

Press release

Vaillant Group with stable sales development in weak market environment

- **Adjusted for exchange rate effects, sales at previous year's level**
- **Currency exchange effects and mild winter reduce result**
- **European heating technology market significantly declining**
- **Regional growth in Asia and Eastern Europe**
- **Good start to 2015**

Remscheid, 11 May 2015 – The Remscheid-based heating, ventilation and air-conditioning technology specialist Vaillant Group achieved sales revenues in financial year 2014 of €2.33 billion (2013: €2.38 billion). In a difficult market environment, the sales development was thus about 2 per cent below the previous year, although adjusted for currency exchange effects the sales matched the previous year's level. The operating result (EBIT) dropped to €166 million (2013: €222 million). That figure includes special charges in the form of goodwill amortisations. Adjusted for these, the EBIT was €184 million. The reasons for the drop in earnings of about 17 per cent compared to the operationally strong previous year were besides a weak market development disadvantageous exchange rate influences, especially of the Russian rouble and the Turkish lira, and lower spare parts sales due to the mild winter. In addition, the Vaillant Group invested heavily in the expansion of international sales structures. The investments increased by about 13 per cent year-on-year.

“The Western European market environment for heating, ventilation and air-conditioning technology worsened noticeably from the second quarter of 2014. Nearly all sales markets

recorded a decline in the year and the overall market dropped by 4 per cent. Nevertheless the Vaillant Group largely offset this generally negative market trend. Sales increases in the condensing technology segment and growth outside Europe contributed decisively to that. In important markets such as Germany, Turkey and Russia, we gained market shares," said Dr Carsten Voigtländer, Vaillant Group CEO, at the company's annual Press conference in Düsseldorf.

The Vaillant Group started soundly in the current financial year. Sales earnings in the first quarter of 2015 were at the previous year's level and the operating result (EBIT) exceeded the same period in 2014.

Regional growth driven ahead

In order to counteract the continuing subdued demand in the European heating technology markets, the Vaillant Group has for years strengthened its regional sales activities in Eastern Europe and Asia. The Russian business, with a lift of about 11 per cent despite negative exchange rate effects and the Ukraine crisis, made a positive contribution to the development of the Vaillant Group's overall result. In all, the Eastern Europe region posted growth of 3 per cent.

As expected, the business development in China, the leading Asian market, was once again positive in 2014. Vaillant Group sales rose by more than 17 per cent compared with the previous year. In order to be even more present in the Asian growth region in future, the Vaillant Group in 2014 opened new customer forums and sales offices in China and in August founded its own sales company in South Korea, the second-largest regional market. There, the Vaillant Group will now concentrate on the sale of efficiency technologies in the premium segment under the Vaillant brand.

New products and development projects

In order to meet the customers' demands and the challenges of the industry in future, the product portfolio was extended in 2014 and numerous development projects driven ahead. The focus was thereby across brands on efficiency technologies and encompassed among other things important product lines in the condensing technology segment, new heat

pump models and a new series of ventilation appliances. A second focal point is formed in the service business by Internet-based, connective solutions for smart energy management, remote control of heating systems by app and the central integration of heating systems in building automation systems. In the area of Research and Development activities, the Vaillant Group pursued a total of 105 projects. These included further preparation of the market launch of a compact fuel-cell heating appliance for one- and two-family houses.

Number of employees constant year-on-year

As at 31 December 2014 the Vaillant Group had 12,091 employees worldwide (2013: 12,070). On an annual average the number of employees Group-wide was 12,188. The countries with the most employees are Germany (3,526), France (1,686) and Turkey (1,560). In all, more than 50 nationalities are represented in the company group workforce.

The **Vaillant Group** is an internationally operating heating, ventilation and air-conditioning technology concern based in Remscheid, Germany. As one of the world's market and technology leaders, the Vaillant Group develops and produces tailor-made products, systems and provides services for domestic comfort. The product portfolio ranges from efficient heating appliances based on customary fuels to system solutions for using regenerative energy sources. In financial year 2014 the company, which has been family-owned since its founding in 1874, achieved with more than 12,000 employees sales totalling about €2.3 billion.

Contact

Dr Jens Wichtermann
Director Corporate Communications,
Sustainability Management & Policy
Vaillant Group
D-42850 Remscheid

Phone: +49 (0)2191 18-2754
Mobile: +49 (0)175 295 18 10
e-mail: jens.wichtermann@vaillant.de
Web: www.vaillant-group.com