

## Press release

**Date:** 14<sup>th</sup> November 2023

Roto Group expects slight increase in net turnover for 2023 / Strategic acquisitions, new products and services for improved value for the customer / "Better than ever" preparation for demand in coming years / Building element industry is "part of the solution" / The onus is on legislators

### **Reliable, outstanding performance – Today and tomorrow**

**Graz / Leinfelden** – "The three divisions of the Roto Group have utilised the 2023 financial year to further increase their appeal through strategic acquisitions, product developments and the expansion of service offers." These were the words with which Dr Eckhard Keill, Sole Director of Roto Frank Holding AG, opened the 18<sup>th</sup> International Roto Trade Press Day. Accordingly, he professed to be very pleased with the performance of the division in what was once again a challenging market environment. The achieved increase in the Group's net turnover of around 2% at the end of September should be seen as quite positive considering the difficult situation in the construction industry in Europe and China. The actions of political bodies in some important markets for Roto, on the other hand, have been disappointing: "Instead of supporting sectors like ours, the EU and the German government are making things more difficult."

### **Renovation boom thwarted**

As expected, many customers of Roto Frank Fenster- und Türtechnologie GmbH (FTT) and Roto Frank Dachsystem-Technologie GmbH (DST) were successfully able to compensate for the foreseeable decrease in the demand for building elements caused by a falling number of new constructions in the ongoing year by ramping up their efforts in building renovation, according to the Holding Director. The significant growth of Roto Frank Professional Service GmbH (RPS) this year is also largely thanks to the critical view of older windows. However, the enthusiasm for window replacement in existing buildings could have been much greater in his estimation, if political actors in the important German market had not caused a decline in the renovation rate "at an inopportune time".

"I'm inclined to speak of a boycott by many homeowners in Germany. A boycott in the face of chaotic discussions about sensible as well as flawed subsidy programmes," Dr Keill pointedly criticised. He also viewed the slow-moving work of the European Parliament on the buildings directive in a critical light. It is still unclear how the renovation of existing buildings in Europe should be controlled and intensified. Europeans who are generally open to renovating their buildings are therefore questioning whether it would be better to wait a year or two until it is clear which measures are mandatory and which are optional.

### **Reliability as the most important factor**

The Roto Director considers it essential to successfully "release the brake" now in order to maintain capacities in the construction supply industry and construction trades. "We need to mobilise private capital in Europe. Political bodies should urgently contribute to this mobilisation by emphasising reliability in questions of energy and subsidy policy," he made clear.

If all else fails, politicians could take the conduct of companies like the Roto Group as an example: The Group's three divisions are especially reliable partners for their customers, even in times of crisis. In 2023, this was rewarded with new business relationships and the expansion of existing partnerships. "People clearly appreciate reliability in these confusing times."

### **Anxiety about the future is weakening spending**

Politicians should know that they have to actively counter consumers' persisting reluctance to make purchases with clear decisions and clever incentives. Otherwise, sectors and companies with an important role to play in the future could suffer the consequences. "Without healthy companies in the entire value-added chain for the construction industry, problems like the housing crisis and excessive emissions cannot be solved. The building elements industry and companies like Roto have an important role to play in the future of solving these important problems." The economic livelihood of many companies could be safeguarded if building renovation in Europe would finally gain momentum.

### **Stoking demand for renovation**

Aside from politics, it is also the companies themselves in the value-added chain who need to act now. Those who have a direct line to consumers and investors need to help bring renovation out of the difficult position it was put in by politicians. There has been a lot of talk about the burdens of renovation. The added value that can be achieved, however, has not been getting much attention. "We need to stoke the demand for renovation, get people invested in environmental protection! That is why our sector, in particular, should position itself as a reliable partner for those who take environmental protection seriously and want to take action."

### **Utilising changes in ownership to move forward**

It is the opinion of the Holding Director that the minimum building standards discussed in the European Parliament should apply to all residential properties in the medium term. This would not be "socially incompatible". Rather the opposite: it is a requirement to ensure that living in heated spaces remains affordable. Dr Keill considers one option to be utilising the momentum after a house is purchased or inherited in order to develop the building towards the minimum standard or beyond. The German Buildings Energy Act establishes a legal obligation to advise homebuyers in this regard but does not go nearly far enough.

