

## CENTROTEC Sustainable AG

Annual results 2010  
and outlook 2011



# CENTROTEC worldwide

Subsidiaries, agencies and sales companies worldwide



Strong market presence all over Europe



Austria	Greece	Luxembourg	Slovakia
Bahrain	Hungary	Macedonia	Slovenia
Belgium	Iceland	Netherlands	Spain
Bulgaria	Indonesia	New Zealand	Sweden
China	Iran	Norway	Switzerland
Croatia	Ireland	Poland	Syria
Czech Rep.	Jordan	Portugal	Tunisia
Denmark	Kazakhstan	Romania	Turkey
Egypt	Kenya	Russia	United Kingdom
Estonia	Latvia	Serbia	USA
Finland	Lebanon	Singapore	UAE/ Saudi Arabia/ Kuwait
France	Lithuania		

Wolf	Germany/ Spain/ Poland	Ned Air	Netherlands/ UK/ Poland
Ubbink	Netherlands/ France/ UK/ Belgium	Centroplast	Germany
Brink	Netherlands/ Ireland/ Germany	Rolf Schmidt	Danmark
Centrotherm	Germany/ Italy	Möller	Germany
		bricon	Switzerland

# AGENDA

## FINANCIALS 2010

- Major achievements in 2010

## OPERATIONAL PERFORMANCE OF SEGMENTS

- Climate Systems
- Gas Flue Systems
- Medical Technology & Engineering Plastics
- CENTROSOLAR Group AG – At Equity

## MARKET OUTLOOK

- Market environment
- Product innovations in attractive market segments

## FINANCIAL OUTLOOK 2011

- Guidance 2011

## Major achievements 2010: All figures on record level

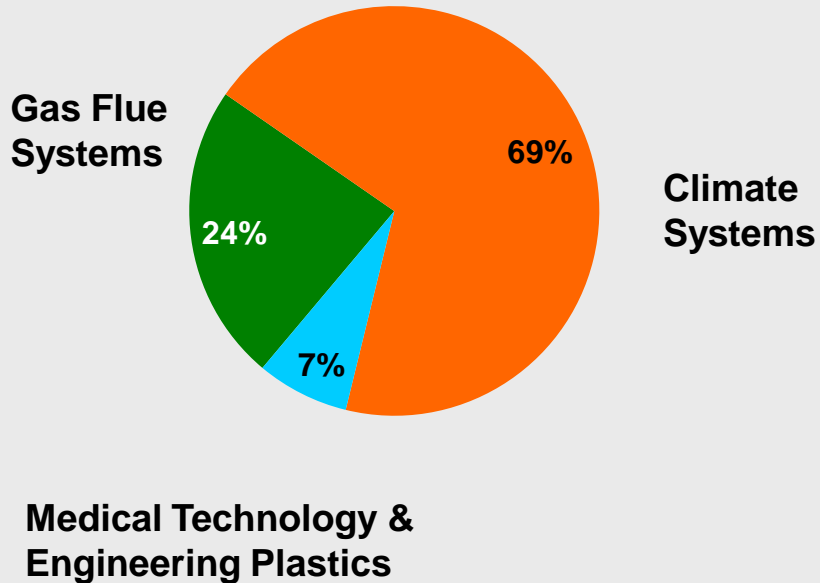
- Sales of EUR 479.7 mil. 2.8 % upon 2009 level, also higher than 2008 record level
- Further gain of market shares in core markets, especially in a weaker German heating technology market
- Growth and recovery of foreign markets, especially in eastern and southern Europe
- New products, e.g. own heat pump series, successfully launched in 2010
- Operating profit 2010 of EBITDA of EUR 54.6 mil. and EBIT of EUR 36.2 mil. significantly above average growth rate and higher than previous record level 2008
- EBT significantly increased to EUR 34.5 mil. and EAT to EUR 25.6 mil. which are several times higher than 2009 results – including positive contribution of EUR 4.4 mil. basically from At-Equity participation in CENTROSOLAR
- Increased 2010 guidance for sales and earnings have been completely achieved
- Dividend of EUR 0.10 will be paid first time in CENTROTEC-history

## Growth in core market climate systems, recovery in non-core business

### Sales Distribution 2010

[in million EUR]

EUR 479.7 million



### Sales Growth by Segment

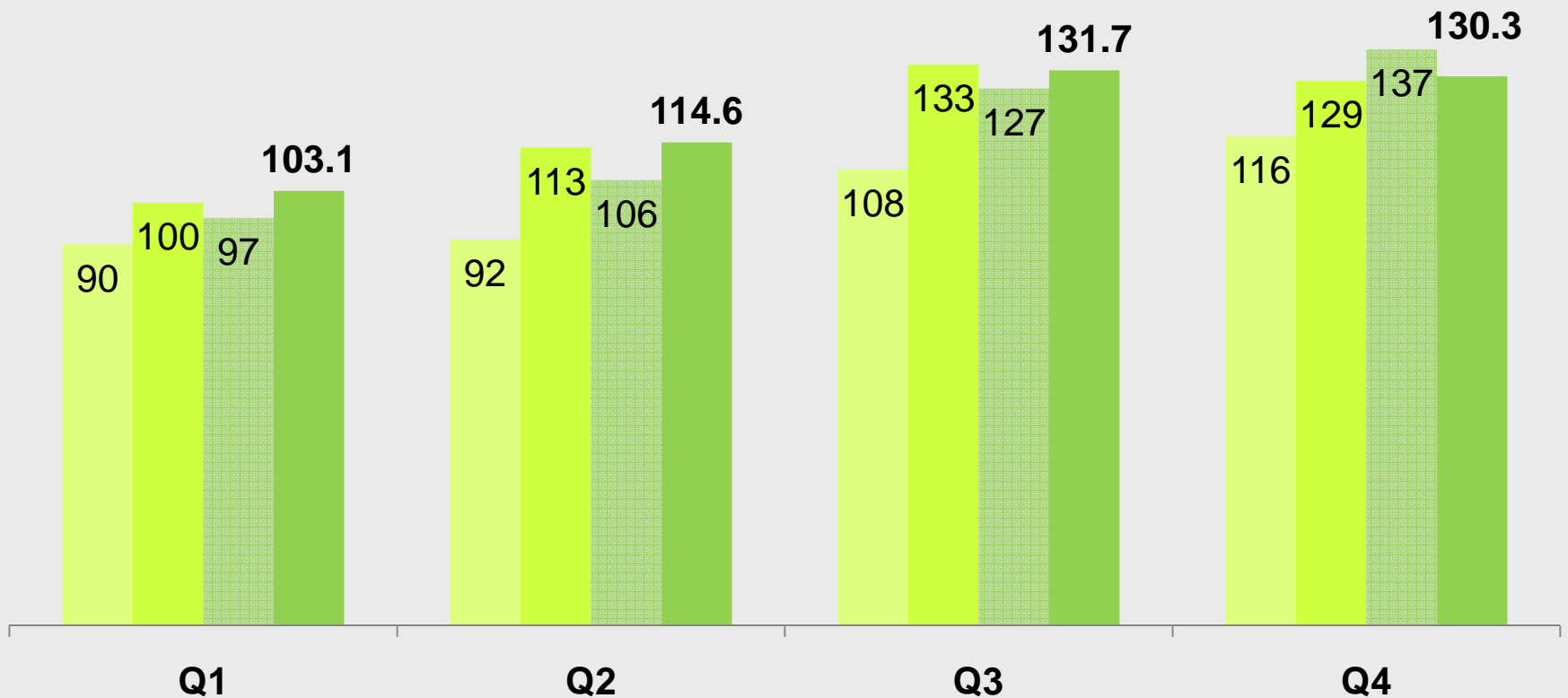
[in million EUR]

	2010	2009	Growth
Climate Systems	331.8	309.5	7.2 %
Gas Flue Systems	112.8	128.1	- 11.9 %
Medical Technology & Engineering Plastics	35.0	29.0	20.9 %
<b>Total</b>	<b>479.7</b>	<b>466.6</b>	<b>2.8 %</b>

## Stable quarterly development in 2010

### Sales Development per quarter 2007 - 2010

[in million EUR]



## Profit & Loss Statement 2010 on record level

### Profit & Loss Statement

[in million EUR]

	2010	2009	Change
<b>Sales (third party)</b>	<b>479.7</b>	466.6	3 %
<b>EBITDA</b>	<b>54.6</b>	46.6	17 %
<b>EBIT</b>	<b>36.2</b>	29.0	25 %
<b>Interest</b>	<b>5.9</b>	-6.5	-9 %
<b>EBT</b>	<b>34.5</b>	12.7	>100 %
<b>Tax</b>	<b>-9.0</b>	-7.5	19 %
<b>EAT</b>	<b>25.6</b>	5.2	>100 %
<b>EPS (undiluted)</b>	<b>1.54</b>	0.33 <sup>1)</sup>	>100 %

