

**ANNUAL REPORT**

2015

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The new generation of ComfoAir Q ventilation units is setting a new standard in comfortable indoor ventilation with energy recovery.

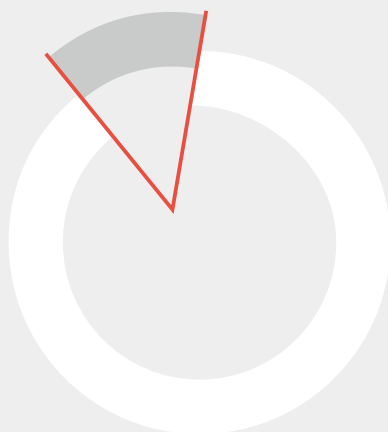
The devices make less noise during operation, consume much less power (energy efficiency class A+), recover more energy and are easier to install and operate.

## Sales by segment

EUR million

67.3 (13%)

China & North America



465.7 (87%)

Europe

## Sales by business area

EUR million



200.4 (38%)

Ventilation

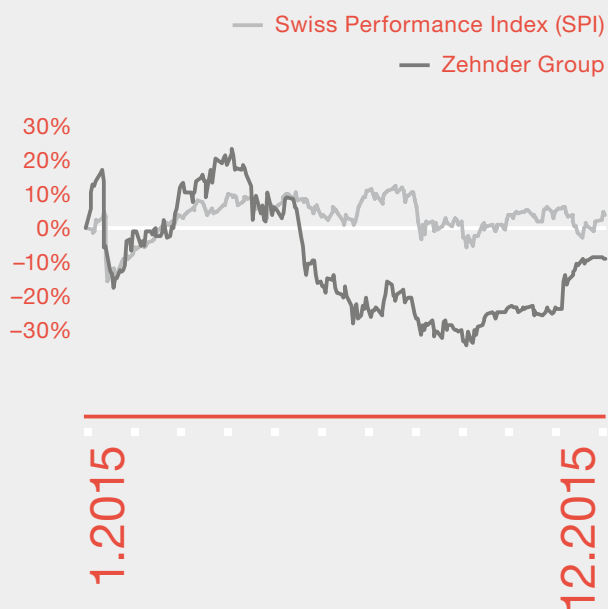


332.5 (62%)

Radiators

# Share price development

1 January to 31 December 2015



## Locations

Worldwide

### Europe

Belgium  
Czech Republic  
Denmark  
Finland  
France  
Germany  
Great Britain  
Italy  
Netherlands  
Norway  
Poland  
Russia  
Sweden  
Switzerland  
Spain  
Turkey

### North America

Canada  
USA

### Asia

China



# Key Figures

		2015	2014	%
Net sales	EUR million	533.0	525.1	1.5
EBIT before restructuring	EUR million	27.0	32.7	-17.2
	% of net sales	5.1	6.2	
EBIT after restructuring	EUR million	5.2	32.7	-83.9
	% of net sales	1.0	6.2	
Net income <sup>1</sup>	EUR million	0.3	26.0	-98.7
	% of net sales	0.1	5.0	
Net income before depreciation & amortization <sup>1</sup>	EUR million	21.6	45.9	-53.0
	% of net sales	4.1	8.7	
Investments in property, plant and equipment & intangible assets	EUR million	-29.4	-25.1	16.8
Depreciation & amortization	EUR million	21.3	19.9	6.9
Total assets	EUR million	435.6	429.7	1.4
Non-current assets	EUR million	209.1	193.1	8.3
Shareholders' equity <sup>1</sup>	EUR million	269.0	281.8	-4.5
	% of total assets	61.8	65.6	
Number of employees	Ø full time equivalents	3,194	3,239	-1.4
Net earnings per registered share A <sup>2</sup>	EUR	0.01	2.19	-99.5
Net earnings per registered share A before depreciation & amortization <sup>2</sup>	EUR	1.83	3.90	-52.9
Shareholders' equity per registered share A <sup>2</sup>	EUR	21.76	22.94	-5.2
<b>Zehnder Group AG</b>				
Share capital	CHF million	0.6	0.6	-
Dividend per registered share A <sup>3</sup>	CHF	-	1.00	-100.0

<sup>1</sup> Including minority interests

<sup>2</sup> Excluding minority interests

<sup>3</sup> For 2015 as proposed by the Board of Directors

# To strengthen our market position, we increased investment in 2015.

## Dear shareholders,

In the financial year 2015 we were faced with two significant challenges: firstly, the considerable weakening of the euro against the Swiss franc and, secondly, declining sales in countries which are particularly important to us.

## The weakened euro

The decision made by the Swiss National Bank on 15 January 2015, to scrap the minimum exchange rate of the euro against the Swiss franc was unexpected and affected the entire Swiss economy. This bombshell also had far-reaching consequences for our company. Although we occupy a strong position in the eurozone, expenses exceeded revenues in Swiss francs. In the Group accounts, which are managed in euros, this triggered a considerable drop in 2015 profits despite the introduction of countermeasures.

As a consequence of the weak euro, we also suffered increased pricing pressures in the Swiss market, which reduced our margins. Additionally, profits fell due to one-off exchange losses on various balance sheet items.

## Weak demand

Depressed market trends in many countries was the second challenge. Contrary to our expectations, demand in our biggest markets dropped, which, when adjusted for currency effects, led to a decline in revenue. Unfortunately, increased revenues in smaller markets did not compensate for this decline.

As is to be expected in recessionary markets, decreases in volume were accompanied by pressure on selling prices, which diminished our margins further.

## Comprehensive package of measures

Both of these huge challenges compelled us to take rapid and far-reaching action. The main objective was, and remains, to increase profits, while keeping investment in product development, new markets and operational processes at a high level in order to satisfy the needs of our customers to an even higher degree.

Costs were reduced by means of production transfers, site closures, the sale of the production plant in Châlons-en-Champagne (FR) and strategic staff reductions. Measures to increase efficiency introduced over the last few years, such as Kaizen and rationalization in conjunction with the new IT platform (SAP), were intensified. Redundancies were regrettably unavoidable, but we endeavoured to do this in the most socially responsible manner possible.

The positive impact of these measures on results will only become evident in the coming year. The restructuring costs incurred, on the other hand, were all accounted for in the 2015 financial closing statement.

With a view towards increasing sales, we decided both to expand personnel in the sales and service organizations in certain countries and to intensify product development. In addition, sales campaigns have been defined which should lead to growth in earnings over the coming years.

We are confident that these precautionary measures will stand us in good stead to overcome future challenges.

### Investment remains high

In order to further strengthen our market position and to secure medium-term growth potential, we have not only maintained our investment plans but have in fact invested even more than in the previous year. Highlights include plants for manufacturing new products such as the Zmart plastic radiator, the expansion of the training infrastructure in France, the United Kingdom and Switzerland, and the continuation of the ERP roll-out as scheduled.

The complete takeover of dPoint Technologies Inc. in Vancouver (Canada) was a key milestone towards further strengthening our market position in the field of hygienic recovery of heat and moisture from ambient air.

### Income statement affected by one-off charges

Consolidated sales rose slightly compared to the previous year by 2 per cent. Organically and adjusted for currency effects, they declined by 3 per cent.

Operating profit (EBIT) fell by 84 per cent to EUR 5.2 million. In addition to the reduction in contribution margins as a consequence of sales trends and pricing pressure, the non-recurring restructuring costs of EUR 21.8 million affected the EBIT.

Even when the restructuring costs are disregarded, the adjusted EBIT does not compare favourably with last year. A deterioration of EUR 5.6 million or 17 per cent resulted. Consolidated net income therefore fell from EUR 26.0 million to EUR 0.3 million.

We predict significant improvement from this totally unsatisfactory result in the coming year and are confident in the measures that have been introduced.

### Dividends

The long-term dividend policy of the Zehnder Group makes provision for 30 to 50% of consolidated net income to be paid out in dividends. Given the low net income in 2015 of EUR 0.3 million, the Board of Directors is proposing to the Annual General Meeting that a dividend payment is not made.

### Many thanks

Despite the disappointing financial results, all of our members of staff have once again demonstrated complete commitment to our Group. We would like to pay our respect to our employees for their dedication throughout an extremely difficult financial year, and sincerely thank them.

We would also like to thank our customers. Their loyalty and trust motivate us to only do our best in order to satisfy their needs.

Finally, we would like to express our gratitude to all shareholders for their support, which has given us further encouragement to significantly improve our financial results over the coming year.

Yours sincerely,



**Hans-Peter Zehnder**  
Chairman of the Board of Directors



**Dominik Berchtold**  
Chairman of the Group Executive Committee,  
CEO

# Restructuring costs and currency effects adversely impact profits.

In 2015, amidst consistently challenging market conditions, the Zehnder Group recorded sales of EUR 533.0 million. This represented a 2% increase on the previous year, in which sales of EUR 525.1 million were recorded. Organically and once adjusted to reflect exchange rates, sales were 3% below the level of the previous year. Due to the impact of one-off restructuring costs and negative currency effects, the operating profit (EBIT) fell from EUR 32.7 million to EUR 5.2 million. Net income came out at EUR 0.3 million (compared to EUR 26.0 million in the previous year).

In the financial year 2015, the Zehnder Group increased its sales from EUR 525.1 million to EUR 533.0 million. This equates to growth of 2% (currency-adjusted: -3%). The Europe segment accounted for EUR 465.7 million, or 87% of total sales, which is on par with the previous year (currency-adjusted: -3%). While sales in local currencies picked up in the United Kingdom, Belgium, Poland, Sweden and Spain, they declined in the key markets of France, Germany and Switzerland. Sales in the radiator business area in Europe declined by 3% (currency-adjusted: -5%), whereas the ventilation business area achieved growth of 4% (unchanged from previous year when adjusted for currency effects).

The China & North America segment accounted for EUR 67.3 million or 13% of total sales. Sales in China suffered due to the decline in the number of new homes under construction. In the local currency, sales fell by 2%. Thanks to currency gains in our favour, an increase in sales of 16% was recorded. In North America, sales rose by 15% thanks to the strength of the US dollar. However, organically and adjusted for currency effects, sales dropped by 4%.

One-off costs of EUR 21.8 million associated with restructuring measures affected profit, of which EUR 11.6 million related to the sale of the production plant in Châlons-en-Champagne, France. Currency losses had a significant additional impact on the operating profit. At EUR 5.2 million (EUR 27.0 million before restructuring costs) or 1.0 percent of sales, EBIT was much lower than the previous year's figure of EUR 32.7 million. Currency losses affected the financial result by some EUR 2.5 million. Net income came out at EUR 0.3 million (compared to net income of EUR 26.0 million in the previous year).

At year-end, the balance sheet total was EUR 435.6 million (compared to EUR 429.7 million in the previous year). The Zehnder Group continues to have a high equity ratio of 62% (EUR 269.0 million), compared to 66% (EUR 281.8 million) in the previous year. In the reporting year, net liquidity fell from EUR 63.7 million to EUR 41.1 million. Cash flow from operating activities dropped from EUR 51.3 million to EUR 31.8 million.



### A comprehensive package of measures

The Zehnder Group was quick to respond to weak demand, the insufficient utilization of production capacities as well as the strong Swiss franc, by promptly coming up with a comprehensive package of measures, which includes a headcount reduction of approximately 10%.

Production and ongoing development of the ComfoBox compact energy unit was outsourced from Gränichen to a third-party partner abroad. Locations in Italy (Lallio and Vedelago) and the United Kingdom (Rustington) were closed and merged with local headquarters. The production facility in Châlons-en-Champagne, France, was sold during the reporting year. Various offensives were launched on the sales front, including taking on more personnel in a number of national sales and service organizations. In parallel, the Zehnder Group focused on the development of new products.

The restructuring costs incurred of EUR 21.8 million, were all accounted for in the 2015 financial closing statement. All of these measures will have a positive impact on earnings from 2016 onwards.

### Process of optimization in full swing

The Zmile initiative introduced in 2012 based on the Kaizen strategy for continuous process optimization in production continued to be a success in the reporting year and was rolled out to both administration and sales. Optimizing our workflows is enabling us to simultaneously improve quality and save time, materials and space. It is very important to the Zehnder Group that Zmile is adopted and continues to be developed by our employees, as this contributes to rapid and straightforward implementation. Experience shows that as well as saving money, Zmile also increases employee satisfaction and reduces the number of accidents in the workplace. By the end of 2015, more than 10,000 ideas had been successfully implemented.

The introduction of the SAP software solution across the Group went ahead on schedule. It was rolled out in 2015 in sales and logistics in France, as well as in production in Poland. Since January 2016, production in Vaux-Andigny, France, has also been integrated into the processes of the new IT solution. SAP is harmonizing processes across international borders – from development to purchasing and beyond to the invoicing of delivered products and services. This reduces complexity whilst increasing efficiency and transparency.

“The Zehnder Group was quick to respond to weak demand, the insufficient utilization of production capacities as well as the strong Swiss franc, by promptly coming up with a comprehensive package of measures.”

### Personnel news

In August 2015, René Grieder was appointed Chief Financial Officer (CFO) and joined the Group Executive Committee. He has been employed by the Zehnder Group since 2009 and most recently worked as Head of Group Controlling. Josef Brügger, our previous CFO, is our new Head of Internal Audit & Compliance.

All five members of the Board of Directors will be up for reelection at the next Annual General Meeting. At the Annual General Meeting to be held on 6 April 2016, the Board of Directors will also propose the election of Jörg Walther and Milva Zehnder. Jörg Walther is a lawyer who will bring valuable legal expertise in international commercial and corporate law to the Group. He is also an expert in compliance. Milva Zehnder, a lawyer and notary, will ensure that the Zehnder family continues to be represented on the Board of Directors of the Zehnder Group as we move forward into the future.

## Production structure and investments

With 14 production sites throughout the world, the Zehnder Group continued its commitment to a programme of investment despite restructuring measures. A figure of EUR 29.0 million was invested in property, plant and equipment representing an increase of approximately one-fifth compared to the previous year.

In the reporting year, investments were made in new modern welding technologies at various production sites. Investments in plant and equipment at the site in Lahr, Germany, are helping to further improve the quality of multi-column radiators. In Poland, the new welding robot at the site in Bolesławiec is being put to use in the manufacture of the Zehnder Metropolitan decorative radiators. This product line is in particularly high demand, so the existing production capacities have to be expanded. As well as increasing production capacity and productivity, the new robot is also optimizing the quality and appearance of the radiators.

Investment in automation has also been made in Vaux-Andigny, France. A new robotized production line has been put into operation for the manufacture of the Zehnder HW87 panel radiator. Based on innovative and energy-efficient low-temperature welding technology, the production line centralizes stages of the production process that were previously distributed across five stations. The new welding robot system can manufacture radiators up to six meters in length, impressing with high-precision welding seams and shorter delivery times.

Activities at Paul Wärmerückgewinnung GmbH in Reinsdorf, Germany, focus on the development and manufacture of heat exchangers. To cope with increased demand, the production building is being extended to permit the installation of additional automation.

In Zwolle in the Netherlands, production and warehousing logistics have been optimized in line with the Group-wide supply chain. Both delivery times and storage capacity requirements were able to be reduced. Investments have also been made in new equipment for the production of the ComfoAir Q comfort ventilation unit, which is to have its market launch in 2016.

Other key areas where investment has been made in plant and equipment include an automated welding facility for the local production of the innovative Zmart plastic radiator in Switzerland and a new machine for the production of special filters in Sweden. The Zehnder Group has also invested in the expansion of the training and sales infrastructure in France, the United Kingdom and Switzerland.

The full takeover of dPoint Technologies Inc. in Vancouver, Canada, was completed on 1 December 2015. Prior to this, the Zehnder Group held a 33% share in the company. dPoint Technologies specializes in the development and manufacture of membranes for energy recovery systems and is a global market leader in this field. The membranes are at the heart of systems which transmit both heat and moisture, thus countering the problem of dry air, which is frequently encountered in ventilation systems.

## Further expansion of development activities

In the reporting year, the Zehnder Group increased its expenditure on research and development by 8%, from EUR 14.2 million to EUR 15.3 million.

The Zmart radiator stands out from the numerous innovations. Following its successful launch in March 2015 at the ISH in Frankfurt – the leading trade fair for building, energy and air-conditioning technology as well as renewable energies – and market launch in the United Kingdom that same year, 2016 will see it launched on the key markets of Germany and France. Zmart is a new generation of radiators with registers made entirely of plastic. Weighing 60% less than conventional steel models, Zmart is much easier to install, as well as being non-corrosive. Zmart won the prestigious iF design award 2016 in January.

The presentation of the new generation of ComfoAir Q ventilation units also met with a very positive response from the assembled experts at ISH 2015. Its market introduction is planned for mid-2016. The model range is setting a new standard in comfortable indoor ventilation with heat recovery. It is suitable for apartments, single-family homes, offices and commercial buildings. The devices make less noise during operation, consume much less power (energy efficiency class A+), recover more energy and are easier to install and operate.

## Employees

The number of full-time staff decreased from 3185 at the end of 2014 to 3073 at the end of 2015. This reduction is primarily attributable to the ongoing programme of employee rationalization and the transfer of approximately 100 employees following the sale of the production company in Châlons-en-Champagne. Approximately 40 full-time staff joined the Zehnder Group on completion of the acquisition of dPoint Technologies Inc. in Canada. In 2015, the average number of staff working full time reduced from 3239 to 3194. Of these, 236 were employed on a temporary basis (2014: 281) and 34 were apprentices (2014: 30). There were 2526 employees working in Europe (2014: 2559) and 667 in China & North America (2014: 680).

To promote employees' health and support a good cause, a race also took place in 2015. In the reporting year, the annual running event, which is organized by a different subsidiary every year, took place in Switzerland. The Zehnder team was made up of approximately 150 participants from eleven different countries, making it the third-largest company delegation at the Basel Marathon. For each kilometre completed, the company donated EUR 3 to the international aid organization "Habitat for Humanity."

## Sustainability

Sustainability is part of the Zehnder Group's corporate strategy and manifests itself in the responsibility of the Group to take care of the interests of customers, investors, employees, suppliers and society. Our sustainability goals include training and development for employees and reducing energy consumption for products and in production, as well as customer training provision and audits of key suppliers.

