



PURMO
GROUP

A leader in sustainable indoor climate comfort solutions

SEB Nordic seminar

9 January 2023

Agenda

- Purmo Group at a glance
- Key figures
- Operating environment and megatrends
- Reasons to invest in Purmo Group
- Financial highlights Q3 2022
- “Accelerate PG” – Strategy acceleration programme
- Financial guidance 2022 and long-term financial targets
- Largest shareholders and financial calendar
- Q&A



John Peter Leesi
*Chief Executive
Officer*



Katariina Kataja
*Head of Investor
Relations*

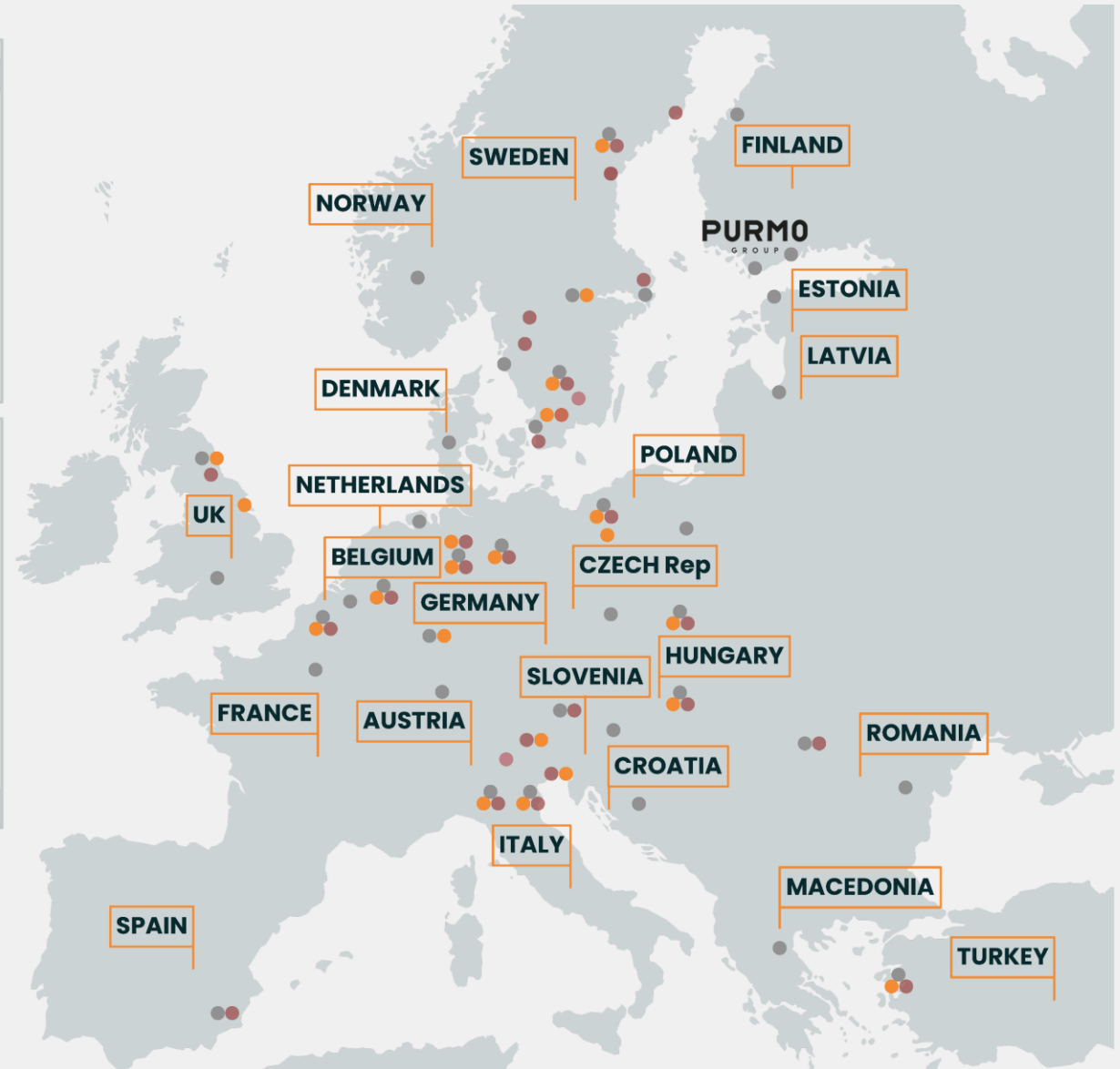
Purmo Group at a glance

Manufacturing in
11 countries

Customers in
100+ countries

Operations in
24 countries

- Manufacturing
- Warehouse
- Sales, support and office



Key figures



EUR 844 million
2021 Net Sales



Number 1 position in Radiators and
number 4 position in radiant heating and cooling (RHC)¹

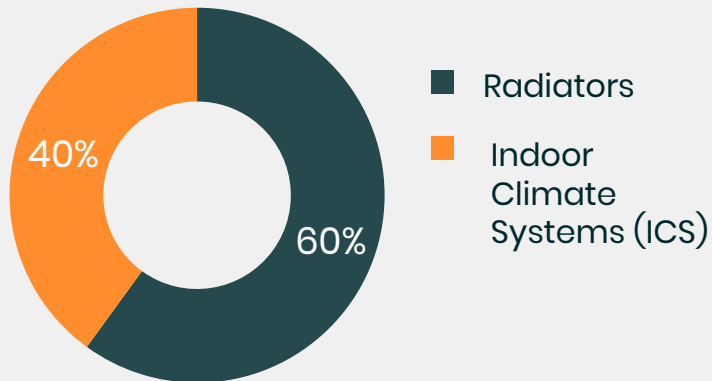


Global operations in **24** countries

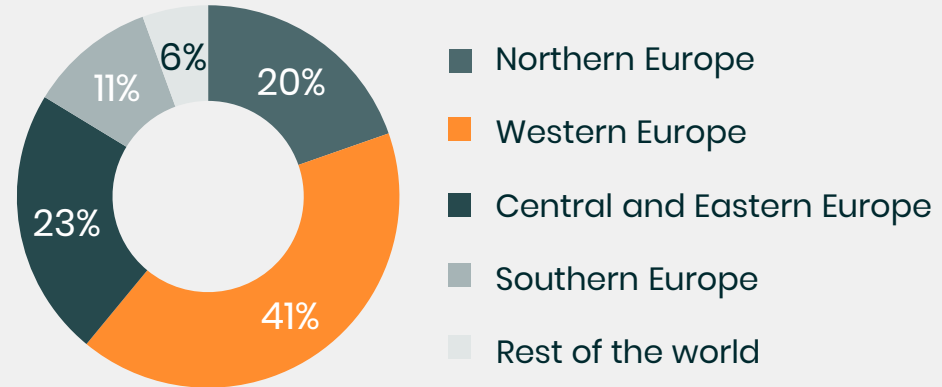


~3,500 employees globally

Net Sales by division (2021)



Net Sales by geography (2021)

