



V-ZUG Group – Half-year results 2024

19 July 2024



V-ZUG in 1H24

Order intake and
profitability improved.

Focus on **product launches**,
differentiation in the market
and ongoing measures to
lower cost structure.



Agenda

1. **Overview**
2. Strategic Transformation
3. Sustainability
4. Financial Information 1H24
5. Outlook
6. Investment Case
7. Q&A



1. Overview: First half-year 2024 at a glance

Visible progress

Profitability improved despite lower net sales

- Net sales: CHF 284.1 million, - 4.7 % vs. PY
- Order intake Appliances CH: + 9 % vs. PY
- International Own Brand: Sales YTD + order book + 20 % vs. PY
- OEM sales 2024 low, 2025 return to normal pattern expected
- EBIT: CHF 8.8 million, + 71.9 % vs. PY
EBIT margin: 3.1 %, + 1.4 ppt
- Net income doubled:
CHF 8.7 million vs. 4.3 million in PY

Strategic transformation delivering results

- Strengthen V-ZUG brand
- Rejuvenation and evolution of the product portfolio
- Ongoing site transformation and digitalisation (products, platforms, processes)
- Differentiation paying off and leading to sales growth in all markets

Sustainability is an ongoing effort

- “Product as a service”: gaining relevance for washing machines and dryers, expanding into kitchen appliances
- Circular economy factory: from pilot to focusing on scaling the processes

1. Overview: Market situation in the first half-year 2024

Improving market sentiment. Destocking came to an end in almost all markets.

Overall market situation

- Ongoing uncertainties regarding the worldwide situation, both in geopolitical as well as economic terms
- Destocking activities of trade partners came to an end, except OEM customer in the US

Swiss market

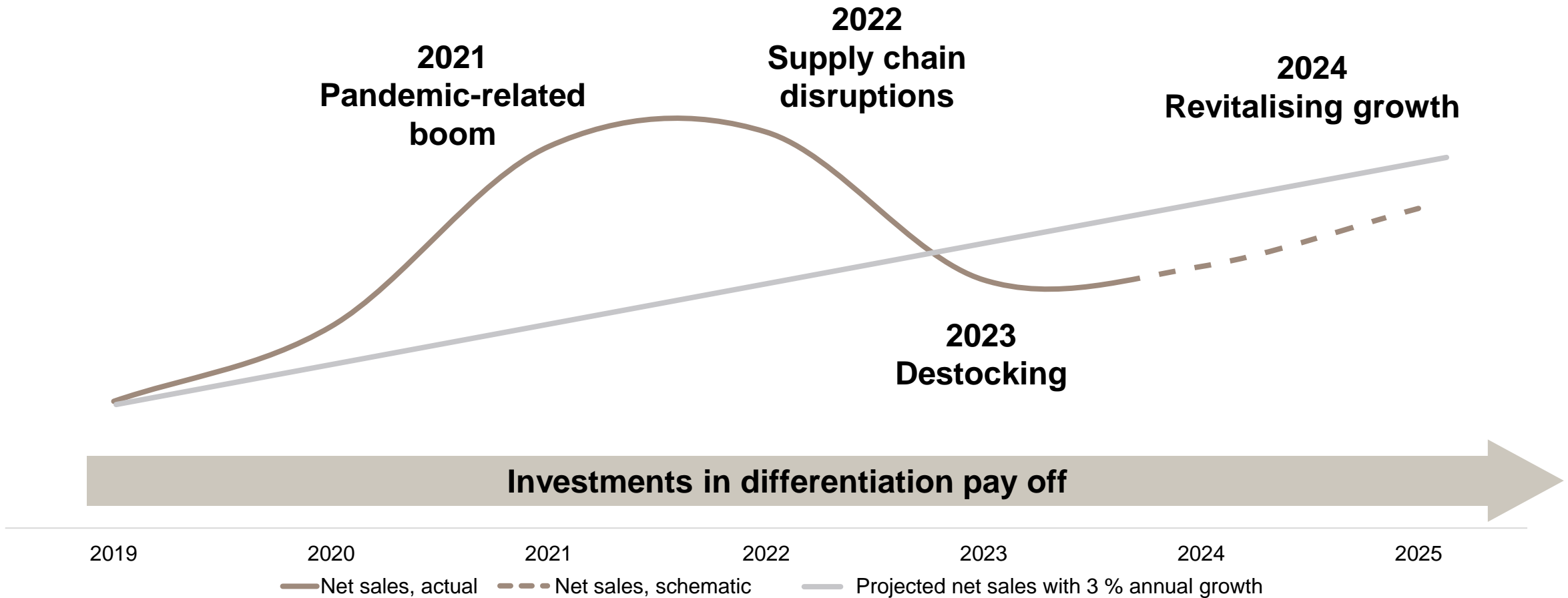
- New builds / new construction: still low due to limited financial return expectations and slow approval processes
- Renovation: improving level of activities
- Replacement: Stable on a good level

Purchase prices

- No more spot-market purchases since March 2023
- Purchase prices slightly decreasing but remaining on an overall high level
(metal prices lower; electronics component prices generally flat, some trending higher)