### Profit & Loss Margins / Structure

[in % of sales]

	2010	2009
EBITDA	<b>11.4 %</b>	10.0 %
EBIT	<b>7.5 %</b>	6.2 %
Interest	<b>-1.2 %</b>	-1.4 %
EBT	<b>7.2 %</b>	2.7 %
Tax rate <sup>2)</sup>	<b>-30 %</b>	-33 %
EAT	<b>5.3 %</b>	1.1 %

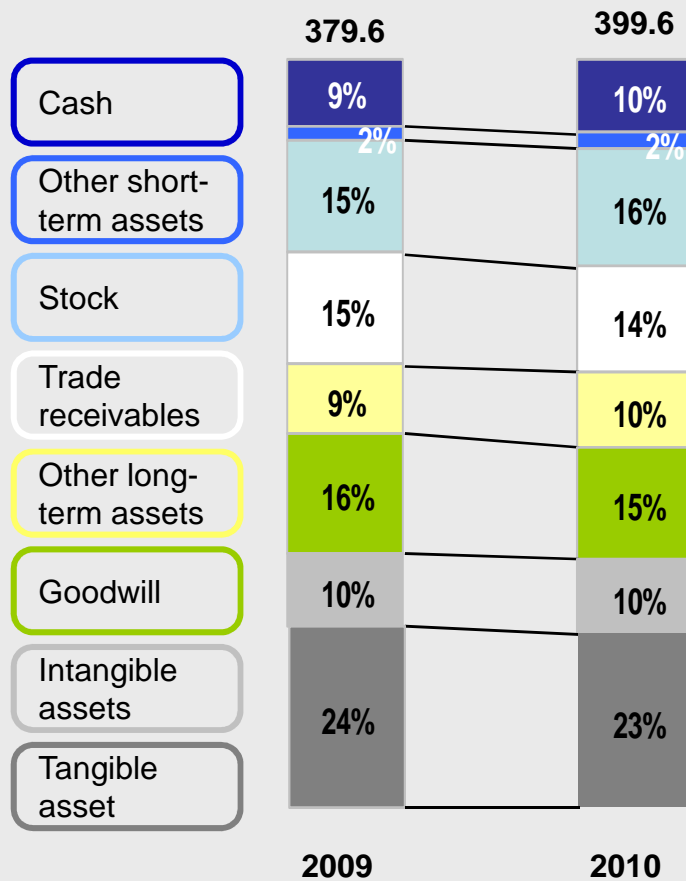
(1) Including negative effects of CENTROSOLAR result

(2) As percentage of EBT adjusted for at equity result

## Balance sheet 2010 – Equity increased, interest bearing debt reduced

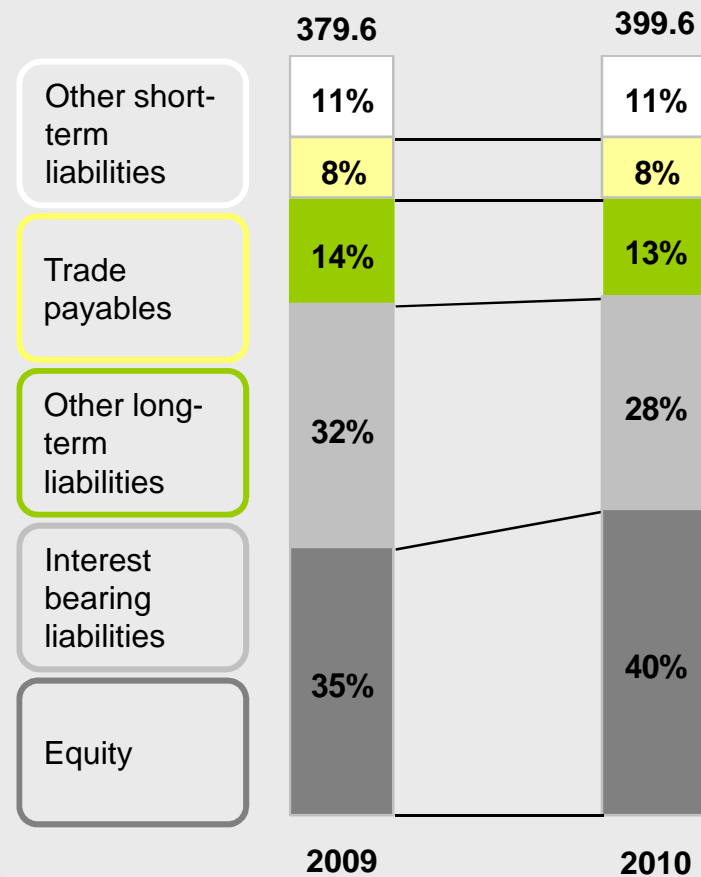
### Assets

[in million EUR]



### Equity and Liabilities

[in million EUR]



## Cash-Flow 2010 – Invests on a high level

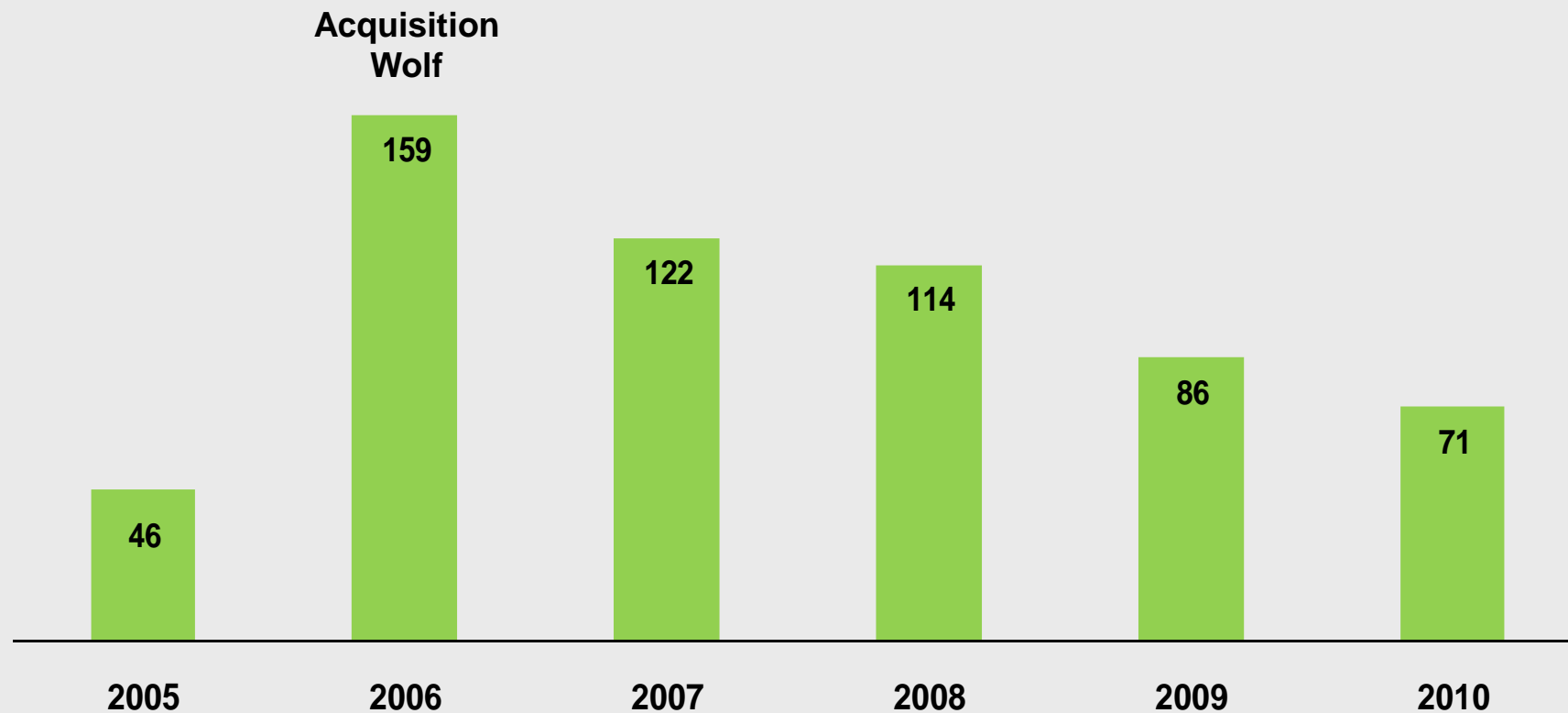
### Group Cash-Flow and Investment Figures

[in million EUR]