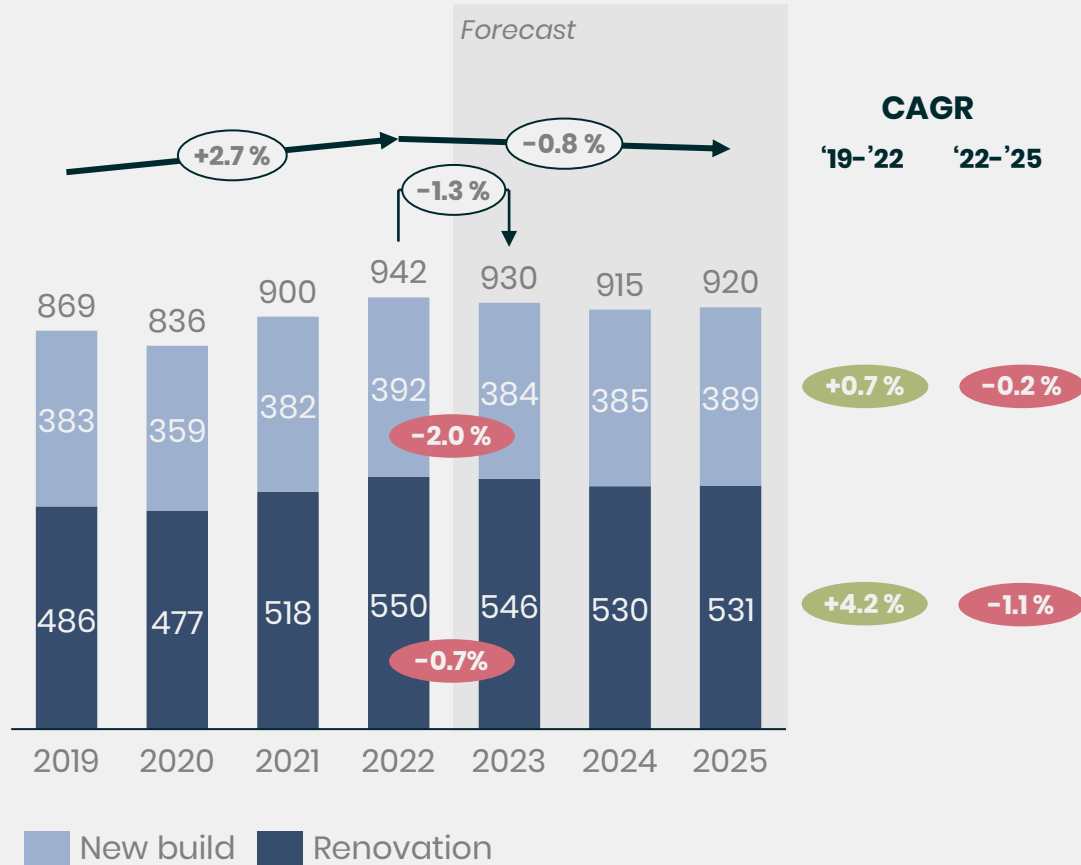


Operating environment and megatrends

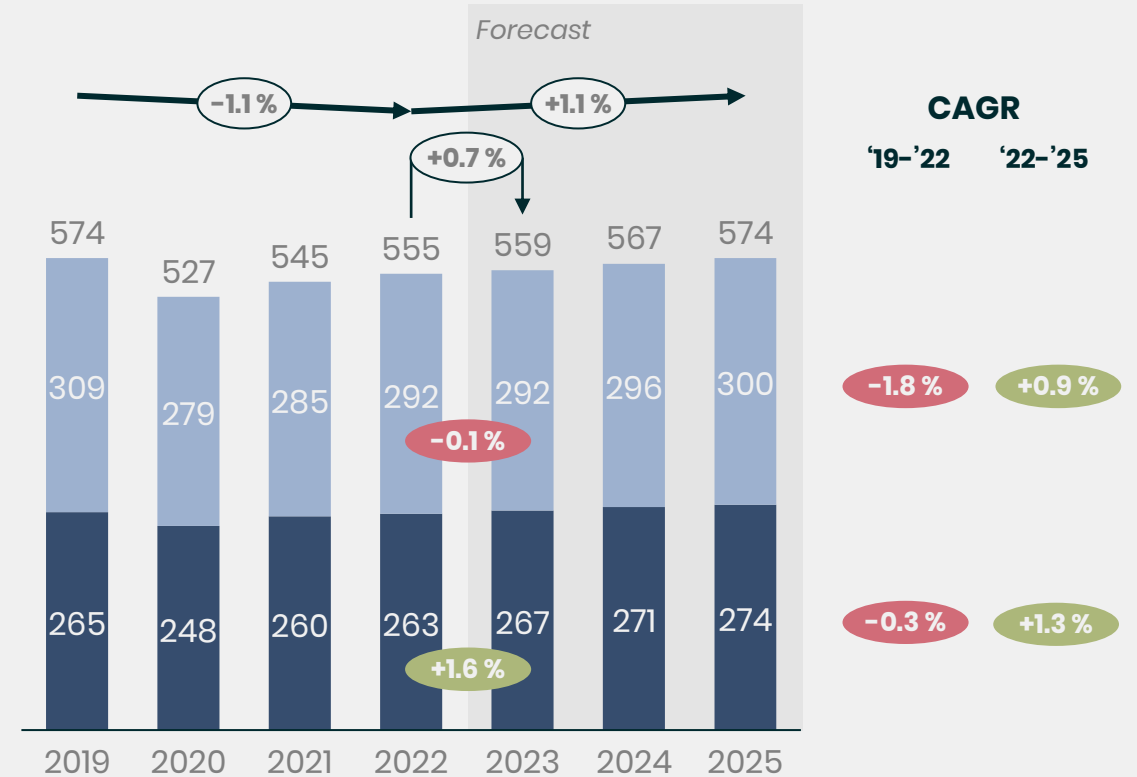
Development of European construction market

Residential to decline in '23 to '24 with gradual return to growth in '25

Residential market (bnEUR)



Non-residential market (bnEUR)



Note 1: Contains the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom + Czech Rep, Hungary, Poland and Slovakia

