

Swegon

"THE Indoor Climate Company"

Latour Kapitalmarknadsdag 29 augusti 2013

CEO Hannu Saastamoinen

Hannu Saastamoinen - Profile



- Born 1960, Finnish
- M.Sc.(Econ.) from Helsinki Business School
- 12 years as an expatriate in Sweden (x 3), The Netherlands, Norway
- Professional career;
 - Huurre Group; CEO 2006-2012, Commercial refrigeration contractor
 - Munters Group; Division President Global HumiCool-division
 - TAC Sweden Ab (EQT/Schneider Electric); MD, Building management systems
 - Electrolux CR / UTC Carrier Corp.; Various P&L positions, Commercial refrigeration
 - Instrumentarium Corp. Metos; Various sales management positions, Catering equipment
 - SIAR; Management consultant
- Relevant experience in;
 - Similiar/related businesses to Swegon Indoor Climate
 - Global sales/manufacturing operations
 - Swedish organisations, company culture
 - General management in listed and PE-owned mid-cap companies

Swegon is...

...about **Better Indoor Climate;**

- 15 kg/day air a basic need
- 90% of time spend indoors

= *Supporting better health for people in buildings*

- Documented energy savings
- More "selable space"
- Higher flexibility in buildings (DCV)

= *Creating value for real estate owners*



Swegon is...



