

# 17

## Annual Report

We Enable Energy



**vonRoll**

	<b>Von Roll in 2017</b>	<b>2</b>
	Letter to shareholders	2
	Business development	4
	Global presence	8
	Von Roll Insulation	10
	Von Roll Composites	12
	Von Roll share	14
	<b>Corporate Governance</b>	<b>15</b>
	Group structure and shareholders	15
	Capital structure	16
	Board of Directors	19
	Executive Management	26
	Remuneration, profit-sharing and loans	27
	Participatory rights of shareholders	27
	Change of control and defence measures	28
	Auditor	28
	Information policy	29
	<b>Remuneration Report</b>	<b>30</b>
	Remuneration philosophy and basic principles	30
	Remuneration in financial year 2017	33
	Auditor's report on the Remuneration Report	36
	<b>Financial Reporting</b>	<b>37</b>
	<b>Consolidated financial statements</b>	
	Consolidated statement of comprehensive income	38
	Consolidated balance sheet	39
	Consolidated cash flow statement	40
	Consolidated statement of changes in equity	41
	Notes to the consolidated financial statements	42
	Report on the audit of the consolidated financial statements	89
	<b>Statutory financial statements of Von Roll Holding AG</b>	
	Income statement	95
	Balance sheet	96
	Notes to the statutory financial statements	97
	Allocation of accumulated results	102
	Report on the audit of the financial statements	103

## Key figures

in 1,000 CHF	2017	2016
Order intake	336,141	326,869
Net sales	332,357	319,192
EBIT	4,475	-17,329
Net income for the period	-4,771	-30,290
Cash flow from operating activities	5,307	-10,453
Capital expenditures	9,258	27,674
Equity	107,151	96,987
Equity ratio (%)	28 %	26 %
Number of employees (FTE)	1,536	1,703

## Key figures per share

in CHF	2017	2016
EBIT <sup>1</sup>	0.02	-0.10
Net income <sup>2</sup>	-0.02	-0.17
Cash flow from operating activities <sup>3</sup>	0.03	-0.06
Equity <sup>4</sup>	0.55	0.54
Number of issued shares	201,768,555	201,445,555
Share price (high)	1.74	1.00
Share price (low)	0.56	0.51
Share price (end of period)	1.40	0.62
Market capitalisation (in CHF 1,000)	282,476	124,896

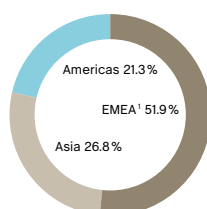
<sup>1</sup> EBIT/weighted average number of shares outstanding

<sup>2</sup> Net income/weighted average number of shares outstanding

<sup>3</sup> Cash flow from operating activities/weighted average number of shares outstanding

<sup>4</sup> Consolidated equity/weighted average number of shares outstanding

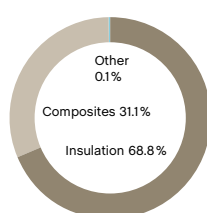
#### Share of total sales



#### Net sales by region

in CHF 1,000	2017	2016
EMEA <sup>1</sup>	172,638	163,506
Americas	70,695	80,639
Asia	89,024	75,047
<b>Total</b>	<b>332,357</b>	<b>319,192</b>

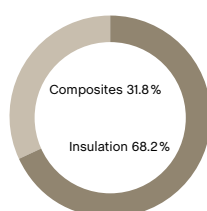
#### Share of total sales



#### Net sales by segment

in CHF 1,000	2017	2016
Von Roll Insulation	228,664	220,915
Von Roll Composites	103,514	98,231
Other activities	179	46
<b>Total</b>	<b>332,357</b>	<b>319,192</b>

#### Share of order intake



#### Order intake by segment

in CHF 1,000	2017	2016
Von Roll Insulation	229,366	227,119
Von Roll Composites	106,775	99,750
Other activities	-	-
<b>Total</b>	<b>336,141</b>	<b>326,869</b>

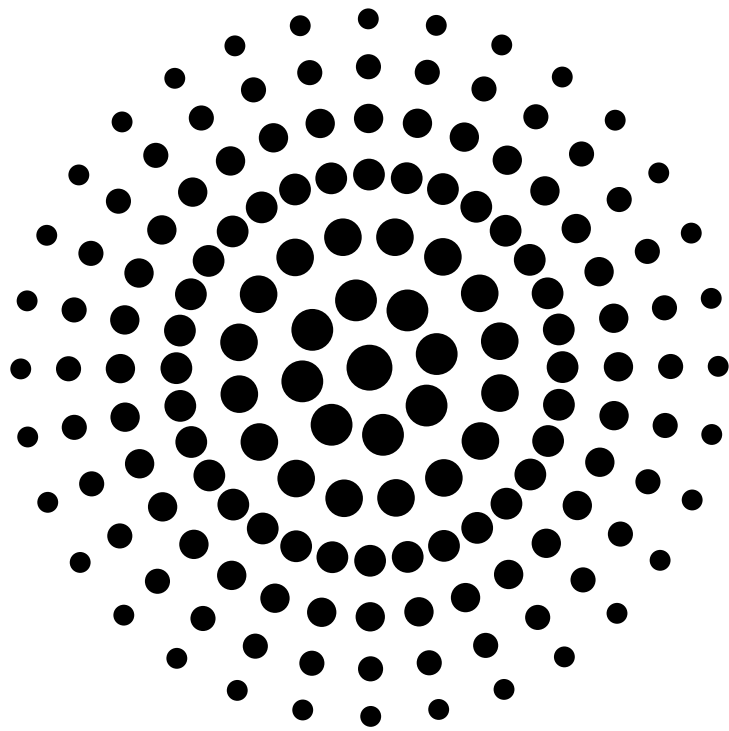
#### EBIT by segment

in CHF 1,000	2017	2016
Von Roll Insulation	3,453	2,293
Von Roll Composites	3,745	-11,970
Other activities	-2,723	-7,652
<b>Total</b>	<b>4,475</b>	<b>-17,329</b>

#### Number of employees (FTE)

	2017	2016
Von Roll Insulation	908	994
Von Roll Composites	584	661
Other activities	44	48
<b>Total</b>	<b>1,536</b>	<b>1,703</b>

<sup>1</sup> EMEA: Europe, Middle East and Africa



We Enable Energy

## Dear Shareholders

In the financial year 2017, Von Roll achieved a positive EBIT of CHF 4.5 million (previous year: CHF -17.3 million). Overall, Group sales increased by 4.1% to CHF 332.4 million. Order intake also rose by 2.8% to CHF 336.1 million as against CHF 326.9 million in the previous year.

The share price climbed during the year from CHF 0.62 to CHF 1.40 per share as of the end of December 2017, with the average trading volume up fourfold and market capitalisation more than twofold.

Within the company, we concentrated on optimising sales, improving productivity and reducing material costs over the past financial year. We also continued to rigorously implement our measures initiated in previous years to separate out non-core and loss-making activities:

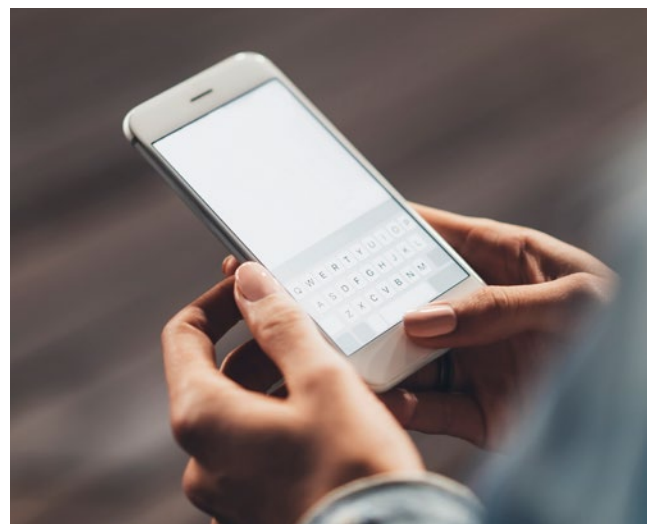
- » The relocation of the Group's headquarters from Wädenswil (Zurich) to Breitenbach (Solothurn) was successfully completed in summer 2017 and the buildings and infrastructure in Breitenbach were modernised. All corporate functions are now closer to our core and day-to-day business, resulting in leaner administrative processes and a more efficient collaboration between the divisions.
- » The move to split the global sales team into four working groups ("Electrical Insulation Materials", "Resins", "Insulated Wires" and "Composites") has been very well received by both staff and customers. From a strategic point of view, Von Roll needs this structure to address the relevant customer and market segments with a tailored and targeted approach. Our sales staff benefit from increased specialisation and broader scope for establishing a segment- and customer-specific global network of contacts.
- » The projects launched in early 2017 to optimise material and production costs are making strong progress. We are already anticipating a noticeable reduction in material costs in 2018 for all products in focus.

- » We have also been pressing ahead with standardising and optimising our production processes. New laminating machines have been put into operation successfully in America and Europe, significantly increasing manufacturing speed and efficiency.

- » By selling the wire business in the USA (Von Roll Austral Inc.), merging the New Haven and Schenectady sites and initiating the sale of the water business (Von Roll BHU Umwelttechnik GmbH), we made consistent progress in consolidating our operations.

The initial positive impact of these measures has been boosted by a healthy global economy, resulting in sales growth in both business segments. In the business involving our electrical insulation systems (Von Roll Insulation), we achieved an increase of 3.5% despite significant upheavals in the market for large generators due to continued consolidation among manufacturers. Our business involving composites (Von Roll Composites) grew in almost all industry sectors by a total of 5.4%.

A clear indication of our improved productivity is the 14% rise in sales per employee (FTE) year-on-year. Despite reducing workplaces by around 300 since mid-2016, we successfully produced the increased sales volumes achieved in 2017 to a constant level of quality.



Although the improvement in some key figures in the financial year 2017 points to the company's increasing recovery, the current level is in no way satisfactory. This particularly applies to the net result, which is still negative at CHF -4.8 million, even if partly due to non-recurring special charges in connection with BHU. The equity ratio rose slightly to 28.2%, while cash flow from operating activities also improved significantly to CHF 5.3 million as against CHF -10.5 million in the previous year.

2018 will be another year of stabilisation for the company. As a result, our measures will initially focus less on opening up new growth areas and more on strengthening our core business and limiting any remaining sources of loss. We will also take some preliminary steps to drive growth in various segments. These include increasing our market share with new and existing products, expanding our global sales activities for resins, giving our institute for high-voltage insulation its own market presence and involving external experts and partners more closely in our work to grow the composites segment.

On behalf of the Board of Directors and the Executive Management, we would like to extend our thanks to our customers, suppliers and of course to you, our shareholders, for your loyalty, patience and trust.

We would also like to thank our employees for all their hard work and great dedication over the past few months.

Breitenbach, March 2018

*P. Kalantzis*

Dr. Peter Kalantzis  
Chairman of the  
Board of Directors

*Dr. Christian Hennerkes*

Dr. Christian Hennerkes  
Chief Executive Officer



## Business development

In the financial year 2017, Von Roll achieved a positive EBIT of CHF 4.5 million (previous year: CHF -17.3 million). After several years of declining sales in its core business, it returned to organic growth this year. Overall, Group sales increased by 4.1% to CHF 332.4 million. Order intake for the financial year 2017 improved by 2.8% year-on-year, reaching CHF 336.1 million.

Positive sales momentum was noticeable in large areas of the core business. For our products used in electrical insulation systems (Von Roll Insulation), growth was driven particularly by the rail, automotive and cable industry segments. Sales growth in liquid insulation materials (resins) expanded primarily in the low-voltage sector. Demand for products in the generators segment declined, mainly due to customers' current hesitance to invest in new wind and hydroelectric power equipment combined with continued consolidation among manufacturers of large generators.

The composites business (Von Roll Composites) developed very positively overall. We are pleased to report higher order intake, including in market segments with a decreasing trend over the past few years, such as the paper and textile industry and presses and industrial ovens. Our new products for the thermal insulation of batteries in the automotive industry and ballistic materials for personal protection proved particularly strong growth drivers.

Overall, we are seeing an increasing need among our customers for tailor-made electrical and thermal insulation systems, especially in the fast-growing automotive, e-mobility and energy storage markets. Although competition is fierce, we believe that we are in a good position as a technical materials specialist and leading provider of fully integrated insulation systems. Some applications, including in the e-mobility segment, are approaching the technically demanding high-voltage range. Von Roll not only has outstanding competence and decades of experience in high-voltage technology, it also possesses the internal resources required for the chemical formulation and production of innovative composites. Only by taking this holistic approach can the stringent requirements for modern insulation systems be fulfilled in terms of functionality, cost and quality.

Due to the high level of demand and in order to intensify the management of joint development projects with our customers, the research department for high-voltage technology will have its own market presence from spring 2018 under the name "Von Roll Institute for High-Voltage Insulation".

Regional business development progressed as follows:

Revenue in our largest sales region, EMEA (Europe, Middle East and Africa), rose by 5.6% from CHF 163.5 million to CHF 172.6 million.





Sales in the Americas declined by 12.3% to CHF 70.7 million, primarily due to the sale of the wire business as of the end of May 2017.

Business in Asia showed a pleasing trend, growing sales by 18.6% to CHF 89.0 million. China and India are still the main drivers of sales in this region, supported by the increasing demand for energy but also the rise in industrial output for Western markets. The increased local focus of our products, coupled with more intensive market cultivation, are having a positive impact.

#### Changes in equity and cash flow

The equity ratio increased by 2.0 percentage points to 28.2% in the reporting year.

Cash flow from operating activities went up to CHF 5.3 million as against CHF -10.5 million in 2016.

#### Business development in the Insulation segment

Contributing around two thirds, this segment remains the mainstay of the Group's sales. The "Electrical insulation materials", "Insulated wires" and "Resins" product ranges belong to the Insulation segment. These products provide electrical, mechanical and thermal protection, primarily for electrical applications in generators, transformers, motors and high- and low-voltage devices.

Sales in the Insulation segment grew by 3.5% to CHF 228.7 million in the reporting year compared with CHF 220.9 million in the previous year. EBIT amounted to CHF 3.5 million.

The healthy industrial economy boosted the electrical insulation materials business. Adjusted for one-off effects due to business disposals, sales in all product areas rose. The main drivers of growth were stronger demand in the low-voltage applications markets and the rail and automotive industries. Mica tapes for manufacturing fire-resistant cables also experienced higher demand, particularly in the Middle East. However, the business involving generator, transformer and high-voltage machinery products declined slightly.

In the EMEA region, sales increased across our entire product portfolio, except for the wire business. Worthy of particular mention in this regard are the environmentally friendly resins for electric drives and specific mica products for the cable industry. Demand for insulation systems for the rail and automotive industries also rose significantly.

The largest sales growth for 2017 was achieved in Asia, due particularly to state funding for automation projects and increased demand for insulation systems for high- and low-voltage drives in industrial robots. The government also approved new construction projects for hydropower plants, and sales in the niche diesel generator market rose. In India, our wire business benefited from a noticeable upturn in the rail industry.

#### Von Roll Insulation: key figures

in CHF 1,000	2017	2016 (restated)
Net sales	228,664	220,915
Gross margin	39,161	44,712
- In %	17.1 %	20.2 %
EBIT	3,453	2,293
Number of employees (FTE)	908	994



Business in North and South America was disappointing for the Insulation segment. Only the business involving products for electric vehicles and energy storage systems as well as sales of the resin product line held up. While a variety of public corruption scandals in South America delayed major contracts and public-sector projects, investment from the power generation sector and the oil and gas industry was still lacking in North America.

### Business development in the Composites segment

Business in the Composites segment was encouraging in 2017, showing growth in all regions. The segment generates around one third of total Group sales. These include semi-finished goods in the form of laminates, prepregs and made-to-measure machined parts.

The segment achieved a marked increase in sales of 5.4% to CHF 103.5 million as against CHF 98.2 million in the previous year. EBIT amounted to CHF 3.7 million compared with CHF -12.0 million in the previous year.

The Composites business segment reported significant growth and not only in fast-growing markets such as the automotive and aviation industries: sales also improved greatly year-on-year in the paper and electronics industry markets.

In the EMEA region, sales of components for the electronics and paper industries and for manufacturers of electric drives posted the strongest increase. Better results than the previous year were also achieved with improved ballistic products for personal protection and thermal composite materials for aluminium smelters, presses and ovens.

In the Americas, demand for composites for electric vehicles and energy storage continued to climb. The business involving components for low-voltage electric drives and the paper industry also picked up.

### Von Roll Composites: key figures

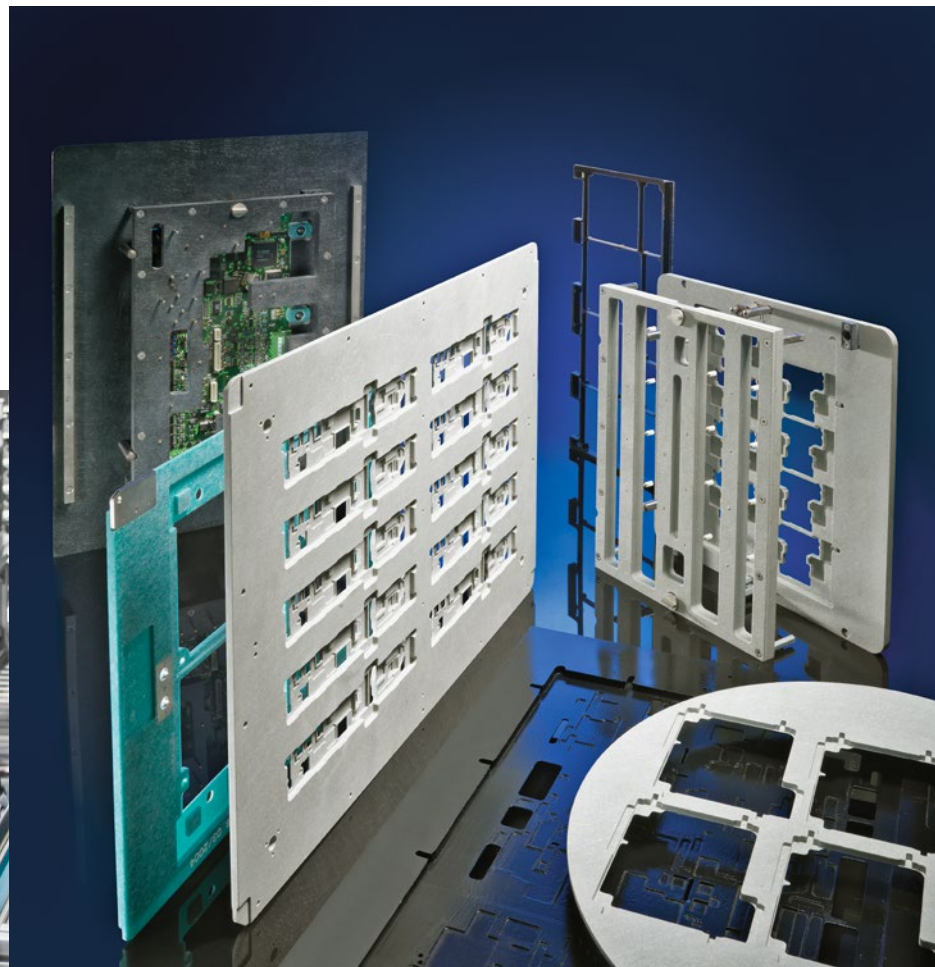
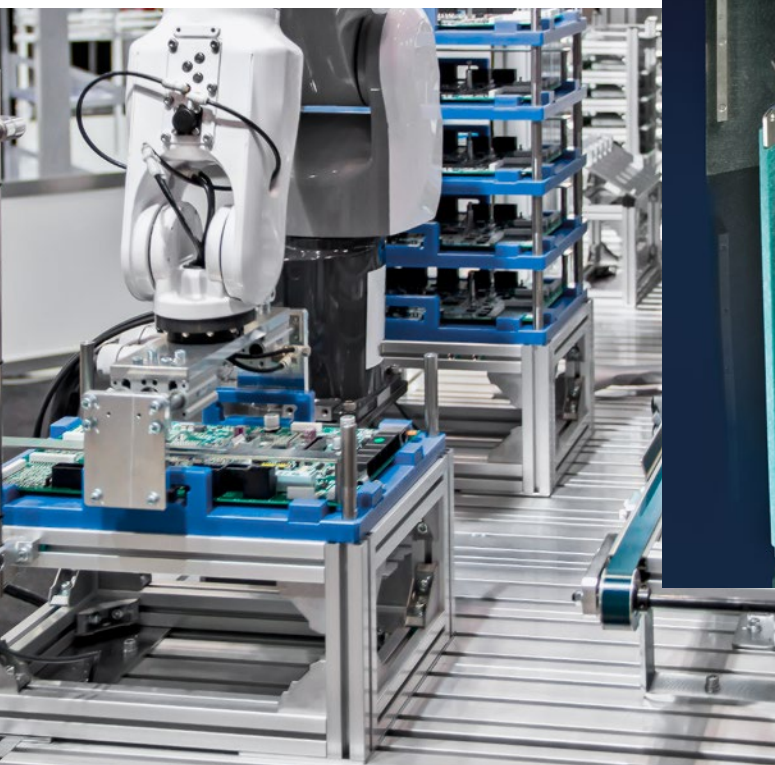
in CHF 1,000	2017	2016 (restated)
Net sales	103,514	98,231
Gross margin	19,684	10,150
- In %	19.0 %	10.3 %
EBIT	3,745	-11,970
Number of employees (FTE)	584	661



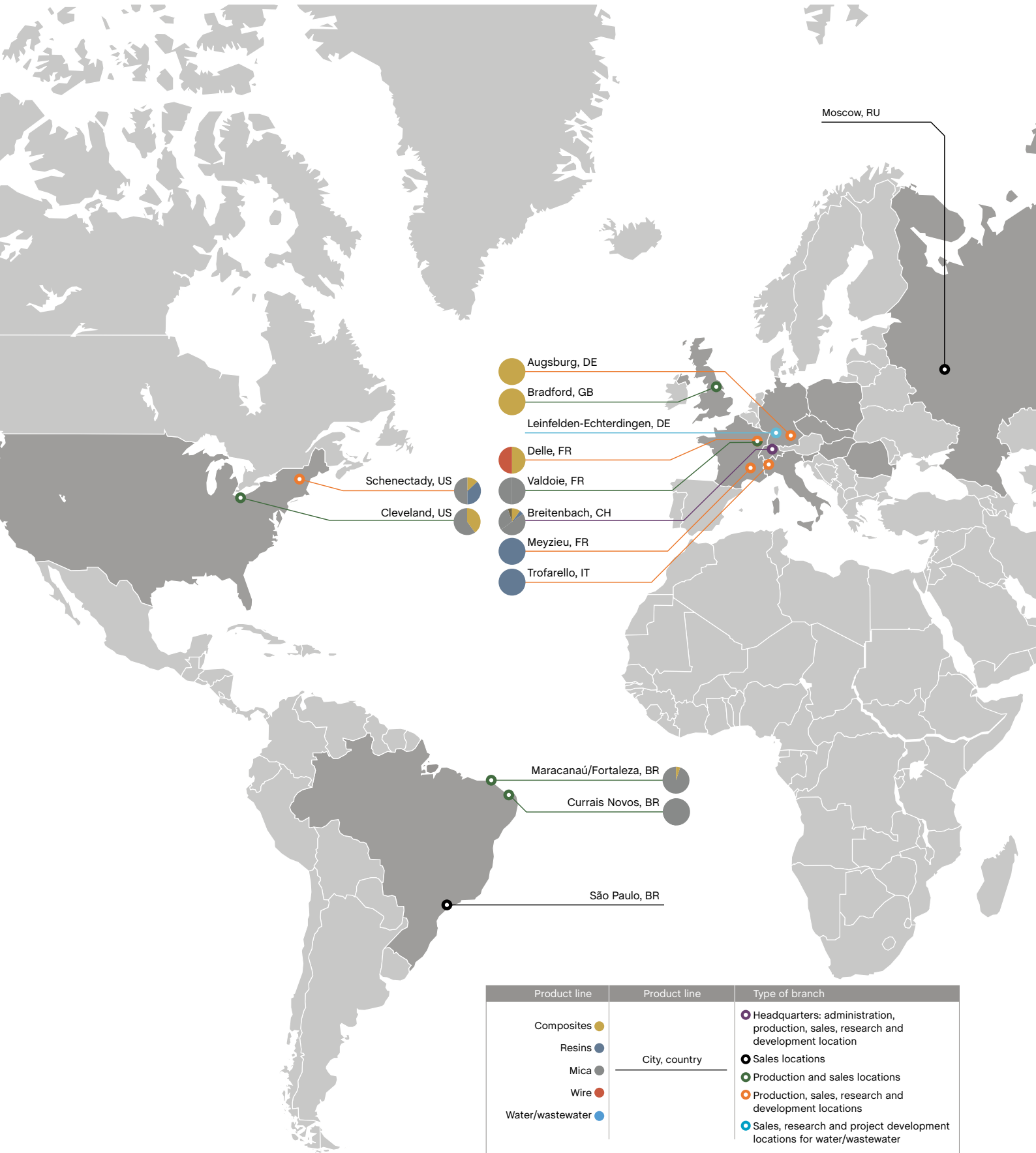
Thanks to funding and new tenders for government projects, demand for profiles and composites for generators and high-voltage motors rose considerably in Asia. Even though sales in the household and small appliances market decreased, the business for products for the electronics industry showed a positive trend overall.

#### Business development in other activities

As part of the Von Roll Group's rigorous focus on its profitable core business, the decision was made to sell the water business of Von Roll BHU Umwelttechnik GmbH, previously reported under other activities. The assets and liabilities of this business segment are classified as held for disposal as at the balance sheet date.



# Global presence



Moscow, RU

Augsburg, DE

Bradford, GB

Leinfelden-Echterdingen, DE

Delle, FR

Valdoie, FR

Breitenbach, CH

Meyzieu, FR

Trofarello, IT

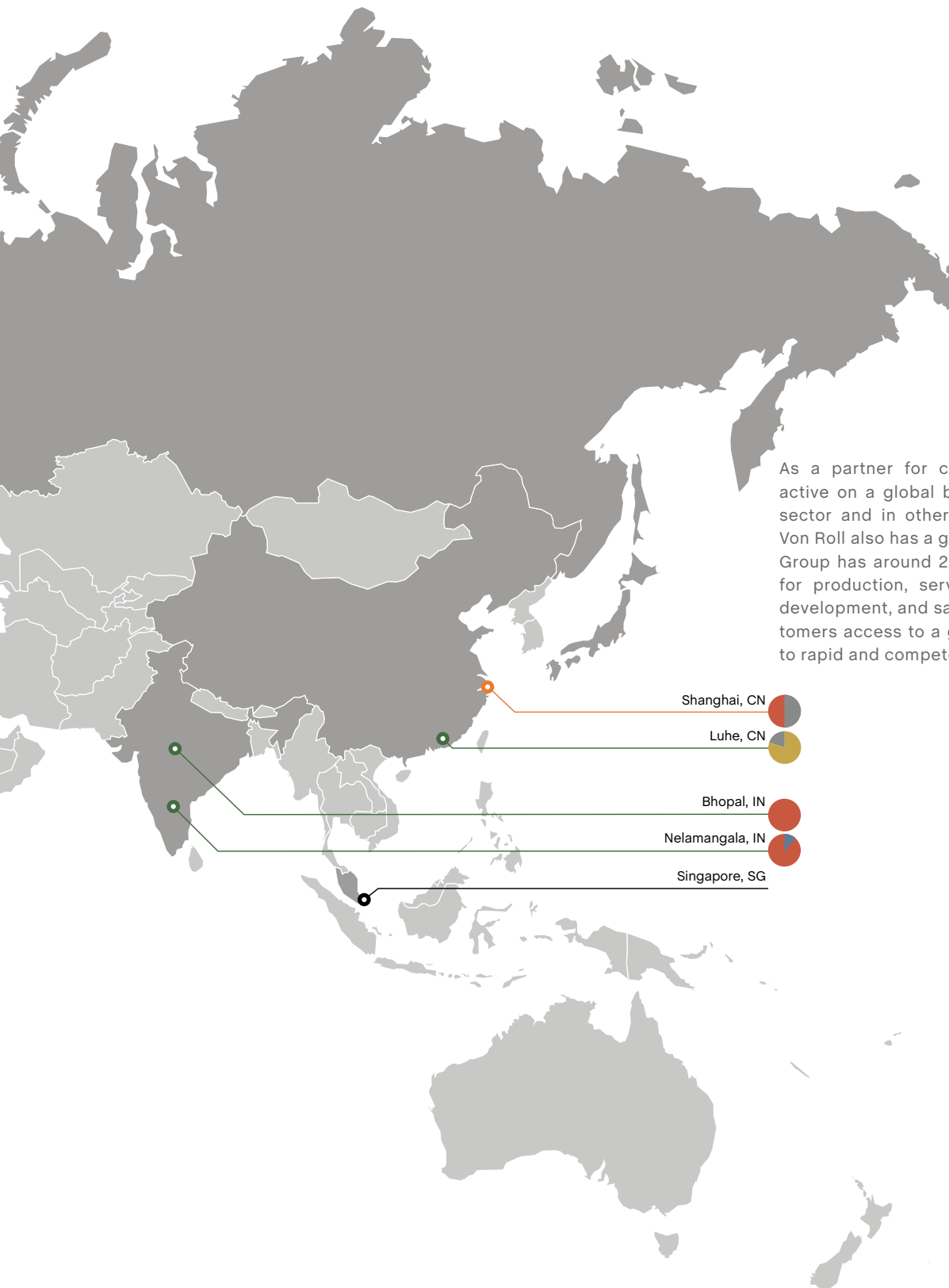
Schenectady, US

Cleveland, US

Maracanaú/Fortaleza, BR

Currais Novos, BR

São Paulo, BR



As a partner for customers who are active on a global basis in the energy sector and in other areas of industry, Von Roll also has a global presence: the Group has around 20 locations in total for production, service, research and development, and sales. This gives customers access to a global network and to rapid and competent support on site.

