

Metall Zug Group

Annual Report 2014

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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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Attention to detail

Household Appliances

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The Metall Zug Group

Metall Zug, an industrial group of companies headquartered in Zug, comprises three business units and has a workforce of around 3 600 employees. The Household Appliances Business Unit includes the Swiss market leader V-ZUG AG with its foreign subsidiaries and V-ZUG K hltechnik AG plus 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 (type B registered shares: Swiss security number 3 982 108, ticker symbol METN).

Household Appliances



V-ZUG AG

As the Swiss market leader, V-ZUG 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 the premium refrigeration segment. V-ZUG and its premium range of products is represented in 20 countries on three continents.



SIBIRGroup AG

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



Gehrig Group AG

The Gehrig Group AG is a leading supplier for professional clients in the care sector as well as for dishwashers and thermal appliances. Its core competencies are food and beverage processing as well as hygiene. Gehrig is the Swiss market leader for professional dishwasher solutions. Gehrig provides customer service throughout Switzerland for all products to ensure maintenance and operational safety 24/7.

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 life science industry.

Wire Processing



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 for complex applications.

Key Figures at a Glance

Metall Zug Group

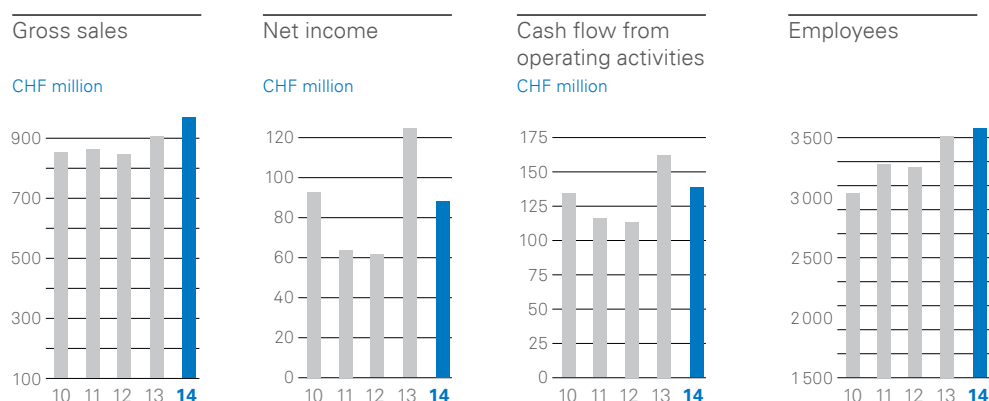
in CHF million	2014	2013	2012	2011	2010
Gross sales	927.0	908.6	856.4	864.2	852.3
Revenue from real estate operations	0.0	0.0	25.8	49.4	45.9
Operating income (EBIT)	75.0	69.8	66.6	96.7	105.4
Net income	86.0	124.1	61.5	63.4	92.3
Cashflow from operating activities	135.8	162.3	113.0	115.4	134.5
in % of sales	14.6	17.9	13.2	13.3	15.8
Total assets	1055	994	955	1380	1253
Current assets	763	702	654	755	684
in % of total assets	72	71	69	55	55
Fixed assets	292	291	300	625	569
in % of total assets	28	29	31	45	45
Total liabilities	249	246	263	525	436
in % of total assets	24	25	28	38	35
Shareholders' equity	806	748	692	855	818
in % of total assets	76	75	72	62	65
Investments	37.0	32.1	84.2	116.4	106.5
Employees	3626	3507	3233	3261	3045

Metall Zug AG

in CHF million	2014	2013	2012	2011	2010
Total assets	710.9	670.9	628.2	577.4	530.7
Total liabilities	395.3	356.9	278.7	254.0	208.0
Shareholders' equity	315.6	314.0	349.5	323.4	322.7
Net income	28.6	26.4	62.1	25.0	25.0
Dividend in %	244 ¹⁾	244	560	220	220

¹⁾ According to the proposal of the Board of Directors to the General Meeting of Shareholders.

	2014	2013	%
Household Appliances			
Gross sales in CHF million	589.2	579.4	+1.7
Employees	1848	1747	+5.7
Infection Control			
Gross sales in CHF million	209.0	221.1	-5.5
Employees	1173	1174	-0.1
Wire Processing			
Gross sales in CHF million	131.3	110.9	+18.4
Employees	592	574	+3.1
Corporate			
Revenue in CHF million	1.4	0.7	+99.2
Employees	13	11	+16.4



The Metal Zug Group posted gross sales of CHF 927.0 million in the reporting year (previous year: CHF 908.6 million).

Net sales achieved abroad increased from 36.9 % in 2013 to 38.5 % in 2014 to stand at CHF 347.8 million (previous year: CHF 326.2 million).

Despite the recognition of provisions for restructuring costs of CHF 6.9 million, Metall Zug Group generated an operating income (EBIT) of CHF 75.0 million (previous year: CHF 69.8 million). This corresponds to an increase of 7.6 %, respectively 17.4 % excluding the recognition of these provisions.

Expenditure for research and development stood at CHF 72.9 million (previous year: CHF 71.7 million) and, as in the previous year, amounted to 7.9 % of sales.

The companies of the Metall Zug Group spent 2.8 % of sales on marketing activities, slightly less than in the previous year (3.0 %).

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

The proportion of operating income (EBIT) contributed by the Household Appliances Business Unit increased to 93.3 % (previous year: 77.7 %), that of Wire Processing rose to 25.9 % (previous year: 21.6 %), Infection Control was at –17.3 % (previous year: 1.0 %) and the reporting segment Corporate at –1.9 % (previous year: –0.3 %).

The financial result was back to standard levels in the reporting year after the sale of part of the shares of Zug Estates Holding AG and the valuation at market value of the remaining shares in the previous year, standing at CHF 26.0 million (previous year: CHF 70.2 million including CHF 45.6 million contribution from the shares of Zug Estates Holding AG).

Tax expenditure decreased from CHF 15.7 million in the previous year to CHF 15.1 million. In relation to income before taxes this represents an increase in the tax burden to 15.0 % compared to the previous year's figure of 11.2 %.

Net income amounted to CHF 86.0 million (previous year: CHF 124.1 million including the contribution from the shares of Zug Estates Holding AG).

The cash flow from operating activities decreased by CHF 26.5 million to CHF 135.8 million (previous year: CHF 162.3 million). The lower cash flow from securities (CHF 53.9 million, mainly because of the transactions with the shares of Zug Estates Holding AG) has partly been offset with improvements in the net working capital management.

The net cash position at year end increased to CHF 491.4 million (previous year: CHF 415.8 million).

Headcount increased by 119 employees to 3626 employees (previous year: 3507). 100 of the total 119 new positions were created in the Household Appliances Business Unit. A total of 2438 employees (previous year: 2330) are employed in Switzerland and 1188 (previous year: 1177) abroad.

The ratio of equity to total assets at the end of the reporting year was once again higher at 76.4 %, compared to 75.3 % in the previous year.

Letter to Shareholders

The Metall Zug Group posted another strong result, thanks to the good performance of the Household Appliances and Wire Processing Business Units. The product portfolio tailored to the needs of customers and the constant efforts to optimize processes and cost structures proved effective. Therefore, gross sales rose by 2.0 % to CHF 927.0 million. Operating income improved to CHF 75.0 million despite extraordinary restructuring costs at the Infection Control Business Unit. Net income came to CHF 86.0 million in the reporting year. The equity ratio rose to 76.4 % of total assets.

Dear Shareholders

The Metall Zug Group performed well once again in the 2014 financial year, going from strength to strength overall. While further investments were made in internationalization and an innovative product portfolio, the Household Appliances and Wire Processing Business Units significantly increased their operating income. At Infection Control, restructuring efforts had to be stepped up with unfortunate cost implications.

Gross sales rose by 2.0 % to CHF 927.0 million (previous year: CHF 908.6 million). Overall, despite the need to create provisions for restructuring costs in the Infection Control Business Unit totaling CHF 6.9 million, the Metall Zug Group generated operating income (EBIT) of CHF 75.0 million (previous year: CHF 69.8 million). This translates into a rise of 7.6 %, or 17.4 % adjusted for these provisions. The financial result stabilized in the year under review at CHF 26.0 million (previous year: 70.2 million, including a one-time impact of CHF 45.6 million from the shares of Zug Estates Holding AG); this figure nevertheless reflects a well above-average year on the stock market. Net income amounted to CHF 86.0 million (previous year: CHF 124.1 million, including one-time impact). Equity increased further to 76.4 % of total assets (previous year: 75.3 %) and the net cash position rose to CHF 491.4 million at year-end 2014 (previous year: CHF 415.8 million).

Household Appliances: Strong Performance

2014 was a successful year for the Household Appliances Business Unit, led by Swiss-based manufacturer V-ZUG. Alongside investments in a variety of product innovations and new markets, internal projects to optimize processes and improve cost structures were successfully implemented.

In Switzerland, V-ZUG increased market share by deliberately expanding its customer centers and strengthening its presence in French-speaking Switzerland. V-ZUG also made progress at the international level thanks to its focused growth strategy. New ZUGORAMAs were opened in both Shanghai and Turkey (in Istanbul and Ankara), enabling local customers and markets to be provided with new or better services. New, particularly resource-efficient and user-friendly appliances won prestigious design and innovation prizes and were highly successful on the market.

SIBIRGroup, which specializes in providing a nationwide service for the repair and replacement of every brand 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 as well as to the care sector, has succeeded in improving its operating income following difficulties in the previous year and in the face of continuing investment restraint on the part of customers.

Gross sales of the Household Appliances Business Unit were up 1.7 % to CHF 589.2 million (previous year: CHF 579.4 million). Operating income (EBIT) climbed to CHF 70.0 million (previous year: CHF 54.2 million).

Infection Control: Realignment Being Stepped Up

The restructuring of Belimed did not proceed as originally envisaged. In addition, the market environment in Europe and the US proved unexpectedly difficult. In Europe, the pressure on prices has intensified and in the US, the new rules for hospital funding associated with the introduction of the Affordable Care Act have led to more cautious investment behavior by hospitals.

To strengthen the Belimed Group, Beat Spalinger took over the operational management of Belimed and thus responsibility for the Infection Control Business Unit at the beginning of October. His mission is to resolutely continue the restructuring process of Belimed and to lead the company back on track for sustainable success. However, the wide-ranging restructuring process as well as focusing and streamlining of the production sites takes time and will not have an immediate impact on income.

Gross sales were down 5.5 % to CHF 209.0 million (previous year: CHF 221.1 million). As a result of the various burdens of project and restructuring costs, as announced in the Half-Year Report, Belimed's operating income (EBIT) has turned into negative territory, standing at CHF –13.0 million (previous year: CHF 0.7 million). Alongside restructuring costs already incurred in the reporting year, this amount also includes provisions for future restructuring costs totaling CHF 6.9 million.

Wire Processing: Sales and Earnings Growth

In 2014, the Schleuniger Group generated high organic growth, outstripping that of the market as a whole.

The Cut & Strip segment (fully automatic crimping machines) showed a strong performance in 2014, realizing the highest growth year on year. The CST and Project segments also did well in 2014. Lastly, the Schleuniger Group also made further good progress in the Service segment in 2014. Following last year's acquisition of the business of Tianjin Haofeng Electrical Equipment Co., Ltd. Schleuniger is continuing to work on the integration of that business and is thus now able to supply clients with wire harness production systems.

Overall, Schleuniger recorded gross sales of CHF 131.3 million (previous year: CHF 110.9 million) and operating income (EBIT) of CHF 19.5 million (previous year CHF 15.0 million).

Normalized Financial Result

The financial result came to CHF 26.0 million in 2014 (previous year: CHF 70.2 million). The sale in the previous year of the greater part of the shares in Zug Estates Holding AG and the revaluation of the remaining shares made a major contribution to that year's extraordinarily high financial result in the form of a one-time impact. Compared with last year's financial result, adjusted for this one-off impact, the 2014 figure is up 3.5 % year on year.

New Reality since January 15, 2015: Outlook

Insofar as the above-mentioned result for 2014 contains increased valuations of securities, the Swiss National Bank's decision of January 15, 2015 has, at least for the time being, wiped out a part of these gains. From a macroeconomic perspective, the abandonment of the minimum exchange rate may have come too late rather than too soon – from the point of view of all three business units of the Metall Zug Group, the decision is painfully early. Nevertheless, we have no choice other than to treat the new realities as an additional incentive.

Unchanged Dividend Distribution

As a result of the uncertainties relating to the new foreign exchange situation, the Board of Directors has decided against raising the dividend – as originally planned – and will propose an unchanged 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 1, 2015.

Acknowledgments

With their skills, their flexibility and their 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 in this challenging environment. We would like to thank all our employees most sincerely for their contribution.

Our gratitude also goes to our customers and business partners for their loyalty and cooperation and last but by no means least 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.

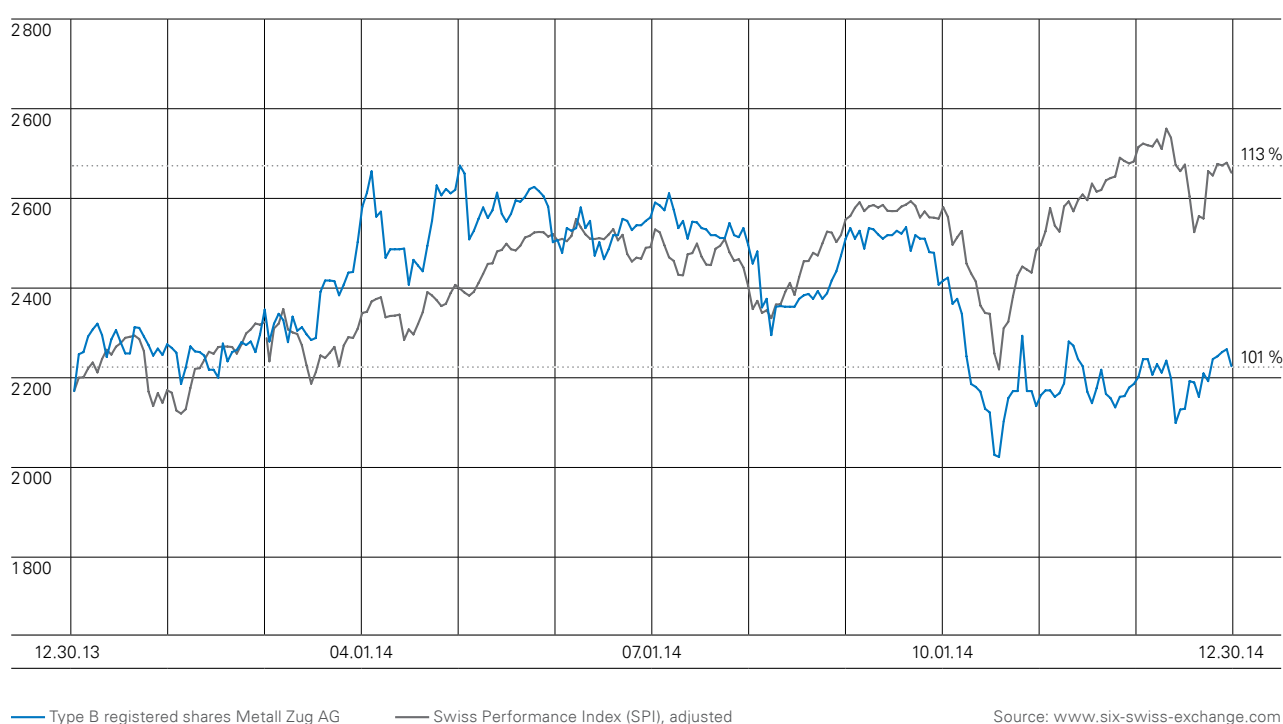


Heinz M. Buhofer
Chairman of the Board of Directors

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 3 982 108, ticker symbol METN).

Performance of type B registered shares



As a result of the uncertainties relating to the new foreign exchange situation, the Board of Directors has decided against raising the dividend – as originally planned – and will propose an unchanged 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 1, 2015.

Provided the General Meeting approves this proposal, a total of CHF 27.5 million will again be paid out to shareholders. No dividend is paid for treasury shares.

