

#### **Metall Zug Group**

## Annual Report **2013**

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## 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.

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## The Metall Zug Group

Metall Zug AG, an industrial group of companies headquartered in Zug, comprises three business units and has a workforce of around 3500 employees. The Household Appliances Business Unit includes the Swiss market leader V-ZUG AG and its foreign subsidiaries, 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 Domestic Standard of SIX Swiss Exchange in Zurich (series B registered shares: Swiss security number 3982108, ticker symbol METN).

#### **Household Appliances**



#### V-ZUG AG

V-ZUG AG is the most significant company in the Metall Zug Group. As the Swiss market leader, it develops, manufactures and sells high-quality and 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 this sector. V-ZUG and its range of premium products is represented in 20 countries on three continents.

#### **SIBIR**Group

#### SIBIRGroup AG

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

#### GEHRIGGROUP Professional Solutions

#### **Gehrig Group AG**

Gehrig Group AG specializes in dishwashers and thermal appliances for the hotel and restaurant sector as well as solutions for its professional client base in the care sector. Its core competencies are food and beverage processing as well as hygiene. Gehrig is the Swiss market leader for professional dishwasher solutions.

#### Infection Control



#### Belimed Group

The Belimed Group is one of the leading global suppliers of innovative systems for infection control. The group's cleaning, disinfection and sterilization solutions are used in the medical sector and pharmaceutical industry.

#### Wire Processing

Schleuniger

#### Schleuniger Group

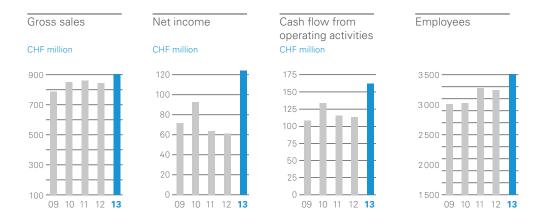
The Schleuniger Group develops, produces and distributes semiautomatic and fully automatic machines for the cutting, stripping, crimping, sealing, twisting, tinning, and printing of all types of wires and cables. In addition, Schleuniger offers software packages to optimize machine efficiency and utilization, especially for complex applications.

## **Key Figures at a Glance**

in CHF million	2013	2012	2011	2010	2009
Gross sales	908.6	856.4	864.2	852.3	790.2
Revenue from real estate operations	0.0	25.8	49.4	45.9	36.4
Operating income (EBIT)	69.8	66.6	96.7	105.4	61.8
Net income	124.1	61.5	63.4	92.3	71.7
Cash flow from operating activities	162.3	113.0	115.4	134.5	108.7
in % of sales	17.9	13.2	13.3	15.8	13.8
Total assets	994	955	1380	1253	1 153
Current assets	702	654	755	684	636
in % of total assets	71	69	55	55	55
Fixed assets	291	300	625	569	517
in % of total assets	29	31	45	45	45
Total liabilities	246	263	525	436	412
in % of total assets	25	28	38	35	36
Shareholders' equity	748	692	855	818	740
in % of total assets	75	72	62	65	64
Investments	32.1	84.2	116.4	106.5	160.1
Employees	3507	3233	3261	3045	3016
Metall Zug AG					
in CHF million	2013	2012	2011	2010	2009
Total assets	670.9	628.2	577.4	530.7	498.3
Total liabilities	356.9	278.7	254.0	208.0	180.9
Shareholders' equity	314.0	349.5	323.4	322.7	317.4
Net income	26.4	62.1	25.0	25.0	20.4
Dividend in %	2441)	560	220	220	180
<sup>1)</sup> According to the proposal of the Board of Directors.					
	2013	2012	%		
Household Appliances					
Gross sales in CHF million	579.4	556.9	+4.0		
Employees	1 747	1633	+7.0		
Infection Control					
Gross sales in CHF million	221.1	199.6	+10.8		
Employees	1 174	1 146	+2.5		
Wire Processing					
Gross sales in CHF million	110.9	103.0	+7.6		
Employees	574	450	+27.6		
Real Estate <sup>2)</sup>					
Revenue in CHF million	0.0	25.8	-100.0		
Employees	0	0	<u>-</u> _		
Corporate Revenue in CHF million	0.7	0.1	+537.5		
Employees	11	J.1	175.0		

+175.0

 $<sup>^{2)}\,\</sup>mbox{No}$  longer included in the scope of consolidation as of June 30, 2012.



The Metall Zug Group posted gross sales of CHF 908.6 million in the reporting year (previous year: CHF 856.4 million).

Net sales achieved abroad increased from  $35.8\,\%$  in 2012 to  $36.9\,\%$  in 2013, to stand at CHF 326.2 million (previous year: CHF 299.5 million).

The Metall Zug Group increased its operating income (EBIT) to CHF 69.8 million. The previous year's result of CHF 66.6 million still included a contribution of CHF 7.5 million from the Real Estate Business Unit, which was spun off in summer 2012, and a positive one-time effect on personnel expenses of CHF 6.3 million. On a comparable basis, EBIT was up CHF 16.9 million or 32.0 % year on year.

Expenditure for research and development of CHF 71.7 million in 2013 accounted for 7.9% of sales, whereas in the previous year this figure stood at CHF 72.6 million, or 8.5% of sales.

The companies of the Metall Zug Group spent  $3.0\,\%$  of sales on marketing activities, slightly less than in the previous year  $(3.3\,\%)$ .

The detailed figures for the individual business units are provided on page 64 of the Financial Report.

The proportion of operating income (EBIT) contributed by the Household Appliances Business Unit fell to 77.7 % (previous year: 93.3 %), while that of Infection Control rose to 1.0 % (previous year: -13.3 %) and that of Wire Processing to 21.6 % (13.3 % in the previous year). The new "Corporate" reporting segment, which is reported separately and which also includes V-ZUG Immobilien AG, contributed CHF -0.2 million, or -0.3 %, to operating income. In the previous year, the contribution of the spun-off Real Estate Business Unit had still amounted to 11.2 % of the EBIT of the Metall Zug Group.

The financial result was increased due to the sale of part of the shares of Zug Estates Holding AG and the valuation at market value of the remaining shares, and as a result of the favorable stock market trend, to CHF 70.2 million (previous year: CHF 8.4 million).

Tax expenditure increased from CHF 13.4 million in the previous year to CHF 15.7 million. In relation to income before taxes, this represents a decrease in the tax burden to 11.2 %, compared to the previous year's figure of 17.9 %.

At CHF 124.1 million, net income more than doubled in 2013 (previous year: CHF 61.5 million).

As a result of the increase in net income, cash flow from operating activities was also higher, amounting to CHF 162.3 million (previous year: CHF 113.0 million).

Headcount rose, primarily as a result of the acquisitions made, to 3507 employees (previous year: 3233). Of this figure, 2330 are employed in Switzerland (previous year: 2220) and 1177 abroad (previous year: 1013).

The ratio of equity to total assets at the end of the reporting year was once again higher at 75.3 %, compared to 72.5 % in the previous year.

### Letter to Shareholders

Despite challenging economic conditions and persistently high price pressure, the Metall Zug Group posted a pleasing result. The range of products and services tailored to the needs of customers and the efficiency enhancement programs in all three business units proved effective. Metall Zug thus lifted its gross sales by 6.1% to CHF 908.6 million. Operating income improved to CHF 69.8 million. Net income came to CHF 124.1 million in the reporting year. The ratio of equity to total assets rose to 75.3%.

#### Dear Shareholders

The Metall Zug Group performed well in the 2013 financial year, going from strength to strength. The Infection Control and Wire Processing Business Units both achieved marked improvements in their results, even though one-time costs arose in connection with the restructuring at Infection Control and an acquisition at Wire Processing.

Gross sales were up 6.1 % to CHF 908.6 million (previous year: CHF 856.4 million). Overall, the Metall Zug Group generated an operating income (EBIT) of CHF 69.8 million (previous year: CHF 66.6 million), a gratifying figure. Excluding the one-time effect on personnel expenses of CHF 6.3 million in the previous year and the prior-year contribution of CHF 7.5 million from the Real Estate Business Unit, this translates into a rise of 32.0 %. The financial result increased in the reporting year, climbing to CHF 70.2 million (previous year: CHF 8.4 million), net income doubled to CHF 124.1 million (previous year: CHF 61.5 million). The Metall Zug Group has a sound balance sheet: equity increased to 75.3 % of total assets (previous year: 72.5 %), and the net cash position at year-end 2013 stood at CHF 415.8 million (previous year: CHF 349.6 million).

#### "Corporate" as New Reporting Segment

When comparing these figures with the previous year's business units' results, it should be noted that the new "Corporate" reporting segment is disclosed for the first time; alongside the costs of the central corporate functions which were previously borne by the Household Appliances Business Unit, it also includes V-ZUG Immobilien AG which was reported in the Household Appliances Business Unit before.

#### **Household Appliances: Market Leadership Confirmed**

For the Household Appliances Business Unit, which includes Swiss-based manufacturer V-ZUG, 2013 was a year dominated by hefty margin and price pressure.

The Swiss market developed well, not least thanks to healthy construction activity. The introduction of numerous resource-efficient product innovations helped V-ZUG consolidate its market leadership. V-ZUG is committed to Switzerland as a technology hub and production location. At the original site of V-ZUG AG in Zug, investments in excess of CHF 40 million are planned for new assembly lines and logistics facilities. Construction work began in February 2014. As part of the growth strategy, V-ZUG took over the refrigeration equipment business of Arbonia-Forster at its production site in Arbon, Switzerland, thereby bolstering its refrigeration operations. It will also continue to invest in the development of new products, thus strengthening its product portfolio in the premium segment.

The Household Appliances Business Unit made further progress in building up its international markets.

SIBIRGroup, which specializes in providing a nationwide service for the repair and replacement of all brands of household appliances, has continued to grow.

Gehrig Group, which operates in Switzerland and the Principality of Liechtenstein, providing products and services to the hotel, restaurant and catering sector and the care sector, has succeeded in improving its operating income following difficulties in the previous year.

Gross sales of the Household Appliances Business Unit were up 4.0 % to CHF 579.4 million (previous year: CHF 556.9 million). Operating income (EBIT) was negatively impacted in particular by investments in the internationalization of V-ZUG; it nevertheless increased to CHF 54.2 million (previous year: adjusted for one-time effects, CHF 52.1 million). In the coming years, efforts to tap into selected foreign markets will be stepped up. At the same time, V-ZUG aims to safeguard and expand its position as a leading-edge and innovative supplier of household appliances at home and abroad.

#### **Infection Control: Realignment Underway**

Further progress was made in restructuring Belimed in the reporting year. Belimed's Medical, Pharma and Service segments are ideally geared to their client base.

The plant in Slovenia has helped boost productivity significantly. The current programs to enhance efficiency in the value chain and the reworking of various products are being resolutely pursued by Belimed and continue to have an adverse impact on the company's result. Gross sales were up 10.8 % to CHF 221.1 million (previous year: CHF 199.6 million). Despite the burden of project and restructuring costs, Belimed improved its operating income (EBIT) to CHF 0.7 million markedly (previous year: CHF –8.8 million).

#### Wire Processing: Growth in Sales

The measures introduced in 2012 to extend the product range and to optimize processes have made their mark. Schleuniger has performed well in the core markets for wire processing machines. The trend in business with key accounts in the automotive industry was gratifying.

In addition, thanks to the cooperation with TELSONIC, Bronschhofen (Switzerland), Schleuniger has reinforced its competence in ultrasonic welding solutions and, thanks to the acquisition of the business of Tianjin Haofeng Electrical Equipment Co., Ltd., taken an important step in its target market of China.

Overall, Schleuniger recorded gross sales of CHF 110.9 million (previous year: CHF 103.0 million) and operating income (EBIT) of CHF 15.0 million (previous year: CHF 8.8 million).

#### **Good Financial Result**

When the Real Estate Business Unit was spun off in 2012, shareholders were offered one Zug Estates Holding AG share for each Metall Zug AG share. Furthermore, Metall Zug AG received 60 000 registered B shares in Zug Estates Holding AG, following a capital increase at the latter company, in order to put up a cash component for the spin-off. The sale of the larger portion of these shares in the year under review

made a major one-off contribution to the financial result of CHF 70.2 million. The special dividend paid to shareholders in May 2013 marking the occasion of the double anniversary reflects this one-off effect attributable to the spin-off of the Real Estate Business Unit.

#### **Proposed Dividend Distribution**

Thanks to the gratifying result and continuing growth opportunities, the Board of Directors will propose the distribution of a dividend of CHF 6.10 gross per type A registered share and CHF 61.00 gross per type B registered share to the General Meeting of Shareholders on May 2, 2014. Following the previous year's special anniversary dividend of CHF 14.00 gross per type A registered share and CHF 140.00 gross per type B registered share, this is equivalent to an increase of 10.9% compared to the ordinary dividend for the 2011 financial year (CHF 5.50 gross per type A registered share and CHF 55.00 gross per type B registered share).

#### **Acknowledgments**

Metall Zug posted a pleasing result for the 2013 financial year. Our group companies had to face a wide variety of challenges presented by the markets and the global economy, but still managed to perform well in this environment. With their skills, flexibility and commitment, our employees played a significant role in ensuring that the business units of the Metall Zug Group were able to further strengthen their market position, and we would like to thank all of them accordingly.

Our gratitude also goes to our customers and business partners for their loyalty and pleasant collaboration and to you, dear shareholders, for your trust and allegiance. You give our company the support that we need and which spurs us on to even greater heights in the future.

Heinz M. Buhofer

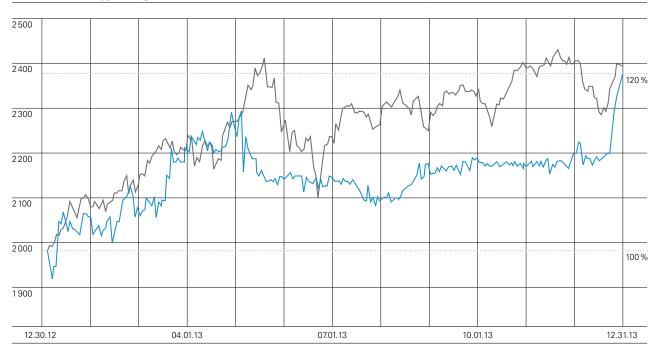
HMBub (-

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 Domestic Standard of SIX Swiss Exchange in Zurich (Swiss security number 3982 108, ticker symbol METN).

#### Performance of type B registered shares



Type B registered shares Metall Zug AG

\_\_\_\_ Swiss Performance Index (SPI), adjusted

Source: www.six-swiss-exchange.com

To mark the double anniversary - 125 years of Metall Zug AG in 2012 and the centenary of V-ZUG AG in 2013 - a special dividend of CHF 14.00 gross per type A registered share and CHF 140.00 gross per type B registered share was paid out in the previous year. This was more than double the dividend paid out in 2012 of CHF 5.50 per registered share of type A and CHF 55.00 per type B registered share.

Thanks to the gratifying result and continuing growth opportunities, the Board of Directors will propose the distribution of a dividend of CHF 6.10 gross per type A registered share and CHF 61.00 gross per type B registered share to the General Meeting of Shareholders on May 2, 2014. Following the previous year's special dividend, this is equivalent to an increase of 10.9% compared to the ordinary dividend for the 2011 financial year.

Provided that the General Meeting of Shareholders approves this proposal, a total amount of CHF 27.5 million (previous year: 63.0 million) will be paid out to shareholders, although no dividend is to be paid for treasury shares.

