

Ad hoc announcement pursuant to Art. 53 LR

Zehnder Group increases sales by 13% to EUR 697 million

Gränichen (Switzerland), 14 January 2022: Zehnder Group (SIX: ZEHN), a leading international provider of complete solutions for a healthy indoor climate, achieved sales of EUR 697.2 million in the 2021 financial year. This corresponds to an increase of 13%. While the Group benefited from the backlog of demand in the first half of the year, shortages in the supply chain slowed growth in the second half.

Strong radiator business, slowdown in ventilation growth

The Zehnder Group had a strong first half of 2021 with a growth in sales of 23% (24% organic¹). The radiator business in particular benefited from the backlog of pandemic-related demand. In the second half of the year, the Group faced an increasingly reduced availability of electronic components. This led to delivery problems, especially within the ventilation sector, resulting in a significant slowdown in growth. Ventilation sales nevertheless grew by 3% in the second half of the year (–3% organic), while sales for radiators grew by 6% (5% organic). Overall, the second half of the year closed with a positive result of 4% (1% organic). Sales of EUR 697.2 million (unaudited; EUR 617.7 million in the previous year) translated into a growth in turnover of 13% for the entire year (12% organic).

The ventilation business area accounted for EUR 352.7 million of total sales. This represents a growth of 9% (6% organic). The two acquisitions made in the reporting year – Fortuneway in China in April and Caladair in France in October – contributed around 3% to ventilation sales. Revenues in the radiator business area grew by 17% to EUR 344.5 million (18% organic). This means that the share of total sales accounted for by ventilation and radiators was 51% and 49% respectively at the end of the year (52% and 48% in the previous year).

Positive backlog of demand in European radiator markets

The European segment achieved sales of EUR 586.8 million in 2021. This represents an unchanged 84% of total sales, and a 13% increase in sales (13% organic). EUR 290.0 million of revenue in Europe was generated in the ventilation business area. All three product lines – residential ventilation, heat exchangers and clean air solutions – contributed to the 8% growth (7% organic). In the radiator business area, revenues increased by 20% to EUR 296.8 million (20% organic). Sales in the radiator product line as well as in the climate ceiling product line both experienced positive development.

- The Zehnder Group recorded its highest growth rates in France, the UK and Italy. This was primarily due to strong recovery from the pandemic-related slump in sales during the previous year. But sales also increased as compared to 2019. In France, the Zehnder Group's largest radiator market, public incentives under the European Green Deal promoted the installation of high-quality, energy-efficient radiator systems. In Italy, tax incentives for renovations aimed at improving energy efficiency in buildings were also a

¹ For alternative performance measures, please refer to the annex to this ad hoc announcement.

driver of growth, particularly in the ventilation sector. In the UK, sales in both business areas developed favourably.

- In Germany, Zehnder Group's largest sales market, Switzerland and Poland, sales also increased and exceeded pre-Corona levels. However, the strained situation in raw material markets as well as shortages in the logistics chain led to delivery difficulties – as seen in other markets. This affected both ventilation and radiators.
- In the Netherlands and Belgium, where the Zehnder Group is mainly active in the ventilation business, sales suffered due to shortages in the supply chain. In Belgium, the growing radiator business made up for the decline in ventilation business. The Netherlands saw a significant drop in sales.

Strong ventilation growth in North America, real estate crisis in China during second half of the year

The Chinese & North American segment achieved sales of EUR 110.3 million in the reporting year, corresponding to an unchanged 16% of total sales. Compared to the previous year, revenues grew by 10% (3% organic).

- In China, sales increased by 15% to EUR 55.6 million (–3% organic). In the ventilation sector, the Zehnder Group expanded its position in the passive house business. In addition, Fortuneway, the heat exchanger company acquired in the spring, is growing rapidly. In the radiator business area, various projects were carried out and sales increased as compared to 2020. However, emerging payment difficulties experienced by major construction groups in the second half of the year had a massive impact on the real estate sector. In the ventilation sector in particular, project orders collapsed over the course of the second half of the year.
- In North America, sales amounted to EUR 54.8 million, 5% more than in the previous year (9% organic). Shortages with regard to materials and personnel had a negative impact on radiator sales. The ventilation business experienced favourable development, on the other hand. The product range was further adapted to suit local needs. In addition, assembly in Buffalo NY (USA) was expanded. Driven by the trend towards energy-efficient construction, ventilation sales increased by 30% (31% organic). That now accounts for 34% of sales in North America (28% in the previous year).

