



## **V-ZUG Group**

ZKB Swiss Equity Conference 2024 – 7 November 2024

1h30



160°



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## V-ZUG in 1H24

**Order intake and  
profitability improved.**

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





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# Agenda

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



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# 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

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# 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

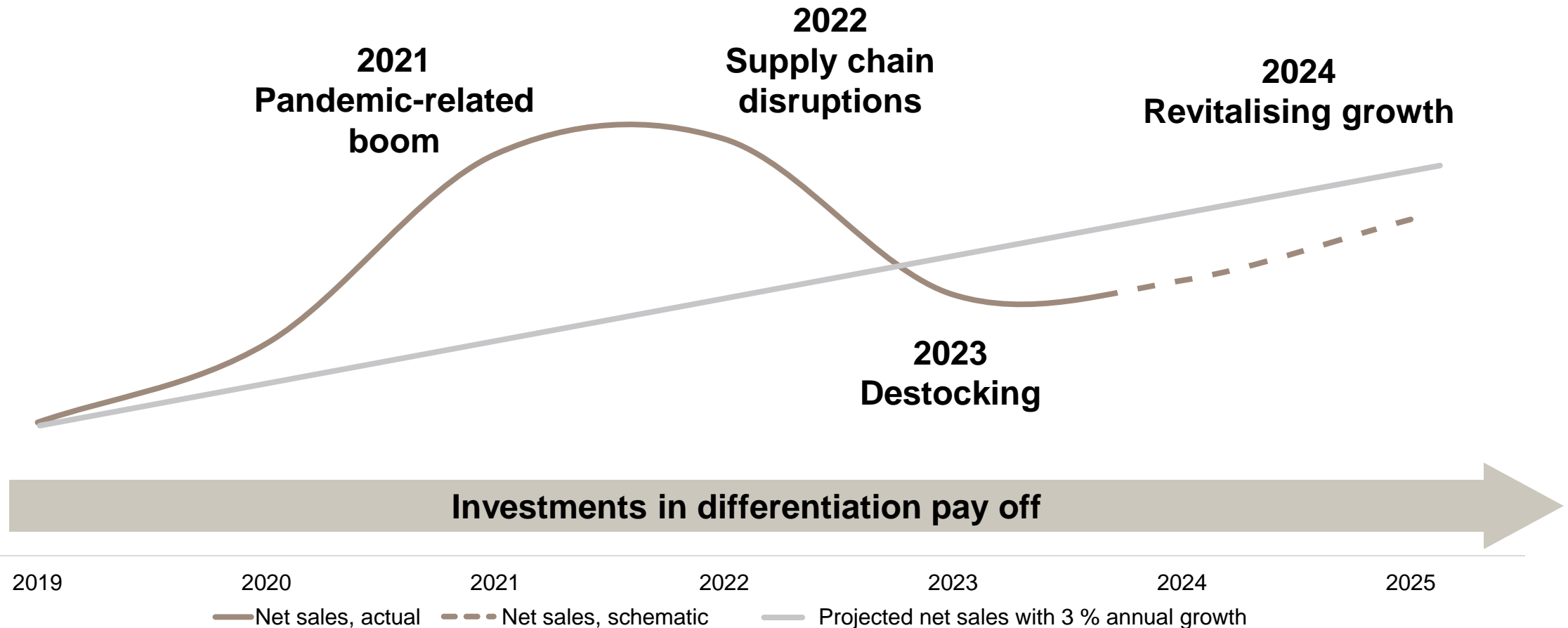
- New builds / new construction: still low due to limited financial return expectations and slow approval processes
- Renovation: improving level of activities
- Replacement: Stable on a good level

## 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)

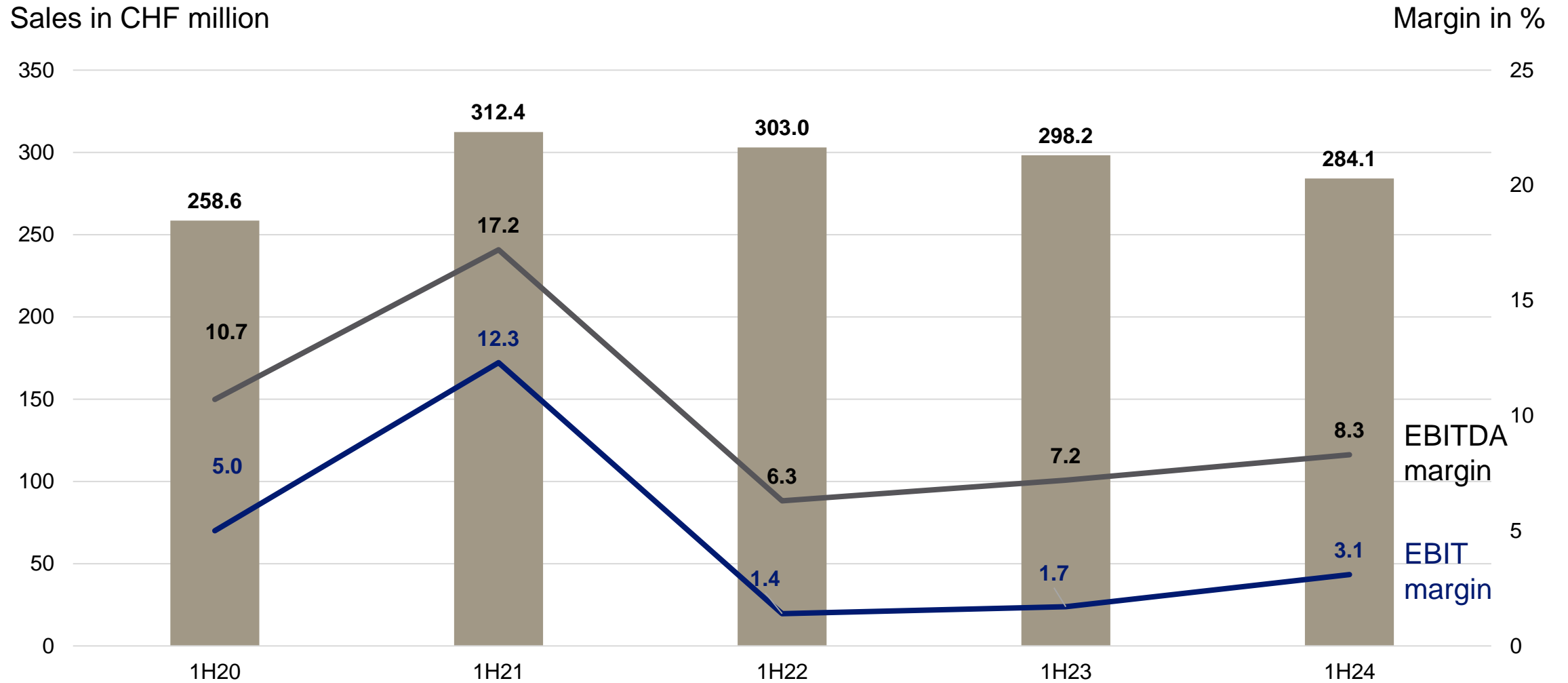
# 1. Overview: Successful navigation in a changing business environment

