



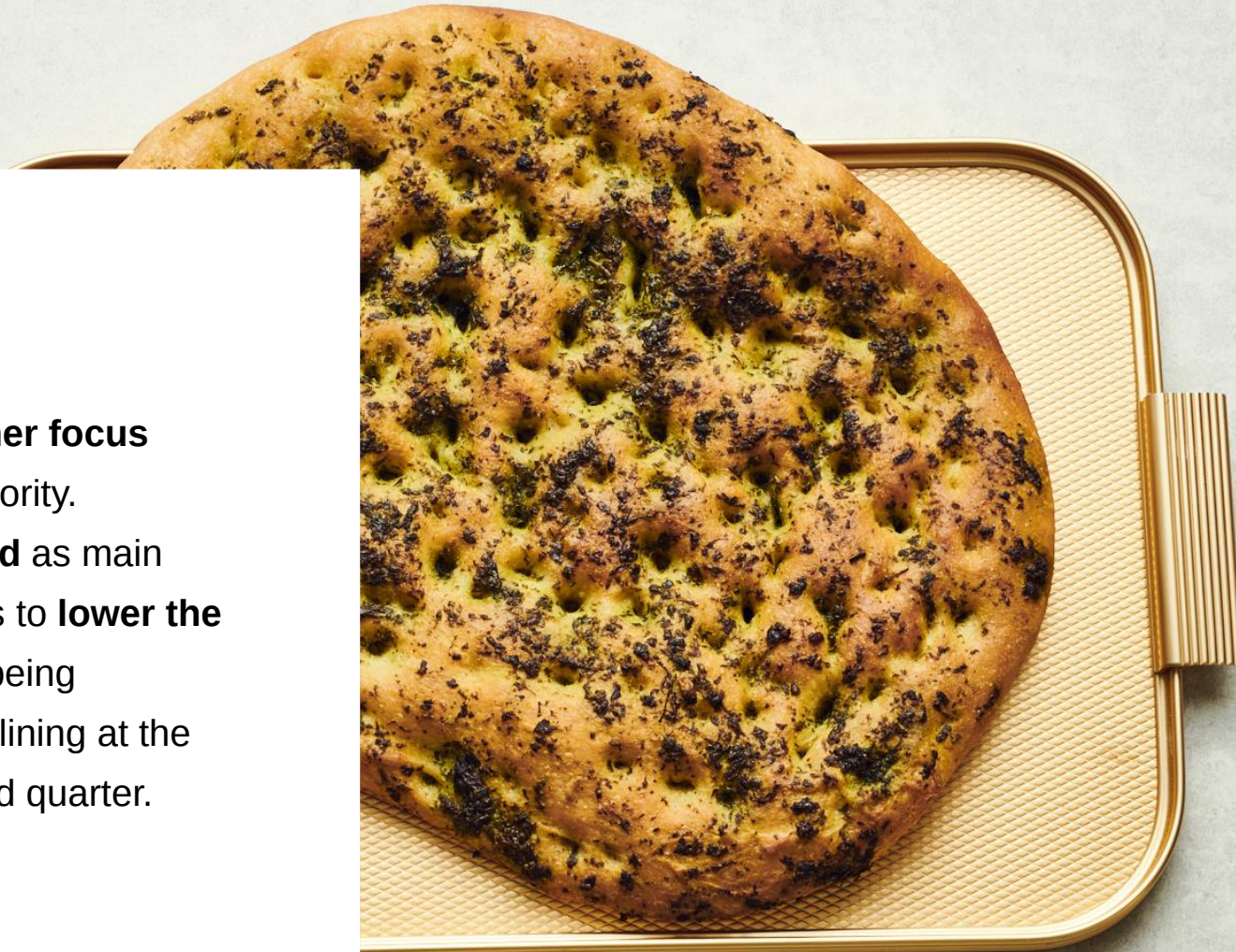
V-ZUG Group – ZKB Swiss Equity Conference

2 November 2023

V-ZUG

In 2023, our **customer focus** remained highest priority.

Low market demand as main challenge; measures to **lower the cost structure** are being implemented. Silver lining at the horizon in the second quarter.



Agenda

1. **Overview**
2. Strategic Transformation
3. Sustainability
4. Financial Information 1H23
5. Outlook
6. Investment Case
7. Q&A



1. Overview: Half-year 2023 at a glance

Challenging market situation characterised by low demand

Improved half-year result with stable net sales

- Net sales on previous-year level in value terms but not units: CHF 298.2 million
- EBIT improved on a low level: CHF 5.1 million
EBIT margin at 1.7 %
- Free cash flow: CHF -7.5 million

Strategic transformation well on track

- Strengthen V-ZUG as a premium brand
- Evolution of the product portfolio
- International expansion
- Digitalisation: Products, processes, platforms
- Site transformation

Sustainability – improvements on an ongoing basis

- Compensation of 60 t CO₂ since the launch of the CO₂ webshop
- Relentless focus on circular design when developing new products
- First e-service-vans on the road, first e-truck to join towards the end of 2023

1. Overview: Main challenges in the first half-year 2023

Subdued market demand and full inventories on partners' side leading to low volumes

Market situation – after a pandemic-related boom from 2H20 to 1H22 and supply shortages in 2022, market demand was low in almost all markets due to:

- Uncertainties regarding the worldwide economy, rising interest rates and inflation
- Destocking activities of trade partners

Thus, the markets, and in particular the **Swiss Market**, have showed the following developments:

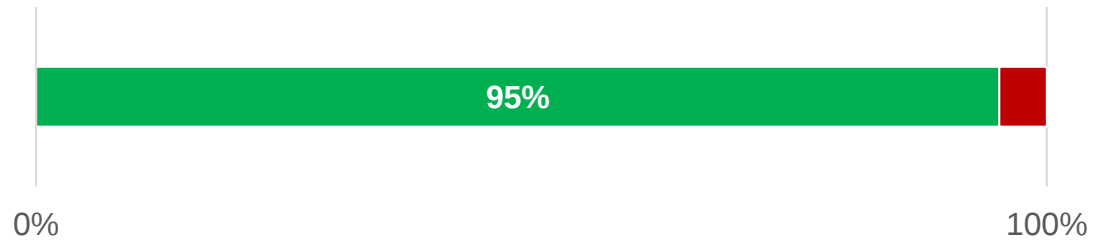
- New builds / new construction: Slowdown due to interest rate hikes, planning uncertainties and slower approval processes
- Renovation: Currently under-indexed after pandemic-related boom; reversion to normal situation expected
- Replacement: Stable

Procurement prices – remained on a high level in 1H23; spot-market purchases reduced significantly

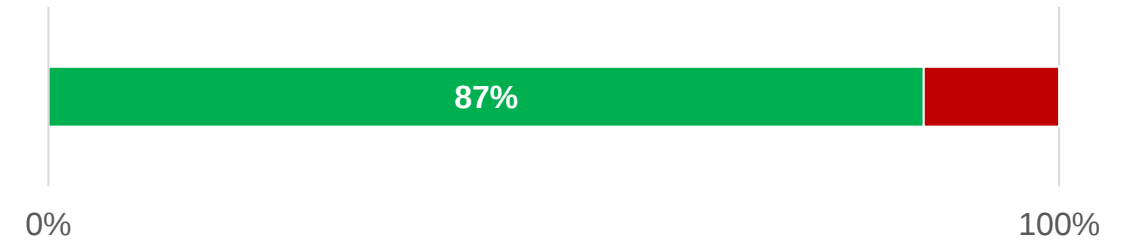
1. Overview: Highlights of the first half-year 2023

