



V-ZUG Group – Full-year results 2023

13 March 2024



V-ZUG increases
profitability despite a
difficult market
environment – the
focus on differentiation
begins to bear fruits.



Agenda

1. **Overview**
2. Differentiation Strategy
3. Sustainability
4. Financial Information
5. Outlook
6. Investment Case
7. Q&A



1. Overview: Full-year 2023 at a glance

Challenging market situation characterised by low demand doesn't stop V-ZUG from investing into its future

Improved profitability with lower net sales

- Net sales: CHF 585.4 million (- 8.0 % vs. prior year / - 7.2 % FX neutral)
- EBIT improved on a low level: CHF 16.8 million (CHF + 6.5 million vs. prior year)
- EBIT margin: Full year at 2.9 %
- EBIT margin: 2H23 at 4.1 %
- Positive free cash flow: CHF 18.2 million

Strategic transformation on track

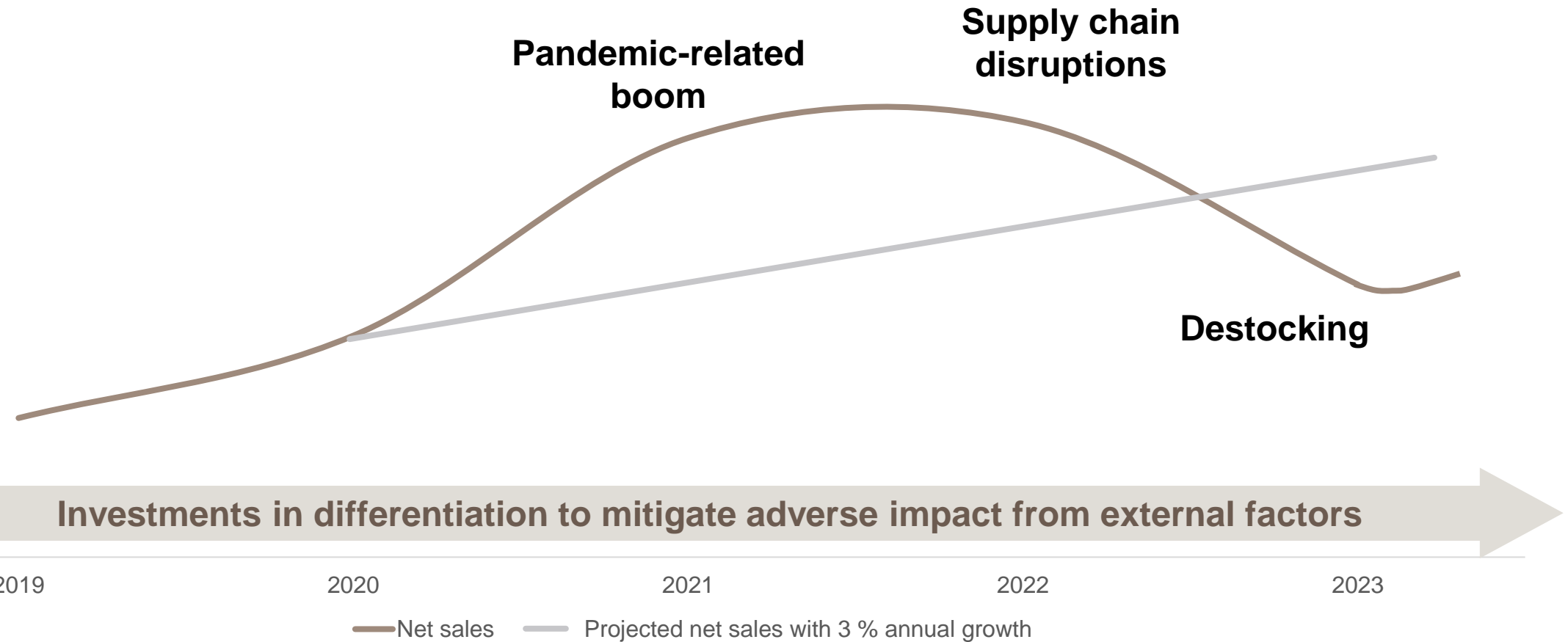
- Differentiation / positioning of V-ZUG as a premium brand is paying off
- Evolution of the product portfolio
- International expansion
- Quality excellence programme

Sustainability – comprehensive non-financial reporting

- Circular economy factory operates as prototype
- Business model “Product as a Service” contributing to longevity and circularity
- Over 30 product life cycle assessments showing measures to reduce the environmental footprint
- CO₂ compensation web shop also accessible in international markets

1. Overview: Navigating a rapidly changing business environment

Manage the challenging market situation – stay customer focussed – Simplify V-ZUG



1. Overview: Main market challenges in 2023

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

Market situation – after a pandemic-related boom in 2021/2022 and supply shortages in 2022 followed by high purchase price increases, market demand was low in almost all markets due to:

- Uncertainty and imponderability regarding the worldwide economy, inflation/interest rate development, geopolitics
- Destocking activities of trade partners

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

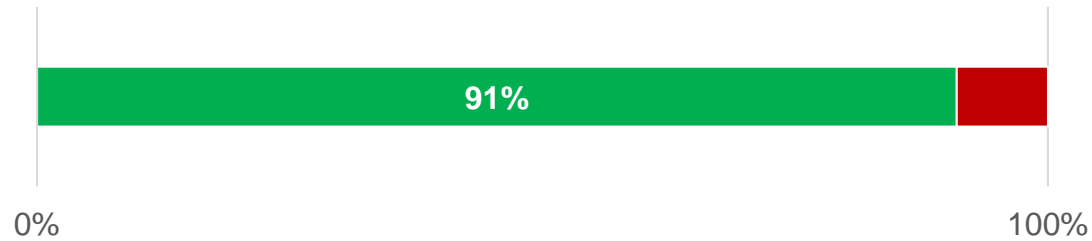
- New builds: Slowdown due to interest rate hikes, planning uncertainties and slower processing of building permits
- Renovation: Currently under-indexed after pandemic-related boom; gradual return to normal situation
- Replacement: Stable

Procurement prices – levelled out early 2023 but remained on a high level; no more spot-market purchases needed as of March 2023

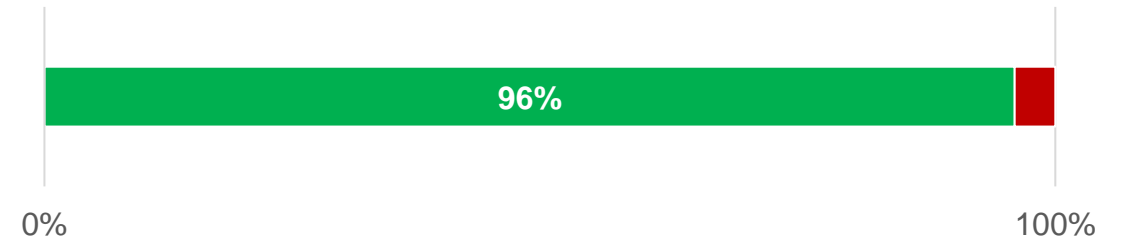
1. Overview: Delivery performance back on track

After supply chain issues in 2022, V-ZUG is back to unrestricted delivery capability since February 2023