	2010	2009	Delta
Cash-Flow I (EAT + Depreciation & Amortization)	44.0	22.8	21.2
Cash-Flow from operations	35.8	45.0	-9.2
Cash-Flow from investments	-22.1	-18.0	-4.1
Cash-Flow from financing	-8.7	-11.7	3.0
<b>Total change in cash</b>	<b>5.1</b>	<b>15.3</b>	<b>12.2</b>
Total investments (tangible and intangible assets)	21.6	17.9	3.6
Net Working Capital	57.6	53.6	4.0
Net Debt	71.1	86.5	-15.4

## Net financial debt significantly reduced due to cash flow development

**Net financial debt**  
[in million EUR]



## Key debt ratios – Positive development due to stabile cash-flow

### Key Debt Ratios

Ratio	Standard	2005	2006	2007	2008	2009	2010
Net interest bearing debt / EBITDA	< 3.5	2.0	5.3	2.8	2.3	1.9	1.3
Interest coverage <sup>1)</sup>	> 2.5	8.3	2.6	2.9	3.7	4.5	6.1
Fixed charge coverage <sup>2)</sup>	> 1.0	1.8	1.1	1.2	1.6	1.3	1.7
Gearing <sup>3)</sup>	< 3.0	0.5	1.1	1.1	0.9	0.7	0.4
Solvency <sup>4)</sup>	> 25 %	48 %	30 %	30 %	34 %	35 %	40 %

1) EBITA / interest

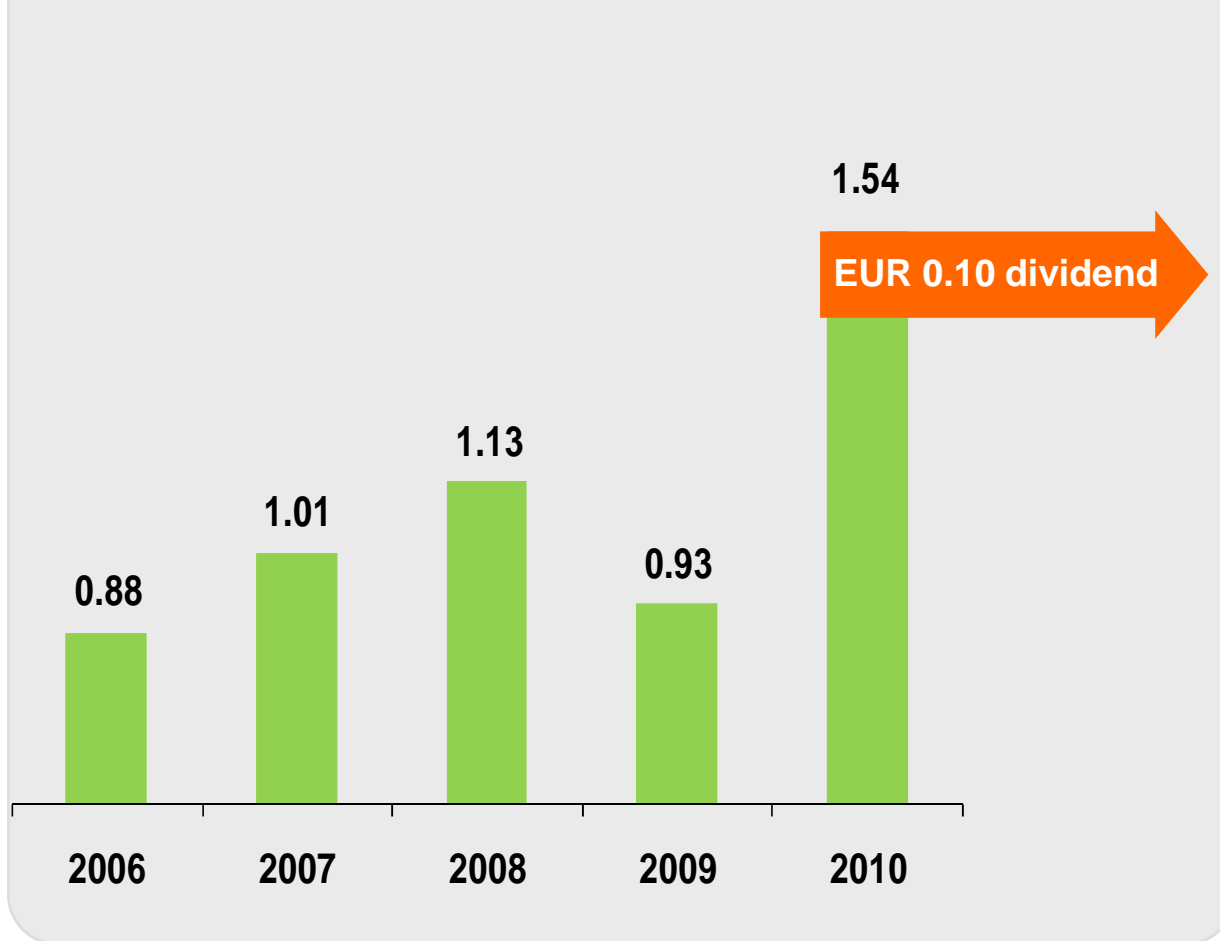
2) EBITDA / (interest + repayments + replacement investments)

3) Net interest bearing debt / equity

4) Equity / total balance sheet

## In 2010 first dividend in CENTROTEC history will be paid

### EPS development



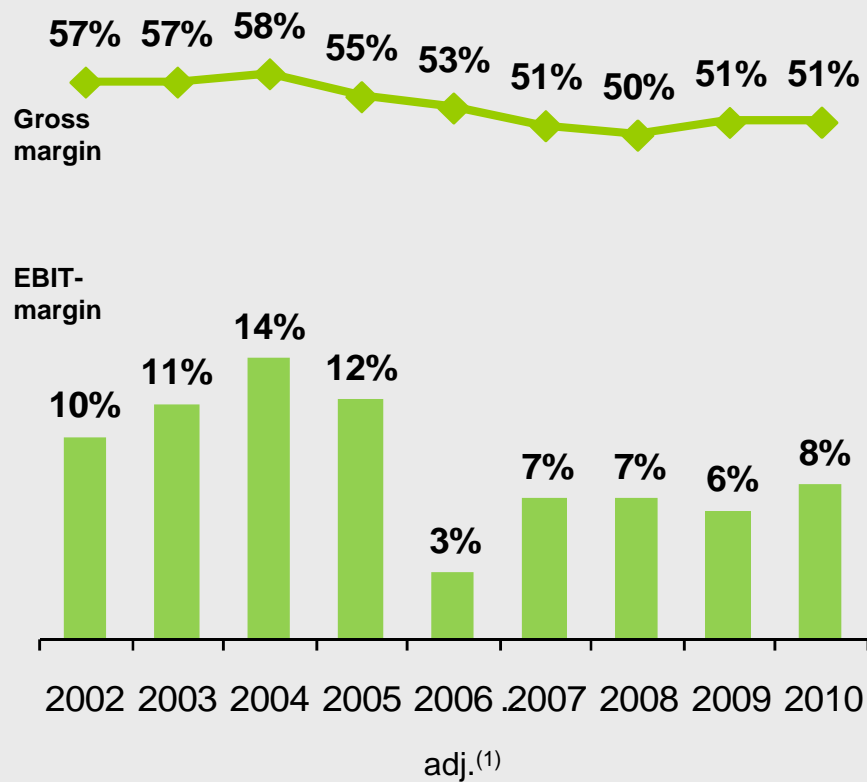
### Dividend policy

- Dividend of EUR 0.10 will be paid - subject to approval of the annual shareholder's meeting
- Initial step to create a CENTROTEC tradition of moderate dividend payment
- Internal financing for continuation of buy-and-build-strategy will nevertheless be pursued

## Profitability development affected by economic recession

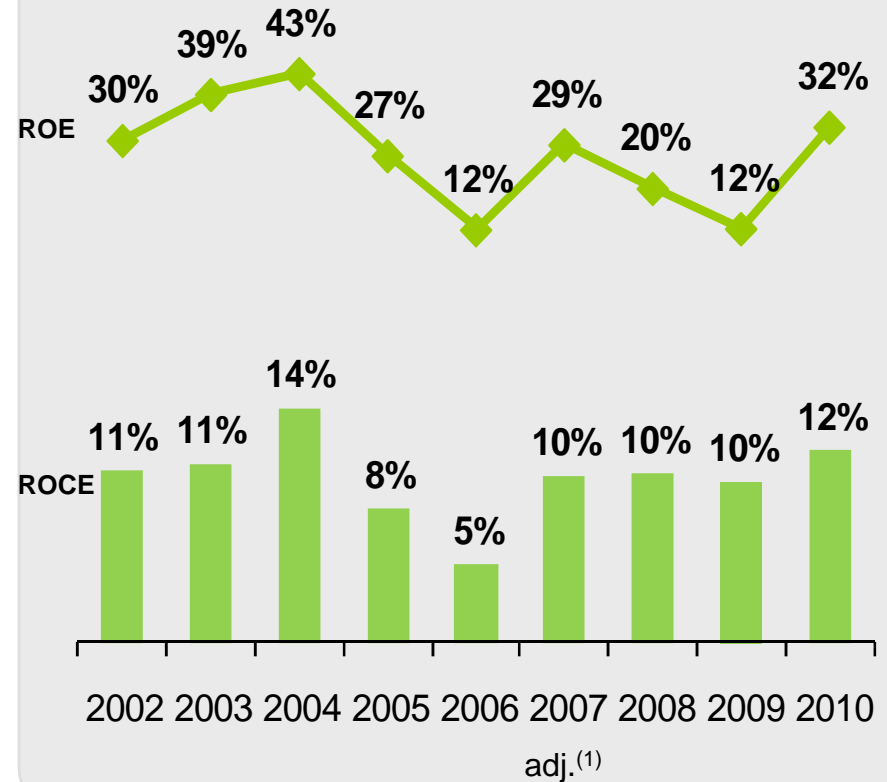
### Gross Margin and EBIT-Margin

[in %]



