

Half-yearly Report 2009

METALL ZUG GROUP

In the first half of 2009, the METALL ZUG GROUP managed to keep sales (CHF 364.5 million) near the previous year's level and, at the same time, to increase net income from CHF 12.0 million in the previous year to CHF 23.2 million. The operating income (EBIT) decreased from CHF 37.3 million to CHF 20.0 million while the financial result of CHF 9.1 million was clearly higher than in the previous year.

In the first six months, the METALL ZUG GROUP generated gross sales of CHF 364.5 million, thus almost matching the previous year's level of CHF 369.1 million. The group thus succeeded in holding its ground despite difficult economic conditions. The household appliances business unit and the infection control business unit increased sales, but, not surprisingly, the wire processing business unit was seriously affected by the economic crisis and reports a rather dissatisfying half-yearly result.

The challenging economic conditions did not stop the METALL ZUG GROUP from investing considerable amounts in logistics, globalization, and research & development in order to safeguard the group's future. These investments, along with the fierce competition for new orders and the impact of the ongoing crisis in the automotive industry on the wire processing business unit, resulted in a decrease in operating income (EBIT) of CHF 17.3 million or 46.5%.

Due to the recovery of the financial markets, the METALL ZUG GROUP achieved a positive financial result of CHF 9.1 million, thus enabling an increase of the net income from CHF 12.0 million to CHF 23.2 million (+ 93.0%), in spite of a lower operating income.

Household appliances: Successful new kitchen line

In Switzerland, the construction sector and the real estate industry have so far largely escaped the current crisis. The household appliances business unit thus recorded a growth in sales of about 3%, even though the competition for customers willing to invest has further intensified. Along with the positive demand for the new FutureLine range in the kitchen sector, the acquisitions of ESCO Schönmann and Novelan AG, both completed in the previous year, encouraged growth.

The cost of materials decreased compared to the previous year, due to price reductions for copper, aluminum, nickel, and

steel. However, as the competition is extremely fierce, most of these cost savings had to be transferred to the customers. In addition, V-ZUG AG continues to adhere to its investment strategy, thus investing substantial funds in logistics, globalization, and research & development. These future-oriented activities also resulted in the creation of 35 new full-time jobs in the household appliances business unit since the beginning of the year.

V-ZUG AG achieved further progress in the export business by gaining access to growth markets. In addition to the already signed contracts with distribution partners in Germany and China, V-ZUG AG has also secured access to the Russian market in the meantime. Preparations for V-ZUG AG's market entrance in Australia are also underway.

Infection control: Sales growth in all segments

Belimed recovered from the slowdown in the corresponding period of the previous year and reports a growth in sales of about 10%, after currency adjustments. Customer service revenues and sales in the pharmaceutical segment increased disproportionately and even the medical segment, despite persistently difficult conditions, especially in the US, recorded some growth.

Belimed achieved further success regarding the implementation of its global growth strategy. First, Belimed acquired Sanamij B.V., one of the leading providers of sterilization technology in the Netherlands. This acquisition makes Belimed the largest supplier of cleaning and sterilization technology for the medical sector, the pharmaceutical industry and laboratories on the Dutch market. Furthermore, in Germany, Belimed Deutschland GmbH secured the service and spare parts business of BHT Hygienetechnik GmbH, thus becoming one of the largest and most efficient service organizations in the infection control sector in Germany. Both acquisitions will be completed in the second half of 2009.

Report of the chairman of the board of directors

Wire processing: Sound prospects while facing the storm

The wire processing business unit severely suffered from the global economic downturn which particularly affected the automotive industry. Despite the positive effects of the PAWO Systems AG acquisition, sales of the entire Schleuniger Group were therefore more than 30% below the corresponding previous year's value by mid-year. Adjusted for acquisition and currency effects, the decrease even amounts to 46%. Only the sales company in China is on track; however, it only marginally affects the overall result. Despite the cost-saving measures already adopted, the Schleuniger Group expects a further loss for the second half-year. In order to lay the foundations for a positive result in 2010, further measures to adapt costs to the lower transaction volume are inevitable.

Nevertheless, the Schleuniger Group is convinced that the market holds further potential. Development projects in the wire processing area remain on track and will enable the launch of new products in the current year, some of which may become future key sales drivers.

Real estate: Full occupancy of all properties

All of MZ-Immobilien AG's residential properties, office properties and commercial properties are fully occupied. In the first six months, the real estate business unit's income from properties, hotels and service provision increased by 0.4% compared to the previous year.

MZ-Immobilien AG's development projects are making good progress. For example, construction of the City Garden Hotel in the immediate vicinity of Parkhotel Zug has started. The new building with 82 additional guest rooms will be ready for occupation in spring 2010.

Expected improvement in the second half-year

For the second half-year, the METALL ZUG GROUP expects an improvement in the results of the household appliances business unit and the infection control business unit compared to the first six months. In addition, the cost-saving measures that have already been taken in the wire processing business unit, as well as the continued favorable development of financial markets, currency exchange rates and commodity prices, are likely to have positive effects on the group. From a present-day perspective, the METALL ZUG GROUP considers it possible to achieve sales of more than CHF 750 million and an operating income of about CHF 60 million for the full year.



Jürgen Dormann
Chairman of the board of directors

Key figures at a glance

METALL ZUG GROUP

in CHF million	06/30/2009	06/30/2008
Gross sales ¹	364.5	369.1
Net sales	356.3	359.5
Operating revenues	379.9	394.2
Operating expenses	- 360.0	- 356.9
Operating income (EBIT)	20.0	37.3
in % of gross sales ¹	5.5	10.1
Financial result	9.1	- 18.0
Income before taxes	29.1	19.3
Net income	23.2	12.0
in % of gross sales ¹	6.4	3.3
Consolidated cash flow	41.6	30.3
in % of gross sales ¹	11.4	8.2
Investments (excl. financial assets)	28.5	46.9
Staff	2 971	2 775

¹ Gross sales do not include the revenues of the real estate business unit.

General

The METALL ZUG GROUP's unaudited interim financial statements as per 30 June 2009 were prepared in compliance with Swiss GAAP FER 12 and on the basis of acquisition values. The principles of consolidation and the principles of valuation are unchanged compared to the previous year.

The half-yearly report is published in German and English. The German print version shall prevail.

Scope of consolidation

The scope of consolidation is unchanged compared to the scope of consolidation applied on 31 December 2008.

in CHF million	06/30/2009	12/31/2008
Current assets	573.0	576.7
Fixed assets	414.4	409.8
Current liabilities	176.4	194.1
Long-term liabilities	110.5	91.2
Shareholders' equity	700.5	701.2
in % of total assets	70.9	71.1
Total assets	987.4	986.5

Values per registered share of type B

in CHF	06/30/2009	06/30/2008
Shareholders' equity	1 597	1 614
Net income (six months only)	53	27

Currency translation method

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.

METALL ZUG AG

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