#### Important dates

May 2, 2014 General Meeting of Shareholders

May 9, 2014 Payment of dividend

August 25, 2014 Publication of half-year results

#### **Number of shares**

		2013	2012	2011	2010	2009
Type A	par value CHF 2.50	1948640	1948640	1948640	1948640	1948640
registered shares						
Type B	par value CHF 25.00	255 136	255 136	255136	255136	255136
registered shares						
Figures per type	A registered share					
in CHF						
Net income		27.57	13.67	14.08	20.50	15.94
Cash flow from ope	rating activities	36.06	25.11	25.63	29.89	24.15
Shareholders' equit	у	166.19	153.77	190.05	181.67	164.52
Dividend		6.101)	14.00	5.50	5.50	4.50
Figures per type	B registered share					
Figures per type	B registered share					
	B registered share	275.70	136.75	140.79	205.01	159.36
in CHF		275.70 360.60	136.75 251.12	140.79 256.34	205.01 298.90	159.36 241.46
in CHF Net income	erating activities					
in CHF Net income Cash flow from ope	erating activities	360.60	251.12	256.34	298.90	241.46
in CHF Net income Cash flow from ope Shareholders' equit	erating activities	360.60 1661.87	251.12 1 537.68	256.34 1900.52	298.90 1816.70	241.46 1 645.17 45.00
in CHF Net income Cash flow from ope Shareholders' equit Dividend	erating activities	360.60 1661.87 61.00 <sup>1)</sup>	251.12 1 537.68 140.00	256.34 1900.52 55.00	298.90 1816.70 55.00	241.46 1 645.17 45.00
in CHF Net income Cash flow from ope Shareholders' equit Dividend	erating activities  Y  High	360.60 1661.87 61.00 <sup>1)</sup>	251.12 1537.68 140.00	256.34 1900.52 55.00	298.90 1816.70 55.00	241.46 1 645.17 45.00
in CHF Net income Cash flow from ope Shareholders' equit Dividend	High Low At year-end	360.60 1661.87 61.00 <sup>1)</sup> 2380 1910	251.12 1537.68 140.00 2444 1868	256.34 1900.52 55.00 2740 <sup>21</sup> 1983	298.90 1816.70 55.00 2405 <sup>21</sup> 1570	241.46 1645.17 45.00 1711 <sup>2</sup> 979

 $<sup>^{\</sup>rm 1)}\mbox{Proposal}$  of the Board of Directors.

 $<sup>^{2)}</sup>$  All amounts adjusted to reflect the spin-off of Zug Estates Holding AG on June 30, 2012 (by 0.6682597).

<sup>&</sup>lt;sup>3)</sup> Conversion of type A registered shares on the basis of the applicable year-end rate to type B registered shares.

## **Senior Management**

From left to right

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

**Claus Martini** (DE) b. 1965 Head of Infection Control Business Unit

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

**Jürg Werner** (CH) b. 1956 Chief Executive Officer

**Daniel Keist** (CH) b. 1957 Chief Financial Officer





### **CEO Interview**



Jürg Werner

The pursuit of quality remains top priority.

In 2013, Metall Zug AG successfully stood its ground, even though the economic environment in some countries was plagued by uncertainty. In your opinion, what were the main reasons for this success?

The results of the past year have shown that our business units are capable of performing well – even under difficult economic and market conditions. The high quality and technological competence for which our products and services are known naturally played a key role in this. Another reason for the success was certainly the extensive autonomy enjoyed by the business

units within the Group, which facilitates rapid adjustment to changes in the market. I am therefore confident that we will also find a response to the challenges facing us in the coming years.

In many markets, competition is becoming more intense as a result of globalization, and there appears to be enormous price pressure. How is your company meeting these challenges?

Of course, like others, our company has had to implement cost reduction programs, in particular when it comes to standing up to the competition from low-wage countries. Procurement strategies and operational excellence play a foremost role in this respect. Keeping our range of high-quality products attractive for the market through continuous innovation and collaborating closely with our

customers to solve their problems are just as important. The key is to resolutely maintain the excellent reputation which our business units have earned in their markets. The pursuit of quality remains the absolute top priority in every branch of our company, from development and production through to sales and customer service.

## One of Metall Zug's declared goals is to internationalize the Group. How can this be achieved?

The heightened focus on the international side of the business is a key pillar of our growth strategy. The aim is to allow us to react better and faster to demand and to customer requirements in new and emerging markets. To this end, the business units can either expand their market organization organically or make targeted acquisitions, in particular in growth regions. Since the recent takeover of a Chinese manufacturer of wire processing machines for the automotive industry by Schleuniger, we

now have an interesting base for further expansion in Asia. Thanks to Metall Zug's excellent financial position, the business units will also be able to shore up their strategic growth through acquisitions in the years to come.

#### And what about the sites in Switzerland?

Switzerland, where the majority of our employees are based, will remain extremely important for Metall Zug in future. The central functions and the Swiss production sites, with their highly qualified, dedicated workforce and unique know-how, are the foundations of our company. Switzerland is

a hub that connects our diversified activities and supports the strategic initiatives of the business units, and we have good reasons for remaining committed to it.

#### As CEO, what would you like to see happen in future?

I am well aware that industrial enterprises currently walk an ever more challenging tightrope between national and international, economic and political interests as well as between social concerns and sustainable business operations. But all of these aspects present companies with new opportunities too. We are absolutely determined to seize such chances.

I would therefore like to see our business units able to build on their strengths by successfully developing their traditional markets in future as well as entering new markets. I hope that there will be no further deterioration in economic conditions neither here and in Europe nor overseas, that the global economy will continue to pick up and that our employees, customers, other business partners and shareholders will remain loyal to us.

## **Strategy**

Metall Zug is a successful, publicly listed Swiss industrial holding company with a family of entrepreneurs as its main shareholder. It creates sustainable added value for its shareholders and adopts a decidedly long-term perspective. Its business units are industrial enterprises with premium and precision products, noted for their consistent customer focus.

The Metall Zug Group comprises the Household Appliances, Infection Control and Wire Processing Business Units. By adopting an "economies of diversity" approach, Metall Zug makes systematic use of the diversity of its business units as a source of innovation and best practice. 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. In this way,

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

optimum conditions are established for the business units' industrial operations. With its expertise and financial strength, the holding company supports the business units, each of which has its own market presence and own, independent brands. Thanks to its financial strength and diversification, the Metall Zug Group is able to act autonomously and make independent decisions – even during economically difficult periods.

Metall Zug achieves an **Optimum** balance between conservative financial policies and entrepreneurial ambition.

Sustainable Growth and Internationalization

Sustainable and profitable growth of the business units is a core element of the strategy. With its Household Appliances, Infection Control and Wire Processing Business Units, the Group holds an attractive portfolio. A variety of opportunities exists in all business units for strategic development, both by means of organic growth and growth by acquisition. These include rounding out and extending the product range, and expanding the customer segments and sales markets, or extending the services provided by the business units along the value chain.

We want

to understand the exact needs of the market and to impress our customers with best-in-class products and services.

Metall Zug AG has a very healthy balance sheet. As at December 31, 2013, the Group had a net cash position of CHF 415.8 million and an equity ratio of 75.3 %. The Group is therefore well positioned both for organic growth and to finance further large-scale acquisitions of companies.

When it comes to acquisitions, Metall Zug prefers to take a controlling interest or make a full acquisition, so as to be able to integrate the acquired company quickly and make best use of the potential for synergies. As a rule, Metall Zug concentrates on acquiring companies with no need for restructuring.

#### Realizing the Synergy Potential Within the Group

The Group Management plays an active role in encouraging collaboration between the business units and in realizing synergy potential. Efficiency is given a further boost by exercising options to increase technological competence and optimize processes, thus supporting the profitable growth of the business units.

#### **Development of Real Estate**

The Metall Zug Group uses its real estate to create the best possible conditions for the industrial activities of 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.

We use resources economically and thus create

sustainable added value.

**Strategically Significant Acquisitions** 

Both acquisitions made in 2013 are of strategic importance for the Metall Zug Group. By taking over the refrigeration equipment business of Arbonia-Forster, V-ZUG has strengthened its market position as a full-range supplier. This acquisition enables it to push forward with technological advances in the refrigeration segment under its own momentum, in order to cover the fast-growing needs of customers in terms of energy efficiency, design and functionality faster and more comprehensively through leading-edge technologies. The

Our actions are meaningful and have

a positive impact on people and the environment.

expanded offering in the refrigeration segment should also make an important contribution to the internationalization of the activities of the Household Appliances Business Unit.

The acquisition of the assets of Tianjin Haofeng Electrical Equipment Co., Ltd. has enabled the Wire Processing Business Unit to make a quick entry into the market for wire processing machines in China. At the same time, it allows Schleuniger to expand its range of products along the value chain for the automotive supply industry. The acquisition additionally creates ideal conditions for the expansion of the "Peripherals" segment for entry level machines and provides the perfect springboard for further growth in the Asia region.

### **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 generates 63.1% of its net sales. The top-selling business unit is Household Appliances, with net sales of CHF 561.7 million.

#### **Household Appliances**

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 and its foreign subsidiaries V-ZUG Australia and V-ZUG Europe as well as V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG. Its offering includes appliances both for private and commercial use. In 2013 V-ZUG launched yet another innovation, the Refresh-Butler, a completely new kind of fabric care system, thus opening up a whole new sub-market. New growth opportunities have emerged for V-ZUG as a result of internationalization. Nevertheless, Switzerland remains the most important market for V-ZUG. This is where it generates around 95.6 % of its net sales.

V-ZUG aspires to further growth in Switzerland and abroad. It is currently represented in 20 countries and intends to steadily increase the share of total sales contributed by international business over the coming years. V-ZUG is well positioned to achieve growth in the premium segment internationally thanks to its innovative products and the "Swiss Made" label.

SIBIRGroup's activities are mainly focused on providing a nationwide service for the repair and replacement of all brands of household appliances. The company concentrates this service on Switzerland. SIBIRGroup is increasingly focusing on property management companies and cooperative residential associations. Thanks to its laundry room hot-air dryer segment, SIBIRGroup has established itself as a specialist for washing and drying.

Gehrig Group operates in Switzerland and the Principality of Liechtenstein, offering professional appliances and solutions to its professional client base both in the hotel, restaurant and catering sector as well as in the care sector (hospitals, retirement and care homes).

#### **Infection Control**

Belimed is an international provider of innovative system so-

lutions for infection control. The group's cleaning, disinfection and sterilization solutions are used in the medical and pharmaceutical sectors.

Belimed generates 91.1% of its net sales abroad. Its key markets are Europe, North America and China. The business is divided into three areas: pharmaceutical, medical and service. Belimed supplies customers from the pharmaceutical industry, laboratories, hospitals and other providers of medical services. It has production facilities in Switzerland, Germany and Slovenia.

#### **Wire Processing**

Schleuniger develops, produces and distributes semiautomatic and fully automatic machines for the cutting, stripping, crimping, sealing, twisting, tinning, and printing of all types of wires and cables. In addition, Schleuniger offers software packages to optimize machine efficiency and utilization, especially for complex applications. These high-precision machines which, depending on their configuration, are suitable for use in high-speed processing are offered worldwide. Schleuniger serves customers in the automotive, telecommunications, medical, aviation, industrial, computer, machinery and equipment manufacturing sectors. Its key markets are the U.S., Germany, China, Mexico and Japan. The acquisition of the business operated by Tianjin Haofeng Electrical Equipment Co., Ltd. marks an important step by Schleuniger in its target market of China. The company, headquartered in Tianjin in north-east China, manufactures three groups of products: systems for wire-harness production, semiautomatic and fully automatic wire processing machines and various peripheral devices for other machines produced by Schleuniger. The majority of its clients are based in China.

Schleuniger generates 98.8% of its net sales outside Switzerland. Schleuniger 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 globally.

## **Group Structure**

Operational Organization of the Metall Zug Group (as at December 31, 2013)

#### **Metall Zug Group**

Zug

Household Appliances	Infection Control	Wire Processing	Corporate
<b>V-ZUG AG</b> Zug	Belimed AG Zug	Schleuniger Holding AG Thun	<b>Metall Zug AG</b> Zug
V-ZUG Australia Pty. Ltd. (AU)	Belimed Sauter AG (CH)	Schleuniger AG (CH)	V-ZUG Immobilien AG (CH)
V-ZUG Europe BVBA (BE)	Belimed GmbH (AT)	Schleuniger GmbH (DE)	
V-ZUG Kühltechnik AG (CH)	NV Belimed SA (BE)	Schleuniger, Inc. (US)	
SIBIRGroup AG (CH)	Belimed SAS (FR)	Schleuniger Japan Co., Ltd. (JP)	
	Belimed B.V. (NL)	Schleuniger Trading (Shanghai)	
	Belimed Infection Control Kft. (HU)	Co., Ltd. (CN)	
Gehrig Group AG Glattbrugg Hildebrand France S.A.R.L. (FR)	Belimed d.o.o. (SI)	Schleuniger Haofeng (Tianjin)	
	Belimed Ltd. (UK)	Machinery Co., Ltd. (CN)	
	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)		





## thanks to perfect timing and a creative spirit of innovation.

With 19 Gault-Millau points and three Michelin stars, chef Andreas Caminada aims to provide his guests with a very special dining experience. His pronounced sense of esthetics and love of detail can be seen throughout the hotel and restaurant. All his gourmet creations convey an aura of perfection. The picturesque surroundings and wonderful ambiance, the high-tech V-ZUG equipment, and cooking of the highest order come together in a symbiosis promising unmatched pleasure. Swiss quality, tradition, state-of-the-art products, customer orientation – these values stand both for Schauenstein Castle and for the V-ZUG premium brand.

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 and its foreign subsidiaries V-ZUG Australia and V-ZUG Europe as well as V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG. The Household Appliances Business Unit employs a workforce of about 1750, most of whom are based in Switzerland.

#### The 2013 Financial Year

The strength of the Swiss franc continued to dominate the economic environment in 2013. To counter the persistently high margin pressure, investments to enhance the competitiveness of the companies in the Household Appliances Business Unit continued at a high level, and the cost reduction and efficiency enhancement programs introduced in 2012, such as "FIT FOR THE FUTURE", were resolutely pursued. As part of its long-term growth strategy, V-ZUG AG took over the refrigeration equipment business of Arbonia-Foster at its production site in Arbon effective March 1, 2013, thereby strengthening the refrigeration business and extending its leading market position in high-quality household appliances. There are plans to make targeted investments with a view to developing the premium refrigeration segment.

In terms of gross sales, the Household Appliances Business Unit reported a growth of  $4.0\,\%$  to CHF 579.4 million (previous year: CHF 556.9 million). Adjusted for the effect of the acquisition of the refrigeration equipment business of Arbonia-Forster (1.6 %) and the currency effect of 0.0 %, this represents an increase of  $2.4\,\%$ .

The operating income (EBIT) of the Household Appliances Business Unit went up by CHF 2.1 million and reached CHF 54.2 million (previous year adjusted for comparison reasons: CHF 52.1 million). The adjusted prior-year EBIT figure includes the CHF 6.3 million allocation by the welfare fund of V-ZUG AG to the employer's contribution reserves in 2012 and the CHF 3.8 million increase in rent for V-ZUG AG in 2013 for the properties it occupies belonging to V-ZUG Immobilien AG (adjustment to market level). The latter was previously reported in the Household Appliances Business Unit but is now included in the "Corporate" reporting segment.

The Swiss market served by V-ZUG remains in good health, and residential construction activity remains stable. The renovation and spare parts business also performed satisfactorily. Compared with the previous year, more appliances were sold once again in 2013; this growth in sales is primarily attributable to innovations, which play a pioneering role both in terms of extended functionality and from an ecological viewpoint.



The "Premium Swiss Quality" label stimulates interest and builds trust among consumers.

Compared with its competitors from low-wage countries, V-ZUG aims to make its mark through a high degree of innovation, high quality standards and "Swiss Made" credentials, not to mention outstanding service and support. In Eastern Europe - particularly in Russia - demand for V-ZUG appliances experienced pleasing growth in the second half of 2013. Sales figures in Asia stagnated owing to the slowdown in economic growth. Sales of V-ZUG appliances in Australia thus failed to match expectations. In the U.S., where V-ZUG cooperates with a strategic partner, business developed favorably. The continuing expansion of the international business in the year under review was devoted to consolidation in those countries in which V-ZUG is already active and preparations for market entry in Turkey and China, which involves cooperation with distribution partners in the regions in question. V-ZUG sees further opportunities for growth in Eastern Europe, especially Russia, and in the Far East. In these foreign markets, collaboration with leading German and Italian kitchen manufacturers will be stepped up; joining forces in this way strengthens the image of the V-ZUG brand in the premium segment.

