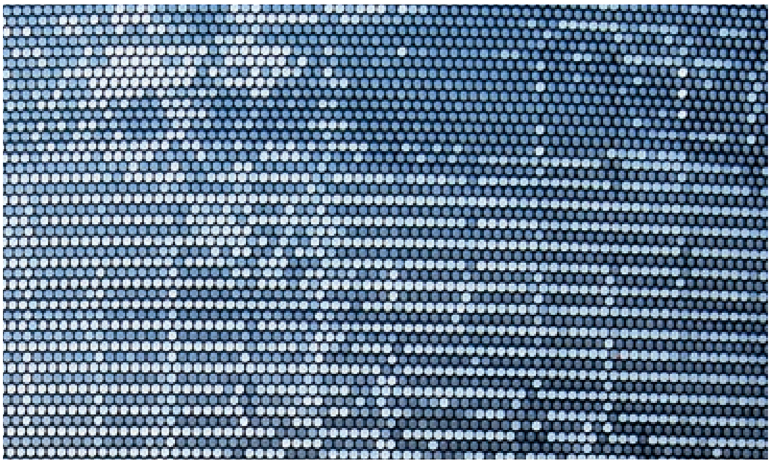
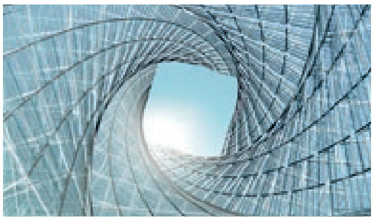
conzzeta

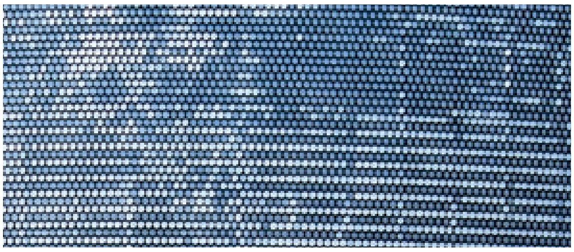
Annual Report 2016





Conzzeta at a glance

Conzzeta is a broadly diversivied Swiss group of companies. It stands for innovation, reliability and a long-term perspective. Conzzeta strives for leading positions in its target markets, above-average growth and long-term value creation. More than 4 000 employees at over 60 locations worldwide aim to be "best choice" for customers, offering innovative solutions in Sheet Metal Processing, Sporting Goods, Foam Materials, Graphic Coatings and Glass Processing. Conzzeta is listed on the SIX Swiss Exchange (SIX:CON).



Bystronic
Solutions for the processing of sheet metal and other sheet materials

Sheet Metal Processing

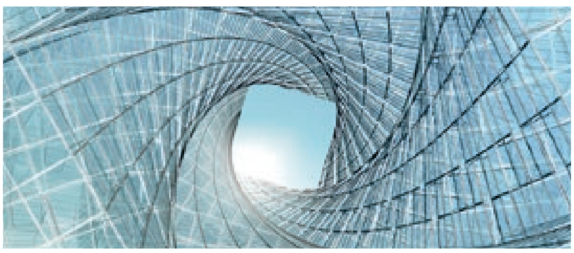
Mammut Sports Group
Clothing and equipment for mountaineering, climbing and winter sports

Sporting Goods

FoamPartner
Foam products for industry and comfort applications

Schmid Rhyner
Print varnishes for the graphical industry

Chemical Specialties



Bystronic glass
Systems for processing flat glass

Glass Processing

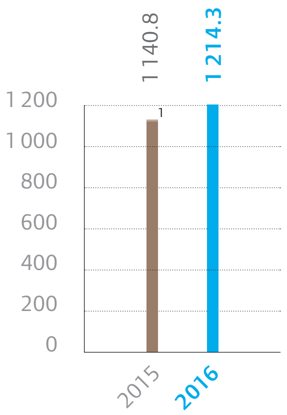
Key figures

				2016	2015
Group					
Net revenue			CHF m	1 214.3	1 140.8[1]
Operating result			CHF m	84.4	80.8[1]
Group result			CHF m	63.9	59.3[1]
Operating free cash flow			CHF m	76.0	70.5
Shareholders' equity			CHF m	941.5	959.9
Total assets			CHF m	1 255.4	1 221.7
Shareholders' equity as % of total assets			%	75.0	78.6
Net operating assets			CHF m	401.6	413.3
Employees at year-end			Number	4 098	3 479
Net revenue per full-time position			CHF thousand	318.4	333.0
Conzzeta AG					
Net income for the year			CHF m	81.5	46.7
Share capital			CHF m	4.1	4.1
Total dividend			CHF m	22.8[2]	20.7
Number of shares on 12/31	registered A		Number	1 827 000	1 827 000
	registered B		Number	1 215 000	1 215 000
Gross dividend per share	registered A		CHF	11.00[2]	10.00
	registered B		CHF	2.20[2]	2.00
Market price per share	registered A	high	CHF	747.00	696.17
		low	CHF	570.00	536.96
		year-end	CHF	720.00	639.00
Total capitalization on 12/31			CHF m	1 490	1 323
Group key figures per share					
Group result	registered A		CHF	29.10	28.65
per share	registered B		CHF	5.82	5.73
Cash flow from operating	registered A		CHF	46.37	41.93
activities per share	registered B		CHF	9.27	8.39
Shareholders' equity	registered A		CHF	451.70	464.15
per share	registered B		CHF	90.34	92.83

[1] Incl. contribution from discontinued business unit Real Estate: Net revenue CHF 9.4 million; Operating result CHF 4.9 million; Group result CHF 3.3 million.
[2] As proposed by the Board of Directors.

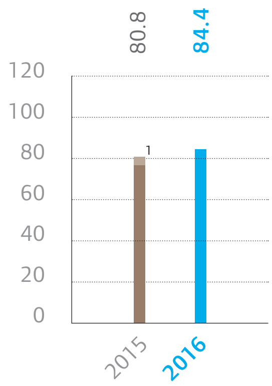
Performance Indicators

Net revenue (in CHF m)



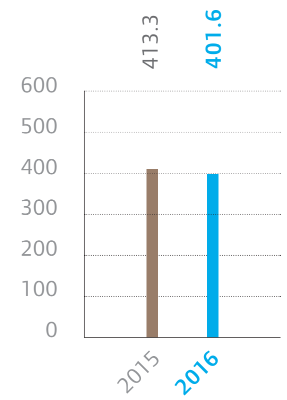
– Revenue growth 6.4 %
– Revenue growth on a comparable[2] basis: 2.6 %

Operating result (in CHF m)



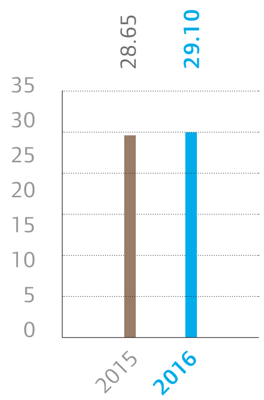
– EBIT margin for 2016: 6.9 %

Net operating assets (in CHF m)



– Net return after taxes for 2016: 15.6 %

Earnings per registered Share A (in CHF)



– Proposed dividend for 2016: CHF 11

[1] Incl. contribution from discontinued business unit Real Estate: Net revenue CHF 9.4 million; Operating profit CHF 4.9 million.
[2] Adjusted for currency translation effects and changes in scope of consolidation.

Table of contents

6 **Business Review**
6 Group
10 Sheet Metal Processing
12 Sporting Goods
14 Chemical Specialties
16 Glass Processing

19 **Corporate Governance**
22 Report of the Human Resources Committee
23 Report of the Audit Committee
24 Corporate Governance Report
40 Compensation Report

51 **Financial Report**
53 Consolidation financial statements
95 Financial statements of Conzzeta AG

108 **Five-year summary**

110 **Information for investors**

Accelerated growth and higher operating result

In an uneven operating environment, the Conzzeta Group generated revenue growth of 6.4 %. The operating result (EBIT) was CHF 84.4 million with an EBIT margin of 6.9 %, after CHF 75.9 million and 6.7 % respectively on the continued business in 2015.

Net revenue amounted to CHF 1 214.3 million, 6.4 % higher year-on-year; on a comparable basis, i.e. at stable exchange rates and adjusted for changes in the scope of consolidation, revenue growth was 2.6 %. After a subdued first-half performance, revenue and earnings made substantial progress in the second semester. Overall, the results were above previous year. The results also included restructuring costs of CHF 7.9 million at EBIT level. The Group result increased by 7.7 % to CHF 63.9 million. Return on net operating assets (RONOA) was 15.6 %, compared with 13.4 % in 2015. At year-end, the order book for capital goods as well as customer activity were at a higher level than the previous year.

Regional variations in sales trends – shift of emphasis to Asia

With the acquisition of DNE Laser, Shenzhen (China) and the realization of various growth initiatives, Conzzeta's business grew disproportionately in the Asian region in 2016, in terms both of acquisitions and organic growth. Sales across Asia grew by 31.5 %, so that the share in net revenue of the "Asia and others" region increased to 24.1 %, up from 19.5 % in 2015. By comparison, the corresponding share of Europe (including Switzerland) decreased from 60.2 % to 56.0 %, while the share of North and South America remained virtually unchanged at about 20 %. This trend reflects the Group's strategic objective of establishing a broader regional spread and seizing growth opportunities, especially in Asia and North America. All the business units adopted planning initiatives and measures to push internationalization forward.

Among other initiatives in 2016, the Sheet Metal Processing segment (Bystronic) moved to new premises in both Japan and Mexico as local headquarters for business operations, including a demonstration center. Similar steps are planned for 2017 in China, Taiwan, Vietnam and Australia. In the Chemical Specialties segment (FoamPartner and Schmidt Rhyner), the sponge specialist Hydra Sponge Company Inc. (USA) was acquired. At the beginning of 2017, the Sporting Goods segment (Mammut Sports Group) opened a regional sales office in Hong Kong as a base for more intensive development of the Asian market. Finally, the Glass Processing segment (Bystronic glass) reorganized and restructured its Chinese sales network in 2016 and decided to transfer the engineering of certain products to the local center at its Shanghai site.

Continuous improvements

The challenging competitive situation and structural currency trend require all segments to make ongoing efforts to further enhance operational excellence. Action is most needed in the Glass Processing segment. After completion of a comprehensive review in the second half of 2016, a wide-ranging package of measures was introduced with the aim of achieving sustainable improvements in efficiency and competitiveness. The package includes, on the one hand, cost-reduction measures at the German location in Neuhausen-Hamberg and the optimization of processes with the goal of utilizing of production capacities more evenly. The associated restructuring costs of CHF 3.6 million were expensed in 2016. On the other hand, Bystronic glass in parallel is investing in innovative technology for customer solutions and the further development of key account management.

The Sheet Metal Processing segment continued efforts to optimize its production infrastructure. Synchronized lean manufacturing, which was introduced at the Niederönz plant in 2015, was extended to the Gotha site during the reporting year. In China, the two operations in Tianjin were merged to ensure better utilization of the infrastructure for production of laser cutting systems and pressbrakes. The related restructuring costs, which were

Ernst Bärtschi
Chairman of the Board of Directors

Michael Willome
Group CEO

booked in the 2016 financial statements, amounted to CHF 4.3 million. Also in 2016, FoamPartner initiated a review of its global production infrastructure, with Europe as the focal point. The aim of the review is to secure growth and profitability.

The Sporting Goods segment began implementing the full range of measures of the strategy program announced in the first quarter 2016, with three focal points: multichannel management, internationalization and client centricity. In response to changing consumer behavior, Mammut opened its own online shop in the first half of 2016 and bundled all responsibility for the retail business at management level. The appointment of a Chief Creative Officer, effective from April 1, 2017, is intended to give fresh impetus to the development of products and collections. The aim of the five-year strategy program is to consolidate the leading position as the premium supplier in the European core markets (DACH region) and to ensure accelerated international growth in selected outdoor activities markets. Strengthening cooperation with the important wholesale clients, further digitization of the business model and expansion of the geographical presence will have a negative impact on the segment's financial result for the time being. But as the implementation of the project progresses, a successive improvement in operating profit is expected.

Corporate responsibility, risk management and sustainable human resources management

Conzzeta is committed to value-oriented corporate management with a long-term perspective, at the same time striving to preserve and increase enterprise value. In addition to responsible corporate behavior and a consistent focus on innovation and sustainable customer value, this demands appropriate consideration of the interests of all stakeholder groups. As planned, the updated Code of Conduct, which is valid for all employees, was introduced as of January 1, 2016, accompanied by a training program.

For the first time in the reporting year, the internal audit program was carried out for the whole annual cycle as part of the process introduced in 2015. The tools used proved effective and will help to implement control standards and continuous operational improvements. In the reporting year, the Board of Directors again undertook an integral Group-wide risk assessment based on management reporting and the separate Group risk report, which contains the process of risk monitoring as well as the most significant risks. The risk management process, which has been implemented across the Group, encompasses the identification, evaluation and qualitative appraisal of operational, financial and strategic risks in all business units as well as at Conzzeta AG. It is supported by risk monitoring, a plan of action and standardized reporting.

The more performance-oriented compensation model for the Executive Committee was applied for the first time in 2016 (see Compensation Report, page 40 f). The targets relating to growth, profitability, efficiency and non-financial aspects, which are part of the drive for systematic orientation toward the long-term interests of shareholders, were largely achieved. The identification and analysis of the most important positions in the Group revealed the need for action on succession planning. Accordingly, various measures concerning human resources development were adopted in 2016. For example, the Executive Committee established the relevant capabilities and responsibilities for managers and other key personnel on the basis of the corporate strategy. This was used as a basis for the selection of participants in a talent development program rolled out across the whole Group for the first time at the beginning of 2017.

Financial performance

The Conzzeta Group generated net revenue of CHF 1 214.3 million in 2016. This represents revenue growth of 6.4 % compared with the previous year's figure of CHF 1 140.8 million. On a comparable basis, i.e. at stable exchange rates and adjusted for changes in the scope of consolidation, revenue grew by 2.6 % in 2016. The net revenue impact from acquisitions and divestitures was 38.4 million, whereby CHF 47.7 million relate to the three acquitions in 2016, Hydra Sponge, DNE Laser and FMG. The currency impact on revenue was CHF 5.9 million.

In 2016, the Conzzeta Group generated 53.7 % (previous year: 50.0 %) of net revenue in the Sheet Metal Processing segment. This was 14.3 % above the reported net revenue for 2015, a rise attributable to pleasing organic growth in all regions and the acquisition of DNE Laser. The Chemical Specialties segment generated revenue growth of 7.9 %, principally in the "Asia and others" region and the Americas. By contrast, the Glass Processing segment saw a 10.3 % decline in revenue, above all after a series of major projects came to an end in the automotive glass product segment and a second-half slowdown in architectural glass. In the Sporting Goods segment, falling sales in the DACH region were largely offset by gains in the Asian and out-of-DACH European markets, with net revenue down 0.8 % on the previous year.

The operating result in 2016 amounted to CHF 84.8 million, compared with CHF 80.8 million in the previous year. The EBIT margin in 2016 was 6.9 %, compared with 6.7 % on continuing operations in 2015. The operating result includes costs for the ongoing growth and efficiency measures as well as restructuring costs of CHF 7.9 million (previous year: CHF 4.1 million). Overall, operating expenses increased by 6.9 % to CHF 1 100.0 million.

The Group result for 2016 reached CHF 63.9 million, 7.7 % above the previous year's level (CHF 59.3 million). The previous year's result contained a CHF 3.3 million contribution from discontinued operations. The financial result for 2016 was CHF 3.0 million higher than in the previous year, mainly thanks to the reversal of valuation adjustments on loans. Tax expense in 2016 was CHF 2.8 million higher year-on-year, primarily due to the improved business performance and lower tax effects from the change in tax loss carryforwards. The reporting year also included new minority interests in the amount of CHF 3.7 million in connection with the acquisition of a 51 % stake in DNE Laser.

Financing, investments and divestitures

The Group generated an operating free cash flow of CHF 76.0 million in 2016, after CHF 70.5 million in the previous year. At the end of the reporting year, the Group had liquid assets of CHF 469.8 million and the equity ratio stood at 75.0 %. Conzzeta continues to have a solid balance sheet that will help sustain the future development of its businesses and provide a basis for active shaping of its portfolio. Possible acquisitions are most likely in the Sheet Metal Processing and Chemical Specialties segments.

Investments in fixed and intangible assets in 2016 at CHF 24.7 million were, higher than in the previous year (CHF 20.1 million). Notable single investments in 2016 included various plant expansions and optimizations in the Sheet Metal Processing and Chemical Specialties segments, as well as store installations in the Sporting Goods segment.

At the end of 2016, about 7 % of the workforce in the Group was employed in research and development. They work closely with colleagues in other specialist units to create the foundations for innovative, customized solutions. These are a key prerequisite for all Conzzeta segments to prevail in their highly competitive businesses. Accordingly, research and development expenditure in 2016 was maintained at the same level as the previous year and in some areas actually increased.

Appropriation of profit

Conzzeta aims for a payout ratio of between one-third and half of Group profit. Group profit for 2016 was CHF 29.10 per registered share A and CHF 5.82 per registered share B, compared with CHF 28.65 and CHF 5.73 respectively the previous year. In keeping with a consistent dividend policy and taking into account the current business performance, the Board of Directors is proposing to the Annual General Meeting on April 26, 2016, a 10 % higher dividend of CHF 11 per registered share A and CHF 2.20 per registered share B.

Employees

As per September 1, 2016, the Board of Directors of Conzzeta AG appointed Oliver Pabst as CEO of Mammut Sports Group and member of the Executive Committee of Conzzeta, following Rolf G. Schmid in the same function. The Board of Directors of Conzzeta AG would like to thank Rolf G. Schmid for his many years of service and successful contribution to the development of Mammut Sports Group.

The expertise, flexibility and commitment of our employees are the key factors in ensuring the long-term success of the Conzzeta Group companies. The Board of Directors and Executive Committee take this opportunity to thank the employees for their efforts in 2016. The business environment was subject to fluctuations and the competitive situation was challenging, which demanded great efforts on their part.

At the end of 2016, the Conzzeta Group had 4 098 employees worldwide, compared with 3 479 the previous year. The increase is largely due to the acquisition of DNE Laser in the Sheet Metal Processing segment. But the headcounts in the Sporting Goods and Chemical Specialties segments were also up, while the number of employees in the Glass Processing segment was somewhat lower on balance, in line with strategy. The average number of employees in 2016 was 3 814 compared with 3 425 in the previous year.

Outlook

All of the Conzzeta Group's business units are working on the realization of differentiated plans whose objectives are to accelerate growth and to increase profitability sustainably. In the medium term, the benchmark is the Group's ambition to achieve revenue growth in excess of 5 %, an EBIT margin of 8 % to 10 % and a return on net operating assets of over 15 %. Consistent with the Group strategy, an appropriate contribution to the result is expected from every business unit. For the time being, the Sporting Goods business unit will fall short of the set targets during implementation of the ongoing multi-year strategy program as will the Glass Processing business unit, where the current restructuring measures are due to be completed by the end of 2017.

Conzzeta's overall assessment of the present operating environment, with its political and macro-economic uncertainties, is that it will tend to be vulnerable to fluctuations and continue to show regional differences. In addition, the business performance will be strongly influenced by the specific market environment of each individual area of activity.

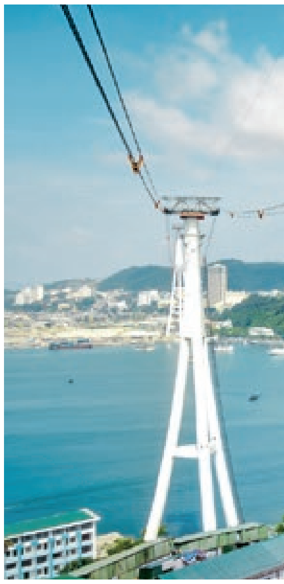
In view of the uncertainties mentioned above and the different contributions of the business units, Conzzeta expects to achieve organic revenue growth in 2017 and a higher operating result with a slightly improved EBIT margin.

Ernst Bärtschi
Chairman of the Board
of Directors

Michael Willome
Group CEO







Sheet Metal Processing – Bystronic

Solutions for cutting, bending and sorting.

In 2015, the Sheet Metal Processing segment generated net revenue of CHF 652.8 million, a year-on-year rise of 14.3 % (previous year: CHF 570.9 million). On a comparable basis, revenue growth was 7.3 %. The operating result amounted to CHF 63.0 million (CHF 55.4 million), giving an EBIT margin of 9.7 % (9.6 %). This contained restructuring costs of CHF 4.3 million in connection with the optimization of a site in China. The first half of the year was marked by a muted sales trend, though this was more than offset by a strong second-half performance. Order intake increased significantly year-on-year. The order book at the end of 2016 was well above the average level.

The market environment remained highly competitive and the situation in several markets was challenging due to political and economic uncertainties. Bystronic nevertheless succeeded in maintaining or increasing revenue overall in the European and American markets, while the sales performance in Asia improved significantly. Various growth initiatives and the acquisition of a 51 % stake in DNE Laser (Shenzhen, China) contributed to this performance. The Business targeted investments on strengthening the presence in Asian markets, including Japan, but also in selected European and American markets. During the reporting year, contract manufacturers, which make up a significant proportion of the customer base, showed a particular interest in innovations in integrated automation and flexible processes. Original equipment manufacturers, on the other hand, focused their attention on higher-value systems involving networked manufacturing.

In the reporting year, Bystronic launched various product innovations such as enhanced performance ranges, additional large-format models for the fiber lasers, robot systems for bending or complementary services. Overall, Bystronic continued to generate more than half its revenue with products and services introduced in the last three years. In 2016, Bystronic strengthened its know-how in warehousing and material handling systems through the acquisition of FMG (Sulgen, Switzerland) and broadened its offering in the field of integrated production control systems by entering into an innovation partnership with the Spanish software specialist Lantek. For the first time, Bystronic presented a fully automated, integrated solution for cutting, bending and sorting sheet metal products, supporting the entire process chain of customers.

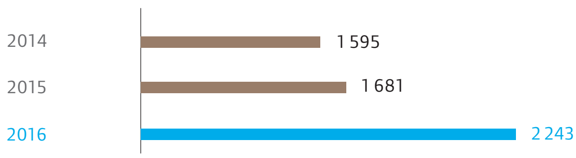
In keeping with its motto “World Class Manufacturing”, Bystronic is focused on creating added value for customers and on the trend toward networked production systems. Also at its own plants, it is working continually to increase efficiency. Synchronized lean manufacturing was introduced at the Niederönz production site in 2015 and extended in 2016 to the Gotha site, where the plant underwent a partial refit. In China, the two operations in Tianjin were merged to optimize the manufacturing of laser cutting systems and pressbrakes and to ensure better utilization of the production infrastructure.

Net revenue in CHF m

EBIT in CHF m

Net operating assets in CHF m

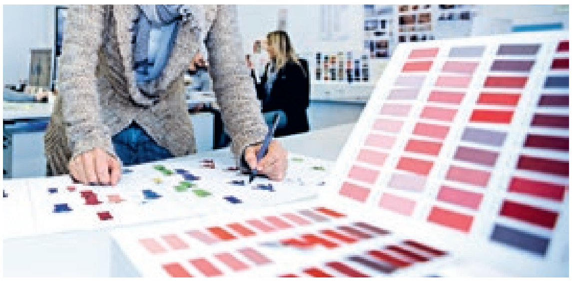
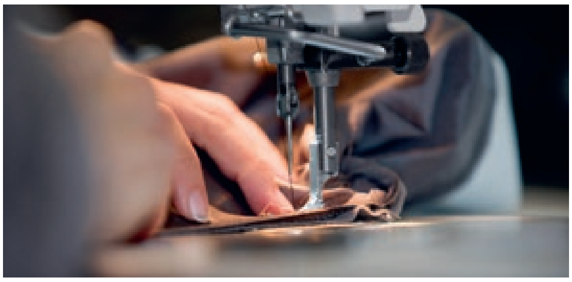
Number of employees

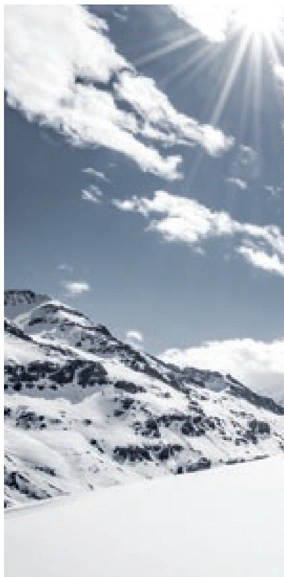


Overview Bystronic

– **Head:** Alex Waser
– **Presence**: worldwide, 27 sales and service companies; 5 development and production sites in Switzerland, Germany and China; used machinery centers in Romania and the USA.

www.bystronic.com



Sporting Goods – Mammut Sports Group

Clothing and equipment for outdoor activities.

The Sporting Goods segment generated net revenue of CHF 233.4 million in 2016, a reduction of 0.8 % from the previous year (CHF 235.3 million). At stable exchange rates, revenue declined by 2.9 %. The operating result amounted to CHF 1.2 million (CHF 0.1 million). Lower revenues, particularly in the core European markets of Switzerland, Germany and Austria (the so-called DACH region), which account for a high proportion of sales, were largely offset by growth in the markets of Asia and parts of Europe outside the DACH region. At year-end, booked orders and advance orders for the summer season were slightly up on the previous year.

