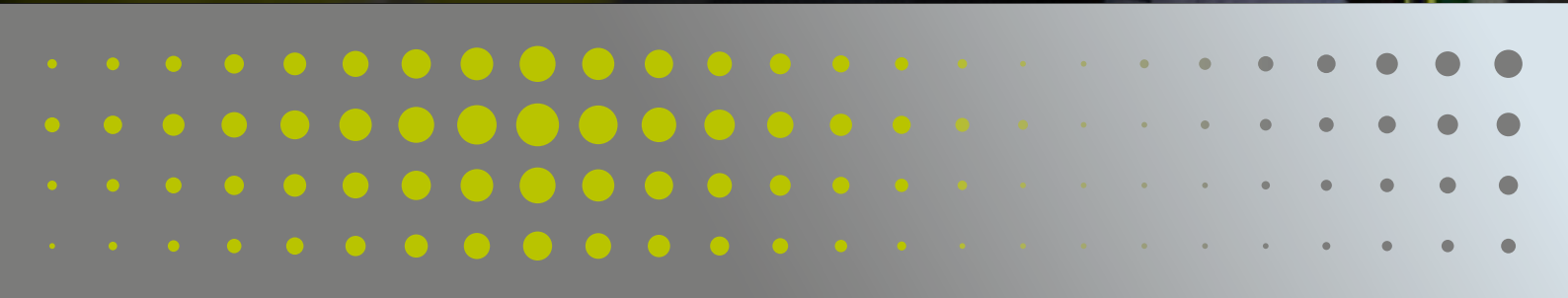




Annual Report 2013

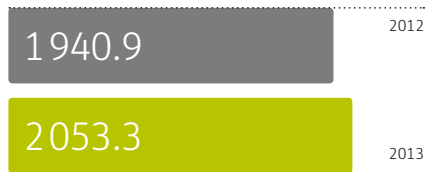


**Autoneum** is the global market leader in acoustic and thermal management for vehicles. The company is a partner for the major light vehicle and heavy truck manufacturers around the world. Autoneum provides innovative and cost-effective solutions for noise reduction and thermal management to increase vehicle comfort and value.

# Autoneum at a glance

## Net sales

CHF million



## EBIT

CHF million



\* before one-time expenses

## Net profit

CHF million

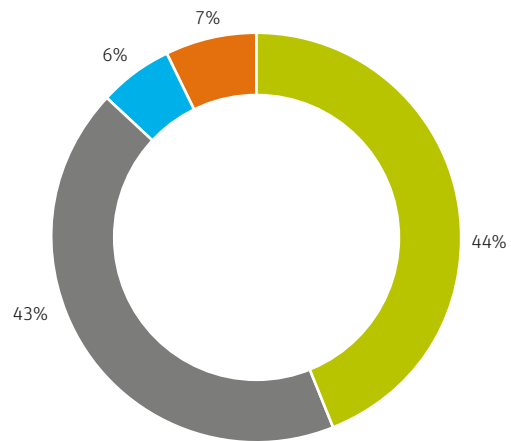


## Cash flow

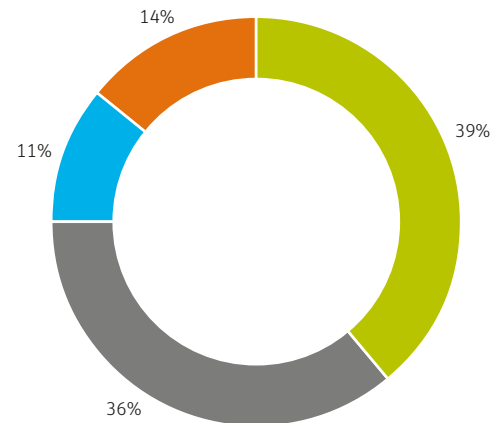
CHF million



## Net sales by region



## Number of employees by region



- Business Group Europe
- Business Group North America
- Business Group Asia
- Business Group SAMEA

## Financial highlights

CHF million	2013	2012	Change	Organic growth <sup>1</sup>
<b>Autoneum Group</b>				
Net sales	2 053.3	1 940.9	5.8%	9.9%
Operating result before interest, taxes, depreciation, and amortization (EBITDA)	184.3	146.4	25.9%	
•as a % of net sales	9.0	7.5		
Operating result before one-time expenses, interest, and taxes	117.4	77.3	52.0%	
•as a % of net sales	5.7	4.0		
Operating result before interest and taxes (EBIT)	79.2	77.3	2.5%	
•as a % of net sales	3.9	4.0		
Net profit	36.2	29.6	22.1%	
•as a % of net sales	1.8	1.5		
Basic earnings per share in CHF	3.12	2.61		
Return on net assets in % (RONA) <sup>2</sup>	10.3	10.0		
Cash flow <sup>3</sup>	127.9	96.1		
Investments in tangible and intangible assets	80.7	75.3		
Number of employees at year-end <sup>4</sup>	9 613	9 820	-2.1%	
<b>Business Groups (BG)</b>				
<b>BG Europe</b>				
Net Sales	901.6	901.2	0.0%	5.1%
EBIT before one-time expenses	15.4	1.7		
•as a % of net sales	1.7	0.2		
EBIT	-22.8	1.7		
<b>BG North America<sup>5</sup></b>				
Net sales	892.4	800.4	11.5%	13.3%
EBIT	82.6	62.2		
•as a % of net sales	9.3	7.8		
<b>BG Asia</b>				
Net Sales	128.3	101.4	26.6%	26.1%
EBIT	15.7	8.8		
•as a % of net sales	12.2	8.7		
<b>BG SAMEA<sup>6</sup></b>				
Net sales	138.4	144.7	-4.3%	8.1%
EBIT	3.2	2.8		
•as a % of net sales	2.3	1.9		
<b>Autoneum Holding Ltd</b>				
Net profit	13.4	8.2		
Number of registered shares paid-in	4 672 363	4 672 363		
Number of registered shareholders at December 31	4 850	5 462		

1 Change in local currencies, adjusted for the sale of the Italian subsidiary.

2 Net profit before interest cost in relation to total assets minus non-interest bearing liabilities.

3 Net profit plus depreciation, amortization, loss on disposal of subsidiary, and other non-cash income and expense (see note 33, p. 83).

4 Excluding apprentices and temporary employees.

5 Including USA, Canada, and Mexico.

6 Including South America, Middle East, Africa, and Russia.

## **Group report**

Letter to the shareholders	02
History	07
Strategic priorities	08
Our Values	11
Interview with Masaaki Imai	12
Sustainability	24
Corporate Governance	26

## **Financial report**

Consolidated financial statements	
Consolidated income statement and consolidated statement of comprehensive income	46
Consolidated balance sheet	47
Consolidated statement of changes in equity	48
Consolidated statement of cash flows	49
Notes to the consolidated financial statements	50
Subsidiaries and associated companies	85
Report of the statutory auditor on the consolidated financial statements	86
Financial statements of Autoneum Holding Ltd	
Income statement	87
Balance sheet	88
Notes to the financial statements	89
Dividend proposal	96
Report of the statutory auditor on the financial statements	97
Additional information for investors	
Review 2009–2013	98

# Sales and profitability further increased – doubling of dividend proposed

Due to the consistent implementation of its strategy, Autoneum has achieved the majority of its financial mid-term targets.

# 5.7%

EBIT margin before one-time expenses rose to 5.7%.

## Dear shareholders,

Autoneum achieved considerable increases in sales in 2013 in a challenging market environment. Also earnings improved despite the one-time expenses associated with the capacity adjustments in Europe. Due to the consistent implementation of its strategy, Autoneum has achieved the majority of the financial mid-term targets it had communicated. In view of this result, which is significantly better than the previous year, the Board of Directors proposes that the dividend be doubled.

### Sales growth in a heterogeneous market environment

In 2013, the production of light vehicles worldwide grew at a cautious pace of 3.6% to 84.5 million vehicles (2012: 81.5 million). With production volume at the level of the previous year, the negative trend in Europe did not continue. By comparison, growth was stronger in North America and Asia. Autoneum's net sales in local currencies, and adjusted for the sale of the subsidiary in Italy, went up by 9.9%. Autoneum thereby exceeded market growth by a considerable margin. In Swiss francs, sales rose by 5.8% to 2 053.3 million CHF (2012: 1 940.9 million CHF). As in the year before, Autoneum increased sales in local currencies and exceeded the respective market growth in all regions. In addition to the global presence of Autoneum, significant factors which accounted for this success were the supply of above-average successful vehicle models and gains in market share.

### Operating result before one-time expenses significantly improved

Autoneum boosted earnings before interest, taxes, depreciation and amortization (EBITDA) by 37.9 million CHF to 184.3 million CHF (2012: 146.4 million CHF). An important financial mid-term target was achieved with an EBITDA margin of 9.0% of net sales. Earnings before interest and taxes (EBIT), and before one-time expenses, improved significantly from 77.3 million CHF to 117.4 million CHF. The corresponding margin was 5.7% (2012: 4.0%). All four Business Groups reported positive EBIT before one-time expenses for the reporting year. Even after the one-time expenses associated with the capacity adjustments in Europe in the amount of 38.2 million CHF, EBIT rose from 77.3 million CHF to 79.2 million CHF. The increases in productivity and cost reductions achieved as part of the Operational Excellence strategy, as well as higher volumes and largely stable raw-material prices, were decisive factors for these improvements in 2013.

### Net profit further increased

Despite the one-time expenses, Autoneum improved net profit before taxes by 17.7% to 64.5 million CHF (2012: 54.8 million CHF). Due to the more even distribution of pre-tax profits to the individual subsidiaries, the tax rate before one-time expenses decreased to 27.5% (2012: 45.9%). Net profit after taxes grew from 29.6 million CHF to 36.2 million CHF. Key factors for this rise were the higher operating result and the



**Hans-Peter Schwald – Chairman of the Board**



**Martin Hirzel – Chief Executive Officer**

better financial result compared to the previous year, which was primarily due to lower average debt. Earnings per share went up to 3.12 CHF (2012: 2.61 CHF). The return on net assets (RONA) increased to 10.3% (2012: 10.0%) and was thereby higher than the weighted average cost of capital (WACC) of 8.7%. The cost of capital employed was thus more than covered. Before the one-time expenses, RONA even increased to 18.0%.

Investments totaled 80.7 million CHF (2012: 75.3 million CHF) and were primarily for capacity expansion in the growth markets, new customer programs and the optimization of production infrastructure. At the same time, there was a considerable rise in cash flow to 127.9 million CHF (2012: 96.1 million CHF), thanks to the higher profit and the reduction in net working capital. The equity ratio, excluding subordinated loans, improved to 30.5% (2012: 28.9%). Another mid-term financial target was thus achieved. Net debt decreased to 75.0 million CHF (2012: 123.0 million CHF), which means that within two years it has been reduced by approximately 80 million CHF and thus more than halved. Cash and cash equivalents totaled 117.9 million CHF at the end of 2013 (2012: 75.3 million CHF).

#### **Doubling of dividend proposed**

Based on the results achieved and overall positive business prospects, the Board of Directors will propose to the Annual General Meeting of April 16, 2014, the payment of a dividend of 1.30 CHF (2012: 0.65 CHF) per share. This equates to a distribution of approximately six million CHF from the reserve from paid-in capital. The distribution exceeds the mid-term target of 30% of net profit, attributable to Autoneum shareholders.

#### **Business Groups**

With growth of 0.5% to 15.9 million vehicles, automobile production in Europe slightly exceeded the level of the previous year. By contrast, the organic growth of Business Group Europe was 5.1% (change in local currencies and adjusted for the sale of the

With the successful implementation of the strategically necessary capacity adjustments, the course was set for future increases in profitability in Europe.

subsidiary in Italy) due to volume increases as a result of supplying high-selling models. In Swiss francs, net sales of 901.6 million CHF were on a par with the previous year's level of 901.2 million CHF. With the successful implementation of the strategically necessary capacity adjustments, the course was set for future increases in profitability in Europe. Thanks to increased production efficiency, reduced fixed costs and the sale of the subsidiary in Italy, Business Group Europe's earnings before interest and taxes (EBIT), and before one-time expenses, rose markedly to 15.4 million CHF (2012: 1.7 million CHF), which equates to 1.7% of net sales.

After double-digit growth rates in the previous year, automobile production growth in North America slowed down. The number of vehicles produced increased in the reporting year by 4.9% to 16.2 million vehicles. In the same period, net sales of Business Group North America went up by 13.3% in local currencies and by 11.5% in Swiss francs to 892.4 million CHF (2012: 800.4 million CHF). Key factors for this rise in sales were the high volumes recorded through market growth and the supply of especially high-selling models, which again led to full capacity utilization. Thanks to higher production volumes and operational improvements, EBIT increased from 62.2 million CHF to 82.6 million CHF. The EBIT margin improved by 1.5 percentage points to 9.3%.

Automobile production in Asia grew by 5.2% to 42.9 million vehicles in 2013. In the same period, Business Group Asia recorded an increase in net sales in local currencies of 26.1%. Growth in Swiss francs increased by 26.6% to 128.3 million CHF (2012: 101.4 million CHF). New customer orders with high production volumes were a key factor in this regard. This compensated for the limited sales to Japanese automobile manufacturers in China, which were particularly limited in the first half of the year. As a result of political tensions between China and Japan, local sales growth of the Japanese manufacturers again failed to reach the level of the market in 2013. Business Group Asia's EBIT improved in terms of volume and due to higher vertical integration through new production lines to 15.7 million CHF (2012: 8.8 million CHF). This is 12.2% of net sales (2012: 8.7%).

With 9.5 million vehicles produced and a growth rate of 0.1%, the SAMEA (South America, Middle East, Africa, and Russia) market region remained at the previous year's level. In contrast, Business Group SAMEA achieved an increase of 8.1% in local currencies in the reporting year. Net sales in Swiss francs decreased by 4.3%, to 138.4 million CHF (2012: 144.7 million CHF), due to currency effects. Business Group SAMEA continued to develop heterogeneously. On the one hand, improvements in efficiency were achieved in Turkey and the challenging Argentinean market. On the other hand, product launches in Brazil and the start-up costs for the new plant in Russia negatively impacted the results. EBIT improved to 3.2 million CHF (2012: 2.8 million CHF), and the EBIT margin was 2.3% of net sales.

#### **Change in the Group Executive Board**

As already communicated in December 2013, the Board of Directors has appointed Dr. Martin Zwyssig as the new CFO of Autoneum Holding Ltd as of April 1, 2014. He will succeed Urs Leinhäuser, who has decided to leave the company. Martin Zwyssig has many years of experience as CFO of internationally active, stock-listed industrial

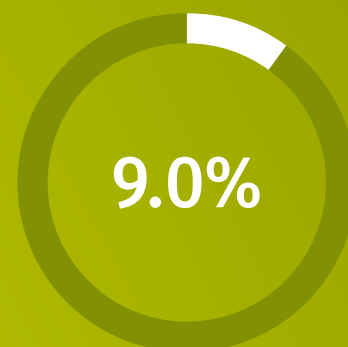




Global light vehicle production grew by 3.6% year-on-year.



Autoneum raised its net sales by 5.8% in 2013, in local currencies and adjusted for divestments the increase amounted to 9.9%.



The EBITDA margin increased from 7.5% (2012) to 9.0%.

Due to the consistent implementation of its strategy, Autoneum has achieved most financial mid-term targets.



EPS rose to 3.12 CHF. Before one-time expenses it amounted to 11.36 CHF.



EBIT before one-time expenses improved to 117.4 million CHF – a margin of 5.7%.



The return on net assets (RONA) increased to 10.3% (before one-time expenses 18.0%).



The net profit before taxes improved to 64.5 million CHF.

## Autoneum expects to further increase net profit in 2014.

enterprises and various automobile industry suppliers. The Board of Directors and CEO Martin Hirzel thank Urs Leinhäuser for his significant contribution to the further development of Autoneum since the spin-off and wish him all the best for the future.

### **Outlook**

Autoneum expects to further increase net profit in 2014. The decisive factors for this are the targeted operating margin improvement of the Business Group Europe and the absence of the one-time expenses seen in 2013. Net sales in local currencies and adjusted for divestments look set to grow in line with the market.

### **Thank you**

On behalf of the Board of Directors and the Group Executive Board, we sincerely thank our shareholders for the trust they have shown in Autoneum. We would also like to thank our customers, suppliers, and other business partners for the successful cooperation in the past year. Sincere thanks are also due to our employees, who have made the success of Autoneum possible with their tireless commitment.

Winterthur, March 18, 2014



Hans-Peter Schwald  
Chairman of the Board



Martin Hirzel  
Chief Executive Officer

# A success story continues



Keller pioneers vehicle acoustics for the French and Italian automobile markets



Rieter acquires Unikeller, Switzerland (vehicle acoustics and thermal insulation systems)

Cooperation agreement with UGN, USA



Acquisition of Firth Furnishings, GB (vehicle carpeting)

1901

1950

1966

1984

1987

1988

1990

1994

Paints and varnishes trading company founded by Martin Keller in Switzerland

Cooperation agreement with Nittoku, Japan

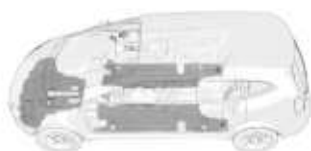


Acquisition of the CHG Group in Gundertshausen, Germany, AGFK in Sevelen, Switzerland, and Sipavel in Setúbal, Portugal

Unikeller Division renamed Rieter Automotive Systems  
Acquisition of Globe Industries, USA (automotive components)



Acquisition of Ello in Brazil (automotive components)  
JV with Magee Carpet Company, USA (wholly owned since 2005)



Start of "RUS" production – PACE Award innovation finalist  
New development and acoustics center opened in Shanghai, China

Autoneum becomes an independent, stock listed company after the separation from Rieter

Expansion in the growth markets of Russia, Thailand and Mexico



1996/97

2000

2003/05

2008

2011

2013

PACE Award for the "RUL" innovation

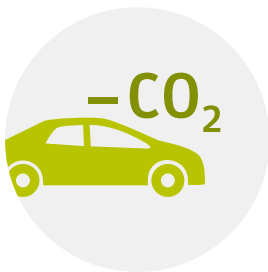


JV with Nittoku for automotive components production in China  
Stake increased in Saifa-Keller, Spain



# Consistent strategy implementation leads to success

The successful implementation of corporate strategy and its priorities entrenched therein are absolutely essential to Autoneum's business success. Since gaining independence, the focus has consistently been on continuous improvement, and this fact also governed activity in 2013. The further development in market and technological leadership shows that Autoneum, as an internationally operating automotive supplier and with the chosen strategy, has correctly oriented itself to the challenges it faces.



## Focus on core competencies

The market leadership advantage was further expanded during the reporting year with innovative, multifunctional products. Lightweight products and innovative concepts from Autoneum such as engine encapsulation are particularly attractive to automobile manufacturers for the reduction of fuel consumption and compliance with CO<sub>2</sub> thresholds. The start of series production of a Theta-FiberCell based engine-mounted encapsulation at a European premium automobile manufacturer attests to having successfully pursued this trend in the field of engines. Moreover, as shown during 2013, the demand for Autoneum's long-standing expertise is increasingly sought after also by Korean and Chinese automobile manufacturers. Thus, Autoneum was able to demonstrate the potential for improvement in acoustic and thermal management in various preliminary studies, while simultaneously reducing vehicle weight using Autoneum technologies. Autoneum further bolstered its technological leadership in acoustic and thermal management with the Automotive Acoustics Conference at ETH Zurich (Swiss Federal Institute of Technology in Zurich), which took place in June under the scientific leadership of Autoneum. More than 200 experts from all over the world were informed about the latest developments in vehicle acoustics at this conference. A regional adaptation in the USA was likewise very well received, and corresponding events are planned in Asia in 2014.



## Profitable growth through optimization of global presence

Autoneum achieved an organic growth in net sales of 9.9% and increased the operating margin before one-time expenses by 5.7% in the reporting year. The implementation of the strategic priority of "profitable growth" is therefore on course. With the sale of its Italian subsidiary and the closure of a plant in Dieppe, France, Autoneum took strategically necessary steps to adjust capacities in Europe to business expectations and ensure long-term economic success in Europe. For this reason, Autoneum reduced capacities in Western Europe by five production sites, making the new total fourteen. This restructuring was only possible thanks to the company's financial position that has been considerably strengthened since the listing on SIX Swiss Exchange by operative cost savings, the continuous generation of free cash flow and improved utilization of the production network.

## Collaborative development of customer relationships in growth markets

Autoneum considers itself a global partner of automobile manufacturers. Accordingly, in 2013, the company, together with its customers, made further developments and investments where there was customer demand – particularly in the growth markets.

The joint venture Summit & Autoneum was founded in Thailand together with the Thai automotive supplier Auto Interior Products. The company provides Autoneum's engineering and sales services and facilitates access to the existing production capacities of the partner. Summit & Autoneum had already received first customer inquiries in 2013, and serial parts will be produced at the plant in Rayong. In Mexico, Autoneum expanded its local presence with the construction of an additional production site through the joint venture UGN, which is run jointly with the Japanese supplier Nihon Tokushu Toryo (Nittoku). The new plant in Silao was officially opened in December 2013 and has been producing parts for Japanese automobile manufacturers in Mexico since the end of the reporting year. The Autoneum plant in Ryazan, Russia, is certified on the part of customers, and the production of components for the engine bay and interior floor was started as planned in autumn 2013. Vehicles previously equipped in other regions by Autoneum within the framework of global platforms are also delivered here.



Customer trust in Autoneum's performance is also demonstrated by the orders received during 2013, which safeguard the growth sought in Asia and capacity utilization in Europe.

#### Further expansion of technological leadership

As a technological leader, Autoneum continually conducts research and pre-development in order to remain a pioneer in innovative trends in acoustic and thermal management. In 2013, the market success of new technologies in serial production, as practiced by Autoneum, confirmed the targeted alignment to customer demand, as well as its technological leadership. For example, in 2013 the IFP-R2 production system based on the Rotating Injection Fiber process was newly designed in accordance with an optimized manufacturing procedure, and its environmental performance was further improved. The Rotating Injection Fiber process is Autoneum's patent-protected process for the production of tailor-made felt blanks for inner dash and floor components in vehicles. IFP-R2 has already been successfully put into operation in Europe and will also be used at sites in North America and Asia in the future. Autoneum's innovative leadership is not only demonstrated in acoustic and thermal management solutions but also in measurement systems that set industry standards. The Alpha Cabin developed by Autoneum supports the development of optimized acoustic packages for vehicles and is considered to be the worldwide standard for measuring acoustic absorption properties. Thanks to faster software and new measuring electronics, the new generation of Alpha Cabin launched in 2013 offers users and customers considerable test time savings.



#### Practicing operational excellence

In view of the lean management necessary for a supplier and the associated coordination of all activities with the objective of the highest possible value creation, the Autoneum Production System (APS) was further expanded and firmly established at locations across the globe. Continuous improvement through regular safety training for production employees, internal production audits, and workshops, in which the implementation of standards is reviewed and potential improvements are identified, is an essential pillar of the APS. Autoneum strives for the highest possible ver-



tical integration through the enhanced production of starting materials, in order to continue its profitable growth. To this end, additional felt production lines were put into operation in 2013 at the Chinese sites of Chongqing, Taicang and Shenyang and at Taubaté, Brazil. Chongqing also received a Theta-Cell production line. The successfully implemented introduction of a new ERP system at the Swiss locations in Winterthur and Sevelen in 2013 enables the standardization of business and production processes and thus increases efficiency. The further implementation will take place in 2014 at the North American sites. It is accompanied by the implementation of a global product data management system. The global transparency of product and technology standards which is thus achieved, paired with efficient project management processes, will accelerate collaboration across countries and functions. The introduction of ERP will also aid the newly created group function of Manufacturing and its team in the identification of group-wide best-practice production processes. These will be defined as standards and implemented worldwide. Operational excellence was also demonstrated in 2013 by numerous serial production launches that were successfully managed worldwide, particularly in Great Britain, Canada and China.



#### **Successful steering of partnerships**

Autoneum also further expanded collaborative relationships with its licensees during 2013. Of particular importance here is the long-term partnership with the Japanese automotive supplier Nittoku. The continuous close collaboration for Japanese customers is not limited to pre-development studies and customer projects, but also includes the investment in a Nittoku production site in China, which was agreed at an early stage. The company, Wuhan Nittoku Autoneum Sound-Proof, in which the Chinese partner TGPM has also invested, has operated a production site in Wuhan, in the province of Hubei, since as early as 2011, and produces dampers, inner dashes, hoodliners and outer dash insulators there for Japanese customers. In the automobile growth market of Indonesia, Autoneum entered into the joint venture of Nittoku and Indonesian supplier Tuffindo Raya.



#### **Living a high-performance culture**

A corporate strategy oriented only towards economic progress cannot achieve sustained success. A motivating corporate culture aimed not only for performance but also for the cohesion and employee satisfaction within the Autoneum organization is an essential contributing factor to both the tangible and intangible success of the company. Autoneum has therefore defined specific company values and behaviors that form the fundamental pillars of a high-performance culture. The Autoneum culture was developed by a global management team across all locations and departments and is demonstrated by managers at all sites worldwide. High-performance leadership training, specifically for midlevel managers, was developed and carried out during 2013 to impart and reinforce these values. The fact that the company values were included in the performance assessment for the first time also shows how well Autoneum, as a young, independent company, has already established its own identity and culture.

## Our values



Autoneum employees live these values through their decisions and actions.