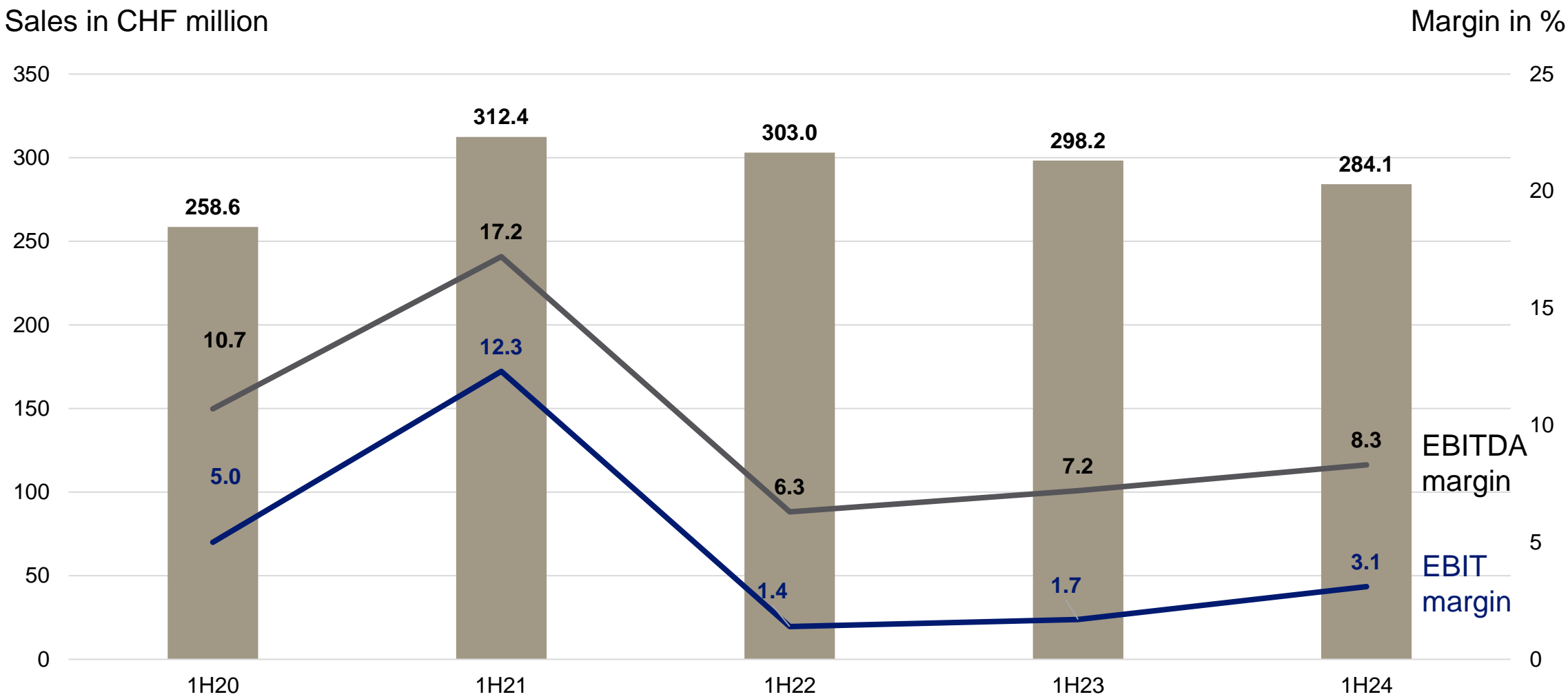
1. Overview: Successful navigation in a changing business environment

Differentiation – Invigorating growth – “Simplify V-ZUG”



1. Overview: Highlights of the first half-year 2024

Development in the 1st half years 2020 – 2024



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**V-ZUG at the Salone
del Mobile Milano**

2. V-ZUG at the Milan Design Week

Outstanding and well-received presence

Studio
3.652 visitors



Exhibition
18.039 visitors



3 Monocle Talks
270 guests

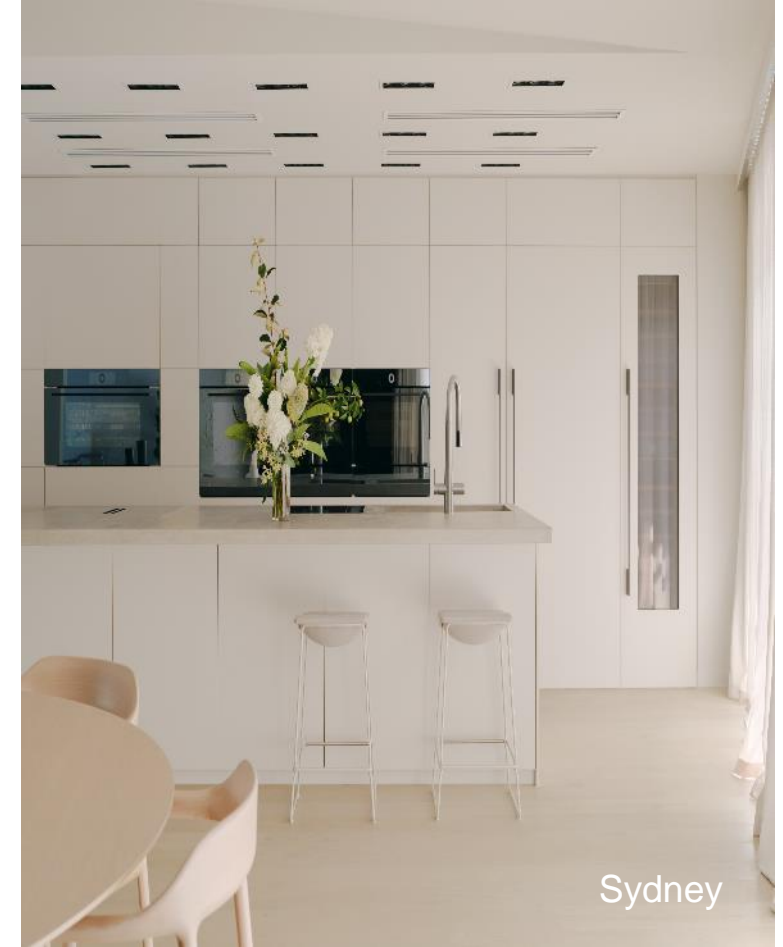


3 VIP Dinners
420 guests



2. V-ZUG Studios signalling “we are here to stay”

Inspiring customers and partners with impactful showrooms



2. Reviving demand: Delivering desirable and unique products

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

Adora Dishwasher



New cooling platform



Strengthen mid-range: New Comair



Further development of product portfolio and platforms to foster differentiation.

Differentiated and Swiss-made product ranges continue to conquer market share in value.

