

annual  
report  
2015

# Gurit – Delivering the Future of Composite Solutions

We specialize in advanced composite materials, production tools, the manufacture of selected components, and engineering services for demanding industries such as wind energy, aerospace, marine, rail, automotive, land transportation, architecture, and new applications where materials such as metal, wood, or concrete are being replaced by engineered, durable, and light-weight composite solutions. Our complete materials offering comprises glass, carbon, and aramid fibre prepregs, structural foam and balsa wood core materials, gel coats, adhesives, resins, and consumables. Our components business includes large-scale tooling moulds, rapid prototyping, and the manufacture of certain finished parts. Our engineering services combine an unparalleled know-how in materials manufacturing, composite processing, and structural engineering with a high responsiveness based on our global presence.

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Strong demand from the wind industry and gains in market shares result in currency-adjusted growth of 10.4% to CHF 359.4 million for 2015.

#### Sales by End Market



(Prior-year period)

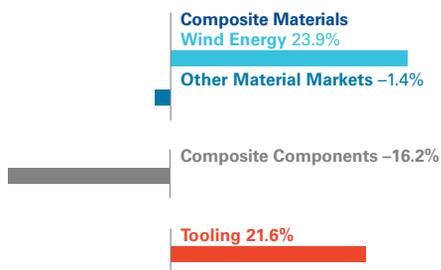
#### Key Figures Consolidated Income Statement 2015 (in CHF million)

Net sales	359.4
Operating profit	33.0
Net profit	22.6

#### Key Figures Consolidated Balance Sheet (in CHF million)

	31.12.2015	31.12.2014
<b>Total assets</b>	<b>251.2</b>	<b>253.4</b>
thereof Current assets	166.5	171.1
<b>Total liabilities</b>	<b>71.8</b>	<b>80.0</b>
thereof Current liabilities	66.5	77.4
Equity	179.5	173.4
<b>Equity ratio</b>	<b>71.4%</b>	<b>68.4%</b>

#### Sales Dynamics 2015 over 2014 (at constant rates)



# Business and Financial Review

## Key Figures

Amounts in million CHF	2015	2014	+/- %
Net sales	359.4	335.8	7.0%
EBITDA	42.6	25.7	65.4%
EBITDA margin	11.8%	7.7%	
EBIT	33.0	16.2	103.4%
EBIT margin	9.2%	4.8%	
Operating profit	33.0	14.2	132.9%
Operating profit margin	9.2%	4.2%	
Profit for the year	22.6	11.1	103.3%
Return on net assets (RONA)*	13.7%	5.8%	
Net cash flow from operating activities	37.2	7.6	388.4%
Capital expenditures	16.7	9.2	81.1%
Net cash	20.4	4.2	380.1%
Equity in % of total assets	71.4%	68.4%	
Number of full time equivalents at December 31	2 094	2 135	
Average number of full time equivalents	2 101	2 130	
Earnings per bearer share	CHF 48.24	CHF 23.74	
Distribution per bearer share (proposed/resolved)	CHF 15.00	CHF 8.50	76.5%
Market capitalization at December 31	265.8	179.9	47.8%

\* RONA 2014 was recalculated in conformity with the revised calculation in 2015 to improve comparability to IFRS financial statements.

# Gurit Reports a Year of Significant Improvements and Investments

Dear Shareholders

After several years of transformation and adaption to an evolving industry, Gurit delivered on its profitable growth target in 2015. Backed by a strong wind energy market, the proven application of its comprehensive core materials offering and the materialization of the initiated improvement programs, the Company achieved double-digit growth for the second consecutive year and reached its mid-term profitability target of an operating profit margin of 8–10% in 2015.

For 2016, our clear target is to substantiate the achieved profitability level against the background of an increasingly cloudy world economy and to generate low single-digit revenue growth from traditional as well as new market areas.



Peter Leupp, Chairman of the Board of Directors (left)  
Rudolf Hadorn, Chief Executive Officer (right)

## Strategy Deployment: Setting the Scene for the Future

Building on the Company's mid-term strategy to develop the wind, aero and automotive businesses with priority, Gurit further refined its organizational setup over the course of 2015. As announced, the Automotive and the Engineered Structures business fields were merged to form the combined Composite Components business unit, which focuses on the development and production of land transportation components. Due to its increasingly strong sales and profit contribution to the Group, Tooling was instituted as a separate reporting entity at the beginning of the year.

Course for the future was also set by the completion of the Gurit Group Executive Committee. Laurent Michaux took up the position of General Manager Composite Components, effective May 1, 2015. In this role, he took over responsibility for the business activities in Automotive and Land Transportation components from CEO Rudolf Hadorn. On June 1, 2015, Angelo Quabba joined Gurit as new CFO, replacing Markus Knüsli Amacker, who left the Company at the end of May 2015 to pursue other professional directions.

In the Composite Materials Business Unit, the transformation towards a comprehensive core materials offering for the wind market proved successful across the board. Balsa wood production and sales reached new record levels; sales of Corecell™, Gurit PVC and traded PVC were strong throughout the year. The favorable demand, along with the initiated improvement programs, contributed to better utilization of factories and resulted in higher profitability levels. Cultivation of new composite material markets, like the automotive industry, further progressed through the qualification of visual carbon prepregs with leading car manufacturers and tier-1 suppliers, as well as through successful beta-testing of a new fast-curing resin system to be launched for the automotive industry in 2016. Revenue related to the new market areas, however, has not yet materialized as planned due to the early

industry adoption stage and the associated low number of accessible projects. Material qualification with a major aircraft manufacturer was started in 2015 and is expected to be concluded in the first half of 2016, which offers promising mid-term revenue potential.

In the Composite Components Business Unit, the setup of the semiautomatic car-part production in Hungary progressed as scheduled. Manufacturing equipment was installed, and the workforce was hired and trained. The ramp-up of the serial production of carbon-fiber-based automotive body panels with the Company's proprietary and patented press technology was successfully concluded with the first deliveries of smaller batches to the car manufacturer. Full production runs for the project are to start in the first quarter of 2016. Serial production of pressed clear carbon roofs went according to schedule, proving the new technology's excellence and superiority. Manual car-part production for the super-premium segment was faced with the regular expiration of contracts and a scarcity of new programs, which led to downsizing the workforce at the Company's automotive production location in the U.K. In the mid-term, Gurit will transform the automotive section of its Newport facility into a technology center with product development, prototyping and production of smaller volume specialty manufactured components. The Hungarian site is projected to become the volume manufacturing site with a higher degree of automation.

In Tooling, the strategic expansion of offerings to the wind energy market through complementary metal structure products for the transport, turning and lifting of wind turbine blades was further pursued in 2015.

Capitalizing on the favorable market demand and paving the way for future growth, Gurit initiated a large investment program in 2015. Major programs were the plant expansion for automotive components in Hungary and the installation of a new prepreg tower for the aerospace industry in Kassel,

Germany. The Company's growing balsa wood business was bolstered by the expansion of the plant in Ecuador and the setup of balsa wood production at Gurit Tianjin, China, which will ensure greater customer proximity and shorter lead times. Construction of an additional building on the Company's tooling premises in Taicang, China, to increase capacity was started in 2015 and will be completed in spring 2016.

## Research and Development

Gurit serves the market with a wide portfolio of Composite Materials, Composite Components and Tooling. Both, product and manufacturing process innovations are targeted with our R&D efforts. Overall, Gurit raised its R&D investments in 2015 by 11% in order to foster innovation. During 2015, new prepreg products for the automotive market were launched. Equally significant efforts were made to increase the product properties of the synthetic structural core range (PVC, PET, SAN) and the related manufacturing technology for more robust and cost effective manufacturing. In the Composite Components business, our new semi-automated part manufacturing process was deployed and started-up in the new factory in Hungary. In the Tooling business, several industrial cost improvement projects were brought to success. For 2016, Gurit has a clearly defined innovation execution plan to support further organic growth through innovative products and to bring even more value to our customer base.

## Market Environment and Demand Situation: Strong Wind Market Drives Growth

Unlike in previous years, the steep drop in oil and gas prices had little impact on the demand in the renewable energy sector so far. This reflects the industry's constant advancement, its steady technological progress, the falling production costs per kilowatt-hour (kWh) and the increasing competitiveness of wind power in the global energy mix.

The strong demand which had set in at the end of 2014 continued throughout the year, cumulating in a record of 63 gigawatts (GW) of newly installed wind power worldwide in 2015, according to Global Wind Energy Council. China exceeded all estimates with 30.5 GW of newly installed capacity.

Dependence from funding and incentive schemes for renewable energy projects is decreasing, yet necessary for the construction of the essential infrastructure. Predictability has increased with governments in India and China confirming their commitment to renewable energy over the course of the year and the U.S. production tax credit (PTC) renewal in December 2015. The U.S. PTC guarantees USD 0.23 PTC per kWh for wind energy for 2016, which will be followed by incremental reductions in value from 2017 to 2019 until expiration in January 2020.

For Gurit, market demand resulted in a new record year for Tooling and strong sales for Composite Materials and balsa wood, in particular. The Company was able to outperform the global wind energy market's growth of 17% and recorded net sales growth in composite materials for the wind industry of currency-adjusted 23.9% in the reporting year. In total, composite materials sales to the wind energy market accounted for 43% of total Group sales in 2015 as compared to 39% in 2014.

In the aerospace business, sales continued to develop moderately in 2015. This was due to delays in the ramp-up of the production of a new aircraft type within the supply chain and to lower build rates of traditional aircraft types. Among the strategic accomplishments of the Company in the course of the year were the renewal of mid-term contracts with existing customers, the installation and qualification of the new prepreg tower in Kassel, Germany, and the ongoing product qualification program with a major aircraft manufacturer, which is expected to be completed in the first half of 2016. The newly to acquire qualification, business from additional mid-size programs and manufacturers, and the further enhancement and broadening of its product range

will enable Gurit to expand its market share in the mid-term.

After a very strong 2014, demand in the global marine market showed some stagnation in 2015 with a slight downward trend in certain boat categories. Based on its long-standing heritage and leadership in composite boat building and its strong product offerings, including structural engineering services, Gurit was, however, able to maintain its overall market share in the marine market in 2015. Lower build rates in certain regions and boat types could be almost compensated for with new contracts. Going forward, the Company will continue to pursue its market penetration strategy in all major regions and boat types.

In other industrial markets – including civil construction, lightweight health care components, ballistic protection and land transportation – the transformation from traditional materials to advanced composites is progressing moderately due to the fragmentation and regionalism of the markets. Gurit achieved further strategic progress in terms of awareness of the benefits of advanced composite materials and in terms of material qualification for dedicated programs. The Sales revenue and profit contributions from other industrial markets, however, remained on a comparatively low level within total Group sales.

Based on the need to improve efficiency and reduce CO<sub>2</sub> emissions, the automotive market continues to show interest in advanced composite materials. Large-scale deployment within this sector, however, remains to be seen. Having served leading car manufacturers and tier-1 suppliers for years and being well positioned to support the diverse needs of this emerging market, Gurit is following up on its strategy of serving the market by offering all levels of involvement desired – from purely supplying materials up to and including all-encompassing partnerships that include structural engineering support and the production of industrialized composite components. While sales of automotive ma-

terials came in at low levels and further qualifications were achieved over the course of the year, certain manual automotive component programs expired over the course of the year and could not be monetarily compensated for with new programs. The composite component programs on hand developed as planned and underlined the Company's technological excellence and superiority in terms of its manufacturing concept and production quality.

Overall, at year-end 2015, the Group's order situation was stable.

### Key Financial Figures 2015 and Business by Segments

In total, Gurit achieved Group sales of CHF 359.4 million for the 2015 fiscal year. This represents an increase of 7% in reported Swiss francs (currency-adjusted: 10.4%) over net sales of CHF 335.8 million for the 2014 fiscal year.

Sales divided by geographical location of material and part supply showed Europe, once again, to be the largest destination for goods delivered. But this figure also proved how truly global the footprint of Gurit's business activities is, with significant sales in every major global region. Deliveries to Europe accounted for 39.1% of total Group sales in 2015 (2014: 41.6%); supply to Asia further increased from 23.8% of total Group sales in 2014 to 34.8% in 2015. Goods delivered to the Americas accounted for 18.3% of total Group sales in 2015 (2014: 26%); supply to the rest of the world amounted to 7.8% of total Group sales in 2015 (2014: 8.6%). A detailed breakdown can be found in the Notes to the Consolidated Financial Statements of this Annual Report.

As announced, Gurit now reports results in three (formerly two) segments: 'Composite Materials', 'Composite Components' and 'Tooling'. The 'Composite Materials' segment comprises Wind Energy and Other Material Markets. The segment

mix changed slightly in the period under review compared to 2014. The Composite Materials segment contributed 76% of total Group sales in 2015 (2014: 76%); the Composite Components segment accounted for 7% of total Group sales in 2015 (2014: 10%), and Tooling amounted to 17% of total Group sales in 2015 (2014: 14%).

### **Gurit Composite Materials Benefits from Strong Wind Energy Market**

The Composite Materials Segment achieved full-year sales of CHF 274.0 million in 2015. This represents an increase of 6.7% (currency-adjusted: 11.6%) compared with full-year sales of CHF 256.7 million in 2014.

Growth mainly resulted from the winning of new customers and the continued strong demand in the global wind energy market, in particular in Asia. The company's core material range was almost fully utilized throughout the year. This more than offset the technology-related phase-out of prepreg sales for the production of wind blades equal to a material value of some CHF 25 million. Net sales to the wind energy market grew by 18.4% (currency-adjusted: 23.9%) to CHF 155.4 million in 2015. Material supply to other material markets slightly declined by 5.5% (currency-adjusted: -1.4%), mainly due to lower build rates in the aerospace segments served by Gurit and due to somewhat lower sales to the marine market compared to a very strong 2014.

### **Gurit Composite Components Affected by Regular Project Expirations**

The Composite Components Segment showed the anticipated drop in sales and declined by 18.2% (currency-adjusted: -16.2%) from CHF 32.3 million in 2014 to CHF 26.4 million in 2015. The decrease results from the orderly end of contracts and the start of production delay for a large project.

### **Gurit Tooling Reports Another Record Year**

Driven by the strong wind energy market, the Tooling Segment was able to reach a new record year in 2015. Net sales amounted to CHF 59.0 million rep-

resenting an increase of 26.1% (currency-adjusted: 21.6%) from net sales of CHF 46.8 million in 2014.

### **Profitability Reaches Mid-Term Target Level**

Based on the positive sales development and the ongoing programs to continuously improve operational excellence, the Group operating profit increased to CHF 33.0 million in 2015. The operating profit margin improved from 4.2% of net sales in 2014 to 9.2% in 2015. It also reached the Company's mid-term profitability target level of 8-10%. Overall, Group profitability benefited from the record year in Tooling as well as from a favorable product mix in composite materials.

Gurit reports a net profit of CHF 22.6 million in 2015 (2014: CHF 11.1 million). This equals to earnings per listed bearer share of CHF 48.24 (2014: CHF 23.74).

### **Continued Positive Cash Flow and Strong Balance Sheet**

Gurit generated a positive cash flow from operating activities of CHF 37.2 million and closed the year with a net cash position of CHF 20.4 million (2014: CHF 4.2 million) and a strong equity ratio of 71.5% (2014: 68.4%).

As described above, capital expenditures were higher than in previous years to support organic growth across all businesses and amounted to CHF 16.7 million in 2015 (2014: CHF 9.2 million).

### **Risk Management**

Risk management forms an integral part of the Group's conduct of business and is therefore an important part of each manager's and employee's daily business responsibility.

A formal risk management review and subsequently an update of the risk profiles are done by the Business Units and the Executive Committee. The Executive Committee ensures that appropriate measures are taken to mitigate the risks. Gurit groups the risks into the following three categories:

strategy execution risks, operational risks and financial risks. The different risks are assessed and prioritized according to their financial impact and their likelihood. Further details regarding Gurit's Risk Management is provided in the Group Financial Report in Note 3.

## Outlook and Proposed Distribution to Shareholders

Our outlook for the Company's development in 2016 remains cautiously positive. The further development of the wind energy market in 2016, in particular, poses a certain level of uncertainty that cannot be fully assessed at this point in time. While the Global Wind Energy Council expects newly installed wind power capacity worldwide to grow at an average annual growth rate (CAGR) of 4.4% globally until 2019, we expect to see a drop in installation rates in China in 2016. This will be offset by the continued growth of installation rates in India. In marine and aerospace, we expect demand to continue stably with moderate growth. Upside potential in the aerospace industry might result from the ongoing qualification program with a leading aircraft manufacturer, which could translate to revenue in the single-digit million range in 2016.