### ROE & ROCE

[in %]



ROCE = (EBIT - tax) / (Equity + financial debt - cash)  
 ROE = EBT / equity

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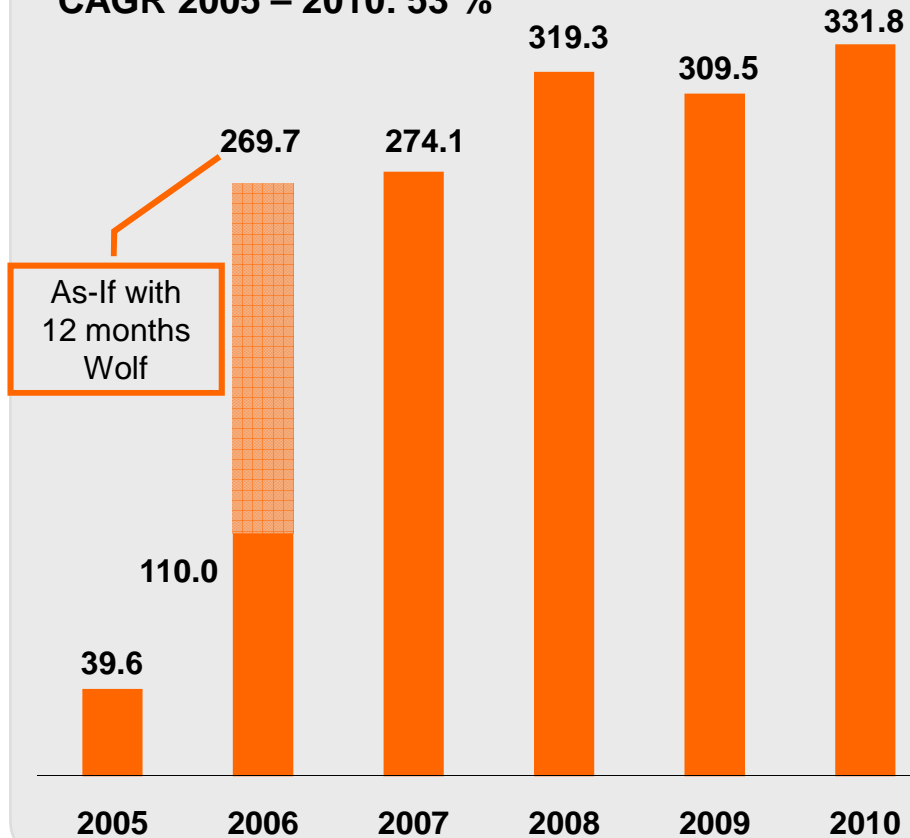
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## Climate: Strong business development in innovative energy saving solutions

### Sales

[in million EUR]

**CAGR 2005 – 2010: 53 %**



### Major achievements 2010

- German heating market with a 4 %<sup>1)</sup> downturn in sales
- Further gain of market shares in core markets, recovery of many international markets
- Renovation market further gaining in importance all over Europe
- Increasing international market shares of condensing boiler technology
- Growth with newly developed products, e.g. oil-condensing boiler and heat pump technology
- Steady growth of Combined Heat and Power (CHP) business
- Market launch of integrated energy roof (thermal and PV) prepared

1) Source: BDH

## Climate: Further growth in sales and market shares

### Profit & Loss statement 2010

[in million EUR]

<b>Climate Systems</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
Sales (third party)	331.8	309.5	7.2 %
<i>Gross margin [ % ]</i>	49.8 %	51.2 %	
EBITDA	35.7	30.1	18.5 %
Depreciation & Amortisation	-10.8	-10.6	1.4 %
EBIT	25.0	19.5	27.8 %
<i>EBIT margin</i>	7.5 %	6.3 %	

### Major effects

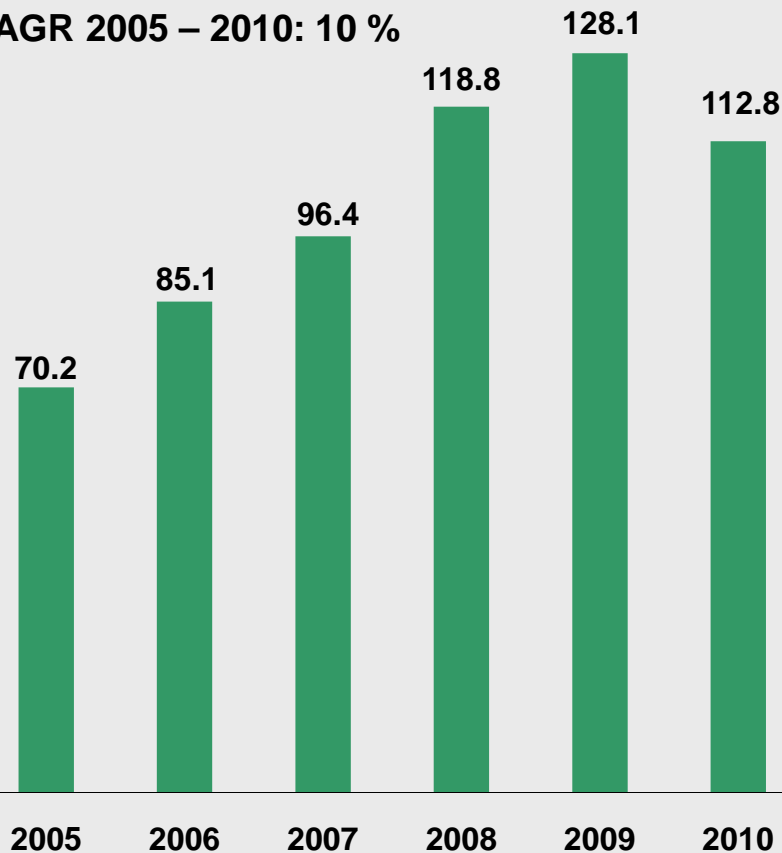
- Further gain in market shares due to strengthened partnership with major customers and distribution partners
- Development above market average in German core market, especially in solar thermal and heating systems
- Recovery of some foreign markets, e.g. in Russia and Eastern Europe
- Increased profitability due to successful profit improvement programs and further growth
- Investments of EUR 7.2 million, mainly in new products and manufacturing and logistics infrastructure

## Gas Flue: Different development in the two half-years of 2010

### Sales

[in million EUR]

**CAGR 2005 – 2010: 10 %**



### Major achievements 2010

- Continued penetration of existing markets with condensing boiler technology supported by expanded regulation and incentive schemes in major European markets
- Stabilised new building construction figures and further growth in renovation market
- Weaker second half year due to weaker OEM-sales and drastic changes in the eligibility criteria for subsidies and trenchant cutbacks in incentives for PV in French market
- Product range more focussed on solar mounting systems, gas flue systems for condensing boilers and other technical roof products
- Good prospects with condensing boiler technology in Southern and Eastern European markets

## Gas Flue: Slight sales decrease but increased gross margin

### Profit & Loss statement 2010

[in million EUR]

<b>Gas Flue Systems</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
Sales (third party)	112.8	128.1	-11.9 %
<i>Gross margin [ % ]</i>	<i>49.2 %</i>	<i>46.6 %</i>	
EBITDA	15.0	15.1	-0.7 %
Depreciation & Amortisation	-5.3	-4.6	16.7 %
EBIT	9.7	10.5	-8.2 %
<i>EBIT margin</i>	<i>8.6 %</i>	<i>8.2 %</i>	

