



# V-ZUG Group

Presentation Half-Year Closing 2020

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- ① **V-ZUG Group – Overview**
- ② Markets / Brand positioning / Channels & Markets
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- ④ Sustainability
- ⑤ Financial Information HY1 2020

# 1. V-ZUG Group – Overview

A Success Story for more than 100 years



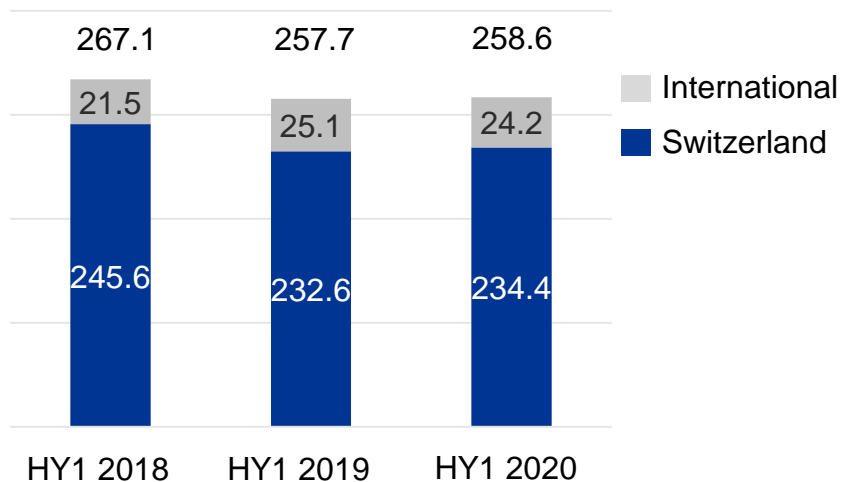
Metall Zug was founded in 1887 as a galvanizing plant. V-ZUG, founded in 1913 as “Verzinkerei Zug” with 39 employees. Today, V-ZUG employs more than 2,000 people and is market leader in Switzerland.

# 1. V-ZUG Group – Overview

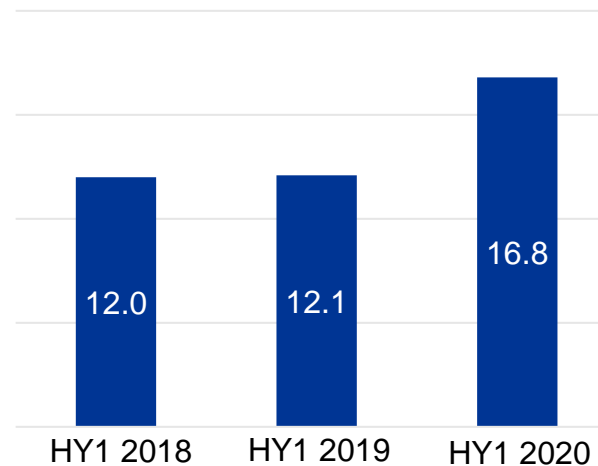
## HY1 2020 at a Glance

- Stable sales in Switzerland compared to previous year supports our leading market position
- Growing international sales with V-ZUG brand is promising and confirms we are addressing the right markets
- EBIT of CHF 12.9 million, improved by 251.2% compared to previous year. EBIT-Margin on the rise from 1.4% to 5.0%.
- Cash flow from operating activities CHF 25.4 million (HY1 2019: CHF -5.5 million)
- First half-year is normally weaker than the second half-year
- Ongoing investments in products, digital and infrastructure
- Solid balance sheet: Equity ratio 70.3%

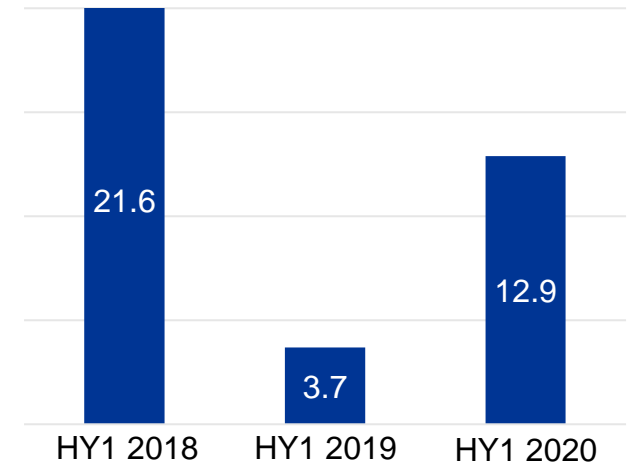
### Net sales with 3<sup>rd</sup> parties in million CHF



### International net sales with V-ZUG branded products in million CHF



### EBIT in million CHF



# 1. V-ZUG Group – Overview

## HY1 2020 at a Glance

### Markets

- Regaining trust in Swiss market due to excellent delivery quality leads to an sales increase of 0.3% despite COVID-19
- Sales of V-ZUG branded products in international markets up by 38.7%
- OEM business in the US hurt by COVID-19 and stock reduction
- Opening of ZUGORAMA's in Beijing and Munich

### Operations

- Transformation of production site in Zug and Sulgen on track
- New press started production

### COVID-19

- Overall less impacted than originally expected
- The virus had negative effects on performance of operations but also sales activities
- 60 – 80 sales employees in short-time work for a few weeks
- Considerable uncertainty in outlook for HY2 2020 as well as for mid- and long-term range due to COVID-19

### Innovation & Sustainability

- New dish washer ADORA with record breaking low energy consumption won Plus X-Award as best product of the year
- Implementation of Mobility Concept in Zug to promote sustainable behaviour