We perform with Passion | We act with Accountability | We profit from Innovation | We live a Global Spirit | We progress through Continuous Improvement | We strive for Simplicity

Find more information about Autoneum's values and behaviors at [www.autoneum.com/about-autoneum/principles-values-behaviors](http://www.autoneum.com/about-autoneum/principles-values-behaviors)

At the core of Autoneum's high-performance culture are a set of values which define a shared identity. This is what keeps Autoneum in line with its long-term principles: Delight your customers. Enjoy your work. Fight for profits.

# Globally competitive through continuous improvement



Masaaki Imai is a pioneer of the worldwide successful Kaizen philosophy and Founder of the KAIZEN Institute Group of Companies, with its headquarters based in Switzerland.

**Mr. Imai, you are considered to be the pioneer of the continuous improvement process in general and of Kaizen in particular. What exactly is Kaizen?** Kaizen is a combination of the Japanese words “kai”, meaning “change”, and “zen”, meaning “good”. It is a Japanese philosophy focusing on the continuous improvement of business operations, such as production processes. However, Kaizen is only one method among many which are all summed up under the term continuous improvement.

**Kaizen and lean production are the most popular practices of continuous improvement.**

**Can you give us an overview on the different tools?** In general, Kaizen and lean production are the most popular practices of the continuous improvement process and both are interdependent to a varying extent. While the philosophy of

Kaizen is process-related and stresses the total involvement of people, the focus of lean production lies on the redesign of the production organization only. However, each of these concepts targets process optimization by using different tools in various fields of application.

**Besides production processes, to which other fields of operation in a company can Kaizen be applied, and which concrete aspects should be improved?**

Kaizen can be applied to any department in a company, while engineering, purchasing and financial management certainly are among the most obvious fields. However, Kaizen also serves to improve employee engagement, communication and organization design. When applying Kaizen, one of the most important steps is encouraging the employees to make suggestions for improvements and making them part of the entire process. Kaizen usually aims at optimizing the quality of sequences and working methods within the manufacturing process, leading to better results in terms of price, cost, productivity, time-to-market and responsiveness. With regard to customer benefits, Kaizen fosters punctual delivery of products and services. Additionally, Kaizen engages employees by drawing upon their creativity through identifying potential improvements and thus promoting their personal development.

**How is Kaizen implemented, and how long does it take for Kaizen to show initial results?** The continuous cycle of Kaizen consists of seven phases. First, you have to identify an opportunity, followed by an analysis of the process and the development of an optimal solution. Phases four and five cover the

implementation of the solution and the examination of its results. In a final step, the solution has to be standardized, and a plan has to be drawn up indicating how to proceed for the future. As there is always potential for improvement, this process is never-ending. Usually, first results can be seen after a few days, and this is also when it becomes obvious if the decisions and changes made were right or not. In order to sustain these quick results, a strong, visible management commitment to continuous improvement as well as support on the front lines is crucial.

**What impact does Kaizen have on corporate culture?** Each company follows its own unique values and principles, which function as guidelines and thereby strengthen its corporate identity. In addition, guiding principles such as passion, accountability and innovation are a trigger to identify first steps that need to be taken in order to improve processes constantly and to find solutions to daily business challenges. Together, these factors result in a motivating atmosphere for each and every employee. Kaizen can be seen as an additional method which can improve corporate culture in various ways, for example by creating the collective experience of participating in workshops together. This creates an atmosphere where all employees feel like a part of the whole. Another positive effect is the definition of a collective aim and the encouragement of the employees to pull together to achieve this aim.

**One well-known and ground-breaking example for the successful implementation of Kaizen is Toyota. In which respects has Kaizen generally improved**



**not only OEMs but also automotive suppliers over the years?** Companies that are aiming at expanding their production capacities or working within global networks have to permanently ensure the effectiveness and efficiency of their processes in order to stay competitive in the market. This applies not only to OEMs, but also to suppliers. Furthermore, not only do OEMs have to organize their network of suppliers, but rather it is crucial for OEMs to involve suppliers in their efforts to constantly improve their cost structures in order to stay globally competitive. With regard to ensuring the efficient functioning of their supply chains from end to end, companies have recognized the importance of continuous improvement in general, and of Kaizen in particular. The bigger your network is, the more factors you have to handle; and consequently, the more important it becomes to do Kaizen in order to simplify.

Employees become part of the continuous improvement process and enhance quality, reliability and cost standards by proposing improvements themselves.

**The Autoneum Production System (APS) is based on continuous improvement. Can you elaborate on the key benefits for Autoneum?** In general, you need an atmosphere of willingness to change and to challenge the existing situation in order to benefit from improvement. As far as I have become acquainted with it, the Autoneum Production System invites employees to become an active part not

The lasting impact of the process of continuous improvement is ensured by numerous small steps all aiming at improving safety and ergonomics, quality, supply chain and at reducing costs.

only of the process but also of the corporate culture by spreading the Kaizen mentality among them. To support this aim, employees participate in Kaizen workshops, which allow them to find out how to recognize potential for improvement within their daily work environment. By proposing improvements themselves, they become part of the continuous improvement process and enhance quality, reliability and cost standards. In my opinion, this shows that Autoneum benefits in different ways, for example by implementing innovative perspectives and creating common values among the employees. Thereby, the lasting impact of the process of continuous improvement is ensured by numerous small steps all aiming at improving safety and ergonomics, quality, supply chain and at reducing costs.

**What are the main benefits for customers? Do these benefits in turn have direct effects on Autoneum?** The increasing demand for highly innovative products has become a permanent challenge for manufacturers and their suppliers. Accordingly, customers, and in the case of a supplier like Autoneum this of course means OEMs, generally profit from continuous improvement within

production processes in the form of consistently high product quality resulting from effective lean production as well as just-in-time delivery of the required products. In turn, Autoneum benefits from the opportunity to be flexible with regard to changing customer demands. Furthermore, the only way to meet the increasingly common request for price reductions by manufacturers and to operate profitably is to implement continuous improvement. It is obviously a “win-win situation” in which both sides profit from the improved conditions.

**What are the prospects of Kaizen in the future?** Due to the wide range of influencing factors involved, it cannot be predicted in which way the concept will continue to develop in the years to come. One thing is sure, however: the key is to keep an open mind in all aspects and avoid focusing excessively on external subjects while overlooking one’s own potential for improvement. However, it is also necessary to remain open for new trends and developments in the world and their effects on the concepts of continuous improvement and Kaizen. Kaizen has proved capable of making a contribution to a company’s success, and it will continue to drive competitive advantages in the future.

**Mr. Imai, thank you for talking to us.**



The Autoneum Production System (APS) is based on a culture of operational excellence and continuous improvement. APS is used at more than 45 production sites worldwide, ensures product quality, reduces waste and provides safety in the workplace. As a result, Autoneum supplies its customers with uniform product quality from all plants.

“ Thanks to the Autoneum Production System, I can work efficiently and accurately. My ideas toward improving processes are incorporated. I am proud that the components I produce are used by various automobile manufacturers.”

**Xiumei Li**, Operator  
Chongqing, China





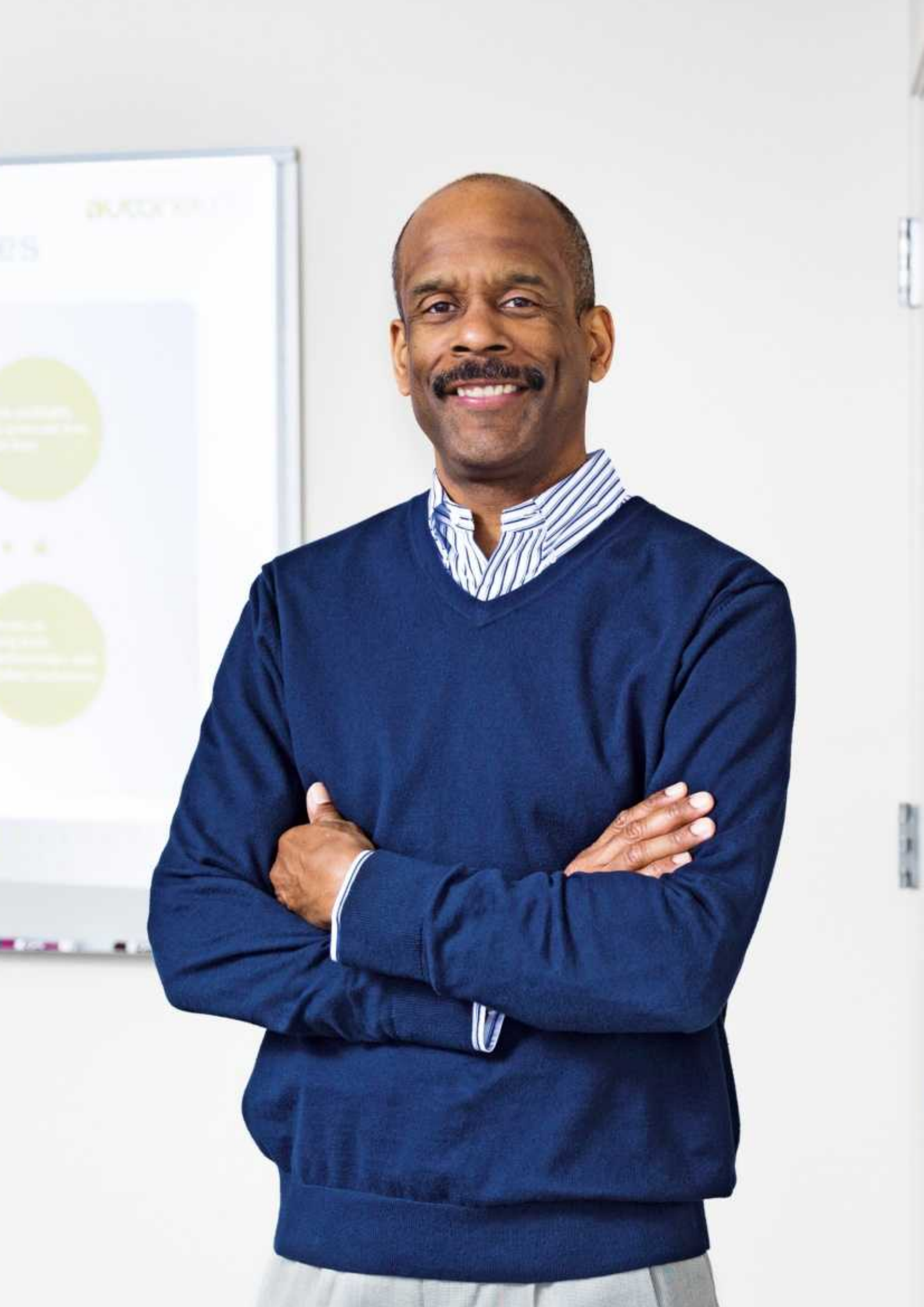
• Córdoba

The control of production processes from raw materials through to the final product also serves to ensure Autoneum's market and technological leadership. In addition to cost benefits, the high level of vertical integration also facilitates further innovations in materials and process technology.

“ We have just put a new felt production line into operation here in Córdoba. It makes us more independent and enables us to control the optimal material composition ourselves. This vertical integration is an important competitive advantage in our business.”

**Fabian Olocco**, Plant Manager  
Córdoba, Argentina







In 2012, Autoneum started a large project, involving all regions, to redefine globally-standardized business processes. Implementation is being supported by a modern ERP and product data system. The increase in efficiency and productivity is based on global standards and will contribute to further profitable growth.

“In our global company, standards and streamlined processes are essential. Processes that are identical worldwide facilitate faster decisions, leaner structures and lower costs.”

**Claude Epperson**, Head of IT Business Group North America  
Farmington Hills, USA



Autoneum's corporate culture is based on values and principles that forge a shared identity. As an element for anchoring these values, Autoneum has designed a special High-Performance Leadership training. In the course of this, managers from all regions of the world together experience what it is that constitutes Autoneum's culture.

“We are successful as a team here in Genk because we live the Values of Autoneum. Passion, Accountability, Continuous Improvement and Global Spirit are not just empty phrases for us.”

**Mireille Mertens**, Plant Manager  
Genk, Belgium







For more than 40 years, Autoneum has been developing and producing systems and equipment for analyzing the acoustic and thermal properties of components and parts. These include, for example, the Alpha Cabin, which provides fast, accurate and reliable measurement results and is produced at the R & T headquarters in Winterthur, Switzerland.

“ We are innovation leaders – not least due to our measurement systems. They set industry-wide standards and reinforce our expertise in evaluating and optimizing the acoustic and thermal properties of materials.”

**Tommy Falk**, Head of Measurement Systems and Laboratories  
Winterthur, Switzerland



# Eco-friendlier cars thanks to lightweight products

Worldwide, Autoneum consistently follows the principle of responsible conduct. This includes careful handling of the environment and natural resources, as well as the prudent management of employees and an open dialogue with the public.

As a globally active company, Autoneum not only complies with local laws and regulations but also maintains business relationships with all partners that are characterized by trust and honesty. The corresponding guidelines are recorded in the company's Code of Conduct. These rules apply to all employees and are also published on the Autoneum website.

## Environmental sustainability

Autoneum's multifunctional technologies contribute significantly to the improved environmental performance of vehicles. In this way, the company plays an important role regarding the reduction of vehicle noise. Due to stricter requirements – in the European Union, for example – in the future automobile manufacturers will have to meet the requirement to reduce exterior in addition to interior noise of vehicles. When the corresponding rules become fully effective in a few years, four cars will be permitted to cause only as much exterior noise as one car today. Autoneum is also an innovative leader in this field: the company has developed measuring systems to record pass-by noise, conducts studies for automobile manufacturers and demonstrates how vehicle noise can be reduced by Autoneum products.

At the same time, Autoneum's lightweight systems and components also reduce the weight of vehicles, which leads to lower fuel consumption and reduced CO<sub>2</sub> emissions. This is very important to customers because vehicle CO<sub>2</sub> emissions will also be increasingly limited by law.



Autoneum places great value on the efficient use of raw materials, the highest possible recyclability of the products manufactured, and the recycling of production waste.

The company also places great value on the efficient use of raw materials, the highest possible recyclability of the products manufactured and the recycling of production waste. Autoneum analyzes the environmental efficiency of all production sites on a monthly basis using specific key performance indicators and derives from these analyses approaches for making improvements. The data is also used to document customer sustainability requirements and to participate in global initiatives such as the Carbon Disclosure Project.

Progress achieved by Autoneum during the 2013 financial year included, among others, the following:

- In Guangzhou (China), waste from carpet production is recycled into thermoplastic synthetic fibers (PET) and then reused for the production of felt blanks. The introduction of this recycling concept at other Autoneum production facilities is already under review.
- In Genk (Belgium), Bor (Czech Republic) and Hermosillo (Mexico), transportation is increasingly carried out with so-called Mizusumashi trains rather than with forklifts. This increases production line cycle time and simultaneously reduces energy needs.

### **Economic sustainability**

As an automotive supplier, up to 20% of Autoneum's sales must be replaced each year by new customer orders. Efficient and lightweight products are a key driver of the profitable growth that Autoneum pursues as a strategic priority. In order to be able to offer even lighter products with the same or improved acoustic and thermal management performance, the company invests continuously in product and technology innovations.

Another investment focal point in 2013 was a comprehensive, ongoing project to define and implement globally standardized processes and procedures at all sites. The measures taken during 2013 to achieve these worldwide standards included, among others, the following:

- The Autoneum Production System (APS) was used as a basis for workshops for the worldwide harmonization and optimization of logistics, quality assurance and project management.
- Autoneum introduced procedures for the consistent management of global customer programs. This worldwide program management process is expected, from 2014 onwards, to simplify coordination between the business groups and simultaneously ensure the best possible customer support.

In order to optimally fulfill the high standards demanded by customers, Autoneum partners with carefully selected suppliers. This collaboration is based on mutual respect and designed for longstanding partnership. The suppliers also support Autoneum in the implementation of value analysis (VA/VE) methods, in order to guarantee a high level of competitiveness in the long term.

### **Social sustainability**

In order to further implement Autoneum's principles, values and behaviors within the entire company, they formed an integral part of the annual employee evaluations for the first time in 2013. The evaluation criteria were supplemented by six established company values<sup>1</sup>, including Responsibility, Passion, and Continuous Improvement. In this way, Autoneum hopes that these principles will be lived worldwide and will guide the decisions and actions of all employees.

Safety conditions continue to enjoy the highest priority. Continual training and monitoring at all sites are first and foremost in this regard. The corresponding regular safety training for all production employees continued to be obligatory in 2013, and additional safety workshops are planned for 2014.

Based on the contract concluded in 2012 which regulates cooperation, the 13 members of the European Works Council met at a two-day conference in the summer of 2013. Representatives from Autoneum's Group Executive Board also participated in the conference. The European Works Council was also heard and consulted on specific issues.

In order to be able to offer even lighter products with the same or improved acoustic and thermal management performance, Autoneum invests continuously in product and technology innovations.

<sup>1</sup> See page 11.

# Corporate Governance

Autoneum is a globally oriented company which is committed to creating long-term value. As such, it considers high standards of Corporate Governance of utmost importance.

Autoneum is a globally oriented company which is committed to creating long-term value. As such, it considers high standards of Corporate Governance of utmost importance. A policy of transparent information provision to its various stakeholder groups creates a basis for mutual trust.

The rules and regulations of Corporate Governance are laid out in numerous Autoneum documents, in particular the Articles of Association<sup>2</sup>, the Management Regulations<sup>3</sup> and the Board Committee Regulations. The content and structure of this report conforms to the Corporate Governance guidelines and their related commentaries published by the SIX Swiss Exchange. Unless otherwise stated, the data refer to December 31, 2013.

Information will be updated regularly on [www.autoneum.com/investor-relations](http://www.autoneum.com/investor-relations). Some data refer to the financial section of this Annual Report. The Compensation Report can be found beginning on page 92 of the Financial Report.

## 1. Group structure and shareholders

### Group structure

Autoneum Holding Ltd is a company incorporated under Swiss law, with its registered offices in Winterthur. Its shares are listed on the SIX Swiss Exchange, Zurich, securities code 12748036; ISIN CH0127480363; symbol AUTN. Market capitalization as of December 31, 2013, was 633.3 million CHF.

Autoneum Group consists of the four Business Groups Europe, North America, Asia, and SAMEA (South America, Middle East, Africa, and Russia), the Corporate Center with its cross functions and those cross functions which report directly to the CEO. It includes all companies controlled by Autoneum Holding Ltd.

Within the framework of internal regulations, the Business Groups are responsible for the profitability of each individual company with the exception of those business activities and companies which report directly to the Corporate Center.

Each Business Group has been established for a clearly defined and demarcated specific market region. Each of these Groups conducts its business within the framework of the Autoneum Management Regulations<sup>3</sup> and under the leadership of the Business Group Head, who reports directly to the CEO of Autoneum Group.

Detailed segment information can be found on pages 62 and 63.

The Corporate Center is run by the CFO, who is also deputy to the CEO. It supports the Board of Directors, the CEO, and the Business Group Heads in their management and supervisory functions. The Corporate Center comprises all central cross functions which do not report directly to the CEO. The Corporate Center ensures financial stability and is responsible for the financial management and reporting systems, risk management systems, group communications, as well as the legal, tax, and insurance departments of the Group. In cooperation with the cross functions which report directly

<sup>2</sup> [www.autoneum.com/investor-relations/corporate-governance/](http://www.autoneum.com/investor-relations/corporate-governance/)

<sup>3</sup> [www.autoneum.com/ueber-autoneum/](http://www.autoneum.com/ueber-autoneum/)

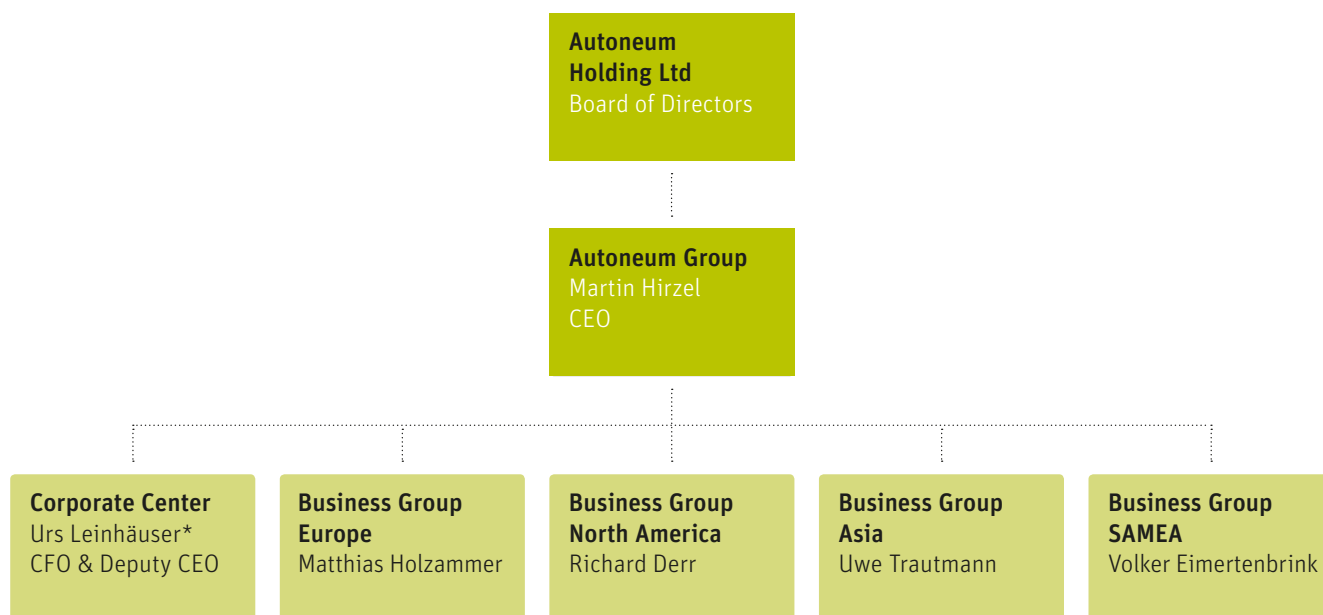
to the CEO, the Corporate Center is responsible for elaborating group strategy, for strategic planning, as well as for the preparation and execution of company acquisitions and divestments.

Subsidiary companies are founded based on legal, business, and financial considerations. One responsible person (head of legal unit) is appointed for each company. He is responsible for local financial controlling as well as for compliance with national laws and regulations and internal guidelines.

Those activities not assigned to the Business Groups, such as holding companies and pension funds, are allocated to the Corporate Center.

## Organisation

As per December 31, 2013



\* Until March 31, 2014.

Companies with participation of further shareholders are principally managed as described above and according to the respective agreements.

35 companies worldwide belonged to the Autoneum Group as of December 31, 2013. A list of affiliates can be found on page 85. The management organization of the Autoneum Group is independent of the legal structure of the Group and the individual companies.

#### **Significant shareholders**

As of December 31, 2013, Autoneum was aware of the following shareholders with more than 3% of all voting rights in the company:

- Artemis Beteiligungen I AG / Centinox Holding AG / Michael Pieper, Hergiswil, Switzerland
- PCS Holding Ltd, Warth-Weiningen / Peter Spuhler, Weiningen, Switzerland
- Capital Group Companies, Inc. (CGC), Los Angeles, USA
- First Eagle Overseas Fund, New York, USA

All notifications of shareholders with more than 3% of all voting rights in the company have been reported to the Disclosure Office of the SIX Swiss Exchange in accordance with Art. 20 SESTA (Swiss Stock Exchanges and Securities Trading Act) and published via its electronic publication platform at: [http://www.six-exchange-regulation.com/obligations/disclosure/major\\_shareholders\\_de.html](http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_de.html).

Please refer to page 91 for details of these shareholdings and disclosure information.

In connection with the separation of Autoneum Group, the two principal Autoneum shareholders, PCS Holding Ltd and Artemis Beteiligungen I Ltd, signed a lock-up agreement and committed themselves (i) for six months after the first trading day of Autoneum shares on May 13, 2011 ("first lock-up period"); (ii) for thirty months after the first lock-up period ("second lock-up period"), and (iii) from the end of the second lock-up period until complete fulfillment of all Autoneum obligations according to the credit agreement of April 12, 2011, with a bank consortium ("third lock-up period") not to sell any Autoneum shares held by the two principal shareholders per first Autoneum trading day except: (i) during the first lock-up period for Autoneum employee participation plans, as long as the shareholdings of neither PCS Holding Ltd nor Artemis Beteiligungen I AG fall below 10% of the Autoneum capital stock; (ii) during the second lock-up period, as long as the shareholdings of neither PCS Holding Ltd nor Artemis Beteiligungen I AG fall below 10% of the Autoneum capital stock, and (iii) during the third lock-up period, provided that the Autoneum equity ratio is at least 35% in the quarter immediately prior to such share sales.

#### **Cross-holdings**

Autoneum has no information about cross-holdings of capital or voting shares exceeding the limit of 3%.



## 2. Capital structure

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### Share capital

On December 31, 2013, the share capital of Autoneum Holding Ltd totaled 233 618.15 CHF. This is divided into 4 672 363 fully paid up registered shares with a par value of 0.05 CHF each. The shares are listed on the SIX Swiss Exchange, securities code 12748036; ISIN CH0127480363; symbol AUTN.

### Authorized share capital

There is no authorized share capital available at Autoneum Holding AG.

### Contingent capital for issuing convertible and/or warranty bonds or granting shareholder options

The share capital may also be increased by up to 700 000 fully paid registered shares with a nominal value of 0.05 CHF each in an amount not to exceed 35 000 CHF through the voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar financial instruments by the Company or one of its Group companies on national or international capital markets, and/or through the exercise of option rights granted to the shareholders.

