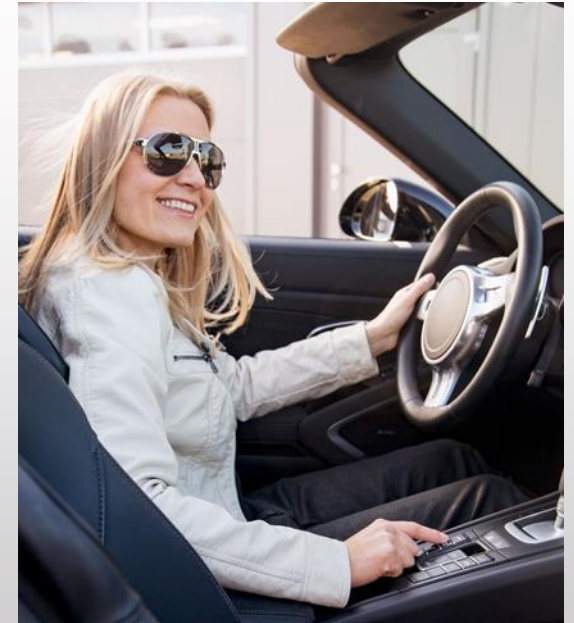


# Investor Presentation HY 1/17



Metall Zug Group, August 21, 2017

1. Metall Zug Group - overview HY 1/17
2. Business Units
  - Household Appliances
  - Infection Control
  - Wire Processing
3. Group financial report HY 1/17
4. Investments in sustainable future growth
5. Information for investors

# Metall Zug Group Overview HY 1/17

- Organic sales growth in local currencies of +0.3%, group gross sales of CHF 445.4 million
- Operating income (EBIT) decreased to CHF 28.2 million (-10.8%), resulting in an EBIT margin of 6.3% (previous year: 7.2%), based on gross sales
- Main topics:
  - Household Appliances: initiation of strategic replacement of production facilities (e.g. preparation work for new pressing plant at V-ZUG in Zug)
  - Infection Control: improvement in segment Medical following the relocation of production to Slovenia; restructuring benefits are not (fully) reflected in the results on BU level; STERIFAST acquisition
  - Wire Processing: fostering of management structures; full ownership of DiIT AG
  - Digitization initiatives
- Gratifying financial result of CHF 14.4 million based on performance of securities (previous year: CHF 0.6 million)
- Net income of CHF 33.8 million (previous year: CHF 23.9 million), up 41.4%

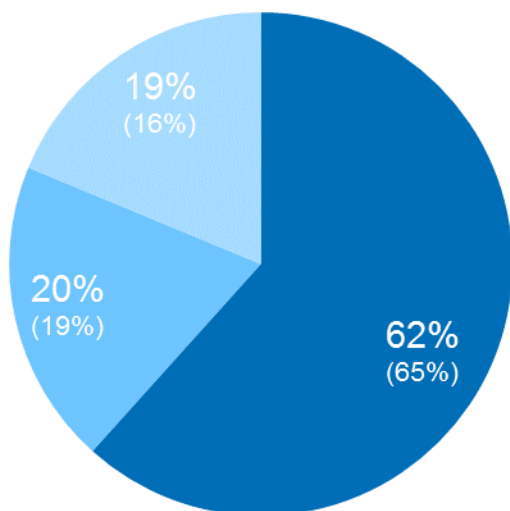
# Metall Zug Group

Net sales to third parties in HY 1/17



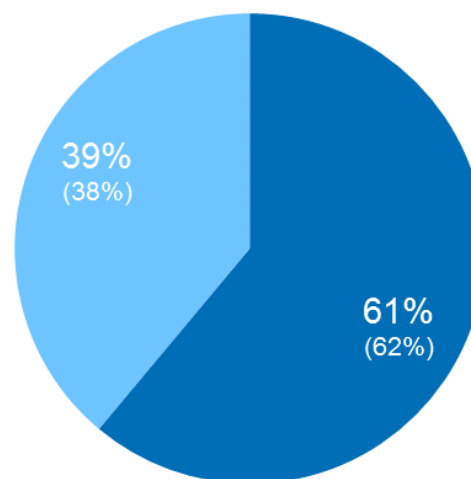
(HY 1/16 values in brackets)

Net sales by business unit



- Household Appliances
- Infection Control
- Wire Processing

Net sales by region



- Switzerland
- International

# Business Units

# Household Appliances

HY 1/17: Net sales MCHF 269.4; EBIT MCHF 26.5



Anton Schmaus, Germany's "Rising Star of 2015", Restaurant Storstad in Regensburg, Germany