Back to unrestricted delivery capacity since early February 2023

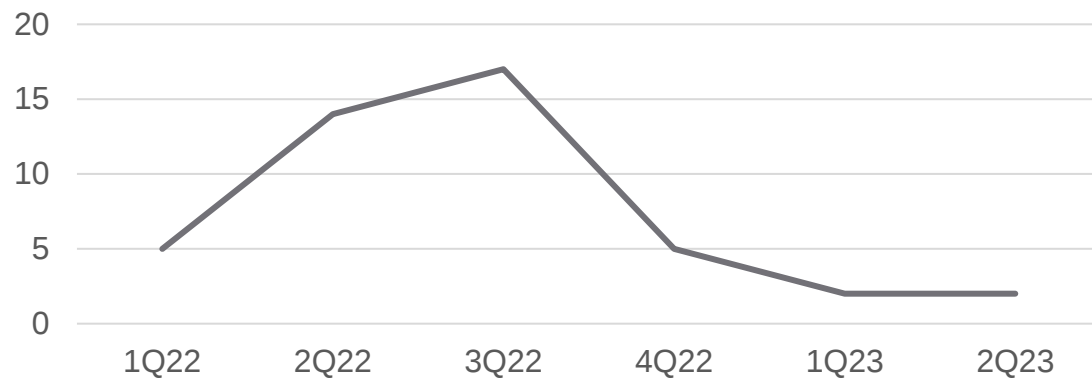
Delivery as promised – 2Q23



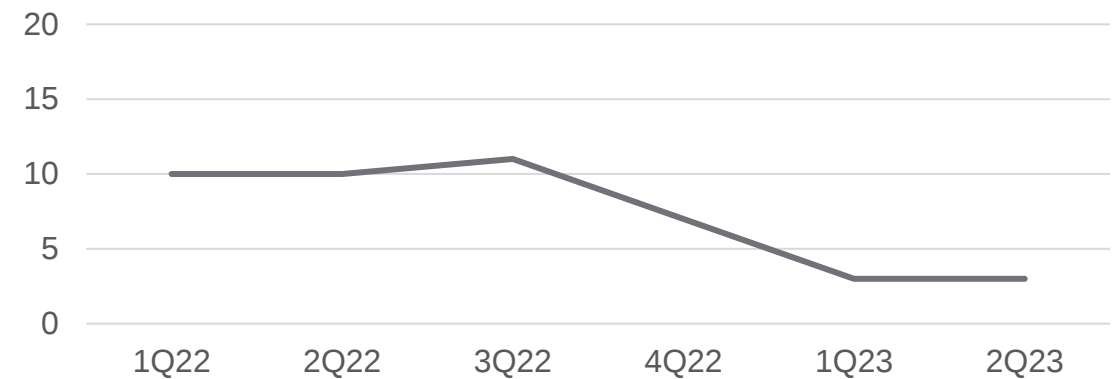
Readiness as wished 2Q23



Delay (median) in days

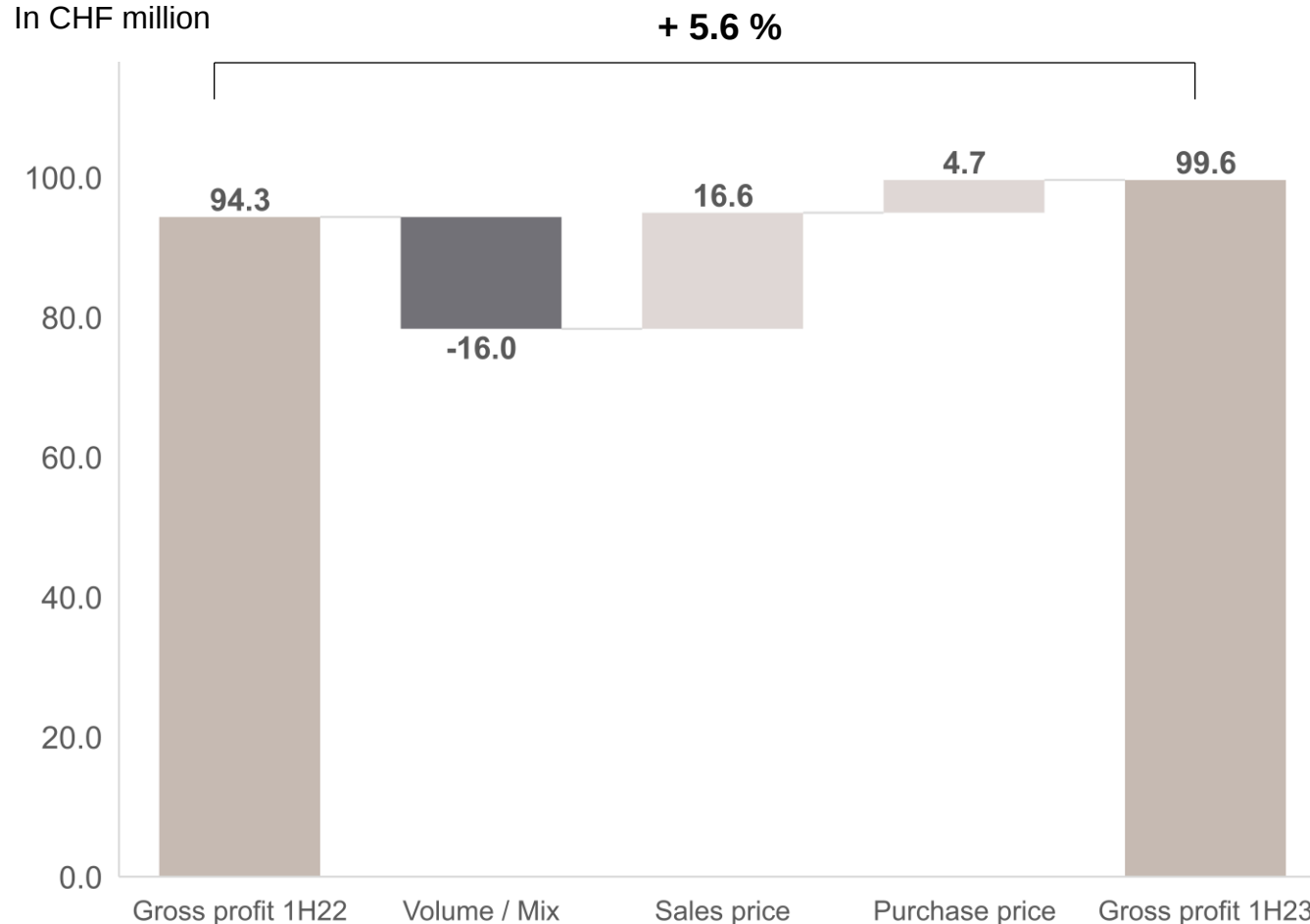


Postponement (median) in days



1. Overview: Highlights of the first half-year 2023

Gross profit improvement: Sales price increases and lower spot-buys offset lower volumes



- **Volume: - 16 %**

Low demand due to geopolitical uncertainties, higher interest and inflation rates, but also due to destocking by trade partners

- **Sales Prices: + 11 %**

Sales price increase applied to compensate increased purchasing cost and to protect gross margin