# 1. V-ZUG Group – Overview

Reporting Segment: Household Appliances HY1 2020



Kitchen: CHF 166.3 million



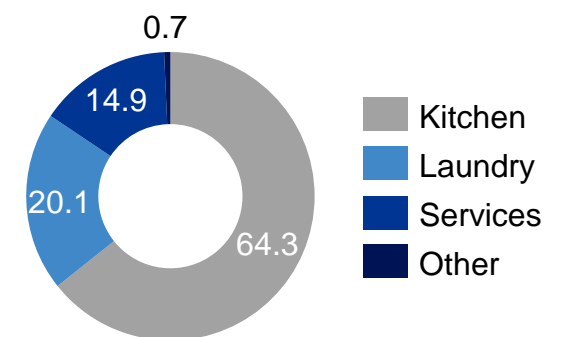
Laundry: CHF 52.0 million



Service & Others: CHF 40.3 million

- Swiss market leader in innovative and high-quality household appliances for the private kitchen and laundry
- Leading in design, comprehensive and user-friendly functionalities, as well as water and energy consumption (sustainability)
- First class service as a unique and strategic attribute offering outstanding response time and first-time repair

% of net sales HY1 2020




# 1. V-ZUG Group – Overview

Reporting Segment: Real Estate

## Two legal entities



- V-ZUG Infra AG, Zug: 35,000 sqm operating land and buildings in Zug: Technology Cluster Zug northern area including ZUGgate, Mistral, Zephyr Hangar, Zephyr Central East (as of 2023), Zephyr Central West Compact (as of ~2026)
- MZ Infra AG, Sulgen: 52,000 sqm operating land and buildings in Sulgen, incl. buildings let to Belimed AG



 Land and buildings of V-ZUG in the city of Zug as part of Technologycluster Zug



Land and buildings of MZ Infra in Sulgen

 24,000 sqm for V-ZUG refrigerators  
 28,000 sqm for Belimed sterilizers

# 1. V-ZUG Group – Overview

Reporting Segment: Real Estate

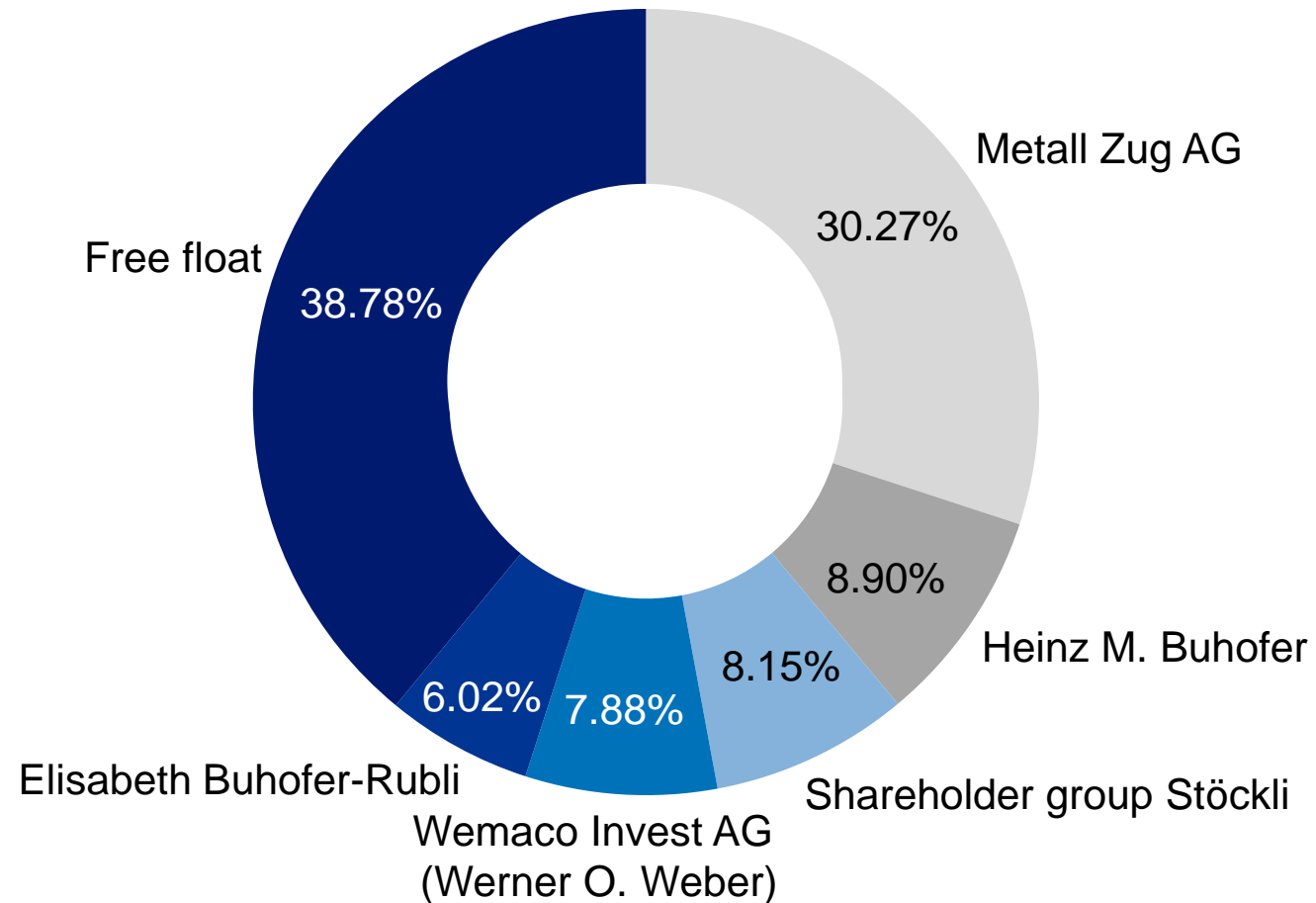
## Reasons for disclosing a reporting segment “Real Estate”

- Increase transparency
  - by separated performance of “Household appliances” and “Real Estate”
  - of costs and investments of real estate business
  - leads to higher awareness for value and cost of land and buildings
- Optimize checks & balances by separating «user» and real estate «provider / facility manager» function, leading to
  - optimized investments
  - optimized utilization of buildings and land
- Professional management of real estate segment through Tech Cluster Zug AG (Metall Zug Group)



# 1. V-ZUG Group – Overview

V-ZUG Holding AG: Shareholder structure per 25 June 2020 (no substantial adjustments)