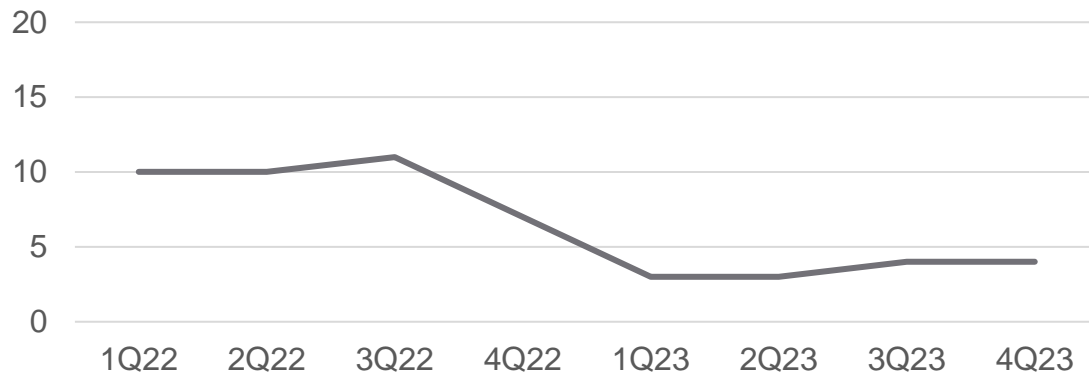
Readiness as wished FY23



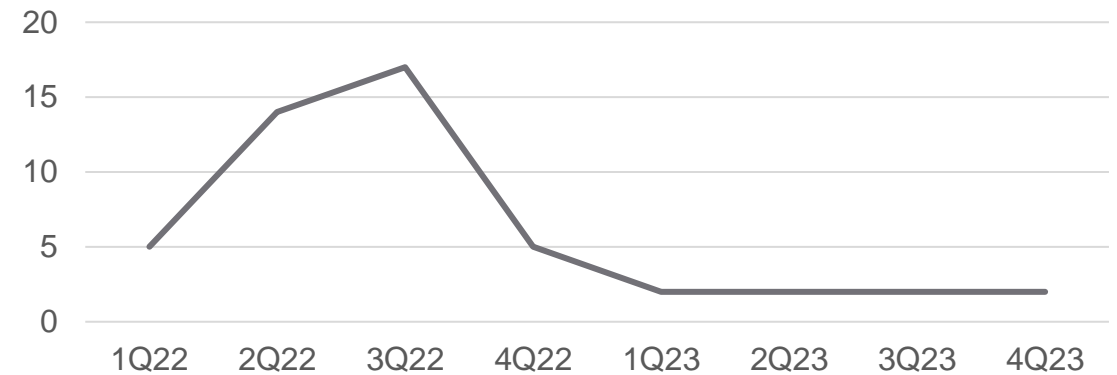
Delivery as promised – FY23



Postponement (median) in days



Delay (median) in days



1. Overview: Measures to reduce operating costs

The initiative “Simplify V-ZUG” has been launched in Q2 2023 and continues to yield results

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 – 2023-2025

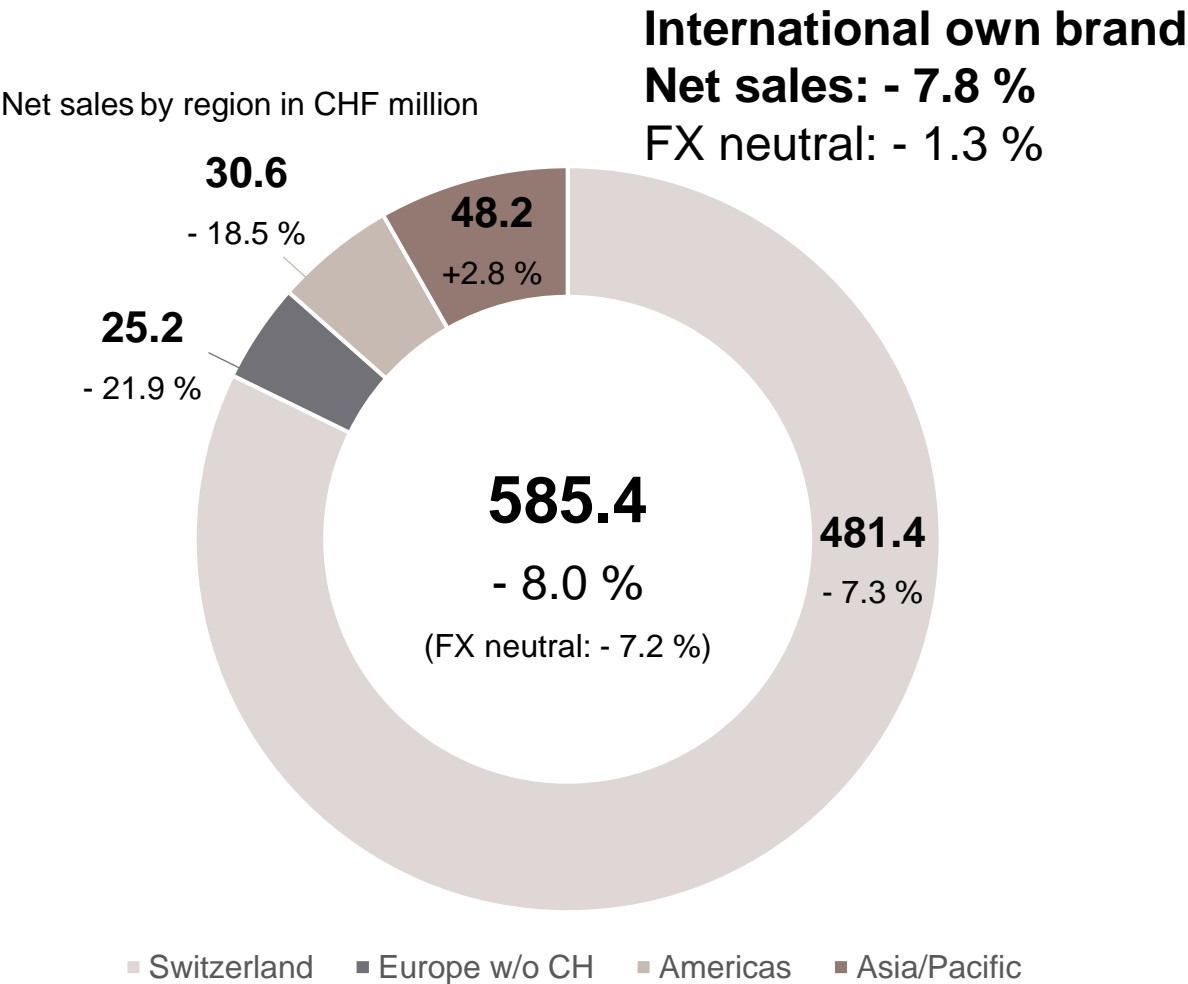
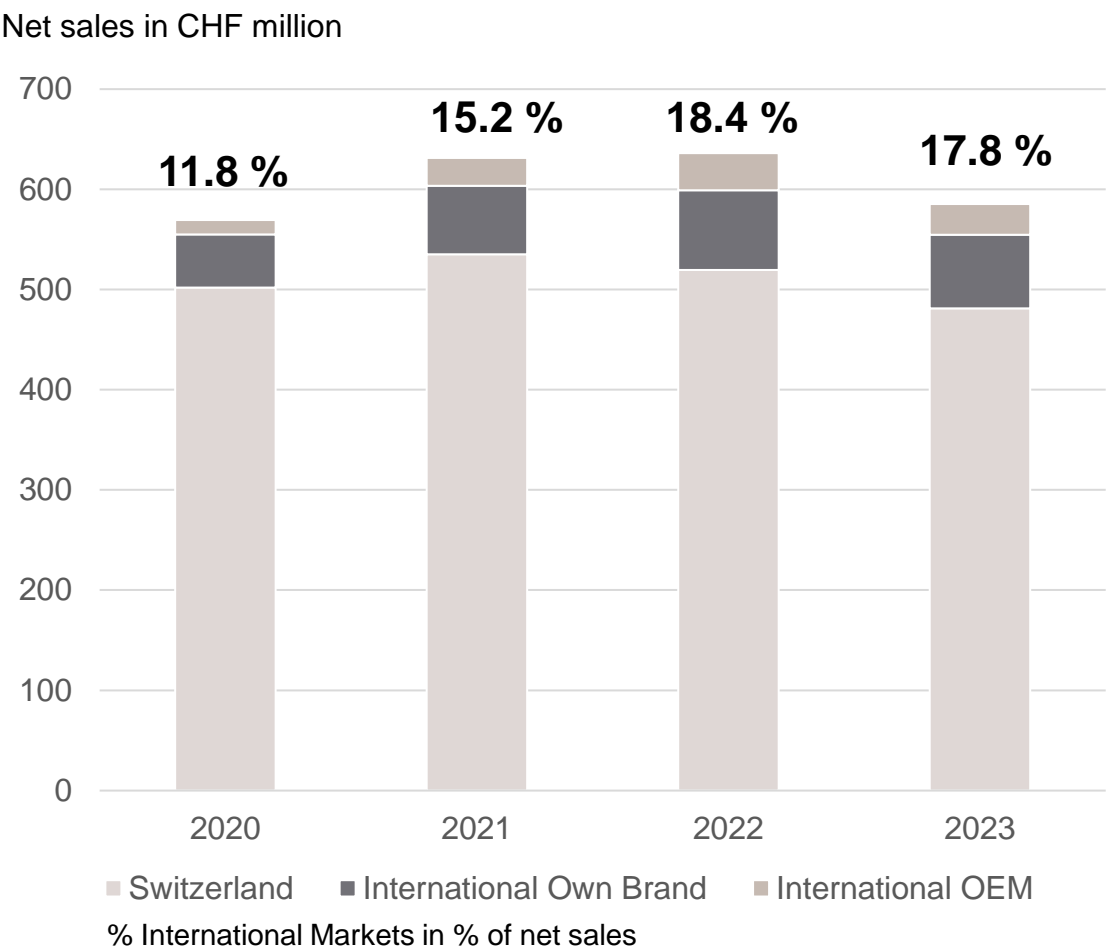
- A program to address the **structural cost base** in conjunction with a further increase of agility has been launched in Q3 2023; cost savings are going to be channeled in initiatives fostering profitable growth
- Continuous efforts to improve **gross profit**

In addition to cost-reduction 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.