Shanghai, CN

Luhe, CN

Bhopal, IN

Nelamangala, IN

Singapore, SG

## Von Roll Insulation

The Insulation segment is part of Von Roll's core business and comprises the "Insulated Wires", "Electrical Insulation Materials" and "Resins" product lines. These products are also combined and are primarily used in high- and low-voltage electrical applications. Von Roll is a proven expert in this field and participates in interdisciplinary research projects.

Our target markets and customers include manufacturers of large and small generators, electric drives, transformers, power transmission grids, electronic applications, machinery, consumer goods, rail drives and electric and other vehicles.

### Innovation and highlights 2017

Products that are already established on the market can often no longer be used by our customers due to the increasingly stringent requirements imposed by legislators concerning the restriction of chemicals (REACH<sup>1</sup>). Von Roll's research department has therefore developed an environmentally friendly "green" resin range which complies with REACH regulations

and is also a perfect match for other electrical components such as mica tapes and insulation materials. Demand for these new system solutions rose markedly in 2017.

Various potting resins and water-based varnishes from the "green product line" were modified and improved in 2017 in terms of properties such as curing time and corrosion resistance in line with the needs of the market. The automotive industry is showing great interest in these solutions. Customers are also responding positively to our enhanced speciality wires, which contribute to increasing the efficiency of motors.

The flexible insulation materials that were launched on the market in the previous year and that improve the performance of generators are also enjoying growing demand.

<sup>1</sup> REACH = Registration, Evaluation, Authorisation and Restriction of Chemicals





### “Green” resin line targets growth markets such as electromobility

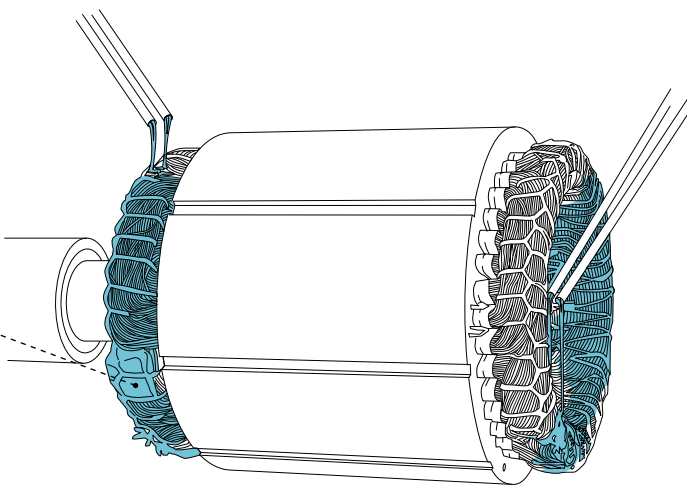
The issue of protecting the environment is becoming more and more significant all over the world, considerably tightening regulations governing chemical substances. Ever since the Paris Agreement, reducing the greenhouse effect has been a global goal and concern.

Industries which still mainly use VOC<sup>2</sup>-based resins and varnishes in the impregnating process are now being forced to reduce their emissions. This means that the use of substances which are harmful to the environment such as VOC must gradually be phased out. The demands placed on industry to comply with these environmental requirements are making the impregnating process more complex and costly.

In order to pre-empt the tougher demands, Von Roll is continuously expanding its range of environmentally friendly resins. Von Roll’s “green” resin line meets the new standards, brings customers cost benefits and is suitable for a wide variety of markets. For example, it protects electric drives in electric vehicles from dust and moisture and helps them to withstand vibrations better.

This innovative product development fulfils several objectives at the same time: complying with standards, protecting health and the environment and ensuring that motors work effectively.

<sup>2</sup> VOC = volatile organic compound



## Von Roll Composites

The Composites segment comprises composites which are sold as semi-finished goods, prepreps, tubes and machined parts. Its plastic products combine a variety of materials with different mechanical as well as thermal and electrical insulation properties. The Composites segment supplies some of the same markets as the Insulation segment. The wide range of possibilities for modification and customisation offers significant potential for the future of the product line in numerous branches of industry.

Composites are mainly characterised by their mechanical, thermal and electrical properties and can be used in applications subjected to intense thermal and mechanical stress. Composites are mainly to be found in thermal power stations, in power transmission and grid storage systems, and in industrial applications, such as in the automotive, aviation and rail industries, in industrial presses and ovens, in the consumer goods, electronics, paper and textile industries and in hydraulic applications and ball bearings.

### Innovation and highlights 2017

The properties of the composites for use in passenger cabins were significantly improved last year. The new composites boast clear advantages over their competitor products in terms of their light weight, their flame-retardant properties and in further processing. Low-pressure laminates with higher corrosion resistance were also developed for cargo ships. We believe that both innovations offer great potential for future growth.

In 2017, the development department worked on new material combinations with improved ballistic properties at the lowest weight for use in vehicles and buildings. New equipment was also purchased, significantly improving productivity and expanding the product range for the vehicle industry.

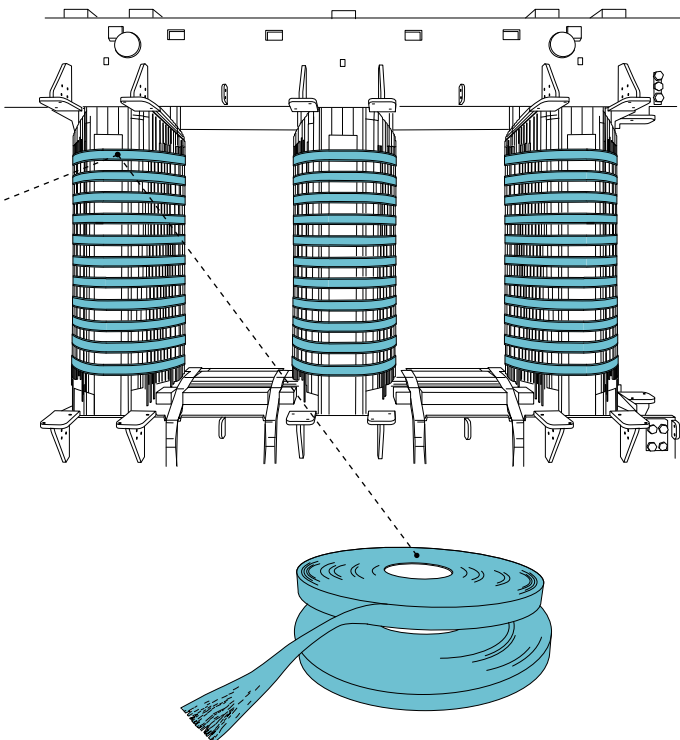
Thanks to customised improvements made to existing composite components, market share was gained worldwide in the paper, electronics and generator industries to name a few.







### Polyglas® tapes for bracing and insulation



Polyglas® tapes are resin-impregnated tapes made from glass or aramid fibres that are used to brace rotor windings and transformer coils and cores.

These tapes are flexible and highly mechanically resistant, and they are wound around the ends of rotors or transformers (see image). As soon as they are in position, they are fully cured in ovens to form an even, hard protective ring.

This process is used to mechanically brace all kinds of rotors in the coil and coil overhang area so that they can withstand centrifugal forces and work without any problems. Polyglas® tapes are also used in the construction of transformer cores and to hold the columns in place.

Compared with conventional steel binding systems, Polyglas® combines the following advantages: it is lightweight, has outstanding mechanical characteristics, prevents eddy-current losses thanks to its electrical insulation properties, is moisture-, chemical- and corrosion-resistant and easy to process.

In addition, Polyglas® tapes find use in applications including traction motors, fast-spinning electric motors in vehicles (e.g. starter motors) and wind turbine generators.

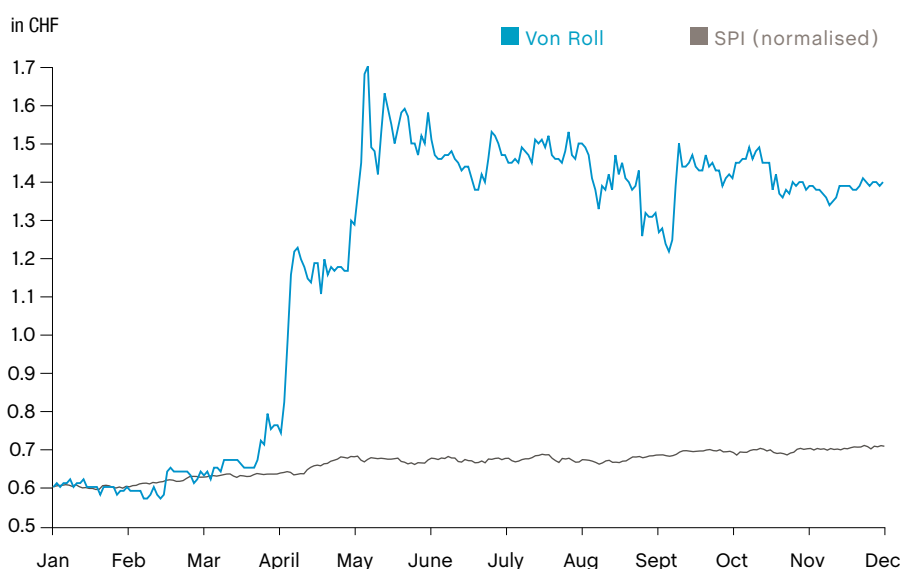
## Von Roll share

The shares are traded on the Swiss stock exchange (SIX Swiss Exchange) and are included in the Swiss Performance Index (SPI).

As of 20 November 2008, the von Finck group of shareholders reported a shareholding of 66.75%, which corresponds to 123,334,009 bearer shares (out of a total of 184,778,889 bearer shares issued as of 20 November 2008, which corresponds to 61.13% of the total of 201,768,555 bearer shares issued as of 31 December 2017). Von Roll Holding AG holds 7,014,048 of its own bearer shares as of 31 December 2017 (2016: 7,079,601).

Further details about the share and capital structure of Von Roll Holding AG can be found in the Corporate Governance report (see page 15 ff.).

### Share performance 2017



### Listing information

Stock exchange listing	SIX Swiss Exchange Symbol: ROL
Security number	324.535
ISIN	CH0003245351
Reuters	ROL.S
Bloomberg	ROL SW

### Stock market data

in CHF	2017	2016
Number of issued shares	201,768,555	201,445,555
Price high (in CHF)	1.74	1.00
Price low (in CHF)	0.56	0.51
Price on balance sheet date (in CHF)	1.40	0.62
Market capitalisation (units of CHF 1,000)	282,476	124,896
Trading volume (daily average)	161,270	42,766

### Financial calendar

- 13 March 2018: Announcement of results for the year 2017
- 24 April 2018: Annual General Meeting, Regensdorf (ZH), Switzerland
- 22 August 2018: Announcement of results for the first half of 2018

### Von Roll contact

Claudia Güntert  
Corporate Communications  
Phone  
+41 61 785 52 36  
Fax +41 61 785 58 92  
E-mail investor@vonroll.com

www.vonroll.com

# Corporate Governance

Von Roll Holding AG is organised in accordance with Swiss law and meets current requirements regarding Corporate Governance. This publication complies with all the requirements imposed by the SIX Swiss Exchange (Swiss stock exchange) regarding information on Corporate Governance (Corporate Governance Directive of 13 December 2016).

## 1. Group structure and shareholders

### 1.1 Group structure

#### 1.1.1 Operating group structure

The operating activities of Von Roll Holding AG and its subsidiaries are broken down into the Insulation and Composites segments. Further details are available in the “Financial reporting” section (see Note 5 “Segment information”) on page 57 of this Annual Report.

Legally the Von Roll Group consists of Von Roll Holding AG and its subsidiaries (see Note 23 of the “Financial reporting” section on page 71 of this Annual Report). The Von Roll Group has two tiers of management: the Board of Directors and the Executive Management. The Board of Directors of Von Roll Holding AG is responsible for the company’s overall management, its organisational structure, accounting, financial control and financial planning. The Executive Management consists of the Delegate of the Board of Directors, who manages the Von Roll Group in the role of Chief Executive Officer (CEO), and the Chief Financial Officer (CFO). The CEO is responsible for operating and ongoing business management. The organisational structure is geared to the demands of an integrated technology company.

#### Management

For the Von Roll Group, customer focus, technological and innovative leadership, as well as the highest level of quality and service form the basis for long-standing business relationships. By focusing on our successful core business and expanding our portfolio, particularly in the direction of forward-looking and technologically intensive business segments, significant added value will be generated, resulting in a sustained increase in shareholder value. The foundation for this is constant optimisation of processes, costs and quality. To ensure sustained success, Von Roll relies on its business operating system for corporate management. With the business operating system, the aim of maximising our potential and consequently creating long-term value for our shareholders and clients is pursued. At the same time, the Von Roll Group strives

to rank among the world’s leading companies in terms of performance, transparency and innovation. In so doing, our employees observe the legal and ethical conditions and demonstrate loyalty to the company. Our employees agree to comply with the internal code of conduct (“Global Code of Conduct”). They are also bound by all Group guidelines and directives published within the Von Roll Group.

#### 1.1.2 Listed companies

Since 11 August 1987, Von Roll Holding AG, with its registered office in CH-4226 Breitenbach and its domicile at Passwangstrasse 20, has been listed on the SIX Swiss Exchange (symbol: ROL, security number: 324.535, ISIN: CH0003245351). As of 31 December 2017, it had a market capitalisation of TCHF 282,476 (2016: TCHF 124,896). There are no other listed companies within the scope of consolidation of Von Roll Holding AG.

#### 1.1.3 Unlisted companies

A list of significant unlisted consolidated companies is disclosed in Note 23 of the “Financial reporting” section on page 71 of this Annual Report.

### 1.2 Significant shareholders

As of 20 November 2008, the von Finck group of shareholders (comprising August von Finck, Munich, Germany; Francine von Finck, Munich, Germany; August François von Finck, Zurich, Switzerland; Maximilian von Finck, Freienbach, Switzerland; and Maria Theresia von Finck, Munich, Germany, together with Von Roll Holding AG, Breitenbach, Switzerland [treasury shares]) declared a shareholding of 66.75%, which corresponds to 123,334,009 bearer shares (out of a total of 184,778,889 bearer shares issued as of 20 November 2008, which corresponds to 61.13% of the total number of 201,768,555 bearer shares issued as of 31 December 2017).

On 15 March 2016, the company declared a purchase position amounting to 3.82% of the share capital registered in the commercial register (7,061,312 treasury shares) (31 December 2017: 3.48%, which corresponds to 7,014,048 treasury shares; 31 December 2016: 3.51%, which corresponds to 7,079,601 treasury shares) and a sale position amounting to 94.94% of the share capital registered in the commercial register (31 December 2017: 78.65%, which corresponds to 158,427,204 shares; 31 December 2016: 78.81%, which corresponds to 158,750,204 shares). The sale position covers the convertible bonds issued in 2014 and 2016.

There were no disclosure notifications regarding shareholdings of significant shareholders or groups of shareholders in the reporting year. Details about the disclosure notifications from previous years can be found on the SIX Swiss Exchange website [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).

### 1.3 Cross-shareholdings

There are no cross-shareholdings with other companies. Possible cross-shareholdings may result from the disclosed significant shareholder structure.

## 2. Capital structure

### 2.1 Capital

The ordinary share capital registered in the commercial register has a nominal value of CHF 20,144,555.50 as of 31 December 2017, which corresponds to 201,445,555 fully paid-up bearer shares each with a par value of CHF 0.10. Due to the conversion of some of the convertible bonds issued in 2016, the ordinary share capital issued as of 31 December 2017 has a nominal value of CHF 20,176,855.50, which corresponds to 201,768,555 fully paid-up bearer shares each with a par value of CHF 0.10. The Articles of Association of Von Roll Holding AG provide for conditional capital of up to CHF 7,538,977.80 and authorised capital of up to CHF 9,238,944.40.

### 2.2 Conditional and authorised capital

The Annual General Meeting on 13 April 2016 increased the conditional capital of CHF 3,000,000 approved at the Annual General Meeting on 9 April 2014 by CHF 6,238,944.40 to CHF 9,238,944.40. As some of the convertible bonds for 2016–2022 were converted, the amount of conditional capital was reduced by CHF 32,300 in the reporting year. In the previous year, the amount of conditional capital was reduced by CHF 1,666,666.60 due to the conversion of some of the convertible bonds for 2014–2020. In total, the conditional capital was reduced by CHF 1,698,966.60 from CHF 9,238,944.40 to CHF 7,539,977.80 as a result of these conversions. The Board of Directors is thus entitled to increase the company's share capital by up to CHF 7,539,977.80 by issuing a maximum of 75,399,778 fully paid-up bearer shares each with a par value of CHF 0.10 to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. The holders of conversion rights at that time are entitled to acquire the new shares.

Shareholders' subscription rights are excluded. Shareholders' advance subscription rights can be restricted or excluded by a decision of the Board of Directors to finance or refinance the acquisition of companies, parts of companies or investments or new investments planned by the company, or to issue convertible bonds on national or international capital markets. If advance subscription rights are excluded, the bonds are to be placed at market conditions, the period for exercising the conversion rights is to be set at a maximum of ten years from bond issuance and, when conversion rights are exercised, new shares are to be issued at conditions which take the market price of the shares into account.

The Annual General Meeting on 13 April 2016 then created authorised capital. This entitles the Board of Directors to increase the company's share capital by up to CHF 9,238,944.40 by issuing a maximum of 92,389,444 fully paid-up bearer shares each with a par value of CHF 0.10 at any time until 13 April 2018. Increases by means of firm underwriting (by a bank, a banking syndicate or a third party) and increases by partial amounts are permitted. The Board of Directors determines the time of issue, the issue price, the type of contribution to be made and the timing of dividend entitlement. The Board of Directors is also entitled to enable, restrict or prohibit trading in subscription rights. The Board of Directors may place subscription rights which are not exercised or shares for which subscription rights are granted but not exercised at market conditions or make use of them in another way in the interest of the company. The Board of Directors is entitled to restrict or suspend shareholders' subscription rights in order to use the shares in connection with mergers and acquisitions (including takeovers) of companies, parts of companies or shareholdings or with new investments planned by the company and/or Group companies, financing or refinancing such mergers, acquisitions or planned new investments or converting loans or financial liabilities.

The conditional capital increased at the Annual General Meeting on 13 April 2016 amounted to a maximum of CHF 9,238,944.50, which equated to 50% of the share capital of 184,778,889 bearer shares existing at the time. The authorised capital created at the Annual General Meeting on 13 April 2016 amounts to a maximum of CHF 9,238,944.50, which equated to 50% of the share capital of 184,778,889 bearer shares existing at the time.

### 2.3 Changes in share capital

Converting 323 rights to the convertible bonds issued in 2016 led to the ordinary share capital being increased by a nominal value of CHF 32,300.00 from CHF 20,144,555.50 to CHF 20,176,855.50 in the reporting year. The conditional capital was reduced accordingly by CHF 32,300.00 from CHF 7,572,277.80 to CHF 7,539,977.80. The authorised capital remained unchanged in the reporting year.

The Annual General Meeting on 13 April 2016 increased the conditional capital of CHF 3,000,000 approved at the Annual General Meeting on 9 April 2014 by CHF 6,238,944.40 to CHF 9,238,944.40. Converting 40,000 rights to the convertible bonds issued in 2014 led to the ordinary share capital being increased by CHF 1,666,666.60 from CHF 18,477,888.90 to CHF 20,144,555.50 and the conditional capital being reduced accordingly by a nominal value of CHF 1,666,666.60 from CHF 9,238,444.40 to CHF 7,572,277.80 in the previous reporting year. The authorised capital remained unchanged in the previous reporting year. The capital had not changed in reporting year 2015.

### 2.4 Shares and participation certificates

As of 31 December 2017, 201,768,555 bearer shares with a nominal value of CHF 0.10 had been issued and were fully paid up. One bearer share carries one voting right. Each shareholder has the statutory membership and proprietary rights, in particular the entitlement to receive dividends and voting rights. There were no participation certificates outstanding.

### 2.5 Bonus certificates

Von Roll Holding AG has not issued any bonus certificates.

### 2.6 Limitations on transferability and nominee registrations

There are no limitations on transferability or nominee registrations.

Type of capital (in CHF)/reporting date	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Ordinary capital (issued capital)	20,176,855.50*	20,144,555.50	18,477,888.90	18,477,888.90
Ordinary capital (capital registered in the commercial register)	20,144,555.50	18,477,888.90	18,477,888.90	18,477,888.90
Conditional capital	7,539,977.80	7,572,277.80	3,000,000.00	3,000,000.00
Authorised capital	9,238,944.40	9,238,944.40	0.00	0.00

\* The issued capital was registered in the commercial register as at 29 January 2018.

## 2.7 Convertible bonds and options

### 2.7.1 Convertible bonds

#### 1.00%-convertible bonds CHF 150,000,000 2016 – 2022

As of 11 April 2016, Von Roll Holding AG issued unsecured convertible bonds (stock symbol: ROL16; Swiss security number: 31954490; ISIN: CH0319544901) of CHF 150 million due in 2022. They are convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion of the bonds will be new shares made available from the conditional share capital and, insofar as necessary, from the authorised share capital.

The conversion price is set at CHF 1.00. The offering and redemption prices are set at 100% each. The convertible bonds will carry a coupon of 1.00% per annum, payable annually in arrears. Existing shareholders have been granted advance subscription rights to subscribe for the convertible bonds in proportion to their current shareholding. Through the conversion of the convertible bonds, one new share is created for one existing share. Accordingly, based on an issue total of CHF 150 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 1,185 shares held on 22 March 2016 after the end of trading. Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after 2 May 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days (see also Note 31 on page 78 and Note 7 on page 98).

#### 1.25%-convertible bonds CHF 61,000,000 2014 – 2020

As of 18 June 2014, Von Roll Holding AG issued unsecured convertible bonds (stock symbol: ROL14; Swiss security number: 24523928; ISIN: CH0245239287) of CHF 61 million due in 2020. They are convertible into 25,416,870 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion of the bonds will be shares made available from the conditional new share capital.

The conversion price is set at CHF 2.40. The offering and redemption prices are set at 100% each. The convertible bonds will carry a coupon of 1.25% per annum, payable annually in arrears. Existing shareholders have been granted advance subscription rights to subscribe for the convertible bonds in proportion to their current shareholding. Through the conversion of the convertible bonds, one new share is created for seven existing shares. Accordingly, based on an issue total of CHF 61 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 2,913 shares held on 2 June 2014 prior to the start of trading. Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after 9 July 2016, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange (SIX) is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days (see also Note 31 on page 79 and Note 7 on page 98 f.).

If the two aforementioned convertible bonds were to be fully converted, the share capital would increase by CHF 17,541,687.00 (subject to any adjustments due to the dilution protection clauses), which equates to 94.93% of the share capital of 184,778,889 bearer shares existing before the aforementioned convertible bonds were issued.

### 2.7.2 Options

Von Roll Holding AG has not issued any options.

## 3. Board of Directors

### 3.1 Members of the Board of Directors

As of 31 December 2017, the Board of Directors of Von Roll Holding AG comprises the following members:

Name	Nationality	Born	Member since	Function
Dr. Peter Kalantzis	CH/GR	1945	2007	Chairman, non-executive
Guido Egli	CH	1951	2007	Vice-Chairman, non-executive
Gerd Amtstätter	D	1943	2007	Member, non-executive
Gerd Peskes	D	1944	2000	Member, non-executive
August François von Finck	CH	1968	2010	Member, non-executive
Dr. Christian Hennerkes	D	1971	2016	Delegate, executive

#### Dr. Peter Kalantzis

Chairman since 12/2010, previously Member, Swiss and Greek national

Dr. rer. pol., University of Basel, Switzerland

#### Professional career

1971 – 1990:

Various management positions, last position as Delegate of the Board of Directors of Lonza AG, Basel, Switzerland

1991 – 2000:

General Director and Member of the Executive Management of the Alusuisse-Lonza Group AG, Zurich, Switzerland; from 1991 to 1996 Head of the Chemistry division and then responsible for Group development from 1997 to 2000

#### Other activities

Chairman of the Board of Directors of Clair AG, Cham, Switzerland; Chairman of the Board of Directors of Degussa Sonne/Mond Goldhandel AG, Cham, Switzerland; Member of the Board of Directors of CNH Industrial NV, Amsterdam, Netherlands; Member of the Board of Directors of Paneuropean Oil and Industrial Holding SA, Luxembourg; Member of the Board of Directors of Consolidated Lamda Holdings Ltd., Luxembourg; Member of the Board of Directors of SGS SA (Société Générale de Surveillance), Geneva, Switzerland; Chairman of the Board of Directors of Hardstone Services SA, Geneva, Switzerland

**Guido Egli**

Vice-Chairman  
Swiss national

Degree from University of Applied Sciences, Switzerland, and degree from the London Business School, UK

**Professional career**

1977 – 1996:

Various management positions, e. g. as Director Sales and Marketing with the Emmi Group, CEO and Delegate of the Board of Directors of Hero, Lenzburg, Switzerland

1996:

Foundation of own consulting company “ifm Food Marketing”, Lucerne, Switzerland, with various consultancy mandates in Switzerland and abroad

2001 – 2014:

Mövenpick Foods Switzerland Ltd., Baar, Switzerland, Chairman of the Board of Directors and CEO

2006 – 2014:

Mövenpick Holding AG, Baar, Switzerland, CEO

**Other activities**

Chairman of the Board of Directors of Kursaal-Casino AG, Lucerne, Switzerland; Chairman of the Board of Directors of Grand Casino Luzern AG, Lucerne, Switzerland; Chairman of the Board of Directors of Casino Online AG, Lucerne, Switzerland; Chairman of the Board of Directors of Parkhaus Casino-Palace AG, Lucerne, Switzerland; Chairman of the Board of Directors of Meyerhans Mühlen AG, Weinfelden, Switzerland; Member of the Board of Directors of Remimag Holding AG, Zug, Switzerland; Member of the Board of Directors of Remimag Gastronomie AG, Rothenburg, Switzerland; Member of the Board of Directors of Remimag AG, Rothenburg, Switzerland; Member of the Board of Directors of Reitzel S.A., Fribourg, Switzerland; Member of the Board of Directors of Provins société coopérative, Sion, Switzerland; Member of the Board of Directors of Gamag Management AG, Lucerne, Switzerland; Member of the Board of Directors of Valais Mundi SA, Ayent, Switzerland



**Gerd Amtstätter**

Member  
German national

Degree in law from the  
University of Munich, Germany

**Professional career**

1971 – 1975:  
Member of the management team of a medium-sized company

1975 – 1998:  
Government of the Free State of Bavaria, Germany, latterly as Assistant Secretary of State (Ministerialdirektor) at the Ministry of Finance

Since 1998:  
General Manager of von Finck'sche Hauptverwaltung

**Other activities**

Member of the Management Board of Nymphenburg Immobilien AG, Munich, Germany; Member of the Management Board of Amira Verwaltung AG, Munich, Germany; Supervisory Board Chairman of Custodia Holding AG, Munich, Germany; Supervisory Board Chairman of Staatliche Mineralbrunnen AG, Bad Brückenau, Germany; Supervisory Board Chairman of Oppmann Immobilien AG, Würzburg, Germany; Member of the Advisory Board of FidesSecur Versicherungsmakler GmbH, Munich, Germany

**Gerd Peskes**

Member  
German national

Business degree from Bochum  
University of Applied Sciences,  
Germany, Professional accountant

**Professional career**

Since 1978:  
Managing Director of Gerd Peskes GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany

**Other activities**

Vice-Chairman of the Supervisory Board of Custodia Holding AG, Munich, Germany; Vice-Chairman of the Supervisory Board of Nymphenburg Immobilien AG, Munich, Germany; Member of the Board of Directors of Mövenpick Holding AG, Baar, Switzerland; Member of the Board of Directors of Clair AG, Cham, Switzerland; Supervisory Board Chairman of ARAG SE, Düsseldorf, Germany; Vice-Chairman of the Supervisory Board of Apetito AG, Rheine, Germany; Member of the Supervisory Board of Claas KGaA, Harsewinkel, Germany; Chairman of the Supervisory Board of Substantia AG, Munich, Germany; Chairman of the Advisory Board of Katjes Holding GmbH & Co. KG, Emmerich, Germany; Member of the Advisory Board of LK Mahnke GmbH & Co. KG, Mühlheim, Germany

**August François von Finck**

Member  
Swiss national

Master of Business Administration (MBA),  
Georgetown University, USA,  
Bachelor of Science (BSc),  
Georgetown University, USA,  
Banking degree,  
Swiss Bank Corporation,  
Basel, Switzerland

**Professional career**

Entrepreneur

**Other activities**

Chairman of the Board of Directors of Carlton-Holding AG, Allschwil, Switzerland; Member of the Board of Directors of SGS SA, Geneva, Switzerland; Vice-Chairman of the Board of Directors of Bank von Roll AG, Zurich, Switzerland; Member of the Supervisory Board of Custodia Holding AG, Munich, Germany; Member of the Supervisory Board of Staatliche Mineralbrunnen AG, Bad Brückenau, Germany

**Dr. oec. Christian Hennerkes**

Delegate of the Board of Directors,  
Chief Executive Officer (CEO)  
German national

Doctorate in Economics from the  
University of Hohenheim, Germany,  
Law degree including legal  
traineeship (Constance, Stuttgart,  
San Francisco)

**Professional career**

2001 – 2005:

Worked at The Boston Consulting Group, most recently as  
Manager/Principal

2005 – 2015:

Director and Member of the management team of various companies in  
the consumer and industrial goods industry (including Unternehmens-  
gruppe Theo Müller, Travel IQ GmbH, Menerga GmbH)

Since 2015:

Managing Director of Primus Ventures GmbH, Stuttgart, Germany

Since 1 October 2016:

Chief Executive Officer (CEO) of Von Roll Holding AG, Breitenbach,  
Switzerland

**Other activities**

Member of the Supervisory Board of Interstuhl Büromöbel GmbH & Co.  
KG, Messstetten-Tieringen, Germany

None of the non-executive Members of the Board of Directors belonged to either the Executive Management of Von Roll Holding AG or to one of its subsidiaries, nor did they have significant business relations with the latter during the reporting year or the three financial years preceding it.

