



V-ZUG Group – Half-Year Report 2021

22 July 2021



Agenda

- ① H1 2021 – Overview
- ② Markets
- ③ Products
- ④ Site Transformation
- ⑤ Financial Information H1 2021
- ⑥ Investment Case

Q & A





1. H1 2021 – Overview

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New Excellence Line inspires

- Swiss Launch in March 2021, products received very well
- Phased international launch from June 2021 until Chinese New Year 2022
- Red Dot Award Product Design “best of the best” & iF DESIGN Award

Sustainability and ongoing digitalization

- Several products confirmed in highest energy efficiency class “A” also under stricter energy efficiency regulation
- Introduction of several digital solutions: V-Upgrade, V-Connect and V-Kitchen plus updated V-ZUG App

Operations: COVID-19 impact, rising raw material prices

- Production downtimes avoided to a great extent; delivery capability kept high
- Very few COVID-19 cases and quarantine-related absences since Feb 2021
- Material and supply bottlenecks are leading to extraordinary price increases for materials and logistics services

H1 2021 at a glance

Strong half-year result due to above-average demand situation («Sonderkonjunktur»)

- Net sales: CHF 308.3 million, +49.7 million and +19.2% resp. vs. H1 2020
- Strong EBIT: CHF 38.3 million, +25.4 million and +196.6% resp. vs. H1 2020
- EBIT margin @ 12.4%

Extraordinary high demand in the Swiss market & continuing strong sales growth in international markets

- Swiss Market with «Sonderkonjunktur»: +12.9%
- International Markets: +80.2%
- Own-brand business in international markets well on track & strong rebound in OEM business; doubling of international sales from 2019 to 2024 reachable

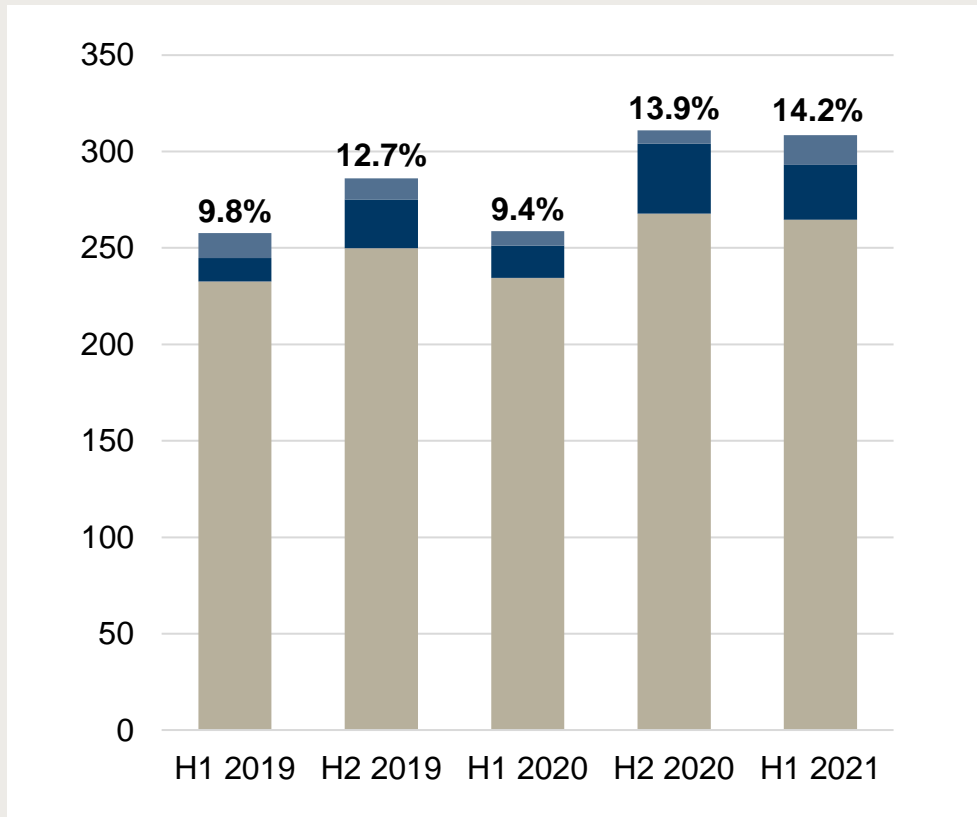
Site transformations progressing according to plan

- Zug: Construction start of new production building «Zephyr Ost» in May 2021
- Sulgen: Move from Arbon to Sulgen advancing well – production start in Sulgen in Q1 2022 on track
- Decision taken, «Zephyr West» (office & laboratory building) will be financed by V-ZUG

1. H1 2021 – Overview

Ongoing strong demand – continuing seamlessly from the above-average H2 2020

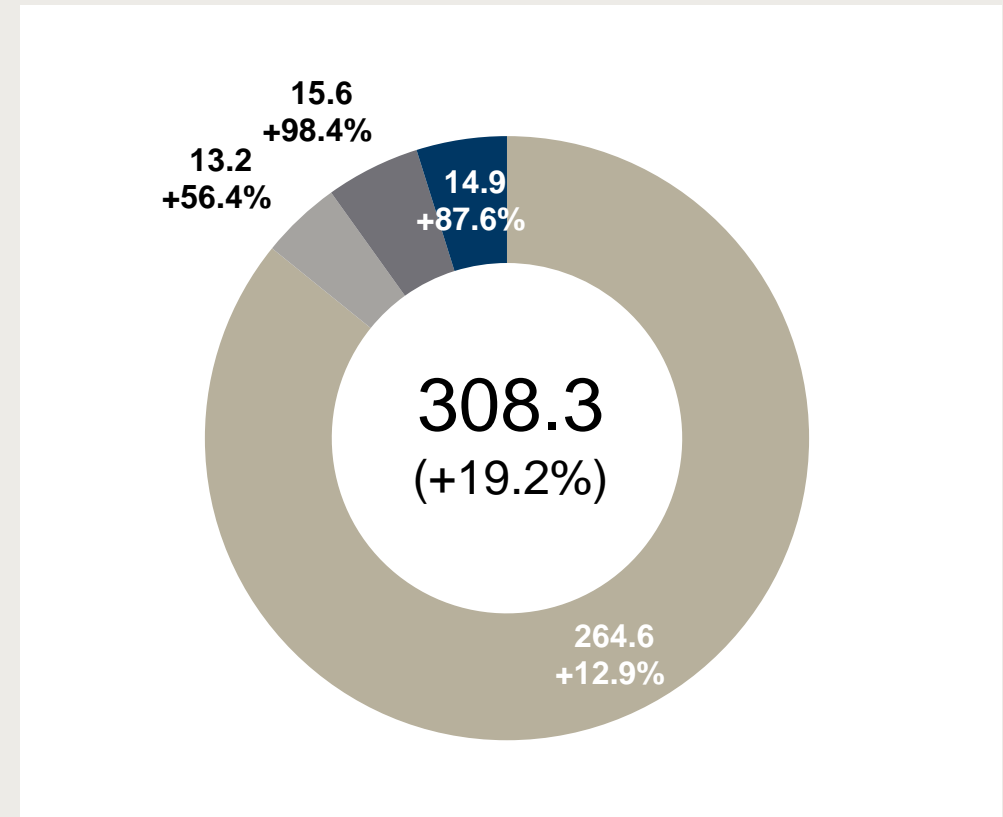
Net sales [in CHF million]