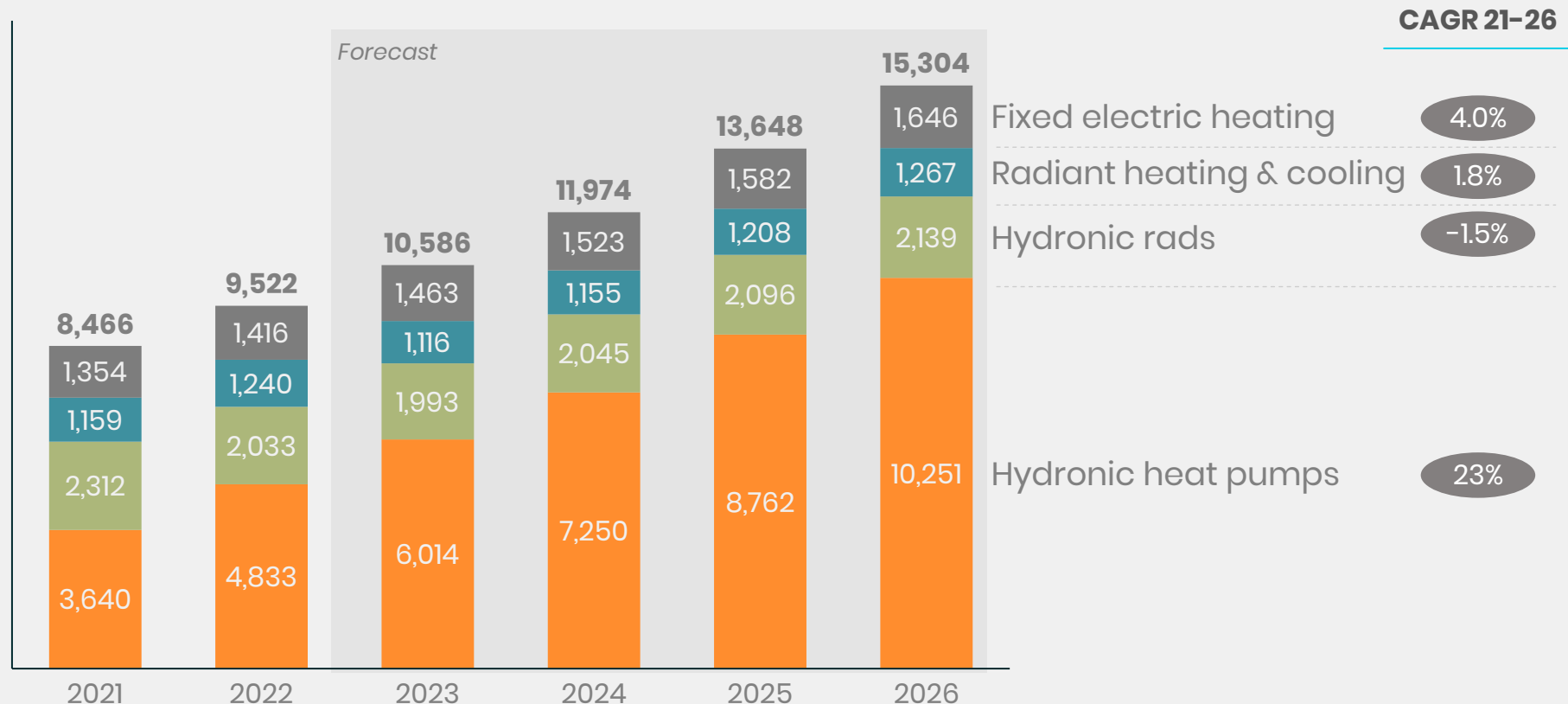
Note 2: Figures adjusted to 2021 price point

Source: Euroconstruct, November 2022



Addressable segments in European HVAC market for PG

European heating (hydronic and electric) and radiant cooling market (MEUR)



- Addressable segments expanded to hydronic heat pumps (air to water heat pumps as main relevant segment for PG) following our solution sales strategy
- Strongest growth in Europe expected in HP segment as a result of expedited need for energy independence and electrification
- Decline in radiators to continue into 2023 but start to recover from 2024
- Expected decline in RHC¹ for 2023 due to decline in new build sector in Europe

1. Radiant Heating & Cooling

Note: BRG data includes manufacturer sales estimates across all segments (covering residential and commercial); data for 28 main European countries (for radiant heating and cooling, limited to: DACH, Benelux, FR, IT, PL, RO, SE, UK)

Segments included: Fixed electric heating (Electric rads, electric towel warmers, electric underfloor heating & radiant panels); radiant heating & cooling (pipes, fixing systems, components incl. actuators, manifolds, room thermostats & wiring centres, hydronic panels); Hydronic rads (steel panel rads, towel warmers, decorative tubular rads, & convectors); Heat pumps (hydronic air to water heat pumps incl. monobloc and split units)

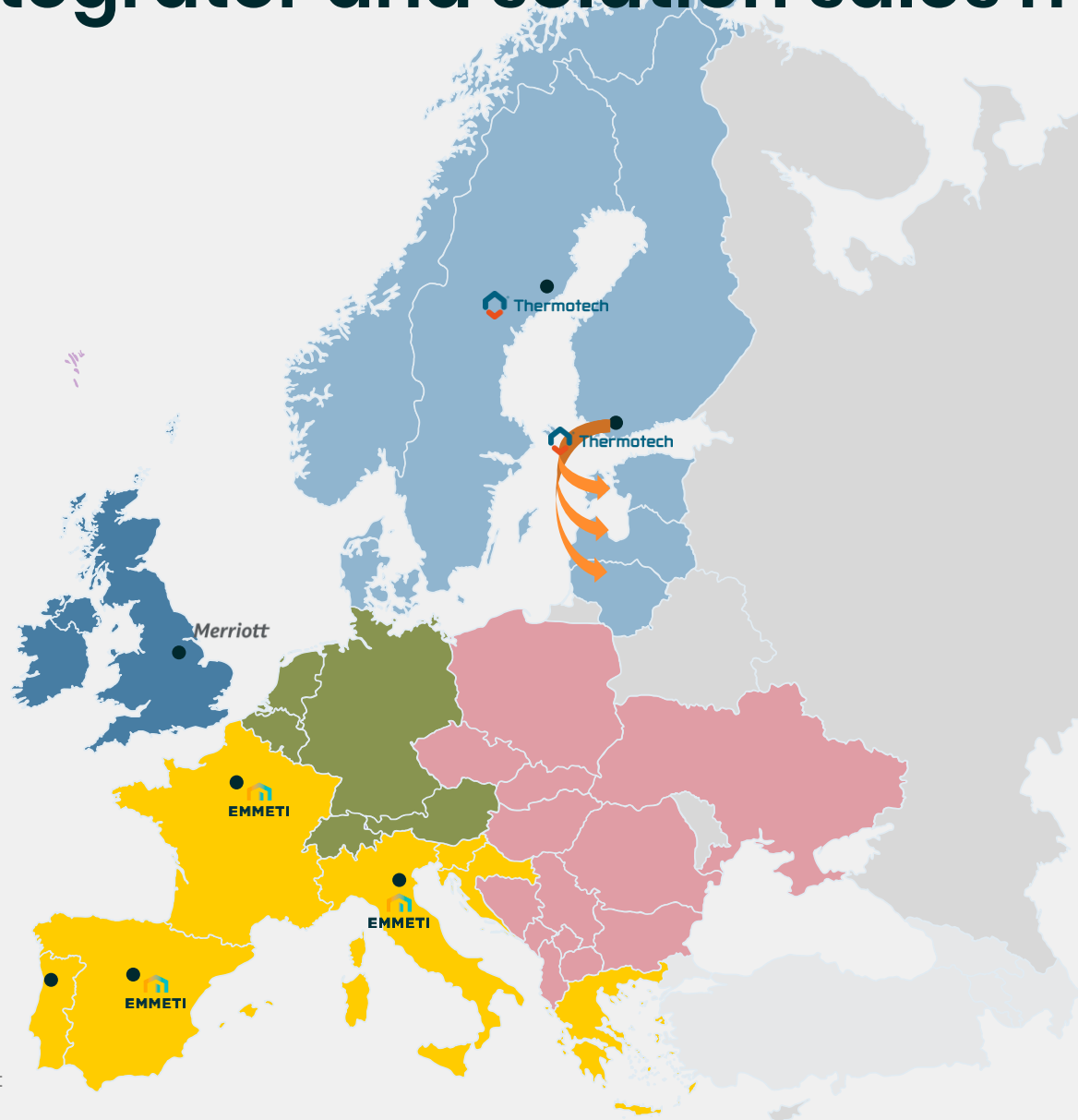
Source: BRG, Updated market trend as of Oct 2022 (excl. RHC; based on 2021 data and mgmt. view)



Key component of PG strategy focused on growing share of system integrator and solution sales market

