

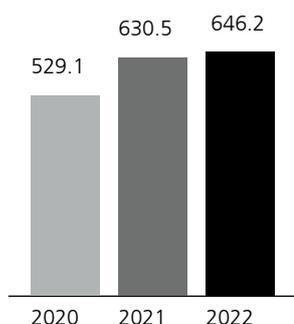


HVAC Division

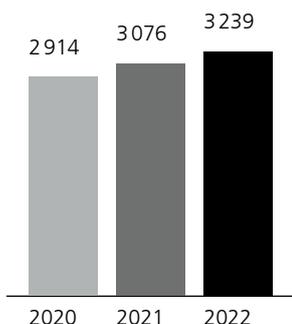
The **Heating, Ventilation and Air Conditioning (HVAC) Division** offers energy-efficient systems for indoor climate in all types of buildings. Their solutions for heat/cold generation, heat and energy storage, heat/cold distribution, as well as for ventilation and air filtration impress both in new construction and in renovation projects. Its integrated, high-performance production sites and a sales organisation close to customers makes it a market leader in Europe. Sustainability and energy efficiency are integral parts of the division's identity, which thus makes an important contribution to climate protection throughout the world.



Net revenue
in CHF million



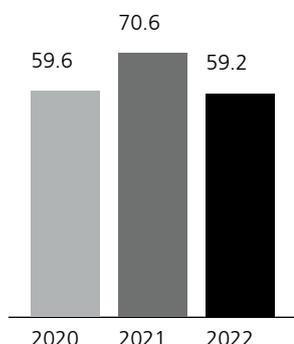
Average headcount
full-time equivalent



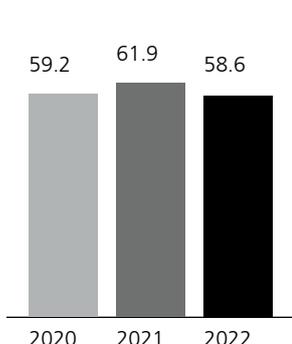
Market trends

The HVAC Division achieved revenues of CHF 646.2 million in the reporting year 2022, which was considerably higher than in the previous year (CHF 630.5 million). This growth of 2.5% was mainly driven by price effects, which were necessary due to considerable price increases in raw materials and energy. For the first time, the two acquisitions Tervovent (SRB) and Cicsa (ES) were fully consolidated in the reporting year. When adjusted for currency and acquisition effects, the revenue closed 7.0% above the previous year. With EBITDA without one-time effects of CHF 59.2 million, the division was not able to attain the previous year's level of CHF 70.6 million (-16.2%). Nevertheless, the EBITDA margin of 9.2% is a positive result considering the challenging general conditions. The unstable supply chains and material shortage, particularly concerning electronic components, posed great challenges to the organisation. At CHF 58.6 million, EBITDA with one-time effects was 5.4% below the previous year (CHF 61.9 million). EBIT without one-time effects closed at CHF 25.2 million, also 34.1% below the previous year (CHF 38.2 million), and EBIT with one-time effects closed at CHF 24.6 million, 3.7% below the previous year (CHF 25.5 million).

EBITDA
without one-time effects
in million CHF

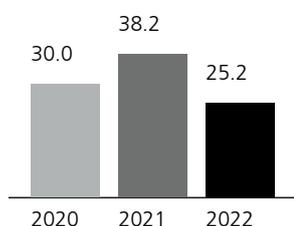


EBITDA
with one-time effects
in million CHF

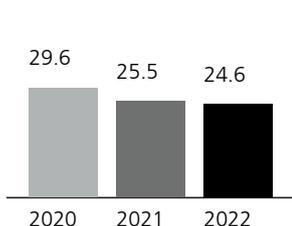


While the entire reporting year was marked by increasing material and energy costs as well as the implementation of a carefully considered pricing strategy, the negative effects of the war in Ukraine also worsened in the second half-year of 2022. As a result of the division's traditionally strong market position in Eastern Europe, the geopolitical situation had a significant impact on operating activities. In Western and Central Europe, enormous price increases in construction costs and destocking at specialist retailers and wholesalers led to a noticeable business deterioration in autumn 2022. This especially affected stockable products such as steel panel and bathroom radiators, while growth products such as heat pumps and ventilation systems including fan coils continued to register significant growth. The Southern European subsidiaries profited from their strength in commercial construction and project business.