The international side of the household appliances business is set to grow continuously over the coming years. The new markets will be developed selectively, adopting a long-term, sustainable approach. V-ZUG's investments are focused on countries with sufficient market potential for quality products. The "Premium Swiss Quality" label stimulates interest and builds trust among demanding consumers.

## Commitment to Switzerland as a Location for Innovation and Industry

V-ZUG has long been the market leader in Switzerland. In future, the company will continue to do everything in its power to consolidate its leading position by developing innovative and resource-efficient products. V-ZUG safeguards this pioneering role by continuing to make substantial investments in research and development. V-ZUG places its trust and confidence in Switzerland as a technology hub and production location: it has two production sites of strategic importance in Zug and Arbon. In Zug alone, investments in assembly lines and logistics facilities will be made to the tune of more than CHF 40 million.

#### **Innovations for Sustainable Products**

Around the globe, V-ZUG innovations repeatedly set new standards. The development teams work resolutely to make V-ZUG household appliances even more energy-efficient and user-friendly. V-ZUG consistently exploits its closeness to the market to respond to the specific needs of customers. The result: innovations and world debuts that impress on both a technical and esthetic level.

With its Refresh-Butler, a world premiere, V-ZUG opened up a whole new sub-market in fabric care in the reporting year. The system combines the unique photocatalysis process with steam technology to care for high-quality fabrics and shoes. Suits, evening dresses and coats are gently refreshed, de-creased, sanitized and dried. The launch of the Adora SLQ WP, the world's most energy-efficient washing machine, represents another world first. Thanks to its heat-pump technology and patented ice storage system, which uses heat from waste water, this fully automatic washing machine beats the consumption standard for the highest

energy efficiency class by 40 %, making it unrivaled in terms of eco-friendliness. In developing products for kitchen appliances, V-ZUG works with top chefs Andreas Caminada, Tanja Grandits and Stefan Meier. With their exclusive recipes and professional tips, they help people to get the most out of their V-ZUG Combi-Steam appliances. And with its Easy Cooking hob, V-ZUG has brought another brand new product to the global market – the first and only induction hob to feature three different automatic functions: "RiceControl", "CookingControl" and "TemperatureControl".



In future, high-quality fabrics can enjoy refresh, anti-crease, sanitizing and drying treatment at home. The system combines the unique photocatalysis process with steam technology to care for high-quality fabrics and shoes.

Further resource-efficient innovations are planned for 2014. V-ZUG is leading the way as the world's first manufacturer to install a highly efficient heat pump into dishwashers, setting completely new standards in terms of energy savings with the Adora SL WP. Power consumption is reduced by almost half compared with conventional dishwashers. In the coming years, V-ZUG will continue to focus on this tried-and-tested heat pump technology.

Every **2nd**Swiss household has a
V-ZUG appliance.

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One of V-ZUG's foremost strengths lies in the provision of service and support. More than 300 service technicians are in action the length and breadth of Switzerland, successfully dealing with 94% of service requests on their first call-out and in under 48 hours. In the international arena, V-ZUG has built up further service networks in the individual markets to actively support the brand.

#### **SIBIRGroup: Nationwide Service Business**

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

Despite price battles in the household appliances sector, SIBIRGroup posted a pleasing performance in the reporting year, further expanding its market share. Washing machines and dryers experienced the greatest growth. SIBIRGroup is increasingly focusing on serving property management companies and cooperative residential associations. Thanks to its laundry room hot-air dryer segment, SIBIRGroup has established itself as a specialist for washing and drying.

## Gehrig Group: Growth Opportunities in the Hotel, Catering and Care Sectors

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 professional dishwashers, cooking, roasting and baking appliances as well as coffee machines, and in the care sector complete sluice rooms, nursing baths, patient lifter and grab rails as well as cleaning agents.

A particular strength of the Gehrig Group is the customer service it provides throughout Switzerland to ensure maintenance and ease of operation in every sector. In an emergency, a specialist can be called out to work on site immediately. The customer service team has 90 specially trained service technicians

In the hotel, restaurant and catering sector, Gehrig once again faced investment restraint on the part of customers when it came to new construction and conversion projects, as was the case last year. In the care and hygiene sector, the healthcare reforms, the rising number of outpatient procedures and new forms of medical offerings all present additional growth opportunities.

The course adopted in 2013 to strengthen earnings power will continue to be pursued in the year ahead, specifically through measures to expand the core areas of customer service and support.

#### **Outlook**

According to sector forecasts, residential construction activity in Switzerland is set to remain strong. With regard to the renovation and replacement parts business, a positive trend can be assumed. However, pressure on prices and thus also on margins is likely to continue. Above-average growth is expected above all in the Far East and in Eastern Europe. A presence will be established in Turkey in 2014, and a V-ZUG hub will be set up in China as part of the market development there. The development and expansion of the international business will take place selectively.





## thanks to well-placed trust and absolute reliability.

The team of surgeons and medical staff at the Medalp Clinic set great store on achieving the best treatment results and guaranteeing the safety of their patients, who should feel safe, secure and well looked after. A professional team relies on state-of-the-art technical infrastructure from Belimed. The interplay of technical competency and human skills guarantees that the highest performance targets are met.

Belimed is one of the leading global suppliers of innovative cleaning, disinfection and sterilization solutions for medical and pharmaceutical applications. The company has some 1200 employees in 11 countries and is represented by a network of sales subsidiaries and authorized partners in more than 80 countries.

It is one of the few global suppliers to have its own workforce in all regions. Demand for infection control, with the corresponding medical and pharmaceutical systems and services, is growing worldwide. The Belimed customer base ranges from the global – multinational pharmaceutical manufacturers – to the local – hospitals and large medical practices. The aim is to provide each client with the best-possible solution, be it machines from the standard product range or large-scale systems planned and realized specifically for the customer. Through additional services such as planning, simulation, validation and support in optimizing overall costs and consumables requirements, Belimed delivers genuine added value to its customers.

#### The 2013 Financial Year

Further progress was made in restructuring Belimed in the year under review. This involves much more than a mere structural adjustment. The company is still in the process of modifying its systems and pushing ahead with the change in culture: away from a functional culture, under which the individual legal entities were optimized, toward the formation of intercultural teams that operate internationally. Belimed has three segments at present, Medical, Pharma and Service, allowing it to align its resources and competencies to the market. The further development of these three business segments sets the bearings for the realignment of Belimed.

The task is to optimize results by offering a range of services adapted to regional needs and potential, and by adopting new processes. The progress made is measured by means of targeted controlling. While Belimed's performance has improved considerably in 2013, owing to the burden of high restructuring costs in the reporting year, the result remains unsatisfactory. Gross sales were up 10.8 % to CHF 221.1 million (previous year: CHF 199.6 million). Taking into account the currency effect of 0.6 %, sales growth in local currencies came to 10.2 %. Operating income (EBIT) improved markedly year on year to stand at CHF 0.7 million (previous year: CHF –8.8 million).

Major investments in research & development pay off.

• • •

The WD 290 washer-disinfector has the shortest process times and the lowest water consumption.

#### **Successful Start on Greenfield Site**

The production site in Slovenia got off to a successful start in fall 2012. Important production innovations have been implemented in these "new pastures". Slovenia delivers components and modules to the other Belimed sites on a just-in-time basis, i.e. exactly to requirements and at the time they are needed.

#### **Noticeable Momentum in Pharma Business**

In 2013, Belimed experienced a noticeable upswing in global demand for cleaning and sterilization systems for clients in the pharmaceutical industry. This market momentum is being driven primarily by demographics. The Medical Segment also recorded slight market growth worldwide in 2013, especially in the U.S. and Asia. This was counteracted by the increasing trend toward consolidation in the hospital market. The merging of hospitals to form chains or purchasing cooperatives and the establishment of regional reprocessing centers for several sites led to a reduction in investments accompanied by increased price pressure. In the third segment, Service, Belimed profited in terms of volume from the installed base, which has grown in the past few years.

Belimed made progress in its aim to boost productivity by adopting a just-in-time mindset. The production plants are being transformed from decentralized profit centers into process-oriented cost centers run in accordance with the just-in-time principle.

Improving profitability remains the primary focus of Belimed. To achieve this goal, all three segments – Medical, Pharma and Service – pushed ahead with strategic initiatives: increasing efficiency in the value chain and reworking a variety of products on the basis of modular systems. This includes the reorganization of the Pharma Segment and the consolidation of part of the sales organization.

#### **High Customer Demands**

Clients require Belimed to provide solutions to problems, i.e. far more than infrastructure. Here, the focus is on the sustainable lowering of overall costs and reduction of resource consumption (energy, water, cleaning agents). These improvements in performance are expected to be achieved within ever-shorter deadlines. Furthermore, Belimed has to warrant the efficiency of the systems it supplies over their entire useful life. Clients expect the cleaning and sterilization systems to be integrated within an overall system, including the overarching IT systems. At the same time clients rely on the quality of Belimed products, which are leading in terms

Up to 12 EndoWrist° instruments can be reprocessed at one time.

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Machine and loading racks from Belimed combine to form a homogeneous overall system. This Belimed robotical surgery system does not require any great investment and can be used for efficient and safe reprocessing.

of robustness, environmental protection, media consumption and cleaning result. These solutions, based on Swiss quality and the efficiency improvements achieved for the client, form the bedrock of Belimed's products and services.

## The 18 DIN instrument trays maximize productivity.

The space-saving design increases capacity by 20% while delivering perfect cleaning performance and allows resources to be used far more economically.

In this way, efficiency in the central sterilization supply departments

of hospitals is given a dramatic boost.

For a pharmaceutical client, for example, the time taken to validate a new sterilization process can represent a significant competitive and cost factor. To this end, Belimed positions itself in the market with specialized technical teams in order to offer its customers unique solutions. These also include exclusive value-added services such as simulations or planning support. In this way specialist teams develop new, cuttingedge solutions such as cleaning machines with the shortest process times and the lowest water consumption.

#### Strong Growth in the U.S. and China

Belimed posted strong growth in the U.S. in 2013 thanks to its focus on market segments in which the company enjoys significant competitive advantages. In Asia too, particularly China, growth was gratifying thanks to successful market segmentation and clear competitive positioning. What is more, Belimed's service offering is providing valuable support in the expansion process. Further markets with good development potential include some regions in Europe, the Middle East, as well as Central and Latin America.

#### Outlook

Belimed does not anticipate any significant changes in the market environment in the coming year. The tight restrictions affecting the public purse, in particular in southern Europe, will continue to have a dampening effect on investment volumes. Attempts to further strengthen the market position in Central Europe, the U.S. and China are being stepped up, as is the expansion in Asia and the Middle East.

Despite the large order backlog and its attractive market environment, Belimed will continue to face demanding challenges in 2014 and will forge ahead with its restructuring. At the same time, Belimed expects to see a positive impact from the strategic initiatives that have been launched, which should sustainably reinforce its competitive position and profitability.





# thanks to perfect precision and proven reliability.

VIP chauffeur Jiang Zhang drives more than 50 000 km a year. He bears a great responsibility towards his passengers. On business trips, he relies on his car and thus on numerous electronically controlled systems. When it comes to in-car electrical connections where safety plays a crucial role, such as airbag connectors or high speed data connectors for the transmission of large volumes of safety-related or communication data, Schleuniger provides fully automated system solutions for the processing of cable connections.

These connection elements are produced with great care and the utmost precision. A mid-size car contains something like 1 200 electrical cables with a total length of approx. 1.9 km, plus 2 000 plug connectors. Schleuniger's reliability and precision get car drivers and passengers safely to their destination.

The Schleuniger Group is a leading producer of semiautomatic and fully automatic solutions for the cutting, stripping, crimping, sealing, twisting, tinning and printing of all types of wires and cables. The Group employs over 570 people. Its products are used by many notable customers around the world.

With over 100 products and a wide variety of services on offer, the company serves practically all wire processing sectors. Geographically, Schleuniger has a very broad base. Its largest markets (North America, Germany, Mexico, China and Japan) are served by the Group's own companies. Over 40 distributors worldwide complete the global market coverage. The Group's most important growth markets are Eastern Europe (especially Russia), North Africa (especially Morocco and Tunisia), and North America (especially Mexico) and China. Increased efforts will thus be made to unlock the great potential of these growth markets. Growth is being targeted in all segments, but primarily in Fully Automatic Crimping Machines and Projects.

#### The 2013 Financial Year

In the reporting year, the Wire Processing Business Unit performed well in the key regions. Schleuniger posted significant growth in North America, China and Japan. In Europe, business exhibited a positive trend – despite the crisis in southern Europe – and helped to further reinforce Schleuniger's good market position.

The successful CrimpCenter 36 S model proved very popular on the market, making a considerable contribution to the positive business result in the year under review. The development of the project business for large customers in the automotive supply industry was especially pleasing, with TransferLine automation solutions performing particularly well. Above all, HSD (high speed data) connection systems met with considerable success on the global market. Overall, the strategy of developing and delivering tailor-made solutions to Schleuniger customers proved highly promising.

As a result of the ongoing digitization of the IT and telecommunications sector, Schleuniger increased sales of machines for processing coaxial cables (rotary stripping) substantially. The newly launched CoaxStrip 5200 – a semiautomatic, programmable, multi-step stripping machine for coaxial cables – made a significant contribution to achieving this growth.

Every 7th employee works in the area of research & development.

. . .

By employing systematic innovation processes whose objective is to further increase the benefit for the customer, Schleuniger invests in the ongoing development of the Group and in the success of its customers.

Overall, in a challenging environment, Schleuniger recorded gross sales of CHF 110.9 million (previous year: CHF 103.0 million). This is equivalent to a growth of 7.6 %, or 6.6 % adjusted for the contribution of 2.7 % from the acquisition that was made and the currency effect of -1.7 %. Operating income (EBIT) advanced to CHF 15.0 million (previous year: CHF 8.8 million).

#### **Growth as Strategic Priority**

With its targeted growth strategy, the Schleuniger Group is seeking to significantly strengthen its position in its industrial segment in the long run, supported by top performance in terms of technology, quality and service. Sustainable growth is being promoted by the development of new products and the expansion of the Group's presence on the global markets.

#### **Opportunities in the Asian Market**

The Asian market continues to fuel the global economic growth engine. The opening-up of interesting markets such as Vietnam and Indonesia represents a new stage in the economic catching-up process of an entire continent, in which Schleuniger is participating through targeted initiatives. The acquisition of the business operated by Tianjin Haofeng Electrical Equipment Co., Ltd. marks an important step by Schleuniger in its target market of China. The company, headquartered in the major seaport of Tianjin in north-east China, primarily manufactures three product groups. The production program encompasses systems for wire-harness production, semiautomatic and fully automatic wire processing machines and various peripheral devices for other machines manufactured by Schleuniger. The majority of its clients are based in China, with a focus on suppliers to the automotive industry. Schleuniger is thus entering these segments of the Chinese market and increasing its presence in Asia.

#### **Expanded Offering in the Value Chain**

In strategic terms, Schleuniger primarily intends to step up the expansion of its offering in the "Automotive" value chain. The acquisition in China is a step in this direction, allowing Schleuniger to extend its offering to include the assembly of wire harnesses. At the same time, Schleuniger is seeking to unlock growth potential in new adjacent market segments. In a further move, its leading position in the "Electronics" value chain is to be reinforced through innovations such as solutions for the production of high-precision antenna cables for notebooks, smartphones and tablet computers. Schleuniger already holds a strong position in the electronics industry in the area of micro-coaxial cables used in the manufacture of antenna cables for electronic consumer goods. As the customer markets in this sector are highly innovative and extremely dynamic, Schleuniger invests a great deal in innovation to enable it to constantly renew its products. In general, organic growth is being expedited through the targeted development of new products.

One example of the consistent customer focus is the cooperation entered into in the reporting year with the TELSONIC Group, based in Bronschhofen (Switzerland), one of the leading suppliers in the market for industrial ultrasonic applications. Schleuniger customers benefit from this partnership through the optimum integration of ultrasonic welding solutions in its value chain and through further optimized interfaces to production resources and production control functions.

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projects to enhance operational excellence.

