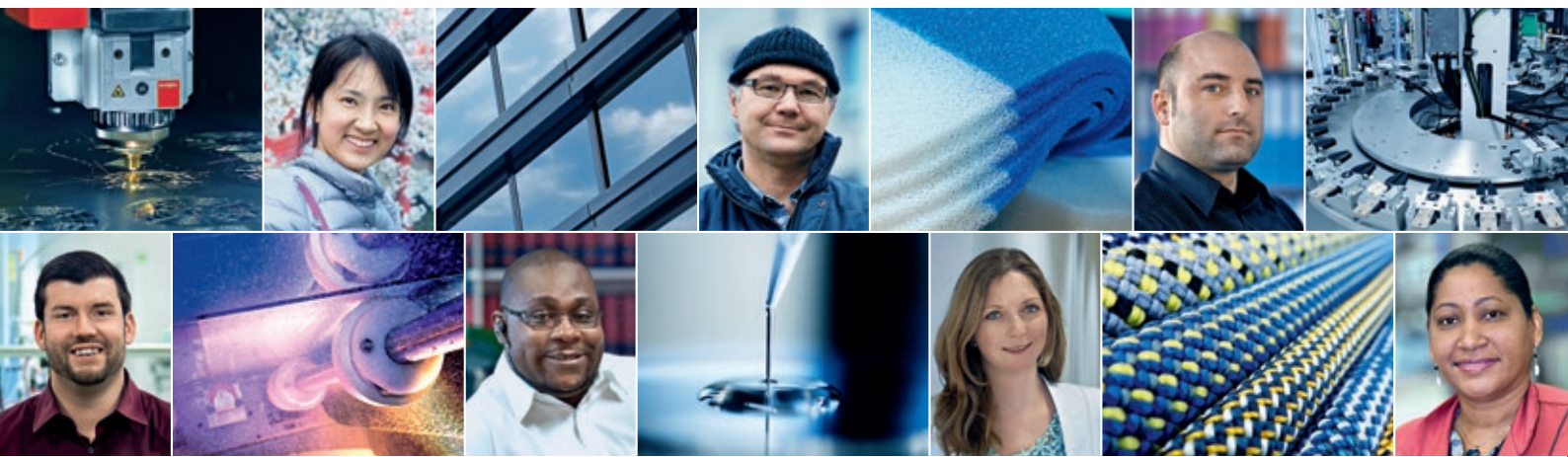


Annual Report 2013



Conzzeta at a glance

Conzzeta is an internationally active Swiss holding company with broadly diversified businesses. Its activities are in the areas of machinery and systems engineering, foam materials, sporting goods, graphic coatings and real estate. In the interests of customers, employees and shareholders, Conzzeta develops its businesses with a long-term perspective.



Sheet Metal Processing Systems

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



Glass Processing Systems

Bystronic glass: Systems for processing flat glass



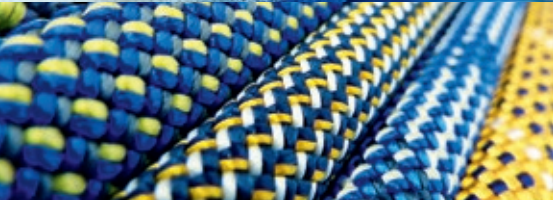
Automation Systems

ixmatron: Automation of assembly and testing lines



Foam Materials

FoamPartner: Foam products for industry and comfort applications



Sporting Goods

Mammut Sports Group: Mountaineering, climbing and winter sports equipment



Graphic Coatings

Schmid Rhyner: Print varnishes and laminating adhesives for the graphical industry



Real Estate

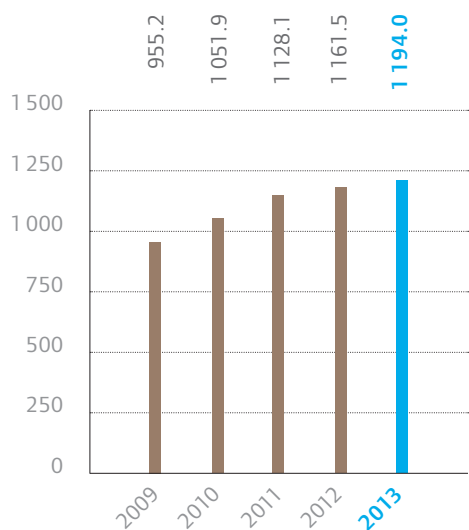
Plazza Immobilien: Management of the Conzzeta Group's portfolio of properties

Key figures

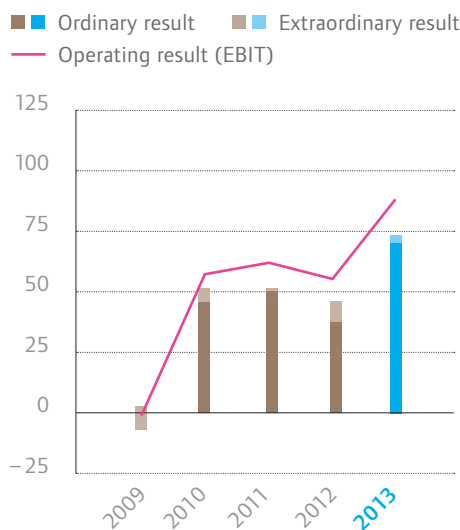
		2013	2012	
Group				
Net revenue		CHF m	1 194.0	1 161.5
Operating result		CHF m	87.7	55.3
Group result		CHF m	73.4	46.3
Free cash flow		CHF m	111.7	73.2
Shareholders' equity		CHF m	1 010.9	957.4
Total assets		CHF m	1 336.6	1 269.2
Shareholders' equity as % of total assets		%	75.6	75.4
Investments in property, plant and equipment and intangible assets		CHF m	21.9	41.8
Employees at year-end		Number	3 548	3 627
Net revenue per full-time position		CHF thousand	333.1	322.3
Conzzeta AG				
Net income for the year		CHF m	65.0	55.3
Share capital		CHF m	46.0	46.0
Total dividend		CHF m	41.4 ¹	18.4
Number of shares on 12/31	bearer	Number	406 000	406 000
	registered	Number	270 000	270 000
Gross dividend per share	bearer (par CHF 100.00)	CHF	90.00 ¹	40.00
	registered (par CHF 20.00)	CHF	18.00 ¹	8.00
Market price per share	bearer	high/low	CHF 2120/1638	2180/1600
		year-end	CHF 2 074	1 664
Total capitalization on 12/31		CHF m	954	765
Group key figures per share				
Group result	bearer	CHF	159.70	100.80
per share	registered	CHF	31.90	20.20
Cash flow from operating	bearer	CHF	251.50	158.20
activities per share	registered	CHF	50.30	31.60
Shareholders' equity	bearer	CHF	2 197.50	2 081.40
per share	registered	CHF	439.50	416.30

¹ Instead of a dividend payment, the Board of Directors is proposing a payment by way of a reduction of the share capital through par value reduction.

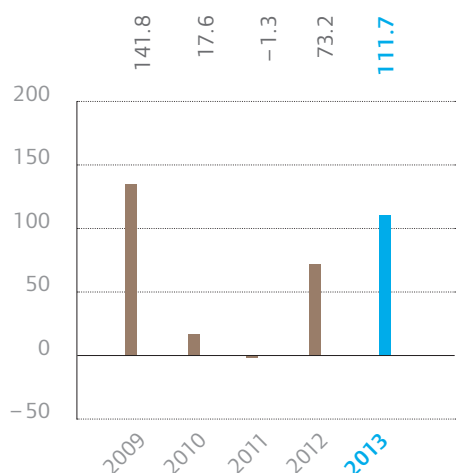
Net revenue (in CHF m)



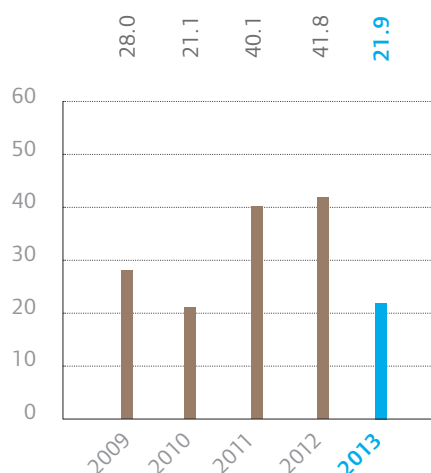
EBIT and Group result (in CHF m)



Free cash flow (in CHF m)



Investments in property, plant and equipment and intangible assets (in CHF m)



→ See p. 82f. for detailed five-year summary for Group

Key Facts 2013

- Conzzeta increases net revenue by 2.8 % to CHF 1 194 million.
- Adjusted for special items, EBIT rises by over 20 % to CHF 88 million.
- The EBIT margin is 7.3 %.
- Free cash flow increases by 53 % to CHF 112 million.
- With cash, cash equivalents and securities of CHF 507 million and an equity ratio of 75.6 % Conzzeta has a solid financial basis.
- The Group continues to internationalize its businesses.
- The distribution of revenues continues to shift toward the consumer-related business units, which now contribute 38.5 % of Group revenues.
- Mammut opened 14 new monobrand stores and has established a foothold in the Chinese market.
- Plaza Immobilien has started planning work on a new development with 200 apartments.

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“Setting course”

Was not a single stone left standing, or did we build stone upon stone? This is what I ask myself after thirty years as Chairman of Conzzeta. Hardly anything of the original company is recognizable today, yet much has stayed the same. And that is how it should and must continue. We live in a world of ceaseless change: markets, technologies and demands are in constant flux. It takes entrepreneurial flair to deal with this challenge. Stand still and you will be left behind.

Everyone needs touchstones. The buzzwords of the day, mostly borrowed from English – corporate responsibility, shareholder value, global perception, lean management and so on – are not sufficient in themselves, however worthy of attention they are. People want guidance, to act within a trusted framework and see the sense of what they do. That is the only way they can meet the challenges ahead and seek answers. Complex endeavors are not accomplished by complicated means, but by common sense, by the faculties we were born with: questioning, listening, understanding and learning. We need to foster a culture that upholds this simple tenet.

Every company has an organizational framework. At Conzzeta for the last 80 years or so, this has been provided by the holding company Tegula AG, which is the majority shareholder in Conzzeta. Tegula's shareholders are representatives of the second to fourth generations of the founding families. The expansion of the families has extended the shareholder base, and as a result the attachment to the company has diminished, making it more difficult to formulate corporate policy. Looking to the future, the Tegula shareholders have decided to loosen this rather rigid connection through a merger of the two companies. As a result, the Tegula shareholders will become individual shareholders in Conzzeta. Within this circle a majority group has been formed for a period of eight years to ensure continuity in the development of the company.

Parallel to these changes, the composition of the Board of Directors will be renewed. After 27 years' service, Thomas Bechtler will not be standing for re-election. Ernst Bärtschi will be joining the Board as Chairman, along with Roland Abt and Urs Riedener. The task of the newly constituted body will be to look impartially at the present situation in light of past achievements, while forging new paths. The Conzzeta tradition is to preserve long-standing values while responding to changing circumstances.

During my forty years with Conzzeta, the company has evolved through the endeavors of many people from a local manufacturer of construction materials to a broad-based international concern. I was always able to count on valuable input, constructive criticism and broad support, for which I am grateful. I am also thankful for the rewarding personal contacts I have made. I wish Conzzeta, which I will continue to serve as a member of the Board, a prosperous future, in the interests of all involved. There are still goals to be reached. And that will always be so.



Jacob Schmidheiny
Chairman of the Board of Directors

Business overview

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Board of Directors



Names and functions from left to right, as in the listing below.

[Philip Mosimann](#), Member of the Board since 2007

[Robert F. Spoerry](#), Member of the Board since 1996

[Werner Dubach](#), Member of the Board since 1993

[Jacob Schmidheiny](#), Chairman since 1977

[Thomas W. Bechtler](#), Member of the Board since 1987

[Matthias Auer](#), Member of the Board since 1996

All Board members are elected until the 2014 Ordinary General Meeting.

> For detailed information on the Board of Directors, see page 30f.

Group Executive Board and Corporate Staff



Names and functions from left to right, as in the listing below.

[Rolf G. Schmid](#), Head of the Sporting Goods business unit since 2004

[Kaspar W. Kelterborn](#), Group Chief Financial Officer since 2006

[Christian Thalheimer](#), Head of Corporate Services and Secretary to the Board of Directors since 2011

[Bart J. ten Brink](#), Head of the Foam Materials business unit since 2009

[Jakob Rohner](#), Head of the Graphic Coatings business unit since 2011

[Robert Suter](#), Group Chief Executive Officer since 2009

[Alex Waser](#), Head of the Sheet Metal Processing Systems business unit since April 2013

[Barbara Senn](#), General Counsel since 2010

[Guy Sellier](#), Head of the Automation Systems business unit since 2012

[Ralph Siegle](#), Head of the Real Estate business unit since 2003

[Burghard Schneider](#), Head of the Glass Processing Systems business unit since February 2014

> For detailed information on the Group Executive Board, see page 34f.

Overview of the business year

Conzzeta records substantial increase in profit

Conzzeta generated a marked increase in operating profit, which rose from CHF 55.3 million to CHF 87.7 million. Adjusted for special items related to the employee pension funds of CHF positive 4.1 million (previous year: CHF negative 12.7 million), the increase was 23 %. This is all the more remarkable as revenues rose by only 2.8 % to CHF 1 194.0 million. The improvement occurred mainly in the second half of 2013 in the Sheet Metal Processing Systems business unit. Many of the eurozone countries experienced a subdued trend, while Asia and Pacific remained at the previous year's level. By contrast, North America and the European economies outside the eurozone developed very positively.

Development of Group revenues

In the 2013 business year, the Conzzeta Group increased consolidated net revenues by 2.8 % to CHF 1 194.0 million (previous year: CHF 1 161.5 million). The currency translation and acquisition effects had no significant impact. The strongest growth rates were recorded by the Graphic Coatings business unit. In absolute terms, the Sheet Metal Processing Systems business unit made the biggest contribution to revenue growth. Glass Processing Systems and Automation Systems reduced their offering to focus on their core businesses, and this was reflected in a corresponding decrease in sales.