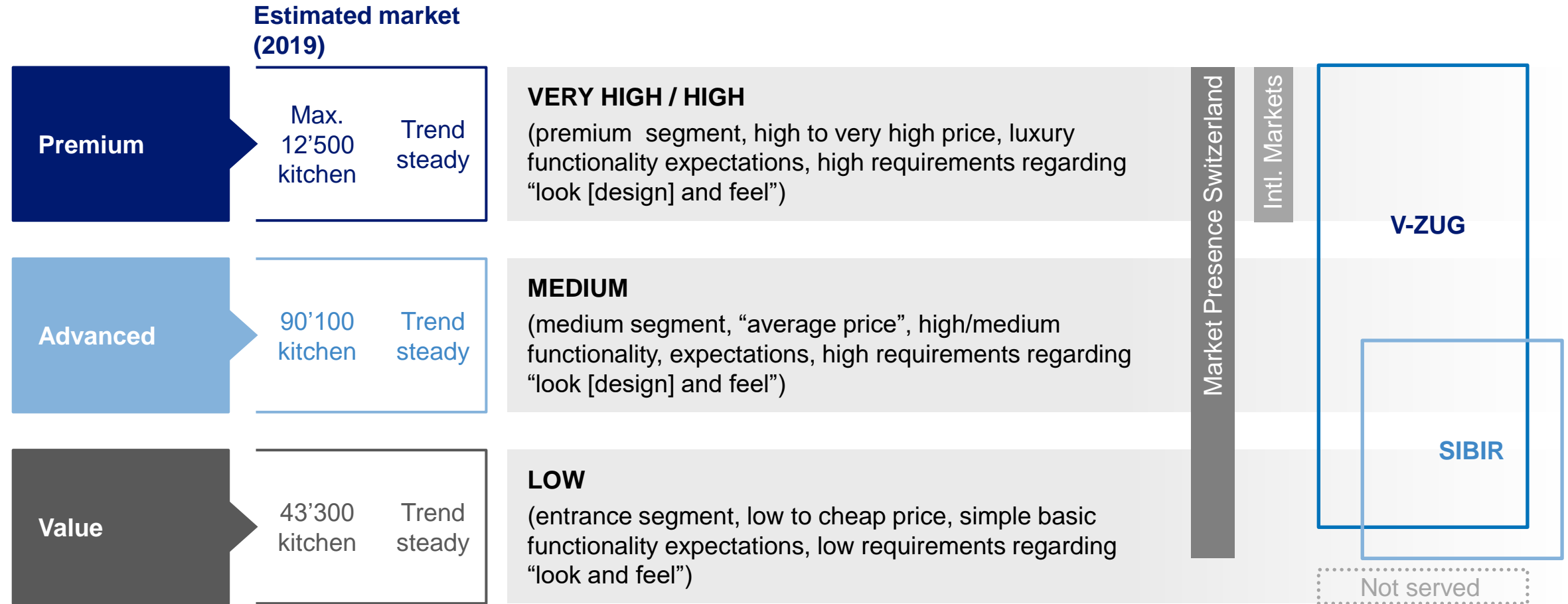
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## 2. Markets

### Market and Potential: Switzerland (incl. Positioning in International Markets)

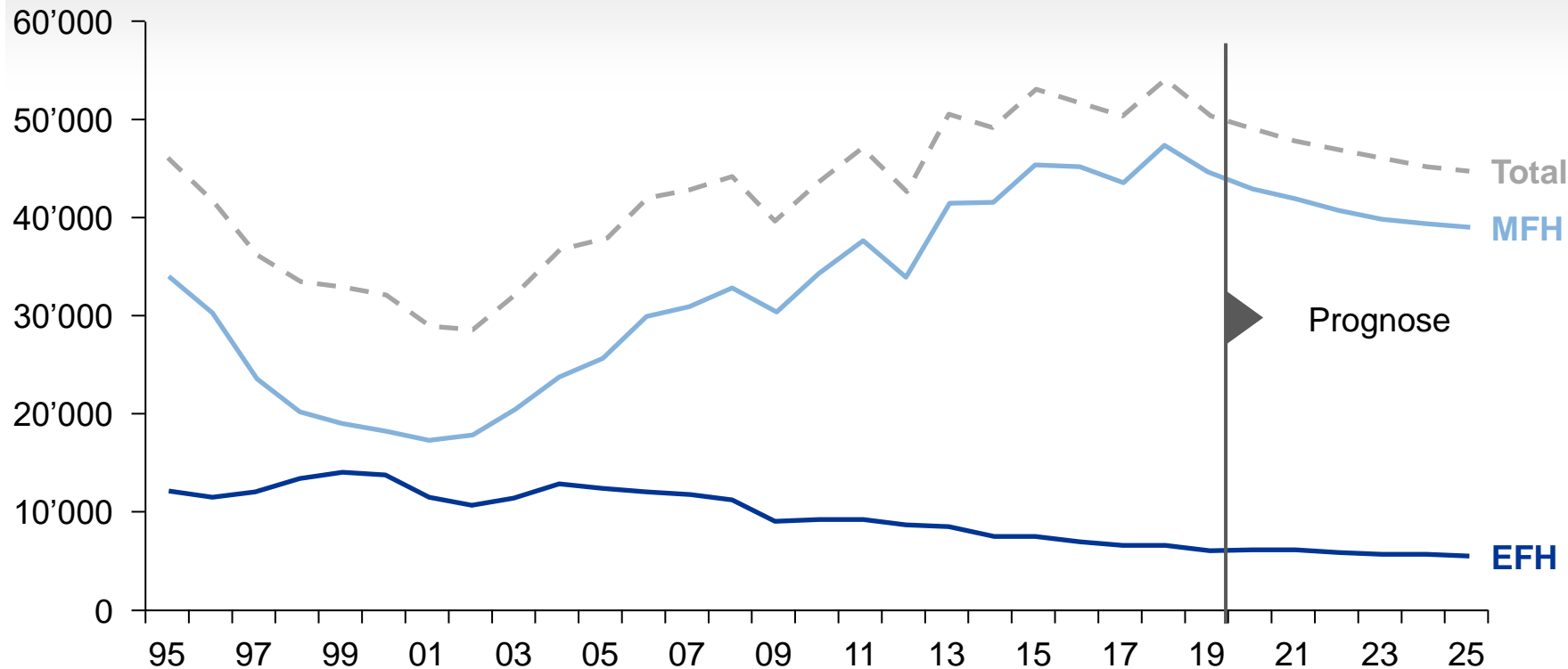


Source: Kitchen Market Study – Wüst & Partner, 2017

## 2. Markets

Switzerland: BAK Building forecast: until the year 2025

Forecast: No. of new build flats per year in a long-term comparison and forecast



The main drivers of demand are:

- New built flats
  - Refurbishments
  - Replacements
- Approx. 1/3 each

New build flats are expected to decline slightly but are still on a high level.

