



# V-ZUG Group – Full-year results 2023

13 March 2024





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**V-ZUG** increases profitability despite a difficult market environment – the focus on differentiation begins to bear fruits.



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# Agenda

1. **Overview**
2. Differentiation Strategy
3. Sustainability
4. Financial Information
5. Outlook
6. Investment Case
7. Q&A



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# 1. Overview: Full-year 2023 at a glance

Challenging market situation characterised by low demand doesn't stop V-ZUG from investing into its future

## Improved profitability with lower net sales

- Net sales: CHF 585.4 million (- 8.0 % vs. prior year / - 7.2 % FX neutral)
- EBIT improved on a low level: CHF 16.8 million (CHF + 6.5 million vs. prior year)
- EBIT margin: Full year at 2.9 %
- EBIT margin: 2H23 at 4.1 %
- Positive free cash flow: CHF 18.2 million

## Strategic transformation on track

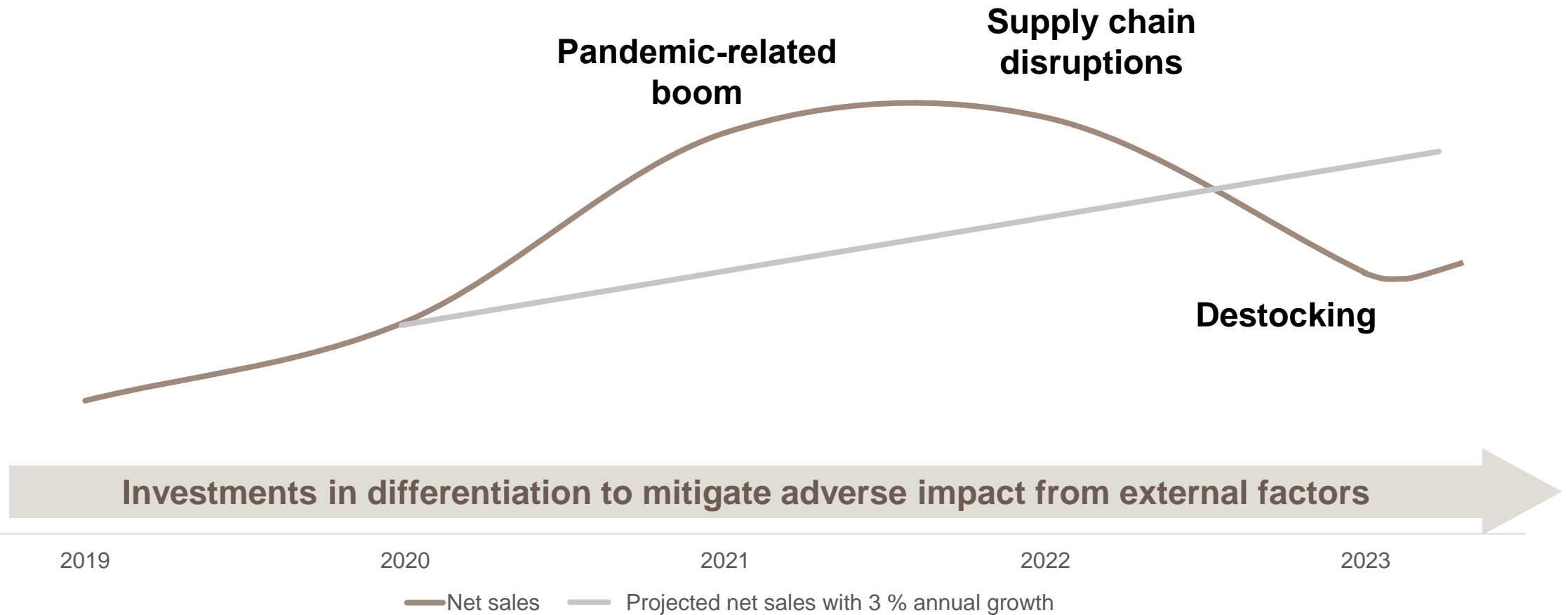
- Differentiation / positioning of V-ZUG as a premium brand is paying off
- Evolution of the product portfolio
- International expansion
- Quality excellence programme

## Sustainability – comprehensive non-financial reporting

- Circular economy factory operates as prototype
- Business model “Product as a Service” contributing to longevity and circularity
- Over 30 product life cycle assessments showing measures to reduce the environmental footprint
- CO<sub>2</sub> compensation web shop also accessible in international markets

# 1. Overview: Navigating a rapidly changing business environment

Manage the challenging market situation – stay customer focussed – Simplify V-ZUG





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# 1. Overview: Main market challenges in 2023

Continued low market demand and full inventories on partners' side leading to low volumes

**Market situation** – after a pandemic-related boom in 2021/2022 and supply shortages in 2022 followed by high purchase price increases, market demand was low in almost all markets due to:

- Uncertainty and imponderability regarding the worldwide economy, inflation/interest rate development, geopolitics
- Destocking activities of trade partners

Thus, the markets, and in particular the **Swiss Market**, have showed the following developments:

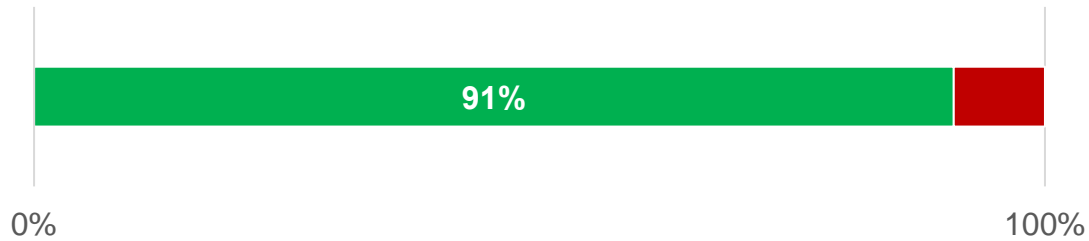
- New builds: Slowdown due to interest rate hikes, planning uncertainties and slower processing of building permits
- Renovation: Currently under-indexed after pandemic-related boom; gradual return to normal situation
- Replacement: Stable

**Procurement prices** – levelled out early 2023 but remained on a high level; no more spot-market purchases needed as of March 2023

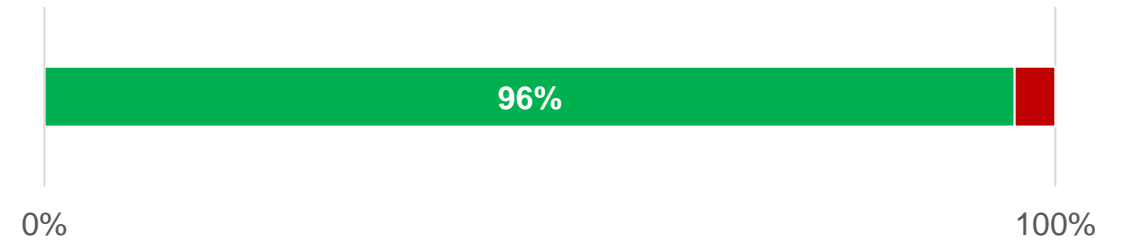
# 1. Overview: Delivery performance back on track

After supply chain issues in 2022, V-ZUG is back to unrestricted delivery capability since February 2023

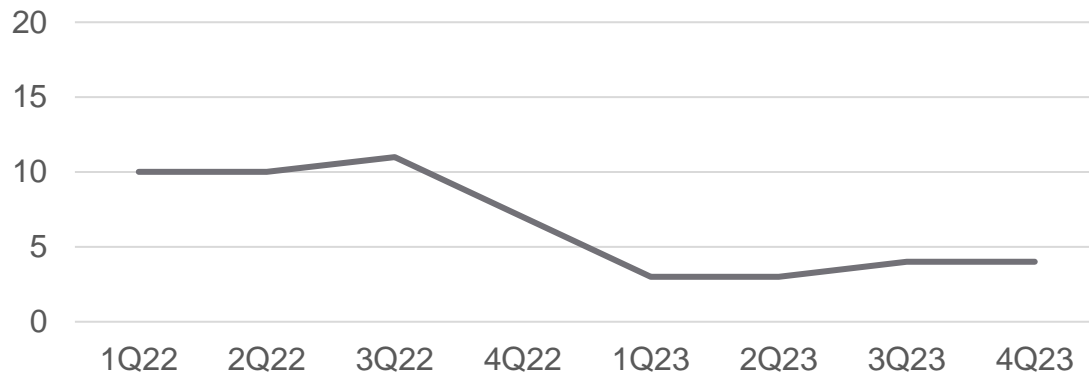
Readiness as wished FY23



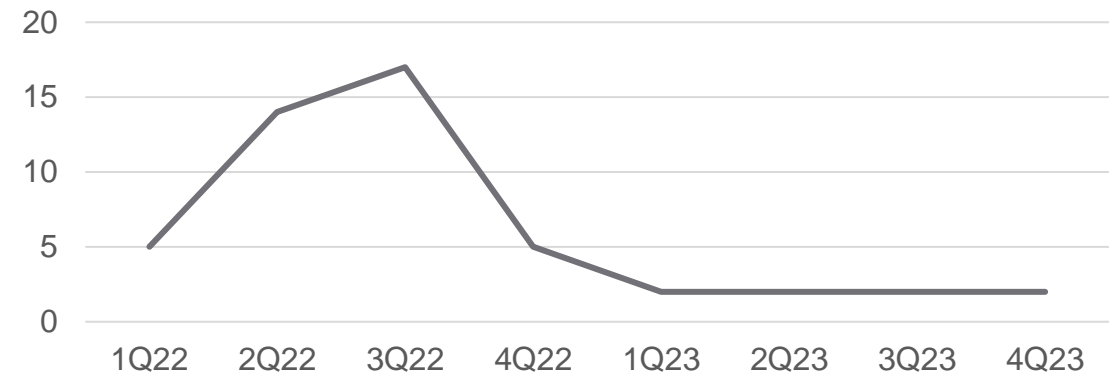
Delivery as promised – FY23



Postponement (median) in days



Delay (median) in days



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# 1. Overview: Measures to reduce operating costs

