

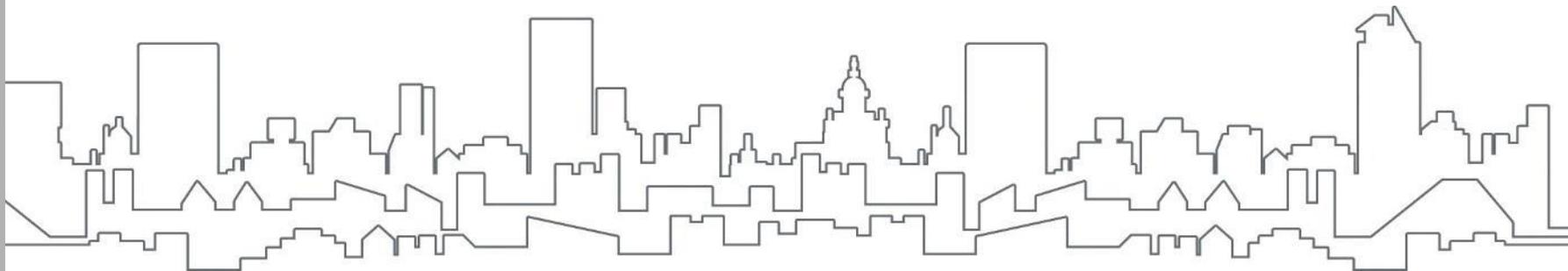
Schlegel International



 **GIESSE**

# Schlegel International: Creating the Springboard for Growth

November 2016

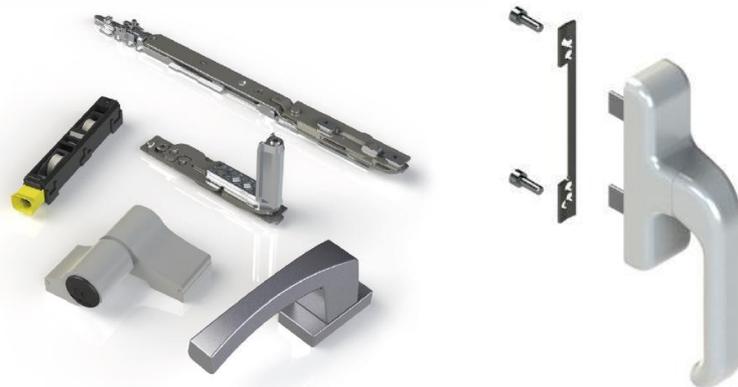




# What We Do

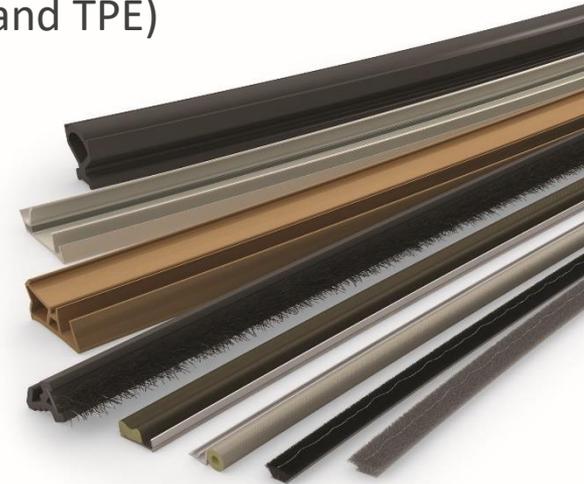
## Aluminium Hardware

- Tilt-and-Turn hardware
- Handles and cremones
- Hinges
- Locks
- Sliding window hardware
- Giesse GOS complete system



## Fenestration Seals

- Friction Seals for sliding applications
  - Pile
  - Foam
- Compression seals for opening applications
  - Foam
  - Extrusions (PVC and TPE)



# We are a Global Player



## EMEA

Consolidate our strong position in Europe, filling market 'white spaces'.

Solidify our presence in the Middle East & expand product offer to include seals.

Monitor market development in India and Africa.

## China

Gain share in China targeting added value sectors and the burgeoning refurbishment market.