### 3.2 Other activities and interests

Information on the other activities and interests of the Members of the Board of Directors is shown in section 3.1.

### 3.3 Number of permissible activities

The number of external offices is stipulated as follows with binding effect in the Articles of Association:

Members of the Board of Directors must not simultaneously hold more than 20 offices in top-tier management or administrative bodies of legal entities outside the Group which are subject to entry in the Swiss commercial register or a similar register in another country. Of these offices, no more than 15 may be exercised in listed legal entities. Multiple offices within the same group and offices exercised on behalf of a group or legal entity (including offices in care institutions, joint ventures and legal entities in which a significant stake is held) count as one office. Offices in non-profit or charitable legal entities such as clubs, associations and foundations are not subject to the above restrictions, but must not exceed 15.

### 3.4 Elections and terms of office

Each Director is elected by the Annual General Meeting for a one-year term, which runs until the end of the next Ordinary General Meeting. Directors may be re-elected with no restrictions. There is no age limit.

The Chairman of the Board of Directors and Members of the Remuneration Committee are also elected by the Annual General Meeting.

### 3.5 Internal organisation

The organisation of the Board of Directors and its committees is detailed in the organisational regulations. These are available on Von Roll Holding AG's website, [www.vonroll.com](http://www.vonroll.com), under "Rules of Organization" in the Corporate Governance section (<https://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/>). The following paragraphs summarise the main elements of the organisational regulations.

#### 3.5.1 Division of responsibilities on the Board of Directors

The Board of Directors constitutes itself subject to statutory regulations and the Articles of Association. The individual functions (Chairman, Vice-Chairman and Delegate) are listed in section 3.1.

The Chairman's responsibilities and competences particularly include preparing the agenda items for the Annual General Meeting and, together with the Delegate of the Board of Directors, for meetings of the Board of Directors, convening meetings of the Board of Directors, chairing the Annual General Meeting and meetings of the Board of Directors, ordering and monitoring the implementation of decisions of the Annual General Meeting and meetings of the Board of Directors, monitoring compliance with the guidelines and regulations on business policy approved by the Board of Directors, supervising and monitoring the business development and activities of the Executive Management on an ongoing basis, observing ad hoc notification requirements in collaboration with the Executive Management and making executive decisions in urgent and unavoidable cases. The Vice-Chairman represents the Chairman if he is prevented from exercising his function.

The Delegate of the Board of Directors manages the Von Roll Group in the role of CEO. He helps the Chairman to prepare for the meetings of the Board of Directors. He also makes decisions in consultation with the Chairman in urgent cases.

#### 3.5.2 Membership of all committees of the Board of Directors, their responsibilities and the scope of their competences

The Board of Directors has the following committees:

##### Audit Committee

The Audit Committee is a standing committee of the Board of Directors. It supports the Board of Directors in the assumption of its responsibility for the Group in the area of financial reporting, the application of accounting standards and systems, and the external audit. The activities of the Audit Committee do not release the Board of Directors from its legal obligations and the decision-making power remains with the Board of Directors. The Audit Committee comprises Members of the Board of Directors Gerd Peskes (Chairman), Gerd Amtstätter and Dr. Peter Kalantzis.

### Remuneration Committee

The Remuneration Committee is a standing committee of the Board of Directors. It assists the Board of Directors with setting and reviewing the remuneration strategy and guidelines, and the qualitative and quantitative remuneration criteria as well as with preparing motions for the Annual General Meeting relating to the remuneration of the Board of Directors and the Executive Management. It is responsible for monitoring the selection of managers as well as their terms of employment. The Remuneration Committee has no decision-making powers. The duties and competences assigned to the Board of Directors under the organisational regulations and by law remain with the full Board of Directors. The Remuneration Committee comprises the Members of the Board of Directors Gerd Amtstätter (Chairman), Guido Egli and August François von Finck.

#### 3.5.3 Working methods of the Board of Directors and its committees

The Board of Directors and its committees make their decisions and decide elections with an absolute majority of the votes cast. In the event of a tied vote, the respective Chairman has the casting vote. The CFO participates in an advisory capacity without voting rights in meetings of the Board of Directors for the agenda items relating to business activities. The CEO and CFO regularly attend meetings of the Audit Committee and the CEO regularly participates in an advisory capacity without voting rights in meetings of the Remuneration Committee. The Remuneration Committee can call in external specialists. The invitation letters to the meeting show all the agenda items that a Member of the Board of Directors, a committee or a Member of the Executive Management wishes to discuss. The dates for the ordinary meetings are set at an early stage so that all members are able to attend in person. The participants of the meeting receive detailed written documentation in advance for all motions. The Chairmen of the committees report to the Board of Directors on the committee's activities. Members of the Board of Directors are provided with minutes of committee meetings. The Chairman convenes the Board of Directors as often as business operations require and when a member submits a request in writing specifying the desired agenda items. The Board of Directors met six times during the reporting year. Meetings lasted 14 hours in total. The Audit Committee and Remuneration Committee assemble as often as business operations require and at least twice a year. During the reporting year, the Audit Committee met twice. Each meeting

lasted at least 2 hours on average. The Remuneration Committee met once in the reporting year. The meeting lasted 30 minutes.

### 3.6 Powers and responsibilities

The Board of Directors is responsible for the company's overall management as well as supervising the management of Von Roll Holding AG and the Group, in particular with regard to compliance with legislation, the Articles of Association, regulations and instructions. The Board of Directors issues the necessary guidelines regarding business policy and receives regular reports about business development. It may give orders and instructions to the Members of the Executive Management. The powers and responsibilities and nature of cooperation between the Board of Directors and the Executive Management are stipulated in the organisational regulations in particular. These are available on Von Roll Holding AG's website, [www.vonroll.com](http://www.vonroll.com), under "Rules of Organization" in the Corporate Governance section ([www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/rules-of-organization/)). The Board of Directors has delegated responsibility for business operations to the Delegate of the Board of Directors/CEO of Von Roll Holding AG. However, the Board of Directors makes decisions regarding acquisitions, divestments and restructuring. In particular, it also decides on investments in companies and involvement in joint ventures, the purchase and sale of real estate and the sale of property, plant and equipment worth over CHF 2 million, real estate rental agreements with a term of more than five years or costing over CHF 5 million, long-term partnerships and licensing agreements with financial commitments exceeding CHF 5 million, any operating expenditure or contracts which involve Von Roll making a commitment in excess of CHF 10 million, contracts with consultants with budgeted or non-budgeted fees of over CHF 2 million or CHF 0.2 million respectively, gifts and grants worth over CHF 0.1 million, legal claims and their settlement incurring cost risks or costs exceeding CHF 1 million, and changes to pricing policy or terms and conditions by the sales team that are expected to have a significant negative impact on the agreed budget. The Board of Directors then decides whether to open transaction-specific long-term credit facilities, use sanctioned credit lines of over CHF 20 million, grant loans of over CHF 10 million to Group companies, allow Group companies to invest over CHF 10 million with authorised banks, issue Group guarantees and bank guarantees as well as bid bonds, performance guarantees and payment

guarantees in excess of CHF 10 million, agree to an increase or reduction in the capital of Group companies exceeding CHF 5 million, and engage in currency hedging transactions with a potential risk of over CHF 15 million. Furthermore, the Board of Directors decides on any other matters that are relevant to the Group and cannot be delegated by law.

### 3.7 Information and instruments for monitoring the Executive Management

The Delegate of the Board of Directors/CEO forms the link between the Board of Directors and the Executive Management. He ensures that the Chairman is regularly updated on business activities and all important issues and events. Each Member of the Board of Directors receives the detailed monthly financial statements plus comments and semi-annual and annual financial statements. The CEO and CFO also report regularly to the meetings of the Board of Directors on business activities and all matters relevant to the Group including significant legal cases. The CEO and CFO regularly attend the Audit Committee's meetings. The CEO regularly attends the Remuneration Committee's meetings, apart from when his remuneration is being discussed. Site visits complete the information received. Each year, based on the proposals of the Executive Management, the Board of Directors discusses and approves the next year's budget, which it then regularly reviews. Once a year, the Board of Directors reviews the strategic direction of the Group.

### 3.8 Risk management in the Group

The Board of Directors and Executive Management attach a great deal of importance to dealing carefully with risk and extended their risk management systems in the reporting year. In addition to ensuring that comprehensive and effective insurance cover is in place, risk management involves the systematic identification, assessment and reporting of strategic, operational and financial risk. Strategic risk is primarily assessed by the Board of Directors, while financial and operational risk is the responsibility of Executive Management. In 2014, a Risk Management Board headed by the CFO was introduced. The Risk Officer reports to Executive Management on risk management every six months. The Board of Directors is immediately advised of risks entailing a gross exposure in excess of CHF 25 million. Risk management is not only limited to the Group's finances but includes all business segments and companies and is defined by the Risk Management Board. Suitable management tools were assigned to identified risks.

According to their importance, risks were allocated to the key processes procurement, production and sales, and in accordance with risks to support processes such as IT communications technology and Human Resources. The risk assessment carried out is based on information obtained in interviews with key staff. Risks are categorised in accordance with the same framework as that used in the internal control system. For the top ten risks (including those which can lead to incorrect or fraudulent reporting), a detailed analysis of the probability of their occurring and their impact was carried out, which constitutes the basis for the introduction of an appropriate risk management process. New risks were also identified via direct contact between departments and the risk management team.

## 4. Executive Management

### 4.1 Members of the Executive Management

In the reporting year, the Executive Management of Von Roll Holding AG was made up as follows:

Name	Nationality	Born	Term of office	Function
Dr. Christian Hennerkes	D	1971	since 2016	Delegate of the Board of Directors and CEO
Artur Lust	D	1982	since 1.10.2017	CFO
Stephan Kellmann	CH	1964	until 30.9.2017	CFO

#### Dr. oec. Christian Hennerkes

Delegate of the Board of Directors, Chief Executive Officer (CEO), German national

Doctorate in Economics from the University of Hohenheim, Germany, Law degree including legal traineeship (Constance, Stuttgart, San Francisco)

#### Professional career

2001 – 2005:  
Worked at The Boston Consulting Group, most recently as Manager/Principal

2005 – 2015:  
Director and Member of the management team of various companies in the consumer and industrial goods industry (including Unternehmensgruppe Theo Müller, Travel IQ GmbH, Menerga GmbH)

Since 2015:  
Managing Director of Primus Ventures GmbH, Stuttgart, Germany

Since 1 October 2016:  
Chief Executive Officer (CEO) of Von Roll Holding AG, Breitenbach, Switzerland

#### Other activities

Member of the Supervisory Board of Interstuhl Büromöbel GmbH & Co. KG, Messstetten-Tieringen, Germany

#### Artur Lust

Chief Financial Officer (CFO), German national

Degree in business administration from the University of Applied Sciences for Economics and Management, Essen, Germany  
Certified accountant (Chamber of Commerce)

#### Professional career

2004 – 2012:  
Various management positions in family-owned medium-sized companies and large listed groups in the consumer and industrial goods industry, most recently as Company Controlling Manager at Ericsson GmbH, Düsseldorf, Germany

2012 – 2015:  
Commercial Director and Authorised Officer at Menerga GmbH, Mülheim an der Ruhr, Germany

2016 – 2017:  
Head of Corporate Development of Von Roll Management AG, Breitenbach, Switzerland

Since 1 October 2017: Chief Financial Officer (CFO) of Von Roll Holding AG, Breitenbach, Switzerland

#### Other activities

He has no other activities or interests.

#### 4.2 Other activities and interests

Information on the other activities and interests of Executive Management Members is shown in section 4.1.

#### 4.3 Number of permissible activities

The number of external offices is stipulated as follows with binding effect in the Articles of Association:

Subject to the approval of the Board of Directors, Executive Management Members must not simultaneously hold more than five offices in top-tier management or administrative bodies of legal entities outside the Group which are subject to entry in the Swiss commercial register or a similar register in another country. Of these offices, no more than two may be exercised in listed legal entities. Multiple offices within the same group and offices exercised on behalf of a group or legal entity (including offices in care institutions, joint ventures and legal entities in which a significant stake is held) count as one office. Offices in non-profit or charitable legal entities such as clubs, associations and foundations are not subject to the above restrictions, but must not exceed 15.

#### 4.4 Management contracts

There are no management or service contracts with third parties.

### 5. Remuneration, profit-sharing and loans

#### 5.1 Composition of and process for setting remuneration and profit-sharing schemes

The relevant information can be found in section 1.5 f. of the Remuneration Report (see page 31 ff.). The criteria to be established by the Board of Directors for setting the variable remuneration component are decided at the Board's discretion, which is why no explanation is given in this regard.

#### 5.2 Information on issuers subject to the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO)

The regulations in the Articles of Association concerning the principles of performance-related remuneration, the allocation of equity securities and conversion and option rights, the additional limit for the remuneration of Members of the Executive Management appointed following the vote of the Annual General Meeting on remuneration, and the vote of the Annual General Meeting on remuneration

can be found in Art. 29 ff. of the Articles of Association, which can be viewed on the website at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/), with the exception of the regulation on advances, loans and pension benefits granted to Members of the Board of Directors and Executive Management, which has not been included in the Articles of Association.

### 6. Participatory rights of shareholders

#### 6.1 Voting right restrictions and representation

The company's Articles of Association do not contain any voting right restrictions and do not deviate from Swiss law with regard to the representation of voting rights. The Annual General Meeting adopts resolutions and conducts elections with a simple majority of the votes cast at the meeting, excluding any abstentions or invalid votes. This regulation applies unless stipulated otherwise by mandatory legal provisions or provisions set out in the Articles of Association. Each share carries one vote at the Annual General Meeting.

Each shareholder can be represented at the Annual General Meeting by the independent voting representative or a third party. The independent voting representative is obliged to exercise the voting rights represented by him as instructed. If he has not received any instructions, he abstains from the vote. The Board of Directors ensures that shareholders can also give powers and instructions to the independent voting representative electronically.

The independent voting representative is elected by the Annual General Meeting for a one-year term, which runs until the end of the next Ordinary General Meeting. Voting representatives may be re-elected.

#### 6.2 Quorum stipulated in the Articles of Association

In accordance with Art. 703 of the Swiss Code of Obligations (CO), resolutions of the Annual General Meeting are to be passed with an absolute majority of the votes represented as a basic principle. The resolutions cited in Art. 704 CO and Art. 17 of the Articles of Association are exceptions to this rule as they require at least two thirds of the votes represented and an absolute majority of the nominal value of the shares represented. The Articles of Association can be viewed at [www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/](http://www.vonrollgroup.com/en/corporate-governance/corporate-governance1/articles-of-incorporation/).

### 6.3 Convening of the Annual General Meeting

The Articles of Association do not contain any rules that deviate from Swiss law with regard to the convening of the Annual General Meeting. The Ordinary General Meeting takes place annually, no later than six months after the end of the financial year. The meeting is convened by the Board of Directors. The invitation to the Annual General Meeting is published once in the "Swiss Official Gazette of Commerce" (SOGC). One or more shareholders who together represent at least 10% of the share capital may call for an Extraordinary General Meeting; Extraordinary General Meetings must take place within 90 days of receipt of such a request.

### 6.4 Agenda

Shareholders who together represent at least 3% of the share capital or shares with a nominal value of CHF 1 million can ask for an item to be included on the agenda for discussion, but no later than 40 days before the day of the meeting. Requests must be submitted in writing.

### 6.5 Entries in the share register

The share capital of the company is exclusively comprised of bearer shares and consequently no share register is kept.

## 7. Change of control and defence measures

### 7.1 Duty to make a public offer

After the Annual General Meeting of 20 April 2012 resolved to include an "opt-out" clause in the Articles of Association (Art. 4a), parties purchasing shares in the company are exempt from the obligation to make a public offer to purchase.

### 7.2 Change of control clauses

There are no significant contractual agreements with the Board of Directors or the Executive Management in the event of a change of control. The Articles of Association do not contain any change of control clauses in favour of Members of the Board of Directors and/or Executive Management.

## 8. Auditor

### 8.1 Duration of mandate and term of office of the auditor in charge

#### 8.1.1 Time of assumption of the current audit mandate

In 2004, Deloitte AG, Zurich, was registered in the commercial register as the auditor for Von Roll Holding AG. The auditor is appointed on each occasion by the Annual General Meeting for one financial year, and the same auditor may be reappointed in the next financial year. The applicable statutory maximum term of office for an auditor in charge of seven years (Art. 730a Para. 2 Swiss Code of Obligations) is not limited by the Articles of Association.

#### 8.1.2 Assumption of office of the auditor in charge who is responsible for the current audit mandate

Mr. Patrick Fawer was appointed auditor in charge for the second year.

### 8.2 Auditing fee

The fee paid to the auditor for the audit of the 2017 financial statements was TCHF 474 in total (2016: TCHF 586).

### 8.3 Additional fees

During the period under review, additional fees of around TCHF 55 (2016: TCHF 36) were paid for additional tax, compliance and other services. In the financial year 2017, TCHF 42 was paid for tax advice and TCHF 13 for additional audit-related services.

### 8.4 External audit information tools

The auditor submits a written report to the Audit Committee of the Board of Directors for each scheduled meeting about relevant audit activities and other important processes in connection with the company. Representatives of the auditor participate in individual agenda items of the meetings of the Audit Committee, explain their activities and take questions. The auditor attended two meetings of the Audit Committee in the reporting year. Further discussions were also held between the auditor and the Executive Management.

The Audit Committee of the Board of Directors oversees the activities of the auditors. It assesses the performance, remuneration and independence of the external auditor annually. The Board of Directors proposes the election of the auditor to the Annual



General Meeting based on the recommendation of the Audit Committee. The Audit Committee assesses the scope of the audit by the external auditor and the relevant procedures annually.

## 9. Information policy

Von Roll Holding AG pursues a policy of transparent, truthful and proactive information. Whenever possible, employees are informed first. Shareholders receive information through the Annual Report, Semi-annual Report, media releases, the Internet and at the Annual General Meeting. Von Roll Holding AG reports and comments on its results on a half-yearly basis. Moreover, Von Roll Holding AG provides continuous information on important events according to the rules of ad hoc notifications. Upon request, shareholders can receive media releases from the press office by e-mail. These can be requested from Von Roll Holding AG, Passwangstrasse 20, CH-4226 Breitenbach, phone +41 (0)61 785 52 36, fax +41 (0)61 785 58 92 or e-mail [investor@vonroll.com](mailto:investor@vonroll.com). Von Roll Holding AG publishes all events that are relevant to the stock quotation in accordance with the guidelines of SIX Swiss Exchange.

# Remuneration Report 2017

## 1. Remuneration philosophy and basic principles

### 1.1 General

The Remuneration Report lays down the remuneration principles and the governance framework for the remuneration of the Board of Directors and the Members of the Executive Management of Von Roll Holding AG. It also includes details of remuneration policy and the remuneration paid to the above bodies in the financial year 2017.

Unless indicated otherwise, all information provided in this report relates to the financial year that ended on 31 December 2017. The report is in line with Art. 13 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO); the “Swiss Code of Best Practice for Corporate Governance” issued by Economiesuisse; section 5.1 of the Annex to the SIX Swiss Exchange’s Directive on Information relating to Corporate Governance; and the Swiss Code of Obligations.

### 1.2 Corporate governance as the basis for compensation policy

The principles of our remuneration system for the Board of Directors and the Executive Management are included in the Articles of Association.

### 1.3 ERCO

The remuneration system and employment contracts with Members of the Executive Management comply with the ERCO.

### 1.4 Responsibilities

#### 1.4.1 Board of Directors

The Board of Directors is responsible for the Group’s remuneration system and for drafting corresponding motions for the Annual General Meeting.

#### 1.4.2 Remuneration Committee

The Remuneration Committee comprises three Members of the Board of Directors. Each Member of the Remuneration Committee is elected by the Annual General Meeting for a one-year term, which runs until the end of the next Ordinary General Meeting. Committee members may be re-elected. The Board of Directors appoints one Member of the Remuneration Committee as its chairman and determines the committee’s duties and powers. The Remuneration Committee assists the Board of Directors with setting and reviewing the company’s remuneration strategy and

guidelines, and the qualitative and quantitative remuneration criteria as well as with preparing motions for the Annual General Meeting relating to the remuneration of the Board of Directors and the Executive Management. The Remuneration Committee can make suggestions and recommendations to the Board of Directors regarding other remuneration issues. The Remuneration Committee can call in external specialists.

The Remuneration Committee is made up of Gerd Amtstätter (Chairman of the Remuneration Committee), Guido Egli and August François von Finck, who are all Members of the Board of Directors. The CEO usually attends Remuneration Committee meetings in an advisory function, apart from when his remuneration is being discussed. The Remuneration Committee met once during the reporting year. The meeting lasted 30 minutes. The Chairman of the Remuneration Committee reports to the Board of Directors with regard to the committee’s activities. Members of the Board of Directors are provided with minutes of committee meetings.

#### 1.4.3 CEO and the Executive Management

Headed by the CEO, the Executive Management reviews the targets set for the management team’s performance-related bonus scheme based on the Remuneration Committee’s specifications.

## 1.5 Principles and components of remuneration

### 1.5.1 General principles

The Board of Directors may decide to pay remuneration, wholly or partially, in cash, restricted company shares or future subscription rights to shares. The Board of Directors determines the timing of the allocation, the length of the restricted period and any discount, bearing in mind the length of the restricted or vesting period. The restricted or vesting period shall be at least three years, although the Board of Directors may agree on a shorter period in justified cases. The Board of Directors may stipulate that, should a certain event specified in advance ultimately occur, such as the termination of an employment or mandate relationship or a change of control, then restricted or vesting periods will continue to apply, be shortened or be cancelled, or remuneration will be paid out (assuming targets have been met) or forfeited.

If shares or future subscription rights to shares are to be allocated or other remuneration components granted, the remuneration amount shall correspond to the value accorded to these remuneration components at the time of their allocation in accordance with generally recognised valuation methods.

In respect of duties performed in legal entities of the Group or on behalf of a legal entity of the Group, these entities may grant remuneration to the Members of the Board of Directors and the Executive Management insofar as the amounts concerned do not exceed the limit approved by the Annual General Meeting or the additional limit set in accordance with Art. 32 Para. 6 of the Articles of Association.

Within the scope permissible by law, the company may compensate Members of the Board of Directors and the Executive Management for losses incurred in conjunction with lawsuits, proceedings or settlements related to their activities for the company. It may also advance relevant sums and take out insurance policies. Compensation, advances and insurance policies of this kind are not deemed to be remuneration.

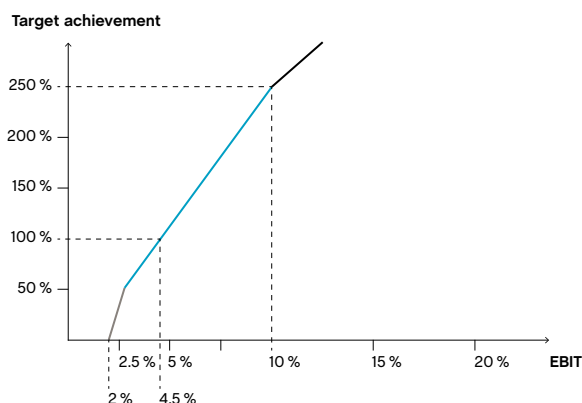
### 1.5.2 Components of the Board of Directors' remuneration

Members of the Board of Directors receive a fixed remuneration for their activities. Their expenses are also reimbursed. Reimbursed expenses, including lump-sum expenses, are not deemed to be remuneration. Supplements may be paid for being a member of a committee or for undertaking specific duties or projects.

### 1.5.3 Components of the Executive Management's remuneration

Members of the Executive Management receive a fixed basic remuneration component and a variable component for their activities. Moreover, their expenses are reimbursed. Reimbursed expenses, including lump-sum expenses, are not deemed to be remuneration. The variable remuneration component is performance- and/or success-related and is calculated based on criteria set by the Board of Directors as a basic principle. These criteria focus in particular on the Group's key financial ratios or elements thereof. As a basic principle, the variable component may amount to no more than 100% of the fixed component at the time it is paid out.

A new bonus model was introduced for the Executive Management and the management team on 1 January 2014. The model is based on the actual figures for the "operating margin" (EBIT margin) from the relevant year.



The Executive Management receives a target bonus of 40 % of their respective annual salary (= 100 %) in accordance with the following parameters:

EBIT margin	Percentage of target bonus
<2.0 %	0 %
2.5 %	50 %
4.5 %	100 %
10 %	250 %

## 1.6 Approval procedure

### 1.6.1 General information

The Annual General Meeting approves the maximum remuneration for Members of the Board of Directors with binding effect when the Ordinary General Meeting convenes each year, with this remuneration limit then applying until the next Ordinary General Meeting.

The Annual General Meeting shall approve the maximum amount for fixed remuneration components for the following financial year for Members of the Executive Management with binding effect when the Ordinary General Meeting convenes each year.

The Annual General Meeting shall approve the total variable remuneration components for the previous financial year for Members of the Executive Management with binding effect when the Ordinary General Meeting convenes each year.

The Annual General Meeting can approve a retrospective increase in a total amount already approved at any time.

If the Annual General Meeting withholds its approval, the Board of Directors may submit new motions for approval at the same Annual General Meeting. If the Board of Directors does not submit any new motions or if the Annual General Meeting rejects the new motions as well, the Board of Directors can convene a new General Meeting.

For appointments of new Members of the Executive Management made after the Annual General Meeting has given its approval, the additional limit for each new member shall be 150 % of the highest remuneration amount paid to a Member of the Executive Management at the last Ordinary General Meeting in the previous financial year. This additional remuneration does not need to be approved by the Annual General Meeting.

### 1.6.2 Appointment of Members of the Executive Management

The Board of Directors appoints the Members of the Executive Management.

### 1.6.3 Number of external offices and positions

The number of external offices and positions is stipulated with binding effect in the Articles of Association.

### 1.6.4 Contracts with Members of the Board of Directors and Executive Management

Contracts with Members of the Board of Directors and the Executive Management on which their remuneration is based may be temporary or permanent. The maximum term of a temporary contract is one year. Contracts may be renewed. Notice periods for permanent contracts cannot be any longer than one year.

The notice period for the CEO and the other Members of the Executive Management is 12 months. All employment contracts with Members of the Executive Management comply with the legislation and the provisions of the ERCO.

### 1.6.5 Severance pay

The employment contracts concluded with Members of the Executive Management do not provide for any severance pay. Similarly, the contracts of the Members of the Board of Directors and the Executive Management do not include any "golden parachutes" or any other special benefits in the event of a change of control.

## 2. Remuneration in the financial year 2017

### 2.1 Remuneration of the Board of Directors (audited)

#### 2.1.1 Board of Directors' fee

The following remuneration was paid to Members of the Board of Directors for the financial year 2017:

in CHF 1,000	Function	Fixed fee <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Pension benefits <sup>3</sup>	Total
Dr. Peter Kalantzis	Chairman	294	-	-	14	308
Guido Egli	Vice-Chairman	144	-	-	7	151
Gerd Amtstätter	Member	94	-	-	-	94
Gerd Peskes	Member	94	-	-	-	94
August François von Finck	Member	94	-	-	6	100
Dr. Christian Hennerkes	Delegate	-	-	-	-	-
<b>Total</b>		<b>720</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>747</b>

<sup>1</sup> Gross salary, i.e. before deducting social security contributions, withholding tax etc.