Net revenue by business unit

	2013	2012	Change
	CHF m	CHF m	in %
Sheet Metal Processing Systems	560.1	530.6	5.5
Glass Processing Systems	132.2	141.8	-6.7
Automation Systems	41.8	55.9	-25.2
Foam Materials	136.4	129.9	5.0
Sporting Goods	246.9	232.5	6.2
Graphic Coatings	56.1	50.4	11.3
Real Estate	19.9	19.8	0.4
Miscellaneous revenue	0.6	0.6	-0.2
Total	1 194.0	1 161.5	2.8

Business units

Sheet Metal Processing Systems

The Sheet Metal Processing Systems business unit (Bystronic) increased revenue by 5.5 % to CHF 560.1 million (previous year: CHF 530.6 million). This result was possible thanks to a recovery in the second half following a hesitant start to the year. The American markets again showed the most vigorous growth, followed by northern Europe and Germany. Southern European markets stabilized, while in Asia demand fell short of expectations. Laser machines and services made a particular contribution to the good performance.

Greater customer focus is the theme of Bystronic's marketing, shifting the emphasis from individual machines to one-stop service delivery, which Bystronic is able to offer thanks to additional automation software and service capabilities. The "Change your Mindset" program that all employees around the world go through step by step instills an integrated approach to customer needs. It aims to ensure that Bystronic customers benefit from an all-round service package, rather than just getting a stand-alone machine.

This kind of market cultivation takes on greater importance as competitive pressure from a large number of new fiber laser manufacturers increases. These small-scale operations are usually very local in scope and focused on the lower end of the market. Bystronic can stand out from the competition through additional services and expertise. One example is BySoft 7, a software package that enables customers to control whole production processes, which sold very well during the reporting year. Such products offer customers measurable added value and underpin Bystronic's role as a partner. Another trend is the growing demand for automation, to which Bystronic has responded with the ByAutonom machine. This system offers fully automated cutting operations and needs little intervention from a machine operator. In the fiber laser machine segment, the new BySun Fiber was launched onto the market. This machine is manufactured entirely in China for the Chinese and Southeast Asian markets.

Net revenue by geographic area

	2013	2012	Change
	CHF m	CHF m	in %
Switzerland	143.1	145.9	- 1.9
Euro area	365.8	357.2	2.4
Rest of Europe	217.7	197.4	10.3
Total Europe	726.6	700.5	3.7
North and South America	216.5	203.9	6.2
Asia and Pacific	243.7	243.7	0.0
Africa	7.2	13.4	- 46.3
Total	1 194.0	1 161.5	2.8

Glass Processing Systems

Net revenue in the Glass Processing Systems business unit (Bystronic glass) came in at CHF 132.2 million in 2013, 6.7 % lower than the previous year (CHF 141.8 million). One reason for the fall was the elimination of the architectural glass cutting segment, which, though discontinued, was still generating revenue in the reference year of 2012.

The business with glass processing machinery is undergoing a marked regional shift. While there is very little construction activity in many European countries, resulting in stagnating demand for insulating and laminated safety glass, the building boom in Asia is continuing. The Asian market is also growing in importance for the vehicle glass machinery segment. This shift of emphasis is also apparent in the business unit's sales figures. While revenue in China met expectations, demand in Europe faltered. Despite the continuing trend toward triple-glazed insulating glass, for which Bystronic glass supplies advanced manufacturing systems, this has not yet been reflected in higher volumes. In China, systems in the mid-range performance segment are in great demand. Bystronic glass has succeeded in aligning itself with customer requirements in Asia by localizing its product range. The business unit is benefitting from the building boom in this region and has increased its capacity there. In the America region, revenues were slightly up on the previous year.

Sales in the vehicle glass segment lagged behind the exceptionally good previous year, but are still at a satisfactory level. In automotive glass processing, which is in any case a cyclical market, competition is strongly influenced by currency effects, since the biggest competitor is based in Japan and benefits from the exchange rate advantage of the yen. Revenues in the service and spare parts business developed well in all regions.

Automation Systems

The Automation Systems business unit (ixmation) reported net revenue of CHF 41.8 million in 2013, a decrease of 25.2 % compared with the previous year (CHF 55.9 million). After facing technical problems and unplanned costs during the previous year, more stringent criteria are now being applied to the evaluation of contracts and the technical specification of orders. Several potential orders have failed to match up to these conditions, with the result that ixmation has declined jobs where the risks would have been unacceptable. This, coupled with the postponement of deliveries until 2014, led to lower sales. Capacities were adjusted accordingly

and a management process put in place to improve handling of complex orders.

In the reporting year, the business unit received most of its orders from the automotive and consumer goods industries. Rising labor costs, particularly in Asia, are driving up demand for automation systems. There was confirmation that ixmation's international set-up is seen by customers as an advantage since it means they can go to a single source to get systems for different locations around the world and benefit from possible cost optimization in the process.

Foam Materials

The Foam Materials business unit (FoamPartner) increased net revenue by 5 % to CHF 136.4 million (previous year: CHF 129.9 million). Growth in all market regions was driven by technical foams. By contrast, sales in the comfort foam segment, particularly for mattresses, were below expectations. These products are sold primarily in the European market where customers are currently showing a certain restraint when it comes to placing major orders.

Sales of technical foams grew in a wide range of applications, above all acoustic parts and products for the automotive industry. One source of new orders was for sound insulation in motorized gardening equipment. Orders were also received for acoustic parts in other applications, such as domestic appliances. Foam materials from FoamPartner are also in demand for sound insulation in vehicle manufacturing, but they are also used in car headliners and other components as well. Demand for converted foam products is continuing to grow, a trend that is also apparent in Asia, the business unit's strongest growth region. Automotive manufacturers are the most important customers, with demand growing for converted products as well as rolls. As a result, the manufacturing joint venture in China invested in new processing facilities, including foam impregnation equipment. In the US market, sales also increased slightly, with brisk demand for a novel cleaning sponge.

Sporting Goods

The Sporting Goods business unit (Mammut Sports Group) grew in the reporting year by 6.2 %, recording net revenue of CHF 246.9 million (previous year: CHF 232.5 million). Currency effects (negative 2.2 %) and an acquisition in South Korea (positive 1.1 %) had an impact on sales. Adjusted for these influences, the rise would have been 7.3 %. The figure is above average for the outdoor equipment market, where growth rates are only moderate.

Mammut improved sales in all product segments, with footwear the biggest contributor. The business unit introduced new products during 2013. The launch of a clothing and footwear line for trailrunners, an upcoming sport trend, was very well received by customers. Sales of established products such as Barryvox and the avalanche airbag protection system also increased.

In regional terms, sales growth in the markets of the USA and Canada, Great Britain, France and Eastern Europe deserves particular mention, while the Japanese market again produced double-digit growth in terms of the local currency. In view of the marked weakening of the yen as a result of Japanese monetary policy, this growth was not reflected in the result in the reporting currency, the Swiss franc. Another positive aspect is that the Swiss market is also on an upward curve again. The markets in Southern Europe are still weak. In 2013, Mammut opened a sales company in China to tap into this growth market. Chinese customers are showing strong interest in the Swiss mountain sports brand, and the first sales returns exceeded expectations, albeit with relatively low volumes.

The business unit opened 14 new monobrand stores last year, and there are now 68 outlets around the world selling exclusively Mammut products, helping the brand grow stronger all the time. The new selective distribution system will further enhance brand appeal. Since its introduction in 2013, dealers have had to meet certain criteria if they want to become Mammut partners. One condition is being able to give expert advice on the products and their use.

Graphic Coatings

The Graphic Coatings business unit (Schmid Rhyner) increased net revenue in the reporting year by 11.3 % to CHF 56.1 million (previous year: CHF 50.4 million). The sales growth was driven principally by UV varnishes, while sales of water-based varnishes declined. The decline is the result of a planned move, as Schmid Rhyner has reduced its range of water-based products to focus on special varnishes with a significant value-added element. The strategy has so far proven correct. Development of the UV-hardening line is continuing, and not only through the introduction of new product features: process stability and technical customer support are also key sales arguments. Some globally operating food manufacturers have accordingly made Schmid Rhyner their partner of choice.

New varnishes in the Touch & Feel range – products which create textured effects – are meeting with great

interest from suppliers of branded consumer goods. EPPI varnishes are also opening up new market opportunities. They offer enhanced safety thanks to their chemical properties, making them particularly suitable for applications such as food packaging. In addition to its successes in the UV sector, Schmid Rhyner is also establishing itself in the area of security printing, though initially on a small scale. This segment comprises a small circle of customers with repeat orders for protective varnishes that are used in forgery-sensitive applications.

At the end of the reporting year, the business unit completed its new production and logistics building at the Adliswil site. This investment will improve not only the logistics processes and inventory management system, it will also allow further expansion of production capacity.

Real Estate

The Real Estate business unit (Plazza Immobilien) generated revenue of CHF 19.9 million, 0.4 % higher than the previous year (CHF 19.8 million). Rental income is stable overall, although there is evidence of saturation in the market for commercial property. The apartments in the “Im Tiergarten” development, Plazza’s largest property, continue to enjoy brisk demand.

The preliminary phase of the “Im Glattgarten” project in Wallisellen has been completed. Detailed planning work and the planning application will follow in the current business year. More than 200 mid-range apartments will be built on the former industrial site. Work progressed in the reporting year on a development plan for a former manufacturing site in Crissier, which extends to 63 000 square meters. A preliminary proposal will be submitted to the canton of Vaud for approval during the current year. The sale of a property in Avenches that is no longer required for operational purposes generated an extraordinary profit of CHF 3.0 million.

Earnings situation

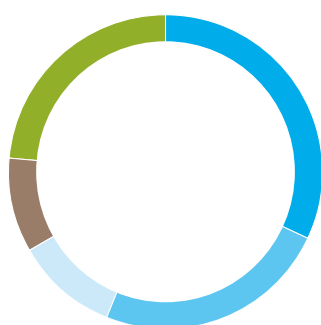
For the 2013 business year, the Conzzeta Group generated operating profit (EBIT) of CHF 87.7 million (previous year: CHF 55.3 million), corresponding to an EBIT margin of 7.3 % (4.8 %). Whereas the EBIT figure for 2012 included a charge of CHF 12.7 million for an allocation to the employee pension funds to mark Conzzeta's centenary, EBIT for the reporting year contains a positive one-time effect of CHF 4.1 million relating to the reversal of renounced use in the employer contribution reserves. Adjusted for these effects, EBIT amounts to CHF 83.6 million (CHF 68 million), an increase of just under 23 %. The previous year's figure also contained operating costs of CHF 7.6 million for the restructuring of the Bystronic glass business unit.

The higher profitability is reflected in the Group result, which came to CHF 73.4 million, around 58 % higher than the previous year (CHF 46.3 million). While the financial result of CHF 2.9 million (CHF 0.5 million) contained in this figure includes an actuarial reversal of the asset value fluctuation reserve of the employer-funded pension fund amounting to CHF 2.2 million, the extraordinary result of CHF 3.0 million arose from the sale of a site in Avenches. This property is a legacy of the former construction materials business and was no longer in operational use. Despite an increase of 45 % in the result before taxes, the tax expense of CHF 20 million (CHF 18.8 million) was only slightly higher.

Investments and divestments

Investments in property, plant and equipment and intangible assets totaled CHF 21.9 million, significantly lower than the previous year (CHF 41.8 million). In 2012, Conzzeta completed two major projects: Mammut's European logistics center and Bystronic's second production plant in Tianjin. These investments had little impact on the 2013 figures. Capital expenditure in the reporting year flowed mainly into plant and equipment at Bystronic and FoamPartner, Mammut's monobrand stores and shop-in-shop concepts, a new logistics building for Schmid Rhyner in Adliswil, and Piazza's real estate development in Wallisellen. In addition, Mammut acquired the remaining equity in Mammut Korea. In regional terms, investments were mainly in Switzerland, Germany and China. Piazza sold a redundant site in Avenches.

Employees by geographic area 2013



- Switzerland 1 134
- Germany 858
- Rest of Europe 381
- North and South America 344
- Asia 831

Total Europe 2 373

Total Group 3 548

Free cash flow, financing and liquidity

In 2013, the Conzzeta Group recorded a cash flow from operating activities of CHF 115.7 million (previous year: CHF 72.8 million), a rise of 58 %. This positive development was attributable not only to the higher Group result, but also to the change in net working capital, which fell by CHF 17.3 million, despite an increase in revenues of 2.8 %. Contributing factors were a decrease in inventories and accounts receivable, as well as an increase in advance payments from customers. The cash flow from operating and investment activities (free cash flow) generated by the Conzzeta Group amounted to CHF 111.7 million (CHF 73.2 million) in 2013, which represents an increase of 53 % and a free cash flow rate (relative to total revenue) of 9.3 %. In

In addition to the net investments in property, plant and equipment and intangible assets of CHF 8.7 million (CHF 23.7 million), this also includes changes in securities and financial assets of CHF 6.2 million (CHF 24.9 million). Cash flow from financing activities fell sharply, amounting to CHF negative 15.6 million (CHF negative 105.8 million) in the reporting year. In 2012, the cash flow from financing activities was strongly affected by the payment of a centenary dividend. With cash, cash equivalents and securities of CHF 506.8 million (CHF 422.2 million) and an equity ratio on the reporting date of 75.6 % (75.4 %), the Conzzeta Group remains solidly financed.

Appropriation of profit

Instead of a dividend payment, the Board of Directors is proposing a reduction of CHF 41.4 million in the share capital from CHF 46 million to CHF 4.6 million through par value reduction. The par value of the bearer share will be reduced by CHF 90 from CHF 100 to CHF 10, that of the registered share by CHF 18 from CHF 20 to CHF 2. The payout to shareholders is not subject to withholding tax. From the retained earnings of CHF 179.1 million, a special allocation to the special reserve of CHF 50.0 million is proposed, with the remaining CHF 129.1 million to be carried forward. The payout through par value reduction totaling CHF 41.4 million is higher than the long-term level of distributions in the past. The purpose of this measure is to reduce the par value in a single step to a sustainable level.

Employees

At the end of the reporting year, the Conzzeta Group had 3 548 employees worldwide, a fall of 79 or 2.2 % compared with the previous year (3 627). The workforce in the Bystronic glass and ixmation business units was adjusted in line with the lower revenues. The countries affected were China, Malaysia, the United States and Germany. Conzzeta continues to be based in Europe, where around two-thirds of employees work.

Trends and outlook

For the 2014 business year, Conzzeta AG is not expecting a fundamental change in the situation on the European markets since the economic adjustment still needs some time. There is no prospect of a recovery in the Southern European markets, which means customers in the other eurozone countries will act with caution, at least. The Group is more optimistic about the American markets, where it anticipates further growth. Asia will remain an important market.

Against this background, Conzzeta will monitor the markets and push ahead with the expansion of its worldwide activities as a stabilizing factor. The cost base will continue to be a focus of attention so that the Group is in a position to react quickly to any fall in revenues. Strengthening profitability and further profitable growth remain the declared goals of Conzzeta AG: a prerequisite for achieving further increases in revenue and earnings, given a stable economic climate and a reliable political framework.