Customers' awareness for total cost of ownership (longevity, service) and high energy efficiency is continuously increasing.

2. Elevating pricing strategies

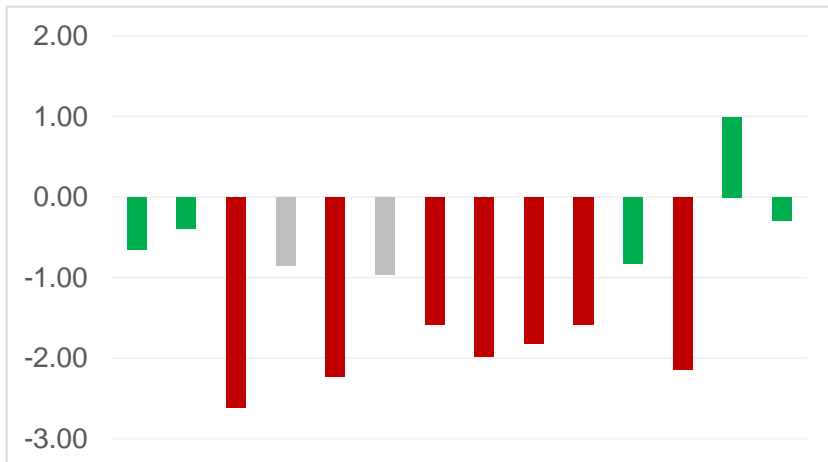
Proactive product portfolio and price point management

Full transparency

Tracking of price changes and how they affect volumes and margins.

Benchmarking with competitors as part of analysis.

Principle: price elasticity (schematic)



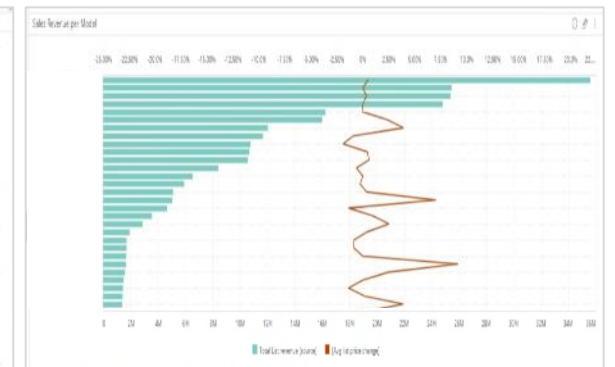
Educated decisions

Product positioning dashboard ensuring pricing strategy and determination of exact price point for each product

In principle: list prices cascade for different categories



In principle: setting sales price / revenue targets for different models



2. “Simplify V-ZUG”

More agility, less unnecessary cost, better ability to execute

Our program focusses on agility and efficiency while addressing the cost base:

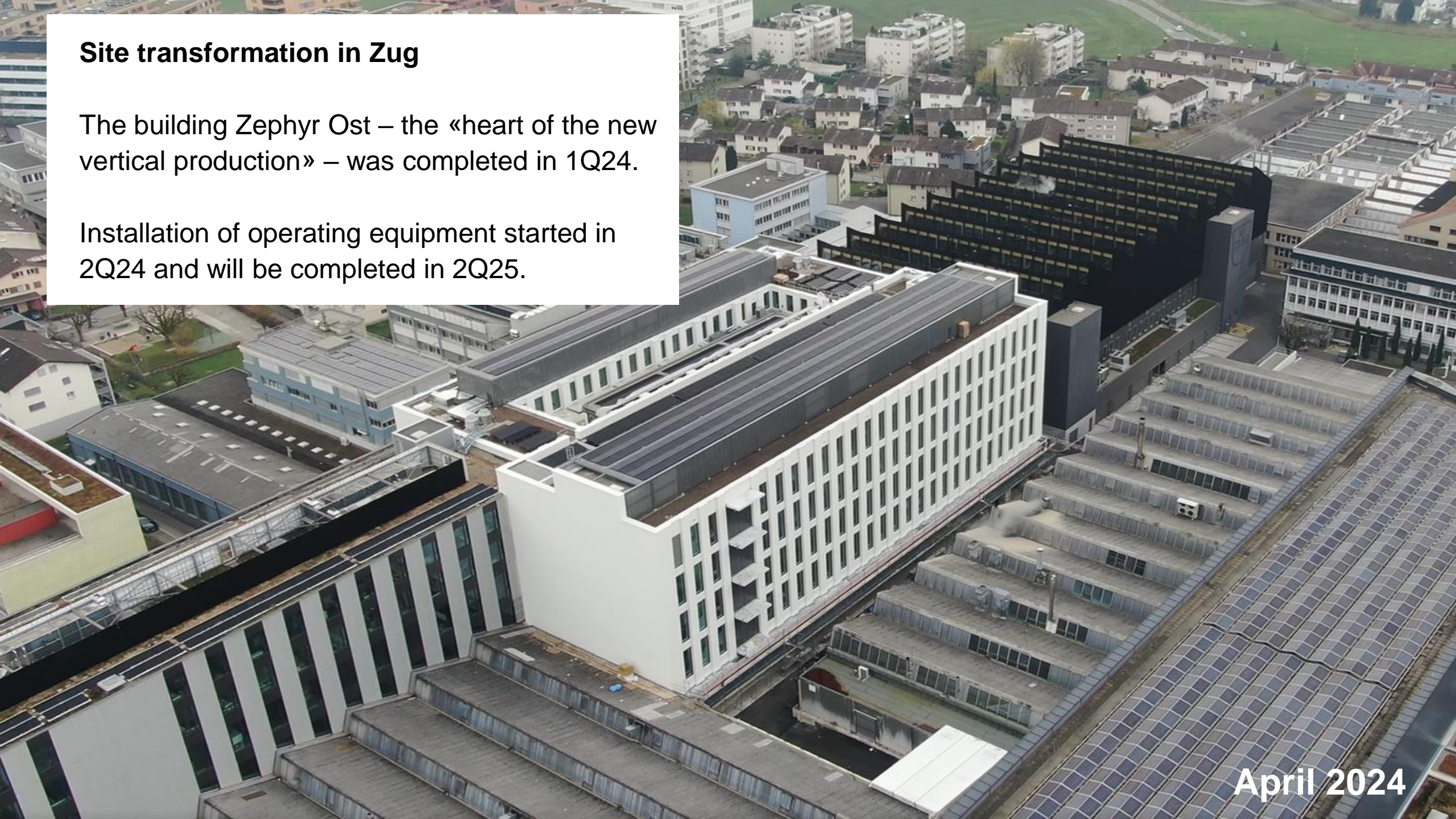
- **Agility**, e.g. reduction of warehouses between V-ZUG and end consumer leading to optimised delivery times and reduced cost
- **Cost cuts**, e.g. reduction of rework and scrap
- **Better execution**, e.g. automation of back-office processes
- **Research and development** with efficiency improvements
- And more

