Metall Zug Group

Annual Report 2015

Quicklinks to the topics:

Quality
Competence
Innovative strength

The Metall Zug Group develops, manufactures and distributes innovative products, and provides services that meet the highest standards. The leading-edge innovations of the Household Appliances Business Unit, the efficient and absolutely reliable solutions of the Infection Control Business Unit, as well as the precision products of the Wire Processing Business Unit form the basis for the business success of the Metall Zug Group and its customers.

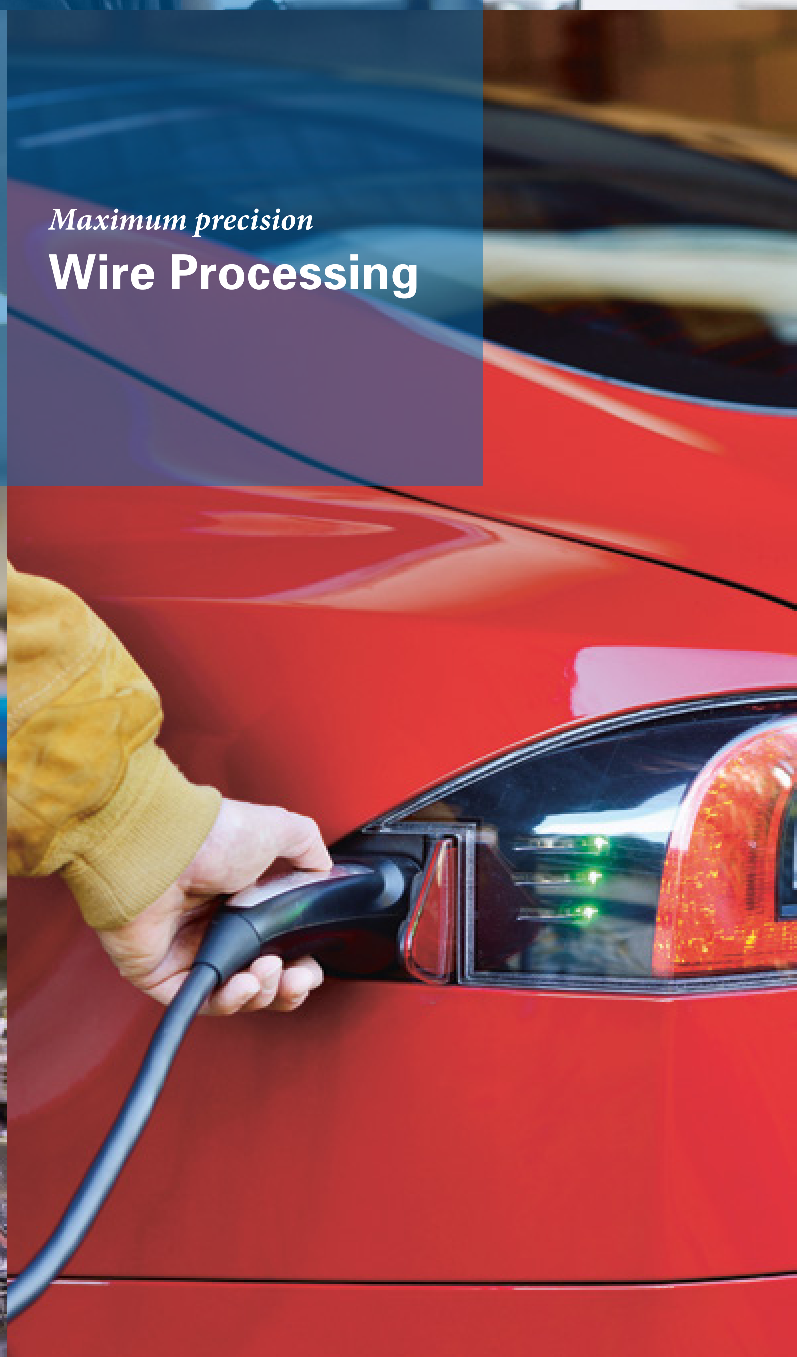
The pursuit of quality and commitment to operational efficiency within the Metall Zug Group underpin the day-to-day work in the three business units, thereby ensuring an attractive range of high quality, sustainable and resource-efficient premium products.

Consistent premium quality

Household Appliances

Professional preparation

Infection Control



Maximum precision

Wire Processing

The Metall Zug Group

Metall Zug, an industrial group of companies headquartered in Zug, comprises three business units and has a workforce of around 3 800 employees. The Household Appliances Business Unit includes the Swiss market leader V-ZUG AG with its foreign subsidiaries and V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG. The Infection Control Business Unit is represented by the Belimed Group, and the Schleuniger Group makes up the Wire Processing Business Unit. 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. Its forward-looking innovations enable it to consistently stand out as a technology leader. Thanks to the refrigeration technology business at its production site in Arbon, Switzerland, V-ZUG has a strong market position in the refrigeration sector, and its premium range of products is represented in 20 countries on three continents.

SIBIRGroup AG

SIBIRGroup AG is a full-range supplier of kitchen and laundry appliances for private homes. SIBIR has branches and service centers in all parts of Switzerland.

Gehrig Group AG

The 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 comprising some 90 service technicians who are available 7 days a week.

Infection Control

Belimed Group

The Belimed Group is one of the leading global suppliers of innovative systems in the area of sterilization workflow. The group's cleaning, disinfection and sterilization solutions are used in hospitals (Medical Business Area) and in the pharmaceutical industry (Life Science Business Area).

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 test automation. In addition, Schleuniger offers software packages to optimize machine efficiency and utilization for complex applications.

Key Figures at a Glance

Metall Zug Group

in CHF million	2015	2014	2013	2012	2011
Gross sales	927.8	927.0	908.6	856.4	864.2
Revenue from real estate operations	0.0	0.0	0.0	25.8	49.4
Operating income (EBIT)	80.5	75.0	69.8	66.6	96.7
Net income	56.9	86.0	124.1	61.5	63.4
Cashflow from operating activities	104.6	135.8	162.3	113.0	115.4
in % of sales	11.3	14.6	17.9	13.2	13.3
Total assets	**1084**	**1055**	**994**	**955**	**1380**
Current assets	788	763	702	654	755
in % of total assets	73	72	71	69	55
Fixed assets	**296**	**292**	**291**	**300**	**625**
in % of total assets	27	28	29	31	45
Total liabilities	**251**	**249**	**246**	**263**	**525**
in % of total assets	23	24	25	28	38
Shareholders' equity	**833**	**806**	**748**	**692**	**855**
in % of total assets	77	76	75	72	62
Investments	42.5	37.0	32.1	84.2	116.4
Employees	3812	3626	3507	3233	3261

Metall Zug AG

in CHF million	2015	2014	2013	2012	2011
Total assets	737.9	692.2	670.9	628.2	577.4
Total liabilities	423.8	395.3	356.9	278.7	254.0
Shareholders' equity	314.1	296.9	314.0	349.5	323.4
Net income	44.1	28.6	26.4	62.1	25.0
Dividend in %	412[1]	244	244	560	220

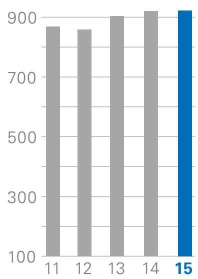
[1] According to the proposal of the Board of Directors to the General Meeting of Shareholders including a cash dividend of CHF 39.00 per type B registered share (CHF 3.90 per type A registered share) as well as a stock dividend of CHF 63.91 per type B registered share (CHF 6.39 per type A registered share). The amount of the stock dividend is indicative only and will be determined and fixed (based on the share price ex-dividend) prior to the General Meeting of Shareholders of April 29, 2016.

	2015	2014	%
Household Appliances			
Gross sales in CHF million[1]	581.9	589.2	–1.2
Employees	1951	1848	+5.6
Infection Control			
Gross sales in CHF million[1]	198.3	209.0	–5.1
Employees	1196	1173	+1.9
Wire Processing			
Gross sales in CHF million	150.1	131.3	+14.3
Employees	642	592	+8.4
Corporate			
Third-party revenue CHF million	1.2	1.4	–17.1
Employees	23	13	+77.3

[1] Includes sales with other Business Units.

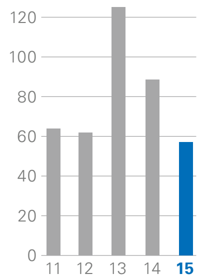
Gross sales

CHF million



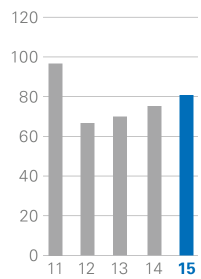
Net income

CHF million



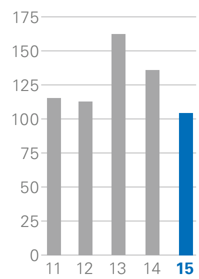
Operating income (EBIT)

CHF million

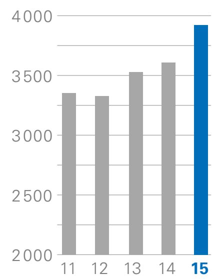


Cash flow from operating activities

CHF million



Employees



The Metall Zug Group posted gross sales of CHF 927.8 million in the reporting year (previous year: CHF 927.0 million).

Net sales achieved abroad increased from 38.5 % in 2014 to 39.4 % in 2015 to stand at CHF 357.4 million (previous year: CHF 347.8 million).

The Metall Zug Group generated an operating income (EBIT) of CHF 80.5 million (previous year: CHF 75.0 million). This corresponds to an increase of 7.3 %.

Expenditure for research and development stood at CHF 80.1 million (previous year: CHF 72.9 million) and amounted to 8.6 % of sales (previous year: 7.9 %).

The companies of the Metall Zug Group spent 2.7 % of sales on marketing activities, slightly less than in the previous year (2.8 %).

Detailed figures for the individual business units are provided on page 68 of the Financial Report.

The proportion of operating income (EBIT) contributed by the Household Appliances Business Unit decreased to 85.9 % (previous year: 93.3 %), that of Wire Processing rose to 26.4 % (previous year: 25.9 %), Infection Control contributed –16.0 % (previous year: –17.3 %) and the reporting segment Corporate 3.7 % (previous year: –1.9 %).

The financial result decreased from CHF 26.0 million in 2014 to CHF –8.2 million.

Tax expenditure increased from CHF 15.1 million in the previous year to CHF 15.6 million. In relation to income before taxes this represents an increase in the tax burden to 21.6 % compared to the previous year's figure of 15.0 %.

Net income was at CHF 56.9 million (previous year: CHF 86.0 million).

The cash flow from operating activities decreased to CHF 104.6 million (previous year: CHF 135.8 million).

The net cash position at year end 2015 rose to CHF 518.1 million (previous year: CHF 491.4 million).

Headcount increased by 186 employees to 3812 employees (previous year: 3626). 103 of the total 186 new positions were created in the Household Appliances Business Unit. A total of 2546 employees (previous year: 2438) are employed in Switzerland and 1266 (previous year: 1188) abroad.

The ratio of equity to total assets at the end of the reporting year rose to 76.8 % compared to 76.4 % in the previous year.

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Letter to Shareholders

The Metall Zug Group posted a strong result despite the challenging currency environment. The swift reaction to the abandonment of the euro minimum exchange rate, combined with a range of products and services tailored to customer needs and disciplined process and cost management, helped to bring this difficult year to a successful conclusion. Gross sales remained at the previous year's level at CHF 927.8 million. Operating income rose by 7.3 % to CHF 80.5 million. The financial result fell in the wake of the currency crisis to CHF –8.2 million. Net income therefore came to CHF 56.9 million. The equity ratio increased to 76.8 % of total assets.

Dear Shareholders

The discontinuation of the euro minimum exchange rate presented major challenges for the economy. Despite currency-related revenue losses, gross sales at CHF 927.8 million matched their prior-year level (CHF 927.0 million). Overall, the Metall Zug Group generated operating income (EBIT) of CHF 80.5 million in the reporting year (previous year: CHF 75.0 million), a rise of 7.3 %. The financial result fell in the year under review to CHF –8.2 million (previous year: CHF 26.0 million) and reduced net income to CHF 56.9 million (previous year: CHF 86.0 million). The financial result was negatively impacted by currency losses, a poorer performance by investments in securities and revaluations of financial assets. Equity increased to 76.8 % of total assets (previous year: 76.4 %) and the net cash position rose to CHF 518.1 million (previous year: CHF 491.4 million). Material investments in structures, processes, development, quality assurance and the planning of a high-quality environment for innovation and production at the V-ZUG site were charged to the income statement.

Household Appliances: Consistent Performance despite Currency Turmoil

The Household Appliances Business Unit achieved success in the face of currency turbulence. Swiss-based manufacturer V-ZUG was quick to react by optimizing processes, reducing costs and introducing longer working hours. Competitors lowered their prices – in some cases by a considerable amount – in response to the abandonment of the euro minimum exchange rate. However, new products, a strong brand and close customer ties enabled margin pressure and the impact on sales to be kept within limits. The company's international presence was selectively expanded in attractive markets.

SIBIRGroup stepped up its marketing for washing and drying solutions, especially for laundry room dryers. It revised the product range and launched new appliances on the market.

The acquisition of Schybig Gastro-Service AG and Horeka AG enabled Gehrig Group to strengthen its customer proximity as a provider of integrated solutions for a professional client base in the hotel, catering and care sectors.

Gross sales of the Household Appliances Business Unit were down 1.2 % to CHF 581.9 million (previous year: CHF 589.2 million). At CHF 69.1 million, operating income (EBIT) just about matched its prior-year level (previous year: CHF 70.0 million).

Infection Control: Visible Progress in Restructuring

Following the relocation of production, Belimed now has three focused production sites: one in Switzerland, one in Germany and one in Slovenia. The ongoing relocation process significantly reduces complexity and costs. In addition, Belimed has withdrawn from non-profitable markets in full awareness that this would entail a decline in sales. The relocation of central functions from Ballwil to Zug was important. Once V-ZUG's new production and assembly building is completed, the development engineers of both business units will share laboratory facilities and thus be able to exploit synergies by exchanging expertise.

Sales were satisfactory regardless of the currency environment, especially in the US and China. Price pressure in the healthcare sector is causing customers to focus on the costs of an investment over the entire product life cycle. Belimed supports its customers in this respect by delivering efficient solutions – such as the new generation of sterilizers unveiled in 2015.

Gross sales fell by 5.1 % to CHF 198.3 million (previous year: CHF 209.0 million). The restructuring costs and currency situation prevented any significant improvement in operating income (EBIT), which stood at CHF –12.9 million (previous year: CHF –13.0 million).

Wire Processing: Marked Growth Continues

In 2015, the growth of the Schleuniger Group outperformed that of the relevant market as a whole. This was particularly true for the Cut, Strip & Terminate (fully automatic crimping machines) segment as well as Projects. TransferLine, the precise and flexible linear system, helped the Group to further expand its leading position in this segment. At an international trade fair, a panel of experts awarded the CoaxCenter CC 6000 a prize for innovation. Sales in the Service segment also developed well in 2015. The acquisition of Cirris Solutions GmbH (Germany) marked another step forward in terms of expanding into the market for test automation systems.

Schleuniger increased its gross sales by 14.3 % to CHF 150.1 million (previous year: CHF 131.3 million) and operating income (EBIT) by 9.2 % to CHF 21.2 million (previous year: CHF 19.5 million).

Extra work supports competitiveness

In order to remain competitive in the face of currency impacts, V-ZUG, Belimed and Schleuniger introduced longer working hours in Switzerland. Stepping up production rather than introducing short-time work is a testimony of their strength in this environment. Such commitment is a clear expression of the willingness of the company as well as of the employees to defend the Group's market success even in a challenging environment. The subsequent good business performance made it possible to reward this commitment with a bonus for extra work. The necessary provisions for the extra-work bonuses to be paid out in 2016 were made in the reporting year.

Sustainable Investment in the Future

In 2015, V-ZUG's strategic site planning and Belimed's location strategy prompted a considerable expansion of the new production and assembly building currently being constructed at the V-ZUG site. Extensive preparatory work was undertaken in the reporting year in connection with the planned site development. This project is intended to secure the spatial requirements for V-ZUG's long-term growth plans and ensure the sustainable development of the site.

Well-equipped for the Future

The surprising timing of the abandonment of the euro minimum exchange rate placed great demands on all the business units. The high degree of flexibility on the part of the workforce enabled the negative impacts to be cushioned. The future impacts are difficult to estimate. Moreover, the results could also be affected by political risks. Therefore, we expect the environment to remain challenging. Our business units used the reporting year to make sure they are well-positioned structurally and have suitably innovative products.

Dividend: Unchanged Cash Component plus Allocation of own Shares

The Board of Directors will propose the distribution of a stock dividend, in addition to a cash dividend. Shareholders will be allocated one type B registered share from the company's own holdings for each 60 type B registered shares or 600 type A registered shares. Fractional amounts will be paid out in cash. The withholding tax on this stock dividend will be transferred by Metall Zug AG to the tax authorities, but can generally be reclaimed by shareholders. The Board of Directors will also propose the distribution of a cash dividend of CHF 39 gross per type B registered share or CHF 3.90 per type A registered share. Together, the cash dividend and the withholding tax refund claim on the stock dividend thus amount to an indicative figure of CHF 61.37 indicative per type B registered share (CHF 6.14 per type A registered share), which is within in the range of the previous year's dividend. The total value of the proposed distribution comes to an indicative figure of CHF 102.91 gross per type B registered share or CHF 10.29 per type A registered share.

