

Press release

Stable revenue development for Arbonia in financial year 2017

- Net revenue including discontinued operations (Conducta and Forster Profile Systems) of CHF 1378.5 million (+38.5% in comparison with the previous year)
- Net revenue from continuing operations of CHF 1245.6 million (+35.9% in comparison with the previous year)
- Market expectations regarding revenue achieved or exceeded

Arbon, 23 January 2018 – Arbonia's net revenue including discontinued operations (Conducta and Forster Profile Systems) reached CHF 1378.5 million in 2017, which corresponds to an increase of 38.5% in comparison to the previous year. When adjusted for currency and acquisition effects, growth amounted to 1.5%, achieving or even exceeding market expectations regarding revenue. The companies of the Looser and Koralle Groups, which were consolidated for the full year for the first time, contributed significantly to the solid performance.

The net revenue from continuing operations (without Conducta and Forster Profile Systems) increased in 2017 by 35.9% to CHF 1245.6 million. On a pro forma basis (including the door business of the Looser and Koralle Group), Arbonia achieved a growth of 2.6%, when adjusted for currency and acquisition effects. This growth was achieved in a financial year, which was marked by production facility relocations, rising raw material prices and the integration of the Looser door business and the Koralle Group door business. Due to a strong 4th quarter, the growth of the continuing operations in the second half of 2017 amounted to 5%.

Arbonia's Sanitary Equipment business has reached a strategic size and importance, meaning the Arbonia Group has decided to split the Building Technology division starting in 2018 into two business units: the HVAC Division (Heating, Ventilation and Air Conditioning) and the Sanitary Equipment Division.

The general market environment of Arbonia

The German market continues to experience positive growth. Market growth can be primarily attributed to residential construction, in which new constructions have increased by 4–5% in comparison to the previous year. Arbonia expects continued positive market growth in the following years.

The Swiss housing market remains at the same high level as previous years. The most important factor supporting residential construction is the continued high demand for investment properties, due to a lack of investment alternatives. The renovation sector, however, continues to decline, and there are no economic stimuli for commercial properties.

Construction activity in Arbonia's key East European markets of Poland, Slovakia and the Czech Republic is benefiting from strong economic growth with good labour market conditions, that is, rising wages and decreasing unemployment.

Revenue development in the divisions

During the reporting year, the **Building Technology Division** achieved a total revenue of CHF 555.0 million (previous year: CHF 486.8 million). In 2017, the acquisition of the Koralle Group was consolidated for the full year for the first time, whereas in the previous year this was only taken into account on a pro rata basis. After adjustment for currency and acquisition effects, the revenue growth was 4.1%. The division's financial year was marked by significant increases in raw material prices, particularly for steel, and an unfavourable exchange rate of the Czech koruna, which the division offset with price increases. The significant integration, optimisation and investment programmes to improve competitiveness were continued in all business units.

After the successful integration of the Koralle Group and in order to facilitate further strategic development, the new scale of the Sanitary Equipment Business Unit now requires its own division within the Arbonia Group. To this end, the business unit will be separated from the Building Technology Division. The HVAC business activities will be combined into a newly established HVAC Division. Ulrich Bornkessel, current Head of the Air-Conditioning and Ventilation Technology Business Unit, will take over the management of this division and become a member of Group Management (see group organisation chart).

The **Windows Division** maintained its revenue of CHF 351.0 million (prior year: CHF 350.8 million) during the reporting year. Adjustment for currency effects resulted in a decrease of 1.4%, which is largely due to the Swiss market. In the other markets, particularly in Poland, Slovakia, and the Czech Republic, the revenue in this financial year increased. The higher volume of orders achieved during the reporting year as result of improved competitiveness and new products should result in a net revenue growth in 2018.

During the reporting year, the **Doors Division** achieved a revenue of CHF 416.5 million (previous year: CHF 156.7 million). On a pro forma basis (including door business Looser, but without Forster Profile Systems) and adjustment for currency effects, the revenue increased significantly by 4.8%.

The division benefited from the strong European markets during the reporting year, particularly in Germany, where the market share was able to be strengthened again despite capacity bottlenecks. In Switzerland, residential construction and public buildings, such as hospitals and schools, recorded increasing demand. As a result, during the reporting year RWD Schlatter achieved a slight revenue increase in Switzerland in comparison to the previous year.

The **sale of Forster Profile Systems** to the Belgian Reynaers Group, as announced in December 2017, was completed on 22 January 2018.

Outlook

Arbonia Group Management is standing by the results forecast that it published for the first half of 2017 for the year as a whole.

On 27 February 2018, the Group will be publishing its annual report for 2017, the contents of which will be the subject of media and analyst conferences to be held in Zurich.

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This announcement, the new group organisation chart and an overview of key revenue figures, as well as further information on Arbonia, can be found on our website www.arbonia.com.

Arbonia is a focussed building supplier that is listed on the SIX Swiss Exchange and has its head office 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 and Italy. Arbonia employs a total workforce of around 7,600.

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