“We achieved our targets for 2013”

Conzzeta achieved the targets set for the 2013 business year. CEO Robert Suter sees this as evidence of the Group’s high level of performance and can identify potential for further profitable growth in the international markets.

Mr Suter, you have been announcing targets of 7 to 8 percent EBIT for Conzzeta in recent years, and the Group has now achieved 7.3 percent. Congratulations: is that “mission accomplished”?

No, not at all. What we have achieved is an intermediary objective. We can feel proud of that, and I am grateful to our employees for this great performance. But now we have to prove that we can continue to perform at this level, if not higher, and not allow any possibilities for further improvement to slip by. We need to go on improving because the targets we set are always averages covering a longer period of time. This means that in order to achieve a mid-way position between 7 and 8 percent we have to do really well when times are good so that we can make up for the less good times.

Where do these good results come from?

Looking at the absolute figures, our most important earnings driver is still Bystronic. Despite increasing competition, the business unit is doing well in the laser market, with sales rising in the Americas in particular. Bystronic succeeds because it sees itself as a genuine partner, and actively helps customers to improve their processes. Mammut enjoys high-value positioning with its Absolute Alpine range. It is well established in the outdoor leisure market and producing pleasing results. By the way: both these business units are excellent examples of strong, established brands contributing to our success, which is why we continue to invest in them. I am also especially pleased with Schmid Rhyner, which is demonstrating how to operate very effectively from a base in Switzerland as a specialist with a concentration of technical expertise.

How do things stand with the other four business units?

FoamPartner and Piazza Immobilien are both performing reliably well. In the case of Bystronic glass and ixmation, we are still having to deal with a very challenging market. With these business units we’ll need a little more time to reach our goal.

What are the challenges, and how are you approaching them?

The construction industry in Europe is still going through a difficult period, with weak demand for window glass and the corresponding processing systems. Our response to this has been to give up architectural glass cutting, and that has helped. Now we must strengthen our presence in the growth markets of Asia, where construction is still booming. Our ixmation business also has potential in Asia, because rising labor costs in China are making automation an attractive option there. However, one thing will never change for Bystronic glass and ixmation: custom plant construction is a difficult business to keep under control, as there is always an underlying risk that a project will turn out to be far more complex than first expected.

What is your verdict on Conzzeta’s regional set-up?

The markets and risk factors are such that I want us to improve the distribution of our sales around the world. We are getting there, but it’s not something we can achieve overnight. Traditionally, Conzzeta has always been strong in Switzerland and the eurozone countries. However, looking at the situation in these countries in 2013, there is hardly any real growth there and the



// We will continue to invest
in our successful brands. //

debt crisis is not yet over. In Asia, which is dominated by the Chinese market, there are plenty of opportunities, but that may not last forever. The United States, the most significant part of the American market, was written off by many people during the financial crisis, but it has recovered well, and we are feeling the benefit of that.

So the focus is on the USA?

I have 20 years' experience of running international companies, and in that time I have noticed a fundamental change: economic cycles and cycles of change are becoming shorter, and things are more volatile. Plans for the medium and long term rarely have time to take effect. So you always have to be prepared for the unexpected, and that means it is important to maintain as broad a base as possible, in terms of industries as well as geographically. At the moment, America is a rewarding market and we're making the most of our opportunities there. But that situation could soon change, so we continue to invest in strengthening our broad international set-up.

What steps are you taking to further internationalization?

All our business units, with the exception of Real Estate, have a location in the United States, and they are also active – and expanding their activities – in those other American countries where it is profitable for them. Bystronic in particular is on the right track here. All the business units have a presence in Asia, where Mammut is making good progress. In the South Korean market we have taken control of the sales channel through our acquisition of the local distributor. Japan continues to grow, though from a Swiss perspective we can see local gains being eroded due to the weakness of the yen. In China, Mammut made a successful entry into the market last year, with demand there exceeding our expectations.

What will your targets be for the coming year?

We want to push on with our profitable international expansion. We will achieve this by opening up and developing promising markets, by creating the innovative products our customers want, and by continuing our efforts to improve efficiency.



Sheet Metal Processing Systems – Bystronic

Bystronic is a world-leading supplier of solutions for the processing of sheet metal and other sheet materials.

Important events in 2013

- Bystronic equips the BySun laser cutting machine which it developed in China with a fiber laser, resulting in the launch of BySun Fiber. The business unit also starts exporting BySun machines to Southeast Asia. It is the first laser cutting machine developed in China that is also being sold in other countries.
- Bystronic sends the first four Swiss graduate apprentices on a work placement to China. After completing their traineeships, two polymechanics and two automation technicians travel to Tianjin, where they work for six months in the Chinese production plant. The project proves a success and will be repeated in 2014.
- Bystronic invites a total of one thousand customers to its ten “Competence Days” in Niederönz. The event showcases services which Bystronic offers in addition to its machinery and software products – add-ons which represent real added value for customers.

Overview Bystronic

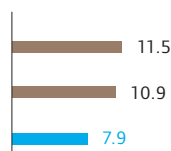
- **Head:** Alex Waser
- **Presence:** worldwide, 26 sales and service companies; 3 development and production sites in Switzerland, Germany and China; used machinery centers in Romania and the USA.

www.bystronic.com

Net revenue in CHF m



Investments in property, plant and equipment and intangible assets in CHF m



Number of employees





Glass Processing Systems – Bystronic glass

Bystronic glass offers high-quality system solutions for the processing of architectural and automotive glass.

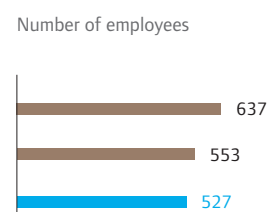
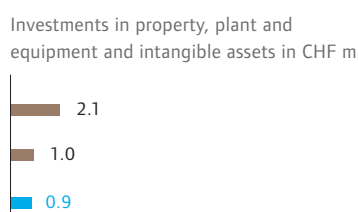
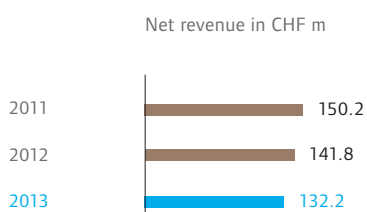
Important events in 2013

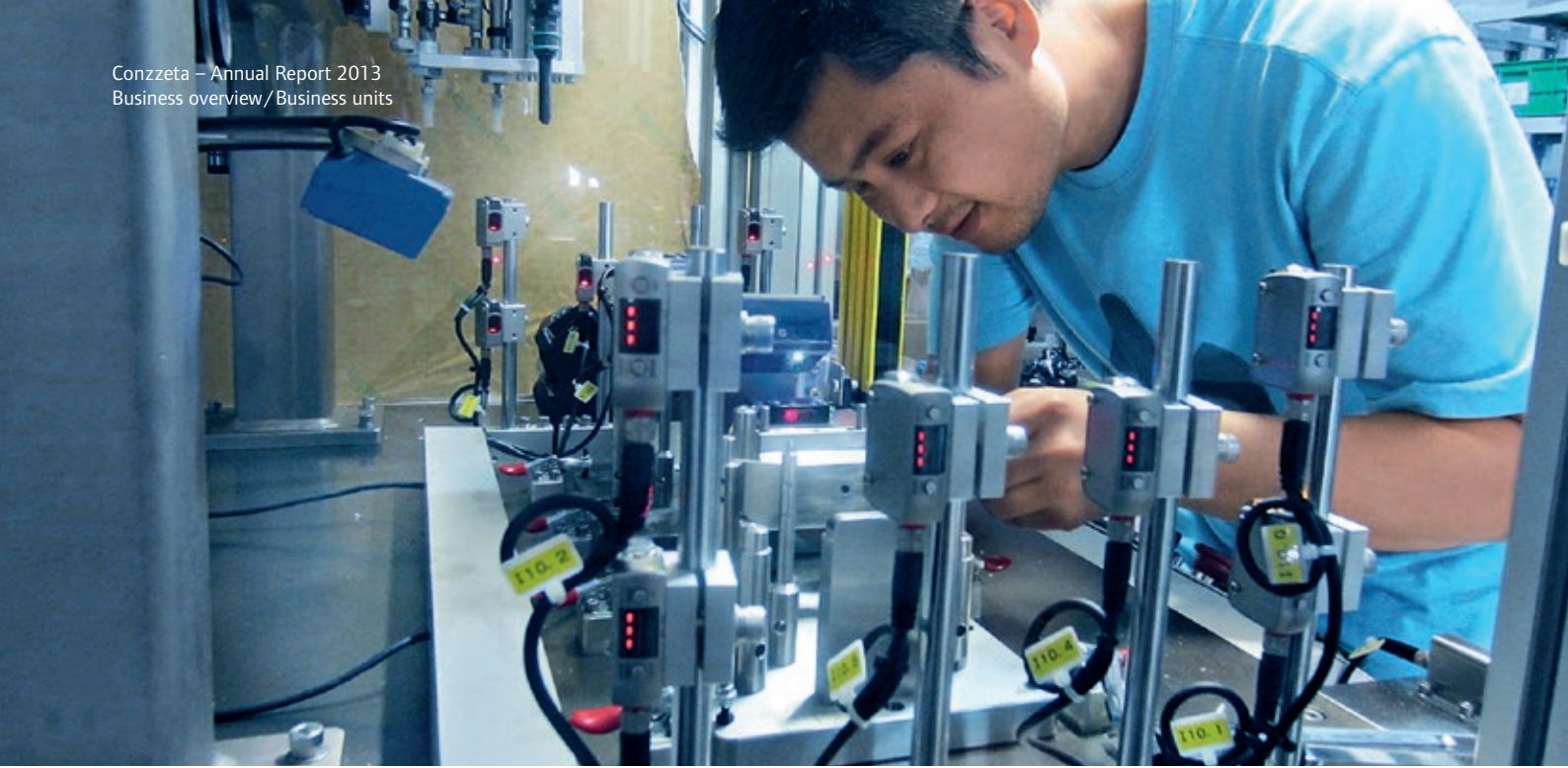
- At the China Glass trade fair, the most important industry show in the Asian region, Bystronic glass unveils comfort'line, the first insulating glass manufacturing line assembled entirely at the production plant in Shanghai.
- The restructuring program begun the previous year with the closure of the architectural glass cutting activities at the Bützberg plant is brought to a successful conclusion in 2013. The concentration on the core business of vehicle glass preprocessing brings the plant back on track.
- The Vitrum trade fair in Milan is the venue for Bystronic glass to showcase its cooperation with the Italian Fenzi Group in the field of TPS technology. Fenzi is the world's largest producer of adhesives and sealants for the insulating glass industry. It presents its new spacer material for the first time in live demonstrations using a Bystronic glass tps'applicator.

Overview Bystronic glass

- **Head:** Burghard Schneider since February 2014
- **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





Automation Systems – ixmation

As a global partner to high-tech companies, ixmation develops and manufactures reliable automation systems for production processes.

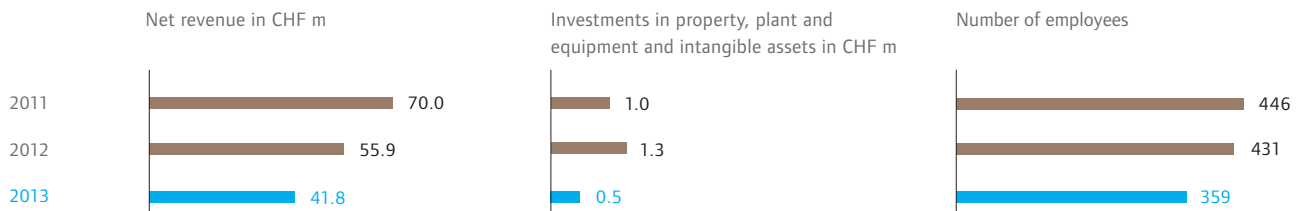
Important events in 2013

- ixmation Malaysia and ixmation North America collaborated to deliver a repeat order from a major US-based consumer products manufacturer for a large assembly system. The global cooperation between multiple ixmation sites provides a good strategic fit with the customer.
- ixmation North America delivered a fully automated manufacturing and assembly system for a new US-based consumer products customer. The system represents a major advance in the customer’s manufacturing process.
- ixmation Suzhou developed a modified replication of an automated assembly system for a multinational medical products company. The first-generation system was originally produced for the customer by ixmation North America, who also collaborated with ixmation Suzhou in the development of the new machine.

Overview ixmation

- **Head:** Guy Sellier
- **Presence:** 5 locations in China, Malaysia, the USA and Switzerland

www.ixmation.com





Foam Materials – FoamPartner

FoamPartner manufactures high-quality foam materials and offers customized solutions for the Industry and Comfort business segments.

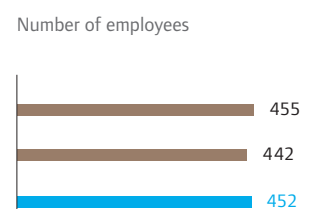
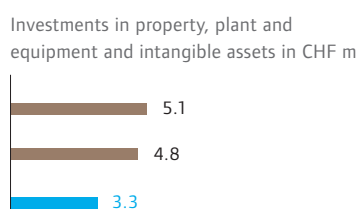
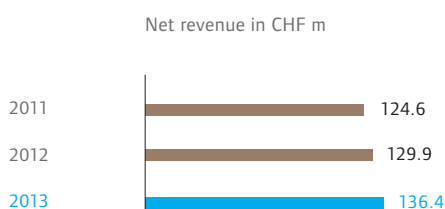
Important events in 2013

- Demand for sound insulation products remains buoyant, which is why FoamPartner is continuing to expand its acoustic segment. The products are used for acoustic insulation in buildings, machinery and vehicles.
- Vehicles have to be made more lightweight all the time to reduce CO₂ emissions. FoamPartner responds to this trend with the market launch of a new generation of sound-absorbing lightweight foams. Demand from European car manufacturers is particularly high.
- In the Asia and Pacific region, demand for foam rolls with special finishes is increasing. As a result, FoamPartner has commissioned an impregnating machine and a further long splitting machine.