## 2. Markets

### Switzerland: Highlights

#### Market

- Solid market forecast despite slight decline in new build flats as refurbishment and replacements will maintain momentum

#### Product Range

- Competitive product range (laundry / kitchen) serving full range (built-in appliance-) market with clear market-leadership in Switzerland

#### Competitors

- Heterogeneous market with many competitors acting in the Swiss market. Main competitors are Miele, Electrolux, Bosch, Siemens, Gaggenau, Samsung (and more)

#### Service & Support

- Best-in-class Service & Support with more than 270 technicians in Swiss market for V-ZUG

#### Cooking Advice

- Approx. 50 consultants in pre and after sales (cooking workshops, home advise and more)

#### Sales Organization

- Best-in-class sales organization with strong relationships with customers (investors, kitchen builders, retailers and more) and ZUGORAMA's (showroom's) across whole Switzerland

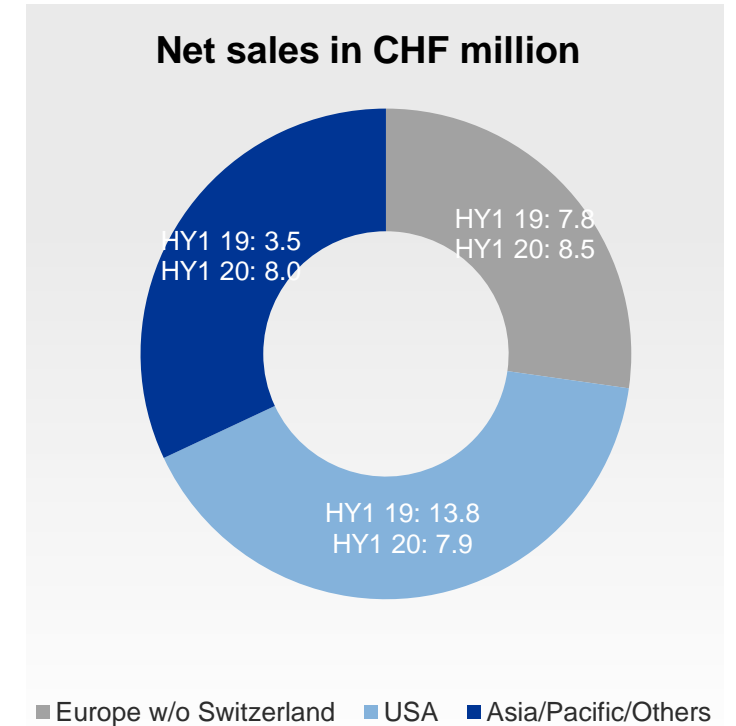
#### SIBIRGroup

- (Re-)Positioning of V-ZUG subsidiary with
  - a clear mission as multibrand service company (home appliance market) addressing mainly real estate management companies and real estate cooperatives
  - 45 technicians in the market

## 2. Markets

### International: Focus on selected markets and metropolitan areas

The international strategy is based on a focused metropolitan approach concentrating on selected markets / cities with the highest potential for a premium home appliance brand. In selected markets V-ZUG is represented with a direct presence (legal subsidiaries), in others with strong sales or OEM partner.



■ via V-ZUG Subsidiary   ■ via V-ZUG Partner

## 2. Markets

### International – Business development

- V-ZUG's international business shows a healthy annual sales growth of around 20% in average
- Highest share of growth coming from V-ZUG own branded business, across all V-ZUG key regions
- Recurring turnover with a well-established OEM customer is supporting the international business, currently with a drop due to COVID-19
- After a «seeding» phase in the past years, V-ZUG expects an increasing profitability in the coming years
- The international share in sales is expected to grow mid-term to >20% of total sales



## 2. Markets

### International – Business development: three strong sales channels

V-ZUG internationally has a targeted approach focusing on **retail business** mostly through international premium kitchen brands, **project business** and **OEM business**.

#### Retail Business

- Sales through premium international and selected local kitchen cabinet manufacturers
- Selected sales directly out of ZUGORAMA (showrooms) if requested by end users
- Sales through dedicated appliance specialist partners
- Sales through shop in shops (e.g. Lane Crawford in CN / HK)
- Sales through V-ZUG studios (e.g. specialist appliance shopping mall in Shanghai)

#### Project Business

- Sales directly to property developers in markets / cities with large high-end property developments such as: London (UK), Shanghai (CN), Beijing (CN), Hong Kong (CN), Singapore (SG), Melbourne (AU) and Sydney (AU)
- In selected cases selling through a business partner
- Highly influenced by architects and designers, therefore a key target group for marketing activities

#### OEM Business

- Design, development and production of appliances for one OEM partner in North America & International
- Family run business with similar values / size as V-ZUG and very strong presence in their US home market
- Initially started with the Combi-Steamer and now extended to other product categories
- Strong relationship to OEM partners thanks to co-development within V-ZUG core technologies

Customer Service as key sales support activity for V-ZUG own brand business.



