



# Half-year Report 2020

**V-ZUG Holding AG**

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# Successful spin-off; improved operating result; strategic projects on track

Zug, 17 August 2020

Dear Shareholders

We are delighted to present the first half-year report for V-ZUG as an autonomous, publicly-listed company.

The spin-off and listing of V-ZUG Holding AG on SIX Swiss Exchange on 25 June 2020 took place in challenging times. Not only was V-ZUG in the midst of a far-reaching transformation, but the first half of the year was also greatly impacted by COVID-19.

The transformation process continues apace. Key strategic projects such as the new refrigerator factory in Sulgen are on a firm footing, and the migration of V-ZUG AG's ERP system is essentially complete.

## Successful spin-off

The shares of V-ZUG Holding AG were traded on SIX Swiss Exchange for the first time on 25 June 2020. Under the spin-off and listing, Metall Zug AG shareholders were allocated one registered V-ZUG Holding AG share per type A registered share and ten registered V-ZUG Holding AG shares per type B registered share. Metall Zug AG retains around 30% of V-ZUG Holding AG shares as a strategic shareholding. The share price opened at CHF 72.00.

## Improved operating result

The V-ZUG Group is reporting in two segments: "Household Appliances" and "Real Estate". Despite some extensive transformation projects, V-ZUG was able to maintain its leading position in Switzerland. Net sales increased marginally to CHF 258.6 million (previous year: CHF 257.7 million). At CHF 12.9 million, the operating result (EBIT) was significantly higher than in the year-back period (CHF 3.7 million, or CHF 7.4 million when adjusted for the provisions for ground remediation work).

In the first half of 2020, the V-ZUG Group's cash flow from operating activities amounted to CHF 25.4 million (previous year: CHF - 5.5 million), and free cash flow (after investment activities) totalled CHF - 0.6 million (previous year: CHF - 34.6 million). The equity ratio stood at 70.3% as at 30 June 2020.

## Less affected by COVID-19 than anticipated

In the first half of 2020, the Household Appliances segment posted net sales of CHF 258.6 million (previous year: CHF 257.7 million). At CHF 11.5 million, the operating result (EBIT) was significantly higher than in the prior-year period.

The return to extremely reliable deliveries had a positive effect on business, particularly in Switzerland. V-ZUG was able to maintain its delivery capability at all times, even during the most stringent COVID-19 restrictions.

So far, the V-ZUG Group has not been as badly affected by the consequences of the COVID-19 pandemic as initially expected. Nevertheless, the impact on the company overall has still been serious. However, the many supply-related challenges have been successfully overcome, albeit with a huge amount of effort. The cancellation of trade fairs and the impossibility of carrying out sales support measures, such as consultancy in the ZUGORAMA showrooms and in customers' homes, reduced costs in the first half-year, but may also depress sales over the coming months. Short-time working had to be introduced for 60 to 80 employees in Switzerland for a two-month period. Most office staff worked from home for several weeks.

The COVID-19 safety measures that were introduced also had some impact on manufacturing productivity. However, Service & Support were able to fulfil their repair and servicing commitments throughout while adhering to precautionary measures.

### Progress with the V-ZUG brand in the international arena

In the international arena, the V-ZUG Group increased net sales in local currency in all markets with its own branch operations, generating net sales of CHF 24.3 million in the first half year of 2020.

Sales of the V-ZUG brand rose by 38.7% in the international arena. However, OEM business in the United States was greatly reduced in the first half year due to COVID-19. Overall, this led to a decline in net sales of 3.5% in the international arena. However, significant progress in target markets indicates that V-ZUG is on the right track internationally by and large.

With the opening of additional ZUGORAMAs in Beijing and Munich, V-ZUG is strengthening its position as a premium brand. The brand experience offered to customers in the showrooms in Munich has been recognized with the "German Brand Award".

### New pressing hall commences operation

Even after the spin-off, Metall Zug is continuing to oversee construction projects in Zug and Sulgen in its capacity as V-ZUG's client representative. At the end of 2019, it handed over the new pressing hall to V-ZUG operations on schedule. In the period under review, V-ZUG has started to phase in production operations using the new press as planned.

The site allocation carried out in conjunction with the spin-off of the V-ZUG Group from the Metall Zug Group has been completed. This has laid excellent foundations for productive collaboration within the Zug technology cluster.

In the first half of 2020, the Real Estate segment posted an operating result (EBIT) of CHF 1.9 million - CHF 3.2 million more than in the year-back period. It should be noted that provisions of CHF 3.7 million had to be posted in the previous year for ground remediation work.

### Strategic projects on track

The construction of the new refrigerator factory in Sulgen is proceeding according to plan. In Zug, the new state-of-the-art pressing hall has commenced operations.

Further milestones have been achieved in the implementation of the digitalization strategy. The transition to the new ERP system has been completed. On this basis, ongoing optimizations will be incorporated into the processes.

