

Annual Report Summary 2005

METALL ZUG GROUP



Key Figures

At a Glance

The METALL ZUG GROUP consists of several industrial subsidiaries and companies in the real estate sector. In 2005, with 1'956 employees, the Group posted consolidated sales of CHF 544m (+ 5.8%).

The main focus of the industrial subsidiaries is on household appliances, which account for 74 percent of Group sales. Manufactured and distributed mainly by V-ZUG AG, the Group's household appliances hold a leading position in Switzerland's kitchen and laundry markets. The infection con-

trol activities, accounting for 21 percent of Group sales, are incorporated in the Belimed Group, a full-range supplier of cleaning, disinfection and sterilization equipment.

METALL ZUG AG participation certificates are listed in the local caps segment of the SWX Swiss Exchange in Zurich. The financial reporting of the METALL ZUG GROUP complies with Swiss GAAP FER Accounting and Reporting Recommendations. In line with the directives issued by the SWX Swiss Exchange, the complete Annual Report of the METALL ZUG GROUP (available in German only) contains a chapter devoted to corporate governance.

METALL ZUG GROUP

in CHF millions	2005	2004	2003	2002	2001
Group sales	543.6	513.7	482.7	475.7	467.0
Group net income	82.0	61.5	56.5	42.2	36.6
Cash flow*	105.2	91.6	87.3	74.2	67.1
in % of sales	19.4	17.8	18.1	15.6	14.4
Total assets	894	813	791	739	728
Current assets	613	532	506	438	417
in %	69	65	64	59	57
Fixed assets	281	281	285	301	311
in %	31	35	36	41	43
Liabilities	209	203	233	228	247
in %	23	25	29	31	34
Shareholders' equity**	685	609	558	511	481
in %	77	75	71	69	66
Investments	31.6	24.6	19.9	18.8	39.6
Employees	1'956	2'034	1'991	1'980	2'002
Market price per participation certificate (high/low) in CHF	4'368/3'120	3'180/2'355	2'600/1'620	1'725/1'300	2'000/1'300
Dividend in %	130***	100	80	70	70

* The cash flow also contains earnings from the real estate business unit

** Incl. minority interest until 2004

*** Proposed to the annual general meeting

Organization

As of 31 December 2005

	Business Unit Household Appliances	Business Unit Infection Control	Business Unit Real Estate
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., Beneden-Leeuwen (NL)		■	
Belimed SA, Ottignies (BE)		■	
Belimed SAS, Sausheim (FR)		■	
MZ-Immobilien AG, Zug			■
Parkhotel Zug AG, Zug			■
ZEW Immobilien AG, Oberentfelden*			■

* After the sale of the plastics business unit and the renaming of WEZ Kunststoffwerk AG as ZEW Immobilien AG

All companies are fully consolidated. V-ZUG AG is the mainstay of the METALL ZUG GROUP and the parent company of all the subsidiaries in the household appliances business unit. V-ZUG AG has 1'108 employees and is the market leader in the Swiss kitchen and laundry sectors.

SIBIR Haushalttechnik AG, with 73 employees, is well positioned in the Swiss refrigeration market.

F. Gehrig AG sells household and commercial appliances under its own brand name and also provides after-sales service. F. Gehrig AG has a workforce of 67. The existing production operations were recently integrated into Belimed AG.

The Belimed Group has 628 employees and focuses on infection control technology for hospitals, research facilities and the pharmaceutical industry. A complete range of cleaning, disinfecting and sterilization equipment is manufactured in Switzerland, Germany and Slovenia and distributed worldwide through Belimed sales subsidiaries and agents.

WEZ Kunststoffwerk AG* is the Group's plastics business unit. Its 120 employees manufacture and sell a wide range of containers used by major retailers and for storage of electronic components as well as plastic parts for technical applications.

MZ-Immobilien AG is the Group's real estate business unit with 76 employees. It 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.

* WEZ Kunststoffwerk AG operations were sold retroactively with effect from 1 November 2005.

Consolidated Income Statement

in CHF thousands	2005	2004
Gross sales	543' 638	513' 668
Sales deductions	- 14' 331	- 9' 884
Net sales	529' 307	503' 784
Change in inventories	2' 623	5' 131
Other operating earnings	36' 651	35' 561
Operating earnings	568' 581	544' 476
Cost of materials	- 196' 394	- 190' 391
Wages, salaries and social insurances	- 192' 111	- 184' 217
Depreciation	- 31' 728	- 28' 602
Other operating expenses	- 75' 272	- 73' 560
Operating expenses	- 495' 505	- 476' 770
Operating income (EBIT)	73' 076	67' 706
Financial income	19' 932	3' 893
Income before taxes	93' 008	71' 599
Taxes	- 10' 978	- 10' 051
Net income	82' 030	61' 548
thereof, minority interests	0	1' 759