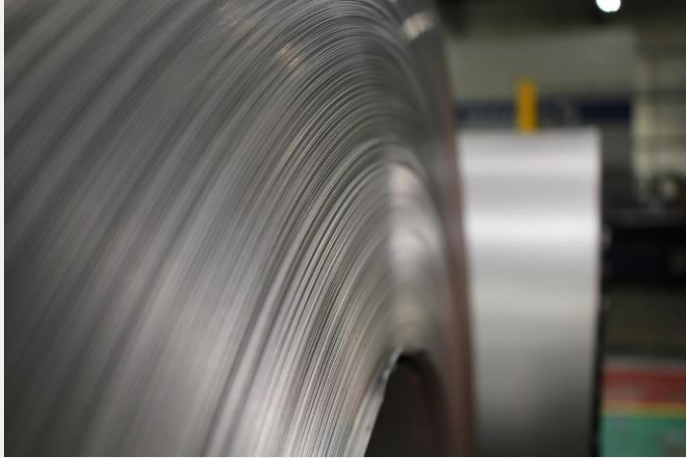
~3B€
**System integrator
(2 step) market in
2022**

~6%
**Expected annual
CAGR**



- We see potential in solution sales through 2 step channel (direct to installers channel)
- Our existing portfolio of companies in this segment cover Nordics, South of Europe and UK
- Our growth ambitions are to further grow this channel across Europe to benefit from growing segments of market including further offering in heat pumps and energy generation component of overall solution

Megatrends driving the demand for Purmo Group



Sustainability

Governments and local authorities are incentivising the shift to:

- renewable energy sources
- energy efficiency through low-temperature systems and well-insulated housing,
- introduction of energy performance requirements for new and renovated buildings.



Energy independency

- Emphasised need for energy independence due to events in 2022
- Governments in Europe have put further focus on electrification, investing in green energy sources and building incentive plans to improve energy efficiency
- Households are consequently moving towards solutions that can support energy independency



Digitalisation

Digitalisation is increasingly driving the building markets, offering better capabilities for:

- smart controls
- large data sets and
- Building Information Modelling (BIM)

Reasons to invest in Purmo Group

Reasons to invest in Purmo Group



1 Purmo Group is at the centre of the global sustainability journey

2 Broadest offering of sustainable heating and cooling solutions

3 Brand portfolio recognized for product quality and innovation

4 Longstanding relationships with wholesalers and installers

5 Clear and well-defined strategy supported by key growth pillars

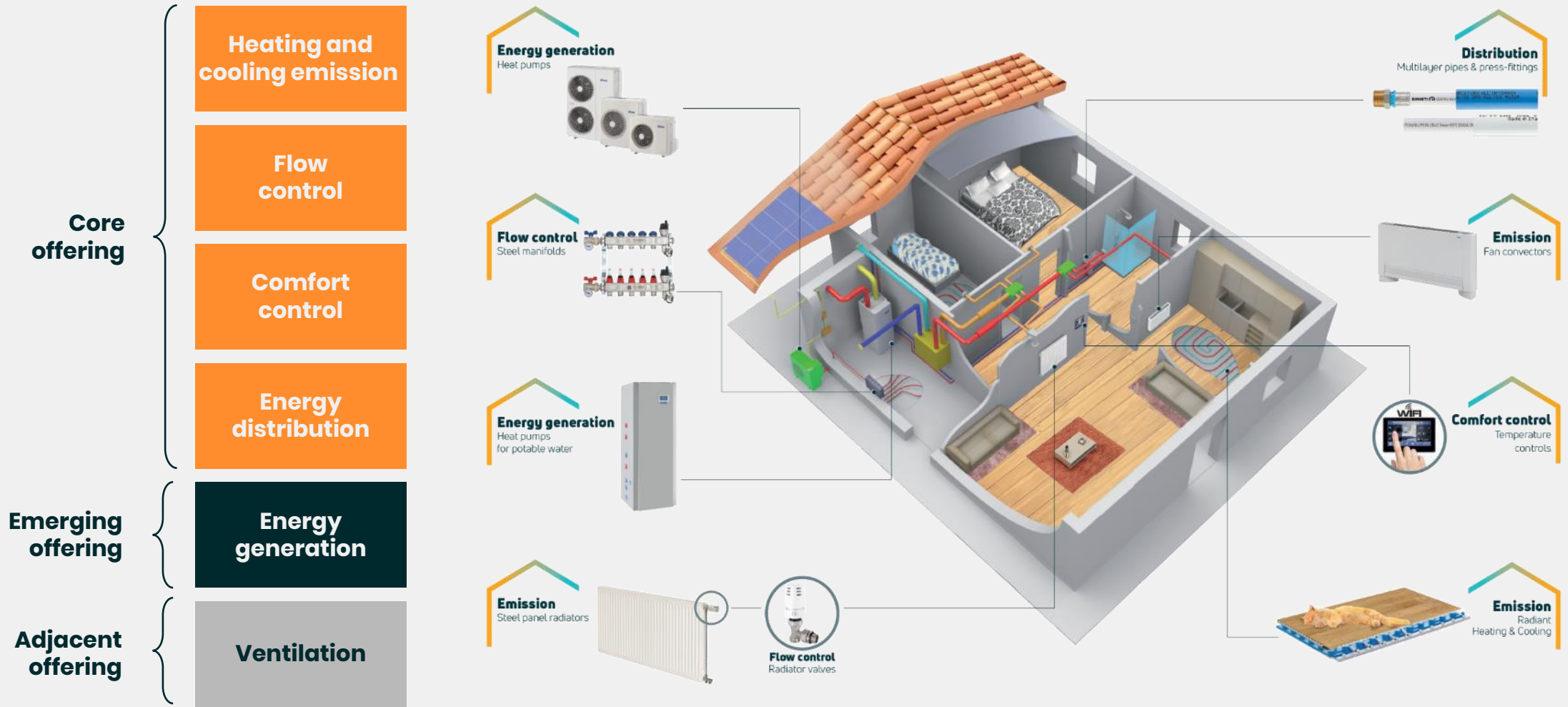
6 Strong historical financial track record

7 Skilled workforce and customer-centric operating model



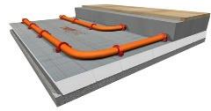
2 Purmo Group has the broadest offering of sustainable heating and cooling solutions

Unique market position offering integrated indoor climate comfort solutions

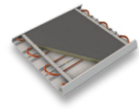


Product portfolio overview

Radiant heating and cooling



Underfloor and wall heating and cooling



Radiant ceiling panels

Air heating and cooling



Convectors



Air conditioning



Ventilation

Water distribution systems



High pressure pipes



Fittings

System components and controls



Hydronic control valves



Electronic controls

Panel radiators



Horizontal panel radiators



Horizontal decorative panel radiators



Vertical decorative panel radiators

Other radiators



Decorative tubular radiators



Towel warmers



Electric radiators

Smart product portfolio overview

Emission (heating/cooling)



The widest emitter portfolio



Fan-assisted & hybrid radiators
Decorative radiators
Flex & elec. radiators
H&C convector
Radiant heating and cooling

Flow control



Radiator valves
Valves for RHC systems

Modulating manifolds in development

Comfort control



Heating controls
Solar controls
Ventilation controls



Connected controls

Distribution



Pipes for piping systems
Fittings



HVAC pipes and fitting system, LBP fittings

Energy generation



Air-water heat pumps (Emmeti)



