

# Investor Presentation HY 1/18



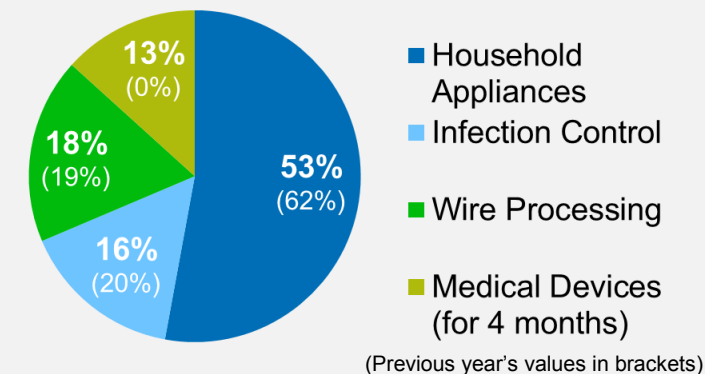
Metall Zug Group, August 20, 2018

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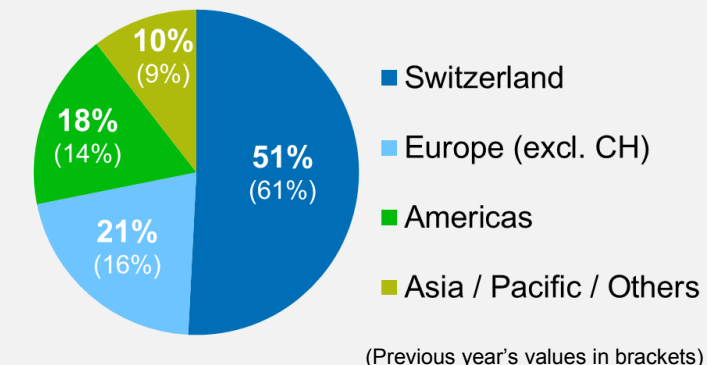
# Metall Zug Group – Overview HY 1/18

- Group gross sales of CHF 554.2 million, significant growth of +24.4% (previous year: CHF 445.4 million), pleasing organic sales growth of 4.9%:
  - Household Appliances with higher sales in Switzerland and solid growth in most international markets, especially in the US and Europe
  - Infection Control with stable sales
  - Wire Processing with pleasing organic and external growth
  - Medical Devices with sales development ahead of expectations
- Operating income (EBIT) increased to CHF 36.4 million (from CHF 28.2 million)
- Acquisitions of Haag-Streit and Adaptronic concluded
- Strategic decision to separate Belimed Life Science business, to become a new Business Unit as of January 1, 2019

Net sales by business units



Net sales by regions



# Business Units

# Household Appliances

HY 1/18: Net sales MCHF 286.5, EBIT MCHF 21.7



Tanja Grandits, long-standing V-ZUG Ambassador, Restaurant Stucki in Basel (Switzerland)

# Household Appliances

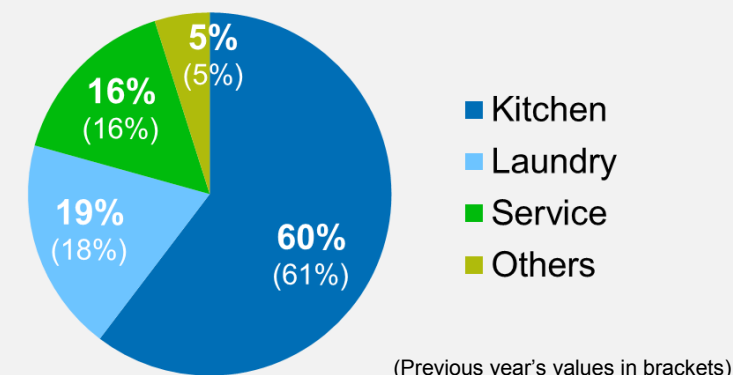
## Key figures and overview



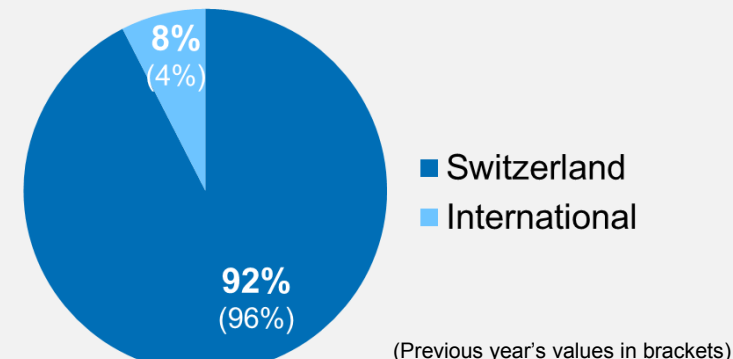
CHF million	HY 1/18	HY 1/17	Δ	2017
Net sales to third parties	286.5	269.4	6.3 %	572.9
Operating income (EBIT)	21.7	26.5	-18.2 %	65.4
EBIT margin in %	7.6	9.8	-227 bp	11.4

- Pleasing organic gross sales growth of 6.4% (acquisition effect: 0.0%; FX effect: +0.2%)
- Price increase implemented in home market Switzerland despite continued price pressure
- Strong sales development in most international markets
- Negative FX impact on EBIT
- Transformation of the production site in Zug incl. ongoing clarification of the contamination situation, new ERP / field service management system as well as product development also reduced EBIT

Net sales by segments



Net sales by regions



# Household Appliances

## International markets



CHF million	HY 1/18	HY 1/17	2017	2016	2015	2014	2013
Net sales to third parties (international)	21.6	11.7	44.3	46.7	36.0	35.1	24.6
<i>in % of total Business Unit net sales</i>	7.5%	4.3%	7.7%	8.0%	6.3%	6.1%	4.4%
- Europe (excluding Switzerland)	7.6	6.0	14.1	11.4	11.6	12.0	11.3
- Americas	10.0	1.9	11.1	23.5	16.9	15.5	7.9
- Asia / Pacific / Others	4.0	3.8	19.1	11.9	7.5	7.6	5.4

- Sales in international markets +85% in HY 1/18 (low comparison base)
- Double-digit growth in major European markets with own distribution structures
- Strong recovery of the OEM sales in the US
- Asia Pacific with higher sales in HY 1/18 compared to HY 1/17, but last year's very high level for the full year will be a challenge to match
- Most distributor markets with solid growth



