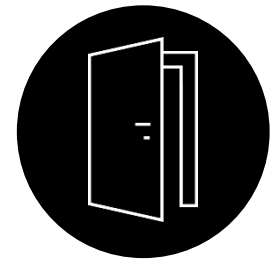
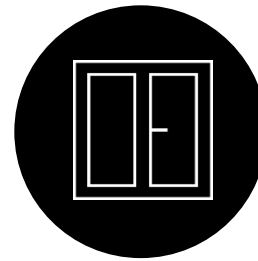


ARBONIA



Arbonia – H1 2020 Results – 18th August 2020

Alexander von Witzleben, CEO
Daniel Wüest, CFO

Agenda

1. Key metrics and Arbonia's position

2. Group results H1 2020

3. Key drivers post COVID-19 – the new "normal"

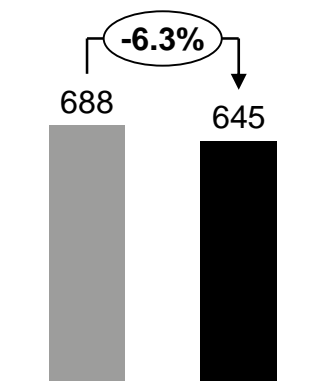
4. Guidance & Outlook

Questions

Overview H1 2020

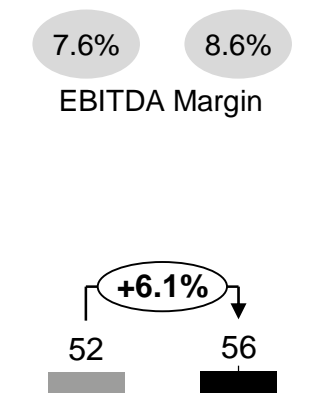
Key metrics (CHF M)

Net revenues¹



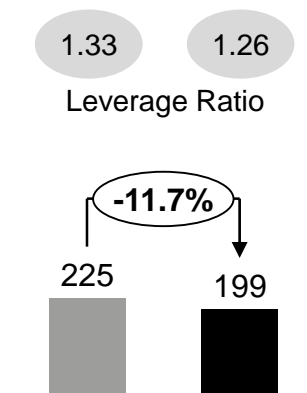
Revenues decline mainly due to lockdown of certain markets and FX – FX adjusted growth only -1.7%

EBITDA²



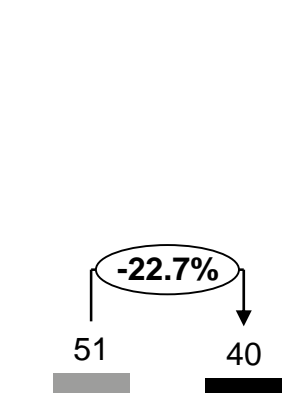
Adjusted EBITDA and respective margin increase amid COVID-19 due to flexible cost base and measures

Net debt³



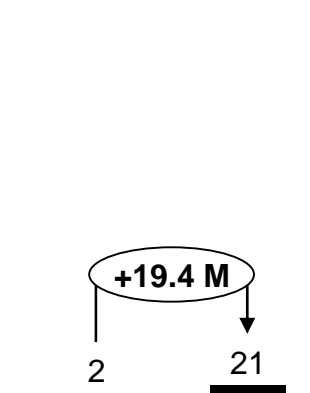
Reduction of net debt due to better free cash flow generation

Capex



Reduction/postponement of capex to cope with uncertain market environment

CF from op. activities



Substantial increase due to better operational performance and lower NWC

Despite lower revenues increased profitability due to optimised and flexible production footprint

¹ Organic revenue growth adjusted for FX effects -1.7%

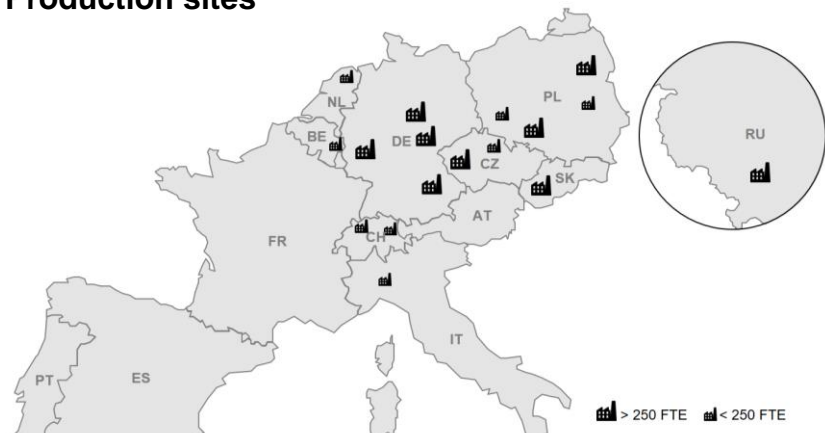
² EBITDA figures without one-time effects – EBITDA with one-time effects H1 2019 CHF 48.3 M and H1 2020 CHF 54.4 M

³ Including IFRS 16. Net debt excluding IFRS 16 H1 2019 CHF 171 M and H1 2020 CHF 148 M

■ H1 2019 ■ H1 2020

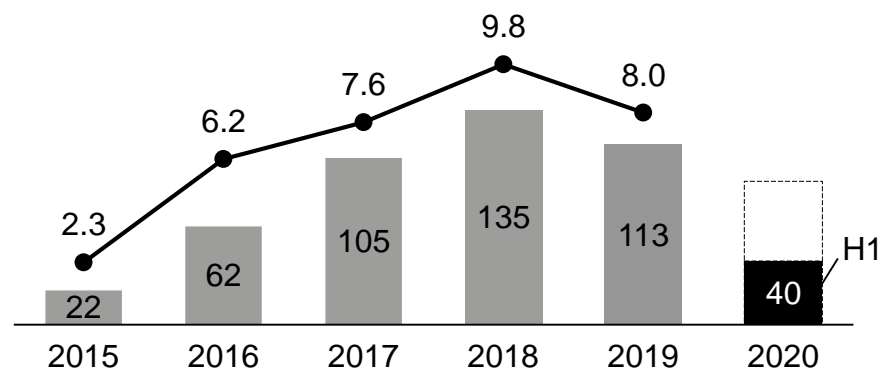
Arbonia's resilience to the COVID-19 crisis and its position for the new "normal"

