

Investor Presentation

# Metal Zug & Haag-Streit

**Metall Zug Group, December 22, 2017**

## Acquisition of the Haag-Streit Group

- Metall Zug takes over 70% of Haag-Streit
- Minority stake of 30% of Haag-Streit held by family shareholders
- A global market leader in the attractive premium segments of the growing ophthalmology market (Diagnostics, Surgical, Practice Equipment)
- Quality leader with broad and innovative product portfolio and outstanding brand recognition

## Haag-Streit meets all central investment criteria to become a fourth pillar

- Cultural fit: family company with broad industrial expertise
- International footprint to diversify market, political and currency risk
- Market leader
- Material contribution to Group revenue
- High profitability, generating long-term value for shareholders

## The „new“ Metall Zug

- An industrial group of companies headquartered in Zug, comprises **four** Business Units with a workforce of more than 5 000 employees
- Financed by own funds, this transaction will reduce dependency from the financial result and volatility of the group net income
- Metall Zug retains full strategic financial flexibility (future investments)

### 1. Haag-Streit overview

- At a glance
- Milestones and acquisitions
- Geographic footprint

### 2. Haag-Streit: Segments, products and markets

- Diagnostics
- Surgical
- Other businesses
- Markets

### 3. Transaction

- Key investment criteria for a 'fourth pillar' investment
- Structure, timeline and financing

### 4. Metall Zug Group after the acquisition of Haag-Streit

# Haag-Streit overview

- At a glance
- Milestones and acquisitions
- Geographic footprint

# Haag-Streit overview

At a glance



## Company overview

- Founded in 1858 as Hermann & Studer mechanical workshop in Bern (CH)
- A leading medtech company in the fields of ophthalmology (diagnostics & surgical microscopy), pulmonology and optics with global top 3 positions in slit lamps, biometers, perimeters, tonometers and surgical microscopes
- Headquartered in Switzerland with production facilities and research locations in Switzerland (2), Germany (5), the UK and the US and sales companies in China and the US
- External distributors (worldwide)
- Haag-Streit employs 880 FTE (2016)

## Revenue and EBITDA

EBITDA-margin

15.8%

192

Revenue (CHF m)

2016

## Product segments & lines

### Diagnostics

- > Slit lamps
- > Biometers
- > Perimeters
- > Tonometers
- > Practice equipment

