METALL ZUG
Metall Zug AG
Industriestrasse 66 Postfach 59 CH-6301 Zug Tel. 041 748 10 20 Fax 041 748 10 29

Press release dated 25 August 2014

Metall Zug Group: Significantly higher operating income

Zug, 25 August 2014 - Gross sales of the Metall Zug Group in the first half of 2014 were practically unchanged year-on-year at CHF 428.9 million. Despite the challenging economic environment and strong price pressure, operating income (EBIT) rose by 16.6% to CHF 26.7 million. Adjusted for the extraordinary effect of the sale of Zug Estates Holding AG shares in the prior-year period, the financial result increased by 15.5% in the first half of 2014 to CHF 13.2 million. Net income reached CHF 31.9 million, thereby exceeding net income for the prior-year period (adjusted for the extraordinary effect on the financial result) by CHF 4.1 million or 14.6%.

The Metall Zug Group generated gross sales of CHF 428.9 million in the first half of 2014 (H1 2013: CHF 429.9 million). This represents a marginal decrease of 0.2%. The 0.7% impact of acquisitions was offset by the currency effect of –0.8% with the result that gross sales in local currencies were down 0.1%. The continued cautious behaviour of clients in key sales markets, due to a variety of factors, coupled with the strong Swiss franc and price pressure, once again impacted all three of Metall Zug Group’s business units. Market players with main production sites outside Switzerland continue to enjoy significant cost advantages. Despite these challenging market conditions, particularly in Europe, operating income reached CHF 26.7 million. Compared with the prior-year period, this represents a rise of 16.6%.

The financial result for the first half of 2014 came to CHF 13.2 million. When comparing this with the financial result for the prior-year period (CHF 57.5 million), it should be noted that the sale of a major part and revaluation of the remaining shares in Zug Estates Holding AG contributed CHF 46.1 million to the extraordinarily high result for in the first half of 2013. Adjusted for this effect, the financial result was up 15.5% year-on-year in the first half of 2014.

The Metall Zug Group achieved net income of CHF 31.9 million in the reporting period (previous year: CHF 70.8 million). Excluding the extraordinary effect on the financial result due to the sale and revaluation of the Zug Estates Holding AG shares in the first half of 2013, this represents an increase of CHF 4.1 million or 14.6%.

The remaining 17 895 registered shares in Zug Estates Holding AG were sold during the reporting period. Therefore, Metall Zug AG no longer has any shares in Zug Estates Holding AG. A total gain of CHF 0.6 million was generated in 2014 with the shares of Zug Estates Holding AG.

Household Appliances Business Unit: Profitability strengthened

The Household Appliances Business Unit generated gross sales of CHF 282.3 million, an increase of 2.2% compared with the first half of 2013 (CHF 276.3 million). Adjusted for the influence of the acquisition of the refrigeration equipment business of 0.3% and a currency effect of -0.1%, this constitutes growth in local currencies of 2.0%. The business unit had to cope with a difficult business environment in relation to pricing.
The business unit generated an operating income of CHF 27.3 million, a rise of 25.2% compared with the prior-year period (CHF 21.8 million). This gratifying result was also owed to continued,

systematic cost management and continuous process optimization. V-ZUG once again launched world firsts protected by various patents, for example for textile care and the Adora SLQ WP washing machine, which uses heat-pump technology and an ice-storage system.

V-ZUG's internationalization strategy is being pursued in a targeted, selective manner, accompanied by a consolidation and focus on those markets already covered.

With its innovative and high-quality appliances, V-ZUG is well positioned to maintain its place in an even tougher market environment.

Infection Control Business Unit: Setback in restructuring efforts

Gross sales of the Belimed Group (Infection Control) fell by 17.6% compared with the first half of 2013 to CHF 84.2 million or by 16.2% in local currencies. When comparing sales with those of the first half of 2013 (CHF 102.2 million), it should be noted that the latter proved disproportionately high due to an atypical seasonal pattern; this was due to the fact that a series of larger orders had been delivered to clients in the prior-year period. The lower sales and ongoing restructuring costs as well as a less favorable sales mix impacted the operating income, which deteriorated to CHF -9.3 million (previous year period: CHF -4.5 million).

The Belimed Group once again faced a challenging environment in the first half of 2014. Besides ongoing restructuring programs and the already strong pressure on prices and costs, the market environment in Europe and the USA unexpectedly became more difficult. While sales in the pharmaceutical sector were encouraging, Belimed was unable to continue the positive trend of recent years in the medical sector in Europe and the USA. In Europe, the pricing competition continues to intensify significantly, and cutbacks in the public sector resulted in even greater reluctance to invest by hospitals. At the same time, the new healthcare funding rules resulting from the introduction of the healthcare reform (Affordable Care Act) led to more cautious investment behavior by hospitals in the USA.