Production sites



Production footprint in best cost countries

Capex in CHF M and in % of revenues

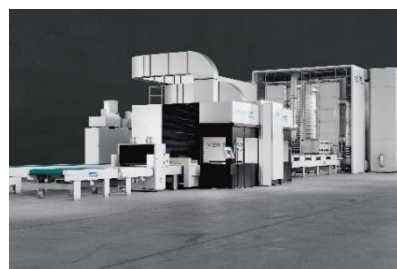


Past high capex leads to operating leverage

High vertical integration (insourcing)



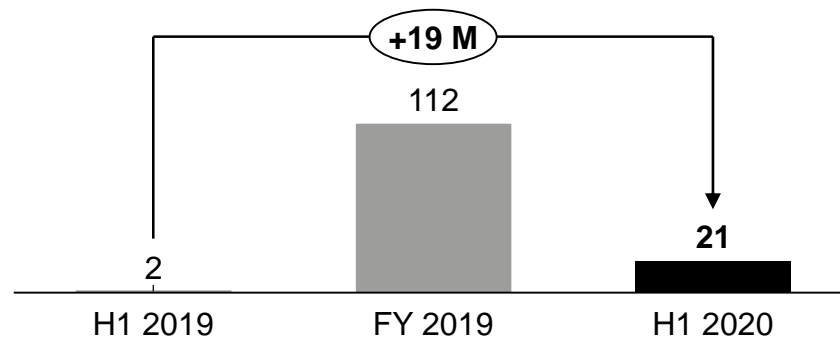
IGU manufacturing in Pravenec (SK)



Insourcing painting line in Roggwil (CH)

Reduction of complexity and margin improvement

Cash flow from operating activities in CHF M

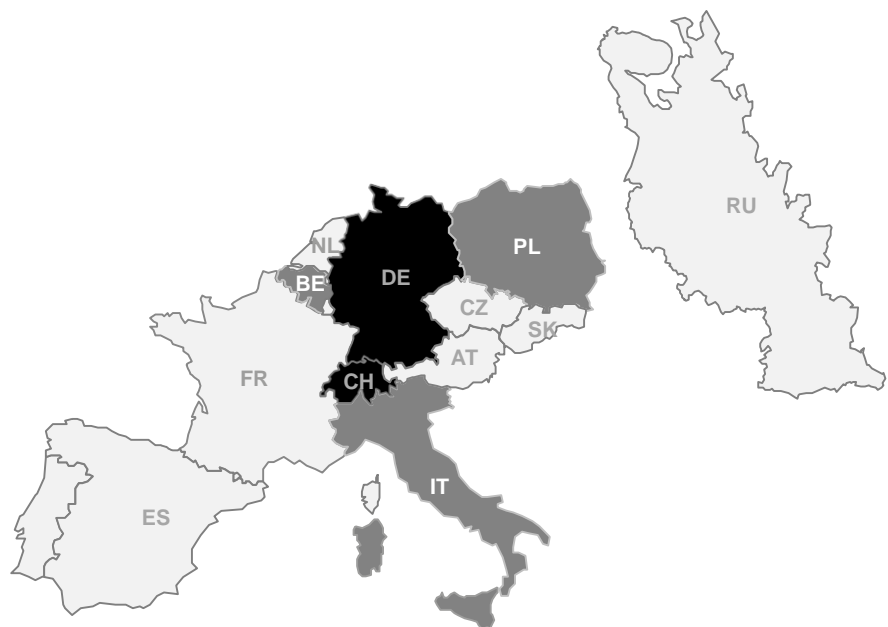


Focus on cash flow generation

Arbonia's markets in a COVID-19 context

Key markets moderately impacted 2020 – positive outlook for 2021

Markets by share of Group revenues



- Markets with highest share of revenues (>25%)
- Markets with medium share of revenues (3 – 10%)
- Markets with lower share of revenues (<3%)

		Construction forecast 2020	Construction forecast 2021
		-2.4%	1.6%
		-2.5%	-1.7%
		0.1%	1.4%
		-8.6%	0.8%
		-11.1%	3.5%
		-8.7%	7.9%
		-7.3%	-9.5%
		-14.8%	9.4%
		-16.7%	6.5%
		-17.0%	12.6%
		-7.9%	-4.0%

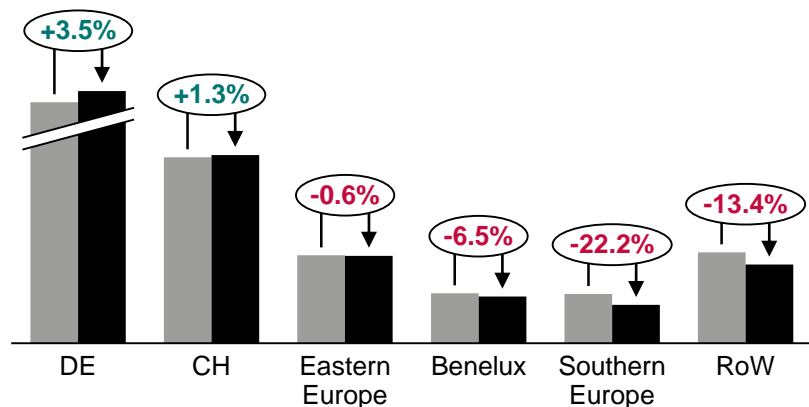
Low COVID-19 impact in April/May (social distancing)
 High COVID-19 impact in April/May (closure of complete value chain)

Sources: 89th Euroconstruct Report (06/2020), B+L Marktdaten GmbH Construction Report Russia (08/2020)

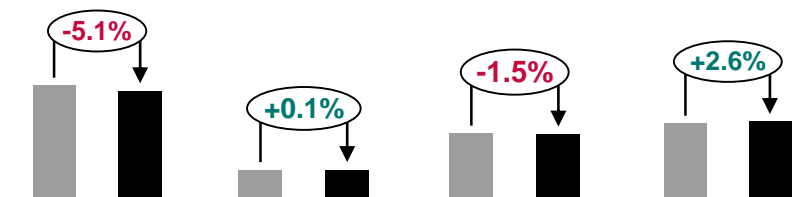
Net revenues Arbonia Group – H1 2019 vs. H1 2020

