



Lower sales and operating margin in the first half of 2024 in a challenging market environment

- **Group sales fell by 15% to EUR 344.7 million in the first half of 2024; ventilation and radiator segments both recorded lower sales**
- **Operating result (EBIT) of EUR 12.5 million, corresponded to an EBIT margin of 3.6%**
- **The divestment of the Climate Ceilings Solutions business resulted in a one-off loss of EUR 8.1 million; selective organisational adjustments led to one-off costs of around EUR 2.0 million**
- **EBIT before one-off effects¹ stood at EUR 22.6 million; the EBIT margin before one-off effects¹ of 6.6% stabilised at the level of the second half of 2023**
- **Cash flow from operating activities decreased to EUR 14.3 million (–36%)**

Graenichen (CH), 26 July 2024: The Zehnder Group (SIX: ZEHN), a leading international provider of complete solutions for a comfortable, energy-efficient and healthy indoor climate, reported 15% (–15% organically¹) lower sales of EUR 344.7 million in the first half of 2024. The persistently difficult conditions led to a decline in construction activity for new residential buildings in our most important markets. The renovation business was also affected by weaker demand due to general political and economic uncertainty. As a result, both the ventilation and radiator segments recorded lower sales in the first half of 2024.

Sales in the ventilation segment fell by 17% (–17% organically¹) to EUR 204.2 million in the first half of 2024. With the exception of air cleaning solutions, both other business areas within the ventilation segment, ventilation and heat exchangers were affected by a significant decline in demand. The basis for comparison is high due to the combination of a high order backlog from 2022 and improved delivery capacity in the first half of 2023.

The radiator segment generated sales of EUR 140.5 million in the first half of 2024. This corresponds to a decline in sales of 13% (–13% organically¹). Due to persistently high construction costs and general political and economic uncertainties, renovation activities involving radiator replacement in the relevant markets were again reduced in the first half of 2024. The resulting decline in demand led to lower sales in all areas of the radiator segment. The measures we have already initiated to adjust production capacities were systematically continued. We have therefore further adapted personnel capacities and production shifts again to the market situation.

Operating result under pressure

Zehnder Group recorded an operating result (EBIT) of EUR 12.5 million, corresponding to an EBIT margin of 3.6% in the first half of 2024. EBIT before one-off effects¹ totalled EUR 22.6 million. The EBIT margin before one-off effects¹ was 6.6% and stabilised at the level of the second half of 2023. The sale of the Climate Ceiling Solutions business caused a one-off loss of EUR 8.1 million in the first half of 2024. In addition, selective organisational adjustments led to one-off costs of around EUR 2.0 million. Insufficient capacity utilisation due to lower sales had a negative impact on Zehnder Group's operating result. Operating costs were reduced as a result of consistent and differentiated cost management. Zehnder Group was able to largely absorb the increases in labour costs caused by higher inflation and reduce other operating expenses. Overall, costs did not decline to the same extent as sales, as strategic investments in research and development, the expansion of the market presence, IT and sustainability initiatives were deliberately maintained. In doing so, Zehnder Group is strengthening the foundations for emerging stronger from the current phase of market weakness.

In the ventilation segment, EBIT before one-off effects¹ fell by 41% to EUR 21.5 million in the first half of 2024 (previous year: EUR 36.1 million). The EBIT margin before one-off effects¹ declined by 4.2 percentage points compared to the previous year to 10.5%. Investments into market coverage were maintained to further strengthen the growth segment of ventilation. Structural adjustments led to one-off effects of EUR 0.8 million. EBIT in the ventilation segment amounted to EUR 20.6 million and the EBIT margin was 10.1%.

In the radiator segment, EBIT before one-off effects¹ fell to EUR 1.1 million in the first half of 2024 (previous year: EUR 3.1 million). The EBIT margin before one-off effects¹ was 0.8% (previous year: 1.9%). The uncertain economic and geopolitical environment led to a decline in demand in the European and North American markets. The associated decline in volume reduced production utilisation. Targeted cost-saving measures continued to be systematically implemented in the radiator segment. EBIT and EBIT margin totalled EUR –8.2 million and –5.8% respectively, caused by a one-off loss of EUR 8.1 million in connection with the sale of the Climate Ceiling business and further restructuring costs in Europe in the areas of production and sales, amounting to EUR 1.2 million.

Lower cash flow from operating activities

During the first half of 2024, cash flow from operating activities decreased to EUR 14.3 million (previous year: EUR 22.3 million). The decrease is mainly due to the lower profit compared to the same period of the previous year as well as an increase in trade receivables. In the first half of 2024, Zehnder Group invested EUR 8.4 million (previous year: EUR 12.4 million) in property, plant and equipment, and intangible assets. The acquisition of the remaining 25% stake in Zehnder Caladair International SAS was financed by EUR 4.7 million liquid assets. In the first half of 2024, a dividend of EUR 15.4 million was paid out. Net liquidity¹ at the end of June 2024 stood at EUR 53.0 million (previous year: EUR 24.3 million). Equity totalled EUR 333.2 million (previous year: EUR 336.0 million). This corresponds to a high equity ratio of 68% (previous year: 62%).

Outlook for full year 2024

Zehnder Group assumes that there will be no significant trend changes in the residential construction segment in the short term. Despite the housing shortage in many countries, no short-term recovery is expected for new building permits in the core markets. Zehnder Group also does not anticipate any significant upturn in renovation projects until the end of 2024 due to a reduced willingness to spend on the part of customers. Consequently, Zehnder Group expects sales for the full year 2024 between EUR 670 million and EUR 700 million, and an EBIT margin before one-off effects¹ of 6-7% of sales.

With the implementation of further capacity adjustments in radiator production, the sale of the non-core Climate Ceiling Solutions business and the acquisition of Siber in Spain, Zehnder Group has taken important and necessary steps to sustainably improve the company's performance and lay the foundations for profitable growth.

In the long term, Zehnder Group continues to assess growth prospects as positive, particularly in the ventilation segment. The backlog in new construction and renovation activities, new building regulations for better insulated buildings, the increasing demand for energy-saving and efficient climate solutions, and the desire for healthy indoor air quality, together with great potential for market penetration in ventilation systems in various countries, will favour growth.



¹Alternative Performance Measures (APM) are key figures that are not defined under Swiss GAAP FER. For this reason, comparability with similar figures from other companies may be limited. Zehnder Group uses APMs as performance indicators for internal and external reporting to stakeholders. Further information on the APM can be found in the English Six-month Report 2024, available under the link below.

The complete Six-month Report 2024 in English as well as the Six-month Management Report 2024 in German are available on our website at:

www.zehndergroup.com/en/investor-relations/reports-and-presentations



Next dates to note

Sales for 2024	17 January 2025
Annual Report 2024 and Media-/Analyst Conference 2025	26 February 2025
Annual General Meeting 2025	3 April 2025
Six-month Report 2025	25 July 2025

Contact

René Grieder
Member of the Group Executive Committee, CFO
Zehnder Group AG, 5722 Graenichen (CH)
T +41 62 855 1521, rene.grieder@zehndergroup.com

Alexander Kamb
Senior Manager Investor Relations & Communications
Zehnder Group AG, 5722 Graenichen (CH)
T +41 62 855 1536, alexander.kamb@zehndergroup.com

This media release is published in German and English. The English version is binding.
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.