

Annual Report 2012

# Innovation & Performance In everyday life with Metall Zug





# The Metall Zug Group

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The Metall Zug Group focuses on its three core businesses and is managed as an industrial group. It is headquartered in Zug and has a staff of around 3 200 employees. The household appliances business unit includes the Swiss market leader V-ZUG AG, SIBIRGroup AG and Gehrig Group AG. The infection control business unit is represented by the Belimed Group, and the Schleuniger Group makes up the wire processing business unit. The holding company Metall Zug AG is listed in the Domestic Standard of SIX Swiss Exchange, Zurich (registered shares of type B: securities number 3982108, ticker symbol METN).



## V-ZUG AG

V-ZUG AG is the most important company in the Metall Zug Group. The Swiss market leader develops, manufactures and sells high-quality and resource-efficient kitchen and laundry appliances. It consistently stands out as a technology leader with its forward-looking innovations.

## SIBIRGroup

### SIBIRGroup AG

Based in Schlieren, SIBIRGroup AG is a full-range supplier of kitchen and laundry appliances. SIBIR has branches and service centers in all parts of Switzerland.

## GEHRIG GROUP

Professional Solutions

### Gehrig Group AG

Gehrig Group AG specializes in dishwashers and thermal appliances for the hotel and restaurant sector. The group's core competencies are food and beverage processing as well as hygiene. Gehrig is the Swiss market leader for professional dishwasher solutions.



### Belimed Group

The Belimed Group is amongst the internationally leading providers of innovative system solutions for infection control. The group's cleaning, disinfection and sterilization solutions are used in the medical sector and the pharmaceutical industry.

## Schleuniger

### Schleuniger Group

The Schleuniger Group develops, produces and distributes semi automatic and fully automatic high-precision wire-processing machinery for the cutting, stripping, crimping, sealing, twisting, tinning, and printing of all types of wire. In addition, Schleuniger offers software packages to optimize machine efficiency and utilization, especially for complex applications.

# Key figures at a glance

## METALL ZUG GROUP

in CHF million	2012	2011	2010	2009	2008
Gross sales	856.4	864.2	852.3	790.2	808.6
Revenue from real estate operations	25.8	49.4	45.9	36.4	35.5
Operating income (EBIT)	66.6	96.7	105.4	61.8	90.5
Net income	61.5	63.4	92.3	71.7	31.8
Cash flow from operating activities	113.0	115.4	134.5	108.7	152.8
in % of sales	13.2	13.3	15.8	13.8	18.9
<b>Total assets</b>	<b>955</b>	<b>1 380</b>	<b>1 253</b>	<b>1 153</b>	<b>987</b>
Current assets	654	755	684	636	577
in % of total assets	69	55	55	55	58
<b>Fixed assets</b>	<b>300</b>	<b>625</b>	<b>569</b>	<b>517</b>	<b>410</b>
in % of total assets	31	45	45	45	42
<b>Total liabilities</b>	<b>263</b>	<b>525</b>	<b>436</b>	<b>412</b>	<b>285</b>
in % of total assets	28	38	35	36	29
<b>Shareholders' equity</b>	<b>692</b>	<b>855</b>	<b>818</b>	<b>740</b>	<b>701</b>
in % of total assets	72	62	65	64	71
Investments	84.2	116.4	106.5	160.1	99.6
Employees	3 233	3 261	3 045	3 016	2 966

## METALL ZUG AG

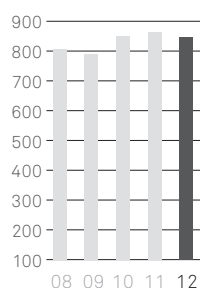
in CHF million	2012	2011	2010	2009	2008
Total assets	628.2	577.4	530.7	498.3	450.7
Total liabilities	278.7	254.0	208.0	180.9	133.9
Shareholders' equity	349.5	323.4	322.7	317.4	316.8
Net income	62.1	25.0	25.0	20.4	19.0
Dividend in %	560 <sup>1)</sup>	220	220	180	180

<sup>1)</sup> According to the proposal of the board of directors to the general meeting of shareholders.

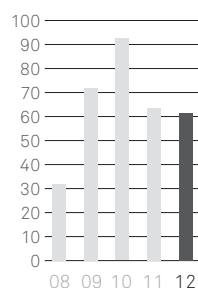
	2012	2011	%
<b>Household appliances</b>			
Gross sales in CHF million	556.9	566.2	-1.6
Employees	1 633	1 586	+3.0
<b>Infection control</b>			
Gross sales in CHF million	199.6	194.9	+2.4
Employees	1 146	1 069	+7.1
<b>Wire processing</b>			
Gross sales in CHF million	103.0	106.1	-2.9
Employees	450	443	+1.6
<b>Real estate <sup>2)</sup></b>			
Revenue in CHF million	25.8	49.4	-47.7
Employees	0	160	-100.0

<sup>2)</sup> until 30 June 2012 in the scope of consolidation

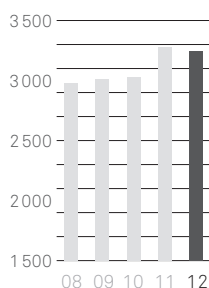
**Gross sales**  
CHF million



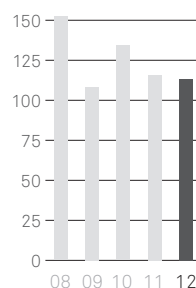
**Net income**  
CHF million



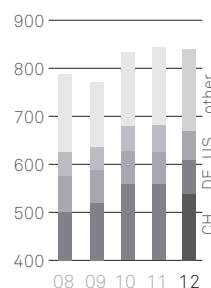
**Employees**



**Cash flow from operating activities**  
CHF million



**Net sales (by country)**  
CHF million



The Metall Zug Group posted **gross sales** of CHF 856.4 million in the year under review (previous year: CHF 864.2 million).

Net sales achieved **abroad** increased from 33.9% in 2011 to 35.8% in 2012, to stand at CHF 299.5 million (previous year: CHF 285.2 million).

As a result of the spin-off of the real estate business unit into Zug Estates Holding AG, **revenue from real estate** was stated only for the first six months of the 2012 financial year. It amounted to CHF 25.8 million, while revenue of CHF 49.4 million was recorded for the 12 months of the previous year.

At CHF 66.6 million, **operating income (EBIT)** was in line with the expectations communicated in summer 2012. Owing to the partial loss of revenue from real estate and other factors, the previous year's result of CHF 96.7 million could not be matched.

At CHF 72.6 million, expenditure for **research and development** in 2012 represented a further increase in terms of proportion of sales, i.e. to around 8.5%, as against CHF 64.7 million or 7.5% of sales in 2011.

The companies of the Metall Zug Group spent 3.3% of sales volume on **marketing activities**, a slight increase on the previous year (3.2%).

The detailed **figures for the individual business units** are provided in the financial report on page 60. The proportion of operating income (EBIT) accounted for by the household appliances business unit climbed to 88.8% (previous year: 72.8%), whereas that of the wire processing business unit decreased to 13.3%

(previous year: 13.8%). The proportion contributed by the real estate business unit fell to 11.2% (previous year: 15.8%) and infection control's contribution was at -13.3% (previous year: -2.4%).

Due to favorable stock market developments and lower interest payments, the **financial result** showed a gain of CHF 8.4 million (previous year: loss of CHF 20.2 million).

Owing to the gratifying earnings situation of individual group companies, **tax expenditure** increased from CHF 13.1 million in the previous year to CHF 13.4 million. In relation to income before taxes, the tax burden of 17.9% is slightly higher than in the previous year (17.1%).

As the good financial result could not completely offset the lower operating result, **net income** came to CHF 61.5 million (previous year: CHF 63.4 million).

As a result of the lower net income figure, **cash flow from operating activities** also fell, standing at CHF 113.0 million (previous year: CHF 115.4 million).

**Headcount** decreased to 3 233 (previous year: 3 261). Of this figure, 2 220 (previous year: 2 327) were employed in Switzerland and 1 013 (previous year: 934) abroad.

The **ratio of equity to total assets** rose to 72.5% at the end of the reporting year, as against 62.0% in the previous year.

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The Metall Zug Group spun off its real estate business unit in the middle of the year. In the process, it distributed shares in Zug Estates Holding AG to the shareholders of Metall Zug AG as part of a special dividend. The economic uncertainty in Europe, the strong Swiss franc and a disappointing result from the infection control business unit put pressure on the group's results. The group's gross sales dropped slightly, falling by 0.9% to CHF 856.4 million. At CHF 66.6 million, the operating income remained in line with expectations. Net income came to CHF 61.5 million in the reporting year. The equity ratio to total assets rose to 72.5%.

## Letter to shareholders

2012 was a challenging year for the industry and thus also for the Metall Zug Group. All business units had to contend with the impact of the debt crisis in Europe and the associated strength of the Swiss franc. Investments in the establishment and expansion of V-ZUG's international business put a further strain on the result. Finally, one-time costs were incurred in the infection control business unit (Belimed Group) and in connection with the spin-off of the real estate business unit last June.

Overall, the Metall Zug Group generated operating income (EBIT) of CHF 66.6 million (previous year: CHF 96.7 million), thus matching expectations. Gross sales declined marginally, falling by 0.9% to CHF 856.4 million (previous year: CHF 864.2 million). The financial result improved in the reporting year, climbing to CHF 8.4 million (previous year: CHF -20.2 million), and the group's net income came to CHF 61.5 million (previous year: CHF 63.4 million). It must be borne in mind that the real estate business unit only made a contribution to profit in the first six months of the year under review. The Metall Zug Group has a very sound balance sheet: equity increased to 72.5% of total assets (previous year: 62.0%), and the net cash position at year-end 2012 stood at CHF 349.6 million.

### Household appliances: Market leadership defended

Owing to the strong Swiss franc and the continuing hefty pressure on margins, the household appliances business unit – which includes V-ZUG AG, a company that manufactures its products exclusively in Switzerland – saw itself confronted with a difficult market environment. It nevertheless succeeded in selling 2.0% more appliances than in the previous year. This is primarily attributable to the world debut technologies developed by V-ZUG – the SteamFinish for dishwashers

and Vacuisine for steamers – thus proving that the household appliances business unit is capable of defending its role as market leader in its home market of Switzerland. Satisfying sales growth was also reported at international level, with business in Belgium, Scandinavia, Russia and especially Australia developing particularly well. Moreover, V-ZUG secured significant large-scale projects in Singapore and Hong Kong that will be implemented in 2013 and 2014. In the US, where V-ZUG works together with a strategic partner, good progress was also made in 2012. However, the positive course of the international business was not able to compensate for the high price pressure in Switzerland. Sales declined marginally by 1.6% to CHF 556.9 million (previous year: CHF 566.2 million). The investments made in the internationalization of V-ZUG also impacted operating income, which fell from CHF 70.4 million to CHF 59.1 million.

### V-ZUG launches efficiency program

In view of the tense market situation, in the year under review V-ZUG launched an efficiency program to boost profitability. At the same time, V-ZUG aims to safeguard and expand its position as a leading and innovative supplier of household appliances. In spite of cost pressure, the household appliances business unit remains committed to Switzerland as a location for technology and industry.

### Infection control: Internal processes dampen result

The Belimed Group failed to meet expectations for the 2012 financial year. In particular, projects launched in mid-2011 to boost efficiency did not progress as planned. In order to lower costs in the long term, the Belimed Group will further strengthen its production processes and structures and resolutely adjust them.



Jürgen Dormann and Dr. Jürg Werner

The group intends to focus intently on these issues in 2013 and make full use of the potential that exists. Gross sales rose by 2.4% to CHF 199.6 million (previous year: CHF 194.9 million), with the “Medical” segment contributing an above-average performance. Operating income (EBIT) was disappointing, representing a loss of CHF 8.8 million.

#### **Wire processing: North America and Japan offset weak sales in Europe**

In 2012, the markets in the wire processing industry developed differently. In North America and Japan the Schleuniger Group set new records, while growth momentum was largely missing in Europe. The strongest growth was posted by the “Projects” segment of the “Solutions” business segment. The main contributors here were the systems for processing special contacts used for fast data transmission in the car manufacturing industry. The Schleuniger Group achieved gross sales of CHF 103.0 million (previous year: CHF 106.1 million). Operating income (EBIT) came to CHF 8.8 million (previous year: CHF 13.4 million).

#### **Focus on industrial areas**

In the context of the spin-off of the real estate business unit, the Metall Zug Group has reorganized and expanded the group management. In particular, the senior management of Metall Zug AG has been extended to include the heads of the individual business units. By taking this step, the Metall Zug Group aims to intensify the coordination and exchange between the individual industrial business areas. It is convinced this will enable it to make even better use of the potential for growth and success that already exists.

#### **Special dividend to mark the double anniversary**

Thanks to the solid financial base, the high level of liquidity and the good earnings’ outlook in the long term, shareholders will, despite the challenging market environment, receive a special dividend of CHF 14.00 gross per registered share of type A and CHF 140.00 gross per registered share of type B to mark the double anniversary – 125 years of Metall Zug AG in 2012 and 100 years of V-ZUG AG in 2013. This is more than twice the previous year’s dividend payout of CHF 5.50 per registered share of type A and CHF 55.00 per registered share of type B. If the general meeting accepts this proposal, a total of CHF 63.0 million will be paid out to shareholders.

#### **Acknowledgments**

The board of directors and senior management thank all the employees for their loyalty and great dedication in the past year. Our gratitude must also go to our customers, suppliers and partners for their long-standing collaboration based on respect. And we would like to thank you, our shareholders, for your loyalty and for the trust you place in our company.

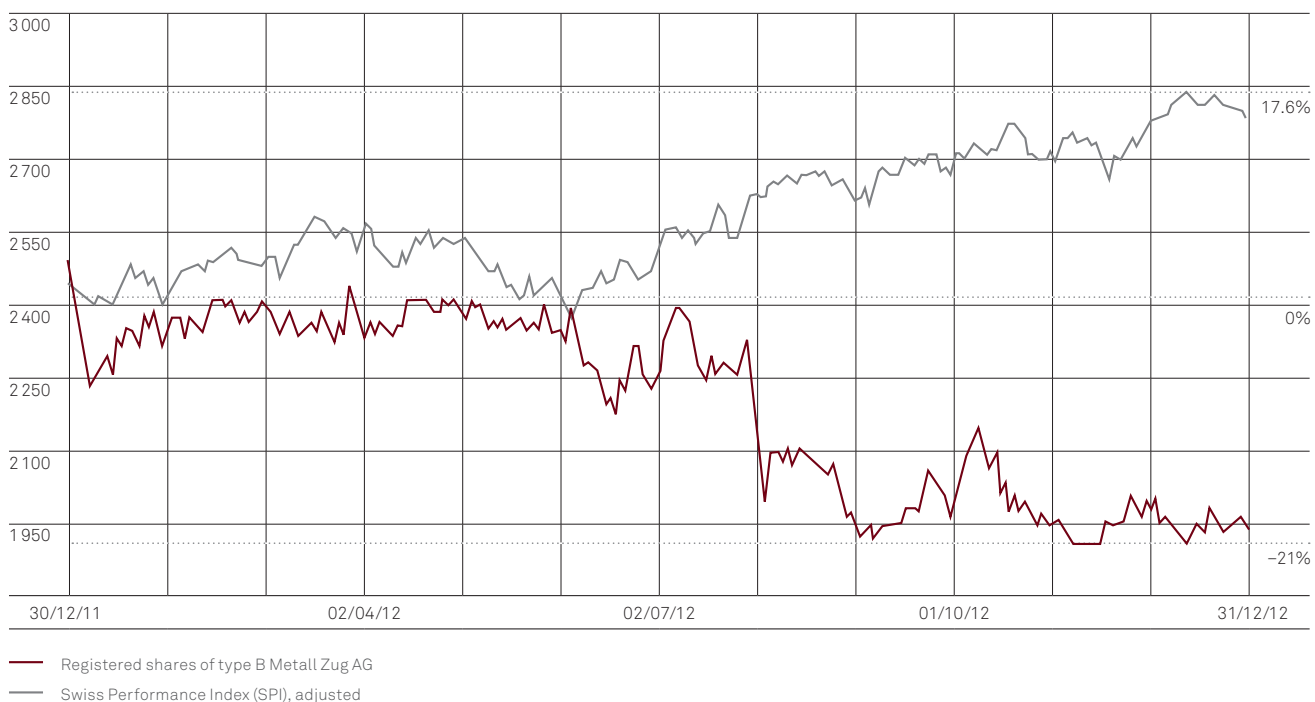
Jürgen Dormann  
Chairman of the  
board of directors

Dr. Jürg Werner  
CEO

Metall Zug AG has two categories of shares. The registered shares of type A (securities number 209262) are not listed, the registered shares of type B are quoted on the Domestic Standard segment of SIX Swiss Exchange in Zurich (securities number 3982108, ticker symbol METN).

## Share information

### Performance of registered shares of type B



Thanks to the solid financial base, the high level of liquidity and the good earnings outlook in the long-term, the board of directors will propose to the general meeting of shareholders a special dividend of CHF 14.00 gross per registered share of type A and CHF 140.00 gross per registered share of type B. This payment is made to mark the double anniversary – 125 years of Metall Zug AG in 2012 and 100 years of V-ZUG AG in 2013. Provided that the general meeting of shareholders approves this proposal, a total amount of CHF 63.0 million will be paid out to shareholders, whereas no dividend is to be paid for treasury shares.

### Upcoming events

**3 May 2013**

General meeting of shareholders

**13 May 2013**

Payment of dividend

**26 August 2013**

Publication of half-year results



**Number of shares**

	2012	2011	2010	2009	2008
Registered shares of type A par value CHF 2.50	1 948 640	1 948 640	1 948 640	1 948 640	1 948 640
Registered shares of type B par value CHF 25.00	255 136	255 136	255 136	255 136	255 136

**Figures per registered share of type A**

in CHF

Net income	13.67	14.08	20.50	15.94	7.07
Cash flow from operating activities	25.11	25.63	29.89	24.15	33.95
Shareholders' equity	153.77	190.05	181.67	164.52	155.83
Dividend	14.00 <sup>1)</sup>	5.50	5.50	4.50	4.50

**Figures per registered share of type B**

in CHF

Net income	136.75	140.79	205.01	159.36	70.74
Cash flow from operating activities	251.12	256.34	298.90	241.46	339.46
Shareholders' equity	1 537.68	1 900.52	1 816.70	1 645.17	1 558.33
Dividend	140.00 <sup>1)</sup>	55.00	55.00	45.00	45.00
Stock market price <sup>2)</sup>					
Maximum	2 444	2 740	2 405	1 711	2 439
Minimum	1 868	1 983	1 570	979	1 093
At year-end	1 941	2 468	2 362	1 664	1 370

**Total market capitalization <sup>2,3)</sup>**

in CHF million	At year-end	873	1 111	1 063	749	617
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<sup>1)</sup> Proposal of the board of directors to the general meeting of shareholders.<sup>2)</sup> All amounts adjusted by the spin-off Zug Estates Holding AG as per 30 June 2012 (by 0.6682597).<sup>3)</sup> Conversion of registered shares of type A on the basis of the year-end rate applicable to registered shares of type B.