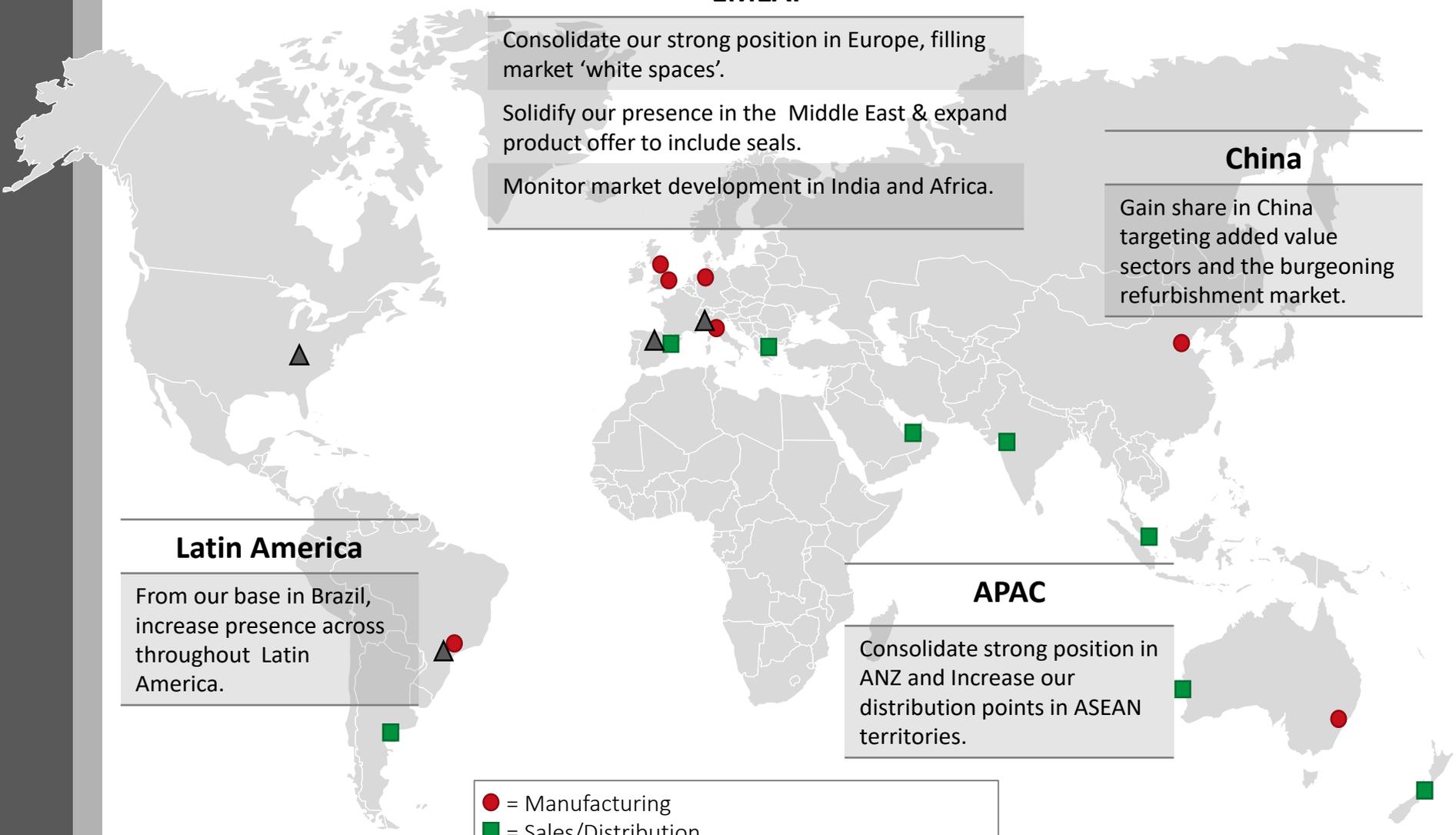
## Latin America

From our base in Brazil, increase presence across throughout Latin America.

## APAC

Consolidate strong position in ANZ and Increase our distribution points in ASEAN territories.

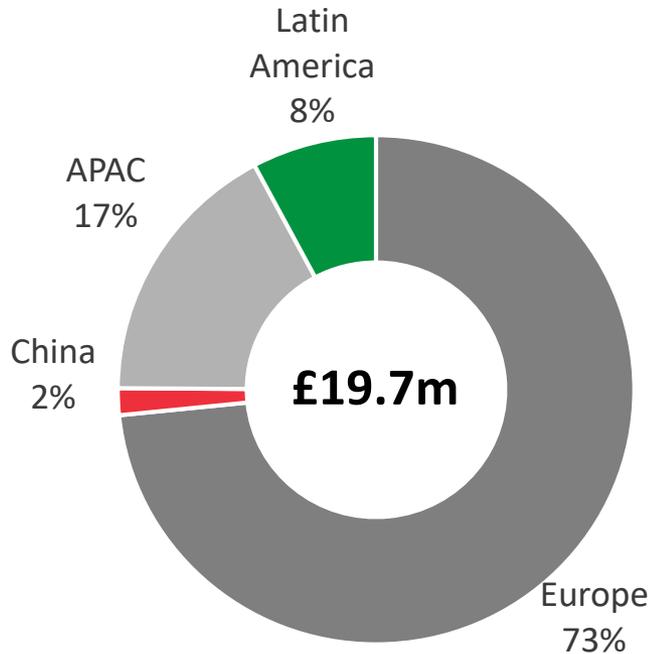
- = Manufacturing
- = Sales/Distribution
- ▲ = Site Closed as part of Footprint rationalisation



