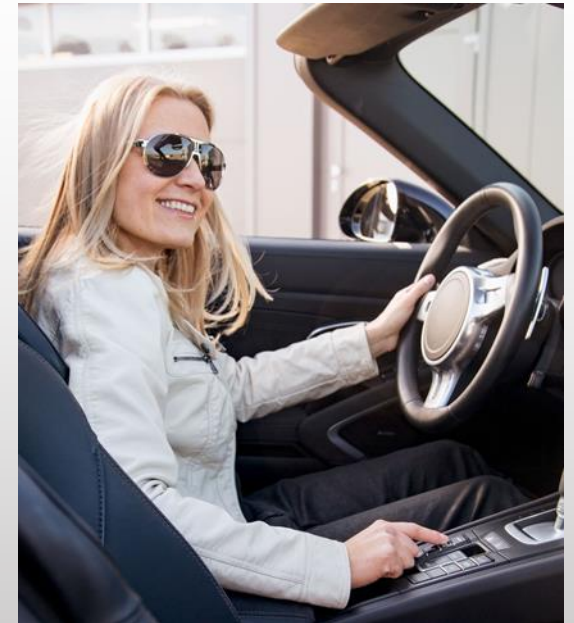


# Investor Presentation 2016



Metall Zug Group, March 23, 2017

1. Metall Zug Group - overview 2016
2. Business Units
  - Household Appliances
  - Infection Control
  - Wire Processing
3. Group financial report 2016
4. Investments in our future
5. Information for investors

# Metall Zug Group Overview 2016

- Pleasing organic sales growth in local currencies of +2.9%, group gross sales of CHF 960.6 million
- Operating income (EBIT) increased to CHF 94.1 million (+16.9%, incl. CHF 5.1 million gain on disposal of Belimed's Ballwil site), resulting in an EBIT margin of 9.8% (previous year: 8.7%, based on gross sales)
- Important goals achieved:
  - Household Appliances: growth in Switzerland and further steps in internationalization
  - Infection Control: new production footprint in place
  - Wire Processing: investments in cooperation and production capacities
- Positive financial result based on performance of securities (previous year with negative FX effects and negative contribution from associated companies)
- Net income of CHF 84.9 million (previous year: CHF 56.9 million)

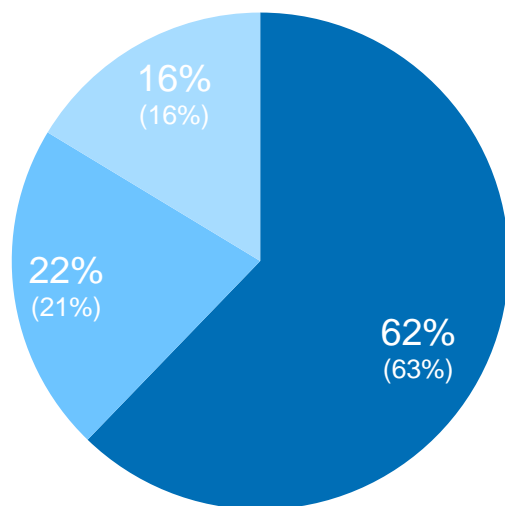
# Metall Zug Group

## Net sales to third parties in 2016



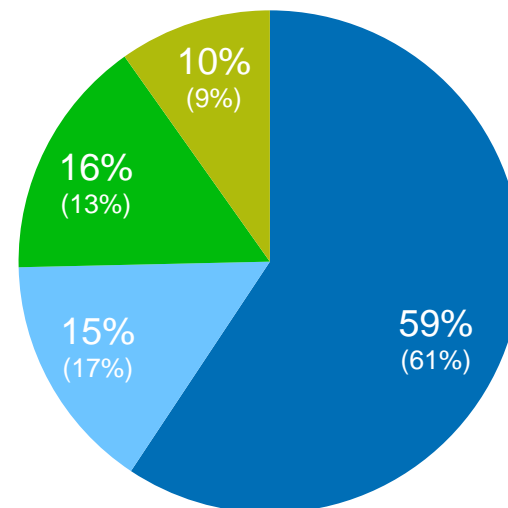
(Previous year's values in brackets)

### Net sales by Business Units



- Household Appliances
- Infection Control
- Wire Processing

### Net sales by regions



- Switzerland
- Other European countries
- Americas
- Asia / Pacific / Others

# Business Units

# Household Appliances

2016: Net sales CHF 584.6 m; EBIT CHF 76.8 m



Anton Schmaus, Germany's "Rising Star of 2015", Restaurant Storstad in Regensburg, Germany

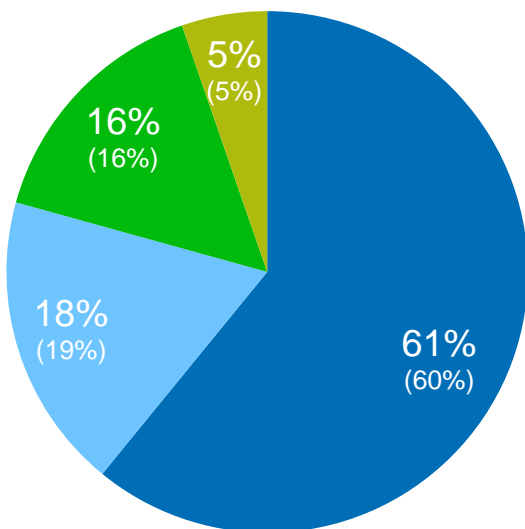
# Household Appliances

## Net sales by product segments and regions 2016



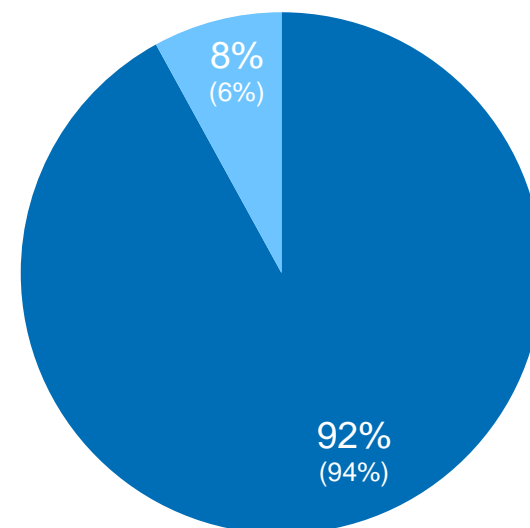
(Previous year's values in brackets)

### Net sales by segments



■ Kitchen ■ Laundry ■ Service ■ Others

### Net sales by regions



■ Switzerland ■ International



# Household Appliances

## Key figures and highlights



| CHF million                | 2016        | 2015        | Δ           |
|----------------------------|-------------|-------------|-------------|
| Net sales to third parties | 584.6       | 568.3       | 2.9%        |
| Operating income (EBIT)    | 76.8        | 69.1        | 11.0%       |
| <i>EBIT margin in %</i>    | <i>13.1</i> | <i>12.2</i> | <i>97bp</i> |