Important dates

May 1, 2015
General Meeting of Shareholders

May 7, 2015
Payment of dividend

August 24, 2015
Publication of half-year results

Number of shares

		2014	2013	2012	2011	2010
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	255 136	255 136	255 136
registered shares						

Figures per type A registered share

in CHF

Net income	19.47	28.02	13.67	14.08	20.50
Cash flow from operating activities	30.17	36.06	25.11	25.63	29.89
Shareholders' equity	179.03	166.19	153.77	190.05	181.67
Dividend	6.10 ¹⁾	6.10	14.00	5.50	5.50

Figures per type B registered share

in CHF

Net income		194.72	280.23	136.75	140.79	205.01
Cash flow from operating activities		301.71	360.60	251.12	256.34	298.90
Shareholders' equity		1 790.32	1 661.87	1 537.68	1 900.52	1 816.70
Dividend		61.00 ¹⁾	61.00	140.00	55.00	55.00
Stock market price	High	2 700	2 380	2 444	2 740 ²⁾	2 405 ²⁾
	Low	2 218	1 910	1 868	1 983	1 570
At year-end		2 405	2 370	1 941	2 468	2 362

Total market capitalization³⁾

in CHF million	At year-end	1 082	1 067	873	1 111 ²⁾	1 063 ²⁾
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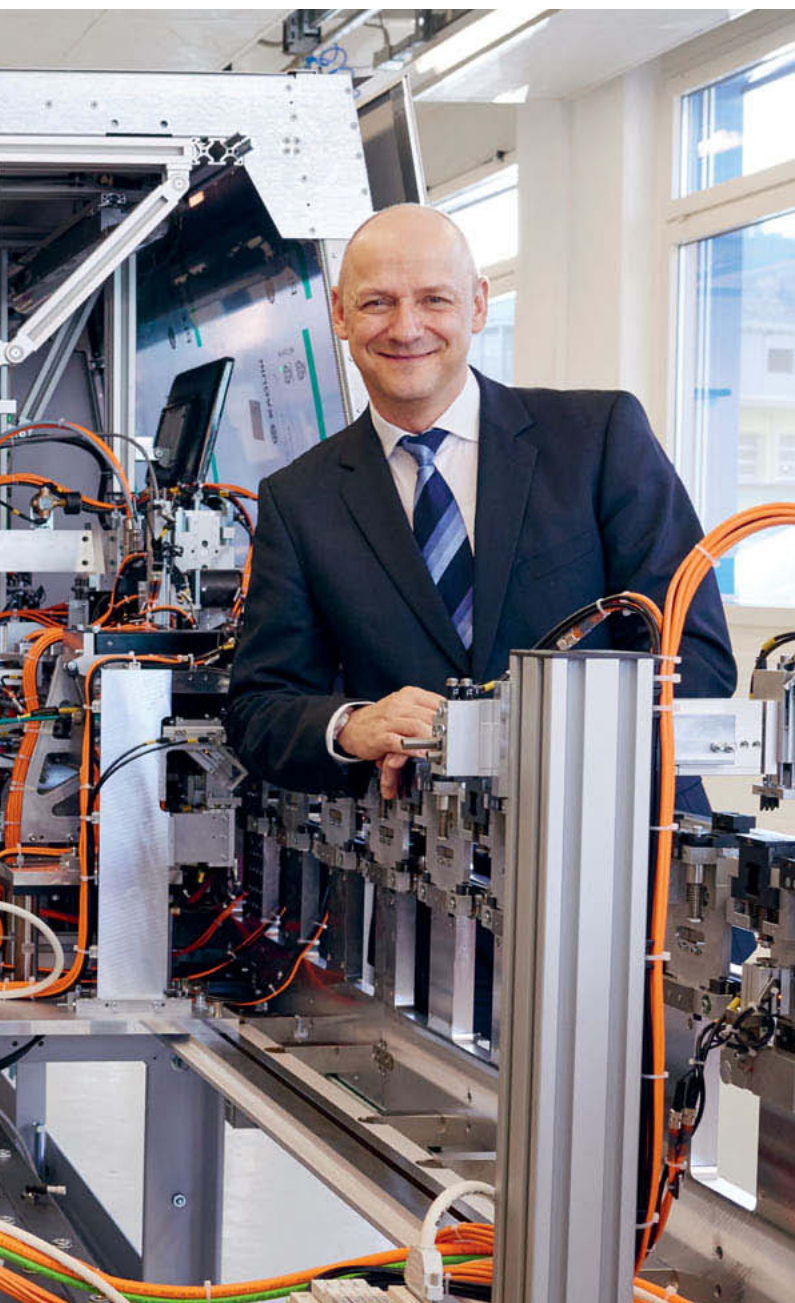
¹⁾ Proposal of the Board of Directors to the General Meeting of Shareholders.

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

³⁾ Conversion of type A registered shares on the basis of the year-end share price applicable to type B registered shares.

Senior Management





From left to right

Daniel Keist (CH) b. 1957
Chief Financial Officer

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

Jürg Werner (CH) b. 1956
Chief Executive Officer

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

The product in the background is a TransferLine system for the fully automated assembly of highly demanding special cables, a customized, client-specific solution. It was manufactured on the premises of Schleuniger AG in Unterägeri.

CEO Interview



Jürg Werner

*Quality, innovation and
operational excellence
as our guiding principle*

...

Metall Zug AG mostly performed well in 2014, even though both competition and price pressure increased. What did the business units do well and what needs to be improved?

The Household Appliances and Wire Processing Business Units both achieved very good results. They did so by consistently improving their processes and cost structures, and by delivering an innovative, high-quality product portfolio that is geared to customer requirements. We worked intensively on the strategic alignment of both these business units in 2014, defining and initiating its implementation. We now face the task of real-

izing these plans quickly. Last year showed that, despite the difficult market environment, Belimed is the preferred supplier for many customers thanks to its superior portfolio. However, the business unit did not meet its restructuring targets. The restructuring is now being accelerated under the leadership of the new CEO Beat Spalinger.

Competition and the economic conditions in which we operate have generally not become any easier, and the unexpected abandonment of the minimum euro exchange rate will not facilitate the challenges facing industrial enterprises. How do you go about tackling these challenges?

We have to face up to the new political and regulatory realities, and quickly and pragmatically adjust our business processes to the new conditions while continually improving them. Competition is very tough at the international level especially; we are responding with unique and innovative products whose outstanding quality, improved functionality and increased benefit for the customer is particularly impressive. The removal of the minimum euro exchange rate has not caused completely unexpected

change in our markets, but the existing challenges have increased significantly overnight. For example, the cost disadvantages we experience compared with competitors that mainly produce in low-wage and Euro-zone countries, have intensified. Here too, we have to step up the pace of innovation, further improve our cost structure and reduce our currency exposure even faster e.g. in terms of procurement and make the best possible use of the individual production locations.

Despite the increasing internationalization of society and global competition, you intend to retain your production facilities in Switzerland. How can you afford to do so?

The requirements for quality in connection with the “Swiss Made” label are hugely important for a wide variety of products made by the business units of Metall Zug and we are doing everything we can to retain this advantage.

Given the additional pressures of the currency challenges, we are now in the process of optimizing the value chains. In other words, we intend to strengthen those units in Switzerland that can achieve long-term profitability here while making

a suitable contribution to value creation. We are also able to rely on our highly qualified and motivated employees to play their part. Let me cite the V-ZUG 33 project as an example: the construction of a new assembly and logistics building should optimize production in Zug, making it more compact in structure and more flexible in design. The new building provides space that will enable production and assembly areas to be expanded in the interests of further growing V-ZUG AG.

*What is the future outlook for the individual business units?
Do opportunities for growth still exist?*

We see good opportunities for growth in all three of the current business units. Our aim is to generate sustainable and profitable growth.

In the case of the Household Appliances Business Unit, the main task is to increase the share of foreign business through growth in the international markets in the premium segment and to further consolidate our strong market position in Switzerland. In doing so, we will concentrate on innovative and resource-efficient products that combine outstanding functionality and quality with high-end design.

At the Infection Control Business Unit the immediate primary focus is on resolutely pushing ahead with the restructuring process. At the same time,

there is also above-average growth potential here based on the aging population and rising demands in terms of healthcare provision around the globe. For the Wire Processing Business Unit, the automotive market holds great potential: on the one hand, more and more safety and communication-related electronic components are being fitted in cars, such as headway sensors, lane keeping assistants, navigation devices, etc., not just in premium vehicles but also in the lower-price segment. On the other hand, growth potential is also being created in the less developed countries by the rising demand for vehicles, with more and more electrical and electronic applications. Furthermore, interesting opportunities for growth can be found in applications for the entertainment and communications industries.

As CEO, where do you see the Metall Zug Group in the medium term?

I see Metall Zug as an industrial group that enjoys sustainable and continuous growth, with a focus on the development, production and marketing of top-quality products featuring leading-edge technology that provide great benefits to the customer. The “Swiss Made” and “Made in Germany” labels will remain important for the products of the

Metall Zug business units. The production sites in Switzerland will continue to play a significant role. In addition, the plans for the Zug site will have reached their first milestones, production processes will have been consolidated and logistics processes optimized.

Strategy

Metall Zug is a successful, publicly listed Swiss industrial holding company with an entrepreneurial family as its main shareholder. It creates sustainable added value for its shareholders and adopts a decidedly long-term perspective. Through its business units it focuses on industrial enterprises with premium and precision products and makes systematic use of the diversity of its business units as a source of innovation and best practice.

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

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

...

Entrepreneurial Freedom and Independence

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

Economies of Diversity

Metall Zug consciously makes use of the diversity of its business units as a source of innovation, internal benchmarks and best practice, without diluting the clear focus of those units. The Group companies each have their own market presence – including their own, independent brands and own marketing mix.

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

...

Development and Growth

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

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

top performance.

...

Group Added Value

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

Driven by Value, Aiming for Success

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

Development of Real Estate

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

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

• • •

Strengthening V-ZUG through Site Development and the "Technology Cluster Zug"

At V-ZUG Immobilien AG, alongside the proper management of its own portfolio, strategic activities focus on the further development of the major transformational project at its main site, "Technology Cluster Zug". An application to revise the zoning plan was submitted in fall 2014 following intensive planning work. By championing this pioneering development, V-ZUG is committing itself to a future-proof urban area that will unite industrial production, research and development, commerce and further tangential uses in a relatively small space. V-ZUG is initiating the technology cluster as the site's main user, but with the aim of accommodating additional

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

• • •

companies, start-ups, institutions and uses so as to develop a networked, innovative and high-quality environment for innovation and production. The proposal submitted to the competent authorities of the city and canton of Zug provide for a number of different development options, all centered round the further continuation of V-ZUG's industrial activities. At the same time, the potential has been created for attracting new partners to the technology cluster in Zug. The plans also envisage a gradual transformation that reduces V-ZUG AG's operational risks with respect to the overall project and allows it to be realized during normal business operations and without interrupting production activities.

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

• • •

Metall Zug and the city of Zug are thus preparing the way for an industrial hub of the future. The V-ZUG site is to be secured and developed long-term as a production location. Relying on a closely networked cluster accommodating a variety of different uses, a framework will be created to strengthen V-ZUG and the city of Zug both as a business and technology hub in the canton of Zug and as a sustainable living environment.

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 61.5 % of its net sales. The highest-sales business unit is Household Appliances, with net sales of CHF 572.7 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 with its foreign subsidiaries as well as V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG. Its offering includes appliances both for private and commercial use. Since the first presentation of Refresh Butler in 2013, V-ZUG has launched a completely innovative textile care system for the premium segment. It has thus opened up a whole new sub-market. Its focus on internationalization allows V-ZUG to resolutely seize new growth opportunities in selected markets. Nevertheless, Switzerland remains the most important market for V-ZUG. This is where the Business Unit generated 93.9 % of its net sales in 2014, thus reinforcing its position as market leader.

In the reporting year, the share of international business was successfully expanded. A new ZUGORAMA opened in Shanghai, and the distributor network was expanded throughout China. In Turkey too, a successful market entry was achieved thanks to the opening of two new customer centers in Istanbul and Ankara. Moreover, a new representative showroom and customer center was opened in Crissier at the beginning of March, thus strengthening the company's presence in French-speaking Switzerland.

The SIBIRGroup AG also continued to grow in 2014, boosting its sales through the trade channel in particular. In addition, SIBIRGroup was able to improve its national position among property management companies and cooperative residential associations as a provider of repairs and services for all brands of household appliances. Its presence in Ticino was reinforced in 2014 with the opening of a showroom and customer center in Bellinzona.

The Gehrig Group AG operates in Switzerland and the Principality of Liechtenstein, offering professional appliances and solu-

tions to its professional client base both in the hotel, restaurant and catering sector and in the care sector (hospitals, retirement and care homes). The Gehrig Group provides customer service throughout Switzerland to ensure maintenance and operational safety in the hotel, restaurant and catering sector 24/7.

Infection Control

Belimed is an international provider of innovative system solutions for infection control. The business is divided into three areas: Life Science, Medical and Service. Belimed supplies customers from the pharmaceutical industry, laboratories, hospitals and other providers of medical services. The Belimed Group generated 92.0 % of its net sales abroad. Europe, North America and China remain its key markets in this respect. In south-east Asia and the Middle East, Belimed benefited from a good market trend.

Wire Processing

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

The key industries for Schleuniger are automotive, entertainment electronics, IT and telecommunications, medicine, aviation and apparatus and systems engineering. Its key markets are the NAFTA zone, Germany, China and Japan. Schleuniger generated 98.6 % of its net sales outside Switzerland in 2014. The Schleuniger Group sells its products directly in a total of eight countries on three continents through its own network of sales and service companies as well as through more than 40 distributors in other countries.

Group Structure

Operational Organization of the Metall Zug Group (as at December 31, 2014)

Metall Zug Group

Zug

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



Mastering the art of cooking

...

Benoît Violier, top Swiss chef,
Restaurant de l'Hôtel de Ville in Crissier, Switzerland



19:20

COMBI-STEAM MILD

...

*thanks to attention
to detail in the search
for perfection.*

The dishes prepared by Benoît Violier and his 20-strong kitchen team are culinary works of art that are as pleasing to the eye as they are on the palate. The top chef from Crissier, who has been awarded 19 Gault-Millau points and 3 Michelin stars, is a guardian of perfect taste and master of the seasons. Violier's creations are centered on the produce, which must be authentic, natural, fresh and high-quality. The master chef also looks for the same outstanding quality and functionality in the appliances he uses to prepare his dishes.

Benoît Violier sees a willingness to embrace change and attention to detail in the search for perfection as an art in itself. An art which drives both the master chef from Crissier and the V-ZUG engineers to keep delivering top performance and customer service every day.

The Household Appliances Business Unit has been developing, manufacturing and distributing high-quality kitchen and laundry appliances for private and commercial customers for many years. It comprises V-ZUG AG and its foreign subsidiaries V-ZUG Australia, V-ZUG Europe and V-ZUG Shanghai as well as V-ZUG Kühltechnik AG, SIBIRGroup AG and Gehrig Group AG. The Household Appliances Business Unit employs a workforce of around 1850, most of whom are based in Switzerland.

The 2014 Financial Year

The economic environment in 2014 was again dominated by fierce competition, especially from market players with production facilities outside Switzerland who therefore enjoy cost advantages. To counter the accompanying high margin pressure, investments to boost the competitiveness of the companies in the Household Appliances Business Unit continued at a high level, and the ongoing cost reduction and efficiency enhancement programs were resolutely pursued. The gratifying result reported by the Household Appliances Business Unit confirms the effectiveness of these measures. With a view to further improving efficiency, an assembly unit is currently under construction in Changzhou, China, where selected components for certain household appliances will be assembled in future, prior to further processing in Switzerland. The integration of V-ZUG Kühltechnik AG, the refrigeration equipment business of Arbonia-Foster in Arbon, Switzerland, acquired in the previous year, was successfully completed. V-ZUG Kühltechnik AG has made significant investments in product development and in modernizing its production plants. This has enabled V-ZUG to take a major step forward in building up its own premium refrigeration segment – a stated objective.

V-ZUG provides outstanding service and support. More than 300 service technicians are deployed throughout Switzerland, successfully dealing with 90 % of service requests without delay on their first customer visit. In the international arena, V-ZUG has built up further service networks in the individual markets to actively support the brand.

