METALL ZUG GROUP

Half-year Report
2013

The Metall Zug Group lifted gross sales by 4.1% to CHF 429.9 million in the first half of 2013. Despite the challenging economic environment and strong price pressure, operating income (EBIT) reached CHF 22.9 million. Taking into account the lost contribution to EBIT from the Real Estate business unit spun off in mid-2012, EBIT was 30.4% up on the result for the first half of 2012 (CHF 17.6 million). At CHF 57.5 million, the financial result was higher than in the prior-year period (CHF 2.9 million). At CHF 70.8 million, net income was also sharply up on the figure for the first half of 2012 (CHF 21.1 million).

Sales growth in all business units Gratifying increase in operating income

Dear Shareholder

In the first half of 2013, the Metall Zug Group succeeded in generating gross sales of CHF 429.9 million (H1 2012: CHF 407.0 million). Adjusted for the effect of the acquisition of the refrigeration equipment business of Arbonia Forster (AFG) (1.3%) and the currency effect of 0.2%, this represents an increase of 4.1%. The continuing economic uncertainty in key sales markets, the strong Swiss franc and price pressure impacted all three of the Metall Zug Group's business units. Market players with production sites outside Switzerland continued to enjoy significant cost advantages. Despite these challenging market conditions, particularly in Europe, operating income reached CHF 22.9 million. Compared with the prior-year period, this represents a rise of 30.4% on a comparable basis (CHF 17.6 million after deduction of the EBIT of CHF 7.5 million contributed by the Real Estate business unit spun off in June 2012).

As a result of the spin-off of the Real Estate business unit, Metall Zug AG held 60 000 freely sellable registered shares in Zug Estates Holding AG. The spot sale of 37 505 and forward sale of 4 600 of those shares and the revaluation of the remaining 17 895 shares at market value contributed CHF 46.1 million to financial income before taxes. At CHF 57.5 million, the financial result for the first half of 2013 was sharply up on the financial result for the first half of 2012 (CHF 2.9 million).

At CHF 70.8 million, net income for the reporting period also showed a marked increase on the prior-year figure of CHF 21.1 million, which still included the Real Estate business unit's contribution to profit.

The 22 495 registered shares in Zug Estates Holding AG still on the balance sheet represent a market value of approximately CHF 26.8 million. The net cash position was CHF 370.8 million as of 30 June 2013 and therefore CHF 21.2 million higher than at 31 December 2012 despite the distribution of a CHF 62.0 million dividend. The Metall Zug Group has a very solid balance sheet with shareholders' equity of CHF 700.4 million and an equity ratio of 73.1%.

Household Appliances business unit: Good performance in a very challenging environment

The Household Appliances business unit generated gross sales of CHF 276.3 million, an increase of 2.6% compared with the first half of 2012 (H1 2012: CHF 269.3 million). Taking into account the refrigeration equipment business acquired from AFG in March 2013 and the almost neutral currency effect, sales rose by 0.7% in the reporting period after adjustment for acquisitions. Although the business unit defended prices well compared with its competitors, it was not immune to the difficult economic environment. Together with the EBIT contributed by the refrigeration equipment business, the business unit generated operating income of CHF 20.5 million, an increase of 9.9% compared with the prior-year period (H1 2012: CHF 18.7 million).

Owing to the stagnating demand in some countries in Europe, V-ZUG's export business developed sluggishly. The downward trend in Australia's commodity sector has also impacted the real estate market there: sales of V-ZUG appliances in Australia were well below expectations. Sales figures in Asia also suffered as a result of the slowdown in economic growth.

SIBIRGroup, a full-range provider of kitchen and laundry appliances operating throughout Switzerland, delivered an encouraging performance in the reporting period.

Gehrig Group, which has established itself as a reliable partner in kitchen appliances for the hotel and catering industry and in care and hygiene, continues to suffer the effects of a difficult market environment and the hotel and catering industry's reluctance to invest.

Despite the sustained heavy pressure on margins, investments to enhance the competitiveness of the companies in the Household Appliances business unit continued to be pursued at a high level. As part of the long-term growth strategy, V-ZUG AG took over AFG's refrigeration equipment business at the production site in Arbon effective 1 March 2013, thereby strengthening refrigeration operations and extending its leading market position in high-quality household appliances. There are plans to make targeted investments with a view to developing the premium refrigeration segment.