The aim is to further improve operational excellence with a focus on lower procurement costs, shorter run times and further optimized production processes.

To achieve a sustainable boost in profitability, a comprehensive efficiency enhancement and cost reduction program was launched in 2013. The measures partly introduced in the previous year to increase productivity have already borne fruit.

15 innovations in 2013 alone.

. . .

A large number of product innovations were launched in the reporting year. These include the CoaxStrip 5200, the SemiRigid 1050 and the MegaStrip 9650.

### **Future-oriented Software Solutions**

Schleuniger takes a holistic view of software, as future-proof customer applications require machine and data management to be closely attuned. The new S.WOP solution – Software for Wire Optimized Production – manages the planning and monitoring of all wire processing machines. It can also extract data from the order management system (ERP) and compile consistent orders. These are grouped according to the best workflow principle and assigned to individual machines. In particular, S.WOP enables clients with various order volumes and small batch sizes to produce more efficiently and gives them access to relevant production and machine data.

### **Outlook**

At the world's foremost trade fair for electronics production, Productronica in Munich (Germany), Schleuniger unveiled a large number of new products and features that are to be launched in 2014. These include the SealLoad 3100 with SealCam, a HSD pre-stage to the fully automatic processing of HSD connectors, the innovative S.WOP (Software for Wire Optimized Production) software solution, and numerous new functionalities such as SmartDetect, which automatically detects any contacts of the inner conductor.

Although the wire processing market continued to grow worldwide in 2013, customers will nevertheless increasingly outsource their production to low-cost regions such as Eastern Europe, the Balkans, North Africa, Asia and Mexico.

In the coming years, Schleuniger expects to see the successful CrimpCenter 36 S model perform favorably, as many key accounts are set to make replacement investments.

The automotive industry in North America and China remains robust. Recovery is progressing only slowly in Western Europe, and sales figures are still far away from their pre-crisis levels. Based on the good result in 2013, the stability of the global markets and the continuing good demand, Schleuniger expects business to develop positively again in 2014.

# Sustainability and Corporate Social Responsibility

As an industrial manufacturing group, the Metall Zug Group is aware of the great responsibility it bears toward society and the environment. Both the use of individual buildings and the production and operation of the appliances and machines brought to market are intended to be as resource-efficient as possible. In this connection, the company's claim to great innovative strength encompasses the search for new technological procedures that enable even more water and energy to be saved.

For many years now, Metall Zug has shown that environmentally friendly and socially responsible policies are compatible with long-term success in industrial operations. Sustainability is a strategic priority, and taking an integrated and forward-looking approach to ecological, economic and social factors helps reduce risks and makes it easier to seize opportunities. By focusing on sustainable action, the Group seeks to increase cost-efficiency and minimize risks. Metall Zug aims to be a leader for customers, suppliers and business partners in relation to green products, environmentally friendly production, and procurement and logistics with correspondingly high environmental standards. For example, an agreement has been signed with a local power company to supply all entities of the Metall Zug Group in Switzerland with 100 % electricity generated from Swiss hydropower from 2014 onward.

### V-ZUG: Step by Step to CO,-free Production

V-ZUG is striving to realize climate-neutral production processes for all its products by 2020. The aim is to end the company's reliance on imported, fossil-based energy and to use non-fossil fuels from local sources instead. V-ZUG is investing significant amounts in the corresponding infrastructure. The largest photovoltaic system in the Canton of Zug on the roof of the "ZUGgate" logistics center is equipped with the latest cell technology. Covering an area of 1600 m<sup>2</sup> and capable of producing 250 kW, the photovoltaic system generates around 217000 kWh of green energy each year, making the building self-sufficient in terms of energy. In 2013, V-ZUG AG agreed a CO, reduction schedule with the Swiss Federal Office of Energy, which brings the company closer to its goal of sustainable climate-neutral production, V-ZUG published an environment report for the first time in 2013. The report (in German only) can be accessed on the website www.vzug.com/ch/de/environment.

### Infection Control: Minimal Use of Resources

The innovative and resource-efficient disinfection and sterilization systems from Belimed play a material role in patient safety. No compromises are made in terms of safety, quality and cost-effectiveness in the central sterile supply departments of hospitals. The highest standards of hygiene are an absolute "must" in surgical procedures, to prevent the transmission of pathogens. The Hoag Orthopedic Institute (HOI) in Irvine (California) is a hospital specializing in the treatment of orthopedic patients. The management of HOI puts its trust in a state-of-the-art sterilization system from Belimed, to guarantee maximum patient safety, a minimal use of resources and a very high degree of reliability. The fully automatic, high performance Belimed system is also noted for its very low water consumption. Over a year, HOI saves a volume of one million gallons or 3790000 liters of water.

### **Wire Processing: Social Responsibility**

Schleuniger believes in "giving something back" to the community and encourages its workers to take part in voluntary and charitable work. Schleuniger employees in each country regularly take part in environmental protection programs and schemes that benefit the local community. Schleuniger supports the Transfair catering service financially with a basic amount each month and employs mentally handicapped people in its staff canteen in Thun. In this way, meaningful jobs are created for reintegration candidates, and Schleuniger employees benefit from meals offered at favorable prices. Further information at: www.Schleuniger.com/about-us/corporate-responsibility/we-care/.

### **Employees**

The values of the Metall Zug Group – openness, honesty and mutual respect, both within the Group and externally – go hand in hand with the guiding principles of innovation, quality standards, customer focus and service orientation. The individual business units plan their employee development accordingly. The Group-wide Code of Conduct sets forth the principles governing the behavior of employees at all levels.

The Metall Zug Group aims to recruit and retain not only the best but also the right employees. Employer branding creates an employer identity and views motivation, qualifications and loyalty as key success factors. Metall Zug places great importance on across-the-board health promotion and accident prevention for its employees and supports a commitment to society and the environment. Through the targeted promotion of talent at all levels, a wide-ranging involvement in 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.

### **Code of Conduct for Employees**

The Group-wide Code of Conduct, which is to be revised in 2014, sets forth the principles that govern the behavior of employees at all levels. These ethical principles apply worldwide and are available on the Internet. All new hires are made aware of the Code of Conduct during their induction period. Special mention is given to the topics of bribery and respect for the rights and dignity of individuals. Metall Zug places great value on compliance with the Code of Conduct. Any violations are punished accordingly.

### **Household Appliances Business Unit**

The focus was on finalizing the implementation of the action plan from the 2012 employee survey, such as setting up the intranet. At its core, the employee development strategy encompasses employee advancement as well as the transfer of responsibilities and delegation of authority to employees, and the creation of scope for the development of employee potential. The in-house Academy and a talent pool are in the process of being established. Each employee spent four days on average in 2013 at a basic or advanced training event.

Particular emphasis was placed in the reporting year on recruiting young talents for technical and commercial positions. Great attention is paid to health promotion, safety at work and reintegration in the work process. This involves regular safety audits as well as occupational and non-occupational accident prevention campaigns such as those promoting the wearing of bicycle and ski helmets. A pilot project on a comprehensive occupational health and case management is planned for 2014.

### **Infection Control Business Unit**

At Belimed, direct communication across hierarchies, such as staff meetings or newsletters, is seen as one of the most important instruments of communication. In the reporting year, an intensified exchange of personnel began between sites which were previously organized autonomously. In 2014, a Human Resources function will be introduced at Belimed Group level and employee development programs implemented.

### **Wire Processing Business Unit**

Schleuniger undertakes to keep workplaces healthy and safe and supports safe conduct at work. Ergonomic workplaces, incentives such as non-smoking initiatives, bike-to-work and leisure time events are used to promote the health of employees. Regular information events such as employee dialogs, CEO round tables and the employee magazine 'WIRE', together with the "open office" culture, guarantee comprehensive internal communication. Employee surveys are conducted each year and evaluated by a neutral agency. The measures called for by the previous year's survey results were implemented in 2013.

### **Corporate Governance**

All information in this Corporate Governance section refers to the situation as at December 31, 2013, or to the 2013 reporting year, unless stated otherwise. No material changes occurred between December 31, 2013, and the publication date of the annual report, other than the facts disclosed under the respective headings.

To aid orientation, the order and numbering of chapters are in line with those of the "Directive on Information relating to Corporate Governance" issued by SIX Swiss Exchange.

### 1 Group Structure and Shareholders

### 1.1 Group Structure

The operational group structure is set out on page 17 of this Annual Report. The management organization of the Metall Zug Group is generally based on decentralized responsibility.

More detailed information on Metall Zug AG, headquartered in Zug, is available on page 8 f. of this Annual Report. The list of consolidated companies is shown on page 63 of the Financial Report and includes the material investments.

### 1.2 Significant Shareholders

All the significant shareholders who are known to Metall Zug AG are listed on page 73 of the Financial Report (see "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 67.2 % 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. Other than these, there are no mutual agreements between shareholders who are subject to reporting obligations.

In relation to the change in the composition of the Buhofer Trust I, please refer to the disclosure notification of August 13, 2013.

### 1.3 Cross-shareholdings

There are no cross-shareholdings.

### **2 Capital Structure**

#### 2.1 Capital

The shareholders' equity structure is described on page 73 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 59 of the Financial Report (see "Changes in shareholders' equity"). Information on the changes in capital in 2011 can be found on page 55 of the Annual Report 2012 (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 73 of the Financial Report (see Note 19 "Shares").

### Shares

The type A registered shares are not listed. The type B registered shares are listed on the Domestic Standard segment of SIX Swiss Exchange, Zurich (Swiss security number: 3982108, ISIN CH0039821084).

### **Participation Certificates**

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 registered shareholders or beneficiaries.

The transfer of shares of type A is subject to approval by the Board of Directors in each instance. Approval can be denied for important reasons. These include:

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

Metall Zug AG does not provide registration of nominees. For the procedure and conditions for canceling the limitations 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 five members. An overview of the members, providing information on nationality, age, function, first election and term of office, is available on pages 40 and 41. 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,

### **Board of Directors**



**Heinz M. Buhofer** (CH) b. 1956 Economics (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: 2014

### Professional background:

Chairman of the Senior Management of Metall Zug AG, 2002–2008

### Previous operational activities for the Metall Zug Group:

Various operational functions at the former Group company MZ Immobilien AG, Zug, 1984–1997

### Activities in governing and supervisory bodies:

Chairman of the Board of Directors of Zug Estates Holding AG, Zug up to the 2014 General Meeting of Shareholders; Vice Chairman of the Board of Directors of Wasserwerke Zug AG, Zug.



**Calvin Grieder** (CH & USA) b. 1955 Master in process engineering (Dipl. Ing.), Swiss Federal Institute of Technology (ETH) Zurich

- Member of the Board of Directors (non-executive)
- -First elected: 2006
- Elected until: 2014

### Professional background:

CEO of Bühler AG, Uzwil, since 2001

### Previous operational activities for the Metall Zug Group:

None

### Activities in governing and supervisory bodies:

Member of the Board of Directors of Bühler AG, Uzwil, of Model-Holding AG, Weinfelden, and of Implenia AG, Dietlikon.





- Member of the Board of Directors (non-executive)
- First elected: 2011Elected until: 2014

### 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 AG; Member of the Board of Directors of Novelteak AG (formerly known as Precious Woods Central America AG), Baar.



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: 2010Elected until: 2014

### Professional background:

CEO of ABB AG, Germany, since 2011; 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:

Head of the ABB Region Central Europe and Chairman of the Board of Directors of ABB Switzerland AG, Baden, as well as of other 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: 2010Elected until: 2014

### 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, of nebag ag, Zurich, and of HMZ Beteiligungen AG, Au (SG), which holds Metall Zug's investment in Schlatter Holding AG; Member of the Board of Directors of Zug Estates Holding AG, Zug, and of other non-listed companies. Political offices: Chairman of the Municipal Council Feusisberg.

### 3.2 Other Activities and Vested Interests

Apart from the above-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 Elections and Terms of Office

Members of the Board of Directors are elected by the General Meeting of Shareholders, usually 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.

### 3.4 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 Staff Committee. 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 and is involved in the staffing of top executive positions. It is supported in these tasks by 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 devolved the day-to-day management of the business to the Senior Management. In the year under review, the Board of Directors met four times. These meetings typically lasted half a day. In addition, the Board of Directors met for a session lasting one-and-a-half days at which selected topics relating to the strategy of Metall Zug AG 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 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. Ten days prior to a meeting of the Board of Directors, the members of the Board of Directors will receive documentation that allows them to prepare for the discussion of the agenda items.

#### **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. The Audit Committee sets up the audit plan, defines the audit scope for internal and external auditing and evaluates the cooperation between internal and external auditors and their effectiveness. The Audit Committee assesses the efficiency of the internal control system considering risk management and evaluates compliance with laws, regulations and accounting standards as well as adherence to internal rules and directives. It also assesses the external auditors' performance and their remuneration. The Audit Committee ensures that the external auditors are independent and assesses the compatibility of their auditing function with any advisory mandates. The Audit Committee comprises Martin Wipfli, Chairman and Marga Gyger. 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 as well as for selected agenda items.

### **Staff Committee**

The Staff Committee met five times in the reporting year. It

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 Staff 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 Staff Committee comprises Heinz M. Buhofer, Chairman, and Peter Terwiesch. The CEO and the CFO attend the Staff Committee Meetings as regular guests except for topics related to themselves.

### 3.5 Definition of Areas of Responsibility

From the beginning of 2013, the Metall Zug Group has been run as an industrial group of companies, in which operational responsibility for the management of the business and achievement of objectives of Metall Zug AG rests with the CEO and Senior Management of Metall Zug AG and that for the individual business units and subsidiaries primarily rests with the Senior Management or managing directors of the individual business units and subsidiaries. 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.

The Board of Directors has established organizational regulations for the purpose of distributing areas of responsibility between the Senior Management and the Board of Directors. These Organizational Regulations were compre-

hensively revised in the reporting year and are available at www.metallzug.ch/rules. In addition, based on the Organizational Regulations, the Board of Directors has drawn up and adopted a set of Group Management Regulations, effective July 1, 2013. 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 the business unit heads. 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 Senior Management and the business unit heads in general and for different business cases. Existing regulations at business unit level have been adapted in line with the revised Organizational Regulations and the new Group Management Regulations, as necessary.

### 3.6 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 extrapolations. The managing director or head of each business unit submits a written report on the monthly results and on the progress of budget achievement on a monthly basis 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.

In the reporting year, the internal auditors conducted two audits and prepared two further audits, which will be processed in 2014. The results of each audit are discussed in detail with the respective 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 auditors are administratively subordinated to the CFO, but report on functional issues to the Chairman of the Audit Committee.

The Board of Directors has put in place a comprehensive system for monitoring and managing the risks associated with the company's activities. Metall Zug's risk management system is a structured process that basically comprises all hierarchical levels. This process 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, Metall Zug deals with interest-rate and currency risks in addition to those risks set out under the risk management system above. Currency risks are basically evaluated on a decentralized basis by the subsidiaries and insured on a case-by-case basis. Hedging transactions are approved by the CFO, the Audit Committee or the Board of Directors of Metall Zug in line with the applicable regulations.

### **4 Senior Management**

### 4.1 Members of Senior Management

Information on the nationality, the age and the 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.

### Jürg Werner (CH) b. 1956

Education:

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

Professional background:

Metall Zug AG: CEO since June 1, 2012; CEO V-ZUG AG, June 1, 2010–August 31, 2013; COO V-ZUG AG, 2010; Head of Development V-ZUG AG and Member of the Executive Board, 1996–2009; Head of Fire Detector Development at Cerberus AG, 1989–1996, researcher at Bell Communications Research Inc., USA, 1987–1989, scientific assistant Swiss Federal Institute of Technology ETH Zurich, 1981–1987. Activities in governing and supervisory bodies:

Chairman of the Board of Directors 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 ZAHW 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

Education:

Business Administration (lic. oec. HSG), University of St. Gallen. *Professional background:* 

Metall Zug AG: CFO, since January 1, 2013; previously Forbo Holding AG, Head 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 Capital Markets, partner, 2001–2003; Selecta Group, Director Strategy and Business Development, from 2000 CFO, Member of the Executive Board, 1998–2001; UBS, Corporate Finance Advisory Switzerland, Co-Head "Investment Banking Equity and Advisory", 1984–1998; Sulzer AG, Controller, 1982–1984.

