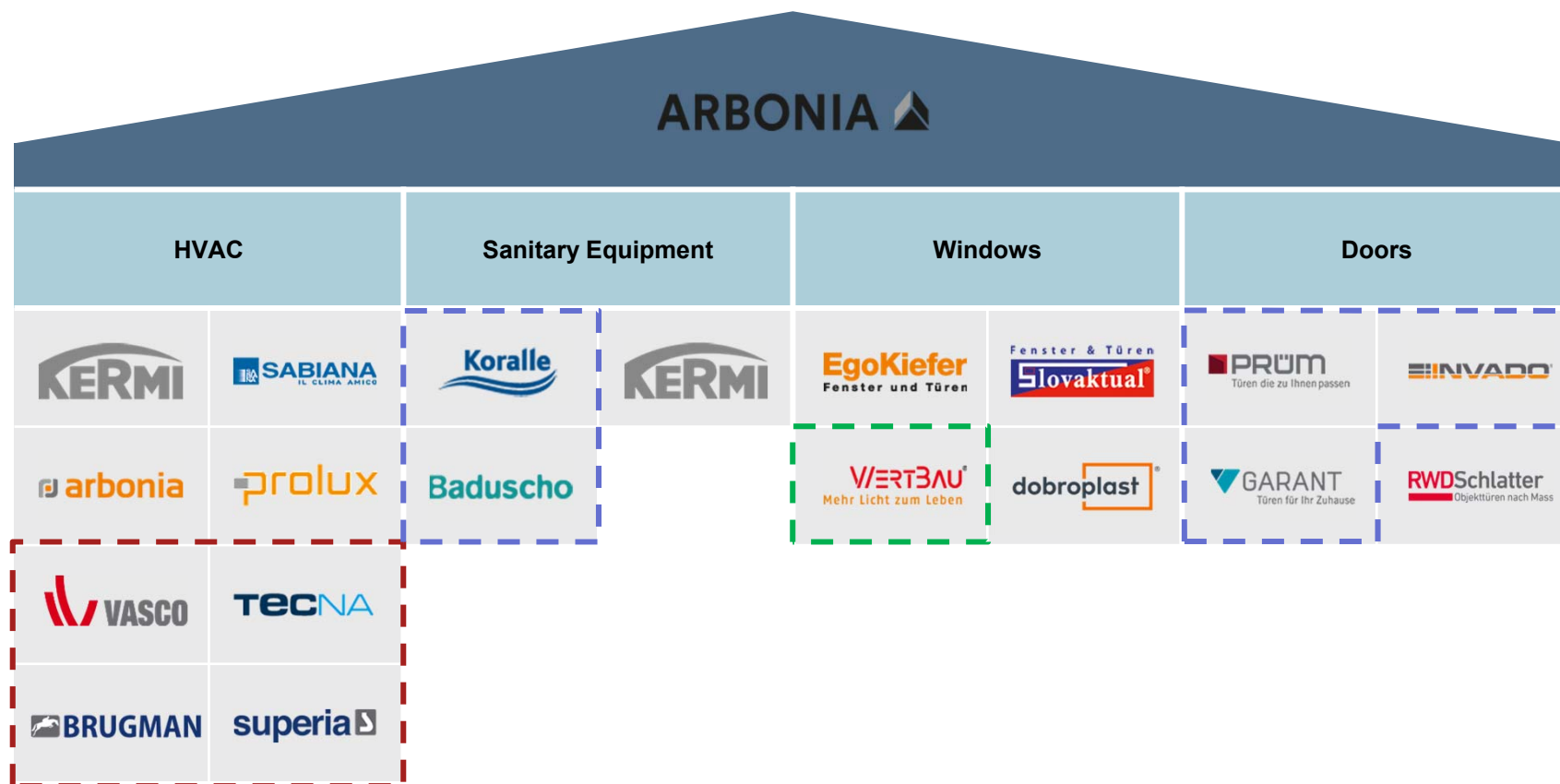




Baader Helvea Swiss Equities Conference 2019

Alexander von Witzleben, Chairman of the Board of Directors and CEO

Quiet Period – 11 January 2019



Acquisitions

-  2018
-  2016
-  2015

Disinvestments (2017)