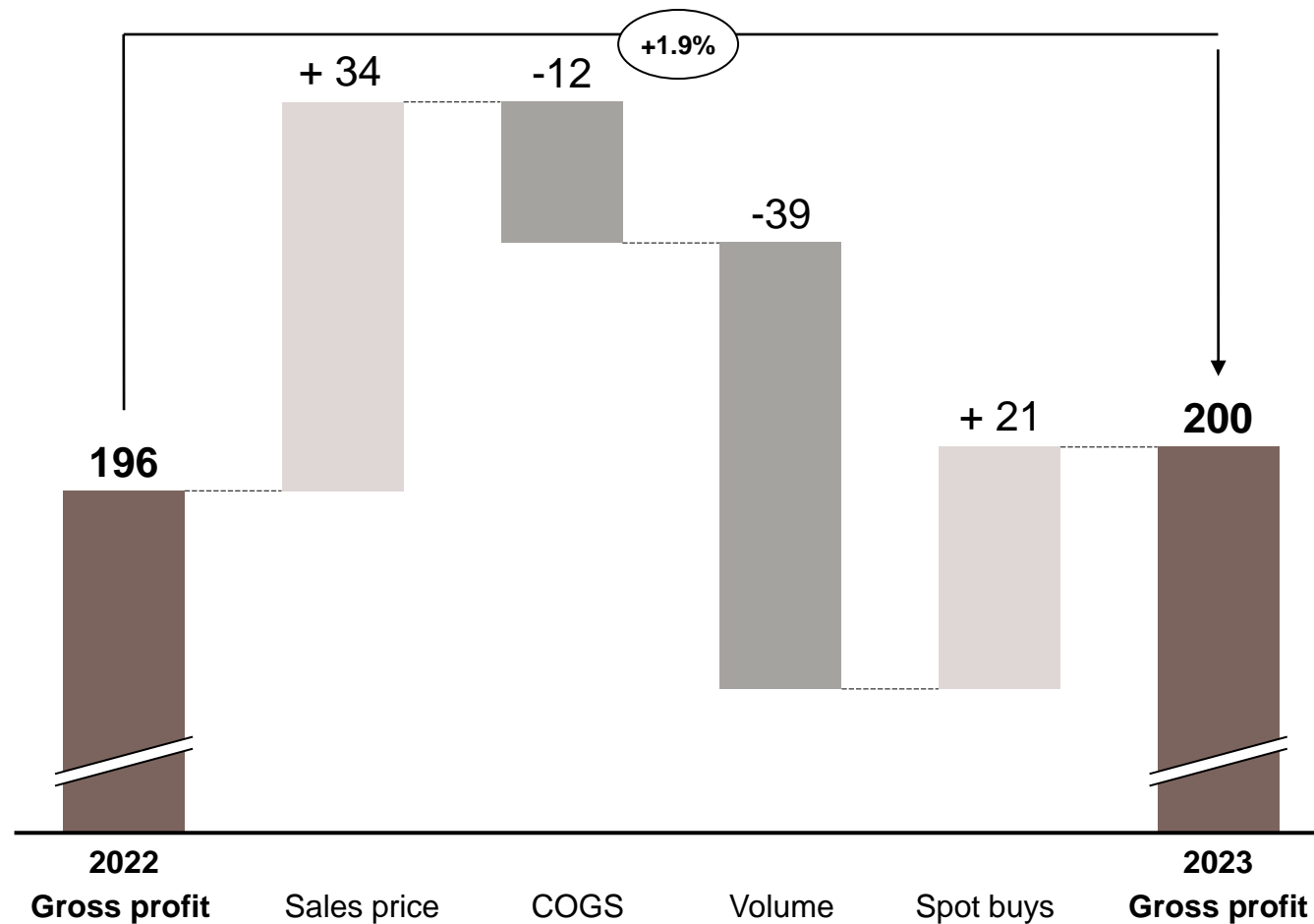
1. Overview: Net sales development

Share of International Markets lower due to Europe and OEM business



1. Overview: Gross profit improved

Sales price increase and less spot buys compensate lower volumes and higher COGS



Sales Prices

- Full year impact of sales price increases in 2022 and 2023

Volume

- Low demand due to geopolitical uncertainties, increased interest rates and inflation leading to low customer mood
- Destocking by trade partners during 2023

COGS / Spot buys

- Full year impact of purchase price increases between 2022 and 2023; stabilizing during 2023
- Increased inventory valuation adjustment
- No more use of spot buys as of March 2023

Agenda

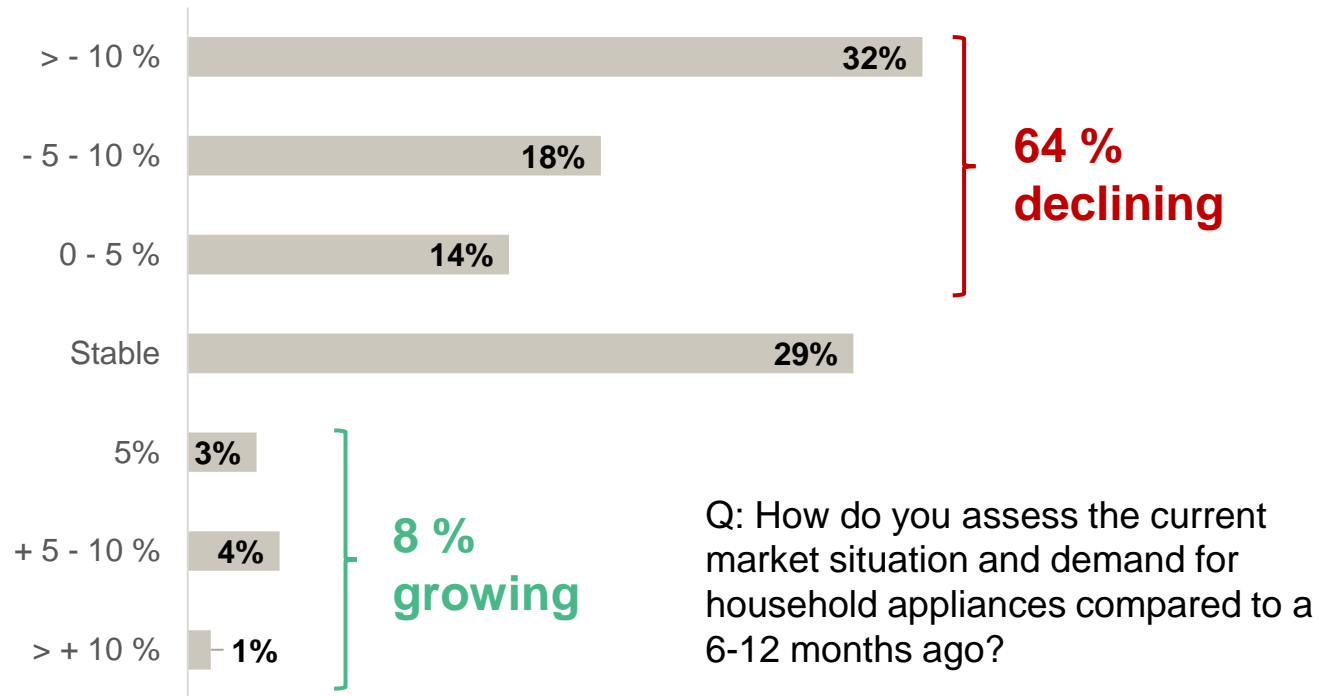
1. Overview
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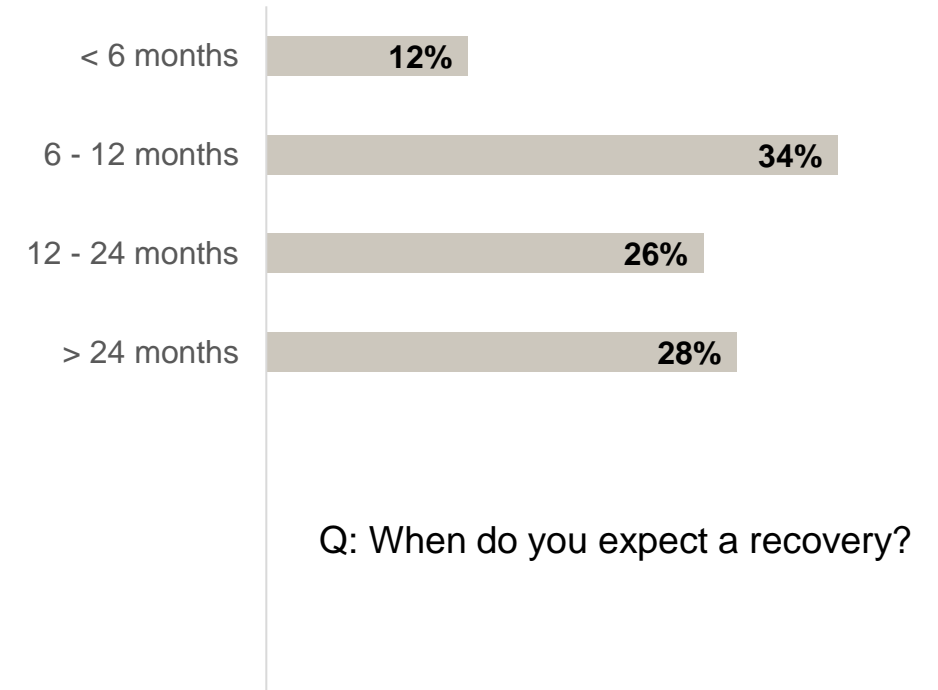
2. Low demand: Trade partners expect recovery in 2025