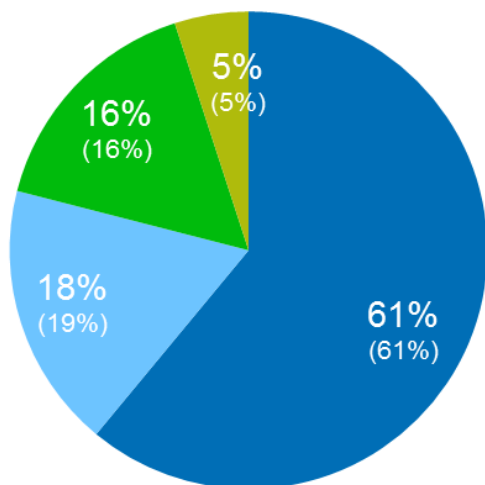
# Household Appliances

Net sales by product segment and region HY 1/17



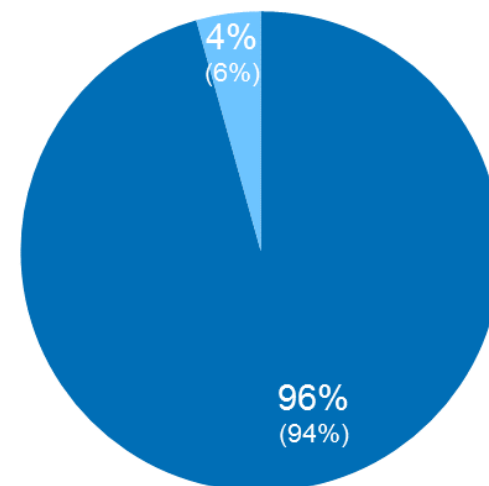
(HY 1/16 values in brackets)

Net sales by segment



■ Kitchen ■ Laundry ■ Service ■ Others

Net sales by region



■ Switzerland ■ International



# Household Appliances

## Key figures and highlights



CHF million	HY 1/17	HY 1/16	Δ	2016
Net sales to third parties	269.4	279.3	-3.5%	584.6
Operating income (EBIT)	26.5	32.9	-19.4%	76.8
<i>EBIT margin in %</i>	9.8	11.8	-200bp	13.1

- 3.7% decline in organic gross sales (acquisition effect: 0.0%; FX: 0.0%)
- Decrease in EBIT and EBIT margin on the back of lower sales and various investments, e.g. preparation work for the new production plant, new ERP (SAP S/4HANA) and field service management system (mLogistics)
- Continued consolidation of the leading market position in Switzerland

# Household Appliances

## International markets



CHF million	HY 1/17	HY 1/16	FY 2016	FY 2015	FY 2014	FY 2013
Net sales to third parties	11.7	17.0	46.7	36.0	35.1	24.6
<i>in % of total BU net sales</i>	4.3%	6.1%	8.0%	6.3%	6.1%	4.4%

- Strong development in markets with own built-up structures, e.g. Australia, Benelux, China, Germany and Hong Kong
- Recovery in the Russian market
- OEM business in the U.S. with lower sales and orders
- Weaker sales in some politically unstable distributor markets (e.g. Turkey)

# Household Appliances

V-ZUG Kühltechnik (production of refrigerators)



## 2013

- Founding of V-ZUG Kühltechnik (takeover from AFG)
- In Arbon (limited lease agreement)
- 105 FTEs
- Production of about 50K units
- High call rate
- Outdated machinery
- Loss-making



## Today

- Restructured company
- Investments of high single-digit CHF million
- In Arbon (limited lease agreement)
- 136 FTEs
- Production of about 65K units
- Low call rate
- Partly new machinery
- Profitable



## Future

- New plant
- Investments of mid double-digit CHF million
- In eastern Switzerland
- Production capacity of >80K units
- New machinery
- Optimized production layout
- Profitable



# Household Appliances

## Strategic priorities

---



- 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
- Develop the own refrigerator business in the premium segment
- Prepare products, processes, structures and business models for the Internet of Everything
- Improve efficiency continuously
  - After the commissioning of the new “Mistral” building in Zug, preparation work for the new production building “Zephyr” has started
  - Global sourcing



# Infection Control

HY 1/17: Net sales MCHF 85.6; EBIT MCHF -10.1



Anna Macko, sterile processing technician in the decontamination area, Florida Hospital in Orlando (U.S.)

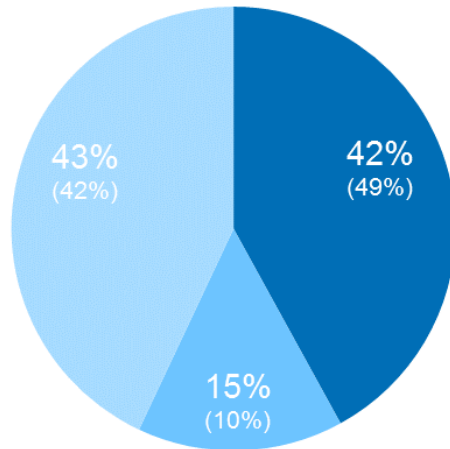
# Infection Control

## Net sales by segment and region HY 1/17



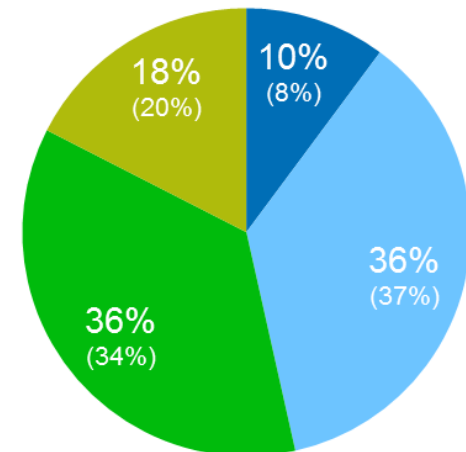
(HY 1/16 values in brackets)

Net sales by segment



■ Medical ■ Life Science ■ Service & Other

Net sales by region



■ Switzerland  
■ Other European countries  
■ Americas  
■ Asia / Pacific / Others