The pre-emptive rights of the shareholders on the issuance of bonds or similar financial instruments with which conversion rights and/or warrants are connected shall be excluded. The then current owners of conversion rights and/or warrants shall be entitled to subscribe to the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors. The acquisition of shares as well as each subsequent transfer of shares are subject to the restrictions in §4 of the Articles of Association<sup>4</sup>.

In connection with the issuance of bonds or similar financial instruments with which conversion rights and/or warrants are connected, the Board of Directors is empowered to restrict or exclude the advance subscription rights of shareholders if (1) such instrument is issued for the financing or refinancing of the acquisition of corporations, parts thereof, equity holdings or investments or if (2) such instrument is issued (i) on national or international capital markets or (ii) to one or more financial investors. If the advance subscription rights are restricted or excluded by the Board of Directors, the following shall apply: the issuance of such instrument shall be made at prevailing market conditions, and the new shares shall be issued pursuant to the relevant conditions of that financial instrument. Conversion rights may be exercised during a maximum ten-year period, and warrants may be exercised during a maximum seven-year period, in each case from the date of the respective issuance. The issuance of the new shares upon voluntary or mandatory exercise of conversion rights and/or warrants shall be made at conditions taking into account the market price of the shares and/or comparable instruments with a market price at the time of issuance of the relevant financial instrument.



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The share capital of Autoneum Holding Ltd is divided into 4 672 363 fully paid up registered shares.

There have been no changes to the share capital of Autoneum Holding Ltd since the company founding on December 2, 2010.

#### **Contingent capital for employee participation shares**

The share capital may be increased by a maximum of 12500 CHF through the issuance of up to 250 000 fully paid up registered shares with a par value of 0.05 CHF each to employees of the company and its subsidiaries. The preemptive rights and the advance subscription rights of the shareholders shall be excluded. The issuance of these shares to employees will be in accordance with one or more regulations issued by the Board of Directors and will take appropriate account of employee performance, position and degree of responsibility, and economic viability criteria. Shares or options may be issued to employees at a price lower than that quoted on the stock exchange. The acquisition of shares within the framework of the employee participation plan, as well as every subsequent transfer of these shares, is subject to the limitations set forth in §4 of the Articles of Association<sup>5</sup>.

#### **Changes in share capital**

There have been no changes to the share capital of Autoneum Holding Ltd since the company's foundation on December 2, 2010. The General Meeting of March 22, 2011, adopted a contingent share capital of 35 000 CHF (see page 29) and a contingent share capital of 12 500 CHF (see above). The authorized share capital of 47 500 CHF adopted at the same General Meeting of March 22, 2011, expired after two years on March 22, 2013, without being utilized. It was not extended and there is therefore no authorized share capital available at Autoneum Holding Ltd.

#### **Participation and dividend-right certificates**

Autoneum Holding Ltd has issued neither participation certificates nor dividend-right certificates.

#### **Shares**

Autoneum Holding Ltd has issued 4 672 363 fully paid up registered shares with a nominal value of 0.05 CHF each. Each registered share is entitled to dividends and entitles the holder to one vote at General Meetings of Autoneum Holding Ltd shareholders. The Board of Directors maintains a share register in which the owners and usufructuaries are registered with surname, first name/company name, and address with the following conditions. Only those persons listed in the share register will be recognized as company shareholders or usufructuaries. Any changes of name or address must be communicated to the company. Those who acquire registered shares must make written application for entry in the share register. The company can refuse such entry to parties who do not expressly declare that they have acquired and will hold these registered shares in their own names and for their own account. If persons fail to expressly declare in their registration applications that they hold the shares for their own account (the "nominees"), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the nominee has entered into an agreement with the Company concerning his or her status, and further provided that the nominee is subject to a recognized bank or financial market supervision. After hearing the registered shareholder or nominee, the Board of Directors may cancel any registration in the share register made based on incorrect information with retroactive effect as of the date of registration. The relevant shareholder or nominee must be informed immediately of the cancellation. The Board of Directors regulates the details and issues the instructions necessary for compliance with the provisions set forth above.

<sup>5</sup> [www.autoneum.com/investor-relations/corporate-governance/](http://www.autoneum.com/investor-relations/corporate-governance/)

In special cases, it may grant exemptions from the rule concerning nominees. The Board of Directors may delegate its duties.

The company only recognizes one proxy per share. Voting rights and associated rights may only be exercised in relation to the company by a shareholder, usufructuary or nominee entered in the share register as having the right to vote.

The registered shares of Autoneum Holding Ltd are issued in the form of securities and registered as book-entry securities (in the sense of the Book-Entry Securities Act) at SIX SIS AG. Book-entry securities with underlying shares of the Company may not be transferred by way of assignment. Security interests for these book-entry securities cannot be granted by means of assignment. The company is entitled to convert at any time and without the approval of shareholders shares issued in the form of uncertificated securities into individual share certificates or global share certificates. Shareholders are not entitled to have shares issued in one particular form transformed into another form. Any shareholder is however entitled to request at any time that the company issue a certificate stating the number of shares registered in his or her name.

#### **Restrictions on share transfers and nominee registrations**

Those persons entered in the shareholders' register are recognized as voting shareholders. Autoneum shares can be bought and sold without any restrictions. In accordance with §4 of the Articles of Association<sup>6</sup>, entry in the register of shareholders can be denied in the absence of an explicit declaration that the shares are held in the applicant's own name and for the applicant's own account. There are no other registration restrictions.

Shares held in a fiduciary capacity are not principally entered in the shareholders' register. However, as an exception to this rule, a nominee company is entered in the register if the company in question has concluded a nominee agreement with Autoneum and is subject to a recognized bank or financial supervisory authority. The nominee company exercises voting rights at the Annual General Meeting of shareholders. At the request of Autoneum Holding Ltd, the nominee is obliged to disclose the name of the person on whose behalf it holds shares.

A resolution of the General Meeting approved by the absolute majority of the voting shares represented is required in order to cancel the restrictions on share transfers.

#### **Convertible bonds and options**

Autoneum Holding Ltd has no convertible bonds or options outstanding.

### **3 Board of Directors**

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The composition, general rights, duties, and responsibilities of the Autoneum Holding Ltd Board of Directors are pursuant to the Swiss Code of Obligations<sup>6</sup> and the Autoneum Holding Ltd Articles of Association and Management Regulations<sup>7</sup>.

<sup>6</sup> [www.autoneum.com/investor-relations/corporate-governance/](http://www.autoneum.com/investor-relations/corporate-governance/)

<sup>7</sup> [www.autoneum.com/ueber-autoneum/](http://www.autoneum.com/ueber-autoneum/)

## Board of Directors



### Hans-Peter Schwald (1959)

Chairman

Swiss national

1)

**First elected to the Board** Board member and Chairman since 2011 . **Term of office expires in 2014** . **Educational and professional background** Lic. iur. HSG, lawyer; Chairman and Managing Partner in the legal practice of Staiger, Schwald & Partner AG, Zurich . **Other activities and interests** Vice Chairman of the Board, Stadler Rail AG, Bussnang, and Ruag Holding Ltd, Berne; Board member, Rieter Holding Ltd, Winterthur; Chairman, AVIA Association of Independent Importers of Petroleum Products, Zurich; Board member of other Swiss joint stock companies . **Committees** Chairman of the Strategy Committee; Member of the Audit Committee and of the Personnel, Compensation and Nomination Committee . **Non-executive**

### Rainer Schmückle (1959)

Vice Chairman

German national

2)

**First elected to the Board** Board member and Vice Chairman since 2011 . **Term of office expires in 2014** . **Educational and professional background** Dipl. Wirtsch.-Ing. University of Karlsruhe; from 1984 to 1997 various positions at the Daimler Group, including CFO and Senior Vice President IT of Freightliner LLC; from 1998 to 2000 first CFO and then CEO of Adtranz LLC; from 2001 to 2005 President and CEO of Freightliner LLC; from 2005 to 2010 COO of Mercedes Car Group; from 2010 to 2011 Operating Partner of Advent International. Since November 1, 2011, Chief Operating Officer and President Seating Systems of Johnson Controls . **Other activities and interests** Member of the Board of Directors or Advisory Board of two privately held companies . **Committees** Chairman of the Audit Committee; Member of the Strategy Committee . **Non-executive**

### Michael Pieper (1946)

Board member

Swiss national

3)

**First elected to the Board** Board member since 2011 . **Term of office expires in 2014** . **Educational and professional background** Lic. oec. HSG; owner and Chief Executive Officer of Artemis Holding AG . **Other activities and interests** Member of the Board of various Artemis and Franke subsidiaries worldwide; Board member, Berenberg Bank (Schweiz) AG, Zurich; Hero AG, Lenzburg; Forbo Holding Ltd, Baar; Adval Tech Holding Ltd, Niederwangen; Rieter Holding Ltd, Winterthur . **Non-executive**

### This E. Schneider (1952)

Board member

Swiss national

4)

**First elected to the Board** Board member since 2011 . **Term of office expires in 2014** . **Educational and professional background** Lic. oec. HSG; from 1991 to 1993 Chairman and CEO of listed company SAFAA, Paris; from 1994 to 1997 Member of the Executive Board, Valora Group, as managing director of the Canteen and Catering Division; from 1997 to 2002 Executive Chairman and CEO of the Selecta Group; since 2004 Executive Chairman and CEO, Forbo Group . **Other activities and interests** Board member, Galenica SA, Berne; Vice Chairman of the Board, Rieter Holding Ltd, Winterthur . **Committees** Chairman of the Personnel, Compensation and Nomination Committee . **Non-executive**

### Peter Spuhler (1959)

Board member

Swiss national

5)

**First elected to the Board** Board member since 2011 . **Term of office expires in 2014** . **Educational and professional background** Majority shareholder and CEO of Stadler Rail AG, Bussnang . **Other activities and interests** Chairman of the Board, Stadler Rail AG, Bussnang; and of several other companies of the Stadler Rail Group; Aebi-Schmidt Holding Ltd, Burgdorf, and PCS Holding AG, Warth-Weiningen. Board member, Walo Bertschinger Central AG, Zurich, Allreal Holding AG, Baar, Rieter Holding Ltd, Winterthur, DSH Holding AG, Warth-Weiningen, and Wohnpark Promenade AG, Frauenfeld. Member of the National Council of the Swiss Parliament from 1999 to 2012 . **Non-executive**

### Ferdinand Stutz (1957)

Board member

Swiss national

6)

**First elected to the Board** Board member since 2011 . **Term of office expires in 2014** . **Educational and professional background** Dipl. Giesserei-Ing. University of Duisburg; from 1982 to 1989 Operations Manager and Deputy Manager Foundry for Rieter Ltd, Winterthur; from 1989 to 1994 Department Manager and as of 1994 Copartner and Executive Director of Schubert + Salzer; from 1995 to 1997 Executive Director of Georg Fischer Eisenguss GmbH, Leipzig; from 1998 to 2009 member of the Management Board of Georg Fischer AG and CEO of GF Automotive; since 2009 owner and founder of Stutz Improvement AG . **Other activities and interests** Member of the Advisory Board of Halder Beteiligungsgesellschaft GmbH, Frankfurt; member of the Board of Directors or Advisory Board of other private stock companies . **Committees** Member of the Audit and the Strategy Committee and of the Personnel, Compensation and Nomination Committee . **Non-executive**

### **Board membership**

Pursuant to the Articles of Association<sup>8</sup>, the Board of Directors of Autoneum Holding Ltd consists of no less than three and no more than nine members. As of December 31, 2013, the Board of Directors comprised six members, none of whom performed executive duties. The functions of Chairman of the Board and CEO are separated in order to ensure a good balance between the company management and supervisory bodies.

### **Election and term of office, principles of the election procedure**

With regard to the separation of Autoneum Group, all the current Board members of Autoneum Holding Ltd were elected in March 2011 for a three-year term of office until the ordinary General Meeting 2014. As from the ordinary General Meeting 2014, the Chairman and the other members of the Board will be elected individually and for a one-year term of office, meaning from one ordinary General Meeting to the next one.

While Board members can be reelected, they retire at the Annual General Meeting following their 70<sup>th</sup> birthday. Nominations for election to the Board of Directors are made with due regard for the balanced composition of this body, taking industrial and international management experience and specialist knowledge into account.

### **Internal organization**

The Board of Directors is responsible for the business strategy and supervisory management of the Autoneum Group and group companies. It exercises a supervisory function over the persons who have been entrusted with the business management. It takes decisions on all transactions assigned to it by law, the Articles of Association<sup>8</sup> and the Management Regulations<sup>9</sup>. It draws up the Annual Report, prepares the Annual General Meeting and makes the necessary arrangements for implementing resolutions adopted by the Annual General Meeting. The Board of Directors has the following decision-making authority:

- Composition of the business portfolio and strategic direction of the Group
- Definition of the Group structure
- Appointment and dismissal of the members of the Group Executive Board
- Definition of the authority and duties of the Chairman and the committees of the Board of Directors as well as the CEO and CFO & Deputy CEO of the Autoneum Group and the Business Group Heads
- Organization of accounting, financial control, and financial planning
- Approval of strategic and financial planning, the budget, the annual financial statements and the Annual Report
- Principles of financial and investment policy, personnel and social policy, management and communications
- Signature regulations and allocation of authority
- Principles of internal auditing
- Decisions on investment projects involving expenditure in excess of 10 million CHF.
- Issuance of bonds and other financial market transactions
- Incorporation, purchase, sale, and liquidation of subsidiaries

<sup>8</sup> [www.autoneum.com/investor-relations/corporate-governance/](http://www.autoneum.com/investor-relations/corporate-governance/)

<sup>9</sup> [www.autoneum.com/ueber-autoneum/](http://www.autoneum.com/ueber-autoneum/)

The Board of Directors comprises the Chairman, the Vice Chairman, and the other members. It is self-constituting. However, as from the General Meeting 2014, the Chairman will be elected for a year by the General Meeting. The Board of Directors appoints a secretary who need not be a member of the Board of Directors. The Vice Chairman deputizes for the Chairman in his absence. The Board of Directors has a quorum if the majority of members are present or if the Board members are able to communicate with each other by telephone, video-conference, Internet, or other electronic means. Motions of the Board of Directors are approved by a simple majority. In the case of a tie, the Chairman has the casting vote.

In 2013, the Board of Directors met for five regular meetings. They all lasted around half a day, one of which was held abroad followed by a visit of a production plant. Overall Board attendance was 93%. In addition, three telephone conferences were held.

The agendas for the Board meetings are drawn up by the Chairman. Any member of the Board can also propose items for inclusion on the agenda. Board meetings are generally also attended by the CEO, the CFO & Deputy CEO, while the other members of the Group Executive Board attend as necessary regarding business matters concerning them. They give an overview of the results, outlook and budget of their operating units, and present those projects requiring the approval of the Board of Directors.

The Board of Directors holds a special meeting once a year to review its performance, internal working methods, and cooperation with the Group Executive Board. This takes the form of a self-assessment and includes an assessment of the state of information of Board members with regard to the Group and its business development.

Should there be a risk of a conflict of interest in the course of making decisions on business matters and items on the agenda, the respective Board member must stand aside prior to discussion of the matter in question and abstain from voting when passing resolution.

### **Committees**

In order to assist it in its duties, the Board has appointed an Audit Committee, a Personnel, Compensation and Nomination Committee and a Strategy Committee from among its members. The committees are fundamentally advisory bodies and have no decision-making powers; resolutions are passed by the Board as a whole. Each committee has written terms of reference specifying its tasks and responsibilities. The Chairman and other members of each committee are elected by the Board of Directors. As from the ordinary General Meeting 2014, the members of the Compensation Committee will be elected by the ordinary General Meeting. The committees meet regularly and are required to prepare minutes of their meetings and recommendations for perusal at the regular meetings of the Board of Directors.

The **Audit Committee** currently consists of three members of the Board. Its Chairman is Rainer Schmückle, the other members are Hans-Peter Schwald and Ferdinand Stutz.

Once a year the Board of Directors carries out a self-assessment.

In the 2013 financial year none of the members of the Audit Committee performed executive duties. The Chairman is elected for one year. The Audit Committee meets at least twice each complete financial year. The meetings are also attended by the Head of Internal Audit, representatives of the statutory and Group auditors KPMG, the CEO and the CFO & Deputy CEO, and other members of the Group Executive Board and management as appropriate. The main duties of the Audit Committee are:

- Elaborating principles for external and internal audits for submission to the Board of Directors, and providing information on their implementation
- Assessing the work of the external and internal auditors as well as their mutual cooperation and reporting to the Board of Directors
- Assessing the reports submitted by the statutory auditors as well as the invoiced costs
- Overall supervision of risk management and acceptance of the Group Executive Board's risk report addressed to the Board of Directors
- Assisting the Board of Directors in nominating the statutory auditors and the Group auditors for submission to the Annual General Meeting
- Scrutinizing the results of internal audits, approving the audit schedule for the following year and nominating the Head of Internal Audit
- The Chairman of the Audit Committee is responsible for accepting complaints (whistle-blowing) in connection with the code of conduct (regulations regarding conduct in business relationships).

The Audit Committee met for two regular meetings in 2013. Both meetings lasted three and a half hours. All committee members attended these meetings and received regular written reports from the internal auditors.

The **Personnel, Compensation and Nomination Committee** consists of three members. This E. Schneider is Chairman of this committee, Hans-Peter Schwald and Ferdinand Stutz the other members. The committee meets whenever necessary, but at least twice a year. This committee stipulates the profile of requirements and the principles for selecting members of the Board of Directors, and prepares the election of new members of the Group Executive Board and their terms of employment. It establishes the principles for the remuneration of members of the Autoneum Group Board of Directors, Executive Committee and senior management, especially bonus programs and share allocation plans (LTI). It is also briefed on succession plans for the Board of Directors, Group Executive Board and senior management, and the relevant development plans.

The Personnel, Compensation and Nomination Committee held five regular meetings in 2013. Each meeting lasted two to three and a half hours. All committee members attended all meetings.

The **Strategy Committee** consists of three members: Hans-Peter Schwald is Chairman, Rainer Schmückle and Ferdinand Stutz are the other members.



In the 2013 financial year none of the members of the Strategy Committee performed executive duties. The Strategy Committee meets at least twice a year. The meetings are also attended by the CEO and the CFO & Deputy CEO, and other members of the Group Executive Board and management as appropriate.

The main duties of the strategy committee are: supporting and assisting the Board of Directors in strategic planning, especially in assessing market changes and developments affecting the Group, and assessing the Group's short and long-term strategic orientation, in particular with regard to markets, customers, competitors, products and technologies, as well as support with strategically important projects.

The strategy committee met in 2013 for two regular meetings and two-day strategy workshop with the entire Group Executive Board. Each of the regular meetings lasted between three and six hours depending on the agenda. All committee members attended all meetings and the strategy workshop.

#### **Allocation of authority**

The Board of Directors delegates operational business management to the CEO. The members of the Group Executive Board report to the CEO. The CFO acts as deputy to the CEO. The allocation of authority between the Board of Directors and the CEO is stipulated in the Management Regulations<sup>10</sup>, while details of the tasks reserved for the Board of Directors can be found on page 34, "Internal Organization". The cooperation between the Board of Directors, CEO, Business Groups, and Corporate Center is stipulated in the Group's Management Regulations<sup>10</sup>, which include the following. The CEO draws up the strategic and financial planning statements and the budget with the Group Executive Board, and submits them to the Board of Directors for approval. He reports regularly on the course of business as well as on risks, and changes in personnel at management level. In addition to periodic reporting, he is obliged to inform the Board of Directors immediately about any business transactions of fundamental importance.

#### **Information and control instruments regarding the Group Executive Board**

The Board of Directors receives a written monthly report on the key figures of the Group and the Business Groups from the Group Executive Board. This provides information on the balance sheet, cash flow and income statements as well as capital expenditure. The figures are compared with the budget and with the previous year. The Board of Directors is also informed at each meeting about the course of business, important projects and risks, as well as ongoing earnings and liquidity budget planning. Should the Board of Directors have to rule on major projects according to the Management Regulations<sup>10</sup>, a written request is submitted prior to the meeting. The projects approved by the Board of Directors are monitored within the context of a special project controlling submitted to the Board of Directors every quarter. Once a year, the Board of Directors discusses the strategic plans drawn up by the Group Executive Board, and the financial plan. Financial statements for publication are drawn up twice a year.

The strategy committee met in 2013 for two regular meetings and a two-day strategy workshop with the entire Group Executive Board.

<sup>10</sup> [www.autoneum.com/ueber-autoneum/](http://www.autoneum.com/ueber-autoneum/)

Furthermore, the Chairman of the Board of Directors has a regular monthly meeting with the CEO and the CFO & Deputy CEO with respect to all major issues of corporate policy.

The Board of Directors has initiated and implemented a comprehensive internal control system for risk monitoring in connection with business activities, which covers risk identification and analysis, control and reporting. Refer to pages 57–60 for details of this risk management process and on financial risk management.

The members of the Audit Committee, the CEO, the CFO & Deputy CEO and appointed members of the management receive the internal audit reports. Internal audit conducted sixteen regular audits in 2013. The results were discussed in detail with the companies and Business Groups concerned, and appropriate measures have been initiated and monitored accordingly. The statutory auditors have access to the minutes of the meetings of the Board of Directors.

#### **Code of Conduct**

The Code of Conduct is an integral part of every employment contract of every employee. The Code of Conduct is explained to employees in the individual units, and compliance with the same is verified regularly in the context of internal audits and by additional audits. This code can be found on the Internet at [www.autoneum.com/en/about-autoneum/code-of-conduct/](http://www.autoneum.com/en/about-autoneum/code-of-conduct/).

#### **4 Group Executive Board**

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The Group Executive Board had six members on December 31, 2013: the CEO, the CFO & Deputy CEO, and the four Business Group Heads.

For additional information about the Group Executive Board members please refer to page 40 and the following page.

#### **Management contracts**

There are no management contracts between Autoneum Holding Ltd and third parties.

## 5 Remuneration report

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The content and process for determining remuneration and equity participation programs as well as information on the remuneration of the Board of Directors and the Group Executive Board can be found in the remuneration report beginning on page 92.

## 6 Shareholders' participatory rights

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### Voting restrictions

Autoneum Holding Ltd imposes no voting restrictions.

### Statutory quorum

General Meetings of shareholders adopt resolutions when the absolute majority of voting shares are represented. In any case, the legally applicable quorums apply.

### Convocation of General Meetings, agenda publication, voting proxies

General Meetings of shareholders are called in writing by the Board of Directors at least 20 days prior to the event, with details of the agenda, pursuant to §8 of the Articles of Association<sup>11</sup>, and are published in the company's official publication medium (Swiss Official Commercial Gazette). Pursuant to §9 of the Articles of Association<sup>11</sup>, share-holders representing shares with a par value of at least CHF 20 000 can request the inclusion on the agenda of an item for discussion, with details of the relevant motions, by a closing date published by the company. Shareholders who do not attend General Meetings personally can arrange to be represented by their legal representative, by another shareholder, or by the independent voting proxy.

### Entries in the shareholders' register

In order to ensure an orderly procedure, the Board fixes the reference date shortly before the shareholders' meeting, by which time shareholders need to be entered in the share register in order to exercise their participation rights by attending the meeting. This reference date is published in the Swiss Commercial Gazette together with the invitation to the General Meeting.

## 7 Change of control and defensive measures

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### Obligation to submit an offer

The legal provisions according to Article 22 SESTA are applicable. This states that a shareholder or a group of shareholders acting in concert who hold more than 33⅓% of all shares must submit a takeover offer to the other shareholders.

### Change of control clauses

There are no change of control clauses in Autoneum contracts of employment and office, except for the Head Business Group Europe, whose contract is valid until at least March 31, 2015. In the event of a change of control, all shares blocked within the framework of the share purchase plan are released.

Autoneum Holding Ltd  
imposes no voting  
restrictions.

<sup>11</sup> [www.autoneum.com/investor-relations/corporate-governance/](http://www.autoneum.com/investor-relations/corporate-governance/)

## Group Executive Board



### Martin Hirzel (1970)

Chief Executive Officer (CEO)

Swiss national <sup>1)</sup>

Member of the Group Executive Board since 2011

#### Educational and professional background

Dipl. Betriebsökonom HWV; General Management Program at Harvard Business School; from 1989 to 1994 Business Unit Controller of IBM (Switzerland) AG; from 1997 to 1999 Chief Controller International of Division Textile Systems for Rieter Holding Ltd; from 2000 to 2005 General Manager of Rieter Textile Systems China; from 2005 to 2007 Head of Business Unit China of Rieter Automotive Systems; from 2007 to 2011 as Head Business Group SAMEA a member of the Executive Committee of the Division Automotive Systems of Rieter Holding Ltd; in the current function since 2011.

### Urs Leinhäuser (1959) – until March 31, 2014

Chief Financial Officer (CFO) and Deputy CEO . Swiss national <sup>2)</sup>

Member of the Group Executive Board since 2011

#### Educational and professional background

Dipl. Betriebsökonom HWV; Senior Executive Program at IMD in Lausanne; from 1995 to 1999 Georg Fischer AG, most recently as Head of Finance and Controlling, Division Piping Systems; from 1999 to 2003 member of the Group Executive Committee of Mövenpick-Holding as Chief Financial Officer; from 2003 to 2011 member of Group Executive Committee of Rieter Holding Ltd as CFO and Head of the Corporate Center; in the current function since 2011 . **Other activities and interests** Board member, Burckhardt Compression Holding Ltd, Winterthur, and Ammann Group Holding AG, Berne.