In addition to “Simplify V-ZUG”, marketing and sales efforts are continuously being improved, allowing V-ZUG to benefit from a market recovery, which is notable in Switzerland as well as in International Markets.

Site transformation in Zug

The building Zephyr Ost – the «heart of the new vertical production» – was completed in 1Q24.

Installation of operating equipment started in 2Q24 and will be completed in 2Q25.



April 2024

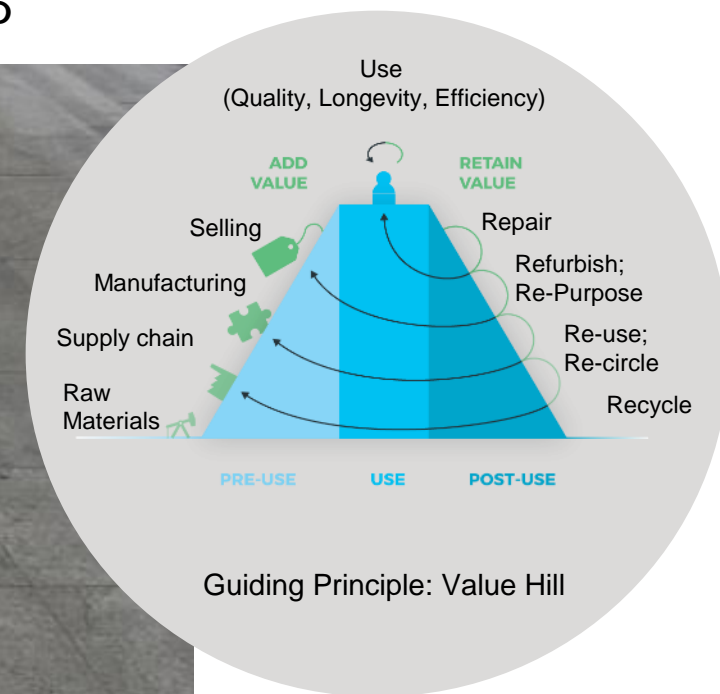
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3. Circular product design leads to circular product life

2024 is the transition year from the pilot in 2023 to a full industrialisation in 2025



Sources: ETH Summerschool; European Circular Economy Stakeholder Platform; LCA for V-ZUG Adora and Novamatic Washing Machines