Acknowledgments

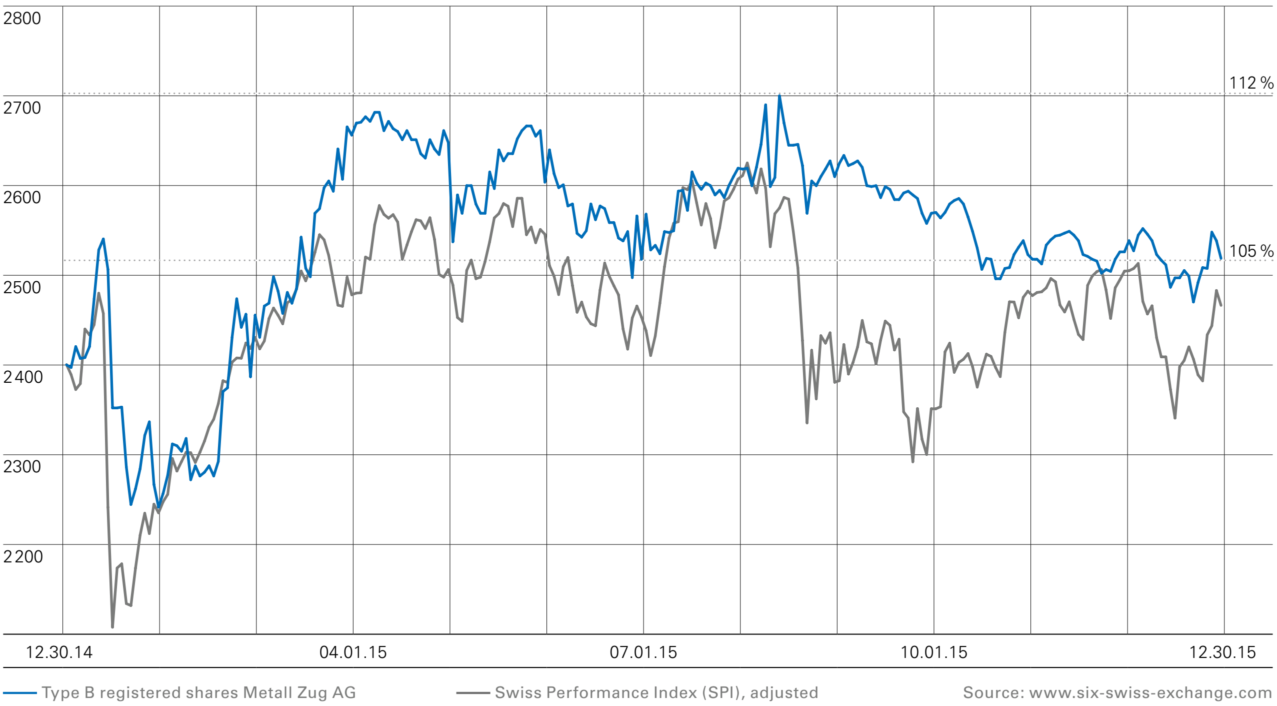
With their willingness to perform extra work, our employees demonstrated even greater commitment than before. By doing so, they played a significant role in enabling the business units of the Metall Zug Group to strengthen their market positions. We would like to thank all our employees most sincerely for their contribution. Our gratitude also goes to our customers and business partners for their loyalty and cooperation, and naturally to you, dear shareholders, for your trust and allegiance. You give our company the support we need and which spurs us on to give our best in the future.

Heinz M. Buhofer
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



Source: www.six-swiss-exchange.com

The Board of Directors proposes to the General Meeting of Shareholders the distribution of a stock dividend, in addition to a cash dividend. Shareholders will be allocated one type B registered share from the company's own holdings for each 60 type B registered shares or 600 type A registered shares. Fractional amounts will be paid out in cash. The withholding tax on this stock dividend will be transferred by Metall Zug AG to the Swiss Federal Tax Administration, but can generally be reclaimed by shareholders. The Board of Directors also proposes the distribution of a cash dividend of CHF 39.00 gross per type B registered share or CHF 3.90 per type A registered share. Together, the cash dividend and the withholding tax repayment claim on the stock dividend thus amount to an indicative figure of CHF 61.37 per type B registered share (CHF 6.14 per type A registered share), and is thus on a par with the previous year's dividend. The total value of the proposed distribution comes to an indicative figure of CHF 102.91 gross per type B registered share or CHF 10.29 per type A registered share.

Important dates

April 29, 2016
General Meeting of Shareholders

May 6, 2016
Payment of cash dividend

May 10, 2016
Payment of stock dividend

August 22, 2016
Publication of half-year results

Number of shares

		2015	2014	2013	2012	2011
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 income	12.92	19.47	28.02	13.67	14.08
Cash flow from operating activities	23.25	30.17	36.06	25.11	25.63
Shareholders' equity	185.04	179.03	166.19	153.77	190.05
Dividend	10.29[1]	6.10	6.10	14.00	5.50

Figures per type B registered share

in CHF						
Net income		129.17	194.72	280.23	136.75	140.79
Cash flow from operating activities		232.45	301.71	360.60	251.12	256.34
Shareholders' equity		1 850.37	1 790.32	1 661.87	1 537.68	1 900.52
Dividend		102.91[1]	61.00	61.00	140.00	55.00
Stock market price	High	2 699	2 700	2 380	2 444	2 740[2]
	Low	2 233	2 218	1 910	1 868	1 983
	At year-end	2 521	2 405	2 370	1 941	2 468

Total market capitalization[3]

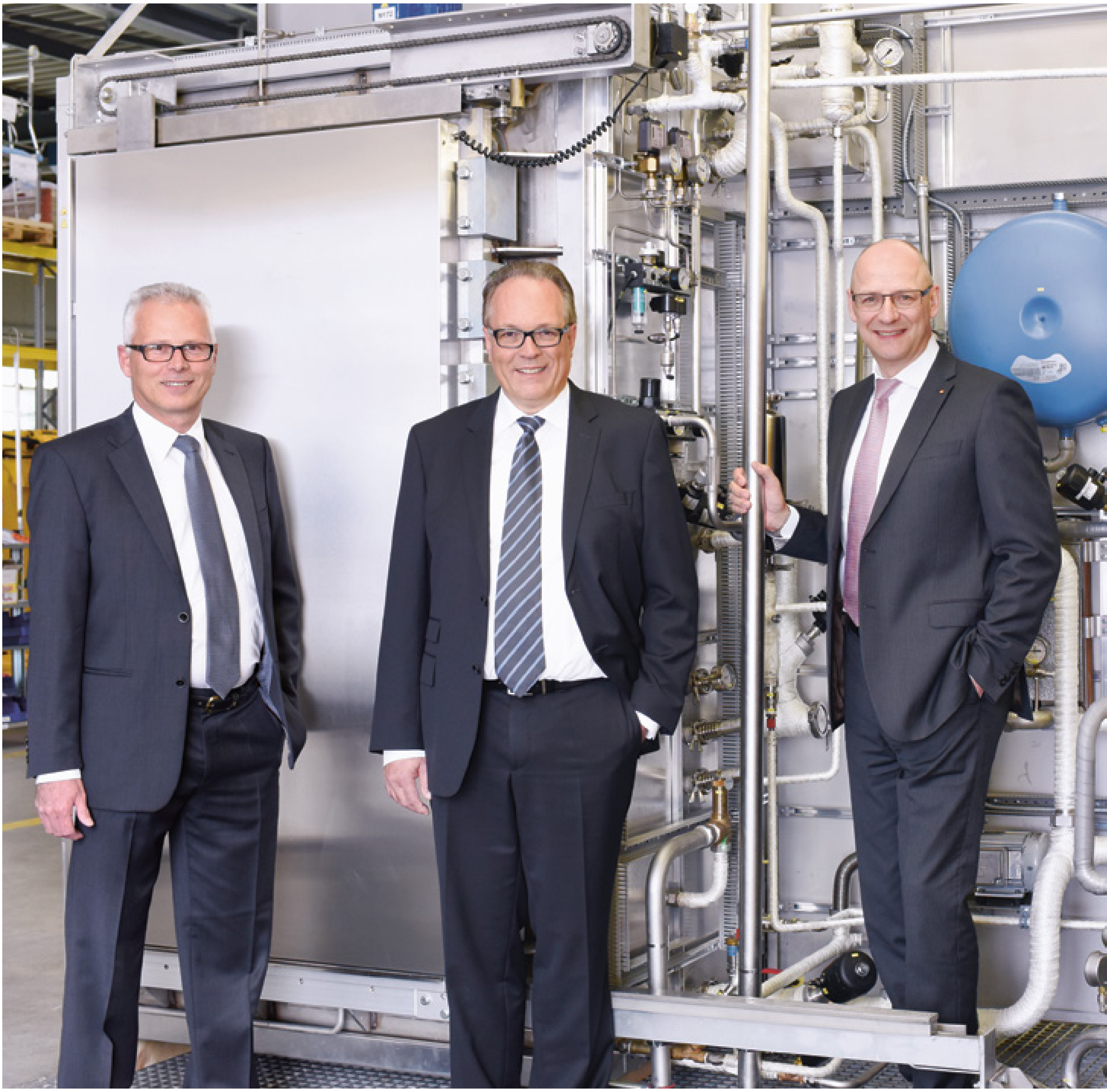
in CHF million	**At year-end**	**1 134**	**1 082**	**1 067**	**873**	**1 111[2]**

[1] According to the proposal of the Board of Directors to the General Meeting of Shareholders including a cash dividend of CHF 39.00 per type B registered share (CHF 3.90 per type A registered share) as well as a stock dividend of CHF 63.91 per type B registered share (CHF 6.39 per type A registered share). The amount of the stock dividend is indicative only and will be determined and fixed (based on the share price ex-dividend) prior to the General Meeting of Shareholders of April 29, 2016.

[2] All amounts adjusted to reflect the spin-off of Zug Estates Holding AG on June 30, 2012 (by 0.6682597).

[3] Translation of type A registered shares on the basis of the year-end share price applicable to type B registered shares.

Senior Management



From left to right

Daniel Keist (CH) b. 1957
Chief Financial Officer

Jürg Werner (CH) b. 1956
Chief Executive Officer

Christoph Schüpbach (CH) b. 1966
Head of Wire Processing Business Unit

Dirk Hoffmann (DE) b. 1961
Head of Household Appliances Business Unit

The steam sterilizer in the background with quality certification is based on the PST series, which Belimed sells to the pharma and biotech manufacturing industry worldwide. This customized solution produced at the Sulgen plant will shortly be handed over for acceptance by the customer.

CEO Interview

Dr. Jürg Werner

Building on a tradition of success, focusing on an innovative future

...

Both Metall Zug and V-ZUG refer to a Swiss town in their names. What does Switzerland mean to you as a location?

The Metall Zug Group is committed to Switzerland as a location. The Mistral production building currently under construction at V-ZUG and other construction projects and location decisions prove this. These investments are naturally intended to generate efficiency gains and create synergies in expertise, precisely by bringing Belimed and V-ZUG closer together. However, our commitment to this location is not unconditional. It also has to make economic sense. But the Metall Zug Group is willing to do what it can within the scope of reasonable operating conditions. The political and administrative authorities and society are also called upon to play their part. Only if we all join together in leveraging Swiss strengths and advantages can we succeed in standing firm against the international competition.

What effect did the abandonment of the euro minimum exchange rate have on the Metall Zug Group?

Our subsidiaries operate in a range of markets where a variety of conditions apply to production and competition. The impact therefore varies from company to company. Even though each subsidiary was faced with different challenges, they all had to react – and quickly. We are especially grateful to those employees who helped expedite key projects and process optimizations by agreeing to extra work. We are pleased that our market success allowed us to introduce extra working hours instead of having to contend with a lack of orders. Thanks to the huge effort of our employees, we have come out of this situation stronger than before.

The global economy is in a state of flux. Trends such as digitization, new forms of mobility and energy supply are emerging, and business models are undergoing radical change. What position does Metall Zug occupy in the nexus between tradition and future sustainability?

There are signs of major upheavals, which are comparable with those of last century's industrial revolution in their magnitude. Yet, traditional values such as customer proximity, innovative drive, technological leadership and brand strength will continue to play a decisive role in future. I am convinced that our tradition of success, which dates back over a century, our solid financial set up and market strength provide a valuable springboard for future developments, provided we remain self-critical and agile. These developments will unlock new and additional growth potential for our three business units, Household Appliances, Infection Control and Wire Processing. However, there will be changes in the demand for market services, and how those services are provided, distributed and paid for. In view of the digital competition, we will have to focus on creative design strength, mastering complexity, individuality and our relationship with our customers. Personal commitment will remain important in the Service area, but will be comprehensively embedded in a new digital environment.

How is Metall Zug preparing for these developments?

For one thing, we are getting in shape for the future by strengthening the Group and concentrating on our core competencies. Metall Zug and its subsidiaries are permanently seeking to reduce complexity and strengthen resilience. For another, the Group structure creates additional strategic opportunities for our subsidiaries, especially in relation to the changes just referred to. The "economy of diversity" spirit by which the Group lives encourages a wide range of critical opinions and gets people to look at their environment from different viewpoints. At the same time, the Group's activities promote an exchange of expertise, and networking. These are important in enabling us to identify megatrends in good time and translate these into marketable innovations.

Where specifically do you think Metall Zug can tap into future developments?

Our household appliances are already programmable. For example, they come up with menus at a specific time. The Internet of Things and extensive digitization and networking will boost this trend. Our appliances are meant to simplify the lives of a mobile generation and anticipate their new needs and expectations at an early stage. Another example is autonomous driving, which will become a reality in the not-too-distant future. The sheer flood of information that has to be processed here calls for more wires and cables than ever before and more interconnectedness – both in the car and for the necessary outside infrastructure. Schleuniger has the knowledge to produce safe, high quality cross linking solutions. Hospitals are also affected by digitization. Furthermore, the increase in global travel is leading to a greater risk of epidemics and more resistant viruses. There will be even greater demand for networked systems for end-to-end hygiene and sterility bearing the Belimed stamp of quality and safety standards.

What is the short- to medium-term outlook for the Metall Zug Group? Can it afford to take a breather after the currency turmoil of the previous year?

Not at all. The environment will remain tough in 2016. But we will rise to the challenge. Through its plans to transform the V-ZUG site into an industrial technology cluster, the Group envisions taking another great leap forward – one that will strengthen not only the company but also Zug itself as a location for industry. We believe in the future success of our Group and in Switzerland as a strong industrial location. There is still considerable market potential for quality and precision in the premium area – particularly under the "Swiss Made" label.

Strategy

Metall Zug AG is a successful, publicly listed Swiss industrial holding company with an entrepreneurial family as its main shareholder. It creates sustainable added value for its shareholders and adopts a decidedly long-term perspective. Through its business units it focuses on industrial enterprises with premium and precision products and makes systematic use of the diversity of these units as a source of innovation and best practice. The Group and each of its individual business units made considerable progress in implementing the current strategy in the reporting year.

The Metall Zug Group comprises the Household Appliances, Infection Control and Wire Processing Business Units. The Group Management plays an active role in promoting cooperation between the business units and in identifying and realizing synergies and initiatives on cross-unit topics at Group level.

*Our **vision:***
Perfecting industrial competencies to the benefit of our customers.

...

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, the Metall Zug Group is able to act autonomously and make independent decisions – even during economically difficult periods.

Economies of Diversity

Metall Zug consciously makes use of the diversity of its business units as a source of innovation, internal benchmarks and best practice, without diluting the clear focus of those units.

We unterstand the needs of our customers and aim to impress them with ***best-in-class-products*** *and services.*

...

The Group companies each have their own market presence – including their own, independent brands and own marketing mix.

Business Development and Growth

By rounding out the product range, expanding the customer segments and sales markets, and extending the offering along the value chain, Metall Zug seeks to achieve sustainable and profitable growth that will strengthen the business units. If no worthwhile investment opportunities for external growth can be found for the existing business units, establishing or acquiring a new business unit to create a further mainstay would be conceivable.

We develop our employees, challenge them and provide a business environment and conditions for ***top performance.***

...

Group Added Value

With its expertise, services, financial strength and influence, the holding company generates added value for its business units and supports them in strategy implementation. It promotes and strengthens internal cooperation between the business units as well as the values shared throughout the Metall Zug Group, but also takes care to ensure that the individual business units retain their independence.

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 company in question and the Metall Zug Group as a whole.

*We support **innovation** through an open and inspiring working and corporate culture.*

• • •

Development of Real Estate

Metall Zug uses its real estate to create the best possible conditions for the industrial activities of all its business units. It therefore develops the properties and sites of the Group companies in a targeted and sustainable fashion, while at the same time optimizing the deployment of capital.

Strengthening V-ZUG through Site Development

At V-ZUG Immobilien AG, alongside the proper management of its own portfolio and the real estate management tasks performed for Metall Zug, strategic activities focus on the further development of the major transformational project at the main site in Zug, the "Technology Cluster Zug". A long-term implementation horizon is being assumed for this large-scale project. The development plan was drawn up in 2015. Selected aspects of the "Technology Cluster Zug" were broadly communicated for the first time and discussed at five public events entitled "Zukunft Industrie Zug" (Future of Industry in Zug). V-ZUG AG is initiating the technology cluster as the site's main user, but with the aim of accommodating additional companies, start-ups, institutions and uses so as to develop a networked and high-quality environment for innovation and production. The gradual transformation minimizes V-ZUG AG's operational risks with respect to the overall project, enabling it to be realized during normal business operations and without interruption to production activities. Thanks to the cluster approach, which accommodates a variety of different uses, a framework will be created to strengthen not only V-ZUG as an industrial enterprise, but also the city of Zug, both as a business and technology hub in the canton of Zug and as a sustainable living environment.

*We **act** openly, honestly and **respectfully** both within and outside the company and comply with with law and regulations.*

• • •

*We use resources economically and thus create sustainable added value. Our actions and products have a **positive impact** on the environment, quality of life and profitability*

• • •

Customers and Markets

The business units of the Metall Zug Group are represented around the globe. However, Switzerland remains the most important market. This is where the Metall Zug Group generated 60.6 % of its net sales in 2015. The business unit with the highest sales is Household Appliances, with net sales of CHF 568.4 million.

Household Appliances: International Expansion

The Household Appliances Business Unit develops, manufactures and distributes high-quality kitchen and laundry appliances for private and commercial customers. It comprises V-ZUG AG with its foreign subsidiaries as well as V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG.

While the markets in Russia and the Ukraine slumped for political and economic reasons, China, the US and Europe posted year-on-year growth. An important luxury project was successfully delivered in China. V-ZUG opened a new ZUGORAMA in Melbourne, Australia. V-ZUG will continue to develop new markets selectively on the basis of its focused internationalization strategy.

SIBIRGroup is concentrating on sales in the trade channel as well as the repair and exchange of household appliances for property management companies and cooperative residential associations in Switzerland.