<sup>2</sup> Other remuneration does not include any lump-sum expenses.

<sup>3</sup> Statutory charges (old age and survivors' insurance/unemployment insurance) and contributions to the pension fund and management insurance.

The following remuneration was paid to Members of the Board of Directors for the previous year, 2016:

in CHF 1,000	Function	Fixed fee <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Pension benefits <sup>3</sup>	Total
Dr. Peter Kalantzis	Chairman	294	-	-	14	308
Guido Egli	Vice-Chairman	144	-	-	8	152
Gerd Amtstätter	Member	94	-	-	-	94
Gerd Peskes	Member	94	-	-	-	94
August François von Finck	Member	94	-	-	6	100
Dr. Christian Hennerkes	Delegate	94	-	-	6	100
<b>Total</b>		<b>814</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>848</b>

<sup>1</sup> Gross salary, i.e. before deducting social security contributions, withholding tax etc.

<sup>2</sup> Other remuneration does not include any lump-sum expenses.

<sup>3</sup> Statutory charges (old age and survivors' insurance/unemployment insurance) and contributions to the pension fund and management insurance.

#### 2.1.2 Other remuneration

Apart from the amounts disclosed here, no Member of the Board of Directors received any additional fees or compensation in 2016 or 2017 for services provided to Von Roll. In particular, no additional compensation was paid for being a member of a committee or undertaking specific duties or projects in the financial years 2016 and 2017.

## 2.2 Remuneration of the Executive Management (audited)

### 2.2.1 Short-term remuneration

The Members of the Executive Management received remuneration totalling CHF 1.5 million in 2017 (2016: CHF 2.2 million). This sum comprises fixed basic salaries of CHF 1.2 million (2016: CHF 1.7 million), short-term performance bonuses of CHF 0 million (2016: CHF 0 million) and social security contributions of CHF 0.2 million (2016: CHF 0.4 million).

The following remuneration was paid to Members of the Executive Management for the financial year 2017:

in CHF 1,000	Function	Basic salary <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Pension benefits <sup>3</sup>	Total
Dr. Christian Hennerkes	CEO	600	–	24	108	732
Artur Lust	CFO	100 <sup>4</sup>	–	3	17	120
Stephan Kellmann	CFO	490	–	15	111	616
	(left the Executive Management in September 2017)					
<b>Total</b>		<b>1,190</b>	<b>–</b>	<b>42</b>	<b>236</b>	<b>1,468</b>

<sup>1</sup> Gross salary, i.e. before deducting social security contributions, withholding tax etc.

<sup>2</sup> The other remuneration comprises lump-sum compensation (TCHF 21) and child allowances (TCHF 21).

<sup>3</sup> Statutory charges (old age and survivors' insurance/unemployment insurance) and contributions to the pension fund and management insurance.

<sup>4</sup> Basic salary for 2017 given pro rata for the period from October to December 2017.

The following remuneration was paid to Members of the Executive Management for the previous year, 2016:

in CHF 1,000	Function	Basic salary <sup>1</sup>	Variable remuneration	Other remuneration <sup>2</sup>	Pension benefits <sup>3</sup>	Total
Achim Klotz	CEO	700	–	17	151	868
	Head of the Insulation division (left the Executive Management in September 2016)					
Dr. Christian Hennerkes	CEO	150 <sup>4</sup>	–	3	28	181
Stephan Kellmann	CFO	490	–	17	112	619
Dr. Bernhard Fritsche	Head of the Composites division (left the Executive Management in September 2016)	400	–	15	94	509
<b>Total</b>		<b>1,740</b>	<b>–</b>	<b>52</b>	<b>385</b>	<b>2,177</b>

<sup>1</sup> Gross salary, i.e. before deducting social security contributions, withholding tax etc.

<sup>2</sup> The other remuneration comprises lump-sum compensation (TCHF 33) and child allowances (TCHF 19).

<sup>3</sup> Statutory charges (old age and survivors' insurance/unemployment insurance) and contributions to the pension fund and management insurance.

<sup>4</sup> Basic salary for 2016 given pro rata for the period from October to December 2016.

### 2.2.2 Long-term remuneration

No long-term remuneration is planned.

### 2.2.3 Other remuneration

Apart from the amounts disclosed here, no Member of the Executive Management received any additional fees or compensation in 2016 or 2017 for services provided to Von Roll.

### 2.3 Remuneration of former Members of the Board of Directors and Executive Management (audited)

In the financial year 2017, compensation was paid to former Members of the Executive Management in the amount of CHF 1 million (2016: CHF 0 million). This is the total remuneration due until the end of the contractual term in the wake of terminating the contract. This sum comprises fixed basic salaries of CHF 0.8 million, short-term performance bonuses of CHF 0 million and social security contributions of CHF 0.2 million.

No compensation was due to former Members of the Board of Directors in the financial years 2016 and 2017.

### 2.4 Loans (audited)

#### 2.4.1 Board of Directors

No Members of the Board of Directors were granted loans in the financial year 2017. No loans were outstanding at the end of the reporting year.

#### 2.4.2 Executive Management

No Members of the Executive Management were granted any loans in the financial year 2017. No loans were outstanding at the end of the reporting year.

#### 2.4.3 Former Members of the Board of Directors and Executive Management

No former Members of the Board of Directors or Executive Management were granted any loans not on standard market terms during the financial year. There are no such loans outstanding.

### 2.5 Remuneration and loans to related parties (audited)

No remuneration not in line with standard market practice was granted either directly or indirectly to any related parties in the financial year 2017. In addition, no related parties were granted any loans not on standard market terms. There are no such loans outstanding.

### 2.6 Shareholdings

#### 2.6.1 Shares held by Members of the Board of Directors

The Members of the Board of Directors held the following number of shares as at 31 December of the respective year:

Number of shares	2017	2016
Dr. Peter Kalantzis	1,333	1,333
Guido Egli	1,067	1,067
Gerd Amtstätter	466,667	466,667
Gerd Peskes	0	0
August François von Finck	23,800,000	23,800,000
Dr. Christian Hennerkes	3,600,000	5,400,000
<b>Total</b>	<b>27,869,067</b>	<b>29,669,067</b>

#### 2.6.2 Shares held by Members of the Executive Management

The Members of the Executive Management held the following number of shares as at 31 December of the respective year:

Number of shares	2017	2016
Dr. Christian Hennerkes, CEO	3,600,000	5,400,000
Artur Lust, CFO	2,400,000	0
Stephan Kellmann, CFO (left the Executive Management in September 2017)	0	0
<b>Total</b>	<b>6,000,000</b>	<b>5,400,000</b>

### 2.7 Convertible bonds

#### 2.7.1 Convertible bonds held by Members of the Board of Directors

Members of the Board of Directors held 27,294 convertible bonds of Von Roll Holding AG at the end of the reporting year.

#### 2.7.2 Convertible bonds held by Members of the Executive Management

No convertible bonds of Von Roll Holding AG were held by Members of the Executive Management at the end of the reporting year.

## Report of the statutory auditor

To the general meeting of  
VON ROLL HOLDING AG, BREITENBACH

### Report of the statutory auditor in relation to the remuneration report

We have audited the remuneration report dated 5 March 2018 of Von Roll Holding AG, pages 33 – 35, for the year ended 31 December 2017.

#### Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the remuneration report for the year ended 31 December 2017 of Von Roll Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

DELOITTE AG



Patrick Fawer  
Licensed audit expert  
Auditor in Charge



Thomas Dettwiler  
Licensed audit expert

Zurich, 5 March 2018



# Financial Reporting

<b>Consolidated financial statements</b>	
Consolidated statement of comprehensive income	38
Consolidated balance sheet	39
Consolidated cash flow statement	40
Consolidated statement of changes in equity	41
Notes to the consolidated financial statements	42
Report on the audit of the consolidated financial statements	89
<b>Statutory financial statements of Von Roll Holding AG</b>	
Income statement	95
Balance sheet	96
Notes to the statutory financial statements	97
Allocation of accumulated results	102
Report on the audit of the financial statements	103

## Consolidated statement of comprehensive income for the financial year 2017

in CHF 1,000	Note	2017	2016 (restated)
<b>Net sales</b>	4	<b>332,357</b>	<b>319,192</b>
Cost of goods sold	6	- 273,999	- 265,078
<b>Gross profit</b>		<b>58,358</b>	<b>54,113</b>
Research and development expense	6	- 5,889	- 7,335
Sales and distribution expense	6	- 17,071	- 20,944
Administrative expense	6	- 33,828	- 40,516
Other operating income	10	2,820	3,412
Other operating expense	11	- 882	- 8,276
Thereof restructuring expense	6/13	-	- 7,515
Income from investment property	12	967	2,216
<b>EBIT</b>		<b>4,475</b>	<b>- 17,329</b>
Financial income	14	5,386	4,877
Financial expense	15	- 11,041	- 16,519
<b>Result before tax</b>		<b>- 1,179</b>	<b>- 28,975</b>
Income tax	16	- 371	1,238
<b>Result from continuing operations</b>		<b>- 1,550</b>	<b>- 27,737</b>
Result from discontinued operations	2.2	- 3,221	- 2,553
<b>Net income for the period</b>		<b>- 4,771</b>	<b>- 30,290</b>
Exchange differences arising from translation of foreign operations		4,135	1,409
<b>Other comprehensive income that will be reclassified to income statement</b>		<b>4,135</b>	<b>1,409</b>
Remeasurement of defined benefit liabilities and assets	38	16,816	- 1,565
Income tax on remeasurement of defined benefit liabilities and assets		- 5,984	452
<b>Other comprehensive income that will not be reclassified to income statement</b>		<b>10,832</b>	<b>- 1,113</b>
<b>Other comprehensive income for the period</b>		<b>14,967</b>	<b>296</b>
<b>Total comprehensive income for the period</b>		<b>10,196</b>	<b>- 29,994</b>
<b>Net income attributable to:</b>			
Owners of the parent		- 4,838	- 30,194
Non-controlling interests		67	- 96
<b>Net income for the period</b>		<b>- 4,771</b>	<b>- 30,290</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		10,160	- 29,901
Non-controlling interests		36	- 93
<b>Total comprehensive income for the period</b>		<b>10,196</b>	<b>- 29,994</b>
<b>Earnings per share</b>			
Weighted average number of shares outstanding	17	194,452,505	180,982,212
Basic earnings per share in CHF	17	- 0.025	- 0.167
Diluted earnings per share in CHF	17	- 0.025	- 0.167

## Consolidated balance sheet as at 31 December 2017

### Assets

in CHF 1,000	Note	31.12.2017	in %	31.12.2016 (restated)	in %
<b>Current assets</b>					
Cash and cash equivalents	29	45,161		29,012	
Trade accounts receivable	27	58,716		54,038	
Inventories	25	49,422		63,607	
Tax receivables	16	5,753		5,313	
Current financial assets	22	1,784		308	
Other accounts receivable and prepaid expense	28	8,853		16,002	
Assets classified as held for sale	2.2	4,578		-	
<b>Total current assets</b>		<b>174,267</b>	<b>45.9 %</b>	<b>168,280</b>	<b>45.5 %</b>
<b>Non-current assets</b>					
Property, plant and equipment	18	121,453		126,153	
Goodwill	19	10,968		11,130	
Intangible assets	20	13,065		14,798	
Investment property	21	6,206		6,730	
Non-current financial assets	22	3,173		3,011	
Pension plan assets	38	29,452		14,686	
Deferred tax assets	16	20,977		25,255	
<b>Total non-current assets</b>		<b>205,294</b>	<b>54.1 %</b>	<b>201,763</b>	<b>54.5 %</b>
<b>Total assets</b>		<b>379,561</b>	<b>100.0 %</b>	<b>370,043</b>	<b>100.0 %</b>

### Equity and liabilities

in CHF 1,000	Note	31.12.2017	in %	31.12.2016 (restated)	in %
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade accounts payable	33	19,145		24,912	
Current tax payables	16	795		2,107	
Current financial liabilities	31	16,959		1,227	
Current provisions	32	3,974		9,462	
Other liabilities and accruals	34	23,417		32,924	
Liabilities classified as held for sale	2.2	4,406		-	
<b>Total current liabilities</b>		<b>68,696</b>	<b>18.1 %</b>	<b>70,632</b>	<b>19.1 %</b>
<b>Non-current liabilities</b>					
Non-current financial liabilities	31	152,558		148,788	
Post-employment benefit obligations	38	30,177		30,491	
Deferred tax liabilities	16	8,301		6,205	
Non-current provisions	32	12,678		16,940	
<b>Total non-current liabilities</b>		<b>203,714</b>	<b>53.7 %</b>	<b>202,424</b>	<b>54.7 %</b>
<b>Total liabilities</b>		<b>272,410</b>	<b>71.8 %</b>	<b>273,056</b>	<b>73.8 %</b>
<b>Equity</b>					
Share capital	30	20,177		20,145	
Group reserves		87,626		77,530	
<b>Equity attributable to owners of the parent company</b>					
		<b>107,803</b>	<b>28.4 %</b>	<b>97,675</b>	<b>26.4 %</b>
Non-controlling interests		- 652	- 0.2 %	- 688	- 0.2 %
<b>Total equity</b>		<b>107,151</b>	<b>28.2 %</b>	<b>96,987</b>	<b>26.2 %</b>
<b>Total equity and liabilities</b>		<b>379,561</b>	<b>100.0 %</b>	<b>370,043</b>	<b>100.0 %</b>

## Consolidated cash flow statement for the financial year 2017

in CHF 1,000	Note	2017	2016
<b>Operating activities</b>			
Result before tax from continued operations		-1,179	-28,975
Result before tax from discontinued operations	2.2	-2,934	-2,770
Result before tax		-4,113	-31,745
Financial result	14/15	5,620	11,682
Depreciation, amortisation and impairment	9	16,051	23,428
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>			
Result from the disposal and remeasurement of non-current assets	10	-1,512	-2,420
Result from the disposal of investment property	12	-	-1,332
Changes in non-current provisions		-3,313	-7,700
<b>Cash flow before changes in net working capital</b>			
Changes in inventories		12,831	-2,780
Changes in accounts receivable		-4,440	5,507
Changes in accounts payable		-3,391	-1,725
Changes in other current assets		3,931	4,150
Changes in current provisions and other current liabilities		-14,790	-5,781
<b>Cash generated from operating activities</b>			
Income tax paid	16	-1,567	-1,738
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
		<b>5,307</b>	<b>-10,453</b>
<b>Investing activities</b>			
Capital expenditures for property, plant and equipment and intangible assets	18/20/21	-9,258	-27,674
Cash inflow (+)/cash outflow (-) from disposal	2.1	6,618	-
Proceeds from the disposal of non-current assets		1,369	6,274
Proceeds from the disposal of financial assets		-	28
Cash advances made to other parties		-	-236
Interest received	14	243	404
Cash inflow from non-current loans		35	71
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
		<b>-993</b>	<b>-21,134</b>
<b>Financing activities</b>			
Cash inflow due to additions of financial liabilities		15,709	149,217
Cash outflow due to repayment of financial liabilities		-7	-151,944
Purchase of treasury shares		-1,155	-366
Sale of treasury shares		1,235	361
Interest paid		-3,465	-7,074
Other cash flow from financing activities		-399	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		<b>11,918</b>	<b>-9,806</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>			
		<b>16,232</b>	<b>-41,392</b>
Cash and cash equivalents at 1 January		29,012	70,348
Effects of changes in foreign exchange rates		733	56
Resulting from discontinued operations		-816	-
Change in cash and cash equivalents		16,232	-41,392
<b>Cash and cash equivalents at 31 December</b>			
		<b>45,161</b>	<b>29,012</b>

## Consolidated statement of changes in equity for the financial year 2017

In the reporting year 2017, consolidated equity changed as follows:

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total equity
<b>Balance at 1 January 2017</b>	<b>20,145</b>	<b>459,237</b>	<b>-45,391</b>	<b>-89,319</b>	<b>-246,997</b>	<b>97,675</b>	<b>-688</b>	<b>96,987</b>
Net income for the period	-	-	-	-	-4,838	-4,838	67	-4,771
Other comprehensive income for the period	-	-	-	4,166	10,832	14,998	-31	14,967
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,166</b>	<b>5,994</b>	<b>10,160</b>	<b>36</b>	<b>10,196</b>
Conversion of convertible bond	32	252	-	-	-	284	-	284
Issue costs associated with 2016 conversion	-	-399	-	-	-	-399	-	-399
Tax effect on conversion of convertible bond	-	3	-	-	-	3	-	3
Purchase/sale of treasury shares	-	-	4,733	-	-4,653	80	-	80
<b>Total transactions with owners</b>	<b>32</b>	<b>-144</b>	<b>4,733</b>	<b>-</b>	<b>-4,653</b>	<b>-32</b>	<b>-</b>	<b>-32</b>
<b>Balance at 31 December 2017</b>	<b>20,177</b>	<b>459,093</b>	<b>-40,658</b>	<b>-85,153</b>	<b>-245,656</b>	<b>107,803</b>	<b>-652</b>	<b>107,151</b>
<b>Total Group reserves at the end of December 2017</b>						<b>87,626</b>		

In the reporting year 2016, consolidated equity changed as follows:

in CHF 1,000	Share capital	Capital reserves	Treasury shares	Currency translation adjustments	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total equity
<b>Balance at 1 January 2016</b>	<b>18,479</b>	<b>404,015</b>	<b>-48,619</b>	<b>-90,725</b>	<b>-210,557</b>	<b>72,593</b>	<b>-595</b>	<b>71,998</b>
<b>Restatement of intangible assets (see Note 20)</b>					<b>-1,900</b>	<b>-1,900</b>		<b>-1,900</b>
<b>Restated as at 1 January 2016</b>	<b>18,479</b>	<b>404,015</b>	<b>-48,619</b>	<b>-90,725</b>	<b>-212,457</b>	<b>70,693</b>	<b>-595</b>	<b>70,098</b>
Net income for the period	-	-	-	-	-30,194	-30,194	-96	-30,290
Other comprehensive income for the period	-	-	-	1,406	-1,113	293	3	296
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,406</b>	<b>-31,307</b>	<b>-29,901</b>	<b>-93</b>	<b>-29,994</b>
Issue of convertible bond	-	22,207	-	-	-	22,207	-	22,207
Tax effect on issue of convertible bond	-	-1,935	-	-	-	-1,935	-	-1,935
Conversion of convertible bond	1,666	34,454	-	-	-	36,120	-	36,120
Tax effect on conversion of convertible bond	-	496	-	-	-	496	-	496
Purchase/sale of treasury shares	-	-	3,228	-	-3,233	-5	-	-5
<b>Total transactions with owners</b>	<b>1,666</b>	<b>55,222</b>	<b>3,228</b>	<b>-</b>	<b>-3,233</b>	<b>56,883</b>	<b>-</b>	<b>56,883</b>
<b>Balance at 31 December 2016</b>	<b>20,145</b>	<b>459,237</b>	<b>-45,391</b>	<b>-89,319</b>	<b>-246,997</b>	<b>97,675</b>	<b>-688</b>	<b>96,987</b>
<b>Total Group reserves at the end of December 2016</b>						<b>77,530</b>		

# Notes to the consolidated financial statements as of 31 December 2017

## 1. Significant accounting policies

### General information

Von Roll Holding AG (the company) with its subsidiaries (together Von Roll) is an international manufacturing and service company. Its main activities are presented in the Notes on the business segments (Note 5). The Company is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). Its registered office, domicile and headquarters are at Passwangstrasse 20, 4226 Breitenbach, Switzerland.

### Summary of significant accounting policies

The consolidated financial statements of the company are prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and Swiss law.

The consolidated financial statements are presented in Swiss francs (CHF), as the main Von Roll companies operate or are financed out of Switzerland. The financial statements refer to thousands of CHF (TCHF). Due to the chosen presentation method, immaterial rounding differences can occur. The use of the year in connection with the presentation of the balance sheet relates in principle to 31 December of the year in question unless specified otherwise.

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention. Only certain financial instruments are valued at their fair value.

### Adoption of new accounting policies

The following amendments to the IASB's standards were adopted for the first time for the financial year starting on 1 January 2017; however, they had no impact on the result or the financial position of Von Roll. Only the amendments to IAS 7 ("Disclosure Initiative") resulted in an additional disclosure (changes in financial liabilities, see Note 31).

Amendments to standards		Effective for annual periods beginning on or after	Adoption by Von Roll
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan. 2017	Not relevant
IAS 7	Disclosure Initiative	1 Jan. 2017	Financial year 2017
IFRS 12	Clarification on Disclosure of Interests in Other Entities Held for Sale	1 Jan. 2017	Financial year 2017

The following new and revised standards and interpretations are issued by the IASB. These standards were not effective for the reporting period and were not adopted early on in the present consolidated financial statements. The following table shows the impact estimated by the Executive Management:

<b>New standards and interpretations</b>		Effective for annual periods beginning on or after	Planned adoption by Von Roll	
IFRS 15	Revenues from Contracts with Customers	1 Jan. 2018	Financial year 2018	***
IFRS 9	Financial Instruments	1 Jan. 2018	Financial year 2018	***
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 Jan. 2018	Financial year 2018	**
IFRS 16	Leases	1 Jan. 2019	Financial year 2019	1)
IFRIC 23	Uncertainty over Income Tax Treatments	1 Jan. 2019	Financial year 2019	*
IFRS 17	Insurance Contracts	1 Jan. 2021	Not relevant	*

<b>Amendments to standards</b>		Effective for annual periods beginning on or after	Planned adoption by Von Roll	
IFRS 1	Annual Improvements to IFRS 2014 – 2016 Cycle: First-time Adoption of International Financial Reporting Standards	1 Jan. 2018	Financial year 2018	*
IAS 28	Investments in Associates and Joint Ventures	1 Jan. 2018	Financial year 2018	*
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 Jan. 2018	Financial year 2018	*
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 Jan. 2018	Not relevant	*
IAS 40	Transfers of Investment Properties	1 Jan. 2018	Financial year 2018	*
IAS 28	Changes related to Long-term Interests in Associates and Joint Ventures	1 Jan. 2019	Financial year 2019	*

\* No effects or no material effects are expected on the consolidated financial statements of Von Roll.

\*\* The effects on the consolidated financial statements of Von Roll cannot yet be reliably determined.

\*\*\* Additional disclosures or changes in the presentation of the financial statements of Von Roll are expected.

1) IFRS 16 replaces IAS 17 (Leases) and is to be adopted from 1 January 2019. The current undiscounted operating lease obligations of Von Roll, which are reported in Note 24, amount to around CHF 3.1 million as of the end of financial year 2017. They provide an indication of the impact of the introduction of IFRS 16 on the consolidated balance sheet of Von Roll, taking into account the standard's requirements. When the new standard is implemented, some of the annual operating lease costs currently recognised fully as functional costs will be reported as interest expense. The share of the annual lease payments reported as a repayment of the lease obligation will also be reported as outflow from financing activities in future (it is currently reported fully as outflow from operating activities in the cash flow statement). In view of the leases affected and assuming that interest rates remain low, management currently expects this impact to be immaterial.

### Scope of consolidation

The consolidated financial statements comprise those of the company and of its subsidiaries. The companies controlled by the company are fully consolidated from the date on which control is obtained. An entity is deemed to be in control if it holds a majority equity investment and the majority of the voting rights or when it exercises control in another way. The list of the significant subsidiaries is provided in Note 23 of this Annual Report.

### Principles of consolidation

The financial statements of consolidated companies have been prepared as of the date of the consolidated financial statements. They have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit and loss. They also apply uniform valuation and presentation principles.

### Non-controlling interests

Non-controlling interests are reported in the consolidated financial statements as part of the Von Roll's equity and not as a separate category. They are not deducted when calculating consolidated net income.

### Currency translation

In the subsidiaries, operations in a foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Monetary items in foreign currency are translated on the reporting date at the closing rate. Exchange differences arising from monetary items are recorded in the income statement and shown in the net financial result insofar as they are not to be regarded as part of a net investment in a foreign operation.

When foreign operations are translated into the presentation currency, the Group companies' income, expense and cash flows are converted into Swiss francs (CHF) using the weighted average exchange rates. Assets and liabilities are translated using the year-end exchange rates. Differences arising from the translation of equity in subsidiaries and non-current intercompany loans (only loans of an equity nature) and from the translation of net income are allocated to other comprehensive income. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment.

### Revenue recognition

Revenue is only recognised when it has been assured that the company is receiving the economic benefits associated with the transaction and that these can be measured reliably. Revenue is measured at the fair value of the consideration received after sales tax and rebates. The products sold or the services rendered are recorded as soon as the goods or services have been delivered and the benefits and risks have been transferred. Accruals for rebates and discounts are recognised in the same period as the related revenues in accordance with the relevant terms and conditions of sale.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Customer-specific contracts in connection with the water business of Von Roll BHU Umwelttechnik GmbH are recognised on a percentage basis using the percentage of completion method. The stage of completion is measured on the basis of the work done by the reporting date.



Where the outcome of a construction contract can be reliably estimated, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be reliably estimated, the amount of contract revenue which can be recognised is restricted to the contract costs likely to be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Amounts due from customers under construction contracts comprise contracts where the costs incurred plus recognised profits exceed payments already received. If the payments received are higher than the costs incurred plus recognised profits, they are shown under amounts due to customers under construction contracts.

Prepayments received are accounted for without any impact on profit and loss. If there is no entitlement to a refund, they are netted off with the corresponding construction contracts for which the prepayments have been made. Prepayments for which the customer is entitled to a refund are shown as a liability.

#### Cash and cash equivalents

Cash and cash equivalents and short-term cash investments comprise cash on hand and deposits with banks, including sight deposits, as well as short-term financial instruments with a residual term of less than 90 days at the time of acquisition.

#### Trade accounts receivable

The reported values represent the invoiced amounts. Valuation allowances for non-performing loans are determined periodically.

#### Inventories

Raw materials and purchased goods are valued at acquisition cost, while unfinished and finished products are valued at production cost including the corresponding production-related overheads. The valuation of inventories in the balance sheet, or the records of the cost in the income statement, is done at standard cost, taking account of normal capacity utilisation. Valuations are reviewed regularly and, if necessary, adjusted in line with current circumstances. Unsaleable and expired goods are fully written off. Valuation allowances are also recognised based on inventory turnover and coverage analyses.

#### Property, plant and equipment

Property, plant and equipment are reported at acquisition or production cost minus accumulated depreciation and recognised impairments. They are depreciated in the income statement on a straight-line basis in accordance with their useful economic lives.

Permanent buildings	25 years
Temporary buildings	10 – 20 years
Technical installations and machinery	10 – 20 years
Plant and office equipment	5 – 10 years
Computer equipment	3 – 10 years
Vehicles	3 – 8 years

Land is not depreciated.

Subsequent acquisition and production costs are recognised when it is probable that future economic benefits associated with the item will be usable by Von Roll and that the cost of the item can be measured reliably. All other maintenance and repair costs are charged to the income statement during the period in which they are incurred.

### Investment property

Investment property principally comprises undeveloped land as well as separable rented offices and production buildings and is held to generate long-term rental yields. These properties are not used by Von Roll.

Investment property excluding land is valued at historical cost less depreciation on a straight-line basis over an expected useful life of 25 years.

Current market values are periodically determined by independent experts and disclosed additionally in the Notes.

### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired company, and the fair value of the acquirer's previously held equity interest in the acquired company (if applicable) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is recognised as an intangible asset and has an indeterminable useful life. It is subjected to an impairment test at least once a year or more frequently if there are indications that impairment may be required. Impairment losses have an immediate effect on net income. A recognised impairment loss is not reversed in a subsequent period. Goodwill is presented separately in the consolidated balance sheet. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### Intangible assets

Licences, trademarks and similar rights as well as other intangible assets have a determinable useful life, which is estimated in each case. They are carried at historical cost less amortisation. Amortisation is calculated using the straight-line method to allocate the cost over estimated useful lives, ranging between five and twelve years.

Reliably measurable costs for licences, trademarks and similar rights as well as for product development are capitalised only if these assets are identifiable and it is probable that the expected future economic benefits attributable to each intangible asset will flow to Von Roll.

### Financial assets

Financial loans comprise investments in an associated company as well as non-current and current loans to associated companies and third parties.

Loans are categorised as credits and accounts receivable and valued at amortised cost less any impairment. All purchases and sales of financial assets are posted as of the trade date.

### **Impairment of tangible and intangible assets excluding goodwill**

Tangible and intangible assets excluding goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised with an impact on income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is based on future expected discounted cash flows. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). If the reason for an impairment that was previously recognised no longer applies, it is revalued.

### **Share capital**

Bearer shares are classified as share capital. Issuing proceeds from 1 January 1997 which exceed the nominal value (premium) have been reported in the capital reserves item under Group reserves since 31 December 2011.

### **Financial liabilities**

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the liability using the effective interest method.