# Household Appliances

Production site in Zug & V-ZUG Innovation Lab



## Development plan

- Approval of the development plan by the Parliament of the City of Zug (Grosser Gemeinderat)
- Development plan to be finally approved by the Cantonal Government (Regierungsrat) as a basis for the overall transformation of today's site into the Technology Cluster Zug, including the new vertical factory of V-ZUG
- Start of construction of the new production building to house the new press and machines for surface finishing (Zephyr Hangar Speedy)

## V-ZUG Innovation Lab

- Combination of the Business & Digital Innovations (BDI) and the “Innovative Cooking” teams to explore areas of digitization
- Main purpose: to identify radical, digital innovations for products, services as well as sales & service concepts
- Projects to be developed to a specific degree of maturity within the Lab, before being transferred to the standard organization to undergo industrialization and market launch

# Household Appliances

## Strategic priorities

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- Strengthen the market leadership of V-ZUG in Switzerland and its premium brand worldwide as a leader in innovation, technology and quality with Swiss-made products
- Expand and strengthen the international business in the premium segment in selected countries
- Prepare products, processes, structures and business models for the Internet of Everything (e.g. V-ZUG Innovation Lab)
- Optimize operational excellence based on new production concepts with a significantly smaller footprint incl. a vertical factory in Zug
- Develop own refrigerator business in the premium segment, including a new, own production site in Sulgen, Switzerland

# Infection Control

HY 1/18: Net sales MCHF 85.2; EBIT MCHF –8.3



Shkodran Qerimi, deputy head of the Central Sterile Supply Department (CSSD) of the Schulthess Clinic in Zurich (Switzerland)

# Infection Control

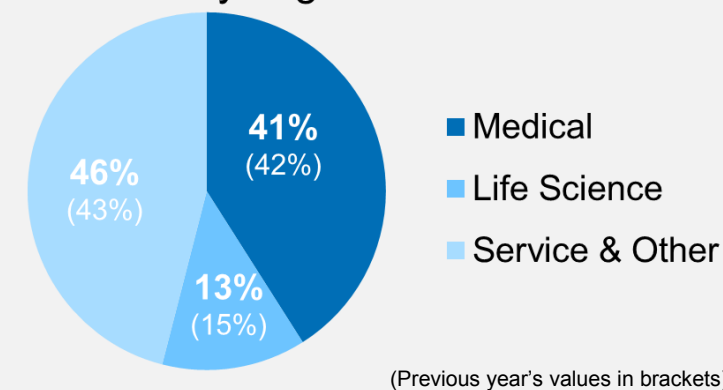
## Key figures and overview



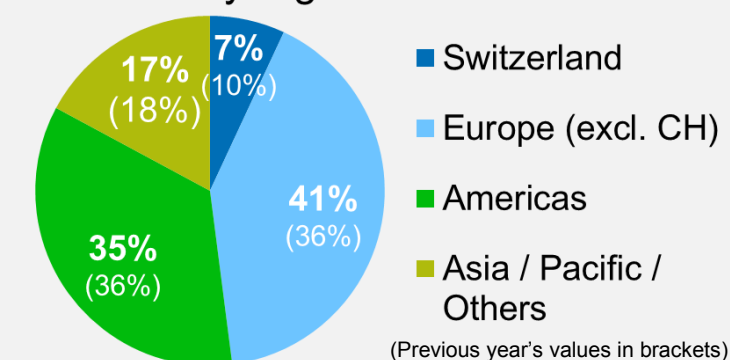
CHF million	HY 1/18	HY 1/17	Δ	2017
Net sales to third parties	85.2	85.6	-0.4 %	188.1
Operating income (EBIT)	-8.3	-10.1	17.3%	-34.2
EBIT margin in %	-9.8	-11.8	200 bp	-18.2

- Gross sales: organic decline of 2.0% (acquisition effect: +0.1%; FX effect: +1.9%)
- Lower sales in Medical and Life Science Business Areas, partially compensated by Service and Consumables
- Centralized Spare Part Warehouse implemented
- Strategic decision on Life Science business: to become a new Business Unit as of January 1, 2019
- Slightly improved operating income (EBIT)

Net sales by segments



Net sales by regions



- Strategic decision to separate the Life Science business into a new Business Unit, independent from Belimed AG (communicated on June 5, 2018)
- Provisions and impairments charged to the 2017 P&L: Provisions of CHF 13.1 million for restructuring, and impairments of CHF 4.9 million for tangible and intangible assets. In addition, an impairment of CHF 2.8 million for a property used by Belimed that was charged to the Corporate reporting segment
- The closure of Life Science activities in Mühldorf (Germany) will probably result in the loss of around 100 jobs. Production will be located in Sulgen (Switzerland) and Grosuplje (Slovenia)
- Belimed Life Science to procure certain services from Belimed AG under service agreements
- New structure and new management team expected to be in place as of January 1, 2019

# Infection Control

Belimed Life Science – higher focus and reduced complexity

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## Higher focus / reduced complexity

- Lean product portfolio: 3 washers/disinfectors (previously: 5), 4 clean stations (6), 2 steam sterilizers (4)
- Selective order intake: Focus on core markets and sufficient margin of projects
- Dedicated management team and Board of Directors with responsibility for the entire value chain
- Two centers of competence (Sulgen: Sterilizers; Grosuplje: Washers & Rack Systems)
- Scalable capacities

- Secure benefits from reduced complexity of the business structure and processes in the Medical & Service Business Area as a pure player; therefore...
- Establish Belimed Life Science's new structure and prepare for future profitable growth
- Increase market share in the US and APAC
- Further build-up of the Consumables and Service business
- Initiate / prepare for acquisitions and cooperation to strengthen Belimed's market position



# Wire Processing

HY 1/18: Net sales MCHF 98.0, EBIT MCHF 11.8



Andreas Engels, Head of IT Europe at YAZAKI in Cologne (Germany)



# Wire Processing

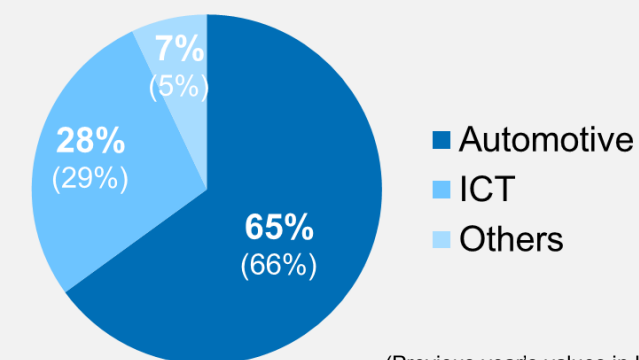
## Key figures and overview



CHF million	HY 1/18	HY 1/17	Δ	2017
Net sales to third parties	98.0	81.9	19.7 %	175.7
Operating income (EBIT)	11.8	11.1	6.2 %	22.3
EBIT margin in %	12.0	13.5	-152 bp	12.7