% International markets in % of net sales

- International OEM business
- International own brand
- Switzerland

Net sales by region [in CHF million]



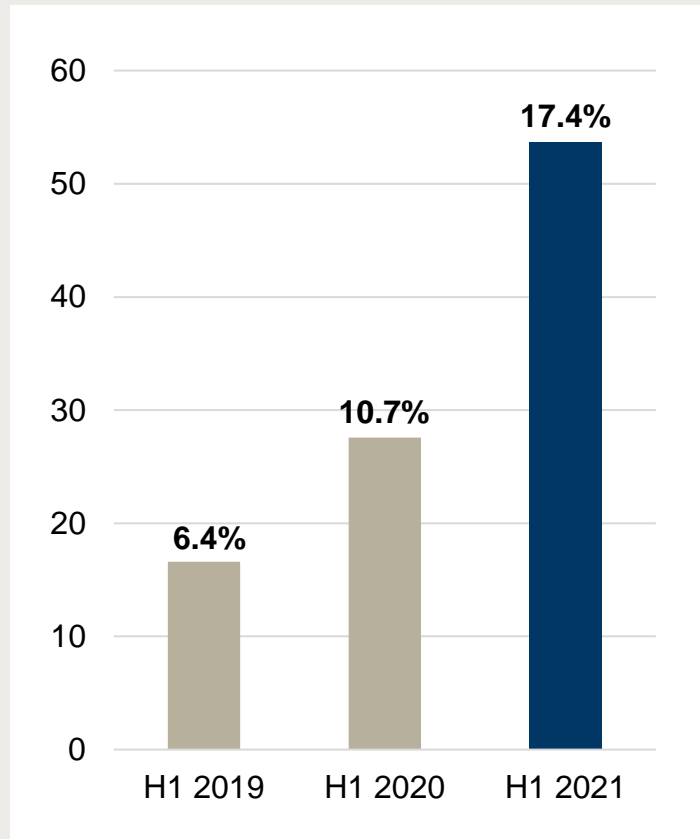
% Growth compared to H1 2020

- Asia/Pacific
- Americas
- Europe w/o Switzerland
- Switzerland

1. H1 2021 – Overview

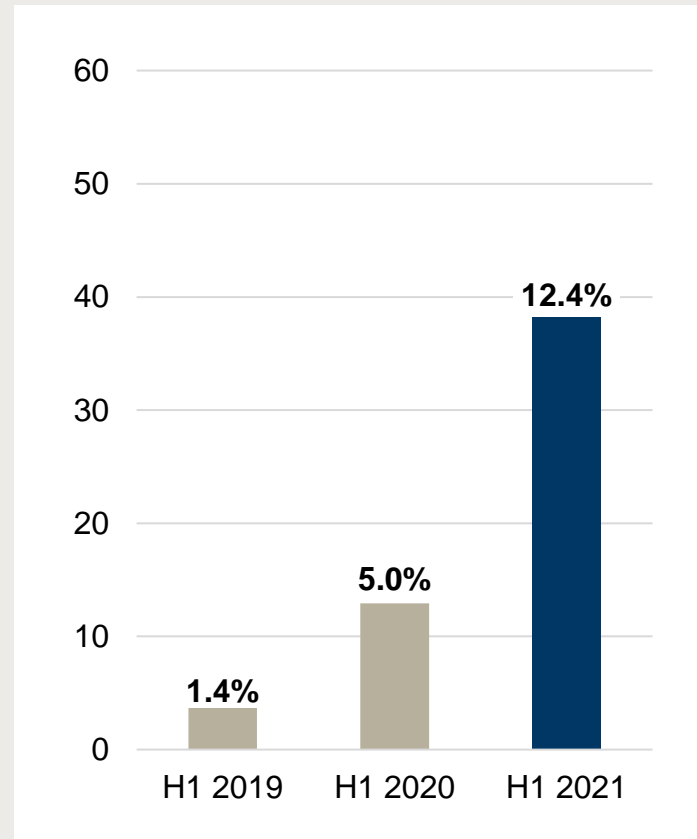
Strong growth of EBITDA- and EBIT-margin – negative free cash flow due to increase in current assets

EBITDA [in CHF million]



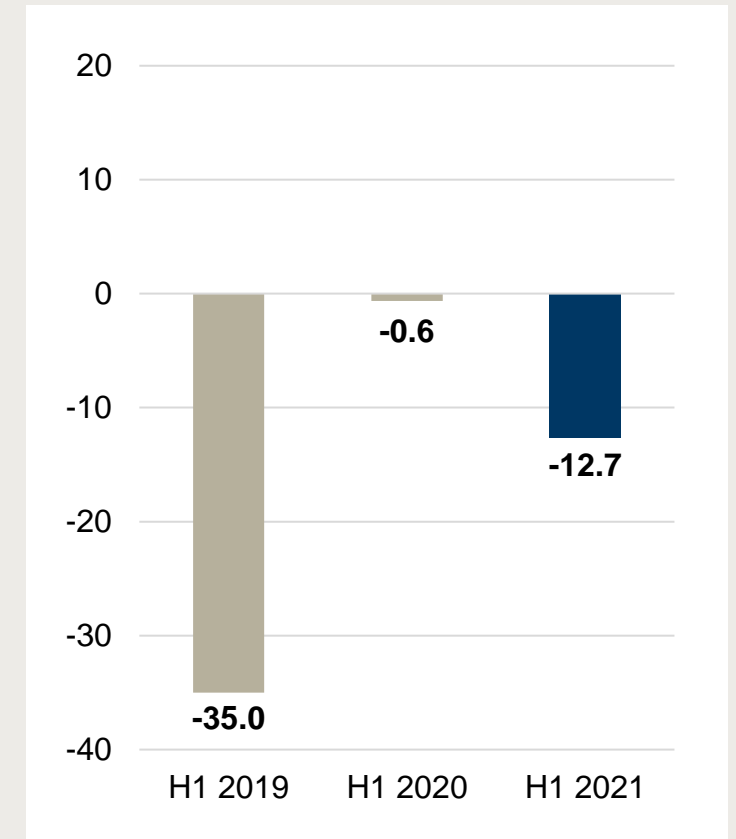
% EBITDA margin in % of net sales

Operating result (EBIT) [in CHF million]



