

Ad hoc announcement pursuant to Art. 53 LR

## Press release

### Arbonia divests the Climate Division for EUR 760 million to Midea

**Arbon, Switzerland, 18 April 2024 – After the conclusion of a competitive sales process with several bidders, Arbonia has decided to divest the Climate Division to Midea Electronics Netherlands B.V., a company of Midea Group for an enterprise value of EUR 760 million. Subject to the approval of relevant regulators, up to CHF 400 million of the sales proceeds are to be returned to the shareholders after completion of the transaction. In addition, net sale proceeds will be used to strengthen the doors business and to reduce net debt. The doors business will strategically be further developed both organically and through acquisitions, with the objective of making Arbonia a European market leader for doors made of wood and glass.**

Arbonia has signed an agreement to divest the Climate Division to Midea Electronics Netherlands B.V., a subsidiary of the globally operating Midea Group (Midea) from China, which is listed on the stock exchange. The enterprise value of EUR 760 million corresponds to a normalised EBITDA multiple of around 12x based on the expected EBITDA for the financial year 2024, in line with precedent transactions for the industry. It should be noted in addition to the purchase price that, inter alia, the non-operating real estate of the Climate Division will not be part of the transaction and remain with Arbonia.

The Climate Division develops and produces products and systems for sustainable heat and cold generation, heat and cold distribution, as well as for ventilation and air filtration. The division includes the system brands KERMI, PROLUX, SABIANA and VASCO as well as the focused brands arbonia, Britec, Brugman, Cicsa, PZP, Solius, Superia, Tecna, and Tervovent. Midea plans to continue to invest in the Climate Division's existing sites, employees, and R&D capabilities. These brands are therefore to remain in the future and be further expanded.

The Clivet Group, which is also part of the Midea Group and based in the northern Italian region of Veneto, is a leading European company in the planning, manufacturing and sale of systems for climate, heating as well as air renewal and purification. The company offers a wide range of solutions for the residential, service, and industrial sectors. The combination of Clivet Group with the Climate Division will create a European leader for climate solutions. The combined group will develop sustainable and innovative solutions for home comfort and energy efficiency and thus drive forward the sustainable energy transition in the building sector. The combined group will benefit from a complementary product portfolio, an existing dealer and installer network, supply chain efficiencies as well as a strategic alliance with Midea Group.

The transaction is subject to the required approvals by relevant regulators. The closing of the transaction is expected in the second half of 2024.

#### Use of funds

The Board of Directors intends to distribute a part of the proceeds to the shareholders of Arbonia AG. Following the reduction of net debt, it will propose a distribution of around CHF 280 million in the form of a nominal value repayment of CHF 4.00 per share as part of an Extraordinary General Meeting. The nominal value would decrease from previously CHF 4.20 to CHF 0.20 per share as a result of the

repayment. This nominal value repayment would presumably be tax-free for the majority of Arbonia shareholders.

As announced, the Board of Directors intends to propose an ordinary dividend payment of CHF 0.30 per share for the 2023 financial year at the Extraordinary General Meeting; as in previous years, half of the amount would be contributed from capital contribution reserves and the other half from retained earnings.

Following the ordinary dividend and nominal value repayment, the Board of Directors intends to launch a share buyback programme to reduce the share capital by up to 6,900,000 shares (~10 % of the share capital).

Thanks to the strong balance sheet with a very high equity ratio and low net debt after allocation of EUR 200 million to the Doors Division for both organic and acquisition-related growth initiatives, the strategic flexibility and development of the Doors Division is ensured.

### **Future orientation of Arbonia**

With this transaction, Arbonia is focusing its strategy on its doors business. The Doors Division continues to work towards the goal of expanding its leading position as a Central and Eastern European supplier of wooden doors and glass solutions. Based on the largely complete investment programme for capacity and productivity increases as well as by increasing market shares in its domestic and neighbouring target markets, the division is aiming for above-average market growth in the future. Building on the investments made as well as with the aid of digital solutions, the division is positioning itself as an innovative full-range supplier. Firstly, it will continue growing organically, and secondly, it will make acquisitions that will help to establish a broader position both geographically and with regards to product variety. This leads to an investment case with a medium-term revenue target of around CHF 900 million with an EBITDA margin of ~15 % and high free cash flows. Further KPIs will follow at the Capital Markets Day to be held before the closing of the transaction.

### **Advisors**

Jefferies and UBS are acting as joint financial advisers, and Baker McKenzie is acting as the legal advisor for Arbonia. Goldman Sachs is acting as exclusive financial advisor, and Freshfields Bruckhaus Deringer LLP is acting as legal advisor, to Midea Group.

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This press release and further information on Arbonia can be found on the website [www.arbonia.com](http://www.arbonia.com).

**Arbonia** is a focused building components supplier with two divisions that are active in the areas of indoor climate (heating, ventilation, and air-conditioning) and interior doors made of wood and glass. The company, which is listed on the SIX Swiss Exchange, is active worldwide with its own distribution companies as well as with representatives and partners in more than 70 countries. Its main production sites are located in Switzerland, Germany, the Czech Republic, Poland, Serbia, Italy, and Belgium. A total of around 6,200 employees work for the Arbonia Group.

Founded in 1968, the **Midea Group** is a listed technology group with more than 190,000 employees worldwide. It had a turnover of EUR 48 billion in 2023. Its headquarter is located in Foshan, a city in the southern Chinese province of Guangdong. The Midea Group's business activities include household appliances, air conditioning and building technology, services and components for industry, robotics and automation. In Europe, Clivet SpA, which was acquired in 2016, is the Midea Group's strategic partner for

the HVAC business area within the Building Technologies division. Its portfolio includes air conditioning and cooling technology, ventilation and air cleaning systems. Clivet has a turnover of EUR 330 million within the Midea Group and employs around 1,000 people.