Overall, we currently estimate that the Company will continue to grow on a low single-digit level in 2016 due to a somewhat lower expected wind energy demand. In terms of profitability, we strive to achieve our target of 8–10%.

The Board of Directors will propose to the Annual General Meeting of Shareholders, scheduled for April 14, 2016, to distribute a total of CHF 7.0 million or CHF 15.00 per listed bearer share out of the reserves from former capital contributions.

We would like to thank all our employees for their passionate performance in 2015, their continued commitment to achieve Gurit's mid-term strategy targets and their dedication.

We would also like to thank our customers and business partners for their excellent collaboration in 2015 and their trust in and loyalty to Gurit. We look forward to an open dialogue and trustful further cooperation in 2016 and far beyond.

Yours sincerely, Gurit Holding AG



Peter Leupp,  
Chairman of the  
Board of Directors



Rudolf Hadorn  
Chief Executive  
Officer

# Organization

## Board and Group Management

<b>Board of Directors of Gurit Holding AG</b>	Peter Leupp, Chairman of the Board of Directors Stefan Breitenstein, Chairman of the Audit and Corporate Governance Committee Nick Huber, Chairman of the Compensation Committee Urs Kaufmann, Member Peter Pauli, Member
<b>Group Management</b>	Rudolf Hadorn, CEO Markus Knüsli Amacker, CFO (until May 31, 2015) Angelo Quabba, CFO (from June 1, 2015) Stefan Gautschi, General Manager Gurit Composite Materials Laurent Michaux, General Manager Gurit Composite Components Damian Bannister, Chief Technology Officer Hannes Haueis, Head of Group Human Resources
<b>Auditors</b>	PricewaterhouseCoopers AG, Zurich

## Organizational Chart



# Investor Relations

## Share Capital

The share capital of Gurit Holding AG is divided into:

240 000 registered shares at CHF 10.00 par value	Securities no. 185 039
420 000 bearer shares at CHF 50.00 par value	Securities no. 801 223

Par value adjusted to CHF 50.00, this results, purely arithmetically, in a total of 468 000 shares.

## Stock Market Trading

The bearer shares are listed on SIX Swiss Exchange. Prices are published in the Swiss daily and financial press as well as in electronic price information systems under the following symbols or numbers:

Bearer share:

Reuters	GUR.S
Telekurs	GUR
Securities no.	801 223
ISIN	CH0008012236

## Important Dates

April 14, 2016 <b>Annual General Meeting</b> <b>Press release on Q1 sales</b>	End of January 2017 <b>Press release on FY 2016 sales</b>
August 25, 2016 <b>Half-Year Report 2016</b> <b>Analyst/Media conference call</b>	March 2017 <b>Presentation full-year results 2016</b> <b>Analyst/Media conference</b> <b>Publication of Annual Report</b>
October 21, 2016 <b>Press release on Q3 sales</b>	April 2017 <b>Annual General Meeting</b>

The key dates are continuously updated at <http://investors.gurit.com>.

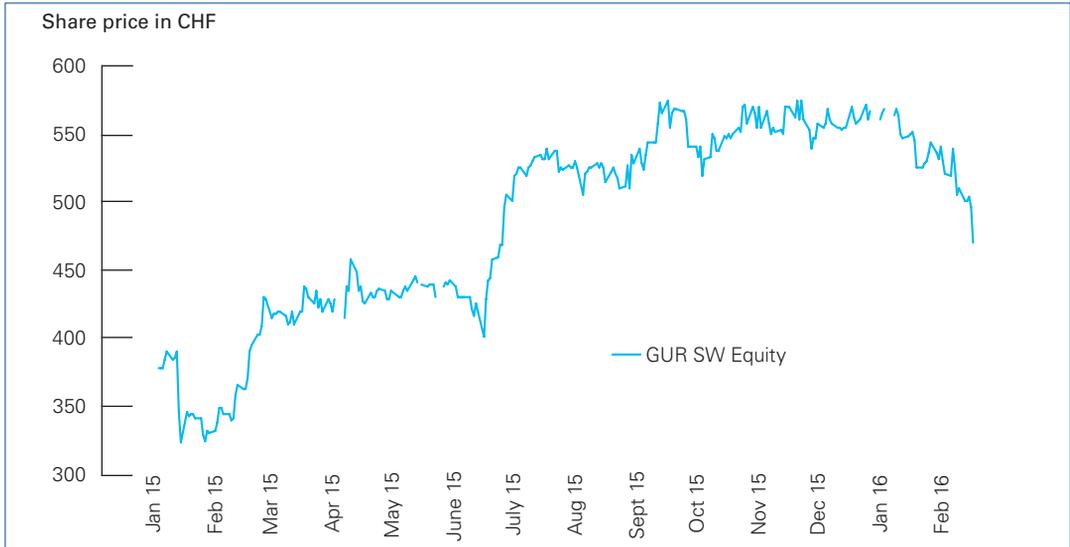
## Internet/E-mail Alerts

For additional information, please visit the Gurit website at [www.gurit.com](http://www.gurit.com).

Sign-up for e-mail alerts on Gurit is available at <http://investors.gurit.com/news-alert-subscription.aspx>.

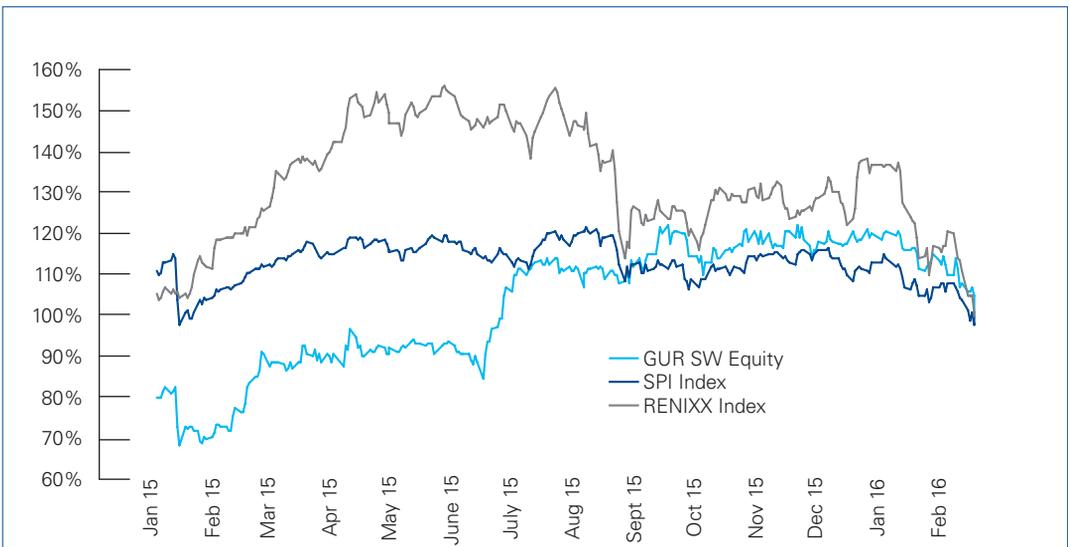
# Stock Price Chart

## Gurit Share Price Development



Source: Thomson Reuters Datastream

## Gurit Bearer Shares and Respective Indices



Source: Thomson Reuters Datastream: Gurit; SPI; Volumes; IWR Internationales Wirtschaftsforum Regenerative Energien: RENIXX

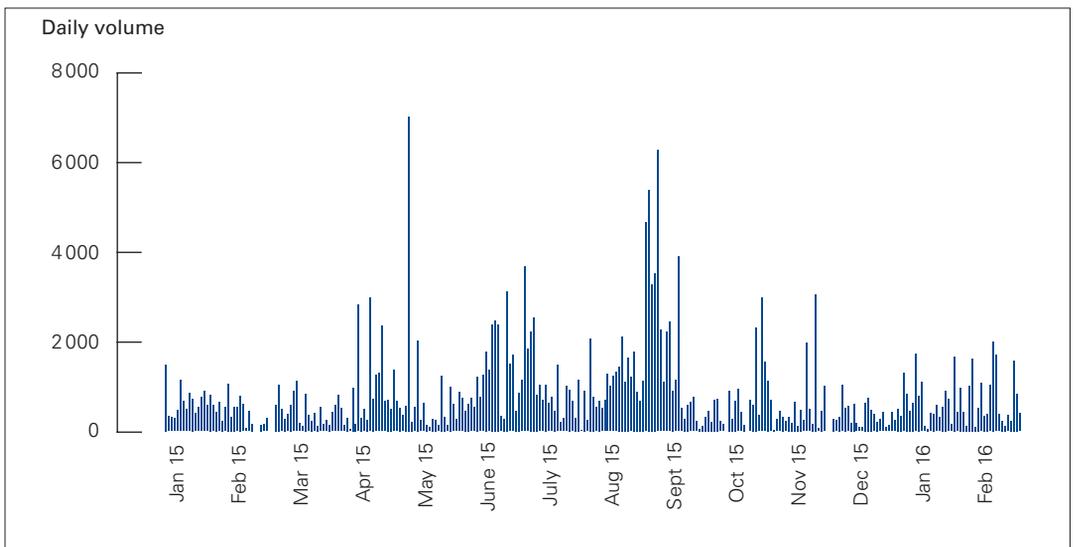
## Key Figures per Bearer Share

	2015	2014	2013	2012	2011
Price at year-end	CHF 568.00	CHF 384.50	CHF 451.00	CHF 360.50	CHF 408.25
Highest price	CHF 578.00	CHF 550.00	CHF 465.00	CHF 545.00	CHF 688.00
Date	23.11.2015	13.01.2014	26.11.2013	23.04.2012	21.04.2011
Lowest price	CHF 318.00	CHF 380.00	CHF 339.00	CHF 360.00	CHF 361.00
Date	19.01.2015	13.10.2014	22.04.2013	21.12.2012	12.09.2011
Earnings per share	CHF 48.24	CHF 23.74	CHF 0.24	CHF 29.39	CHF 47.83
Distribution out of reserves from capital contributions	CHF 15.00	CHF 8.50	CHF 7.50	CHF 15.00	CHF 15.00

## Taxable Values of Traded Securities

	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Bearer shares CHF 50.00	CHF 568.00	CHF 384.50	CHF 451.00	CHF 360.50	CHF 408.25

## Trading Volumes in Gurit Bearer Shares



Source: Thomson Reuters Datastream

# Sustainability Report

At Gurit, we strive to deliver the future of composite solutions. Our vision is also reflected in our understanding of sustainability: to support customers and business partners, on the one hand, in creating future-oriented, cost-competitive renewable energy from wind and ocean power plants. On the other hand, to help them improve energy efficiency and power consumption through transformation of traditional, heavier structures into lightweight, durable solutions. Key enablers for these targets are product and process innovation, customer proximity, people development and a management strategy that incorporates strong business ethics. Taken together, this will create added value for all our stakeholders.

For several years now, Gurit's disclosures have included reporting on economic, environmental, social and governance-related developments. In order to align our disclosures with international reporting standard practice, we have decided to start adopting the Global Reporting Initiative (GRI)'s G4 Sustainability Reporting Guidelines as a reference and framework.

Given the size of our organization and the global spread of our business activities, we will start adopting the G4 reporting principles and standard disclosures incrementally. This will allow us to implement the necessary internal processes and monitoring tools over time.

Although it will take some time to align our business activities with these comprehensive reporting standards, we aim to be transparent in what we do and to achieve a certain compliance level with these international standards. In the meantime, we will rely on dialogue with our stakeholders so we can continuously improve pursuing our strategy and achieving sustainable profitable growth.

## Introduction

Gurit has started using the GRI G4 Sustainability Reporting Guidelines as a framework for discussing sustainability performance. As such, the 2015 report does not aim to provide a comprehensive overview of the range of G4 topics. Instead, it focuses solely on certain indicators.

These indicators have been both selected and presented in alignment with key Company stakeholders: customers and distributors, employees and the environment.

## Customers

Operating in a comparatively new industry, the Company aims to go beyond simply maintaining sustainable relationships with customers and business partners. To do this, the Company helps them achieve their performance and cost reduction goals and derive many benefits from the transformation of traditional structures into lightweight and durable solutions. Bringing best value to customers has been a priority for Gurit since the very beginning. Based on the deep involvement of many Gurit employees in their respective industries and their passion for contributing to the long-term success of these industries, Gurit can proudly state that it knows well what drives its customers and its markets.

In addition to participating in industry conferences and trade shows around the world, Gurit also conducts regular customer surveys to assess the performance of its products, logistics, and technical and sales support. This ensures close customer relationships in which customers receive the level of support needed to succeed. Feedback from these surveys is taken into consideration when improving processes and creating product and innovation roadmaps.

Producing chemical products and solutions for Gurit also means adhering to health and safety standards within the organization and on a customer level. This means the Company places a premium on technical training, product safety data sheets (SDS) and awareness building for correct handling procedures. Distributors are included as an essential part of the Company's business model and of market-penetration efforts worldwide. Distributors selected by Gurit enjoy specific training courses on site, which ensures that they are not only able to accurately represent product offerings but also that they further adhere to best practices, which ultimately benefits the customers.

## Employees

Gurit is operating in a comparatively young industry and serves markets which show certain cyclicity, such as the wind energy and automotive segments. As part of its sustainable business model and in order to maintain and nurture a strong capability and competency level amongst its global staff, the Company focuses on a multi-skilled core team. In line with demand, this core team is supplemented by temporary workers and subcontractors to cope with peaks. Despite this strategy, the Company at times needs to adjust staffing in individual business areas. In 2015, Gurit had to lay off some 70 employees in the composite components production in the U.K. due to the expiration of projects that could not be compensated for with new contracts. At the same time, some 80 new employees were hired for the Company's strongly growing balsa wood and Tooling business activities.

### Employee Structure

As of the end of 2015, Gurit provided work for 2 094 employees (2014: 2 135). Excluding temporary employees as well as apprentices and trainees, this can be broken down into 2044 full-time and 50 part-time positions.

Committed to fair and equal employment, the Company employs a workforce consisting of individuals from around 20 different nationalities. The gender breakdown of the Gurit Group is as follows:

- Board of Directors: 5 men, 0 women
- Group Management: 6 men, 0 women
- Senior Management: 29 men, 5 women

Overall, of the 2 094 employees, 1 775 are men and 319 are women. This corresponds to a 15.2% share of women in the workforce. The age breakdown of Gurit's global workforce shows a good mix across all age groups. 507 employees are under 30; 1 364 are between ages 30 and 50, and 223 are over 50 years old. All Members of the Gurit Board of Directors are over 50 years old. Regarding the age breakdown of Gurit Group Management, two individuals are between 30 and 50, and four are over 50.

### Occupational Health & Safety

Maintaining a high standard of technical expertise, assuring high-quality production processes and ensuring safety in the workplace are major priorities for Gurit. The Company is aware of the fact that employees could be affected by certain aggressive chemicals we deal with, by processing dust, steel welding, as well as lifting and transportation of heavy equipment. Therefore, the Company constantly strives to de-risk its employees and operations through specific training sessions and procedural changes for high-risk areas and processes.

Gurit tracks workplace safety at its global sites according to two categories: Accidents are defined as events that result in injury or ill health involving employee absence. Incidents are defined as events that involve injury but do not result in employee absence. In 2015, the Corporate Materials segment reported 203 incidents (2014: 253) and 18 accidents (2014: 25) worldwide. The Composite Components segment recorded 14 incidents and 11 accidents in 2015. In the Tooling segment, nine incidents and four accidents occurred in 2015 compared to six accidents and 13 incidents in 2014.

## Education & Training

One of the key principles for securing long-term growth and Company success at Gurit is “success through people.” The Company does not only pay attention to the development and management of its personnel, it has also initiated various assessments and training programs over the course of 2015. Starting from the top of the organization and moving downward, first skill gaps were identified and tailored programs developed for tapping into existing potential, thereby fostering employee improvement and ensuring the Company will have the most talented and skilled workforce in the industry.

The Company launched a new learning management system at the beginning of 2016. This software will not only provide Gurit with a tool for flexible on-demand training but also ensures that all employees complete mandatory learning modules, such as one on the Company’s Code of Conduct.