% EBIT margin in % of net sales

Free cash flow [in CHF million]



1. H1 2021 – Overview

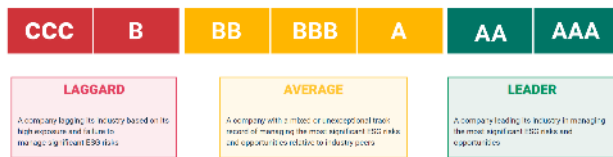
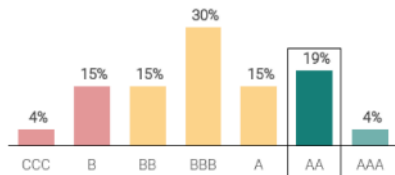
Sustainability

AA Rating from MSCI

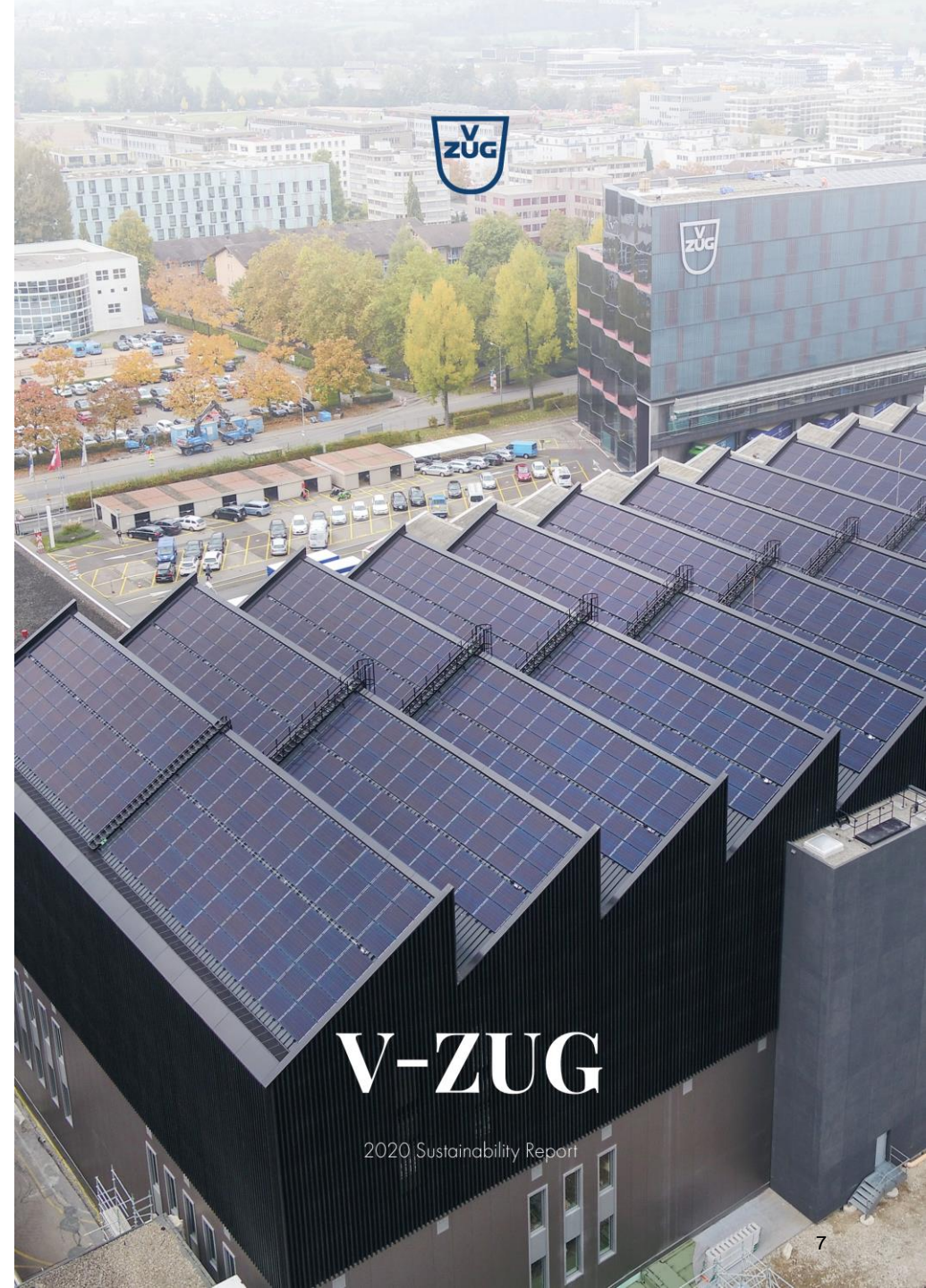
V-ZUG qualifies as a leader in the Household Durables industry

ESG Rating distribution

Universe: MSCI ACWI Index constituents, Household Durables, n=27



Recent study published by broker Stifel ranks V-ZUG as one of its top tier companies with regard to ESG topics



V-ZUG

2020 Sustainability Report

A tall black flagpole stands on the left side of the frame, flying a Swiss flag. The background is a vast landscape of mountains under a clear blue sky that transitions to a warm orange glow near the horizon where the sun is setting. The sun is partially obscured by a semi-transparent white rectangular box.

2. Markets

2. Markets

General – Facelift of internal & external appearance

- V-ZUG Lounge at headquarters
- Renovation of ZUGORAMA showrooms in Bern (opened in March 21) and Chur (Q4 21)
- Preparations for showrooms in London and Paris (Q4 21)
- Corporate identity / corporate design
- New groupwide vision, mission and core values statements

Our Vision

Bringing simplicity into your home
and creativity into your kitchen.