In terms of gross sales, the Household Appliances Business Unit reported growth of 1.7 % to CHF 589.2 million (previous

year: CHF 579.4 million). The currency effect of –0.1 % was compensated by the effect of the acquisition of the refrigeration equipment business of +0.1 %.

The operating income (EBIT) of the Household Appliances Business Unit reached CHF 70.0 million and was therefore CHF 15.8 million or 29.2 % higher than in the previous year (CHF 54.2 million).

Growth in Switzerland is primarily attributable to the innovative products which set new standards in terms of user-friendliness and resource-efficiency. In addition, V-ZUG opened new exhibition and advisory centers in Crissier and Bellinzona, thereby strengthening its presence in French-speaking Switzerland and Ticino.

*Swiss quality, functionality
and design from V-ZUG
in use worldwide.*

• • •

Renewed Growth in International Markets

Compared with those competitors whose production is mainly based in low-wage countries and competitors with currency advantages, V-ZUG aims to make its mark by maintaining its high degree of innovation, high quality standards and “Swiss Made” credentials, not to mention its outstanding service and support. The expansion of the international business was stepped up in the reporting year. With priority given to consolidating the company’s market position and profitability in those countries in which it is already active. As part of the continuing expansion in the international area, the company commenced operations in Turkey and China. Modern ZUGORAMAs were opened in both Istanbul and Ankara as well as Shanghai in the year under review; the company now works with distribution partners in the regions in question. In the US, where V-ZUG has been cooperating with a strategic partner for some time, business continued

to develop favorably. The company's presence in Australia should be strengthened by its relocation to Melbourne. In contrast, following a good start to the year, sales in Russia stagnated in the second half owing to the political and currency situation. The international part of the Household Appliances Business Unit is set to grow continually over the coming years and in a targeted fashion. New markets will be developed selectively. At the same time, the aim is to sustainably improve profitability in existing markets.

Commitment to Zug as a Production Location and to "Swiss Made"

Work is now underway on the construction of a new assembly and logistics building at V-ZUG AG's site in Zug. The extension building situated in the north-east of the site not only reflects the company's strong commitment to Zug as a location for industry but also represents a major element in V-ZUG's long-term plans for making its production processes and logistics more compact and flexible. The new building provides additional space that will enable production facilities, in particular the assembly areas, to be expanded, thus allowing V-ZUG AG to grow further.

"Swiss Made".

...

The new assembly and logistics building is not just a strong commitment to Zug as a location for industry, it also enables V-ZUG to make its production processes and logistics more compact and flexible.

The building will also serve as a temporary workplace for other industrial processes during further modernization work throughout the existing site. By commencing construction, V-ZUG is making another clear statement about its investment strategy, which is intended to safeguard the development and production of high-quality household appliances bearing the "Swiss Made" label at the Zug location.

Particularly Innovative Products Scoop Awards

V-ZUG stands out as a global technology and innovation leader. No fewer than five of its products won the prestigious Plus X Award 2014, making it the "Most Innovative Brand Of The Year 2014".

For example, the Refresh-Butler is considered to be a genuine world exclusive in the top premium fabric care segment. It not only neutralizes unpleasant food odors but also removes creases and wrinkles. Thanks to the use of steam and photocatalysis, high-quality and exclusive fabrics can now be refreshed, de-creased, sanitized and dried at home.

The patented SteamFinish technology used in the Adora SL WP dishwasher cleans glasses, cutlery and plates with pure steam at the end of the rinsing process to ensure spot-free cleanness and sparkling brightness. V-ZUG has become the world's first manufacturer to integrate a highly efficient heat pump with ice storage technology into a dishwasher, thus reducing its already low power consumption by almost half again (energy efficiency: A+++ –40 %, 0 Watt standby).

The first induction hob to feature "easy cooking" guarantees a relaxed cooking experience. These hobs come equipped with world-exclusive RiceControl, CookingControl and TemperatureControl functions allowing users to make frequently prepared dishes at the touch of a button and without the need to constantly stand watch over them.

The Combi-Steam XSL impressed the jury visually as well as through the pre-programmed features that make it intuitive to use and the exclusive BakeOmatic function. Moreover, the patented soft-roasting function enables meat dishes to be prepared just in time for serving. The latest innovation from V-ZUG, unveiled in early 2015, integrates a microwave in the new Combi-Steam MSLO. Every cooking method can now be accelerated improving the quality of the food.

The Combi-Steam MSLQ *another award-winning innovation from V-ZUG.*

• • •

**The microwave integrated in the new
Combi-Steam MSLQ speeds up the cooking process
improving the quality of the food.**

SIBIRGroup: Further Growth and Relocation

SIBIRGroup AG continued to grow in 2014, boosting its sales through the trade channel in particular. In addition, SIBIRGroup also improved its position as a provider of repairs and services for all brands of household appliances among property management companies and cooperative residential associations, expanding its business in this area.

Despite the tough market environment, the SIBIR Group once again beat the previous year's sales and EBIT figures, although increased expenses were incurred in the reporting year through the relocation of its head office from Schlieren to Spreitenbach. SIBIRGroup's increased involvement in Ticino was another contributing factor, allowing it to record a pleasing rise in sales in this region.

Gehrig Group: Strong Customer Service

The Gehrig Group operates in Switzerland and the Principality of Liechtenstein, and offers solutions to its professional client base both in the hotel, restaurant and catering sector and in the care sector (hospitals, retirement and care homes). In the catering sector its product range includes professional dishwashers, cooking, roasting and baking appliances as well as coffee machines, and in the care sector complete sluice rooms, nursing baths, patient lifts and grab rails as well as cleaning agents.

A particular strength of the Gehrig Group AG is the customer service it provides in all areas throughout Switzerland to ensure maintenance and operational safety in the hotel, restaurant and catering sector 24/7. In an emergency, a specialist can be called out to work on site immediately. The customer service team has 90 specially trained service technicians at its disposal.

The decision taken in 2013 to strengthen earnings power was also pursued in 2014, specifically through measures to expand the core areas of customer service and support.

V-ZUG Kühltechnik AG: Successful Integration

The process of transitioning from the Arbonia Forster Group was successfully completed with the setting-up of in-house HR, Controlling and IT departments and the SAP separation. In addition, manufacturing costs were reduced significantly through targeted measures such as the outsourcing of sheet metal parts processing, various changes of supplier and internal productivity improvements.

Best Service.

• • •

**V-ZUG provides outstanding service and support.
More than 300 service technicians are deployed
throughout Switzerland, successfully dealing
with 90 percent of service requests without delay
on their first customer visit.**

Outlook

Pressure on prices and thus on margins is likely to continue, also as a result of the currency situation. In this new environment, the measures previously introduced to improve efficiency will be expedited and additional steps taken. The expansion and consolidation of the international business will continue to be pursued resolutely, selectively and in a focused manner.

A person wearing a full-body yellow biohazard suit with a clear face shield is seated at a desk in a laboratory. They are looking at a computer monitor which displays a blue screen. In the foreground, a metal rack holds several test tubes containing purple liquid. The background shows laboratory equipment and a window.

Protecting people and the environment

...

William Hanson, research assistant, Biological Safety Laboratory, USA



...
*thanks to efficient and
safe sterilization.*

In research work involving highly dangerous viruses, absolute safety is crucial in laboratory operations. In biological safety laboratories with biosafety level 4 (BSL4) such as this one, research is conducted into vaccines for highly contagious agents like the Ebola or Marburg virus. A BSL4 laboratory has to satisfy a large number of requirements in relation to the protection of people and the environment. Belimed supplies this particular kind of highest safety level laboratory, with sterilizers to inactivate test materials.

Given the decisive and critical role they play in research laboratories, Belimed sterilizers make no compromises: that's why Belimed focuses on delivering maximum reliability, safety and efficiency in all its systems. This is reflected in their durable construction and in the highest standards of workmanship and exclusive use of high-quality materials. Belimed has been a reliable and professional partner to medical establishments, the pharma industry, leading laboratories and biotech enterprises for decades and is familiar with their specific requirements.

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

Belimed is one of the few global suppliers to have its own workforce in all regions. Demand for infection control, with the corresponding medical and pharmaceutical systems and services, is growing worldwide.

The Belimed customer base ranges from the global – multinational pharmaceutical manufacturers and large university hospitals – to the local – hospitals and large medical practices. The Belimed product portfolio aims to provide each client with the best-possible solution, be it machines from the standard product range or 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 2014 Financial Year

Progress in restructuring Belimed was slower than expected in the year under review and involves much more than a mere structural adjustment. To strengthen the Belimed Group, Beat Spalinger took over the operational management of Belimed on October 1, 2014, as well as responsibility for the Infection Control Business Unit of the Metall Zug Group. As an experienced executive with a broad track record, he has the mission to accelerate the restructuring of Belimed within a challenging market environment and leading the company to sustainable success again. Beat Spalinger has acquired a minority interest in Belimed AG with own funds and at market conditions, and has entered into a shareholders' agreement with Metall Zug AG. He has also been elected as Member and Delegate of the Board of Directors of Belimed AG. This entrepreneurial approach emphasizes Beat Spalinger's strong commitment to his new challenge.

Belimed has three business areas at present, Medical, Life Science and Service, allowing it to consistently align its resources and competencies to the market. Belimed's three business areas are to be developed further. The task is to achieve sustainable profitability by offering a range of services adapted to regional needs and potential, and by adopting new, streamlined processes and structures. The present structures of the Belimed Group reflect the company's historical development. They are complex and cost-intensive and no longer meet the requirements of today's market and exchange rate situation. Belimed has therefore decided to embark on a far-reaching restructuring. In the future, Belimed will have three production sites that will focus on their respective specialist areas. Grosuplje (Slovenia) will manufacture all products for the Medical Business Area and components for the Life Science Business Area. The Mühldorf and Sulgen sites will become assembly units for the Life Science Business Area. In addition, various administrative and service functions for the respective national organization will remain in Mühldorf and Sulgen.

Part of the costs associated with restructuring were already incurred in 2014, and provisions for further costs amounting to CHF 6.9 million were made in the 2014 income statement. More time is needed to implement these projects, and further costs will be entailed.

In operational terms, the Belimed Group was faced with even more challenging conditions in 2014 than in the previous year. Alongside the already strong price and margin pressure, the market environment in Europe and the US also proved unexpectedly difficult. Belimed was unable to continue the positive trend of the previous years in the Medical Business Area in Europe and the US in particular. In Europe, the pressure on prices has intensified significantly, and the public-sector saving programs have led to greater investment restraint on the part of hospitals. At the same time, the new rules for hospital funding associated with the introduction of the Affordable Care Act in the US have led to more cautious investment behavior by hospitals. Price sensitivity has risen, and more and more investments are being postponed. On a pleasing

note, the Belimed Group successfully expanded its market position in China as well as in the rest of Asia and the Middle East.

The market changes described here also resulted in insufficient capacity utilization at the Belimed factories. Gross sales fell 5.5 % to CHF 209.0 million (previous year: CHF 221.1 million). Taking into account the currency effect of 0.2 %, the decline in sales in local currencies came to –5.3 %. Operating income (EBIT) fell year on year to stand at CHF –13.0 million (previous year: CHF +0.7 million).

Ongoing optimization and enhanced efficiency.

• • •

By restructuring, Belimed is strengthening its production footprint in Europe and creating plants with a specialized focus in Sulgen, Mühldorf and Grosuplje.

Focus on Quality, Security and Efficiency

In the reporting year, Belimed in Mühldorf (Germany) was subject to an inspection by the FDA, the American health authority. Such inspections are standard within the industry. Belimed passed this audit successfully, thereby meeting the requirements for presenting itself as a qualified supplier in the US now and in the future. The efforts launched in the previous year to switch to just-in-time processes led to reduced processing times at the production plants in Sulgen, Ballwil and Grosuplje. In conjunction with this, progress was made in both process and organizational optimization in 2014. For example, Belimed is striving to equip all key production and sales companies with the same ERP system, thus increasing their compatibility and utilizing efficiency gains. In addition, the European sales organization was also brought into line with current requirements and streamlined. In connection with this reorganization, a central European warehouse for spare parts was set up in Germany.

Customer-oriented System Solutions

Belimed offers cleaning, disinfection and sterilization systems and accessories, specially tailored to the unique needs of its clients. Its portfolio ranges from autoclaves and washers-disinfectors to scrub sinks and warming cabinets. Thanks to its firm focus on the customer, Belimed's clients receive a professional solution that is based on an understanding of their requirements, engineered to their needs, and backed by comprehensive service and support.

Firm customer focus.

• • •

Belimed offers custom-made professional system solutions, geared to specific requirements and accompanied by a comprehensive service offering.

*Innovative
resource-efficient
products.*

• • •

Belimed is testing new technologies that will allow the desired quality to be achieved in future with even less water, detergents and cleaning agents.

Satisfactory Business Trend in Asia

The Medical Business Area performed well in South East Asia and the Middle East. In the Life Science Business Area, Belimed strengthened its position in the Asia/Pacific region. A new customer with global operations and considerable potential was acquired in South Korea.

It goes without saying that pursuing sustainability, environmental compatibility and the efficient use of resources while simultaneously delivering full reliability and quality are paramount to Belimed. Belimed's product development teams are working on new technologies that will allow the desired quality to be achieved in future with even less water, detergents and cleaning agents, as well as enabling the length of the wash cycle to be optimized. Results of initial tests showed a 50 % reduction in cleaning agent consumption, depending on the materials.

Outlook

With its two production locations at Mühldorf (Germany) and Grosuplje (Slovenia) and the relocation of production from the Ballwil site in Switzerland to the existing plant in Slovenia, which was announced prior to the National Bank's decision to abandon the minimum exchange rate to the euro, Belimed has a strong footprint in the euro-zone. Nevertheless, the discontinuation of the minimum exchange rate faces Belimed with an additional challenge. Belimed does not expect to see any significant change in the market environment in the coming year. The tense situation affecting the public purse, in particular in Europe, will continue to have a dampening effect on investment volumes. In the US too, the uncertainty surrounding the new hospital funding rules of the Affordable Care Act is likely to continue for some time.

In all other respects, the year ahead will be dominated by restructuring at Belimed. The restructuring plans will be implemented over the next few years and will continue to entail costs. The positive impact of the strategic initiatives that were launched or continued in the reporting year should reinforce Belimed's competitive position and profitability, but will not be immediately apparent in the income statement.

A photograph of a busy street in Tokyo. The image is a vertical shot showing a multi-story building with various storefronts. At the top, there's a traffic light with a red light illuminated. Below it, a sign for '西村' (Nishimura) is visible, along with a sign for 'Fruit & Pastry'. Further down, a large sign for 'Euphoria' is prominent. To the left, there's a sign for 'Matsumoto KiYoshi' and a large red character '薬' (Medicine). To the right, there's a sign for 'お好み焼' (Okonomiyaki). The bottom of the image shows a blurred street scene with cars and a person in the foreground. A semi-transparent blue rectangle is overlaid on the bottom half of the image, containing the text 'Independent and networked ...' and 'Akina Nakamura, student in Tokyo, Japan'.

Independent and networked

...

Akina Nakamura, student in Tokyo, Japan



千里薬品

月8日以上の日

MUSEE
PLATINUM

ミューゼプラチナム

Panasonic

恋も仕事も
がんばった
自分にプレゼント。

癒されたいひとは、
家じゅう持ち運べるテレビ。VIERA

プライベートビエラ

03)
719
468

大盛堂商事

文化村通り

...

thanks to a passion for high-precision solutions.

Akina Nakamura loves life. The 21-year-old is studying urban development in Tokyo. There's something new for her to discover each day on her field trips through the mega city. For Akina, mobility is a basic right and independence a way of life. She doesn't see any contradiction in the fact that she is also closely networked with her social environment. Schleuniger helps Akina stay in contact with others, even when she ventures deep into the urban jungle.

Schleuniger's expertise connects people. The 2015 launched new CoaxCenter 6000 is the first – and, to date, only – machine to process micro-coaxial cables fully automatically, from cutting and sealing to quality control and the application of crimp terminals. Decades of Schleuniger expertise in rotary processing have gone into this machine. The CoaxCenter 6000 therefore ensures that contacts in smartphones, tablets and notebooks remain fully functioning, thus also keeping people like Akina Nakamura in contact in their daily lives.