In Europe and the USA, the pressure on the traditional specialist trade structures continued. By contrast, multichannel suppliers and dealers operating exclusively online benefitted from the changing pattern of consumer behavior. Price rises for 2016 initiated after the currency turmoil of the previous year as well as astute cost management have been effective. Nevertheless, the pressure on margins, particularly in the fiercely competitive European market environment, remained strong and was further intensified by the sluggish winter business, which was again affected by unfavorable weather conditions.

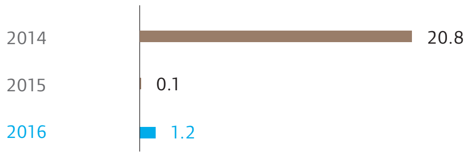
In 2016, Mammut Sports Group began to implement the five-year strategic program to create sustainable profitable growth. One of the aims is to improve cooperation with major wholesale customers to increase store traffic through more active management of floor space. Digitization and further refining the business model as well as developing specific capabilities as part of the ongoing change process, coupled with the drive to accelerate internationalization, will have an adverse effect on the operating result and operational free cash flow of the Sporting Goods segment for the time being.

As of the end of 2016, Mammut Sports Group had a presence in 43 countries, including 77 mono-brand stores operating in 11 countries. Across this network there is a need for optimization in terms of profitability and consistent delivery of the brand promise, which is why the store concept is being overhauled as a springboard for the planned expansion, particularly in Asia. Mammut Sports Group opened its own online shop in the reporting period, and at the beginning of 2017 established a regional sales office in Hong Kong, which will serve as a base for the coordination and realization of targeted product developments and sales and marketing activities for the Asian markets.

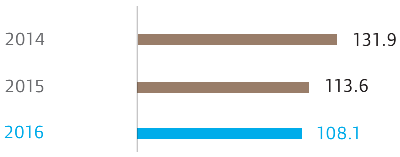
On the product front, the focus in 2016 was on modernization of the backpacking and hiking collection, a new freeride ski collection and a complete redesign of the avalanche airbags. The next generation of the Barryvox avalanche transceiver was prepared for 2017, and the Eiger Extreme flagship collection, which has been established for more than 20 years, was revamped. A new "Mammut inspired by Engadin" collection is intended to address the more urban leisure activities of Mammut customers.

Net revenue in CHF m

EBIT in CHF m



Net operating assets in CHF m

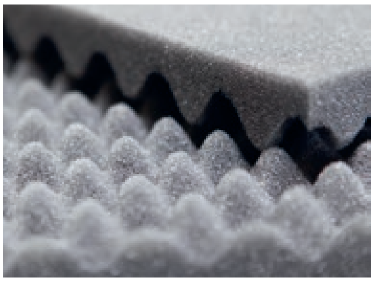


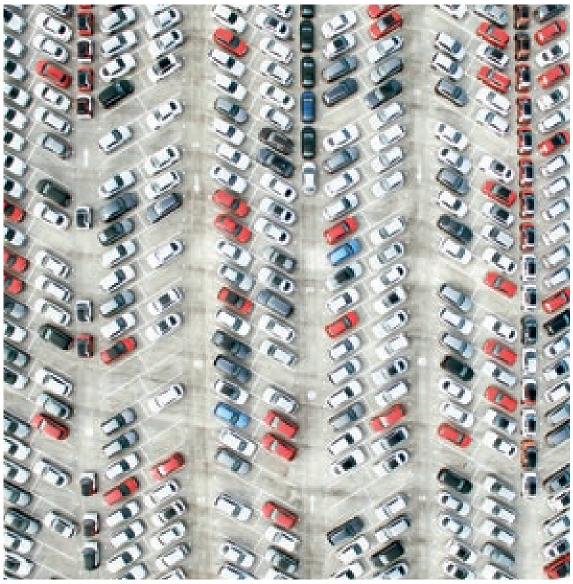
Number of employees

Overview Mammut Sports Group

- **Head:** Oliver Pabst
- **Presence:** worldwide sales network in 43 countries; head offices, product development including design in Seon (Switzerland); numberous production partners in Europe and Asia
  www.mammut.swiss







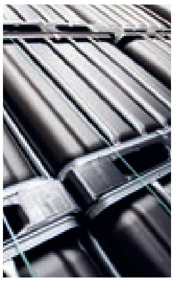
Chemical Specialties – FoamPartner and Schmid Rhyner

Polyurethane foams and print finishing.

In 2016, the Chemical Specialties segment generated net revenue of CHF 220.6 million, a year-on-year rise of 7.9 % (previous year: CHF 204.5 million). On a comparable basis, revenue growth was 4.2 %. The operating result amounted to CHF 23.1 million (CHF 18.5 million), giving an EBIT margin of 10.4 % (9.1 %). Revenue growth was generated in Asia and the USA, the latter thanks to the acquisition of Hydra Sponge Company Inc. in January 2016. Business in Europe showed a flat tendency, mixed from one product segment to another. The sales dynamic was maintained in the second half of 2016, despite isolated production cuts due to a shortage of raw materials and partially rising commodity prices.

Growth in the technical foams business was broadly supported across all regions in 2016. Solutions for noise and heat insulation in vehicles, for special filters and for functional sponges were in particularly high demand. Contrary, it was not possible to maintain revenue in the comfort foam business, which is strongly focused on Switzerland and neighboring countries. FoamPartner reviewed its business strategy in the reporting year and implemented a new organizational structure as per the beginning of 2017, devolving responsibility for results to the regions and establishing three product segments: Mobility, Specialties and Living & Care. The goal of the reorganization is to realize growth opportunities and strengthen local market responsibility. At the same time, concentration on the selected product segments is intended to build sustainable innovation potential. Also in 2016, FoamPartner initiated a review of its global production infrastructure, particularly in Europe, aimed at securing growth and profitability.

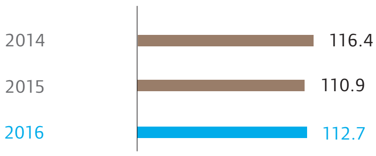
In the print finishing product segment, Schmid Rhyner continued the systematic repositioning of the segment initiated in previous years, to focus more on packaging printing. The markets in Western Europe remained challenging as customers continued to shift print capacity to lower-cost production locations in Eastern Europe. It was possible to offset the continuing decline in revenue, in the European market for commercial printing-, thanks to innovative Touch & Feel products such as Soft Touch solutions for packaging printing, coupled with gains in market share in Asia and the Middle East. In the business with packaging for food and beverages, regulatory changes concerning low-migration varnishes fueled interest in modern, high-quality solutions offering brand differentiation through new packaging concepts. Collaboration with partners on the development of a patented digital varnish technology continued, producing a new varnish that will enable hot-film embossing, thus expanding potential applications. This technology increases the efficiency of the production process by foregoing the need for purpose-made embossing dies and the associated setup time.



Net revenue in CHF m

EBIT in CHF m

Net operating assets in CHF m



Number of employees

Overview FoamPartner

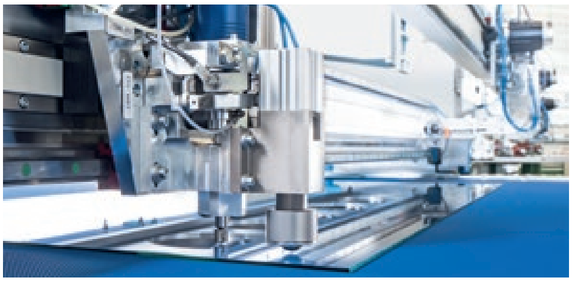
- **Head:** Bart J. ten Brink
- **Presence:** worldwide sales network in 58 countries; 12 production, processing and sales locations as well as an acoustics test center in Europe, Asia & Pacific, and North and South America

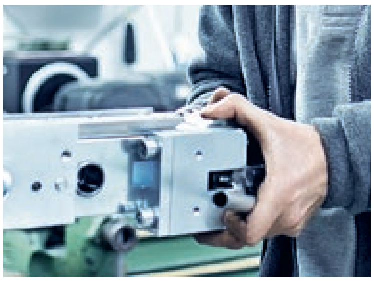
www.foampartner.com

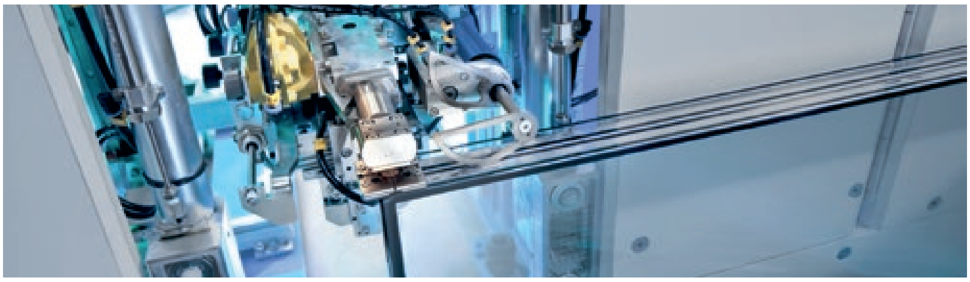
Overview Schmid Rhyner

- **Head:** Jakob Rohner
- **Presence:** worldwide sales network in over 100 countries; 1 production site in Adliswil (Switzerland); 1 subsidiary in New Jersey (USA)

www.schmid-rhyner.ch







Glass Processing – Bystronic glass

Architectural and automotive glass processing.

The Glass Processing segment generated net revenue of CHF 107.5 million in 2016 (previous year: CHF 119.9 million). On a comparable basis, revenue dropped by 11.2 %. The operating result amounted to CHF 1.0 million (CHF 6.4 million) and the EBIT margin was 0.9 % (5.6 %). The result contains restructuring costs of CHF 3.6 million in connection with cost-reduction measures in Europe and global process optimization. Although the architectural glass business increased in Asia and the USA, the growth was not sufficient to fully compensate for declining revenue in Europe in the second half of the year. The automotive glass product segment was not able to repeat the very strong performance seen in 2015, which was boosted by major orders in the USA. In the automotive segment, there was a noticeable reduction in customers' investment needs, accompanied by a loss of market share. The order intake was lower than the previous year after flattening off in the second half of 2016, while the order book at year-end was slightly higher.

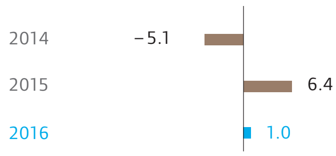
Partly due to efficiency measures, Bystronic glass returned to profitability in 2015 after several years of losses. In spite of this, a comprehensive review completed in mid-2016 highlighted the need for further action to secure sustainable value creation. In the second half of the reporting year, additional measures aimed at creating a more flexible cost base were introduced as previously announced. More efficient, global processes should shorten lead times by the end of 2017 and will also help deal with fluctuations in the order intake by increasing the flexibility of capacity utilization while reducing headcount at the international production locations. The restructuring costs booked as per end of 2016 cover the corresponding expenditures.

In parallel to the efficiency measures, the focus in 2016 was on the continuation of ongoing innovation activities with the aim of boosting the rate of new product introductions. As part of this initiative, complementary turnkey solutions were added to the existing range of quality mid-range solutions (B'COMFORT), while the insulating glass line B'JUMBO was upgraded to a product solution for large-format insulating glass and facade units. To enable customers to increase productivity, Bystronic glass introduced semi-automated systems for positioning large spacers as well as digital solutions for process monitoring and predictive maintenance, with the potential to further expand the service business. The business unit also presented the concept for the B'CHAMP automotive glass line with a compact layout as well as the prototype of the multi'arrisser seaming robot and solutions for automatic offloading of glass units after sealing. In thin glass, new orders were won for edge processing of technical displays.

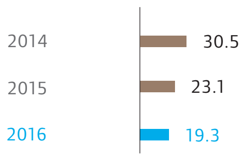
Worldwide efforts to curb climate change with increasing regulations to control the conservation of resources are expected to help increase the use of energy-efficient architectural glass and thin, lightweight automotive glass in the long term. To broaden the geographical spread of growth opportunities a particular effort in 2016 was on the development of the Chinese market. Measures included reorganization of the local sales network and expansion of local engineering services.

Net revenue in CHF m

EBIT in CHF m



Net operating assets in CHF m



Number of employees

Overview Bystronic glass

- **Head:** Burghard Schneider
- **Presence:** worldwide sales and service network, with subsidiaries and representative offices; Strategic Business Units (SBUs) with development and production sites in Germany, Switzerland and China

www.bystronic-glass.com

Corporate Governance

22 Report Human Resources Committee
23 Report Audit Committee

24 **Corporate Governance Report**
24 Group Structure and Shareholders
25 Capital Structure
27 Board of Directors
34 Executive Committee
37 Compensation, Shareholdings and Loans
37 Participation Rights of Shareholders
38 Change in Control and Defensive Measures
39 Auditors
39 Information Policy

40 **Compensation Report**
40 Compensation Governance
42 HR Committee Priorities in 2016
43 Principles of Compensation
43 Compensation System for 2016
46 Compensation System: Board of Directors for 2016
47 Compensation System: Executive Committee for 2016
49 Statutory Auditor's Report

Corporate Governance

Conzzeta attaches great importance to good Corporate Governance and the provision of detailed information for shareholders. In the following pages, the Committee Chairmen report on their activities in 2016.

These accounts are followed by the Corporate Governance Report based on the SIX Swiss Exchange Directive on Information relating to Corporate Governance as well as the Compensation Report.

Philip Mosimann, Chairman, HR Committee

Focusing on sustainable people management

CEO search Mammut Sports Group, Group-wide succession planning and introduction of a talent development program.

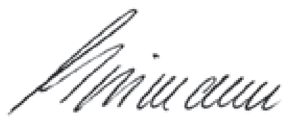
In 2016, the Human Resources (HR) Committee was once again made up of Robert F. Spoerry, Werner Dubach and Philip Mosimann (Chairman). The HR Committee met ten times during 2016. In addition to these meetings, it also interviewed candidates for the position of CEO of Mammut Sports Group. The post was filled with the appointment of Dr. Oliver Pabst as of September 1, 2016. The Chairman of the Board, the Group CEO and the Director Group HR generally also attend the meetings in an advisory capacity, but not when determining their own compensation.

Analysis and preparation of succession plans for the top 40 positions in the Conzzeta Group revealed a need for personnel development. Thus, the establishment of specific management development programs was initiated during 2016. Commencing in 2017, a Group-wide talent development program will be implemented for the first time and a senior leadership program is being developed. In order to plan measures for targeted people development in the future, the Executive Committee derived from the corporate strategy relevant skills and competences for managers and other key employees. Long-term human resources development will remain a focus topic for the coming years.

In the wake of the external benchmark study into the compensation of the Executive Committee commissioned by the HR Committee in 2015, a further comparative study was produced in 2016 for executive team members of the business units. The focus this time was on producing job evaluations for these posts and examining the performance-related variable component of their aggregate compensation. In 2017, the HR Committee will decide any steps required to adjust the compensation structure at this management levels, based on the results of this study.

The Board of Directors approved the proposal of the HR Committee to revise the period in which the compensation of the Board of Directors is measured, from the calendar year to the term of office from one AGM to the next. The aggregate compensation of the members of the Board of Directors has not changed as a result.

The compensation budget for the Board of Directors bindingly approved at the 2016 ordinary AGM for the period to the 2017 ordinary AGM was adhered to. The total compensation of the Executive Committee bindingly approved at the 2015 AGM for the 2016 financial year was also adhered to. At the 2017 ordinary AGM, shareholders will again bindingly decide on the compensation budget for the Board of Directors for the next term of office and for the Executive Committee for the 2018 financial year. In addition, shareholders will also be able to pronounce in a consultative vote on this compensation report.



Philip Mosimann
Chairman of the Human Resources Committee

Roland Abt, Chairman of the Audit Committee

New concept for customer finance schemes

Risk-optimized solution to support sales

In 2016, the Audit Committee was once again made up of Matthias Auer, Urs Riedner and Roland Abt (Chairman). During the reporting year three meetings and one conference call were held. The Chairman of the Board, Group CEO and Group CFO generally also attend the meetings in an advisory capacity alongside the committee members. Where items of relevance to the external auditors are on the agenda, their representatives are also present.

Finance schemes for customers are becoming increasingly important for the Bystronic business unit. In some countries they can be a deciding factor in a sale. During the reporting year, a new concept was developed with several different finance partners. The Audit Committee especially examined the risks resulting from possible payment defaults to ensure that the overall risk associated with these finance deals remained within reasonable limits. There was found to be a clear reduction in the level of risk in comparison with the previous solution.

The internal audit function, which is performed by the accountancy firm Deloitte, carried out a full-year review after the implementation phase of 2015. The audit plan was discussed and approved by the Audit Committee. The results of the audit demonstrate how useful this review is. The Audit Committee regularly checks the implementation and processing of aspects of the audit requiring action to be taken with the aim of ensuring that the potential improvements listed are really being put into practice.

Conzzeta evaluates potential acquisition targets on a regular basis. In each case the Audit Committee reviewed the relevant company valuations and due diligence reports with regard to their methodology and the plausibility of the assumptions made. The results were presented to a full Board of Directors meeting.

In the area of risk management, the Audit Committee focused its attention on the business continuity plans. The aim is to ensure that all production companies produce plans for guaranteeing customer supplies and are therefore prepared in the event of potential operational disruption resulting from an act of God or an accident. The vast majority of production companies have already prepared such business continuity plans, and the others will develop them in the near future.

The external Group audit for 2016 was carried out for the last time with Hanspeter Stocker as the lead partner; he is due to be replaced after completing his seven-year term in the role. The Audit Committee has assessed alternative candidates and selected François Rouiller to take over as lead partner from 2017. In this context, no tenders were invited for the external audit. In 2017, the Audit Committee will define a policy stating when and how a tender is to be put out for the external audit mandate.

Roland Abt
Chairman of the Audit Committee

Corporate Governance Report

The following information is provided in accordance with the Directive on Information relating to Corporate Governance published by the SIX Swiss Exchange as valid on December 31, 2016, insofar as it is applicable to Conzzeta AG. Conzzeta AG also acts in accordance with the principles set forth in the Swiss Code of Best Practice for Corporate Governance of economiesuisse and implements these in a manner commensurate with its size and structure. It acts under all circumstances according to statutory and regulatory requirements and requires its staff to comply with the law.

Much of the information provided below is from the Articles of Association or the Organizational Regulations of Conzzeta AG. Both these documents can be viewed at Conzzeta AG's website at www.conzzeta.com/Company/Corporate-Governance.

1 Group Structure and Shareholders

Group Structure

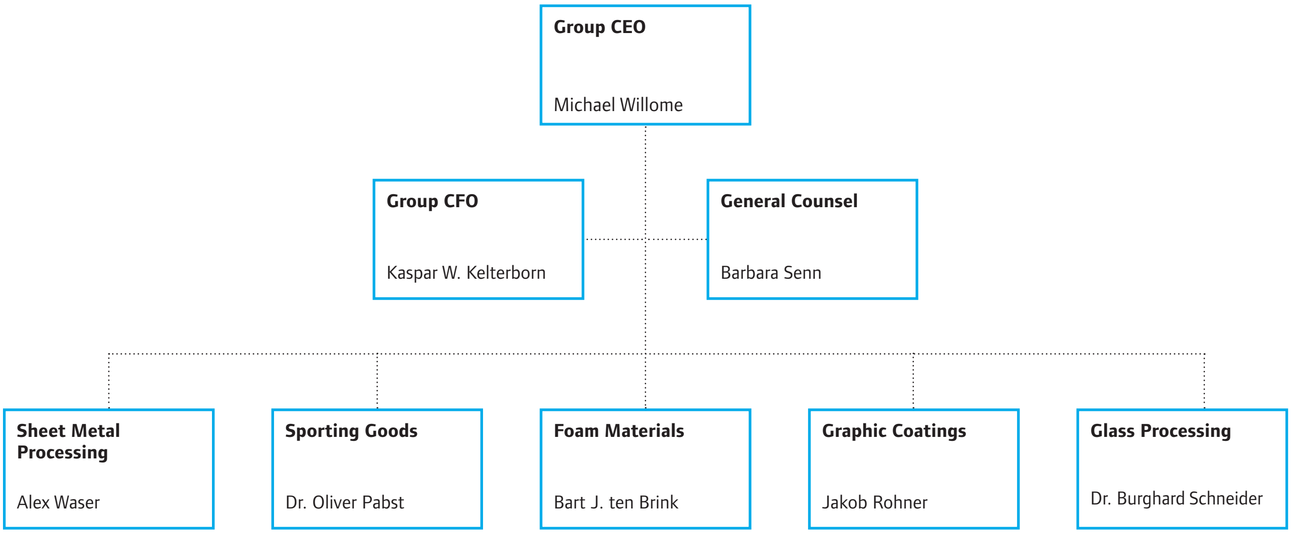
The Conzzeta Group is made up of five business units: Sheet Metal Processing (Bystronic), Sporting Goods (Mammut Sports Group), Foam Materials (FoamPartner), Graphic Coatings (Schmid Rhyner) and Glass Processing (Bystronic glass). At the Group level, the Group staff supports the activities of the holding company Conzzeta AG and the operating units. Conzzeta AG, which is based in Zurich, holds direct or indirect equity interests in the companies specified on page 86 ff. of the Financial Report. Conzzeta AG is the only listed company. The Conzzeta Class A registered share (securities code number 24401750 and ISIN CH0244017502) is listed on the SIX Swiss Exchange. The stock market capitalization (Class A registered shares) on December 31, 2016, amounts to CHF 1 315 440 000, while the total capitalization (Class A registered shares and Class B registered shares) amounts to CHF 1 490 400 000.

Significant Shareholders

According to the disclosure reports made to the company pursuant to Articles 120 ff. of the Financial Market Infrastructure Act (FMIA) on the balance-sheet date the shareholder group Auer, Schmidheiny, and Spoerry held more than 3 % of the voting rights in Conzzeta AG. The members of the shareholder group Auer, Schmidheiny and Spoerry are indicated on page 100. The only disclosure report made by the shareholder group Auer, Schmidheiny and Spoerry during the reporting year was made on March 31, 2016, and concerned the beneficial ownership arrangements that must now be disclosed following a change in the law. This and previous disclosure reports may be consulted on the website of the SIX Swiss Exchange (https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html#notificationId=TBG3U00031). On December 31, 2016, the share of voting rights of the shareholder group Auer, Schmidheiny and Spoerry in Conzzeta AG amounted to 51.05 %. Out of this figure, 0.05 % relate to treasury shares held by Conzzeta AG.

No further disclosure reports were received by the company during the reporting year.

Organigram



Cross-Shareholdings

Conzzeta AG does not have any cross-shareholdings with other companies accounting for more than 5 % of the voting rights or capital.

2 Capital Structure

Capital

According to Article 3 of the Articles of Association of Conzzeta AG, the share capital amounts to CHF 4 140 000. On December 31, 2016, the company did not have any conditional or authorized capital.

Changes in Capital

On December 31, 2013, the share capital of Conzzeta AG amounted to CHF 46 000 000, consisting of 406 000 bearer shares with a nominal value of CHF 100 and 270 000 registered shares with a nominal value of CHF 20. There was no conditional or authorized capital.

By resolution of the Annual General Meeting of April 29, 2014, Conzzeta AG approved a reduction of the share capital from CHF 46 000 000 by CHF 41 400 000 to CHF 4 600 000 by a proportional reduction of the nominal value of the bearer shares (today Class A registered shares) and the registered shares (today Class B registered shares), that is, by reducing the nominal value from the previous CHF 100 to CHF 10 for the 406 000 bearer shares (today Class A registered shares) and by reducing the nominal value from the previous CHF 20 to CHF 2 for the 270 000 registered shares (today Class B registered shares). The reduction of the share capital was completed on July 8, 2014, by registration with the Commercial Register and the subsequent payment of the reduction amount. The reduction of the share capital was resolved by the Annual General Meeting in place of ordinary dividends.

At the Extraordinary General Meeting of June 13, 2014, the general meeting of Conzzeta AG resolved to transform the bearer shares into Class A registered shares. In addition, the general meeting approved the merger with Tegula AG on the basis of the merger agreement of March 24/25, 2014, which was associated with a capital increase in connection with the merger from CHF 4 600 000 by CHF 575 000 to CHF 5 175 000. As a result of this capital increase, 50 750 new Class A registered shares and 33 750 new Class B registered shares were created.

Conzzeta AG resolved upon a share split in a ratio of 1:4 at the Extraordinary General Meeting of June 22, 2015. Each Class A share with a nominal value of CHF 10 and each Class B share with a nominal value of CHF 2 was divided into four shares each with one quarter of the original nominal value. Thereupon, the Extraordinary General Meeting resolved in relation to the spin-off of the Real Estate business unit to reduce the capital from CHF 5 175 000 by CHF 1 035 000 to CHF 4 140 000. The capital reduction was implemented by reducing the nominal value of Class A registered shares (after the share split) from CHF 2.50 to CHF 2.00 and by reducing the nominal value of Class B registered shares (after the share split) from CHF 0.50 to CHF 0.40. The shareholders in Conzzeta AG were issued with shares in the newly founded Plazza AG to the extent of the reduction in the share capital of Conzzeta AG as a result of the spin-off of the Real Estate business unit, totaling 1 215 000 Class B registered shares with a nominal value of CHF 0.10 each (voting shares) and 1 827 000 Class A registered shares with a nominal value of CHF 0.50 each, making up the nominal value totaling CHF 1 035 000 of Plazza AG. This capital reduction was implemented on June 25, 2015, by registration in the Commercial Register.