Gehrig Group operates in Switzerland and the Principality of Liechtenstein offering solutions to its professional client base both in the hotel, restaurant and catering sector and in the care sector (hospitals, retirement and care homes). Its product range for the catering sector includes premium professional dishwashers, cooking, roasting and baking appliances as well as coffee machines, and for the care sector, complete sluice appliances, nursing baths, patient lifts and safety handle systems. The acquisition of Schybig Gastro-Service AG and Horeka AG allows the Gehrig Group to strengthen its customer proximity as a provider of integrated solutions and cleaning agents for dishwashers.

Infection Control: Represented in more than 80 Countries.

Belimed is one of the globally leading suppliers of innovative cleaning, disinfection and sterilization solutions in the Medical and Life Science business areas. Services make up an important part of the company’s offering. The Belimed customer base ranges from multinational pharmaceutical companies and large university hospitals to local hospitals and large medical practices. The Belimed product portfolio aims to offer each client the best-possible solution, be it machines from the standard product range or customer-specific large-scale systems. Through additional services such as planning, simulation and validation plus support in optimizing overall costs and consumables requirements, Belimed delivers genuine added value to its customers. Belimed is one of the few global suppliers having its own workforce in all regions. It is represented by a network of sales subsidiaries and authorized partners in more than 80 countries. The Belimed Group generated 91.6 % of its net sales abroad. Europe, North America and China remain its key markets in this respect.

Wire Processing: Expansion of Test Systems

Schleuniger is a globally active technology group and a leading supplier in the wire processing industry. Schleuniger products are used whenever precise wire processing plays a role. The Schleuniger portfolio includes semiautomatic and fully automatic machines as well as peripheral devices and test equipment, tools, software and service solutions covering the entire spectrum of wire processing. In addition, S.WOP represents software for value chain networking in wire production, thereby significantly boosting productivity.

The acquisition of Cirris Solutions GmbH (Germany) lets Schleuniger expand its expertise and product portfolio to include fully automatic cable testing systems. The key industries for Schleuniger are the automotive industry, entertainment electronics, IT, telecommunications, medicine, aviation, and apparatus and systems engineering. Its largest markets are the NAFTA zone, Germany, China and Japan.

Schleuniger generated 99.0 % of its net sales outside Switzerland in 2015. The Schleuniger Group sells its products directly in a total of eight countries on three continents through its own network of sales and service companies as well as through more than 40 distributors in other countries.

Group Structure

Operational Organization of the Metall Zug Group (as at December 31, 2015)

Metall Zug Group
Zug

Household Appliances

V-ZUG AG
Zug

- V-ZUG Australia Pty. Ltd. (AU)
- V-ZUG Europe BVBA (BE)
- V-ZUG Kühltechnik AG (CH)
- V-ZUG (Shanghai) Domestic Appliance Co., Ltd. (CN)
- V-ZUG (Changzhou) Special Components Co., Ltd. (CN)
- SIBIRGroup AG (CH)

Gehrig Group AG
Glattbrugg

- Hildebrand France S.A.R.L. (FR)
- Schybig Gastro-Service AG (CH)
- Horeka AG (CH)

Infection Control

Belimed AG
Zug

- Belimed Sauter AG (CH)
- Belimed GmbH (AT)
- NV Belimed SA (BE)
- Belimed SAS (FR)
- Belimed B.V. (NL)
- Belimed d.o.o. (SI)
- Belimed Ltd. (UK)
  - Beltech Medical Services Ltd. (UK)
- Belimed Inc. (US)
- Belimed Medical Equipment (Shanghai) Co., Ltd. (CN)
- Belimed GmbH (DE)
  - Belimed Technik GmbH (DE)
  - Belimed Deutschland GmbH (DE)

Wire Processing

Schleuniger Holding AG
Thun

- Schleuniger AG (CH)
- Schleuniger GmbH (DE)
- Cirris Solutions GmbH (DE)
- Schleuniger, Inc. (US)
- Schleuniger Japan Co., Ltd. (JP)
- Schleuniger Trading (Shanghai) Co., Ltd. (CN)
- Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. (CN)

Corporate

Metall Zug AG
Zug

- V-ZUG Immobilien AG (CH)

Consistent premium quality

…

Nenad Mlinarevic, Swiss Chef of the Year 2016, Restaurant Focus at the Parkhotel Vitznau, Switzerland

... *thanks to creative experimentation and Swiss products.*

Nenad Mlinarevic serves up creations unlike anything that's ever been seen: fresh, pure and natural. The 34-year-old is one of the youngest chefs ever to be named "Chef of the Year" by Gault et Millau. His dishes are particularly intense in flavor as he takes the time to seek out the best quality foodstuffs. His avant-garde regional cuisine is based exclusively on Swiss produce.

So it comes as no surprise that he also puts his faith in Swiss quality when it comes to the equipment he uses: the Combi-Steam MSLQ from V-ZUG is the only appliance of its kind in the world to allow combined use of the oven, steamer and microwave functions. Although actually designed for private households, the MSLQ is in daily use in Mlinarevic's kitchen. The top chef appreciates both its speed and precision, as well as the chance to save and call up his own recipes. Quality and precision are important values he cultivates in his cooking. And it is precisely these values that he admires in V-ZUG appliances.

The Household Appliances Business Unit has been developing, manufacturing and distributing high-quality kitchen and laundry appliances for private and commercial customers for many years. It comprises V-ZUG AG and its foreign subsidiaries V-ZUG Australia, V-ZUG Europe, V-ZUG Shanghai and V-ZUG Changzhou, as well as V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG. The Household Appliances Business Unit employs a workforce of around 1 950, most of whom are based in Switzerland.

The 2015 Financial Year

V-ZUG started the reporting year with full order books. The abandonment of the euro minimum exchange rate in mid-January barely impacted sales and production volumes, but caused a sudden rise in margin pressure. Longer working hours, new products and measures to boost productivity were the main factors that contributed to maintaining a high degree of competitiveness. In the intervening period, V-ZUG has largely adapted to the new realities and further optimized its processes.

The plant constructed in Changzou, China, and opened in the reporting year assembles selected compenents. This modern assembly unit operates to V-ZUG's high standards and uses integrated quality controls to ensure the top quality expected of V-ZUG appliances. It also helps to reduce logistics risks and lower costs, and has the potential to assemble further components.

The investments made by V-ZUG Kühltechnik AG in product development and modernization of production plants paid off: the fully automatic door manufacturing facility in Arbon came online, reducing costs and improving process safety. The higher degree of flexibility optimizes the material flow and significantly reduces the need for inventory. This plant lays the foundations for a new product platform and further automation. The new appliances in the A^{+++} energy efficiency class were launched successfully at the start of 2015 and made a major contribution to the increase in sales of refrigerators. Targeted measures as part of a concerted quality campaign enabled significant improvements in product quality. Organizational measures reduced interfaces and stabilized processes, which in turn boosted productivity.

The Household Appliances Business Unit provides outstanding service and support for all its products and brands. More than 300 service technicians are deployed throughout Switzerland by V-ZUG alone, successfully dealing with 90 % of service requests without delay on their first customer visit. In the international arena, V-ZUG has built up further service networks in the individual markets to actively support the brand.

V-ZUG's dynamic development is also reflected in the various construction projects: the new "Mistral" assembly and production building is under construction at the site in Zug. The new building provides additional space that will enable the production and assembly areas to be expanded, thus allowing V-ZUG to grow further. At the same time, it makes space available for the Infection Control Business Unit. V-ZUG and Belimed are likely to benefit from the ensuing synergies in equal measure. The building will also serve as a temporary workplace for other industrial processes during further modernization work throughout the existing site. The related application for the "Technology Cluster Zug" development plan is currently being processed by the local authorities.

Internationally popular:

aesthetics, smart functionality and Swiss quality from V-ZUG.

• • •

Following the abandonment of the euro minimum exchange rate, competitors in the eurozone lowered their prices – in some cases by a considerable magnitude. Consequently, V-ZUG was forced to make certain price concessions. However, new products, strong brands and close customer ties enabled the business unit to keep the impact on sales within reasonable limits. Gross sales of the Household Appliances Business Unit were down 1.2 % to CHF 581.9 million (previous year: CHF 589.2 million). Adjusted for acquisition and currency effects of 0.4 % and –0.3 % respectively, this is equivalent to an organic reduction of 1.3 % in local currencies.

The operating income (EBIT) of the Household Appliances Business Unit reached CHF 69.1 million and was therefore just short of the previous year's level (CHF 70.0 million). Price negotiations with suppliers and the influence of the weaker euro on purchasing offset the price concessions to a certain degree.

Varied Growth in International Markets

Compared with those competitors whose production is mainly based in low-wage countries and competitors with currency advantages, V-ZUG aims to make its mark in the international markets by maintaining its high degree of innovation, high quality standards and "Swiss Made" credentials, not to mention its outstanding service and support.

While the Russian, Ukrainian and Turkish markets collapsed, China, the US and Europe reported growth year on year. An important luxury project was successfully delivered in China. V-ZUG Australia moved from Brisbane to Melbourne, where it opened a ZUGORAMA. International growth is constantly being stepped up and V-ZUG will continue to develop new markets selectively. At present, preparations are under way for entry to the Hong Kong market, where a ZUGORAMA showroom is to be opened shortly.

"Swiss Made".

In a highly competitive environment, quality is especially important. That's why V-ZUG is investing in flexible production at its Zug site.

Innovations for Greater Sustainability and Comfort

The Combi-Steam MSLQ, which was launched in 2015, is the first kitchen aid to combine conventional, steam and microwave heating in a single appliance. The microwave takes on a turbo function: any cooking process can be speeded up by one-third by switching on the microwave. Food preparation is faster and much more gentle than with conventional cooking methods. The MSLQ has been given a winning new design and optimized user interface that is intuitive to use.

At the start of 2015, V-ZUG launched the new A^{+++} energy efficiency class refrigerator series. The Futura, De Luxe, Prestige and Classic models have already established themselves on the market and are noted for their low energy consumption.

V-ZUG won the 2015 Canton of Zug Innovation Prize for its Refresh-Butler. This unique fabric care system for care of clothing at home works with photocatalysis: it can refresh and sanitize textiles by neutralizing odors, reducing folds and creases and drying rain-soaked clothes.

Currency Environment Remains Challenging

In response to the abandonment of the euro minimum exchange rate, most competitors swiftly lowered their prices – in some cases by more than 12 %. Thanks to the strength of the brand, a successful new product line and the world-exclusive Combi-Steam MSLQ, V-ZUG was able to maintain its overall market position and further expand it for certain products. V-ZUG benefited to a certain extent from lower procurement costs in the eurozone. However, this advantage was evened out in the course of the year when the euro began to climb again.

The strong commitment shown by the workforce in defending the company's market leadership played a significant role in facing up to this major challenge. Specifically, the willingness of V-ZUG's employees to perform extra work helped speed up projects, optimize processes and cope with the increased production and sales volumes. V-ZUG is returning to standard working hours as of March 2016. Employees were paid an extra-work bonus in August in recognition of their special efforts. A further extra-work bonus will be paid in February 2016. Corresponding provisions were recognized in the 2015 income statement.

The future development of the currency environment remains subject to considerable uncertainty. V-ZUG will keep a close eye on further trends and take prompt action again as necessary.

The Refresh-Butler
a real winner.

• • •

It refreshes textiles by neutralizing odors, reducing folds and creases, sanitizing and drying rain-soaked clothes and shoes. And it won the 2015 Zug Innovation Prize.

SIBIRGroup: Efficiency Gains following Relocation

The move from Schlieren to Spreitenbach enabled an interior fit-out tailored to the needs of SIBIRGroup AG. This resulted in more efficient processes and structures as well as better working conditions.

SIBIRGroup is concentrating on sales in the trade channel as well as the repair and exchange of household appliances for property management companies and cooperative residential associations in Switzerland. SIBIRGroup installed 420 stacked washer / dryer units in a large residential building. The 840 appliances were installed, connected and tested within three-and-a-half days. This achievement justifies the trust this particular client has placed in SIBIRGroup for the last 13 years.

SIBIRGroup builds further confidence in its own service organization by holding cooking events and training sessions for building caretakers and managers, and provides individual services tailored to the specific needs of the client.

SIBIRGroup stepped up its marketing for washing and drying solutions, which involved the market launch of new laundry room dryers at the end of 2015.

Gehrig Group: Acquisitions Enhance Customer Proximity

The Gehrig Group operates in Switzerland and the Principality of Liechtenstein, and offers solutions to its professional client base both in the hotel, restaurant and catering sector and in the care sector (hospitals, retirement and care homes). In the catering sector its product range includes premium professional dishwashers, cooking, roasting and baking appliances as well as coffee machines, and in the care sector complete sluice appliances, nursing baths, patient lifts and safety handle systems. The acquisition of Schybig Gastro Service AG and the related platform Horeka AG allows the Gehrig Group to strengthen its customer proximity as a provider of integrated solutions and cleaning agents for dishwashers.

To launch the celebrations of its 70 years in business in 2016, Gehrig Group presented its new dishwashers, which use up to 30 % less water than previous models, at the igeho hotel and catering trade fair.

The self-cleaning HOBART Premax FTPi flight-type dishwasher comes with an optional twinLINE organizing system that saves energy and lets users work up to 30 % faster. The cost savings impressed the hospital in Frauenfeld, for example, which now benefits from the system's advantages in its everyday operations.

Service builds trust.

• • •

Throughout Switzerland qualified service technicians are, successfully dealing with 90 percent of service requests without delay on their first customer visit.

A particular strength of the Gehrig Group is the nationwide customer service it provides with more than 90 service technicians ensuring maintenance and operational safety in all segments 24/7.

Outlook

The economic situation and currency environment will remain challenging. V-ZUG aims to consolidate its market leadership in Switzerland and strengthen its global position as a premium manufacturer. It is selectively expanding its international presence and continues to believe in innovation and high technological and qualitative standards. To accomplish this growth and achieve efficiency gains and further cost reductions, a new assembly plant is being built in Zug. Component production in China is also to be expanded.

Safety for millions

...

Fang Ling, Head Nurse, Wuhan Union Hospital, China

... thanks to professional preparation of medical instruments.

The employees of the Central Sterile Supply Department (CSSD) at Wuhan Union Hospital started work as usual on January 7. Everything went off calmly and smoothly, and the Belimed China service engineer was particularly pleased.

Since the CSSD came on stream 28 months ago, the Belimed washing, disinfection and sterilization system has worked to the full satisfaction of the staff. Eight washer-disinfectors and four sterilizers guarantee a high level of process safety.

The head nurse from Union Hospital saw the Belimed washer-disinfectors at a medical technology fair for the first time and was so impressed that the hospital purchased the exhibition model straight away. Fang Ling explains: "Thanks to Belimed we can handle the large quantity on time and guarantee patient safety at all times." 80 employees work in the CSSD which occupies an area of more than 3 000 square meters. Wuhan Union Hospital was established in 1866 and remains one of the biggest hospitals in China to date.

Belimed will continue to offer Wuhan Union Hospital the best service and impressive products.

Belimed is one of the globally leading suppliers of innovative cleaning, disinfection and sterilization solutions in the Medical and Life Science Business Areas. The company has some 1 200 employees in 11 countries and is represented by a network of sales subsidiaries and authorized partners in more than 80 countries.

Belimed is one of the few global suppliers to have its own workforce in all regions. Demand for infection control is growing worldwide.

The Belimed customer base ranges from multinational pharmaceutical manufacturers and large university hospitals to local hospitals and large medical practices. The Belimed product portfolio aims to provide each client with the best-possible solution, be it machines from the standard product range or customer-specific large-scale systems. Through additional services such as planning, simulation and validation plus support in optimizing overall costs and consumables requirements, Belimed delivers genuine added value to its customers.

The 2015 Financial Year

The past financial year was entirely given over to implementing the restructuring measures that had been communicated at the start of 2015 and which were further defined in the course of the year. The far-reaching measures were necessary as the Group's historically evolved structures had become too complex and cost-intensive.

As part of a strategy based on greater focus and differentiation, Belimed has streamlined its portfolio while at the same time withdrawing from non-profitable markets in full awareness that this would entail a short-term decline in sales. Currency translation had a negative impact on sales in Swiss francs. Taking the general business environment into account, gross sales of CHF 198.3 million broadly matched expectations.

Belimed's markets look set for further growth, but present the company with a number of different challenges. All markets are subject to fierce competition with high cost pressure. This is particularly true for the Medical Business Area, where pressure on healthcare costs is increasingly causing customers to focus on the total cost of ownership, i.e. the total costs of an investment over the product life cycle. Belimed's solutions already provide customers with high efficiency and longevity, thus allowing it to profit from this trend. A certain trend toward consolidation can be observed among US customers: the decision to buy is increasingly being made by integrated delivery networks (IDNs) or group purchasing organizations (GPOs). Belimed has a good relationship with these purchasing channels: a significant part of our American sales organization's sales are currently achieved in this customer segment. Market growth has weakened in China, although Belimed is still developing well there.

The Service business also reported a positive trend in sales. In the year under review, Belimed invested in the establishment of professional support and training structures. As part of these measures, the new Belimed training center in Zug opened at the end of the year. In addition, Belimed has been investing highly in product development since 2014 in order to build on its leading market position as an innovative company. The first concrete result is the new generation of sterilizers in the Life Science Business Area, launched in 2015. These sterilizers are entirely modular in construction. A completely new user interface and control panel guarantees customers maximum flexibility, efficiency and transparency.

Gross sales fell 5.1 % to CHF 198.3 million (previous year: CHF 209.0 million). Taking into account the currency effect of –2.9 %, the decline in sales came to 2.3 % in local currencies. At CHF –12.9 million, operating income (EBIT) remained practically unchanged year on year (previous year: CHF –13.0 million).

Quality and Safety

In the reporting year, Belimed in Sulgen (Switzerland) and Charleston (USA) was subject to an inspection by the FDA, the American health authority. Such inspections are standard within the industry. Belimed passed this audit successfully, just as it had previously passed the FDA inspection carried out in Mühldorf in Germany at the end of 2014.