# Group structure and corporate bodies

Operational organization of the Metall Zug Group (as at 31/12/2012)

## Metall Zug AG Zug

### Household appliances

V-ZUG AG  
Zug

V-ZUG Australia Pty. Ltd. (AU)

V-ZUG Europe BVBA (BE)

SIBIRGroup AG (CH)

Gehrig Group AG  
Glattbrugg

Hildebrand France S.A.R.L. (FR)

V-ZUG Immobilien AG  
Zug

### Infection control

Belimed AG  
Zug

Belimed Sauter AG (CH)

Belimed GmbH (AT)

NV Belimed SA (BE)

Belimed SAS (FR)

Belimed B.V. (NL)

Belimed Infection Control Kft. (HU)

Belimed d.o.o. (SI)

Belimed Ltd. (UK)

Beltech Medical Services Ltd. (UK)

Belimed Inc. (US)

Belimed Medical Equipment  
(Shanghai) Co., Ltd. (CN)

Belimed GmbH (DE)

Belimed Technik GmbH (DE)

Belimed Deutschland GmbH (DE)

### Wire processing

Schleuniger Holding AG  
Thun

Schleuniger AG (CH)

Schleuniger Solutions AG (CH)

Schleuniger GmbH (DE)

Schleuniger, Inc. (US)

Schleuniger Japan Co., Ltd. (JP)

Schleuniger Trading (Shanghai) Co., Ltd. (CN)



From left to right: Calvin Grieder, Heinz M. Buhofer, Marga Gyger, Jürgen Dormann, Martin Wipfli, Dr. Peter Terwiesch

**Heinz Buhofer (CH) b. 1927**

\_Honorary chairman

#### **Board of directors**

**Jürgen Dormann (DE) b. 1940**

\_Chairman of the board of directors since 2008  
(non-executive)

\_First elected: 2008

\_Elected until: 2013

**Heinz M. Buhofer (CH) b. 1956**

\_Member of the board of directors (non-executive)

\_First elected: 1997

\_Elected until: 2013

**Calvin Grieder (CH & USA) b. 1955**

\_Member of the board of directors (non-executive)

\_First elected: 2006

\_Elected until: 2013

**Marga Gyger (DE & CH) b. 1945**

\_Member of the board of directors (non-executive)

\_First elected: 2011

\_Elected until: 2013

**Dr. Peter Terwiesch (DE & CH) b. 1966**

\_Member of the board of directors (non-executive)

\_First elected: 2010

\_Elected until: 2013

**Martin Wipfli (CH) b. 1963**

\_Member of the board of directors (non-executive)

\_First elected: 2010

\_Elected until: 2013

#### **Senior management**

**Dr. Jürg Werner (CH) b. 1956**

\_Chief Executive Officer

\_In this function since 1 June 2012

\_Head of household appliances business unit  
since 1 June 2010

**Robert Berlinger (CH) b. 1964**

\_Chief Financial Officer

\_In this function from 1 June 2012 to 31 December 2012

**Daniel Keist (CH) b. 1957**

\_Chief Financial Officer

\_In this function since 1 January 2013

**Urs Wälchli (CH) b. 1966**

\_Head HR & Legal

\_In this function since 1 June 2012

**Christoph Schüpbach (CH) b. 1966**

\_Head of wire processing business unit

\_In this function since 1 October 2012

**Dr. Claus Martini (DE) b. 1965**

\_Head of infection control business unit

\_In this function since 1 January 2013

#### **Auditors**

**Ernst & Young AG, Zug**

\_Duration of mandate: since 2006

\_Lead auditor: Edgar Christen

\_Term of office of the lead auditor: since 2006

With the spin-off of the real estate unit in June 2012, the Metall Zug Group embarked on a new chapter in the company's history. This is demonstrated by the group management, which has been expanded. It will support the business units in their internationalization and growth strategy and perform selected central functions. To consolidate the market positions of the individual business units, the group will focus on further reinforcing its technology competence, its proximity to the market and its innovative strength. Efficiency is to be continually boosted and the highest product quality guaranteed by means of ongoing improvements to the operating processes.

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## CEO statement

### Implementation of new management structure

To coincide with the spin-off of the real estate business unit in summer 2012, a group management was established at Metall Zug AG level and subsequently expanded as of January 1, 2013. The Metall Zug group management is responsible for managing the various business units of the industrial group. Its mandate is to implement the internationalization and growth strategy of the Metall Zug Group and to exploit synergies. The group management will also exercise its management role in the business units with regard to certain operational focus topics. For example, the infection control business unit in particular, but also wire processing, will be able to realize far greater earnings potential by optimizing production processes and other key processes along with quality management. In addition, innovative strength, technology competence and operational excellence are to be reinforced, and the closeness to the market further developed.

### Focus on innovation and technology competence

The Metall Zug Group maintains and promotes a distinct culture of innovation across all the companies in the group. For Metall Zug, the rapid development and realization of innovations represents a significant growth and success factor. In an increasingly competitive market environment, dominated by pressure on margins and the strong Swiss franc, the regular upgrading of existing products and the launch of new products takes on strategic importance. The market positions must therefore be continually reinforced by enhancing functions in line with customer needs, by making continuous improvements in energy efficiency and quality, and by adopting a strong customer focus and service orientation. Accordingly, under the new management structure, the Metall Zug Group intends

to systematically promote and expedite innovation processes and structures.

### Operational excellence: highest quality coupled with cost savings

All three business units operate in markets that set the very highest requirements in terms of product quality: the V-ZUG brand name and reputation are practically synonymous with outstanding quality. The same is true for the cleaning and disinfection equipment of Belimed. Schleuniger's wire processing machines satisfy the most stringent requirements in terms of quality and precision: worldwide, only a handful of suppliers are in a position to manufacture precision machinery for use in the highly exact and complex processing of ultra thin, barely visible wires, for mobile phone manufacturers, for example. The Schleuniger Group is one of these suppliers.

The Metall Zug Group made huge investments in systems and technology, in the interests of ensuring quality throughout the entire production process. At the same time, these investments created the conditions that will enable the group to meet head-on the mounting pressure being placed on margins by the strong Swiss franc, and to remain competitive in spite of the currency disadvantage. The infection control business unit has established a new production plant in Slovenia and will be able to benefit from lower production costs as capacity utilization increases. All three business units are strongly committed to Switzerland as a location for technology and industry. Through the targeted training and professional development of employees, the optimization of production processes and regular investments in modern production plant, they each have the potential to rationalize production while also



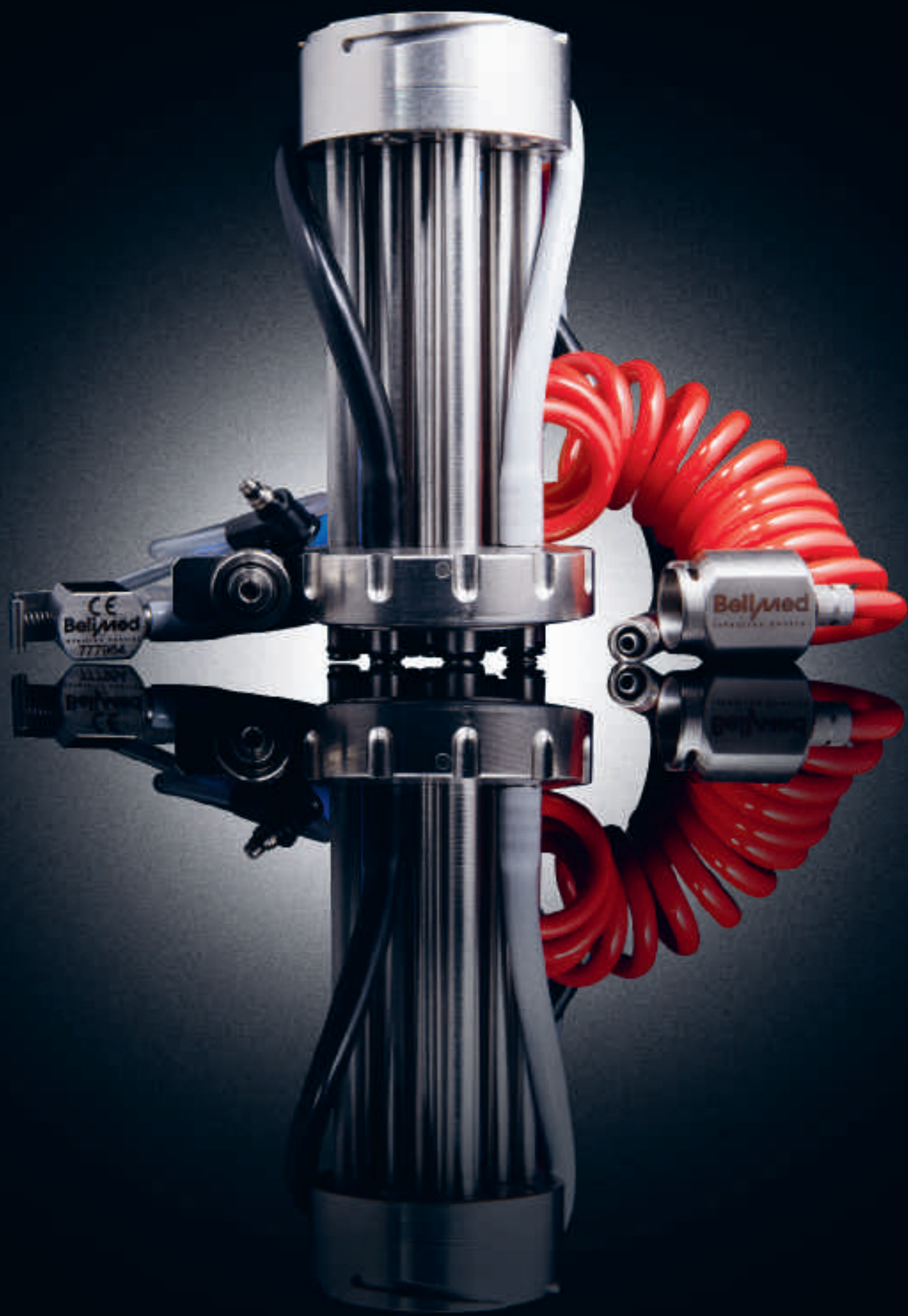


From left to right: Christoph Schüpbach, Daniel Keist, Dr. Jürg Werner, Urs Wälchli, Dr. Claus Martini

further improving the quality of their products. One of the central concerns of the new group management will be to resolutely expand the leading position of the Metall Zug Group in this area.

**Market proximity: Customer closeness and greater international focus**

V-ZUG is extremely well positioned to achieve above-average growth in the upper premium segment internationally thanks to its unique products and the "Swiss Made" label. The main task now facing V-ZUG is to quickly build on its position abroad in order to benefit from the investments made in recent years and exploit the closeness to customers that has been established in the process. In the infection control and wire processing business units, the group already has an international presence and is active in the main relevant markets worldwide. For these business units, the US, Asia and various markets in Europe play a key role. What is more, the emerging markets hold development potential. Therefore, the next few years must be devoted to expanding the client base and strengthening ties with customers.



# Group report

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2012 was a challenging year for the industry and thus also for the business units of the Metall Zug Group. Nevertheless, all business units were able to successfully defend their leading market position. The continuing debt crisis in Europe and the strong Swiss franc once again put pressure on results. Overall, the Metall Zug Group generated operating income (EBIT) totaling CHF 66.6 million (previous year: CHF 96.7 million) and gross sales of CHF 856.4 million (previous year: CHF 864.2 million). The financial result rose to CHF 8.4 million in the reporting year (previous year: CHF –20.2 million) and net income came to CHF 61.5 million (previous year: CHF 63.4 million).

## ← Belimed highlight: Adapter system

The Belimed endoscope adapter system is unique in its class. Thanks to its preconfigured connections, endoscopes from all major manufacturers can be quickly and easily connected.

Tubes and connecting pieces are clearly labeled, ensuring safe operation. The washer-disinfector's flexible loading system enables endoscopes to be loaded outside the machine, thus saving time and costs.

The Metall Zug Group comprises the household appliances, infection control and wire processing business units. In June 2012, the real estate business unit was spun off as a separate listed company referred to as Zug Estates Holding AG. The main intention of this spin-off was a concentration on industrial activities and the exploitation of synergies by improved coordination from the group management.

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## Strategy

### Focus on industrial activities

The Metall Zug Group is a group of industrial companies, which is run as a corporate group by the senior management of Metall Zug. By spinning off the real estate business unit in June 2012 as a separate listed company referred to as Zug Estates Holding AG, the group set an important course for the future.

### High strategic and operational flexibility

The improved strategic and operational flexibility enables the Metall Zug Group to better exploit growth potential in the industrial areas of the business. To this end, the coordination and exchange between the individual industrial segments is to be strengthened. The senior management of the Metall Zug Group has therefore been expanded to include the current heads of the individual business units. In addition, the Metall Zug Group has expanded the functions of finance, accounting and controlling as well as legal and group-wide HR issues.

### Growth and internationalization

The aim of the new management is to push ahead with the internationalization and growth strategy of the Metall Zug Group. In addition, the business units are to be supported in both their strategic and operational activities. This also means that potential synergies with the business units in relation to purchasing, development, administration and finance are to be evaluated. Functions and tasks are to be centralized wherever it makes sense to do so, with the aim of boosting efficiency. Speeding up the knowledge transfer with a view to optimizing various production, sales and marketing processes should also create synergies.

## Interesting growth prospects exist for all business units.

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### Potential for organic growth and growth by acquisition

With its household appliances, infection control and wire processing business units, the group holds an attractive portfolio of investments. A variety of opportunities exists in all business units for strategic development by means of organic growth and growth by acquisition.

### Metall Zug AG in very good financial position

Metall Zug AG has a very healthy balance sheet and the group held a net cash position of CHF 349.6 million as at 31 December 2012. The group is therefore well positioned both for organic growth and further acquisitions of companies that complement or reinforce the existing business segments from a geographical or technological point of view, or which round out the current range of products and services on offer.



As part of its long-term investment strategy, Metall Zug AG usually aims to take a controlling interest or make a full acquisition, so as to be able to integrate the acquired company and make best use of the potential for synergies.

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 around 64.2% of its sales. The highest-earning business unit is household appliances, with sales of CF 541.8 million.

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## Customers and markets

### Household appliances

The household appliances business unit develops, manufactures and distributes high-quality kitchen and laundry appliances for private and commercial customers. New growth opportunities have emerged for V-ZUG as a result of globalization. Internationalization and expansion into foreign markets are thus of vital importance to the company. Nevertheless, Switzerland remains the most important market for V-ZUG. It generates 96.0% of its sales here, and in every second household in Switzerland, a V-ZUG-appliance is used to help cook, roast, bake, wash dishes, do the laundry or dry it. V-ZUG aspires to further growth in Switzerland, and especially abroad. It is currently represented in 20 countries. In 2012, further important milestones were reached with regard to internationalization. V-ZUG therefore expects the share of total sales contributed by international business to rise continuously over the coming years. V-ZUG is extremely well positioned to achieve above-average growth in the upper premium segment internationally thanks to its unique products and the "Swiss Made" label.

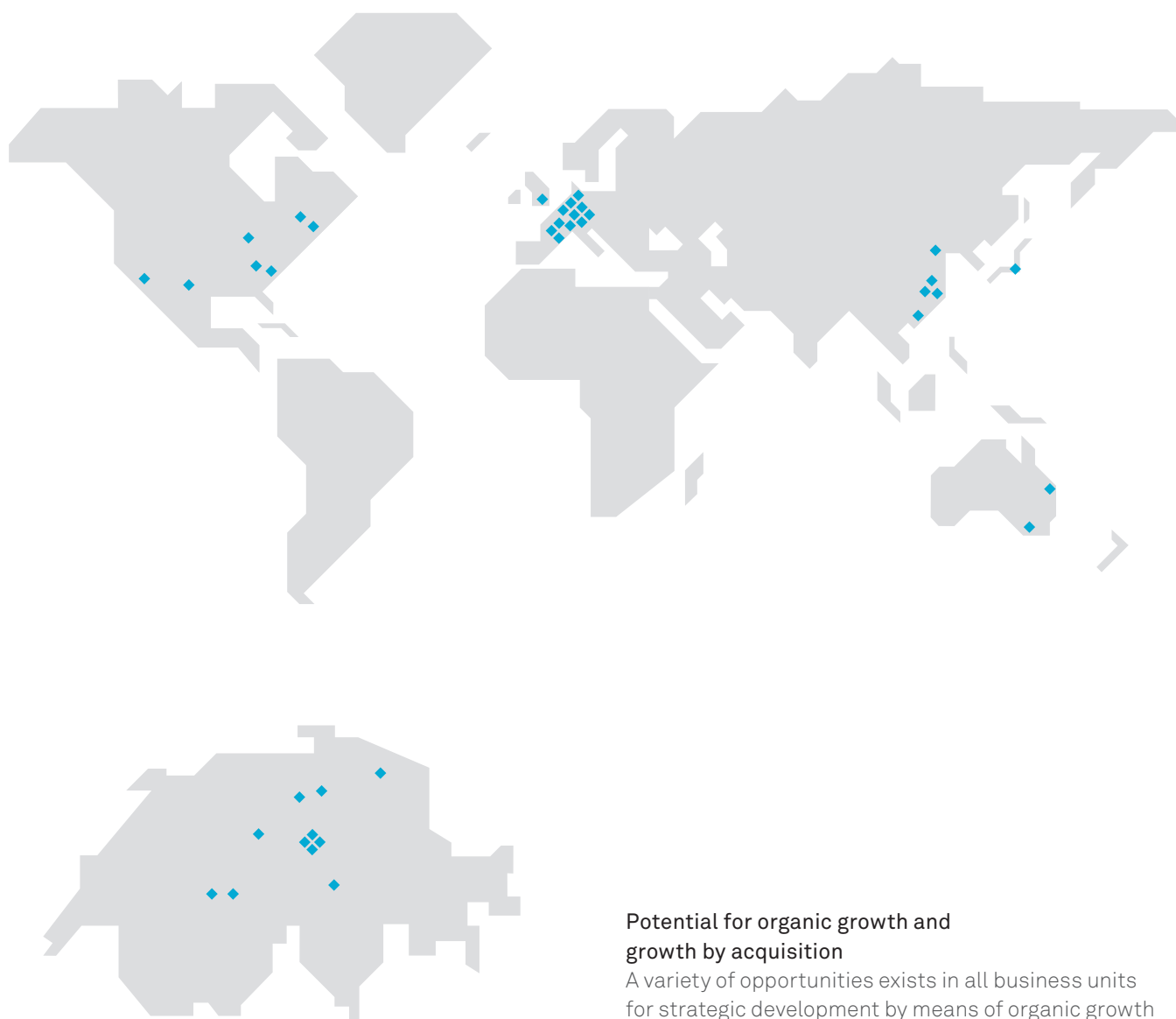
### Infection control

The Belimed Group is an international provider of innovative system solutions for infection control. The group's cleaning, disinfection and sterilization solutions are used in the medical and pharmaceutical sectors. The Belimed Group generates 91.7% of its sales abroad. Its key markets are Europe, North America and China. The business is divided into three areas: pharmaceutical, medical and service. The Belimed Group supplies customers from the pharmaceutical industry, laboratories and hospitals and other providers of medical services. It has production facilities in Switzerland, Germany and Slovenia. The expanded produc-

tion capacities in Slovenia became operational in September 2012.

### Wire processing

The Schleuniger Group develops, produces and distributes semiautomatic and fully automatic solutions for the cutting, stripping, crimping, sealing, twisting, tinning and printing of all types of wire. In addition, the Schleuniger Group offers software packages to optimize machine efficiency and utilization, especially for complex applications. These high-precision machines which, depending on the configuration, are suitable for use in high-speed processing are offered worldwide. The Schleuniger Group serves customers in the automotive, telecommunications, medical, aviation, industrial, computer, machinery and plant construction sectors. The Schleuniger Group has its roots in Thun. The Schleuniger Group's development and production activities are based at three sites in Switzerland and Germany. Its key markets are the US, Germany, China, Mexico and Japan. The Schleuniger Group generates more than 99% of its sales outside Switzerland. The Schleuniger Group sells its products in a total of eight countries around the globe through its own network of sales and service companies as well as via more than 40 additional distributors.



**Potential for organic growth and growth by acquisition**

A variety of opportunities exists in all business units for strategic development by means of organic growth and growth by acquisition.





# The world debut SteamFinish. Creating a shine with pure steam.

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No beautifully laid table would be complete without bright, gleaming tableware. Best results are guaranteed with the new Adora dishwasher from V-ZUG: the fast, quiet and energy-saving way to achieve that perfect finish. Thanks to its world debut SteamFinish technology, the Adora is the first dishwasher to clean glasses, crockery and cutlery with pure steam, leaving them spot-free and sparkling – making a visible and measurable difference. The effectiveness of SteamFinish has been tested and confirmed by the independent test laboratory Labor Veritas.