### **Provisions**

Provisions for environmental restoration, contingencies and commitments, announced restructurings and legal claims are only recognised if Von Roll has an existing legal or constructive obligation resulting from past events, if it is more likely than not that an outflow of resources will be required to settle the obligation, or if the amount can be reliably estimated. Provisions for obligations arising from planned restructuring measures are set aside if detailed measures have been formally prepared and there is good reason to expect that they will be implemented, either because their implementation has already begun or because their key points have been announced.

### **Other current liabilities and accruals**

Other current liabilities comprise payables to social security institutions and other non-operating payables to third parties due within one year. Furthermore, this item includes deferred income from customers and accrued expenses to suppliers.

### **Post-employment benefits, pension assets and liabilities**

#### **(a) Pension obligations**

Von Roll companies operate various pension schemes, some of which are managed by external parties. Von Roll has both defined benefit and defined contribution plans. The defined benefit obligation is calculated annually by independent, qualified actuaries.

For defined benefit plans, the cost of providing benefits is calculated on the basis of various economic and demographic assumptions using the projected unit credit method. This method takes into account years of service up to the reporting period. The calculation assumptions to be made by Von Roll include demographic parameters (such as staff turnover and mortality) as well as economic parameters (such as future salary trends) that will affect the final cost of the benefits.

The cost of defined benefit plans is made up of three components:

- » service cost recognised in profit and loss
- » net interest expense or income recognised in profit and loss
- » rereasurement recognised in other comprehensive income

Service cost includes current service cost, past service cost and gains or losses on settlements. Past service cost is recognised in the period in which the plan amendment occurs. Curtailment gains and losses are accounted for as past service cost. Contributions from plan participants or a third party reduce the service cost if these contributions are based on the formal terms of the plan or arise from a constructive obligation.

Net interest cost is equal to the discount rate multiplied by the net defined benefit liability or asset. Cash flows and changes during the year are taken into account on a weighted basis.

Remeasurements of the net defined benefit liability or asset include actuarial gains and losses on the defined benefit obligation resulting from changes in assumptions and experiences, the return on plan assets, excluding the interest income on the plan assets that is included in the net interest, and changes in the effect of the asset ceiling (if applicable), excluding amounts included in the net interest. Remeasurements recorded in “other comprehensive income” (OCI) are not recycled. However, the entity may transfer those amounts recognised in other comprehensive income within equity.

Von Roll shows the first component of defined benefit costs in personnel expenses and the second component of defined benefit costs in financial expenses in its consolidated income statement. Remeasurements are recognised in other comprehensive income. The pension obligations or assets recognised in the consolidated balance sheet represent the actual deficit or surplus in Von Roll’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised when the entity can no longer withdraw the offer of the termination benefit or when the entity recognises any related restructuring costs, depending on which comes first.

The plans in Switzerland are jointly financed by the employer and the employees. The contributions are fixed in the plan regulations. For these plans, the Group applies the concept of risk sharing to the employer and employee, which reduces the net liability reported in the company’s balance sheet.

For defined contribution plans, Von Roll pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. Von Roll has no further payment obligations once the contributions have been paid.

Payments to defined contribution plans are reported in personnel expenses when employees have rendered service entitling them to the contributions.

**(b) Other long-term employee benefits and post-employment obligations**

Some Von Roll companies provide other long-term employee benefits or post-employment benefits. The entitlement to these benefits is usually dependent on years of service. The expected costs of these benefits are recognised in the income statement in the period in which they arise and are also calculated for the main plans using the projected unit credit method in the same way as defined benefit plans. These obligations are valued annually by independent, qualified actuaries.

**(c) Other employee and social security benefits, accruals for staff-related costs**

Other employee and social security benefits mainly comprise payments to governmental and other institutions for social security, payroll taxes, health insurances and similar. Accruals for staff-related costs comprise accruals for contractual bonuses, unclaimed annual leave entitlement, flexitime balances and similar. Von Roll recognises accruals where contractually obliged or if there is a past practice that has created a constructive obligation.

**Income tax**

Income taxes include all taxes based upon the taxable profit of Von Roll. Other taxes not based on income, such as property and capital taxes, are included in the relevant position in the income statement.

Deferred income tax is provided in full, using the comprehensive liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. An exception to this rule is that no deferred income tax can be determined for temporary differences in conjunction with investments in subsidiaries insofar as the shareholder (parent company) is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted by the balance sheet date and that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets for temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised and realisable temporary differences can be expected.

Tax assets and tax liabilities are netted if they relate to the same tax object in the same tax jurisdiction. Deferred tax assets or tax liabilities are reported as non-current assets or liabilities.

**Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**Government grants**

Government grants are only recognised if there is reasonable assurance that the related conditions will be met and the grants will be made. Valuation is made at fair value. The grants are accounted for on an accrual basis, deducted from the carrying amount of the asset and recognised in profit or loss in the period in which the corresponding expenses occur.

## Segment information

Reportable business segments are determined on the basis of the management approach. External segment reporting is then carried out on the basis of the internal financial reporting to the chief operating decision maker. At Von Roll, this position is held by the Board of Directors of Von Roll Holding AG.

The primary segmentation is by business segment, and the secondary is by geographical segment. A business segment is a group of assets and operations engaged in providing the same or similar products or services that are subject to risks and returns which are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments.

Intra-segment transfers and transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties (at arm's length).

## Financial risk factors

Von Roll's activities are exposed to a variety of financial risks: market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The management monitors and manages risks on a regular basis and seeks to minimise potential adverse effects on Von Roll's financial performance. In order to hedge certain risk exposures, the company uses derivative financial instruments on a case-by-case basis.

Financial risk management is carried out according to the principles and guidelines issued by the Board of Directors and the Executive Management. Risk management is monitored by Corporate Finance and continually reconciled with each operational entity. It covers identified financial risk factors as described in the previous paragraph.

### (a) Market risk

#### Foreign exchange risk

Von Roll operates internationally and is thus exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, the US dollar, the Chinese renminbi and the Indian rupee, as well as other currencies to a lesser extent. Foreign exchange risk arises from sales carried out in foreign currencies and similar transactions as well as from recognised assets, liabilities and investments carried out in foreign currencies.

Foreign exchange risk arises when commercial transactions of an operation are not denominated in the functional currency of the operation concerned but in another currency. There are significant (net, rounded) currency risks with respect to the euro of CHF 32 million (2016: CHF 21 million); to the US dollar of CHF 12 million (2016: CHF 10 million); to the Chinese renminbi of CHF 10 million (2016: CHF 7 million) and to the Indian rupee of CHF 8 million (2016: CHF 8 million). Taken together, all other currencies account for a foreign exchange risk of CHF 5 million (2016: CHF 3 million). A change in all foreign currency exchange rates of 5% would impact the result before tax of Von Roll by around CHF 3.3 million due to changes in cash and cash equivalents, trade accounts receivable, financial liabilities and trade accounts payable. A change in all foreign currency exchange rates of 5% would have an impact of approximately CHF 4.8 million on equity.

Von Roll has investments in foreign operations whose net assets and liabilities are exposed to foreign currency transaction risk. The risk of foreign currency translation differences associated with subsidiaries is not hedged.

### Price risk

Von Roll is exposed to price risks relating to raw materials, particularly copper. To minimise this risk, the determination of sales prices is based on prevailing copper prices at the time of the transaction. Copper in stock for which there are no customer orders is hedged in significant cases by means of derivatives. These are exclusively fair value hedges. No derivatives to hedge copper were entered into in the previous year or the reporting period. There were no open positions as at 31 December 2016 or at 31 December 2017.

### Interest rate risk

Von Roll is exposed to interest rate risk on cash and cash equivalents and financial liabilities.

The only interest-bearing assets of Von Roll are its cash and cash equivalents, which are only exposed to minor interest rate risk.

The financial liabilities of Von Roll relate predominantly to two convertible bonds. As these have a fixed interest rate, the short-term interest rate risk for Von Roll is low. Further details on the interest rates of financial liabilities are provided in Note 31 “Financial liabilities”.

Von Roll is also exposed to interest rate risk arising from pension obligations (IAS 19), which has an impact only on Von Roll's other comprehensive income and equity. Further details, including interest rate sensitivity, are provided in Note 38 “Employee benefits”.

### (b) Credit risk

Von Roll has no significant concentrations of credit risk. The management establishes internal policies and guidelines to ensure that sales of products are made to customers with an appropriate credit rating. The management defines credit limits for each customer, which are continually monitored and adjusted. Additionally, the outstanding balances of certain customers are covered by credit insurance facilities. The nominal value of accounts receivable less valuation allowances is seen as an approximation of their fair value.

### (c) Liquidity risk

Liquidity risk is limited by maintaining sufficient cash and cash equivalents, investments with a maturity of 90 days or less and the availability of funding through an adequate number of credit facilities.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables contain interest rates and principal repayments.

The due dates are as follows as of 31 December 2017:

in CHF 1,000	Effective interest rate	Within 1 year	1–5 years	More than 5 years	Total
Convertible bond 2014 – 2020	4.0 %	263	21,525	–	21,788
Convertible bond 2016 – 2022	3.9 %	1,497	155,664	–	157,161
Trade accounts payable		19,145	–	–	19,145
Current financial liabilities	2.5 %	16,959	–	–	16,959
<b>Total liabilities without derivatives</b>		<b>37,863</b>	<b>177,189</b>	<b>–</b>	<b>215,052</b>
<b>Total derivatives</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total financial liabilities</b>		<b>37,863</b>	<b>177,189</b>	<b>–</b>	<b>215,052</b>

The due dates as of 31 December 2016 had the following structure:

in CHF 1,000	Effective interest rate	Within 1 year	1–5 years	More than 5 years	Total
Convertible bond 2014 – 2020	4.0 %	263	21,788	–	22,051
Convertible bond 2016 – 2022	3.9 %	1,500	6,000	151,500	159,000
Trade accounts payable	–	24,912	–	–	24,912
Current financial liabilities	4.0 %	1,227	–	–	1,227
<b>Total liabilities without derivatives</b>		<b>27,902</b>	<b>27,788</b>	<b>151,500</b>	<b>207,190</b>
<b>Total derivatives</b>			–	–	–
<b>Total financial liabilities</b>		<b>27,902</b>	<b>27,788</b>	<b>151,500</b>	<b>207,190</b>

### Capital risk management

Von Roll manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising returns through the long-term optimisation of the debt and equity balance. The equity ratio rose from 26.2 % as at the end of 2016 to 28.2 % as at 31 December 2017. The management is aiming for an equity ratio of more than 50 % in the long term. Von Roll Holding AG has a credit facility that includes financial covenants in relation to the level of own funds in absolute terms, the degree of internal financing and minimum liquidity. All key financial ratios mentioned were complied with as at 31 December 2017.

### Use of assumptions and estimates

Von Roll's principal accounting policies are set out in the relevant section of the consolidated financial statements. They are based on the International Financial Reporting Standards (IFRS). Significant judgements and estimates are used in the preparation of the consolidated financial statements, which, to the extent that actual outcomes and results may differ from these assumptions and estimates, could affect the accounting in the areas described. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. Subsequent outcomes may deviate from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised. The key assumptions are described below and also outlined in the respective Notes:

### Revenue recognition

Revenue is only recognised when the management judges that the significant risks and rewards of ownership have been transferred to the buyer. The management believes that the total accruals and provisions for these items are adequate, based on currently available information.

### Property, plant and equipment and intangible assets, including goodwill

Property, plant and equipment and intangible assets, including goodwill, are reviewed annually for impairment. To assess if any impairment exists, estimates are made of future cash flows expected to result from use of the asset and its possible disposal.

### Income tax

Significant estimates are required in determining current and deferred assets and liabilities for income taxes. Some of these estimates are based on interpretations of existing tax laws or regulations. The management believes that the estimates are reasonable and that the recognised assets and liabilities for income tax-related uncertainties are adequately recognised. This applies in particular for the capitalisation of tax loss carryforwards, which is based on expected future gains.



#### Pensions and other post-employment benefits

At a number of different Von Roll sites, the employees participate in post-employment plans. These are either defined benefit or contribution plans. The calculations of the recognised assets and liabilities for defined benefit plans are based upon statistical and actuarial calculations. Where the calculations differ from the actuarial assumptions and are approved by the management, these can impact the assets or liabilities recognised in the balance sheet in future periods.

#### Legal provisions

Several Von Roll companies are party to various legal proceedings. Based on current knowledge, the management has made assumptions of the possible impact of these open legal claims and made corresponding provisions.

#### Environmental provisions

The management believes that total provisions for environmental matters are adequate based upon the information currently available.

## 2. Changes in the scope of consolidation and discontinued business segments

### 2.1 Changes in the scope of consolidation

#### Sale of Von Roll Austral Inc.

On 24 May 2017, Von Roll signed the contract of sale for its shares in Von Roll Austral Inc. Based in Douglasville, Georgia, USA, Von Roll Austral Inc. conducted the wire business of Von Roll's North American group of companies. The transaction was completed on the same day. Von Roll entered into standard obligations for a transaction of this kind in conjunction with the sale. Following the final price adjustment, a profit of TCHF 728 was generated by the sale of the shares in the company, which was reported under other operating income.

The carrying amounts of the net assets sold and the cash flow from the transaction were as follows:

in CHF 1,000	31.12.2017
Cash and cash equivalents	7
Trade accounts receivable	1,919
Inventories	2,716
Other accounts receivable and prepaid expense	115
Property, plant and equipment	1,402
Deferred tax assets	384
Trade accounts payable	- 506
Current provisions	- 181
Other current liabilities and accruals	- 200
<b>Net assets</b>	<b>5,656</b>
Consideration received in cash	6,625
Cash and cash equivalents disposed of	- 7
<b>Net cash flow</b>	<b>6,618</b>

#### Foundation of new company Von Roll Automotive GmbH

The new company Von Roll Automotive GmbH, based in Augsburg, was founded in the reporting year.

#### Merger of Von Roll Italia SpA with Albesiano Sisa Vernici S. r. l.

In the reporting year, Von Roll Italia SpA, Ghisalba, merged with Albesiano Sisa Vernici S. r. l., Trofarello.

### 2.2 Discontinued business segments

Continuing its focus on the core business, the management decided to sell the water business of Von Roll BHU Umwelttechnik GmbH in the reporting year. Following in-depth discussions in December 2017, the sale became highly likely. This means that as of 31 December 2017 the subsidiary met the criteria for a "discontinued business segment" and is presented accordingly. The assets and liabilities of this business segment are classified as "held for disposal". As announced on 8 February 2018, the partial sale of Von Roll BHU Umwelttechnik GmbH has been effected as part of a management buyout (MBO). This partial sale mainly comprises the water business in China.

The assets, liabilities, income components and payments of the discontinued operations, which are included in the result for the year, are shown below. The information on the result generated by the discontinued business segment and provided for the purposes of comparison has been restated for the previous year.

The assets and liabilities of the discontinued business segments are as follows:

in CHF 1,000	31.12.2017
Cash and cash equivalents	816
Trade accounts receivable	1,193
Other accounts receivable	1,372
Inventories	353
Property, plant and equipment	46
Intangible assets	206
Other assets	95
Deferred tax assets	496
<b>Total assets</b>	<b>4,578</b>
Trade accounts payable	942
Financial liabilities	-
Other liabilities and deferred income	2,968
Deferred tax liabilities	496
<b>Total liabilities</b>	<b>4,406</b>
<b>Net assets</b>	<b>172</b>

The result generated by the discontinued business segments is as follows:

in CHF 1,000	2017	2016
<b>Net sales</b>	<b>4,450</b>	<b>8,918</b>
Expenses	-7,384	-11,688
<b>Result from discontinued operations, before income taxes</b>	<b>-2,934</b>	<b>-2,770</b>
Income tax	-287	217
<b>Result from discontinued operations</b>	<b>-3,221</b>	<b>-2,553</b>
<b>Net income attributable to:</b>		
Owners of the parent	-3,141	-2,489
Non-controlling interest	-81	-64
<b>Net income for the period</b>	<b>-3,221</b>	<b>-573</b>
<b>Impairment on goodwill</b>	<b>-</b>	<b>-1,980</b>
<b>Result from discontinued operations</b>	<b>-3,221</b>	<b>-2,553</b>
<b>Earnings per share</b>		
Weighted average number of shares outstanding	194,452,505	180,982,212
Diluted and basic earnings per share in CHF	-0.0166	-0.0141

The cash flows of the discontinued business segments are as follows:

in CHF 1,000	2017	2016
Cash flow from operating activities	323	-2,497
Cash flow from investing activities	-39	-1
Cash flow from financing activities	-32	8
<b>Net cash flow from discontinued operations</b>	<b>252</b>	<b>-2,490</b>

### 3. Foreign currencies

The following currency exchange rates were used for the translation into Swiss francs (CHF):

Currency	Average rates		Period end rates	
	2017	2016	31.12.2017	31.12.2016
EUR	1.107	1.092	1.177	1.071
USD	0.985	0.989	0.990	1.030
GBP	1.266	1.350	1.329	1.259
INR	0.015	0.015	0.015	0.015
BRL	0.308	0.282	0.300	0.315
CNY	0.145	0.149	0.151	0.148

### 4. Net sales

In the reporting year, net sales developed as follows compared with the previous year:

in CHF 1,000	2017	in %	2016 (restated)	in %
Net sales	332,357	100.0 %	319,192	100.0 %
Thereof net sales Austral Inc. (sold)	5,257	1.6 %	14,217	4.5 %
Net sales excl. Austral Inc.	327,100		304,975	
Change compared to previous year on a comparable basis	22,124			
<b>Changes</b>				
Due to volume and prices w/o copper	12,826	4.2 %		
Due to copper prices	8,006	2.6 %		
Due to currency changes	1,291	0.4 %		
<b>Total</b>	<b>22,124</b>	<b>7.2 %</b>		

## 5. Segment information

A breakdown by business segment in the financial year 2017 is shown below:

in CHF 1,000	Von Roll	Von Roll Insulation	Von Roll Composites	Other activities *
Total net sales	348,375	239,375	108,821	179
Thereof sales with other segments	- 16,018	- 10,711	- 5,307	-
<b>Net sales</b>	<b>332,357</b>	<b>228,664</b>	<b>103,514</b>	<b>179</b>
Operating expenses/income	- 311,951	- 216,243	- 97,039	1,331
<b>EBITDA</b>	<b>20,406</b>	<b>12,421</b>	<b>6,475</b>	<b>1,510</b>
Depreciation and impairment of property, plant and equipment	- 13,644	- 8,941	- 2,715	- 1,988
Amortisation and impairment of intangible assets	- 2,287	- 27	- 15	- 2,245
<b>Segment result (EBIT)</b>	<b>4,475</b>	<b>3,453</b>	<b>3,745</b>	<b>- 2,723</b>
Financial result	- 5,655			
Income tax	- 371			
<b>Result from continuing operations</b>	<b>- 1,550</b>			
Result from discontinued operations, net of income taxes	- 3,221			
<b>Net income for the period</b>	<b>- 4,771</b>			
Capital expenditures	9,258	7,296	1,640	322
Impairments	14	5	-	9
Number of employees (FTE)	1,536	908	584	44

A breakdown by business segment in the financial year 2016 is shown below:

in CHF 1,000	Von Roll	Von Roll Insulation	Von Roll Composites	Other activities *
Total net sales	332,398	228,920	103,432	46
Thereof sales with other segments	- 13,206	- 8,005	- 5,201	-
<b>Net sales</b>	<b>319,192</b>	<b>220,915</b>	<b>98,231</b>	<b>46</b>
Operating expenses	- 315,186	- 208,036	- 103,552	- 3,598
<b>EBITDA</b>	<b>4,007</b>	<b>12,879</b>	<b>- 5,321</b>	<b>- 3,551</b>
Depreciation and impairment of property, plant and equipment	- 17,434	- 8,916	- 6,597	- 1,920
Amortisation and impairment of intangible assets	- 3,904	- 1,670	- 52	- 2,181
<b>Segment result (EBIT)</b>	<b>- 17,329</b>	<b>2,293</b>	<b>- 11,970</b>	<b>- 7,652</b>
Financial result	- 11,646			
Income tax	1,238			
<b>Result from continuing operations</b>	<b>- 27,737</b>			
Result from discontinued operations, net of income taxes	- 2,553			
<b>Net income for the period</b>	<b>- 30,290</b>			
Capital expenditures	27,674	23,386	2,277	2,011
Impairments	4,356	1,188	3,154	14
Number of employees (FTE)	1,703	994	661	48

\* Restated due to the planned sale of the water business of Von Roll BHU Umwelttechnik GmbH as disclosed in Note 2.2

The reporting segments are determined on the basis of the management approach. External segment reporting is then carried out on the basis of the organisational and management structure within the Group as well as internal financial reporting to the chief operating decision maker, which is the Board of Directors of Von Roll Holding AG.

### Segment information

Since 2014, the main operating activities of Von Roll have been divided into two main business segments: “Von Roll Insulation” and “Von Roll Composites”. They form the basis for segment reporting. Von Roll’s business segments encompass all activities in line with its production processes.

Principal activities break down as follows:

- » Von Roll Insulation – production and supply of electrical insulation materials, winding wires, resins and varnishes
- » Von Roll Composites – production and supply of composite materials

For further information on the business segments, please refer to the image section of this Annual Report.

Other activities include income and expense of holding companies and companies that cannot be categorised as part of the principal activities as well as net income from investment properties.

The activities involving the design and construction of water and wastewater treatment plants were classified as a business segment held for disposal as of 31 December 2017.

### Geographical information by location of customer

The table below provides an overview of Von Roll’s net sales by geographical market, irrespective of the origin of the goods and services. Figures for the previous year have been restated due to the planned sale of Von Roll BHU Umwelttechnik GmbH:

in CHF 1,000	2017	in %	2016	in %	Variation
EMEA	172,638	51.9 %	163,506	51.2 %	5.6 %
Americas	70,695	21.3 %	80,639	25.3 %	-12.3 %
Asia	89,024	26.8 %	75,047	23.5 %	18.6 %
<b>Von Roll Group</b>	<b>332,357</b>	<b>100.0 %</b>	<b>319,192</b>	<b>100.0 %</b>	<b>4.1 %</b>

### Information on major clients

The Group believes that there is no significant dependency on a single customer either within a segment or across segments. Von Roll does not generate more than 10 % of its net sales with any one customer.

### Geographical information by location of assets

The following table shows a geographical breakdown by location of assets:

in CHF 1,000	Von Roll		EMEA		Americas		Asia	
	2017	2016	2017	2016	2017	2016	2017	2016
Net sales to third parties	332,357	319,192	172,638	163,506	70,695	80,639	89,024	75,047
Capital expenditures	9,258	27,674	5,332	14,431	3,147	11,987	779	1,256
Number of employees (FTE)	1,536	1,703	788	844	260	326	488	533

### Allocation of goodwill

All goodwill is allocated to the Von Roll Insulation segment; it amounts to TCHF 10,968 (2016: TCHF 11,130).

The method applied for the impairment test is described in Note 19 relating to goodwill, Note 20 relating to intangible assets and Note 18 relating to property, plant and equipment.

## 6. Expense by type and function

in CHF 1,000	2017	2016 (restated)
<b>Expense by type</b>		
Raw materials and consumables	-172,823	-157,407
Energy cost	-10,284	-11,091
Employee benefit expense (Note 7)	-94,301	-103,082
Depreciation and impairments on PPE and intangible assets (Note 9)	-15,278	-20,745
Other expense	-38,101	-49,063
<b>Total</b>	<b>-330,787</b>	<b>-341,388</b>
<b>Expense by function</b>		
Cost of goods sold	-273,999	-265,078
Research and development expense	-5,889	-7,335
Sales and distribution expense	-17,071	-20,944
Administrative expense	-33,828	-40,516
Restructuring expense included in the other operating expense (Note 13)	-	-7,515
<b>Total</b>	<b>-330,787</b>	<b>-341,388</b>

## 7. Personnel expenses

in CHF 1,000	2017	2016 (restated)
Wages and salaries	-70,654	-81,248
Post-employment benefit	-5,882	2,940
Other social security costs	-15,325	-17,750
Other personnel costs	-2,440	-7,024
<b>Total</b>	<b>-94,301</b>	<b>-103,082</b>

In the consolidated income statement, personnel expenses are included in the corresponding functional costs.

## 8. Number of employees

Number at 31 December	2017	2016
Production	1,167	1,283
Business development	151	177
Sales and distribution	63	64
Administration	155	179
<b>FTE at year end</b>	<b>1,536</b>	<b>1,703</b>
Average number of employees	1,628	1,854

## 9. Depreciation, amortisation and impairments

in CHF 1,000	2017	2016 (restated)
Land and buildings (Notes 6 and 18)	-3,094	-2,840
Technical installations and machinery (Notes 6 and 18)	-8,860	-9,159
Plant and office equipment (Notes 6 and 18)	-1,028	-1,546
Investment property (Notes 12 and 21)	-662	-703
<b>Total regular depreciation on PPE and investment property</b>	<b>-13,644</b>	<b>-14,248</b>
Intangible assets (Notes 6 and 20)	-2,282	-2,844
<b>Total regular amortisation on intangible assets</b>	<b>-2,282</b>	<b>-2,844</b>
Impairments on PPE (Notes 6 and 18)	-9	-3,197
Impairments on intangible assets (Notes 6 and 20)	-5	-1,159
Impairments on goodwill (Note 19)	-	-
<b>Total impairments</b>	<b>-14</b>	<b>-4,356</b>
<b>Total depreciation, amortisation and impairments</b>	<b>-15,940</b>	<b>-21,448</b>

## 10. Other operating income

in CHF 1,000	2017	2016 (restated)
Rental income	50	51
Royalty income	-	36
Income from other services	399	613
Income from dissolution of other provisions	800	.
Income from insurance reimbursements	-	2
Profit from sale of non-current assets	1,512	2,420
Other operating income	59	291
<b>Total</b>	<b>2,820</b>	<b>3,413</b>

The profit from the sale of non-current assets in the reporting year primarily comprises the sale of the US subsidiary Von Roll Austral Inc. The income from other services mainly includes income from the sale of emission allowances and research and development services.

## 11. Other operating expense

in CHF 1,000	2017	2016 (restated)
Restructuring costs (Note 13)	-	-7,515
Impairment on goodwill (Note 19)	-	-
Rental expense for sublet areas	-399	-282
Expenses for withholding taxes	-	-13
Legal expense	-	-108
Other operating expense	-483	-358
<b>Total</b>	<b>-882</b>	<b>-8,276</b>



## 12. Result from investment properties

in CHF 1,000	2017	2016
Income from investment property	2,935	3,079
Expense for investment property	-1,306	-1,492
Depreciation on investment property (Notes 9 and 21)	-662	-703
Result from the sale of investment property	-	1,332
<b>Total</b>	<b>967</b>	<b>2,216</b>

## 13. Restructuring costs

The restructuring measures announced on 5 July 2016, which led to restructuring expenses totalling CHF 7.5 million, were fully implemented in the reporting year. The restructuring measures included:

- » Transfer of composites production from Breitenbach, Switzerland, to Augsburg, Germany
- » Closure of the New Haven site in the USA
- » Transfer of the corporate functions to Breitenbach, Switzerland

Moreover, the planned reduction of staff by 160 jobs was announced. This affected around 50 full-time positions in Switzerland.

No further restructuring costs were incurred in the reporting year.

## 14. Financial income

in CHF 1,000	2017	2016 (restated)
Interest income	243	405
Interest income from pension funds (Note 38)	99	91
Gain from financial hedging activities	-	182
Foreign exchange gains	5,009	4,128
Other financial income	35	71
<b>Total</b>	<b>5,386</b>	<b>4,877</b>

## 15. Financial expense

in CHF 1,000	2017	2016 (restated)
Interest expense on bank debts	-322	-254
Interest expense on pension funds (Note 38)	-668	-806
Bank charges	-480	-677
Interest expense on bonds	-5,823	-10,218
Interest expense on loans and other financial liabilities	-128	-523
Foreign exchange losses	-3,558	-3,547
Loss from financial hedging activities	-	-258
Other financial expense	-62	-236
<b>Total</b>	<b>-11,041</b>	<b>-16,519</b>

## 16. Income tax

in CHF 1,000	2017	2016
Result before tax	- 1,179	- 28,975
Result before tax from discontinued operations	- 2,934	- 2,770
Income taxes at Swiss statutory rate	21.0 %	21.0 %
<b>Expected tax income</b>	<b>864</b>	<b>6,666</b>
Applicable tax rates differing from Swiss statutory rate	- 3,439	- 502
Non-tax-deductible expenses	- 3,619	- 3,454
Non-taxable income	3,429	2,702
Variation of tax rate	856	46
Increase in unrecognised tax losses	- 532	- 2,962
Utilisation of unrecognised tax losses	426	97
Valuation allowance on deferred tax assets	-	- 206
Taxes relating to prior periods and other items	1,357	- 932
<b>Effective tax expense (-)/income (+)</b>	<b>- 658</b>	<b>1,455</b>
Tax income is as follows:		
Current tax	111	- 2,340
Deferred tax	- 769	3,795
<b>Total tax expense (-)/income (+)</b>	<b>- 658</b>	<b>1,455</b>
Thereof reported under discontinued operations	- 287	217
Thereof reported under continuing operations	- 371	1,238
Taxes paid	1,567	1,738

The income tax rate in accordance with the Swiss tax burden corresponds to the rate of income tax paid by operational Group companies domiciled at the headquarters. In principle, the fluctuation in the line “Applicable tax rates differing from Swiss statutory rate” depends on the breakdown of the results among the various subsidiaries and tax jurisdictions.

