

Metall Zug Group

Annual Report **2019**

Quality Competence Innovative strength

The Metall Zug Group comprises six Business Units:

- Household Appliances*
- Wire Processing*
- Medical Devices*
- Infection Control*
- Life Science Solutions*
- Technologycluster & Infrastructure*

The pursuit of innovation and quality within the Metall Zug Group, together with the commitment to operational efficiency, underpin the day-to-day work in the business units. Its leading-edge products and associated services form the basis for the business success of the Metall Zug Group.

The Group companies' ranges thus contribute to their customers' success.



The Metall Zug Group

Metall Zug, a group of industrial companies headquartered in Zug, comprised six Business Units and had a workforce of around 5 000 at the end of 2019.

Life Science Solutions and Technologycluster & Infrastructure have been Business Units in their own right since January 1, 2019.

The holding company Metall Zug AG is listed in the Swiss Reporting Standard of SIX Swiss Exchange in Zurich (type B registered shares: securities number 3 982 108, ticker symbol METN).

Household Appliances



V-ZUG AG

As the Swiss market leader, V-ZUG AG develops, manufactures and sells high-quality, resource-efficient kitchen and laundry appliances and provides excellent service and support. Its forward-looking innovations enable it to consistently stand out as a technology leader. With its premium range of products, V-ZUG is represented in some 20 countries on four continents.



SIBIRGroup AG

SIBIRGroup AG is a full-range supplier of household kitchen and laundry appliances operating throughout Switzerland. SIBIR has branches and service centers in all parts of Switzerland.



Gehrig Group AG

Gehrig Group AG is a leading supplier of professional appliances and integrated solutions for the hotel and catering industry, care homes and hospitals. Its product offering ranges from dishwasher and cooking technology to cleaning agents and care systems and is rounded out by a nationwide customer service operation which is available seven days a week.

Wire Processing



Schleuniger Group

The Schleuniger Group develops, produces and distributes semiautomatic and fully automatic machines for the processing of all types of wires and cables. The spectrum of applications ranges from cutting and stripping to crimping, sealing, twisting, tinning and printing through to quality control and process and test automation. In addition, Schleuniger offers software packages to optimize machine efficiency and utilization for complex applications and connect high-quality, traceable data along the entire process chain.

Medical Devices



Haag-Streit Group

The Haag-Streit Group develops, produces and distributes high-quality products and services for diagnosis and surgery, mainly in the fields of ophthalmology and surgical microscopy. The Group's other activities cover applications in the fields of pulmonology and measuring instruments.

Infection Control



Belimed

The Belimed Infection Control Group is one of the leading global suppliers of innovative cleaning, disinfection and sterilization solutions, which are mainly used in hospitals.

Life Science Solutions



Belimed Life Science

The Belimed Life Science Group supplies innovative cleaning, disinfection and sterilization systems and solutions, primarily for use in the pharmaceutical industry.

Technologycluster & Infrastructure



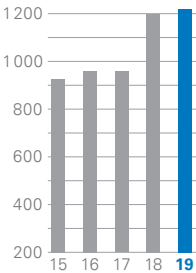
Technologycluster & Infrastructure

This Business Unit comprises Tech Cluster Zug AG, V-ZUG Immobilien AG, V-ZUG Infra AG and MZ Infra AG. The main tasks of the Business Unit include the further industrial development of the main V-ZUG production site in Zug, together with the establishment of a technologycluster in Zug and the construction of a refrigerator factory in Sulgen, Canton Thurgau.

Key Figures at a Glance

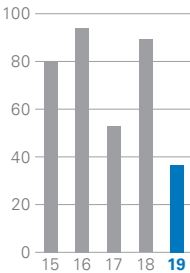
Gross sales

In CHF million



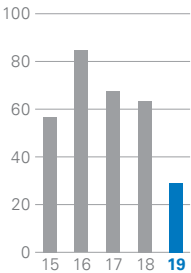
Operating result (EBIT)

In CHF million



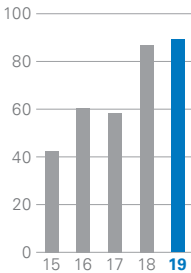
Net result

In CHF million

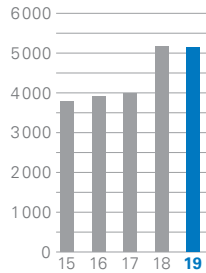


Investments

In CHF million



Employees



Metall Zug Group

in CHF million	2019	2018	2017	2016	2015
Performance					
Gross sales	1 219.8	1 199.9	959.2	960.6	927.8
Personnel expenses	-491.4	-472.2	-393.0	-358.6	-354.1
Research and development	-106.7	-98.0	-85.9	-81.2	-80.1
Operating result (EBIT)	38.8	89.3	53.0	94.1	80.5
Financial result	4.2	-3.5	30.4	10.3	-8.2
Taxes	-10.6	-16.9	-16.6	-19.8	-15.6
Net income	29.2	63.6	67.7	84.9	56.9
Sales development in %	1.7	25.1	-0.1	3.5	0.1
of which foreign currency effect in %	-0.4	0.4	0.1	0.2	0.6
of which acquisition effect in %	2.7	21.4	0.8	0.4	-1.0
Organic sales growth in %	-0.6	3.3	-1.0	2.9	0.5
Cash flow from operating activities	56.9 ¹⁾	88.0 ¹⁾	90.1	95.4	104.6
in % of gross sales	4.7	7.3	9.4	9.9	11.3
Invested capital					
Total assets	1 083.1	1 108.2	1 187.7	1 152.7	1 083.8
Current assets	605.4	681.6	842.0	827.7	788.2
in % of total assets	55.9	61.5	70.9	71.8	72.7
Net cash position ²⁾	151.0	221.7	525.1	543.0	518.0
in % of total assets	13.9	20.0	44.2	47.1	47.8
Fixed assets	477.8	426.6	345.6	324.9	295.5
in % of total assets	44.1	38.5	29.1	28.2	27.3
Total liabilities	320.6	339.8	268.1	266.4	251.1
in % of total assets	29.6	30.7	22.6	23.1	23.2
Shareholders' equity	762.5	768.4	919.6	886.3	832.7
in % of total assets	70.4	69.3	77.4	76.9	76.8
Investments	89.3	86.9	58.2	60.8	42.5
Employees (FTE)	5 165	5 204	4 015	3 919	3 812

Metall Zug AG

in CHF million	2019	2018	2017	2016	2015
Total assets	975.0	961.2	858.3	779.3	737.9
Total liabilities	635.5	622.7	523.6	458.8	423.8
Shareholders' equity	339.5	338.4	334.7	320.5	314.1
Net income	32.4	38.1	40.6	35.5	44.1
Dividend in CHF per type B registered share	74.02 ³⁾	70.00	70.00	70.00	110.71 ⁴⁾

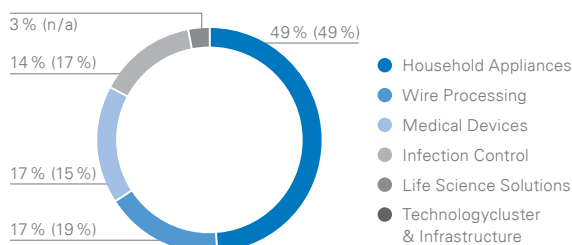
¹⁾ In 2019, cash flow from securities was reclassified from cash flow from operating activities to cash flow from investing activities. The figures for the previous year have been restated accordingly. See consolidated statement of cash flows on page 62 for further information.

²⁾ The calculation of the net cash position can be found in Note 26, page 86.

³⁾ According to the proposal of the Board of Directors to the General Meeting of Shareholders. Includes a cash dividend of CHF 17.00 as well as a stock dividend of CHF 57.02.

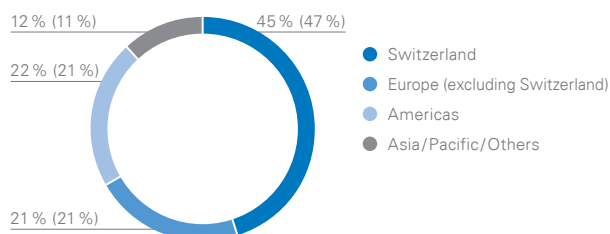
⁴⁾ Includes a cash dividend of CHF 39.00 as well as a stock dividend of CHF 71.71.

Gross sales by Business Unit, in %



(Previous year in brackets)

Net sales to third parties by region, in %



(Previous year in brackets)

Business Units

in CHF million	2019	2018	2017	2016	2015
Household Appliances					
Gross sales ¹⁾	592.1	593.5	587.4	599.2	581.9
Operating result (EBIT)	28.7	48.3	65.4	76.8	69.1
Employees (FTE)	2093	2 102	2 039	1 989	1 951
Wire Processing					
Gross sales	207.8	222.3	180.5	158.2	150.1
Operating result (EBIT)	9.8	28.9	22.3	22.8	21.2
Employees	942	913	750	677	642
Medical Devices					
Gross sales	209.6	182.3 ²⁾			
Operating result (EBIT)	16.5	21.6 ²⁾			
Employees	964	973			
Infection Control					
Gross sales ¹⁾	187.4	203.6 ³⁾	193.4 ³⁾	206.1 ³⁾	198.3 ³⁾
Operating result (EBIT)	0.9	-10.5	-34.2	-6.3	-12.9
Employees	1 002	1 186	1 197	1 222	1 196
Life Science Solutions					
Gross sales ¹⁾	36.0				
Operating result (EBIT)	-8.4				
Employees	133				
Technologycluster & Infrastructure					
Third-party revenue	1.2				
Operating result (EBIT)	-11.2				
Employees	19				
Corporate					
Third-party revenue	-	1.3	1.2	1.3	1.2
Operating result (EBIT)	-3.3	1.0	-0.5	0.9	3.0
Employees	12	30	29	31	23

¹⁾ Includes sales with other Business Units.²⁾ From March 1, 2018 to December 31, 2018³⁾ The years up to and including 2018 contain the Life Science Solutions Business Unit hived off effective January 1, 2019.

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for “Key Figures at a Glance”.

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Letter to Shareholders

The Metall Zug Group increased sales by 1.7 % to CHF 1 219.8 million due to acquisitions. The operating result (EBIT) was impacted largely by costs and lost income owing to the ERP transition at V-ZUG, by provisions of CHF 13.1 million for ground remediation work at the Zug site, and by the difficult market environment for the Wire Processing Business Unit. EBIT amounted to CHF 38.8 million and net income stood at CHF 29.2 million. Metall Zug is planning to spin off V-ZUG and have it listed.

The Metall Zug Group posted gross sales of CHF 1 219.8 million in the 2019 financial year. This year-on-year increase of 1.7 % was achieved thanks to the baseline effect of the acquisition of the Haag-Streit Group (consolidated since March 1, 2018). Adjusted for acquisition and currency effects, gross sales decreased by 0.6 %.

The operating result (EBIT) came to CHF 38.8 million (previous year: CHF 89.3 million). It contains provisions of CHF 13.1 million for ground remediation work at the Zug site. Despite the in part demanding environment and the operational challenges, Metall Zug continued to invest at the same level in future projects in the area of digitization, in Industry 4.0, in state-of-the-art production facilities, and in product developments. Metall Zug's objective here is to remain viable over the long term and to keep its production sites in Switzerland competitive.

The financial result amounted to CHF 4.2 million (previous year: CHF –3.5 million). This led to a net income of CHF 29.2 million (previous year: CHF 63.6 million).

Key Strategic Changes of Direction

On March 21, 2019, Metall Zug announced its intention to confine itself in future to the role of strategic anchor shareholder with regard to certain of its investments. In the context of this transformation, effective June 1, 2019, various responsibilities were transferred from the CEO of Metall Zug AG to the Boards of Directors of the Business Units, and the autonomy and responsibilities of the Business Units were extended. This gives the Metall Zug Group and the Business Units greater strategic flexibility. In this connection, the Senior Management of Metall Zug AG was reduced from four to two members.

Household Appliances: Strong Growth Abroad, but Operational Problems Weigh on Result

The Household Appliances Business Unit generated gross sales of CHF 592.1 million, representing a slight decrease on the previous year (CHF 593.5 million). On an organic local-currency basis, gross sales declined by 0.1 %.

In spite of operational difficulties, V-ZUG again successfully defended its market leadership in Switzerland. At CHF 522.2 million, net sales in the Swiss domestic market were 1.9 % lower than in the previous year. This decrease was due to supply problems in connection with the ERP system transition.

Net sales outside Switzerland rose by 31.4 % to CHF 61.6 million (previous year: CHF 46.9 million). In percentage terms, sales growth was highest in China. Above-average sales growth was also achieved in Europe and with the OEM partner in the US.

At CHF 28.7 million, the Business Unit's operating result (EBIT) was 40.5 % down on the previous year (CHF 48.3 million). This decline is mainly attributable to initial problems with the launch of a new appliance range and to higher costs in connection with the transition of the ERP system.

Wire Processing: Challenging Environment

Reporting gross sales of CHF 207.8 million (previous year: CHF 222.3 million), the Wire Processing Business Unit performed relatively well despite what proved to be a very challenging market environment owing to a weaker automotive sector. Adjusted for the currency effect of 0.8 %, the organic decline in sales amounted to 5.7 %.

EBIT came to CHF 9.8 million (previous year: CHF 28.9 million). There were several causes for this year-on-year decrease of 66.2 %. Lower demand for standard products and delayed delivery of some projects in the Process Automation segment in Cham (CH) led to a fall in sales. In the Process Automation segment, the actively pursued diversification of the customer structure and the associated development of new applications with an above-average share of innovations, plus investments in a new, fully scalable platform, also weighed on the result. The substantial investment spend on future-proof development projects in other segments as well as the harmonization and introduction of new business systems also impacted on the operating result.

Medical Devices: Investments in the Future

In 2019, the Medical Devices Business Unit achieved gross sales of CHF 209.6 million (prior-year period from March to December 2018: CHF 182.3 million). Both the Diagnostics Business Area and the Surgical Business Area were able to maintain the previous year's high sales levels.

Sales in Europe benefited from stable, innovation-driven replacement business. The ambitious sales targets were achieved in both the US and China. The EBIT margin is around 8 % lower than in the previous year. As anticipated, the investments in digitization, R&D, regulatory compliance and strengthened management structures, which had already been planned at the time of the acquisition, led to this EBIT and will temporarily reduce profitability. However, they will have a positive effect in the medium term.

Infection Control: Break-even Reached

The Infection Control Business Unit generated gross sales of CHF 187.4 million (previous year, incl. Life Science segment: CHF 203.6 million). In particular, the service business and sales of consumer goods made gratifying headway thanks to the new Belimed Prevent concept. Medical segment sales in the US and Europe did not meet expectations.

Posting an operating result (EBIT) of CHF 0.9 million, Belimed Infection Control reached break-even. Without the release of a value adjustment of CHF 0.8 million, EBIT would amount to CHF 0.1 million.

Life Science Solutions: Strong Demand

In 2019, the Life Science Solutions Business Unit achieved gross sales of CHF 36.0 million and an operating result (EBIT) of CHF –8.4 million. EBIT contains one-time costs in connection with the spin-off from Infection Control and the establishment of the new Business Unit. Life Science Solutions had been integrated in the Infection Control Business Unit until the end of 2018.

Life Science Solutions reported strong order intake for 2019. This underscores the attractiveness of both the market environment and the Life Science Solutions offering. However, the long lead times for the challenging projects mean that these will not be reflected in sales and income for another 12 to 18 months.

Technologycluster & Infrastructure: Provisions for Ground Remediation Work

Since January 1, 2019, the tasks and responsibility for the development of the various industrial sites, the establishment of the Technologycluster in Zug and other planned infrastructure tasks have been combined under the Technologycluster & Infra Business Unit. In 2019, the Business Unit recorded an

operating result (EBIT) of CHF –11.2 million, including provisions of CHF 13.1 million for ground remediation work at the Zug site and a compensation payment of CHF 6.0 million to V-ZUG in connection with the site transformation.

Dividend Proposal

Owing to the lower net result and upcoming investments in future projects and in the development of the Technologycluster in Zug, the Board of Directors is proposing to the General Meeting of Shareholders on April 24, 2020, that a cash dividend be distributed in the amount of CHF 1.70 gross per type A registered share (previous year: CHF 7.00) and CHF 17.00 per type B registered share (previous year: CHF 70.00). Capital requirements for future investments will probably mean that dividends will only increase again in the medium term.

Besides the cash dividend, in connection with the spin-off of the V-ZUG Group, shareholders of Metall Zug AG are to be allocated one registered share of V-ZUG Holding AG per type A registered share of Metall Zug AG and 10 registered shares of V-ZUG Holding AG per type B registered share of Metall Zug AG as a stock dividend.

Outlook

The planned spin-off and listing of V-ZUG will significantly change the profile of Metall Zug. The changed Metall Zug will be a more strongly focused industrial group and essentially be active in the two growing markets of medical technology and wire processing. We assess the growth prospects of both these markets as exceptionally good. With Haag-Streit, Schleuniger and Belimed, Metall Zug is very well positioned with strong brands in the relevant market segments to profit from the dynamism of these markets.

The environment will remain challenging in a number of Metall Zug's key markets in 2020 as well. The 2020 result will also be impacted by overlapping investments in digitization, Industry 4.0, leading-edge production facilities, and product developments as well as in growing the Technologycluster in Zug.

Acknowledgements

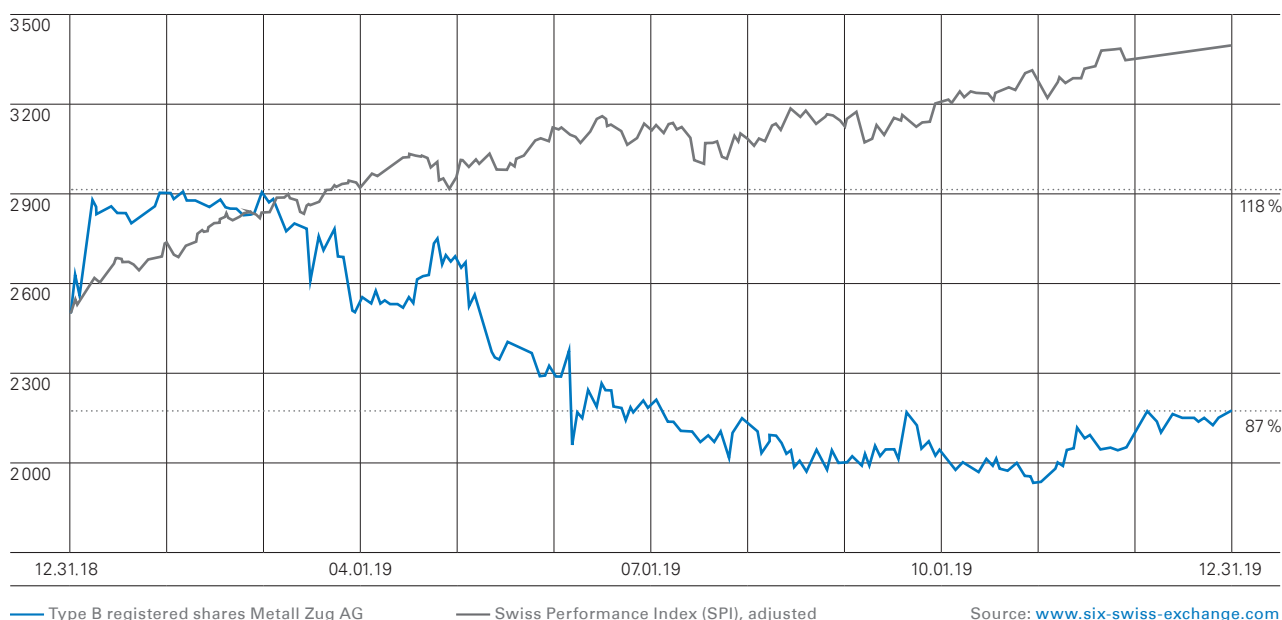
I would like to thank our employees most sincerely for their daily commitment and great dedication to serving our customers worldwide. My gratitude also goes to our customers and business partners for their loyalty and cooperation over many years, and naturally to you, dear shareholders, for your continuing trust and allegiance to our company.

Martin Wipfli, Chairman of the Board of Directors

Share Information

Metall Zug AG has two categories of shares. The type A registered shares (Swiss security number 209 262) are not listed, the type B registered shares are listed in the Swiss Reporting Standard of SIX Swiss Exchange in Zurich (Swiss security number 3 982 108, ticker symbol METN).

Performance of type B registered shares



The Board of Directors of Metall Zug AG is proposing to the General Meeting of Shareholders of April 24, 2020, that the V-ZUG Group be spun off into a separate entity and be listed. Specifically, it is being proposed that a stock dividend in the form of V-ZUG shares be allocated to every shareholder of Metall Zug AG based on the number of registered shares of Metall Zug AG held by them. Allocation of the V-ZUG shares is proportional to the respective par value: Each type A Metall Zug registered share confers entitlement to one V-ZUG share, and each type B Metall Zug registered share confers entitlement to ten V-ZUG shares.

The Board of Directors is also proposing to the General Meeting of Shareholders of April 24, 2020, that a cash dividend be distributed in the amount of CHF 1.70 gross per type A registered share and CHF 17.00 gross per type B registered share.

The cash dividend approved for the 2018 financial year amounted to CHF 7.00 gross per type A registered share and CHF 70.00 per type B registered share.

If the general meeting accepts this proposal, a total of CHF 7.7 million (previous year: CHF 31.5 million) will be paid out to shareholders. Furthermore, participations with a statutory book value of CHF 25.7 million are to be distributed as a stock dividend. No dividend is to be paid for treasury shares held by Metall Zug AG.

Important dates

April 24, 2020
General Meeting of Shareholders

April 30, 2020
Payment of cash dividend

June 25, 2020
Planned listing and planned first day of trading of V-ZUG shares on the SIX Swiss Exchange

August 17, 2020
Publication of half-year results

Number of shares

		2019	2018	2017	2016	2015
Type A registered shares	par value CHF 2.50	1 948 640	1 948 640	1 948 640	1 948 640	1 948 640
Type B registered shares	par value CHF 25.00	255 136	255 136	255 136	255 136	255 136

Figures per type A registered share

in CHF

Net result	6.52	14.16	15.08	19.08	12.92
Cash flow from operating activities	12.64 ¹⁾	19.56 ¹⁾	20.02	21.21	23.25
Shareholders' equity	169.45	170.75	204.36	196.95	185.04
Dividend	7.40 ²⁾	7.00	7.00	7.00	11.07 ³⁾

Figures per type B registered share

in CHF

Net result	65.18	141.59	150.77	190.77	129.17
Cash flow from operating activities	126.36 ¹⁾	195.60 ¹⁾	200.19	212.08	232.45
Shareholders' equity	1 694.52	1 707.53	2 043.56	1 969.52	1 850.37
Dividend	74.02 ²⁾	70.00	70.00	70.00	110.71 ³⁾
Dividend yield (in %)	3.40	2.80	1.89	2.16	4.39
Total shareholder return (in %)	-10.00	-30.47	16.27	32.87	7.36
Stock market price	High	2 940	3 900	4 295	3 365
	Low	1 915	2 330	3 155	2 380
	At year-end	2 180	2 500	3 696	3 239

Total market capitalization⁴⁾

in CHF million	At year-end	981	1 125	1 663	1 458	1 134
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¹⁾ In 2019, cash flow from securities was reclassified from cash flow from operating activities to cash flow from investing activities. The figures for the previous year have been restated accordingly. See consolidated statement of cash flows on page 62 for further information.

²⁾ According to the proposal of the Board of Directors to the General Meeting of Shareholders. The amount includes a cash dividend of CHF 1.70 per type A registered share (CHF 17.00 per type B registered share) as well as a stock dividend of CHF 5.70 per type A registered share (CHF 57.02 per type B registered share). This stock dividend corresponds to an allocation of 1 V-ZUG Holding AG registered share per type A registered share (10 V-ZUG Holding AG registered shares per type B registered share) at book value.

³⁾ The amount includes a cash dividend of CHF 3.90 per type A registered share (CHF 39.00 per type B registered share) as well as a stock dividend of CHF 7.17 per type A registered share (CHF 71.71 per type B registered share). This stock dividend comprises an allocation of type B registered shares in the amount of CHF 4.66 per type A registered share (CHF 46.61 per type B registered share) as well as a claim to a refund of withholding tax of CHF 2.51 per type A registered share (CHF 25.10 per type B registered share).

⁴⁾ Conversion of type A registered shares on the basis of the year-end share price applicable to type B registered shares.

Strategy

Metall Zug AG is a listed Swiss industrial holding company with an entrepreneurial family as its main shareholder. Metall Zug adopts a decidedly long-term perspective. With the focus of its Business Units and holdings on industrial enterprises with premium and precision products in attractive markets, the Metall Zug Group creates sustainable added value for its shareholders.

The Metall Zug Group is developing from an industrial group of companies into a holding company of industrial enterprises with the potential to generate added value. In the context of this transformation, the autonomy and responsibilities of the Business Units were extended. This allows the Business Units to largely implement their strategies independently and act with greater flexibility and speed. At the same time, it significantly increases the strategic flexibility of the Metall Zug Group and its Business Units, and thus creates additional potential for growth.

Going forward, Business Units can be hived off, allowing Metall Zug to confine itself to the role of strategic anchor shareholder. This process of making Business Units independent may result in shares in these business units being distributed to the shareholders of Metall Zug AG and these units themselves becoming directly listed companies. Metall Zug AG will continue to hold a significant ownership interest in the independent Business Units and ensure that business development is synonymous with long-term value creation.

Entrepreneurial Freedom and Independence

Metall Zug achieves an optimum balance between conservative financial policies and entrepreneurial ambition. Thanks to its financial strength and conscious diversification, Metall Zug is able to act autonomously and make independent decisions – even during economically difficult periods.

Economies of Diversity

Metall Zug taps into the diversity of its Business Units and holdings as a source of innovation, benchmarks and best practice. The entrepreneurial freedom and clear focus of those units and holdings is a key element in its success. The Group companies each have their own market presence – including their own, independent brands.

Business Development and Growth

The Business Units and participations seek to achieve sustainable and profitable growth by delivering innovation and high-quality products and services, as well as by extending the offering along the value chains of its customers.

Investment opportunities for external growth are primarily being sought within the existing Business Units.

Driven by Value, Aiming for Success

All those in positions of responsibility act with a view to success and in line with the Metall Zug values: any success can only really be counted as such if it is sustainable and has been achieved with due respect for society and without tarnishing the reputation of the Metall Zug Group as a whole.

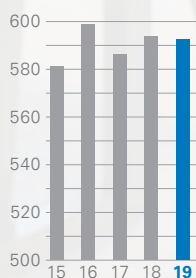
Development of Real Estate

Metall Zug uses its real estate to create the best possible conditions for the industrial activities of its Business Units and participations. It develops properties and sites in a targeted and sustainable fashion.