Consolidated Balance Sheet

Assets

in CHF thousands	31.12.2005	31.12.2004
Cash and cash equivalents	286' 164	235' 948
Securities	168' 150	140' 035
Trade receivables	60' 375	58' 510
Other receivables	10' 228	9' 531
Inventories	85' 133	83' 906
Prepaid expenses	3' 451	3' 847
Current assets	613' 501	531' 777
Property, plant and equipment, net of depreciation	266' 222	280' 712
Financial assets	14' 517	147
Fixed assets	280' 739	280' 859
Total assets	894' 240	812' 636

Liabilities and shareholders' equity

in CHF thousands	31.12.2005	31.12.2004
Current liabilities	115' 600	107' 118
Long-term liabilities	93' 816	96' 111
Total liabilities	209' 416	203' 229
Share and participation certificate capital	11' 250	11' 014
Capital reserves	342' 170	39' 788
Retained earnings	331' 404	544' 766
Shareholders' equity excl. minorities	684' 824	595' 568
Minority interests	0	13' 839
Shareholders' equity incl. minorities	684' 824	609' 407
Total liabilities and shareholders' equity	894' 240	812' 636

Business Unit Report

Net Sales

in CHF millions	2005	2004	Changes in
Household Appliances ¹	392.9	372.0	+ 5.6 %
Infection Control ¹	112.4	107.3	+ 4.8 %
Plastics ²	24.0	24.4	- 1.6 %
Real Estate	³	³	
Total Net Sales	529.3	503.8	+ 5.1 %

¹ Household Appliances and Infection Control: figures for fiscal 2004 are comparable because they have been restated to make allowance for the current organizational structure.

² Plastics: Operations were sold with effect from 1 November 2005, which means that sales for the year under review apply only to the first ten months of the year. In fiscal 2005, special depreciation on the one piece of real estate remaining in the possession of METALL ZUG GROUP amounted to CHF 3.5 million. Overall, the sale of the plastics business unit reduced operating profit by CHF 7.1 million.

³ Sales from real estate business unit are shown as other operating earnings.

Simplification of Group Structure Completed

As announced, the Group's infection control unit Belimed AG, whose legal status until now has been that of subsidiary to V-ZUG AG, is now directly subordinate to the Group's holding company, METALL ZUG AG. As a result, infection control is now an independent business unit.

Household Appliances

All three companies report increased sales

Mortgage rates have been pinned at their present low levels for some time now. Consequently, the demand for residential property continued to rise in the past year. The household appliances business unit profited from this and reported a successful year. V-ZUG increased its sales by a further 7% to CHF 363 million and acquired additional market shares, thanks largely to its new premium design kitchen line. Apart from the importance of the usual high quality, design has been a major success factor. Gehrig has now started to focus on household appliances and commercial dishwashers. The company likewise pushed up sales in all areas and acquired new customers.

Infection Control

Increased order intake

In sharp contrast to the previous year, sales in the medical segment were up noticeably but down in the pharmaceuticals

segment. Total sales rose by 4% to CHF 119 million, a major contribution to this increase coming from various new products and further developments. Regionally speaking, sales in Switzerland, Belgium and the UK were up, positive repercussions coming from the foundation of a Group-owned subsidiary in the UK. Investment in extending the distribution network began to pay off in eastern Europe, the Middle East and Japan. In Germany, the downward trend of the last two years was finally reversed. Sales in Austria, France and the Netherlands were down. In early summer, Sauter AG, which is a member of the Belimed Group, acquired the infection control business unit of Schaerer Mayfield Schweiz AG.

Plastics*

New orders

Over the past two years, the appliance industry has developed encouragingly. WEZ has profited from this and won several new large-scale orders, offsetting the orders lost in recent years to low-cost countries in the East. WEZ also adjusted its prices to reflect the increase in raw materials prices. For the year as a whole, these factors resulted in a significant 18% increase in sales to CHF 32 million.

Real Estate

Increased income

Income from real estate is under pressure; historically low interest rates have made it difficult to increase returns on renting residential property. Apart from this, the market is suffering under the surplus of office and commercial property. Despite all these factors, MZ-Immobilien managed to increase its income. After completion of renovation work, the Parkhotel Zug pushed up net income to over CHF 9.3 million. After the record years of 2000 and 2001, this was the third-best result in the hotel's history.

* WEZ Kunststoffwerk AG's operations were sold retroactively with effect from 1 November 2005.

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The complete Annual Report 2005, including Corporate Governance and Financial Statements, is available in German and can be downloaded at www.metallzug.ch. The German version is binding.

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