# Infection Control

## Key figures and highlights



CHF million	HY 1/17	HY 1/16	Δ	2016
Net sales to third parties	85.6	81.3	5.3%	201.4
Operating income (EBIT)	-10.1	-13.0	22.5%	-6.3*
<i>EBIT margin in %</i>	<i>-11.8</i>	<i>-16.0</i>	<i>420bp</i>	<i>-3.1</i>

\* incl. profit of MCHF 5.1 from the sale of the property in Ballwil in HY 2/16

- Organic gross sales growth of +5.6% (acquisition effect: +0.3%; FX: -0.8%)
- Medical segment with strong order intake in recent months and improvement with respect to profitability
- Life Science segment with higher sales compared to last year's low level, but below expectations
- Growth in the Service business
- Implementation of SAP in the Grosuplje and Mühldorf plants and lower-than-expected Life Science sales had a negative impact on EBIT
- Acquisition of STERIFAST to enter fast growing low-temperature sterilization market

# Infection Control

## Acquisition of STERIFAST

### About STERIFAST

- Founded in 1998, three permanent employees
- A Portuguese company, specializing in low-temperature sterilization for thermo-sensitive medical devices

### Business case

- With the increase in minimally invasive surgical procedures, there is a growing need for complex surgical instrumentation. Many of these instruments are sensitive to heat and moisture, requiring low-temperature alternatives and chemicals (recurring business)

### Belimed's benefit

- Stronger low-temperature offering, which will strengthen Belimed's position as a full-solution provider and as one of the global leaders in infection control





- So far, concentrated restructuring efforts on the two largest segments Medical and Service
- Concluded relocation of production to Grosuplje, Slovenia (Medical)
- Rollout of SAP in Grosuplje (Medical) and at the production site in Mühldorf (Life Science) to increase efficiency and transparency
- Additional cost saving measures needed in segment Service
- After the relocation of the medical standard sterilizer and washer assembly from Sulgen resp. Mühldorf to Grosuplje, Belimed is ready to optimize processes and structures in the Life Science segment

# Infection Control

## Strategic priorities

---



- Consolidate and complete restructuring of Medical and Service segments in order to benefit from reduced complexity of the business structure and processes, as well as reducing costs
- Optimize processes and structures and explore full potential of the Life Science segment
- Increase market share in the U.S. and APAC
- Strengthen R&D, accelerate product and technology innovations also related to digitization and STERIFAST (low-temperature sterilization)
- Initiate / prepare for acquisitions and cooperation to strengthen Belimed's market position

# Wire Processing

HY 1/17: Net sales MCHF 81.9; EBIT MCHF 11.1



Marika Schumann, Head of Marketing and sports car enthusiast in Stuttgart (Germany)

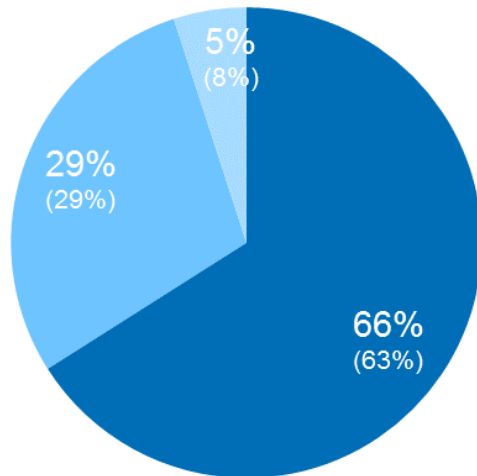
# Wire Processing

## Net sales by segment and region HY 1/17



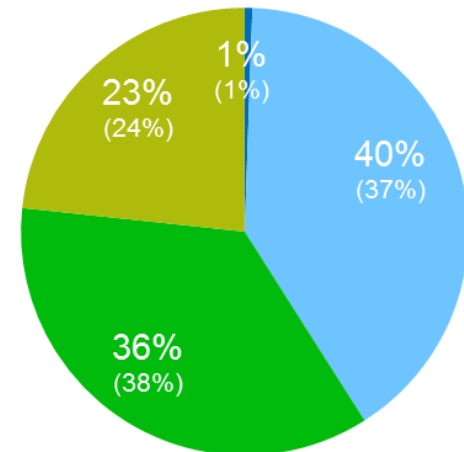
(HY 1/16 values in brackets)

Net sales by segment



- Automotive
- ICT
- Others

Net sales by region



- Switzerland
- Other European countries
- Americas
- Asia / Pacific / Others

# Wire Processing

## Key figures and highlights



CHF million	HY 1/17	HY 1/16	Δ	2016
Net sales to third parties	81.9	71.7	14.2%	153.5
Operating income (EBIT)	11.1	11.9	-6.9%	22.8
<i>EBIT margin in %</i>	<i>13.5</i>	<i>16.6</i>	<i>-310bp</i>	<i>14.9</i>

- Organic gross sales growth of +9.4% (acquisition: +4.4%; FX: -0.3%)
- Growth in China, DACH region (Germany, Austria, Switzerland) and NAFTA
- Positive development in the Cut & Strip/Semi-Automatic, Test Automation and Process Automation segments; Cut, Strip & Terminate segment below expectations
- EBIT negatively impacted by investments in management structures at recently acquired companies as well as at BU level
- Acquisition of DiIT AG