Overview FoamPartner

- **Head:** Bart J. ten Brink
- **Presence:** 10 production, processing and sales locations in Europe, Asia & Pacific and the USA; worldwide marketing through a partner sales network

www.foampartner.com





Sporting Goods – Mammut Sports Group

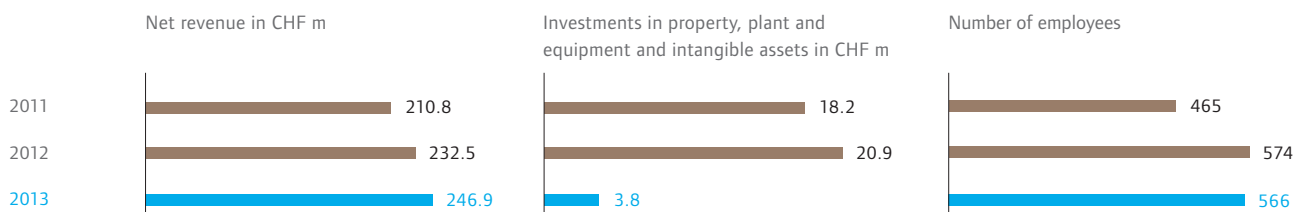
Mammut Sports Group develops, manufactures and markets innovative mountaineering, climbing and winter sports equipment.

Important events in 2013

- The Swiss extreme sports photographer Thomas Senf travels with a team of Mammut ice climbers to Norway for a photoshoot in the legendary world of the ice giants. To photograph the athletes he sets the scene with flaming torches and floodlights. The unique pictures earn Mammut the greatest PR success in its history.
- The Mammut avalanche airbag backpacks R.A.S. (Removable Airbag System) and P.A.S. (Protection Airbag System) are a big hit. Output is stepped up for the third season in a row.
- At the end of 2013, Mammut’s online community comprises over 200 000 Facebook fans, double the number in 2012. Mammut’s fan base is growing faster than that of its main competitors.

Overview Mammut Sports Group

- **Head:** Rolf G. Schmid
 - **Presence:** worldwide sales network in over 80 countries; head offices, product development and rope manufacture in Seon (Switzerland); numerous production partners in Europe and Asia
- www.mammut.ch





Graphic Coatings – Schmid Rhyner

Schmid Rhyner develops and manufactures high-quality print varnishes and laminating adhesives for the graphical industry.

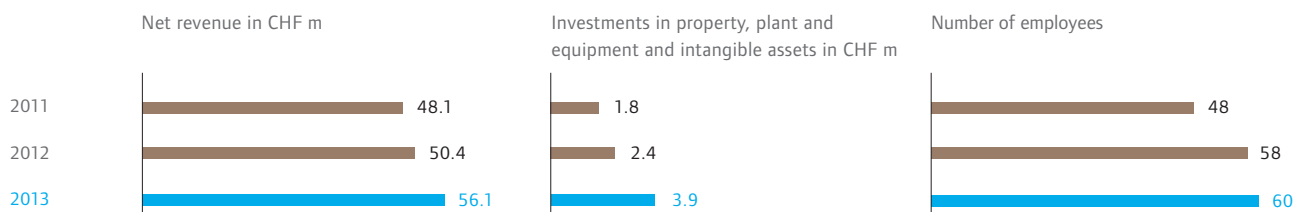
Important events in 2013

- In a joint event with its partners, Schmid Rhyner AG demonstrates the technology behind the Touch & Feel relief varnishes to selected customers directly at a printing machine. Schmid Rhyner uses the demonstration to show customers not only how easy it is to apply the varnishes, but also the potential added value of textured finishes, particularly in the packaging industry.
- The logistics building at the Adliswil site is completed. The new building will serve to increase storage capacity and facilitate handling of the growing sales volume.

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





Real Estate – Piazza Immobilien

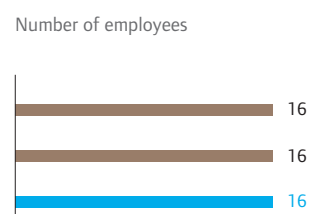
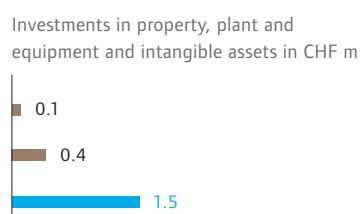
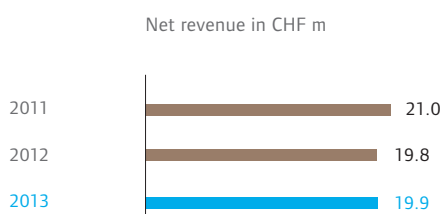
Piazza Immobilien manages the Conzzeta Group's portfolio of properties.

Important events in 2013

- A preliminary project for the residential development in Wallisellen, with over 200 apartments, is approved and detailed planning gets underway.
- An industrial site in Avenches covering around 34 600 square meters is sold at the beginning of 2013.
- In Crissier, on a site covering 65 000 square meters belonging to Piazza Immobilien, work begins on a development plan based on an architectural and urban planning competition that was held in 2012.

Overview Piazza Immobilien

- **Head:** Ralph Siegle
- **Presence:** properties throughout Switzerland
www.piazza-immobilien.ch



Corporate governance

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- 36 Content and method of determining compensation
- 36 Shareholders' participation rights
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- 37 Information policy
- 37 Significant events since the balance sheet date

Corporate governance

The Conzzeta Group attaches importance to a transparent management structure and open dialogue. The Group is guided by the principles of the Swiss Code of Best Practice for Corporate Governance, which it implements in accordance with its size and structure. It always acts in compliance with legal requirements and urges its employees to do likewise.

The following report is based on the SIX Swiss Exchange Directive on Information relating to Corporate Governance, valid on December 31, 2013, in so far as applicable to Conzzeta AG.

This corporate governance report does not include issues which correspond to legal norms. In certain selected cases, so-called negative declarations are given.

1 Group structure and shareholders

Group structure

The Conzzeta Group is organized in seven business units: Sheet Metal Processing Systems, Glass Processing Systems, Automation Systems, Foam Materials, Sporting Goods, Graphic Coatings, and Real Estate. At Group level, Corporate Staff supports the activities of the holding company, Conzzeta AG, and the operational units. Conzzeta AG, with its registered offices in Zurich, has direct or indirect equity holdings in the companies listed on page 64f. Conzzeta AG is the only company that is listed. The Conzzeta bearer share (Swiss security number 265798, ISIN CH0002657986) is listed on the SIX Swiss Exchange. The market capitalization (bearer shares) as of December 31, 2013, was CHF 842 044 000; the total capitalization (registered and bearer shares) amounted to CHF 954 040 000.

Significant shareholders

	Percentage of shares represented	Percentage of nominal capital
	in %	in %
TEGULA AG, Zurich	81.8	74.2

No disclosures were received in the reporting year.

2 Capital structure

Capital and shares

The share capital is fully paid-up. There was no authorized or conditional capital as of December 31, 2013.

	Bearer shares par CHF 100.00	Registered shares par CHF 20.00	Total
Number of shares	406 000	270 000	676 000
Share capital in CHF	40 600 000	5 400 000	46 000 000

Each share has one vote at the General Meeting of Shareholders. The dividend rights of the registered and bearer shares are proportional to the par value of the two share categories.

Changes in share capital

The share capital of Conzzeta AG has not changed in the last three reporting years.

Limitations on transferability and nominee registrations

The registered shares are not subject to any transferability limitations. Accordingly, nominees are listed in the share register.

3 Board of Directors



Jacob Schmidheiny



Matthias Auer



Thomas W. Bechtler



Werner Dubach



Philip Mosimann



Robert F. Spoerry

Guiding principle

The Board of Directors provides a personnel and organizational framework for the company's leadership to exercise its responsibilities. The Board of Directors assesses the progress made toward achieving targets as well as the financial results. In strategic decisions, it seeks to strike

a balance between opportunities and risks in the context of financial sustainability. It delegates the responsibility for management, with comprehensive powers, to the members of the Group Executive Board, enabling the executives to strive proactively for business success.

Members of the Board of Directors

Jacob Schmidheiny – lic. oec. publ. – born 1943 – Chairman of the Board of Directors – Member of the Board of Directors since 1977, serving as its Chairman since 1984 – In 1976, he became a member of the Executive Board of Zürcher Ziegeleien, today Conzzeta AG. From 1978 to 2001, he was President and Chief Executive Officer. The transition from the construction materials group to the present-day industrial holding company took place under his leadership. – Jacob Schmidheiny is Chairman of the Board of Directors of TEGULA AG, Zurich.

Matthias Auer – Dr. iur. – born 1953 – Member of the Board of Directors since 1996 – He has practiced as a lawyer and notary public in Glarus since 1981. He is a Member of the Cantonal Council in Glarus. – Matthias Auer is a member of the Board of Directors of TEGULA AG, Zurich.

Thomas W. Bechtler – Dr. iur., LL.M. – born 1949 – Member of the Board of Directors since 1987 – Since 1982, he has been a member of the Board of Directors and CEO of Hesta AG, Zug. From 1975 to 1982, he held various managerial positions at Luwa AG. – Until 2013, he held various board mandates.

Werner Dubach – Dipl. Ing. Chem. ETH, MBA – born 1943 – Member of the Board of Directors since 1993 – He is Chairman of the Board of Directors of Datacolor AG, Lucerne. From 1998 to 2008, he was Chairman of the Board of Directors and Chief Executive Officer of Eichhof Holding AG, Lucerne. In 1983 he became CEO and a member of the board of Brauerei Eichhof. Between 1970 and 1983, he held various managerial posts within the Eichhof Group. – He is a board member of a number of start-up enterprises.

Philip Mosimann – Dipl. Ing. ETH – born 1954 – Member of the Board of Directors since 2007 – He joined Bucher Industries AG, Niederweningen, in 2001, becoming Chief Executive Officer in 2002. Between 1980 and 2001, Philip Mosimann held a number of managerial positions with the Sulzer Group, Winterthur, including Sulzer Innotec AG (1980–1992), as Head of Division Sulzer Thermtec (1992–1996) and as Head of Division Sulzer Textil, Rüti (1997–2000). – He is a member of the Board of Directors of Uster Technologies AG, Uster.

Robert F. Spoerry – Dipl. Masch.-Ing. ETH, MBA – born 1955 – Member of the Board of Directors since 1996 – He is Chairman of the Board of Directors of Mettler-Toledo International Inc., Greifensee, which he also led as CEO from 1993 to 2007, and of Sonova Holding AG, Stäfa, and Vice-Chairman of the Board of Directors of Geberit AG, Jona.

All members of the Board of Directors are Swiss nationals. No member is actively involved in the executive management of the Conzzeta Group, nor has been in the last three years. Apart from the role of shareholder, no member has significant business relations with the Group.

Election and term of office

In accordance with the Articles of Incorporation, the Board of Directors comprises at least four and no more than eight members. It is elected for a term of three years. The last total renewal took place at the Annual General Meeting of Shareholders in 2011. The previous members of the Board were reelected in globo. There are no limitations on terms of office.

Internal organization

The Board of Directors acts as an integral body and does not appoint special committees. The Chairman is involved in and supervises the preparation of the bases for decisions by the Board of Directors and the implementation of those decisions. The substantive preparation and operational implementation of the Board's decisions are the responsibility of the Group Chief Executive Officer. This applies in particular in matters of strategy, financing, personnel appointments and important individual transactions.

The Group Chief Executive Officer, the Group Chief Financial Officer, the General Counsel and the Secretary to the Board attend Board meetings, unless the Board of Directors decides otherwise. In addition, heads of business units, senior executives from Group companies, and, on occasion, external consultants are also called upon to take part in Board meetings, depending on the specific topic to be discussed. The Board of Directors holds four or five ordinary half- to full-day sessions annually. Four such ordinary meetings and two conference calls were held in the year under review. Furthermore, the Board of Directors met for a discussion with business unit management and for several discussions about the future organization of the company.

Risk assessment: the Group has methodical procedures which serve the Board of Directors as a basis for its assessment of the business situation, as well as strategic, financial and operational risks. In addition to the financial reports and analyses (see "Instruments of information and control"), these include the internal control system as well as strategic and operative risk management. Please refer to page 63 for further details of the risk management process. The Conzzeta Group has no internal audit function.

Competences

The Board of Directors has delegated responsibility for management of the Group's business to the members of the Group Executive Board, in accordance with the powers set forth in the Articles of Incorporation.

The members of the Group Executive Board and the management of the individual business units have extensive competences in regard to the strategic and operational management of the units assigned to them. It is their task, through the careful development of human, material and organizational resources, to deliver a competitive performance in future-oriented industries as well as robust financial results. Decision-making competences are graded according to their significance and financial magnitude.

The Board of Directors has the following main responsibilities:

- determination of the Group organization
- appointment of the members of the Group Executive Board
- supervision of Group management and evaluation of prospects and results
- determination of the Group's strategic and financial goals
- ratification of the main features of the business unit strategies
- decisions on important investments, divestments, projects and financial obligations, the decision-making competence being limited to sums exceeding thresholds between CHF 3 million and CHF 10 million
- determination of the principles of accounting, financial planning, internal controlling and reporting
- ratification of the annual planning
- assessment of the risk situation of the Group, evaluating the opportunities and the sustainability in terms of human and financial resources

Instruments of information and control

The Conzzeta Group has a well-developed planning and information system. It is built from the base up, becoming increasingly concentrated towards the top.

The Board of Directors is informed verbally and in writing about the strategies, plans and results of all business units. The Board of Directors receives monthly written reports comprising the main key figures and a commentary on important events. Every three months, the Board of Directors receives a detailed report with the complete financial statements of the business units and the Group, and comprehensive management reports. On an annual basis, the Board of Directors is presented with the medium-term and annual planning as a basis for its decisions on these matters. The Board of Directors also receives a report on the risk situation (see also page 63), the management letter of the auditors and the report on the employee pension funds.

The Board of Directors deals in depth, in a rotating cycle, with key strategic questions at Group and business unit level. At the invitation of the Board of Directors, the individual business units present their situation and plans. Special documentation is produced for important individual transactions and presented at Board meetings by those responsible.

The Chairman of the Board of Directors takes part in some strategy meetings of the business units, as well as project meetings.

4 Group Executive Board



Robert Suter



Bart J. ten Brink



André Brüttsch



Kaspar W. Kelterborn



Jakob Rohner



Rolf G. Schmid



Guy Sellier



Ralph Siegle



Alex Waser

Members of the Group Executive Board

Robert Suter – Dipl. Ing. ETH, MBA – born 1958 – Swiss citizen – Group Chief Executive Officer since 2009 – Starting in 1995, Robert Suter worked for ABB in a number of management positions, most recently as a member of management of the Transformers business unit with worldwide responsibility for the Small Power and Traction Transformers product group. Between 2000 and 2005, he was head of the High Voltage Products business unit and also served as head of ABB operations in Korea. From 1995 to 1999, Robert Suter was CEO at Micafil. Before 1995, he worked at Cellpack AG (as division head in Canada and Switzerland) and at Oerlikon Contraves AG as a development engineer in the aerospace field.