- ...about **strong and broad product range with innovation**



Swegon Production Sites



Kvånum, Sweden



Tomelilla, Sweden



Arvika, Sweden



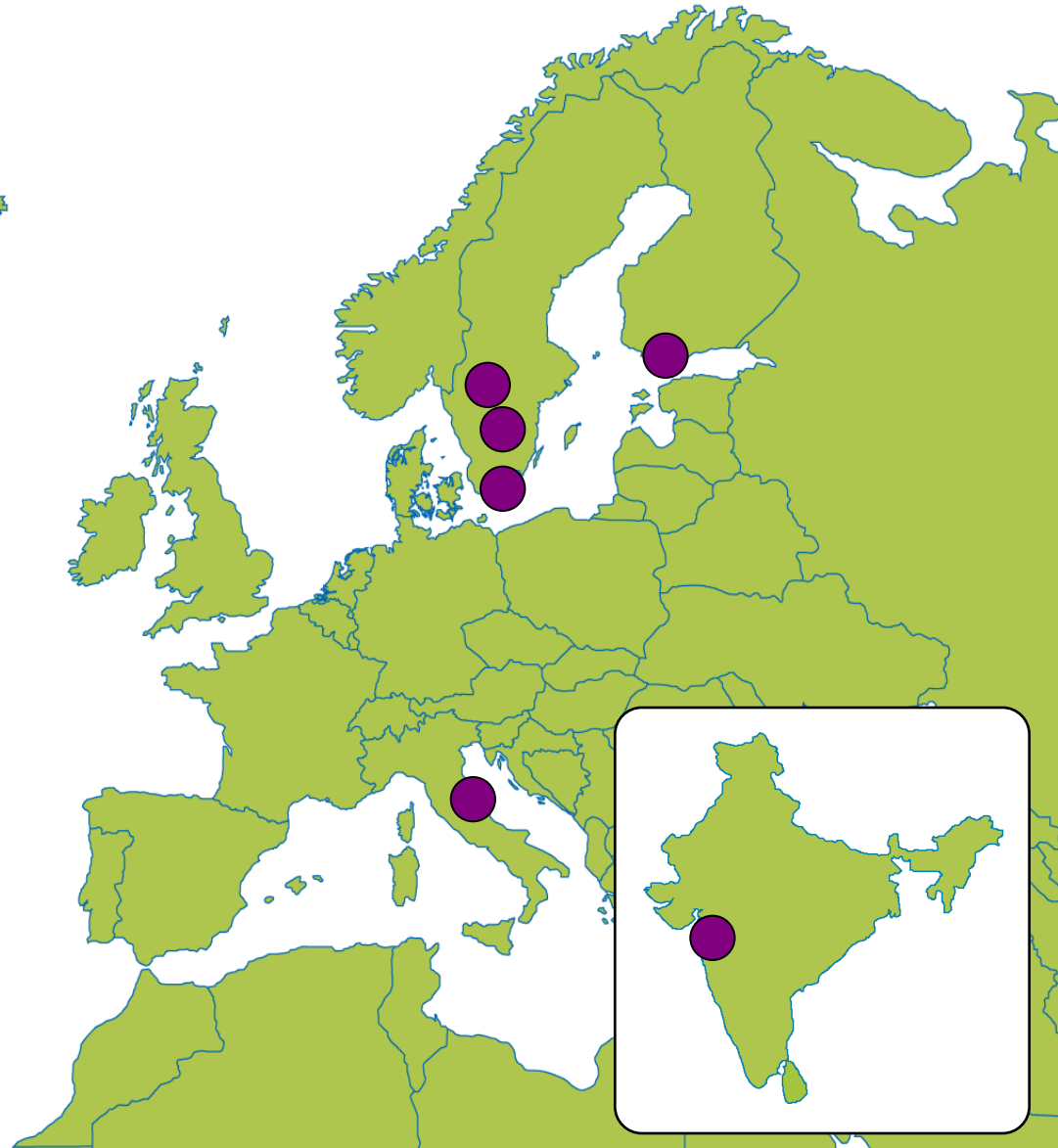
Swegon ILTO,
Kaarina, Finland



Blue Box, Cantarana
di Cona, Italy



Swegon Blue Box,
Mumbai, India



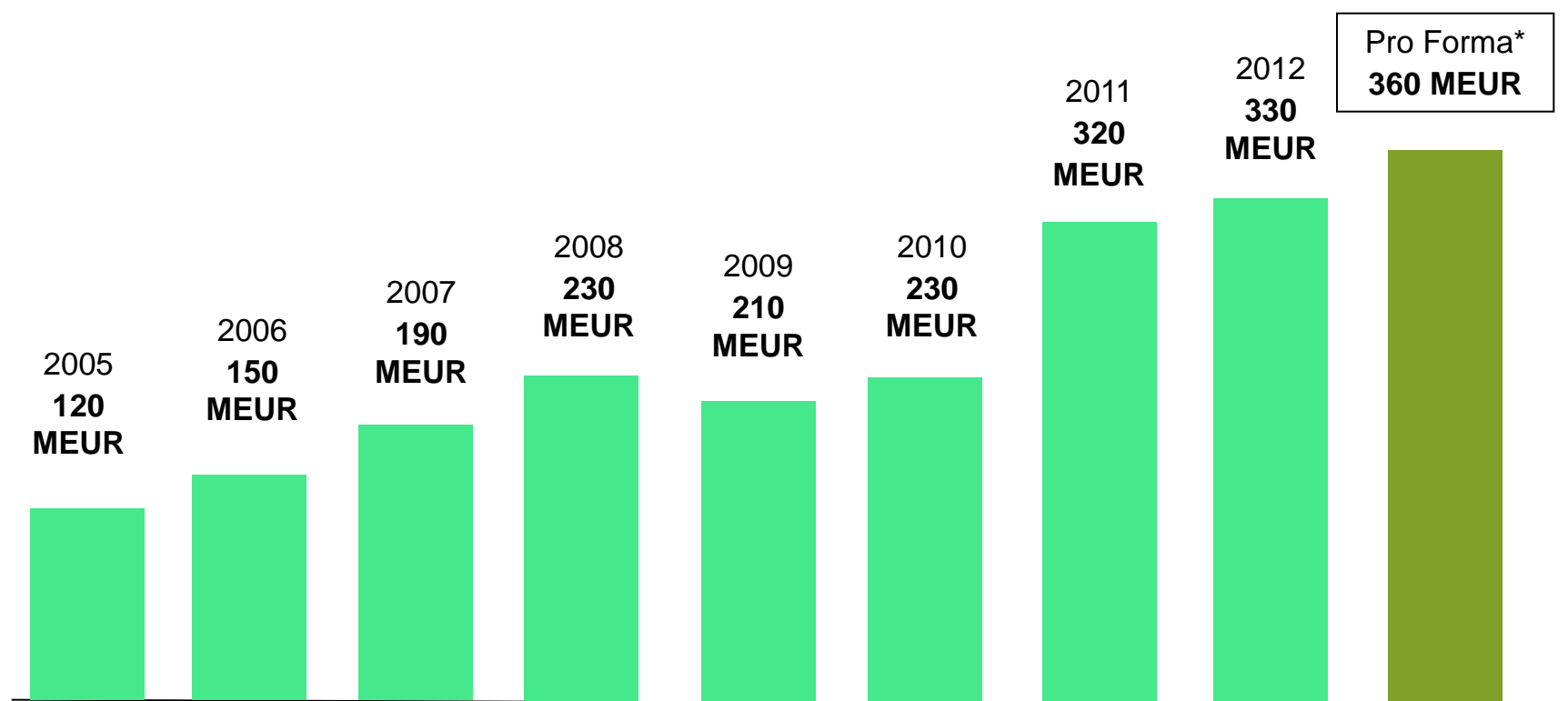
Swegon is...