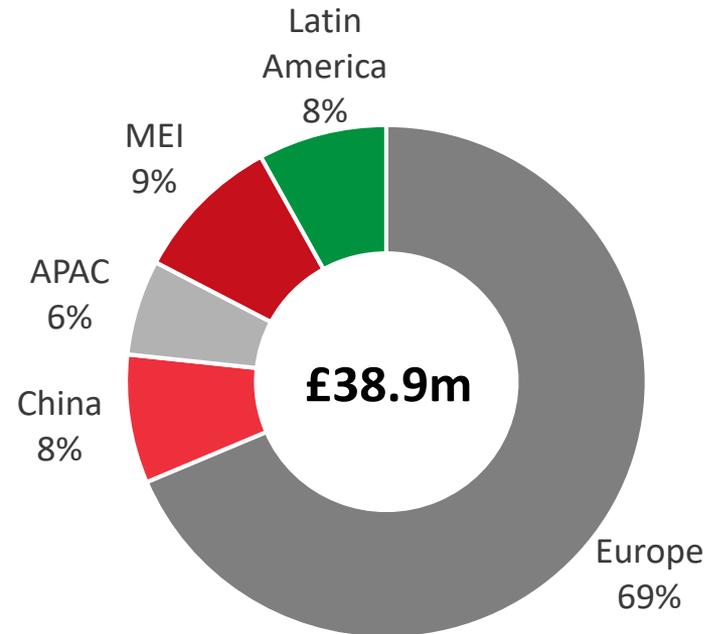
# Expanding Sales Footprint



### H1 2015 Sales - Schlegel only



### H1 2016 Sales - Schlegel & Giesse



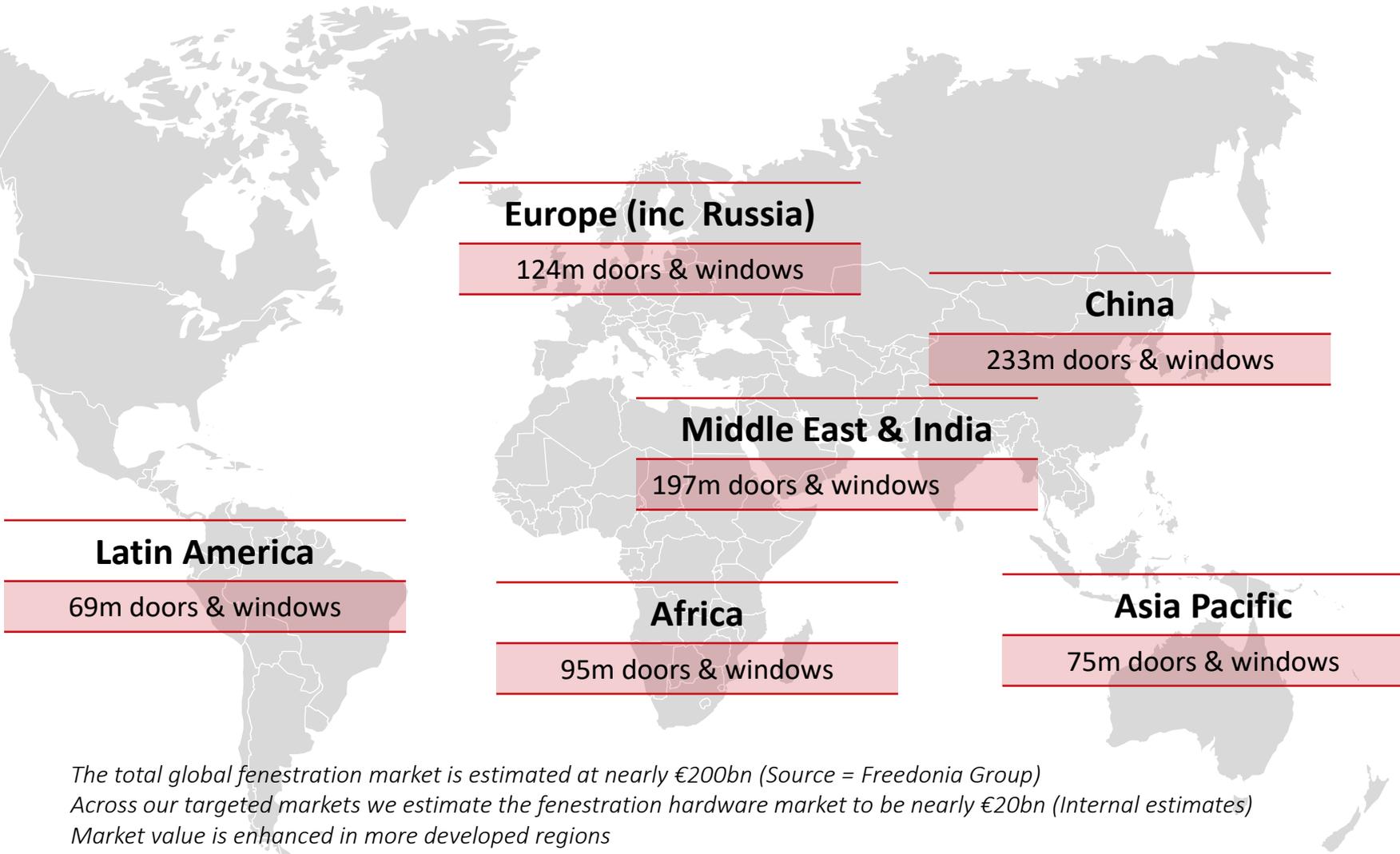


# Strategic Development



# Large Global Market

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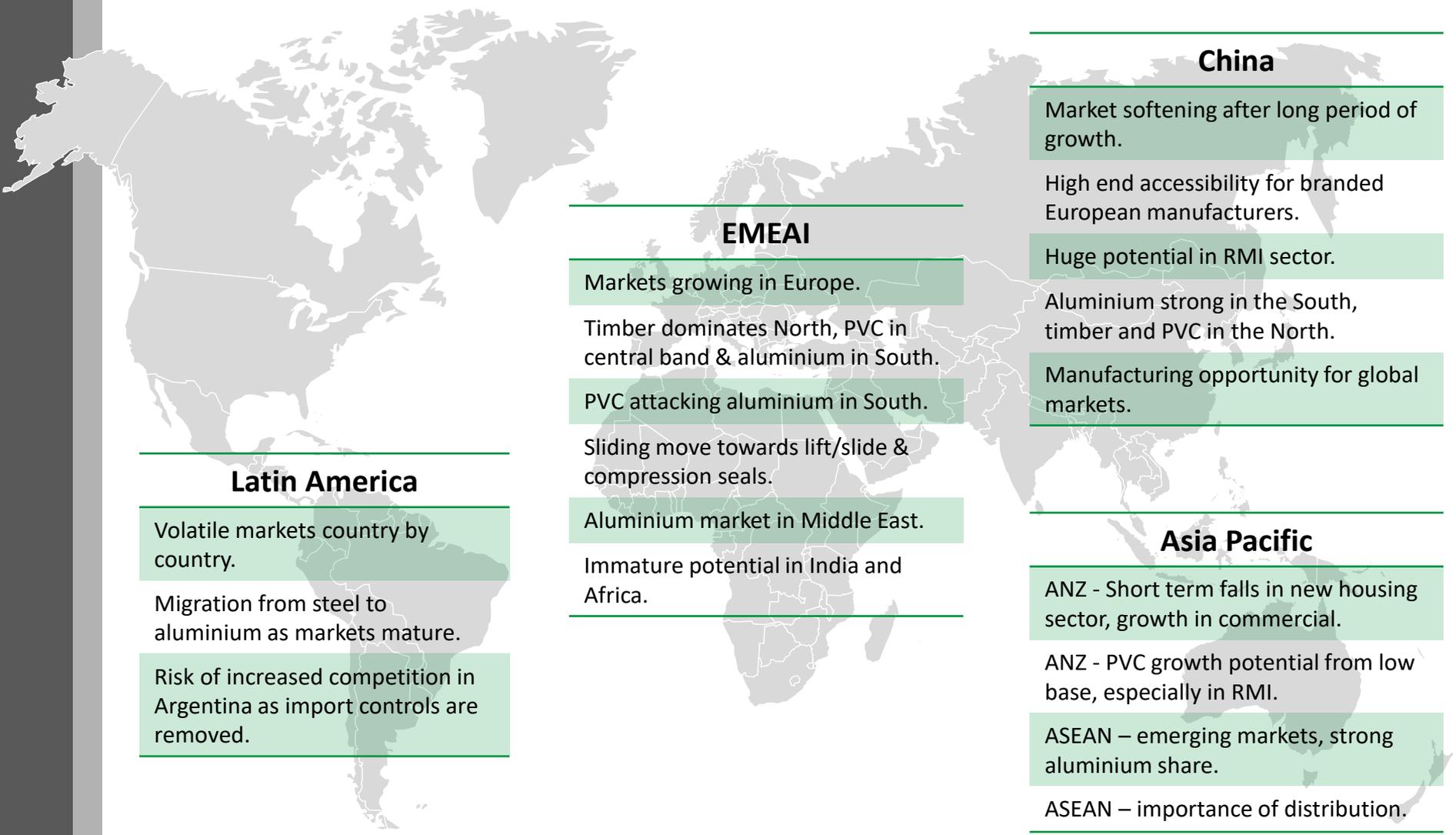
*The total global fenestration market is estimated at nearly €200bn (Source = Freedonia Group)*