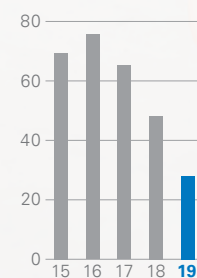
The further development of the major transformational project at the main site in Zug, the “Technologycluster Zug”, is based on a long-term implementation horizon.

Household Appliances

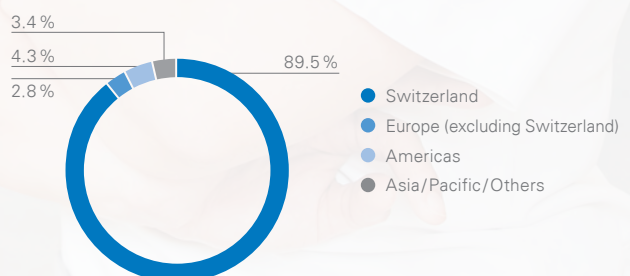
Gross sales
In CHF million



Operating result (EBIT)
In CHF million



Net sales to third parties by region, in %



The Household Appliances Business Unit develops, manufactures and distributes high-quality kitchen and laundry appliances for private and commercial customers. It comprises V-ZUG Holding AG, V-ZUG AG and its foreign subsidiaries V-ZUG Australia Pty. Ltd., V-ZUG Europe BVBA, V-ZUG (Shanghai) Domestic Appliance Co., Ltd., V-ZUG (Changzhou) Special Components Co., Ltd., V-ZUG Hong Kong Co., Ltd. and V-ZUG Singapore Pte., Ltd., as well as V-ZUG Services AG, V-ZUG Kühltechnik AG, SIBIR-Group AG and Gehrig Group AG in Switzerland.

Comprehensive service and support is provided for all products and brands. Around 400 service technicians are deployed for the Swiss market alone, successfully dealing with 90 % of service requests on their first customer visit. In the international arena, V-ZUG has further built up the services on offer in selected markets to actively support the brand.

The Household Appliances Business Unit employs a workforce of more than 2000, including 96 trainees.

Household Appliances					
in CHF million	2019	2018	2017	2016	2015
Gross sales	592.1	593.5	587.4	599.2	581.9
Sales development in %	-0.2	1.0	-2.0	3.0	-1.2
of which foreign currency effect in %	-0.1	0.0	0.0	0.0	-0.3
of which acquisition effect in %	0.0	0.0	0.0	0.1	0.4
Organic sales growth in %	-0.1	1.0	-2.0	2.9	-1.3
Net sales to third parties	583.8	579.2	572.9	584.6	568.3
Switzerland	522.2	532.3	528.6	537.8	532.3
Europe (excluding Switzerland)	17.0	15.2	14.1	11.4	11.6
Americas	25.0	22.6	11.1	23.5	16.9
Asia/Pacific/Others	19.6	9.0	19.1	11.9	7.5
Operating result (EBIT)	28.7	48.3	65.4	76.8	69.1
in % of gross sales	4.9	8.1	11.1	12.8	11.9
in % of net sales to third parties	4.9	8.3	11.4	13.1	12.2

The 2019 Financial Year

The Household Appliances Business Unit generated gross sales of CHF 592.1 million (previous year: CHF 593.5 million), representing a slight year-on-year decrease. On an organic local-currency basis, gross sales declined by 0.1 %.

At CHF 522.2 million, net sales in the Swiss domestic market were 1.9% lower than in the previous year. Supply problems in connection with the ERP rollout and initial problems with the launch of a new range of appliances led to losses. The Service business turned in a stable performance. V-ZUG defended its market leadership in Switzerland despite operational difficulties.

International business, on the other hand, grew by 31.4 %. In percentage terms, sales growth was highest in China. V-ZUG reported above-average sales growth in Europe too. Business with the OEM partner in the US showed an encouraging trend with a further increase in sales.

At CHF 28.7 million, the Household Appliances Business Unit's operating result (EBIT) was 40.5 % down year-on-year (previous year: CHF 48.3 million). The transition to a new ERP system and the integration of more than 30 peripheral systems proved more challenging than anticipated. This transition led to supply problems as well as higher IT costs and

personnel expenditure. The launch of a new range of appliances also weighed on the operating result.

The transfer of V-ZUG Infra AG to the Technologycluster & Infrastructure Business Unit as at January 1, 2019, also had a negative EBIT effect of CHF 3.5 million compared to the previous year.

Challenging Transformation

The Household Appliances Business Unit still finds itself in a challenging phase of transformation. This is happening on four main axes: development of a new platform for new products, digitization of products and processes, optimization of production and processes, and transformation of the main site in Zug. Simultaneously implementing these projects calls for exceptional efforts and generates overlapping costs. However, they should ultimately allow the Business Unit to maintain its position of technological leadership and operate more efficiently.

New Products Based on a New Platform Technology

The first half of 2019 saw the launch of V-ZUG's Advanced Line, a new range of kitchen appliances based on the new platform technology. This new platform enables parts and assemblies to be used across several product families. Despite a significantly lower number of parts per appliance, more product variants will be possible. In addition, this can speed up the development and launch of new products and reduce investments in new tools.

Produced in Zug, the new range offers simple and reliable appliances equipped with state-of-the-art technology. Operation of the new line is simple, intuitive and user-friendly – for ergonomic cooking that is convenient too.

World First DualDry Wins Innovation Award

V-ZUG presented another world-first in the form of the CombiAdoraDry V4000 DualDry. The DualDry has a humidity regulation programme that constantly measures the humidity in the room. If this rises above the target humidity, the appliance will automatically start the ambient air clothes drying cycle. As well as saving space, this means that laundry can either be dried in the dryer or hung up on the line to dry.

The DualDry won the Plus X Award, the world's largest innovation prize for technology, sport and lifestyle.

GuidedCooking: Looking Ahead

GuidedCooking, a new function on selected V-ZUG hobs, is an aid for preparing meals that takes the stress out of cooking. With the help of an app containing an integrated collection of recipes, customers benefit from a guided cooking process on the communication-enabled hob. The hob communicates with compatible Bluetooth-capable cooking utensils from Kuhn Rikon and automatically regulates the temperature.

OptiLink provides automated control of the range hood. The range hood's power setting automatically adapts to cooking conditions.

ERP Rollout and Outsourcing of IT Services

The rollout of a new ERP system led to considerable additional expenses in the year under review. The projected savings are not expected to be fully realized until the medium term. In the meantime, the majority of disruptions caused by the transition are under control and the ERP system is operating stably and reliably. The transition to the new ERP system was a necessary step in enabling basic IT services to be outsourced to a specialist company, starting at the end of 2018. This outsourcing project has been largely completed, but is not yet running satisfactorily.

Industry 4.0 and Modernization of Production

The long-term redesign of V-ZUG's production operations at its main site in Zug and the construction of the new refrigerator factory in Sulgen (CH) are proceeding according to plan. Refrigerators and freezers are of strategic importance to V-ZUG. In many international markets, refrigerators and freezers are subject to different requirements from those that apply in Switzerland. The refrigerator factory in Sulgen will produce products geared to the needs of these markets and so make a key strategic contribution to sales.

On completion of the overall project, V-ZUG will have almost doubled production capacity at its Zug site but will only use around 40 % of the current land area and around 70 % of the current production space. Thanks to leaner processes, floor and operational productivity will increase in the medium term.

The installation of the new transfer press for forming sheet metal parts for V-ZUG appliances marked a milestone in the new production. The new press will shorten retooling times and enable the economic production of small production batches.

SIBIRGroup: Replacement Business Expertise

SIBIRGroup sales were down 4.2 % in 2019. The bankruptcy of two larger customers led to this decline.

SIBIRGroup focuses on the servicing of household appliances. A major Swiss-wide customer with several thousand properties was gained at the end of 2019.

Gehrig Group: Pioneering Role in Networked Professional Kitchens

Sales were up 1.1 % at Gehrig Group in the year under review.

Gehrig Group provides various brands of innovative products and solutions for the professional catering sector as well as hygiene applications and care systems for nursing homes and hospitals. In common with other medical institutions and care homes, Aarau Cantonal Hospital has chosen Gehrig Group to help it meet the challenges of efficiency and ecology.

Preparations for a Possible Spin-off

Metall Zug AG announced on March 21, 2019, that it was looking into spinning off the Household Appliances Business Unit and turning the V-ZUG Group into an independent listed company. A great deal of planning and preparatory work has been done in the meantime. With a view to shaping a new era, Oliver Riemenschneider replaced Jürg Werner as Chairman of the Board of V-ZUG in order to lead the company both during this process and beyond. Given the key nature of this transformation project, Heinz M. Buhofer, former Chairman of Metall Zug AG, took over the duties of CEO of V-ZUG Ltd from Dirk Hoffmann on an interim basis with effect from September 1, 2019, and will lead this transformation process.

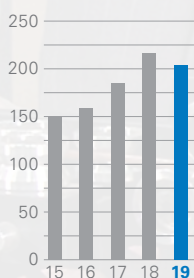
Outlook

Going forward, V-ZUG aims to further consolidate its market leadership in Switzerland and its position as a premium manufacturer in selective foreign markets, as well as to build on the encouraging increase in sales outside Switzerland with both organic and external growth. It aims to do so by pursuing innovation and high technological standards and delivering "Made in Switzerland" quality. The investments in the "vertical factory" in Zug and the new refrigerator factory in Sulgen (CH) represent a clear commitment to Switzerland as a location for industry. On completion of these investment projects, V-ZUG AG will have the cutting-edge production facilities and sufficient capacity to achieve substantial and profitable growth.

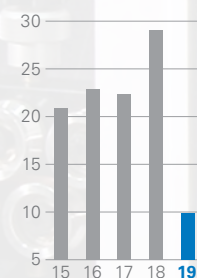


Wire Processing

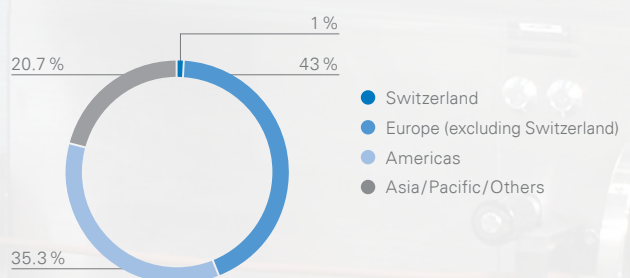
Gross sales
In CHF million



Operating result (EBIT)
In CHF million



Net sales to third parties by region, in %



The Schleuniger Group forms the Wire Processing Business Unit. Today, Schleuniger is a globally active system partner and leading supplier to the wire processing and testing industry. Schleuniger products are used wherever highly precise connections, the highest productivity, visible quality and traceable data play a central role. The Schleuniger solutions portfolio includes semiautomatic and fully automatic machines, customized automation solutions for a wide variety of applications for data transfer, sensor technology and safety, as well as diverse peripheral devices, measuring instruments, tools, software and service solutions covering the entire spectrum of wire processing.

Taking the best-in-test approach, Schleuniger has established a strong market position in the growing market for wiring test systems, function test systems, and automation with its subsidiaries adaptronic Prüftechnik GmbH and Schleuniger Test Automation GmbH.

Its subsidiary DilT GmbH is a leading player in the area of digitization and the industrial Internet of Things (IoT) in its markets. DilT's software solutions connect data along the entire process chain, improve process security, and facilitate data consistency and traceability.

This offering makes Schleuniger a competent partner for customers along their entire value chains.

Schleuniger has almost 1 000 employees worldwide, including 51 trainees.

Wire Processing					
in CHF million	2019	2018	2017	2016	2015
Gross sales	207.8	222.3	180.5	158.2	150.1
Sales development in %	-6.5	23.2	14.1	5.4	14.3
of which foreign currency effect in %	-0.8	1.2	4.4	1.8	-1.6
of which acquisition effect in %	0.0	12.5	0.1	1.0	2.8
Organic sales growth in %	-5.7	9.5	9.6	2.6	13.1
Net sales to third parties	201.4	214.5	175.7	153.5	145.2
Switzerland	1.9	2.6	0.9	1.1	1.4
Europe (excluding Switzerland)	86.6	95.4	75.5	52.2	51.8
Americas	71.1	71.1	60.9	56.3	51.1
Asia/Pacific/Others	41.8	45.4	38.4	44.0	40.8
Operating result (EBIT)	9.8	28.9	22.3	22.8	21.2
in % of gross sales	4.7	13.0	12.4	14.4	14.2
in % of net sales to third parties	4.9	13.5	12.7	14.9	14.6

The 2019 Financial Year

Reporting gross sales of CHF 207.8 million in the reporting year (previous year: CHF 222.3 million), the Wire Processing Business Unit held its ground despite what proved to be a challenging market environment owing to a weaker automotive sector. Schleuniger posted record sales in the NAFTA market region. By contrast, the Chinese market region was hit by the significant drop in sales in the automotive industry.

Adjusted for the currency effect of –0.8 %, the organic decline in sales amounted to 5.7 % in local currencies.

The automotive supply industry's share of the Business Unit's sales saw a slight year-on-year decline owing to the decrease in sales in this market segment. Still offering good growth opportunities over the medium to longer term, this segment remains the Business Unit's key sales market.

EBIT came to CHF 9.8 million (previous year: CHF 28.9 million). There were several causes to this year-on-year decrease of 66.2 %. Lower demand to standard products and configured standard products, and the delayed delivery of some projects in the Process Automation segment in Cham (Switzerland) led to a fall in sales. In the Process Automation segment, the actively pursued diversification of the customer structure and the associated development of new applications with an above-average share of innovations, plus investments in a new, fully scalable platform, also weighed on the result. In total, Schleuniger's development spend has almost doubled since 2017.

The substantial investment spend to secure the future development projects in other segments as well as the harmonization and introduction of new business and ERP systems at Group level also impacted on the operating result.

Automation and Testing as Growth Engine

In spite of the difficult market environment, Schleuniger increased sales in the area of testing and test automation in 2019. Last year's turnaround at Schleuniger Test Automation in Jettingen (Germany) was confirmed by a further improvement in the result.

Consolidated for the first time in 2018, adaptronic Prüftechnik GmbH, based in Wertheim (Germany), reported a further significant year-on-year increase in sales in 2019. This growth was driven primarily by high-voltage applications. adaptronic further solidified its leading position in the high-voltage sector with the development of an innovative process for testing unshielded cables. The success enjoyed by adaptronic is due in part to competence teams which focus on selected areas of application. In a total of four competence teams – each with distribution, service and project management resources – proven industry experts provide adaptronic's customers with extensive advice and optimum support in developing diverse test systems and adaptation solutions.

Presentation and Launch of New Products

The new PowerTransfer process automation platform was unveiled to customers at Productronica in Munich in November 2019. Completely constructed in Cham (Switzerland), the new platform is set to replace the current industry benchmark TransferLine over the next few years. The fully scalable PowerTransfer protects the initial investment of customers not wishing to spend money on full automation at the outset. Development work on the PowerTransfer platform also focused on a simple, modular construction, ready accessibility, and user friendliness. In addition, the shorter project lead times allow greater flexibility and improved planning.

Under the heading "Orange Future" the next automation level for the production of high-voltage wire harnesses was also presented for the first time to the public at Productronica 2019 in Munich. Together with the FlexiTest 3000, a modular, flexible entry-level solution for automated testing, as well as the Schleuniger Vision Assistant for the efficient testing of all types of specimen, Schleuniger demonstrated its leading position in the area of automation at the top global trade fair in Munich.

Schleuniger Continues Solidifying Leadership in Digitization

The manufacturing execution system (MES) solutions of Schleuniger subsidiary DiIT GmbH in Krailling near Munich (Germany) have been the industry benchmark for decades. Over the past few years, more and more global wire harness producers have been using the continually enhanced, innovative software from Krailling at their plants. What is new is that a growing number of medium-sized facilities are relying on DiIT software. At the Productronica in Munich, DiIT underpinned its claim to leadership of the prefabrication sector with its extended assembly system (EAS) module. By ensuring greater transparency for customers and improving production traceability and control in this area of wire harness manufacturing, Schleuniger is directly helping its client base to increase their competitive leverage.

Improved Market Coverage in Mexico

In establishing a new legal entity in Mexico in 2019, Schleuniger has fulfilled a key requirement for further growth in this key market. For years Mexico has been one of Schleuniger's five most important markets, in particular due to the high number of supplier companies serving the automotive industry. The newly established Schleuniger S. de R.L. de C.V. in Querétaro strengthens Schleuniger's local presence and allows it to expand its distribution and service offering for customers.

S.University E-Learning Platform

Thanks to the new partnership with IPC, the global industry association for printed circuit board and electronics manufacturing companies and their customers and suppliers, the S.University e-learning platform from Schleuniger has been made accessible to a wider public via the IPC EDGE training portal. Since the beginning of the fourth quarter of 2019, IPC member companies have enjoyed the convenience of training employees at their workplaces with Schleuniger's S.Univer-

sity online courses, thus providing their teams with professional wire processing know-how. As the industry's first e-learning platform, S.University can rightly lay claim to pole position thanks to the continuous addition of new content and languages. Following the S.University courses from Schleuniger, machine operators, their supervisors and maintenance personnel can be trained and upskilled according to their knowledge level. New employees and students can also participate in programs that teach the basics of wire processing, and the entire team can enrol for continuing professional training courses to keep up-to-date on the latest techniques and technological developments. Schleuniger's S.University also contributes to sustainability. The ability to access and use knowledge in digital form anywhere and at any time reduces the need to travel and with it the CO₂ footprint of S.University users. Schleuniger also provides online instruction for the majority of its employees and thus actively helps to cut back significantly on travel for training purposes.

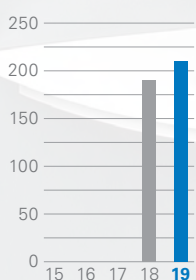
Outlook

The main focus of Schleuniger's development investment is on the growth areas of automation, testing and digitization. Despite the difficult market environment, the Business Unit continued investing unabated in future oriented projects as planned.

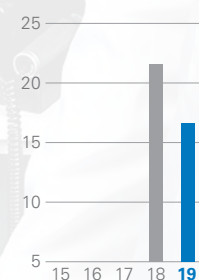
Market conditions remain uncertain, especially in the automotive industry. In the short term, Schleuniger is expecting lower demand and fiercer competition. Thanks to increased automation, global networking, stricter rules for data transparency and traceability as well as for efficient testing, plus more widespread electrification, autonomous driving and continually tougher standards of safety, communication and comfort, Schleuniger's growth prospects remain intact.

Medical Devices

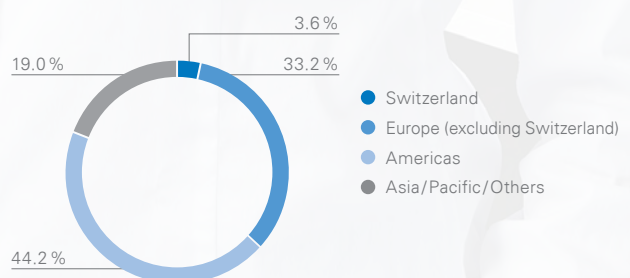
Gross sales
In CHF million



Operating result (EBIT)
In CHF million



Net sales to third parties by region, in %



The Haag-Streit Group consists of 15 companies, whose operations are focused on medical technology, specializing in ophthalmology, and microsurgery (ophthalmic operating microscopes, neurology, ENT, plastic surgery and dental surgery). Haag-Streit's Pneumology division in the UK develops and produces passive inhalers using injection-molding techniques. The Haag-Streit Group's business operations are divided into two Business Areas:

Diagnostics Business Area

The main production companies in the Haag-Streit Group manufacture equipment for use in a variety of settings. Haag-Streit AG, known to eye doctors around the globe under the brand name "Haag-Streit Diagnostics", is the undisputed industry leader in slit lamps. The company is also number 2 in the biometry market, in which it has consistently improved and expanded its position.

Surgical Business Area

The companies Haag-Streit Surgical GmbH, Moller-Wedel GmbH & Co KG and OptoMedical Technologies GmbH that make up the Surgical Business Area produce surgical microscopes for use by eye specialists and neurologists. They concentrate on developing, producing, marketing, distributing and servicing operating microscopes and accessories such as diagnostic and intraoperative optical coherence tomographs (SS & SD OCTs) for use in ophthalmological, neurological and other settings.

ERP systems for opticians, industrial high-precision measuring instruments and tension gauges round out the offering. Optical systems are manufactured for Haag-Streit and other companies at Ettingen in Switzerland.

The Haag-Streit Group employs a workforce of over 950 worldwide, including 35 trainees.

Medical Devices		
in CHF million	2019	2018¹⁾
Gross sales	209.6	182.3
Sales development in %	15.0	n/a
of which foreign currency effect in %	-0.8	n/a
of which acquisition effect in %	17.9	n/a
Organic sales growth in %	-2.1	n/a
Net sales to third parties	204.9	178.5
Switzerland	7.4	6.6
Europe (excluding Switzerland)	68.1	60.7
Americas	90.6	74.6
Asia/Pacific/Others	38.9	36.6
Operating result (EBIT)	16.5	21.6
in % of gross sales	7.9	11.8
in % of net sales to third parties	8.1	12.1

¹⁾ Figures for the Medical Devices Business Unit are for the period from March 1, 2018, to December 31, 2018.

The 2019 Financial Year

In 2019, the Medical Devices Business Unit achieved gross sales of CHF 209.6 million (prior-year period from March to December 2018: CHF 182.3 million). Both the Diagnostics Business Area and the Surgical Business Area were able to maintain the previous year's high sales levels. Some of the prior year's extraordinarily high order backlog was cleared. Delivery times have returned to normal.

Sales in Europe benefited from stable, innovation-driven replacement business. The ambitious sales targets were achieved in both the US and China. The EBIT margin is around 8 % lower than in the previous year. As anticipated, the investments in digitization, R&D, regulatory compliance and strengthened management structures, which had already been planned at the time of the acquisition, led to this EBIT and will temporarily reduce profitability. However, they will have a positive effect in the medium term.

Stronger Management Structures

Under the motto "One Haag-Streit," in response to the growing regulation density and shorter innovation cycles, Haag-Streit Holding created specialist positions for R&D, marketing, production, finances, IT, legal affairs, regulatory matters, purchasing, and HR. These specialists use their know-how to support local operations managers with the development and implementation of global strategies. This platform not only helps smaller Group companies that would be unable to afford their own experts, it also supports larger Group companies in the standardization of processes and methods according to best practice.

Surgical Business Sharpens Focus

Haag-Streit Surgical produces and distributes operating microscopes for the fields of ophthalmology, neuro- and spinal surgery, ENT applications, and plastic and reconstructive surgery, as well as for dental operations. Responsibility for production and distribution was previously allocated separately to two companies, with Haag-Streit Surgical GmbH as the distribution organization and Möller-Wedel GmbH und Co. KG as producer. Preparations for the merger of these two companies into Haag-Streit Surgical GmbH & Co. KG were

underway in the reporting year. Furthermore, a new site manager was appointed whose remit is to continue focusing activities and so increase efficiency.

Record Year for Slit Lamps

The Haag-Streit headquarters in Köniz focus mainly on the production and distribution of high-quality diagnostics devices such as perimeters, biometers, and slit lamps. Eye specialists expect precise, error-free diagnoses, followed up by an effective treatment of their patients. Haag-Streit Diagnostics delivers pioneering technology to these specialists, opening up more effective treatment options. More slit lamps were produced by Haag-Streit in 2019 than at any time in the company's long history. This record was possible thanks not only to an outstanding team effort, but also to new production facilities and a newly rolled-out assembly concept. These factors also meant that the exceptionally high backlog of orders accumulated in 2017/18 could be worked down, with delivery times for most products returning to normal.

New Products Ready for Launch

In 2019, Haag-Streit again invested heavily in the development of new products. Full integration of the i-OCT (interoperative optical coherence tomography) real-time system into microscopes led to Haag-Streit regularly winning tenders against key competitors on direct comparisons. Various new products are scheduled for launch in 2020. Demand for a holistic eye examination is growing, in particular for the anterior eye segment. The Europe-wide launch of the Eyestar 900 combines the fully automated analysis of the eye in one device. EyeStar 900 provides the eye specialist with exact measurements, topographic images, as well as two- or three-dimensional images of the eye. This additional information allows better diagnoses, more precise calculation bases for artificial lenses, and efficient operation planning. The HS Hi-R 700 operating microscope has a large 25-mm stereo base for realistic 3D images and an exceptional depth perception. In microsurgery, the spatial recognition of objects is a vital factor. A high degree of flexibility and outstanding optical quality are the strengths of the HS Hi-R 700 operating microscope. The development of these products and the preparation of their launches led to increased costs in the year under review.

Investments in Digitization, R and D

Five strategic projects were defined to be worked on in focus teams. These teams have been exempted from other duties to allow them to concentrate exclusively on these projects. This process is designed to make long-term projects more plannable and efficient. The main priority in terms of digitization investments is the software-based optimization of image data using high-resolution video cameras. Today's data volumes call for permanent hardware and software upgrades because support systems are required to process enormous volumes of data before, during and after an examination. Interfaces with other subsystems, hospital networks and central data storage units are maintained and expanded. Solutions from Haag-Streit enable physicians to obtain more detailed findings in the early stage of an illness.

Networking of Subsidiaries

Infrastructures are gradually being adapted in order to network all subsidiaries with the head office. In the year under review, work began on planning and preparing the roll-out of a uniform ERP solution for the entire Business Unit. The project is timetabled for completion by 2022.

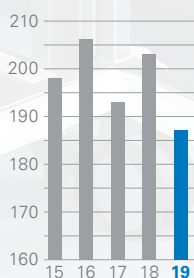
Outlook

2020 will be shaped by market launches of new products, and investments in research and development. These new product roll-outs will cause additional costs as a result of sales drives, customer training, and fit-outs at reference clinics in 2020. Given the increasing complexity, ever shorter innovation cycles, regulatory requirements, and mounting pressure on costs, R&D spend will temporarily rise disproportionately to sales. In the medium term, these investments should be reflected in better results.

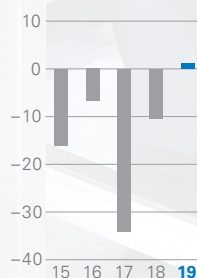
Infection Control



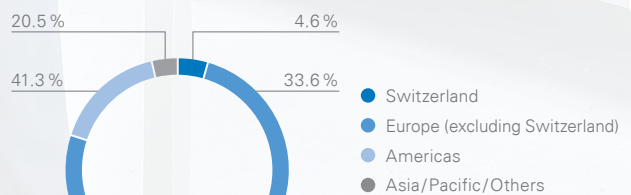
Gross sales
In CHF million



Operating result (EBIT)
In CHF million



Net sales to third parties by region, in %



Belimed is one of the leading global suppliers of innovative cleaning, disinfection and sterilization solutions in the medical sector. The Group forms the Infection Control Business Unit. Belimed is one of the few global suppliers to have its own workforce in all regions.

The Belimed customer base ranges from global hospitals, university clinics and large purchasing organizations to local hospitals and large medical practices. Through additional services such as planning, process simulation and validation plus support in assessing overall costs and consumables requirements, Belimed delivers added value to its customers as part of the total cost of ownership (TCO). Comprehensive services such as training, maintenance and remote diagnostics round out Belimed's offering.