Construction activity in Switzerland remains at a high level, but has lost some momentum. Although the housing market is in robust health, further growth is unlikely. With its high-quality appliances, V-ZUG AG is very well placed to maintain its position in this environment.

Infection Control business unit: Sales rise sharply

The Belimed Group (infection control), the only global provider in this market segment with a significant proportion of its costs in Swiss francs, experienced strong price and cost pressure in the first half of 2013. The programs to boost efficiency and optimize operating processes are being pursued systematically. More time is needed to implement them appropriately, however, and they will continue to entail high costs.

Thanks to its attractive product range and strong position in its key markets, the Belimed Group lifted gross sales by 16.1% compared with the first half of 2012 to CHF 102.2 million (H1 2012: CHF 88.0 million). In local currencies, sales increased by 14.8%. This sales growth tended to benefit from an atypical seasonal pattern, however. Although the operating result improved compared with the prior-year period to CHF –4.5 million (previous year: CHF –5.7 million), it remains unsatisfactory.

Wire Processing business unit: Strategically significant acquisition

The market regions of North America and Japan as well as business comprising the production of customer-specific solutions showed a very encouraging trend, while sales in Europe held steady. Overall, the Schleuniger Group posted a 3.5% rise in sales to CHF 53.0 million in the first half of 2013 (H1 2012: CHF 51.2 million). In local currencies, gross sales increased by 4.1%. Operating income was 49.2% higher than in the previous year at CHF 6.9 million (H1 2012: CHF 4.6 million).

The announcement of the strategically significant acquisition of the business operated by Tianjin Haofeng Electrical Equipment Co., Ltd. marks an important step by the Schleuniger Group in its target market of China. The company, based in the port of Tianjin in north-east China, manufactures wire processing machinery and primarily supplies the Chinese automotive supply industry. The Schleuniger Group is thus entering this segment of the Chinese market and increasing its presence in Asia.

Even in the challenging economic environment, the Schleuniger Group continues to invest at a high level in product development and is increasing its presence in existing markets and entering new ones.

Outlook

The Metall Zug Group expects the market environment to remain challenging in the second half of 2013. In particular, pressure on prices and thus on margins is likely to continue. Provided economic and political conditions do not change significantly and no special events occur, the Metall Zug Group expects sales and operating income (EBIT) to be slightly higher for the financial year 2013 than in the previous year. The basis of comparison here will be EBIT for 2012 adjusted for the contribution made by the spun-off Real Estate business unit (CHF 7.5 million) and the one-time effect on personnel expenses in 2012 (reduced costs of CHF 6.3 million). The financial result for 2013 will depend on the performance of the financial markets going forward, including the performance of Zug Estates Holding AG shares.

Heinz M. Buhofer
Chairman of the
board of directors

Dr. Jürg Werner
CEO

Key figures at a glance

METALL ZUG GROUP

in CHF million	H1 2013	H1 2012
Gross sales [1]	429.9	407.0
Net sales	419.7	398.1
Operating revenue [1]	425.0	431.1
Operating expenses	–402.1	–406.0
Operating income (EBIT) [1]	**22.9**	**25.1**
in % of gross sales [1]	5.3	6.2
Financial result	57.5	2.9
Income before taxes	80.5	27.9
Net income	**70.8**	**21.1**
in % of gross sales [1]	16.5	5.2
Cash flow from operating activities	79.9	56.1
in % of gross sales [1]	18.6	13.8
Investments (excl. financial assets) [1]	13.2	62.1
Employees	3 358	3 198

in CHF million	06.30.2013	12.31.2012
Current assets	**687.5**	**654.3**
Tangible assets	225.9	225.8
Financial assets	31.9	60.0
Intangible assets	13.1	14.5
Fixed assets	**270.8**	**300.4**
Total assets	**958.3**	**954.7**
Current liabilities	199.9	218.2
Long-term liabilities	58.1	44.5
Total liabilities	**257.9**	**262.7**
Shareholders' equity	**700.4**	**692.0**
in % of total assets	73.1	72.5
Total liabilities and shareholders' equity	**958.3**	**954.7**

[1] The revenue of the former Real Estate business unit (CHF 25.8 million in the first half of 2012) is included in operating revenue and not in gross sales. In addition, operating income for the first half of 2012 includes CHF 7.5 million contributed by the spun-off Real Estate business unit. Of the investments made in the first half of 2012 CHF 38.6 million were attributable to the former Real Estate business unit.