Recap transformation

Overview key metrics 2014 - 2018

	In CHF M	First Semester 2018 ¹	Full year 2017 ¹	First Semester 2017 ¹	Full year 2016	First Semester 2016	Full year 2015	First Semester 2015
Net revenues¹			1'245.6		995.3		941.4	
		645.6		558.6		459.0		425.1
EBITDA¹			120.3		68.7		26.6	
		44.2		34.5		27.3		16.1
Shareholders' equity			863.1		728.8		351.8	
		868.6		753.9		350.4		186.8
Net indebtedness			43.3		225.1		21.7	
		137.3		174.8		65.5		228.7
Investments			105.1		62.1		21.9	
		50.1		48.2		20.2		9.3
Key Events		01.01.2018 Separation of Building Technology Division into the two new HVAC and Sanitary Equipment Divisions 20.04.2018 Placement of EUR 125 million certificates of indebtedness 16.05.2018 Acquisition of Vasco Group	H1 2017 Sale of Coatings Business H2 2017 Sale of Conducta Group, Forster Profile Systems and non operational real estate of EgoKiefer in Altstätten End of 2017 Completion of relocation of production facilities from Switzerland to other European Countries		20.09.2016 Completion of takeover of Koralle Group 13.12.2016 Takeover of 98 % of the Looser Group	17.04.2015 Alexander von Witzleben and Michael Pieper join the Board of Directors 01.07.2015 Alexander von Witzleben becomes interim CEO 13.08.2015 Announcement of restructuring process 01.10.2015 Completion of takeover of Wertbau		

¹ Continuing operations

1. Transformation of Arbonia

Update on key measures

2. Review

Upsides and downsides

Questions

Restructuring and repositioning of Arbonia Key strategic measures 2015 - 2018

Focus of Arbonia

- **Building supplier**
- **Europe**
- **Energy efficiency**



Arbonia carried out “6” production relocations between 2015 and 2018

<p>A Villeneuve (CH) - Pravenec (SVK)</p> <ul style="list-style-type: none"> • Transfer of PVC windows production to Slovakia (90 FTEs) • Completed in 2016 	<p>B Altstätten (CH) - Pravenec (SVK)</p> <ul style="list-style-type: none"> • Transfer of PVC windows production to Slovakia (80 FTEs) • Completed in 2015 	<p>C Altstätten (CH) - Langenwetzendorf (GER)</p> <ul style="list-style-type: none"> • Relocation of wood, wood/alu production from Altstätten to Langenwetzendorf (~70 FTEs) • Service shop remains in Altstätten • Work in Progress
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Windows

<p>D Arbon (CH) - Stribro (CZE)</p> <ul style="list-style-type: none"> • Transfer of special radiator production to Czech Republic (70 FTEs) • Completed in 2016 	<p>E Plattling (DE) - Stupino (RUS)</p> <ul style="list-style-type: none"> • Construction start for new panel radiators production plant in Stupino in September 2017 • Area of 15'000m², yearly capacity of 500k radiators, EUR 26 M investment volume 	<p>F Vlotho (GER) - Plattling (GER)</p> <ul style="list-style-type: none"> • Relocation of Koralle's shower production from Vlotho to Plattling (~70 FTEs affected) • Completed in 2017
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HVAC **Sanitary Equip.**



Transfer of over 5'300 km (total) & ~500 employees in CH & GER affected

Arbonia invests in the future Capex 2015 - 2018: > CHF 350 Mio.

Major capex projects (examples)



Doors Division

- New processing line:
 - Replacement of current production line
 - Capacity expansion to address high demand in German market
 - New premium edge capability
- Volume: ~ **EUR 20 M**



HVAC Division

- New panel radiators production site in Russia:
 - Capacity expansion by 500'000 radiators per year
 - Competitive manufacturing costs in best cost location
- Volume: ~ **EUR 27 M**