Schleuniger is a globally active technology group and a leading supplier in the wire processing industry. Schleuniger products are used whenever precise wire processing plays a role. The Schleuniger portfolio is wide-ranging and includes semiautomatic and fully automatic machines as well as peripheral devices, tools, software and service solutions covering the entire spectrum of wire processing and cable harness production. In addition, S.WOP represents a leading software for networking all wire production machines in the value chain, thereby enabling productivity to be boosted. The Schleuniger Group employs a workforce of some 600 worldwide, including more than 30 trainees.

The Schleuniger Group covers a wide geographical area and generated 98.6 % of its sales outside Switzerland in 2014. Its largest markets are the NAFTA zone, Germany, China and Japan. These markets are served by Schleuniger's own sales and service companies. More than 40 distributors round out the global market coverage. The Group's key growth markets lie in Eastern Europe, North Africa (especially Morocco and Tunisia) and the NAFTA zone (in particular Mexico) and China. The key industries for Schleuniger are automotive, entertainment electronics, IT and telecommunications, medicine, aviation, and apparatus and systems engineering. Schleuniger's research and development activities are based in Switzerland, Germany and China.

The 2014 Financial Year

The Schleuniger Group achieved strong organic growth in 2014. This was generated primarily in the product segments Cut & Strip (automatic wire cutter-stripper machines), Cut Strip Terminate (fully automatic wire crimping machines), Projects (client-specific solutions) and Services.

The Cut & Strip Segment performed especially well in 2014 compared with the previous year. Schleuniger's leading-edge technology reinforced its already strong position on the global market, especially in relation to rotary sealing and the processing of coaxial cables, which led to a growth spurt. Schleuniger benefited from the more widespread use of 4G mobile technology and the resulting investments in production systems.

In the Cut Strip Terminate and Customized Solutions Segments, Schleuniger expanded yet again in 2014 in terms of geographical and customer-related coverage. The relevant market for these two segments is more or less dominated by large, multinational automotive suppliers. Thanks to its unbeatable price-performance ratio, the successful CrimpCenter 36S model remained popular with these customers. In the Projects Segment, a large number of existing customers placed further significant orders in 2014. Schleuniger also succeeded in acquiring various new clients.

Although automotive suppliers have become even more important to Schleuniger's business, they still account for less than two-thirds of its overall sales. Schleuniger is very well positioned in this key market, but also has a broad base in various other sectors.

Services are a central element in Schleuniger's growth strategy. Another factor in the Schleuniger Group's strong organic growth is its close cooperation with customers in product development and engineering. The optimization of the machine software for a model from the Cut & Strip Segment can be cited as just one example. In-depth collaboration with one of Schleuniger's key accounts in the automotive supply industry allowed the software to be improved, thus also boosting machine performance. The improvements ultimately fed into other Schleuniger Cut & Strip machines, making the company's solutions in this segment even more attractive.

Schleuniger achieved gross sales of CHF 131.3 million overall (previous year: CHF 110.9 million). This is equivalent to growth of 18.4 %, or 20.0 % adjusted for the currency effect of -3.7 % and the impact of acquisitions of 2.1 %. Operating income (EBIT) rose by 29.5 % to CHF 19.5 million (previous year: CHF 15.0 million).

Pleasing Operating Income Despite Investments in Future Growth

Schleuniger posted pleasing operating income in the reporting year. A variety of factors are responsible for this good result. In recent years, the Schleuniger Group has put great effort into efficiently developing its global markets and customer groups. Its innovative solutions and first-class services have attracted many new clients. The Group is well-positioned: each of its four development and production locations is focused on a specific product segment in which it specializes. Synergies between the sites are consistently exploited, whenever possible and whenever it makes sense. The strong organic growth also helped put structural costs on a higher sales basis.

Investments in the future were made at all the Schleuniger Group's locations. Productivity was increased further at the various production sites, especially at Tianjin in China and Radevormwald in Germany. At the Unterägeri site, Schleuniger was able to build on its leading position in transfer lines – especially in the case of the fast-growing HSD (high speed data) application – by further improving its innovation and realization competencies. Targeted measures also gave a further boost to productivity in Thun, which was already high. In addition, Schleuniger reinforced its structures in a variety of areas during the reporting year and expanded its management capacities in order to cope with the targeted growth.

China's Importance Continues to Grow

Schleuniger set a new sales record in China in 2014 and continues to view it as one of the most promising growth markets of all. This was one of the main reasons for the acquisition of the business operated by Tianjin Haofeng Electrical Equipment Co., Ltd in 2013 and the establishment of Schleuniger Haofeng (Tianjin) Machinery Co., Ltd., a local production and development unit.

Schleuniger also did well in the challenging Japanese market, posting all-time high sales. Schleuniger remains the market leader in Japan when it comes to micro-coaxial cable processing and corresponding service provision.

Although economic conditions were sometimes difficult, Schleuniger also performed well in Europe, the Middle East and Asia. The Cut Strip Terminate and Customized Solutions Segments led the way by reporting high growth and gaining market share.

***Strong**
competitive position*

• • •

**through innovative and client-specific solutions,
in the growing area of high speed data for safety
components and communication in modern vehicles.**

The Schleuniger Group met with success on the American continent, although trends tended to differ. In South America, for example, the market environment continued to prove very difficult and Schleuniger was forced to post a decline in sales. In the NAFTA region on the other hand, particularly in Mexico, Schleuniger held up well, even recording a new sales record. The business with key accounts in the automotive supply industry saw considerable expansion. The excellent service provided by Schleuniger – which has long set the benchmark for many other market participants – was a major contributing factor.

Wire Harness Production Systems as New Market

Since taking over the business of Tianjin Haofeng Electrical Equipment Co., Ltd., Schleuniger has added wire harness production systems to its offering. This move has enabled Schleuniger to expand its product portfolio along the "wire harnesses for the automotive industry" value chain by including a significant process step and has made it even more attractive as a supplier to automotive OEMs. In September 2014, Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. moved into new office and production premises in Tianjin, China. This allows the activities of this newest Schleuniger entity, which had previously been scattered across three different sites, to be brought together in a single building. This action boosted productivity and improved the general conditions for future growth.

*Better
operating conditions*

• • •

**and higher productivity through the move
to the new production plant in China.**

Innovative Software Solution Pays Off

Schleuniger made large investments in product development in 2014, with the aim of further enhancing its offering. Alongside the various electromechanical product improvements, this also covers software applications and service provision.

The innovative S.WOP (Software for Wire Optimized Production) software solution, which manages the planning, monitoring and optimization of the entire wire production process and links the value chains of the respective customers, met with a positive echo.

*The Schleuniger
TransferLine*

• • •

**guarantees maximum efficiency and
reproducible quality thanks to fully automated
linear transfer systems.**

Cooperation on Test Systems

In April 2014, Schleuniger signed a global cooperation agreement with the EMDEP Group. Headquartered in Spain, the EMDEP Group is the world's leading supplier of test and quality assurance systems, especially test boards for wire harnesses, which are sold to automotive suppliers around the globe. This collaborative venture will create interesting opportunities for both partners in terms of joint market development and expansion of their geographical market coverage. The partnership is also intended to cover marketing, services and development.

Outlook

Following the abandonment of the minimum euro exchange rate by the Swiss National Bank, pressure on prices and thus on margins will increase. Schleuniger is ready to face this challenge and will continue to step up its investments in product innovations and both accelerate and expand its efficiency enhancement initiatives. Moreover, Schleuniger already acquires a significant part of the goods and services at its Swiss sites in euro and also has production plants outside Switzerland, at Radevormwald (Germany) and Tianjin (China).

The automotive industry in North America and China remains in robust shape. In Europe, the pace of recovery is slow and growth figures continue to lag behind those of other major sales markets such as North America and Asia. Overall, the market environment in which the Schleuniger Group operates presents good growth opportunities. The product innovations scheduled for 2015 should allow them to be seized.

Sustainability and Corporate Social Responsibility

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

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

Household Appliances: Sustainability a Key Topic

The belief in sustainability unites values that are central to V-ZUG, such as quality, innovation and resource-efficiency. Drawing on its great innovative strength, V-ZUG strives to supply its customers with the most efficient and user-friendly household appliances. In the Adora SLQ WP washing machine with heat pump technology, power consumption has been reduced by a further 55 % compared with washing machines in the A+++ energy efficiency class.

V-ZUG AG regularly publishes a sustainability report providing information on its performance in relation to the environment and society among others. The report can be viewed at www.vzug.com/ch/en/environment, and is prepared according to the guidelines of the Global Reporting Initiative (GRI). Management system certification in accordance with ISO 9001 (quality), ISO 14001 (environment), OHSAS 18001 (occupational health and safety) has been confirmed by external SQS auditors for the next three years.

Infection Control: Savings on Water Consumption and Detergents

Belimed's machines and systems for cleaning, disinfection and sterilization are among the most efficient in the world in terms of sustainability.

Taking water consumption as an example, the cumulative savings in Belimed's largest market, the US, are continually tracked (<http://www.belimed.us>). Each year, more than half a billion liters of water are saved through the use of Belimed systems already installed in US hospitals. Not only was the renowned Stanford Hospital & Clinics in Palo Alto (USA) able to reduce its water consumption by more than 45 million liters a year by using Belimed systems, it also made monetary savings in excess of USD 1 million over an observation period of five years.

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

Wire Processing: CO₂ Emissions Reduced by 77 Tons a Year

Thanks to the new photovoltaic system operated in Thun, which supplies the site with around 20 % of its energy needs, CO₂ emissions have been reduced by 77 tons a year. In the US, Schleuniger has introduced "single stream recycling", thereby considerably increasing the volume of recycled materials. In addition, employees of Schleuniger USA help fight poverty via Kiva Microfunds. In the last three years, they have provided microloans to 66 people in 40 countries. In Switzerland, Schleuniger supports the Transfair catering service and employs mentally handicapped people in its staff canteen in Thun. Schleuniger also adopts a sustainable approach by sponsoring children through World Vision instead of handing out Christmas presents; to date it has taken out six sponsorships.

Employees

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

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

Household Appliances Business Unit

In the reporting year, the focus lay on implementing the staff development strategy adopted the previous year, in particular in the areas of training and continuing professional development of employees, managers and new executive talents (V-ZUGAcademy), and on developing a new and wide-ranging workplace health management concept. With the V-ZUGAcademy, V-ZUG AG has created a new vehicle that will firmly establish and nurture a high performance organization at every level, alongside lean processes and structures, and ensure employees and managers are "fit" to face their daily and future challenges. In spring 2014, the new training program for V-ZUG managerial staff was also launched. New management employees will expand their competencies in the areas of leadership, acting as role model, delegation, motivation, recognition and mindful management in this 18-month training program. Employee and organizational development also focuses on the cultural shift toward firmly

establishing leadership, openness, innovation and transparent communication on a sustainable footing.

Infection Control Business Unit

In the Infection Control Business Unit in the year under review, a Human Resources function was introduced at Belimed Group level, which concentrates on actively supporting the transformation, coaching of Group & Senior Management, and harmonizing the global HR processes (e.g. performance management, incentives and bonus plans, wage structures). The transformation that is now underway naturally places a strong focus on transparent and sustainable communication between employees and management. Staff development has an important supporting role to play in this process.

Wire Processing Business Unit

Schleuniger is committed to providing its employees with workplaces that are not only healthy, safe and ergonomic, but also modern. In 2014, it therefore invested in the ergonomic redesign of all its workplaces in Germany for the assembly of the CrimpCenters produced there. Schleuniger provides health promotion incentives at all its sites: at its Thun headquarters, for example, it regularly holds sports events under the label "Schleuni|Aktiv" and it supports fitness programs in the USA. Employees at the Tianjin (China) site, which was acquired in 2013, experienced a quantum leap in terms of workplace quality. A new production plant and office building with modern facilities has been set up there.

Corporate Governance

All information in this Corporate Governance report refers to the situation as at December 31, 2014, or to the 2014 reporting year, unless stated otherwise. The requirements of the Ordinance of November 20, 2013, against Excessive Remuneration in Listed Companies (ERCO) were largely implemented in the 2014 financial year and the Articles of Association amended accordingly at the 2014 General Meeting of Shareholders. The ERCO-compliant Compensation Regulations have been in force since January 1, 2014, and further internal rules (Organizational Regulations, Regulations of the Staff and Compensation Committee, Group Management Regulations) were amended as of July 1, 2014. The possibility to issue instructions to the independent representative electronically will be implemented as of the 2015 Annual General Meeting of Shareholders as the final pending item in relation to ERCO.

This Corporate Governance report refers to the Articles of Association of May 2, 2014, and the Organizational Regulations of July 1, 2014. No material changes occurred between December 31, 2014, and the publication date of the Annual Report, other than the facts disclosed under the respective headings. The content, order and numbering of the following chapters are in line with those of the "Directive on Information relating to Corporate Governance" issued by SIX Swiss Exchange on 1 September 2014.

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 the holding company, Metall Zug AG, headquartered in Zug, is available on page 8 et. seq. of this Annual Report. The list of consolidated companies is shown on page 67 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 79 of the Financial Report under Note 18 ("Significant shareholders"). Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer together with the Buhofer Trust I, a fixed-interest trust according to the law of Liechtenstein, own a total of 67.3 % of the voting rights in Metall Zug AG. By means of the Buhofer Trust I, alongside Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer, Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki also indirectly have a participating interest in Metall Zug AG.

No notifications were made in the 2014 financial year pursuant to Art. 20 of the Swiss Stock Exchange and Securities Trading Act of March 24, 1995 (SESTA), and the corresponding regulations.

1.3 Cross-shareholdings

There are no cross-shareholdings.

2 Capital Structure

2.1 Capital

The share capital structure is described on page 79 of the Financial Report (see Note 19 "Shares").

2.2 Authorized and Conditional Capital

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

2.3 Changes in Capital

Information on the changes in capital in the last two reporting years is set out on page 63 of the Financial Report (see "Changes in shareholders' equity"). Information on the changes in capital in 2012 can be found on page 59 of the Annual Report 2013 (see "Changes in shareholders' equity").

2.4 Shares and Participation Certificates

Detailed information on the shares of Metall Zug AG (number of shares, type and par value) is available on page 79 of the Financial Report (see Note 19 "Shares").

The type A registered shares with a par value of CHF 2.50 are not listed. The type B registered shares with a par value of CHF 25.00 are listed on the Domestic Standard segment of SIX Swiss Exchange, Zurich (Swiss security number: 3982108, ticker symbol: METN).

Metall Zug AG has not issued any participation certificates.

2.5 Profit Sharing Certificates

Metall Zug AG has not issued any profit sharing certificates.

2.6 Limitations on Transferability and Nominee Registrations

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

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

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

In addition, the transfer of registered shares of type A is subject to approval by the Board of Directors in each instance.

Approval can be denied for good cause, which includes:

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

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

In the financial year 2014, the company did not refuse transfer or approve any exceptions for type A or type B registered shares.

Metall Zug AG does not provide registration of nominees. For the procedure and conditions for canceling the restrictions on transferability, see section 6.2 of this Corporate Governance report.

2.7 Convertible Bonds and Options

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

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors has been reduced to four members since Calvin Grieder did not stand for re-election at the Annual General Meeting of Shareholders 2014. 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.

Board of Directors



Heinz M. Buhofer (CH) b. 1956
Master of 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: General Meeting of Shareholders 2015

Professional background and previous operational activities for the Metall Zug Group:

Chairman of the Senior Management of Metall Zug AG, 2002–2008; various operational roles at the former Group company MZ-Immobilien AG, 1984–1997.

Activities in governing and supervisory bodies:

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



Marga Gyger (DE & CH) b. 1945
Graduate of the Foreign Studies and Interpreter Institute of the Johannes Gutenberg University, Mainz

- Member of the Board of Directors (non-executive)
- First elected: 2011
- Elected until: General Meeting of Shareholders 2015

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: 2010
- Elected until: General Meeting of
 Shareholders 2015

Professional background:

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

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

None

**Activities in governing and
 supervisory bodies:**

Several mandates in companies within
 the ABB Group.