Air-water heat pumps

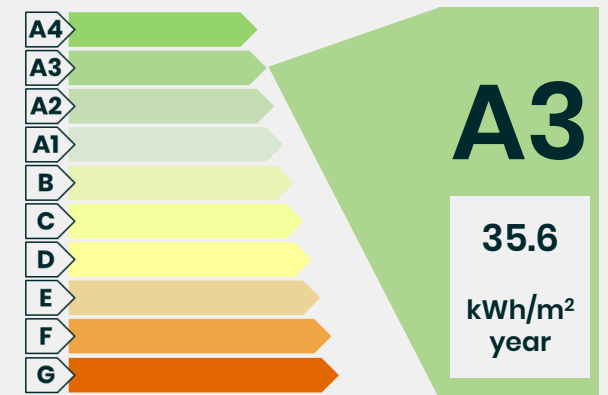
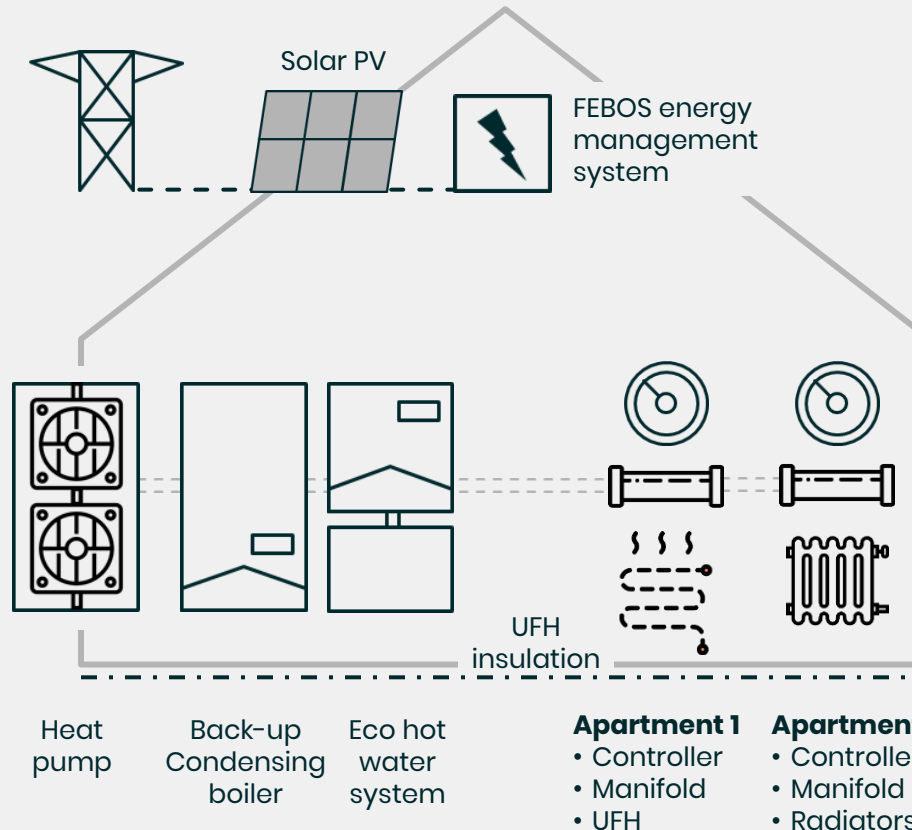
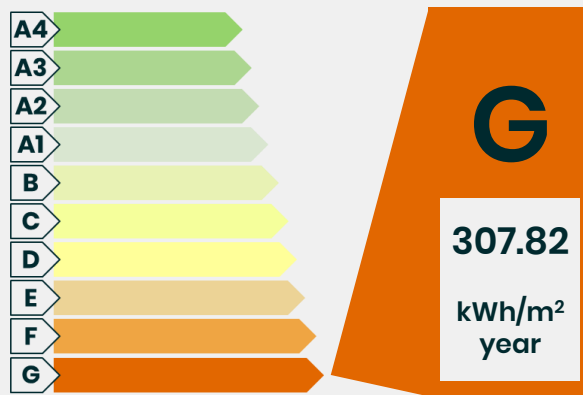
Solution case study – Energy improvement

Energy-class improvement: 366m² twin-apartment building, Dovadola, Italy

Energy label before

Purmo Group's sustainable indoor climate solution

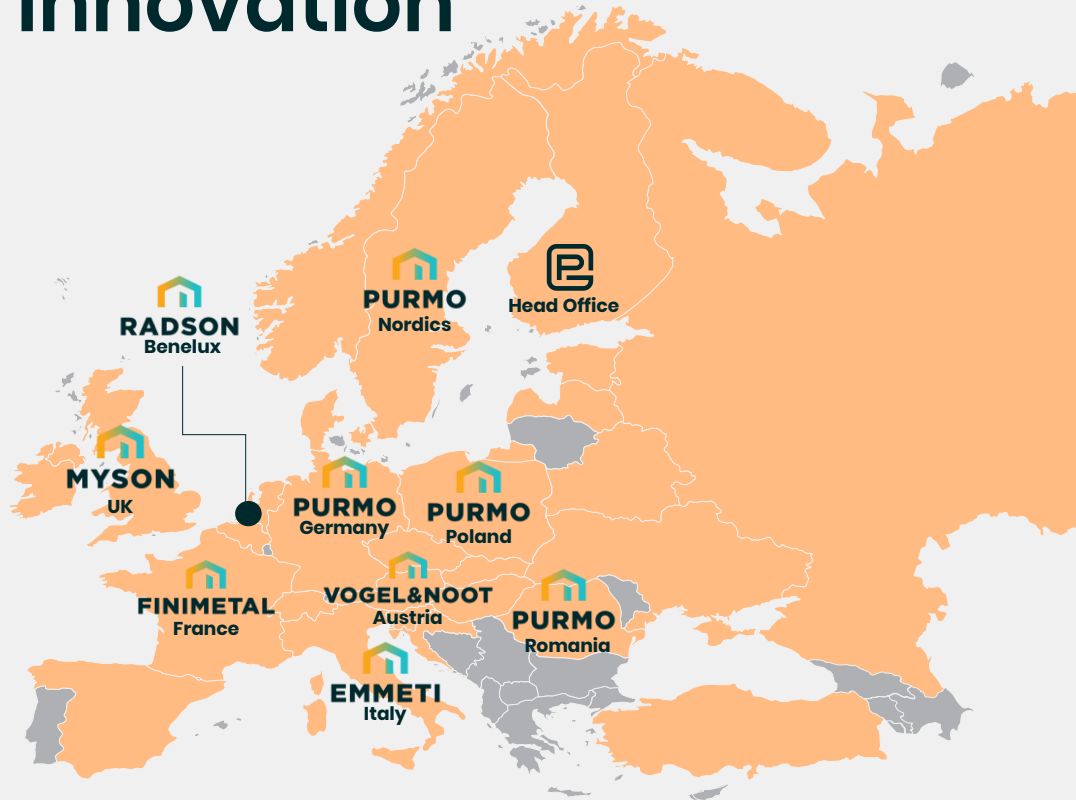
Energy label after



Primary energy balance	(kWh)
Energy used	112,662
Electricity*	2,849
Gas	109,813
Energy exported to grid	0
Energy produced	0
Used locally	0

Primary Energy balance	(kWh)
Energy used	13,061
Electricity*	7,591
Gas	5,425
Energy exported to grid	(3,568)
Energy produced	(6,157)
Used locally	2,571

3 Brand portfolio recognised for product quality and innovation



Product line brands



OEM brands



Other brands



Market position in Europe

#1 in radiators¹

#4 in indoor climate systems²

Source: Purmo Group's management estimates based on third-party market studies

Notes:

1 Based on European hydronic radiator volumes

2 Based on radiant heating and cooling solutions including underfloor heating and radiant panel volumes



5 Clear and well-defined strategy supported by key growth pillars

Vision

Perfect indoor climate should not cost the planet's climate

Mission

To be the leader in sustainable indoor climate comfort solutions

Strategy



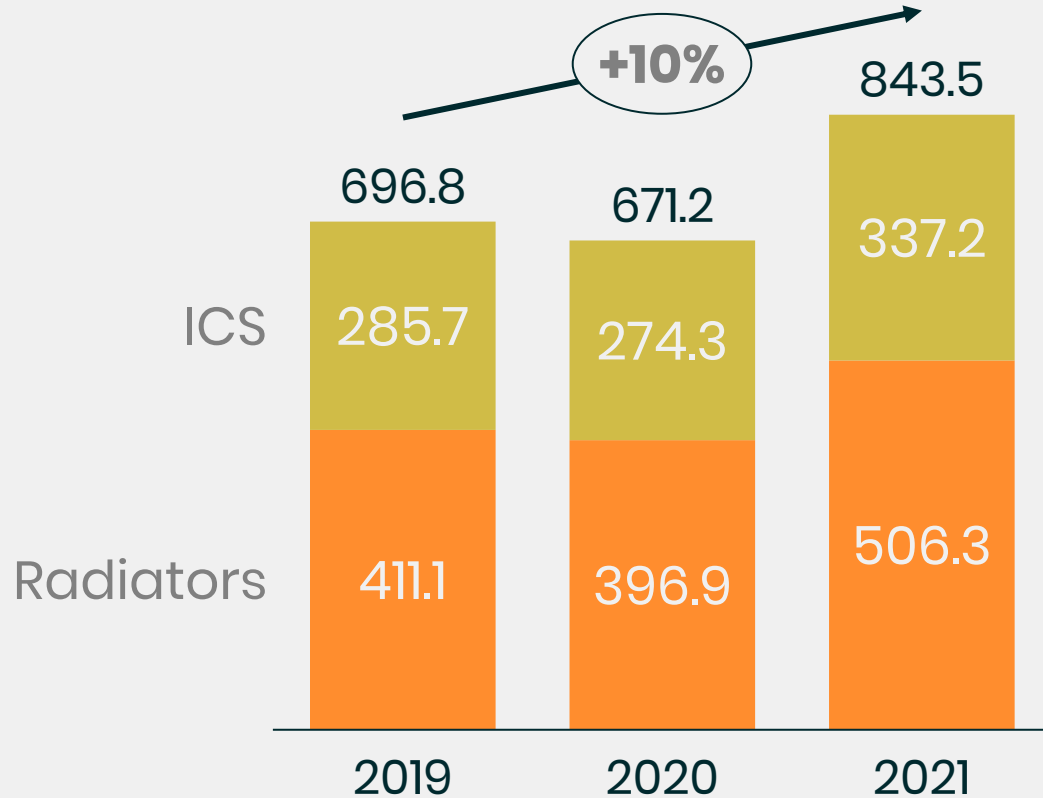
Growth enabler
M&A

Opportunities for **consolidation, expansion and diversification** in both Radiators and Indoor Climate Systems (ICS)

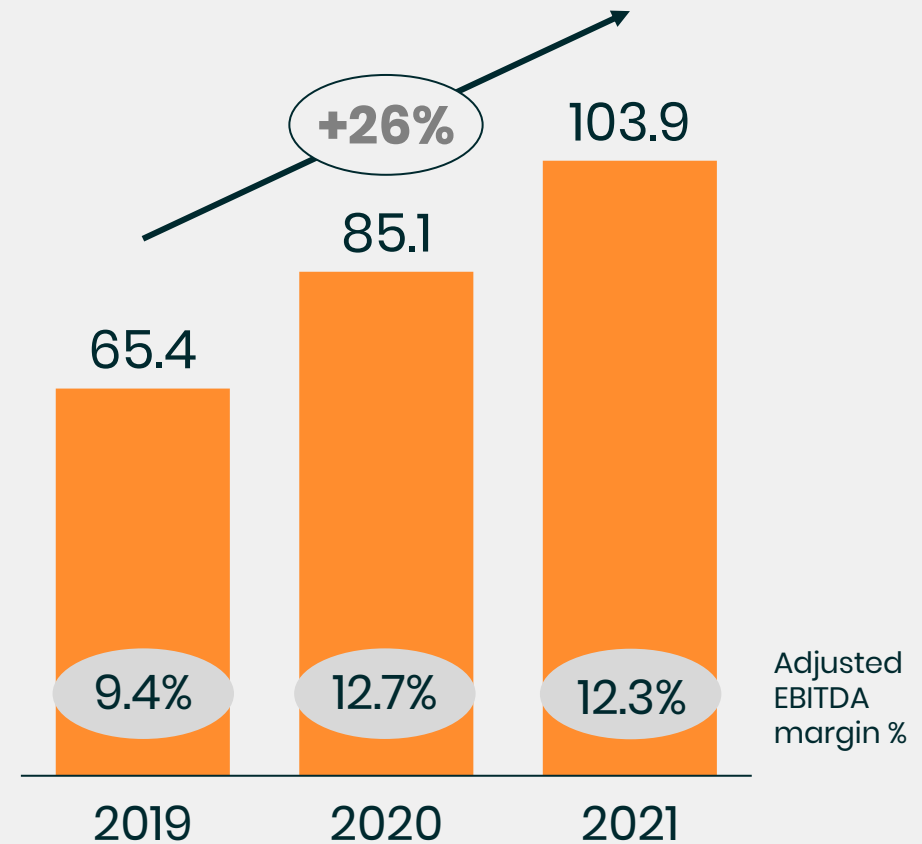


6 Strong historical financial track record

Net sales, MEUR



Adj. EBITDA, MEUR



7 Skilled workforce and customer-centric operating model



John Peter Leesi,
Joined 2020

CEO

Strategy

Legal



Mike Conlon,
Joined 2015

**President
Climate Solutions**

Emmeti

Business
development

Thermotech

Merriott



Barry Lynch,
Joined 2004

**President
Products & Systems**

Sales
Clusters

Commercial
excellence

Product
management

Product
development

Marketing



Erik Hedin,
Joined 2020

**Chief Operating
Officer**

Operations

Supply chain

PGOS

ICT

Procurement

Strategy
deployment
& PMO

Enterprise risk
management



Linda Currie,
Joined 1994

**Chief People
Officer**

HR

Global
comms

ESG

Employee
experience

Health and
safety



Matts
Rosenberg,
Joined 2022

**Chief Financial
Officer (interim)**

Business
control

Financial
control

Investor
relations

M&A

Tax

Treasury



Financial highlights Q3 2022

July–September 2022:

Adjusted EBITDA decreased, additional measures taken to support reaching our financial targets