Furthermore, we also want to increase transparency in our organization when it comes to salaries and grading. Therefore, we are working with an international consultancy firm. They are aiding us in benchmarking our salary levels, making sure that they align with industry standards for the respective countries, regions and skill levels, and in further improving our career development paths.

## Code of Conduct

The Gurit Code of Conduct is an essential element of the Company’s corporate and business management. As such, the Gurit Board of Directors, Group Management and all employees are expected to fully adhere to the principles and guidelines outlined in the Code. Strict compliance with all pertinent legal and regulatory requirements is also required. Acknowledgement and acceptance of the Code therefore forms part of every staff member’s terms of employment. In case of uncertainty or doubt, Gurit employees are expected to seek guidance from their line managers, Group management or the Chairman of the Audit and Corporate Govern-

ance Committee of the Gurit Board of Directors. The Gurit Code of Conduct is available on the Company website [www.gurit.com](http://www.gurit.com) in five languages.

## Environment

Gurit is committed to a production concept combining economic manufacturing with minimal ecological impact. The Company strives to achieve this aim through a dedicated focus on customer needs; a superior level of technology and competence; operations excellence; and environmental, social, and ethical best practices and conduct. As part of its ongoing measures, Gurit has started to certify its facilities according to ISO 14001. The Company continues to raise the general awareness surrounding sustainability, especially when it comes to employees who are in a role of imparting instructions.

In 2013, Gurit installed solar photovoltaic panels on both production sites on the Isle of Wight, U.K., to reduce the amount of nonrenewable energy consumed. Energy from both photovoltaic installations covered almost 10% of the 6 500 megawatt hours of electricity consumed in 2015. All photocopiers and printers in the U.K. offices were replaced with more energy-efficient machines, which represent yet another step towards a better energy balance. This step also reduced paper consumption for 2015 by 120 000 sheets of paper compared to previous years’ average consumption.

Waste output is another major topic at the Company’s U.K. production sites. A waste recycling program has been in place since 2004, and the amount of recyclable waste grows every year. In 2015, more than 84% of the yearly waste outcome, approximately 1 160 tons, has been recycled by a disposal contractor. 9% of the waste outcome was transferred for safe and authorized disposal, and only the remaining 7% was sent to the local landfill.

Gurit supports sustainability in many ways at its balsawood production facility in Ecuador. The Company strives to reduce the amount of unusable raw mate-

rial and to utilize the wood as efficiently as possible. The Company also supports its local suppliers, mainly small farmers, with advice and support for improving their processes, such as sealing drying ovens. Furthermore, Gurit maintains steady relationships with local suppliers rather than buying in irregular or cyclical patterns. The Company's long-term orientation helps maintain the diversity of plant and animal life in the local regions. It also prevents the spread of monoculture plantations with their various disadvantages for nature and humankind.

## Society

As explained in the Company's Code of Conduct, ethical behavior is a key Gurit principle. Accordingly, the Company does not donate funds to political parties.

## Sponsorships

Gurit intends to implement a sponsorship guideline in the course of 2016 to further enhance transparency on this topic. In general, the motivating force and focus of sponsorships are to support research and development activities, sustainability projects and individual sportsmen or teams within the Company's target vertical markets. When deciding which individuals and activities to support, emphasis is placed on high ethical and moral standards. Financial sponsorship did not exceed CHF 25 000 in 2015. Gurit reports its sponsorship activities on the Company's Facebook page as well as in *Shape – The Gurit Magazine*.

# Corporate Governance

The following chapter describes the principles of corporate governance applied at the Board and Senior Management level at Gurit in accordance with the “Guidelines Concerning Information on Corporate Governance” published by SIX Swiss Exchange. Unless otherwise indicated, all information refers to the 2015 fiscal year ending on December 31, 2015. The key principles and rules on Corporate Governance for Gurit are defined in the Articles of Incorporation and the Organizational Regulations; they are based on the recommendations set out in the “Swiss Code of Best Practice for Corporate Governance” published by *economiesuisse*. Significant changes that occurred between year-end and the copy deadline are duly disclosed. Gurit also publishes a Remuneration Report, included as a separate chapter in this Annual Report.

## 1. Group Structure and Shareholders

### 1.1 Group Structure

#### 1.1.1 Operative Group Structure

The Gurit Group is an international industrial group specializing in the development, production, supply, and marketing of advanced composite materials, as well as composite components and engineering. An organizational chart depicting the Group organization for the 2015 fiscal year can be found on page 12.

#### 1.1.2 Legal Structure of Subsidiaries

Of all the companies consolidated, Gurit Holding AG (the Gurit Group's holding company) is the only one listed on a stock exchange. Gurit Holding AG is domiciled in Wattwil/SG. Gurit bearer shares (security No. 801223, ISIN CH0008012236, symbol GUR) are listed on SIX Swiss Exchange; the registered shares of Gurit Holding AG are not listed.

Based on the bearer shares' year-end closing price of CHF 568.0 and equally valuating the par-value-adjusted registered shares, the market capitalization on December 31, 2015, amounted to CHF 265.8 million.

**1.1.3** Information about the nonlisted companies can be found in the overview on page 80 of the Financial Report.

### 1.2 Major Shareholders

On December 31, 2015, the Company knew of the following shareholders holding over 3% of the voting rights in Gurit Holding AG:

Huwa Finanz- und Beteiligungs AG, Bahnhofstrasse 2, 9435 Heerbrugg, holds 220 000 registered shares. This equals 9.4% of the share capital and 33.33% of all voting rights in Gurit Holding AG. The shares of Huwa Finanz- und Beteiligungs AG are controlled by Hans Huber, Appenzell.

Robert Heberlein, Tobelmülistrasse 20, 8126 Zumiikon, held directly and indirectly via Burix Holding AG, Bleicherweg 58, 8027 Zurich, 4.59% of the voting rights in Gurit. 2.96 percentage points thereof stem from the ownership of 19 545 registered shares and 1.63 percentage points from 10 765 bearer shares.

Martin Bisang, 8700 Küsnacht, has held since a purchase on October 29, 2012, through Whale Holding AG, Baarerstrasse 2, 6300 Zug, with 35 000 bearer shares 5.3% of the voting rights in Gurit Holding AG.

J. Safra Sarasin Investmentfonds AG, Wallstrasse 9, 4002 Basel, holds 20 000 bearer shares, a total of 3.03% of the voting rights in Gurit Holding AG.

Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, holds 23 564 bearer shares, a total of 3.57% of the voting rights in Gurit Holding AG.

Updated information on major shareholders is available on the SIX Swiss Exchange website at: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

### 1.3 Cross-Shareholding

Gurit Holding AG has no cross-shareholding arrangements with other companies.

## 2. Capital Structure

Information about the capital structure can be found in Gurit Holding AG's Articles of Incorporation, in the Financial Report and the statements on Gurit Holding AG as well as in the Investor Relations section on page 13 of this report. The Articles of Incorporation are available on the website at <http://investors.gurit.com/corporate-governance-1.aspx>

## 2.1 Capital

Details on the capital are included in the Notes to Gurit Holding AG's Financial Statements on page 82.

## 2.2 Authorized or Contingent Capital in Particular

Gurit Holding AG has no authorized or contingent capital.

## 2.3 Changes in Equity of Gurit Holding AG

In the past three years the following changes in equity have occurred.

In CHF 1000	December 31, 2015	December 31, 2014	December 31, 2013
Share capital	23 400	23 400	23 400
General reserves:			
– Reserves from capital contributions	18 216	22 194	25 704
– Other general reserves	4 680	4 680	4 680
Reserves for treasury shares	–	50	37
Retained earnings	101 257	64 773	58 722
Treasury shares	–50	–	–
<b>Total equity</b>	<b>147 503</b>	<b>115 097</b>	<b>112 543</b>

## 2.4 Shares and Participation Certificates

The Company's share capital consists of 240 000 registered shares with a par value of CHF 10.00 and 420 000 bearer shares with a par value of CHF 50.00. Bearer shares are traded in the domestic segment of the SIX Swiss Exchange (security No. 801223, ISIN CH0008012236, symbol GUR). All shares are fully paid up and entitled to dividends. All registered shares and bearer shares, regardless of their nominal value, are entitled to one vote.

Gurit Holding AG has not issued any participation certificates.

## 2.5 Profit-Sharing Certificates

Gurit Holding AG has not issued any profit-sharing certificates.

## 2.6 Restrictions on Transferability of Shares and Nominee Registrations

According to paragraph 4 of the Articles of Incorporation, only individuals who are entered in the share register may be recognized as the owners or beneficiaries of non-traded registered shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he or she acquired the registered shares for his or her own account. Bearer shares listed on the stock market are freely transferable. There are no regulations to any other effect regarding nominee registrations.

Changes in the statutory regulations restricting the transferability of registered shares require at least two-thirds of the votes represented at the Annual General Meeting and an absolute majority of the nominal value of the shares.

## 2.7 Convertible Bonds and Warrants/Options

Gurit Holding AG has no outstanding convertible bonds nor options.

## 3. Board of Directors

On December 31, 2015, the Board of Directors of Gurit Holding AG consisted of five members.

### 3.1 and 3.2 Members of the Board of Directors

The personal details together with the other activities and vested interests of individual members of the Board of Directors are listed on the next pages:

## Grund Board of Directors

### Peter Leupp

Chairman of the Board of Directors  
 EI.-Ing., ETH Zurich  
 Swiss citizen, 1951  
 Nonexecutive member



#### Professional Background (Main Stages)

1977–1988 Various functions at BBC (now ABB) in High Voltage Development  
 1988–1989 CEO, Technochemie  
 1989–1999 Various leading positions at High and Medium Voltage, ABB, Switzerland  
 1999–2000 Local Head of Power Transmissions and Distribution division at ABB, Switzerland  
 2001–2006 Country Manager in China; Chairman and President of ABB (China) Ltd  
 2005–2006 Region Manager North Asia, ABB Ltd, Switzerland  
 2007–2012 Head Power Systems division, Member of the Group Executive Committee of ABB Ltd, Switzerland  
 Since 2012 Executive Advisor to the Group Executive Committee of ABB Ltd, Switzerland

### Stefan Breitenstein

Member of the Board of Directors  
 Attorney at Law, Dr. iur. University Zurich  
 LL.M. Harvard Law School,  
 Diplôme des Hautes Etudes Européennes,  
 College of Europe, Bruges  
 Swiss citizen, 1957  
 Nonexecutive member



#### Professional Background (Main Stages)

Since 1994 Partner at Lenz & Staehelin

#### Other Important Activities and Vested Interests

Vice-Chairman of the Board of Directors, Brink's International Holdings AG, Zug, Switzerland  
 Vice-Chairman of the Board of Directors, Fibi Bank (Switzerland) Ltd., Zurich, Switzerland  
 Member of the Board of Directors, MAN Truck & Bus AG, Otelfingen, Switzerland  
 Member of the Board of Directors, Kar-Tess Holding, Luxembourg  
 Member of the Board of Directors, The A.G. Leventis Foundation, Liechtenstein

### Nick Huber

Member of the Board of Directors  
 Businessman,  
 Stanford Executive Program,  
 Stanford University  
 Swiss citizen, 1964  
 Nonexecutive member



#### Professional Background (Main Stages)

1990–1995 Account Manager, IBM (Schweiz) AG  
 1995–2005 Divisional Head, SFS Unimarket AG  
 Since 2005 Member of the Executive Management of SFS Services AG, Heerbrugg, Switzerland

#### Other Important Activities and Vested Interests

Chairman of the Board of Directors, COLTENE Holding AG, Altstätten, Switzerland  
 Member of the Board of Directors, Huwa Finanz- und Beteiligungs AG, Heerbrugg, Switzerland

### Urs Kaufmann

Member of the Board of Directors  
 Dipl. Ing. ETH Zurich  
 Senior Executive Program IMD  
 Swiss citizen, 1962  
 Nonexecutive member



#### Professional Background (Main Stages)

1987–1993 Production and Sales Manager with Zellweger Uster AG, Uster and USA  
 1994–1997 Managing Director of Henry Berchtold AG, Zell ZH, subsidiary of Huber+Suhner AG  
 1997–2000 Division Manager and Member of the Executive Management Team at Huber+Suhner AG  
 2001–2002 Member of Group Management Huber+Suhner AG  
 Since 2002 CEO, Huber+Suhner AG  
 Since 2014 Delegate of the Board, Huber+Suhner AG

#### Other Important Activities and Vested Interests

Member of the Board of Directors, Müller Martini Holding AG, Hergiswil, Switzerland  
 Member of the Board of Directors, SFS Holding AG, Heerbrugg, Switzerland  
 Member of the Executive Committee SWISSMEM

**Peter Pauli**

Member of the Board of Directors  
 Mechanical Engineer,  
 Postgraduate Studies in Industrial  
 Engineering  
 Advanced Management Program INSEAD  
 Swiss citizen, 1960  
 Nonexecutive member

**Professional Background (Main Stages)**

1985–1995	Various functions inc. Member of Executive Board, Transelastic AG, Wallbach, Switzerland (Siegling Group)
1995–2000	Head of Executive Board, Siegling (Switzerland)
2000–2002	Head Sales and Marketing, Siegling GmbH, Hannover, Germany
Since 2002	CEO, Member and Delegate of the Board of Directors, Meyer Burger Technology AG

**Other Important Activities and Vested Interests**

Since 2011	Member and Delegate of the Board of Directors of Meyer Burger Technology AG
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**Members of the Board of Directors**

Name	Born	Position in BoD	First election to BoD
Peter Leupp	1951	Chairman	23.4.2010
Stefan Breitenstein	1957	Member	10.4.2014
Nick Huber	1964	Member	15.6.1995
Urs Kaufmann	1962	Member	12.4.2006
Peter Pauli	1960	Member	23.4.2012

**3.4 Election and Term of Office**

All members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the Annual General Meeting of Shareholders (AGM) for a term of office of one year (i.e., until the following Annual General Meeting).

Members may be re-elected. There is no statutory limit to the maximum period of office for members of the Board of Directors. But the period of office is limited to the AGM following the completion of the age of 72.

**3.5 Internal Organization****3.5.1 Allocation of Tasks Within the Board of Directors**

The Board of Directors acts as a joint body. Decisions are taken on the basis of the majority of the votes submitted.

The Chairman of the Board organizes and leads the work of the Board of Directors. In cooperation with the CEO, he makes sure that the other members of the Board receive the necessary information for their decision-making as well as the supervisory functions. He is the formal representative of the Group to the outside world. He may be assisted by one or two additional members defined by the Board.

**3.5.2 Membership of the Board's Committees, their Duties and Responsibilities**

The Board has formed two permanent committees:

**Audit and Corporate Governance Committee**

Chairman: Stefan Breitenstein  
 Members: Nick Huber, Urs Kaufmann, Peter Leupp, Peter Pauli

The Audit and Corporate Governance Committee consists of nonexecutive members of the Board of Directors. It assists the Board of Directors in its supervisory financial duties and checks the effectiveness, performance, and compensation of the external auditors. The Audit and Corporate Governance Committee also oversees the financial reporting processes within the Group.

**Compensation Committee**

Chairman: Nick Huber  
 Members: Stefan Breitenstein, Urs Kaufmann, Peter Leupp, Peter Pauli

The Compensation Committee prepares all relevant decisions of the Board of Directors with respect to the remuneration of members of the Board of Directors and the Group management and submits the

respective proposals and recommendations to the Board of Directors. It defines the guidelines for the selection and election of potential new members of the Board of Directors as well as the function of the Group's CEO. The committee approves appointments to the Group Management made by the CEO; the remuneration system for the Group, in particular with respect to employee share option plans and success-based remuneration plans; and the general principles of the Group's human resource policy.

To consult and execute specific and short-term projects or issues, special ad hoc committees can be nominated.

### **3.5.3 Working Methods of the Board of Directors and its Committees**

The Board of Directors meets annually for at least four ordinary meetings, generally one in each quarter. In 2015, the Board of Directors met seven times. All meetings were held in person.

The Audit and Corporate Governance Committee met three times in person in 2015.

The Compensation Committee also met twice in person in 2015.

Meetings are summoned in writing by the Chairman. An invitation, along with a detailed agenda and documentation, is sent to all participants at least five days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer and the Chief Financial Officer attend meetings of the Board of Directors and the Committees. In order to ensure that the Board has sufficient information to make decisions, other members of staff or third parties may also be invited to attend.