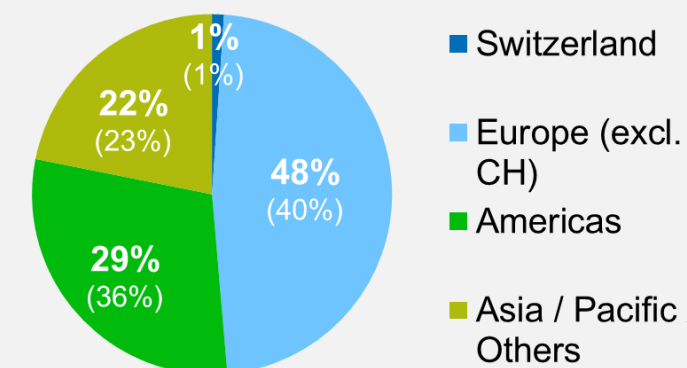
- Organic gross sales growth of 6.9% (acquisition effect: +12.4%; FX effect: +1.9%)
- Growth in Europe and Asia / Pacific despite delayed projects in the Solutions & Software segment
- Impressive performance of the Cut & Strip / Semi-Automatic segment
- Acquisition of 60% of Adaptronic Prüftechnik GmbH completed as of January 4, 2018
- Lower EBIT margin due to integration costs and investments in structures/processes

Net sales by segments



(Previous year's values in brackets)

Net sales by regions



(Previous year's values in brackets)

# Wire Processing

Acquisition of 60% of Adaptronic Prüftechnik GmbH

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- Schleuniger acquired 60% of Adaptronic (completion: January 4, 2018), a leader in wire test systems and function test systems, employing around 140 people and generating sales of about EUR 14 million in 2016
- Adaptronic (focused on D-A-CH region) will benefit from Schleuniger's global sales footprint
- Customized solutions for testing wire harnesses, connectors and assemblies for the aviation, astronautics, railway technology, automotive, automation technology and industrial sectors
- A perfect fit for Schleuniger Test Automation GmbH's product range, strengthens Schleuniger's offering in a variety of customer value chains, particularly with regard to e-mobility
- The remaining 40% stake will remain primarily in the hands of Adaptronic's founder and previous principal owner Peter Müller

# Wire Processing

## Strategic priorities

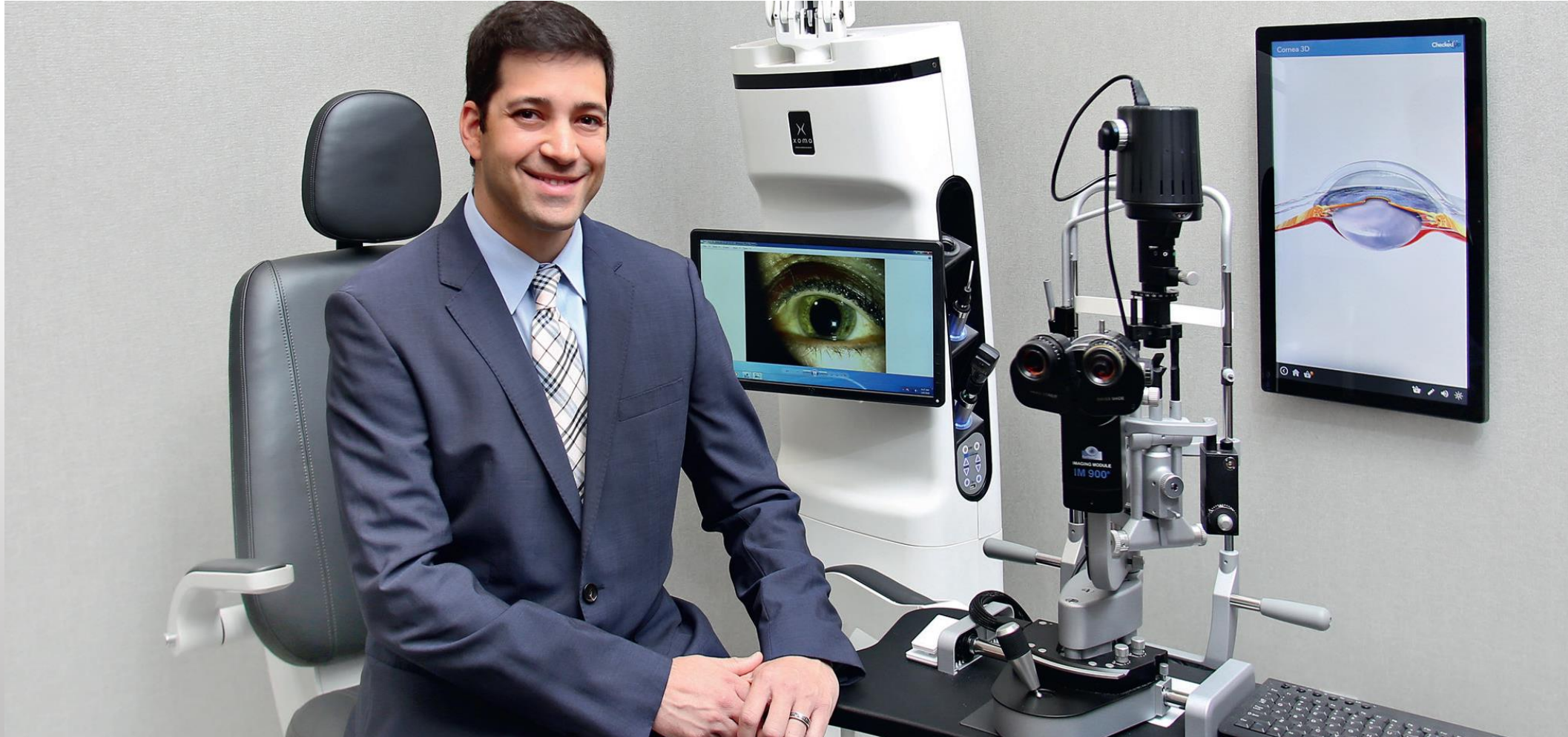
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- Continuing transformation of Schleuniger from a high-quality machine manufacturer and solution provider into a strategic system partner for its customers
- Expand the product range for the automotive industry and in the automotive value chain, including IT-enabled system approach, and complement product range for the local Chinese market
- Consolidate leading position in customer-specific systems
- Finalize integration of acquired companies
- Strengthen structures and processes to foster growth and flexibility as well as prepare products and business models for Industry 4.0