The initiative “Simplify V-ZUG” has been launched in Q2 2023 and continues to yield results

## Short-term measures – 2023

- **Temporary workforce** has been reduced based on lower volumes
- **Reduction of holiday and overtime balances**
- **Vacancies** are only selectively filled, recruitment activities by and large suspended
- **Projects** have been reprioritized

## Mid-term measures – 2023-2025

- A program to address the **structural cost base** in conjunction with a further increase of agility has been launched in Q3 2023; cost savings are going to be channeled in initiatives fostering profitable growth
- Continuous efforts to improve **gross profit**

In addition to cost-reduction measures, **marketing and sales efforts** have been increased.

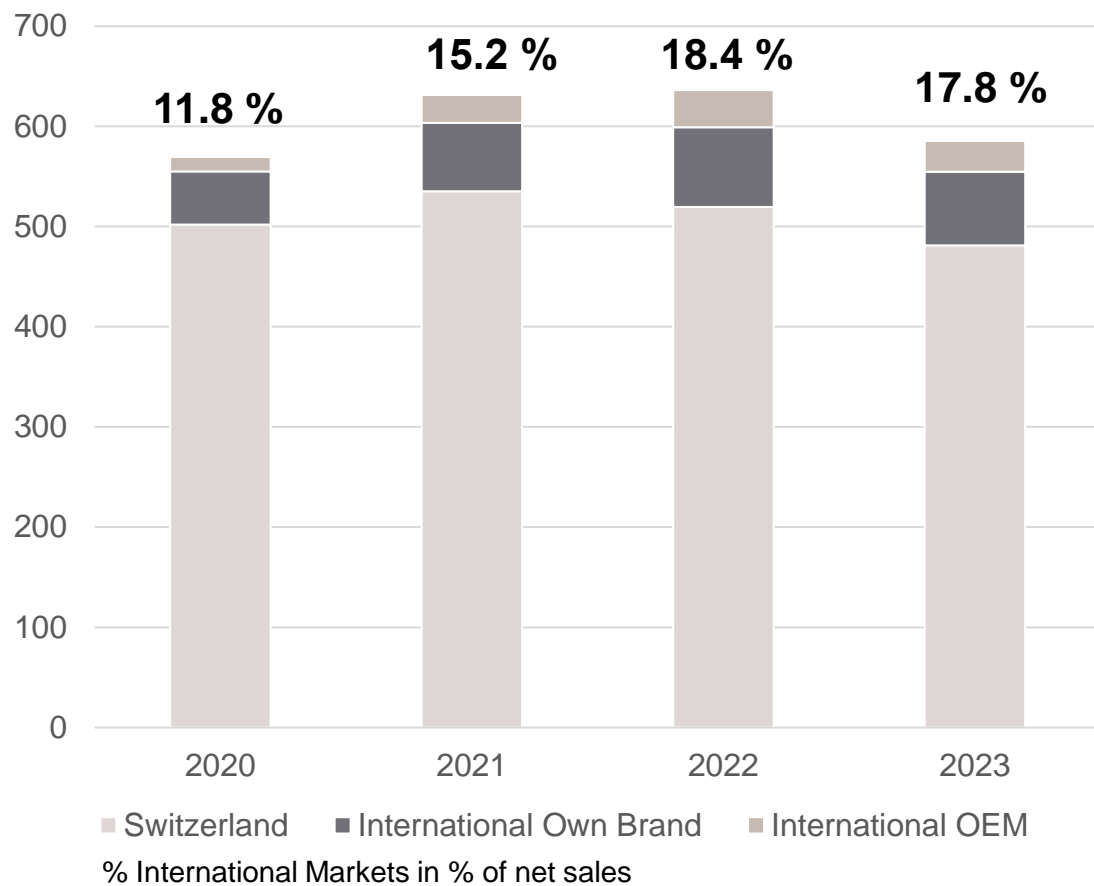
**Brand and products are well positioned** to benefit from a market recovery; in Switzerland as well as in International Markets.