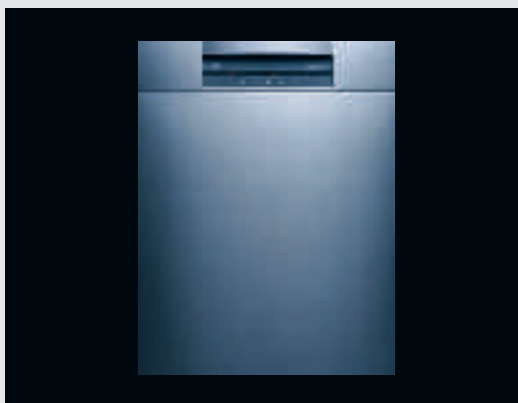
## Adora SL – Automatic program

This feature automatically controls the duration of the program. Dishes receive only as much rinsing as necessary, saving up to 30% water, electricity and regeneration salt.



## Adora S – TouchClean finish

These sleek dishwashers from V-ZUG make a big impression in all their various designs. And the newly developed TouchClean feature prevents fingerprints on the stainless steel front surface.



The household appliances business unit successfully defended its leading market position in Switzerland in a very challenging market environment, in particular thanks to the product innovations introduced in the reporting year. Although sales were down slightly on the previous year overall, 2.0% more appliances were sold.

## Household appliances business unit

The household appliances business unit develops, manufactures and distributes high-quality kitchen and laundry appliances for private and commercial customers. It comprises V-ZUG AG and its foreign subsidiaries V-ZUG Australia and V-ZUG Europe as well as the subsidiary SIBIRGroup AG and the affiliate Gehrig Group AG. The household appliances business unit employs a workforce of more than 1 600, most of which is based in Switzerland.

### The 2012 financial year in brief

For the household appliances business unit, 2012 was dominated by considerable price pressure. As the leading company in this sector to manufacture its products exclusively in Switzerland, for V-ZUG this pressure, accentuated by the strong Swiss franc, was felt particularly hard. As a result, erosion of prices and margins were inevitable. Neither the construction industry, which remains in good shape in Switzerland, nor V-ZUG's strong export business, were able to compensate for this development. Nevertheless, the household appliances business unit continued to perform well in this extremely difficult environment, selling 2.0% more appliances than in the previous year. This growth is primarily attributable to the world debut SteamFinish technology for dishwashers and Vacuisine technology for steamers developed by V-ZUG. Gross sales declined by a modest 1.6% to CHF 556.9 million (previous year: CHF 566.2 million). Operating profit fell from CHF 70.4 million to CHF 59.1 million. In view of the tense market situation, an efficiency enhancement program was launched in the year under review.

At the same time, V-ZUG aims to safeguard and expand its position as a leading and innovative supplier of household appliances. Moreover, the household appliances business unit remains committed to Switzerland as a location for technology and industry.

**V-ZUG remains committed to Switzerland as a location for technology and industry. From here, the spirit of ZUG is carried across the globe.**

### Reduced water and energy use thanks to innovative strength

V-ZUG is market and technology leader in Switzerland. V-ZUG defends and reinforces this pioneering role with continued high investments in research and development. In 2012, V-ZUG launched the new Adora dishwasher line with SteamFinish technology – a world debut in which tableware is cleaned and cared for using steam. This resource-efficient dishwasher impressively demonstrates how top ecological performance can be achieved without having to compromise, thus adding value for the customer. What is more, in 2013, the company's 100th year, the next innovations will be ready for market launch. Through the use of a heat pump with ice storage technology, V-ZUG appliances will thus continue to do justice to their pioneering role from an ecological viewpoint.

#### **Internationalization progresses successfully**

In relation to internationalization, 2012 was a successful year. In the key European markets of Germany, France and the UK, V-ZUG achieved the expected growth rates. Great progress was made in Belgium, Scandinavia, Russia and especially Australia. In Belgium, a service organization and logistics center were established, from which V-ZUG can now serve the various markets within the EU. In Singapore and Hong Kong, V-ZUG secured significant large-scale projects that will be implemented in 2013 and 2014. China too is becoming more and more important. For this reason, V-ZUG is planning to open a branch in Shanghai. In the US, where V-ZUG works together with a strategic partner, good progress was made in the past year. The investments and costs associated with internationalization had a negative impact on the result posted by V-ZUG in the year under review.

#### **Swiss Made – a recipe for success**

Efforts to achieve growth at home and abroad, the increasing complexity of the product range, the insourcing of key technologies and rising demands with regard to production, assembly and logistics, all require an expansion of the existing infrastructure. V-ZUG is thus planning an extension to the assembly plant at its Zug headquarters. The related investment volume is likely to be in the area of CHF 45 million. The groundbreaking ceremony should take place before the end of 2013.

#### **Gratifying sales trend at SIBIRGroup**

As a full-range provider of kitchen and laundry appliances in Switzerland, SIBIRGroup increased its sales in the year under review, especially those of household appliances. SIBIRGroup achieved the greatest increase with cooking and baking appliances, and with washing machines and tumble dryers sold via retailers. The prolonged cold period at the start of 2012 also helped SIBIRtherm to boost its sales.

V-ZUG defends its position of market and technology leadership through continued high investments in research and development.

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#### **Restrained market environment for Gehrig Group**

Gehrig Group has established itself in the Swiss market as a reliable partner both in the area of kitchen devices for use in the hotel and catering sector and in the care and hygiene area. Investment restraint on the part of customers and price pressure in the euro zone made their mark on sales and revenue trends.

## Outlook

The household appliances business unit expects to see a slight slowdown in business activity in the year 2013. According to sector forecasts, residential construction activity is set to remain steady. With regard to the renovation and replacement business, a positive trend can be assumed. The pressure on margins is likely to continue, in particular owing to the strong Swiss franc. As far as the export markets are concerned, stepping up investments in market expansion will bear fruit. Growth is expected in Australia, Russia and the US in particular, although the share of international business remains relatively low. The household appliances business unit will implement further measures to boost efficiency to counteract the persistently high price pressure.



A portrait of Paul Estermann, a middle-aged man with short grey hair, wearing a dark jacket over a light blue shirt. He is standing next to a brown horse, whose head and neck are visible on the right side of the frame. The background is a plain, light-colored wall.

Paul Estermann,  
Swiss elite show jumper

“V-ZUG is still a genuine  
Swiss product.”

Paul Estermann is one of the biggest names in Swiss equestrian sports. Particularly since the 2012 Olympic Games, at which he and the Swiss team secured a 4<sup>th</sup> place finish. During his riding career to date, Paul Estermann has taken part in over 50 Nations Cup events. With double clear rounds, he and his mare Castlefield Eclipse helped the Swiss team to 2<sup>nd</sup> place at the Nations Cup in Rome and 4<sup>th</sup> place in Aachen. In earlier years, he won the Lisbon Grand Prix (1996) and the Rotterdam Grand Prix (1997) riding Flying Shark.

**Paul Estermann, please describe a typical day in the life of a top sportsman.**

A typical day for me involves a great deal of work and requires my physical presence: running the equestrian center, training horses, giving riding lessons and keeping the farming going. In addition, I have to attend tournaments all over the world on about 40 weekends a year. It takes a lot of organization to bring all these strands together.

**Nutrition plays a central role in sports at the elite level.**

**Can you give an insight into your food diary?**

Sadly, I don't always manage to follow a balanced and healthy diet in my day-to-day life. I'm often on the road, and at tournaments the choice of food on offer is quite often rather limited. But time is short – it's a matter of just grabbing something. It's absolutely vital that I drink lots of water during tournaments, to aid my concentration.

**Do you still have the chance to enjoy and savor food?**

Absolutely. In my free time, I appreciate the delights of a good meal all the more, accompanied by a fine wine – the best way to enjoy good company.

**You grew up on a farm. What has been the biggest change in agriculture since your childhood?**

Pure dairy farming is dying out – the focus is shifting more

and more to meat production. As a result of this development, only large-scale enterprises can survive. Small farms have to try and top up their income through niche products. And a lot more use is being made of agricultural machinery. In other words, there is much less physical labor being performed and therefore far fewer calories being consumed. I can still remember a time when we had roesti for breakfast, a morning tea break, a lunch, an afternoon tea break and a dinner. Back then, the kitchen was where everyone gathered to socialize and recharge their batteries. Nowadays, we are all much more health conscious and prefer gently cooked vegetables and low-fat methods of preparing food.

**What V-ZUG appliances do you use at home?**

I have a V-ZUG washing machine and tumble dryer in my laundry room. As an equestrian sportsman I always have a great deal of dirty laundry – depending on the weather conditions, it can be quite tough to clean. In the kitchen, alongside the V-ZUG refrigerator, dishwasher and microwave, I also have a Supremo coffee machine. That's the appliance I use most.

**Why do you put your trust in V-ZUG appliances?**

V-ZUG is still a genuine Swiss product. And I also appreciate the simple operation, reliability and longevity of V-ZUG appliances. Should any problems arise, I know I can call on the fast and good service provided by V-ZUG.

**How do you define the term “innovation”? What companies do you consider innovative?**

I define innovation as follows: surprising ideas and products that capture the nerve of the market. It's not companies themselves that are innovative, but individuals – i.e. the employees in many enterprises, large and small.



# Early detection without risks. Thanks to infection prevention and devices from Belimed.

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Endoscopic examinations and interventions play a central role in the early detection and treatment of illnesses. For example, a colonoscopy is the most effective way of screening for bowel cancer. Procedures of this kind require the highest standards of hygiene, however, to prevent the transmission of pathogens. This is where Belimed comes in, as a supplier of system solutions in the field of infection prevention. Its innovative cleaning and disinfection equipment massively reduces the risk of infection, thus making a considerable contribution to patient safety.

## **WD 425 washer-disinfector**

The WD 425 washer-disinfector enables up to three flexible endoscopes or eight DIN instrument trays to be reprocessed simultaneously and in compliance with standards.



## **WD 430 washer-disinfector**

The WD 430 endoscope reprocessor with patented single-channel control sets the standard for patient safety. The highly effective channel rinsing system with control of every individual channel automatically detects blocked or wrongly connected channels.





The infection control business unit (Belimed Group) generated growth of 2.4% in the year under review, lifting sales to CHF 199.6 million. Operating profit was heavily impacted by restructuring costs.

## Infection control business unit

The Belimed Group is one of the leading global suppliers of innovative cleaning, disinfection and sterilization solutions for medical and pharmaceutical applications. Belimed has some 1 100 employees in eleven countries and is represented by a network of sales subsidiaries and authorized partners in more than 80 countries.

### The 2012 financial year in brief

For Belimed, the past year was one of strategic realignment. However, the restructuring of the Belimed Group to create business segments consistently aligned to the market progressed only slowly. It took some time to absorb the far-reaching transformation in the corporate culture that was triggered by the change in top management at the beginning of 2012. As a result, a small number of projects previously launched to increase efficiency all but grinded to a halt. Belimed was therefore unable to meet expectations for the 2012 financial year. Gross sales rose by 2.4% to CHF 199.6 million (previous year: CHF 194.9 million). The “Medical” segment achieved above-average growth. In terms of operating income, Belimed posted a disappointing result of CHF –8.8 million (previous year: CHF –2.4 million).

### Cost structure remains unfavorable

With its portfolio of state-of-the-art products and quality of service, Belimed is extremely well positioned in its attractive market globally. To achieve the targeted profitable growth, however, the company's cost structure is still too high. In addition, one-time costs and investments arose in the year under review in connection with the ongoing restructuring and current roll-out of the global production planning system, the harmonization of IT-structures and the establishment of the new plant in Slovenia. In order to lower costs in the long term, the Belimed Group will further strengthen its production

processes and structures and resolutely adjust them. The Group will focus intently on these issues in 2013 in order to exploit the potential that exists.

### Production site opened in Slovenia

In September 2012, Belimed opened its new production site in Slovenia as planned. Belimed intends to achieve a large part of the growth planned for the coming years at this site. To this end, the production of individual types of devices and of various semi-finished products has already been relocated to the new plant in Slovenia. Now that the plant is fully operational, the priority in 2013 will be to substantially improve the – as yet – insufficient capacity utilization and to optimize processes.

### Outlook

The Belimed Group must tackle two central tasks in the coming months: on the one hand it must put a stop to the negative trend in earnings of the previous years by optimizing business processes, and on the other it must press ahead with capacity utilization at the new plant in Slovenia. The “Medical” segment expects to see solid growth, and the “Pharmaceutical” segment has also secured major projects for delivery in 2013. Growth is anticipated in the US and Asia as well as in Europe. Despite the large order backlog and its attractive market position, Belimed will continue to face demanding challenges in 2013.

Jin Huang, Head of the Central Sterilization Supply Department at Jiangsu Province Hospital of TCM, Jiangsu province

“Belimed sets hygiene standards in the region.”



The Jiangsu Province Hospital of TCM is one of the largest Traditional Chinese Medicine (TCM) hospitals in China. The hospital has 2017 beds, and the year outpatient service quantity was more than 3.23 million in 2011. The Jiangsu Province Hospital of TCM has been working with Belimed since 2010.

**Ms. Huang, what are the most hotly debated topics in the Chinese hospital sector right now?**

There have been several serious hospital infection incidents in China in recent years. As a result, China's Ministry of Health is paying greater attention to infection control requirements and issued new guidelines for the entire healthcare industry in 2012. The aim of these guidelines is to achieve efficient and hygienically impeccable medical equipment re-processing levels, improve hand hygiene, reduce the use of antibiotics and raise the overall level of infection control. The central sterilization supply department has a pivotal role to play in improving hygiene standards and preventing infection. Using professional instrument management software, state-of-the-art technologies and infrastructure as well as meeting international and regional guidelines are the key to ensuring patient safety.

**Why did you decide to work with Belimed?**

Because Belimed provides the best solutions compared to other domestic and foreign manufacturers. The company meets the latest international standards, product quality and capacity are high, and failure rates are low. Moreover, the Belimed Group has highly trained staff and provides professional consulting and a reliable and competent after-sales service. This comprehensive package was why we ultimately chose Belimed.

**What impresses you most about working with Belimed?**

Belimed did not just sell us the equipment, they work with us as a team to create a design and workflow that maximizes productivity and increases good aseptic practices. This combination of superior support, product design and after-sales service makes Belimed the best choice.

**Does Belimed help you to save costs?**

Absolutely. In terms of cost, Belimed equipment is the best long-term investment for us. The energy-saving design of the equipment certainly helps to greatly reduce water, electricity, and detergents consumption. At the same time, its high throughput and low failure rates have helped us to significantly improve efficiency within the department. This greatly reduces the operating cost.

**What does working with Belimed mean for Jiangsu Province Hospital of TCM and the region of Jiangsu?**

We are the first hospital in the Nanjing area to systematically go over to using Belimed equipment. Our hospital is also the Belimed reference site for Jiangsu province and one of Belimed's training centers in China. All in all, our collaboration with Belimed has contributed to improving infection prevention throughout the region. We are proud of this.





# Enter destination: Thanks to secure data transmission, destination reached.

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Car electronics require the ever faster and ever more reliable transmission of data using copper wire solutions. Safe and reproducible processing and precise connector configurations for use with shielded and multipolar cables are key. In components such as GPS, driver assistance cameras, USB connections and infotainment, Schleuniger has built up a unique set of competencies in order to get you to your destination – faster and safer.

## **CrimpCenter 36 S**

The CrimpCenter 36 S is a fully automatic crimping machine. At a maximum feed rate of 12 m/s, it allows crimping, sealing, twisting and tinning of wires with cross sections of 0.13 to 4 mm<sup>2</sup>.



## **MegaStrip 9650**

The MegaStrip 9650 stands for precision and top performance in cutting and stripping. Thanks to its modular design, the machine can be tailored to customers' production needs and retrofitted at any time.



In the wire processing business unit, the past financial year was shaped by different developments in different markets, although sales remained on a par with the previous year's level. In April 2012, the Schleuniger Group acquired a stake in DiIT, the industry leader for production and logistics optimization.

## Wire processing business unit

The Schleuniger Group is a leading producer of semi-automatic and fully automatic solutions for the cutting, stripping, crimping, sealing, twisting, tinning and printing of all types of wire. The group employs some 450 people and its products are used by notable customers around the world.

### The 2012 financial year in brief

In 2012, the picture in the wire processing business unit differed by region. New records were set in North America and Japan, while growth momentum was largely missing in Europe. The strongest growth was reported by the "Projects" segment of the "Solutions" business segment; the main contributors were the systems for processing special contacts used for fast data transmission in the car manufacturing industry. The "Semi automatic" and "CrimpCenter" segments fell only slightly short of the previous year's record figures. In contrast, the "Fully Automatic Crimping Machines" segment failed to match its prior-year performance. This is attributable to the fact that business from several large customers was relatively modest owing to unfavorable investment cycles. However, the "Fully Automatic Crimping Machines" segment still has the biggest potential for growth. To exploit these opportunities, the Schleuniger Group set an important course for the future in the reporting year. In addition to further broadening the client base and achieving better geographic coverage of the global market, in particular the production processes and productivity at the Radevormwald site in Germany were optimized. Given this challenging market environment, the Schleuniger Group generated gross sales of CHF 103.0 million (previous year: CHF 106.1 million), representing a slight decline of 2.9%. The sluggish sales trend, changes to the product mix and costs for the further development of key products

had a negative impact on the operating income of CHF 8.8 million (previous year: CHF 13.4 million).

### Advanced fully automatic crimping machine

In the reporting year, the Schleuniger Group upgraded and improved one of its key products in the fully automatic crimping machines segment, the CrimpCenter 36. Customers began using the new CrimpCenter 36 S model in mid-2012. Feedback from users shows that the product has achieved a very high degree of acceptance.

### Investment in industry leader DiIT AG

Effective and intelligent process control systems will continue to gain in importance among Schleuniger's customers. Having recognized this trend early, Schleuniger acquired a 35% stake in the share capital of the software company DiIT AG, which is based in Krailling near Munich (Germany), in April 2012. DiIT is a provider of integrated systems for the optimization of production and logistics which sets industry-wide standards in this area.

### Outlook

The very short order and delivery cycles for standard products are typical in this business and make long-term forecasts difficult in principle. The Schleuniger Group expects the market as a whole to remain stable in 2013. The group is confident that it can continue the growth of recent years in North America and Asia. But, it does not expect to see any large-scale growth momentum in Europe. The range of products has been further strengthened in all segments over the past few years thanks to innovations. The group is therefore well equipped to face the challenges of the market.



Hans-Joachim Quast, Global Cable Assembly Systems, TE Connectivity, Bensheim (DE)

“Schleuniger enables us to keep our product promise, day in, day out.”



Hans-Joachim Quast is head of the Global Cable Assembly Systems area at TE Connectivity, where he is responsible for the entire development field from product design through to manufacturing process installation. TE Connectivity is the world's leading provider of passive electrical and electronic components, with 14 billion US dollars in annual sales.

Mr. Quast, what products does TE Connectivity manufacture for the automotive industry?

TE Connectivity's product range covers connectors of every kind and size, relays and custom cable assemblies. We develop, produce and market these products worldwide. Our customers come from every market segment in which data or power connections are required. This is also reflected in our four strategic segments: Consumer, Industrial, Transportation and Energy. Transportation generates around one-third of the company's sales and takes in the areas of hybrid and electric vehicles, passenger cars and commercial vehicles.

What factors were crucial in deciding to partner with Schleuniger?

Schleuniger Solutions had already realized a number of prototypes and complete systems for us. As we were very happy with the whole experience, we placed follow-up orders for new applications in the field of high-speed data. In the meantime, our relationship with Schleuniger has fundamentally developed into a partnership, thanks to which we can join together in tackling the growing requirements and needs of the market and translate these into new system solutions.

For example?

