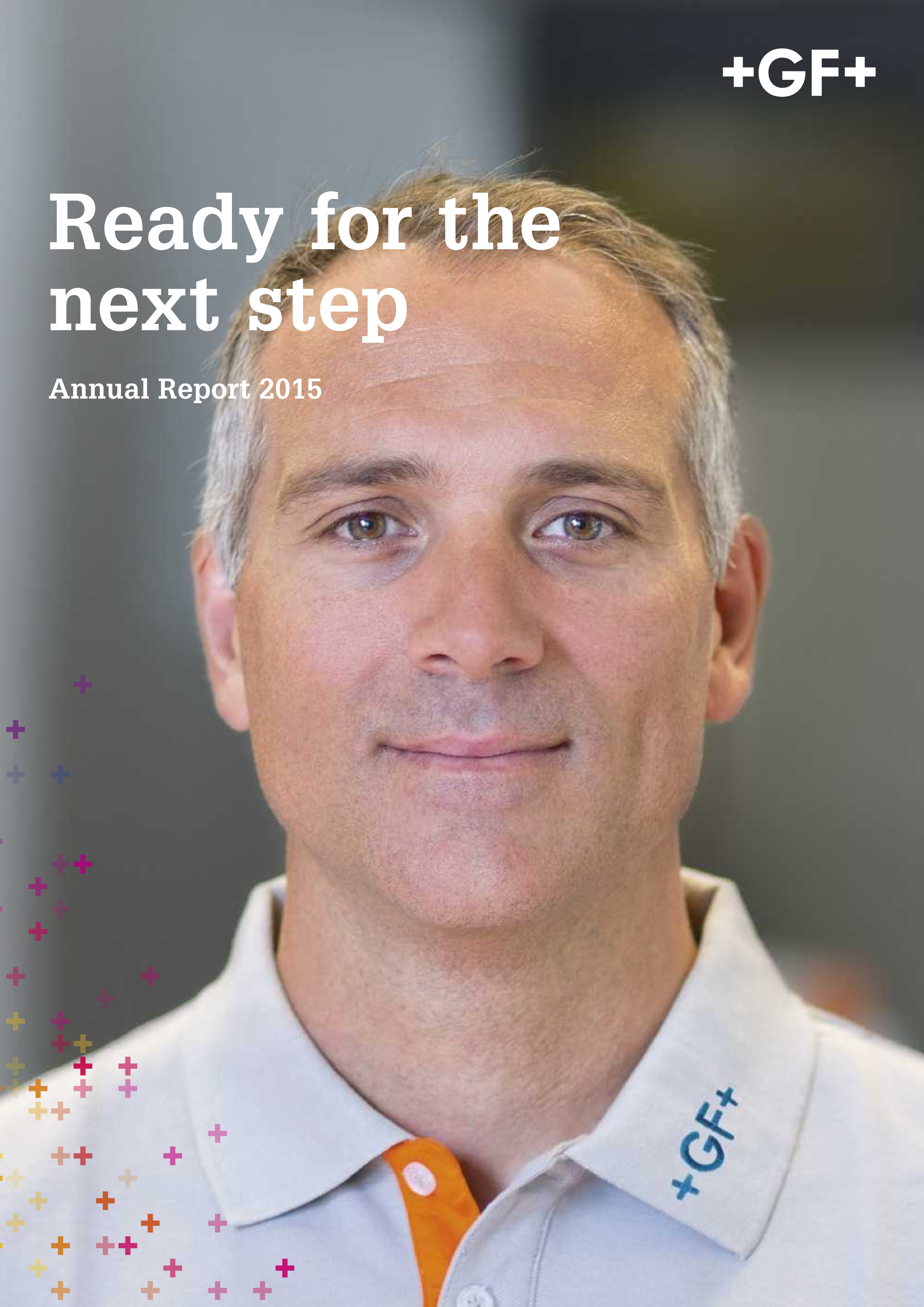
+GF+

Ready for the next step

Annual Report 2015



Content

Financial Report 2015

Our three divisions

GF Piping Systems is a leading supplier of piping systems made of plastics and metal. The division focuses on system solutions and high-quality components for the safe transport of water and gas in industry, utilities, and building technology. Its product range includes fittings, valves, pipes, automation and jointing technologies and covers all applications throughout the water cycle.

GF Piping Systems supports its customers in over 100 countries through its own sales companies and representative offices. The division is present in Europe, Asia, and the Americas with more than 30 manufacturing sites and research and development centers, which also support energy-saving use of raw materials and resources.

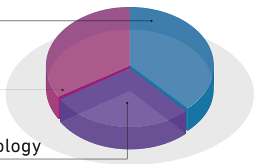
GF Automotive is a technologically pioneering development partner and manufacturer of lightweight cast components and systems made of ductile iron, aluminum, and magnesium for the global automotive industry as well as a variety of other industrial applications. The highly complex lightweight components contribute to making modern vehicles lighter and reduce their CO_2 emissions.

GF Automotive manufactures at nine production plants in Germany, Austria, and China. In those countries as well as in Switzerland, Korea, and Japan it also operates sales offices. The lightweight research and development competency is in Schaffhausen (Switzerland) and Suzhou (China).

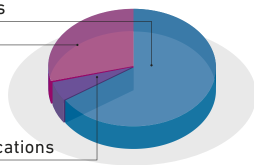
GF Machining Solutions provides milling and electrical discharge machines (EDM), additive manufacturing solutions, laser texturing, automation, tooling, and spindles. These complete solutions make the division one of the world's leading provider to the tool- and mold-making industry and to manufacturers of precision components. The most important customer segments are the aerospace industry, ICT, and the automotive sector.

GF Machining Solutions operates its own sales companies in more than 50 countries to provide customer services locally. Production facilities as well as research and development centers are located in Switzerland, Sweden, and China.

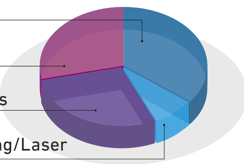
Sales: CHF 1 417 million



Sales: CHF 1 321 million



Sales: CHF 902 million



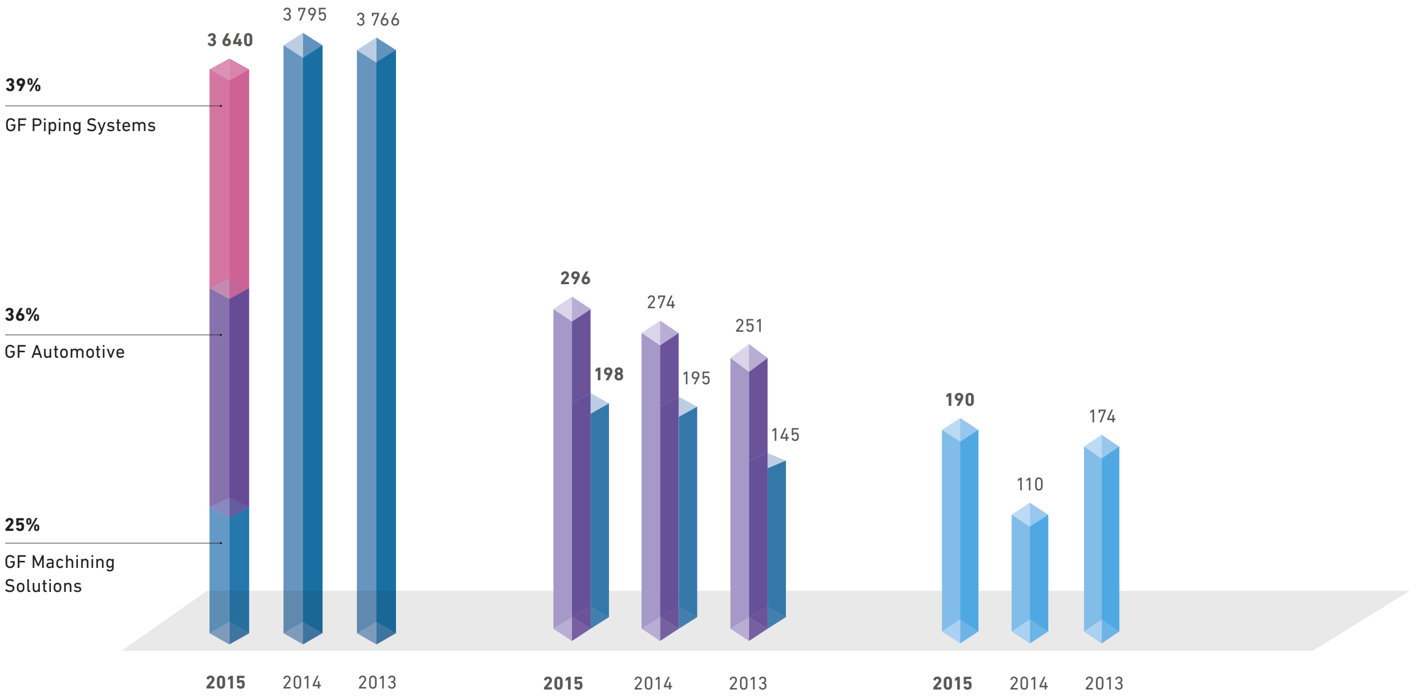
	GF Piping Systems		GF Automotive		GF Machining Solutions	
CHF million	**2015**	2014	**2015**	2014	**2015**	2014
Order intake	**1 429**	1 493	**1 331**	1 412	**902**	932
Sales	**1 417**	1 476	**1 321**	1 415	**902**	905
EBITDA	**193**	190	**148**	154	**92**	65
EBIT	**143**	142	**89**	93	**78**	53
EBIT before one-off effects	**149**	142	**95**	93	**64**	53
Return on sales (EBIT margin) %	**10.1**	9.6	**6.7**	6.6	**8.6**	5.9
Return on sales (EBIT margin) before one-off effects %	**10.5**	9.6	**7.2**	6.6	**7.1**	5.9
Return on invested capital (ROIC) %	**18.0**	17.1	**22.1**	21.8	**21.9**	16.9
Number of employees	**6 237**	6 086	**5 037**	4 898	**3 003**	3 008

Our Corporation

GF comprises three divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 32 countries with 121 companies, 45 of them production facilities. Its approximately 14 400 employees generated sales of CHF 3.64 billion in 2015. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies.

The GF Executive Committee at the GF Automotive plant in Suzhou (China). From left to right: Pascal Boillat (Head of GF Machining Solutions), Roland Abt (CFO), Yves Serra (CEO), Pietro Lori (Head of GF Piping Systems), and Josef Edbauer (Head of GF Automotive).

Key figures

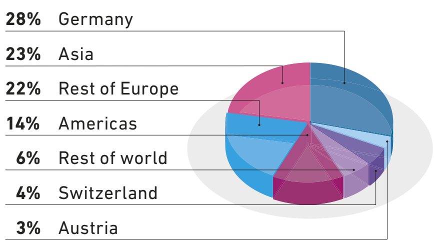


Sales
3 640 million CHF

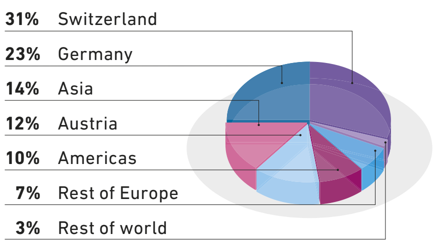
EBIT 296 million CHF
Net profit 198 million CHF

Free cash flow before acquisitions/divestitures
190 million CHF

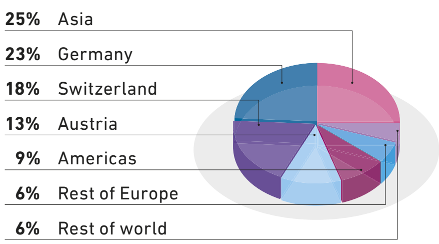
Sales 2015 by region (in %)
(100% = CHF 3.64 billion)



Gross value added 2015 by region (in %)
(100% = CHF 1.35 billion)



Employees 2015 by region (in %)
(100% = 14 424)



CHF million	**2015**	2014	2013
Order intake	**3 662**	3 836	3 795
Sales	**3 640**	3 795	3 766
EBITDA	**422**	399	380
EBIT	**296**	274	251
EBIT before one-off effects	**294**	274	251
Net profit	**198**	195	145
Free cash flow before acquisitions/divestitures	**190**	110	174
Return on sales (EBIT margin) %	**8.1**	7.2	6.7
Return on sales (EBIT margin) before one-off effects %	**8.1**	7.2	6.7
Return on invested capital (ROIC) %	**18.9**	17.9	16.7
Number of employees	**14 424**	14 140	14 066

Strong results, strategy objectives achieved

Dear shareholders

Thanks to a strong second half-year, 2015 ended up better than it started, allowing GF to reach profitability levels not seen since 2006 and meet the 2011–2015 strategy targets published early 2011.

Owing to the Swiss franc's sharp appreciation of January 2015, sales decreased 4% to CHF 3 640 million. In local currencies and adjusted for acquisitions and divestments, turnover was up 1%.

8.1

% return on sales for GF

The operating result (EBIT) rose to CHF 296 million, up 8% compared to previous year. Adjusted for one-off effects, the EBIT stood at CHF 294 million, resulting in an EBIT margin (ROS) of 8.1% against 7.2% in 2014, in line with the strategy objective of 8%. The total one-off effect of CHF 2 million consists, on one hand, of the profit of CHF 18 million generated by the sale of an administrative building of GF Machining Solutions in Geneva and, on the other hand, of the CHF 10 million negative one-off impact of the Swiss franc's appreciation in January 2015, as well as of a provision of CHF 6 million taken for the closing of two older molding lines of GF Automotive in Germany.

The return on invested capital (ROIC) also increased to 18.9%, well inside the strategy objective range of 16 to 20%. All three divisions generated ROICs clearly higher than previous year, significantly above their cost of capital.

73

% growth for the free cash flow

Total net profit amounted to CHF 198 million, resulting in earnings per share of CHF 46, up 2%. Free cash flow substantially rose by 73% to CHF 190 million. Given the improved results, the Board of Directors proposes to the Annual Shareholders' Meeting an increased dividend of CHF 18 per share (previous year: CHF 17).

Proactive countermeasures mitigated the Swiss franc's appreciation

The negative effect of the large and sudden Swiss franc's appreciation in January 2015 amounted to CHF 245 million on the top-line and CHF 28 million on the operating result, of which CHF 10 million one-offs on the net working capital sheet. Most of the profitability impact was borne by GF Piping Systems on account of its exposure to the euro and, to a lower extent, by GF Machining Solutions. The quick countermeasures, taken as of February 2015, including the increase of working time to 44 hours per week for all Swiss employees as well as additional supply chain cost reductions certainly helped mitigate the impact.

GF Piping Systems

GF Piping Systems generated sales of CHF 1 417 million, down 4% from previous year. Adjusted for currency effects, sales stood at previous year's level. The second half-year was clearly stronger than the first, especially regarding industrial applications worldwide. Sales in China also picked up and market share in Turkey has been steadily increased.

Yves Serra, President and CEO (left), and Andreas Koopmann, Chairman of the Board of Directors, at the GF Piping Systems plant in Schaffhausen.

It is to be noted that plastic raw material prices went down by ca. 20% in 2015 resulting in lower pipe prices, for a negative impact of approx. 2% on the turnover of GF Piping Systems. The operating result increased to CHF 143 million bringing the ROS back to double-digit levels at 10.1%, well above previous year (9.6%). Plants remained by and large well-loaded and the measures taken to improve profitability at GF Hakan in Turkey contributed significantly to the result.

10.1
% return on sales for GF Piping Systems

GF Automotive

At GF Automotive, turnover was down 7% in Swiss francs to CHF 1 321 million, but adjusted for currency effects as well as for acquisitions and divestments, sales were up 2%. The car market remained overall robust in Europe and China and the truck-related demand recovered well after the first quarter 2015.

6.7
% return on sales for GF Automotive

The operating result stood at CHF 89 million for a ROS of 6.7%, up from 6.6% in 2014. In particular the load of most light metal plants was consistently high and the German die-casting mold maker Meco Eckel, acquired in 2014, performed very well. In order to ensure a better load at our European iron casting plants, two molding lines will be mothballed resulting in a one-off charge of CHF 6 million.

In China, all plant extensions proceeded according to plan in a country which now accounts for 15% of the turnover of GF Automotive. In the US, GF Automotive has entered into a joint venture with Linamar, a leading machining specialist, to establish a new light metal foundry in the south-east of the country. Completion is expected for the end of 2017.

GF Machining Solutions

GF Machining Solutions generated sales of CHF 902 million basically on a par with previous year. In local currencies and adjusted for acquisitions, growth reached 2%. Strong orders in the aerospace sector worldwide and in the ICT (Information and Communication Technology) sector in Asia underpinned the good sales performance and maintained the backlog at a very high level.

47
% growth for the operating result of GF Machining Solutions

The operating result rose 47% to CHF 78 million of which CHF 18 million came from the one-off profit from the sale of an administrative building in Geneva. Most plants were well-loaded and the natural hedge of the division helped to compensate the Swiss franc's appreciation.

At the major machine-tool exhibition (EMO), which took place in Milano early October, GF Machining Solutions presented numerous novelties in products and services, attracting a large customer audience, certainly a positive sign for the future. The company Liechti, acquired in 2014, recorded a strong year and the division entered in 2015 the 3D printing machine business through a strategic partnership with Germany-based EOS, the world leader in the field.

Strategic and financial objectives 2011–2015 achieved

During the past five years, GF steadily improved its profitability and significantly lessened its cyclicity. The Corporation reduced its dependence on Europe to less than 60% of its turnover. The share of GF Piping Systems has been lifted up to 40% of the total turnover. GF Machining Solutions moved towards less cyclical sectors and GF Automotive focused on its most promising technologies. As a result, despite serious currency headwinds and volatile market conditions, GF reached an 8.1% EBIT margin (ROS) in 2015, in line with the financial objective of the 2011–2015 strategy.

Strategy 2020 – profitable expansion

18–22
% ROIC – one of the main targets in the strategy 2020

The 2020 strategy calls for profitable expansion at all three divisions by leveraging the successful path of the last five years and by adding significant novelties to its offering as well as acting on its global footprint. By 2020 the Corporation aims at reaching a turnover in the range of CHF 4.5 to CHF 5.0 billion (at constant exchange rates) for an average growth of 3 to 5% per year, whilst achieving profitability levels of 18 to 22% for the ROIC and 8 to 9% for the ROS. This would bring the earnings per share well above CHF 50, compared to an average of CHF 40 in the past five years.

In order to reach these goals, GF will first continue to optimize productivity in Europe. At the same time, the Corporation will keep expanding its activities in the growth markets of Asia and America, reinforced through selected acquisitions and joint ventures. The aim is to generate in those two regions more than 50% of its global turnover and thus better balance its geographical sales mix.

Secondly, all three divisions will shift their portfolio towards higher margin businesses. GF Piping Systems will increase the share of higher-end products like sensors, valves, and automation as well as develop the promising service business. GF Automotive will further invest in the value chain as customers call for ready-to-mount components and enlarge the scope of its non-automotive businesses. GF Machining Solutions will keep strengthening its presence in less cyclical sectors like medtech, aerospace, and ICT as well as widen its technology portfolio.

Outlook for 2016

The economic environment remains demanding and volatile. The momentum observed during the second semester of 2015 is however positive. The backlog of both GF Automotive and GF Machining Solutions stands at high levels. The secular trends underpinning all three divisions of GF remain positive and their well-balanced geographical presence should foster profitable growth as well as a better stability of earnings. The outlook in our markets in China remains quite stable despite the current uncertainties. Based on today's evaluation of the economic environment, we therefore expect in 2016 a result in line with our strategic goals 2016–2020.

Changes in GF's Board of Directors

At the Annual Shareholders' Meeting of March 2015, Rudolf Huber (60) and Isabelle Welton (52) did not stand for re-election. We thank very much Rudolf Huber and Isabelle Welton for their very valuable contributions to our company. Rudolf Huber was elected in 2006 and became Chairman of the Audit Committee in 2012. Isabelle Welton was elected in 2013. We wish both of them all the best for the future.

Upon proposal by the Board of Directors, shareholders agreed to reduce Board size from 7 to 10 to 6 to 9 members. At the same meeting, Eveline Saupper has been elected as a new Board member. We warmly welcome Eveline Saupper, long-term partner at the Homburger law firm of Zurich and board member of Syngenta, Baloise Insurance, and Flughafen Zürich AG. We wish her much satisfaction as member of the GF Board.

Success thanks to the dedication of our employees – appreciation for our stakeholders

Despite turbulent markets and the Swiss franc shock of January 2015, we were able to reach our objectives. Our heartfelt gratitude goes to all our employees for their dedication and team spirit. We specially commend all our Swiss-based employees who readily accepted to work longer hours to help compensate the appreciation of the Swiss currency. It gave us time to enact measures to enhance productivity, reduce our costs, and secure the competitiveness of our Swiss production sites. Such a constructive social partnership is certainly a key factor behind our decision to continue investing in Switzerland, in particular in a CHF 100 million new GF Machining Solutions plant in Biel.

Our customers also deserve our special thanks. Their feedback and cooperation guide our innovation efforts and spur our efforts to always improve our service. Finally, we are very much honored by the continuing trust that our investors, shareholders, and banks place in our company.

Andreas Koopmann
Chairman of the Board of Directors

Yves Serra
President and CEO

Review

Milestones 2011–2015

Crucial steps were taken in all three divisions during the strategy cycle 2011 to 2015. Targeted acquisitions and cooperations have improved the company's long-term profitability, its global footprint and reduced its dependence on the economic cycles.

2011

With its **Strategy 2011–2015**, GF focuses on performance, reducing cyclicality, and enhancing the corporation's global footprint.

GF Piping Systems acquires **Harvel Plastics Inc.**, the US market leader for industrial piping systems.

The new strategy defines **sustainability targets** to the end of 2015.

GF Automotive focuses its activities on **lightweight** components.

2012

Entry into **new market segments**, e.g. shipbuilding, accelerates GF Piping Systems' growth.

Acquisition of **Independent Pipe Products Inc. (IPP)** strengthens market position of GF Piping Systems in North America.

GF Automotive starts the state-of-the-art production **facility** for lightweight components in Mettmann (Germany).

For the first time in history, China is the **biggest market** for two divisions: GF Machining Solutions and GF Piping Systems.

#1

The 50/50 joint venture **Chinaust** becomes the biggest company of GF.

2013

GF Piping Systems acquires **Hakan Plastik,** the leading provider of plastic piping systems in Turkey.

4th Technology Day: The three divisions present to analysts and media a large number of innovative solutions.

GF AgieCharmilles changes its name to **GF Machining Solutions.** The change underscores the fact that GF is a unified company with three divisions.

2014

GF Automotive focuses on its core activities of iron sand casting and light metal high-pressure die-casting. **Gravity die-casting** business in Austria is divested.

GF Machining Solutions acquires Swiss-based **Liechti Engineering** and expands its presence in the promising aerospace market sector.

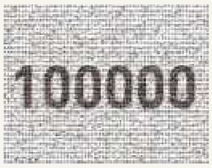
Partnership with mold maker **Meco Eckel** (Germany), enhances the competitiveness of lightmetal offering at GF Automotive.

GF Piping Systems generates sales of CHF 1 476 million and becomes GF's **largest division** for the first time.

2015

The manufacturing footprint of GF Automotive in **China** is increased by 50% to meet the growing demand for locally produced lightweigth structure and powertrain components.

GF Machining Solutions has sold **100 000** machines.



GF Machining Solutions enters the industrial 3D printing business with a strategic cooperation agreement with German-based **EOS**.

GF Automotive enters the North American automotive market and starts a joint venture with Canada-based **Linamar Corp.**, a specialist in precision processing. GF Linamar LLC invest in a new light metal foundry.

GF Machining Solutions plans a new modern **machine tool facility** in Biel (Switzerland) to meet strong customer demand for high-speed milling machines.

We are GF

Ready for the next chapter

More than 14 400 GF employees all over the world put our customers first – day in, day out. Six GF employees from Europe, Asia, and America reflect the passion and dedication of all their colleagues. Regardless of national borders, their commitment and team spirit make a key contribution to ensuring that GF will become even more successful with its strategy 2020.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"Our strategy 2020 is geared towards profitable expansion"

With the strategy 2015, GF wanted to increase its profitability and reduce its cyclicity. Has the strategy worked out?

We wanted GF Piping Systems to become the largest division of GF because GF Piping Systems is less cyclical and more profitable. This was achieved already in 2014. We also wanted GF Automotive to focus on its more promising and profitable technologies and GF Machining Solutions to develop in less cyclical sectors. This has also been done. Finally we aimed at a balanced presence worldwide to better absorb local ups and downs, with Asia and America making up more than 40% of our sales from 30% in 2010. We also made this shift happen.

How about the financial targets of the 2015 strategy?

Despite the sudden appreciation of the Swiss currency, we increased our profitability almost every year and reached the ambitious objectives we set for ourselves in 2010, that is a return on sales in the 8% range and a return on invested capital between 16 and 20%. At constant currencies, we also would have reached sales of CHF 4.5 to 4.7 billion, not far from our original CHF 5 billion goal.

Let us now look into the future. What are the main goals of the strategy 2020?

Our strategy 2020 is geared towards profitable expansion. We aim at growing to CHF 4.5 billion, that is an increase of 20% compared to 2015 at constant exchange rates. With acquisitions, our objective is CHF 5 billion at constant currencies. In addition we aim at a high profitability of 18–22% for the return on invested capital (ROIC) and 8–9% for the return on Sales (ROS). This would bring our earnings per share well above CHF 50 from CHF 40 in average during the last five years.

Which measures allow GF to reach these goals?

We have identified three main strategic thrusts: first, we will expand again in the growth markets of Asia and the Americas whilst continuing to optimize productivity in Europe. Second, we will shift our portfolio towards businesses where we can generate higher margins and third, we will drive sales proficiency and innovation excellence throughout the organization.

Why do you want to further expand in Asia and Americas?

We must be strong where the markets are. Furthermore, a balanced presence worldwide reduces the impact of regional crisis. For all three divisions of GF, that means expanding in Asia and Americas. At GF Automotive, we will build our first light-metal casting plant in the US together with our joint venture partner Linamar. In China we will expand our manufacturing footprint at all three divisions. We will rapidly develop our presence in India and in South Asia, especially at GF Piping Systems.

How do you intend to optimize productivity in Europe?

In Switzerland, we will invest to bring together our milling activities in a new, modern facility in Biel. In Germany, we are heavily investing to automatize our iron foundries in order to enhance efficiency and competitiveness. These are a few examples to illustrate how we foster productivity in Europe.

Yves Serra, President and CEO

What does it mean for your homebase in Switzerland?

Although we must and will invest in growth markets, we will keep our core technologies in Switzerland. Here is the heart of GF. As a Swiss company we must be able to offer competitive high-end products. That means continuously automatizing our processes and optimizing our productivity.

Each company tries to identify higher-margin businesses. Where can GF find these segments?

At GF Piping Systems we will increase the share of high-end products like sensors, valves, and automation as well as enter the promising service sector. At GF Automotive we will invest more in machining to offer ready-to-mount components. We will also enlarge our die-casting mold activity to contribute earlier to our customers' designs. GF Machining Solutions will keep strengthening its presence in promising sectors like aerospace and ICT. The division will also differentiate itself by offering integrated automation solutions in line with the needs of its premium customers for self-improving systems and by enlarging its technology port-folio for example in laser texturing as well as 3D printing machines.

"We must be strong where the markets are."

Yves Serra, President and CEO

The third main strategic thrust is to drive sales proficiency and innovation excellence. What will this initiative bring?

As a Swiss based company, we certainly cannot count on a weak home currency but we can continuously hire and develop talents in order to make a difference in the eyes of our customers. To support our drive towards higher-margin businesses, we will optimize the skills of our sales force and quicken our innovation pace. We will also continue to systematically train all our companies on collaborative skills, the basic ingredient to work effectively together across cultures and on execution excellence to involve everyone in setting up goals and measures in each of our companies.

Where are the challenges for GF over the next years?

Like in the past, we know that unforeseen events may impact our company. We need therefore to stay flexible to accommodate those changes if and when they occur and quickly identify opportunities wherever they are.

GF Inside

Joining forces for success

Thanks to their wide global presence, the GF divisions are able to offer integrated solutions in all key markets. Customers all over the world know that on every single project, they can fully rely on the premium quality and expertise offered by GF. Three GF employees describe what really matters.

14 GF Piping Systems supplies piping systems for the elaborate infrastructure of the Midfield Terminal at Abu Dhabi International Airport. Abdelfattah Bensammoud talks about how this contract came about.

GF Piping Systems

18 Advantage customer: A new mold concept in the casting process saves ThyssenKrupp Presta having to carry out additional work on a car component that is produced in millions. Raimund Mauerberger reports on this long-standing partnership.

GF Automotive

22 The Chinese company Himile, global market leader for tire molds, opts for the high-precision processing provided by GF Machining Solutions. Jun Du describes the successful collaboration.

GF Machining Solutions

700 000 m^2 of floor space

8 500 passengers per hour

>200 km of plastic pipes will be installed

5 locations from all over the world are involved

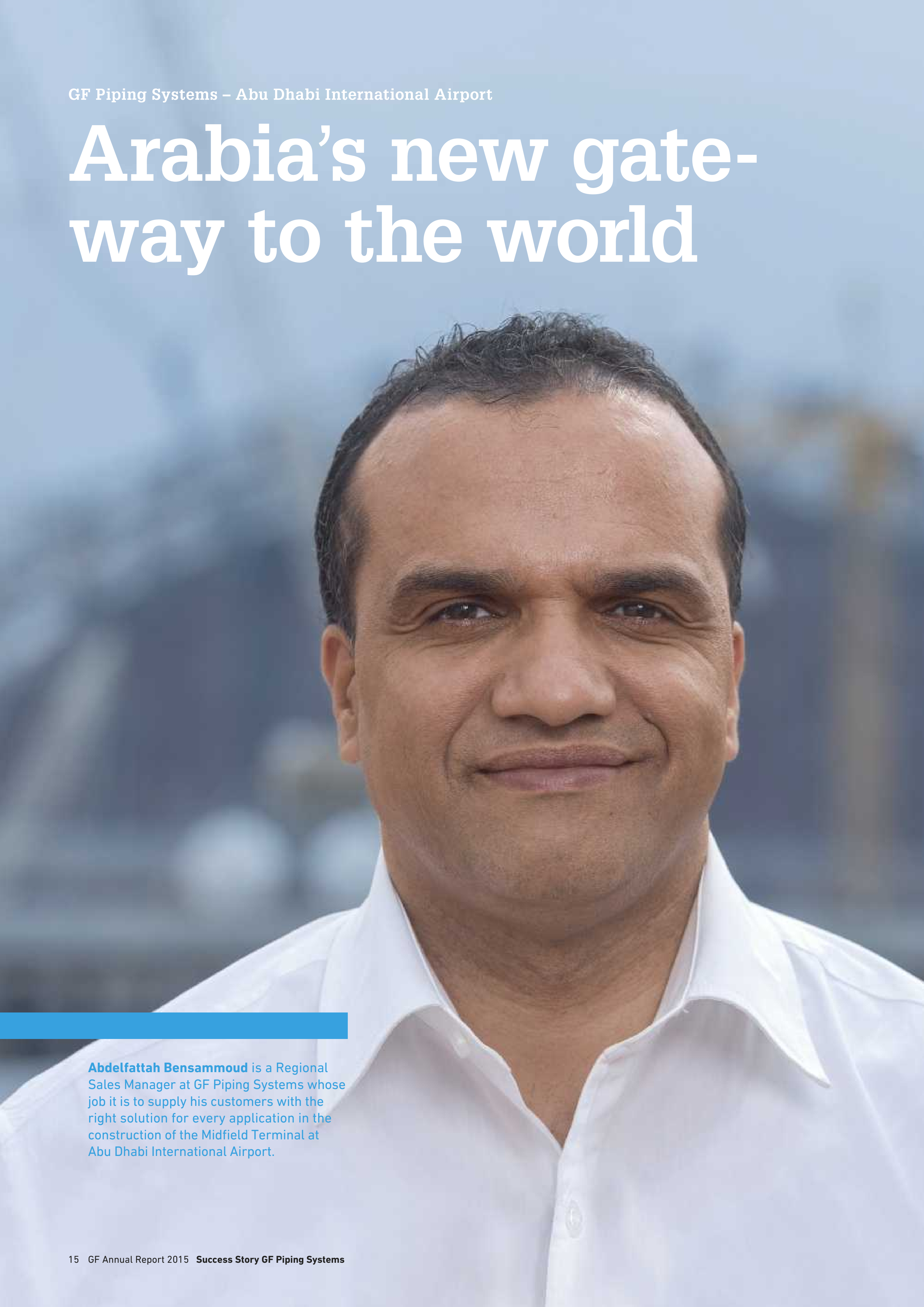
Reliable partner
GF Piping Systems supplies the piping for the state-of-the-art infrastructure with products from a single source and always on time.

High-tech for fierce conditions
Extremely robust system solutions compensate the expansions and contractions due to the marked differences in temperature between day and night.

Mega-project in the desert
Starting in 2017 the new Midfield Terminal at Abu Dhabi International Airport will be the heart of the largest aerodrome of the emirate on the Persian Gulf.

GF Piping Systems – Abu Dhabi International Airport

Arabia's new gate-way to the world



Abdelfattah Bensammoud is a Regional Sales Manager at GF Piping Systems whose job it is to supply his customers with the right solution for every application in the construction of the Midfield Terminal at Abu Dhabi International Airport.