Deferred taxes arising from temporary differences between the tax base and their carrying amounts consist of the following items:

in CHF 1,000	Assets		Liabilities	
	31.12.2017	31.12.2017	31.12.2016	31.12.2016
Current assets	1,111	35	7,722	242
Non-current assets	1,920	7,849	1,805	5,433
Current liabilities	1,090	70	1,672	5,707
Non-current liabilities	5,505	1,591	8,876	1,929
Tax loss	12,595	-	12,286	-
<b>Deferred taxes (gross)</b>	<b>22,221</b>	<b>9,545</b>	<b>32,361</b>	<b>13,311</b>
Offsetting	- 1,244	- 1,244	- 7,106	- 7,106
<b>Deferred taxes (net)</b>	<b>20,977</b>	<b>8,301</b>	<b>25,255</b>	<b>6,205</b>

There are no significant temporary differences associated with investments in Group companies.

Deferred taxes changed as follows:

in CHF 1,000	2017	2016
Balance at 1 January	19,050	16,249
Recognition and reversal of temporary differences		
– Through income statement	– 769	3,795
– Through other comprehensive income	– 5,984	452
– Through equity	335	– 1,629
Currency translation	44	183
<b>Balance at 31 December</b>	<b>12,676</b>	<b>19,050</b>

The above-mentioned amounts are included in the following balance sheet items:

in CHF 1,000	31.12.2017	31.12.2016
Deferred tax assets	20,977	25,255
Deferred tax liabilities	– 8,301	– 6,205
<b>Net deferred tax assets</b>	<b>12,676</b>	<b>19,050</b>

Current tax is included in the balance sheet as follows:

in CHF 1,000	31.12.2017	31.12.2016
Taxes receivable	5,753	5,313
Taxes payable	– 795	– 2,107
<b>Net current taxes receivable</b>	<b>4,958</b>	<b>3,206</b>

Movements in tax losses carried forward are as follows:

in CHF 1,000	2017	2016
At 1 January	398,385	348,092
Currency translation	5,856	441
Adjustments of previous year's values	6,768	– 344
Increase in tax losses	24,993	52,553
Tax losses expired	– 21,706	– 1,838
Capitalised and provided tax losses utilised	– 4,518	– 519
<b>Balance at 31 December</b>	<b>409,778</b>	<b>398,385</b>

Expiry dates for tax losses carried forward are as follows:

in CHF 1,000	31.12.2017	of which not capitalised	31.12.2016	of which not capitalised
In 1 year	27,729	23,527	24,138	20,074
In 2 years	62,023	57,656	26,005	21,803
In 3 years	34,982	21,778	62,039	57,672
In 4 years and more	–	–	286,203	238,404
In 4 years	107,201	100,597	–	–
In 5 years	38,030	32,433	–	–
In 6 years	47,390	40,318	–	–
In 7 years	20,753	19,773	–	–
In more than 8 years	46,524	43,574	–	–
No expiry date	25,146	8,147	–	–
<b>Total</b>	<b>409,778</b>	<b>347,803</b>	<b>398,385</b>	<b>337,953</b>

From this year onwards, the expiry dates are presented in more detail. The table on page 63 shows both the total tax losses carried forward and the share of the losses carried forward which did not lead to the capitalisation of deferred taxes. Deferred tax assets arising from losses carried forward are only recognised to the extent that it is likely that they will be available for use in future.

Cumulative tax losses of TCHF 268,834 (2016: TCHF 268,962) relate to tax losses in tax-privileged holding companies. No deferred taxes were capitalised on tax losses amounting to TCHF 20,524 (2016: TCHF 40,010) in 2017.

## 17. Earnings per share

	2017	2016 (restated)
Net income attributable to shareholders in CHF 1,000	- 4,838	- 30,194
Weighted average number of shares outstanding in shares	194,452,505	180,982,212
<b>Basic earnings per share in CHF</b>	<b>- 0.025</b>	<b>- 0.167</b>

There is a potential dilution effect relating to the option to exercise conversion rights in connection with the issuing of the convertible bonds on 18 June 2014 and 11 April 2016. However, the diluted earnings per share are the same as the undiluted earnings per share because the convertible bonds have an antidilutive effect. Please refer to Note 31 "Financial liabilities" for further explanation.

## 18. Property, plant and equipment

in CHF 1,000	Land and buildings	Technical installation and machinery	Plant and office equipment	Total
<b>Cost</b>				
Balance at 1 January 2016	140,870	256,721	23,778	421,369
Additions	2,112	22,452	1,035	25,599
Disposals	-2,011	-32,379	-3,016	-37,406
Currency translation	-22	2,310	109	2,397
Reclassifications	14,085	-14,953	430	-438
<b>Balance at 31 December 2016</b>	<b>155,034</b>	<b>234,151</b>	<b>22,336</b>	<b>411,521</b>
Balance at 1 January 2017	155,034	234,151	22,336	411,521
Additions	740	7,247	652	8,639
Disposals	-612	-11,119	-3,082	-14,813
Changes in the scope of consolidation (Note 2)	-1,568	-11,441	-262	-13,271
Assets held for sale (Note 2)	-	-	-143	-143
Currency translation	3,585	7,156	822	11,563
Reclassifications	3,289	-4,528	951	-288
<b>Balance at 31 December 2017</b>	<b>160,468</b>	<b>221,466</b>	<b>21,274</b>	<b>403,208</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2016	-101,156	-181,112	-20,451	-302,719
Depreciation (Note 9)	-2,840	-9,159	-1,546	-13,545
Impairments (Note 9)	-524	-2,457	-216	-3,197
Disposals	1,181	31,357	2,851	35,389
Currency translation	28	-1,204	-126	-1,302
Reclassifications	-	-1	7	6
<b>Balance at 31 December 2016</b>	<b>-103,311</b>	<b>-162,576</b>	<b>-19,481</b>	<b>-285,368</b>
Balance at 1 January 2017	-103,311	-162,576	-19,481	-285,368
Depreciation (Note 9)	-3,094	-8,860	-1,028	-12,982
Impairments (Note 9)	-6	-	-3	-9
Disposals	653	10,902	2,753	14,308
Changes in the scope of consolidation (Note 2)	1,087	10,554	229	11,870
Assets held for sale (Note 2)	-	-	90	90
Currency translation	-2,539	-6,588	-687	-9,814
Reclassifications	-752	920	-18	150
<b>Balance at 31 December 2017</b>	<b>-107,962</b>	<b>-155,648</b>	<b>-18,145</b>	<b>-281,755</b>
<b>Net carrying amounts at 31 December 2016</b>	<b>51,723</b>	<b>71,575</b>	<b>2,855</b>	<b>126,153</b>
<b>Net carrying amounts at 31 December 2017</b>	<b>52,506</b>	<b>65,818</b>	<b>3,129</b>	<b>121,453</b>

Technical equipment and machinery include an amount of TCHF 12,381 (2016: TCHF 21,059) relating to property, plant and equipment under construction.

Property, plant and equipment at the level of the cash-generating units are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This impairment test has been determined using the discounted cash flow method applying pre-tax discount rates ranging from 7.0% to 13.0% (2016: 8.8% to 13.3%). The management estimates discount rates using rates that reflect current market assessments, the time value of money and the risk specific to the cash-generating units. In addition, the management assumes an annual growth rate of 1.0% (2016: 1.5%) for the calculation of the perpetual annuity.

Von Roll prepares cash flow forecasts derived from the most recent financial budget 2018 approved by the management and the Board of Directors and extrapolates cash flows for 2019 to 2022 and following years based on the anticipated growth rates for the business model. In setting the planning parameters, sufficient allowance was made for growth based on corporate targets and current global economic conditions.

Impairment tests in 2017 revealed no need for impairment. For 2016, a total impairment amount of TCHF 3,197 was required, of which TCHF 56 related to the Von Roll Insulation segment, TCHF 3,127 to the Von Roll Composites segment and TCHF 14 to the Other activities segment. TCHF 2,588 of this impairment amount related to the cost of goods sold, TCHF 450 to research and development costs, TCHF 14 to administration expense and TCHF 145 to restructuring costs.

## 19. Goodwill

At Von Roll, goodwill is allocated to the cash-generating units. These correspond to the following legal entities:

in CHF 1,000	Discontinued Von Roll BHU Umwelttechnik GmbH	Continuing						
		Albesiano Sisa Vernici S.r.l.		Von Roll USA, Inc.		Von Roll India Pvt Ltd.		Total
<b>Balance at 1 January 2016</b>	1,997	425		5,386		4,965		10,776
Impairments	-1,980	-		-		-		-
Currency translation	-17	-5		292		67		354
<b>Balance at 31 December 2016</b>	-	<b>420</b>		<b>5,678</b>		<b>5,032</b>		<b>11,130</b>
Impairments	-	-		-		-		-
Currency translation	-	42		-305		100		-163
<b>Balance at 31 December 2017</b>	-	<b>462</b>		<b>5,373</b>		<b>5,132</b>		<b>10,968</b>
<b>Input factors impairment tests</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Discount rate before taxes	-	-	12.4 %	13.6 %	8.6 %	10.7 %	10.7 %	11.3 %
Average growth rate	-	5.0 %	3.2 %	3.4 %	1.2 %	3.2 %	3.9 %	9.3 %
Long-term growth rate	-	1.5 %	1.0 %	1.5 %	1.0 %	1.5 %	1.0 %	1.5 %

As stipulated by IAS 36, Von Roll reviews its goodwill for impairment annually or whenever events or changes in circumstance indicate that the carrying amount may not be recoverable in the balance sheet.

The impairment test has been determined using the discounted cash flow method applying discount rates, average annual growth rates and long-term growth rates (perpetual annuity) in accordance with the table above.

The management estimates discount rates using rates that reflect the current market assessments, the time value of money and the risk specific to the cash-generating units. The growth rates assumed may change due to overall economic conditions or the completion of projects under way in the individual countries. The discount rate is affected by factors including future interest rate trends.

For Von Roll India Pvt Ltd, Von Roll USA, Inc. and Albesiano Sisa Vernici, S. r. l., the management is of the opinion that no reasonably conceivable changes in the underlying assumptions on which the determination of the recoverable amount is based would lead in the medium term to the cumulative carrying amount of the cash-generating unit exceeding its cumulative recoverable amount.

The following underlying assumptions were made to determine the value in use of the cash-generating units of Von Roll:

Discount rate before taxes	As a result of the relatively stable influencing factors, the discount rate was not materially changed compared with previous years.
Average growth projection	Project delays and external market changes can influence average growth forecasts. In India and the USA, the average growth forecast was reduced compared with the previous year due to a conservative assessment by management.
Long-term growth projection	The long-term growth forecast was reduced to 1% in the course of a conservative approach.

Von Roll prepares cash flow forecasts based on the financial budget for the year 2018 approved by the management and the Board of Directors. Von Roll extrapolates cash flows for 2019 to 2022 and following years based on the anticipated growth rates for the business. In setting the planning parameters, sufficient allowance was made for growth based on corporate targets and current global economic conditions. The impairment tests in 2017 showed that goodwill did not require any impairment (2016: TCHF 1,980).

## 20. Intangible assets

in CHF 1,000	Trademarks, licences and similar rights	Other intangible assets	Total
<b>Cost</b>			
Balance at 1 January 2016	32,548	23,973	56,521
Restatement 2016	- 1,900	-	- 1,900
Additions	2,076	-	2,076
Disposals	- 407	-	- 407
Reclassifications	15	423	439
Currency translation	- 25	377	352
<b>Balance at 31 December 2016</b>	<b>32,307</b>	<b>24,773</b>	<b>57,080</b>
Balance at 1 January 2017	32,307	24,773	57,080
Additions	615	4	619
Disposals	- 6,188	-	- 6,188
Changes in the scope of consolidation (Note 2)	-	- 1,201	- 1,201
Assets held for sale (Note 2)	- 1,103	-	- 1,103
Reclassifications	258	- 3	255
Currency translation	38	- 281	- 243
<b>Balance at 31 December 2017</b>	<b>25,927</b>	<b>23,292</b>	<b>49,219</b>
<b>Accumulated amortisation</b>			
Balance at 1 January 2016	- 16,154	- 22,225	- 38,379
Amortisation (Note 9)	- 2,316	- 528	- 2,844
Impairments (Note 9)	- 27	- 1,132	- 1,159
Disposals	327	-	327
Reclassifications	- 6	-	- 6
Currency translation	20	- 241	- 221
<b>Balance at 31 December 2016</b>	<b>- 18,156</b>	<b>- 24,126</b>	<b>- 42,282</b>
Balance at 1 January 2017	- 18,156	- 24,126	- 42,282
Amortisation (Note 9)	- 2,258	- 24	- 2,282
Impairments (Note 9)	- 5	-	- 5
Disposals	6,183	-	6,183
Changes in the scope of consolidation (Note 2)	-	1,199	1,199
Assets held for sale (Note 2)	796	-	796
Reclassifications	-	-	-
Currency translation	- 37	274	237
<b>Balance at 31 December 2017</b>	<b>- 13,477</b>	<b>- 22,677</b>	<b>- 36,154</b>
<b>Net carrying amounts at 31 December 2016</b>	<b>14,151</b>	<b>647</b>	<b>14,798</b>
<b>Net carrying amounts at 31 December 2017</b>	<b>12,450</b>	<b>615</b>	<b>13,065</b>

In the financial year 2017, internally generated intangible assets in the amount of TCHF 172 (2016: TCHF 1,118) were capitalised.



Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment test has been determined using the discounted cash flow method applying pre-tax discount rates ranging from 7.0 % to 13.0 % (2016: 8.8 % to 13.8 %). The management estimates discount rates using rates that reflect current market assessments, the time value of money and the risk specific to the cash-generating units. In addition, the management assumes an annual growth rate of 1.0 % (2016: 1.5 %) for the calculation of the perpetual annuity.

The impairment test did not reveal any need for impairment in the reporting year. Impairment tests in 2016 revealed the need for impairment in the amount of TCHF 1,159, of which TCHF 1,132 related to the Von Roll Insulation segment and TCHF 27 to the Von Roll Composites segment. TCHF 27 of the impairment amount was included in sales and distribution expense and TCHF 1,132 in administration expense.

Von Roll prepares cash flow forecasts derived from the most recent financial budget for the year 2018 approved by the management and the Board of Directors and extrapolates cash flows for 2019 to 2022 and following years based on the anticipated growth rates for the business. In setting the planning parameters, sufficient allowance was made for growth based on corporate targets and current global economic conditions.

#### Error correction

An unidentifiable intangible asset in the amount of CHF 1.9 million was discovered while preparing the financial statements. The entry was not subject to any scheduled amortisation in the past. As the asset is of material significance with respect to the result for the reporting period, its correction is regarded as an error in accordance with the provisions of IAS 8. The intangible assets and Group reserves were thus reduced by CHF 1.9 million in the initial balance sheet as of 1 January 2016. As this amount is immaterial compared with the total assets held by Von Roll, it was decided not to present a third balance sheet. No other similar items were identified during an extended review.

## 21. Investment property

in CHF 1,000	2017	2016
<b>Cost</b>		
Balance at 1 January	43,209	44,077
Additions	-	-
Disposals	1	- 868
Reclassifications from property, plant and equipment	288	-
<b>Balance at 31 December</b>	<b>43,498</b>	<b>43,209</b>
<b>Accumulated depreciation</b>		
Balance at 1 January	- 36,479	- 35,776
Depreciation (Notes 9 and 12)	- 662	- 703
Reclassifications from property, plant and equipment	- 150	-
<b>Balance at 31 December</b>	<b>- 37,291</b>	<b>- 36,479</b>
<b>Net carrying amounts at 31 December</b>	<b>6,206</b>	<b>6,730</b>

The disposals of investment property in the previous year include the sale of the Mühlacker property in Gerlafingen.

Thanks to a stable interest rate and applying the same valuation assumptions as in the previous year, the fair value of investment property is TCHF 21,517 (2016: TCHF 21,517). Fair values for buildings have been determined using the discounted cash flow method. The discount rates range from 4.00 % to 4.55 %. Fair values for undeveloped land have been determined on the basis of current market prices. The fair values of the properties are calculated regularly (every five years) by independent, qualified experts. The latest valuations were prepared in July 2016. The next valuation will be performed in 2021.

## 22. Financial assets

in CHF 1,000	2017	2016
<b>Balance at 1 January</b>	<b>3,319</b>	<b>3,070</b>
Additions	2,052	295
Disposals/repayments	- 255	- 268
Assets held for sale	- 86	-
Reclassifications to/from receivables	-	- 197
Currency translation	- 73	419
<b>Balance at 31 December (Note 27)</b>	<b>4,957</b>	<b>3,319</b>
Of which current	1,784	308
Of which non-current	3,173	3,011

An investment of over 20 % in Transalpina GmbH, Vienna, which is not shown separately in the balance sheet for materiality reasons, is included in the financial assets. Von Roll received no dividend from Transalpina GmbH in 2017 (2016: TCHF 0). This item also includes refunded input tax credits bought at a government auction.

## 23. List of subsidiaries

Details of Von Roll's significant consolidated subsidiaries as of 31 December 2017 are as follows:

Name and registered office	Percentage of shareholding	Country	Share capital currency	Share capital amount (in 1,000)	Principal activity
<b>EMEA</b>					
Von Roll Schweiz AG, Breitenbach	100.00 %	CH	CHF	16,000	Prod. and sales
Von Roll Management AG, Breitenbach	100.00 %	CH	CHF	1,500	Administration
Von Roll Umwelttechnik Holding AG, Breitenbach	97.50 %	CH	CHF	100	Holding
Von Roll Finance AG, Breitenbach	100.00 %	CH	CHF	1,000	Finance
Von Roll Insulation & Composites Holding AG, Breitenbach	100.00 %	CH	CHF	1,000	Holding
Von Roll Deutschland Holding GmbH, Augsburg	100.00 %	DE	EUR	125	Holding
Von Roll Deutschland GmbH, Augsburg	100.00 %	DE	EUR	9,000	Prod. and sales
Von Roll Automotive GmbH, Augsburg <sup>1</sup>	100.00 %	DE	EUR	1,000	Sales
Von Roll REACH GmbH, Augsburg	100.00 %	DE	EUR	25	Administration
Von Roll BHU Umwelttechnik GmbH, Leinfelden-Echterdingen	100.00 %	DE	EUR	50	Prod. and sales
Von Roll France S.A., Delle	100.00 %	FR	EUR	5,925	Prod. and sales
Von Roll Isola France S.A., Delle	100.00 %	FR	EUR	4,928	Prod. and sales
Von Roll UK Ltd, Bradford <sup>2</sup>	100.00 %	GB	GBP	4,000	Prod. and sales
Albesiano Sisa Vernici S.r.l., Trofarello	100.00 %	IT	EUR	2,300	Prod. and sales
OOO Von Roll, Moscow	100.00 %	RU	RUB	10	Sales
<b>Americas</b>					
Von Roll do Brasil Ltda., Fortaleza	100.00 %	BR	BRL	22,929	Prod. and sales
Von Roll USA, Inc., Schenectady/New York	100.00 %	US	USD	250	Prod. and sales
John C. Dolph Company, Monmouth Junction/New Jersey	100.00 %	US	USD	434	Management
Von Roll USA Holding, Inc., Wilmington/Delaware	100.00 %	US	USD	-	Holding
<b>Asia</b>					
Pearl Insulations Pvt. Ltd, Bangalore	100.00 %	IN	INR	23,126	Prod. and sales
Von Roll India Pvt Ltd, Bangalore	100.00 %	IN	INR	173,500	Holding and trading
Von Roll Asia Pte Ltd, Singapore	100.00 %	SG	SGD	850	Sales
Von Roll Shanghai Co. Ltd, Shanghai	100.00 %	CN	CHF	7,100	Prod. and sales
Von Roll Trading (Shanghai) Co., Ltd., Shanghai	100.00 %	CN	CNY	1,000	Sales
Von Roll Hong Kong Holding Ltd., Hong Kong	100.00 %	CN	HKD	10	Holding
Mica Electrical (Luhe) Co., Ltd., Luhe	100.00 %	CN	HKD	62,000	Prod. and sales
New Jadwson Electrical (Shenzhen) Co., Ltd., Shenzhen	100.00 %	CN	HKD	5,600	Prod. and sales

<sup>1</sup> Of which TEUR 250 is paid in

<sup>2</sup> Of which TGBP 3,750 is paid in

## 24. Leasing

The carrying amounts of leased property, plant and equipment (financial leases) and the obligations entered into for financial lease agreements as of 31 December 2017 and 31 December 2016 amount to TCHF 0.

The obligations entered into for non-terminable operating lease agreements are listed below with the following maturities as of 31 December:

in CHF 1,000	31.12.2017	31.12.2016
Within 1 year	798	1,614
In 2 – 5 years	1,733	2,163
More than 5 years	-	-
<b>Total lease commitments of future minimum lease payments</b>	<b>2,531</b>	<b>3,777</b>

Von Roll's operating lease agreements relate mainly to office and facility rental commitments, cars, machinery and equipment rentals.

An amount of TCHF 868 (2016: TCHF 2,195), relating exclusively to operating lease payments, has been expensed to the income statement.

## 25. Inventories

in CHF 1,000	31.12.2017	31.12.2016
Raw materials and supplies	28,833	32,458
Work in progress and semi-finished goods	9,569	11,761
Finished goods	16,290	20,888
Amounts due from customers under construction contracts (Note 26)	-	3,864
Inventory obsolescence provision	-5,270	-5,364
<b>Total</b>	<b>49,422</b>	<b>63,607</b>

In the reporting period, inventories amounting to TCHF 5,157 (2016: TCHF 5,519) were valued at their lower net realisable value.

Unsaleable and expired goods are fully written off. Valuation allowances are also recognised based on inventory turnover and coverage analyses.

## 26. Construction contracts

in CHF 1,000	2017	2016
Construction costs incurred plus recognised profits less recognised losses to date	-	22,437
Less progress billings	-	-19,533
<b>Total</b>	<b>-</b>	<b>2,904</b>
Recognised and included in the financial statements as amounts due:		
From customers under construction contracts (Note 25)	-	3,864
To customers under construction contracts (Note 34)	-	-960
<b>Total</b>	<b>-</b>	<b>2,904</b>

The construction contracts are attributable to Von Roll BHU Umwelttechnik GmbH.

Sales amounting to TCHF 4,450 in the reporting year 2017 and TCHF 8,732 in 2016 were generated from construction contracts.

As Von Roll BHU Umwelttechnik GmbH is now classified as a discontinued business segment, the figures in the income statement and the balance sheet as at 31 December 2017 are reported on a single line (see Note 2.2).

## 27. Trade accounts receivable

in CHF 1,000	31.12.2017	31.12.2016
Receivables (gross)	60,929	56,354
Bad debt allowance	- 2,213	- 2,316
<b>Total</b>	<b>58,716</b>	<b>54,038</b>

The bad debt allowances are based on specific valuation allowances and actual experience regarding the ageing structure at Von Roll.

The following table shows movements in bad debt allowances:

in CHF 1,000	31.12.2017	31.12.2016
At 1 January	- 2,316	- 1,948
Currency translation	- 53	27
Bad debt losses	- 110	- 877
Usage of bad debt allowance	21	390
Reversal of bad debt allowance	245	92
<b>Bad debt allowance at 31 December</b>	<b>- 2,213</b>	<b>- 2,316</b>

The book values of trade accounts receivable are equal to the maximum default risk.

The trade accounts receivable have the following ageing structure:

in CHF 1,000	31.12.2017	31.12.2016
Not past due	45,470	43,490
Less than 1 month past due	6,368	3,696
Between 1 month and 3 months past due	5,391	5,545
Between 3 months and 12 months past due	1,209	1,440
More than 1 year past due	2,491	2,183
Bad debt allowance	- 2,213	- 2,316
<b>Total</b>	<b>58,716</b>	<b>54,038</b>

The trade accounts receivable which are not past due and which are not subject to valuation allowances, as well as the financial assets, have the following due dates:

in CHF 1,000	31.12.2017	31.12.2016
Accounts receivable, not past due	45,470	43,490
Financial assets (Note 22)	4,957	3,319
Less investment in associate companies	-	-98
<b>Total</b>	<b>50,427</b>	<b>46,711</b>
Thereof due in:		
Less than 1 month	31,922	24,582
Between 1 month and 3 months	13,571	19,209
Between 3 months and 12 months	1,609	80
More than 1 year	3,325	2,840
<b>Total</b>	<b>50,427</b>	<b>46,711</b>

Trade accounts receivable include amounts denominated in the following currencies:

in CHF 1,000	31.12.2017	31.12.2016
CHF	302	723
EUR	30,911	27,837
GBP	1,545	1,257
USD	7,540	9,249
CNY	10,823	8,178
INR	6,994	6,121
Other currencies	601	673
<b>Total</b>	<b>58,716</b>	<b>54,038</b>

## 28. Other accounts receivable and prepaid expenses

in CHF 1,000	31.12.2017	31.12.2016
Receivables from employees	112	113
Receivables from VAT and other excise duties	4,081	11,099
Downpayments to supplier	976	1,312
Other receivables	1,169	1,339
Prepaid expenses and deferred income	2,515	2,139
<b>Total</b>	<b>8,853</b>	<b>16,002</b>

## 29. Cash and cash equivalents

in CHF 1,000	31.12.2017	31.12.2016
CHF	20,176	9,736
EUR	10,005	7,132
GBP	1,429	643
USD	7,536	4,944
CNY	1,929	1,929
INR	1,611	3,308
Other currencies	2,475	1,320
<b>Total</b>	<b>45,161</b>	<b>29,012</b>

Cash and cash equivalents include cash held at banks and other financial institutions. They bear interest ranging from 0.0% to 10.02% (2016: 0.0% to 16.3%). Cash is only deposited with financial institutions with a high credit rating. As at the end of 2017, the balance of cash and cash equivalents subject to a drawing restriction amounted to TCHF 4,999 (2016: TCHF 6,868).

## 30. Equity

### Share capital

The share capital issued as at 31 December has a nominal value of CHF 20,176,855.50 as of 31 December 2017, corresponding to 201,768,555 bearer shares with a par value of CHF 0.10 per share.

Converting 323 rights to the outstanding convertible bonds for 2016 to 2022 led to 323,000 new shares being issued in the reporting year, increasing the share capital by CHF 32,300. In the previous year, converting 40,000 rights to the outstanding convertible bonds for 2014 to 2020 had led to 16,666,666 new shares being issued, increasing the share capital by TCHF 1,667. The amount by which the carrying amount of the pro rata liability component and deferred tax liabilities in the amount of TCHF 256 (previous year: TCHF 34,950) exceeds the par value of the new shares was credited to capital reserves (see Note 31 “Financial liabilities”).

The Annual General Meeting on 13 April 2016 increased the conditional capital of CHF 3,000,000 approved at the Annual General Meeting on 9 April 2014 by CHF 6,238,944.40 to CHF 9,238,944.40. As some of the convertible bonds for 2016 – 2022 were converted, the amount of conditional capital was reduced by CHF 32,300 in the reporting year. In the previous year, the amount of conditional capital had been reduced by CHF 1,666,666.60 due to the conversion of some of the convertible bonds for 2014 – 2020. Overall, the conditional capital was reduced by CHF 1,698,966.60 from CHF 9,238,944.40 to CHF 7,539,977.80 as a result of these conversions. The Board of Directors is thus entitled to increase the company’s share capital by up to CHF 7,539,977.80 by issuing a maximum of 75,399,778 fully paid-up bearer shares each with a par value of CHF 0.10 to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. The holders of conversion rights at that time are entitled to acquire the new shares. Shareholders’ subscription rights are excluded. Shareholders’ advance subscription rights can be restricted or excluded by a decision of the Board of Directors to finance or refinance the acquisition of companies, parts of companies or investments or new investments planned by the company, or to issue convertible bonds on national or international capital markets. If advance subscription rights are excluded, the bonds are to be placed at market conditions, the period for exercising the conversion rights is to be set at a maximum of ten years from bond issuance and, when conversion rights are exercised, new shares are to be issued at conditions which take the market price of the shares into account.

The Annual General Meeting on 13 April 2016 then created authorised capital. This entitles the Board of Directors to increase the company's share capital by up to CHF 9,238,944.40 by issuing a maximum of 92,389,444 fully paid-up bearer shares each with a par value of CHF 0.10 at any time until 13 April 2018. Increases by means of firm underwriting (by a bank, a banking syndicate or a third party) and increases by partial amounts are permitted. The Board of Directors determines the time of issue, the issue price, the type of contribution to be made and the timing of dividend entitlement. The Board of Directors is also entitled to enable, restrict or prohibit trading in subscription rights. The Board of Directors may place subscription rights which are not exercised or shares for which subscription rights are granted but not exercised at market conditions or make use of them in another way in the interest of the company. The Board of Directors is entitled to restrict or suspend shareholders' subscription rights in order to use the shares in connection with mergers and acquisitions (including takeovers) of companies, parts of companies or shareholdings or with new investments planned by the company and/or Group companies, financing or refinancing such mergers, acquisitions or planned new investments or converting loans or financial liabilities.