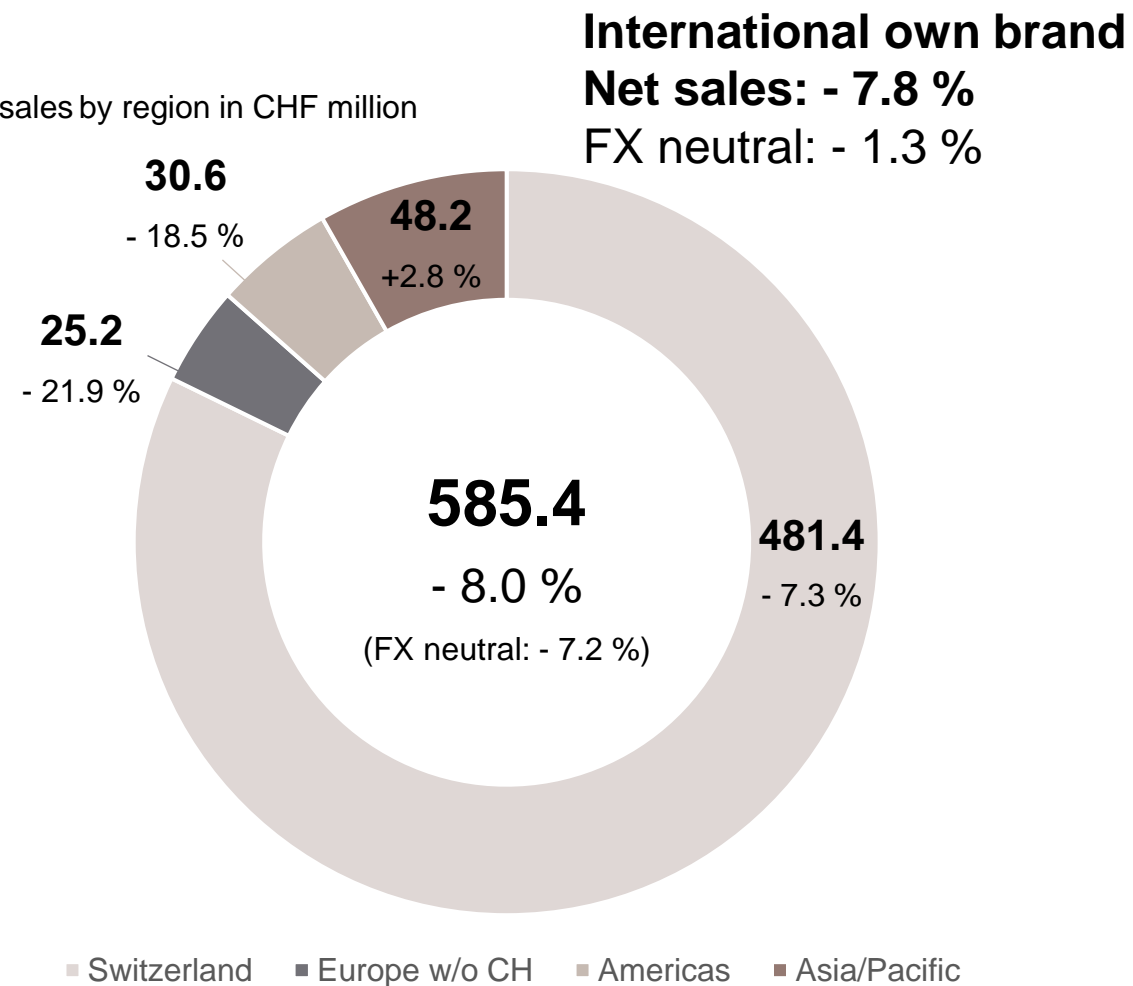
# 1. Overview: Net sales development

Share of International Markets lower due to Europe and OEM business

Net sales in CHF million



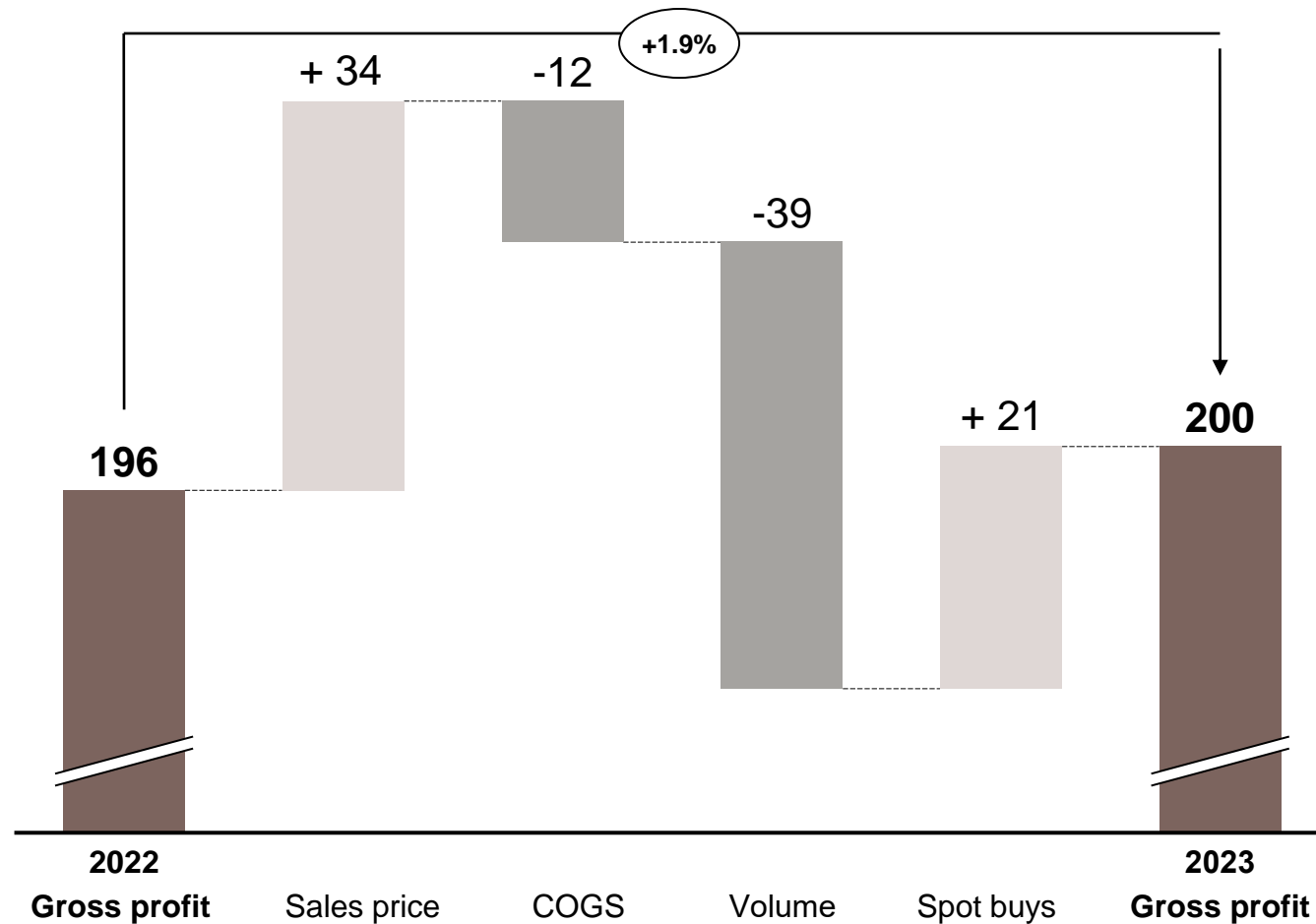
Net sales by region in CHF million



# 1. Overview: Gross profit improved

Sales price increase and less spot buys compensate lower volumes and higher COGS

in CHF million



## Sales Prices

- Full year impact of sales price increases in 2022 and 2023

## Volume

- Low demand due to geopolitical uncertainties, increased interest rates and inflation leading to low customer mood
- Destocking by trade partners during 2023

## COGS / Spot buys

- Full year impact of purchase price increases between 2022 and 2023; stabilizing during 2023
- Increased inventory valuation adjustment
- No more use of spot buys as of March 2023

The deviation figures to prior year are approximations and must be understood in terms of magnitude.

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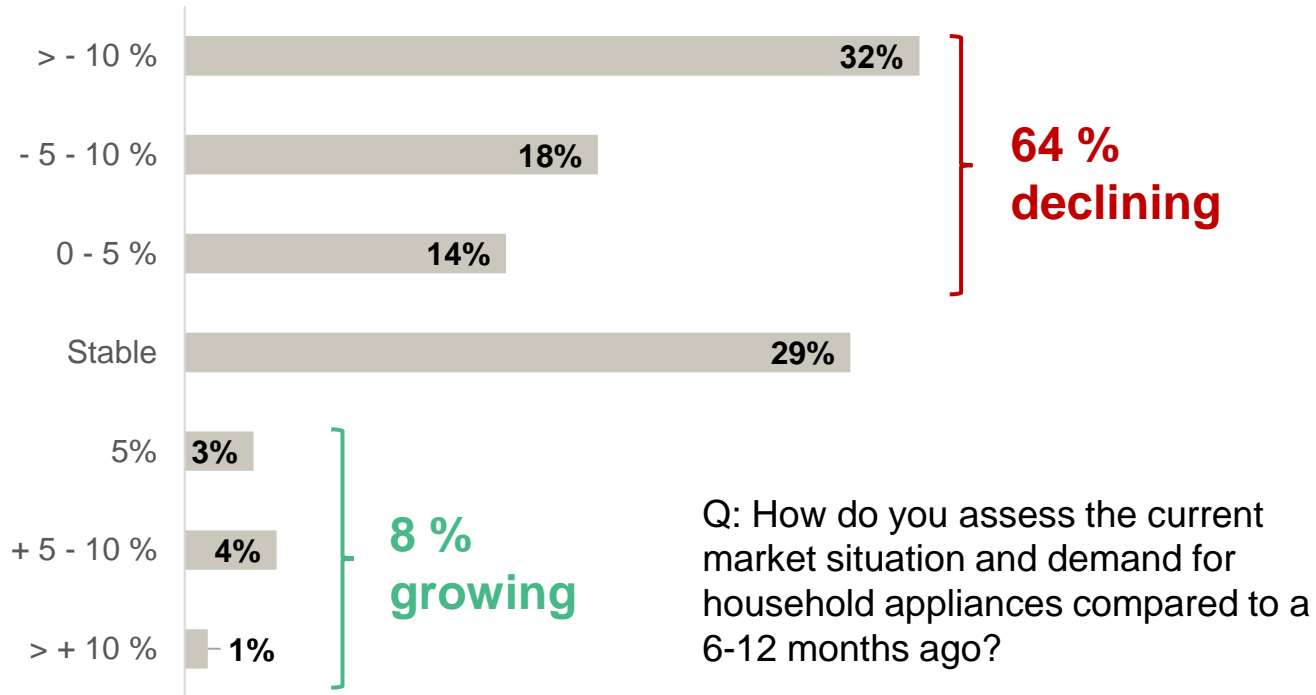
1. Overview
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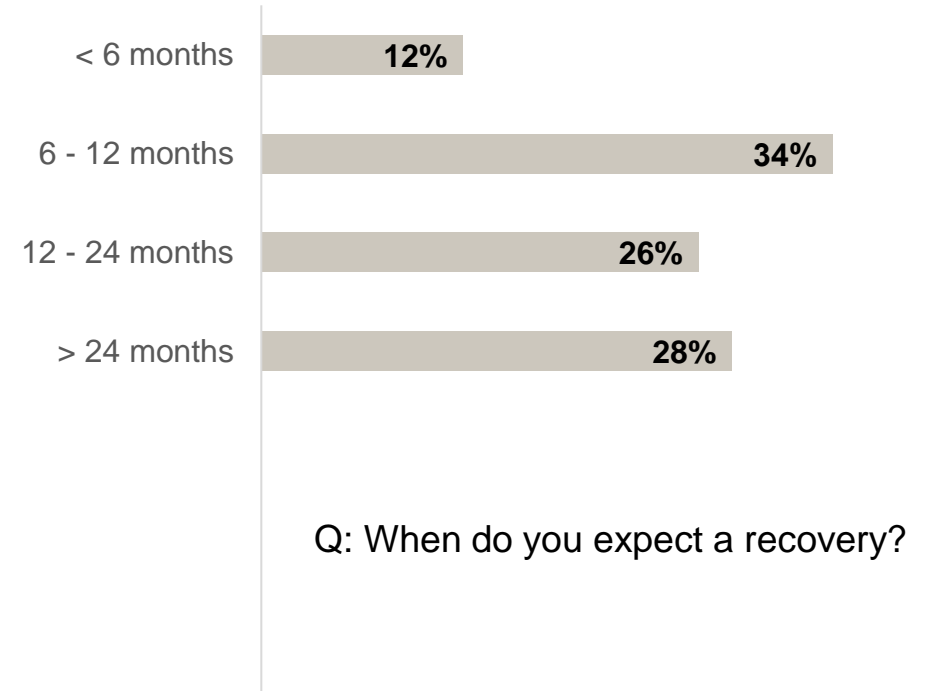
## 2. Low demand: Trade partners expect recovery in 2025