The new Zmart radiator illustrates how the Zehnder Group is delivering sustainable solutions for the benefit of stakeholders and the environment. Since it is made from plastic, it is non-corrosive, 60% lighter, much kinder to the environment and has a CO<sub>2</sub> footprint that is 23% lower than the conventional steel tube design (according to Ecopro analysis, September 2015).

Our plant in the Polish town of Bolesławiec has changed to LED lighting, saving 30% on energy and providing much better quality illumination inside the factory. Thanks to a new vacuum lifter at the Gränichen site in Switzerland, a single employee can now palletise radiators weighing up to 80kg without the risk of back strain. On an average day, radiators weighing a total of 6.3 t are loaded onto pallets.

For ecological reasons and in order to report on the progress made, measures taken and objective achievement on an ongoing basis, the Zehnder Group will not be printing a sustainability report. Instead, the relevant information is available on our website [1].

## Overview of key markets

There have been positive developments in local currencies on the markets in the United Kingdom, in Belgium, Poland, Sweden and Spain. However, sales in France, Germany, Switzerland, Italy, as well as China and North America failed to reach the levels of the previous year. Sales in the Netherlands were the same as the previous year.

### France

The construction industry was once again the worst-performing business sector in France in 2015. New builds declined noticeably, whilst the renovation market experienced a slight increase. In the radiator business area, the Zehnder Group recorded a drop in sales, which could not be offset by the growth in the ventilation business area.

The new Zehnder Group France company headquarters south of Paris opened during the reporting year. Inauguration of Campus Zehnder, built on a site covering 10,000m<sup>2</sup>, took place on 1 October 2015. The new building, which houses a training center covering an area of 500m<sup>2</sup>, is the first commercial Minergie-P building in France.

In January 2015, the SAP IT platform was introduced in sales, logistics and administration. Rollout in production followed in January 2016.

Eco Concept Habitat was acquired and merged with Zehnder Group France retrospectively as of 1 January 2015. It expands the Zehnder Group's product portfolio in particular in the field of low-energy homes and allowed the ventilation business area to be expanded.

### Germany

In Germany too, economic conditions were very challenging. Private new builds did see some growth, but commercial new builds declined. Renovation projects remained at an unchanged level. The Zehnder Group had to accept a fall in sales in both the radiator and ventilation business areas.

[1] [www.zehndergroup.com/sustainability](http://www.zehndergroup.com/sustainability)

There was an increase in sales of ventilation units with heat recovery for individual rooms. The Paul Climos F 200 central unit for comfortable indoor ventilation received a “special mention” at the 2015 German Design Award ceremony. The “special mention” category recognizes products with designs featuring specific aspects or solutions which were deemed particularly successful. Previously in 2014, the ventilation unit was a winner in the innovations, functionality and ecology categories and was also awarded best product of the year by a jury of international experts at the Plus X Award. Zehnder’s ComfoAir 70, a remote comfort ventilation unit, also won the iF design award in 2015.

### United Kingdom

In 2015, sales in the United Kingdom overtook those in Switzerland, making the UK the third-largest market for the Zehnder Group. The most positive signs were seen in new builds. In both business areas, there was welcome growth for sales in the local currency.

During the reporting year, the sales office in Rustington closed and its activities were integrated into the site at Camberley. This is also the location of the new Customer Experience Centre, which boasts a training room for up to 40 delegates as well as offices and meeting rooms. Concentrating activities in Camberley makes it easier to manage relationships with customers and increases operational efficiency.

### Switzerland

The scrapping of the minimum exchange rate of the euro against the Swiss franc affected the entire Swiss economy. As a consequence of the weak euro, the Zehnder Group felt increased pricing pressure in the Swiss market. The previous year’s sales could not be matched in either of the two business areas.

The new training centre in Gränichen will have its official opening on 30 March 2016. Initial training sessions were delivered towards the end of 2015.

### The Netherlands

The Dutch construction sector, which was badly affected by the crisis, saw this trend reversed in 2015. Residential construction in particular, as well as residential renovation projects, showed signs of growth. In the Netherlands, where the Zehnder Group does most of its business in ventilation, sales matched those of the previous year.

With Clean Air Solutions the Zehnder Group managed to win a contract to install systems in four of the Dutch distribution centres of Lidl, one of the world’s largest supermarket chains. Lidl is very satisfied with the impressive results in dust reduction.

### Italy

The construction sector in Italy was not able to keep pace with the positive developments in the economy in 2015. The radiator business area suffered a slight decline in sales; in the ventilation business area, revenues matched those of the previous year. The sales offices in Lallio and Veduggio were closed and merged with the headquarters in Campogalliano. Production of heating and cooling ceiling systems was outsourced to a third-party company.

### Belgium

In Belgium, there was a slight increase in both residential construction and renovation projects on residential buildings compared to the previous year. Zehnder Group sales remained unchanged in the radiator business area and increased in the ventilation business area.

### Spain

After seven years of recession in the construction industry, investment in building projects returned to making a contribution to economic growth in Spain in 2015. This growth was driven primarily by the areas of renovation and maintenance. The Zehnder Group achieved a considerable increase in sales in both the radiator and ventilation business areas.

### Poland, Russia and Turkey

Intensive market development by the Zehnder Group in Eastern Europe in recent years has yielded very varied results. There have been welcome developments in Poland, where sales in the local currency recorded an increase in both business areas. In Russia, the Zehnder Group suffered significant falls in sales in difficult economic conditions. The Turkish sales organization, which is only active in the radiator business area, also saw a significant increase in sales in the local currency. The Zehnder Group also intends to invest in Turkey in the future and will develop this market.

### China

The Chinese construction industry suffered due to the decline in the number of new homes under construction and continued to weaken in the reporting year. In the ventilation business area, the Zehnder Group achieved sales growth, but this was not sufficient to compensate the decline in the radiator business area.

In the city of Zhuozhou (Hebei Province), the Zehnder Group was responsible for the design and installation of a complete system for heating, cooling, ventilation and hot water supply in the first certified office passive house in China. The building has been in full operation since May 2015 and the equipment is running flawlessly. The customer, the design office and the Passive House Institute are all very satisfied.

### North America

The Zehnder Group was not able to maintain sales in the local currency in 2015. Both the radiator and the ventilation business areas achieved fewer sales than in the previous year.

In the USA, the Zehnder Group was involved in the SURE HOUSE building project managed by the Stevens Institute of Technology, which won the U.S. Department of Energy Solar Decathlon 2015. The Solar Decathlon is a competition focussing on architecture and energy technology which promotes self-sufficient buildings for residential use. The Zehnder Group installed Zehnder Novus, its maximum efficiency system, for the winning project. It feeds fresh air into the interior of the building, extracts used air and recovers heat at the same time, so that the room temperature and air humidity remain constant virtually all the time.

### Dividends

The long-term dividend policy of the Zehnder Group makes provision for 30 to 50% of consolidated net income to be paid out in dividends. Given the low net income in 2015 of EUR 0.3 million, the Board of Directors is proposing to the Annual General Meeting that a dividend payment is not made.

### Risk assessment

The Zehnder Group has a risk management process which has been approved by the Board of Directors. The risk policy defines a structured process which specifies how the risks to the business are monitored. In this process, risks are identified and analyzed in terms of probability of occurrence and severity. Measures for managing such risks are determined based on these findings. Each member of the Group Executive Committee is responsible for the implementation of the measures in his area of responsibility. The Board of Directors is informed periodically of significant changes to the risk assessment as well as being kept abreast of risk management activities that have been undertaken. The internal system for managing financial reporting defines checks and controls that reduce the corresponding risks. Compliance with internal guidelines is monitored by means of internal random checks and regular audits by external specialists.

The financial risks are monitored by the Treasury department of the Zehnder Group under the guidance of the Chief Financial Officer. Risk management focuses on identifying, analyzing and mitigating currency, interest, liquidity and counterparty risks in order to limit the extent to which they can impair Cash flow and net income.

### Outlook

The relevant markets are set to remain challenging in the coming year. The macroeconomic situation continues to be very fragile in many countries. The Zehnder Group is not expecting any significant growth in the major sales regions and is focussing on gaining market shares.

The introduction of the ComfoAir Q ventilation system and the Zmart plastic radiator in the key markets of France and Germany, combined with expansion of activities for Clean Air Solutions and radiant ceiling panels, will enhance the Group's competitiveness. The Zehnder Group is expecting a slight increase in sales for 2016 and a significantly better operating profit. Investments in new products and services as well as in the infrastructure will be continued. The measures introduced are likely to start to come to fruition in 2016.

The expectations stated on pages 4 to 11 are based on assumptions. If they do not prove true, this will affect the associated results.

# Corporate Governance

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This Corporate Governance report contains the disclosures required by the Corporate Governance Directive issued by SIX Swiss Exchange effective as at 31 December 2015 and is structured in line with the directive. It also includes disclosures required by law on the compensation and participating interests of the members of the Board and of top management.

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## Group structure and shareholders

The operational Group structure is presented on pages 15 to 17 of the annual report. Zehnder Group AG is the only listed company included in the consolidation matrix. All the companies included in the consolidation matrix of Zehnder Group AG are shown on pages 56 to 57 of the annual report.

For significant shareholdings please refer to the disclosure of ownership structure in the individual financial statements of Zehnder Group AG on page 66. There are no cross-shareholdings.

## Capital structure

For details regarding the capital structure please refer to note 6 of the notes to the individual financial statements of Zehnder Group AG on page 64 of the annual report and to the consolidated statement of changes in equity on page 36 of the annual report. There is no authorized and no conditional capital. All changes in equity since going public in 1986 are set out under our website [2].

The share capital of Zehnder Group AG comprises 9,756,000 registered shares A listed on SIX Swiss Exchange with a nominal value of CHF 0.05 each (a total of CHF 487,800), and 9,900,000 registered shares B with a nominal value of CHF 0.01 each (a total of CHF 99,000). Total share capital amounts to CHF 586,000 and the total number of shares outstanding is 19,656,000. Each share carries one vote, irrespective of its nominal value. The registered shares A have a 49,6% share of the votes and account for 83,1% of the share capital, the registered shares B a 50,4% share of the votes and 16,9% of the share capital. The dividend per registered share B is one fifth of the dividend per registered share A.

For additional information on shares please refer to our website [3]. There are no profit sharing certificates. There are no limitations on the transferability of registered shares A. There are no convertible bonds outstanding.

With regard to options granted, please refer to the compensation report on page 18 ff. and to point 25 of the consolidated financial statements on page 53 of the annual report.



## Board of Directors

### Election and period of office

The articles of association lay down that the Board of Directors is made up of at least three members elected by the general meeting of shareholders for a period of one year. Reelection is permissible.

At the general meeting of shareholders there is a separate vote on the election or reelection of each candidate.

The independent proxy has to be elected each year at the General Meeting of Shareholders.

### Internal organization

The articles of association lay down that the chairman (Hans-Peter Zehnder) or his deputy (Thomas Benz) convenes and chairs the meeting. The Board's duties are carried out by the entire Board. For each meeting, all Board members receive relevant documentation two weeks in advance. In 2015 the Board met five times, in January, March, April, July, September (in 2014 five times: January, March, April, July, September). The meetings lasted between half a day and two days. In addition the board held two telephone conferences in August and November which lasted one hour each. The members of the Group Executive Committee attended the Board meetings and participated in the telephone conferences. Representatives of the auditors or external consultants are called in to advise on individual items on the agenda. To allow the Board to acquire local information direct, a regular rhythm has been established to hold one of the Board meetings on the premises of an operating company.

The Board is supported by a compensation committee, consisting of three non-executive, independent Board members who are elected individually and annually by the General Meeting of Shareholders. The members of the compensation committee are: Enrico Tissi, chairman, Thomas Benz, member, and Urs Buchmann, member. The compensation committee has its own regulations, approved by the Board. The responsibilities and activities of the compensation committee, as well as its working method, are described in detail in the compensation report on pages 19 to 20.

## Areas of responsibility as well as information and control instruments vis-à-vis the Group Executive Committee

The allocation of the areas of responsibility between the Board and the Group Executive Committee is based on the law (Swiss Code of Obligations), on the company's articles of association and on its bylaws. For the articles of association and for the bylaws please refer to our website [4]. As part of regular reporting practice, the Board members receive monthly reports (income statement, key figures, commentary) and quarterly reports (also expanded to include balance sheet and forecast). In addition, the Board members receive a quantified medium-term plan and a detailed budget analysis. In connection with this, the strategic opportunities and risks are analyzed once a year, and appropriate measures decided.

### Disclosure of compensation

Information about compensation, shareholdings and loans are published in the compensation report on pages 18 to 27.

### Shareholders' participation

Please refer to Swiss company law and also to the Zehnder articles of association at our website [5].

### Changes of control and defence measures

There are no change-of-control clauses for members of the Board of Directors or for members of the Group Executive Committee. An opting out clause is laid down in Art. 8 of the company's articles of association.

## Auditors

KPMG AG, Basel, have been auditors for Zehnder Group AG since 1984. They also audit the consolidated financial statements of Zehnder Group. The auditor in charge commenced his duties in 2012. The rotation rhythm corresponds to the legal requirement of a maximum of seven years.

The financial statements of Zehnder subsidiaries are audited by various auditing firms, including KPMG. Various auditing firms invoiced a total of EUR 851,000 for auditing individual accounts and the consolidated financial statements. EUR 640,000 of this total was paid to the KPMG group. The KPMG group was paid an additional EUR 50,000 for audit-related services.

A total of EUR 1,498,000 was charged for taxation and legal services throughout the group. Of this, EUR 170,000 was paid to the KPMG group.

KPMG AG, Basel, holds regular meetings with the chairman of the Board of Directors of Zehnder Group AG. KPMG meets with the entire Board at least once a year. At these meetings KPMG presents significant information on the financial statements of the companies audited.

## Information policy

Zehnder Group communicates regularly with its shareholders, the capital market and the public. The CEO and the CFO are the designated contact persons. Shareholders receive short reports on business development and six month reports. The annual report is available in German and English in printed form and on the Internet under our website [6], which also offers an opportunity for interested parties to subscribe to news publications and to access other information. A meeting for media representatives and financial analysts is held at least once a year.

Additional information including the company calendar is set out on the cover of this annual report.

[2] [www.zehndergroup.com/capital-structure](http://www.zehndergroup.com/capital-structure)

[3] [www.zehndergroup.com/shares](http://www.zehndergroup.com/shares)

[4]+[5]

[www.zehndergroup.com/corporate-governance-en](http://www.zehndergroup.com/corporate-governance-en)

[6] [www.zehndergroup.com/reports-presentations](http://www.zehndergroup.com/reports-presentations)



# Board of Directors

(Status 1.1.2016)

Members of the Board of Directors,  
other activities  
and vested interests

## Hans-Peter Zehnder

**President of the Board,  
first elected 1988**

Swiss citizen, born 1954

- Executive member, Chairman and Delegate of the Board (since 1993). Studied economics (doctorate) at the University of St. Gallen (CH)
- 1981–1984 Gebr. Bühler AG (CH)
- Since 1985 member of the Group Executive Committee of Zehnder Group
- 1986–1988 head of the instrument division
- 1988–1991 head of the radiator division
- 1988–1992 deputy chairman of the Group Executive Committee
- 1993–31.10.2014 chairman of the Group Executive Committee
- Supervision of Zehnder's activities in China and North America a.i.
- Member of the board of directors of AZ Medien AG (CH); R. Nussbaum AG (CH); Lagerhäuser der Centralschweiz AG (CH); and Rouge + Blanc Holding AG (CH)

## Urs Buchmann

**Member of the Board,  
first elected 2010**

Swiss citizen, born 1957

- Studied law (doctorate) at the University of Bern (CH)
- Non-executive member, member of the compensation committee
- Long-term career in corporate investment banking in Asia
- Currently Vice-Chairman Corporate & Institutional Clients Asia Pacific in a leading international bank
- Chairman of the Board of the Sino-Swiss Partnership Fund, member of the Board of Zehnder (China) Indoor Climate Co. Ltd.
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

## Enrico Tissi

**Member of the Board,  
first elected 2005**

Swiss citizen, born 1946

- Non-executive member
- Chairman of the compensation committee
- Degree in engineering from ETH (Swiss Federal Institute of Technology), Zurich (CH)
- 1972–1986 various responsibilities and positions at Rieter AG (CH)
- 1986–1996 delegate of the Board and CEO of Elco Looser Holding AG (CH)
- 1997–2004 delegate of the Board and CEO of Sika Corp. (USA) and a member of group management of Sika AG (CH)
- 2005–2007 vice chairman of Sika Corp. (USA)
- Member of the Board of Georg Utz Holding AG (CH)
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He supports Zehnder's subsidiaries in the USA in strategic and conceptual issues.

## Thomas Benz

**Member of the Board, Deputy Chairman,  
first elected 1993**

Swiss and German citizen, born 1947

- Non-executive member
- Member of the compensation committee
- Degree in electrical engineering from ETH (Swiss Federal Institute of Technology), Zurich (CH)
- 1972–1973 Guardian Electric, Chicago (USA)
- End 1973 joined Zettler GmbH (DE)
- 1977–1996 managing partner of Zettler GmbH (DE)
- Since 1997 managing partner of CG International (DE)
- Since 1974 member of the Bavarian Metal Working and Electrical Industry e. V. (DE)
- Since 3.5.2011 Deputy Chairman of the Board of Warema Renkhoff SE (DE)
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

## Riet Cadonau

**Member of the Board,  
first elected 2013**

Swiss citizen, born 1961

- Non-executive member
- Master of Arts in economics and business administration from the University of Zurich (CH)
- Advanced Management Program at INSEAD (FR)
- 1990–2001 various management positions at IBM Switzerland, lastly as a member of the Management Board and Director of IBM Global Services
- 2001–2005 member of the Executive Board of the Ascom Group, from 2002 Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS in 2005
- Until 2007 Managing Director ACS Europe + Transport Revenue
- 2007–2011 CEO Ascom Group (CH)
- 7.2011–8.2015 CEO Kaba Group (CH)
- Since 1.9.2015 CEO dorma+kaba Group (CH)
- At no time was he a member of the Group Executive Committee of Zehnder Group AG or of any of its subsidiaries.
- He has no significant business relations with Zehnder Group AG or with any of its subsidiaries.

