Half-yearly Report 2010

METALL ZUG GROUP

METALL ZUG

In the first half of 2010, the METALL ZUG GROUP reported gross sales of CHF 397.8 million, representing a year-on-year increase of 9.1%. All business units increased their operating income (EBIT). Overall, the METALL ZUG GROUP reported operating income of CHF 44.2 million, corresponding to a year-on-year increase of 121.3%. Net income rose by 51.2% to CHF 35.1 million.

In the first half of 2010, the METALL ZUG GROUP benefited from the general market recovery, reporting gross sales of CHF 397.8 million, an increase of 9.1%. All business units contributed to the sales growth and improved their operating results compared with the previous year. At the end of the first half of 2010, the METALL ZUG GROUP reported EBIT of CHF 44.2 million, which represents an increase of 121.3% compared with the first half of 2009.

As a result of the correction on the financial and equity markets in the second quarter of 2010, the performance of the securities portfolio was significantly lower than in the first half of 2009. In addition, the debt-financed expansion of the real estate portfolio led to an increase in interest expenses. This resulted in a negative financial result of CHF –2.3 million which represents a decline of CHF 11.4 million compared with the previous year.

Net income advanced by 51.2% from CHF 23.2 million the previous year to CHF 35.1 million.

Household appliances: robust Swiss market

The household appliances business unit generated a sound result in the first half of 2010, with sales of CHF 264.6 million. This represents a year-on-year increase of 6.7%. V-ZUG AG turned in a particularly positive performance, raising its sales by 9.0%, with kitchen and laundry appliances making equal contributions to growth. Particularly popular products included the newly launched Combi-Steam XSL with a larger cooking chamber, the energy-saving Adora SLQ washing machine and the TSL heat-pump dryer. Faced with strong price pressure, SIBIRGroup AG was not quite able to match its sales from the first half of 2009 (down 3.5%). Gehrig Group AG was able to substantially expand the textile cleaning and hygiene segments and increased its sales by 2.6% overall.

V-ZUG AG continued to implement its strategy of expansion into selected foreign markets and is now also represented in Hong Kong and Singapore. The second Australian showroom, due to be completed by the end of 2010, will also be opened ahead of schedule with a view to providing even better support for existing customers and to gaining new customers.

Infection control: growth in order intake

At the end of the first half of 2010, the Belimed Group (infection control business unit) had increased its sales by 8.0% year-on-year to CHF 87.0 million. After adjustment for acquisition and currency effects, growth came to 5.0%. During the first six months of the year, the business unit's order intake increased by 21.9% year-on-year, reaching CHF 105.8 million. The US, German and Chinese markets played a particularly important role in this positive trend. As a result, at the end of the first half of 2010, order backlog amounted to CHF 114.1 million, up 21.4% on the previous year.

With the sale of the silo heating product segment at the end of May 2010, Belimed exited the market for silo heating and cooling systems used in concrete production. Belimed made a profit of CHF 0.9 million on the sale. In the last financial year, the sold product segment only accounted for a marginal 3% of the total sales of the business unit. The alignment of the Belimed Group's product range is a further step in the implementation of Belimed's focus on its core business as a systems provider in the infection control segment. The alignment will enable Belimed to position itself in a promising growth market.

The sale of a building in the Netherlands at the beginning of 2010 resulted in non-operating income of CHF 0.3 million for the business unit.

Report of the Chairman of the Board of Directors

Wire processing: clear market recovery

In the first half of 2010, the Schleuniger Group (wire processing business unit) benefited from a general recovery in all market segments for standard machines. However, there is so far no indication of an upturn in the late-cyclical project business, where sales and new orders are well below the levels reported in the previous year. Overall, the business unit saw its sales grow by 26.0 % to CHF 48.0 million. After adjustment for negative currency effects, the increase compared with the first half of 2009 came to 29.8 %.