# Medical Devices

HY 1/18 (4 months, March-June): Net sales MCHF 72.0, EBIT MCHF 10.1



David A. Goldman, M.D., owner of the Goldman Eye practice in Palm Beach Gardens, Florida (US)

# Medical Devices

## Key figures and overview

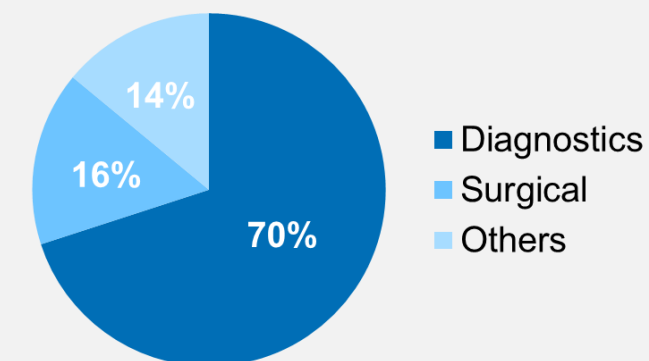


CHF million	HY 1/18 <sup>1</sup>	HY 1/17	Δ	2017
Net sales to third parties	72.0	NA	NA	NA
Operating income (EBIT)	10.1	NA	NA	NA
<i>EBIT margin in %</i>	<i>14.0</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>

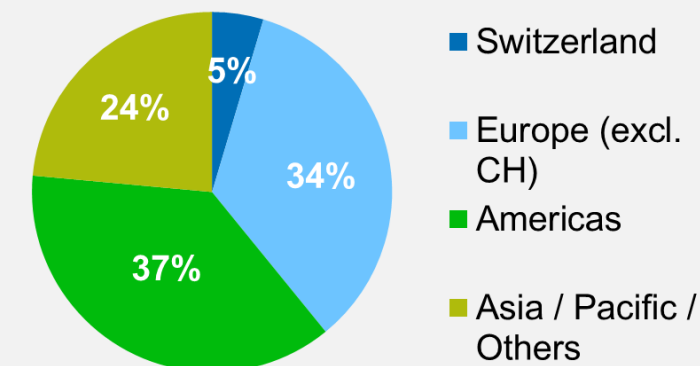
<sup>1)</sup> 4 months (March – June 2018)

- Gross sales with pleasing development in all three Business Areas (Diagnostics, Surgical, Others)
- Operating income includes a largely one-time negative impact of CHF 2.6 million as a consequence of the revaluation of acquired assets
- Low single-digit amount for integration cost included in the HY 1/18 EBIT; in HY 2/18 seasonally significantly higher costs in addition to higher integration costs expected

Net sales by segments



Net sales by regions



# Medical Devices

Various initiatives (One Haag-Streit)

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- Initiation of various initiatives to develop Haag-Streit, defending its strong market position and leveraging the emerging opportunities for internal and external growth
- Project team comprising representatives from Haag-Streit and Metall Zug in charge of various topics:
  - **R&D:** to transform the existing R&D team into a more integrated R&D platform
  - **Operations:** to optimize processes and structures in production and procurement to explore potential synergies within the Group
  - **IT:** to evaluate a future-oriented IT landscape to optimize processes and costs as well as accelerate digital readiness
  - **Legal / Regulatory / IP / Finance:** Formalize systematic processes and prepare for all requirements of a listed company

- Increase margins based on operational excellence including digitization of processes
- Secure potential from geographic expansion and increase market share in markets with below-average presence
- Explore benefits from digitization of products and services
- Develop opportunities for organic growth and accelerate growth through acquisitions
- Invest in the development of leading products

# Group Financial Report HY 1/18



# Group financial report

Key figures HY 1/18



CHF million	HY 1/18	HY 1/17	Δ	2017
Gross sales	554.2	445.4	24.4 %	959.2
Operating income (EBIT)	36.4	28.2	28.9 %	53.0 <sup>1</sup>
<i>EBIT margin</i>	6.6%	6.3%	22 bp	5.5% <sup>1</sup>
Financial result	-2.0	14.4	NM	30.4
Net income	22.6	33.8	-33.1 %	67.7
<i>Equity ratio</i>	69.2%	77.8%	-868 bp	77.4%

<sup>1)</sup> reported figures; adjusted operating income of CHF 73.8 million and adjusted EBIT margin of 7.7%, excluding the extraordinary expense of CHF 20.8 million in connection with the restructuring of Belimed Life Science

- Pleasing organic gross sales growth in local currencies of 4.9% (acquisition effect of +18.8%, FX effect of +0.7%)
- Operating income (EBIT) up 29% to CHF 36.4 million. Excluding the contribution of Haag-Streit, operating income amounted to CHF 26.3 million
- EBIT margin of 6.6%, up from 6.3% in HY 1/17
- Owing to the reduction of securities for the financing of the Haag-Streit acquisition, the poor performance of the financial markets had a limited impact on the financial result (CHF -2 million)
- Strong balance sheet with an equity ratio of 69% despite goodwill offset against equity