- ...about a **solid and wide customer base**



Swegon is...

...about **solid historical & current performance**



Employees 6/2013: **1415 persons***

* Incl. WMKD & Coolmation

Swegon is...



- ...about having **several strengths to support future growth:**
 - + Documented historical performance
 - + Broad product range
 - + Strong innovation culture in R&D
 - + Well-invested manufacturing sites
 - + Expanded footprint in cooling & residential as well
 - + Good and diversified customer base
 - + Distribution controlled mainly via own subsidiaries
 - + Strong brand and market position in Nordic Region
 - + Several interesting growth opportunities identified
 - + Still in a fragmented industry with underlying growth drivers in place

- **Solid growth drivers long term;**
 - Estimated adressable market size in Europe appr. 5 bio €
 - Increasing focus on energy efficiency
 - "Buildings 40%"
 - Tightening building legislation & regulations
 - Environmental discussion, Leed, Green buildings etc.
 - Passive house technology
 - Increasing focus on air quality
 - Human health and productivity (schools, offices etc.)
 - Comfort of living
 - Renovation need in Western Europe
 - "Miljonprogrammet" etc.
 - Urbanisation in Emerging Markets
 - 50% > 70% in large cities

Market Outlook

- **A challenging market in 2013;**
 - General outlook still "soft, but bottom reached"
 - European construction volumes 2013 still estimated to decline (Euroconstruct 6/13)
 - New non-residential 2013 – 5.7%, 2014 -1.6%
 - Residential 2013 -2.2%, 2014 +1.1%
 - In general slow 1H, some early indications of slight improvement in 2H
 - Big variation between geographical markets
 - Swegon strong in more solid economies (Nordic, Germany, Poland, Switzerland, Russia)
 - Large construction projects still postponed / missing from OB, smaller ones (renovation) moving and giving a higher t/o on OB.
 - Swegon business is "weather dependant"
 - Long winter delayed construction start ups in Continental Europe
 - Cool spring effected A/C demand coming late
 - Flooding in Germany creates short term opportunity for dehumidifiers