### Dirk Hoffmann (DE) b. 1961

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:

Metall Zug AG: Head of Household Appliances Business Unit since September 1, 2013; CEO of V-ZUG AG since September 1, 2013; 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.

### Claus Martini (DE) b. 1965

Education:

Ph.D. (Dr. oec. HSG), University of St. Gallen, degree in mechanical engineering from RWTH Aachen University (Germany).

Professional background:

Metall Zug AG: Head of Infection Control Business Unit, since January 1, 2013; CEO of Belimed AG since January 1, 2012; previously CEO ANM Adaptive Neuromodulation GmbH, 2009–2011; CEO Biotronik AG, 2003–2008; Managing Director Schott Italvetro (Italy), 2001–2003, CTO Schott

Industrial Glass Ltd, Newton (UK), 1999–2001; Project Manager at Biotronik GmbH, Berlin (Germany), 1997–1999; Director of Works Schott DESAG, Grünenplan (Germany), 1995–1997

### Christoph Schüpbach (CH) b. 1966

Education:

Mechanical Engineering FH, Master of Business Administration (MBA) from the Graduate School of Business at the University of Chicago.

Professional background:

Metall Zug AG: Head of Wire Processing Business Unit, since October 1, 2012; CEO of Schleuniger Group since August 1, 2009; previously 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.

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.

### 4.3 Management Contracts

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

### 5 Compensations, Shareholdings and Loans; Compensation Report

For disclosures regarding compensation, please refer to the separate Compensation Report published on page 48 ff. 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 or the independent representative. Proxies issued in favor of governing officers or custodians pursuant to Articles 689c and 689d of the Swiss Code of Obligations (CO) are no longer permitted as of January 1, 2014, in accordance with Art. 11 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

### 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 cancellation of such restriction,
- the disbandment of the group with liquidation require the approval of at least two-thirds of the votes of the shares represented and the absolute majority of the share par value represented.

In all other instances, the General Meeting of Shareholders of Metall Zug AG adopts resolutions and holds elections by the majority of voting rights represented, irrespective of the number of shareholders present and of the number of voting rights represented.

### 6.3 Convocation of the General Meeting of Shareholders

Convocation of the General Meeting of Shareholders follows the legal provisions.

### 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.

### 6.5 Entries in the Share Register

Registered shareholders who are listed in the share register as shareholders with the right to vote on the day when the invitation to the General Meeting of Shareholders is published in the Swiss Official Gazette of Commerce (SOGC), i.e. usually about 20 days prior to the date of the meeting, directly receive the invitation to the General Meeting. From this day to the day of the General Meeting of Shareholders, no entries will be made in the share register.

### 7 Changes of Control and Defense Measures

### 7.1 Duty to Make an Offer, Opting Out

The duty to make a public offer to purchase according to Articles 32 and 52 of the Swiss Stock Exchange and Securities Trading Act (SESTA) does not apply, pursuant to Article 53 SESTA.

### 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

Ernst & Young AG, Zug

Duration of the mandate: since 2006

Lead auditor: Rico Fehr

Term of office of the lead auditor: since 2013

As a result of the change in lead auditor, which must take place every seven years at the latest, Rico Fehr assumed the function of lead auditor as of the 2013 financial year.

### 8.2 Auditing Fees

In the reporting year, the independent auditors, in particular Ernst & Young, charged Metall Zug AG, or the Metall Zug Group respectively, TCHF 741 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, charged Metall Zug AG, or the Metall Zug Group respectively, additional fees totaling TCHF 115, of which TCHF 36 was for audit-related additional services, TCHF 61 for tax consulting services and TCHF 18 for services in connection with the acquisition of companies or parts of companies.

### 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 2013, he took part in four 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

section 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 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 printed report on the financial year and a print version of the half-year report. 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/media. Important dates as well as general information about Metall Zug AG and the Metall Zug Group can be found at www.metallzug.ch.

At www.metallzug.ch/mailinglist, interested persons can subscribe to a mailing list to receive ad-hoc releases and further company information.

### **Compensation Report**

### Compensation

The following statements explain the principles of the compensation system and provide details of the compensation paid to the Board of Directors and Senior Management for the 2013 financial year. A new set of Compensation Regulations was adopted by the Board of Directors, effective January 1, 2014. The basic features of this new compensation system, which will apply as of the 2014 financial year, are summarized on page 49 f. of this report.

The Group's compensation policy provides an adequate basis for the remuneration and motivation of the employees and managers in relation to performance and 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.

### Compensation to the Board of Directors and Senior Management

At the request of the Staff Committee, the Board of Directors determines the compensation for each individual member of the Board of Directors and for each individual member of Senior Management annually. The proposal for the salaries of Senior Management (with the exception of the CEO) is prepared by the CEO and presented to the Staff Committee. The Staff Committee of Metall Zug AG advises and supports the Board of Directors, among other things, in determining the compensation policy and the compensation for the Board of Directors and Senior Management.

### **Board of Directors**

The members of the Board of Directors receive a fixed compensation for their activities as well as a lump-sum reimbursement of business expenses, which is determined periodically by the entire Board of Directors at the request of the Staff Committee. They were paid additional fixed compensation in the reporting year for activities on the Board of Directors of subsidiaries, which are included in the amounts disclosed in the notes to the annual financial statements of Metall Zug AG. Since September 1, 2013, with the exception of Marga Gyger at Gehrig Group AG, no member of the Board

of Directors of Metall Zug AG has held a seat on the Board of Directors of subsidiaries.

### **Senior Management**

At the request of the Staff Committee, the Board of Directors approves compensation of the members of Senior Management according to their respective functions and in line with the market. Total compensation comprises a fixed salary and a performance-related, variable salary. The variable salary component is paid out in the following year. Fixed compensation comprises the monthly salary, the year-end bonus and a lump-sum reimbursement of business expenses.

Due to the former organization, decentralized operational distribution of responsibilities and restructuring of Senior Management, no standardized overall system had been put in place at Group level as at the end of 2013 yet regarding variable compensation to Senior Management.

For the 2013 financial year, the variable component of the business unit heads is measured against the performance of the respective subsidiary or business unit and depends on the responsibility held by the member of Senior Management in question. In addition, it may contain an individual performance component based on the achievement of personal objectives that have been set in advance (financial targets, special projects, tasks).

The variable component for the 2013 financial year for the CEO, who was also CEO of V-ZUG AG until August 31, 2013, is determined on the basis of purely quantitative targets such as EBIT and sales of V-ZUG AG and Metall Zug AG respectively; the heads of the Infection Control and the Wire Processing Business Units are not only assessed on the basis of purely quantitative targets but also additionally in accordance with individual targets. The head of the Household Appliances Business Unit, who joined Senior Management as of September 1, 2013, was guaranteed a minimum bonus for a limited time period. The CFO, who joined Senior Management as of January 1, 2013, was likewise guaranteed a minimum bonus for the reporting year.

The determination of the share of the variable component (target bonus) in the overall compensation is at the discretion of the Staff Committee and the Board of Directors. Depending on function and performance, the variable component amounts to between  $25\,\%$  and  $100\,\%$  of the fixed compensation.

The achievement of objectives is assessed by the Staff Committee, for which purpose it obtains the CEO's evaluation and proposals, in so far as this does not concern the CEO's own assessment.

In the case of exceptional achievements, the Board of Directors may also pay out an additional bonus to Senior Management in an amount at the discretion of the Board of Directors.

### **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 of industry, type and complexity of business, size).

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 Board of Directors from functions in similar companies. As a rule, no external consultants are called upon for this purpose.

### **Employment Contracts of Senior Management**

The employment contracts of Senior Management do not provide for any severance payments. The notice period is six months in each case.

### **Capital Participation Programs**

Metall Zug AG does not have any participation or option programs and no shares were assigned to members of the Board of Directors, members of Senior Management or related parties. 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.

### **Loans and Credit Facilities**

No loans or credit facilities were granted to members of the Board of Directors or to members of Senior Management or related parties.

### Compensation to Former Members

### of Corporate Bodies

In the reporting year, no compensation was paid to former members of corporate bodies.

### **Details**

Details of compensation to the Board of Directors and to Senior Management can be found on page 51 of this Compensation Report. Details of share ownership by the members of the Board of Directors and members of Senior Management are shown on page 82 of the annual financial statements of Metall Zug AG.

### **New Compensation System 2014**

The following sets out the basic principles of the compensation system for the Board of Directors and Senior Management of the Metall Zug Group, which is based on the new Compensation Regulations, valid as of January 1, 2014.

### **Board of Directors**

The compensation system for the Board of Directors of Metall Zug AG basically follows the existing rules: The members of the Board of Directors receive a fixed compensation for their activities, consisting of a fixed component in line with standard 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 on committees receive an additional compensation for this additional function at market rates.

The compensation of the Board of Directors is determined at the request of the Staff 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.

### **Senior Management**

The compensation of the members of Senior Management consists of a fixed basic salary and a performance-related variable compensation, which is now based on uniform methods and systems that apply Group-wide.

The variable component depends on the economic 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 avoid a focus on short-term goals and to strive for performance that is geared towards the long-term interests of the Metall Zug Group and the duties of a diligent managing director.

In determining the fixed compensation, as a rule key figures such as sales, revenue, 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. Variable compensation may not exceed 100% of the fixed component. Variable compensation is linked to qualitative and quantitative objectives (normally in an approx. 40:60 ratio), the structure of which may be determined by the Staff Committee and the Board of Directors, as they see fit, 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 or business unit targets and include sales, EBIT, net working capital and net income or growth rates, for example. The qualitative objectives are geared towards 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 members of Senior Management provide for a budgeted bonus. In cases of very good performance, the budgeted 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, the budgeted bonus may be exceeded by no more than 50 % in case of very good performance. As a 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 fixed compensation for Senior Management is determined by the Staff Committee and Board of Directors in the first quarter of each year for the following year (January 1–December 31) and submitted to the General Meeting of Shareholders for approval. The amount of the future budgeted bonus for Senior Management is also determined by the Staff Committee and Board of Directors in the first quarter of the calendar year for the current year, taking into consideration the budgeted bonus agreed in the employment contracts with the Senior Management.

The variable compensation for Senior Management for the past financial year is determined by the Staff Committee and Board of Directors following presentation of the results in the first quarter of the following year and is paid out following approval by the General Meeting of Shareholders.

### Compensation for members of the Board of Directors and Senior Management

				2013				2012
Compensation for the	Compen-	Compen-	Social	Total	Compen-	Compen-	Social	Total
business year,	sation	sation	contribu-		sation	sation	contribu-	
in CHF	fixed	variable	tions <sup>1)</sup>		fixed	variable	tions1)	
	(net)	(net)			(net)	(net)		
Heinz M. Buhofer <sup>2)</sup>	322494	0	113347	435841	221 283	0	65766	287049
Chairman of the Board								
of Directors since May 4, 2013,								
non-executive								
Jürgen Dormann	150000	0	14291	164291	375000	0	34630	409630
Chairman of the Board								
of Directors until May 3, 2013,								
non-executive								
Calvin Grieder	138333	0	16594	154927	371250	0	45599	416849
Member of the Board								
of Directors, non-executive								
Marga Gyger	160000	0	12776	172776	118750	0	9051	127801
Member of the Board								
of Directors, non-executive								
Peter Terwiesch	243334	0	29572	272906	275 000	0	33897	308897
Member of the Board								
of Directors, non-executive								
Martin Wipfli <sup>2)</sup>	140000	0	0	140000	180 000	0	0	180000
Member of the Board								
of Directors, non-executive								
Total Board of Directors	1 154 161	0	186580	1340741	1541283	0	188943	1730226
Jürg Werner <sup>3)</sup>	764272	650000	398955	1813227	387261	379167	227756	994184
CEO Metall Zug Group								
since June 1, 2012								
Total Senior Management <sup>3)</sup>	2321388	1297533	1227819	4846740	1075753	1068313	604889	2748955

<sup>&</sup>quot;Employer's and employee's contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), health insurance and accident insurance.

<sup>&</sup>lt;sup>21</sup>The fees for Heinz M. Buhofer (TCHF 54) and Martin Wipfli (TCHF 35) for Zug Estates Group board activities until June 30, 2012 are not included.

<sup>&</sup>lt;sup>31</sup>The compensation for Senior Management members appointed in 2012 is considered pro rata temporis (Jürg Werner, Robert Berlinger and Urs Wälchli for 7 months as of June 1, 2012, Christoph Schüpbach for 3 months as of October 1, 2012, and Stephan Wintsch for 5 months to May 31, 2012). Departing from the pro rata temporis principle, the variable compensation paid to the members of Senior Management also contains a bonus of TCHF 466 from a three-year bonus plan paid in 2012 to one member of Senior Management for the three years 2010 to 2012. The remuneration fee for Stephan Wintsch for the period from January 1 until May 31, 2012 is included in Total Senior Management. In 2013 the remuneration fee of Urs Wälchli is included pro rata temporis until August 31, 2013 when he stepped down as a member of Senior Management. When comparing the compensation of Senior Management, it should be pointed out that the present management team has been built up over the previous year and that the amount in 2012 does not represent the remuneration fee for an entire year. In both years the highest amount for a single member of Senior Management was paid to Jürg Werner.

### **Financial Report**

During the reporting year, the Metall Zug Group generated gross sales of CHF 908.6 million (previous year: CHF 856.4 million), a year-on-year increase of 6.1 %. Taking into account the acquisitions (1.4 %) and the currency effect (-0.1 %), gross sales grew by 4.8 % in local currencies. Operating income (EBIT) climbed to CHF 69.8 million (previous year: CHF 66.6 million). The previous year's operating income still included the result of the former Real Estate Business Unit (CHF 7.5 million) and a one-time impact, which had a positive effect of CHF 6.3 million on the personnel expenses of V-ZUG AG. Adjusted for this impact, EBIT is 32.0 % higher than the previous year's figure. Owing to the valuation of the shares of Zug Estates Holding AG at fair value and the pleasing performance of the securities, the financial result also went up to CHF 70.2 million. Net income doubled from CHF 61.5 million to CHF 124.1 million. Equity was up CHF 55.9 million to CHF 747.8 million, and the equity ratio increased to 75.3 %.



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### **Consolidated Income Statement**

in CHF 1000	Notes	2013	2012
Gross sales		908606	856387
Sales deductions		-24809	-19622
Net sales	1	883797	836765
Changes in inventories		-9387	-1902
Other operating revenue	1	4788	30859
Operating revenue		879 198	865722
Cost of materials	2	-320282	-315124
Personnel expenses	3	-329403	-315321
Depreciation on tangible assets	12	-36128	-40171
Amortization on intangible assets	12	-4589	-4657
Other operating expenses	4	-119045	-123870
Operating expenses		-809447	-799143
Operating income (EBIT)	1	69751	66579
Financial income	6	86552	24409
Financial expenses	6	-16942	-9845
Associated companies	6, 12	555	-6206
Financial result		70 165	8358
Income before taxes		139916	74937
Taxes	7	-15720	-13400
Non-controlling interests	8	-133	0
Net income		124063	61537

Details of the individual items are available in the notes to the consolidated financial statements on page 64.

### **Consolidated Balance Sheet**

### Assets

Assets			
in CHF 1000	Notes	12.31.2013	12.31.2012
Cash and cash equivalents		153218	131395
Securities	9	271056	249537
Trade receivables		115.745	111 544
Other receivables		21 184	18617
Inventories		135614	137 140
Prepaid expenses		5633	6067
Current assets		702450	654300
Land	12	385	385
Land and buildings	12	155984	136731
Plant and equipment	12	67674	64113
Prepayments and assets under construction	12	1600	6
Other tangible assets	12	20790	24608
Tangible assets		246433	225843
Employer's contribution reserves	12, 25	14642	14289
Associated companies	12	5331	5016
Other financial assets	12	11 592	40722
Financial assets		31565	60 027
Software	12	12997	14405
Other intangible assets		89	108
Intangible assets		13 086	14513
Fixed assets		291 084	300383
Total assets		993534	954683

Details of the individual items are available in the notes to the consolidated financial statements on page 64.