## Hans-Jakob Zehnder

**Honorary President**

Swiss citizen, born 1923

In 1993, after having spent 34 years at the head of the company he served for a total of 39 years, Hans Jakob Zehnder resigned as Chairman of the Board. In recognition of his outstanding contribution to the development of Zehnder Group, the Board of Directors appointed him Honorary President. This office carries no vote.

# Group Executive Committee

(Status 1.1.2016)

Members of the Group Executive Committee,  
other activities  
and vested interests

## Dominik Berchtold

**Chairman of the Group Executive Committee, CEO, Sales Nordic**

Swiss citizen, born 1971

- Degree in business administration from the University of Freiburg i. Ü. (CH)
- Executive master of corporate finance from the Institute of Financial Services IFZ, Zug (CH)
- Advanced Management Program INSEAD (Singapore)
- 1996–1997 finance and marketing assistant at Exsa (PE); Cervesur (PE); and Linde (CN)
- 1997–2005 various management positions in finance and controlling at Pilatus Aircraft Ltd. (CH); and Transairco SA (CH)
- 2005–2006 manager corporate restructuring at KPMG (CH)
- 2006–2008 director business development Zehnder Group
- 2008–2012 member of the Group Executive Committee of Zehnder Group
- 2013–6.2014 CEO designate, Sales & Marketing Switzerland and Nordic, Head Operations Europa a.i. (as of 11.6.2014)
- 7.2014–10.2014 CEO designate, Sales Nordic, Head Operations Europa a.i.
- Since November 2014 Chairman of the Group Executive Committee, CEO, Sales Nordic

## René Grieder

**Chief Financial Officer**

Swiss citizen, born 1979

- Bachelor of Science in Business Economics, University of Applied Sciences Lucerne (CH)
- Master of Advanced Studies in Corporate Finance, Institute of Financial Services Zug (CH)
- 1998–2000 Product Manager, Intercycle SA, Sursee (CH)
- 2003–2007 Controller, Pilatus Aircraft Ltd., Stans (CH)
- 2007–2009 Group Controller, Emhart Glass SA, Cham (CH)
- 2009–2010 Manager Group Reporting & Head of Group Reporting, Zehnder Group, Gränichen (CH)
- 2011–2015 Head of Group Controlling, Zehnder Group, Gränichen (CH)
- Since August 2015 member of the Group Executive Committee of Zehnder Group (Chief Financial Officer)

## Tomasz Juda

**Competence Center Radiators/RHC**

Polish citizen, born 1969

- Engineering degree at the Dresden University of Technology (DE)
- Master's degree in Business Administration from the St. Gallen Business School at the Cracow University of Economics (PL)
- Various posts at Polish companies as material testing engineer and as head of engineering and manufacturing
- 2.2000–10.2014 Managing Director of the Polish manufacturing company Zehnder Group Bolesławiec (PL)
- Since November 2014 member of the Group Executive Committee of Zehnder Group (Head Competence Center Radiators/RHC)

## Cyril Peysson

**Sales Europe/Middle East/Africa (EMEA)**

French citizen, born 1965

- Diploma from Ecole Supérieure de Commerce et d'Administration, Montpellier (FR)
- 1990–2000 various responsibilities in exports and sales for French industrial companies; last position held was head of sales at De Dietrich Heiztechnik (DE)
- 2000–2005 head of Zehnder SAS (FR)
- Since 2006 member of the Group Executive Committee (Sales Europe/Middle East/Africa, EMEA; April 2008 until end 2013 Sales and Marketing Western Europe, previously Sales and Marketing Radiators)

## Olaf Schulte

**Competence Center Comfosystems**

Dutch citizen, born 1972

- Bachelor's degree in Industrial Management
- Master's degree in Information Management
- Various posts at Dutch companies
- 10.2000–6.2012 various roles at the Dutch subsidiary of the Zehnder Group
- 7.2012–10.2014 head of the Dutch manufacturing company Zehnder Group Nederland
- Since November 2014 member of the Group Executive Committee of Zehnder Group (Head Competence Center Comfosystems)

## Group functions

(Status 1.1.2016)

<b>Ian Bergman</b>	Operational Excellence
<b>Josef Brügger</b>	Internal Audit & Compliance
<b>Franz Furrer</b>	Group IT
<b>René Grieder a.i.</b>	Group Controlling
<b>Markus Max Inäbnit</b>	Group Human Resources
<b>Thomas Mathys</b>	Group Finance
<b>Ulrich Peuckert</b>	Group Logistics
<b>Jean-Marie Schmid</b>	Group Marketing

## Competence Center Radiators/RHC

(Status 1.1.2016)

<b>Roland Diethelm</b>	Production Gränichen (CH), R&D Radiators, Group IP
<b>Felix Heldstab</b>	Purchasing Radiators / Group Purchasing
<b>Michael Himmelsbach</b>	Radiant Heating and Cooling (RHC)
<b>Giovanni Suma</b>	Product Management Radiators
<b>Thierry Baschet</b>	Production Vaux-Andigny (FR)
<b>Piotr Kościsz</b>	Production Bolesławiec (PL)
<b>Orçun Özelmas</b>	Production Manisa (TR)
<b>Hubert Roth</b>	Production Lahr (DE)

## Sales Europe

(Status 1.1.2016)

<b>Erik van Heuveln</b>	Sales Belgium
<b>Jiří Stekr</b>	Sales Czech Republic
<b>Elisabeth Bardet</b>	Sales France
<b>Donat Feser</b>	Sales Germany and Austria
<b>Tony Twohig</b>	Sales Great Britain & Ireland (including production Lenham)
<b>Oliver Bock</b>	Sales International and Eastern Europe
<b>Paolo Masetti</b>	Sales Italy
<b>Erik van Heuveln</b>	Sales Netherlands
<b>Peter Krantz</b>	Sales Nordic/ Clean Air Solutions
<b>Jerzy Stosiek</b>	Sales Poland
<b>Alexander Silin</b>	Sales Russia
<b>José Ramón Ferrer</b>	Sales Spain
<b>Alois Bachmann</b>	Sales Switzerland
<b>Emre Polat</b>	Sales Turkey

## Competence Center Comfosystems

(Status 1.1.2016)

<b>Arthur Dijkstra</b>	Product Management Comfosystems
<b>René Kusters</b>	Purchasing Comfosystems
<b>Arie Veldhuijzen</b>	R&D Comfosystems
<b>Hendrik de Wilde</b>	Production Zwolle (NL)
<b>Michael Pitsch</b>	Paul Wärmerückgewinnung, Reinsdorf (DE)

## China/North America

(Status 1.1.2016)

<b>Zhangeng Guo</b>	Sales and Production Zehnder China
<b>Chunlin Jin</b>	Sales and Production Nather China
<b>James Dean</b>	Sales and Production dPoint Technologies
<b>Wesley Owens</b>	Sales and Production Runtal and Zehnder North America
<b>Scott A. Pallotta</b>	Sales and Production Zehnder-Rittling North America

# Compensation Report

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The compensation report describes the compensation policy and programs of Zehnder Group AG, as well as the method of determination of compensation. Further, it provides details about the compensation awarded to the members of the Board of Directors and the Group Executive Committee in the fiscal year 2015.

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The compensation report was prepared in accordance with the Ordinance against Excessive Compensation in Listed Companies (VegÜV) and is in line with the Corporate Governance Directive issued by SIX Swiss Exchange and with the principles of the Swiss Code of Best Practice from *economiesuisse*.

## 1. Governance and method of determination of compensation

### 1.1. Shareholders' involvement

With the implementation of the Ordinance against Excessive Compensation in Listed Companies (VegÜV), the role of shareholders in compensation matters has been substantially expanded. The General Meeting of Shareholders is asked to approve the compensation paid to the Board of Directors and to the Group Executive Committee in a binding vote. The provisions of the Articles of Association of Zehnder Group AG (Article 14) foresee that the General Meeting of Shareholders votes annually and prospectively on the maximum aggregate compensation amounts as follows:

- The total compensation of the Board of Directors for the period to the next General Meeting of Shareholders;
- the maximum total compensation of the Group Executive Committee for the current business year.

The respective total amounts are inclusive of all contributions of the members of the Board of Directors, the Group Executive Committee and the company to the social security and occupational pension schemes.

Further, the Articles of Association of Zehnder Group AG include the following provisions on compensation (details available on <http://www.zehnder-systems.com/en/investor-relations/corporate-governance>):

- **Principles of compensation of the Board of Directors (Articles 30 and 32):** The members of the Board of Directors receive a fixed retainer and a fixed compensation for their work in the committees of the Board of Directors, as well as an expense lump sum. Compensation may be paid in cash and in shares. In exceptional cases, members of the Board of Directors may receive additional variable compensation.
- **Principles of compensation of the Group Executive Committee (Articles 31, 32 and 34):** The members of the Group Executive Committee receive an individual fixed compensation, an expense lump sum and a variable compensation element which may not exceed 100% of the fixed remuneration. The variable compensation depends on the net profit of the company. In addition, members of the Group Executive Committee are entitled to participate in a management share purchase plan and to buy shares of the company, with a maximum discount of 30% on the 90-day volume-weighted average share price. The value of the shares at the allocation date must not exceed 20% of the individual fixed compensation. The shares are subject to a restriction period of at least three years.
- **Additional amount for payments to members of the Group Executive Committee appointed after the vote on compensation at the General Meeting of Shareholders (Article 35):** To the extent that the maximum total compensation amount as approved by the General Meeting of Shareholders does not suffice, an amount of up to 20% of the maximum total compensation amount approved for the Group Executive Committee is available, without further approval, for the compensation of the members of the Group Executive Committee who have been appointed after the General Meeting of Shareholders.
- **Loans, credit facilities and post-employment benefits for members of the Board of Directors and of the Group Executive Committee (Article 33):** No loans or credits shall be granted to members of the Board of Directors or the Group Executive Committee. Pension benefits are offered to members of the Group Executive Committee only in accordance with the occupational pension plans. In principle, the members of the Board of Directors are not entitled to participate in the occupational pension plans.

## 1.2. Compensation Committee

According to the Articles of Association, the General Meeting of Shareholders elects annually and individually at least two and a maximum of four members of the Board of Directors to the Compensation Committee, for a term of office of one year until the conclusion of the next General Meeting of Shareholders. Members are eligible for reelection. At their 2015 General Meeting, the shareholders elected the following members of the Compensation Committee:

	Executive /Independent Member of the BoD	Chairman / Member
Enrico Tissi	Indep. Member of the BoD	Chairman
Thomas Benz	Indep. Member of the BoD	Member
Urs Buchmann	Indep. Member of the BoD	Member

As determined in the Articles of Association (Article 25), the Compensation Committee has the following responsibilities:

- Submission of proposals to the entire Board of Directors regarding the Group's compensation system;
- Submission of proposals to the entire Board of Directors regarding the total amounts of compensation of the Board of Directors and of the Group Executive Committee to be submitted to vote at the General Meeting of Shareholders;
- Submission of proposals to the entire Board of Directors regarding the individual compensation of the Chairman and other members of the Board of Directors;
- Submission of proposals to the entire Board of Directors regarding the individual compensation and the employment terms and conditions of the CEO and other members of the Group Executive Committee;
- Submission of proposals to the entire Board of Directors regarding the determination of compensation-related performance objectives for the Group Executive Committee;
- Submission of proposals to the entire Board regarding the compensation report;
- Submission of proposals to the entire Board regarding amendments to the Articles of Association in respect of the compensation system;
- Submission of proposals to the entire Board regarding the approval of external mandates of members of the Group Executive Committee.

## Responsibility levels

	CEO	Compensation Committee	Board of Directors	Annual General Meeting
Compensation principles and policy		Proposes	Approves	
Total compensation amounts of BoD and GEC		Proposes	Reviews	Approves (binding vote)
Individual compensation of members of the BoD		Proposes	Approves	
Compensation of CEO		Proposes	Approves	
Individual compensation of other members of the GEC	Proposes	Reviews	Approves	
Compensation report		Proposes	Approves	

BoD = Board of Directors, GEC = Group Executive Committee

The levels of authority between the Compensation Committee, the board of directors and the General Meeting of Shareholders are summarized in the table above.

The Compensation Committee meets as often as the business requires, generally before the meetings of the full Board of Directors, which take place at least four times a year. In 2015, the Compensation Committee held four meetings of one hour each on average, which were attended by all members. Besides the standard agenda items, the Compensation Committee concentrated its efforts on the harmonization of the variable compensation programs throughout the entire organization, including the implementation of the profit-sharing scheme and of the management share purchase plan for all management level employees globally. The Compensation Committee also conducted a full benchmarking review of the compensation of the Group Executive Committee. Finally, the Compensation Committee analyzed the feedback of external shareholders about the compensation disclosure and decided to expand the level of details provided in the compensation report.

For certain agenda items, the Chairman of the Board of Directors and/or the CEO participate in the meetings in an advisory capacity. The Chairman of the Compensation Committee may invite other executives as appropriate. However, the Chairman of the Board of Directors and the executives do not participate in the meetings, or sessions of meetings, during which their own compensation and/or performance are being discussed. After each meeting, the Chairman of the Compensation Committee reports on the activities of the committee to the Board of Directors. The minutes of the Compensation Committee meetings are available to the full Board of Directors.

The Compensation Committee is entitled to bring in external consultants regarding specific compensation issues. In 2015, the Compensation Committee appointed Towers Watson to conduct a benchmarking analysis of compensation of the executives. This company has no other mandate with Zehnder. In addition, the Compensation Committee has access to the support and expertise of internal experts such as the Head of Group Human Resources.

### 1.3. Method of determination of compensation

In order to ensure competitive compensation levels that allow to attract and retain key talents, the compensation of executives is regularly benchmarked with that of executives in other international industrial companies with similar market capitalization, revenue, profitability, headcount and geographic reach. Executives who are fulfilling their role at the expected performance level are generally awarded target compensation at median level of the relevant benchmark.

In 2015, Towers Watson has been mandated to conduct a detailed benchmark analysis of the compensation of the members of the Group Executive Board. For this purpose, the data of comparable industrial companies in terms of size (as described above) have been compiled by Towers Watson from their existing database for each function of the Group Executive Committee in the country of employment of the respective member. Further, Towers Watson has been appointed as global compensation data provider for compensation benchmarking below the Group Executive Committee level. In order to ensure consistency across the organization, the roles within the organization have been evaluated using the job grading methodology of Towers Watson. The grading system is the basis for compensation activities such as benchmarking and de-

## Compensation policy and principles

Alignment to business strategy	Compensation programs are designed to support the business strategy.
Reward for sustainable performance	Variable compensation is based on the profitability of the company and its businesses, hence the performance management process is a central management tool to drive sustainable performance.
Participation in the long-term company's success	Executives and management level employees participate in the company's long-term success by becoming shareholders under the Zehnder Group Management Share Plan.
Market competitiveness	Compensation is regularly benchmarked against best market practice. The policy is to target median compensation of the relevant benchmark considering years of experience in the role.
Transparency and fairness	Compensation decisions are transparent and fair. The global grading system ensures consistency across the organization.

termination of compensation structure and levels. In addition, the grading system is also used for talent management matters such as succession planning, career paths and learning & development decisions.

While the benchmarking data is one factor considered by the Compensation Committee to determine compensation levels of executives, other factors will be considered as well, such as internal compensation structure (internal equity), profile of the individual (seniority, skills set, experience) and affordability to the company. Further, the performance of the company in any given year will directly impact the level of compensation actually paid to the individual through the profit-sharing plan.

## 2. Compensation policy and principles

Zehnder's executives and employees are the company's most valuable assets. There would be no entrepreneurial success without their full commitment, passion and professionalism. Consequently, the ultimate objective of the compensation policy is to recruit and retain qualified employees, to drive best-in-class performance, to ensure fair pay and to encourage behaviours that are in line with the company's values and high standards of integrity. The compensation programs are designed to fulfil these fundamental objectives along the principles (see table Compensation policy and principles).

## 3. Architecture of compensation of the Board of Directors

The members of the Board of Directors receive a fixed annual retainer, a fixed compensation for the membership in committees of the Board of Directors as well as a Lump sum expense allowance. 50% of the compensation is paid in cash and 50% is paid in form of Zehnder Group AG registered shares A. These shares are granted with a discount of 30% on the relevant share price, determined as the average volume-weighted share price of the share during the

## Architecture of compensation of the Board of Directors

In CHF	In cash	In shares <sup>1</sup>
<b>Retainer (gross p.a.)</b>		
Chairman of the Board of Directors	300 000	300 000
Vice-chairman of the Board of Directors	50 000	50 000
Members of the Board of Directors	40 000	40 000
<b>Committee fees (gross p.a.)</b>		
Compensation Committee Chairman	15 000	15 000
Compensation Committee Member	10 000	10 000
<b>Expense lump sum (gross p.a.)<sup>2</sup></b>	<b>2 000</b>	

<sup>1</sup> Converted into shares on the basis of the average volume-weighted share price during the period between 1 October and 31 December, discounted by 30%.

<sup>2</sup> For non-Swiss members of the Board of Directors or in cases where effective business expenses are in excess of CHF 2,000, no expense lump sum is paid out and business expenses are reimbursed on an actual cost basis.



## Architecture of compensation of the Group Executive Committee

	Purpose	Drivers	Performance measures	Vehicle
Annual base salary (ABS)	Attract & retain	Position, experience and qualifications		Monthly cash payments
Short-term incentive (STI)	Pay for performance	Annual business performance	Group net profit	Annual cash payment
Management share plan (ZGMSP)	Align to shareholders' interests, retain	Level of position	Share price evolution	Restricted shares
Benefits	Protect against risks, attract & retain	Market practice and position		Retirement plan, insurances, gratuities

period between 1 October and 31 December of the respective year. The shares are subject to a restriction period of three years during which they cannot be sold, transferred or pledged. The restriction period also applies in case of termination of mandate, except in case of termination following death, where the restriction immediately lapses.