### Surgical

- > Surgical microscopes
- > iOCT<sup>1)</sup>
- > Surgical instruments

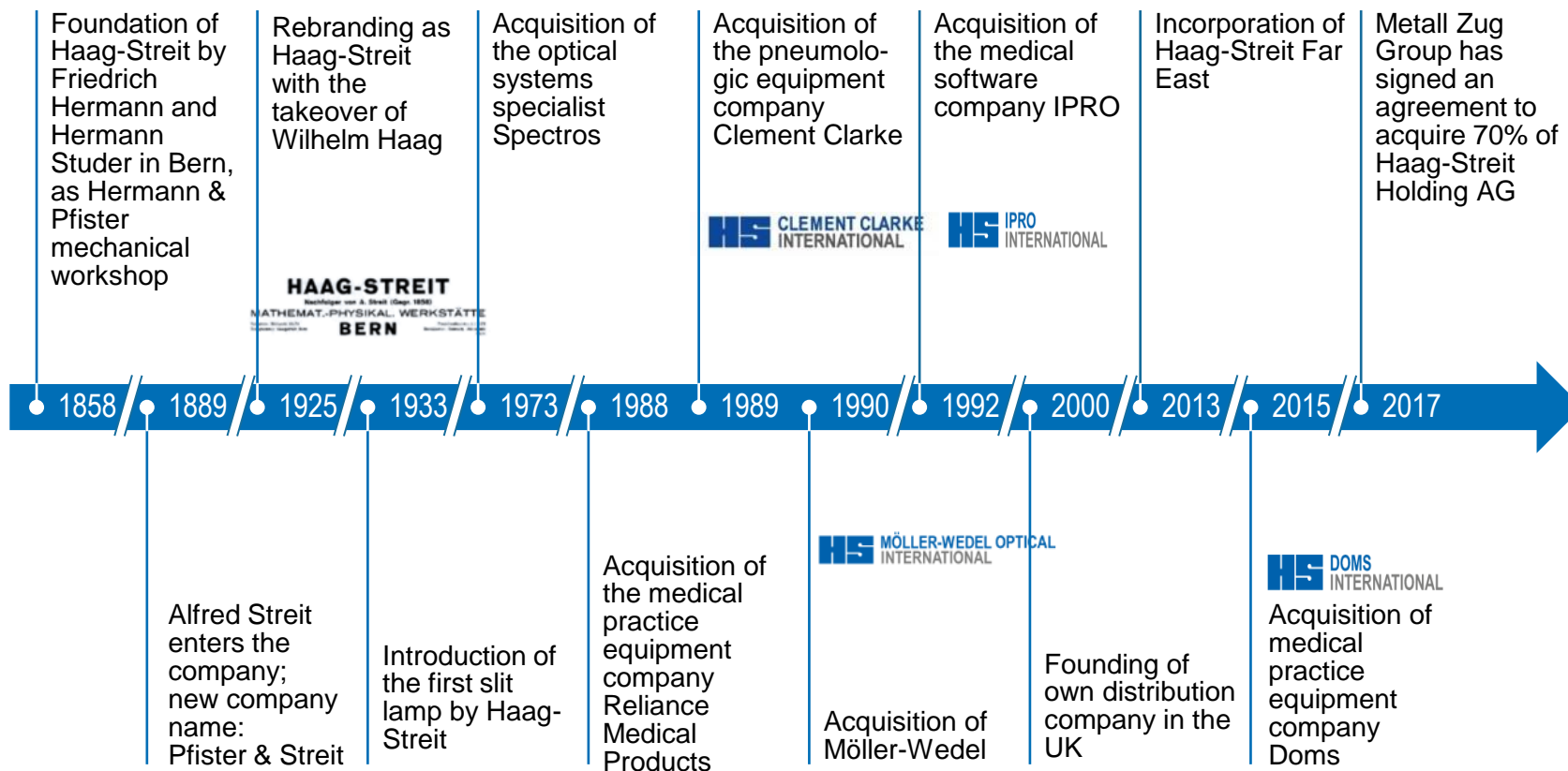
### Other business

- > Optical measuring and calibrating equipment
- > Pulmonology devices
- > Eye testing and practice management software