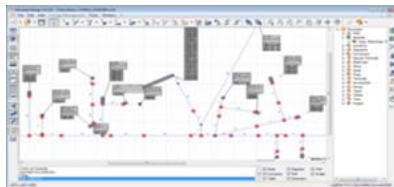
# Wire Processing

## Acquisition of DiIT AG



- Schleuniger increased its stake in DiIT AG from 35% to 100%. DiIT has been fully consolidated since the beginning of 2017
- A globally leading producer of software systems for wire processing and wire harness production; major manufacturers and Tier-1 suppliers in the automotive industry rely on DiIT's systems
- Based on electronic drawings, DiIT's solutions control and optimize the entire production chain from the cutting area right through to shipping, including generating all necessary production data

# Integrated process chain for wire harness engineering and production



# Wire Processing

## Strategic priorities

---



- Expand product range for the automotive industry and in the automotive value chain, including IT-enabled system approach
- Strengthen leading position in customer-specific systems
- Broaden the customer base and geographic reach within the field of global automotive key players
- Optimize structures and processes in Schleuniger Machinery in Tianjin and complement product range for the local Chinese market
- Consolidate structure and processes to strengthen growth and flexibility as well as prepare products and business models for Industry 4.0



# Group Financial Report

## HY 1/17

# Group financial report

Key figures HY 1/17



CHF million	HY 1/17	HY 1/16	Δ	2016
Gross sales	445.4	441.4	0.9%	960.6
Operating income (EBIT)	28.2	31.6	-10.8%	94.1
<i>EBIT margin</i>	6.3%	7.2%	-90bp	9.8%
Financial result	14.4	0.6		10.3
Net income	33.8	23.9	41.4%	84.9
<i>Equity ratio</i>	77.8%	76.9%	90bp	76.9%

- Organic gross sales growth in local currencies of 0.3% (acquisition effect of 0.8% and a FX impact of -0.2%)
- Sales growth in Infection Control and Wire Processing, sales decline in Household Appliances
- Decline in EBIT and EBIT margin due to lower sales in Household Appliances; various additional expenses for the development of production sites, for digitization as well as for new products and markets
- Strong financial result led to a significant increase in net income
- Higher equity ratio despite goodwill offset in equity (M&A), higher cash dividend

