

Latour CMD 2015

Hannu Saastamoinen, Swegon



Swegon

The **indoor climate** company

- **The Swegon Journey**
 - **Capital Market Day 2015**
 - CEO Hannu Saastamoinen

Operating in a positive future industry

Indoor Air Quality for Health & Comfort!

- ~20.000 l/day
- ~90% indoors
- ~10% productivity effects (TUoD)

+ energy savings, regulations, urbanisation etc.

HotelSolution™

OfficeSolution™



breeam

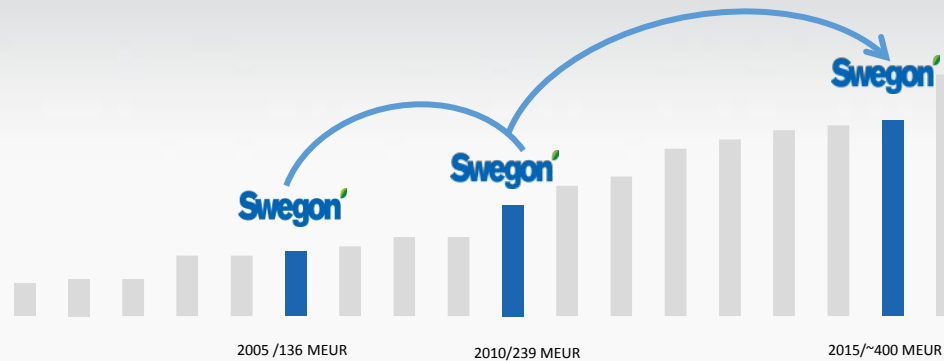
>> Strong fundamental drivers to support Swegon's long term growth strategy...

Dynamic HVAC industry. Opportunities emerging

GLOBAL
HVAC/CHILLER
MARKET

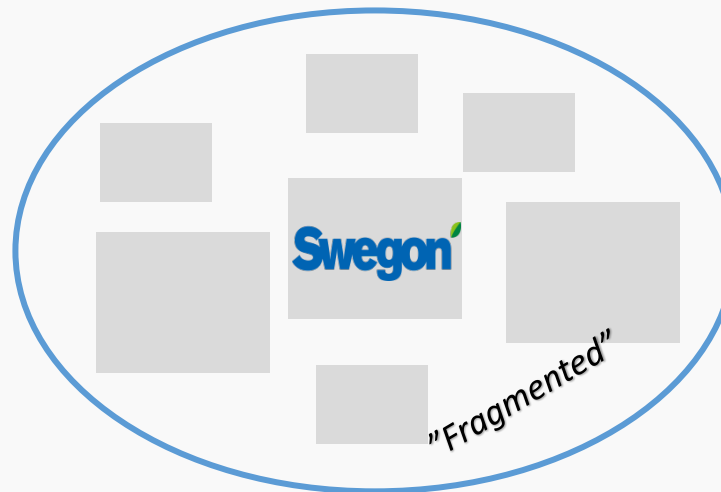
"The Big 4"
&
Asian players

"Consolidated"



EUROPEAN
HEATING MARKET

"Consolidating"



**EUROPEAN COMMERCIAL & RESIDENTIAL
VENTILATION MARKET (~5 Bio €)**

GLOBAL ENERGY
MANAGEMENT & BMS
MARKET

"polarized"

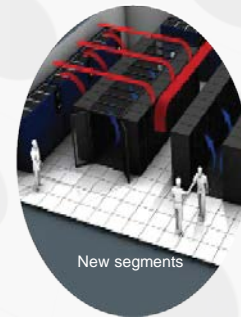
>> Creating a power position on a fragmented European ventilation market...

Strategic Cornerstones. Capturing opportunities

- 1 Differentiate by superior **System Approach**
- 2 Strengthen selected **European Strongholds**
- 3 **Organic Growth** through **"platform expansion"**
- 4 **Selective acquisitions** to support growth



New products



New segments



New geography

VIBRO-ACOUSTICS*



P. LEMMENS
AIR MOVEMENT COMPANY

ECONDITION

Air Conditioning - Free Cooling - Energy Services



>> Clear strategy and well defined "must win battles" internally in focus...

Vibro-Acoustics - Why ?

This was said a year ago:

#1 Long term platform for growth on the North American market

- ❖ US AHU market estimated to ~1 BUSD, roughly 300+MUSD is addressable for Swegon
- ❖ Non-residential construction market expected to grow by 6-7% p.a. coming years
- ❖ Growing interest in energy efficiency expected in our focus markets
- ❖ Strong USPs for Gold vis-à-vis existing competitors and also for Chilled Beams

#2 Acquisition necessary to establish a sufficient platform for growth

- ❖ Building rep network and brand recognition on mature market takes very long
- ❖ We need local manufacturing base due to local conditions

#3 Of 100+ companies – this is “the one” fulfilling our acquisition criteria

- ❖ Large number of AHU companies larger than 200 MUSD, dominated by relatively large custom AHU and AHU companies smaller than 20 MUSD, many struggling
- ❖ Vibro Acoustics fulfilling the pre-defined criteria very well

VIBRO-ACOUSTICS®

Vibro-Acoustics - Doing solid progress...