- Organic gross sales growth of 2.9% (acquisition effect: +0.1%; FX: 0.0%)
- Increase of EBIT and EBIT margin on the back of higher volumes, efficiency gains and lower cost of materials, despite ongoing price pressure, investments in site transformation in Zug and in internationalization
- Continued consolidation of the leading market position in Switzerland
- Commencement of production in the new “Mistral” building to optimize production processes

# Household Appliances

## International markets



| CHF million                                  | 2016        | 2015        | 2014        | 2013        |
|--|-------------|-------------|-------------|-------------|
| Net sales to third parties (international)   | 46.7        | 36.0        | 35.1        | 24.6        |
| <i>in % of total Business Unit net sales</i> | <i>8.0%</i> | <i>6.3%</i> | <i>6.1%</i> | <i>4.4%</i> |

- Strong development of the OEM business in the USA also based on favorable order intake timing
- Strong project business in China
- Stagnating sales in Europe and in distributor markets
- Improved profitability
- A more focused marketing campaign in Germany to support selected local distributors
- ZUGORAMA in Hong Kong opened in 2016 for clients in Hong Kong and Macao

# Household Appliances

Product innovations



- The new “Party program” on the Adora SL cleans slightly dirty dishes in just 11 to 15 minutes. Additional eco-friendly dishwashing functions OptiStart and EcoManagement
- The new virtually invisible hob extractor draws the cooking vapors down and is the ideal solution for central installation in a combination hob
- Glass ceramic hobs with OptiGlass (extremely hard coating, particularly robust)



# Household Appliances

## Product innovations (cont.)



- Vacuisine - the V-ZUG's sous-vide method - involves cooking food at low temperatures in vacuum-sealed bags (slow food). Thanks to the new special sealing pads, the food probe that comes with the combi-steam cooker can now also be used during Vacuisine cooking. The pads make it possible to insert the probe into the meat without losing the vacuum, so the food probe temperature can be monitored at all times.
- International markets: High-quality gas hobs with modern slider control



# Household Appliances

## Strategic priorities

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- Strengthen the market leadership of V-ZUG in Switzerland and its premium brand worldwide as a leader in innovation, technology and quality with Swiss-made products
- Expand and consolidate the international business in the premium segment in selected countries
- Develop the own refrigerator business in the premium segment
- Prepare products, processes, structures and business models for the Internet of Everything
- Permanently improve efficiency
  - New production and assembly operations started in new “Mistral” building in Zug
  - Investments in next steps of production site to increase productivity
  - Global sourcing



# Infection Control

2016: Net sales CHF 201.4 m; EBIT CHF -6.3 m



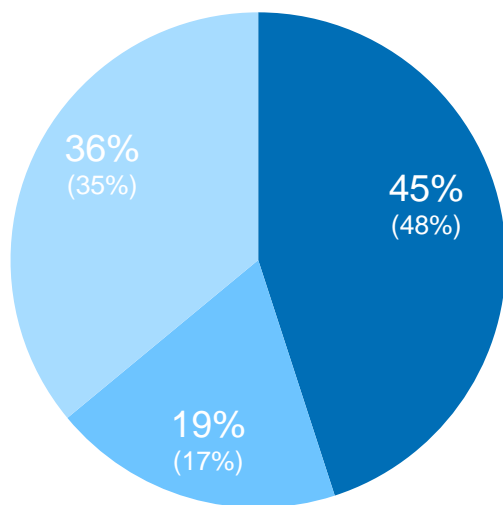
# Infection Control

## Net sales by segments and regions 2016



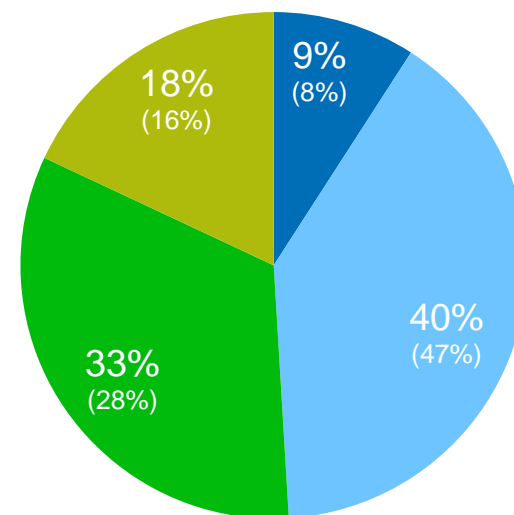
(Previous year's values in brackets)

### Net sales by segments



■ Medical ■ Life Science ■ Service & Other

### Net sales by regions



■ Switzerland  
■ Other European countries  
■ Americas  
■ Asia / Pacific / Others

# Infection Control

## Key figures and highlights



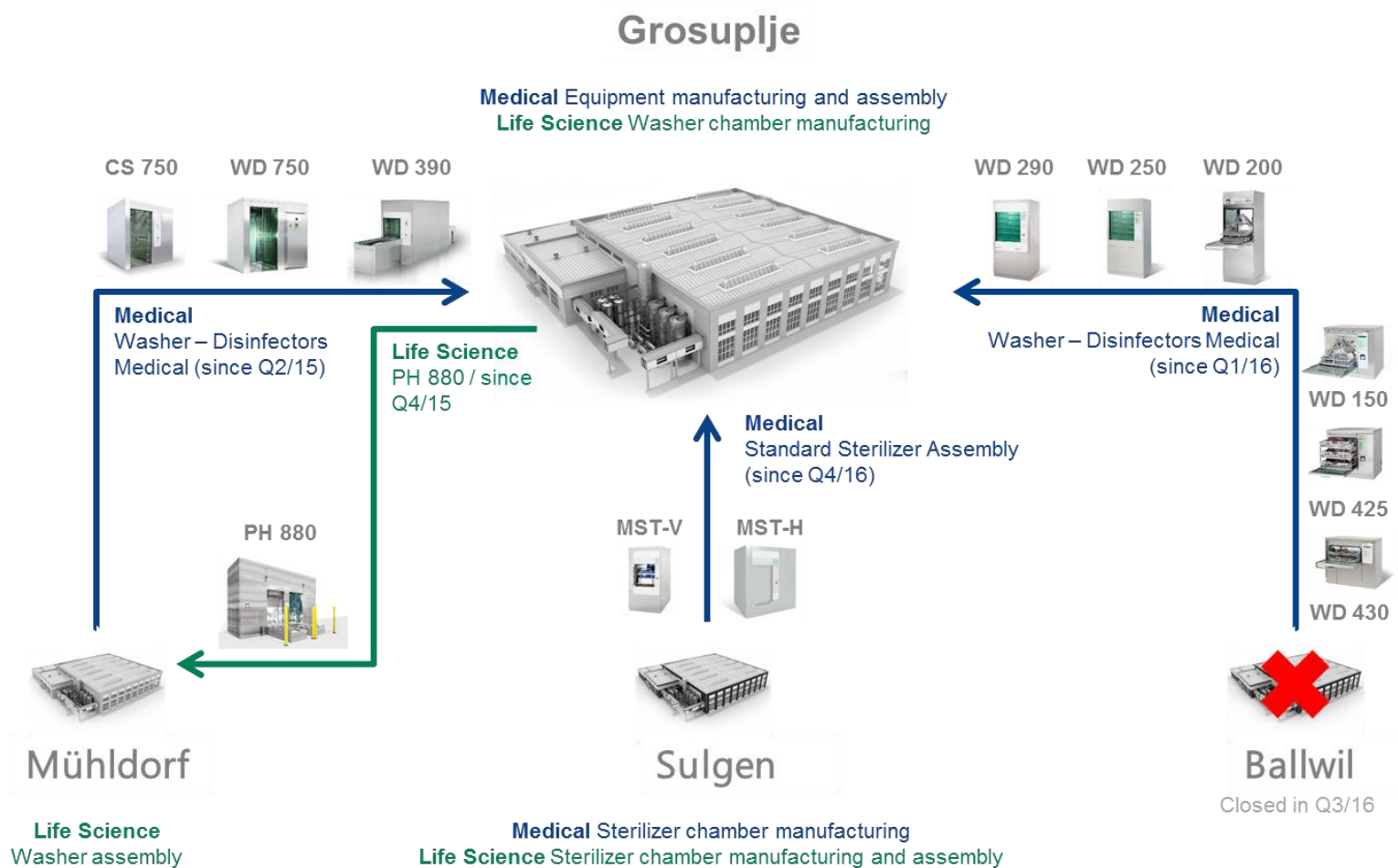
| CHF million                | 2016  | 2015  | Δ     |
|----------------------------|-------|-------|-------|
| Net sales to third parties | 201.4 | 194.0 | 3.8%  |
| Operating income (EBIT)    | -6.3  | -12.9 | 50.8% |
| <i>EBIT margin in %</i>    | -3.1  | -6.6  | 349bp |