Each share establishes entitlement to one vote at the general meeting. According to Article 15 of the Articles of Association of Conzzeta AG, at least two representatives from each share Class are entitled to a seat on the Board of Directors. The dividend entitlement of Class A registered shares and Class B registered shares (voting shares) corresponds to the ratio between the nominal values of the two share classes. The share capital has been fully paid up.

The company has not issued any participation certificates.

Dividend-Right Certificates

Conzzeta AG has not issued any dividend-right certificates.

Limitations on Transferability and Nominee Registrations

Shares in the company are not subject to any restrictions on transfer. Accordingly, nominees are also entered in the share register.

Convertible Bonds and Options

Conzzeta AG has no outstanding convertible bonds and neither the company itself nor its Group companies have issued options on Conzzeta shares.

Shares of the company

	Class A registered shares nominal value CHF 2.00	Class B registered shares nominal value CHF 0.40	Total
Number of shares	1 827 000	1 215 000	3 042 000
Share capital in CHF	3 654 000	486 000	4 140 000

3 Board of Directors


Ernst Bärtschi


Dr. Roland Abt


Dr. Matthias Auer


Werner Dubach


Philip Mosimann


Urs Riedener


Jacob Schmidheiny


Robert F. Spoerry

Members of the Board of Directors

According to Article 14 of the Articles of Association, the Board of Directors of Conzzeta AG consists of between five and eight members. On December 31, 2016, it was composed of eight members.

Name	Function	Appointment
Ernst Bärtschi	Chairman of the Board of Directors	2014
Jacob Schmidheiny	Member of the Board of Directors (from 1984 until 2014: Chairman)	1977
Werner Dubach	Member of the Board of Directors	1993
Dr. Matthias Auer	Member of the Board of Directors	1996
Robert F. Spoerry	Member of the Board of Directors	1996
Philip Mosimann	Member of the Board of Directors	2007
Dr. Roland Abt	Member of the Board of Directors	2014
Urs Riedener	Member of the Board of Directors	2014

Curriculum Vitae and Other Activities and Vested Interests

Ernst Bärtschi

lic. oec. HSG, born in 1952, a Swiss national. Since 2005, he has been a member of the board of directors of Bucher Industries Ltd, Niederweningen, since 2011 a non-executive director of the building materials supplier CRH Plc. (Ireland), and since 2012 a member of the advisory board of the private-equity investor CRCI (China). In 2002, he joined Sika Ltd, Baar, where he worked until 2004 as chief financial officer and from 2005 until 2011 as chief executive officer. After working at Nestlé, Vevey, Ernst Bärtschi occupied various management positions between 1980 and 2002 at the Schindler Group, Ebikon, including managing director of Schindler Switzerland and chief financial officer of the Schindler Group.

Jacob Schmidheiny

lic. oec. publ., born in 1943, a Swiss national. Since 1977, he has been a member of the Board of Directors of Conzzeta AG, previously Zürcher Ziegeleien, which he chaired from 1984 until 2014. In 1976, he was appointed to the Executive Committee of Zürcher Ziegeleien. He was Chairman of the Executive Committee from 1978 until 2001. Under the leadership of Jacob Schmidheiny, the Group transformed itself from a supplier of construction materials into the current industrial holding company. He is a member of the board of directors of Plazza AG, Zurich.

Werner Dubach

Dipl. Ing. Chem. ETH, MBA, born in 1943, a Swiss national. He is chairman of the board of directors at Datacolor Ltd., Lucerne. From 1998 until 2008, he was chairman and CEO of Eichhof Holding Ltd., Lucerne. In 1983, he became CEO and a member of the board of directors of Brauerei Eichhof. Between 1970 and 1983, Werner Dubach held various management positions within the Eichhof Group. He is also chairman of the board of directors of Entrepreneur Partners AG, Zurich.

Dr. Matthias Auer

Dr. iur., born in 1953, a Swiss national. He has been an independent attorney and notary public in Glarus since 1981. He is also a member of the Glarus Cantonal Parliament and vice-chairman of the board of the Cooperative Migros Zurich.

Robert F. Spoerry

Dipl. Masch.-Ing. ETH, MBA, born in 1955, a Swiss national. He is chairman of the board of directors of Mettler-Toledo International Inc., Greifensee, which he also headed as CEO from 1993 until 2007, and of Sonova Holding Ltd., Stäfa.

Philip Mosimann

Dipl. Ing. ETH, born in 1954, a Swiss national. He has been chairman of the board of directors of Bucher Industries Ltd, Niederweningen, since 2016, which he has led as chairman of the executive committee since 2002. Between 1980 and 2001, he held various management positions within the Sulzer Group from Winterthur, including at Sulzer Innotec Ltd (1980 to 1992), then as head of division at Sulzer Thermtec (1992 to 1996) and as head of division at Sulzer Textil, Rüti (1997 to 2000). He is also chairman of the board of directors of Uster Technologies Ltd, Uster, and a member of the boards of directors of Bobst Group SA, Mex, and of Ammann Group Holding AG, Langenthal.

Dr. Roland Abt

Dr. oec. HSG, born in 1957, a Swiss national. Since 2004 he has been chief financial officer at Georg Fischer Ltd., Schaffhausen, which he joined in 1996, initially working as chief financial officer for the Agie Charmilles Group (1997 to 2004). He held various positions at the Eternit Group in Switzerland and in Venezuela (1987 to 1996). He is a member of the board of directors of Swisscom AG and member of the regulatory board and the issuers committee of the SIX Swiss Exchange.

Urs Riedener

lic. oec. HSG, born in 1965, a Swiss national. Since 2008, he has been chief executive officer at Emmi, Lucerne. Until 2008, he headed the Marketing department and was a member of the general management at the Federation of Migros Cooperatives MGB in Zurich. From 1995 until 2000, he worked at the Lindt & Sprüngli Group, Kilchberg, in various management roles nationally and internationally. He started his career working in various positions at Kraft Jacobs Suchard. Urs Riedener is also a member of the board of Promarca (Swiss Association of Brand Articles), a member of the board of GfM (Swiss Marketing Association) and a member of the executive committee of the Institute for Marketing at the University of St. Gallen.

Following the departure of the previous Group CEO, Robert Suter, Ernst Bärtschi temporarily performed the function of Group CEO as a Delegate of the Board of Directors between February 3, 2015, and the arrival of the current Group CEO, Michael Willome, on January 1, 2016. Otherwise, no member of the Board of Directors works in an executive role for the Conzzeta Group or has worked in any such role within the last three years. No member and no enterprise or organization represented by that member has any significant business relationship with the Group – other than with the status as a shareholder, where applicable.

In 2013, the Board of Directors targeted not only men but also women in the search for new members. The Board of Directors would have liked to have proposed to the 2014 Annual General Meeting that it elect a highly qualified female candidate who had been identified as part of this process and was most suited to Conzzeta; however, in the end she refused the appointment on personal grounds.

Rules Contained in the Articles of Association Relating to the Number of Permitted Activities under Article 12 para. 1 point 1 OaEC[1]

According to Article 28 of the Articles of Association of the company, no member of the Board of Directors may accept more than ten additional appointments, including no more than four in companies listed on the stock exchange. These restrictions do not apply to:

- appointments to companies controlled by the company or that control the company;
- appointments taken up by a member of the Board of Directors on the instructions of the company. No member of the Board of Directors may take up more than ten such appointments; and
- appointments to associations, charitable foundations and staff pension funds. No member of the Board of Directors may take up more than ten such appointments.

Appointments include appointments to the highest management body of a legal entity that must be entered into the Commercial Register or an equivalent foreign register. Appointments to different legal entities under joint control or with the same economic beneficiary are regarded as one single appointment.

[1] Ordinance against Excessive Compensation at Listed Joint-Stock Companies

Elections and Terms of Office

The date of first election to the Board of Directors of each member is presented in the table on page 27. There are no limitations on the term of office.

None of the rules contained in the Articles of Association concerning the appointment of the Chairman, the members of the Remuneration Committee and the independent proxy deviates from those prescribed by law.

Internal Organization

The powers and tasks of the Board of Directors are determined by law and the Articles of Association along with the Organizational Regulations of Conzzeta AG (see further also “Definition of Areas of Responsibility”, page 31 f). The Articles of Association and the Organizational Regulations of Conzzeta AG may be consulted on the company’s website (www.conzzeta.com/Company/Corporate-Governance), the latter not including the annexes.

Chairman of the Board of Directors

The Chairman of the Board of Directors coordinates the work of the Board of Directors, issues invitations to the meetings of the Board of Directors, determines the agenda, prepares for meetings along with the Group CEO and chairs the meetings. He monitors the implementation of resolutions of the Board of Directors and the general meeting.

Board of Directors

The Board of Directors meets as often as required by business activities, but on no less than five occasions each year. During the reporting year, the Board of Directors held five full-day, two half-day meetings as well as two two-hour meetings and one telephone conference. The Group CEO, the Group CFO and the General Counsel, who also serves as the Secretary to the Board of Directors, are included in meetings of the Board of Directors, unless decided otherwise by the Board of Directors. In addition, the relevant heads of the business units and other managers and, on occasion, external advisors may also be included.

Cooperation between the Board of Directors and its Committees

The Board of Directors may establish committees consisting of its members, unless such a right is vested by law in the general meeting. It has established an Audit Committee with tasks relating to finances and auditing and a Human Resources Committee with tasks relating to personnel and remuneration.

The Board of Directors determines the duties of the committees, subject to provisions of law. Overall responsibility for the tasks transferred to the committees remains with the Board of Directors. However, if the Board of Directors has granted a committee decision-making powers in areas that lie outside the non-transferable powers of the Board of Directors, the committee concerned bears sole responsibility for such decisions. Ordinarily, no specific responsibility for decisions is transferred to the committees. They thus bear responsibility for the preparation of decisions and for the detailed examination of the affairs to be handled by them, and they submit proposals to the Board of Directors or inform the Board of Directors of their conclusions. The committees report on their activities, results and proposals at the next Board of Directors meeting. The Board of Directors is informed immediately of important events. Brief minutes are taken concerning the meetings of the committees and their decisions, which are also presented to the remaining members of the Board of Directors.

Human Resources Committee

The Human Resources Committee consists of those members of the Remuneration Committee appointed to the task in the course of the Annual General Meeting held on April 26, 2016. These are namely Philip Mosimann (Chairman), Werner Dubach and Robert F. Spoerry. The Chairman of the Board of Directors also participates in meetings of the Human Resources Committee as a general rule, as well as the Group CEO and the Group HR manager, in an advisory capacity, albeit it not when it comes to determining their own salaries. With regard to using external advisors, reference is made to page 40 ff. of the Compensation Report.

In addition to the tasks essentially outlined in Article 21 of Conzzeta AG's Articles of Association, the Remuneration Committee, acting in its capacity as the Human Resources Committee, executes other tasks which are all described in the Organizational Regulations. Its tasks essentially comprise the following:

– Presentation of proposals to the Board of Directors concerning rules on the remuneration of the Board of Directors and the Executive Committee;
– Examination of all remuneration as to its permissibility;
– Recommendation to the Board of Directors concerning proposals to the Annual General Meeting on remuneration;
– Proposal to the Board of Directors concerning the annual remuneration of the members of the Board of Directors, the Group CEO and the other members of the Executive Committee;
– Preparation of the Compensation Report and discussion of the report with the auditors; presentation of proposals to the Board of Directors;
– Assessment of share and option plans in addition to bonus plans and other performance-related remuneration with regard to compliance with the provisions of the Articles of Association applicable to such matters, and the payment of variable remuneration in cash or as options and shares to members of the Board of Directors and the Executive Committee; presentation of proposals to the Board of Directors;
– Proposal to the Board of Directors concerning the setting of the principles applicable to the selection procedure for candidates for election to the Board of Directors or the Executive Committee and preparation of the short-list of candidates;
– Preparation of medium- to long-term succession planning for members of the Board of Directors and members of the Executive Committee;
– Recommendation concerning appointments for the attention of the Board of Directors to the Group CEO, Group CFO and the members of the Executive Committee;
– Monitoring of training and staff advancement measures;
– Assessment of managers and internal talent;
– Assessment of staff pension benefits;
– Any recommendations and monitoring of compliance with Group targets in relation to personnel;
– The issuance of guidelines on the acceptance by members of the Executive Committee of appointments outside the Group and the presentation of proposals to the Board of Directors in individual cases.

The Human Resources Committee meets at least twice annually. In the reporting year, ten meetings were held, each lasting for between one and a half and two hours. Additional details can be found in the Compensation Report on page 40 ff., as well as the activity report of the Chairman of the Human Resources Committee on page 22.

Audit Committee

The Audit Committee consists of Roland Abt (Chairman), Matthias Auer and Urs Riedener. As a rule, the meetings of the Audit Committee are also attended in an advisory capacity by the Chairman of the Board of Directors, the Group CEO and the Group CFO. Upon invitation by the Chairman, the external auditors and internal auditors of the company may also attend meetings or participate in discussions of individual items on the agenda. The essential tasks of the

Audit Committee are described in the Organizational Regulations. They include in particular:
- Examination of and presentation of proposals to the Board of Directors concerning the organization of the accounting, financial control and financial planning systems;
- Critical analysis of individual company and Group financial statements (annual and half-year financial statements). Discussion of these financial statements with the Group CFO, the internal auditors and the external auditors. Presentation of proposals to the Board of Directors concerning these financial statements;
- Assessment of the efficacy and performance of the external auditors and their fee, as well as their independence. Decision regarding the issue of additional mandates to the external auditors other than the auditing mandate; Preparation of the proposal of the Board of Directors to the general meeting regarding the election of the external auditors. Presentation of proposals to the Board of Directors concerning the form of the auditing mandate. Assessment of the reports of the external auditors (including in particular the audit report and the comprehensive report pursuant to Article 728b CO) and the discussion of these reports with the external auditors;
- Assessment of the functional capability of the internal control system, taking account of risk management, compliance and internal auditing. Discussion and establishment of the audit program for the internal auditors. Acceptance of reports from internal auditors and discussion of these reports with the internal auditors. Reporting to the Board of Directors;
- Approval of the method used for assessing acquisitions at the Group level and individual assessment of major acquisitions for presentation to the Board of Directors;
- Assessment of pension plans and the associated risks;
- Assessment of further Group solutions in the financial field such as treasury, taxation and dividend payments by the direct subsidiaries of Conzzeta AG, etc.;
- Assessment of initiatives by the Board of Directors in the area of finance and accounting such as, for example, the achievement of specific financial targets and key performance indicators (KPI); reporting to the Board of Directors on fulfillment of targets.

The Audit Committee meets upon invitation by the Chairman as often as required by business, but on no less than three occasions each year. It normally meets in March, August and November and at these meetings discusses, among other things, any annually recurring issues in accordance with the description of tasks provided above and following a standard agenda. During the reporting year, the Audit Committee held three half-day meetings and one one-hour telephone conference. Additional details can be found in the activity report of the Chairman of the Audit Committee on page 23.

Definition of Areas of Responsibility

The Board of Directors of Conzzeta AG bears responsibility for the overall management, supervision and control of the Group and its management and monitors compliance with the provisions of applicable legislation. Acting on a proposal by the Group CEO, it decides on the strategic targets of the Group and the financial and human resources necessary in order to achieve the targets. In addition, the Board of Directors determines the values and standards of the Group and ensures that duties towards shareholders and other stakeholders are complied with. Specifically, the Board of Directors is vested in particular with the following tasks:
- Overall management of the company and the setting of targets relating to corporate policy and culture, approval of Group strategy and the strategic priorities of individual business units;
- Approval of the strategic and financial targets of the Group and the business units;
- Risk assessment for the Group;
- Decisions on the creation of new business units or the abandonment of existing business units. Approval of significant acquisitions, mergers, sales, or individual projects;
- Adoption of resolutions relating to contracts under which Conzzeta AG acts as a party to mergers, spin-offs, transformations, or transfers of assets under the Mergers Act;
- The organization of the accounting, financial control and financial planning for the Group and the organization of a comprehensive reporting system in line with strategy;
- Approval of the applicable accounting standards, the framework conditions for financial control and the internal control system along with any significant changes to the same;
- Annual assessment and approval of the budget and medium-term planning for the Group and business units;
- Examination and approval of the (annual and half-year) financial statements and Group reporting;
- Compilation of the Annual and the Compensation Report;
- Notification of the court in the event that the company is overindebted;
- Assessment of liquidity with reference to Group goals;

- Determination of the organization and the issuance of organizational regulations for the Group;
- Examination and approval of management principles, Group guidelines and the Group management structure;
- Overall supervision of the persons entrusted with managing the company, including with regard to compliance with laws, the Articles of Association and regulations and the implementation of the resolutions of the Board of Directors and of the general meeting;
- Appointment and removal of members of the Executive Committee;
- Calling of annual and extraordinary general meetings;
- Adoption of resolutions on proposals presented to shareholders;
- Implementation of resolutions adopted by shareholders.

On the basis of the Organizational Regulations, the Board of Directors has delegated the operational management of business to the heads of the business units, who are also members of the Executive Committee, under the leadership of the Group CEO. The heads of the business units are responsible for the comprehensive operational management of their business units. They manage them in accordance with the strategy approved by the Board of Directors, strategic financial planning, and the annual budget. Important transactions that exceed a particular financial threshold must be presented to the Board of Directors in advance for approval, such as in particular decisions concerning the incorporation or sale of subsidiaries, the acquisition or sale of equity interests, restructuring projects, investments, acquisitions, divestments, the purchase and sale of real estate, the conclusion of rental agreements and leases, consultancy contracts, cooperations and strategic partnerships, major projects (e.g. in the area of IT, development, organization) and financial obligations, the instigation of judicial proceedings and the conclusion of settlements, the threshold values for which lie between CHF 3 and 10 million, depending on the transaction.

Information and Control Tools vis-à-vis the Executive Committee

The Conzzeta Group has a well-developed planning and information system. It is built from the bottom up with increasing consolidation. The Board of Directors is informed in writing and orally of the strategies, plans and results of all business units. The Board of Directors receives a written report each month including the key figures and a commentary on the most important occurrences. Every three months, the Board of Directors is provided with a detailed report containing the comprehensive accounts for the business units and the Group along with management reports. Each year the Board of Directors is presented with strategic financial planning and operational annual plans for approval.

The Group CEO informs the Board of Directors at every meeting of the current development of the business activities of the Group and the business units along with important developments, projects and risks. The Group CEO also informs the Board of Directors of any deviations from the budget and strategic financial planning based on analyses of the performance of the Group's principal markets as well as measures to ensure that targets are achieved. In an emergency, the Board of Directors is informed immediately.

The Conzzeta Group applies methodological processes, which the Board of Directors uses as a basis for assessing the business outlook and strategic, financial and operational risks. Alongside the financial reports and analyses, these constitute the internal control system and the strategic and operational risk management. The Board of Directors receives an annual report concerning the risk situation drawn up by the Group CEO in consultation with the Group CFO and the General Counsel, which is based on the written risk reports of the business units following the discussions of the same. As regards the risk management process, reference is made to the statements on page 8 ff. In addition, it receives the management letter from the external auditors each year along with a report on the employee pension funds in Switzerland.

The internal audit function was carried out by the auditing company Deloitte. The internal auditors perform the internal operational audit function within the Group. They report to the Chairman of the Audit Committee. Coordination of the implementation of auditing tasks is delegated to the Group CFO. The internal auditors carry out audits within the Group in accordance with the auditing plan proposed by the Audit Committee and determined by the Board of Directors. The audits cover the following areas on a rolling basis:

- effectiveness of selected operational processes on the level of the Group, business units and selected Group companies, in particular with regard to the requirements of the Group and the business unit concerned;
- effectiveness of governance and risk management requirements and processes;
- effectiveness of internal control processes;
- reliability and comprehensiveness of financial and operational information;
- compliance with provisions of law, the Articles of Association and internal regulations.

The internal auditors draw up reports containing recommendations for the local management and the Audit Committee. The local management states its position regarding the recommendations and, where it agrees with the recommendations, implements corrective measures promptly. If local management rejects a recommendation whilst the internal auditors and the Group CEO wish to pursue it, it is implemented on the instructions of the Audit Committee.

The Board of Directors deals in depth with key strategic issues at the Group and business unit levels at regular intervals. The business units present their situation and plans upon invitation by the Board of Directors. Special documents are prepared concerning important individual transactions, which are explained by the persons responsible at the meetings of the Board of Directors.

The Chairman of the Board of Directors also participates in annual strategy meetings of the business units and individual project meetings and visits Group companies nationally and abroad.

With regard to participation by the Group CEO and the Group CFO at meetings of the committees of the Board of Directors, reference is made to page 30 f.

4 Executive Committee


Michael Willome


Bart J. ten Brink


Kaspar W. Kelterborn


Dr. Oliver Pabst


Jakob Rohner


Dr. Burghard Schneider


Barbara Senn


Alex Waser

Members of the Executive Committee
On December 31, 2016, the Executive Committee was composed of the following persons:

Name	Function	In office since
Michael Willome	Group CEO	Jan 1, 2016
Bart J. ten Brink	Head of the Foam Materials business unit	2009
Kaspar W. Kelterborn	Group CFO	2006
Dr. Oliver Pabst	Head of the Sporting Goods business unit	Sep 1, 2016
Jakob Rohner	Head of the Graphic Coatings business unit	2011
Dr. Burghard Schneider	Head of the Glass Processing business unit	2014
Barbara Senn	General Counsel	2014
Alex Waser	Head of the Sheet Metal Processing business unit	2013

Curriculum Vitae and Other Activities and Vested Interests

Michael Willome

lic. oec. HSG, born in 1966, a Swiss national. He previously worked from 1997 in various management positions at Clariant AG, a Swiss Group in the specialty chemicals sector with global operations. From 2010 onwards, he was responsible there for the global Industrial & Consumer Specialties (ICS) business unit, after serving for 14 years in various management roles in Hong Kong, Canada and Turkey. He previously worked at Novartis in Group Auditing. Michael Willome is a member of the supervisory board of several subsidiaries based in Switzerland, Germany and Austria of the Swedish industrial group Indutrade.

Bart J. ten Brink

Dipl. Ing. VAT Tilburg, born in 1964, a Dutch national. From 1991, he worked for the international foam material manufacturer Recticel N.V. in various management and executive functions. During the last ten years at Recticel N.V., he led both strategic segments of composite foams and sound insulation products, with global responsibility. Between 1995 and 1998, he was in charge of the Nordflex Group Scandinavia (joint venture between Recticel Int. and Shell Scandinavia) as technical director and industrial manager. Between 1992 and 1995, he was plant manager at Recticel Industry Buren. Bart J. ten Brink is chairman of the board of directors of EUROPUR, the European Association of Flexible Polyurethane Foam Blocks Manufacturers.

Kaspar W. Kelterborn

lic. oec. HSG, born in 1964, a Swiss national. Between 2003 and mid-2005, he was the chief financial officer and a member of the executive committee at the Unaxis Group. Between 1996 and 2002, he worked for the Clariant Group abroad, performing managerial roles in the areas of finance and controlling, including between 2000 and 2002 as the head of finance at a division with global operations based in Manchester, England; between 1998 and 2000 as chief financial officer for the ASEAN region based in Singapore, and between 1996 and 1998 as country head of finance for Spain and Thailand. Between 1992 and 1995, he worked for Sandoz International Ltd in Switzerland and abroad. Kaspar W. Kelterborn is a member of the board of directors of CPH Chemie + Papier Holding AG, Root.

Dr. Oliver Pabst

Dr. oec. HSG, born in 1966, a German national. From 2006, he was a member of the executive board at Willy Bogner KGaA, Munich, and general manager of various units with strategic and operational responsibility for international business, retail and e-commerce. From 2002 until 2005, he was Managing Partner at Boards & More Holding SA, Montreux. Oliver Pabst started his career in 1993 at McKinsey & Company in Zurich. He is chairman of the supervisory board at Bergfürst AG, Berlin, and a member of the supervisory board at Leffers, Oldenburg, in addition to Reischmann KgaA, Ravensburg, and Avenso GmbH (LUMAS and WHITE WALL), Berlin.

Jakob Rohner

Dipl. Ing. HTL, MBA, born in 1958, a Swiss national. Between 2009 and 2011, he worked as an advisor to Ivers-Lee AG, Burgdorf. Between 2007 and 2009, he was chief executive officer at Cham Paper Group, Cham. Prior to that, between 2000 and 2006, he also worked as chief executive officer at HTS Suisse SA, Glattbrugg. Between 1993 and 1999, he worked in various management positions at Biberist Paper Mill, which was part of the Metsä-Serla Group.

Dr. Burghard Schneider

Dr.-Ing., born in 1965, a German national. Between 2008 and the time he joined the Conzzeta Group, he worked at the international Felss Group, initially as a managing director of Felss Systems GmbH, and from 2011 also as CMTO in the management of Felss Holding. He previously worked for ten years in various managerial positions at the German specialty glass manufacturer Schott AG. During this period, he tapped into new technological and regional markets for the company.

Barbara Senn

lic. iur., Attorney-at-Law, LL.M., born in 1967, a Swiss national. She has been General Counsel for the Conzzeta Group since 2010. She previously worked at Georg Fischer AG, Schaffhausen, as a legal adviser and corporate compliance officer (2002 to 2010) and, between 1996 and 2001, as legal counsel at the Rieter Group in Winterthur.

Alex Waser

Automotive engineer HTL, MBA, born in 1967, a Swiss national. Between 2010 until his arrival at the Conzzeta Group, he managed the majority of European markets for Ecolab, a US provider of systems solutions for the food industry, out of its European branch Ecolab Europe GmbH, Wallisellen. Between 1994 and 2010, he worked at the SPX Group, a business offering workshop equipment and diagnostic systems for the automotive industry worldwide. During this time, he performed various management functions in Europe and in the United States, including most recently that of president of Service Solutions for SPX Europe GmbH, Hainburg (Germany) for the Europe, Middle East and Africa regions.