### Major effects

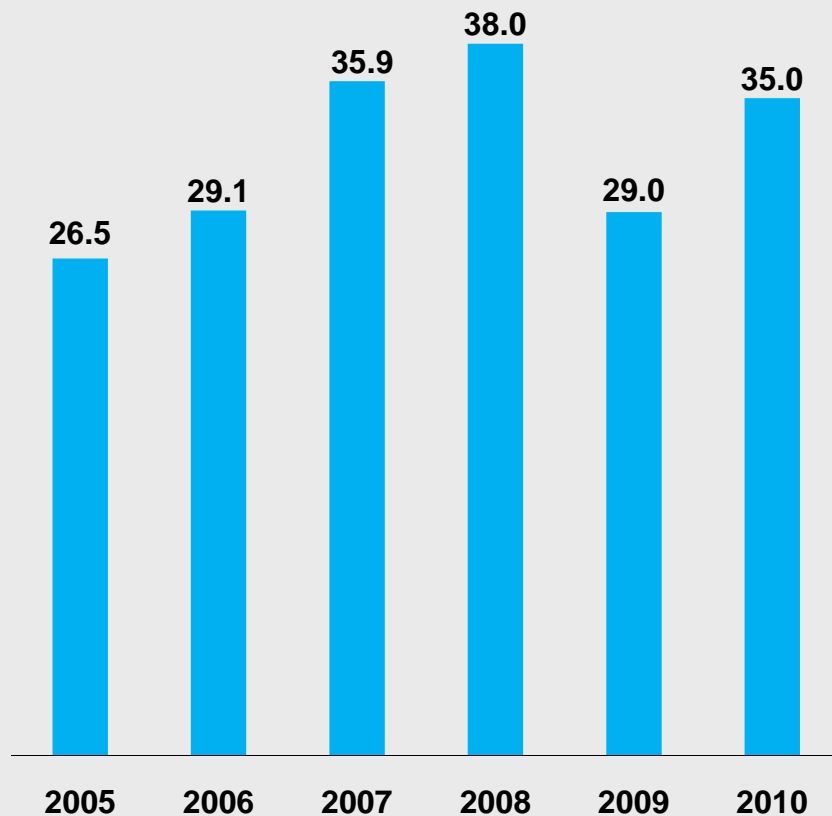
- Systematic shift in product mix to improve margin
- Continued investments in internationalization and further penetration of existing markets with complete product portfolio
- Enforced cooperation within the segment in development, marketing and sales of innovative solutions in gas flue systems as well as in technical roofing products
- Group-wide ERP-solution rolled-out to 3 major companies, further improvements of logistics and service expected
- Total investments of EUR 10.5 million

## M.T. & E. P.: Recovery of Eng. Plastics / further growth with medical solutions

### Sales

[in million EUR]

**CAGR 2005 – 2010: 6 %**



### Major achievements 2010

- Medical technology business with stable performance and growth in the German core market as well as in export
- Strong pipeline with new product developments in medical technology
- Long-term customer relationships were maintained despite the crisis
- Very strong recovery from last year's cutback in Engineering Plastics
- Restructuring during crisis arranged high efficient structures and enabled strong growth and performance in a recovering market environment

## Medical Technology & Engin. Plastics: P&L development 2010

### Profit & Loss statement 2010

[in million EUR]

<b>Medical Technology &amp; Engineering Plastics</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
Sales (third party)	35.0	29.0	20.9 %
<i>Gross margin [ % ]</i>	65.3 %	70.7 %	
EBITDA	3.8	1.5	> 100 %
Depreciation & Amortisation	-2.4	-2.5	-3.8 %
EBIT	1.4	-1.0	>100 %
<i>EBIT margin</i>	4.1 %	-3.4 %	

### Major effects

- Improved efficiency and reduced cost structure show good results in 2010
- Investments in sales and internal organization of medical business as basis for exploitation of growth opportunities with existing product portfolio
- Focus on fast growing business area of spinal implants
- Medimondi will continue to pursue its buy and build strategy
- Total Investments of EUR 3.9 million, mostly in infrastructure of optimised headquarter in Fulda

## CENTROSOLAR Group AG: Back on profitable growth track

### Profit & Loss statement 2010

[in million EUR]

<b>CENTROSOLAR Group AG</b>	<b>2010</b>	<b>2009</b>	<b>Change</b>
Sales (third party)	403.4	308.7	30.7 %
<i>Gross margin [ % ]</i>	28.8 %	20.8 %	
EBITDA	34.7	13.6	> 100 %
Depreciation & Amortisation	-8.1	-6.7	21.7 %
EBIT	26.6	6.9	> 100 %
EAT	15.8	-29.7	> 100 %
EBITDA margin	8.6 %	4.4 %	

### Major effects

- Record levels of revenue and earnings
- Sales target of EUR 340 to 370 mil. with sales of EUR 403 mil. substantially exceeded
- Export share of revenue again increased significantly in 2010 to almost 60 % (50 % in 2009)
- Exploitation of flexible sourcing strategy enabled highly competitive market position
- Strong growth with roof mounting systems in Germany, France, Italy and the US
- EBIT totalled EUR 26.6 million (prev. year EUR 6.9 million) and exceeded the original forecast for the year of EUR 14 to 16 million
- CENTROSOLAR result add EUR 4.4 mil. to CENTROTEC's EBT

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## The EU revised its Energy Efficiency Action Plan



### 20 / 20 / 20 EU Energy Targets for 2020

**20 %** reduction of **greenhouse gas** emissions vs. 1990

**20 %** share of **renewable energies** in energy mix

**20 %** reduction of projected **energy consumption** via energy efficiency

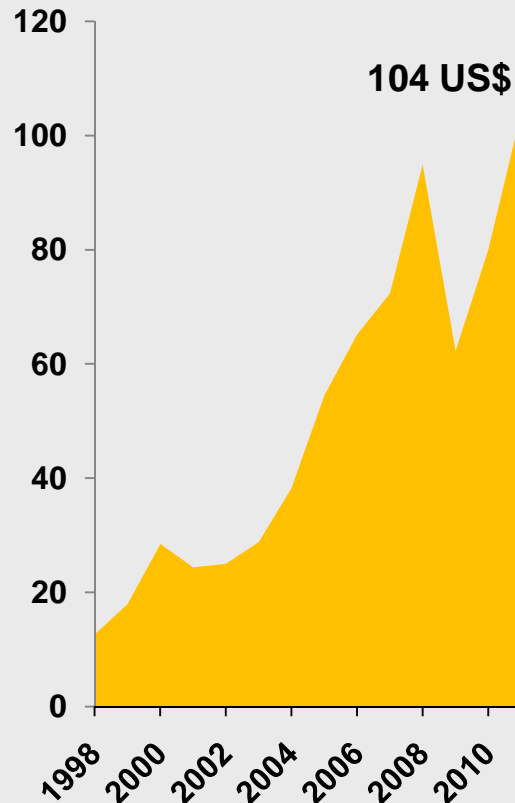
### Revision of the Energy Efficiency Action Plan

- 3 % target per year for the refurbishment of public buildings
- EU Member States to establish national energy saving obligation schemes
- Monitoring of the implementation of the indicative national energy efficiency targets – binding national targets for 2020 in case the overall EU target is unlikely to be achieved
- Priority will be given to energy efficiency in appliances and buildings, including priority for air conditioners, pumps, heating boilers, water heaters
- For large corporations mandatory regular energy audits and introduction of an energy management system as a systematic framework for rational use of energy
- Financial support to increase energy efficiency measures through various European Programs

# Influencing factors for investment decisions in energy saving solutions

## Oil Price

[average in US\$/barrel]



## National regulation (selection)

- **Obligation for energy efficient technology:**
  - ES: Solar thermal in new buildings
  - UK: condensing boilers in replacement
  - DE: mandatory renewable energy in new buildings, EnEV 2009
- **Energy performance standards (EPC):**
  - NL: tightening of EPC in new buildings
- **Energy labels:**
  - DE, AT, NL, PL etc.: energy performance certifications

## Subsidies and grants (examples)

- **Direct grants:**
  - DE: 1.450 EUR subsidies solar thermal combined with condensing boiler
  - NL: 600 EUR subsidies for new installed solar thermal systems
  - FR: Tax discount on 40 % of material costs for solar thermal
  - IT: tax discount on 55 % of material costs solar thermal
- **Financing subsidies:**
  - DE: KfW-loans for energy efficient new buildings and renovation
  - AT: subsidies linked to solar thermal and heat pumps

## Dynamic ventilation market development in Europe



### European Ventilation Industry Association (EVIA)

European ventilation industry association founded by 19 leading European ventilation companies on July 07, 2010 in Brussels