“Good partners”

Interview with Ali Kassaymeh, Director of Operations, EFECO

A subsidiary of construction company Arabtec, EFECO is responsible for the installation of all piping systems in the construction of the Midfield Terminal. As Director of Operations, it is Project Manager Ali Kassaymeh’s job to ensure that the building works run smoothly. And in doing so he relies on the products and services of GF Piping Systems.

Mr. Kassaymeh, do you often work on buildings as large as the Midfield Terminal?

Of course, we do often have megaprojects but the Midfield Terminal is the biggest EFECO has ever been involved in. We previously worked on the new Terminal 2 at the airport in Dubai. But that was on a much smaller scale and didn’t have such complex requirements.

What were the main reasons for you choosing to use GF Piping Systems products?

We wanted only the best products for this megaproject. I’ve known the pipes and fittings from GF Piping Systems for almost 20 years now and I’m absolutely convinced by their high quality. The products are extremely stable and meet all of the project specifications. Besides that, we need piping systems for a huge range of applications. With GF Piping Systems, we can get all of the products and materials we need out of one hand and whenever we need them.

What is the working relationship with GF Piping Systems like?

It’s very close. We talk openly about all possible problems and technical difficulties. The service team at GF Piping Systems comes up with a solution for us within 24 hours or gives us technical advice. Abdelfattah Bensammoud is very attentive to our needs. The people at GF Piping Systems know how important this construction project is. That’s why EFECO and GF Piping Systems have been good partners for many years.

The new Midfield Terminal at Abu Dhabi International Airport is currently one of the biggest construction sites in the Gulf. 30 million passengers a year are expected to pass through the emirate’s modern airport terminal from 2017 onward. A wide range of piping systems supplied by GF Piping Systems are helping ensure that the infrastructure works perfectly.

Megaproject // The new Midfield Terminal for Abu Dhabi International Airport is springing up in the Abu Dhabi desert. The enormous X-shaped building is still one gigantic construction site right now. But it’s set to be a destination for visitors from all over the world as soon as 2017. More than 40 airlines already fly to the emirate. So the Abu Dhabi Airports corporation began building the Midfield Terminal, located right in the middle between the two runways, at the end of 2012 to enable it to serve the growing volume of air traffic. Once completed, some 30 million passengers a year will be able to use the airport.

Complex infrastructure // With 700 000 square meters of floor space, the Midfield Terminal is set to be the biggest single building in Abu Dhabi. The roof, which spans as much as 180 meters in places is large enough to cover 21 soccer pitches with ease. But for the building’s complex infrastructure to function smoothly and fail-safe at all times, high-quality installations and products are essential.

Ultrahigh efficiency // When it comes to the piping systems for the water supply and the wastewater, and for transporting the cooling water for the air conditioning and the fire protection system, Abu Dhabi Airports and the joint venture between construction firms TAV, CCC, and Arabtec are therefore relying on products from GF Piping Systems. “We are supplying pipes and fittings for a very wide range of areas in the infrastructure of the new terminal”, said Abdelfattah Bensammoud, Regional Sales Manager in the Sales Office at GF Piping Systems in Dubai.

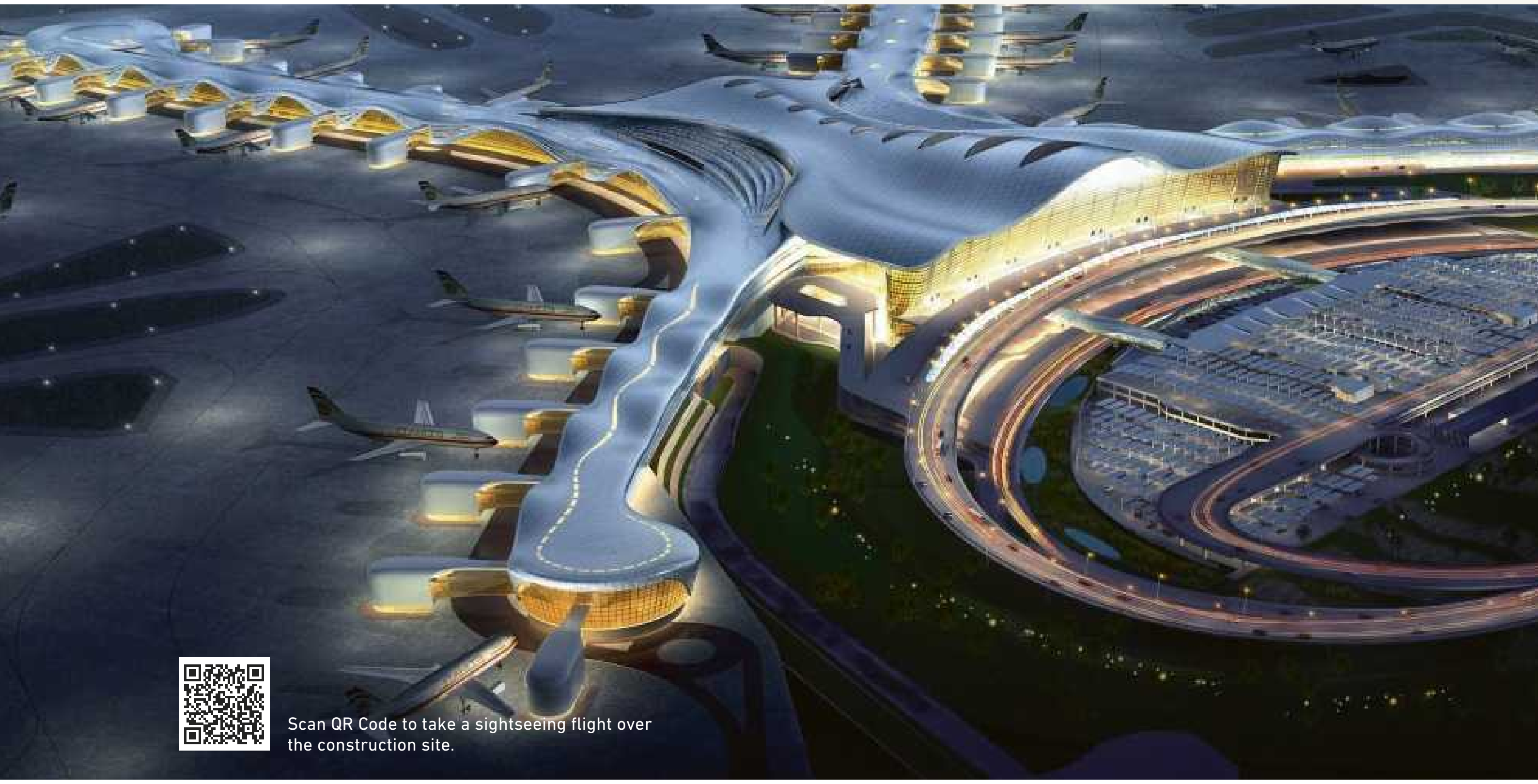
For the cold water and hot water pipes, the wastewater system and the fire extinguishing water supply pipes, what’s being deployed is the Aquasystem with pipes made of polypropylene, PVC-U and high-density HDPE alongside the extremely robust Waga MULTI/JOINT fittings. In the desert climate, the extreme differences in temperature between night and day place a special strain on the pipes. “We used special piping solutions completely made of PE100 material and welded using ELGEF Plus fittings in the Midfield Terminal to compensate for the expansion and contraction of the material that happens in that environment”, explained Bensammoud. The efficient water pipes from GF Piping Systems also restrict the consumption of drinking water, that resource being so precious in the desert.

Fighting the desert heat // For the air conditioning, the Midfield Terminal is getting a large external plant to house the cooling system. Schedule 80 PVC pipes from GF Piping Systems are being used to feed the enormous quantities of cooling water into the air conditioning system. The plant cools the water to six degrees Celsius and ensures a pleasant temperature indoors even when it can be up to 48 degrees Celsius outside.

Products from GF Piping Systems are even being used outside on the apron at the Midfield Terminal. There, the fire extinguishing system for the kerosene tanks supplying the aircrafts with fuel also get their water through pipes from GF Piping Systems.

With a surface area of 700 000 m² the Abu Dhabi International Airport can handle around 30 million passengers per year starting in 2017. The piping for the complex infrastructure of the Midfield Terminal is supplied by GF Piping Systems.

Designed for big ideas: The ELGEF Plus electrofusion couplers are therefore to enable a quick and reliable connection for pipes and spigot fittings.



Scan QR Code to take a sightseeing flight over the construction site.

All-round service // Most products from GF Piping Systems go directly from Schaffhausen (Switzerland) to the Persian Gulf, but some do come from other locations spread out across the globe. The HDPE pipes are produced by a local partner. In addition to pipes and other parts, GF Piping Systems is also supplying the matching jointing technology, such as electrofusion machines, including aftersales service. “We’ve held training sessions for our customers to teach them how to use the systems properly”, said Abdelfattah Bensammoud. If everything goes to plan, the first passenger jets should be heading out to the Midfield Terminal in the third quarter of 2017.

“We offer ideal system solutions for megaprojects.”

Abdelfattah Bensammoud, Regional Sales Manager, GF Piping Systems

90 000 000 parts have been supplied by GF in total to date to ThyssenKrupp Presta

15 % of the weight has been reduced by GF since the start of the project

2002 was when the partnership began

14 variants of the steering console have been developed

16 sites in four continents are operated by ThyssenKrupp Presta

Fine performance
From the customer's point of view, the casting can hardly be improved on technically.

Technology leader
The ThyssenKrupp Presta steering systems are absolutely state of the art.

Progressive partners
ThyssenKrupp Presta has placed its trust in GF expertise for 14 years.

GF Automotive – ThyssenKrupp Presta

Precision in car steering

As a Key Account Manager with GF Automotive, **Raimund Mauerberger** is the first point of contact for his customer ThyssenKrupp Presta and takes care of supplying components for the partner's steering systems worldwide.

“We are growing globally”

Interview with Guido Durrer, CEO of ThyssenKrupp Presta AG

Guido Durrer leads ThyssenKrupp Presta AG as the company’s CEO. He explains the innovation potential of car steering systems, where the development focus areas lie for his company and what challenges suppliers such as GF Automotive will face in the future.

Mr. Durrer, what can actually be improved in a car’s steering system?

There are several areas of potential improvement in steering systems, such as acoustics and steering feel. The main focus lies on autonomous driving and the conversion from hydraulic to electromechanical steering, which cuts fuel consumption by up to 0.5 l/100 km. Other sources of optimization potential are intelligent lightweight construction and also novel manufacturing techniques.

What development and innovation projects is ThyssenKrupp Presta currently pursuing?

We are growing in the global steering gear trade. Potential new development projects arise primarily in conjunction with electromechanical steering for our customers BMW, Daimler, Volvo, Geely, and Ford. This is why we need powerful partners such as GF Automotive that not only possess expertise in light alloy pressure die-casting, but also have necessary know-how in processing high-precision parts.

How do you rate the long-standing collaboration with GF Automotive?

GF Automotive has ranked as a reliable supplier and an ideal growth partner for years. The technical expertise especially comes into play in the development of innovative solutions. In future, however, the division will have to prepare to face more dynamic and more demanding competition, in particular in the Asian market. Here, GF will have to defend its existing unique selling propositions.

ThyssenKrupp Presta AG is the world’s foremost manufacturer of car steering systems. GF Automotive provides the sector leader with special cast parts for adjustable steering columns: millions of these parts are supplied to sites all over the world. GF has even developed a special mold concept so that the finished components do not require elaborate finishing.

Global player // It is often the case in modern automobile production that apparently simple functions are provided by clever technical solutions. The adaptive crash functions in the adjustable steering columns made by ThyssenKrupp Presta AG are a good example of this. Based in Eschen (Liechtenstein) and at sites all over the world, the company delivers its products to almost all global automobile manufacturers. One in four cars in the world today is fitted with a steering system from ThyssenKrupp Presta.

Just-in-time // GF Automotive supplies ThyssenKrupp Presta with cast steering console components for its mechanically and electrically adjustable steering columns. In 2015, the GF division produced approximately 7.67 million of these aluminum or magnesium parts for the customer in different versions to fit a wide range of car models. The cast parts are manufactured at the sites for light alloy pressure die-casting in Altenmarkt (Austria) and in Suzhou (China). From here the parts are supplied ready for assembly to ThyssenKrupp Presta AG production sites all over the world: Shanghai and Changchun in China, Terre Haute in the USA, Florange in France and Eschen in Liechtenstein. The components are then installed in steering columns for Ford, VW, BMW, and other automotive brands.

“Our technique developed especially for this cast part is totally unique.”

Raimund Mauerberger, Key Account Manager, GF Automotive

Global supply // “ThyssenKrupp Presta is the only customer we supply worldwide with a specific product family”, says Raimund Mauerberger, GF Automotive’s Key Account Manager for ThyssenKrupp. The division is also one of ThyssenKrupp Presta’s biggest suppliers. The close collaboration commenced as long ago as 2002: this was when GF Automotive started cooperating with the customer to develop the steering console as a completely new cast part.

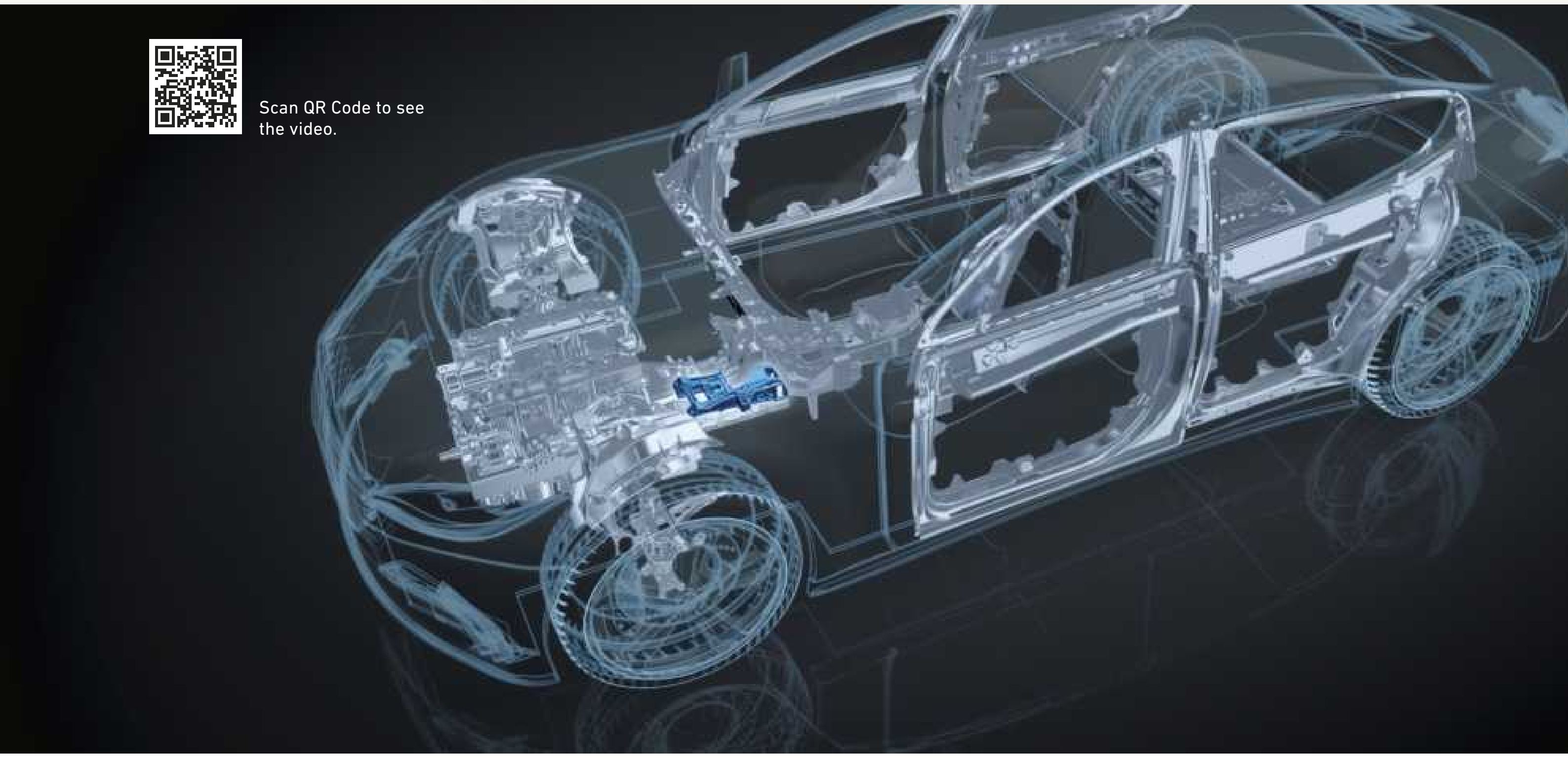
Cast in a single mold // GF Automotive succeeds in manufacturing the product using the so-called net shape method, which means that the part already has its final shape after casting. Due to the complex geometry of the console which conventional casting methods cannot reproduce, the GF experts had to develop an entirely innovative new technique for this part. "This enabled us to present a solution that saves all of the costly and time-consuming finishing", explains Raimund Mauerberger.

Lighter and lighter // Since then, GF Automotive has continued to refine the steering console part for ThyssenKrupp Presta on an ongoing basis. There are several versions for different car models which vary in shape and material – either aluminum or magnesium. The low weight of these metals is a major benefit from the customer's point of view. Lightweight construction is a key issue in automobile manufacture, since weight impacts directly on a car's fuel consumption. GF Automotive has managed to make the steering console continuously lighter over the years, achieving a weight reduction of 15% since the project kicked off, while still retaining the same level of stability.

An eye on the future // GF Automotive currently supplies the third generation of steering consoles to ThyssenKrupp Presta. "At each stage of development we have been able to further optimize the part, so it is now highly mature in technological terms", explains Mauerberger. But that doesn't mean GF Automotive has time to sit back. As the pace of innovation in the field of steering systems and manufacturing methods is very high, fresh challenges come thick and fast. "Our aim is to remain an innovation leader so we can continue to develop product solutions that provide our customer ThyssenKrupp Presta with clear added value in the future, too", says Mauerberger.

GF Automotive produces the steering console for ThyssenKrupp Presta in diverse aluminum and magnesium variants, depending on requirements and vehicle type.

Scan QR Code to see the video.



The transparent 3D picture shows the exact position of a steering console in a vehicle's passenger cabin.

36 000 rpm ensures topclass efficiency

50 machines made by GF Machining Solutions are used by Himile

5 -axis machining centers for the creation of complex shapes

17 000 sets of the most diverse tire molds are produced by Himile yearly

7 562 staff members are employed by the high-tech company

3 Centers of Competence in China create individually tailored solutions

Global player
Tire manufacturers all over the world rely on Himile tread molds.

Commitment and expertise
The GF Machining Solutions team works closely with Himile on-site to create solutions for highly complex applications.

High-speed
The Mikron HSM 600U LP is perfectly suited to mold construction.

GF Machining Solutions – Himile Science & Technology

Right on track

Jun Du, Sales Supervisor with GF Machining Solutions in Shanghai, provides consultation for his customer Himile in order to ensure that the company is supplied with perfectly designed machines to create molds for the tire industry.

"Absolute precision"

Interview with Wei Zhang, Vice General Manager of Himile Science & Technology

The Chinese company Himile Science & Technology is the world's leading supplier of tire tread molds. In manufacturing tire molds from milled steel and aluminum with highly complex tread patterns, Himile places its trust in the precision and performance capacity of the latest generation of high-performance machining centers made by GF Machining Solutions.

The up-and-coming Chinese high-tech company Himile works constantly to develop innovative new solutions for the tire industry and has already acquired 95 national patents and two international ones. Himile Vice General Manager Wei Zhang explains why the company only uses the very best machines.

Mr. Zhang, what are the key factors when it comes to produce molds for quality tires?
In addition to the structure and the correct bonding of all tire parts in the heat press, the tire mold is a crucial factor in producing a high-quality vehicle tire. To ensure that everything is just right, we must take care to achieve the very highest level of precision in the mechanical processing of the model elements so that they fit together exactly during assembly.

What are the particular requirements of the milling machines used to do this work?
Most of all absolute precision and stability in machining the parts. The option of 5-axis machining is very important for us, too. And we attach great importance to the air quality in our production hall. This is why we need machines with a good dust filter in order to reduce the volume of resin dust as much as possible.

What are the benefits of GF Machining Solutions products?
GF Machining Solutions machines meet all our requirements in terms of efficiency and precision. The HSM 600U LP is also very compact, which makes cleaning and maintenance much easier. GF Machining Solutions stands for highly advanced machine technology, as demonstrated especially by its 5-axis milling machines: these have been very useful to Himile in developing new tire molds.

Ground contact // Whether on a wet or dirty road, or riding over rough terrain – the tread of a tire is what provides optimum grip. It is thanks to the ribs and grooves that the vehicle remains securely on track. But how are these complex patterns actually applied to the tire? A hot press mold is used to give the tire its tread and its side wall markings. At temperatures of some 200 degrees Celsius, molds made of steel or aluminum transfer the tread onto the tire's soft rubber mixture under high pressure.

Well-known customers // The world's biggest manufacturer of tire molds is located in China: Himile Science & Technology. The company, based in Gaomi in the Eastern Chinese province of Shandong, produces some 17 000 sets of the most diverse tire molds every year and supplies 62 of the 75 world's biggest tire manufacturers. Himile's customers include Michelin, Bridgestone, and Goodyear as well as other well-known brand names. The company's portfolio ranges from molds for car, truck, motorcycle, and bus tires to off-road tires and even large-sized tires for construction vehicles and aircraft. In addition to products for the tire industry, the Himile Group also produces mechanical parts for machine construction.

Its tire molds are usually made up of several elements, and since 2002 the company has used state-of-the-art production techniques to manufacture them from steel and aluminum. High-precision machines are required to make molds for complex tread patterns, such as the fine ribs found on winter tires. For this purpose, Himile uses products made by GF Machining Solutions.

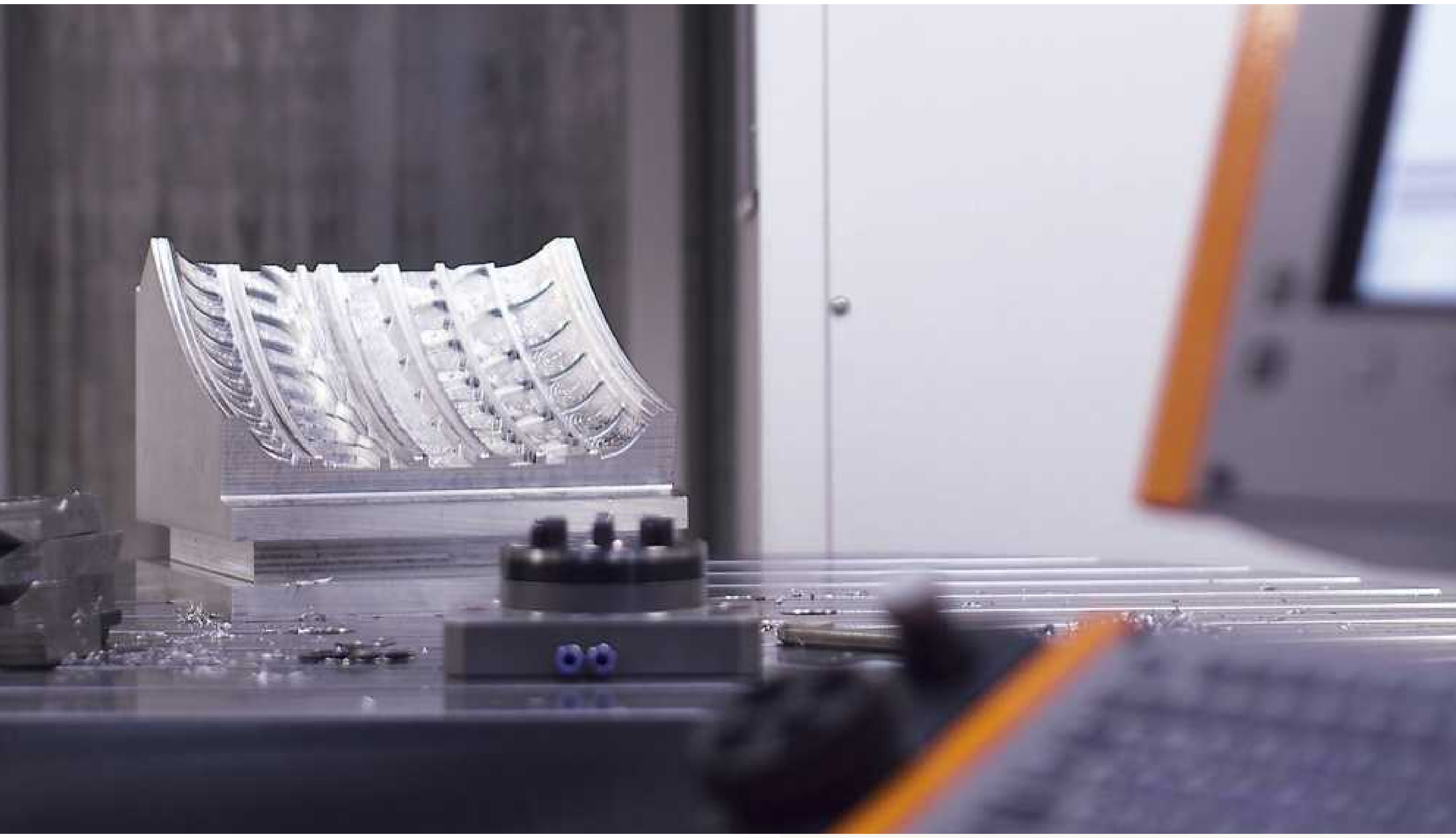
High performance // "Our team of developers started modifying our high-speed milling machines for manufacturing tire molds as long ago as 2007. Our Mikron HSM 600U has shown itself to be very advantageous in this area, thanks to its high performance, efficiency, and precision", says Jun Du, Sales Supervisor with GF Machining Solutions in Shanghai. Himile was quickly impressed with these benefits, too. The company has put a total of 50 of the division's machines into operation over the last five years.

The latest technology // Himile uses 38 of the HSM 600U LP Mikron 5-axis machining centers, whose linear direct drive ensures the very highest precision, and it also runs eleven HSM 600U for direct milling of tire mold segments and plastic mold models. In addition, it has a Mikron HEM 600 machining center for producing mechanical parts and a laser machine for texturing the molds for tire side walls.

Perfect partners // In addition to the high performance of the machines, it is the intensive on-site support provided by the GF Machining Solutions sales team in China that is a key factor for Himile. Johnson Chen, Managing Director

"GF stands for highly advanced machine technology."

Wei Zhang, Vice General Manager Himile



Prototype of a model element with complex tread patterns, such as the fine ribs and lamellae. At temperatures of some 200 degrees Celsius, the mounted molds transfer the tread onto the tire's soft rubber mixture under high pressure.

of GF Machining Solutions in Shanghai, is in personal contact and close cooperation with the management of Himile, too. "Himile is not just a customer: the company also supplies cast iron parts for the production of EDM machines to the GF Machining Solutions plant in Beijing", explains Johnson Chen.

With its linear direct drive, the high-speed machining center Mikron HSM 600U LP is designed for maximum precision and surface quality.

Organization of GF

Georg Fischer Ltd, the Holding Company of the GF Corporation, is organized under Swiss law. It is headquartered in Schaffhausen (Switzerland), and listed on the SIX Swiss Exchange.

Board of Directors // The nine members of the Board of Directors, elected individually by the Shareholders' Meeting, are responsible for determining the Corporation's strategic direction, the design of accounting, financial controlling, and financial planning. It appoints the Executive Committee and has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. All members of the Board of Directors are non-executive.

+ Sustainable development of the Corporation is supported by shared corporate values.

Executive Committee // The Chief Executive Officer is responsible for the management of the Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit, and submits proposals to the Board of Directors. The Heads of the Divisions and the Corporate Staff Units are responsible for drafting and achieving their business objectives and for managing their units autonomously.

Corporate structure // GF Corporation is organized in the three divisions GF Piping Systems, GF Automotive, and GF Machining Solutions and the two Corporate Staff Units Finance & Controlling and Corporate Development. The Heads of the Divisions and the Corporate Staff Units are responsible for managing their businesses and for achieving their business objectives.

Corporate Center // The CEO and the CFO form the Corporate Center in the narrower sense. The Corporate Center is closely involved in management, planning, IT, communications, finance, management development, and corporate culture and is supported in these tasks by a team of about 50 people. The Corporate Center ensures that risk management, transparency, corporate governance, sustainability, and compliance practices meet the requirements of the owners and the public, and it supports the Board of Directors in meeting its responsibilities.

Finances // Corporate Finance & Controlling uses powerful information systems to ensure the time-critical financial management of the Corporation. A standardized system of financial reporting is used throughout the entire Corporation, guaranteeing immediate and complete transparency. Currency, interest-rate, and credit risks are monitored and managed at Corporation level.

Management development // Strategically important competencies and information are shared and made available throughout the Corporation. Considerable importance is attached to internal training and to the focused nurturing and development of leaders and managers.

Communication // The Corporation has a strong brand with GF, which has been built up and strengthened consistently over many years. The rebranding and alignment of its brand architecture, a new Corporate Design included, has been successfully completed with the harmonization of the presentations at exhibitions and the intranets through all divisions. The Corporation builds confidence in its products and services with an open and active communication policy to customers, employees, media, analysts, and shareholders.

Corporate values // The sustainable development of the Corporation is supported by shared corporate values. They are put down in writing in the Code of Conduct and are becoming increasingly important with the spread of globalization.

Corporate Governance // For detailed information about the Corporate Governance of GF, see pages 32 to 42.

GF organization structure

As of 1 January 2016

Board of Directors
Chairman: Andreas Koopmann
9 members

Executive Committee
CEO: Yves Serra
5 members

GF Piping Systems
Head: Pietro Lori

Finance, IT & Strategic Planning
Mads Joergensen

Human Resources
Noel Schreiber

Industry/Utility
Jens Frisenborg

Building Technology
Michael Huck

Strategic Marketing & Services
Nick Mills

Europe
Dominique Van Ackere

Americas
James Jackson

Asia
Bruno Meier

GF Automotive
Head: Josef Edbauer

Finance & Controlling/IT
Andreas Müller

Human Resources
Jörg Hannsen

Purchasing
Bernhard Rau

Business Development & Sales
Achim Schneider

Iron Casting Europe
Dirk Lindemann

Lightmetal Die-Casting Europe
Markus Rosenthal

Asia
Mujia Zhang

GF Machining Solutions
Head: Pascal Boillat

Finance, IT & Strategy Planning
Aitor Bustinduy

Human Resources
Jean-Marc Hug

Operations
Ivan Filisetti

Marketing, Business Development & Segmentation
Armando Pereira

Europe
Antonio Faccio

Americas
Scott Fosdick

Asia
Laurent Castella

Services/Academy
Marcel Vorburger

Finance & Controlling
Head: Roland Abt

Corporate Controlling & Investor Relations
Daniel Bösiger

Corporate Treasury
Holger Henss

Internal Audit
Thorsten Schittges

Risk, Tax & IP Services
Daniel Vaterlaus

Law & Compliance
Marc Lahusen

Corporate Development
Head: Yves Serra

Corporate Human Resources
Peter Ziswiler

Corporate Communications
Beat Römer

Corporate Planning/IT
Helmut Elben

Corporate Secretariat
Roland Gröbli

Taking responsibility

The sustainability targets were defined by the Executive Committee and cover a period of five years (2011–2015). A Corporation-wide reporting system monitors compliance with these targets.

GF places a major emphasis on sustainable business management and responsible operations. Global compliance with standards and codes is as much a part of the company as the establishing of cross-divisional management systems. All production facilities are certified in accordance with ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and OHSAS 18001 (Occupational Health and Safety Assessment Series). New locations must become certified within three years. Energy-intensive production sites must also be certified in accordance with ISO 50001 (energy management). Currently, these are eight locations.

As a pioneer in the area of sustainability, GF has been systematically recording and analyzing its key environmental figures since 1997. The worldwide reporting system was expanded in 2005 to include social key figures and the Sustainability Information System (SIS) was enlarged. In 2015, the SIS was integrated into the financial reporting of the company.

To underscore the importance of CSR (Corporate Social Responsibility) in the company, in 2015 GF became a member of the UN Global Compact, the world's largest sustainability network for companies and organizations.

Sustainability objectives // As an international corporation with operations in more than 30 countries, GF strives to embed the issue of sustainability in all its companies. The Executive Committee sets objectives every five years, and these are the central guidelines for implementing the economical, ecological, and social targets in the divisions.

The results of the 2011–2015 cycle and the objectives for the upcoming period to 2020 will be addressed in the next in-depth sustainability report that will be published in mid-2016. The reporting takes place annually and is based on the principles of the GRI (Global Reporting Initiative).

Social aspects

Safety at work and health protection // In all our production facilities, occupational health and safety protection have the highest priority. The goal was to lower the accident rate throughout the Corporation by 15% by 2015. To achieve this goal, GF has established global standards, implemented campaigns to raise awareness, and organized specific trainings. Against this backdrop, new safety standards were defined and published for all locations worldwide.