- Organic gross sales growth of +3.2% (no acquisition effect; FX: +0.7%)
- Higher personnel costs due to US sales force buildup and redundancies until closure of Ballwil in Q3/16
- Restructuring and intentionally higher investment in product and market development to strengthen Belimed's position in the long term, affecting EBIT
- Cost reduction for several production processes and components in Sulgen (CH)
- Sale of property in Ballwil concluded and gain of CHF 5.1 million recognized in operating income (EBIT)



# Infection Control

## Optimized production footprint



# Infection Control

## Restructuring

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- Restructuring progressing according to plan but at higher costs
- Intentionally higher investments to foster restructuring and long-term success of Belimed
  - Expansion of sales and service organization in the U.S. requires additional time and investments
  - Accelerated and intensified R&D
  - Ongoing implementation of SAP to be completed in Q2/17
  - Expansion of Grosuplje production site (total 200 employees)
  - Centralized European spare parts warehouse including revaluation of inventories
- Redundancy costs until closure of Ballwil in Q3/16

# Infection Control

## Strategic priorities

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- Consolidate and complete restructuring of business in order to benefit from reduced complexity of the business structure and processes, as well as reduce costs
- Consolidate corporate culture “One Belimed”
- Increase market share in the U.S. and APAC
- Develop chemicals business in the U.S.
- Explore full potential of Life Science and Service segments
- Strengthen R&D, accelerate product and technology innovations also related to digitization
- Explore synergies with V-ZUG on the back of shared R&D facilities
- Prepare Belimed for profitable future growth

# Wire Processing

2016: Net sales CHF 153.5 m; EBIT CHF 22.8 m



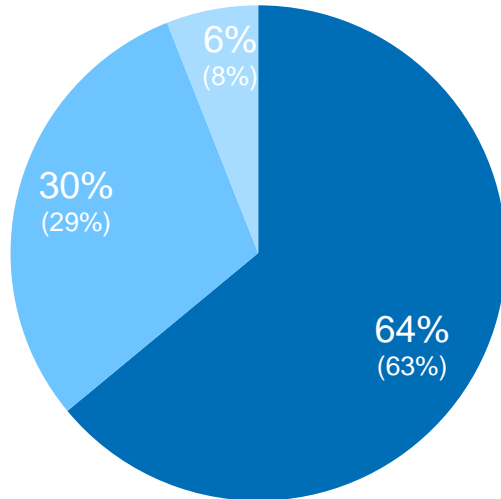
# Wire Processing

## Net sales by segments and regions 2016



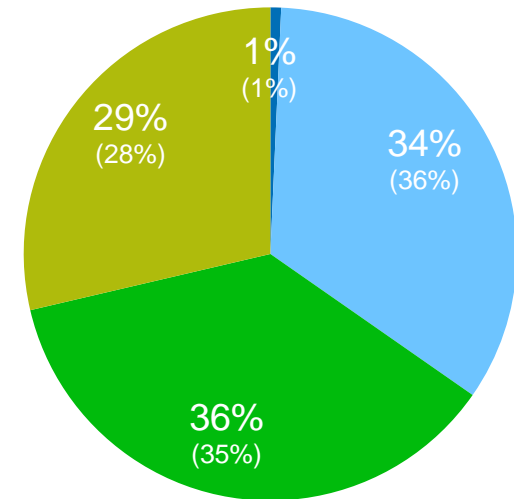
(Previous year's values in brackets)

### Net sales by segments



- Automotive
- ICT
- Others

### Net sales by regions



- Switzerland
- Other European countries
- Americas
- Asia / Pacific / Others

# Wire Processing

## Key figures and highlights



| CHF million                | 2016        | 2015        | Δ           |
|----------------------------|-------------|-------------|-------------|
| Net sales to third parties | 153.5       | 145.2       | 5.7%        |
| Operating income (EBIT)    | 22.8        | 21.2        | 7.5%        |
| <i>EBIT margin in %</i>    | <i>14.9</i> | <i>14.6</i> | <i>25bp</i> |

- Disappointing organic gross sales growth of +2.6% (acquisition: +1.0%; FX: +1.8%)
- Orders and sales in APAC as well as sales in project business below expectations
- Most dynamic sales development in the market region NAFTA
- EMEA with heterogeneous development
- EBIT was negatively impacted by integration costs of recently acquired companies, product development, delayed product launches as well as relocation of production and capacity expansion (Cham)
- Increased production capacities in Thun and Cham

# Wire Processing

## Acquisition of DiIT AG



- Schleuniger increased its stake in DiIT AG from 35% to 100%. DiIT is fully consolidated since the beginning of 2017
- A globally leading producer of software systems for wire processing and wire harness production; major manufacturers of wire harnesses for the automotive industry rely on DiIT's systems
- Based on electronic drawings, DiIT's solutions control and optimize the entire production chain from the cutting area right through to shipping, including generating all necessary production data

# Wire Processing

## Strategic priorities

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- Expand product range for the automotive industry and in the automotive value chain, including IT-enabled system approach
- Strengthen leading position in customer-specific systems
- Broaden the customer base and geographic reach within the field of global automotive key players
- Optimize structures and processes in Schleuniger Machinery in Tianjin and complement product range for the local Chinese market
- Build up structure and processes to strengthen growth and flexibility
- Prepare products, processes and business models for Industry 4.0