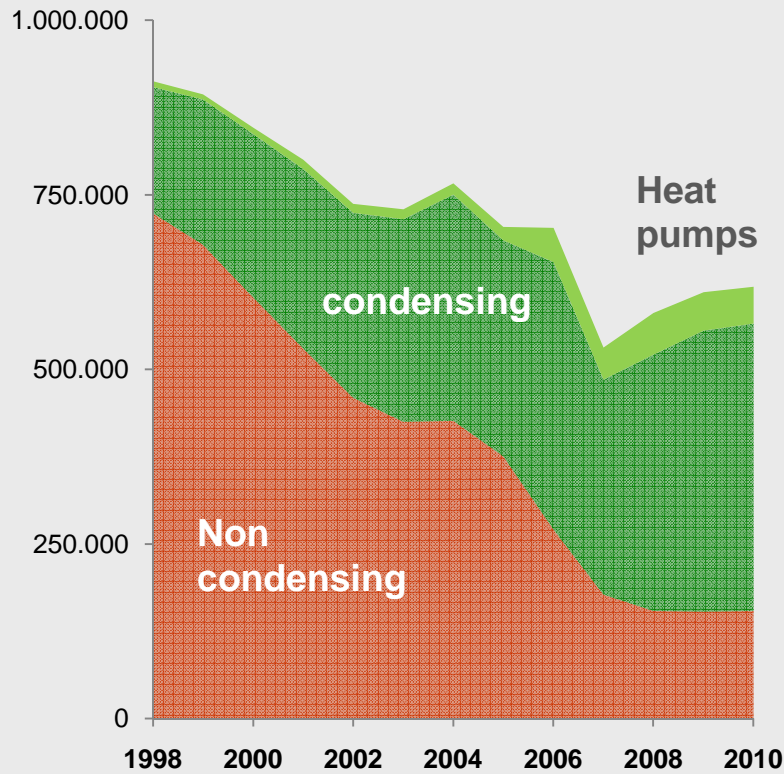
- Aldes
- Airwell
- Bosch Thermotechnik
- Brink
- Centrotec
- Clima Rad
- ITHO
- Helios
- Maico
- Menerga
- Rosenberg
- Vortice
- Zehnder Group

### Ventilation market development

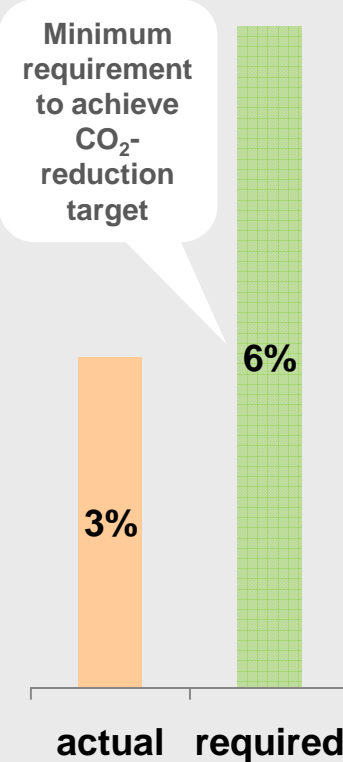
- Sales increase 2010:
  - Germany +2.9 %
  - Export +6.8 %
- Utilization of heat recovery in ventilation units:
  - 2009 45 %
  - 2010 54 %
- Average heat (energy) recovery rate:
  - 2009 64.8 %
  - 2010 67.2 %
- CO<sub>2</sub> reduction from newly installed heat recover units:
  - 2009 401.000 tons
  - 2010 543.000 tons
- EUR 530 mil. overall market volume Germany in 2008

# Renovation backlog: huge market potential in energy saving solutions

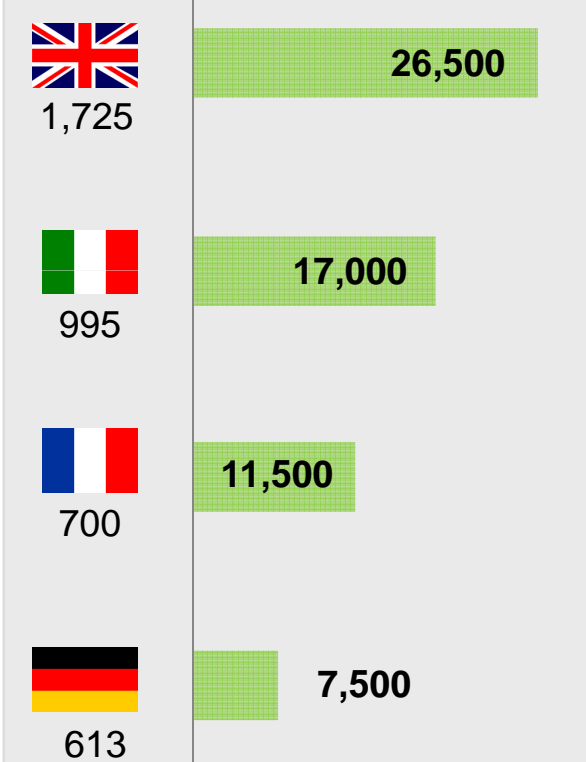
**German heating market development**  
[ units sold ]