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

- Member of the Board of Directors
 (non-executive)
- First elected: 2010
- Elected until: General Meeting of
 Shareholders 2015

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 Industries AG; Member of
 the Board of Directors of Zug Estates
 Holding AG, Zug, and of other
 non-listed companies.

Political functions:

Head of the Municipal Council of
 Feusisberg.

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

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

3.2 Other Activities and Vested Interests

Apart from the 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 Number of permitted additional mandates (Board of Directors)

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

	Mandates in listed companies	Mandates in other, non-listed legal entities with compensation	Pro-bono mandates and mandates at professional or industry associations, which are basically held in the interests of the company
Members of the Board of Directors and of Senior Management	5	15	10

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

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

3.4 Elections and Terms of Office

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

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

3.5 Internal Organizational Structure

According to the law, the Board of Directors holds the highest decision-making power and specifies, among other things, the organizational, financial-planning-related and accounting-related directives that Metall Zug AG and the Metall Zug Group undertake to comply with. Decisions are made by the entire Board of Directors with the assistance of the following two committees: the Audit Committee and the Staff and Compensation Committee. As of January 1, 2014, the Staff Committee assumed all the duties and responsibilities assigned to the "Compensation Committee" under the ERCO, and was renamed the Staff and Compensation 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 delegated the day-to-day management of the business to the Senior Management. In the year under review, the Board of Directors met seven times. These meetings typically lasted half a day or a full day. In addition, the Board of Directors met for a 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. As a rule, ten days prior to a meeting of the Board of Directors, the members of the Board of Directors receive documentation that allows them to prepare for the discussion of the agenda items. Further, the Board of Directors regularly takes decisions by circular vote.

Audit Committee

The Audit Committee met four times in the reporting year. It makes an independent assessment of the quality of the annual financial statements and discusses these with Senior Management and the external auditors. The Audit Committee proposes to the Board of Directors whether the financial statements may be recommended for submission to the General Meeting of Shareholders. The Audit Committee nominates the internal auditors, determines the organization of the internal audit department, assigns tasks to it and forwards its reports to the entire Board of Directors. 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 for selected agenda items.

Staff and Compensation Committee

The Staff and Compensation Committee met five times in the reporting year. As well as performing the duties and responsibilities assigned to the Compensation Committee under the ERCO, the Staff and Compensation Committee develops the principles of corporate governance which are then submitted to the Board of Directors for approval. This also includes periodic revision of the composition and size of the Board of Directors and its committees and of the Board of Directors of each subsidiary. In addition, the Committee proposes to the Board of Directors qualified candidates for the various bodies and also submits proposals to the Board of Directors regarding the compensation of the Board of Directors and Senior Management. It further develops and reviews the objectives and principles of human resources policy for approval by the Board of Directors, prepares the appointment of members of Senior Management and approves selected personnel decisions of the CEO. Finally, it reviews the basic structures in the area of the pension fund with regard to the scope and content of benefits, reviews the annual appraisal of the members of Senior Management conducted by the CEO, and keeps itself informed about employee development and HR succession planning. The Staff and Compensation Committee comprises Heinz M. Buhofer, Chairman, and Peter Terwiesch. The CEO and the CFO attend the Staff and Compensation Committee meetings as regular guests, except for topics related to themselves.

3.6 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 the Metall Zug Group 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 allocating areas of responsibility between the Senior Management and the Board of Directors. These Organizational Regulations were revised once again in the reporting year and the current version, valid as of July 1, 2014, is available at www.metallzug.ch/rules. In addition, based on the revised Organizational Regulations, the Board of Directors also amended the Group Management Regulations of Metall Zug, effective July 1, 2014. 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. To the extent that existing regulations at business unit level have not been adapted in line with the revised Organizational Regulations and the new Group Management Regulations yet, the latter prevail.

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

Detailed governance and management information is produced semi-annually in the Metall Zug Group in the form of separate financial statements (income statement, balance sheet and statement of cash flows) of the individual subsidiaries and consolidated financial statements of the business units of the Metall Zug Group. These are submitted to both the Audit Committee and the Board of Directors and commented on in detail by Senior Management. Depending on the size and the risks of the business, separate financial statements may also be produced either monthly or quarterly. The results are prepared for each business unit and are consolidated for the Metall Zug Group. In each case, results are compared to the prior-year period and to the budget. The achievability of budgets, which are integrated into rolling medium-term plans, is reviewed several times a year on the basis of forecasts. The managing directors or heads of each business unit submit 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.

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

The Senior Management has been reduced to four members since Claus Martini stepped down on October 1, 2014. His successor as CEO of Belimed, Beat Spalinger, is not a member of the Senior Management of the Metall Zug Group, but otherwise has all respective powers as Head of the Infection Control Business Unit. Beat Spalinger reports to the CEO of Metall Zug, who is also Chairman of the Board of Directors of Belimed AG. In addition, Beat Spalinger has acquired a non-controlling interest in the subsidiary Belimed AG at market conditions and was appointed Delegate of the Board of Directors of Belimed AG.

Information on the nationality, the age and the function of the members of the Senior Management is set out in section 4.2.

4.2 Other Activities and Vested Interests

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

Jürg Werner (CH) b. 1956

CEO of Metall Zug AG since June 1, 2012.

Education:

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

Professional background:

CEO 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 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 ZUAS Life Sciences and Facility Management and of the Swiss Academy of Technical Sciences (SATW); Member of the Executive Board of *economiesuisse*; Member of the Board of Technologie Forum Zug.

Daniel Keist (CH) b. 1957

CFO of Metall Zug AG since January 1, 2013.

Education:

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

Professional background:

Forbo Holding AG, Head 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

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

Education:

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

Professional background:

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

Christoph Schüpbach (CH) b. 1966

Head of Wire Processing Business Unit at Metall Zug since October 1, 2012.

Education:

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

Professional background:

CEO of Schleuniger Group since August 1, 2009; management functions at Bystronic Group, culminating in Head of the NAFTA, North Europe and Asia/Pacific Market Division, 2003–2009, management functions within the ABB Group, culminating in Head of the Overvoltage Protection business area at ABB Switzerland, Product Manager for south-east Asia at ABB Malaysia and development engineer and project manager at ABB Hochspannungstechnik, 1993–2002.

4.3 Number of permitted additional mandates (Senior Management)

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

4.4 Management contracts

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

5 Compensations, Shareholdings and Loans: Compensation Report

For disclosures regarding compensation, please refer to the separate Compensation Report published on page 50 et. seq. of this Annual Report.

6 Shareholders' Participation

6.1 Voting Rights and Representation Restrictions

All shareholders may attend the General Meeting of Shareholders in person to exercise their rights or act at the General Meeting of Shareholders through written proxy to a duly authorized person, who is also a shareholder, or the independent representative. The independent representative is obliged to exercise the voting rights transferred to him by the shareholders in accordance with their instructions. Pursuant to Art. 16a of the Articles of Association, the Board of Directors ensures that shareholders have the opportunity to

- submit instructions to the independent representative on every motion relating to agenda items mentioned in the invitation to the meeting,
- submit general instructions to the independent representative regarding unannounced motions and new agenda items,
- as of the 2015 General Meeting of Shareholders, submit proxies and instructions to the independent representative electronically,

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

6.2 Statutory Quorums

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

- the conversion of registered shares into bearer shares (and vice versa);
 - the restriction of the transferability of registered shares and the easing or cancellation of such restriction;
 - the dissolution of the company by liquidation
- require the approval of at least two-thirds of the votes of the shares represented and the absolute majority of the share par value represented.

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

6.3 Convocation of the General Meeting of Shareholders

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

6.4 Agenda Items

In principle, items are placed on the agenda in compliance with the legal provisions. Shareholders representing shares with a par value of at least one million Swiss francs may request in writing, and upon specification of the motion, inclusion of an item in the agenda within 40 days prior to the General Meeting of Shareholders unless the company sets a different deadline by means of publication. The written request must be accompanied by a statement issued by a bank, confirming that the shares are deposited until after the General Meeting of Shareholders.

6.5 Entries in the Share Register

Only those registered shareholders who are listed in the share register as shareholders with the right to vote on a given cut-off date may exercise the right to vote at the General Meeting of Shareholders. The cut-off date is usually about 20 days prior to the date of the General Meeting of Shareholders. There are no exceptions to the cut-off date rule. The cut-off date is published along with the invitation to the General Meeting of Shareholders in the Swiss Official Gazette of Commerce (SOGC).

7 Changes of Control and Defense Measures

7.1 Duty to Make an Offer

The duty to make a public offer to purchase according to Articles 32 and 52 of the Swiss Stock Exchange and Securities Trading Act (SESTA) has been waived (opting out).

7.2 Clauses on Changes of Control

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

8 Auditors

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

Ernst & Young AG, Zug.

Duration of 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 AG, charged Metall Zug AG, or the Metall Zug Group respectively, TCHF 730 for services related to the audit of the annual financial statements of Metall Zug AG and its subsidiaries, as well as for services related to the audit of the consolidated financial statements of the Metall Zug Group.

8.3 Additional Fees

The independent auditors, in particular Ernst & Young AG, charged Metall Zug AG, or the Metall Zug Group respectively, additional fees of TCHF 122, of which TCHF 1 was for audit related additional services, TCHF 104 was for tax consulting services and TCHF 17 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 2014, he took part in three meetings of the committee. The Audit Committee assesses the performance of the external auditors on the basis of the documents, reports and presentations issued by the external auditors. In doing so, the Audit Committee evaluates the quality, relevance and contribution toward improving transparency on the basis of the statements and documentation made available by the external auditors. In addition, the committee seeks the opinion of the CFO. The amount of fees charged by the external auditors is reviewed and compared with the auditing fees of other comparable Swiss industrial companies on a regular basis. Further information on the external auditors, in particular the amount of auditing fees, and fees charged by the external auditors for additional services outside the agreed audit scope can be found in the sections 8.2 and 8.3 of this Corporate Governance report. The Audit Committee takes care to ensure that the fees for services that fall outside the agreed audit scope do not exceed a reasonable amount, in order to safeguard the independence of the external auditors.

9 Information Policy

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

Shareholders receive on request 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/maillinglist, interested persons can subscribe to a mailing list to receive ad-hoc releases and further company information.

Compensation Report

Compensation

The members of the Board of Directors and members of Senior Management of Metall Zug AG are entitled to compensation commensurate with their activities, and to the usual social insurance as well as reimbursement of the expenses incurred in the interests of the company. The following report explains the principles of the compensation system and provide details of the compensation paid to the Board of Directors and Senior Management for the 2014 financial year. A new set of Compensation Regulations setting out the details of the company's compensation structure for members of the Board of Directors and Senior Management was adopted by the Board of Directors, effective January 1, 2014.

The group's compensation policy provides an adequate basis for the performance-based remuneration and motivation of the employees and managers in line with the market. The compensation system is structured in such a way that the interests of the key employees coincide with the interests of the group and its business units.

Compensation to Board of Directors

The members of the Board of Directors receive a fixed compensation for their work in line with comparable market and industry rates as well as a lump-sum reimbursement of business expenses. Members of the Board of Directors who serve as Chairman of the Board of Directors or chairman of a committee or who perform special tasks (e.g. activities on the Board of Directors of subsidiaries) receive an additional fee for this supplementary function at comparable market rates. The Chairman of the Board of Directors is entitled to full inclusion in the company's pension scheme, provided he holds this office as his main occupation (Art. 25b of the Articles of Association). In the reporting year, with the exception of Marga Gyger at Gehrig Group AG, no member of the Board of Directors of Metall Zug AG held a seat on the Board of Directors of subsidiaries.

The compensation of the Board of Directors is determined at the request of the Staff and Compensation Committee by the entire Board of Directors on an annual basis, usually in the first quarter of the year, for the period from the ordinary

General Meeting of Shareholders to the ordinary General Meeting of Shareholders of the following year and submitted to the General Meeting of Shareholders for approval in accordance with Art. 25 of the Articles of Association.

Compensation to Senior Management

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

In determining the fixed compensation, as a rule key figures such as sales, revenue, number of employees are taken into account alongside relative criteria such as complexity of the business, area of responsibility, performance of additional tasks and special projects. The amount of the fixed compensation is determined upon request of the Staff and Compensation Committee by the entire Board of Directors, taking into account the fixed component agreed with Senior Management in their employment contracts, in the first quarter of each year for the period from January 1 to December 31 of the current year with reference to the total compensation amount approved by the General Meeting of Shareholders the year before. Approval of the total compensation amount available for the fixed compensation of the members of Senior Management is given by the General Meeting of Shareholders in accordance with Art. 25 of the Articles of Association for the following calendar year (prospective model).

If an approved total amount for the compensation of the Senior Management is not sufficient to compensate the members appointed after the resolution by the General Meeting of Shareholders until the start of the next approval period, according to Art. 25c of the Articles of Association an additional amount of maximum 40 % of the previously approved total compensation for Senior Management per person is available to the company for the approval period in question.

The variable component depends on the success of the business and/or the achievement of individually set objectives, and should guarantee the greatest possible congruence of interests between Senior Management, Board of Directors, shareholders and other stakeholders. The intention is to achieve a balance between short-term operating goals and the long-term, sustainable interests of the Metall Zug Group and to strive for a performance geared to the duties of a diligent managing director. As a rule, the variable compensation may not exceed 100 % of the fixed component. In accordance with Art. 25b of the Articles of Association, the variable compensation is linked to qualitative and quantitative objectives (normally in an approx. 40:60 ratio), the structure of which may be determined by the entire Board of Directors with full discretion at the request of the Staff and Compensation Committee, taking into consideration the function of the member of Senior Management in question.

Depending on the function of the respective member of Senior Management, the quantitative targets refer to group targets or business unit targets and include for example net sales, EBIT, net working capital and net income or growth rates. The qualitative objectives are geared toward the long-term, sustainable development of the company, for example entry into new markets or establishment of new activities, reaching of milestones on key projects, implementation of reorganizations/restructurings, reaction to unforeseen circumstances, corporate governance/compliance. The employment contracts of the members of Senior Management provide for a target bonus, which comes to between 24 % and 80 % of the fixed compensation, depending on their function. In cases of very good performance, the target bonus may be exceeded by no more than 25 % (maximum bonus). As part of a transitional solution for a limited period of time, in order to preserve vested rights during the introduction of the new compensation system, the target bonus may be exceeded by no more than 50 % in cases of very good performance. As a general rule, the payment of any variable compensation is conditional upon a positive net result being achieved at group level or, in the case of business unit heads, at both business unit and group level.

The amount of the target bonus for Senior Management is also determined upon request of the Staff and Compensation Committee by the entire Board of Directors in the first quarter of the calendar year for the current year, taking into consideration the target bonus agreed in the employment contracts with the Senior Management. Also the variable compensation for Senior Management for the past financial year is determined upon request of the Staff and Compensation Committee by the entire Board of Directors following presentation of the annual financial statements in the first quarter of the following year on the basis of the achievement of the quantitative and qualitative targets agreed and is paid out in accordance with Art. 25b of the Articles of Association following approval by the General Meeting of Shareholders.

The Head of the Household Appliances Business Unit, who joined Senior Management as of September 1, 2013, was guaranteed a minimum bonus for the reporting year.

Benchmark

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

Employment Contracts of the Members 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. The Articles of Association do not contain any provisions that would permit the allocation of participation, conversion or option rights. Prior to the disclosure or announcement of market-relevant information or projects, the Board of Directors, Senior Management and any employees involved are prohibited from effecting transactions with equity securities (or other financial instruments) of Metall Zug AG or potential target companies.

Loans, Credit Facilities and Post-Employment Benefits

No loans or credit facilities were granted to members of the Board of Directors or to members of Senior Management or related parties and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities.

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

Details

Details of compensation to the Board of Directors and to Senior Management can be found on page 53 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 88 of the annual financial statements of Metall Zug AG.