### Innovation: the new Adora dishwasher range receives the Plus X Award

An expert panel of representatives from 25 different sectors awarded the new Adora dishwasher range the Plus X seal of approval in the categories of high quality, design, ease of use, functionality, ergonomics and ecology. This prize is presented to brands that focus on developing new, innovative technology, exceptional designs and smart yet straightforward operating concepts.

(You can find out more about V-ZUG's innovations at <https://www.vzug.com/ch/en/vzug-novelties-2020>)

### Sustainability as an integral part of the brand promise

Sustainability is an integral part of the V-ZUG brand and the corporate culture of the V-ZUG Group, and has been for many years now.

The Head of Sustainability is now leading a new interdisciplinary project team that is overseeing the implementation of defined measures. These measures are aligned with the Sustainable Development Goals (SDG) and follow the "triple bottom line" approach - people, planet, profit.

To help customers save energy, V-ZUG has for a long time committed itself to developing energy-saving appliances. For example, the energy consumption of the new Adora dishwasher range is 40% lower than that required for an A+++ energy rating.

One specific example of how V-ZUG is encouraging sustainable mobility is the mobility strategy that was introduced in summer 2020 at the Zug site, which has over 1 000 employees. The mobility strategy is intended to incentivize employees to make greater use of public transport when they commute to work. A car park management system has been introduced in parallel to this initiative.

The V-ZUG Group is committed to sustainable technology and production methods in all areas and is aiming to achieve CO<sub>2</sub> neutrality at production facilities in Zug by 2021.

### Board of Directors constituted

For its new phase as an autonomous company, V-ZUG Holding AG has re-formed its Board of Directors. Alongside Oliver Riemenschneider (Chair), Prof. Annelies Häcki Buhofer and Jürg Werner, the new members as of May 2020 are Prisca Hafner, Tobias Knechtle and Petra Rumpf. The Board of Directors is therefore composed of three women and three men, covering a wide range of expertise and displaying diversity.

### New CEO as of 1 September 2020

Peter Spirig was appointed CEO of the V-ZUG Group in March 2020. He will take over the role of CEO from Heinz M. Buhofer, who has held this post on an interim basis since 1 September 2019.

### Thank you

The circumstances over the last few months have demanded additional commitment in order to implement the wide variety of projects that are advancing V-ZUG. We would like to take this opportunity to thank our employees for this commitment and for the tremendous efforts they have made for our customers.

And we would like to thank you, our shareholders, for the trust you have placed in V-ZUG. Following its spin-off from the Metall Zug Group, the V-ZUG Group continues to be well positioned, both operationally and financially. With its capable and committed employees, it will continue to write the success story of the V-ZUG Group as an autonomous, publicly-listed company.

Oliver Riemenschneider	Heinz M. Buhofer
Chairman of the Board of Directors	Interim CEO

# Consolidated income statement

in KCHF	H1 2020	H1 2019 <sup>1)</sup>
Gross sales	261 877	261 783
Sales deductions	- 3 244	- 4 111
<b>Net sales</b>	<b>258 633</b>	<b>257 672</b>
Changes in inventories	- 274	6 178
Other operating revenue	5 196	4 663
<b>Operating revenue</b>	<b>263 555</b>	<b>268 513</b>
Cost of materials	- 88 298	- 91 205
Personnel expenses	- 100 241	- 104 965
Depreciation on tangible assets	- 11 480	- 10 311
Amortization on intangible assets	- 3 171	- 2 609
Other operating expenses	- 47 450	- 55 746
<b>Operating expenses</b>	<b>- 250 640</b>	<b>- 264 836</b>
<b>Operating result (EBIT)</b>	<b>12 915</b>	<b>3 677</b>
Financial income	116	26
Financial expenses	- 502	- 450
<b>Financial result</b>	<b>- 386</b>	<b>- 424</b>
<b>Result before taxes</b>	<b>12 529</b>	<b>3 253</b>
Taxes	- 1 254	- 507
<b>Net result</b>	<b>11 275</b>	<b>2 746</b>
Net result per share (in CHF)	2.19	0.61
Number of employees (FTE) as per 30.06.	1 963	1 952

<sup>1)</sup> Combined historical financial statements in accordance with the combination principles in the notes.