EBIT
without one-time effects
in million CHF



EBIT
with one-time effects
in million CHF



The announced relocation and closure of the Dutch Tubbergen plant at the end of the year went according to plan. However, as a result of the inadequate capacity utilisation of individual radiator plants in the fourth quarter 2022 due to the previously mentioned destocking at specialist retailers and wholesalers, some capacities had to be adjusted; this was primarily achieved by using the available flexibility.

In December 2022, Cirelius S.A., a Portuguese company that specialises in selling HVAC system solutions, was acquired. Along with the already very established Spanish subsidiary Tecna, which consolidated its two previous locations in a new, highly efficient warehouse in Madrid (ES) in 2022, this will significantly strengthen the division's market position on the Iberian Peninsula and open up further growth opportunities in the area of sustainable heating systems. Together, they can now offer a comprehensive product range for private as well as commercial use.



The already existing pressure to use energy-efficient heating and ventilation products in residential and commercial construction, which is supported by the subsidy programmes of European countries, has experienced an additional boost from the start of the war in Ukraine and the associated uncertainty towards the supply of fossil fuels. In addition to the well-known ecological advantages, the search for a reliable energy and heat supply without fossil fuels as well as the desire for full energy self-sufficiency has become a guiding theme for interest in these products. The demand for energy-efficient products and solutions therefore remained high in the financial year 2022. With its products and system capabilities, the HVAC Division offers a comfortable indoor climate with suitable and sustainable solutions for renovation as well as in new construction. The strategy initiated many years ago with the four pillars – **use of renewable energies** with the heat pump and storage battery products – **"best in class"** production of radiators – **radiant heating and cooling** – **ventilation and indoor air quality** places special focus on growth markets and proves to be an absolutely correct strategic decision.

Products, technology and innovation

Regarding the **"use of renewable energies"** as an important strategic component, the very successful activities relating to the booming heat pump business should be mentioned first. In summer 2022, the new production plant in Opočno (CZ) was completed and commissioned according to plan. The production relocation from the previous location in Dobré (CZ) was carried out successfully while a very high capacity utilisation was ensured at the same time. The production capacities for the year 2023 have already been exhausted by the demand of existing customers. The plans for the next capacity expansion to over 30 000 units per year in 2024 are already proceeding at full speed.

The second product group in the segment of renewable energies is the new battery storage with the ecologically sustainable redox flow technology. A great demand has been generated here since the official market launch in the summer of the reporting year. The series production has begun at the existing production plant in Stříbro (CZ).

In the area of steel panel radiators, the investment programme for production modernisation in Plattling (D) has been completed. In addition, retrofits have also taken place in the production and packaging of column radiators and bathroom/design radiators in Stříbro (CZ). All these measures and investments culminate – according to the objective **"best in class"** – in maximum, cost-efficient flexibility for the division's continually expanding radiator range and ensure long-term production reliability and competitiveness. In the radiator range, it was possible to introduce numerous models through the division's various brands and successfully utilise cross-selling aspects. However, various innovations, such as a special heat pump radiator, also proved very popular.

The in-house manufacturing expertise in pipe production resulting from the installation of a further state-of-the-art extrusion line in Dilsen (BE), which was begun in the previous year, was the focus of the strategy component **"radiant heating and cooling"**. In respect to product solutions, the extensive roll-out of innovative radiant ceiling profiles and plates were a focal point of the division. In both product groups, specialist partners were won over by the easy and fast assembly, which was developed and optimised in-house.

In the area of the strategy component **"ventilation and indoor air quality"**, a further production hall was put into operation for air-handling units in Corbetta (I) in autumn of the reporting year. In addition, the full integration of the Tervovent company in Serbia, which was acquired in 2021, and the approval for further investments to increase productivity for fan coils took place. The division can thus considerably grow and expand its capacities in the residential ventilation segment as well as in the commercial ventilation area. An important milestone was winning a modular cleanroom project for producing vaccines in West Africa. Another was the "Neptun" swimming pool unit for regulating moisture indoors, which was presented to the market for the first time.

Sustainability and energy efficiency are elementary components of the HVAC Division as well as continuous process optimisation in respect to product and customer service at the sites.