# Group financial report

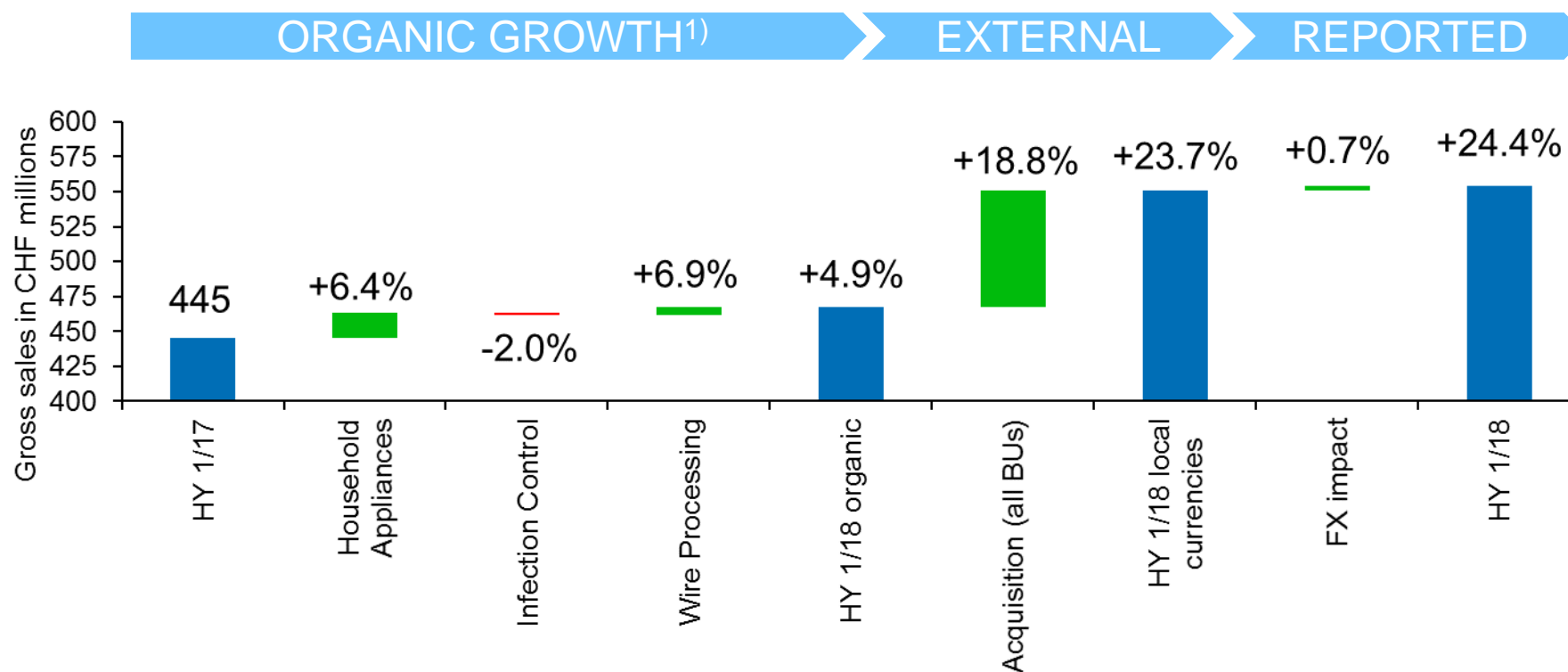
## Income statement



CHF million	HY 1/18	in %	HY 1/17	in %	Comments
<b>Gross sales</b>	<b>554.2</b>	<b>100.0%</b>	<b>445.4</b>	<b>100.0%</b>	Acquisition effect: +18.8%; FX effect: +0.7% Organic growth rate in local currencies: +4.9%
Net sales	541.8	97.8%	436.9	98.1%	
Cost of materials (incl. $\Delta$ inventories)	-181.0	32.7%	-139.2	31.6%	Negative FX impact
Personnel expenses	-227.9	41.1%	-191.1	42.9%	
Depreciation/amortization on tangible/intangible assets	-16.8	3.0%	-16.3	3.7%	
Other operating expenses	-84.8	15.3%	-66.5	14.9%	
<b>Operating income (EBIT)</b>	<b>36.4</b>	<b>6.6%</b>	<b>28.2</b>	<b>6.3%</b>	
Financial result	-2.0	-0.4%	14.4	3.2%	
Income before taxes	34.3	6.2%	42.6	9.6%	
Taxes	-9.7	1.8%	-9.0	2.0%	HY 1/18 Tax rate: 28.3% HY 1/17 Tax rate: 21.2%
Non-controlling interest	-2.0	0.4%	0.2	0.0%	Higher non-controlling interests due to minorities in Haag-Streit (30%) and Adaptronic (40%)
<b>Net income</b>	<b>22.6</b>	<b>4.1%</b>	<b>33.8</b>	<b>7.6%</b>	Net income per type B registered share: CHF 50.30 (HY 1/17: CHF 75.26)