The safety of the passengers in a vehicle is a matter of top priority. That's why numerous new functions that help protect people are coming into use – thus massively increasing the complexity of our business. At the same time, these systems have to be 100% reliable. That's the reason why we partnered

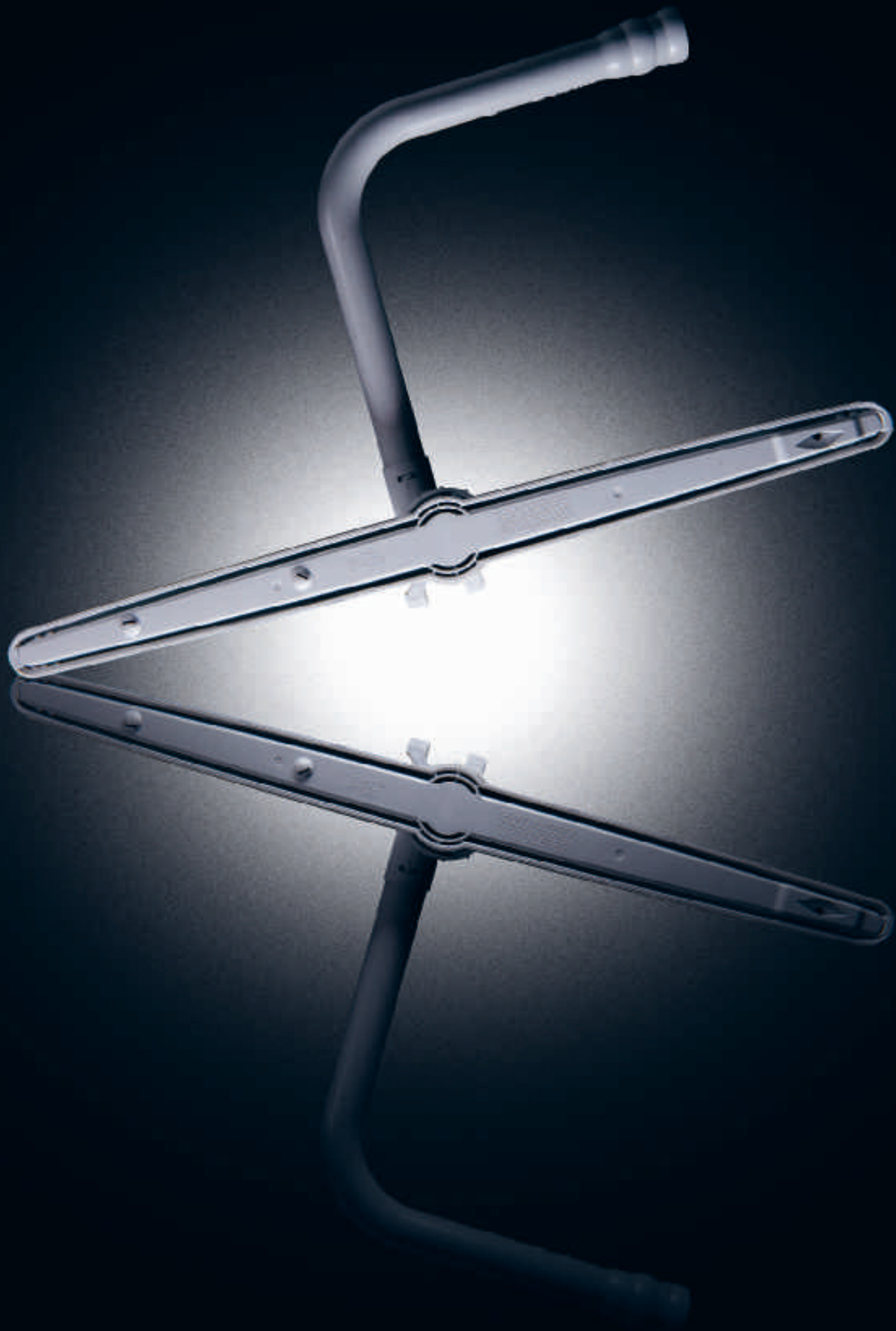
with Schleuniger to develop system solutions for the fully automatic production of wire harnesses for airbags. The result: we have a high market share and make a major contribution to the airbags in this world. An achievement that we thank in no small measure to Schleuniger machines.

2012 was a difficult business year. In this environment, how did you experience the collaboration with Schleuniger, and its commitment?

The quality of a business relationship really comes to the fore when times are hard. That's when knowing one another and being able to rely on one another makes a difference. What this means for us in concrete terms is that both partners maintain a consistent and very high standard of project management that is result-driven and that addresses the challenges in a totally transparent manner. That's how both companies have achieved, and continue to achieve, success. A sound basis for further years of collaboration in an exciting market.

TE Connectivity and Schleuniger are both known for their cutting-edge technology. What makes them stand out from the competition and what are their success factors?

State-of-the-art technology and leading-edge products have their price. Companies that make this their goal have a clear position in the market. However, the high price can only be justified if the product promise is actually met, day in, day out. For us, this involves a firm customer focus, the highest quality and first-class service. Last but not least, innovative strength is worthy of mention: instead of reacting to market trends, the important thing is to shape these trends by developing new solutions that ideally anticipate the needs of the market.



# Sustainability and responsibility

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The business units of the Metall Zug Group bear great responsibility toward society and the environment. To secure their long-term competitiveness, they are committed to closely linking sustainable practices with economic benefits. Through this commitment, the Metall Zug Group aims to sustainably increase the value of the group as a whole.

## ← Technology V-ZUG highlight:

### Adora SL with SteamFinish

Thanks to its world debut SteamFinish technology, the AdoraSL is the first dishwasher to clean glasses, crockery and cutlery with pure steam, leaving them spot-free and sparkling. In this innovative procedure, the spray arm generates pure steam that condenses on the crockery and runs off as a film of condensation.

Steam does not contain any salts, minerals or crystals and leaves no traces. SteamFinish provides optimum support for the drying process – there is even no need to hand-dry plastic dishes afterwards. The effectiveness of SteamFinish has been tested and confirmed by the independent test laboratory Labor Veritas.



Sustainable thinking and action as well as motivated and committed employees form the basis for the long-term success of the Metall Zug Group. This awareness is firmly anchored in the values of the individual business units, which strive to always safeguard the interests of society and the environment in their day-to-day business.

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## Sustainability and employees

### Responsibility toward society and the environment

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

### Largest photovoltaic system in canton Zug operational

V-ZUG's performance promise can be summarized as follows: V-ZUG aims to offer a resource-efficient, market and customer-oriented range of products for the kitchen and laundry that deliver high functional value and outstanding quality in striking design. In doing so, the company not only pursues the goal of developing household appliances that are extremely energy-efficient, it also pays attention to aspects of environmental sustainability in its own production activities. V-ZUG is therefore continually prepared to invest significant amounts in the corresponding infrastructure. In 2012 alone, it achieved savings of around 230 tonnes of CO<sub>2</sub> in comparison with the reference year of 2008. However, V-ZUG is still not content with this achievement: it is striving to realize climate-neutral production processes for all its products within a decade. The aim is to no longer rely on imported, fossil-based energy sources and to use non-fossil fuels instead – wherever possible from local sources. V-ZUG came one step closer to reaching this goal in 2012. Among other things, it commissioned the largest photovoltaic system in the canton of Zug. This is situated on the flat roof of the ZUGgate logistics center and is fitted with the latest, most

efficient cell technology. With a 1 600 m<sup>2</sup> module capable of producing 250 kW, the photovoltaic system generates around 217 000 kWh of green energy each year, making the logistics building self-sufficient in terms of energy.

### Targeted promotion of talent

The Metall Zug Group is committed to an open, responsible and fair employee policy and attaches importance to compliance with high ethical standards, which is formulated in a group-wide "Code of Conduct" that is binding for all employees.

Following the spin-off of the real estate business unit last June and the expansion of the senior management of the Metall Zug Group as of January 2013, work on a group-wide HR strategy got underway at the beginning of the new business year. This program is intended to provide a basic framework for human resources and to define uniform processes for sustainable employee management. Big efforts are being made to seek out and actively exploit synergies. Through the targeted promotion of talent at all levels, a wide-ranging involvement in vocational training and tertiary education as well as its clear commitment to long-term employee development, the Metall Zug Group aims to position itself in the different segments and at the company's individual locations as an employer of choice.

# Corporate governance

All information in this corporate governance section refers to the situation as on December 31, 2012, or to the 2012 reporting year, unless stated otherwise. No material changes occurred between December 31, 2012, and the publication date of the annual report, other than the facts disclosed under the respective headings.

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

## **1 Group structure and shareholders**

### **1.1 Group structure**

The operational group structure is illustrated on page 8 of this annual report. The management organization of the Metall Zug Group was based on decentralized responsibility.

More detailed information on Zug-based Metall Zug AG is available on page 6 ff. of this annual report. The list of consolidated companies is shown on page 59 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 in the financial report on page 69 (see “Significant shareholders”). Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer together with the Buhofer Trust, a fixed-interest trust according to the law of Liechtenstein, own a total of 67.2% of the voting rights in Metall Zug AG. Via the Buhofer Trust, alongside Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer, Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer, Julia Häcki and Maurus Häcki also indirectly have a participating interest in Metall Zug AG.

Other than these, there are no mutual agreements between shareholders who are subject to reporting obligations.

### **1.3 Cross-shareholdings**

There are no cross-shareholdings.

## **2 Capital structure**

### **2.1 Capital**

The shareholders’ equity structure is described in the financial report on page 69 (see note 16 “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 equity in the last two reporting years is listed in the financial report on page 55 (see “Changes in shareholders’ equity”). Information on the changes in equity in 2010 can be found on page 51 of the annual report 2011 (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 in the financial report on page 69 (see note 16 “Shares”).

### **Shares**

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

## Participation certificates

Metall Zug AG has not issued any participation certificates.

## 2.5 Profit sharing certificates

Metall Zug AG has not issued any profit sharing certificates.

## 2.6 Limitations on transferability and nominee registrations

In relation to the company, only those registered in the share register are recognized as registered shareholders or beneficiaries. The transfer of shares of type A is subject to approval by the board of directors in each instance. Approval can be denied for important reasons. These include:

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

Approval can be denied without giving reasons, provided that the board of directors acquires the shares (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted. Metall Zug AG does not provide registration of nominees. For the procedure and conditions for canceling the limitations on transferability, see section 6.2 of this corporate governance report.

## 2.7 Convertible bonds and options

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

## 3 Board of directors

### 3.1 Members of the board of directors

The board of directors consists of six members. An overview of the members, providing information on nationality, age, function, first election and term of office, is available on page 9. The board of directors comprises non-executive members only. The members of the board of directors did not belong to the senior management of Metall Zug AG nor to the senior management of a group company in the three financial years preceding the period under review, 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

#### Jürgen Dormann

##### \_ Education:

Master of economics, University of Heidelberg

##### \_ Professional background:

CEO of ABB AG, Zurich, 2002–2004, and chairman of the board of directors, 2001–2007; chairman of the executive board of Aventis SA, Strasbourg, 1999–2002, and Hoechst AG, Frankfurt on the Main, 1994–1999

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

None

##### \_ Activities in governing and supervisory bodies:

Chairman of the board of directors of Sulzer AG, Winterthur; chairman of the ETH Zurich Foundation, Zurich

#### **Heinz M. Buhofer**

- \_ Education:  
Economics (lic. oec.), University of St. Gallen (HSG)
- \_ Professional background:  
Managing director of Metall Zug AG, 2002–2008
- \_ Previous operational activities for the Metall Zug Group:  
Various operational functions at the former Group company MZ-Immobilien AG, Zug, 1984–1997
- \_ Activities in governing and supervisory bodies:  
Chairman of the board of directors of Zug Estates Holding AG, Zug; member of the board of directors of V-ZUG AG; member of the board of directors of Wasserwerke Zug AG, Zug

#### **Calvin Grieder**

- \_ Education:  
Master in process engineering (Dipl. Ing.),  
Swiss Federal Institute of Technology (ETH), Zurich
- \_ Professional background:  
CEO of Bühler AG, Uzwil, since 2001
- \_ Previous operational activities for the Metall Zug Group:  
None
- \_ Activities in governing and supervisory bodies:  
Chairman of the board of directors of Belimed AG, Zug;  
member of the board of directors of Bühler AG, Uzwil,  
and of Model Holding AG, Weinfelden

#### **Marga Gyger**

- \_ Education:  
Graduate of the Auslands- und Dolmetscherinstitut  
of the Johannes Gutenberg University, Mainz
- \_ Professional background:  
Corporate consultant of Franke Artemis Management AG, Aarburg, since 2010; CEO of Franke Coffee Systems, Aarburg, 2004–2010, and member of the expanded group management of Franke Group,

2007–2010; managing director of various Franke Coffee Systems companies in Switzerland and Germany, 1994–2003

- \_ Previous operational activities for the Metall Zug Group:  
None
- \_ Activities in governing and supervisory bodies:  
Chair of the board of directors of Gehrig Group AG;  
member of the board of directors of Franke Kaffee-  
maschinen AG, of Franke Foodservice Systems AG  
and of Franke Washroom Systems AG, all in Aarburg,  
as well as of Precious Woods Holding AG, Zug, and  
Precious Woods Central America Ltd, Baar

#### **Peter Terwiesch**

- \_ Education:  
Doctorate in technical sciences (electrical engineering),  
Swiss Federal Institute of Technology (ETH), Zurich
- \_ Professional background:  
CEO of ABB AG, Germany, since 2011; Chief Technology  
Officer of ABB Group, Zurich, 2005–2011; Head of ABB  
Automation GmbH Germany, 2003–2005; Head of the  
Industrial Division of ABB Switzerland, 2001–2002 and  
Head of ABB Corporate Research Limited, Switzerland,  
1999–2001
- \_ Previous operational activities for the Metall Zug Group:  
None
- \_ Activities in governing and supervisory bodies:  
Chairman of the board of directors of ABB Switzer-  
land AG, Baden, and of V-ZUG AG, Zug, as well as of  
various companies within the ABB Group; member  
of the Market Strategy Board of the IEC (International  
Electrotechnical Commission)

**Martin Wipfli****\_ Education:**

Attorney-at-law, University of Berne

**\_ Professional background:**

Managing Partner of Baryon AG, Zurich, since 1998

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

None

**\_ Activities in governing and supervisory bodies:**

Chairman of the board of directors of Elma Electronic AG, Wetzikon, of nebag ag, Zurich, and of HMZ Beteiligungen AG, Au (SG), which holds Metall Zug's investment in Schlatter Holding AG; member of the board of directors of Belimed AG, Zug, of Zug Estates Holding AG, Zug, and of other non-listed companies.

None of the members of the board of directors has a permanent management or advisory function for an important interest group, nor an official function or political post.

**3.3 Elections and terms of office**

Members of the board of directors are elected by the general meeting of shareholders, usually on an individual basis and for a period of one year in each case. They may be re-elected at any time, but must step down upon reaching the age of 70, i.e. on the date of the subsequent general meeting of shareholders. This does not apply to members of the board of directors who have been involved with the Metall Zug Group for less than six years at that time. They may be elected for up to nine years.

**3.4 Internal organizational structure**

According to the law, the board of directors holds the highest decision-making power and specifies, among other things, the organizational, financial-planning-related and accounting-related directives that

Metall Zug AG and the Metall Zug Group undertake to comply with. Decisions are made by the entire board of directors with the assistance of the following two committees: the audit committee and the staff committee. The strategy committee was disbanded in the course of the reporting year. Metall Zug is run as an industrial group of companies, in which operational responsibility for the management of the business and for the achievement of objectives by the individual business units and subsidiaries primarily lies with the senior management or managing directors of the individual business units and subsidiaries.

The board of directors of Metall Zug AG is responsible for overall supervision and exerts 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 senior management may issue guidelines and recommendations to the subsidiaries for the purpose of realizing a coherent business policy.

The board of directors of Metall Zug AG has devolved the day-to-day management of Metall Zug AG to Metall Zug AG's senior management. In the year under review, the board of directors met four times. These meetings typically last half a day. The agenda items for the meetings of the board of directors are specified by the chairman and prepared by the senior management. Every member of the board of directors and every member of the senior management is entitled to request the summoning of a meeting, upon specification of the meeting's purpose. Ten days prior to a meeting of the board of directors, the members of the board of directors will receive documentation that allows them to prepare for the discussion of the agenda items.

#### **Audit committee**

The audit committee met four times in the reporting year. It makes an independent assessment of the quality of the annual financial statements and discusses these with the 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, designs the organization of the internal audit department and assigns tasks to them. 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, from 24 August 2012, Marga Gyger. The external auditors and internal auditors also participate in the meetings of the audit committee. While the external and internal auditors took part in all the meetings, members of the senior management were represented as required for selected agenda items.

#### **Staff committee**

The staff committee met three times in the reporting year. It develops the principles of corporate governance which are then submitted to the board of directors for approval. This also includes periodic revision of the composition and size of the board of directors and

its committees and of the board of directors of each subsidiary. In addition, the staff committee proposes to the board of directors qualified candidates for the various bodies and also submits proposals to the board of directors regarding the compensation of the board of directors and of the senior management. The staff committee comprises Heinz M. Buhofer, chairman, and Peter Terwiesch.

#### **Strategy committee**

With the spin-off of the real estate business unit to form Zug Estates Holding AG in summer 2012, the duties of the strategy committee have been transferred to the area of responsibility of the entire board of directors and the strategy committee is no longer run as an independent committee. The strategy committee met four times in the reporting year. It supervised the further development of the industrial business units of the Metall Zug Group with the aim of sustainably increasing the value of the group. It drew up strategies for the Metall Zug Group or for its individual business units, which were then submitted to the board of directors, and reviewed alternatives with a view to assuring and improving the technological, commercial and financial future of the business units. By contrast, the decision-making authority for strategic projects and transactions lay with the entire board of directors, which received information on the activities of the strategy committee on a regular basis. The members of the strategy committee were Heinz M. Buhofer, chairman, Peter Terwiesch and Marga Gyger. Members of the senior management of Metall Zug AG, and members of the board of directors and senior management of the individual business units, likewise participated in meetings of the strategy committee.



### 3.5 Definition of areas of responsibility

The board of directors has established organizational regulations for the purpose of distributing areas of responsibility between the board of directors and senior management. These are available at [www.metallzug.ch](http://www.metallzug.ch). From the beginning of 2013, Metall Zug has been run as an industrial group of companies, in which operational responsibility for the management of the business and achievement of objectives for the individual business units and subsidiaries primarily lies 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 the intellectual initiative and to deal with emerging business opportunities until they are ready for a decision.

### 3.6 Information and control instruments vis-à-vis the senior management

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. Depending on the size and the risks of the business, separate financial statements may also be produced either monthly or quarterly. Results are prepared for each business unit and are consolidated for the Metall Zug Group. In each case, results are compared to the previous year's period and to the budget. The achievability of budgets, which are integrated into rolling medium-term plans, is reviewed several times a year on the basis of extrapolations. The managing director or the head of each business unit submits a written report on the progress of budget achievement to the board of directors of the respective company as well as to the chairman of the board of directors of Metall Zug AG and

to the senior management of Metall Zug AG. The entire board of directors of Metall Zug AG receives the key figures and written comments on a monthly basis, and is informed in detail at its meetings about the course of business by the senior management.

The internal auditors conducted four audits in the reporting year. The results of each audit are discussed in detail with the corresponding companies and business units, and the key measures are agreed. The chairman of the board of directors, members of the audit committee, members of the senior management, and other line managers of the head of the audited unit receive a copy of each audit report. In addition, the reports and the main measures agreed are discussed by the audit committee. The internal auditors are administratively subordinated to the CEO, but report for specialist purposes 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. 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 individuals are assigned responsibility for substantial risks. These individuals are responsible for taking concrete measures to manage these risks and for monitoring their implementation. On behalf of the audit committee, a risk report for the board of directors is drawn up at regular intervals.

## 4 Senior management

### 4.1 Members of the senior management

Information on the nationality, the age and the function of the members of the senior management is available on page 9.