Bart J. ten Brink – Dipl. Ing. VAT Tilburg, Netherlands – born 1964 – Dutch citizen – Head of the Foam Materials business unit since 2009 – From 1991, he served in various management and senior management positions within the international foam manufacturing group Recticel N.V., for the last ten years as head of two strategic business units, composite foams and acoustical products, with worldwide responsibility. From 1995 to 1998, he was responsible, as Technical Director and Industrial Manager, for the Nordflex Group Scandinavia (joint venture of Recticel Int. and Shell Scandinavia). Between 1992 and 1995, he served as Plant Manager of Recticel Industry Buren. Since June 2012, Bart J. ten Brink has served as a member of the board of EUROPUR, the European Association of Flexible Polyurethane Foam Blocks Manufacturers.

André Brüttsch – Dipl. Ing. ETH – born 1958 – Swiss citizen – Head of the Glass Processing Systems business unit since 2012 – From 2005 to 2011, he was General Manager of Bystronic Laser AG, which is part of the Sheet Metal Processing Systems business unit of the Conzzeta Group, and from 2008 also head of division operations at Bystronic. From 1988 to 2004, he worked for various companies belonging to the Georg Fischer Group. He held management positions in the Charmilles division between 1994 and 2004, and took overall charge of the division from 2003 to 2004 as CEO of Charmilles Technologies SA, Meyrin.

Kaspar W. Kelterborn – lic. oec. HSG – born 1964 – Swiss citizen – Group Chief Financial Officer since 2006 – From 2003 until mid 2005, he was CFO and a member of the Executive Board of Unaxis Group. From 1996 to 2002, he worked for the Clariant Group in international postings and held various senior management positions in the area of finance and controlling, including head of finance of a worldwide division headquartered in Manchester, England, from 2000 to 2002, CFO for the ASEAN region headquartered in Singapore from 1998 to 2000, and CFO at country level in Spain and Thailand from 1996 to 1998. Between 1992 and 1995, he worked for Sandoz International AG in Switzerland and abroad.

Jakob Rohner – Dipl. Ing. HTL, MBA – born 1958 – Swiss citizen – Head of the Graphic Coatings business unit since 2011 – From 2009 to 2011, he held a consultancy brief with Ivers-Lee AG, Burgdorf. From 2007 to 2009, he was Chief Executive Officer of Cham Paper Group, Cham. Prior to that, from 2000 to 2006, he was Chief Executive Officer at HTS Suisse SA, Glattbrugg. From 1993 to 1999, he held various leading positions at Papierfabrik Biberist, which was part of the Metsa Serla Group.

Rolf G. Schmid – lic. oec. HSG – born 1959 – Swiss citizen – Head of the Sporting Goods business unit – He joined the Conzzeta Group in 1996 as Head of the sports division of Arova Mammüt AG. He took over as CEO of today's Mammüt Sports Group AG in 2000. Between 1985 and 1995, he held leading positions in the pharmaceutical industry as well as in the watch and tourism industries. – Rolf G. Schmid is a member of the Board of Directors of Kuhn Rikon AG, Zell, and the Mobility Cooperative, Lucerne, and a member of the Board of the European Outdoor Group.

Guy Sellier – Dipl. Ing. Institut National Polytechnique de Grenoble, MBA – born 1964 – French citizen – Head of the Automation Systems business unit since June 2012 – He joined the Conzzeta Group from ATS Automation where he led the Asia-Pacific business starting in 2010. From 2007 to 2009, he worked for the Alstom Group as head of the China business. Before 2007, he held various senior positions at Alcatel-Lucent in the areas of project management, operations, strategy, and sales and marketing. Guy Sellier has spent most of his career abroad, notably in China and India.

Ralph Siegle – Fed. dipl. in real estate management – born 1959 – Swiss citizen – Head of the Real Estate business unit since 2003 – From 2002 to 2003, he was in charge of portfolio management at Mobimo AG, Zollikon. Between 1993 and 1998, he was a team leader at Livit Immobilien Management AG, Zurich, becoming head of property management and a member of management in 1999.

Alex Waser – Engineer FH, MBA – born 1967 – Swiss citizen – Head of the Sheet Metal Processing Systems business unit since April 2013 – From 2010 until he joined the Conzzeta Group, Alex Waser was responsible for the majority of the European markets of Ecolab, an American supplier of systems for the food industry, working from their European subsidiary Ecolab Europe GmbH, Wallisellen. From 1994 to 2010, he was with SPX Corporation, an international supplier of workshop equipment and diagnostic systems for the automotive sector. During this period, he served in a number of managerial positions in Europe and the USA, ultimately as President Service Solutions for SPX Europe GmbH, Hainburg (DE), with responsibility for the market regions of Europe, the Middle East and Africa.

5 Content and method of determining compensation

The amount of compensation received by the members of the Board of Directors and of the Group Executive Board is reported in the notes to the financial statements of Conzzeta AG (page 71). It fell by 1.9% overall, despite a number of salary increases. The decrease is attributable to the elimination of an overlap.

In accordance with the Articles of Incorporation, the members of the Board of Directors determine their own compensation on an annual basis, taking account of the personal contribution that each has made and the financial situation of the company.

The members of the Group Executive Board receive a salary comprising a fixed and a variable part. In determining the fixed salary, the individual responsibility and experience of the person concerned is taken into consideration. The variable part (bonus) is between 10 and 42% of the gross compensation. It is determined by fair consideration, taking account of the overall situation, at the end of the financial year and paid out in a single cash sum. Progress in achieving strategic and operational business-unit goals and the situation in the respective markets are taken into consideration. Great importance is attached to the long-term orientation, the culture of cooperation and the advancement of the employees. No formalized calculation models are used to determine compensation packages. On the one hand, this is in order to ensure a comprehensive and situation-specific appraisal of performance, and on the other, because appropriate appraisal is considered to be a management responsibility and part of the performance review.

A proposal regarding the compensation packages for the members of the Group Executive Board is submitted by the Group Chief Executive Officer to the Chairman of the Board of Directors for approval. The Chairman of the Board of Directors determines the compensation to be paid to the Group Chief Executive Officer, decides on the proposed compensation for the other members of the Group Executive Board and informs the Board of Directors once a year about all compensation packages.

There are no share or option participation programs for or loans to members of the Board of Directors or the Group Executive Board.

6 Shareholders' participation rights

Restriction of voting rights and representation

Every bearer share and every registered share has one vote at the General Meeting of Shareholders. The registered shares of Conzzeta AG are not subject to restrictions of voting rights.

Statutory quora

(Article 10 of the Articles of Incorporation)

A resolution of the General Meeting of Shareholders which carries at least two-thirds of the represented votes and an absolute majority of the par value of the represented shares is required for:

- 1 – changes to the Articles of Incorporation
- 2 – changes to the share capital
- 3 – the limitation or annulment of subscription rights
- 4 – the liquidation of the company

Subject to Article 704 CO, the General Meeting of Shareholders passes all other resolutions and decides its elections by an absolute majority of the votes cast, excluding blank and invalid ballots.

Convocation of the General Meeting of Shareholders

(Article 7 of the Articles of Incorporation)

The Articles of Incorporation have no rule which differs from applicable legal standards. The invitation to Annual and Extraordinary General Meetings is issued by the Board of Directors, or by the auditors as the case may be, no later than 20 days before the date of the meeting. The invitation, which sets out an agenda of matters for discussion, the proposals of the Board of Directors and – where applicable – of shareholders who have demanded the convocation of the General Meeting or the inclusion of an item on the agenda, is published in the Swiss Official Gazette of Commerce.

Agenda

(Article 7 of the Articles of Incorporation)

Shareholders who represent shares with a par value of at least CHF 1 million can demand the inclusion of an item on the agenda. The request must be submitted to the company at least 40 days before the General Meeting of Shareholders.

Registrations in the share register

(Article 4 of the Articles of Incorporation)

From the date of invitation to a General Meeting of Shareholders up to the day after the General Meeting itself, no registrations will be accepted in the share register.

7 Change of control and defensive measures

Duty to make an offer

(Article 5 of the Articles of Incorporation)

Opting out: persons or companies acquiring shares in the company are not under obligation to make an offer in accordance with the Federal Act on Stock Exchanges and Securities Trading.

Change of control clauses

There are no change of control clauses.

8 Auditors

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

The statutory auditors of Conzzeta AG and group auditors since 1939 are KPMG AG in Zurich, or its legal predecessor. The auditor in charge, Hanspeter Stocker, has held this position since the 2010 business year.

Auditing fees and additional fees

In the reporting year, the auditors submitted accounts for the following fees:

Auditing fees: CHF 496 164

Additional fees for general financial advice as well as voluntary reviews: CHF 461 000

Informational instruments pertaining to the auditors

The Chairman represents the Board of Directors vis-à-vis the auditors. After hearing the auditors and the Group Chief Financial Officer, the Chairman determines the main points the company wishes to be covered by the audit. He discusses the audit results with the auditors, along with the Group Chief Executive Officer and the Group Chief Financial Officer, and assesses the results. The Group Chief Financial Officer adopts the recommended improvements. The Board of Directors takes note of the auditors' reports which are commented upon by the head auditor at an ordinary meeting of the Board of Directors. The Chairman and the Group Chief Financial Officer brief

the Board of Directors about their assessment and the measures adopted. They inform the Board of Directors about the auditing costs and give their opinion of the quality of the audit services provided. Unless there is a compelling reason to do so, the Board of Directors makes no further assessment.

9 Information policy

The company publishes an annual report as of December 31 and an interim report as of June 30. Interested parties are informed about the financial statements and other important events in writing. A conference is held for media representatives and financial analysts in conjunction with the publication of the annual report as of December 31. The consolidated financial statements in accordance with Swiss GAAP FER give a true and fair view of the actual circumstances.

This and other information about the company, calendar dates and contacts can be found at www.conzzeta.ch/investors

10 Significant events since the balance sheet date

With effect from February 1, 2014, Dr. Burghard Schneider succeeded André Brüttsch as head of the Glass Processing Systems business unit and on the same date became a member of the Group Executive Board of Conzzeta. André Brüttsch left the Group Executive Board with effect from January 31, 2014.

On February 13, 2014, Conzzeta AG announced that the Board of Directors would propose to the Annual General Meeting of April 29, 2014, that Roland Abt (56), CFO of the Georg Fischer Group (Schaffhausen), and Urs Riedener (48), CEO of the Emmi Group (Lucerne), be elected as members of the Board of Directors. Thomas W. Bechtler will stand down from the Board at the Annual General Meeting of April 29, 2014. As already announced last year, the Board of Directors is proposing to the next Annual General Meeting the election of Ernst Bärtschi (61) as member and Chairman of the Board.

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Consolidated income statement – Group

		2013	2012
	Notes	CHF m	CHF m
Net revenue	3	1 193.974	1 161.509
Changes in inventory and own work capitalized	4	7.423	-1.758
Total revenue		1 201.397	1 159.751
Cost of materials	5	-579.211	-560.986
Personnel expenses	6	-287.465	-305.128
Other operating expenses	7	-213.520	-206.219
Depreciation on property, plant and equipment, and financial assets	16, 17	-28.079	-28.031
Depreciation on intangible assets	18	-5.419	-4.057
Operating result		87.703	55.330
Financial result	8	2.943	0.506
Result from unconsolidated investments	9	0.125	0.120
Ordinary result before taxes		90.771	55.956
Extraordinary result	10	2.984	8.488
Result before taxes		93.755	64.444
Taxes	11	-19.996	-18.841
Minority interests		-0.312	0.745
Group result		73.447	46.348

Consolidated balance sheet at December 31 – Group

	Notes	2013 CHF m	2012 CHF m
Assets			
Cash and cash equivalents		450.376	355.485
Securities	12	56.422	66.762
Trade receivables	13	178.625	186.410
Prepayments to suppliers		7.574	6.809
Other receivables	14	26.685	22.955
Prepaid expenses and accrued income		10.059	11.286
Inventories	15	243.852	254.924
Current assets		973.593	904.631
Property, plant and equipment	16	306.067	319.545
Financial assets	17	47.074	32.912
Intangible assets	18	9.824	12.156
Fixed assets		362.965	364.613
Total assets		1 336.558	1 269.244
Liabilities and shareholders' equity			
Trade payables		83.401	86.374
Advance payments from customers	19	46.148	35.884
Short-term financial liabilities		8.205	6.158
Other short-term liabilities	20	21.881	13.665
Accrued expenses and deferred income	21	70.581	79.596
Short-term provisions	22	22.818	20.872
Short-term liabilities		253.034	242.549
Long-term financial liabilities	23	7.912	8.442
Other long-term liabilities		0.754	0.539
Pension fund liabilities	27	0.408	0.483
Long-term provisions	22	63.579	59.803
Long-term liabilities		72.653	69.267
Share capital	24	46.000	46.000
Capital reserves		0.072	0.072
Retained earnings		964.799	911.438
Shareholders' equity excluding minority interests		1 010.871	957.510
Minority interests			-0.082
Shareholders' equity including minority interests		1 010.871	957.428
Total liabilities and shareholders' equity		1 336.558	1 269.244

Consolidated cash flow statement – Group

	Notes	2013 CHF m	2012 CHF m
Group result		73.447	46.348
Minority interests in net income		0.312	-0.745
Depreciation		31.919	30.825
Impairments		1.580	1.263
Gain on disposal of fixed assets and business activities		-7.013	-11.744
Change in provisions and pension fund liabilities		3.876	-3.661
Non-cash change in employer contribution reserves		-6.220	12.371
Other non-cash items		0.534	-0.371
Cash flow from operating activities before change in working capital		98.435	74.286
Change in inventories		7.824	-6.495
Change in trade receivables		5.058	29.022
Change in prepayments to suppliers		-0.790	1.107
Change in other receivables, prepaid expenses and accrued income		-3.113	-5.514
Change in trade payables		-2.701	-22.134
Change in advance payments from customers		11.167	-7.150
Change in other liabilities, accrued expenses and deferred income		-0.190	9.657
Cash flow from operating activities		115.690	72.779
Investment in property, plant and equipment	16	-20.000	-38.200
Divestment of property, plant and equipment		13.202	18.102
Investment in financial assets and securities		-8.390	-9.011
Divestment of financial assets and securities		14.573	33.897
Investment in intangible assets	18	-1.881	-3.638
Acquisition of business activities	25	-1.528	-0.736
Cash flow from investing activities		-4.024	0.414
Cash flow from operating and investing activities (free cash flow)	26	111.666	73.193
Dividends		-18.400	-99.820
Change in short-term financial liabilities		2.913	-5.877
Change in long-term financial liabilities		-0.378	-0.387
Change in other long-term liabilities		0.224	0.333
Cash flow from financing activities		-15.641	-105.751
Effect of currency translation on cash and cash equivalents		-1.134	-0.120
Change in cash and cash equivalents		94.891	-32.678
Cash and cash equivalents at 1/1		355.485	388.163
Cash and cash equivalents at 12/31		450.376	355.485

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

	Share capital		Agio / capital reserves		Retained earnings			Total excl. minority interests	Minority interests	Total incl. minority interests
	CHF m	CHF m	CHF m	CHF m	Currency translation effects	Other retained earnings	Value fluctuation financial instruments	CHF m	CHF m	CHF m
Shareholders' equity										
At 12/31/2011	46.000	19.392	-79.763	1 027.483			-0.058	1 013.054	-	1 013.054
Group result 2012				46.348				46.348	-0.745	45.603
Dividend payment		-19.320		-80.500				-99.820		-99.820
Elimination of minority interest on acquisition								-	0.691	0.691
Changes resulting from hedging transactions							-0.003	-0.003		-0.003
Currency translation effects			-2.069					-2.069	-0.028	-2.097
At 12/31/2012	46.000	0.072	-81.832	993.331			-0.061	957.510	-0.082	957.428
Group result 2013				73.447				73.447	0.312	73.759
Dividend payment				-18.400				-18.400		-18.400
Acquisition of minority interests				0.024				0.024	-0.231	-0.207
Changes resulting from hedging transactions							0.089	0.089		0.089
Currency translation effects			-1.799					-1.799	0.001	-1.798
At 12/31/2013	46.000	0.072	-83.631	1 048.402			0.028	1 010.871	-	1 010.871

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 2013 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.