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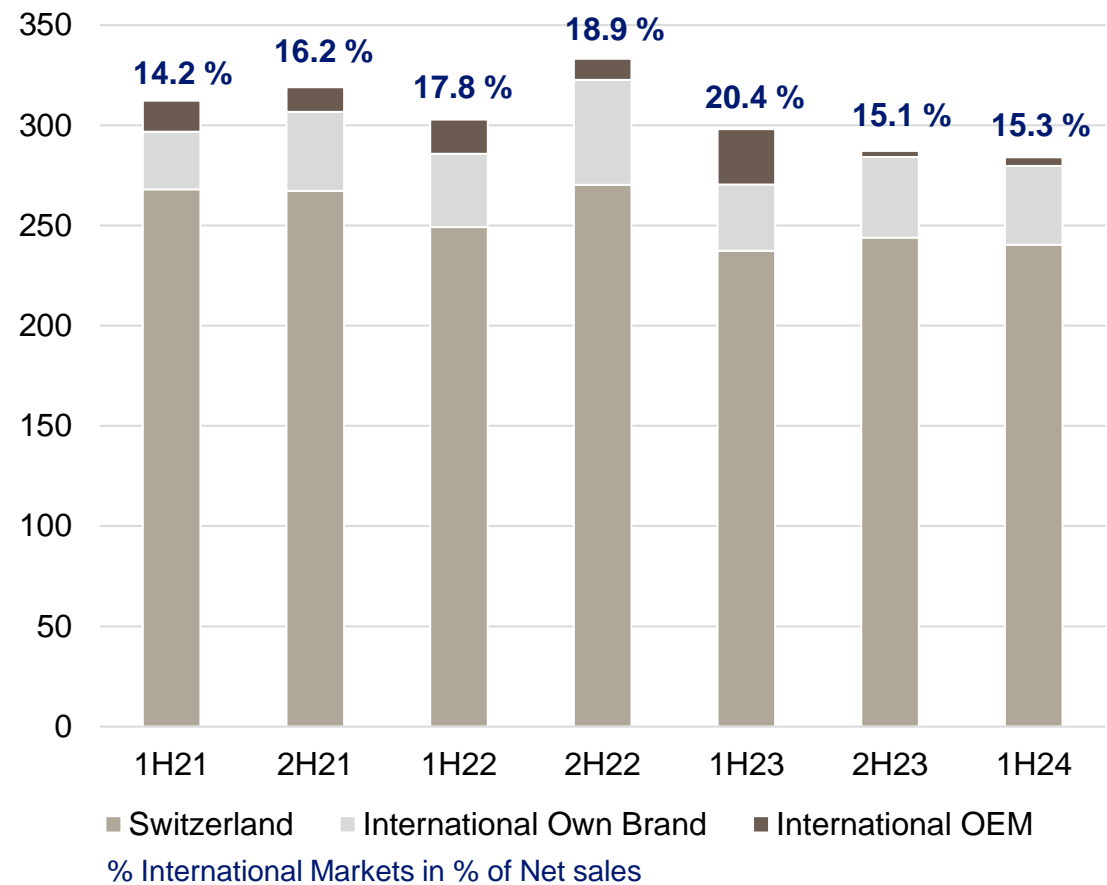
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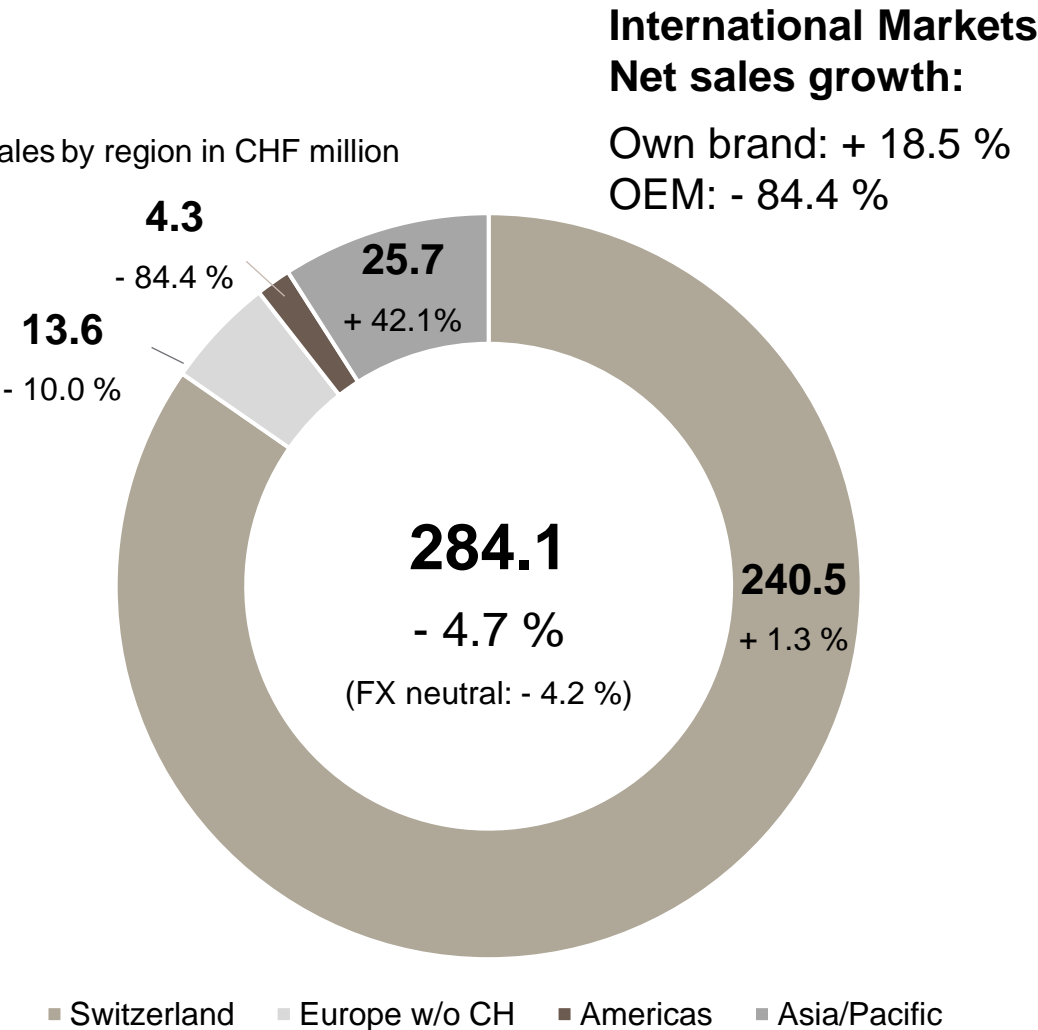
4. Financial information: Net sales development