**Annual boiler exchange rate**  
[ % of installed base ]



**Comparison European boiler markets**  
[ 1,000 units ] [ units/mil. Inhab. ]

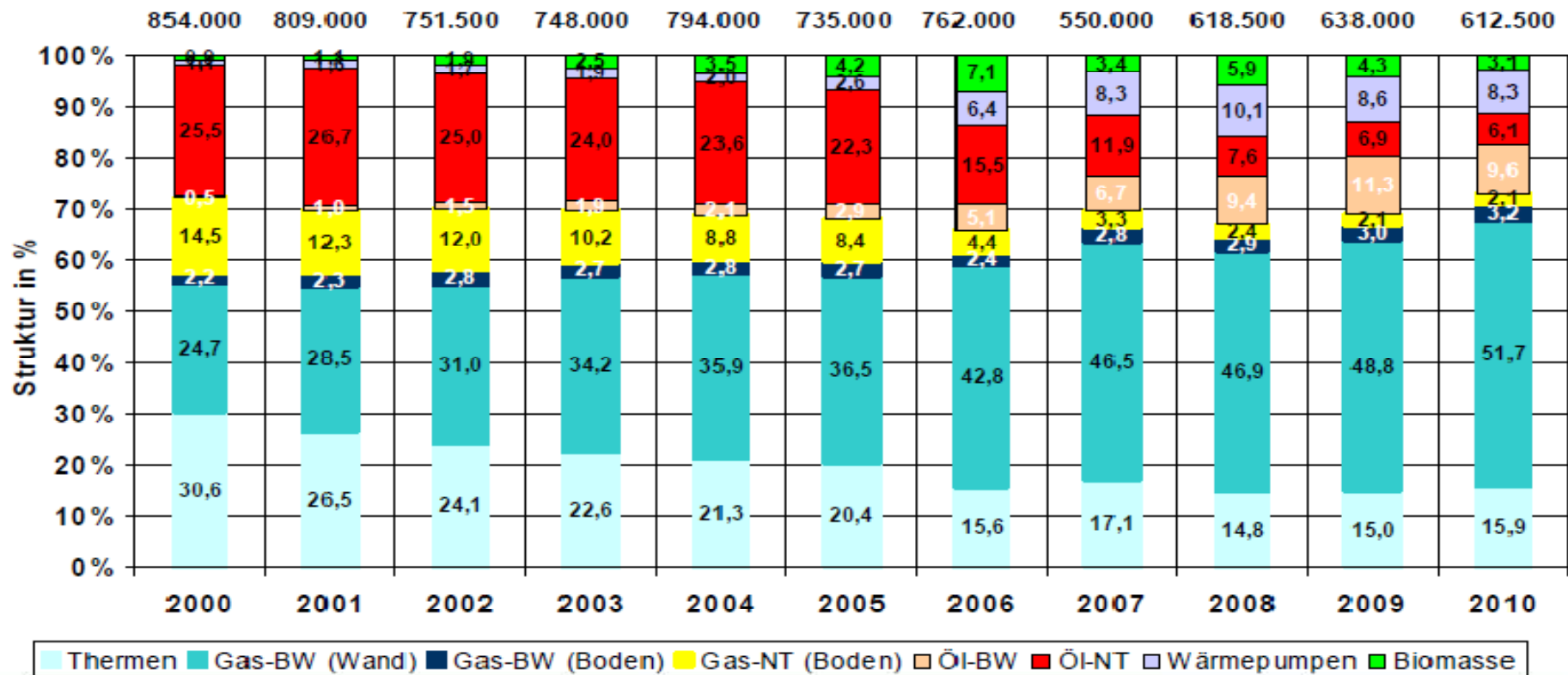


Source: BDH, own research 2010

## German heating market – stabilised on low level



### Marktentwicklung Wärmeerzeuger 2000-2010



**BDH**

Bundesindustrieverband Deutschland  
Haus, Energie- und Umweltsysteme

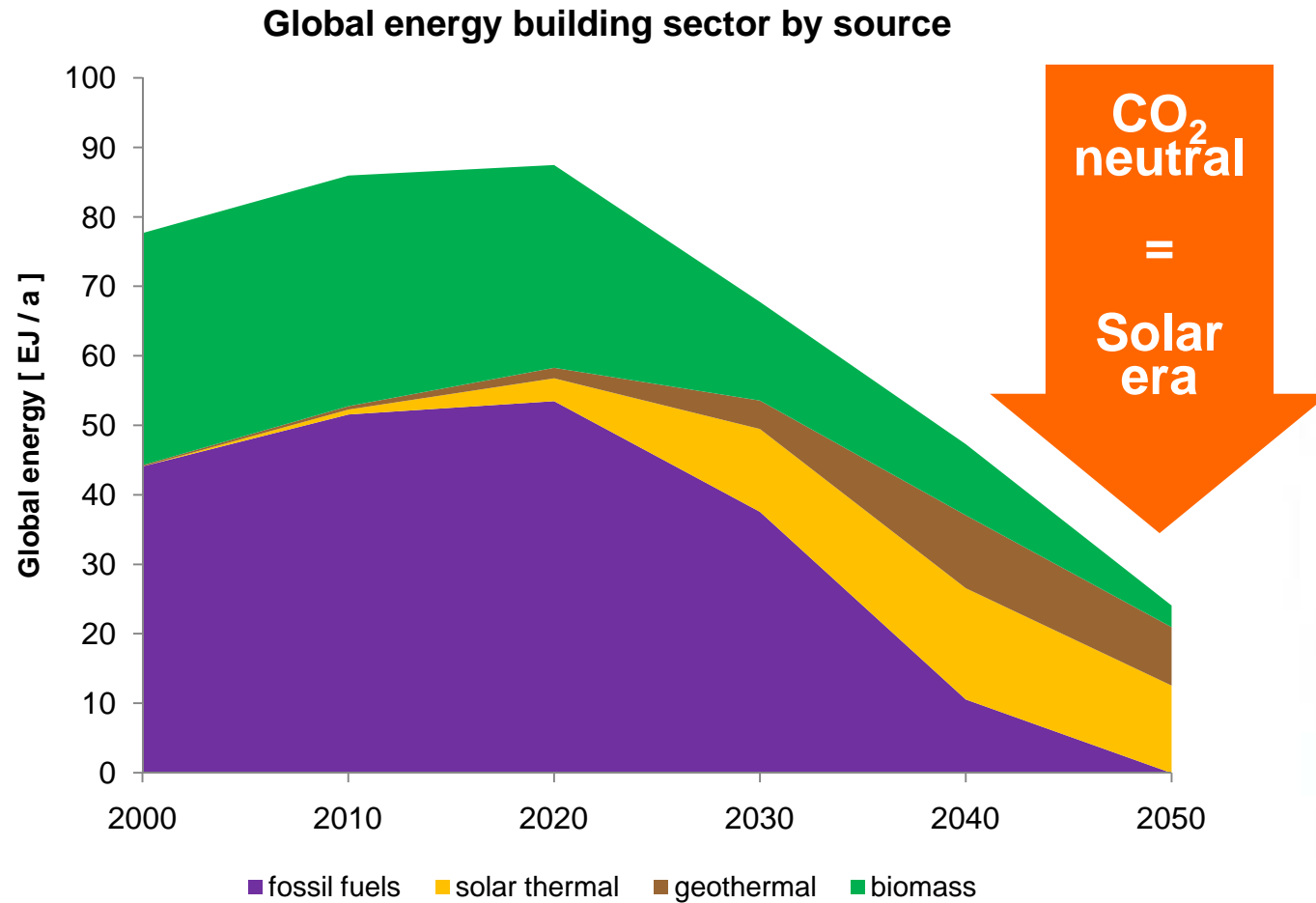


## Start of the new Renewable Energy Incentive Program (March 2011)

		2010	2011	2012
Condensing boiler	boiler replacement	400 EUR	600 EUR	500 EUR
Solar thermal	combined use of warm water and heating	90 EUR / m <sup>2</sup>	120 EUR / m <sup>2</sup>	90 EUR / m <sup>2</sup>
	combination with heat pump or biomass	400 EUR	600 EUR	500 EUR
	efficient circulation pumps required		from Sept. 2011	
Biomass	low-emission chopped wood gasification	--	1,000 EUR	1,000 EUR
Heat pumps	up to 10 kW	max. 2,400 EUR	2,400 EUR	2,400 EUR
	up to 20 kW		120 EUR / kW	120 EUR / kW
	up to 100 kW		100 EUR / kW	100 EUR / kW
	> 100 kW		80 EUR / kW	80 EUR / kW

Source: bafa-Homepage

# Conclusion: The building sector can be fueled 100 % renewable by 2050



Source: Ecofys / WWF 2010

# CENTROTEC product portfolio with innovative energy saving solutions

**Condensing boiler and  
heat recovery ventilation**



**Solar thermal and PV-  
systems / solar cooling**



**Heat pumps and  
biomass systems**



**CHP and Air conditioning  
with heat recovery**



## ISH Internationally leading trade fair for the heating industry



## Integrated energy roof aesthetically combines solar thermal and PV

### Integrated energy roof system



### Major advantages

- Seamless integration of solar thermal, photovoltaic and dummy collectors to a consistent aesthetic roof
- Embedding of roof windows, chimneys etc. via dummy modules
- Joint development of solar thermal experts from Wolf and technical roof and photovoltaic specialist at Ubbink
- Integration of all standard photovoltaic modules
- Product launch in March 2010 in Germany
- Market roll out to European core markets until end of 2010

## Project example: Renovation of 134 houses to passive house standards in NL

### "Kroeven" refurbishment project in Rosendaal (NL)



### Project details

- Large renovation project focusing on the efficient, sustainable use of energy in private houses
- Integrated system for heating, hot water and residential ventilation, combines solar thermal, air heating and condensing boiler technology into an all-in-one system
- Renovation period of 13 months for 134 detached houses
- Highly efficient ventilation systems with heat recovery to maintain a healthy interior climate without heat losses

## Newly introduced heat pump portfolio with highly competitive performance

### Complete heat pump product portfolio



### Major advantages

- Completely new developed heat pump system family
- Comprehensive product portfolio (Air / water, brine / water) with power range from 6 to 18 kW
- Highly efficient technology with COPs up to 4.7 brine / water and 3.8 air / water – leading performance compared to market competition
- Out put heat temperatures of 55°C (air / water) and 65°C (brine / water) allow application in renovation market
- Full compatibility with other system components, e.g. solar, air conditioning

## Project example: CHPs for efficient decentralized supply of heat and power

### Combined heat and power units combined with peak load boilers in Russia



### Project details

- Comprehensive CHP product range with gas engines optimized for biogas and sewage gas with performance range of 20 to 2,000 kW (total output) and up to 800 kW electric output
- Remote monitoring and control system, service and maintenance across Germany with 7\*24h service
- Target applications: residential housing blocks, hospitals, retirement homes, biogas / sewage plants
- Project example: Decentralized power and heat supply in small to medium sized towns in Russia, first pilot installation in Jaroslavl

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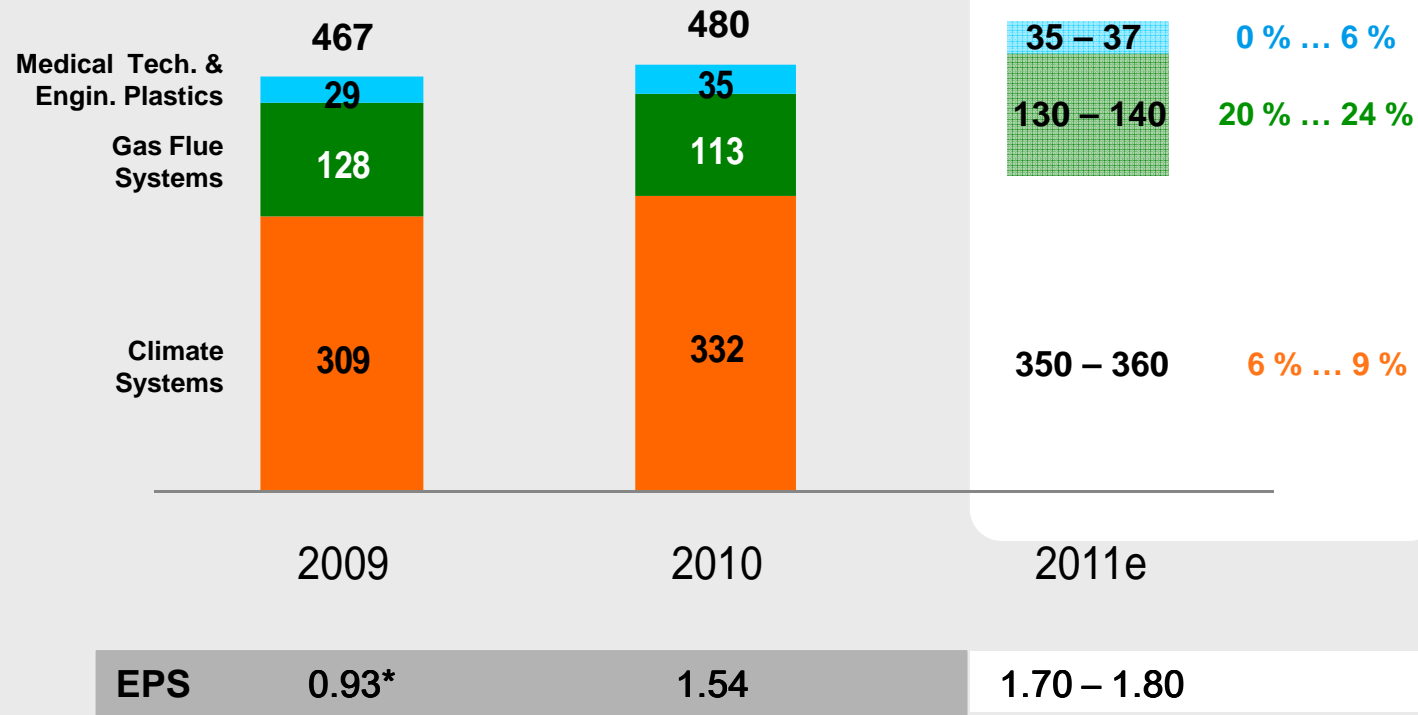
## FINANCIAL OUTLOOK 2011