# Consolidated balance sheet

in KCHF	30.06.2020	31.12.2019 <sup>1)</sup>	30.06.2019 <sup>1)</sup>
Cash and cash equivalents	65 142	36 174	31 906
Securities	105	117	108
Trade receivables	57 071	54 686	51 708
Other receivables	15 885	15 107	14 227
Inventories	72 714	76 827	84 531
Prepaid expenses	5 846	5 787	3 517
<b>Current assets</b>	<b>216 763</b>	<b>188 698</b>	<b>185 997</b>
Land and buildings	105 268	106 698	78 510
Plant and equipment	73 205	76 095	57 808
Prepayments and assets under construction	66 742	46 244	64 368
Other tangible assets	10 300	11 154	10 258
<b>Tangible assets</b>	<b>255 515</b>	<b>240 191</b>	<b>210 944</b>
Employer's contribution reserves	19 269	17 578	17 038
Other financial assets	7 301	7 302	2 804
<b>Financial assets</b>	<b>26 570</b>	<b>24 880</b>	<b>19 842</b>
Software	15 420	17 898	16 691
<b>Intangible assets</b>	<b>15 420</b>	<b>17 898</b>	<b>16 691</b>
<b>Fixed assets</b>	<b>297 505</b>	<b>282 969</b>	<b>247 477</b>
<b>Total assets</b>	<b>514 268</b>	<b>471 667</b>	<b>433 474</b>
Trade payables	21 257	20 744	24 368
Other current liabilities	47 453	45 181	43 885
Accrued liabilities	34 374	32 717	29 309
Current provisions	18 641	19 094	18 204
<b>Current liabilities</b>	<b>121 725</b>	<b>117 736</b>	<b>115 766</b>
Long-term financial liabilities	-	79 000	58 000
Other long-term liabilities	7 330	8 332	15 137
Long-term provisions	23 659	24 976	27 219
<b>Non-current liabilities</b>	<b>30 989</b>	<b>112 308</b>	<b>100 356</b>
<b>Total liabilities</b>	<b>152 714</b>	<b>230 044</b>	<b>216 122</b>
Share capital	1 736	1 215	-
Capital reserves	132 796	24 408	9 983
Retained earnings	227 022	216 000	207 369
<b>Shareholders' equity</b>	<b>361 554</b>	<b>241 623</b>	<b>217 352</b>
<b>Total liabilities and shareholders' equity</b>	<b>514 268</b>	<b>471 667</b>	<b>433 474</b>

<sup>1)</sup> Combined historical financial statements in accordance with the combination principles in the notes.

# Consolidated cash flow statement

in KCHF	H1 2020	H1 2019 <sup>1)</sup>
Net result	11 275	2 746
Financial result (net)	386	424
Depreciation and amortization	14 651	12 920
Net changes in provisions	- 1 411	3 242
Income tax	1 254	507
Other non-cash items	1 135	1 717
Change in trade receivables	- 2 975	- 7 368
Change in other receivables and prepaid expenses	- 905	- 1 199
Change in inventories	647	- 9 309
Change in trade payables	3 173	- 2 747
Change in other current liabilities and accrued expenses	- 952	- 890
Interest paid	- 291	- 23
Taxes paid	- 574	- 5 502
<b>Cash flow from operating activities</b>	<b>25 413</b>	<b>- 5 482</b>
Investments in tangible assets	- 22 753	- 27 217
Investments in financial assets	- 28	- 104
Investments in intangible assets	- 3 390	- 1 879
Disposals of tangible assets	76	26
Disposals of financial assets	21	5
Interest received	21	13
<b>Cash flow from investing activities</b>	<b>- 26 053</b>	<b>- 29 156</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>- 640</b>	<b>- 34 638</b>
Change in long-term financial liabilities	- 79 000	30 997
Inflows from capital increase	110 000	100
Issue tax on capital increase	- 1 091	-
Dividend	-	- 5 000
<b>Cash flow from financing activities</b>	<b>29 909</b>	<b>26 097</b>
Currency translation effects	- 301	- 76
<b>Change in "Net cash and cash equivalents"</b>	<b>28 968</b>	<b>- 8 617</b>

<sup>1)</sup> Combined historical financial statements in accordance with the combination principles in the notes.

## Changes in shareholders' equity

in KCHF	Share capital	Capital reserves	Retained earnings	Accumulated currency translation differences	Total retained earnings	Total
<b>Balance on 01.01.2019</b>	-	9 883	215 745	3 695	219 440	229 323
Dividend	-	-	- 15 000	-	- 15 000	- 15 000
Others	-	100	-	-	-	100
Currency translation effects	-	-	-	183	183	183
Net result	-	-	2 746	-	2 746	2 746
<b>Balance on 30.06.2019</b>	-	9 983	203 491	3 878	207 369	217 352
<b>Balance on 01.01.2020</b>	1 215	24 408	212 414	3 586	216 000	241 623
Inflows from capital increase	521	109 479	-	-	-	110 000
Issue tax on capital increase	-	- 1 091	-	-	-	- 1 091
Currency translation effects	-	-	-	- 253	- 253	- 253
Net result	-	-	11 275	-	11 275	11 275
<b>Balance on 30.06.2020</b>	1 736	132 796	223 689	3 333	227 022	361 554

<sup>1)</sup> Combined historical financial statements in accordance with the combination principles in the notes.