# Group Financial Report 2016

# Group financial report

Key figures 2016



| CHF million             | 2016  | 2015  | Δ     |
|-------------------------|-------|-------|-------|
| Gross sales             | 960.6 | 927.8 | 3.5%  |
| Operating income (EBIT) | 94.1  | 80.5  | 16.9% |
| <i>EBIT margin</i>      | 9.8%  | 8.7%  | 112bp |
| Financial result        | 10.3  | -8.2  |       |
| Net income              | 84.9  | 56.9  | 49.1% |
| <i>Equity ratio</i>     | 76.9% | 76.8% | 6bp   |

- Solid organic gross sales growth in local currencies of 2.9% (acquisition effect of 0.2% and a positive FX impact of 0.4%)
- EBIT and EBIT margin improvement operationally driven by Household Appliances BU. The gain on disposal of Belimed's Ballwil site (BU Infection Control) amounting to CHF 5.1 million also contributed to the increase in EBIT
- Significant investments in innovations and in market development in all BUs
- Substantial restructuring costs in the BU Infection Control
- Strong balance sheet despite higher CAPEX and extraordinary dividend distribution (stock dividend)

# Group financial report

## Income statement



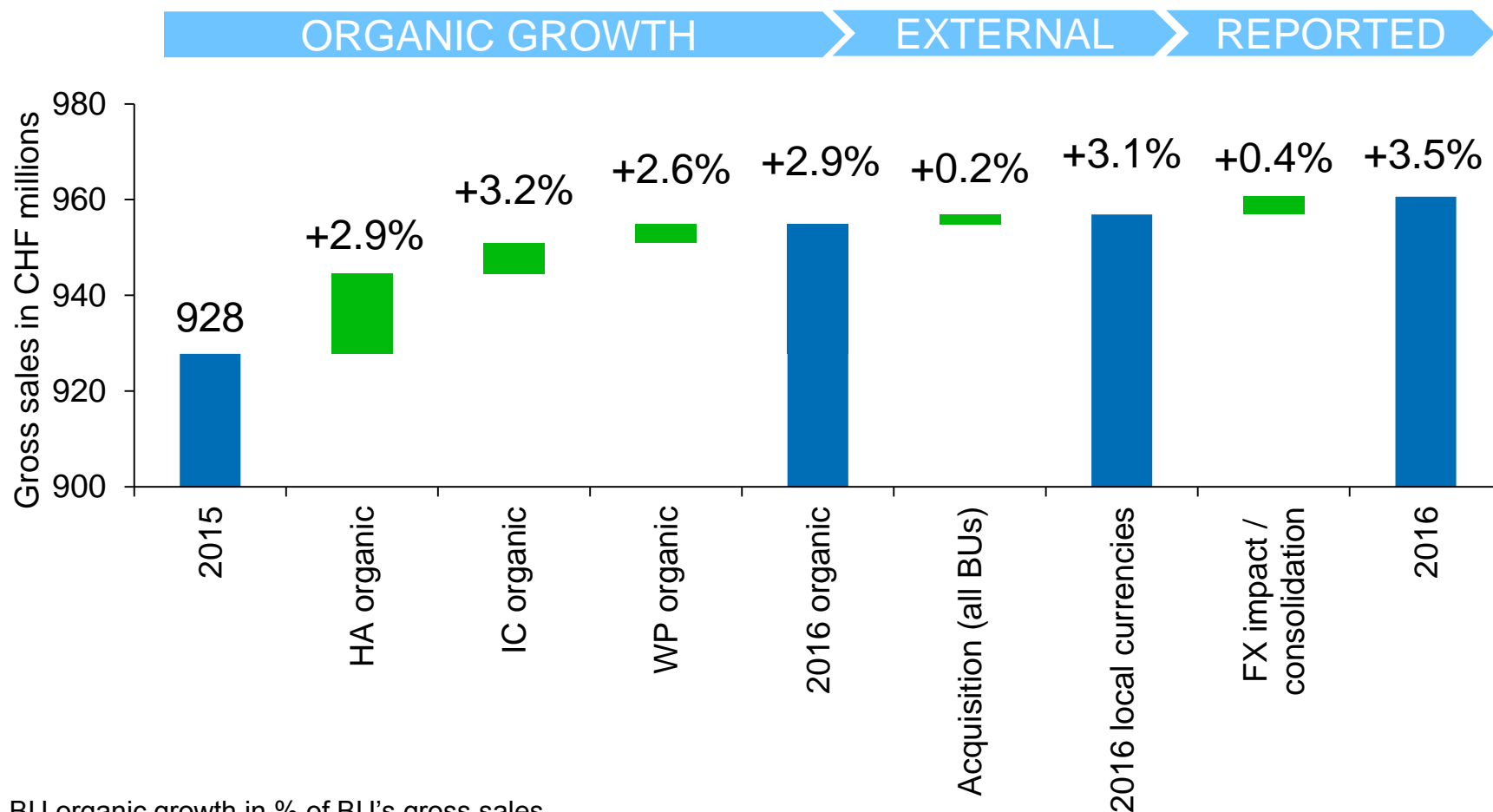
| CHF million                           | 2016         | <i>in %</i>   | 2015         | <i>in %</i>   |
|---------------------------------------|--------------|---------------|--------------|---------------|
| <b>Gross sales</b>                    | <b>960.6</b> | <b>100.0%</b> | <b>927.8</b> | <b>100.0%</b> |
| Net sales                             | 939.5        | 97.8%         | 907.5        | 97.8%         |
| Cost of materials                     | -326.9       | 34.0%         | -314.2       | 33.9%         |
| Personnel expenses <sup>1</sup>       | -358.6       | 37.3%         | -354.1       | 38.2%         |
| Other operating expenses <sup>2</sup> | -145.6       | 15.2%         | -130.0       | 14.0%         |
| <b>Operating income (EBIT)</b>        | <b>94.1</b>  | <b>9.8%</b>   | <b>80.5</b>  | <b>8.7%</b>   |
| Financial result                      | 10.3         | 1.1%          | -8.2         | -0.9%         |
| Income before taxes                   | 104.4        | 10.9%         | 72.3         | 7.8%          |
| Taxes                                 | -19.8        | 2.1%          | -15.6        | 1.7%          |
| <b>Net income</b>                     | <b>84.9</b>  | <b>8.8%</b>   | <b>56.9</b>  | <b>6.1%</b>   |

<sup>1</sup> Welfare Fund of V-ZUG AG has allocated CHF 10.0 million to the employer's contribution reserves, thus reducing personnel expenses

<sup>2</sup> incl. CHF 10.0 million granted by V-ZUG AG to establish a fund to subsidize affordable housing