Differentiation – Invigorating growth – “Simplify V-ZUG”



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

Development in the 1<sup>st</sup> 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

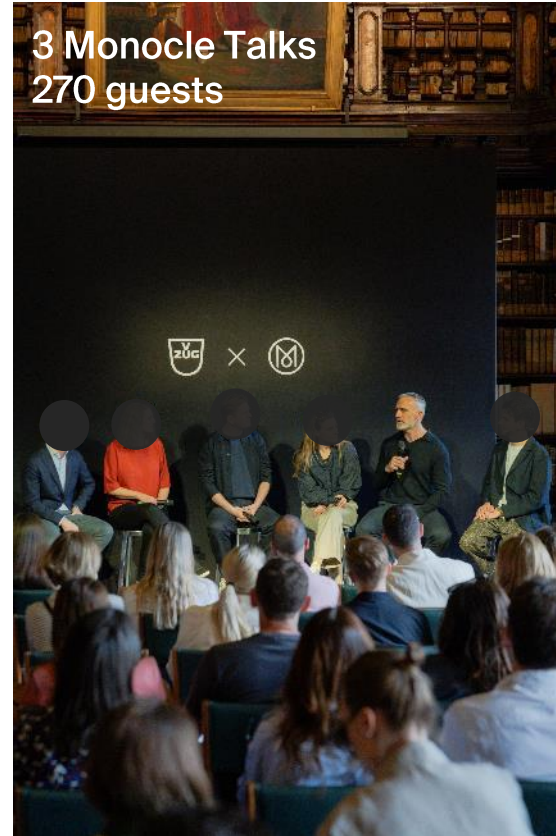
Studio  
3.652 visitors



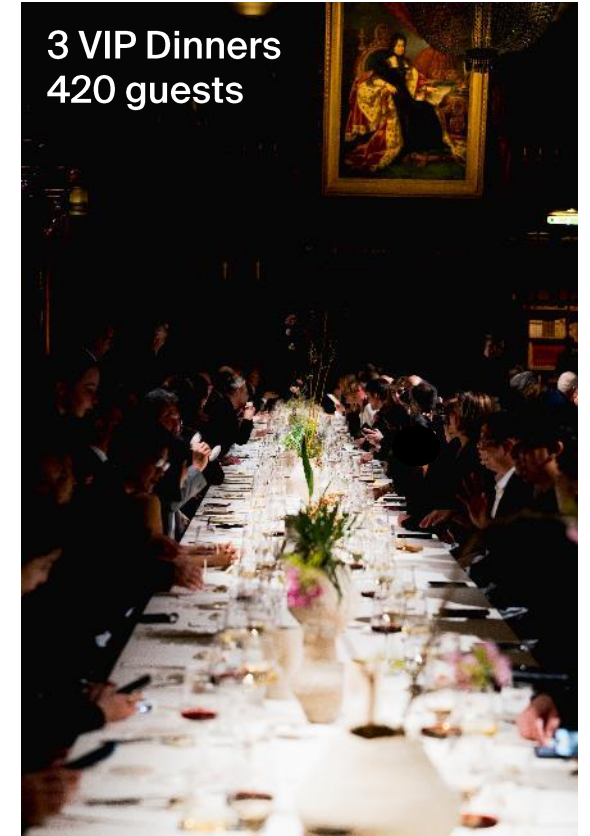
Exhibition  
18.039 visitors



3 Monocle Talks  
270 guests



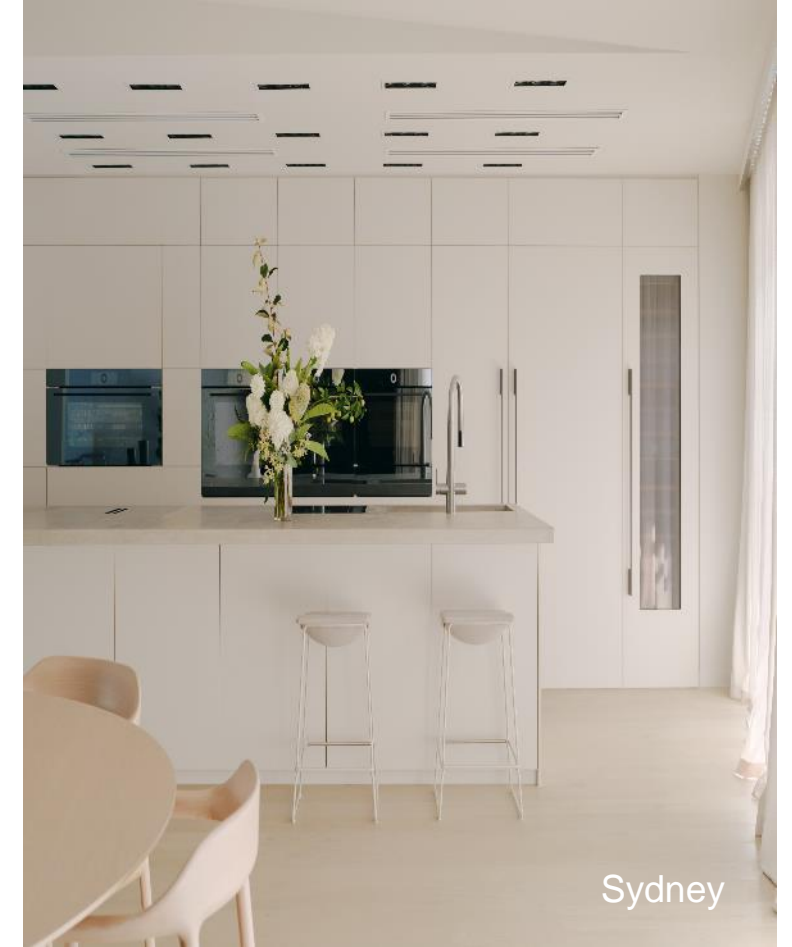
3 VIP Dinners  
420 guests





## 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 Comhair



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

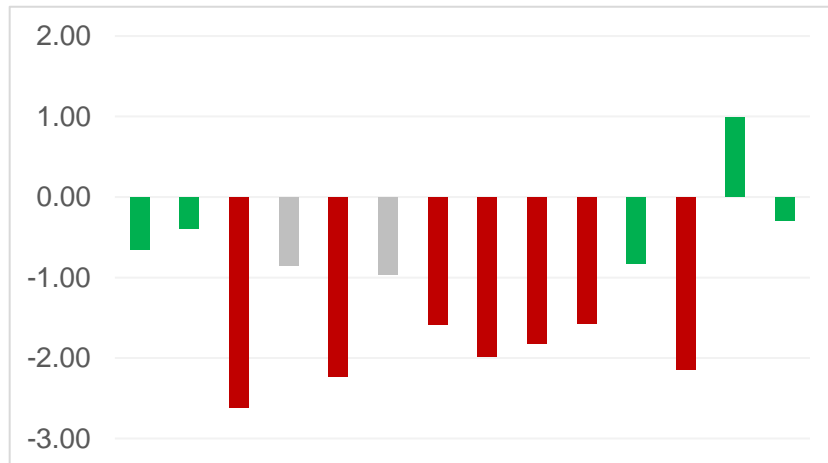
Proactive product portfolio and price point management