The Board meets quorum if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone or other suitable electronic media

if all participants are in agreement. The Board's decisions are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals are sent to all members, and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question within an agreed period of time.

Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting.

### **3.6 Definition of Areas of Responsibility**

The Board of Directors' main duties are the following:

- To formulate the general Group policy and the industrial concept behind the Group as a whole; to decide on any acquisition, sale, foundation, or liquidation of subsidiaries; and to approve of investment decisions exceeding CHF 500 000
- To define the Group's organizational structure and its organizing regulations
- To define the Group's financing strategy; decide on collective means of financing; to determine accounting, financial control and financial planning; and to approve the financial statements
- To appoint and dismiss Group Management and people entrusted with representation functions.

Apart from this, management is generally delegated to the CEO.

### **3.7 Information and Control Instruments vis-à-vis Group Management**

As a rule, Group Management updates the Board of Directors and especially the Audit Committee on operations and the Group's financial position every month. In addition, the CEO and CFO report back on business and all matters of relevance to the

Group at each Board meeting. Every member of the Board of Directors also has the right to ask any member of Group Management for information about matters within his remit, even outside meetings. The Chairman of the Board of Directors is also informed by the Chief Executive Officer about all business and issues of a fundamental nature or of special importance.

## 4. Group Management

On December 31, 2015, Gurit Holding AG's Group Management consisted of the CEO and the CFO as well as four other members of the Executive Committee. The personal details together with the other activities and vested interests of the individual members of the Executive Committee are listed below:

## Gurit Executive Committee

### Rudolf Hadom

Chief Executive Officer  
lic. oec. HSG  
Swiss citizen, 1963



#### Professional Background (Main Stages)

1989–2000 Management and Executive positions with GM in Europe  
2000–2002 CEO, Krone GmbH, Berlin, CFO Krone Group  
2002–2004 CFO, Ascom Group, Berne  
2004–2007 CEO, Ascom Group, Berne  
Since 1.11.2007 CEO, Gurit

#### Other Important Activities and Vested Interests

Member of the Board of Directors of Looser Holding AG, Arbon

### Angelo Quabba

Chief Financial Officer  
Degree in Business Administration,  
Zurich School of Economics and  
Business Administration  
Swiss and Italian citizen, 1965



#### Professional Background (Main Stages)

1999–2007 Chief Financial Officer (Customer Business Centre), Honeywell Analytics AG  
2007–2014 Chief Financial Officer, SR Technics Group  
2014–2015 Executive Vice President Finance, Bruker BioSpin  
Since 1.6.2015 CFO, Gurit

### Damian Bannister

Chief Technology Officer  
Bachelor of Science, PhD  
British citizen, 1970



#### Professional Background (Main Stages)

1996 Joined former SP Systems, Technical Support  
2000 Wind Energy Sales Project Engineer, SP Systems  
2002 Technical Manager Wind Energy, SP Systems  
2004 Development and Processing Manager, SP Systems  
2005 Head of Technology, SP Systems  
Since 2006 Chief Technology Officer, Gurit

**Stefan Gautschi**

General Manager  
Gurit Composite Materials  
MBA University of Little Rock at Arkansas;  
BA Business Administration HWV, Zurich  
Swiss citizen, 1968

**Professional Background (Main Stages)**

1995–2000	Functions in Finance and Marketing, Georg Fischer Piping Systems, Schaffhausen
1997–1998	CFO/Controller, Georg Fischer Sloane Inc., Little Rock, AR, USA
2001–2003	General Manager, Georg Fischer Piping Systems Shanghai Ltd, Shanghai, China
2004–2009	CFO/CIO, Georg Fischer Piping Systems, Schaffhausen
2009–2011	VP Operations, Georg Fischer Piping Systems, Schaffhausen
2011–2012	VP Global Business Unit Utility, Georg Fischer Piping Systems, Schaffhausen
Since 1.2.2013	General Manager Gurit Composite Materials

**Other Important Activities and Vested Interests**

Member of the Board of Swiss Plastics Association  
Member of the Board of the Swiss Employers' Union  
(Schweizerischer Arbeitgeberverband)

**Hannes Haueis**

Head of Group Human Resources  
Degree in Electrical Engineering  
Austrian citizen, 1962

**Professional Background (Main Stages)**

1997–2004	Head of Global Training & Development, Unaxis AG
2004–2009	VP Human Resources/Corporate People Development, OC Oerlikon
2009–2012	VP Human Resources/Learning & Development, SR Technics AG
2012–2014	VP Human Resources, Kaba Holding AG/Division ADS EMEA/AP
Since 1.10.2014	Head of Group Human Resources, Gurit

**4.3 Management Contracts**

No agreements pertaining to the provision of managerial services exist between Gurit Holding AG and other companies or natural persons outside the Gurit Holding Group.

**Laurent Michaux**

General Manager Gurit Composite Components  
MBA Sciences PO, Paris  
Master in Mechanical Engineering,  
Arts et Métiers Engineering School, Paris  
French citizen, 1961

**Professional Background (Main Stages)**

2000–2003	General Manager France/UK, SAS Automotive Systems
2003–2012	Various functions incl. Interior Systems Sales, Marketing & Business Development Vice President, Faurecia
2007–2015	Board Member, SAS Automotive
2012–2015	Vice President Group Customer Strategy, Faurecia
Since 1.5.2015	General Manager Gurit Composite Components

## 5. Compensation, Shareholdings, and Loans

The information on compensation, shareholdings and loans regarding members of the Board of Directors and Group Management are presented in a Remuneration Report as a separate chapter of this Annual Report on pages 32 to 41.

## 6. Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Incorporation of Gurit Holding AG.

### 6.1 Voting Right Restrictions and Representation

The Articles of Incorporation contain no restrictions on voting rights. Every registered or bearer share represented at the General Meeting is entitled to one vote. A shareholder may be represented at the General Meeting only by a legally recognized proxy, another shareholder attending the General Meeting or by the independent proxy holder.

### 6.2 Statutory Quorums

Unless otherwise determined by law or the Articles of Association, a General Meeting convened in accordance with the Articles of Association meets quorum regardless of the number of shareholders attending or the number of votes represented. To be valid, resolutions require an absolute majority of the votes submitted. In the event of a tie, the Chairman, who is always entitled to vote, makes the casting vote.

Important decisions of the General Meeting, as defined in article 704 paragraph 1 of the Swiss Code of Obligations, require at least two-thirds of the votes present and the absolute majority of the shares represented to pass.

### 6.3 Convocation of the General Meeting

The ordinary General Meeting takes place annually within six months of the end of the Company's fiscal year. Extraordinary General Meetings can be called by decision of the General Meeting, by the Board of Directors, at the request of the auditors or in the case that shareholders representing at least a tenth of the Company capital submit a request in writing, stating their purpose, to the Board of Directors. The convocation is announced once in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) and published in newspapers. Registered shareholders are also informed in writing.

### 6.4 Agenda

The Articles of Incorporation contain no regulations relating to agendas that differ from those set forth by the law. Accordingly, shareholders representing shares of a par value of CHF 1 million may request items to be included in the agenda.

### 6.5 Entries in the Share Register

The names and addresses of owners and beneficiaries of registered shares are entered in the share register. Shareholders and/or beneficiaries of registered shares are entitled to vote if they are already entered in the share register at the time when invitations are sent out to the General Meeting.

## 7. Changes of Control and Defense Measures

### 7.1 Public Purchase Offers

The threshold at which a shareholder is obliged to make an offer for all Gurit Holding AG's stock in accordance with article 32 paragraph 1 of the Swiss Law on Stock Exchanges and Securities Trading (Bundesgesetz über die Börsen und den Effektenhandel), of March 24, 1995, version of May 1, 2013, has been raised to 49% of the total votes.

### 7.2 Clauses on Changes of Control

Gurit Holding AG has no agreements containing clauses of this type.

## 8. Auditors

### 8.1 Duration of Mandate and Lead Auditor's Term of Office

If its predecessors are included, PricewaterhouseCoopers AG, Zurich, has been Gurit Holding's statutory auditors since 1984 and Group auditors since 1994. Patrick Balkanyi has been the lead auditor since 2014.

### 8.2 Auditing Fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as auditor amounted to CHF 349 614.

### 8.3 Additional Fees

Fees for additional services supplied by the auditors during the year under review amounted to CHF 127 564. These fees consist of CHF 71 416 for tax advisory, and CHF 56 148 for other services. There were no transaction fees in 2015. The additional fees represent 36% of the auditing fees disclosed under 8.2.

### 8.4 Supervisors and Control Instruments Pertaining to the Auditors

The supervision and verification of the external audit is exercised by the Audit and Corporate Governance

Committee. The Audit and Corporate Governance Committee, together with Group Management, evaluates the performance of the auditors and recommends the independent external auditor to the Board of Directors for election by the General Assembly. The Audit and Corporate Governance Committee approves the audit plans and meets at least once a year with the auditors. The auditors prepare a report for the Audit and Corporate Governance Committee regarding the findings of the audit, the financial statement and the internal control. In collaboration with Group Management the independence of the auditors is evaluated annually. In particular and for this purpose, the worldwide fees of the audit are presented; discrepancies with the estimated costs are analyzed and explained. In the year under review, the auditors attended all of the three meetings of the Audit and Corporate Governance Committee.

## 9. Information Policy

Gurit Holding provides its shareholders with information in the form of the Annual Report and a Half-Year Report. Important events are published immediately through press releases and/or letters to shareholders.

## 10. Internet

Shareholders and other interested parties can also obtain information about the Group on the Internet at [www.gurit.com](http://www.gurit.com).

Email alerts: The latest financial information from Gurit Holding can be received via email alert; sign-up is available at <http://www.gurit.com/register-for-news-alerts.aspx>.

## 11. Ad Hoc Publicity

Gurit Holding AG maintains regular contact with the financial world in general and with important investors. At the same time, it abides by the legally prescribed principle of treating all parties equally as regards communication. Relevant new facts are published openly and are available to all interested parties.

## Contact Address

Gurit Services AG  
Tanja Moehler  
Head of Marketing & Corp. Communications  
Thurgauerstrasse 54  
CH-8050 Zurich  
Phone +41 (0)44 316 1555  
Email: [tanja.moehler@gurit.com](mailto:tanja.moehler@gurit.com)

## Important Dates

The most important dates for publications this year and next are below:

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April 14, 2016

**Annual General Meeting**  
**Press release on Q1 sales**

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End of January 2017

**Press release on FY 2016 sales**

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August 25, 2016

**Half-Year Report 2016**  
**Analyst/Media conference call**

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March 2017

**Presentation full-year results 2016**  
**Analyst/Media conference**  
**Publication of Annual Report**

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October 21, 2016

**Press release on Q3 sales**

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April 2017

**Annual General Meeting**

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The key dates are regularly updated at <http://investors.gurit.com/default.aspx>



# Remuneration Report

This report describes the philosophy, policy and practices as well as the governance and architectural framework of the compensation system for all employees and the members of the Board of Directors of Gurit. The report discloses the information regarding variable, performance-based compensation as well as fixed, performance-independent compensation, including the equity participation schemes of the members of the Executive Committee and the members of the Board of Directors.

## 1. Remuneration Philosophy

Gurit's compensation system is designed to align the interests of the Board of Directors, the Executive Committee, additional key managers and all other employees across the whole Group with the long-term goals of the Company and the interests of the shareholders. Gurit is a globally active industrial group operating in a competitive marketplace. The compensation system is therefore intended to enhance Gurit's ability to recruit and retain a talented and performing workforce. The system also seeks to motivate Gurit employees on all levels to adopt an entrepreneurial stance; to strive for above-market-average performance, accountability and value creation; and to reward individuals according to pre-defined targets and objectives.

Gurit maintains a compensation system in accordance with the employment practices relevant in the various countries in which the Company operates. In the context of Gurit's compensation system, the total compensation for an individual employee generally reflects the requested qualifications, the scope and complexity of a person's role, Group internal as well as external relativities, national legal requirements and employment conditions in the relevant countries, the overall business performance, and the person's individual performance.

Gurit is convinced that a well-balanced compensation system, which includes elements of performance-independent compensation as well as performance-related compensation, supports a sustainable business, employee loyalty and entrepreneurship.

## 2. Remuneration Reporting Standards

Unless otherwise indicated, all information disclosed in this report refers to the fiscal year ending on December 31, 2015. This report follows article 13 of the Ordinance against Excessive Compensation in Stock

Exchange Listed Companies and the Swiss Code of Best Practice for Corporate Governance published by *economiesuisse*. It also complies with chapter 5.1 of the Appendix to SIX Swiss Exchange's Guidelines Concerning Information on Corporate Governance and the Swiss Code of Obligations. In addition, the compensation system is coherent with Gurit's Code of Conduct, which establishes comprehensive guidance of business principles applicable throughout the Group. The Code of Conduct is available online at <http://www.gurit.com/code-of-conduct.aspx>.

## 3. Remuneration Governance

### Responsibilities of the Annual General Meeting of Shareholders

The Annual General Meeting approves all compensation paid to the members of the Board of Directors as a group prospectively for the period from the date of the ordinary Annual General Meeting until the next ordinary Annual General Meeting.

It furthermore approves the maximum fixed compensation paid to the members of the Executive Committee for the period from July 1 following the date of the ordinary Annual General Meeting to June 30 the year after, as well as the maximum variable compensation paid to the same employees for the period from January 1 to December 31 of the year in which the Annual General Meeting takes place.

### Responsibilities of the Board of Directors

The Board of Directors is ultimately responsible for the compensation system and the formulation of the proposals to the Annual General Meeting regarding compensation.

### Responsibilities of the Compensation Committee

The Compensation Committee is responsible for the design and maintenance of the compensation systems for members of the Board of Directors, the Executive Committee and all other Gurit employees.

The Compensation Committee proposes the fixed compensation (in cash, benefits and shares) for members of the Board of Directors, the CEO and the other members of the Executive Committee to the Board of Directors and the Annual General Meeting of Shareholders.

The Compensation Committee reviews the allocation of shares to Gurit employees under the Share Participation Plan for Management.

The Compensation Committee furthermore reviews the Executive Committee's proposals regarding Group- or Business-Unit-related performance objectives for the Group-wide bonus plan. It also reviews the resulting bonus payments within the limits approved by the Annual General Meeting of Shareholders, based on target achievement ratios calculated by the CFO.

The Committee reserves itself the right to propose amendments to the Group or Business Unit performance targets and the required achievement levels to take major changes in the economic environment into consideration.

Furthermore, the Articles of Association define additional responsibilities of the Compensation Committee.

### Responsibilities of the CEO

The CEO proposes the compensation for members of the Executive Committee to the Compensation Committee.

### Responsibilities of the Executive Committee

The Business Unit managers and the CEO approve the objectives of the Performance Incentive Schemes for production and sales employees and the evaluation of the achievement of these objectives.

Furthermore, the CEO, CFO and Head of Group Human Resources propose the Group or Business Unit performance-related objectives for the Performance Incentive Scheme for other employees to the Compensation Committee.

To ensure market-comparable remuneration, Gurit benchmarks the Board and the Executive Management compensation with 14 comparable Swiss-based industry companies from the SPI (Swiss Performance Index). This involves the following

## Overview Compensation Governance

Recipient	Compensation system design	Approval of bonus plan objectives	Compensation proposal	Approval of compensation proposal
Production employees	CC	BU Mgr & CEO	Line managers*	Site managers* Line managers superior (plus CC for shares)*
Sales employees	CC	BU Mgr & CEO**	Line managers*	Line managers superior (plus CC for shares)*
Management and other employees	CC	CC**	Line managers*	Line managers superior (plus CC for shares)*
Members of the Executive Committee	CC	CC	CEO	CC & AGM
CEO	CC	CC	CC	AGM
BoD members	CC	n.a.	CC	AGM

\* Within limits of the budget approved by the Executive Committee and the Board of Directors.

\*\* Plus line managers for individual bonus targets (see description of Performance Incentive Scheme).

CC = Compensation Committee

companies: Ascom, Burkhardt Compression, Feintool, Interroll, AFG, Belimo AG, Bossard AG, CPH AG, Hügli AG, Komax Gruppe, Phoenix Mecano AG, Meyer Burger Technology AG, Looser Holding AG and Schweiter Technologies AG.

In addition, the Company collaborates with an international consultancy firm, which supports Gurit in benchmarking the Company's compensation system and salary levels in comparison to industry standards relative to the respective countries, regions and skill levels. This collaboration aims to increase transparency, to ensure appropriateness of senior management compensation and to further improve the Company's career development paths.