Targets

ECONOMIC TARGETS	~8%	EBIT margin
	16–20%	Return on invested capital (ROIC)
		Growth: Investment in growth markets
SOCIAL TARGETS	15%	Reduce accident rate
	10%	Reduce absence rate
	100%	Introduce management system for occupational and health safety
ECOLOGICAL TARGETS	10%	Reduce the volume of waste in production
	20%	Reduce CO_2 emissions from production
	10%	Increase energy-efficiency in production

Status as at 31 December 2015

+++	**Target achieved**
++	**Long-term target, in plan**
+	**Target not achieved yet**

Results 2015*

+++	From 7.2% to 8.1% in 2015. The abolishment of the peg of CHF 1.20 Swiss francs per euro had a negative impact on sales and EBIT. The 8–9% EBIT margin target defined in the Strategy 2011–2015 was achieved in the year under review.
+++	The return on invested capital of 18.9% in 2015 is one percentage point above the previous year's level (17.9%). All three divisions contributed significantly to value generation and achieved returns twice as high as the cost of capital (WACC).
+++	GF has successfully increased its presence in Asia and America. GF Automotive has started a joint venture with machining specialist Linamar to enter the US market; GF Machining Solutions has entered the 3D printing business with EOS.
+++	The accident rate could continue to be reduced in 2015. This could be achieved by establishing global safety standards and by organizing targeted campaigns and trainings.
+	The absence rate in 2015 remained at around the same level as in the previous years.
+++	As per 31 December 2015 all production sites were certified. Newly established or acquired production sites must have obtained OHSAS 18001 certification after three years at the latest.
+	The waste volume and hazardous waste are at a comparable level to the previous year.
+++	Through the procurement of water electricity certificates the CO_2 emissions could be reduced significantly. The substitution of oil with natural gas and electricity contributed to the reduction of CO_2 emissions.
+++	Energy efficiency in production could be further increased in 2015. Energy efficient machines as well as demand- based controls systems contributed to the rise in efficiency.

* Detailed results will be published in the Sustainability Report 2015.

Training and development of young talents // Apprenticeships have a long-standing tradition at GF. There is a broad range of training opportunities spanning a variety of technical and commercial professions. In 2015, GF offered a total of 509 training positions, of which 203 were in Switzerland. GF also offers proven career entry routes through thesis projects and internships. In addition, GF collaborates on joint research and development projects with the key universities located in the main markets.

Management development and further education // In 2015, approximately 70% of all open positions in senior management at GF were filled with internal candidates. This is the result of the Group's management development process, which has been very well established for some years now.

Training and education are a key focus of management development at GF. Training courses are designed and conducted by the GF Academy, which makes a significant contribution through its courses to the future of the company. In 2015, approximately 200 managers from throughout the world attended training courses at the Klostergut Paradies training center.

On the basis of a program by Franklin Covey, GF also implements initiatives throughout the Corporation on management issues and collaboration. The training units are for all employees of GF. In addition, the three divisions have their own training programs that are geared specifically to the operations of their businesses.

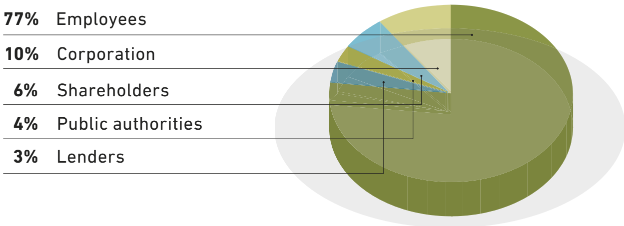
Pay and social benefits // In 2015 GF generated net added value of CHF 1.21 billion. About 77% of this amount was paid out as salaries to employees.

GF operates a modern and transparent remuneration system for employees, which is fair and non-discriminatory. Where appropriate, GF offers a performance-related variable component and allows employees to share in the success of the Corporation.

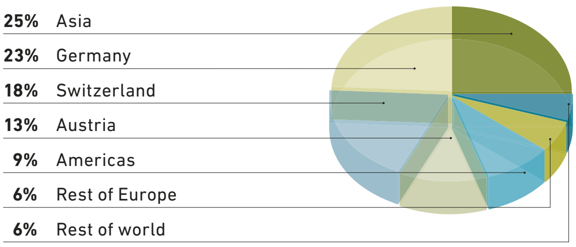
Stakeholder dialog // GF maintains an intensive dialog with its external and internal stakeholders. Whether employees, clients, suppliers, representatives of universities and research centers, analysts, journalists, or representatives of NGOs – GF is in regular contact with various stakeholder groups.

The Corporation promotes an active, open, and prompt communication. And this communication is done appropriately in terms of the needs of the internal and external stakeholders. In addition to the Annual Report, Mid-Year Report, and Sustainability Report, Corporate news and events such as trade fairs, specialist symposia, and conferences are the main GF communication channels. In addition, the company has a major presence online and is active in Social Media. In 2015, GF boosted its internal communication by introducing a new intranet globally for all employees.

Distribution of net value added 2015 (in %)
(100% = CHF 1,21 billion)



Employees 2015 by region (in %)
(100% = 14 424)



Environmental aspects

Reducing emissions // The challenges of the future include climate change, the finite nature of fossil fuels, and a steep increase in the demand for energy. As a globally active industrial company with production sites in emerging markets, GF can make an important contribution in these areas. For this reason, GF set itself the goal of reducing greenhouse gas emissions from production by 20% by 2015. In 2013, GF generated about 713 000 tons of CO_2 emissions, while in 2014 it was only 594 000 tons. This reduction was achieved in part through the use of new, environmentally friendly technologies, as well as by promoting sustainable energy projects and the use of CO_2-neutral hydropower.

Energy efficiency // The consumption of energy represents, along with emissions, the greatest environmental burden. A few years ago, GF set itself the goal of increasing energy efficiency at all production sites globally by 10%. Specifically, all divisions are to make a contribution to systematically lowering energy consumption with their products, processes, and solutions. Detailed information can be found in the Sustainability Report 2015.

Resource efficiency // In addition to energy, other important resources are also becoming scarcer. Against this backdrop, GF places a high priority on processes for resource-efficient innovation (bionic design, eco-design, life cycle assessment, etc.). These processes help ensure that product-related sustainability and resource efficiency issues are taken into account as early as the development stage of new products. Developers take the product's entire life cycle into consideration, from the selection of raw materials and suppliers to the production and customer's use of the products to their reuse once their life cycle has expired.

In addition, GF is also emphasizing the reduction of waste in production in order to cut back on the use of resources. The wise consumption of resources plays as big a role as the recycling of industrial waste. GF Automotive, for example, uses around 500 000 tons of recycled material in its foundries annually. Detailed information on the environmental goals, activities, and key figures of GF are published in the Sustainability Report 2015.

Commitments

Contributing to the common good // True to its fundamental values, GF promotes and supports cultural and social programs at its various corporate locations, as well as activities that contribute to the common good. In 2015, around CHF 2 million was spent at Corporation level on social involvement activities. In addition to this, some 30 GF companies support local activities, making substantial contributions.

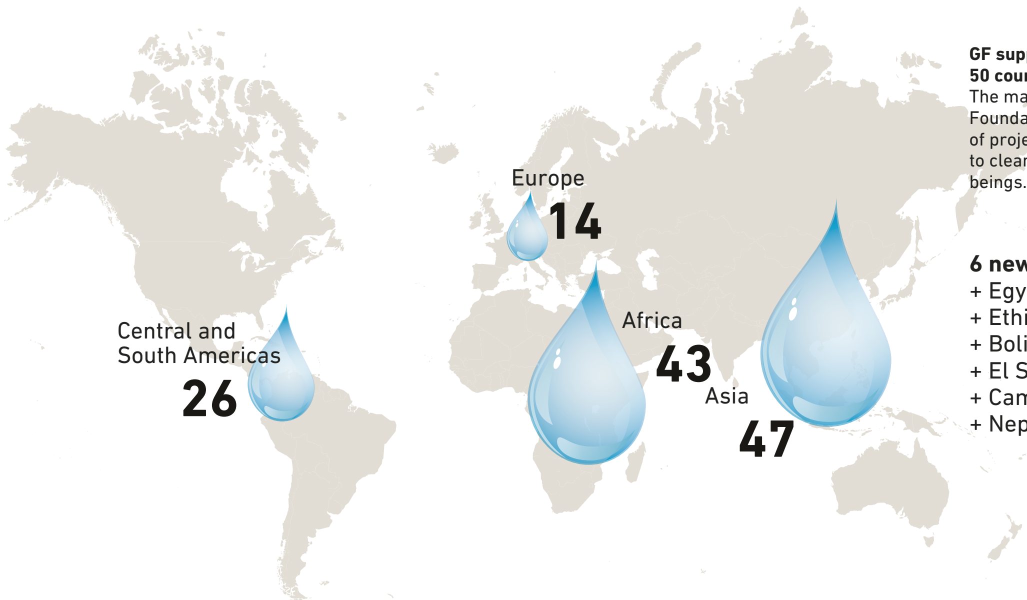
Foundations // The most significant contributions in 2015 went to GF's three foundations: Klostergut Paradies, Iron Library, and Clean Water.

The Klostergut Paradies Foundation, with the former Clarissan convent as a heritage site, houses not only important collections, but it also serves as a training center for the Corporation. The Iron Library Foundation has the largest private collection of books on the subject of iron. Together with the Corporate archive, it is the center of competence for caring for the historical and cultural heritage of GF.

Through its Clean Water Foundation, GF has been supporting clean drinking water projects worldwide since 2002. To date, the Corporation has invested nearly CHF 9 million and has improved the lives of more than 250 000 people with a sustainably improved access to clean drinking water.

At the end of 2015, GF renewed its existing partnership with Caritas Switzerland, which has been in place since 2012, for another four years. In addition, GF again donated CHF 1 million to Caritas to help implement the aid organization's clean water projects. Within the scope of the partnership, GF also provides know-how and technical expertise.

130 Clean Water projects worldwide (2002–2015)



GF supports 130 projects in over 50 countries:
The main purpose of the Clean Water Foundation in the financial support of projects that improve the access to clean drinking water for human beings.

6 new projects in 2015:
+ Egypt
+ Ethiopia
+ Bolivia
+ El Salvador
+ Cambodia
+ Nepal

Awards and rankings // In 2015, GF again received numerous awards and was given a positive rating by leading agencies. For example, the renowned company Oekom Research AG increased GF's rating by one notch to C+. GF is now rated as a prime investment.

GF's good position in the annual climate protection ranking of the Carbon Disclosure Project (CDP) is another indication that the Corporation is on the right path with respect to sustainability. In 2015, GF received an award as sector leader "industry," placing it as one of the ten best industrial firms in Germany, Austria, and Switzerland. In addition, the independent Belgian agency Ethibel once again placed GF on its Ethibel Sustainability Index (ESI) Excellence Europe.

A professionally conducted stakeholder dialog is very important for GF. A testament to this is the high quality of the internal magazine "Globe," which was named the best employee magazine in Switzerland in 2015 for the second year in a row. Another testament is the excellent rating that GF received in the best recruiter study. GF captured the top spot in Switzerland in the category of industry, and it was 10th out of the 500 largest companies in Switzerland.
Selection of further awards: GF Automotive won the first prize at the Newcast Award 2015 in the category "Best Substitution of another Production Process" with a console for a truck cabin suspension. In addition, for the third year in a row, GF Automotive was awarded the Design Award of the International Magnesium Association in the category "Casting Component Design". The winner was the seat back made of a magnesium die-cast for the Mercedes SLK. Not only are the products of GF Automotive winning awards, but the processes are, too. In 2015, for example, GF Automotive received for the first time the ABB Sustainability Award for Suppliers.

GF Machining Solutions received two awards in 2015 at CMIT, Asia's largest trade fair for machine tools. The company was named one of the top 30 machine manufacturing companies, and the high-speed milling machine Mikron HEM 700U received a prize as one of the top 20 most innovative products.

Corporate Governance

The Board of Directors and the Executive Committee of GF attach great importance to good Corporate Governance in the interest of shareholders, customers, business partners, and employees. The implementation and ongoing improvement of the generally accepted principles of Corporate Governance ensure the necessary transparency to enable investors to judge the quality of the Corporation. This Report provides information on structures and processes, areas of responsibility and decision-making procedures, control mechanisms, as well as the rights and obligations of the various stakeholders.

Contents // The present publication fulfills all obligations of the relevant SIX Swiss Exchange directive on information relating to Corporate Governance in terms of content and order and is based on the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, the Swiss Business Federation. The Compensation Report is presented in a separate chapter on pages 44 to 55. All data and information apply to the cutoff date of 31 December 2015, unless otherwise noted. Any changes occurring before the editorial deadline on 19 February 2016 are listed at the end of this chapter. Any changes occurring after the editorial deadline can be found on our website. GF also publishes the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Rules, and more information online at
www.georgfischer.com/corporate_governance_en

Corporate structure and shareholders

The organizational structure of GF is illustrated in the diagram on the next page. The Corporation has the operational divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions, plus the Corporate Staff Units Finance & Controlling and Corporate Development. The Chief Executive Officer is also the Head of Corporate Development.

The CEO, supported by the other members of the Executive Committee, bears responsibility for the management of the Corporation, where this is not delegated to the divisions or the Corporate Staff Units. The Heads of the Divisions, supported by the Heads of the Business Units and Service Centers, bear responsibility for the management of the divisions. The Corporate Staff Units support the Board of Directors and the Executive Committee in their management and supervisory functions.

The parent company of all the Corporate Companies is Georg Fischer Ltd. It is incorporated under Swiss law and is domiciled in Schaffhausen, Switzerland. Georg Fischer Ltd is listed on the SIX Swiss Exchange (FI-N, security number 175 230). Its share capital is CHF 4 100 898, and its market capitalization was CHF 2 785 million as of 31 December 2015 (previous year: CHF 2 579 million).

Affiliated Companies // An overview of all Affiliated Companies in the scope of consolidation can be found in the Financial Report on pages 98 to 100. The list contains the company name, domicile, share capital, and percentage held by GF.

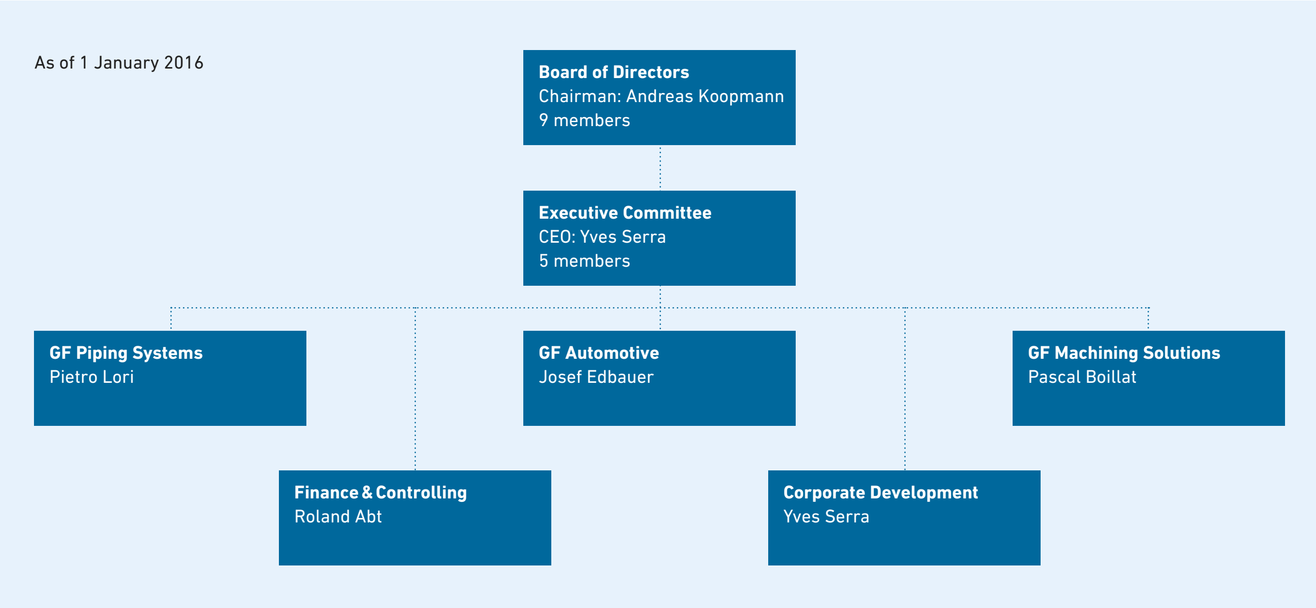
Significant shareholders and shareholder groups // As of 31 December 2015, no shareholder or shareholder group had voting rights in excess of 5%. LSV Asset Management, Chicago (USA), and the UBS Fund Management (Switzerland) AG, Basel (Switzerland), had voting rights between 3% and 5%.

Nine disclosure notifications were filed in the year under review: eight in relation to the BlackRock Group (see group structure as published on the SIX disclosure platform), held indirectly by BlackRock, Inc. (USA), and one in relation to Norges Bank (the Central Bank of Norway), Oslo (Norway). Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform and can be accessed via the following link:
www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Cross-shareholdings // There are no cross-shareholdings or shareholder pooling agreements with other companies.

Capital structure

Capital and share information // Fully paid-in share capital amounts to CHF 4 100 898 and is divided into 4 100 898 registered shares each with a par value of CHF 1. Each registered share has one vote at the Annual Shareholders' Meet-



ing. The authorized capital and the conditional capital amount to a maximum of 600 000 shares. The maximum authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of bonds or similar debt instruments or new shares.

By no later than 19 March 2016, the maximum authorized share capital will be CHF 600 000 divided into no more than 600 000 registered shares each with a par value of CHF 1. Moreover, the share capital may be increased via the conditional capital by a maximum of CHF 600 000 by the issue of no more than 600 000 fully paid-in registered shares with a nominal value of CHF 1 each, through the exercise of conversion rights and/or warrants granted in connection with the issuance on capital markets of bonds or similar debt instruments of the company or one of its Corporate Companies. As of 31 December 2015, no such bonds or similar debt instruments were outstanding. The beneficiaries and the conditions and modalities of the issue of authorized capital are described in § 4.4 a) of the Articles of Association of Georg Fischer Ltd and those of conditional capital in § 4.4 b) of the Articles of Association of Georg Fischer Ltd.
www.georgfischer.com/corporate_governance_en

The subscription to and acquisition of the new shares, and any subsequent transfer of the shares, are subject to the statutory restrictions on transferability (see the next section "Restrictions on transferability").

Further information on the share capital and changes in capital in the last five years can be found on pages 114 to 116. No participation or profit-sharing certificates exist.

Restrictions on transferability // Entry in the company's share register as a shareholder or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following conditions: a natural person or legal entity may not accumulate, either directly or indirectly, more than 5% of the registered share capital. Persons who are bound by capital or voting rights, by consolidated management or in a similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person.

Nominee registrations // Persons who hold shares for third parties (referred to as nominees) are only entered in the share register with voting rights if the nominee declares their willingness to disclose the names, addresses, and shareholdings of those persons on whose behalf they hold the shares. The same registration limitations apply, mutatis mutandis, to nominees as to individual shareholders.

Cancellation or amendment of restrictions // Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the Annual Shareholders' Meeting passed by at least two-thirds of the shares represented and an absolute majority of the par value of the shares represented.

Convertible bonds and options // There are no outstanding convertible bonds, and GF has issued no options.

Board of Directors

Responsibilities // The Board of Directors has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. The Board of Directors is responsible for all matters vested to it by the law or the Articles of Association, provided it has not delegated these to other bodies. These are in particular:

– decisions on corporate strategy and the organizational structure
– appointing and dismissing members of the Executive Committee
– organizing finance and accounting
– determining the annual and investment budgets

Unless otherwise provided for by law or the Articles of Association, the Board of Directors delegates operational management to the Chief Executive Officer, who is assisted in this task by the Executive Committee.The extent to which competencies are delegated by the Board of Directors to the Executive Committee and the nature of the cooperation between the Board and the Executive Committee are defined by the Organization and Business Rules.
www.georgfischer.com/corporate_governance_en

Independence // All members of the Board of Directors are non-executive. There are no significant business relationships between the members of the Board or the companies or organizations they represent and Georg Fischer Ltd or a Corporate Company.

Elections and term of office // As per § 16.2 of the Articles of Association of Georg Fischer Ltd, the members of the Board of Directors have to be elected individually, and their term of office ends at the next Annual Shareholders' Meeting. Re-election is possible.

When selecting Board members, particular emphasis is placed on entrepreneurial experience, relevant expertise, or particular international ties. The Board of Directors also aims to achieve a proper balance of competence and knowledge, taking into account the main operational focus of the Corporation, its international orientation, and the accounting requirements of listed companies. Members of the Board must resign their mandate at the Annual Shareholders' Meeting following their 70th birthday.

2015 // At the 119th Annual Shareholders' Meeting on 18 March 2015, Dr. iur. Eveline Saupper was elected as new member of the Board of Directors. Rudolf Huber and Isabelle Welton did not stand for re-election.

Internal organizational structure // Pursuant to § 16.3 of the Articles of Association of Georg Fischer Ltd, the Annual Shareholders' Meeting elects a member of the Board of Directors as its Chairman for the period of one year until the next ordinary Annual Shareholders' Meeting. Re-election is possible.

With the exception of the election of a Chairman of the Board of Directors, who is elected by the Annual Shareholders' Meeting, the Board of Directors constitutes itself by electing a Vice Chairman from within its ranks once a year. Alongside the election of Andreas Koopmann as Chairman of the Board of Directors, Gerold Bührer was elected by the Board of Directors as its Vice Chairman on the day of the Annual Shareholders' Meeting on 18 March 2015.

In addition, pursuant to § 20.1 of the Articles of Association of Georg Fischer Ltd, the Annual Shareholders' Meeting elects the members of the Compensation Committee.

Areas of responsibility // The members of the three standing Board Committees are listed on page 40. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions. They discuss the issues assigned to them and make proposals to the Board of Directors as a whole. The CEO attends the meetings of the Board Committees, but is not entitled to vote. Minutes of the committee meetings are sent to all members of the Board of Directors. The Chairmen of the individual committees also make a verbal report at the next meeting of the Board of Directors and submit any proposals.

Work methods of the Board of Directors // Decisions are made by the Board of Directors as a body. Members of the Executive Committee also participate in Board meetings for agenda items relating to the company's business, but are not entitled to vote. Only the Chief Executive Officer is present when personnel topics are dealt with. Personnel topics affecting him directly are treated in his absence. Invitations to Board meetings list all the items that the Board of Directors, a Board Committee, or the CEO wish to discuss. All participants in a Board meeting receive detailed written material on the proposals in advance.

The Board of Directors meets at least four times a year under the leadership of its Chairman. During the year under review, it met six times: one meeting lasted less than two hours, four meetings lasted less than a day, and the strategy meeting lasted one and a half days in total but was integrated in a week-long market trip that included visits to customers, partners and Corporate Companies of GF in Germany. The dates of the regular meetings are generally set well in advance to enable all members to attend personally. In the year under review, the attendance rate was 96%. The three standing Board Committees met a total of 16 times.

External consultants are called on for their services when specific topics are involved. Further information is provided in the section on the Board Committees.

Evaluation // In 2015 the Board of Directors worked on the implementation of the findings out of the self-assessment which took place in 2014. Further optimization were incorporated into the annual planning for 2016. Another assessment is planned for autumn 2016.

Audit Committee // The Audit Committee consists of three Board members. It supports the Board of Directors in monitoring accounting and financial reporting, supervises the internal and external audit function, assesses the efficiency of the internal control system including risk management and compliance with legal and statutory provisions, acknowledges the sensitivity analysis of the pension funds of Georg Fischer Ltd, and issues its opinions on transactions concerning equity and liabilities at Georg Fischer Ltd. The Audit Committee also decides whether or not the consolidated financial statements and those of Georg Fischer Ltd can be recommended to the Board of Directors for presentation to the Annual Shareholders' Meeting.

As a rule, the Chairman of the Board, the CEO, the CFO, the Head of Internal Auditing, and representatives of the external auditor also take part in the meetings. At the request of the Audit Committee the external auditor also provides information on current questions related to the financial reporting requirements and financial issues.

During the business year just ended, the Audit Committee held five regular and one extraordinary meeting, four of which lasted half a day, and the other two lasted about two hours.

Compensation Committee // The Compensation Committee consists of three Board members, which are elected on a yearly basis by the Annual Shareholders' Meeting. It supports the Board of Directors in setting compensation policy at the highest corporate level. It uses knowledge of external compensation specialists about market data from comparable companies in Switzerland, in addition to publicly available data obtained on the basis of compensation disclosures. Comparable industrial corporations headquartered in Switzerland and the industrial market of Switzerland were used as a basis. In the reporting year, the remuneration was evaluated based on the comprehensive external reports obtained in 2014. In 2015 the Compensation Committee reviewed in depth the short-term incentive plan of the Corporation in order to align the plan with the Strategy 2020 and contemporary market practice as well as the long-term incentive plan to bring in line with requirements of proxy advisors. The Compensation Committee proposes to the Board of Directors the total amount of compensation to be paid to the entire Executive Committee and the Chief Executive Officer. The Compensation Committee held four meetings during the past fiscal year, each of which lasted about an hour and a half.

Nomination Committee // The Nomination Committee consists of three Board members. It supports the Board of Directors in succession planning and assists in the selection of suitable candidates for the Board of Directors and the Executive Committee. The Nomination Committee is kept informed annually about succession planning for the top senior management levels, about the talent pipeline at the senior management and the diversity situation. In the year under review, the Nomination Committee held six meetings, which lasted an hour on average.

Information and control instruments // The Board of Directors is informed in depth about business performance every month. The members of the Board receive the monthly report, which contains current information concerning business performance and the financial statements of the Corporation, the divisions, and Corporate Companies together with a detailed commentary. The Executive Committee presents and comments on business performance and tables all important matters at the Board meetings. It also presents its assessment of business performance for the coming months.

In addition, the Board of Directors receives regularly the forecast containing the expected figures at year-end. Once a year, the Board of Directors receives and approves the budget of the Corporation and the divisions for the following year. The Board of Directors holds as a general rule a two-day meeting once a year to discuss the strategies of the divisions and the Corporation as a whole.

The Chairman of the Board of Directors attends the Corporate Convention of the senior management and the Executive Committee's planning meeting and is a regular attendee at other corporate management meetings. The Chairman of the Board of Directors and the CEO inform and consult each other regularly on all business matters that are of fundamental importance or have far-reaching ramifications. The Chairman of the Board receives the invitations and minutes of the Executive Committee and Corporate Staff Meetings. He visits Corporate Companies on a regular basis to see their operations in person and how they are implementing the Corporation's strategy. In 2015, he visited Corporate Companies in Europe and in the US.

Internal Auditing // Internal Auditing reports to the Chairman of the Audit Committee operationally and to the CFO administratively. Based on the audit plan approved by the Audit Committee, Corporate Companies are audited either annually or every two to three years, depending on the risk assessment and based on a comprehensive audit program. In the year under review, 27 internal audits were conducted. The audit reports are reconciled with the management of the audited Corporate Companies and distributed to the line managers, the external auditor, the Executive Committee, the Chairmen of the Board of Directors, and of the Audit Committee. Audit reports with significant findings are presented to and discussed in the Audit Committee.

Internal Auditing ensures that all discrepancies arising in internal and external audits are addressed and submits a report to the Executive Committee and the Audit Committee. The Head of Internal Auditing prepares an annual report, which is discussed by the Executive Committee and the Audit Committee. He also serves as the secretary of the Audit Committee.

Corporate compliance // The Service Center Law & Compliance informs the Board of Directors and the Executive Committee about legal issues and significant changes to the law. The Corporate Compliance Officer (CCO) is appointed by the Chief Executive Officer and in this function reports to the General Counsel; he reports to the CEO directly if necessary. Especially through preventive measures and training in the divisions along with information and advice to the Corporate Companies, the CCO ensures that the Corporate Companies comply with the law, internal directives, and the Corporation's principles of business ethics in their business activities. The Executive Committee, in consultation with the CCO, defines priority issues.

A number of compliance measures were implemented in 2015:

- Further implementation of the "Compliance Agreement for Intermediaries" as a guideline for GF business partners who act in the name or interest of Corporate Companies within the GF Corporation.
- An internal e-learning program on the subject of anti-corruption was held for about 600 employees.
- An internal e-learning program was conducted on competition and cartel law for about 560 employees.
- Training courses on antitrust law, anti-corruption, export controls, and/or other compliance topics at various Corporate Companies and for specific employee groups with compliance functions (including GF Business Unit Controllers and Export Control Appointees of GF Machining Solutions Corporate Companies in Europe).
- Ongoing advice and support for internal revisions and update of the compliance topics in the Internal Audit Program.
- Continuation of specific compliance measures for intermediaries in China (e.g. ongoing checks regarding the appropriateness of compensation paid to intermediaries as well as examination of their ownership structure so as to avoid conflicts of interests).
- Further implementation of a web-based system for the prevention of business with sanctioned persons and organizations.
- Advice was given on issues relating to export controls, cartel law, and labor law.
- Introduction of the function "Compliance Agents" (carried out by the Business Unit Controllers) for risk assessment and internal control.

Code of Conduct of GF:
www.georgfischer.com/corporate_governance_en

Risk management // The Board of Directors and the Executive Committee attach great importance to the thorough handling of risks in the areas of strategy, finance, markets, management and resources, operations, and sustainability. The Head of the Service Center Risk, Tax & IP Services acts as the Chief Risk Officer (CRO) and, in this function, directly reports to the CEO. The CRO is supported by a non-executive risk officer of each division. Supplemented by internal experts of the corporate risk management, the risk officers under the leadership of the CRO constitute the Corporate Risk Council which met twice during the year under review. In addition, the CRO conducted workshops with the management of the three divisions as well as with the Executive Committee to analyze the risk situation, to discuss measures to mitigate the risks, and to define the actual top risks of each unit. Based on the results of the workshops, a risk report was prepared which was presented to and analyzed by the Board of Directors.

The handling of financial risks is explained in the financial part of the Annual Report on pages 73 to 75, whereas operational risks are described on page 72.

Assessment // The Board of Directors evaluates and assesses the performance of the Executive Committee and its members at least once a year in the absence of the Executive Committee members. The Chairman of the Board of Directors must approve any appointments of Executive Committee members to external Boards of Directors or to high-level political or other public functions.

Executive Committee

The Chief Executive Officer is responsible for the management of the Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit, and submits proposals to the Board of Directors. The Heads of the three Divisions and two Corporate Staff Units are responsible for drafting and achieving their business objectives and for managing their units autonomously. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

Members // As at the end of the year under review, the Executive Committee remained unchanged with the following members: Yves Serra, CEO and at the same time Head of Corporate Development; Pietro Lori, Head of GF Piping Systems; Josef Edbauer, Head of GF Automotive; Pascal Boillat, Head of GF Machining Solutions; Roland Abt, CFO and Head of Corporate Finance & Controlling.

Shareholders' rights

As of 31 December 2015, Georg Fischer Ltd had 13 949 shareholders with voting rights (previous year: 13 390), most of whom reside in Switzerland. To maintain this broad base, the Articles of Association provide for the statutory restrictions summarized hereinafter.

Restriction on voting rights // The total number of votes exercised by one person for their own shares and shares for which they vote by proxy may not exceed 5% of the votes of the company's total share capital. Persons bound by capital or voting rights, by consolidated management, or otherwise acting in concert for the purpose of circumventing this provision are deemed to be one person.

The restriction of voting rights under § 4.10 of the Articles of Association may be revoked only by a resolution of the Annual Shareholders' Meeting, passed by a two-thirds majority of the shares represented and an absolute majority of the par value of the shares represented.

Proxy voting // A shareholder may, on the basis of a written power of attorney, be represented at the Annual Shareholders' Meeting by another shareholder entitled to vote or the independent proxy. Shareholders can also confer powers of attorney and issue instructions to independent proxies electronically. Partnerships may be represented by a partner or authorized signatory, legal entities by a person authorized by law or the Articles of Association, married persons by their spouse, wards by their legal guardians, and minors by their legal representative, regardless of whether such representatives are shareholders or not.

Statutory quorum // The following resolutions of the Annual Shareholders' Meeting require a majority greater than that laid down by law. At least two-thirds of the shares represented and an absolute majority of the par value of the shares represented must be in favor of:

1. the cases listed in Art. 704 para. 1 CO
2. the alleviation or withdrawal of limitations upon the transfer of registered shares
3. the creation, extension, alleviation, or withdrawal of the voting restrictions
4. the conversion of registered shares into bearer shares
5. the amendments to § 16.1 of the Articles of Association
6. the removal of restrictions concerning the passing of resolutions by the Shareholders' Meeting, particularly those of § 12 of the Articles of Association of Georg Fischer Ltd

Convocation of the Annual Shareholders' Meeting // No regulations exist which deviate from those stipulated by law.

Agenda // Shareholders representing a minimum of 0.3% of the share capital may request that an item be added to the agenda. The application must be submitted in writing no later than 60 days before the meeting and must specify the item to be discussed and the shareholder's proposal.

Entry in the share register // The deadline for entering shareholders in the share register with regard to attendance at the Annual Shareholders' Meeting is around ten days before the date of the Annual Shareholders' Meeting. It is mentioned in the invitation to the Annual Shareholders' Meeting.

Change of control and defense measures

The Articles of Association of Georg Fischer Ltd do not contain any regulations governing "opting-out" or "opting-up". As of 1 January 2014, the contractually agreed period of notice for the members of the Executive Committee is basically twelve months. Furthermore, a change of control will result in the cancellation of all existing disposal limitations for shares allocated according to the share plan. In the event of a change of control, bondholders and banks have the right to demand the immediate repayment of bond issues and loans before they are due.

Auditors

Mandate // In 2012, PricewaterhouseCoopers, Zurich (Switzerland), was elected as external auditor. Since the Annual Shareholders' Meeting 2012, Stefan Räbsamen is the auditor in charge. The latter is changed every seven years. The statutory auditor is elected at the Annual Shareholders' Meeting for a term of one year.

Audit fees // In 2015, the Corporation spent about CHF 2.48 million (previous year: CHF 2.43 million) worldwide in connection with the annual audits conducted by PricewaterhouseCoopers at Georg Fischer Ltd, the GF Corporation, and the Corporate Companies. For additional services, PricewaterhouseCoopers received in 2015 fees of approximately CHF 0.42 million (previous year: CHF 0.48 million). Thereof CHF 0.17 million (previous year: CHF 0.2 million) for services related to tax advice and CHF 0.25 million (previous year: CHF 0.28 million) for other consulting mandates in connection with accounting.

