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## Semi-Annual Report

We Enable Energy



**vonRoll**

Von Roll's order intake came to CHF 191.0 million in the first half of 2015.  
Sales amounted to CHF 189.1 million.  
EBIT amounted to CHF –6.6 million.

### Key figures

| in CHF 1,000                        | 1H 2015  | 1H 2014 <sup>5</sup><br>(restated) |
|-------------------------------------|----------|------------------------------------|
| Order intake                        | 190,967  | 219,844                            |
| Net sales                           | 189,097  | 216,124                            |
| EBIT                                | – 6,557  | 1,881                              |
| Net income for the period           | – 15,939 | – 3,595                            |
| Cash flow from operating activities | – 16,822 | – 9,203                            |
| Capital expenditures                | 14,880   | 14,402                             |
| Equity                              | 97,884   | 203,384                            |
| Equity ratio (%)                    | 22 %     | 36 %                               |
| Number of employees (FTE)           | 2,146    | 2,275                              |

### Key figures per share

| in CHF   | 1H 2015     | 1H 2014 <sup>5</sup><br>(restated) |
|--|-------------|------------------------------------|
| EBIT <sup>1</sup>                                | – 0.04      | 0.01                               |
| Net income <sup>2</sup>                          | – 0.09      | – 0.02                             |
| Cash flow from operating activities <sup>3</sup> | – 0.09      | – 0.05                             |
| Equity <sup>4</sup>                              | 0.55        | 1.15                               |
| Number of issued shares                          | 184,778,889 | 184,778,889                        |
| Share price (high)                               | 1.52        | 2.03                               |
| Share price (low)                                | 0.87        | 1.41                               |
| Share price (end of period)                      | 0.95        | 1.75                               |
| Market capitalisation (in CHF 1,000)             | 175,540     | 323,363                            |

<sup>1</sup> EBIT/weighted average number of shares outstanding

<sup>2</sup> Net income/weighted average number of shares outstanding

<sup>3</sup> Cash flow from operating activities/weighted average number of shares outstanding

<sup>4</sup> Consolidated equity/weighted average number of shares outstanding

<sup>5</sup> See Note 2 of the condensed notes to the consolidated semi-annual report

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## Dear Shareholders

The first half of 2015 was dominated by currency effects and sluggish markets for conventional power generation. Low order intake levels and weak sales, particularly between January and April, pushed operating EBIT down to CHF -6.6 million. Revaluations prompted by the sharp fluctuations in exchange rates also impacting negatively on this figure. In addition, while the quality/price ratio remained stable, plant capacity was significantly underutilised, with the Swiss plant affected the most. The main cause of the decline in volume in China was the slowdown in the country's economy.

The result achieved in the first half of 2015 shows how dependent Von Roll is on economic trends in the high-voltage electricity segment for generators and motors. Consequently, Von Roll has embarked on the largest and most extensive transformation in its recent industrial history. Based on its core areas of expertise, Von Roll is focusing strategically on becoming a market- and customer-oriented company. This transformation marks a genuine paradigm shift from the company's previous emphasis on products and production.

An analysis of market segments has identified attractive and promising areas for potential growth. At the same time, however, it is impossible to ignore the modest growth rate of less than 1% in traditional market segments such as hydropower and power generation in thermal power stations. These industries are giving way to new, fast-growing segments such as electromobility. Positioned outside the scope of traditional electrical insulation, these segments are paving the way for new applications based on existing or modified primary products.

Not only is the transformation geared towards growth segments. It also entails making adjustments to capacity levels. This process was begun in the second half of 2013 and is being rigorously pursued. The plants in Düren (Germany) and Monmouth Junction (USA) as well as two plants in Peenya (India) will be closed in the fourth quarter of 2015. We are currently working on the Europe-wide concept, which is designed to pool our core areas of expertise site by site. The Swiss plant in Breitenbach is to be expanded into a centre of excellence for laminating and coating, and the associated research and development work is being stepped up. All plants are also being equipped with new or modified machinery to significantly ramp up their productivity.

### What can we expect in the second half of 2015?

Although current order intake levels point towards a small recovery, they are set to remain unsatisfactory. A modest increase in orders is anticipated in the third and fourth quarters in both China and the EMEA region, while India and the Americas can expect a sideways or slight downward trend. New products that are already undergoing certification at customers' premises should provide some extra momentum from the fourth quarter onwards and in the first quarter of 2016. Electromobility, with its new and attractive market segments, is generating some good news. The first orders received from high-profile automotive manufacturers have already been filled, with volumes expected to rise in step with the demand for electric vehicles.

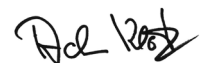
The various consolidation projects will boost efficiency. The closure of production facilities mentioned earlier will see production volumes redistributed to other Von Roll plants, optimising capacity utilisation and significantly reducing fixed costs. The full benefit of this strategy will be reaped in 2016.