### Matthias Holzammer (1965)

Head Business Group Europe

German national <sup>3)</sup>

Member of the Group Executive Board since 2012

#### Educational and professional background

Dipl. Wirtschaftsingenieur FH; from 1993 to 2009 Brose Fahrzeugteile GmbH & Co. KG; Faurecia Sitztechnik GmbH & Co. KG and Beru AG in leading functions in manufacturing and logistics; from 2009 to 2011 Managing Director Production for Keiper GmbH & Co. KG (later Johnson Controls); most recently as General Manager of the Product Business Unit “Metal Region Europe”; in the current function since 2012.

### Richard Derr (1952)

Head Business Group North America

US-American national <sup>4)</sup>

Member of the Group Executive Board since 2011

#### Educational and professional background

MBA from Harvard Graduate School of Business; from 1979 to 1995 in the Automotive business of the US-company Allied Signal, most recently as Group Director, Finance-Safety Restraints; from 1995 to 2000 at Solvay Automotive Inc. and its successor, Inergy Automotive Systems (USA) LLC, most recently as CFO and Vice President Program Management; from 2000 to 2001 Vice President Finance, US and Canada, of the US-company Tower Automotive; from 2002 to 2004 initially as CFO and from 2004 to 2011 as Head Business Group North America a member of the Executive Committee of the Division Automotive Systems of Rieter Holding Ltd; in the current function since 2011.

### Uwe Trautmann (1957)

Head Business Group Asia

German national <sup>5)</sup>

Member of the Group Executive Board since 2011

#### Educational and professional background

Dipl. Maschinenbauingenieur, Dr. oec. Technische Hochschule Zwickau; from 1992 to 1997 responsible for the regional operations of the German company Aesculap AG in Penang, Malaysia; from 1997 to 2004 responsible for the Asian operations of the German company ZF Lenksysteme GmbH in Malaysia as well as in Shanghai as of 2002; from 2004 to 2007 CEO China operations of the German company Hella KGaA in Shanghai; from 2007 to 2011 as Head Business Group Asia a member of the Executive Committee of the Division Automotive Systems of Rieter Holding Ltd; in the current function since 2011.

### Volker Eimertenbrink (1959)

Head Business Group SAMEA

German national <sup>6)</sup>

Member of the Group Executive Board since 2012

#### Educational and professional background

Dipl. Wirtschaftsingenieur FH; from 1985 to 1995 as production/value engineer and design engineer for Fr. Buschjost GmbH & Co. and Hymmen GmbH; from 1995 to 2008 at Faurecia Autositze GmbH in various leading positions in controlling and engineering; from 2008 to 2011 CFO Automotive Systems Division of the Rieter Group; in the current function since 2012.

Representatives of the external and internal auditors attend Audit Committee meetings.

## 8 Statutory auditors

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### **Duration of mandate and term of office of the lead auditor**

KPMG AG, Zurich, has been the statutory and Group auditor of Autoneum Holding Ltd and the Autoneum Group since the financial year 2011. Kurt Stocker, licensed audit expert, is lead auditor for the Autoneum mandate at KPMG. The term of office of the lead auditor is limited to seven years.

### **Audit fees and additional fees**

KPMG and other auditors charged Autoneum Holding Ltd approximately 1.1 million CHF in the financial year 2013 for services in connection with auditing the annual financial statements of the Group companies and the consolidated Autoneum Group accounts. KPMG and other auditors also charged Autoneum approximately 0.3 million CHF for additional services in the year under review, mainly for tax advisory services.

### **Supervisory and monitoring instruments regarding the auditors**

Prior to every meeting, the external auditor informs the Audit Committee in writing about relevant auditing activities and other important facts and figures related to the company. Representatives of the external and internal auditors attend Audit Committee meetings to explain their activities and answer questions.

The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees, and independence of the statutory and Group auditors. It submits a proposal to the Annual General Meeting regarding who should be proposed for election as statutory auditors at the General Meeting. In addition, the Audit Committee reviews the scope of external auditing, the auditing plans and relevant procedures annually, and discusses auditing results with the external auditors in each case. Further information on auditing can be found in section 3.

## 9 Information policy

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Autoneum maintains regular, open communication with all stakeholders and relevant parties, in particular with investors, financial analysts, banks, and representatives of the media. Communication takes place through the Annual Report and Semi-Annual Report, the General Meeting, and at least one media and financial analyst conference each year.

Reporting on the financial year 2013 includes the Annual Report with review of the year, the annual and consolidated financial statements, the Corporate Governance report and a media release as well as a slide presentation. The Annual Report can be ordered by shareholders using the form enclosed with the invitation to the General Meeting. It is also available for perusal at company headquarters no later than 20 days prior to the General Meeting. At the Annual General Meeting, the Board of Directors and the Group Executive Board provide information on the annual accounts and the course of company business and answer shareholders' questions.

# Sources of information

Autoneum provides extensive information to all interested parties. This is available online via the following links:

- **Articles of Association Autoneum Holding AG:** [www.autoneum.com/investor-relations/corporate-governance](http://www.autoneum.com/investor-relations/corporate-governance)
- **Management Regulations:** [www.autoneum.com/about-autoneum](http://www.autoneum.com/about-autoneum)
- **Order of current Annual Report (printed version):** [www.autoneum.com/investor-relations/reports](http://www.autoneum.com/investor-relations/reports)
- **Current and past Annual Reports:** [www.autoneum.com/investor-relations/reports](http://www.autoneum.com/investor-relations/reports)
- **Share price:** [www.autoneum.com/investor-relations/share](http://www.autoneum.com/investor-relations/share)
- **Presentations:** [www.autoneum.com/investor-relations/presentations](http://www.autoneum.com/investor-relations/presentations)
- **Media releases:** [www.autoneum.com/investor-relations/media-releases](http://www.autoneum.com/investor-relations/media-releases)
- **Subscription to media releases:** [www.autoneum.com/news-subscription](http://www.autoneum.com/news-subscription)
- **Sustainability:** [www.autoneum.com/about-autoneum/sustainability](http://www.autoneum.com/about-autoneum/sustainability)
- **Contact:** [www.autoneum.com/contact](http://www.autoneum.com/contact)

Shareholders and the capital market are informed by media releases of significant changes and developments in the company. Share-price relevant events are publicized in accordance with the ad-hoc publicity requirements of the Swiss Exchange (SIX). In addition, Autoneum maintains communication with investors, financial analysts, and representatives of the media at corresponding events.

Should shareholders and other interested parties wish to automatically receive the media releases, they may add their names to a mailing list available at [www.autoneum.com/news-subscription/](http://www.autoneum.com/news-subscription/).

## Important dates

- Annual General Meeting 2014: April 16, 2014
- Semi-Annual Report 2014: July 23, 2014
- Annual General Meeting 2015: March 26, 2015

## For investors and financial analysts

Until March 31, 2014	As from April 1, 2014
Urs Leinhäuser	Dr. Martin Zwysig
CFO & Deputy CEO	CFO
Phone +41 52 244 82 82	Phone +41 52 24482 82
<a href="mailto:investor@autoneum.com">investor@autoneum.com</a>	<a href="mailto:investor@autoneum.com">investor@autoneum.com</a>

## For the media

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## **Financial report**

Consolidated financial statements	
Consolidated income statement and consolidated statement of comprehensive income	46
Consolidated balance sheet	47
Consolidated statement of changes in equity	48
Consolidated statement of cash flows	49
Notes to the consolidated financial statements	50
Subsidiaries and associated companies	85
Report of the statutory auditor on the consolidated financial statements	86
<b>Financial statements of Autoneum Holding Ltd</b>	
Income statement	87
Balance sheet	88
Notes to the financial statements	89
Dividend proposal	96
Report of the statutory auditor on the financial statements	97
<b>Additional information for investors</b>	
Review 2009–2013	98

## Consolidated income statement

CHF million	Notes	2013	% <sup>1</sup>	2012 restated <sup>2</sup>	% <sup>1</sup>
<b>Net sales</b>		<b>2 053.3</b>	<b>100.0</b>	<b>1 940.9</b>	<b>100.0</b>
Change in semi-finished and finished goods		4.3		0.6	
Material expenses		-1 040.8	50.7	-984.7	50.7
Employee expenses	(6)	-532.0	25.9	-518.0	26.7
Other operating expenses	(7)	-309.6	15.1	-302.0	15.6
Other operating income	(8)	9.0	0.4	9.6	0.5
<b>Operating result before interest, taxes, depreciation, and amortization (EBITDA)</b>		<b>184.3</b>	<b>9.0</b>	<b>146.4</b>	<b>7.5</b>
Depreciation and amortization	(9)	-66.8	3.3	-69.1	3.6
<b>Operating result before one-time expenses, interest, and taxes</b>		<b>117.4</b>	<b>5.7</b>	<b>77.3</b>	<b>4.0</b>
One-time expenses <sup>3</sup>		-38.2		0.0	
<b>Operating result before interest and taxes (EBIT)</b>		<b>79.2</b>	<b>3.9</b>	<b>77.3</b>	<b>4.0</b>
Financial income	(10)	1.0		1.1	
Financial expenses	(11)	-17.7		-23.6	
Share of profit of associated companies	(16)	2.0		0.0	
<b>Profit before taxes</b>		<b>64.5</b>	<b>3.1</b>	<b>54.8</b>	<b>2.8</b>
Income taxes	(12)	-28.3		-25.2	
<b>Net profit</b>		<b>36.2</b>	<b>1.8</b>	<b>29.6</b>	<b>1.5</b>
Attributable:					
to shareholders of Autoneum Holding Ltd		14.5		12.1	
to non-controlling interests		21.7		17.5	
Basic earnings per share in CHF	(23)	3.12		2.61	
Diluted earnings per share in CHF	(23)	3.11		2.60	

## Consolidated statement of comprehensive income

CHF million	2013	2012 restated <sup>2</sup>
Net profit	36.2	29.6
<b>Items that will be reclassified to income statement:</b>		
Changes in currency translation	-8.7	-4.1
Changes in fair value of financial instruments available for sale	3.1	0.3
Income taxes	0.0	0.0
<b>Items that will not be reclassified to income statement:</b>		
Remeasurement of defined benefit liability	17.9	1.8
Income taxes	-5.3	-0.3
<b>Total other comprehensive income</b>	<b>7.1</b>	<b>-2.3</b>
<b>Total comprehensive income</b>	<b>43.3</b>	<b>27.3</b>
Attributable:		
to shareholders of Autoneum Holding Ltd	24.3	11.2
to non-controlling interests	19.0	16.1

<sup>1</sup> As a % of net sales.

<sup>2</sup> Refer to note 1.2 (p. 55 ff.).

<sup>3</sup> One-time expenses consist of 24.8 million CHF from the sale of the subsidiary Autoneum Italy S.p.A. (refer to note 3 [p. 61]) and expenses of 13.4 million CHF from the closure of the plant Dieppe in France (refer to note 26 [p. 75]).

The accompanying notes (p. 50–85) are part of the consolidated financial statements.

## Consolidated balance sheet

CHF million	Notes	December 31, 2013	December 31, 2012 restated <sup>1</sup>	December 31, 2011 restated <sup>1</sup>
<b>Assets</b>				
Tangible assets	(14)	367.6	382.1	381.9
Intangible assets	(15)	7.9	2.8	0.4
Investments in associated companies	(16)	4.9	1.0	1.0
Other non-current assets	(17)	51.4	37.2	23.3
Deferred tax assets	(12)	8.9	11.3	10.4
<b>Non-current assets</b>		<b>440.7</b>	<b>434.4</b>	<b>417.0</b>
Inventories	(18)	116.9	112.2	130.1
Trade receivables	(19)	218.0	256.7	297.1
Advance payments to suppliers		6.2	11.8	8.1
Other receivables	(20)	72.1	61.3	57.0
Marketable securities and interest bearing receivables	(21)	18.7	0.2	9.0
Cash and cash equivalents	(22)	117.9	75.3	64.9
<b>Current assets</b>		<b>549.9</b>	<b>517.5</b>	<b>566.2</b>
<b>Assets</b>		<b>990.6</b>	<b>951.9</b>	<b>983.2</b>
<b>Shareholders' equity and liabilities</b>				
Share capital		0.2	0.2	0.2
Reserves and other equity components		232.7	213.0	200.2
<b>Equity attributable to shareholders of Autoneum Holding Ltd</b>	(23)	<b>232.9</b>	<b>213.2</b>	<b>200.4</b>
Equity attributable to non-controlling interests	(24)	69.1	62.3	56.4
<b>Total shareholders' equity</b>		<b>302.0</b>	<b>275.5</b>	<b>256.8</b>
Subordinated shareholder loans	(25)	25.0	25.0	25.0
Long-term financial liabilities	(25)	138.0	130.9	121.7
Deferred tax liabilities	(12)	8.1	3.2	4.6
Employee benefit liabilities	(29)	14.2	37.0	37.6
Long-term provisions	(26)	33.1	40.4	39.4
Other non-current liabilities		16.4	0.5	0.6
<b>Non-current liabilities</b>		<b>234.9</b>	<b>237.0</b>	<b>228.9</b>
Short-term financial liabilities	(25)	48.6	42.6	83.1
Advance payments from customers		41.2	29.0	46.0
Current tax liabilities		5.5	18.0	10.8
Short-term provisions	(26)	25.8	20.6	21.0
Other current liabilities	(27)	101.3	84.3	82.5
Trade payables		231.3	244.9	254.1
<b>Current liabilities</b>		<b>453.8</b>	<b>439.4</b>	<b>497.5</b>
<b>Liabilities</b>		<b>688.6</b>	<b>676.4</b>	<b>726.4</b>
<b>Shareholders' equity and liabilities</b>		<b>990.6</b>	<b>951.9</b>	<b>983.2</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The accompanying notes (p. 50–85) are part of the consolidated financial statements.

## Consolidated statement of changes in equity

CHF million	Share capital	Treasury shares	Retained earnings	Available for sale reserves	Currency transl. adjustm.	Attrib. to Autoneum	Non-controlling interests	Total equity
At December 31, 2011, reported	0.2	-1.0	237.4	-0.9	-5.1	230.6	56.4	287.0
Change in accounting principles <sup>1</sup>	0.0	0.0	-30.2	0.0	0.0	-30.2	0.0	-30.2
<b>At December 31, 2011, restated<sup>1</sup></b>	<b>0.2</b>	<b>-1.0</b>	<b>207.2</b>	<b>-0.9</b>	<b>-5.1</b>	<b>200.4</b>	<b>56.4</b>	<b>256.8</b>
Net profit	0.0	0.0	12.1	0.0	0.0	12.1	17.5	29.6
Total other comprehensive income	0.0	0.0	1.5	0.3	-2.7	-0.9	-1.4	-2.3
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>13.6</b>	<b>0.3</b>	<b>-2.7</b>	<b>11.2</b>	<b>16.1</b>	<b>27.3</b>
Dividends to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	-10.2	-10.2
Purchase of treasury shares	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	-0.1
Share-based remuneration	0.0	1.0	0.7	0.0	0.0	1.7	0.0	1.7
<b>At December 31, 2012, restated<sup>1</sup></b>	<b>0.2</b>	<b>-0.1</b>	<b>221.5</b>	<b>-0.6</b>	<b>-7.8</b>	<b>213.2</b>	<b>62.3</b>	<b>275.5</b>
Net profit	0.0	0.0	14.5	0.0	0.0	14.5	21.7	36.2
Total other comprehensive income	0.0	0.0	12.6	3.1	-5.9	9.8	-2.7	7.1
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>27.1</b>	<b>3.1</b>	<b>-5.9</b>	<b>24.3</b>	<b>19.0</b>	<b>43.3</b>
Dividends paid	0.0	0.0	-3.0	0.0	0.0	-3.0	-12.2	-15.2
Purchase of treasury shares	0.0	-3.8	0.0	0.0	0.0	-3.8	0.0	-3.8
Share-based remuneration	0.0	1.6	0.7	0.0	0.0	2.3	0.0	2.3
<b>At December 31, 2013</b>	<b>0.2</b>	<b>-2.3</b>	<b>246.2</b>	<b>2.5</b>	<b>-13.7</b>	<b>232.9</b>	<b>69.1</b>	<b>302.0</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The accompanying notes (p. 50-85) are part of the consolidated financial statements.

## Consolidated statement of cash flows

CHF million	Notes	2013	2012 restated <sup>1</sup>
Net profit		36.2	29.6
Dividend income		-0.2	-0.2
Interest income	(10)	-0.6	-0.6
Interest expenses	(11)	17.0	19.9
Income taxes	(12)	28.3	25.2
Depreciation and amortization	(9)	66.8	69.1
Share of profit of associated companies	(16)	-2.0	0.0
Other non-cash income and expenses		0.1	-2.6
Change in net working capital		34.6	26.0
Change in employee benefit assets and liabilities		1.6	-2.2
Change in long-term provisions		8.4	1.4
Change in operating receivables within non-current assets		-0.8	-9.4
Change in operating liabilities within non-current liabilities		1.1	0.0
Loss on disposal of subsidiary	(3)	24.8	0.0
Dividends received		0.2	0.2
Interest received		0.6	0.6
Interest paid		-16.1	-19.6
Income taxes paid		-34.3	-22.5
<b>Cash flows from operating activities</b>		<b>165.7</b>	<b>114.9</b>
Investments in tangible assets	(14)	-75.5	-72.6
Investments in intangible assets	(15)	-5.3	-2.7
Investments in other non-current assets		-1.1	-0.6
Disposal of tangible assets	(14)	0.5	0.3
Disposal of subsidiary, net of cash disposed of	(3)	-13.9	0.0
Increase in investments in associated companies		-2.1	0.0
Increase in investments in non-consolidated companies		-0.8	0.0
Purchase of marketable securities and interest bearing receivables		-0.4	0.0
Sale of marketable securities and interest bearing receivables		0.0	8.8
<b>Cash flows from investing activities</b>		<b>-98.6</b>	<b>-66.8</b>
Dividends to shareholders of Autoneum Holding Ltd		-3.0	0.0
Dividends to non-controlling interests		-12.2	-10.2
Acquisition of treasury shares		-3.8	-0.1
Proceeds from short-term financial liabilities		18.2	0.0
Repayment of short-term financial liabilities		-27.1	-38.2
Proceeds from long-term financial liabilities		8.8	0.0
Repayments of long-term financial liabilities		-1.6	-111.9
Proceeds from bond		0.0	124.0
<b>Cash flows from financing activities</b>		<b>-20.7</b>	<b>-36.4</b>
Currency effects on cash and cash equivalents		-3.8	-1.3
<b>Change in cash and cash equivalents</b>		<b>42.6</b>	<b>10.4</b>
<b>Cash and cash equivalents at beginning of the year</b>	(22)	<b>75.3</b>	<b>64.9</b>
<b>Cash and cash equivalents at end of the year</b>	(22)	<b>117.9</b>	<b>75.3</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The accompanying notes (p. 50-85) are part of the consolidated financial statements.

## Notes to the consolidated financial statements

### 1.1 Significant accounting policies

#### Basis of preparation

Autoneum Holding Ltd (“the Company”) was incorporated on December 2, 2010, as a Swiss corporation headquartered in Winterthur. The Company has been listed on the SIX Swiss Exchange (AUTN, ISIN Number: CH0127480363) since May 13, 2011. Autoneum Holding Ltd together with its subsidiaries will henceforth be referred to as “Autoneum Group” or “Autoneum”. A list of subsidiaries and associated companies of Autoneum Group can be found on page 85.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are based on historical cost, with the exception of specific financial instruments, which are measured at fair value. The consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2014, and are subject to approval by the Annual General Meeting of shareholders on April 16, 2014.

The consolidated financial statements are published exclusively in English. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

#### Assumptions and estimates

Financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. When such estimates and assumptions deviate from the actual circumstances, the estimates and assumptions are updated in the reporting period in which the circumstances changed. The estimates and assumptions relate primarily to the areas of tangible assets impairment, inventories, employee benefits, provisions, income taxes, and whether Autoneum has

control over an entity. The corresponding book values are included in the notes.

The most significant elements of estimates and assumptions are as follows:

Impairment losses on tangible assets are assessed based on estimated cash flows, which may vary from actual cash flows. Important assumptions to consider are useful lives, growth rates, achievable margins as well as discount rates. The corresponding book values are included in the notes.

When assessing inventories, estimates for their recoverability based on the expected consumption of the corresponding item are considered. The valuation adjustments for inventories are determined for each item using a coverage analysis. The parameters are checked annually and modified if necessary. Changes in sales or other circumstances can lead to the book value having to be adjusted accordingly.

For defined benefit plans, actuarial valuations are done regularly, which are the basis for the pension assets and liabilities in the balance sheet. These calculations are based on statistical and actuarial assumptions. In particular the present value of the defined benefit obligation is affected by assumptions such as discount rate, future salary increases, and the life expectancy at age of 65. Other assumptions for the valuation are derived from statistical data such as mortality tables and staff turn-over rates. Actuaries are independent from Autoneum. Assumptions made by actuaries may differ significantly to actual results. These deviations can ultimately have an effect on the pension assets or liabilities in future periods.

In the course of the ordinary operating activities of Autoneum Group, obligations from guarantee and warranty, legal claims, and claims related to environmental risks can arise. Provisions for these obligations are measured on the basis of estimates of the expected cash outflow. The outcome of these business transactions may result in claims against Autoneum that may be below or above the related provisions. Provisions for obligations from guarantee

and warranty are recognized when a damage has occurred and the related cash outflow can be estimated reliably, but a material uncertainty concerning the kind of damage and the kind of compensation exists. Provisions for legal claims comprise complex cases that include material uncertainties. Environmental provisions are recognized for the expected costs for the clean-up and reconstruction of contaminated sites that are interdependent of many uncertainties, such as Autoneum's share of the cost or the applicable approach for determining these costs. The financial impact of these cases for future periods cannot be predicted, because uncertainties relating to amount and date of cash outflow exist.

Assumptions in relation to income taxes include interpretations of the tax regulations in place in the relevant countries. The adequacy of these interpretations is assessed by the tax authorities. This can result, at a later stage, in changes in the tax expense. To determine whether a deferred tax asset on tax loss carry-forwards may be recognized requires judgment in assessing whether there will be future taxable profits against which these loss carry-forwards can be offset.

Assessing whether Autoneum has control over an entity includes all facts and circumstances that may indicate that the Group is able to direct the relevant activities and key decisions. Autoneum concludes that it has control over the entities in which it holds 50% or more (refer to note 24 [p. 72]), based on specific rights allocated. Facts and circumstances indicating that Autoneum controls an entity may change and lead to a reassessment of the management's conclusion.

#### **Scope and methods of consolidation**

The consolidated financial statements of Autoneum Holding Ltd include the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial

statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control is lost. Acquisitions are accounted for using the acquisition method. Intercompany transactions are eliminated.

If Autoneum does not have control over entities, interests of 20% to 50% are accounted for using the equity method. Interests of less than 20% are accounted for at fair value. The subsidiaries and associated companies are listed on page 85.

#### **Foreign currency translation**

Items included in the financial statements of each group company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The consolidated financial statements are prepared in Swiss francs, which is the functional currency and the reporting currency of Autoneum Holding Ltd.

Transactions in foreign currencies are translated into the functional currency by applying the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

For consolidation purposes, items in the balance sheet of foreign subsidiaries are translated at year-end exchange rates, while income statement items are translated at average rates for the period. The resulting currency translation differences are recognized in other comprehensive income and, in the event of an entity's deconsolidation, transferred to the income statement as part of the gain or loss of the entity's divestment or liquidation.

#### **Tangible assets**

Tangible assets are stated at historical cost less accumulated depreciation, which is recognized on a straight-line basis over the estimated useful life of the asset. Historical cost includes expenditures

that are directly attributable to the acquisition of the assets. Useful life is determined according to the expected utilization of each asset. The relevant ranges are as follows:

Factory buildings	20–50 years
Machinery and plant equipment	5–15 years
Tools/IT equipment/furniture	3–10 years
Vehicles	3–5 years

The residual values and useful lives of tangible and intangible assets are reviewed, and adjusted if appropriate, at each balance sheet date. Tangible assets are tested for impairment if there are indications that, due to changed circumstances, their carrying value may no longer be fully recoverable. If such a situation arises, the recoverable amount is determined. This is the higher of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is below the carrying amount, a corresponding impairment loss is recognized in the income statement. Where the recoverable amount cannot be determined for an individual asset, it is determined for the cash generating unit to which the asset belongs. To determine the value of an asset, estimates of the expected future cash flows from both usage and disposal are made.

Components of certain assets with differing useful lives are depreciated separately. All gains or losses arising from the disposal of tangible assets are recognized in the income statement. Costs of maintenance and repair are charged to the income statement as incurred.

#### **Leases**

Leased assets where Autoneum substantially bears all the risks and rewards of ownership (finance leases) are capitalized. Assets held under such finance leases are depreciated over the shorter of their estimated useful life or the lease term. The corresponding lease obligations, excluding finance charges, are included in either short-term or long-

term financial liabilities. Lease installments are divided into an interest and a principal component.

All other leases are classified as operating leases. Payments in respect of operating leases are charged to the income statement on a straight-line basis over the duration of the lease.

#### **Intangible assets**

Intangible assets such as product licenses, patents and trademark rights as well as software acquired from third parties are included in the balance sheet at acquisition cost and are amortized on a straight-line basis over a period of up to eight years. Autoneum has neither in the current reporting period nor in the prior period material intangible assets that have an indefinite useful life recorded on the balance sheet.

#### **Research and development**

Research costs are recognized in the income statement when they are incurred. Development costs for major projects are capitalized as intangible assets if the cost can be measured reliably, if it can be demonstrated that the project is technically feasible and is expected to generate future economic benefits and if Autoneum plans to provide sufficient resources in order to complete the development and to use or sell the intangible asset.