<sup>1)</sup> intraoperative optical coherence tomography system

# Haag-Streit overview

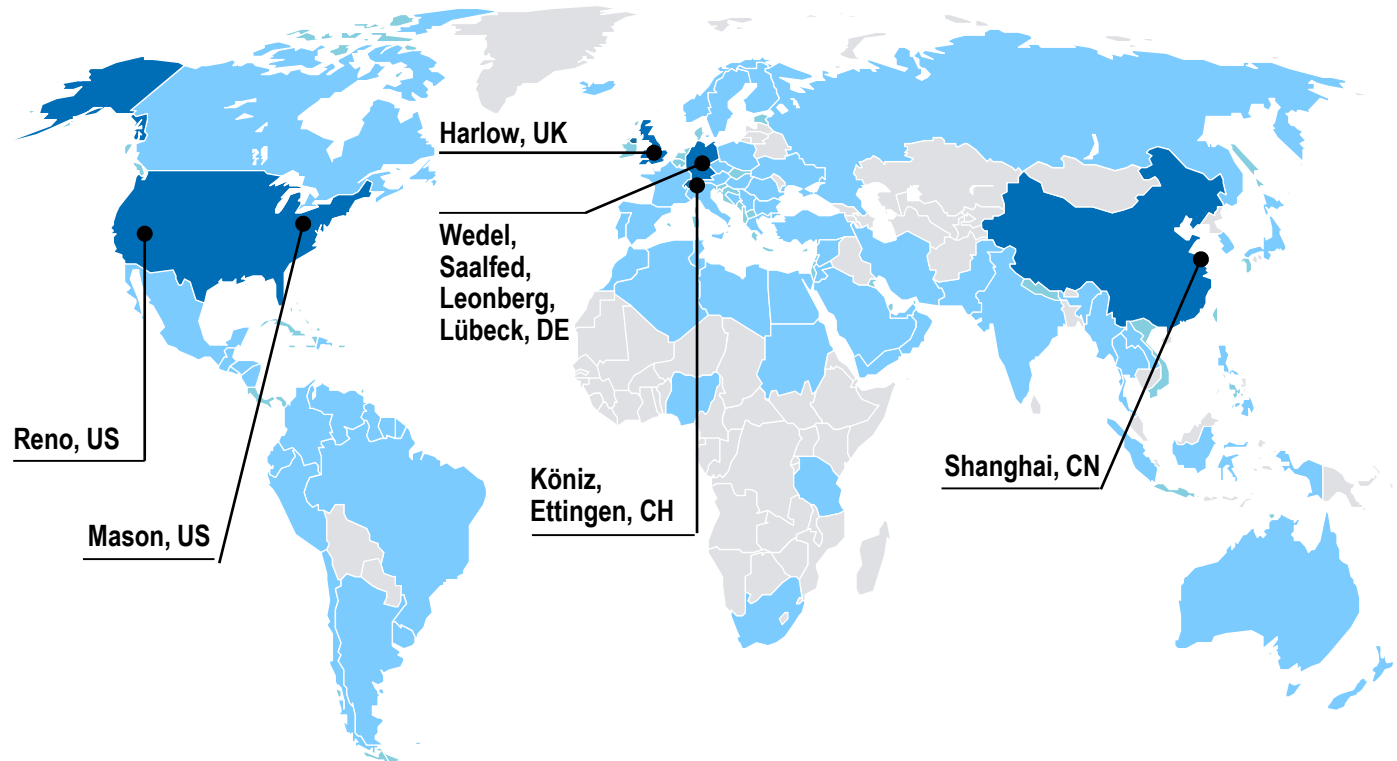
## Milestones and acquisitions



# Haag-Streit overview

## Geographic footprint - Distribution

- A physical presence in five countries with 10 locations including the headquarters in Köniz, Switzerland
- Products sold in more than 150 countries via distributors
- Global operations with local access to industry leading specialists and customers



● Haag-Streit location    ■ Direct distribution<sup>1)</sup>    ■ Distribution partners

1) Additional distribution through external distributors in countries with direct distribution