B2B Survey: Trade partners offer valuable insights into market development

Demand: Growth dynamic, Nov 2023



Recovery: Expected time span, Nov 2023

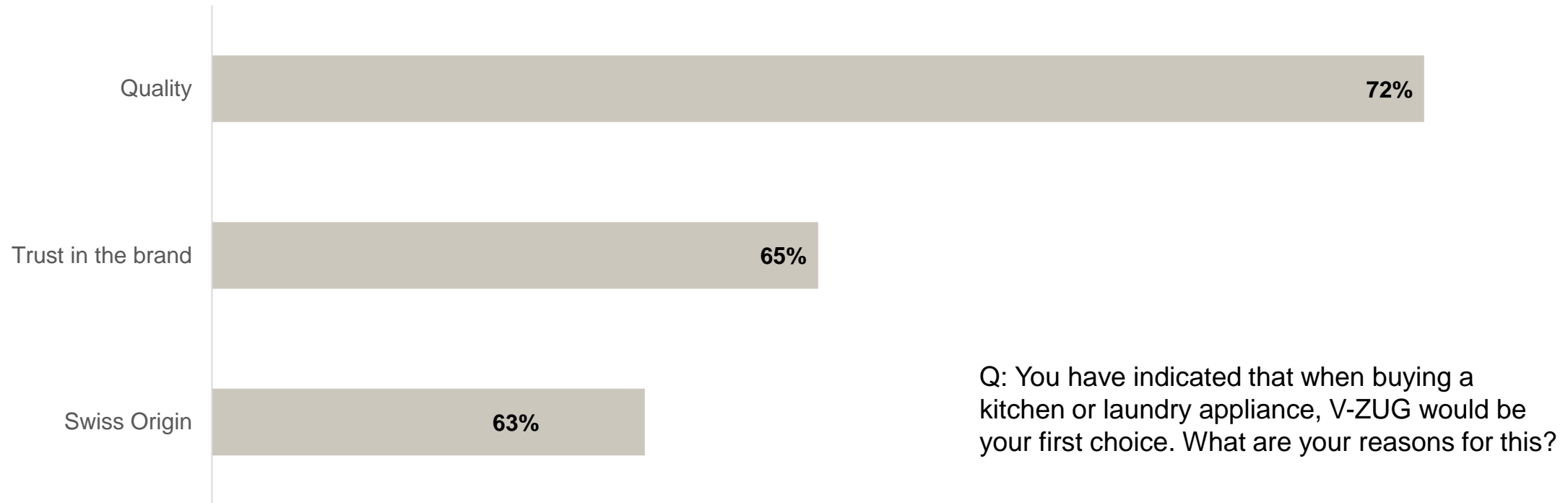


Online survey with language-assimilated partners from the German, French and Italian-speaking parts of Switzerland conducted in November 2023, n=79 participants.

2. Reason to buy: End consumers perception of V-ZUG

Brand Monitor: For end consumers, quality is the most relevant reason, followed by hard-to-copy attributes

V-ZUG is the first choice due to...



Online survey with language-assimilated people from the German, French and Italian-speaking parts of Switzerland conducted in November 2023, n=494.

2. Reviving demand: Delivering desirable and unique products

In a stagnating market, V-ZUG focusses on high-value offers towards customer

CombiSteamers and ovens



New cooling platform



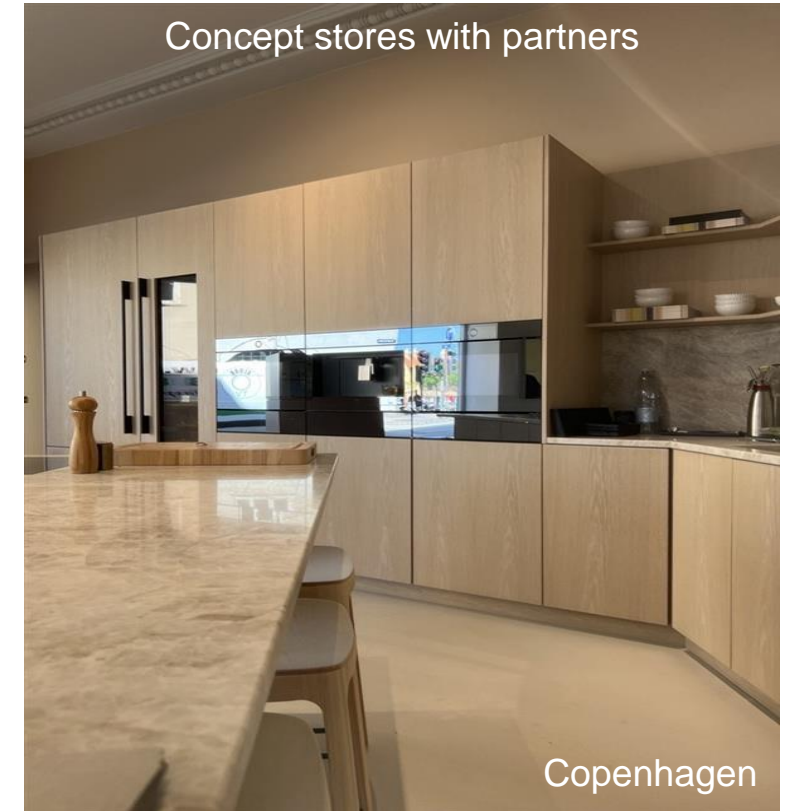
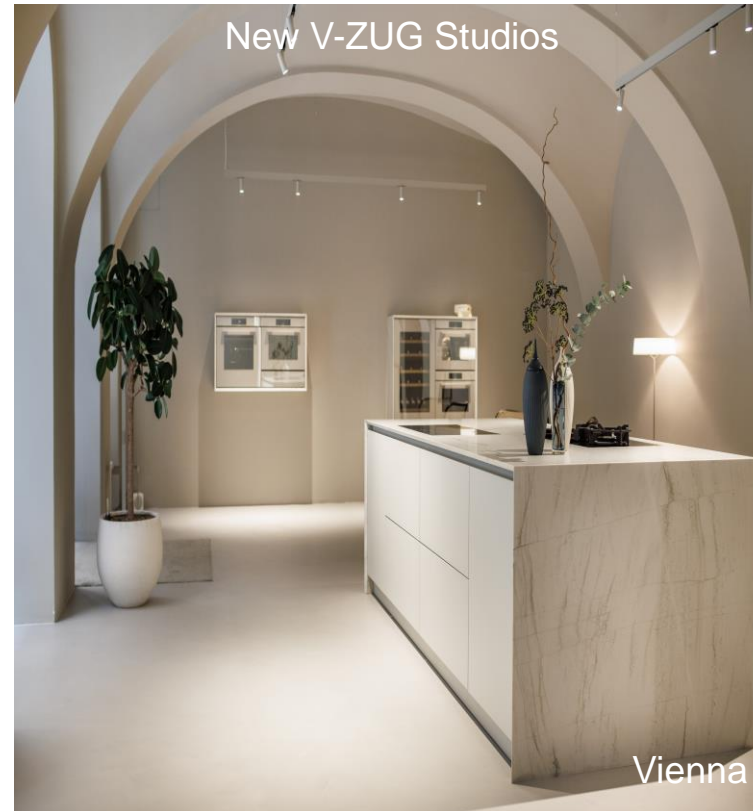
Washing machines Adora