The cash compensation is paid out in April and the restricted shares are allocated in February for the previous compensation period covering the period from the General Meeting of Shareholders of the previous year to the General Meeting of Shareholders of the current year.

Additional compensation to Board members for advisory services to the company or for the activities in companies that are controlled directly or indirectly by the company is permitted. This compensation is included in the total amount of compensation paid to the Board of Directors, which must be approved by the General Meeting of Shareholders.

### 4. Architecture of compensation of the Group Executive Committee

The compensation of the Group Executive Committee includes a fixed annual base salary, a short-term incentive, the participation to a management share plan, as well as occupational benefits.

#### Annual base salary (ABS)

The annual base salary (ABS) is determined individually on the basis of the scope and responsibilities associated with the position experience and qualifications of the individual. The ABS is reviewed annually and adjustments reflect individual performance, salary history, competitive positioning, market salary trends and the affordability of the company.

#### Short-term incentive (STI)

The short-term incentive (STI) allows the Group Executive Committee to participate in the Group's current success and is delivered in form of a cash payment under a profit-sharing plan. For each position, a profit-sharing factor is determined individually on the basis of the complexity of the position in terms of impact, scope and responsibilities. The STI amount paid out for the fiscal year corresponds to the profit-sharing factor multiplied by the Group net profit. Such an STI can only be earned if the Group net profit for the year is positive. Considering the profit-sharing characteristic of the formula, there is no formal target level for that incentive. However, there is a contractually agreed upper limit for the STI amount set at 100% of the ABS for the CEO and at 75% of the ABS for the other members of the Group Executive Committee.

Calculation of the STI amount:

	Individual profit-sharing factor	×	Group net profit (EUR)	=	STI amount (EUR)
Example	0.2 %		30 000 000		60 000

The STI amount for any given fiscal year is paid in the following year.



The decision to directly and solely link the STI to the financial results of the company (Group net profit) was driven by the conviction that the performance management is a powerful management tool that works best if it is disconnected from the compensation. The performance management process has been implemented globally several years ago. At the beginning of each year, individual performance objectives are determined and agreed upon between the employee and the direct manager. For the CEO and the other members of the Group Executive Committee, the performance objectives are derived directly from the business strategy and are periodically reviewed and confirmed by the Board of Directors. They include financial targets, strategic goals, as well as more qualitative objectives, for example in the area of people and project management. After year-end, the individual performance against the predefined objectives is assessed. The assessment is the basis for talent management decisions, such as career moves (promotion, new assignment, demotion) and individual development activities. The performance management process is not directly connected to any compensation decision. Consequently, the objective setting and the performance assessment are conducted in a very candid and straightforward manner. The overall process has become a powerful and high-quality management instrument.

#### **Long-term compensation: Zehnder Group Management Share Plan (ZGMSP)**

The Zehnder Group Management Share Plan (ZGMSP) is a long-term compensation program with the objective to encourage members of the Group Executive Committee and all employees at management level to directly participate in the long-term success of the company. The Group Executive Committee members may elect to draw up to 20% of their ABS in the form of Zehnder Group AG registered shares A. These shares are offered at a discount of 30% on the relevant share price determined as the average volume-weighted share price of the share during the period between 1 October and 31 December. The shares are subject to a restriction period of three years during which they cannot be sold, transferred or pledged. The restriction period also applies in case of termination of employment, except in case of termination following death where the restriction immediately lapses.

The ZGMSP strengthens the link between compensation and company long-term performance, as the compensation invested in the program is exposed to the change in share value over the restriction period of three years.

#### **Outstanding options**

The options plan was discontinued as of 1 January 2012. According to the regulations, the right to exercise outstanding options from the plan continues to exist until 2019.

#### **Benefits**

As the Group Executive Committee is international in its nature, the members participate in the benefits plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents in respect to retirement and to the risks of disability, death and illness/accident. The members of the Group Executive Committee with a Swiss employment contract participate in the pension plan offered to all employees in Switzerland, in which earnings up to an amount of CHF 700,000 per annum is insured. Contributions are age-related and are shared equally between the company and the employee. Zehnder's pension benefits exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are in line with what other international industrial companies offer. Members of the Group Executive Committee under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and are structured in accordance with local practice and in line with local legal requirements.

In addition, the members of the Group Executive Committee are also eligible to standard perquisites such as a company car, children allowance, subsidized staff restaurant and other benefits in kind, according to competitive market practice in their country of contract. The monetary value of these other elements of compensation is evaluated at fair value and is included in the compensation tables.

Expenses that are not covered by the Lump sum remuneration for expense allowance in accordance with the company's expenses regulations are compensated upon presentation of documentary evidence. The reimbursement of business expenses is not considered compensation and does not need to be approved by the General Meeting of Shareholders.

### **Contracts of members of the Group Executive Committee**

The employment contracts of the members of the Group Executive Committee are unlimited and incorporate a notice period of minimum six to maximum twelve months: six months for members who have been on the Group Executive Committee for less than five years, nine months for members who have been on the Group Executive Committee for more than five years but less than ten years, and twelve months for the members who have been on the Group Executive Committee for more than ten years. There are no agreements with regard to severance compensation in connection with leaving the company or if there is a change of control.

## **5. Information on compensation, guarantees, loans and credits granted to the Board of Directors, the Group Executive Committee and former Board members and persons closely associated with them in the 2015 business year**

(This section is audited according to article 17 of the Ordinance against Excessive Remuneration in Listed Companies.)

In 2015, the members of the board of directors received a total compensation of CHF 1.6 million (2014: CHF 1.0 million) in the form of fixed compensation of CHF 0.7 million (2014: CHF 0.5 million), share-based compensation of CHF 0.8 million (2014: 0.4 million) and social security contributions of CHF 0.1 million (2014: CHF 0.1 million). The increase in compensation compared to the previous year is due to the fact that Hans-Peter Zehnder retired from the Group Executive Committee and now serves as full-time executive Chairman of the Board of Directors.

## Compensation for the present members of the Board of Directors

	Notes page 18 ff.	Units 2015	Units 2014	CHF 2015	CHF 2014
<b>Hans-Peter Zehnder</b> Chairman of the Board of Directors, China & North America a.i.					
Fixed cash compensation for Board activity				245,001	80,000
Lump sum expense allowances/actual expenses				26,000	6,000
Allocated shares for Board activity <sup>1</sup>		9,976	2,953	371,056	119,159
Fixed cash compensation for additional services				175,006	116,666
Variable cash compensation for additional services				–	43,333
Employer social security and pension contributions				117,198	34,507
Shares acquired <sup>2</sup>		5,283	804	63,713	9,853
Other payments				8,512	1,419
<b>Total compensation<sup>3</sup></b>				<b>1,006,486</b>	<b>410,937</b>
<b>Thomas Benz</b> Deputy chairman of the Board of Directors and Member of the Compensation Committee					
Fixed cash compensation for Board activity				50,000	47,500
Fixed cash compensation for Compensation Committee activity				11,250	11,250
Lump sum expense allowances/actual expenses				6,825	5,827
Allocated shares for Board and Compensation Committee activity <sup>1</sup>		2,457	2,184	92,788	88,011
Fixed cash compensation for additional services				–	5,829
Employer social security and pension contributions				5,583	7,154
<b>Total compensation</b>				<b>166,446</b>	<b>165,571</b>
<b>Urs Buchmann</b> Member of the Board of Directors and of the Compensation Committee					
Fixed cash compensation for Board activity				40,000	40,000
Fixed cash compensation for Compensation Committee activity				10,000	7,500
Lump sum expense allowances/actual expenses				1,456	6,446
Allocated shares for Board and Compensation Committee activity <sup>1</sup>		2,008	1,759	75,738	70,946
Fixed cash compensation for additional services				11,307	11,307
Employer social security and pension contributions				7,510	6,931
<b>Total compensation</b>				<b>146,011</b>	<b>143,130</b>
<b>Riet Cadonau</b> Member of the Board of Directors					
Fixed cash compensation for Board activity				40,000	40,000
Lump sum expense allowances/actual expenses				2,000	2,000
Allocated shares for Board activity <sup>1</sup>		1,607	1,477	60,586	59,580
Employer social security and pension contributions				5,737	5,627
<b>Total compensation</b>				<b>108,323</b>	<b>107,207</b>
<b>Enrico Tissi</b> Member of the Board of Directors and Chairman of the Compensation Committee					
Fixed cash compensation for Board activity				40,000	40,000
Fixed cash compensation for Compensation Committee activity				13,750	7,500
Lump sum expense allowances/actual expenses				2,810	3,035
Allocated shares for Board and Compensation Committee activity <sup>1</sup>		2,162	1,759	81,418	70,946
Fixed cash compensation for additional services				47,070	60,145
Employer social security and pension contributions				6,147	6,496
<b>Total compensation</b>				<b>191,195</b>	<b>188,122</b>

<sup>1</sup> The shares are disclosed as the closing share price of the share on the grant date, 15 January 2016. The prior year's figures were adjusted accordingly.

<sup>2</sup> The Chairman of the board and the members of the Group Executive Committee are eligible to purchase shares under the Zehnder Group Share Plan. The value disclosed includes the value of the discount on the shares purchased determined as the closing share price of the share at the grant date, 2 February 2015, less the purchase price. The prior year's figures were adjusted accordingly.

<sup>3</sup> The total remuneration of the Chairman of the Board of Directors was CHF 1,006,486. His remuneration in the previous year (incl. Chairman of the Group Executive Committee) totalled CHF 1,396,531.

Notes page 18 ff.	Units 2015	Units 2014	CHF 2015	CHF 2014
<b>Total compensation paid to the present members of the Board of Directors</b>				
Fixed cash compensation for Board activity			415,001	247,500
Fixed cash compensation for Compensation Committee activity			35,000	26,250
Lump sum expense allowances/actual expenses			39,092	23,308
Allocated shares for Board and Compensation Committee activity <sup>1</sup>	18,210	10,132	681,585	408,641
Fixed cash compensation for additional services			233,383	193,947
Variable cash compensation for additional services			–	43,333
Employer social security and pension contributions			142,175	60,716
Shares acquired <sup>2</sup>	5,283	804	63,713	9,853
Other payments			8,512	1,419
<b>Total compensation</b>			<b>1,618,461</b>	<b>1,014,967</b>

<sup>1</sup> The shares are disclosed as the closing share price of the share on the grant date, 15 January 2016. The prior year's figures were adjusted accordingly.

<sup>2</sup> The Chairman of the board and the members of the Group Executive Committee are eligible to purchase shares under the Zehnder Group Share Plan. The value disclosed includes the value of the discount on the shares purchased, determined as the closing share price of the share at the grant date, 2 February 2015, less the purchase price. The prior year's figures were adjusted accordingly.

In 2015, the annual general meeting of shareholders authorized a maximum compensation budget for compensation of the board of directors of CHF 1.8 million for the period from General Meeting of Shareholders in 2015 to the General Meeting of Shareholders in 2016. The board of directors (5 board members) was paid a total of CHF 1.6 million for this period of time, which is in line with the limits approved by the General Meeting of Shareholders.

### Compensation for the Group Executive Committee

In 2015, the members of the Group Executive Committee received a total compensation of CHF 2.1 million (2014: CHF 4.1 million) in the form of fixed compensation of CHF 1.6 million (2014: CHF 2.4 million), variable compensation of CHF 0 million (2014: 0.8 million), other benefits including the value of the discount on the shares of CHF 0.2 million (2014: 0.3 million) and social security/pension contributions of CHF 0.3 million (2014: CHF 0.6 million). The decrease in compensation compared to the previous year is due to the following factors:

- The reduction in fixed remuneration is a result of the resignation of Hans-Peter Zehnder from the Group Executive Committee and discontinuation of payment for the dual role in two functions.
- In 2015 no STI (short-term incentive) payments were made. Due to the disappointing Group results, the Group Executive Committee forewent variable remuneration.

The highest compensation for a member of the Group Executive Committee was paid to CEO Dominik Berchtold in 2015 and to Hans-Peter Zehnder in 2014 (Chairman of the Group Executive Committee until 31 October 2014).

	Notes page 18 ff.	Units D. Berchtold 2015	Units H.P. Zehnder 2014	CHF D. Berchtold 2015	CHF H.P. Zehnder 2014
<b>Highest-paid member of the Group Executive Committee</b>					
Fixed cash compensation for GEC activity				526,500	583,332
Variable cash compensation for GEC activity				–	216,667
Lump sum expense allowances/actual expenses				24,000	20,000
Employer social security and pension contributions				71,788	109,200
Shares acquired <sup>1</sup>		3,518	4,023	42,427	49,302
Other payments				10,279	7,093
<b>Total compensation</b>				<b>674,994</b>	<b>985,594</b>
	Notes page 18 ff.	Units 2015	Units 2014	CHF 2015	CHF 2014
<b>Total compensation paid to the Executive Committee incl. highest-paid member</b>					
Fixed cash compensation				1,548,357	2,377,166
Variable cash compensation				–	762,667
Lump sum expense allowances/actual expenses				48,000	116,000
Employer social security and pension contributions				328,570	587,564
Shares acquired <sup>1</sup>		8,478	13,852	102,241	169,756
Other payments				32,384	47,133
<b>Total compensation</b>				<b>2,059,552</b>	<b>4,060,286</b>

<sup>1</sup> The Chairman of the board and the members of the Group Executive Committee are eligible to purchase shares under the Zehnder Group Share Plan. The value disclosed includes the value of the discount on the shares purchased, determined as the closing share price of the share at the grant date, 2 February 2015, less the purchase price. The prior year's figures were adjusted accordingly.

In 2015, the annual general meeting of shareholders authorized a maximum compensation budget for compensation of the Group Executive Committee of CHF 3.5 million for fiscal year 2015. The total compensation amount of CHF 2.1 million paid to the Group Executive Committee for fiscal year 2015 as disclosed in the above compensation table is within the limits approved by the General Meeting of Shareholders.

#### Guarantees, loans, credits, etc.

No Zehnder Group company has given guarantees, waivers of claims outstanding, credits or loans to present or former members of the Board of Directors, to present or former members of the Group Executive Committee, or to persons closely associated with them.

#### Compensation for former members of the Board of Directors and of the Group Executive Committee

Hans-Jakob Zehnder (Honorary president) received in 2014 and 2015 the amount of CHF 85,255 (fixed cash compensation CHF 80,000, lump sum expense allowances CHF 2,000, employer social security CHF 3,255) as compensation.

In the year under review, a payment of CHF 20,000 and social security contributions of CHF 1,030 were made to a former member of the Group Executive Committee. No compensation was paid to parties closely related to members of the Board of Directors or to the Group Executive Committee.

# Report of the Statutory Auditor

on the remuneration report  
to the General Meeting of Shareholders  
of Zehnder Group AG

We have audited section 5 of the remuneration report as shown on pages 24 to 27 of Zehnder Group AG for the year ended December 31, 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in section 5 of the compensation report.

## Responsibility of the Board of Directors

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

## Auditor's Responsibility

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

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

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

## Opinion

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

KPMG AG

Markus Forrer  
Licensed Audit Expert  
Auditor in Charge

Silvan Jurt  
Licensed Audit Expert

Basel, 29 February 2016

# Financial report

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## Five-year Overview

		2015	2014	2013	2012	2011
<b>Net sales</b>	EUR million	<b>533.0</b>	<b>525.1</b>	<b>522.4</b>	<b>523.8</b>	<b>515.4</b>
Change from prior year	%	1.5	0.5	-0.3	1.6	8.3
Of which segment Europe	EUR million	465.7	466.8	463.8	469.3	461.1
Change from prior year	%	-0.2	0.6	-1.2	1.8	7.7
Of which segment China & North America	EUR million	67.3	58.3	58.6	54.5	54.2
Change from prior year	%	15.4	-0.5	7.6	0.5	13.2
<b>EBIT<sup>1</sup></b>	EUR million	<b>27.0</b>	<b>32.7</b>	<b>32.3</b>	<b>38.5</b>	<b>51.1</b>
Change from prior year	%	-17.2	1.1	-16.0	-24.7	1.3
	% of net sales	5.1	6.2	6.2	7.3	9.9
<b>Net income<sup>2</sup></b>	EUR million	<b>0.3</b>	<b>26.0</b>	<b>18.2</b>	<b>26.8</b>	<b>41.1</b>
Change from prior year	%	-98.7	42.8	-32.0	-34.7	7.4
	% of net sales	0.1	5.0	3.5	5.1	8.0
<b>Net income before depreciation &amp; amortization<sup>2</sup></b>	EUR million	<b>21.6</b>	<b>45.9</b>	<b>37.4</b>	<b>45.1</b>	<b>58.9</b>
Change from prior year	%	-53.0	22.9	-17.1	-23.4	5.4
	% of net sales	4.1	8.7	7.2	8.6	11.4
<b>Investments in property, plant and equipment &amp; intangible assets</b>	EUR million	<b>29.3</b>	<b>25.1</b>	<b>35.9</b>	<b>39.4</b>	<b>35.6</b>
<b>Depreciation &amp; amortization</b>	EUR million	<b>21.3</b>	<b>19.9</b>	<b>19.1</b>	<b>18.2</b>	<b>17.8</b>
<b>Total assets</b>	EUR million	<b>435.6</b>	<b>429.7</b>	<b>412.6</b>	<b>407.3</b>	<b>406.0</b>
<b>Non-current assets</b>	EUR million	<b>209.1</b>	<b>193.1</b>	<b>183.8</b>	<b>177.7</b>	<b>160.1</b>
<b>Shareholders' equity<sup>2</sup></b>	EUR million	<b>269.0</b>	<b>281.8</b>	<b>255.5</b>	<b>247.6</b>	<b>239.7</b>
	% of total assets	61.8	65.6	61.9	60.8	59.0
<b>Employees</b>	Ø full time equivalents	<b>3,194</b>	<b>3,239</b>	<b>3,265</b>	<b>3,266</b>	<b>3,169</b>
<b>Zehnder Group AG</b>						
<b>Dividends<sup>3</sup></b>	CHF million	-	11.7	6.5	10.6	2.3
<b>Nominal value repayment</b>	CHF million	-	-	-	-	14.1
<b>Share capital</b>	CHF million	0.6	0.6	0.6	0.6	14.7
<b>Market capitalization<sup>4</sup></b>	CHF million	375.1	402.9	400.0	429.3	501.0
<b>Total market capitalization<sup>5</sup></b>	CHF million	451.2	484.7	481.2	516.4	602.6