# Group financial report

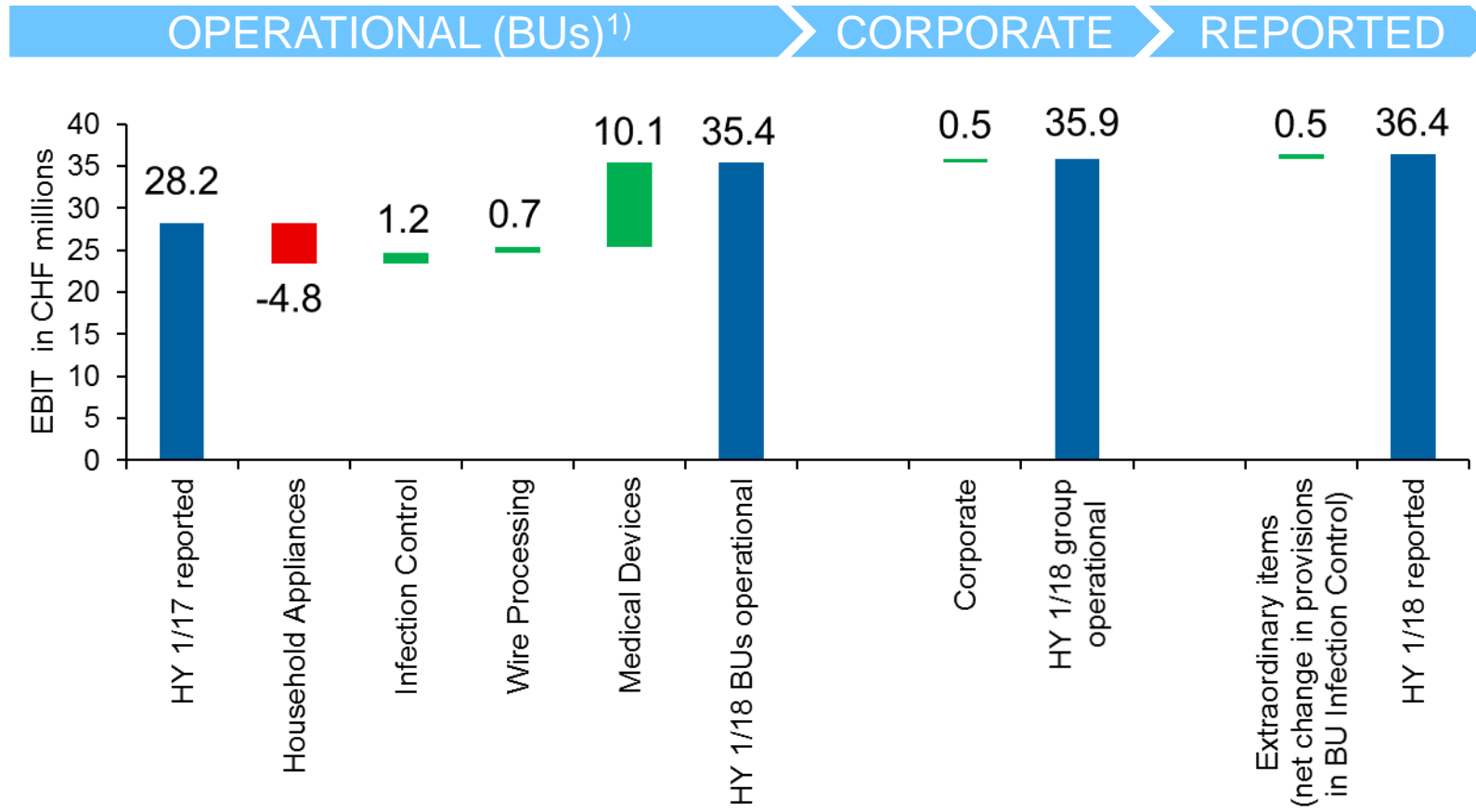
## Gross sales analysis



<sup>1)</sup> BU organic growth in % of BUs' gross sales

# Group financial report

## Operating income (EBIT) analysis



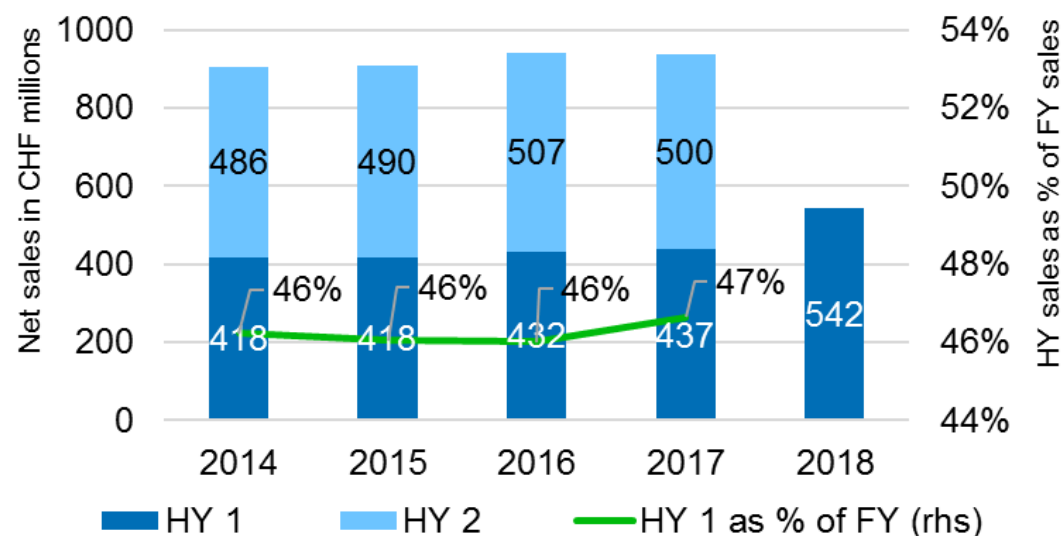
<sup>1)</sup> BU EBIT changes in CHF millions

# Group financial report

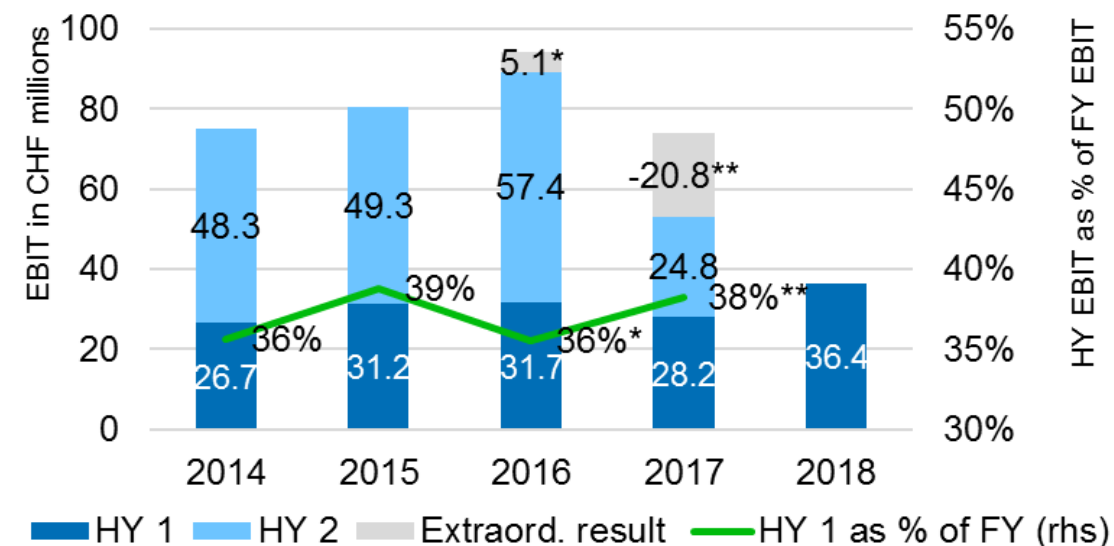
## Metall Zug Group seasonality



### Net sales



### EBIT



\* HY 1/16 as a % of FY excl. MCHF 5.1 extraordinary profit (sale of the property in Ballwil)

\*\* HY 1/17 as a % of FY excl. MCHF 20.8 extraordinary expenses for the restructuring of Belimed Life Science business

# Group financial report

## Balance sheet



CHF million	06/30/2018	in %	12/31/2017	in %	Comments
Cash and cash equivalents / securities	213.1	20.3	525.4	44.2	Acquisition of Haag-Streit and Adaptronic, dividend
Other current assets	440.6	42.0	316.7	26.7	Higher receivables and inventories
<i>Current assets</i>	653.7	62.3	842.0	70.9	
Tangible assets	329.2	31.4	286.1	24.1	
Financial & intangible assets	66.4	6.3	59.5	5.0	
<i>Fixed assets</i>	395.6	37.7	345.6	29.1	
<b>Total assets</b>	<b>1 049.3</b>	<b>100.0</b>	<b>1 187.7</b>	<b>100.0</b>	
Current & long-term financial liabilities	9.3	0.9	0.2	0.0	
Other liabilities	312.9	29.8	267.8	22.6	
<i>Total liabilities</i>	322.2	30.7	268.1	22.6	
<b>Shareholders' equity</b>	727.1	69.3	919.6	77.4	Goodwill offset with equity of total MCHF -251.5 Including total minorities of MCHF 66.1
<b>Total liabilities and shareholders' equity</b>	<b>1 049.3</b>	<b>100.0</b>	<b>1 187.7</b>	<b>100.0</b>	
<b>Net cash position</b>	<b>203.8</b>	<b>19.4</b>	<b>525.1</b>	<b>44.2</b>	