## 4.2 Other activities and vested interests

### Jürg Werner

#### \_ Education:

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

#### \_ Professional background:

Metall Zug AG: CEO, since June 1, 2012; CEO V-ZUG AG since June 1, 2010; previously COO V-ZUG AG, 2010; head of development V-ZUG AG and member of the executive board, 1996–2009; head of fire detector development at Cerberus AG, 1989–1996; researcher at Bell Communications Research Inc., USA, 1987–1989; scientific assistant Swiss Federal Institute of Technology (ETH) Zurich, 1981–1987

#### \_ Activities in governing and supervisory bodies:

Chairman of the board of directors of Schleuniger Holding AG, Thun, and of the Swiss Association for Standardization SNV; member of the Industrial Advisory Board of the Department of Mechanical and Process Engineering, (ETH) Zurich, of the advisory board of ZAHW Life Sciences and Facility Management and of the Swiss Academy of Technical Sciences (SATW); member of the executive board of economiesuisse

### Robert Berlinger

#### \_ Education:

Swiss-Certified Accounting and Controlling Expert, Program for Executive Development (PED), IMD Lausanne

#### \_ Professional background:

Metall Zug AG: CFO, from June 1, 2012 till December 31, 2012; since 2006 commercial director and member of the senior management of V-ZUG AG; previously head of finance and accounting, 1997–2006; controller and head of Group Reporting at Gretag Imaging AG, 1991–1997; consultant and SME group head at Fides Treuhand AG, 1987–1990; accountant Kuoni AG travel agency

### Daniel Keist

#### \_ Education:

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

#### \_ Professional background:

Metall Zug AG: CFO, since January 1, 2013; previously Forbo Holding AG, Head Corporate Center and member of the executive board, 2007–2012; SIX Swiss Exchange, head of Admissions and member of the group executive board, 2003–2007; Ernst & Young AG, Corporate Finance/Head Capital Markets, partner, 2001–2003; Selecta Group, Director Strategy and Business Development, from 2000 CFO, member of the executive board, 1998–2001; UBS, Corporate Finance Advisory Switzerland, Co-Head “Investment Banking Equity and Advisory”, 1984–1998; Sulzer AG, controller, 1982–1984

### Urs Wälchli

#### \_ Education:

Master of Law (lic. iur.), University of Zurich, attorney-at-law, Executive M.B.L.-HSG, University of St. Gallen (HSG)

#### \_ Professional background:

Metall Zug AG: Head of HR & Legal, since June 1, 2012; since 2011 Head of Legal and HR V-ZUG AG and member of the executive board; previously General Counsel at Adecco Group, 2007–2011; Legal Counsel and General Counsel at ABB Switzerland, 2000–2007; Risk Management Services and Head of Captive Consulting Zurich Insurance, 1997–2000; clerk of the court at the district and labor court of Aarau

## Christoph Schüpbach

### \_ Education:

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

### \_ Professional background:

Metall Zug AG: Head of wire processing business unit, since October 1, 2012; since August 1, 2009 CEO of Schleuniger Group; previously management functions at Bystronic Group, culminating in head of the NAFTA, North Europe and Asia/Pacific market division, 2003–2009; management functions within the ABB Group, culminating in head of the overvoltage protection business area at ABB Switzerland, product manager for south-east Asia at ABB Malaysia and development engineer and project manager at ABB Hochspannungstechnik, 1993–2002

## Dr. Claus Martini

### \_ Education:

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

### \_ Professional background:

Metall Zug AG: Head of the infection control business unit, since January 1, 2013; since January 1, 2012 CEO of Belimed AG; previously CEO ANM Adaptive Neuromodulation GmbH, 2009–2011; CEO Biotronik AG, 2003–2008; Managing Director SCHOTT Italtetro (Italy), 2001–2003, CTO Schott Industrial Glass Ltd, Newton (UK), 1999–2001; project manager at Biotronik GmbH, Berlin (Germany), 1997–1999; director of works Schott DESAG, Grünenplan (Germany), 1995–1997

None of the members of the senior management has a permanent management or advisory function for an important interest group, nor an official function or political post.

## 4.3 Management contracts

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

## 5 Compensation, shareholdings and loans; compensation report

This compensation report explains the principles of the compensation system and provides details of the compensation paid to the board of directors and senior management for the 2012 financial year.

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 and senior management

At the request of the staff committee, the board of directors determines the compensation for each individual member of the board of directors and for each individual member of the senior management annually. The proposal for the salaries of the senior management (with the exception of the CEO) is prepared by the CEO and presented to the staff committee.

The staff committee of Metall Zug AG advises and supports the board of directors, among other things, in determining the compensation policy and the compensation for the board of directors and senior management.

### **Board of directors**

The members of the board of directors receive a fixed compensation for their activities as well as a lump-sum reimbursement of business expenses which is determined periodically by the entire board of directors at the request of the staff committee. They were paid additional fixed compensation in the reporting year for activities on the board of directors of subsidiaries, which are included in the amounts disclosed in the notes to the annual financial statements of Metall Zug AG.

### **Senior management**

At the request of the staff committee, the board of directors approves compensation of the members of the senior management according to their respective functions and in line with the market. Total compensation comprises a fixed salary and a performance-related, variable salary. The variable salary component is paid out in the following year.

Fixed compensation comprises the monthly salary, the year-end bonus and a lump-sum reimbursement of business expenses.

Due to the organization and decentralized operational distribution of responsibilities to date, the total compensation of the senior management at group level does not yet contain any variable component, but at the level of the respective subsidiary or business unit.

For the 2012 financial year, the variable component is measured against the performance of the respective subsidiary or business unit and applied in accordance with the responsibility held by the member of senior management in question. In addition, it may contain an individual performance component which is based on

the achievement of personal objectives that have been set in advance (special projects, tasks and achievements).

For the 2012 financial year, the variable components for the CEO, CFO and Head HR & Legal are assessed on the basis of purely quantitative targets such as EBIT and sales of V-ZUG AG, the head of the wire processing business unit additionally in accordance with individual targets.

The determination of the share of the variable component (target bonus) in the overall compensation is at the discretion of the staff committee and the board of directors, and comes to between 33% and 100% of the fixed compensation, depending on function and performance.

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

In the case of exceptional achievements, the board of directors may also pay out an additional bonus to the senior management in an amount at the discretion of the board of directors.

In the course of the establishment of the new group management, a uniform system of compensation for members of the senior management will be introduced with effect from the 2013 business year.

### **Benchmark**

The total compensation to the board of directors and the senior management is based on the customary market rates of comparable industrial companies in Switzerland (including branch of industry, type and complexity of business, size).

Benchmarking is carried out periodically on the basis of the annual compensation reports of comparable companies or based on relevant experience of the board of directors from functions in similar companies.

### **Employment contracts of senior management**

The employment contracts of the senior management do not provide for any severance payments or unusually long periods of notice, nor have the employment contracts been concluded for excessively long periods.

### **Capital participation programs**

Metall Zug AG does not have any participation or option programs, and no shares have been assigned to members of the board of directors, members of the senior management or related parties.

Prior to the disclosure or announcement of market-relevant information or projects, the board of directors, senior management and any employees involved are prohibited from effecting transactions with equity securities (or other financial instruments) of Metall Zug AG or potential target companies.

### **Loans and credit facilities**

No loans or credits facilities were granted to members of the board of directors or to members of the senior management.

### **Compensation to former members of corporate bodies**

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

### **Details**

Details on compensation and on share ownership can be found in the annual financial statements of Metall Zug AG on page 78 ff.

Information on the amounts of compensation paid to the board of directors and the senior management is available on page 80 of the annual financial statements of Metall Zug AG.

## **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, the depository proxy, the representative officer, or the independent representative.

### **6.2 Statutory quorums**

In addition to the instances stated in article 704 of the Swiss Code of Obligations, 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
- requires 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 shall adopt resolutions and hold elections by the majority of voting shares cast, irrespective of the number of shareholders present and of the number of shares represented.

### **6.3 Convocation of the general meeting of shareholders**

Convocation of the general meeting of shareholders follows the legal provisions.

### **6.4 Agenda items**

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

### **6.5 Title registrations into the share register**

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

## **7 Change of control and defense measures**

### **7.1 Duty to make an offer, opting out**

The duty to make a public offer to purchase according to articles 32 and 52 of the Swiss Stock Exchange and Securities Trading Act (SESTA) is removed within the meaning of article 53 SESTA.

### **7.2 Clauses on changes of control**

In the event of a change of control, Metall Zug AG is not obliged to make any additional payments, neither for the benefit of the members of the board of directors, nor for the benefit of members of the senior management or any other executives.



## 8 Auditors

### 8.1 Duration of the mandate and term of office of the lead auditor

An overview regarding the auditors of the annual financial statements of Metall Zug AG and of the consolidated financial statements of the Metall Zug Group, including information on the lead auditor, the lead auditor's term of office and the duration of the auditing mandate, is available on page 9.

### 8.2 Auditing fees

In the year under review, the independent auditors, in particular Ernst & Young, charged Metall Zug AG, and the Metall Zug Group, respectively, total fees of TCHF 803 for services related to the audit of the annual financial statements of Metall Zug AG and its subsidiaries, as well as for services related to the audit of the consolidated financial statements of the Metall Zug Group.

### 8.3 Additional fees

The independent auditors, in particular Ernst & Young, charged Metall Zug AG, or the Metall Zug Group respectively, additional fees of TCHF 202, of which TCHF 44 was for audit-related additional services, TCHF 51 for tax consulting services and TCHF 107 for services in connection with the spin-off of the real estate business unit.

### 8.4 Informational instruments pertaining to the external audit

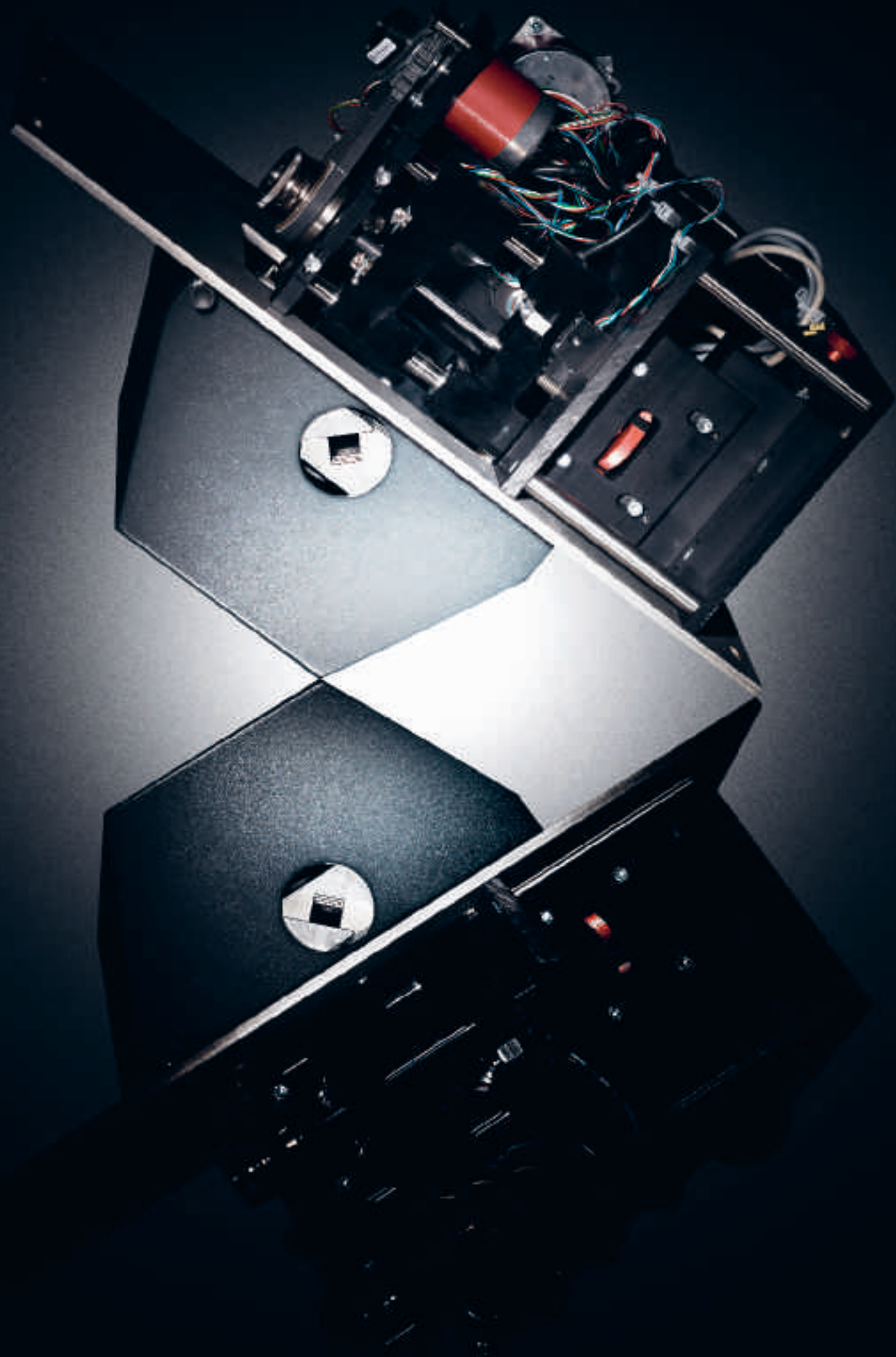
The external auditors are elected by the general meeting for a period of one year. The lead external auditor is replaced at the latest after a term of seven years. The audit committee is responsible for evaluating the external auditors. At least once a year, the members of the audit committee receive 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 2012, he took part in four meetings of the committee. The audit committee assesses the performance of the external auditors on the basis of the documents, reports and presentations issued by the external auditors. In doing so, the audit committee evaluates the quality, relevance and contribution toward improving transparency on the basis of the statements and documentation made available by the external auditors. In addition, the committee seeks the opinion of the CFO.

The amount of fees charged by the external auditors is reviewed and compared with the auditing fees of other comparable Swiss industrial companies on a regular basis. Further information on the external auditors, in particular the amount of auditing fees, and fees charged by the external auditors for additional services outside the agreed audit scope can be found on page 46. 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 towards the public and towards financial markets. Media releases are issued if an important event occurs. Metall Zug AG and the Metall Zug Group publish their figures semi-annually by means of the half-yearly report and the annual report. Current media releases, important dates as well as general information about Metall Zug AG or the Metall Zug Group can be viewed at [www.metallzug.ch](http://www.metallzug.ch).



# Financial report

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During the year under review, the Metall Zug Group generated gross sales of CHF 856.4 million (previous year: CHF 864.2 million), a decrease of 0.9% compared to the previous year. In local currencies, the decrease amounted to 1.4%. The operating income (EBIT) was CHF 66.6 million (previous year: CHF 96.7 million). All business units were affected by the decrease. Thanks to the higher financial result, net income came to CHF 61.5 million, almost matching the previous year's level (CHF 63.4 million).

For the period to the spin-off as at 30 June 2012, the income statement also includes the results of the former real estate business unit (operating income CHF 7.5 million, entire previous year CHF 15.3 million). As a result of the spin-off, total assets saw a substantial reduction and the equity ratio increased from 62.0% to 72.5%.

## ← Technology highlight Schleuniger AG:

### Rotary stripping head

High demands are placed on the processing of metal braids for the shielded cables used in wireless technology or hybrid vehicles. As global leader in the coaxial cable processing market, Schleuniger has many years of experience and proven technological

expertise. The centerpiece of this equipment is the rotary stripping head. This robust high-performance module is also available in the MegaStrip 9650. Customers can use it for top-quality processing of cables up to 35 mm in diameter at impressive throughput rates.

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# Consolidated income statement

in CHF thousands	Notes	2012	2011
Gross sales		856 387	864 168
Sales deductions		-19 622	-21 674
<b>Net sales</b>	1	<b>836 765</b>	<b>842 494</b>
Changes in inventories		-1 902	3 948
Other operating revenue	1	30 859	53 818
<b>Operating revenue</b>		<b>865 722</b>	<b>900 260</b>
Cost of materials	2	-315 124	-319 316
Personnel expenses	3	-315 321	-316 094
Depreciation on tangible assets	11	-40 171	-44 557
Amortization on intangible assets	11	-4 657	-2 398
Other operating expenses	4	-123 870	-121 192
<b>Operating expenses</b>		<b>-799 143</b>	<b>-803 557</b>
<b>Operating income (EBIT)</b>	1	<b>66 579</b>	<b>96 703</b>
Financial income	6	24 409	14 285
Financial expenses	6	-9 845	-31 175
Associated companies	6, 11	-6 206	-3 348
<b>Financial result</b>		<b>8 358</b>	<b>-20 238</b>
<b>Income before taxes</b>		<b>74 937</b>	<b>76 465</b>
Taxes	7	-13 400	-13 110
<b>Net income</b>		<b>61 537</b>	<b>63 355</b>

Details on the individual items are available in the notes to the consolidated financial statements on page 60.

# Consolidated balance sheet

## Assets

in CHF thousands	Notes	12/31/2012	12/31/2011
Cash and cash equivalents		131 395	239 108
Securities	8	249 537	231 129
Trade receivables	9	111 544	114 598
Other receivables		18 617	18 700
Inventories	10	137 140	144 677
Prepaid expenses		6 067	6 506
<b>Current assets</b>		<b>654 300</b>	<b>754 718</b>
Land	11	385	9 849
Land and buildings	11	136 731	465 189
Plant and equipment	11	64 113	68 171
Prepayments and assets under construction	11	6	1 262
Other tangible assets	11	24 608	30 458
<b>Tangible assets</b>		<b>225 843</b>	<b>574 929</b>
Employer's contribution reserves	11, 22	14 289	8 129
Associated companies	11	5 016	10 431
Other financial assets	11	40 722	16 837
<b>Financial assets</b>		<b>60 027</b>	<b>35 397</b>
Software	11	14 405	14 805
Other intangible assets		108	182
<b>Intangible assets</b>		<b>14 513</b>	<b>14 987</b>
<b>Fixed assets</b>		<b>300 383</b>	<b>625 313</b>
<b>Total assets</b>		<b>954 683</b>	<b>1 380 031</b>

Details on the individual items are available in the notes to the consolidated financial statements on page 60.

**Liabilities and shareholders' equity**

in CHF thousands	Notes	12/31/2012	12/31/2011
Current financial liabilities		28 015	8 058
Trade payables		47 330	41 615
Other current liabilities	10, 12	72 522	72 327
Accrued expenses		41 825	41 838
Current provisions	14	28 521	27 385
<b>Current liabilities</b>		<b>218 213</b>	<b>191 223</b>
Long-term financial liabilities	13	3 309	274 283
Other long-term liabilities		1 084	5 322
Long-term provisions	14	40 120	53 968
<b>Non-current liabilities</b>		<b>44 513</b>	<b>333 573</b>
<b>Total liabilities</b>		<b>262 726</b>	<b>524 796</b>
Share capital	16	11 250	11 250
Capital reserves		342 335	342 170
Treasury shares	16	-13 419	-17 019
Retained earnings		351 791	518 834
<b>Shareholders' equity</b>		<b>691 957</b>	<b>855 235</b>
<b>Total liabilities and shareholders' equity</b>		<b>954 683</b>	<b>1 380 031</b>

Details on the individual items are available in the notes to the consolidated financial statements on page 60.