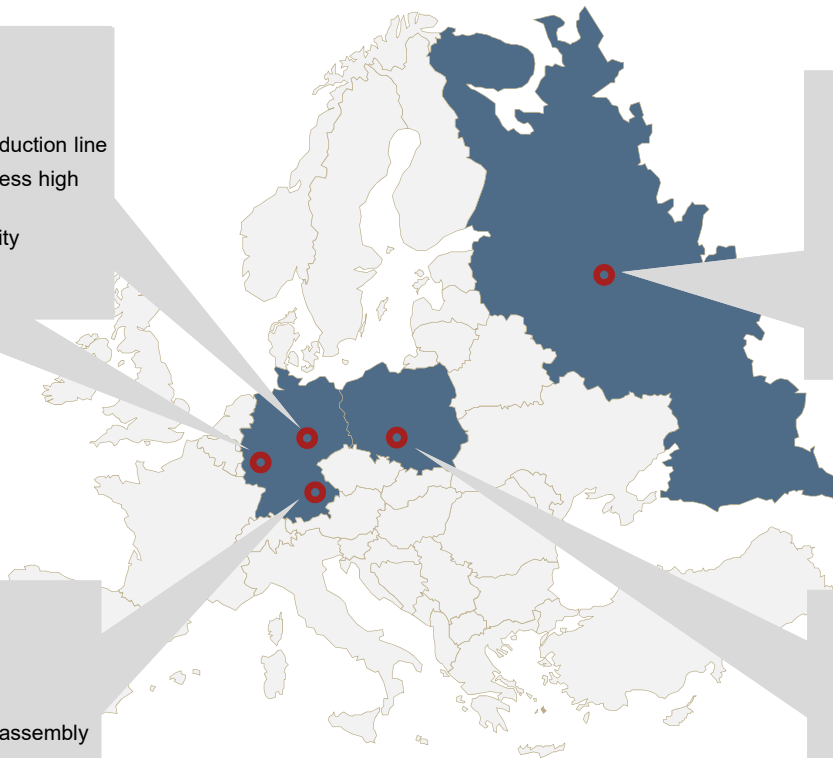
HVAC Division

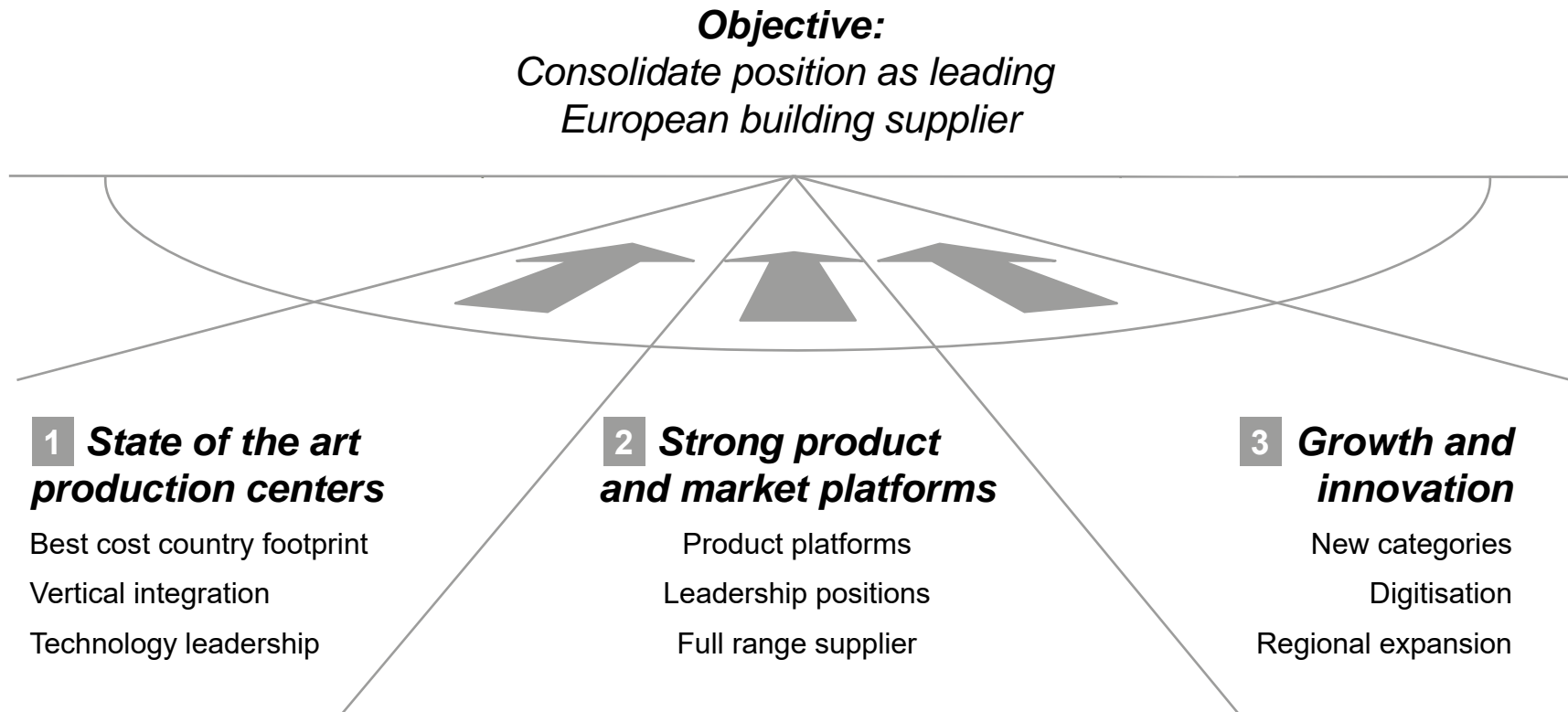
- Investment in radiator production:
 - Automation of steel panel assembly and packaging
 - New half panel presses
 - Automation of side cover assembly
- Volume: ~ **EUR 27 M**