V-ZUG Group – Still rather high volatility in some markets

Net sales in CHF million



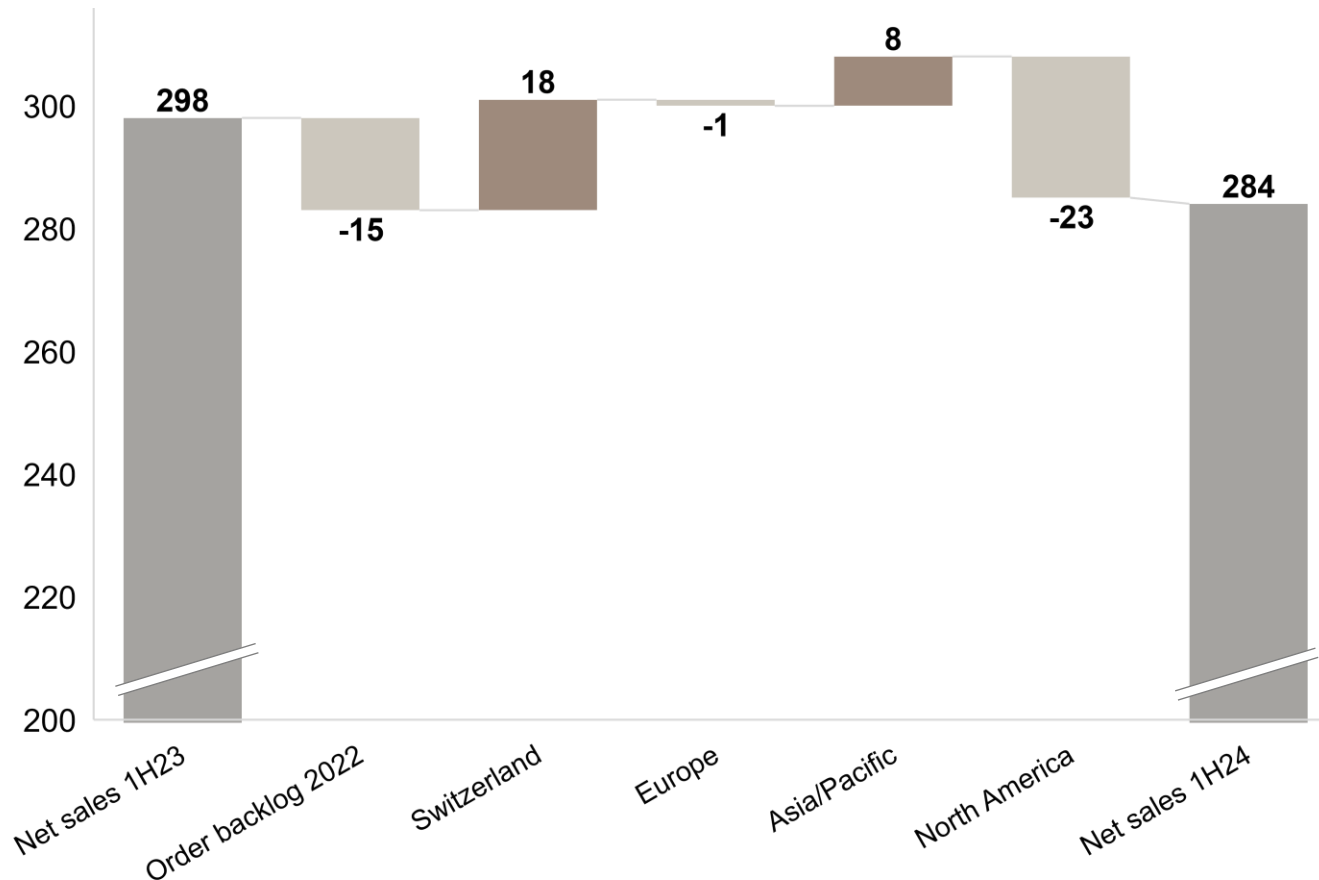
Net sales by region in CHF million



4. Financial information: Net sales development

V-ZUG Group – Net sales impacted by counteractive factors

In CHF million



Switzerland:

- 2023 benefited from clearing 2022 order backlog in January and February.
- Without this impact the growth in 2024 vs. 2023 is > 8 %

Europe:

- Stable, except Germany

Asia/Pacific:

- Extraordinary high growth of 42 % off a low base

North America:

- Destocking at our OEM customer after extraordinary high turnover in 1H23 (also due to product change-over to new platform)

4. Financial information half-year 2024

V-ZUG Group – Key figures

in CHF million	1H24	1H23	△
Net sales	284.1	298.2	- 4.7 %
EBITDA	23.5	21.4	+ 9.7 %
EBITDA in % of net sales	8.3 %	7.2 %	+ 110 bp
Operating result (EBIT)	8.8	5.1	+ 71.9 %
EBIT in % of net sales	3.1 %	1.7 %	+ 140 bp
Net income	8.7	4.3	+ 101.6 %
Free cash flow	- 36.2	- 7.5	n.m.
ROCE in % ¹⁾	4.5 %	2.5 %	+ 200 bp

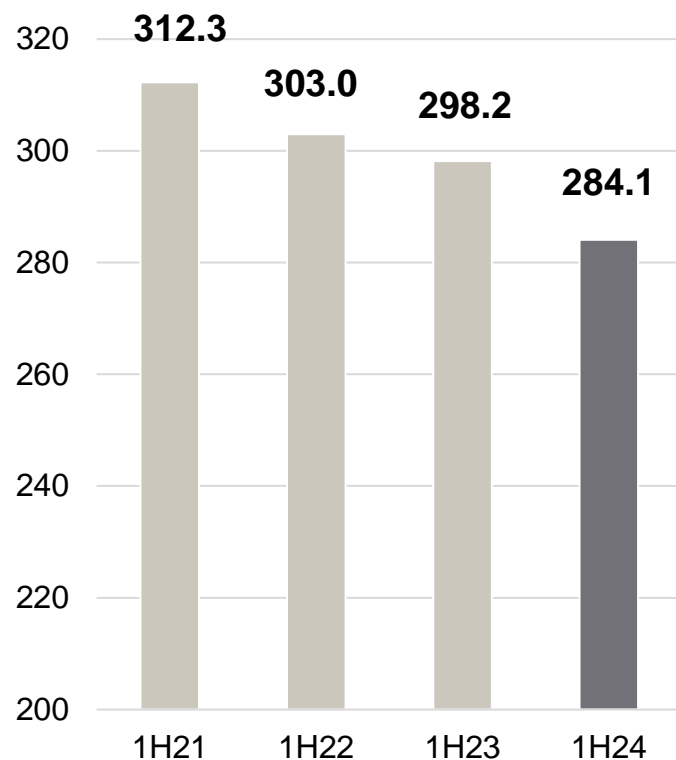
- **Net sales** lower volumes in the US with OEM customer only partly offset by other markets. Growth FX-neutral: - 4.2 %
- **EBITDA and EBIT** increased due to improved gross profit margin, “Simplify V-ZUG” and pension fund benefit.
- **Free cash flow** lower, mainly due to changes in trade receivables.
- Higher **ROCE** mainly due to increased EBIT (rolling 12 months).