The remuneration governance can be summarized as shown in the table "Overview Compensation Governance".

## 4. Remuneration Policy and Key Elements

As a general rule, the total compensation for all Gurit employees consists of a fixed, performance-independent salary component and a variable, performance-related bonus element. These two elements together form the target market salary for a given position.

### 4.1 Fixed Salary Components

The fixed, performance-independent compensation elements of Gurit's compensation system include the following:

- Fixed cash compensation (base salary)
- Pension plans and social security according to applicable jurisdiction
- Certain fringe benefits such as car and parking allowances for certain employees
- A performance-independent, share-based compensation for the members of the Board of Directors. These shares are subject to a blocking period of three years from the date of the grant during which the members of the Board of Di-

rectors cannot sell the shares and are considered at the value of the shares at the date they are granted

- In 2014, the fixed compensation also included a performance-independent, share-based compensation for the members of the Executive Committee and the next level of management according to the rules of the Share Participation Plan for Management (SPPM). As of 2015, all share-based compensation under this plan is part of the variable salary component.

The fixed cash compensation is reviewed annually, taking into account inflation and the situation of the employment markets in the countries where the respective employees are employed, as well as individual performance and changes in responsibilities.

### 4.2 Variable, Performance-Related Salary Components

The variable, performance-related compensation elements of Gurit's compensation system include the following:

- Performance-related cash payments as defined by Gurit's Performance Incentive Scheme
- Gurit's Share Participation Plan for Management (SPPM) (In 2014, it was performance-independent and part of the fixed salary components.)
- In exceptional cases: limited individual bonuses for special achievements (not for the CEO or members of the Executive Committee)

## 5. Cash-Based Performance Incentive Schemes

Gurit's Cash-based Performance Incentive Scheme defines performance-related payments and covers all Gurit employees. It is essentially made up of the following three distinct elements:

### 5.1 Performance Incentive Scheme for Production Employees

As defined by the Performance Incentive Scheme for Production Employees, the cash bonus of production staff can range from 0% to 5% of a person's fixed salary at target goal achievement. If the target is outperformed, it can reach a maximum limit of 8%. The objectives for this bonus are defined at site level by the site management and approved by the respective Business Unit manager and the CEO. The key performance indicators (KPI's) include objectives for health and safety, quality, productivity and individual attendance. The achievement of these objectives is discussed with all operations employees four times per year, or in certain cases monthly, and the bonus is generally paid on a quarterly basis, reflecting the need for operational flexibility. The bonus payments are calculated by the local site management and approved by the respective Business Unit manager and the CEO.

### 5.2 Performance Incentive Scheme for Sales Employees

As defined by the Performance Incentive Scheme for Sales Employees, the cash bonus of sales employees can range up to 50% of a person's fixed salary of which three quarters are linked to the achievement or overachievement of the sales budget and one quarter to the achievement of individual, more qualitative objectives. The sales targets are defined in the context of the Group's budgeting process and are approved in their entirety as part of the Group's budget by the Executive Committee and

the Board of Directors. The individual targets are set and evaluated by the line manager of the respective sales employee. No bonus is paid if the sales targets or the individual targets are not achieved.

### 5.3 Performance Incentive Scheme for Other Employees

As defined by the Performance Incentive Scheme for other employees, the cash bonus for all other employees consists of a general performance element related to the relevant Business Unit, Sub-Unit or the total Group plus an individual performance element.

The total bonus achievable for an employee under this scheme may vary between a maximum of 8% and a maximum of 100% of the respective fixed salary, depending on the employee's level of responsibility:

- CEO: up to 100% of the base salary
- Executive Committee members: up to 50% of the base salary
- Managers or senior staff members: up to 15% or 30% of the base salary, depending on the management level
- Other employees: up to 8% of the base salary.

#### 5.3.1 Business Unit, Sub-Unit, and Group General Performance Bonus Component

The Business Unit, Sub-Unit, and Group general performance bonus component is annually calculated considering the following three KPI's: 1) Net sales, 2) Operating profit excluding one-off income

## Summary Bonus Components

Recipient	Group performance component	Business Unit or Sub-Unit performance component	Total general performance bonus component	Individual bonus component	Total maximum bonus
CEO	80%	–	80%	20%	100%
Business Unit/Sub-Unit Manager	50%	30%	80%	20%	100%
CFO & Corporate Functions	60%	–	60%	40%	100%
Business Unit Functions	30%	30%	60%	40%	100%

and expenses and 3) Net working capital per Business Unit/Sub-Unit or Group.

Each indicator defines 33.3% of the general performance bonus component. The respective minimum objective levels, target levels and cap levels are proposed by the CEO, CFO and Head of Group Human Resources and approved by the Compensation Committee.

At the end of the fiscal year, the Business Unit, Sub-Unit, and Group general performance bonus achievements are calculated by the CFO and approved by the Compensation Committee. Bonus payment starts with the achievement of the minimum objective level, rises linearly to a 66.7% payout of the maximum bonus at achievement of the target level and then rises again linearly to full maximum payout at achievement of the cap level. During the year under review, the minimum objective levels were in general between 9% and 29% below the target levels, and the cap levels exceeded the target levels in general by between 9% and 29%. No bonus is paid if the minimum objective level has not been achieved.

The general performance bonus component based on Business Unit, Sub-Unit, and Group performance may vary from 60% to 80% of the total maximum bonus (CEO), as summarized in the table "Summary Bonus Components".

The level of the Business Unit, Sub-Unit or Group bonus element has no impact on the level of achievement of the individual bonus.

### 5.3.2 Individual Bonus Component

The fulfillment levels of the individual and/or factory-related objectives and targets are assessed on a yearly basis by the line manager of each person, based on objectives and targets defined in the first quarter of each business year. The individual bonus element represents 20% to 40% of the total maximum bonus as shown in the table on the bottom of this page.

Bonuses under the Performance Incentive Scheme for other employees are paid out after publication of the annual results.

### 5.3.3 Limited Individual Bonus for Special Achievements

In exceptional cases some limited, individual bonuses for special achievements may be granted. Upon proposal by the respective line manager, the CEO together with the CFO and the Head of Group Human Resources may approve the granting of such special bonuses. Such limited, individual bonuses may not be granted to the CEO and the other members of the Executive Committee.

## 6. Share-Based Compensation for Select Categories of Management

The Group's Share Participation Plan for Management (SPPM) aims at providing to the Executive Committee and the next level of management a part of their performance-related compensation in form of Gurit bearer shares to build their long-term commitment to Gurit and to align their interests with the interests of Gurit shareholders. The share-based compensation amount of the various management levels is determined every year by the Compensation Committee and not part of the employment contract of the employees. The shares granted under this plan are blocked for a period of three years, during which the employee cannot sell the shares and are considered at the value of the shares at the date they are granted.

In 2014, the shares granted under this plan formed part of the fixed salary component, as the amount of shares granted did not relate to the achievement of any performance criteria.

Since 2015, shares granted under this plan form part of the variable compensation, as the amount of shares granted has become subject to the achievement of the following performance criteria: market

environment, strategy deployment, prospective cash flow development and financial results relative to competition.

The level to which these criteria are achieved is assessed at the end of the year by the Compensation Committee. Depending on the level of achievement, the number of shares granted varies between 50% and 150% of the target number of shares fixed for each level of management as follows:

- CEO: 300 shares
- Executive Committee members: 50 shares
- Managers or senior staff members: between 15 and 50 shares, depending on the management level.

## 7. Compensation for Members of the Executive Committee and the Board of Directors

### 7.1 CEO

The fixed, performance-independent compensation for the CEO (base salary) is based on what the Compensation Committee assesses as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Compensation Committee's members' experience. In 2014, it included an element of fixed cash compensation and an element of fixed share-based compensation. Since 2015, the share-based compensation forms part of the variable compensation.

The CEO benefits from a supplementary pension scheme of which half of the premiums are financed by him. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The CEO is entitled to performance-related cash compensation according to the Performance Incentive Scheme described above. He is entitled to a

performance-related cash bonus payment of a maximum of 100% of his base salary. 20% of the performance-related bonus depends on the achievement of individual targets set by the Compensation Committee. The remaining 80% depends on the achievement of the general Group bonus component.

As outlined in paragraph 6, share entitlement for the CEO was changed from a fixed salary component to a variable salary component. Since 2015, the CEO has been entitled to receive shares as part of the Group's Share Participation Plan for Management (SPPM) instead of entitlement to receive shares as part of the Gurit Holding AG share program. The amount of shares granted will vary between 150 and 450 shares per annum. The total variable compensation (shares and cash bonus) has been reduced and must not exceed 100% of the CEO's total fixed compensation.

### 7.2 Other Members of the Executive Committee

The fixed, performance-independent compensation for the other members of the Executive Committee (base salary) is based on the market and employment conditions in the relevant country as gathered from various sources; it also reflects the individual qualifications and requirements needed for the specific position.

A supplementary pension scheme exists for certain members of the Executive Committee according to the practices of the countries in which the person is employed. Half of the premiums are financed by the members themselves. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

In 2014, as part of their fixed, performance-independent compensation, the other members of the Executive Committee were also entitled to shares granted according to the Group's Share Participation Plan for Management (SPPM) described above.

Since 2015, the granting of such shares has been subject to certain performance criteria described under paragraph 6 above and is considered part of the variable compensation. The amount of shares granted varies between 25 and 75 shares per annum.

The other members of the Executive Committee are furthermore entitled to a performance-related cash compensation based on the Performance Incentive Scheme described above. As such, they are entitled to a performance-related cash bonus of a maximum of 50% of their base salary. 20% to 40% of their bonus depends on the achievement of individual targets set by the CEO and which are approved by the Compensation Committee. The remaining 60% to 80% depend on the achievement of the Business Unit and Group bonus components. The total variable compensation for other members of the Executive Committee (shares and cash bonus) must not exceed 100% of their base salaries.

### 7.3 Members of the Board of Directors

The fixed, performance-independent compensation for the members of the Board of Directors is based on what has been assessed by the Compensation Committee as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales and complexity based on the Compensation Committee members' experience. It includes an element of fixed cash compensation and an element of fixed share-based compensation.

The members of the Board of Directors are not subject to any performance-based incentive scheme.

## 8. Management Compensation 2015/2014

The following tables show the compensation for the Board of Directors and the Executive Committee in 2014 and 2015. Other fixed compensation includes pension contributions and social benefits relating to the fixed compensation. Variable com-

penetration contains the accrued variable compensation and related accrued social benefits for the years 2014 and 2015, which have been or will be paid out in 2014 and 2015, respectively.

In 2015, the performance-related compensation for the members of the Executive Committee varied from 40% to 94% (2014: 20% to 43%) of the individual fixed compensation. Had the share-based compensation already been considered as variable compensation in 2014, the performance-related compensation would have varied from 29% to 72% in prior year.

The total amount paid to Management (Board of Directors and Executive Committee) increased in 2015 compared with 2014 mainly due to the increase of the Executive Committee by an annual average of 1.4 members and due to the higher performance-related compensation for the members of the Executive Committee.

Gurit did not pay any exit remuneration to anyone leaving office during the year under review. The former CFO of the group received his normal salary during one month for his continued employment services after his resignation from the Executive Committee. Apart from this, there was no remuneration paid to former members of governing bodies during the year under review. There were no transactions with current or former members of the Board of Directors or the Executive Committee (or parties closely linked to them) at conditions that were not at arm's length. No loans, securities, advances, or credits were granted to members of the Board of Directors or the members of the Executive Committee (or parties closely linked to them). There are no options issued on Gurit bearer shares on December 31, 2015, in the context of a participation program.

In CHF 1000

2015

	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation
<b>Board of Directors</b>						
Peter Leupp (Chairman)	250	22	–			272
Stefan Breitenstein (member)	80	11	12			103
Nick Huber (member)	80	11	12			103
Urs Kaufmann (member)	80	11	12			103
Peter Pauli (member)	80	11	12			103
<b>Total Board of Directors</b>	<b>570</b>	<b>66</b>	<b>48</b>	<b>–</b>	<b>–</b>	<b>684</b>
<b>Executive Committee</b>						
Rudolf Hadorn (CEO)	630	–	118	524	180	1 452
Other members*	1 292	–	253	442	151	2 138
<b>Total Executive Committee</b>	<b>1 922</b>	<b>–</b>	<b>371</b>	<b>966</b>	<b>331</b>	<b>3 590</b>
<b>Total Management compensation</b>	<b>2 492</b>	<b>66</b>	<b>419</b>	<b>966</b>	<b>331</b>	<b>4 274</b>

In CHF 1000

2014

	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation
<b>Board of Directors</b>						
Peter Leupp (Chairman)	250	24	–	–	–	274
Stefan Breitenstein (member since April 10, 2014)	53	8	8			69
Robert Heberlein (member until April 10, 2014)	27	4	3			34
Nick Huber (member)	80	12	12	–	–	104
Urs Kaufmann (member)	80	12	12	–	–	104
Peter Pauli (member)	80	12	12	–	–	104
<b>Total Board of Directors</b>	<b>570</b>	<b>72</b>	<b>47</b>	<b>–</b>	<b>–</b>	<b>689</b>
<b>Executive Committee</b>						
Rudolf Hadorn (CEO)	630	146	146	388	–	1 310
Other members*	872	73	191	297	–	1 433
<b>Total Executive Committee</b>	<b>1 502</b>	<b>219</b>	<b>337</b>	<b>685</b>	<b>–</b>	<b>2 743</b>
<b>Total Management compensation</b>	<b>2 072</b>	<b>291</b>	<b>384</b>	<b>685</b>	<b>–</b>	<b>3 432</b>

\* The annual average number of other executive committee members in 2015 is 4.7 (2014 3.3)

## 9. Management Compensation Compared to Amounts Approved by the Annual General Meeting

The below table provides a comparison of the actual compensation amounts in the reporting year to the respective amounts approved by the Annual General Meeting.

In CHF 1000	Period	Approved maximum compensation	Actual compensation
Fixed compensation Board of Directors	April 10, 2015– April 9, 2016	720	684
Fixed compensation Executive Committee*	July 1, 2014– June 30, 2015	2 362	2 003
Variable compensation Executive Committee	January 1, 2015– December 31, 2015	1 900	1 297

\* The approved fixed compensation amount for the Executive Committee of CHF 2 100 000 has been adjusted as follows: 1) reduction of CHF 247 000 for share-based compensation, which newly forms part of the variable compensation, 2) increase of CHF 509 000 for services from members of the Executive Committee, who have been appointed after the Annual General Meeting 2014 (in line with article 25 of the Articles of Association of the Company).

## Report of the statutory auditor to the General Meeting on the remuneration report 2015

We have audited “8. Management compensation 2015/2014” included in the accompanying remuneration report of Gurit Holding AG for the year ended 31 December 2015.