### Full transparency

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

Benchmarking with competitors as part of analysis.

Principle: price elasticity (schematic)



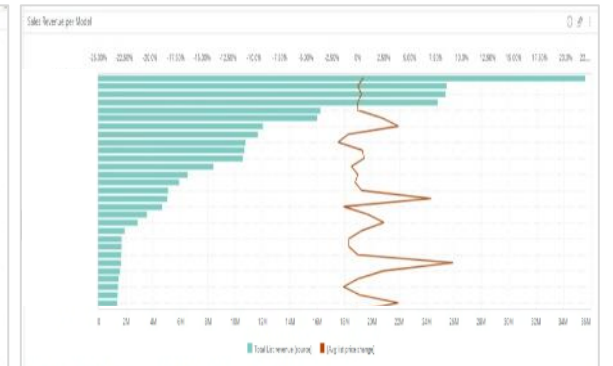
### Educated decisions

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



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## 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

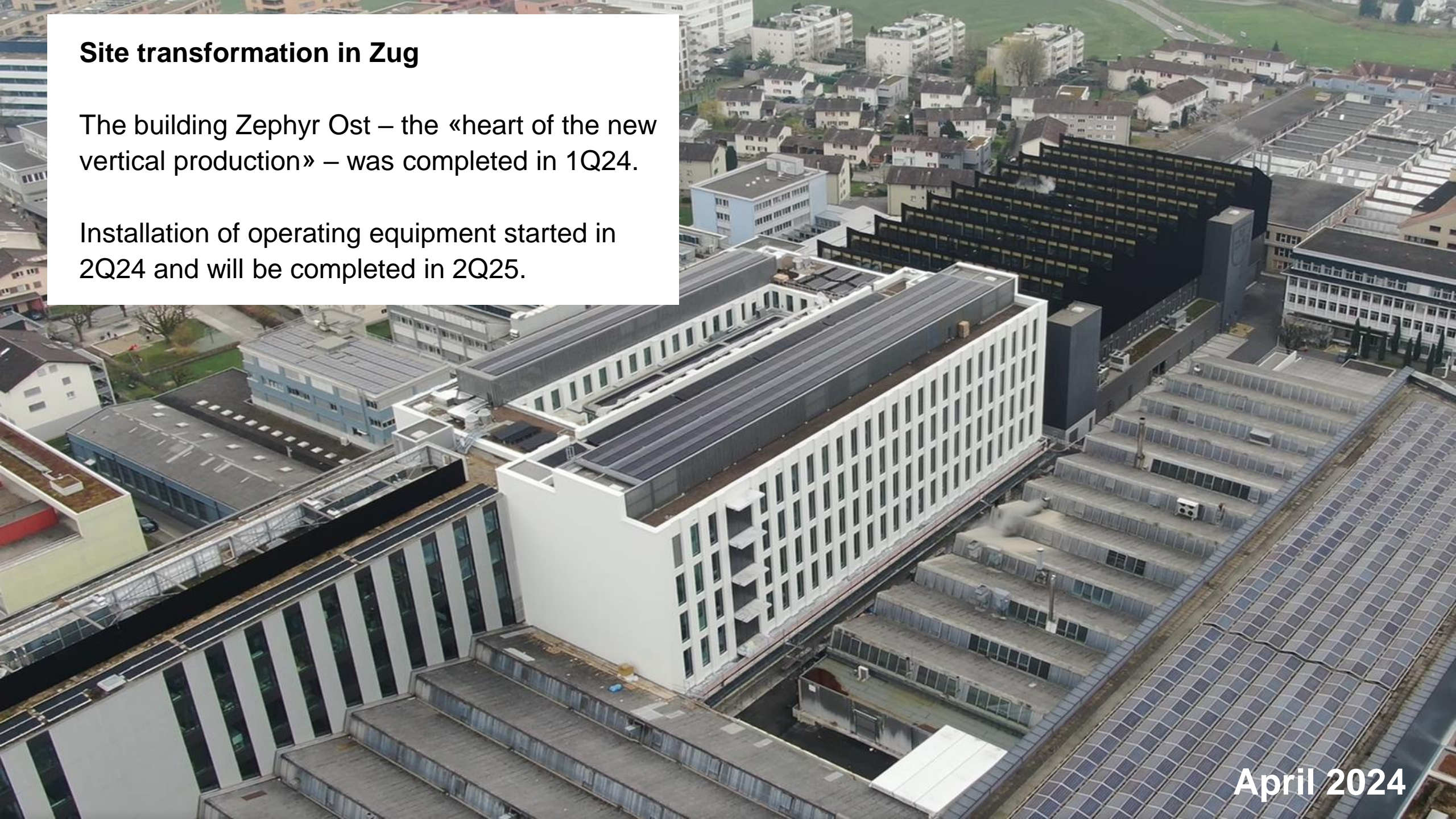
In addition to “Simplify V-ZUG”, marketing and sales efforts are continuously being improved, allowing V-ZUG to benefit from a market recovery, which is notable in Switzerland as well as in International Markets.