# Consolidated statement of cash flows

in CHF thousands	2012	2011
Net income	61 537	63 355
Financial result (net)	-14 564	16 890
Depreciation	44 828	46 955
Associated companies	6 206	3 348
Value adjustments of financial assets	3 631	2 324
Net changes in provisions	-481	-4 480
Income tax	13 353	12 987
Other non-cash items	-7 445	-1 050
<b>Cash flow</b>	<b>107 065</b>	<b>140 329</b>
Change in securities	-7 921	-3 132
Change in trade receivables	1 254	-6 261
Change in other receivables and prepaid expenses	6 839	6 562
Change in inventories	6 604	214
Change in trade payables	12 084	-6 027
Change in other current liabilities and accrued expenses	4 176	6 125
Interest paid	-3 552	-8 532
Taxes paid	-13 544	-13 924
<b>Cash flow from operating activities</b>	<b>113 005</b>	<b>115 354</b>
Investments in tangible assets	-79 932	-101 885
Investments in financial assets	-7 519	-8 473
Investments in intangible assets	-4 269	-6 007
Disposals of tangible assets	2 435	5 925
Disposals of financial assets	3 327	343
Disposals of intangible assets	8	11
Dividends received	0	9
Interest received	418	796
<b>Cash flow from investing activities</b>	<b>-85 532</b>	<b>-109 281</b>
Change in long-term financial liabilities	-25 204	95 734
Purchase of treasury shares	-13 419	0
Distribution of shares Zug Estates Holding AG (cash portion)	-93 189	0
Dividend	-24 322	-24 322
<b>Cash flow from financing activities</b>	<b>-156 134</b>	<b>71 412</b>
Currency translation effects	991	-382
<b>Change in "Net cash and cash equivalents"</b>	<b>-127 670</b>	<b>77 103</b>

Information on the composition of "Net cash and cash equivalents" is available on page 73.

In 2012, a non-cash allocation of TCHF 6 260 was made to the employer's contribution reserve and in a non-cash transaction interests of TCHF 225 were credited on the employer's contribution reserves (see note 11, page 66). The recognition of 60 000 registered shares of type B of Zug Estates Holding AG in connection with the spin-off was likewise a non-cash transaction. Furthermore, two properties in the amount of TCHF 2 233 no longer required for operations were reclassified from fixed assets to non-cash current assets. In 2011, there were no non-cash investments or financing activities.

The statement of cash flows is presented in a new format. Notably, cash flows from Interests paid and Taxes paid are stated separately. To facilitate comparison, the previous year's figures are restated accordingly.

# Changes in shareholders' equity

in CHF thousands	Share capital	Capital reserves	Treasury shares	Retained earnings	Accumulated currency translation differences	Total retained earnings	Total
<b>Balance on 01/01/2011</b>	<b>11 250</b>	<b>342 170</b>	<b>-17 019</b>	<b>494 368</b>	<b>-13 254</b>	<b>481 114</b>	<b>817 515</b>
Dividend				-24 322		-24 322	-24 322
Associated companies				-483		-483	-483
Currency translation effects				-427	-403	-830	-830
Net income				63 355		63 355	63 355
<b>Balance on 12/31/2011</b>	<b>11 250</b>	<b>342 170</b>	<b>-17 019</b>	<b>532 491</b>	<b>-13 657</b>	<b>518 834</b>	<b>855 235</b>
<b>Balance on 01/01/2012</b>	<b>11 250</b>	<b>342 170</b>	<b>-17 019</b>	<b>532 491</b>	<b>-13 657</b>	<b>518 834</b>	<b>855 235</b>
Dividend				-24 322		-24 322	-24 322
Distribution of shares of Zug Estates Holding AG as special dividend		165	17 019	-199 509		-199 509	-182 325
Purchase of treasury shares			-13 419				-13 419
Associated companies				-4 261		-4 261	-4 261
Currency translation effects					-488	-488	-488
Net income				61 537		61 537	61 537
<b>Balance on 12/31/2012</b>	<b>11 250</b>	<b>342 335</b>	<b>-13 419</b>	<b>365 936</b>	<b>-14 145</b>	<b>351 791</b>	<b>691 957</b>

See note 16 (page 69) for more detailed information on the purchase/disposal of treasury shares, note 11 (page 66) for more detailed information on acquisitions and on associated companies.

As at 30 June 2012, Metall Zug AG distributed the real estate business unit to its shareholders as a dividend in the form of shares of Zug Estates Holding AG in the amount of TCHF 210 759. The distribution was made at a book value of TCHF 238 860 (see note 21, page 71) net of a still consolidated minority holding of 60 000 registered shares of type B of Zug Estates Holding AG with a book value of TCHF 28 101 (see note 11, page 66). Prior to this, treasury shares of Metall Zug AG with an acquisition value of TCHF 17 019 were transferred in connection with a capital increase to the new company at the market value of TCHF 28 434. The realized gain of TCHF 11 415 on treasury shares was allocated to Capital reserves. The total TCHF 11 250 gain in par value accruing to shareholders from the dividend in kind was distributed from the Capital reserves. In net terms, the Capital reserves increased by TCHF 165.

The associated companies figure of TCHF -4 261 comprises goodwill of TCHF -3 774 offset against equity in connection with the initial consolidation of DiLT AG, and retroactive adjustments of Schlatter Holding AG's shareholders' equity amounting to TCHF -487 (not affecting net income).



# Notes to the consolidated financial statements

## General

The consolidated financial statements of the Metall Zug Group comply with the Swiss GAAP FER financial reporting standard as a whole and are prepared on the basis of historical cost. The revised Swiss GAAP FER standards (2010/2011 edition) were applied for the first time for the 2010 reporting period.

The Metall Zug Group was not required to change the accounting principles or to adapt the previous year's values. 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 15 March 2013.

## Scope of consolidation

The group owns more than 50% of the votes and of the capital of all consolidated subsidiaries. The full consolidation method is applied, i.e. assets and liabilities as well as expenses and revenue are consolidated at 100%. Any share of minority shareholders in net income and shareholders' equity is reported separately. Associated companies, in which the Metall Zug Group holds direct or indirect participations of 20% to 50%, are consolidated according to the equity accounting method (proportional equity). Participations below 20% are not consolidated. Real estate property is included in the consolidated financial statements on the basis of the applicable ownership share.

At the time of the initial consolidation, the assets and liabilities of the consolidated companies or the acquired businesses are shown in the balance sheet in accordance with uniform group principles. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired business share is defined 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 11, page 66). The useful life, which is usually 3 to 5 years and up to 20 years in exceptional cases, is determined at the time of the acquisition.

## Principles of consolidation

### Consolidation method

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

### Currency translation

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

### Exchange rates into CHF

Income statement (average rate)	2012	2011
1 EUR	1.2055	1.2336
1 USD	0.9380	0.8871
1 GBP	1.4865	1.4221
1 AUD	0.9715	0.9154
100 CNY	14.8810	13.7420
100 JPY	1.1770	1.1130

Balance sheet (exchange rate on 12/31)	2012	2011
1 EUR	1.2077	1.2171
1 USD	0.9139	0.9399
1 GBP	1.4768	1.4526
1 AUD	0.9481	0.9565
100 CNY	14.5000	14.8000
100 JPY	1.0640	1.2143

### Intercompany transactions

Intercompany receivables, payables and transactions are eliminated for fully consolidated companies. Depreciation and value adjustments for intercompany receivables and participations are reversed. The individual group companies' intercompany profits on inventories and tangible assets are assessed and also eliminated.

### Principles of valuation

#### Securities

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

#### Trade receivables

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

#### Inventories

With regard to inventories, purchased goods are shown 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 specific value adjustments, general value adjustments of up to 10% for general valuation risks are made according to past experience.

### Tangible assets

Tangible assets are valued 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, hotel and office buildings	33–50
Residential buildings	50–66
Plant and equipment	5–12
Special tools	3–5
Vehicles	5–10
Other tangible assets	2–8
Software licenses	2–5
Other intangible assets	2–20

### Financial assets

Financial assets are reported at their nominal value less value adjustments. Associated companies are consolidated according to the equity accounting method (proportional equity). The associated companies' proportional 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 valued at historical cost less straight-line amortization according to the above depreciation table. Self-developed intangible assets are not recognized in the balance sheet.

### Liabilities

Liabilities are valued 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 insured pension plans. These plans cover the economic consequences of old age, death or disability. Most pension plans are financed through the employer's and the employee's contributions. Contributions are calculated as a percentage of the insured salary. In Germany, seniority-related pension contributions are established on the basis of actuarial calculations. These pension contributions are partially re-insured.

Changes in employer's contribution reserves as well as any economic impact of overcoverage or undercoverage 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 annual income as per commercial law and according to the respective tax assessment rules. They are included in accrued expenses.

### 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 that can be used for tax purposes are neither capitalized nor offset against the provisions for deferred taxes.

### Provisions

Provisions are set up for recognizable risks and also include deferred taxes. They are structured according to their maturity, i.e. a distinction is made between current provisions with an expected cash outflow within the next 12 months, and long-term provisions with an expected cash flow after more than one year. Provisions for guarantees are calculated on the basis of historical data (average of actual costs in recent years).

### Contingent liabilities

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

**List of material investments (as per 12/31/2012)**

Company	Domicile	Currency	Share capital	Participation rate
<b>V-ZUG AG</b>	<b>Zug</b>	<b>CHF</b>	<b>1 900 000</b>	<b>100%</b>
V-ZUG Australia Pty. Ltd.	Loganholme (AU)	AUD	100	100%
V-ZUG Europe BVBA	Harelbeke-Kortrijk (BE)	EUR	100 000	100%
SIBIRGroup AG	Schlieren	CHF	500 000	100%
<b>Gehrig Group AG</b>	<b>Rümlang</b>	<b>CHF</b>	<b>2 000 000</b>	<b>100%</b>
Hildebrand France S.a.r.l.	La Boisse (FR)	EUR	426 720	100%
<b>V-ZUG Immobilien AG</b>	<b>Zug</b>	<b>CHF</b>	<b>1 000 000</b>	<b>100%</b>
<b>Belimed AG</b>	<b>Zug</b>	<b>CHF</b>	<b>6 500 000</b>	<b>100%</b>
Belimed Sauter AG	Sulgen	CHF	350 000	100%
Belimed GmbH	Mühldorf am Inn (DE)	EUR	6 135 550	100%
Belimed Technik GmbH	Mühldorf am Inn (DE)	EUR	25 000	100%
Belimed Deutschland GmbH	Mühldorf am Inn (DE)	EUR	25 000	100%
Belimed d.o.o.	Grosuplje (SI)	EUR	28 000	100%
Belimed GmbH	Fehring (AT)	EUR	180 000	100%
Belimed B.V.	J.G. Rotterdam (NL)	EUR	18 151	100%
Belimed Infection Control Kft.	Budapest (HU)	HUF	3 000 000	100%
NV Belimed SA	Louvain-la-Neuve (BE)	EUR	198 315	100%
Belimed SAS	Limonest (FR)	EUR	1 650 000	100%
Belimed Ltd.	Shipley (UK)	GBP	200 000	100%
Beltech Medical Services Ltd.	Shipley (UK)	GBP	200	100%
Belimed Inc.	Charleston (US)	USD	6 000 000	100%
Belimed Medical Equipment (Shanghai) Co.	Shanghai (CN)	CNY	4 223 000	100%
<b>Schleuniger Holding AG</b>	<b>Thun</b>	<b>CHF</b>	<b>2 500 000</b>	<b>100%</b>
Schleuniger AG	Thun	CHF	150 000	100%
Schleuniger Solutions AG	Unterägeri	CHF	250 000	100%
Schleuniger GmbH	Radevormwald (DE)	EUR	1 025 000	100%
Schleuniger Inc.	Manchester (US)	USD	200 000	100%
Schleuniger Japan Co.	Tokyo (JP)	JPY	200 000 000	100%
Schleuniger Trading (Shanghai) Co.	Shanghai (CN)	CNY	10 864 000	100%
DiIT AG	Krailling (DE)	EUR	103 000	35%
<b>Schlatter Holding AG</b>	<b>Schlieren</b>	<b>CHF</b>	<b>13 465 238</b>	<b>27.66%</b>

As at June 30, 2012 the real estate business unit and therefore the companies Zug Estates Holding AG (incorporated March 1, 2012), Zug Estates AG (formerly MZ-Immobilien AG), Hotelbusiness Zug AG and ZEW Immobilien AG were spun off.

Gehrig Group AG is now a direct subsidiary of Metall Zug AG (previous year: subsidiary of V-ZUG AG). Schleuniger Holding AG acquired 35% of DiIT AG during 2012. In order to absorb a deficit balance, Schlatter Holding AG reduced in December 2012 their share capital by TCHF 12 110 to TCHF 13 465 (previous year: TCHF 25 575). Due to additional purchases of shares, the participation rate in this company rose from 27.43% to 27.66%.

## 1 Segment information

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

- Household appliances      Appliances for kitchen and laundry as well as for the hotel industry, incl. other products <sup>a)</sup>
- Infection control          Equipment for medical institutions, pharmaceutical institutions and laboratories, incl. other products <sup>a)</sup>
- Wire processing          Wire processing equipment
- Real estate (until June 30, 2012) Properties held for investment purposes incl. hotels used for operational purposes

### By business unit

	Net sales to third parties		Operating income (EBIT)		Net assets invested <sup>b)</sup>	
in CHF thousands	2012	2011	2012	2011	2012	2011
Household appliances	541 796	549 110	59 107	70 381	250 614	235 626
Infection control	194 493	190 716	–8 846	–2 367	102 424	103 765
Wire processing	100 476	102 668	8 838	13 369	56 492	58 851
Real estate	<sup>c)</sup>	<sup>c)</sup>	7 480	15 320	<sup>c)</sup>	324 354
<b>Total</b>	<b>836 765</b>	<b>842 494</b>	<b>66 579</b>	<b>96 703</b>	<b>409 530</b>	<b>722 596</b>

	EBIT as % of net sales		Contribution to operating income (EBIT)		EBIT in % of net assets invested	
in percent	2012	2011	2012	2011	2012	2011
Household appliances	10.9%	12.8%	88.8%	72.8%	23.6%	29.9%
Infection control	–4.5%	–1.2%	–13.3%	–2.4%	–8.6%	–2.3%
Wire processing	8.8%	13.0%	13.3%	13.8%	15.6%	22.7%
Real estate	<sup>c)</sup>	<sup>c)</sup>	11.2%	15.8%	<sup>c)</sup>	4.7% <sup>d)</sup>
<b>Total</b>			<b>100.0%</b>	<b>100.0%</b>	<b>16.3%</b>	<b>13.4%</b>

<sup>a)</sup> 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.

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

<sup>c)</sup> Real estate and hotel net sales of TCHF 25 830 (previous year: TCHF 49 422) are reported as other operating revenue and not as sales. The total operating margin has no informative value for the real estate sector. The decrease in comparison to the prior year is based on the spin-off of the real estate business. Therefore, there is no investment in this business area anymore as per 31 December 2012.

<sup>d)</sup> Real estate property was valued at historical costs. Accounting on the basis of market values would have resulted in considerably lower margin-related key figures.



By country in CHF thousands	Household appliances	Infection control	Wire processing	2012 Total	2011 Total
Switzerland	520 109	16 187	981	537 277	557 291
Germany	2 398	52 833	14 337	69 568	67 284
France	2 191	11 007	3 097	16 295	21 284
Other European countries	4 098	42 070	19 146	65 314	60 685
US	5 291	37 845	17 475	60 611	56 392
Other Americas	0	2 182	17 666	19 848	15 661
Asia/Pacific	7 238	26 466	26 636	60 340	55 834
Other	471	5 903	1 138	7 512	8 063
<b>Total 2012</b>	<b>541 796</b>	<b>194 493</b>	<b>100 476</b>	<b>836 765</b>	
<b>Total 2011</b>	<b>549 110</b>	<b>190 716</b>	<b>102 668</b>		<b>842 494</b>

## 2 Cost of materials

In the year under review, the cost of materials declined by 1.3% to TCHF 315 124 (previous year: increase of 2.7% to TCHF 319 316). Whilst the foreign exchange rates stabilized the raw material price decreased. Cash discounts on goods purchased are posted as cost reductions.

with the income-relevant allocation of TCHF 6 260 to the employer's contribution reserves by the welfare fund of V-ZUG AG (see note 11 on page 66 and note 22 on page 72). Contrary to the previous year, profit participation payments of TCHF 5 897 are reported as wages and salaries instead of other personnel expenses (previous year: TCHF 6 797).

## 3 Personnel expenses

in CHF thousands	2012	2011
Wages and salaries	-264 480	-246 461
Pension contributions	-10 981	-16 886
Other personnel expenses	-39 860	-52 747
<b>Total personnel expenses</b>	<b>-315 321</b>	<b>-316 094</b>

Headcount decreased in the reporting year by 28 (previous year: increase of 216) to 3 233 (previous year: 3 261). In 2012 the decrease was due to the spin-off of the former real estate business unit (-160) while all other business units created new jobs: household appliances 47, infection control 77 and wire processing 7. The decrease of the pension contributions is particularly associated

## 4 Other operating expenses

in CHF thousands	2012	2011
Marketing/sales promotion	-28 359	-27 579
Change in provisions	641	3 635
Maintenance and repair	-11 348	-15 056
Administrative expenses	-40 778	-42 855
Other costs	-44 026	-39 337
<b>Total other operating expenses</b>	<b>-123 870</b>	<b>-121 192</b>

In relation to total sales, other operating expenses remained almost constant at 14.5% (previous year: 14.0%), however there are some shifts in several positions. Cost reductions could be achieved in the positions Maintenance and repair (TCHF 3 708, previous year: reduction TCHF 1 557) and Administrative expenses (TCHF 2 077, previous year: increase of TCHF 7 612). The Other costs increased by TCHF 4 689 particularly due to higher development costs (previous year: increase by TCHF 1 082).

## 5 Research and development

Expenses for research and development are included in the operating expenses and relate to personnel costs (wages, salaries and social insurance), cost of material, overhead costs and external labor. Whilst the total sales decreased slightly compared to previous year, the expenses for research and development amounted to 8.5% (previous year: 7.5%). As in previous years, these expenses of TCHF 72 583 (previous year: TCHF 64 739) were directly charged to the income statement.

## 6 Financial result

in CHF thousands	2012	2011
Interest income	477	827
Income from securities	20 145	9 849
Income from financial assets	2 380	25
Foreign exchange gains	1 407	3 584
<b>Total financial income</b>	<b>24 409</b>	<b>14 285</b>
in CHF thousands	2012	2011
Interest expenses	-3 523	-6 555
Losses on securities	-2 830	-19 167
Other financial expenses	-442	-348
Foreign exchange losses	-3 050	-5 105
<b>Total</b>	<b>-9 845</b>	<b>-31 175</b>
<b>Associated companies</b>	<b>-6 206</b>	<b>-3 348</b>
<b>Net financial result</b>	<b>8 358</b>	<b>-20 238</b>

The positive net financial result is a consequence of significantly higher income from securities and gains from securities due to favorable stock market developments. The spin-off of the former real estate business unit led, in comparison to the prior year, to a decrease of interest expenses on long-term financial liabilities.

## 7 Taxes

### Expenditure

in CHF thousands	2012	2011
Current income taxes	-13 635	-11 535
Deferred income taxes	235	-1 575
<b>Total</b>	<b>-13 400</b>	<b>-13 110</b>

### Liabilities

in CHF thousands	2012	2011
Current income taxes	11 935	9 733
Deferred income taxes	23 957	35 857
<b>Total</b>	<b>35 892</b>	<b>45 590</b>

Potential tax reductions resulting from tax loss carryforwards and temporary differences amount to TCHF 23 540 (previous year: TCHF 21 260). The potential tax reductions increased by net TCHF 2 280 (previous year: TCHF 1 744). This increase is primarily attributable to the losses in various companies in the business units household appliances and infection control. Potential tax reductions are not shown in the balance sheet as it is not certain that they will be realized. Tax expenses amount to 17.9% of income before taxes (previous year: 17.1%).

The average tax rate for deferred income taxes amounts to 15.0% (previous year: 14.9%).

## 8 Securities

in CHF thousands	12/31/2012	%	12/31/2011	%
Fixed-income investments up to 12 months	30 018	12.0	15 935	6.9
Fixed-income securities over 12 months	77 604	31.1	86 228	37.3
Shares and similar investments	141 915	56.9	128 966	55.8
<b>Total securities</b>	<b>249 537</b>	<b>100.0</b>	<b>231 129</b>	<b>100.0</b>

Most securities are managed by third parties in portfolios.