Strong performance in DE and CH – negative impact in Southern Europe

Arbonia Group¹



Sanitary Equip.¹



H1 2019 vs. H1 2020¹

General

- FX adjusted growth only slightly down (-1.7%) compared to last year. Positive contribution of core markets Germany and Switzerland contributing c. 68% of revenues

Markets

- Germany and Switzerland strong due to limited COVID-19 impact (majority of construction sites and distribution channels were open)
- Eastern Europe markets slightly negative due to restricted export activity
- Southern Europe due to lockdown of economy heavily impacted
- RoW (MEA, Asia) also substantially impacted

Divisions

- HVAC with strongest negative impact due to high exposure to Southern Europe, Benelux and RoW
- Limited COVID-19 impact on other divisions due to focus on Germany and Switzerland

¹ H1 2020 FX adjusted

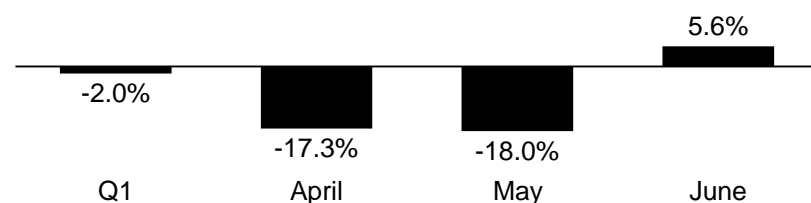
Eastern Europe: PL, CZ, SK and RU | Southern Europe: IT, ES and PT

A closer look at COVID-19 lockdown

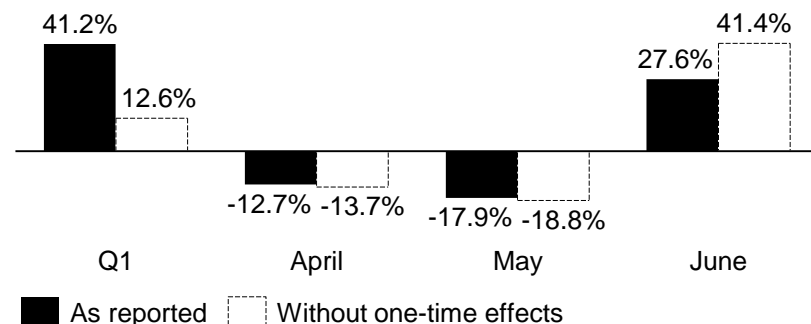
Arbonia Group

Comparison to previous year

Revenues development 2019 vs. 2020 in %



EBITDA development 2019 vs. 2020 in %



Taken measures

General

- Smart working / home office
- Reduction of overtime
- Reduction of temporary staff
- Selective use of state subsidies
- Review and postponement of investments

Production

- Comprehensive safety and hygiene concepts
- Reduction of production capacities (fewer shifts)
- Replenishment of raw materials
- Onboarding of alternative suppliers (due to closures)
- Insourcing components/activities previously outsourced to third parties

Financial

- High liquidity (cash) buffer of CHF 65 M
- Committed credit line of CHF 350 M whereof only CHF 60 M used as of 30th June 2020
- Postponement of dividend

Investments in new equipment, technologies and automation in combination with vertical integration allowed for operational flexibility and tight cost management

Agenda

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4. Guidance & Outlook

Questions

Income Statement

Without one-time effects

In CHF M

	H1 2020	in %	H1 2019	in %
Net revenues	644.9	100.0	688.4	100.0
Cost of material and goods	-289.2 ^I	-44.8	-322.9	-46.9
Personnel expenses	-230.0 ^I	-35.7	-238.5	-34.7
Other operating expenses	-89.5 ^I	-13.9	-98.8	-14.4
EBITDA	55.5^{II}	8.6	52.3	7.6
Depreciation and amortisation	-33.0	-5.1	-31.4	-4.6
EBITA	22.5	3.5	21.0	3.0
PPA amortisation	-8.1	-1.3	-9.5	-1.4
EBIT	14.4^{III}	2.2	11.5	1.7
Net financial result	-7.3 ^{IV}	-1.1	-0.6	-0.1
Group result before income tax	7.1	1.1	10.9	1.6
Income tax expenses	-1.5	-0.2	-3.9	-0.6
Group result	5.5	0.9	7.0	1.0

I Cost base

- Reduced cost base in absolute and relative terms due to cost measures, FX, insourcing and more favourable product-/price/country-mix

II EBITDA

- EBITDA up 6%

III EBIT

- EBIT up 25%

IV Net financial result

- Negative impact of c. CHF 3 M due to appreciation of Swiss Franc (mainly on IC loans; reverse effect to 2019)

Blue figures are adjusted for one-time effects

Income Statement

With one-time effects (as reported)

In CHF M	H1 2020	in %	H1 2019	in %
Net revenues	644.9	100.0	688.4	100.0
Cost of material and goods	-289.2	-44.8	-322.9	-46.9
Personnel expenses	-231.1 ^I	-35.8	-243.3	-35.3
Other operating expenses	-89.5	-13.9	-99.3	-14.4
EBITDA	54.4^{II}	8.4	48.3^{II}	7.0
Depreciation and amortisation	-33.0	-5.1	-31.4	-4.6
EBITA	21.4	3.3	17.0	2.5
PPA amortisation	-8.1	-1.3	-9.5	-1.4
EBIT	13.3^{III}	2.1	7.5	1.1
Net financial result	-7.3	-1.1	-0.6	-0.1
Group result before income tax	6.0	0.9	6.9	1.0
Income tax expenses	-1.4	-0.2	-3.5	-0.5
Group result	4.6^{IV}	0.7	3.5^{IV}	0.5

I Personnel exp.