On behalf of the Board of Directors and the Executive Management, we would like to thank our customers, our suppliers and of course you, our valued shareholders, for your loyalty. A big thank you also goes to our employees for the hard work and commitment that they have shown even during the difficult phases of the company's transformation. Working together, we will overcome our challenges and shape our future.

Au/Wädenswil, August 2015



Dr. Peter Kalantzis  
Chairman of the Board of Directors



Achim Klotz  
Chief Executive Officer

# Financial report

## Condensed consolidated statement of comprehensive income for the first half of 2015 (unaudited)

| in CHF 1,000  | Note | 1H 2015        | 1H 2014<br>(restated) |
|---|------|----------------|-----------------------|
| <b>Net sales</b>  | 4    | <b>189,097</b> | <b>216,124</b>        |
| Cost of goods sold  |      | -158,237       | -176,179              |
| <b>Gross profit</b>   |      | <b>30,860</b>  | <b>39,945</b>         |
| Research and development expense  |      | -3,945         | -4,064                |
| Sales and distribution expense  |      | -14,757        | -15,242               |
| Administrative expense  |      | -19,849        | -20,283               |
| Other operating income and expense  |      | 1,134          | 1,525                 |
| <b>EBIT</b>   | 5    | <b>-6,557</b>  | <b>1,881</b>          |
| Financial income  |      | 2,859          | 4,242                 |
| Financial expense   |      | -12,130        | -7,729                |
| <b>Result before tax</b>  |      | <b>-15,828</b> | <b>-1,606</b>         |
| Income tax  |      | -111           | -1,932                |
| <b>Result from continuing operations</b>  |      | <b>-15,939</b> | <b>-3,538</b>         |
| Result from discontinued operations   | 2    | -              | -57                   |
| <b>Net income for the period</b>  | 5    | <b>-15,939</b> | <b>-3,595</b>         |
| Exchange differences arising on translation of foreign operations                   |      | -11,947        | 3,358                 |
| <b>Other comprehensive income that will be reclassified to income statement</b>     |      | <b>-11,947</b> | <b>3,358</b>          |
| Remeasurement of defined benefit liabilities and assets                             |      | 1,562          | -5,945                |
| Income tax on remeasurement of defined benefit liabilities and assets               |      | -462           | 1,417                 |
| <b>Other comprehensive income that will not be reclassified to income statement</b> |      | <b>1,100</b>   | <b>-4,528</b>         |
| <b>Other comprehensive income for the period</b>                                    |      | <b>-10,847</b> | <b>-1,170</b>         |
| <b>Total comprehensive income for the period</b>                                    |      | <b>-26,786</b> | <b>-4,765</b>         |
| <b>Net income attributable to:</b>  |      |                |                       |
| Owners of the parent  |      | -15,949        | -3,590                |
| Non-controlling interest  |      | 10             | -5                    |
| <b>Net income for the period</b>  |      | <b>-15,939</b> | <b>-3,595</b>         |
| <b>Total comprehensive income attributable to:</b>                                  |      |                |                       |
| Owners of the parent  |      | -26,805        | -4,761                |
| Non-controlling interest  |      | 19             | -4                    |
| <b>Total comprehensive income for the period</b>                                    |      | <b>-26,786</b> | <b>-4,765</b>         |
| <b>Earnings per share</b>   |      |                |                       |
| Weighted average number of shares outstanding                                       |      | 177,710,858    | 177,714,495           |
| Basic earnings per share in CHF   |      | -0.090         | -0.020                |
| Diluted earnings per share in CHF   |      | -0.090         | -0.020                |

## Condensed consolidated statement of financial position as of 30 June 2015 (unaudited)

### Assets

| in CHF 1,000                                  | Note | 30.06.2015     | in %           | 31.12.2014     | in %           |
|---|------|----------------|----------------|----------------|----------------|
| <b>Current assets</b>                         |      |                |                |                |                |
| Cash and cash equivalents                     |      | 51,552         |                | 82,423         |                |
| Trade accounts receivable                     |      | 67,978         |                | 65,429         |                |
| Inventories                                   |      | 72,720         |                | 71,023         |                |
| Other accounts receivable and prepaid expense |      | 57,075         |                | 58,267         |                |
| <b>Total current assets</b>                   |      | <b>249,325</b> | <b>56.6 %</b>  | <b>277,142</b> | <b>58.4 %</b>  |
| <b>Non-current assets</b>                     |      |                |                |                |                |
| Property, plant and equipment                 |      | 113,253        |                | 113,229        |                |
| Goodwill                                      |      | 12,193         |                | 13,207         |                |
| Intangible assets                             |      | 18,550         |                | 19,083         |                |
| Investment property                           |      | 8,523          |                | 8,743          |                |
| Non-current financial assets                  |      | 2,470          |                | 4,052          |                |
| Pension plan assets                           |      | 16,379         |                | 17,440         |                |
| Deferred tax assets                           |      | 19,551         |                | 21,454         |                |
| <b>Total non-current assets</b>               |      | <b>190,919</b> | <b>43.4 %</b>  | <b>197,208</b> | <b>41.6 %</b>  |
| <b>Total assets</b>                           |      | <b>440,244</b> | <b>100.0 %</b> | <b>474,350</b> | <b>100.0 %</b> |