### Board of Directors’ responsibility

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

### Auditor’s responsibility

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

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

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

### Opinion

In our opinion, the remuneration report of Gurit Holding AG for the year ended December 31, 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Patrick Balkanyi  
Audit expert  
Auditor in charge



Cüneyt Budakoglu  
Audit expert

Zürich, March 4, 2016



# Financial Report

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## Consolidated Income Statement

In CHF 1000	Note	Year ended December 31, 2015	Year ended December 31, 2014
Net sales	4	359 411	335 799
Other operating income	5	146	375
Change in inventories of finished and unfinished goods		2 754	6 567
Material expense		-176 115	-176 227
Personnel expense	6	-83 783	-89 879
Other operating expenses	7	-59 854	-52 955
Impairment charges	19	-581	-452
Impairment reversals	19	-	415
Depreciation	19	-8 280	-8 504
Amortization	20	-719	-980
Operating profit		32 979	14 159
Finance expense	8	-3 188	-2 948
Finance income	9	1 885	1 964
Ordinary result		31 676	13 175
Non-operating result	10	-	2 051
Profit before tax		31 676	15 226
Income tax expense	11	-9 102	-4 120
<b>Profit for the year</b>		<b>22 574</b>	<b>11 106</b>
<b>Earnings per share</b>	12		
Basic earnings per bearer share		CHF 48.24	CHF 23.74
Diluted earnings per bearer share		CHF 48.24	CHF 23.74
Basic earnings per registered share		CHF 9.65	CHF 4.75
Diluted earnings per registered share		CHF 9.65	CHF 4.75

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Balance Sheet

In CHF 1000	Note	At December 31, 2015	At December 31, 2014
<b>Assets</b>			
Cash and cash equivalents		29 831	29 011
Derivative financial instruments	14	198	54
Trade receivables	15	65 186	67 764
Other receivables	16	10 133	9 410
Prepayments and accrued income	17	9 899	10 099
Inventories	18	51 214	54 798
<b>Current assets</b>		<b>166 461</b>	<b>171 136</b>
Other receivables	16	317	421
Deferred income tax assets	23	3 110	2 370
Property, plant and equipment	19	75 401	73 768
Intangible assets	20	5 937	5 666
<b>Non-current assets</b>		<b>84 765</b>	<b>82 225</b>
<b>Total assets</b>		<b>251 226</b>	<b>253 361</b>
<b>Liabilities and equity</b>			
Borrowings	21	9 459	23 768
Derivative financial instruments	14	1 770	353
Trade payables		24 954	24 429
Other payables		4 702	7 720
Accrued liabilities and deferred income	22	23 981	19 015
Provisions	24	1 606	2 086
<b>Current liabilities</b>		<b>66 472</b>	<b>77 371</b>
Borrowings	21	–	1 000
Derivative financial instruments	14	–	584
Deferred income tax liabilities	23	3 454	247
Provisions	24	1 825	800
<b>Non-current liabilities</b>		<b>5 279</b>	<b>2 631</b>
<b>Total liabilities</b>		<b>71 751</b>	<b>80 002</b>
Share capital		23 400	23 400
Capital reserve		18 216	22 194
Treasury shares		–49	–50
Hedging reserve		–1 317	–513
Currency translation adjustments		–32 453	–20 366
Offset goodwill		–26 690	–26 690
Retained earnings		198 368	175 384
<b>Total equity</b>	25	<b>179 475</b>	<b>173 359</b>
<b>Total liabilities and equity</b>		<b>251 226</b>	<b>253 361</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Cash Flow Statement

In CHF 1000	Note	Year ended December 31, 2015	Year ended December 31, 2014
Profit for the year		22 574	11 106
Adjustments for:			
Impairment, net of reversals	19	581	37
Depreciation and amortization	19, 20	8 999	9 484
Finance income and expense, net	8, 9	1 303	984
Income tax expense	11	9 102	4 120
Net losses/(gains) from disposal of fixed assets	5, 7, 10	240	-1 934
Losses from disposal of intangible assets	7	68	-
Other non-cash items		365	-53
Working capital changes (excluding the effects of acquisitions and disposals of subsidiaries):			
Change in trade receivables		-1 140	-105
Change in inventories		288	-14 224
Change in other receivables and prepayments and accrued income		-2 786	4 916
Change in trade and other payables and accrued liabilities and deferred income		3 395	3 650
Change in provisions		666	-1 823
Cash generated from operations		43 655	16 158
Finance cost, net paid		-651	-1 221
Income tax paid		-5 797	-7 319
<b>Net cash flow from operating activities</b>		<b>37 207</b>	<b>7 618</b>
Purchase of property, plant and equipment	19	-15 355	-8 255
Proceeds from sale of property, plant and equipment		37	2 391
Purchase of intangible assets	20	-1 341	-963
Loan repayments received		232	204
<b>Net cash flow from investing activities</b>		<b>-16 427</b>	<b>-6 623</b>
(Repayments of)/proceeds from current borrowings		-14 415	7 332
Distribution to shareholders	13	-3 977	-3 510
Purchase of treasury shares		-191	-469
<b>Net cash flow from financing activities</b>		<b>-18 583</b>	<b>3 353</b>
<b>Net change in cash and cash equivalents</b>		<b>2 197</b>	<b>4 348</b>
Cash and cash equivalents at the beginning of the year		29 011	23 101
Net change in cash and cash equivalents		2 197	4 348
Exchange (losses)/gains on cash		-1 377	1 562
<b>Cash and cash equivalents at the end of the year</b>		<b>29 831</b>	<b>29 011</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

In CHF 1000	Share capital	Capital reserve
<b>Balance at January 1, 2014</b>	<b>23 400</b>	<b>25 704</b>
Profit for the year	-	-
Changes in hedging reserve	-	-
Currency translation adjustments	-	-
Total income and expense for the year	-	-
Distribution to shareholders (note 13)	-	-3 510
Usage of treasury shares for share-based compensation	-	-
Share-based compensation	-	-
Purchase of treasury shares	-	-
Total transactions with shareholders	-	-3 510
<b>Balance at December 31, 2014</b>	<b>23 400</b>	<b>22 194</b>
Profit for the year	-	-
Changes in hedging reserve	-	-
Currency translation adjustments	-	-
Total income and expense for the year	-	-
Distribution to shareholders (note 13)	-	-3 978
Usage of treasury shares for share-based compensation	-	-
Share-based compensation	-	-
Purchase of treasury shares	-	-
Total transactions with shareholders	-	-3 978
<b>Balance at December 31, 2015</b>	<b>23 400</b>	<b>18 216</b>

The accompanying notes form an integral part of these consolidated financial statements.

Treasury shares	Hedging reserve	Currency translation adjustments	Offset goodwill	Retained earnings	Total equity
<b>-37</b>	<b>253</b>	<b>-29 674</b>	<b>-26 690</b>	<b>164 310</b>	<b>157 266</b>
-	-	-	-	11 106	11 106
-	-766	-	-	-	-766
-	-	9 308	-	-	9 308
-	-766	9 308	-	11 106	19 648
-	-	-	-	-	-3 510
455	-	-	-	-455	-
-	-	-	-	423	423
-468	-	-	-	-	-468
-13	-	-	-	-32	-3 555
<b>-50</b>	<b>-513</b>	<b>-20 366</b>	<b>-26 690</b>	<b>175 384</b>	<b>173 359</b>
-	-	-	-	22 574	22 574
-	-804	-	-	-	-804
-	-	-12 087	-	-	-12 087
-	-804	-12 087	-	22 574	9 683
-	-	-	-	1	-3 977
192	-	-	-	-192	-
-	-	-	-	601	601
-191	-	-	-	-	-191
1	-	-	-	410	-3 567
<b>-49</b>	<b>-1 317</b>	<b>-32 453</b>	<b>-26 690</b>	<b>198 368</b>	<b>179 475</b>

## Notes to the Consolidated Financial Statements

### 1. General information

Gurit Holding AG, incorporated in Wattwil, Switzerland (“the Company”), and its subsidiaries (together “the Group”) are specialized in the development and manufacture of advanced composite materials, related technologies, and selected finished parts and components. The comprehensive product range comprises fiber-reinforced prepregs, structural core products (man-made materials and balsa wood), gel coats, adhesives, resins, and consumables.

The bearer shares of Gurit Holding AG are listed on SIX Swiss Exchange; the registered shares are mostly in firm hands and are not listed.

These consolidated financial statements were signed off by the Board of Directors on March 4, 2016, for publication. The Annual General Meeting of Shareholders, scheduled for April 14, 2016, will vote on these consolidated financial statements.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of Gurit Holding AG have been prepared in accordance with the complete set of Swiss GAAP FER. They comply with the complementary recommendation for listed companies (Swiss GAAP FER 31) and are in conformity with the Swiss law and the requirements of the SIX Swiss Exchange. The Group has adopted Swiss GAAP FER 31 with effect of January 1, 2015. The new rules had no impact on the consolidated balance sheet, income statement, and cash flow statement of the Group. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of securities (including derivative financial instruments) at fair value through profit or loss. All financial information included in the consolidated financial statements and notes to the consolidated financial statements are presented in Swiss francs and rounded to the nearest thousand, unless otherwise stated.

#### 2.2 Consolidation

##### 2.2.1 Changes in the scope of consolidation

No changes in scope of consolidation occurred in 2015.

In 2014, the Group merged its wholly owned subsidiaries Gurit (Ittigen) AG, in Switzerland, Heberlein & Co. AG, in Switzerland, and High Modulus International, in New Zealand, into other Group companies. In addition, the Group liquidated its wholly owned subsidiaries High Modulus Europe, in the United Kingdom, and Gurit (Newport) Ltd., in the United Kingdom, during 2014.

##### 2.2.2 Subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The net assets taken over in an acquisition are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the newly valued net assets taken over is designated as goodwill. At the date of the acquisition, the acquired goodwill is offset with equity. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is also offset in equity. Subsequent adjustments to any contingent purchase consideration are recorded as an adjustment to the acquisition's cost and to goodwill. Adjustments to the fair values of the acquired net assets are recorded in the income statement in subsequent periods.

Intercompany transactions, balances, and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **2.3 Foreign currency translation**

### **2.3.1 Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Company's functional and the Group's presentation currency.

### **2.3.2 Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

### **2.3.3 Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. For purposes of the disclosure of the effects of a theoretical capitalization, goodwill is treated as an asset of Gurit Holding AG and is carried in the Company's functional currency.

The principal exchange rates versus the Swiss franc were as follows:

	December 31, 2015	Ø 2015	December 31, 2014	Ø 2014
1 USD	0.9927	0.9624	0.9895	0.9152
1 EUR	1.0826	1.0681	1.2028	1.2146
1 GBP	1.4694	1.4708	1.5370	1.5068
1 CAD	0.7157	0.7535	0.8510	0.8287
1 CNY	0.1530	0.1545	0.1610	0.1489

## 2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates, and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

## 2.5 Employee benefits

### 2.5.1 Pension obligations

The obligations of all Group companies in respect of retirement, death, and disability are based on local rules and regulations in the respective countries. The obligation in respect of the pension plans of all Group companies is with the pension institution and not with the Group companies.

### 2.5.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal termination date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value. Provisions for termination benefits are recorded in the consolidated balance sheet within "provisions".

### 2.5.3 Share-based compensation

The Group operates different equity-settled share-based compensation schemes, under which the entity receives services from directors and from employees for equity instruments of the Company. The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

### 2.6 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

### 2.7 Distributions to shareholders

Distributions to the Company's shareholders are recognized as a liability in the Group's financial statements in the period in which the distributions are approved by the Company's shareholders.

### 2.8 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of variability in cash flow for a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 14. Movements on the “hedging reserve” in shareholders’ equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

#### 2.8.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

#### 2.8.2 Derivates accounted for at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognized immediately in the income statement.

### 2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less.

### 2.10 Trade receivables

Trade receivables are valued at par value less impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Furthermore, the Group records a general provision on long overdue, not insured or otherwise secured receivables, that are not covered by specific provisions, as follows: 30% on all balances overdue more than 90 days and 60% on all balances overdue more than 180 days. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within “other operating expenses”. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “other operating expenses” in the income statement.

## 2.11 Inventories

Inventories are stated at the lower of average cost price or manufacturing cost and net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (based on normal operating capacity). It excludes borrowing costs. Early payment discounts are treated as a deduction of the purchase price. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.12 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Plant and equipment: 4–15 years
- Buildings: 40–50 years
- Other tangible assets: 4–10 years

Any property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other operating income" or within "other operating expenses" in the income statement.

## 2.13 Intangible assets

Intangible assets contain patents, land use rights, software, and other intangible assets. They are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which for patents, software, and other intangible assets normally do not exceed five years, but can extend to twelve years in exceptional cases. Land use rights are amortized over 50 years, which represents the period of the use rights.

Internally generated intangible assets are not recognized as assets.

## 2.14 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.15 Borrowings

Borrowings are recognized initially normally at par value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

## 2.16 Leases

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

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

## 2.17 Trade payables and other payables

Trade payables and other payables are recognized at par value.

## 2.18 Provisions

Provisions for warranties, restructuring costs, legal cases, and others are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

## 2.19 Equity

### 2.19.1 Ordinary shares

Ordinary registered and bearer shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.19.2 Treasury shares

Where any Group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

### 2.19.3 Goodwill offset in equity

Goodwill represents the excess of the cost of an acquisition over the Group's share of the newly valued net assets taken over. At the date of the acquisition, the acquired goodwill is offset with equity.

For purposes of the disclosure of the effects of a theoretical capitalization, acquired goodwill is amortized over five years and carried at cost less accumulated amortization and impairment losses. Impairment losses on goodwill are not reversed.

In case of a disposal, acquired goodwill offset with equity at an earlier date is considered at original cost to determine the profit or loss recognized in the income statement.

### 2.20 Government grants

Government grants are recognized when there is reasonable assurance that the entity will comply with the conditions related to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan and the proceeds received.

Grants related to income are recognized over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in the income statement will depend on the fulfillment of any conditions or obligations attached to the grant.

Government grants related to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. The income statement will be affected by a reduced depreciation charge over the useful life of the related asset.

## 3. Risk management

Risk management forms an integral part of the Group's conduct of business and is therefore an important part of each manager's and employee's daily business responsibility. Risk management is carried out by the Executive Committee (EC) and the Business Units' management, under the supervision of the Board of Directors.

A formal risk management review and subsequently an update of the risk profiles are done by the Business Units and the EC. The EC ensures that appropriate measures are taken to mitigate the risks. The Board of Directors is informed in the Board of Directors' meetings of the Group's risk profile and the mitigating action plans. If the Group is exposed to major new risks, the Chief Executive Officer or his deputy will inform the chairman of the Board of Directors immediately after he became aware of the risk in line with the delegation of authority and the standing orders of the Board of Directors with the Chief Executive Officer.

### 3.1 Risk assessment

Risks are categorized and prioritized by the Business Units' management and the EC. The risks are categorized into the following three categories:

- (a) Strategy execution risks: risks which endanger the going concern of the Company and/or the implementation of the Group's strategy
- (b) Operational risks: risks related to inadequate business processes, human resources, and systems. Such risks are normally of a short- and medium-term nature.

- (c) Financial risks: although all risks can ultimately be reduced to a financial impact, this category includes short- or long-term financial risks, which are not or only in a limited way linked to operational processes or the strategy implementation.

The different risks are assessed and prioritized according to their financial impact and their likelihood.

### **3.2 Strategy execution and operational risks**

Strategy execution risks are captured and assessed annually during the strategy workshops. Operational risks are closely linked to the manufacturing and procurement processes. They are reviewed and assessed as part of the operational reviews of the Business Units as well as by the EC reviews.

### **3.3 Financial risk management**

Due to the global activities of Gurit, the Group is exposed to certain financial risks such as currency risks, interest rate risks, credit risks as well as liquidity risks. The EC defines the principles for the financial risk management. Rules exist for the management of liquid and financial assets. The respective legal entities manage their financial risks according to the defined risk policies with the aim of minimizing the above-mentioned risks. If appropriate, derivative financial instruments are used to hedge certain risk positions.

#### **3.3.1 Currency risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the euro, the GB pound, the Canadian dollar, and the Chinese yuan (Renminbi). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge significant foreign exchange risk exposures in accordance with this policy. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use natural hedges (e.g., purchasing raw materials in the currency, in which the related sales are invoiced, and the utilization of loans and deposits denominated in the foreign currency of future commercial transactions and recognized assets and liabilities) and forward contracts, transacted in cooperation with Group Treasury.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the translation of the net assets of the Group's foreign operations is not hedged.

#### **3.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings issued at variable interest rates. The potential effect on the Group's profit arising from this risk is assessed to be not significant.

### 3.3.3 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set by Management based on internal or external ratings. The utilization of credit limits is regularly monitored.

### 3.3.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed and uncommitted credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term cash forecasts on a monthly basis and performs annual cash forecasts once a year.

At the reporting date, the Group analyzed liquidity as follows:

In CHF 1000	2015	2014
Cash and cash equivalents	29 831	29 011
Undrawn available committed credit lines	26 412	23 532
<b>Total liquidity reserves and available credit lines</b>	<b>56 243</b>	<b>52 543</b>

### 3.3.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distribution payments to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using the ratios and calculations as shown below:

In CHF 1000	2015	2014
Debt	9 459	24 768
EBITDA	42 559	25 731
<b>Debt / EBITDA ratio</b>	<b>0.2</b>	<b>1.0</b>
Assets	251 226	253 361
Equity	179 475	173 359
<b>Equity ratio</b>	<b>71.4%</b>	<b>68.4%</b>

#### 4. Segment information

In CHF 1000	2015	2014
<b>Net sales by segments</b>		
Composite Materials	273 979	256 741
Composite Components	26 398	32 259
Tooling	59 034	46 799
<b>Total net sales</b>	<b>359 411</b>	<b>335 799</b>

Gurit disclaims the disclosure of segment financial operating results as such disclosure would bear the risk of significant competitive disadvantages. The target markets in which most Business Units, especially Tooling and Composite Components, operate are relatively confined market niches and the product offering of these two units is relatively homogeneous. Most of the main direct competitors in the markets in which those segments operate are either not stock exchange-listed or do not disclose the relevant comparable segment information. As a result, disclosure of the performance of these segments would lead to significant competitive disadvantages.