"Someone who purchases an older house or existing flat is looking to create a space in which they feel comfortable. Or they are looking to invest money in such a way that they can generate consistent profits through letting of the property. As such, it should be an easy thing to motivate purchasers to invest in the future viability of properties." The onus is clearly on political bodies in this regard.

### **Window replacement is especially popular**

Manufacturers of windows and doors would likely benefit from such an increased motivation to renovate buildings sooner than other sectors. Energy advisors report that replacing older building elements for newer ones is a particularly popular measure, including among owners living in their own properties. "That makes a lot of sense to me. After all, our sector not only helps customers to save energy but also upgrades the look and feel of spaces for increased

living comfort – a win-win situation.” Directing attention to the appeal of new windows and doors is clever and pays off. This would allow the sector to maintain or even expand its competitive edge over others, for example the insulation industry.

### **Rejection of priority subsidies**

Dr Keill issued another warning to legislators: subsidy programmes with a “short service life” of one or two years for specific products, for example heat pumps in Germany at the moment, often turn out to be counterproductive. Comparing the actions of different European governments makes it clear that progress is achieved when homeowners and investors in these countries were free to implement renovation plans drawn up by experts without too much government interference. “Even laypeople now know that it doesn’t necessarily make sense to purchase a heat pump for a poorly insulated house with old windows,” he is sure. Some homeowners still take this step because they receive bad advice or are steered solely by the high subsidies offered by the state. A trained energy advisor will always recommend implementing the most effective measure first and also consider the economic situation of their customers accordingly. Politicians are neither trained nor responsible for offering such advice.

### **Rethinking the division of labour**

As a result, Dr Keill would mainly like to see a new division of labour in the coming years: “Once political bodies define clear ecological goals and determine how they want to avoid social hardship in this regard, their part of the work is done. For everything else there are experts who responsibly build new residential properties or make existing buildings fit for the future.” At least at Roto, there are many trained experts who are reliably on the side of those who don’t just want to plan the future but actually build it. “More than ever before, we are well prepared for the coming years in which building renovation has to really pick up speed and in which the building elements sector will fulfil its role as part of the solution to ecological problems.” The latest investments in the product range, services, international presence and sustainability have once again improved the prospects of the three divisions.

That is why Dr Keill also expects single-digit growth in the Roto Group’s net turnover in the 2024 financial year. “This is subject to the requirement that international political forces limit themselves to defining the framework for environmentally friendly building development. Ideologically motivated attempts to steer consumer demand to certain renovation products or measures through subsidies only create enormous bureaucratic effort and are counterproductive in the medium term.”



Representatives of the Roto Group met with journalists for the 18th International Roto Trade Press Day in Graz, just a few kilometres away from the Roto plant in Kalsdorf, on 13th and 14th November. Pictured here is Graz's Murinsel, a floating building opened in 2003 which has become a landmark of the city in the 20 years since. This is where participants came together for an informal exchange after touring the plant.

**Image:** Harry Schiffer / [www.photodesign.at](http://www.photodesign.at)

**Murinsel.jpg**



The Roto Group will likely close out the 2023 financial year with a slight single-digit increase in turnover. Dr Eckhard Keill, Sole Director of Roto Frank Holding AG, was satisfied with the performance of the three divisions. They further increased their appeal with strategic acquisitions, promising product developments and new services. "More than ever before, we are well prepared for the coming years in which building renovation has to really pick up speed and in which the building elements sector will fulfil its role as part of the solution to urgent problems."

**Image:** Roto Frank Holding AG

**Dr\_Eckhard\_Keill.jpg**



According to many energy advisors, new windows are more popular than other building renovation measures, reported Dr Keill. "That makes a lot of sense to me. After all, our sector not only helps customers to save energy but also upgrades the look and feel of spaces for increased living comfort – a win-win situation." Directing attention to the appeal of new windows and door is clever and pays off.

**Image:** Foto Frank Fenster- und Türtechnologie

**Roto\_NX\_Komfort.jpg**



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**Image:** JARAMA iStock-1324488203

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