- Including c. CHF 1.1 M provision for leadership changes in the Group Management

II EBITDA

- CHF 1.1 M net one-time effects in 06 2020 compared to CHF 4.0 M net one-time effects in H1 2019 (mainly Vasco and EgoKiefer restructuring)
- EBITDA up by 13%

III EBIT

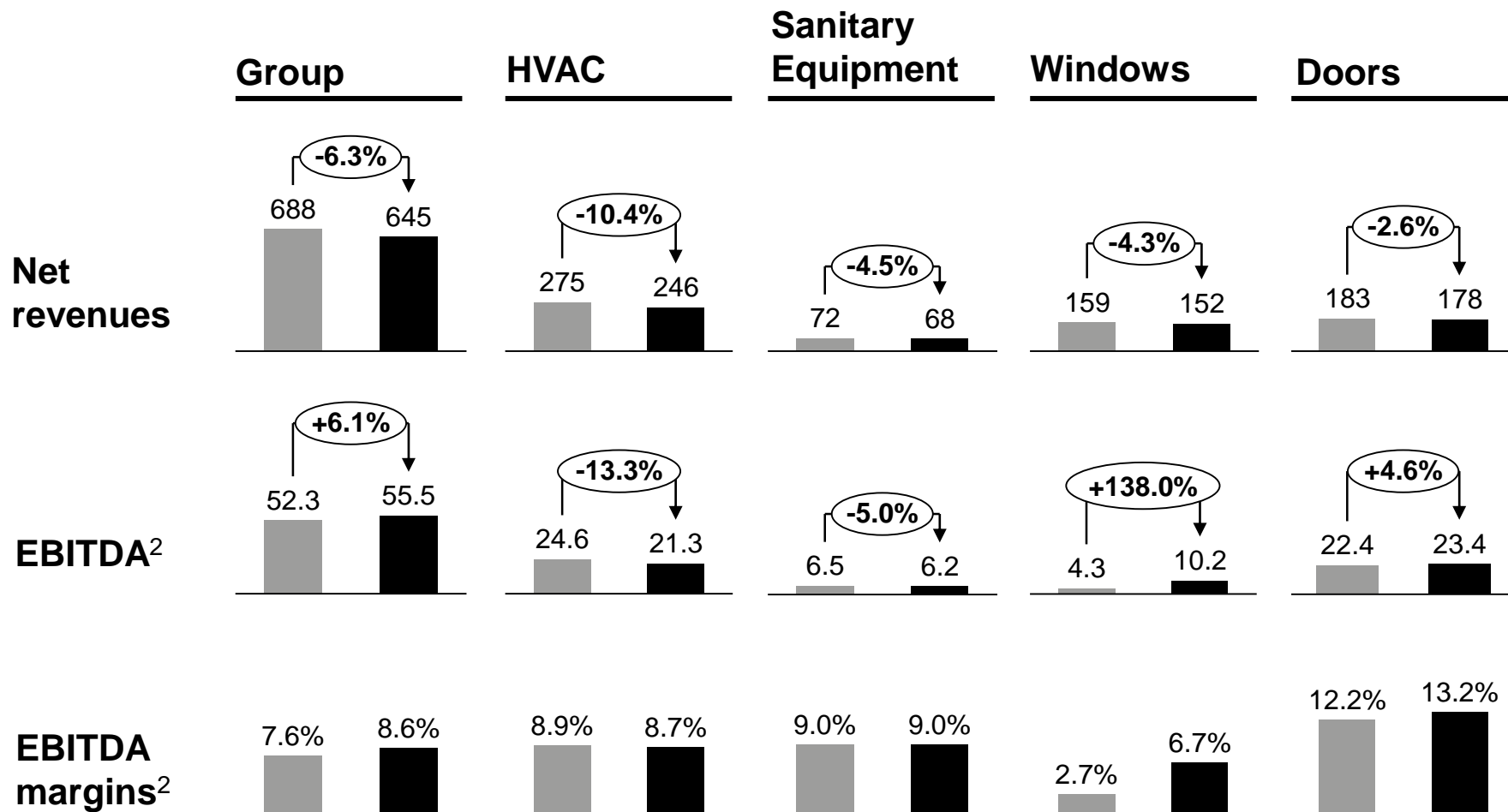
- EBIT up by 77%

IV Group result

- Net profit up by 33%

Overview H1 2020

Performance by division (CHF M¹) – reflects focus on costs



¹ Not FX adjusted – for adjustments see slide 13, “Organic growth”

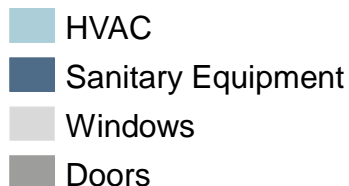
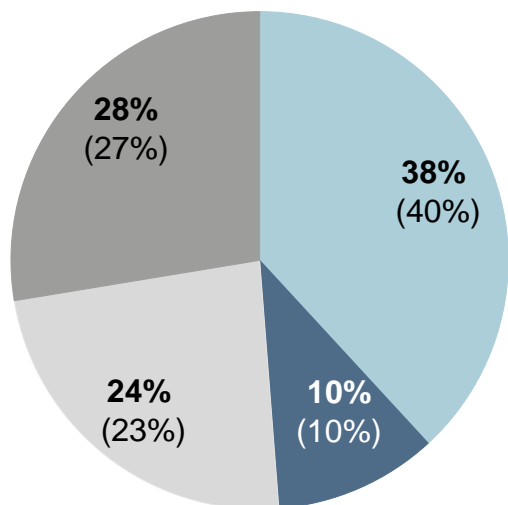
² EBITDA figures without one-time effects

■ H1 2019 ■ H1 2020

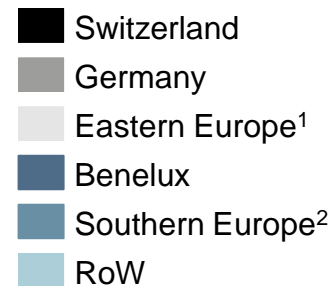
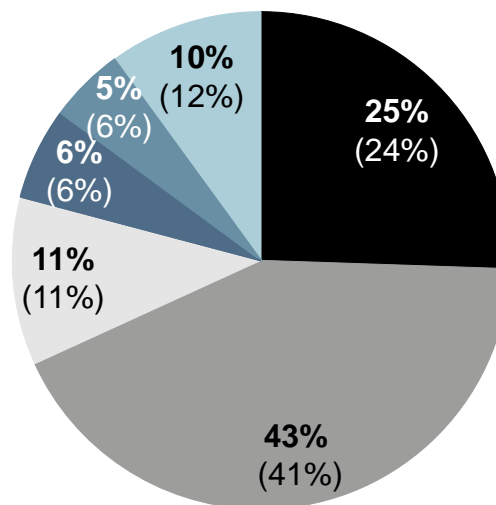
Net revenues by division and region

Increase in share of Windows and Doors Divisions as well as Germany and Switzerland as regions