Weakening market environment, in particular Radiators

Continued ICS sales growth supported by solution sales

Margin pressure from lower volumes and higher raw material costs

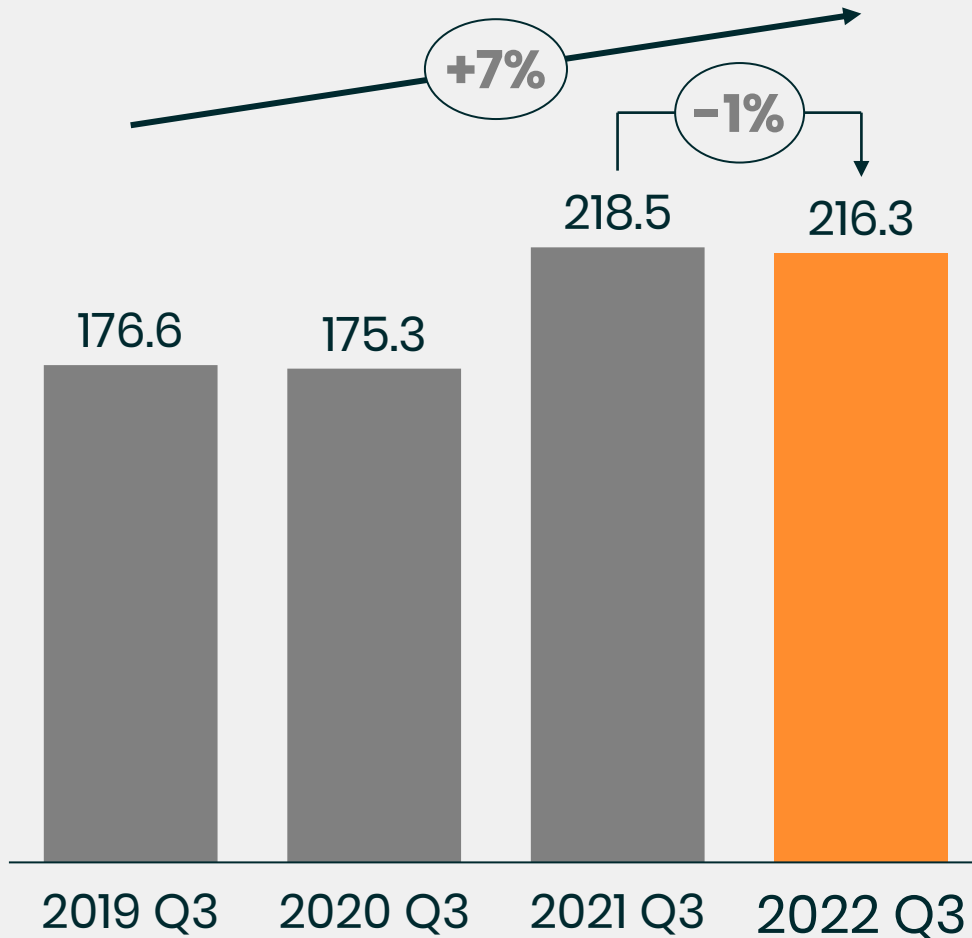
Accelerate PG programme and new organisation*

Guidance for 2022 updated, additional measures taken to improve profitability

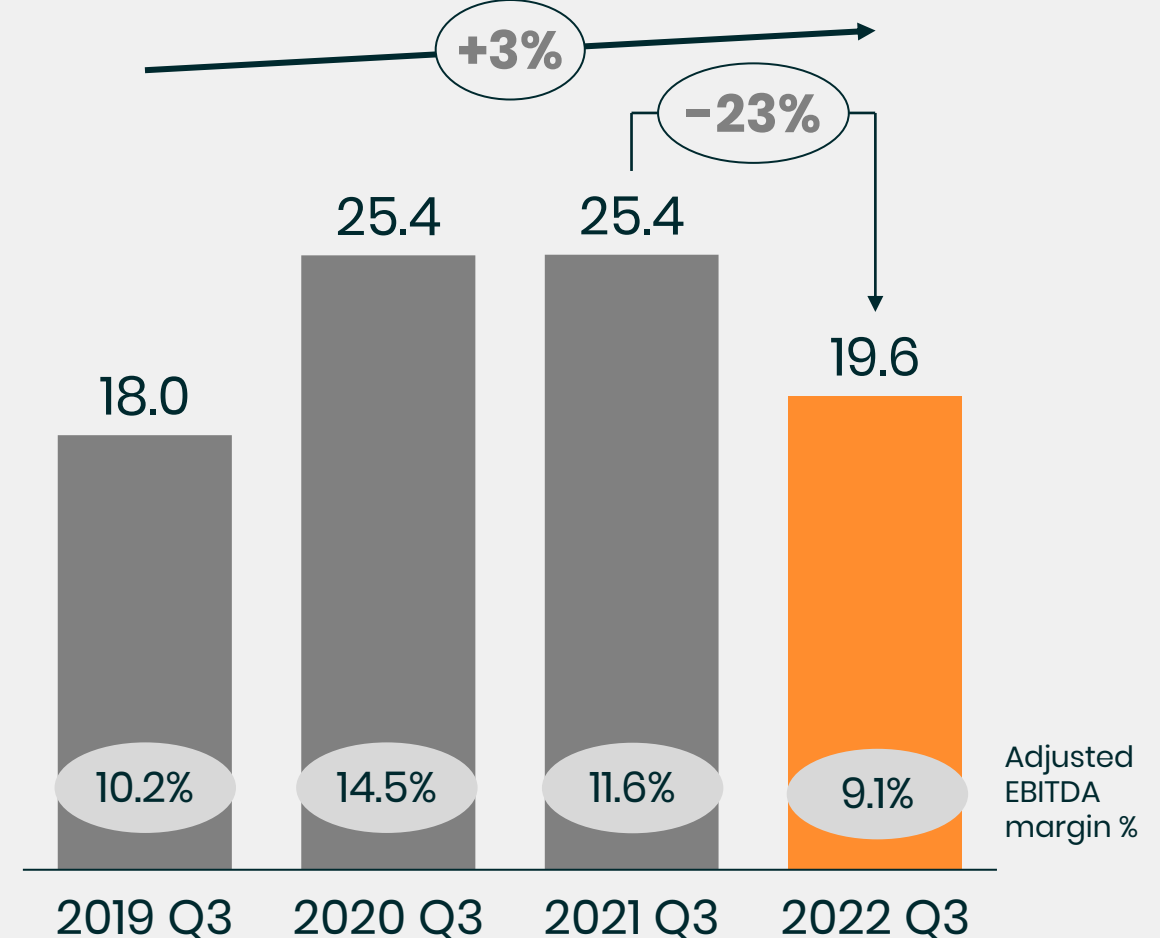
**after the review period*

Q3 2022 | Stable sales and decline in adjusted EBITDA

Net sales, MEUR



Adj. EBITDA, MEUR



Good progress in strategy execution

Solution selling

- **Emmeti** (Italy), continued strong sales growth of system sales
- **Thermotech** (Nordics) synergies from integrating product offering

Smart products

- Demand for our **heat pumps** continued strong
- Fan-assisted radiators for **low-temperature heating**
- Increased demand for **electric radiators**

Growth markets

- **China** double-digit sales growth despite COVID-19 lockdowns
- **Russian** exit progressing

Operational excellence

- Rapid **cost actions** in the Radiators division in response to weak market
- Continued **sales price increases** to mitigate continued cost inflation

People and culture

- **Solutions Selling** training programme expanded into France, focusing on both sales and product management