The members of the Executive Committee do not carry out any significant activities outside the Conzzeta Group other than those specified above.

Rules Contained in the Articles of Association Relating to the Number of Permitted Activities under Article 12 para. 1 point 1 OaEC

According to Article 28 of the Articles of Association of the company, no member of the Executive Board[3] may accept more than four appointments, including no more than two in companies listed on the stock exchange. Each appointment must be approved by the Board of Directors. These restrictions do not apply to:

– appointments to companies controlled by the company or that control the company;
– appointments taken up by a member of the Executive Board on the instructions of the company. No member of the Executive Board may take up more than ten such appointments; and
– appointments to associations, charitable foundations and staff pension funds. No member of the Executive Board may take up more than ten such appointments.

Appointments mean appointments to the highest management body of a legal entity that must be entered into the Commercial Register or an equivalent foreign register. Appointments to different legal entities under joint control or with the same economic beneficiary are regarded as one single appointment.

[3] The term "Executive Board" used in the Articles of Association indicates the group of people referred to as the Executive Committee in the Annual Report, the Organizational Regulations, the Conzzeta website and elsewhere.

Management Contracts

Conzzeta AG has not concluded any management contracts with companies or natural persons from outside the Group.

5 Compensation Shareholdings and Loans

Content and Method for Determining Compensation and Shareholding Programs

Regarding compensation and shareholdings of members of the Board of Directors and the Executive Committee, along with the content of and determination procedures for compensation and shareholding programs and any loans, credit, or retirement benefits, please refer to the statements in the Compensation Report, pages 40 ff.

Rules contained in the Articles of Association

According to Article 25 of the Articles of Association of Conzzeta AG, the company may pay the members of the Executive Board a performance-related remuneration in addition to their fixed remuneration. The performance-related remuneration paid in any given year may not exceed 150 % of the fixed remuneration for that year.

The performance-related remuneration is determined in accordance with company targets. It takes account in particular of:

a. the achievement of planned targets within the area of responsibility;
b. the further development of the business;
c. staff management and development.

The remuneration of the Board of Directors and the performance-related remuneration of the Executive Board may be paid in cash or through the allocation of shares or options. The shares must be acquired on the market. The remuneration may be paid by the company or by companies controlled by it.

According to Article 24 of the Articles of Association of Conzzeta AG, the company or the companies controlled by it are empowered to pay an additional amount of up to 35 % of the relevant approved overall amount for the duration of the remuneration periods already approved to any member who joins the Executive Board or is promoted within the Executive Board after remuneration has been approved by the general meeting.

According to Article 27 of the Articles of Association of Conzzeta AG, the company or companies controlled by it may arrange for alternative retirement benefits for members of the Executive Board who do not or only partially benefit from Swiss pension funds.

The company or companies controlled by it may grant loans up to the value of the annual remuneration to members of the Executive Board.

The Articles of Association do not contain any rules on loans, credit, or retirement benefits with respect to members of the Board of Directors.

The general meeting has the non-transferable power to approve the remuneration of the Board of Directors and the Executive Board (Article 9 para. 5 of the Articles of Association of Conzzeta AG). According to Article 23 of the Articles of Association, the general meeting approves the proposals of the Board of Directors concerning the maximum overall amounts a) of the direct and indirect remuneration of the Board of Directors for the period until the next ordinary general meeting; b) of the direct and indirect remuneration of the Executive Board for the following financial year.

The Board of Directors may present additional or differing proposals relating to the same period or other periods for approval by the general meeting.

6 Participation Rights of Shareholders

Restrictions on Voting Rights and Representation

Each Class A registered share and each Class B registered share is entitled to one vote at the general meeting of the company (Article 13 para. 1 of the Articles of Association). The shares of Conzzeta AG are not subject to any restrictions on voting rights per the Articles of Association.

Pursuant to Article 689 para. 2 CO, a shareholder may represent his or her own shares at the general meeting or arrange to be represented by a third party. According to Article 9 OaEC, the shareholders may also authorize the independent proxy to exercise their voting rights. In addition, according to Article 13 of the Articles of Association, the Board of Directors issues rules of procedure concerning participation in and representation at the general meeting. The company recognizes only one representative per share.

The Articles of Association of Conzzeta AG do not contain any regulations governing the issue of instructions to the independent proxy or concerning electronic participation at the general meeting.

Quora Stipulated in the Articles of Association

According to Article 11 of the Articles of Association of Conzzeta AG, a resolution by the general meeting requires at least two-thirds of the votes represented and an absolute majority of the nominal value of shares represented for:
– any amendment of the Articles of Association;
– any change to the share capital;
– any restriction or cancellation of the subscription right;
– the dissolution of the company.

Except as provided by Article 704 CO, the general meeting passes all other resolutions and conducts elections by an absolute majority of the votes cast, excluding blank or invalid votes.

Calling of the General Meeting

According to Article 8 of the Articles of Association of Conzzeta AG, invitations to ordinary and extraordinary general meetings are issued no later than 20 days prior to the date of the meeting by the Board of Directors, or as the case may be, by the external auditors, by a notice published in the Swiss Official Gazette of Commerce, which must state the agenda items and the proposals of the Board of Directors, and as the case may be, of the shareholders who have requested that a general meeting be held or that a specific item be placed on the agenda.

Shareholders representing at least 10 % of the share capital may request that a general meeting be called.

Inclusion of Items on the Agenda

Article 8 of the Articles of Association of Conzzeta AG provides that shareholders representing at least 5 % of the share capital may request that a specific item be placed on the agenda. The request must be filed with the company at least 40 days before the general meeting.

Subsequent to the reduction of the share capital approved at the Annual General Meeting of April 29, 2014 (see, in this regard, "Changes in Capital", page 25 f), the Board of Directors considered reducing the percentage threshold required in order to place a certain item on the agenda and arrived at the conclusion that, in view of the shareholder structure of Conzzeta AG, it was not advisable to reduce the threshold.

Entries in the Share Register

According to Article 13 para. 2 of the Articles of Association of Conzzeta AG, the Board of Directors issues rules of procedure concerning participation in and representation at the general meeting. The Board of Directors has resolved to set the cut-off date for participation in a general meeting at five working days before the date of the meeting. The cut-off date is announced in the invitation to the shareholders. No entries may be made in the share register between the cut-off date and the date of the meeting. There are no rules that allow for any exceptions.

7 Change in Control and Defensive Measures

Duty to Offer

According to Article 6 of the Articles of Association of Conzzeta AG, purchasers of shares in the company are not obligated to present a public offer to buy in accordance with the Financial Market Infrastructure Act (FMIA) (opting-out).

Change of Control Clauses

No agreements or plans contain any change of control clauses in favor of the members of the Board of Directors and / or of the Executive Committee or any other managers at Conzzeta AG.

8 Auditors

Duration of the Mandate and Term of Office of the Chief Auditors

Since 1939, the statutory auditors of Conzzeta AG (and previous Group auditors) have been KPMG Ltd, based in Zurich, or its legal predecessor. The chief auditor, Hanspeter Stocker, has been responsible for the mandate since financial year 2010.

Auditing fee

The auditing company KPMG charged the following fees for the reporting year:

– Auditing fees: CHF 1 097 000.
– Additional fees for auditing and consultancy services in connection with transfer pricing, acquisitions and accounting advice: CHF 141 000.

Information Tools Pertaining to the External Auditors

The Audit Committee established by the Board of Directors for finance and auditing assesses the efficacy, performance, fee and independence of the auditors and presents a report concerning these matters once each year to the Board of Directors. The Board of Directors does not carry out any further assessment without cause.

The auditors are invited to the meetings of the Audit Committee where the issues dealt with are relevant. During the reporting year, they participated in all three meetings. In particular, the annual financial statement, the management letter and the comprehensive report to the Board of Directors are discussed between the Audit Committee and the auditors. The Chairman of the Audit Committee and the Group CFO inform the Board of Directors at the Board of Directors' meeting in March about the auditors' reports, their own assessment of the issues raised and the action to be taken. At its meeting in August, the Audit Committee establishes the key points of the audit along with the auditors for presentation to the Board of Directors.

The Group CFO prepares all of these matters in conjunction with the auditors for discussion by the Audit Committee and approval by the Board of Directors and implements the recommended improvements.

9 Information Policy

According to Article 32 of the Articles of Association of Conzzeta AG, the publication organ of the company is the Swiss Official Gazette of Commerce. In the situations prescribed by law, written notices are sent by the company to the shareholders or beneficial owners registered at the time of the notice by ordinary letter to the service address included in the share register.

The company publishes an annual report for the period ending December 31 and an interim report for the period ending June 30. Interested persons can obtain information at Conzzeta AG's website, via the company's press releases (pull-service: www.conzzeta.com/en/media-center/news-releases) or subscribe to an e-mail distribution list (push-service: www.conzzeta.com/en/media-center). A financial press and analysts' conference is held for media and financial analysts in conjunction with the publication of the Annual Report. The Group accounts drawn up according to Swiss GAAP FER provide an overview that corresponds to the actual circumstances.

The above and further information concerning the company, including next events and contacts, are available on the the website www.conzzeta.com.

Compensation Report

The Compensation Report provides an overview of the compensation programs and the method for determining compensation at Conzzeta. It documents the compensation awarded in 2016 to the Board of Directors and the Executive Committee.

The report conforms to the relevant provisions of the Ordinance against excessive pay in stock listed companies ("VegüV"), the standards relating to information on corporate governance issued by SIX Swiss Exchange, and the principles of the economiesuisse "Swiss Code of Best Practice for Corporate Governance".

1 Compensation governance

1.1 Shareholder involvement

At the Ordinary Annual General Meeting (AGM) of shareholders on April 26, 2016, the members of the HR Committee which was established in 2014, were re-elected by the shareholders. They also agreed on the 2015 compensation report presented for consultation and authorized the maximum aggregate compensation for the Board of Directors for the 2016 / 2017 period of office amounting to CHF 1.5 million, and to the Executive Committee for the 2017 financial year in the amount of CHF 7.7 million.

At the 2017 Ordinary AGM of shareholders, shareholders will again be asked to approve in a binding prospective vote the aggregate compensation amounts to be awarded to the Board of Directors and to the Executive Committee respectively. They will also be able to pronounce retrospectively in a consultative vote on this compensation report.

1.2 Duties of the Board of Directors

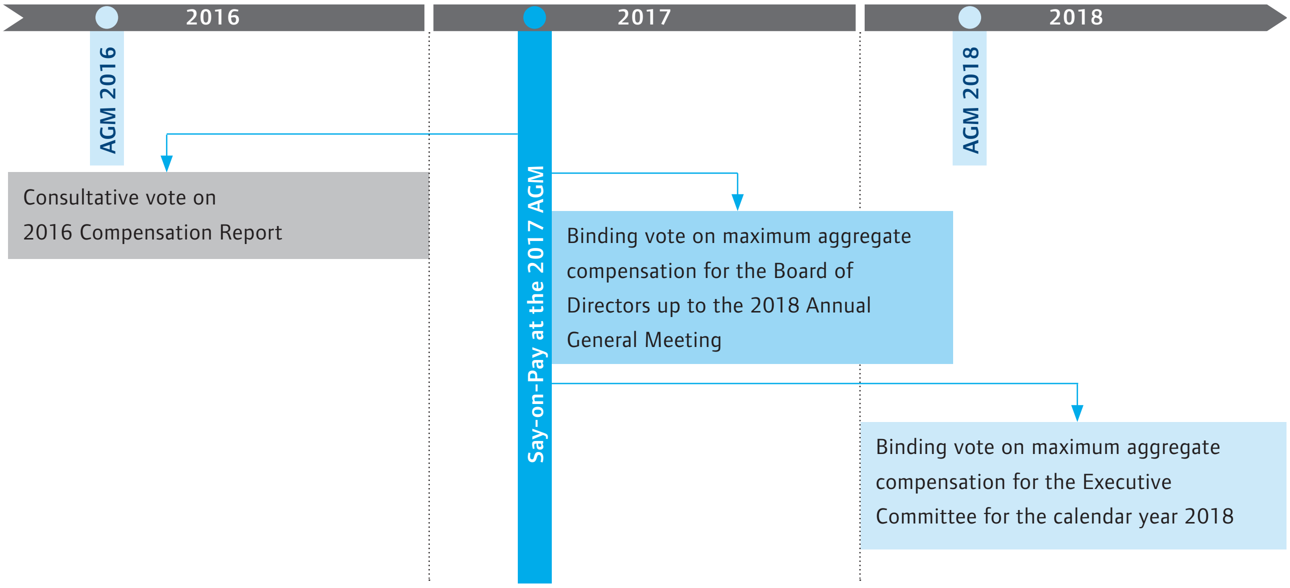
At the request of the HR Committee, the Board of Directors approves the personnel and compensation policy for the Group, and the general terms of employment of the members of the Executive Committee.

At the AGM, the Board of Directors puts forward its own aggregate compensation amount and that of the Executive Committee for approval. It also approves the compensation to be awarded individually to the members of the Board of Directors and Executive Committee, based on the proposal of the HR Committee and with reference to the aggregate compensation amounts agreed by the shareholders' AGM.

1.3 Duties of the HR Committee

As determined in the Articles of Association and in the Organizational Rules of Conzzeta AG, the Human Resources Committee (HR Committee) is responsible for preparing the proposals for the attention of the Board of Directors in relation to nomination and compensation matters:

Structure of shareholders' vote on compensation at the 2017 AGM



Nomination:
- Development of the selection criteria for positions on the Board of Directors and on the Executive Committee
- Succession planning for positions on the Board of Directors and on the Executive Committee
- Assessment and encouragement of the executives and talents
- Supervision of the human resources policy and personnel development plans
- Responsibility for the guideline on permissible external mandates for the members of the Executive Committee and preparation of the respective requests to the Board of Directors

Compensation:
- Motion to the Board of Directors on the compensation policy for members of the Board of Directors and of the Executive Committee
- Review of compensation system and related payments, and of their compliance with the provisions of the Articles of Association
- Preparation of motions to the AGM on the maximum aggregate compensation for the Board of Directors and Executive Committee
- Proposal on the compensation of the individual members of the Board of Directors and of the Executive Committee
- Review and assessment of pension plans
- Preparation of the Compensation Report

The final decision authority remains with the Board of Directors.

The HR Committee consists of three members of the Board of Directors who are elected individually and annually by the Annual General Meeting of shareholders for a period of one year. At the 2016 Annual General Meeting of shareholders, Philip Mosimann (Chairman), Werner Dubach and Robert F. Spoerry were re-elected as members of the HR Committee.

The HR Committee meets as often as business requires, but at least three times a year. At the start of the year, the HR Committee proposes to the Board of Directors the variable compensation of the Group CEO and the other members of the Executive Committee for the previous financial year based on the assessment of business and individual performance. The Committee also proposes the compensation of the members of the Board of Directors for the term of office completed and presents the Compensation Report to the Board of Directors. The meeting at year end is dedicated on the one hand to nomination matters such as the succession planning for positions on the Board of Directors and on the Executive Committee, the definition of appropriate selection criteria for such positions and the review of personal development plans. At the same meeting, the (target) compensation amounts for the Group CEO and the other Executive Committee members for the following year are established.

Responsibilities

	CEO	Compensation committee	Board of Directors	Annual General Meeting
Compensation policy		proposes	approves	
Aggregate compensation of Board of Directors		proposes	proposes	approves
Compensation of individual members of Board of Directors		proposes	approves	
Aggregate compensation of Executive Committee		proposes	proposes	approves
Individual compensation of CEO		proposes	approves	
Compensation of individual members of Executive Committee	proposes	proposes	approves	
Compensation Report		proposes	approves	consultative vote

As a general rule, the Chairman of the Board, the Group CEO and the Head of Corporate Human Resources are invited to join the meetings of the HR Committee in an advisory capacity. The HR Committee Chairman may invite other members of the Executive Committee as appropriate. The Chairman of the Board, the Group CEO and other executives do not take part in the discussions concerning their own compensation.

The HR Committee Chairman reports to the Board of Directors on the activities of the HR Committee after each meeting. The minutes of the HR Committee meetings are made available to all members of the Board of Directors.

2 HR Committee priorities in 2016

The HR Committee met ten times during the 2016 reporting year. Its work focused on the search for and selection of the Mammut Sports Group CEO and on analyzing the situation with regard to succession affecting the top 40 positions in the group, including looking at relevant measures for HR development.

2.1 Recruitment of Mammut Sports Group CEO

Following the retirement of Rolf Schmid as CEO of Mammut Sports Group and Executive Committee member in the summer of 2016, the HR Committee initiated the search for his successor. Essential elements of the job profile required for the successful implementation of the Mammut Sports Group strategy program were wide-ranging international management experience in the mountain sports industry and specific expertise in the fields of multi-channel sales and e-commerce. In early July, after several rounds of interviews with a number of candidates, Dr. Oliver Pabst was appointed as the new CEO of Mammut Sports Group and Executive Committee member by the Board of Directors at the request of the HR Committee, with effect from September 1, 2016.

2.2 Succession planning

For the first time the top 40 positions in the Group were identified and succession planning systematically examined. The analysis revealed a clear requirement for personnel development with regard to candidates immediately in line to step into top posts as well as those in the pipeline for the medium term. The decision was made to introduce a talent development program at Group level as a first step to address this need, to be followed in a second stage by a senior management leadership program.

2.3 Talent development program

The aim of the talent development program is to expand the pool of internal management candidates for the top 40 positions at the Conzzeta Group. The criteria applied in the selection of candidates were essentially the skills and competences relevant to the implementation of future strategy. The program was launched in February 2017 and the process will be repeated once a year.

2.4 Job evaluations

To form the basis for a benchmark study for the compensation of members of senior management who report directly to the Executive Committee (ML2), a systematic job evaluation was compiled with external support for each management role.

2.5 Change to BoD compensation

The change proposed by the HR Committee from awarding compensation to the Board of Directors from a calendar year to a uniform term of office was approved by the entire Board of Directors and has been implemented.

3 Principles of compensation

Compensation of the Executive Committee is awarded on a performance- and results-related basis. Alongside a fixed base salary, the compensation also comprises a variable annual performance-related component in cash (STI) and a long-term, share-based component (LTI) aligned to long-term corporate goals, thus covering the interests of shareholders and management:

- Compensation must be appropriate for and in line with the company's values. These values foster a balanced approach to risk and opportunity with regard to the short- and long-term success of the company.
- Total compensation levels should be attractive and in line with market practice for comparable positions in similar companies.
- Compensation is based on the responsibilities of the role, the skills set required to be successful in the role and on the individual profile of the executive.
- A portion of compensation is linked to ambitious business performance and to the achievement of individual targets.

When determining the target compensation of the Board of Directors and of the Executive Committee, the level of compensation paid by other international industrial companies based in Switzerland is taken into consideration, insofar as these companies are comparable in terms of complexity, size (market capitalization, revenue, number of employees) and geographical reach.

For this purpose, the compensation of the Board of Directors and of the Executive Committee is periodically reviewed on the basis of compensation studies conducted by third party providers, or publicly available data such as the compensation disclosure in the annual reports of the relevant companies.

The financial performance of the company and the relevant businesses, as well as the achievement of individual objectives determined within the annual goal-setting process, influence the compensation effectively paid out to the Group CEO and the other members of the Executive Committee in a given year. In addition, the Board of Directors considers the overall economic and market circumstances and their impact on the business performance, and any special factors as well as additional aspects relevant to individuals. The compensation awarded to the Board of Directors is aligned to the market situation and the specific responsibilities. In order to guarantee independent supervision, the compensation awarded to Board members does not contain a performance-related component. However, approximately 50 % of the compensation is awarded in the form of restricted shares.

4 Compensation System for 2016

4.1 Board of Directors

Compensation for the members of the Board of Directors is composed of a compensation amount which is not results-based and includes compensation for committee work. This compensation is paid partly in cash and partly in shares that are restricted for a period of four years. In addition to this, BoD members are eligible for benefits including flat-rate expenses and social security contributions.

The share-based portion of the compensation is allocated in the form of restricted category A shares. The number of shares is calculated according to the net payment amount divided by the applicable share price. This is the average price from November 1 to January 31. The allocation is made at the end of April after the AGM and is rounded down to the next whole number of shares, with the rounding difference being paid in cash.

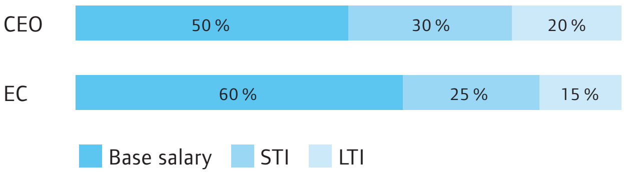
4.2 Executive Committee

The compensation system was worked out in 2015 and implemented at the beginning of 2016. It is based on an annual target income comprised of a base salary, a variable performance-related component in cash (short-term incentive; STI) and a variable share-based performance-related component (long-term incentive; LTI). The breakdown of the aggregate compensation for the CEO and the other members of the Executive Committee given 100 % achievement of targets is shown in the illustration on the following page.

The compensation system for the Executive Committee is performance- and results-related and is intended to provide tangible incentives for the Executive Committee to act in line with strategy to generate profitable growth and therefore in harmony with the interests of the shareholders, the owners of the company.

Depending on the target achievement, the variable compensation varies between 0 % up to a maximum of 150 % of the agreed target amounts (cap). The maximum STI here, given 150 % achievement of targets can be 90 % of base salary for the CEO and 62.5 % of base salary for the members of the Executive Committee. The maximum amounts for the LTI are 60 % of base salary for the CEO and 37.5 % for the members of the Executive Committee.

Breakdown of compensation (with 100 % achievement of targets)



4.2.1 Base salary
The base salary is fixed and is determined on the basis of the following factors:
- Scope and responsibilities of the respective function (job profile)
- Market value of the role (competitiveness)
- Internal peer comparisons (internal equity)
- Individual profile of the incumbent, such as skills set, capabilities, experience and performance

4.2.2 Variable cash compensation (STI)
The performance parameters for the STI comprise 75 % financial (KPIs) and 25 % individual targets, which are agreed on an annual basis during the budget- and individual target-setting processes. For members of the Executive Committee with a Group role the financial performance parameters correspond to the consolidated values of the Conzzeta Group, whereas the financial performance parameters for directors of the business units are specified as 25 % at Group level and 50 % for the relevant business unit. The measurement of financial performance covers the following performance parameters (KPIs):
- Total revenue (TR)
- Operating profit (EBIT)
- Ratio of net operating assets to total revenue (NOA / TR)

For the financial targets, the target value is generally the budget allowance, and is paid out at 100 % on achievement of targets; for each individual parameter, any deviations from the budget cause upward or downward adjustments in line with a predefined scale, so that payments may vary between 0 % and 150 % (cap).

The assessment of individual performance is based on the achievement of personal targets that had been determined at the beginning of the year. As well as quantitative targets, these may also include qualitative targets of a strategic nature, such as the implementation of important projects in market, project and personnel development, as well as mergers and acquisition activities.

4.2.3 Long-term incentive (LTI)
Of the variable performance-related target compensation, the LTI represents 15 % (or 20 % in the case of the CEO). Of this, the only performance parameter is the earnings per share (EPS) for the financial year. Depending on the actual value, the monetary value of the share allocation can vary between 0 % and 150 % (cap) according to EPS target achievement. The number of shares allocated is the product of the LTI monetary value divided by the average share price from November 1 in the current year to January 31 in the following period, with a discount allowed of 10 %. To qualify for the share allocation, the recipient must be in post on the date of the allocation, with no period of notice served by either side. The allocation of shares is effected at the end of March, with the number of shares being rounded up to the next whole number. The shares allocated for the LTI remain restricted for four years. In the event of invalidity, death or termination of the employment relationship following a change of control this vesting period is cancelled.

4.2.4 Benefits
Members of the Executive Committee participate in the benefit plans available in their country of contract. Benefits consist mainly of retirement plans that are designed to ensure a reasonable standard of living for the employees and their dependents with regard to retirement and the risk of sickness, disability and death.

Performance parameters and target weighting for short-term incentive (STI)

		Financial targets			Personal target
		Total revenue	EBIT	NOA	Individual
Group CEO, Group CFO, General Counsel	Conzzeta	20 %	35 %	20 %	25 %
Business unit heads	Conzzeta	10 %	10 %	5 %	
	Business unit	10 %	30 %	10 %	25 %

Calculation of share allocation (LTI)

LTI monetary value calculated (LTI target value x EPS target achievement)	:	Average share price (Nov – Jan), minus 10 % discount[1]	=	Numbers of shares allocated

[1] For transition phase 2016 20 % (see chapter 4.2.6)

Members of the Executive Committee with a Swiss employment contract participate in the retirement plans offered to all employees in Switzerland, insuring the annual earnings (fixed base salary and variable STI target compensation) up to the maximum amount permitted by law. The benefits go beyond the statutory requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans ("BVG").

Members of the Executive Committee with a foreign employment contract are insured according to the local market practice and legislation.

In addition, members of the Executive Committee are entitled to certain perquisites such as a company car or car allowance and other benefits in kind. Executive Committee members further receive a representation allowance in line with the expense regulations applicable to all members of management in Switzerland and approved by the tax authorities.

4.2.5 Contractual provisions

The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a notice period of nine months (12 months for the Group CEO). They do not contain any agreement on severance payments or change-of-control provisions.