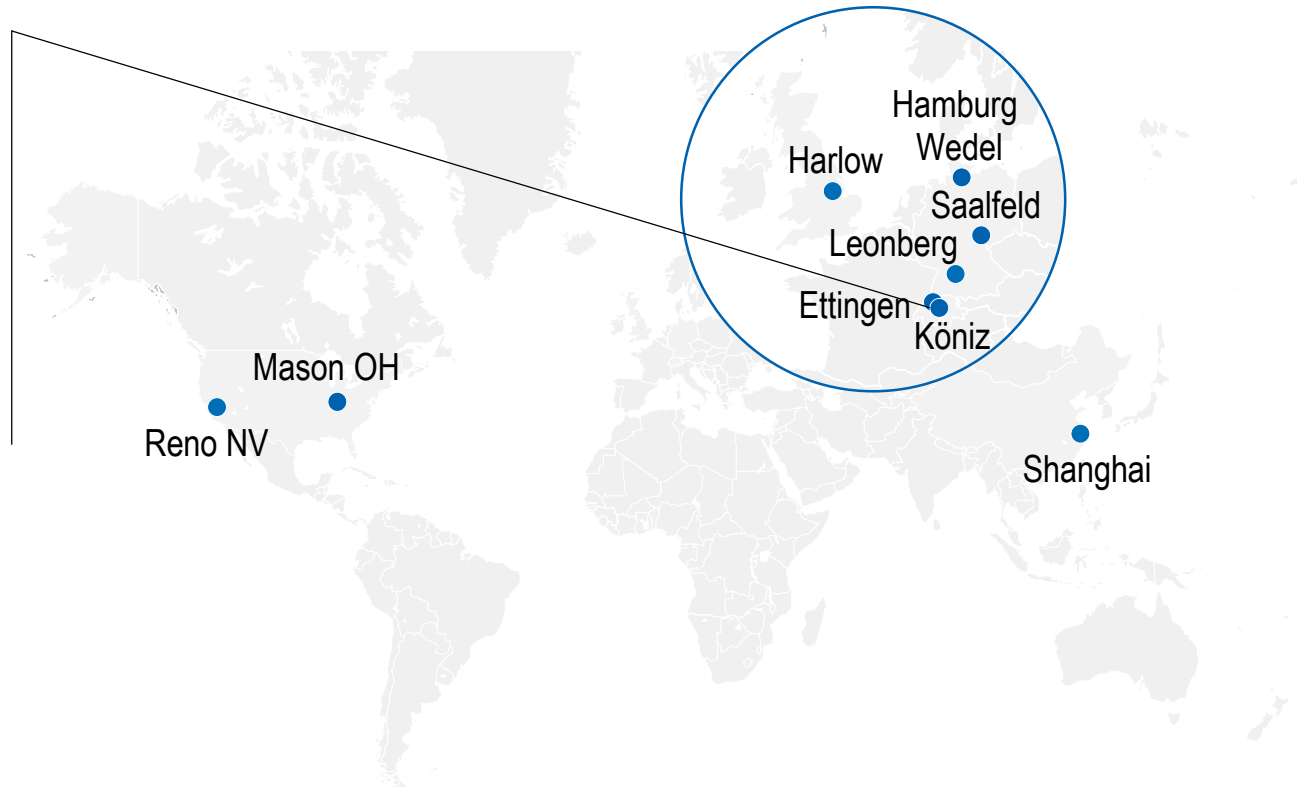
# Haag-Streit overview

## Geographic footprint - Diagnostics



**HS** HAAG-STREIT  
DIAGNOSTICS

- Production of slit lamps, biometers, perimeters, tonometers and lenses





# Haag-Streit overview

## Geographic footprint - Surgical



**HS** HAAG-STREIT  
SURGICAL

- Production of microscopes, optical measurement systems



# Haag-Streit overview

## Geographic footprint – Other key entities



- Production of pulmonology products and ophthalmology specialties: synoptophores, Perkins tonometers and portable slit lamps



- Production of microscopes, optical measurement systems



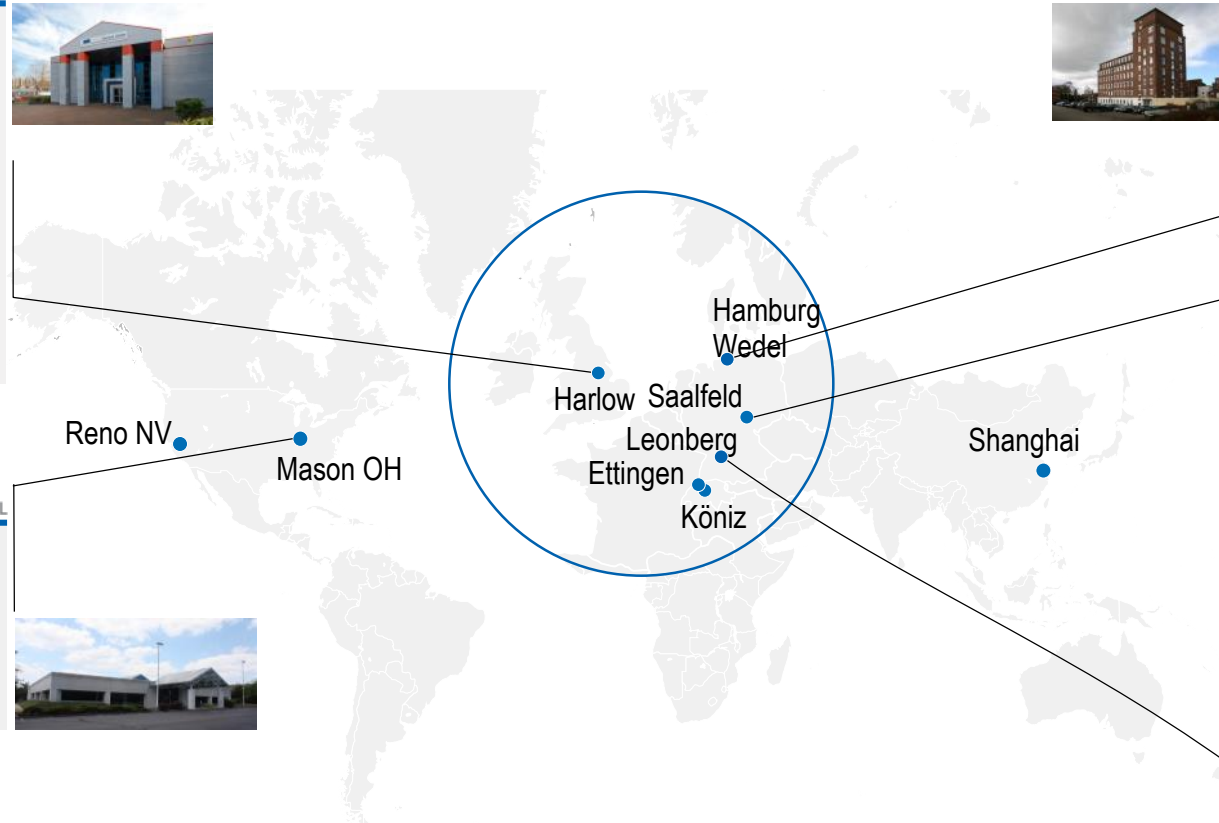
- Production of practice equipment and practice chairs