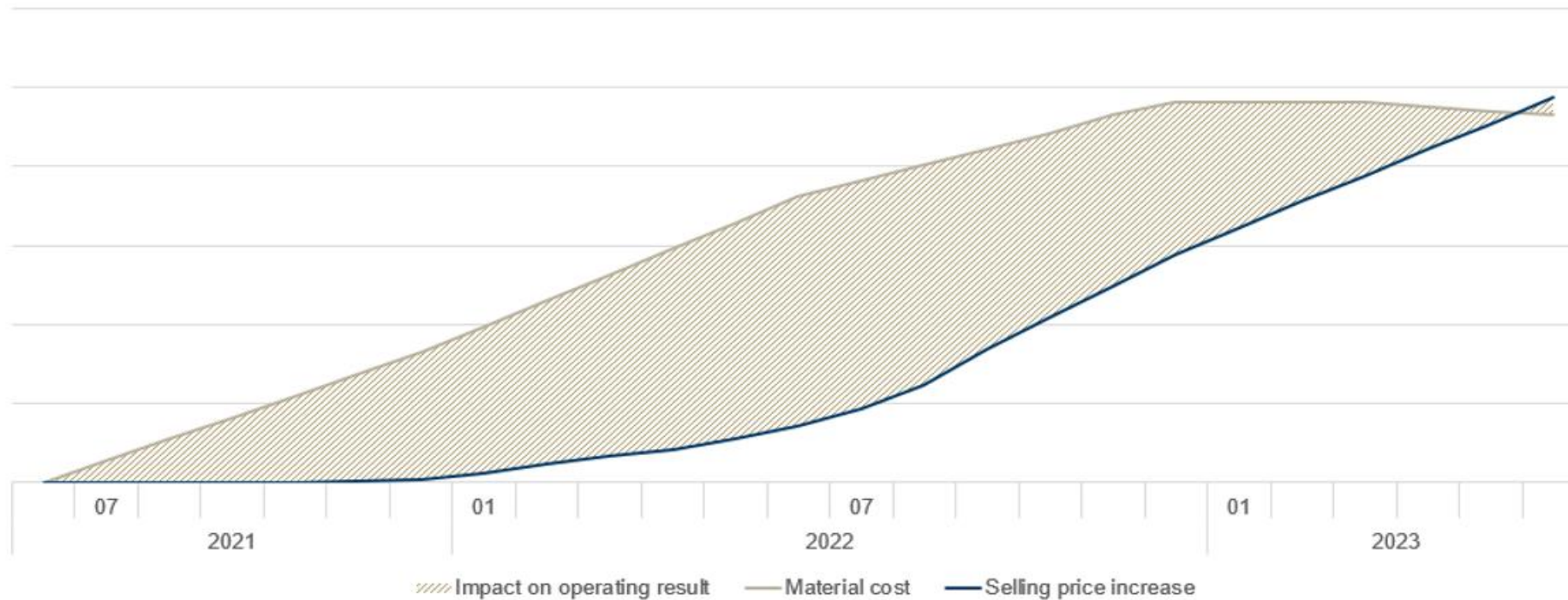
- **Purchase Prices:**

Less Spot-buys in 1st half of 2023, situation back to (almost) normal compared to PY

1. Overview: Highlights of the first half-year 2023

Successful sales price increases between October 2021 and February 2023

Schematic development of procurement cost and selling prices (06/2021 = reference point)



- Sales price increases introduced to the Swiss market: Oct. '21: + 4 %; April '22: +5 %; July '22: +3 %; Aug. '22: +6 %, Feb. '23: +3 %
- Sales price increases in Swiss market have been delayed by around 3 – 4 months to allow business partners time to adjust their prices towards end customers. The full effect of the price increases only occurs with a time lag of 9 – 12 months.
- **As per HY23, we confirm this development. Material costs reduced even faster due to less spot-buys needed than expected.**

1. Overview: Measures to reduce operating costs

Measures have been initiated and are in execution

Short-term measures – 2023

- **Temporary workforce** has been reduced based on lower volumes.
- **Reduction of holiday and overtime balances.**
- **Vacancies** are only selectively filled, recruitment activities by and large suspended.
- **Projects** have been reprioritized.

Mid-term measures – 2024

- A program to address the **structural cost base** in conjunction with a further increase of agility has been launched; execution expected to start in Q4 2023.
- Continuous efforts to reduce **procurement costs.**

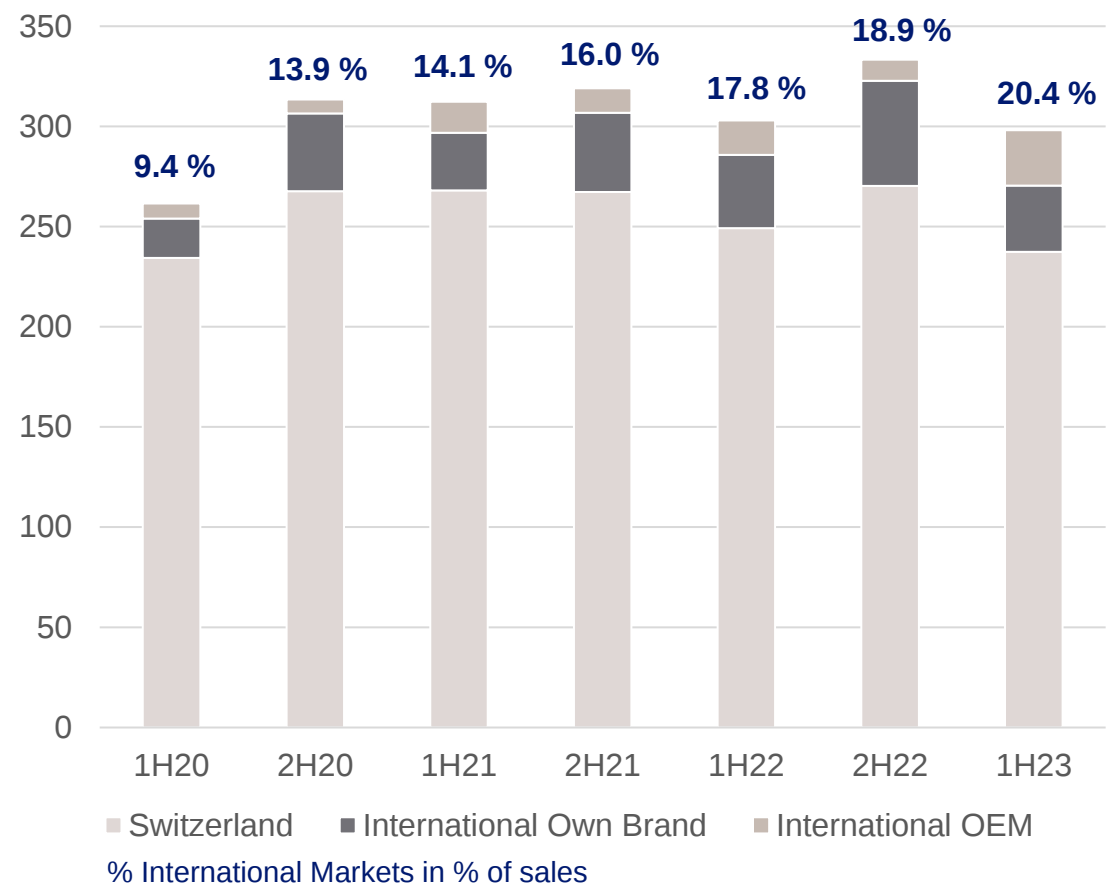
In addition to cost-cutting measures, **marketing and sales efforts** have been increased.