Belimed Infection Control employs a workforce of around 1 000 worldwide, including 13 trainees.

Infection Control					
in CHF million	2019	2018¹⁾	2017¹⁾	2016¹⁾	2015¹⁾
Gross sales	187.4	203.6	193.4	206.1	198.3
Sales development in %	-8.0	5.3	-6.1	3.9	-5.1
of which foreign currency effect in %	-0.9	1.1	0.2	0.0	-2.8
of which acquisition effect in %	0.0	0.0	0.1	0.7	0.0
Organic sales growth in %	-7.1	4.2	-6.4	3.2	-2.3
Net sales to third parties	170.4	197.3	188.1	201.4	194.0
Switzerland	7.9	11.6	16.1	18.4	16.4
Europe (excluding Switzerland)	57.2	77.3	73.6	80.4	91.7
Americas	70.4	73.0	65.3	66.3	54.2
Asia/Pacific/Others	34.9	35.4	33.1	36.3	31.6
Operating result (EBIT)	0.9	-10.5	-34.2	-6.3	-12.9
in % of gross sales	0.5	-5.1	-17.7	-3.1	-6.5
in % of net sales to third parties	0.5	-5.3	-18.2	-3.1	-6.6

¹⁾ The years up to and including 2018 contain the Life Science Solutions Business Unit hived off effective January 1, 2019.

The 2019 Financial Year

Belimed achieved gross sales of CHF 187.4 million (previous year, incl. Life Science Business Area: CHF 203.6 million). Sales in the area of service and cleaning and disinfectant solutions were encouraging thanks to the new portfolios from Belimed Prevent (service) and Belimed Protect (cleaning agents). Medical Business segment sales in the US and Europe did not meet expectations.

Posting an operating result (EBIT) of CHF 0.9 million, Belimed reached break-even. Without the release of a value adjustment for a building in Mühlendorf (Germany) in the amount of CHF 0.8 million, EBIT would amount to CHF 0.1 million. The 2018 operating result (CHF -10.5 million) included the Life Science Business segment. Belimed Life Science Solutions has been an independent Business Unit since January 1, 2019.

Reduction in Production Sites

The restructuring and concentration of three production sites down to two (chamber production in Sulgen, Switzerland, and systems production in Grosuplje, Slovenia) was successfully completed at the beginning of 2019. Now the Mühldorf site (Germany) focuses on Belimed Infection Control's commercial representation in Germany. The Business Unit has thus further trimmed back structures in order to speed up procedures and reduce complexity.

Service Excellence

The spare parts warehouse was outsourced in the 2nd half of 2018 to an external service provider. This impacted on Belimed's income statement in 2019 as well. The on-time delivery quota for components and spare parts saw an improvement in the year under review. Customers responded with better ratings for the optimized service processes and delivery quality, as also reflected in the higher net promoter score (NPS). Belimed expects to be able to offer customers even better and more cost-effective solutions in future, and to further optimize its on-time delivery record.

Increased Efficiency through Optimized Business Processes and Software Tools

New ERP software was successfully rolled out in the US, Switzerland, and Germany. In 2020, digital business planning for the entire Business Unit is to be implemented globally (except China) with the new ERP system. The standardized ERP management system enables improved data quality, more efficient processes and optimized resource management.

The Salesforce software tool used in distribution was optimized, and "Service 365" was introduced in the service segments. The extensive collection of customer data is used to evaluate additional services and grow sales accordingly.

Business analysts from different fields were brought in to optimize company processes and strategic development. They are tasked with analyzing procedures and adapting business processes accordingly.

Medical University of South Carolina (US): Belimed Partner

In 2019, Belimed successfully completed various complex customer projects, contributing its own specialist knowledge. Using Workflow Solution, Belimed's planning, design, customization and automation teams generated added value for customers, who were able to increase efficiency, shorten lead times, and so cut their costs.

One of Belimed's reference customers is the Medical University of South Carolina (MUSC). MUSC delivers comprehensive medical care in the US state of South Carolina. Various hospitals and medical practices throughout South Carolina as well as the Telehealth Alliance use the medical services of MUSC Health and MUSC Children's Health. Among the key services provided by MUSC is the sterile processing department (SPD). Surgical tools from diverse hospitals with a total of up to 70 operating rooms are cleaned and sterilized there. It was Belimed's customized, client-optimized and cost-effective end-to-end solution (from planning and design, systems, and automation to service) that prompted MUSC's choice of partner. Belimed's end-to-end solution allows MUSC to assess total costs more reliably and cut spending (total cost of ownership).

Digital Upgrade Creates Added Value for Customers

The answer to Industry 4.0, Belimed Connect, gives customers remote access to data in real time. The added value for customers comes in the form of increased process transparency, greater workflow efficiency, continual improvements in operating times, and comprehensive data management. Belimed Connect provides a remote service as well as error analysis. This reduces the equipment outage rate, while also increasing the running time.

Based on customer data, Belimed will in future be able to provide key comparative data plus preventive maintenance, and optimize customer processes accordingly. Following a test phase in 2019, Belimed Connect has already been implemented for various reference customers worldwide.

Successful Spin-off of Life Science Business Segment

The spin-off of the Life Science Business segment and subsequent establishment of two independent Business Units was completed in April 2019. The focus on core competencies also generates added value for customers. Uniform processes raise efficiency. Both the Infection Control Business Unit and the Life Science Solutions Business Unit benefit from this separation. Synergies continue to be used, for instance in chamber production for sterilizers and in the area of servicing. Partnership collaboration is regulated with service level agreements.

Outlook

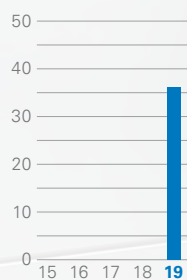
The decision to split into two Business Units – Infection Control and Life Science Solutions – has paid off. Both units focus on their core competencies. The leaner company structure gives Belimed a solid basis from which to grow organically and profitably.

Life Science Solutions

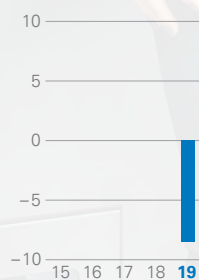
Belimed



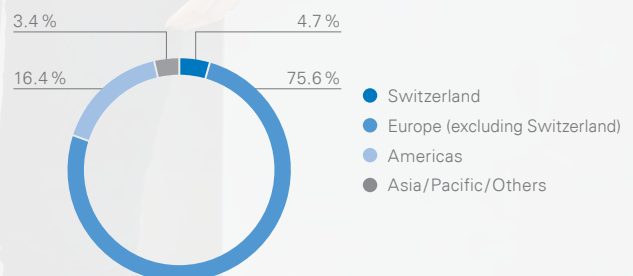
Gross sales
In CHF million



Operating result (EBIT)
In CHF million



Net sales to third parties by region, in %



Since January 1, 2019, Life Science Solutions has been a separate Business Unit focusing on process-oriented project business for the pharmaceutical and biotechnology industries.

The Life Science Solutions Business Unit employs a workforce of 133, including 3 trainees.

Life Science Solutions

in CHF million	2019
Gross sales	36.0
Sales development in %	n/a
of which foreign currency effect in %	n/a
of which acquisition effect in %	n/a
Organic sales growth in %	n/a
Net sales to third parties	35.3
Switzerland	1.7
Europe (excluding Switzerland)	26.7
Americas	5.8
Asia/Pacific/Others	1.2
Operating result (EBIT)	–8.4
in % of gross sales	–23.2
in % of net sales to third parties	–23.7

The 2019 Financial Year

The Life Science Solutions Business Unit achieved gross sales of CHF 36.0 million in 2019. The operating result (EBIT) came to CHF –8.4 million. The operating result contains one-time costs in connection with the spin-off from the Infection Control Business Unit and the establishment of the new, independent Life Science Solutions Business Unit. As the Life Science Solutions Business Unit had been integrated into the Infection Control Business Unit until the end of 2018, no comparative figures can be provided for the past.

The Life Science Solutions Business Unit reported a strong order intake for the year under review, clearly surpassing the figure for 2018. However, the long lead times for the challenging projects mean that these will not be reflected in sales and income until 12 to 18 months' time. More than 90 % of planned sales for 2020 are already in the form of firm orders.

Improved Cost Transparency

The year under review saw a significant improvement in project cost transparency, creating a basis for concurrent project controlling. This allows present and future projects to be monitored and controlled in a more targeted and efficient way. The latest extensive software adaptation in the area of controlling meets the requirements for implementing concurrent project controlling as of the first quarter of 2020.

Digitization of Wash Items Using 3D Scanning

Life Science Solutions is investing in innovative methods of digitizing wash items using 3D scanning. This translates into significant efficiency gains for customers and increases process and validation reliability in terms of washing results.

The design know-how behind racks for sterilization is a crucial factor in the Business Unit's transformation into a solution provider for customers. The expansion and professionalization of the rack business will continue in 2020 as well.

Control Concepts for Washers

The control concept for washers has been expanded with the new B-Touch platform. This new platform has a modern graphical user interface (GUI) which is now used in all Belimed Life Science systems. The novel control philosophy has created a standardized interface with a simplified connection to higher-level control systems via SCADA links as well as meeting the new requirements for Industry 4.0 readiness. This represents a major component of customers' data integrity requirements.

An intuitively managed user interface ensures simple operability and a lower error incidence rate. The necessary training costs for new and future operators are also lower as a result.

Shared modular use for sterilizers and washers from the Belimed Life Science AG program reduces spare parts stock levels while increasing system availability.

First Washers from the Grosuplje Site

The relocation of washer activities from the Mühldorf site (Germany) to Sulgen (Switzerland) and Grosuplje (Slovenia) was completed as planned. In 2019, investments were made in production expansion, assembly, and the certification of cleaning systems in order to further streamline process lead times.

The first systems to be designed in Sulgen and manufactured in Grosuplje were delivered to customers in 2019.

Successful ERP Rollout

On April 1, 2019, the Life Science Solutions Business Unit successfully rolled out a new ERP system without any significant problems. The Business Unit thus boasts a modern IT infrastructure.

Broader Certification and Validation Requirements

In response to customers' calls for stricter certification and validation of systems, the decision to set up installation and commissioning teams in Sulgen and Grosuplje marked a further milestone in efforts to complete challenging customer projects on time and to the required quality standards.

Service

The large stock of systems from Belimed Life Science AG installed across the globe over a period of more than 40 years is now leading to increased demand for conversions and retrofits of systems still in operation. In order to meet this demand, Belimed Life Science has set up a specialized service department that focuses on upgrades and retrofits. This team is charged with meeting increased demand for system availability. A growing secured service environment also promotes the sale of new systems.

Given the strong demand for the service offering, this area is expected to make a positive contribution to EBIT as early as 2020.

Outlook

Product modularization will continue and be concluded in 2020. This will enable customer projects to be processed more efficiently in future and with less project risk.

Engineering and manufacturing process upgrades should cut general project lead times by around 20 %. Additional resources in Slovenia are to be built up in order to relieve the cost structure.

A further increase in the service offering to include new products such as enhanced customer support for system and process certification and validation will be a mainstay of the future direction of the Life Science Solutions Business Area.



Technologycluster & Infrastructure

Metall Zug combined the tasks and responsibility for the development of the various industrial sites, the establishment of the Technologycluster in Zug and other planned infrastructure tasks under the Technologycluster & Infrastructure Business Unit. Effective January 1, 2019, the three real estate companies V-ZUG Immobilien AG, MZ Infra AG and V-ZUG Infra AG were transferred to Metall Zug's new Technologycluster & Infrastructure Business Unit. The main tasks of the new business unit include the further industrial development of the main V-ZUG production site in Zug, together with the establishment of a Technology Cluster in Zug, and the construction of a refrigerator factory in Sulgen, Canton Thurgau.

Up until December 31, 2018, V-ZUG Immobilien AG and MZ Infra AG were affiliated to the Corporate reporting segment and V-ZUG Infra AG to the Household Appliances Business Unit.

In 2019, the Business Unit recorded an operating result (EBIT) of CHF –11.2 million, including provisions of CHF 13.1 million for the clean-up of contaminated areas requiring remediation at the Zug site and a compensation payment of CHF 6.0 million to V-ZUG in connection with the site transformation.

The Technologycluster & Infrastructure Business Unit carried out the following projects in the year under review:

New-build for V-ZUG Kühltechnik AG in Sulgen (Switzerland)

A new factory is being built for V-ZUG Kühltechnik AG on a 16,975m² site in Sulgen (Switzerland). Construction began at the end of 2018. Building work is going according to schedule and project budget. The new-build is timetabled to be ready for V-ZUG Kühltechnik AG to move in by mid-2020, thus allowing V-ZUG Kühltechnik AG to commence operations in Sulgen at the end of 2021.

Conversion of Belimed AG Building in Sulgen (Switzerland)

MZ Infra AG is remediating Belimed's existing buildings in Sulgen, adapting them for their new uses and bringing them into line with fire and safety regulations. The office tower was renovated in 2019. Preparatory investigations into the conversion and remediation of the production areas began in the year under review. Renovation work will be carried out in stages while operations continue and is expected to last until at least 2022.

Vertical Factory in Zug

The construction of the vertical factory for V-ZUG AG is in connection with the renewal of the V-ZUG infrastructure and the transformation of the main site into the Technologycluster Zug. The objective behind the construction of the vertical factory is to relocate all current V-ZUG uses (with a few exceptions) to new, highly efficient buildings. On completion of the overall project, V-ZUG AG will have practically doubled production capacity at its Zug site but will only use around 40 % of the current land area. Thanks to modern, high-performance production facilities and efficient processes, floor productivity will increase.

The first new-build phase began in January 2018. Completed in the year under review, the new approximately 3,500 m² press shop offers space for two servo transfer presses each with a press power of 1,000 tonnes and for a fully automated tool storeroom. V-ZUG AG took occupancy of the press shop in the third quarter of 2019, and the first servo transfer press was installed. In the meantime, work has started on extending the press shop by adding a second floor level. The surface technology, toolmaking and tool design teams are scheduled to move into the roughly ten-meter-high column-free wooden shop as of mid-2020. Pilot project work on the two expansion phases for V-ZUG production, development and administration were finalized in the 1st quarter of 2019. A planning request for the second expansion phase is expected to be submitted in 2020, with construction likely to start in 2021. These new-builds will permit further industrial development on the southern and eastern site.

Provisions for Ground Remediation Work at the Main Site in Zug

As part of the preparations for construction work at the main V-ZUG site in Zug, extensive contamination testing was carried out in consultation with the Canton of Zug Environment Office. These tests identified various locations that require remediation. According to the Environment Office, it should be possible to remediate these areas at the same time as the planned construction work. Given the legal remediation obligation and the advanced planning stage of some construction plots, costs of around CHF 13.1 million have been set aside for this. Depending on the realization of further construction projects on this site, additional remediation costs may be incurred over the next ten to twenty years.

In consultation with the Environment Office, a pilot test was initiated in the 4th quarter of 2019 to remediate CHC-contaminated sites by the enhanced natural attenuation (ENA) method. Running until approximately the end of 2020, this pilot test is to examine whether the method proposed by specialist providers can work under the given geological and hydrogeological conditions and geochemical environment. Likewise in the 4th quarter, based on the findings of detailed investigations, the Canton classified all sites of relevance under contamination legislation and updated the land registry entries accordingly.

Expansion of the Technologycluster in Zug

The development plan for the Technologycluster in Zug has been legally binding since October 25, 2018. A separate system for planning applications had to be worked out with the approval authority. This included overriding factors such as mobility, sustainability and drainage plans which, supported by key figures, need to be dynamically updated and evidenced with every planning application. Filed in 2019, the planning request to extend the vertical factory marked the first planning application under the new system.

Multi-Energy Hub for the Tech Cluster Zug

Anyone wanting to implement a once-in-a-generation project must address the question of energy. The site is presently being powered by a power station relying on natural gas and its own site electricity supply system. The existing infrastructure needs to be completely renewed in parallel with the site transformation and converted to a climate-neutral supply. Not only solar energy, but also waste heat, ground water and lake water are used as sources of energy.

There are plans to position a power station mid-site for the exchange of all energy and media flows as of 2022/2023. Planning permission was received in fall 2019 to expand the provisional power station to cover site energy needs until the multi-energy hub is operational.

Multistorey Car Park Mobility Hub Zug Nord

The future Mobility Hub Zug Nord is conceived as a multifunctional building capable of reacting flexibly to new circumstances and developments. The Mobility Hub will boast numerous smart multistorey car park features. Charging stations for electric cars and e-scooters will be available. There are also plans in the pipeline to provide fully automated valet parking at the Mobility Hub. The project includes a widely curved footbridge across the new northern access road into the city of Zug, as a symbol of urban planning representing the new part of town around the Technologycluster Zug.

Demolition work began at the start of 2020 and the building permit for the Mobility Hub Zug Nord was granted in the first quarter of 2020. The Mobility Hub Zug Nord is scheduled for completion by 2021.

Tallest Wooden High-Rise in Switzerland

Under Project Pi, V-ZUG Immobilien AG is developing an inner-city high-rise to embody low-priced housing in Zug. After building permission has been received, the apartments will be sold under leasehold to various storey owners. The largest unit is reserved for the current lessee, the V-ZUG Pension Fund. Priority is to be given to employees of V-ZUG, giving them an opportunity to live close to their place of work at affordable prices.

Carried out in conjunction with neighboring landowners, the planning procedure was concluded in May 2019. In addition to a study of the various urban planning options for the entire site surrounding the planned high-rise, the procedure also entailed the global solution competition for V-ZUG's own high-rise project. At the end of 2019, the guideline project was submitted to Zug City Council together with an application to initiate the development plan procedure. A legally binding development plan should be in place by the 2nd quarter of 2022.

The project entered by design-and-build contractor Implenia Switzerland AG, Duplex Architects AG and wooden structural engineers WaltGalmarini was selected as the winner by the specialist jury. Work has begun on pilot project planning. The project includes various technical innovations that have to be examined and validated prior to submission of the planning request.

Project for Industrial Use and Cooperative Housing

In collaboration with the city of Zug and a cooperative residential association, a further new-build project is being planned at the Steinlager urban site adjacent to the Technologycluster Zug. The project is aimed at combining industrial use and cooperative housing. The envisaged industrial user on the ground floor is Schleuniger AG, which would like to combine its two locations in the Canton of Zug at one site. Test planning was completed in 2019. The City of Zug, which owns the land and founded a project sponsorship organization jointly with V-ZUG Immobilien AG, supports the plan. The sponsorship organization will initiate further steps under the upcoming planning procedure. Construction is not expected to start before 2023.

Digital Twin: Facility Management for Infrastructure and Real Estate Operations

In the year under review, the Business Unit began digitizing building and site data using BIM methodology. The acronym BIM (building information modeling) describes a method for the networked planning, construction and management of buildings and other structures using software. It consists of digitally modeling, combining and recording all the relevant construction and structural data. Drawing on geometry, information and correlations, the Digital Twin model provides holistic support to site owners and operators during decision-making, planning, construction and operating processes.

Under the new guidelines, all current new-build projects are to be planned and integrated into the model in accordance with BIM methodology. In the course of 2019, work began on feeding the necessary data on existing buildings and infrastructures into the model. Current new-build projects are already being planned in line with the new standards. The facility management feature was added to processes and interfaces. The Digital Twin is expected to be fully available in 2020.

Sustainability and Corporate Social Responsibility

As an industrial manufacturing group, Metall Zug is aware of the responsibility it bears toward its employees, society and the environment. Operating in a responsible and sustainable manner has been deeply ingrained in the Group's strategy for many years. Based on a relevance matrix, Metall Zug has defined four focus topics. The Business Units implement concrete projects within the framework of these focus topics. Progress is measured using key performance indicator sets.

Sustainability as Part of the Corporate Strategy

Metall Zug views sustainability as a strategic, intrinsically motivated priority. All those in positions of responsibility act with a view to success and in line with the Metall Zug values: any success can only really be counted as such if it is sustainable and has been achieved with due respect for society and without tarnishing the reputation of the company in question and the Metall Zug Group as a whole.

With regard to durable and resource-saving products, environmentally friendly and material-efficient production, responsible procurement and logistics, and as a committed employer, Metall Zug aims to assume a pioneering role.

Embraced by the Organization

Metall Zug's Business Units have strived for many years to make their daily business activities as sustainable as possible. Metall Zug set up a Sustainability team in fall 2018 to support the Business Units, with the aim of making sure these ambitions are broadly embraced within the Group, firming up the sustainability strategies, and implementing, measuring and communicating action for sustainability in a more targeted fashion. The Business Units for their part have each nominated a member of Senior Management and a project team to define and implement goals and measures.

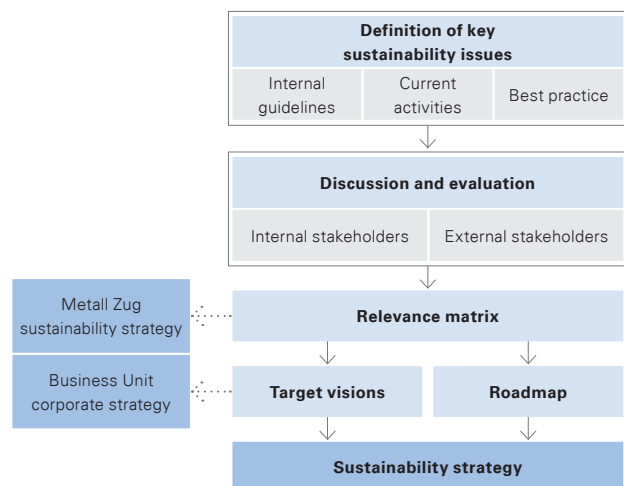
Systematic Approach

The 14 key sustainability issues at each entity were analyzed together with a consultant and assessed from the point of view of both internal and external stakeholders.

The relevance matrix per Business Unit resulting from this process then serves as a basis for strategy which covers the entire spectrum of sustainability issues. By involving employees from every Business Unit, strategic thrusts were defined and a catalog of measures drawn up for each area of the business. These packages of measures are directed in particular at the four focus topics employees, climate & energy, products & services, and society. The concrete measures for the individual Business Units were recorded in a Roadmap 2022 for the years to come.

Key Performance Indicator Set

The implementation and progress of measures is assessed according to a set of key performance indicators (KPIs) and regularly reviewed by a steering committee made up of the CEOs of the Business Units and the Senior Management of Metall Zug.



Over time, the defined KPIs are to be measured at all Group sites. In the reporting year, sustainability KPIs were measured at the producing companies of the Household Appliances, Wire Processing and Medical Devices Business Units in Switzerland. In a subsequent step, the other Swiss companies and companies outside Switzerland are also to be measured. The KPI set also serves as a framework for future measures and as a yardstick for progress made.

Internal CO₂ Fund

Lowering CO₂ emissions is a key element of the sustainability strategy of Metall Zug, whose long-term vision is carbon-neutral production. Initially, CO₂ neutrality is to be achieved for production operations at the Zug site and for the entire Technologycluster in Zug. The Metall Zug Group's producing Swiss companies have signed an agreement on objectives with the EnAW (Energy Agency of the Swiss Private Sector) committing to continually reduce CO₂ emissions by means of business measures.



- **Products and services**
 - 5 Safe and resource-saving products
- **Employees**
 - 7 Employee motivation and development
 - 8 Health and safety at work
- **Energy and climate**
 - 1 Energy management and greenhouse gas emissions
 - 3 Waste management
 - 4 Material and resource efficiency
- **Company**
 - 11 Corporate governance
 - 12 Compliance
 - 13 Economic output
 - 14 Swiss Made and indirect economic consequences
- **Non-prioritized issues**
 - 2 Water management
 - 6 Responsible procurement
 - 9 Diversity and equal opportunities
 - 10 Social commitment and regional contribution

To additionally motivate the Business Units to take sustainable business decisions and promote sustainable projects, the main production companies have approved a contractually agreed internal CO₂ levy since 2018. At CHF 120 per tonne of carbon dioxide, the internally agreed levy corresponds to the maximum rate set by the Swiss Parliament in the CO₂ Act. The proceeds from the CO₂ levy will go to MZ Infra AG, which will place them in a separate fund, where they can be distributed within a period of no more than 10 years for earmarked purposes. The aim is to encourage climate-protection measures, for example the promotion of product improvements or research projects under the planned multi-energy hub for the Technologycluster Zug. Since the introduction of the incentive tax effective 2018, the Business Units have paid around CHF 1.2 million into the fund.

Ecological and social targets were also added to investment requirements.

Implementation of Sustainability Strategy

The following examples of concrete measures and projects illustrate how Metall Zug's sustainability strategy is being implemented.

Building with Wood

Metall Zug takes care to employ sustainable construction methods when erecting new-builds. Where possible, wood is used for building. Greenhouse gas emissions are much lower when building with wood, compared with steel or reinforced concrete. The framework and façade for extending the first building phase of V-ZUG's vertical factory at the main site were made of wood. This decision meant that greenhouse gas emissions from the structural fabric will be cut by around 790 tonnes of CO₂ over the assumed life of 60 years as compared with a steel construction. This corresponds to roughly 794 long-haul economy flights per person from Zurich to New York.

High-Rise Project for Low-Price Housing

Under Project Pi, V-ZUG Immobilien AG is planning an innovative residential high-rise with affordable apartments in the city of Zug. The winning project was presented in fall 2019. Ecological and social dimensions of sustainability are at the core of the project. The project explores the construction options for using wood in place of building materials with high CO₂ emission levels in the support structure as well as in the interior space. Any potential for installing photovoltaic systems on the roof and façade is also exhausted as far as possible. The building's energy supply is met with renewable heat and cold from the deep reaches of the Baar Basin and from Lake Zug. The high-rise provides attractive living at an urban location with a social mix of neighborhoods and promotes coexistence by means of meeting places and communal areas on each storey.

Extending Product Availability

The exceptionally long availability of spare parts at V-ZUG, Haag-Streit and Schleuniger contributes to the long life of the products. Haag-Streit Diagnostics has extended the guarantee on slit lamps to 10 years, which speaks for the outstanding quality of the product. Spare parts are also available for 10 years after discontinuation of sales activities for any product from the slit lamp range. In the case of electronic devices used in biometry and perimetry, spare parts are available for 7 years after products are discontinued. Haag-Streit thus protects its customers' investments in addition to promoting the sustainable use of resources.

Supplier Assessment according to Sustainability Criteria

Schleuniger assesses suppliers on the basis of a questionnaire that extensively addresses the issue of sustainability and defines a minimum score. The questionnaire covers systematic environmental and health management, accident frequency, conformity with local and international laws and conventions, as well as business ethics policies. Supplier audits are conducted by Schleuniger personnel.

Diversity as a Factor of Success

Metall Zug regards diversity and equal opportunities as a crucial factor of success and is actively seeking to promote women into leadership functions. At the Annual General Meeting in May 2019 two new female Members have been elected to the Board of Directors of Metall Zug AG.