Supervisory and control instruments // The Audit Committee reviews and evaluates the effectiveness and independence of the external auditors annually. For this purpose, Internal Auditing reviews all services rendered by external auditors for the Corporation and their costs. The Audit Committee bases its evaluation on the following criteria:

- quality of the documents and management letters
- time taken and costs
- quality of oral and written reports on individual aspects and pertinent questions relating to accounting, auditing, or additional consulting mandates

In cooperation with internal and external audit, the Audit Committee evaluates the potential for improvements regarding the collaboration, the processing of the assignments and the interfaces or overlapping of internal and external audit work. The auditor in charge of the external auditor attended the five ordinary meetings of the Audit Committee.

For the evaluation, the members of the Audit Committee use first of all the knowledge and experience which they have acquired as a result of similar functions at other companies. Internal Auditing also issues an annual list of all services rendered by external auditors for the Corporation and their costs. The costs for the annual audits of Georg Fischer Ltd, the Corporation, and of all Corporate Companies were approved by the Audit Committee. Further services from PricewaterhouseCoopers are examined by the Head of Internal Auditing and, depending on the amount, approved either by the CFO or by the Managing Directors of the respective Corporate Companies.

Communication policy

Corporate Communications and Investor Relations are the two Service Centers responsible for information and communication in the Corporation. The communication strategy is based on GF's business strategy and supports the positioning of both the Corporation and the divisions. Communication with all GF stakeholders is active, open, and timely. If possible and permissible, employees are notified first.

The introduction of the new corporate-wide intranet in mid-November marks an end for now to the revamping of the GF means of communication. Over the past three years, we have given a modern new look to the website, corporate design, and publications, such as the Annual Report and Sustainability Report, as well as the employee magazine "Globe". The aim of this redesign was and is to boost the GF brand both within the Corporation and externally, and to position GF as a modern and client-oriented company that stands out from the competition, as well as making GF attractive for job-seekers (such as university graduates). In addition, communication via various social media channels has been expanded (LinkedIn, Xing, YouTube, Facebook, and Twitter). The fact that for the second year in a row the Swiss Association for Internal Communication (Schweizerischer Verband für interne Kommunikation, SVIK) has selected the "Globe" as Switzerland's best employee magazine is a good indication that the path we have chosen is the right one. We will continue on this path. The ongoing trend towards digitalization, however, requires that Corporate Communications invests more in innovation and adaptation, without neglecting traditional ways of communication.

The shares of Georg Fischer Ltd are listed on the SIX Swiss Exchange. Therefore, GF is subject to the requirements on ad hoc publicity, i.e., the obligation to report any potential share-price-relevant information. GF also maintains a dialog with investors and journalists at respective events and roadshows.

Subscription to the e-mail service is free of charge. All media releases, Annual Reports, and Mid-Year Reports go online at the website www.georgfischer.com at the same time as they are published. Shareholders receive the short version of the Annual Report and the Mid-Year Report automatically, and other interested parties receive them on request.
www.georgfischer.com/mediareleases_en
www.georgfischer.com/subscriptionservice

Investor Relations
Daniel Bösiger
daniel.boesiger@georgfischer.com

Corporate Communications
Beat Römer
beat.roemer@georgfischer.com

Changes after the balance sheet date

Between 1 January and the editorial deadline on 19 February 2016, the following changes occurred.

On 27 January 2016, Georg Fischer Ltd acquired the remaining 10% of the capital of Georg Fischer Hakan Plastik AS, Cerkezköy (Turkey), for CHF 11 million. In addition, on 27 January 2016, the outstanding earn-out in the amount of CHF 31 million was paid by Georg Fischer Ltd to the former owners of Georg Fischer Hakan Plastik AS, Cerkezköy.

As communicated in the Media Release of 4 February 2016, CFO Roland Abt has decided to step down from his position at the end of 2016. Roland Abt has been proposed for nomination as member of the Board of Swisscom Ltd. The nomination of Roland Abt at Swisscom Ltd will bring his total external mandates in Swiss listed companies to two, exceeding the amount allowed by the GF Articles of Association.

No disclosure notification was made between 1 January and the editorial deadline on 19 February 2016. Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform and can be accessed via the following link:
www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Board of Directors

As of 1 January 2016

Committees

Audit Committee
Hubert Achermann, Chairman
Gerold Bührer
Roger Michaelis

Compensation Committee
Ulrich Graf, Chairman
Eveline Saupper
Jasmin Staiblin

Nomination Committee
Andreas Koopmann, Chairman
Roman Boutellier
Zhiqiang Zhang

Andreas Koopmann

Chairman of the Board
1951 (Switzerland)

Dipl. Masch.-Ing. ETH Zurich (Switzerland), MBA from IMD Lausanne (Switzerland)

Board Member since 2010, Chairman of the Board since 2012

Committees // Chairman of the Nomination Committee

Corporate Governance // Independent member

Professional background, career // Various positions in Swiss industrial companies (1979–1982); Vice President of Engineering and Production, Bobst Group, Roseland, (USA) (1982–1989); various senior positions in the Bobst Group in Lausanne (1989–1995), as CEO (1995–2009); Chairman of Alstom (Switzerland) AG (2010–2012)

Other activities of governing bodies in listed corporations // Vice Chairman of the Board of Directors of Nestlé AG; Member of the Board of Directors of Credit Suisse Group AG (both Switzerland)

Further professional activities and functions // Vice Chairman of the Board of Directors of CSD Holding AG; Member of the Board of Directors of Sonceboz SA; Member of the Board of Economiesuisse (all Switzerland)

Gerold Bührer

Vice Chairman of the Board
1948 (Switzerland)

lic. oec. publ. University of Zurich (Switzerland)

Board Member since 2001, Vice Chairman of the Board since 2012

Committees // Member of the Audit Committee

Corporate Governance // Independent member

Professional background, career // Various positions at the Union Bank of Switzerland (now UBS) (1973–1990), ultimately as a Member of the Executive Management of the bank's investment company; Member of the Executive Committee of Georg Fischer Ltd (1991–2000); Member of the Swiss Parliament (1991–2007); President of Economiesuisse (2007–2012)

Other activities of governing bodies in listed corporations // First Vice Chairman of the Board of Directors of Swiss Life (Switzerland)

Further professional activities and functions // Chairman of the Board of Directors of Fehr Advice & Partners AG and of Meier + Cie AG; Board Member of Cellere AG (all Switzerland); Member of the European Advisory Council of J.P. Morgan

Hubert Achermann

Member of the Board of Directors
1951 (Switzerland)

Dr. iur, attorney, graduated in law at the University of Bern (Switzerland)

Board Member since 2014

Committees // Chairman of the Audit Committee

Corporate Governance // Independent member

Professional background, career // Legal advisor at FIDES Treuhandgesellschaft in Zurich (1982–1987); Heading the company's Lucerne office (1987–1994); Partner and Vice Chairman of the Board of Directors of the newly created KPMG Schweiz (1992–1994); joined the four-person Executive Board, where he was responsible for tax and law (1994–2004); CEO of KPMG Schweiz and performed several key roles for KPMG International (2004–2012); first Lead Director on the KPMG Global Board (2009–2012)

Other activities of governing bodies in listed corporations // Chairman of the Board of Directors of Implenia AG (until 03.02.2016); Member of the Board of UBS Switzerland AG (both Switzerland)

Further professional activities and functions // President of the Board of Trustees of Lucerne Festival, of Friends of Lucerne Festival, and of Stiftung Salle Modulable; Member of the Board of Trustees of Kühne Stiftung and of Ernst von Siemens Musikstiftung (all Switzerland)

Roman Boutellier

Member of the Board of Directors
1950 (Switzerland)

Dr. sc. math. ETH Zurich (Switzerland)

Board Member since 1999

Committees // Member of the Nomination Committee

Corporate Governance // Independent member

Professional background, career // Kern AG (1981–1987); Member of the Executive Management of Leica AG (1987–1993); Professor at the University of St. Gallen (1993–1998); CEO and Delegate to the Board of Directors of SIG Holding AG (1999-2004); Professor of Innovation and Technology Management at the ETH in Zurich (since 2004) and Member of the Executive Board of the ETH Zurich (2008–2015)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Chairman of Appenzell Cantonal Bank; Board Member of Ammann Group Holding AG and of Rychiger AG Steffisburg; Member of the Board of Trustees of Vontobel Foundation (all Switzerland)

Ulrich Graf

Member of the Board of Directors
1945 (Switzerland)

Dipl. El.-Ing. ETH Zurich (Switzerland)

Board Member since 1998

Committees // Chairman of the Compensation Committee

Corporate Governance // Independent member

Professional background, career // Various positions at the Kaba Group (1976–2006), ultimately as President and CEO and Delegate to the Board of Directors of dorma + kaba Holding AG (1990-2006)

Other activities of governing bodies in listed corporations // Chairman of the Board of Directors of dorma + kaba Holding AG and Dätwyler Holding AG (both Switzerland)

Further professional activities and functions // Chairman of the Board of Directors of Griesser Holding AG and of Pema Holding AG; Chairman of the Rega Foundation (Swiss Air Rescue Service) and Board Member of Feller AG (all Switzerland); Member of the Supervisory Board of Dekra e.V. (Germany)

Roger Michaelis

Member of the Board of Directors
1959 (Brazil and Germany)

Studied business administration at the University of São Paulo, post-graduate degree in management and strategy at Krupp Foundation, Munich (Germany), and Babson College (USA)

Board Member since 2012

Committees // Member of the Audit Committee

Corporate Governance // Independent member

Professional background, career // Various positions at Osram Group (1988–2012), ultimately as CEO at Osram Brazil and Head of Human Resources in Latin America (2009–2012); before CFO at Osram subsidiaries in India and Brazil; Partner and Director of Verocap Consulting, São Paulo, Brazil (since 2012)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Managing Director and owner of Verocap; Managing Director of SAMAB Cia. Indústria e Comércio de Papel S. A. São Paulo; Chairman of the Board of Directors of Paulista Business Imp. Exp. Materials Elétricos S/A São Paulo; Chairman of the Adivsory Board of Bentonit União Ltd. São Paulo; CEO and Member of the Board of Directors of Celena Participações e Marketing S/A (all Brazil)

Eveline Saupper

Member of the Board of Directors
1958 (Switzerland)

Dr. iur, attorney and certified tax expert, graduated in law at the University of St. Gallen (Switzerland)

Board Member since 2015

Committees // Member of the Compensation Committee

Corporate Governance // Independent member

Professional background, career // Legal and tax Advisor at Peat Marwick Mitchell (now KPMG Fides) (1983–1985); Attorney at Baker & McKenzie (1985–1992); Employee (1992–1994), Partner (1994–2014) and of councel at Homburger AG (since 2014)

Other activities of governing bodies in listed corporations // Member of the Board of Directors of Bâloise Holding AG (until 29.04.2016), Syngenta International AG and Flughafen Zurich AG (all Switzerland)

Further professional activities and functions // Chairwoman of Mentex Holding AG, Member of the Board of Directors of hkp group, and Stäubli Holding AG (all Switzerland)

Jasmin Staiblin

Member of the Board of Directors
1970 (Germany)

Double degree in electrical engineering and physics from the Technical University, Karlsruhe (Germany), Royal Institute of Technology, Stockholm (Sweden)

Board Member since 2011

Committees // Member of the Compensation Committee

Corporate Governance // Independent member

Professional background, career // Various positions at ABB, including in Switzerland, Sweden and Australia (1997–2006); Country Manager of ABB Switzerland (2006–2012); CEO of Alpiq Holding AG (since 2013)

Other activities of governing bodies in listed corporations // Board member of Rolls-Royce Holdings Plc (UK)

Further professional activities and functions // Member of the ETH Board; Member of the Board of Economiesuisse; Vice President Swisselectric (all Switzerland)

Zhiqiang Zhang

Member of the Board of Directors
1961 (China)

Bachelor of Sciences from Northern Jiatong University, Beijing (China); MBA from Queen's University, Kingston (Canada)

Board Member since 2005

Committees // Member of the Nomination Committee

Corporate Governance // Independent member

Professional background, career // Various positions at Siemens (1987-2012), including President of Siemens VDO Automotive China (1999–2005), President of Nokia Siemens Networks Greater China Region (2005–2012); Executive Vice President of Sandvik AB and Head of Emerging Markets (since 2012)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // –

Executive Committee

Yves Serra

Chief Executive Officer of Georg Fischer Ltd
1953 (France)

Engineering degree from Ecole Centrale de Paris (France) and MSc in civil engineering from the University of Wisconsin-Madison (USA)

Member of the Executive Committee since 2003, CEO since 2008

Professional background, career // Deputy Commercial Attaché at the French Embassy in Manila (1977–1979); Customer Service Engineer for Alstom in France and South Africa (1979–1982); various positions at Sulzer in France and Japan (1982-1992); various positions for the Georg Fischer Corporation (since 1992), Managing Director of Charmilles Technologies Japan and Regional Head of Sales Asia (1992–1997), Head of Charmilles (1998–2002), Head of GF Piping Systems (2003–2008); President and CEO of Georg Fischer Ltd (since 2008)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Member of the Board of Directors of Stäubli Holding AG; Member of the Executive Committee of Swissmem (Association of the Swiss Mechanical and Electrical Engineering Industries); member of the Board of Swiss Chinese Chamber of Commerce and member of the Chapter Board "Doing Business in USA" of the Swiss American Chamber of Commerce (Switzerland)

Roland Abt

Chief Financial Officer
1957 (Switzerland)

Dr. oec. University of St. Gallen (Switzerland)

Member of the Executive Committee since 2004

Professional background, career // Head of Finance for a corporate group in the areas of data processing and real estate (1985–1987); various positions at the Eternit Group (1987–1996) in Switzerland and Venezuela, ultimately as Division Manager of their fiber cement activities in Latin America; various positions for the Georg Fischer Corporation (since 1996), including CFO of the Agie Charmilles Group (1997–2004) and CFO of the Georg Fischer Corporation (since 2004)

Other activities of governing bodies in listed corporations // Member of the Board of Directors of Conzzeta AG (Switzerland)

Further professional activities and functions // Member of the Regulatory Board and Issuers Committee of the SIX Swiss Exchange (Switzerland)

Pietro Lori

Head of GF Piping Systems
1956 (Italy)

Studies of mechanical engineering, degree of Dr. Ing. Politecnico di Milano (Italy)

Member of the Executive Committee since 2008

Professional background, career // Various positions in different companies in Italy and the USA (1982–1988) and at GF Piping Systems (since 1988), including Managing Director of GF Piping Systems Italy (1994–1998), Head of Southern Europe (1999–2001), Member of the Group Management (since 2002), Vice President Division Europe and Emerging Markets (2003–2008); Head of GF Piping Systems (since 2008)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // –

Josef Edbauer

Head of GF Automotive
1957 (Germany)

Dipl.-Ing. University of applied sciences of Konstanz (Germany)

Member of the Executive Committee since 2008

Professional background, career // Various positions at Georg Fischer Automotive (since 1982), including Head Engineering and Maintenance at George Fischer (Lincoln) Ltd, Lincoln (UK) (1985-1989), Managing Director Georg Fischer Automobilguss GmbH, Singen (Germany) (1999–2005); Member of the Group Management and Head Iron Casting Technology Unit at GF Automotive (2005-2008); Head of GF Automotive (since 2008)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Member of the Board of Trustees of the HTWG Konstanz (Germany)

Pascal Boillat

Head of GF Machining Solutions
1955 (Switzerland)

Studies of Electrical Engineering at Engineering School in Bienne; Dipl.-El.-Ing. ETS (Switzerland)

Member of the Executive Committee since 2013

Professional background, career // Electrical Engineer and responsible for the software department at Wahli Frères in Bévilard (1977–1984); various positions at General Electric Switzerland and GE Fanuc Switzerland (1984–2000), ultimately as Country Manager Switzerland; Vice President (2000–2002), President & CEO of GE Fanuc Europe (Luxembourg) (2002–2010); at GF Agie Charmilles as Head of Operations (2010–2012); Head of GF Machining Solutions (since 2013)

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Member of the working group Machine Tools and Machining of Swissmem (Switzerland)

Audit Report

Report of the statutory auditor to the Annual Shareholders' Meeting on the compensation report 2015

We have audited the pages 51 to 53 of the accompanying compensation report of Georg Fischer Ltd for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

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

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

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

Opinion

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

PricewaterhouseCoopers Ltd

Zurich, 19 February 2016

Stefan Räbsamen, Audit expert
(Auditor in charge)

Roman Uehli, Audit expert

Compensation Report

Introduction by the Chairman of the Compensation Committee

Dear shareholder

On behalf of the Board of Directors of GF and of the Compensation Committee, I am pleased to present the 2015 compensation report.

Thanks to a strong second half-year, 2015 ended up better than it started, allowing GF to reach profitability levels not seen since 2006 and meet the 2011–2015 strategy targets published early 2011.

The Committee has approved the fine-tuning of the short-term incentive system for the Executive Committee, designed to fit with GF's Strategy 2016–2020. In addition, the Committee approved a new long-term share-based incentive plan as detailed on page 54 and 55. Both new plans are effective as per 1 January 2016.

The new long-term incentive remuneration is focusing on long-term sustainable value creation for employees, customers, and shareholders and is measured by one key performance indicator, Earnings per Share (EPS), over a prospective three years' period. This ensures alignment with company's and shareholders' interests, allows to participate in the long-term success of GF and fosters and supports a high-performance culture.

At the upcoming Annual Shareholders' Meeting, we will ask you to approve prospectively in a binding vote the maximum amounts of compensation for the Board of Directors until the next Annual Shareholders' Meeting (§ 22.5 of the Articles of Association of Georg Fischer Ltd, available for download at: http://http://www.georgfischer.com/content/gf/com/en/UeberGeorgFischer.html), and for the next business year, the maximum amount of compensation for the Executive Committee (§ 23c.7 of the Articles of Association of Georg Fischer Ltd). Accordingly, the Annual Shareholders' Meeting 2016 will be asked to approve the compensation for the Board of Directors until the Annual Shareholders' Meeting 2017 and the maximum compensation for the Executive Committee for the financial year 2017. In addition, we will also ask you to vote on a consultative basis on the compensation report 2015.

Looking ahead, the Committee will continue to review and fine-tune the compensation programs, in order to ensure that they remain aligned with market levels and the business strategy of GF as well as the long-term interests of our shareholders, while of course being compliant with the various regulations.

We always welcome comments on our compensation systems and we trust that you will find this report interesting and informative.

Sincerely

Ulrich Graf, Chairman of the Compensation Committee

Contents // The compensation report provides information about the compensation policy, the compensation programs, and the process of determination of compensation applicable to the Board of Directors and to the Executive Committee of GF. It also includes details on the compensation payments related to 2015. This report is written in accordance to the Swiss Ordinance against excessive pay in stock exchange listed companies, the standards related to information on Corporate Governance issued by the SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

Compensation policy 2015

Overarching principles // For the Board of Directors, the compensation policy is designed to ensure their independence in exercising their supervisory duties and foresees a fixed compensation only.

For the Executive Committee, the compensation policy is designed to attract, retain, and motivate talented individuals, along the following principles:

- Fairness and transparency
- Pay for performance
- Long-term orientation and alignment to shareholders' interests
- Market competitiveness

Compensation principles 2015

Fairness and transparency	Pay for performance and results	Participation in long-term success	Market competitiveness
Compensation programs are straightforward, clearly structured, and transparent. They ensure fair remuneration based on the responsibilities and competencies required to perform the role (internal equality).	A portion of compensation is directly linked to the company and individual performance (performance orientation).	A portion of the compensation is delivered in form of restricted shares, ensuring participation in the long-term success of the company and a strong alignment to the shareholders' interests (long-term orientation).	Compensation levels are competitive and in line with relevant market practice (external equality).

Compensation Governance

Compensation Committee // The Compensation Committee consists of three non-executive Board members who are elected yearly and individually by the Annual Shareholders' Meeting for a one-year period until the next Annual Shareholders' Meeting. At the Annual Shareholders' Meeting 2015, Ulrich Graf (Chairman), Eveline Saupper and Jasmin Staiblin were elected as members of the Compensation Committee. The Committee supports the Board of Directors in setting the compensation policy at the highest corporate level and regularly reviews the guidelines governing compensation of the executives. The Committee also proposes the amount of compensation to be paid to the Board of Directors, to the Chief Executive Officer, and to the other members of the Executive Committee, and prepares the related motions for the Annual Shareholders' Meeting.

The Compensation Committee convenes as often as necessary, but at least twice per year. In 2015, the Committee held four meetings of approximately one hour and a half each:

- In the February meeting, the Committee evaluated the business performance in the previous business year against the preset objectives, and prepared a proposal to the Board of Directors on the short-term incentive to be paid to the Chief Executive Officer and to the Executive Committee members. In the same meeting, the Committee determined the business objectives for the 2015 business year for the Chief Executive Officer and reviewed those of the Executive Committee members, before submitting them to the Board of Directors for approval.
- In the June meeting, the Committee elaborated the basis for an adapted short-term incentive model as well as set the parameters for a revised long-term incentive plan for the Chief Executive Officer and the members of the Executive Committee, focusing to reflect on the long-term company's and shareholders' interests.
- In the September meeting, the Compensation Committee reviewed both, the new short-term as well as the long-term incentive plan and fine-tuned the models to best fit with the Strategy 2016–2020. In the same meeting, the Committee reviewed the benchmarking analysis of the compensation of the Board of Directors, the Chief Executive Officer, and the members of the Executive Committee.

– In the December meeting, the Committee determined the new short-term and long-term incentive plans and submitted them to the Board of Directors for approval; in the same meeting, the Compensation Committee reviewed and approved the target compensation for the following business year for the members of the Executive Committee based on a proposal from the Chief Executive Officer. The Committee determined the target compensation of the Chief Executive Officer for the next business year based on a proposal from the Chairman of the Board and prepared a proposal to submit to the Board of Directors for approval.

Overview of meetings' schedule

	February	June	September	December
CEO and EC Compensation	Business performance previous year Short-term incentive CEO and EC previous year Business objectives current year	Short-term incentive CEO and EC future business years Long-term incentive CEO and EC future business years	Short-term incentive CEO and EC future business years Long-term incentive CEO and EC future business years	Short-term incentive CEO and EC future business years Target compensation CEO and EC following business years Long-term incentive CEO and EC future business years

CEO = Chief Executive Officer, EC = Executive Committee

In 2015, with two exceptions, all Committee members attended all meetings. The CEO and the Head of Corporate Human Resources attended the Committee meetings in advisory capacity. The CEO did not attend the meeting when his own compensation or performance was discussed. The Chairman of the Committee reported to the Board of Directors after each meeting on the activities of the Committee. The minutes of the Committee meetings are available to all members of the Board of Directors.

The compensation proposals and decisions are made based on the following levels of authority:

Levels of authority

Approval framework

Subject	Recommendation from	Final approval from
Compensation policy and principles	Compensation Committee	Board of Directors
Aggregate compensation amount of Board of Directors	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting
Individual compensation of Board of Directors	Compensation Committee	Board of Directors
Aggregate compensation amount of Executive Committee	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting
Compensation of the CEO	Compensation Committee based on proposal by the Chairman of the Board	Board of Directors
Individual compensation of Executive Committee members	Compensation Committee based on proposals by the CEO	Board of Directors

On behalf of the Board of Directors, Internal Audit annually reviews the compliance of the compensation decisions made with the compensation regulations for the Executive Committee and the Board of Directors, the Organizational Rules, and the Articles of Association.

The Committee may call in external compensation specialists to obtain independent advice and/or to get benchmarking compensation data. In the year under review, no external compensation specialists have been mandated.

Method of determination of compensation // The elements and levels of the compensation of the Board of Directors and the Executive Committee are reviewed regularly and are tailored to the relevant sector and labor market in which GF competes for talent. For the purpose of comparison, the Compensation Committee relies on compensation surveys published by independent consulting firms and on publicly available information, such as compensation disclosures from comparable companies. Comparable companies are defined as companies with similar size in terms of market capitalization, sales, number of employees, and geographic scope, which operate in similar business segments and are headquartered in Switzerland.

For compensation benchmarking purposes, a group of companies, all Swiss multinational companies of the industry sector listed on the Swiss stock exchange (SIX), has been selected. The group consists of Autoneum, Bucher Industries, Dätwyler, Geberit, Kaba, Oerlikon, Rieter, SGS, Sika, Sonova, and Sulzer.

The Compensation Committee also takes into consideration the effective business and individual performance while determining the compensation amounts to be paid to the Chief Executive Officer and to the other members of the Executive Committee. Individual performance is assessed through the annual Management By Objectives (MBO) process, where individual objectives are defined at the beginning of the year and the achievement against those objectives is evaluated at the end of the year. The objective setting and the performance assessment of the members of Executive Committee are conducted by the Chief Executive Officer and are approved by the Chairman of the Board. The Chairman of the Board determines the objectives and evaluates the performance of the Chief Executive Officer.

Architecture of compensation

Compensation of the Board of Directors // The compensation regulation applicable to the Board of Directors is reviewed periodically based on competitive market practice and retains its validity for several years.

In order to guarantee the independence of the members of the Board of Directors in executing their supervisory duties, their compensation is fixed and does not contain any performance-related component. The annual overall compensation for each member of the Board of Directors depends on the responsibilities carried out in the year under review. The compensation is partially delivered in cash (fee) and in restricted shares.

Compensation model Board of Directors

	Responsibility	Fee	Restricted shares
Basis fee	Board Membership	CHF 70 000	150 shares
Additional fees	Board Chairmanship	CHF 200 000	150 shares
	Board Vice-Chairmanship	CHF 22 500	
	Audit Committee Chairmanship	CHF 80 000	
	Audit Committee Membership	CHF 30 000	
	Other Committee Chairmanship	CHF 40 000	
	Other Committee Membership	CHF 20 000	

Members of the Board receive a fixed fee and additional fees for special tasks such as committee chairmanship, vice-chairmanship or membership. The fees are paid in cash in January for the previous calendar year. Actual expenditures will be reimbursed.

In addition, each member of the Board receives a fixed number of GF shares. The value of the share-based compensation is calculated on the basis of the closing share price on the last trading day of the reporting year. Those shares are granted in January for the previous calendar year and are restricted for a period of five years.

The compensation of the Board of Directors is subject to regular social security contributions and is not pensionable.

Compensation of the Executive Committee // The principles of compensation of the Executive Committee members, as described above in the section "Principles of compensation" are set out in a regulation and retain their validity for several years. They were last reviewed by the Compensation Committee in 2012.

The compensation of the Executive Committee includes the following elements:

- Fixed base salary in cash
- Performance-related short-term incentive in cash
- Share-based remuneration (long-term incentive)
- Benefits such as pension and social insurance funds

Compensation model Executive Committee

	Instrument	Purpose	Drivers
Annual base salary	Monthly cash payments	Pay for the function	Scope and responsibilities Profile of the individual
Short-term incentive	Annual cash payment	Pay for performance	Business and individual performance over a one-year period
Share-based remuneration (long-term incentive)	Restricted shares (five years)	Participate in long-term success Align to shareholders' interests	Level of the function in the organization
Benefits	Pension and insurances Other perquisites	Protect against risks Cover business expenses	Local legislation and market practice

Fixed base salary // The fixed base salary is determined primarily on the basis of the following factors:

- Scope and complexity of the role, as well as the skills required to perform the role;
- Skills, experience, and performance of the individual in the role;
- External market value of the role.

Fixed base salaries of the Executive Committee members are reviewed every year on the basis of those factors and adjustments are made according to market developments and to the company's affordability.

Short-term incentive // The short-term incentive is a variable incentive designed to reward the achievement of business objectives of the Corporation and its divisions, as well as the fulfillment of individual performance objectives as defined within the MBO process, over a time horizon of one year.

The business objectives are set by the Board of Directors in accordance with the long-term strategy. They include absolute financial figures and are set for a period of several years in order to ensure sustainable and long-term performance. Currently, the business objectives are: organic sales growth (excluding acquisitions and divestitures), EBIT margin (EBIT in relation to sales), Return on Invested Capital (ROIC), and asset turnover (sales in relation to average net operating assets). For each objective, the Board of Directors sets a threshold level of achievement under which there is no payout, and a ceiling above which the payout is capped. The payout factor for achievement levels between the threshold and the ceiling is calculated by linear interpolation. While the thresholds and the ceilings are valid for a period of several years, the achievement against those is measured on a yearly basis and leads to a payout factor for this portion of the variable incentive. The threshold for the ROIC is set on a level clearly over the average cost of capital of the Corporation.

The individual objectives are set within the MBO process at the beginning of the year. They are clearly measurable. At the end of the year, the achievement against each individual objective is assessed and leads to a payout factor for this portion of the variable short-term incentive.

The weighting of the business and individual objectives for the Chief Executive Officer and the other Executive Committee members is described in the following chart:

Weighting of the business and individual objectives (maximum level of performance / payout factor)

			CEO	Head Division	Staff Functions
Business objectives	**Corporation level**	Organic sales growth (20%)	22%	6%	12%
		EBIT margin (30%)	33%	9%	18%
		ROIC (30%)	33%	9%	18%
		Asset turnover (20%)	22%	6%	12%
	Division level	Organic sales growth (20%)		6%	
		EBIT margin (30%)		9%	
		ROIC (30%)		9%	
		Asset turnover (20%)		6%	
Individual objectives		MBO	40%	30%	30%
Total weight (at maximum) in % of annual fixed base salary			**150%**	**90%**	**90%**

Thresholds and ceilings for the business objectives (valid for corporate and divisional objectives)

Business objectives	Hurdle (minimum threshold)	Cap (maximum threshold)	Mid-term targets 2015
Organic sales growth	1.0%	7.0%	not disclosed[1]
EBIT margin	3.5%	12.0%	8–9%
ROIC	10.0%	22.0%	16–20%
Asset turnover	2.0	3.0	not disclosed[1]

1 For competitive reasons

The maximum short-term incentive is expressed as a percentage of the annual fixed base salary and amounts to 150% for the Chief Executive Officer and 90% for the other members of the Executive Committee. The expected level of target performance (fulfillment of the multi-year business objectives and of the individual objectives) corresponds to a short-term incentive pay-out of approximately 60% of the maximum short-term incentive.

Based on the Business Strategy 2016–2020 the short-term incentive plan has been fine-tuned to reward the achievement of strategic targets. The new short-term incentive model is explained in the section "Changes to the short-term incentive model in 2016" and is effective for 2016.

Share-based remuneration (long-term incentive) // The purpose of the share-based remuneration is to align the interest of the Executive Committee with the shareholders' interests. The Chief Executive Officer receives 850 restricted shares and each of the other Executive Committee members receives 300 restricted shares. The shares are granted in January of the following year and are subject to a blocking period of five years. The grant value of the share is based on the closing share price on the last trading day of the reported business year. The shares are automatically unblocked in case of termination, liquidation, or change of control. The shares of the share-based compensation program are either treasury shares or are repurchased on the market.

The share-based remuneration plan has been replaced on the basis of the review conducted in 2015. The new long-term incentive model is explained in the section "Changes to the long-term incentive model in 2016" and is effective for 2016.

Benefits // Benefits consist primarily of retirement and insurance plans that are designed to provide reasonable retirement remuneration as well as a reasonable level of protection against risks such as death and disability. All members of the Executive Committee have a Swiss employment contract and participate in the pension fund of GF offered to all Swiss-based employees, in which only the fixed base salary is insured. The pension fund exceeds the minimum legal requirement of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and is in line with commensurate market practice. For top management positions, including the members of the Executive Committee, an early retirement plan is in place. The plan is entirely financed by the employer and is administered by a Swiss foundation. Beneficiaries may opt for early retirement from the age of 60, provided that they are enrolled with the Swiss social security and have been employed by GF at least for ten years.

Members of Executive Management do not receive any special benefits. They are entitled to a representation lump-sum allowance and to reimbursement of business expenses in accordance to the expense rules applicable to all employees at management levels employed in Switzerland. The expense regulation has been approved by the relevant cantonal tax authorities.

Contractual terms // The contractual agreements with the Chief Executive Officer and the Executive Committee members foresee a notice period of maximum twelve months. There are no entitlements to severance payments.

Remuneration for the 2015 business year

Board of Directors // The members of the Board of Directors received cash compensation of CHF 1.175 million in the year under review. In addition, a total of 1 534 GF registered shares with a total market value of CHF 1.042 million were allocated as share-based compensation. In the previous year, the allocation had been 1 650 GF registered shares, equivalent to a total market value of CHF 1.038 million. Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2.331 million (previous year: CHF 2.034 million). The detailed disclosure of compensation to the Board of Directors is as follows:

Compensation paid to the members of the Board of Directors 2015

	Compensation					
	Cash compensation[1]	Number of shares	Share-based compensation[2]	Other benefits[3]	**Total compensation 2015[4]**	Total compensation 2014[4]
Andreas Koopmann						
Chairman Board of Directors						
Chairman Nomination Committee	270	300	204	25	499	448
Hubert Achermann						
Chairman Audit Committee	139	150	102	13	254	132
Gerold Bührer						
Vice Chairman Board of Directors						
Member Audit Committee	123	150	102	10	235	194
Roman Boutellier						
Member Nomination Committee	90	150	102	9	201	155
Ulrich Graf						
Chairman Compensation Committee	110	150	102	10	222	161
Rudolf Huber[5]						
Chairman Audit Committee	33	33	22	3	58	206
Roger Michaelis						
Member Audit Committee	116	150	102	12	230	192
Eveline Saupper[6]						
Member Compensation Committee	71	118	80	8	159	
Jasmin Staiblin						
Member Compensation Committee	90	150	102	10	202	155
Isabelle Welton[7]						
Member Compensation Committee	20	33	22	2	44	155
Zhiqiang Zhang						
Member Nomination Committee	113	150	102	12	227	198
Rounding						2
Total	**1 175**	**1 534**	**1 042**	**114**	**2 331**	1 998*

(all in CHF 1 000: except column "Number of shares")

* The total compensation in 2014 amounted to CHF 2.034 million, including a compensation for Kurt E. Stirnemann (member Audit Committee until Annual Shareholders' Meeting 2015) of CHF 36 000.