B2B Survey: Trade partners offer valuable insights into market development

### Demand: Growth dynamic, Nov 2023



### Recovery: Expected time span, Nov 2023



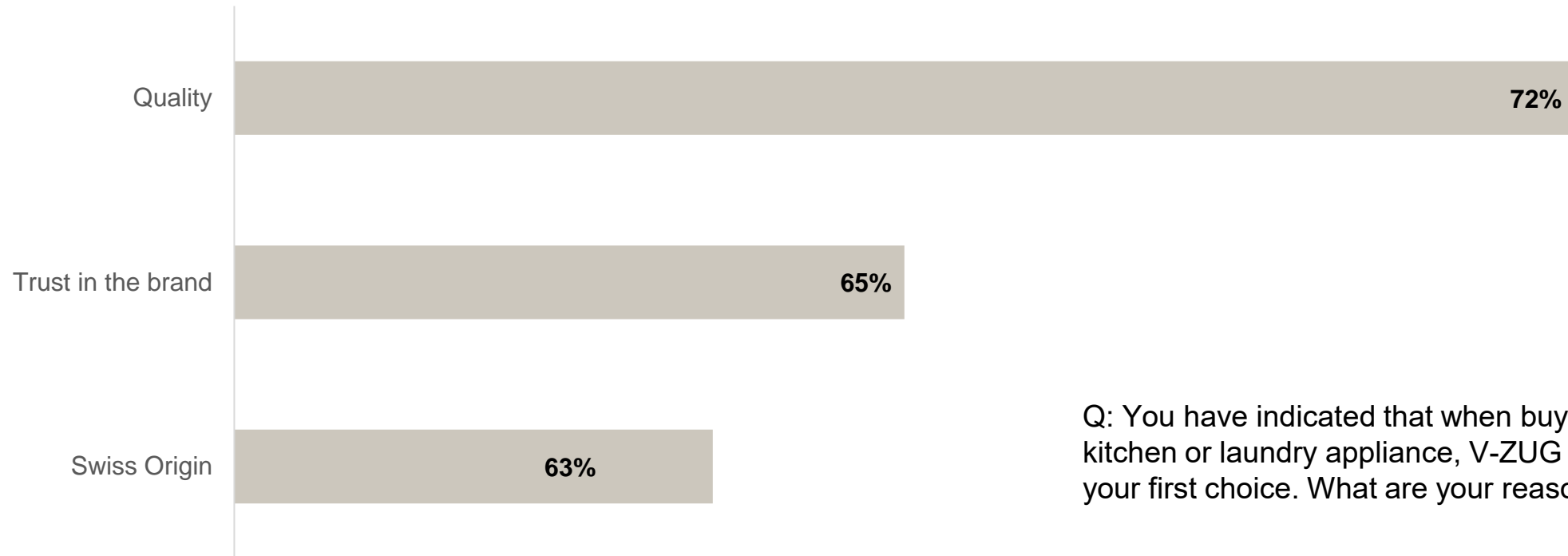
Online survey with language-assimilated partners from the German, French and Italian-speaking parts of Switzerland conducted in November 2023, n=79 participants.



## 2. Reason to buy: End consumers perception of V-ZUG

Brand Monitor: For end consumers, quality is the most relevant reason, followed by hard-to-copy attributes

### V-ZUG is the first choice due to...



Q: You have indicated that when buying a kitchen or laundry appliance, V-ZUG would be your first choice. What are your reasons for this?

Online survey with language-assimilated people from the German, French and Italian-speaking parts of Switzerland conducted in November 2023, n=494.

## 2. Reviving demand: Delivering desirable and unique products

In a stagnating market, V-ZUG focusses on high-value offers towards customer

CombiSteamers and ovens



New cooling platform



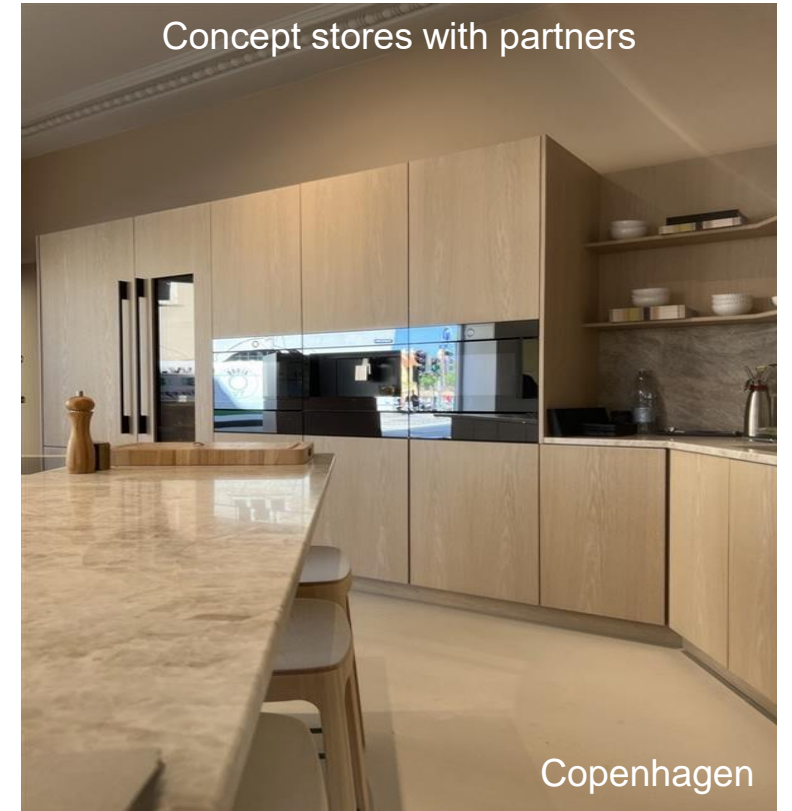
Washing machines Adora



V-ZUG makes sure that differentiation is understood by end customers, from awareness to purchase decisions / actions. In 2023, the entire sales force has been trained to better convey V-ZUG's differentiating factors. The differentiated and Swiss-made product ranges have all conquered market share in value in 2023.

