



Zehnder Group accelerates transformation into leading international supplier of indoor climate systems

- **Future consolidation of radiator production for flat tube radiators at the plant in France**
- **Conversion of the production site in Graenichen (CH) by building an international competence centre for the growing service and maintenance business and for information, training and professional development purposes**
- **Plans to reduce up to 50 production jobs in Graenichen, partially offset by the expansion of the service and maintenance business**
- **One-off costs of EUR 20.0-25.0 million for measures to expand the market position, repurposing of the Graenichen site, further restructuring measures, and impairments to consequently pursue the transformation to a climate system provider**

Graenichen (CH), 29 October 2024: Zehnder Group (SIX: ZEHN), a leading international provider of complete solutions for a comfortable, energy-efficient and healthy indoor climate, is accelerating its ongoing transformation into a system provider for indoor climate systems with a comprehensive package of measures. To this end, the Group intends to discontinue the production of flat tube radiators at its headquarters in Graenichen (CH) and to consolidate it at the plant in France. At the same time, the site in Graenichen is to be expanded as a centre of excellence for the core business of room ventilation and indoor climate solutions. The competence centre will encompass the growing service and maintenance business, the procurement and processing of system components as well as an information, training and continuing education centre for installers, architects, planners and building owners.

Radiator production in Switzerland no longer competitive

Zehnder Group's European radiator production for flat tube radiators is to be consolidated at the French plant in Vaux-Andigny. The plant in Switzerland is no longer competitive due to high costs and continuously declining volumes. The capacity utilisation of the radiator production in Vaux-Andigny can thus be sustainably increased and the cost structure improved. Due to the emergence of underfloor heating, demand for radiators in the new construction business has been declining for years. This trend is expected to continue. With their innovative and customised designs and applications, radiators remain an integral part of the Zehnder Group's comprehensive indoor climate business, albeit in smaller volumes than before.

New competence centre to replace the previous production site

The conversion of the Graenichen site into a centre of excellence reflects Zehnder Group's transformation from market leader in the radiator business to a leading company for indoor climate solutions. Zehnder Group employs approximately 3,500 people worldwide, of whom around 300 are employed in Switzerland. The planned discontinuation of the radiator production at the Graenichen site in April 2025 would result in the loss of 50 jobs at Zehnder Group Produktion Graenichen AG. However, it is intended that some of the employees affected would be able to continue working in the service and maintenance areas. The company has initiated a consultation process and will apply the existing social plan. The conversion is expected to create new jobs in Graenichen over the next few years to meet the growing demand for maintenance services of ventilation systems and in the procurement and processing of components for indoor climate systems.

Future-oriented investments in preparation for renewed growth in demand

As part of its accelerated focus on the indoor climate business, Zehnder Group will continue to invest in product innovations to strengthen and expand its market position as a leading international provider. The sale of the Climate Ceiling Solutions business in May 2024 and the acquisition of Siber, Spain's leading provider of residential ventilation solutions, in July 2024 laid the first important foundations for accelerating the transformation. As a result of these steps, Zehnder Group will consequently transform itself from a former production-focused component manufacturer into a high-tech, innovative system specialist and service provider for indoor climate solutions.

The accelerated implementation of this strategy requires investments for the conversion of the Graenichen site. Together with further organizational and structural measures, among those, an impairment of the plant in Dachang, China, where Zehnder Group outsourced its radiator production this year, and value adjustments on trade receivables due to the ongoing real estate crisis in China, this leads to corresponding provisions, impairment and valuation adjustments in a range of EUR 20.0-25.0 million.

Combined with the one-off costs of EUR 10.1 million from the sale of the Climate Ceiling Solutions business and selective organisational adjustments already communicated in the first half of the year, total one-off costs in 2024 are expected to amount to approximately EUR 30.0-35.0 million.

Despite the difficult international market context at present with the corresponding impact on sales and earnings, Zehnder Group has decided to initiate the implementation of the entire package of measures quickly. In this way, the company intends to create the conditions for benefiting from a competitive advantage by clearly focusing on the value-adding indoor climate business and positioning itself accordingly in the market. As soon as demand picks up again, the measures will also be reflected in growing market shares and a sustained improvement in the Group's profitability.

The creation of a dedicated leadership role for tapping the significant potential of the North American market should also be seen in this context. As reported, the Board of Directors has appointed Valentina Videva Dufresne as President of the North America Region and a member of the Group Executive Committee. She will be responsible for the development of the region from 1 January 2025.

Climate change and still immature markets as sustainable growth drivers

In the medium and long term, Zehnder Group, as a supplier of innovative room ventilation system solutions, will benefit from three strong and sustainable developments, namely the increasing and faster than expected impact of climate change on indoor comfort requirements, new building regulations for better insulated building shells and energy-saving, efficient air conditioning solutions, and even more targeted knowledge transfer and support of building owners, planners and installers regarding the added value offered by innovative ventilation systems in residential and industrial construction. Improving market awareness for air quality and energy efficient ventilation to realise this promising potential is a key task in the planned acceleration of Zehnder Group's transformation.

Zehnder Group's management plans to provide further information on the implementation of the measures at the Media/Analyst Conference 2025 on the occasion of the presentation of the Annual Report 2024.

Next dates to note

Sales for 2024
Annual Report 2024 and Media/Analyst Conference 2025
Annual General Meeting 2025
Six-month Report 2025

17 January 2025
26 February 2025
3 April 2025
25 July 2025

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For further information about the Zehnder Group, please visit www.zehndergroup.com.

Company profile

Zehnder Group provides worldwide leading solutions for a comfortable, energy-efficient and healthy indoor climate. The products and services of the Group include heating, cooling, indoor ventilation and air cleaning. The Group develops and manufactures its products at its own factories in Europe, China, and North America. In the financial year of 2023, the Zehnder Group had about 3500 employees and achieved sales of EUR 762 million. The company is listed on the SIX Swiss Exchange (symbol: ZEHN, number: 27 653 461). The unlisted registered shares B are held by Graneco AG, which is controlled by the Zehnder families.

Cautionary note regarding forward-looking statements

This media release may contain certain forward-looking statements relating to Zehnder Group's future business, development, and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to force majeure, competitive pressures, legislative and regulatory developments, global, macroeconomic and political trends, Zehnder Group's ability to attract and retain the employees that are necessary to generate revenues and to manage its businesses, fluctuations in currency exchange rates and general financial market conditions, changes in accounting standards or policies, delay or inability in obtaining approvals from authorities, technical developments, litigation or adverse publicity and news coverage, each of which could cause actual development and results to differ materially from the statements made in this media release. Zehnder Group assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.