Net revenues by division



Net revenues by region



The figures in brackets show the values of the previous year

¹ PL, CZ, SK and RU

² IT, ES and PT

Organic growth

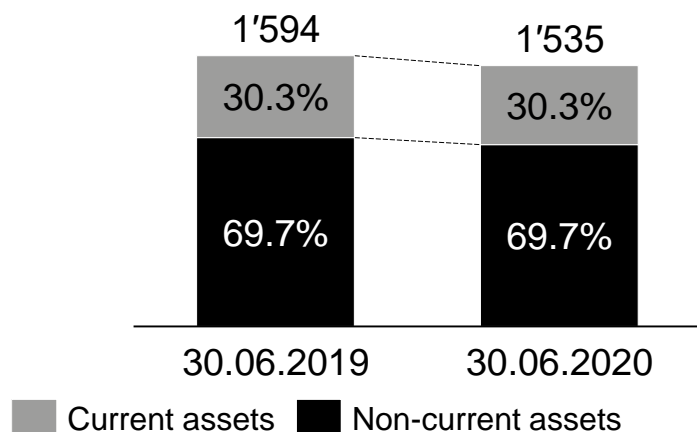
Top-line negatively impacted by COVID-19 and FX translation effects –
FX adjusted growth at -1.7% mainly supported by positive price
effects across all divisions

Net revenues as reported in CHF M	H1 2020	H1 2019	Δ H1 Total	FX effects	Organic growth ¹
Arbonia	644.9	688.4	-6.3%	-4.6%	-1.7%
HVAC	246.1	274.6	-10.4%	-5.3%	-5.1%
Sanitary Equipment	68.5	71.7	-4.5%	-4.6%	+0.1%
Windows	152.4	159.3	-4.3%	-2.8%	-1.5%
Doors	178.0	182.8	-2.6%	-5.2%	+2.6%

¹ Adjusted for FX effects

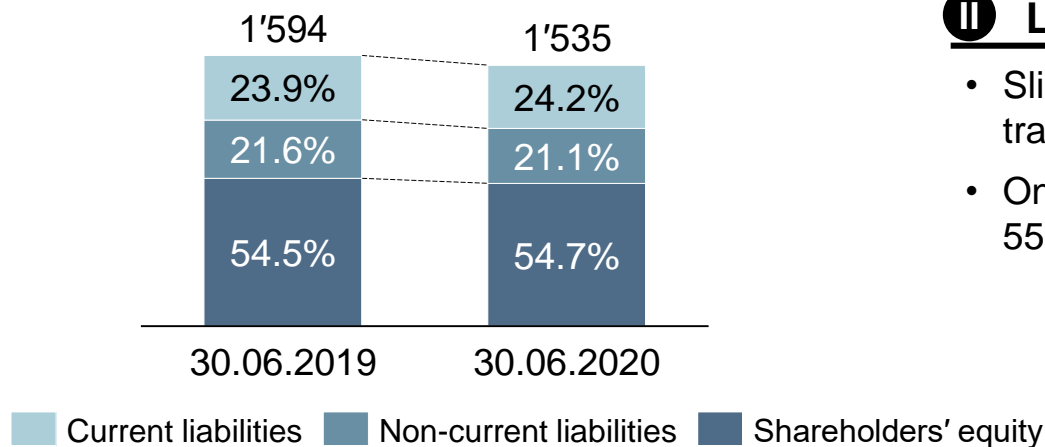
Balance sheet

In CHF M



I Assets

- Slightly lower absolute asset base mainly due to FX translation effect and amortisation of PPA
- High liquidity (cash) of CHF 65 M

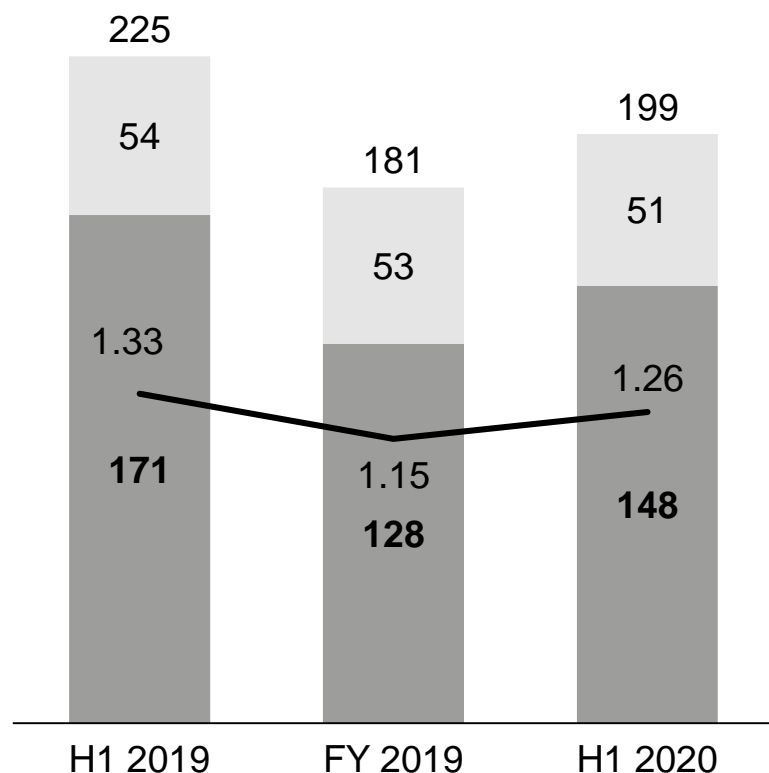


II Liabilities and shareholders' equity

- Slightly lower liability base due to FX translation effect
- Ongoing strong equity base of CHF 840 M or 55% of balance sheet

Net debt as of June 2020

In CHF M



— Leverage ratio (excl. IFRS 16) IFRS 16 Net debt

I Net debt

- Decrease of net debt by CHF 23 M to CHF 148 M compared to H1 2019
- Usual seasonal increase of net debt by CHF 20 M compared to year end 2019
- Refinancing of existing CHF 350 M credit facility still planned for 2020

II Leverage ratio

- Leverage ratio remained at comfortable low level and increased slightly compared to FY 2019 due to seasonality of the business (excl. IFRS 16 – "frozen" GAAP)