Values per registered share of type B

in CHF	06.30.2013	06.30.2012
Shareholders' equity	1 582	1 478
Net income (six months only)	160	48

General

The Metall Zug Group's unaudited interim financial statements as at 30 June 2013 were prepared in compliance with Swiss GAAP FER 12 and on the basis of historical cost. The exchange rate at the balance sheet date is uniformly applied to balance sheets while the average exchange rate during the period under review is used for income statements. The principles of consolidation and valuation are unchanged compared to the previous year. The half-year report is published in German and English. In the event of discrepancies between the two versions, the German print version shall prevail.

Zug Estates Holding AG shares

Prior to the spin-off of the Real Estate business unit, Metall Zug AG subscribed 60 000 registered shares of type B of Zug Estates Holding AG. As of the end of 2012, those shares were recognized as fixed assets in the amount of CHF 28.1 million and had a market value of CHF 72.0 million. In the period to the end of June 2013, Metall Zug AG sold 37 505 of the registered shares spot and 4 600 registered shares for forward delivery on 15 July 2013. The sale of the shares and the revaluation of the remaining shares at market value resulted in a price gain before taxes of CHF 46.1 million in the first half of 2013. This is presented within the financial result.

Changes in the scope of consolidation

The Real Estate business unit was spun off effective 22 June 2012. The income statement for the first half of 2012 still includes the amounts for the spun-off business unit (operating revenue: CHF 25.8 million; operating income: CHF 7.5 million).

Effective 1 March 2013, the newly established V-ZUG Kühltechnik AG acquired the business activities of the refrigeration equipment unit of AFG Arbonia-Forster Holding AG by way of an asset deal. The company purchased net assets totaling CHF 12.8 million. The negative goodwill of CHF 11.4 million resulting from the acquisition is presented within liabilities and will be systematically reversed in the future.

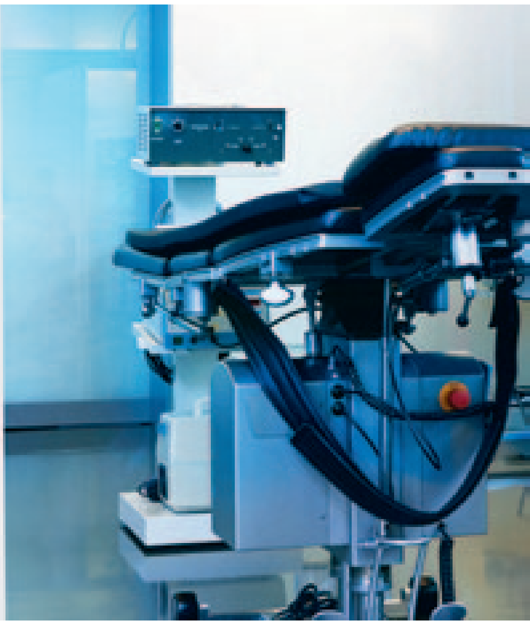
Events after the balance sheet date

On 11 June 2013, Schleuniger Holding AG signed an agreement for the acquisition of the assets of Tianjin Haofeng Electrical Equipment Co. Ltd. by a subsidiary of Schleuniger Holding AG to be newly established in China. The company, based in the port of Tianjin in northeast China, manufactures wire processing machinery and primarily supplies the Chinese automotive industry. In 2012, it generated sales of some CHF 5 million. The assets were not transferred and business activities commenced until July 2013.

On 16 July 2013, the agreement was signed for the acquisition of Grienbach Immobilien AG by Metall Zug AG. The main asset held by this company is a property adjacent to V-ZUG AG's production site in Zug that has been let to third parties.

BUSINESS UNITS	**Net sales to third parties**		**Operating income**		**EBIT as % of net sales**	
in CHF million	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012
Household Appliances	268.4	262.2	20.5	18.7	7.6%	7.1%
Infection Control	99.5	85.9	–4.5	–5.7	–4.5%	–6.6%
Wire Processing	51.8	49.9	6.9	4.6	13.3%	9.3%
Real Estate		*		7.5		*
Total	**419.7**	**398.1**	**22.9**	**25.1**	**5.5%**	*

* In the previous year, net sales from real estate operations of CHF 25.8 million were reported as other operating revenue and not as sales. In the previous year, EBIT as a percentage of net sales was not a meaningful indicator for the Real Estate business unit or the group as a whole.



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