

Annual Report Summary 2004

METALL ZUG GROUP



Key figures

At a glance

The METALL ZUG GROUP consists of several industrial subsidiaries, which are amalgamated in METALL ZUG AG, and one company in the real estate sector. In 2004, with 2034 employees, the Group posted consolidated sales of CHF 514m (+6.4%). The main focus of the industrial subsidiaries is on appliances, which account for more than 90 percent of Group sales. Manufactured and distributed by V-ZUG AG, the Group's household appliances hold a strong position in Switzerland's kitchen and laundry markets. All the compa-

nies in the infection control sector have been incorporated in the Belimed Group and function under a uniform brand name: Belimed. METALL ZUG AG participation certificates are listed in the SWX local caps segment of the SWX Swiss Exchange in Zurich. With effect from 2003, the end of METALL ZUG AG's financial year coincides with the end of the calendar year. In line with directives issued by the SWX Swiss Exchange, the complete Annual Report of the METALL ZUG GROUP (in German only) contains a chapter devoted to corporate governance.

METALL ZUG GROUP

in CHF millions	2004	2003	2002	2001	2000
Group sales	513.7	482.7	475.7	467.0	458.3
Group net income	61.5	56.5	42.2	36.6	47.6
Cashflow *	91.6	87.3	74.2	67.1	78.7
in % of sales	17.8	18.1	15.6	14.4	17.2
Total assets	813	791	739	728	714
Current assets	532	506	438	417	413
in %	65	64	59	57	58
Fixed assets	281	285	301	311	301
in %	35	36	41	43	42
Liabilities	203	233	228	247	259
in %	25	29	31	34	36
Shareholders' equity **	609	558	511	481	455
in %	75	71	69	66	64
Investments	24.6	19.9	18.8	39.6	27.0
Employees	2' 034	1' 991	1' 980	2' 002	1' 993
Market price per participation certificate (high/ low) in CHF	3' 180/ 2' 355	2' 600/ 1' 620	1' 725/ 1' 300	2' 000/ 1' 300	2' 500/ 1' 600
Dividende in %	100 ***	80	70	70	70

* The cash flow also contains earnings from the Real Estate and Hotel business unit.

** incl. minority interests *** Proposed to the annual general meeting

Organization

As of 31 December 2004

	Business unit Appliances		Business unit plastics	Business unit Real Estate and Hotel
	Household Appliances	Infection Control	Household Appliances	Infection Control
METALL ZUG AG				
V-ZUG AG, Zug	■			
SIBIR Haushalttechnik AG, Schlieren	■			
F. Gehrig AG, Ballwil	■			
Belimed AG, Zug		■		
Belimed Inc., Miami (US)		■		
Belimed Ltd., Shipley (UK)		■		
Belimed GmbH, Fehring (AT)		■		
Belimed GmbH, Mühldorf am Inn (DE)		■		
Belimed d.o.o., Grosuplje (SI)		■		
Sauter AG, Sulgen		■		
Belimed B.V., A.D. Beneden-Leeuwen (NL)		■		
Belimed SA, Ottignies (BE)		■		
Belimed SAS, Sausheim (FR)		■		
WEZ Kunststoffwerk AG, Oberentfelden			■	
MZ-Immobilien AG, Zug				■
Parkhotel Zug AG, Zug				■

All companies are fully consolidated. V-ZUG AG is the mainstay of METALL ZUG AG and the parent company of all the subsidiaries in the Appliances business unit. It has 1099 employees and is a market leader in the Swiss kitchen and laundry sectors.

SIBIR Haushalttechnik AG, with 72 employees, is very well positioned in the refrigeration sector.

F. GEHRIG AG manufactures domestic appliances and cleaning equipment. It has 151 employees. The company's hospital washing machines are distributed worldwide by the Belimed Group.

The Belimed Group focuses exclusively on infection control technology (machines for hospitals, research and the pharmaceutical industry). It has 517 employees. Belimed Inc. Miami

(US) is well positioned in its domestic US market. Belimed d.o.o., Slovenia, specializes primarily in the manufacture of appliances. Belimed GmbH (Germany) is responsible for manufacturing,

distribution and sales in the German market, and exports a significant proportion of its production. Sauter AG specializes in sterilization equipment.

WEZ Kunststoffwerk AG is the Group's Plastics business unit and manufactures a wide range of containers for major retailers and electronic components as well as plastic parts for technical applications. MZ-Immobilien AG owns prime-location residential and commercial real estate in the center of Zug. The company also offers facility management services for major residential and business complexes and owns the well-known Parkhotel Zug.