## 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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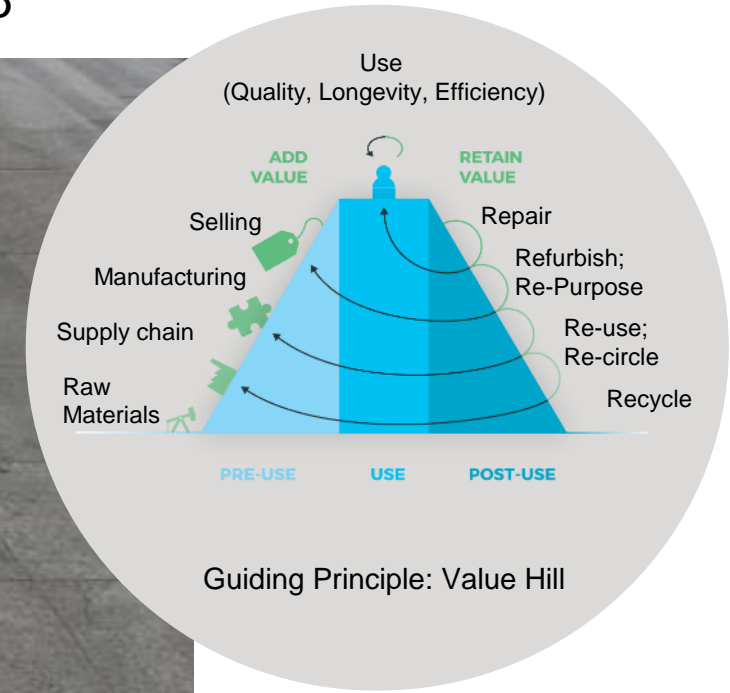
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# 3. Circular product design leads to circular product life