1 The Cash compensation includes reimbursements for international travel amounting to CHF 45 000.
2 The share-based compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 679 on 31 December 2015.
3 The other benefits represent employer contributions to social insurance funds.
4 The total compensation encompasses the cash compensation, the share-based compensation and the other benefits.
5 Member of the Board of Directors and Chairman Audit Committee until 18 March 2015.
6 Member of the Board of Directors and member Compensation Committee since 18 March 2015.
7 Member of the Board of Directors and member Compensation Committee until 18 March 2015.

The compensation paid to the Board of Directors for the year 2015 was above that of the previous year. The increase is explained by the following factors:

- Based on the review conducted in 2014, the applicable compensation model has been adapted to be aligned with the relevant market levels.
- The value of the shares increased from CHF 629 in 2014 to CHF 679 in 2015.

Other benefits reflect the social security contributions.

In the year under review, Mr. Rudolf Huber, Chairman of the Audit Committee, and Ms. Isabelle Welton, member of the Compensation Committee, were remunerated until the Annual Shareholders' Meeting of 18 March 2015. Ms. Eveline Saupper, member of the Compensation Committee, was compensated for the time 18 March through 31 December 2015. Both Mr. Roger Michaelis and Mr. Zhiqiang Zhang received each CHF 22 500 for international travel time spent; these reimbursements are included in the cash compensation. No further compensation was paid to members of the Board of Directors. No compensation was paid to parties closely related to members of Board of Directors.

Executive Committee // The members of the Executive Committee received cash, share-based compensation, social security and pension contributions amounting to CHF 7.736 million for the year under review (previous year: CHF 6.630 million). 2 050 GF registered shares with a total value of CHF 1.392 million, based on a share price of CHF 679 at year-end 2015, were allocated to members of the Executive Committee for the year under review (previous year: 2 050 GF registered shares with a total value of CHF 1.289 million).

The detailed disclosure of compensation to the Executive Committee in accordance with the Ordinance against excessive pay in stock exchange listed companies is as follows:

Compensation paid to the members of the Executive Committee 2015

	Fixed salary in cash	Short-term incentive in cash[1]	Number of shares	Share-based compensation[2]	Pension and social insurance funds[3]	**Total compensation 2015[4]**	Total compensation 2014[4]
Executive Committee	2 860	2 274	2 050	1 392	1 210	**7 736**	6 630
Of whom Yves Serra, CEO (highest individual compensation)	869	938	850	577	397	**2 781**	2 286

(all in CHF 1 000: except column "Number of shares")

1 The short-term incentive is based on the short-term incentive plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of the divisions and the Corporation. The short-term incentive for the 2015 financial year was approved by the Board of Directors on 19 February 2016. Payment will be made in 2016.
2 The share-based remuneration is based on the long-term incentive plan. Each year a fixed number of GF shares is allocated. These shares are blocked for five years. The amount of the share-based compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 679 on 31 December 2015. All shares are transferred in 2016.
3 The pension and social insurance fund expenses include employer contributions to social security and to pension funds.
4 The total compensation is comprised of the fixed salary, the short-term incentive, the share-based remuneration and the social and pension contributions.

The total compensation for the Chief Executive Officer and the other members of the Executive Committee in 2015 was higher than in 2014. The increase is explained by the following factors:

- The short-term incentive related to the financial results of the Corporation and the divisions and to the individual performance was clearly better in 2015 compared to 2014, especially as the objectives of the Strategy 2011–2015 have been achieved. Consequently, the overall short-term incentive percentage ranges from 66.2% to 68.3% of the base salary for the Executive Committee members and amounts to 108% of the base salary for the Chief Executive Officer.
- The value of the shares increased from CHF 629 in 2014 to CHF 679 in 2015.
- The maximum short-term incentive level for the Chief Executive Officer was increased from 110% to 150% of the fixed base salary in order to be aligned with relevant market practice.
- The fixed salary was slightly adjusted in order to keep competitive levels in line with the market practice of our industrial sector.
- The employer's contributions to social security and to company retirement plans have increased following the adjustments of fixed salary. Please note that a significant portion of the social security payments of the employer to the Swiss social security system represents a solidarity payment as the individuals will not get any return or benefit due to these payments.

In the year under review, no compensation was paid to former members of the Executive Committee. No compensation was paid to parties closely related to members of the Executive Committee.

Shareholdings of the members of the Board of Directors and of the Executive Committee // The information on shareholdings of the members of the Board of Directors and of the Executive Committee is included on page 110 and 111 of the Notes to the Financial Statements of Georg Fischer Ltd.

Loans to members of governing bodies // Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to members of the Board of Directors or the Executive Committee or related parties in the year under review. As of 31 December 2015, no loans were outstanding.

Changes to the short-term incentive model in 2016

In 2015, a review of the short-term incentive model applicable to the members of the Executive Committee has been conducted reflecting the Business Strategy 2016–2020. The following changes became effective 1 January 2016:

- The short-term incentives are expressed as a target in % of Annual Fixed Base Salary.
- The maximum short-term incentive amounts to 150% of the target short-term incentive.
- The achievement for each objective is capped at 150%.
- The highest weighting is on the organization the executive is responsible for.
- The hurdles and caps are defined on a divisional level to reflect the difference in businesses.

Short-term incentive in % of annual fixed base salary

The maximum in % of annual fixed base salary remains unchanged.

	Target	Minimum	Maximum
CEO	100%	0%	150%
Executive Committee	60%	0%	90%

Weighting of the business and individual objectives (target level of performance/payout factor)

			CEO	Head Division	Staff Functions
Business objectives	**Corporation level**	Organic sales growth (20%)	15%	5%	15%
		EBIT margin (40%)	30%	10%	30%
		ROIC (40%)	30%	10%	30%
	Division level	Organic sales growth (20%)		10%	
		EBIT margin (40%)		20%	
		ROIC (40%)		20%	
Individual objectives		MBO	25%	25%	25%
Total			**100%**	**100%**	**100%**

Thresholds and targets for the corporate business objectives

Business objectives	Hurdle[1]	Strategy targets 2016–2020
Organic sales growth (at constant currencies)	1.00%	3–5%
EBIT margin	4.00%	8–9%
ROIC	10.00%	18–22%

1 Achievements below the hurdle result in zero payout for the respective business objective.

Changes to the long-term incentive model in 2016

The metrics of the new long-term incentive plan have been designed to fit with GF's Strategy 2016–2020, focusing on long-term sustainable value creation for the company, customers and shareholders. The incentive is based on one Key Performance Indicator, Earnings per Share (EPS), measured over a prospective three years' performance period, in order to:

- Align the interests with those of GF's shareholders,
- Allow management to participate in the long-term success of GF,
- Foster and support a high-performance culture.

GF has renounced to measure performance against an artificially defined peer group of companies as it would require the definition of peer groups on divisional levels to adequately reflect the differences in businesses GF operates in. The aggregation of such disparate peers would not lead to a clear correlation between performance and long-term incentive. The Key Performance Indicator, EPS, is measured over a prospective three years' performance period in relation to the last 10 years' average value; this ensures that full business cycles are taken into account when measuring the achievement levels.

The Grant is expressed as a number of shares, based on the length of employment in the year x (pro-rated based on twelve months). The number of granted shares will be divided into a number of restricted shares (RS) and a number of performance-restricted shares (PS), as follows:

Restricted and Performance-restricted shares

	RS Restricted shares	PS Performance-restricted shares	Total number of shares
CEO	425	0–850	425–1275
EC	150	0–300	150–450

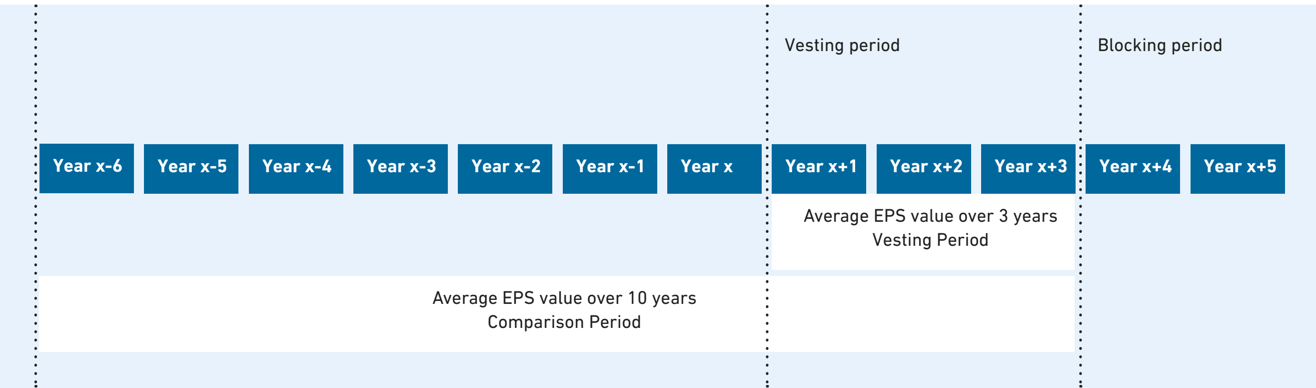
CEO = Chief Executive Officer; EC = Executive Committee

RS will be blocked for 5 years, PS for 2 years after the vesting period of 3 years.

For the year x, the RS and PS are granted on 1 January, year x+1 (Grant Date). The RS vest immediately; the vesting of the PS is subject to meeting the following performance criteria:

- Should the average EPS value over the 3 years' vesting period be equal to the average EPS value of the previous 10 years, 100% of the granted PS will vest at the Vesting Date.
- Should the average EPS value over the 3 years' vesting period be above 150% of the average EPS value of the previous 10 years, 150% of the granted PS will vest at the Vesting Date (cap).
- Should the average EPS value over the 3 years' vesting period be below 50% of the average EPS value of the previous 10 years, all granted PS will forfeit (hurdle).
- For achievements in between 50% and 150% the calculation is linear.

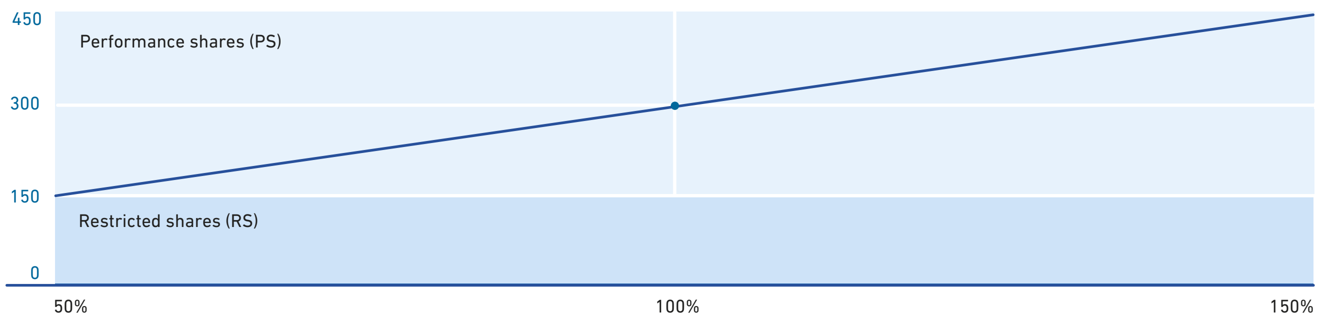
Whereas the Vesting Date of the granted PS is defined 3 years after the Grant Date and five working days after the official disclosure of the EPS value of the relevant business year.



The long-term incentive plan came into effect 1 January 2016.

For the long-term incentive plan year x, the total number of RS and PS vesting can be derived as follows:

Number of shares: Members of the EC



For the CEO the target is 850 shares with a maximum of 1 275 shares and a floor of 425 shares.

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Balance sheet as of 31 December 2015

CHF million	Notes	**2015**	**%**	2014	%
Cash and cash equivalents		549		374	
Marketable securities		10		6	
Trade accounts receivable	(3)	640		643	
Inventories	(4)	640		666	
Income taxes receivable	(5)	13		9	
Other accounts receivable	(6)	49		62	
Prepayments to creditors		14		26	
Accrued income		19		15	
Current assets		**1 934**	**63**	1 801	60
Property, plant, and equipment for own use	(7)	988		1 009	
Investment properties	(7)	39		44	
Intangible assets	(8)	26		27	
Deferred tax assets	(11)	83		88	
Other financial assets	(10)	13		20	
Non-current assets		**1 149**	**37**	1 188	40
Assets		**3 083**	**100**	2 989	100
Trade accounts payable		420		419	
Bonds	(13)	200			
Other financial liabilities	(13)	158		154	
Loans from pension fund institutions	(13, 14)	27		27	
Other liabilities	(15)	80		69	
Prepayments from customers		55		52	
Current tax liabilities		45		42	
Provisions	(12)	38		37	
Accrued liabilities and deferred income	(16)	198		181	
Current liabilities		**1 221**	**39**	981	33
Bonds	(13)	299		497	
Other financial liabilities	(13)	113		56	
Pension benefit obligations	(14)	120		131	
Other liabilities	(15)	46		51	
Provisions	(12)	109		123	
Deferred tax liabilities	(11)	45		46	
Non-current liabilities		**732**	**24**	904	30
Liabilities		**1 953**	**63**	1 885	63
Share capital	(17)	4		4	
Capital reserves		24		33	
Treasury shares	(19)	–6		–9	
Retained earnings		1 059		1 029	
Equity attributable to shareholders of Georg Fischer Ltd		**1 081**	**35**	1 057	35
Non-controlling interests		49	2	47	2
Equity	(17)	**1 130**	**37**	1 104	37
Liabilities and equity		**3 083**	**100**	2 989	100

Income statement for the year ended 31 December 2015

CHF million	Notes	2015	%	2014	%
Sales		**3 640**	**100**	3 795	100
Other operating income	(23)	50		45	
Income		**3 690**	**101**	3 840	101
Cost of materials and products		–1 740		–1 841	
Changes in inventory of unfinished and finished goods		25			
Operating expenses	(24)	–628		–665	
Gross value added		**1 347**	**37**	1 334	35
Personnel expenses	(25)	–925		–935	
Depreciation on tangible fixed assets	(7)	–122		–122	
Amortization on intangible assets	(8)	–4		–3	
Operating result (EBIT)		**296**	**8**	274	7
Interest income	(26)	2		3	
Interest expense	(26)	–34		–39	
Other financial result	(26)	–16		–6	
Ordinary result		**248**	**7**	232	6
Non-operating result	(27)	3		14	
Extraordinary result	(28)				
Profit before taxes		**251**	**7**	246	6
Income taxes	(29)	–53		–51	
Net profit		**198**	**5**	195	5
– Thereof attributable to shareholders of Georg Fischer Ltd		188		184	
– Thereof attributable to non-controlling interests		10		11	
Basic earnings per share in CHF	(18)	46		45	
Diluted earnings per share in CHF	(18)	46		45	

Statement of changes in equity for the year ended 31 December 2015

CHF million	Notes	**Share capital**	**Capital reserves**	**Treasury shares**	Goodwill offset	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	**Retained earnings**	**Equity attributable to shareholders of Georg Fischer Ltd**	Non-controlling interests	**Equity**
Balance as of 31 December 2013		**41**	**60**	**–9**	**–319**	**–3**	**–17**	**1 182**	**843**	**935**	**43**	**978**
Net profit								**184**	**184**	**184**	**11**	**195**
Translation adjustments recognized in the reporting period						14			14	14	1	15
Changes of cash flow hedges	(9, 15)						–12		–12	–12		–12
Goodwill offset via equity	(2, 8)											
Addition to non-controlling interests	(2)										–1	–1
Purchase of treasury shares	(19)			–21						–21		–21
Disposal of treasury shares	(19)		2	16						18		18
Share-based compensation												
– Transfers for 2013	(19, 30)			5				–5	–5			
– Granted for 2014	(19, 30)							5	5	5		5
Reduction in par value		–37								–37		–37
Dividends	(17)		–29							–29	–7	–36
Balance as of 31 December 2014		**4**	**33**	**–9**	**–319**	**11**	**–29**	**1 366**	**1 029**	**1 057**	**47**	**1 104**
Net profit								**188**	**188**	**188**	**10**	**198**
Translation adjustments recognized in the reporting period						–71			–71	–71	–1	–72
Changes of cash flow hedges	(9, 15)						1		1	1		1
Goodwill offset via equity	(2, 8)				–29				–29	–29		–29
Purchase of treasury shares	(19)			–13						–13		–13
Disposal of treasury shares	(19)		1	11						12		12
Share-based compensation												
– Transfers for 2014	(19, 30)			5				–5	–5			
– Granted for 2015	(19, 30)							6	6	6		6
Dividends	(17)		–10					–60	–60	–70	–7	–77
Balance as of 31 December 2015		**4**	**24**	**–6**	**–348**	**–60**	**–28**	**1 495**	**1 059**	**1 081**	**49**	**1 130**

Cash flow statement for the year ended 31 December 2015

CHF million	Notes	**2015**	2014
Net profit		198	195
Income taxes	(29)	53	51
Financial result	(26)	48	42
Depreciation and amortization	(7, 8)	126	125
Other non-cash income and expenses		3	5
Increase in provisions, net	(12, 28)	30	22
Use of provisions	(12)	–34	–28
Loss/profit from disposal of tangible fixed assets		–22	–12
Changes in			
– Inventories		–2	20
– Trade accounts receivable		–45	–36
– Other receivables and accrued income		3	1
– Trade accounts payable		26	–26
– Other liabilities and accrued liabilities and deferred income		21	–26
Interest paid		–32	–40
Income taxes paid		–45	–45
Cash flow from operating activities		**328**	248
Additions to			
– Property, plant, and equipment	(7)	–167	–152
– Intangible assets	(8)	–4	–5
– Other financial assets			–4
Disposals of			
– Property, plant, and equipment	(7)	30	19
– Intangible assets	(8)		1
– Other financial assets		2	2
Purchase/disposal of marketable securities		–1	–1
Cash flow from acquisitions	(2)	–1	–22
Cash flow from divestitures	(2)	–1	2
Interest received		2	2
Cash flow from investing activities		**–140**	–158
Free cash flow		**188**	90
Purchase of treasury shares		–13	–21
Disposal of treasury shares		12	18
Par value reduction paid			–37
Dividend payments to shareholders of Georg Fischer Ltd		–70	–29
Dividend payments to non-controlling interests		–7	–7
Repayment of bonds	(13)		–300
Issuance of long-term financial liabilities	(13)	68	12
Repayment of long-term financial liabilities	(13)	–4	–9
Changes in short-term financial liabilities		14	5
Cash flow from financing activities		**0**	–368
Translation adjustment on cash and cash equivalents		–13	11
Net cash flow		**175**	–267
Cash and cash equivalents at beginning of year		374	641
Cash and cash equivalents at year-end[1]		**549**	374

1 Cash, postal and bank accounts: CHF 507 million (previous year: CHF 367 million), fixed-term deposits: CHF 42 million (previous year: CHF 7 million).

Notes to the consolidated financial statements

Segment information

CHF million	GF Piping Systems 2015	2014
Order intake	**1 429**	1 493
Orders on hand at year-end	**81**	73
Sales[1]	**1 417**	1 476
Sales by region		
Europe	538	593
– Thereof Germany	134	156
– Thereof Switzerland	105	111
– Thereof Austria	22	23
– Thereof Rest of Europe	277	303
Americas	297	321
Asia	404	375
– Thereof China	298	286
Rest of world	178	187
Sales	**1 417**	1 476
EBITDA	**193**	190
Depreciation on tangible fixed assets	–48	–47
Amortization on intangible assets	–2	–1
Operating result (EBIT)	**143**	142
Assets[2]	**1 159**	1 215
– Thereof current assets	684	705
– Thereof non-current assets	475	510
Investments by region		
Europe	22	30
– Thereof Germany	1	1
– Thereof Switzerland	14	20
– Thereof Austria	4	
– Thereof Rest of Europe	3	9
Americas	8	10
Asia	7	6
– Thereof China	7	6
Rest of world	11	6
Investments	**48**	52
– Thereof capital expenditures	46	49
– Thereof investments in intangible assets	2	3
Liabilities	**744**	749
– Thereof current liabilities	395	369
– Thereof non-current liabilities	349	380
Research and development	**37**	38

1 Sales between other divisions are not material.
2 The amount of investments in associates accounted for by the equity method is not material.

GF Automotive		GF Machining Solutions		Total segments	
2015	2014	**2015**	2014	**2015**	2014
1 331	1 412	**902**	932	**3 662**	3 837
346	370	**185**	191	**612**	634
1 321	1 415	**902**	905	**3 640**	3 796
1 126	1 214	420	425	2 084	2 232
755	809	133	141	1 022	1 106
3	3	53	58	161	172
53	61	17	15	92	99
315	341	217	211	809	855
37	40	180	168	514	529
154	156	261	269	819	800
153	154	179	188	630	628
4	5	41	43	223	235
1 321	1 415	**902**	905	**3 640**	3 796
148	154	**92**	65	**433**	409
–59	–61	–12	–10	–119	–118
		–2	–2	–4	–3
89	93	**78**	53	**310**	288
1 070	1 108	**671**	650	**2 900**	2 973
393	398	506	504	1 583	1 607
677	710	165	146	1 317	1 366
66	64	8	10	96	104
17	22			18	23
		5	7	19	27
49	42			53	42
		3	3	6	12
			1	8	11
14	15	2	2	23	23
14	15	1	2	22	23
				11	6
80	79	**10**	13	**138**	144
80	79	9	12	135	140
		1	1	3	4
750	810	**415**	403	**1 909**	1 962
338	351	249	235	982	955
412	459	166	168	927	1 007
18	19	**47**	49	**102**	106

Reconciliation to the segment information

CHF million	2015	2014
Sales		
Sales of reportable segments	3 640	3 796
Elimination of intercompany sales		–1
Consolidated sales	**3 640**	3 795
Operating result (EBIT)		
Total EBIT for reportable segments	310	288
Total EBIT Corporate Center and Corporate Services	–14	–13
Other unallocated amounts		–1
Consolidated operating result (EBIT)	**296**	274
Interest income	2	3
Interest expense	–34	–39
Other financial result	–16	–6
Ordinary result	**248**	232
Non-operating result	3	14
Extraordinary result		
Profit before taxes	**251**	246
Income taxes	–53	–51
Net profit	**198**	195
Assets		
Assets of reportable segments	2 900	2 973
Elimination of intercompany positions	–313	–305
Other assets		
– Current assets (mainly cash and cash equivalents)	369	211
– Non-current assets	123	107
Other unallocated amounts	4	3
Consolidated assets	**3 083**	2 989
Investments		
Investments of reportable segments	138	144
Other investments		
– Germany	33	11
– Switzerland		2
Investments of Corporation	**171**	157
Liabilities		
Liabilities of reportable segments	1 909	1 962
Elimination of intercompany positions	–639	–718
Other liabilities		
– Current liabilities	239	41
– Non-current liabilities	405	567
Other unallocated amounts	39	33
Consolidated liabilities	**1 953**	1 885

Geographical information

CHF million	Non-current assets 2015	Non-current assets 2014	Sales 2015	Sales 2014
Total	**1 149**	1 188	**3 640**	3 795
Europe	811	833	2 084	2 231
– Thereof Germany	327	347	1 022	1 105
– Thereof Switzerland	251	261	161	172
– Thereof Austria	194	185	92	99
– Thereof Rest of Europe	39	40	809	855
Americas	77	80	514	529
Asia	210	218	819	800
– Thereof China	198	204	630	628
Rest of world	51	57	223	235

Products and services

CHF million	Sales 2015	Sales 2014
GF Piping Systems	**1 417**	1 476
Industry[1]	490	500
Utility[2]	548	563
Building technology[3]	379	413
GF Automotive	**1 321**	1 415
Passenger cars	868	928
Trucks	382	409
Industrial applications	71	78
GF Machining Solutions	**902**	905
EDM (Electric Discharge Machining)	299	319
Milling	276	260
Automation/Tooling/Laser	78	71
Customer service	249	255

1 Products for the treatment and transport of water and other media for industrial applications.
2 Products for the supply of gas and water.
3 Products for the supply of water and floor-heating systems in buildings.

Information about major customers

There are no single customers whose sales amount to 10% or more of the sales of the Corporation.

Corporate accounting principles

Accounting policies

General // The consolidated financial statements of Georg Fischer Ltd have been prepared in accordance with all of the current guidelines of Swiss GAAP FER (Swiss Generally Accepted Accounting Principles Accounting and Reporting Recommendations) and, furthermore, with the provisions of the Listing Rules of SIX Swiss Exchange and with Swiss company law. The consolidated financial statements are based on the financial statements of the GF Corporate Companies for the year ended 31 December, prepared in accordance with uniform corporate accounting principles.

Furthermore, the consolidated financial statements have been prepared in accordance with the purchase cost method with the exception of marketable securities, participations under 20%, and derivative financial instruments, which are measured at fair value. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingent liabilities at the balance sheet date. If in the future such estimates and assumptions, which are based on management's best judgment at the balance sheet date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Definition of non-Swiss GAAP FER measures // The subtotal "Gross value added" includes all operating income less cost of materials and products, changes in inventory, and operating expenses.

As the subtotal "Gross value added" is an important key figure for GF, it is reported separately in the income statement.

The EBITDA corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets. For GF, the EBITDA is an important operational key figure, which, on the one hand, displays a harmonization to the cash flow from operating activities, and, on the other hand, is used as a reference for multiples.

"Free cash flow" consists of cash flow from operating activities together with cash flow from investing activities and it is reported separately in the cash flow statement.

"Free cash flow" is not only an important performance indicator for GF but is also a generally accepted and widely used performance figure in the financial sector.

Scope and principles of consolidation // The scope of consolidation includes Georg Fischer Ltd and all Swiss and foreign Corporate Companies which the parent company, directly or indirectly, controls either by holding more than 50% of the voting rights or by otherwise having the power to govern their operating and financial policies. These entities are fully consolidated; assets, liabilities, income, and expenses are incorporated in the consolidated accounts. Intercompany balances and transactions (accounts receivable, accounts payable, income, and expenses) are eliminated upon consolidation. Non-controlling interests are presented separately in the equity and in the net income of consolidated companies, but as a component of consolidated equity and consolidated net income, respectively. Gains arising from intercompany transactions are eliminated in full. Capital consolidation is based on the acquisition method, whereby the acquisition cost of a Corporate Company is eliminated at the time of acquisition against the fair value of net assets acquired, determined according to uniform corporate accounting principles.

Companies acquired are consolidated from the date on which control is obtained, while companies sold are excluded from the scope of consolidation as of the date on which control is relinquished, with any gain or loss recognized in income.

Joint ventures in which the GF Corporation exercises joint control together with a joint venture partner are treated according to the method of proportionate consolidation.

Companies in which the GF Corporation has a non-controlling interest of at least 20% but less than 50%, or over which it otherwise has significant influence, are included in the consolidated financial statements using the equity method of accounting and presented as investments in associates. Investments conferring less than 20% of the voting rights are stated at fair value and presented under other financial assets.

Sales and revenue recognition // Billings for goods and services are recognized as sales when they are delivered or when the principal risks and benefits incidental to ownership are transferred.

An assessment as to whether the principal risks and opportunities were transferred for a particular delivery is made separately for each sales transaction on the basis of the contractual agreement underlying the transaction. The transfer of legal ownership alone does not necessarily result in the transfer of the principal risks and opportunities. This is the case, for instance, if

– the recipient of the delivery makes a claim against insufficient quality of the delivered item that exceeds a normal warranty claim

- the receipt of the proceeds depends on the resale of the goods by the buyer
- the installation of the goods at the recipient is an essential part of the contract
- the buyer has the right to return the item for a contractually specified reason and the likelihood of such a return cannot be assessed with any certainty.

Services rendered are booked as sales depending on the degree of their completion if the result of the service can be reliably assessed.

Sales are stated before value-added tax, sales tax, and after the deduction of discounts and credits. Appropriate warranty provisions are recognized for anticipated claims.

Foreign currencies // Corporate Companies prepare their financial statements in their functional currency. Monetary assets and liabilities held in foreign currencies are translated at the spot rate on the balance sheet date. Foreign exchange gains and losses resulting from transactions and from the translation of balance sheet items denominated in foreign currencies are reported in the income statement. Derivative financial instruments used to hedge such balance sheet items are stated at fair value. In hedging contractually agreed future cash flows (hedge accounting), the effective portion of changes in the derivative financial instruments' fair value is recognized in equity with no effect on the income statement. Any ineffective portion is recognized immediately in the income statement. As soon as an asset or liability results from the hedged underlying transaction, the gains and losses previously recognized in equity are derecognized and transferred to the income statement along with the valuation effect from the hedged underlying transaction.

The consolidated financial statements are prepared and presented in Swiss francs. For consolidation purposes, the financial statements of the foreign entities are translated into Swiss francs as follows: balance sheets at year-end rates, income and cash flow statements at average rates for the year under review. Any translation differences resulting from the different translation of the balance sheets and income statements or from the translation of corporate loans with equity character denominated in foreign currencies are recognized in equity, by taking the deferred tax effect into consideration. Upon the divestment of a foreign subsidiary, the related cumulative exchange differences are transferred to the income statement.

Maturities // Assets that are either realized or consumed in the course of the Corporation's normal operating cycle within one year or held for trading are included in current assets. All other assets are included in non-current assets.

All liabilities that the Corporation intends to settle in the course of its normal operating cycle or that fall due within one year of the balance sheet date are included in current liabilities. All other liabilities are included in non-current liabilities.

Segment information // In accordance with the management structure and the reporting to the Executive Committee and the Board of Directors, the reportable segments are the three operating divisions of GF Piping Systems, GF Automotive, and GF Machining Solutions. GF Piping Systems develops, manufactures, and distributes piping systems for industry, utility, and building technology. GF Automotive produces castings for the automotive industry. GF Machining Solutions develops, manufactures, and distributes electric discharge machines, milling machines, laser machines, and automation solutions. GF Machining Solutions also provides services for these products. Business units within these segments have been aggregated as a single reportable segment because they manufacture similar products with comparable production processes and supply them to similar customer groups using similar distribution methods. Segment accounting is prepared up to the level of operating result (EBIT) as this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis to the segments are reported in the corresponding divisions. No distinction is made between the accounting policies of the segment reporting and those of the consolidated financial statements.

Cash and cash equivalents // Cash and cash equivalents are stated at nominal value. They include cash on hand, postal and bank accounts, and fixed-term deposits with an original maturity of up to 90 days.

Marketable securities // Marketable securities include investments held for trading and derivative financial instruments. Acquisitions and disposals are recognized on the trade date, rather than the settlement date. Held-for-trading investments are stated at market value, with unrealized gains and losses being recognized in the income statement and disclosed in the financial result.

Derivative financial instruments // Derivative financial instruments are reported under marketable securities or other current liabilities. Foreign currency and interest rate risks are hedged by the Corporation using forward exchange contracts, currency options, and swaps. Foreign currency risks related to highly probable future cash flows from sales in foreign currencies are hedged, using cash flow hedges in particular.

Accounts receivable // Short-term accounts receivable are stated at nominal value. Value adjustments for doubtful debts are established based on maturity structure and identifiable solvency risks. Besides individual value adjustments with respect to specific known risks, other value adjustments are recognized based on statistical surveys of default risk.

Inventories // Goods held for trading are generally stated at average cost and internally manufactured products at manufacturing cost, including direct labor and materials used, as well as a commensurate share of the related overhead costs. Cash discount deductions are treated as reductions in the purchase cost. If the net realizable value is lower than the above, a corresponding valuation adjustment is made. Inventories with an insufficient turnover rate are partly or fully value-adjusted.

Property, plant, and equipment // Items of property, plant, and equipment are stated at cost or manufacturing cost less depreciation and impairment. Borrowing costs for the financing of assets under construction are part of the costs of the asset if they are material. Assets acquired under finance lease contracts are capitalized at the lower of the present value of the minimum lease payments and fair value. The related outstanding finance lease obligations are presented under liabilities. Assets are depreciated on a straight-line basis over their estimated useful lives or lease terms: investment properties and buildings 30 to 40 years, building components 8 to 20 years, machinery and production equipment 6 to 20 years, and other equipment (vehicles, IT systems, etc.) 1 to 5 years. Assets under construction are usually not depreciated. Assets held under the terms of a finance lease are described in the section "Leases". Where components of larger assets have different useful lives, these components are depreciated separately. Useful lives and residual values are reviewed annually on the balance sheet date and any adjustments are recognized in the income statement. Any gains or losses on the disposal of items of property, plant, and equipment are recognized in the income statement.

Intangible assets // Acquired licenses, patents, and similar rights are capitalized and, with the exception of land use rights, are amortized on a straight-line basis over their estimated useful lives of 3 to 15 years. Land use rights are amortized over the duration of the usage rights granted. For this item, useful lives can be up to 50 years. Software is amortized on a straight-line basis over the estimated useful lives of 1 to 5 years.