## 2. Transforming spaces, inspiring minds: Impactful showrooms

Further complementing our market presence

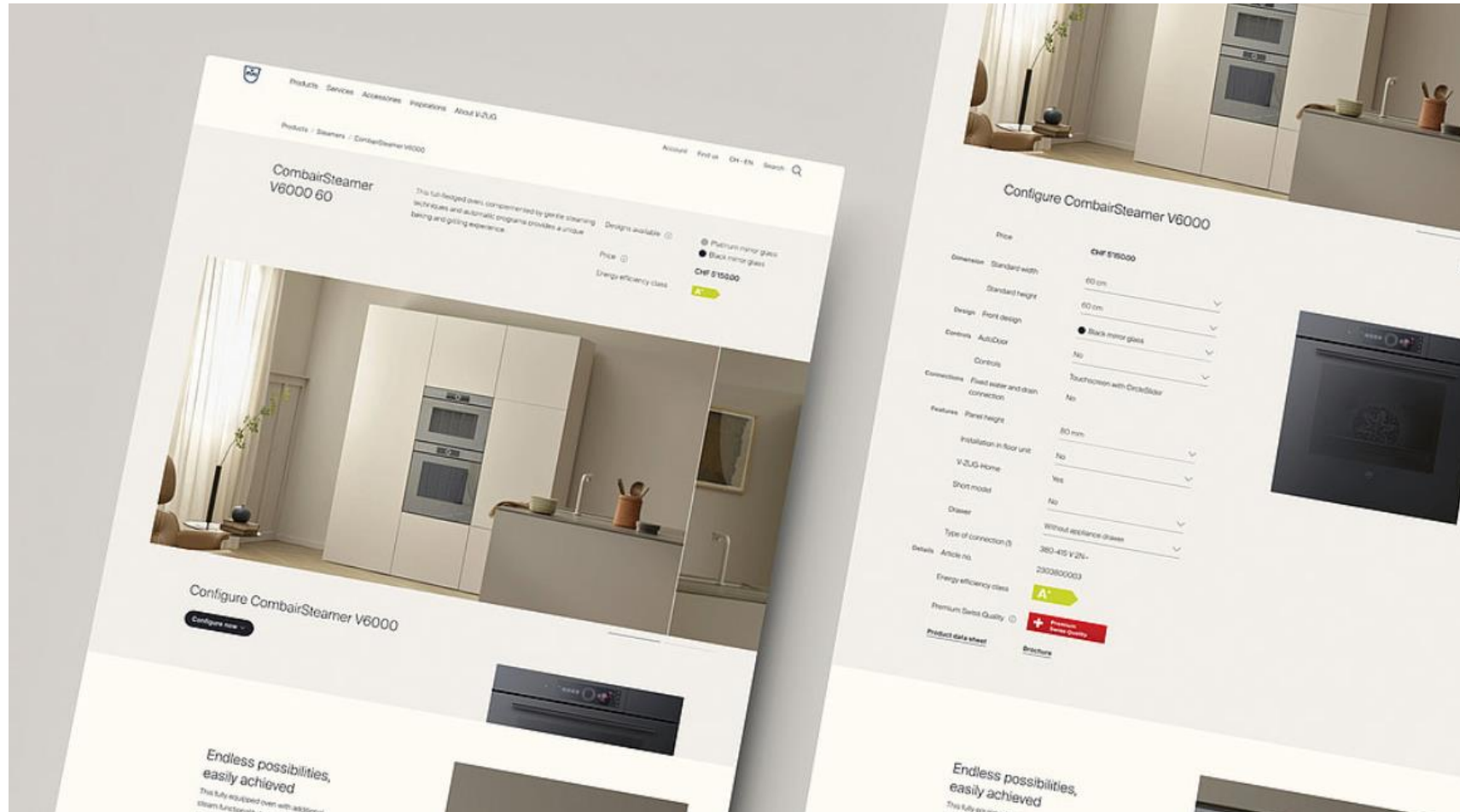


## 2. Inspiring in the Digital Realm: Website relaunch in April 2023

Not only did we receive the Red Dot Award, which is a welcome appreciation from the design community...



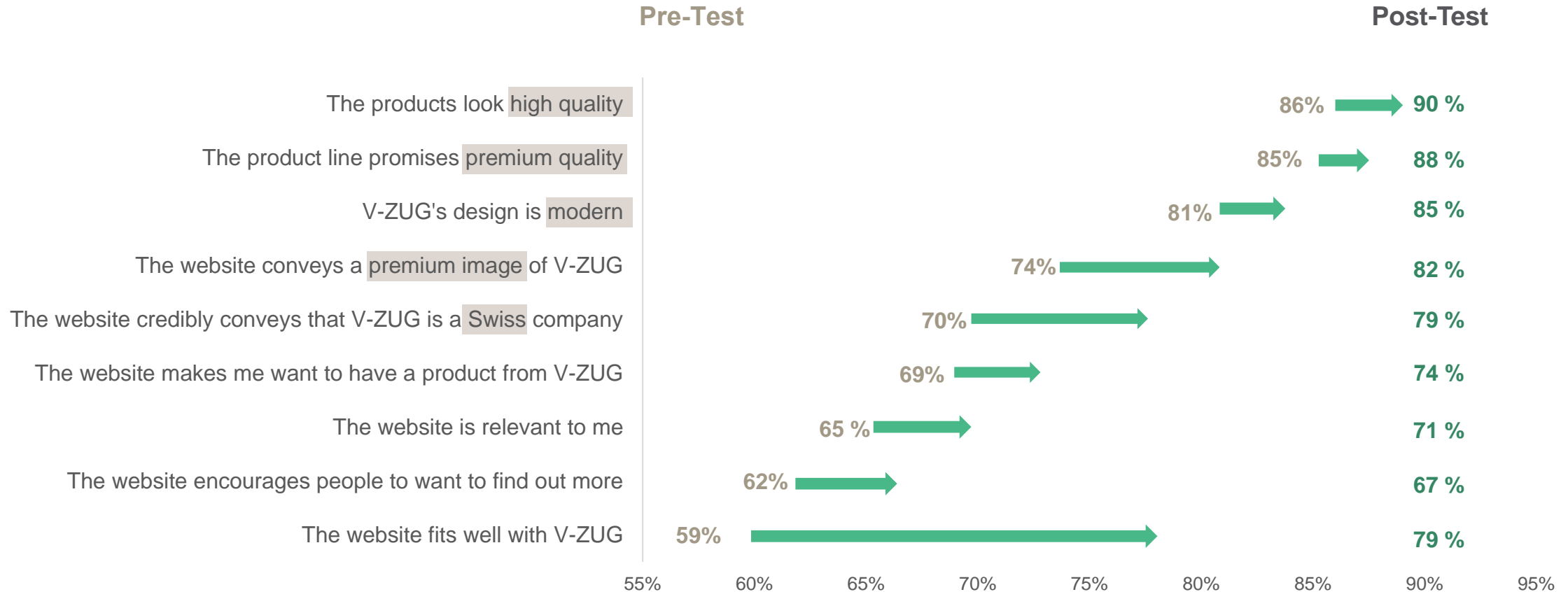
reddot winner 2023





## 2. Website relaunch in April 2023

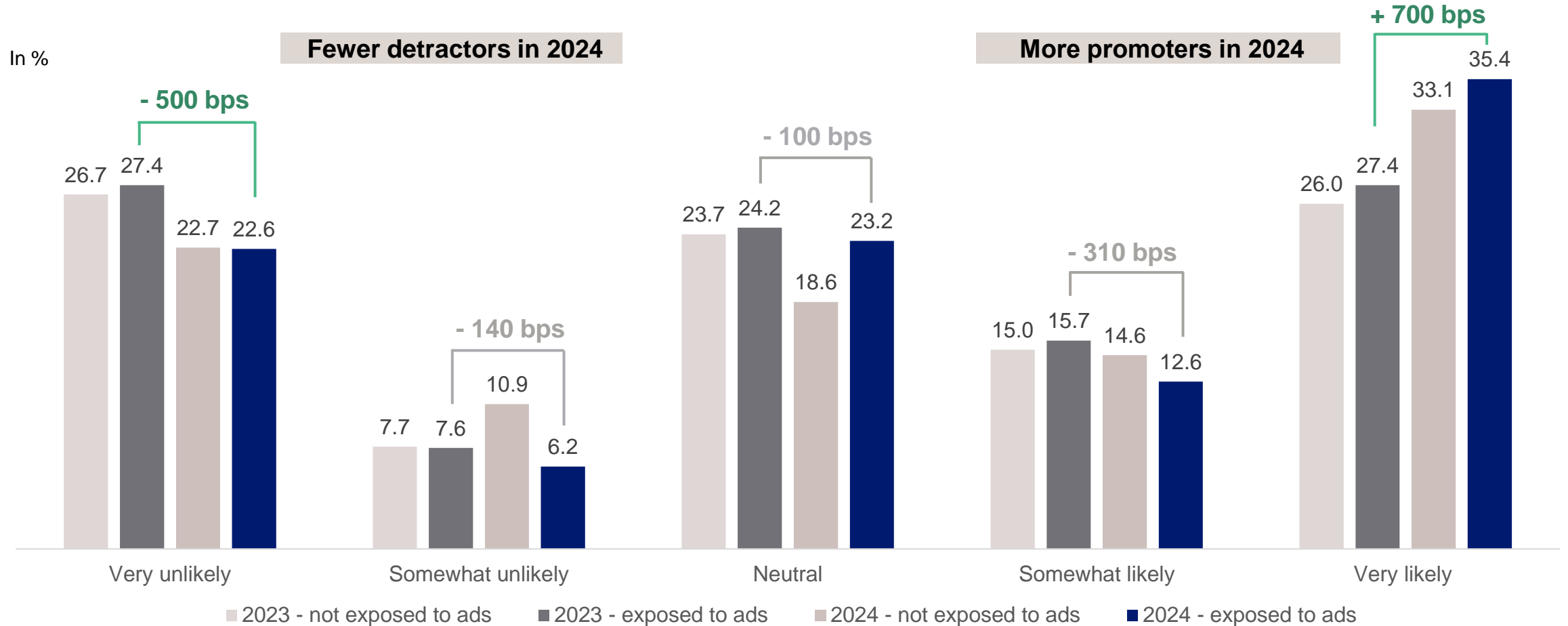
... the new website is also perceived well by Swiss customers – while supporting our positioning



Q: If you now think overall about V-ZUG's appearance on the website, please indicate to what extent the following statements are true in your opinion. Basis: n=136 (Pre-Test), n=190 (Post-Test)

## 2. Inspiring through advertising: Capitalizing on differentiating factors

The advertisement strategy, which capitalizes on key differentiating factors quality, brand and swissness, has significantly increased the number of customers “very likely” to consider V-ZUG and decreased the number of those “very unlikely” to do so.