# Group financial report

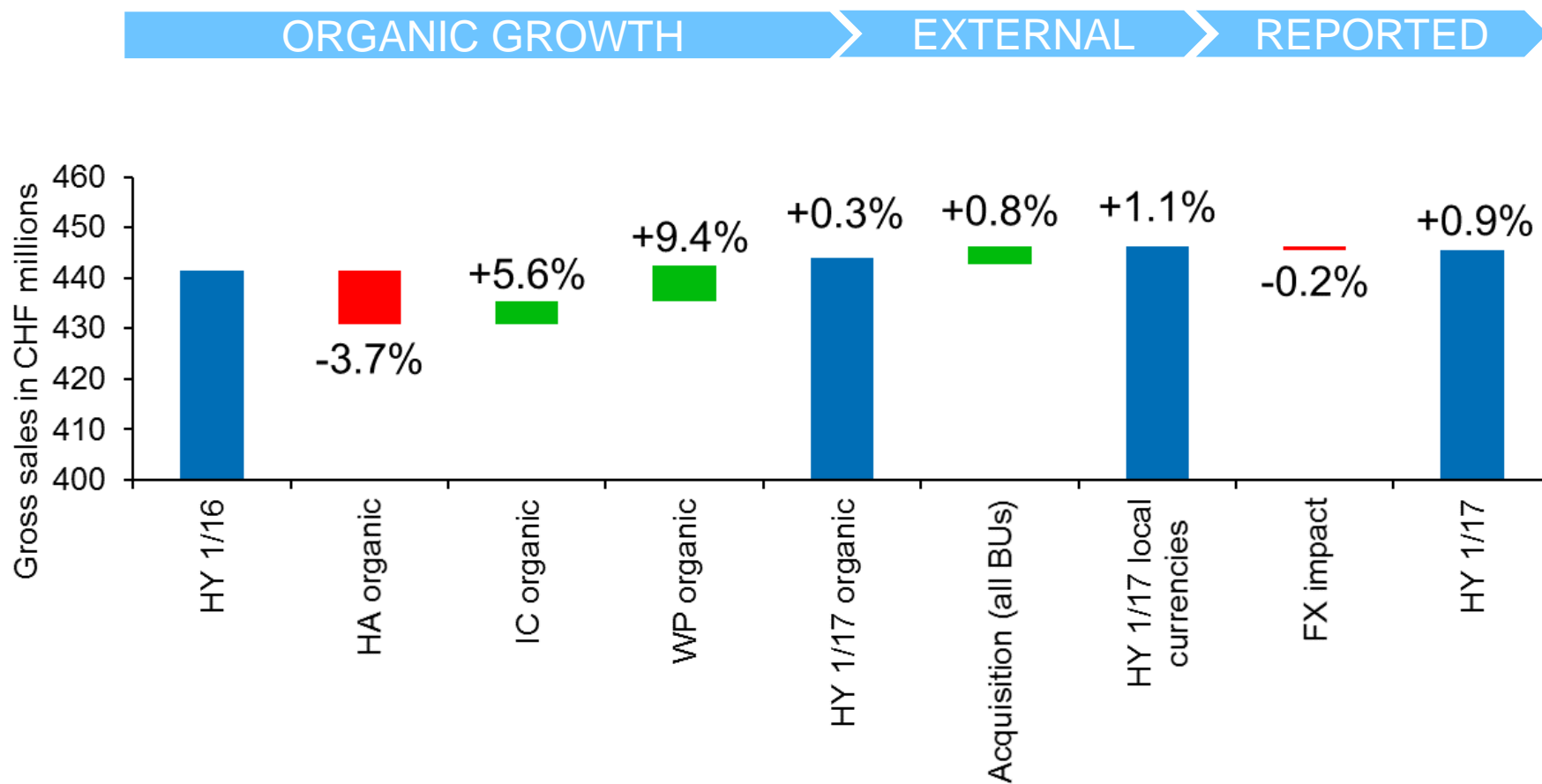
## Income statement



CHF million	HY 1/17	<i>in %</i>	$\Delta$	HY 1/16	<i>in %</i>
<b>Gross sales</b>	<b>445.4</b>	<b>100.0%</b>	<b>0.9%</b>	<b>441.4</b>	<b>100.0%</b>
Net sales	436.9	98.1%	1.1%	432.3	97.9%
Cost of materials (incl. $\Delta$ inv.)	-139.2	31.3%	-2.1%	-136.3	30.9%
Personnel expenses	-191.1	42.9%	-3.0%	-185.6	42.1%
Other operating expenses	-66.5	14.9%	-3.1%	-64.4	14.6%
<b>Operating income (EBIT)</b>	<b>28.2</b>	<b>6.3%</b>	<b>-10.8%</b>	<b>31.6</b>	<b>7.2%</b>
Financial result	14.4	3.2%		0.6	0.1%
Income before taxes	42.6	9.6%	32.1%	32.3	7.3%
Taxes	-9.0	2.0%	-2.5%	-8.8	2.0%
Minorities	0.2	0.0%	58.6%	0.4	0.1%
<b>Net income</b>	<b>33.8</b>	<b>7.6%</b>	<b>41.4%</b>	<b>23.9</b>	<b>5.4%</b>