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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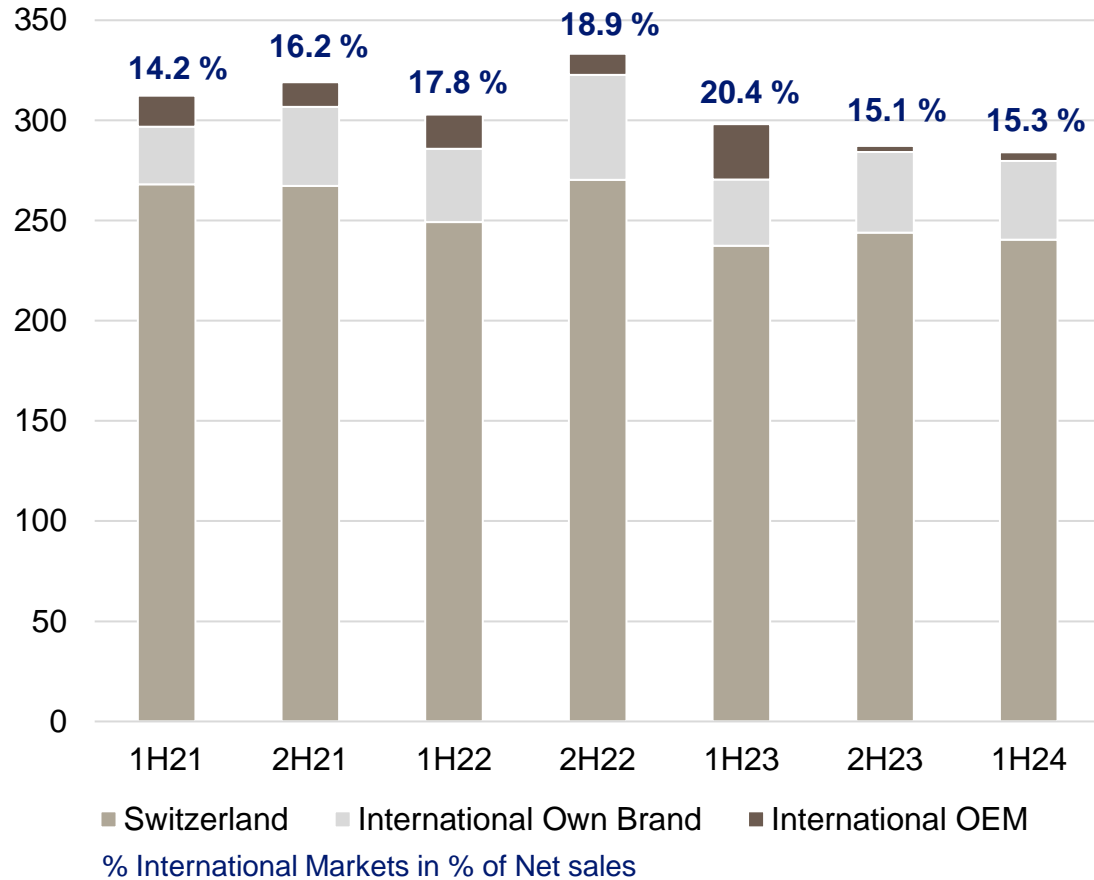
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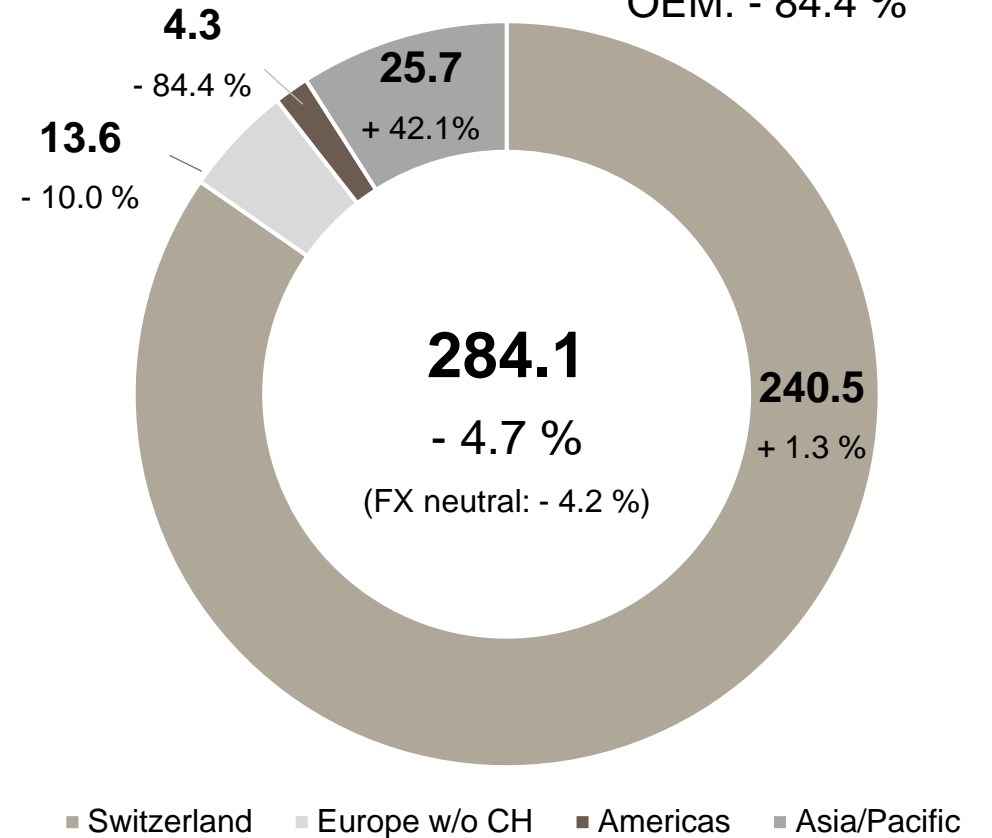
# 4. Financial information: Net sales development

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

Net sales in CHF million



Net sales by region in CHF million



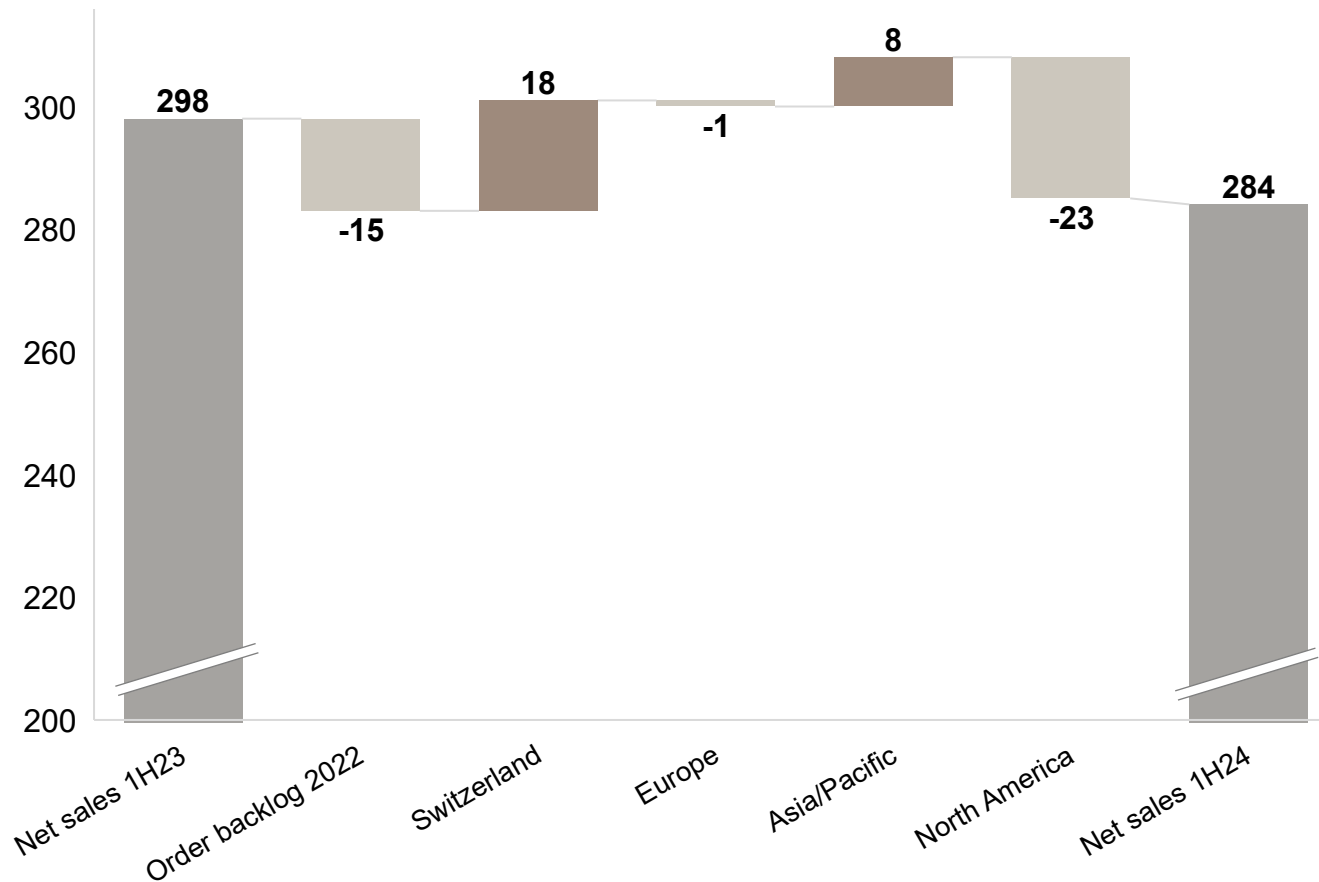
## International Markets Net sales growth:

Own brand: + 18.5 %  
OEM: - 84.4 %

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

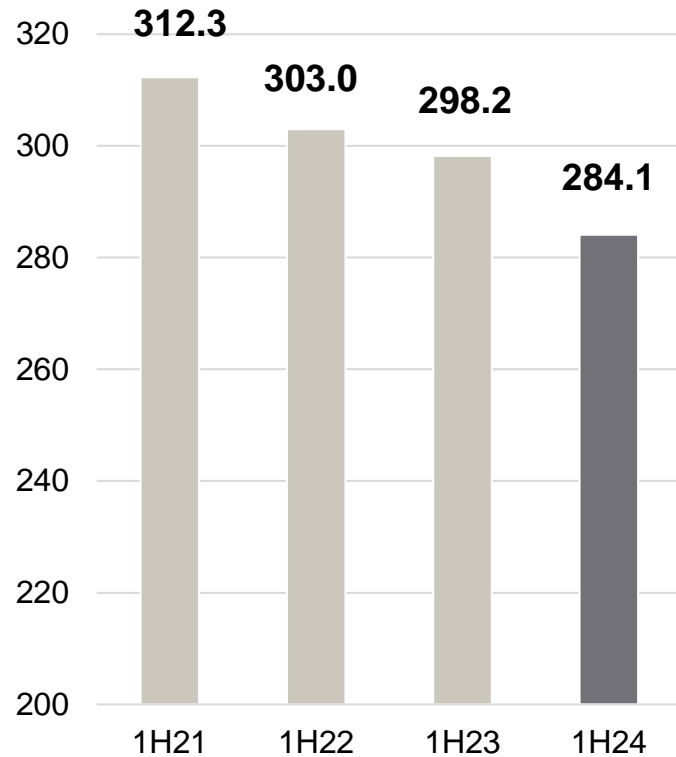
- **Net sales** lower volumes in the US with OEM customer only partly offset by other markets. Growth FX-neutral: - 4.2 %
- **EBITDA and EBIT** increased due to improved gross profit margin, “Simplify V-ZUG” and pension fund benefit.
- **Free cash flow** lower, mainly due to changes in trade receivables.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

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

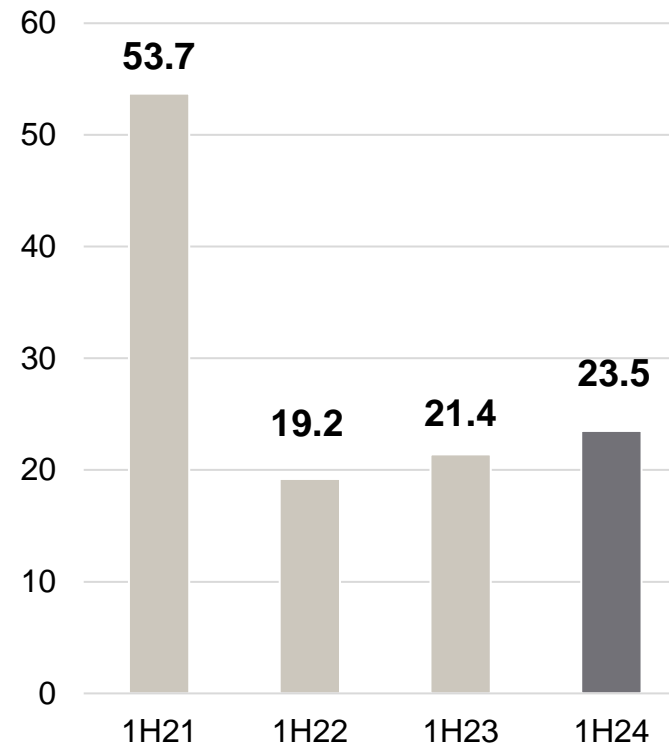
# 4. Financial information half-year 2024

