

Press release

Vaillant Group further expands its position as world market leader

- **Sales revenue rises to well over €2.7 billion**
- **Heat pump sales up by more than 50 per cent year-on-year**
- **High investments in electrification and digitalisation**

Remscheid, 10 May 2021 – The Remscheid-based heating, ventilation and air-conditioning technology specialist Vaillant Group has further expanded its position as global market leader in central heating appliances, despite a challenging market environment. Sales revenue increased to well over €2.7 billion, 4.3 per cent above the previous year's level. Adjusted for exchange rate effects, sales increased by 8.1 per cent compared to the previous year.

With sales growth of more than 50 per cent, business with environment-friendly electric heat pumps made a significant contribution to the positive business development. In total, the Vaillant Group sold more than 2.1 million heating units and over half a million water heaters in 2020. Despite the pandemic, 1,000 new employees were recruited and successfully integrated into the team. The company's global workforce thus increased to around 15,000.

“In addition to the company's commercial success, our most important priority has been and continues to be the health of our workforce as well as of our business partners and suppliers. Together with the installers, we were able to ensure that our customers had warm homes even during the greatest restrictions,” said Vaillant Group CEO Dr.-Ing. Norbert Schiedeck. The Vaillant Group had already introduced extensive protective and hygiene measures at the beginning of the pandemic in March last year, a step which enabled the Group to maintain production at its plants and uphold supply chains. The service technicians conducted all necessary operations for appliance maintenance and servicing. In addition, far-reaching regulations on working from home were agreed. Based on stable operating earnings, the Vaillant Group was able to continue its high investments in the electrification and digitalisation of its product and service range in 2020.

Clear recovery of business from the middle of the year

The public lockdown and restrictions on business activities led to a significant decline in sales revenue in many of the Vaillant Group's markets during the first half of 2020. Business noticeably recovered from mid-2020 onwards. This positive trend has continued beyond the end of the year. Sales revenue in the Central Europe region increased in all markets compared with the previous year. In Germany, sales increase was in the double-digit percentage range, which was especially due to high demand for environment-friendly heat pumps. Sales also grew within the double-digit percentage range in the Eastern Europe region. Although growth was lower in the Southern and Northern Europe regions, it was also above the level of the previous year, due to the dynamic development during the second half of the year. Outside Europe, business developed differently. In China, the local sales and service structures were further expanded during the year. However, sales development remained below the level of the previous year. A sustained market recovery started in China in the third quarter. In Turkey, sales revenue increased despite a massive devaluation of the Turkish lira.

Strong demand for heat pumps, gas-fired condensing boilers and digital services

With sales growth of more than 50 per cent – clearly above market growth – the Vaillant Group was able to further improve its competitive position in the future business area of heat pumps.

In particular, the new aroTHERM plus heat pump, which uses a natural refrigerant, has enjoyed consistently high demand since its market launch in April 2020. Thanks to its low global warming potential, this refrigerant is exceptionally environmentally friendly and enables high flow temperatures. As a result, these heat pumps can provide convenient heating and hot water not only in new buildings, but also in older, less insulated existing buildings. In the course of 2021, the heat pump portfolio will be expanded to include models with higher output sizes. This means that solutions will also be available for bigger construction and renovation projects as well as for the needs of the housing industry and for commercial properties.

As the globally leading provider of wall-hung gas-fired boilers, the Vaillant Group expanded its market position in important core markets in 2020. The market launch of new condensing boilers has been scheduled for 2021. As standard, these are equipped with self-adapting controls which automatically ensure clean, safe and efficient combustion with any gas quality.

There is increasing demand for digital services for installers and for smart solutions for heating system owners. The focus is on contactless remote monitoring and diagnostics of heating systems over the Internet as well as intelligent energy management via smartphones and tablets.

High investments in climate-neutral future technologies and digitalisation

Over the last 18 months, the Vaillant Group doubled its production capacities in the area of electric heat pumps. In 2020 and the first quarter of 2021, several new production lines were commissioned, both at the headquarters in Remscheid and at the French plant in Nantes, to meet the high demand throughout Europe.

In the gas technology segment, the Vaillant Group is investing in the use of hydrogen as a climate-neutral energy source for condensing boilers. Vaillant's current generation of appliances can already be operated with a hydrogen content of up to 30 per cent. Series-ready condensing boilers that use pure hydrogen and therefore emit no CO₂ are undergoing internal testing.

Further investment priorities in 2020 were the expansion of sales, service and development capacities. Moreover, the Vaillant Group has driven the development of digital services and business models as well as the further digitalisation of business processes. This includes the complete modernisation of the company's IT systems and the redesigning of all business processes.

In total, expenditure on research and development as well as on information technology and digitalisation was over €250 million in 2020.

A solid start to the 2021 financial year

The positive business development of the previous year continued during the first months of 2021. The demand for climate-friendly solutions for heating and hot-water supply remains high. In the area of heat pumps, the company's year-on-year sales growth was well over 50 per cent again. Despite the tense situation in the international procurement markets, the Vaillant Group was able to maintain its supply chains and further increase its production capacities.

The **Vaillant Group** is an internationally active company based in Remscheid, Germany, which operates in the fields of heating, ventilation and air-conditioning technology. As one of the global market and technology leaders, the Vaillant Group develops and manufactures customised products, systems and services to provide a comfortable living environment. Its product portfolio ranges from efficient heating devices based on conventional energy sources to system solutions for using renewable energy. In the financial year 2020, the company, which has been family-owned since its foundation in 1874, generated sales of more than €2.7 billion with its workforce of about 15,000.

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Caption: Installation of a heat pump. The heating technology specialist Vaillant Group continued to grow in 2020. Sales revenue rose to well over €2.7 billion. With sales growth of more than 50 per cent, environment-friendly electric heat pumps made a significant contribution to the positive business development.

Image: Vaillant Group