# Group financial report

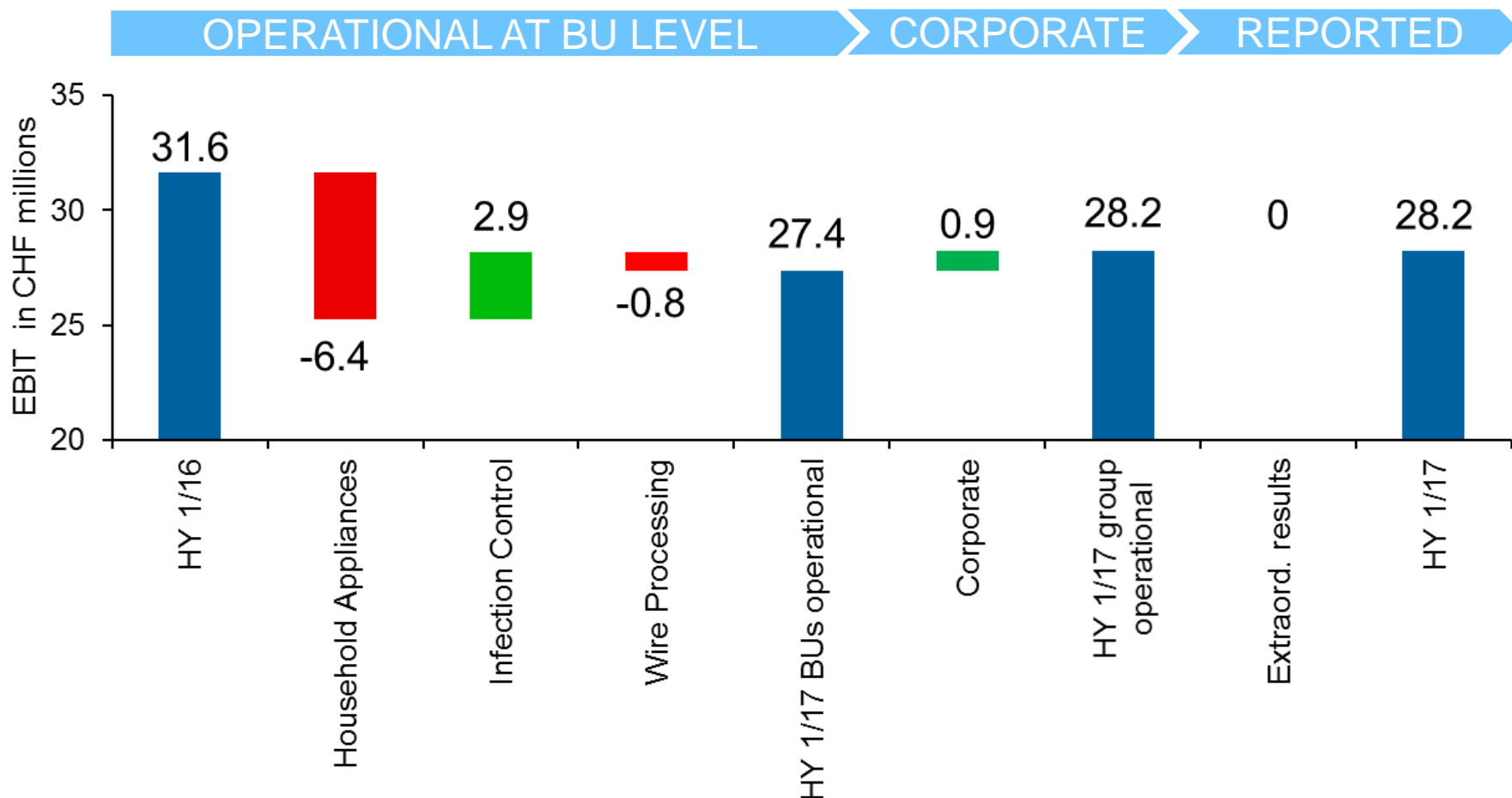
## Gross sales analysis



BU organic growth in % of BUs' gross sales

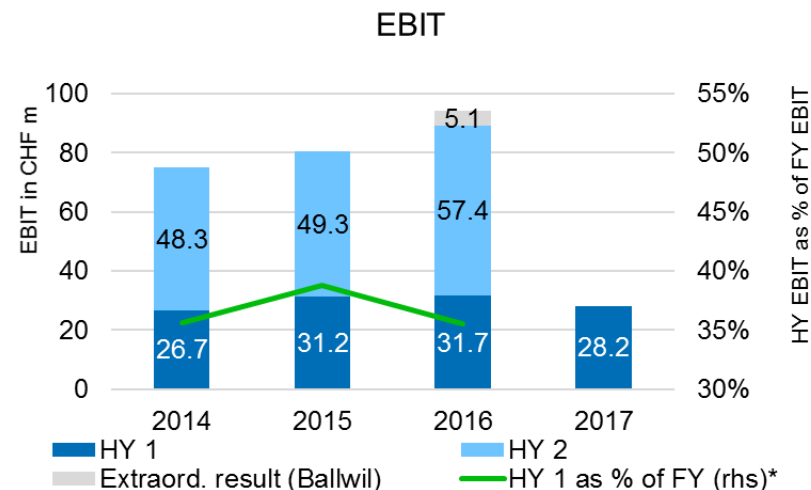
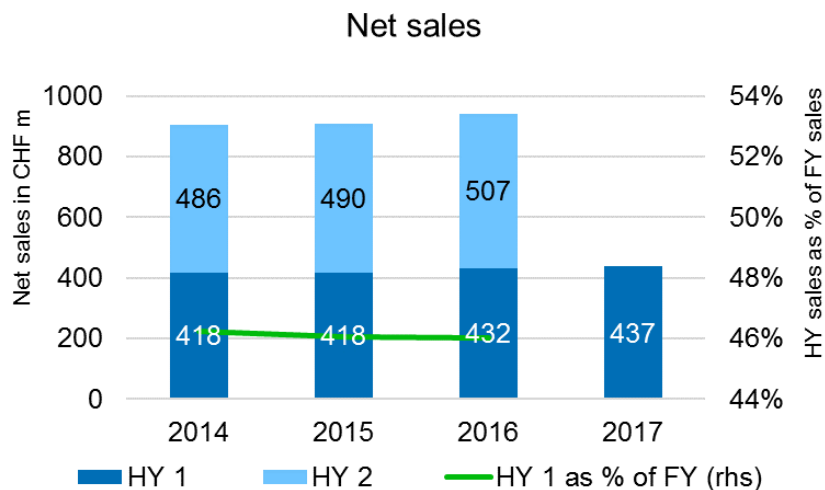
# Group financial report

## Operating income (EBIT) analysis



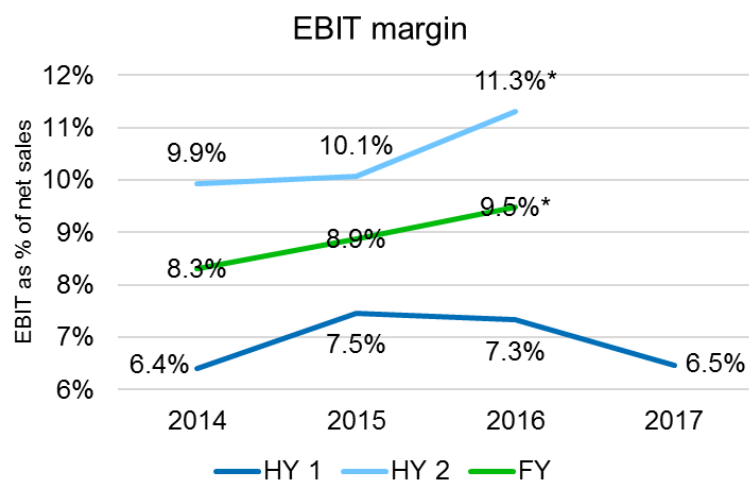
# Group financial report

## Metall Zug Group seasonality



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

- Stable seasonality in terms of net sales
- Higher seasonality at EBIT level last year



\* EBIT margins of HY 2/16 and FY 16 excl. MCHF 5.1 profit from the sale of the property in Ballwil

# Metall Zug Group

## Balance sheet



CHF million	06/30/2017	in %	12/31/2016
Cash and cash equivalents / securities	504.9	44.6%	543.5
Other current assets	300.0	26.5%	284.2
<i>Current assets</i>	<i>804.9</i>	<i>71.1%</i>	<i>827.7</i>
Tangible assets	276.1	24.4%	274.0
Financial & intangible assets	51.4	4.5%	50.9
<i>Fixed assets</i>	<i>327.5</i>	<i>28.9%</i>	<i>324.9</i>
<b>Total assets</b>	<b>1 132.4</b>	<b>100.0%</b>	<b>1 152.7</b>
Current & long-term financial liabilities	0.7	0.1%	0.5
Other liabilities	250.1	22.1%	265.9
<i>Total liabilities</i>	<i>250.9</i>	<i>22.2%</i>	<i>266.4</i>
<b>Shareholders' equity</b>	<b>881.5</b>	<b>77.8%</b>	<b>886.3</b>
Total liabilities and shareholders' equity	1132.4	100.0%	1 152.7
<b>Net cash</b>	<b>504.2</b>	<b>44.5%</b>	<b>543.0</b>