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

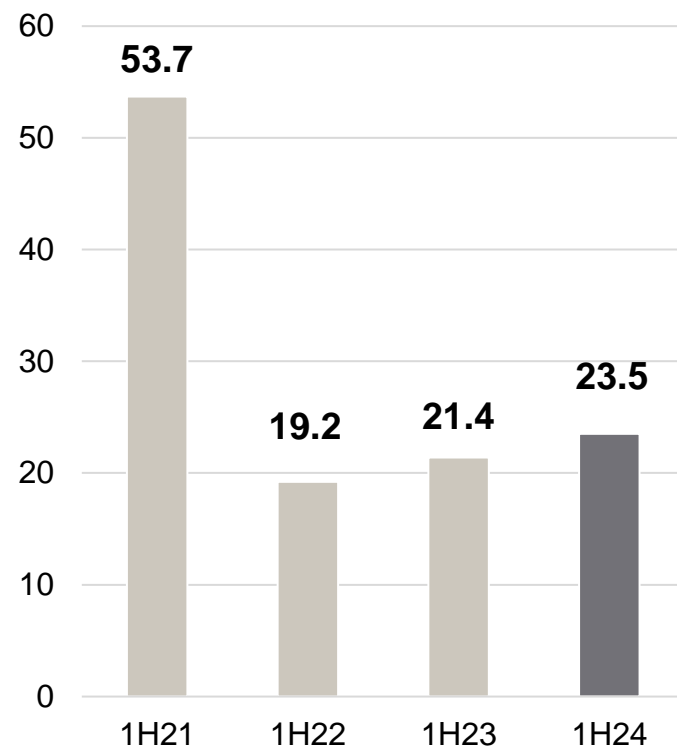
4. Financial information half-year 2024

V-ZUG Group – Earnings further improved despite low sales

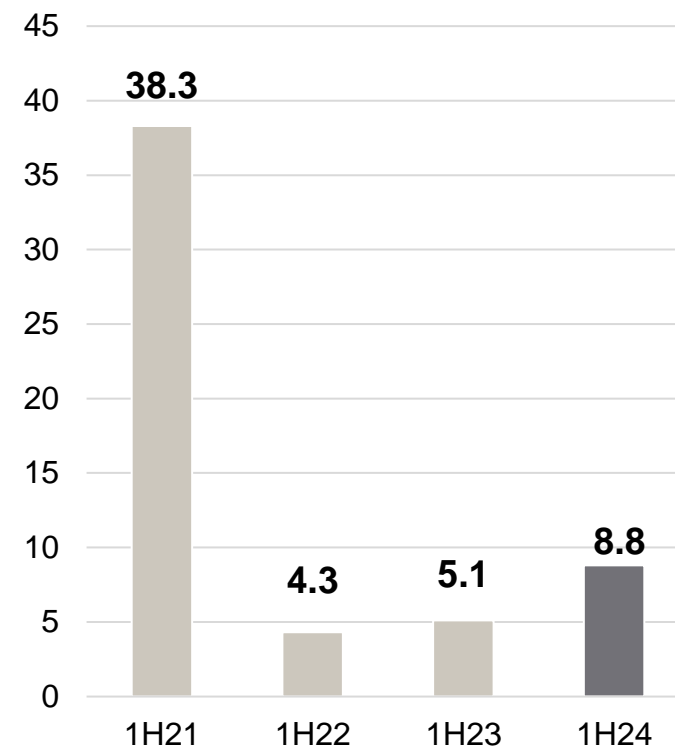
Net sales
in CHF million



EBITDA
in CHF million



Operating result (EBIT)
in CHF million

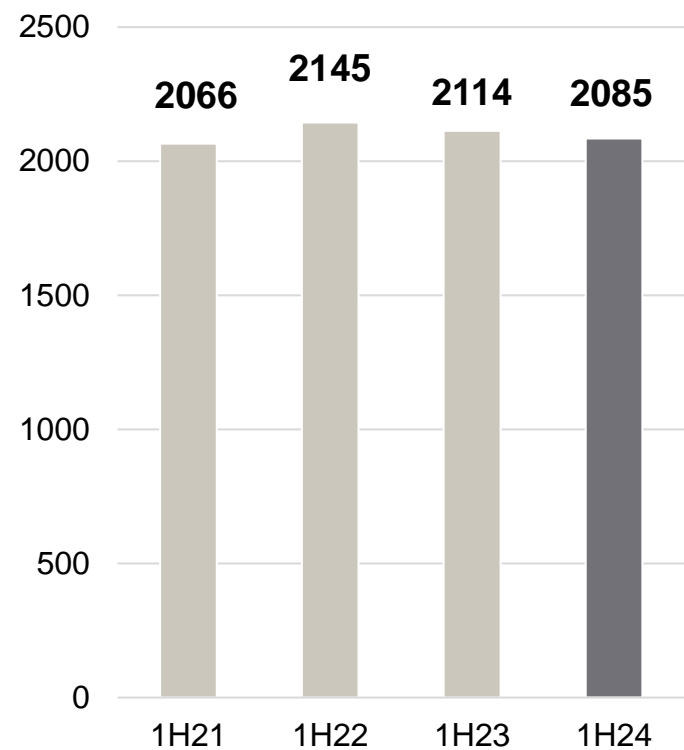


4. Financial information half-year 2024

V-ZUG Group – R&D lower due to “Simplify V-ZUG” efficiency improvements and organisational shifts