More Continuing Professional Development Options For Employees

All Business Units offer their staff training and continuing professional development opportunities. V-ZUG has redefined and expanded the curriculum of its in-house V-ZUGacademy. Tailored to their particular skillset model, employees can attend training in professional skills and self-competence, as well as social, methodology and leadership skills. In taking this systematic approach, V-ZUG ensures that a culture of life-long learning is practiced, and employees develop their potential and can also be deployed to the benefit of customers.

Fit and Healthy for the Future

Work has a significant influence on well-being and performance. V-ZUG supports its employees in their efforts to remain fit and active, and thus successful in their jobs. V-ZUG's occupational health management program "vitality" regularly explores physical and psychological health issues. V-ZUG is committed to prevention by reducing risk factors and strengthening protection factors as well as supporting the staff concerned, for instance with in-house yoga and massage sessions, or winter sports accident prevention programs.

Apprentice Training as a Major Priority

The companies in the Metall Zug Group take their social responsibility seriously in that they place great value on the training of apprentices. In Switzerland, they support the successful dual system of education by providing a large number of trainee positions, which also allows the young apprentices to benefit from the know-how of highly skilled employees trained in-house.

Business Unit	Number of Employees (FTEs)	of which Number of Trainees
Household Appliances	2 093	96
Wire Processing	942	51
Medical Devices	964	35
Infection Control	1 002	13
Life Science Solutions	133	3

Parents@work: Coaching for Young Parents

Initiated by the V-ZUG Women's Network, the parents@work program is available to all working parents at V-ZUG who are either awaiting the birth of a baby or have small children at home. Parents@work helps fathers and mothers to cope with the challenging phase of starting a family and to coach one another. Not least, the aim of the program is to make it easier for parents to return to work when parental leave ends and for V-ZUG to be able to retain valuable employees. Participation in the program is free of charge, and the peer-to-peer coaching sessions are recorded in the time attendance system as in-house training. Coaching sessions are confidential.

Reducing and Recycling Waste

In order to reduce packaging waste, Haag Streit Diagnostics has introduced a system of returnable packaging together with a supplier from Germany. The supplier delivers assemblies in sets using returnable packaging. Inlays are redistributed at Haag Streit onto a kanban rack and fed to assembly at the given time. The empty packs are folded and returned to the supplier on the next journey back, which also saves on packaging costs.

Haag Streit uses a distillery plant for solvents at the Köniz site (Switzerland). Distillation apparatus permits the recovery and reuse of solvents used for cleaning and degreasing in the paint shop. By applying the simple principle of distillation, contaminants (resins, pigments, paints, inks, oils, etc.) can be separated from the solvent, which is collected in a container for subsequent reuse. Since distillation does not affect the solvent properties, the distillation process can be repeated any number of times. Haag Streit has been able to reduce the consumption of solvents by around 70 %.

V-ZUG pays an additional CHF 5 per tonne for the disposal of metal hydroxide sludge at the Zug site. This fee is earmarked for the charter of surface treatment specialists committed to eco-friendly disposal. V-ZUG in Zug has taken the decision to stop using single-use plastic cups and replace them with washable cups and drinking bottles.

Online Training on the Code of Conduct

Schleuniger's S.University offers customers online training on the topic of wire processing, which in turn helps to save on costly travel. S.University has continually increased its range of programs over the years. In 2019, S.University developed an interactive online course (including Q&A) on the Metall Zug Code of Conduct. The online course is currently available in English. In an initial phase, new employees in the US and Mexico are being trained with this tool. Training outcomes are documented.

Swiss Made as a Responsibility

V-ZUG has a long history in Switzerland going back more than 100 years. For V-ZUG this also means a responsibility toward the site, its employees and their families. V-ZUG has resolved to further scale up production activities in Switzerland by investing in new factories in Zug and Sulgen. Through its commitment to Switzerland as a location, V-ZUG undertakes to comply with the country's sustainability standards, which are regarded as strict on an international comparison.

V-ZUG Sustainability Report

V-ZUG publishes its own sustainability report every year. The current Sustainability Report 2018/2019 is available for download at www.vzug.com/gb/en/nachhaltigkeit_overview.

Group Structure

Operational organization of the Metall Zug Group (as at December 31, 2019)

Metall Zug Group Zug

Household Appliances

V-ZUG Holding AG Zug

V-ZUG AG (CH)
V-ZUG Kühltechnik AG (CH)
V-ZUG Services AG (CH)
V-ZUG Australia Pty. Ltd. (AU)
V-ZUG Europe BVBA (BE)
V-ZUG (Shanghai) Domestic Appliance Co., Ltd. (CN)
V-ZUG (Changzhou) Special Components Co., Ltd. (CN)
V-ZUG Hong Kong Co., Ltd. (HK)
V-ZUG Singapore Pte., Ltd. (SG)
SIBIRGroup AG (CH)
Gehrig Group AG (CH)

Wire Processing

Schleuniger Holding AG Thun

Schleuniger AG (CH)
Schleuniger GmbH (DE)
Schleuniger Test Automation GmbH (DE)
Schleuniger, Inc. (US)
Schleuniger Japan Co. (JP)
Schleuniger Trading (Shanghai) Co., Ltd. (CN)
Schleuniger Machinery (Tianjin) Co., Ltd. (CN)
Schleuniger S. de RL. de CV. (MX)
adaptronic Prüftechnik GmbH (DE)
DiIT GmbH (DE)

Medical Devices

Haag-Streit Holding AG Köniz

Haag-Streit AG (CH)	Möller-Wedel Optical GmbH (DE)
Haag-Streit Deutschland GmbH (DE)	Möller-Wedel Verwaltung GmbH (DE)
Haag-Streit Surgical GmbH (DE)	Möller-Wedel Beteiligungen GmbH (DE)
Haag-Streit UK Ltd. (UK)	OptoMedical Technologies GmbH (DE)
Haag-Streit Holding U.S., Inc (US)	Clement Clarke (Holdings) Ltd. (UK)
Haag-Streit USA Inc. (US)	Clement Clarke International Ltd. (UK)
Haag-Streit Far East Ltd. (CN)	John Weiss & Son, Ltd. (UK)
Spectros AG (CH)	Reliance Medical Products, Inc. (US)
HS Doms GmbH (DE)	
IPRO GmbH EDV für Augenoptiker (DE)	
Möller-Wedel GmbH & Co. KG (DE)	

Infection Control

Belimed AG Zug

Belimed Sauter AG (CH)
Belimed GmbH (DE)
Belimed GmbH (AT)
Belimed SAS (FR)
Belimed B.V. (NL)
Belimed d.o.o. (SI)
Belimed Ltd. (UK)
Belimed, Inc. (US)
Belimed Medical Equipment (Shanghai) Co., Ltd. (CN)
STERIFAST Sterilization & Disinfection Systems, Lda. (PT)

Life Science Solutions

Belimed Life Science AG Sulgen

Belimed Life Science d.o.o (SI)

Technologycluster & Infrastructure

Tech Cluster Zug AG Zug

V-ZUG Immobilien AG (CH)
V-ZUG Infra AG (CH)
MZ Infra AG (CH)

Corporate

Metall Zug AG Zug

Corporate Governance

All information in this Corporate Governance Report refers to the situation as at December 31, 2019, or to the 2019 reporting year, unless stated otherwise. The Metall Zug Group complies with all the legal and regulatory requirements for corporate governance in Switzerland that the Group is subject to, including the principles of the "Swiss Code of Best Practice for Corporate Governance" (Swiss Code), in the version issued by *economiesuisse* on September 29, 2014.

This Corporate Governance Report refers to the Metall Zug AG Articles of Association of May 5, 2017 and the Organizational Regulations of September 1, 2019. No material changes occurred between December 31, 2019 and the publication date of the Annual Report, other than the facts disclosed in this report. The content, order and numbering of the following chapters are in line with those of the "Directive on Information relating to Corporate Governance" issued by SIX Swiss Exchange on June 20, 2019.

1 Group Structure and Shareholders

1.1 Group Structure

The operational group structure is illustrated on page 38 of this Annual Report. The management organization of the Metall Zug Group is generally based on decentralized responsibility.

The holding company, Metall Zug AG, headquartered in Zug, is the sole listed company in the Group. The type B registered shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange, Zurich (securities number: 3 982 108, ISIN CH0039821084). More detailed information on Metall Zug AG, including its stock market capitalization, is available on page 8 et seq. of this Annual Report. The list of consolidated companies and their non-listed subsidiaries is shown in the Financial Report (see pages 69 and 70) and includes the material investments.

1.2 Significant Shareholders

All the significant shareholders with voting rights in excess of 3 % who are known to Metall Zug AG as at December 31, 2019, are listed in the Financial Report (see page 82) under Note 18 ("Significant Shareholders"). Elisabeth Buhofer and Heinz M. Buhofer together with the Buhofer Trust I, a fixed-interest trust according to the law of Liechtenstein, own a total

of 67.4 % of the voting rights in Metall Zug AG. By means of the Buhofer Trust I, alongside Elisabeth Buhofer and Heinz M. Buhofer, Annelies Hacki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Hacki also indirectly have a participating interest in Metall Zug AG.

In financial year 2019, no disclosure notifications were made pursuant to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of June 19, 2015 (Financial Market Infrastructure Act) and the corresponding regulations. Further details of earlier disclosure notifications can be found on the website of the disclosure office, i.e. SIX Exchange Regulation (www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

1.3 Cross-shareholdings

There are no cross-shareholdings in excess of 5 % of capital or voting rights with any other party.

2 Capital Structure

2.1 Capital

The structure of the share capital and the ordinary capital is described in the Financial Report (see page 82) under Note 19 ("Shares").

2.2 Authorized and Conditional Capital

Metall Zug AG does not have any authorized or conditional capital.

2.3 Changes in Capital

Information on the changes in capital in the last two reporting years is set out in the Financial Report (see page 63) under "Changes in Shareholders' Equity". Information on the changes in capital in 2017 can be found on page 59 of the Annual Report 2018 under "Changes in Shareholders' Equity".

2.4 Shares and Participation Certificates

Detailed information on the shares of Metall Zug AG (number of shares, type and par value) is available in the Financial Report (see page 82) under Note 19 ("Shares").

The type A registered shares with a par value of CHF 2.50 are not listed. The type B registered shares with a par value of CHF 25.00 are listed on the Swiss Reporting Standard of SIX Swiss Exchange, Zurich (securities number: 3 982 108, ISIN CH0039821084). Dividend entitlement is in proportion to the share capital held. Each share entitles the holder to one vote.

Metall Zug AG has not issued any participation certificates.

2.5 Profit Sharing Certificates

Metall Zug AG has not issued any profit sharing certificates.

2.6 Limitations on Transferability and Nominee Registrations

In relation to the company, only those registered in the share register are recognized as shareholders. In accordance with Art. 10 of the Articles of Association, the transferability of registered shares is restricted as follows:

Acquirers of registered shares (of types A and B) are registered in the share register as shareholders with the right to vote, provided that:

- the recognition of an acquirer as a shareholder, according to the information available to the company, does not or could not prevent the company and/or its subsidiaries from providing the evidence required by law regarding the composition of its shareholder group and/or beneficial owners. The company particularly reserves the right to refuse entry in the share register if acquirers do not prove that they are not foreign non-residents pursuant to the Federal Act of December 16, 1983, on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents (ANRA) and if the company considers such registration could obstruct, threaten or prevent the provision of statutory evidence regarding Swiss control of the company, and
- they expressly declare that they have acquired the registered shares in their own name and for their own account.

In addition, the transfer of registered shares of type A is subject to approval by the Board of Directors in each instance. Approval can be denied for good cause. These include:

- keeping away buyers who operate a business that competes with the purpose of the company, who have a participating interest in such a business or who are employed by such a business;
- to ensure that the company remains independent based on the voting-rights-related control of the group of current registered shareholders. Usually, spouses and descendants of the current circle of shareholders must be admitted;
- to acquire or to hold shares on behalf of third parties or in the interests of third parties.

Approval can also be denied without giving reasons, provided that the Board of Directors acquires the type A shares (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted.

In financial year 2019, the company did not refuse transfers or approve any exceptions for type A registered shares or type B registered shares.

Metall Zug AG does not provide registration of nominees. To date, no need has been expressed by shareholders for registration of this kind. For the procedure and conditions for canceling the restrictions on transferability, see section 6.2 of this Corporate Governance Report.

2.7 Convertible Bonds and Options

Metall Zug AG does not have any outstanding convertible bonds or options.

3 Board of Directors

3.1 Members of the Board of Directors

Since the General Meeting of Shareholders on May 3, 2019, the Board of Directors has comprised seven members. An overview of the members, providing information on nationality, age, function, first election and term of office, is available on pages 43 to 45. All members of the Board of Directors are

non-executive with the exception of Heinz M. Buhofer, who assumed the office of ad interim CEO of the Household Appliances Business Unit (V-ZUG) on September 1, 2019.

With the exception of Heinz M. Buhofer as mentioned, the members of the Board of Directors did not belong to the Senior Management of Metall Zug AG nor to the Senior Management of a Group company in the three financial years preceding the reporting year, and they do not have any significant business connections with Metall Zug AG or the Metall Zug Group.

3.2 Other Activities and Vested Interests

Apart from the functions mentioned, none of the members of the Board of Directors has a permanent management or advisory function for an important interest group, nor an official function or political post.

3.3 Number of Permitted Additional Mandates (Board of Directors)

In accordance with Art. 25e of the Articles of Association, the number of permitted activities of the members of the Board of Directors and of Senior Management in the top supervisory or management bodies of legal entities that are obliged to be entered in the Commercial Register or in a corresponding foreign register, and which are not controlled by the company or do not control the company, is restricted as follows:

	Members of the Board of Directors and Senior Management
Mandates in listed companies	5
Mandates in other, non-listed legal entities with compensation	15
Mandates in non-profit or charitable legal entities (e.g. associations and other charitable, social, cultural or sports organizations, professional or industry associations, foundations, trusts and pension schemes) outside the Metall Zug Group	10

Mandates are deemed to be mandates in the highest governance body of a legal entity. Mandates in a number of different legal entities under uniform control count as a single mandate. Insofar as the company holds an ownership interest in another company and a member of the Board of Directors or

of Senior Management holds a mandate in such company on the instruction of and in the interests of the company, such a mandate does not count as an additional mandate. The figures above are cumulative; the mandate at Metall Zug has not been taken into account. In calculating the number of mandates, a chairmanship counts double. Members of Senior Management generally require the approval of the Board of Directors before taking up external mandates.

3.4 Elections and Terms of Office

Members of the Board of Directors are elected by the General Meeting of Shareholders, on an individual basis and for a period of one year in each case. They may be reelected at any time but must step down upon reaching the age of 70, i.e. on the date of the subsequent General Meeting of Shareholders. This does not apply to members of the Board of Directors who have been involved with the Metall Zug Group for less than six years at that time. They may be elected for up to nine years (Art. 18 of the Articles of Association). In accordance with these term limits set down in the Articles of Association, Marga Gyger is not standing for reelection.

The Chairman of the Board of Directors, the members of the Human Resources and Compensation Committee and the independent representative are elected directly by the General Meeting of Shareholders for a term of one year (Art. 16a and 18 of the Articles of Association).

3.5 Internal Organizational Structure

According to the law, the Board of Directors holds the highest decision-making power and specifies, among other things, the organizational, financial-planning-related and accounting-related directives that Metall Zug AG and the Metall Zug Group undertake to comply with. Decisions are made by the entire Board of Directors with the assistance of the following two committees: the Audit Committee and the Human Resources and Compensation Committee. The latter is assigned all the duties and responsibilities imposed on compensation committees by the Ordinance of November 20, 2013 against Excessive Remuneration in Listed Companies Limited by Shares (ERCO). The Board of Directors of Metall Zug AG is responsi-

ble for overall supervision and exerts an influence on the strategic direction of the individual Business Units and subsidiaries, allocates the financial resources, appoints the members of Senior Management, and is involved in the staffing of further top executive positions. It is supported in these tasks by the Audit Committee, the Human Resources and Compensation Committee and the Senior Management. The Board of Directors may issue guidelines and recommendations to the subsidiaries for the purpose of realizing a coherent business policy.

The Belimed Steering Committee temporarily appointed by the Board of Directors in financial year 2018 (strategic management of the Infection Control Business Unit) was dissolved in August 2019 and its competencies transferred back to the Board of Directors of Belimed AG. The Belimed Steering Committee comprised Heinz M. Buhofer and Martin Wipfli.

Furthermore, effective September 1, 2019, a temporary V-ZUG project team was set up by the Board of Directors. The team assumed strategic management responsibility for the Household Appliances Business Unit and acted as the Steering Committee for the planned spin-off of the V-ZUG Group. The Board of Directors of V-ZUG AG retained the nontransferable and inalienable duties assigned to it by law and the Articles of Association. The V-ZUG project team comprises Martin Wipfli, Jürg Werner and Oliver Riemenschneider (Chairman of the Board of Directors of V-ZUG Holding AG and V-ZUG AG). In his capacity as ad interim CEO of V-ZUG, Heinz M. Buhofer is a regular guest at the meetings of the V-ZUG project team.

The Board of Directors of Metall Zug AG has delegated responsibility for the day-to-day management of the business of Metall Zug AG to the Senior Management and responsibility for the Business Units to the respective Business Unit heads (Boards of Directors of the respective highest-ranking subsidiaries and the Senior Managements of the respective Business Units). In the reporting year, the Board of Directors met for four ordinary meetings and one extraordinary meeting. The ordinary meetings typically lasted half a day or a full day. In addition, the Board of Directors met for three workshops or special meetings at which selected topics relating to the strategy of the Metall Zug Group and its Business Units were addressed. The agenda items for the meetings of the

Board of Directors are specified by the Chairman and prepared by the Secretary together with the Senior Management and the subsidiaries. Every member of the Board of Directors and every member of the Senior Management is entitled to request the summoning of a meeting, upon specification of the meeting's purpose. As a rule, the members of the Board of Directors receive the invitation to the meeting no later than ten days prior to the meeting of the Board of Directors, along with the documentation that allows them to prepare for the discussion of the agenda items. Furthermore, the Board of Directors regularly takes decisions by circular vote.

Audit Committee

The Audit Committee met four times in the reporting year. It makes an independent assessment of the quality of the annual financial statements and discusses these with Senior Management and the external auditors. The Audit Committee proposes to the Board of Directors whether the financial statements may be recommended for submission to the General Meeting of Shareholders. The Audit Committee nominates the internal auditors, determines the organization of the internal audit department, assigns tasks to it and forwards its reports to the entire Board of Directors. It sets up the audit plan, defines the audit scope for internal and external auditing and evaluates the cooperation between internal and external auditors and their effectiveness. The Audit Committee assesses the efficiency of the internal control system considering risk management and evaluates compliance with laws, regulations and accounting standards as well as adherence to internal rules and directives. It also assesses the external auditors' performance and their remuneration. The Audit Committee ensures that the external auditors are independent and assesses the compatibility of their auditing function with any advisory mandates. The audit committee comprises Martin Wipfli, Chairman, and Marga Gyger and Dominik Berchtold (as of the 2019 General Meeting of Shareholders). The external auditors and internal auditors also participate in the meetings of the Audit Committee. While the external and internal auditors and the CFO took part in all the meetings, other members of the Board of Directors and of Senior Management were represented as required for selected agenda items.

Board of Directors



Martin Wipfli (CH) b. 1963
Chairman of the Board of Directors
since September 1, 2019 (non-executive)



Dominik Berchtold (CH) b. 1971
Member of the Board of Directors
(non-executive)



Heinz M. Buhofer (CH) b. 1956
Member of the Board of Directors
(executive function at V-ZUG
since Sept. 1, 2019)



Sandra Emme (DE & CH) b. 1972
Member of the Board of Directors
(non-executive)



Marga Gyger (DE & CH) b. 1945
Member of the Board of Directors
(non-executive)



Claudia Pletscher (CH) b. 1974
Member of the Board of Directors
(non-executive)



Peter Terwiesch (DE & CH) b. 1966
Member of the Board of Directors
(non-executive)

Martin Wipfli (CH) b. 1963

Attorney-at-law, University of Bern

- Chairman of the Board of Directors since September 1, 2019 (non-executive)
- First elected as Member of the Board of Directors: 2010
- Elected until: General Meeting of Shareholders 2020

Professional background:

Managing Partner of Baryon AG, Zurich, since 1998

Previous operational activities for the Metall Zug Group:

None

Other functions within the Metall Zug Group:

Chairman of the Audit Committee, Chairman of the Board of Directors of Haag-Streit Holding AG, Chairman of the V-ZUG project team (from September 1, 2019), member of the Belimed Steering Committee (until June 2019).

Activities in governing and supervisory bodies:

Chairman of the Board of Directors of Elma Electronic AG, Wetzikon and of nebag ag, Zurich; member of the Board of Directors of Zug Estates Holding AG, Zug, and of other non-listed companies.

Political offices:

Head of the Municipal Council of Feusisberg.

Dominik Berchtold (CH) b. 1971

Master's degree in business management, University of Fribourg, Switzerland

- Member of the Board of Directors (non-executive)
- First elected as member of the Board of Directors: 2019
- Elected until: General Meeting of Shareholders 2020

Professional background:

Founder and CEO of ViAir AG, Zug, since 2019; CEO of the Zehnder Group, Gränichen, 2013–2018 (2013–2014 designated CEO); CFO of the Zehnder Group, 2008–2012; Director of Business Development Zehnder Group, 2006–2008.

Previous operational activities for the Metall Zug Group:

None

Other functions within the Metall Zug Group:

Member of the Audit Committee

Activities in governing and supervisory bodies:

Chairman of the Board of Directors of ViAir AG, Zug; member of the Offering Board, Viessmann Group, Allendorf (DE).

Heinz M. Buhofer (CH) b. 1956

lic. oec. HSG, University of St. Gallen

- Member of the Board of Directors (executive function at V-ZUG), Chairman of the Board of Directors from 2013 to August 31, 2019
- First elected as Member of the Board of Directors: 1997
- Elected until: General Meeting of Shareholders 2020

Professional background and current and previous

operational activities for the Metall Zug Group:

CEO a.i. V-ZUG AG, Zug, and Household Appliances Business Unit, since September 1, 2019; member of the Board of Directors of Zug Estates Holding AG, Zug, 2012–2018 (Chairman until 2014); Chief Executive Officer of Metall Zug AG, 2002–2008; various operational functions at the former Group company MZ-Immobilien AG, Zug, 1984–1997.

Other functions within the Metall Zug Group:

Chairman of the Human Resources and Compensation Committee; member of the Board of Directors of Belimed Life Science AG (since April 23, 2019); member of the Belimed Steering Committee (until June 2019); member of the Board of Directors of Belimed AG (since December 11, 2019); member of the Board of Directors of real estate companies (since October 23, 2019 for MZ Infra AG, V-ZUG Immobilien AG and V-ZUG Infra AG, since November 25, 2019 for Tech Cluster Zug AG).

Activities in governing and supervisory bodies:

Chairman of the Board of Directors of WWZ AG, Zug.

Sandra Emme (DE & CH) b. 1972

Master of Arts in Business and International Management, University of Bremen and Ecole Supérieure de Commerce, Marseille

- Member of the Board of Directors (non-executive)
- First elected as member of the Board of Directors: 2019
- Elected until: General Meeting of Shareholders 2020

Professional background:

Industry Leader Cloud Enterprise Google, Zurich, since April 2019; lecturer in leading digital business transformation at IMD Business School, Lausanne, since 2015; various executive positions with Google, Zurich,

2011–2019; co-founder and online marketing consultancy Swixpert Ltd., Feusisberg, 2009–2011; co-founder and business development director of SoftThinks USA Inc., 2001–2008; co-founder and business development director of AS Media Sarl., Marseille, 1997–2000.

Previous operational activities for the Metall Zug Group:

None

Activities in governing and supervisory bodies:

Member of the Board of Directors of Belimo Holding AG, Hinwil.

Marga Gyger (DE & CH) b. 1945

Graduate of the Foreign Studies and Interpreter Institute of the Johannes Gutenberg University, Mainz

- Member of the Board of Directors (non-executive)
- First elected: 2011
- Elected until: General Meeting of Shareholders 2020 (in accordance with the term limits set down in the Articles of Association, Marga Gyger will not be standing for reelection)

Professional background:

Corporate Consultant of Franke Artemis Management AG, Aarburg, since 2010; CEO of Franke Coffee Systems, Aarburg, 2004–2010; and member of the Expanded Group Management of Franke Group, 2007–2010; managing director of various Franke Coffee Systems companies in Switzerland and Germany, 1994–2003.

Previous operational activities for the Metall Zug Group:

None

Other functions within the Metall Zug Group:

Member of the Audit Committee, member of the Board of Directors of Gehrig Group AG (Chairwoman until 2016).

Activities in governing and supervisory bodies:

Member of the Board of Directors of Novelteak AG, Baar, and Novamem AG, Zurich.

Claudia Pletscher (CH) b. 1974

Master's degree in law, Universities of Bern and Poitiers, MBA from Henley Business School (UK)

- Member of the Board of Directors (non-executive)
- First elected as member of the Board of Directors: 2019
- Elected until: General Meeting of Shareholders 2020

Professional background:

Head of Development and Innovation and a member of the extended Executive Management Board of Swiss Post Ltd., Bern, since 2014; various executive positions with IBM (Switzerland), 2003 to 2014;

Previous operational activities for the Metall Zug Group:

None

Activities in governing and supervisory bodies:

Member of the Board of Directors of SwissSign Group AG, Opfikon; member of the Patronage Committee of the Swissdec Association, Lucerne; member of the Digital Advisory Board, University of Zurich; Chair of the RIVA DIGITAL Association, Zurich.

Peter Terwiesch (DE & CH) b. 1966

Doctorate in technical sciences (electrical engineering), Swiss Federal Institute of Technology (ETH)

- Member of the Board of Directors (non-executive)
- First elected: 2010
- Elected until: General Meeting of Shareholders 2020

Professional background:

President of the Industrial Automation Division and member of the Group Executive Committee of the ABB Group, Zurich, since 2015; CEO of ABB AG, Germany, 2011–2014; Chief Technology Officer of ABB Group, Zurich, 2005–2011; Head of ABB Automation GmbH Germany, 2003–2005; Head of the Industrial Division of ABB Switzerland, 2001–2002 and Head of ABB Corporate Research Limited, Switzerland 1999–2001.

Other functions within the Metall Zug Group: Member of the Human Resources and Compensation Committee.