## 2. Investment in new production facility in Zug

April 2023





Dezember 2023

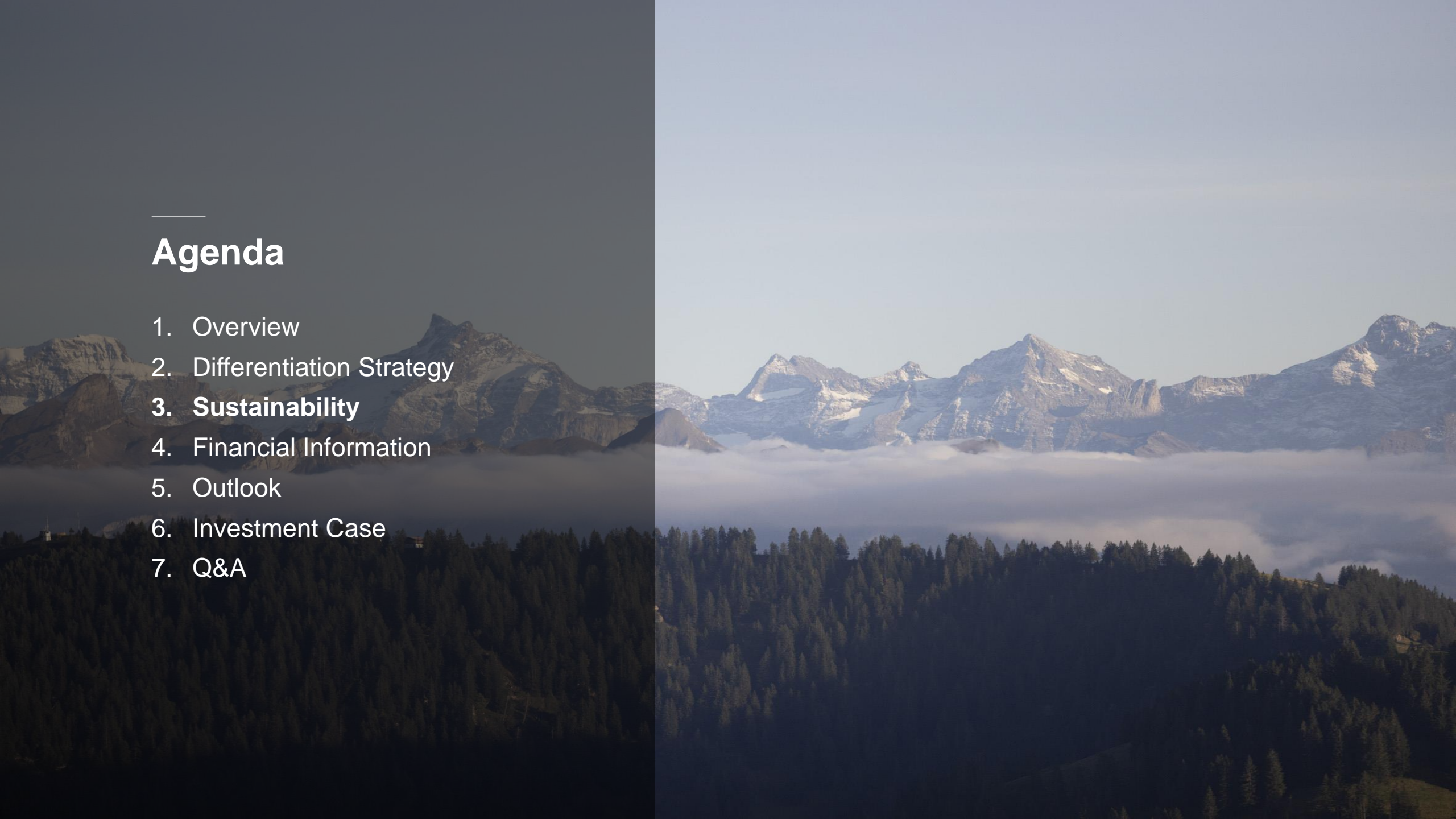




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### 3. Real-life example: Circular factory

#### Setting up a pilot factory

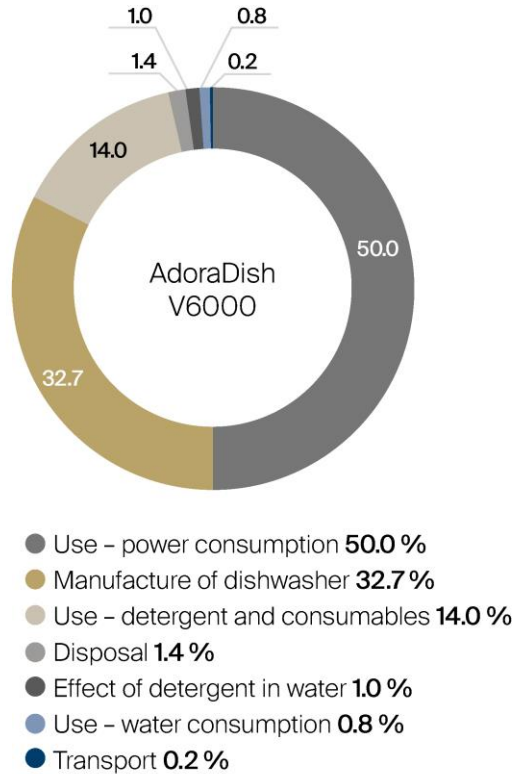
- Traditionally a material-intensive business model
- Driving forward the transformation from recycling to a circular economy (→ reducing the environmental footprint)
- Dismantling of appliances unlocks opportunities for V-ZUG and benefits the environment (Example: counterweight washing machine)
- Complementary to business models «Product as a Service» and «Second Life»



### 3. Real-life example: Transparency through life cycle assessments

Measure environmental footprint – internal: base for targeted reduction – external: data for stakeholders

Product life cycle assessment in %



Product life cycle assessment (cradle to grave), "AdoraSpülen V6000" in ecopoints (EPs): Total 2.60 million EPs / comparison in CO<sub>2</sub> emissions: Total 0.83 t CO<sub>2</sub> (distribution of CO<sub>2</sub> and EPs varies)





### 3. Real-life example: low CO<sub>2</sub> emission steel

Partnering with suppliers reduces emissions, too

- Use of low CO<sub>2</sub> emission steel:  
93 % fewer emissions than industry average,  
> 95 % recycled content
- Reduces CO<sub>2</sub> footprint in Scope 3 (indirect emissions, purchased goods)
- Additional costs financed by CO<sub>2</sub> fund over 2 years
- Supports premium positioning





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### 3. Real-life example: Smart Work

Increased productivity, less environmental impact

- Skilled labour shortage → calls for being an attractive employer
- Smart Work:
  - Compatibility of private and business life (work from home based on team charter)
  - Mobility concept at the Zug site supports public/non-motorized transportation (side effect: 23% less car parking spaces needed compared to 3 years ago)
- Other advantages:
  - Occupational safety increased (15% fewer accidents)
  - In addition: 89 apprentices in 10 different professions



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## 4. Financial information 2023

### V-ZUG Group – Key figures full year comparison

in CHF million	FY23	FY22	△
Net sales	<b>585.4</b>	636.3	- 8.0 %
EBITDA	<b>48.6</b>	42.7	14.0 %
EBITDA in % of net sales	<b>8.3 %</b>	6.7 %	160 bp
Operating result (EBIT)	<b>16.8</b>	10.3	63.1 %
EBIT in % of net sales	<b>2.9 %</b>	1.6 %	130 bp
Free cash flow	<b>18.2</b>	- 52.2	n.m.
ROCE in % <sup>1)</sup>	<b>3.8 %</b>	2.4 %	140 bp

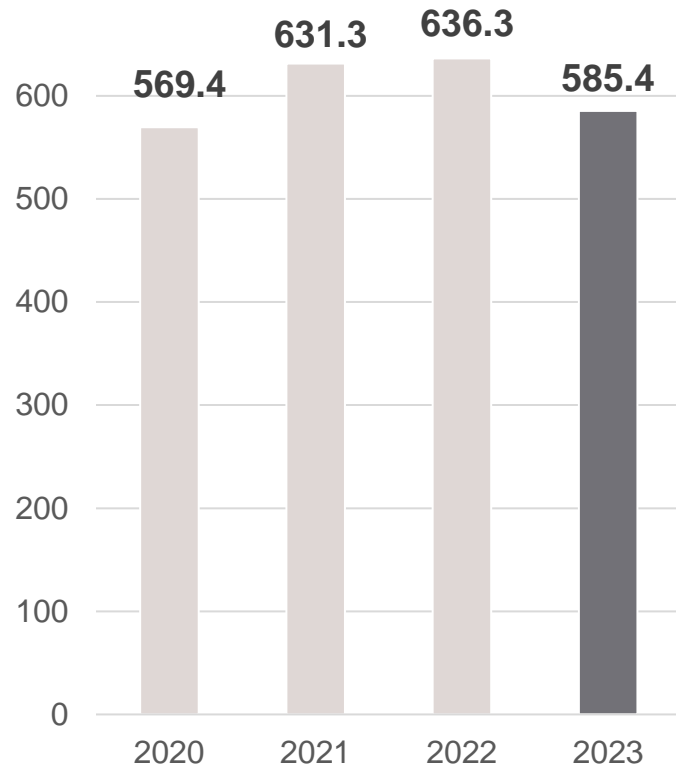
<sup>1)</sup> EBIT of last 12 months / weighted capital employed  
(extended net working capital + fixed assets + operating cash - provisions)