- Guidance 2011

## Guidance 2011 – Upgraded forecast 2010 fully achieved

### Sales development and guidance by segment

[ in million EUR ]



**EBIT**  
 significantly higher margin  
 higher than 2010  
  
 margin corresponding with 2010 level

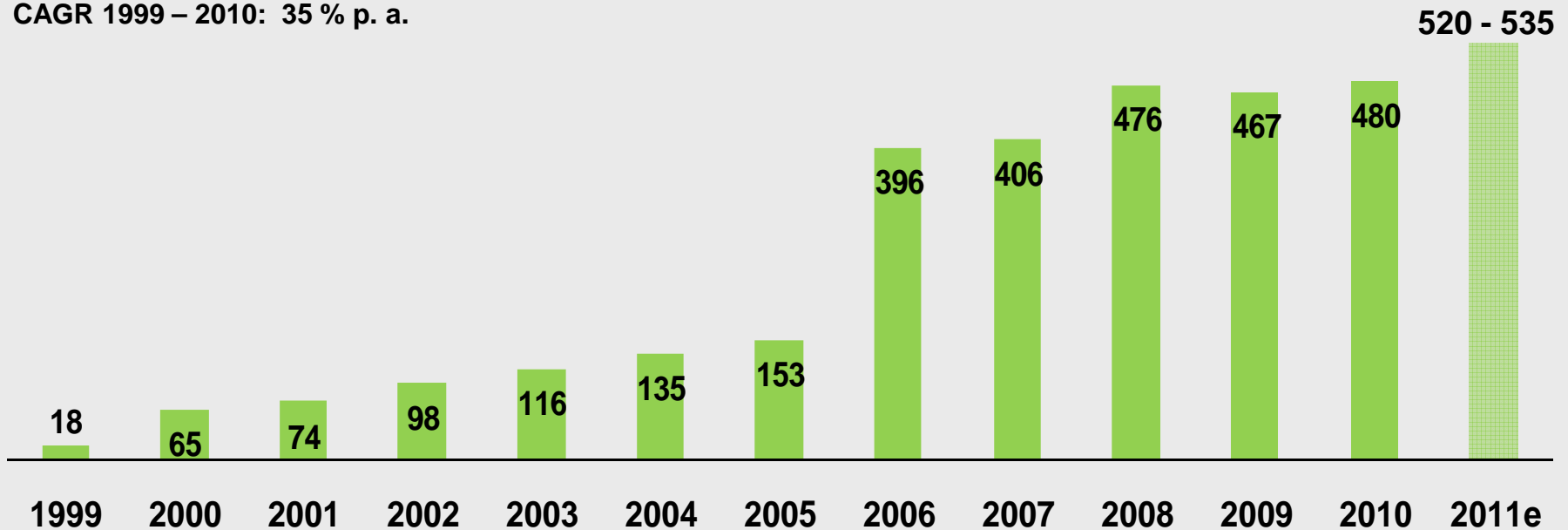
\*operational EPS

## Steady organic growth with energy saving solutions

### Sales

[in million EUR]

CAGR 1999 – 2010: 35 % p. a.



## Continued profitable growth – with a new record level in 2010

### EBIT

[in million EUR]

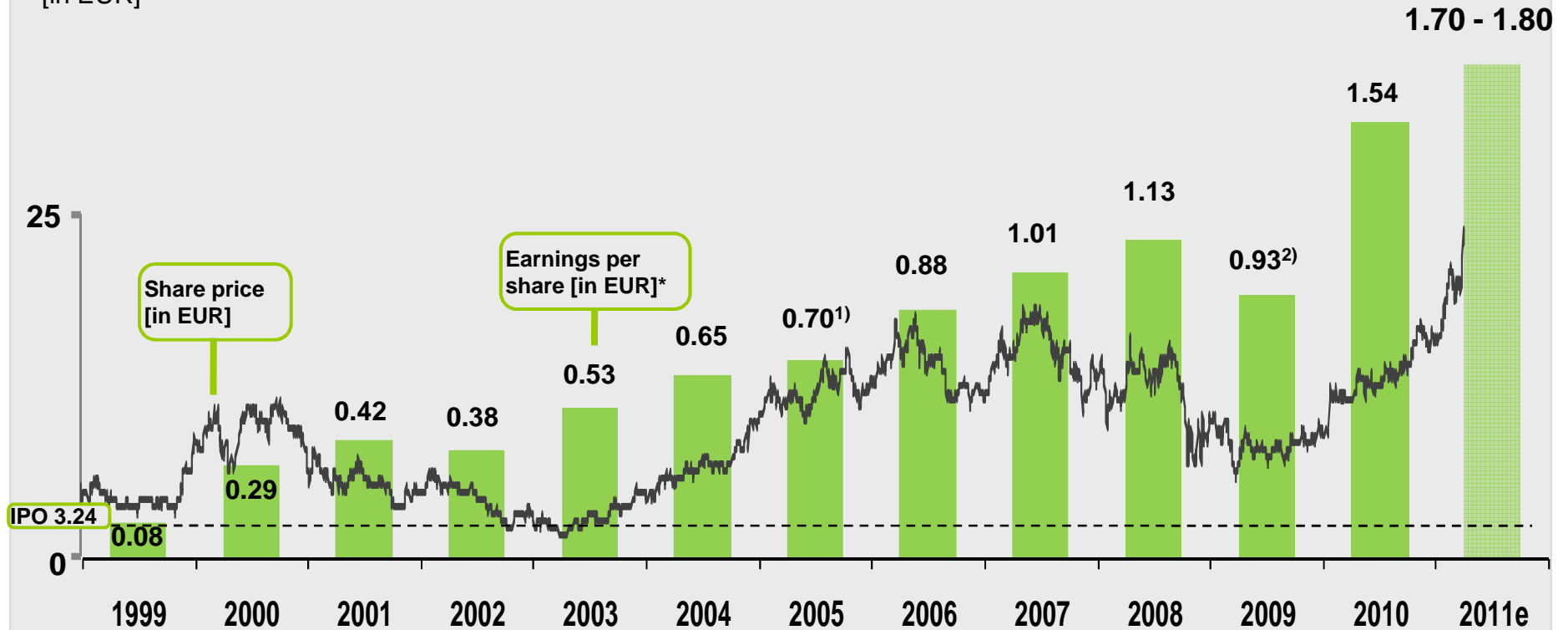
CAGR 1999 – 2010: 30 % p.a.



## Share price and EPS development

### Share Price and EPS Development\*\*

[in EUR]



\* EPS (IFRS) adjusted for Goodwill amortization

\*\* all values adjusted for bonus shares July 2007

1) 2005 only operational, reported EPS = 1.13 EUR incl. dilution profits CENTROSOLAR

2) Excluding 'At Equity result' CENTROSOLAR one-time effect

## Forward looking statement

*This presentation contains forward-looking statements based on current expectations, assumptions and forecasts of the executive board and on currently available information. Various known and unknown risks, unpredictable developments, changes in the economic and political environment and other presently not yet identifiable effects could result in the fact that the actual future results, financial situation or the outlook for the company differ from the estimates given here. We are not obligated to update the forward-looking statements made in this presentation unless there is a legal obligation.*

## Contact



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ISIN: DE 0005407506

## Thank you