Doors Division

- New production hall with new plant & assembly line:
 - Capacity expansion to serve growing Polish market
 - Investment in new machinery to increase productivity and automation
- Volume: ~ **EUR 13 M**





Priorities and outlook

1 State of the art production centers

- Ramp up new steel panel radiator production in Russia (Stupino) as planned in H1 2019
- Accomplish productivity improvement program in PCC (production competence center) in Plattling (D)
- Consolidation of steel panel radiator production to focus expertise and to further increase competitiveness

2 Strong product and market platforms

- Enhance product portfolio and expand European market presence through Vasco Group integration
- Further penetrate growing market segments of ventilation and underfloor heating

3 Growth and innovation

- Actively participate in ongoing heating market consolidation
- Develop and implement multi-channel sales strategy and tools addressing changing customer requirements driven by digitization



Priorities and outlook

1 State of the art production centers

- Establish steady state mode at production site in Plattling (D) (Koralle relocation completion)
- Review vertical integration level at all production sites to further increase productivity and establish batch size 1 production competence

2 Strong product and market platforms

- Defend leadership position in core markets (D/CH) through further product portfolio optimization and superior added value for market partners
- Renew the product range based on modern and high-class design
- Broaden product portfolio in lower price level

3 Growth and innovation

- Maintain innovation leadership in industry by combination of experienced R&D team and new digital opportunities



Priorities and outlook

1 State of the art production centers

- Fully ramp-up specialized wood/aluminum production competence center (PCC) in Thuringia (D) from 20'000m² in 2017 to expected 120'000 m² in 2019
- Finalize production phase-out in Altstätten (CH)

2 Strong product and market platforms

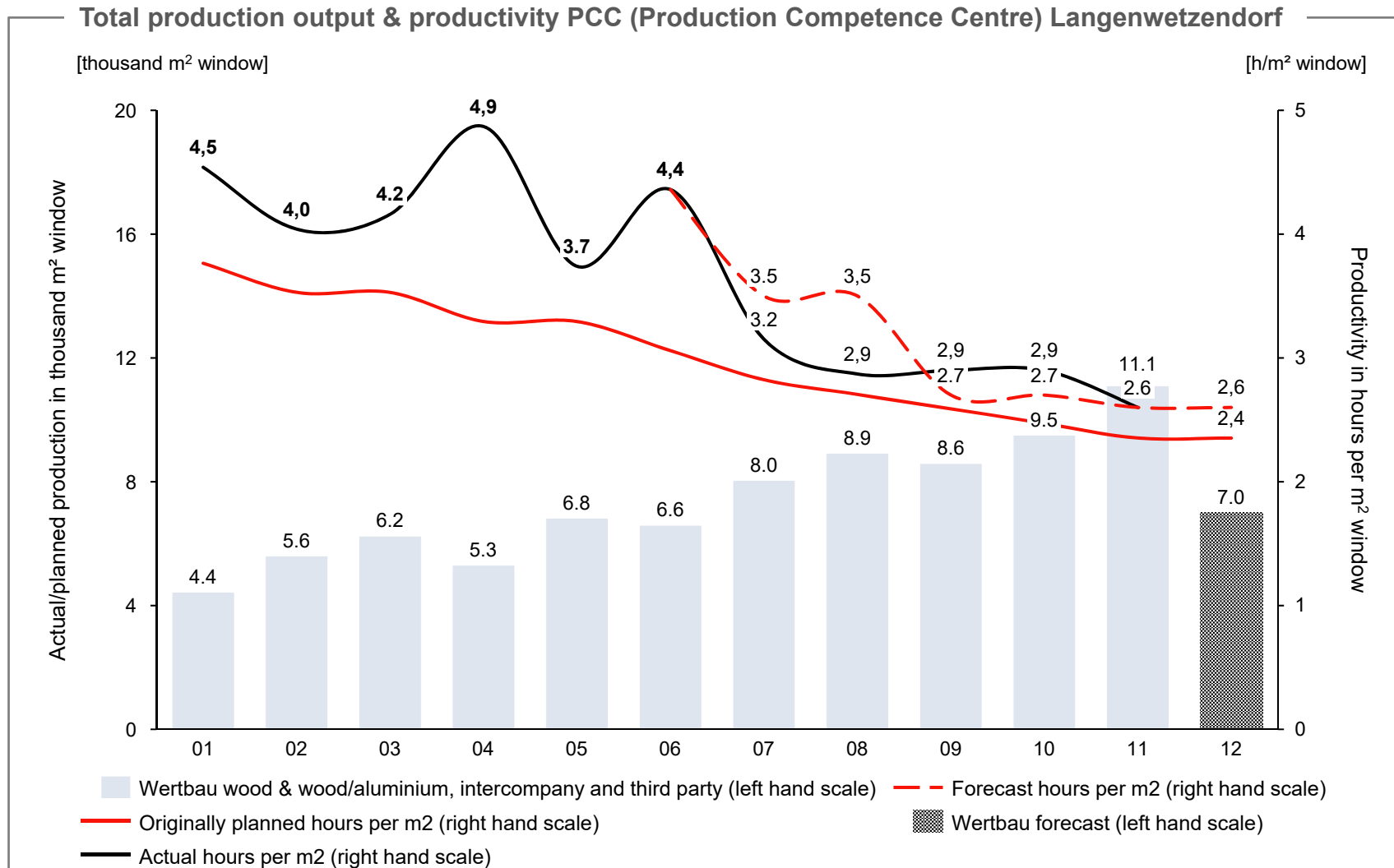
- Expand leading position in Switzerland with the newly developed wood/aluminum window
- Launch of new PVC window (branded fittings and profile) to further grow in Polish and German market