In the event of business combination, goodwill at the date of acquisition is calculated as follows: the fair value of the net assets, plus transaction costs incurred in connection with the business combination, plus the value of the minority interests in the acquired company, less the value of the acquired net assets carried on the balance sheet.

The positive or negative goodwill resulting from acquisitions is offset in equity against retained earnings at the date of acquisition. Upon the disposal of a portion of the company, the goodwill previously offset in equity is transferred to the income statement. If parts of the purchase price are dependent on future results, they are estimated as accurately as possible at the acquisition date and recognized in the balance sheet. In the event of disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly.

The consequences of the theoretical capitalization and amortization of goodwill are explained in note 8.

Other financial assets // Other financial assets mainly comprise loans to third parties, non-controlling interests of less than 20% held over the longer term, and pension assets. Loans are stated at amortized cost less valuation adjustments; the related interest income is recognized using the effective interest method. Non-controlling interests are stated at their estimated fair value.

Liabilities // Trade accounts payable as well as other liabilities are stated at nominal value.

Employee benefit plans // The employee benefit plans of the Corporation comply with the legislation in force in each country. Employee benefit plans are mostly institutions and foundations that are financially independent of the Corporation. They are usually financed by both employee and employer contributions.

The economic impact of the employee benefit plans is assessed each year. Surpluses or deficits are determined by means of the annual statements of each specific benefit plan, which are based either on Swiss GAAP FER 26 (Swiss benefit plans) or on the accepted methods in each foreign country (foreign plans). An economic benefit is capitalized if it is permitted and intended to use the surplus to reduce the employee contributions. If employer contribution reserves exist, they are also capitalized. An economic obligation is recognized as a liability if the conditions for an accrual are met. They are reported under "Employee benefit obligations". Changes in the economic benefit or economic obligation, as well as the contributions incurred for the period, are recognized in "Personnel expenses" in the income statement.

Provisions // Provisions are recognized for any present obligation incurred as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Taxes // Taxes are accrued for all tax obligations, irrespective of their due date. Current income taxes are calculated on the taxable profit. Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. Tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits or deferred tax liabilities will be available against which they can be offset. The calculation of deferred taxes is based on the country-specific tax rates. Tax assets and liabilities are offset if they concern the same taxable entity and tax authority and if there exists an offset entitlement for current taxes. No deferred tax is provided for temporary differences on investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Leases // The present value of finance leases is recognized in the non-current assets and in the other financial liabilities on the balance sheet when most of the contractual risks and rewards have been transferred to the consolidated entity. Lease installments are divided into an interest and a repayment component based on the annuity method. Assets held under such finance leases are depreciated over the shorter of their estimated useful life and the lease term. Operating lease installments are reported in the income statement under operating expenses.

Financial liabilities // Financial liabilities comprise bank loans, mortgages, and bonds. They are recognized at their amortized cost. Borrowing costs are recognized in the income statement using the effective interest method. Borrowing costs that can be allocated directly to the construction, build-up, or purchase of a qualifying asset are capitalized as part of the acquisition or manufactuirng costs of the asset.

Research and development // All research costs are recognized in the income statement in the period in which they were incurred. Development costs are recognized as an asset only to the extent that the following specific recognition criteria are all met:

- costs are clearly defined, clearly attributable to the product or process, and can be separately identified and measured reliably
- the technical feasibility can be demonstrated
- the company intends to produce and market the product or to use the process
- a market exists
- the required internal resources are available
- the amount recognized is covered by future cash flows

Impairment // The recoverable amount of non-current assets (especially property, plant, and equipment, intangible assets, financial assets as well as the goodwill reported in the sample accounting in note 8) is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. As the goodwill is already offset with equity at the date of the acquisition, an impairment of the goodwill does not affect the income statement but leads to a disclosure in the notes only.

Contingent liabilities // Contingent liabilities are assessed on the basis of likelihood and the amount of the potential future liabilities and are disclosed in the notes.

Assets held for sale // Assets and disposal groups are classified as "held for sale" if the asset's carrying amount is to be recovered principally by a sales transaction rather than through continued use.

For this purpose, such assets or disposal groups are recognized as a separate item in current assets. The assets are reclassified only if and when management has decided on their disposal and has begun to look for buyers. Moreover, the asset or disposal group must be available for immediate sale in its current condition, and it must be highly likely that the disposal will take place within a year.

Assets or disposal groups that are classified as "held for sale" are stated at the lower of carrying amount or fair value less costs to sell, and any impairments from the initial classification as "held for sale" are recognized in the income statement. Moreover, from the date of their reclassification, assets and disposal groups "held for sale" are no longer amortized on a straight-line basis. Current and deferred taxes paid on divestiture gains are to be reported as income tax expense.

Debt from the sale of assets held for sale is to be reported separately from other debt in the balance sheet and may not be offset against assets. The debt is stated at amortized cost.

Discontinued operations // Discontinued operations are reported as soon as a part of the company with business activities and cash inflows and outflows, which can be clearly delimited from the rest of the company operationally, is classified as held for sale or has already been disposed of, and this part of the company

- either represents a separate major line of business or geographical area of operations, and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, and
- represents an independent technology

The sales and the operating result (EBIT) from discontinued operations are disclosed separately in the notes. The disclosure includes the prior-year figures (as if the operation had been disposed of at the beginning of the reference year).

Information in connection with the discontinued operations is set out separately in notes 2 and 28.

Treasury shares, share-based compensation, and earnings per share // Treasury shares are stated at cost as a separate negative position in equity. Gains or losses arising from the disposal of treasury shares are respectively credited to or deducted from the corresponding capital reserves.

Share-based compensation to members of the Executive Committee and senior management is stated at fair value at the grant date and recognized in personnel expense in the period in which the service is performed.

Earnings per share is calculated by dividing the portion of net income attributable to Georg Fischer Ltd shareholders by the weighted average number of shares outstanding in the reporting period. Diluted earnings per share takes into account any potential additional shares that may result, for instance, from exercised options or conversion rights.

Management assumptions and estimates

Significant accounting policies // The preparation of financial statements requires management to make estimates and assumptions that could materially affect the consolidated financial statements of GF, particularly with regard to the items described below, if the actual results differ from management's estimates and assumptions.

Impairment of non-current assets // The values of non-current assets and intangible assets are reviewed whenever there are indications that their carrying amount may no longer be recoverable, due to changed circumstances or events. If such a situation arises, the recoverable amount is determined on the basis of expected future inflows. It corresponds to the higher of the discounted value of expected future net cash flows and the expected net selling price. If the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins, and discount rates. The cash inflows actually generated can differ considerably from discounted projections.

Provisions for warranties and onerous contracts // In the course of their ordinary operating activities, Corporate Companies can become involved in litigation. Provisions for pending legal proceedings are measured on the basis of the information available and a realistic estimate of the expected outflow of resources. The outcome of these proceedings may result in claims against the Corporation that cannot be met or cannot be met in full through provisions or insurance cover.

If there are any contractual obligations for which the unavoidable costs of meeting the obligations exceed the expected economic benefits (e.g. onerous delivery contracts), provisions are made for the agreed amounts over the entire period or over a prudently estimated period. These provisions are based on management assumptions. The carrying amounts of these provisions derive from the explanations given in note 12.

Income taxes // Current tax liabilities are calculated based on an interpretation of the tax regulations in place in the relevant countries. The adequacy of such an interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This can result in material changes to tax expense. Furthermore, in order to determine whether tax loss carryforwards may be capitalized, it is first necessary to assess critically the probability that there will be future taxable profits against which to offset them. This assessment depends on a variety of influencing factors and developments. The carrying amounts of current and deferred tax assets and liabilities are disclosed in the consolidated balance sheet.

Risk management

Enterprise risk management as a fully integrated risk management process was systematically applied in 2015 at all levels of the Corporation. The three divisions, the Corporate Staff and all significant Corporate Companies prepared a risk map in May and November of the key risks with regard to strategy, markets, operations, management and resources, financials as well as sustainability. The likelihood of the risk occurring was classified into four categories. Where possible and appropriate, the identified risks were subject to a quantifiable assessment, taking into consideration any measures that had already been implemented. Alternatively, a qualitative assessment of the risk exposure was applied.

The Risk Council, consisting of representatives of the divisions and the Corporate Staff and headed by the Chief Risk Officer, held two meetings. The topics of these meetings were the optimization of the semi-annual risk reporting with more focus on the implementation of measures; business continuity management; coordination of all activities in the area of enterprise risk management; and the analysis of the risk maps.

In accordance with the semi-annual risk reporting process, the Executive Committee and the management of the divisions discussed the risk maps twice during the year under review. They defined at the appropriate level the key risks of the Corporation, the divisions and the Corporate Companies, and determined adequate measures to mitigate those risks. The Board of Directors tabled the topic of enterprise risk management in December 2015 to analyze the corporate and divisional risk maps as well as define the key risks and the risk mitigation measures.

The multi-stage procedure, including workshops at division management, Executive Committee and Board of Directors level, has proven to be very effective, as has having Internal Auditing assess the risk maps prepared by the Corporate Companies.

The key risks were identified as a slowdown of economic growth in China, the cyclicality of certain business units of the divisions, the quality and competitiveness of the products, and foreign currency developments.

Measures to reduce these and other risks were defined and are being implemented in line with the strategic targets of the Corporation and the three divisions.

Financial risk management

The Board of Directors bears ultimate responsibility for financial risk management. The Board of Directors has tasked the Audit Committee with monitoring the development and implementation of the risk management principles. The Audit Committee reports regularly to the Board of Directors on this matter.

The risk management principles are geared to identifying and analyzing the risks to which the Corporation is exposed and to establishing the appropriate control mechanisms. The principles of risk management and the processes applied are regularly reviewed, taking due regard of changes in the market and in the Corporation's activities. The ultimate goal is to develop controls, based on the existing training and management guidelines and processes, that ensure a disciplined and conscious approach to risks. The Audit Committee is supported by the Head of Finance & Controlling in this task.

Owing to its business activities, GF is exposed to various financial risks such as credit risk, market risk (including currency risk, interest rate risk, and price risk), and liquidity risk. The following sections provide an overview of the extent of the individual risks as well as the goals, principles, and processes employed for measuring, monitoring, and hedging the financial risks.

Credit risk // The credit risk is the risk of suffering financial loss if a customer or counterparty of a financial instrument fails to meet its contractual obligations. At GF, the main credit risks arise from trade accounts receivable and bank deposits.

GF invests its cash worldwide and predominantly as deposits in leading Swiss and German banks with at least a BBB– rating. In accordance with the investment policy of GF, these transactions are entered into only with creditworthy commercial institutions. Generally, the investments have a maturity of less than three months. In addition, Corporate Companies have current bank accounts. Cash is allocated to several banks to limit counterparty risk.

Transactions involving derivative financial instruments are also entered into only with major counterparties with at least a BBB– rating. The purpose of such transactions is to hedge against currency risks and price fluctuations for the purchase of raw materials and electric power for the Corporation.

The danger of cluster risks on trade accounts receivable is limited due to the large number and wide geographic spread of customers. The extent of the credit risk is determined mainly by the individual characteristics of each customer. Assessment of this risk involves a review of a customer's creditworthiness based on its financial situation and past experience. In monitoring default risk, customers are classified according to relevant factors, such as geographic location, sector, and past financial difficulties.

The maximum credit risk on financial instruments corresponds to the carrying amounts of the relevant financial assets. GF has not entered into appreciable guarantees or similar obligations that would increase the risk over and above the carrying amounts. The maximum credit risk as of the balance sheet date was as follows:

CHF million	**2015**	2014
Cash and cash equivalents	549	374
Other accounts receivable[1]	24	27
Accrued income	19	15
Trade accounts receivable	640	643
Derivative financial instruments	5	2
Other financial assets[2]	11	19
Total	**1 248**	1 080

1 Without tax credits.
2 Relates to loans to third parties, security deposit and long-term invested securities for the settlement of pension liabilities.

Market risk // Market risk is the risk that changes in market rates and prices, e.g. exchange rates, interest rates, or share prices, may have an impact on the profit and market value of financial instruments held by GF. The aim of managing such market risks is to monitor and control these risks in order to ensure that they do not exceed a defined limit.

Currency risk // Owing to its international activities, GF is exposed to currency risks. These financial risks occur in connection with transactions (in particular the purchase and sale of goods) which are effected in currencies different from the functional currency of the company in question. Such transactions are effected mainly in Swiss francs, euros and US dollars. Currency risks can be reduced by purchasing and producing goods in the functional currency ("congruency" rule). In some cases, US dollars or euros are hedged, generally for a maximum of twelve months, by means of forward exchange contracts.

The fair value hedges include foreign exchange contracts that serve to hedge loans to Corporate Companies in foreign currencies. Unrealized gains and losses from changes to the fair value are reported for these contracts in the financial result. The fair value hedges also include foreign exchange contracts that serve to hedge currency risks on receivables and liabilities. Like the currency effects on the underlying balance sheet item, gains and losses from changes to the fair value of these contracts are recognized in "Other operating income".

The cash flow hedges mainly serve to hedge currency risks on future sales in foreign currencies. The volume of the foreign exchange contracts is limited to a maximum 75% of the expected sales. This results in a fully effective hedge. In individual cases, the cash flows from orders are fully hedged. Unrealized gains and losses from changes to the fair value are recognized directly in equity. They are transferred to the income statement when the service is performed and invoiced; as a result, the foreign exchange contracts become fair value hedges. To a lesser extent, currency risks with respect to future inventory purchases were also hedged during the reporting period.

The table below shows the contract values and market values of the foreign exchange contracts (net) as of the balance sheet date:

Foreign exchange contracts, net

CHF million	Fair value hedges	Cash flow hedges	**2015**	2014
Contract value	107	233	340	348
Replacement value[1]		–1	–1	10
Market value	107	232	**339**	358

1 Corresponds to the carrying amount recognized as marketable securities or other liabilities.

The fair value hedges cover not only US dollar contracts but also contracts for the euro, the Japanese yen and the other currencies. All open foreign exchange contracts fall due and have an effect on liquidity and the income statement within twelve months of the balance sheet date. Assuming unchanged exchange rates, a cash outflow of CHF 339 million (gross) would be offset by a cash inflow of CHF 340 million (gross), giving a positive replacement value of CHF 1 million. Cash flow hedges account for cash outflows of CHF 232 million and cash inflows of CHF 233 million.

Contract values, net by currencies

CHF million	**2015**	2014
USD/CHF	287	314
EUR/CHF	19	
TRY/USD	10	6
TRY/EUR		9
JPY/CHF	4	4
SGD/CHF	7	8
SEK/CHF	5	
Other	8	7
Total	**340**	348

Interest rate risk // The interest rate risk may involve either changes in future interest payments owing to fluctuations in market interest rates or the risk of a change in market value, i.e. the risk that the market value of a financial instrument will change owing to fluctuations in market interest rates.

Market value sensitivity analysis for interest-bearing financial instruments with a fixed interest rate: Market value fluctuations of fixed-interest financial instruments are not recognized in the Corporation's income statement. Therefore, a change in interest rates would not have any effect on the income statement. Hedge accounting was not applied for interest rate hedging.

Cash flow sensitivity analysis for financial instruments with variable interest rates: A one-percentage-point increase in interest rates would have increased net income by CHF 4.0 million (previous year: CHF 2.3 million). A reduction in the interest rate by the same percentage would have reduced net income by the same amount. The underlying assumption for this analysis is that all other variables remain unchanged.

Price risk // The securities held for trading of CHF 5 million are exposed to price risks (on the stock market). Since the value of the securities held for trading is modest, there is no great sensitivity to changes in share prices. The securities held are mainly shares of Swiss blue chip companies.

Liquidity risk // The liquidity risk is the risk that GF is unable to meet its obligations when they fall due.

Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in requirements. At the same time, the Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as of 31 December 2015 was CHF 595 million. The credit lines are spread over several banks so that there is no excessive dependence on any one institution.

The following tables show the contractual maturities (including interest rates) of the financial liabilities held by GF at the end of the reporting period and in the previous year:

CHF million	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2015						
Trade accounts payable	420	420	420			
Other liabilities current/non-current[1]	126	126	76	4	46	
Accrued liabilities and deferred income	198	198	198			
Bonds	499	541	207	6	170	158
Other financial liabilities	271	304	147	25	95	37
Total	**1 514**	**1 589**	**1 048**	**35**	**311**	**195**

CHF million	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2014						
Trade accounts payable	419	419	419			
Other liabilities current/non-current[1]	120	120	59	10	50	1
Accrued liabilities and deferred income	181	181	181			
Bonds	497	553	7	6	379	161
Other financial liabilities	210	230	130	36	61	3
Total	1 427	1 503	796	52	490	165

1 For more details, see note 15.

Notes

1 Changes in scope of consolidation

During the year under review, the scope of consolidation changed as follows:

Additions (foundations) 2015 //
- As of 25 February 2015, GF Export Inc., El Monte, USA
  Division: Corporate Management

- As of 27 April 2015, GF Machining Solutions Co Ltd, Hanoi, Vietnam
  Division: GF Machining Solutions

During the previous year, the scope of consolidation changed as follows:

Additions (acquisitions) 2014 //
- As of 1 July 2014, Meco Eckel GmbH, Biedenkopf-Wallau, Germany
  Pro rata sales 2014: CHF 27.7 million, GF Automotive

- As of 1 July 2014, Liechti Engineering AG, Langnau, Switzerland
  Pro rata sales 2014: CHF 32.2 million, GF Machining Solutions

Disposals (divestitures) 2014 //
- As of 1 January 2014, Georg Fischer Kokillenguss GmbH, Herzogenburg, Austria
  Pro rata sales 2014: CHF 0 million, GF Automotive

- As of 1 November 2014, Agie Charmilles Thailand Co Ltd, Bangkok, Thailand
  Pro rata sales 2014: CHF 0 million, GF Machining Solutions

2 Acquisitions and divestitures of Affiliated Companies

During the year under review, there were neither additions of Affiliated Companies by acquisitions nor disposals by divestitures.

The following Affiliated Companies were acquired or divested during the previous year:

Additions (acquisitions) 2014

Acquisition of Meco Eckel GmbH // Georg Fischer BV & Co KG, Singen (Germany), acquired 51% of the capital of Meco Eckel GmbH, Biedenkopf-Wallau (Germany). The closing date was 1 July 2014.

Meco Eckel is a well-known and leading specialist in the production of tools and molds for the automobile industry. The partnership with Meco Eckel GmbH enables early involvement in the design of castings, quicker processes for implementing designs in production, and seamless delivery and services for clients.

The following table shows the assets and liabilities assessed at fair value at the time control was acquired. For this presentation, the translation of the original euro values into Swiss francs was calculated using the exchange rates of the respective transaction date:

CHF million	Acquired assets and liabilities (51%)
Trade accounts receivable	6
Inventories	4
Other accounts receivable	1
Property, plant, and equipment	2
Deferred tax assets	1
Total assets	**14**
Non-interest bearing liabilities	14
Interest-bearing liabilities	1
Net assets	**–1**

Acquisition of Liechti Engineering AG // Georg Fischer Ltd, Schaffhausen (Switzerland), acquired 100% of the capital of Liechti Engineering AG, Langnau (Switzerland), on 1 July 2014. The closing date was 1 July 2014.

Liechti Engineering is the leading specialist in five-axis milling machines designed to produce blades and blisks for aircraft engines and power-generating turbines.

The following table shows the assets and liabilities assessed at fair value at the time control was acquired.

CHF million	Acquired assets and liabilities
Cash and cash equivalents	21
Marketable securities	1
Trade accounts receivable	15
Inventories	22
Other accounts receivable	2
Property, plant, and equipment	6
Other financial assets	1
Total assets	**68**
Deferred tax liabilities	1
Non-interest bearing liabilities	30
Net assets	**37**

Total cash-out for the acquisitions amounted to CHF 22 million in the period under review.

Disposals (divestitures) 2014

Divestiture of Georg Fischer Kokillenguss GmbH // On 30 January 2014, the GF Automotive division signed an agreement with retroactive effect as of 1 January 2014 for the sale of the mold-casting foundry in Herzogenburg (Austria). As part of the implementation of the strategy, the divestment was planned in December 2013 and led to the reclassification of all assets and liabilities as "Assets held for sale" or "Liabilities held for sale".

The following table shows the net assets disposed of by the date of sale and the cash outflow from the transaction:

CHF million	**Disposed assets and liabilities**
Financial assets	7
Total assets held for sale	20
Total liabilities held for sale	–20
Net assets	**7**
Liabilities from divestiture	–7
Cash outflow from divestiture, net	**0**

3 Trade accounts receivable

Trade accounts receivable are value-adjusted, as shown in the table below, where necessary and allocated to the following regions:

CHF million	**2015**	2014
Gross values	**664**	669
Individual value adjustments	–6	–8
Overall value adjustments	–18	–18
Net values	**640**	643
Europe	307	322
– Thereof Germany	98	107
– Thereof Switzerland	22	26
– Thereof Austria	15	10
– Thereof Rest of Europe	172	179
Americas	88	86
Asia	206	198
– Thereof China	141	141
Rest of world	39	37
Total	**640**	643

As of the balance sheet date, the aging structure of the trade accounts receivable, which are not subject to individual value adjustments, was as follows:

	2015		2014	
CHF million	Receivable after individual value adjustments	Overall value adjustment	Receivable after individual value adjustments	Overall value adjustment
Not yet due	531		539	
1 to 30 days overdue	64		49	
31 to 90 days overdue	32		43	
91 to 180 days overdue	15	5	15	3
More than 180 days overdue	16	13	15	15
Total	**658**	**18**	661	18

Value adjustments on trade accounts receivable have changed as follows:

CHF million	2015	2014
Individual value adjustments		
As of 1 January	8	6
Increase/decrease	–2	2
As of 31 December	**6**	8
Overall value adjustments		
As of 1 January	18	19
Increase/decrease		–1
As of 31 December	**18**	18

The individual value adjustments amounted to CHF 6 million (previous year: CHF 8 million). It is assumed that part of the underlying receivables will be paid. Receivables not due are mainly receivables arising from long-standing customer relationships. Based on experience, GF does not anticipate any significant defaults. For further information on credit management and trade accounts receivable, see the “Risk management” chapter.

4 Inventories

CHF million	2015	2014
Raw materials and components	241	266
Work in progress	127	121
Finished goods	420	433
Gross value of inventories on hand	**788**	820
Valuation adjustments	–148	–154
Inventories	**640**	666

5 Income taxes receivable

Of the total income taxes receivable of CHF 13 million, CHF 6 million relate to Switzerland, CHF 2 million to Sweden, and CHF 1 million each to Germany, the USA, China, Turkey, and other countries.

6 Other accounts receivable

CHF million	2015	2014
Tax credits from indirect taxes	25	35
Other current accounts receivable	24	27
Total	**49**	62

7 Movements in property, plant, and equipment

CHF million	**Investment properties**	Undeveloped property	Land	Buildings	Building components	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	**Property, plant, and equipment for own use**
Cost										
As of 31 December 2013	**70**	3	41	592	140	1 653	312	74	13	**2 828**
Additions				13	5	29	7	96	2	152
Disposals	–4				–1	–23	–12		–1	–37
Changes in scope of consolidation				7		2	1			10
Other changes, reclassifications	16			7	–12	46	5	–68	2	–20
Translation adjustment	–1			4			2	2		8
As of 31 December 2014	**81**	3	41	623	132	1 707	315	104	16	**2 941**
Additions				10	4	55	6	92		167
Disposals	–4		–2	–18	–2	–22	–5			–49
Changes in scope of consolidation	–2									
Other changes, reclassifications	1			16	5	182	–100	–90		13
Translation adjustment	–5		–3	–34	–8	–132	–11	–7	–2	–197
As of 31 December 2015	**71**	3	36	597	131	1 790	205	99	14	**2 875**
Accumulated depreciation										
As of 31 December 2013	**–27**			–340	–92	–1 177	–249		–5	**–1 863**
Additions	–1			–16	–6	–83	–15		–2	–122
Disposals						22	11		1	34
Other changes, reclassifications	–9			–4	13	–1	4			12
Translation adjustment					1	6				7
As of 31 December 2014	**–37**			–360	–84	–1 233	–249		–6	**–1 932**
Additions	–1			–16	–5	–87	–12		–2	–122
Disposals	3			16	1	21	5			43
Changes in scope of consolidation	1									
Other changes, reclassifications					–1	–92	88			–5
Translation adjustment	2			18	4	97	9		1	129
As of 31 December 2015	**–32**			–342	–85	–1 294	–159		–7	**–1 887**
Carrying amount										
As of 31 December 2013	**43**	3	41	252	48	476	63	74	8	**965**
As of 31 December 2014	**44**	3	41	263	48	474	66	104	10	**1 009**
As of 31 December 2015	**39**	3	36	255	46	496	46	99	7	**988**

The insurance value of property, plant, and equipment amounted to CHF 4 001 million (previous year: CHF 4 246 million).

The lines “Changes in scope of consolidation” show exclusively the disposal of an investment property which is still related to the divestment of Georg Fischer GmbH & Co KG, Gleisdorf (Austria), in 2009.

Investments in property, plant, and equipment in 2015 came to CHF 167 million (previous year: CHF 152 million). They were made primarily by the GF Automotive division (CHF 80 million; previous year: CHF 79 million) and the GF Piping Systems division (CHF 46 million; previous year: CHF 49 million). Investments in property, plant, and equipment with an effect on liquidity in the 2016–2019 period amount to CHF 95 million. This amount mainly relates to investments for the GF Piping Systems division in the amount of CHF 11 million and the GF Automotive division in the amount of CHF 59 million.

The amounts for “Other changes, reclassifications” relate mainly to two circumstances. First, GF Piping Systems reclassified molds from “Other equipment” to “Machinery and production equipment”. Second, machines for test and demonstration purposes at GF Machining Solutions were reclassified from “Inventory” to “Property, plant, and equipment” (CHF 8 million net).

The fair value of investment properties, as determined by internal experts on the basis of capitalized and current market values, is CHF 62 million (previous year: CHF 69 million). The reduction in the fair value is attributable to the sale of investment properties and to currency translation effects.

In the period under review, CHF 1 million of interest on assets under construction was capitalized.

8 Movements in the intangible assets

CHF million	Land use rights	Software	Royalties, patents, others	**Total**
Cost				
As of 31 December 2013	13	35	13	**61**
Additions		5		5
Disposals	–1			–1
Other changes, reclassifications	1	–1	1	1
Translation adjustment	2			2
As of 31 December 2014	15	39	14	**68**
Additions		3	1	4
Disposals		–1	–1	–2
Translation adjustment	–1	–1	–1	–3
As of 31 December 2015	14	40	13	**67**
Accumulated amortization				
As of 31 December 2013	–3	–23	–12	**–38**
Additions		–3		–3
As of 31 December 2014	–3	–26	–12	**–41**
Additions		–3	–1	–4
Disposals		1	1	2
Translation adjustment		1	1	2
As of 31 December 2015	–3	–27	–11	**–41**
Carrying amount				
As of 31 December 2013	10	12	1	**23**
As of 31 December 2014	12	13	2	**27**
As of 31 December 2015	11	13	2	**26**

The intangible assets are subdivided into “Land use rights”, “Software”, and “Royalties, patents, others”. These are the major categories of the intangible assets.

Land use rights, in the amount of CHF 11 million, remained almost unchanged compared with the previous year (CHF 12 million). Software, in the amount of CHF 13 million, and the royalties, patents, others category, in the amount of CHF 2 million, were completely unchanged from the previous year.

Goodwill // Goodwill from acquisitions is offset against the Corporation's equity at the acquisition date. The theoretical amortization is based on the straight-line method over the useful life of five years. The adjustment in the year under review in the amount of CHF 29 million (previous year: CHF –6 million) is due to an adjustment of the conditional increase in the purchase price of Georg Fischer Hakan Plastik AS, Cerkezköy (Turkey), whose capital (90%) was acquired as of 16 July 2013. The adjustment will be amortized together with the goodwill over the remaining period of amortization. At the balance sheet date, the goodwill of Georg Fischer Hakan Plastik AS amounted to CHF 42 million.

The theoretical capitalization of the goodwill would affect the result of the consolidated financial statements as follows:

Theoretical movements in goodwill

CHF million	**2015**	2014
Cost		
As of 1 January	**501**	488
Additions from acquisitions		6
Adjustments (earn-out, others)	29	–6
Translation adjustment	–30	13
As of 31 December	**500**	501
Accumulated amortization		
As of 1 January	**–437**	–406
Additions regular	–26	–21
Translation adjustment	22	–10
As of 31 December	**–441**	–437
Theoretical book values, net		
As of 1 January	**64**	82
As of 31 December	**59**	64

Effect on income statement

CHF million	**2015**	2014
Operating result (EBIT)	296	274
Return on sales (EBIT margin) %	8.1	7.2
Amortization goodwill	–26	–21
Theoretical operating result (EBIT) incl. amortization of goodwill	270	253
Theoretical return on sales (EBIT margin) %	7.4	6.7
Net profit	198	195
Amortization goodwill	–26	–21
Theoretical net profit incl. amortization of goodwill	172	174

Effect on balance sheet

CHF million	**2015**	2014
Equity according to balance sheet	1 130	1 104
Theoretical capitalization of net book value of goodwill	59	64
Theoretical equity incl. net book value of goodwill	1 189	1 168
Equity as % of balance sheet total	36.7	36.9
Theoretical equity incl. net book value of goodwill as % of balance sheet total (incl. goodwill)	37.8	38.3

All goodwill positions offset against equity are tested for impairment once a year. An impairment test is performed if there is any indication that the goodwill positions could be affected from such an impairment. On the basis of the impairment test made on the balance sheet date, no indications of impairment were found, therefore all goodwill positions have retained their recoverable value.

The goodwill of Georg Fischer Hakan Plastik AS was tested for impairment in addition. The recoverable amount of Georg Fischer Hakan Plastik AS equals the value in use, which is determined based on future discounted cash flows.

As a basis for the calculation, business plans for the next five years are used. Subsequent years are included in the calculation using a perpetual annuity with a growth assumption of zero. The projections are based on knowledge and experience as well as on current judgments made by management as to the probable economic development of the relevant markets. It is assumed that there are no significant planned changes in the organization of any of the divisions, except for the measures already decided and announced.

By applying the capital asset pricing model, a specific rate for the cost of capital was calculated for Georg Fischer Hakan Plastik AS. The calculation of this discount rate refers to the data of a relevant peer group. Furthermore, specific values for the risk-free interest rate, the market risk premium, the borrowing costs, and the tax rate were applied.

Since the cash flow projections are based on cash flows after tax, the discount rate has also been determined taking tax effects into account. The discount rate for Georg Fischer Hakan Plastik AS was calculated at 15.2%.

It was confirmed that the theoretical goodwill of Georg Fischer Hakan Plastik AS retained its recoverable value.

9 Categories of financial instruments

The following table shows the carrying amount of all financial instruments per category. For details on the market values of the bonds, see note 13.

CHF million	**2015**	2014
Financial instruments (assets)		
Cash and cash equivalents (excluding fixed-term deposits)	**507**	367
Fixed-term deposits	42	7
Other financial assets[1]	11	19
Trade accounts receivable	640	643
Other accounts receivable[2]	24	27
Accrued income	19	15
Loans and receivables stated at amortized cost	**736**	711
Marketable securities	4	4
Funds	1	
Financial assets recognized in income statement at market value	**5**	4
Derivative financial instruments for hedging purposes	**5**	2
Financial instruments (liabilities)		
Other financial liabilities	271	210
Trade accounts payable	420	419
Bonds	499	497
Other current/non-current liabilities[3]	90	68
Accrued liabilities and deferred income[4]	198	181
Liabilities stated at amortized cost	**1 478**	1 375
Derivative financial instruments	**36**	52

1 Relates to loans to third parties, security deposits, and long-term-invested securities for the settlement of pension liabilities. For more details, see note 10.
2 The balance sheet item "Other accounts receivable" includes tax credits. For more details, see note 6.
3 The balance sheet item "Other current/non-current liabilities" includes derivative financial instruments. For more details, see note 15.
4 For more details, see note 16.

The carrying amount of the securities and listed non-controlling interests recognized at their fair value is determined on the basis of the share prices at the balance sheet date. The market value of the foreign exchange contracts on the balance sheet is determined by the replacement value at the balance sheet date.

10 Other financial assets

Other financial assets amounted to CHF 13 million and included investments in associates with a carrying value of CHF 1 million as well as long-term loans and receivables of CHF 7 million (previous year: CHF 15 million).

Investments in associates // The investments in detail are as follows:

- WIBILEA AG, Neuhausen (Switzerland)
- Eisenbergwerk Gonzen AG, Sargans (Switzerland)
- Mecartex SA, Losone (Switzerland)
- Georg Fischer Corys LLC, Dubai (United Arab Emirates)
- Polytherm Central Sudamericana SA, Buenos Aires (Argentina)
- Liechti (Shanghai) Engineering Co Ltd, Shanghai (China)
- GF Machining Solutions Co Ltd, Hanoi (Vietnam)

Long-term loans and receivables // CHF 5 million of the long-term loans and receivables fall due in the next three years and CHF 2 million at a later date. Using translated values, CHF 5 million were lent in euros, CHF 1 million in Brazilian real and CHF 1 million in UAE dirhams. The interest rates for the loans granted in euros were around 6%. The long-term loans in Brazil are receivables from customer financing activities in the local currency, the average interest rate for these loans is 22%.

Other financial assets also include long-term-invested securities for the settlement of pension liabilities in the amount of CHF 4 million (previous year: CHF 4 million).

