

## Press release

### Revenue growth for Arbonia in financial year 2018

- Net revenue incl. Vasco Group (consolidated as of 1 June 2018) of CHF 1374.0 million (+10.3% in comparison to the previous year)
- 5.2% growth when adjusted for acquisition effects
- 2.5% growth when adjusted for currency and acquisition effects

**Arbon, 22 January 2019 – In 2018, Arbonia recorded a net revenue of CHF 1374.0 million, equating to growth of 10.3% in comparison to the previous year (CHF 1245.6 million). When adjusted for acquisition effects, growth amounted to 5.2% and when adjusted for currency and acquisition effects to 2.5%.**

**This revenue development varied across the divisions. The Heating, Ventilation and Air-Conditioning (HVAC) Division saw especially pleasing developments, recording an increase in revenue of 8.2% when adjusted for acquisition effects and 5.0% when adjusted for currency and acquisition effects. However, the Sanitary Equipment Division suffered from shrinking effects due to excessive retail concentration of the Kermi and Koralle brands in Germany as well as aggravated market conditions in France. In all divisions and regions, both in the installation and production sectors, the prevailing shortage of skilled workers had an inhibitory effect. In the first half of 2018, the HVAC Division benefited from pull-forward effects in Russia due to new regulations regarding sheet thickness.**

**In the reporting year, Arbonia took an active part in the European market consolidation process in the area of design and steel panel radiators by acquiring the Belgian company Vasco Group for its HVAC Division. The acquisition will expand its geographical footprint and strengthen the division's range of products in the areas of residential ventilation and floor heating.**

#### **The general market environment of Arbonia**

In Germany, Arbonia's core market, development of the construction industry remained stable, though the lack of skilled workers and sites for construction has been curbing the boom experienced in the new construction sector for some time now. The shortage of skilled construction workers led to a preference for new construction, which further restricted the more profitable renovations business in the reporting year. The effects of the general pessimistic economic outlook, however, were also felt in 2018. Lower incoming orders in the industry led to a drop in commercial expenditure on buildings.

In Arbonia's domestic market of Switzerland, capacity remained stable. However, the intensive construction activity of recent years, driven by low interest rates, has led to imbalances on the property market. The increasing number of income properties remaining vacant is leading to increased competition, with pressure on rents. This development is also making energy efficiency refurbishments less attractive, as such renovations increase the value of the property. Overall, the risk that new residential construction in Switzerland will experience an even greater correction than has long since been expected is looking increasingly likely. In contrast, however, the office building sector recorded healthy growth.

In Eastern Europe, Arbonia's most significant market, Poland, continued to experience pleasing growth. However, the lack of skilled workers, which is also on the rise here, has proved challenging, as has as the unsatisfactory level of labour productivity, which remains significantly below the EU average. The negative effects of the lack of skilled workers and increasing wages on economic development have already been felt in Slovakia and the Czech Republic, where Arbonia also has production sites.

### **Revenue development in the divisions**

The **HVAC Division** achieved a total revenue of CHF 505.5 million in the reporting year (previous year: CHF 408.3 million). The Vasco Group and Tecna acquisitions are included in the growth figure of 23.8% on a pro rata temporis basis. When adjusted for acquisition effects, growth amounted to 8.2% and when adjusted for currency and acquisition effects to 5.0%. In addition to the factors described above, the lack of available sites for construction also limited developments in Germany's otherwise strong residential construction industry. Despite this, the division still achieved further growth in their most important market. The division was also able to generate increased revenue in the domestic market of Switzerland thanks to a combination of strong developments in the construction of rented housing and low interest rates.

The integration of the Vasco Group is still proceeding according to plan. As part of the centralisation of expertise in competence centres, the HVAC Division is consolidating its production volume for steel panel radiators and is relocating its production operations from Belgium to its highly automated sites in Germany and the Netherlands. Construction of the new production plant in Russia was completed in 2018, with operations set to begin according to schedule in the second quarter of 2019.

In the reporting year, the **Sanitary Equipment Division** recorded CHF 144.8 million in revenue, a figure that was 1.3% below the previous year's value (CHF 146.7 million). The currency-adjusted revenue development amounted to -4.1%. Noticeable difficulties were experienced in the very challenging markets in France and Germany in particular, while Switzerland saw especially pleasing developments.

The **Windows Division** was able to increase its revenue by 4.4% from CHF 351.0 million to CHF 366.3 million in the reporting year. When adjusted for currency effects, this resulted in an increase in revenue of 2.7%. The main focus of the division in the reporting year continued to be the ramping up of production output at the wood competence centre in Langenwetzendorf (D) to many times the previous year's level. The expected productivity level was reached in the second half-year, meaning that the phase-out in Altstätten (CH) could finally begin.

During the reporting year, the **Doors Division** achieved a revenue of CHF 357.5 million (previous year: CHF 340.0 million), a 5.1% increase. When adjusted for currency effects, the division achieved an increase in revenue of 2.1%. In 2018, the division also benefited in particular from positive developments on the German and Polish markets, where it was able to further expand its market shares despite high capacity utilisation.

The management expects operating results to be in line with guidance. On 26 February 2019, Arbonia will be publishing its annual report for 2018, the contents of which will be the subject of the financial media and analyst conference to be held in Zurich (CH).

### **Contact**

Alexander von Witzleben  
Chairman of the Board of Directors and CEO

Fabienne Zürcher  
Head of Corporate Communications & Investor Relations  
T +41 71 447 45 54  
fabienne.zuercher@arbonia.com

This press release, an overview of key revenue figures, as well as further information on Arbonia, can be found on our website [www.arbonia.com](http://www.arbonia.com).

**Arbonia** is a focused building supplier that is listed on the SIX Swiss Exchange and has its headquarters in Arbon, in the canton of Thurgau (Switzerland). The group is active worldwide with its own distribution companies as well as offices and partners in more than 70 countries. Its main production sites are located in Switzerland, Germany, the Czech Republic, Poland, Slovakia, Italy, Belgium and the Netherlands. A total of around 8 200 employees work for Arbonia Group.

The divisions that make up Arbonia are active in the following sectors: heating, air-conditioning and ventilation, sanitary equipment, windows, and exterior and interior doors.