# Group financial report

## Cash flow statement



CHF million	HY 1/18	HY 1/17		2017	Comments
<b>Cash flow from operating activities</b>	<b>240.3</b>	<b>-0.4</b>		<b>90.1</b>	
- of which change in securities	225.8	-4.4		32.4	Reduction of the securities portfolios to finance acquisition of Haag-Streit and Adaptronic
<b>Cash flow from investing activities</b>	<b>-337.8</b>	<b>-24.6</b>		<b>-71.2</b>	
- of which investments in tangible assets	-30.2	-13.2		-49.1	Transformation of the V-ZUG site in Zug
- of which investments in intangible assets	-5.6	-4.0		-12.4	Investments in software
- of which investments in group companies, net of cash	-302.6	-7.9		-7.9	Purchase of 70% of Haag-Streit and 60% of Adaptronic
<b>Cash flow from financing activities</b>	<b>-32.9</b>	<b>-28.4</b>		<b>-26.6</b>	
- of which purchase / sale of treasury shares	-1.4	3.2		5.0	Purchase of 436 reg. shares type B in HY 1/18 (total position of 1 177 reg. shares type B, average purchase price of CHF 3 755)
- of which dividend	-31.4	-31.4		-31.4	Unchanged dividend of CHF 70 per reg. share type B
Currency translation effects	0.9	0.3		-0.3	
<b>Change in “Net cash and cash equivalents”</b>	<b>-129.5</b>	<b>-53.1</b>		<b>-8.0</b>	
<b>Free cash flow</b>	<b>-97.5</b>	<b>-25.0</b>		<b>18.9</b>	(CF from operating activities – CF from investing activities)

# Technology Cluster Zug



# Technology Cluster Zug

Approval of the Development Plan by the Parliament of the City of Zug



- New production concepts such as the “vertical factory” employed in the strategic modernization of the V-ZUG production site to reduce the floor space required and to boost floor productivity
- Freed-up floor space enables the development of the Technology Cluster Zug
- V-ZUG to invest in a number of new production buildings over the coming years

Construction work started for Zephyr Phase I

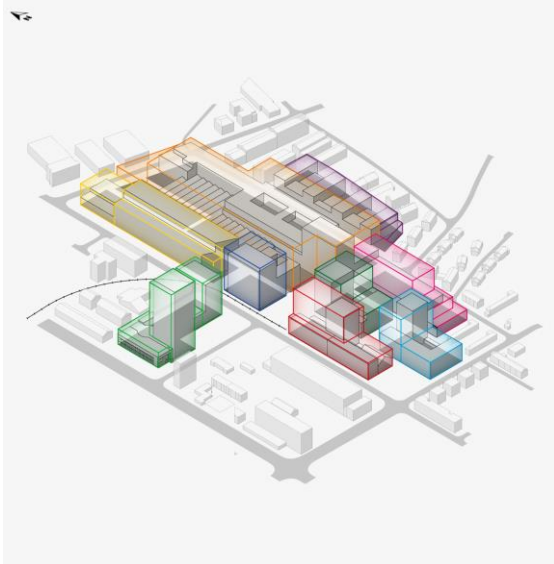


# Technology Cluster Zug

Future projects related to the Technology Cluster Zug

- Mobility Hub Zug Nord (MHZN) planned on the northern part of the site, with an entry gate location to the city
- A Multi Energy Hub to be created with partners to supply the Technology Cluster Zug with local, renewable energy
- A unique wooden residential high-rise next to the Technology Cluster Zug including affordable apartments

Visualization of the development plan



Visualization of the Mobility Hub Zug Nord



Visualization of self-driving cars in the MHZN



# Information for Investors

# Investment case

Well positioned in attractive markets with growth potential

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- All Business Units are well positioned in attractive markets with growth potential based on competitive product portfolios, strong customer relationships and opportunities related to digital business and processes
- Earnings growth drivers are
  - internationalize Household Appliances,
  - separate and restructure Life Science business and realize further improvements in the Medical business as a focused business in the BU Infection Control,
  - transform the BU Wire Processing from a machine manufacturer and solution provider to a strategic system partner for its customers, and
  - foster operational excellence and explore the full internal and external growth potential of the BU Medical Devices
- The stable shareholder base with an entrepreneurial family as its main shareholder pursues a decidedly long-term perspective creating sustainable value for all stakeholders
- Reduced volatility of the net result following the reduction of the net cash position, however still a strong balance sheet enabling investments in internal and external growth

March 21, 2019

Publication of the 2018 results

May 3, 2019

General Meeting of Shareholders

# Metall Zug Group

## Contact

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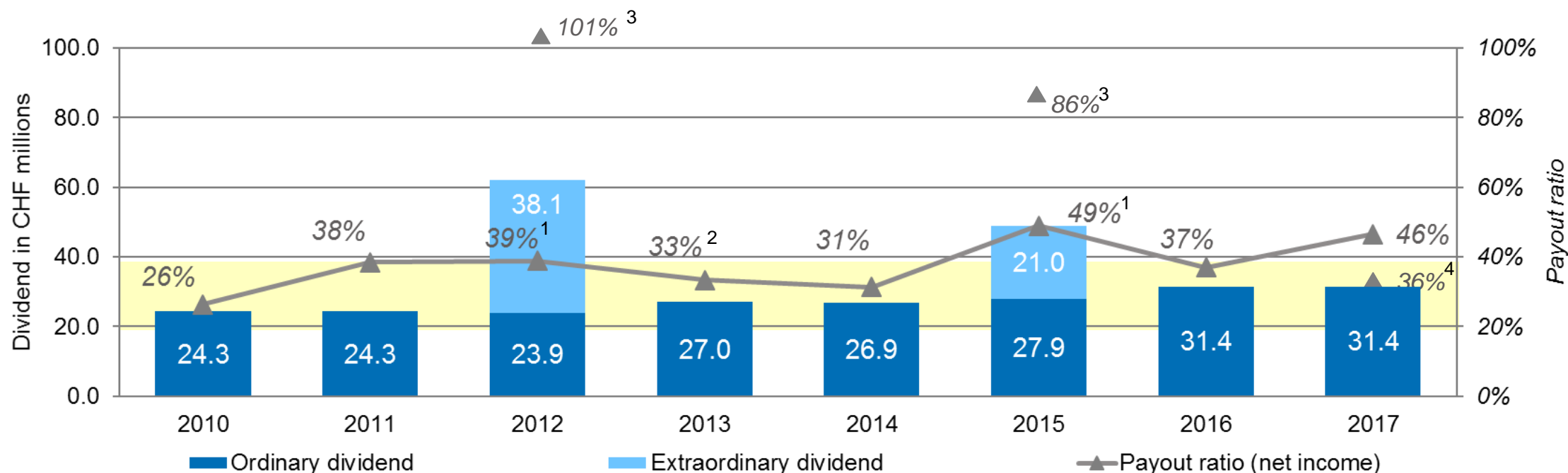
Daniel Keist  
Chief Financial Officer