4.2.6 Transitional solution

For members of the Executive Committee who had already been appointed before January 1, 2015, the transition to the new employment contracts came with the addition to an increased performance-related aggregate compensation of a digressive minimum guarantee over three years (2015 / 16, 2016 / 17 and 2017 / 18) of 50 %, 40 % and 30 % respectively of the variable remuneration target income (STI and LTI). This became effective as of January 1, 2016.

Within the framework of the transitional solution these members of the Executive Committee can choose between receiving shares or a part-payment not exceeding 70 % (2016) or 40 % (2017) as their LTI. In 2016, the Executive Committee took 15 % of the target amount in cash.

To align the incentives of the Executive Committee more closely with the interests of the shareholders, payment in shares will also be subject to a degressive share price reduction of 20 % (2016) and 10 % (from 2017).

Compensation system for the Executive Committee

Elements	Description
Fixed base salary	Monthly cash compensation for execution of the role and to attract, retain and motivate executives. Based on the current market price and on the individual executing a leadership role conducive to achieving profitable growth.
Variable cash compensation (STI)	Annual cash compensation to reward achievement of financial results and individual targets (short-term incentive; STI)
Long-term incentive (LTI)	The share-based component ensures that compensation is aligned to the interests of shareholders. The shares are restricted for four years.
Additional benefits	Retirement and insurance plans to establish a reasonable level of income in case of retirement, further benefits based on market practice (e.g. flat-rate expenses)

5 Compensation of the Board of Directors for 2016

At the ordinary Annual General Meeting on April 26, 2016, a maximum total amount of CHF 1.5 million was approved for compensation of the Board of Directors for the term of office up to the 2017 Annual General Meeting. This sum covers the basic fee comprising fixed and share-based compensation, additional compensation for committee work, as well as additional benefits, including fixed expenses and social security contributions.

For the 2016 term of office, the members of the Board of Directors will receive total compensation of CHF 1.3 million. This total amount of compensation for Board members is lower than the total sum of CHF 1.5 million approved by the AGM for the 2016 term of office. The total compensation for the Board of Directors has not risen compared to 2015.

Around 50 % of the base compensation of the Board of Directors will be in the form of shares which will be allocated at the end of April after the 2017 ordinary Annual General Meeting. These shares remain restricted for four years. Information on the shareholdings of members of the Board of Directors is outlined on page 100.

The rest of the base compensation is awarded in cash together with the compensation for committee work. In addition, all members of the Board of Directors were paid fixed expenses in the amount of CHF 5 000 (CHF 6 000 for the Chairman).

No loans or credits have been granted to members of the Board of Directors or related parties in the reporting year. As of December 31, 2016, there were no outstanding loans or credits between the company and the members of the Board of Directors or related parties.

6 Compensation of the Executive Committee for 2016

For the business year 2016, the members of the Executive Committee received total compensation of CHF 6.7 million compared with CHF 8.3 million the year before. This complied with the maximum aggregate compensation for the Executive Committee of CHF 7.5 million approved at the ordinary Annual General Meeting of April 28, 2015. A number of factors make it difficult to compare this directly with the previous year: First, the compensation

Compensation for members of the Board of Directors for 2016

	Fixed cash component[1]	Share component[2]	Committee work	Additional services	Total
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Ernst Bärtschi, Chairman	200,2	199,8		62,6	462,6
Roland Abt, Member	45,4	49,6	15,0	15,9	125,9
Matthias Auer, Member	45,4	49,6	10,0	15,4	120,4
Werner Dubach, Member	45,4	49,6	10,0	9,2	114,2
Philip Mosimann, Member	45,4	49,6	15,0	15,9	125,9
Urs Riedener, Member	45,4	49,6	10,0	15,4	120,4
Jacob Schmidheiny, Member[3]	45,4	49,6	8,3	9,1	112,4
Robert F. Spoerry, Member	45,4	49,6	10,0	15,4	120,4
Total	**518,0**	**547,0**	**78,3**	**158,9**	**1 302,2**

[1] Cash compensation incl. rounding difference from share allocation
[2] Shares allocated at CHF 740 plus rounding down sum in cash
[3] Ending of committee work as of April 30, 2016

Compensation of the Board of Directors for 2015

	Fixed cash component	Share component	Committee work	Additional services[2]	Total
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Ernst Bärtschi, Chairman[1]	200,0	200,0		62,6	462,6
Roland Abt, Member	45,0	50,0	15,0	15,9	125,9
Matthias Auer, Member	45,0	50,0	10,0	15,4	120,4
Werner Dubach, Member	45,0	50,0	10,0	9,2	114,2
Philip Mosimann, Member	45,0	50,0	15,0	15,9	125,9
Urs Riedener, Member	45,0	50,0	10,0	15,4	120,4
Jacob Schmidheiny, Member	45,0	50,0	25,0	10,0	130,0
Robert F. Spoerry, Member	45,0	50,0	10,0	15,4	120,4
Total	**515,0**	**550,0**	**95,0**	**159,8**	**1 319,8**

1 Plus CEO compensation from March 1, 2015, to December 31, 2015, totaling CHF 747 shown under "Total compensation of the Executive Committee"
2 Including social security contributions plus first time including fixed expenses

system was revised with effect from January 1, 2016, and the base salary was reduced in favor of a much higher performance-related component. Second, the post of Group CEO was effectively double-staffed after the Chairman of the Board of Directors took over the role of Group CEO on an interim basis as Delegate of the Board at the beginning of February 2015. Third, differences arose as a result of the transitional period between the departure of the CEO of Mammut Sports Group on June 1, 2016, and the appointment of his successor as per September 1, 2016. Fourth, the LTI compensation of the new Group CEO contains compensation for the loss of the deferred compensation from his previous employer.

Total compensation of the Executive Committee in 2016

	Base salary	STI	LTI	Pension contribution 1st + 2nd pillar	Additional services	Total compensation for 2016
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Executive Committee						
Total for Executive Committee[1]	2 925,3	1 338,7	1 376,0	759,9	318,4	6 718,3
Highest single amount: Group CEO, M. Willome[2]	653,0	431,6	751,7	196,9	36,0	2 069,1

1 Oliver Pabst, new Executive Committee member from September 1, 2016, as successor to Rolf Schmid, CEO Mammut Sports Group, who left the Executive Committee on June 1, 2016.
2 Includes compensation for the full amount of the share-based remuneration from his previous employer lost as a result of the move to Conzzeta.

Total compensation of the Executive Committee in 2015

	Base salary	STI	LTI	Pension contribution 1st + 2nd pillar[2]	Additional services[3]	Total compensation for 2015
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Executive Committee						
Total for Executive Committee[3]	4 609,0	1 511,1	1 126,8	798,7	262,1	8 307,6
Highest single amount: Group CEO, R. Suter[4]	985,8	650,0	0,0	167,9	96,0	1 899,7

[1] Employer contributions.
[2] Company car, advanced training plus first time including fixed expenses.
[3] EC had eight members at year-end (the Real Estate business unit was spun off), and on February 3, 2015, Ernst Bärtschi, Chairman of the Board of Directors, took over the CEO function ad interim from Robert Suter.
[4] Includes the compensation paid during the 12-month period of notice until end of February 2, 2016.

The variable component of compensation (STI) for all members of the Executive Committee was ascertained for the business year on the basis of the financial performance at Group and business unit levels as well as individual performance.

The lower variable compensation, despite the improved year-on-year result, is attributable partly to the significantly lower LTI performance assessment criterion (EPS) and partly to the challenging STI targets, which were not achieved in full by several business units. Nevertheless, because of the Group targets within the STI, the latter was largely offset by the above-average target achievement of the Sheet Metal Processing business unit. The average rate of target achievement for the STI by all Executive Committee members was 94 %.

For fiscal 2016 as a whole, the members of the Executive Committee will receive 1 073 shares. The allocation of shares is effected at the end of March at the current market value. The monetary value of the share-based compensation shown in the Compensation Report corresponds to the average share price from November 1 of the current year to January 31 of the following period. Because of the higher share price and the significantly lower LTI performance assessment criterion (EPS), fewer shares will be allocated compared with the previous year. These shares are restricted for four years, i.e. they will be released in April 2021. Information with regard to shares held by Executive Committee members is outlined on page 101.

For the Group CEO, the additional LTI remuneration in compensation for the losses associated with the change of position in 2016 amounts to 162 A shares in Conzzeta to a value of CHF 100 521. Over the next two years, the Group CEO will receive further compensation in the form of A shares to a value of CHF 150 000 (2017) and CHF 210 000 (2018). The aggregate amount of these compensation payments was debited to fiscal 2016. The share price used for calculating the number of shares is the same as that used for the regular LTI allocation for the respective business year (without discount). The shares awarded through the compensation ruling are allocated together with the regular LTI shares but are only restricted for two years. This compensation ruling is only applied if the Group CEO is in post on the day of the allocation with no notice having been given from either side.

Payments made to former Executive Committee members in 2016 amounted to the continuation of the contractual benefits awarded to the CEO of Mammut Sports Group, who retired from the Executive Committee as of June 1. In addition, consultancy fees were agreed at normal market conditions for upcoming projects in the period after his formal departure as of March 1, 2017.

No loans or credits were granted to members of the Executive Committee or related parties in the reporting year. At December 31, 2016, there were no current loan or credit contracts between the company and the members of the Executive Committee or related parties.

Report of the Statutory Auditor

To the General Meeting of Shareholders of Conzzeta AG, Zurich

We have audited the remuneration report dated December 31, 2016, of Conzzeta AG for the year ended December 31, 2016. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections “Compensation report for the 2015 financial year in accordance with the Ordinance Against Excessive Compensation in Listed Companies” on pages 46 to 48 of the compensation report.

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 accompanying 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 December 31, 2016, of Conzzeta AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Hanspeter Stocker
Licensed Audit Expert
Auditor in Charge

Reto Kaufmann
Licensed Audit Expert

Zurich, March 17, 2017

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

Financial report

Consolidated financial statements

53 Commentary on the consolidated financial statements
60 Income statement
61 Balance sheet
62 Cash flow statement
63 Statement of changes in shareholders' equity
64 Notes to the consolidated financial statements
86 List of consolidated companies by business unit
89 Statutory auditor's report

Financial statements of Conzzeta AG

95 Income statement
96 Balance sheet
97 Notes to the financial statements
102 Proposed appropriation of available earnings
103 Statutory auditor's report

Commentary on the consolidated financial statements

Acquisitions and divestments

The Foam Materials business unit acquired Hydra Sponge in Washington, Missouri (USA), as per January 5, 2016. Hydra Sponge makes technical foams for the North American cleaning market and supplies consumers via dealers and other sales partners. The acquisition increased Group revenue by CHF 6.5 million. The Bystronic business unit made two acquisitions. It purchased a 51 % stake in DNE Laser in Shenzhen (China) as of July 14, 2016. The mid-range and low-end product segments served by DNE Laser complement the existing range of high-quality solutions for sheet metal processing and increase the presence of Bystronic in Asia. Pro rata sales amounted to CHF 41.2 million. As of November 11, 2016, the business unit acquired 100 % of the shares in FMG in Sulgen (Switzerland). FMG adds integrated high-bay storage and handling systems to the product offering of the Sheet Metal Processing segment.

In the previous year, the Mammut Sports Group business unit acquired the business activities of Bergschule Uri (Switzerland) as of June 1, 2015. On the 2015 basis of comparison, pro rata sales amounted to CHF 0.3 million. The Real Estate business unit was spun off with effect from June 26, 2015. In a comparison with the previous year, revenue of CHF 9.4 million and an operating profit of CHF 4.9 million generated by the discontinuing business must be excluded as a divestment effect.

The Group figures have not been restated; the influences of the transactions set out above are recognized as acquisition and divestment effects or changes in the scope of consolidation. Figures on a comparable basis take account of currency translation effects and changes in the scope of consolidation.

Income statement

The consolidated income statement for the continuing operations in 2015 is set out in the following. The column showing discontinuing operations includes the former Real Estate business unit.

	Continuing operations		Discontinuing operations		Total Group	
	2016	2015	2016	2015	2016	2015
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Net revenue	1 214.3	1 131.4		9.4	1 214.3	1 140.8
Total revenue	1 215.1	1 129.1		9.4	1 215.1	1 138.5
Operating result	84.4	75.9		4.9	84.4	80.8
Operating result in % total revenue	6.9 %	6.7 %		52.1 %	6.9 %	7.1 %
Group result	63.9	56.0		3.3	63.9	59.3
Group result in % total revenue	5.3 %	5.0 %		35.1 %	5.3 %	5.2 %

Net revenue

	CHF m	%
Net revenue 2015	1 140.8	100.0
Changes in Group revenue 2016 due to:		
– currency translation effects	5.9	0.4
– acquisitions	48.0	4.2
– divestments	−9.6	−0.8
– changes in quantity and price	29.2	2.6
Total change	**73.5**	**6.4**
Net revenue 2016	**1 214.3**	

Group revenue amounted to CHF 1 214.3 million, 6.4 % up on the previous year. On the basis of the previous year's exchange rates and taking acquisition and divestment effects into account, revenues were 2.6 % higher than the previous year. The currency effect was 0.4 % and the net acquisition and divestment effect 3.4 %. After a subdued first-half performance, revenue made substantial progress in the second semester. The development of the reporting segments presented a varying picture. The Sheet Metal Processing and Chemical Specialties segments reported growth, while the Sporting Goods and Glass Processing segments showed a decline. The Sheet Metal Processing segment generated growth of 14.3 %, of which currency and acquisition effects amounted to 7.0 %. Bystronic nevertheless succeeded in maintaining or increasing revenues overall in the European and US markets, while the sales performance in Asia improved significantly. The Chemical Specialties segment generated revenue growth of 4.2 % on a comparable basis, principally in the "Asia and others" region, and in North and South America. In the technical foams business, solutions for noise and heat insulation in vehicles, various special filters and functional foams were in particularly high demand. On the other hand, it was not possible to maintain sales of foams in the comfort product segment, which is strongly focused on Switzerland and neighboring countries. The print finishing business was able to offset the continuing decline in revenues in the European market for commercial printing, thanks to innovative Touch & Feel products, coupled with gains in market share in Asia and the Middle East. The Sporting Goods segment posted a decline in revenues of 2.9 %, adjusted for currency effects. Lower revenues, particularly in the core European markets of Switzerland, Germany and Austria (the so-called DACH region) were largely offset by growth in the markets of Asia and parts of Europe outside the DACH region. On a comparable basis, revenue in the Glass Processing segment dropped by 11.2 %. Although the architectural glass business progressed in Asia and the USA, the growth was not sufficient to fully compensate for declining revenue in Europe. Nor was the automotive glass product segment able to repeat the very strong performance seen in 2015, which was boosted by major orders in the USA in particular. The average EUR / CHF and USD / CHF exchange rates used for the consolidated income statement increased by 2.0 % and 2.8 % respectively.

Operating result

	Cost of materials		Personnel expenses		Other operating expenses	
	CHF m	%	CHF m	%	CHF m	%
Operating costs 2015	540.6	100.0	283.6	100.0	205.0	100.0
Changes in 2016 due to:						
– currency translation effects	1.7	0.3	1.4	0.5	1.1	0.6
– acquisitions	24.4	4.5	6.7	2.4	6.8	3.3
– divestments			–1.0	–0.4	–2.1	–1.0
– operational changes	7.5	1.4	13.4	4.7	10.9	5.3
Total change	**33.6**	**6.2**	**20.5**	**7.2**	**16.7**	**8.2**
Operating costs 2016	**574.2**		**304.1**		**221.7**	

The cost of materials was CHF 574.2 million, 6.2 % up on the previous year. This figure contains an acquisition effect of 4.5 % and a currency translation effect of 0.3 %. On a comparable basis, this produced a disproportionately low increase of 1.4 % in relation to total revenue. The restructuring costs amount to CHF 0.8 million. The cost of materials in relation to total revenue (material rate) is influenced by changes in inventories of semifinished products, work in progress and finished products. Adjusted for this effect, the material rate is 0.4 percentage points lower than the previous year. Improvements in the Sporting Goods, Chemical Specialties and Glass Processing segments are attributable to lower material usage, positive mix-related product shifts and the absence of the negative currency effects seen in the previous year. These more than compensated for a slightly higher material rate in the Sheet Metal Processing segment.

Personnel expenses were CHF 304.1 million, a year-on-year increase of 7.2 %. Included are an acquisition and divestment effect of 2.0 % and a currency effect of 0.5 %. On a comparable basis the increase is 4.7 %. This figure also contained restructuring costs of CHF 4.5 million (previous year: CHF 2.9 million). The higher personnel expenses are mainly attributable to workforce expansion in conjunction with growth plans in the Sheet Metal Processing and Sporting Goods segments. Personnel expenses in relation to total revenue remained at the previous year level.

Other operating expenses increased year on year by 8.2 % and amounted to CHF 221.7 million. Included are a currency effect of 0.6 % and an acquisition and divestment effect of 2.3 %. On a comparable basis the increase is 5.3 %. Additional costs were incurred in the reporting year for projects and growth initiatives, as well as restructuring costs of CHF 0.8 million (CHF 1.2 million). Other operating expenses were slightly up on the previous year overall at 18.2 % of total revenue.

Depreciation includes restructuring costs of CHF 1.8 million from adjustments on property, plant and equipment in connection with the consolidation of the two production plants of the Sheet Metal Processing segment in Tianjin (China).

The operating result (EBIT) amounted to CHF 84.4 million, 4.4 % higher than the previous year. This figure contains a currency translation effect of 0.5 % and an acquisition and divestment effect of 7.3 %. On a comparable basis, EBIT was around 3.4 % lower than the previous year. The operating result includes costs for the ongoing growth and efficiency measures and for restructuring costs totaling CHF 7.9 million (previous year: CHF 4.1 million). The EBIT margin was 6.9 %, compared with 7.1 % in the previous year or 6.7 % on continuing operations. The EBIT contribution of the reporting segments varied. The Sheet Metal Processing segment returned a strong EBIT margin of 9.7 % (9.6 %), despite restructuring costs in conjunction with site optimization in China amounting to CHF 4.3 million. The first half of the year was marked by a muted sales trend, though this was more than offset by a strong second-half performance. The Chemical Specialties segment achieved a marked operational improvement, with an EBIT margin of 10.4 % (9.1 %) thanks to a better performance and lower material costs. The Sporting Goods segment improved its contribution to the Group result compared with the previous year, which was strongly affected by negative currency effects, from CHF 0.1 million to CHF 1.2 million. This improvement was achieved despite lower revenues, particularly in the core European markets of Switzerland, Germany and Austria (the so-called DACH region) and set-up costs in connection with implementation of the five-year strategic plan. The Glass Processing segment reported a decline in earnings from CHF 6.4 million to CHF 1.0 million. This development is attributable to falling sales of architectural glass in Europe and in the automotive glass product segment which was unable to continue on from the strong 2015 performance that was driven by large-scale orders in the USA. In addition, the operating result in the Glass Processing segment was adversely affected by restructuring costs of CHF 3.6 million in conjunction with cost-reduction measures in Europe and ongoing process optimization.

Financial result

The financial income of CHF 4.1 million contains, in addition to interest and investment income, a reversal of valuation adjustments on loans of CHF 2.5 million. The financial expenses of CHF 3.7 million comprise interest expenses from financing of locations abroad and the costs of currency hedging on financing in foreign currencies as well as a net currency loss; CHF 2.9 million of the total relates to the discontinuation of the business activities of a Group company abroad. This led to a moderately positive financial result of CHF 0.4 million. The previous year was mostly influenced by currency losses from the valuation of liquid assets, short-term loans between Group companies and other financial assets which date from the revaluation of the Swiss franc in the balance sheet of January 2015.

Extraordinary result

The previous year's extraordinary result comprises the reversal of provisions no longer required and accruals and deferrals from the sale of the Automation Systems business unit of CHF 0.9 million as well as the transaction costs for the spin-off of Plazza of negative CHF 1.5 million.

Income taxes and Group result

The expected tax rate decreased from 25.1 % to 24.7 %, a fall of 0.4 of a percentage point, which is attributable to lower taxable earnings at foreign Group companies. The effective tax rate was 24.8 % from the ordinary result before taxes, compared with 23.2 % the previous year. Reasons for the increase are the improved business performance and a reappraisal of deferred tax assets on temporary differences in the previous year. The positive tax effects from the change in tax loss carryforwards had less influence on the tax rate than in the previous year. Based on the higher Group result available to the shareholders of Conzzeta AG, earnings per registered share A are up to CHF 29.10 (CHF 28.65) and per registered share B to CHF 5.82 (CHF 5.73), 1.6 % higher year on year.

Balance sheet

Net operating assets amounted to CHF 401.6 million, against CHF 413.3 million the previous year. Acquisition-related additions are offset by improvements in net working capital and moderate investment expenditure, leading to a decrease of 2.8 %. In the Sheet Metal Processing segment in particular, net working capital decreased, despite revenue growth. The strong second half led to a significant rise in trade receivables, but conversely to a reduction in inventories as well. The rising volume of business brought with it an increase in trade payables and advance payments from customers. In the Sporting Goods segment, the optimization of merchandise management resulted in a further decrease in inventories. The more advanced stage of completion of large-scale projects in the Glass Processing segment led to an increase in inventories, but this was offset by higher advance payments from customers. Property, plant and equipment decreased overall by 1.5 % to CHF 199.4 million. Investments in 2016 included, in addition to replacement investments, various plant expansions and optimizations in the Sheet Metal Processing and Chemical Specialties segments, as well as store installations in the Sporting Goods segment. The increase in financial assets reflects the expansion of customer financing programs in the Sheet Metal Processing segment. For 2016 average net operating assets as a percentage of total revenue amounted to 33.5 % (previous year: 40.8 %). This resulted in a return on net operating assets (RONOA) after taxes of 15.6 % (13.4 %).

Net operating assets

	2016	2015
	CHF m	CHF m
Inventories	239.5	227.6
Trade receivables	177.7	148.5
Prepayments to suppliers	13.7	6.0
Other receivables, prepaid expenses and accrued income	26.5	28.0
Property, plant and equipment	199.4	202.5
Financial assets	23.7	18.8
Intangible assets	8.4	9.0
Trade payables	– 90.5	– 74.2
Advance payments from customers	– 50.5	– 32.8
Other liabilities, accrued expenses and deferred income	– 100.3	– 77.1
Provisions	– 46.0	– 43.0
Net operating assets (NOA)	**401.6**	**413.3**
Net operating assets (NOA), average	**407.4**	**465.4**
Operating result	84.4	80.8
Chargeable taxes	– 20.9	– 18.7
Operating result after taxes	**63.5**	**62.1**
Return on net operating assets (RONOA) after taxes [1]	**15.6 %**	**13.4 %**

[1] Return on net operating assets (RONOA) after taxes is calculated from the operating profit after deduction of the chargeable tax expense in relation to the average net operating assets as of January 1 and December 31.

Cash flow

Operational free cash flow was CHF 76.0 million (previous year: CHF 70.5 million). The increase is primarily due to the higher cash flow from operating activities, which was influenced by the better operating result and the greater reduction in net working capital. Net investments of CHF 20.0 million were higher year on year (CHF 16.3 million) and were in line with expectations. To avoid the effects of negative interest rates a monetary investment of CHF 130 million with a notice period of more than 90 days was entered into in 2015, leading to reclassification from cash and cash equivalents to securities. Part of this monetary investment was renewed on expiry, resulting in a net cash inflow of CHF 80.0 million. In addition, payments were made for acquisitions amounting to CHF 63.1 million. The resulting free cash flow was CHF 92.9 million (negative CHF 60.1 million). In addition to the dividend payment totaling CHF 20.7 million, repayments and redemptions of external financing also led to cash outflows. At the end of the reporting year, the Group had liquid assets of CHF 469.8 million.

Operational free cash flow / free cash flow

	2016	2015
	CHF m	CHF m
Cash flow from operating activities	96.0	86.8
Investment in property, plant and equipment	– 19.6	– 16.0
Divestment of property, plant and equipment	1.8	0.6
Investment in financial assets without securities	– 3.2	– 1.1
Divestment of financial assets without securities	6.1	4.3
Investment in intangible assets	– 5.1	– 4.1
Operational free cash flow	**76.0**	**70.5**
Purchase of securities	– 50.0	– 130.0
Sale and redemption of securities	130.0	8.1
Acquisition of business activities	– 63.1	– 0.6
Divestment of business activities		– 8.1
Free cash flow	**92.9**	**– 60.1**

Operational free cash flow is calculated on the basis of free cash flow, excluding changes in securities and financial assets with a term of more than 90 days as well as acquisition and divestment of business activities. This key indicator serves for management of operating performance.

Shareholders’ equity

Equity as per December 31, 2016, was 1.9 % lower at CHF 941.5 million. The reduction is largely due to the recognition of goodwill from acquisitions amounting to CHF 63.7 million and to the dividend payment of CHF 20.7 million. These factors were offset by the positive Group result of CHF 63.9 million. The equity ratio fell by 3.6 percentage points to 75.0 %, so the Group continues to have a solid financial base.

Number of employees

At the balance sheet date, the number of employees stood at 4 098, 17.8 % higher year on year. The increase is largely due to the acquisition of DNE Laser in the Sheet Metal Processing segment. The increase of 1.8 %, adjusted for acquisition effects, was in the Sheet Metal Processing and Sporting Goods segments, in line with strategy. The average headcount in the reporting year was 3 814 full-time positions. The average number of full-time positions increased by 2.8 % on a comparable basis, due to the above-mentioned hiring in the Sheet Metal Processing and Sporting Goods segments. Net revenue per employee decreased from CHF 333 000 to CHF 318 400 because of the lower per-capita revenue of the Chinese acquisition. On a comparable basis, net revenue per employee was maintained at the same level as 2015.