## 2. Markets

International branding: Premium Positioning

New ZUGORAMA's in Munich and Beijing opened during HY1 2020



## 2. Markets

### International – Project Business: Macao – One Oasis



- Over 2,000 apartments in this mega project in Macao were fitted out with V-ZUG appliances over the period of 3 years with the last delivery taking place in 2020
- With over 8,000 products delivered this makes it the largest project ever delivered in V-ZUG history and shows the capacity of the company to win and manage large-scale projects worldwide
- One Oasis in Macao is the largest development of the Chinese Special Administration Region (SAR) and features a luxury hotel, restaurants and retail for their international clientele

## 2. Markets

Service & Support – a USP worldwide

- **At arm's length on the ground in Switzerland** 22 service locations
- **Over 300 own technicians in Switzerland** experience and dedication
- **250 trained technicians outside Switzerland** know-how and dedication
- **1 Intervention per service job** >90% successful at first visit
- **Direct appointment booking** 1 call / 1 mail is sufficient
- **Immediate reaction** 2 days max. urgencies same day
- **Recycling circular economy** approx. 70% of components in Switzerland are recycled (Source RUAG)



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### 3. V-ZUG: A pure play

#### Strategy: Cornerstones

##### Mission

- V-ZUG is a premium brand and a Swiss manufacturer of home appliances, offering inspiring and innovative solutions. V-ZUG's core values are reliability, perfection and sustainability.

##### Main Strategic Objectives

- Strengthen and extend market leadership in our home market Switzerland
- International expansion in selected markets

##### Value Proposition

- Full range of best-in-class built-in appliances for the 'premium' segment and 'advanced' segments for the Swiss market
- Best-in-class built-in appliances for the 'premium' segment for international markets
- Products and services guarantee perfect results for cooking and textile care. They are acknowledged top in quality, design, user experience, functionality and durability

### 3. V-ZUG: A pure play

Comprehensive and high quality offering for the private kitchen



### 3. V-ZUG: A pure play

Comprehensive and high quality offering for private Laundry



### 3. V-ZUG: A pure play

Innovations: R&D - Small enough to be successful



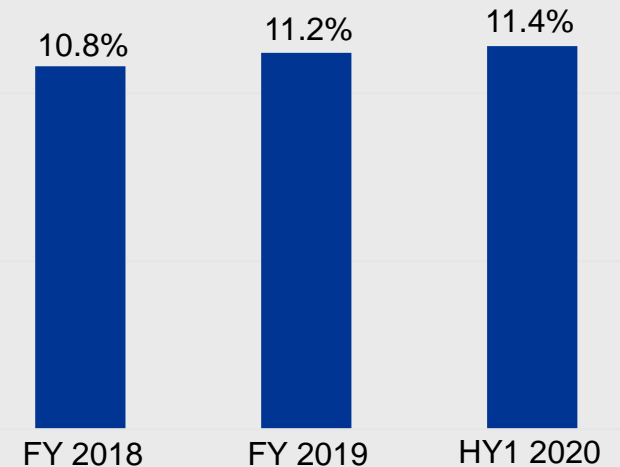
**“It is not the strongest of the species that survives, but rather, that which is most adaptable to change.”**

**People make the difference**

**235 employees**  
in R&D, design, digital products & services and V-ZUG lab  
(more than 10% of total workforce)

**R&D**

% of net sales





### 3. V-ZUG: A pure play

Innovations: R&D

#### Effective and efficient use of key competences and skills

##### Steam

- Combi-steamer: Steam cooking and steam in combination with conventional heating
- Washing machine: The steam anti-crease program sanitizes, refreshes and decreases the laundry
- Dishwasher: The steam finish programme sanitizes and makes glass shine
- Refresh Butler: Sanitizes refreshes and decreases the laundry

##### Heat pump

- Dryers
- Washing machines: World first and world unique, most efficient in the market
- Dishwashers: World first and world unique, most efficient in the market
- Refresh butler

### 3. V-ZUG: A pure play

Innovations: V-ZUG regularly presented world firsts



**2001**  
Fondue/raclette  
programme



**2004**  
Steam anti-crease  
programme



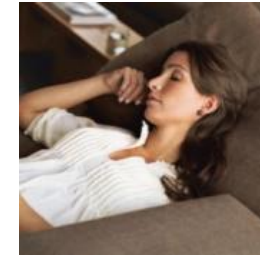
**2005**  
V-ZUG-Home



**2007**  
GourmetSteam  
programme



**2008**  
V-ZUG WetClean



**2008**  
Vibration Absorbing  
System (VAS)



**2009**  
BakeOmatic



**2012**  
SteamFinish



**2013**  
Adora SLQ WP  
washing machine



**2013**  
REFRESH-BUTLER



**2014**  
Dishwasher with  
heat pump  
technology



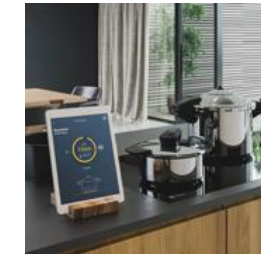
**2015**  
Combi-Steam MSLQ



**2017**  
Programme Party



**2019**  
Dual Dry



**2019**  
Guided Cooking



**2020**  
ADORA dishwasher  
OptiLift feature

### 3. V-ZUG: A pure play

Connectivity: V-ZUG invests into a connected fleet of appliances – preparing the ground