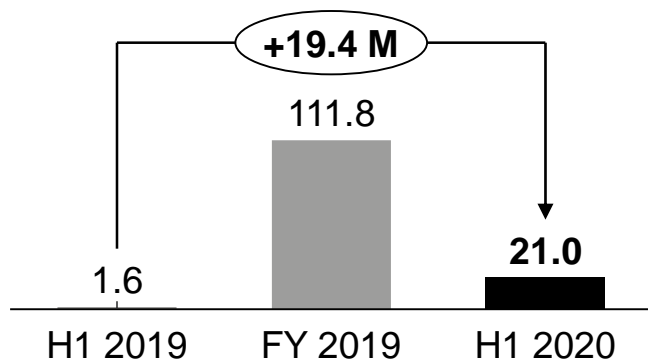
III Real estate and land

- Surplus real estate and land reserves with estimated CHF 30 M value not included in net debt calculation

Cash flow statement

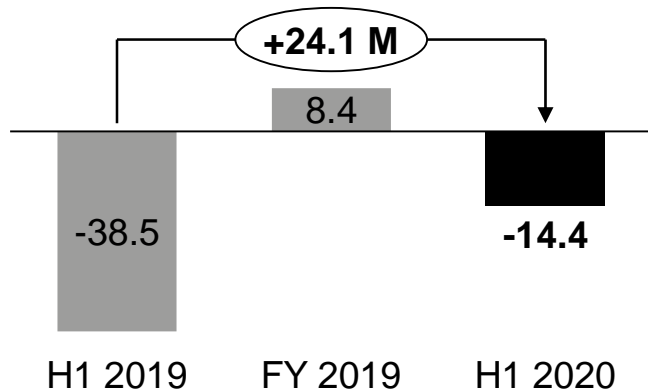
In CHF M

I Cash flow from operating activities



- Increase of cash flow from operating activities reflects better operational performance and ...
- ...is additionally supported by reduction of NWC

II Free cash flow¹



- Improved free cash flow year on year due to better operational performance and reduced capex compared to 2019

¹ Free cash flow: cash flow from operating and investing activities

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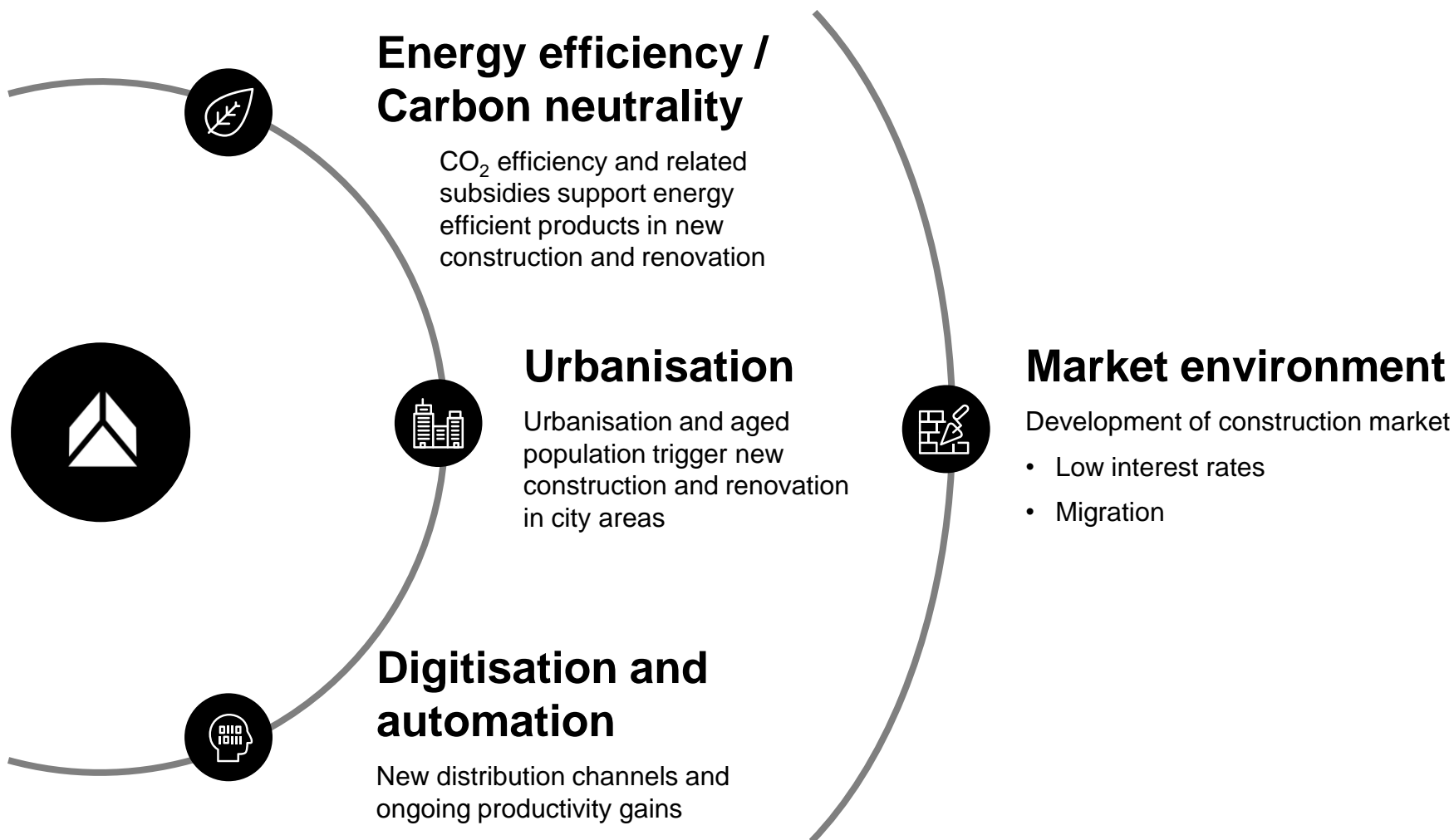
3. Key drivers post COVID-19 – the new "normal"

4. Guidance & Outlook

Questions

Market environment and key drivers after COVID-19...