2. Markets

General – Increased online presence and activities

Various events with different stakeholder groups (customers, partners, shareholders, investors) held virtually:

- Launch Excellence Line – livestream on 4 March 2021 with > 2'000 online-participants
- Virtual Shareholder Information on 12 May 2021 ([Video EN](#))
- «Swissability» – online event to introduce the brand V-ZUG and its approach to sustainability to the UK market

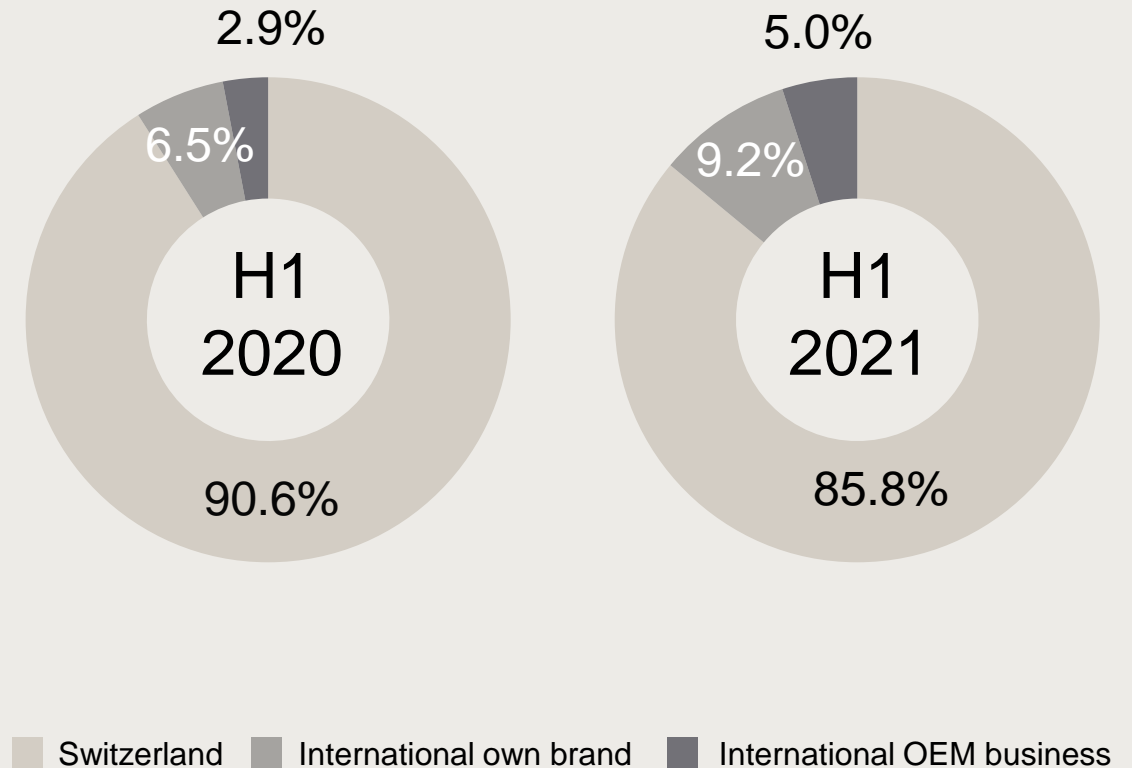


2. Markets

Market CH and International – Extraordinary demand in CH and continuing strong net sales growth in our international Markets

- Net sales growth of 12.9% resp. CHF 30.2 million in Switzerland supported by all product groups
- Share of international net sales increased from 9.4% to 14.2% (CHF 43.7 million) of total net sales
- International own brand business with net sales growth of CHF 11.6 million (+ 69.4%), international OEM business recovered significantly after temporary slow-down in 2020
- International sales well on track to double between 2019 and 2024

Net sales CH vs. International (H1 2020 vs H1 2021)





3. Products

3. Products

New Excellence Line

«Die Geräte der neuen Excellence Line überzeugen durch das klare, schnörkellose Design. Ebenfalls sehr ansprechend ist die intuitive Bedienung über den virtuellen, jedoch haptisch erlebbaren CircleSlider.»

Thomas Gygax – Gygax Architekten AG, Wabern

«With its unpretentious design and complex technology - so easy to use thanks to the CircleSlider - the Excellence Line takes up design standards common to Molteni&C | Dada. Our functional and aesthetic approach is always combined with innovative technical quality, which is often invisible inside our furniture. The collaboration between our two brands is a must.»

Michele Morgillo – Managing Director Molteni&C France



reddot winner 2021
best of the best



3. Products

Introduction of new digital solutions

- **V-ZUG Home App** – Updated with launch of new Excellence Line with range of new functionalities
- **V-Connect** – Enables remote diagnosis or remote maintenance of household appliances up to 20 years of age
- **V-Kitchen** – Digital assistant for whole customer journey (menu planning - grocery shopping - smart control appliance - successful meal)



3. Products

Class A energy-efficient also based on new energy efficiency regulation (applicable as per 1 March 2021)