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6302 Zug  
Switzerland  
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# Appendix

# Dividend

Payout in CHF millions and payout ratio



<sup>1</sup> Special anniversary (2012) or stock (2015) dividend not included in the payout ratio

<sup>2</sup> Payout ratio adjusted by extraordinary financial result 2013 (CHF 43 million due to sale of larger portion and revaluation of the remaining shares of Zug Estates Holding AG)

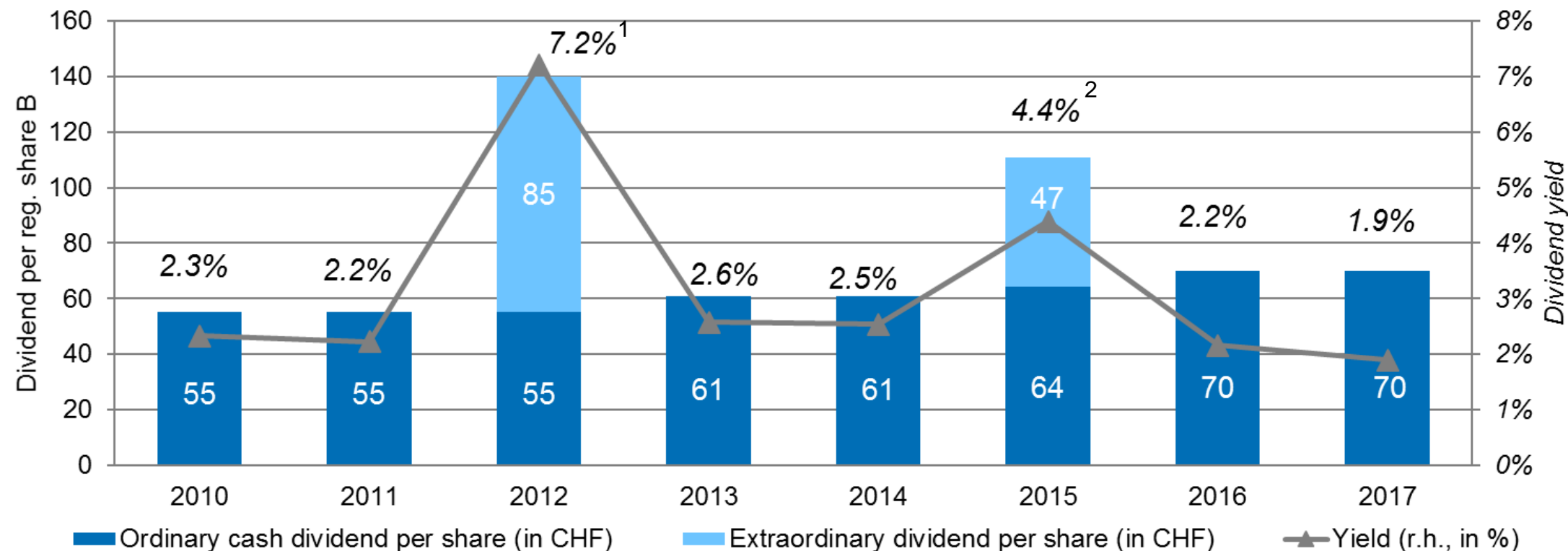
<sup>3</sup> Special anniversary (2012) or stock (2015) dividend included in the payout ratio

<sup>4</sup> Payout ratio based on adjusted net profit (excl. extraordinary expenses of CHF 20.8 million)



# Dividend per share

Payout in CHF per type B registered share and yield (vs. year-end share price)

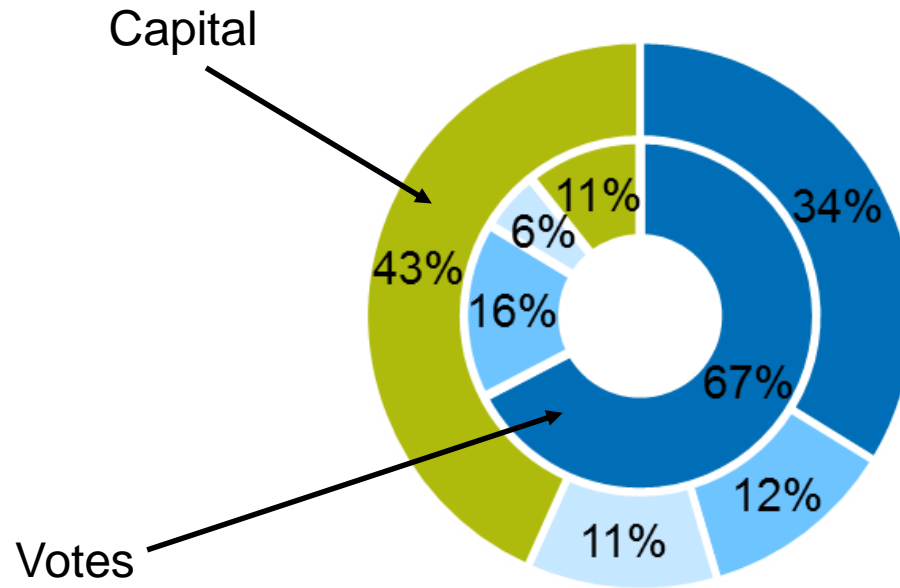


<sup>1</sup> Special anniversary dividend

<sup>2</sup> Incl. allocation of shares and withholding tax refund claim

# Shareholder structure

As at December 31, 2017



- Shareholder group Buhofer
- Shareholder group Stöckli
- Werner O. Weber / Wemaco Invest AG
- Free Float

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