Brand and products are well positioned to benefit from a market recovery; in Switzerland as well as in International Markets.

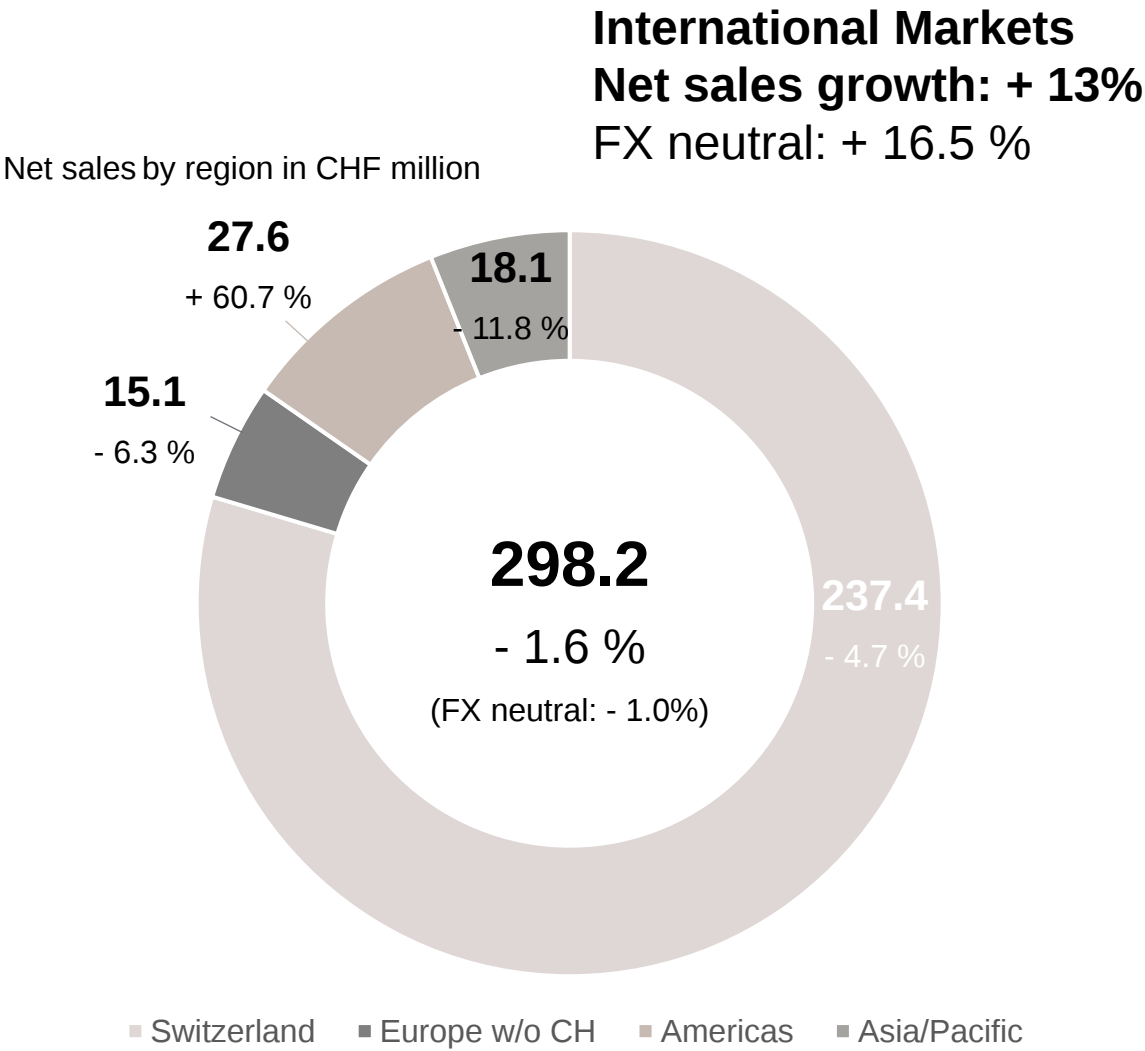
1. Overview: Key figures half-year 2023

Share of International Markets reaches 20 %

Net sales in CHF million



Net sales by region in CHF million



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**V-ZUG at the
Salone Del Mobile
Milano**



**Launch of sales activities in Denmark
in combination with 3daysofdesign Copenhagen**

October 2022



April 2023



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3. Sustainability

Continuous efforts to reduce or compensate CO₂ emissions

- **CO₂ webshop (scope 3 compensation):**

- Objective: allowing customers to compensate the CO₂ emissions their appliances generate during their use
- Since the introduction of the CO₂ webshop in Switzerland in December 2022, 60 t CO₂ have been compensated. This is equivalent to operating a V-ZUG CombiSteamer for 6 500 years; or to 180 round trips Zurich – Berlin by plane.
- Global rollout in 2023.