Dividends

The Board of Directors is proposing to the Annual General Meeting on April 25, 2017, a dividend of CHF 11 per registered share A and a dividend of CHF 2.20 per registered share B. In the previous year, a dividend of CHF 10 per registered share A and a dividend of CHF 2 per registered share B were paid out.

Consolidated income statement – Group

	Notes	2016 CHF m	2015 CHF m
Net revenue	1	**1 214.3**	**1 140.8**
Changes in inventory and own work capitalized	4	0.8	– 2.3
Total revenue		**1 215.1**	**1 138.5**
Cost of materials	5	– 574.2	– 540.6
Personnel expenses	6	– 304.1	– 283.6
Other operating expenses	7	– 221.7	– 205.0
Depreciation on property, plant and equipment, and financial assets	16, 17	– 24.9	– 24.7
Depreciation on intangible assets	18	– 5.8	– 3.8
Operating result		**84.4**	**80.8**
Financial result	8	0.4	– 2.6
Result from unconsolidated investments		0.1	– 0.1
Ordinary result before taxes		**84.9**	**78.1**
Extraordinary result	9		– 0.6
Result before taxes		**84.9**	**77.5**
Taxes	10	– 21.0	– 18.2
Group result		**63.9**	**59.3**
Attributable to Conzzeta AG shareholders		60.2	59.3
Attributable to minority interests		3.7	
Earnings per registered share A, in CHF	11	29.10	28.65
Earnings per registered share B, in CHF	11	5.82	5.73
Diluted earnings per registered share A, in CHF	11	29.10	28.65
Diluted earnings per registered share B, in CHF	11	5.82	5.73

Consolidated balance sheet at December 31 – Group

	Notes	2016 CHF m	2015 CHF m
Assets			
Cash and cash equivalents		469.8	410.8
Securities	12	50.0	130.0
Trade receivables	13	177.7	148.5
Prepayments to suppliers		13.7	6.0
Other receivables	14	19.9	21.7
Prepaid expenses and accrued income		6.6	6.3
Inventories	15	239.5	227.6
Current assets		**977.2**	**950.9**
Property, plant and equipment	16	199.4	202.5
Financial assets	17	70.4	59.3
Intangible assets	18	8.4	9.0
Fixed assets		**278.2**	**270.8**
Total assets		**1 255.4**	**1 221.7**
Liabilities and shareholders' equity			
Trade payables		90.5	74.2
Advance payments from customers	19	50.5	32.8
Short-term financial liabilities	20	0.8	7.1
Other short-term liabilities	21	24.4	14.6
Accrued expenses and deferred income	22	75.9	62.5
Short-term provisions	23	27.2	22.5
Short-term liabilities		**269.3**	**213.7**
Long-term financial liabilities	20	3.3	6.5
Other long-term liabilities		0.7	0.7
Pension fund liabilities	27	1.0	1.1
Long-term provisions	23	39.6	39.8
Long-term liabilities		**44.6**	**48.1**
Share capital	24	4.1	4.1
Capital reserves		98.3	98.2
Treasury shares	25	–1.1	–1.2
Retained earnings		833.3	858.8
Shareholders' equity excluding minority interests		**934.6**	**959.9**
Minority interests		6.9	
Shareholders' equity including minority interests		**941.5**	**959.9**
Total liabilities and shareholders' equity		**1 255.4**	**1 221.7**

Consolidated cash flow statement – Group

	Notes	2016 CHF m	2015 CHF m
Group result		63.9	59.3
Depreciation		26.5	27.9
Impairments		4.2	0.6
Gain on disposal of fixed assets		–0.7	–0.3
Change in provisions and pension fund liabilities		0.6	–0.2
Other non-cash items		–6.5	–4.6
Cash flow from operating activities before change in working capital		**88.0**	**82.7**
Change in inventories		–0.6	19.6
Change in trade receivables		–28.7	6.6
Change in prepayments to suppliers		–5.8	2.3
Change in other receivables, prepaid expenses and accrued income		2.3	–1.0
Change in trade payables		16.1	–10.8
Change in advance payments from customers		10.9	–6.5
Change in other liabilities, accrued expenses and deferred income		13.8	–6.1
Cash flow from operating activities		**96.0**	**86.8**
Investment in property, plant and equipment	16	–19.6	–16.0
Divestment of property, plant and equipment	16	1.8	0.6
Investment in financial assets and securities	12	–53.2	–131.1
Divestment of financial assets and securities	12	136.1	12.4
Investment in intangible assets	18	–5.1	–4.1
Acquisition of business activities	26	–63.1	–0.6
Divestment of business activities	26		–8.1
Cash flow from investing activities		**–3.1**	**–146.9**
Cash flow from operating and investing activities (free cash flow)		**92.9**	**–60.1**
Purchase of treasury shares	25	–1.7	–1.2
Dividends		–20.7	–25.9
Plazza spin-off			–103.3
Change in liabilities to former Tegula shareholders			–5.1
Change in short-term financial liabilities	20	–7.5	1.4
Change in long-term financial liabilities	20	–3.2	–0.3
Change in other long-term liabilities			–0.2
Cash flow from financing activities		**–33.1**	**–134.6**
Effect of currency translation on cash and cash equivalents		–0.8	–3.5
Change in cash and cash equivalents		**59.0**	**–198.2**
Cash and cash equivalents at 1/1		410.8	609.0
Cash and cash equivalents at 12/31		469.8	410.8

Consolidated statement of changes in shareholders' equity at December 31 – Group

	Share capital	Agio/ capital reserves	Treasury shares	Retained earnings			Total excl. minority interests	Minority interests	Total incl. minority interests
				Currency translation effects	Other retained earnings	Value fluctuation financial instruments			
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Shareholders' equity									
At 12/31/2014	5.2	123.7	–	–75.3	1 079.2	–	1 132.8	–	1 132.8
Group result 2015					59.3		59.3		59.3
Dividend payment					–25.9		–25.9		–25.9
Plazza spin-off	–1.1	–26.9			–154.3		–182.3		–182.3
Change resulting from hedging transactions						0.9	0.9		0.9
Recognition of goodwill with equity					–0.8		–0.8		–0.8
Purchase of treasury shares			–1.2				–1.2		–1.2
Share-based payments		1.4					1.4		1.4
Currency translation effects				–24.3			–24.3		–24.3
At 12/31/2015	**4.1**	**98.2**	**–1.2**	**–99.6**	**957.5**	**0.9**	**959.9**	**–**	**959.9**
Group result 2016					60.2		60.2	3.7	63.9
Dividend payment					–20.7		–20.7		–20.7
Change resulting from hedging transactions						–0.8	–0.8		–0.8
Recognition of goodwill with equity					–63.7		–63.7		–63.7
Minority interests from acquisition								3.3	3.3
Purchase of treasury shares			–1.7				–1.7		–1.7
Share-based payments									
Contribution for 2015		–1.4	1.8				0.4		0.4
Allocation for 2016		1.5					1.5		1.5
Currency translation effects				–0.5			–0.5	–0.1	–0.6
At 12/31/2016	**4.1**	**98.3**	**–1.1**	**–100.1**	**933.3**	**0.1**	**934.6**	**6.9**	**941.5**

Notes to the consolidated financial statements

General principles

The consolidated financial statements comprise the audited financial statements of the Group companies of Conzzeta AG at December 31, using accounting policies which are consistent throughout the Group and in accordance with Swiss GAAP FER. For the 2016 consolidated financial statements, the historical costs have been reported using the same valuation policies and basis as in the previous year. The principle of individual valuation has been applied to assets and liabilities.

The revised regulations on revenue recognition, valid as of January 1, 2016, in the Swiss GAAP FER framework and in Swiss GAAP FER 3 and 6 were adopted. The updated principles of revenue recognition had no influence on the figures presented in the consolidated balance sheet and income statement.

Consolidation principles

Scope and method of consolidation

The consolidated financial statements include the financial statements of Conzzeta AG and of all companies directly or indirectly controlled by Conzzeta AG, through investments with more than 50 % of the votes or by another means, and uniformly managed. These investments are fully consolidated. The share of the minority shareholders in the net assets and net result is disclosed separately. Investments with 50 % of the voting rights are consolidated on a pro rata basis in accordance with the share in the capital. Intragroup receivables and payables as well as expenses and income are offset against each other, and intragroup profits have been eliminated. The assets and liabilities of companies included in the consolidation for the first time are valued at current values. Goodwill arising from this revaluation is offset against equity. First-time consolidations are included from the date on which control is acquired; deconsolidations from the date on which control is relinquished. Investments in associates (at least 20 %, but less than 50 % of the voting rights) are accounted for under the equity method. Other minority interests are valued at acquisition cost, less any necessary provisions for diminution in value.

A list of the consolidated companies and the associated companies can be found on page 86 ff.

Foreign currency translation

The financial statements of foreign Group companies are prepared in their respective functional currencies and translated into CHF as follows:

- balance sheets at year-end exchange rates
- income statements at annual average rates
- cash flow statements at annual average rates

The resulting translation differences, as well as foreign currency gains and losses on long-term, equity-like loans to Group companies, are taken directly to the consolidated shareholders' equity.

All gains and losses resulting from transactions in foreign currencies as well as adjustments to foreign currency balances at the balance sheet date are recognized in the income statement.

Accounting and valuation policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal checking and bank account balances as well as fixed-term deposits with a maximum residual term of 90 days.

Securities

The securities are marketable, readily realizable monetary and capital investments (including structured financial products). They are shown at market value.

Receivables

Trade receivables and other receivables are shown at invoiced amounts, less appropriate provisions for debtors' risks. Specific provisions for bad debts are accounted for where required.

Inventories

Inventories are shown at the lower of acquisition or production cost and fair value less cost to sell. Production cost is calculated without imputed interest. Discounts are recognized as purchase price reductions. Provisions are made for inventories that are difficult to realize or slow-moving.

Property, plant and equipment

Land has been valued at acquisition cost less impairment adjustments. Other tangible fixed assets are valued at acquisition or production cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are as follows:

Factory buildings	30 to 40 years
Plant and machinery	5 to 12 years
Tools, fixtures and fittings, vehicles	2 to 8 years
IT hardware and office machinery	3 to 5 years

As a result of the Group's diversified business activities, it has a broad range of fixed assets, and the useful lives of property, plant and equipment vary.

Financial assets

Financial assets are valued at acquisition cost, less appropriate provisions for value adjustments. Also recognized in the financial assets are employer contribution reserves not subject to renounced use.

Intangible assets

Intangible assets include the formulas, licenses, trademarks and software acquired from third parties. In principle, these are amortized using the straight-line method over their economically useful life; normally, this is between three and five years for software and licenses.

The goodwill resulting from acquisitions is offset against retained earnings at the time of acquisition. On divestment of a business activity, the goodwill offset against equity at an earlier date is transferred to the income statement. The effects of theoretical capitalization and depreciation, including any impairments from valuation assessments are shown in note 18. For the shadow accounting, the goodwill is amortized in principle on a straight-line basis over its estimated useful life, normally five years.

Impairment of assets

The value of assets is assessed at regular intervals. Where there are signs of loss of value, the realizable value is reassessed. If the book value exceeds the realizable value, an additional depreciation adjustment is made.

Liabilities

Liabilities are usually recognized in the balance sheet at invoiced amounts.

Provisions

Provisions are formed when an event likely to give rise to an obligation occurs prior to the balance sheet date, and the amount involved and/or the settlement date are uncertain, but can be estimated. This obligation can have legal or factual grounds.

Net revenues/revenue recognition

Revenues are recognized when goods or products are delivered or a service performed, and the benefits and risks as well as the power of disposal are transferred to the buyer. Whether the benefits and risks were transferred on delivery is assessed separately for each sales transaction. If the installation of the product at the recipient's premises is an essential contract component, the revenue is not recognized until the installation is concluded. Longer-term orders are recognized using the completed contract method. The net revenue corresponds to the expected equivalent value of the service rendered, net of sales and value-added tax, any sales deductions such as sales bonuses, granted rebates and discounts as well as value adjustments and currency effects on trade receivables. Separable revenues, for example due to sale of products and related services, are recognized and evaluated individually. Revenues are only recognized when the amounts involved can be reliably determined.

Deferred taxes

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for reporting purposes, using the currently enacted tax rates on an entity level. Movements in the deferred tax provision are included in the tax position in the income statement. The active deferred taxes from recognized loss carryforwards as well as temporary valuation differences are only capitalized when in all probability future taxes on profits can be offset.

Employee pensions

The pension obligations of Group companies in respect of retirement, death and disability benefits are based on local rules and customs in each country. Regular contributions are paid to government bodies, autonomous pension funds or insurance companies. The pension and benefit payments and outstanding benefits during the accounting period and the regular contributions to the various pension funds are charged to the income statement. The private pension plans are principally those existing in Switzerland. They are for the creation of retirement assets for conversion into fixed pensions, with additional risk benefits. These are valued and presented in accordance with the standards of Swiss GAAP FER 16. Any actual economic impact of the pension funds on the company is calculated at the balance sheet date. An economic benefit is only capitalized when this is to be used for the future service cost of the company. An economic obligation is recognized as a liability when the requirements for the formation of a provision are met. Freely available employer contribution reserves are shown as assets. The difference between the annually determined economic benefits and obligations and the change in the employer contribution reserves are included in the income statement.

Research and development

Research and development costs are fully charged to the income statement.

Extraordinary result

The extraordinary result shows gains and losses from non-recurring transactions which do not form part of the operational core business. These comprise primarily the sale of non-operational real estate and divestment of business activities.

Derivative financial instruments

Currency and interest-rate hedges are used against some currency and interest rate risks arising from business operations. All outstanding derivatives are recognized at market value on the balance sheet date and shown at gross values under other receivables or other short-term liabilities.

Value changes on derivatives for hedges of recognized underlying transactions are shown like the underlying transaction. Value changes on derivatives for hedges of future cash flows will be shown directly in equity until completion of the underlying transaction. At the time of recognition of the underlying transaction the gain or loss recorded in equity will be transferred to the income statement.

Treasury shares / share-based compensation

Treasury shares are recognized at cost at the time of acquisition. The holding of treasury shares is disclosed as a negative item in equity. Upon resale, the profit or loss is allocated directly to the capital reserves.

Share-based compensation for members of the Board of Directors and Executive Committee is measured at cost at the grant date and charged to personnel expenses in the period in which the service is rendered.

Additional notes to the consolidated financial statements

1 Segment information

For the purposes of segment reporting the revenues of the economically similar FoamPartner and Schmid Rhyner business units are grouped together in a single reporting segment. Given that this aggregated reporting segment is characterized by similar value drivers (e.g. innovation, life cycle, raw materials used) and risk factors, the informative value of the disclosed key figures per segment is not adversely affected.

The five business units are grouped in the following reporting segments:

Segment	Business unit
Sheet Metal Processing	Bystronic
Sporting Goods	Mammut Sports Group
Chemical Specialties	FoamPartner and Schmid Rhyner
Glas Processing	Bystronic glass
Discontinued business units	Real Estate (spun off in 2015)
Other	Corporate and eliminations

The following summary describes the business activities and main sources of revenue:

Bystronic is a globally active manufacturer of laser cutting machinery, pressbrakes and waterjet cutting systems in the Sheet Metal Processing segment. The company also offers automation systems and integrated software solutions as well as maintenance and support services. The most important source of revenue is the sale and installation of machinery and spare parts and the provision of maintenance and other services.

In the Sporting Goods segment, Mammut Sports Group develops, produces and markets equipment for mountaineering, climbing and winter sports worldwide. Its offering includes technical hardware, clothing and footwear. The most important source of revenue is the sale of corresponding products. Products are sold mostly through specialist retailers as well as Mammut's own stores and digital sales channels.

The FoamPartner business unit operates worldwide, developing, producing and processing high-grade polyurethane foam materials for the industry and comfort market segments. The Schmid Rhyner business unit develops and manufactures print varnishes for the graphical industry. The most important source of revenue in the Chemical Specialties segment is the sale of products to original equipment manufacturers.

In the Glass Processing segment, Bystronic glass is a globally active manufacturer of machinery and systems for processing flat glass in the architectural and vehicle glass market segments. The company's offering ranges from individual machines, via spare parts and service to complete production lines. The most important source of revenue is the sale and installation of machinery, systems and spare parts and the provision of maintenance and other services.

Net revenues by segment	2016 CHF m	2016 %	2015 CHF m	2015 %
Sheet Metal Processing	652.8	53.7	570.9	50.0
Sporting Goods	233.4	19.2	235.3	20.6
Chemical Specialties	220.6	18.2	204.5	17.9
Glass Processing	107.5	8.9	119.9	10.5
Discontinued business units			9.6	0.8
Net revenues as per segment reporting	**1 214.3**		**1 140.2**	
Other			0.6	
Net revenues as per income statement	**1 214.3**	**100.0**	**1 140.8**	**100.0**

Total revenues by segment	2016 CHF m	2016 %	2015 CHF m	2015 %
Sheet Metal Processing	648.7	53.4	576.3	50.6
Sporting Goods	231.8	19.1	234.8	20.6
Chemical Specialties	221.9	18.2	203.5	17.9
Glass Processing	112.7	9.3	113.7	10.0
Discontinued business units			9.4	0.8
Total revenues as per segment reporting	**1 215.1**		**1 137.7**	
Other			0.8	
Total revenues as per income statement	**1 215.1**	**100.0**	**1 138.5**	**100.0**

Operating result by segment	2016 CHF m	2016 in % TR	2015 CHF m	2015 in % TR
Sheet Metal Processing	63.0	9.7	55.4	9.6
Sporting Goods	1.2	0.5	0.1	0.0
Chemical Specialties	23.1	10.4	18.5	9.1
Glass Processing	1.0	0.9	6.4	5.6
Discontinued business units			4.9	52.1
Operating result as per segment reporting	**88.3**		**85.3**	
Other	−3.9		−4.5	
Operating result as per income statement	**84.4**	**6.9**	**80.8**	**7.1**

Net operating assets (NOA) by segment	2016 CHF m	2016 %	2015 CHF m	2015 %
Sheet Metal Processing	159.0	39.6	162.1	39.2
Sporting Goods	108.1	26.9	113.6	27.5
Chemical Specialties	112.7	28.1	110.9	26.8
Glass Processing	19.3	4.8	23.1	5.6
Discontinued business units				
NOA as per segment reporting	**399.1**		**409.7**	
Other	2.5		3.6	
NOA as per balance sheet	**401.6**	**100.0**	**413.3**	**100.0**

Net operating assets (NOA) include the operating current and fixed assets (not including cash, cash equivalents and securities, non-operating financial assets and deferred tax assets) less operating liabilities (not including financial liabilities and deferred tax liabilities).

Net revenue by geographic area	2016 CHF m	2016 %	2015 CHF m	2015 %
Switzerland	110.7	9.1	128.7	11.3
Europe	569.2	46.9	557.5	48.9
North and South America	241.7	19.9	232.0	20.3
Asia and others	292.7	24.1	222.6	19.5
Total	**1 214.3**	**100.0**	**1 140.8**	**100.0**

2 Changes in the scope of consolidation and discontinuing operations

Purchase of investments in the reporting year

The FoamPartner business unit acquired 100 % of Hydra Sponge in Washington, Missouri (USA), with effect from January 5, 2016. The Bystronic business unit made two acquisitions: on July 14, 2016, it bought a 51 % stake in DNE Laser in Shenzhen (China), and on November 11, 2016, it acquired 100 % of the equity in FMG in Sulgen (Switzerland). The acquired companies increased Group revenues by CHF 47.7 million in 2016. Information about the impact of the acquisitions on the balance sheet and cash flow can be found in note 26.

Purchase of investments in the previous year

The Mammut Sports Group business unit acquired the business activities of Bergschule Uri (Switzerland) on June 1, 2015. The pro rata revenues for 2015 amounted to CHF 0.3 million.

Disposal of investments in the previous year / discontinued business unit

The former subsidiary Plazza Immobilien AG managed the Conzzeta Group's portfolio of properties in Switzerland. At the time of the spin-off on June 26, 2015, the key data of the business unit, including intragroup receivables and payables as well as expenses and income, were as follows:

	2016	2015
	CHF m	CHF m
Net revenue	–	9.6
Operating result	–	4.4
Current assets	–	2.2
Fixed assets	–	92.8
Short-term liabilities	–	–18.6
Long-term liabilities	–	–9.7

Overall, cash and cash equivalents in the amount of CHF 103.3 million, other net operating assets of CHF 79.0 million and equity of CHF 182.3 million were spun off.

The overall impact of the discontinuing operations on the individual items in the consolidated income statement from the previous year is shown below (without intragroup expenses and income).

2015	Continuing operations	Discontinuing operations	Total
	CHF m	CHF m	CHF m
Net revenue	**1 131.4**	**9.4**	**1 140.8**
Changes in inventory and own work capitalized	–2.3		–2.3
Total revenue	**1 129.1**	**9.4**	**1 138.5**
Cost of materials	–540.6		–540.6
Personnel expenses	–282.6	–1.0	–283.6
Other operating expenses	–203.5	–1.5	–205.0
Depreciation on property, plant and equipment, and financial assets	–22.7	–2.0	–24.7
Depreciation on intangible assets	–3.8		–3.8
Operating result	**75.9**	**4.9**	**80.8**
Financial result	–2.6		–2.6
Result from unconsolidated investments	–0.1		–0.1
Ordinary result before taxes	**73.2**	**4.9**	**78.1**
Extraordinary result		–0.6	–0.6
Result before taxes	**73.2**	**4.3**	**77.5**
Taxes	–17.2	–1.0	–18.2
Group result	**56.0**	**3.3**	**59.3**

3 Currency translation rates

			Year-end exchange rates 2016	Year-end exchange rates 2015	Annual average rates 2016	Annual average rates 2015
			CHF	CHF	CHF	CHF
Euro area	1	EUR	1.07	1.08	1.09	1.07
USA	1	USD	1.02	1.00	0.99	0.96
Great Britain	1	GBP	1.25	1.48	1.35	1.47
Sweden	100	SEK	11.24	11.79	11.56	11.41
China	100	CNY	14.67	15.35	14.91	15.31
South Korea	100	KRW	0.08	0.08	0.09	0.09
Japan	100	JPY	0.87	0.83	0.90	0.80

4 Changes in inventory and own work capitalized

The change in inventory is due to the change in inventories of semifinished products, work in progress and finished products.

5 Cost of materials

Cost of materials summarizes the overall cost of raw materials, intermediates and supplies, as well as merchandise held for resale and expenses for third-party manufacturing, handling or processing of the Group’s products (external services).

Changes in inventories of semifinished products, work in progress and finished products have an influence on the cost of materials in relation to total revenue. Adjusted for this effect, the material rate was 0.4 percentage points lower than the previous year. Restructuring costs of CHF 0.8 million were incurred in the reporting year.

6 Personnel expenses

	2016	2015
	CHF m	CHF m
Wages and salaries	248.1	231.7
Social security benefits	46.3	44.0
Other personnel expenses	9.7	7.9
Total	**304.1**	**283.6**

In addition to contributions to state pension plans, social security benefits include the contributions to pension funds described in note 27 on page 84. Restructuring costs of CHF 4.5 million were incurred in the reporting year (previous year: CHF 2.9 million).

The fixed compensation of members of the Board of Directors is paid in cash and shares (approx. 50 % each) which are restricted for a period of four years. For members of the Executive Committee, there is a share-based performance component (LTI) that is deferred for four years. A detailed description of the share-based compensation is given in note 25 on page 82.

7 Other operating expenses

Other operating expenses include the cost of repairs and maintenance on property, plant and equipment, sales provisions, expenses for guarantees, assembly, transport and energy, as well as sundry expenses for production, development, sales and administration. Restructuring costs of CHF 0.8 million were incurred in the reporting year (previous year: CHF 1.2 million).

8 Financial result

	2016	2015
	CHF m	CHF m
Financial income	4.1	1.2
Financial expenses	– 3.7	– 3.8
Total	**0.4**	**– 2.6**

Financial income contains interest income of CHF 0.8 million (CHF 0.9 million), the book gain on the assets of the employer contribution reserves of CHF 0.8 million (CHF 0.3 million) and a reversal of provisions for loans of CHF 2.5 million.

Financial expenses contain interest expense of CHF 1.5 million (CHF 0.7 million) and currency losses of CHF 2.2 million (CHF 3.1 million). The interest expense arises from the financing of sites abroad and the cost of currency hedging for financing in foreign currencies. Currency losses include valuation gains of CHF 0.7 million on various financial assets and a loss of CHF 2.9 million arising from the discontinuation of the operational business activities of a Group company abroad.

9 Extraordinary result

The previous year's result contained the reversal of provisions no longer required and accruals and deferrals of CHF 0.9 million from the disposal of the Automation System business unit as well as transaction costs of negative CHF 1.5 million for the spin-off of Plazza.

10 Taxes

	2016	2015
	CHF m	CHF m
Current taxes on income	23.2	22.8
Deferred taxes	– 2.2	– 4.6
Total	**21.0**	**18.2**

Current taxes on income include taxes paid and owed on taxable income of the individual companies in accordance with local tax laws. The taxable results of subsidiaries belonging to the tax group in Germany are transferred to the controlling company, Conzzeta Holding Deutschland AG. Deferred taxes are calculated individually per tax subject using the actual expected tax rate.