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 capitalized and amortized to the income statement. 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 64f.

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:

Properties for rent	30 to 45 years
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 goodwill arising from the acquisition of business activities as well as of formulas, licenses, trademarks and software. Goodwill and other intangible assets are generally amortized to the income statement over their estimated useful life using the straight-line method. Normally, this is five years for goodwill and between three and five years for software and licenses.

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. In the case of land which contains waste or noxious materials, there is a legal obligation to undertake measures for remediation or decontamination.

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. Deferred taxes for loss carryforwards 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.

The summarized statement for the autonomous pension funds in Switzerland is valued in accordance with Swiss GAAP FER 26 and shown on page 80f. Actuarial reviews are undertaken on a regular basis.

Research and development

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

Extraordinary result

The extraordinary result shows gains and losses from nonrecurring transactions which do not form part of the operational core business. These comprise primarily the sale of nonoperational real estate and divestment of business activities. The plots of land in question derive almost exclusively from the properties owned by the former tile and brick works and the construction materials businesses.

Derivative financial instruments

Forward exchange contracts and options are used to hedge against some currency risks arising from business operations. Hedge transactions, like the underlying transactions, are shown at market value and recognized in the balance sheet as accrued income or expense. Value changes on hedge transactions against future currency risks will be shown directly in equity until completion of the underlying transaction.

Additional notes to the consolidated financial statements

1 Changes in the scope of consolidation

Purchase of investments:

With effect from July 22, 2013, the Sporting Goods business unit acquired the remaining 40 % interest in the distributor Mammut Korea Inc. in Seoul (Korea).

The present structure of the Group companies is shown on page 64f.

2 Currency translation rates

		Year-end exchange rates 2013	Year-end exchange rates 2012	Annual average rates 2013	Annual average rates 2012
		CHF	CHF	CHF	CHF
Euro area	1 EUR	1.23	1.21	1.23	1.21
USA	1 USD	0.89	0.92	0.93	0.94
Great Britain	1 GBP	1.47	1.48	1.45	1.49
Sweden	100 SEK	13.86	14.07	14.23	13.84
China	100 CNY	14.70	14.68	15.07	14.86
South Korea	100 KRW	0.08	0.09	0.08	0.08
Japan	100 JPY	0.85	1.06	0.95	1.17

Consolidated income statement

3 Net revenue

	CHF m	%
Net revenue 2012	1 161.5	100.0
Changes in Group revenue 2013 due to:		
– currency translation effects	– 3.9	– 0.3
– acquisitions	2.6	0.2
– changes in quantity and price	33.8	2.9
Total change	32.5	2.8
Net revenue 2013	1 194.0	

The acquisition effect is due to the acquisition of Mammut Korea Inc. in Seoul (Korea).

	2013	2013	2012	2012
	CHF m	%	CHF m	%
Net revenue by business unit				
Sheet Metal Processing Systems	560.1	46.9	530.6	45.7
Glass Processing Systems	132.2	11.1	141.8	12.2
Automation Systems	41.8	3.5	55.9	4.8
Foam Materials	136.4	11.4	129.9	11.2
Sporting Goods	246.9	20.7	232.5	20.0
Graphic Coatings	56.1	4.7	50.4	4.3
Real Estate and miscellaneous revenue	20.5	1.7	20.4	1.8
Total	1 194.0	100.0	1 161.5	100.0

	2013	2013	2012	2012
	CHF m	%	CHF m	%
Net revenue by geographic area				
Switzerland	143.1	12.0	145.9	12.6
Euro area	365.8	30.6	357.2	30.7
Rest of Europe	217.7	18.2	197.4	17.0
Total Europe	726.6	60.8	700.5	60.3
North and South America	216.5	18.2	203.9	17.5
Asia and Pacific	243.7	20.4	243.7	21.0
Africa	7.2	0.6	13.4	1.2
Total	1 194.0	100.0	1 161.5	100.0

4 Changes in inventory and own work capitalized

	2013	2012
	CHF m	CHF m
Change in inventory	7.3	- 2.0
Own work capitalized	0.1	0.2
Total	7.4	- 1.8

The change in inventory is due to the change in inventories of semifinished products, work in progress and finished products. Own work capitalized relates to expansion of production capacity implemented by the Sheet Metal Processing Systems business unit.

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 a significant influence on the cost of materials in relation to total revenue. Adjusted for this effect, the ratio of materials is slightly lower than the previous year.

6 Personnel expenses

	2013	2012
	CHF m	CHF m
Wages and salaries	240.6	242.8
Social security benefits	39.9	55.5
Other personnel expenses	7.0	6.8
Total	287.5	305.1

In addition to contributions to state pension plans, social security benefits include the contributions to pension funds described in note 27 on page 61. In the reporting year, this item contains a one-time effect from the reversal of renounced use in the employer contribution reserves amounting to CHF 4.1 million, whereas the previous year showed a net expenditure of CHF 12.7 million for the special allocation to the employee pension funds. Implementation of the measures relating to the restructuring project in the Glass Processing Systems business unit, including the redundancy plan, resulted in non-recurring personnel expenses of CHF 5.4 million in the previous year.

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. In the previous year, the item contained nonrecurring expenditure of CHF 2.0 million for relocation and conversion, as well as for consultancy services, relating to the restructuring project in the Glass Processing Systems business unit. Adjusted for this effect, other operating expenses increased in relation to total revenue.

8 Financial result

	2013	2012
	CHF m	CHF m
Financial income	4.1	3.3
Financial expenses	- 1.2	- 2.8
Total	2.9	0.5

Financial income contains interest income of CHF 1.1 million (previous year: CHF 1.4 million), income from marketable securities of CHF 0.1 million (CHF 0.6 million), and a book gain on the assets of the employer contribution reserves of CHF 2.9 million (CHF 1.3 million). Financial expenses of CHF 1.2 million (CHF 2.8 million) contain interest expense of CHF 0.9 million (CHF 1.1 million), arising in part from the financing of sites abroad, as well as currency losses of CHF 0.3 million (CHF 1.7 million) on the valuation of liquid assets, on short-term or repaid loans between Group companies, and on other financial assets.

9 Result from unconsolidated investments

The result from unconsolidated investments comprises gains and losses from associated companies.

10 Extraordinary result

The extraordinary gain amounting to CHF 3.0 million relates to the sale of real estate in Avenches (Switzerland) which belonged to the former tile and brick works and construction materials business. The previous year's result was CHF 8.5 million from the sale of real estate in Estavayer-le-Lac (Switzerland).

11 Taxes

	2013	2012
	CHF m	CHF m
Current taxes on income	20.8	19.9
Deferred taxes	- 0.8	- 1.1
Total	20.0	18.8

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. The deferred tax income is due to the capitalization of deferred taxes. Current taxes on income were reduced by CHF 2.0 million (CHF 1.3 million) by recognizing tax-loss carryforwards to offset taxable income. The average Group tax rate is expected to be 20.7% (21.6%).

Consolidated balance sheet

12 Securities

The securities are fixed-interest bonds denominated in CHF and shares in a CHF money-market fund.

13 Trade receivables

	2013	2012
	CHF m	CHF m
Trade receivables	196.5	203.6
Provision	- 17.9	- 17.2
Total	178.6	186.4

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 mainly of recoverable value-added tax and other tax credits.

15 Inventories

	2013	2012
	CHF m	CHF m
Raw materials and supplies	70.7	74.3
Merchandise for resale	53.9	63.3
Semifinished products and work in progress	53.0	49.8
Finished products	66.3	67.5
Total	243.9	254.9

Merchandise for resale is largely accounted for by the Sporting Goods business unit. The decrease is due to improved purchasing planning and intensified sales efforts. The increase in semifinished products and work in progress is mainly due to the higher level of work in progress in the Automation Systems business unit, though this is partly offset by the lower level of semifinished products and work in progress in the Glass Processing Systems business unit. Overall, the value adjustments on inventories amounted to CHF 41.8 million (previous year: CHF 44.0 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 12/31/2011	13.7	228.0	243.6	178.7	58.0	21.6	743.6
Currency translation effects			-0.5	-0.8	-0.6	-0.2	-2.1
Changes in scope of consolidation					0.9		0.9
Additions			1.0	7.7	8.0	21.5	38.2
Disposals	-0.6	-1.8	-7.5	-5.4	-4.1		-19.4
Reclassifications			27.4	12.5		-39.9	-
Cost at 12/31/2012	13.1	226.2	264.0	192.7	62.2	3.0	761.2
Currency translation effects			0.9	0.8	-1.0		0.7
Additions			3.0	4.6	6.2	6.2	20.0
Disposals	-2.0		-8.9	-2.9	-6.8		-20.6
Reclassifications			0.2	1.2	0.2	-1.6	-
Cost at 12/31/2013	11.1	226.2	259.2	196.4	60.8	7.6	761.3
Accumulated depreciation							
At 12/31/2011	1.6	132.4	117.3	135.0	41.7	-	428.0
Currency translation effects			-0.3	-0.5	-0.3		-1.1
Changes in scope of consolidation					0.4		0.4
Ordinary depreciation		4.3	6.4	9.8	6.3		26.8
Extraordinary depreciation		0.1	0.2	0.1	0.1		0.5
Disposals	-0.1	-1.0	-2.9	-5.2	-3.7		-12.9
Accumulated depreciation at 12/31/2012	1.5	135.8	120.7	139.2	44.5	-	441.7
Currency translation effects			0.3	0.5	-0.5		0.3
Ordinary depreciation		4.1	7.1	10.1	6.3		27.6
Extraordinary depreciation					0.1		0.1
Disposals			-5.3	-2.7	-6.5		-14.5
Accumulated depreciation at 12/31/2013	1.5	139.9	122.8	147.1	43.9	-	455.2
Net book value of property, plant and equipment at 12/31/2012	11.6	90.4	143.3	53.5	17.7	3.0	319.5
Net book value of property, plant and equipment at 12/31/2013	9.6	86.3	136.4	49.3	16.9	7.6	306.1

The fire insurance value of property, plant and equipment amounts to CHF 917,1 million (previous year: CHF 916.5 million). Of this, CHF 611.2 million comprises building insurance values (CHF 617.1 million).

Under factory buildings, further additions are recognized in connection with the second factory in Tianjin (China) that the Sheet Metal Processing Systems business unit moved into the previous year. Additions under plant and machinery include major investments in the Foam Materials business unit at the production sites in Leverkusen (Germany) and Wolfhausen (Switzerland). The figure for fixtures, fittings and vehicles includes major expenditure in the Sporting Goods business unit on monobrand stores and shop-in-shop concepts in Switzerland and Germany. The additions in assets under construction comprise payments for a new logistics building by the Graphic Coatings business unit in Adliswil (Switzerland), for the residential development by the Real Estate business unit in Wallisellen (Switzerland) and for the replacement of large-scale production facilities by the Sheet Metal Processing Systems business unit in Gotha (Germany) and Niederönz (Switzerland).

Under undeveloped real estate, two properties sold in Avenches and Bützberg (Switzerland) respectively are shown as disposals. The industrial site in Avenches belonged to the former tile and brick works and construction materials business. As part of the process of concentrating its forces, the Glass Processing Systems business unit ended operations at the production site in Gunzenhausen (Germany) and subsequently disposed of the building, the production equipment and machinery, as well as the fixtures, fittings and vehicles. These transactions are recognized in disposals. Disposals under factory buildings contains a further real estate transaction. The building at the former site of the Sporting Goods business unit in Shelburne (USA) was sold. The company has transferred its facilities for reasons of capacity and merged its warehouse and office premises in the process.

17 Financial assets

	2013	2012
	CHF m	CHF m
Non-consolidated investments	0.4	0.4
Long-term receivables and loans	13.3	14.2
Securities held as fixed assets	1.5	1.1
Employer contribution reserves held as assets	25.2	12.5
Active deferred taxes	6.7	4.7
Total	47.1	32.9

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 3.2 million (CHF 2.8 million). Depreciation of CHF 0.4 million has been charged to the current period.

The statement of the change in the employer contribution reserves held as assets can be found in note 27, Employee pension funds, on page 61.

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 6.7 million (CHF 4.7 million). The increase of CHF 2.0 million is attributable to the capitalization of deferred taxes of CHF 4.2 million at two Group companies. In view of uncertainties regarding the future scope for offsetting, the tax effects from loss carryforwards amounting to CHF 26.6 million (CHF 25.2 million) were not capitalized. This evaluation is based on the projected income tax rates.