AdoraDish V6000



AdoraWash V6000

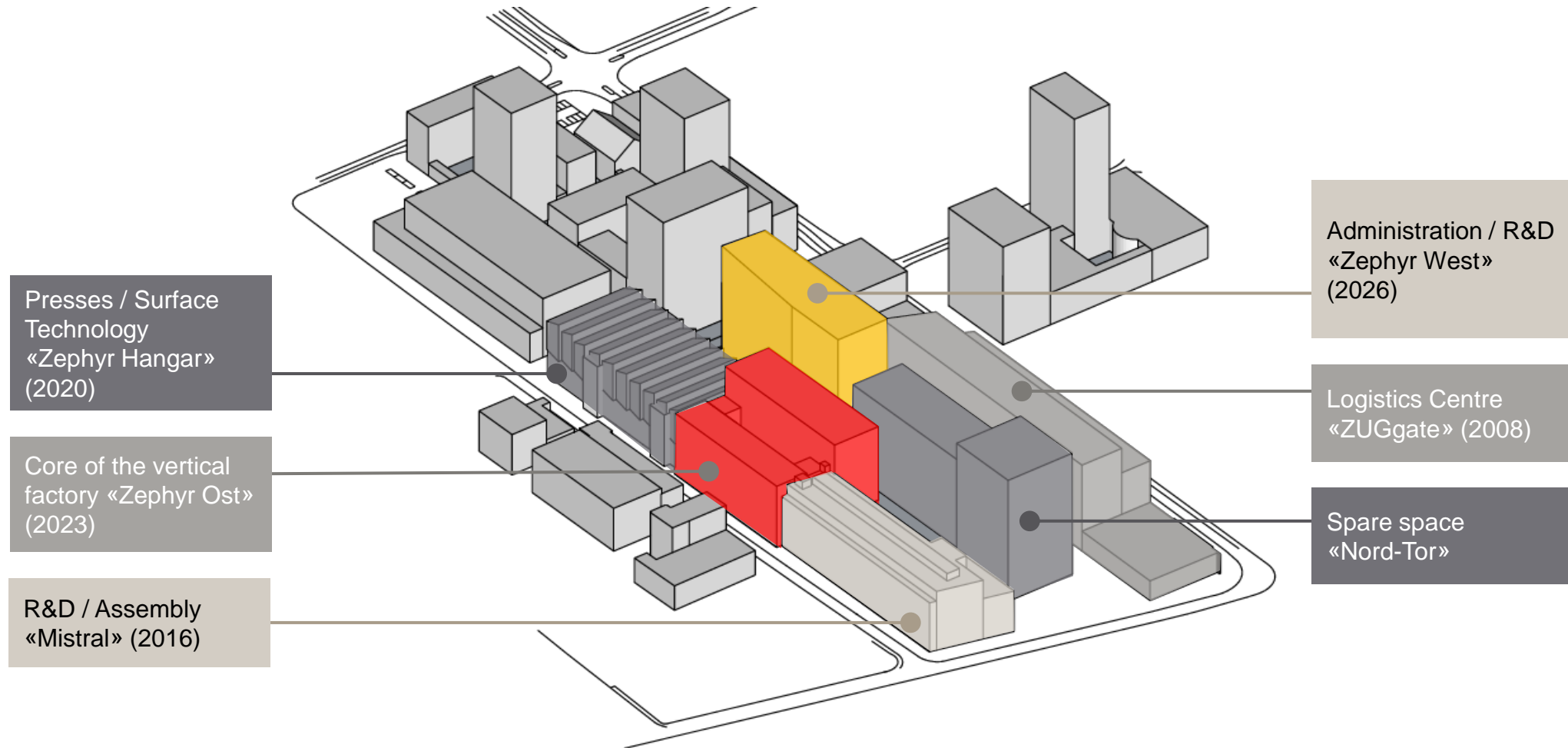




4. Site Transformation

4. Site Transformation

Zug: Start construction of new production building «Zephyr Ost» took place in May 2021



4. Site Transformation

Sulgen: Building of the new refrigerator factory completed – Equipment installation on track – Start of production at the new site in Q1 2022





5. Financial Information H1 2021

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Result – V-ZUG Group

CHF million	H1 2021	Δ	H1 2020
Net sales	308.3	19.2%	258.6
EBITDA	53.7	94.9%	27.6
<i>EBITDA margin in %</i>	17.4	680 bp	10.7
Operating income (EBIT)	38.3	196.6%	12.9
<i>EBIT margin in %</i>	12.4	740 bp	5.0
Free cash flow	-12.7	n/a	-0.6
<i>ROCE in %¹</i>	20.9	910 bp	11.9

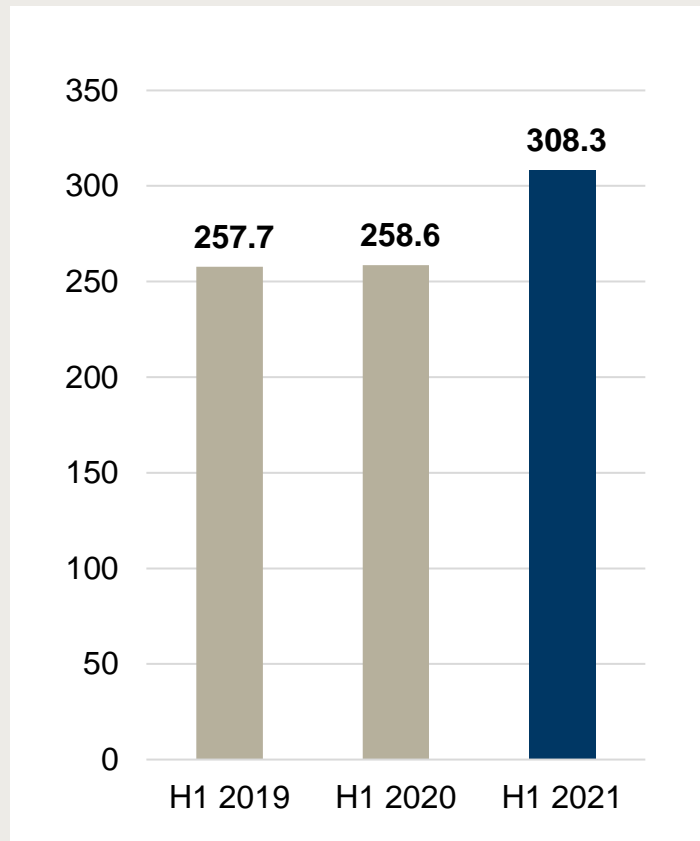
- The high demand for household appliance in Switzerland due to the unexpected consequence of the COVID-19 pandemic and our growth in International Markets drives net sales up
- Increase in EBITDA- and EBIT margin due to stable gross profit margin and increased productivity (net sales / FTE)
- Stable other OPEX – still due to savings compared to pre-COVID situation
- ROCE development driven by higher EBIT