Restructuring and Focus on Efficiency

The measures communicated in January 2015 have been implemented accordingly and are progressing according to plan. Particular focus is being placed on the streamlining of structures to profit from the resulting efficiency enhancements and cost optimization. The adaptation of production structures and the related production shifts are a crucial part of the process. The first phase of the transfer has been successfully completed in each case. Production of the Medical Business Area's large-scale cleaning and disinfection equipment has been transferred from Mühldorf, Germany, to Grosuplje in Slovenia. The first phase of the transfer from Ballwil in Switzerland to Grosuplje has also been concluded, involving the mechanical production and prototyping of the Medical Business Area's smaller-scale cleaning and disinfection equipment. The Ballwil site will be closed at the end of 2016, after which the property is expected to be sold. The central administrative functions and Development unit moved into the new Belimed premises in Zug next to the V-ZUG AG site on November 1, 2015.

As part of the transfer of production, the number of employees at the Grosuplje plant increased from 127 to 158 in the reporting year, and the structures required to take on the additional production volume were created. The restructuring costs incurred in the year under review include the expenditure for the duplication of positions that was necessary during this transfer phase in the transferring and receiving plants.

The special focus of the production sites

…

reduces complexity, strengthens the individual locations and is being continued in the new financial year.

The assembly of the Medical Business Area's sterilizers will be transferred from Sulgen to Grosuplje by the end of 2016. On completion of the entire production transfer, Belimed will have three production sites that will each focus on their respective specialist areas. Grosuplje will manufacture all products for the Medical Business Area – except for the sterilization chamber production, which will remain in Sulgen – and components for the Life Science Business Area. Mühldorf and Sulgen will become assembly units for the Life Science Business Area.

Belimed's system solutions

…

increase safety and efficiency for even the most demanding customers.

The restructuring measures that have been introduced include more than 30 individual projects, a number of which were completed in the reporting year. The cloud-based unification of the office and communications infrastructure are particularly worthy of mention. All Belimed companies now use the same system. In addition, SAP ERP was successfully rolled out in the US by the middle of 2015. Lastly, Belimed created an Android and iPhone app that lets service technicians without access to the central SAP system directly enter the data relating to a service order. The restructuring measures are scheduled for completion by the end of 2016.

Beat Spalinger, CEO of the Belimed Group, increased his minority stake in the Belimed AG in the reporting year with his own funds another time under the agreement of 2014.

The ***development*** *of* ***technologies*** *and* ***innovations***

...

is being expedited to gain further market share in competitive markets.

Currency Situation as a Challenge

The discontinuation of the euro minimum exchange rate by the Swiss National Bank intensified the price pressure being exercised by European competitors, as a result of which several orders were not won due to price reasons. As 50 % of sales were generated in Europe, the exchange rates had a significant impact on sales and EBIT compared with the previous year. This was canceled out to a certain extent by the fact that the production sites in Germany and Slovenia, together with lower euro purchasing prices, provided a partial natural hedge. The measures announced at the start of 2015 and the new footprint have thus proved meaningful. The dollar rate had a positive effect, given that Belimed generates 28 % of its sales in the Americas.

Belimed will step up its investments in innovation in order to successfully face up to future challenges. The value chain and production locations will be further optimized and global sourcing expanded.

Outlook

Dealing with the currency situation remains a challenge in 2016. The restructuring is now entering a phase of consolidation in which the key aim is to achieve further sustainable reductions in costs and the complexity of the corporate structure. Belimed intends to increase its market share in the US and the Asia-Pacific region. To achieve these ambitious medium-to-long-term goals, Belimed will speed up the development of technologies and innovative products. It will be supported in this by the Metall Zug Group's technology team.

It is envisioned that the various organizational units will grow together culturally over time, thus strengthening the team spirit they already share. All units are working to establish a "One Belimed" culture. Although visible progress has been made in bringing about this cultural change and the turnaround as a whole, more time is needed.

Future-proof mobility

...

Andres Klaeger, eye specialist and electric car driver in Muri bei Bern, Switzerland


BE · 714

... thanks to vision and maximum precision.

Using natural resources sparingly without giving up mobility and comfort? Berne-based ophthalmologist Andres Klaeger is sure it can be done. He generates emission-free heat and electricity with the help of the sun. Even the power for his all-electric sedan comes from his own photovoltaic system. And when it comes to safety and driving comfort, he knows he is in the best of hands. After all, Schleuniger helps ensure that the power flows reliably in vehicles and that airbag, ABS and other safety, assistance and communication systems function smoothly.

More and more customers in the automotive industry rely on Schleuniger technology. Because precision and reliability are key factors when it comes to the well-being of vehicle occupants. Megatrends such as partially or fully autonomous cars and electromobility require the highest standard of wire harnessing in today's vehicles and those of the future. Requirements for which Schleuniger provides matching solutions. With the help of these solutions, Schleuniger not only ensures safety and driving comfort, it also enables people like Andres Klaeger to play their part in keeping the planet habitable for future generations.

Schleuniger is a globally active technology group and a leading supplier in the wire processing industry. Schleuniger products are used whenever precise wire processing and safe contact systems play a role. The Schleuniger portfolio is wide-ranging and includes semiautomatic and fully automatic machines as well as peripheral devices and test equipment, tools, software and service solutions covering the entire spectrum of wire processing and cable harness production. In addition, S.WOP represents software for value chain networking in wire production machines. Schleuniger thereby enables its customers to boost their productivity. The acquisition of Cirris Solutions GmbH in Germany allows Schleuniger to expand its expertise and product portfolio to include fully automatic cable and harness testing systems. The Schleuniger Group employs a workforce of some 650 worldwide, including more than 30 trainees.

Schleuniger covers a wide geographical area and generated 99.0 % of its sales outside Switzerland in the reporting year. Its largest markets are the NAFTA zone, Germany, China and Japan. These markets are served by Schleuniger's own sales and service companies. An additional 40 distributors round out the global market coverage. The Group's key growth markets lie in Eastern Europe, North Africa, the NAFTA zone and China. The key industries for Schleuniger are the automotive industry, entertainment electronics, IT, telecommunications, medicine, aviation, and apparatus and systems engineering. Schleuniger's research and development activities are based in Switzerland, Germany and China.

The 2015 Financial Year

The Schleuniger Group increased sales in the reporting year, surpassing the previous year's figure to achieve the highest sales ever in its history. In 2015, Schleuniger thus reached the targets formulated in its growth strategy. Organic sales growth outstripped that of the relevant market as a whole, thereby enabling it to gain further market share.

This was particularly true of the Cut, Strip & Terminate product segment, i.e. the business with fully automatic crimping machines, where demand primarily comes from global automotive suppliers. The share of overall sales generated in this key industry for wire processing rose once again in 2015. The increase in sales was also supported by the Projects segment, where Schleuniger develops and produces customer-specific solutions for the fully automatic manufacturing of sophisticated applications. Thanks not least to TransferLine, its precise and flexible linear system, Schleuniger is now the global leader in this business and succeeded in further expanding its position in the year under review.

Schleuniger was also able to defend its traditionally strong position in rotary stripping. This technology is central to the semiautomatic and fully automatic machines in the Cut & Strip product segment, in which Schleuniger again achieved success. As in the previous year, sales from services in 2015 developed favorably. Its strong position in the service business in North America enabled Schleuniger to extend the relevant expertise and service mentality globally throughout this area. Schleuniger customers operating on a global basis now benefit from the same offering everywhere. The company's strengths in this line of business also show that Schleuniger is a truly global enterprise and not just a Swiss company active on the international stage. In addition, Schleuniger is increasingly profiting from its strong market presence and from the systematic development and continuous maintenance of the Schleuniger brand.

Schleuniger increased its gross sales by 14.3 % to CHF 150.1 million (previous year: CHF 131.3 million). Adjusted for the acquisition and currency effects of 2.8 % and –1.5 % respectively, this is equivalent to organic growth of 13.1 % in local currencies. Operating income (EBIT) rose by 9.2 % to CHF 21.2 million (previous year: CHF 19.5 million).

Higher Operating Income despite Abandonment of Euro Minimum Exchange Rate

The abandonment of the euro minimum exchange rate by the Swiss National Bank in January 2015 caused Schleuniger's competitive position to deteriorate. In addition, the Swiss franc was also strong in relation to the currencies of other important export markets. Despite these difficult operating conditions, EBIT nevertheless increased in the reporting year by 9.2 % to CHF 21.2 million (previous year: CHF 19.5 million).

This pleasing result is attributable to a number of different measures: given the exchange-rate situation, ongoing projects were expedited and additional projects implemented in order to boost productivity. Employees at the Swiss sites in Thun and Unterägeri demonstrated great commitment by working three additional hours each week until the end of the year. These employees were rewarded for their loyalty with an extra-work bonus. Furthermore, Group-wide efforts in the area of strategic purchasing were stepped up and supplier contracts were also promptly renegotiated.

At the same time, Schleuniger made significant investments in further developing and optimizing its products. Additional measures included expanding structures and building up human resources to implement the planned growth and innovation projects already launched.

Strong
competitive position

...

through permanent innovation, customer-specific solutions and a product range that covers all customer needs.

Strengthened in North America and China

Schleuniger is represented in its strongest sales markets by its own sales and service companies. Where this is not the case, Schleuniger works with selected distributors. Coverage was further expanded in selected regions. Considerable sales growth was achieved in North America. The market in Mexico, which is an important supplier for the US market, proved to be particularly dynamic.

Following the move to the new building, Schleuniger Haofeng in Tianjin, China, now offers the products it develops and manufactures in China and also in other selected Asian markets. What is more, Schleuniger achieved CE certification for various peripheral devices and semiautomatic machines in the reporting year, thus making these products available in a large number of countries. In future, additional products are to be manufactured and CE-certified by Schleuniger Haofeng.

Regional
diversification

...

thanks to strengthened positions in North America and Asia.

Test Automation as New Line of Business

Schleuniger made further progress with its expansion into the market for test systems in the reporting year. This portfolio expansion got under way in 2014 when a global cooperation project was launched with Spanish company Emdep, the leading supplier of test boards. A strong bond has now developed between the two companies, including appearing together at the most important trade fairs, among other things. The purchase of Cirris Solutions GmbH in Jettingen, Germany, in May 2015 marked a further step in the expansion process. Cirris Solutions GmbH is a leader in the area of test automation, thus rounding out the Schleuniger offering. At the same time as the acquisition of Cirris Solutions GmbH, the existing cooperation with Cirris Systems Inc. in North America was extended globally. Thanks to the expansion into the market for test systems, Schleuniger has made significant strides toward achieving one of its strategic goals – expanding its product portfolio along the value chain.

Numerous Innovations in the Anniversary Year

To mark its 40-year anniversary, Schleuniger unveiled a total of nine brand-new products at the productronica trade fair in Munich. The new launches for 2015 included the MultiStrip 9480 and EcoStrip 9380, both cut and strip machines. While the MultiStrip 9480 is the most versatile cut and strip platform on the market, the EcoStrip 9380 is the capable entry level machine for cut and strip applications that need to meet professional standards. The ShieldCut 8100, another new product on the market, is a semiautomatic machine for cutting the braided shielding of coaxial and other shielded cables, a process that previously had to be performed by hand. This new approach to processing and the intuitive programming translate into customer benefits. The CoaxCenter 6000 integrates and automates all cable assembly steps in one highly flexible machine platform and boasts a number of unique selling points. It is the first machine system that processes coaxial and micro-coaxial cables fully automatically and with high precision.

Cables of this kind play a major role in data transmission because of their rotationally symmetrical structure. They enable large amounts of data to be transported without interference and high-performance antennas to be built for the smallest mobile devices to the largest radio masts. Micro-coaxial cables have an outside diameter of less than 1.5 mm. The output of the CoaxCenter 6000 is at least three times higher than with manual and semiautomatic processes, and with considerably lower personnel and handling requirements. Moreover, thanks to the integrated 360° camera system, the machine consistently delivers top quality. These features and the high degree of innovation won over a panel of experts who conferred the first-ever “productronica Innovation Award” on the CoaxCenter 6000 in 2015. This award confirms Schleuniger’s innovative strength.

The
TransferLine

…

delivers maximum efficiency and reproducible quality for customers through its modular construction and fully automatic and individually configured systems.

Outlook

Schleuniger has laid the foundations for further growth through its product and market strategy. The company operates in attractive growth markets. However, some markets have become more volatile. Schleuniger is therefore continuing to work on becoming even more agile and flexible. In addition, Schleuniger has created the best possible conditions to achieve above-average growth in a world of fewer combustion engines and more electric and self-driving cars. In the communications industry too, increasing demand for smartphones with additional functions is enabling Schleuniger to benefit from its permanent innovations.

Sustainability and Corporate Social Responsibility

As an industrial manufacturing group, Metall Zug is aware of the responsibility it bears toward society and the environment. The use of the buildings required for business purposes, and the production, operation and use of the appliances and machines brought to market are intended to be as resource-efficient as possible. In this regard, the company's claim to great innovative strength includes the search for new technological procedures that enable production to become more sustainable and consume less water and energy.

Metall Zug views sustainability as a strategic priority and aims to lead the way in relation to green products, environmentally friendly production, procurement and logistics. All entities of the Metall Zug Group in Switzerland therefore rely solely on electricity generated from Swiss hydropower and self-produced solar power.

Household Appliances: Sustainability Starts with Development

The concept of sustainability is firmly embedded in V-ZUG's vision and overall strategy. As an industrial enterprise, V-ZUG is not only concerned with sustainable production, it also takes great care when developing products to ensure high resource efficiency throughout their lifetime. Innovative examples include the dishwashers and washing machines with built-in heat pumps and ice storage systems. The Adora SLQ WP, for example, uses only half as much power as other washing machines in the A^{+++} top energy efficiency category.

V-ZUG benefits from being headquartered in the business-friendly location of Zug, and is therefore an active member of several associations. Contacts with public education institutions are also important.

V-ZUG regularly publishes a sustainability report providing information on its performance in relation to the environment and society, among others. The report available at www.vzug.com/ch/en/nachhaltigkeit_ziele is prepared in accordance with the guidelines of the Global Reporting Initiative (GRI).

Infection Control: Savings on Water Consumption and Detergents

Belimed's machines and systems for cleaning, disinfection and sterilization are among the most efficient in the world in terms of sustainability. Taking water consumption as an example, the cumulative savings in Belimed's largest market, the US, are continually tracked (www.belimed.us). Each year, more than half a billion liters of water are saved through the use of Belimed systems already installed in US hospitals. Not only were the renowned Stanford Hospital & Clinics in Palo Alto (US) able to reduce their water consumption by more than 45 million liters a year by using Belimed systems, they also made monetary savings in excess of USD 1 million over an observation period of five years.

Technologies such as "dynamic filling", which adjusts the level of water in the washing chamber to the effective load, minimize water consumption and thus also reduce the demand for heating energy and detergents.

Wire Processing: Wide Variety of Measures for People and the Environment

Thanks to the photovoltaic system at its headquarters in Thun, Schleuniger was able to reduce its CO_2 emissions by almost 100 tons in 2015 and generate enough power to cover some 25 % of its energy consumption. In addition, new insulation and windows saved around a quarter of the previously required heating energy. At its Swiss headquarters, Schleuniger also supports the Transfair catering service and employs people with learning difficulties in its staff canteen. Moreover, Schleuniger is the exclusive training partner of the local ice hockey team, EHC Thun.

In the US, Schleuniger supports projects in aid of children with life-threatening diseases, wounded soldiers, leukemia and Alzheimer's patients, and the homeless. In the mountains of Central China, Schleuniger equipped a village school with books and other materials.

Employees

Openness, honesty and mutual respect, both within the Group and externally, form the values of the Metall Zug Group. Combined with the guiding principles of innovation, quality standards, customer focus and service orientation, the individual business units plan their human resource strategy, recruitment activities and employee development accordingly. Metall Zug places great importance on comprehensive health promotion and accident prevention for its employees and supports a commitment to society and the environment.

The Metall Zug Group is aware that the selection and development of employees plays a vital role in today's competitive environment. Motivation, the right qualifications and integrity are considered key success factors. Through the targeted promotion of talents at all levels, a wide-ranging involvement in the fields of vocational training and tertiary education as well as its clear commitment to long-term employee development, the Metall Zug Group aims to position itself as an employer of choice. Furthermore, the companies in the Metall Zug Group take their social responsibility seriously by placing great value on the training of apprentices. They support the successful dual system of education by providing a large number of trainee positions, which also allows them to benefit from highly skilled employees trained in-house.

Household Appliances: Training, Health and Wellbeing

Providing employees and managers with basic and advanced training is not only key to business success, it also represents an important motivational factor in the eyes of the workforce. At V-ZUG, the relevant opportunities are presented under the title "V-ZUGacademy". They range from comprehensive leadership training to lunch-time language courses and can thus be ideally tailored to the needs of the individual learners.

V-ZUG generally places great value on promoting young talents and developing its employees. As well as training young professionals and placing a targeted focus on advancement, managers ensure that staff are assigned a good balance of responsibilities and competencies in order to grow their potential.

Health and wellbeing is another important aspect: the company's own staff canteen provides the workforce with healthy, balanced meals at reduced prices. Various leisure-time offers cover the social and sporting areas. At V-ZUG, the Vinto program lets young sporting talents combine a commercial apprenticeship with training in their sport.

Infection Control: Strengthening HR and Employee Development

Restructuring presents employees and managers alike with major challenges. Under these circumstances, having a professional Human Resources function is of vital importance, prompting Belimed to draw up a three-year strategy in this area. The position of HR manager was strengthened in Switzerland, the US, Germany and Slovenia. Upgrading the role of Human Resources to that of business partner has helped provide managers with support throughout the demanding change processes. The Global Performance Management Tool introduced at the beginning of 2016 will be expanded during the current year to include modules such as Talent Management, Succession Planning and Skills Management.

Wire Processing: Promoting Fitness and Health

Schleuniger is committed to providing high-quality workplaces and staff development opportunities, and made further progress in this respect in 2015. In Japan, for example, Schleuniger increased workplace quality by moving to new, more easily accessible premises. In the US, work areas in the existing building were partly rearranged in response to a suggestion from employees. This move has boosted productivity and efficiency and resulted in even better teamwork. On top of this, Schleuniger provides health promotion incentives at all its sites: at its Thun headquarters, for example, it regularly holds sports events under the label "SchleuniIAktiv," and it supports fitness programs in the US.