Sustainability

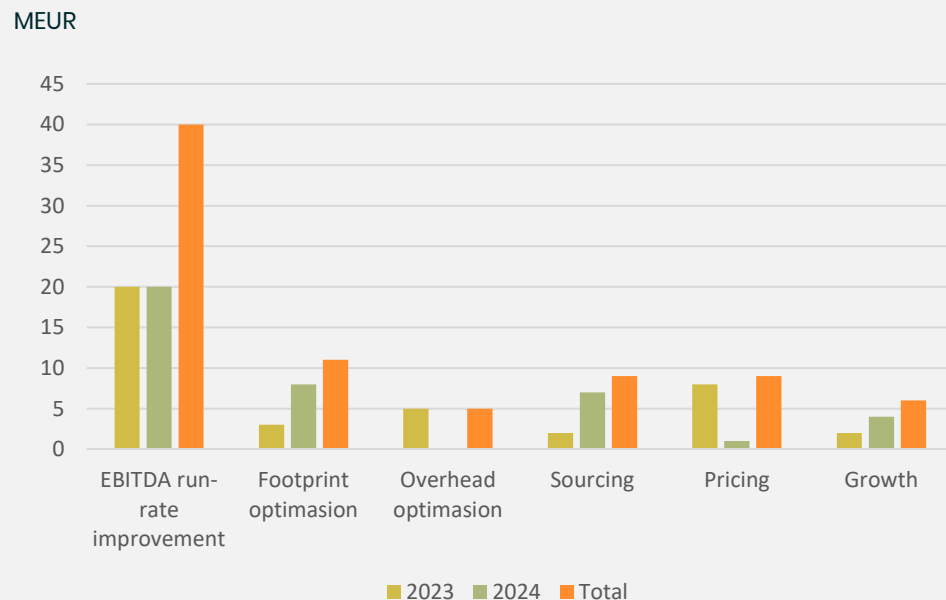
- Good progress against ESG targets, including committing to **Science Based Targets** to reach net-zero GHG emissions by 2050

"Accelerate PG"
Strategy acceleration programme

Accelerate PG: Adjusted EBITDA run-rate improvements and costs by 2024

Adjusted EBITDA run-rate impact – EUR 40 million (previous: EUR 35 million)

EBITDA run-rate improvements of EUR 20 million by the end of 2023 and cumulatively EUR 40 million by the end of 2024



Profitability improvements to include:

- **Footprint optimisation** of manufacturing, warehouse and distribution facilities circa EUR 11 million
- **Overhead optimisation** of circa EUR 5 million
- **Sourcing** including purchasing savings and value engineering circa EUR 9 million
- **Pricing** for selected products of circa EUR 9 million
- **Growth** initiatives of circa EUR 6 million

Costs of the programme of EUR 43 million (previous: EUR 40 million)

- The required costs of EUR 33 million (previous: EUR 30 million) are expected to incur before the end of 2023 and the remainder (EUR 10 million) in 2024
- To be treated as items affecting comparability

Financial guidance 2022 and long-term financial targets

Financial guidance for 2022 for adjusted EBITDA updated

- Adjusted EBITDA is expected to decline from 2021 (EUR 103.9 million) and to be between EUR 88 million – EUR 96 million
- Net sales remains as announced earlier: For 2022, Purmo Group expects net sales to increase from 2021 (EUR 843.6 million)

Long-term financial targets and dividend policy

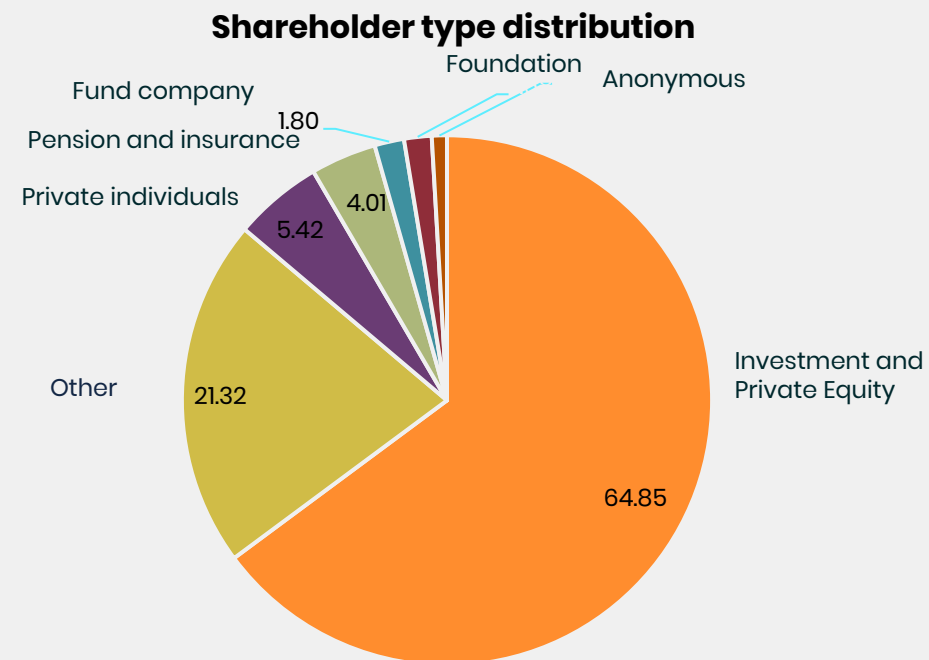
Growth	> Market organic growth and notable M&A	Net sales growth
Profitability	> 15%	Adj. EBITDA margin %
Leverage	≤ 3.0x	Interest bearing net debt / Adj. EBITDA on a rolling twelve-month basis
Dividend ¹	≥ 40%	Distributed as a % of annual net profit

1) As of completion of the merger, the previous decision by VAC to not intend to distribute dividend earlier than 12 months from the completion of an acquisition would therefore no longer valid

Largest shareholders and financial calendar

Largest shareholders on 5 January 2023

#	Name	Shares	Change	% of Shares
1	Rettig Group Oy Ab	26 373 971	0	61.80%
2	Virala Oy Ab*	6 460 217	0	15.14%
3	Ahlstrom Invest B.V.	1 200 700	0	2.81%
4	Varma Mutual Pension Insurance Company	1 000 000	0	2.34%
5	Jussi Capital Oy	616 077	0	1.44%
6	Fennia Mutual Insurance Company	500 000	0	1.17%
7	Svenska Litteratursällskapet i Finland	500 000	0	1.17%
8	Oy Julius Tallberg Ab	442 000	0	1.04%
9	John Peter Leesi	408 927	0	0.96%
10	Aipa Invesco AB	337 208	0	0.79%
11	Alcur Fonder	325 079	0	0.76%
12	Tannergård Invest AB	250 798	0	0.59%
13	Erik Hedin	245 356	0	0.57%
14	Danske Invest	245 356	-15 425	0.54%
15	Föreningen Konstsamfundet	200 000	0	0.47%
16	Seafarers' Pension Fund	200 000	0	0.47%
17	Turret Oy Ab	150 000	0	0.35%
18	Oy G.W. Sohlberg Ab	150 000	0	0.35%
19	Hammarén & Co Oy Ab	150 000	0	0.35%
20	Sp-Fund Management Company	111 267	0	0.26%
	Total	39 866 956	-15 425	93.37%
	Others	2 810 974		6.63%
	Total	42 677 930		100%



*Virala Oy Ab holds 4 895 000 C class and 1 565 217 F class shares of Purmo Group. More information in the Annual Report 2021 page 62.

Financial calendar and contacts

9 February 2023

Financial statements review 2022

9 February 2023

Q4 2022 hybrid investor group call hosted by Carnegie Investment Bank

21 February 2023

Shareholders matters to the agenda of the Annual General Meeting 2023

Week 12

Annual Report 2022

12 April 2023

Annual General Meeting 2023

Katariina Kataja, Head of Investor Relations

Phone: +358 (0)40 527 1427

Email: katariina.kataja@purmogroup.com



Q&A



PURMO

G R O U P