- **Working on ways to reduce scope 3 CO₂ emissions; examples:**

- In June 2023, the first lot of "Circle Green Steel" was produced for V-ZUG dishwashers; this is the most sustainable steel currently available on the market.
- Site transformation: Recycled concrete in use & concrete enriched with CO₂

- **Continuously reducing scope 1 and 2 CO₂ emissions; examples:**

- Service fleet with additional e-vans, first electric truck in use towards the end of 2023
- Connecting more buildings to the Multi Energy Hub at Tech Cluster Zug

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4. Financial information half-year 2023

V-ZUG Group – Key figures

in CHF million	1H23	1H22	△
Net sales	298.2	303.0	- 1.6 %
EBITDA	21.4	19.2	11.4 %
EBITDA in % of net sales	7.2 %	6.3 %	90 bp
Operating result (EBIT)	5.1	4.3	20.0 %
EBIT in % of net sales	1.7 %	1.4 %	30 bp
Free cash flow	- 7.5	- 49.2	84.7 %
ROCE in % ¹⁾	2.5 %	7.3 %	- 480 bp

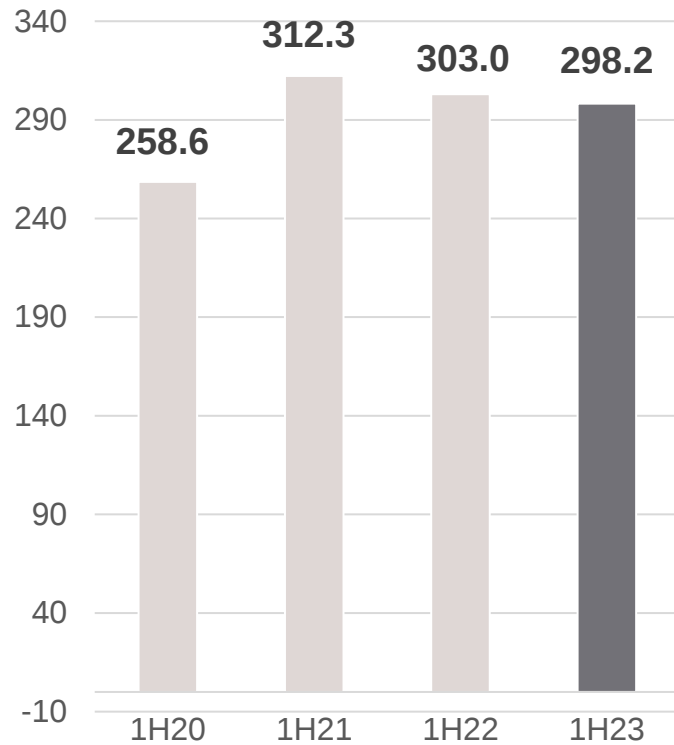
- **Net sales** are a balance of lower volumes in Switzerland, higher volumes in International Markets, higher sales prices.
- Net sales growth FX-neutral: - 1.0 %
- Slight increase in **EBITDA and EBIT**: positively impacted by sales price increases, negatively impacted by low volumes and continuingly high purchase prices.
- **Free cash flow** improved substantially, with a positive operating cash flow; due to ongoing investments in site transformation still negative.
- Lower **ROCE** mainly due to lower EBIT (rolling 12 months).