Activities in governing and supervisory bodies:

Several mandates in companies within the ABB Group.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee met four times in the reporting year and held two additional ordinary meetings and one extraordinary meeting by telephone conference. As well as performing the duties and responsibilities assigned to the Compensation Committee under the ERCO, the Human Resources and Compensation Committee develops the principles of corporate governance, which are then submitted to the Board of Directors for approval. This also includes periodic revision of the composition and size of the Board of Directors and its committees and of the Board of Directors of each subsidiary. In addition, the Committee proposes to the Board of Directors qualified candidates for the various bodies and also submits proposals to the Board of Directors regarding the compensation of the Board of Directors and Senior Management. It further develops and reviews the objectives and principles of human resources policy for approval by the Board of Directors, prepares the appointment of members of Senior Management and approves selected personnel decisions. Finally, it reviews the basic structures in the area of the pension fund with regard to the scope and content of benefits, reviews the annual appraisal of the members of Senior Management of Metall Zug AG as well as of the Business Units, and keeps itself informed about employee development and HR succession planning. The Human Resources and Compensation Committee comprises Heinz M. Buhofer, Chairman, and Peter Terwiesch. The CFO attends the Human Resources and Compensation Committee meetings as a regular guest, except for topics related to himself.

3.6 Definition of Areas of Responsibility

Metall Zug AG announced on March 21, 2019, that it intends to move away from being an industrial group of companies and instead to confine itself to the role of strategic anchor shareholder in the form of a holding company with a diversified portfolio of substantial holdings. Business Units will be given legal autonomy and independence in implementing their strategies. This transformation will take several years to complete. Against this background, the group and organizational structure is to be adapted step by step. From June 1, 2019, onwards, various responsibilities were transferred from

the CEO of Metall Zug AG to the Boards of Directors of the respective principal companies of the Business Units. Dirk Hoffmann and Christoph Schüpbach stepped down from the Senior Management of Metall Zug AG at the same time.

For the purposes of formalizing the new definition of areas of responsibility for the Board of Directors and Senior Management, the Board of Directors issued new Organizational Regulations effective September 1, 2019. The current version is available at www.metallzug.ch/en/ueber-uns/corporate-governance. In addition, since September 1, 2019, new Group Governance Guidelines have been in force which govern the organization of the Group as resolved by the Board of Directors, the areas of responsibility and duties of Senior Management and of the Boards of Directors and Senior Managements of the Business Units and subsidiaries. The Group Governance Guidelines also govern fundamental compliance aspects which apply to the entire Metall Zug Group. It also forms the legal basis for the issue of further rules in force in the Metall Zug Group and refers to these. The Group Governance Guidelines are supplemented by a comprehensive competency matrix, which defines the responsibilities and powers of the various bodies at the Metall Zug AG level and the Business Unit level within the Metall Zug Group in general and for different business cases. To the extent that existing regulations at Business Unit or subsidiary level have not yet been adapted in line with the Organizational Regulations and the Group Governance Guidelines, the latter prevail.

In accordance with this formalized realignment, the Board of Directors delegates conduct of the business of Metall Zug AG to the Senior Management, with the responsibilities of the Senior Management essentially reduced to matters at Metall Zug AG. Moreover, the Senior Management is also responsible for all aspects of the Metall Zug Group in connection with investor relations and compliance, accounting and controlling, risk management, internal auditing and M&A activities in accordance with section 4.2 of the Organizational Regulations. The Board of Directors has delegated conduct of the business of the Business Units to the respective Senior Managements (Boards of Directors of the respective highest-ranking subsidiaries of the Business Units, and Senior Managements of the respective Business Units). With regard to the

Business Units, the management structure is thus based on the formation of areas of responsibility with wide business management powers and business responsibility. The Chairman of the Board of Directors of the respective highest-ranking subsidiaries or the CEO of a Business Unit will, as a rule, represent the respective Business Unit vis-à-vis the Board of Directors of Metall Zug AG. Within each Business Unit, management generally takes place along reporting lines.

3.7 Information and Control Instruments vis-à-vis Senior Management

Detailed governance and management information is produced semi-annually in the Metall Zug Group in the form of separate financial statements (income statement, balance sheet and statement of cash flows) of the individual subsidiaries and consolidated financial statements of the Business Units of the Metall Zug Group. These are submitted to both the Audit Committee and the Board of Directors and commented on in detail by the Senior Management. Depending on the size and the risks of the business, separate financial statements may also be produced either monthly or quarterly. The results are prepared for each Business Unit and are consolidated for the Metall Zug Group. In each case, results are compared to the prior-year period and to the budget. The achievability of budgets is reviewed several times a year on the basis of forecasts. The heads of the Business Units submit regular reports on results and on the progress of budget achievement to the Board of Directors of the respective highest-ranking subsidiary of the Business Unit and to the Senior Management of Metall Zug AG. The members of the Board of Directors of Metall Zug AG and of the respective highest-ranking subsidiary receive, on a monthly basis, the key figures and written comments on other aspects of the operations of the Business Units and on the relevant market environment. In addition, key figures and brief commentaries on the course of business at the level of the Metall Zug Group are provided to the Board of Directors on a monthly basis. At meetings of the Board of Directors, the Senior Management and the Business Unit heads provide comprehensive information about the course of business in the Business Units and the Group.

The internal auditors conducted four audits in the reporting year. The results of each audit are discussed in detail with the corresponding companies and Business Units, and the key measures are agreed. The Chairman of the Board of Directors, members of the Audit Committee, members of Senior Management, and other line managers of the head of the audited unit receive a copy of each audit report. In addition, the reports and the key measures agreed are discussed by the Audit Committee. The internal audit unit is administratively subordinated to the CFO, but reports on functional issues to the Chairman of the Audit Committee.

The Metall Zug Group has put in place an appropriate system for monitoring and managing the risks associated with the company's activities. Risk management is a structured process that basically comprises all hierarchical levels and involves risk identification, risk analysis, risk management and risk reporting. The Business Unit heads are responsible for monitoring and managing their risks at an operational level. In all Business Units, certain persons are assigned responsibility for significant individual risks. These persons are responsible for taking concrete measures to manage these risks and for monitoring their implementation. On behalf of the Audit Committee, a risk report is drawn up at regular intervals for submission to the Board of Directors.

In terms of insurance, the Metall Zug companies enjoy risk-compatible cover in line with the industry and are insured appropriately against operational risks such as damage to property, business interruption and third-party liability.

In terms of business risks, the Metall Zug Group deals with interest-rate and currency risks in addition to those set out under the risk management system above. Currency risks are basically evaluated on a decentralized basis by the Business Units and hedged on a case-by-case basis. As a rule, hedging transactions are approved by the CFO in line with the applicable regulations.

4 Senior Management

4.1 Members of Senior Management

The Senior Management of Metall Zug AG comprises two members: the CEO and the CFO. The heads of the Household Appliances and Wire Processing Business Units stepped down from the Senior Management of Metall Zug effective May 31, 2019. All Business Unit heads report to the Board of Directors of the main company of their respective Business Unit (V-ZUG AG, Belimed AG, Belimed Life Science AG, Schleuniger Holding and MZ Infra AG or Tech Cluster Zug AG respectively). Information on the nationality, age and function of the members of Senior Management is set out in section 4.2.

4.2 Other Activities and Vested Interests

The following disclosures concern other activities and vested interests of the members of the Senior Management of Metall Zug AG. Apart from the functions mentioned, none of the members of Senior Management has a permanent management or advisory function for an important interest group, nor an official function or political post.



Jürg Werner (CH) b. 1956

Doctorate in technical sciences, Swiss Federal Institute of Technology (ETH) Zurich, postgraduate degree in business management

CEO of Metall Zug AG since June 1, 2012

(early retirement effective March 31, 2020).

Professional background:

CEO of V-ZUG AG, 2010–2013; COO of V-ZUG AG, 2010; Head of Development V-ZUG AG and member of the Executive Board, 1996–2009; Head of Fire Detector Development at Cerberus AG, 1989–1996; researcher at Bell Communications Research Inc., USA, 1987–1989; scientific assistant at Swiss Federal Institute of Technology ETH Zurich, 1981–1987.

Activities in governing and supervisory bodies:

Chairman of the Board of the Swiss Association for Standardization (SNV); member of the DIN Presidial Board; member of the Industrial Advisory Board of the Department of Mechanical and Process Engineering, ETH Zurich, of the Advisory Board of ZHAW Life Sciences and Facility Management and of the Swiss Academy of Technical Sciences (SATW); member of the Board of Technologie Forum Zug, member of the Board of the Swiss Blockchain Federation.



Daniel Keist (CH) b. 1957

Business Administration (lic. oec. HSG),
University of St. Gallen

CFO of Metall Zug AG since January 1, 2013

Professional background:

Forbo Holding AG, Head of Corporate Center and member of the Executive Board, 2007–2012; SIX Swiss Exchange, Head of Admissions and member of the Group Executive Board, 2003–2007; Ernst & Young AG, Corporate Finance/Head of Capital Markets, partner, 2001–2003; Selecta Group, Director of Strategy and Business Development, from 2000 CFO, member of the Executive Board, 1998–2001; UBS, Corporate Finance Advisory Switzerland, Co-Head of “Investment Banking Equity and Advisory”, 1984–1998; Sulzer AG, Controller, 1982–1984.

Activities in governing and supervisory bodies:

Member of the Regulatory Board of SIX Exchange Regulation AG; member of the Board of Directors of Transmission Technology Holding AG, Zug (forteq Group)

Dirk Hoffmann (DE) b. 1961

Head of Household Appliances Business Unit and CEO of V-ZUG AG from September 1, 2013 to August 31, 2019; member of the Senior Management of Metall Zug AG until May 31, 2019.

Degree in electrical engineering from the University of the Armed Forces in Munich (Germany), honorary doctorate from the Visayas State University, Leyte, Philippines.

Professional background:

CEO for the Asia Pacific India regions of BSH Bosch and Siemens Home Appliances Group, 2009–2013; previously held a number of managerial positions in product and distribution areas, including Head of Global Marketing Cooking Division, BSH Bosch and Siemens Home Appliances Group 1993–2009.

Activities in governing and supervisory bodies:

President of the Innovationpark Zentralschweiz association; member of the Board of Trustees of the SENS Foundation; member of the Management Board of the FEA industrial association (household and commercial electric goods); member of the Board of Directors of the Zug Chamber of Commerce.

Christoph Schüpbach (CH) b. 1966

Head of Wire Processing Business Unit since October 1, 2012; CEO of Schleuniger Group since August 1, 2009; member of the Senior Management of Metall Zug AG until May 31, 2019.

Federal Diploma in Mechanical Engineering FH, Master of Business Administration (MBA) from the University of Chicago Booth School of Business.

Professional background:

Management functions at Bystronic Group, culminating in Head of the NAFTA, North Europe and Asia/Pacific Market Division, 2003–2009; management functions within the ABB Group, culminating in Head of the Overvoltage Protection business area at ABB Switzerland, Product Manager for south-east Asia at ABB Malaysia and development engineer and project manager at ABB Turbo-charging, 1993–2002.

4.3 Number of Permitted Additional Mandates (Senior Management)

The number of permitted activities of the members of Senior Management in the top supervisory or management bodies of legal entities corresponds to the rules for members of the Board of Directors, which are explained in section 3.3 of this Corporate Governance Report.

4.4 Management Contracts

Metall Zug AG has not concluded any management contracts with third parties.

5 Compensations, Shareholdings and Loans: Compensation Report

For disclosures regarding compensation, please refer to the separate Compensation Report published on page 53 et seq. of this Annual Report.

6 Shareholders' Participation

6.1 Voting Rights and Representation Restrictions

All shareholders may attend the General Meeting of Shareholders in person to exercise their rights or act at the General Meeting of Shareholders through written proxy to a duly authorized person, who is also a shareholder, or the independent representative.

The independent representative is obliged to exercise the voting rights transferred to him by the shareholders in accordance with their instructions. Pursuant to Art. 16a of the Articles of Association, the Board of Directors ensures that shareholders have the opportunity to

- submit instructions to the independent representative on every motion relating to agenda items mentioned in the invitation to the meeting,
- submit general instructions to the independent representative regarding unannounced motions and new agenda items,
- submit proxies and instructions electronically,

whereas the Board of Directors sets the rules for the procedure and deadlines for the electronic submission of proxies and instructions.

6.2 Statutory Quorums

In addition to the instances stated in Article 704 of the Swiss Code of Obligations (CO), resolutions on

- the restriction of the transferability of registered shares and the easing or cancellation of such restriction,
 - the dissolution of the company by liquidation,
- require the approval of at least two-thirds of the votes of the shares represented and the absolute majority of the share par value represented.

In all other instances, the General Meeting of Shareholders of Metall Zug AG adopts resolutions and holds elections by the majority of votes validly cast (excluding blank and invalid ballot papers) unless otherwise provided by law or the Articles of Association.

6.3 Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by the Board of Directors or, where necessary, by the external auditors. The liquidators are also entitled to convene a general meeting.

6.4 Agenda Items

In principle, items are placed on the agenda in compliance with the legal provisions. Shareholders representing shares with a par value of at least one million Swiss francs may request in writing, and upon specification of the motion, inclusion of an item in the agenda within 50 days prior to the general meeting unless the company sets a different deadline by means of publication. The written request must be accompanied by a statement issued by a bank, confirming that the shares are deposited until after the General Meeting of Shareholders.

6.5 Entries in the Share Register

Only those registered shareholders who are listed in the share register as shareholders with the right to vote on a given cut-off date may exercise the right to vote at the General Meeting of Shareholders. The company's Articles of Association, issued on May 5, 2017, do not contain any rules regarding the cut-off date. It is determined by the Board of Directors and generally fixed for a date a few days prior to the General Meeting of Shareholders. The cut-off date is published along with the invitation to the General Meeting of Shareholders in the Swiss Official Gazette of Commerce (SOGC). There are no exceptions to the cut-off date rule.

7 Changes of Control and Defense Measures

7.1 Duty to Make an Offer

The duty to make a public offer to purchase in accordance with Articles 135 and 163 of the Financial Market Infrastructure Act has been waived (opting out) in accordance with Art. 6 of the Articles of Association.

7.2 Clauses on Changes of Control

In the event of a change of control, Metall Zug AG is not obliged to make any additional payments for the benefit of members of the Board of Directors, members of Senior Management or any other executives.

8 Auditors

8.1 Duration of the Mandate and Term of Office of the Lead Auditor

Auditors: Ernst & Young AG, Zug,

Duration of mandate: since 2006

Lead auditor: Rico Fehr

Assumption of office of the lead auditor: 2013.

Owing to the mandatory change of auditors after no later than seven years, Christoph Michel will assume the office of lead auditor with effect from financial year 2020.

8.2 Auditing Fees

In the reporting year, the independent auditors, in particular Ernst & Young AG, charged Metall Zug AG, or the Metall Zug Group respectively, TCHF 1 213 for services related to the audit of the annual financial statements of Metall Zug AG and its subsidiaries, as well as for services related to the audit of the consolidated financial statements of the Metall Zug Group.

8.3 Additional Fees

The independent auditors charged Metall Zug AG, or the Metall Zug Group respectively, additional fees of TCHF 115 in total, of which TCHF 78 was for audit-related additional services and TCHF 38 for tax consulting services.

8.4 Informational Instruments Pertaining to the External Audit

The external auditors are elected by the General Meeting of Shareholders for a period of one year. The lead external auditor is replaced at the latest after seven years. The Audit Committee is responsible for evaluating the external auditors. At least once a year, the members of the Audit Committee receive from the external auditors a summary of the audit results including suggestions for improvements or other findings developed by the external auditors in the scope of their audit activities. The lead external auditor is invited to all meetings of the Audit Committee. In 2019, he took part in three of four committee meetings. The Audit Committee assesses the performance of the external auditors on the basis of the documents, reports and presentations issued by the external auditors. In doing so, the Audit Committee evaluates the quality, relevance and contribution toward improving transparency on the basis of the statements and documentation made available by the external auditors. In addition, the committee seeks the opinion of the CFO. The amount of fees charged by the external auditors is reviewed and compared with the auditing fees of other comparable Swiss industrial companies on a regular basis. Further information on the external auditors, in particular the amount of auditing fees, and

fees charged by the external auditors for additional services outside the agreed audit scope can be found in sections 8.2 and 8.3 of this Corporate Governance Report. The Audit Committee takes care to ensure that the fees for services that fall outside the agreed audit scope do not exceed a reasonable amount, in order to safeguard the independence of the external auditors.

9 Information Policy

Metall Zug AG and the Metall Zug Group pursue a transparent information policy toward the public and the financial markets. Metall Zug AG communicates openly and regularly with shareholders, the capital market and the general public. The CFO and Head of Corporate Communications & Investor Relations serve as direct points of contact.

Shareholders receive a print report on the financial year and a print version of the half-year report on request. Full versions of the annual report and half-year report are available online at www.metallzug.ch/en/investoren/geschaeftsberichte-praesentationen. A media conference is held at least once a year.

Media releases are issued when an important event occurs. Current media releases and the media releases published in the last few years can be accessed at www.metallzug.ch/en/medien/medienmitteilungen. The financial calendar is available at www.metallzug.ch/en/investoren/kalender/ and general information about Metall Zug AG and the Metall Zug Group can be found at www.metallzug.ch/en/.

At www.metallzug.ch/en/news-service, interested persons can subscribe to a mailing list to receive ad hoc releases and further company information. The contact details for queries regarding Investor Relations can be found at www.metallzug.ch/en/kontakt.

Compensation Report

Compensation Report

The Compensation Report describes the compensation principles and governance framework for compensation to the Board of Directors and Senior Management of Metall Zug AG in financial year 2019. It has been prepared in accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares of November 20, 2013, (ERCO) and the principles of the Swiss Code of Best Practice for Corporate Governance (Swiss Code), in the version issued by *economiesuisse* on September 29, 2014.

General

The members of the Board of Directors and members of Senior Management of Metall Zug AG are entitled to compensation commensurate with their activities, and to the usual social insurance as well as reimbursement of the expenses incurred in the interests of the company. The following report for financial year 2019 is based on the revised Compensation Regulations of March 31, 2019 (valid from January 1, 2019).

The Group's compensation policy provides an adequate basis for the performance-based remuneration and motivation of the employees and managers in line with the market. The compensation system does not provide for any long-term incentive in the form of compensation components that are deferred, vested or blocked for a number of years or share-based compensation dependent upon the attainment of medium- or longer-term goals. The Board of Directors decided against such a long-term incentive and aims to align the interests of managers with those of the company by other means.

In accordance with Art. 25d of the Articles of Association, pensions and other post-employment benefits are only paid to the members of Senior Management and members of the Board of Directors by pension funds (including insurance companies, collective foundations or similar second-pillar institutions); the respective benefits and employer contributions are determined by the applicable regulations. In connection with early retirement, the company can provide bridging benefits amounting to no more than 80 % of the fixed compensation of the last financial year before early retirement to the insured persons or pay additional contributions to the pension fund up to the same maximum amount.

Compensation System for the Board of Directors

The members of the Board of Directors receive a fixed compensation for their work as well as a lump-sum reimbursement of business expenses. Members of the Board of Directors who serve as Chairman of the Board of Directors or Chairman of a committee or who perform special tasks (e.g. activities on the Board of Directors of subsidiaries) receive an additional fee for this additional function. The Chairman of the Board of Directors is entitled to full inclusion in the company's occupational benefits scheme, provided he holds this office as his main occupation (Art. 25b of the Articles of Association). The Corporate Governance Report (see pages 43 to 45) lists the additional tasks performed by members of the Board of Directors of Metall Zug AG on committees, their directorships and further functions at Group companies in the reporting year.

The compensation of the Board of Directors is determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors on an annual basis, usually in the first quarter of the year, for the period from the ordinary General Meeting of Shareholders to the ordinary General Meeting of Shareholders of the following year and presented to the General Meeting of Shareholders for approval in accordance with Art. 25c of the Articles of Association.

Compensation System for Senior Management

The compensation of the members of Senior Management consists of a fixed basic salary and a performance-related variable compensation. In addition, the members of Senior Management receive a lump-sum expenses allowance.

The amount of the fixed compensation is determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors, taking into account the fixed component agreed with Senior Management in their employment contracts, in the fourth quarter for the following financial year, with reference to the total amount approved by the Annual General Meeting. Approval of the total amount available for the fixed compensation of the members of Senior Management is given by the General Meeting of Shareholders in accordance with Art. 25c of the Articles of Association for the following calendar year (prospective model).

If an approved total amount for the compensation of Senior Management is not sufficient to compensate the members appointed after the resolution by the General Meeting of Shareholders until the start of the next approval period, in accordance with Art. 25c of the Articles of Association an additional amount of no more than 40 % of the previously approved total compensation for Senior Management per person is available to the company for the approval period in question.

Variable compensation may not exceed 100 % of the fixed component. In accordance with Art. 25b of the Articles of Association, it is linked to qualitative and quantitative objectives, the structure of which may be determined by the entire Board of Directors with full discretion at the request of the Human Resources and Compensation Committee, taking into consideration the function of the member of Senior Management in question.

Depending on the function, the quantitative targets refer to key figures at Group, Business Unit and/or project level. The qualitative targets are based on the nature of the work done and how it is performed, the commitment shown and the pursuit of the company's long-term, sustainable development; however, an integrated appraisal that looks beyond quantitative measurement systems is also used.

The employment contracts of the members of Senior Management provide for a target bonus, which comes to between 24 % and 80 % of the fixed compensation, depending on their function. In cases of very good performance, the target bonus may be exceeded by no more than 25 % (maximum bonus). As a general rule, the payment of any variable compensation is conditional upon an exemplary performance as well as a positive net result being achieved at Group level or at both Business Unit and Group level after the bonus has been charged to the income statement.

The amount of the target bonus for Senior Management is determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors at the beginning of the current financial year, taking into consideration the target bonus agreed with Senior Management in their employment contracts. The variable compensation for Senior

Management for a financial year is also determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors following presentation of the annual financial statements in the first quarter of the following year on the basis of the achievement of the quantitative and qualitative targets agreed. It is paid out in accordance with Art. 25c of the Articles of Association following approval by the General Meeting of Shareholders (retrospective model).

Capital Participation Programs

Metall Zug AG does not have any participation or option programs and no shares have been assigned to members of the Board of Directors, members of Senior Management or related parties. The Articles of Association do not contain any provisions that would permit the allocation of participation, conversion or option rights.

Details of Compensation

Details of compensation to the Board of Directors and to Senior Management are set out on the following pages. Details of share ownership by the members of the Board of Directors and members of Senior Management are set out under the annual financial statements of Metall Zug AG (see page 95).

Compensation to the Board of Directors

Beside the compensation to the new members, compensation to the Board of Directors in financial year 2019 is largely comparable with the previous year. The changes versus the previous year are attributable to the additional tasks taken on by individual members as mentioned above. The Board of Directors pursues a consistent compensation practice and will propose to the General Meeting of Shareholders of April 24, 2020, that a slightly higher total amount of CHF 1 800 000, including a certain reserve, be made available for its compensation for the term of office up to the ordinary General Meeting of Shareholders in 2021.

No loans or credit facilities were granted to members of the Board of Directors or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities. The lump-sum expense allowances for members of the Board of Directors who are not self-employed, which are based on an expense regulation

approved by the tax authorities, are disclosed as compensation as of financial year 2018 in the interests of full, all-round transparency. However, as “true lump-sum expenses” they do not have to be disclosed as they are not compensation in nature (the same applies to members of Senior Management below). The Board of Directors comprises non-executive members only, with the exception of Heinz M. Buhofer. The compensation for his activities as ad interim CEO at V-ZUG is shown in the table below and is the reason why the total compensation for 2019 is slightly higher than in the previous year. The com-

pensation for his activities as ad interim CEO at V-ZUG is shown in the table below and is the reason why the total compensation for 2019 is slightly higher than in the previous year.

The General Meeting of Shareholders on May 4, 2018 approved the total amount of CHF 1 215 000 available for fixed compensation to the members of the Board of Directors for the term of office up to the General Meeting of Shareholders on May 3, 2019. CHF 1 132 011 of this total amount was utilized for compensation to the Board of Directors in the corresponding period.

	2019			2018		
Compensation for the financial year, in CHF	Fixed compensation / fee (gross) ¹⁾	Social contributions ²⁾	Total	Fixed compensation / fee (gross) ¹⁾	Social contributions ²⁾	Total
Martin Wipfli Chairman of the Board of Directors (from September 1, 2019), Chairman of the Audit Committee	265 000	0	265 000	275 000	0	275 000
Dominik Berchtold Member of the Audit Committee (elected by GM of May 3, 2019)	84 426	4 425	88 851	0	0	0
Heinz M. Buhofer Chairman of the Board of Directors (until August 31, 2019), Chairman of the Human Resources and Compensation Committee	545 000	74 992	619 992	520 000	66 238	586 238
Sandra Emme (elected by GM of May 3, 2019)	84 426	4 425	88 851	0	0	0
Marga Gyger Member of the Audit Committee	124 494	4 494	128 988	149 937	4 937	154 874
Claudia Pletscher (elected by GM of May 3, 2019)	84 426	4 425	88 851	0	0	0
Peter Terwiesch Member of the Human Resources and Compensation Committee	126 638	6 638	133 276	126 638	6 638	133 276
Total Board of Directors	1 314 410	99 399	1 413 809	1 071 575	77 813	1 149 388

¹⁾ The compensation includes additional fees received for directorships with subsidiary companies and further special tasks. As of financial year 2018, lump-sum expense allowances are also disclosed as compensation under this heading.

²⁾ Employer contribution AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance). In the case of the Chairman of the Board of Directors, this amount consists of the contribution to pension schemes provided for by the Articles of Association.

Compensation to Senior Management

Fixed compensation to the members of Senior Management in the reporting period is within the range of the previous year. However, the compensation to CEO Jürg Werner is slightly lower, and only the compensation paid to Dirk Hoffmann and Christoph Schüpbach prior to their stepping down from Senior Management of Metall Zug on May 31, 2019, is taken into account. For financial year 2021 a lower total amount of CHF 1 000 000 will be proposed to the General Meeting of Shareholders for the fixed compensation to Senior Management due to the early retirement of the CEO effective end of March. For the variable compensation of the members of Senior Management for financial year 2019, the Board of Directors will propose to the General Meeting of Shareholders on April 24, 2020, the lower amount of CHF 300 000 compared with the previous year (CHF 700 000). However, here too, only the variable compensation paid to Dirk Hoffmann and Christoph Schüpbach prior to their stepping down from the Senior Management of Metall Zug on May 31, 2019, is taken into account. The variable compensation reflects the business result of the

Metall Zug Group and the achievement of objectives by the members of Senior Management.

The employment contracts of the members of Senior Management do not provide for any severance payments. The notice period is generally six months. No loans or credit facilities were granted to members of Senior Management or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities.

The General Meeting of Shareholders on May 4, 2018, approved the total amount of CHF 3 370 000 available for fixed compensation to the members of Senior Management for financial year 2019. CHF 2 035 260 of this total amount was utilized for fixed compensation to Senior Management in the reporting year. Of the total amount of CHF 700 000 approved by the General Meeting of Shareholders on May 3, 2019, for variable compensation to the members of Senior Management for financial year 2018, CHF 634 774 was actually paid out.