#### **Goodwill**

Autoneum has neither in the current reporting period nor in the prior period goodwill capitalized on the balance sheet.

#### **Financial assets**

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Subsequent valuation depends on the category into which the financial assets are classified. Autoneum distinguishes between the following categories:



Financial assets at fair value through profit or loss include financial assets held for trading and those which are designated as such at inception. Derivatives are also assigned to this category. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date. They are measured at fair value and changes in fair value are recognized in the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, in which case they are presented as non-current assets. They are valued at amortized cost less impairment losses.

Available-for-sale financial assets are non-derivative financial assets that are either classified as such or not assigned to any of the above categories. They are measured at market value as of the balance sheet date. Changes in the value are recorded in equity prior to sale, and recognized in the income statement when they are sold. All impairment is charged to income. They are included in non-current assets unless management intends the disposal within twelve months of the balance sheet date. Autoneum has no financial instruments that are classified as held-to-maturity.

#### **Derivative financial instruments**

Foreign currency risks can be hedged using forward foreign exchange contracts and currency options. Hedge accounting within the definition of IAS 39 is not applied.

Derivatives are initially recognized at fair value on the date a derivative contract is entered. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized directly in the income statement. The corresponding positive and negative fair values are recognized on the balance sheet as "Other receivables" and "Other current liabilities", respectively.

#### **Inventories**

Raw material, consumables and purchased parts are valued at the lower of average cost or net realizable value. Semi-finished goods and finished goods are valued at the lower of manufacturing cost or net realizable value. Valuation adjustments are made for obsolete materials and excess stock.

#### **Trade receivables**

Trade receivables are classified as "loans and receivables" and are stated at amortized cost, which usually equal the original invoice value less any impairment loss. The loss is measured as the difference between the invoiced amount and the expected payment. The allowances are established based on maturity structure and identifiable solvency risks.

#### **Cash and cash equivalents**

Cash and cash equivalents include bank accounts and short-term time deposits with original maturities from the date of acquisition of up to three months.

#### **Financial liabilities**

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

#### **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle an obligation, and the amount can be reliably estimated. Provisions are discounted if the impact is significant.

#### **Income taxes**

Income taxes comprise both current and deferred income taxes. Normally income taxes are recognized in the income statement, unless they are linked to a position which is recognized directly in equity or in other comprehensive income. In this case,

the current and deferred taxes are also recognized directly in equity or in other comprehensive income.

Current taxes are calculated and accrued on the basis of taxable income for the year. Deferred taxes on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts determined for local tax purposes are calculated using the liability method; deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. Deferred tax assets and liabilities are offset to the extent that an entity has a legally enforceable right to offset current taxes, and the deferred taxes relate to income taxes levied by the same taxation authority and relate to the same taxable entity.

Temporary differences resulting from investments in group companies are not considered if it is probable that these temporary differences will not reverse in future.

The tax impact of losses is capitalized to the extent it appears probable that such losses will be offset in the future by taxable income.

#### **Employee benefits**

Employee pension plans are operated by certain subsidiaries, depending upon the level of coverage provided by the government pension facilities in the various countries in which they are present. Some are provided by independent pension funds. If there is no independent pension fund, the respective obligations are shown in the balance sheet under employee benefit liabilities. As a rule, pensions are funded by employees' and employer's contributions. Pension plans exist on the basis of both defined contribution and defined benefit.

Pension liabilities arising from defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. The discount rate used for the calculation is based on interest rates of high quality corporate bonds that are denom-

inated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses are recognized in other comprehensive income. Pension costs relating to services rendered in the reporting period are recognized in the income statement as current service costs. Pension costs relating to services rendered in previous periods as a result of new or amended pension benefits are recognized in the income statement as past service costs. The net interest expense (income) on the net defined benefit liability (asset) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The fair value of plan assets is deducted from the pension obligation. Any asset resulting from this calculation is only capitalized up to an amount not exceeding benefits from future contribution reductions or refunds.

In the case of defined contribution plans, the contributions are recognized as expense in the period in which they incurred.

#### **Share-based payments**

Share-based payments to members of the Board of Directors, the Executive Board, and senior management are measured at fair value at the grant date, and recognized in the income statement over the vesting period. For share-based payments that are settled with equity instruments a corresponding increase in equity is recognized.

#### **Revenue recognition**

Sales resulting from business activities are disclosed as revenue. Autoneum recognizes revenue when the significant risks and rewards of ownership of the goods were transferred to the customer. Revenues arising from services are recorded based on the stage of completion of the services. Credits, discounts, and rebates are already deducted from net sales.

### Financing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized as a part of the acquisition costs of the qualified asset. All other financial costs are recognized in the income statement.

## 1.2 Changes in accounting policies

### Adopted changes in accounting policies

The following changes in accounting policies were adopted as of January 1, 2013:

In accordance with the standard IAS 1 (revised) "Presentation of financial statements" the items recognized in the consolidated statement of comprehensive income are classified into items that will be reclassified to income statement and items that will not be reclassified to income statement.

The new standards IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements", IFRS 12 "Disclosures of interests in other entities", and IFRS 13 "Fair value measurement" have no impact on Autoneum's assets and liabilities, but led to additional disclosures of interests in other entities in note 24 of the consolidated financial statements 2013.

Freight costs and other charges that incur during the revenue recognition process have previously been deducted from gross sales. Based on an analysis, Autoneum decided disclosing these items as a component of other operating expenses starting from 2013. In 2012, sales deductions in the amount of 33.2 million CHF were reclassified into expenses, which led to an increase in net sales. The previous year figures were adjusted accordingly. The impact of this reclassification for 2013 is not materially different as for 2012.

Due to an increase in net sales of Autoneum's associated companies, the development in the financial performance of associated companies in aggregate became material to Autoneum. Consequently, the

share of profit of associates and the investments in associated companies are disclosed as separate line items in the consolidated income statement and in the consolidated balance sheet.

### First-time application of IAS 19 (revised) "Employee benefits"

Autoneum adopted IAS 19 (revised) "Employee benefits" for the first time as of January 1, 2013. The adoption takes place retrospectively and prior year figures were adjusted accordingly. The following changes in IAS 19 are of relevance for Autoneum:

- Actuarial gains and losses resulting from the periodic recalculations were previously charged to the income statement on a straight line basis over the average remaining service period, to the extent that 10% of the higher of plan assets or defined benefit obligation are exceeded ("corridor method"). With the adoption of IAS 19 (revised), actuarial gains and losses are recognized directly in equity as other comprehensive income.
- The previous approach, determining interest income on plan assets based on the long-term expected return on plan assets, is replaced by using the same discount rate that is used for calculating the present value of the defined benefit obligation. Additionally, Autoneum has decided recognizing net interest cost of the pension liability as a part of the financial result.
- Pension plan liabilities were previously disclosed within provisions. Starting from 2013, these liabilities are disclosed in the separate line item "Employee benefit liabilities" in the balance sheet, as a part of non-current liabilities.

Due to the retrospective adoption of IAS 19 (revised), certain line items in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, and consolidated statement of cash flows were adjusted. The impact of IAS 19 (revised) on the income statement for the financial year 2013 is not materially different as for 2012.

CHF million	Restated	Adjustment	Reported
<b>Consolidated income statement 2012</b>			
Employee expenses	-518.0	1.8	-519.8
Financial expenses	-23.6	-1.0	-22.6
Income taxes	-25.2	0.1	-25.3
Net profit	29.6	0.9	28.7
Earnings per share (in CHF)	2.61	0.20	2.41
<b>Consolidated statement of comprehensive income 2012</b>			
Net profit	29.6	0.9	28.7
Changes in currency translation	-4.1	0.6	-4.7
Remeasurement of defined benefit liability	1.8	1.8	0.0
Income taxes	-0.3	-0.3	0.0
Total comprehensive income	27.3	3.0	24.3
<b>Consolidated balance sheet as of December 31, 2011</b>			
Other non-current assets	24.3	-13.2	37.5
Deferred tax assets	10.4	0.0	10.4
Deferred tax liabilities	4.6	-3.2	7.8
Employee benefit liabilities <sup>1</sup>	37.6	37.6	0.0
Long-term provisions	39.4	-17.4	56.8
Equity attributable to shareholders of Autoneum Holding Ltd	200.4	-30.2	230.6
<b>Consolidated balance sheet as of December 31, 2012</b>			
Other non-current assets <sup>2</sup>	38.2	-8.4	46.6
Deferred tax assets	11.3	0.4	10.9
Deferred tax liabilities	3.2	-2.6	5.8
Employee benefit liabilities <sup>1</sup>	37.0	37.0	0.0
Long-term provisions	40.4	-15.2	55.6
Equity attributable to shareholders of Autoneum Holding Ltd	213.2	-27.2	240.4
<b>Consolidated statement of cash flows 2012</b>			
Net profit	29.6	0.9	28.7
Income taxes	25.2	-0.1	25.3
Change in employee benefit assets and liabilities <sup>3</sup>	-2.2	-2.2	0.0
Change in provisions <sup>4</sup>	0.7	1.4	-0.7
Cash flows from operating activities	114.9	0.0	114.9

1 The adjustment of 37.0 million CHF (2011: 37.6 million CHF) comprises the effect of the first-time adoption of IAS 19 (revised) in the amount of 21.8 million CHF (2011: 20.2 million CHF) and the reclassification of pension liabilities from long-term provisions to employee benefit liabilities in the amount of 15.2 million CHF (2011: 17.4 million CHF).

2 Other non-current assets 2012 restated in above table are 1.0 million CHF higher as in the consolidated balance sheet, because the reclassification of investments in associated companies of 1.0 million CHF is not included in above table.

3 The adjustment of 2.2 million CHF comprises the effect of the first-time adoption of IAS 19 (revised) in the amount of 0.8 million CHF and the effect from the reclassification of pension liabilities from long-term provisions to employee benefit liabilities in the amount of 1.4 million CHF.

4 Unlike in 2012, the change in long-term provisions is disclosed separately and the change in short-term provisions is included in the change in net working capital in the consolidated cash flow statement 2013. As a consequence, the restated change in provisions 2012 cannot be traced to the restated consolidated cash flow statement 2012.

### Future changes in accounting policies

The following new and revised standards and interpretations have been published by the International Accounting Standards Board (IASB) and will be implemented by January 1, 2014:

- Offsetting financial assets and financial liabilities (amendments to IAS 32)
- Recoverable amount disclosures for non-financial assets (amendments to IAS 36)
- IFRIC 21 “Levies”
- Annual improvements to IFRS 2010–2012 cycle and 2011–2013 cycle

Autoneum expects that the impact of these new and revised standards and interpretations will not have a material impact on the result or on the financial status of the Group in 2014.

The IASB has additionally published changes in IFRS 9 “Financial Instruments”. The effective date for the first-time application will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized. Autoneum is currently assessing the possible impact of this new standard. Based on an analysis, it is not expected that these changes will have a material impact on the result or the financial status of Autoneum.

## 2.1 Risk management process

Autoneum maintains an Internal Control System with the objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. The Internal Control System is a significant part of the risk management system.

The process of risk management is governed by the directive “Autoneum risk management system”, which was adopted by the Board of Directors. The directive defines the main categories of risks, which serve as a basis of the risk management, and the bodies which deal within the Group with the various risks. In addition, the policy defines the procedures

for detecting, reporting, and managing risks, the criteria for qualitative and quantitative risk assessment as well as limits for reporting identified risks to the appropriate management levels.

The directive defines the following main risk categories: strategic risks (market and products), operational risks, financial risks, other risks (political, legal, organizational, environmental, and work safety risks).

Besides the financial risks (refer to paragraph 2.2), the following risks within the main risk categories are of focus by Autoneum:

- Strategic market and product risks: these risks result on the one hand from different markets in which Autoneum is operating (local aspects, legal regularizations, degree of maturity of markets). On the other hand, the risks result from the dimension of the customers in relation to Autoneum, as well as from the technical and regulatory requirements on Autoneum products.
- Operational risks: these risks result from the technical development of orders until end of production, from the requirement of a cost efficient production, and the possibility of interruptions in production.
- Environmental and work safety risks.

Market and business risks resulting from developments in the relevant markets and of the products offered therein are assessed as part of the strategic planning and the financial planning processes. On the other hand, these risks, as well as operational risks, were regularly reviewed at the monthly meetings within the Business Groups and with the CEO and the CFO of the Group. As a part of these meetings, other risks impacting actual performance against budget were also dealt with, in order to identify and implement corrective measures. Significant individual risks were included in the monthly reports to the attention of the CEO.

Risks resulting from acquisitions, divestments, or other major projects are monitored at the corporate level within the framework of competencies and

approvals for the respective project. Such projects are reviewed in the monthly meetings of the CEO and CFO with the Business Groups. Quarterly review reports were prepared for the attention of the Board of Directors.

Specific risks were addressed by periodic reports. Such reports cover environmental and work safety risks at the various sites, treasury risks, and risks from legal actions and legal compliance.

An aggregate review of all identified risks and of the instruments and measures to address these risks is performed on a semi-annual basis. The review results are summarized to the attention of the Board of Directors.

## 2.2 Financial risk management

### Financial risk factors

As a result of its worldwide activities, Autoneum is exposed to various financial risks, such as fluctuations in exchange rates, interest rates, and stock market prices, credit risks and liquidity risks. Autoneum's financial risk management has the aim to minimize the potential adverse impact of the development of the financial markets on the Groups financial performance and to secure its financial stability. This includes the use of derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out centrally for the Group, in accordance with the directives adopted by the Board of Directors and the Group Executive Board. Financial risks are identified primarily locally and evaluated and managed centrally in close cooperation with the Group's legal units.

### Foreign exchange risk

Foreign currency risks arise from investments in foreign subsidiaries (translation risk) and from transactions, assets, or liabilities that are denominated in a currency other than the functional currency of a legal unit (transaction risk). In order to hedge transaction risks which cannot be reduced through offsetting transactions in the same foreign

currency (natural hedging), subsidiaries may use forward contracts and currency options, which are usually completed with the corporate headquarters and from the latter by trading with banks.

The majority of the business transacted in Autoneum's foreign subsidiaries is in their functional currency. Nevertheless, the Group is exposed to foreign currency risks, mostly against the euro. Assuming that the euro against the Swiss franc as at December 31, 2013, would have been 5% stronger, and all other parameters remained the same, the profit before taxes would have been 0.9 million CHF higher (2012: 0.6 million CHF). In the opposite case, the profit before taxes would have been reduced to the same extent. This would mainly have been due to exchange gains/losses on trade receivables and payables.

The companies' cash holdings with banks are denominated mostly in the relevant functional currency. The foreign currency risks of cash positions in foreign currencies are reviewed periodically.

### Interest rate risk

The interest risks of the Group relate to interest bearing assets and liabilities. Assets and liabilities with fluctuating interests result in cash flow risks, while fixed interest bearing assets and liabilities lead to a fair value interest risk if measured at fair value. Autoneum maintains, in consideration of seasonal fluctuations, a balanced relation between fixed and fluctuating interest bearing financial liabilities. The Group analyzes the interest risk on a net basis. A 1% higher interest rate would have reduced the profit before taxes of the group by 1.2 million CHF (2012: 2.4 million CHF).

No hedging of the interest rate was performed in the reporting period or in the prior period.

### Price risk

Holding marketable securities exposes Autoneum to a risk of price fluctuation. Since Autoneum held no significant shares (except for treasury shares) or options at the end of the reporting period, no sensitivity analysis of fair value risk is prepared.

### **Credit risk**

Credit risks arise from deposits and financial derivatives held with financial institutions and from trade receivable accounts, other receivables and marketable securities and interest bearing receivables. The maximum risk of these positions corresponds to the book values and is disclosed in the balance sheet or in the relevant notes. Significant relationships with financial institutions are basically only entered into with counterparties rated no lower than "A" (according to S&P). Autoneum maintains business relationships with all significant automotive manufacturers and, compared to the industry sector, has a geographically broad, diversified customer portfolio. Relevant risks of loss are considered low based on historical data. No customer accounted for more than 16.8% (2012: 14.0%) of Autoneum's sales.

### **Capital management**

Autoneum Group maintains a healthy balance sheet with an adequate portion of equity, which is also aspired for the future, whereas the part of equity of the balance sheet shall not fall below 30% over a longer period. As of December 31, 2013, the share capital quota (including subordinated shareholder loans) equaled to 33.0% (2012: 31.6%).

For the next few years, the dividend policy will depend on a number of factors, such as net income and the financial situation of the Group, the demand for capital and liquidity, the general business environment, as well as legal and contractual restrictions. Subject to the foregoing, the Group intends to distribute up to 30% of its net profit attributable to shareholders of Autoneum Holding Ltd.

Dividends, if any, are expected to be declared and paid in Swiss francs. If possible, dividends are taken from the reserve from paid-in capital.

### **Liquidity risk**

The liquidity risk management of Autoneum includes the maintenance of sufficient reserves of cash and time deposits and the availability of funding through an adequate amount of credit lines. Due to the dynamic business environment in which the Group operates, it is the aim of the Group to ensure the financial stability and to maintain the necessary flexibility in funding by generating sufficient free cash flow and holding a reasonable amount of unused credit lines. Autoneum maintains a credit agreement for the medium- and long-term financing with a group of banks (refer to note 25, p. 73) which expires in December 2014, and the two main shareholders have granted a subordinated loan of 12.5 million CHF each (refer to note 30, p. 81). Furthermore, a bond in the amount of 125.0 million CHF with maturity as of December 14, 2017, was issued on the SIX Swiss Exchange.

The table below shows the contractual maturities of Autoneum's financial liabilities (including interest):

Financial liabilities at December 31, 2013	Carrying amount	Contractual undiscounted cash flows			
		Less than 1 year	1 to 5 years	More than 5 years	Total cash flow
CHF million					
Bond	124.2	5.5	141.4	0.0	146.9
Bank debt	31.8	20.4	13.6	0.0	34.0
Subordinated shareholder loans	25.0	1.5	25.0	0.0	26.5
Finance leasing obligations	1.3	0.7	0.7	0.0	1.4
Other financial liabilities	29.3	29.6	0.0	0.0	29.6
Trade payables	231.3	231.3	0.0	0.0	231.3
Other liabilities	87.7	87.7	0.0	0.0	87.7
<b>Total</b>	<b>530.6</b>	<b>376.7</b>	<b>180.7</b>	<b>0.0</b>	<b>557.4</b>

Financial liabilities at December 31, 2012	Carrying amount	Contractual undiscounted cash flows			
		Less than 1 year	1 to 5 years	More than 5 years	Total cash flow
CHF million					
Bond	124.0	5.5	146.9	0.0	152.4
Bank debt	45.4	42.6	5.9	0.0	48.5
Subordinated shareholder loans	25.0	1.5	26.5	0.0	28.0
Finance leasing obligations	2.1	0.7	1.5	0.0	2.2
Other financial liabilities	2.0	2.1	0.0	0.0	2.1
Trade payables	244.9	244.9	0.0	0.0	244.9
Other liabilities	70.1	70.1	0.0	0.0	70.1
<b>Total</b>	<b>513.5</b>	<b>367.4</b>	<b>180.8</b>	<b>0.0</b>	<b>548.2</b>



### 3 Change in scope of consolidation

In 2013, the company Summit & Autoneum (Thailand) Co., Ltd., Rayong, was established. Autoneum Spain Northwest S.L.U., Terrassa, was merged into Autoneum Spain S.A.U., Terrassa, with effect as of January 1, 2013.

In 2012, the companies Autoneum (Shenyang) Sound-Proof Parts Co. Ltd., Shenyang (China), and Autoneum Rus LLC, Ryazan (Russia), were established.

On July 22, 2013, Autoneum has sold its subsidiary Autoneum Italy S.p.A., Torino, to the German industrial holding company Mutares. The transaction resulted in a loss of 24.8 million CHF. No subsidiaries were disposed in 2012.

CHF million	2013	2012
Tangible assets	12.1	–
Other non-current assets	0.2	–
Current assets	55.3	–
Long-term provisions	–1.0	–
Employee benefit liabilities	–11.1	–
Current liabilities	–50.8	–
<b>Net assets disposed</b>	<b>4.7</b>	<b>–</b>
Net assets disposed	4.7	–
Loss on disposal	–24.8	–
Release of the related restructuring provision	–7.1	–
Recycling of currency translation adjustments into other comprehensive income	5.1	–
Non-cash items	1.2	–
Deferred consideration	7.7	–
Cash and cash equivalents disposed of	–0.7	–
<b>Cash outflow on disposal</b>	<b>–13.9</b>	<b>–</b>

#### 4 Segment information

Segment information is based on Autoneum Group's internal organization and management structure as well as on the internal financial reporting to the Executive Committee and to the Board of Directors. Chief Operating Decision Maker is the CEO.

The reporting is based on the four following reportable segments (Business Groups): BG Europe, BG North America (USA, Canada, and Mexico), BG Asia and BG SAMEA (South America, Middle East, Africa, and Russia). Corporate includes Autoneum Holding Ltd, the corporate center with its respective legal entities, as well as inter-segment eliminations. Autoneum Group develops, produces, and sells components, modules and integrated systems in order to provide acoustic and thermal comfort in motor vehicles. Transactions between the Business Groups are made on the same basis as with independent third parties.

##### Segment information 2013

CHF million	Total Group	Corporate	Total Segments	BG Europe	BG North America	BG Asia	BG SAMEA
Third party net sales	2 053.3	4.3	2 049.0	891.1	892.4	128.1	137.5
Inter-segment net sales	0.0	-11.8	11.8	10.6	0.0	0.3	1.0
Net sales	2 053.3	-7.5	2 060.8	901.6	892.4	128.3	138.4
EBITDA	184.3	1.4	182.9	46.9	107.2	22.4	6.3
Depreciation and amortization	-66.8	-0.9	-66.0	-31.5	-24.6	-6.7	-3.1
EBIT before one-time expenses	117.4	0.5	116.9	15.4	82.6	15.7	3.2
EBIT	79.2	0.5	78.7	-22.8	82.6	15.7	3.2
Assets <sup>1</sup>	990.6	25.9	964.7	435.3	359.3	105.1	65.1
Liabilities	688.6	31.8	656.8	383.9	176.7	46.4	49.8
Investments in tangible and intangible assets	80.7	6.2	74.5	23.1	34.0	10.5	7.0
Number of employees <sup>2</sup>	9 613	160	9 453	3 731	3 372	1 019	1 331

##### Segment information 2012 restated<sup>3</sup>

CHF million	Total Group	Corporate	Total Segments	BG Europe	BG North America	BG Asia	BG SAMEA
Third party net sales	1 940.9	2.9	1 938.0	892.5	800.4	101.1	143.9
Inter-segment net sales	0.0	-9.6	9.6	8.6	0.0	0.3	0.7
Net sales	1 940.9	-6.7	1 947.6	901.2	800.4	101.4	144.7
EBITDA	146.4	2.7	143.7	36.3	86.2	15.4	5.8
Depreciation and amortization	-69.1	-1.1	-68.1	-34.4	-24.0	-6.6	-3.0
EBIT	77.3	1.7	75.5	1.7	62.2	8.8	2.8
Assets <sup>1</sup>	951.9	-60.7	1 012.6	519.8	331.9	91.6	69.3
Liabilities	676.4	-92.7	769.0	478.5	197.5	41.2	51.9
Investments in tangible and intangible assets	75.3	3.1	72.2	27.9	28.2	7.5	8.6
Number of employees <sup>2</sup>	9 820	151	9 669	4 202	3 196	1 000	1 271

<sup>1</sup> Assets in Corporate include investments in associated companies in the amount of 4.9 million CHF (2012: 1.0 million CHF), refer to note 16 (p. 69).

<sup>2</sup> Excluding apprentices and temporary employees.

<sup>3</sup> Refer to note 1.2 (p. 55 ff.).

#### Net sales and non-current assets by country

CHF million	Net sales 2013	Net sales 2012 restated <sup>1</sup>	Non-current assets 2013	Non-current assets 2012
Switzerland <sup>2</sup>	5.1	0.0	42.2	35.4
USA	663.4	634.1	116.0	110.3
Germany	252.6	248.2	7.5	6.8
Great Britain	193.7	176.1	15.1	16.2
France	135.0	141.1	33.8	40.1
Remaining countries	803.5	741.4	161.0	176.1
<b>Total</b>	<b>2 053.3</b>	<b>1 940.9</b>	<b>375.6</b>	<b>384.9</b>

1 Refer to note 1.2 (p. 55 ff.).

2 Domicile of Autoneum Holding Ltd.

Net sales are disclosed by location of customers. Non-current assets consist of tangible assets and intangible assets.

#### Net sales to major customers

CHF million	2013	2012 restated <sup>1</sup>
The following customers accounted for more than 10% of annual net sales:		
Ford	345.1	262.8
BMW	228.6	215.6
Honda	201.2	174.4

1 Refer to note 1.2 (p. 55 ff.).

Information on sales by product group is not available. The major customers generate turnover in all geographic segments.