In CHF 1000	2015	2014
<b>Net sales by regions of destination</b>		
Europe	140 518	139 685
Asia	125 053	80 047
Americas	65 673	87 266
Rest of the world	28 167	28 801
<b>Total net sales</b>	<b>359 411</b>	<b>335 799</b>

#### 5. Other operating income

In CHF 1000	2015	2014
Gains from disposals of fixed assets	7	60
Other income	139	315
<b>Total other operating income</b>	<b>146</b>	<b>375</b>

## 6. Personnel expense

In CHF 1000	2015	2014
Salaries and wages	68 397	72 607
Pension expense	3 313	3 771
Social security expense	8 907	8 460
Other personnel expenses	3 166	5 041
<b>Total personnel expense</b>	<b>83 783</b>	<b>89 879</b>

The pension expense is summarized as follows:

### Economical benefit/obligation and pension expenses

In CHF 1000	Economical share of the Group			Change to prior year	Contributions accrued	Pension benefit expenses within personnel expense	
	Surplus/deficit	Dec. 31, 2015	Dec. 31, 2015			Dec. 31, 2014	2015
Patronage funds/pension institutions	-	-	-	-	-	-	-
Pension institutions without surplus/deficit	-	-	-	-	-	3 313	3 771
Pension institutions with surplus	-	-	-	-	-	-	-
Pension institutions with deficit	-	-	-	-	-	-	-
Pension institutions without own assets	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 313</b>	<b>3 771</b>

During 2015 and 2014, the Group did not have any employer contribution reserves.

## 7. Other operating expenses

In CHF 1000	2015	2014
Utilities, maintenance, and rent expense	18 470	16 847
Losses from disposals of fixed assets	247	177
Losses from disposals of intangibles	68	-
Restructuring costs	958	81
Other expenses	347	120
Change in provision for impairment of trade receivables (note 15)	-1 325	-311
Other operating expenses	41 089	36 041
<b>Total other operating expenses</b>	<b>59 854</b>	<b>52 955</b>

## 8. Finance expense

In CHF 1000	2015	2014
Interest expense	568	1 059
Exchange rate losses	2 276	1 597
Other finance expenses	344	292
<b>Total finance expense</b>	<b>3 188</b>	<b>2 948</b>

In CHF 1000	2015				
	EUR	CHF	USD	Other	Total
Exchange rate gains and losses per currency					
Net gains per currency (note 9)	458	38	669	463	1 628
Net losses per currency	-611	-429	-914	-322	-2 276
<b>Total</b>	<b>-153</b>	<b>-391</b>	<b>-245</b>	<b>141</b>	<b>-648</b>

### Whereof:

Gains per currency and balance sheet position	1 434	180	4 972	921	7 507
Losses per currency and balance sheet position	-1 587	-571	-5 217	-780	-8 155

In CHF 1000	2014				
	EUR	GBP	USD	Other	Total
Exchange rate gains and losses per currency					
Net gains per currency (note 9)	144	-	1 025	604	1 773
Net losses per currency	-776	-72	-485	-264	-1 597
<b>Total</b>	<b>-632</b>	<b>-72</b>	<b>540</b>	<b>340</b>	<b>176</b>

### Whereof:

Gains per currency and balance sheet position	1 079	168	3 642	787	5 676
Losses per currency and balance sheet position	-1 711	-240	-3 102	-447	-5 500

**9. Finance income**

In CHF 1000	2015	2014
Interest income	257	191
Exchange rate gains (note 8)	1 628	1 773
<b>Total finance income</b>	<b>1 885</b>	<b>1 964</b>

**10. Non-operating result**

The non-operating gain of CHF 2 051 000 in 2014 relates to a sale of operationally not needed land lots in Switzerland.

**11. Income tax expense**

In CHF 1000	2015	2014
Deferred income tax expense/(credit) (note 23)	2 439	-1 677
Current income tax expense	6 663	5 797
<b>Total income tax expense</b>	<b>9 102</b>	<b>4 120</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average tax rate applicable to profits of the consolidated entities, as follows:

In CHF 1000	2015	2014
Profit before tax	31 676	15 226
Tax expense at the average tax rate of 22.9% (2014: 21.7%)	7 251	3 304
Utilization of previously unrecognized tax losses	-2 710	-496
Tax losses for which no deferred income tax asset was recognized	1 973	1 387
Not recoverable withholding taxes on Group-internal dividends	2 572	-
Recognition of previously unrecognized tax assets from temporary differences	-1 040	-
Derecognition of previously recognized tax assets/(liabilities)	952	-778
Expenses not deductible for tax purposes	-	702
Adjustment in respect of prior years	311	336
Effect of tax concessions	-284	-293
Others	77	-42
<b>Income tax expense recognized in profit or loss</b>	<b>9 102</b>	<b>4 120</b>

## 12. Earnings per share

Basic and diluted earnings per share are calculated on the basis of the profit for the year and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares. The calculation takes into account the different par values of the bearer and registered shares. The Company does not have any categories of potentially dilutive ordinary shares.

	2015	2014
<b>Profit for the year (in CHF 1000):</b>	<b>22 574</b>	<b>11 106</b>
<b>Weighted average number of shares in issue during the year:</b>		
Bearer shares	419 954	419 870
Registered shares	239 795	239 795
<b>Basic and also diluted earnings per share (in CHF):</b>		
Bearer shares (par value of CHF 50)	48.24	23.74
Registered shares (par value of CHF 10)	9.65	4.75

## 13. Distribution to shareholders

The distribution to shareholders in 2015 out of reserves from capital contributions amounted to CHF 3 978 000 (CHF 1.70 per registered share and CHF 8.50 per bearer share). In 2014, a distribution out of reserves from capital contributions in the amount of CHF 3 510 000 (CHF 1.50 per registered share and CHF 7.50 per bearer share) was paid to the shareholders. A distribution out of reserves from capital contributions of CHF 15.00 per registered share and CHF 3.00 per bearer share, amounting to a total distribution of CHF 7 020 000, is to be proposed at the Annual General Meeting on April 14, 2016. These financial statements do not reflect this distribution payable.

## 14. Derivative financial instruments

In CHF 1000	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges, categorized as derivatives used for hedging	–	–1 653	–	–836
Cash flow hedges, categorized as derivatives at fair value through profit and loss	198	–117	54	–101
<b>Total derivative financial instruments</b>	<b>198</b>	<b>–1 770</b>	<b>54</b>	<b>–937</b>
Whereof:				
Current portion	198	–1 770	54	–353
Non-current portion	–	–	–	–584

All of the Group's cash flow hedges relate to foreign exchange instruments. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates until 2016.

## 15. Trade receivables

In CHF 1000	2015	2014
Trade receivables	66 076	70 276
Less: provision for impairment	-890	-2 512
<b>Trade receivables – net</b>	<b>65 186</b>	<b>67 764</b>

In CHF 1000	2015	2014
<b>Aging of trade receivables</b>		
Not due	54 281	49 190
Overdue 1–15 days	7 169	7 736
Overdue 16–30 days	1 355	3 416
Overdue more than 30 days	3 271	9 934
<b>Total trade receivables</b>	<b>66 076</b>	<b>70 276</b>
Less: provision for impairment	-890	-2 512
<b>Total trade receivables – net</b>	<b>65 186</b>	<b>67 764</b>

In CHF 1000	2015	2014
<b>Movements on the provision for impairment</b>		
Balance at January 1	2 512	2 278
Provision for receivables impairment	192	689
Receivables written off as uncollectible	-209	-263
Unused amounts reversed	-1 517	-378
Exchange differences	-88	186
<b>Balance at December 31</b>	<b>890</b>	<b>2 512</b>

In CHF 1000	2015	2014
<b>Trade receivables by currency</b>		
US dollar	21 390	25 301
GB pound	5 602	9 773
Euro	15 908	13 755
Chinese yuan (Renminbi)	21 447	18 151
Others	839	784
<b>Total trade receivables – net</b>	<b>65 186</b>	<b>67 764</b>

## 16. Other receivables

In CHF 1000	2015	2014
Other receivables	9 922	9 081
Loans	528	750
<b>Total other receivables</b>	<b>10 450</b>	<b>9 831</b>
Whereof:		
Current portion	10 133	9 410
Non-current portion	317	421

## 17. Prepayments and accrued income

In CHF 1000	2015	2014
Current income tax assets	923	2 352
Prepaid expenses	4 520	3 869
Accrued income	4 456	3 878
<b>Total prepayments and accrued income</b>	<b>9 899</b>	<b>10 099</b>

## 18. Inventories

In CHF 1000	2015	2014
Raw materials	22 839	26 636
Work in progress	6 090	5 937
Semi-finished goods	6 872	9 122
Finished goods	19 137	17 236
<b>Total inventories</b>	<b>54 938</b>	<b>58 931</b>
Less: inventory provision	-3 724	-4 133
<b>Total inventories – net</b>	<b>51 214</b>	<b>54 798</b>

## 19. Property, plant and equipment

In CHF 1000	Plant and equipment	Real estate	Equipment under construction	Other tangible assets	Total property, plant and equipment
<b>Cost</b>					
Balance at January 1, 2014	125 530	46 009	3 333	1 732	176 604
Additions	2 636	376	4 971	272	8 255
Disposals	-2 786	-141	-	-55	-2 982
Reclassifications	4 617	487	-5 104	-	-
Exchange differences	5 652	2 524	130	88	8 394
Balance at December 31, 2014	135 649	49 255	3 330	2 037	190 271
Additions	6 562	175	8 430	188	15 355
Disposals	-11 451	-62	-19	-45	-11 577
Reclassifications	6 769	287	-7 135	79	-
Exchange differences	-9 884	-2 668	-286	-112	-12 950
<b>Balance at December 31, 2015</b>	<b>127 645</b>	<b>46 987</b>	<b>4 320</b>	<b>2 147</b>	<b>181 099</b>
<b>Accumulated depreciation</b>					
Balance at January 1, 2014	89 891	15 097	-	1 357	106 345
Depreciation charges	7 156	1 166	-	182	8 504
Impairment charges	452	-	-	-	452
Impairment reversals	-415	-	-	-	-415
Disposals	-2 478	-1	-	-46	-2 525
Exchange differences	3 582	495	-	65	4 142
Balance at December 31, 2014	98 188	16 757	-	1 558	116 503
Depreciation charges	6 911	1 155	-	214	8 280
Impairment charges	581	-	-	-	581
Disposals	-11 223	-32	-	-45	-11 300
Reclassifications	39	-	-	-39	-
Exchange differences	-7 341	-920	-	-105	-8 366
<b>Balance at December 31, 2015</b>	<b>87 155</b>	<b>16 960</b>	<b>-</b>	<b>1 583</b>	<b>105 698</b>
<b>Net book values</b>					
Balance at January 1, 2014	35 639	30 912	3 333	375	70 259
Balance at December 31, 2014	37 461	32 498	3 330	479	73 768
<b>Balance at December 31, 2015</b>	<b>40 490</b>	<b>30 027</b>	<b>4 320</b>	<b>564</b>	<b>75 401</b>

## 20. Intangible assets

In CHF 1000	Patents and trademarks	Land use rights	Software and other intangibles	Total intangible assets
<b>Cost</b>				
Balance at January 1, 2014	3 625	3 089	5 009	11 723
Additions	229	–	734	963
Disposals	–	–	–4	–4
Exchange differences	148	324	185	657
Balance at December 31, 2014	4 002	3 413	5 924	13 339
Additions	326	–	1 015	1 341
Disposals	–63	–	–226	–289
Exchange differences	–300	–170	–372	–842
<b>Balance at December 31, 2015</b>	<b>3 965</b>	<b>3 243</b>	<b>6 341</b>	<b>13 549</b>
<b>Accumulated amortization</b>				
Balance at January 1, 2014	2 129	256	4 066	6 451
Amortization charge	298	64	618	980
Disposals	–	–	–4	–4
Exchange differences	81	32	133	246
Balance at December 31, 2014	2 508	352	4 813	7 673
Amortization charge	244	67	408	719
Disposals	–28	–	–193	–221
Exchange differences	–234	–18	–307	–559
<b>Balance at December 31, 2015</b>	<b>2 490</b>	<b>401</b>	<b>4 721</b>	<b>7 612</b>
<b>Net book values</b>				
Balance at January 1, 2014	1 496	2 833	943	5 272
Balance at December 31, 2014	1 494	3 061	1 111	5 666
<b>Balance at December 31, 2015</b>	<b>1 475</b>	<b>2 842</b>	<b>1 620</b>	<b>5 937</b>

## 21. Borrowings

In CHF 1000	2015	2014
<b>Current</b>		
Bank overdrafts	2	4 939
Bank loans	9 457	18 807
Other loans	-	22
<b>Total current borrowings</b>	<b>9 459</b>	<b>23 768</b>
<b>Non-current</b>		
Bank loans	-	1 000
<b>Total non-current borrowings</b>	<b>-</b>	<b>1 000</b>
<b>Total borrowings</b>	<b>9 459</b>	<b>24 768</b>

Bank loans bear average interest rates of 1.2% annually (2014: 2.3%). Bank overdrafts bear average interest rates of 2.3% annually (2014: 2.4%).

In 2014 and 2015, there were no secured bank borrowings included in total borrowings.

Borrowings become due as follows:

In CHF 1000	2015	2014
3 months or less	4 498	14 890
4–12 months	4 961	8 878
1–5 years	-	1 000
<b>Total borrowings</b>	<b>9 459</b>	<b>24 768</b>

The carrying amounts of the Group's borrowings are denominated in the following currencies:

In CHF 1000	2015	2014
<b>Currency</b>		
Swiss franc	3 500	8 066
Canadian dollar	-	2 425
Euro	551	4 391
US dollar	5 408	9 886
<b>Total borrowings</b>	<b>9 459</b>	<b>24 768</b>

## 22. Accrued liabilities and deferred income

In CHF 1000	2015	2014
Current income tax liabilities	1 586	1 960
Advance payments from customers	4 970	3 347
Accruals	17 425	13 708
<b>Total accrued liabilities and deferred income</b>	<b>23 981</b>	<b>19 015</b>

## 23. Deferred income tax

In CHF 1000	2015	2014
Deferred income tax assets	3 110	2 370
Deferred income tax (liabilities)	-3 454	-247
<b>Deferred income tax (liabilities) / assets, net</b>	<b>-344</b>	<b>2 123</b>

The movement on the deferred income tax account is as follows:

In CHF 1000	2015	2014
Balance at January 1	2 123	118
Deferred income tax (expense)/credit (note 11)	-2 439	1 677
Tax effect recorded in equity	218	286
Exchange differences	-246	42
<b>Balance at December 31</b>	<b>-344</b>	<b>2 123</b>

Deferred income tax assets and liabilities arise from temporary differences between the tax bases and their carrying amounts in the Group's financial statements in the following balance sheet items:

In CHF 1000	2015		2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	8	44	364	54
Other receivables	–	647	339	–
Inventories	398	114	424	406
Property, plant and equipment	1 495	43	302	143
Intangible assets	280	–	373	–
Accrual for withholding tax on foreseen intra-Group dividend	–	2 555	–	–
Provisions	293	57	219	63
Other liabilities	682	40	301	–
Deferred income taxes from losses carried forward	–	–	467	–
Offset of deferred income tax assets and liabilities	–46	–46	–419	–419
<b>Total</b>	<b>3 110</b>	<b>3 454</b>	<b>2 370</b>	<b>247</b>

The Group did not recognize deferred income tax assets of CHF 7 936 000 (2014: CHF 9 389 000) in respect of unused tax losses amounting to CHF 33 909 000 (2014: CHF 34 164 000). These tax losses expire as shown in the table below:

In CHF 1000	2015	2014
0–3 years	3 521	3 940
4–6 years	6 015	11 670
Over 6 years	10 162	8 399
No expiry	14 211	10 155
<b>Total unrecognized tax losses</b>	<b>33 909</b>	<b>34 164</b>

## 24. Provisions

In CHF 1000	Warranty	Restructuring	Other	Total provisions
Balance at January 1, 2014	3 831	–	306	4 137
Utilized during the year	–5 391	–	–139	–5 530
Additions	3 662	–	496	4 158
Unused amounts reversed	–46	–	–55	–101
Exchange differences	223	–	–1	222
Balance at December 31, 2014	2 279	–	607	2 886
Utilized during the year	–1 121	–	–17	–1 138
Additions	891	191	884	1 966
Unused amounts reversed	–	–	–180	–180
Revaluation	–	–	–	–
Exchange differences	–97	–	–6	–103
<b>Balance at December 31, 2015</b>	<b>1 952</b>	<b>191</b>	<b>1 288</b>	<b>3 431</b>
Whereof at December 31, 2014:				
Current portion	1 489	–	597	2 086
Non-current portion	790	–	10	800
Whereof at December 31, 2015:				
Current portion	867	191	548	1 606
Non-current portion	1 085	–	740	1 825

## 25. Equity

The issued share capital of the Company consists of 420 000 bearer shares (2014: 420 000 shares) with a par value of CHF 50.00 each and 240 000 registered shares (2014: 240 000 shares) with a par value of CHF 10.00 each. All issued shares are fully paid. The Company has no authorized or conditional capital.