- Eye testing and practice management software



- Production of Reliance practice equipment, final assembly



# Haag-Streit: Segments, products and markets






- Diagnostics
- Surgical
- Other businesses
- Haag-Streit's addressable market

# Haag-Streit: Segments, products and markets

## Diagnostics



### Diagnostics product families

	Slit lamps	Biometers	Perimeters	Tonometers	Practice equipment
					
<b>Key scope</b>	Standard check-up	Cataract	Glaucoma, retinopathy	Glaucoma	n/a
<b>Description</b>	Key/basic diagnostic instrument in ophthalmology	Measuring standard for anatomical eye characteristics	Measuring of the visual field and blind spots	Assessment of the intraocular pressure	Examine chairs, tables and instrument delivery
<b>Price range HS [CHF]</b>	9,000 to 50,000	25,000 to 40,000	12,000 to 35,000	1,500 to 2,000	n/a
<b>Market position</b>	#1	#2	#2	Top 3	n/a
<b>Key USPs</b>	<ul style="list-style-type: none"> <li>• Industry-leading optics</li> <li>• Outstanding quality</li> <li>• Modularity and versatility</li> </ul>	<ul style="list-style-type: none"> <li>• All-in-one volumetric analysis of the eye</li> <li>• Measurement accuracy</li> <li>• Unmatched automation</li> </ul>	<ul style="list-style-type: none"> <li>• Most reliable results</li> <li>• Unmatched user friendliness</li> <li>• Best price-performance ratio</li> </ul>	<ul style="list-style-type: none"> <li>• International reference in tonometry</li> <li>• Open interface setup</li> <li>• Most reliable results</li> </ul>	<ul style="list-style-type: none"> <li>• Doms: Modularity and customized design</li> <li>• Reliance: Long-standing history for best-in-class solutions in the US</li> </ul>

# Haag-Streit: Segments, products and markets

## Surgical



### Surgical product families

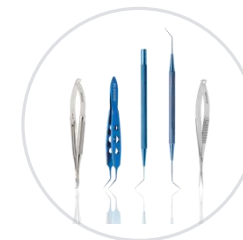
#### Surgical microscopes



#### iOCT



#### Surgical instruments





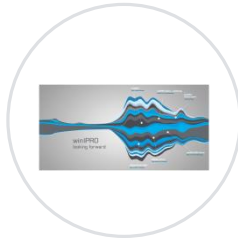
<b>Description</b>	> Optical microscopes for performing microsurgeries typically in the fields of ophthalmology, neuro and spine surgery	iOCT scans of the eye's anterior and posterior segments are performed live and real-time during surgery	Surgical instruments, such as forceps, needle holders and scissors
<b>Price range HS [CHF]</b>	> 14,000 to 360,000	To be integrated into the top end model of Haag-Streit's operating microscopes	
<b>Market position</b>	#3		
<b>Key USPs</b>	<ul style="list-style-type: none"> <li>• Highly diversified application spectrum</li> <li>• Modular concept</li> <li>• Largest stereo basis in the market</li> <li>• First-class design</li> </ul>	<ul style="list-style-type: none"> <li>• The world's first intraoperative optical coherence tomography system (iOCT)</li> <li>• Fast, easy and safe operation</li> <li>• Recording and documentation options</li> </ul>	<ul style="list-style-type: none"> <li>• More than 230 years of history</li> <li>• Trusted partner</li> </ul>

