



Press Release dated August 17, 2020

## **Metall Zug Group: COVID-19 has adverse effect on business. Successful spin-off and listing of V-ZUG.**

**Zug, August 17, 2020 – The Metall Zug Group posted gross sales of CHF 511.6 million in the first half of 2020 – this corresponds to a decrease of 11.3%. The operating result (EBIT) for the first half of 2020 came to CHF -1.7 million (H1 2019: CHF -1.6 million). The financial result amounted to CHF -0.6 million (H1 2019: CHF 5.0 million) and net result stood at CHF -5.4 million (H1 2019: CHF -5.9 million).**

The first half of 2020 at the Metall Zug Group was primarily dominated by COVID-19 and the associated impacts on its business activities, as well as by the successful spin-off of V-ZUG Holding AG.

The Metall Zug Group generated gross sales of CHF 511.6 million in the first half of 2020 (H1 2019: CHF 576.5 million). Taking into account the negative currency effect of CHF 9.6 million, gross sales in local currency came to CHF 521.4 million (-9.6%). The decline in sales is primarily attributable to the negative impact of COVID-19 on the Medical Devices and Wire Processing Business Units.

The operating result (EBIT) for the reporting period came to CHF -1.7 million (H1 2019: CHF -1.6 million, or CHF 12.1 million when adjusted for the provisions of CHF 13.7 million for ground remediation work at the Zug site). The operating result was adversely affected above all by the significant drop in sales in the Medical Devices and Wire Processing Business Units. The Household Appliances and Infection Control Business Units increased their EBIT compared to the same period of the previous year.

Thanks to the improvement in net working capital, cash flow from operating activities came to CHF 40.4 million in the first half (H1 2019: CHF -9.7 million). This effect will be less pronounced in the second half of the year.

The financial result amounted to CHF -0.6 million (H1 2019: CHF 5.0 million) and net income stood at CHF -5.4 million (H1 2019: CHF -5.9 million).

The net cash position (cash and cash equivalents and securities less short- and long-term financial liabilities) came to CHF 61.6 million as at June 30, 2020, and was therefore CHF 89.4 million lower than at December 31, 2019 (CHF 151.0 million), following distribution of the cash dividend of CHF 8.6 million and the cash and cash equivalents of CHF 65.1 million remaining with the spin-off V-ZUG Group. The Metall Zug Group still has a solid balance sheet following the spin-off of the V-ZUG Group, with shareholders' equity of CHF 489.5 million and an equity ratio of 72.1%.

Segment reporting was adjusted in the first half of 2020 in connection with the spin-off of the V-ZUG Group, and the prior-year figures of the Business Units in question have been adjusted accordingly.

Metall Zug continues to hold an approx. 30% stake in V-ZUG Holding AG as a long-term investment. The result for the first half of 2020 of the V-ZUG Group is included in the consolidated income statement of Metall Zug AG. The stake in V-ZUG Holding AG, amounting to CHF 109.5 million, is recognized under Associated Companies in the consolidated balance sheet as at June 30, 2020, and is valued according to the equity accounting method (proportional equity). From now on, the change in proportional equity will be disclosed in the income statement, where it will be allocated to the financial result.

### **Household Appliances: Successful Spin-off**

The Household Appliances Business Unit generated gross sales of CHF 261.9 million (H1 2019: CHF 261.8 million). Given the negative currency effect of CHF 1.0 million, organic sales growth amounted to 0.4%. At CHF 12.9 million, the operating result (EBIT) was higher than in the same period of the previous year (CHF 3.7 million, or CHF 7.4 million when adjusted for the provisions for ground remediation work).

Gehrig Group AG, which previously formed part of the Household Appliances Business Unit, was transferred to the new reporting segment 'Other' as of the spin-off date. The two companies V-ZUG Infra AG and MZ Infra AG, which comprise the property required by V-ZUG for operational reasons along with other properties, were transferred out of the Technologycluster & Infrastructure Business Unit and integrated into the Household Appliances Business Unit. The previous year's figures have been adjusted to the new structure of the spun-off V-ZUG Group to enable better comparability.