<sup>1</sup> Before restructuring

<sup>2</sup> Including minority interests

<sup>3</sup> For 2015 as proposed by the Board of Directors

<sup>4</sup> Market value of all listed registered shares A at year end; excluding value of unlisted registered shares B

<sup>5</sup> Registered shares A and B; registered shares B recognized at 1/5 of the price of the registered share A at year end

# Data per Share<sup>1</sup>

			2015	2014	2013	2012	2011
<b>Shares outstanding</b>							
Registered shares A	in thousands	units	9,756	9,756	9,756	9,756	9,756
	each with a par value of	CHF	0.05	0.05	0.05	0.05	1.25
Registered shares B (not listed)	in thousands	units	9,900	9,900	9,900	9,900	9,900
	each with a par value of	CHF	0.01	0.01	0.01	0.01	0.25
Number of voting rights or shares	in thousands	units	19,656	19,656	19,656	19,656	19,656
Notional number of shares	in thousands	units	11,736	11,736	11,736	11,736	11,736
	each with a par value of	CHF	0.05	0.05	0.05	0.05	1.25
<b>Market prices (January–December)</b>							
Registered share A	high	CHF	48.45	43.45	48.15	67.30	71.00
Registered share A	low	CHF	29.50	33.10	34.05	39.80	42.50
Registered share A	at year end	CHF	38.45	41.30	41.00	44.00	51.35
<b>Consolidated net income</b>							
Per registered share A		EUR	0.01	2.19	1.42	2.33	3.42
<b>Consolidated net income before depreciation and amortization</b>							
Per registered share A		EUR	1.83	3.90	3.06	3.89	4.94
<b>Consolidated equity<sup>2</sup></b>							
Per registered share A		EUR	21.76	22.94	20.93	20.41	19.48
<b>Dividend (gross) and nominal value repayment</b>							
Dividend per registered share A <sup>3</sup>		CHF	–	1.00	0.55	0.90	0.20
Nominal value repayment per registered share A		CHF	–	–	–	–	1.20
Payout ratio	% of net income per share		–	38	32	32	33

<sup>1</sup> All data excluding minority interests; all data on the basis of total shares outstanding at year end, less the average of the shares held by Zehnder Group AG as own shares

<sup>2</sup> Before appropriation of earnings

<sup>3</sup> For 2015 as proposed by the Board of Directors

# Consolidated Balance Sheet

EUR million	Notes page 42 ff.	31 December 2015	31 December 2014	Change from prior year %
<b>Assets</b>				
Liquid assets	1	59.7	73.7	
Trade accounts receivable	2	89.0	88.1	
Other receivables	2	17.7	13.0	
Inventories	3	52.8	57.1	
Prepayments		3.7	2.0	
Accrued income		3.6	2.8	
<b>Current assets</b>		<b>226.5</b>	<b>236.6</b>	<b>-4.3</b>
Property, plant and equipment	4	202.9	186.9	
Financial assets	4	4.0	3.4	
Intangible assets	4	2.2	2.8	
<b>Non-current assets</b>		<b>209.1</b>	<b>193.1</b>	<b>8.3</b>
<b>Total assets</b>		<b>435.6</b>	<b>429.7</b>	<b>1.4</b>
<b>Liabilities &amp; shareholders' equity</b>				
Loans	5	10.3	1.2	
Trade accounts payable		24.6	25.9	
Other liabilities <sup>1</sup>		40.4	40.9	
Provisions	6	19.3	8.8	
Accruals and deferred income		30.7	31.6	
<b>Current liabilities</b>		<b>125.2</b>	<b>108.3</b>	<b>15.6</b>
Loans	5	8.3	8.7	
Provisions	6	33.0	30.9	
<b>Long-term liabilities</b>		<b>41.4</b>	<b>39.6</b>	<b>4.4</b>
<b>Total liabilities</b>		<b>166.6</b>	<b>147.9</b>	<b>12.6</b>
Share capital		0.4	0.4	
Capital reserves		33.6	33.6	
Own shares		-3.0	-2.0	
Retained earnings		212.7	238.7	
Accumulated FX differences		10.4	-2.7	
Minority interests		15.0	13.7	
<b>Equity</b>	7	<b>269.0</b>	<b>281.8</b>	<b>-4.5</b>
<b>Total liabilities &amp; shareholders' equity</b>		<b>435.6</b>	<b>429.7</b>	<b>1.4</b>

<sup>1</sup> Includes the advanced payments in relation to the sale of factory property in China amounting to EUR 14.1 million (2015) respectively EUR 11.0 million (2014).

# Consolidated Income Statement

EUR million	Notes page 42 ff.	2015	2014	Change from prior year %
<b>Net sales</b>	18	<b>533.0</b>	<b>525.1</b>	<b>1.5</b>
Changes in inventories		-0.7	0.4	
Internal additions to plant and equipment		1.0	-	
Other income		2.7	5.1	
Cost of materials <sup>1</sup>		-179.9	-177.4	
Personnel costs	19	-193.1	-176.6	
Depreciation of property, plant and equipment	4	-20.0	-18.7	
Amortization of intangible assets	4	-1.2	-1.2	
Other operating expenses <sup>1, 2</sup>	20 / 28	-136.5	-124.1	
<b>Earnings before interest and taxes (EBIT)</b>		<b>5.2</b>	<b>32.7</b>	<b>-83.9</b>
Result from associated companies <sup>3</sup>	4 / 26	2.4	-0.3	
Financial result	21	-2.8	1.9	
<b>Earnings before taxes</b>		<b>4.8</b>	<b>34.3</b>	<b>-85.9</b>
Income taxes	22	-4.5	-8.2	
<b>Net income</b>		<b>0.3</b>	<b>26.0</b>	<b>-98.7</b>
Minority interests		0.2	0.4	
Net income excluding minority interests		0.1	25.6	
Non-diluted net income excluding minority interests per registered share A (EUR)	23	0.01	2.19	
Diluted net income excluding minority interests per registered share A (EUR)	23	0.01	2.19	
Non-diluted net income excluding minority interests per registered share B (EUR)	23	-	0.44	
Diluted net income excluding minority interests per registered share B (EUR)	23	-	0.44	

<sup>1</sup> The prior years's figure were adjusted (see accounting and valuation principles on page 39).

<sup>2</sup> Includes the loss from the sale of the production plant in Châlons-en-Champagne (FR) in the amount of EUR 11.6 million (2015).

<sup>3</sup> Includes the profit from the revaluation of the 33% participation in dPoint Technologies Inc. in relation to the complete acquisition as at 1 December 2015.

# Consolidated Cash Flow Statement

EUR million	Notes page 42 ff.	2015	2014
Net income		0.3	26.0
Depreciation and amortization of property, plant and equipment	4	20.0	18.7
Depreciation and amortization of intangible assets		1.2	1.2
(Gain)/loss from sale of subsidiaries <sup>1</sup>	28	11.6	–
Non-cash change in valuation adjustments on receivables and inventories		0.2	1.3
Loss/(gain) on disposals of property, plant and equipment		–0.2	0.1
Result from associated companies <sup>2</sup>	26	–2.4	0.3
(Increase)/decrease of trade accounts receivable		1.2	3.3
(Increase)/decrease of other receivables, prepayments and accrued income		–6.0	2.6
(Increase)/decrease of inventories		6.6	2.0
Increase/(decrease) of trade accounts payable		–3.2	–0.3
Increase/(decrease) of other short-term liabilities, accruals and deferred income		–6.1	–8.8
Increase/(decrease) of provisions	6	8.5	4.7
<b>Cash flow from operating activities</b>		<b>31.8</b>	<b>51.3</b>
Investments in property, plant and equipment	4	–29.0	–24.1
Investments in financial assets <sup>3</sup>		–0.3	–0.7
Investments in intangible assets		–0.3	–1.1
Investments in subsidiaries <sup>4</sup>	26	–12.9	–
Divestment of property, plant and equipment <sup>5</sup>		3.2	12.3
Divestment of subsidiaries <sup>1</sup>	28	–4.8	–
<b>Cash flow from investing activities</b>		<b>–44.0</b>	<b>–13.6</b>
Dividends paid to shareholders		–11.1	–5.3
(Purchase)/sale of own shares		–1.0	0.2
Increase/(decrease) of short-term loans	5	9.1	–16.0
Increase/(decrease) of long-term loans	5	–0.9	–4.5
<b>Cash flow from financing activities</b>		<b>–4.0</b>	<b>–25.6</b>
Currency effects		2.2	–0.3
<b>(Decrease)/increase of liquid assets</b>		<b>–13.9</b>	<b>11.8</b>
Liquid assets at 1.1.		73.7	61.8
Liquid assets at 31.12.		59.7	73.7
<b>(Decrease)/increase</b>		<b>–13.9</b>	<b>11.8</b>

<sup>1</sup> Equals loss from the sale of the production plant in Châlons-en-Champagne (FR) in the amount of EUR 11.6 million, of which EUR 4.8 million is cash outflow (2015).

<sup>2</sup> Includes profit from the revaluation of the 33 % participation in dPoint Technologies Inc. in relation to the complete acquisition as at 1 December 2015.

<sup>3</sup> Purchase of 49 % of the shares in Eric & Bason Building Environment Technologies Co., Ltd. (2015), and increase of the participation in dPoint Technologies Inc. by 2 % to 33 % (2014)

<sup>4</sup> Purchase of Eco Concept Habitat and the remaining 67 % of dPoint Technologies Inc. (2015)

<sup>5</sup> Includes the proceeds from the advanced payments in relation to the sale of factory property in China amounting to EUR 1.5 million (2014: EUR 11.0 million).

# Consolidated Statement of Changes in Equity

EUR million	Share capital	Capital reserves	Own shares	Retained earnings	Accumulated FX differences	Total excluding minority interests	Minority interests	Total including minority interests
<b>Equity at 1.1.2015</b>	<b>0.4</b>	<b>33.6</b>	<b>-2.0</b>	<b>238.7</b>	<b>-2.7</b>	<b>268.1</b>	<b>13.7</b>	<b>281.8</b>
Purchase of own shares	-	-	-7.7	-	-	-7.7	-	-7.7
Sale of own shares	-	-	6.6	-	-	6.7	-	6.7
Net income	-	-	-	0.1	-	0.1	0.2	0.3
Netted goodwill	-	-	-	-15.1	-	-15.1	-	-15.2
Currency effects	-	-	-	-	13.1	13.1	1.1	14.2
Dividends	-	-	-	-11.1	-	-11.1	-	-11.1
<b>Equity at 31.12.2015</b>	<b>0.4</b>	<b>33.6</b>	<b>-3.0</b>	<b>212.7</b>	<b>10.4</b>	<b>254.0</b>	<b>15.0</b>	<b>269.0</b>
<b>Equity at 1.1.2014</b>	<b>0.4</b>	<b>33.6</b>	<b>-2.2</b>	<b>218.9</b>	<b>-6.4</b>	<b>244.3</b>	<b>11.2</b>	<b>255.5</b>
Purchase of own shares	-	-	-1.0	-	-	-1.0	-	-1.0
Sale of own shares	-	-	1.2	-0.1	-	1.1	-	1.1
Net income	-	-	-	25.6	-	25.6	0.4	26.0
Netted goodwill	-	-	-	-0.5	-	-0.5	-	-0.5
Currency effects	-	-	-	-	3.8	3.8	2.1	5.8
Dividends	-	-	-	-5.3	-	-5.3	-	-5.3
<b>Equity at 31.12.2014</b>	<b>0.4</b>	<b>33.6</b>	<b>-2.0</b>	<b>238.7</b>	<b>-2.7</b>	<b>268.1</b>	<b>13.7</b>	<b>281.8</b>

# Consolidation Matrix and Principles

## Consolidation matrix

The consolidated financial statements are presented in euros and include all domestic and foreign companies in which Zehnder Group AG directly or indirectly holds more than 50% of the voting rights. Assets and liabilities as well as revenues and expenses are included to 100% in accordance with the full consolidation method. Minority interests in equity and in net income of fully consolidated companies are recognized separately.

Holdings with a voting interest of between 20 and 49% (associated companies) are included in accordance with the equity method. Consolidated equity and the financial result for the period are accounted for proportionately.

Companies in which the participation is 50% or less can also be fully consolidated provided that legally binding agreements on supervision have been signed.

The following changes were made in the consolidation matrix compared to the previous year:

- Purchase of Eco Concept Habitat and merger with Zehnder Group France retroactively as at 1 January 2015,
- Merger of Zehnder Group Treviso S.r.l. with Zehnder Group Italia S.r.l. into Zehnder Group Italia S.r.l. retroactively as at 1 January 2015,
- Sale of Zehnder Group Châlons-en-Champagne SAS to Callista Private Equity GmbH & Co. KG as at July 2015,
- Purchase by Zehnder (China) Indoor Climate Co., Ltd. of a 49% participation in Eric & Bason Building Environment Technologies Co., Ltd. as at November 2015,
- Increase of the participation in dPoint Technologies Inc. from 33 to 100% as at 1 December 2015.

## Consolidation principles

### General

Zehnder Group prepares its accounts in compliance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations).

The consolidated balance sheet and income statement are based on the audited financial statements of the companies included in the consolidation matrix for the year ended 31 December.

The data presented in the consolidated financial statements are based on uniform accounting and valuation principles which apply to all Group companies.

Intergroup receivables and payables as well as revenues and expenses are eliminated in the consolidated statements. Intermediate profits in inventories are eliminated as well.

### Foreign currency translation

For the year under review, the financial statements of subsidiaries which report in currencies other than the euro were translated into euro (EUR) as follows:

- balance sheet figures at year-end rates,
- income statement figures at average-for-the-year rates,
- cash flow statement figures at average-for-the-year rates.

Differences arising from applying these disparate exchange rates as well as foreign exchange differences on long-term loans of an equity nature to Group companies were booked to the cumulative translation differences of the consolidated equity capital.

The most important exchange rates used for consolidation are shown in the following table:

	CHF 1	USD 1	GBP 1	SEK 1	CNY 100	PLN 100	TRY 100
<b>Year-end rates</b>							
<b>2015</b>	0.9238	0.9169	1.3574	0.1089	14.13	23.48	31.42
2014	0.8314	0.8227	1.2780	0.1055	13.40	23.28	35.44
<b>Average-for-the-year rates</b>							
<b>2015</b>	0.9389	0.8999	1.3779	0.1068	14.53	24.00	33.43
2014	0.8235	0.7537	1.2409	0.1100	12.27	23.91	34.48

### Capital consolidation

Capital is consolidated to show equity capital as if the Group were one single company. To do this, it is necessary to offset the net worth of consolidated companies against the capital allotted to them.

Basically, capital is consolidated in accordance with the Anglo-Saxon purchase method. The assets and liabilities of the consolidated subsidiary are valued on the date of the first consolidation in accordance with the Group's guidelines. After this revaluation, any goodwill remaining (positive difference between the purchase price and the total disclosed equity capital of the acquired company after revaluation) is directly charged to the Group's equity capital at the time of acquisition. Any goodwill on associated companies is also charged to the equity capital.

When a gradual acquisition, where the investment in shares in an associated company is increased so that takeover of control occurs, the values of participations held to date are initially posted as an outflow, taking any goodwill into account. The fair value of this outflow is determined by the terms of acquisition at the time of takeover of control. Any resulting profit or loss is reflected in the result from associated companies. A revaluation of the entire shareholding in accordance with the terms of acquisition at the time of takeover of control is subsequently carried out as if it were a new acquisition.



# Accounting and Valuation Principles

The balance sheets of all subsidiaries of Zehnder Group AG have been valued according to uniform valuation principles in accordance with the Swiss accounting and reporting recommendations (Swiss GAAP FER). The financial reporting gives a true and fair view of the financial position, the results of operations, and the Cash flows. The consolidation principles as well as the accounting and valuation principles applied remained unchanged year on year.

Following the Group-wide introduction of SAP software, allocations in the chart of accounts for the income statement were further refined and some new accounts were created to make the income statement more meaningful. In order to ensure comparability, the “cost of materials” and “advertising expenses” incurred in the 2014 financial year, were adjusted either upward or downward by EUR 6.5 million. Reallocations had no effect on EBIT.

## **1. Liquid assets**

Cash, postal checking account, and bank balances are shown at nominal values.

## **2. Trade accounts receivable**

Trade accounts receivable are shown at nominal value less allowances for specific currency or credit risks as well as general allowances for bad and doubtful debts. The latter are based on experience.

## **3. Inventories**

Inventories are valued on the lower of cost or market principle. Purchased products are valued at acquisition cost and manufactured goods at production cost. Production costs comprise variable manufacturing costs and manufacturing overheads. Valuation adjustments are undertaken for risks arising from time in storage or reduced marketability. Unrealized profits in inventories from intergroup deliveries are eliminated. Any supplier discounts are netted with the cost of materials.

## **4. Property, plant and equipment**

Property, plant and equipment are shown in the consolidated balance sheet at acquisition or manufacturing cost (for self-constructed assets) less depreciation and valuation adjustments. The following terms of useful life are applicable for the main items contained in property, plant and equipment:

Buildings	35 to 50 years
Installations	10 to 20 years
Machines and equipment	5 to 15 years
Furniture	5 to 10 years
Computer hardware	3 to 5 years
Vehicles	3 to 5 years

The straight-line method of depreciation is applied for all property, plant and equipment. In general, depreciation commences from the time the asset is put into operation. Plant under construction is not depreciated.

Minor assets to a value of up to EUR 3,000 are charged directly as expenses to the income statement. Investments financed through long-term leases are shown on the balance sheet. Expenses for operating leasing are charged directly to the income statement.