11 Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet items:

CHF million	Tax assets	Tax liabilities	**2015 net**	Tax assets	Tax liabilities	2014 net
Investment properties		8	–8		9	–9
Property, plant, and equipment for own use	13	41	–28	12	39	–27
Intangible assets	3	1	2	4		4
Tax loss carryforwards	7		7	8		8
Inventories	26	14	12	20	12	8
Provisions	16	3	13	17	3	14
Other interest-bearing liabilities	2		2			
Other non-interest-bearing liabilities	38	7	31	40	3	37
Other balance sheet items	10	3	7	10	3	7
Total	115	77	**38**	111	69	42
Offsetting	–32	–32		–23	–23	
Deferred tax assets/liabilities	83	45	**38**	88	46	42

Deferred tax assets and liabilities are offset within Corporate Companies when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same fiscal authority. The effect of offsetting at the Corporate Company level amounted to CHF 32 million (previous year: CHF 23 million). Deferred tax assets and liabilities are calculated based on the actually expected income tax rates for each Corporate Company. For further information on the recognition of tax loss carryforwards, see note 29.

Temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities have been recognized, amounted to CHF 355 million as of 31 December 2015 (previous year: CHF 357 million).

12 Movements in provisions

CHF million	Warranties	Onerous contracts	Legal cases	Restructuring provisions	Other provisions	Personnel and social security	**Provisions**	Deferred tax liabilities	**Provisions and deferred tax liabilities**
As of 31 December 2013	27	9	16	1	38	67	**158**	42	**200**
Reclassifications						3	3		3
Increase	18	5	4	1	7	10	45	5	50
Interest expense arising from discounting					2		2		2
Use	–12	–3	–5	–1	–1	–6	–28		–28
Release	–4	–1	–3		–11	–4	–23	–3	–26
Changes in scope of consolidation	1	1			2		4	1	5
Translation adjustment						–1	–1	1	
As of 31 December 2014	30	11	12	1	37	69	**160**	46	**206**
– Thereof current	15	9		1	7	5	37		37
– Thereof non-current	15	2	12		30	64	123	46	169
As of 31 December 2014	30	11	12	1	37	69	**160**	46	**206**
Reclassifications									
Increase	18	3	6		6	10	43	5	48
Interest expense arising from discounting					1		1		1
Use	–11	–3	–3	–1	–11	–5	–34		–34
Release	–5	–2	–2		–3	–1	–13	–6	–19
Translation adjustment	–2	–1			–2	–5	–10		–10
As of 31 December 2015	30	8	13		28	68	**147**	45	**192**
– Thereof current	17	6	1		10	4	38		38
– Thereof non-current	13	2	12		18	64	109	45	154

Provisions are classified as follows: “Warranties on series products” (machines, or similar), “Onerous contracts” (when the costs of meeting the contractual obligations exceed the expected economic benefits), “Legal cases”, “Restructuring provisions” (legal and constructive obligations with third parties, that have been communicated beforehand), “Personnel and social security” (provisions that are related to employee benefits), and “Other provisions”.

The valuation of provisions in all categories is based on actual data if available (e.g. claims that have occurred or been reported) or on the experience of recent years and management estimates. The deferred tax liabilities are based on temporary valuation differences, which are reported in the balance sheet at the Corporate Company level.

Warranty provisions amounting to CHF 30 million are unchanged compared with the previous year. Due to the favorable claims outcome, it was possible to release CHF 5 million. At the same time, new warranty provisions of CHF 18 million had to be set aside, and CHF 11 million were utilized.

36% of the warranty provisions are for GF Machining Solutions and 27% for GF Automotive. They derive from complaints and claims for damages made to the various locations.

The interest expense arising from discounting was CHF 1 million and consists primarily of long-term provisions in the category of “Other provisions”, which have a remaining term to maturity of less than two years and are discounted at the cost of capital of 7.4%.

The non-current provisions in the “Personnel and social security” category in the amount of CHF 64 million (previous year: CHF 64 million) are expected to result in a cash outflow in an average of ten years, the non-current provisions in the other categories are expected to result in a cash outflow within the next two to three years.

Provisions in the "Legal cases" category relate to a number of individual cases involving the various divisions with an estimated cash outflow of less than CHF 6 million per case.

The "Other provisions" category contains provisions for pension plans (CHF 14 million), liabilities in connection with the divestment of the gravity die-casting foundry in Herzogenburg in the amount of CHF 5 million as of 2014, captive insurance (CHF 1 million), and for other operating risks.

Expenditures not connected with pension plans in the narrow sense, such as awards for length of service and anniversary bonuses – especially in Austria – are recognized in the "Personnel and social security" category and amounted to CHF 68 million in 2015 (previous year: CHF 69 million).

13 Interest-bearing financial liabilities

Net debt, which is calculated as the difference between interest-bearing liabilities and the cash, and cash equivalents, and marketable securities, decreased by a clear CHF 116 million to CHF 238 million in the year under review (previous year: CHF 354 million). The reason for this decrease is primarily the high free cash flow, in the amount of CHF 188 million. This was offset by the dividend payment to GF shareholders and minority shareholders amounting to CHF 77 million (previous year: CHF 73 million).

Interest-bearing financial liabilities consist of the following items:

CHF million	Within 1 year	Up to 5 years	Maturity over 5 years	**2015**	Within 1 year	Up to 5 years	Maturity over 5 years	2014
Other financial liabilities (at fixed interest rates)[1]	17	73	33	123	17	46		63
Other financial liabilities (at variable interest rates)	141	6	1	148	137	7	3	147
Bonds (at fixed interest rates)	200	150	149	499		348	149	497
Loans from pension fund institutions	27			27	27			27
Total	385	229	183	**797**	181	401	152	734

1 This category comprises other financial liabilities with a fixed interest period of more than three months.

In order to secure non-current liabilities, assets valued at CHF 16 million (previous year: CHF 17 million) were pledged or assigned as collateral. These assets consisted of property, valued at CHF 2 million (previous year: CHF 2 million) and buildings valued at CHF 14 million (previous year: CHF 14 million).

Further information on pledged assets can be found in note 22, "Pledged or assigned assets".

The table below shows in detail the various categories of other financial liabilities by currency and interest rate.

CHF million	Issuing currency	Range interest rate %	**2015**	Issuing currency	Range interest rate %	2014
Other financial liabilities (at fixed interest rates)[1]			**123**			63
	CHF	1.1–3.5	22	CHF	1.1–3.5	22
	EUR	4.7–5.1	73	EUR	4.7–5.1	20
	CNY	6.1–7.6	14	CNY	6.1–7.6	11
	Other	4.3–13.3	14	Other	4.3–7.2	10
Other financial liabilities (at variable interest rates)			**148**			147
	CNY	5.0–6.0	54	CNY	5.0–6.0	64
	TRY	9.2–14.7	63	TRY	6.8–16.0	45
	EUR	1.1–2.0	25	EUR	1.2–2.0	29
	Other	0–17.3	6	Other	0–17.3	9
Bonds (at fixed interest rates)			**499**			497
Bond (Georg Fischer AG) 3 ⅜% 2010–2016 (12 May) Nominal value: CHF 200 million	CHF	3.7	200	CHF	3.7	199
Bond (Georg Fischer Finanz AG) 1 ½% 2013–2018 (12 September) Nominal value: CHF 150 million	CHF	1.6	150	CHF	1.6	149
Bond (Georg Fischer Finanz AG) 2 ½% 2013–2022 (12 September) Nominal value: CHF 150 million	CHF	2.6	149	CHF	2.6	149
Loans from pension fund institutions			**27**			27
	EUR	6.0	26	EUR	6.0	25
	CHF	2.0	1	CHF	2.0	2
Total			**797**			734

1 This category comprises other financial liabilities with a fixed interest period of more than three months.

GF has the following syndicated loan:

Debtors	Term	Credit	Thereof utilized
Georg Fischer AG/Georg Fischer Finanz AG	2015–2020	CHF 250 million	CHF 0 million

The syndicated loan was subject to an early extension, at improved terms and conditions, during the year under review.

The syndicated loan gives GF the necessary financial security to be able to act swiftly in the event it wishes to make acquisitions. This line of credit was not drawn on in the year under review. In addition to other terms, the loan is subject to covenants with respect to the net debt ratio (ratio of net debt to EBITDA), the interest-coverage ratio (ratio of EBITDA to net interest expense), and the equity ratio (ratio of equity to total assets).

The loan has additional terms such as are usual for a syndicated loan.

The bonds placed on the market as well as the syndicated loan are subject to the usual cross-default clauses, whereby the outstanding amounts may all become due if early repayment of another loan is demanded of the company or one of its main Corporate Companies owing to a failure to meet the credit terms. As of the balance sheet date, the effective credit terms had been met.

The interest-bearing financial liabilities also include loans payable to employee benefit plans in the amount of CHF 27 million (previous year: CHF 27 million).

14 Employee benefit liabilities

The overall employee benefits situation at the Corporation is as follows:

Employer contribution reserves // As of 31 December 2015, the employer contribution reserves (ECR) amounted to CHF 1 million (previous year: CHF 1 million) and result from the acquisition of Liechti Engineering AG, Langnau (Switzerland). The employer contribution reserves are included under non-current assets in the position “Other financial assets”.

Economic benefit/economic obligation and pension benefit expenses // The table below shows the economic benefit and the economic obligation at the end of the year under review and for the previous year, as well as the development of pension benefit expenses:

		2015	2014				**2015**	2014
CHF million	Surplus/deficit according to FER 26	**Economic part of the Corporation**	Economic part of the Corporation	Translation differences	Change to prior-year period or recognised in the current result of the period, respectively	Contributions concering the business period	**Pension benefit expenses within personnel expenses**	Pension benefit expenses within personnel expenses
Patronage funds	10					1	1	1
Employee benefit plans w/o surplus/deficit						19	19	12
Employee benefit plans with surplus								7
Employee benefit plans with deficit	–18	–19	–20	–1		1	1	1
Employee benefit plans without own assets		–101	–111	–11	1	2	3	3
Loans from pension fund institutions		–27	–27	–3				
Total	**–8**	**–147**	–158	**–15**	**1**	**23**	**24**	24

The employee benefit plans with a deficit in the amount of CHF 18 million relate to the defined benefit plans in the UK and the US. The amount of the deficit depends largely on the value of the securities. The entire economic obligation covering the outflow of funds anticipated in the medium term corresponds to the reported deficit and amounts to CHF 19 million. The economic obligation for employee benefit plans without own assets, i.e. unfunded plans, as recognized in the balance sheet, amounts to CHF 101 million (previous year CHF: 111 million) and relates mainly to employee benefit plans in Germany. The loans from pension fund institutions in the amount of CHF 27 million (previous year: CHF 27 million) are from pension fund institutions in Germany that have invested their funds in Corporate Companies.

The table below summarizes the pension benefit expenses in the year under review and for the previous year:

CHF million	2015	2014
Contributions to employee benefit plans from Corporate Companies	23	21
Contributions to employee benefit plans from employer contribution reserves		
Total contributions	23	21
+/- Change in ECR from asset developments, value adjustments, etc.		
Contributions and change in employer contribution reserves	**23**	21
Decrease/increase in economic benefit of the Corporation from surplus		
Increase/decrease in economic obligation of the Corporation from deficit		
Increase/decrease in economic obligation of the Corporation (employee benefit plans without own assets)	1	3
Total change in economic effect of surplus/deficit	1	3
Pension benefit expenses within personnel expenses in the period under review	**24**	24

The change in the economic obligation from employee benefit plans and the employer contributions paid for the year under review, as recognized in the balance sheet, amount to CHF 24 million (previous year: CHF 24 million) and are included in the "Personnel expenses".

15 Other liabilities

CHF million	2015	2014
Social security	13	15
Other non-interest-bearing liabilities	55	27
Derivative financial instruments	36	52
Other tax liabilities (e.g. withholding tax)	22	26
Total	**126**	120
– Thereof short term	80	69
– Thereof long term	46	51

Derivative financial instruments // GF uses financial instruments as part of its Corporation-wide risk management approach. Currency risks from accounts receivable, accounts payable, and financing in foreign currencies are partially hedged. The only hedging instruments employed are forward exchange contracts and currency swaps with a maximum maturity of twelve months. The hedging of other underlying assets consists of hedging against price fluctuations relating to the purchase of raw materials and energy.

Positive market values are reported in the balance sheet under the item "Marketable securities", while negative values are recognized under "Other liabilities".

The following table shows the (gross) market value of the derivative financial instruments as of 31 December 2015 and 2014, broken down by investment category:

CHF million	2015 Contract- or nominal value	2015 Positive market value	2015 Negative market value	2014 Contract- or nominal value	2014 Positive market value	2014 Negative market value
Derivative financial instruments						
Foreign exchange (e.g. forward exchange contracts)	340	3	–2	348		–10
Other underlyings	104	2	–34	148		–42
Total	**444**	**5**	**–36**	496		–52

Furthermore, with the acquisition of Hakan Plastik AS, GF obtained a call option on the remaining shares, which corresponds to a capital share of 10% of the company. The valuation of this option does not lead to any recognition as the contract value is equal to the purchase price (see note 32).

16 Accrued liabilities and deferred income

CHF million	2015	2014
Overtime, holiday, bonuses, and sales-related premiums	79	81
Accrued expenses/deferred income for commissions and discounts	24	21
Accrued expenses/deferred income for annual audit fees	4	3
Other accrued expenses and deferred income	91	76
Total	**198**	181

17 Share capital/capital management

Share capital // As of 31 December 2015, the share capital comprised 4 100 898 registered shares with a par value of CHF 1 each. Total dividend-bearing nominal capital amounted to CHF 4 100 898.

Capital management // The capital managed by the Corporation consists of the consolidated equity. The Corporation has set the following goals for the management of its capital:

– maintain a healthy and sound balance sheet structure based on going concern values
– ensure the necessary financial scope in order to make investments and acquisitions in the future
– realize a return for investors commensurate with the risk

The Corporation uses two ratios to monitor equity: the equity ratio and the return on equity. The equity ratio represents equity as a percentage of total assets. Return on equity is net profit expressed as a percentage of average equity. These ratios are reported to the Executive Committee and the Board of Directors at regular intervals through the internal financial reporting. Both, total equity and total assets increased slightly, resulting in an unchanged equity ratio of 37% as of 31 December 2015.

As an industrial group, GF strives to maintain a strong balance sheet with a high portion of equity. In the medium term, the Corporation aims to achieve an equity ratio of 35% to 40%. The medium-term target for return on equity is above 15%.

The ratios are shown in the table below:

CHF million	**2015**	2014
Equity attributable to shareholders of Georg Fischer Ltd	1 081	1 057
Non-controlling interests	49	47
Equity	1 130	1 104
Total assets	3 083	2 989
Equity ratio as %	36.7	36.9
Theoretical equity incl. net value of goodwill	1 189	1 168
Theoretical equity ratio incl. net value of goodwill as %, total assets incl. goodwill	37.8	38.3
Average reported equity	1 117	1 041
Net profit	198	195
Return on average reported equity as %	17.7	18.7

The Corporation does not have any financial covenants with minimal capital requirements. There is one financial covenant concerning the equity ratio.

The Board of Directors presents a proposal for the appropriation of retained earnings to the Annual Shareholders' Meeting. GF pursues a results-oriented dividend policy and usually distributes about 30% to 40% of the Corporation's consolidated net profit to shareholders. This may be distributed either in the form of a dividend payment from the retained earnings or from the reserves from capital contributions. For the 2015 financial year, the Board of Directors proposal to the Annual Shareholders' Meeting is for a dividend payment out of the retained earnings in the amount of CHF 18 per registered share (previous year: dividend payment out of the reserves from capital contributions and the retained earnings in the amount of CHF 17 per registered share). As of 31 December 2015, Georg Fischer registered shares have a par value of CHF 1.

The authorized capital and the conditional capital consists of a maximum of 600 000 shares. The maximum amount of the authorized or conditional capital is reduced by the amount that conditional or authorized capital is created through the issue of bonds or similar debt instruments or new shares.

At the latest until 19 March 2016, the maximum authorized share capital will be CHF 600 000 divided into a maximum of 600 000 registered shares each at a par value of CHF 1.

The reserves which are not disposable respectively distributable amount to CHF 122 million as of 31 December 2015 (previous year: CHF 124 million).

18 Earnings per share

The earnings per share in the amount of CHF 46 (previous year: CHF 45) is calculated by dividing the portion of net profit attributable to Georg Fischer Ltd shareholders by the average number of shares outstanding during the year under review (number of shares issued less number of treasury shares). The average number of shares is 4 089 244 in 2015 (previous year: 4 085 397).

There was no dilution of earnings per share in either the year under review or the previous year.

19 Treasury shares

	2015			2014		
	Quantity	Transaction price (Ø) in CHF	Purchase cost (Ø) in CHF million	Quantity	Transaction price (Ø) in CHF	Purchase cost (Ø) in CHF million
As of 1 January	**14 673**	**622.33**	**9**	16 329	571.48	9
Purchases	20 104	663.58	13	33 996	629.67	21
Disposals	–17 715	663.63	–12	–27 373	645.20	–18
Transfers (share-based compensation)	–8 427	629.09	–5	–8 279	627.50	–5
Changes in share price			1			2
As of 31 December	**8 635**	**652.63**	**6**	14 673	622.33	9

As of year-end 2015, GF held 8 635 treasury shares with a par value of CHF 1 (previous year: 14 673 registered shares). In the year under review, 20 104 treasury shares were purchased on the stock market at an average transaction price of CHF 663.58, and 17 715 treasury shares were sold on the stock market at an average transaction price of CHF 663.63.

In accordance with a plan defined by the Board of Directors, a fixed number of Georg Fischer registered shares are granted to members of the Executive Committee and members of senior management as a long-term financial incentive. Of the 8 635 treasury shares (registered shares) held by GF as of year-end 2015, 8 283 registered shares are earmarked for this long-term financial incentive, after consideration of the registered shares transferred in 2015 for the year under review. The allocation of this share-based compensation is effected according to the provisions of the above-mentioned plan.

The share-based compensation to members of the Board of Directors and the Executive Committee and members of senior management are stated at fair value and recognized as an expense at the grant date. Such compensation is recorded under "Operating expenses" (see note 24) for the Board of Directors and under "Personnel expenses" (see note 25) for the Executive Committee and senior management. The total expense for the share-based compensation plan is CHF 6 million (previous year: CHF 5 million).

20 Contingent liabilities

Contingent liabilities amount to CHF 4 million (previous year: CHF 4 million) and include take-back obligations from leasing transactions with third parties in the amount of CHF 2 million (previous year: CHF 2 million), as well as guarantees and securities granted to third parties of CHF 2 million (previous year: CHF 2 million). This contrasts with the contingent assets amounting to CHF 1 million (previous year: CHF 0 million) arising from litigation.

21 Leases

CHF million	2015	2014
Leasing obligations up to 1 year	17	17
Leasing obligations 1 to 5 years	41	47
Leasing obligations over 5 years	12	16
Operating leases (nominal values)	**70**	80

Liabilities relating to financial lease contracts in the amount of CHF 7 million (previous year: CHF 10 million) are mainly due to the leasing of the machines of Georg Fischer Hakan Plastik AS by GF Piping Systems. The leasing obligations are included in "Other financial liabilities" and are disclosed in note 13 "Interest-bearing financial liabilities".

22 Pledged or assigned assets

Assets pledged or restricted on title in part or whole amounted to CHF 21 million (previous year: CHF 22 million). In the year under review CHF 15 million (previous year: CHF 15 million) relate to land and buildings, CHF 5 million (previous year: CHF 6 million) to accounts receivable and CHF 1 million (previous year: CHF 1 million) to inventories.

The assets are pledged or restricted on title as collateral for bank loans.

23 Other operating income

CHF million	**2015**	2014
Sales of material, waste, and scrap	8	9
Income from insurance contracts	6	5
Income from services	11	14
Gains on disposals of property, plant, and equipment	23	1
Foreign exchange gains/losses	–10	3
Other operating income	12	13
Total	**50**	45

24 Operating expenses

CHF million	**2015**	2014
External services[1]	145	160
Rent, leases	43	49
External energy supply	97	103
Selling costs, commissions	120	124
Advertisements, communication	84	92
Repair, maintenance	91	100
Other expenses[2]	48	37
Total	**628**	665

1 External services include e.g. temporary employees, IT costs, R&D, insurance costs as well as consulting services.
2 Other expenses include compensation to the members of the Board of Directors of CHF 2.3 million.

25 Personnel expenses

CHF million	**2015**	2014
Salaries and wages	749	757
Employee benefits	24	24
Social security	152	154
Total	**925**	935

In accordance with a plan defined by the Board of Directors, a fixed number of Georg Fischer registered shares are granted to members of the Executive Committee and members of senior management as a long-term financial incentive. For the year under review, 6 790 shares (previous year: 6 753) were issued and recognized as personnel expenses at their market value of CHF 4.6 million (previous year: CHF 4.2 million).

26 Financial result

CHF million	2015	2014
Interest income	2	3
Net gains on financial instruments at market value recognized in income statement		1
Financial income	**2**	4
Interest expenses	34	39
Net losses on financial instruments at market value recognized in income statement	7	1
Other financial expenses	9	6
Financial expenses	**50**	46

The accrued interest on bonds is recognized in the amount of CHF 1 million (previous year: CHF 1 million) under interest expenses.

Net losses on financial instruments at market value recognized in the income statement mainly relate to foreign exchange losses.

27 Non-operating result

The non-operating result amounted to CHF 3 million (previous year: CHF 14 million). The income mainly results from the sale and the lease of various investment properties.

28 Extraordinary result

In the year under review the sale of a building in Gleisdorf (Austria), by the GF Automotive division resulted in extraordinary income of CHF 2 million. An earn-out adjustment for the discontinued operations in 2012 of two companies in the GF Automotive division, Georg Fischer GmbH, Friedrichshafen (Germany), and Georg Fischer GmbH, Garching (Germany), resulted in an extraordinary loss of CHF 2 million. Therefore the extraordinary result for the year under review amounted to CHF 0 million.

In the previous year, the “Extraordinary result” also amounted to CHF 0 million. Costs of CHF 5 million related to the sale of the gravity die-casting foundry in Herzogenburg (Austria) by the GF Automotive division were charged to the extraordinary result. An earn-out adjustment for the discontinued operations in 2012 of two companies in the GF Automotive division, Georg Fischer GmbH, Friedrichshafen (Germany), and Georg Fischer GmbH, Garching (Germany), resulted in extraordinary income of CHF 5 million.

29 Income taxes

The difference between the expected income tax expense and the effective income tax expense recorded in the financial statements can be explained as follows:

CHF million	2015 Total	2015 Thereof current taxes	2015 Thereof deferred taxes	2014 Total	2014 Thereof current taxes	2014 Thereof deferred taxes
Tax rate reconciliation						
Profit before taxes	251			246		
Expected income tax rate in % (rounded)	21			22		
Expected income tax expense	**52**	**48**	**4**	53	50	3
Non-tax deductible expenses/ tax exempted income	2	1	1			
Use of unrecognized tax loss carryforwards	–7	–9	2	–7	–10	3
Effect of non-recognition of tax losses in current year	5	5		4	4	
Recognition of previously unrecognized tax loss carryforwards	–1		–1	–2		–2
Depreciation of recognized tax loss carryforwards				2		2
Tax charges and credits related to prior periods, net	2	2		–1		–1
Effect of change in tax rates	–2	–2		1		1
Other effects	2	3	–1	1	–1	2
Effective income tax expense	**53**	**48**	**5**	51	43	8
Effective income tax rate in %	21			21		

The expected income tax rate of the Corporation amounts to 21% (previous year: 22%) and corresponds to the weighted average tax rate which is based on the profit/loss before taxes and the income tax rate of each individual Corporate Company. The change of the expected income tax rate is due to the variation in profitability and the change of the tax rate of different Corporate Companies. The expected income tax rate based on the ordinary result also amounts to 21% (previous year: 22%).

The following unrecognized tax loss carryforwards are at the disposal of the Corporation:

CHF million	2015	2014
Expiry unlimited	161	198
After 2018	32	31
2018	12	17
2017	3	8
2016		5
2015		11
Total unrecognized tax loss carryforwards	**208**	270
Potential tax relief effect	54	73

The recognition of tax loss carryforwards is assessed on an annual basis and is based on current assumptions and estimates of the management. Tax loss carryforwards are recognized only to the extent that, within the next two to three years, sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilized. In countries or Corporate Companies where such utilization is not probable, tax loss carryforwards are not recognized. The potential tax relief effect from the unrecognized tax loss carryforwards amounted to CHF 54 million.

As of 31 December 2015, based on the above mentioned estimates, tax loss carryforwards of CHF 29 million (previous year: CHF 32 million) were activated resulting in a deferred tax asset of CHF 7 million (previous year: CHF 8 million). In doing so, the country-specific tax related regulations and opportunities were respected.

30 Related parties

Related parties include members of the Board of Directors and the Executive Committee, employee benefit plans and major shareholders as well as the companies under their control. Transactions with related persons and companies are generally conducted at arms' length.

The members of the Board of Directors are compensated by a fixed number of Georg Fischer registered shares, and a fixed fee paid in cash, which varies according to their function (chairman, member of standing committees, etc.).

The members of the Board of Directors received cash compensation of CHF 1.2 million in the year under review (previous year: CHF 0.9 million). In addition, a total of 1 534 Georg Fischer registered shares (par value of CHF 1) with a market value of CHF 1.0 million were allocated as share-based compensation (previous year: 1 650 Georg Fischer registered shares, equivalent to a market value of CHF 1.0 million). Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2.3 million (previous year: CHF 2.0 million). The total compensation of the Board of Directors is recognized in the operating expenses (see note 24).

The members of the Executive Committee received 2 050 Georg Fischer registered shares (par value of CHF 1) with a market value of CHF 1.4 million in the year under review (previous year: 2 050 Georg Fischer registered shares with a market value of CHF 1.3 million). In addition, the members of the Executive Committee received cash compensation plus social security and pension contributions of CHF 6.3 million for the year under review (previous year: CHF 5.3 million). The total compensation of the Executive Committee is included in the personnel expenses (see note 25).

Apart from the regular compensation paid to the Board of Directors and the Executive Committee, and the regular contributions to the various employee benefit institutions, no transactions were conducted with related persons or companies.

The total compensation paid to the Board of Directors and Executive Committee breaks down as follows:

CHF 1 000	**2015**	2014
Compensation	6 309	5 259
Employee benefit payments	817	748
Social security	507	330
Share-based compensation	2 434	2 327
Total compensation	**10 067**	8 664

Additional fees and remuneration // No member of the Executive Committee or the Board of Directors or any persons related to them received any fees or other compensation for additional services to Georg Fischer Ltd or its Corporate Companies in the 2015 financial year.

Loans to members of governing bodies // Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to members of the Executive Committee or the Board of Directors or to any persons related to them.

The detailed disclosure of the compensation and shareholdings of the members of the Board of Directors and the Executive Committee in accordance with Swiss law can be found in the financial statements of Georg Fischer Ltd on pages 108 to 111.

31 Foreign exchange rates

CHF		Average rates 2015	Average rates 2014	Spot rates 2015	Spot rates 2014
1	AED	0.262	0.249	0.270	0.270
1	ARS	0.105	0.113	0.076	0.117
1	AUD	0.725	0.825	0.722	0.810
1	BRL	0.294	0.389	0.254	0.372
1	CAD	0.754	0.828	0.715	0.852
1	CNY	0.153	0.149	0.153	0.160
1	EUR	1.068	1.215	1.083	1.203
1	GBP	1.472	1.506	1.469	1.540
1	HKD	0.124	0.118	0.128	0.128
1	INR	0.015	0.015	0.015	0.016
1	MXN	0.061	0.069	0.057	0.067
1	MYR	0.248	0.280	0.230	0.283
1	NZD	0.674	0.759	0.679	0.775
1	SGD	0.700	0.722	0.701	0.748
1	TRY	0.356	0.418	0.340	0.425
1	USD	0.963	0.915	0.991	0.990
100	CZK	3.915	4.413	4.004	4.338
100	DKK	14.324	16.296	14.505	16.151
100	JPY	0.796	0.866	0.822	0.827
100	KRW	0.085	0.087	0.084	0.091
100	NOK	11.944	14.551	11.315	13.330
100	PLN	25.550	29.030	25.506	28.075
100	SEK	11.416	13.365	11.803	12.770
100	THB	2.816	2.817	2.744	3.005
100	TWD	3.033	3.017	3.009	3.129

32 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 19 February 2016. They must also be approved at the Annual Shareholders' Meeting.

On 27 January 2016, Georg Fischer Ltd, acquired the remaining 10% of the capital of Georg Fischer Hakan Plastik AS, Cerkezköy (Turkey), for CHF 11 million. The transaction is expected to be completed by the end of the first quarter of 2016, once all of the authorities have given their approval. Georg Fischer Ltd will then own 100% of the capital of Georg Fischer Hakan Plastik AS.

In addition, on 27 January 2016, the outstanding earn-out in the amount of CHF 31 million was paid by Georg Fischer Ltd to the former owners of Georg Fischer Hakan Plastik AS.

There were no other events between 31 December 2015 and 19 February 2016 that would require an adjustment to the carrying amounts of assets and liabilities and equity or would need to be disclosed under this heading.