3 Growth and innovation

- Benefit from growing Eastern European markets with positive trend (Poland, Slovakia)
- Further implement digitization strategy along value chain



Ramp-up plan 2018 Langenwetzendorf Increasing production and productivity



Priorities and outlook

1 State of the art production centers

- New equipment needed for premium products being installed at both German plants
- Construction of new production line at Polish plant well under way, completed until spring 2019
- Cont. investment to increase output volume up to 2024 by 15%

2 Strong product and market platforms

- Standard doors of Prüm make up significant part of product offer at leading Swiss specialist retailer
- Functional doors of RWD Schlatter will be marketed in Germany as soon as certificates allow
- Steel frames to complement full range product portfolio

3 Growth and innovation

- Doors Division intent on playing a role in rapidly developing property technology (prop tech) field – co-operations and joint ventures under way/realized



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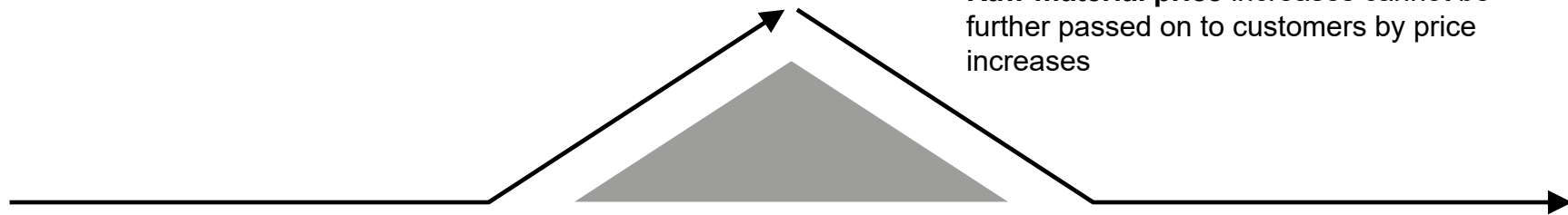
Second half of 2018 Upsides and downsides

Upsides: Market position, brand awareness, regional coverage

- Generally **positive economic outlook** for Europe for next three years (Germany, Poland, Slovakia, Czech Republic)
- Successful implementation of **price increases in the HVAC and Doors Divisions**
- CAPEX projects executed over the past three years effective – with first positive **productivity and quality effects**
- Realising additional potential through **complementary product portfolios** and **cross-selling synergies within divisions**
- **Additional growth, market consolidation** and **geographic potential** through the **acquisition of Vasco Group**

Downsides: Currency, economic underlying, complex internal projects

- **Delay in the production ramp-up of** Langenwetzendorf (D, Wertbau) and **delayed phase out** of Altstätten (CH, EgoKiefer)
- **Negative transaction impact** of current EUR/CHF **exchange rate** – strong relevance for Windows Division
- **Political uncertainties** in Europe and increasing protectionism initiated by the United States, e.g. with tariffs on steel and aluminum
- Further **decline of France business** (Sanitary Equipment Division) due to market decline, downtrading and change of sourcing strategy of exclusive distributor
- Ongoing **craftsmen's capacity constraints** in Germany and **shortage of skilled workers** across Eastern European countries with impact on wages
- **Raw material price** increases cannot be further passed on to customers by price increases



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Thank you

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