## 5 Changes in net sales compared to the previous year

CHF million	2013	2012 restated <sup>1</sup>
Change in net sales due to volume and price in BG Europe	46.1	1.0
Change in net sales due to volume and price in BG North America	106.1	187.9
Change in net sales due to volume and price in BG Asia	26.5	1.1
Change in net sales due to volume and price in BG SAMEA	11.8	10.9
Effect from sale of subsidiary	-51.6	0.0
Currency effects	-26.5	17.7
<b>Total</b>	<b>112.4</b>	<b>218.6</b>

1 Refer to note 1.2 (p. 55 ff.).

## 6 Employee expenses

CHF million	2013	2012 restated <sup>1</sup>
Wages and salaries	417.3	411.3
Social security expenses	53.9	59.6
Pension expenses for defined contribution plans	5.1	4.2
Pension expenses for defined benefit plans	6.0	6.6
Other personnel expenses	49.6	36.4
<b>Total</b>	<b>532.0</b>	<b>518.1</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

Autoneum started a long-term incentive plan (LTI) for the Management in 2012. In the frame of the LTI, part of Autoneum's net profit is converted into Autoneum shares, and the shares are allocated to defined beneficiaries. The shares become property of the beneficiaries after a vesting period of three years, if the beneficiaries are then still employed by an Autoneum company. Immediate vesting occurs in case of death or retirement of the beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the Nomination and Compensation Committee. The first vesting date is in spring 2015. Employee costs resulting from share-based compensation are recognized over the vesting period. 10 248 shares (2012: 9 578 shares) valued at 63.45 CHF (2012: 52.20 CHF) were granted in 2013, and an expense of 0.3 million CHF (2012: 0.1 million CHF) was recognized in the income statement.

## 7 Other operating expenses

CHF million	2013	2012 restated <sup>1</sup>
Energy, maintenance and repairs	150.4	145.8
Consulting and other fees	24.4	20.7
Marketing and distribution costs	16.4	17.0
Operating leasing expenses	32.9	31.2
Miscellaneous operating expenses	85.5	87.3
<b>Total</b>	<b>309.6</b>	<b>302.0</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

## 8 Other operating income

Other operating income contains mainly income that is generated with by-products arising during the manufacturing process.

## 9 Depreciation and amortization

CHF million	2013	2012
Tangible assets	66.7	68.8
Intangible assets	0.1	0.3
<b>Total</b>	<b>66.8</b>	<b>69.1</b>

## 10 Financial income

CHF million	2013	2012
Interest income	0.6	0.6
Other financial income	0.3	0.5
<b>Total</b>	<b>1.0</b>	<b>1.1</b>

## 11 Financial expenses

CHF million	2013	2012 restated <sup>1</sup>
Interest expenses	14.7	17.6
Amortization on transaction costs	1.0	2.3
Interest expenses for defined benefit plans	1.2	1.0
Foreign exchange result net	0.6	1.8
Other financial expenses	0.1	0.9
<b>Total</b>	<b>17.7</b>	<b>23.6</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

## 12 Income taxes

CHF million	2013	2012 restated <sup>1</sup>
Current income taxes	26.3	27.8
Deferred income taxes	2.0	-2.7
<b>Total</b>	<b>28.3</b>	<b>25.2</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

Deferred income taxes resulting from the remeasurement of the defined benefit liability in the amount of 5.3 million CHF (2012: 0.3 million CHF) are recognized in other comprehensive income.

Reconciliation of expected and actual income tax expenses:

CHF million	2013	2012 restated <sup>1</sup>
Profit before taxes	64.5	54.8
Expected average tax rate	28.1%	27.7%
Expected income tax expenses on profit before taxes	18.1	15.2
Income and expenses without tax impact and effects from prior periods	4.3	-6.1
Tax losses for which no deferred tax assets were recognized	18.0	14.6
Utilization of previously unrecognized tax loss carry-forwards	-15.3	-0.6
Income taxes at other tax rates	2.2	2.4
Impact of changes in tax rates	0.8	0.0
Other effects	0.2	-0.3
<b>Actual income tax expenses</b>	<b>28.3</b>	<b>25.2</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The change in the expected average tax rate is due to the different geographic composition of earnings before tax.

Deferred tax assets and liabilities on temporary differences result from the following balance sheet items:

CHF million	Deferred tax assets 2013	Deferred tax liabilities 2013	Deferred tax assets 2012 restated <sup>1</sup>	Deferred tax liabilities 2012 restated <sup>1</sup>
Tangible assets	2.3	-9.0	2.2	-5.3
Inventories	2.8	-0.9	1.0	-0.6
Other assets	3.2	-3.0	0.7	-1.4
Provisions	7.1	-1.3	3.3	-1.7
Other liabilities	3.6	-7.4	3.5	-0.6
Tax assets from tax loss carry-forwards and tax credits	3.4		7.0	
<b>Total</b>	<b>22.4</b>	<b>-21.6</b>	<b>17.7</b>	<b>-9.6</b>
Offsetting	-13.5	13.5	-6.4	6.4
<b>Deferred tax assets and liabilities</b>	<b>8.9</b>	<b>-8.1</b>	<b>11.3</b>	<b>-3.2</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

Deferred tax assets arising from deductible temporary differences in the amount of 31.5 million CHF (2012: 36.7 million CHF) have not been recognized.

Capitalized and non-capitalized tax assets resulting from tax loss carry-forwards and other tax receivables, shown by year of expiry:

CHF million	Capitalized 2013	Non-capitalized 2013	Total 2013	Total 2012
Less than 3 years	0.3	3.9	4.2	9.5
In 3 to 7 years	0.8	4.2	5.0	23.1
Thereafter	2.3	138.1	140.4	155.3
<b>Total</b>	<b>3.4</b>	<b>146.2</b>	<b>149.6</b>	<b>187.9</b>

The Group has tax loss carry-forwards and other tax receivables in the amount of 499.3 million CHF (2012: 636.8 million CHF) that stem mainly from the time before the separation. The unused tax losses for which no deferred tax assets have been recognized originate primarily from countries with a tax rate between 19% and 34%.

### 13 Research and development

In 2013, 64.4 million CHF was spent on research and development (2012: 66.4 million CHF).

Autoneum Group invests in new production techniques and materials to improve product quality and thereby allow customers cost savings and product improvements (acoustic and thermal insulation). The focus in 2013 and 2012 was the development of acoustic solutions, underbody components, and carpets for new models and customer-specific requests from automobile manufacturers in Europe, America, and Asia.

Development costs must meet several criteria to be recognized as an intangible asset. Technical and financial resources must be available to ensure the completion of the development, and the costs attributed to the development must be reliably measured. Although for all major development projects in 2013 and 2012 this was the case, and the intention and ability to complete the projects was confirmed by the management, no development costs could be capitalized as intangible assets during the reporting year as in the previous year. Due to rapid technological changes, the required proof of future economic benefits could not be sufficiently supported.

### 14 Tangible assets

CHF million	Land and buildings	Machinery and tools	Data processing equipment	Vehicles and furniture	Tangibles under construction	Total
Cost at January 1, 2013	249.8	995.7	22.6	18.4	54.4	1 340.9
Additions	2.3	20.1	0.5	0.4	52.2	75.5
Disposals	-1.3	-23.6	-7.3	-2.3	-0.3	-34.8
Sale of subsidiary	-14.2	-124.2	-2.8	-2.1	0.0	-143.3
Reclassification	5.3	51.6	0.2	0.8	-57.9	0.0
Currency effects	-4.4	-22.1	-0.4	-0.3	-0.9	-28.1
<b>Cost at December 31, 2013</b>	<b>237.5</b>	<b>897.4</b>	<b>12.8</b>	<b>14.9</b>	<b>47.5</b>	<b>1 210.1</b>
Accumulated depreciation at January 1, 2013	-139.1	-783.9	-20.2	-15.6	0.0	-958.8
Depreciation	-8.9	-56.0	-1.1	-0.7	0.0	-66.7
Disposals	1.2	23.4	7.3	2.3	0.0	34.3
Sale of subsidiary	14.2	112.3	2.6	2.0	0.0	131.1
Reclassification	2.2	-2.3	0.0	0.1	0.0	0.0
Currency effects	1.2	16.1	0.3	-0.1	0.0	17.6
<b>Accumulated depreciation at December 31, 2013</b>	<b>-129.2</b>	<b>-690.4</b>	<b>-11.0</b>	<b>-11.9</b>	<b>0.0</b>	<b>-842.5</b>
<b>Net book value at December 31, 2013</b>	<b>108.3</b>	<b>207.0</b>	<b>1.8</b>	<b>3.0</b>	<b>47.5</b>	<b>367.6</b>

CHF million	Land and buildings	Machinery and tools	Data processing equipment	Vehicles and furniture	Tangibles under construction	Total
Cost at January 1, 2012	246.5	958.0	21.9	19.3	56.9	1 302.6
Additions	2.4	17.3	1.0	1.2	50.7	72.6
Disposals	-0.2	-18.1	-0.4	-2.1	-0.1	-20.9
Reclassification	2.6	49.3	0.3	0.2	-52.4	0.0
Currency effects	-1.5	-10.8	-0.2	-0.2	-0.7	-13.4
<b>Cost at December 31, 2012</b>	<b>249.8</b>	<b>995.7</b>	<b>22.6</b>	<b>18.4</b>	<b>54.4</b>	<b>1 340.9</b>
Accumulated depreciation at January 1, 2012	-131.0	-752.9	-19.4	-17.4	0.0	-920.7
Depreciation	-9.3	-57.5	-1.3	-0.7	0.0	-68.8
Disposals	0.1	18.1	0.4	2.0	0.0	20.6
Reclassification	-0.1	-0.2	-0.1	0.4	0.0	0.0
Currency effects	1.2	8.6	0.2	0.1	0.0	10.1
<b>Accumulated depreciation at December 31, 2012</b>	<b>-139.1</b>	<b>-783.9</b>	<b>-20.2</b>	<b>-15.6</b>	<b>0.0</b>	<b>-958.8</b>
<b>Net book value at December 31, 2012</b>	<b>110.7</b>	<b>211.8</b>	<b>2.4</b>	<b>2.8</b>	<b>54.4</b>	<b>382.1</b>

The book value of the tangible assets financed by long-term leasing contracts is 0.7 million CHF (2012: 1.3 million CHF). In both the reporting year and the prior year no borrowing costs were capitalized.

## 15 Intangible assets

CHF million	2013	2012
Cost at January 1	4.4	1.7
Additions	5.3	2.7
Currency effects	0.0	0.0
<b>Cost at December 31</b>	<b>9.7</b>	<b>4.4</b>
Accumulated amortization at January 1	-1.6	-1.3
Amortization	-0.1	-0.3
Currency effects	0.0	0.0
<b>Accumulated amortization at December 31</b>	<b>-1.7</b>	<b>-1.6</b>
<b>Net book value at December 31</b>	<b>7.9</b>	<b>2.8</b>

The additions comprise mainly investments in a new ERP system.



## 16 Investments in associated companies

Investments in associated companies comprise the 49% share in SHN CO., Ltd., Daegu (Korea), the 30% share in SRN Sound Proof Co Ltd., Chonburi (Thailand), and the 25% share in Wuhan Nittoku Autoneum Sound-Proof Co. Ltd., Wuhan (China), that was acquired in 2013. The investments are measured using the equity method. The carrying amount of Autoneum's interest in associated companies amounted to 4.9 million CHF (2012: 1.0 million CHF). Autoneum recognized a share of profit from continuing operations and total comprehensive income of 2.0 million CHF in 2013. No share of profit of associates was recognized in prior periods due to materiality reasons.

## 17 Other non-current assets

CHF million	2013	2012 restated <sup>1</sup>
Investments in non-consolidated companies	11.6	7.7
Long-term interest-bearing receivables	5.0	0.6
Pension plan assets	6.9	1.2
Non-current receivables	27.9	27.7
<b>Total</b>	<b>51.4</b>	<b>37.2</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

## 18 Inventories

CHF million	2013	2012
Raw materials and consumables	34.3	45.9
Purchased parts	2.8	2.6
Semi-finished and finished goods	35.0	34.7
Work in progress	46.7	33.2
Allowance	-1.9	-4.2
<b>Total</b>	<b>116.9</b>	<b>112.2</b>

## 19 Trade receivables

CHF million	2013	2012
Trade receivables	224.3	261.7
Allowance for doubtful receivables	-6.3	-5.0
<b>Total</b>	<b>218.0</b>	<b>256.7</b>

The following summarizes the movement in the allowance for doubtful receivables:

CHF million	2013	2012
Allowance at January 1	-5.0	-4.8
Additions	-4.6	-3.1
Utilization and release	2.5	2.8
Sale of subsidiary	0.4	0.0
Currency effects	0.4	0.1
<b>Allowance at December 31</b>	<b>-6.3</b>	<b>-5.0</b>

The collectability of receivables is monitored on an ongoing basis. An allowance for doubtful receivables is recorded, which is calculated from the difference between the invoiced amount and the expected payment.

Trade receivables include amounts denominated in the following major currencies:

CHF million	2013	2012
CHF	1.6	1.6
EUR	91.9	135.4
USD	62.7	66.0
CNY	19.3	11.2
CAD	13.0	17.2
BRL	8.6	8.7
GBP	7.3	4.8
Other	13.6	11.8
<b>Total</b>	<b>218.0</b>	<b>256.7</b>

The table below sets forth the aging of trade receivables and the allowance for doubtful receivables, showing amounts that are not yet due as well as an analysis of overdue amounts. Trade receivables that are not due and that are not impaired are expected to be settled within the agreed payment terms.

CHF million	2013 receivables	2013 allowance	2012 receivables	2012 allowance
Not due	201.6	-5.7	239.6	-2.8
Overdue 1 to 89 days	19.6	0.0	16.9	0.0
Overdue 90 to 179 days	1.7	-0.1	2.0	-0.1
Overdue 180 to 359 days	0.9	-0.2	0.6	-0.1
Thereafter	0.5	-0.2	2.6	-2.1
<b>Total</b>	<b>224.3</b>	<b>-6.2</b>	<b>261.7</b>	<b>-5.0</b>

At December 31, 2013, trade receivables with a book value of 4.0 million CHF (2012: 3.8 million CHF) were used as collateral for credit facilities with financing banks. In addition, trade receivables with a book value of 3.4 million CHF (2012: 12.9 million CHF) were sold to third parties based on factoring agreements, and no material risks remain with Autoneum.

## 20 Other receivables

CHF million	2013	2012
Short-term receivables	55.3	44.6
Prepaid expenses and accruals	16.5	16.7
Fair value of derivative financial instruments	0.2	0.0
<b>Total</b>	<b>72.0</b>	<b>61.3</b>

## 21 Marketable securities and interest bearing receivables

CHF million	2013	2012
Short-term loans	17.9	0.0
Marketable securities	0.6	0.0
Time deposits with original maturities between 3 and 12 months	0.1	0.2
<b>Total</b>	<b>18.7</b>	<b>0.2</b>

## 22 Cash and cash equivalents

CHF million	2013	2012
Cash at banks	103.1	61.2
Time deposit with original maturities up to 3 months	14.8	14.1
<b>Total</b>	<b>117.9</b>	<b>75.3</b>

## 23 Shareholders' equity

Since the founding of Autoneum Holding Ltd on December 2, 2010, the number of registered shares has remained unchanged at 4 672 363, each with a nominal value of 0.05 CHF per share. The share capital amounts to 233 618 CHF and is as follows:

		2013	2012
Shares outstanding	Number of shares	4 636 301	4 669 913
Treasury shares	Number of shares	36 062	2 450
<b>Total shares issued</b>	Number of shares	<b>4 672 363</b>	<b>4 672 363</b>
Nominal value per share	CHF	0.05	0.05
<b>Share capital</b>	CHF	<b>233 618</b>	<b>233 618</b>

### Conditional share capital

For issuing bonds and/or granting shareholder options, the share capital can be increased by a maximum of 700 000 paid registered shares with a par value of 0.05 CHF up to a maximum value of 35 000 CHF. Furthermore, for the issue of shares to employees and subsidiaries, the share capital can be increased by a maximum of 250 000 paid registered shares with a par value of 0.05 CHF up to a maximum value of 12 500 CHF.

### Retained earnings

The position includes both retained earnings and capital reserves.

For information regarding transactions with treasury shares refer to Autoneum Holding Ltd, note 4 (p. 89).

### Earnings per share

		2013	2012 restated <sup>1</sup>
Profit attributable to shareholders of Autoneum Holding Ltd <sup>2</sup>	CHF million	14.5	12.1
Average number of shares outstanding	Number of shares	4 639 847	4 657 958
Average number of shares outstanding diluted	Number of shares	4 658 582	4 667 536
Basic earnings per share	CHF	3.12	2.61
Diluted earnings per share	CHF	3.11	2.60

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

<sup>2</sup> The LTI does not lead to a dilution effect in profit attributable to shareholders of Autoneum Holding Ltd.

The average number of shares outstanding is calculated based on the number of shares issued less the weighted average number of treasury shares held. The consideration of shares granted but not yet vested in the course of the Management's long-term incentive plan (LTI) leads to a diluted average number of shares outstanding.

## 24 Non-controlling interests

The non-controlling interests derive from UGN Inc. (USA), Autoneum Erkurt Otomotive AS (Turkey), Tianjin Autoneum Nittoku Sound-Proof Co. Ltd. (China), Autoneum Nittoku (Guangzhou) Sound-Proof Co. Ltd. (China), Autoneum Nittoku Sound Proof Products India Pvt. Ltd. (India), Autoneum Feltex (Pty) Ltd. (South Africa), and Autoneum Portugal Lda. (Portugal). Due to disclosure restrictions in the joint venture agreements, information on significant non-controlling interests are only disclosed on an aggregated level.

The table below sets out aggregated financial information of the subsidiaries that have a non-controlling interest:

CHF million	2013	2012
Non-current assets	112.9	109.4
Current assets	134.9	109.2
Non-current liabilities	-32.5	-25.7
Current liabilities	-70.1	-61.8
<b>Net assets</b>	<b>145.2</b>	<b>131.1</b>
Thereof non-controlling interests	69.1	62.3
Net sales	454.2	397.4
Net profit	45.0	36.4
Other comprehensive income	-5.4	-2.8
<b>Total comprehensive income</b>	<b>39.6</b>	<b>33.6</b>
Thereof non-controlling interests	19.0	16.1
Cash flows from operating activities	59.3	43.4
Cash flows from investing activities	-22.6	-9.4
Cash flows from financing activities	-16.2	-25.7
<b>Net change in cash and cash equivalents</b>	<b>20.5</b>	<b>8.3</b>

## 25 Financial liabilities

CHF million	Duration less than 1 year	Duration 1 to 5 years	Duration 5 and more years	Total
Bond	0.0	124.2	0.0	124.2
Bank debt	18.7	13.1	0.0	31.8
Subordinated shareholder loans	0.0	25.0	0.0	25.0
Finance lease obligations	0.6	0.7	0.0	1.3
Other financial liabilities	29.3	0.0	0.0	29.3
<b>Total 2013</b>	<b>48.6</b>	<b>163.0</b>	<b>0.0</b>	<b>211.6</b>

CHF million	Duration less than 1 year	Duration 1 to 5 years	Duration 5 and more years	Total
Bond	0.0	124.0	0.0	124.0
Bank debt	39.9	5.5	0.0	45.4
Subordinated shareholder loans	0.0	25.0	0.0	25.0
Finance lease obligations	0.7	1.4	0.0	2.1
Other financial liabilities	2.0	0.0	0.0	2.0
<b>Total 2012</b>	<b>42.6</b>	<b>155.9</b>	<b>0.0</b>	<b>198.5</b>

On December 14, 2012, Autoneum Holding Ltd issued a fixed rate bond with a nominal value of 125.0 million CHF, which is listed on the SIX Swiss Exchange. The bond carries a coupon rate of 4.375%, and has a term of five years with a final maturity on December 14, 2017. The proceeds from the bond issue were used to repay existing bank debt and allowed Autoneum to diversify its financial resources, extend the maturity of the financing and take advantage of the favorable capital market. On December 31, 2013, the market value of the bond was 132.4 million CHF (2012: 126.0 million CHF).

At the same time as the bond issue, the long-term credit agreement of 285.0 million CHF, which was concluded on April 12, 2011, between a banking syndicate, Autoneum Holding Ltd, and certain of its subsidiaries, has been amended in various ways: the credit agreement has been reduced to 130.0 million CHF and consists now of one line of credit, which may partly also be used as a guarantee facility. Moreover, securities granted to the lending banks (mortgages on properties in Switzerland and Germany, the deposit of shares of individual subsidiaries, assignment of claims of Autoneum Holding Ltd from intercompany loans, and guarantees of selected subsidiaries) were released in full. The final maturity of the credit agreement is unchanged until December 31, 2014, and the interest rate remains based on the Libor rate plus an applicable margin, which is measured by the ratio of gross debt to EBITDA.

The credit agreement contains financial covenants, regarding among other things equity, gross debt, and other financial ratios. Compliance with financial covenants was checked quarterly and reported to the banking syndicate. In fiscal years 2013 and 2012, the minimum financial requirements were met at all times.

The two main shareholders of Autoneum Holding Ltd have granted a subordinated loan of 12.5 million CHF each. These are described in note 30 (p. 81).

In addition to the aforementioned loan, the long-term credit agreement and the subordinated shareholder loans, local credit limits, and borrowings exist in several countries with individual, customary market conditions.

The financial liabilities are denominated in the following currencies:

CHF million	2013	2012
CHF	151.0	149.3
EUR	27.0	21.8
USD	18.3	10.7
BRL	12.3	13.3
Other	3.0	3.4
<b>Total</b>	<b>211.6</b>	<b>198.5</b>

## 26 Provisions

CHF million	Guarantee and warranty	Litigation and tax risk	Environ- mental	Restruc- turing	Other	Total
Provisions at January 1, 2013 restated <sup>1</sup>	2.0	16.4	9.7	10.1	22.9	61.0
Additions	5.7	14.8	0.0	13.4	2.3	36.3
Utilization	0.0	-2.7	0.0	-2.4	-3.9	-9.0
Release	-0.5	-5.3	0.0	-7.1	-0.4	-13.3
Reclassification	0.0	0.0	0.2	0.0	-14.5	-14.3
Sale of subsidiary	0.0	-0.2	0.0	-0.8	0.0	-1.1
Currency effects	0.1	-0.2	0.0	0.0	-0.7	-0.7
<b>Provisions at December 31, 2013</b>	<b>7.3</b>	<b>22.8</b>	<b>9.9</b>	<b>13.2</b>	<b>5.6</b>	<b>58.9</b>
Thereof long-term	4.4	15.1	9.9	0.0	3.7	33.1
Thereof short-term	2.9	7.7	0.0	13.2	2.0	25.8

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

Guarantee and warranty provisions are related to the production and supply of goods or services and are based on experience. The increase 2013 is particularly based on single events and the respective claims for indemnification. The long-term guarantee and warranty provisions of 4.4 million CHF are expected to be used over a period of one to two years on average.

Litigation and tax risk provisions comprise provisions for expected costs resulting from investigations and proceedings of government agencies, provisions for court cases, such as claims brought up by workers for health or accident-related incidents, and provisions for tax risks. The increase of 14.8 million CHF mainly relates to existing tax risks. The majority of litigation and tax risk provisions are expected to be used within the next two to three years. Litigation and tax risk provisions are disclosed as a separate category in 2013, whereas in 2012 these cases were either allocated to guarantee and warranty provisions (7.7 million CHF) or other provisions (8.7 million CHF). The prior year figures were adjusted accordingly.

Environmental provisions contain the estimated costs for the clean-up of contaminated sites due to past industrial operations. The majority of provisions stems from legal entities within Business Group Europe. Long-term environmental provisions are expected to be used mainly over the next five to ten years.

Restructuring provisions comprise legal and factual liabilities from restructuring. During the reporting period, the provisions were increased by 13.4 million CHF that are recognized as one-time expenses in connection with the closure of the plant Dieppe in France. The amount of 2.4 million CHF was used mainly in Western Europe for structural and capacity adjustments. Due to the sale of the Italian subsidiary, the amount of 7.1 million CHF were released. The remaining provisions of 13.2 million CHF relate substantially to the closure of the plant Dieppe in France.

Other provisions are made for contracts where the unavoidable costs to fulfill the obligation are greater than the expected economic benefits, as well as for other constructive or legal liabilities of Group companies. Due to an analysis, Autoneum decided that certain liabilities that arise during some company's production cycles can more precisely be classified as other non-current liabilities than as provisions, because the inherent uncertainty of these liabilities is not material. As a consequence, 14.3 million CHF were reclassified from other long-term provisions to other non-current liabilities. The majority of the remaining other long-term provisions are expected to be used within the next two to three years.

## 27 Other current liabilities

CHF million	2013	2012
Accrued holidays	13.2	14.2
Accrued expenses	39.9	29.1
Derivative financial liabilities	0.5	0.0
Short-term liabilities	47.7	41.0
<b>Total</b>	<b>101.3</b>	<b>84.3</b>

## 28 Financial instruments

The following tables summarize all financial instruments classified by categories according to IAS 39.

CHF million	2013	2012
Securities held for trading <sup>1</sup>	0.6	0.0
Fair value of derivative financial instruments <sup>2</sup>	0.2	0.0
<b>Total financial assets at fair value through profit or loss</b>	<b>0.8</b>	<b>0.0</b>
Cash	103.1	61.2
Time deposits with original maturities up to 3 months	14.8	14.1
Time deposits with original maturities between 3 and 12 months	0.1	0.2
Trade receivables	218.0	256.7
Short-term loans	17.9	0.0
Other short-term receivables	71.8	61.3
Long-term interest-bearing receivables	5.0	0.6
Other long-term receivables	27.9	27.7
<b>Total loans and receivables</b>	<b>458.6</b>	<b>421.8</b>
Investments in non-consolidated companies <sup>1</sup>	11.6	7.7
<b>Total available-for-sale financial assets</b>	<b>11.6</b>	<b>7.7</b>
<b>Total financial assets and derivatives</b>	<b>471.0</b>	<b>429.5</b>

CHF million	2013	2012
Long-term financial liabilities	163.0	155.9
Short-term financial liabilities	48.6	42.6
Trade payables	231.3	244.9
Other current liabilities	87.6	70.1
<b>Total financial liabilities at amortized cost</b>	<b>530.5</b>	<b>513.5</b>
Fair value of derivative financial instruments <sup>2</sup>	0.5	0.0
<b>Total financial liabilities and derivatives</b>	<b>531.0</b>	<b>513.5</b>

<sup>1</sup> Measured at fair values which are based on quoted prices in active markets (level 1).