In addition to many projects for in-house electricity production, for example the accelerated expansion of photovoltaic systems on production halls or the commissioning of a new combined heat and power plant in Plattling (D), the digitisation in all areas of the company has a high priority. Examples include simulation tools (hardware in the loop), the introduction of a comprehensive PIM system, or the changeover of the CRM system. For the intelligent networking and user-friendly utilisation of HVAC product solutions, the control technology segment including apps is continuously further developed.



Outlook

Even though current economic conditions impact the business of the HVAC Division, the general trends and market conditions remain positive and stable over the long term.

The necessary optimisation of buildings using energy-efficient heating and ventilation products drives investments in existing buildings throughout Europe. The HVAC Division has the right products and suitable system solutions for this. New construction will also pick up speed over the long term because the demand for living space is far from satisfied in many regions and especially in metropolitan areas. Geographically, the division has a wide country coverage, so that local economic downturns should not have too strong of an impact. The division is also excellently positioned with its structures and processes, and it is planning further projects for continuous improvement.

In the short term, 2023 will be challenging, on the one hand due to the cost situation with material, energy and wages, and on the other hand due to the large number of exogenous disturbances. Nevertheless, the division is in a strong position for long-term profitable growth.

Highlights



Production start in Opočno

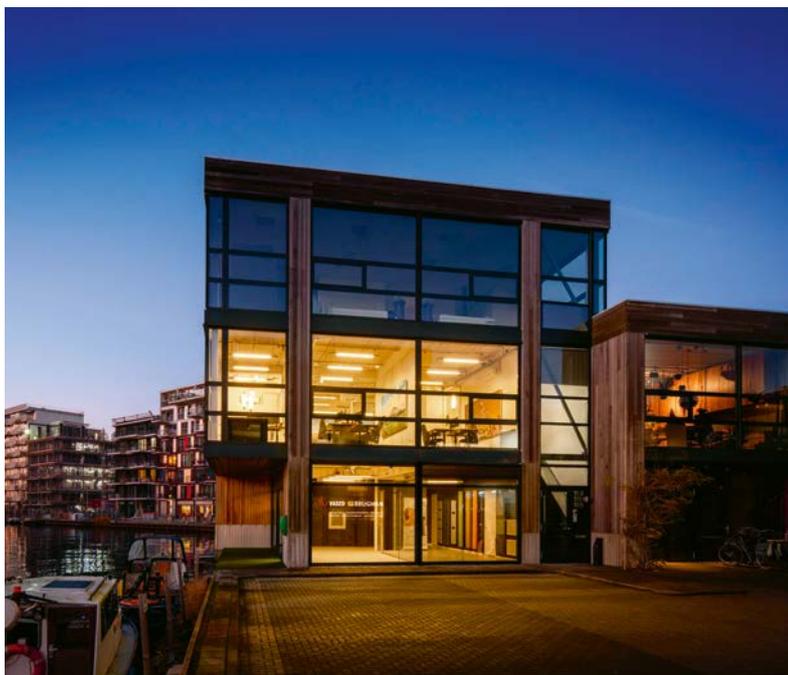
In August, the new heat pump plant in Opočno (CZ) was put into operation. As a result, the production capacity was significantly increased and is to more than double during 2023. Furthermore, an expansion of the production plant is also being planned and will also take place in 2023.

Market launch of **STORAC** battery storage

The battery storage "STORAC" is the future of energy self-supply and is literally an energy safe. Based on redox flow technology, it stores self-generated energy/power and thereby enables efficient personal energy use. The market launch of the battery storage under the Prolux brand took place in July 2022.



Further information can be found at:
www.prolux-solutions.com



New Inspiration Center in Amsterdam

The new Vasco Inspiration Center in Amsterdam (NL) warmly welcomes installers and wholesalers from the Netherlands. Opened in January 2022, it is an expression of the energy-efficient and health indoor climate products that Vasco and Brugman can offer. Naturally, workshops and product training for customers are also offered.



A simple solution for cooling and heating residential spaces

The residential fan coil "Carisma Whisper" combines compact dimensions with modern aesthetics and simultaneously impresses with a pleasantly quiet operation and excellent consumption values. It therefore ideally fulfils all air conditioning demands of residential and work environments and is thus also perfect for residential construction, energy renovation, for low system temperatures as well as a heat pump radiator that can heat and cool.