### Treasury shares

As at 31 December 2017, Von Roll holds 7,014,048 (2016: 7,079,601) treasury shares. This represents a shareholding of 3.48 % (2016: 3.51%) of the share capital issued.

	Number of shares		Number of shares	
	2017	in CHF 1,000	2016	in CHF 1,000
Share capital				
At 1 January	201,445,555	20,146	184,778,889	18,479
Conversion of convertible bond	323,000	31	16,666,666	1,666
<b>At 31 December</b>	<b>201,768,555</b>	<b>20,177</b>	<b>201,445,555</b>	<b>20,145</b>
Treasury shares				
At 1 January	7,079,601	45,391	7,068,947	48,619
Purchase/sale of treasury shares	-65,553	-4,733	10,654	-3,228
<b>At 31 December</b>	<b>7,014,048</b>	<b>40,658</b>	<b>7,079,601</b>	<b>45,391</b>

### Composition of the major shareholders

The composition of the major shareholders is presented in the Notes to the financial statements of Von Roll Holding

## 31. Financial liabilities

in CHF 1,000	Fair value		Book value	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Current portion of bonds and loans	1,219	1,219	1,219	1,219
Other financial liabilities	15,740	8	15,740	8
<b>Current financial liabilities</b>	<b>16,959</b>	<b>1,227</b>	<b>16,959</b>	<b>1,227</b>
Convertible bonds	215,706	168,030	152,543	148,766
Loans and other financial liabilities	15	22	15	22
<b>Non-current financial liabilities</b>	<b>215,721</b>	<b>168,052</b>	<b>152,558</b>	<b>148,788</b>
<b>Financial liabilities</b>	<b>232,680</b>	<b>169,279</b>	<b>169,517</b>	<b>150,015</b>



Financial liabilities changed as follows:

in CHF 1,000	31.12.2016	Cash-effective changes	Non-cash-effective changes		31.12.2017
			Conversion	Interest	
Convertible bonds	148,766		- 285	4,085	<b>152,566</b>
Other financial liabilities	1,249	15,702			<b>16,951</b>
<b>Total financial liabilities</b>	<b>150,015</b>	<b>15,702</b>	<b>- 285</b>	<b>4,085</b>	<b>169,517</b>

### Convertible bonds

A convertible bond is a compound financial instrument, into which a conversion right is embedded for the investor. Under IAS 32, convertible bonds must be split into a liability and an equity component. The early redemption options represent additional embedded derivatives.

On initial recognition of the convertible bond, the liability and equity components were split as follows: in a first step, the fair value of the liability component was determined. This corresponds to the present value of future payments from the convertible bond (interest and nominal amount). They were discounted at an interest rate that would apply to an identical bond with no conversion right. The difference between the fair value of the liability component calculated in this way and the nominal amount was recognised as the equity component. The issuance costs were split pro rata between the liability and equity components.

The equity component remains unchanged under equity until bonds are converted. The difference between the carrying amount of the liability component and the redemption amount will be amortised over the residual term of the convertible bond using the effective interest method.

Deferred tax liabilities must be recognised on the difference between the taxable value of the convertible bond and the carrying amount of the liability component at the holding tax rate and released through profit and loss over the term of the convertible bond.

The Von Roll Group has the following two outstanding convertible bonds:

in CHF 1,000	1 % conv. bond 2016–22	1.25 % conv. bond 2014–20
Liability component upon issue	127,695	52,816
Less proportional issue costs	– 560	– 712
Amortisation of difference between liability component/redemption amount	6,038	3,854
Conversion of bond into bearer shares	– 285	– 36,303
<b>Net liability component (carrying amount at balance sheet date)</b>	<b>132,888</b>	<b>19,655</b>
Open par value	<b>149,677</b>	<b>21,000</b>
Carrying amount of equity component	22,305	8,184
Less proportional issue costs	– 98	– 111
Less deferred taxes	– 1,935	– 747
<b>Net equity component upon issue</b>	<b>20,272</b>	<b>7,326</b>
Increase in equity through conversion	285	36,303
Reversal of deferred tax upon conversion	3	314
<b>Equity component conversions</b>	<b>288</b>	<b>36,617</b>
Provisions for deferred tax upon issue	1,935	756
Cumulative reversal for deferred tax in income statement	– 503	– 328
Reversal for deferred tax conversion against equity	– 3	– 314
<b>Deferred tax liability</b>	<b>1,429</b>	<b>114</b>

#### 1.00%-convertible bond CHF 150,000,000 2016–2022

As of 11 April 2016, Von Roll Holding AG issued unsecured convertible bonds (stock symbol: ROL16; Swiss security number: 31954490; ISIN: CH0319544901) of CHF 150 million due in 2022. They are convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion of the bonds will be new shares made available from the conditional share capital and, As far as necessary, from the authorised share capital (see Note 30 “Equity”).

The conversion price is set at CHF 1.00. The offering and redemption prices are set at 100% each. The convertible bonds carry a coupon of 1.00% per annum, payable annually in arrears. Existing shareholders have been granted advance subscription rights to subscribe for the convertible bonds in proportion to their current shareholding. Through the conversion of the convertible bonds, one new share is created for one existing share. Accordingly, based on an issue total of CHF 150 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 1,185 shares held on 22 March 2016 after the end of trading.

Any exercise of conversion rights can have a dilute effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after 2 May 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days.

A total of 323 rights were converted during the reporting period, meaning that 323,000 new bearer shares were created (previous year: none).

The income statement shows interest owed of TCHF 1,500 (previous year: TCHF 1,079) and a further TCHF 3,552 (previous year: TCHF 2,486) due to compounding, equating to an effective interest rate of 3.898%.

### 1.25%-convertible bond CHF 61,000,000 2014 – 2020

As of 18 June 2014, Von Roll Holding AG issued unsecured convertible bonds (stock symbol: ROL14; Swiss security number: 24523928; ISIN: CH0245239287) of CHF 61 million due in 2020. They are convertible into 25,416,870 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion of the bonds will be shares made available from the conditional new share capital (see Note 30 “Equity”).

The conversion price is set at CHF 2.40. The offering and redemption prices are set at 100 % each. The convertible bonds carry a coupon of 1.25 % per annum, payable annually in arrears. Existing shareholders have been granted advance subscription rights to subscribe for the convertible bonds in proportion to their current shareholding. Through the conversion of the convertible bonds, one new share is created for seven existing shares. Accordingly, based on an issue total of CHF 61 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 2,913 shares held on 2 June 2014 prior to the start of trading.

Any exercise of conversion rights can have a dilute effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after 9 July 2016, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange (SIX) is 130 % or more of the conversion price over a period of 20 out of 30 consecutive trading days.

No rights were converted during the reporting period (previous year: 40,000 rights, meaning that 16,666,666 new bearer shares were created).

The income statement shows interest owed of TCHF 263 (2016: TCHF 676) and expenses of TCHF 513 (2016: TCHF 1,287) due to compounding, equating to an effective interest rate of 4.035 %.

### Further information on the financial liabilities

The following table shows the due dates for the company's financial liabilities:

in CHF 1,000	31.12.2017	31.12.2016
Within 1 year	16,959	1,227
In 2 years	8	-
In 3 years	19,663	-
In 4 years	132,887	19,167
In 5 years and more	-	129,621
<b>Total</b>	<b>169,517</b>	<b>150,015</b>

On 31 December 2017, Von Roll had a credit facility of CHF 15 million with an interest rate of 2.5% which it had fully used up as of the reporting date. In the previous year, Von Roll had an unused credit facility of CHF 23 million.

## 32. Provisions

in CHF 1,000	Staff-related	Environmental restoration	Contingency and commitments	Legal claims	Restructuring	Other	Total
<b>Balance at 1 January 2016</b>	<b>1,868</b>	<b>9,098</b>	<b>2,370</b>	<b>1,114</b>	<b>11,562</b>	<b>6,124</b>	<b>32,136</b>
Additions	151	69	388	1,372	3,560	5,200	10,740
Unused	-241	-	-253	-397	-799	-512	-2,202
Utilised	-27	-85	-1,455	-737	-7,079	-4,412	-13,795
Reclassifications	-	-	-9	-	-	-639	-648
Currency translation	-12	39	-6	-3	153	-	171
<b>Balance at 31 December 2016</b>	<b>1,739</b>	<b>9,121</b>	<b>1,035</b>	<b>1,349</b>	<b>7,397</b>	<b>5,761</b>	<b>26,402</b>
Of which current	-	60	729	672	4,018	3,983	9,462
Of which non-current	1,739	9,061	306	677	3,379	1,778	16,940
<b>Balance at 1 January 2017</b>	<b>1,739</b>	<b>9,121</b>	<b>1,035</b>	<b>1,349</b>	<b>7,397</b>	<b>5,761</b>	<b>26,402</b>
Additions	1,054	-	656	626	475	1,255	4,066
Unused	-44	-57	-493	-864	-1,831	-423	-3,712
Utilised	-1,053	-472	-338	-274	-3,664	-3,655	-9,456
Changes in the scope of consolidation (Note 2)	-	-	-	-	-	-181	-181
Changes due to discontinued operations (Note 2)	-	-	-406	-	-	-168	-574
Reclassifications	-16	-	-8	-	-	-81	-105
Currency translation	114	-38	46	25	-126	191	212
<b>Balance at 31 December 2017</b>	<b>1,794</b>	<b>8,554</b>	<b>492</b>	<b>862</b>	<b>2,251</b>	<b>2,699</b>	<b>16,652</b>
Of which current	-	-	198	668	589	2,519	3,974
Of which non-current	1,794	8,554	294	194	1,662	180	12,678

### Staff-related

Staff-related provisions mainly include contributions to employee anniversary awards and pension plans.

### Environmental provisions

Future requirements for Von Roll to take action in accordance with locals and directives to remediate the environmental impact of sediments and emissions of chemical substances caused by Von Roll and third parties, as well as the associated costs, are inherently difficult to estimate. The material components of environmental provisions are the costs of completely cleaning and restoring contaminated sites and of treating and containing contamination at sites where the environmental exposure is less severe. Von Roll believes that its total reserves for environmental restoration are adequate, based on currently available information. However, given the inherent difficulties, the necessary funds and the timing of future outflows cannot be reliably estimated.

### Contingency and commitments

Contingency and commitments consist mainly of provisions for customer claims, guarantees and warranties.

### Legal claims

Legal claims consist mainly of provisions for ongoing legal proceedings.

### Restructuring

You can find information on the restructuring provisions in Note 13.

### Other provisions

Other provisions consist of provisions which could not be allocated to any other categories, for example repurchase obligations for bobbins, tax disputes, obligations arising from unfavourable contracts and repair costs.

## 33. Trade accounts payable

Trade accounts payable fall due as follows:

in CHF 1,000	31.12.2017	31.12.2016
Less than 1 month	10,228	15,352
Between 1 month and 3 months	4,884	5,787
Between 3 months and 12 months	3,994	3,543
More than 1 year	39	230
<b>Total</b>	<b>19,145</b>	<b>24,912</b>

Trade accounts payable comprise amounts denominated in the following currencies:

in CHF 1,000	31.12.2017	31.12.2016
CHF	3,262	2,499
EUR	9,512	13,640
GBP	484	117
USD	2,353	3,731
CNY	2,404	3,299
INR	512	1,075
Other currencies	618	551
<b>Total</b>	<b>19,145</b>	<b>24,912</b>

## 34. Other current liabilities and accruals

in CHF 1,000	31.12.2017	31.12.2016
Advances from customers	4,907	4,102
VAT and other excise duties payables	607	6,522
Amounts due to customers under construction contracts (Note 26)	–	960
Social security payables	1,842	2,333
Payables to employees	871	962
Other deferred income and accruals	11,887	14,452
Other accounts payable	3,303	3,593
<b>Total</b>	<b>23,417</b>	<b>32,924</b>

In the reporting year, other current liabilities and accruals mainly comprised provisions for personnel, including annual leave, overtime and bonuses of TCHF 5,425 (2016: TCHF 8,519) and other accruals of TCHF 6,462 (2016: TCHF 5,933).

### 35. Contingent liabilities and guarantees

in CHF 1,000	31.12.2017	31.12.2016
Guarantees	4,562	6,679
Warranty obligations	48	137
<b>Total</b>	<b>4,610</b>	<b>6,816</b>

Contingent liabilities and guarantees fell by TCHF 2,206 year-on-year. This decrease mainly came about because of guarantees issued for projects of Von Roll BHU Umwelttechnik GmbH.

Von Roll Holding AG has issued letters of comfort to various subsidiaries for existing bank loans. None of these loans were drawn down as at the balance sheet date 2017.

### 36. Purchase commitments

in CHF 1,000	31.12.2017	31.12.2016
For property, plant and equipment	490	691
Other non-recorded commitments	-	406
<b>Total</b>	<b>490</b>	<b>1,097</b>

Von Roll also enters into further commitments for the purchase of goods and services as part of its normal operating activities.

### 37. Pledged assets

As at the reporting date of 31 December 2017, land and buildings amounting to CHF 44.6 million (2016: CHF 44.7 million) are pledged.

### 38. Employee benefits

The Group operates different pension plans in Switzerland and abroad for employees who satisfy the participation criteria. They include both defined benefit and defined contribution plans, which insure the Group's employees against death, disability and retirement. The Group also has plans covering anniversary payments or other benefits linked to time served, which qualify as plans for other employee benefits due in the future or as post-employment plans.

#### Defined contribution plans

The Group offers defined contribution plans to employees who satisfy the eligibility criteria. The company is obliged to pay a fixed percentage of employees' annual salary to these pension schemes. Employees also have to make contributions to some of these plans. These are usually deducted from their monthly salary by the employer and likewise paid to the pension fund. Apart from the payment of contributions, the employer currently has no further obligations.

During the financial year 2017, the employer's contribution to defined contribution plans amounted to TCHF 257 (2016: TCHF 258).

### Defined benefit plans

The Group funds defined benefit plans for the employees who satisfy the criteria to join such plans. The most significant plans of this kind are located in Switzerland and the USA. Other plans are located in France, Germany, India and Italy.

Restructuring measures were implemented in various countries in the financial year 2016, which led to a curtailment gain to be recognised immediately.

#### a) Pension funds in Switzerland

The Group operates various pension schemes for employees in Switzerland. The plans are either organised through a separate foundation or through an affiliation to a collective foundation of an insurance company. The foundations are governed by foundation boards. The foundation board of the pension fund that covers the mandatory benefits is made up of an equal number of employee and employer representatives. The main duties of the foundation boards include decisions about the plan regulations including the level of the contributions, the organisation of the foundation and the setting of the investment strategy. As decisions are made by the foundation board, the only influence exerted by the employer is through its representatives.

The benefits mainly depend on a retirement savings account. The annual retirement credits and the interest will be credited to the retirement savings account (there is no option to credit negative interest). At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse's pension, or a lump-sum payment. In addition to retirement benefits, the plan benefits also include disability and death benefits. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the regulations or may withdraw funds early to purchase a residential property for personal use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In terms of defining the benefits, the minimum requirements of the Swiss Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2017, this rate was 1% (2016: 1.25%). It will be left at 1% for 2018.

The employer is exposed to actuarial risks arising from the plan setup and the legal provisions of the BVG. The main risks are investment risk, interest risk, disability risk and the risk of longevity.

The employer and employee contributions are set by the foundation board. The employer has to finance at least 50% of the total contributions. In the event of a shortfall, recapitalisation contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

#### b) Defined benefit plans in the USA

The Group operates a pension plan and a healthcare plan in the USA.

The pension plan is financed through a trust by employer and employee contributions. At retirement age, the normal form of the benefit is a pension for life which includes a spouse's pension. The insured person can also opt for a lump-sum payment. Legal minimum funding requirements apply for this plan.

Under the healthcare plan, the insured person can opt to have the same benefits between the ages of 60 and 65 as he or she had as an active employee.

The employer is exposed to actuarial risks arising from the setup of the two benefit plans. The main risks in the pension plan are investment risk, salary increase and longevity risk. In the healthcare plan the main risk is the increase in healthcare costs.

### c) Other pension plans

In Germany, the Group operates different company pension plans. These plans are based on different regulations and agreements between the employer and employees. Individual agreements apply to certain management employees. The most significant plans are funded directly by the employer and do not have any assets separate from the company. The plans are regulated by the German Occupational Pension Act (“Betriebsrentengesetz”). The most significant risks in these plans are longevity and inflation risks, which might result in pension adjustments.

The other material plans in France, India and Italy satisfy the legal requirements. The benefits of these plans are usually paid as a one-off lump sum.

The final actuarial valuation of the present values of the defined benefit obligations and the service cost were carried out on 31 December 2017 by independent actuaries using the projected unit credit method. The fair value of the plan assets was calculated as at 31 December 2017 based on the information available when the annual financial statements were prepared.

The main assumptions on which the actuarial calculations are based can be summarised as follows:

As at 31 December	2017	2016
Discount rate	0.95%	0.9%
– Included discount rate Switzerland	0.60%	0.6%
Future increases in salaries	1.33%	1.7%
Future pension adjustments	0.33%	0.1%
<hr/>		
Life expectancy at age 65		
Year of birth	1952	1951
– Men	22.26	22.26
– Women	24.32	24.32
Year of birth	1972	1971
– Men	24.18	24.18
– Women	26.22	26.22



The amounts recognised in the statement of comprehensive income can be summarised as follows:

in CHF 1,000	2017	2016
<b>Pension expense, recognised in profit and loss</b>		
Service cost		
– Current service costs	– 5,518	– 6,198
– Past service costs and curtailments	– 26	11,215
Net interest cost	– 603	– 710
Termination benefits	– 187	– 1,897
Administration expense incl. taxes	– 336	– 369
<b>Total defined benefit cost recognised in profit and loss</b>	<b>– 6,670</b>	<b>2,041</b>
<b>Remeasurement of the defined benefit liabilities and assets, recognised in OCI</b>		
Actuarial losses (-)/gains (+)		
– Arising from changes in demographic assumptions	178	– 40
– Arising from changes in financial assumptions	1,511	– 8,634
– Arising from experiences	2,792	3,341
Return on plan assets (excl. amounts in net interest)	12,335	3,768
<b>Total defined benefit cost recognised in OCI</b>	<b>16,816</b>	<b>– 1,565</b>
<b>Total defined benefit cost</b>	<b>10,146</b>	<b>476</b>

The changes in pension obligations can be summarised as follows:

in CHF 1,000	2017	2016
Balance of defined benefit obligation at 1 January	259,654	273,626
Current service cost	5,518	6,198
Contribution from plan participants	2,116	2,641
Past service gain	–	– 2,318
Gain on curtailments	26	– 8,897
Termination benefits	187	1,897
Interest expenses on the present value of the obligations	2,321	3,134
Benefit payments and net transferals through pension assets	– 19,114	– 21,414
Benefit payments by the employer	– 1,177	– 1,439
Actuarial losses	– 4,481	5,333
Currency translation	282	893
<b>Balance of defined benefit obligation at 31 December</b>	<b>245,332</b>	<b>259,654</b>

Movements in pension assets are as follows:

in CHF 1,000	2017	2016
Plan assets at 1 January	243,849	251,635
Interest income	1,718	2,424
Contributions from plan participants	2,116	2,641
Contributions from the employer	4,463	4,708
Benefit payments and net transferrals through pension assets	– 19,114	– 21,414
Administrative expense paid from plan assets	– 336	– 369
Return on plan assets (excl. interest income)	12,335	3,768
Currency translation	– 425	456
<b>Plan assets at 31 December</b>	<b>244,606</b>	<b>243,849</b>

The net pension obligation recognised in the balance sheet can be summarised as follows:

in CHF 1,000	31.12.2017	31.12.2016
Post-employment benefit obligations	30,177	30,491
Pension plan assets	- 29,452	- 14,686
<b>Net obligation (+)/asset (-) recognised in the balance sheet</b>	<b>725</b>	<b>15,805</b>

The amounts recognised in the balance sheet are as follows:

in CHF 1,000	31.12.2017	31.12.2016
Present value of funded obligations	224,624	239,713
Fair value of plan assets	- 244,606	- 243,849
<b>Overfunding</b>	<b>- 19,982</b>	<b>- 4,136</b>
Present value of unfunded obligations	20,708	19,941
Assets not available to Group	-	-
<b>Net obligation (+)/asset (-) recognised in the balance sheet</b>	<b>725</b>	<b>15,805</b>

The pension assets mainly consist of the following categories of securities:

in CHF 1,000	31.12.2017	31.12.2016
<b>Equities</b>		
- Quoted investments	103,985	93,791
- Non-quoted investments	-	-
<b>Bonds</b>		
- Quoted investments	83,428	95,766
- Non-quoted investments	-	-
Real estate	38,216	32,243
Alternative investments	9,229	7,280
Qualified insurance policies	4,985	6,616
Others	260	1,589
Cash	4,503	6,564
<b>Total plan assets</b>	<b>244,606</b>	<b>243,849</b>

The Swiss pension funds manage about 95% of the total assets. The foundation boards of the Swiss pension funds issue investment guidelines for the plan assets, which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The pension plan assets are well diversified. The Swiss pension plans are also subject to the legal requirements on diversification and safety laid down by the BVG. It is a duty of the foundation boards of the pension funds to review whether the chosen investment strategy is appropriate with a view to providing the pension benefits and whether the risk budget is in line with the demographic structure. Compliance with the investment guidelines and the investment results from the investment advisors are reviewed quarterly. The investment strategy is also audited periodically by external investment consultants for effectiveness and appropriateness.

The plan assets include shares in the Group with a market value of TCHF 847 at 31 December 2017 and TCHF 381 at 31 December 2016.

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits and members receiving pensions. The terms of the obligations are also given:

in CHF 1,000	2017	2016
Active employees	100,626	124,125
Vested terminations	4,470	2,704
Pensioners	140,236	132,825
<b>Total defined benefit obligation</b>	<b>245,332</b>	<b>259,654</b>
Modified duration	13.5	13.9

The main factors that bring about changes in the obligations are the discount rate, salary trends and pension indexation. Increasing or decreasing them by 0.25% would have the following impact on the present value of the defined benefit obligations:

in CHF 1,000	31.12.2017		31.12.2016	
	+0.25%	-0.25%	+0.25%	-0.25%
Discount rate	- 7,797	8,281	- 8,419	8,977
Salary increase	485	- 476	521	- 560
Pension indexation	420	- 402	426	- 397

The healthcare plan is sensitive to the medical trend rate. The following table summarises the impact of an increase or reduction of the trend rate by 1% on the present value of the defined benefit obligations:

in CHF 1,000	31.12.2017		31.12.2016	
	+1.00%	-1.00%	+1.00%	-1.00%
Medical trend rate	643	- 528	592	- 522

The employer's contribution payments are expected to amount to around TCHF 3,176 in 2018.

### Other non-current employee benefits

The Group operates plans in Switzerland and Germany, which provide other non-current employee benefits, primarily anniversary payments.

The net liability of these plans recognised in staff-related provisions amounts to TCHF 791 as at 31 December 2017 and TCHF 765 as at 31 December 2016. The personnel expenses reported in the income statement for the financial year 2017 amount to TCHF 71 (2016: TCHF 67).

## 39. Related party transactions

Related companies and persons include associated companies and persons holding voting rights, either directly or indirectly, who could exercise a decisive influence on company management, as well as their closest relatives, Group managers and their relatives and companies subject to uniform management or decisive influence by the cited persons.

Transactions with related parties are disclosed below:

in CHF 1,000	2017	2016
<b>Compensation of the Board of Directors and key management personnel</b>		
Benefits	1,952	2,606
Post-employment benefits	263	419
<b>Total</b>	<b>2,215</b>	<b>3,025</b>

No loans, advances or guarantee obligations were granted to members of the Board of Directors and/or Executive Management or major shareholders of Von Roll Holding AG. Members of the Board of Directors, members of the management team and parties related to them held 30,269,067 shares of Von Roll Holding AG as of 31 December 2017 (2016: 29,669,067 shares). For detailed information, please refer to the Notes to the statutory financial statements of Von Roll Holding AG.

#### 40. Events after the balance sheet date

Except for the partial sale of Von Roll BHU Umwelttechnik GmbH (see Notes under 2.2), there were no events between the balance sheet date and the authorisation of the report by the Board of Directors.

#### 41. Authorisation of the consolidated financial statements

These consolidated financial statements were authorised for publication by the Board of Directors on 5 March 2018 and will be recommended for approval at the Annual General Meeting on 24 April 2018.

# Statutory Auditor's Report

To the General Meeting of  
VON ROLL HOLDING AG, BREITENBACH

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Von Roll Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 38–88) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

---

**Key audit matter****How the scope of our audit responded to the key audit matter**

---

**Recoverability of Goodwill, intangible assets and property, plant and equipment**

Von Roll Holding discloses an amount of CHF 11 million in its consolidated financial statements under the position “Goodwill”. The Goodwill is tested for impairment at least annually or when indication exists that it may be impaired. Management test the goodwill on the basis of a discounted cashflow model. For that purpose, future expected cashflows are discounted and the calculated recoverable amount (value in use) is compared to the carrying amount. The result of this valuation is highly dependent on the estimation of the projected future cash flows through management as well as from the discount rates applied. Accordingly, a high level of judgment is involved. The valuation method is described in Note 1 “Significant accounting policies” of the consolidated financial statements. Additional disclosures regarding the goodwill are presented in Note 19 “Goodwill”.

The total of “property, plant and equipment” as well as “intangible assets” amounts to CHF 135 million. Due to the history of operating losses, there is a risk of impairment of intangible assets and property, plant and equipment. The valuation method of such assets are described in Note 1 “Significant accounting policies” and further disclosure are presented in Note 18 “property, plant and equipment” und 20 “intangible assets”.

During our test of the discounted cashflow models utilized, we focused on the assessment of management assumptions and estimates. We involved our valuation specialists in order to determine whether the valuation models comply with generally accepted valuation methods as well as the mathematical accuracy and to assess the reasonableness of the discount rates. We tested the appropriateness of the future cashflow projection of management by ensuring they are in line with the budget approved by the board and the five-year plan as well as through comparison with the general and specific market expectations of the industry. For that purpose, we required management to document their assumptions. We assessed the sensitivity analysis of management to quantify the downside changes in the assumptions, which could result in an impairment. We assessed the related disclosures in Note 19 “Goodwill”.

In order to test the recoverability of property, plant and equipment as well as the intangible assets, we assessed management’s process to identify internal and external impairment indicators. Where impairment indicators have been identified, we compared the carrying amount with the calculated value in use.

---

**Key audit matter**
**How the scope of our audit responded to the key audit matter**


---

**Sale of Von Roll Austral Inc.**

In May 2017, Von Roll Group sold its fully consolidated subsidiary Von Roll Austral Inc. Douglasville (USA). At the time of the sale Von Roll Austral Inc. contributed CHF 5.3 million to total revenue and CHF 0.1 million to the consolidated net result.

The sale of a subsidiary is a non-recurring transaction and therefore there is the risk that not all deconsolidation entries as well as disclosures, required by IFRS, are correct and complete.

For the treatment of the cumulative foreign exchange differences (CTA) management prepared an internal expertise. An external advisor supported the conclusion of that internal expertise.

The sale of Von Roll Austral Inc. is described in Note 2.1 “Changes in the scope of consolidation”. Out of the sale of Von Roll Austral Inc. Von Roll Group realized a gain of CHF 0.7 million. That gain is included in other operating income.

We reviewed the deconsolidation entries made to assess the correctness and completeness of them and tested the mathematical accuracy.

Further, we read the sales contract and assessed the conclusion of the internal expertise regarding the treatment of the cumulative foreign exchange differences as well as the considerations made by the external advisor. We tested the mathematical accuracy of the realized net gain.

We involved our internal accounting specialists to support us in our assessment.

---

**Key audit matter****How the scope of our audit responded to the key audit matter**

---

**Discontinuance of a business**

Von Roll BHU Umwelttechnik GmbH, which is part of the water business, is classified as “Assets classified as held for sale” as at 31 December 2017.

The presentation of assets held for sale is a non-recurring transaction that has specific requirements in accordance with IFRS regarding the presentation and disclosures.

Management decided to sell the business of Von Roll BHU Umwelttechnik GmbH to further focus on the core business. Based on the concrete discussions with interested parties in December 2017, the sale of that business was highly probable.

On 8 February 2018, Von Roll Group announced that a partial sale of the Chinese water business could be executed with a management buy-out.

As at 31 December 2017, Von Roll BHU Umwelttechnik GmbH has total assets of CHF 4.6 million. It contributed CHF 4.5 million to total revenue and realized a loss of CHF 3.2 million.

The discontinuation of the business of Von Roll BHU Umwelttechnik GmbH is described in Note 2.2 “Discontinued business segments”.

We reviewed and challenged the appropriateness of the classification in the balance sheet as well as the positions included in the statement of comprehensive income, which related to Von Roll BHU Umwelttechnik GmbH. We assessed the reconciliations between the consolidated financial information including Von Roll BHU Umwelttechnik GmbH and the consolidated financial information without Von Roll BHU Umwelttechnik GmbH.