	2019		2018	
Compensation for the financial year, in CHF	CEO ¹⁾	Senior Management (total) ²⁾	CEO ¹⁾	Senior Management (total)
Fixed compensation (gross)	666 667	1 477 083	760 000	2 090 006
Other payments/benefits ³⁾	61 894	131 531	66 460	190 875
Social contributions ⁴⁾	175 686	426 646	184 687	570 658
Total fixed compensation	904 247	2 035 260	1 011 147	2 851 539
Variable compensation (gross)	126 633	275 177	234 759	600 969
Social contributions ⁴⁾	7 313	15 891	13 205	33 805
Total variable compensation⁵⁾	133 946	291 068	247 964	634 774
Total compensation	1 038 193	2 326 328	1 259 111	3 486 313

¹⁾ The highest compensation amount to a single member of the Senior Management was paid to the CEO Jürg Werner in both reporting years.

²⁾ Compensation paid to Dirk Hoffmann and Christoph Schüpbach is included for the period until their departure from the Senior Management on May 31, 2019.

³⁾ Other payments, benefits and compensation (such as company car, supplementary insurance, etc.). As of financial year 2018, lump-sum expense allowances are also disclosed as compensation under this heading. Child and family allowances are not disclosed.

⁴⁾ Employer contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance), daily sickness benefits insurance and accident insurance. The variable compensation to the members of Senior Management is generally paid out in May of the following year subject to approval by the Annual General Meeting of Shareholders (on April 24, 2020, for the variable compensation for 2019). The 2019 variable compensation to Dirk Hoffmann was paid out in 2019 subject to approval by the Annual General Meeting of Shareholders. The amounts in the table are disclosed on an accrual basis.

⁵⁾ The variable compensation to the members of Senior Management is generally paid out in May of the following year subject to approval by the Annual General Meeting of Shareholders (on April 24, 2020, for the variable compensation for 2019). The 2019 variable compensation to Dirk Hoffmann was paid out in 2019 subject to approval by the Annual General Meeting of Shareholders. The amounts in the table are disclosed on an accrual basis.

Report of the Statutory Auditor



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To the General Meeting of
Metall Zug AG, Zug

Zug, 13 March 2020

Report of the statutory auditor on the compensation report

We have audited the compensation report of Metall Zug AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 53 to 56 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 - 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 - 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended 31 December 2019 of Metall Zug AG complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Simon Balmer
Licensed audit expert

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Consolidated Income Statement

in CHF 1000	Notes	2019	2018
Gross sales		1 219 841	1 199 855
Sales deductions		-24 117	-30 345
Net sales	1	1 195 724	1 169 510
Changes in inventories		-6 227	21 151
Other operating revenue		11 515	11 039
Operating revenue		1 201 012	1 201 700
Cost of materials	2	-418 911	-430 538
Personnel expenses	3	-491 361	-472 232
Depreciation on tangible assets	13	-34 345	-31 065
Amortization on intangible assets	13	-7 714	-4 799
Impairments	13	713	711
Other operating expenses	4	-210 619	-174 452
Operating expenses		-1 162 237	-1 112 375
Operating income (EBIT)	1	38 775	89 325
Financial income	6	14 645	12 898
Financial expenses	6	-10 546	-16 570
Associated companies	6, 13	63	150
Financial result		4 162	-3 522
Income before taxes		42 937	85 803
Taxes	7	-10 648	-16 880
Non-controlling interest	8	-3 072	-5 359
Net income		29 217	63 564
Net income per type A registered share (in CHF)	9	6.52	14.16
Net income per type B registered share (in CHF)	9	65.18	141.59

There is no dilution for 2019 or 2018 with regard to net income per share. Details of the individual items are available in the Notes to the consolidated financial statements as of page 71.

Consolidated Balance Sheet

Assets

in CHF 1000	Notes	12.31.2019	12.31.2018
Cash and cash equivalents		152 782	161 781
Securities	10	3 224	65 363
Trade receivables	11	177 660	179 461
Other receivables		35 706	29 685
Inventories	12	225 686	236 698
Prepaid expenses		10 315	8 643
Current assets		605 373	681 631
Land	13	2 460	2 511
Land and buildings	13	229 747	204 243
Plant and equipment	13	93 625	65 645
Prepayments and assets under construction	13	54 399	60 743
Other tangible assets	13	21 197	21 701
Tangible assets		401 428	354 843
Employer's contribution reserves	13, 25	21 319	20 695
Associated companies	13	657	634
Other financial assets	13	21 473	23 354
Financial assets		43 449	44 683
Software	13	32 864	27 021
Other intangible assets	13	11	14
Intangible assets		32 875	27 035
Fixed assets		477 752	426 561
Total assets		1 083 125	1 108 192

Details of the individual items are available in the Notes to the consolidated financial statements as of page 71.

Liabilities and Shareholders' Equity

in CHF 1000

	Notes	12.31.2019	12.31.2018
Current financial liabilities	14	296	292
Trade payables		48841	62290
Other current liabilities	12, 15, 16	100956	91086
Accrued liabilities		70184	73360
Current provisions	17	28731	33297
Current liabilities		249008	260325
Long-term financial liabilities	14	4682	5185
Other long-term liabilities	16	3832	15884
Long-term provisions	17	63070	58408
Non-current liabilities		71584	79477
Total liabilities		320592	339802
Share capital	19	11250	11250
Capital reserves	19	351310	351310
Treasury shares	19	-6027	-6027
Retained earnings		334140	342819
Non-controlling interest		71860	69038
Shareholders' equity		762533	768390
Total liabilities and shareholders' equity		1083125	1108192

Details of the individual items are available in the Notes to the consolidated financial statements as of page 71.

Consolidated Statement of Cash Flows

in CHF 1000	2019	2018
Net income before non-controlling interests	32 289	68 923
Financial result, net (excluding associated companies)	-4 099	3 672
Depreciation and amortization	42 059	35 864
Impairment	-713	-711
Result of associated companies	-63	-150
Net changes in provisions	5 867	-8 756
Taxes	10 648	16 880
Other non-cash items	-856	3 738
Change in trade receivables	-392	-22 388
Change in other receivables and prepaid expenses	-5 869	20 154
Change in inventories	7 651	-30 910
Change in trade payables	-17 382	11 033
Change in other current liabilities and accrued expenses	7 799	16 572
Interest paid	-114	-235
Taxes paid	-19 959	-25 667
Cash flow from operating activities²⁾	56 866	88 019
Investments in tangible assets	-79 737	-72 220
Investments in financial assets	-705	-6 155
Investments in intangible assets	-9 562	-14 655
Investments in Group companies, net of cash acquired ¹⁾	-1 397	-300 680
Disposals of tangible assets	788	1 057
Disposals of financial assets ²⁾	69 414	252 061
Disposals of intangible assets	400	1
Interest received	70	83
Dividends received	43	164
Cash flow from investing activities	-20 686	-140 344
Change in long-term financial liabilities	-10 330	-557
Purchase of treasury shares	0	-2 987
Dividend	-33 384	-31 839
Cash flow from financing activities	-43 714	-35 383
Currency translation effects	-1 469	-1 569
Change in "Net cash and cash equivalents"	-9 003	-89 277

¹⁾ The position Investments in Group companies, net of cash acquired, relates in 2019 to repurchased non-controlling interests. In 2018, the position Investments in Group companies, net of cash acquired, contained the purchase of Haag-Streit Holding AG and its subsidiaries, of adaptronic Prüftechnik GmbH and of the minority stake of 35% in OptoMedical Technologies GmbH. The position was adjusted by a non-cash debt assumption in the amount of TCHF 43986 as well as a postponed purchase price payment of TCHF 85, also refer to Note 24.

²⁾ The cash flow from securities was reclassified from Cash flow from operating activities (position Change in securities) to Cash flow from investing activities (position Disposals of financial assets) in 2019. As a result of the disposals of securities in the financial years 2018 and 2019, the operational significance of the investment management of the reporting segment Corporate has been reduced to such an extent that, due to the reclassification, the consolidated cash flow statement is more adequate. Accordingly, the previous year was adjusted and the cash flow from securities amounting to TCHF 247 660 was reclassified to the position Disposals of financial assets.

Information on the composition of "Net cash and cash equivalents" is available in Note 26 (page 86).

Changes in Shareholders' Equity

in CHF 1000	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Accu- mulated Currency Transla- tion Dif- ferences	Total Retained Earnings	Non- con- trolling Interests	Total
Balance on 01.01.2018	11 250	351 328	-3 040	565 083	-3 195	561 888	-1 822	919 604
Dividend				-31 448		-31 448	-391	-31 839
Purchase of treasury shares			-2 987			-		-2 987
Acquisitions				-249 269		-249 269	65 438	-183 831
Purchase of minorities				-786	8	-778	381	-397
Other		-18		44		44	19	45
Currency translation effects				-210	-972	-1 182	54	-1 128
Net income				63 564		63 564	5 359	68 923
Balance on 12.31.2018	11 250	351 310	-6 027	346 978	-4 159	342 819	69 038	768 390
Balance on 01.01.2019	11 250	351 310	-6 027	346 978	-4 159	342 819	69 038	768 390
Dividend				-31 379		-31 379	-2 005	-33 384
Purchase of minorities				-3 678	-140	-3 818	2 421	-1 397
Other ¹⁾				870		870		870
Currency translation effects				-2 535	-1 034	-3 569	-666	-4 235
Net income				29 217		29 217	3 072	32 289
Balance on 12.31.2019	11 250	351 310	-6 027	339 473	-5 333	334 140	71 860	762 533

¹⁾ Contains the impact of a subsequent purchase price adjustment, see Note 13, page 79.

See note 19 (page 82) for more detailed information on the purchase/disposal of treasury shares and note 24 (page 84) for more detailed information on acquisitions.

Notes to the Consolidated Financial Statements

General

The consolidated financial statements of the Metall Zug Group comply with the complete Swiss GAAP FER financial reporting standard currently applicable and are prepared on the basis of historical cost (acquisition cost or production cost) or actual values. The financial year taken as the basis for the consolidated financial statements is equivalent to the calendar year.

The Board of Directors released the consolidated financial statements for publication on March 13, 2020.

Scope of Consolidation

The Group holds more than 50 % of the votes and capital of all consolidated subsidiaries. The acquisition method is applied, i.e. assets and liabilities as well as expenses and income are consolidated at 100 %. Any share of non-controlling interests in net income and shareholders' equity is reported separately. Associated companies in which the Metall Zug Group holds direct or indirect investments of 20 % to 50 % are accounted for using the equity method (proportional equity). Participations below 20 % are not consolidated.

At the time of the initial consolidation, assets and liabilities of the acquired companies and business parts are stated at fair value and in accordance with uniform Group policies. The excess of the acquisition price over the revalued net assets of the acquired companies or business parts is recognized as goodwill. This goodwill is offset against retained earnings without affecting net income. The impact of a theoretical capitalization is presented in the Notes to the Consolidated Financial Statements (see note 13, page 79). The useful life of the goodwill is determined at the time of acquisition. It generally ranges from 3 to 5 years, and up to 20 years in exceptional cases.

Principles of Consolidation

Consolidation Method

Capital consolidation is performed to present the equity of the entire Group. In this context, the acquisition method is applied.

Exchange Rates into CHF

Income Statement (Average Rate)	2019	2018
1 EUR	1.1126	1.1554
1 USD	0.9937	0.9783
1 GBP	1.2684	1.3063
1 AUD	0.6909	0.7317
1 SGD	0.7284	0.7254
100 CNY	14.3881	14.8088
100 JPY	0.9118	0.8859
100 HKD	12.6823	12.4821
100 MXN	5.1617	5.0920

Balance Sheet (Exchange Rate on 12.31.)	2019	2018
1 EUR	1.0854	1.1269
1 USD	0.9662	0.9842
1 GBP	1.2757	1.2598
1 AUD	0.6786	0.6948
1 SGD	0.7183	0.7228
100 CNY	13.8789	14.3097
100 JPY	0.8901	0.8954
100 HKD	12.4084	12.5665
100 MXN	5.1149	5.0102

Currency Translation

With regard to currency translation for consolidation purposes, the annual financial statements of the Group companies are translated into Swiss francs according to the current rate method. The exchange rate at the end of the year is applied to assets and liabilities, while the average exchange rate during the period under review is used for income statements and statements of cash flows. Equity is converted on the basis of historical exchange rates, the resulting currency effects are offset against retained earnings without affecting net income.

Sales and Revenue Recognition

Net sales include the inflow of economic benefits from sales of goods and services within the scope of ordinary business during the period under review. Sales reductions such as discounts, rebates and other concessions as well as payments to third parties such as commissions and any value added tax have been deducted from net sales reported.

Revenues are reported when the significant risks and rewards related to the ownership of products sold to the client (according to the contractual agreement) are transferred. Revenue from services is recognized in the accounting period in which the service is rendered.

In the case of agency transactions, only the value of own services is recognized. Business transactions involving identifiable multiple elements are recognized and valued separately.

Intercompany Transactions

Intercompany receivables, payables and transactions are eliminated for fully consolidated companies. Allowances and value adjustments for intercompany receivables and investments are reversed. The individual Group companies' intercompany profits on inventories and tangible assets are also eliminated.

Principles of Valuation

Securities

Listed securities and portfolios managed by third parties are recorded at stock market prices at the balance sheet date. Unlisted securities are shown in the balance sheet at acquisition cost less any impairment.

Trade Receivables

In addition to individual value adjustments, general value adjustments of up to 2 % for domestic receivables and up to 5 % for foreign receivables are made according to past experience.

Inventories

Purchased goods are recognized in the balance sheet at acquisition cost, predominantly according to the standard cost method or at market value if lower. Self-produced goods are valued at production costs including indirect production costs or at market value if lower. In addition to individual value adjustments, general value adjustments for general valuation risks are made according to past experience.

Tangible Assets

Tangible assets are recorded at historical costs or at production costs less straight-line depreciation according to the following table. If required from an economic point of view, impairments are recorded to reflect the decrease in value.

Depreciation and Amortization Table

	Years
Industrial, commercial and office buildings	33–50
Residential buildings	50–66
Plant and equipment	5–12
Special tools	3–5
Vehicles	5–10
Other tangible assets	2–8
Software	2–5
Other intangible assets	2–20

Financial Assets

Financial assets are recorded at their acquisition value less necessary impairments. Associated companies are consolidated according to the equity method. The associated companies' share in the result is recorded and shown in the result for the period. Adjustments to the equity of associated companies are recorded in shareholders' equity and do not affect net income.

Intangible Assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They are measured at historical cost less straight-line amortization according to the above depreciation and amortization table. Self-developed intangible assets are not capitalized.

Liabilities

Liabilities are measured at their nominal value.

Employee Benefits

The Group provides pension plans for the majority of its personnel in compliance with the respective country-specific legal provisions. The most important companies are located in Switzerland, where pension schemes are organized through independent foundations or collective foundations. These plans cover the economic consequences of old age, death or disability. Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary. In Germany and England, seniority-related pension benefit obligations are established based on actuarial calculations. These pension benefit obligations are partially re-insured.

Changes in the employer's contribution reserves as well as any economic impact of surpluses or deficits of pension schemes on the Group are recorded as personnel expenses. They affect net income.

Income Taxes

Current income taxes are calculated at the prevailing tax rates based on the expected statutory, respectively fiscal result for the period as per commercial law and according to the respective tax assessment rules. They are disclosed under Other current liabilities.

Deferred Taxes

Deferred taxes are calculated on the differences between the Group companies' tax balance sheet and the balance sheet prepared for consolidation purposes, insofar as these deviations affect income tax. The individual Group companies' current or expected tax rates are applied to calculate deferred taxes. Tax loss carryforwards are neither capitalized nor offset against provisions for deferred taxes. Net deferred tax assets from temporary differences are not capitalized.

Provisions

A provision is recognized if the Group has a probable obligation based on past events for which the amount and due date are still uncertain but can be estimated. The provisions position also includes deferred taxes. They are structured according to their maturity, i.e. a distinction is made between current provisions with an expected cash outflow within the next 12 months, and long-term provisions with an expected cash outflow after more than one year. Provisions for guarantees are calculated based on historical data (average of actual costs in recent years).

Contingent Liabilities

Contingent liabilities are assessed according to the probability and scope of future unilateral contributions and costs, and are disclosed in the Notes.

Risk Management**Risk Assessment and Management Process**

Risk assessment and risk control within the Metall Zug Group are based on a standardized four-stage risk management process which includes the following steps:

1. Identification of risks: Every three years, an extensive Group-wide risk identification is conducted. Within the scope of the survey, all business risks are compiled and documented on the basis of standard criteria. The identified risks are analyzed, updated and amended as necessary on an annual basis until the next extensive survey is conducted.
2. Risk analysis: The senior executives of the respective Business Units evaluate the risks identified in step 1 with a view to their probability of occurrence and their impact. When assessing the impact of a risk, both the financial implications and the effect on reputation are considered.
3. Risk control: The Business Units assign risk managers to each individual business risk and risk category who define specific measures and monitor the implementation of these measures.
4. Risk reporting: The Audit Committee and the Board of Directors of Metall Zug AG receives a consolidated risk report on an annual basis.

Country Risks

As a Group that operates globally (share of sales generated abroad: 54.8 %; previous year: 52.7 %), the Metall Zug Group is exposed to risks such as political, financial and societal insecurity in addition to turmoil, terrorism and unrest.

Financial Risk Management

Overall, the Metall Zug Group adopts a conservative and risk-averse approach. The Group's business activities expose it to a variety of financial risks, including those related to changes in equity market prices and currency and interest rate risks. Derivative financial instruments such as foreign exchange, commodity and interest rate contracts may be used to hedge these risks.

The principles of financial risk management are determined at Group level and apply to all Business Units. Besides providing guidance on general financial risk management, the principles also set forth requirements for specific areas such as the management of interest rate, currency and counterparty risks, the use of derivative financial instruments, and the investment policy for excess liquidity.

Liquidity Risks

The Group uses a periodic liquidity planning instrument to monitor liquidity risk and has sufficient cash and cash equivalents, unused credit facilities and readily marketable securities to meet its liabilities.

On the balance sheet date, cash and cash equivalents and readily marketable securities exceeded financial liabilities by CHF 151.0 million (previous year: CHF 221.7 million). A maturity profile of the financial liabilities is included in Note 14.

In addition, the Group's excellent credit rating would allow it to make efficient use of the financial markets for financing purposes.

Market Risks and Interest Rate Risks

Listed securities and portfolios managed by third parties are recorded at stock market prices on the balance sheet date. Unlisted securities are shown in the balance sheet at acquisition cost less any impairment.

The material securities position can lead to high volatility of net income.

Result from Securities

in CHF 1000	2019	2018
Result from securities	6397	-1026
In % of income before taxes	14.9	-1.2
Change from previous year	7423	-31965
Change in % of income before taxes	17.3	-37.3

Metall Zug has very low interest-bearing financial liabilities at present. As a result, the Group's interest rate risk arises less from its financing structure and volume but more from its interest-bearing assets.

Metall Zug is exposed to commodity price risks as it requires raw materials such as steel to manufacture its products. The Metall Zug Group hedges the commodity price risk largely by entering into long-term purchasing agreements equivalent to the projected purchasing volumes. In addition, the purchase price for components is partly dependent on the market price of commodities like steel, aluminium, copper and plastics.

Currency Risks

In Switzerland and abroad, the Metall Zug Group generates both sales revenues and costs in foreign currencies. Exchange rate movements therefore have an impact on the consolidated results.

These risks are partly mitigated through the concept known as natural hedging. This involves neutralizing currency risks from cash inflows in a certain currency with cash outflows in the same currency. However, the cash inflows and outflows do not match in size. As a result currency fluctuations can affect the Group's earnings margins, which means that the Group is exposed to a transaction risk. The Household Appliances Business Unit generates more costs than sales in foreign currency, making the EUR/CHF exchange rate of primary importance. For the Infection Control, Wire Processing and Medical Devices Business Units, the USD/EUR and USD/CHF exchange rates additionally have a significant impact on cash inflows and outflows (income in USD, costs in EUR and CHF).

In general, most of the transaction risks are systematically hedged, usually for 12 months.

In addition, the Household Appliances Business Unit in particular is exposed to currency risks whenever its competitors operating on a foreign currency basis factor the currency fluctuations in question into the prices of the products they sell in Switzerland. This can give rise to competitive advantages or disadvantages for the Business Unit.

Given the material securities position, exchange rate fluctuations also have an effect on the Group's financial result whenever securities are denominated in a currency other than the functional currency. The following table provides information about the net foreign currency effect on the financial result.

Foreign Currencies in the Financial Result

in CHF 1000	2019	2018
Foreign exchange losses (net)	-1606	-1975
In % of income before taxes	-3.7	-2.3
Change from previous year	369	-1812
Change in % of income before taxes	0.9	-2.1

Counterparty Risks from Treasury Activities

Financial transactions are only entered into with counterparties with a high credit rating. Cash and cash equivalents and securities are invested in a variety of counterparties to avoid cluster risks. Most of the securities were managed by third parties under asset management mandates.

Credit Risks

Credit risks for the Group mainly arise from the sale of products and services (risk of default). The customer's financial circumstances are monitored on a permanent basis (wherever this makes sense). It is not customary to require additional collateral. As the Group has a broad customer base, its exposure to individual default risks is low. Specific allowances for doubtful receivables are established for anticipated bad debts. In addition, general provisions for doubtful receivables of maximum 2 % are formed for domestic receivables and maximum 5 % for foreign receivables, which are based on empirical values.

Allowance for Doubtful Receivables

in CHF 1000	2019	2018
Allowance for doubtful receivables	-7177	-7463
In % of trade receivables (gross)	3.9	4.0
Change from previous year ¹⁾	286	-1194 ¹⁾
Change in % of income before taxes	0.7	-1.4

¹⁾ Adjusted for the impact of the acquired Haag-Streit Holding AG and adaptiv Prftechnik GmbH in the amount of TCHF 1464.

List of Investments (as at 12.31.2019)

Company	Domicile	Currency	Share Capital	Share of Capital and Votes
V-ZUG Holding AG¹⁾	Zug	CHF	1215 000	100 %
V-ZUG AG	Zug	CHF	1 900 000	100 %
V-ZUG Services AG ²⁾	Zug	CHF	100 000	100 %
V-ZUG Kühltechnik AG	Arbon	CHF	100 000	100 %
V-ZUG Australia Pty. Ltd.	Sydney (AU)	AUD	100	100 %
V-ZUG Europe BVBA	Harelbeke-Kortrijk (BE)	EUR	2 000 000	100 %
V-ZUG (Shanghai) Domestic Appliance Co., Ltd.	Shanghai (CN)	CNY	8 363 000	100 %
V-ZUG (Changzhou) Special Components Co., Ltd.	Changzhou (CN)	CNY	19 370 000	100 %
V-ZUG Hong Kong Co., Ltd.	Hong Kong (HK)	HKD	500 000	100 %
V-ZUG Singapore Pte. Ltd.	Singapore (SG)	SGD	250 000	100 %
SIBIRGroup AG	Spreitenbach	CHF	500 000	100 %
V-ZUG Infra AG	Zug	CHF	351 850	100 %
MZ Infra AG	Zug	CHF	1 000 000	100 %
Gehrig Group AG	Rümlang	CHF	2 000 000	100 %
Hildebrand France S.a.r.l.	La Boisse (FR)	EUR	426 720	100 %
V-ZUG Immobilien AG	Zug	CHF	1 000 000	100 %
Tech Cluster Zug AG²⁾	Zug	CHF	100 000	100 %
Belimed AG³⁾	Zug	CHF	6 500 000	100 %
Belimed Sauter AG	Sulgen	CHF	350 000	100 %
Belimed GmbH	Mühl Dorf am Inn (DE)	EUR	6 135 550	100 %
Belimed d.o.o.	Grosuplje (SI)	EUR	28 000	100 %
Belimed GmbH	Fehring (AT)	EUR	180 000	100 %
Belimed B.V.	J.G. Rotterdam (NL)	EUR	18 151	100 %
Belimed SAS	Sausheim (FR)	EUR	1 650 000	100 %
Belimed Ltd.	Shipley (UK)	GBP	200 000	100 %
Belimed, Inc.	Charleston (US)	USD	3 000 000	100 %
Belimed Medical Equipment (Shanghai) Co.	Shanghai (CN)	CNY	4 223 180	100 %
STERIFAST Sterilization & Disinfection Systems, Lda.	Boticas (PT)	EUR	5 000	100 %
Belimed Life Science AG⁴⁾	Sulgen	CHF	3 000 000	100 %
Belimed Life Science d.o.o. ⁴⁾	Grosuplje (SI)	EUR	7 500	100 %
Schleuniger Holding AG	Thun	CHF	2 500 000	100 %
Schleuniger AG	Thun	CHF	150 000	100 %
Schleuniger GmbH	Radevormwald (DE)	EUR	1 025 000	100 %
Schleuniger Test Automation GmbH	Jettingen (DE)	EUR	26 000	100 %
DiIT GmbH	Krailling (DE)	EUR	103 000	100 %
adaptronic Prüftechnik GmbH	Wertheim (DE)	EUR	300 000	60 %
Schleuniger, Inc.	Manchester (US)	USD	200 000	100 %
Schleuniger S. de R.L. de C.V. ²⁾	Queretaro (MX)	MXN	3 000	100 %
Schleuniger Japan Co.	Tokyo (JP)	JPY	200 000 000	100 %
Schleuniger Trading (Shanghai) Co.	Shanghai (CN)	CNY	10 863 620	100 %
Schleuniger Machinery (Tianjin) Co., Ltd.	Tianjin (CN)	CNY	20 000 000	100 %
L W Solutions Ltd.	Pontypridd (UK)	GBP	56 878	20 %

List of Investments (as at 12.31.2019) – Continuation

Company	Domicile	Currency	Share Capital	Share of Capital and Votes
Haag-Streit Holding AG	Köniz	CHF	750 000	70 %
Haag-Streit AG	Köniz	CHF	8 000 000	100 %
Spectros AG	Ettingen	CHF	500 000	100 %
Haag-Streit Deutschland GmbH	Wedel (DE)	EUR	500 000	100 %
Haag-Streit Surgical GmbH	Wedel (DE)	EUR	500 000	100 %
Möller-Wedel Beteiligungen GmbH	Wedel (DE)	EUR	1 510 000	100 %
Möller-Wedel GmbH & Co. KG	Wedel (DE)	EUR	663 800	100 %
Möller-Wedel Optical GmbH	Wedel (DE)	EUR	500 000	100 %
Möller-Wedel Verwaltung GmbH	Wedel (DE)	EUR	25 000	100 %
HS DOMS GmbH	Saalfeld (DE)	EUR	25 000	100 %
OptoMedical Technologies GmbH	Lübeck (DE)	EUR	50 000	100 %
IPro GmbH EDV für Augenoptiker	Leonberg (DE)	EUR	500 000	100 %
Haag-Streit Far East Ltd.	Shanghai (CN)	CNY	500 000	100 %
Clement Clarke (Holdings) Ltd.	Harlow (UK)	GBP	7 200 000	100 %
Clement Clarke International Ltd.	Harlow (UK)	GBP	100 000	100 %
Haag-Streit UK Ltd.	Harlow (UK)	GBP	1 000	100 %
John Weiss & Son Ltd.	Harlow (UK)	GBP	20 000	100 %
Haag-Streit Holding US, Inc.	Mason (US)	USD	200	100 %
Haag-Streit USA, Inc.	Mason (US)	USD	100	100 %
Reliance Medical Products, Inc.	Mason (US)	USD	9 250	100 %

¹⁾ V-ZUG Holding AG, Zug, was founded on November 28, 2019 by means of a contribution in kind of the investments listed below this company and is a wholly owned subsidiary of Metall Zug AG.