V-ZUG makes sure that differentiation is understood by end customers, from awareness to purchase decisions / actions. In 2023, the entire sales force has been trained to better convey V-ZUG's differentiating factors. The differentiated and Swiss-made product ranges have all conquered market share in value in 2023.

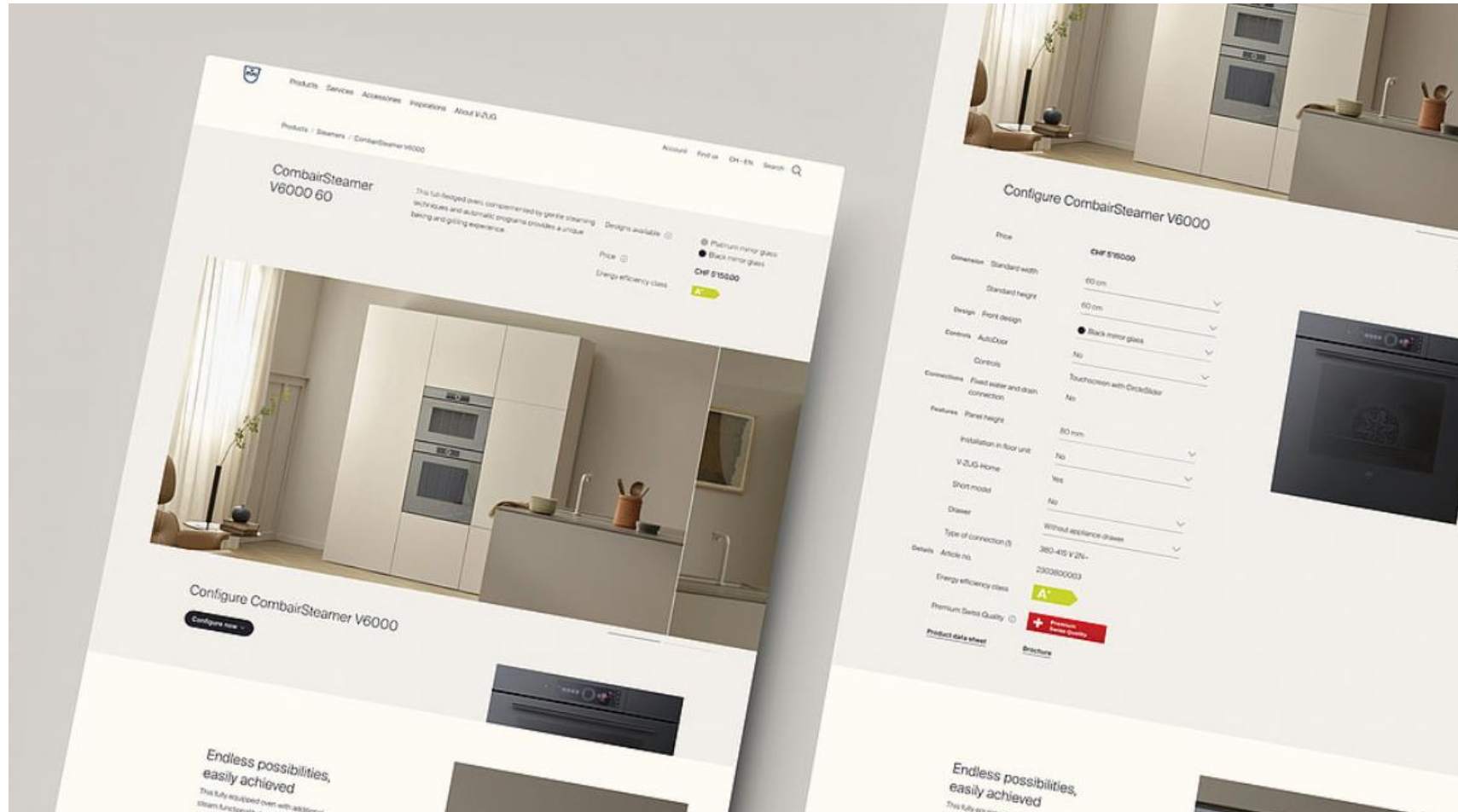
2. Transforming spaces, inspiring minds: Impactful showrooms

Further complementing our market presence



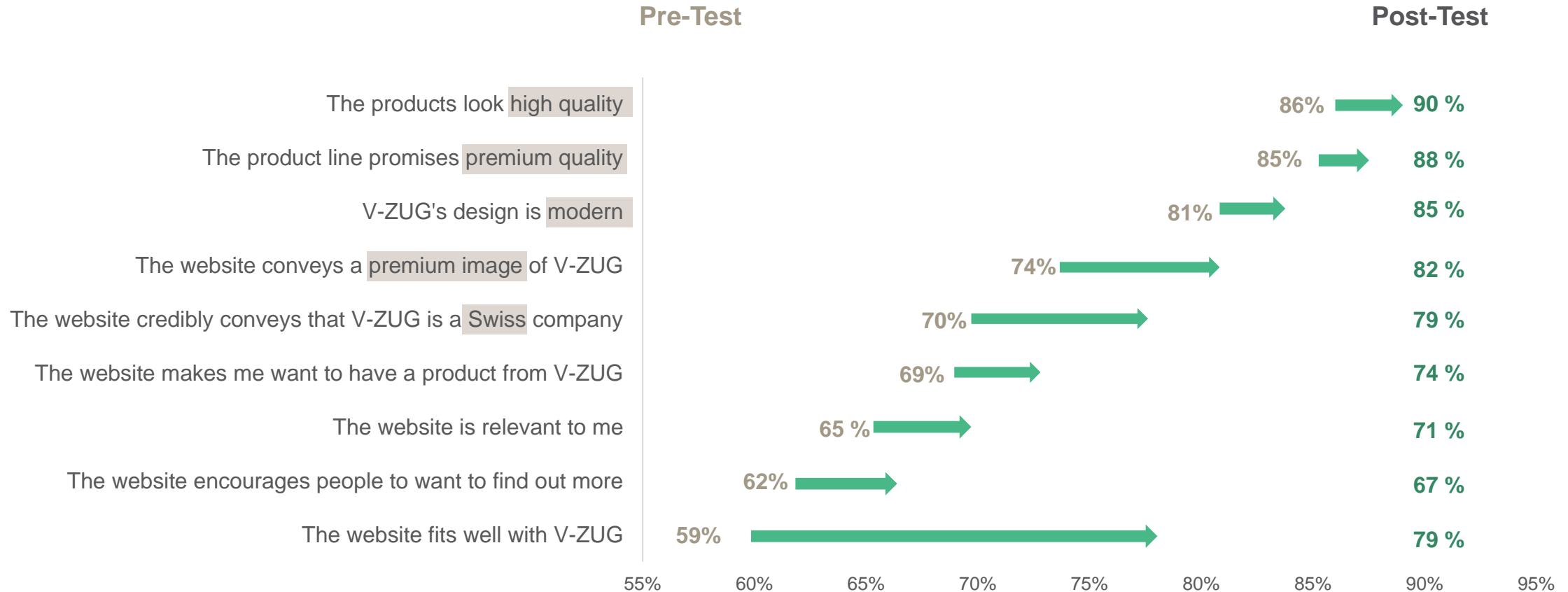
2. Inspiring in the Digital Realm: Website relaunch in April 2023

Not only did we receive the Red Dot Award, which is a welcome appreciation from the design community...