# Group financial report

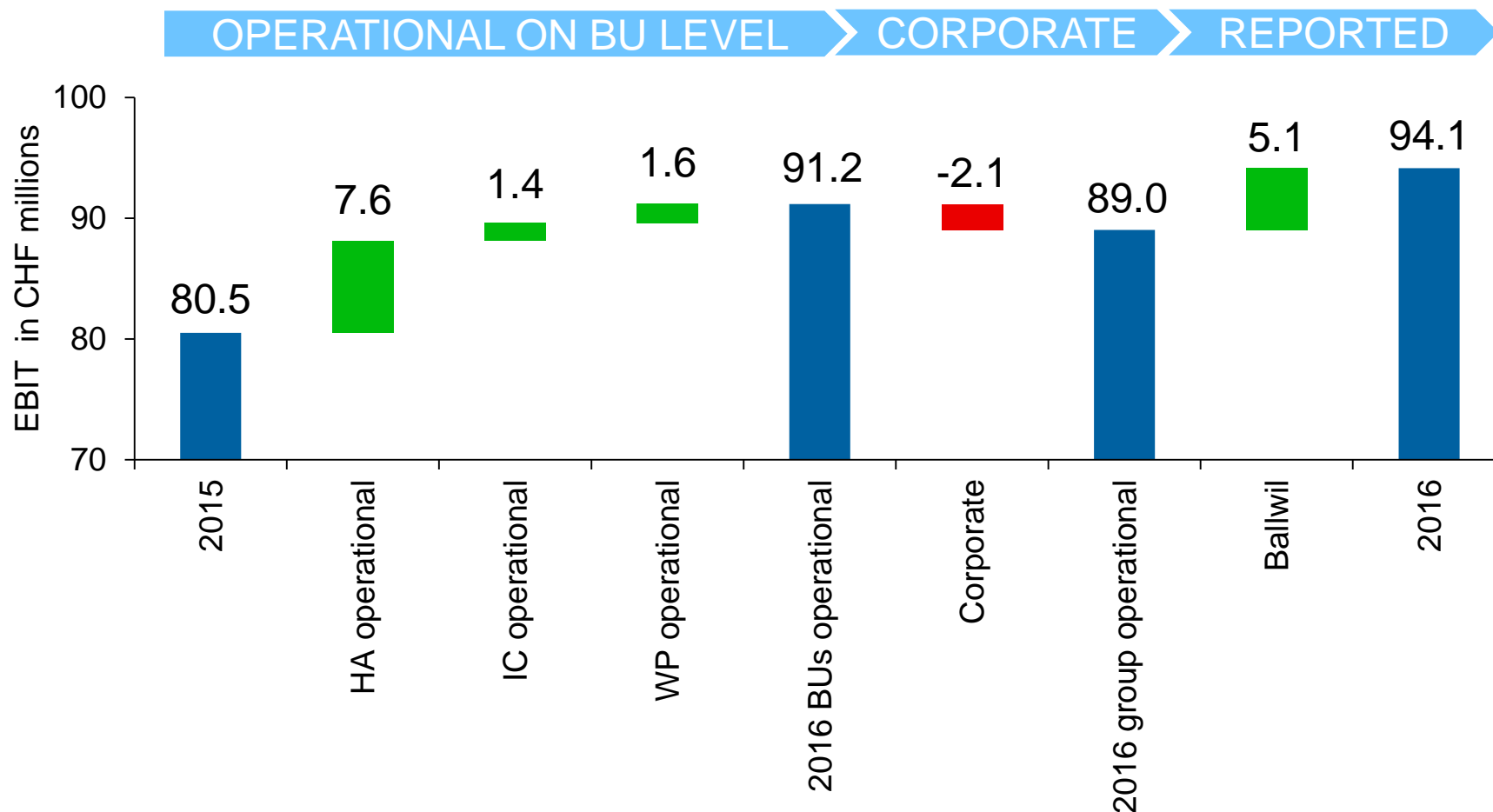
## Gross sales analysis



BU organic growth in % of BU's gross sales

# Group financial report

## Operating income (EBIT) analysis



# Metall Zug Group

## Balance sheet



| CHF million                                | 12/31/2016     | 12/31/2015     |
|--|----------------|----------------|
| Cash and cash equivalents / securities     | 543.5          | 519.2          |
| Other current assets                       | 284.2          | 269.1          |
| <i>Current assets</i>                      | <i>827.7</i>   | <i>788.2</i>   |
| Tangible assets                            | 274.0          | 247.9          |
| Financial & intangible assets              | 50.9           | 47.7           |
| <i>Fixed assets</i>                        | <i>324.9</i>   | <i>295.5</i>   |
| <b>Total assets</b>                        | <b>1 152.7</b> | <b>1 083.8</b> |
|  |                |                |
| Current & long-term financial liabilities  | 0.5            | 1.1            |
| Other liabilities                          | 265.9          | 250.0          |
| <i>Total liabilities</i>                   | <i>266.4</i>   | <i>251.1</i>   |
| <b>Shareholders' equity</b>                | <b>886.3</b>   | <b>832.7</b>   |
| Total liabilities and shareholders' equity | 1 152.7        | 1 083.8        |
| <b>Net cash</b>                            | <b>543.0</b>   | <b>518.1</b>   |

# Metall Zug Group

Net cash



| CHF million                                      | 2016         | in %          | 2015         | in %          |
|--|--------------|---------------|--------------|---------------|
| Cash and cash equivalents                        | 259.3        | 47.7%         | 244.4        | 47.1%         |
| Fixed-income investments                         | 107.4        | 19.8%         | 104.4        | 20.1%         |
| Shares and similar investments                   | 176.9        | 32.5%         | 170.3        | 32.8%         |
| <b>Total cash / securities</b>                   | <b>543.5</b> | <b>100.0%</b> | <b>519.2</b> | <b>100.0%</b> |
| Current financial liabilities                    | 0.5          |               | 0.6          |               |
| Long-term financial liabilities                  | 0.0          |               | 0.5          |               |
| <b>Total financial liabilities</b>               | <b>0.5</b>   |               | <b>1.1</b>   |               |
| <b>Net cash</b>                                  | <b>543.0</b> |               | <b>518.1</b> |               |
| <b>Treasury shares (CHF million)<sup>1</sup></b> | <b>6.8</b>   |               | <b>23.1</b>  |               |

<sup>1</sup> at year end, based on year-end share price

# Metall Zug Group

## Cash flow statement



| CHF million  | 2016         | 2015         | Δ %           |
|--|--------------|--------------|---------------|
| <b>Cash flow</b>   | <b>113.1</b> | <b>118.6</b> | <b>-4.6%</b>  |
| - of which other non-cash items <sup>1</sup>                           | -14.1        | 1.3          |               |
| <b>Cash flow from operating activities</b>                             | <b>95.4</b>  | <b>104.6</b> | <b>-8.8%</b>  |
| - of which change in other liabilities and accrued expen. <sup>2</sup> | 19.6         | 7.1          |               |
| - of which taxes paid  | -27.6        | -14.7        |               |
| <b>Cash flow from investing activities</b>                             | <b>-50.6</b> | <b>-50.5</b> | <b>-0.1%</b>  |
| - of which investments in tangible assets                              | -55.4        | -39.0        |               |
| - of which disposals of financial assets <sup>3</sup>                  | 14.5         | 1.9          |               |
| <b>Free cash flow</b>  | <b>44.9</b>  | <b>54.1</b>  | <b>-17.1%</b> |

<sup>1</sup> incl. a non-cash allocation of CHF 10.0 m to the employer's contribution reserves

<sup>2</sup> incl. CHF 10.0 m granted by V-ZUG AG to establish a fund to subsidize affordable housing

<sup>3</sup> the Welfare Fund of V-ZUG AG paid employer's pension contributions in the amount of CHF 9.76 m, which reduced the employer's contribution reserves by the respective amount.