Order intake also revived significantly and rose by 62.2 % to CHF 50.8 million, with the strongest momentum stemming from the Asian region. The North American market also posted considerable growth rates after the severe slump in 2009.

Schleuniger sold its Slovakian subsidiary to local management with effect from 1 January 2010.

Real estate: portfolio expansion

Thanks to continuing high demand for residential, office and commercial properties in Zug, the real estate business unit reported a vacancy rate of less than 1 %. In the first six months of 2010, income from properties, hotels and service provision increased by 35.2 % year-on-year to CHF 22.4 million. This increase was mainly due to the moves by MZ-Immobilien AG to expand its portfolio.

With ground broken at the “Suurstoffi” site in Rotkreuz in June, MZ-Immobilien AG launched one of the most important development projects in the canton of Zug. The 100,000 m² centrally located site will accommodate a new residential district which will meet the need for additional housing in the Zug region.

January 2010 saw the opening of the City Garden Hotel in the centre of Zug. The additional hotel accommodation will make it possible to hold larger conferences and seminars at a central location in the Zug area. In this way, MZ-Immobilien AG is helping further enhance the appeal of Zug as a business location.

Positive outlook for the second half of 2010

The METALL ZUG GROUP is expecting further solid results in the second half of 2010. Despite the positive overall outlook, the two business units wire processing and household appliances expect growth momentum to weaken slightly. Thanks to the considerable order backlog in both the medical and the service business, the infection control business unit is expected to report stronger sales in the second half of the year. Overall, the METALL ZUG GROUP is thus confident with regard to the second half of the year. From today’s perspective, it expects to generate gross sales of around CHF 820 million and operating income of around CHF 100 million for the full year 2010.

Jürgen Dormann
Chairman of the Board of Directors

METALL ZUG GROUP

Key figures at a glance

METALL ZUG GROUP

in CHF million	06/30/2010	06/30/2009
Gross sales[1]	**397.8**	364.5
Net sales	**387.5**	356.3
Operating revenue	**419.1**	379.9
Operating expenses	**– 375.0**	– 360.0
Operating income (EBIT)	**44.2**	20.0
in % of gross sales[1]	**11.1**	5.5
Financial result	**– 2.3**	9.1
Non-operating income	**0.3**	0.0
Income before taxes	**42.2**	29.1
Net income	**35.1**	23.2
in % of gross sales[1]	**8.8**	6.4
Consolidated cash flow	**55.8**	41.6
in % of gross sales[1]	**14.0**	11.4
Investments (excl. financial assets)	**43.8**	28.5
Employees	**3 000**	2 971

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

in CHF million	06/30/2010	12/31/2009
Current assets	**670.3**	636.1
Fixed assets	**534.8**	516.7
Current liabilities	**200.1**	220.8
Long-term liabilities	**239.7**	191.7
Shareholders' equity	**765.4**	740.3
in % of total assets	**63.5**	64.2
Total assets	**1 205.1**	1 152.8

Values per registered share of type B

in CHF	06/30/2010	06/30/2009
Shareholders' equity	**1 731**	1 597
Net income (six months only)	**80**	53

General

The METALL ZUG GROUP's unaudited interim financial statements as per 30 June 2010 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 is binding.

Scope of consolidation

There have only been insignificant changes in the scope of consolidation compared to 31 December 2009. The Slovakian subsidiary Schleuniger s.r.o. in Zeliezovzce (SK) was sold to local management as of 1 January 2010.

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
Industriestrasse 66, PO box 59, CH-6301 Zug
Phone + 41 41 748 10 20, Fax + 41 41 748 10 29
info@metallzug.ch, www.metallzug.ch

FSC Mix
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SQS-COC-100243
© 1996 Forest Stewardship Council

Klimaneutral +++ Climate Neutral
myclimate
Printed in a climate-neutral manner.
The 0.15 tons of CO_2 emissions, that were produced in the printing of this document, are being offset through the international project myclimate.org.