# Haag-Streit: Segments, products and markets

## Other businesses



## Other businesses

	Optical measurement and calibrating	Pulmonology devices	Eye testing and practice management software
			
<b>Description</b>	Optical measuring and calibrating products for industrial (e.g. machine tool) and research applications (e.g. national calibration institutes)	Diagnostic, monitoring and treatment equipment for respiratory conditions	Customized software for medical professionals in ophthalmology and audiology
<b>Products</b>	Testing / reading telescopes Goniometers Interferometers Autocollimators	Peak flow and inspiratory flow meters Spacers, Nebulisers, etc.	
<b>Key USPs</b>	<ul style="list-style-type: none"> <li>• Highest-precision optical testing equipment and optical components</li> <li>• More than 50 years of experience</li> </ul>	<ul style="list-style-type: none"> <li>• “The Gold Standard” for Expiratory Flow Measurement</li> <li>• Full product range</li> <li>• 100 years of experience</li> </ul>	<ul style="list-style-type: none"> <li>• Scalability and modularity</li> <li>• Tailored to each business by in-house software consultants</li> </ul>

# Haag-Streit: Segments, products and markets

Haag-Streit's addressable market [2017, CHF bn; %]



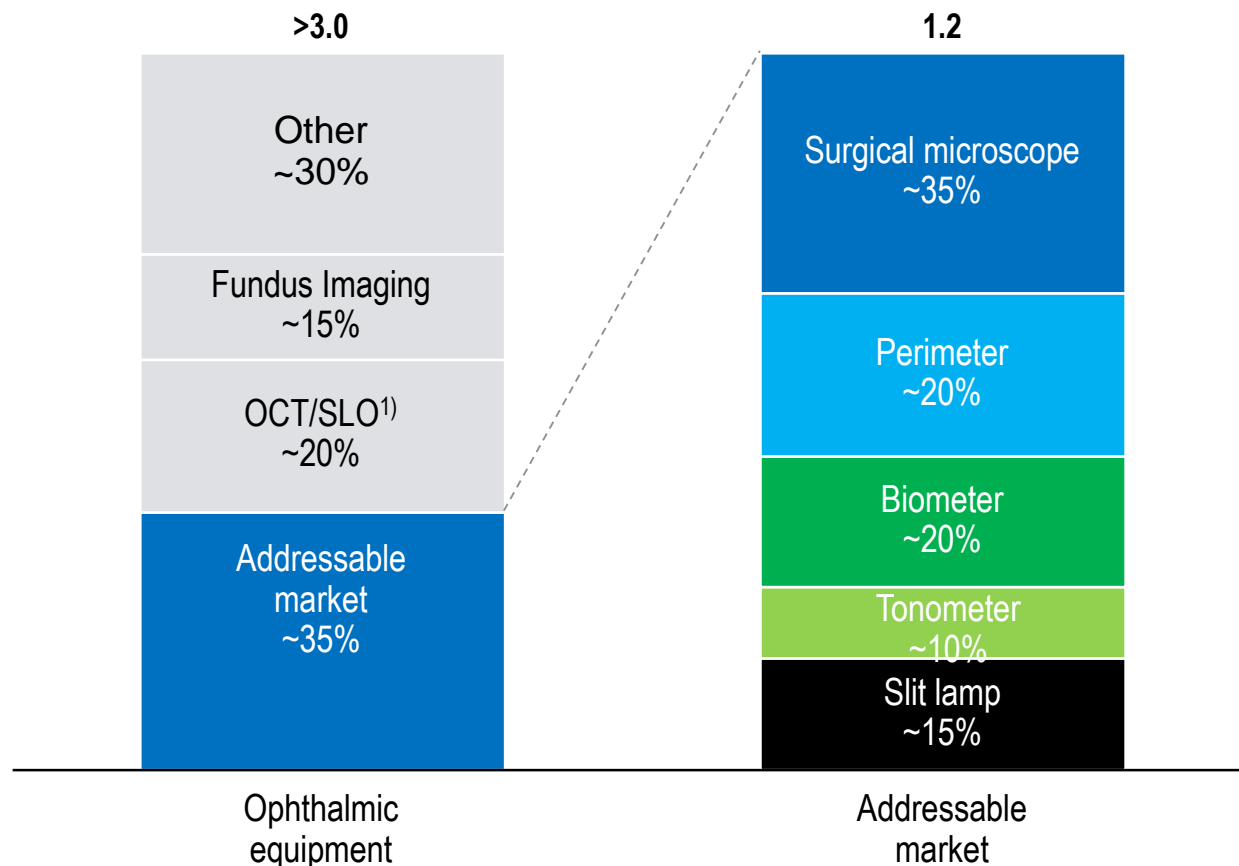
## Global ophthalmologic equipment market