# Investments in our future

# R&D

Innovative strength

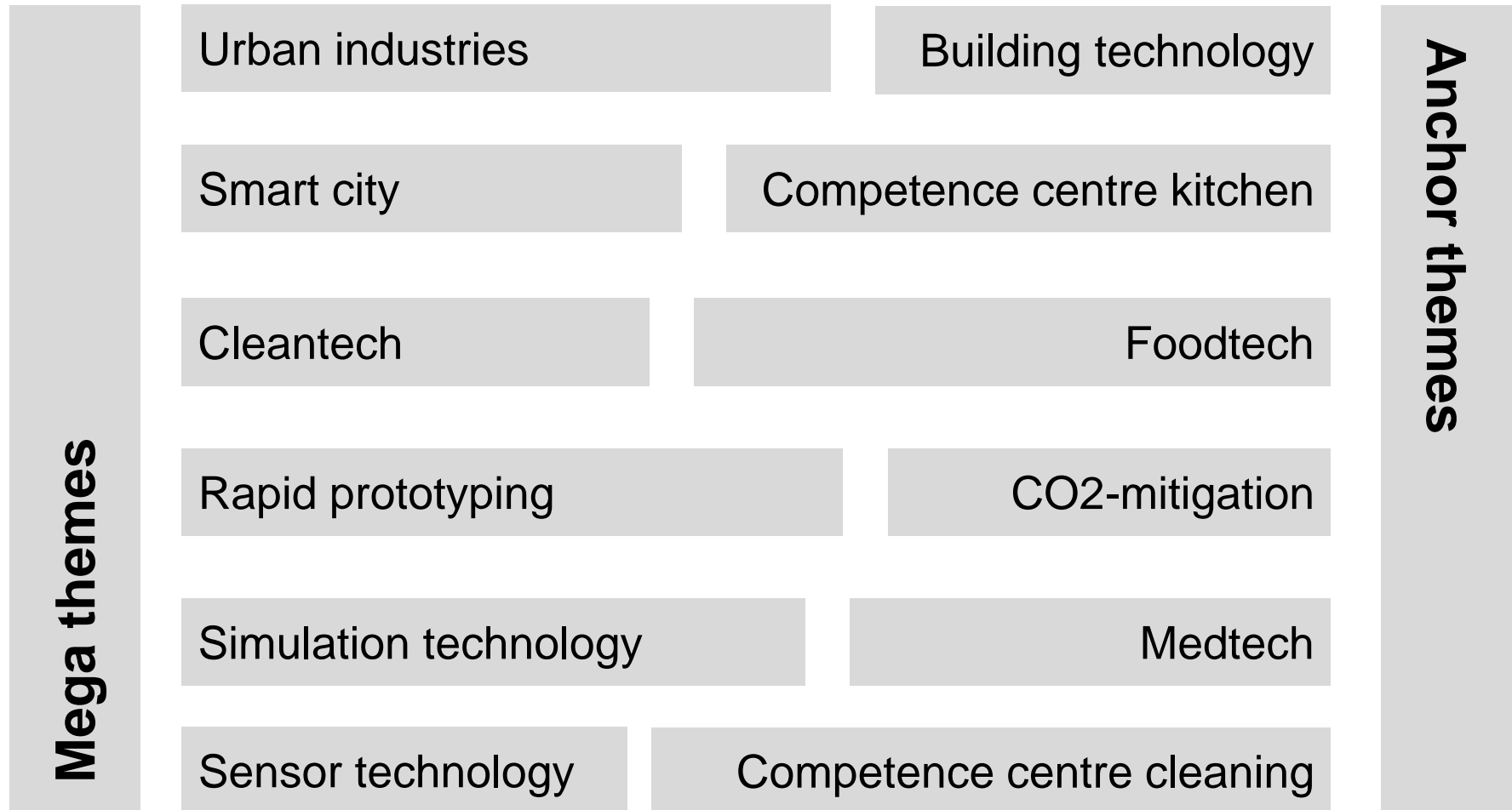


| CHF million                | 2016 | 2015 | 2014 | 2013 |
|----------------------------|------|------|------|------|
| Expenses in R&D            | 81.2 | 80.1 | 72.9 | 71.7 |
| <i>in % of gross sales</i> | 8.5% | 8.6% | 7.9% | 7.9% |

- R&D expenses include personnel costs, cost of material, overhead costs and external services
- Charged directly to the income statement
- Ongoing product innovation in all Business Units
- Upgrade of the Infection Control product offering
- Digitization