Consolidated income statement

in CHF thousands	2004	2003
Gross sales	513' 668	482' 672
Sales deductions	- 9' 884	- 18' 511
Net sales	503' 784	464' 161
Change in inventories	5' 131	864
Other operating expenses	35' 561	26' 887
Operating earnings	544' 476	500' 478
Cost of materials	- 190' 391	- 166' 453
Wages, salaries and social insurance	- 184' 217	- 176' 469
Depreciation	- 28' 602	- 34' 372
Other operating expenses	- 73' 560	- 65' 953
Operating expenses	- 476' 770	- 443' 247
Operating income (EBIT)	67' 706	57' 231
Financial income	- 3' 893	- 10' 188
Income before taxes	71' 599	67' 419
Taxes	- 10' 051	- 10' 939
Net incom ebefore minority interests	61' 548	56' 480
thereof, minority intersts	1' 759	3' 558

Consolidated balance sheet

Assets

in CHF thousands	31.12.2004	31.12.2003
Cash and cash equivalents	235' 948	212' 090
securities	140' 035	133' 389
Trade receivables	58' 510	65' 245
Other receivables	9' 531	9' 957
Inventories	83' 906	80' 762
Prepaid expenses	3' 847	4' 340
Current assets	531' 777	505' 783
Property, plant and equipment, net of depreciation	280' 712	285' 214
Financial assets	147	142
Fixed assets	280' 859	285' 356
Total assets	812' 636	791' 139

Liabilities and shareholders' equity

in CHF thousands	31.12.2004	31.12.2003
Current liabilities	107' 118	113' 736
Long-term liabilities	96' 111	119' 202
Total liabilities	203' 229	232' 938
Share and participation certificate capital	11' 014	11' 014
Capital reserves	39' 788	39' 788
Retained earnings	545' 733	479' 296
Shareholders' equity excl. minorities	595' 568	530' 098
Minority interests	13' 839	28' 103
Shareholders' equity incl minorities	609' 407	558' 201
Total liabilities and shareholders' equity	812' 636	791' 139

Business unit report

Net sales

in CHF millions	2004	2003	Changes in %
Appliances	479.3	440.8	+ 8.7
Plastics	24.5	23.4	+ 4.7
Real Estate	1	1	
Total net sales	503.8	464.2	+ 8.5

¹ Sales from Real Estate and Hotel business unit are shown as other operating earnings.

Appliances

In 2004 net sales rose by CHF 38.5m from CHF 440.8m to 479.3m. Of this total, CHF 99.8m was generated by exports (previous year 93.5m).

Household Appliance Sector gains additional market shares

Net sales in the Household Appliance Sector increased by 6%, respectively CHF 23m to CHF 403.4m. With CHF 339m V-ZUG remained its key contributor. In a moderately growing market, particularly in the field of conversion and renovation, V-ZUG succeeded to gain additional market share, although profit margins remained under pressure. While the average price per unit slightly decreased, the increasing number of units sold was able to make up for it. Outstanding innovations have been the major drivers. The media campaign with former tennis champion Martina Hingis was exceptionally well accepted and proved to be effective. SIBIR succeeded to make a superb entry with kitchen studios and substantially increased its distribution of freezers through trade markets. Brand independent professional servicing to real estate companies contributed remarkably to net sales. GEHRIG sales improved by 3% to CHF 36.1m. The newly established distributor network proved to be highly effective.

Infection Control Sector efficiently restructured

The Belimed Group showed a 7% increase in sales to CHF 107.7m. While the pharmaceutical industry market performed exceptionally in favour, Belimed had to absorb a decrease of 19% in the hospital industry. Negatively affected have been sales to the United Kingdom, Germany, France, and Japan. The US\$ exchange rate, and increased costs for manufacturing materials affected Belimed margins. In the U.K. Belimed successfully established a distribution and service company.

Strategy 2010 aims to position Belimed Group as the internationally leading Solution Provider in the field of Infection Control.

Plastics

Growing client portfolio and increase in sales

Plastics business unit sales rose by 5% to CHF 24.5m, of which 40% was generated by exports. Increasingly complex products request an increasingly longer time to market. Therefore, the turn around in sales development only took place in the 4th quarter 2004. The plastics business unit finally succeeded replacing one of its key clients, who had turned to low-cost countries. Growth is to be expected particularly from the WEZ offering of logistics-trays and handling-trays. These products had generated in 2004 sales of CHF 2m.

Real Estate

Earnings slightly falling behind

99% of the 3,000 units MZ-Immobilien AG is managing are successfully leased out. Nevertheless, real estate management earnings did fall 1.8% behind last year's. CHF 3.5m had been invested into a substantial remodelling of Parkhotel Zug first and second floor guest rooms. Despite the temporary close-down for remodelling, net income of the hotel operator Parkhotel Zug AG, rose from CHF 8.4m to CHF 8.7m in 2004.

Outlook

For 2005, the METALL ZUG GROUP expects a moderate growth both in sales and earnings. A slowly recovering market, a strong market position of all major brands, and a highly attractive portfolio of innovative machines and appliances, as well as a successfully restructured of the group organization will propel the group performance.

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The complete Annual Report 2004 including Corporate Governance and Financial Report is available in German and can be downloaded at www.metallzug.ch. The German version is binding.

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