# Metall Zug Group

## Cash flow statement



CHF million	HY 1/17	HY 1/16	Δ %	2016
<b>Cash flow from operating activities</b>	<b>-0.4</b>	<b>2.6</b>		<b>95.4</b>
- of which change in net working capital	-23.8	-19.6		11.2
- of which taxes paid	-14.0	-18.8		-27.6
<b>Cash flow from investing activities</b>	<b>-24.6</b>	<b>-16.2</b>	<b>-51.8%</b>	<b>-50.6</b>
- of which investments in tangible assets	-13.2	-17.4		-55.4
- of which investments in intangible assets	-4.0	-2.1		-5.4
- of which investments in group companies	-7.9	-0.0		-0.0
<b>Free cash flow</b>	<b>-25.0</b>	<b>-13.6</b>	<b>-83.6%</b>	<b>44.9</b>
<b>Cash flow from financing activities</b>	<b>-28.4</b>	<b>-29.3</b>	<b>3.1%</b>	<b>-29.8</b>
- of which dividend	-31.4	-29.4		-29.4



# Investments in sustainable future growth

# R&D

Important success factor



CHF million	2016	2015	2014	2013
Expenses in R&D	81.2	80.1	72.9	71.7
<i>in % of gross sales</i>	8.5%	8.6%	7.9%	7.9%

- R&D expenses including personnel costs, cost of material, overhead costs and external services, charged directly to the income statement
- Ongoing product innovation in all Business Units
- Investment in digitization of today's and future products

# CAPEX

## Investments versus operating cash flow



CHF million	HY 1/17	HY 1/16	FY 2016	FY 2015	FY 2014	FY 2013
CF from operating activities	-0.4	2.6	95.4 <sup>1</sup>	104.6	135.8 <sup>2</sup>	162.3 <sup>2</sup>
- of which change in securities	-4.4	-4.5	-1.2	0.3	17.7 <sup>2</sup>	71.7 <sup>2</sup>
CF from investing activities	-24.6	-16.2	-50.6	-50.5	-35.5	-42.2
- investments in tangible assets	-13.2	-17.4	-55.4	-39.0	-33.7	-29.0
- investments in intangible assets	-4.0	-2.1	-5.4	-3.5	-3.2	-3.1
- investments in group companies	-7.9	-0.0	-0.0	-6.2	1.0	-13.3
Free cash flow	-25.0	-13.6	44.9	54.1	100.3	120.0

1 Lower cash flow from operating activities in FY 2016 due to higher taxes paid

2 Higher cash flow from operating activities in FY 2013 and 2014 mainly explained by change in securities (disposal of ZugEstates securities)

Trend of higher investments in tangible and intangible assets to continue in the coming years, however after 2020 expected to be back to prior lower levels

# Transformation of the V-ZUG site in Zug

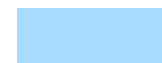
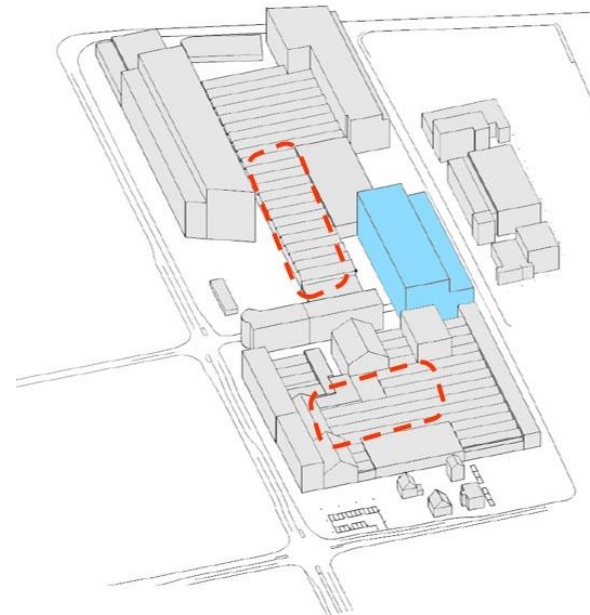
Modernization of V-ZUG production: Zephyr being the next step



## V-ZUG vertical production

- ZUGgate
- Mistral
- Zephyr
- Further concentration and automatization of production processes enables V-ZUG to grow and is needed in order to maintain competitive production of household appliances in Zug
- Investigation of contamination of the site during 2017 as part of the extensive preparation work