Corporate Governance

All information in this Corporate Governance Report refers to the situation as at December 31, 2015, or to the 2015 reporting year, unless stated otherwise. The Organizational Regulations of Metall Zug AG were slightly amended in the reporting year, effective September 1, 2015, to strengthen decentralized responsibility. The Code of Conduct of the Metall Zug Group is currently being revised and is expected to enter into force in the first half of 2016. This step will further enhance the Metall Zug Group's own understanding of corporate governance: acting in the long-term interests of the business and guided by the idea of corporate responsibility. The Metall Zug Group complies with all the legal and regulatory requirements for corporate governance in Switzerland 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 Articles of Association of May 2, 2014 and the new Organizational Regulations of September 1, 2015. No material changes occurred between December 31, 2015 and the publication date of the Annual Report, other than the facts disclosed under the respective headings. 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 September 1, 2014.

1 Group Structure and Shareholders

1.1 Group Structure

The operational group structure is illustrated on page 17 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 only listed company in the Group. The type B registered shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange, Zurich (securities number: 3982108, 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 on page 66 of the Financial Report 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 of December 31, 2015 are listed on page 79 of the Financial Report under Note 18 ("Significant shareholders"). Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer together with the Buhofer Trust I, a fixed-interest trust according to the law of Liechtenstein, own a total of 67.3% of the voting rights in Metall Zug AG. By means of the Buhofer Trust I, alongside Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer, Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki also indirectly have a participating interest in Metall Zug AG.

In the financial year 2015, two notifications were made pursuant to Art. 20 of the Swiss Stock Exchange and Securities Trading Act of March 24, 1995 (Stock Exchange Act; from January 1, 2016, Art. 120 of the Federal Act of June 19, 2015 on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading [Financial Market Infrastructure Act]), and the corresponding regulations:

- On February 22, 2015, a usufruct by Ursula Stöckli-Rubli was terminated, thus causing her to fall under the notification threshold of 3% (as of December 31, 2014, Ursula Stöckli-Rubli still held 15.7% of the voting rights).
- On the same date, Ursula Stöckli-Rubli and seven further shareholders formed a group by means of a shareholder agreement, thus exceeding the notification threshold of 15% (together they hold 16.26% of the voting rights).

Further details of these notifications can be found on the website of SIX Exchange Regulation (https://www.six-exchange-regulation.com/de/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 on page 79 of the Financial Report (see 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 on page 63 of the Financial Report (see "Changes in shareholders' equity"). Information on the changes in capital in 2013 can be found on page 63 of the Annual Report 2014 (see "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 on page 79 of the Financial Report (see 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 segment of SIX Swiss Exchange, Zurich (securities number: 3982108, 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 the acquirer does not prove that he is not a foreign non-resident 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 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, which includes:

- to keep 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 registered 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 the financial year 2015, 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

The Board of Directors consists of four members. An overview of the members, providing information on nationality, age, function, first election and term of office, is available on pages 42 and 43. The Board of Directors comprises non-executive members only.

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.

Honorary Chairman Heinz Buhofer is entitled to participate in the meetings of the Board of Directors without the right to vote. In the reporting year, he did not make use of this entitlement.

3.2 Other Activities and Vested Interests

Apart from the below-mentioned functions, 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:

	Mandates in listed companies	Mandates in other, non-listed legal entities with compensation	Pro-bono mandates and mandates at professional or industry associations, which are basically held in the interests of the company
Members of the Board of Directors and of Senior Management	5	15	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 re-elected 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).

The Chairman of the Board of Directors, the members of the Human Resources and Compensation Committee and the independent representatives 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 responsible 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 and the Senior Management may issue guidelines and recommendations to the subsidiaries for the purpose of realizing a coherent business policy.

The Board of Directors of Metall Zug AG has delegated the day-to-day management of the business to the Senior Management. In the year under review, the Board of Directors met seven times. These meetings typically lasted half a day or a full day. In addition, the Board of Directors met for a workshop lasting one-and-a-half days 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. 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

Board of Directors

Heinz M. Buhofer (CH) b. 1956
Business Administration (lic. oec. HSG), University of St. Gallen

- Chairman of the Board of Directors since 2013 (non-executive)
- First elected as Member of the Board of Directors: 1997
- Elected until: General Meeting of Shareholders 2016

Professional background and previous operational activities for the Metall Zug Group:
Chairman of the Senior Management of Metall Zug AG, 2002–2008; various operational roles at the former Group company MZ-Immobilien AG, 1984–1997.

Activities in governing and supervisory bodies:
Member of the Board of Directors of Zug Estates Holding AG, Zug (Chairman up to the 2014 General Meeting of Shareholders); Vice Chairman of the Board of Directors of Wasserwerke Zug AG, Zug.

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 2016

Professional background:
Corporate Consultant at 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

Activities in governing and supervisory bodies:
Chairwoman of the Board of Directors of Gehrig Group Ltd; Member of the Board of Directors of Novelteak Ltd., Baar; Member of the Board of Directors of Novamem Ltd., Zurich.

Peter Terwiesch (DE & CH) b. 1966
Doctorate in technical sciences (electrical engineering), Swiss Federal Institute of Technology (ETH) Zurich

- Member of the Board of Directors (non-executive)
- First elected: 2010
- Elected until: General Meeting of Shareholders 2016

Professional background:
President of the Process 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.

Previous operational activities for the Metall Zug Group:
None

Activities in governing and supervisory bodies:
Several mandates in companies within the ABB Group.

Martin Wipfli (CH) b. 1963
Attorney-at-law, University of Berne

- Member of the Board of Directors (non-executive)
- First elected: 2010
- Elected until: General Meeting of Shareholders 2016

Professional background:
Managing Partner of Baryon AG, Zurich, since 1998.

Previous operational activities for the Metall Zug Group:
None

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.

and assesses the compatibility of their auditing function with any advisory mandates. The Audit Committee comprises Martin Wipfli, Chairman, and Marga Gyger. 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.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee met four times in the reporting year and held two additional meetings by teleconference. 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 of the CEO. 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 conducted by the CEO, 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 CEO and the CFO attend the Human Resources and Compensation Committee meetings as regular guests, except for topics related to themselves.

3.6 Definition of Areas of Responsibility

The Metall Zug Group is run as an industrial group of companies, in which operational responsibility for the management of the business and achievement of objectives of the Metall Zug Group rests with the CEO and Senior Management of Metall Zug AG. In principle, the Senior Management's mandate is comprehensive. Even if an area of responsibility lies with the Board of Directors, the Senior Management is expected to take intellectual initiatives and to deal with emerging business opportunities until they are ready for a decision. Certain topics which are of relevance to an individual business unit only are delegated to the board of directors and senior management of the main company of the respective business unit (V-ZUG AG, Belimed AG and Schleuniger Holding AG). Within each business unit, management generally takes place along reporting lines.

The Board of Directors has established Organizational Regulations for the purpose of allocating areas of responsibility between the Senior Management and the Board of Directors. These Organizational Regulations were revised slightly once again in the reporting year and the current version, valid as of September 1, 2015, is available at www.metallzug.ch/rules. In addition, based on the revised Organizational Regulations, the Board of Directors also amended the Group Management Regulations of the Metall Zug Group, effective September 1, 2015. These Group Management Regulations govern the organization of the Group as resolved by the Board of Directors, the organization, areas of responsibility and duties of Senior Management and of the boards of directors and senior management of the business units and subsidiaries. Furthermore, the Group Management Regulations govern fundamental aspects of compliance which apply to the entire Metall Zug Group and which constitute the legal basis for the issuing of further regulations applicable within the Metall Zug Group, or which refer to these regulations. The Group Management Regulations are supplemented by a comprehensive competency matrix, which defines the responsibilities and powers of the various bodies 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 revised Organizational Regulations and the new Group Management Regulations, the latter prevail.

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 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, which are integrated into rolling medium-term plans, is reviewed several times a year on the basis of forecasts. The managing directors or heads of each business unit submit regular reports on results and on the progress of budget achievement to the Senior Management of Metall Zug AG. The Board of Directors of Metall Zug AG receives, 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, Senior Management provides comprehensive information about the course of business in the business units and the Group.

The internal auditors conducted three 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 a comprehensive 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 companies of the Metall Zug Group 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 subsidiaries 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 four members: the CEO, the CFO and the heads of the Household Appliances and Wire Processing Business Units. The head of the Infection Control Business Unit, Beat Spalinger, is not a member of the Senior Management of the Metall Zug Group. He reports to the CEO of Metall Zug AG, who is also Chairman of the Board of Directors of Belimed AG. 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
CEO of Metall Zug AG since June 1, 2012.
Education:
Doctorate in technical sciences, Swiss Federal Institute of Technology (ETH) Zurich,
postgraduate degree in business management.
Professional background:
CEO of V-ZUG AG June 1, 2010 – August 31, 2013; COO of V-ZUG, 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, 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 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 Executive Board of economiesuisse; Member of the Board of Technologie Forum Zug.

Daniel Keist (CH) b. 1957
CFO of Metall Zug AG since January 1, 2013
Education:
Business Administration (lic. oec. HSG), University of St. Gallen.
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.

Dirk Hoffmann (DE) b. 1961
Head of Household Appliances Business Unit at Metall Zug AG and CEO of V-ZUG AG since September 1, 2013.
Education:
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 he 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.

Christoph Schüpbach (CH) b. 1966
Head of Wire Processing Business Unit at Metall Zug AG since October 1, 2012; CEO of Schleuniger Group since August 1, 2009.
Education:
Mechanical Engineering FH, Master of Business Administration (MBA) from the Graduate School of Business at the University of Chicago.
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 Hochspannungstechnik, 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.

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 p. 50 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 conversion of registered shares into bearer shares (and vice versa);
- the restriction of the transferability of registered shares and the easing or cancelation 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. A motion to delete the statutory quorum for the conversion of bearer shares into registered shares is expected to be presented to the General Meeting of Shareholders in 2017, thus amending the Articles of Association in line with applicable law within the transitional period allowed.

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 40 days prior to the General Meeting unless the Group 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 cut-off date is usually about 10 to 20 days prior to the date of the General Meeting of Shareholders. There are no exceptions to the cut-off date rule. The cut-off date is published along with the invitation to the General Meeting of Shareholders in the Swiss Official Gazette of Commerce (SOGC).

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 32 and 52 of the Swiss Stock Exchange Act (in the version dated March 24, 1995; from January 1, 2016 in accordance with Art. 135 and 163 of the Financial Market Infrastructure Act) has been waived (opting out).

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.

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 727 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, in particular Ernst & Young AG, charged Metall Zug AG, or the Metall Zug Group respectively, additional fees of TCHF 146, of which TCHF 28 was for audit-related additional services and TCHF 118 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 2015, he took part in three meetings of the committee. 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. 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 CEO, 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/report. 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/media/press-releases/. The financial calendar is available at www.metallzug.ch/en/investors/financial-calendar/ and general information about Metall Zug AG and the Metall Zug Group can be found at www.metallzug.ch.

At www.metallzug.ch/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/investors/investor-relations-contact/.

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 the financial year 2015. It has been prepared in accordance with the Ordinance of November 20, 2013 against Excessive Remuneration in Listed Companies Limited by Shares (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.

In the 2015 Compensation Report, compensation amounts are newly shown gross (including employer contributions to social insurance and employee benefit schemes) and broken down in greater detail to enable comparison with the total amounts approved by the General Meeting of Shareholders.

General

The members of the Board of Directors and members of Senior Management 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 explains the principles of the compensation system and provides details of the compensation paid to the Board of Directors and Senior Management for the financial year 2015. A new set of Compensation Regulations setting out the details of the company's compensation structure for members of the Board of Directors and Senior Management was adopted by the Board of Directors, effective January 1, 2014.

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 is structured in such a way that the interests of the key employees coincide with the interests of the Group and its business units. 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 expressly decided against such a long-term incentive as it does not consider a system of this kind to be sustainable. It aims to achieve the long-term success of the company, the Board of Directors and Senior Management 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.

Benchmark

The total compensation to the Board of Directors and Senior Management is based on the customary market rates of comparable industrial companies in Switzerland (including branch, structure, size and complexity of business). Benchmarking is carried out periodically on the basis of the annual compensation reports of comparable companies, other publicly available information, or based on relevant experience of the members of the Board of Directors from functions in similar companies. As a rule, no external consultants are called upon for this purpose.

Compensation system to Board of Directors

The members of the Board of Directors receive a fixed compensation for their work in line with comparable market and industry rates 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 at comparable market rates. 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). In the reporting year, with the exception of Marga Gyger at Gehrig Group AG, no member of the Board of Directors of Metall Zug AG held a seat on the Board of Directors of a group company.

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 to Senior Management

The compensation of the members of Senior Management consists of a fixed basic salary and a performance-related variable compensation, which has been based on uniform methods and systems that apply Group-wide since January 1, 2014. In addition, the members of Senior Management receive a lump-sum expenses allowance.

In determining the fixed compensation, as a rule key figures such as sales, revenue, and number of employees are taken into account alongside relative criteria such as complexity of the business, area of responsibility, performance of additional tasks and special projects. 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 first quarter of each year for the period from January 1 to December 31 of the current year with reference to the total amount approved by the General Meeting of Shareholders the year before. 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 the 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.

The variable component depends on the success of the business and/or the achievement of individually set objectives, and should guarantee the greatest possible congruence of interests between Senior Management, Board of Directors, shareholders and other stakeholders. The intention is to achieve a balance between short-term operating goals and the long-term, sustainable interests of the Metall Zug Group and to strive for a performance geared to the duties of a diligent managing director. Variable compensation may not exceed 100 % of the fixed component. In accordance with Art. 25b of the Articles of Association, the variable compensation is linked to qualitative and quantitative objectives (normally at a ratio of approx. 40:60), 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 of the respective member of Senior Management, the quantitative targets refer to Group targets and/or business unit targets and include net sales, EBIT, net current assets and net income or growth rates, for example. The qualitative objectives are geared toward the long-term, sustainable development of the company, for example entry into new markets or establishment of new activities, reaching of milestones on key projects, implementation of reorganizations/restructurings, reaction to unforeseen circumstances, corporate governance/compliance.

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 part of a transitional solution for a limited period of time, in order to preserve vested rights during the introduction of the new compensation system, the target bonus may be exceeded by no more than 50 % in cases of very good performance. As a general rule, the payment of any variable compensation is conditional upon a positive net result being achieved at Group level or, in the case of business unit heads, at both business unit and Group level.

The amount of the target bonus for Senior Management is also determined at the request of the Human Resources and Compensation Committee by the entire Board of Directors in the first quarter of the calendar year for the current year, taking into consideration the target bonus agreed with Senior Management in their employment contracts. The variable compensation for Senior Management for the past 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. Prior to the disclosure or announcement of market-relevant information or projects, the Board of Directors, Senior Management and any employees involved are prohibited from effecting transactions with equity securities (or other financial instruments) of Metall Zug AG or potential target companies.

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 shown on page 90 of the Annual Financial Statements of Metall Zug AG.

Compensation to the Board of Directors

Compared with the previous year, there was no increase in compensation to the Board of Directors in the financial year 2015. The reduction in comparison with the previous year is the result of the compensation of Calvin Grieder, which has ended, and the changes in the social contributions set-up.

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, have not been disclosed. The Board of Directors comprises non-executive members only.

The General Meeting of Shareholders of May 2, 2014 approved the total amount of CHF 1 240 000 available for fixed compensation to the members of the Board of Directors for the term of office up to the General Meeting of Shareholders of May 1, 2015. CHF 1 064 541 of this total amount was utilized for compensation to the Board of Directors in the corresponding period.

	2015			2014		
Compensation for the business year, in CHF	**Fixed compen-sation/fee (gross)**	**Social contribu-tions[1]**	**Total**	**Fixed compen-sation/fee (gross)**	**Social contribu-tions[1]**	**Total**
Heinz M. Buhofer Chairman of the Board of Directors, Chairman of the Human Resources and Compensation Committee	527 456	80 457	607 913	559 180	94 605	653 785
Calvin Grieder[2] Member of the Board of Directors	0	0	0	53,333	3,333	56,666
Marga Gyger[3] Member of the Audit Committee	156 320	6 320	162 640	156 375	6 374	162 749
Peter Terwiesch Member of the Human Resources and Compensation Committee	106 667	6 667	113 334	106 667	6 667	113 334
Martin Wipfli[4] Chairman of the Audit Committee	150 000	0	150 000	150 000	0	150 000
Total Board of Directors	**940 443**	**93 444**	**1 033 887**	**1 025 555**	**110 979**	**1 136 534**

[1] 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 only consists of the contribution to pension schemes provided for by the Articles of Association.

[2] Until May 2, 2014.

[3] The remuneration of Marga Gyger as chairwoman of Gehrig Group AG is included in the above figures.

[4] The remuneration of Martin Wipfli as chairman of HMZ Beteiligungen AG is not included in the above figures, since this company was not controlled by Metall Zug AG in the respective period.

Compensation to Senior Management

Fixed compensation to the members of Senior Management in the reporting period is within the range of the previous year. For the financial year 2015, the Board of Directors will propose to the General Meeting of Shareholders of April 29, 2016, that the amount of variable compensation to the members of Senior Management match that of the previous year, thus reflecting the business success of the Metall Zug Group in the difficult environment that prevailed during the reporting year.

The employment contracts of the members of Senior Management do not provide for any severance payments. The notice period is six months in each case. 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 Head of the Household Appliances Business Unit, who joined Senior Management on September 1, 2013, was promised a minimum bonus for the financial year 2014.

The General Meeting of Shareholders of May 2, 2014 approved the total amount of CHF 2730000 available for fixed compensation to the members of Senior Management for the financial year 2015. CHF 2693964 of this total amount was utilized for fixed compensation to Senior Management in the reporting period. Of the total amount of CHF 1900000 approved by the General Meeting of Shareholders of May 1, 2015, for variable compensation to the members of Senior Management for the financial year 2014, CHF 1518924 was actually paid out.

	2015		2014	
Compensation for the business year, in CHF[1]	**CEO**	**Senior Management (total)**	**CEO**	**Senior Management (total)**
Fixed compensation (gross)	760000	2070000	750000	2325000
Other payments/benefits[2]	2845	23787	67233	131120
Social contributions[3]	195519	600177	198505	648143
Total fixed compensation	**958364**	**2693964**	**1015738**	**3104263**
Variable compensation (gross)	716715	1368174	670660	1437694
Pension and employee benefit expense[3]	40315	76960	37892	81230
Total variable compensation[4]	**757030**	**1445134**	**708552**	**1518924**
Total compensation	**1715394**	**4139098**	**1724290**	**4623187**

[1] The highest compensation amount to a single member of the Senior Management was paid to the CEO, Dr. Jürg Werner, in both reporting years. Claus Martini stepped down as a member of the Senior Management on October 1, 2014; his compensation is included pro rata temporis.