### Liabilities and shareholders' equity

Liabilities and shareholders equity			
in CHF 1000	Notes	12.31.2013	12.31.2012
Current financial liabilities	13	5223	28015
Trade payables		35585	47330
Other current liabilities	11, 14	75164	72522
Accrued expenses		43953	41 825
Current provisions	17	33018	28521
Current liabilities		192943	218213
Long-term financial liabilities	15	3227	3309
Other long-term liabilities	16	10440	1084
Long-term provisions	17	39082	40120
Non-current liabilities		52749	44513
Total liabilities		245 692	262726
Share capital	19	11 250	11 250
Capital reserves		342335	342335
Treasury shares	19	-14096	-13419
Retained earnings		407344	351 791
Non-controlling interests		1009	0
Shareholders' equity		747842	691957
Total liabilities and shareholders' equity		993534	954683

Details of the individual items are available in the notes to the consolidated financial statements on page 64.

### **Consolidated Statement of Cash Flows**

in CHF 1000	2013	2012
Net income before non-controlling interests	124 196	61 537
Financial result (net)	-69610	-14564
Depreciation	40717	44828
Associated companies	-555	6206
Value adjustments of financial assets	0	3631
Net changes in provisions	1624	-481
Income tax	15695	13353
Other non-cash items	2809	-7445
Cash flow	114876	107 065
Change in securities	71 675	
Change in trade receivables	-6018	1254
Change in other receivables and prepaid expenses	5096	6839
Change in inventories	5983	6604
Change in trade payables	-12196	12084
Change in other current liabilities and accrued expenses	-5821	4176
Interests paid	-875	-3552
Taxes paid	-10451	-13544
Cash flow from operating activities	162269	113 005
Investments in tangible assets	-28958	-79932
Investments in financial assets	-1318	-7519
Investments in intangible assets	-3138	-4269
Investments in Group companies, net of cash acquired	-13305	0
Disposals of tangible assets	1814	2435
Disposals of financial assets	2418	3327
Disposals of intangible assets	17	8
Dividends received	0	0
Interests received	238	418
Cash flow from investing activities	-42232	-85532
Change in long-term financial liabilities	-13482	-25204
Purchase of treasury shares	-677	-13419
Distribution shares Zug Estates Holding AG	0	-93 189
Dividend	-61977	-24322
Cash flow from financing activities	-76136	-156134
Currency translation effects	714	991
Change in "Net cash and cash equivalents"	44615	-127670

Information on the composition of "Net cash and cash equivalents" is available on page 77.

Investments in Group companies, net of cash acquired of TCHF 13305 are the sum of the asset deal of V-ZUG Kühltechnik AG (TCHF 1362), the purchase of Grienbach Immobilien AG (TCHF 8920) and the asset deal of Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. (TCHF 3023).

Interest of TCHF 423 (previous year: TCHF 225) was credited to the employer's contribution reserves in a non-cash transaction (see note 12, page 70). In 2012, a non-cash allocation of TCHF 6260 was made to the employer's contribution reserves. The recognition of 60 000 type B registered shares of Zug Estates Holding AG in connection with the spin-off was likewise a non-cash transaction. Furthermore, two properties in the amount of TCHF 2233 no longer required for operations were reclassified from fixed assets to current assets with no impact on cash flow.

### **Changes in Shareholders' Equity**

in CHF 1000	Share	Capital	Treasury	Retained	Accu-	Total	Non-con-	Total
	Capital	Reserves	Shares	Earnings	mulated	Retained	trolling	
	•			Ü	Currency	Earnings	Interests	
					Transla-			
					tion Diffe-			
					rences			
Balance on 01.01.2012	11 250	342 170	-17019	532491	-13657	518834	0	855235
Dividend				-24322		-24322		-24322
Distribution of shares of		165	17019	-199509		-199509		-182325
Zug Estates Holding AG as								
special dividend								
Purchase of treasury shares			-13419					-13419
Associated companies				-4261		-4261		-4261
Currency translation effects					-488	-488		-488
Net income				61 537		61 537		61 537
Balance on 12.31.2012	11 250	342335	-13419	365936	-14145	351791	0	691957
Balance on 01.01.2013	11250	342335	-13419	365936	-14145	351791	0	691957
Dividend				-61977		-61977		-61977
Purchase of treasury shares			-677					-677
Acquisitions				-5316		-5316	930	-4386
Associated companies				-240		-240		-240
Currency translation effects					-977	-977	-54	-1031
Net income				124063		124063	133	124 196
Balance on 12.31.2013	11 250	342335	-14096	422466	-15122	407344	1009	747842

See note 19 (page 73) for more detailed information on the purchase/disposal of treasury shares, note 12 (page 68) for more detailed information on acquisitions and on associated companies.

As at June 30, 2012, Metall Zug AG distributed the Real Estate Business Unit to its shareholders as a dividend in the form of shares of Zug Estates Holding AG in the amount of TCHF 210759. The distribution was made at a book value of TCHF 238860 (see note 24, page 75) net of a still consolidated minority holding of 60 000 type B registered shares of Zug Estates Holding AG with a book value of TCHF 28101 (see note 12, page 70). Prior to this, treasury shares of Metall Zug AG with an acquisition value of TCHF 17019 were transferred in connection with a capital increase to the new company at the market value of TCHF 28434. The realized gain of TCHF 11415 on treasury shares was allocated to Capital reserves. The total TCHF 11250 gain in par value accruing to shareholders from the dividend in kind was distributed from the Capital reserves. In net terms, the Capital reserves increased by TCHF 165.

## 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 supplemental recommendation outlined in Swiss GAAP FER 31 for publicly owned and listed companies will take effect on January 1, 2015. After an initial examination the initial adoption will create only minor additional disclosures, but probably no changes to either the balance sheet or the income statement. The business year that forms 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 21, 2014.

#### **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. Real estate property is included in the consolidated financial statements on the basis of the applicable ownership share.

At the time of the initial consolidation, the assets and liabilities of the consolidated companies or the acquired businesses are valued 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 12, page 70). 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 balance sheet items, 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**

2013	2012
1.2309	1.2055
0.9272	0.9380
1.4500	1.4865
0.8981	0.9715
14.9780	14.8810
0.9520	1.1770
2013	2012
1.2259	1.2077
0.8905	0.9139
1.4684	1.4768
0.7903	0.9481
14.5700	14.5000
0.8463	1.0640
	1.2309 0.9272 1.4500 0.8981 14.9780 0.9520 2013 1.2259 0.8905 1.4684 0.7903 14.5700

### **Intercompany Transactions**

Intercompany receivables, payables and transactions are eliminated for fully consolidated companies. Depreciation 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 measured 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 measured at historical cost or at production costs less straight-line depreciation according to the following table. If required from an economic point of view, special depreciation allowances are recorded to reflect the decrease in value.

### **Depreciation and Amortization Table**

	Years
Industrial, commercial, hotel 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 measured at their nominal value less necessary impairments. Associated companies are consolidated according to the equity method (proportional equity). 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 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 tax balance sheet and the Group companies' 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 that can be used for tax purposes 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 Material Investments (as at 12.31.2013)

List of Material Investments (as at 12.31.20	13)			
Company	Domicile	Currency	Share Capital	<b>Participation</b>
				Rate
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	100000	100 %
SIBIRGroup AG	Schlieren	CHF	500000	100 %
Gehrig Group AG	Rümlang	CHF	2000000	100%
Hildebrand France S.a.r.l.	La Boisse (FR)	EUR	426720	100 %
V-ZUG Immobilien AG	Zug	CHF	1000000	100%
Belimed AG	Zug	CHF	6500000	100%
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 %
Belimed Infection Control Kft.	Budapest (HU)	HUF	3000000	100 %
NV Belimed SA	Louvain-la-Neuve (BE)	EUR	198315	100 %
Belimed SAS	St Didier au Mont d'Or (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	6000000	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 %
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) Co., Ltd.	Tianjin (CN)	CNY	20000000	70 %
DilT AG	Krailling (DE)	EUR	103000	35 %
Schlatter Industries AG	Schlieren	CHF	13 465 238	27.66%

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 company purchased net assets totaling TCHF 12751. The negative goodwill of TCHF 11389 resulting from the acquisition is presented within liabilities and will be systematically reversed in the future. The also newly established Schleuniger Haofeng (Tianjin) Co., Ltd. acquired effective July 1, 2013 by way of an asset deal the assets of Tianjin Haofeng Electrical Co., Ltd. A 30% minority share of Schleuniger Haofeng (Tianjin) Co., Ltd is held by a third party. On July 16, 2013, the agreement was signed for the acquisition of Grienbach Immobilien AG by Metall Zug AG. The main asset held by this company is a property adjacent to V-ZUG AG's production site in Zug that has been let to third parties. In the second half of 2013 Grienbach Immobilien AG merged with V-ZUG Immobilien AG in which V-ZUG Immobilien AG was the absorbing company. Also in 2013 Schleuniger AG in Thun absorbed Schleuniger Solutions AG in Unterägeri through a merger.

### 1 Segment Information

The economic activity of Metall Zug Group comprises the following business units:

- Household Appliances Appliances for kitchen and laundry as well as for the hotel industry, incl. other products a

- Infection Control Equipment for medical institutions, pharmaceutical institutions and laboratories,

incl. other products a)

- Wire Processing Wire processing equipment

- Real Estate (until June 30, 2012) Properties held for investment purposes incl. hotels used for operational purposes

- Corporate Management and real estate

### By Business Unit

Total

Dy Dusiniess Offic	_					
		Net Sales	Ор	erating Income		Net Assets
	1	to Third Parties		(EBIT)		Invested b)
in CHF 1000	2013	2012	2013	2012	2013	2012
Household Appliances c)	561673	541 796	54182	62 129	182 053	182 265
Infection Control	214400	194493	671	-8846	106308	102424
Wire Processing	107724	100476	15032	8838	52 793	56492
Real Estate		d)		7480		d)
Corporate c)	0	0	-167	-2999	337261	305358
Consolidation c)	0	0	33	-23	-264448	-237009
Total	883797	836765	69751	66579	413 966	409530
		EBIT as % of		Contribution to	Е	BIT in % of Net
		Net Sales	Operating	Income (EBIT)	A	ssets Invested
in percent	2013	2012	2013	2012	2013	2012
Household Appliances c)	9.6%	11.5 %	77.7 %	93.3 %	29.8 %	34.1 %
Infection Control	0.3%	-4.5 %	1.0 %	-13.3 %	0.6 %	-8.6 %
Wire Processing	14.0 %	8.8%	21.6 %	13.3 %	28.5 %	15.6 %
Real Estate		d)		11.2 %		d)
Corporate c)			-0.3 %	-4.5 %	-0.0 %	-1.0 %
Consolidation ©			0.0%	-0.0 %	-0.0 %	0.0 %

a) 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.

100.0%

100.0%

16.8%

16.3%

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

When comparing these figures with the previous year's business unit results, it should be noted that the new "Corporate" reporting segment is disclosed for the first time; alongside the costs of the central corporate functions which were previously borne by the Household Appliances Business Unit, it also includes V-ZUG Immobilien AG. In 2013, interest payments by V-ZUG AG (Household Appliances Business Unit) to V-ZUG Immobilien AG ("Corporate" reporting segment) were brought into line with market prices and thus increased by TCHF 3778.

<sup>&</sup>lt;sup>dl</sup> Real estate and hotel net sales of TCHF 25830 in 2012 were reported as other operating revenue and not as sales. The total operating margin has no informative value for the real estate sector.

By Country	Household	Infection	Wire	2013	2012
in CHF 1000	Appliances	Control	Processing	Total	Total
Switzerland	537102	19249	1284	557635	537277
Germany	2938	46072	15971	64981	69568
France	2321	11 860	3159	17340	16295
Other European countries	6006	45093	19394	70493	65314
USA	7884	55913	17073	80870	60611
Other Americas	0	1831	18698	20529	19848
Asia/Pacific	5146	30264	28555	63965	60340
Other	276	4 118	3590	7984	7512
Total 2013	561673	214400	107724	883797	
Total 2012	541796	194493	100476		836765

### **2 Cost of Materials**

In the year under review, the cost of materials increased in absolute terms by TCHF 5158, from TCHF 315124 up to TCHF 320282, in relation to revenue they decreased from 36.8% to 35.2%. This is a result of higher efficiency reached in the Infection Control Business Unit. The foreign exchange rates remained stable in 2013, creating only a minor impact on cost of materials. Cash discounts on goods purchased are recorded as cost reductions.

### **3 Personnel Expenses**

Total personnel expenses	-329403	-315321
Other personnel expenses	-37858	-39860
Pension contributions	-17552	-10981
Wages and salaries	-273993	-264480
in CHF 1000	2013	2012

Headcount increased in the reporting year by 274 (previous year: decrease of 28) to 3507 (previous year: 3233). This increase is mainly related to the acquisitions of V-ZUG Kühltechnik AG (+105) and Schleuniger Haofeng (Tianjin) Co., Ltd. (+141). The increase of the pension contributions is particularly associated with the income-relevant allocation of TCHF 6260 to the employer's contribution reserves by the welfare fund of V-ZUG AG in 2012.

### **4 Other Operating Expenses**

Total other operating expenses	-119045	-123870
Other costs	-38776	-44026
Administrative expenses	-43321	-40778
Maintenance and repair	-10128	-11348
Change in provisions	76	641
Marketing/sales promotion	-26896	-28359
in CHF 1000	2013	2012

In relation to total sales, other operating expenses decreased by TCHF 4825 to 13.1 % (previous year: 14.5 %). This positive development is a result of efficiency programs running in all business units. Cost reductions could be achieved in the positions Marketing/sales promotion (TCHF  $-1\,463$ ), Maintenance and repair (TCHF  $-1\,220$ ) and at other costs (TCHF  $-5\,250$ , mainly due to lower external development cost at V-ZUG AG R&D department). In contrast the change in provisions (TCHF +565) and the administrative expenses (TCHF  $+2\,543$ ) increased.

### **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. After extraordinarily high external service costs purchased in the previous year, these costs were reduced to the usual level in 2013. The ongoing extensive R&D programs were increasingly handled by own staff and could be carried out at lower cost attributable to more efficient R&D processes. While total sales increased compared to the previous year, expenses for research and development amounted to 7.9 % of gross sales (previous year: 8.5 %). As in previous years, these expenses of TCHF 71681 (previous year: TCHF 72583) were charged directly to the income statement

#### **6 Financial Result**

O I Illaliciai Nesult		
in CHF 1000	2013	2012
Interest income	187	477
Income from securities	76048	20145
Income from financial assets	1712	2380
Foreign exchange gains	8605	1407
Total financial income	86552	24409
in CHF 1000	2013	2012
Interest expenses	-911	-3523
Losses on securities	-5472	-2830
Other financial expenses	-472	-442
Foreign exchange losses	-10087	-3050
Total	-16942	-9845
Associated companies	555	-6206
Net financial result	70 165	8358

As a result of the spin-off of the Real Estate Business Unit, Metall Zug AG held 60 000 freely-sellable registered shares in Zug Estates Holding AG. The sale of 42 105 of those shares and the revaluation of the remaining 17895 shares at the market value of CHF 1162 contributed TCHF 45626 to the income from securities. Income from securities also includes the gross reported income and capital gains from the portfolio management. The sharp increase reflected in the foreign exchange gains/losses is mainly due to the external portfolio management (exchange gains TCHF 6544 of total TCHF 8605, exchange losses TCHF 8266 of total TCHF 10087). The losses on securities reflect the gross reported valuation losses from

the portfolio management. The interest expenses decreased due to the spin-off of the former Real Estate Business Unit as of June 30, 2012 and due to loans having been amortized.