## Segment information

### By business unit

in KCHF	Net sales		Operating result (EBIT)		EBIT in % of net sales	
	H1 2020	H1 2019 <sup>1)</sup>	H1 2020	H1 2019 <sup>1)</sup>	H1 2020	H1 2019 <sup>1)</sup>
Household Appliances	258 633	257 672	11 483	5 053	4.4%	2.0%
Real Estate <sup>2)</sup>	-	-	1 861	- 1 376	N/A	N/A
Corporate / Consolidation	-	-	- 429	-	N/A	N/A
<b>Total</b>	<b>258 633</b>	<b>257 672</b>	<b>12 915</b>	<b>3 677</b>	<b>5.0%</b>	<b>1.4%</b>

<sup>1)</sup> Combined historical financial statements in accordance with the combination principles in the notes.

<sup>2)</sup> In the first half of 2019, the EBIT of the Real Estate Business Unit included a provision of KCHF 3 704 recognized for ground remediation work.

# Notes

## General

The unaudited half-year consolidated financial statements for the period ended 30 June 2020 were prepared in accordance with the existing Swiss GAAP FER Accounting and Reporting Recommendations in general and with Swiss GAAP FER 31 "Complementary recommendation for listed companies" in particular. These half-year consolidated financial statements do not contain all the information disclosed in annual consolidated financial statements and should therefore be read in conjunction with the information memorandum dated 17 June 2020, published for the purpose of listing the shares of V-ZUG Holding AG on SIX Swiss Exchange. As, in the previous year, the V-ZUG Group was not yet operating as an independent business unit, the prior-year comparatives and the balance sheet as at 30 June 2019 and 30 December 2019 are based on combined historical financial statements prepared in accordance with all existing Swiss GAAP FER Accounting and Reporting Recommendations on the basis of historical cost (of acquisition or production) or fair value.

The half-year consolidated financial statements cover the period from 1 January 2020 to 30 June 2020 and were authorized by the Board of Directors for issue on 13 August 2020.

The half-year report is published in German and English. In the event of discrepancies between the two versions, the German print version shall prevail.

## Consolidation and combination principles

The Group holds more than 50% of the votes and the capital of all Group companies. The full consolidation method is applied, i.e. assets, liabilities, income and expenses are recognized in full. Any minority interest in the net result and equity is presented separately. Participations below 20% are not consolidated.

Capital consolidation is performed to present the equity of the entire Group. In this context, the purchase method is applied.

With regard to currency translation, the financial statements of the foreign Group companies are translated into Swiss francs using the current rate method. Under this method, the exchange rate at the balance sheet date is used consistently for balance sheets and the average rate for the reporting period for income statements and cash flow statements. The consolidation and valuation principles are unchanged compared with the previous year.

The companies included in the combined Group are all those wholly owned by V-ZUG Holding AG as at 30 June 2020. The assets, liabilities, income and expenses are therefore recognized in full in the combined financial statements. Investments in companies representing an ownership interest of less than 20% are not combined. Up until the date of V-ZUG Holding AG's establishment (28 November 2019), the Group was not a legal entity and there was therefore only combined, invested capital. The combined share capital contained therein and the combined reserves were amalgamated in the capital reserves up until the date of establishment. Retained profits brought forward and revenue reserves were presented as retained earnings during the combination period.

## Seasonality

The Household Appliances Business Unit is subject to a certain element of seasonality. In the past, the second half of the year was generally stronger in terms of net sales. Net sales in the first half of 2019 accounted for 47.4% of total sales for 2019; in the first half of 2018, the figure was 49.5%.

## Financial report disclosures

The following disclosures explain significant items in the reporting period.

## Earnings per share

The number of shares outstanding at the date of V-ZUG Holding AG's establishment (4 500 000) was used to calculate combined earnings per share for the first half of 2019.

**Other provisions/other operating expenses**

In the first half of the previous year, a provision of KCHF 3 704 was recognized in the Real Estate Business Unit for ground remediation work.

**Capital restructuring**

The loan of KCHF 79 000 extended by Metall Zug AG, which was presented in the combined historical financial statements for the period ended 31 December 2019 as a long-term financial liability, was repaid in 2020 as part of a capital restructuring. As a further part of this capital restructuring, Metall Zug AG completed a KCHF 110 000 capital increase.

**Events after the balance sheet date**

The restrictive measures taken by many countries in response to the global spread of the coronavirus (Sars-CoV-2, which causes COVID-19) are having a significant impact on the global economy and therefore on the V-ZUG Group as well. At the time of publication of this financial report, it is not possible to definitively assess what financial consequences the direct and indirect effects of this pandemic will have in financial year 2020. The V-ZUG Group is planning scenarios and taking measures to minimize the negative impact of the pandemic on its current operations.

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