<sup>2</sup> Measured at fair values which are calculated based on observable market data (level 2).

The long-term financial liabilities comprise the bond with a net book value of 124.2 million CHF (2012: 124.0 million CHF) and a fair value<sup>1</sup> of 132.4 million CHF (2012: 126.0 million CHF). Refer to note 25 (p. 73) for further information. The book values of other financial instruments correspond to the fair values.



## 29 Pension plans

The cost for pensions is charged to employee costs and for the current reporting year totaled 12.3 million CHF (2012: 12.2 million CHF).

Some employees have defined contribution plans, whose insurance benefit results solely from the paid contributions and the return on investment on the plan asset. The other employees have defined benefit plans which are based upon direct benefits of Autoneum Group.

### Defined contribution plans

The expenses for defined contribution plans totaled 5.1 million CHF in the current reporting year (2012: 4.2 million CHF).

### Defined benefit plans

Autoneum maintains defined benefit pension plans in Switzerland, the United Kingdom, Italy (until July 2013), the United States of America, and Canada. The most significant pension plans are the Swiss and the US pension plans. Those plans sum up to 79.1% (2012: 72.3%) of the Group's defined benefit liability and to 79.6% (2012: 78.1%) of the Group's plan assets.

The status of the defined benefit plans at year end is as follows:

CHF million	2013	2012 restated <sup>1</sup>
<b>Switzerland</b>		
Fair value of plan assets at December 31	98.8	88.4
Present value of defined benefit obligation at December 31	-93.3	-88.1
<b>Surplus at December 31</b>	<b>5.5</b>	<b>0.3</b>
<b>USA</b>		
Fair value of plan assets at December 31	27.2	25.5
Present value of defined benefit obligation at December 31	-36.4	-42.0
<b>Deficit at December 31</b>	<b>-9.2</b>	<b>-16.5</b>
<b>Other countries</b>		
Fair value of plan assets at December 31	32.3	31.9
Present value of defined benefit obligation at December 31	-34.2	-49.9
<b>Deficit at December 31</b>	<b>-1.9</b>	<b>-18.0</b>
<b>Total deficit at December 31</b>	<b>-5.6</b>	<b>-34.2</b>
Recognized in the balance sheet		
as pension assets (within other non-current assets)	6.9	1.2
as pension liabilities (within employee benefit liabilities) <sup>2</sup>	-12.5	-35.4

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

<sup>2</sup> Employee benefit liabilities include besides pension liabilities other employee-related liabilities in the amount of 1.7 million CHF (2012: 1.6 million CHF).

### **Swiss pension plans**

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The Group's pension plans are administered by separate legal foundations, which are funded by regular employee and company contributions. Plan participants are insured against the financial consequences of old age, disability, and death. The most senior governing body of the pension plan is the Board of Trustees. All governing and administration bodies have an obligation to act in the interests of the plan participants. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plans are treated as defined benefit plans for the purposes of these IFRS financial statements, although they have many of the characteristics of defined contribution plans. Retirement benefits are based on the accumulated savings capital which can either be drawn as a life-long pension or as a lump sum payment. The pension is calculated by multiplying the balance of the savings capital with the currently applicable conversion rate. The plan is exposed to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk. In case of an underfunding, the Board of Trustees is required to take the necessary measures to ensure that full funding can be expected to be restored within a reasonable period. The measures may include increasing employee and company contributions, lowering the interest rate on retirement account balances, or reducing prospective benefits.

### **US pension plans**

The Group's major defined benefit plans in the US have been closed to new members. New employees in the US now join defined contribution plans. The defined benefit plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the statutory minimum funded status.

### **Pension plans in other countries**

Autoneum maintains defined benefit plans in Canada and in Great Britain. The pension plan in Great Britain has been closed for new members. New employees join a defined contribution plan. The pension plan in Canada is open for all Canadian employees. The plan is funded and the majority of the contributions is paid by the employer.

The movement in the defined benefit obligation over the year was as follows:

CHF million	2013	2012 restated <sup>1</sup>
Defined benefit obligation at January 1	180.0	170.4
Current service cost	5.2	5.6
Past service cost	0.7	1.0
Interest cost	5.1	5.8
Actuarial gains and losses	-6.7	5.3
Employee contributions	3.0	3.3
Benefits paid	-8.9	-10.1
Sale of subsidiary	-10.6	0.0
Currency effects	-3.9	-1.3
<b>Defined benefit obligation at December 31</b>	<b>163.9</b>	<b>180.0</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The movement in the fair value of plan assets over the year was as follows:

CHF million	2013	2012 restated <sup>1</sup>
Fair value of plan assets at January 1	145.7	134.0
Interest income	3.8	4.4
Return on plan assets excluding interest income	11.2	7.1
Employer contributions	7.2	7.6
Employee contributions	3.0	3.3
Benefits paid	-8.9	-10.1
Currency effects	-3.7	-0.6
<b>Fair value of plan assets at December 31</b>	<b>158.3</b>	<b>145.7</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The major categories of plan assets as a percentage of total plan assets were as follows:

in %	2013	2012
Equity	44	46
Debt	28	27
Real estate	11	14
Other	18	13

All equity and debt instruments are listed on a stock exchange.

The amounts recognized in the income statement were as follows:

CHF million	2013	2012 restated <sup>1</sup>
Current service cost	5.2	5.6
Past service cost	0.7	1.0
Net interest cost	1.2	1.4
<b>Pension costs of defined benefit plans</b>	<b>7.2</b>	<b>8.0</b>
Recognized in the income statement:		
as employee costs	6.0	6.6
as interest expense (within financial expenses)	1.2	1.4

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The expected contributions for the Group's defined benefit pension plans for 2014 amount to 8.7 million CHF (2013: 7.6 million CHF). The actual return on plan assets amounted to 14.9 million CHF in 2013 (2012: 11.6 million CHF).

The effects of the revaluation of the defined benefit pension plans recognized in the statement of comprehensive income are as follows:

CHF million	2013	2012 restated <sup>1</sup>
Actuarial gains and losses		
from changes in demographic assumptions	-4.1	-5.7
from changes in financial assumptions	14.7	10.9
from experience adjustment	-3.9	0.1
Return on plan assets excluding interest income	11.2	-7.1
<b>Recognized in statement of comprehensive income</b>	<b>17.9</b>	<b>-1.8</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

The table below discloses the main actuarial assumptions at year-end.

Weighted average all pension plans		2013	2012
Discount rate	in %	3.3	3.0
Expected future salary growth	in %	0.6	0.2
Life expectancy for females at age of 65	in years	22.8	21.8
Life expectancy for males at age of 65	in years	20.5	19.6

At December 31, 2013, the weighted average duration of the defined benefit obligation was 14.5 years (2012: 14.5 years).

The table below shows the results of the sensitivity analysis. It was analyzed how expected changes in the discount rate and expected changes in the future salary growth rate would impact the defined benefit liability. A change in the discount rate by 0.25 points or a change in the future salary growth rate by 0.5 points would have had the following effect on the defined benefit liability:

CHF million	Increase	Decrease
Change in discount rate (0.25 percentage point)	-5.8	6.1
Change in future salary growth (0.5 percentage point)	1.5	-1.5

### 30 Related parties

Related parties are members of the Board of Directors and the Executive Board, pension funds, associated companies as well as companies controlled by significant shareholders.

The following transactions were carried out with related parties:

CHF million	2013	2012
Interest paid to shareholders on shareholder loans	1.5	1.5
Fees paid to the law firm of the Chairman of the Board of Directors	0.3	0.0

The total remuneration to the Board of Directors and to the Group Executive Board was as follows:

CHF million	2013	2012
Remuneration in cash	4.0	3.8
Remuneration in shares of Autoneum Holding Ltd	1.8	1.4
Employer contributions in pension fund	0.2	0.2
Employer contributions in social security	0.3	0.2

The remuneration report and the compensation of the Board of Directors and the Group Executive Board in compliance with Swiss law are disclosed in the financial statements of Autoneum Holding Ltd on pages 92 to 95.

Members of the Group Executive Board can deposit part of their cash remuneration as a receivable due from Autoneum Management Ltd. The interest rate of these deposits is in line with market conditions.

The main shareholders of Autoneum Holding Ltd have granted a subordinated loan of 12.5 million CHF each. The interest rate on these loans is 6% per annum. The loans are due after written notification of the creditors of the company, but not before the credit facilities of the bank syndicate are fully repaid. They rank after the claims of any unsubordinated creditors of the company and certain of its subsidiaries, and prior to the claims of other subordinated creditors without fixed maturity.

Year-end balances were as follows:

CHF million	2013	2012
Payables due to employees	2.3	1.9
Subordinated shareholder loans	25.0	25.0

### 31 Other commitments

Some Group companies rent factory and office space under operating lease agreements. The leases have varying terms, escalation clauses, and renewal rights.

The future, cumulated minimum lease payments for operating leases are due as follows:

CHF million	2013	2012
Less than 1 year	21.7	22.9
1 to 5 years	45.1	45.7
Thereafter	15.8	13.4
<b>Total</b>	<b>82.6</b>	<b>82.0</b>

In the reporting period, 31.9 million CHF was charged to the income statement under operating leases (2012: 31.2 million CHF).

At year end, open commitments for large investments in tangible assets summed up to 5.8 million CHF (2012: 4.3 million CHF).

### 32 Contingent liabilities

Along with other automobile suppliers, Autoneum Germany GmbH, a subsidiary of Autoneum Holding Ltd, is subject to investigations by the German Federal Cartel Office. The investigations affect, among others, the market for floor systems and trunk trim.

The investigations are ongoing and no decisions have been received from the German Federal Cartel Office so far. No provision or quantification of the contingent liability for this case was made in the consolidated financial statements 2013, since it is currently not possible to reliably estimate a potential financial impact for this case.

There are no further single matters pending that Autoneum expects to be material in relation to the Group's business, financial position, or results of operations.

### 33 Cash flow

CHF million	<b>2013</b>	<b>2012 restated<sup>1</sup></b>
Net profit	36.2	29.6
Depreciation and amortization	66.8	69.1
Loss on disposal of subsidiary	24.8	0.0
Other non-cash income and expenses	0.1	-2.6
<b>Cash flow</b>	<b>127.9</b>	<b>96.1</b>
Share of profit of associated companies	-2.0	0.0
Change in long-term provisions and in employee benefit liabilities	10.0	-0.8
<b>Net cash flow</b>	<b>135.9</b>	<b>95.3</b>
Change in net working capital and in operating receivables and liabilities	29.8	19.6
Investments in tangible and intangible assets net	-80.3	-75.0
Investments in other non-current assets net	-1.1	-0.6
Disposal of subsidiary, net of cash disposed of	-13.9	0.0
Increase in investments	-2.9	0.0
Change in marketable securities and interest bearing receivables	-0.4	8.8
<b>Free cash flow</b>	<b>67.1</b>	<b>48.1</b>

<sup>1</sup> Refer to note 1.2 (p. 55 ff.).

### 34 Net debt

CHF million	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	117.9	75.3
Marketable securities and interest bearing receivables	18.7	0.2
Short-term financial liabilities	-48.6	-42.6
Long-term financial liabilities	-138.0	-130.9
Subordinated shareholder loans	-25.0	-25.0
<b>Net debt</b>	<b>-75.0</b>	<b>-123.0</b>

### 35 Exchange rates for currency translation

		Average rate 2013	Average rate 2012	Year-end rate 2013	Year-end rate 2012
CHF					
Argentina	1 ARS	0.17	0.20	0.14	0.19
Brazil	1 BRL	0.43	0.48	0.38	0.45
Canada	1 CAD	0.89	0.93	0.83	0.92
China	100 CNY	15.03	14.79	14.67	14.68
Czech Republic	100 CZK	4.73	4.79	4.47	4.80
Euro countries	1 EUR	1.23	1.20	1.23	1.21
Great Britain	1 GBP	1.45	1.48	1.47	1.48
India	100 INR	1.58	1.75	1.44	1.66
Poland	100 PLN	29.19	28.91	29.55	29.63
USA	1 USD	0.92	0.93	0.89	0.92

### 36 Events after balance sheet date

There were no events between December 31, 2013, and March 18, 2014, which would necessitate adjustments to the book value of the Group's assets or liabilities, or which require additional disclosure in the consolidated financial statements.



## Subsidiaries and associated companies

			Capital in million	Voting rights	Research & development	Sales/trading	Production	Service/financing
<b>Switzerland</b>	Autoneum Holding Ltd, Winterthur	CHF	0.2	100%				•
	Autoneum International AG, Winterthur	CHF	5.0	100%				•
	Autoneum Management AG, Winterthur	CHF	1.3	100%	•			•
	Autoneum Switzerland AG, Sevelen	CHF	0.3	100%	•		•	
<b>Argentina</b>	Autoneum Argentina SA, Córdoba	ARS	22.5	100%		•	•	
<b>Belgium</b>	Autoneum Belgium N.V., Genk	EUR	8.0	100%		•	•	
<b>Brazil</b>	Autoneum Brasil Têxteis Acústicos Ltda., São Bernardo do Campo	BRL	109.9	100%	•	•	•	
<b>Canada</b>	Autoneum Canada Ltd., Tillsonburg	CAD	5.9	100%			•	
<b>China</b>	Autoneum (Chongqing) Sound-Proof Parts Co. Ltd., Chongqing	CHF	7.6	100%	•	•	•	
	Autoneum (Shenyang) Sound-Proof Parts Co. Ltd., Shenyang	EUR	6.0	100%		•	•	
	Autoneum Nittoku (Guangzhou) Sound-Proof Co. Ltd., Guangzhou	USD	9.3	51%		•	•	
	Tianjin Autoneum Nittoku Sound-Proof Co. Ltd., Tianjin	USD	5.7	51%		•	•	
	Wuhan Nittoku Autoneum Sound-Proof Co. Ltd., Wuhan	USD	19.0	25%		•	•	
<b>Czech Republic</b>	Autoneum CZ s.r.o., Choceň	CZK	206.2	100%		•	•	
<b>France</b>	Autoneum Holding France SASU, Lyon	EUR	0.1	100%				•
	Autoneum France SASU, Aubergenville	EUR	8.0	100%	•	•	•	
<b>Germany</b>	Autoneum Germany GmbH, Rossdorf	EUR	11.2	100%	•	•	•	
<b>Italy</b>	Porfima Uno S.r.l., Torino	EUR	0.0	100%				•
	Porfima Due S.r.l., Torino	EUR	0.0	100%				•
<b>India</b>	Autoneum India Pvt. Ltd., New Delhi	INR	293.6	100%		•	•	
	Autoneum Nittoku Sound Proof Products India Pvt. Ltd., Chennai	INR	220.0	51%		•	•	
<b>Korea</b>	SHN CO., Ltd., Daegu	KRW	2 640.0	49%		•	•	
<b>Mexico</b>	Autoneum Mexico, S. de R.L. de C.V., Hermosillo	MXN	0.0	100%		•	•	
	UGN de Mexico, S. de R.L. de C.V., Silao	USD	0.0	50%		•	•	
	UGN Servicios de Acoustical Solutions, S. de R.L. de C.V., Silao	USD	0.0	50%		•		
<b>Netherlands</b>	Autoneum Netherland B.V., Weert	EUR	2.0	100%				•
<b>Poland</b>	Autoneum Poland Sp.z.o.o., Katowice	PLN	20.8	100%	•		•	
<b>Portugal</b>	Autoneum Portugal Lda., Setúbal	EUR	1.2	87%			•	
<b>Russia</b>	Autoneum Rus LLC, Ryazan	RUB	0.8	100%		•	•	
<b>Spain</b>	Autoneum Spain S.A.U., Terrassa	EUR	10.8	100%		•	•	
<b>South Africa</b>	Autoneum Feltex (Pty) Ltd., Durban	ZAR	11.1	51%		•	•	
<b>Thailand</b>	SRN Sound Proof Co., Ltd., Chonburi	THB	100.0	30%		•	•	
	Summit & Autoneum (Thailand) Co., Ltd., Rayong	THB	9.3	51%		•	•	
<b>Turkey</b>	Autoneum Erkurt Otomotive AS, Bursa	TRY	2.4	51%		•	•	
<b>United Kingdom</b>	Autoneum Great Britain Ltd., Stoke-on-Trent	GBP	41.8	100%		•	•	
<b>USA</b>	Autoneum America Corporation, Farmington Hills	USD	0.1	100%				•
	Autoneum North America Inc., Farmington Hills	USD	0.1	100%	•	•	•	
	UGN Inc., Tinley Park	USD	1.0	50%	•	•	•	



**Report of the statutory auditor on the consolidated financial statements to the General Meeting of Shareholders of Autoneum Holding Ltd, Winterthur**

As statutory auditor, we have audited the consolidated financial statements of Autoneum Holding Ltd, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, and notes on pages 46 to 85 for the year ended December 31, 2013.

*Board of Directors' responsibility*

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

*Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2013, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) 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

A handwritten signature in black ink, appearing to read 'K. Stocker', written over a light blue circular stamp.

Kurt Stocker  
Licensed audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to read 'K. Schünke', written over a light blue rectangular stamp.

Kathrin Schünke  
Licensed audit expert

Zurich, March 18, 2014

## Income statement of Autoneum Holding Ltd

For the period from January 1 to December 31

CHF million	Notes	2013	2012
<b>Income</b>			
Dividend income		5.7	5.6
License income		5.6	5.5
Financial income	(1)	18.9	16.9
Other income		0.0	1.5
<b>Total income</b>		<b>30.1</b>	<b>29.5</b>
<b>Expenses</b>			
Financial expenses	(2)	12.5	16.4
Administration expenses		4.2	4.9
<b>Total expenses</b>		<b>16.7</b>	<b>21.3</b>
<b>Net profit</b>		<b>13.4</b>	<b>8.2</b>

## Balance sheet of Autoneum Holding Ltd

At December 31

CHF million	Notes	2013	2012
<b>Assets</b>			
Investments	(3)	205.6	218.8
Loans due from subsidiaries		253.8	330.4
Loans due from third parties		4.3	0.0
<b>Non-current assets</b>		<b>463.8</b>	<b>549.2</b>
Loans due from subsidiaries		79.6	0.0
Loans due from third parties		17.8	0.0
Receivables and accruals due from subsidiaries		41.0	109.0
Receivables and accruals due from third parties		2.9	1.9
Treasury shares	(4)	2.3	0.1
Cash and cash equivalents		14.7	12.6
<b>Current assets</b>		<b>158.4</b>	<b>123.6</b>
<b>Total assets</b>		<b>622.2</b>	<b>672.8</b>
<b>Shareholders' equity and liabilities</b>			
Share capital	(5)	0.2	0.2
Legal reserves			
General reserve		292.5	294.7
Reserve for treasury shares	(5)	2.3	0.1
Reserve from paid-in capital	(5)	82.0	85.0
Retained earnings			
Balance brought forward		14.3	6.1
Net profit for the year		13.4	8.2
<b>Shareholders' equity</b>		<b>404.7</b>	<b>394.3</b>
Subordinated shareholder loans	(6)	25.0	25.0
Bond	(7)	124.2	124.0
Long-term provisions	(9)	11.9	46.0
<b>Non-current liabilities</b>		<b>161.1</b>	<b>195.0</b>
Liabilities and accruals due to subsidiaries		51.7	81.3
Liabilities and accruals due to third parties		4.7	2.2
<b>Current liabilities</b>		<b>56.3</b>	<b>83.5</b>
<b>Liabilities</b>		<b>217.4</b>	<b>278.5</b>
<b>Total shareholders' equity and liabilities</b>		<b>622.2</b>	<b>672.8</b>

## Notes to the financial statements of Autoneum Holding Ltd

### 1 Financial income

Financial income comprises primarily of interest income from loans and receivables due from group companies.

### 2 Financial expenses

CHF million	2013	2012
Interest expenses	9.8	11.5
Foreign exchange result net	2.6	4.8
Other financial expenses	0.1	0.1
<b>Total</b>	<b>12.5</b>	<b>16.4</b>

### 3 Investments

Autoneum Holding Ltd recapitalized subsidiaries by converting loans into equity in 2013 and 2012. Participation levels were increased accordingly. The subsidiaries are listed on page 85. They are owned directly or indirectly by Autoneum Holding Ltd.

### 4 Treasury shares

At December 31, 2013, the Company held 36 062 shares (2012: 2 450) that were purchased in 2013 and in prior periods at an average market price of 64.62 CHF (2012: 49.49 CHF) per share. In 2013, the Company purchased 61 747 (2012: 1576) shares at an average share price of 61.20 CHF (2012: 46.83 CHF), transferred 11 358 shares (2012: 19 495) to beneficiaries at an average share price of 53.26 CHF (2012: 42.41 CHF), and sold 16 777 shares (2012: 0) to subsidiaries at an average share price of 64.86 CHF (2012: 0.00 CHF). The treasury shares are valued at the lower of cost or market value. At December 31, 2013, the shares were valued at historic cost.

### 5 Shareholders' equity

#### Share capital

The share capital amounts to 233 618.15 CHF. It is divided into 4 672 363 fully paid registered shares with a par value of 0.05 CHF each.

#### Conditional share capital

For issuing bonds and/or granting shareholder options, the share capital can be increased by a maximum of 700 000 paid registered shares with a par value of 0.05 CHF up to a maximum value of 35 000 CHF. Furthermore, for the issue of shares to employees and subsidiaries, the share capital can be increased by a maximum of 250 000 paid registered shares with a par value of 0.05 CHF up to a maximum value of 12 500 CHF.

#### Reserve for treasury shares

A reserve for treasury shares in the amount of the acquisition costs of the treasury shares was transferred from the general reserve.

### Reserve from paid-in capital

The reserve includes an amount of 27.0 million CHF (2012: 30.0 million CHF) whose distribution as dividends is not subject to income taxes in Switzerland. As a consequence, the dividend distribution can be effected free of Swiss withholding tax.

## 6 Subordinated shareholder loans

The two main shareholders of Autoneum Holding Ltd have granted a subordinated loan of 12.5 million CHF each. The interest rate on these loans is 6% per annum. The loans are due after written notification of the creditors of the Company, but not before the credit facilities of the bank syndicate are fully repaid. They rank after the claims of any unsubordinated creditors of the company and specific subsidiaries, and prior to the claims of other subordinated creditors without fixed maturity.

## 7 Bond

On December 14, 2012, Autoneum Holding Ltd issued a fixed rate bond with a nominal value of 125.0 million CHF, which is listed on the SIX Swiss Exchange. The bond carries a coupon rate of 4.375%, and has a term of five years with a final maturity on December 14, 2017. The proceeds from the bond issue were used to repay existing bank debt and allowed Autoneum to diversify its financial resources, extend the maturity of the financing and take advantage of the favorable capital market.

## 8 Bank debt

At the same time as the bond issue, the long-term credit agreement of 285.0 million CHF, which was concluded on April 12, 2011, between a banking syndicate, Autoneum Holding Ltd, and certain of its subsidiaries, has been amended in various ways: the credit agreement has been reduced to 130.0 million CHF and consists now of one line of credit, which may partly also be used as a guarantee facility. Moreover, securities granted to the lending banks (mortgages on properties in Switzerland and Germany, the deposit of shares of individual subsidiaries, assignment of claims of Autoneum Holding Ltd from intercompany loans, and guarantees of selected subsidiaries) were released in full. The final maturity of the credit agreement is unchanged until December 31, 2014, and the interest rate remains based on the Libor rate plus an applicable margin, which is measured by the ratio of gross debt to EBITDA.

The credit agreement contains financial covenants, regarding among other things equity, gross debt, and other financial ratios. Compliance with financial covenants was checked quarterly and reported to the banking syndicate. In fiscal years 2013 and 2012, the minimum financial requirements were met at all times.

## 9 Long-term provisions

CHF million	2013	2012
At January 1	46.0	46.0
Loss from the sale of Autoneum Italy S.p.A.	-28.4	0.0
Other losses	-5.7	0.0
<b>At December 31</b>	<b>11.9</b>	<b>46.0</b>

## 10 Guarantees

Autoneum Holding Ltd has guaranteed 23.9 million CHF (2012: 28.6 million CHF) to financial institutions for granting credit facilities to direct and indirect subsidiaries and 48.3 million CHF to other third parties for securing transactions they entered with direct and indirect subsidiaries. Furthermore, a financing commitment in the amount of 7.4 million CHF (2012: 7.2 million CHF) was given in favor of a subsidiary.

## 11 Significant shareholders

At December 31, Autoneum knew that the following shareholders had more than 3% of the Company voting rights (in accordance with article 663c CO):

	2013	2012
Artemis Beteiligungen I AG, Hergiswil, Switzerland, Centinox Holding AG, Hergiswil, Switzerland, and Michael Pieper	20.18%	20.14%
PCS Holding AG, Weiningen, Switzerland, and Peter Spuhler	18.24%	19.23%
Capital Group Companies, Inc. (CGC), Los Angeles, USA	5.07%	5.07%
First Eagle Overseas Fund, New York, USA	3.43%	5.06%
ID Sparinvest A/S, Randers, Denmark	n/a	3.88%

In the period from January 1, 2013, to December 31, 2013, Autoneum received the following disclosures from shareholders:

- ID Sparinvest A/S reported as of October 14, 2013, a decrease in participation to 2.99%.
- First Eagle Overseas Fund reported as of October 15, 2013, a decrease in participation to 4.63%.
- Centinox Holding AG, Artemis Beteiligungen I AG, and Michael Pieper reported as of December 23, 2013, the sale of shares held by Artemis Beteiligungen I AG to Centinox Holding AG (publication date: January 8, 2014).
- First Eagle Overseas Fund reported as of November 26, 2013, a decrease in participation to 3.43% (publication date: January 25, 2014, amendment and replacement of the publication dated November 29, 2013).