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

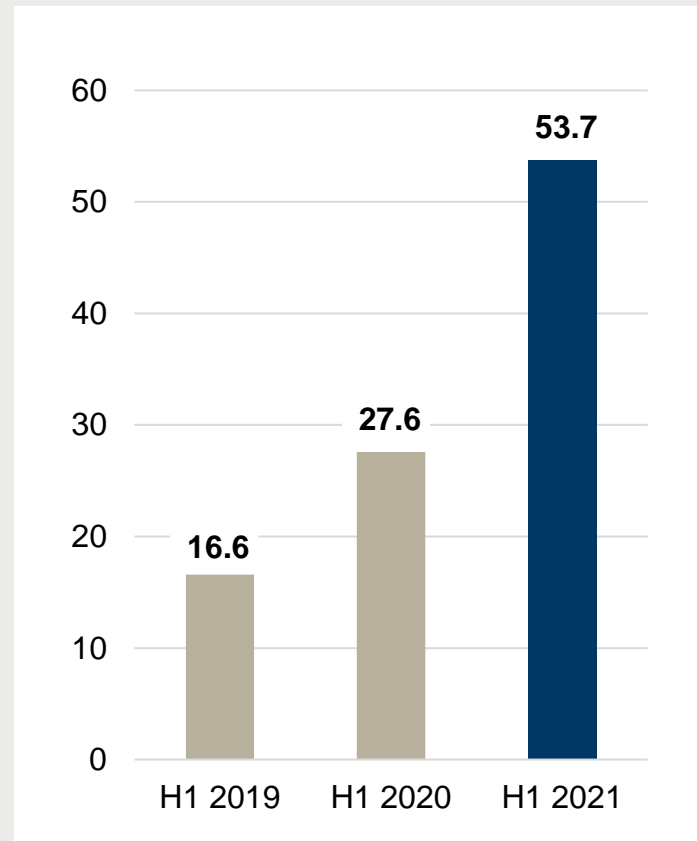
5. Financial Information H1 2021

Increase in EBITDA and EBIT driven by extraordinary increase in net sales

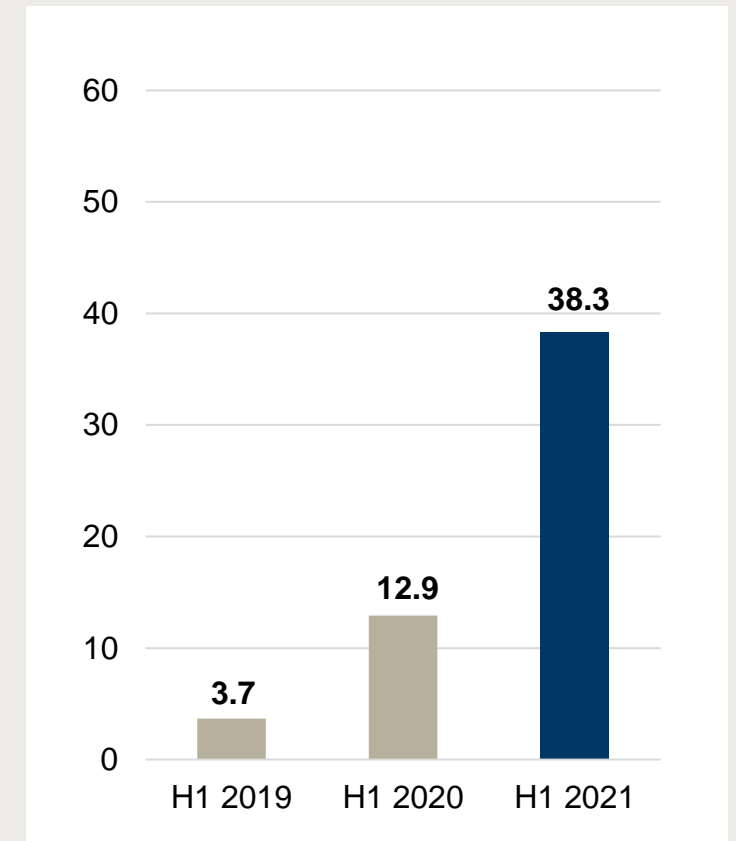
Net sales [in CHF million]



EBITDA [in CHF million]



Operating result (EBIT) [in CHF million]



5. Financial Information H1 2021

Result – Household Appliances Segment

CHF million	H1 2021	Δ	H1 2020
Net sales	308.3	19.2%	258.6
Operating income (EBIT)	36.4	216.9%	11.5
<i>EBIT margin in %</i>	11.8	740 bp	4.4
<i>ROCE in %¹</i>	36.0	1860 bp	17.4

- FX neutral net sales growth of 18.8%
- Net sales in Switzerland increased by 12.9%, driven by high demand in 2021 and ability to deliver during COVID-19
- Net sales in international own brand business increased by 69.4%, international OEM business recovered significantly after temporary slow-down in 2020
- ROCE development driven by higher EBIT

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

5. Financial Information H1 2021

Result – Real Estate Segment

CHF million	H1 2021	Δ	H1 2020
Net sales	–	–	–
Operating income (EBIT)	2.4	28.9%	1.9
<i>EBIT margin in %</i>	–	–	–
<i>ROCE in %¹</i>	2.8	- 80 bp	3.6

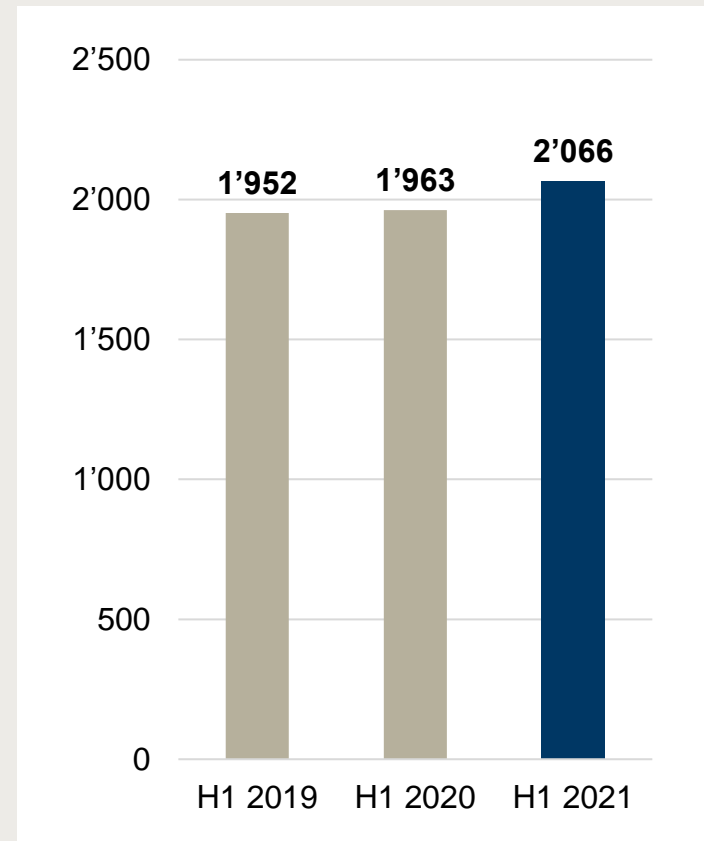
- Increase of EBIT due to higher rent income related to the buildings «Zephyr Hangar» and «Buran»
- Major investment / CAPEX projects in 2021:
 - V-ZUG Infra AG: CHF 4.4 million related to project «Zephyr Ost» in Zug
 - V-ZUG Assets AG: CHF 1.3 million related to project «Buran» in Sulgen
- Reduced ROCE due to increased capital employed driven by site transformations

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

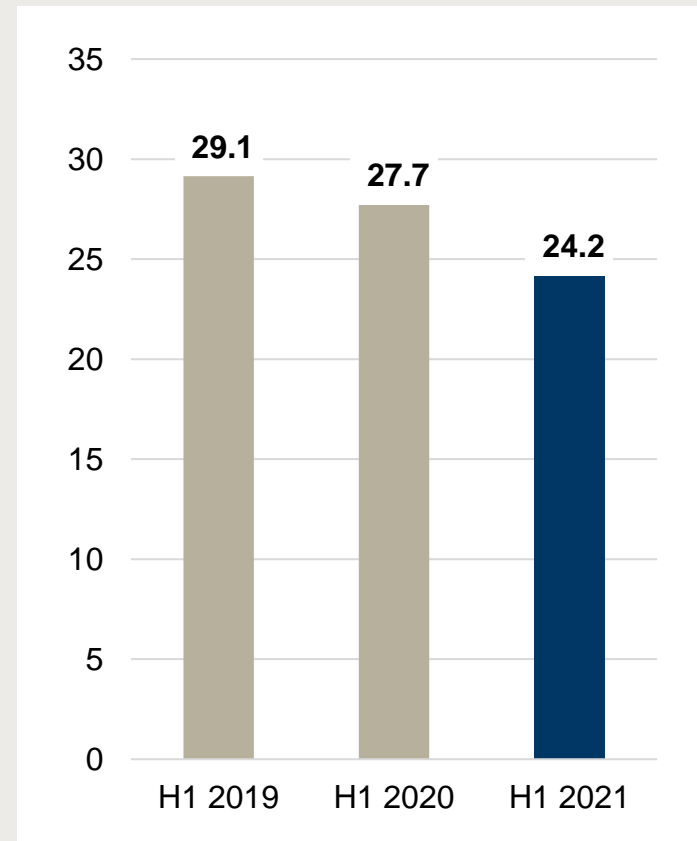
5. Financial Information H1 2021

Noticeable increase in no. of FTEs to fulfil market demand – mainly in temporary workers