2. Website relaunch in April 2023

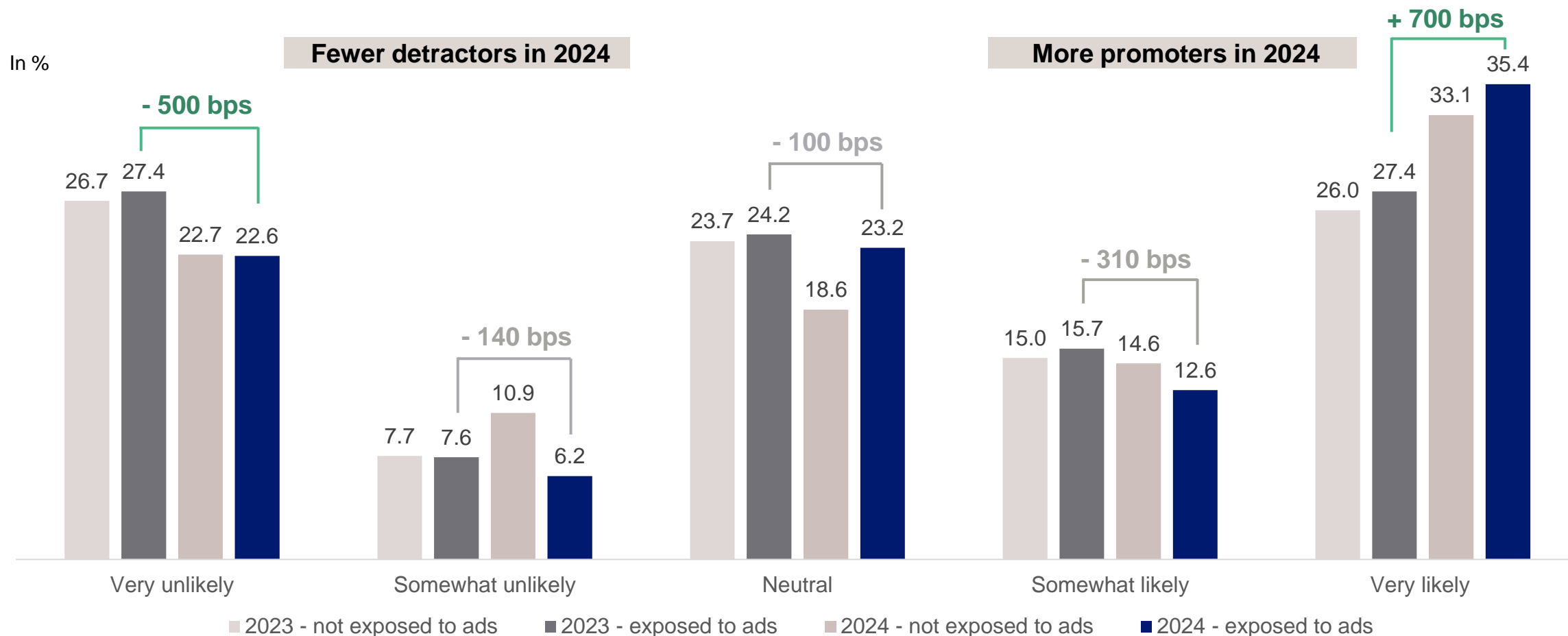
... the new website is also perceived well by Swiss customers – while supporting our positioning



Q: If you now think overall about V-ZUG's appearance on the website, please indicate to what extent the following statements are true in your opinion. Basis: n=136 (Pre-Test), n=190 (Post-Test)

2. Inspiring through advertising: Capitalizing on differentiating factors

The advertisement strategy, which capitalizes on key differentiating factors quality, brand and swissness, has significantly increased the number of customers “very likely” to consider V-ZUG and decreased the number of those “very unlikely” to do so.



2. Investment in new production facility in Zug

April 2023



Dezember 2023



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3. Real-life example: Circular factory

Setting up a pilot factory

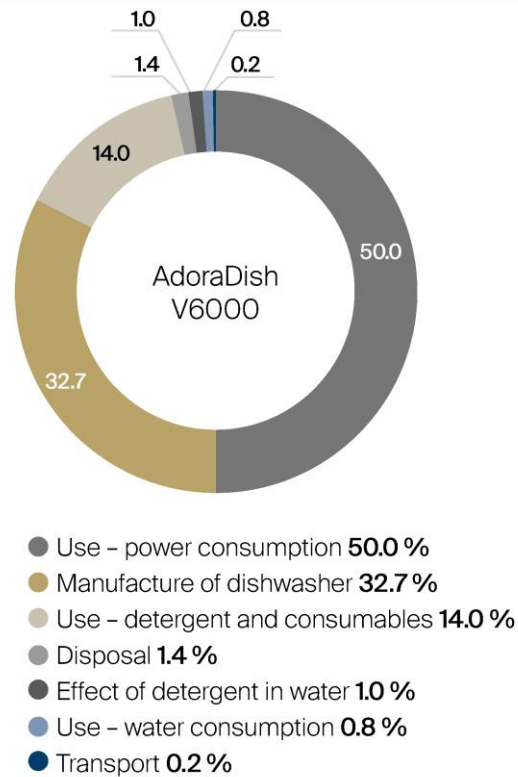
- Traditionally a material-intensive business model
- Driving forward the transformation from recycling to a circular economy (→ reducing the environmental footprint)
- Dismantling of appliances unlocks opportunities for V-ZUG and benefits the environment (Example: counterweight washing machine)
- Complementary to business models
«Product as a Service» and «Second Life»



3. Real-life example: Transparency through life cycle assessments

Measure environmental footprint – internal: base for targeted reduction – external: data for stakeholders

Product life cycle assessment in %



Product life cycle assessment (cradle to grave), "AdoraSpülen V6000" in ecopoints (EPs): Total 2.60 million EPs / comparison in CO₂ emissions: Total 0.83 t CO₂ (distribution of CO₂ and EPs varies)



3. Real-life example: low CO₂ emission steel

Partnering with suppliers reduces emissions, too

- Use of low CO₂ emission steel:
93 % fewer emissions than industry average,
> 95 % recycled content
- Reduces CO₂ footprint in Scope 3 (indirect emissions, purchased goods)
- Additional costs financed by CO₂ fund over 2 years
- Supports premium positioning



3. Real-life example: Smart Work

Increased productivity, less environmental impact

- Skilled labour shortage → calls for being an attractive employer
- Smart Work:
 - Compatibility of private and business life (work from home based on team charter)
 - Mobility concept at the Zug site supports public/non-motorized transportation (side effect: 23% less car parking spaces needed compared to 3 years ago)
- Other advantages:
 - Occupational safety increased (15% fewer accidents)
 - In addition: 89 apprentices in 10 different professions (soon also for service technicians)



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4. Financial information 2023

V-ZUG Group – Key figures full year comparison

in CHF million	FY23	FY22	△
Net sales	585.4	636.3	- 8.0 %
EBITDA	48.6	42.7	14.0 %
EBITDA in % of net sales	8.3 %	6.7 %	160 bp
Operating result (EBIT)	16.8	10.3	63.1 %
EBIT in % of net sales	2.9 %	1.6 %	130 bp
Free cash flow	18.2	- 52.2	n.m.
ROCE in % ¹⁾	3.8 %	2.4 %	140 bp