Swegon Short Term Focus

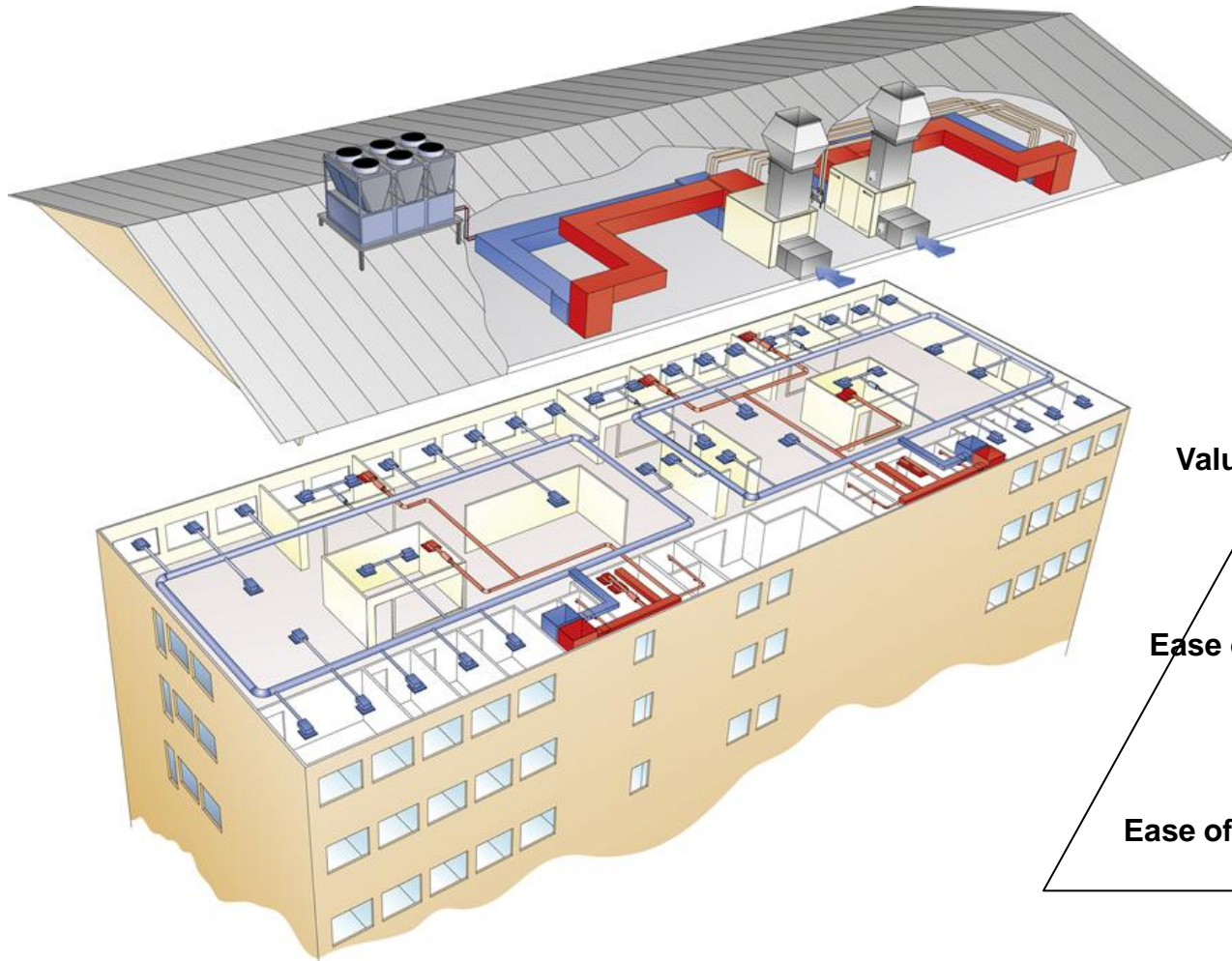


- **Securing performance...**
 - Tight margin and cost management
 - Sharp geographical focus on "where the money is"
 - Few "fixes" starting to deliver
 - Factory/Purchasing efficiencies
 - Innovative product introductions 2013 still coming...
 - AHU GOLD E with touch pad interface
 - Apartment Solution Wise
- **...and building the platform for growth**
 - Increased "sense of urgency & tempo in actions"
 - Management structure and added resources
 - BU Cooling for better growth focus
 - Factory start up in India
 - Quick integration of acquired companies (Coolmation, WMKD)
 - Co-operation with sister company Kabona etc.

Swegon Long Term Focus

- Road map for growth well under preparation/roll out
- Ambitious growth targets maintaining current profitability
- Combination of organic and acquired growth
- Focus Areas;
 - Innovative products > System Approach > Extended offering
 - Geographical footprint expansion
 - New segments outside traditional CIC focus
 - Smart acquisitions to support (the above)

Swegon System Approach



Value creation for investors =\$

Ease of design for consultants =\$

Ease of installation for contractors =\$

OfficeSolution™
WATER

OfficeSolution™
AIR

HotelSolution™

SchoolSolution™

HospitalSolution™

RetailSolution™

Latest Highlights 2013; India

- Organic growth continues geographically
 - New production site in Mumbai, India
 - Stage 1 implemented Q1; Closed control units for local data center market
 - Stage 2 planned Q1 2014; Air cooled chillers local + export sales SEA



Latest Highlights 2013; Acquisitions

- Two closed acquisitions to support cooling business penetration
 - **Coolmation** UK 02/2013
 - **Walter Meier Klima Deutschland** 06/2013
 - Forward integration acquiring strong local chiller distributors;
 - ✓ Generate volumes for Blue Box in Italy
 - ✓ Get closer to end-users and create service business opportunities
 - ✓ Integration of both companies ongoing and delivering according/over the plan
- A systematic process established to create solid target company pipeline
 - Full time M&A resource
 - Structured scanning with selected criterias
 - Integration process
- Potential areas could be
 - Complementary products (to support system approach)
 - Stronger geographical foot hold
 - Segment penetration (Cooling, Residential)
 - New innovative technology

Swegon Summary

- ✓ Solid historical & current performance
- ✓ Very strong product range and own distribution
- ✓ "System Approach" to create additional value
- ✓ Underlying strong growth drivers in indoor climate business
- ✓ Fragmented industry offering structural opportunities
- ✓ ***Well-equipped for future growth***
 - ✓ Owner & management ambition
 - ✓ Financial resources
 - ✓ Upgraded management capacity
 - ✓ Roadmap with organic and acquired actions/opportunities in place