We analysed the consolidated financial statements including the notes to assess if the accounting of the discontinued operation, which is described in Note 2.2 “Discontinued business segments”, was done correctly.

Further, we tested, if the conditions mentioned in IFRS 5 are met.



### Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

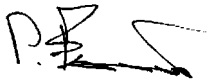
A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

DELOITTE AG



Patrick Fawer  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, 5 March 2018

## Income statement of Von Roll Holding AG for the year 2017

in CHF 1,000	Note	2017	2016
Operating income	3	1,821	3,840
Personnel expense		-3,063	-4,526
Operating expense	3	-6,193	-11,833
<b>Net operating result</b>		<b>-7,435</b>	<b>-12,519</b>
Income from investment		215	220
Other financial income		1,289	5,065
Other financial expense		-13,656	-8,820
<b>Net operating result before tax</b>		<b>-19,587</b>	<b>-16,054</b>
Exceptional expense	4	-10,811	-13,779
<b>Result before tax</b>		<b>-30,398</b>	<b>-29,833</b>
Income tax		-38	38
<b>Result after tax</b>		<b>-30,435</b>	<b>-29,795</b>

## Balance sheet of Von Roll Holding AG as at 31 December 2017

### Assets

in CHF 1,000	Note	31.12.2017	31.12.2016
<b>Current assets</b>			
Cash and cash equivalents	5	20,034	8,426
Receivables from Group companies		2,164	17,259
Receivables from third parties		404	440
Prepaid expenses and accruals		604	792
<b>Total current assets</b>		<b>23,207</b>	<b>26,917</b>
<b>Non-current assets</b>			
Loans with Group companies		70,775	70,775
Non-current securities		270	270
Investments in Group companies	6	261,261	272,071
<b>Total non-current assets</b>		<b>332,306</b>	<b>343,116</b>
<b>Total assets</b>		<b>355,513</b>	<b>370,033</b>

### Equity and liabilities

in CHF 1,000	Note	31.12.2017	31.12.2016
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables to Group companies		10,442	7,398
Payables to third parties		353	598
Payables to tax authorities		-	-
Current financial liabilities	7	15,000	-
Current provisions	8	495	1,529
Deferred income and accruals		2,168	2,702
<b>Total current liabilities</b>		<b>28,458</b>	<b>12,227</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	7	170,677	171,000
Non-current provisions	8	7,698	7,698
<b>Total non-current liabilities</b>		<b>178,375</b>	<b>178,698</b>
<b>Total liabilities</b>		<b>206,832</b>	<b>190,925</b>
<b>Equity</b>			
Share capital	9	20,177	20,145
Legal reserves			
- General legal reserves (from capital contribution)		60,102	60,210
- Capital contribution reserves		322,562	322,562
Legal retained earnings			
- General legal reserves		11,124	11,123
Optional reserves			
- General reserves		3,490	3,490
Net loss (-)/profit (+) shown in the balance sheet			
- Accumulated loss (-)/profit (+)		- 229,306	- 199,510
- Result after tax		- 30,435	- 29,795
Treasury shares	9	- 9,034	- 9,117
<b>Total equity</b>		<b>148,680</b>	<b>179,108</b>
<b>Total equity and liabilities</b>		<b>355,513</b>	<b>370,033</b>

# Notes to the statutory financial statements 2017 of Von Roll Holding AG

## 1. Introduction

The statutory financial statements of Von Roll Holding AG with registered office in 4226 Breitenbach, Switzerland, comply with the provisions of Swiss accounting law under the Swiss Code of Obligations (CO).

Von Roll Holding AG prepares consolidated financial statements in accordance with IFRS. Therefore, these financial statements and their notes do not contain any additional disclosures or a cash flow statement or management report.

## 2. Accounting policies

### Investments in Group companies

Investments in Group companies are reported at acquisition cost less valuation allowances.

### Financial liabilities

Financial liabilities are included in the balance sheet at their nominal value. Financial liabilities are described in Note 7.

### Treasury shares

Treasury shares are reported at cost at the time of acquisition as negative items in equity and are not valued subsequently. If they are disposed at a later date, the resulting gain or loss is recognised in the income statement.

## 3. Operating income and operating expense

The operating income in 2017 consists largely of Group-internal invoicing. The operating expenses in 2017 consist mainly of Group-internal invoicing of CHF 4.0 million (2016: CHF 8.1 million).

## 4. Exceptional expense

The exceptional expense of CHF 10.8 million relates solely to valuation allowances on the book values of investments charged to Von Roll Finance AG.

## 5. Cash and cash equivalents

Cash and cash equivalents are held in the following currencies:

in CHF 1,000	31.12.2017	31.12.2016
CHF	18,339	8,074
EUR	100	113
GBP	687	4
USD	908	235
<b>Total</b>	<b>20,034</b>	<b>8,426</b>

As at the end of 2017, the balance of cash and cash equivalents subject to a drawing restriction amounted to CHF 4.0 million (2016: CHF 5.1 million).

## 6. List of subsidiaries

Name and registered office	Share capital currency	Share capital amount (in 1,000)		Capital and voting rights (in %)	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
Von Roll Management AG, Breitenbach (CH)	CHF	1,500	1,500	100.00 %	100.00 %
Von Roll Umwelttechnik Holding AG, Breitenbach (CH)	CHF	100	100	97.50 %	97.50 %
Von Roll Finance AG, Breitenbach (CH)	CHF	1,000	1,000	100.00 %	100.00 %
Von Roll Insulation & Composites Holding AG, Breitenbach (CH)	CHF	1,000	1,000	100.00 %	100.00 %
Von Roll Solar AG, Breitenbach (CH)	CHF	180	180	95.00 %	95.00 %
Von Roll Deutschland Holding GmbH, Augsburg (DE)	EUR	125	125	20.00 %	20.00 %
Von Roll Schweiz AG, Breitenbach (CH)	CHF	16,000	16,000	100.00 %	99.99 %
OOO Von Roll, Moscow (RU)	RUB	10	10	20.00 %	20.00 %
Pearl Insulations Pvt. Ltd, Bangalore (IN)	INR	23,126	23,126	36.75 %	36.75 %

## 7. Financial liabilities

### 1.00%-convertible bond CHF 150,000,000 2016–2022

On 11 April 2016, Von Roll Holding AG issued unsecured convertible bonds (stock symbol: ROL16; Swiss security number: 31954490; ISIN: CH0319544901) of CHF 150 million due in 2022. They are convertible into 150,000,000 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion of the bonds will be new shares made available from the conditional share capital and, as far as necessary, from the authorised share capital.

The conversion price is set at CHF 1.00. The offering and redemption prices are set at 100% each. The convertible bonds carry a coupon of 1.00% per annum, payable annually in arrears. Existing shareholders have been granted advance subscription rights to subscribe for the convertible bonds in proportion to their current shareholding. Through the conversion of the convertible bonds, one new share is created for one existing share. Accordingly, based on an issue total of CHF 150 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 1,185 shares held on 22 March 2016 after the end of trading.

Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after 2 May 2018, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days.

323 rights were converted during the reporting period, meaning that 323,000 new bearer shares were created (see Note 9 “Equity and treasury shares”).

### 1.25%-convertible bond CHF 61,000,000 2014–2020

As of 18 June 2014, Von Roll Holding AG issued unsecured convertible bonds (stock symbol: ROL14; Swiss security number: 24523928; ISIN: CH0245239287) of CHF 61 million due in 2020. They are convertible into 25,416,870 bearer shares (subject to any adjustments due to the dilution protection clause) of Von Roll. The shares to be delivered upon conversion of the bonds will be shares made available from the conditional new share capital.

The conversion price is set at CHF 2.40. The offering and redemption prices are set at 100% each. The convertible bonds carry a coupon of 1.25% per annum, payable annually in arrears. Existing shareholders have been granted advance subscription rights to subscribe for the convertible bonds in proportion to their current shareholding. Through the conversion of the convertible bonds, one new share is created for seven existing shares. Accordingly, based on an issue total of CHF 61 million, each shareholder had the right to purchase a bond of CHF 1,000 nominal amount for every 2,913 shares held on 2 June 2014 prior to the start of trading.

Any exercise of conversion rights can have a dilutive effect on the shares. The convertible bond can be redeemed early at any time if more than 85% of the original bond total is converted and/or redeemed or, after 9 July 2016, if the closing price of the Von Roll Holding AG bearer share on the SIX Swiss Exchange (SIX) is 130% or more of the conversion price over a period of 20 out of 30 consecutive trading days.

No rights were converted during the reporting period (2016: 40,000 rights, meaning that 16,666,666 new bearer shares were created).

## 8. Provisions

The provisions include provisions for personnel and social affairs and provisions for environmental restoration. Both the amount and composition of the non-current provisions remain the same as the previous year. Current provisions fell to CHF 0.5 million (2016: CHF 1.5 million).

## 9. Equity and treasury shares

	2017	2016
Number of issued shares	201,768,555	201,445,555
Nominal value in CHF	0.10	0.10
<b>Share capital in CHF</b>	<b>20,176,856</b>	<b>20,144,556</b>

The share capital as of 31 December 2017 consists of 201,768,555 bearer shares (2016: 201,445,555) with a par value per share of CHF 0.10.

Converting 323 rights to the outstanding convertible bonds for 2016 – 2022 (see Note 7 “Financial liabilities”) led to 323,000 new shares being issued in the reporting year, increasing the share capital by CHF 32,300. The premium from converting the convertible bonds pushed the general legal reserves from capital contribution up by CHF 290,700.

The Annual General Meeting on 13 April 2016 increased the conditional capital of CHF 3,000,000 approved at the Annual General Meeting on 9 April 2014 by CHF 6,238,944.40 to CHF 9,238,944.40. As some of the convertible bonds for 2016 – 2022 were converted, the amount of conditional capital was reduced by CHF 32,300. In the previous year, the amount of conditional capital had been reduced by CHF 1,666,666.60 due to the conversion of some of the convertible bonds for 2014 – 2020. Overall, the conditional capital was reduced by CHF 1,698,966.60 from CHF 9,238,944.40 to CHF 7,539,977.80 as a result of these conversions. The Board of Directors is thus entitled to increase the company's share capital by up to CHF 7,539,977.80 by issuing a maximum of 75,399,778 fully paid-up bearer shares each with a par value of CHF 0.10 to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. The holders of conversion rights at that time are entitled to acquire the new shares. Shareholders' subscription rights are excluded. Shareholders' advance subscription rights can be restricted or excluded by a decision of the Board of Directors to finance or refinance the acquisition of companies, parts of companies or investments or new investments planned by the company, or to issue convertible bonds on national or international capital markets. If advance subscription rights are excluded, the bonds are to be placed at market conditions, the period for exercising the conversion rights is to be set at a maximum of ten years from bond issuance and, when conversion rights are exercised, new shares are to be issued at conditions which take the market price of the shares into account.

The Annual General Meeting on 13 April 2016 then created authorised capital. This entitles the Board of Directors to increase the company's share capital by up to CHF 9,238,944.40 by issuing a maximum of 92,389,444 fully paid-up bearer shares each with a par value of CHF 0.10 at any time until 13 April 2018. Increases by means of firm underwriting (by a bank, a banking syndicate or a third party) and increases by partial amounts are permitted. The Board of Directors determines the time of issue, the issue price, the type of contribution to be made and the timing of dividend entitlement. The Board of Directors is also entitled to enable, restrict or prohibit trading in subscription rights. The Board of Directors may place subscription rights which are not exercised or shares for which subscription rights are granted but not exercised at market conditions or make use of them in another way in the interest of the company. The Board of Directors is entitled to restrict or suspend shareholders' subscription rights in order to use the shares in connection with mergers and acquisitions (including takeovers) of companies, parts of companies or shareholdings or with new investments planned by the company and/or Group companies, financing or refinancing such mergers, acquisitions or planned new investments or converting loans or financial liabilities.

As of the reporting date, Von Roll Holding AG held 7,014,048 treasury shares (2016: 7,079,601) which were valued at a price of CHF 1.29 (2016: CHF 1.29). During the reporting period, the company broke even on the sale of treasury shares (2016: a loss of CHF 0.3 million), which is included in other financial expense. In the financial year 2017, Von Roll Holding AG acquired 889,514 (2016: 551,346) treasury shares at an average price of CHF 1.28 (2016: CHF 0.66). The highest price for the purchased shares was CHF 1.67 (2016: CHF 0.93), while the lowest price at which treasury shares were acquired was CHF 0.56 (2016: CHF 0.52). In 2017, 965,067 (2016: 540,692) treasury shares were sold at an average price of CHF 1.28 (2016: CHF 0.67). This figure includes sales at a high of CHF 1.72 (2016: CHF 0.97) and a low of CHF 0.58 (2016: CHF 0.54).

## 10. Major shareholders (pursuant to Article 663c of the Swiss Code of Obligations)

As of 20 November 2008, the von Finck group of shareholders (comprising August von Finck, Munich, Germany; Francine von Finck, Munich, Germany; August François von Finck, Zurich, Switzerland; Maximilian von Finck, Freienbach, Switzerland; and Maria Theresia von Finck, Munich, Germany, together with Von Roll Holding AG, Breitenbach, Switzerland [treasury shares]) declared a shareholding of 66.75%, which corresponds to 123,334,009 bearer shares (out of a total of 184,778,889 bearer shares issued as of 20 November 2008, which equates to 61.13% of the total of 201,768,555 bearer shares issued as of 31 December 2017).

On 15 March 2016, the company declared a purchase position amounting to 3.82% of the share capital registered in the commercial register (7,061,312 treasury shares) (31 December 2017: 3.48%, which corresponds to 7,014,048 treasury shares; 31 December 2016: 3.51%, which corresponds to 7,079,601 treasury shares) and a sale position amounting to 94.94% of the share capital registered in the commercial register (31 December 2017: 78.65%, which corresponds to 158,427,204 shares; 31 December 2016: 78.81%, which corresponds to 158,750,204 shares). The sale position covers the convertible bonds issued in 2014 and 2016.

Further details about the disclosure notifications can be found on the SIX Swiss Exchange website [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html).



## 11. Contingent liabilities to third parties

in CHF 1,000	2017	2016
Guarantees	6,950	8,116

As of 31 December 2017, total guarantees amounted to CHF 7.0 million (2016: CHF 8.1 million). The decrease is a result of reduced guarantee obligations in connection with the water business of Von Roll BHU Umwelttechnik GmbH.

Von Roll Holding AG has issued letters of comfort to various subsidiaries for existing bank loans. None of these loans were drawn down as at the balance sheet date 2017.

## 12. Disclosures relating to the Board of Directors and management

Board of Directors and management remuneration are shown in the Remuneration Report.

On 31 December, members of the Board of Directors, members of the management team and parties related to them held the following bearer shares:

Number	2017	2016
Dr. Peter Kalantzis Chairman of the Board of Directors	1,333	1,333
Guido Egli Vice-Chairman of the Board of Directors	1,067	1,067
Gerd Amtstätter Member of the Board of Directors	466,667	466,667
August François von Finck Member of the Board of Directors	23,800,000	23,800,000
Dr. Christian Hennerkes Delegate of the Board of Directors, Chief Executive Officer	3,600,000	5,400,000
Artur Lust Chief Finance Officer	2,400,000	-
<b>Total</b>	<b>30,269,067</b>	<b>29,669,067</b>

As of the reporting date, August François von Finck held 19,124 of the convertible bonds issued in 2016 (ISIN: CH0319544901), which can be converted into 19,124,000 bearer shares. As in the previous year, he held 8,170 of the convertible bonds issued in 2014 (ISIN: CH0245239287), which can be converted into 3,404,193 bearer shares.

## 13. Further information

### Full-time positions

Von Roll Holding AG employs 8 members of staff (2016: 12 members of staff).

### Events after the balance sheet date

There were no events between the balance sheet date and the authorisation of the report by the Board of Directors which are subject to a reporting obligation.

## Allocation of accumulated results

in CHF 1,000	2017	2016
Accumulated loss (-)/profit (+)	- 229,305	- 199,510
Result after tax	- 30,435	- 29,795
<b>Net loss shown in the balance sheet</b>	<b>- 259,740</b>	<b>- 229,305</b>
Distribution of dividend	-	-
Balance to be carried forward	- 259,740	- 229,305

After the allocation of the accumulated result, the equity is composed as follows:

in CHF 1,000	2017	2016
Share capital	20,177	20,145
General legal reserves (from capital contribution)	60,102	60,210
Capital contribution reserves	322,562	322,562
General legal reserves	11,124	11,123
General reserves	3,490	3,490
Accumulated loss	- 259,741	- 229,305
Treasury shares	- 9,034	- 9,117
<b>Equity</b>	<b>148,680</b>	<b>179,108</b>

Breitenbach, 5 March 2018

Von Roll Holding AG  
For the Board of Directors:

*P. Kalantzis*

Dr. Peter Kalantzis  
Chairman of the Board of Directors

# Statutory Auditor's Report

To the General Meeting of  
VON ROLL HOLDING AG, BREITENBACH

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Von Roll Holding AG, which comprise the balance sheet as at 31 December 2017 and the income statement and notes for the year then ended.

In our opinion the financial statements as at 31 December 2017 (pages 95 – 101) comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

---

**Key audit matter****How the scope of our audit responded to the key audit matter**

---

**Recoverability of investments**

Von Roll Holding AG disclose an amount of CHF 261 million in its annual financial statements under the position “Investments in Group companies”. Management assesses the recoverability of these Investments on a regular basis. For that purpose, future expected cashflows are discounted and the calculated recoverable amount (value in use) is compared to the carrying amount.

The result of this valuation is highly dependent on the estimation of the projected future cash flows through management as well as from the discount rates applied. Accordingly, a high level of judgment is involved. The valuation principles are disclosed in Note 2 of the financial statements.

During our test of the discounted cashflow models utilized, we focused on the assessment of management assumptions and estimates. We involved our valuations specialists in order to determine whether the valuation model complies with generally accepted valuation methods as well as the mathematical accuracy and to assess the reasonableness of the discount rates. We tested the appropriateness of the future cashflow projections of management by ensuring they are in line with the budget approved by the board and the five-year plan as well as through comparison with the general and specific market expectations of the industry.

We assessed the sensitivity analysis of management to quantify the downside changes in the assumptions, which could result in an impairment.

### Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

DELOITTE AG



Patrick Fawer  
Licensed Audit Expert  
Auditor in Charge



Thomas Dettwiler  
Licensed Audit Expert

Zurich, 5 March 2018

# Financial glossary

**EBIT**

Earnings before interest and taxes.

**EBIT margin**

Ratio of EBIT to sales.

**Trading volume**

Number of shares traded on the stock exchange in a specific period.

**Gross margin**

Percentage share of gross profit (sales less cost of goods sold) to total sales.

**Cash flow**

Change in cash and cash equivalents.

**EBITDA**

Earnings before interest, taxes, depreciation and amortisation (on property, plant and equipment and intangible assets).

**Equity ratio**

Percentage share of equity to total capital.

**EPS (earnings per share)**

Consolidated net income for the year divided by the average weighted number of outstanding shares.

**Cash flow from operating activities**

EBITDA less gains/losses on the disposal of fixed assets, changes in non-current provisions and changes in current assets and liabilities plus income taxes paid.

**Cash flow from investing activities**

Cash flow for investments and loans plus interest received and revenue from the disposal of fixed assets.

**Cash flow from financing activities**

Cash flow from equity contributions minus payments to owners plus cash flow from raising financial liabilities minus repayments of financial liabilities.

**Market capitalisation**

Share price multiplied by the total number of shares.

**Net cash position**

Cash and cash equivalents less interest-bearing financial liabilities.

**Net sales**

Revenue from the sale of products and/or services after deducting reductions in earnings and taxes.

**Net income**

Operating income less net financial result and taxes.

# Product glossary

## Ampere

Unit of electrical current, named after the French physicist André-Marie Ampère (1775–1820).

## Bakeland

Leo Hendrik Baekeland was a Belgian chemist who invented Bakelite, the thermosetting plastic based on phenol resin, in the early 20th century, thus laying the foundation for the production of the first composites (sheets, tubes and moulded parts) by Von Roll a few years later.

## Composite

A combination of two or more materials which has different properties to its individual components. For fibre composites, glass or carbon fibres, for example, are embedded in a matrix such as resin.

## Duroplasts

Duroplasts, also called duromers, are plastics that can no longer be moulded after hardening. Duroplasts are hard, glass-like polymer materials that are linked in a rigid 3D structure by chemical primary valency bonds. The bonds are created when preliminary products chemically react with molecular chains through the application of heat or pressure, usually with the help of catalysts.

## Electrical generators

An electrical generator (from the Latin “generare”: to beget, produce) is an electrical machine that converts kinetic energy or rotational energy into electrical energy and is therefore the reverse of the principle of the electric motor, which converts electrical energy into kinetic energy.

## Filament

Single fibre, of any length, needed to manufacture glass fabric for laminates (e.g. Vetronit®).

## Direct current (DC)

A flow of electrical current whose strength and direction do not change. It is generated in galvanic solar or fuel cells or produced from alternating current by means of a commutator, and is used in electronics, galvanisation and in the supply of energy to railway systems.

## Mica

The term “mica” covers a group of sheet silicates whose properties make them especially suitable for use in high-voltage insulation materials, particularly

the minerals muscovite and phlogopite belonging to the mica group. Their more noteworthy properties include high levels of electrical, heat and chemical resistance. Mica is resistant to the corona discharge invariably associated with high-voltage equipment. The English term mica is derived from the Latin “micare”, meaning to sparkle or shine.

## High-voltage current

High-voltage current is used for regional and nationwide electrical power transmission. The voltage level is defined as between 60 and 150 kV, but the most common is 110 kV. In contrast, rotating high-voltage machines such as motors and generators normally use between 1 and 30 kV.

## Insulation

Insulation means the process of keeping two things separate or isolating them. The verb isolate derives from the French “isoler”. In electrical engineering, insulation is used to protect the live components against contact, short circuits and unwanted residual current.

## Iodine

A chemical element, often used as a catalyst in chemical reactions such as polymerisation.

## Adhesive tapes

The adhesive tapes used in electrical insulation are special insulating tapes that have specific heat resistance and other properties. They generally contain no mica and are only used in low-voltage applications. Most are UL-certified (e.g. UL 20780 certification for Intertape® and UL E 315208 or UL E 315249).

## Laminate

A laminate (from the Latin “lamina”, or layer) is a multilayer duroplastic material made by compressing and sticking together at least two layers of the same or different materials. Joining the materials can complement the properties of the individual constituents.

## Motor

A motor (from the Latin “motor”, or mover) is a device that performs mechanical work by converting thermal, chemical, electrical or other forms of energy. Motors normally rotate a shaft which drives machines, tools and means of transport.

## Low-voltage current

Used for local power supply. Defined as up to 1,000 volts (1 kV), but normally 230 to 400 volts.

**Surface resistance**

The voltage required to cause a specific current to flow across the surface of a material. This is an important parameter for the surface leakage resistance and antistatic properties of materials used to make printed circuits (soldering and assembly frames).

**Prepreg**

Short for preimpregnated. A combination of glass fibre mat or glass fibre filament fabric, nonwoven material or roving with resin, usually cured to the B-stage, ready for moulding.

**Primary energy**

Primary energy is an unconverted energy form that produces electricity and heat. Examples include oil, coal, natural gas and hydroelectric power.

**Quality assurance**

In today's industrial companies, the quality of manufactured products is guaranteed through quality assurance systems and periodically checked using ISO certification (e.g. ISO 9001).

**Rotational energy**

Rotational energy is the kinetic energy of a rigid body – such as a wind turbine – rotating on a fixed axis. This energy depends on the body's moment of inertia and its angular velocity. Wind turbine generators use rotational energy to produce electrical current in the stator coils through electromagnetic induction.

**Stator**

A stator is the stationary part of a machine, e.g. in an electric motor, generator, hydromotor or pump. It often also serves as the housing, and in the case of electric motors and generators, consists primarily of sheet steel and the stator coils.

**Traction motor**

A traction motor is an electric motor that drives a railborne vehicle. It is usually housed in the chassis and connected to the wheel axle via a reduction gear.

**Underwriters Laboratories (UL)**

US organisation, founded over 100 years ago, that inspects and certifies products for their usage properties and safety.

**Volt**

Unit of electromotive force named after the Italian physicist Alessandro Volta (1745–1827), the inventor of the battery.

**Alternating current**

A flow of electrical current whose strength and direction change periodically. Abbreviated to AC.

**Xenon**

A chemical element and noble gas used in gas discharge lamps, for example in car headlights.

**Yttrium**

A chemical element and rare earth metal. It plays an important role in ceramic high-temperature superconductors.



# Our product portfolio

We Enable Energy – As one of Switzerland's longest established industrial companies, Von Roll focuses on products and systems for electrical power generation, power transmission and industrial applications.

Von Roll's portfolio is divided into the following businesses: **Von Roll Insulation** offers electrical

insulation products, systems and services for generators, high- and low-voltage motors, transformers and other applications.

**Von Roll Composites** produces composite materials and machined parts for numerous branches of industry.



## **Mica**

Mica is a base material for high-voltage insulation. Von Roll's commitment to mica is extensive and covers all stages in the manufacturing process.



## **Wires**

Insulated round, flat and litz wires for high- and low-voltage markets and electronic applications.



## **Cables**

Mica tapes for fire-resistant cables. Von Roll provides a wide range of products that are ideally suited to all commonly used standards.



## **Resins**

Impregnation and potting resins as well as encapsulating and conformal coatings for high- and low-voltage applications.



## **Flexibles**

Insulating flexible materials suited for low-voltage applications such as flexible laminates and adhesive tapes.



## **Composites**

Engineered materials made from a resin and a support structure with distinct physical, thermal and electrical properties. They can be moulded, machined or semi-finished.



## **Defence & security**

High-quality systems for security and protection based on thermoset/thermoplastic products in single use or tailored combinations.



## **Testing**

Von Roll provides electrical, thermal and mechanical testing of individual materials as well as complete insulating systems in accordance with UL and IEC standards.



## **Training**

The Von Roll Insulation Training programme provides training in high- and low-voltage insulation to its customers.

## Five-year overview

in CHF 1,000	2017	2016	2015	2014	2013
Order intake	336,141	326,869	356,603	416,382	436,162
Net sales	332,357	319,192	354,806	418,844	417,805
Number of employees (FTE)	1,536	1,703	2,002	2,248	2,551
Depreciation, amortisation and impairments	-15,940	-21,448	-16,984	-20,583	-13,891
EBIT	4,475	-17,329	-23,035	-32,495	-6,113
Cash flow from operating activities	5,307	-10,453	-14,359	3,032	14,508
Capital expenditures	9,258	27,674	29,499	35,480	24,958
Current assets	174,267	168,280	217,540	277,142	266,042
Total assets	379,561	370,043	412,093	474,350	497,072
Current liabilities	68,696	70,632	227,593	88,147	91,288
Non-current liabilities	203,714	202,424	112,502	261,526	204,955
Equity	107,151	96,987	71,998	124,677	200,829
Equity ratio (%)	28 %	26 %	18 %	26 %	40 %
Number of issued shares	201,768,555	201,445,555	184,778,889	184,778,889	184,778,889
EBIT per share <sup>1</sup>	0.02	-0.10	-0.13	-0.18	-0.03
Cash flow from operating activities per share <sup>2</sup>	0.03	-0.06	-0.08	0.02	0.08
Equity per share (CHF) <sup>3</sup>	0.55	0.54	0.41	0.70	1.13
Dividends per share (CHF)	-	-	-	-	-

<sup>1</sup> EBIT/weighted average number of shares outstanding

<sup>2</sup> Cash flow from operating activities/weighted average number of shares outstanding

<sup>3</sup> Consolidated equity/weighted average number of shares outstanding

**Business address and domicile**

Von Roll Holding AG  
Passwangstrasse 20  
4226 Breitenbach SO  
Switzerland  
Phone +41 61 785 51 11  
Fax +41 61 785 58 92  
www.vonroll.com

**Stock exchange listing**

SIX Swiss Exchange (symbol: ROL)  
Security number: 324.535  
ISIN: CH0003245351

**For publications and further information,  
please contact**

Claudia Güntert  
Phone +41 61 785 52 36  
Fax +41 61 785 58 92  
investor@vonroll.com

Von Roll Holding AG  
Passwangstrasse 20  
4226 Breitenbach SO  
Switzerland

**Imprint**

Publisher: Von Roll Holding AG, Breitenbach  
Content / text: Von Roll Holding AG, Breitenbach  
Design / artwork:  
gateB AG, Empowering Marketing Performance, Steinhausen / Zug

Created and printed in Switzerland  
© Von Roll Holding AG, 2018

The Von Roll Annual Report is originally prepared in German  
and translated into English.  
In the event of any discrepancy, the printed German version prevails.

The Annual Report is available on the Internet at  
www.vonroll.com



Von Roll Holding AG with registered office in CH-4226 Breitenbach (canton Solothurn) has been listed on the SIX Swiss Exchange (symbol: ROL, security number: 324.535 ISIN: CH0003245351) since 11 August 1987.