Costs for maintenance, repairs, and minor renovations are charged as expenses to the income statement when they occur. Major renovations and investments are capitalized if they result in appreciation of value.

## 5. Financial assets

Holdings with a voting interest of less than 20 % and loans are valued at nominal or acquisition cost less the necessary valuation adjustments.

## 6. Intangible assets

Acquired intangible assets are recognized at acquisition cost. Computer software is written down on a straight-line basis over 3 to 5 years, other intangible assets over 3 to 10 years. Internally generated intangible assets are fully charged to the income statement in the year in which they are incurred.

## 7. Impairment of assets

The carrying amounts of assets are reviewed for impairment at each balance sheet date or if there are indications that an asset may be impaired. If an indication of potential impairment exists, the recoverable amount of the respective asset is determined. If the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. Impairment losses are recognized in the income statement. The recoverable amount is the higher of the estimated asset's net selling price and its value in use. The net selling price is the amount recoverable from the sale of an asset in an arm's-length transaction between independent parties less the cost of disposal. The value in use is the present value of estimated future Cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

## 8. Trade accounts payable and other liabilities

Trade accounts payable and other liabilities are shown at nominal value. They include short-term tax liabilities, shown in the balance sheet on the basis of the results for the reporting year. This item also includes taxes on the proposed distribution of profits by subsidiaries.

## 9. Provisions

The provisions are for the purpose of personnel pensions and to cover identifiable risks, including guarantee, procedural and country risks, as well as restructuring measures implemented. Provisions for deferred tax liabilities and for set-off risks in respect of tax audits are also included.

Provisions are broken down according to their maturity, i.e. a distinction is made between short-term provisions with an expected cash outflow within the next 12 months and long-term provisions with an expected cash outflow of funds after a period greater than one year.

The provisions are recalculated annually and adjusted accordingly. It is assumed that there is a high probability of these provisions being utilized.

## 10. Pension funds

Employees of the Swiss Group companies are registered with a legally independent collective foundation that provides benefits in addition to state pensions. The collective foundation is funded through investment income and premiums paid by both employers and employees. The contributions payable are set out in the regulations.

The economic effects of pension plans on the company are presented as follows: Although the capitalization of economic benefit would be admissible, it is not undertaken because the company does not intend to use this to lower employer contributions. Any benefit resulting from freely disposable employer contribution reserves is recognized as an asset. An economic liability is recognized if the conditions for forming a provision are met. The employer contributions to the pension fund for the reporting period are recognized in the income statement.

In most countries abroad, pension and retirement plans are state organized. They are generally financed through employer and employee contributions. Two of our German companies have a pension plan in addition to the state scheme. Its liabilities in this respect are recognized in the balance sheet under provisions.

## 11. Derivative financial instruments

Derivative financial instruments are sometimes used to hedge against currency, interest rate and commodity risks. Valuation is undertaken at current value or according to the same valuation principles as for the hedged underlying transaction (current values or according to lower of cost or market principle). The changes in value since the previous valuation are reported in the financial result for the period.

Instruments used to hedge future Cash flows are not recognized in the balance sheet, but are reported in the Notes until the future Cash flow is realized.

## 12. Sales

Sales comprised the sale of products and services after deducting value-added taxes, rebates and other price discounts. Sales are posted if the relevant risks and opportunities that are associated with the ownership of the sold products have been transferred to the customer, the income and costs can be reliably determined and the recoverability of the resulting receivables is adequately assured. All intergroup sales are eliminated during the process of consolidation.

## 13. Income taxes

Income taxes are comprised of current and deferred income taxes.

The current income taxes are calculated with the current tax rates on the basis of the commercial code/ anticipated annual tax results, in accordance with the respective taxable profit calculation regulations. The current income tax liabilities are recognized under accruals and deferred income.

The deferred taxes are comprised of deviations between the Group-wide and tax valuation in the company financial statements. These deviations can lead to postponements in the actual taxation of the profits. Deferred taxes are based on the income tax rates per country. It remains disregarded whether an actual tax expense will also arise in the foreseeable future. Deferred tax liabilities are posted in the balance sheet under provisions.

Several companies have tax loss carryforwards. The capitalization of deferred tax credits is waived.

# Notes to the Consolidated Financial Statements

## 1. Liquid assets

The reasons for changes in liquid assets are set out in the Cash flow statement. Liquid assets amounted to EUR 59.7 million (2014: EUR 73.7 million) whereas interest-bearing financial liabilities reached EUR 18.6 million (2014: EUR 9.9 million). Thus, at year end, net liquidity amounted to EUR 41.1 million (2014: EUR 63.7 million).

## 2. Accounts receivable from sales and services and other receivables

EUR million	31.12.2015	31.12.2014
Accounts receivable gross *	112.6	106.8
Valuation adjustments	-5.9	-5.7
<b>Accounts receivable net</b>	<b>106.7</b>	<b>101.0</b>
* Of which more than 12 months overdue gross	2.4	2.2

## 3. Inventories

EUR million	31.12.2015	31.12.2014
Raw materials	31.8	35.9
Semi-finished products and goods in process	4.1	4.0
Finished products	29.3	29.3
Valuation adjustments	-12.4	-12.2
<b>Total inventories</b>	<b>52.8</b>	<b>57.1</b>

#### 4. Development of non-current assets

##### Property, plant and equipment

EUR million	Land/ buildings/ installations in buildings	Machinery/ plant	Other fixed assets	Plant under construction	Total
<b>Net book value at 1.1.2015</b>	<b>122.6</b>	<b>43.4</b>	<b>9.5</b>	<b>11.4</b>	<b>186.9</b>
<b>Acquisition cost</b>					
Status 1.1.2015	204.7	225.0	34.0	11.4	475.1
Investments	5.5	6.0	5.2	12.4	29.0
Disposals	-1.4	-7.7	-5.2	-0.2	-14.6
Changes in consolidation matrix	-3.9	-19.3	-0.5	-	-23.6
Reclassifications	6.5	1.3	2.7	-10.5	-
Currency effects	10.5	6.1	1.1	-0.1	17.6
Status 31.12.2015	221.9	211.3	37.3	13.0	483.5
<b>Accumulated valuation adjustments</b>					
Status 1.1.2015	-82.1	-181.6	-24.6	-	-288.2
Ordinary depreciation	-5.1	-10.6	-4.4	-	-20.0
Disposals	1.3	7.2	4.6	-	13.1
Changes in consolidation matrix	3.9	19.7	0.5	-	24.1
Currency effects	-3.8	-4.8	-0.8	-	-9.5
Status 31.12.2015	-85.7	-170.1	-24.7	-	-280.5
<b>Net book value at 31.12.2015</b>	<b>136.1</b>	<b>41.2</b>	<b>12.6</b>	<b>13.0</b>	<b>202.9</b>
<b>Net book value at 1.1.2014</b>	<b>113.1</b>	<b>44.6</b>	<b>10.5</b>	<b>9.1</b>	<b>177.2</b>
<b>Acquisition cost</b>					
Status 1.1.2014	188.9	225.6	32.6	9.1	456.1
Investments	4.9	5.2	2.9	11.1	24.1
Disposals	-0.1	-11.4	-2.2	-0.3	-13.9
Reclassifications	5.0	2.9	0.4	-8.6	-0.3
Currency effects	6.1	2.7	0.3	0.1	9.2
Status 31.12.2014	204.7	225.0	34.0	11.4	475.1
<b>Accumulated valuation adjustments</b>					
Status 1.1.2014	-75.8	-181.0	-22.1	-	-278.9
Ordinary depreciation	-4.9	-9.8	-4.1	-	-18.7
Disposals	0.1	11.0	1.9	-	13.0
Reclassifications	-	0.2	0.1	-	0.2
Currency effects	-1.5	-2.0	-0.3	-	-3.9
Status 31.12.2014	-82.1	-181.6	-24.6	-	-288.2
<b>Net book value at 31.12.2014</b>	<b>122.6</b>	<b>43.4</b>	<b>9.5</b>	<b>11.4</b>	<b>186.9</b>

## Financial assets

EUR million	Financial assets	Loans	Reserves for employer contributions	Associated companies	Total
<b>Net book value at 1.1.2015</b>	<b>-</b>	<b>0.1</b>	<b>3.2</b>	<b>-</b>	<b>3.4</b>
<b>Acquisition or current book value</b>					
Status 1.1.2015	-	0.3	3.2	-	3.6
Investments	-	-	-	0.2	0.2
Disposals	-	-	-	-	-
Result from associated companies	-	-	-	-0.3	-0.3
Changes in consolidation matrix	-	-	-	0.2	0.2
Currency effects	-	-	0.4	0.1	0.5
Status 31.12.2015	-	0.3	3.6	0.2	4.2
<b>Accumulated valuation adjustments</b>					
Status 1.1.2015	-	-0.2	-	-	-0.2
Status 31.12.2015	-	-0.2	-	-	-0.2
<b>Net book value at 31.12.2015</b>	<b>-</b>	<b>0.1</b>	<b>3.6</b>	<b>0.2</b>	<b>4.0</b>
<b>Net book value at 1.1.2014</b>	<b>-</b>	<b>0.2</b>	<b>3.1</b>	<b>0.3</b>	<b>3.7</b>
<b>Acquisition or current book value</b>					
Status 1.1.2014	1.9	0.8	3.1	0.3	6.1
Investments	-	0.1	-	0.1	0.2
Disposals	-1.8	-0.7	-	-	-2.5
Result from associated companies	-	-	-	-0.3	-0.3
Status 31.12.2014	-	0.3	3.2	-	3.6
<b>Accumulated valuation adjustments</b>					
Status 1.1.2014	-1.8	-0.6	-	-	-2.5
Disposals	1.8	0.5	-	-	2.3
Status 31.12.2014	-	-0.2	-	-	-0.2
<b>Net book value at 31.12.2014</b>	<b>-</b>	<b>0.1</b>	<b>3.2</b>	<b>-</b>	<b>3.4</b>

## Intangible assets

EUR million	2015	2014
<b>Net book value at 1.1.</b>	<b>2.8</b>	<b>2.9</b>
<b>Acquisition cost</b>		
Status 1.1.	11.6	11.2
Investments	0.3	1.1
Disposals	-0.4	-1.1
Changes in consolidation matrix	-0.4	-
Reclassifications	-	0.3
Currency effects	0.7	0.1
Status 31.12.	11.8	11.6
<b>Accumulated valuation adjustments</b>		
Status 1.1.	-8.8	-8.3
Ordinary amortization	-1.2	-1.2
Disposals	0.4	1.0
Changes in consolidation matrix	0.4	-
Reclassifications	-	-0.2
Currency effects	-0.4	-0.1
Status 31.12.	-9.6	-8.8
<b>Net book value at 31.12.</b>	<b>2.2</b>	<b>2.8</b>

## 5. Loans

EUR million	2015	2014
<b>Split by maturity</b>		
Less than 12 months	10.3	1.2
12 months to 60 months	5.3	5.0
More than 60 months	3.0	3.7
<b>Total</b>	<b>18.6</b>	<b>9.9</b>
<b>Split by currency</b>		
CHF	6.1	-
EUR	7.7	5.3
USD	4.8	4.6
<b>Total</b>	<b>18.6</b>	<b>9.9</b>

Short-term loans show an interest rate of 1 to 4%, while long-term loans show an interest rate of 4 to 6%. The majority of long-term loans are mortgage loans.

## 6. Provisions

EUR million	Provisions for deferred taxes	Pension commitments	Provisions for restructuring	Other provisions	Total
<b>Book value at 1.1.2015</b>	<b>11.2</b>	<b>11.6</b>	<b>3.2</b>	<b>13.6</b>	<b>39.6</b>
New provisions	0.7	4.5	7.8	9.2	22.2
Use	–	–0.4	–3.1	–1.7	–5.3
Reversals	–1.8	–1.0	–0.3	–1.6	–4.7
Changes in consolidation matrix	–0.4	–	–0.4	0.2	–0.6
Currency effects	0.5	–	0.1	0.3	1.0
<b>Book value at 31.12.2015</b>	<b>10.1</b>	<b>14.7</b>	<b>7.3</b>	<b>20.1</b>	<b>52.3</b>
of which short term	–	3.5	6.1	9.6	19.3
<b>Book value at 1.1.2014</b>	<b>10.1</b>	<b>10.6</b>	<b>1.5</b>	<b>12.1</b>	<b>34.3</b>
New provisions	1.1	1.3	2.4	5.1	10.0
Use	–0.1	–0.4	–0.4	–1.2	–2.1
Reversals	–0.2	–	–0.3	–2.6	–3.2
Currency effects	0.2	–	0.1	0.2	0.5
<b>Book value at 31.12.2014</b>	<b>11.2</b>	<b>11.6</b>	<b>3.2</b>	<b>13.6</b>	<b>39.6</b>
of which short term	–	0.4	2.5	5.8	8.8

The provisions for taxes include deferred taxes as well as other provisions for taxes in accordance with section 9 of the accounting and valuation principles on page 40.

The discount rate for German pension commitments was 4.07% (2014: 4.58%). In Germany, an external solution is being implemented for the pension commitments. Accordingly, the provisions for pension commitments increased by EUR 3.0 million.

The other provisions are primarily provisions for guarantees and for pending legal proceedings.

## 7. Equity capital

At the balance sheet date, the equity ratio was 62% (2014: 66%). The factors that contributed to changes in consolidated equity are presented in the consolidated statement of changes in equity.

As in 2014, the share capital totalled CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate on 1 January 2003. It is made up of 9,756,000 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each.

The statutory and legal reserves and those not available for distribution amounted to EUR 3.4 million (2014: EUR 2.3 million).

	Registered shares A units 2015	Value per unit EUR 2015	Value thousand EUR 2015	Registered shares A units 2014	Value per unit EUR 2014	Value thousand EUR 2014
<b>Own shares at 1.1.</b>	<b>69,210<sup>1</sup></b>	<b>28.30</b>	<b>1,958</b>	<b>75,679<sup>2</sup></b>	<b>28.79</b>	<b>2,179</b>
Sale at (theoretical) market price	–218,148	30.61	–6,677	–37,791	30.27	–1,144
Gain/(loss) from sale			35			–52
Purchase at acquisition price	248,000	31.12	7,717	31,322	31.15	976
<b>Own shares at 31.12.</b>	<b>99,062<sup>1</sup></b>	<b>30.62</b>	<b>3,033</b>	<b>69,210<sup>2</sup></b>	<b>28.30</b>	<b>1,958</b>

<sup>1</sup> Of which 37,888 (1.1.) or 24,528 (31.12.) reserved for the option program

<sup>2</sup> Of which 47,587 (1.1.) or 37,888 (31.12.) reserved for the option program



Shares were sold at a discount of 30 % to management staff participating in a stock ownership plan (see note 24 Shares granted on page 52). In addition, 174,215 shares were used for the acquisition of dPoint Technologies Inc. (see point 26. Acquisition on page 53).

Major shareholders as defined in Art. 663c of the Swiss Code of Obligations (company law) are disclosed in the individual financial statements of Zehnder Group AG, see page 66.

## 8. Contingent liabilities

At year end, there were guarantee obligations vis-à-vis third parties totalling EUR 65.3 million (2014: EUR 5.0 million).

In addition, there is a potential obligation to increase the stakes in Shanghai Nather Air Tech Co. Ltd. totalling around EUR 1.3 million (2014: EUR 1.1 million). The obligation is dependent on the minority shareholders exercising put options.

## 9. Pledged assets

Of the Group's total assets, EUR 32.4 million served as collateral (2014: EUR 30.3 million). The pledged assets were exclusively land and buildings.

## 10. Liabilities to pension funds

At 31 December 2015, there were liabilities to pension funds in the amount of EUR 0.6 million (2014: EUR 0.5 million).

## 11. Accounts receivable and payable vis-à-vis closely associated persons

As in the previous year, there were no accounts receivable from or payable to not fully consolidated companies or known shareholders.

## 12. Transactions with closely associated persons

In the reporting year, products worth EUR 0.9 million were purchased from not fully consolidated companies (2014: EUR 0.9 million).

## 13. Minority interests

During the reporting year, as in the previous year, Zehnder Group undertook no significant transactions with third party shareholders in subsidiaries with the exception of fulfilling existing obligations.

## 14. Derivative financial instruments

EUR million	Active value 31.12.2015	Passive value 31.12.2015	Active value 31.12.2014	Passive value 31.12.2014	Purpose
Foreign exchange	-	-	0.1	-	hedging
Interest	-	0.3	-	0.4	hedging
<b>Total</b>	-	<b>0.3</b>	<b>0.1</b>	<b>0.4</b>	

## 15. Operating leasing not recognized in the balance sheet

Current operating leasing contracts expire as follows:

EUR million	31.12.2015	31.12.2014
Within 12 months	2.4	2.1
In 13–60 months	4.4	4.9
In more than 60 months	0.6	0.6
<b>Total</b>	<b>7.4</b>	<b>7.7</b>

## 16. Employer contribution reserves and pension fund liabilities

Please refer to section 10 on page 41 for the accounting and valuation principles applied for pension commitments.

The provisions made in respect of pension commitments are detailed on page 46.

### Employer contribution reserve (ECR)<sup>1</sup>

	Nominal value 31.12.2015	Not utilized 31.12.2015	Other valuation adjustments 31.12.2015	Balance sheet 31.12.2015	Balance sheet 31.12.2014	Currency effects resulting from ECR 2015	Result from ECR in financial earnings 2015
Pension trust fund	3,607	–	–	3,607	3,246	361	–
<b>Total</b>	<b>3,607</b>	<b>–</b>	<b>–</b>	<b>3,607</b>	<b>3,246</b>	<b>361</b>	<b>–</b>

<sup>1</sup> The 2015 financial statements of the pension trust fund are not yet available as of the date of publication of this annual report. The details for 2015 correspond to those in the 2014 annual financial statements, and the 2014 details correspond to those in the 2013 annual financial statement.