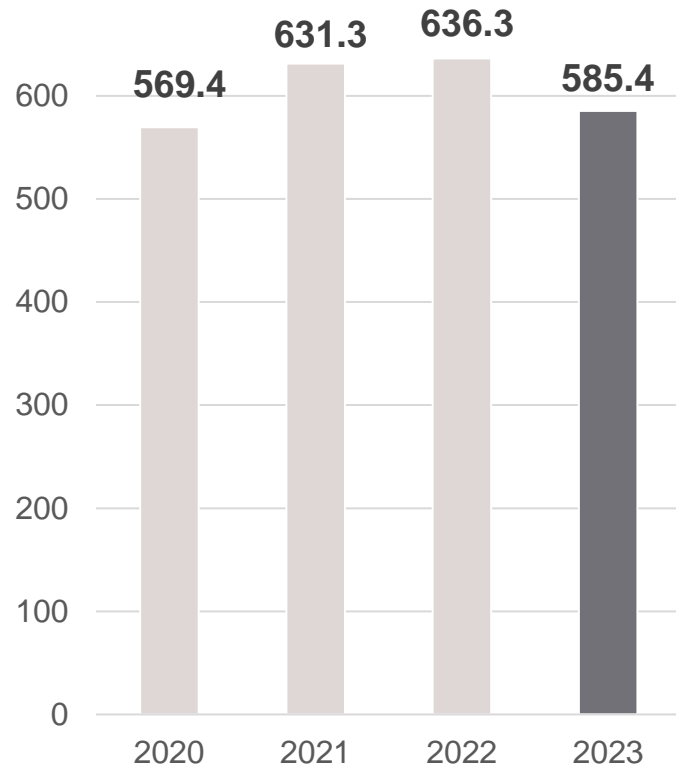
¹⁾ EBIT of last 12 months / weighted capital employed
(extended net working capital + fixed assets + operating cash - provisions)

- **Lower net sales** due to low volumes, partly compensated by higher sales prices:
 - Restrained market environment
 - Destocking activities of trade partners
 - Lower market demand due to base effect (after pandemic-related boom) and delays in building permit processes
 → FX-neutral: - 7.2 %
- **Improved EBITDA and EBIT** thanks to
 - Improved gross profit margin mainly due to sales price increase and spot buys situation normalized as of March 2023
 - Measures to reduce structural cost
- **Free cash flow** improved substantially thanks to high cash flow from operating activities and despite ongoing investments in site transformation
- **ROCE** improved due to higher EBIT

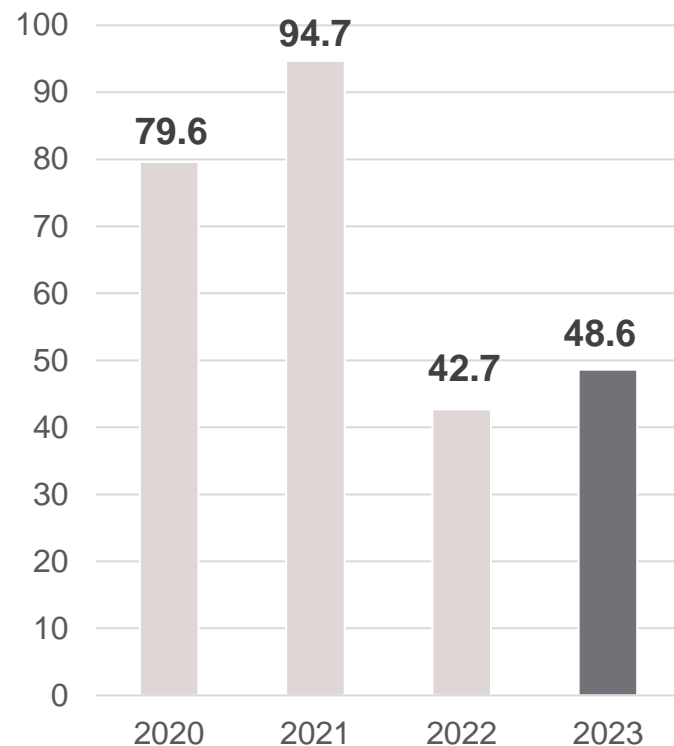
4. Financial information 2023

V-ZUG Group – Earnings improved on a low level

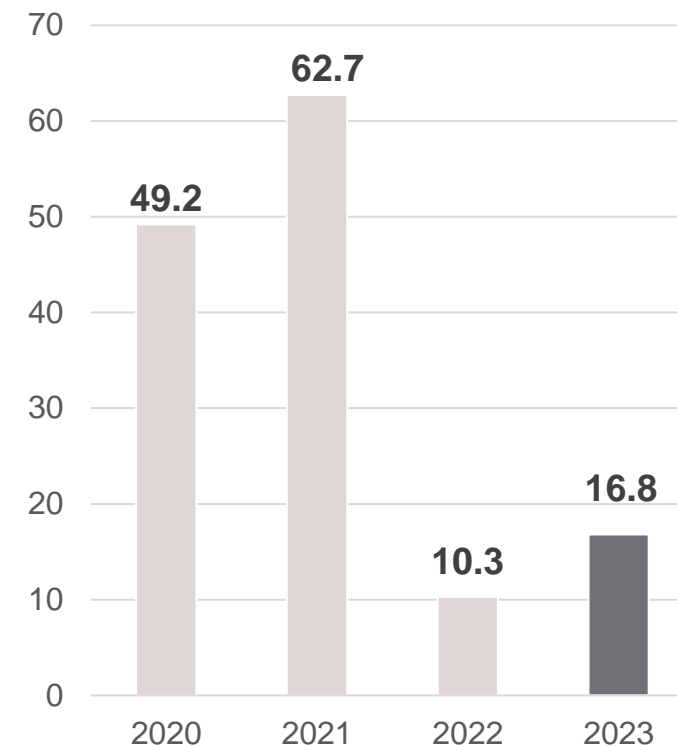
Net sales
in CHF million



EBITDA
in CHF million



Operating result (EBIT)
in CHF million



4. Financial information 2023

V-ZUG Group – Key figures half year comparison

in CHF million	2H23	1H23	△
Net sales	287.3	298.2	- 3.6 %
EBITDA	27.2	21.4	26.9 %
EBITDA in % of net sales	9.5 %	7.2 %	230 bp
Operating result (EBIT)	11.7	5.1	128.8 %
EBIT in % of net sales	4.1 %	1.7 %	240 bp
Free cash flow	25.7	- 7.5	n.m.

- Net sales lower in 2H23 due to
 - 1H23 was supported by reduction of order backlog related to 2022
 - High sales to international OEM partner in 1H23; almost no sales in 1H23
- Profitability improved in 2H23 due to
 - Higher gross profit margin due to no more spot-buys and consistent sales pricing
 - Implementation of measures to reduce structural cost

4. Financial information 2023

Household Appliances segment – Key figures full year comparison

in CHF million	FY23	FY22	△
Net sales	585.4	636.3	- 8.0 %
Operating result (EBIT)	12.3	5.6	117.7 %
EBIT in % of net sales	2.1 %	0.9 %	+ 120 bp
ROCE in % ¹⁾	4.9 %	2.2 %	+ 270 bp

- Net sales Switzerland: CHF 481.4 million, - 7.3 %
- Net sales International: CHF 104.1 million, - 10.9 %
 - International own brand: CHF 73.5 million, -7.8 %;
FX-neutral - 1.3 %
Solid growth in China and South-East Asia weighted down by restrained customer sentiment elsewhere, especially in Germany and Australia
 - International OEM: CHF 30.6 million, -17.6 %
- Gross profit margin improvements and cost measures paying off

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

4. Financial information 2023

Real Estate segment – Key figures full year comparison

in CHF million	FY23	FY22	△
Net sales	–	–	–
Operating result (EBIT)	5.9	5.9	0.2 %
ROCE in % ¹⁾	3.1 %	3.4 %	- 30 bp

- The Real Estate segment primarily encompasses V-ZUG's production sites
- Stable EBIT development
- Lower ROCE due to higher weighted capital employed