In the period from January 1, 2012, to December 31, 2012, Autoneum received the following disclosures from shareholders:

- Swiss & Global Asset Management AG disclosed as of January 3, 2012, a decrease in participation to 2.95%.
- Michael Pieper reported as of June 6, 2012, that Artemis Beteiligungen I AG holds a participation of 3.01% (additionally to the 11.51% that are held under the lock-up commitment as of May 13, 2011).
- Michael Pieper reported as of August 9, 2012, that Artemis Beteiligungen I AG holds a participation of 5.51% (additionally to the 11.51% that are held under the lock-up commitment as of May 13, 2011).
- ID Sparinvest A/S reported as of November 12, 2012, a participation of 3.88% (previously held by Sparinvest Fondsmaeglerselskab A/S and transferred to ID Sparinvest A/S by merger of Sparinvest Fondsmaeglerselskab A/S and ID-Sparinvest A/S).

Details of the disclosures can be found at:

[www.six-exchange-regulation.com/obligations/disclosure/major\\_shareholders\\_en.html](http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html)

## 12 Risk management

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Risk management in Autoneum Group is based primarily on the management structure. The Company participates in this risk management process which is described in the consolidated financial statements of Autoneum Holding Ltd on pages 57 to 60.

## 13 Remuneration report and disclosure of payments to the Board of Directors and to the Group Executive Board according to the SIX Corporate Governance-Guideline and article 633b<sup>bis</sup> and 663c, section 3 of the Swiss Code of Obligations

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### Components and definition process for remuneration and equity participation plans

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#### Authority and definition process

The basic features of the remuneration policy are elaborated by the Compensation and Nominations Committee (NCC) and approved by the Board of Directors, which does also approve the Group bonus plan and the long-term incentive plan (LTI), implemented in 2012. The Board of Directors fixes annually the remuneration of the Directors and of the members of the Group Executive Board, based on suggestions of the NCC. The Directors, whose remuneration is decided on, do also participate in the meeting. The Board of Directors reviews annually the main features of the remuneration policy, approves the fixed portion of the remuneration of the Group Executive Board members, and defines the targets for the Group bonus plan as well as the parameters for the LTI. The Board of Directors has not engaged third-party consultants for the elaboration of the salary policy or of compensation programs.

#### Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of the annual fee and of the compensation for representation expenses. The remuneration is determined at the discretion of the Board of Directors, taking into consideration the remuneration at companies with comparable size, industry, and globalization.

The members of the Board of Directors may opt to obtain all or part of their remuneration in cash or in Autoneum shares. The cash component is paid out in December of the related business year. The share price applicable for the conversion of the remuneration into shares is based on the average trading price of the ten trading days following the dividend payment. The shares are delivered at tax values and are blocked for three years following the fixing day. The tax value equals the average trading price described above, discounted to reflect the three-year block period.

#### Remuneration of the Group Executive Board

Remuneration of the Group Executive Board consists of a fixed component, a performance-related bonus, and the participation in the long-term incentive plan (LTI).

Remuneration is determined at the discretion of the Board of Directors taking into consideration function, responsibility and experience, as well as remuneration at comparable industrial companies for which information is publicly available or known to the Directors from their experience or office at similar companies. Industrial companies are considered comparable with Autoneum if they are similar in terms of business sector, structure, size, and international activity.



The members of the Group Executive Board may reach a performance-related remuneration of up to 80% of their basic salary, subject to the achievement or exceeding of defined minimum profitability and liquidity targets of the Group or of the Business Groups (BG), as well as to the achievement of agreed individual targets.

The targets for the CEO and the CFO refer to the net profit margin (weighted with 52.5%), RONA (22.5%) and individual targets (25%). For the heads of the BGs the targets refer to the net profit margin (17.5%), Group RONA (7.5%), BG EBIT margin (35%), BG free cash flow (15%) and individual targets (25%). Minimum and maximum limits are defined for the weighted targets. Achievement of the minimum limit is a condition for the bonus, while maximum bonus is achieved at the maximum limit. Bonus develops linearly between the two limits. Irrespective of the other targets, a bonus is only earned in case of a positive Group net profit.

At least 40% of the bonus (2012: 50%) are paid in shares of Autoneum. Each member of the Group Executive Board can opt for receiving up to 100% of the bonus in shares. The calculated bonus is multiplied by 1.4 and then converted into shares considering the average trading price of the last ten trading days in March. The resulting shares are blocked for three years.

The long-term incentive plan (LTI) allows the Board of Directors to allocate part of the Group net profit to the beneficiaries defined in advance. Beneficiaries are the upper management of the Group, including the Group Executive Board. The total amount of net profit dedicated to the LTI is converted into Autoneum shares. The shares are allocated to the beneficiaries at fixed percentage rates, corresponding to the internal function levels. The shares become property of the beneficiaries after a vesting period of three years, if the beneficiaries are then still employed by an Autoneum company. Immediate vesting occurs in case of death or retirement of a beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the NCC. For the year 2013, 3% of net profit have been allocated. The portion of net profit allocated for 2014 is 1%.

There are no share options or share purchase plans.

The employment contract of the Head BG Europe cannot be terminated with effect before March 31, 2015.

#### Remuneration to the members of the Board of Directors and of the Group Executive Board in 2013

CHF	Remuneration in cash		Shares instead of cash		Other <sup>2</sup>	Total
			Number	Value <sup>1</sup>		
<b>Board of Directors</b>						
Hans-Peter Schwald, Chairman	0		5 258	280 000	48 270	328 270
Rainer Schmückle, Vice-Chairman	119 000		1 000	71 000	25 000	215 000
Michael W. Pieper	0		1 797	100 000	25 322	125 322
This E. Schneider	65 000		839	65 000	29 721	159 721
Peter Spuhler	0		1 760	100 000	27 496	127 496
Ferdinand Stutz	130 000		704	40 000	32 413	202 413
<b>Total</b>	<b>314 000</b>		<b>11 358</b>	<b>656 000</b>	<b>188 222</b>	<b>1 158 222</b>

CHF	Remuneration in cash		Shares (bonus plan)		LTI <sup>4</sup>	Other <sup>5</sup>	Total
	Fixed net	Variable net <sup>6</sup>	Number	Value <sup>3</sup>			
<b>Group Executive Board</b>							
All members	2 669 279	999 317		1 082 792	217 000	492 320	5 460 708
Thereof Martin Hirzel, CEO	630 240	252 096		352 934	54 250	96 107	1 385 627

1 The applicable share price (average trading price during the defined period, less 16% for the three-year blocking period) was 53.25 CHF. The transfer took place after deduction of applicable social security contributions and withholding taxes.

2 Other remuneration includes the employer portion of social insurance contributions as well as lump sum remuneration for representation expenses.

3 The part of the bonus opted to be paid out in shares (at least 40%) is multiplied by the factor 1.4 and then converted into shares at the relevant share price (average trading price during the defined period). The applicable share price was not yet available by the closing of the financial statements 2013.

4 The rights granted in April 2014 will not vest until April 2017.

5 Other remuneration includes the employer portion of social insurance contributions, the employer portion of contributions to pension funds, and other fringe benefits.

6 For the bonus calculation, the net profit 2013, 36.2 million CHF, has been adjusted for the one-time expenses (sale of the subsidiary Autoneum Italy S.p.A. and closure of the plant Dieppe in France) to 74.4 million CHF.

#### Remuneration to the members of the Board of Directors and of the Group Executive Board in 2012

CHF	Remuneration in cash		Shares instead of cash		Other <sup>2</sup>	Total
			Number	Value <sup>1</sup>		
<b>Board of Directors</b>						
Hans-Peter Schwald, Chairman	0		7 199	280 000	48 270	328 270
Rainer Schmückle, Vice-Chairman	150 000		771	40 000	25 000	215 000
Michael W. Pieper	0		2 450	100 000	24 717	124 717
This E. Schneider	65 000		1 569	65 000	27 841	157 841
Peter Spuhler	0		2 416	100 000	26 028	126 028
Ferdinand Stutz	170 000		0	0	30 181	200 181
<b>Total</b>	<b>385 000</b>		<b>14 405</b>	<b>585 000</b>	<b>182 037</b>	<b>1 152 037</b>

CHF	Remuneration in cash		Shares (bonus plan)		LTI <sup>4</sup>	Other <sup>5</sup>	Total
	Fixed net	Variable net	Number	Value <sup>3</sup>			
<b>Group Executive Board</b>							
All members	3 170 508	707 888	15 664	832 097	172 200	493 504	5 376 197
Thereof Martin Hirzel, CEO	625 500	174 645	3 873	205 290	43 050	87 216	1 135 701

1 The applicable share price (average trading price during the defined period, less 16% for the three-year blocking period) was 38.89 CHF. The transfer took place after deduction of applicable social security contributions and withholding taxes.

2 Other remuneration includes the employer portion of social insurance contributions as well as lump sum remuneration for representation expenses.

3 50% of the bonus were multiplied by the factor 1.4 and then converted into shares at the relevant share price (average trading price during the defined period). The applicable share price was 63.45 CHF.

4 The rights granted in April 2013 will not vest until April 2016.

5 Other remuneration includes the employer portion of social insurance contributions, the employer portion of contributions to pension funds, and other fringe benefits.

### Remuneration to former members of the Board of Directors and of the Group Executive Board

There has been no remuneration to former members of the Board of Directors or of the Group Executive Board.

### Directorships at other companies

The Board of Directors decides on directorships of members of the Group Executive Board or of other members of senior management at other companies. When the directorship is exercised outside the contractual working time, the director's remuneration received must not be surrendered to Autoneum.

### Loans to directors or officers

No loans have been granted to members of the Board of Directors or of the Group Executive Board.

### Other remuneration and payments to related parties

There have been no further remuneration or payments to members of the Board of Directors or of the Group Executive Board in 2013 or in 2012. In 2013, 271 975 CHF of fees were paid to the law firm managed by the Chairman of the Board of Directors, for legal services provided.

### Shares held by the Board of Directors or by the Group Executive Board (incl. parties related to them) as of December 31 (article 663c Swiss Code of Obligations)

Number of shares	2013	2012
Hans-Peter Schwald, Chairman	30 000	22 663
Rainer Schmückle, Vice-Chairman	1 771	1 771
Michael W. Pieper	943 000	941 203
This E. Schneider	3 564	2 725
Peter Spuhler	852 436	898 288
Ferdinand Stutz	1 337	633
<b>Total Board of Directors</b>	<b>1 832 108</b>	<b>1 867 283</b>
Martin Hirzel	5 914	2 041
Urs Leinhäuser	4 189	2 439
Matthias Holzammer	1 579	1 000
Richard Derr	2 602	60
Uwe Trautmann	2 549	1 211
Volker Eimertenbrink	1 257	305
<b>Total Group Executive Board</b>	<b>18 090</b>	<b>7 056</b>

## Dividend proposal

### for the appropriation of profit (financial year 2013)

CHF	<b>2013</b>
Net profit according to income statement	13 390 821
Balance brought forward	14 270 250
Reversal of reserve from paid-in capital <sup>1</sup>	6 074 072
<b>At the disposal of the Annual General Meeting</b>	<b>33 735 143</b>
<b>Proposal</b>	
Distribution of a dividend <sup>1</sup>	6 074 072
Carried forward to new account	27 661 071

<sup>1</sup> Shares held by Autoneum Holding Ltd at the time of dividend distribution are not entitled to dividends. The amount distributed as well as the reversal of reserve from paid-in capital will be reduced accordingly at the time of distribution.

The Board of Directors proposes that a dividend of 1.30 CHF is paid per registered share, which will be charged to the reserve from paid-in capital. As a consequence, the dividend distribution will be effected free of Swiss withholding tax.



### **Report of the statutory auditor on the financial statements to the General Meeting of Shareholders of Autoneum Holding Ltd, Winterthur**

As statutory auditor, we have audited the financial statements of Autoneum Holding Ltd, which comprise the balance sheet, income statement, and notes on pages 87 to 96 for the year ended December 31, 2013.

#### *Board of Directors' responsibility*

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

#### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

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

### **Report on other legal requirements**

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

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to be 'K. Stocker', written over a light blue circular stamp.

Kurt Stocker  
Licensed audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to be 'K. Schünke', written over a light blue rectangular stamp.

Kathrin Schünke  
Licensed audit expert

Zurich, March 18, 2014

## Review 2009 – 2013

### Consolidated income statement

CHF million	2013	2012	2011	2010 <sup>1</sup>	2009 <sup>1</sup>
Net sales	2 053.3	1 940.9	1 682.4	1 677.5	1 386.6
BG Europe	901.6	901.2	888.0	897.1	794.2
BG North America <sup>2</sup>	892.4	800.0	571.3	548.9	403.1
BG Asia	128.3	101.4	91.8	76.7	52.0
BG SAMEA <sup>3</sup>	138.4	144.7	140.6	149.5	127.6
Operating result before interest, taxes, depreciation, and amortization (EBITDA)	184.3	146.4	104.2	107.2	-21.5
as a % of net sales	9.0	7.5	6.2	6.4	-1.6
Operating result before interest and taxes (EBIT) <sup>4</sup>	117.4	77.3	34.9	22.3	-115.8
as a % of net sales	5.7	4.0	2.1	1.3	-8.4
Net profit	36.2	29.6	2.3	-41.3	-147.2
as a % of net sales	1.8	1.5	0.1	-2.5	-10.6
Return on net assets in % (RONA)	10.3	10.0	4.1	-0.5	-22.2
Return on equity in % (ROE)	12.5	11.1	0.9	n/a	n/a

### Consolidated balance sheet

Non-current assets	440.7	434.4	417	432.1	499.3
Current assets	549.9	517.5	566.2	590.3	598.5
Equity attributable to shareholders of Autoneum Holding AG	232.9	213.2	200.4	193.0	-157.7
Equity attributable to non-controlling interests	69.1	62.3	56.4	55.1	52.4
Total shareholders' equity	302.0	275.5	256.8	248.1	-105.3
Non-current liabilities	234.9	237.0	228.9	187.0	461.9
Current liabilities	453.8	439.4	497.5	587.3	741.2
Total assets	990.6	951.9	983.2	1 022.4	1 097.8
Shareholders' equity in % of total assets	30.5	28.9	26.1	24.3	n/a

### Consolidated statement of cash flows

Cash flows from operating activities	165.7	114.9	35.6	6.9	-11.0
Cash flows from investing activities	-98.6	-66.8	-82.5	-72.0	-54.5
Cash flows from financing activities	-20.7	-36.4	-10.6	125.6	67.8
Net debt	75.0	123.0	154.8	151.0	528.6
Employees at the end of the year <sup>5</sup>	9 613	9 820	9 435	8 409	8 600

- 1 According to Historical Combined Financial Statements.
- 2 Including USA, Canada, and Mexico.
- 3 Including South America, Middle East, Africa, and Russia.
- 4 Before one-time expenses.
- 5 Excluding apprentices and temporary employees.

### Information for investors

CHF million	2013	2012	2011	2010	2009
Number of issued shares	4 672 363	4 672 363	4 672 363	4 672 363	n/a
Share capital of Autoneum Holding Ltd	0.2	0.2	0.2	0.2	n/a
Net profit of Autoneum Holding Ltd	13.4	8.2	14.2	-8.1	n/a
Market capitalization at December 31	633.3	207.1	228.6	n/a	n/a
as a % of net sales	30.8	10.7	13.6	n/a	n/a
as a % of equity attributable to Autoneum shareholders	271.9	97.2	114.1	n/a	n/a

### Data per share (AUTN)

CHF		2013	2012	2011	2010	2009
Basic earnings per share		3.12	2.61	-2.13	n/a	n/a
Shareholders' equity per share <sup>1</sup>		50.24	45.65	49.38	n/a	n/a
Tax value per share at December 31		136.60	44.35	48.95	n/a	n/a
Share price development	Highest	140.00	57.95	119.00	n/a	n/a
	Lowest	43.30	36.00	43.75	n/a	n/a

<sup>1</sup> Equity attributable to shareholders of Autoneum Holding Ltd per share outstanding at December 31.

All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors, and other factors which are outside the company's control.

March 2014

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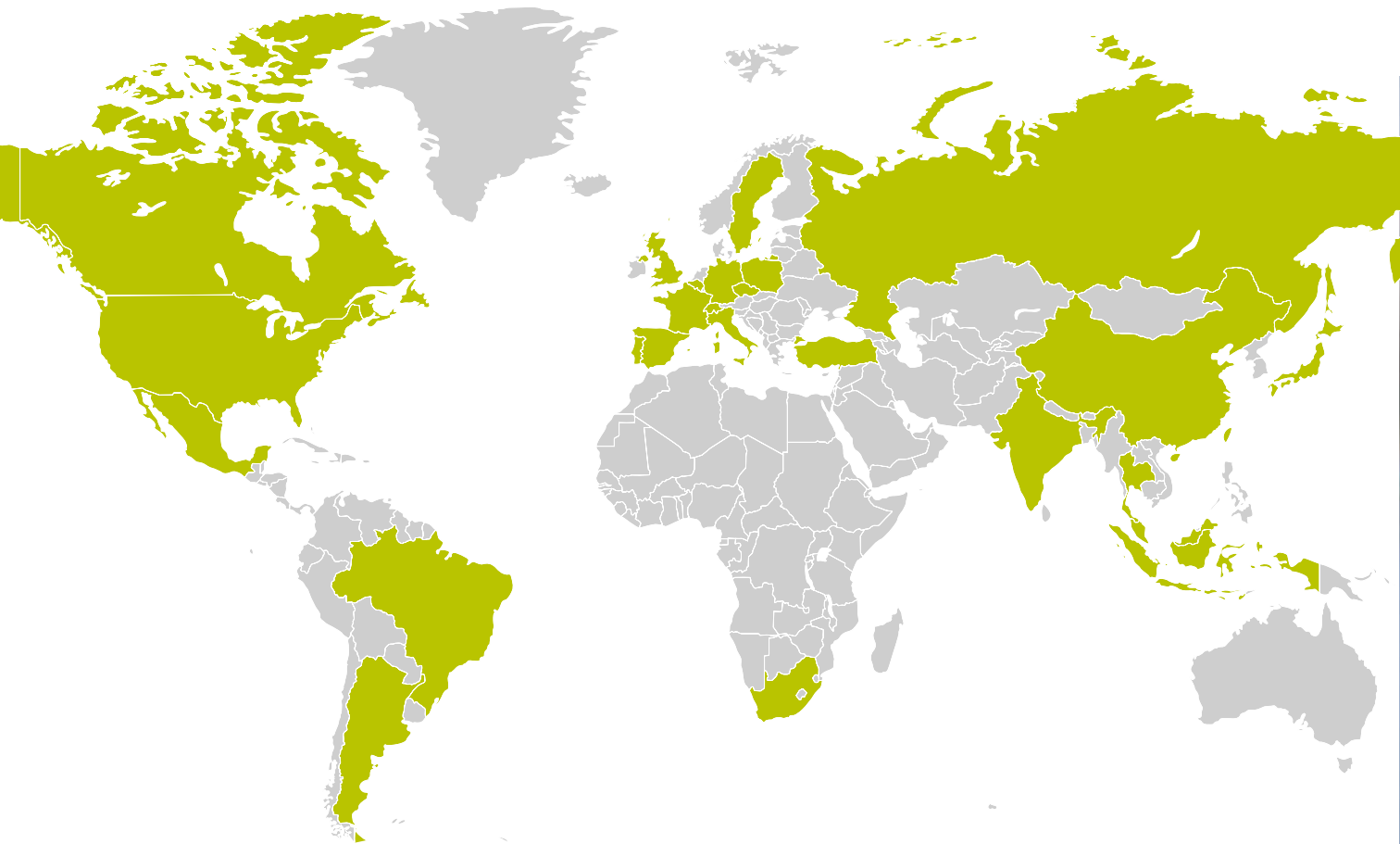
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# Global footprint of Autoneum



Autoneum [Locations with minority shareholders](#) [Investments in associates](#) [Licensees](#)

## Argentina

– Córdoba

## Belgium

– Genk

## Brazil

– Betim  
– Gravataí  
– São Bernardo do Campo  
– Taubaté

## Canada

– London, Ontario  
– Tillsonburg, Ontario

## China

– Chongqing  
– Shanghai  
– Shenyang  
– Taicang  
– Guangzhou  
– Tianjin  
– Wuhan  
– Fuzhou

## Czech Republic

– Bor  
– Choceň  
– Hnátnice

## France

– Aubergenville  
– Blainville  
– Lachapelle-aux-Pots  
– Moissac  
– Ons-en-Bray

## Germany

– Böblingen  
– Großostheim  
– Munich  
– Roßdorf-Gundernhausen

## Great Britain

– Halesowen  
– Heckmondwike  
– Stoke-on-Trent

## India

– Behror  
– Chennai

## Indonesia

– Jakarta

## Italy

– Leini

## Japan

– Aichi  
– Higashi Kyushu  
– Hiratsuka  
– Hiroshima  
– Kyushu  
– Shizuoka  
– Tokyo

## Malaysia

– Shah Alam

## Mexico

– Hermosillo  
– Silao

## Poland

– Katowice  
– Nowogard

## Portugal

– Setúbal

## Russia

– Ryazan

## South Africa

– Rosslyn  
– Durban

## Spain

– A Rúa  
– Valldoreix

## Sweden

– Göteborg

## Switzerland

– Winterthur (HQ)  
– Sevelen

## Taiwan

– Tao Yuan Hsien

## Thailand

– Rayong  
– Chonburi  
– Samutprakarn

## Turkey

– Bursa  
– Bursa

## USA

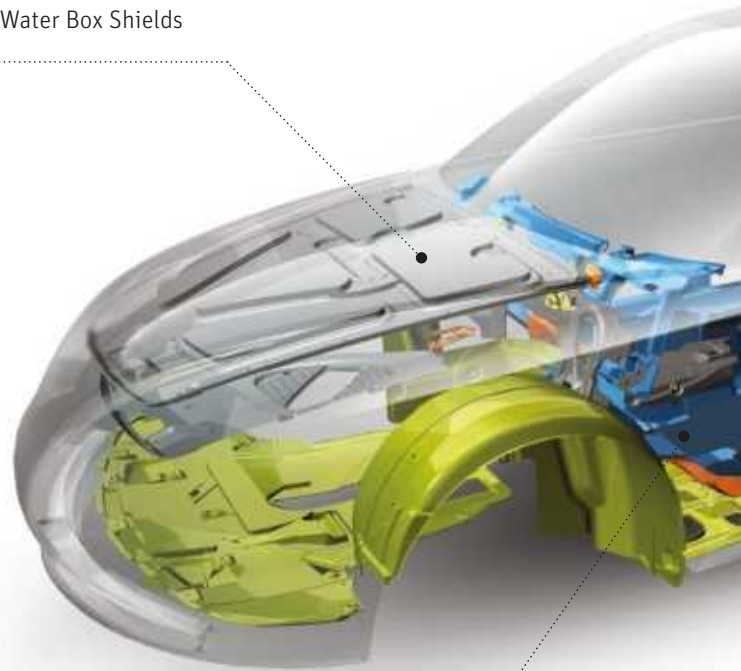
– Aiken, South Carolina  
– Bloomsburg, Pennsylvania  
– Farmington Hills, Michigan  
– Oregon-Lallendorf, Ohio  
– Oregon-Wynn, Ohio  
– Chicago Heights, Illinois  
– Jackson, Tennessee  
– Somerset, Kentucky  
– Tinley Park, Illinois  
– Valparaiso, Indiana

## Our product range



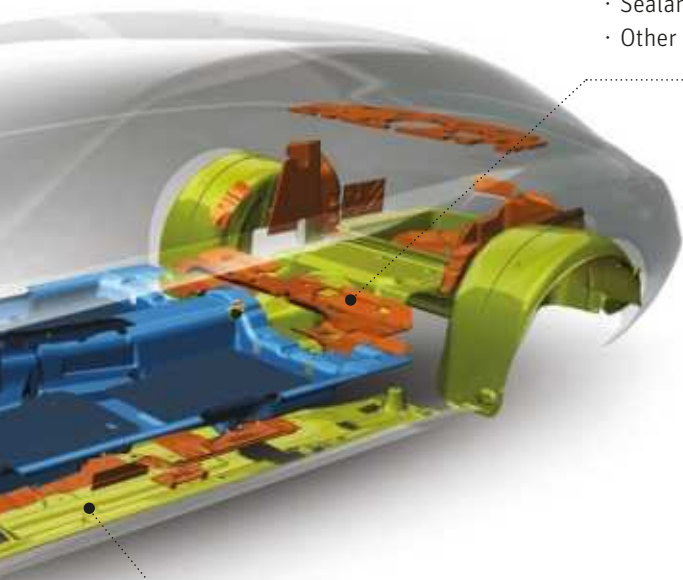
### Engine Bay

- Engine Covers
- Hoodliners
- Outer Dashes
- Water Box Shields



### Interior Floor

- Inner Dashes
- Non-woven Carpets
- Tufted Carpets
- Floor Insulators
- Floor Mats



### Body Treatment

- Dampers/Stiffeners
- Sealants
- Other Acoustic Parts



### Underbody

- Underbody Shields
- Floor Pans
- Heatshields
- Outer Tunnel Insulators
- Wheelhouse
- Outer Liners



Autoneum. Mastering sound and heat.



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