*Across our targeted markets we estimate the fenestration hardware market to be nearly €20bn (Internal estimates)*

*Market value is enhanced in more developed regions*



# Significant variations by Market



## Latin America

Volatile markets country by country.

Migration from steel to aluminium as markets mature.

Risk of increased competition in Argentina as import controls are removed.

## EMEAI

Markets growing in Europe.

Timber dominates North, PVC in central band & aluminium in South.

PVC attacking aluminium in South.

Sliding move towards lift/slide & compression seals.

Aluminium market in Middle East.

Immature potential in India and Africa.

## China

Market softening after long period of growth.

High end accessibility for branded European manufacturers.

Huge potential in RMI sector.

Aluminium strong in the South, timber and PVC in the North.

Manufacturing opportunity for global markets.

## Asia Pacific

ANZ - Short term falls in new housing sector, growth in commercial.

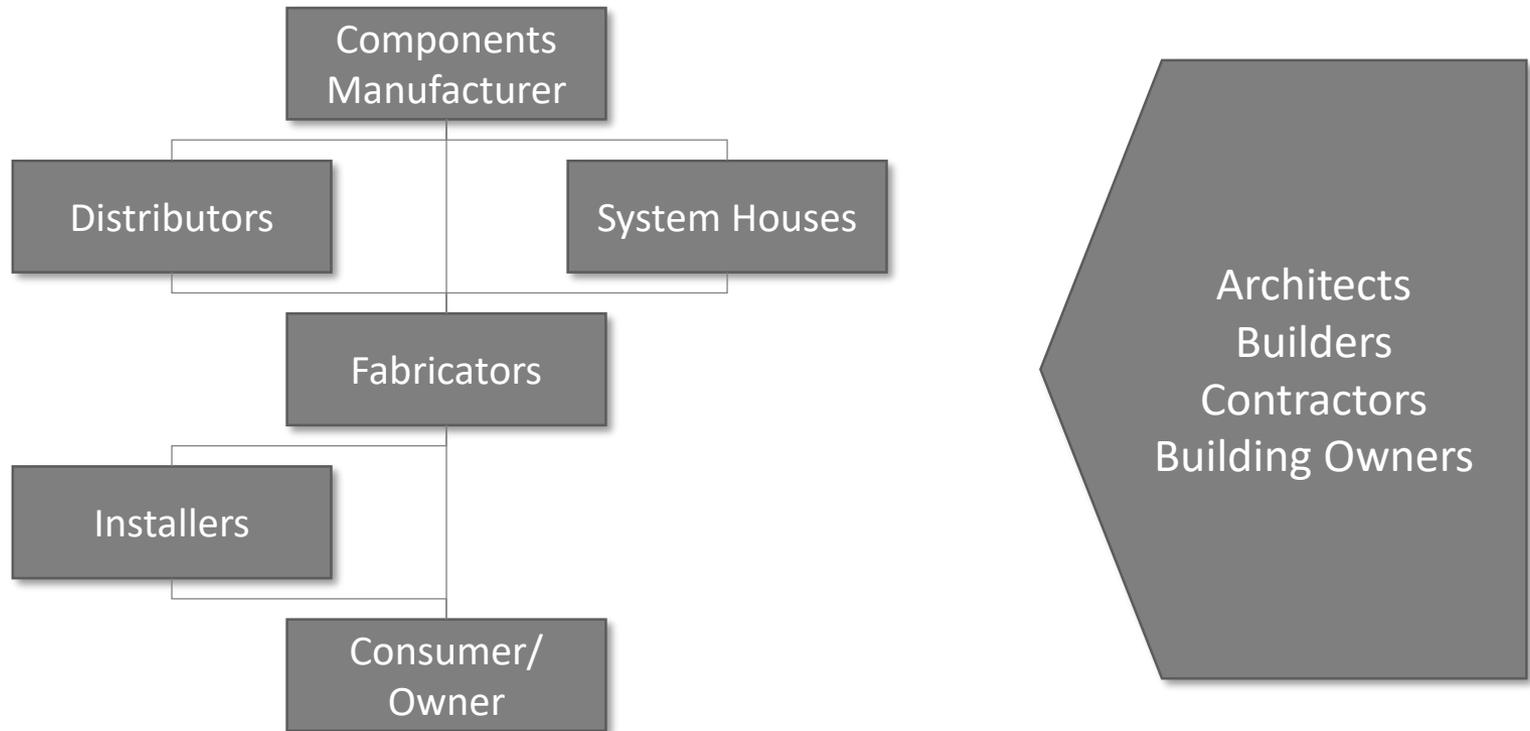
ANZ - PVC growth potential from low base, especially in RMI.