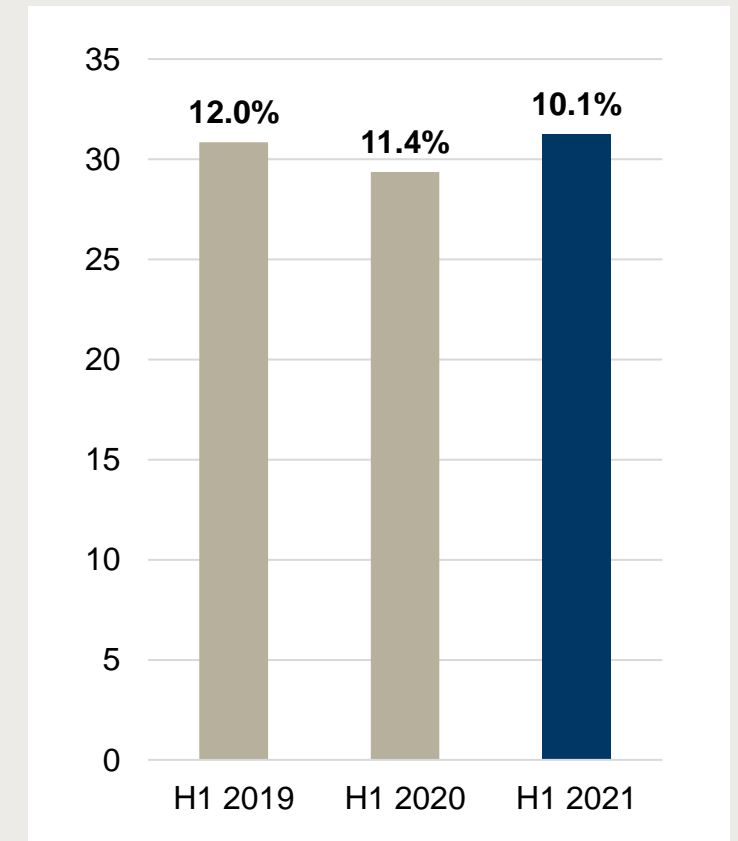
Total FTEs [as of 30 June; incl temps]



CAPEX [in CHF million]



R&D expenses [in CHF million]



% R&D expenses in % of net sales

5. Financial Information H1 2021

Cash flow statement V-ZUG Group

CHF million	H1 2021	H1 2020
Cash flow from operating activities	13.6	25.4
▪ of which taxes paid	-5.6	-0.6
Cash flow from investing activities	-26.3	-26.1
▪ of which investments in tangible assets	-25.8	-22.8
▪ of which investments in intangible assets	-0.4	-3.4
Cash flow from financing activities	–	29.9
▪ of which dividend	–	–
Currency translation effects	0.7	-0.3
Change in “net cash and cash equivalents”	-12.0	29.0
Free cash flow	-12.7	-0.6

- Increase in current assets due to higher net sales and to maintain a high delivery performance leading to lower cash flow from operating activities
- Cash flow from investing activities stable compared to previous year, still on a high level

5. Financial Information H1 2021

Balance Sheet V-ZUG Group

CHF million	30.06.2021	in %	30.06.2020	in %
Cash and cash equivalents incl. securities	95.8	16.1	65.2	12.7
Other current assets	180.6	30.3	151.5	29.5
Current assets	276.4	46.3	216.8	42.1
Tangible assets	281.7	47.2	255.5	49.7
Financial & intangible assets	38.4	6.4	42.0	8.2
Fixed assets	320.1	53.7	297.5	57.9
Total assets	596.6	100.0	514.3	100.0
Long-term financial liabilities	-	-	-	-
Other liabilities	169.1	28.3	152.7	29.7
Total liabilities	169.1	28.3	152.7	29.7
Shareholders' equity	427.5	71.7	361.6	70.3
<i>Equity ratio</i>	71.7%		70.3%	
Total liabilities and shareholders' equity	596.6	100.0	514.3	100.0

Strong cash position with CHF 95.7 million and increased equity ratio to 71.7%

5. Financial Information H1 2021

Dividend policy

- V-ZUG Holding AG pursues a dividend policy that is primarily based on the amount of distributable profit.
- In the medium to long term, the profit distribution ratio should be between 20% and 40% of the group's net result.
- As communicated in the context of the spin-off: In the first three years after the spin-off, it is to be assumed that no dividend will be paid. It is planned to use the funds primarily for investments in products, markets and the production sites in Zug and Sulgen.



5. Financial Information H1 2021

Outlook

	Mid-term expectation
Total net sales	2 to 3% organic growth
International net sales	Doubled in 5 years (2019 – 2024)
EBIT-Margin	>10%
Dividends	20% – 40% pay-out ratio

- High demand in Swiss market expected to normalize in H2 2021
- Solid year-on-year sales growth in the International Markets expected for H2 2021
- Uncertainties for the second half of 2021 with regard to the supply chain situation (further tightening of capacities, increasing raw material & component prices)
- Increase in sales prices as of October 2021
- V-ZUG Group refrains from providing a further outlook



A modern kitchen island with a curved, light-colored countertop and a built-in stainless steel cooktop. The island is set in a room with ornate, dark wood paneling and a grand piano in the background. The lighting is warm and focused on the island.