²⁾ In 2019, the Group companies V-ZUG Services AG, Zug, and Schleuniger S. de R.L. de C.V., Mexico, were incorporated. Both companies have commenced operations. Furthermore, the company Tech Cluster Zug AG, Zug, was founded and will commence operations in 2020.

³⁾ On March 20, 2019, Metall Zug AG repurchased the 2.76% non-controlling interests in Belimed AG, Zug, held by the former CEO and current chairman of the Board of Directors of Belimed AG. Since then, Metall Zug AG holds the entire 100% stake in Belimed AG.

⁴⁾ The companies Belimed Life Science AG, Sulgen, and Belimed Life Science d.o.o., Slovenia, commenced operations on January 1, 2019. As of this time, the activities of the Life Science segment of the Infection Control Business Unit were transferred to the Life Science Solutions Business Unit.

In financial year 2019, the company SARL Haag Streit France was liquidated.

1 Segment Information

The business activities of Metall Zug Group comprise the following Business Units:

Household Appliances	Appliances for kitchen, laundry and gastronomy sector, as well as services and other products ¹⁾
Wire Processing	Wire processing equipment, test systems, software and services
Medical Devices	Products and services for diagnosis and surgery, mainly in the fields of ophthalmology and surgical microscopy
Infection Control	Equipment for hospitals, as well as services and other products ¹⁾
Life Science Solutions	Equipment for the pharmaceutical industry and laboratories
Technologycluster & Infrastructure	Management and development of real estate
Corporate	Management

By Business Unit

in CHF 1000	Net Sales to Third Parties		Operating Income (EBIT)	
	2019	2018	2019	2018
Household Appliances	583 755	579 166	28 723	48 313 ⁴⁾
Wire Processing	201 377	214 527	9 779	28 924
Medical Devices	204 919	178 505 ²⁾	16 499	21 578 ²⁾
Infection Control	170 371	197 312 ³⁾	902	-10 476 ³⁾
Life Science Solutions	35 302	n/a ³⁾	-8 351	n/a ³⁾
Technologycluster & Infrastructure	0	n/a	-11 227 ⁵⁾	n/a ⁴⁾
Corporate	0	0	-3 250	986 ⁴⁾
Consolidation	0	0	5 700 ⁵⁾	0
Total	1 195 724	1 169 510	38 775	89 325

in percent	EBIT as % of Net Sales		Contribution to Operating Income (EBIT)	
	2019	2018	2019	2018
Household Appliances	4.9 %	8.3 %	74.1 %	54.1 % ⁴⁾
Wire Processing	4.9 %	13.5 %	25.2 %	32.4 %
Medical Devices	8.1 %	12.1 %	42.6 %	24.2 % ²⁾
Infection Control	0.5 %	-5.3 % ³⁾	2.3 %	-11.7 % ³⁾
Life Science Solutions	-23.7 %	n/a ³⁾	-21.5 %	n/a ³⁾
Technologycluster & Infrastructure		n/a	-29.0 % ⁵⁾	n/a ⁴⁾
Corporate			-8.4 %	1.0 % ⁴⁾
Consolidation			14.7 % ⁵⁾	0.0 %
Total			100.0 %	100.0 %

¹⁾ Other products of the Household Appliances Business Unit comprise surface technology and specialty products, other products of the Infection Control Business Unit comprise specialty products. Both in the reporting year and in the previous year these other products contributed less than 1 % of net sales.

²⁾ The prior year of the Medical Devices Business Unit contains Haag-Streit Holding AG and its subsidiaries for the period from March 1, 2018 to December 31, 2018 (10 months).

³⁾ The year 2018 of the Infection Control Business Unit contains the Life Science Solutions Business Unit split off on January 1, 2019.

⁴⁾ The company V-ZUG Infra AG, which has been part of the Technologycluster & Infrastructure Business Unit since January 1, 2019, was included in the Household Appliances Business Unit until December 31, 2018. The companies V-ZUG Immobilien AG and MZ Infra AG were assigned to the Corporate reporting segment until December 31, 2018 and have been included in the Technologycluster & Infrastructure Business Unit since January 1, 2019.

⁵⁾ The EBIT of the Technologycluster & Infrastructure Business Unit includes in 2019 the recognition of a provision for ground remediation in the amount of TCHF 13 083 (see Note 17) as well as a compensation payment of TCHF 6 000 to the Household Appliances Business Unit (V-ZUG AG) in connection with the area transformation in Zug. This is eliminated in the Consolidation line in the amount of TCHF 5 700.

Net Sales to Third Parties by Region**2019**

in CHF 1000	Household Appliances	Wire Processing	Medical Devices	Infection Control	Life Science Solutions	Total
Switzerland	522 186	1 920	7 421	7 870	1 657	541 054
Europe (excluding Switzerland)	16 965	86 607	68 072	57 213	26 681	255 538
Americas	25 033	71 071	90 563	70 370	5 777	262 814
Asia/Pacific/Others	19 571	41 779	38 863	34 918	1 187	136 318
Total 2019	583 755	201 377	204 919	170 371	35 302	1 195 724

2018

in CHF 1000	Household Appliances	Wire Processing	Medical Devices ¹⁾	Infection Control ²⁾	Life Science Solutions ²⁾	Total
Switzerland	532 289	2 570	6 576	11 633	n/a	553 068
Europe (excluding Switzerland)	15 247	95 441	60 674	77 342	n/a	248 704
Americas	22 595	71 124	74 633	72 985	n/a	241 337
Asia/Pacific/Others	9 035	45 392	36 622	35 352	n/a	126 401
Total 2018	579 166	214 527	178 505	197 312	n/a	1 169 510

¹⁾ The Medical Devices Business Unit contains Haag-Streit Holding AG and its subsidiaries for the period from March 1, 2018 to December 31, 2018 (10 months).

²⁾ The year 2018 of the Infection Control Business Unit includes the Life Science Solutions Business Unit split off on January 1, 2019. Therefore, prior-year disclosures for the Life Science Solutions Business Unit are not applicable (n/a).

2 Cost of Materials

In the year under review, the cost of materials decreased by TCHF 11 627, from TCHF 430 538 to TCHF 418 911. In relation to gross sales it decreased from 35.9 % to 34.3 %. Cash discounts on goods purchased are recorded as cost reductions.

3 Personnel Expenses

in CHF 1000	2019	2018
Wages and salaries	-398 927	-386 959
Pension contributions	-27 829	-24 757
Other personnel expenses	-64 605	-60 516
Total personnel expenses	-491 361	-472 232

The number of full-time equivalents decreased by 39 in the reporting year (previous year: increase of 1 189) to 5 165 (previous year: 5 204). This represents a decrease of 0.7 % (previous year: increase of 29.6 %).

The strong increase of 1 137 full-time equivalents in the previous year was due to the acquisitions made in 2018, as listed in Note 24.

4 Other Operating Expenses

in CHF 1000	2019	2018
Marketing/sales promotion	-35 611	-31 409
Maintenance and repair	-31 381	-19 291
Administrative expenses	-84 218	-71 584
Other costs	-59 409	-52 168
Total other operating expenses	-210 619	-174 452

Other operating expenses increased in the 2019 financial year by TCHF 36 167. In relation to gross sales, other operating expenses increased from 14.5 % to 17.3 %. Other operating expenses include a net release of guarantee provisions in the amount of TCHF 2 657 (previous year: release of TCHF 3 991).

In 2019, the other operating expenses include the initial recognition of a provision in the amount of TCHF 13 083 for ground remediation work at the main V-ZUG site. The expenses continue to include increased costs from various digitization and IT projects as well as non-capitalizable expenditures in relation to the on-going site development in Zug.

5 Research and Development

Expenses for research and development are included in operating expenses and relate to personnel costs, cost of material, overhead costs and external services. These expenses of TCHF 106 731 increased compared to the previous year by TCHF 8 686 and as in the past were charged directly to the income statement. Compared to the previous year, expenses for research and development increased to 8.7 % of gross sales (previous year: 8.2 %).

6 Financial Result

in CHF 1000	2019	2018
Interest income	67	71
Income from securities	7 345	5 367
Income from financial assets	1 014	1 479
Foreign exchange gains	6 219	5 981
Total financial income	14 645	12 898
Interest expenses	-362	-320
Losses on securities	-948	-6 393
Expenses from financial assets	-503	-967
Other financial expenses	-908	-934
Foreign exchange losses	-7 825	-7 956
Total financial expenses	-10 546	-16 570
Associated companies	63	150
Net financial result	4 162	-3 522

Income from securities and losses on securities mainly include the gross reported income and capital gains/losses from portfolio management and other securities. The net financial expense of foreign exchange gains/losses decreased from TCHF -1 975 in the prior year to TCHF -1 606.

7 Taxes**Expenditure****in CHF 1000**

	2019	2018
Current income taxes	-17303	-19139
Deferred income taxes	6655	2259
Total expenditure	-10648	-16880

Liabilities**in CHF 1 000**

	2019	2018
Current income taxes	14348	13396
Deferred income taxes	12519	19176
Total liabilities	26867	32572

Income Taxes 2019**Tax rate****Tax amount in
CHF 1000**

Income before taxes		42937
Weighted average applicable tax rate/calculated taxes	20.7 %	8894
Utilization of previously unrecognized tax loss carry forwards		-1701
Additional unrecognized tax losses		4832
Change of unrecognized temporary differences		300
Tax effects on investments		-25
Non-taxable income/non-tax deductible expenses		326
Income tax from prior periods		-572
Tax rate changes		-2546
Other effects		1140
Reported tax rate/taxes according to the income statement	24.8 %	10648

Income Taxes 2018**Tax rate****Tax amount in
CHF 1000**

Income before taxes		85803
Weighted average applicable tax rate/calculated taxes	18.6 %	15930
Utilization of previously unrecognized tax loss carry forwards		-1620
Additional unrecognized tax losses		3272
Change of unrecognized temporary differences		676
Tax effects on investments		-3039
Non-taxable income/non-tax deductible expenses		533
Income tax from prior periods		143
Other effects		985
Reported tax rate/taxes according to the income statement	19.7 %	16880

Tax expenses amount to 24.8 % of income before taxes (previous year: 19.7 %). The weighted average applicable tax rate of 20.7 % is calculated from the income tax rates likely to apply to the income of the individual Group companies in the respective tax jurisdiction, which naturally varies according to the actual earnings figures. The increase in this calculated tax rate to 20.7 % from 18.6 % in the previous year is mainly due to changes in weighted earnings of the Business Units. The average weighted tax rate for deferred income taxes on temporary differences amounts to 18.2 % (previous year: 21.0 %). The reduction in this tax rate is mainly due to the tax reform and old-age and survivors' insurance (AHV) financing introduced in Switzerland in 2020. The other effects of the 2019 income tax reconciliation include the effects of an intra-group sale of a brand and the recognition of brand names and patents for tax purposes. The tax expense thereby increased by TCHF 3 400 net. The item also includes the reversal of a provision for potential tax risks in the amount of TCHF 1 248.

Potential tax reductions resulting from tax loss carry forwards and temporary differences increased in 2019 in net terms by TCHF 29 902 to TCHF 77 408 (previous year: increase by TCHF 9 629 to TCHF 47 506). Of this, TCHF 30 862 stem from the above-mentioned recognition of brand names and licenses for tax purposes and TCHF –3 288 from a reduction in deferred tax rates and the expiration of unused tax loss carryforwards. In the previous year, the increase in potential tax reductions mainly derived from the companies disclosed in Note 24 with an impact of TCHF 13 597. Potential tax reductions are not capitalized due to uncertain recoverability.

The financial income of Metall Zug AG is subject to federal income tax, including participation exemption.

8 Non-controlling Interests

in CHF 1000	2019	2018
Belimed AG	–175	–415
Haag-Streit Holding AG	2 050	4 712
OptoMedical Technologies GmbH	–	–235
adaptronic Prüftechnik GmbH	1 197	1 297
Total result attributable to non-controlling interests	3 072	5 359

As at year-end 2019, minority stakes of 30 % in Haag-Streit Holding AG and of 40 % in adaptronic Prüftechnik GmbH are held by third parties (2018: 30 % in Haag-Streit Holding AG, 40 % in adaptronic Prüftechnik GmbH and 2.76 % in Belimed AG). On March 20, 2019, Metall Zug AG repurchased the 2.76 % non-controlling interest in Belimed AG, Zug, held by the former CEO and current president of the Board of Directors of Belimed AG. Since then, Metall Zug AG has owned the entire 100 % stake in Belimed AG. In December 2018, the minority stake of 35 % in OptoMedical Technologies GmbH was acquired. Since then, Metall Zug AG has owned 100 % of the company.

9 Net Income per Share

	2019	2018
Issued type A registered shares	1 948 640	1 948 640
Average outstanding type A registered shares	1 948 640	1 948 640
Issued type B registered shares	255 136	255 136
Average outstanding type B registered shares	253 406	254 056
Net income as per income statement (in CHF 1 000)	29 217	63 564
Weighted average number of shares	448 270	448 920
Net income per type A registered share (in CHF)	6.52	14.16
Net income per type B registered share (in CHF)	65.18	141.59

Net income per share is calculated by dividing the net income by the weighted average of outstanding shares less the weighted average of treasury shares. The 1 948 640 type A registered shares correspond to 194 864 type B registered shares.

There is no dilution for 2019 or 2018 with regard to net income per share.

10 Securities

in CHF 1000	12.31.2019	%	12.31.2018	%
Investments up to 12 months	2 681	83.2	1 218	1.8
Fixed-income investments over 12 months	–	n/a	18 539	28.4
Shares and similar investments	543	16.8	45 606	69.8
Total securities	3 224	100.0	65 363	100.0

Securities were mainly managed by third parties in asset management mandates. These mandates were terminated during financial year 2019.

11 Trade Receivables

in CHF 1000	12.31.2019	12.31.2018
Gross trade receivables	184 837	186 924
Allowance for doubtful receivables	– 7 177	– 7 463
Total trade receivables	177 660	179 461

12 Inventories

in CHF 1000	12.31.2019	12.31.2018
Raw materials	34 591	35 458
Trade goods	57 899	64 393
Semifinished and finished products	194 019	197 783
Advance payments to suppliers	1 015	1 170
Specific value adjustments	– 35 322	– 32 671
General value adjustments	– 26 516	– 29 435
Total inventories	225 686	236 698

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 29 986 (previous year: TCHF 27 769).

13 Fixed Assets

Tangible Assets

in CHF 1000

	Land	Land & Buildings	Plant & Equipment	Prepayments & Assets Under Construction	Other Tangible Assets	Total Tangible Assets
Acquisition costs						
Balance on 01.01.2018	999	296254	182348	21718	77408	578727
Changes in scope of consolidation	1844	17849	7851	1330	2032	30906
Additions		3435	12823	50921	6688	73867
Disposals	-384	-26	-1999	-156	-7635	-10200
Reclassifications ¹⁾		-3837	8532	-13027	841	-7491
Currency translation effects	52	-878	-262	-43	-659	-1790
Balance on 12.31.2018	2511	312797	209293	60743	78675	664019
Additions		2413	5660	69063	7056	84192
Disposals		-825	-13912	-78	-6216	-21031
Reclassifications		31872	41265	-75283	733	-1413
Currency translation effects	-51	-1087	-407	-46	-649	-2240
Balance on 12.31.2019	2460	345170	241899	54399	79599	723527
Accumulated depreciation						
Balance on 01.01.2018	0	-105238	-130808	0	-56595	-292641
Depreciation current year		-7420	-15806		-7839	-31065
Impairment			711			711
Disposals		26	1936		7481	9443
Reclassifications ¹⁾		3931	-123		113	3921
Currency translation effects		147	442		-134	455
Balance on 12.31.2018	0	-108554	-143648	0	-56974	-309176
Depreciation current year		-7848	-18775		-7722	-34345
Impairment					-99	-99
Disposals		802	13750		6021	20573
Reclassifications			172		-80	92
Currency translation effects		177	227		452	856
Balance on 12.31.2019	0	-115423	-148274	0	-58402	-322099
Net book values on 12.31.2018	2511	204243	65645	60743	21701	354843
Net book values on 12.31.2019	2460	229747	93625	54399	21197	401428
Of which land 12.31.2018		50356				
Of which land 12.31.2019		50214				

¹⁾ In 2018, land and buildings in the net amount of TCHF 2312 were reclassified to assets held for sale, which form part of other receivables.

**Financial and Intangible Assets
in CHF 1000**

	Employer's Contribution Reserves	Associated Companies	Shares in Companies¹⁾	Long-term Loans and Receivables	Total Financial Assets	Intangible Assets
Acquisition costs						
Balance on 01.01.2018	16 787	394	29 720	3 315	50 216	55 819
Changes in scope of consolidation	3 741	163	17	10	3 931	1 184
Additions	167		3 323	3 021	6 511	13 396
Disposals			-14 159	-117	-14 276	-797
Reclassifications						1 259
Adjustments through income statement		150			150	
Dividend payments		-66			-66	
Currency translation effects		-7		-17	-24	-138
Balance on 12.31.2018	20 695	634	18 901	6 212	46 442	70 723
Additions	624		500	204	1 328	12 742
Disposals			-313	-21	-334	-1 172
Reclassifications				-2 654	-2 654	1 242
Adjustments through income statement		63			63	
Dividend payments		-42			-42	
Currency translation effects		2	-1	-14	-13	-88
Balance on 12.31.2019	21 319	657	19 087	3 727	44 790	83 447
Accumulated amortization						
Balance on 01.01.2018	0	0	-6 655	-72	-6 727	-39 765
Amortization current year						-4 799
Value adjustments (net)			-1 058	-190	-1 248	
Disposals			6 216		6 216	796
Currency translation effects						80
Balance on 12.31.2018	0	0	-1 497	-262	-1 759	-43 688
Amortization current year						-7 714
Value adjustments (net)			418		418	
Disposals						772
Currency translation effects						58
Balance on 12.31.2019	0	0	-1 079	-262	-1 341	-50 572
Net book values on 12.31.2018	20 695	634	17 404	5 950	44 683	27 035
Net book values on 12.31.2019	21 319	657	18 008	3 465	43 449	32 875²⁾

¹⁾ Incl. private-equity investments.²⁾ Of which TCHF 32 864 (previous year: TCHF 27 021) software. This position contains incurred expenses of not yet completed projects in the amount of TCHF 8 211 (previous year: TCHF 4 797).

Tangible Assets

In 2019, impairments of TCHF 818 were released. These relate to the reversal of an impairment on a property, which is disclosed as an asset held for sale in the position other receivables. In 2018, value adjustments of TCHF 711 were released within fixed assets.

Financial Assets

Employer's Contribution Reserves

In 2019, the Welfare Fund of V-ZUG AG allocated TCHF 457 to the employer's contribution reserves. Together with the interest credited of TCHF 167, the employer's contribution reserves increased by TCHF 624. In the previous year, the increase of TCHF 3908 consisted of TCHF 3741 resulting from acquisitions (Note 24) and TCHF 167 from interest.

Associated Companies

Attributable estimated profits on associated companies for financial year 2019 amount to TCHF 63 (previous year: TCHF 150).

Shares in Companies incl. Private-Equity Investments

Value adjustments in the amount of TCHF 418 were released on shares in companies incl. private-equity investments (previous year: increase of TCHF 1058). This relates, as in the previous year, mainly to the financial investment in Schlatter Industries AG. In the previous year, a fully impaired financial investment with gross book value of TCHF 6216 was derecognised.

Long-term Loans and Receivables

In 2019, fixed-term deposits with a residual maturity of less than one year in the amount of TCHF 2654 were transferred to short-term securities. Long-term financial assets mainly comprise loans to third parties and deposits to secure rents as at December 31, 2019.

Goodwill

The accumulated acquisition values of goodwill recorded in retained earnings amount to TCHF 264643 (previous year: TCHF 265513). Goodwill was reduced in the reporting period by a purchase price adjustment of TCHF 870 resulting from the acquisition of STERIFAST, Lda in the year 2017 (prior year: reduction of TCHF 45). In the previous year, goodwill was increased by TCHF 249269 due to the acquisitions stated in Note 24. The theoretical capitalization of goodwill would have resulted in an impairment of TCHF 92 in the current year (previous year: TCHF 0). Overall, the capitalization and theoretical amortization of goodwill over a useful life of 3 years would have resulted in an additional amortization of TCHF 85589 (previous year: TCHF 73893). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 96183 (previous year: TCHF 182733).

14 Current and Long-term Financial Liabilities

in 1 000

Financial Instruments 2019	Currency (FC)	Term	Amount FC	Amount CHF	Interest Rate
Mortgage with fixed interest rate	EUR	03.31.2036	2 993	3 248	1.0 %
Unsecured bank loans with fixed interest rate	EUR	09.30.2025	1 331	1 445	1.0 % / 2.45 %
Other financial liabilities (various)				285	
Total				4 978	
Of which current financial liabilities				296	

in 1000

Financial Instruments 2018	Currency (FC)	Term	Amount FC	Amount CHF	Interest Rate
Mortgage with fixed interest rate	EUR	03.31.2036	3 178	3 581	1.0 %
Unsecured bank loans with fixed interest rate	EUR	09.30.2025	1 405	1 584	1.0 % / 2.45 %
Other financial liabilities (various)				312	
Total				5 477	
Of which current financial liabilities				292	

Assets with a book value of TCHF 5635 (previous year: TCHF 6201) were encumbered as collateral for a mortgage of TCHF 3 248.

15 Pension Liabilities

Pension liabilities amount to TCHF 689 (previous year: TCHF 643). They are recorded as other current liabilities.

16 Other Long-term Liabilities

Effective March 1, 2013, the newly established V-ZUG Kühltechnik AG acquired the business activities of the refrigeration equipment unit of AFG Arbonia-Forster Holding AG by way of an asset deal. The goodwill of TCHF 11 389 resulting from the acquisition is presented within liabilities and is systematically reversed. Goodwill is caused by deferred development costs and necessary adjustments to the operations, both already factored into the purchase price. Goodwill will be reversed over time in line with the development activities and the adjustments to the operational processes. The reversal based on this concept will be reviewed and if necessary adjusted on an annual basis. Development costs materialized from 2014 to 2017 and respective goodwill in the amount of TCHF 6 400 was released until end-2017. Adjustments to the operations will be initiated as from financial year 2020 onwards. The remaining goodwill amounts to TCHF 4 989. Thereof TCHF 1 300 are reported as other short-term liabilities and TCHF 3 689 are reported as other long-term liabilities as at December 31, 2019.

In the previous year, other long-term liabilities also included TCHF 10 000 granted by V-ZUG AG in 2016 to establish a foundation to subsidize affordable housing. In 2019, this amount was paid into the Welfare Fund of V-ZUG AG for this specific purpose. The Welfare Fund intends to invest these funds in a specific real estate project to enable affordable housing.

17 Provisions

in CHF 1000

	Deferred Taxes	Guarantees	Pension	Restruc- turing	Other	Total
Balance on 01.01.2018	18455	37959	3416	13274	2657	75761
Additions	1208	21316	2122	2469	3586	30701
Utilization	-3467	-22629	-1933	-4033	-1183	-33245
Release		-2966	-98	-4638	-769	-8471
Change in scope of consolidation	2982	835	16739	389	6901	27846
Currency translation effects	-2	-185	-555	-158	13	-887
Balance on 12.31.2018	19176	34330	19691	7303	11205	91705
Of which current provisions		24419	161	7303	1414	33297
Balance on 01.01.2019	19176	34330	19691	7303	11205	91705
Additions	1431	21646	182	719	19386	43364
Utilization	-8086	-22298	-126	-5026	-2295	-37831
Release		-2306	-98	-658	-1990	-5052
Currency translation effects	-2	-170	4	-123	-94	-385
Balance on 12.31.2019	12519	31202	19653	2215	26212	91801
Of which current provisions		22621	157	1482	4471	28731

Provisions for guarantees are calculated on the basis of historical data (average of actual costs in recent years).

As per December 31, 2019, restructuring provisions of TCHF 2215 (previous year: TCHF 7303) were recognized, which are still mostly related to the restructuring of the former Life Science Business Area of the Infection Control Business Unit as communicated in 2017. In 2018, restructuring provisions in the net amount of TCHF 1999 were released in the Infection Control Business Unit due to the finalization of the restructuring plan of the former Life Science Business Area. Furthermore, impairments on tangible assets were partially released in 2018 based on the final restructuring plan (refer to Note 13).

A provision in the amount of TCHF 13083 for ground remediation work at the main V-ZUG site was recognized in 2019 in other provisions. As part of the preparations for construction work at the main V-ZUG site in Zug, extensive contamination investigation was carried out in consultation with the Canton of Zug Environment Office. These investigations identified various areas that require remediation. It should be possible to rectify these areas at the same time as the planned construction work. Given the legal remediation obligation and the advanced planning stage for some construction plots, these remediation costs must be provided for. Due to the longer-term remediation process, the remediation provision was discounted at 1.5 %. Whether and, if so when, further remediation costs will be incurred depends on the realization of further buildings on the site in Zug. As at December 31, 2019, other provisions also include the CO₂ fund for the promotion of climate protection measures amounting to TCHF 1354 (previous year: TCHF 438). Furthermore, other provisions include the expected cash outflows related to various legal cases.

18 Significant Shareholders

As at December 31, 2019, the following shareholders own more than 3 % of the total number of votes:

	Type A Registered Shares	Type B Registered Shares	Votes	Votes Previous year
Elisabeth Buhofer and Heinz M. Buhofer ¹⁾	1 480 650	4 074	67.4 %	67.4 %
Shareholder group Stöckli ²⁾	340 800	18 340	16.3 %	16.3 %
Werner O. Weber, indirectly through Wemaco Invest AG	82 000	42 429	5.6 %	5.6 %

¹⁾ For the most part held through Buhofer Trust I, Vaduz, as well as Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, to the extent that they are acting in mutual agreement (Buhofer Trust I).

²⁾ Ursula Stöckli-Rubli, Walter Stöckli-Rubli, Elisabeth Stöckli Enzmann, Johannes Stöckli, Matthias Stöckli-Aguilar, Helen Jauch-Stöckli, Hubert Stöckli-Hernandez, Othmar Stöckli (shareholders' agreement).

19 Shares

Composition of Share Capital

1 948 640	Type A registered shares at par value CHF	2.50	Swiss security no. 209 262	CHF	4 871 600
255 136	Type B registered shares at par value CHF	25.00	Swiss security no. 3982 108	CHF	6 378 400
2 203 776	Votes		Share capital		CHF 11 250 000

No equity instruments were issued in the year under review or in the previous year. Undistributable, statutory or legal reserves amount to TCHF 16 733 (previous year: TCHF 16 769).