ASEAN – emerging markets, strong aluminium share.

ASEAN – importance of distribution.



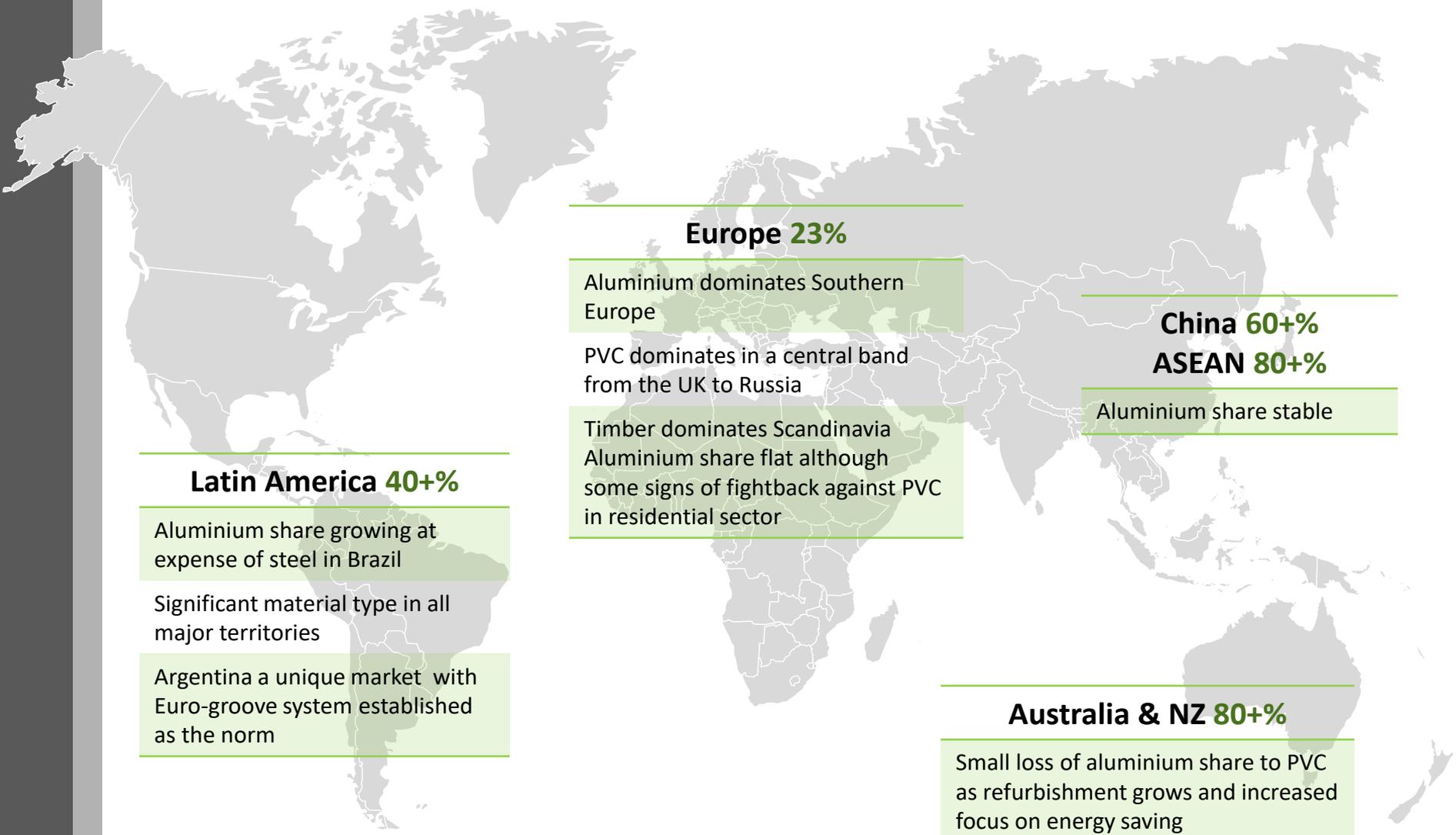
# Consistent Route to Market



- **Shared channels** for seals and hardware.
- **Strong trade brands** for both Schlegel and Giesse.
- **Flexible approach** depending on particular strength.
- **Distributors important** when building market presence.
- **System house influence** strong, especially for aluminium and PVC.

# Strong Aluminium Presence in all Markets

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## Latin America 40+%

Aluminium share growing at expense of steel in Brazil

Significant material type in all major territories

Argentina a unique market with Euro-groove system established as the norm

## Europe 23%

Aluminium dominates Southern Europe

PVC dominates in a central band from the UK to Russia

Timber dominates Scandinavia  
Aluminium share flat although some signs of fightback against PVC in residential sector

## China 60+%

## ASEAN 80+%

Aluminium share stable

## Australia & NZ 80+%

Small loss of aluminium share to PVC as refurbishment grows and increased focus on energy saving

# Significant Expansion Opportunity



	Internal Doors	Weather & Glazing Seals			
Seals Share (lin m)	Timber	Timber	PVC	Aluminium & Metal	Total
Opening	5.8%	10.4%	17.7%	7.7%	41.5%
Sliding	-	1.2%	1.4%	4.2%	6.7%
Glazing	-	10.7%	24.0%	16.9%	51.8%
<b>Total</b>	5.8%	22.3%	43.1%	28.8%	100%

Hardware Share	All Hardware (€m)	Timber	PVC	Aluminium & Metal	Total
Commercial	2,130	27.8%	33.0%	39.2%	38.8%
Residential	3,363	41.2%	46.5%	12.3%	61.2%
<b>Total</b>	5,493	36.0%	41.2%	22.8%	100%