33 Affiliated Companies

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Europe							
Austria	PS	Georg Fischer Fittings GmbH, Traisen	EUR	3,7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg	EUR	0,2	100	C	S
	AU	Georg Fischer Automobilguss GmbH, Herzogenburg[1]	EUR	4,6	100	C	H
	AU	Georg Fischer Druckguss GmbH, Herzogenburg	EUR	0,1	100	C	P
	AU	Georg Fischer Eisenguss GmbH, Herzogenburg	EUR	0,1	100	C	P
	AU	Georg Fischer GmbH & Co KG, Altenmarkt	EUR	2,4	100	C	P
Belgium	PS	Georg Fischer NV-SA, Bruxelles	EUR	0,5	100	C	S
Czech Republic	MS	GF Machining Solutions sro, Brno[1]	CZK	12,3	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup[1]	DKK	0,5	100	C	S
France	CM	Georg Fischer Holding SAS, Palaiseau[1]	EUR	6,4	100	C	H
	PS	Georg Fischer SAS, Villepinte	EUR	1,1	100	C	S
	MS	GF Machining Solutions SAS, Palaiseau	EUR	4,0	100	C	S
Germany	CM	Georg Fischer BV & Co KG, Singen[1]	EUR	25,6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen	EUR	0,1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0,5	100	C	M
	CM	MGH Verwaltungs GmbH, Biedenkop-Wallau	EUR	0,1	51	C	M
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshausen	EUR	2,6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2,6	100	C	S
	PS	Georg Fischer Fluorpolymer Products GmbH, Ettenheim	EUR	4,0	100	C	P
	AU	Georg Fischer Automobilguss GmbH, Singen	EUR	12,8	100	C	P
	AU	Georg Fischer GmbH, Mettmann	EUR	0,1	100	C	P
	AU	Georg Fischer GmbH, Leipzig	EUR	0,9	100	C	P
	AU	Georg Fischer GmbH, Werdohl	EUR	0,3	100	C	P
	AU	Georg Fischer Dienstleistungen GmbH, Mettmann	EUR	0,1	100	C	M
	AU	MECO Eckel GmbH & Co KG, Biedenkopf-Wallau	EUR	0,2	51	C	P
	AU	Eckel & Co GmbH, Biedenkopf-Wallau	EUR	0,1	51	C	M
	MS	GF Machining Solutions GmbH, Schorndorf	EUR	2,6	100	C	S
Great Britain	PS	George Fischer Sales Ltd, Coventry[1]	GBP	4,0	100	C	S
	MS	GF Machining Solutions Ltd, Coventry[1]	GBP	2,0	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano	EUR	0,5	100	C	H
	PS	Georg Fischer TPA Srl, Busalla	EUR	0,7	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0,1	100	C	P
	PS	Georg Fischer Pfci Srl, Valeggio sul Mincio	EUR	0,5	100	C	P
	PS	Georg Fischer SpA, Cernusco sul Naviglio	EUR	1,3	100	C	S
	MS	GF Machining Solutions SpA, Cusano Milanino	EUR	3,0	100	C	S
Netherlands	CM	Georg Fischer Holding NV, Epe[1]	EUR	0,9	100	C	H
	CM	Georg Fischer Management BV, Epe[1]	EUR	0,1	100	C	M
	PS	Georg Fischer NV, Epe	EUR	0,9	100	C	S
	PS	Georg Fischer WAGA NV, Epe	EUR	0,4	100	C	P
Norway	PS	Georg Fischer AS, Rud[1]	NOK	1,0	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Warszawa[1]	PLN	18,5	100	C	S
	MS	GF Machining Solutions Sp.z.o.o., Warszawa[1]	PLN	1,3	100	C	S
Spain	PS	Georg Fischer SA, Madrid[1]	EUR	1,5	100	C	S
	MS	GF Machining Solutions SAU, Barcelona[1]	EUR	2,7	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Sweden	PS	Georg Fischer AB, Stockholm[1]	SEK	1,6	100	C	S
	MS	System 3R International AB, Vällingby[1]	SEK	17,1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen[1]	CHF	1,0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[1]	CHF	0,5	49	F	M
	CM	Georg Fischer AG, Schaffhausen	CHF	4,1		C	H
	CM	Georg Fischer Liegenschaften AG, Schaffhausen[1]	CHF	4,0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[1]	CHF	10,0	100	C	M
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen[1]	CHF	20,0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen[1]	CHF	0,5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen[1]	CHF	17,8	60	C	P
	PS	Georg Fischer JRG AG, Sissach[1]	CHF	1,8	100	C	P
	AU	Georg Fischer Automotive AG, Schaffhausen[1]	CHF	1,0	100	C	M
	MS	Agie Charmilles SA, Losone[1]	CHF	10,0	100	C	P
	MS	Agie Charmilles Services SA, Meyrin[1]	CHF	3,6	100	C	S
	MS	GF Machining Solutions Management SA, Meyrin[1]	CHF	0,5	100	C	M
	MS	GF Machining Solutions International SA, Losone[1]	CHF	2,6	100	C	S
	MS	Agie Charmilles New Technologies SA, Meyrin[1]	CHF	10,0	100	C	P
	MS	Mecartex SA, Losone	CHF	0,4	30	E	P
	MS	Mikron Agie Charmilles AG, Nidau[1]	CHF	3,5	100	C	P
	MS	Step-Tec AG, Luterbach[1]	CHF	1,3	98	C	P
	MS	Liechti Engineering AG, Langnau[1]	CHF	0,1	100	C	P
Near East							
UAE	PS	Georg Fischer Corys LLC, Dubai[1]	AED	0,3	49	E	P
Turkey	PS	Georg Fischer Hakan Plastik AS, Cerkezköy[1]	TRY	20,0	90	C	P
	MS	System 3R Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul[1]	TRY	0,1	100	E	S
America							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires[1]	ARS	1,4	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0,1	49	E	S
Bermuda	CM	Munot Reinsurance Ltd, Hamilton[1]	EUR	0,1	100	C	M
Brazil	PS	Georg Fischer Sistemas de Tubulacoes Ltda, São Paulo[1]	BRL	7,7	100	C	S
	MS	GF Machining Solutions Máquinas Ltda, São Paulo[1]	BRL	60,9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Mississauga[1]	CAD	0,1	100	C	S
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[1]	MXN	0,1	100	C	S
USA	CM	George Fischer Corporation, El Monte, CA[1]	USD	0,1	100	C	H
	CM	Georg Fischer Export Inc, El Monte, CA[1]	USD	0,1	100	C	M
	PS	Georg Fischer LLC, Irvine, CA	USD	3,8	100	C	S
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0,1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee, OK	USD	1,1	100	C	P
	PS	Georg Fischer Harvel LLC, Easton, PA	USD	0,1	100	C	P
	MS	GF Machining Solutions LLC, Lincolnshire, IL	USD	0,1	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Asia / Australia							
Australia	CM	George Fischer IPS Pty Ltd, Riverwood[1]	AUD	7,1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood	AUD	3,8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai[1]	CNY	1,1	100	C	M
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10,0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou	CNY	100,0	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen[1]	CNY	80,0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan[1]	CNY	80,0	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	58,2	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[1]	CNY	40,3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	100,0	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai[1]	CNY	52,0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai[1]	CNY	41,4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai[1]	CNY	1,7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing[1]	CNY	36,7	100	C	P
	AU	Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou[1]	CNY	209,5	100	C	P
	AU	Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan[1]	CNY	149,5	100	C	P
	MS	GF Machining Solutions Ltd, Hongkong[1]	HKD	3,0	100	C	S
	MS	ACM North China (HK) Ltd, Hongkong[1]	HKD	0,1	100	C	S
	MS	Agie Charmilles China (HK) Ltd, Hongkong[1]	HKD	0,5	100	C	S
	MS	Agie Charmilles China (Shanghai) Co Ltd, Shanghai	CNY	2,5	100	C	S
	MS	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	CNY	2,5	100	C	S
	MS	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1,7	100	C	S
	MS	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing[1]	CNY	80,3	78	C	P
	MS	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4,5	78	C	S
	MS	Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou[1]	CNY	55,4	100	C	P
	MS	System 3R Shanghai Co Ltd, Shanghai	CNY	1,5	100	C	S
	MS	Liechti (Shanghai) Engineering Co Ltd, Shanghai	CNY	0,1	100	F	S
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai[1]	INR	215,4	100	C	P
Japan	PS	Georg Fischer Ltd, Osaka[1]	JPY	480,0	81	C	S
	MS	GF Machining Solutions Ltd, Yokohama[1]	JPY	50,0	100	C	S
Korea	PS	Georg Fischer Korea Co. Ltd., Yongin-si[1]	KRW	600,0	100	C	S
	MS	GF Machining Solutions Co Ltd, Seoul[1]	KRW	975,0	100	C	S
Malaysia	PS	George Fischer (M) SDN BHD, Shah alam[1]	MYR	10,0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington[1]	NZD	0,1	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore[1]	SGD	3,0	100	C	S
	MS	GF Machining Solutions Pte Ltd, Singapore[1]	SGD	2,1	100	C	S
Taiwan	PS	Georg Fischer Co Ltd, New Taipei City[1]	TWD	1,0	100	C	S
	MS	GF Machining Solutions Ltd, San Chung, Taipei Hsien[1]	TWD	10,0	100	C	S
Vietnam	MS	GF Machining Solutions Co Ltd, Hanoi[1]	VND	500,0	100	F	S

1 Directly held by Georg Fischer Ltd.

Division

CM = Corporate Management
PS = GF Piping Systems
AU = GF Automotive
MS = GF Machining Solutions

Consolidation

C = Fully consolidated
P = Proportionately consolidated
E = Stated based on the equity method
F = Stated at estimated fair value

Function

H = Holding
P = Production
M = Management and Services
S = Sales

Status as of 31 December 2015

Report of the statutory auditor on the consolidated financial statements to the Annual Shareholders' Meeting of Georg Fischer Ltd, Schaffhausen

As statutory auditor, we have audited the consolidated financial statements of Georg Fischer Ltd, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes (pages 58 to 100), for the year ended 31 December 2015.

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

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

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

Opinion // In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

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

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

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

Zurich, 19 February 2016

PricewaterhouseCoopers Ltd

St. Räbsamen

Stefan Räbsamen, Audit expert
(Auditor in charge)

R. Uehli

Roman Uehli, Audit expert

Financial statements Georg Fischer Ltd

Balance sheet as of 31 December 2015

CHF 1 000	notes	2015	2014
Cash and cash equivalents and short-term investments with a quoted market price	2.1	198 571	75 823
Other current receivables due from third parties		6 354	7 736
Other current receivables due from Corporate Companies	2.2	29 070	99 110
Accrued income and prepaid expenses		2 712	485
Current assets		**236 707**	183 154
Loans to Corporate Companies	2.3	341 083	326 456
Other financial assets		1 757	1 952
Investments	2.4	913 789	947 263
Non-current assets		**1 256 629**	1 275 671
Assets		**1 493 336**	1 458 825
Current liabilities with third parties		3 082	5 455
Short-term interest-bearing liabilities due from third parties	2.5	200 000	
Short-term interest-bearing liabilities due from Corporate Companies	2.6	72 625	46 868
Accrued expenses and deferred income	2.7	15 261	15 111
Current liabilities		**290 968**	67 434
Long-term interest-bearing liabilities	2.8	3 029	203 760
Long-term provisions	2.9	21 217	21 217
Non-current liabilities		**24 246**	224 977
Liabilities		**315 214**	292 411
Share capital	2.10	4 101	4 101
Legal capital reserves			
– Reserves from capital contributions			9 983
– Other capital reserves		89 506	89 506
Legal reserves			
– Other legal reserves		59 234	59 234
– Reserves for treasury shares	2.11	5 634	9 131
Statutory retained earnings			
– Available earnings carried forward		938 223	865 411
– Net profit for the year		81 424	129 048
Equity		**1 178 122**	1 166 414
Liabilities and equity		**1 493 336**	1 458 825

Income statement for the year ended 31 December 2015

CHF 1 000	notes	2015	2014
Dividend income	3.1	131 647	135 316
Other income from investments		19	128
Income from services provided to Corporate Companies	3.2	53 497	41 184
Financial income	3.3	8 473	15 968
Other income		5 194	2 192
Income		**198 830**	194 788
Value adjustment on investments	3.4	49 107	18 420
Other expenses for investments		2 791	2 640
Financial expenses	3.5	31 553	6 444
Cost of services provided by Corporate Companies		1 731	2 435
Personnel expenses		17 740	16 306
Other operating expenses	3.6	13 765	15 924
Direct taxes	3.7	719	3 571
Expenses		**117 406**	65 740
Net profit for the year		**81 424**	129 048

Statement of changes in equity for the year ended 31 December 2015

CHF 1 000	Share capital	General reserves[1]	Reserves from capital contributions[1]	Reserves for treasury shares[1]	Retained earnings	**Equity**
Balance as of 31 December 2013	**41 009**	**148 740**	**38 689**	**9 332**	**865 211**	**1 102 981**
Net profit for the year					129 048	129 048
Reduction in par value	–36 908					–36 908
Dividend from reserves from capital contributions			–28 706			–28 706
Reclassification				–200	200	
Rounding difference				–1		–1
Balance as of 31 December 2014	**4 101**	**148 740**	**9 983**	**9 131**	**994 459**	**1 166 414**
Net profit for the year					81 424	81 424
Dividend payment					–59 750	–59 750
Dividend from reserves from capital contributions			–9 965			–9 965
Reclassification			–18	–3 496	3 514	
Rounding difference				–1		–1
Balance as of 31 December 2015	**4 101**	**148 740**		**5 634**	**1 019 647**	**1 178 122**

1 Legal reserves.

Notes to the financial statements

1 Principles

1.1 General // These annual financial statements were prepared in accordance with the provisions of the Swiss accounting law (Title 32 of the Swiss Code of Obligations). The main valuation principles applied that are not prescribed by law are described below. Georg Fischer Ltd, Schaffhausen (Switzerland), reports its consolidated financial statements based on a recognized standard (Swiss GAAP FER) and, in accordance with the legal provisions, the company has decided not to provide notes on the audit fees, a cash flow statement or an annual report.

1.2 Securities with market price // Securities held for the short term are valued at the market price on the balance sheet date. No equalization reserve has been created.

1.3 Loans to Corporate Companies and other financial assets // Loans granted to Corporate Companies and other financial investments in foreign currencies are valued at the market rate on the actual closing date. Unrealized currency losses are booked, while unrealized gains are deferred (imparity principle). The valuation is at nominal values, taking into consideration any value adjustments required.

1.4 Investments // Investments are valued in line with the principle of individual valuation. In addition, further flat-rate value adjustments can be applied.

1.5 Dividend income // Dividend income is booked when paid out.

1.6 Share-based compensation // More information about share-based compensation is available in the compensation report as well as on pages 108 to 111 of the Annual Report.

1.7 Long-term interest-bearing liabilities // Interest-bearing liabilities are recognized at nominal value.

2 Information on balance sheet positions

2.1 Cash and cash equivalents and short-term investments with a quoted market price // This balance sheet position contains securities in the amount of CHF 3.5 million (previous year: CHF 3.6 million).

2.2 Other current receivables due from Corporate Companies // The balance sheet position includes short-term receivables and loans to Corporate Companies and positions from cash pooling with Corporate Companies. These are reported as a gross amount under “Other current receivables due from Corporate Companies” and “Short-term interest-bearing liabilities due from Corporate Companies”.

2.3 Loans to Corporate Companies // The activities of Corporate Companies are, whenever possible and suitable, financed by loans from the Corporation instead of credit facilities from local banks.

2.4 Investments // Direct and indirect investments in Corporate Companies of Georg Fischer Ltd include the companies listed on pages 98 to 100 of the Annual Report.

2.5 Short-term interest-bearing liabilities due from third parties // The balance sheet item includes the 3 ⅜% debenture loan with a nominal value of CHF 200 million and with a term from 2010 to 12 May 2016. Due to its maturity in May 2016, this liability was rebooked from long-term to short-term interest-bearing liabilities.

2.6 Short-term interest-bearing liabilities due from Corporate Companies // This balance sheet item includes short-term liabilities and loans from Corporate Companies and items from cash pooling with Corporate Companies. These are reported as a gross amount under “Other current receivables due from Corporate Companies” and “Short-term interest-bearing liabilities due from Corporate Companies”.

2.7 Accrued expenses and deferred income // Accrued expenses and deferred income largely comprises the interest expense on bonds, variable compensation for employees, and fees for the Board of Directors.

2.8 Long-term interest-bearing liabilities // The change in this balance sheet item compared with the prior year is due to the rebooking of the 3 ⅜% debenture loan with a nominal value of CHF 200 million to the short-term interest-bearing liabilities due from third parties.

2.9 Long-term provisions // This provision concerns currency risks.

2.10 Share capital // As of 31 December 2015, amounted to 4 100 898 registered shares at a par value of CHF 1.

Conditional capital: As of 31 December 2015, amounted to CHF 0.6 million and can be created by exercising conversion or option rights granted in connection with debenture loans or similar bonds of Georg Fischer Ltd or its Corporate Companies that were issued on the capital markets.

Authorized capital: In accordance with the resolution of the Annual General Meeting of 19 March 2014, the Board of Directors is authorized to increase the share capital, until no later than 19 March 2016, by a maximum amount of CHF 0.6 million, by issuing a maximum of 600 000 fully paid-in registered shares with a nominal value of CHF 1 each. The increase may be made in partial amounts.

2.11 Reserves for treasury shares // Georg Fischer Finanz Ltd, a Corporate Company held by Georg Fischer Ltd, owned 8 635 registered shares of Georg Fischer Ltd on the balance sheet date. Accordingly, a reserve for treasury shares was set up at Georg Fischer Ltd.

3 Information on the income statement

3.1 Dividend income // The dividend income for the year was CHF 132 million (previous year: CHF 135 million).

3.2 Income from services provided to Corporate Companies // The income from Corporate Companies consisted primarily of licensing income for the use of the corporate brand +GF+ as well as income for services provided.

3.3 Financial Income // The financial income comes primarily from interest income on the loans granted to Corporate Companies.

3.4 Valuation allowance on investments // Some investments of Georg Fischer Ltd had to be written down due to the application of the principle of individual evaluation. The principles for the valuation of investments are found in section 1.4.

3.5 Financial expenses // This income statement item includes the interest expense for the debenture loan (described in section 2.5) and foreign currency gains.

3.6 Other operating expenses // The main expense items related to external consulting services, marketing expenses, fees for the Board of Directors, and data processing costs.

3.7 Direct taxes // Income taxes in the period under review concerned not only the income taxes of Georg Fischer Ltd, but also the corporation taxes of Georg Fischer BV & Co KG, Singen (Germany), acting as the German fiscal unity parent of GF. Georg Fischer Ltd, as the associate of Georg Fischer BV & Co KG, is liable for German corporation taxes.

4 Additional information

4.1 Full-time equivalents // As of 31 December 2015, Georg Fischer Ltd employed 60 people.

4.2 Contingent liabilities

CHF 1000	**2015**	2014
Guarantees and pledges in favor of third parties:		
Guaranteed maximum amount	**1 572 503**	1 467 713
Thereof utilized	733 118	617 780

Georg Fischer Ltd bears joint liability with regard to the Swiss Federal Tax Administration for the amounts due of value-added tax of all the Swiss Corporate Companies.

4.3 Pension fund obligations // At year-end 2015, pension fund obligations amounted to CHF 1.5 million (previous year: CHF 1.4 million).

4.4 Significant shareholders // An overview can be found on page 32 of the Annual Report.

4.5 Shareholdings of members of the Board of Directors, Executive Committee, or persons related to them // Information on the shareholdings of members of the Board of Directors, Executive Committee, or persons related to them is provided on pages 110 to 111 of the Annual Report.

5 Events after the balance sheet date

On 27 January 2016, Georg Fischer Ltd acquired the remaining 10% of the capital of Georg Fischer Hakan Plastik AS, Cerkezköy (Turkey), for CHF 11 million. The transaction is expected to be completed by the end of the first quarter of 2016, once all of the authorities have given their approval. Georg Fischer Ltd will then own 100% of the capital of Georg Fischer Hakan Plastik AS.

In addition, on 27 January 2016, the outstanding earn-out in the amount of CHF 31 million was paid by Georg Fischer Ltd to the former owners of Georg Fischer Hakan Plastik AS.

There were no events between 31 December 2015 and 19 February 2016 that would require an adjustment to the carrying amounts of assets and liabilities and equity or would need to be disclosed under this heading.

6 Compensation and shareholdings

Board of Directors // The members of the Board of Directors received cash compensation of CHF 1.175 million in the year under review. In addition, a total of 1 534 GF registered shares with a total market value of CHF 1.042 million were allocated as share-based compensation. In the previous year, the allocation had been 1 650 GF registered shares, equivalent to a total market value of CHF 1.038 million. Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2.331 million (previous year: CHF 2.034 million). The detailed disclosure of compensation to the Board of Directors is as follows:

Compensation paid to the members of the Board of Directors 2015

	Compensation					
	Cash compensation[1]	Number of shares	Share-based compensation[2]	Other benefits[3]	**Total compensation 2015[4]**	Total compensation 2014[4]
Andreas Koopmann						
Chairman Board of Directors						
Chairman Nomination Committee	270	300	204	25	499	448
Hubert Achermann						
Chairman Audit Committee	139	150	102	13	254	132
Gerold Bührer						
Vice Chairman Board of Directors						
Member Audit Committee	123	150	102	10	235	194
Roman Boutellier						
Member Nomination Committee	90	150	102	9	201	155
Ulrich Graf						
Chairman Compensation Committee	110	150	102	10	222	161
Rudolf Huber[5]						
Chairman Audit Committee	33	33	22	3	58	206
Roger Michaelis						
Member Audit Committee	116	150	102	12	230	192
Eveline Saupper[6]						
Member Compensation Committee	71	118	80	8	159	
Jasmin Staiblin						
Member Compensation Committee	90	150	102	10	202	155
Isabelle Welton[7]						
Member Compensation Committee	20	33	22	2	44	155
Zhiqiang Zhang						
Member Nomination Committee	113	150	102	12	227	198
Rounding						2
Total	**1 175**	**1 534**	**1 042**	**114**	**2 331**	1 998*

(all in CHF 1 000, except column "Number of shares")

* The total compensation in 2014 amounted to CHF 2.034 million, including a compensation for Kurt E. Stirnemann (member Audit Committee until Annual Shareholders' Meeting 2015) of CHF 36 000.

1 The cash compensation includes reimbursements for international travel amounting to CHF 45 000.
2 The share-based compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 679 on 31 December 2015.
3 The other benefits represent employer contributions to social insurance funds.
4 The total compensation encompasses the cash compensation, the share-based compensation and the other benefits.
5 Member of the Board of Directors and Chairman Audit Committee until 18 March 2015.
6 Member of the Board of Directors and member Compensation Committee since 18 March 2015.
7 Member of the Board of Directors and member Compensation Committee until 18 March 2015.

The compensation paid to the Board of Directors for the year 2015 was above that of the previous year. The increase is explained by the following factors:

– Based on the review conducted in 2014, the applicable compensation model has been adapted to be aligned with the relevant market levels.
– The value of the shares increased from CHF 629 in 2014 to CHF 679 in 2015.

Other benefits reflect the social security contributions.

In the year under review, Mr. Rudolf Huber, Chairman of the Audit Committee, and Ms. Isabelle Welton, member of the Compensation Committee, were remunerated until the Annual Shareholders' Meeting of 18 March 2015. Ms. Eveline Saupper, member of the Compensation Committee, was compensated for the time 18 March through 31 December 2015. Both Mr. Roger Michaelis and Mr. Zhiqiang Zhang received each CHF 22 500 for international travel time spent; these reimbursements are included in the cash compensation. No further compensation was paid to members of the Board of Directors. No compensation was paid to parties closely related to members of Board of Directors.

Executive Committee // The members of the Executive Committee received cash, share-based compensation, social security and pension contributions amounting to CHF 7.736 million for the year under review (previous year: CHF 6.630 million). 2 050 GF registered shares with a total value of CHF 1.392 million, based on a share price of CHF 679 at year-end 2015, were allocated to members of the Executive Committee for the year under review (previous year: 2 050 GF registered shares with a total value of CHF 1.289 million).

The detailed disclosure of compensation to the Executive Committee in accordance with the Ordinance against excessive pay in stock exchange-listed companies is as follows:

Compensation paid to the members of the Executive Committee 2015

	Fixed salary in cash	Short-term incentive in cash[1]	Number of shares	Share-based compensation[2]	Pension and social insurance funds[3]	**Total compensation 2015[4]**	Total compensation 2014[4]
Executive Committee	2 860	2 274	2 050	1 392	1 210	**7 736**	6 630
Of whom							
Yves Serra, CEO							
(highest individual compensation)	869	938	850	577	397	**2 781**	2 286

(all in CHF 1 000, except column "Number of shares")

1 The short-term incentive is based on the short-term incentive plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of the divisions and the Corporation. The short-term incentive for the 2015 financial year was approved by the Board of Directors on 19 February 2016. Payment will be made in 2016.
2 The share-based compensation is based on the long-term incentive plan. Each year a fixed number of GF shares is allocated. These shares are blocked for five years. The amount of the share-based compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 679 on 31 December 2015. All shares are transferred in 2016.
3 The pension and social insurance fund expenses include employer contributions to social security and to pension funds.
4 The total compensation is comprised of the fixed salary, the short-term incentive, the share-based compensation and the pension and social contributions.

The total compensation for the Chief Executive Officer and the other members of the Executive Committee in 2015 was higher than in 2014. The increase is explained by the following factors:

– The short-term incentive related to the financial results of the Corporation and the divisions and to the individual performance was clearly better in 2015 compared to 2014, especially as the objectives of the Strategy 2011–2015 have been achieved. Consequently, the overall short-term incentive percentage ranges from 66.2% to 68.3% of the base salary for the Executive Committee members and amounts to 108% of the base salary for the Chief Executive Officer.
– The value of the shares increased from CHF 629 in 2014 to CHF 679 in 2015.
– The maximum short-term incentive level for the Chief Executive Officer was increased from 110% to 150% of the fixed base salary in order to be aligned with relevant market practice.
– The fixed salary was slightly adjusted in order to keep competitive levels in line with the market practice of our industrial sector.
– The employer's contributions to social security and to company retirement plans have increased following the adjustments of fixed salary. Please note that a significant portion of the social security payments of the employer to the Swiss social security system represents a solidarity payment as the individuals will not get any return or benefit due to these payments.

In the year under review, no compensation was paid to former members of the Executive Committee. No compensation was paid to parties closely related to members of the Executive Committee.

Shareholdings of members of the Board of Directors, Executive Committee, or persons related to them // Related persons and companies are defined as family members and persons or companies over which a significant influence can be exercised. Transactions with related persons and companies must be settled on prevailing market terms.

Apart from the compensation paid to the Board of Directors and the Executive Committee and the regular contributions to the various pension fund institutions, no transactions with related persons or companies took place.

Shareholdings Board of Directors

		Number of Georg Fischer registered shares as of 31 Dec. 2015	Number of Georg Fischer registered shares as of 31 Dec. 2014
Andreas Koopmann	Chairman Board of Directors	1 881	1 581
Hubert Achermann[1]	Chairman Audit Committee	267	117
Gerold Bührer	Vice Chairman Board of Directors	2 722	2 572
Roman Boutellier	Member Nomination Committee	2 799	2 649
Ulrich Graf	Chairman Compensation Committee	1 166	1 998
Rudolf Huber[2]	Chairman Audit Committee		4 114
Roger Michaelis	Member Audit Committee	567	417
Eveline Saupper[3]	Member Compensation Committee	628	
Jasmin Staiblin	Member Compensation Committee	745	595
Isabelle Welton[4]	Member Compensation Committee		417
Zhiqiang Zhang	Member Nomination Committee	2 387	2 237
Total Directors		**13 162**	16 697

1 Chairman Audit Committee since the Annual Shareholders' Meeting 2015 (18 March 2015).
2 Member of the Board of Directors and Chairman Audit Committee until the Annual Shareholders' Meeting 2015 (18 March 2015).
3 Member of the Board of Directors and member Compensation Committee since the Annual Shareholders' Meeting 2015 (18 March 2015).
4 Member of the Board of Directors and member Compensation Committee until the Annual Shareholders' Meeting 2015 (18 March 2015).

Shareholdings Executive Committee

		Number of Georg Fischer registered shares as of 31 Dec. 2015	Number of Georg Fischer registered shares as of 31 Dec. 2014
Yves Serra	President and CEO	5 528	4 678
Roland Abt	CFO, Head of Corporate Finance & Controlling	2 064	1 764
Pietro Lori	Head of GF Piping Systems	1 934	1 634
Josef Edbauer	Head of GF Automotive	1 732	1 432
Pascal Boillat	Head of GF Machining Solutions	705	405
Total Executive Committee		**11 963**	9 913

The registered shares transferred as part of share-based compensation to the Exectutive Committee are blocked for at least five years.

As of 31 December 2015, members of the senior management registered a total of 18 159 shares of Georg Fischer Ltd. A total of 43 284 Georg Fischer shares were held by the Board of Directors, the Executive Committee, and the senior management as of 31 December 2015, corresponding to 1.06% of issued shares.

Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to members of the Executive Committee or the Board of Directors or related parties.

Compensation has not involved the allocation of options to current or past members of the Executive Committee or Board of Directors. Neither they nor any related persons possess option rights allocated by GF. As of 31 December 2015, the members of the Executive Committee held no option rights for Georg Fischer registered shares.

In 2015, GF did not make any severance payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

Proposal by the Board of Directors for the appropriation of retained earnings 2015 and for the appropriation of reserves from capital contributions

Proposal by the Board of Directors for the appropriation of the retained earnings 2015

CHF 1 000	**2015**	2014
Net profit for the year	81 424	129 048
Earnings carried forward	934 709	865 211
Reclassification of reserves from capital contribution to retained earnings	18	
Allocation to/reduction in reserves for treasury shares	3 496	200
Retained earnings	**1 019 647**	994 459
Dividend payment CHF 18 (previous year: CHF 14.57) per registered share[1]	–73 816	–59 750
To be carried forward	**945 831**	934 709

Proposal by the Board of Directors for the appropriation of reserves from capital contributions

CHF 1 000	**2015**	2014
Reserves from capital contributions carried forward from previous year		9 983
Balance as of 31 December		9 983
Dividend payment out of reserves from capital contributions of CHF 2.43[1]		–9 965
Reclassification of reserves from capital contribution to retained earnings		–18
To be carried forward		

1 The dividend payment is based on the issued share capital as of 31 December 2015. No distribution will be made for treasury shares held by Georg Fischer Ltd.

The Board of Directors will propose to the Annual Shareholders' Meeting of 23 March 2016 to pay out a dividend of CHF 18 per registered share out of retained earnings.

In the previous year, a dividend of CHF 14.57 per registered share was paid out of retained earnings and a dividend of CHF 2.43 per registered share free of 35% withholding tax was paid out of the reserves from capital contributions, for a total of CHF 17 per registered share.

Schaffhausen, 19 February 2016

For the Board of Directors
The Chairman

Andreas Koopmann

Report of the statutory auditor on the financial statements to the Annual Shareholders' Meeting of Georg Fischer Ltd, Schaffhausen

As statutory auditor, we have audited the financial statements of Georg Fischer Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 103 to 112), for the year ended 31 December 2015.

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

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

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

Opinion // In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of association.

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

Zurich, 19 February 2016

PricewaterhouseCoopers Ltd

Stefan Räbsamen, Audit expert
(Auditor in charge)

Roman Uehli, Audit expert

Investor information

Share information

	2015	2014	2013	2012	2011
Share capital					
Number of shares as of 31 December					
Registered shares	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Thereof entitled to dividend	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Number of registered shareholders	**14 005**	13 446	12 269	14 212	13 966
Share prices in CHF					
Registered share					
Highest (intraday)	739	738	648	451	574
Lowest (intraday)	524	495	363	302	261
Closing as of 31 December	679	629	628	368	321
Earnings in CHF					
Per registered share	46	45	34	32	39
Price-earnings ratio	**15**	14	18	11	8
Market capitalization as of 31 December					
CHF million	2 785	2 579	2 573	1 509	1 316
As % of sales	76	68	68	41	36
As % of equity attributable to shareholders of Georg Fischer Ltd	258	244	275	161	112
Cash flow from operating activities in CHF					
Per registered share	80	61	76	56	61
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
Per registered share	264	259	229	229	288
Dividend paid (proposed) in CHF million[1]	**74**	70	66	62	62
Dividend paid (proposed) in CHF					
Per registered share[1]	18	17	16	15	15
Pay-out ratio, %	**39**	38	47	47	38

1 In 2014, as a dividend of CHF 14.57 out of retained earnings and as a dividend of CHF 2.43 out of reserves from capital contributions. In 2013, as a par value reduction and as a dividend out of reserves from capital contributions. In 2012 and 2011, as a dividend out of reserves from capital contributions.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior-year figures have been adjusted accordingly. The 2011 financial year is presented according to IFRS.

Ticker symbols
Telekurs, Dow Jones (DJT): FI-N
Reuters: FGEZn

Security number: 175 230
ISIN: CH000175 230 9
Cedel / Euroclear Common Code: XS008592691

Share price 2011–2015

GF daily closing (CHF)
SPI daily closing – rebased

Market capitalization, earnings per share // The market capitalization stood at CHF 2 785 million on 31 December 2015. Earnings per share is CHF 46 (previous year: CHF 45).

Proposed dividend payment // At the Annual Shareholders' Meeting, the Board of Directors will propose the payment out of retained earnings of a dividend in the amount of CHF 18 per registered share.

Significant shareholders // As of 31 December 2015, no shareholder or shareholder group had voting rights in excess of 5%. LSV Asset Management, Chicago (USA), and the UBS Fund Management (Switzerland) AG, Basel (Switzerland), had voting rights between 3% and 5%.

Nine disclosure notifications were filed in the year under review: eight in relation to the BlackRock Group (see group structure as published on the SIX disclosure platform), held indirectly by BlackRock, Inc. (USA), and one in relation to Norges Bank (the Central Bank of Norway), Oslo (Norway).

Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform and can be accessed via the following link:
www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Structure of shareholders as of 31 December 2015

Number of shares	Number of shareholders	Number of shares %
1–100	11 763	9.5
101–1 000	2 016	13.2
1 001–10 000	204	10.9
10 001–100 000	19	13.7
> 100 000	3	12.5
Shares not registered in share register	-	40.2
Total	**14 005**	**100.0**

Five-year overview of the Corporation

CHF million	2015	2014	2013	2012	2011
Order intake	3 662	3 836	3 795	3 691	3 734
Orders on hand at year-end[1]	612	634	577	565	666
Income statement					
Sales	3 640	3 795	3 766	3 720	3 638
EBITDA	422	399	380	351	370
Operating result (EBIT)	296	274	251	222	235
Net profit/loss	198	195	145	138	168
Cash flow					
Cash flow from operating activities	328	248	309	230	250
Depreciation on tangible fixed assets	122	122	126	125	121
Amortization on intangible assets	4	3	3	4	14
Additions to property, plant, and equipment	–167	–152	–130	–132	–147
Cash flow from acquisitions and divestitures	–2	–20	–66	–80	
Free cash flow before acquisitions/ divestitures	190	110	174	99	103
Free cash flow	188	90	108	19	103
Balance sheet					
Current assets	1 934	1 801	1 989	1 584	1 651
Non-current assets	1 149	1 188	1 137	1 080	1 274
Assets	3 083	2 989	3 126	2 664	2 925
Current liabilities	1 221	981	1 282	839	904
Non-current liabilities	732	904	866	846	798
Equity	1 130	1 104	978	979	1 223
Invested capital (IC)	1 279	1 354	1 224	1 217	1 476
Net debt	238	354	352	334	294
Asset structure					
– Current assets %	63	60	64	59	56
– Non-current assets %	37	40	36	41	44
Capital structure					
– Current liabilities %	39	33	41	31	31
– Non-current liabilities %	24	30	28	32	27
– Equity %	37	37	31	37	42
Key figures					
Return on equity (ROE) %	17.7	18.7	14.8	14.2	14.0
Return on invested capital (ROIC) %	18.9	17.9	16.7	15.7	13.3
Return on sales (EBIT margin) %	8.1	7.2	6.7	6.0	6.5
Asset turnover	2.8	2.9	3.0	3.2	2.5
Cash flow from operating activities in % of sales	9.0	6.5	8.2	6.2	7.0
Employees					
Employees at year-end	14 424	14 140	14 066	13 412	13 606
Europe	8 783	8 676	8 548	8 871	9 465
– Thereof Germany	3 382	3 383	3 220	3 351	3 859
– Thereof Switzerland	2 642	2 686	2 539	2 577	2 650
– Thereof Austria	1 830	1 719	1 926	2 059	2 073
– Thereof Rest of Europe	929	888	863	884	883
Asia	3 502	3 455	3 468	3 226	3 077
– Thereof China	3 131	3 085	3 073	2 839	2 688
Americas	1 262	1 259	1 290	1 259	1 011
Rest of world	877	750	760	56	53

1 In 2012, change of definition for GF Piping Systems.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior-year figures have been adjusted accordingly. The 2011 financial year is presented according to IFRS.

Save the date

2016

23 March // Shareholders’ Meeting for fiscal year 2015
20 July // Publication of Mid-Year Report 2016

2017

28 February // Publication of Annual Report 2016, Media and Financial Analysts’ Conference
22 March // Shareholders’ Meeting for fiscal year 2016

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Disclaimer
The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties, and other factors beyond the control of the company.

The Financial Report 2015 of GF is also available in German. In the event of any discrepancy, the German version shall prevail.

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Cover and page 56: GF employees

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Publisher’s information
Published by: Georg Fischer Ltd
Edited by: Georg Fischer Ltd, Corporate Development
Editorial assistance: SIGNUM communication Werbeagentur GmbH
Publishing system: ns.publish by Multimedia Solutions AG
Designed by: Neidhart + Schön AG
Photos by: Nik Hunger, Patrick Wack, Jonathan Browning, Issa Bin Saleh AlKindy, Helmuth Scham, Bernhard Huber
All other photos: Georg Fischer Ltd
Translation: CLS Communication AG
Printed by: Neidhart + Schön AG

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