**150'000** connectable Appliances delivered per year



**WLAN/Bluetooth-Connectivity**



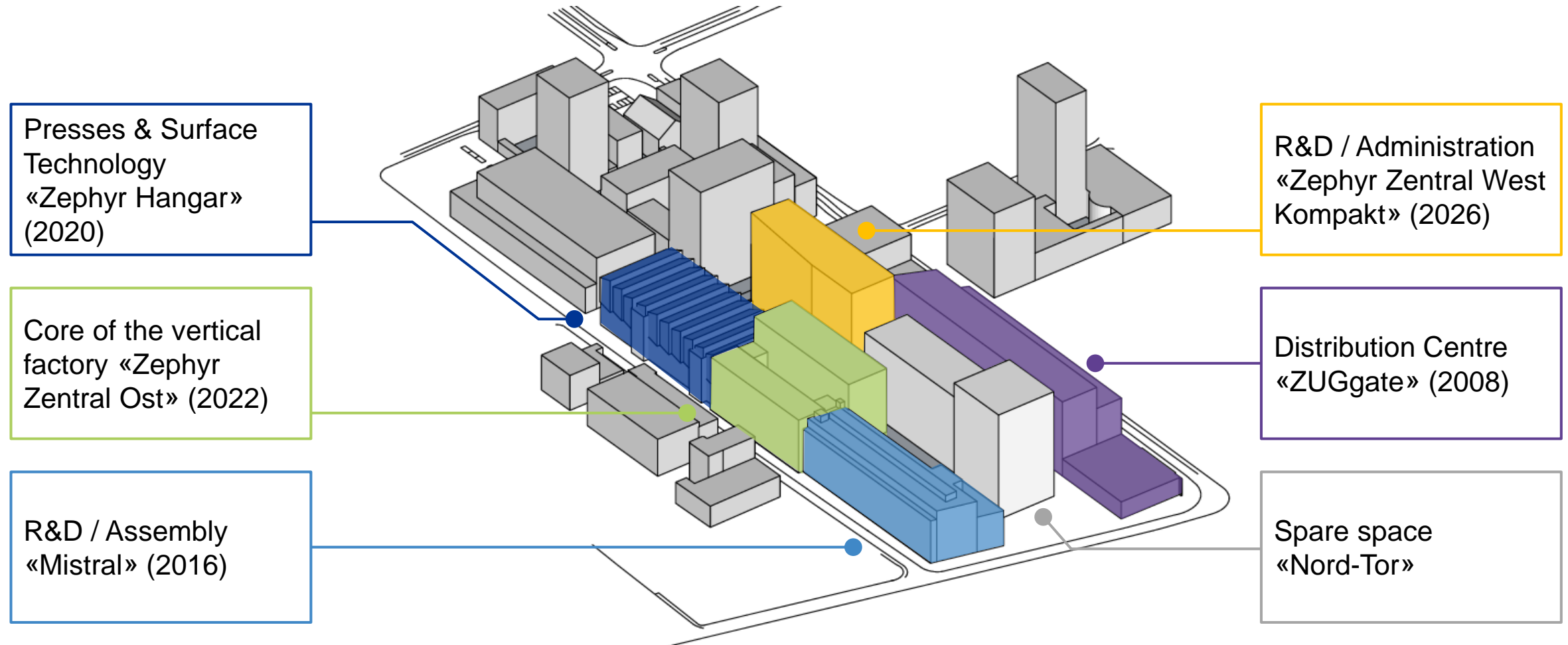
**We work on benefits for customers**



Additional content for  
Users: e.g. recipes

### 3. V-ZUG: A pure play

Infrastructure: Vertical factory on 40% of the current footprint, production capacity allows 100% growth of output



### 3. V-ZUG: A pure play

Infrastructure: V-ZUG is realizing a new refrigeration production plant in Sulgen



High-end and high-quality refrigerators are key as a strategic pillar and for international growth

→ Start of production in 2022

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# 4. Sustainability

Sustainability as a part of the corporate strategy - core elements:

## The Triple Bottom Line

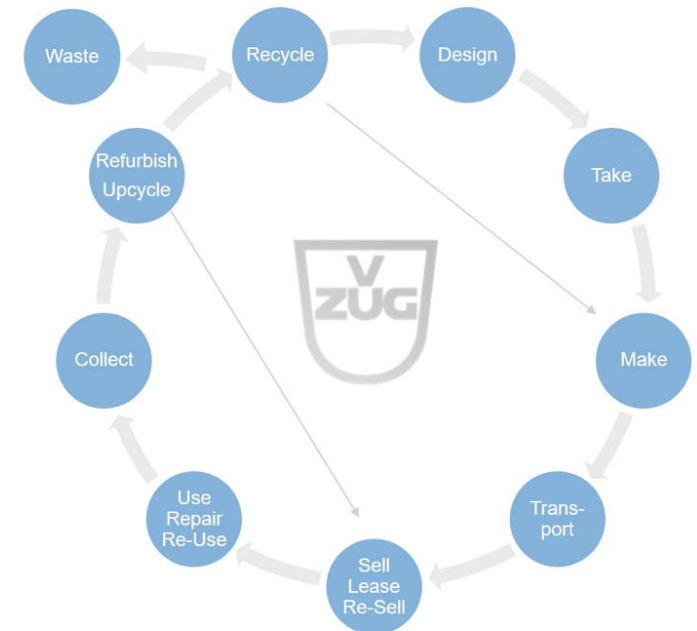


## UN Sustainable Development Goals SDG's



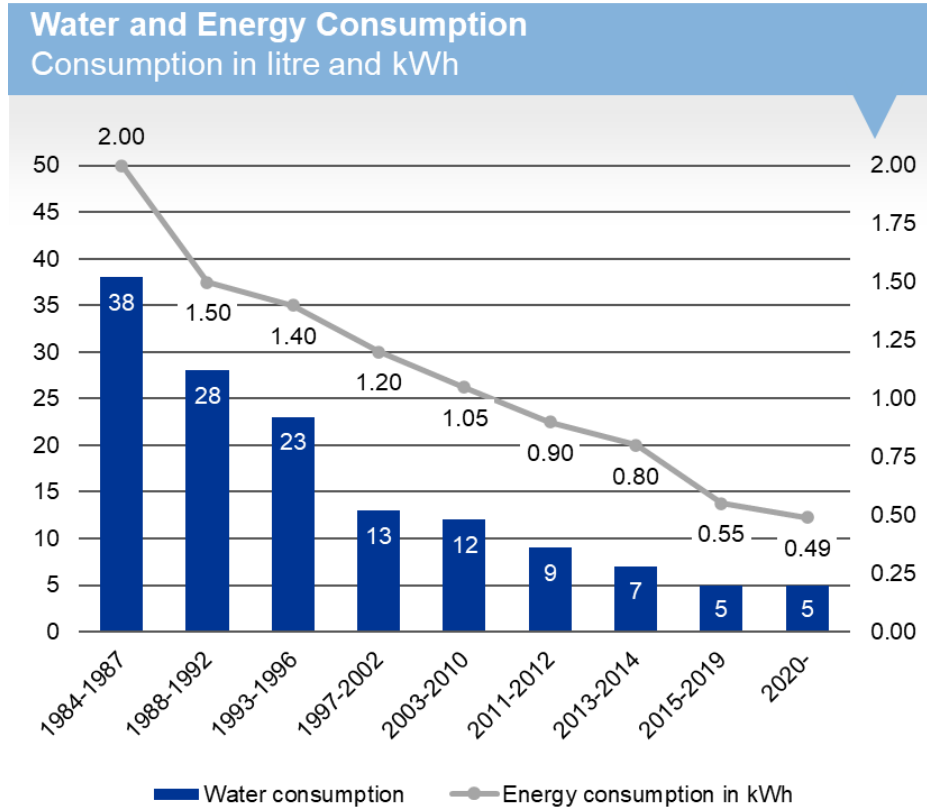
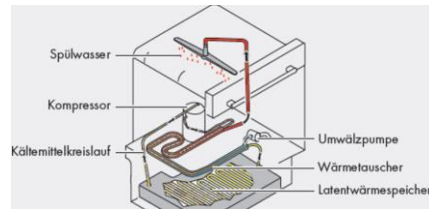
- Focus topics
- Other areas of activities