## 9 Trade receivables

in CHF thousands	12/31/2012	12/31/2011
Gross trade receivables	114 705	118 624
Provisions for doubtful debts	-3 161	-4 026
<b>Total trade receivables</b>	<b>111 544</b>	<b>114 598</b>

## 10 Inventories

in CHF thousands	12/31/2012	12/31/2011
Raw materials	19 428	23 292
Trade goods	47 779	60 371
Semifinished and finished products	109 842	102 041
Advance payments to suppliers	665	337
Specific value adjustments	-31 187	-31 877
General value adjustments	-9 387	-9 487
<b>Total inventories</b>	<b>137 140</b>	<b>144 677</b>

Advance payments from customers are not offset against inventories; they are reported as other current liabilities and amount to TCHF 25 226 (previous year: TCHF 20 688).

## 11 Fixed assets table

**Tangible assets**

in CHF thousands	Land	Land & buildings	Plant & equipment	Prepay-ments & assets under construction	Other tangible assets	Total tangible assets
<b>Acquisition costs</b>						
Balance on 01/01/2011	8 228	616 172	175 002	593	85 500	885 495
Additions	1 620	64 755	18 919	4 127	12 464	101 885
Disposals		-6 846	-11 957		-6 271	-25 074
Reclassifications	1	3 522	57	-3 458	-122	0
Currency translation effects		-403	-223		-99	-725
<b>Balance on 12/31/2011</b>	<b>9 849</b>	<b>677 200</b>	<b>181 798</b>	<b>1 262</b>	<b>91 472</b>	<b>961 581</b>
Changes in scope of consolidation	-9 464	-507 723		-4 239	-17 328	-538 754
Additions		46 280	16 579	6 313	10 761	79 933
Disposals		-3 717	-16 380		-7 606	-27 703
Reclassifications		3 330	99	-3 330	-99	0
Currency translation effects		-180	-81		-163	-424
<b>Balance on 12/31/2012</b>	<b>385</b>	<b>215 190</b>	<b>182 015</b>	<b>6</b>	<b>77 037</b>	<b>474 633</b>
<b>Accumulated depreciation</b>						
Balance on 01/01/2011	0	-198 618	-106 423	0	-56 453	-361 494
Depreciation current year		-15 124	-18 698		-10 735	-44 557
Disposals		1 654	11 494		6 001	19 149
Currency translation effects		77			173	250
<b>Balance on 12/31/2011</b>	<b>0</b>	<b>-212 011</b>	<b>-113 627</b>	<b>0</b>	<b>-61 014</b>	<b>-386 652</b>
Changes in scope of consolidation		142 935			12 154	155 089
Depreciation current year		-10 758	-18 787		-10 626	-40 171
Disposals		1 340	14 544		6 881	22 765
Reclassifications			-72		72	0
Currency translation effects		35	40		104	179
<b>Balance on 12/31/2012</b>	<b>0</b>	<b>-78 459</b>	<b>-117 902</b>	<b>0</b>	<b>-52 429</b>	<b>-248 790</b>
<b>Net book values on 12/31/2011</b>	<b>9 849</b>	<b>465 189</b>	<b>68 171</b>	<b>1 262</b>	<b>30 458</b>	<b>574 929</b>
<b>Net book values on 12/31/2012</b>	<b>385</b>	<b>136 731</b>	<b>64 113</b>	<b>6</b>	<b>24 608</b>	<b>225 843</b>
Of which land 12/31/2011	9 849	48 365				
Of which land 12/31/2012	385	19 882				
Insurance values 12/31/2011		776 566	250 411		77 601	1 104 578
Insurance values 12/31/2012		329 346	235 560		59 736	624 642

## Financial and intangible assets

in CHF thousands	Financial assets	Intangible assets
<b>Acquisition costs</b>		
Balance on 01/01/2011	33 825	23 551
Additions	8 473	6 007
Disposals	-344	-55
Associated companies	-3 831	
Currency translation effects	-15	-27
<b>Balance on 12/31/2011</b>	<b>38 108</b>	<b>29 476</b>
<b>Changes in scope of consolidation</b>	<b>-50</b>	<b>-173</b>
Additions	42 046	4 256
Disposals	-3 327	-142
Associated companies	-10 467	
Currency translation effects	59	9
<b>Balance on 12/31/2012</b>	<b>66 369</b>	<b>33 426</b>
<b>Accumulated depreciation</b>		
Balance on 01/01/2011	-388	-12 160
Depreciation current year		-2 398
Impairment	-2 324	
Disposals	1	44
Currency translation effects		25
<b>Balance on 12/31/2011</b>	<b>-2 711</b>	<b>-14 489</b>
<b>Changes in scope of consolidation</b>		<b>95</b>
Depreciation current year		-4 657
Impairment	-3 631	
Disposals		134
Currency translation effects		4
<b>Balance on 12/31/2012</b>	<b>-6 342</b>	<b>-18 913</b>
<b>Net book values on 12/31/2011</b>	<b>35 397</b>	<b>14 987</b>
<b>Net book values on 12/31/2012</b>	<b>60 027</b>	<b>14 513*</b>

\* of which TCHF 14 405 (previous year: TCHF 14 805) software



Financial assets include employer's contribution reserves of TCHF 14 289 (previous year: TCHF 8 129), non-consolidated investments of TCHF 40 722 (previous year: TCHF 16 837) and investments in associated companies of TCHF 5 016 (previous year: TCHF 10 431).

In the 2012 financial year, the V-ZUG AG welfare fund allocated the amount of TCHF 6 260 from the free foundation capital to the employer's contribution reserves (previous year: TCHF 0). Two other companies reduced the employer's contribution reserves by TCHF 325 (previous year: TCHF 140). Interest of TCHF 225 was charged on the employer's contribution reserves (previous year: TCHF 225).

The associated companies figure includes share purchases in 2012 totaling TCHF 220 (previous year: TCHF 6 037), retroactive adjustments of the Schlatter Group's shareholders' equity amounting to TCHF -487, not affecting net income (previous year: TCHF -483), an income-relevant supplementary posting of the proportional result of TCHF 427 (previous year: TCHF 207 concerning business year 2010) for the 2011 business year, and the estimated proportional loss for the 2012 business year of TCHF -6 556 (previous year: TCHF -3 555), which was charged to the income statement. This latter figure was calculated on the basis of Schlatter Holding AG's published data available during the preparation of the financial statements and analysts' estimates for the 2012 business year. Any deviations from actual values will be recorded in the subsequent period. The market value of the shares of the associated company Schlatter Holding AG on 31 December 2012 is TCHF 13 417 (previous year: TCHF 17 553).

Effective 1 May 2012, Schleuniger Holding AG acquired a 35% ownership interest in the German company DiIT AG in Krailling. The participation is consolidated according to the equity accounting method (proportional equity). The goodwill offset against equity under the initial consolidation of DiIT AG amounts to TCHF 3 774. A proportional loss of TCHF -77 was charged to the income statement. The book value was TCHF 981 at the end of 2012.

Prior to the spin-off of the real estate business unit, Metall Zug AG subscribed 60 000 registered shares of type B of Zug Estates Holding AG. The book value amounts to TCHF 28 101, the market value TCHF 72 000. Value adjustments of TCHF 3 631 (previous year: TCHF 2 324 net) were made on further non-consolidated participations.

The goodwill directly offset against retained earnings originates from the new participation in DiIT AG and amounts to TCHF 3 774 (previous year: TCHF 0). As at 31 December 2012, the fully amortized goodwill positions of TCHF 137 862 were derecognized in the shadow accounting schedule. The accumulated acquisition values amount to TCHF 3 774 (previous year: TCHF 137 862). 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 an average useful life of 3 years would have resulted in an additional amortization of TCHF 2 774 (previous year: TCHF 7 674). After deduction of a theoretical amortization, the goodwill that can theoretically be capitalized has a residual value of TCHF 2 935 (previous year: TCHF 1 935).

## 12 Pension liabilities

Pension liabilities amount to TCHF 956 (previous year: TCHF 2 469). They are recorded as other current liabilities.

## 13 Long-term financial liabilities

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

in CHF thousands			12/31/2012	12/31/2011
Residual term	Pledged	Blank	Total	Total
up to 3 years	2 801	8	2 809	19 783
up to 5 years	500	0	500	104 000
over 5 years	0	0	0	150 500
<b>Total 12/31/2012</b>	<b>3 301*</b>	<b>8</b>	<b>3 309</b>	
<b>Total 12/31/2011</b>	<b>264 835</b>	<b>9 448</b>		<b>274 283</b>

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

The spin-off of the former real estate business unit led to a decrease of long-term financial liabilities of TCHF 250 000. A covenant of a loan agreement funding the infection control business unit agreed with a Swiss bank has been breached. As a consequence, loans in the amount of TCHF 18 975 with a long-term character are disclosed as current financial liability. As collateral for current and long-term financial liabilities of TCHF 31 324 (previous year: TCHF 282 341), assets with a book value of TCHF 23 539 have been encumbered (previous year: TCHF 201 203).

**14 Provisions**

in CHF thousands	Deferred taxes	Guarantees	Pension	Restructuring	Other	Total
<b>Balance on 01/01/2011</b>	<b>34 401</b>	<b>41 259</b>	<b>5 809</b>	<b>1 087</b>	<b>3 482</b>	<b>86 038</b>
Additions	3 939	24 807	1 328		2 704	32 778
Utilization	-2 485	-22 848	-3 753	-228	-1 076	-30 390
Release		-5 297		-260	-1 304	-6 861
Currency translation effects	2	-75	-74		-65	-212
<b>Balance on 12/31/2011</b>	<b>35 857</b>	<b>37 846</b>	<b>3 310</b>	<b>599</b>	<b>3 741</b>	<b>81 353</b>
Of which current provisions		25 070	175	599	1 541	27 385
<b>Balance on 01/01/2012</b>	<b>35 857</b>	<b>37 846</b>	<b>3 310</b>	<b>599</b>	<b>3 741</b>	<b>81 353</b>
Additions	809	23 337	45		2 706	26 897
Utilization	-1 044	-21 938	-91		-1 419	-24 492
Release		-2 246	-24		-851	-3 121
Change in scope of consolidation	-11 663				-227	-11 890
Currency translation effects	-2	-58	-24		-22	-106
<b>Balance on 12/31/2012</b>	<b>23 957</b>	<b>36 941</b>	<b>3 216</b>	<b>599</b>	<b>3 928</b>	<b>68 641</b>
Of which current provisions		24 805	331	599	2 786	28 521

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

## 15 Significant shareholders

As of 31 December 2012, the following shareholders owned more than 3% of total voting rights (2 203 776 votes):

	Registered shares of type A	Registered shares of type B	Votes	Votes previous year
Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer*	1 480 650	604	67.2%	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%

\* and Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer, Julia Häcki and Maurus Häcki, if acting in mutual agreement. 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, Julia Häcki and Maurus Häcki) owns a total of 68.07% of voting rights according to the public disclosure of 3 July 2012 – holds as of 31 December 2012, 18 400 registered shares of type A and 5 950 registered shares of type B of Metall Zug AG (1.1% of the total voting rights), which are not contained in the table.

## 16 Shares

Shares issued					
1 948 640	Reg. shares type A at par value CHF 2.50	Securities no. 209 262	CHF	4 871 600	
255 136	Reg. shares type B at par value CHF 25.00	Securities no. 3 982 108	CHF	6 378 400	
<b>2 203 776</b>	<b>votes</b>	<b>Share capital</b>	<b>CHF</b>	<b>11 250 000</b>	

No equity instruments were issued in the year under review, nor in the previous year. Undistributable, statutory or legal reserves amount to TCHF 11 771 (previous year: TCHF 12 935).

On 15 June 2012, in connection with an ordinary capital increase conducted by Zug Estates Holding AG, Metall Zug AG contributed in kind 18 400 registered shares of type A at a price of CHF 369 and 5 950 registered shares of type B at a price of CHF 3 691 to Zug Estates Holding AG. Accordingly, holdings of treasury shares have in the meantime been reduced to zero.

In various transactions as of 6 September 2012, Metall Zug AG acquired a total of 6 963 registered shares of type B (previous year: 0) at an average price of CHF 1 927. As of 31 December 2012, Metall Zug AG holds none of its own registered shares of type A and 6 963 of its own registered shares of type B (previous year: 18 400 registered shares of type A and 5 950 registered shares of type B).

## 17 Transactions with related parties

In the reporting year invoices for services and appliances supplied to companies of the Zug Estates group in the amount of TCHF 57 were issued. On the other hand, expenses of TCHF 96 were incurred on hotel and catering services rendered by the Zug Estates group. As at 31 December 2012 there were accounts receivable of TCHF 9 and accounts payable of TCHF 11 from companies of the Zug Estates group on the balance sheet.

Some years ago, one of the group companies granted its pension fund a building right on the group company's land. The resulting claim towards the pension fund for building rights' interest in 2012 amounts to TCHF 36 (previous year: TCHF 37).

Information on the compensation amounts paid to the board of directors and senior management is available on page 80 of the notes to the annual financial statements of Metall Zug AG.

## 18 Leasing liabilities

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

in CHF thousands	12/31/2012	12/31/2011
up to 1 year	2 201	1 580
up to 3 years	2 919	1 718
over 3 years	1 390	380
<b>Total</b>	<b>6 510</b>	<b>3 678</b>

## 19 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 thousands	12/31/2012	12/31/2011
Currency forward contracts	13 403	13 242
Share options / index options	0	3 425
Other derivative instruments	0	0
<b>Total contract values</b>	<b>13 403</b>	<b>16 667</b>

Market values in CHF thousands	12/31/2012	12/31/2011
Currency forward contracts	62	-42
Share options / index options	0	29
Other derivative instruments	0	0
<b>Total market values</b>	<b>62</b>	<b>-13</b>

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 thousands	12/31/2012	12/31/2011
Currency forward contracts	2 170	3 179
Share options / index options	0	0
Other derivative instruments	0	0
<b>Total contract values</b>	<b>2 170</b>	<b>3 179</b>

Market values in CHF thousands	12/31/2012	12/31/2011
Currency forward contracts	67	-23
Share options / index options	0	0
Other derivative instruments	0	0
<b>Total market values</b>	<b>67</b>	<b>-23</b>

## 20 Contingent liabilities/other off-balance sheet obligations

As at 31 December 2012 trade receivables from foreign subsidiaries worth TCHF 14 792 (previous year: TCHF 11 294) served as collateral for credit lines. Fixed-term deposits and securities that are pledged as collateral amount to TCHF 23 573 (previous year: TCHF 26 636).

In addition to purchase agreements of TCHF 657 (previous year: TCHF 947) there are also a number of long-term rental contracts amounting to TCHF 14 733 (previous year: TCHF 13 215).

Metall Zug AG made investment commitments to two private equity funds amounting to a total of TCHF 10 000 (previous year: TCHF 10 000), of which TCHF 4 475 was paid by the end of 2012 (previous year: TCHF 3 648).

## 21 Acquisition and sale of consolidated subsidiaries

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

in CHF thousands	Zug Estates Holding AG
Current assets	128 723
Fixed assets	383 793
Current liabilities	-11 766
Non-current liabilities	-261 890
<b>Net assets</b>	<b>238 860</b>
Disposal treasury shares Metall Zug AG	-28 434
Remaining participation Zug Estates Holding AG	-28 101
<b>Distribution disclosed in Change in shareholders' equity (page 55)</b>	<b>182 325</b>

There was no acquisition or sale transaction in 2011.



## 22 Employees 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 distressed circumstances.

### Employer's contribution reserves (ECR)

	Nominal value	Re-nounced use	Balance sheet	Additions/Releases as of	Balance sheet	Result from ECR or similar items in personnel expenses	
in CHF thousands	12/31/2012	12/31/2012	12/31/2012	2012	12/31/2011	2012	2011
Patronage funds/pension schemes	13 956		13 956	6 260	7 472	6 484	218
Pension plans	333		333	-325	657	-324	-133
<b>Total</b>	<b>14 289</b>	<b>0</b>	<b>14 289</b>	<b>5 935</b>	<b>8 129</b>	<b>6 160</b>	<b>85</b>

### Economic benefits/economic liabilities and pension expenses

	Surplus/deficit according to pension plans	Economical part of the organization	Change or impact on net income in business year	Contributions for the period*	Pension expenses in personnel expenses	
	12/31/2012	12/31/2012	12/31/2011		2012	2011
Patronage funds/pension schemes	5 981			-225	-225	-216
Pension plans without surplus / deficit				-15 891	-15 891	-14 181
Pension plans with surplus					0	0
Pension plans with deficit	-3 459	-2 357	-2 420	43	-1 068	-2 574
<b>Total</b>	<b>2 522</b>	<b>-2 357</b>	<b>-2 420</b>	<b>43</b>	<b>-17 184</b>	<b>-16 971</b>

\* Includes payments to pension schemes that bear pension risks themselves in the amount of TCHF 15 966 (previous year: TCHF 15 903) and payments to pension schemes that do not bear risks themselves in the amount of TCHF 1 218 (previous year: TCHF 1 055). The economical part of the organization on pension plans with deficits of TCHF 2 357 (previous year: TCHF 2 420) originates from closed defined benefit plans abroad and is in its entirety accounted for as a pension provision.

Most pension plans are financed through the employer's and the employee's contributions. Pension contributions are calculated as a percentage of the insured salary. In 2012 the welfare fund of V-ZUG AG has allocated TCHF 6 260 (previous year: TCHF 0) from free fund capital to the employer's contribution reserves. Two companies reduced their employer's contribution reserves by CHF 325 (previous year: TCHF 140). Interest of TCHF 225 was credited on the employer's contribution reserves (previous year: TCHF 225).

Patronage funds can provide ex gratia contributions to current and former employees to assist with the economic consequences of old age, disability, death and distress. 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 thousands	2012	2011
Pension contributions at the company's expense	-17 184	-16 958
Contributions to pension plans from employer's contribution reserves	-324	-140
<b>Total contributions*</b>	<b>-17 508</b>	<b>-17 098</b>
Change in ECR due to allocation, asset development, value adjustment, discounting, interests payments, etc.	6 484	225
<b>Contributions and changes in employer's contribution reserves</b>	<b>-11 024</b>	<b>-16 873</b>
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	43	-13
<b>Total change in economic impact of surplus / deficit</b>	<b>43</b>	<b>-13</b>
<b>Staff pension expenses in personnel expenses</b>	<b>-10 981</b>	<b>-16 886</b>

\* No extraordinary contributions were agreed upon or paid in the reporting year or in the previous year.

### 23 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 thousands	12/31/2012	12/31/2011
Cash and cash equivalents	131 395	239 108
Current financial liabilities	-28 015	-8 058
<b>Total "Net cash and cash equivalents"</b>	<b>103 380</b>	<b>231 050</b>
Changes from the previous year	-127 670	77 103

### 24 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 79).

### 25 Events after the balance sheet date

As at 1 March 2013, the Metall Zug Group acquired the refrigeration equipment business from AFG Arbonia-Forster-Holding AG. The acquisition of the refrigeration equipment business comprises fixed assets including inventories and tools as well as about 100 employees. No other events requiring disclosure took place after the balance sheet date.





Ernst & Young AG  
Bundesplatz 1  
CH-6304 Zug

Tel: +41 58 286 75 30  
Fax: +41 58 286 75 30  
www.ey.com/ch

To the General Meeting of  
**METALL ZUG AG, Zug**

Zug, 15 March 2013

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

As statutory auditor, we have audited the consolidated financial statements presented on page 51 to 73 of METALL ZUG AG, which comprise the income statement, balance sheet, statement of cash flows, changes in shareholders' equity and notes for the year ended 31 December 2012.