### Economic benefits/economic liabilities and pension expenses

	Excess/(inad- equated) cover 31.12.2015 <sup>1</sup>	Economic share of organization 31.12.2015	Economic share of organization 31.12.2014	Capitalized in business year 2015	Contributions accrued 2015	Pension expenses in personnel expenses 2015	Pension expenses in personnel expenses 2014
Pension trust fund	920	–	–	–	–	–	–
Personnel pension fund collective fund	3	–	–	–	2,247	2,247	1,931
Pension plans abroad	–	–	–	–	11,751	11,751	8,212
<b>Total</b>	<b>923</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13,998</b>	<b>13,998</b>	<b>10,143</b>

<sup>1</sup> The 2015 financial statements of the pension trust fund and the collective fund are not yet available as of the date of publication of this annual report. The details regarding the excess coverage in 2015 correspond to the value as at 31 December 2014.

## 17. Segment reporting

In accordance with Swiss GAAP FER 31/8, segment reporting used at top management level for corporate management is disclosed. The Zehnder Group is an indoor climate system supplier. With the two segments, Europe and China & North America, the Group is classified according to geographical regions. These are managed independently from one another and their business performance is assessed separately. The regions of China and North America are reported together on grounds of materiality. They only account for 5% and 7% of total sales, respectively.

The Europe segment comprises a total of 32 production, sales and management companies in 13 European countries. The largest locations are in France, Germany, Great Britain, and Switzerland.

The China & North America segment is comprised of a total of nine production, sales and management companies in China and North America.

		Europe	China & North America	Eliminations	Total
<b>2015</b>					
Net sales third	EUR million	465.7	67.3	–	533.0
Net sales intercompany	EUR million	2.8	0.3	–3.1	–
<b>Net sales</b>	EUR million	<b>468.5</b>	<b>67.6</b>	<b>–3.1</b>	<b>533.0</b>
<b>Earnings before interest and taxes (EBIT)</b>	EUR million	<b>5.1</b>	<b>0.1</b>	<b>–</b>	<b>5.2</b>
	% of net sales	1.1	0.2		1.0
<b>Investments in property, plant and equipment &amp; intangible assets</b>	EUR million	<b>27.9</b>	<b>1.5</b>	<b>–</b>	<b>29.3</b>
<b>Property, plant and equipment</b>	EUR million	<b>156.7</b>	<b>46.2</b>	<b>–</b>	<b>202.9</b>
<b>Net working capital <sup>1</sup></b>	EUR million	<b>95.2</b>	<b>22.0</b>	<b>–</b>	<b>117.2</b>
<b>Number of employees</b>	Ø full time equivalents	<b>2,526</b>	<b>667</b>	<b>–</b>	<b>3,194</b>
<b>2014</b>					
Net sales third	EUR million	466.8	58.3	–	525.1
Net sales intercompany	EUR million	2.3	0.2	–2.5	–
<b>Net sales</b>	EUR million	<b>469.1</b>	<b>58.5</b>	<b>–2.5</b>	<b>525.1</b>
<b>Earnings before interest and taxes (EBIT)</b>	EUR million	<b>30.1</b>	<b>2.6</b>	<b>–</b>	<b>32.7</b>
	% of net sales	6.4	4.4		6.2
<b>Investments in property, plant and equipment &amp; intangible assets</b>	EUR million	<b>17.4</b>	<b>7.7</b>	<b>–</b>	<b>25.1</b>
<b>Property, plant and equipment</b>	EUR million	<b>142.8</b>	<b>44.1</b>	<b>–</b>	<b>186.9</b>
<b>Net working capital <sup>1</sup></b>	EUR million	<b>97.0</b>	<b>22.3</b>	<b>–</b>	<b>119.3</b>
<b>Number of employees</b>	Ø full time equivalents	<b>2,559</b>	<b>680</b>	<b>–</b>	<b>3,239</b>

<sup>1</sup> Trade accounts receivable plus inventories minus trade accounts payable

## 18. Sales

At EUR 533.0 million consolidated sales in 2015 were slightly higher than in 2014 (2014: EUR 525.1 million). On an organic basis and adjusted for currency effects, sales revenues declined by 3%.

For sales by segment, please refer to note 17. Segment reporting on page 49.

Sales by region and business area are classified as follows:

		2015	%	2014	%
<b>Sales by region and business area</b>					
Radiators Europe	EUR Million	280.9	52.7	288.8	55.0
Change from prior year	%	-2.7		-2.3	
Radiators North America	EUR Million	34.9	6.6	29.7	5.7
Change from prior year	%	17.7		-2.9	
Radiators China	EUR Million	16.7	3.1	15.0	2.9
Change from prior year	%	11.4		-23.0	
<b>Total business area radiators</b>	EUR million	<b>332.5</b>	<b>62.4</b>	<b>333.5</b>	<b>63.5</b>
Change from prior year	%	-0.3		-3.6	
Ventilation Europe	EUR Million	184.8	34.7	178.0	33.9
Change from prior year	%	3.8		5.9	
Ventilation North America	EUR Million	3.6	0.7	3.7	0.7
Change from prior year	%	-3.6		80.9	
Ventilation China	EUR Million	12.1	2.3	9.9	1.9
Change from prior year	%	22.0		52.7	
<b>Total business area ventilation</b>	EUR million	<b>200.4</b>	<b>37.6</b>	<b>191.6</b>	<b>36.5</b>
Change from prior year	%	4.6		8.5	
Total Europe	EUR Million	465.7	87.4	466.8	88.9
Change from prior year	%	-0.2		0.6	
Total North America	EUR Million	38.5	7.2	33.4	6.4
Change from prior year	%	15.3		2.3	
Total China	EUR Million	28.8	5.4	24.9	4.7
Change from prior year	%	15.6		-4.1	
<b>Total</b>	EUR million	<b>533.0</b>	<b>100.0</b>	<b>525.1</b>	<b>100.0</b>
change from prior year	%	1.5		0.5	

## 19. Personnel costs

Personnel costs rose by 9%. The increase is mainly due to restructuring measures and negative currency effects. Social security and pension fund expenditure amounted to 19% (2014: 19%) of total personnel costs.

## 20. Other operating expenses

The other operating expenses break down as follows:

EUR million	2015	2014
Operating expenses	-41.5	-45.1
Marketing and advertising expenses	-56.3	-49.7
Administration expenses	-27.2	-29.3
Loss from sale of production plant in Châlons-en-Champagne (FR)	-11.6	-
<b>Total</b>	<b>-136.5</b>	<b>-124.1</b>

<sup>1</sup> The prior years's figures were adjusted (see accounting and valuation principles on page 39).

Process and cost optimizations led to lower operating expenses in the reporting year.

For additional details on the loss from the sale of the production plant in Châlons-en-Champagne (FR), please refer to note 28. Sale of companies on page 54.

## 21. Financial result

The exchange losses of EUR 2.5 million (exchange gains of EUR 2.2 million in the previous year) is primarily attributable to realized foreign exchange losses.

EUR million	2015	2014
Financial expenses	-0.8	-0.8
Financial earnings	0.5	0.5
Exchange gains/(losses)	-2.5	2.2
<b>Total financial result</b>	<b>-2.8</b>	<b>1.9</b>

## 22. Income taxes

The tax ratio (= taxes in percent of earnings before taxes) was 93 % (2014: 24 %). The high tax rate in the reporting year is essentially due to the fact that deferred tax credits have not been capitalized and that the majority of the loss from the sale of the production plant in Châlons-en-Champagne is not tax-deductible.

EUR million	2015	2014
Current taxes	-4.1	-7.8
Deferred taxes	-0.4	-0.4
<b>Total taxes</b>	<b>-4.5</b>	<b>-8.2</b>

Zehnder Group expects that tax loss carryforwards of EUR 53.9 million (2014: EUR 41.3 million) can be utilized in the future. The respective deferred tax assets amount to EUR 8.4 million (2014: EUR 6.3 million).

The differences between the expected income tax expense, based on the expected income tax rate and the effective income tax expense shown in the income statement has been influenced by the following factors. The expected income tax rate of the Group is based on the profit / loss before taxes and the applicable tax rate in the tax year for the Group companies.

EUR million	2015	2014
Earnings before taxes	4.8	34.3
Expected tax rate in %	24	25
<b>Expected tax expense</b>	<b>-1.1</b>	<b>-8.5</b>
Effect of non-deductible expenses	-3.2	-1.8
Effect of non-recognition of tax loss carry forwards	-3.1	-1.7
Effect of use of unrecognized tax loss carry forwards	0.7	2.1
Other effects	2.3	1.6
<b>Effective tax expense</b>	<b>-4.5</b>	<b>-8.2</b>
Effective tax rate in %	93	24

### 23. Net income per registered share

The undiluted net income per registered share A is calculated by dividing the net income excluding minority shares by the total nominal value adjusted shares, less the average number of own shares held by Zehnder Group AG.

For the calculation of the diluted net income per registered share A, for the outstanding options, whose strike price on the balance sheet date is below the market price (in-the-money) on the balance sheet date, the number of additional registered shares A are calculated and these are added to the total outstanding nominal value adjusted shares.

No significant dilution effect occurred for the reporting year or the previous year.

		2015	2014
Net income excluding minority interests	EUR million	0.1	25.6
Notional number of shares	units	11,736,000	11,736,000
Average number of own shares	units	62,146	51,207
<b>Non-diluted net income excluding minority interests per registered share A</b>	<b>EUR</b>	<b>0.01</b>	<b>2.19</b>
Additional shares from outstanding options (in-the-money)	units	3,139	5,096
<b>Diluted net income excluding minority interests per registered share A</b>	<b>EUR</b>	<b>0.01</b>	<b>2.19</b>

The undiluted/diluted net income excluding majority shares per registered share B amounts to one-fifth of the undiluted/diluted net income excluding minority shares per registered share A.

### 24. Shares granted

The company introduced an employee investment plan in 2001. This plan allows operating unit managers and members of Group management to acquire registered shares A. The registered shares A issued also include the Board of Directors' shares. Half of the fee that the members of the Board of Directors receive is made up of registered shares A. The shares are issued at a discount to the persons entitled to receive them (see compensation report page 18 also).

The value of shares issued at the time of allocation is equal to the current value. The current value is determined as the closing rate on the day of allocation.

The difference between current value at the time of allocation and the issue price is recognized in personnel costs.

#### Shares granted

		2015	2014
Shares granted	units	40,573	35,171
Current value on the day of allocation	CHF	40.20	40.85
Personnel costs	CHF	556,000	437,000

## 25. Options

The options plan was discontinued as of 1 January 2012. According to the regulations, the rights to exercise options from the plan continue to exist until 2019. Each option carries the right to acquire one registered share A at a price fixed at the time of allocation. The rights to exercise options are defined as follows:

### Allocated options

Allocation day	Exercise period	Allocated options units	Exercise price CHF	Outstanding options units	Outstanding options units
				31.12.2015	31.12.2014
1 March 2007	2 March 2012–1 March 2015	13,920	66.25	0	6,960
1 March 2008	2 March 2013–1 March 2016	13,440	35.25	5,360	6,480
1 March 2009	2 March 2014–1 March 2017	12,880	17.28	4,800	5,840
1 March 2010	2 March 2015–1 March 2018	14,080	37.93	7,680	9,200
1 March 2011	2 March 2016–1 March 2019	14,480	62.50	10,400	10,400
<b>Total</b>		<b>68,800</b>		<b>28,240</b>	<b>38,880</b>

The options are cancelled if a holder leaves the company. The vesting period is lifted as soon as the holder reaches retirement age. After this, the options must be exercised within 18 months at the latest. The number of options and the average exercise price are made up as follows:

### Outstanding options

	Average exercise price CHF	Options units	Average exercise price CHF	Options units
	2015	2015	2014	2014
<b>Outstanding options at 1.1.</b>	<b>46.02</b>	<b>38,880</b>	<b>45.34</b>	<b>47,440</b>
Cancelled options	64.89	–7,280	51.95	–6,160
Exercised options	30.90	–3,360	17.28	–2,400
<b>Outstanding options at 31.12.</b>	<b>42.95</b>	<b>28,240</b>	<b>46.02</b>	<b>38,880</b>
Exercisable options at 31.12.	31.57	17,840	41.26	19,520

The outstanding options are hedged with own shares.

## 26. Acquisitions

As at 1 December 2015, the remaining 67% share in dPoint Technologies Inc. was acquired for EUR 12.7 million. The purchase price paid comprised EUR 7.3 million in cash, with the balance of EUR 5.4 million settled by the transfer of 174,215 registered shares A in the Zehnder Group AG. Thus, the Group acquired net assets in the amount of EUR 1.0 million (receivables from third parties of EUR 1.0 million, inventory of EUR 0.4 million, property, plant and equipment of EUR 0.5 million, liabilities to third parties of EUR 1.5 million and cash and cash equivalents of EUR 0.6 million).

Following acquisition, the Zehnder Group booked the minority shareholding at fair value of the transaction, thereby realizing a net profit of EUR 2.6 million (after deducting goodwill in respect of the minority shareholding recognized in equity of EUR 4.0 million). This profit is reflected – together with the profit from existing shares in dPoint Technologies Inc. up until the date of acquisition – in the result of associated companies (totalling EUR 2.4 million).

As a result, the acquisition of dPoint Technologies Inc. now reflects 100% of the shareholding at fair value. The resulting goodwill amounts to EUR 14.7 million (net change) and was offset against equity.

100% of Eco Concept Habitat was acquired retroactively as at 1 January 2015 and merged with Zehnder Groupe France. This transaction has no significant influence on the consolidated accounts of the Zehnder Group.

No significant acquisition was made in the previous year.

## 27. Goodwill

In accordance with the consolidation principles, Zehnder Group directly nets acquired goodwill with equity at the time of first consolidation.

If the parts of the acquired goodwill that could be capitalized had been capitalized and written down over a period of five years, the following figures would have resulted:

### Impact of theoretical capitalization of goodwill on balance sheet

		31.12.2015	31.12.2014
<b>Disclosed equity inclusive minority interests</b>	EUR million	<b>269.0</b>	<b>281.8</b>
Equity ratio	%	61.8	65.6
<b>Acquisition value of goodwill</b>			
Status at beginning of business year	EUR million	100.0	99.5
Additions <sup>1</sup>	EUR million	19.2	0.5
Disposals <sup>1</sup>	EUR million	-4.0	-
Status at end of business year	EUR million	115.2	100.0
<b>Accumulated amortization</b>			
Status at beginning of business year	EUR million	-96.7	-94.7
Amortization in current year	EUR million	-1.7	-1.7
Impairment	EUR million	-	-0.3
Status at end of business year	EUR million	-98.4	-96.7
<b>Theoretical net book value of goodwill <sup>1 2</sup></b>	EUR million	<b>16.8</b>	<b>3.3</b>
<b>Theoretical equity inclusive minority interests and net book value of goodwill</b>	EUR million	<b>285.8</b>	<b>285.1</b>
Theoretical equity ratio	%	63.2	65.8

### Impact of theoretical capitalization of goodwill on results

		31.12.2015	31.12.2014
<b>Disclosed net income</b>	EUR million	<b>0.3</b>	<b>26.0</b>
Theoretical amortization of goodwill	EUR million	-1.7	-1.7
Theoretical impairment of goodwill	EUR million	-	-0.3
<b>Net income after amortization of goodwill</b>	EUR million	<b>-1.4</b>	<b>24.0</b>

<sup>1</sup> Of which EUR 14.7 million comes from the increase in the participation in dPoint Technologies Inc. from 33 % to 100 % including the revaluation of the 33 % participation (2015)

<sup>2</sup> Of which EUR 0.1 million (31.12.2015) or EUR 2.2 million (31.12.2014) from the acquisition of associated companies

## 28. Sale of companies

As at 1 July 2015, the 100% participation in Zehnder Group Châlons-en-Champagne SAS was sold to Callista Private Equity GmbH & Co. KG. The sale resulted in a loss of EUR 11.6 million in the reporting year, of which EUR 4.8 million is cash outflow.

On 30 June 2015, the company showed the following balance sheet items: Accounts receivable from third parties in the amount of EUR 0.4 million, inventories of EUR 1.4 million, liabilities to third parties in the amount of EUR 1.4 million and provisions in the amount of EUR 1.1 million.

No significant sale was made in the previous year.



**29. Disclosure of compensation paid to the Board of Directors and the Group Executive Committee**

Please refer to the compensation report on page 18ff.

**30. Events after the balance sheet date**

There were no extraordinary pending transactions, risks or events after the balance sheet date which should be set out in the financial statements.

The 2015 financial statements were approved by the Board of Directors on 29 February 2016.