## Circular Economy



# 4. Sustainability

Energy efficient products for many years



Adora dishwashers set themselves apart from the rest with their eco-friendly programs and record-low energy and water consumption.



# 4. Sustainability

True commitment – two current examples out of many – it is not only products!

## CO<sub>2</sub> approach: Avoid – Reduce - Compensate



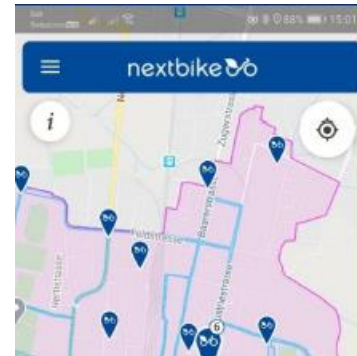
- CO<sub>2</sub> neutral production in Zug since 2020
- Voluntary CO<sub>2</sub> fund: internal tax of 120 CHF/ tCO<sub>2</sub> since 2018
  - Funds can be used for CO<sub>2</sub> avoiding/reducing investments and compensation projects, e.g. photovoltaic, alternative heating systems, mobility, wood in construction, etc.



## Sustainable mobility concept for employees



- **Motivate:** Monthly mobility bonus for every employee ( to support use of public transport, e-bike, etc.)
- **Incentivize:** Extra bonus paid, for each day no parking space is used
- **Equality:** All employees, based in Zug (approx. 1'000)
- Launched in July 2020



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## 5. Financial Information

### HY1 2020 Result V-ZUG Group

CHF million	HY1 2020	Δ	HY1 2019 <sup>1)</sup>
Net sales to third parties	258.6	0.4%	257.7
Operating income (EBIT)	12.9	251.2%	3.7
<i>EBIT margin in %</i>	5.0	360bp	1.4
EBITDA	27.6	66.1%	16.6
<i>EBITDA margin in %</i>	10.7	430bp	6.4
Cash flow from operating activities	25.4	n/a	-5.5
<i>ROCE in %<sup>2)</sup></i>	7.2	490bp	2.3

- Sales in Switzerland increased by 0.3% despite Corona-Pandemic. Regaining trust after delivery problems during prior year and ability to deliver during COVID-19 lockdown
- Higher sales in V-ZUG branded international business, but lower OEM business in the US
- Gross Profit slightly negative affected by valuation adjustment on stock, change in inventory and sales mix international, partly compensated by favorable FX impact
- Lower OPEX due to ERP stabilization and less consulting fees

<sup>1</sup> Including CHF 3.7 million provision for soil remediation; EBIT adjusted CHF 7.4 million (margin adjusted: 2.9%)

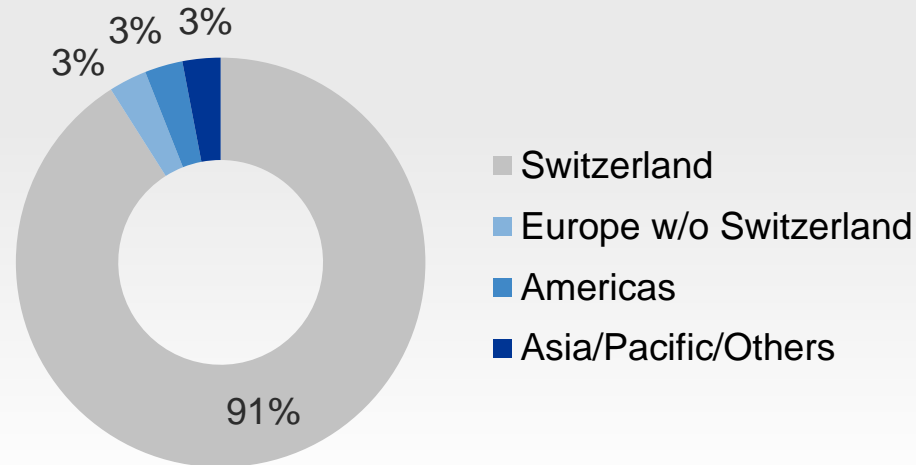
<sup>2</sup> Definition ROCE: Net Operating Profit After Taxes annualized / Weighted AVG Total assets - Current liabilities - Cash and cash equivalents

# 5. Financial Information

## HY1 2020 Result Segment Household Appliances

CHF million	HY1 2020	Δ	HY1 2019
Net sales to third parties	258.6	0.4%	257.7
Operating income (EBIT)	11.5	127.3%	5.1
<i>EBIT margin in %</i>	<i>4.4</i>	<i>240bp</i>	<i>2.0</i>
<i>ROCE in %<sup>1)</sup></i>	<i>11.4</i>	<i>580bp</i>	<i>5.6</i>

### Net sales by region in %



- Net sales FX neutral is 0.7%
- For further comments see previous page

<sup>1</sup> Definition ROCE: Net Operating Profit After Taxes annualized / Weighted AVG Total assets - Current liabilities - Cash and cash equivalents

## 5. Financial Information

### HY1 2020 Result Segment Real Estate

CHF million	HY1 2020	Δ	HY1 2019 <sup>1)</sup>
Net sales to third parties	-	-	-
Operating income (EBIT)	1.9	n/a	-1.4
<i>EBIT margin in %</i>	-	-	-
<i>ROCE in %<sup>2)</sup></i>	2.7	530bp	-2.6