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

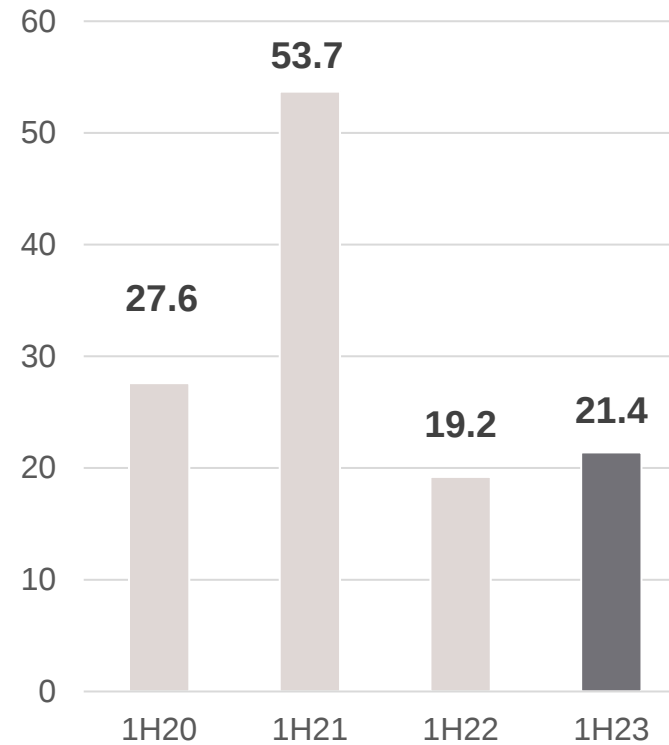
4. Financial information half-year 2023

V-ZUG Group – Earnings under pressure due to low volumes

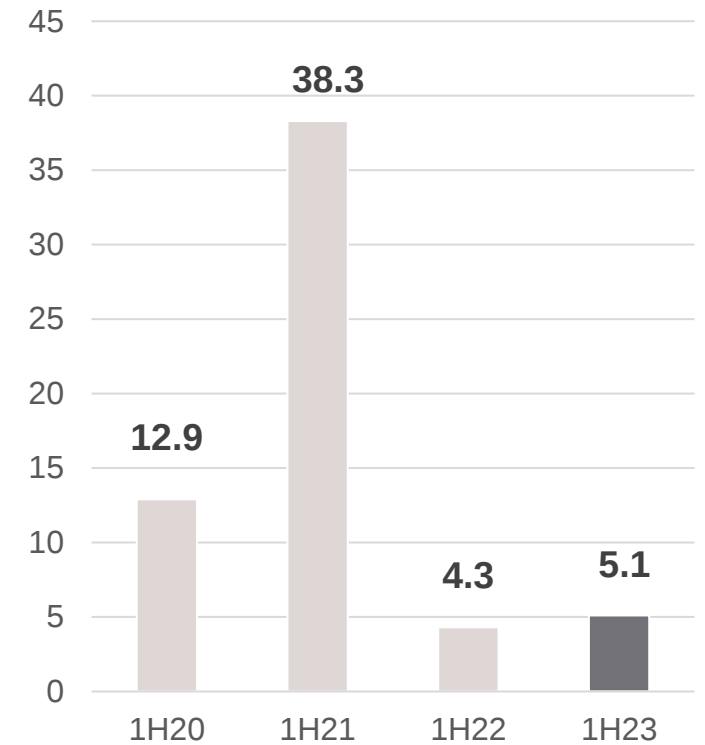
Net sales
in CHF million



EBITDA
in CHF million



Operating result (EBIT)
in CHF million



4. Financial information half-year 2023

Household Appliances segment – Key figures

in CHF million	1H23	1H22	△
Net sales	298.2	303.0	- 1.6 %
Operating result (EBIT)	3.1	1.8	72.9 %
EBIT in % of net sales	1.0 %	0.6 %	+ 40 bp
ROCE in % ²⁾	2.6 %	10.3 %	- 770 bp

- Net sales:
 - Switzerland: CHF 237.4 million, - 4.7 %
 - International: CHF 60.8 million, + 13.0 %
- Operating result remains at a modest level due to low volumes
- Sales increasing and cost reduction measures in implementation

²⁾ EBIT of last 12 months / weighted capital employed (extended net working capital + fixed assets + operating cash - provisions)

4. Financial information half-year 2023

Real Estate segment – Key figures

in CHF million	1H23	1H22	△
Net sales	–	–	–
Operating result (EBIT)	2.9	3.1	- 6.9 %
ROCE in % ¹⁾	3.2 %	3.8 %	- 60 bp

- The segment Real estate represents V-ZUG's operational sites.
- EBIT on stable level.
- Lower ROCE due to higher weighted capital employed.

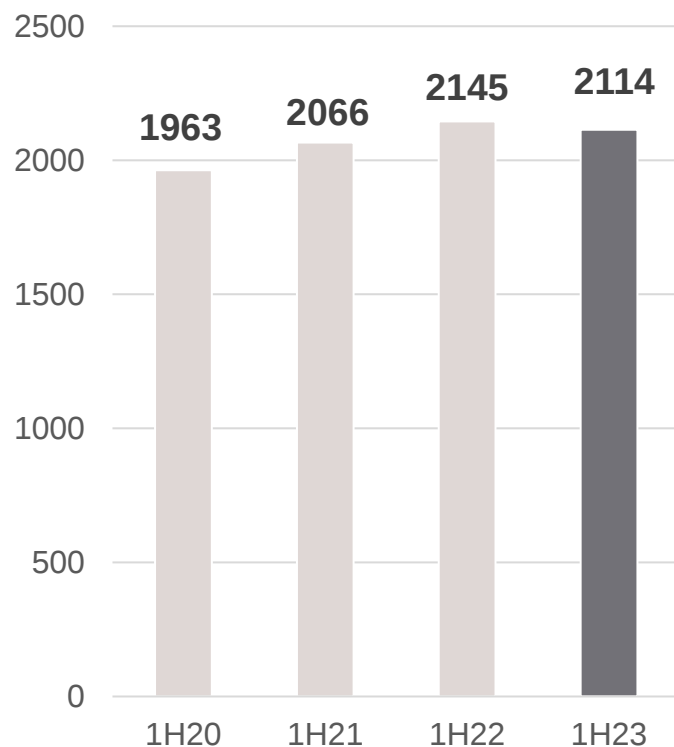
¹⁾ EBIT of last 12 months / weighted capital employed (extended net working capital + fixed assets + operating cash - provisions)