As at December 31, 2019, Metall Zug AG holds 1 730 type B treasury shares at an average purchase price of CHF 3 484 (as of December 31, 2018: 1 730 type B treasury shares).

In the previous year, Metall Zug AG purchased 989 type B registered shares from third parties.

20 Transactions with Related Parties

Some years ago, one of the Group companies allowed its pension fund to construct buildings under leasehold on the company's land. The resulting claim towards the pension fund for leasehold interests in 2019 amounts to TCHF 35 (previous year: TCHF 36). Furthermore, project services were rendered during 2019 in favor of the pension fund in the amount of TCHF 15 (previous year: TCHF 15). In 2019, deliveries and services by group companies to members of the Board of Directors and Senior Management of Metall Zug AG totaled TCHF 17 (previous year: TCHF 0). This resulted in accounts receivable of TCHF 10 as of December 31, 2019 (previous year: TCHF 0).

Due to changes in the shareholder structure of Zug Estates Holding AG, Zug Estates Holding AG and its group companies are no longer reported as related parties in 2019. In the previous year, invoices for services and appliances supplied to Zug Estates Holding AG Group companies in the amount of TCHF 221 were issued. On the other hand, expenses of TCHF 147 were incurred by gastronomy and real estate management services rendered to Metall Zug AG Group companies. As at December 31, 2018, accounts receivable of TCHF 17 and accounts payable of TCHF 8 were recognized in the balance sheet from companies belonging to Zug Estates Holding AG. Furthermore, Zug Estates Holding AG fully repaid a short-term loan in the amount of TCHF 10 000 to Metall Zug AG in 2018. The interest received on this loan amounted to TCHF 2 in 2018.

Information on the compensation paid to the Board of Directors and Senior Management is available in the compensation report on pages 55 and 56.

21 Leasing Liabilities

The liabilities from operating leases that are not shown in the balance sheet are structured as follows, according to maturity:

in CHF 1000	12.31.2019	12.31.2018 ¹⁾
up to 1 year	13462	14024
up to 3 years	15610	18386
over 3 years	8371	7929
Total	37443	40339

¹⁾ Unrecognized liabilities from long-term rental contracts of TCHF 35244 were shown in Note 23 in the previous year. These are now included in the Leasing Liabilities structured according to their maturity.

22 Derivative Financial Instruments

To hedge future cash flows and balance sheet positions, the following financial instruments are kept, which are presented in line with the underlying transaction.

in CHF 1000	12.31.2019			12.31.2018		
Base Value	Contract Values	Market Values		Contract Values	Market Values	
		Positive	Negative		Positive	Negative
Foreign exchange	187593	622	-499	247903	424	-2225
Total market values	187593	622	-499	247903	424	-2225

23 Contingent Liabilities/Other Off-Balance Sheet Obligations

The carrying amount of trade receivables, fixed-term deposits and properties that are pledged as collateral amount to TCHF 27 042 (previous year: TCHF 48 819).

Additionally, the group has long-term purchase commitments of TCHF 52 128 (previous year: TCHF 44 845) and long-term employment contracts of TCHF 651 (previous year: TCHF 1 014).

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 6 634 was paid in at the end of 2019 (previous year: TCHF 5 914).

24 Acquisition and Sale of Consolidated Subsidiaries

The sales agreement for the participation STERIFAST Sterilization & Disinfection Systems, Lda., Boticas (PT), was signed during the second half of 2019. The closing of the transaction was in February 2020. In connection with the sale of this participation, outstanding purchase price liabilities to the former owners of STERIFAST in the amount of TCHF 870 were released and offset against the goodwill contained in equity. The remaining goodwill of TCHF 728 is recycled through profit or loss at the closing of this transaction.

In 2018, Schleuniger Holding AG, Thun, purchased a 60 % stake in adaptronic Prüftechnik GmbH, Wertheim (DE), which is consolidated from January 1, 2018. Furthermore, Metall Zug AG, Zug, acquired a 70 % stake in Haag-Streit Holding AG, Köniz, which is consolidated from March 1, 2018. As part of this transaction, the directly and indirectly held subsidiaries of Haag-Streit Holding AG as included in List of Investments (page 70) were acquired. Since then, Haag-Streit Holding AG and its subsidiaries form the Medical Devices Business Unit of the Metall Zug Group.

The following assets and liabilities were assumed as at the acquisition date by applying the acquisition method of consolidation:

in CHF 1000	adaptronic Prüftechnik GmbH	Haag-Streit Holding AG and subsidiaries
Cash and cash equivalents	2 725	56 435
Other current assets	5 052	140 361
Non-current assets	6 908	73 113
Short-term financial liabilities	- 824	- 3 189
Other current liabilities	- 2 965	- 26 725
Non-current liabilities	- 5 763	- 27 566
Total identifiable net assets	5 133	212 429

On December 17, 2018, Haag-Streit Holding AG repurchased the remaining 35 % non-controlling interest in OptoMedical Technologies GmbH, Lübeck (DE).

The purchase price for the acquisitions amounted to TCHF 401 790 and includes acquisition-related costs of TCHF 4 253, of which TCHF 1 892 had already been paid in 2017. In the course of the purchase price payment, pre-existing loan receivables of the entities due from the vendors in the amount of TCHF 43 986 were assumed and offset against the purchase price. The goodwill paid in connection with the above-mentioned transactions totaled TCHF 249 269 and was offset against retained earnings at the time of acquisition (see Changes in Shareholders' Equity, page 63).

As part of the final purchase price adjustments of Haag-Streit Holding AG and its subsidiaries, the purchase price and the goodwill were reduced by TCHF 2 271 during the second half of 2018.

25 Pension Benefit Obligations

The companies with the most relevant pension plans for the consolidated financial statements are located in Switzerland, where pension schemes are organized through independent foundations or insured pension plans according to Swiss pension law (BVG). Patronage funds are also in place. The purpose of these funds is to provide ex gratia contributions to current and former employees to assist with the economic consequences of old age, disability, death and hardship circumstances.

Employer's Contribution Reserves (ECR)

	Nominal Value	Renounced Use	Balance Sheet	Additions / Releases	Balance Sheet	Result from ECR or Similar Items in Personnel Expenses	
in CHF 1000	12.31.2019	12.31.2019	12.31.2019	2019	12.31.2018	2019	2018
Patronage funds/ pension schemes	17846		17846		17223	623	165
Pension plans	3473		3473		3472	1	2
Total	21319	0	21319	0	20695	624	167

Economical Benefit/Economical Obligation and Pension Benefit Expenses

	Surplus / Deficit According to Pension Plans ¹⁾	Economical Part of the Organization ²⁾		Change or Impact on Net Income in Business Year ³⁾	Contributions for the Period ⁴⁾	Pension Expenses in Personnel Expenses	
in CHF 1000	12.31.2019	12.31.2019	12.31.2018	2019	2019	2019	2018
Patronage funds/ pension schemes	3000						
Pension plans without surplus/deficit					-26149	-26149	-22984
Pension plans with deficit	-19653	-19653	-19691	38	-2342	-2304	-1941
Total	-16653	-19653	-19691	38	-28491	-28453	-24925

¹⁾ In the previous year, pension schemes with surpluses of TCHF 2643 and with deficits of TCHF -19691 existed.

²⁾ The economical part of the organization on pension plans with deficits of TCHF 19653 (previous year: TCHF 19691), originates mainly from closed defined benefit plans abroad and is recognized in full as a pension provision.

³⁾ In 2019, a total amount of TCHF 38 was accounted for in the income statement as a result of the positive change in the economical part (previous year: TCHF 92 negative change and TCHF 16739 additions from acquisitions).

⁴⁾ Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 26132 (previous year: TCHF 22888) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 2359 (previous year: TCHF 1944).

Most pension plans are financed through the employer's and the employee's contributions. Pension contributions are calculated as a percentage of the insured salary.

In 2019, the Welfare Fund of V-ZUG AG allocated TCHF 457 to the employer's contribution reserves. This allocation reduces the pension expenses of V-ZUG AG and therefore of the Metall Zug Group by the respective amount. Together with the interest credited of TCHF 167, the employer's contribution reserves increased by TCHF 624. In the previous year, the increase of TCHF 3908 consisted of TCHF 3741 resulting from acquisitions and TCHF 167 from interest.

Patronage funds can provide ex gratia contributions to current and former employees to assist with the economic consequences of old age, disability, death and hardship circumstances. It is not the companies' intention to obtain an economic benefit from the uncommitted resources of these patronage funds in the foreseeable future. This does not apply to the employer's contribution reserves.

Composition of Pension Expenses

in CHF 1000	2019	2018
Pension contributions at the organization's expense	-28491	-24832
Contributions to pension plans from employer's contribution reserves	-	-
Total contributions¹⁾	-28491	-24832
Change in employer's contribution reserves due to allocation, asset development, value adjustment, discounting, interest payments, etc.	624	167
Contributions and changes in employer's contribution reserves	-27867	-24665
Change in economic benefits for the organization from surplus	-	-
Change in economic liabilities for the organization from deficit	38	-92
Total change in economic impact of surplus/ deficit	38	-92
Pension expenses in personnel expenses	-27829	-24757

¹⁾ No extraordinary contributions were agreed upon or paid in the reporting year or in the previous year.

26 Changes in "Net Cash and Cash Equivalents"

The statement of cash flows is based on "Net cash and cash equivalents" which is composed as follows:

in CHF 1000	12.31.2019	12.31.2018
Cash and cash equivalents	152782	161781
Current financial liabilities	-296	-292
Total "Net cash and cash equivalents"	152486	161489
Changes from the previous year	-9003	-89277

The Net cash position as described in the group report is calculated as follows:

Total "Net cash and cash equivalents"	152486	161489
Securities	3224	65363
Long-term financial liabilities	-4682	-5185
Total Net cash	151028	221667

27 Events After the Balance Sheet Date

The Board of Directors of Metall Zug AG is proposing to the General Meeting of Shareholders on April 24, 2020 the spin-off of the V-ZUG Group via a dividend in kind as well as its listing on the SIX Swiss Exchange.

As at December 31, 2019, the consolidated balance sheet of the V-ZUG Group to be split off is TCHF 471 667 and the consolidated equity amounts to TCHF 241 623. The consolidated gross sales of the V-ZUG Group amount to TCHF 551 659 and EBIT stands at TCHF 29579. These consolidated financials of the V-ZUG Group include amounts and transactions with Metall Zug AG and its subsidiaries, which are eliminated in this annual report.

Compared to the currently existing Household Appliances Business Unit, the under V-ZUG Holding AG newly combined V-ZUG Group differs as follows:

- Gehrig Group AG remains as a 100 % subsidiary of Metall Zug AG within the Metall Zug Group and will not be part of the V-ZUG Group to be split off;
- The two companies previously belonging to the Technologycluster & Infrastructure Business Unit, V-ZUG Infra AG and MZ Infra AG, form part of the V-ZUG Group to be split off.

As explained in Note 24, the sale of STERIFAST Sterilization & Disinfection Systems, Lda., Boticas (PT) was agreed in the financial year 2019. The closing date of this transaction was in February 2020. The goodwill of TCHF 728 offset against equity was recycled through profit or loss at this time.

Report of the Statutory Auditor



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To the General Meeting of
Metall Zug AG, Zug

Zug, 13 March 2020

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements presented on pages 59 to 86 of Metall Zug AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, changes in shareholders' equity and notes to the consolidated financial statements for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Inventory valuation

Risk	<p>Inventories and the related value adjustments amount to TCHF 287'524 and TCHF 61'838, respectively. The value adjustments primarily relate to replacement and maintenance materials which are disclosed under semi-finished and finished products as well as under trade goods.</p> <p>During our audit, we focused on these items, since they are material to the consolidated financial statements and the related value adjustments are based on assumptions that have a significant impact on the consolidated financial statements. Information regarding the valuation of inventory is disclosed under 'Inventories' in the principles of valuation section (page 65) as well as under '12 Inventories' (page 76).</p>
Our audit response	<p>Among the inventory valuation (acquisition or standard costs), we assessed the calculation of the value adjustments and compared the underlying management assumptions with past experience. We reviewed the aging analysis to identify excess inventory. Furthermore, we compared acquisition costs with net realizable values and thus analyzed the valuation of inventories.</p> <p>Our audit procedures did not lead to any reservations concerning the recognition and measurement of inventory.</p>

Completeness and measurement of provisions for guarantees

Risk	The calculation of provisions for guarantees amounting to TCHF 31'202 in total is dependent on underlying assumptions that are determined on the basis of historical values such as average actual costs incurred over the past years and that cover the expected costs for guarantees in the future due to new facts and circumstances. Given the importance of the management assessment in the calculation and the overall materiality of the provision, we consider this as significant to our audit. The provisions are disclosed in the principles of valuation section (page 66) as well as under '17 Provisions' (page 81).
Our audit response	We assessed the underlying assumptions by comparing them with past experience. In addition, we considered the influence of current events, such as the launch of new products or specific guarantee claims. We discussed individual cases taken into account in the provisions with local management. Furthermore, we analyzed the criteria to recognize provisions as well as the underlying assumptions that were made in determining the relevant amounts. Our audit procedures did not lead to any reservations concerning the completeness and measurement of provisions for guarantees.

Revenue recognition

Risk	Revenue is recorded when the risks and rewards of ownership of the goods sold are transferred to the buyer. Hence, there are different contractual arrangements that determine the time at which the risks and rewards are transferred. Furthermore, a certain degree of judgment is involved in terms of determining when all revenue recognition requirements are fulfilled, in particular for products that have a long production time of up to several months. Details of revenue recognition are disclosed under 'Sales and revenue recognition' (page 64) as well as under '1 Segment Information' (page 71).
Our audit response	We analyzed the revenue recognition process from order placement to billing, and reviewed the implemented controls. During our audit, we focused on the assessment of the recognition of sales transactions that took place close to the balance sheet date. We reviewed the transactions on the basis of the underlying documents, such as contracts and delivery slips. We compared the credit notes in the new financial year with the respective accrual in the reporting year. Moreover, taking delivery terms (Incoterms) into account, we assessed whether the rights and obligations were transferred to the customer in the period under review. Our audit procedures did not lead to any reservations relating to the recognition of revenues.



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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in blue ink, appearing to read 'Rico Fehr'.

Rico Fehr
Licensed audit expert
(Auditor in charge)

A handwritten signature in blue ink, appearing to read 'Simon Balmer'.

Simon Balmer
Licensed audit expert

Income Statement

in CHF	Notes	2019	2018
Dividend income		34 500 000	48 000 000
Other operating revenue		4 082 764	4 087 767
Operating revenue		38 582 764	52 087 767
Personnel expenses		-5 120 223	-4 257 263
Other operating expenses		-2 073 416	-2 373 707
Depreciation		-233 789	-241 860
Operating expenses		-7 427 428	-6 872 830
Operating income (EBIT)		31 155 336	45 214 937
Financial income	1	14 399 117	34 062 696
Financial expenses	2	-13 109 048	-41 162 302
Financial result		1 290 069	-7 099 606
Income before taxes		32 445 405	38 115 331
Taxes		0	540
Net income		32 445 405	38 115 871

Balance Sheet

Assets

in CHF	Notes	12.31.2019	12.31.2018
Cash and cash equivalents		45872035	29764202
Listed securities		343594	65144936
Loans to subsidiaries	3	0	4500000
Other receivables third parties		142852	200046
Other receivables subsidiaries		2530414	947196
Accrued expenses third parties		81042	47969
Accrued expenses subsidiaries		66400	68500
Current assets		49036337	100672849
Financial assets		16010199	15404757
Loans to subsidiaries	3	311035000	244535000
Investments	4	596390563	597793611
Tangible assets		4651	26056
Intangible assets	5	2524162	2736546
Fixed assets		925964575	860495970
Total assets		975000912	961168819

Liabilities

Other payables third parties		404163	328576
Other payables subsidiaries		593	7269
Accrued liabilities third parties		761300	706623
Accrued liabilities subsidiaries		689000	547000
Current liabilities		1855056	1589468
Provisions		516238180	516238180
Loans from subsidiaries		117410316	104910316
Non-current liabilities		633648496	621148496
Total liabilities		635503552	622737964
Share capital		11250000	11250000
Statutory capital reserves			
Capital contribution reserves		1750052	1750052
Statutory profit reserves		5625000	5625000
Voluntary profit reserves		274143291	274143291
Retained earnings			
Retained earnings carried forward		20310709	13573738
Net income		32445405	38115871
Treasury shares	7	-6027097	-6027097
Shareholders' equity		339497360	338430855
Total liabilities and shareholders' equity		975000912	961168819

Notes to the Annual Financial Statements

Metall Zug AG is a company limited by shares and its registered offices are at Industriestrasse 66, Zug, Switzerland.

Financial Reporting Principles Applied in these Financial Statements (as far as these are not specified by law)

The financial statements presented here were prepared in accordance with the provisions on commercial accounting contained in the Swiss Code of Obligations (articles 957–963b CO).

Listed Securities

Listed securities and portfolios managed by third parties are recorded at stock market prices on the balance sheet date. The position contained valuation reserves which were released in 2018.

Financial Assets

Financial assets are recorded at acquisition cost less necessary impairments.

Loans to Related Parties

Loans to related parties are recorded at their nominal value less necessary impairments.

Loans to Subsidiaries

Loans to subsidiaries are recorded at their nominal value less necessary impairments.

Tangible Assets

Tangible assets are recorded at acquisition cost less accumulated depreciation permitted for tax purposes. The tangible assets position comprises furniture and cars. The straight-line depreciation method is applied on the basis of a useful life of five years. If there are indications that tangible assets are overvalued, the book values are reviewed and impaired if necessary.

Intangible Assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. Software is measured at acquisition cost less straight-line amortization over the useful life of three years. Brands are measured at acquisition cost less straight-line amortization over 20 years. If there are indications that intangible assets are overvalued, the book values are reviewed and impaired if necessary.

Provisions

Various provisions are built up to secure the lasting prosperity of the company.

Treasury Shares

Treasury shares are recognized at the time of purchase at acquisition cost as minus items under equity. In the event of a subsequent resale, the gain or loss is directly taken to equity.

Information, Breakdowns and Explanations of Balance Sheet and Income Statement Items

1 Financial Income

in CHF	2019	2018
Income from securities	8 292 191	7 277 297
Income from financial assets	2 659	3 157
Income from release of valuation reserves	0	21 846 535
Interest income from loans to subsidiaries	6 104 267	4 935 707
Total financial income	14 399 117	34 062 696

2 Financial Expenses

in CHF	2019	2018
Expenses from securities	-1 773 049	-7 417 195
Interest expense loans from subsidiaries	-335 955	-245 829
Interest expense third	-45	-84 278
Impairment on loans to subsidiaries	-8 000 000	-33 415 000
Impairment on investments	-2 999 999	0
Total financial expenses	-13 109 048	-41 162 302

3 Loans to Subsidiaries

in CHF	12.31.2019	12.31.2018
Loans to subsidiaries, gross	352 450 000	282 450 000
Impairment on loans to subsidiaries	-41 415 000	-33 415 000
Total loans to subsidiaries, net	311 035 000	249 035 000
Of which current loans to subsidiaries	0	450 000

As at December 31, 2019, subordinations on loans to subsidiaries amount to TCHF 38 200 (previous year: TCHF 38 200).

4 Investments

in CHF	12.31.2019	12.31.2018
Investments	599 390 562	597 763 611
Impairment on investments	-2 999 999	0
Total investments, net	596 390 563	597 763 611

Detailed information on the investments of Metall Zug AG, Zug as at December 31, 2019 is available on pages 69 and 70.

5 Intangible Assets

in CHF	12.31.2019	12.31.2018
Software, gross	319 290	319 290
Accumulated amortization	-295 328	-249 644
Software, net	23 962	69 646
Brands, gross	3 334 000	3 334 000
Accumulated amortization	-833 800	-667 100
Brands, net	2 500 200	2 666 900
Total intangible assets	2 524 162	2 736 546

Additional Information Required by Law**6 Significant Shareholders**

See Note 18 to the consolidated financial statements, page 82.

7 Treasury Shares

As at December 31, 2019, Metall Zug AG holds 1 730 type B treasury shares at an average purchase price of CHF 3 484 (as at December 31, 2018: 1 730 type B treasury shares).

In 2018, 989 type B registered shares were purchased from third parties.

8 Share Ownership by Current Members of the Corporate Bodies

	as at 12.31.2019		as at 12.31.2018	
	Type A Registered Shares	Type B Registered Shares	Type A Registered Shares	Type B Registered Shares
Martin Wipfli , Chairman of the Board of Directors (previous year: Member of the Board of Directors)	0	650	0	516
Heinz M. Buhofer , Member of the Board of Directors (Previous year: Chairman of the Board of Directors)	563 040 ¹⁾	938	563 040 ¹⁾	938
Marga Gyger , Member of the Board of Directors	0	0	0	0
Peter Terwiesch , Member of the Board of Directors	0	10	0	10
Dominik Berchtold , Member of the Board of Directors (since 2019)	0	10	–	–
Sandra Emme , Member of the Board of Directors (since 2019)	0	10	–	–
Claudia Pletscher , Member of the Board of Directors (since 2019)	0	0	–	–
Jürg Werner , CEO	0	20	0	20
Daniel Keist , CFO	0	25	0	0
Dirk Hoffmann , CEO Business Unit Household Appliances until August 2019 (Member of the Group Management of Metall Zug AG until May 2019)	0	20	0	20
Christoph Schüpbach , CEO Business Unit Wire Processing (Member of the Group Management of Metall Zug AG until May 2019)	0	0	0	0

¹⁾ For the most part held through the Buhofer Trust I, Vaduz.

9 Sureties

There are sureties to secure credit lines to Group companies from banks amounting to TCHF 30 018 (previous year: TCHF 26 762).

In 2018, additional sureties in the amount of TCHF 139 were granted to suppliers of a subsidiary.

10 Contingent Liabilities

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 6 634 was paid by the end of 2019 (previous year: TCHF 5 914).

In 2018, Metall Zug AG issued a parent support letter in favor of the subsidiary Belimed AG, Zug.

11 Number of Full-time Equivalents

The number of full-time equivalents averaged between 10 and 50 in the year under review (unchanged).

12 Release of Hidden Reserves

In 2019, no hidden reserves were released (previous year: TCHF 21 847).

13 Events After the Balance Sheet Date

The Board of Directors of Metall Zug AG proposes to the General Meeting of Shareholders of April 24, 2020 the spin-off of the V-ZUG Group through the distribution of a dividend in kind of V-ZUG Holding AG shares. The distribution will be executed at book values. The shares of V-ZUG Holding AG will be listed on the SIX Swiss Exchange.

Proposals to the General Meeting of Shareholders

Proposal for the Appropriation of Available Earnings

in CHF	12.31.2019	12.31.2018
	Proposal of the Board of Directors	Resolution of the General Meeting of Shareholders
Retained earnings carried forward	20310709	13573738
Net income	32445405	38115871
Retained earnings	52756114	51689609
Distribution of a cash dividend		
for each type A registered share CHF 1.70 gross	3312688	13640480
for each type B registered share CHF 17.00 gross	4337312	17859520
Total	7650000	31500000
minus cash dividend on treasury shares ¹⁾	-29410	-121100
Retained earnings to be carried forward	45135524	20310709

¹⁾ As at December 31, 2019 1730 type B treasury shares are not entitled to a dividend (previous year: 1730 type B treasury shares). The share capital entitled to a distribution, and thus the distributed dividend, may vary due to possible changes in the portfolio of treasury shares until the record date of the dividend payment.

Subject to the General Meeting of Shareholders' approval of the Board of Directors' proposal, the dividend will be paid on Thursday, April 30, 2020 (payment date). The last trading date with entitlement to receive the cash dividend is Monday, April 27, 2020. The shares of Metall Zug AG will be traded ex-cash dividend as of Tuesday, April 28, 2020.

Proposal for the Extraordinary Distribution of a Dividend in Kind for the Execution of the Spin-off of V-ZUG Holding AG

in CHF	12.31.2019	12.31.2018
	Proposal of the Board of Directors	Resolution of the General Meeting of Shareholders
Voluntary profit reserves carried forward	274143291	274143291
Transfer from capital contribution reserves	1215000	0
Total voluntary profit reserves	275358291	274143291
Distribution dividend in kind		
for each type A registered share 1 registered share V-ZUG Holding AG ¹⁾ net	11110964	0
for each type B registered share 10 registered shares V-ZUG Holding AG ¹⁾ net	14547618	0
Total dividend in kind²⁾	25658582	0
minus dividend in kind on treasury shares ³⁾	-98643	0
Voluntary profit reserves to be carried forward	249798352	274143291

¹⁾ Nominal value per registered share V-ZUG Holding AG: CHF 0.27.

²⁾ The distribution of the dividend in kind will be executed at book value according to the balance sheet of Metall Zug AG and amounts to CHF 25658582 for 4500000 registered shares of V-ZUG Holding AG. Thereof from capital contribution reserves: CHF 1215000 (corresponds to the nominal value of the 4500000 registered shares V-ZUG Holding AG to be distributed).

³⁾ As at December 31, 2019 1730 type B treasury shares are not entitled to a dividend (previous year: 1730 type B treasury shares). The share capital entitled to a distribution, and thus the distributed dividend, may vary due to possible changes in the portfolio of treasury shares until the record date of the dividend in kind.

Subject to the General Meeting of Shareholders' approval of the Board of Directors' proposal, shareholders holding shares of Metall Zug AG on Wednesday, June 24, 2020 after the close of business of the stock exchange, are entitled to receive the dividend in kind. The first trading day of the distributed shares of the V-ZUG Holding AG is scheduled for Thursday, June 25, 2020.

Report of the Statutory Auditor



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To the General Meeting of
Metall Zug AG, Zug

Zug, 13 March 2020

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements presented on pages 91 to 96 of Metall Zug AG, which comprise the income statement, balance sheet and notes, for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.



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Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of investments and loans

Risk	The core business of Metall Zug AG is granting loans to subsidiaries (TCHF 311'035) and holding investments (TCHF 596'391) and these two items make-up 93% of all assets. Depending on the operational developments of the individual business units, there is a valuation risk with regard to investments and loans. Loans are disclosed under section 3 and Investments under section 4 in the notes to the financial statements.
Our audit response	We assessed the impairment considerations of management and reviewed the impairments recorded on investments and loans. We compared the carrying amounts of the investments with the company's proportional share in equity. Where this net asset value consideration was insufficient, we considered the valuations as determined by management (e.g., using the discounted cash flow method) to support the book value. We examined the significant assumptions made in these calculations and involved internal valuation specialists if necessary. In case of loans to companies with negative equity, we reviewed the valuation adjustments recorded. Our audit procedures did not lead to any reservations concerning the recognition and measurement of investments and loans.



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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Simon Balmer
Licensed audit expert

Addresses

(as at March 1, 2020)

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