

Annual Report Summary 2006

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 2006, with 2' 021 employees, the Group posted consolidated sales of CHF 576 million (+11.1% on a comparable basis, i.e. not including the plastics division disposed of).

The main focus of the industrial subsidiaries is on household appliances, which account for 76% 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 control activities,

accounting for 24% 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	2006	2005	2004	2003	2002
Group sales	576.1	543.6	513.7	482.7	475.7
Group net income	98.4	82.0	61.5	56.5	42.2
Cash flow*	119.3	105.2	91.6	87.3	74.2
in % of sales	20.7	19.4	17.8	18.1	15.6
Total assets	997	894	813	791	739
Current assets	719	613	532	506	438
in %	72	69	65	64	59
Fixed assets	278	281	281	285	301
in %	28	31	35	36	41
Liabilities	228	209	203	233	228
in %	23	23	25	29	31
Shareholders' equity**	769	685	609	558	511
in %	77	77	75	71	69
Investments	33.2	31.6	24.6	19.9	18.8
Employees	2' 021	1' 956	2' 034	1' 991	1' 980
Market price per participation certificate (high/low) in CHF	5' 700/4' 121	4' 368/3' 120	3' 180/2' 355	2' 600/1' 620	1' 725/1' 300
Dividend	20.3***	14.6	11.3	8.8	7.7

* 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 2006

	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 Technik GmbH, Mühldorf am Inn (DE)		■	
Belimed Deutschland GmbH, Mühldorf am Inn (DE)		■	
Belimed d.o.o., Grosuplje (SI)		■	
Belimed 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 1'123 employees and is the market leader in the Swiss kitchen and laundry sectors.

SIBIR Haushalttechnik AG, with 75 employees, is a one-stop shop, supplying a complete range of appliances for kitchens and laundries, as well as services for other brands.

F. Gehrig AG is renowned for high-quality dishwashing technology for the hotel and restaurant sector. Its products include dishwashers, detergents and entire osmosis-based water processing systems. F. Gehrig AG has a workforce of 67. F. Gehrig AG's household appliance section was sold to SIBIR Haushalttechnik AG on 31 December 2006.

The Belimed Group has 672 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.

MZ-Immobilien AG is the Group's real estate business unit with 80 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.

ZEW Immobilien AG is the owner of an industrial property.

Consolidated Income Statement

in CHF thousands	2006	2005
Gross sales	576' 072	543' 638
Sales deductions	- 16' 814	- 14' 331
Net sales	559' 258	529' 307
Change in inventories	5' 645	2' 623
Other operating earnings	36' 300	36' 651
Operating earnings	601' 203	568' 581
Cost of materials	- 215' 884	- 196' 394
Wages, salaries and social insurances	- 192' 814	- 192' 111
Depreciation	- 26' 316	- 31' 728
Other operating expenses	- 71' 961	- 75' 272
Operating expenses	- 506' 975	- 495' 505
Operating income (EBIT)	94' 228	73' 076
Financial income	16' 575	19' 932
Non-operating income	6' 992	0
Income before taxes	117' 795	93' 008
Taxes	- 19' 409	- 10' 978
Net income	98' 386	82' 030

Consolidated Balance Sheet

Assets

in CHF thousands	31.12.2006	31.12.2005
Cash and cash equivalents	260' 624	286' 164
Securities	269' 512	168' 150
Trade receivables	71' 976	60' 375
Other receivables	11' 720	10' 228
Inventories	101' 101	85' 133
Prepaid expenses	4' 030	3' 451
Current assets	718' 963	613' 501
Property, plant and equipment, net of depreciation	261' 917	266' 222
Financial assets	16' 093	14' 517
Fixed assets	278' 010	280' 739
Total assets	996' 973	894' 240

Liabilities and shareholders' equity

in CHF thousands	31.12.2006	31.12.2005
Current liabilities	137' 724	115' 600
Long-term liabilities	90' 149	93' 816
Total liabilities	227' 873	209' 416
Share and participation certificate capital	11' 250	11' 250
Capital reserves	342' 170	342' 170
Retained earnings	415' 680	331' 404
Shareholders' equity	769' 100	684' 824
Total liabilities and shareholders' equity	996' 973	894' 240

Business Unit Report

Net Sales to third parties

in CHF millions	2006	2005	Changes in
Household Appliances	424.5	392.9	+ 8.0 %
Infection Control	134.8	112.4	+ 19.9 %
Plastics ¹	–	24.0	–
Real Estate	2	2	
Total Net Sales ³	559.3	529.3	+ 5.7 %

- ¹ Plastics: Operations were sold with effect from 1 November 2005.
² Sales from Real Estate units are shown as other operating earnings.
³ Comparable growth excluding plastics: 11%.

Significant rise in sales and earnings

In a generally favourable economic environment, gross sales rose by CHF 32.4 million or 6.0% to CHF 576.1 million. Comparable growth, excluding the plastics division's sales of the previous year, was even higher, at 11.1%. The operating result was up by 28.9% to CHF 94.2 million compared with 2005, although figures were distorted by the plastics division, which has since been sold. The increase in the operating result from remaining business was 17.8%. Non-operating income from the sale of a piece of land compensated for the fact that the financial result was slightly below that of the previous year. Overall, the Group result stood at CHF 98.4 million, or 19.9% more than the CHF 82.0 million of the previous year.

Household Appliances

Continued growth

In 2006 V-ZUG AG had another record result. It increased sales by 9% to CHF 397 million and was particularly successful with its new building business, while conversions and modernizations stagnated. The new record result was due largely to the continuing huge demand for the company's innovative steamers and dishwashers. In 2006, V-ZUG AG embarked upon a new export drive. Initially, it will be focusing its more intensive marketing efforts in Russia, the US and Europe. In 2007, the company has plans to set up a new logistics centre on the factory grounds in Zug. The investment in expansion and additional replacement of plant, including a new kitchen production line, will depress results in the years ahead. While SIBIR Haushalttechnik AG sales were just below those of the previous year, F. Gehrig AG was up in all areas.

Infection Control

Belimed Group with record sales

In 2006 the Belimed Group reported a significant 20% increase in gross sales, taking them to CHF 143 million. The subsidiary in England, in particular, made a substantial contribution. The pharmaceuticals sector especially profited from the positive economic environment and the increase in corporate investment. By contrast, the medical segment is largely independent of the economy. In the entire infection control unit, the global market situation for both segments was extremely advantageous. The new or more frequent occurrence of infectious diseases like SARS, Creutzfeldt-Jakob disease and avian flu led to an increased awareness of such dangers. This was most apparent in the hospital sector, where Belimed equipped an increasing number of central sterilization units. In 2006 the Belimed Group launched several innovations, including the newly developed WD750, a laundering, disinfection and drying system designed specially for hospitals and clinics.

Real Estate

All office and shop space fully rented

Market liquidity from residential rentals in the canton of Zug remains tight and in view of low mortgage interest rates, it is difficult to optimize returns on residential property. The demand for commercial space in the city of Zug is developing positively. MZ-Immobilien AG was able to rent all office and shop space, and thus to reduce the vacancy rate from 1% to 0%. With effect from 1 January 2007, income rose once again and the indicators are positive. Operating earnings from the Parkhotel Zug went up by about 10% to more than CHF 10.3 million, the best result in the hotel's history.

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The complete Annual Report 2006, 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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