4. Financial information half-year 2023

V-ZUG Group – FTE decrease mainly in operations

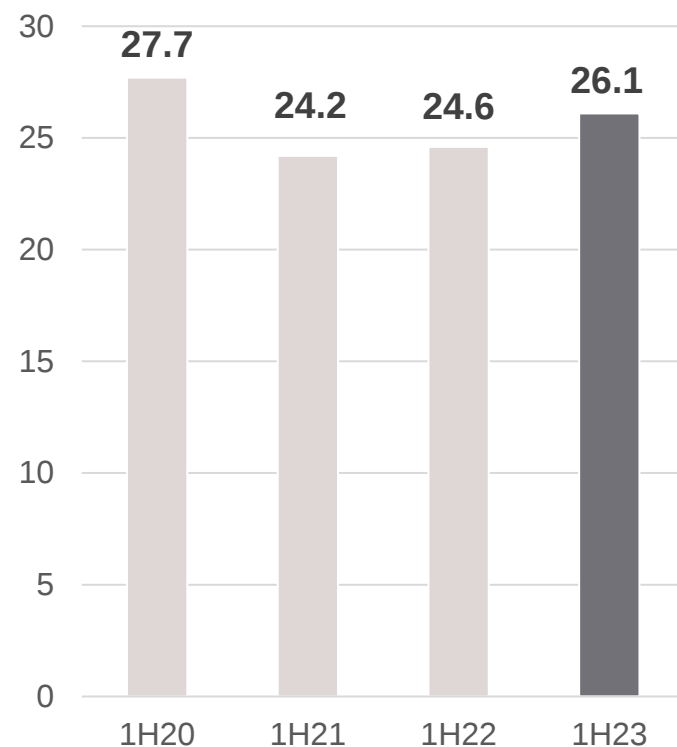
Total FTEs

as of 30 June 2023 incl. temps



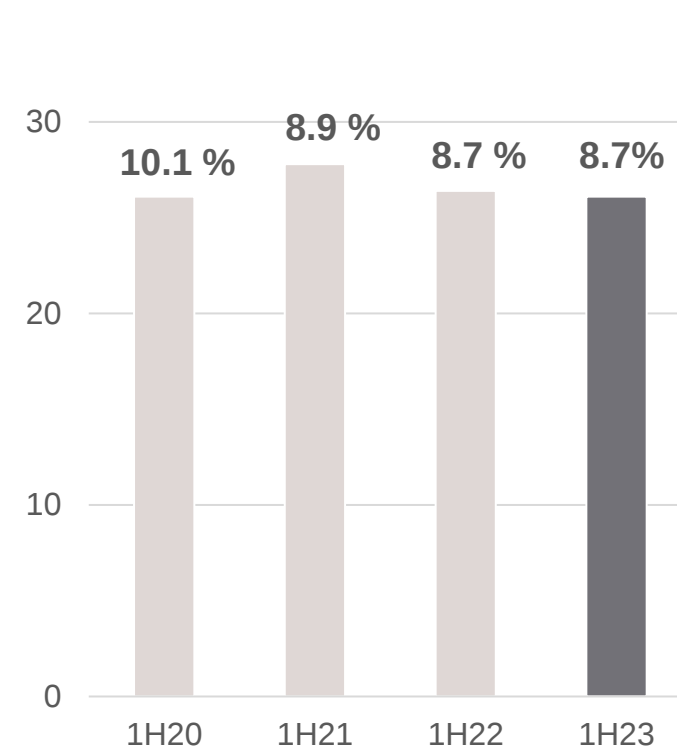
CAPEX

in CHF million



R&D expenses*

in CHF million and in % of net sales



* R&D costs are restated to reflect the change from income statement by nature to Income statement by function. Under this statement, depreciation of special tools is not part of R&D.

4. Financial information half-year 2023

V-ZUG Group – Cash flow statement

in CHF million	1H23	1H22
Cash flow from operating activities	17.9	- 25.2
▪ of which taxes paid	- 0.8	- 6.2
Cash flow from investing activities	- 25.4	- 24.0
▪ of which investments in tangible assets	- 23.9	- 22.2
▪ of which investments in intangible assets	-2.0	- 1.9
Cash flow from financing activities	—	—
▪ of which dividend	—	—
Currency translation effects	- 0.6	- 0.1
Change in “net cash & cash equivalents”	- 8.1	- 49.3
Free cash flow	- 7.5	- 49.2

- Operating cash flow improved vs. prior year mainly due to favourable developments of trade receivables and inventories.
- Continued investments in site transformation.

4. Financial information half-year 2023

V-ZUG Group – Balance sheet

in CHF million	30.06.2023	in %	30.06.2022	in %
Cash and cash equivalents incl. securities	56.4	9.3	68.0	11.0
Other current assets	193.0	31.9	208.6	33.7
Current assets	249.4	41.2	276.7	44.6
Tangible assets	323.5	53.4	305.6	49.3
Financial and intangible assets	32.8	5.4	37.6	6.1
Fixed assets	356.2	58.8	343.2	55.4
Total assets	605.7	100.0	619.9	100.0
Financial liabilities	–	–	–	–
Other liabilities	149.3	24.6	167.1	27.0
Total liabilities	149.3	24.6	167.1	27.0
Shareholders' equity	456.4	75.4	452.8	73.0
Equity ratio	75.4 %		73.0 %	
Total liabilities and shareholders' equity	605.7	100.0	619.9	100.0

4. Financial information half-year 2023

Capex – all major projects on track and within budget

in CHF million		2023	2024	2025	2026	2027	As of 2028
Total Capex	Transformation/expansion & maintenance capex overall	Ø 75 p.a.					~30 p.a.
Real Estate segment	Transformation capex “Zephyr Ost” (Zug) ¹⁾	32 - 34					
	Transformation capex “Zephyr West” (Zug) ¹⁾	90 - 100					
	Maintenance capex “Existing Buildings”	5 - 7					1 p.a.
Household Appliances segment ²⁾	Transformation capex	Ø 25 - 30 p.a.		Ø 10 p.a.			
	Maintenance capex	Ø 25 - 35 p.a.					

 Transformation
  Maintenance

¹⁾ Standard configuration

²⁾ 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

Mid-term targets confirmed

	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