### 7 Taxes

Expenditure		
in CHF 1 000	2013	2012
Current income taxes	-14964	-13635
Deferred income taxes	-756	235
Total	-15720	-13400
Liabilities		
in CHF 1000	2013	2012
Current income taxes	13958	11 935
Deferred income taxes	25713	23957
Total	39671	35892

Potential tax reductions resulting from tax loss carry forwards and temporary differences amount to TCHF 24564 (previous year: TCHF 23540). The potential tax reductions increased by net TCHF 1024 (previous year: TCHF 2280). This increase is primarily attributable to the losses in various companies in the Household Appliances and Infection Control Business Units. The Wire Processing Business Unit reduced its taxes by TCHF 1978 by using tax loss carry forwards. Potential tax reductions are not shown in the balance sheet as it is not certain that they will be realized. Tax expenses amount to 11.2 % of income before taxes (previous year: 17.9 %). This tax rate is primarily due to the high proportion of financial income in the profit before tax. Financial income at Metall Zug AG is subject to federal income tax, including participation exemption. The average tax rate for deferred income taxes amounts to 14.0 % (previous year: 15.0 %).

### 8 Non-controlling Interests

Total	-133	0
(Tianjin) Co., Ltd. (30 %)		
Schleuniger Haofeng	-133	0
in CHF 1000	2013	2012

As a result of the transfer of a non controlling stake of 30 % in Schleuniger Haofeng (Tianjin) Co., Ltd. the corresponding non-controlling interests are disclosed.

### 9 Securities

in CHF 1000	12.31.2013	%	12.31.2012	%
Fixed-income investments up to 12 months	41848	15.4	30018	12.0
Fixed-income investments up to 12 months	82938	30.6	77604	31.1
Shares and similar investments	146270	54.0	141 915	56.9
Total securities	271056	100.0	249537	100.0

Most securities are managed by third parties in portfolios. In the year under review, "Shares and similar investments" includes 17895 registered shares of Zug Estates Holding AG with a market value of TCHF 20794. In 2012 those shares were reported under "Other financial assets".

### **10 Trade Receivables**

in CHF 1000	12.31.2013	12.31.2012
	100 100	44.4705
Gross trade receivables	120423	114705
Provisions for doubtful debts	-4678	
Total trade receivables	115745	111544
11 Inventories		
in CHF 1000	12.31.2013	12.31.2012
Raw materials	16851	19428
Trade goods	45350	47779
Semifinished and finished products	115935	109842
Advance payments to suppliers	320	665
Specific value adjustments	-32188	-31 187
General value adjustments	-10654	-9387
Total inventories	135 614	137 140

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 19756 (previous year: TCHF 25226).

### **12 Fixed Assets Table**

12 Fixed Assets Table						
Tangible Assets						
in CHF 1000	Land	Land &	Plant &	Prepayments	Other	Total
		Buildings	Equipment	& Assets	Tangible	Tangible
				Under	Assets	Assets
				Construction		
Acquisition costs						
Balance on 01.01.2012	9849	677200	181798	1262	91 472	961 581
Changes in scope of consolidation	-9464	-507723		-4239	-17328	-538754
Additions		46280	16579	6313	10761	79933
Disposals		-3717	-16380		-7606	-27703
Reclassifications		3330	99	-3330	-99	0
Currency translation effects	·	-180	-81		-163	-424
Balance on 12.31.2012	385	215 190	182 015	6	77 037	474 633
Changes in scope of consolidation		23615	5494	255	126	29490
Additions		3586	17429	1600	6343	28958
Disposals		-2605	-16489		-8043	-27137
Reclassifications		-81	386	-261	-44	0
Currency translation effects		239	72		-353	-42
Balance on 12.31.2013	385	239944	188907	1600	75 066	505902
Accumulated depreciation Balance on 01.01.2012	0	-212011	-113627			-386652
Changes in scope of consolidation		142 935			12 154	155089
Depreciation current year		-10758	-18787		-10626	-40171
Disposals		1340	14544		6881	22765
Reclassifications			-72		72	0
Currency translation effects		35	40		104	179
Balance on 12.31.2012	0	-78459	-117902	0	-52429	-248790
Changes in scope of consolidation						0
Depreciation current year		-7880	-19597		-8651	-36128
Disposals		2400	16260		6663	25323
Reclassifications			53		-53	0
Currency translation effects		-21	-47		194	126
Balance on 12.31.2013	0	-83960	-121233	0	-54276	-259469
Net book values on 12.31.2012	385	136731	64 113	6	24608	225 843
Net book values on 12.31.2013	385	155984	67674	1600	20790	246433
Of which land 12.31.2012	385	19882				
Of which land 12.31.2013	385	30770				
Insurance values 12.31.2012		329346	235 560		59736	624642
Insurance values 12.31.2013		350850	280910		59026	690786

in CHF 1000	Financial Assets	Intangible Assets
Acquisition costs		
Balance on 01.01.2012	38108	29476
Changes in scope of consolidation		-173
Additions	42046	4256
Disposals		-142
Associated companies		
Currency translation effects	59	9
Balance on 12.31.2012	66369	33426
Changes in scope of consolidation		52
Additions	1742	3139
Disposals 1)	-30563	-1454
Associated companies	315	
Currency translation effects		-6
Currency translation effects  Balance on 12.31.2013	37863	
·	37863	
•	37863	
Balance on 12.31.2013	<b>37863</b> -2711	
Balance on 12.31.2013  Accumulated depreciation		35 157
Accumulated depreciation Balance on 01.01.2012		<b>35 157</b> -14489
Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation		-14489 95
Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year		-14489 95
Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year Impairment		-14489 95 -4657
Balance on 12.31.2013  Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals		-14489 95 -4657
Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012	-2711 -3631	-14489 95 -4657
Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012  Changes in scope of consolidation	-2711 -3631	-14489 95 -4657
Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012	-2711 -3631	-14489 95 -4657 134 4 -18913
Balance on 12.31.2013  Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012  Changes in scope of consolidation  Depreciation current year	-2711 -3631	-14489 95 -4657 134 4 -18913
Balance on 12.31.2013  Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals	-2711 -3631 -6342	-14489 95 -4657 134 4 -18913
Balance on 12.31.2013  Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012  Changes in scope of consolidation  Depreciation current year  Impairment	-2711 -3631 -6342	-14489 95 -4657 134 4 -18913
Balance on 12.31.2013  Accumulated depreciation  Balance on 01.01.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Balance on 12.31.2012  Changes in scope of consolidation  Depreciation current year  Impairment  Disposals  Currency translation effects  Currency translation current year  Impairment  Disposals  Currency translation effects	-2711 -3631 -6342	-14489 95 -4657 134 4 -18913 -4589

 $<sup>^{1)}</sup>$  of which Zug Estates Holding AG shares worth TCHF 28101 reclassed as securities under current assets.

 $<sup>^{\</sup>rm 2)}\, {\rm of}$  which TCHF 12997 (previous year: TCHF 14405) software.

Financial assets include employer's contribution reserves of TCHF 14642 (previous year: TCHF 14289), non-consolidated investments of TCHF 11592 (previous year: TCHF 40722) and investments in associated companies of TCHF 5331 (previous year: TCHF 5016).

In the 2012 financial year, the welfare fund of V-ZUG AG allocated TCHF 6260 from free foundation capital to the employer's contribution reserves. Another company reduced the employer's contribution reserves by TCHF 70 (previous year: TCHF 325 through two companies). Interest of TCHF 423 was credited on the employer's contribution reserves (previous year: TCHF 225).

The Associated companies item includes retroactive adjustments of the Schlatter Group's shareholders' equity, not affecting net income, amounting to TCHF –240 (previous year: TCHF –487), an income-relevant subsequent posting of the share in the result for the 2012 business year of TCHF 363 (previous year: TCHF 427 in respect of the 2011 financial year), and the estimated profits of the two associated companies for the 2013 financial year of TCHF 192 (previous year: TCHF –6556), which was charged to the income statement. In the previous year, goodwill of TCHF 3774 was offset against equity under the initial consolidation of DilT AG, and a proportional loss of TCHF –77 was charged to the income statement. The results were calculated on the basis of the data of both the Schlatter Group and DilT AG, which was available during the preparation of the financial statements. Any deviations from actual values will be recorded in the subsequent period. The fair value of the shares in the associated company Schlatter Industries AG on December 31, 2013, is TCHF 17627 (previous year: TCHF 13417).

Prior to the spin-off of the Real Estate Business Unit, Metall Zug AG subscribed 60 000 type B registered shares of Zug Estates Holding AG. As a result of the spin-off of the Real Estate Business Unit, Metall Zug AG held a freely disposable package of 60 000 shares in Zug Estates Holding AG (previous year, book value: TCHF 28 101, fair value: TCHF 72 000). In 2013, 42 105 of these shares were sold and the remaining 17 895 shares reclassified to the Securities item under Current assets. Value adjustments of TCHF 44 on further non-consolidated participations were reversed (previous year: increase of TCHF 3631 net).

The goodwill directly offset against retained earnings in the reporting year originates from Schleuniger Haofeng (Tianjin) Co. Ltd., which acquired assets of Tianjin Haofeng Electrical Co., Ltd. by means of an asset deal (TCHF 5 316, previous year: TCHF 3774, acquisition DilT AG). The accumulated acquisition values amount to TCHF 9090 (previous year: TCHF 3774). 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 2144 (previous year: TCHF 2774). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 6107 (previous year: TCHF 2935).

The acquisition of the refrigeration technology division of AFG Arbonia-Forster Holding AG by the newly founded V-ZUG Kühltechnik AG led to negative goodwill of TCHF 11 389. This is disclosed as a liability and will be systematically released in future.

### 13 Current Financial Liabilities

In the year under review, due bank loans in the amount of TCHF 16577 and current bank liabilities, mainly from the Infection Control Business Unit, were replaced by Group financing. As a result, the current financial liabilities were reduced by TCHF 22792.

### 14 Pension Liabilities

Pension liabilities amount to TCHF 789 (previous year: TCHF 956). They are recorded as other current liabilities.

### 15 Long-term Financial Liabilities

Long-term financial liabilities are structured as follows, according to maturity and type of coverage:

in CHF 1000			12.31.2013	12.31.2012
Residual term	Pledged	Blank	Total	Total
up to 3 years	2727	0	2727	2809
up to 5 years	500	0	500	500
over 5 years	0	0	0	0
Total 2013	3227*	0	3227	
Total 2012	3 3 0 1	8		3309

<sup>\*</sup> of which no variable mortgages in the reporting year (previous year: TCHF 0).

The Infection Control Business Unit renegotiated loan agreements with a bank. The new loan contracts no longer contain any covenants. In 2012 the covenants in force at the time were breached. The credit facilities are secured by guarantees issued by Metall Zug AG instead of pledged assets. As collateral for current and long-term financial liabilities of TCHF 8450 (previous year: TCHF 31324), assets with a book value of TCHF 9964 have been encumbered (previous year: TCHF 23539).

### 16 Other Long-term Liabilities

Effective March 1, 2013, the newly established V-ZUG Kühltechnik AG acquired the business activities of the refrigeration equipment unit of AFG Arbonia-Forster Holding AG by way of an asset deal. The company purchased net assets totaling TCHF 12751. The negative goodwill of TCHF 11389 resulting from the acquisition is presented within liabilities and will be systematically reversed in the future. The negative goodwill is caused by deferred development costs and necessary adjustments to the operational sequences, both already considered in the purchase price. Metall Zug estimates these two effects at 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 operational sequences should be realized from 2017 onwards. The negative goodwill will be reversed over time in line with the development activities and the necessary adjustments to operational processes. The reversal based on this concept will be reviewed and, if necessary, adjusted on an annual basis.

### **17 Provisions**

17 Provisions						
in CHF 1000	Deferred	Guarantees	Pension	Restruc-	Other	Total
	Taxes			turing		
Balance on 01.01.2012	35857	37846	3310	599	3 741	81353
Additions	809	23337	45		2706	26897
Utilization	-1044	-21938	-91		-1419	-24492
Release		-2246	-24		-851	-3121
Change in scope of consolidation	-11663				-227	-11890
Currency translation effects	-2	-58	-24		-22	-106
Balance on 12.31.2012	23957	36941	3216	599	3928	68 641
Of which current provisions		24805	331	599	2786	28521
Balance on 01.01.2013	23957	36941	3216	599	3928	68641
Additions	1967	25819	118		3647	31 551
Utilization	-1235	-24860	-43		-1499	-27637
Release		-982	-58	-249	-269	-1558
Change in scope of consolidation	1024					1024
Currency translation effects		<b>-7</b>	46		40	79
Balance on 12.31.2013	25713	36911	3279	350	5847	72 100
Of which current provisions		27693	371	0	4954	33018

Provisions for guarantees are calculated on the basis of historical data (average of actual costs in recent years). The other provisions cover in particular the expected cash outflows from various legal cases.

### **18 Significant Shareholders**

As at December 31, 2013, the following shareholders owned more than 3 % of the total voting rights (2203776 votes):

	Type A Regis- tered Shares	Type B Regis- tered Shares	Votes	Votes Previous Year
Heinz and Elisabeth Buhofer	1480650	604	67.2 %	67.2 %
and Heinz M. Buhofer*				
Ursula Stöckli	328000	17006	15.7 %	15.7 %
Werner O. Weber, indirectly through	82000	41 600	5.6 %	5.6%
Wemaco Invest AG				

<sup>\*</sup> and Annelies Häcki-Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, if acting in mutual agreement. In relation to the change in the composition of the Group, please refer to the disclosure notice published on August 13, 2013. As at December 31, 2013, 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 disclosure of August 13, 2013 – holds 18400 type A registered shares and no type B registered shares of Metall Zug AG or 0.8 % of the total voting rights (previous year: 18400 type A registered shares and 5950 type B registered shares of Metall Zug AG, or 1.1 % of the total voting rights), which are not included in the figures in the table

### 19 Shares

Shares Issued		
1948640 Type A registered shares at	Swiss security no. 209262	CHF 4871600
par value CHF 2.50		
255136 Type B registered shares at	Swiss security no. 3982108	CHF 6378400
par value CHF 25.00		
2203776 Votes	Share capital	CHF 11250000

No equity instruments were issued in the year under review or in the previous year. Undistributable, statutory or legal reserves amount to TCHF 11895 (previous year: TCHF 11771).

On June 15, 2012, Metall Zug AG contributed 18400 type A registered shares at a price of CHF 369 and 5950 type B registered shares at a price of CHF 3691 as a contribution in kind in connection with the ordinary capital increase of Zug Estates Holding AG. Accordingly, the number of treasury shares was temporarily reduced to zero in 2012.

In various market transactions from September 6, 2012 to December 31, 2012, Metall Zug AG acquired a total of 6963 type B registered shares and in the course of 2013 a further 347 type B registered shares at an average price of CHF 1927 and CHF 1951 respectively. As at December 31, 2013, Metall Zug AG holds none of its own type A registered shares and 7310 of its own type B registered shares at an average acquisition price of CHF 1928 (as at December 31, 2012: no type A registered shares and 6963 type B registered shares).

### **20 Transactions with Related Parties**

In the reporting year, invoices for services and supplied appliances to companies of the Zug Estates Group in the amount of TCHF 120 (previous year: TCHF 57) were provided. On the other hand expenses of TCHF 239 (previous year: TCHF 96) occurred from gastronomy services rendered by the Zug Estates Group. As at December 31, 2013 accounts receivable amounted to TCHF 1 (previous year: TCHF 9) and accounts payable to TCHF 6 (previous year: TCHF 11) in respect of companies of the Zug Estates Group on the balance sheet.

Some years ago, one of the Group companies allowed its pension fund to construct buildings under leasehold on the Group company's land. The resulting claim towards the pension fund for leasehold interests in 2012 amounts to TCHF 35 (previous year: TCHF 36).

In the year under review, 10600 shares of Zug Estates Holding AG were sold at the market value of TCHF 13268 (average price per share CHF 1251.70) to a shareholder listed in note 18 "Significant shareholders" and to a company controlled by a member of Buhofer Trust I.

Information on the compensation paid to the Board of Directors and Senior Management is available on page 84 of the notes to the annual financial statements of Metall Zug AG.