#1 Long term platform for growth on the North American market – *high ramp up activity!*

- ✓ GOLD AHU stage 1 ramp up in progress, planned launch Q4 2015 > well on plan!
- ✓ Planning stage 2 in AHU range will start 2016
- ✓ “Comfort Center” created in Toronto
- ✓ Manufacturing platform gives future opportunities for local expansion

#2 Acquisition necessary to establish a sufficient platform for growth – *starting to see distribution strength!*

- ✓ Creating initial “pull” on the market
 - ✓ Looking positive, but needs education!
 - ✓ Started to address ~ 85 solid VibroAcoustics’ reps
- ✓ WBCS gaining momentum, good early wins (Citizen M, Harvard...)
- ✓ Base business on a positive trend and additional opportunities addressed
 - ✓ Strong sales performance 1H 2015 (+25% LYPF), positive order trend (+ 51% vs LYPF)

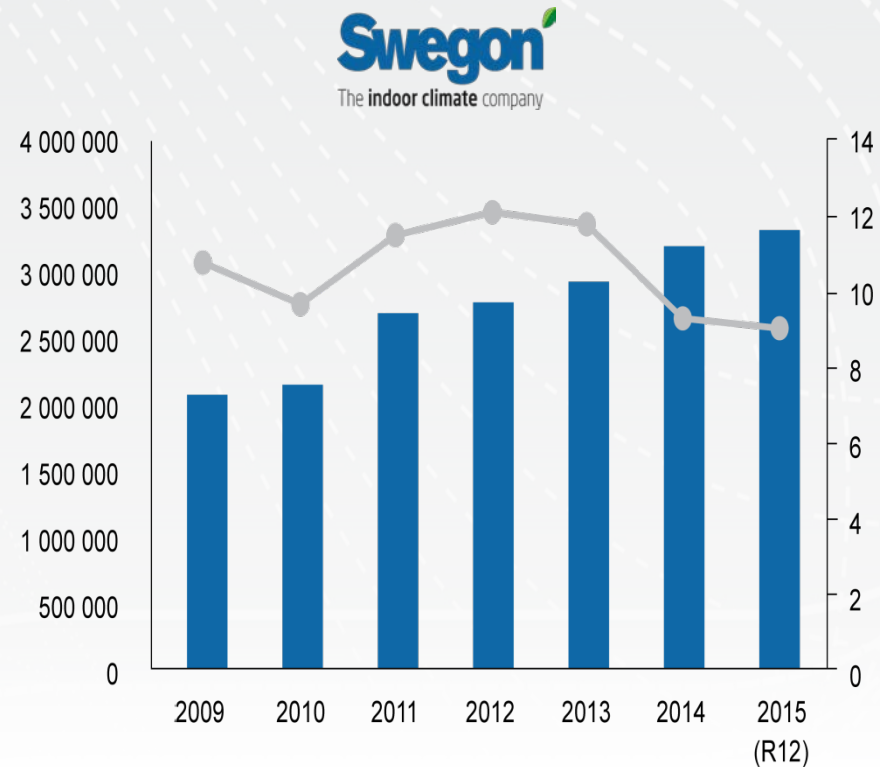
#3 Of 100+ companies – this is “the one” fulfilling our acquisition criteria – *solid integration process!*

- ✓ Confirmed a very good cultural fit and “way to go to market”
- ✓ Motivated management in place and reinforced

VIBRO-ACOUSTICS®

Swegon - Current performance

- Investing in transformation/platform build up
- High variation in demand market to market
- Improving order intake and backlog
- Growth initiatives gaining momentum (AC orders);
 - Home Solutions + 26 %
 - Nordics + 8%
 - North America + 25%
 - Switzerland + 24%
 - Cooling/Data cooling openings
 - Winning market share AHU Sweden +2 points 15Q1 R12 vs LY



Preparing long term & dealing with short term challenges on a still volatile market environment...

Swegon Transformation; Structured approach

Swegon long term business development program gaining speed...



- ✓ Road map rolled out
- ✓ Structure in place
- ✓ Resourcing in progress

- ✓ Development of system approach
- ✓ Strengthening European strongholds
- ✓ BA must win battles
- ✓ Active R&D roll out
- ✓ Acquisition integration
- ✓ North-American platform
- ✓

High management focus on execution going forward...