The shares of V-ZUG Holding AG were traded on SIX Swiss Exchange for the first time on June 25, 2020. The share price opened at CHF 72.00 on the first day of trading and closed at CHF 78.15.

The strategic transformation process at V-ZUG continued in the first half of 2020. Key strategic projects such as the vertical factory in Zug, with its new production space for surface technology, and the new refrigerator factory in Sulgen (CH) are on track. The transition to the new ERP system has been completed. However, the remaining optimizations will still take some time.

Sales in Switzerland remained stable despite COVID-19, and further progress was made in the Asian markets and Germany. Net sales of the V-ZUG brand rose by 38.7% in the international business. Special factors and COVID-19 caused a drop in sales in the U.S. The opening of further ZUGORAMAs in Beijing and Munich strengthens V-ZUG's position as a premium brand.

The income statement of V-ZUG was still fully consolidated in the first half of 2020.

### **Infection Control: Upward Trend despite COVID-19**

The Infection Control Business Unit generated gross sales of CHF 78.8 million (H1 2019: CHF 84.2 million). Around half of the decline is attributable to reduced services to Belimed Life Science. The currency-related decrease in sales amounted to CHF 3.0 million. Adjusted for currency effects, sales in the three core segments – Equipment, Service and Consumables – were roughly on a par with the prior-year level.

As most projects (equipment business) were completed on schedule even during the COVID-19 crisis, total sales of the equipment business were higher than in the first half of 2019. However, restraint on the part of customers in making new investment decisions resulted in a lower order intake, which is likely to impact on equipment sales in the second half of the year. On the other hand, the COVID-19 pandemic led to a noticeable increase in interest in Belimed's fully automatic hospital bed cleaning systems.

The Service and Consumables segments were adversely affected by COVID-19 during the first six months of 2020 as hospitals performed only those operations that were strictly necessary, with some even suspending surgery altogether.

Margin improvements and active cost management led to an improved operating result (EBIT) of CHF 1.1 million (H1 2019: CHF -3.3 million). The operating result contains one-time additional revenue from the 2016 sale of the former Ballwil production facility totaling CHF 1.4 million and a negative effect of CHF -0.6 million from the recycling of goodwill in connection with the sale of the investment in Sterifast, which took place in February 2020. Without these two one-time effects, the operating result (EBIT) would have come to CHF 0.3 million (H1 2019: CHF -3.3 million).

### **Medical Devices: Investments in the Future**

In the first half of 2020, the Medical Devices Business Unit posted gross sales of CHF 76.6 million (H1 2019: CHF 99.8 million). Adjusted for the negative currency effect of CHF 2.9 million, gross sales fell by 20.4%.

COVID-19 severely hindered Haag-Streit's sales activities. Practically all the events scheduled for 2020 at which Haag-Streit intended to present and sell its devices to a trade audience were canceled. Despite well-attended webinars and in-house product presentations to customers, Haag-Streit recorded a significant decrease in sales, especially in the U.S.

The operating result (EBIT) amounted to CHF -6.5 million (H1 2019: CHF 7.5 million). The cost-cutting measures taken in immediate response to COVID-19 were not enough to make up for the margin lost as a result of the drop in sales.

The first half of 2020 saw high demand for the inhalers produced by subsidiary Clement Clarke International Ltd. (UK), which can be used to treat COVID-19 patients.

Haag-Streit signed an agreement in April 2020 to acquire around 77% of the shares in VRmagic Holding AG (Mannheim, Germany). There is an option agreement to buy the remaining approx. 23% of the shares within the next three years. The additional technological competency of VRmagic in the fields of digital image processing and virtual reality allows the Haag-Streit Group to expand its leading market position.

The Medical Devices Business Unit fell victim to a cyberattack in the U.S. in April 2020. It was possible to reconstruct the actions of the perpetrators and immediately take appropriate security measures. The damage of CHF 2.4 million is disclosed in the income statement as an extraordinary expense.