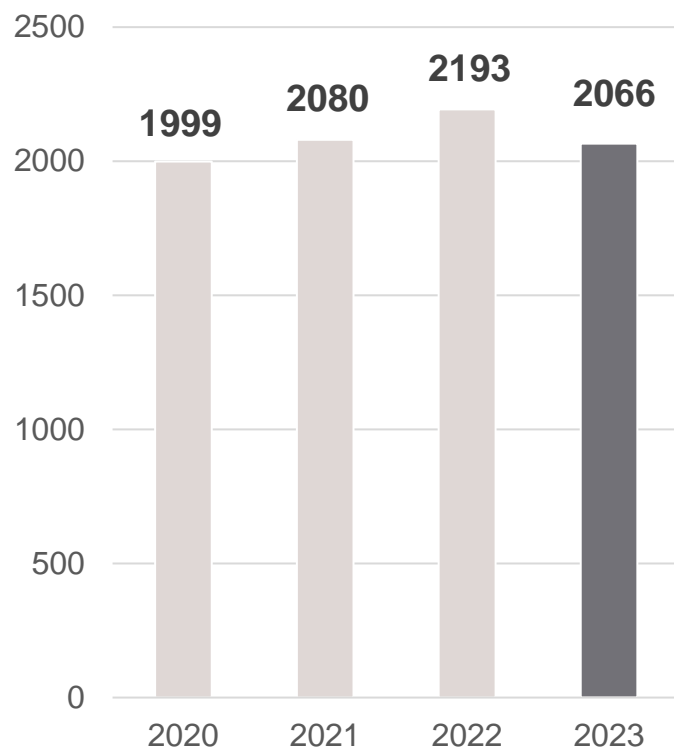
¹⁾ EBIT of last 12 months / weighted capital employed
(extended net working capital + fixed assets + operating cash - provisions)

4. Financial information 2023

V-ZUG Group – FTE decrease mainly in operations, continuous high investments

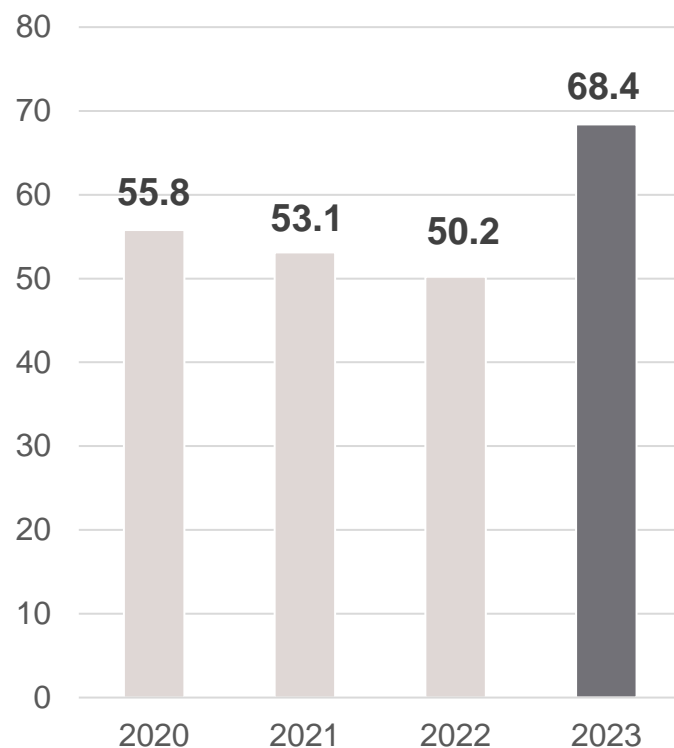
Total FTEs

as of 31 December 2023 incl. temps



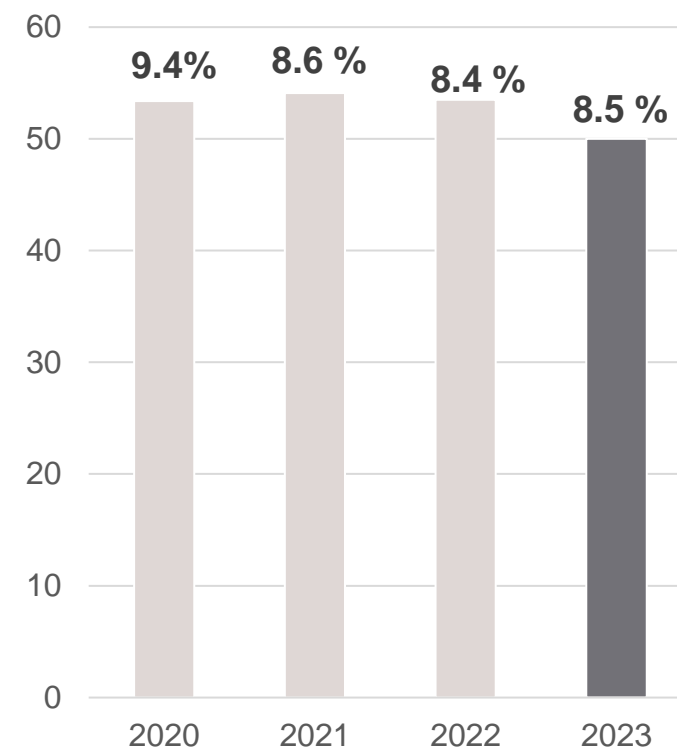
CAPEX

in CHF million



R&D expenses*

in CHF million and % of net sales



- R&D expenses are restated to reflect the change from income statement by nature to Income statement by function. The figures for the previous years have been adjusted to improve comparability (cost-of-sales method). Under this statement, depreciation of special tools is not part of R&D.

4. Financial information 2023

V-ZUG Group – Cash flow statement

in CHF million	FY23	FY22
Cash flow from operating activities	80.5	1.0
▪ of which taxes paid	- 1.3	- 6.1
Cash flow from investing activities	- 62.3	- 53.3
▪ of which investments in tangible assets	- 58.3	- 44.9
▪ of which investments in intangible assets	- 4.7	- 4.7
Cash flow from financing activities	- 0.1	0.1
▪ of which dividend	—	—
Currency translation effects	- 1.6	- 0.6
Change in “net cash & cash equivalents”	16.5	- 52.8
Free cash flow	18.2	- 52.2

- Operating cash flow improved markedly vs. prior year mainly due to:
 - Reduction of net working capital; predominantly of trade receivables as well as of inventory levels at the main production sites in Zug and Sulgen
 - Consistent focus on cash management
- Continued investments in site transformation

4. Financial information 2023

V-ZUG Group – Balance sheet

in CHF million	31.12.2023	<i>in %</i>	31.12.2022	<i>in %</i>
Cash and cash equivalents incl. securities	81.0	13.1	64.5	10.6
Other current assets	156.9	25.3	190.7	31.4
Current assets	237.8	38.4	255.2	42.0
Tangible assets	348.3	56.2	313.4	51.6
Financial and intangible assets	33.4	5.4	38.3	6.3
Fixed assets	381.7	61.6	351.7	58.0
Total assets	619.5	100.0	606.8	100.0
Financial liabilities	—		—	
Other liabilities	155.6	25.1	153.0	25.2
Total liabilities	155.6	25.1	153.0	25.2
Shareholders' equity	463.9	74.9	453.8	74.8
Total liabilities and shareholders' equity	619.5	100.0	606.8	100.0

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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
- Investments into innovative product portfolio and excellent quality
- Site transformation: 60 % footprint reduction in Zug and productivity increases
- Sustainability



5. Product Launches 1H24 – Three Swiss-made core portfolio news

Celebrating Swiss design, engineering and manufacturing



Dishwasher: Redefining brilliance

- Target: Gain market share with benchmark product
- Launch: February 2024
- Campaign start: February 2024
- Digital always-on advertisements, newsletter and social media push



Cooling: First-class flexibility in food storage

- Target: Gain market share in CH and improve quality
- Launch: February 2024
- Campaign start: February 2024
- Digital always-on advertisements, newsletter and social media push



Mid-range oven: The new Swiss classic

- Target: conquer market share in mid-market
- Launch: April 2024
- Campaign start: May 2024
- Dedicated campaign with three digital spots, always-on advertisements, newsletter and social media push

5. Dividend

Proposal to AGM to not pay a dividend

The Board of Directors will propose to the Annual General Meeting to not pay a dividend for the 2023 financial year.

This is the result of an in-depth review of the situation, which is characterised by persisting market challenges and continued high investments in the site transformation in Zug.



5. Mid-term Targets

Mid-term targets unchanged & 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

Commitment to medium-term targets through investments in market development, positioning, production facilities as well as into ongoing projects to increase innovation and efficiency.



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6. Why invest in V-ZUG?

1

Proven ability to generate **double-digit EBIT margins**

- V-ZUG is able 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
- Circular economy factory: Jonas Weibel, Zürich
- Others provided by V-ZUG