Compensation to members of the Board of Directors and Senior Management

	2014				2013			
Compensation for the business year, in CHF	Compensations fixed (net)	Compensations variable (net) ¹⁾	Social contributions ²⁾	Total	Compensations fixed (net)	Compensations variable (net) ¹⁾	Social contributions ²⁾	Total
Heinz M. Buhofer Chairman of the Board of Directors since May 4, 2013, non-executive	500 000	0	153 785	653 785	284 494	0	113 347	397 841
Jürgen Dormann Chairman of the Board of Directors until May 3, 2013, non-executive	0	0	0	0	140 000	0	14 291	154 291
Calvin Grieder Member of the Board of Directors until May 2, 2014, non-executive	50 000	0	6 666	56 666	125 333	0	16 594	141 927
Marga Gyger ³⁾ Member of the Board of Directors, non-executive	150 000	0	12 749	162 749	147 000	0	12 776	159 776
Peter Terwiesch Member of the Board of Directors, non-executive	100 000	0	13 334	113 334	223 667	0	29 572	253 239
Martin Wipfli ⁴⁾ Member of the Board of Directors, non-executive	150 000	0	0	150 000	140 000	0	0	140 000
Total Board of Directors	950 000	0	186 534	1 136 534	1 060 494	0	186 580	1 247 074
Jürg Werner CEO Metall Zug Group	678 945	632 768	412 577	1 724 290	574 822	650 000	398 955	1 623 777
Total Senior Management⁵⁾	2 014 906	1 356 465	1 251 815	4 623 186	1 884 193	1 291 296	1 259 301	4 434 790

¹⁾ The variable compensation to the members of the Senior Management for the year 2014 is included above on an accrual basis (same method as in the previous year), although paid out only in May 2015, provided that the Annual General Meeting of Shareholders of May 1, 2015, approves the relevant amounts.

²⁾ Employer's and employee's contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), health insurance and accident insurance.

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

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

⁵⁾ The highest compensation amount to a single member of the Senior Management was paid to Jürg Werner in both reporting years. Claus Martini stepped down as member of the Senior Management on October 1, 2014; his compensation is included pro rata temporis. In 2013 the compensation of Urs Wäichli is included pro rata temporis until August 31, 2013, when he stepped down as a member of the Senior Management.

COMPENSATION REPORT

In the course of the transition to the requirements of the Ordinance of November 20, 2013, against Excessive Remuneration in Listed Companies (ERCO), the figures of 2013 have been adapted as follows: the fixed expense allowances based on an expense regulation which is approved by the tax authorities will not be disclosed. The fixed and the variable compensations are consistently showed as net amounts for the sake of comparability, uniformity and consistency of the reporting. In addition, the social contributions have been adapted to reflect the variable compensation on an accrual basis.

Report of the Statutory Auditor



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To the General Meeting of

METALL ZUG AG, Zug

Zug, 20 March 2015

Report of the statutory auditor on the compensation report

We have audited the compensation report dated 20 March 2015 of METALL ZUG AG for the year ended 31 December 2014 presented on page 52 to 54.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the compensation report for the year ended 31 December 2014 of METALL ZUG AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Andreas Blank
Licensed audit expert

Financial Report

Gross sales in 2014 were up 2.0 % to CHF 927.0 million (previous year: CHF 908.6 million). Overall, the Metall Zug Group generated an operating income (EBIT) of CHF 75.0 million (previous year: CHF 69.8 million), despite the recognition of provisions of CHF 6.9 million. This corresponds to an increase of 7.6 % or 17.4 % when factoring out these provisions. The financial result stabilized in the reporting year at CHF 26.0 million (previous year: CHF 70.2 million including CHF 45.6 million from the one-time impact of transactions with the shares of Zug Estates Holding AG). Net income came to CHF 86.0 million (previous year: CHF 124.1 million including the contribution from the shares of Zug Estates Holding AG). The ratio of equity to total assets at the end of the reporting year was once again higher at 76.4 % compared to 75.3 % in the previous year and the net cash position at year end rose to CHF 491.4 million (previous year: CHF 415.8 million).



**Household
Appliances**



**Infection
Control**

**Wire
Processing**

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Consolidated Income Statement

in CHF 1000	Notes	2014	2013
Gross sales		927 016	908 606
Sales deductions		-23 311	-24 809
Net sales	1	903 705	883 797
Changes in inventories		-4 874	-9 387
Other operating revenue		6 192	4 788
Operating revenue		905 023	879 198
Cost of materials	2	-321 988	-320 282
Personnel expenses	3	-347 763	-329 403
Depreciation on tangible assets	13	-33 517	-36 128
Amortization on intangible assets	13	-4 645	-4 589
Other operating expenses	4	-122 078	-119 045
Operating expenses		-829 991	-809 447
Operating income (EBIT)	1	75 032	69 751
Financial income	6	30 258	86 552
Financial expenses	6	-4 298	-16 942
Associated companies	6, 13	-9	555
Financial result		25 951	70 165
Income before taxes		100 983	139 916
Taxes	7	-15 139	-15 720
Non-controlling interest	8	135	-133
Net income		85 979	124 063
Net income per type A registered share (in CHF)	9	19.47	28.02
Net income per type B registered share (in CHF)	9	194.72	280.23

There is no dilution in 2014 and in 2013 with regards to net income per share. Details of the individual items are available in the notes to the consolidated financial statements on page 68.

Consolidated Balance Sheet

Assets

in CHF 1000	Notes	12.31.2014	12.31.2013
Cash and cash equivalents		223 235	153 218
Securities	10	273 432	271 056
Trade receivables	11	111 889	115 745
Other receivables		18 010	21 184
Inventories	12	132 465	135 614
Prepaid expenses		4 439	5 633
Current assets		763 470	702 450
Land	13	385	385
Land and buildings	13	161 304	155 984
Plant and equipment	13	61 959	67 674
Prepayments and assets under construction	13	1 287	1 600
Other tangible assets	13	20 754	20 790
Tangible assets		245 689	246 433
Employer's contribution reserves	13, 25	15 077	14 642
Associated companies	13	5 255	5 331
Other financial assets	13	13 891	11 592
Financial assets		34 223	31 565
Software	13	11 533	12 997
Other intangible assets		50	89
Intangible assets		11 583	13 086
Fixed assets		291 495	291 084
Total assets		1 054 965	993 534

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

Liabilities and shareholders' equity

in CHF 1000	Notes	12.31.2014	12.31.2013
Current financial liabilities	14	4 163	5 223
Trade payables		37 712	35 585
Other current liabilities	12, 15, 16	74 064	75 164
Accrued liabilities		47 058	43 953
Current provisions	17	37 225	33 018
Current liabilities		200 222	192 943
Long-term financial liabilities	14	1 125	3 227
Other long-term liabilities	16	8 485	10 440
Long-term provisions	17	39 487	39 082
Non-current liabilities		49 097	52 749
Total liabilities		249 319	245 692
Share capital	19	11 250	11 250
Capital reserves		342 335	342 335
Treasury shares	19	-18 779	-14 096
Retained earnings		469 807	407 344
Non-controlling interest		1 033	1 009
Shareholders' equity		805 646	747 842
Total liabilities and shareholders' equity		1 054 965	993 534

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

Consolidated Statement of Cash Flows

in CHF 1000	2014	2013
Net income before non-controlling interests	85844	124196
Financial result (net)	-25960	-69610
Depreciation	38143	40717
Result of associated companies	9	-555
Value adjustments of financial assets	131	0
Net changes in provisions	6383	1624
Income tax	15319	15695
Other non-cash items	-2516	2809
Cash flow	117353	114876
Change in securities	17742	71675
Change in trade receivables	6018	-6018
Change in other receivables and prepaid expenses	4844	5096
Change in inventories	6017	5983
Change in trade payables	2033	-12196
Change in other current liabilities and accrued expenses	-2540	-5821
Interests paid	-231	-875
Taxes paid	-15465	-10451
Cash flow from operating activities	135771	162269
Investments in tangible assets	-33707	-28958
Investments in financial assets	-1217	-1318
Investments in intangible assets	-3186	-3138
Divestments/investments in Group companies, net of cash acquired	1000	-13305
Disposals of tangible assets	857	1814
Disposals of financial assets	552	2418
Disposals of intangible assets	43	17
Dividends received	0	0
Interests received	190	238
Cash flow from investing activities	-35468	-42232
Change in long-term financial liabilities	-2222	-13482
Purchase of treasury shares	0	-677
Dividend	-27004	-61977
Cash flow from financing activities	-29226	-76136
Currency translation effects	0	714
Change in "Net cash and cash equivalents"	71077	44615

Information on the composition of "Net cash and cash equivalents" is available on page 83.

Divestment in Group companies in 2014 of TCHF 1000 are related to the sale of a non-controlling interest in Belimed AG to the CEO of Belimed.

Investments in Group companies, net of cash acquired in 2013 of TCHF 13305 are the sum of the asset deal of V-ZUG K hltechnik AG (TCHF 1362), the purchase of Grienbach Immobilien AG (TCHF 8920) and the asset deal of Schleuniger Haofeng (Tianjin) Machinery Co., Ltd. (TCHF 3023).

In a non-cash transaction interest of TCHF 435 (previous year: TCHF 423) was credited to the employer's contribution reserves (see note 13, page 76). The purchase of 18400 type A registered shares of Metall Zug AG with a value of TCHF 4683 has not affected the cash position (it was settled with a part of the sale of 15895 type B registered shares of Zug Estates Holding AG to Zug Estates Holding AG).

Changes in Shareholders' Equity

in CHF 1000	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Accu- mulated Currency Transla- tion Diffe- rences	Total Retained Earnings	Non-con- trolling Interests	Total
Balance on 01.01.2013	11 250	342 335	- 13 419	365 936	- 14 145	351 791	0	691 957
Dividend				-61 977		-61 977		-61 977
Purchase of treasury shares			-677					-677
Acquisitions				-5 316		-5 316	930	-4 386
Associated companies				-240		-240		-240
Currency translation effects					-977	-977	-54	-1 031
Net income				124 063		124 063	133	124 196
Balance on 12.31.2013	11 250	342 335	- 14 096	422 466	- 15 122	407 344	1 009	747 842
Balance on 01.01.2014	11 250	342 335	- 14 096	422 466	- 15 122	407 344	1 009	747 842
Dividend				-27 004		-27 004		-27 004
Purchase of treasury shares			-4 683					-4 683
Acquisitions				383		383		383
Liquidation of subsidiary				-99	99			
Associated companies				-66		-66		-66
Sale of non-controlling interest				156	143	299	46	345
Currency translation effects					2 872	2 872	113	2 985
Net income				85 979		85 979	-135	85 844
Balance on 12.31.2014	11 250	342 335	- 18 779	481 815	- 12 008	469 807	1 033	805 646

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

Notes to the Consolidated Financial Statements

General

The consolidated financial statements of the Metall Zug Group comply with the current Swiss GAAP FER financial reporting standard as a whole and are prepared on the basis of historical cost. In the reporting year 2014 the supplemental recommendation outlined in Swiss GAAP FER 31 for publicly listed companies was adopted early and for the first time. Resulting from this initial application are additional disclosures in notes 7, 9 and 14 with no changes to the financial position and the result of operations. The new rules in regards to revenue recognition (Swiss GAAP FER Framework, FER 3 and FER 6) were released on June 24, 2014, and will become effective as of January 1, 2016. After a first assessment the initial adoption of the new standards in regards to revenue recognition leads to additional disclosures. 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 20, 2015.

Scope of Consolidation

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

At the time of the initial consolidation, the assets and liabilities of the acquired companies and businesses are 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 13, page 76). The useful life is determined at the time of acquisition. It generally ranges from 3 to 5 years, and up to 20 years in exceptional cases.

Principles of Consolidation

Consolidation Method

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

Currency Translation

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

Exchange Rates into CHF

Income Statement (Average Rate)	2014	2013
1 EUR	1.2148	1.2309
1 USD	0.9154	0.9272
1 GBP	1.5071	1.4500
1 AUD	0.8255	0.8981
100 CNY	14.9010	14.9780
100 JPY	0.8660	0.9520
Balance Sheet (Exchange Rate on 12.31.)	2014	2013
1 EUR	1.2029	1.2259
1 USD	0.9896	0.8905
1 GBP	1.5372	1.4684
1 AUD	0.8073	0.7903
100 CNY	16.1200	14.5700
100 JPY	0.8251	0.8463

Intercompany Transactions

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

Principles of Valuation

Securities

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

Trade Receivables

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

Inventories

With regard to inventories, purchased goods are recognized in the balance sheet at acquisition cost, predominantly according to the standard cost method, or at market value, if lower. Self-produced goods are valued at production costs including indirect production costs, or at market value, if lower. In addition to individual value adjustments, general value adjustments of up to 10 % for general valuation risks are made according to past experience.

Tangible Assets

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

Depreciation and Amortization Table

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

Financial Assets

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

Intangible Assets

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

Liabilities

Liabilities are measured at their nominal value.

Employee Benefits

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

Changes in 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 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 12.31.2014)

Company	Domicile	Currency	Share Capital	Participation 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 %
V-ZUG (Shanghai) Domestic Appliance Co., Ltd.	Shanghai (CN)	CNY	8363000	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	98.62 %
Belimed Sauter AG	Sulgen	CHF	350000	100 %
Belimed GmbH	Mühldorf am Inn (DE)	EUR	6135550	100 %
Belimed Technik GmbH	Mühldorf am Inn (DE)	EUR	25000	100 %
Belimed Deutschland GmbH	Mühldorf am Inn (DE)	EUR	25000	100 %
Belimed d.o.o.	Grosuplje (SI)	EUR	28000	100 %
Belimed GmbH	Fehring (AT)	EUR	180000	100 %
Belimed B.V.	J.G. Rotterdam (NL)	EUR	18151	100 %
NV Belimed SA	Louvain-la-Neuve (BE)	EUR	198315	100 %
Belimed SAS	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 %
DiIT AG	Krailling (DE)	EUR	103000	35 %
Schlatter Industries AG	Schlieren	CHF	13465238	27.66 %

Effective January 1, 2014, V-ZUG (Shanghai) Domestic Appliance Co., Ltd. China, commenced business. On March 31, 2014, Belimed Infection Control Kft., Hungary was liquidated and deconsolidated. A minority stake in Belimed AG, Switzerland of 1.38 % was sold on October 7, 2014, to the CEO of the Infection Control Business Unit. Metall Zug AG has the right to buy back this minority stake based on a defined calculation method at the occurrence of certain conditions or after a set period of time.

1 Segment Information

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

- Household Appliances Appliances for kitchen and laundry as well as for the gastronomy services, incl. other products¹⁾
- Infection Control Equipment for medical institutions, life science industry and laboratories, incl. other products¹⁾
- Wire Processing Wire processing equipment
- Corporate Management and real estate

By Business Unit

	Net Sales to Third Parties		Operating Income (EBIT)		Net Assets Invested ²⁾	
in CHF 1000	2014	2013	2014	2013	2014	2013
Household Appliances	572 659	561 673	70 012	54 182	181 376	182 053
Infection Control	203 420	214 400	–13 010	671	103 924	106 308
Wire Processing	127 626	107 724	19 460	15 032	51 716	52 793
Corporate	0	0	–1 436	–167	348 896	337 261
Consolidation	0	0	6	33	–278 901	–264 448
Total	903 705	883 797	75 032	69 751	407 011	413 966

	EBIT as % of Net Sales		Contribution to Operating Income (EBIT)		EBIT in % of Net Assets Invested	
in percent	2014	2013	2014	2013	2014	2013
Household Appliances	12.2 %	9.6 %	93.3 %	77.7 %	38.6 %	29.8 %
Infection Control	–6.4 %	0.3 %	–17.3 %	1.0 %	–12.5 %	0.6 %
Wire Processing	15.2 %	14.0 %	25.9 %	21.6 %	37.6 %	28.5 %
Corporate			–1.9 %	–0.3 %	–0.4 %	–0.0 %
Consolidation			0.0 %	0.0 %	–0.0 %	–0.0 %
Total			100.0 %	100.0 %	18.4 %	16.8 %

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

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

Net Sales to Third Parties by Region in CHF 1000	Household Appliances	Infection Control	Wire Processing	2014 Total	2013 Total
Switzerland	537 562	16 565	1 765	555 892	557 635
Other European countries	11 971	97 080	47 164	156 215	152 814
Americas	15 489	51 522	40 065	107 076	101 399
Asia/Pacific/Others	7 637	38 253	38 632	84 522	71 949
Total 2014	572 659	203 420	127 626	903 705	
Total 2013	561 673	214 400	107 724		883 797

2 Cost of Materials

In the year under review, the cost of materials increased in absolute terms by TCHF 1 706, from TCHF 320 282 up to TCHF 321 988, in relation to revenue they decreased from 35.2 % down to 34.7 %. This is a result of currency effects in the sales markets and a changed product mix. The foreign exchange rates in the sourcing countries remained stable in 2014, creating only a minor impact on cost of materials. Cash discounts on goods purchased are recorded as cost reductions.