## Zephyr (new production plant)



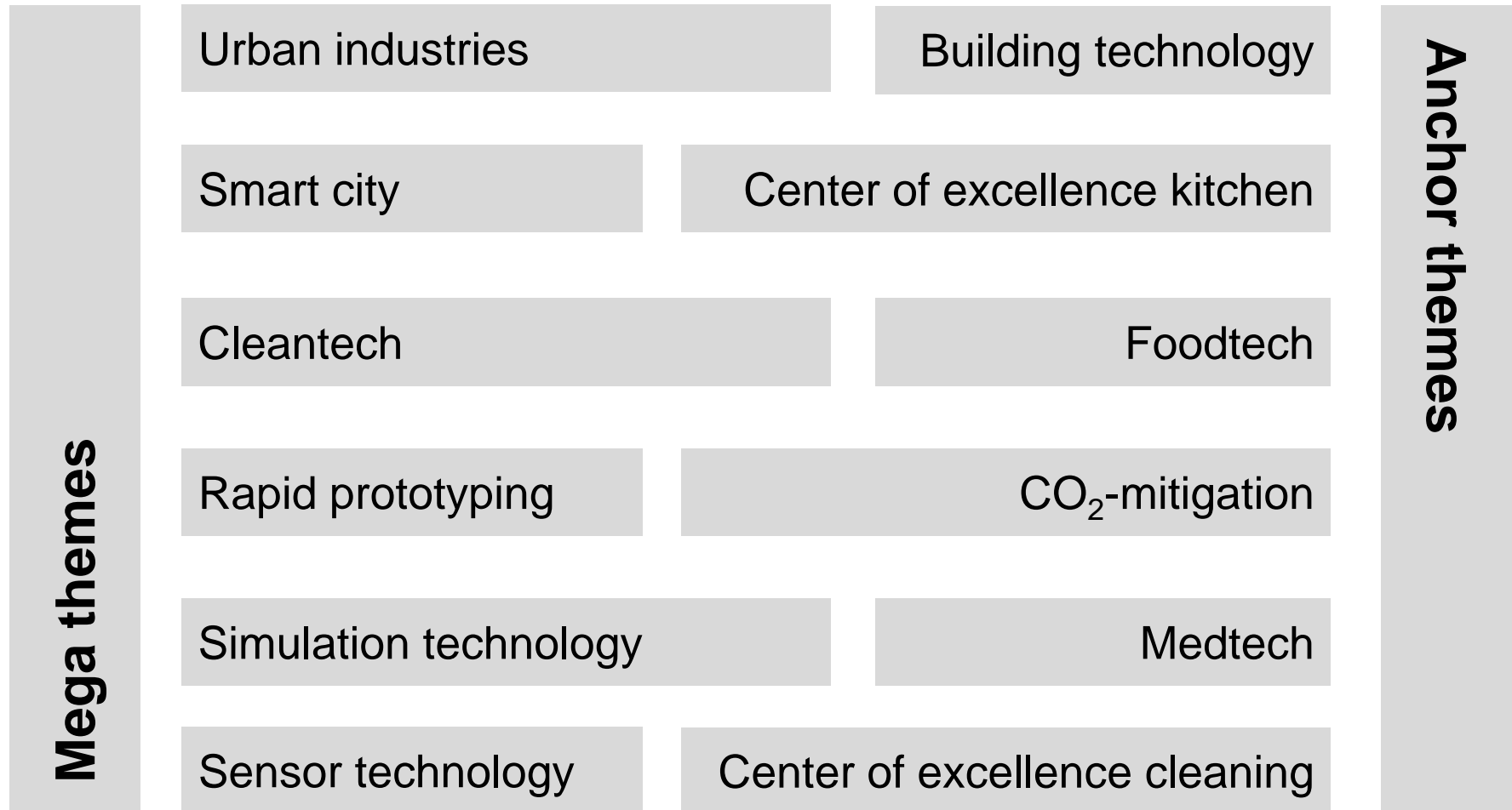
New production plant Zephyr



Current location of the machinery

# Transformation of the V-ZUG site in Zug

Core themes for the Technology Cluster Zug



# Information for Investors

# Investment case

Preparing for an insecure future



- All three Business Units have to cope with short visibility and limited predictability with regards to their market environment and therefore have to become highly flexible
- 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 internationalization in Household Appliances, the new structure and service offering in Infection Control and the broader product portfolio (including testing and system integration) in Wire Processing
- Stable shareholder base with an entrepreneurial family as its main shareholder pursues a decidedly long-term perspective creating sustainable value for all stakeholders
- Strong balance sheet enables investments in internal and external growth and to pursue attractive opportunities

March 22, 2018      Publication of the full-year results 2017

May 4, 2018      General Meeting of Shareholders

August 20, 2018      Publication of the half-year results 2018



# Metall Zug Group

Contact

---



Daniel Keist  
Chief Financial Officer

Christian Arnold  
Head of Corporate Communications & Investor Relations

Metall Zug AG  
Industriestrasse 66  
CH-6301 Zug  
Switzerland  
Phone: +41 58 768 10 20

Metall Zug AG is making great efforts to include accurate and up-to-date information in this document. However, we make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided in this document and disclaim any liability whatsoever for the use of it.

The statements in this document relating to matters that are not historical facts are forward-looking statements based on estimates and assumptions of the company and are believed to be reasonable, but are inherently uncertain, difficult to predict and do not constitute a guarantee of future performance. They may involve risks and uncertainties including but not limited to: future global economic conditions, technological advances, exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company. Metall Zug AG disclaims any intention or obligation to update these forward-looking statements.

The information provided in this document is not intended to be nor should it be construed as an offer or solicitation for purchase or disposal, trading or any transaction in any Metall Zug AG securities or other financial instruments. Investors must not rely solely on this information for investment decisions.