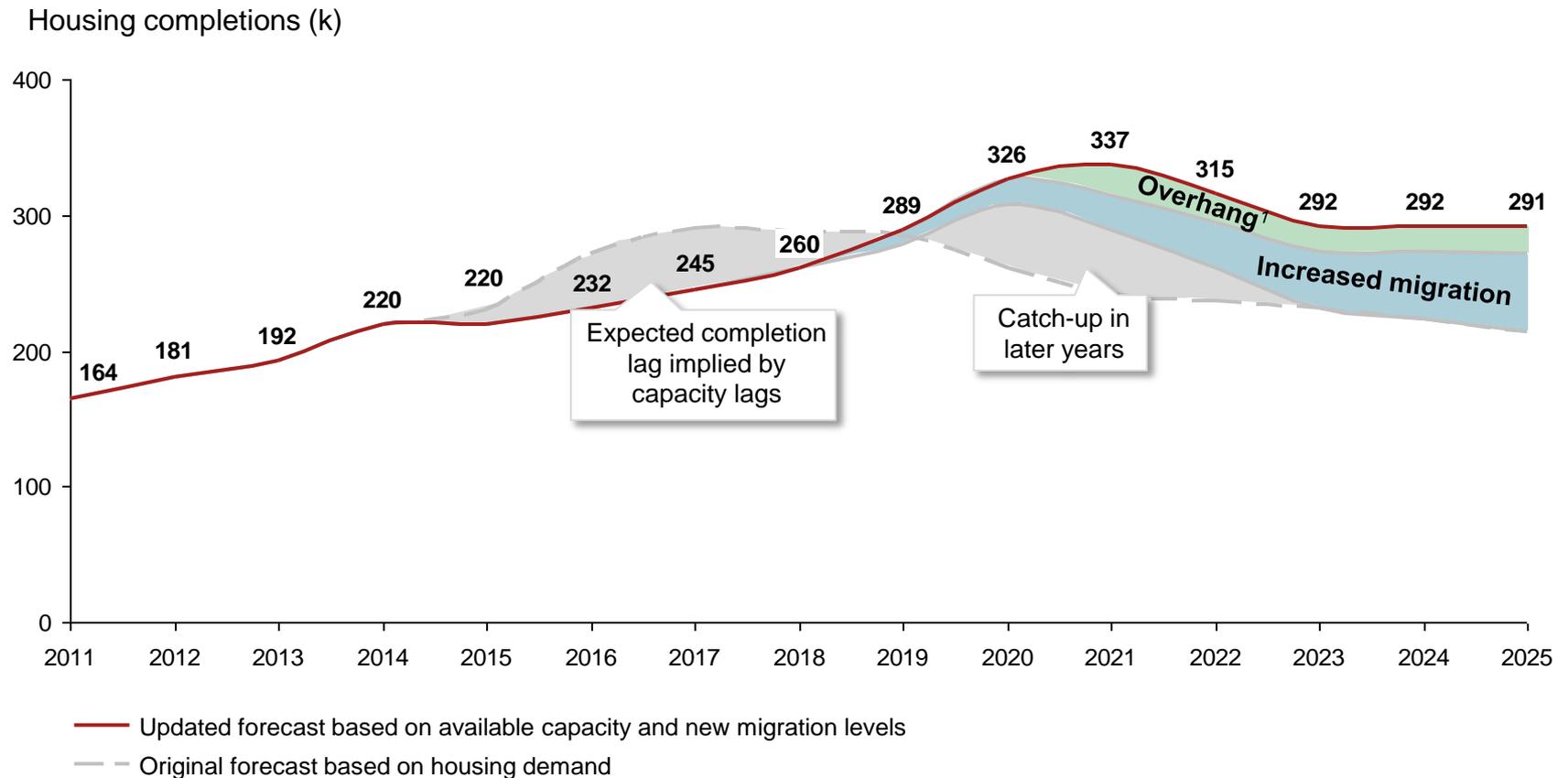
	Residential New	Residential Renovation	Non-Residential
Slovakia	+1.6% →	+0.2% →	+1.0% →
Czech Rep.	+3.6% ↑	-0.3% →	+2.6% ↑

1. Incl. Looser (without Coatings)

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

Source: Euroconstruct 2016

## German residential construction market Long-term outlook



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

**Guidance 2017<sup>2</sup>**

**Solid H1 numbers and positive order situation**

<b>Sales</b>
CHF ~1'300 M
<b>EBITDA<sup>3</sup></b>
CHF >110 M



**Guidance 2018**

**Consequent execution of long-term measures**

<b>Sales</b>
CHF ~1'400 M
<b>EBITDA<sup>3,4</sup></b>
CHF ~150 M

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

<sup>1</sup> Assuming a stable to positive market environment | <sup>2</sup> Incl. Conducta | <sup>3</sup> Operating EBITDA (excl. one-time effects)

<sup>4</sup> The potential sale of Conducta could lead to a reduction of CHF 15 – 20 M

**Questions?**

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**Thank you**

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