with a total size of more than CHF 3 bn in 2017 and to grow to **CHF 4 bn** by 2022 (CAGR: 4%)

## Haag-Streit's addressable market:

**CHF 1.2 bn** with a CAGR of >4% to 2022

**Highly fragmented market** with many global and regional vendors



1) Optic coherence tomography / Scanning laser ophthalmoscopy

# Transaction

- Key investment criteria for a 'fourth pillar' investment
- Structure, timeline and financing



# Transaction

## Key investment criteria for a 'fourth pillar' investment

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- ✓ **Cultural fit**  
Investing in a business compatible with our values, where we can contribute with our industrial expertise
- ✓ **International footprint**  
Opportunity to diversify market, political and currency risks and to actively seek growth opportunities
- ✓ **Market position**  
Leading position in it's chosen markets or potential to become a leader
- ✓ **Size**  
Proven ability to grow revenue and materially contribute to the future development of our group
- ✓ **Profitability**  
Focus on established companies without major requirements for operational and management restructuring
- ✓ **Value**  
Opportunity to achieve sustainable profitability and growth, to create value for our shareholders and stakeholders

# Transaction

## Structure, timeline and financing



### Structure

- Metall Zug takes over 70% from current family shareholders
- Minority stake of 30% of Haag-Streit remains with current family shareholders
- Fourth business unit within Metall Zug

### Timeline

- Signing: December 21, 2017
- Closing: Expected in first quarter of 2018

### Financing

- All-cash transaction
- Transaction will be settled with Metall Zug's available liquid funds and securities
- Bridge financing secured until liquidation of securities
- Bond issue as an option to finance further future growth opportunities

# Metal Zug Group

- Organization
- Buy-and-build - Schleuniger Case
- Strategic rationale

# Metall Zug Group

## Organization

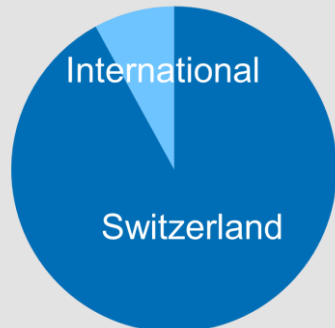


### Household Appliances



**SIBIRGroup**  
**GEHRIGGROUP**  
Professional Solutions

52%

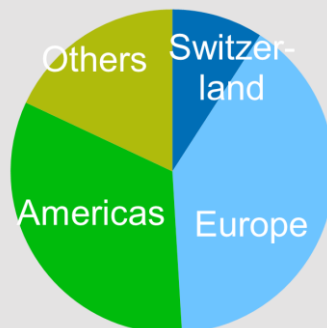


### Infection Control



**Beli med**  
Infection Control

18%

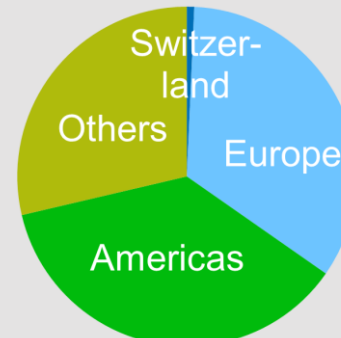


### Wire Processing



**Schleuniger**

14%

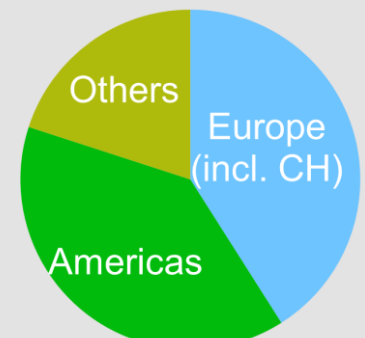


### Ophthalmology



**HAAG-STREIT GROUP**

17%



### Schleuniger in 2007

**Schleuniger is an owner-managed company, with a longstanding tradition in coaxial wire-processing**

- Pure machinery supplier, covering narrow scope of the value chain
- Loose network of sub-companies, with very limited integration