3 Personnel Expenses

in CHF 1000	2014	2013
Wages and salaries	-287 970	-273 993
Pension contributions	-18 551	-17 552
Other personnel expenses	-41 242	-37 858
Total personnel expenses	-347 763	-329 403

Headcount increased in the reporting year by 119 (previous year: increase of 274) to 3 626 (previous year: 3 507). 100 of the total 119 additional positions were created in the Household Appliances Business Unit.

4 Other Operating Expenses

in CHF 1000	2014	2013
Marketing/sales promotion	-26 244	-26 896
Change in provisions	88	76
Maintenance and repair	-9 971	-10 128
Administrative expenses	-47 546	-43 321
Other costs	-38 405	-38 776
Total other operating expenses	-122 078	-119 045

In relation to total gross sales, other operating expenses increased by TCHF 3 033 to 13.2 % (previous year: 13.1 %). Cost reductions were achieved in marketing/sales promotion (TCHF -652), maintenance and repair (TCHF -157) and other costs (TCHF -371). However, administrative expenses increased by TCHF 4 225 mainly due to higher consulting and IT costs in the Infection Control Business Unit.

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. The ongoing extensive R&D programs were increasingly handled by own staff. While the total sales increased compared to the previous year, the expenses for research and development amounted to a stable 7.9 % of gross sales (previous year: 7.9 %). As in previous years, these expenses of TCHF 72889 (previous year: TCHF 71 681) were charged directly to the income statement.

6 Financial Result

in CHF 1000	2014	2013
Interest income	176	187
Income from securities	26825	76048
Income from financial assets	108	1712
Foreign exchange gains	3149	8605
Total financial income	30258	86552
Interest expenses	-235	-911
Losses on securities	-2252	-5472
Other financial expenses	-689	-472
Foreign exchange losses	-1122	-10087
Total financial expenses	-4298	-16942
Result of associated companies	-9	555
Net financial result	25951	70165

As a result of the spin-off of the Real Estate Business Unit in 2012, Metall Zug AG held 60 000 freely sellable type B registered shares in Zug Estates Holding AG. Last year, the sale of 42 105 of those shares and the revaluation of the remaining 17 895 shares at the market value contributed TCHF 45 626 to the income from securities. This year, the sale of the remaining 17 895 shares at market value resulted in a gain of TCHF 559. Compared to the previous year, the result from securities with the Zug Estate shares decreased by TCHF 45 067. Income from securities also includes the gross reported income and capital gains from the portfolio management. The foreign exchange gains/losses are mainly due to the external portfolio management. The net position of foreign exchange gains/losses improved from TCHF -1 482 to TCHF 2 027. The losses on securities reflect the gross reported valuation losses from the portfolio management.

7 Taxes

Expenditure

in CHF 1000	2014	2013
Current income taxes	-17020	-14964
Deferred income taxes	1881	-756
Total expenditure	-15139	-15720

Liabilities

in CHF 1000	2014	2013
Current income taxes	14986	13958
Deferred income taxes	24011	25713
Total liabilities	38997	39671

Income Taxes 2014

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

Income Taxes 2013

	Tax rate in %	Tax amount in CHF 1000
Income before taxes		139916
Weighted average applicable tax rate/calculated taxes	11.1 %	15493
Utilization of previously unrecognized tax losses		-2726
Additional unrecognized tax losses		4190
Change of temporary differences		27
Tax effects on investments		-1486
Other effects		222
Reported tax rate/taxes according to the income statement	11.2 %	15720

Potential tax reductions resulting from tax loss carry forwards and temporary differences amount to TCHF 30941 (previous year: TCHF 24564). The potential tax reductions increased by net TCHF 6377 (previous year: TCHF 1024). This increase is primarily attributable to the losses in various companies in the Household Appliances and Infection Control Business Units. Tax expenses amount to 15.0 % of income before taxes (previous year: 11.2 %). This tax rate is primarily due to the higher losses in loss creating companies and a lower share of financial income in the profit before tax. The financial income of the Metall Zug AG is subject to federal income tax, including participation exemption. The average tax rate for deferred income taxes amounts to 13.8 % (previous year: 14.0 %).

8 Non-controlling Interests

in CHF 1000	2014	2013
Belimed AG (1.38 %)	80	0
Schleuniger Haofeng (Tianjin) Co., Ltd. (30 %)	55	-133
Total result attributable to non-controlling interests	135	-133

As result of the transfer of a minority stake of 30 % in Schleuniger Haofeng (Tianjin) Co., Ltd. in 2013 and the sale of a minority stake of 1.38 % of Belimed AG in October 2014 to the CEO of the Infection Control Business Unit the corresponding non-controlling interests are disclosed.

9 Net Income per Registered Share

	2014	2013
Issued type A registered shares	1948640	1948640
Average outstanding type A registered shares	1937317	1948640
Issued type B registered shares	255136	255136
Average outstanding type B registered shares	247826	247853
Net income as per income statement (in CHF 1 000)	85979	124063
Weighted average amount of shares	441558	442717
Net income per type A registered share (in CHF)	19.47	28.02
Net income per type B registered share (in CHF)	194.72	280.23

Net income per registered share is computed by dividing the net income by the weighted average of outstanding shares less the weighted average of treasury shares. The 1948640 type A registered shares correspond to 194864 type B registered shares.

There is no dilution in 2014 and in 2013 with regards to net income per share.

10 Securities

in CHF 1000	12.31.2014	%	12.31.2013	%
Fixed-income investments up to 12 months	17580	6.4	41848	15.4
Fixed-income investments over 12 months	94204	34.5	82938	30.6
Shares and similar investments	161648	59.1	146270	54.0
Total securities	273432	100.0	271056	100.0

Most securities are managed by third parties in portfolios. As at December 31, 2013, the position "Shares and similar investments" included 17895 type B registered shares of Zug Estates Holding AG with a market value of TCHF 20794. During the reporting period those 17895 type B registered shares were sold, while 18400 type A registered shares in Metall Zug AG were acquired simultaneously. Therefore, Metall Zug AG no longer has any shares in Zug Estates Holding AG. A total gain of TCHF 559 was generated in 2014 with the shares of Zug Estates Holding AG.

11 Trade Receivables

in CHF 1000	12.31.2014	12.31.2013
Gross trade receivables	116488	120423
Allowance for doubtful receivables	-4599	-4678
Total trade receivables	111889	115745

12 Inventories

in CHF 1000	12.31.2014	12.31.2013
Raw materials	15629	16851
Trade goods	44570	45350
Semifinished and finished products	112857	115935
Advance payments to suppliers	896	320
Specific value adjustments	-33529	-32188
General value adjustments	-7958	-10654
Total inventories	132465	135614

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 21278 (previous year: TCHF 19756).

13 Fixed Assets Table**Tangible Assets**

in CHF 1000	Land	Land & Buildings	Plant & Equipment	Prepayments & Assets Under Construction	Other Tangible Assets	Total Tangible Assets
Acquisition costs						
Balance on 01.01.2013	385	215 190	182 015	6	77 037	474 633
Changes in scope of consolidation		23 615	5 494	255	126	29 490
Additions		3 586	17 429	1 600	6 343	28 958
Disposals		-2 605	-16 489		-8 043	-27 137
Reclassifications		-81	386	-261	-44	0
Currency translation effects		239	72		-353	-42
Balance on 12.31.2013	385	239 944	188 907	1 600	75 066	505 902
Additions		11 408	13 154	824	8 420	33 806
Disposals		-597	-15 423	-162	-7 002	-23 184
Reclassifications			797	-975	178	0
Currency translation effects		-120	-20		157	17
Balance on 12.31.2014	385	250 635	187 415	1 287	76 819	516 541
Accumulated depreciation						
Balance on 01.01.2013	0	-78 459	-117 902	0	-52 429	-248 790
Depreciation current year		-7 880	-19 597		-8 651	-36 128
Disposals		2 400	16 260		6 663	25 323
Reclassifications			53		-53	0
Currency translation effects		-21	-47		194	126
Balance on 12.31.2013	0	-83 960	-121 233	0	-54 276	-259 469
Depreciation current year		-5 973	-19 571		-7 973	-33 517
Disposals		597	15 162		6 398	22 157
Reclassifications			161		-161	0
Currency translation effects		5	25		-53	-23
Balance on 12.31.2014	0	-89 331	-125 456	0	-56 065	-270 852
Net book values on 12.31.2013	385	155 984	67 674	1 600	20 790	246 433
Net book values on 12.31.2014	385	161 304	61 959	1 287	20 754	245 689
Of which land 12.31.2013	385	30 770				
Of which land 12.31.2014	385	30 711				
Insurance values 12.31.2013		350 850	280 910		59 026	690 786
Insurance values 12.31.2014		347 475	289 517		61 572	698 564

Financial and Intangible Assets

in CHF 1000

	Financial Assets	Intangible Assets
Acquisition costs		
Balance on 01.01.2013	66369	33426
Changes in scope of consolidation		52
Additions	1742	3139
Disposals ¹⁾	-30563	-1454
Associated companies	315	0
Currency translation effects		-6
Balance on 12.31.2013	37863	35157
Additions	3416	3186
Disposals	-552	-702
Associated companies	-75	
Currency translation effects	-19	-20
Balance on 12.31.2014	40633	37621
Accumulated amortization		
Balance on 01.01.2013	-6342	-18913
Amortization current year		-4589
Impairment		
Disposals	44	1437
Currency translation effects		-6
Balance on 12.31.2013	-6298	-22071
Amortization current year		-4645
Impairment	-112	
Disposals		659
Currency translation effects		19
Balance on 12.31.2014	-6410	-26038
Net book values on 12.31.2013	31565	13086
Net book values on 12.31.2014	34223	11583²⁾

¹⁾ Of which Zug Estates Holding AG shares worth TCHF 28101 reclassified as securities under current assets.

²⁾ Of which TCHF 11533 (previous year: TCHF 12997) software.

Financial assets include employer's contribution reserves of TCHF 15077 (previous year: TCHF 14642), non-consolidated investments of TCHF 11 474 (previous year: TCHF 11 380), long-term financial assets of TCHF 2 416 (previous year: TCHF 212) and investments in associated companies of TCHF 5 255 (previous year: TCHF 5 331).

Interest of TCHF 435 was credited to the employer's contribution reserves (previous year: TCHF 423). In the previous year a Group company reduced the employer's contribution reserves by TCHF 70.

Prior to the spin-off of the Real Estate Business Unit in 2012, 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 stake of 60 000 type B registered shares in Zug Estates Holding AG. In 2013, 42 105 of these shares were sold and the remaining 17 895 shares reclassified to Securities (Current assets). In the reporting period these 17 895 type B registered shares of Zug Estates Holding AG were sold. Overall, a gain of TCHF 599 was recorded in 2014 from the shares of Zug Estates Holding AG. Value adjustments of TCHF 112 on further non-consolidated participations were recognized (previous year: decrease of TCHF 44 net).

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

The Associated companies include retroactive adjustments of the Schlatter Group's shareholders' equity, not affecting net income, amounting to TCHF –66 (previous year: TCHF –240), an income-relevant subsequent posting of the share in the result for the 2013 business year of TCHF 7 (previous year: TCHF 363 in respect of the 2012 financial year), and the estimated profits of the two associated companies for the 2014 financial year of TCHF 16 (previous year: profit of TCHF 192), which 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.

In the reporting period the final purchase price for the acquired assets of Tianjin Haofeng Electrical Co. Ltd. by means of an asset deal resulted in a reduction of goodwill of TCHF 383 respectively an increase of retained earnings. Last year this purchase of Schleuniger Haofeng (Tianjin) Co., Ltd. generated a goodwill of TCHF 5 316 which was then recorded against retained earnings. The accumulated acquisition values amount to TCHF 8 707 (previous year: TCHF 9 090). 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 2 934 (previous year: TCHF 2 144). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 2 790 (previous year: TCHF 6 107).

14 Current and Long-term Financial Liabilities

In the reporting period, financial liabilities decreased by TCHF 3 162 to TCHF 5 288 due to the planned repayments and exchange rate impacts. In the previous year, bank loans due in the amount of TCHF 16 577 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 22 792. To provide a better overview, data on multiple amortizations during the year (e.g. on a quarterly basis) are shown as one single line with a term of December 31 of the respective year. As collateral for current and long-term financial liabilities of TCHF 5 288 (previous year: TCHF 8 450), assets with a book value of TCHF 10 346 have been encumbered (previous year: TCHF 9 964).

2014 in 1000					
Financial Instrument	Currency	Term	Amount FC	Amount CHF	Interest Rate
Bank loan	CHF	10.31.2015	1 000	1 000	2.1 %
Bank loan	CHF	12.31.2015	500	500	2.4 %
Bank loan	CHF	06.30.2016	625	625	2.4 %
Bank loan	JPY	09.11.2015	250 000	2 063	1.6 %
Mortgage with fixed interest	CHF	11.26.2015	500	500	4.0 %
Mortgage with fixed interest	CHF	11.26.2017	500	500	4.1 %
Mortgage with fixed interest	EUR	03.31.2015	83	100	3.2 %
Total				5 288	

2013 in 1000					
Financial Instrument	Currency	Term	Amount FC	Amount CHF	Interest Rate
Bank loan	CHF	01.31.2014	1 000	1 000	1.0 %
Bank loan	CHF	12.31.2014	500	500	2.4 %
Bank loan	CHF	10.31.2015	1 000	1 000	2.1 %
Bank loan	CHF	12.31.2015	500	500	2.4 %
Bank loan	CHF	06.30.2016	625	625	2.4 %
Bank loan	JPY	09.12.2014	250 000	2 116	1.7 %
Mortgage with fixed interest	CHF	08.04.2014	1 400	1 400	1.6 %
Mortgage with fixed interest	CHF	11.26.2015	500	500	4.0 %
Mortgage with fixed interest	CHF	11.26.2017	500	500	4.1 %
Mortgage with fixed interest	EUR	12.31.2014	167	205	3.2 %
Mortgage with fixed interest	EUR	03.31.2015	83	102	3.2 %
Other loans	EUR	06.01.2014	2	2	6.0 %
Total				8 450	

15 Pension Liabilities

Pension liabilities amount to TCHF 369 (previous year: TCHF 789). They are recorded as other current liabilities.

16 Other Liabilities

Effective March 1, 2013, the newly established V-ZUG Kühltechnik AG acquired the business activities of the refrigeration equipment unit of AFG Arbonia-Forster Holding AG by way of an asset deal. The goodwill of TCHF 11 389 resulting from the acquisition is presented within liabilities and is systematically reversed. The goodwill is caused by deferred development costs and necessary adjustments to operations, both already considered in the purchase price. These two effects add up to CHF 6 million and CHF 5 million respectively. According to current planning the development costs will materialize from 2014 to 2017 while the adjustments to the operations should be realized from 2017 onwards. The goodwill will be reversed over time in line with the development activities and the adjustments to operational processes. The reversal based on this concept will be reviewed and if necessary adjusted on an annual basis.

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

17 Provisions

in CHF 1000	Deferred Taxes	Guarantees	Pension	Restruc- turing	Other	Total
Balance on 01.01.2013	23957	36941	3216	599	3928	68641
Additions	1967	25819	118		3647	31551
Utilization	-1235	-24860	-43		-1499	-27637
Release		-982	-58	-249	-269	-1558
Change in scope of consolidation	1024					1024
Currency translation effects	0	-7	46		40	79
Balance on 12.31.2013	25713	36911	3279	350	5847	72100
Of which current provisions		27693	371		4954	33018
Balance on 01.01.2014	25713	36911	3279	350	5847	72100
Additions	768	28154	392	6985	2549	38848
Utilization	-2470	-27963	-149	-131	-1802	-32515
Release		-993		-75	-584	-1652
Currency translation effects		39	-60	-19	-29	-69
Balance on 12.31.2014	24011	36148	3462	7110	5981	76712
Of which current provisions		28613	392	3070	5150	37225

Provisions for guarantees are calculated on the basis of historical data (average of actual costs in recent years). Of the total provisions for restructuring as of December 31, 2014 amounting to TCHF 7 110, TCHF 6 835 are attributable to the Infection Control Business Unit. The other provisions cover in particular the expected cash outflows from various legal cases.