6. Investment Case

6. Why invest in V-ZUG?

1

Proven ability to generate double digit EBIT margins (again)

- Well on track to re-achieve such profitability levels in the medium term
- Significantly above industry average

2

Market leader in Switzerland with a unique and strong position

- Exemplary brand recognition and customer loyalty
- Countrywide strong & long-standing network with key partners
- Unbeatable service network and proximity to end-customers

3

Well established and recognised player in the 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 thanks to committed and enthusiastic teams working along lean and fast processes

5

Sustainability (quality, durability, timeless design, production processes, energy consumption) **as a key Unique Selling Proposition**

Q&A



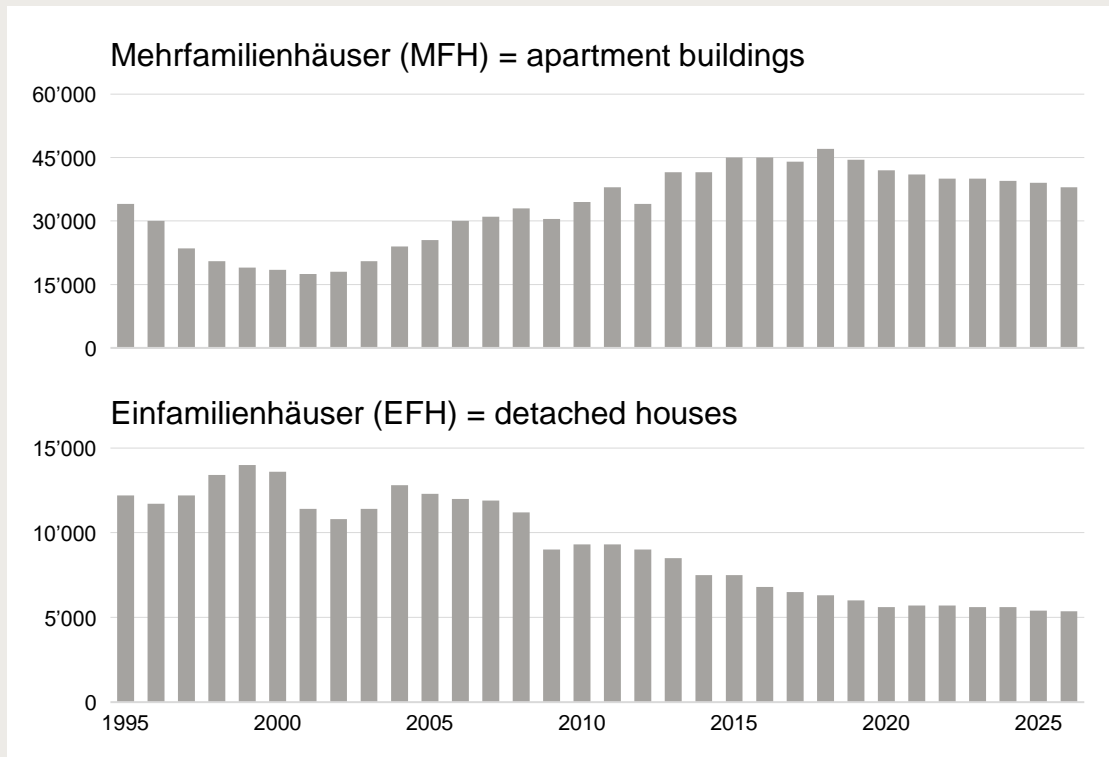
Appendix. Markets

Switzerland – From extraordinary demand to normalisation by steady growth until 2026

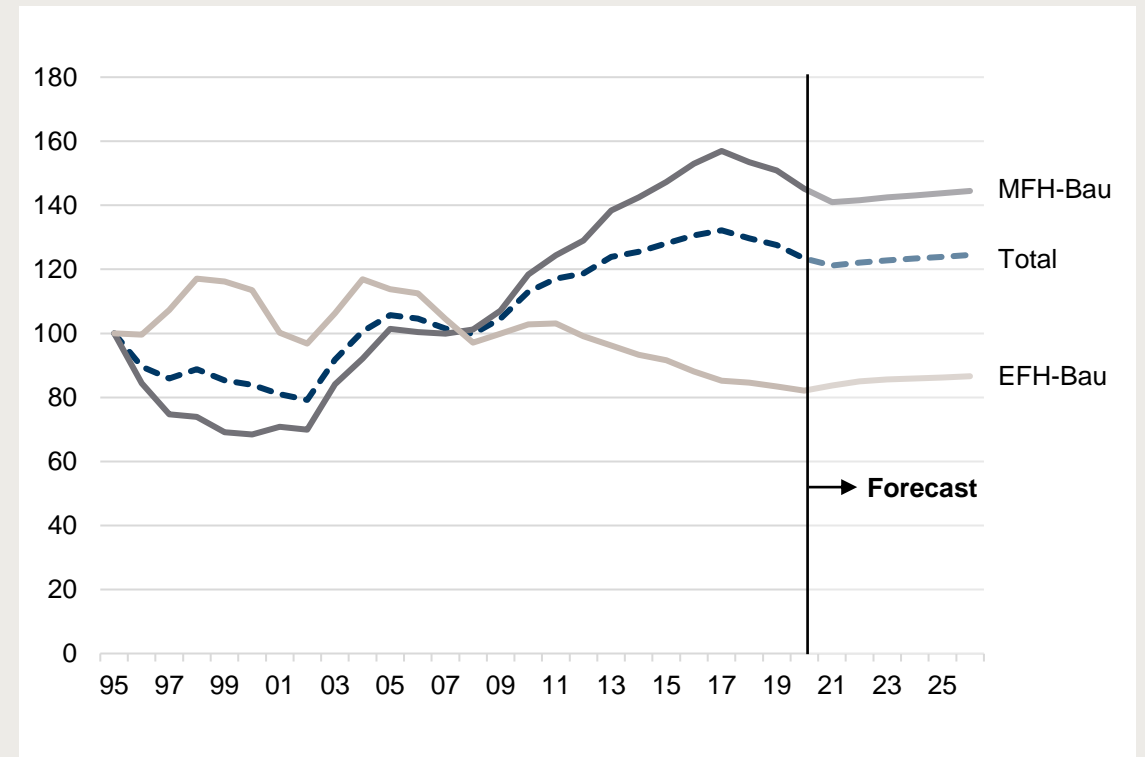
Short term: Extraordinary demand in the Swiss market due to COVID-19 stimulated consumer behavior

Long term: Normalization to steady growth driven by **New build**, Refurbishments, Replacements (approx. 1/3 each)

New build: No. of units, investment volumes per year in a long-term comparison and forecast



No. of new build apartments, Source BFS, BAK Economics of Q4 2020



Indexed real investment volume, 1995 = 100, Source BFS, BAK Economics from Q4 2020

Appendix. Markets

International – Strengthened global presence in metropolitan areas



Extension of international footprint

- Modernized third-party operated showrooms in Moscow & St. Petersburg, in line with CI/CD
- Opening of our own showrooms in London & Paris (Q4 2021)



● V-ZUG head office

● V-ZUG subsidiaries

● V-ZUG partners / distributors

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Pictures:

- Slides 1 & 13: David Willen for Monocle, London, UK
- Slides 3, 7 & 16: Philippe Hubler, Hünenberg, Switzerland