V-ZUG Group – Earnings further improved despite low sales

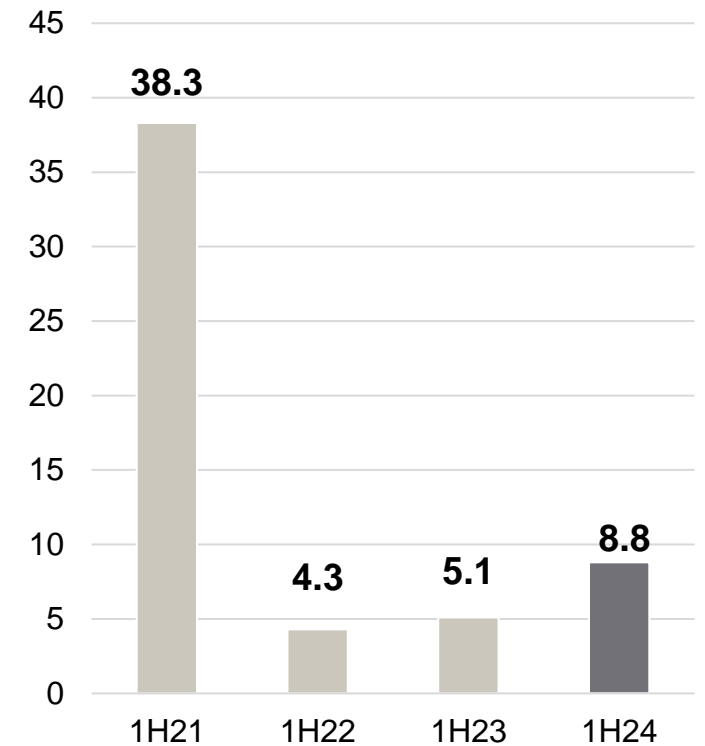
**Net sales**  
in CHF million



**EBITDA**  
in CHF million



**Operating result (EBIT)**  
in CHF million

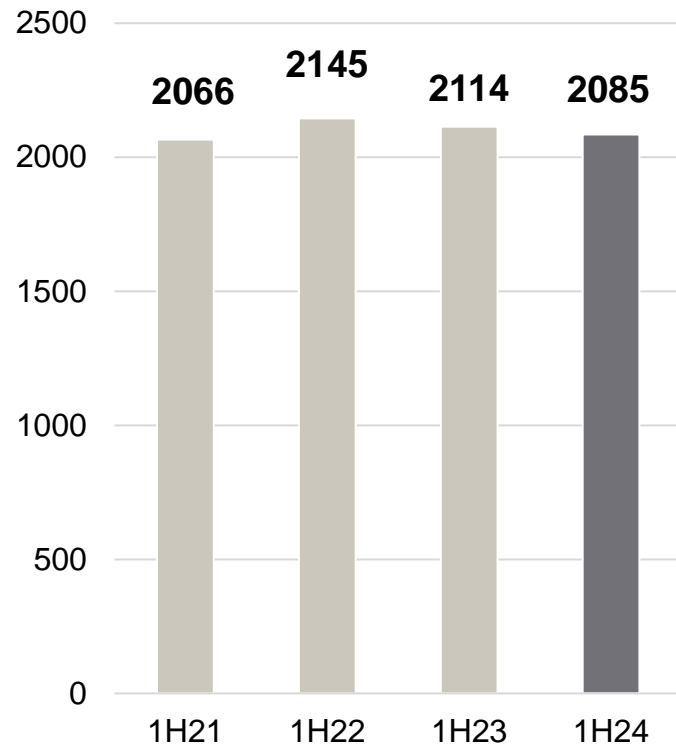


## 4. Financial information half-year 2024

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

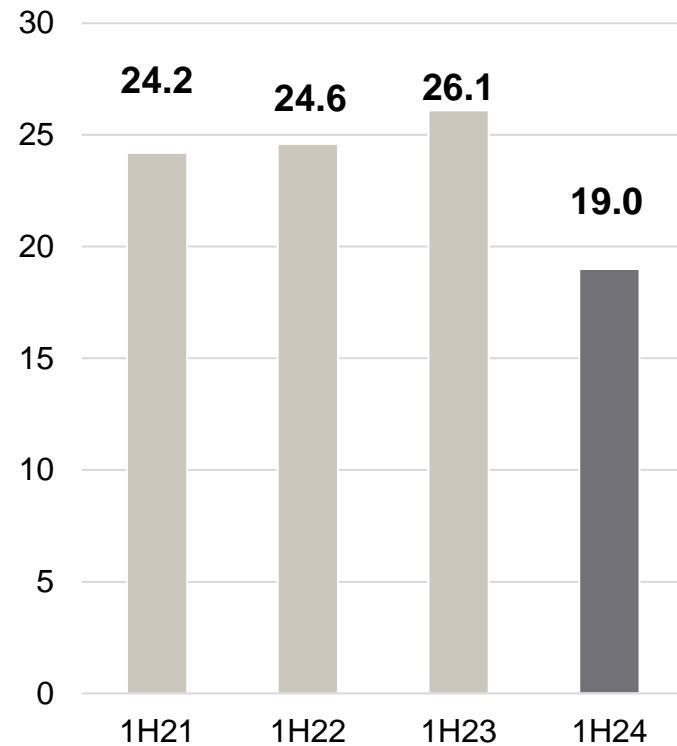
### Total FTEs

as of 30 June 2024 incl. temps



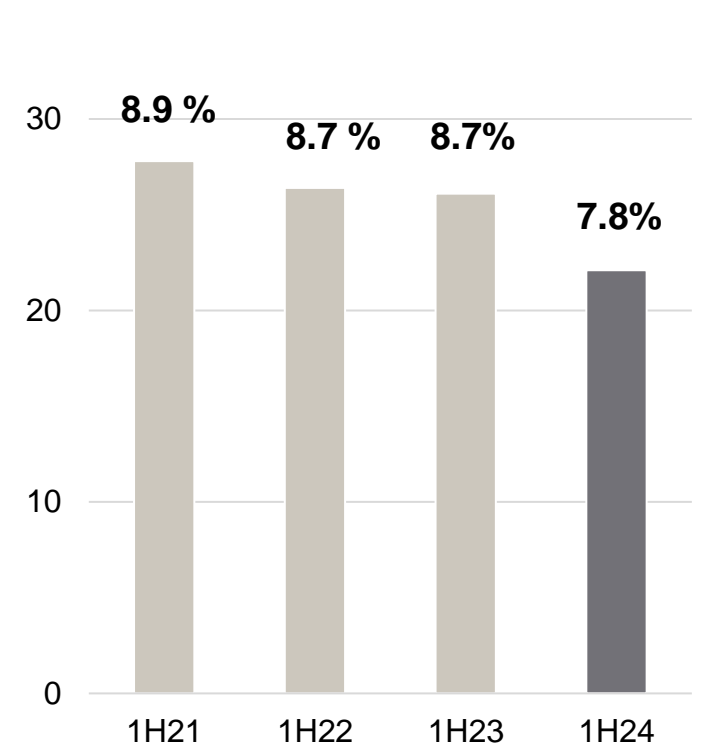
### CAPEX

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
<b>Cash flow from operating activities</b>	<b>- 10.8</b>	+ 17.9
▪ of which taxes paid	<b>- 1.3</b>	- 0.8
<b>Cash flow from investing activities</b>	<b>- 25.3</b>	- 25.4
▪ of which investments in tangible assets	<b>- 23.8</b>	- 23.9
▪ of which investments in intangible assets	<b>- 1.8</b>	- 2.0
<b>Cash flow from financing activities</b>	–	–
▪ of which dividend	–	–
Currency translation effects	<b>+ 0.7</b>	- 0.6
<b>Change in “net cash &amp; cash equivalents”</b>	<b>- 35.5</b>	- 8.1