18 Intangible assets

	Goodwill	Software and licenses	Total intangible assets
	CHF m	CHF m	CHF m
Cost			
At 12/31/2011	17.9	38.0	55.9
Currency translation effects		-0.1	-0.1
Changes in scope of consolidation	1.5		1.5
Additions		3.6	3.6
Disposals	-10.0	-1.7	-11.7
Cost at 12/31/2012	9.4	39.8	49.2
Currency translation effects	0.1	-0.1	-
Changes in scope of consolidation	1.3		1.3
Additions		1.9	1.9
Disposals	-1.0	-1.4	-2.4
Cost at 12/31/2013	9.8	40.2	50.0
Accumulated depreciation			
At 12/31/2011	15.9	28.9	44.8
Currency translation effects		-0.1	-0.1
Ordinary depreciation	0.6	3.4	4.0
Disposals	-10.0	-1.7	-11.7
Accumulated depreciation at 12/31/2012	6.5	30.5	37.0
Currency translation effects	0.2		0.2
Ordinary depreciation	0.9	3.4	4.3
Extraordinary depreciation	1.1		1.1
Disposals	-1.0	-1.4	-2.4
Accumulated depreciation at 12/31/2013	7.7	32.5	40.2
Net book value of intangible assets at 12/31/2012	2.9	9.3	12.2
Net book value of intangible assets at 12/31/2013	2.1	7.7	9.8

The changes in the scope of consolidation under goodwill result from the acquisition of the remaining 40% interest in a distributor in the Sporting Goods business unit. The goodwill disposals are fully depreciated values which can no longer be assigned a measurable value. They are removed the year following complete write-off, usually after expiry of the useful life of five years. On the basis of a re-assessment of the anticipated business development, an extraordinary depreciation was made on the goodwill position.

Additions in asset values for software and licenses include costs for major investments in the further development and optimization of IT solutions in the Sheet Metal Processing Systems, Automation and Sporting Goods business units, prompted by changing requirements of the business processes.

19 Advance payments from customers

Customer payments on account originate from the companies in the Machinery and Systems Engineering business area.

20 Other short-term liabilities

The other short-term liabilities consist mainly of taxes owed and social security contributions.

21 Accrued expenses and deferred income

	2013	2012
	CHF m	CHF m
Accruals and deferrals for taxes	9.2	16.6
Accruals and deferrals for personnel expenses	27.1	27.0
Other accruals and deferrals	34.3	36.0
Total	70.6	79.6

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.

22 Provisions

	Deferred taxes	Environmental commitments	Guarantees	Restructuring	Other provisions	Total provisions
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Provisions						
At 12/31/2011	20.5	23.0	21.1	1.5	18.2	84.3
Currency translation effects			-0.1			-0.1
Changes in scope of consolidation					0.7	0.7
Additions	1.8	0.2	19.7	1.1	6.8	29.6
Amounts used		-0.7	-19.5	-0.4	-1.5	-22.1
Amounts reversed	-3.6	-1.3	-1.5	-0.9	-4.4	-11.7
Provisions at 12/31/2012	18.7	21.2	19.7	1.3	19.8	80.7
of which short-term		0.2	15.7	1.3	3.7	20.9
Currency translation effects			-0.2		-0.2	-0.4
Additions	2.4	1.1	23.5		8.1	35.1
Amounts used		-0.1	-19.1	-0.8	-0.9	-20.9
Amounts reversed	-1.1	-0.3	-2.7	-0.4	-3.6	-8.1
Provisions at 12/31/2013	20.0	21.9	21.2	0.1	23.2	86.4
of which short-term		0.1	17.0	0.1	5.6	22.8

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 %). Reassessment of the disposal costs at one site led to the provisions being increased by CHF 1.1 million. The cost of the implemented remediation measures amounted to CHF 0.1 million (CHF 0.7 million).

The guarantee provisions are held mainly in the Sheet Metal Processing Systems and Glass Processing Systems 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.

Under restructuring, the amounts used and reversed concern provisions for the restructuring measures in the Glass Processing Systems business unit, which were announced in previous years and are now complete.

More than half the other provisions were formed for various pending legal disputes. These are essentially cases concerning controversial supply contracts, intellectual property rights, employment law and fiscal 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.

23 Long-term financial liabilities

The long-term financial liabilities comprise bank loans for financing two foreign production facilities.

24 Share capital

The share capital of CHF 46.0 million is divided into 406 000 bearer shares with a nominal value of CHF 100.00 each and 270 000 registered shares with a nominal value of CHF 20.00 each.

Consolidated cash flow statement

25 Acquisition and divestment of business activities

	2013 Purchase	2012 Purchase
	CHF m	CHF m
Current assets		-5.3
Fixed assets		-1.0
Short-term liabilities		3.3
Long-term liabilities		2.2
Minority interests	-0.2	0.7
Net assets acquired	-0.2	-0.1
Plus cash and cash equivalents		0.9
Subtotal	-0.2	0.8
Goodwill	-1.3	-1.5
Net cash flow	-1.5	-0.7

26 Operational free cash flow

	2013	2012
	CHF m	CHF m
Cash flow from operating activities	115.7	72.8
Investment in property, plant and equipment	-20.0	-38.2
Divestment of property, plant and equipment	13.2	18.1
Investment in financial assets without securities	-7.8	-7.0
Divestment of financial assets without securities	4.6	5.3
Investment in intangible assets	-1.9	-3.6
Operational free cash flow	103.8	47.4
Purchase of securities	-0.6	-2.0
Sale and redemption of securities	10.0	28.5
Acquisition of business activities	-1.5	-0.7
Free cash flow	111.7	73.2

Further information

27 Employee pension funds

	Balance sheet 12/31/2013	Balance sheet 12/31/2012	Result in personnel expenses 2013	Result in personnel expenses 2012	Result in financial income 2013	Result in financial income 2012
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Employer contribution reserves						
Employer-funded pension fund	25.2	12.5	9.8	-8.6	2.9	1.3

In the previous year, the nominal value of the employer contribution reserves was CHF 16.6 million and the renounced use amounted to CHF 4.1 million.

Following conclusion of a group reinsurance contract, it was possible to reverse the renounced use of CHF 4.1 million. Contributions from three Group companies amounted to CHF 6.5 million (previous year: CHF 5.0 million) and the debited employer contributions in favor of a Group company came to CHF 0.8 million (CHF 0.9 million). The financial result of CHF 2.9 million (CHF 1.3 million) comprises the return on the asset investment of CHF 0.7 million and the reversal of CHF 2.2 million from the asset value fluctuation reserves arising from the discontinuation of commitments.

	Surplus/ deficit 12/31/2013	Economic benefit/ obligation 12/31/2013	Economic benefit/ obligation 12/31/2012	Contributions to be allocated to reporting period	Current service cost in personnel expenses 2013	Current service cost in personnel expenses 2012
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Economic benefit/obligation and current service cost						
Employer-funded pension fund	4.6					
Pension funds without surplus/deficit				8.8	8.8	21.3
Pension funds with surplus/deficit				0.3	0.3	0.3
Pension funds without own assets		-0.4	-0.4			
Total	4.6	-0.4	-0.4	9.1	9.1	21.6

In the previous year, the surpluses/deficits amounted to CHF 3.9 million, the year-on-year change affecting the result was negative CHF 0.1 million and the contributions to be allocated to the reporting period were CHF 21.7 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 28.3 million (previous year: CHF 30.1 million). Assets to the value of CHF 5.3 million (CHF 5.5 million) are held with retention of title as security for bank loans. There are sureties for rental obligations of franchise stores amounting to CHF 6.1 million (CHF 2.9 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	2013	2012
	CHF m	CHF m
Under 1 year	6.9	7.3
1 to 5 years	15.5	14.9
Over 5 years	6.6	6.1
Total	29.0	28.3

In addition, there are long-term purchase commitments of CHF 4.0 million (CHF 0.2 million) to secure exclusive supplies.

30 Derivative financial instruments

Values at 12/31	2013	2012
	CHF m	CHF m
Contract values	2.3	6.0
Replacement value, negative		0.1

The contracts were entered into as a hedge against exchange risks on future cash flows in JPY (previous year: EUR). The change in value of derivative instruments still outstanding as of the balance sheet date is recognized in the shareholders' equity.

31 Related-party transactions

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

	2013	2012
	CHF m	CHF m
Trade receivables	2.1	2.2
Financial assets	0.1	0.1
Trade payables	0.4	0.6
Net revenue	4.8	4.4
Commission expenses	3.0	2.6

32 Risk assessment

In addition to assessing strategies, projects and monitoring the course of business on an ongoing basis, the Board of Directors has conducted a comprehensive risk assessment. This is based on detailed management reporting and a separate Group risk report, describing the risk management process and the top-level risks. The risk management process has been implemented throughout the Group and encompasses the identification, evaluation and qualitative appraisal of operational, financial and strategic risks. It is supported by risk monitoring, a plan of action and standardized risk reporting. The control and management of risks are considered a management responsibility.

33 Compensation and shareholdings

The compensation paid to members of the Board of Directors and the Group Executive Board, as well as their investments in Conzzeta AG, are reported in the notes to the financial statements of Conzzeta AG on pages 71f.

34 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on March 24, 2014. 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
Sheet Metal Processing Systems					
Bystronic Laser AG, Niederörs		CH	CHF	50 000	100
Bystronic Maschinenbau GmbH, Gotha		DE	EUR	3 400 100	100
Bystronic (Tianjin) Machinery Co. Ltd, Tianjin		CN	USD	6 095 600	100
Bystronic (Tianjin) Laser Ltd, Tianjin		CN	USD	8 000 000	100
Regional sales and service companies:					
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 Co. Ltd, Shanghai		CN	USD	1 000 000	100
Bystronic Iberica S.A., San Sebastián de los Reyes		ES	EUR	262 000	100
Bystronic Mexico S.A. de C.V., Guadalajara		MX	MXN	2 500 000	100
Bystronic Austria GmbH, Linz		AT	EUR	300 000	100
Bystronic do Brasil Ltda., São José dos Pinhais 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, Niederörs		CH	CHF	2 000 000	100
Bystronic Korea Ltd, Anyang-si		KR	KRW	6 000 000 000	100
Bystronic Polska Sp. z o.o., Raszyn		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
Hämmerle Ltd, Ichikawa City		JP	JPY	10 000 000	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 Service Ukraine, Kyiv	1	UA	UAH	172 200	100
Glass Processing Systems					
Bystronic Maschinen AG, Bützberg		CH	CHF	100 000	100
Bystronic Lenhardt GmbH, Neuhausen-Hamberg		DE	EUR	2 050 000	100
Bystronic Armatec GmbH, Gunzenhausen		DE	EUR	300 000	100
Bystronic Glass Machinery (Shanghai) Co. Ltd, Shanghai		CN	EUR	2 800 000	100
Regional sales and service companies:					
Bystronic Glass UK Ltd, Telford		GB	GBP	3 400 000	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
Automation Systems					
ixmation AG, Burgdorf		CH	CHF	100 000	100
ixmation, Inc., Roselle IL		US	USD	10	100
ixmation (Asia) Sdn. Bhd., Penang		MY	MYR	900 003	100
ixmation (Suzhou) Co. Ltd, Suzhou		CN	USD	2 780 000	100
ixmation (Tianjin) Co. Ltd, Tianjin		CN	CNY	1 000 000	100
Foam Materials					
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
Sporting Goods					
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	2	KR	KRW	1 250 000 000	100
Mammut Outdoor Equipment (Beijing) Co. Ltd, Beijing	3	CN	USD	1 500 000	100
Graphic Coatings					
Schmid Rhyner AG, Adliswil		CH	CHF	1 200 000	100
Schmid Rhyner (USA), Inc., Marlton NJ		US	USD	1 800 000	100
Real Estate					
Plazza Immobilien AG, Zurich		CH	CHF	5 000 000	100
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	1 000	100
Conzzeta Management AG, Zurich		CH	CHF	100 000	100
Associated Companies					
Mammut Sports Group Austria GmbH, Steyr		AT	EUR	363 400	25.1
Mammut Nederland B.V., Benthuisen		NL	EUR	18 000	36
Values First Consulting Sdn. Bhd., Penang		MY	MYR	310 800	40

Notes

1 Incorporation at 1/21/2013

2 Acquisition of remaining 40% interest at 7/22/2013

3 Incorporation at 2/7/2013

Statutory auditor's report

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Conzzeta AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Conzzeta AG on pages 41 to 65, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes for the year ended December 31, 2013.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2013, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

KPMG AG

Hanspeter Stocker
Licensed Audit Expert
Auditor in Charge

Marc O. Schmellentin
Licensed Audit Expert

Zurich, March 24, 2014

Income statement – Conzzeta AG

	2013	2012
	CHF m	CHF m
Income		
Income from investments	74.000	54.000
Financial income	9.504	9.380
Write-ups	7.000	
Total income	90.504	63.380
Expenses		
Personnel expenses	-0.916	-0.548
Operating expenses	-2.774	-2.777
Financial expenses	-0.216	-0.022
Taxes	-0.171	-0.126
Depreciation	-21.420	-4.650
Total expenses	-25.497	-8.123
Net income	65.007	55.257

Balance sheet at December 31 – Conzzeta AG

	2013	2012
	CHF m	CHF m
Assets		
Cash and cash equivalents	386.371	296.166
Securities	56.422	66.762
Accounts receivable	0.325	0.435
Prepaid expenses and accrued income	0.466	0.585
Current assets	443.584	363.948
Investments	192.788	188.251
Financial assets	1.246	0.893
Receivables from Group companies	165.855	199.448
Fixed assets	359.889	388.592
Total assets	803.473	752.540
Liabilities and shareholders' equity		
Short-term payables	0.052	0.043
Accrued expenses and deferred income	0.080	0.126
Short-term liabilities	0.132	0.169
Payables to Group companies	6.154	2.803
Provisions	8.011	6.999
Long-term liabilities	14.165	9.802
Share capital	46.000	46.000
General legal reserve	14.014	14.014
Legal reserve from capital contributions	0.072	0.072
Legal reserves	14.086	14.086
Special reserves	550.000	500.000
Retained earnings	179.090	182.483
Shareholders' equity	789.176	742.569
Total liabilities and shareholders' equity	803.473	752.540

Notes to the financial statements – Conzzeta AG

Contingent liabilities

	2013	2012
	CHF m	CHF m
Sureties and guarantee obligations for subsidiaries	109.885	128.106
Effective obligations	15.845	25.982

Investments

See overview on page 64f.