# Transformation of the V-ZUG site in Zug

Core themes for the Technology Cluster Zug



# Transformation of the V-ZUG site in Zug

Thomas Sevcik\* – The new city



Digital urbanity

Absolute vs. effective traffic

New assessment of city areas

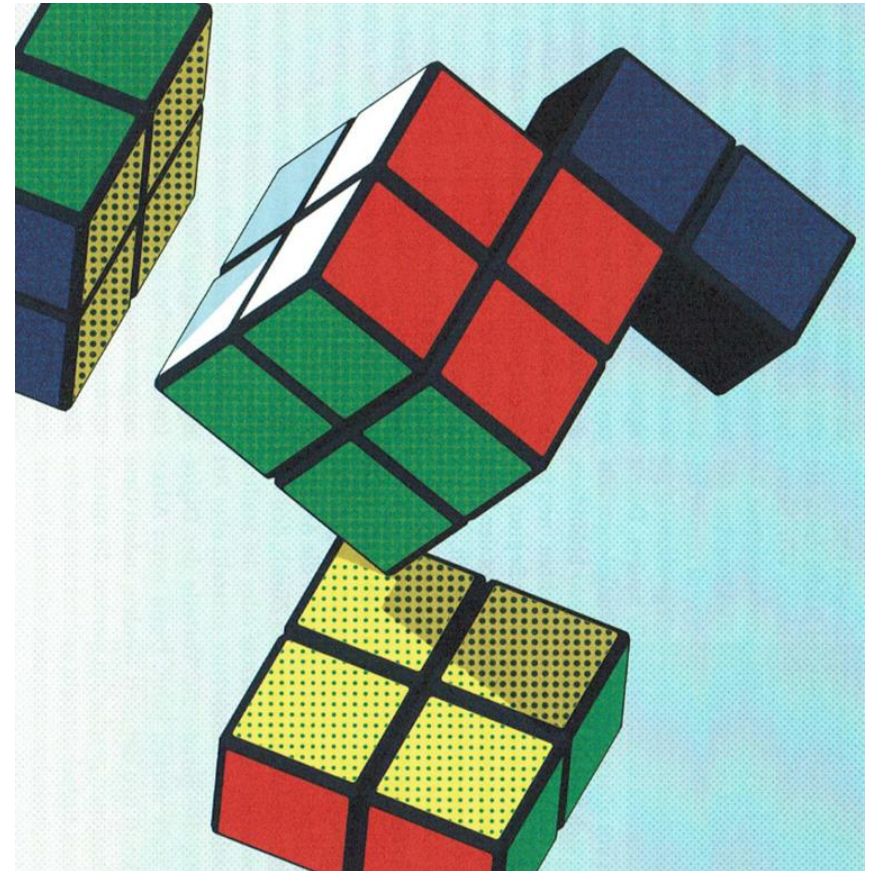
Emission-free space

Mixed-use sites

New or no zoning

Real estate developer as curator / trustee

\* Thomas Sevcik is Co-Founder and CEO of the Arthesia Group, which provides strategic insight on cities, and is based in Zurich and Los Angeles.



# Transformation of the V-ZUG site in Zug

Modernization of V-ZUG production site enables Technology Cluster Zug

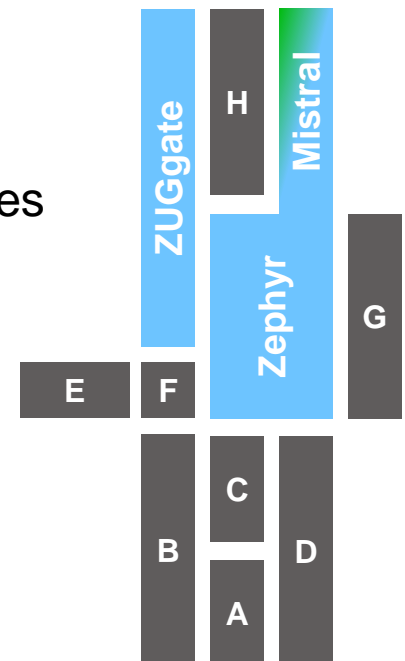


## V-ZUG vertical production

- ZUGgate
- Mistral
- Zephyr
- Further concentration and automatization of production processes enables V-ZUG to grow and is needed in order to maintain competitive production of household appliances in Zug

## Technology Cluster Zug

A Südtor  
B ADORA  
C Kern  
D Urban Industries  
E CreaTowers  
F Campanile  
G UNIMATIC  
H Nordtor



# Information for Investors

# Investment case

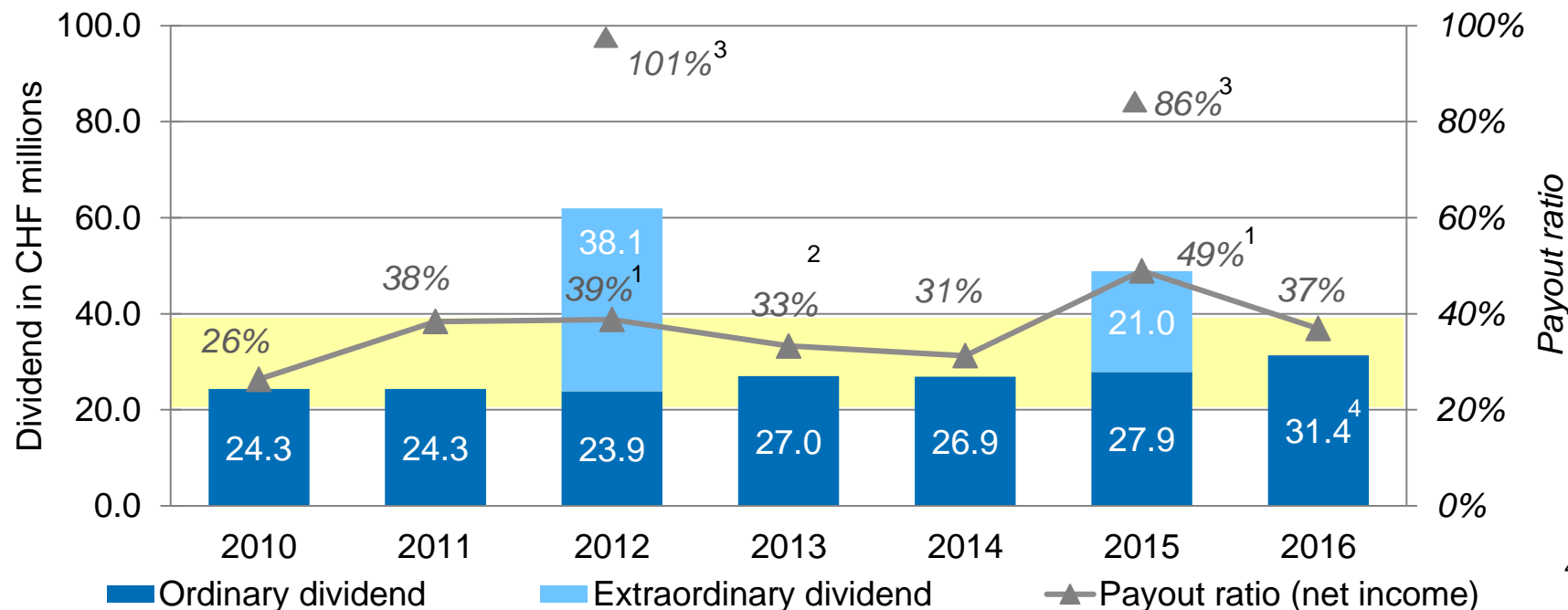
Preparing for an insecure future



- All three Business Units have to cope with a market environment with short visibility and limited predictability and hence have to become highly flexible
- All Business Units are well positioned in attractive markets with growth potential based on competitive product portfolios, strong customer relationships and opportunities related to digital business and processes
- Earnings growth drivers are internationalization in HA, the new structure and service offering in IC and a broader product portfolio (including testing and system integration) in WP
- Stable shareholder base with an entrepreneurial family as its main shareholder pursues a decidedly long-term perspective creating sustainable value for all stakeholders
- Strong balance sheet enables investments in internal and external growth and makes it possible to pursue attractive opportunities

# Dividend

Payout in CHF millions and payout ratio



<sup>1</sup> Special anniversary (2012) or stock (2015) dividend not included in the payout ratio

<sup>2</sup> Payout ratio (net income) adjusted by extraordinary financial result 2013 (CHF 43 million due to sale of larger portion and revaluation of the remaining shares of Zug Estates Holding AG)