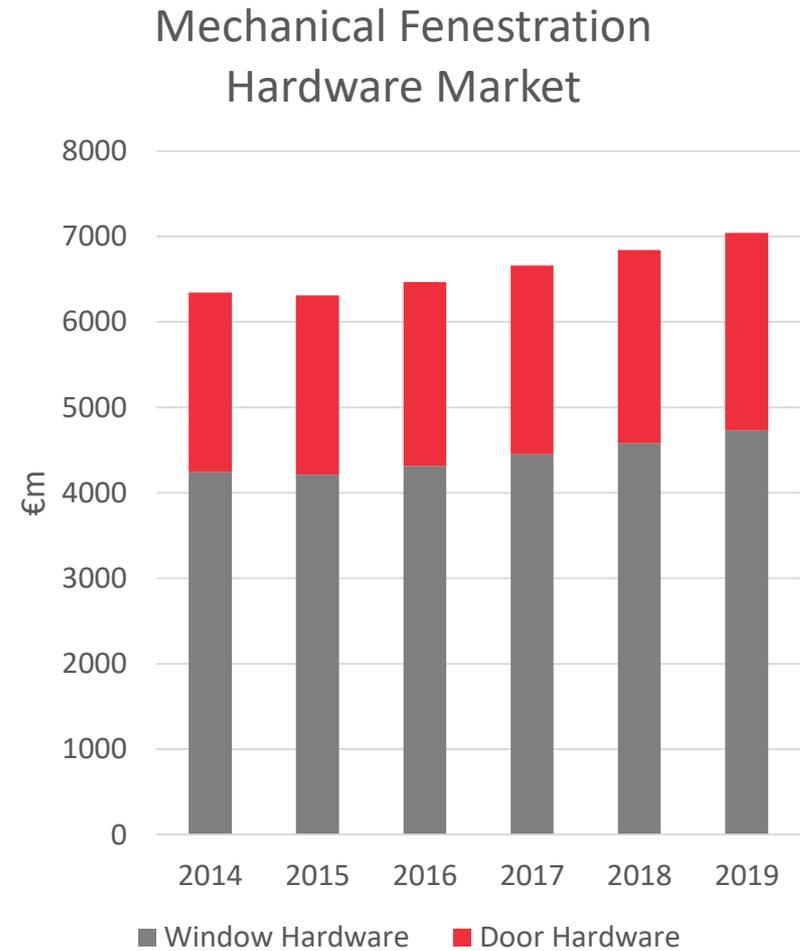
European Fenestration Seals & Hardware Market 2015, including Russia.

Source: Schlegel market model

# Growing European Markets: Hardware



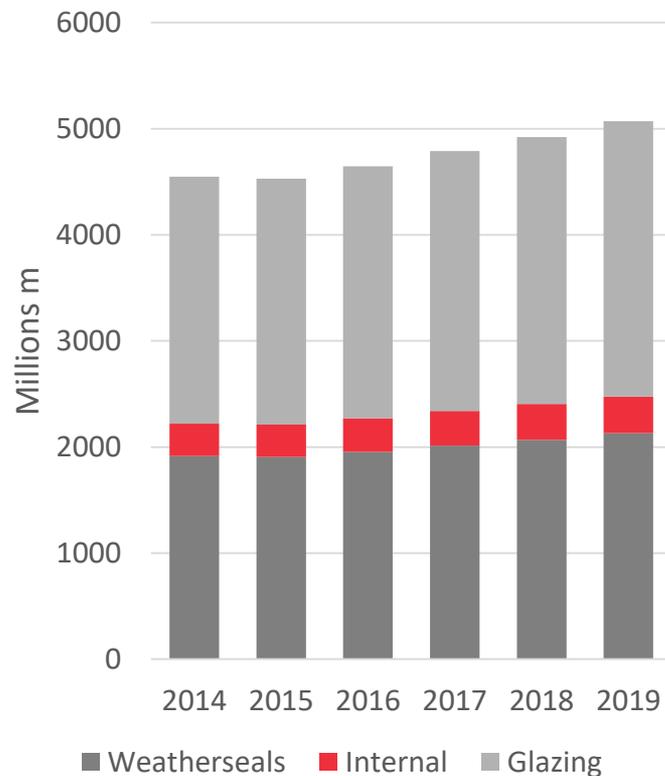
- Estimated value of mechanical fenestration hardware €6.3bn in 2015
- Forecast to rise to €7.0bn in 2019
- Architectural ironmongery and electro-mechanical hardware not included
- 67% of the hardware market is for windows, 33% for doors
- Market is 53% residential and 47% non-residential by value
- Commercial hardware significantly more expensive, in volume terms the market split is 73% and 27% non-residential 27%