[2] Other payments, benefits and compensation (such as company car, compensation for unused annual leave, external tax advice or relocation expenses). Lump-sum expense allowance based on an expense regulation approved by the tax authorities and child and family allowances are not disclosed.

[3] Employer contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance), sickness benefits insurance and accident insurance.

[4] The variable compensation to the members of Senior Management is paid out in May of the following year subject to approval by the Annual General Meeting of Shareholders (on April 29, 2016). 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, 18 March 2016

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of METALL ZUG AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 53 to 54 of the remuneration report.

Responsibility of the Board of Directors

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

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration 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 remuneration 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 remuneration 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 remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration 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 remuneration report for the year ended 31 December 2015 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)	Andreas Blank Licensed audit expert

Financial Report

Gross sales in 2015 were up 0.1 % to CHF 927.8 million (previous year: CHF 927.0 million). The Metall Zug Group generated an operating income (EBIT) of CHF 80.5 million (previous year: CHF 75.0 million). This corresponds to an increase of 7.3 %. The financial result in the reporting year was CHF –8.2 million (previous year: CHF 26.0). Net income came to CHF 56.9 million (previous year: CHF 86.0). The ratio of equity to total assets at the end of the reporting year increased to 76.8 % compared to 76.4 % in the previous year and the net cash position at year end rose to CHF 518.1 million (previous year: CHF 491.4 million).


Household Appliances
Infection Control
Wire Processing
Charge Scheduled
302 km
20.0°

Contents of Financial Report

For navigation please click on corresponding topic.

Consolidated Income Statement

in CHF 1 000	Notes	2015	2014
Gross sales		927 791	927 016
Sales deductions		–20 276	–23 311
Net sales	**1**	**907 515**	**903 705**
Changes in inventories		2 143	–4 874
Other operating revenue		6 537	6 192
Operating revenue		**916 195**	**905 023**
Cost of materials	2	–314 166	–321 988
Personnel expenses	3	–354 053	–347 763
Depreciation on tangible assets	13	–32 003	–33 517
Amortization on intangible assets	13	–5 426	–4 645
Other operating expenses	4	–130 035	–122 078
Operating expenses		**–835 683**	**–829 991**
Operating income (EBIT)	**1**	**80 512**	**75 032**
Financial income	6	17 412	30 258
Financial expenses	6	–20 246	–4 298
Associated companies	6, 13	–5 398	–9
Financial result		**–8 232**	**25 951**
Income before taxes		**72 280**	**100 983**
Taxes	7	–15 616	–15 139
Non-controlling interest	8	281	135
Net income		**56 945**	**85 979**
Net income per type A registered share (in CHF)	9	12.92	19.47
Net income per type B registered share (in CHF)	9	129.17	194.72

There is no dilution for 2015 or 2014 with regard to net income per share. Details of the individual items are available in the notes to the consolidated financial statements on page 68.

Consolidated Balance Sheet

Assets

in CHF 1000	Notes	12.31.2015	12.31.2014
Cash and cash equivalents		244386	223235
Securities	10	274803	273432
Trade receivables	11	107831	111889
Other receivables		21215	18010
Inventories	12	133629	132465
Prepaid expenses		6382	4439
Current assets		**788246**	**763470**
Land	13	957	385
Land and buildings	13	170757	161304
Plant and equipment	13	55288	61959
Prepayments and assets under construction	13	614	1287
Other tangible assets	13	20275	20754
Tangible assets		**247891**	**245689**
Employer's contribution reserves	13, 25	15525	15077
Associated companies	13	1081	5255
Other financial assets	13	21338	13891
Financial assets		**37944**	**34223**
Software	13	9670	11533
Other intangible assets	13	37	50
Intangible assets		**9707**	**11583**
Fixed assets		**295542**	**291495**
Total assets		**1083788**	**1054965**

Details of the individual items are available in the notes to the consolidated financial statements on page 68.

Liabilities and Shareholders' Equity

in CHF 1000	Notes	12.31.2015	12.31.2014
Current financial liabilities	14	625	4 163
Trade payables		37 050	37 712
Other current liabilities	12, 15, 16	82 204	74 064
Accrued liabilities		51 827	47 058
Current provisions	17	38 893	37 225
Current liabilities		**210 599**	**200 222**
Long-term financial liabilities	14	500	1 125
Other long-term liabilities	16	7 042	8 485
Long-term provisions	17	32 979	39 487
Non-current liabilities		**40 521**	**49 097**
Total liabilities		**251 120**	**249 319**
Share capital	19	11 250	11 250
Capital reserves		342 335	342 335
Treasury shares	19	–18 779	–18 779
Retained earnings		498 478	469 807
Non-controlling interest		–616	1 033
Shareholders' equity		**832 668**	**805 646**
Total liabilities and shareholders' equity		**1 083 788**	**1 054 965**

Details of the individual items are available in the notes to the consolidated financial statements on page 68.

Consolidated Statement of Cash Flows

in CHF 1000	**2015**	**2014**
Net income before non-controlling interests	56664	85844
Financial result (net)	2834	–25960
Depreciation and amortization	37429	38143
Result of associated companies	5398	9
Value adjustments of financial assets	0	131
Net changes in provisions	–709	6383
Taxes	15616	15319
Other non-cash items	1324	–2516
Cash flow	**118556**	**117353**
Change in securities	279	17742
Change in trade receivables	3612	6018
Change in other receivables and prepaid expenses	–2076	4844
Change in inventories	–7017	6017
Change in trade payables	–891	2033
Change in other current liabilities and accrued expenses	7054	–2540
Interests paid	–182	–231
Taxes paid	–14731	–15465
Cash flow from operating activities	**104604**	**135771**
Investments in tangible assets	–39045	–33707
Investments in financial assets	–4637	–1217
Investments in intangible assets	–3453	–3186
Investments in/Divestments of Group companies, net of cash acquired	–6200	1000
Disposals of tangible assets	747	857
Disposals of financial assets	1910	552
Disposals of intangible assets	7	43
Interests received	165	190
Cash flow from investing activities	**–50506**	**–35468**
Change in long-term financial liabilities	–2232	–2222
Purchase of treasury shares	0	0
Dividend	–26892	–27004
Cash flow from financing activities	**–29124**	**–29226**
Currency translation effects	–285	0
Change in "Net cash and cash equivalents"	**24689**	**71077**

Information on the composition of "Net cash and cash equivalents" is available on note 26 (page 83).

The position "Investments in/Divestments of Group companies, net of cash acquired" of TCHF 6200 in 2015 relates to the purchase of Schybig Gastro-Service AG, Horeka AG and Cirris Solutions GmbH (TCHF 4440) as well as the purchase of a 30% non-controlling interest in Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. (TCHF 2621) less the sale of a further non-controlling interest in Belimed AG to the CEO of Belimed (TCHF –861). Divestments of Group companies in 2014 of TCHF 1000 relate to the sale of a non-controlling interest in Belimed AG to the CEO of Belimed.

In a non-cash transaction, interest of TCHF 448 (previous year: TCHF 435) was credited to the employer's contribution reserves (see note 13, page 76). The purchase of 18400 type A registered shares of Metall Zug AG in 2014 with a value of TCHF 4683 has not affected the cash position (it was settled with a portion of the sale of 15895 type B registered shares of Zug Estates Holding AG to Zug Estates Holding AG).

Changes in Shareholders' Equity

in CHF 1000	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Accumulated Currency Translation Differences	Total Retained Earnings	Non-controlling Interests	Total
Balance on 01.01.2014	**11250**	**342335**	**–14096**	**422466**	**–15122**	**407344**	**1009**	**747842**
Dividend				–27004		–27004		–27004
Purchase of treasury shares			–4683			–		–4683
Acquisitions				383		383		383
Liquidation of subsidiary				–99	99	–		–
Associated companies				–66		–66		–66
Sale of non-controlling interest				156	143	299	46	345
Currency translation effects					2872	2872	113	2985
Net income				85979		85979	–135	85844
Balance on 12.31.2014	**11250**	**342335**	**–18779**	**481815**	**–12008**	**469807**	**1033**	**805646**
Balance on 01.01.2015	**11250**	**342335**	**–18779**	**481815**	**–12008**	**469807**	**1033**	**805646**
Dividend				–26892		–26892		–26892
Purchase of treasury shares						–		–
Acquisitions				–4875		–4875		–4875
Associated companies				8358		8358		8358
Purchase of non-controlling interest				–1618	–24	–1642	–979	–2621
Sale of non-controlling interest				173	180	353	–282	71
Currency translation effects					–3576	–3576	–107	–3683
Net income				56945		56945	–281	56664
Balance on 12.31.2015	**11250**	**342335**	**–18779**	**513906**	**–15428**	**498478**	**–616**	**832668**

See note 19 (page 79) for more detailed information on the purchase/disposal of treasury shares and notes 13 (page 76) and 24 (page 81) for more detailed information on acquisitions and on associated companies.

Notes to the Consolidated Financial Statements

General

The consolidated financial statements of the Metall Zug Group comply with the current Swiss GAAP FER financial reporting standard as a whole and are prepared on the basis of historical cost. The supplementary recommendation outlined in Swiss GAAP FER 31 for publicly listed companies was already adopted in financial year 2014. Resulting from this initial application are additional disclosures in notes 7, 9 and 14 with no changes to the financial position and the result of operations. The new rules regarding revenue recognition (Swiss GAAP FER Framework, FER 3 and FER 6) were released on June 24, 2014, and have become effective as of January 1, 2016. After an assessment the initial adoption of the new standards regarding revenue recognition leads to additional disclosures. 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 18, 2016.

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, the assets and liabilities of the acquired companies and businesses 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 company or the acquired parts of the business 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 76). The useful life 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 show the equity of the entire Group. In this context, the acquisition method is applied.

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 the 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, and the resulting currency effects are offset against retained earnings without affecting net income.

Exchange Rates into CHF

Income Statement (Average Rate)	2015	2014
1 EUR	1.0685	1.2148
1 USD	0.9629	0.9154
1 GBP	1.4716	1.5071
1 AUD	0.7239	0.8255
100 CNY	15.4587	14.9010
100 JPY	0.7956	0.8660

Balance Sheet (Exchange Rate on 12.31.)	2015	2014
1 EUR	1.0891	1.2029
1 USD	1.0014	0.9896
1 GBP	1.4770	1.5372
1 AUD	0.7296	0.8073
100 CNY	15.4248	16.1200
100 JPY	0.8332	0.8251

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
With regard to 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 of up to 10 % for general valuation risks are made according to past experience.

Tangible Assets
Tangible assets are recorded at historical cost 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 licenses	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 recognized in the balance sheet.

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, seniority-related pension benefit obligations are established on the basis of 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 on the basis of the expected 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 and other deferred tax assets are neither capitalized nor offset against the provisions for deferred taxes.

Provisions
Provisions are set up for recognizable risks and also include 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 flow after more than one year. Provisions for guarantees are calculated on the basis of 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.

List of Investments (as at 12.31.2015)

Company	Domicile	Currency	Share Capital	Share of Capital and Votes
V-ZUG AG	**Zug**	**CHF**	**1900000**	**100%**
V-ZUG Kühltechnik AG	Arbon	CHF	100000	100%
V-ZUG Australia Pty. Ltd.	Loganholme (AU)	AUD	100	100%
V-ZUG Europe BVBA	Harelbeke-Kortrijk (BE)	EUR	2000000	100%
V-ZUG (Shanghai) Domestic Appliance Co., Ltd.	Shanghai (CN)	CNY	8363000	100%
V-ZUG (Changzhou) Special Components Co., Ltd.	Changzhou (CN)	CNY	19370000	100%
SIBIRGroup AG	Spreitenbach	CHF	500000	100%
Gehrig Group AG	**Rümlang**	**CHF**	**2000000**	**100%**
Hildebrand France S.a.r.l.	La Boisse (FR)	EUR	426720	100%
Schybig Gastro-Service AG	**Risch**	**CHF**	**100000**	**100%**
Horeka AG	**Risch**	**CHF**	**100000**	**100%**

List of Investments (as at 12.31.2015) – Continuation

Company	Domicile	Currency	Share Capital	Share of Capital and Votes
V-ZUG Immobilien AG	**Zug**	**CHF**	**1000000**	**100 %**
Belimed AG	**Zug**	**CHF**	**6500000**	**97,24 %**
Belimed Sauter AG	Sulgen	CHF	350000	100 %
Belimed GmbH	Mühldorf am Inn (DE)	EUR	6135550	100 %
Belimed Technik GmbH	Mühldorf am Inn (DE)	EUR	25000	100 %
Belimed Deutschland GmbH	Mühldorf am Inn (DE)	EUR	25000	100 %
Belimed d.o.o.	Grosuplje (SI)	EUR	28000	100 %
Belimed GmbH	Fehring (AT)	EUR	180000	100 %
Belimed B.V.	J.G. Rotterdam (NL)	EUR	18151	100 %
NV Belimed SA	Louvain-la-Neuve (BE)	EUR	198315	100 %
Belimed SAS	Sausheim (FR)	EUR	1650000	100 %
Belimed Ltd.	Shipley (UK)	GBP	200000	100 %
Beltech Medical Services Ltd.	Shipley (UK)	GBP	200	100 %
Belimed Inc.	Charleston (US)	USD	3000000	100 %
Belimed Medical Equipment (Shanghai) Co.	Shanghai (CN)	CNY	4223000	100 %
Schleuniger Holding AG	**Thun**	**CHF**	**2500000**	**100 %**
Schleuniger AG	Thun	CHF	150000	100 %
Schleuniger GmbH	Radevormwald (DE)	EUR	1025000	100 %
Cirris Solutions GmbH	Jettingen (DE)	EUR	26000	100 %
Schleuniger Inc.	Manchester (US)	USD	200000	100 %
Schleuniger Japan Co.	Tokyo (JP)	JPY	200000000	100 %
Schleuniger Trading (Shanghai) Co.	Shanghai (CN)	CNY	10864000	100 %
Schleuniger Haofeng (Tianjin) Machinery Co., Ltd.	Tianjin (CN)	CNY	20000000	100 %
DiIT AG	Krailling (DE)	EUR	103000	35 %

Effective January 1, 2015, V-ZUG (Changzhou) Special Components Co., Ltd. (CN), commenced business. On April 29, 2015 Schybig Gastro-Service AG, Küssnacht SZ (now Risch ZG), Horeka AG, Küssnacht SZ (now Risch ZG), and on May 19, 2015 Cirris Solutions GmbH, Jettingen (DE), have been acquired.

As of March 6, 2015, the remaining 30 % non-controlling interest of Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. held by a third party was repurchased.

On June 12 and on November 9, 2015, 0.69 % of non-controlling interest in Belimed AG, Zug, (October 7, 2014: 1.38 %) was sold by Metall Zug AG to the CEO of the Infection Control Business Unit. Metall Zug AG has the right (or, as the case may be, the obligation) to buy back this non-controlling interest based on a defined calculation method on the occurrence of certain conditions or after a set period of time.

In May 2015, a capital increase took place at Schlatter Industries AG, Schlieren. As a result of the partial exercise of subscription rights as well as the sale of a number of shares and subscription rights, the stake of Metall Zug AG decreased initially from 27.66 % to 18.79 % and subsequently to 18.13 % following a capital increase from authorized capital in June 2015. The necessary change in the accounting method (hitherto equity accounting, henceforth valuation at purchase value deducting any economically necessary valuation allowance) required a value adjustment to the participation including the recycling of the goodwill initially offset against equity. This resulted in a loss from associated companies of TCHF 5322, which is reflected in the financial result.

1 Segment Information

The Business Activity of Metall Zug Group comprises the following business units:

– Household Appliances	Appliances for kitchen and laundry as well as for the gastronomy services, incl. other products[1)]
– Infection Control	Equipment for medical institutions, the life science industry and laboratories, incl. other products[1)]
– Wire Processing	Wire processing equipment
– Corporate	Management and real estate

By Business Unit

	Net Sales to Third Parties		Operating Income (EBIT)		Net Assets Invested[2)]	
in CHF 1 000	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Household Appliances	568 323	572 659	69 137	70 012	179 391	181 376
Infection Control	193 999	203 420	–12 887	–13 010	89 744	103 924
Wire Processing	145 193	127 626	21 248	19 460	53 684	51 716
Corporate	0	0	3 022	–1 436	354 806	348 896
Consolidation	0	0	–8	6	–281 134	–278 901
Total	**907 515**	**903 705**	**80 512**	**75 032**	**396 491**	**407 011**

	EBIT as % of Net Sales		Contribution to Operating Income (EBIT)		EBIT in % of Net Assets Invested	
in percent	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Household Appliances	12.2 %	12.2 %	85.9 %	93.3 %	38.5 %	38.6 %
Infection Control	–6.6 %	–6.4 %	–16.0 %	–17.3 %	–14.4 %	–12.5 %
Wire Processing	14.6 %	15.2 %	26.4 %	25.9 %	39.6 %	37.6 %
Corporate			3.7 %	–1.9 %	0.9 %	–0.4 %
Consolidation			–0.0 %	0.0 %	0.0 %	–0.0 %
Total			**100.0 %**	**100.0 %**	**20.3 %**	**18.4 %**

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

[2)] Average current assets and average fixed assets, excl. cash and cash equivalents and securities, minus interest-free liabilities.

Net Sales to Third Parties by Region in CHF 1000	Household Appliances	Infection Control	Wire Processing	2015 Total	2014 Total
Switzerland	532 280	16 439	1 437	550 156	555 892
Other European countries	11 563	91 731	51 831	155 125	156 215
Americas	16 939	54 249	51 079	122 267	107 076
Asia/Pacific/Others	7 541	31 580	40 846	79 967	84 522
Total 2015	**568 323**	**193 999**	**145 193**	**907 515**	
Total 2014	572 659	203 420	127 626		903 705

2 Cost of Materials

In the year under review, the cost of materials decreased in absolute terms by TCHF 7 822, from TCHF 321 988 down to TCHF 314 166, in relation to revenue they decreased from 34.7 % down to 33.9 %. This is mainly a result of currency effects in the sourcing, price adjustments of suppliers and a changed product mix. Cash discounts on goods purchased are recorded as cost reductions.