- **Lower net sales** due to low volumes, partly compensated by higher sales prices:
  - Restrained market environment
  - Destocking activities of trade partners
  - Lower market demand due to base effect (after pandemic-related boom) and delays in building permit processes
 → FX-neutral: - 7.2 %
- **Improved EBITDA and EBIT** thanks to
  - Improved gross profit margin mainly due to sales price increase and spot buys situation normalized as of March 2023
  - Measures to reduce structural cost
- **Free cash flow** improved substantially thanks to high cash flow from operating activities and despite ongoing investments in site transformation
- **ROCE** improved due to higher EBIT

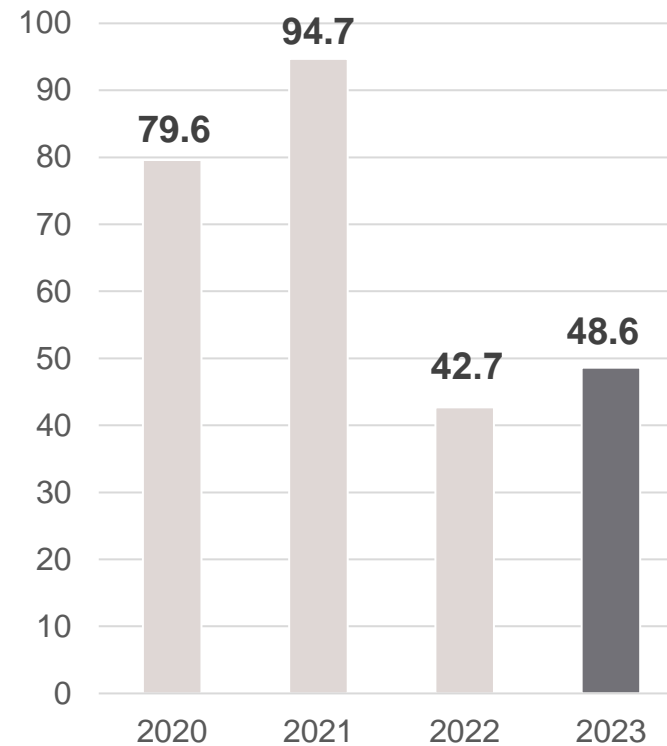
## 4. Financial information 2023

V-ZUG Group – Earnings improved on a low level

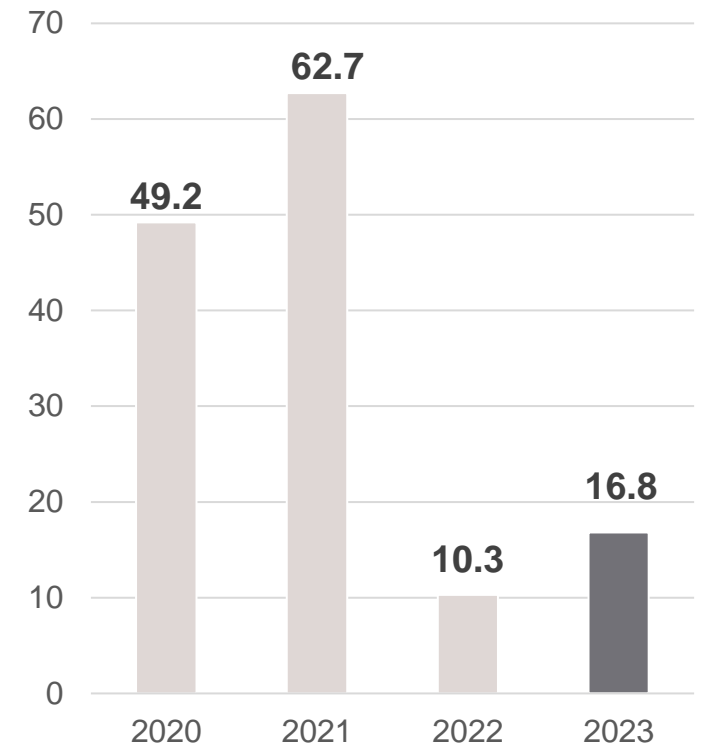
**Net sales**  
in CHF million



**EBITDA**  
in CHF million



**Operating result (EBIT)**  
in CHF million



## 4. Financial information 2023

### V-ZUG Group – Key figures half year comparison

in CHF million	2H23	1H23	△
Net sales	<b>287.3</b>	298.2	- 3.6 %
EBITDA	<b>27.2</b>	21.4	26.9 %
EBITDA in % of net sales	<b>9.5 %</b>	7.2 %	230 bp
Operating result (EBIT)	<b>11.7</b>	5.1	128.8 %
EBIT in % of net sales	<b>4.1 %</b>	1.7 %	240 bp
Free cash flow	<b>25.7</b>	- 7.5	n.m.

- Net sales lower in 2H23 due to
  - 1H23 was supported by reduction of order backlog related to 2022
  - High sales to international OEM partner in 1H23; almost no sales in 1H23
- Profitability improved in 2H23 due to
  - Higher gross profit margin due to no more spot-buys and consistent sales pricing
  - Implementation of measures to reduce structural cost



## 4. Financial information 2023

Household Appliances segment – Key figures full year comparison

in CHF million	FY23	FY22	△
Net sales	<b>585.4</b>	636.3	- 8.0 %
Operating result (EBIT)	<b>12.3</b>	5.6	117.7 %
EBIT in % of net sales	<b>2.1 %</b>	0.9 %	+ 120 bp
ROCE in % <sup>1)</sup>	<b>4.9 %</b>	2.2 %	+ 270 bp

- Net sales Switzerland: CHF 481.4 million, - 7.3 %
- Net sales International: CHF 104.1 million, - 10.9 %
  - International own brand: CHF 73.5 million, -7.8 %;  
FX-neutral - 1.3 %  
Solid growth in China and South-East Asia weighted down by restrained customer sentiment elsewhere, especially in Germany and Australia
  - International OEM: CHF 30.6 million, -17.6 %
- Gross profit margin improvements and cost measures paying off

<sup>1)</sup> EBIT of last 12 months / weighted capital employed  
(extended net working capital + fixed assets + operating cash - provisions)

## 4. Financial information 2023

Real Estate segment – Key figures full year comparison

in CHF million	FY23	FY22	△
Net sales	–	–	–
Operating result (EBIT)	<b>5.9</b>	5.9	0.2 %
ROCE in % <sup>1)</sup>	<b>3.1 %</b>	3.4 %	- 30 bp

- The Real Estate segment primarily encompasses V-ZUG's production sites
- Stable EBIT development
- Lower ROCE due to higher weighted capital employed

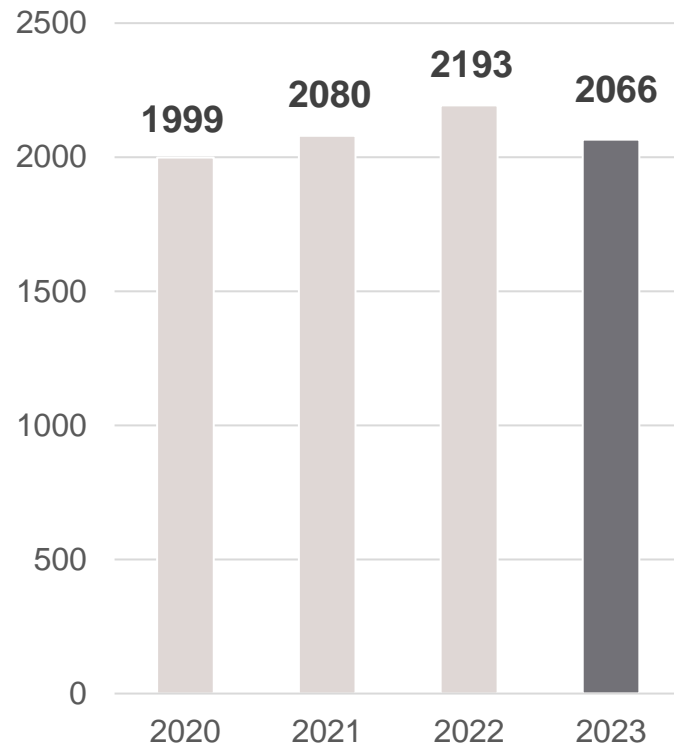
<sup>1)</sup> EBIT of last 12 months / weighted capital employed  
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## 4. Financial information 2023