- EBIT 1<sup>st</sup> HY 2019 includes a provision of CHF 3.7 million for soil remediation in Zug
- Refrigerator factory in Sulgen on track and within budget
- CAPEX of CHF 5.9 million in Project “Zephyr Hangar Komplett” in Zug and CHF 7.8 million in Refrigerator Factory in Sulgen in 1<sup>st</sup> HY 2020

<sup>1</sup> Including CHF 3.7 million provision for soil remediation; EBIT adjusted CHF 2.3 million

<sup>2</sup> Definition ROCE: Net Operating Profit After Taxes annualized / Weighted AVG Total assets - Current liabilities - Cash and cash equivalents

## 5. Financial Information

### Balance Sheet

CHF million	30.06.2020	in %	31.12.2019	in %	30.06.2019	in %
Cash and cash equivalents / securities	65.3	12.7	36.3	7.7	32.0	7.4
Other current assets	151.5	29.5	152.4	32.3	154.0	35.5
<i>Current assets</i>	216.8	42.2	188.7	40.0	186.0	42.9
Tangible assets	255.5	49.7	240.2	50.9	211.0	48.7
Financial & intangible assets	42.0	8.1	42.8	9.1	36.5	8.4
<i>Fixed assets</i>	297.5	57.8	283.0	60.0	247.5	57.1
<b>Total assets</b>	<b>514.3</b>	<b>100.0</b>	<b>471.7</b>	<b>100.0</b>	<b>433.5</b>	<b>100.0</b>
Current & long-term financial liabilities			79.0	16.7	58.0	13.4
Other liabilities	152.7	29.7	151.1	32.0	158.1	36.5
<i>Total liabilities</i>	152.7	29.7	230.1	48.8	216.1	49.9
<b>Shareholders' equity</b>	<b>361.6</b>	<b>70.3</b>	<b>241.6</b>	<b>51.2</b>	<b>217.4</b>	<b>50.1</b>
<i>Equity Ratio</i>	70.3%		51.2%		50.1%	
<b>Total liabilities and shareholders' equity</b>	<b>514.3</b>	<b>100.0</b>	<b>471.7</b>	<b>100.0</b>	<b>433.5</b>	<b>100.0</b>

- Restructuring of capital in HY1 2020, financial liabilities of 79 MCHF converted into capital increase of CHF 110 million contributed by Metall Zug
- Equity ratio at 70.3%
- V-ZUG has a net cash position of CHF 65.3 million

## 5. Financial Information

### Income Statement

CHF million	HY1 2020	in %	HY1 2019	in %
<b>Net sales</b>	<b>258.6</b>	<b>100.0</b>	<b>257.7</b>	<b>100.0</b>
Other operating income	5.2	2.0	4.6	1.8
Cost of materials (incl. $\Delta$ inventories)	-88.6	-34.2	-85.0	-33.0
Personnel expenses	-100.2	-38.8	-105.0	-40.8
Depreciation/amortization/impairment on tangible/intangible assets	-14.7	-5.7	-12.9	-5.0
Other operating expenses	-47.4	-18.3	-55.7	-21.6
<b>Operating income (EBIT)</b>	<b>12.9</b>	<b>5.0</b>	<b>3.7</b>	<b>1.4</b>
Financial result	-0.4	-0.1	-0.5	-0.1
Income before taxes	12.5	4.9	3.2	1.3
Taxes	-1.2	-0.5	-0.5	-0.2
<b>Net income</b>	<b>11.3</b>	<b>4.4</b>	<b>2.7</b>	<b>1.1</b>

## 5. Financial Information

### Cash Flow Statement

CHF million	HY1 2020	HY1 2019
<b>Cash flow from operating activities</b>	<b>25.4</b>	<b>-5.5</b>
▪ of which taxes paid	-0.6	-5.5
<b>Cash flow from investing activities</b>	<b>-26.0</b>	<b>-29.1</b>
▪ of which investments in tangible assets	-22.8	-27.2
▪ of which investments in intangible assets	-3.4	-1.9
<b>Cash flow from financing activities</b>	<b>29.9</b>	<b>26.1</b>
▪ of which dividend		-5.0
Currency translation effects	-0.3	-0.1
<b>Change in “Net cash and cash equivalents”</b>	<b>29.0</b>	<b>-8.6</b>
<b>Free cash flow</b>	<b>-0.6</b>	<b>-34.6</b>



## 5. Financial Information

### Net Working Capital

CHF million	30.06.2020	31.12.2019	30.06.2019
Trade receivables third gross	59.5	56.8	54.2
Value adjustment	-2.4	-2.1	-2.5
<b>Trade receivables third net</b>	<b>57.1</b>	<b>54.7</b>	<b>51.7</b>
Total inventories gross	93.0	94.1	101.5
Total value adjustments inventories	-20.3	-17.3	-17.0
<b>Total inventories net</b>	<b>72.7</b>	<b>76.8</b>	<b>84.5</b>
<b>Trade payables</b>	<b>-21.3</b>	<b>-20.7</b>	<b>-24.3</b>
Advanced payments from customers	-6.7	-3.8	-3.3
<b>Total Net Working Capital</b>	<b>101.8</b>	<b>107.0</b>	<b>108.6</b>

## 5. Financial Information

### Dividend Policy

- V-ZUG Holding AG strives for a dividend policy that is geared primarily by the level of the recoverable profit
- In the medium and long term the pay-out ratio is expected to be between 20% and 40% of the net income
- In the first three years after the spin-off, however, it is to be assumed that no dividend will be paid. It is planned to use the funds primarily for investments in products, markets and the production sites in Zug and Sulgen.



# V-ZUG: Why invest in V-ZUG



- Proved to be able to generate double digit EBIT-margins, significantly above industry average
- Market leader in Switzerland with a unique and strong position:
  - Nationwide strong and long-lasting network with key partners
  - Unbeatable service network and proximity to customers
- Niche player in the Premium segment in selected international markets:
  - with Swiss Made and sustainability as Unique Selling Propositions
- Proved its ability to lead innovations in the industry thanks to
  - Committed and enthusiastic teams
  - Lean and fast processes