# Growing European Markets: Seals

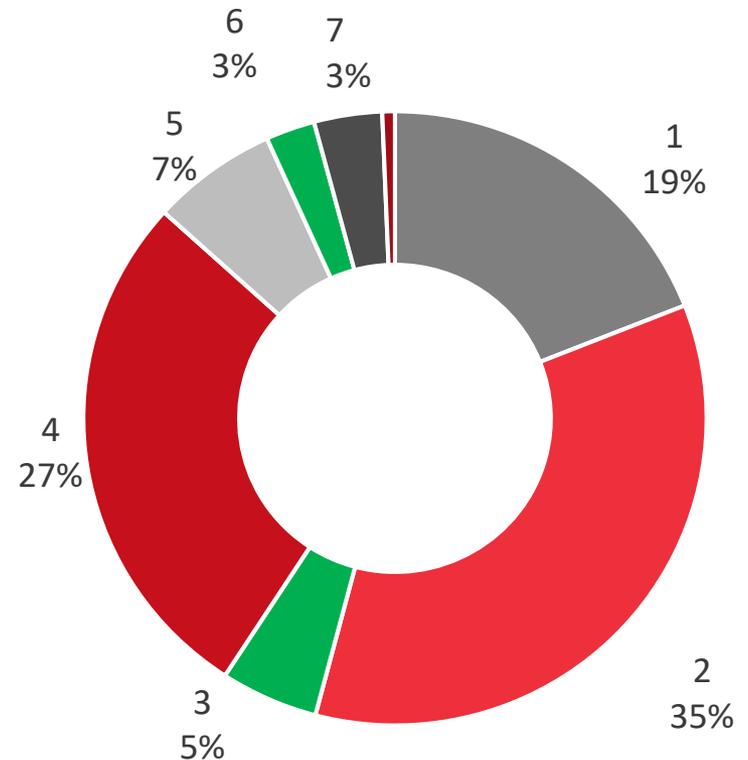


## Window, Door & Glazing Seals



- Total volumes of around 4.5m metres in 2015, increasing to 5m metres in 2019.
- Weatherseals make up 42%; Internal door seals at 6%; Glazing seals 52%.

## 2015 Seals by Material



Source: Euroconstruct Country and summary reports, Schlegel market model and various Country specific Industry reports



# Product Range Expansion

## TPE (Plastic)

- Traded products ahead of either acquisition or organic development.
- If organic, develop current activity on new site; If acquisition, centralise operations

## EPDM (Rubber)

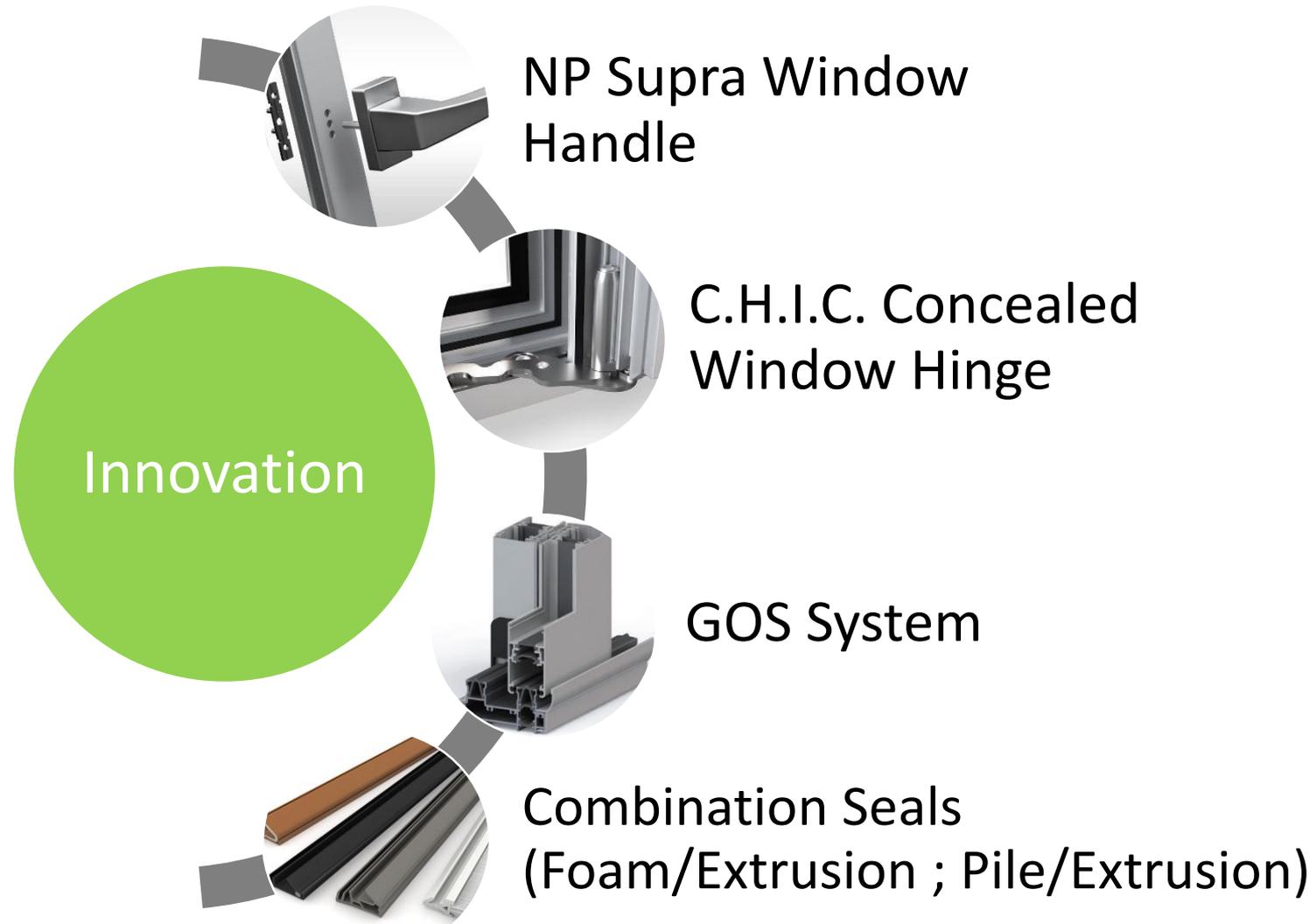
- Traded products to create credible hardware/seals offer
- Continuous review of acquisition opportunities
- One large acquisition or several smaller ones

## Hardware: for Aluminium and PVC /Timber windows

- Identify Product range 'white spaces' in current activity
- Identify opportunities for ERA/AT products in designated European sectors
- Analyse the market, identify key European players and establish contact with all potential targets