	Tax rate 2016	Income taxes 2016	Tax rate 2015	Income taxes 2015
	in %	CHF m	in %	CHF m
Average applicable tax rate and income taxes as a proportion of ordinary earnings (before consideration of tax loss carryforwards)	24.7	20.9	25.1	19.6
Effects of change in tax loss carryforwards	– 1.4	– 1.1	– 2.7	– 2.1
Average applicable tax rate and income taxes as a proportion of ordinary earnings (after consideration of tax loss carryforwards)	23.3	19.8	22.4	17.5
Other influences	1.5	1.2	0.8	0.7
Effective tax rate and income taxes as a proportion of ordinary earnings	24.8	21.0	23.2	18.2

The evaluation of active deferred taxes using current income tax rates is based on temporary differences in individual companies. The active deferred taxes from recognized loss carryforwards as well as temporary valuation differences amount to CHF 14.0 million (previous year: CHF 10.6 million). In view of uncertainties regarding the future scope for offsetting, the tax effects from loss carryforwards amounting to CHF 7.1 million (CHF 11.1 million) were not capitalized. This evaluation is based on the projected income tax rates.

The change in deferred tax assets of CHF 3.4 million is attributable to higher active evaluation differences and tax loss carryforwards that will probably be recognized with future tax gains.

11 Earnings per share

	2016	2015
	CHF m	CHF m
Group profit attributable to Conzzeta AG shareholders	60 213 000	59 295 000
Average number of registered shares A (par value: CHF 2)	1 826 212	1 826 772
Average number of registered shares B (par value: CHF 0.40)	1 215 000	1 215 000
Earnings per registered share A	**29.10**	**28.65**
Earnings per registered share B	**5.82**	**5.73**

Earnings per category of share were calculated on the basis of the portion of net income attributable to the shareholders in Conzzeta AG, based on their portion of the share capital and the average number of outstanding shares (issued shares less treasury shares).

In the reporting year, as in the previous year, there was no dilution of earnings.

Consolidated balance sheet

12 Securities

The securities are monetary investments denominated in CHF with a term of more than 90 days. These investments were entered into as a consequence of the introduction of negative interest rates. Securities holdings decreased by CHF 80.0 million (previous year: up by CHF 130.0 million).

13 Trade receivables

	2016	2015
	CHF m	CHF m
Trade receivables	192.0	162.8
Provision	– 14.3	– 14.3
Total	**177.7**	**148.5**

For doubtful accounts, individual and overall value adjustments have been deducted. The overall provision is based on the experience of the respective company.

14 Other receivables

Other receivables consist of recoverable value-added tax, other tax credits and derivative financial instruments.

15 Inventories

	2016	2015
	CHF m	CHF m
Raw materials and supplies	72.8	64.1
Merchandise for resale	60.8	60.7
Semifinished products and work in progress	39.3	31.2
Finished products	66.6	71.6
Total	**239.5**	**227.6**

The increase in raw materials and supplies is due in part to the acquisitions in the Sheet Metal Processing segment and in part to the increase in the order intake in Machinery and Systems Engineering. The increase in semifinished products and work in progress is also attributable to the high level of the order book. Merchandise for resale is largely accounted for by the Sporting Goods business unit. The decrease in finished products is accounted for by Machinery and Systems Engineering. Overall, the value adjustments on inventories amounted to CHF 52.2 million (CHF 50.9 million).

16 Property, plant and equipment

	Undeveloped real estate	Properties for rent	Factory buildings	Plant and machinery	Fixtures and fittings, vehicles	Assets under construction	Total property, plant and equipment
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Cost							
At 12/31/2014	11.1	222.1	277.3	209.8	59.8	9.5	789.6
Currency translation effects	–0.1		–9.8	–7.8	–2.2	–0.3	–20.2
Changes in scope of consolidation	–4.9	–222.1			–0.5	–8.6	–236.1
Additions			0.4	6.6	5.9	3.1	16.0
Disposals				–3.0	–5.8		–8.8
Reclassifications			1.1	0.7	0.1	–1.9	–
Cost at 12/31/2015	**6.1**	**–**	**269.0**	**206.3**	**57.3**	**1.8**	**540.5**
Currency translation effects			–1.1	–1.2	–0.3		–2.6
Changes in scope of consolidation			2.2	3.5	1.0		6.7
Additions	0.2		0.7	10.8	6.4	1.5	19.6
Disposals			–0.1	–9.0	–5.9		–15.0
Reclassifications			0.6	1.1		–1.7	–
Cost at 12/31/2016	**6.3**	**–**	**271.3**	**211.5**	**58.5**	**1.6**	**549.2**
Accumulated depreciation							
At 12/31/2014	0.6	140.4	129.8	160.3	44.3	–	475.4
Currency translation effects			–2.7	–5.5	–1.6		–9.8
Changes in scope of consolidation	–0.6	–142.4			–0.3		–143.3
Ordinary depreciation		2.0	7.1	9.3	5.7		24.1
Impairments					0.1		0.1
Disposals				–2.9	–5.6		–8.5
Accumulated depreciation at 12/31/2015	**–**	**–**	**134.2**	**161.2**	**42.6**	**–**	**338.0**
Currency translation effects			–0.4	–0.7	–0.2		–1.3
Changes in scope of consolidation				2.2	0.3		2.5
Ordinary depreciation			7.1	9.3	5.9		22.3
Impairments			0.2	1.7	0.1		2.0
Disposals			–0.1	–8.0	–5.6		–13.7
Accumulated depreciation at 12/31/2016	**–**	**–**	**141.0**	**165.7**	**43.1**	**–**	**349.8**
Net book value of property, plant and equipment at 12/31/2015	**6.1**	**–**	**134.8**	**45.1**	**14.7**	**1.8**	**202.5**
Net book value of property, plant and equipment at 12/31/2016	**6.3**	**–**	**130.3**	**45.8**	**15.4**	**1.6**	**199.4**

The change in the scope of consolidation includes the property, plant and equipment taken over through the acquisition of businesses in the Sheet Metal Processing and Chemical Specialties segments. Additions under plant and machinery include major investments at the production sites in Niederönz (Switzerland) and Gotha (Germany) in the Sheet Metal Processing segment as well as at Greenville (USA) and Delmenhorst (Germany) in the Chemical Specialties segment. The figure for fixtures, fittings and vehicles includes major expenditure in the Sporting Goods business unit on monobrand stores and shop-in-shop facilities.

The disposals relate mainly to the divestment of the rope-making in the Sporting Goods segment.

The impairments on factory buildings as well as on plant and machinery are linked to the merger of two production sites in China undertaken by the Sheet Metal Processing segment.

17 Financial assets

	2016	2015
	CHF m	CHF m
Non-consolidated investments	0.3	0.3
Long-term receivables and loans	23.7	18.8
Securities held as fixed assets	2.2	2.2
Employer contribution reserves held as assets	30.2	27.4
Active deferred taxes	14.0	10.6
Total	**70.4**	**59.3**

The long-term receivables and loans comprise long-term hire-purchase business with customers, loans to third parties and deposits for rents. A value adjustment was made on the financial assets amounting to CHF 5.5 million (previous year: CHF 8.0 million). Depreciation of CHF 0.6 million (CHF 0.5 million) has been charged to the current period. A provision for loans in the amount of CHF 2.5 million was reversed.

The statement of the change in the employer contribution reserves held as assets can be found in note 27, Employee pension funds, on page 84, and the statement of the change in deferred tax assets in note 10, Taxes on page 73 f.

18 Intangible assets

Software and licenses

	2016	2015
	CHF m	CHF m
Cost		
At 1 / 1	46.2	43.1
Currency translation effects	– 0.1	– 0.7
Changes in scope of consolidation	0.1	
Additions	5.1	4.2
Disposals	– 0.9	– 0.4
Cost at 12 / 31	**50.4**	**46.2**
Accumulated depreciation		
At 1 / 1	37.2	34.4
Currency translation effects	– 0.1	– 0.6
Ordinary depreciation	4.2	3.8
Impairments	1.6	
Disposals	– 0.9	– 0.4
Accumulated depreciation at 12 / 31	**42.0**	**37.2**
Net book value of intangible assets at 1 / 1	**9.0**	**8.7**
Net book value of intangible assets at 12 / 31	**8.4**	**9.0**

Additions in asset values for software and licenses include costs for major investments in software to digitize the business processes of the Sheet Metal Processing segment and the development of an online sales channel in the Sporting Goods segment.

The impairments relate to the ongoing development and partial adaptation of the Sporting Goods segment's online sales channel.

Goodwill

The goodwill resulting from acquisitions is offset against equity at the time of acquisition. For the shadow accounting, the goodwill is amortized in principle on a straight-line basis over its estimated useful life, normally five years.

The change in the scope of consolidation under goodwill results from the acquisition of a 51 % stake in DNE Laser in Shenzhen (China) as well as from the acquisition of Hydra Sponge in Washington, Missouri (USA), and FMG in Sulgen (Switzerland).

Theoretical activation of goodwill would have the following effects on the consolidated financial statements:

Theoretical asset register – goodwill

	2016	2015
	CHF m	CHF m
Cost		
At 1 / 1	31.3	37.9
Currency translation effects		– 2.9
Changes in scope of consolidation	63.7	0.8
Disposals		– 4.5
Cost at 12 / 31	**95.0**	**31.3**
Accumulated depreciation		
At 1 / 1	9.1	10.6
Currency translation effects	– 0.2	– 0.3
Ordinary depreciation	9.9	3.3
Disposals		– 4.5
Accumulated depreciation at 12 / 31	**18.8**	**9.1**
Net book value of goodwill at 1 / 1	**22.2**	**27.3**
Net book value of goodwill at 12 / 31	**76.2**	**22.2**

Impact on income statement

	2016	2015
	CHF m	CHF m
Operating result	84.4	80.8
EBIT margin in %	6.9 %	7.1 %
Amortization of goodwill	– 9.9	– 3.3
Theoretical operating result (EBIT), incl. amortization of goodwill	74.5	77.5
Theoretical EBIT margin in %	6.1 %	6.8 %
Group result	63.9	59.3
Amortization of goodwill	– 9.9	– 3.3
Theoretical Group result, incl. amortization of goodwill	54.0	56.0

Impact on balance sheet

	2016	2015
	CHF m	CHF m
Equity as per balance sheet	941.5	959.9
Theoretical activation of net book value of goodwill	76.2	22.2
Theoretical equity, incl. net book value of goodwill	1 017.7	982.1
Equity as % of total assets	75.0 %	78.6 %
Theoretical equity, incl. net book value of goodwill as % of total assets	76.4 %	79.0 %

19 Advance payments from customers

Customer payments on account originate from the companies in the Machinery and Systems Engineering business area. The increase is due in part to a higher order intake in the fourth quarter of 2016 and in part to major projects being at a more advanced stage of completion.

20 Financial liabilities

	Book value	Amount in foreign currency		Maturity	Interest rate
	CHF m	Foreign currency	million		%
Financial liabilities					
Bank current account	1.5	CNY	10.0	short-term	5,6
Bank current account	5.6	JPY	675.0	short-term	0,5 – 0,8
Bank loan	6.5	USD	6.5	long-term	1,5
Financial liabilities 12 / 31 / 2015	**13.6**				
of which short-term	7.1				
Bank current account	0.7			short-term	3,3
Bank current account	0.1	JPY	10.0	short-term	0,5
Bank loan	3.3	USD	3.3	long-term	1,1
Financial liabilities 12 / 31 / 2016	**4.1**				
of which short-term	0.8				

The decrease of financial liabilities by CHF 9.5 million is due partly to lower funding requirements and partly to the repayment of external financing and its replacement with internal funding from within Conzzeta AG.

The financial liabilities are recorded at par value.

21 Other short-term liabilities

The other short-term liabilities consist of taxes owed, social security contributions and derivative financial instruments.

22 Accrued expenses and deferred income

	2016	2015
	CHF m	CHF m
Accruals and deferrals for taxes	10.2	7.3
Accruals and deferrals for personnel expenses	30.3	26.2
Other accruals and deferrals	35.4	29.0
Total	**75.9**	**62.5**

Accrued expenses and deferred income show all expenses and income determined on an accrual basis. Other accruals and deferrals contain commissions, volume discounts, assembly and maintenance services, as well as goods and services obtained from third parties and not yet invoiced.

23 Provisions

	Deferred taxes	Environ-mental commitments	Guarantees	Restruc-turing	Other provisions	Total provisions
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Provisions						
At 12/31/2014	21.9	11.9	21.3	1.0	22.1	78.2
Currency translation effects	−0.2		−1.0	−0.1	−0.4	−1.7
Changes in scope of consolidation	−1.3	−9.8			−1.1	−12.2
Additions	0.2		31.0	3.0	2.9	37.1
Amounts used			−25.8	−0.8	−5.3	−31.9
Amounts reversed	−1.3	−0.1	−3.1	−0.1	−2.6	−7.2
Provisions at 12/31/2015	**19.3**	**2.0**	**22.4**	**3.0**	**15.6**	**62.3**
of which short-term			18.4	3.0	1.1	22.5
Currency translation effects			−0.4	−0.1		−0.5
Changes in scope of consolidation	0.5		0.8			1.3
Additions	1.7		31.0	5.1	2.6	40.4
Amounts used			−24.6	−2.2	−2.8	−29.6
Amounts reversed	−0.8		−3.0	−0.1	−3.2	−7.1
Provisions at 12/31/2016	**20.7**	**2.0**	**26.2**	**5.7**	**12.2**	**66.8**
of which short-term			21.2	5.7	0.3	27.2

There are land holdings which contain waste or noxious materials due to previous operating activities and landfilling. These are shown in the register of polluted sites. The liability status and the necessary measures have been assessed by an expert, but uncertainties attach to some of the findings regarding the nature and extent of the liability. Where liability-related, future-based costs arise on legal or factual grounds, an appropriate provision is formed to cover the estimated costs. The provisions for environmental commitments were discounted at a rate of 2.5 % (previous year: 2.5 %). No remediation work was undertaken in the reporting year.

The guarantee provisions are held mainly in the Sheet Metal Processing and Glass Processing business units. They relate to product sales and are based on past experience. Experience shows the corresponding outflow of funds is evenly spread over the warranty period of one to two years.

To increase flexibility and improve the cost base, restructuring measures were adopted in the Sheet Metal Processing segment in China and the Glass Processing segment in Germany, resulting in increased provisions. The amounts used and reversed concern provisions for the restructuring measures prompted by the Swiss National Bank's decision to discontinue the minimum euro rate, as announced in the previous year.

More than half the other provisions were formed for various pending legal disputes. These are essentially cases concerning controversial contracts, intellectual property rights and employment law. The timing of the outflow of funds relating to this litigation is uncertain since it depends on the outcome of negotiations or legal proceedings. The remainder of the other provisions comprises mainly commitments arising from the normal conduct of business. The composition of these commitments is various and includes provisions for onerous contracts on purchase commitments from framework purchasing contracts, as well as provisions for seniority and anniversary premiums and old-age provision which do not qualify as pension obligations. The timing of the future outflow of funds relating to these items is also uncertain.

24 Share capital

The share capital of CHF 4.1 million is divided into 1 827 000 registered shares A with a nominal value of CHF 2 each and 1 215 000 registered shares B with a nominal value of CHF 0.40 each.

25 Treasury shares / share-based compensation

At the end of 2015, 1900 registered shares A were held at an average transaction price of CHF 622 each. In the reporting year, 2 500 registered shares A were acquired at an average transaction price of CHF 671 each, and 2 860 registered shares A were allocated at an average transaction price of CHF 643 each to the compensation program of the Board of Directors and the Executive Committee. In each case, the transaction price corresponded to the market value. The holding as of December 31, 2016, was 1 540 registered shares A acquired at an average purchase price of CHF 690 each.

The fixed compensation for members of the Board of Directors is paid in cash and shares (approx. 50 % each) which are restricted for a period of four years. Neither discounts nor performance components are taken into consideration when calculating the share allocation of the Board of Directors. The calculation is based on the average share price for the three months from November 1 to January 31.

For members of the Executive Committee, there is a share-based performance component (LTI) that is deferred for four years. During the blocking period, participants are not permitted to sell, assign, transfer, pledge or otherwise encumber the allocated shares. This variable share-based, performance-related component of compensation for the Executive Committee amounts to 20 % for the CEO and 15 % for the other members of the Executive Committee. In the case of the LTI, 85 % (100 %) of the LTI target amount was allocated in shares for fiscal 2016.

The number of shares allocated to the Executive Committee is calculated on the basis of the average share price (between November 1 and January 31), contingent on the earnings per share (EPS) of the reporting year. Members of the Executive Committee are granted a discount of 10 %. During the transition period, valid until the end of 2016, the discount is 20 % (30 %). This provision is valid for members who took up their appointment before January 1, 2015.

The value of the share-based, performance-related component and the corresponding number of shares (LTI) are determined by the Board of Directors in the year following completion of the respective financial statement.

In 2016 a total of 2860 registered shares A were allocated to the Board of Directors and the Executive Committee for the previous year. The valuation amounting to CHF 1.8 million was based on a share price of CHF 643 each. Personnel expenses contain deferred expenses for the reporting year amounting to CHF 1.5 million (CHF 1.4 million) for the share-based component of compensation.

Consolidated cash flow statement

26 Acquisition and divestment of business activities

	2016 Purchase	2016 Disposal	2015 Purchase	2015 Disposal
	CHF m	CHF m	CHF m	CHF m
Current assets	–28.1			
Fixed assets	–4.6			
Short-term liabilities	20.4		0.2	
Long-term liabilities	0.6			
Minority interests	3.3			
Net assets acquired or divested	**–8.4**	**–**	**0.2**	**–**
Plus/less cash and cash equivalents	9.0			
Subtotal	**0.6**	**–**	**0.2**	**–**
Goodwill	–63.7		–0.8	
Liabilities and other non-cash items				–9.0
Result from divestment of business activities				0.9
Net cash flow	**–63.1**	**–**	**–0.6**	**–8.1**

The cash flow from purchase of business activities is accounted for by the acquisition of a 51 % stake in DNE Laser in Shenzhen (China) as well as the takeover of Hydra Sponge in Washington, Missouri (USA), and FMG in Sulgen (Switzerland). The cash flow from disposals in the previous year arose in connection with divestment of the discontinued Automation Systems business unit in 2014. The cash flow from purchases in the previous year arose in connection with the acquisition of Bergschule Uri (Switzerland) in the Mammut Sports Group business unit.

Further information

27 Employee pension funds

	Balance sheet 12/31/2016	Additions 2016	Balance sheet 12/31/2015	Result in financial income 2016	Result in financial income 2015
	CHF m	CHF m	CHF m	CHF m	CHF m
Employer contribution reserves					
Employer-funded pension fund	30.2	2.0	27.4	0.8	0.3

There are no waivers of use. The financial result of CHF 0.8 million (previous year: CHF 0.3 million) comprises the return on the asset investment.

	Surplus/ deficit 12/31/2016	Economic benefit/ obligation 12/31/2016	Economic benefit/ obligation 12/31/2015	Currency translation effect	Contributions to be allocated to reporting period	Current service cost in personnel expenses 2016	Current service cost in personnel expenses 2015
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Economic benefit / obligation and current service cost							
Employer-funded pension fund	5.2						
Pension funds with surplus					10.5	10.5	10.5
Pension funds with deficit	−0.6	−0.6	−0.7	0.1	0.6	0.6	0.5
Pension funds without own assets		−0.4	−0.4		0.1	0.1	
Total	**4.6**	**−1.0**	**−1.1**	**0.1**	**11.2**	**11.2**	**11.0**

In the previous year, the surpluses / deficits amounted to CHF 4.3 million and the contributions to be allocated to the reporting period were CHF 11.0 million.

It is not planned to use the free reserves of the employer-funded pension fund for the economic benefit of the Group.

28 Contingent liabilities

In connection with customer financing, there are repurchase obligations against leasing companies for machinery amounting to CHF 16.0 million (CHF 44.6 million). Assets to the value of CHF 2.6 million (CHF 3.0 million) are held with retention of title as security for bank loans. There are sureties for rental obligations of franchise stores amounting to CHF 1.3 million (CHF 2.3 million).

29 Other commitments

Commitments not recognized in the balance sheet comprise operational leasing contracts with a period of notice longer than one year.

Maturity of operational leasing contracts at 12/31	2016	2015
	CHF m	CHF m
Under 1 year	11.9	9.5
1 to 5 years	26.5	20.2
Over 5 years	3.9	4.8
Total	**42.3**	**34.5**

In addition, long-term purchase commitments in the amount of CHF 10.6 million have been entered into to secure exclusive supplies.

30 Derivative financial instruments

Values at 12/31	2016	2015
	CHF m	CHF m
Contract or nominal values (gross)	244.6	140.9
Replacement value, positive	2.5	0.8
Replacement value, negative	1.9	0.3

The contracts were entered into as a hedge against exchange risks in various currencies arising from business operations. In addition to these currency hedges, an interest-rate hedging transaction is outstanding for a loan with a contract value of CHF 8.5 million (previous year: CHF 9.0 million) and a negative replacement value of CHF 0.2 million (CHF 0.2 million). The change in value of derivative instruments for hedging underlying transactions still outstanding as per the balance sheet date is recognized like the underlying transaction, and value changes on hedge transactions relating to future cash flows are recognized directly in equity, resulting in neither profit nor loss.

31 Related-party transactions

Transactions with related parties consist of normal business transactions under normal market conditions, with an associated company acting as commercial agents and distributors.

	2016	2015
	CHF m	CHF m
Trade receivables	1.2	1.1
Net revenue	2.2	2.3
Commission expenses	1.5	2.0

32 Compensation and shareholdings

The compensation paid to members of the Board of Directors and the Executive Committee is reported in the remuneration report on pages 46 ff. Their investments in Conzzeta AG are disclosed in the notes to the financial statements of Conzzeta AG on pages 100 f.

33 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on March 17, 2017. They are also subject to approval by the Annual General Meeting.