3 Personnel Expenses

in CHF 1000	2015	2014
Wages and salaries	–289 490	–287 970
Pension contributions	–19 409	–18 551
Other personnel expenses	–45 154	–41 242
Total personnel expenses	**–354 053**	**–347 763**

Headcount increased in the reporting year by 186 (previous year: increase of 119) to 3 812 (previous year: 3 626). This represents an increase of 5.1 % (previous year: increase of 3.4 %). 103 of the total 186 additional positions were created in the Household Appliances Business Unit.

4 Other Operating Expenses

in CHF 1000	2015	2014
Marketing/sales promotion	–25 268	–26 244
Maintenance and repair	–11 848	–9 971
Administrative expenses	–47 219	–47 546
Other costs	–45 700	–38 317
Total other operating expenses	**–130 035**	**–122 078**

In relation to total gross sales, other operating expenses increased by TCHF 7 957 to 14.0 % (previous year: 13.2 %). Cost reductions were achieved in marketing/sales promotion (TCHF –976) and administrative expenses (TCHF –327). On the other hand, maintenance and repair increased by TCHF 1 877 and other costs by TCHF 7 383. The other costs increased mainly due to higher research and development costs in the amount of TCHF 4 469.

5 Research and Development

Expenses for research and development are included in the operating expenses and relate to personnel costs, cost of material, overhead costs and external labor. With the basically unchanged total sales compared to the previous year, the expenses for research and development increased to 8.6 % of gross sales (previous year: 7.9 %). As in previous years, these expenses of TCHF 80 057 (previous year: TCHF 72 889) were charged directly to the income statement.

6 Financial Result

in CHF 1 000	2015	2014
Interest income	123	176
Income from securities	11 667	26 825
Income from financial assets	631	108
Foreign exchange gains	4 991	3 149
Total financial income	**17 412**	**30 258**
Interest expenses	–180	–235
Losses on securities	–7 469	–2 252
Expenses from financial assets	–2 927	0
Other financial expenses	–598	–689
Foreign exchange losses	–9 072	–1 122
Total financial expenses	**–20 246**	**–4 298**
Associated companies	**–5 398**	**–9**
Net financial result	**–8 232**	**25 951**

Income from and losses on securities include the gross reported income and capital gains/losses from portfolio management. Income and expenses from financial assets include the valuation of financial assets. In financial year 2015 this essentially relates to the valuation adjustment on the shares of Schlatter Industries AG, Schlieren, in the amount of TCHF –1 752 subsequent to the change of accounting method. The net position of foreign exchange gains/losses decreased from TCHF 2 027 to TCHF –4 081. The foreign exchange gains/losses are mainly due to the abandonment of the euro minimum exchange rate. The loss from associated companies includes TCHF –5 322, reflecting the value adjustment on the participation in Schlatter Industries AG, Schlieren, when the capital increase and the respective change of accounting method took place (hitherto equity accounting, henceforth valuation at purchase value deducting any economically necessary valuation allowance); please also refer to the information under “List of Investments” (page 66).

7 Taxes

Expenditure

in CHF 1000	2015	2014
Current income taxes	–18752	–17020
Deferred income taxes	3136	1881
Total expenditure	**–15616**	**–15139**

Liabilities

in CHF 1000	2015	2014
Current income taxes	18078	14986
Deferred income taxes	20850	24011
Total liabilities	**38928**	**38997**

Income Taxes 2015

	Tax rate in %	Tax amount in CHF 1000
Income before taxes		72280
Weighted average applicable tax rate/calculated taxes	14.3 %	10348
Utilization of previously unrecognized tax loss carry forwards		–2169
Additional unrecognized tax losses		7956
Change of unrecognized temporary differences		268
Tax effects on investments		–767
Other effects		–20
Reported tax rate / taxes according to the income statement	**21.6 %**	**15616**

Income Taxes 2014

	Tax rate in %	Tax amount in CHF 1000
Income before taxes		100983
Weighted average applicable tax rate/calculated taxes	12.1 %	12215
Utilization of previously unrecognized tax loss carry forwards		–1988
Additional unrecognized tax losses		6161
Change of unrecognized temporary differences		1196
Tax effects on investments		–2631
Other effects		186
Reported tax rate / taxes according to the income statement	**15.0 %**	**15139**

Potential tax reductions resulting from tax loss carryforwards and temporary differences amount to TCHF 36180 (previous year: TCHF 30941). The potential tax reductions increased in net terms by TCHF 5239 (previous year: TCHF 6377). This increase is primarily attributable to the losses at various companies in the Household Appliances and Infection Control Business Units. Potential tax reductions are not capitalized due to uncertain recoverability. Tax expenses amount to 21.6 % of income before taxes (previous year: 15.0 %). This higher tax rate is primarily due to increased losses at subsidiaries and a lower share of financial income in the profit before tax. The financial income of Metall Zug AG is subject to federal income tax, including participation exemption. The average tax rate for deferred income taxes amounts to 13.4 % (previous year: 13.8 %).

8 Non-controlling Interests

in CHF 1000	2015	2014
Belimed AG	276	80
Schleuniger Haofeng (Tianjin) Machinery Co., Ltd.	5	55
Total result attributable to non-controlling interests	**281**	**135**

As result of a minority stake of 30 % in Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. until March 6, 2015 and the minority stake of 2.76 % of Belimed AG as per December 31, 2015, the corresponding non-controlling interests are disclosed. Please also refer to the respective information under "List of Investments" (page 66).

9 Net Income per Share

	2015	2014
Issued type A registered shares	1 948 640	1 948 640
Average outstanding type A registered shares	1 930 240	1 937 317
Issued type B registered shares	255 136	255 136
Average outstanding type B registered shares	247 826	247 826
Net income as per income statement (in CHF 1000)	56 945	85 979
Weighted average number of shares	440 850	441 558
Net income per type A registered share (in CHF)	**12.92**	**19.47**
Net income per type B registered share (in CHF)	**129.17**	**194.72**

Net income per share is computed 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 2015 or 2014 with regard to net income per share.

10 Securities

in CHF 1000	12.31.2015	%	12.31.2014	%
Fixed-income investments up to 12 months	10165	3.7	17580	6.4
Fixed-income investments over 12 months	94289	34.3	94204	34.5
Shares and similar investments	170349	62.0	161648	59.1
Total securities	**274803**	**100.0**	**273432**	**100.0**

Most securities are managed by third parties in asset management mandates.

11 Trade Receivables

in CHF 1000	12.31.2015	12.31.2014
Gross trade receivables	112129	116488
Allowance for doubtful receivables	–4298	–4599
Total trade receivables	**107831**	**111889**

12 Inventories

in CHF 1000	12.31.2015	12.31.2014
Raw materials	17316	15629
Trade goods	44492	44570
Semifinished and finished products	114327	112857
Advance payments to suppliers	2408	896
Specific value adjustments	–34678	–33529
General value adjustments	–10236	–7958
Total inventories	**133629**	**132465**

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 22525 (previous year: TCHF 21278).

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 01.01.2014	**385**	**239944**	**188907**	**1600**	**75066**	**505902**
Changes in scope of consolidation						0
Additions		11408	13154	824	8420	33806
Disposals		−597	−15423	−162	−7002	−23184
Reclassifications			797	−975	178	0
Currency translation effects		−120	−20		157	17
Balance on 12.31.2014	**385**	**250635**	**187415**	**1287**	**76819**	**516541**
Changes in scope of consolidation		103	137		204	444
Additions	561	19553	8933	1610	8388	39045
Disposals		−8159	−10703		−8425	−27287
Reclassifications			2301	−2267	−828	−794
Currency translation effects	11	−1828	−495	−16	−1078	−3406
Balance on 12.31.2015	**957**	**260304**	**187588**	**614**	**75080**	**524543**
Accumulated depreciation						
Balance on 01.01.2014	**0**	**−83960**	**−121233**	**0**	**−54276**	**−259469**
Depreciation current year		−5973	−19571		−7973	−33517
Disposals		597	15162		6398	22157
Reclassifications			161		−161	0
Currency translation effects		5	25		−53	−23
Balance on 12.31.2014	**0**	**−89331**	**−125456**	**0**	**−56065**	**−270852**
Depreciation current year		−6029	−17736		−8238	−32003
Disposals		5525	10537		8158	24220
Reclassifications			−15		689	674
Currency translation effects		288	370		651	1309
Balance on 12.31.2015	**0**	**−89547**	**−132300**	**0**	**−54805**	**−276652**
Net book values on 12.31.2014	**385**	**161304**	**61959**	**1287**	**20754**	**245689**
Net book values on 12.31.2015	**957**	**170757**	**55288**	**614**	**20275**	**247891**
Of which land 12.31.2014	385	30711				
Of which land 12.31.2015	957	29461				
Insurance values 12.31.2014		347475	289517		61572	698564
Insurance values 12.31.2015		349343	280274		56049	685666

In 2015, land and buildings in the amount of TCHF 2320 were reclassified to assets held for sale, which form part of the other receivables. As of December 31, 2015 assets held for sale amount to TCHF 2820 (previous year: TCHF 672).

Financial and Intangible Assets

in CHF 1000	Financial Assets	Intangible Assets
Acquisition costs		
Balance on 01.01.2014	**37863**	**35157**
Additions	3416	3186
Disposals	–552	–702
Associated companies	–75	
Currency translation effects	–19	–20
Balance on 12.31.2014	**40633**	**37621**
Changes in scope of consolidation		6
Additions	5085	3453
Disposals	–1910	–2051
Reclassifications		794
Associated companies	3030	
Currency translation effects	–196	–118
Balance on 12.31.2015	**46642**	**39705**
Accumulated amortization		
Balance on 01.01.2014	**–6298**	**–22071**
Amortization current year		–4645
Value adjustments (net)	–112	
Disposals		659
Currency translation effects		19
Balance on 12.31.2014	**–6410**	**–26038**
Amortization current year		–5426
Value adjustments (net)	–2288	
Disposals		2044
Reclassifications		–674
Currency translation effects		96
Balance on 12.31.2015	**–8698**	**–29998**
Net book values on 12.31.2014	**34223**	**11583**
Net book values on 12.31.2015	**37944**	**9707[1)]**

[1)] Of which TCHF 9670 (previous year: TCHF 11533) software.

Financial assets include employer's contribution reserves of TCHF 15525 (previous year: TCHF 15077), shares in companies including private-equity investments of TCHF 17017 (previous year: TCHF 11474), long-term financial assets of TCHF 4321 (previous year: TCHF 2416) and investments in associated companies of TCHF 1081 (previous year: TCHF 5255).

Interest of TCHF 448 was credited to the employer's contribution reserves (previous year: TCHF 435).

In May 2015, a capital increase took place at Schlatter Industries AG, Schlieren (please also refer to the information under "List of Investments" on page 66). The necessary change in the accounting method (hitherto equity accounting, henceforth valuation at purchase value deducting any economically necessary valuation allowance) required the recycling of the goodwill of TCHF 8570 initially offset against equity, with subsequent adjustment of the value of the participation by a total of TCHF 5203. Both effects are stated under associated companies. Furthermore, this item includes retroactive adjustments of the Schlatter Group's shareholders' equity, not affecting net income, amounting to TCHF –212 (previous year: TCHF –66), and an income-relevant subsequent posting of the share in the result for the 2014 financial year of TCHF –49 (previous year: TCHF 7). In addition, this position includes the attributable estimated loss on the participation in DiIT AG for the 2015 financial year of TCHF –76 (previous year: loss of TCHF –16 for Schlatter Industries AG and DiIT AG), which was charged to the income statement. The results were calculated on the basis of the data of both the Schlatter Group and DiIT AG available during the preparation of the financial statements. Any deviations from actual values will be recorded in the subsequent period.

Other shares in companies including private-equity investments have been value adjusted by TCHF 2288 (previous year: TCHF 112). In the year under review this primarily contains a value adjustment based on share price development of TCHF 1752 for the financial investment in Schlatter Industries AG subsequent to the change in accounting method.

Long-term financial assets comprise loans to third parties, pledged assets for financing and deposits to secure rents.

The goodwill recorded against retained earnings of TCHF 6517 in 2015 results from the acquisitions mentioned in note 24. Last year the final purchase price for the acquired assets of Tianjin Haofeng Electrical Co. Ltd. by means of an asset deal resulted in a reduction of goodwill of TCHF 383 and an increase in retained earnings of TCHF 383. The accumulated acquisition values of goodwill amount to TCHF 11450 (previous year: TCHF 8707). Completely written off goodwill in the amount of TCHF 3774 has been derecognized in the shadow accounting schedule (previous year: TCHF 0). The theoretical capitalization of goodwill would not have resulted in an impairment in either the current year or the previous year. Overall, the capitalization and theoretical amortization of goodwill over a useful life of 3 years would have resulted in an additional amortization of TCHF 3473 (previous year: TCHF 2934). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 5834 (previous year: TCHF 2790).

14 Current and Long-Term Financial Liabilities

In the reporting period, financial liabilities decreased by TCHF 4 163 to TCHF 1 125 due to the planned repayments. To provide a better overview, data on multiple amortizations during the year (e.g. on a quarterly basis) are shown as one single line with a term of December 31 of the respective year. As collateral for current and long-term financial liabilities of TCHF 1 125 (previous year: TCHF 5 288), assets with a book value of TCHF 7 035 have been encumbered (previous year: TCHF 10 346).

2015 in 1 000 Financial Instrument	Currency	Term	Amount FC	Amount CHF	Interest Rate
Bank loan	CHF	06.30.2016	625	625	2.4 %
Mortgage with fixed interest	CHF	11.26.2017	500	500	4.1 %
Total				**1 125**	

2014 in 1 000 Financial Instrument	Currency	Term	Amount FC	Amount CHF	Interest Rate
Bank loan	CHF	10.31.2015	1 000	1 000	2.1 %
Bank loan	CHF	12.31.2015	500	500	2.4 %
Bank loan	CHF	06.30.2016	625	625	2.4 %
Bank loan	JPY	09.11.2015	250 000	2 063	1.6 %
Mortgage with fixed interest	CHF	11.26.2015	500	500	4.0 %
Mortgage with fixed interest	CHF	11.26.2017	500	500	4.1 %
Mortgage with fixed interest	EUR	03.31.2015	83	100	3.2 %
Total				**5 288**	

15 Pension Liabilities

Pension liabilities amount to TCHF 441 (previous year: TCHF 369). They are recorded as other current liabilities.

16 Other 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 badwill of TCHF 11 389 resulting from the acquisition is presented within liabilities and is systematically reversed. The badwill is caused by deferred development costs and necessary adjustments to the operations, both already factored into the purchase price. These two effects add up to CHF 6 million and CHF 5 million respectively. According to current planning, the development costs will materialize from 2014 to 2017, while the adjustments to the operations should be realized from 2017 onwards. The badwill 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.

In 2014, TCHF 1 600 of the total badwill of TCHF 11 389 was released to the income statement. Of the total remaining badwill of TCHF 9 789, TCHF 1 600 was reported as other current liabilities and TCHF 8 189 as other long-term liabilities.

In 2015, a further TCHF 1 600 of the badwill was released to the income statement. Of the total remaining badwill of TCHF 8 189, TCHF 1 600 is reported as other current liabilities and TCHF 6 589 as other long-term liabilities.

17 Provisions

in CHF 1000	Deferred Taxes	Guarantees	Pension	Restruc-turing	Other	Total
Balance on 01.01.2014	**25 713**	**36 911**	**3 279**	**350**	**5 847**	**72 100**
Additions	768	28 154	392	6 985	2 549	38 848
Utilization	–2 470	–27 963	–149	–131	–1 802	–32 515
Release		–993		–75	–584	–1 652
Currency translation effects		39	–60	–19	–29	–69
Balance on 12.31.2014	**24 011**	**36 148**	**3 462**	**7 110**	**5 981**	**76 712**
Of which current provisions		28 613	392	3 070	5 150	37 225
Balance on 01.01.2015	**24 011**	**36 148**	**3 462**	**7 110**	**5 981**	**76 712**
Additions	390	32 466	329	157	5 168	38 510
Utilization	–3 526	–27 452	–187	–1 295	–1 749	–34 209
Release		–2 471	–178	–3 259	–2 238	–8 146
Change in scope of consolidation		54				54
Currency translation effects	–25	–263	–312	–214	–235	–1 049
Balance on 12.31.2015	**20 850**	**38 482**	**3 114**	**2 499**	**6 927**	**71 872**
Of which current provisions		30 204	153	2 499	6 037	38 893

Provisions for guarantees are calculated on the basis of historical data (average of actual costs in recent years). Of the total provisions for restructuring of TCHF 2 499 (previous year: TCHF 7 110), TCHF 2 364 (previous year: TCHF 6 835) is attributable to the Infection Control Business Unit. The other provisions are set aside in particular for the expected cash outflows from various lawsuits.

18 Significant Shareholders

As at December 31, 2015, 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
Heinz and Elisabeth Buhofer and Heinz M. Buhofer[1]	1 480 650	2 261	67.3 %	67.3 %
Shareholder group Stöckli[2]	340 800	17 486	16.3 %	15.7 %
Werner O. Weber, indirectly through Wemaco Invest AG	82 000	41 600	5.6 %	5.6 %

[1] And Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, to the extent that they are acting in mutual agreement. As at December 31, 2015, Zug Estates Holding AG – in which Buhofer Trust II, Vaduz (set up by Heinz and Elisabeth Buhofer-Rubli, Heinz M. Buhofer, Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki) owns a total of 66.25 % of the voting rights according to the public notification of August 13, 2013 – holds no type A or B registered shares of Metall Zug AG, as in the previous year.

[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) according to the public notification of February 24, 2015.

19 Shares

Shares Issued			
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. 3 982 108	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 12 250 (previous year: TCHF 12 132).

In 2015, Metall Zug AG conducted no transactions with type A and B treasury shares. In 2014, 18 400 type A treasury shares were purchased from Zug Estates Holding AG at an average price of CHF 254. There were no transactions with type B treasury shares in 2014. As of December 31, 2015, Metall Zug AG holds 18 400 of its type A treasury shares at an average purchase price of CHF 254 and 7 310 type B treasury shares at an average purchase price of CHF 1 928 (as of December 31, 2014: 18 400 type A treasury shares and 7 310 type B treasury shares).