At December 31, 2015, “treasury shares” consisted of 31 bearer shares (2014: 31 shares) and 205 registered shares (2014: 205 shares).

The entitlement to dividend payments is based on the par value of the shares, while the voting power is defined by the number of shares.

The Company’s statutory or legal reserves that may not be distributed amounted to CHF 4 730 000 at December 31, 2015 (2014: CHF 4 730 000).

### Goodwill from acquisitions

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

In CHF 1000	Cost	Accumulated amortization	Theoretical net book value
Balance at January 1, 2014	26 690	-21 394	5 296
Amortization charge	-	-3 525	-3 525
Balance at December 31, 2014	26 690	-24 919	1 771
Amortization charge	-	-1 417	-1 417
<b>Balance at December 31, 2015</b>	<b>26 690</b>	<b>-26 336</b>	<b>354</b>

Impact on income statement:

In CHF 1000	2015	2014
Profit for the year according to the consolidated income statement	22 574	11 106
Amortization of goodwill	-1 417	-3 525
<b>Theoretical profit for the year including amortization</b>	<b>21 157</b>	<b>7 581</b>

Impact on balance sheet:

In CHF 1000	2015	2014
Equity according to the balance sheet	179 475	173 359
Theoretical capitalization of goodwill (net book value)	354	1 771
<b>Theoretical equity including net book value of goodwill</b>	<b>179 829</b>	<b>175 130</b>
Equity according to balance sheet	179 475	173 359
Equity as % of total assets	71.4%	68.4%
Theoretical equity including net book value of goodwill	179 829	175 130
Theoretical equity including net book value of goodwill as % of total assets	71.5%	68.6%

## 26. Contingent liabilities

The Group has no significant contingent liabilities.

## 27. Commitments

Capital expenditures for the purchase of property, plant and equipment contracted for at the balance sheet date but not yet incurred amount to CHF 4 249 000 (2014: CHF 3 933 000).

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

In CHF 1000	2015	2014
No later than 1 year	2 495	3 135
Later than 1 year, no later than 5 years	5 231	5 819
Later than 5 years	3 864	5 264
<b>Total commitments</b>	<b>11 590</b>	<b>14 218</b>

## 28. Related party transactions

In CHF 1000	2015	2014
Salaries and other short-term employee benefits	3 366	2 700
Post-employment benefits (including employers' social charges)	511	441
Share-based compensation	397	291
<b>Total Key Management compensation</b>	<b>4 274</b>	<b>3 432</b>

Key Management includes members of the Board of Directors and members of the Executive Committee.

## 29. Subsequent events

No significant events occurred between the balance sheet date and March 4, 2016, the date on which these consolidated financial statements were signed off by the Board of Directors for publication.

### 30. Subsidiaries

Company	Activity
<b>Brazil</b>	
Gurit do Brasil Representações Ltda., Sorocaba	Dormant company
<b>Canada</b>	
Gurit Americas Inc., Magog	Production and sales of composite materials
<b>China</b>	
Cheer Tech Investment, Hong Kong	Holding company
Gurit (Qingdao) Composite Material Co., Ltd., Qingdao	Production and sales of composite materials
Gurit (Tianjin) Composite Material Co., Ltd., Tianjin	Production and sales of composite materials
Gurit Tooling (Taicang) Co., Ltd., Taicang	Production and sales of composite process equipment
<b>Ecuador</b>	
Balsablock Cia. Ltda., Quevedo	Production of balsa wood core panels
Gurit Balsaflex, Cia. Ltda., Quevedo	Production of balsa wood core panels
<b>Germany</b>	
Gurit (Kassel) GmbH, Kassel	Production and sales of composite materials
<b>Hungary</b>	
Gurit (Hungary) Kft, Székesfehérvár	Production of automotive body panels
<b>India</b>	
Gurit (India) Pvt. Ltd., Pune	Sales of composite materials
<b>Italy</b>	
Gurit (Italy) S.R.L., Dusino San Michele	Company in liquidation
<b>New Zealand</b>	
Gurit (Asia Pacific) Ltd., Auckland	Structural engineering, production, and sales of composite materials
<b>Spain</b>	
Gurit Balsa, S.L., Girona	Sales of balsa wood core panels
Gurit (Spain) S.A., Albacete	Production and sales of composite materials
<b>Switzerland</b>	
Gurit Composite Materials AG, Zurich	Trading company for composite materials
Gurit Services AG, Zurich	Management service company
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials
<b>United Kingdom</b>	
Gurit Composite Components Ltd., Newport**	Production and sales of automotive body panels
Gurit Material Systems Ltd., Newport	Holding company
Gurit (UK) Ltd., Newport	Structural engineering, production, and sales of composite materials
SP Group Ltd., Newport	Holding company
SP Holdings, Newport	Holding company
<b>USA</b>	
Gurit (USA) Inc., Bristol	Structural engineering and sales of composite materials

\* Minority interests are ignored due to immateriality.

\*\* Formerly known as Gurit Automotive Ltd., Newport.

Registered capital	Group ownership and voting rights	
	2015	2014
BRL 100 000	100%	100%
CAD 38 626 898	100%	100%
HKD 1	100%	100%
CNY 62 090 245	100%	100%
CNY 128 856 923	100%	100%
CNY 68 559 206	100%	100%
USD 1 000 000	99% *	99% *
USD 1 500 000	99% *	99% *
EUR 100 000	100%	100%
HUF 4 000 000	100%	100%
INR 3 269 080	100%	100%
EUR 10 000	100%	100%
NZD 6 830 085	100%	100%
EUR 1 000 000	100%	100%
EUR 1 552 744	100%	100%
CHF 500 000	100%	100%
CHF 500 000	100%	100%
CHF 500 000	100%	100%
GBP 500 000	100%	100%
GBP 52 011 300	100%	100%
GBP 142 571	100%	100%
GBP 3 333 324	100%	100%
GBP 1 394 554	100%	100%
USD 3 000	100%	100%

## Report of the Statutory Auditor to the General Meeting on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Gurit Holding AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity, and notes (pages 45 to 77), for the year ended December 31, 2015.

### 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, 2015, 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.

PricewaterhouseCoopers AG



Patrick Balkanyi  
Audit expert  
Auditor in charge

Cüneyt Budakoglu  
Audit expert

Zurich, March 4, 2016

## Income Statement

In CHF 1000	Year ended December 31, 2015	Year ended December 31, 2014
Income from investments	13 089	7 770
Finance income	6 440	4 451
Other income	934	837
Release of provision on loans to Group companies	30 234	–
<b>Total income</b>	<b>50 697</b>	<b>13 058</b>
Provision on loans to Group companies	–	–2 000
Finance expense	–6 845	–1 373
Stewardship expense	–6 164	–4 243
Administration expense	–1 249	–1 197
<b>Total expenses</b>	<b>–14 258</b>	<b>–8 813</b>
<b>Ordinary result</b>	<b>36 439</b>	<b>4 245</b>
Gain from disposal of non-operating real estate	–	2 051
<b>Profit before tax</b>	<b>36 439</b>	<b>6 296</b>
Tax expense	–5	–232
<b>Profit for the year</b>	<b>36 434</b>	<b>6 064</b>

## Balance Sheet

In CHF 1000	Note	At December 31, 2015	At December 31, 2014
<b>Assets</b>			
Cash and cash equivalents		1 474	250
Other receivables from third parties		176	176
Other receivables from Group companies		768	2 813
Loans to Group companies		28 397	1 290
<b>Current assets</b>		<b>30 815</b>	<b>4 529</b>
Loans to Group companies		38 749	24 285
Investments	2	105 846	103 273
Treasury shares		–	28
<b>Non-current assets</b>		<b>144 595</b>	<b>127 586</b>
<b>Total assets</b>		<b>175 410</b>	<b>132 115</b>
<b>Liabilities and equity</b>			
Interest-bearing liabilities third parties		3 500	7 000
Interest-bearing liabilities Group companies		4 503	3 789
Other payables due to third parties		165	10
Other payables due to Group companies		2 979	2 564
Accrued expenses		753	978
Provisions		–	463
<b>Current liabilities</b>		<b>11 900</b>	<b>14 804</b>
Interest-bearing liabilities third parties		–	1 000
Interest-bearing liabilities Group companies		15 300	1 127
Provisions		707	87
<b>Non-current liabilities</b>		<b>16 007</b>	<b>2 214</b>
<b>Total liabilities</b>		<b>27 907</b>	<b>17 018</b>
Share capital	3	23 400	23 400
Legal reserves:			
Reserves from capital contributions		18 216	22 194
Other legal reserves		4 680	4 680
Reserves for treasury shares		–	50
Treasury shares	4	–50	–
Retained earnings		101 257	64 773
<b>Total equity</b>		<b>147 503</b>	<b>115 097</b>
<b>Total liabilities and equity</b>		<b>175 410</b>	<b>132 115</b>

## Notes to the Financial Statements

### 1. Accounting Policies

#### 1.1 Basis of preparation

The financial statements of Gurit Holding AG, Wattwil (the 'Company'), have been prepared in accordance with the provisions of Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations).

The changes from the new law on accounting and financial reporting contained in the 32<sup>nd</sup> title of the Swiss Code of Obligations (CO) were adopted on January 1, 2015. In accordance with the revised legislation, treasury shares are no longer classified as an asset in the balance sheet as at December 31, 2015, but are presented as a deduction to equity. Other than that, the introduction of the revised reporting law had no impact on the financial statements of the Company. The prior-year figures have been prepared in accordance with the previously effective provisions on accounting and financial reporting of the CO.

The annual average number of full-time equivalents for 2015 and 2014 did not exceed fifty people.

The Company has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER). In accordance with the CO the Company decided to forgo presenting additional disclosures as well as a cash flow statement and management report.

#### 1.2 Valuation methods and translation of foreign currencies

All financial assets, including investments, are reported at cost less appropriate write-downs. Treasury shares are recognized at cost and deducted from equity at the time of purchase. If the treasury shares are sold, the gain or loss is recognized through the income statement.

Assets and liabilities denominated in foreign currencies are translated into Swiss francs using year-end rates of exchange, except investments, which are translated at historical rates. Transactions during the year which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction dates. Resulting exchange gains and losses are recognized in the income statement with the exception of unrealized gains, which are deferred.

### 2. Investments

All direct and indirect investments of the Company are listed in note 30 to the Gurit Group's consolidated financial statements.

### 3. Share capital

The share capital at December 31 consisted of:

In CHF 1000	2015	2014
240 000 registered shares at CHF 10.00	2 400	2 400
420 000 bearer shares at CHF 50.00	21 000	21 000
<b>Total share capital</b>	<b>23 400</b>	<b>23 400</b>

#### 4. Treasury shares

In number of shares	2015	2014
<b>Registered shares:</b>		
Balance at January 1	205	205
<b>Balance at December 31</b>	<b>205</b>	<b>205</b>
<b>Bearer shares:</b>		
Balance at January 1	31	1
Additions at CHF 423.80 each (2014: CHF 480.80)	450	975
Disposals (used for share-based compensation of Board of Directors)	-150	-150
Disposals (used for share-based compensation of employees)	-300	-795
<b>Balance at December 31</b>	<b>31</b>	<b>31</b>

#### 5. Contingent liabilities

In CHF 1000	2015	2014
Guarantees in favor of banks of subsidiaries, as security for bank loans of these subsidiaries	3 789	4 262
Guarantees in favor of banks of the Group, in respect to credit frame agreements of the Group	38 799	43 437

#### 6. Silent reserves

In CHF 1000	2015	2014
Release of silent reserves	–	2 218

#### 7. Significant shareholders

In percentage of all voting rights (all above 3%)	2015	2014
Huwa Finanz- und Beteiligungs AG, Heerbrugg (registered shares)	33.33%	33.33%
Whale Holding AG, Zug (Martin Bisang, Künsnacht)	5.30%	5.30%
Robert Heberlein, Zumikon	4.59%	4.60%
Credit Suisse Funds	3.57%	0.00%
J. Safra Sarasin Investmentfonds AG, Basel	3.03%	3.11%

## 8. Board and Executive shareholdings

In number of shares 2015

	Bearer shares held at year-end	Bearer shares allocated during the year
<b>Board of Directors</b>		
Peter Leupp (Chairman)	374	50
Stefan Breitenstein (member)	95	25
Nick Huber (member)	355	25
Urs Kaufmann (member)	310	25
Peter Pauli (member)	325	25
<b>Total Board of Directors</b>	<b>1 459</b>	<b>150</b>
<b>Executive Committee</b>		
Rudolf Hadorn (CEO)	2 929	300
Damian Bannister (member)	120	–
Stefan Gautschi (member)	100	–
<b>Total Executive Committee</b>	<b>3 149</b>	<b>300</b>
<b>Total Management participation</b>	<b>4 608</b>	<b>450</b>

In number of shares 2014

	Bearer shares held at year-end	Bearer shares allocated during the year
<b>Board of Directors</b>		
Peter Leupp (Chairman)	250	50
Stefan Breitenstein (member since April 10, 2014)	70	–
Nick Huber (member)	280	25
Urs Kaufmann (member)	285	25
Peter Pauli (member)	300	25
<b>Total Board of Directors</b>	<b>1 185</b>	<b>125</b>
<b>Executive Committee</b>		
Rudolf Hadorn (CEO)	2 401	300
Damian Bannister (member)	150	50
Stefan Gautschi (member)	100	50
Markus Knuesli Amacker (member until May 31, 2015)	200	50
<b>Total Executive Committee</b>	<b>2 851</b>	<b>450</b>
<b>Total Management participation</b>	<b>4 036</b>	<b>575</b>

## Proposal of the Board of Directors for the Appropriation of Available Earnings and Reserves from Capital Contributions

### Appropriation of available earnings as proposed by the Board of Directors

In CHF 1000	2015	2014
Retained earnings carried forward from previous year	64 773	58 722
Net profit for the year	36 434	6 064
Release from/(allocation to) reserves for treasury shares	50	-13
<b>Retained earnings available to the Annual General Meeting</b>	<b>101 257</b>	<b>64 773</b>
<b>To be carried forward</b>	<b>101 257</b>	<b>64 773</b>

### Appropriation of reserves from capital contributions

In CHF 1000	2015	2014
Reserves from capital contributions carried forward from previous year	18 216	22 194
Distribution to shareholders from reserves from capital contributions	-7 020	-3 978
<b>To be carried forward</b>	<b>11 196</b>	<b>18 216</b>

If this proposal is approved by the Annual General Meeting on April 14, 2016, the distributions will be made as follows:

CHF 3.00 per registered share  
 CHF 15.00 per bearer share

The distribution is payable on submission of voucher number 35.

## Report of the Statutory Auditor to the General Meeting on the Financial Statements

As statutory auditor, we have audited the financial statements of Gurit Holding AG, which comprise the balance sheet, income statement, and notes (pages 80 to 84), for the year ended December 31, 2015.

### 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, 2015, 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.

PricewaterhouseCoopers AG



Patrick Balkanyi  
Audit expert  
Auditor in charge

Cüneyt Budakoglu  
Audit expert

Zurich, March 4, 2016

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This Annual Report contains forward-looking statements that include risks and uncertainties regarding the future global developments that cannot be influenced by the Company.

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