Details on the 2021 sales by region and business area (unaudited) can be found in the annex. The Zehnder Group will publish its full annual financial statements on 23 February 2022.

Next dates to note

Annual Report 2021 and Media/Analyst Conference 2022
Annual General Meeting 2022
Six-month Report 2022

23 February 2022
7 April 2022
27 July 2022

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This media release is published in German and English. The German version is binding.
For further information about the Zehnder Group, please visit www.zehndergroup.com.

Company profile

The Zehnder Group improves quality of life with comprehensive indoor climate solutions. The globally active company develops and manufactures its products in 18 plants, including 3 in China and 3 in North America. Its sales activities, spanning more than 70 countries, take place through local sales companies and representative offices.

Zehnder Group products and systems for heating and cooling, comfortable indoor ventilation and air cleaning are characterised by outstanding design and high energy efficiency. The Group is among the market and technology leaders in its business areas with brands such as Zehnder, Acova and Core.

The Zehnder Group has had its headquarters in Gränichen (Switzerland) since 1895. It employs around 3500 people worldwide and achieved sales of EUR 697 million in 2021 (unaudited). The company is listed on the SIX Swiss Exchange (symbol ZEHN/number 27 653 461). The unlisted registered shares B are held by the Zehnder family and persons closely associated with them.

Annex to ad hoc announcement pursuant to Art. 53 LR

Sales by region and business area in 2021 (unaudited)

EUR million		2020			2021			Change from prior year %			
		HY1	HY2	Total	HY1	HY2	Total	HY1	HY2	Total	Organic
Ventilation Europe	EUR million	135.1	134.3	269.4	154.0	136.0	290.0	14%	1%	8%	7%
Change from HY1 to HY2	%		- 1%			- 12%					
Radiators Europe	EUR million	104.8	143.0	247.8	144.6	152.2	296.8	38%	6%	20%	20%
Change from HY1 to HY2	%		36%			5%					
Total Europe	EUR million	239.9	277.3	517.2	298.6	288.2	586.8	24%	4%	13%	13%
Change from HY1 to HY2	%		16%			- 3%					
Ventilation North America	EUR million	7.1	7.3	14.4	8.8	9.9	18.7	24%	35%	30%	31%
Change from HY1 to HY2	%		3%			13%					
Radiators North America	EUR million	18.2	19.5	37.7	16.4	19.7	36.0	- 10%	1%	- 4%	0%
Change from HY1 to HY2	%		7%			20%					
Total North America	EUR million	25.3	26.8	52.1	25.2	29.6	54.8	- 1%	10%	5%	9%
Change from HY1 to HY2	%		6%			18%					
Ventilation China	EUR million	16.7	23.5	40.2	19.7	24.3	44.0	18%	3%	9%	- 11%
Change from HY1 to HY2	%		41%			23%					
Radiators China	EUR million	1.9	6.2	8.1	5.3	6.3	11.6	173%	2%	43%	39%
Change from HY1 to HY2	%		217%			18%					
Total China	EUR million	18.6	29.7	48.3	25.0	30.5	55.6	34%	3%	15%	- 3%
Change from HY1 to HY2	%		59%			22%					
Total business area ventilation	EUR million	158.9	165.1	324.0	182.5	170.2	352.7	15%	3%	9%	6%
Change from HY1 to HY2	%		4%			- 7%					
Total business area radiators	EUR million	125.0	168.6	293.6	166.3	178.1	344.5	33%	6%	17%	18%
Change from HY1 to HY2	%		35%			7%					
Total Zehnder Group	EUR million	283.9	333.8	617.7	348.8	348.4	697.2	23%	4%	13%	12%
Change from HY1 to HY2	%		18%			- 0%					

Alternative performance measures

This media release contains the financial parameter “organic sales growth”, which is not defined according to Swiss GAAP FER. This alternative performance measure is intended to aid the management team as well as analysts and investors in forming a clearer understanding of the Group’s performance. The Zehnder Group uses the following definition and calculation basis, which may differ from those employed by other companies.

The organic sales growth measures the growth that the Group is able to achieve on its own. The term organic sales refers to the sales adjusted for acquisition effects at constant exchange rates. In 2021, the effect of acquisitions amounted to EUR 8.8 million (Europe EUR 1.5 million, China EUR 7.3 million). The effect of foreign currency amounted to EUR -0.8 million (Europe EUR -0.2 million, North America EUR -1.9 million, China EUR 1.3 million). Organic sales therefore amounted to EUR 689.2 million and the organic sales increase came to 12%.