### **Wire Processing: Slump in Automotive Production Makes Itself Felt**

The Wire Processing Business Unit posted gross sales of CHF 67.5 million in the first six months of 2020 (H1 2019: CHF 101.8 million). Factoring in the negative currency effect of CHF 2.7 million, organic sales declined by 31.1%.

In the first half of 2020, COVID-19 accentuated the reluctance of customers in the automotive industry to buy – a persistent trend that first emerged at the end of 2018.

In the field of process automation, the tendency to install automation lines decentrally in the regions and to invest more in countries with low wage costs led to increased momentum. As various process automation projects could not be approved by customers due to travel restrictions and lockdowns, they are not reflected in sales. Schleuniger has started conducting the approval process for its systems by means of electronic communication.

The operating result (EBIT) fell considerably from CHF 6.5 million in the prior-year period to CHF -7.7 million, despite the measures taken to cut costs.

Regardless of the difficult operating environment, the Business Unit continued all its key strategic investments in the development of new innovations and products in the field of automation, high voltage, standardization, and digitization. A new ERP system was rolled out at the three sites in Switzerland and in Radevormwald (Germany) during the reporting period.

An agreement was signed on June 30, 2020, to acquire the material assets and liabilities of Cirris Systems Corp., headquartered in Salt Lake City, Utah (USA). This acquisition rounds out Schleuniger's existing range of testing solutions by adding easy to use and operate standard testers, adapters and accessories that will make it a leading supplier in North America to this growing market segment. At the same time, the transaction will broaden Schleuniger's clientele for applications outside the automotive supplier industry.

### **Technologycluster & Infrastructure: Site Transformation Proceeding as Planned**

The operating result (EBIT) of the Business Unit in the first half of 2020 came to CHF 2.6 million (H1 2019: CHF -8.7 million. Without the provisions of CHF 10.0 million for the remediation of soil contamination recognized in the prior-year period, adjusted EBIT would have come to CHF 1.3 million in the year-back period).

Construction work on the “vertical factory” in Zug and the refrigerator plant in Sulgen (CH) is proceeding according to plan. V-ZUG was able to start operating its new press shop during the reporting period. Planning work for the next projects to be tackled, such as the multi-energy hub in Zug, proceeded apace in the first half of 2020. In addition, construction of the Zug Mobility Hub got under way.

Following the spin-off of V-ZUG, the Business Unit will continue to manage V-ZUG’s construction projects on a mandate basis.

### **New Reporting Segment 'Other'**

Following the spin-off of the V-ZUG Group, the former Life Science Solutions Business Unit, Gehrig Group AG and the Corporate reporting segment (Metall Zug AG) were grouped together in the new reporting segment 'Other', effective January 1, 2020. The reporting segment posted gross sales of CHF 32.1 million and an operating result of CHF -4.0 million.

The restructuring of Life Science Solutions is beginning to bear fruit, with Life Science Solutions generating a much better operating result in the first half of 2020.

Owing to the lockdown, Gehrig Group AG, which distributes integrated solutions for professional kitchens in Switzerland, recorded a drop in gross sales compared to the prior-year period, and thus also a negative operating result.

### **Strong Industrial Group with Leading Positions in Attractive Markets**

The spin-off of V-ZUG has changed the profile of Metall Zug. The changed Metall Zug is a focused industrial group that is essentially active in the two markets of medical technology and wire processing. We believe the growth prospects in both these markets to be good. Through Belimed, Haag-Streit and Schleuniger, Metall Zug is very well positioned with strong brands in the relevant market segments. The Technology Cluster in Zug gives Metall Zug a site of some 58,000m<sup>2</sup> in the heart of the city of Zug with great development potential.