# Overview of Companies

Status 31.12.2015, only active companies, countries in alphabetical order

		Activity	Capital stock	Capital share in %	Consolidated
<b>Belgium</b>					
Mechelen	Zehnder Group Belgium nv/sa	S	800,010	100	fully
<b>Canada</b>					
Vancouver	dPoint Technologies Inc.	S/P	18,766,213	100	fully
<b>China</b>					
Dachang	Dachang Zehnder Indoor Climate Co. Ltd.	P	200,000,000	73	fully
Beijing	Eric & Bason Building Environment Technologies Co., Ltd.	S	6,800,000	36	at equity
Beijing	Zehnder (China) Indoor Climate Co. Ltd.	S	228,250,000	73	fully
Shanghai	Shanghai Nather Air Tech Co. Ltd.	S	3,200,000	51	fully
Shanghai	Shanghai Zehnder Comfosystems Co. Ltd.	S	USD 400,000	100	fully
<b>Czech Republic</b>					
Prague	Zehnder Group Czech Republic s.r.o.	S	200,000	100	fully
<b>France</b>					
Evry	Zehnder Group France	S	7,225,230	100	fully
Evry	Zehnder Group Participations	O	7,744,000	100	fully
Saint-Quentin	HET Transport & Logistique SAS	O	687,000	100	fully
Vaux-Andigny	Zehnder Group Vaux Andigny SAS	P	4,200,000	100	fully
<b>Germany</b>					
Lahr	Zehnder Group Deutschland GmbH	S	2,000,000	100	fully
Lahr	Zehnder GmbH	P	25,000,000	100	fully
Lahr	Zehnder Group Deutschland Holding GmbH	O	2,100,000	100	fully
Lahr	Zehnder Group Grundstücksverwaltungs-GmbH	O	1,100,000	100	fully
Reinsdorf	Paul Wärmerückgewinnung GmbH	S/P	2,100,000	100	fully
<b>Italy</b>					
Campogalliano	Zehnder Group Italia S.r.l.	S	80,000	100	fully
<b>Netherlands</b>					
Zwolle	Zehnder Group Nederland B.V.	S/P	907,560	100	fully
Zwolle	Zehnder Nederland B.V.	S	18,000	100	fully
<b>Poland</b>					
Bolesławiec	Zehnder Group Bolesławiec Sp. z o.o.	P	51,280,000	100	fully
Wrocław	Zehnder Polska Sp. z o.o.	S	4,000,000	100	fully
<b>Russia</b>					
Moscow	OOO «Zehnder GmbH», Russia	S	1,866,000	100	fully
<b>Spain</b>					
Cerdanyola del Vallès	Zehnder Group Iberica Indoor Climate, S.A.	S	300,500	100	fully
<b>Sweden</b>					
Täby	Zehnder Group Nordic AB	S	6,400,000	100	fully
Täby	Zehnder Group Motala AB	P	120,000	100	fully

		Activity	Capital stock	Capital share in %	Consolidated
<b>Switzerland</b>					
Gränichen	Zehnder Group AG	O	586,800		fully
Gränichen	Zehnder Group Produktion Gränichen AG	P	2,900,000	100	fully
Gränichen	Zehnder Group International Ltd	O	1,000,000	100	fully
Gränichen	Zehnder Group Schweiz AG	S	500,000	100	fully
Gränichen	Zehnder Group Swiss Property AG	O	2,000,000	100	fully
<b>Turkey</b>					
Manisa	Hotpan Isitma Sistemleri Pazarlama ve Ticaret Aş	S	50,004	100	fully
Manisa	Sanpan Isitma Sistemleri Sanayi ve Ticaret Aş	S/P	4,480,004	100	fully
Manisa	Zehnder Group İç Mekan İklimlendirme Sanayi Ticaret Ltd Şti	S	25000	100	fully
<b>UK</b>					
Camberley	Zehnder Group UK Limited	S	3,500,002	100	fully
London	Zehnder Group UK Holdings Limited	O	20,000,000	100	fully
Rustington	Zehnder Group Lenham Ltd	S/P	3,400,002	100	fully
St. Peter Port	Zehnder Group Finance Ltd	O	EUR 5,000,000	100	fully
<b>USA</b>					
Buffalo NY	Hydro-Air Components, Inc.	S/P	55,950	100	fully
Greenland NH	Zehnder America, Inc.	S	10	100	fully
Ward Hill MA	Runtal North America, Inc.	S/P	193,522	100	fully
Ward Hill MA	Zehnder Group US Holdings, Inc.	O	30	100	fully

Share capital in local currency unless otherwise stated

P: production  
S: sales  
O: other functions

# Report of the Statutory Auditor

to the General Meeting of Shareholders  
of Zehnder Group AG, Gränichen

## **Report of the Statutory Auditor on the Consolidated Financial Statements**

As statutory auditor, we have audited the accompanying consolidated financial statements of Zehnder Group AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes, as presented on pages 33 through 57, for the year ended 31 December 2015.

### **Board of Directors' Responsibility**

The board of directors is responsible for the preparation 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 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 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 effective-

ness 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 31 December 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.

KPMG AG

Markus Forrer  
Licensed Audit Expert  
Auditor in Charge

Silvan Jurt  
Licensed Audit Expert

Basel, 29 February 2016

# Balance Sheet Zehnder Group AG

CHF million	Notes page 63 ff.	31 December 2015	31 December 2014
<b>Assets</b>			
Liquid assets		10.2	4.4
Other short-term receivables	1	9.7	2.8
<b>Current assets</b>		<b>20.0</b>	<b>7.2</b>
Financial assets	2	136.3	149.6
Participations	3	351.9	337.3
<b>Non-current assets</b>		<b>488.2</b>	<b>486.9</b>
<b>Total assets</b>		<b>508.1</b>	<b>494.1</b>
<b>Liabilities &amp; shareholders' equity</b>			
Short-term interest-bearing liabilities	4	38.1	31.8
Other short-term liabilities	5	0.3	0.9
Accruals and deferred income		1.5	1.1
<b>Short-term liabilities</b>		<b>39.9</b>	<b>33.8</b>
Provisions		60.0	60.0
<b>Long-term liabilities</b>		<b>60.0</b>	<b>60.0</b>
Share capital	6	0.6	0.6
Legal retained earnings		46.5	46.5
Voluntary retained earnings			
• Voluntary retained earnings		4.2	4.2
• Available earnings			
– Profit carried forward		339.9	321.6
– Net income for the year		20.6	30.0
Own shares	7	–3.5	–2.6
<b>Shareholders' equity</b>		<b>408.2</b>	<b>400.3</b>
<b>Total liabilities and shareholders' equity</b>		<b>508.1</b>	<b>494.1</b>

# Income Statement Zehnder Group AG

CHF million	Notes page 63 ff.	2015	2014
Dividend income		22.6	25.6
Other operating income		1.8	2.7
<b>Operating income</b>		<b>24.5</b>	<b>28.3</b>
Personnel expenses		-1.2	-1.0
Interest and other financial expenses		-2.8	-2.1
<b>Operating profit</b>		<b>20.5</b>	<b>25.1</b>
Financial income		9.4	7.6
Financial expenses		-9.6	-2.1
Direct taxes		0.2	-0.5
<b>Net income for the year</b>		<b>20.6</b>	<b>30.0</b>

# Accounting and Valuation Principles

These annual accounts have been prepared in accordance with the provisions of the Swiss Accounting Law (title 32 OR [Swiss Code of Obligations]). The main valuation principles applied that are not prescribed by law are described below. It should be noted that the option of forming and releasing hidden reserves was exercised in order to safeguard the company's long-term best interests.

## **Income from participations**

The income from participations corresponds to the dividend earnings of the company. These are generally stated before the deduction of withholding tax.

## **Own shares**

Own shares are recognized under shareholder's equity in the balance sheet as a deduction at cost at the time of acquisition. If they are later resold, the profit or loss is recognized as financial income or expense on the income statement.

## **Share-based remuneration**

If own shares are used for share-based remuneration for board of director members, then the difference between acquisition value and the allocated share payment to the board members is assigned as a personnel expense.

## **Participations**

Participations are valued at acquisition cost less impairments.

## **Receivables and liabilities**

Receivables and liabilities to third parties and Group companies are recognized at nominal values, less any operating allowance for bad debts.



# Notes to the Financial Statements

## General comments

As Zehnder Group AG has a pure holding-company function, the point must be made that the income development of this company in no way reflects the present or future profitability of Zehnder Group. Hence the development of the Group as set out in the consolidated financial statements – and not the individual financial statements of Zehnder Group AG – is decisive for the Board of Directors for their dividend proposal. The aim of the dividend policy laid down by the Board of Directors is to pay out some 30 to 50% of the consolidated net income of Zehnder Group to its shareholders.

The 2015 annual accounts have been prepared in accordance with the provisions of the Swiss Accounting Law (title 32, OR [Swiss Code Obligations]) for the first time. To ensure the comparability, the prior-year details in the balance sheet and income statement were adapted to the new classification rules.

This applies particularly to own shares, which are now shown as a liability under shareholder's equity. The reserve for own shares was released accordingly.

## 1. Other short-term receivables

CHF million	31.12.2015	31.12.2014
Accounts receivable from third parties	–	0.2
Accounts receivable from Group companies	9.7	2.5
<b>Total</b>	<b>9.7</b>	<b>2.8</b>

## 2. Financial assets

CHF million	31.12.2015	31.12.2014
Loans to third parties	0.2	0.2
Loans to Group companies	136.1	149.4
<b>Total</b>	<b>136.3</b>	<b>149.6</b>

### 3. Participations

The directly or indirectly held majority interests held by the company which are material are included in the Overview of Companies table set out on pages 56 to 57.

### 4. Short-term interest-bearing liabilities

CHF million	31.12.2015	31.12.2014
Bank loans	10.9	1.2
Loans from Group companies	27.2	30.6
<b>Total</b>	<b>38.1</b>	<b>31.8</b>

Increase in bank debt due to inclusion of additional fixed advances

### 5. Other short-term liabilities

CHF million	31.12.2015	31.12.2014
Other short-term liabilities to third parties	0.3	0.9
Other short-term liabilities to Group companies	–	0.1
<b>Total</b>	<b>0.3</b>	<b>0.9</b>

The reduction in liabilities to third parties is due primarily to lower tax liabilities.

### 6. Share capital

	Registered shares A units 2015	Registered shares B units 2015	Value CHF 2015	2014	Registered shares B units 2014	Value CHF 2014
Total registered shares A as of 1.1.	9,756,000		487,800	9,756,000		487,800
Total registered shares B as of 1.1.		9,900,000	99,000		9,900,000	99,000
<b>Total at 31.12.</b>	<b>9,756,000</b>	<b>9,900,000</b>	<b>586,800</b>	<b>9,756,000</b>	<b>9,900,000</b>	<b>586,800</b>

As in 2014, total share capital amounted to CHF 0.6 million, corresponding to EUR 0.4 million at the exchange rate on 1 January 2003. It is made up of 9,756,000 registered shares A with a par value of CHF 0.05 each and 9,900,000 registered shares B with a par value of CHF 0.01 each.

The unlisted registered shares B (CHF 0.01 nominal value) are all directly or indirectly held by members of the Zehnder family or by persons closely associated with the family. The great majority of the registered shares B is owned by Graneco AG (Switzerland).

## 7. Own shares

The development of this item can be seen in the table below.

	Registered shares A units 2015	Value per share CHF 2015	Value CHF 2015	Registered shares A units 2014	Value per share CHF 2014	Value CHF 2014
<b>Own shares at 1.1., trading portfolio</b>	<b>31,322</b>	<b>37.53</b>	<b>1,175,473</b>	<b>28,092</b>	<b>41.00</b>	<b>1,151,772</b>
Shares sold	-214,788	34.39	-7,386,266	-35,391	39.56	-1,399,955
Gain / (loss) from sale			41,693			-51,076
Shares bought	248,000	33.82	8,387,710	31,322	37.53	1,175,473
Unrealized price gains / (losses) at 31.12.			-			63,501
Reclassifications	10,000	32.30	323,000	7,299	32.30	235,758
<b>Own shares at 31.12., trading portfolio</b>	<b>74,534</b>	<b>34.10</b>	<b>2,541,610</b>	<b>31,322</b>	<b>37.53</b>	<b>1,175,473</b>
<b>Own shares at 1.1., Long-term stock option plan</b>	<b>37,888</b>	<b>37.60</b>	<b>1,424,455</b>	<b>47,587</b>	<b>41.00</b>	<b>1,951,067</b>
Shares sold	-3,360	30.90	-103,825	-2,400	24.79	-59,496
Gain / (loss) from sale			-4,703			-38,904
Unrealized price gains / (losses) at 31.12.			-			-192,454
Reclassifications	-10,000	32.30	-323,000	-7,299	32.30	-235,758
<b>Own shares at 31.12., Long-term stock option plan</b>	<b>24,528</b>	<b>40.48</b>	<b>992,927</b>	<b>37,888</b>	<b>37.60</b>	<b>1,424,455</b>
Total securities at 1.1.	69,210		2,599,928	75,679		3,102,839
Total securities at 31.12.	99,062		3,534,537	69,210		2,599,928

As part of a public fixed price share buyback programme, 220,000 registered shares A were bought back and used primarily for the acquisition of the 67% share in dPoint Technologies Inc., see note 26. Acquisitions on page 53.

The own shares allocated to the board of director members are shown in the remuneration report from page 18.

## 8. Number of full-time positions

The holding company has no employees.

## 9. Pledged assets and guarantees

The company has guarantee obligations and pledged assets in favour of subsidiaries in the amount of CHF 68.4 million (2014: CHF 3.9 million).

The company has taken over a rental guarantee for two subsidiaries. There is no upper limit to this commitment. The company has committed itself to balance the loss in excess of the free reserves of a subsidiary. There is no upper limit to this commitment. The company has undertaken to guarantee all liabilities of a subsidiary vis-à-vis its creditors. There is no upper limit to this commitment.

The company belongs to a VAT group which comprises all the Swiss companies in Zehnder Group and is thus jointly and severally liable vis-à-vis the Swiss Federal Tax Administration for any VAT debts of this VAT group.

## 10. Disclosure of ownership structure

According to the information available to the Board of Directors, the following shareholders hold more than 3% of the share capital of Zehnder Group AG:

- Graneco AG, Gränichen (CH), holds 16,600 registered shares A and 9,771,200 registered shares B, corresponding to 49.8% of the votes (2014: 49.8%),
- Alecta pensionsförsäkring, ömsesidigt, Stockholm (SE), holds 785,500 registered shares A, corresponding to 4.0% of the votes (2014: 4.7%).

For notification of disclosure of significant shareholdings please refer to the website of SIX Swiss Exchange [7].

Members of the Board of Directors and of the Group Executive Committee, including persons closely associated with them, own the following shares and options:

	Registered shares A units <sup>1</sup> 2015	Registered shares A units <sup>1</sup> 2014	Registered shares B units <sup>2</sup> 2015	Registered shares B units <sup>2</sup> 2014	Options unit 2015	Options units 2014
<b>Hans-Peter Zehnder</b> <sup>4</sup> Chairman of the Board, Chairman of the Group Executive Committee up to 31.10.2014, China & North America a.i.	159,006 0.8 % <sup>3</sup>	123,268 0.6 % <sup>3</sup>	20,000 0.1 % <sup>3</sup>	20,000 0.1 % <sup>3</sup>	320	1,600
<b>Thomas Benz</b> Deputy chairman of the Board	25,749 0.1 % <sup>3</sup>	23,297 0.1 % <sup>3</sup>	–	–	–	–
<b>Urs Buchmann</b> Member of the Board	7,823	5,937	–	–	–	–
<b>Riet Cadonau</b> Member of the Board	2,888	1,379	–	–	–	–
<b>Enrico Tissi</b> Member of the Board	14,543	12,657	–	–	–	–
<b>Dominik Berchtold</b> Chairman of the Group Executive Committee, CEO, sales Nordic	21,947 0.1 % <sup>3</sup>	16,179	–	–	1,200	1,440
<b>Josef Brügger</b> Finance, Controlling and IT up to 12.8.2015	–	3,620	–	–	–	960
<b>René Grieder</b> Finance, Controlling and IT as of 13.8.2015	4,100	–	–	–	240	–
<b>Tomasz Juda</b> Competence Center Radiators/ RHC as of 1.11.2014	800	–	–	–	–	–
<b>Cyril Peysson</b> Sales Europe/Middle East/Africa (EMEA)	29,176 0.1 % <sup>3</sup>	26,818 0.1 % <sup>3</sup>	–	–	1,280	1,920
<b>Olaf Schulte</b> Competence Center Comfo- systems as of 1.11.2014	–	–	–	–	–	–

<sup>1</sup> Provided they were acquired under the employee share ownership program, some of these shares may be subject to a restriction period (see compensation report page 18ff).

<sup>2</sup> The registered shares B are not listed.

<sup>3</sup> Share of total votes in % (only if > 0.1%)

<sup>4</sup> Excluding Graneco AG, in which Hans-Peter Zehnder holds a 51.1% stake

## 11. Statutory auditor's fee

The audit services for the company financial statements and consolidated financial statements amounted to CHF 98,368 (2014: CHF 120,681). CHF 81,818 (2014: CHF 0) was invoiced for further audit-related services.

[7] [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=ZEHNDER](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=ZEHNDER)

# Proposal on the Appropriation of Earnings

	CHF
The balance sheet profit available for distribution comprises	
Retained earnings from previous year	339,907,950
Net income for 2015 according to the income statement	20,556,621
<b>Balance sheet profit <sup>1</sup></b>	<b>360,464,571</b>
<b>The Board of Directors proposes the following appropriation of earnings</b>	
Payment of a dividend	–
To be carried forward to new account	360,464,571
<b>Total appropriation of earnings</b>	<b>360,464,571</b>

<sup>1</sup> Due to the negative posting of own shares in the amount of CHF 3,534,537, the General Meeting has a maximum of CHF 356,930,034 available for profit distribution.

As retained earnings have reached the statutory requirement of 20% of share capital, any corresponding allocation can be waived.

# Report of the Statutory Auditor

to the General Meeting of Shareholders  
of Zehnder Group AG, Gränichen

## Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Zehnder Group AG, which comprise the balance sheet, income statement and notes as presented on pages 60 through 67 for the year ended 31 December 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 31 December 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.

KPMG AG

Markus Forrer  
Licensed Audit Expert  
Auditor in Charge

Silvan Jurt  
Licensed Audit Expert

Basel, 29 February 2016





# Further Information for Investors

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## Registered shares A

Security number	27 653 461
SIX	ZEHN
Bloomberg	ZEHN SW
Reuters	ZEHN S

In accordance with Art. 10 of the articles of association, the opting out clause applies.

## Registered shares B (unlisted)

Security number 13 312 654

## Company calendar

Announcement of sales for 2015	15.1.2016
Annual report 2015	4.3.2016
Press conference on financial statements and analysts' meeting	4.3.2016
General meeting of shareholders	6.4.2016
Six-month report	29.7. 2016
End of business year	31.12.2016
Announcement of sales for 2016	13.1.2017

The Annual Report is now available in German and English.  
The German version is binding.

A Short Report can be ordered in both languages under [investor-relations@zehndergroup.com](mailto:investor-relations@zehndergroup.com).

The online versions are also published under [www.zehndergroup.com/reports-presentations](http://www.zehndergroup.com/reports-presentations).

## General Meeting of Shareholders 2017

The general meeting of shareholders 2017 will be held on 6 April 2017 in Suhr (Switzerland).

## Shareholder information

Zehnder Group AG regularly informs interested parties on business developments and major events in the Group. Should you wish to receive such press releases, please contact us at the above address or register direct on our website.  
[www.zehndergroup.com/reports-presentations](http://www.zehndergroup.com/reports-presentations)

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