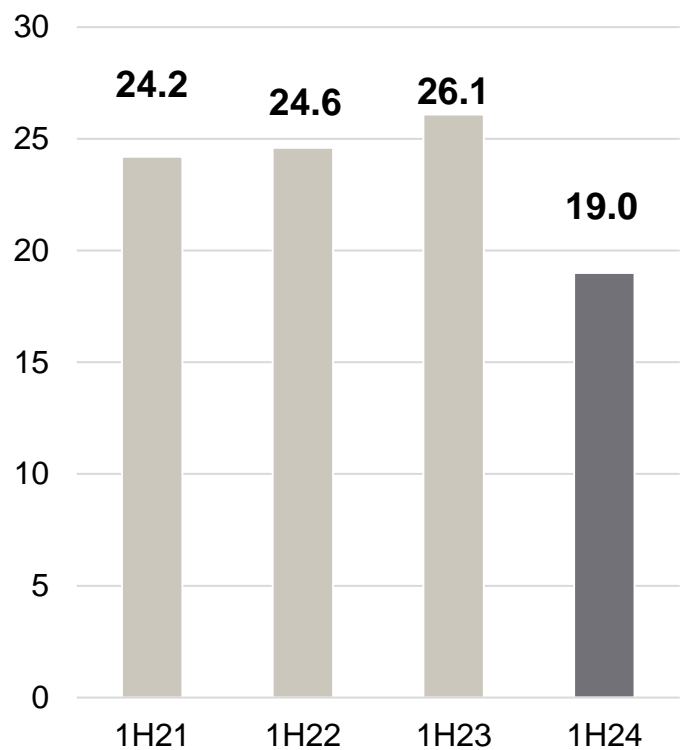
Total FTEs

as of 30 June 2024 incl. temps



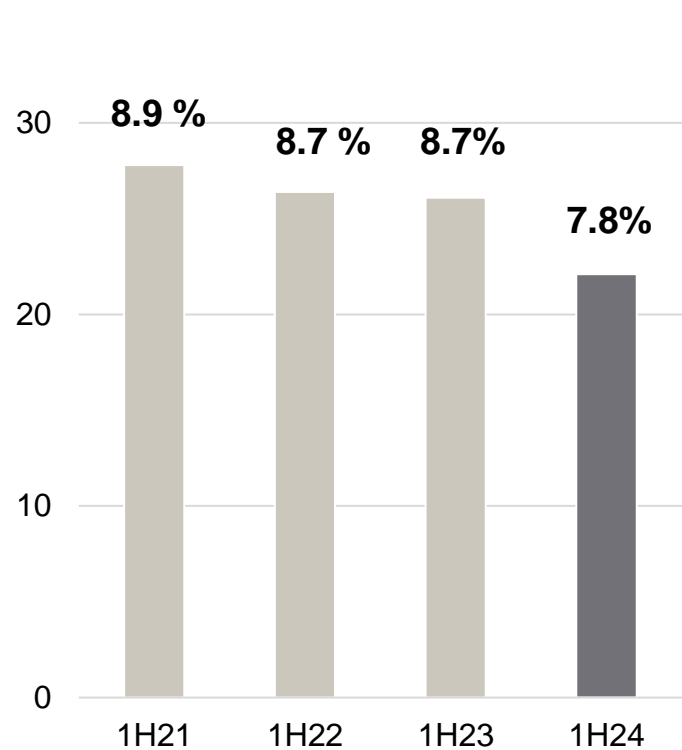
CAPEX

in CHF million



R&D expenses*

in CHF million and in % of net sales



* The R&D cost are MCHF 4.0 lower vs. PY because of:
Organisational shifts to marketing & sales and administration
and pension fund benefits: CHF 1.3 million,
Lower material costs: CHF 0.5 million,
“Simplify V-ZUG”: CHF 2.2 million

4. Financial information half-year 2024

V-ZUG Group – Cash flow statement

in CHF million	1H24	1H23
Cash flow from operating activities	- 10.8	+ 17.9
▪ of which taxes paid	- 1.3	- 0.8
Cash flow from investing activities	- 25.3	- 25.4
▪ of which investments in tangible assets	- 23.8	- 23.9
▪ of which investments in intangible assets	- 1.8	- 2.0
Cash flow from financing activities	—	—
▪ of which dividend	—	—
Currency translation effects	+ 0.7	- 0.6
Change in “net cash & cash equivalents”	- 35.5	- 8.1
Free cash flow	- 36.2	- 7.5

- Operating cash flow lower mainly due to
 - Development of trade receivables based on increasing business in 2Q24 vs. decreasing business in 2Q23
 - Site transformation results in temporary higher stock
- Continued investments in site transformation incl. production equipment.

4. Financial information half-year 2024

V-ZUG Group – Balance sheet

in CHF million	30.06.2024	in %	30.06.2023	in %
Cash and cash equivalents incl. securities	45.5	7.3	56.4	9.3
Other current assets	187.9	30.3	193.0	31.9
Current assets	233.3	37.6	249.4	41.2
Tangible assets	352.3	56.8	323.5	53.4
Financial and intangible assets	34.6	5.6	32.8	5.4
Fixed assets	386.9	62.4	356.2	58.8
Total assets	620.2	100.0	605.7	100.0
Financial liabilities	—	—	—	—
Other liabilities	146.5	23.6	149.3	24.6
Total liabilities	146.5	23.6	149.3	24.6
Shareholders' equity	473.7	76.4	456.4	75.4
Equity ratio	76.4 %		75.4 %	
Total liabilities and shareholders' equity	620.2	100.0	605.7	100.0

4. Financial information half year 2024

V-ZUG Group – All major capex projects on track and within budget – unchanged compared to March 2024

in CHF million		2024	2025	2026	2027	As of 2028
Total Capex	Transformation/expansion & maintenance capex overall	Ø 70				Ø 30 – 35
	Transformation capex “Zephyr Ost” (Zug) ¹⁾	10				
Real Estate segment	Transformation capex “Zephyr West” (Zug) ¹⁾	~ 5	Ø 30			
	Maintenance capex “Existing Buildings”	Ø 1 - 2				
Household Appliances segment ²⁾	Transformation/expansion capex	~ 35	Ø 10 - 15			
	Maintenance capex	~ 15	Ø 25 - 30			

Transformation

Maintenance

 Transformation
  Maintenance

¹⁾ Standard configuration

²⁾ Excl. capex related to V-ZUG Services AG's new leasing business model

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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
- Site transformation: 60 % footprint reduction in Zug and productivity increases
- Investments into innovative product portfolio
- Sustainability



5. Outlook

V-ZUG expects that volume, net sales and profitability will improve further in 2H24 and for the full year 2024, supported by sales-driving initiatives, efficiency gains and a gradually improving market situation. V-ZUG continues to be committed to its mid-term expectation:

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



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6. Why invest in V-ZUG?

1

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

- On track 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
- Other photos provided by V-ZUG