List of consolidated companies by business unit

Company, domicile	Notes	Country		Company capital	Investments in % direct	Investments in % indirect
Bystronic						
Bystronic Laser AG, Niederönz		CH	CHF	50 000	100	
Bystronic Maschinenbau GmbH, Gotha		DE	EUR	3 400 100		100
Bystronic (Tianjin) Machinery Co. Ltd, Tianjin		CN	USD	6 095 990		100
Bystronic (Tianjin) Laser Ltd, Tianjin		CN	USD	12 000 000		100
Shenzhen DNE Laser Science and Technology Co. Ltd, Shenzen	1	CN	CNY	44 600 000		51
FMG Förderanlagen AG, Sulgen	2	CH	CHF	250 000		100
FMG Verfahrenstechnik AG, Sulgen	2	CH	CHF	100 000		100
Bystronic, Inc., Elgin IL		US	USD	250 000		100
Bystronic Scandinavia AB, Rosersberg		SE	SEK	200 000		100
Bystronic France SAS, Les Ulis		FR	EUR	2 500 000		100
Bystronic Italia S.r.l., Bovisio Masciago		IT	EUR	900 000		100
Bystronic Deutschland GmbH, Heimsheim		DE	EUR	52 000		100
Bystronic (Shanghai) Co. Ltd, Shanghai		CN	USD	1 000 000		100
Bystronic Ibérica S.A., San Sebastián de los Reyes		ES	EUR	262 000		100
Bystronic Mexico S.A. de C.V., Apodaca		MX	MXN	2 500 000		100
Bystronic Austria GmbH, Linz		AT	EUR	300 000		100
Bystronic do Brasil Ltda., Colombo PR		BR	BRL	5 000 000		100
Bystronic Pte. Ltd, Singapore		SG	SGD	2 500 000		100
Bystronic Benelux B.V., Hardinxveld-Giessendam		NL	EUR	18 151		100
Bystronic UK Ltd, Coventry		GB	GBP	1 200 000		100
Bystronic Sales AG, Niederönz		CH	CHF	200 000		100
Bystronic Korea Ltd, Anyang-si		KR	KRW	11 600 000 000		100
Bystronic Polska Sp. z o.o., Sekocin Nowy		PL	PLN	1 000 000		100
Bystronic Czech Republic s.r.o., Brno		CZ	CZK	6 000 000		100
Bystronic Laser India Private Ltd, Pune		IN	INR	34 130 000		100
Bystronic Lazer ve Su Isinlari Makineleri Sanayi ve Ticaret Limited Sirketi, Istanbul		TR	TRY	660 000		100
Bystronic Japan Ltd, Tokyo		JP	JPY	60 000 000		100
Bystronic Canada Ltd, Mississauga ON		CA	CAD	100 000		100
OOO Bystronic Laser, Moscow		RU	RUB	30 000 000		100
S.C. Bystronic Laser S.R.L., Brasov		RO	RON	3 277 000		100
Bystronic International Laser Ltd, New Taipei City		TW	TWD	5 000 000		100
LLC Bystronic Ukraine, Kyiv		UA	UAH	172 245		100
Bystronic Australia Pte. Ltd, Victoria	3	AU	AUD	100 000		100
Bystronic Hungary Kft, Budapest	4	HU	HUF	25 000 000		100
Mammut Sports Group						
Mammut Sports Group AG, Seon		CH	CHF	25 000 000	100	
Mammut Sports Group GmbH, Wolfertschwenden		DE	EUR	500 000		100
Mammut Sports Group, Inc., Williston VT		US	USD	51		100
Mammut Ajungilak AS, Oslo		NO	NOK	2 000 000		100
Mammut Sports Group Japan Inc., Tokyo		JP	JPY	30 000 000		100
Mammut UK Ltd, Macclesfield		GB	GBP	1 000		100
Mammut Korea, Inc., Seoul		KR	KRW	1 250 000 000		100
Mammut Outdoor Equipment (Beijing) Co. Ltd, Beijing		CN	USD	1 500 000		100
Mammut Sports Group Asia Ltd, Hong Kong	5	HK	HKD	100 000		100

Company, domicile	Notes	Country		Company capital	Investments in % direct	Investments in % indirect
FoamPartner						
Fritz Nauer AG, Wolfhausen		CH	CHF	5 000 000	100	
Reisgies Schaumstoffe GmbH, Leverkusen		DE	EUR	1 000 000		100
Frina Mousse France S.à r.l., Wittenheim		FR	EUR	117 386		100
Büttikofer AG, Gontenschwil		CH	CHF	250 000		100
Swisstex, Inc., Greenville SC		US	USD	2 023 640		100
Foampartner-Bock AG, Zug		CH	CHF	1 000 000		50
Foampartner-Bock Trading (Shanghai) Ltd, Shanghai		CN	USD	600 000		50
Foampartner-Bock Polyurethane Materials (Changzhou) Co. Ltd, Changzhou		CN	USD	14 250 000		50
Woodbridge FoamPartner Company, Chattanooga TN		US	USD	2 000 000		51
Kureta GmbH, Stadtallendorf		DE	EUR	100 000		100
FoamPartner Singapore Pte. Ltd, Singapore		SG	SGD	100 000		100
Benien Produktionstechnik GmbH, Delmenhorst	6	DE	EUR	550 000		100
Benien Aerospace GmbH, Delmenhorst	6	DE				
Benieni GmbH, Delmenhorst	6	DE				
FoamPartner Holding Inc., Wilmington DE		US	USD	1 500 000		100
Hydra Sponge Co., Washington MO	7	US	USD	1		100
Hydra Properties LLC, Washington MO	7	US				
Schmid Rhyner						
Schmid Rhyner AG, Adliswil		CH	CHF	1 200 000	100	
Schmid Rhyner (USA), Inc., Marlton NJ		US	USD	1 800 000		100
Schmid Rhnyer Sales AG, Adliswil	8	CH	CHF	100 000		100
Bystronic glass						
Bystronic Maschinen AG, Bützberg		CH	CHF	100 000	100	
Bystronic Lenhardt GmbH, Neuhausen-Hamberg		DE	EUR	2 050 000		100
Bystronic Glass Machinery (Shanghai) Co. Ltd, Shanghai		CN	EUR	4 300 000		100
Bystronic Glass UK Ltd, Telford		GB	GBP	700 000		100
Bystronic Asia Pte. Ltd, Singapore		SG	SGD	1 000 000		100
Bystronic Glass do Brasil Maquinas para Vidros Ltda., Indaiatuba SP		BR	BRL	3 494 779		100
OOO Bystronic Steklo RUS, Moscow		RU	RUB	64 975 930		100
Bystronic Glass (Shanghai) Co. Ltd, Shanghai		CN	USD	1 900 000		100
Bystronic Glass, Inc., Aurora CO		US	USD	250 000		100

Company, domicile	Notes	Country		Company capital	Investments in % direct	Investments in % indirect
Real Estate						
Plazza Immobilien AG, Zurich	9	CH				
Plazza Immobilienmanagement AG, Zurich	9	CH				
Holding and Management Companies						
Conzzeta Holding Deutschland AG, Leverkusen		DE	EUR	6 000 000	100	
Conzzeta Grundstücksverwaltungs GmbH, Leverkusen		DE	EUR	50 000		100
Conzzeta Vermögensverwaltungs GmbH & Co. KG, Leverkusen		DE	EUR	100 000		100
Conzzeta Management AG, Zurich		CH	CHF	100 000	100	
Associated Companies						
Mammut Sports Group Austria GmbH, Steyr		AT	EUR	363 400		25.1

Notes:
1 Acquisition at 7/14/2016
2 Acquisition at 11/11/2016
3 Incorporation at 8/22/2016
4 Incorporation at 12/6/2016
5 Incorporation at 9/5/2016
6 Merger at 1/1/2016
7 Acquisition at 1/5/2016 and merger
8 Incorporation at 1/21/2016
9 Spin-off at 6/26/2015

Statutory Auditor's Report

To the General Meeting of Conzzeta AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Conzzeta AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2016, and the consolidated statement of 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 60 to 88) give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

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 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 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

Valuation of inventories

Revenue recognition

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.

KPMG

Valuation of inventories

Key Audit Matter

As at December 31, 2016, inventories amounted to CHF 239.5 million (CHF 227.6 million as at December 31, 2015). As such, they represent one of the most significant asset items. Proper valuation of inventories therefore is of importance for the overall understanding of the consolidated financial statements.

The valuation of inventories is affected by specific risks in the following business areas:

Sheet Metal and Glass Processing

- For semi-finished products, work in progress and finished goods of significant value added, the determination of the current production costs depends on process risks and involves judgement.
- Moreover, finished goods bear the risk that production costs exceed the sales price net of distribution and administrative costs to be incurred (lower of cost or market).
- Value adjustments for spare parts with long holding periods are essentially based on management assumptions.

Sporting Goods

- Amounts for value adjustments essentially depend on management's assumptions regarding their seasonality and/or future fashion trends in the outdoor industry. We consider the estimation uncertainty relating to the determination of value adjustments as a significant risk.

Our response

During our audit, we analyzed and assessed the valuation process applied to inventories. For this purpose, we identified the controls relevant for valuation and tested their effectiveness on a sample basis.

Moreover, we performed the following audit procedures to assess the proper inventory valuation in the business areas described.

Sheet Metal and Glass Processing

- In order to assess the acquisition and production costs, we particularly analyzed the calculation of production costs, gap analyses between standard and actual costs and manual adjustments of the average acquisition prices and the standard costs using mass data analyses.
- Valuation at lower of cost or net realizable value was tested using mass data analysis, by comparing the production costs with the sales prices net of distribution and administrative costs to be incurred before and after the balance sheet date.
- In order to assess spare part inventories difficult to sell or with long holding periods, we particularly tested the calculation of the value adjustments and the consistency of the assumptions.

Sporting Goods

- We evaluated the adequacy of the process used to identify obsolete inventories in view of their seasonality and challenged the basic principles and methods used to value the inventories.
- We also retroactively tested the assumptions used for the estimates and analyzed any deviations from the expected value.
- We tested the mathematical accuracy of the calculation of value adjustments as well as the completeness of the underlying data.

For further information on valuation on inventories refer to the following:

Page 65 Reporting and Valuation Principles, section Inventories

Page 75 Explanations on the Consolidated Financial Statements, no. 15

KPMG

Revenue recognition

Key Audit Matter

Revenue represents the basis for assessing Conzzeta's performance and thus is at the heart of the company's internal goals. The pressure that may arise to achieve revenue targets leads to an increased risk with respect to recognizing revenue in the proper period.

With its diversified businesses, Conzzeta presents a very varied picture: when it comes to revenue from goods and products, judgment is used to determine the recognition in the proper period based on the relevant terms of delivery.

The business area glass processing is subject to increased risk due to the complexity of the installation process.

Our response

During our audit, we analyzed the process used to determine revenue recognition and assessed whether goods sold were recorded in the proper accounting period. We identified the key controls relevant for revenue recognition and tested their effectiveness on a sample basis.

Moreover, we performed the following audit procedures to assess the correctness of revenue recognition in the business areas described.

- Testing of the correct accrual of revenue as at December 31, 2016 by reconciling invoices with bills of delivery.
- Critical assessment of revenue margins and the gap analyses of major product groups year on year and comparison of the results to our expectations, based on interviews with the client and a challenge of the analyses received.
- Assessment of the completeness and accuracy of sales deductions by inspecting credit notes issued in 2017 on the one hand, and on the other hand by retrospectively comparing actual sales deductions with those recorded last year.
- In the business area sheet metal and glass processing, we tested the transfer of risks and rewards on the one hand based on the installation costs to be incurred, and on the other hand by comparing actual installation costs to estimates of the last year.

For further information on revenue recognition refer to page 66, Reporting and Valuation Principles, section Revenue recognition.

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 Swiss GAAP FER 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 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

Hanspeter Stocker
Licensed Audit Expert
Auditor in Charge

Reto Kaufmann
Licensed Audit Expert

Zurich, March 17, 2017

Income statement – Conzzeta AG

	2016	2015
	CHF 1 000	CHF 1 000
Income		
Income from equity holdings	82 000	59 600
Financial income	5 131	1 738
Total income	**87 131**	**61 338**
Expenses		
Financial expenses	– 1 204	– 6 620
Personnel expenses	– 1 300	– 1 375
Other operating expenses	– 3 142	– 3 971
Sale of equity holdings, expenses		– 2 625
Direct taxes	– 6	
Total expenses	**– 5 652**	**– 14 591**
Net income	**81 479**	**46 747**

Balance sheet at December 31 – Conzzeta AG

	2016	2015
	CHF 1 000	CHF 1 000
Assets		
Cash and cash equivalents	432 583	467 291
Other accounts receivable		
from third parties	2 673	218
Prepaid expenses and accrued income	1 765	1 979
Current assets	**437 021**	**469 488**
Financial assets		
Receivables from equity holdings	197 517	102 287
Other financial assets from third parties	7 994	5 994
Equity holdings	230 901	230 901
Fixed assets	**436 412**	**339 182**
Total assets	**873 433**	**808 670**
Liabilities and shareholders' equity		
Trade payables		
towards third parties		19
Other payables		
towards third parties	2 366	
towards associates	290	290
Accrued expenses and deferred income	3 110	3 037
Short-term liabilities	**5 766**	**3 346**
Interest-bearing liabilities towards equity holdings	11 883	10 484
Long-term liabilities	**11 883**	**10 484**
Share capital	4 140	4 140
Legal capital reserves		
Reserve from capital contributions	72	72
Other capital reserves	96 746	96 702
Legal retained earnings	13 409	13 409
Voluntary retained earnings	550 000	500 000
Retained earnings	192 480	181 699
Treasury shares	– 1 063	– 1 182
Shareholders' equity	**855 784**	**794 840**
Total liabilities and shareholders' equity	**873 433**	**808 670**

Notes to the financial statements – Conzzeta AG

Principles of Consolidated Accounting

General

The 2016 financial statements of Conzzeta AG have been prepared in accordance with the provisions on accounting and financial reporting in Swiss law (Title 32 of the Swiss Code of Obligations). The significant valuation policies applied, over and above those required by law, are described in the following.

Waiver of cash flow statement and additional information in the Notes

Conzzeta AG draws up consolidated accounts in conformity with a recognized accounting standard (Swiss GAAP FER). Therefore, in the present financial statements the company has abstained, in accordance with the legal requirements, from providing notes with additional information about interest-bearing liabilities and auditing fees, as well as from presenting a cash flow statement.

Financial assets

The financial investments comprise securities held as a long-term investment. Loans granted in foreign currencies are valued at year-end exchange rates; unrealized losses are recognized, but not unrealized profits (Imparity Principle).

Interest-bearing liabilities

Interest-bearing liabilities are shown at par value.

Treasury shares

Treasury shares are recognized at cost at the time of acquisition. The holding of treasury shares is disclosed as a negative item in equity. Upon resale, the profit or loss is allocated directly to the capital reserves.

Share-based compensation

Share-based compensation for members of the Board of Directors is measured at cost at the grant date and charged to personnel expenses in the period in which the service is rendered.

Additional information on the financial statements and balance sheet

Income

The investment income for the year amounted to CHF 82.0 million (previous year: CHF 59.6 million). The dividend payments by the subsidiaries were determined in relation to available retained earnings and liquidity requirements. The financial income amounted to CHF 5.1 million (CHF 1.7 million) and comprises the interest income on accounts receivable from equity holdings of CHF 2.0 million (CHF 1.4 million), the interest income from third parties amounting to CHF 0.2 million (CHF 0.3 million), a reversal of provisions for loans of CHF 2.5 million and currency gains on liquid assets and accounts receivable from equity holdings of CHF 0.4 million.

Expenses

The financial expenses of CHF 1.2 million (CHF 6.6 million) result from interest on liabilities towards equity holdings, short-term bank loans and the cost of currency hedging (interest differences) for balance sheet items in foreign currencies. In the previous year, this position also contained currency losses of CHF 6.5 million on accounts receivable from equity holdings and liquid assets. Personnel and other operating expenses include current administration expenses, the cost of organizing the Annual General Meeting, the production of the annual report, project costs, taxes on capital, as well as fees to the Board of Directors. Expenses from sale of equity holdings in the previous year relate to the divestment of the Automation Systems business unit.

Current assets

The liquid assets of CHF 432.6 million (CHF 467.3 million) consist of bank balances mostly in Swiss francs. Other accounts receivable from third parties are made up of recoverable input tax and balances from exchange rate hedges due from banks of CHF 2.6 million; in the previous year, these were shown in prepaid expenses and accrued income (CHF 0.8 million). The prepaid expenses and accrued income comprise, in addition to deferred expenses, mainly accruals for balances towards associates from exchange rate hedges of CHF 1.7 million (CHF 1.1 million).

Fixed assets

The financial investments comprise securities held as a long-term investment. Most Group financing is handled by the holding company. Accounts receivable from equity holdings increased in the reporting year by CHF 95.2 million and now amount to CHF 197.5 million. The figure for investments in the balance sheet is CHF 230.9 million, unchanged from the previous year.

Liabilities

The other payables towards third parties contain, in addition to short-term payables towards social security funds, mainly debts resulting from exchange rate hedges towards banks of CHF 2.3 million; in the previous year, these were shown in deferred income in the balance sheet (CHF 0.3 million). The accrued expenses and deferred income comprise, in addition to an accrual of expenses, mainly accruals for debts towards associates resulting from exchange rate hedges of CHF 2.2 million (CHF 2.2 million).

Shareholders' equity

The share capital of CHF 4.1 million (CHF 4.1 million) consists of 1 827 000 registered shares A and 1 215 000 registered shares B. Due to a capital contribution, voluntary retained earnings increased in the reporting year by CHF 50.0 million to CHF 550.0 million. At the end of 2015, the holding was 1 900 registered shares A acquired at an average transaction price of CHF 622 each. For the share-based compensation program of the Board of Directors and Executive Committee, 2 500 registered shares A were acquired at an average transaction price of CHF 671 each and 2 860 registered shares A were allocated at an average transaction price of CHF 643 each. In each case, the transaction price corresponded to the market value. The holding as of December 31, 2016, was 1 540 registered shares A acquired at an average purchase price of CHF 690 each.

Further information

Full-time positions

Conzzeta AG has no employees.

Contingent liabilities

	2016	2015
	CHF 1 000	CHF 1 000
Sureties and guarantee obligations for subsidiaries	124 753	98 216
Effective obligations	13 867	15 777

Equity holdings

See overview on page 86 ff. The voting shares correspond to the capital shares.

Significant shareholders

		2016	2015
		%	%
Auer, Schmidheiny and	Capital rights	28.9	28.9
Spoerry shareholder group	Voting rights	51.1	51.1

The Auer, Schmidheiny and Spoerry shareholder group comprises Dr. Matthias Auer, Ruth Byland-Auer, Martin Byland, Caliza Holding AG, Marina Marti-Auer, Marina Milz, Adrian and Annemarie Herzig-Büchler, Sven and Rosmarie Mumenthaler-Sigrist, Jacob Schmidheiny, Margrit Schmidheiny, Jacob and Margrit Schmidheiny, Felix Schmidheiny, Helen Schmidheiny, Kathrin Spoerry, Christina Spoerry, Heinrich Spoerry-Niggli, Lotti Spoerry and Robert F. Spoerry.

Shareholdings held by members of the Board of Directors, Executive Committee and related persons

	Registered shares A 12/31/2016	Registered shares A 12/31/2015	Registered shares B 12/31/2016	Registered shares B 12/31/2015
	Number	Number	Number	Number
Board of Directors				
E. Bärtschi, Chairman	890	368		
R. Abt, Member	80			
M. Auer, Member	28 504	28 424	1 008	1 008
W. Dubach, Member	7 392	7 312		
P. Mosimann, Member	756	676		
U. Riedener, Member	80			
J. Schmidheiny, Member	129 192	129 112	420	420
R. F. Spoerry, Member	12 324	12 244	148	148

M. Auer, J. Schmidheiny and R. F. Spoerry hold further registered shares under a shareholder agreement within the Auer, Schmidheiny and Spoerry shareholder group, see page 25 of the Corporate Governance report.

	Registered shares A 12/31/2016	Registered shares A 12/31/2015	Registered shares B 12/31/2016	Registered shares B 12/31/2015
	Number	Number	Number	Number
Executive Committee				
B. J. ten Brink, Head of the FoamPartner business unit	262			
K. W. Kelterborn, Group CFO	364	36		
J. Rohner, Head of the Schmid Rhyner business unit	217			
B. Schneider, Head of the Bystronic glass business unit	155			
B. Senn, General Counsel	203			
A. Waser, Head of the Bystronic business unit	332			
M. Willome, Group CEO	162			
R. G. Schmid, Head of the Mammut Sports Group business unit (until August 31, 2016)		48		

The compensation to members of the Board of Directors and Executive Committee is shown in the Compensation Report on pages 46 ff.

Share-based compensation

The fixed compensation for members of the Board of Directors is paid in cash and shares (approx. 50% each) which are restricted for a period of four years. Neither discounts nor performance components are taken into consideration when calculating the share allocation of the Board of Directors. The calculation is based on the average share price for the three months from November 1 to January 31.

In 2016 a total of 882 registered shares A were allocated to the Board of Directors for the previous year. The valuation amounting to CHF 0.6 million was based on a share price of CHF 635 each. Personnel expenses contain deferred expenses for the reporting year amounting to CHF 0.6 million (previous year: CHF 0.6 million) for the share-based component of compensation for the Board of Directors.

Proposed appropriation of available earnings – Conzzeta AG

	2016	2015
	CHF	CHF
The Board of Directors proposes to the Annual General Meeting on April 25, 2017, that the total sum available for appropriation, consisting of:		
Net income for the year	81 479 429	46 747 079
Retained earnings carried forward from previous year	111 000 849	134 952 369
Retained earnings	**192 480 278**	**181 699 448**
Treasury shares (held directly)	1 063 033	1 182 349
Total sum available for appropriation	**191 417 245**	**180 517 099**
be appropriated as follows:		
Dividend of CHF 11 per registered share A (previous year: CHF 10)	20 097 000	18 270 000
Dividend of CHF 2.20 per registered share B (previous year: CHF 2)	2 673 000	2 430 000
Transfer to the voluntary retained earnings	50 000 000	50 000 000
Retained earnings to be carried forward	119 710 278	110 999 448

If this proposal is approved, the dividend distribution for the 2016 reporting year will be:

	Gross dividend	35 % withholding tax	Net dividend
	CHF	CHF	CHF
Per registered share A	11.00	3.85	7.15
Per registered share B	2.20	0.77	1.43

The dividend will be paid out with the value date of May 2, 2017.

KPMG

Statutory Auditor's Report

To the General Meeting of Conzzeta AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Conzzeta AG, which comprise the balance sheet as at December 31, 2016, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 95 to 101) for the year ended December 31, 2016 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

We have determined that there are no key audit matters to communicate in our report.

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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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 further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Hanspeter Stocker Licensed Audit Expert Auditor in Charge	Reto Kaufmann Licensed Audit Expert

Zurich, March 17, 2017

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

Further information

108 Five-year summary
110 Information for investors

Five-year summary

		2016	2015	2014	2013[1]	2012[1]
Segment Sheet Metal Processing						
Net revenue	CHF m	652.8	570.9	580.7	560.1	530.8
Operating result	CHF m	63.0	55.4	54.3	51.6	51.1
Net operating assets	CHF m	159.0	162.1	166.5	191.2	200.3
Segment Sporting Goods						
Net revenue	CHF m	233.4	235.3	249.9	247.0	232.5
Operating result	CHF m	1.2	0.1	20.8	20.9	18.4
Net operating assets	CHF m	108.1	113.6	131.9	112.5	122.5
Segment Chemical Specialties						
Net revenue	CHF m	220.6	204.5	219.2	192.6	180.6
Operating result	CHF m	23.1	18.5	23.8	20.0	13.9
Net operating assets	CHF m	112.7	110.9	116.4	93.3	95.9
Segment Glass Processing						
Net revenue	CHF m	107.5	119.9	109.5	132.3	197.8[2]
Operating result	CHF m	1.0	6.4	– 5.1	– 6.2	– 26.5[2]
Net operating assets	CHF m	19.3	23.1	30.5	34.7	69.1[2]
Consolidated income statement						
Net revenue	CHF m	1 214.3	1 140.8	1 195.7	1 194.0	1 161.5
Operating result	CHF m	84.4	80.8	104.3	89.7	55.3
Extraordinary result	CHF m		– 0.6	– 23.7	3.0	8.5
Group result	CHF m	63.9	59.3	61.4	75.4	46.3
Consolidated balance sheet						
Current assets	CHF m	977.2	950.9	1 074.7	973.6	904.6
Fixed assets	CHF m	278.2	270.8	376.4	360.8	364.6
Short-term liabilities	CHF m	269.3	213.7	252.9	253.0	242.5
Long-term liabilities	CHF m	44.6	48.1	65.4	72.6	69.3
Shareholders' equity	CHF m	941.5	959.9	1 132.8	1 008.8	957.4
Total assets	CHF m	1 255.4	1 221.7	1 451,1	1 334.4	1 269.2
Shareholders' equity as % of total assets	%	75.0	78.6	78.1	75.6	75.4
Net operating assets / employees						
Net operating assets	CHF m	401.6	413.3	517.4	507.0	551.9
Employees at year-end	Number	4 098	3 479	3 337	3 548	3 627
Average employees in full-time positions	Number	3 814	3 425	3 500	3 584	3 604
Net revenue per full-time position	CHF thousand	318.4	333.0	341.6	333.1	322.3
Personnel expenses per full-time position	CHF thousand	79.7	82.8	85.2	80.2	84.7

			2016	2015	2014	2013[1]	2012[1]
Share information							
Share capital		CHF m	4.1	4.1	5.2	46.0	46.0
Number of shares issued at 12/31							
Registered shares A		Number	1 827 000	1 827 000	456 750	406 000[3]	406 000
Registered shares B		Number	1 215 000	1 215 000	303 750	270 000	270 000
Market prices of registered shares A							
High		CHF	747.00	696.17	716.52	381.86	392.67
Low		CHF	570.00	536.96	367.99	295.04	288.20
Year-end		CHF	720.00	639.00	637.76	373.58	299.72
Total dividend		CHF m	22.8[4]	20.7	25.9	41.4[5]	18.4
Key indicators per share							
Group result	per registered share A [6]	CHF	29.10	28.65	31.00	39.19	24.08
	per registered share B [6]	CHF	5.82	5.73	6.20	7.84	4.82
Cash flow from	per registered share A [6]	CHF	46.37	41.93	52.49	60.11	37.81
operating activities	per registered share B [6]	CHF	9.27	8.39	10.50	12.02	7.56
Shareholders'	per registered share A [6]	CHF	451.70	464.15	547.24	548.23	520.34
equity	per registered share B [6]	CHF	90.34	92.83	109.45	109.65	104.07
Gross dividend	per registered share A	CHF	11.00[4]	10.00	50.00	90.00[5]	40.00
	per registered share B	CHF	2.20[4]	2.00	10.00	18.00[5]	8.00

[1] As of the beginning of 2014, goodwill acquired has no longer been capitalized and depreciated, but offset against equity. The 2013 figures have been adjusted accordingly. The figures for 2012 have not been adjusted.
[2] Including ixmation.
[3] In previous years, bearer shares were issued.
[4] As proposed by the Board of Directors.
[5] Payment by way of a reduction of the share capital through par value reduction.
[6] For better comparability, figures 2014 and earlier have been adjusted to take account of the 1:4 share split in 2015.

Information for investors

2017

Tuesday, April 25	Ordinary General Meeting at the Zurich Marriott Hotel
Monday, May 2	Payment of dividends
Friday, August 11	Half-year results as at June 30, 2017

2018

Tuesday, March 20	Year-end results as at December 31, 2017
Tuesday, April 24	Ordinary General Meeting

Investor Relations

Michael Stäheli
investor@conzzeta.com

Ticker symbols

Valor no. 24401750
ISIN CH0244017502
SIX Swiss Exchange CON
Reuters CONC.S
Bloomberg CON:SW

Further information about the company, calendar dates and contacts can be found at www.conzzeta.com

Publication details

Publisher Conzzeta AG, Zurich
Photography Alija, Bystronic, Christian Ammann, Christian Gisi, Daly and Newton, deepblue4you, Doppelmayr / Garaventa, Frank Schwarzbach, fStop Images – Stephan Zirwes, Jolanda Flubacher Derungs, Keystone – Martial Trezzini, Manuel Stettler, Kaba 2017, Patrick Gutenberg, Sebastian Derungs, Thomas Senf, trait2lumiere et al.
Translation Peter Thomas Hill, Stäfa ZH
Printing Staffel Medien AG, Zurich
Publishing system ns.publish by Multimedia Solutions AG
Prepress Neidhart + Schön AG

The annual report is published in German and English.
The German version prevails.
Published on March 21, 2017.

ClimatePartner
klimaneutral
Druck | ID 53462-1703-1002

FSC www.fsc.org
MIX
Papier aus verantwortungsvollen Quellen
FSC® C003387

Conzzeta Management AG
Giesshuebelstrasse 45
CH-8045 Zurich
www.conzzeta.com