## Key figures for the Metall Zug Group

### Income Statement

CHF million	HY1 2020	HY1 2019
<b>Gross sales</b>	<b>511.6</b>	<b>576.5</b>
Net sales	502.6	565.7
<b>Operating result (EBIT)</b>	<b>-1.7</b>	<b>-1.6</b>
<i>in % of gross sales</i>	<i>-0.3</i>	<i>-0.3</i>
Financial result	-0.6	5.0
Result before taxes	-4.7	3.4
Net result	<b>-5.4</b>	<b>-5.9</b>
<i>in % of gross sales</i>	<i>-1.1</i>	<i>-1.0</i>

### Statement of Cash Flows

CHF million	HY1 2020	HY1 2019
<b>Cashflow from operating activities<sup>1)</sup></b>	<b>40.4</b>	<b>-9.7</b>
<b>Cash flow from investing activities<sup>1)</sup></b>	<b>-50.8</b>	<b>6.8</b>
<i>Of which investments (w/o financial assets, M&amp;A)</i>	<i>-34.8</i>	<i>-38.0</i>
<b>Cash flow from financing activities</b>	<b>-75.0</b>	<b>-33.6</b>
Employees (FTE)	2 786 <sup>2)</sup>	5 163

### Balance Sheet (assets)

CHF million	06.30.2020	12.31.2019
<b>Current assets</b>	<b>352.5</b>	<b>605.4</b>
<i>Of which cash and cash equivalents</i>	<i>74.7</i>	<i>152.8</i>
Tangible assets	159.0	401.4
Financial assets	150.0	43.4
Intangible assets	17.6	32.9
<b>Fixed assets</b>	<b>326.5</b>	<b>477.8</b>
<b>Total assets</b>	<b>679.1</b>	<b>1 083.1</b>

### Balance Sheet (liabilities and shareholders' equity)

CHF million	06.30.2020	12.31.2019
Current liabilities	144.6	249.0
Non-current liabilities	45.0	71.6
<b>Total liabilities</b>	<b>189.6</b>	<b>320.6</b>
<b>Shareholders' equity</b>	<b>489.5</b>	<b>762.5</b>
<i>in % of total assets</i>	<i>72.1</i>	<i>70.4</i>
<b>Total liabilities and shareholders' equity</b>	<b>679.1</b>	<b>1 083.1</b>

1) The cash flow from securities was reclassified from Cash flow from operating activities to Cash flow from investing activities in 2019. As a result of the disposals of securities in the financial years 2018 and 2019, the operational significance of the investment management of Metall Zug AG has been reduced to such an extent that, due to the reclassification, the consolidated cash flow statement is more adequate. Accordingly, the previous year was adjusted and the cash flow from securities amounting to CHF 46.5 million was re-classified to Disposals of financial assets.

2) The number of employees (FTE) includes the full-time equivalent number of employees of the Metall Zug Group after the spin-off of the V-ZUG Group. Temporary impacts due to short-time work and further personnel measures due to COVID-19 are taken into account.

## About the Metall Zug Group

Metall Zug is a group of industrial companies headquartered in Zug. The Group has around 3,000 employees and comprises five Business Units:

- Infection Control (Belimed Group)
- Medical Devices (Haag-Streit Group)
- Wire Processing (Schleuniger Group)
- Technologycluster & Infrastructure (Tech Cluster Zug AG, Urban Assets Zug AG)
- Other (Life Science Solutions (Belimed Life Science AG, Belimed Life Science d.o.o.), Gehrig Group AG and Metall Zug AG)

The holding company Metall Zug AG is listed in the Swiss Reporting Standard of SIX Swiss Exchange in Zurich (type B registered shares: securities number 3982108, ticker symbol METN).

## Legal Notes

The expectations expressed in this press release are based on assumptions. Actual results may vary from those anticipated. This press release is published in German and English. The German version is binding. Metall Zug AG processes personal data in accordance with its privacy statement available under: <https://www.metallzug.ch/en/datenschutzerklaerung>.

## Key dates

March 18, 2021

April 30, 2021

Publication of results for 2020

Ordinary General Meeting of Shareholders

## Further informationen

Daniel Keist

Chief Financial Officer

Phone: +41 (0)58 768 60 50

Christof Gassner

Head of Corporate Communications & IR

Phone: +41 (0)58 768 60 50

## Further Information

This Press Release is available at <https://www.metallzug.ch/en/medien/medienmitteilungen> and the Half Year Report 2020 at [www.metallzug.ch/en/investoren/geschaeftsberichte-praesentationen](https://www.metallzug.ch/en/investoren/geschaeftsberichte-praesentationen)).