### Schleuniger in 2017

**A globally leading company for wire processing solutions, particularly as supplier to the automotive industry**

- Expansion of product portfolio along the value creation chain of clients (e.g. testing, software, automatization)
- Covering value chain with three business segments (products, automation & software)
- Transformation from offering solutions to becoming a strategic system-partner
- Strong cooperation with Metall Zug (e.g. in digitization, procurement, dev. Asia/China)



# Metall Zug Group

## Buy-and-build - Schleuniger Case



**Sales CHF 107m, EBIT margin 11% (2007)**

**Sales CHF 153m, EBIT margin 15% (2016)**

### Business Model

- One-dimensional business model (standard)

- Multi-dimensional business models (standard, solutions, software)

### Product portfolio

- Mainly benchtop devices for semi-automatic wire processing.
- Fully automatic products in development
- Very diverse product portfolio with redundancies

- Benchtop devices for semi-automatic wire processing
- Leading position for fully automated wire processing machines
- Extended automation product offering along customer value chain (project business)
- Market leader for sensor and data-cables and manufacturing software (developed via M&A)

### Operations / footprint

- 2 production sites (Switzerland, Germany)

- 6 production sites (Switzerland, Germany, China)

### Sales & distribution

- Own sales organisation established in Switzerland, Germany, USA, Japan and Slovakia.
- Over 40 distributors
- Area customers in data / telecom and few automotive key accounts

- Developed Chinese presence and established mature Sales and Service organisation in the US
- Developed key account business with 14 leading automotive key accounts (tier 1)
- Sales beyond CHF 200m achievable in the coming years

### Growth Milestones since Metall Zug Group acquired Schleuniger in 2007

- Growth from 500 (2007) to 750 employees (2017). Despite financial crisis in 2008 with dramatic sales decline in the automotive market and currency headwinds (unpegging of CHF in 2015), sales grew from CHF 107m to CHF 153m (2016), with significant EBIT margin increase
- Substantial investments in production site and machinery at Schleuniger headquarter in Thun (Switzerland) in 2015/16 and other production sites
- The strong organic growth of Schleuniger was supported by several acquisitions and cooperations:
  - **2008:** PAWO Systems AG, Unterägeri (Switzerland). Today part of the business segment „Solutions“ and global leader in Transferline segment
  - **2012:** Acquisition of 35% of DiIT AG, Krailling (Germany), a leading software supplier of manufacturing execution system
  - **2013:** Haofeng Electrical Equipment Ltd., Tianjin (China), providing access to a portfolio of locally produced periphery-equipment and local Chinese market
  - **2015:** Cirris Solutions GmbH, Jettingen (Germany), a manufacturer for complex, automated testing solutions
  - **2016:** Acquisition of 20% of Laser Wire Solutions Ltd., Pontypridd (UK), a technology company for laser processing
  - **2017:** Acquisition of the remaining stake of 65% of DiIT AG
  - **2017/18:** Acquisition of 60% of adaptronic Prüftechnik GmbH, Wertheim (Germany), leader in wiring test systems
  - Strengthening of Schleunigers competencies through various technology partnerships

**Attractive business:** Haag-Streit as a global market leader in the growing ophthalmic and surgical device market, with international footprint and good profitability

**Significant organic growth and development potential for buy-and-build strategy:** Haag-Streit with improvement and growth potential in multiple areas

Significantly **improved capital structure at Metall Zug** by employment of liquid funds in profitable industrial activities

Significantly **reduced volatility of Metall Zug's net results** due to lower dependency on volatile financial result and a broader business mix



March 22, 2018      Publication of the full-year results 2017

May 4, 2018      General Meeting of Shareholders

August 20, 2018      Publication of the half-year results 2018

# Metall Zug Group

## Contact

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