# Innovation is a key element

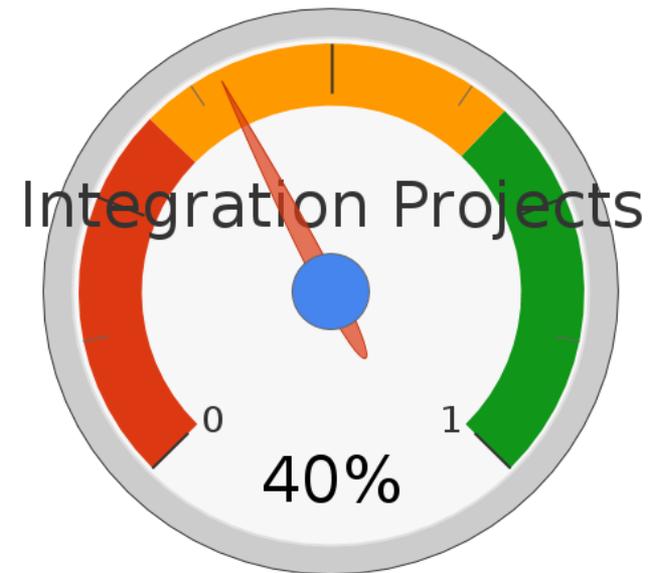
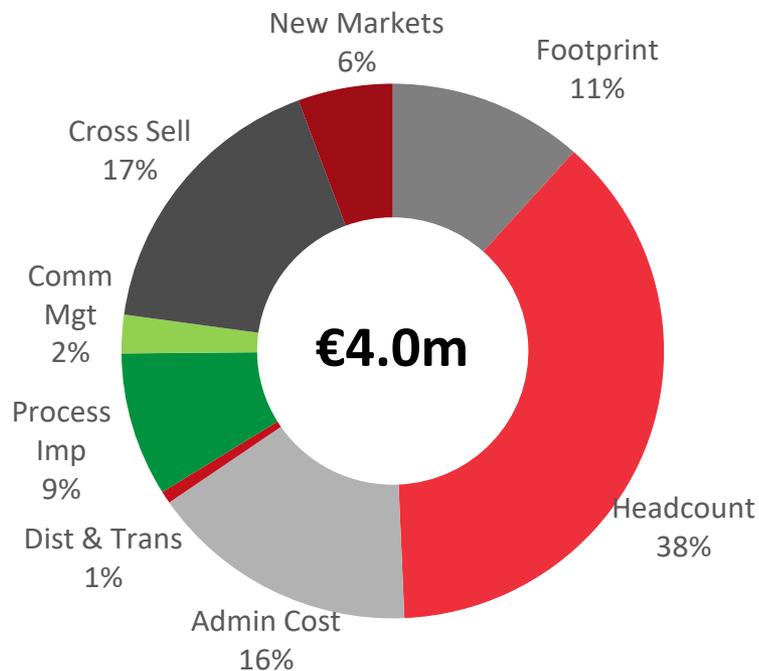




# Integration On Track

- Two year project (to end Q1 2018).
- Total savings of €4.0m identified.
- c 40% of Integration projects completed to date to deliver savings progressively through 2016, 2017 & 2018.

Synergy Benefits by Type





# Good Strategic Progress

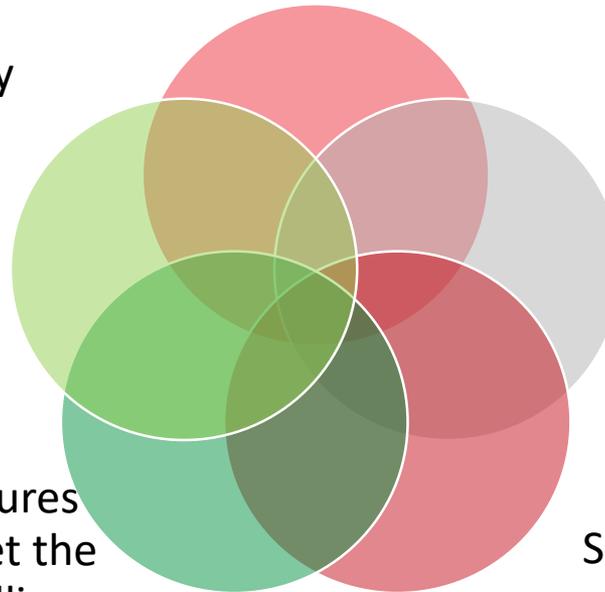
Exit non-core speciality product  
business and consolidation of  
European Pile manufacturing onto  
one European site

Footprint, legal entity  
and personnel  
restructuring in  
progress

Integration of  
Schlegel and Giese  
into one business

Commercial structures  
established to target the  
identified cross selling  
opportunities

Establishment of new  
Senior Management team  
and creation of a 5 year  
Strategic Plan 2017-2021



Synergy activities ongoing and in line with initial plan



# Internal Developments

## Latin America

Hardware Penetration in Brazil.

Internationalise Pile and PVC product.

Export Orientation

## EMEA

Develop effective organisation

Integration of Sales Team and implementation of Optimum Commercial Strategy

Managing effective Innovation for hardware products

Back office move to common processes and platform

## China

Optimise China Manufacturing

Reaction to market forces, both competition and macro

## Asia Pacific

Development of Local, Integrated Technical Support

Review of options for best route to supply ANZ markets

# Summary of Opportunities



- **Cross selling** seals and aluminium hardware
- Entering the **PVC and timber** hardware markets
- **Investment** in the IT infrastructure
- Increasing our capability in the design, manufacture and supply of extruded seals in **TPE and EPDM**
- Completion of **Footprint** rationalisation
- Developing **supply channel** in the growing RMI/Retail sector in China
- **Expansion** of our activity in Latin America
- **Promotion of full Tyman Group product range** by Schlegel in China, Gulf, Asia-Pac and Lat-Am territories



## “Creating the Springboard for Growth”

**With the Giesse acquisition we have bought a good business**

Key Markets showing signs of Growth

Integration progressing well, we are further ahead than expected

Further opportunities from the expansion of our current product range

**With strong Organic sales growth and delivery of Synergy benefits we expect to double current profitability over the life of existing plans**

Opportunities exist in all markets

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# QUESTIONS