... still intact





Construction – Market segments and outlook

Arbonia generates most of its business in residential buildings

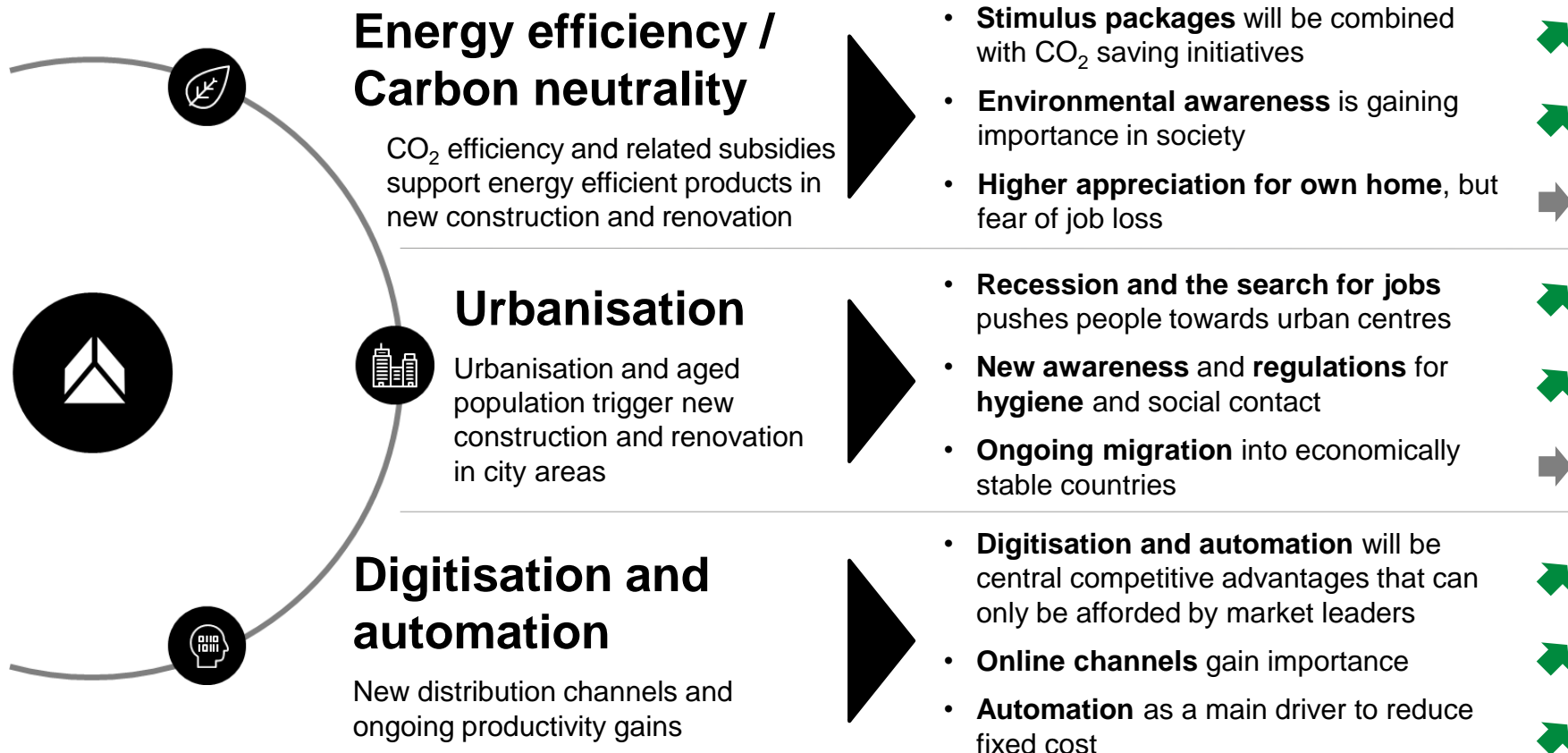
Segment	ARBONIA ▲ ¹	Sub-Segment	Renovation	New construction
Residential	70%	 Single-family house	Investments in renovation and modernisation due to higher focus on comfort within homes. Incentive programmes for the modernisation of heating systems	Completion of started construction sites. Future investments depend on migration, government stimulus programmes, interest rates and attractiveness of alternative investments to real estate.
		 Multi-family houses	Continued high demand for modern living in urban areas drives renovation of existing building stock. Incentives programmes for the modernisation of heating systems	Continued strategic investments by major real estate companies such as Vonovia, Deutsche Wohnen and LEG Immobilien, especially in urban areas
Non-Residential	30%	 Health & education	Expansion and modernisation of health infrastructure, education and public buildings	
		 Industrial & commercial	Higher degree of uncertainty and expected sales decline & profitability deterioration lead to review of investments	
		 Hotels	Capacity expansion not likely due to reduced business trips and limited tourism	
		 Retail & office	Weakened demand for office and retail spaces due to increased e-commerce and home office / smart working	
ARBONIA ▲¹			60%	40%

- Expected positive outlook until 2020/21
- ➡ Expected neutral outlook until 2020/21
- ➡ Expected negative outlook until 2020/21

¹ Approximation of Arbonia's revenue split | Source: B+L Marktdaten GmbH, 89th Euroconstruct Report

