

## Press release

Half-yearly report 2011 of the METALL ZUG GROUP

### **METALL ZUG GROUP reports moderate growth**

**Zug, 29 August 2011 – In the first six months of 2011, the METALL ZUG GROUP increased its gross sales from CHF 397.8 million to CHF 409.5 million. In local currencies this was equivalent to growth of 6.9%. Operating income (EBIT) fell by 6.4 % to CHF 41.4 million. Owing to the weaker financial result, the group's net income fell by CHF 10.9 million to CHF 24.2 million.**

In the first six months of 2011 the METALL ZUG GROUP succeeded in increasing gross sales by 3.0 % to CHF 409.5 million. In local currencies this was equivalent to growth of 6.9 %. These results were largely attributable to the household appliances and wire processing business units, both of which increased their sales volume and further strengthened their market position. However, developments on the foreign exchange markets had a negative impact on the results. Owing to the strong Swiss franc, prices for the three industrial business units came increasingly under pressure. The infection control business unit (Belimed Group) suffered the most from this situation. The operating income of the METALL ZUG GROUP therefore fell from CHF 44.2 million in the previous year to CHF 41.4 million.

The financial result of the METALL ZUG GROUP was influenced by several factors. On the one hand, developments on the stock market and foreign exchange losses had a negative impact. On the other hand, debt in the real estate business unit rose by CHF 100 million, resulting in higher interest expenses. These factors together led to a negative financial result of CHF -9.9 million. As a result – and due to the lower operating income – group net income came to CHF 24.2 million, CHF 10.9 million below net income for the same period in the previous year of CHF 35.1 million.

**Household appliances business unit: Volume up once again despite difficult environment**

In the first half of 2011, the Swiss construction industry was in a good shape. However, competition has further stiffened, and this is reflected in slightly lower margins. In particular, competitors from the eurozone benefited from the strength of the Swiss franc. Despite this, the household appliances business unit increased its sales by 2.4 % to CHF 271.0 million. Operating income fell slightly compared with the previous year, from CHF 30.3 million to CHF 29.9 million. Further progress was made in the export business. Since May, V-ZUG AG has also been active in France and Belgium with a sales organization of its own. Moreover, two new trading partners were acquired in the form of KHL Marketing Asia-Pacific (Singapore/Malaysia) and Nobel Appliances (China).

Despite the cost advantage enjoyed by competitors from abroad, the household appliances business unit is confident of achieving sales of the same order of magnitude as in 2010 for the business year 2011, albeit with slightly lower margins.

**Infection control business unit: Hit by the currency crisis**

Over the last few years, the Belimed Group (infection control) has experienced remarkable growth. However, due to increasing competition, earnings could not keep pace. The strong Swiss franc further accentuated this situation. In the first six months of 2011, sales rose by 0.6 % from CHF 87.0 million to CHF 87.6 million. Without the effects of foreign exchange movements, sales would have grown by 11.4 %. The pressure on margins reduced operating income by CHF 1.0 million compared with the previous year to CHF -3.0 million. However, the 2010 figure had included a one-off gain of CHF 0.9 million arising from the sale of the silo heating business. New orders also fell from CHF 105.8 million to CHF 100.6 million.

At the beginning of the year, the board of directors initiated a review of the Belimed Group's strategy. The key points and necessary initiatives for the group's successful future orientation were decided and are now being implemented. The focus will be on the group's market and customer orientation. The purchasing system was reinforced, and a number of optimization steps taken to improve projects and make them more efficient. Plans are under way to step up the expansion of production capacities in Slovenia.

Belimed's business is subject to seasonal influences, with sales and results usually higher in the second half of the year. Assuming that the foreign exchange situation does not deteriorate further compared with the first six months, the Belimed Group should be able to maintain sales at the level of the previous year and achieve a positive operating income for the year as a whole.

**Wire processing business unit: Stable growth in all markets**

Demand for high-precision wire processing machines continued to rise in the first six months of 2011. Coupled with the innovations launched by the Schleuniger Group (wire processing) in 2010, this ensured a good start to the year 2011. Schleuniger saw its sales increase by 9.6 % to CHF 52.6 million. Growth occurred over wide geographic areas and amounted to 22.3 % in local currencies. Operating income rose by 44.2 % from CHF 4.9 million to CHF 7.1 million. Once again, new orders were up on the previous year, rising this time by 7.7 % to reach CHF 54.7 million.

The Schleuniger Group expects the result in the second half to be similar to the pleasing first-half result.

**Real estate business unit: Suurstoffi project running according to plan**

All of MZ-Immobilien AG's residential, office and commercial properties are fully occupied. In the first six months of 2011, the real estate business unit's income from properties, hotels and services rose by 10.4 % year-on-year to CHF 24.7 million.

2010 saw the start of construction of the new Suurstoffi district in Rotkreuz, which offers both apartments and commercial areas. The pharmaceutical company Novartis plans to centralize its Swiss business units by the beginning of 2013 and is relocating 400 jobs to the Suurstoffi district in Rotkreuz. Due to the significant outlay in Suurstoffi, operating income fell in line with expectations, from CHF 8.0 million to CHF 7.4 million. This outlay will also weigh on results in the second half-year. Hence operating income is expected to be lower for the year as a whole than in 2010.

**Outlook to second half of the year 2011**

The volatile foreign exchange markets and the associated pressure on prices will continue to affect the results of the METALL ZUG GROUP. Assuming that the currency situation does not deteriorate further in the second half of the year compared with the first six months, the METALL ZUG GROUP expects gross sales for the full year to be at the level of the previous year, with operating income at around CHF 100 million.

In May 2011, the board of directors of METALL ZUG AG decided to explore the possibility of separating the real estate business unit from the industrial business during 2012. This would entail establishing the real estate business unit as a separate company listed on SIX Swiss Exchange, Zurich and distributing its shares to the shareholders of METALL ZUG AG. The new company would have the same capital structure as METALL ZUG AG and independent management bodies. The necessary preparatory work is running according to plan.

The METALL ZUG GROUP employs a staff of about 3 000. The holding company METALL ZUG AG is listed in the Domestic Standard segment of SIX Swiss Exchange in Zurich (registered shares of type B, securities number 3982108, ticker symbol METN). In addition to the Swiss market leader V-ZUG AG, the household appliances business unit comprises SIBIRGroup AG and Gehrig Group AG. The Belimed Group (infection control business unit), the Schleuniger Group (wire processing business group), MZ-Immobilien AG, Hotelbusiness Zug AG and ZEW Immobilien AG (real estate business unit) are other members of the METALL ZUG GROUP.

**Disclaimer**

Please note that any 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 shall prevail.

The Half-yearly Report is available in electronic format at [www.metallzug.ch](http://www.metallzug.ch).

**Upcoming events:**

12 April 2012	Media and analysts' conference 2012
22 June 2012	General meeting of shareholders

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