### 21 Leasing Liabilities

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

over 3 years	1029	1390
	1029	1390
up to 3 years	3438	2919
up to 1 year	2745	2 2 0 1
in CHF 1000	12.31.2013	12.31.2012

### **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 measured at market values.

Total market values	-4	62
Other derivative instruments	0	0
Share options/index options	18	0
Currency forward contracts	-22	62
CHF 1000		
Market values in	12.31.2013	12.31.2012
Total contract values	3774	13403
Other derivative instruments	0	0
Share options/index options	1560	0
Currency forward contracts	2214	13403
CHF 1000		
Contract values in	12.31.2013	12.31.2012

The following financial instruments are kept for hedging purposes. Therefore, like the underlying transaction (future cash flow), these instruments are not recognized in the balance sheet.

Contract values in	12.31.2013	12.31.2012
CHF 1000		
Currency forward contracts	3138	2170
Share options/index options	0	0
Other derivative instruments	0	0
Total contract values	3 138	2 170
Market values in	12.31.2013	12.31.2012
CHF 1000		
Currency forward contracts	-38	67
Share options/index options	0	0
Other derivative instruments	0	0
Total market values	-38	67

### 23 Contingent Liabilities / Other Off-balance Sheet Obligations

As at December 31, 2013 trade receivables from foreign subsidiaries worth TCHF 12237 (previous year: TCHF 14792) served as collateral for credit lines. Fixed-term deposits and securities that are pledged as collateral amount to TCHF 23123 (previous year: TCHF 23573).

In addition to purchase agreements of TCHF 2282 (previous year: TCHF 657) there are also a number of long-term rental contracts amounting to TCHF 20054 (previous year: TCHF 14733).

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10000 (previous year: TCHF 10000), of which TCHF 5434 was paid by the end of 2013 (previous year: TCHF 4475).

### 24 Acquisition and Sale of Consolidated Subsidiaries

Through the acquisition of Grienbach Immobilien AG and the asset deals of V-ZUG Kühltechnik AG and Schleuniger Haofeng (Tianjin) Co., Ltd. the following assets and liabilities were acquired as at the acquisition dates:

in CHF 1000	V-ZUG Kühltechnik AG	Grienbach Immobilien AG	Schleuniger Haofeng (Tianjin) Co., Ltd.
Current assets	7480	743	480
Fixed assets	5669	23615	257
Current liabilities	-398	-1158	
Non-current liabilities		-13684	
Net assets	12751	9516	737

The goodwill paid in the scope of these transactions totals TCHF 5316 and was offset against retained earnings at the time of the acquisition (see changes in shareholders' equity, page 59).

In addition to the regular cash dividend and based on the approval at the General Meeting on June 22, 2012, the following book values were distributed in 2012 in the form of Zug Estates Holding AG shares:

in CHF 1000	Zug Estates Holding AG
Current assets	128723
Fixed assets	383793
Current liabilities	-11766
Non-current liabilities	-261890
Net assets	238860
Disposal of Metall Zug AG treasury shares	-28434
Remaining Zug Estates Holding AG participation	-28101
Distribution disclosed in Change in shareholders' equity (page 59)	182325

### 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 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 support with the economic consequences of old age, disability, death and hardship circumstances.

Employer's Contribution Reserves (ECR)

Employer a Contribution	JII ITESEI VES (L	-011)					
	Nominal	Renounced	Balance	Additions/	Balance	Resu	Ilt from ECR or
	Value	Use	Sheet	Releases	Sheet	S	imilar Items in
				as at		Perso	nnel Expenses
in CHF 1000	12.31.2013	12.31.2013	12.31.2013	2013	12.31.2012	2013	2012
Patronage funds/	14375		14375		13956	419	6484
pension schemes							
Pension plans	267		267	-70	333	-66	-324
Total	14642	0	14642	-70	14289	353	6160

### **Economic Benefits/Economic Liabilities and Pension Expenses**

Economic Benefits / E	CONOUNIC LIABIN	Lies allu Pelis	Sion Expenses	·				
	Surplus/Deficit	Economical Part of		Economical Part of Change or Contribu-		Pension Expenses in		
	According to	the	Organization	Impact on	tions	Perso	Personnel Expenses	
	Pension Plans			Net Income	for the			
				in Business	Period*			
				Year				
	12.31.2013	12.31.2013	12.31.2012	2013	2013	2013	2012	
Patronage funds/	6507				-253	-253	-225	
pension schemes								
Pension plans without					-16642	-16642	-15891	
surplus/deficit								
Pension plans							0	
with surplus								
Pension plans	-3878	-2865	-2357	47	-1057	-1010	-1025	
with deficit								
Total	2629	-2865	-2357	47	-17952	-17905	- 17 141	

<sup>\*</sup> Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 16625 (previous year: TCHF 15966) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 1327 (previous year: TCHF 1218). The economical part of the organization on pension plans with deficits of TCHF 2865 (previous year: TCHF 2357) originates from closed defined benefit plans abroad and is recognized in full as a pension provision in the balance sheet.

Most pension plans are financed through the employer's and the employee's contributions. Pension contributions are calculated as a percentage of the insured salary. In 2013 the welfare fund of V-ZUG AG allocated TCHF 0 (previous year: TCHF 6260) from free reserves to the employer's contribution reserves. The employer's contribution reserves were reduced by TCHF 70 (previous year: TCHF 325) and remunerated with interest of TCHF 423 (previous year: TCHF 225).

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 employer's contribution reserves.

### **Composition of Pension Expenses**

in CHF 1000	2013	2012
Pension contributions at the company's expense	-17952	-17184
Contributions to pension plans from employer's contribution reserves	-70	-324
Total contributions*	-18022	-17508
Change in Employer's Contribution Reserves due to allocation, asset development,	423	6484
value adjustment, discounting, interest payments, etc.		
Contributions and changes in employer's contribution reserves	-17599	-11024
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	47	43
Total change in economic impact of surplus / deficit	47	43
Staff pension expenses in personnel expenses	-17552	-10981

 $<sup>^{*}</sup>$  No extraordinary contributions were agreed upon or paid in the reporting year or in the previous year.

### 26 Changes in "Net Cash and Cash Equivalents"

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

in CHF 1000	12.31.2013	12.31.2012
Cash and cash equivalents	153218	131 395
Current financial liabilities	-5223	-28015
Total "Net cash and cash equivalents"	147 995	103380
Changes from the previous year	44615	-127670

### **27 Risk Assessment**

Information on the execution of a risk assessment is available in the notes to the annual financial statements of Metall Zug AG (page 83).

### 28 Events After the Balance Sheet Date

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

## **Report of the Statutory Auditor**



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To the General Meeting of

METALL ZUG AG, Zug

Zug. 21 March 2014

### Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of METALL ZUG AG on page 55 to 77, which comprise the income statement, balance sheet, statement of cash flow, changes in shareholders' equity and notes, for the year ended 31 December 2013.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation 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 and fair presentation 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 2013 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 audt expert

# **Income Statement**

	re/	

Net income

nevende		
in CHF	2013	2012
Dividend income	60000000	62750000
Income from interest and securities	63633932	38751877
Other revenue	996000	1058500
Total revenue	124629932	102560377
Expenses		
Expenses Interest and securities expenses	-12849482	-11 560 144
	-12849482 -3381798	-11560144 -1817971
Interest and securities expenses		
Interest and securities expenses Personnel expenses	-3381798	-1817971
Interest and securities expenses Personnel expenses Other expenses	-3381798 -1737096	-1817971 -2974435
Interest and securities expenses Personnel expenses Other expenses Depreciation	-3381798 -1737096 -47480	-1817971 -2974435 -52814

26432643

62077513

# **Balance Sheet**

Assets		
in CHF	12.31.2013	12.31.2012
Cash and cash equivalents	76639701	59747451
Securities	246946602	221344510
Accounts receivable third parties	581 999	637755
Intercompany accounts receivable	117483	960444
Prepaid expenses	44147	3548
Current assets	324329932	282693708
Tangible assets	1	1
Intangible assets	48000	95480
Intercompany loans	115575000	68500000
Investments	202127833	192611780
Financial assets	28792368	84332704
Fixed assets	346543202	345539965
Total assets	670873134	628233673
Liabilities		
Accounts payable third parties	4493500	2235995
Intercompany accounts payable	49506	0
Accrued expenses	1 032 763	1 161 972
Current liabilities	5575769	3397967
Provisions	351303753	275 298 137
Non-current liabilities	351303753	275 298 137
Total liabilities	356879522	278 696 104
Share capital	11250000	11 250 000
Legal reserves	5625000	5625000
Reserves for treasury shares	14096126	13419129
Free reserves	251 017 345	251 694 342
Capital contribution reserves	1750052	1750052
Retained earnings	30255089	65799046
Retained earnings carried forward	3822446	3721533
Net income	26432643	62 077 513
Shareholders' equity	313 993 612	349537569
Total liabilities and shareholders' equity	670 873 134	628233673

# **Notes to the Annual Financial Statements**

### 1 Investments

Detailed information on the material investments of Metall Zug AG as at December 31, 2013 is available on page 63.

### **2 Significant Shareholders**

See note 18 to the consolidated financial statements, page 73.

### 3 Share Ownership by Current Members of the Corporate Bodies

		as at 12.31.2013		as at 12.31.2012
	Type A Regis-	Type B Regis-	Type A Regis-	Type B Regis-
	tered Shares	tered Shares	tered Shares	tered Shares
Heinz M. Buhofer	5630401)	1	5630401)	1
Chairman of the Board of Directors				
since May 4, 2013				
Jürgen Dormann	2)	2)	0	1364
Chairman of the Board of Directors until May 3, 2013				
Calvin Grieder	0	0	0	0
Member of the Board of Directors				
Marga Gyger	0	0	0	0
Member of the Board of Directors				
Peter Terwiesch	0	10	0	10
Member of the Board of Directors				
Martin Wipfli	0	266	0	266
Member of the Board of Directors				
Jürg Werner	0	0	0	0
CEO				
Daniel Keist	0	0	2)	2)
CFO since January 1, 2013				
Robert Berlinger	2)	2)	0	0
CFO until December 31, 2012				
Urs Wälchli	2)	2)	0	0
Head of HR & Legal until August 31, 2013				
Dirk Hoffmann	0	0	2)	2)
Head of Household Appliances Business Unit				
since September 1, 2013				
Claus Martini	0	0	2)	2)
Head of Infection Control Business Unit				
Christoph Schüpbach	0	0	0	0
Head of Wire Processing Business Unit				

 $<sup>^{\</sup>mbox{\tiny 1)}}$  for the most part held through the Buhofer Trust I, Vaduz.

### **4 Pension Liabilities**

As at December 31, 2013, liabilities towards pension schemes amount to TCHF 0 (previous year: TCHF 0).

### **5 Pledged Assets**

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

<sup>&</sup>lt;sup>2)</sup> not a member of the Board of Directors or Senior Management at the balance sheet date.

### **6 Sureties**

Joint and several guarantees amounting to TCHF 6300 (previous year: TCHF 0) were made in respect of a bank to secure credit lines of Group companies.

### **7 Treasury Shares**

On June 15, 2012 Metall Zug AG contributed 18400 own registered shares of type A at a price of CHF 369 and 5950 type B registered shares at a price of CHF 3691 as a contribution in kind relating to the ordinary capital increase of Zug Estates Holding AG. Therefore, the number of treasury shares was temporarily reduced to zero in 2012.

From September 6, 2012 to December 31, 2012 Metall Zug AG purchased a total of 6963 and in 2013 another 347 shares of type B on the market at an average price of CHF 1927 and CHF 1951 respectively in various transactions. As at December 31, 2013, Metall Zug AG holds none of its own type A registered shares and 7310 of its own type B registered shares with an average acquisition price of CHF 1928 (December 31, 2012: no registered shares of type A and 6963 registered shares of type B).

### 8 Information on the Execution of a 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 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 so-called risk managers to each risk category, who define 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.

### 9 Remuneration of the Board of Directors and Senior Management

	2013						2012	
					-			
Compensation for the	Compen-	Compen-	Social	Total	Compen-	Compen-	Social	Total
Business Year,	sation	sation	Contribu-		sation	sation	Contribu-	
in CHF	Fixed	Variable	tions <sup>1)</sup>		Fixed	Variable	tions1)	
	(net)	(net)			(net)	(net)		
Heinz M. Buhofer <sup>2)</sup>	322494	0	113347	435841	221 283	0	65766	287049
Chairman of the Board								
of Directors since May 4, 2013,								
non-executive								
Jürgen Dormann	150000	0	14291	164291	375000	0	34630	409630
Chairman of the Board								
of Directors until May 3, 2013,								
non-executive								
Calvin Grieder	138333	0	16594	154927	371 250	0	45599	416849
Member of the Board								
of Directors, non-executive								
Marga Gyger	160000	0	12776	172776	118750	0	9051	127801
Member of the Board								
of Directors, non-executive								
Peter Terwiesch	243334	0	29572	272906	275000	0	33897	308897
Member of the Board								
of Directors, non-executive								
Martin Wipfli <sup>2)</sup>	140000	0	0	140000	180000	0	0	180000
Member of the Board								
of Directors, non-executive								
Total Board of Directors	1 154 161	0	186580	1340741	1541283	0	188943	1730226
Jürg Werner <sup>3)</sup>	764272	650000	398955	1813227	387261	379167	227756	994184
CEO Metall Zug Group								
since June 1, 2012								
Total Senior Management <sup>3)</sup>	2321388	1297533	1227819	4846740	1075753	1068313	604889	2748955

<sup>&</sup>quot;Employer's and employee's contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), health insurance and accident insurance.

<sup>&</sup>lt;sup>21</sup>The remuneration fees for Heinz M. Buhofer (TCHF 54) and Martin Wipfli (TCHF 35) for Zug Estates group board activities until June 30, 2012 are not included.

<sup>&</sup>lt;sup>3)</sup> The compensation for Senior Management members appointed in 2012 is considered pro rata temporis (Jürg Werner, Robert Berlinger and Urs Wälchli for 7 months as of June 1, 2012, Christoph Schüpbach for 3 months as of October 1, 2012, and Stephan Wintsch for 5 months to May 31, 2012). Departing from the pro rata temporis principle, the variable compensation paid to the members of Senior Management also contains a bonus of TCHF 466 from a three-year bonus plan paid in 2012 to one member of Senior Management for the three years 2010 to 2012. The remuneration fee for Stephan Wintsch for the period from January 1 until May 31, 2012 is included in Total Senior Management. In 2013 the remuneration fee of Urs Wälchli is included pro rata temporis until August 31, 2013 when he stepped down as a member of Senior Management. When comparing the compensation of Senior Management, it should be pointed out that the present management team has been built up over the previous year and that the amount in 2012 does not represent the remuneration fee for an entire year. In both years the highest amount for a single member of Senior Management was paid to Jürg Werner.

# **Proposal for the Appropriation of Available Earnings**

Retained earnings to be carried forward	3250999	3822446
minus dividend on treasury shares*	-445910	-1023400
Dividend, 244% of share capital (previous year: 560%)	27450000	63 000 000
	00200000	
Retained earnings	30255089	65799046
Net income	26432643	62077513
Retained earnings carried forward	3822446	3721533
Detained associate associated formula	2000440	0.701 500
in CHF	12.31.2013	12.31.2012
1. 411		

<sup>\*</sup> No dividend is paid on treasury shares. The amount to be paid is therefore likely to be reduced by CHF 445910 (previous year: CHF 1023400).

Subject to the General Meeting of Shareholders' approval of the Board of Directors' proposal, the dividend will be paid on Friday, May 9, 2014 (payment date), as follows:

For each type A registered share	CHF	6.10 gross	or	CHF	3.97 net
For each type B registered share	CHF	61.00 gross	or	CHF	39.65 net

## **Report of the Statutory Auditor**



Ernst & Young Lts Bundesplatz 1 P.O. Box CH-6304 Zup Phone 41 55 255 75 55 Fisk 41 55 255 75 50 Water by com/ch

To the General Meeting of

METALL ZUG AG, Zug

Zug. 21 March 2014

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of METALL ZUG AG on page 80 to 85, which comprise the income statement, balance sheet and notes for the year ended 31 December 2013.

### 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 2013 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 expen (Auditor in charge) Andreas Blank

### **Addresses**

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