Significant shareholders

		2013	2012
		%	%
TEGULA AG, Zurich	Capital	74.2	74.2
	Votes	81.8	81.8

Compensation for members of the Board of Directors and the Group Executive Board

	Gross compensation 2013	Gross compensation 2012	Benefits in kind/social security benefits 2013	Benefits in kind/social security benefits 2012	Total compensation 2013	Total compensation 2012
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Board of Directors						
J. Schmidheiny, Chairman	457.8	457.8	23.3	29.9	481.1	487.7
M. Auer, Member	101.3	74.7	4.3	3.1	105.6	77.8
Th. W. Bechtler, Member	101.3	74.7	4.3	3.1	105.6	77.8
W. Dubach, Member	99.2	72.9			99.2	72.9
Ph. Mosimann, Member	101.3	74.7	4.3	3.1	105.6	77.8
R. F. Spoerry, Member	101.3	74.7	4.3	3.1	105.6	77.8
Total	962.2	829.5	40.5	42.3	1 002.7	871.8

	Gross compensation 2013	Gross compensation 2012	Benefits in kind/social security benefits 2013	Benefits in kind/social security benefits 2012	Total compensation 2013	Total compensation 2012
	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand	CHF thousand
Group Executive Board						
Total	5 646.0	5 727.8	693.0	731.9	6 339.0	6 459.7
Highest single amount: R. Suter, CEO	1 304.0	1 152.0	131.5	123.3	1 435.5	1 275.3

Gross compensation includes cash compensation paid in the business year. See corporate governance, page 36, for details of the method of determination. The slight reduction in the gross compensation to the Group Executive Board is mainly due to an overlap in the occupancy of posts in 2012.

Total compensation relates to all members of the Board of Directors and the Group Executive Board active in the 2013 business year.

Benefits in kind and social security benefits comprise employer contributions to state and private schemes (Swiss AHV and company pension plans) to establish or augment benefit provisions, as well as private usage of a company car.

There are no share or option plans for members of the Board of Directors and the Group Executive Board.

Shareholdings of the members of the Board of Directors and the Group Executive Board in Conzzeta AG

	Bearer shares 12/31/2013	Bearer shares 12/31/2012	Registered shares 12/31/2013	Registered shares 12/31/2012
	Number	Number	Number	Number
Board of Directors				
J. Schmidheiny, Chairman	230	230		
M. Auer, Member			175	175
Th. W. Bechtler, Member	90	90		
W. Dubach, Member	140	140		

J. Schmidheiny and M. Auer sit as shareholders on the Board of TEGULA AG. The shareholding of TEGULA AG in Conzzeta AG comprises 288 302 bearer shares with a par value of CHF 100.00 each and 264 874 registered shares with a par value of CHF 20.00 each.

No member of the Group Executive Board held shares in Conzzeta AG as of December 31, 2013, or December 31, 2012.

Risk assessment

The Board of Directors has conducted a comprehensive risk assessment for the Group. This is based on detailed management reporting and a separate Group risk report, describing the risk management process and the top-level risks. The risk management process has been implemented throughout the Group and encompasses the identification, evaluation and qualitative appraisal of operational, financial and strategic risks. It is supported by risk monitoring, a plan of action and standardized risk reporting. Conzzeta AG is an integral part of this process.

Additional information on the financial statements – Conzzeta AG

Income statement

Income

The investment income for the year amounted to CHF 74.0 million (previous year: CHF 54.0 million). The dividend payments by the Group companies were determined in relation to available retained earnings and liquidity requirements.

The financial income amounted to CHF 9.5 million (CHF 9.4 million) and comprises the interest income on accounts receivable from Group companies of CHF 7.7 million (CHF 7.8 million), the interest income from third parties amounting to CHF 0.3 million (CHF 0.5 million), currency gains on liquid assets and short-term accounts receivable from Group companies of CHF 1.4 million (CHF 0.5 million), and gains on securities of CHF 0.1 million (CHF 0.6 million).

Write-ups of CHF 7.0 million include revaluation of an investment.

Expenses

Personnel and 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 and other personnel expenses.

The financial expenses result from interest on intragroup payables.

Taxes comprise income taxes.

The depreciation of CHF 21.4 million (CHF 4.7 million) contains value adjustments on investments of CHF 16.1 million (CHF 4.7 million), as well as a value adjustment of CHF 5.3 million on an account receivable from a Group company.

Balance sheet

Current assets

The liquid assets of CHF 386.4 million (previous year: CHF 296.2 million) consist of bank balances in CHF, EUR, USD and GBP. Securities of CHF 56.4 million (CHF 66.8 million) comprise fixed-interest investments in CHF and shares in a money-market fund in CHF. Accounts receivable are made up of withholding tax claims on interest income of CHF 0.2 million (CHF 0.3 million) and recoverable input tax of CHF 0.1 million (CHF 0.1 million). Prepaid expenses and accrued income comprise, in addition to deferred expenses and accruals for balances from exchange rate hedges, mainly accrued interest of CHF 0.4 million (CHF 0.5 million).

Fixed assets

The figure for investments in the balance sheet is CHF 192.8 million (CHF 188.3 million). In the reporting year, a capital contribution of CHF 13.6 million was made, and a write-up of CHF 7.0 million as well as depreciation of CHF 16.1 million on investments were recognized. The financial investments comprise securities held as a long-term investment. Most Group financing is handled by the holding company. Accounts receivable from Group companies decreased in the reporting year by CHF 33.5 million and now amount to CHF 165.9 million. The decrease includes the conversion of a loan into equity of CHF 13.6 million and depreciation of CHF 5.3 million on an account receivable from a Group company.

Liabilities

The short-term liabilities consist of trade payables and unpaid dividends. The accrued expenses and deferred income item includes, in addition to an accrual of expenses, liabilities arising from exchange rate hedges.

Long-term liabilities of CHF 14.2 million (CHF 9.8 million) include CHF 6.2 million (CHF 2.8 million) in outstanding payables to subsidiaries and provisions of CHF 8.0 million (CHF 7.0 million).

Shareholders' equity

The share capital of CHF 46.0 million consists of 270 000 registered shares and 406 000 bearer shares. The legal reserves of CHF 14.1 million comprise the general legal reserve of CHF 14.0 million and the legal reserve from capital contributions of CHF 0.1 million. As the result of a transfer to the special reserves, the special reserves balance sheet item increased in the reporting year by CHF 50.0 million to CHF 550.0 million.

Proposed appropriation of available earnings and proposed reduction of the share capital through par value reduction – Conzzeta AG

	2013	2012
	CHF	CHF
The Board of Directors proposes to the Annual General Meeting on April 29, 2014, that the total sum at the disposal of the Annual General Meeting, consisting of:		
Net income for the year	65 006 520	55 256 678
Reversal of the reserve for employee pension funds		15 000 000
Retained earnings carried forward from previous year	114 082 966	112 226 288
Total sum at the disposal of the Annual General Meeting	179 089 486	182 482 966

be appropriated as follows:

Dividend of CHF 0 per bearer share (previous year: CHF 40.00)		16 240 000
Dividend of CHF 0 per registered share (previous year: CHF 8.00)		2 160 000
Transfer to the special reserves	50 000 000	50 000 000
Retained earnings to be carried forward	129 089 486	114 082 966

The Board of Directors also proposes to the Annual General Meeting that the following reduction of the share capital through par value reduction be approved:

Reduction in par value of CHF 90.00 per bearer share to CHF 10.00	36 540 000	
Reduction in par value of CHF 18.00 per registered share to CHF 2.00	4 860 000	
Total reduction in par value	41 400 000	
Total payments to shareholders	41 400 000	18 400 000

If this proposal to reduce the share capital is approved, the payment for the 2013 reporting year will be:

	Gross payment	35 % withholding tax	Net payment
	CHF	CHF	CHF
Per bearer share	90.00	–	90.00
Per registered share	18.00	–	18.00

Repayment of par value is not subject to withholding tax.

The payment on bearer shares will be paid out against submission of coupon no. 16.

The registered shareholders or their custodian banks will be sent a credit or payment order, according to their instructions.

Coupon no. 16 and the payment order can be redeemed free of charge, probably at the end of July (following expiry of a two-month waiting period for notices to creditors), at all Swiss branches of the banks listed below:

CREDIT SUISSE AG
UBS AG
Zürcher Kantonalbank

Statutory auditor's report – Conzzeta AG

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Conzzeta AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Conzzeta AG on pages 68 to 74, which comprise the balance sheet, income statement and notes for the year ended December 31, 2013.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2013, comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We 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

Marc O. Schmellentin
Licensed Audit Expert

Zurich, March 24, 2014

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Employee pension funds in Switzerland

The number of currently employed fund participants increased in the reporting year from 1 108 to 1 121, while the number of persons drawing retirement benefits decreased from 865 to 861. The dedicated fund capital remained unchanged at CHF 363.2 million, of which 54.7 % (previous year: 55.6 %) comprised annuities, 41.8 % (40.8 %) fund capital and 3.5 % (3.6 %) technical provisions.

The participating companies and their employees made contributions of CHF 14.2 million.

With the stock market buoyant for the second successive year, there was a further improvement in the financial situation of the autonomous, independently organized Conzzeta employee pension funds. Bonds, by contrast, turned in a negative performance for the first time since 2007, which reduced investment returns compared with the previous year.

Since the employer-funded pension fund no longer has binding benefit commitments, the corresponding asset value fluctuation reserve of CHF 2.8 million was reversed. Despite this reversal, the asset value fluctuation reserves increased by CHF 9.4 million to CHF 64.8 million, which is 99 % of the defined target value.

The consolidated funding ratio, not including the employer contribution reserves, increased from 117.1 % to 119.1 %. This calculation is based on a technical interest rate of 2.75 %.



Marc Sutter

Manager of employee pension funds in Switzerland

	2013	2012
	CHF m	CHF m
Net fund assets at 1/1		
Fund capital	363.219	355.647
Fluctuation reserves	58.176	35.987
Employer contribution reserves	16.578	23.949
Free reserves	3.949	3.402
Total net fund assets at 1/1	441.922	418.985
Contributions and income		
Company contributions	8.289	8.167
Employee contributions	5.931	5.803
Departure benefits brought into the fund	9.533	8.019
Investment income	18.985	29.761
Contributions and income	42.738	51.750
Payments and expenses		
Payments to insured persons	-30.743	-31.393
Provisions/valuation adjustments	4.893	3.318
Administrative expenses	-0.780	-0.738
Payments and expenses	-26.630	-28.813
Net fund assets at 12/31		
Fund capital	363.284	363.219
Fluctuation reserves	64.793	58.176
Employer contribution reserves	25.198	16.578
Free reserves	4.755	3.949
Total net fund assets at 12/31	458.030	441.922

Five-year summary

		2013	2012	2011	2010	2009
Net revenue by business unit						
Sheet Metal Processing Systems	CHF m	560.1	530.6	503.0	410.9	356.1
	%	46.9	45.7	44.6	39.1	37.3
Glass Processing Systems	CHF m	132.2	141.8	150.2	167.5	145.6
	%	11.1	12.2	13.3	15.9	15.3
Automation Systems	CHF m	41.8	55.9	70.0	56.4	56.1
	%	3.5	4.8	6.2	5.4	5.9
Foam Materials	CHF m	136.4	129.9	124.6	127.9	116.8
	%	11.4	11.2	11.0	12.2	12.2
Sporting Goods	CHF m	246.9	232.5	210.8	221.2	215.3
	%	20.7	20.0	18.7	21.0	22.5
Graphic Coatings	CHF m	56.1	50.4	48.1	46.6	43.2
	%	4.7	4.3	4.3	4.4	4.5
Real Estate and miscellaneous revenue	CHF m	20.5	20.4	21.4	21.4	22.1
	%	1.7	1.8	1.9	2.0	2.3
Total	CHF m	1 194.0	1 161.5	1 128.1	1 051.9	955.2
Consolidated income statement						
Net revenue	CHF m	1 194.0	1 161.5	1 128.1	1 051.9	955.2
Operating result	CHF m	87.7	55.3	61.9	56.9	-1.4
Extraordinary result	CHF m	3.0	8.5	1.1	5.4	10.1
Group result	CHF m	73.4	46.3	52.1	51.5	3.3
Consolidated balance sheet						
Current assets	CHF m	973.6	904.6	982.8	915.1	853.8
Fixed assets	CHF m	363.0	364.6	369.4	372.5	401.0
Short-term liabilities	CHF m	253.0	242.5	266.1	231.5	198.1
Long-term liabilities	CHF m	72.7	69.3	73.0	73.4	78.4
Shareholders' equity	CHF m	1 010.9	957.4	1 013.1	982.7	978.3
Total assets	CHF m	1 336.6	1 269.2	1 352.2	1 287.6	1 254.8
Shareholders' equity as % of total assets	%	75.6	75.4	74.9	76.3	78.0
Investment in fixed assets/employees						
Investments in property, plant and equipment and intangible assets	CHF m	21.9	41.8	40.1	21.1	28.0
Employees at year-end	Number	3 548	3 627	3 576	3 322	3 257
Average employees in full-time positions	Number	3 584	3 604	3 507	3 238	3 180
Net revenue per full-time position	CHF thousand	333.1	322.3	321.7	324.9	300.4
Personnel expenses per full-time position	CHF thousand	80.2	84.7	80.2	83.1	90.2

			2013	2012	2011	2010	2009
Share information							
Share capital	CHF m		46.0	46.0	46.0	46.0	46.0
Number of shares issued at 12/31							
Bearer shares (par CHF 100.00)	Number		406 000	406 000	406 000	406 000	406 000
Registered shares (par CHF 20.00)	Number		270 000	270 000	270 000	270 000	270 000
Market prices of the bearer shares							
High/low	CHF		2120/1638	2180/1600	2651/1730	2000/1690	1934/1135
Year-end	CHF		2 074	1 664	1 799	1 900	1 800
Total dividend	CHF m		41.4 ¹	18.4	99.8	18.4	13.8
Key indicators per share							
Group result	per bearer share	CHF	159.70	100.80	113.20	111.90	7.10
	per registered share	CHF	31.90	20.20	22.60	22.40	1.40
Cash flow from operating activities	per bearer share	CHF	251.50	158.20	39.50	164.50	313.30
	per registered share	CHF	50.30	31.60	7.90	32.90	62.70
Shareholders' equity	per bearer share	CHF	2 197.50	2 081.40	2 202.30	2 136.40	2 126.70
	per registered share	CHF	439.50	416.30	440.50	427.30	425.30
Gross dividend	per bearer share	CHF	90.00 ¹	40.00	217.00	40.00	30.00
	per registered share	CHF	18.00 ¹	8.00	43.40	8.00	6.00

¹ Instead of a dividend payment, the Board of Directors is proposing a payment by way of a reduction of the share capital through par value reduction.

Information and calendar for investors

2014

Tuesday, April 29	Ordinary General Meeting at the Lake Side, Zurich
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prob. end of July	Payout through capital reduction
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Wednesday, August 13	Interim report as at June 30, 2014
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2015

Thursday, March 26	Year-end results as at December 31, 2014
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Tuesday, April 28	Ordinary General Meeting at the Lake Side, Zurich
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Ticker symbols

Swiss security
no. 265 798
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Further information about the company,
calendar dates and contacts can be found
at www.conzzeta.ch/investors

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