Key drivers

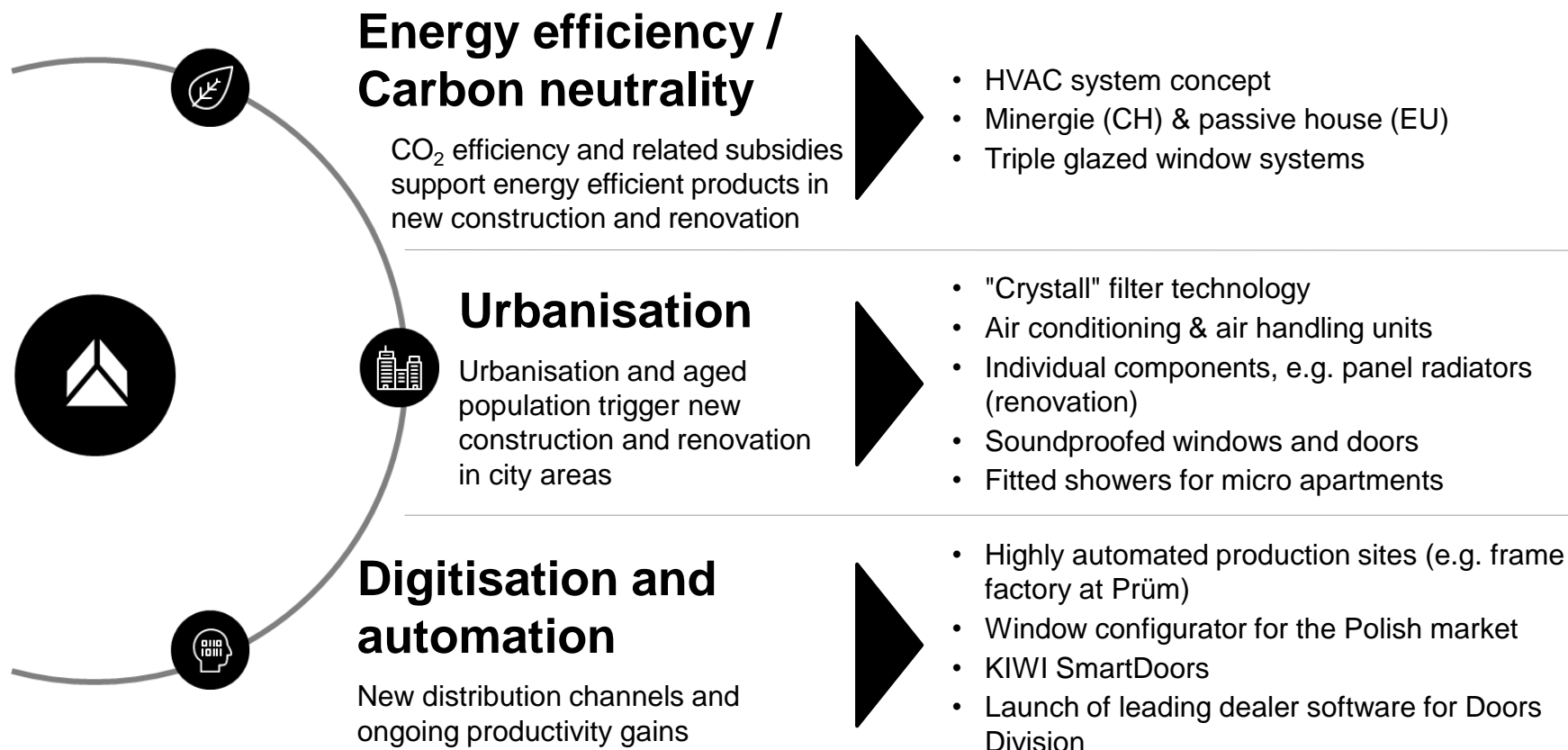
Post COVID-19 perspective



Key drivers of Arbonia's business model are likely to be positively impacted by the new "normal" and supported by continuously low interest rates

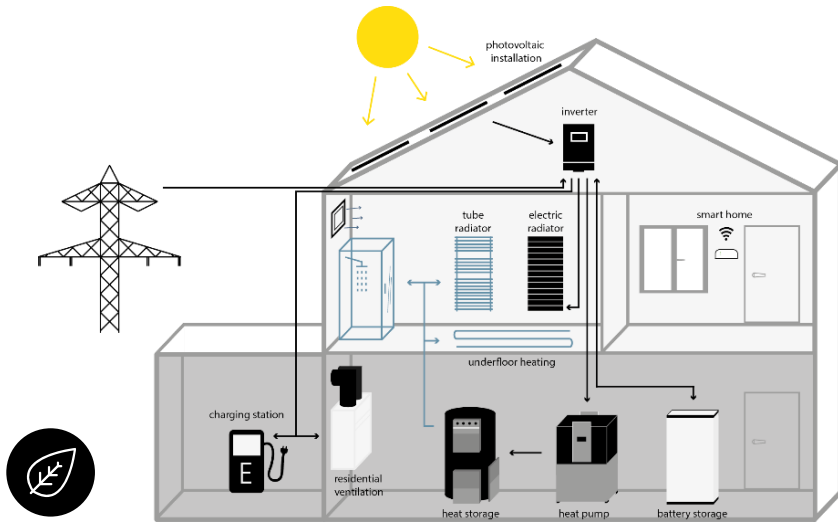
Key drivers

Inside Arbonia

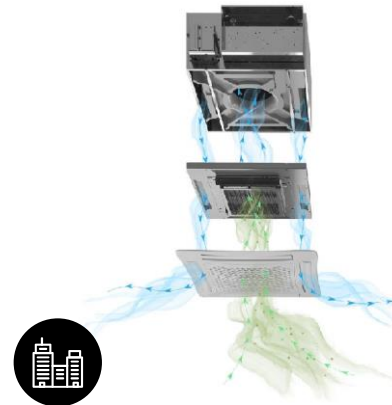


By responding to the key drivers in the building industry, Arbonia stays competitive in the market and will increase profitability in the mid-term

Highlights



HVAC system concept

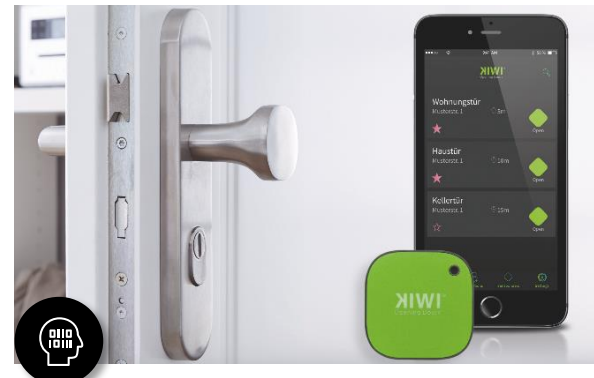


The patented "**Crystall**" electronic filters (or active electrostatic plate filters) are the easy-to-implement response for new and existing devices to the risk associated with the spread of both **microbial pathogens (e.g. viruses)** and **chemicals** in the environment

"Crystall" filter technology



Various online channels



KIWI – a digital access system



Agenda

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Questions

New guidance 2020¹

Focus on profitability and cash flow generation

New guidance 2020 (post COVID-19)

Revenues

Slightly lower to FY19 due to COVID-19 and FX

EBITDA margin²

At least at previous year level (9.5%)

Higher **free cash flow**³ than FY19

Dividend 2020

Combined dividend for 2019 and 2020

¹ Assuming there are no further significant restrictions due to COVID-19 in the target markets of Arbonia and no subsequent negative FX rate impact

² EBITDA without one-time effects

³ Before M&A

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