The aforementioned market changes led to insufficient capacity utilization for the Belimed plants. At the same time, ongoing efficiency improvement programs and associated improvements in cost structures proceeded more slowly than planned. Product developments and optimization of operating processes continued to be driven forward in parallel. Implementation of these plans remains time consuming and drives costs.

Wire Processing Business Unit: Strong first half with rise in sales and earnings

Overall, the Schleuniger Group posted a 20.0% rise in sales to CHF 63.5 million in the first six months (H1 2013: CHF 53.0 million). Excluding the acquisitions impact of 4.3% and negative currency effect of 3.6%, organic growth in local currencies amounted to 19.3%. This sales growth tended to benefit from an atypical seasonal pattern, however. Operating income was 47.4% higher than in the comparable period of the previous year at CHF 10.2 million (H1 2013: CHF 6.9 million). This increase in EBIT was primarily due to significantly higher volume, successful efficiency improvement programs as well as a favorable customer and product mix in the first half of the year. The Schleuniger Group made major investments in new product development and strengthed its market presence in the first half of the year. The additional associated costs will weigh more heavily on the income statement in the second half 2014 than in the first six months.

The strategically significant acquisition of the business operated by Tianjin Haofeng Electrical Equipment Co., Ltd. in June 2013 is developing in line with expectations. The new products presented at the world's leading trade fair, Productronica in Munich (Germany), were successfully launched on the market in the first half of 2014. Particularly the innovative software solution S.WOP (Software for Wire Optimized Production) has been well received by customers.

Outlook

The Metall Zug Group expects the market environment to remain challenging in the second half of 2014, with pressure on prices and margins likely to persist across all business units. The Metall Zug Group will continue to implement its growth and internationalization strategy on a focused basis in the second half of 2014 and systematically optimize its business processes and cost structures.

Provided that economic and political conditions do not change significantly and no special events occur, the Metall Zug Group expects the operating income (EBIT) for the full year 2014 to be on a par with the previous year. The strengthening of the competitiveness of the Infection Control business unit requires further restructuring which could have an additional negative impact on the operating income of the group. The financial result for 2014 depends in particular on the future development of the financial markets, but this year it will no longer be able to benefit from the extraordinary effects in connection with the Zug Estates Holding AG shares and will therefore be lower than in 2013.

Metall Zug Group in CHF million	**H1 2014**	**H1 2013**
Gross sales	**428.9**	**429.9**
Net sales	417.7	419.7
Operating revenue	432.5	425.0
Operating expenses	-405.8	-402.1
Operating income (EBIT)	**26.7**	**22.9**
in % of gross sales	6.2	5.3
Financial result	13.2	57.5
Income before taxes	39.9	80.5
Net income	**31.9**	**70.8**
in % of gross sales	7.4	16.5
Cash flow from operating activities	**53.4**	**79.9**
in % of gross sales	12.5	18.6
Investments (excl. financial assets)	16.3	13.2
Employees	3551	3358

in CHF million	**06.30.2014**	**12.31.2013**
Current assets	**716.6**	**702.4**
Tangible assets	244.3	246.4
Financial assets	32.0	31.6
Intangible assets	11.9	13.1
Fixed asstes	**288.2**	**291.1**
Total assets	**1004.8**	**993.5**
Current liabilities	205.6	192.9
Non-current liabilities	51.0	52.8
Total liabilities	**256.6**	**245.7**
Shareholder's equity	**748.2**	**747.8**
in % of total assets	74.5	75.3
Total liabilities and shareholder's equity	**1004.8**	**993.5**

About the Metall Zug Group

The Metall Zug Group focuses on its three core businesses and is managed as an industrial group. It is headquartered in Zug and has a staff of around 3 500 employees. The Household Appliances business unit includes the Swiss market leader V-ZUG AG, SIBIRGroup AG and Gehrig Group AG. The Infection Control business unit is represented by the Belimed Group, and the Schleuniger Group makes up the Wire Processing business unit. The holding company Metall Zug AG is listed in the Domestic Standard of SIX Swiss Exchange, Zurich (registered shares of type B: securities number 3982108, ticker symbol METN).

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, French and English. The German version takes precedence.

Key dates

26 March 2015	Annual media conference
1 May 2015	General meeting of shareholders

For further information, please contact

Marcel Müller
Corporate Communications & IR
Phone: +41 41 748 10 20

Daniel Keist
Chief Financial Officer
Phone: +41 41 748 10 20

www.metallzug.ch