18 Significant Shareholders

As at December 31, 2014, the following shareholders own more than 3 % of the total voting rights:

	Type A Registered Shares	Type B Registered Shares	Votes	Votes Previous Year
Heinz and Elisabeth and Heinz M. Buhofer ¹⁾	1 480 650	2 261	67.3 %	67.2 %
Ursula Stöckli	328 000	17 006	15.7 %	15.7 %
Werner O. Weber, indirectly through Wemaco Invest AG	82 000	41 600	5.6 %	5.6 %

¹⁾ And Annelies Häcki-Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, to the extent acting in mutual agreement. As at December 31, 2014, Zug Estates Holding AG – in which Buhofer Trust II, Vaduz (set up by Heinz and Elisabeth Buhofer-Rubli, Heinz M. Buhofer, Annelies Häcki-Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki) owns a total of 66.25 % of the voting rights according to the public notification of August 13, 2013 – holds no type A or B registered shares of Metall Zug AG (previous year: 18 400 type A registered shares and no type B registered shares of Metall Zug AG, or 0.8 % of the total voting rights, which are not included in the figure in the table).

19 Shares

Shares Issued		
1 948 640 Type A registered shares at par value CHF 2.50	Swiss security no. 209 262	CHF 4 871 600
255 136 Type B registered shares at par value CHF 25.00	Swiss security no. 398 2108	CHF 6 378 400
2 203 776 Votes	Share capital	CHF 11 250 000

No equity instruments were issued in the year under review or in the previous year. Undistributable, statutory or legal reserves amount to TCHF 12 132 (previous year: TCHF 11 895).

In 2014, 18 400 type A treasury shares were purchased from Zug Estates Holding AG at an average price of CHF 254. There were no transactions with type B registered shares in 2014. In various transactions in 2013 a total of 347 type B registered shares at an average price of 1951 were purchased. As of December 31, 2014 Metall Zug AG holds 18 400 of its type A treasury shares at an average purchase price of CHF 254 and 7 310 type B treasury shares at an average purchase price of CHF 1 928 (as of December 31, 2013: no type A treasury shares and 7 310 type B treasury shares).

20 Transactions with Related Parties

In the reporting year, invoices for services and supplied appliances to companies of the Zug Estates Holding AG in the amount of TCHF 122 (previous year: TCHF 120) were issued. On the other hand, expenses of TCHF 195 (previous year: TCHF 239) occurred from gastronomy and real estate management services rendered by companies of the Zug Estates Holding AG. As at December 31, 2014, there were accounts receivable of TCHF 21 (previous year: TCHF 1) and accounts payable of TCHF 18 (previous year: TCHF 6) from companies of the Zug Estates Holding AG on the balance sheet.

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 2014 amounts to TCHF 35 (previous year: TCHF 35).

2000 type B registered shares of Zug Estates Holding AG were sold in 2014 at a market value of TCHF 2356 to a shareholder listed in note 18 "Significant shareholders". Another 15895 type B registered shares of Zug Estates Holding AG were sold at a market value of TCHF 18734 to Zug Estates Holding AG. The average sales price of the 17895 shares was CHF 1 178.56. In return, Zug Estates Holding AG sold 18400 type A registered shares of Metall Zug AG at a market value of TCHF 4679 to Metall Zug AG (average price CHF 254.31) and settled the transaction with a part of the sales price for the 15895 type B registered shares of Zug Estates Holding AG. Metall Zug AG no longer holds any shares of Zug Estates Holding AG. 2013, 10600 type B registered shares of Zug Estates Holding AG were sold at a market value of TCHF 13268 (average price CHF 1 251.70) 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 amounts paid to the Board of Directors and Senior Management is available in the compensation report on page 50.

21 Leasing Liabilities

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

in CHF 1000	12.31.2014	12.31.2013
up to 1 year	2 298	2 745
up to 3 years	2 432	3 438
over 3 years	520	1 029
Total	5 250	7 212

22 Derivative Financial Instruments

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

Contract Values in CHF 1000	12.31.2014	12.31.2013
Currency forward contracts	3 219	2 214
Share options/index options	1 560	1 560
Other derivative instruments	0	0
Total contract values	4 779	3 774
Market Values in CHF 1000	12.31.2014	12.31.2013
Currency forward contracts	-47	-22
Share options/index options	0	18
Other derivative instruments	0	0
Total market values	-47	-4

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 CHF 1000	12.31.2014	12.31.2013
Currency forward contracts	27 747	3 138
Share options/index options	0	0
Other derivative instruments	0	0
Total contract values	27 747	3 138
Market Values in CHF 1000	12.31.2014	12.31.2013
Currency forward contracts	-616	-38
Share options/index options	0	0
Other derivative instruments	0	0
Total market values	-616	-38

23 Contingent Liabilities / Other Off-balance Sheet Obligations

As at December 31, 2014, trade receivables from foreign subsidiaries worth TCHF 17357 (previous year: TCHF 12237) served as collateral for credit lines. Fixed-term deposits and securities that are pledged as collateral amount to TCHF 22908 (previous year: TCHF 23123).

In addition to purchase agreements of TCHF 1042 (previous year: TCHF 2282) there are also a number of long-term rental contracts with a volume of TCHF 22254 (previous year: TCHF 20054).

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10000 (previous year: TCHF 10000), of which TCHF 6193 was paid by the end of 2014 (previous year: TCHF 5434).

24 Acquisition and Sale of Consolidated Subsidiaries

In October 2014 a minority stake of 1.38 % of Belimed AG was sold to the CEO of the Infection Control Business Unit.

In the reporting period the final purchase price of Schleuniger Haofeng (Tianjin) Co., Ltd. reduced goodwill by TCHF 383.

Through the acquisition of Grienbach Immobilien AG and the asset deals of V-ZUG Kühltechnik AG and Schleuniger Haofeng (Tianjin) Co., Ltd. in 2013 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	7 480	743	480
Fixed assets	5 669	23 615	257
Current liabilities	-398	-1 158	0
Non-current liabilities	0	-13 684	0
Net assets	12 751	9 516	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 63). The badwill resulting from the asset deal of V-ZUG Kühltechnik AG is commented on note 16 (page 78).

25 Employee Benefits

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

Employer's Contribution Reserves (ECR)

	Nominal Value	Renounced Use	Balance Sheet	Additions/ Releases as at	Balance Sheet	Result from ECR or Similar Items in Personnel Expenses	
in CHF 1000	12.31.2014	12.31.2014	12.31.2014	2014	12.31.2013	2014	2013
Patronage funds/ pension schemes	14806		14806		14375	431	419
Pension plans	271		271		267	4	-66
Total	15077	0	15077	0	14642	435	353

Economical Benefits / Economical Obligation and Pension Benefit Expenses

	Surplus/Deficit According to Pension Plans	Economical Part of the Organization		Change or Impact on Net Income in Business Year	Contribu- tions for the Period ¹⁾	Pension Expenses in Personnel Expenses	
	12.31.2014	12.31.2014	12.31.2013	2014	2014	2014	2013
Patronage funds/ pension schemes	8156				-304	-304	-253
Pension plans without surplus/deficit					-17397	-17397	-16642
Pension plans with surplus							0
Pension plans with deficit	-4148	-3462	-3279	-241	-1044	-1285	-1010
Total	4008	-3462	-3279	-241	-18745	-18986	-17905

¹⁾ Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 17294 (previous year: TCHF 16625) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 1494 (previous year: TCHF 1327). The economical part of the organization on pension plans with deficits of TCHF 3462 (previous year: TCHF 3279) originates mainly 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. The employer's contribution reserves were reduced by CHF 70 in the previous year and in 2014 remunerated with interest of TCHF 435 (previous year: TCHF 423).

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	2014	2013
Pension contributions at the company's expense	-18 745	-17 952
Contributions to pension plans from employer's contribution reserves	0	-70
Total contributions¹⁾	-18 745	-18 022
Change in Employer's Contribution Reserves due to allocation, asset development, value adjustment, discounting, interests payments, etc.	435	423
Contributions and changes in employer's contribution reserves	-18 310	-17 599
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	-241	47
Total change in economic impact of surplus/deficit	-241	47
Staff pension expenses in personnel expenses	-18 551	-17 552

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

26 Changes in "Net Cash and Cash Equivalents"

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

in CHF 1000	12.31.2014	12.31.2013
Cash and cash equivalents	223 235	153 218
Current financial liabilities	-4 163	-5 223
Total "Net cash and cash equivalents"	219 072	147 995
Changes from the previous year	71 077	44 615

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 89).

28 Events After the Balance Sheet Date

On January 15, 2015, the Swiss National Bank announced the discontinuation of the minimum exchange rate of 1.20 Swiss francs to the euro. Subsequently, the value of the Swiss franc rose sharply against the euro and other currencies that are relevant for Metall Zug Group. The amounts reported in the 2014 consolidated financial statements do not include any adjustments of the foreign exchange rates after December 31, 2014. The translation effect at subsidiaries that use a foreign currency as their functional currency results in lower amounts in the consolidated financial statements and an increase in the cumulative exchange differences recognized in equity. Accordingly, using current estimates and assumptions, it can be assumed that future results would be negatively affected. As the medium- and long-term development of the euro in relation to the Swiss franc cannot be predicted, it is not possible at present to assess what effect the currency change will have on the Metall Zug Group in the financial year 2015. No other 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, 20 March 2015

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 59 to 83, which comprise the income statement, balance sheet, statement of cash flow, changes in shareholders' equity and notes, for the year ended 31 December 2014.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Andreas Blank
Licensed audit expert

Income Statement

Revenue

in CHF	2014	2013
Dividend income	52 500 000	60 000 000
Income from interest and securities	37 875 552	63 633 932
Other revenue	2 649 500	996 000
Total revenue	93 025 052	124 629 932

Expenses

Interest and securities expenses	-19 563 320	-12 849 482
Personnel expenses	-5 522 900	-3 381 798
Other expenses	-2 397 764	-1 737 096
Depreciation	-48 000	-47 480
Value adjustments financial assets	-12 998 008	0
Increase of provisions (net)	-40 000 000	-76 000 000
Taxes	-1 454 589	-4 181 433
Total expenses	-64 377 581	-98 197 289
Net income	28 647 471	26 432 643

Balance Sheet

Assets

in CHF	12.31.2014	12.31.2013
Cash and cash equivalents	117 153 964	76 639 701
Securities	260 403 844	246 946 602
Accounts receivable third parties	556 881	581 999
Accounts receivable intercompany	325 943 3	117 483
Prepaid expenses	2 785	44 147
Current assets	381 376 907	324 329 932
Tangible assets	1	1
Intangible assets	333 400 0	48 000
Intercompany loans	108 575 000	115 575 000
Investments	202 080 918	202 127 833
Financial assets	15 572 083	28 792 368
Fixed assets	329 562 002	346 543 202
Total assets	710 938 909	670 873 134

Liabilities

Accounts payable third parties	1 535 533	449 350 0
Accounts payable intercompany	4 117	49 506
Accrued liabilities	2 454 218	1 032 763
Current liabilities	3 993 868	5 575 769
Provisions	391 308 048	351 303 753
Non-current liabilities	391 308 048	351 303 753
Total liabilities	395 301 916	356 879 522
Share capital	11 250 000	11 250 000
Legal reserves	5 625 000	5 625 000
Reserves for treasury shares	18 778 939	14 096 126
Free reserves	246 334 532	251 017 345
Capital contribution reserves	1 750 052	1 750 052
Retained earnings	31 898 470	30 255 089
Retained earnings carried forward	3 250 999	3 822 446
Net income	28 647 471	26 432 643
Shareholders' equity	315 636 993	313 993 612
Total liabilities and shareholders' equity	710 938 909	670 873 134

Notes to the Annual Financial Statements

1 Investments

Detailed information on the material investments of Metall Zug AG, Zug, as at December 31, 2014, is available on page 67.

2 Significant Shareholders

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

3 Share Ownership by Current Members of the Corporate Bodies

	Type A Registered Shares	as at 12.31.2014 Type B Registered Shares	Type A Registered Shares	as at 12.31.2013 Type B Registered Shares
Heinz M. Buhofer Chairman of the Board of Directors since May 4, 2013	563 040 ¹⁾	1	563 040 ¹⁾	1
Calvin Grieder Member of the Board of Directors until May 2, 2014	²⁾	²⁾	0	0
Marga Gyger Member of the Board of Directors	0	0	0	0
Peter Terwiesch Member of the Board of Directors	0	10	0	10
Martin Wipfli Member of the Board of Directors	0	266	0	266
Jürg Werner CEO	0	0	0	0
Daniel Keist CFO	0	0	0	0
Dirk Hoffmann CEO Household Business Unit since September 1, 2013	0	0	0	0
Claus Martini CEO Infection Control Business Unit until October 1, 2014	²⁾	²⁾	0	0
Christoph Schüpbach CEO Wire Processing Business Unit	0	0	0	0

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

²⁾ Not a member of the Board of Directors or Senior Management at the balance sheet date.

4 Pension Liabilities

As at December 31, 2014, 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 are pledged as collateral (previous year: TCHF 2000).

6 Sureties

There are sureties to secure credit lines of a bank amounting to TCHF 5 100 (previous year: TCHF 6 300).

7 Contingent Liabilities

Metall Zug AG made investment commitments to two private equity funds totaling TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 6 193 was paid by the end of 2014 (previous year: TCHF 5 434).

8 Treasury Shares

In 2014, 18 400 type A treasury shares were purchased from Zug Estates Holding AG at an average price of CHF 254. There were no transactions with type B registered shares in 2014. In various transactions in 2013 a total of 347 type B registered shares were purchased at an average price of 1 951. As at December 31, 2014, Metall Zug AG holds 18 400 of its type A treasury shares at an average purchase price of CHF 254 and 7 310 type B treasury shares at an average purchase price of CHF 1 928 (as of December 31, 2013: no type A treasury shares and 7 310 type B treasury shares).

9 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 their impact. When assessing the impact of a risk, the financial impact as well as the effect on reputation is considered.
3. Risk control: The individual business units assign so-called risk managers to each risk category, who define specific measures and monitor the implementation of these measures.
4. Risk reporting: The Board of Directors of Metall Zug AG receives a consolidated risk report on an annual basis.

Proposal for the Appropriation of Available Earnings

in CHF	12.31.2014	12.31.2013
Retained earnings carried forward	3 250 999	3 822 446
Net income	28 647 471	26 432 643
Retained earnings	31 898 470	30 255 089
Dividend, 244 % of share capital (previous year: 244 %)	27 450 000	27 450 000
minus dividend on treasury shares ¹⁾	-558 150	-445 910
Retained earnings to be carried forward	5 006 620	3 250 999

¹⁾ No dividend is paid on treasury shares. The amount to be paid is therefore likely to be reduced by CHF 558 150 (previous year: CHF 445 910).

Subject to the General Meeting of Shareholders' approval of the Board of Directors' proposal, the dividend will be paid on Thursday, May 7, 2015 (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



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To the General Meeting of

METALL ZUG AG, Zug

Zug, 20 March 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of METALL ZUG AG on page 86 to 90, which comprise the income statement, balance sheet and notes, for the year ended 31 December 2014.

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 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Andreas Blank
Licensed audit expert

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Publishing Information

Key dates 2015

March 26, 2015: Annual report 2014, Annual media and financial analysts' conference

May 1, 2015: General meeting of shareholders for the 2014 financial year

August 24, 2015: Publication of the half-year report

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Publisher: Metall Zug AG

Editor: Metall Zug AG, Corporate Communications & Investor Relations,

Design concept: Hotz Brand Consultants, Translation: bmp translations,

Pre-press: Mondays Modern Media, Printing: Victor Hotz AG

Print run

German: 1 800 copies

English: 600 copies

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

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Product group comprising exemplary forestry and other controlled sources.

Printed on chlorine-free paper.