20 Transactions with Related Parties

In the reporting year, invoices for services and appliances supplied to companies of the Zug Estates Holding AG in the amount of TCHF 111 (previous year: TCHF 122) were issued. On the other hand, expenses of TCHF 185 (previous year: TCHF 195) were incurred by gastronomy and real estate management services rendered to Metall Zug AG Group companies. As at December 31, 2015, there were accounts receivable of TCHF 5 (previous year: TCHF 21) and accounts payable of TCHF 5 (previous year: TCHF 18) from companies belonging to Zug Estates Holding AG on the balance sheet.

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 2015 amounts to TCHF 35 (previous year: TCHF 35).

2 000 type B registered shares of Zug Estates Holding AG were sold in 2014 at a market value of TCHF 2 356 to a shareholder listed in note 18 "Significant shareholders". Another 15 895 type B registered shares of Zug Estates Holding AG were sold at a market value of TCHF 18 734 to Zug Estates Holding AG. The average sales price of the 17 895 shares was CHF 1 178.56. In return Zug Estates Holding AG sold 18 400 type A registered shares of Metall Zug AG at a market value of TCHF 4 679 to Metall Zug AG (average price CHF 254.31) and settled the transaction with a part of the sales price for the 15 895 type B registered shares of Zug Estates Holding AG. Metall Zug AG no longer holds any shares of Zug Estates Holding AG.

Information on the compensation amounts paid to the Board of Directors and Senior Management is available in the compensation report on page 53 and 54.

21 Leasing Liabilities

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

in CHF 1 000	12.31.2015	12.31.2014
up to 1 year	2 339	2 298
up to 3 years	2 272	2 432
over 3 years	161	520
Total	**4 772**	**5 250**

22 Derivative Financial Instruments

Within the securities portfolios managed by third parties, limited investments in derivative financial instruments are allowed. These derivative financial instruments are held for trading purposes and are recorded at market values.

in CHF 1 000	12.31.2015			12.31.2014		
	Contract Values	Market Values		Contract Values	Market Values	
		Positive	Negative		Positive	Negative
Currency forward contracts	4 515	8	–47	3219		–47
Share options/index options				1560		
Other derivative instruments						
Total market values	**4 515**	**8**	**–47**	**4779**	**0**	**–47**

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	12.31.2015			12.31.2014		
	Contract Values	Market Values		Contract Values	Market Values	
		Positive	Negative		Positive	Negative
Currency forward contracts	24 186		–544	27747		–616
Share options/index options	4 893					
Other derivative instruments	381					
Total market values	**29 460**	**0**	**–544**	**27747**	**0**	**–616**

23 Contingent Liabilities/Other Off-Balance Sheet Obligations

As at December 31, 2015, trade receivables from foreign subsidiaries worth TCHF 12 465 (previous year: TCHF 17 357) served as collateral for credit lines. The carrying amount of fixed-term deposits, securities and properties that are pledged as collateral amount to TCHF 19 493 (previous year: TCHF 22 908).

In addition to purchase commitments of TCHF 238 (previous year: TCHF 1 042) there are also a number of long-term rental contracts with a volume of TCHF 18 090 (previous year: TCHF 22 254).

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 6 391 was paid in by the end of 2015 (previous year: TCHF 6 193).

24 Acquisition and Sale of Consolidated Subsidiaries

Schybig Gastro-Service AG, Küssnacht SZ (now: Risch ZG) and Horeka AG, Küssnacht SZ (now: Risch ZG) were acquired on April 29, 2015, and Cirris Solutions GmbH, Jettingen (DE) was acquired on May 19, 2015. The following assets and liabilities were acquired as at the acquisition date:

in CHF 1000	Schybig Gastro-Service AG	Horeka AG	Cirris Solutions GmbH
Current assets	1 232	250	3 196
Fixed assets	106	4	340
Current liabilities	–196	–22	–2 099
Non-current liabilities	0	0	–1 784
Net assets	**1 142**	**232**	**–347**

As of March 6, 2015, the remaining 30 % non-controlling interest in Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. held by a third party was repurchased.

The goodwill paid in connection with the above-mentioned transactions totals TCHF 6 517 and was offset against retained earnings at the time of acquisition (see Changes in Shareholders' Equity, page 63).

Last year the final purchase price for the acquired assets of Tianjin Haofeng Electrical Co. Ltd. by means of an asset deal resulted in a reduction of goodwill of TCHF 383.

On June 12, 2015, and November 9, 2015, 0.69 % of non-controlling interest in Belimed AG, Zug, (October 7, 2014: 1.38 %) was on each occasion sold by Metall Zug AG to the CEO of the Infection Control Business Unit. Metall Zug AG has the right (or, as the case may be the obligation) to buy back this non-controlling interest based at a defined calculation method on the occurrence of certain conditions or after a set period of time.

25 Employee Benefits

The most important companies providing pension plans are located in Switzerland, where pension schemes are organized through independent foundations or insured pension plans according to the 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 as at	Balance Sheet	Result from ECR or Similar Items in Personnel Expenses	
in CHF thousands	**12.31.2015**	**12.31.2015**	**12.31.2015**	**2015**	**12.31.2014**	**2015**	**2014**
Patronage funds/ pension schemes	15250		15250		14806	444	431
Pension plans	275		275		271	4	4
Total	**15525**	**0**	**15525**	**0**	**15077**	**448**	**435**

Economical Benefit / Economical Obligation and Pension Benefit Expenses

	Surplus / Deficit According to Pension Plans	Economical Part of the Organization		Change or Impact on Net Income in Business Year	Contributions for the Period[1]	Pension Expenses in Personnel Expenses	
in CHF thousands	**12.31.2015**	**12.31.2015**	**12.31.2014**	**2015**	**2015**	**2015**	**2014**
Patronage funds/ pension schemes	8055						–304
Pension plans without surplus/deficit					–18101	–18101	–17397
Pension plans with surplus	1				–769	–769	
Pension plans with deficit	–3114	–3114	–3462	348	–1335	–987	–1285
Total	**4942**	**–3114**	**–3462**	**348**	**–20205**	**–19857**	**–18986**

[1] Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 18006 (previous year: TCHF 17294) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 2199 (previous year: TCHF 1494). The economical part of the organization on pension plans with deficits of TCHF 3114 (previous year: TCHF 3462), originates mainly from closed defined benefit plans abroad and is recognized in full as a pension provision.

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. The employer's contribution reserves were in 2015 remunerated with interest of TCHF 448 in 2015 (previous year: TCHF 435).

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 1 000	2015	2014
Pension contributions at the company's expense	–20 205	–18 745
Contributions to pension plans from employer's contribution reserves	0	0
Total contributions[1]	**–20 205**	**–18 745**
Change in employer's contribution reserves due to allocation, asset development, value adjustment, discounting, interests payments, etc.	448	435
Contributions and changes in employer's contribution reserves	**–19 757**	**–18 310**
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	348	–241
Total change in economic impact of surplus / deficit	**348**	**–241**
Pension expenses in personnel expenses	**–19 409**	**–18 551**

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 1 000	12.31.2015	12.31.2014
Cash and cash equivalents	244 386	223 235
Current financial liabilities	–625	–4 163
Total "Net cash and cash equivalents"	**243 761**	**219 072**
Changes from the previous year	24 689	71 077

27 Risk Assessment

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 survey is conducted. In the scope of the survey, all business risks are compiled and documented on the basis of standard criteria. The identified risks are analyzed on an annual basis until the next extensive survey and updated and amended as necessary.
2. Risk analysis: The top 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, the financial impact as well as the effect on reputation is considered.
3. Risk control: The individual Business Units assign risk managers to each risk category who define specific measures and monitor the implementation of these measures.
4. Risk reporting: The Board of Directors of Metall Zug AG receives a consolidated risk report on an annual basis.

28 Events After the Balance Sheet Date

No events requiring disclosure took place after the balance sheet date.

Report of the Statutory Auditor

Building a better working world

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To the General Meeting of

METALL ZUG AG, Zug

Zug, 18 March 2016

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 83 of METALL ZUG AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, changes in shareholders' equity and notes, for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these 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 2015 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.

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

Rico Fehr Licensed audit expert (Auditor in charge)	Andreas Blank Licensed audit expert

Income Statement

in CHF	Notes	2015	2014
Dividend income		67 000 000	52 500 000
Other operating revenue		5 287 897	2 649 500
Operating revenue		**72 287 897**	**55 149 500**
Personnel expenses		–5 442 813	–5 522 900
Other operating expenses		–1 463 040	–2 397 764
Increase of provisions (net)		–29 955 000	–40 000 000
Depreciation		–183 294	–48 000
Operating expenses		**–37 044 147**	**–47 968 664**
Operating income (EBIT)		**35 243 750**	**7 180 836**
Financial income	1	22 630 246	38 711 644
Financial expenses	2	–13 088 874	–15 790 420
Financial result		**9 541 372**	**22 921 224**
Income before taxes		**44 785 122**	**30 102 060**
Taxes		–675 334	–1 454 589
Net income		**44 109 788**	**28 647 471**

Balance Sheet

Assets

in CHF	Notes	12.31.2015	12.31.2014
Cash and cash equivalents		136 844 227	117 153 964
Listed securities	3	244 875 017	241 624 905
Other receivables third parties		568 155	556 881
Other receivables subsidiaries		2 274 406	3 259 433
Accrued expenses third parties		111 517	2 785
Accrued expenses subsidiaries		200 000	0
Current assets		**384 873 322**	**362 597 968**
Financial assets		17 017 295	15 572 083
Loans to subsidiaries	4	127 075 000	108 575 000
Investments	5	205 667 343	202 080 918
Tangible assets		81 473	1
Intangible assets	6	3 167 000	3 334 000
Fixed assets		**353 008 111**	**329 562 002**
Total assets		**737 881 433**	**692 159 970**

Liabilities

Other payables third parties		1 066 122	1 535 533
Other payables subsidiaries		9 386	4 117
Accrued liabilities		1 491 753	2 454 218
Current liabilities		**2 567 261**	**3 993 868**
Provisions		421 238 180	391 308 048
Non-current liabilities		**421 238 180**	**391 308 048**
Total liabilities		**423 805 441**	**395 301 916**
Share capital		11 250 000	11 250 000
Statutory capital reserves			
Capital contribution reserves		1 750 052	1 750 052
Statutory profit reserves		5 625 000	5 625 000
Voluntary profit reserves		265 113 471	265 113 471
Retained earnings			
Retained earnings carried forward		5 006 620	3 250 999
Net income		44 109 788	28 647 471
Treasury shares	8	–18 778 939	–18 778 939
Shareholders' equity		**314 075 992**	**296 858 054**
Total liabilities and shareholders' equity		**737 881 433**	**692 159 970**

Notes to the Annual Financial Statements

Metall Zug AG is a company limited by share 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 for the first time prepared in accordance with the provisions on commercial accounting contained in the Swiss Code of Obligations (articles 957–963b CO).

Previous Year's Figures

The previous year's figures were prepared in accordance with the principles of commercial accounting formerly in force as contained in the Swiss Code of Obligations, but are presented here in compliance with the minimum classification prescribed in the new financial reporting legislation.

Listed Securities

Listed securities and portfolios managed by third parties are recorded at stock market prices at the balance sheet date. The position contains valuation reserves.

Financial Assets

Financial assets are recorded at acquisition cost 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 position tangible assets 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	2015	2014
Income from securities	15156527	34382193
Income from financial assets	3075541	38632
Interest income from loans to subsidiaries	4398178	4290819
Total financial income	**22630246**	**38711644**

2 Financial Expenses

in CHF	2015	2014
Expenses from securities	–10792294	–2792412
Value adjustment on financial assets	–2296580	–12998008
Total financial expenses	**–13088874**	**–15790420**

3 Listed Securities

in CHF	12.31.2015	12.31.2014
Listed securities, gross	274529445	273138793
Valuation reserves	–29654428	–31513888
Total listed securities, net	**244875017**	**241624905**

4 Loans to subsidiaries

in CHF	12.31.2015	12.31.2014
Loans to subsidiaries, gross	130575000	116075000
Accumulated value adjustments	–3500000	–7500000
Total loans to subsidiaries, net	**127075000**	**108575000**

The value adjustment relates to a subordination agreement on a loan to a subsidiary.

5 Investments

Detailed information on the Investments of Metall Zug AG, Zug, as at December 31, 2015, is available on page 66.

6 Intangible Assets

in CHF	12.31.2015	12.31.2014
Software, gross	143220	143220
Accumulated amortization	–143220	–143220
Software, net	**0**	**0**
Brands, gross	3334000	3334000
Accumulated amortization	–167000	0
Brands, net	**3167000**	**3334000**
Total intangible assets	**3167000**	**3334000**

7 Significant Shareholders

See note 18 to the consolidated financial statements, page 79.

Additional Information Required by Law

8 Treasury Shares

In 2015, Metall Zug AG conducted no transactions with type A and B treasury shares. In 2014, 18400 type A treasury shares were purchased from Zug Estates Holding AG at an average price of CHF 254. There were no transactions with type B treasury shares in 2014. As of December 31, 2015 Metall Zug AG holds 18400 of its type A treasury shares at an average purchase price of CHF 254 and 7310 type B treasury shares at an average purchase price of CHF 1928 (as of December 31, 2014: 18400 type A treasury shares and 7310 type B treasury shares).

9 Share Ownership by Current Members of the Corporate Bodies

	as at 12.31.2015		as at 12.31.2014	
	Type A Registered Shares	Type B Registered Shares	Type A Registered Shares	Type B Registered Shares
Heinz M. Buhofer Chairman of the Board of Directors	563040[1]	1	563040[1]	1
Marga Gyger Member of the Board of Directors	0	0	0	0
Peter Terwiesch Member of the Board of Directors	0	10	0	10
Martin Wipfli Member of the Board of Directors	0	266	0	266
Jürg Werner CEO	0	0	0	0
Daniel Keist CFO	0	0	0	0
Dirk Hoffmann CEO Household Business Unit	0	20	0	0
Christoph Schüpbach CEO Wire Processing Business Unit	0	0	0	0

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

10 Pledged Assets
As at the end of the reporting year, securities worth TCHF 2000 are pledged as collateral (previous year: TCHF 2000).

11 Sureties
There are sureties to secure credit lines to Group companies from banks amounting to TCHF 16098 (previous year: TCHF 5100). In 2015, another surety in the amount of TCHF 523 (previous year: TCHF 0) was granted to a supplier of a subsidiary.

12 Contingent Liabilities
Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10000 (previous year: TCHF 10000), of which TCHF 6391 was paid by the end of 2015 (previous year: TCHF 6193).

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

14 Events After the Balance Sheet Date
No events requiring disclosure took place after the balance sheet date.

Proposal for the Appropriation of Available Earnings

in CHF				12.31.2015	12.31.2014
Retained earnings carried forward				5006620	3250999
Net income				44109788	28647471
Retained earnings				**49116408**	**31898470**
Distribution of cash dividend					
for each type A registered share	CHF	3.90	gross	7599696	11886704
for each type B registered share	CHF	39.00	gross	9950304	15563296
Distribution of stock dividend [1]					
per 600 type A registered shares	1 type B registered share		net	8094651	0
per 60 type B registered shares	1 type B registered share		net	10598349	0
withholding tax on stock dividend				10065462	0
Total				**46308462**	**27450000**
minus dividend on treasury shares [2]				–941601	–558150
Retained earnings to be carried forward				**3749547**	**5006620**

[1] The value of the stock dividend is based on an indicative type B registered share price (Swiss security number 3982108) of CHF 2492.27 (volume-weighted average price for March 17, 2016 calculated ex-dividend). The equivalent value of fractions with regard to the above-mentioned distribution ratios are paid out in cash. The distribution ratios will remain fixed. The price of type B registered shares, which determines the stock dividend and thus the value of the stock dividend, will be definitively determined and established before the General Meeting of Shareholders (calculated ex-dividend) and communicated accordingly at the General Meeting of Shareholders. The withholding tax on the stock dividend (as well as on the cash dividend) will be paid by the Company to the Swiss Federal Tax Administration. Depending on the shareholder's domicile and with a proper declaration, shareholders may be able to request a full or partial refund.

[2] No dividend is paid on treasury shares. The amount to be paid is therefore likely to be reduced by CHF 941601 (previous year: CHF 558150).

Subject to the General Meeting of Shareholders' approval of the Board of Directors' proposal:
- the cash dividend will be paid on Friday, May 6, 2016 (payment date). The last trading date with entitlement to receive the cash dividend is Monday, May 2, 2016. The shares of Metall Zug AG will be traded ex-cash dividend as of May 3, 2016; and
- the stock dividend will be distributed on Tuesday, May 10, 2016 (payment date). The last trading date with entitlement to receive the stock dividend is Wednesday, May 4, 2016. The shares of Metall Zug AG will be traded ex-stock dividend as of Friday, May 6, 2016.

Report of the Statutory Auditor

Building a better working world

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To the General Meeting of

METALL ZUG AG, Zug

Zug, 18 March 2016

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements presented on pages 86 to 91 of METALL ZUG AG, which comprise the income statement, balance sheet and notes, for the year ended 31 December 2015.

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 2015 comply with Swiss law and the company's articles of incorporation.

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)	Andreas Blank Licensed audit expert

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Publishing Information

Key dates 2016
March 23, 2016: Annual report 2015, Annual media and financial analysts' conference
April 29, 2016: General meeting of shareholders for the 2015 financial year
August 22, 2016: Publication of the half-year report

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Publisher: Metall Zug AG

Editor: Metall Zug AG, Corporate Communications & Investor Relations,
Design concept: Hotz Brand Consultants, Translation: bmp translations,
Pre-press: gateB AG, Printing: Victor Hotz AG

Print run
German: 900 copies
English: 400 copies

The annual report is published in German and English. In the event of discrepancies between the two versions, the German print version shall prevail.

www.myclimate.org

Climate-neutral printing.
The CO_2 emissions of 1.64 tons arising during printing are compensated for by international projects conducted by myclimate.org.

Product group comprising exemplary forestry and other controlled sources.

Printed on chlorine-free paper.

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