**Board of Directors' responsibility**  
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation 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 2012 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 Code of Obligations (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 AG



Edger Christen  
Zugelassener Revisionsexperte  
(Leitender Revisor)



Andreas Blank  
Zugelassener Revisionsexperte

Member of the Swiss Institute of Certified Accountants and Tax Consultants

# Income statement

## Revenue

in CHF	2012	2011
Dividend income	62 750 000	82 720 673
Income from interest and securities	38 751 877	13 771 395
Other revenue	1 058 500	1 207 000
<b>Total revenue</b>	<b>102 560 377</b>	<b>97 699 068</b>

## Expenses

Interest and securities expenses	-11 560 144	-21 084 127
Personnel expenses	-1 817 971	-2 174 512
Other expenses	-2 974 435	-2 506 254
Depreciation	-52 814	-5 161
Increase of provisions (net)	-22 000 000	-47 000 000
Taxes	-2 077 500	107 654
<b>Total expenses</b>	<b>-40 482 864</b>	<b>-72 662 400</b>

<b>Net income</b>	<b>62 077 513</b>	<b>25 036 668</b>
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# Balance sheet

## Assets

in CHF	12/31/2012	12/31/2011
Cash and cash equivalents	59 747 451	91 693 759
Securities	221 344 510	207 878 454
Accounts receivable third parties	637 755	549 976
Intercompany accounts receivable	960 444	562 118
Prepaid expenses	3 548	285 019
<b>Current assets</b>	<b>282 693 708</b>	<b>300 969 326</b>
Tangible assets	1	5 075
Intangible assets	95 480	118 600
Intercompany loans	68 500 000	56 500 000
Investments	192 611 780	187 526 137
Financial assets	84 332 704	32 267 565
<b>Fixed assets</b>	<b>345 539 965</b>	<b>276 417 377</b>
<b>Total assets</b>	<b>628 233 673</b>	<b>577 386 703</b>
<b>Liabilities</b>		
Accounts payable third parties	2 235 995	336 699
Intercompany accounts payable	0	719
Accrued expenses	1 161 972	383 500
<b>Current liabilities</b>	<b>3 397 967</b>	<b>720 918</b>
Provisions	275 298 137	253 283 180
<b>Non-current liabilities</b>	<b>275 298 137</b>	<b>253 283 180</b>
<b>Total liabilities</b>	<b>278 696 104</b>	<b>254 004 098</b>
Share capital	11 250 000	11 250 000
Legal reserves	5 625 000	5 625 000
Reserves for treasury shares	13 419 129	16 980 576
Free reserves	251 694 342	248 483 894
Capital contribution reserves	1 750 052	13 000 052
Retained earnings	65 799 046	28 043 083
Retained earnings carried forward	3 721 533	3 006 415
Net income	62 077 513	25 036 668
<b>Shareholders' equity</b>	<b>349 537 569</b>	<b>323 382 605</b>
<b>Total liabilities and shareholders' equity</b>	<b>628 233 673</b>	<b>577 386 703</b>



# Notes to the annual financial statements

## 1 Investments

Detailed information on the material investments of Metall Zug AG, Zug, as of 31 December 2012 is available on page 59.

## 2 Significant shareholders

See note 15 to the annual financial statements, page 69.

## 3 Share ownership by current members of the corporate bodies

	as of 12/31/2012		as of 12/31/2011	
	Registered shares of type A	Registered shares of type B	Registered shares of type A	Registered shares of type B
Jürgen Dormann chairman of the board of directors	0	1 364	0	1 364
Heinz M. Buhofer member of the board of directors	563 040 <sup>1)</sup>	1	563 040 <sup>1)</sup>	1
Calvin Grieder member of the board of directors	0	0	0	0
Marga Gyger member of the board of directors	0	0	0	0
Dr. Peter Terwiesch member of the board of directors	0	10	0	10
Martin Wipfli member of the board of directors	0	266	0	266
Dr. Jürg Werner CEO	0	0	<sup>2)</sup>	<sup>2)</sup>
Urs Wälchli head of HR & Legal	0	0	<sup>2)</sup>	<sup>2)</sup>
Robert Berlinger CFO	0	0	<sup>2)</sup>	<sup>2)</sup>
Christoph Schüpbach CEO Wire processing	0	0	<sup>2)</sup>	<sup>2)</sup>
Stephan Wintsch managing director	<sup>2)</sup>	<sup>2)</sup>	0	10

<sup>1)</sup> for the most part held through the Buhofer Trust I, Vaduz

<sup>2)</sup> not a member of the management at the balance sheet date in question

## 4 Pension liabilities

As of 31 December 2012, liabilities towards pension schemes amount to TCHF 0 (previous year: TCHF 150).

## 5 Pledged assets

As at the end of the reporting year, securities worth TCHF 2 000 are pledged as collateral (previous year: TCHF 2 000).

## 6 Treasury shares

On 15 June 2012 Metall Zug AG has contributed 18 400 own registered shares of type A at a price of CHF 369 and 5 950 registered shares of type B at a price of CHF 3 691 as a contribution in kind relating to the ordinary capital increase of Zug Estates Holding AG. Accordingly, the number of treasury shares was temporarily reduced to zero.

Metall Zug AG purchased a total of 6 963 registered shares of type B (previous year: 0) on the market at an average price of CHF 1 927 in various transactions from 6 September 2012. As of 31 December 2012, Metall Zug AG holds none of its own registered shares of type A and 6 963 of its own registered shares of type B (previous year: 18 400 registered shares of type A and 5 950 registered shares of type B).

## 7 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 updated on an annual basis until the next extensive survey.
- 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.

## 8 Compensation to members of the board of directors and senior management

	2012				2011			
Compensations for the business year, in CHF	Compensations fix (net)	Compensations variable (net)	Social contributions <sup>1)</sup>	Total	Compensations fix (net)	Compensations variable (net)	Social contributions <sup>1)</sup>	Total
Jürgen Dormann chairman of the board of directors, non-executive	375 000	0	34 630	409 630	600 000	0	62 334	662 334
Heinz M. Buhofer <sup>2)</sup> member of the board of directors, non-executive	221 283	0	65 766	287 049	464 622	0	120 087	584 709
Calvin Grieder member of the board of directors, non-executive	371 250	0	45 599	416 849	395 000	0	49 575	444 575
Marga Gyger member of the board of directors, non-executive	118 750	0	9 051	127 801	50 000	0	4 791	54 791
Dr. Peter Terwiesch member of the board of directors, non-executive	275 000	0	33 897	308 897	200 000	0	26 009	226 009
Martin Wipfli <sup>2)</sup> member of the board of directors, non-executive	180 000	0	0	180 000	265 000	0	0	265 000
<b>Total board of directors</b>	<b>1 541 283</b>	<b>0</b>	<b>188 943</b>	<b>1 730 226</b>	<b>1 974 622</b>	<b>0</b>	<b>262 796</b>	<b>2 237 418</b>
2012 – Dr. Jürg Werner <sup>3)</sup> CEO Metall Zug Group, since 1 June 2012	387 261	379 167	227 756	994 184				
2011 – Stephan Wintsch <sup>4)</sup> managing director, until 31 May 2012					355 361	0	177 894	533 255
<b>Total senior management<sup>3)</sup></b>	<b>1 075 753</b>	<b>1 068 313</b>	<b>604 889</b>	<b>2 748 955</b>	<b>355 361</b>	<b>0</b>	<b>177 894</b>	<b>533 255</b>

<sup>1)</sup> Employer's and employee's contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), health insurance and accident insurance

<sup>2)</sup> The remuneration fees for Heinz M. Buhofer (TCHF 54) and Martin Wipfli (TCHF 35) for Zug Estates group board activities until 30 June 2012 are not included.

<sup>3)</sup> The compensation for senior management members appointed or have left the Metall Zug Group in 2012 is considered pro rata temporis (Dr. Jürg Werner, Robert Berlinger and Urs Wächli for 7 months as of 1 June 2012, Christoph Schüpbach for 3 months as of 1 October 2012, and Stephan Wintsch for 5 months to 31 May 2012). Departing from the pro rata temporis principle, the variable compensation paid to the members of senior management also contains a bonus of TCHF 466 from a three-year bonus plan paid in 2012 to one member of senior management for the three years 2010 to 2012. This bonus plan is not being continued.

<sup>4)</sup> The remuneration fee for Stephan Wintsch for the period from 1 January until 31 May 2012 is included in total senior management. The highest amount for a single member of senior management in the year 2012 was remunerated to Dr. Jürg Werner.

Heinz Buhofer, former chairman of the board of directors and CEO, did not have any pension scheme when leaving the Metall Zug Group, so he was awarded a retirement pension. Payments were made according to the scheme (with periodical indexation) defined before he left the group in 1997 and were covered by the provision set up at that time. In 2011, the pension liability was settled by means of a one-time payment of TCHF 1 849 as the balance of all claims. Heinz Buhofer donated the largest part of this one-time payment to the pension fund of V-ZUG AG.

# Proposal for the appropriation of available earnings

in CHF	31/12/2012	31/12/2011
Retained earnings carried forward	3 721 533	3 006 415
Net income	62 077 513	25 036 668
<b>Retained earnings</b>	<b>65 799 046</b>	<b>28 043 083</b>
Dividend, 560% of share capital (previous year: 220%)	63 000 000	24 750 000
minus dividend on treasury shares*	-974 820	-428 450
<b>Retained earnings to be carried forward</b>	<b>3 773 866</b>	<b>3 721 533</b>

\* No dividend is paid on treasury shares. The amount to be paid is therefore likely to be reduced by CHF 974 820 (previous year: CHF 428 450).

Subject to the general meeting of shareholders' approval of the board of directors' proposal, the dividend will be paid on Monday, 13 May 2013 (payment date), as follows:

For each registered share of type A	CHF	14.00 gross	or	CHF	9.10 net
For each registered share of type B	CHF	140.00 gross	or	CHF	91.00 net





Ernst & Young AG  
Bundesplatz 1  
CH-6304 Zug

Telephone: +41 58 286 75 30  
Fax: +41 58 286 75 30  
www.ey.com/ch

To the General Meeting of  
**METALL ZUG AG, Zug**

Zug, 15 March 2013

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

As statutory auditor, we have audited the financial statements of METALL ZUG AG on page 76 to 81, which comprise the income statement, balance sheet and notes for the year ended 31 December 2012.

#### 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 2012 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 Code of Obligations (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 AG

  
Edger Christen  
Zugelassener Revisionsexperte  
(Leitender Revisor)

  
Andreas Blank  
Zugelassener Revisionsexperte



# Addresses

## **Holding**

### **Metall Zug AG**

Industriestrasse 66  
PO Box 59  
CH-6301 Zug  
Phone +41 41 748 10 20  
Fax +41 41,748 10 29  
info@metallzug.ch  
www.metallzug.ch

## **Household appliances business unit**

### **V-ZUG AG**

Industriestrasse 66  
CH-6301 Zug  
Phone +41 41 767 67 67  
Fax +41 41 767 61 67  
info@vzug.ch  
www.vzug.ch

### **V-ZUG Immobilien AG**

Industriestrasse 66  
CH-6301 Zug  
Phone +41 41 748 10 20  
Fax +41 41 748 10 29

### **V-ZUG Australia Pty. Ltd.**

The Groves, 3/3990, Pacific Hwy  
AU-4129 Loganholme QLD  
Phone +61 7 3209 6822  
Fax +61 7 3806 0822  
reception@vzug.com.au

### **ZUGORAMA Melbourne**

Ground Floor 39 Park Street  
AU-3205 South Melbourne Vic  
Phone +61 3 9699 4720  
Fax +61 3 9699 5287

### **V-ZUG Europe BVBA**

Evolis 102  
BE-8530 Harelbeke-Kortrijk  
Phone +32 56 61 60 00  
Fax +32 56 61 60 10  
info.be@vzug.be

## **SIBIRGroup AG**

Bernstrasse 60  
CH-8952 Schlieren  
Phone +41 44 755 73 00  
Fax +41 44 755 73 01  
info@sibir.ch, www.sibir.ch

## **Gehrig Group AG**

Bäulerwisenstrasse 1  
CH-8152 Glattbrugg  
Phone +41 43 211 56 56  
Fax +41 43 211 56 99  
info@gehriggroup.ch  
www.gehriggroup.ch

## **Hildebrand France S.a.r.l.**

1191, Route Nationale  
FR-01120 La Boisse  
Phone +33 472 250 759  
Fax +33 472 250 773  
service.commercial@hildebrand.fr  
www.hildebrand.fr

## **Infection control**

### **business unit**

#### **Belimed AG**

Headquarters  
Industriestrasse 66  
CH-6301 Zug  
Phone +41 41 768 96 00  
Fax +41 41 768 96 10  
info@belimed.com  
www.belimed.com

#### **Belimed AG**

Production site  
Dorfstrasse 4  
CH-6275 Ballwil  
Phone +41 41 449 78 88  
Fax +41 41 449 78 89  
info@belimed.ch

## **NV Belimed SA**

Rue de Clairvaux 8  
BE-1348 Louvain-la-Neuve  
Phone +32 10 42 02 40  
Fax +32 10 42 02 49  
info@belimed.be

## **Belimed SAS**

Parc GVIO  
330 Allée des Hêtres, Hall E  
FR-69760 Limonest  
Phone +33 4 37 41 63 03  
Fax +33 4 37 41 63 04  
info.pharma@belimed.fr

## **Belimed SAS**

ZAC Saumaty Séon  
19 rue Gaston Castel  
FR-13016 Marseille  
Phone +33 4 96 15 22 10  
Fax +33 4 96 15 22 19  
info.sud@belimed.fr

## **Belimed SAS**

Parc Espale  
1, av. Pierre Pflimlin  
FR-68390 Sausheim  
Phone +33 3 89 63 65 40  
Fax +33 3 89 63 65 41  
info@belimed.fr

## **Belimed GmbH**

Grüne Lagune 1  
AT-8350 Fehring  
Phone +43 3155 40699 0  
Fax +43 3155 40699 10  
info@belimed.at

**Belimed Inc.**

2325 Charleston Regional Parkway  
US-Charleston, SC 29492  
Phone +1 843 216 7424  
Fax +1 843 216 7707  
info@belimed.us

**Belimed GmbH**

Head office  
Edisonstrasse 7a  
DE-84453 Mühldorf am Inn  
Phone +49 8631 98 96 0  
Fax +49 8631 98 96 300  
info@belimed.de

**Belimed Technik GmbH**

Edisonstrasse 7a  
DE-84453 Mühldorf am Inn  
Phone +49 8631 98 96 0  
Fax +49 8631 98 96 300  
info@belimed.de

**Belimed Deutschland GmbH**

Edisonstrasse 7a  
DE-84453 Mühldorf am Inn  
Phone +49 8631 98 96 0  
Fax +49 8631 98 96 300  
info@belimed.de

**Belimed d.o.o.**

Taborska cesta 38E  
SI-1290 Grosuplje  
Phone +386 1 786 60 00  
Fax +386 1 786 60 11  
info@belimed.si

**Belimed Sauter AG**

Zelgstrasse 8  
CH-8583 Sulgen  
Phone +41 71 644 85 00  
Fax +41 71 644 86 00  
info.sulgen@belimed.com

**Belimed B.V.**

Vlambloem 65  
NL-3068 JG Rotterdam  
Phone +31 10 286 17 50  
Fax +31 10 456 56 97  
info@belimed.nl

**Belimed Ltd.**

Unit 4, New Buildings Place  
Dragons Green Rd  
Shipley (Horsham)  
UK-West Sussex, RH13 8GQ  
Phone +44 1403 738 811  
Fax +44 1403 730 830  
info@belimed.co.uk

**Beltech Medical Services Ltd.**

Unit 3 Blunts Yard  
Dragons Green Road  
Shipley (Horsham)  
UK-West Sussex, RH13 8GQ  
Phone +44 8451 995 537  
Fax +44 1403 730 830  
info@beltechltd.co.uk  
www.beltechltd.co.uk

**Belimed Medical Equipment**

(Shanghai) Co., Ltd.  
CaiLun Road 780, 5th floor, Room H  
ZhangJiang Hi-Tech Park  
CN-201203 Pudong, Shanghai  
Phone +86 21 513 709 98  
Fax +86 21 513 709 96  
info@belimed.cn

**Wire processing  
business unit****Schleuniger Holding AG**

Bierigutstrasse 9  
CH-3608 Thun  
Phone +41 33 334 03 33  
Fax +41 33 334 03 34  
info@schleuniger.ch  
www.schleuniger.com

**Schleuniger AG**

Swiss headquarters  
Bierigutstrasse 9  
CH-3608 Thun  
Phone +41 33 334 03 33  
Fax +41 33 334 03 34  
info@schleuniger.ch

**Schleuniger Solutions AG**

Gewerbestrasse 14  
CH-6314 Unterägeri  
Phone +41 41 754 53 53  
Fax +41 41 754 53 50  
salessolutions@schleuniger.com  
www.schleuniger.ch

**Schleuniger GmbH**

Raiffeisenstrasse 14  
DE-42477 Radevormwald  
Phone +49 21 959 29 0  
Fax +49 21 959 29 105  
info@schleuniger.de

**Schleuniger Inc.**

North American headquarters &  
East branch  
87 Colin Drive  
US-Manchester, NH 03103  
Phone +1 603 668 8117  
Fax +1 603 668 8119  
salessolutions@schleuniger.com

**Schleuniger Inc.**

Branch  
Midwest  
119 Sangra Court, Unit 2  
US-Streamwood, IL 60107  
Phone +1 847 368 0632  
Fax +1 630 372 2355  
salessolutions@schleuniger.com

**Schleuniger Inc.**

West coast branch  
18218 McDermott East, Suite F  
US-Irvine, CA 92614  
Phone +1 949 757 1835  
Fax +1 603 218 6900  
salessolutions@schleuniger.com

**Schleuniger Inc.**

Southeast branch  
PMB 70  
2900 Delk Road Ste. 700  
US-Marietta, GA 30067  
Phone +1 603 621 2608  
Fax +1 603 218 6900  
salessolutions@schleuniger.com

**Schleuniger Inc.**

Mexican branch  
1370-B Pullman Dr, Suite A  
US-El Paso, TX 79936  
Phone +1 915 856 8868  
Fax +1 915 856 7825  
salessolutions@schleuniger.com

**Schleuniger Inc.**

Canadian branch  
1492 Wallace Road, Unit 4  
CA-Oakville, Ontario L6L 2Y2  
Phone +1 905 827 1166  
Fax +1 905 827 4103  
salessolutions@schleuniger.com

**Schleuniger Trading**

(Shanghai) Co., Ltd.  
Rm 108, BH Center  
7755 Zhongchun Rd,  
Min Hang District  
CN-Shanghai, 201101  
Phone +86 21 6252 6677  
Fax +86 21 6240 8655  
sales@schleuniger.com.cn

**Schleuniger Trading**

(Shanghai) Co., Ltd.  
Warehouse in Shanghai FTZ  
D3-1, 78 Jiatai Rd.  
Waigaoqiao Free Trade Zone  
CN-Shanghai, 200131  
Phone +86 21 5868 0089  
Fax +86 21 5868 0089  
sales@schleuniger.com.cn

**Schleuniger Trading**

(Shanghai) Co., Ltd.  
Beijing branch  
Rm B10E,  
Oriental Kenzo Office Building  
48 Dong Zhi Men Wai Street  
Dong Cheng District  
CN-Peking 100027  
Phone +86 10 6801 9360  
Fax +86 10 6801 7321  
sales@schleuniger.com.cn

**Schleuniger Trading**

(Shanghai) Co., Ltd.  
Shenzhen branch  
Room 1813 City Professional Hub  
ShenNan Avenue, FuTian  
CN-Shanghai, 518040  
Phone +86 755 3398 1860  
Fax +86 755 3398 1861  
sales@schleuniger.com.cn

**Schleuniger Japan Co., Ltd.**

4-5-8, Tokai, Ota-ku  
JP-Tokyo 143-0001  
Phone +81 3 5755 8041  
Fax +81 3 5755 8045  
sales@schleuniger.co.jp

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CH-6301 Zug

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Metall Zug AG  
Industriestrasse 66  
CH-6301 Zug