V-ZUG Group – FTE decrease mainly in operations, continuous high investments

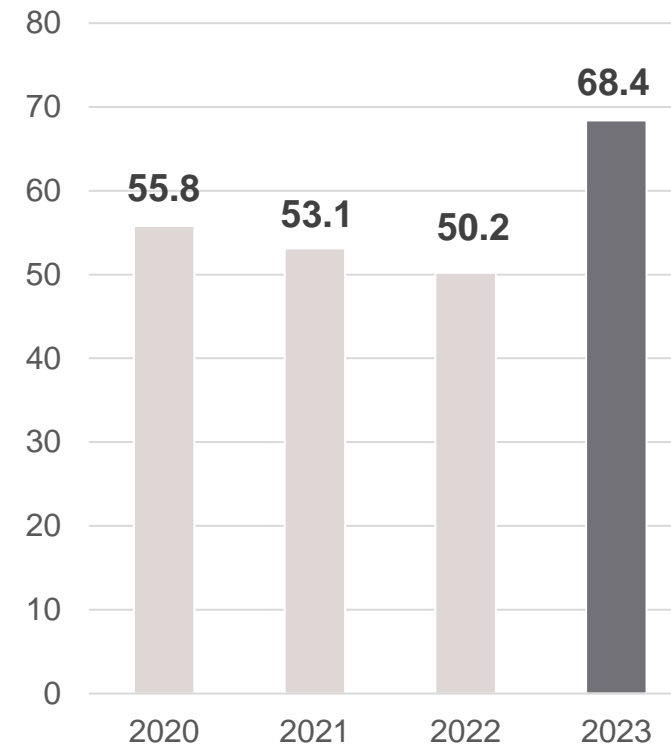
### Total FTEs

as of 31 December 2023 incl. temps



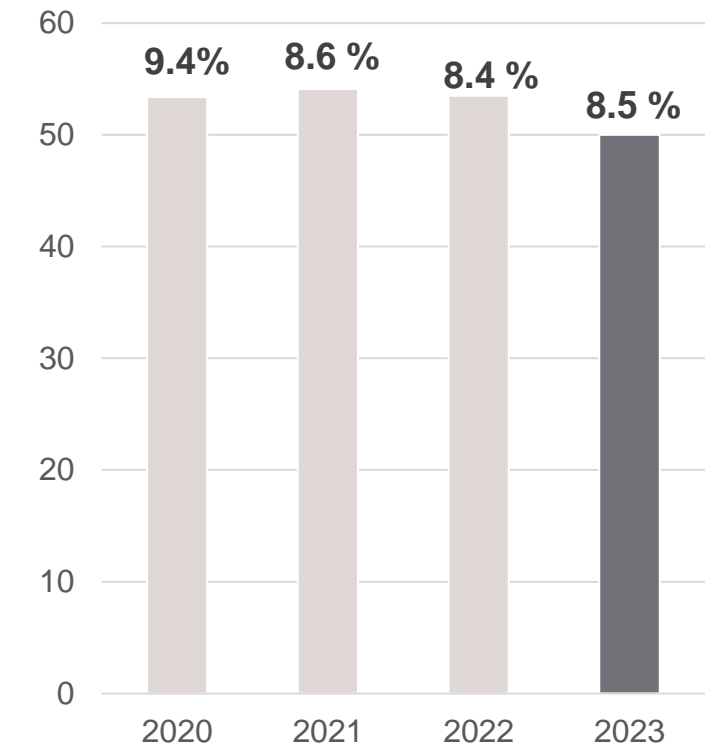
### CAPEX

in CHF million



### R&D expenses\*

in CHF million and % of net sales



- R&D expenses are restated to reflect the change from income statement by nature to Income statement by function. The figures for the previous years have been adjusted to improve comparability (cost-of-sales method). Under this statement, depreciation of special tools is not part of R&D.

## 4. Financial information 2023

### V-ZUG Group – Cash flow statement

in CHF million	FY23	FY22
<b>Cash flow from operating activities</b>	<b>80.5</b>	1.0
▪ of which taxes paid	- 1.3	- 6.1
<b>Cash flow from investing activities</b>	<b>- 62.3</b>	- 53.3
▪ of which investments in tangible assets	- 58.3	- 44.9
▪ of which investments in intangible assets	- 4.7	- 4.7
<b>Cash flow from financing activities</b>	<b>- 0.1</b>	0.1
▪ of which dividend	–	–
Currency translation effects	- 1.6	- 0.6
<b>Change in “net cash &amp; cash equivalents”</b>	<b>16.5</b>	- 52.8
<b>Free cash flow</b>	<b>18.2</b>	- 52.2

- Operating cash flow improved markedly vs. prior year mainly due to:
  - Reduction of net working capital; predominantly of trade receivables as well as of inventory levels at the main production sites in Zug and Sulgen
  - Consistent focus on cash management
- Continued investments in site transformation

## 4. Financial information 2023

### V-ZUG Group – Balance sheet

in CHF million	31.12.2023	<i>in %</i>	31.12.2022	<i>in %</i>
Cash and cash equivalents incl. securities	81.0	13.1	64.5	10.6
Other current assets	156.9	25.3	190.7	31.4
<b>Current assets</b>	<b>237.8</b>	<b>38.4</b>	<b>255.2</b>	<b>42.0</b>
Tangible assets	348.3	56.2	313.4	51.6
Financial and intangible assets	33.4	5.4	38.3	6.3
<b>Fixed assets</b>	<b>381.7</b>	<b>61.6</b>	<b>351.7</b>	<b>58.0</b>
<b>Total assets</b>	<b>619.5</b>	<b>100.0</b>	<b>606.8</b>	<b>100.0</b>
Financial liabilities	–		–	
Other liabilities	155.6	25.1	153.0	25.2
<b>Total liabilities</b>	<b>155.6</b>	<b>25.1</b>	<b>153.0</b>	<b>25.2</b>
<b>Shareholders' equity</b>	<b>463.9</b>	<b>74.9</b>	<b>453.8</b>	<b>74.8</b>
<b>Total liabilities and shareholders' equity</b>	<b>619.5</b>	<b>100.0</b>	<b>606.8</b>	<b>100.0</b>



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## 5. Outlook

### Cornerstones of V-ZUG's Strategy

- Strengthening of the V-ZUG brand
- Sharpening and expanding the market position in Switzerland
- Expansion in meaningful markets outside Switzerland - primarily in affluent metropolitan regions
- Investments into innovative product portfolio and excellent quality
- Site transformation: 60 % footprint reduction in Zug and productivity increases
- Sustainability



## 5. Product Launches 1H24 – Three Swiss-made core portfolio news

Celebrating Swiss design, engineering and manufacturing



### Dishwasher: Redefining brilliance

- Target: Gain market share with benchmark product
- Launch: February 2024
- Campaign start: February 2024
- Digital always-on advertisements, newsletter and social media push



### Cooling: First-class flexibility in food storage

- Target: Gain market share in CH and improve quality
- Launch: February 2024
- Campaign start: February 2024
- Digital always-on advertisements, newsletter and social media push



### Mid-range oven: The new Swiss classic

- Target: conquer market share in mid-market
- Launch: April 2024
- Campaign start: May 2024
- Dedicated campaign with three digital spots, always-on advertisements, newsletter and social media push

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## 5. Dividend

Proposal to AGM to not pay a dividend

The Board of Directors will propose to the Annual General Meeting to not pay a dividend for the 2023 financial year.

This is the result of an in-depth review of the situation, which is characterised by persisting market challenges and continued high investments in the site transformation in Zug.



## 5. Mid-term Targets

Mid-term targets unchanged & confirmed

	Mid-term expectation
Net sales	<b>3 %</b> annual organic growth
International net sales	<b>&gt; 10 %</b> annual organic growth
EBIT margin	<b>10 – 13 %</b>
Dividends	<b>20 to 40 %</b> pay-out ratio

Commitment to medium-term targets through investments in market development, positioning, production facilities as well as into ongoing projects to increase innovation and efficiency.





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## 6. Why invest in V-ZUG?

1

Proven ability to generate **double-digit EBIT margins**

- V-ZUG is able to sustain double-digit profitability levels
- Significantly above industry average

2

**Market leader** in Switzerland with a unique and strong position

- Exemplary brand recognition and customer loyalty
- Long-standing network with key partners
- Unmatched service network and proximity to end-customers

3

Established player in **premium segment** in selected **international markets**

- Increasing brand recognition based on positive perception of “Swiss Made”
- “Best in class” service as a distinction

4

Ongoing ability to **lead innovations** in the industry

- Committed and enthusiastic teams
- Lean and fast processes to remain leading edge

5

**Sustainability** as a key **Unique Selling Proposition**

- Quality and durability
- Timeless design
- Energy consumption
- Products as a service

Q&A



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## **Pictures:**

- Site transformation: Philippe Hubler, Cham
- Circular economy factory: Jonas Weibel, Zürich
- Others provided by V-ZUG