<b>Free cash flow</b>	<b>- 36.2</b>	- 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.

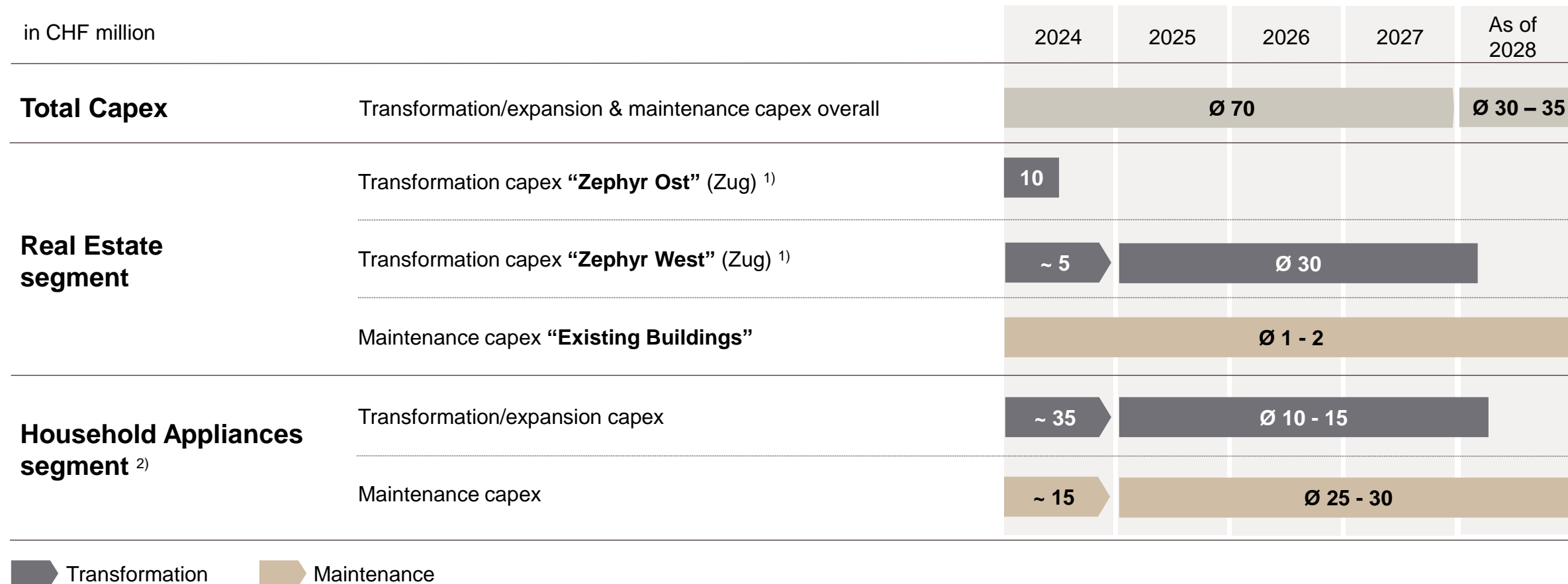
## 4. Financial information half-year 2024

### 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
<b>Current assets</b>	<b>233.3</b>	<b>37.6</b>	<b>249.4</b>	<b>41.2</b>
Tangible assets	352.3	56.8	323.5	53.4
Financial and intangible assets	34.6	5.6	32.8	5.4
<b>Fixed assets</b>	<b>386.9</b>	<b>62.4</b>	<b>356.2</b>	<b>58.8</b>
<b>Total assets</b>	<b>620.2</b>	<b>100.0</b>	<b>605.7</b>	<b>100.0</b>
Financial liabilities	–	–	–	–
Other liabilities	146.5	23.6	149.3	24.6
<b>Total liabilities</b>	<b>146.5</b>	<b>23.6</b>	<b>149.3</b>	<b>24.6</b>
<b>Shareholders' equity</b>	<b>473.7</b>	<b>76.4</b>	<b>456.4</b>	<b>75.4</b>
Equity ratio	76.4 %		75.4 %	
<b>Total liabilities and shareholders' equity</b>	<b>620.2</b>	<b>100.0</b>	<b>605.7</b>	<b>100.0</b>

## 4. Financial information half year 2024

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



<sup>1)</sup> Standard configuration

<sup>2)</sup> 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