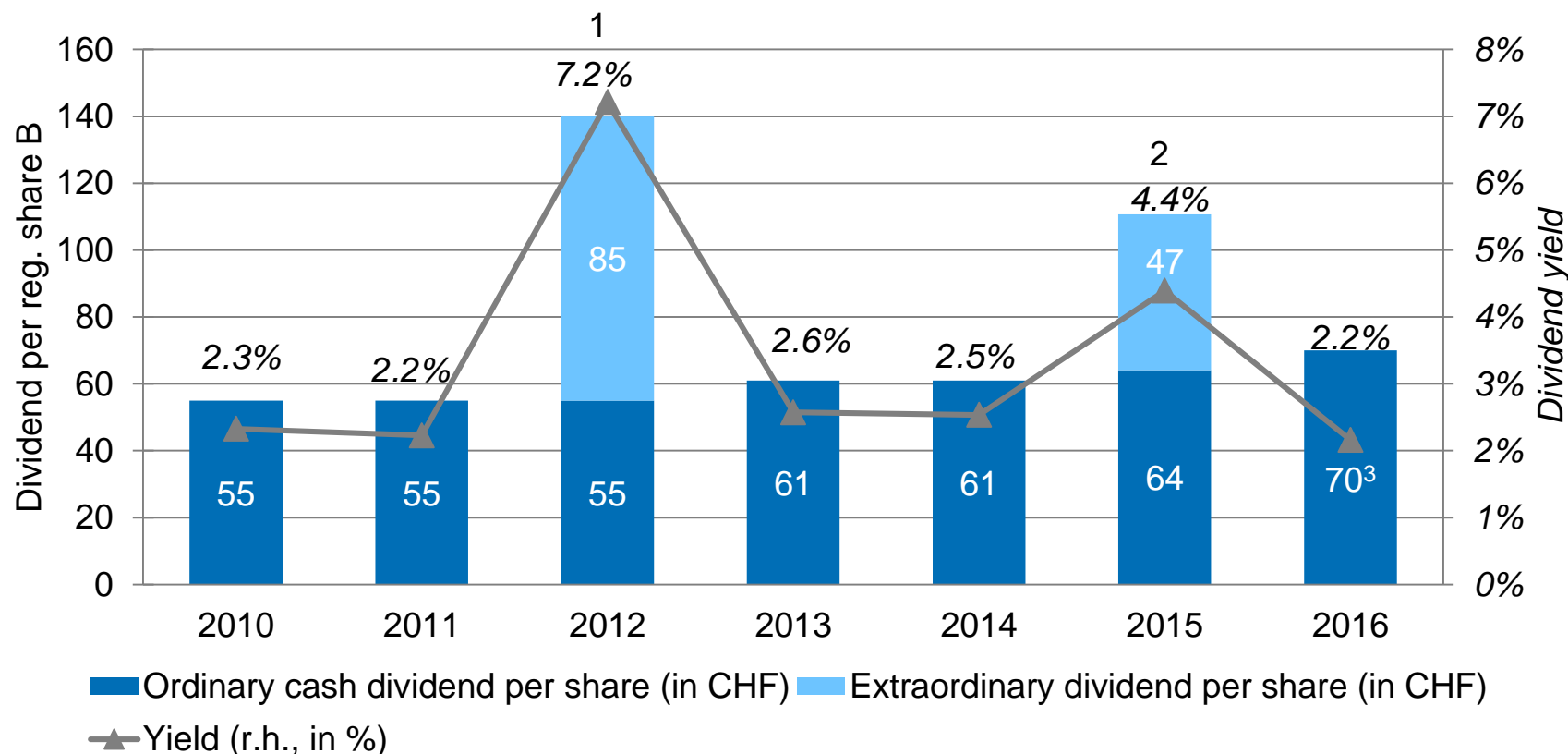
<sup>3</sup> Special anniversary (2012) or stock (2015) dividend included in the payout ratio

<sup>4</sup> Proposal of the Board of Directors to the General Meeting of Shareholders



# Dividend per share

Payout in CHF per registered share B and yield (vs year-end share price)



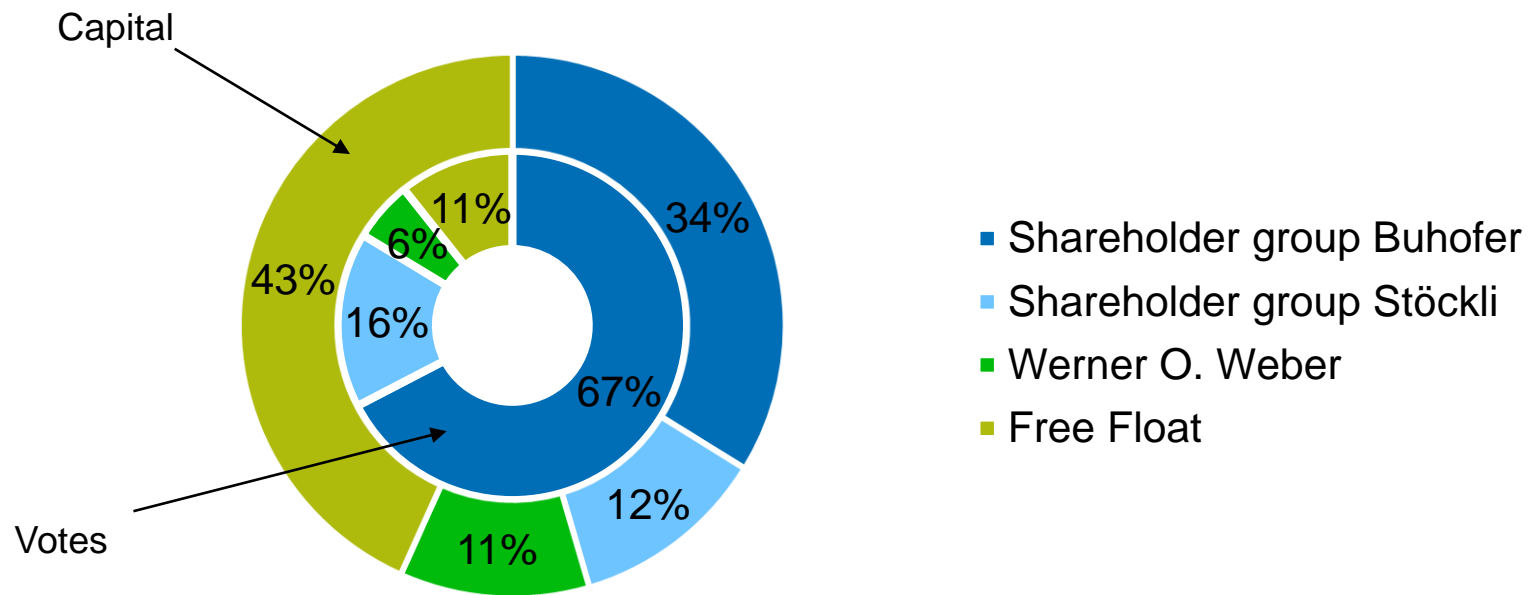
<sup>1</sup> Special anniversary dividend

<sup>2</sup> Incl. allocation of shares and withholding tax refund claim

<sup>3</sup> Proposal of the Board of Directors to the General Meeting of Shareholders

# Shareholder structure

As at December 31, 2016



May 5, 2017              General Meeting of Shareholders

August 21, 2017        Publication of the half-year results 2017

# Metall Zug Group

Contact

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