### Equity and liabilities

| in CHF 1,000   | Note | 30.06.2015     | in %           | 31.12.2014     | in %           |
|--|------|----------------|----------------|----------------|----------------|
| <b>Liabilities</b>   |      |                |                |                |                |
| <b>Current liabilities</b>                                 |      |                |                |                |                |
| Trade accounts payable                                     |      | 21,558         |                | 23,973         |                |
| Current financial liabilities                              |      | 7,133          |                | 3,218          |                |
| Current provisions   |      | 20,123         |                | 25,647         |                |
| Other current liabilities and accruals                     |      | 36,650         |                | 35,309         |                |
| <b>Total current liabilities</b>                           |      | <b>85,464</b>  | <b>19.4 %</b>  | <b>88,147</b>  | <b>18.6 %</b>  |
| <b>Non-current liabilities</b>                             |      |                |                |                |                |
| Non-current financial liabilities                          |      | 203,224        |                | 202,429        |                |
| Post-employment benefit obligations                        |      | 26,613         |                | 31,212         |                |
| Deferred tax liabilities                                   |      | 7,623          |                | 7,288          |                |
| Non-current provisions                                     |      | 19,436         |                | 20,597         |                |
| <b>Total non-current liabilities</b>                       |      | <b>256,896</b> | <b>58.4 %</b>  | <b>261,526</b> | <b>55.1 %</b>  |
| <b>Total liabilities</b>                                   |      | <b>342,360</b> | <b>77.8 %</b>  | <b>349,673</b> | <b>73.7 %</b>  |
| <b>Equity</b>  |      |                |                |                |                |
| Share capital  | 9    | 18,479         |                | 18,479         |                |
| Group reserves   |      | 79,810         |                | 106,622        |                |
| <b>Equity attributable to owners of the parent company</b> |      | <b>98,289</b>  | <b>22.3 %</b>  | <b>125,101</b> | <b>26.4 %</b>  |
| Non-controlling interests                                  |      | -405           | -0.1 %         | -424           | -0.1 %         |
| <b>Total equity</b>  |      | <b>97,884</b>  | <b>22.2 %</b>  | <b>124,677</b> | <b>26.3 %</b>  |
| <b>Total equity and liabilities</b>                        |      | <b>440,244</b> | <b>100.0 %</b> | <b>474,350</b> | <b>100.0 %</b> |

## Condensed consolidated cash flow statement for the first half of 2015 (unaudited)

| in CHF 1,000   | 1H 2015        | 1H 2014        |
|--|----------------|----------------|
| <b>Operating activities</b>  |                |                |
| Result before tax  | -15,828        | -1,605         |
| Financial result   | 9,271          | 3,467          |
| Depreciation, amortisation and impairment                                    | 8,087          | 8,341          |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b> | <b>1,530</b>   | <b>10,203</b>  |
| Result from the disposal of non-current assets                               | -371           | -160           |
| Changes in non-current provisions  | 323            | -597           |
| <b>Cash flow before changes in net working capital</b>                       | <b>1,482</b>   | <b>9,446</b>   |
| Changes in net working capital   | -21,236        | -18,596        |
| Changes in other assets and liabilities                                      | 5,856          | 2,246          |
| <b>Cash generated from operating activities</b>                              | <b>-13,898</b> | <b>-6,904</b>  |
| Income tax paid  | -2,924         | -2,299         |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                   | <b>-16,822</b> | <b>-9,203</b>  |
| <b>Investing activities</b>  |                |                |
| Capital expenditures for property, plant and equipment and intangible assets | -14,880        | -14,402        |
| Interest received  | 221            | 263            |
| Other cash flow from investing activities                                    | 1,683          | 330            |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                   | <b>-12,976</b> | <b>-13,809</b> |
| <b>Financing activities</b>  |                |                |
| Changes in financial liabilities   | 2,098          | 60,311         |
| Purchase/sale of treasury shares   | -7             | -7             |
| Interest paid  | -867           | -590           |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                   | <b>1,224</b>   | <b>59,714</b>  |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>                                   | <b>-28,574</b> | <b>36,702</b>  |
| Cash and cash equivalents at 1 January                                       | 82,423         | 61,488         |
| Effects of changes in foreign exchange rates                                 | -2,297         | 384            |
| Change in cash and cash equivalents  | -28,574        | 36,702         |
| <b>Cash and cash equivalents at 30 June</b>                                  | <b>51,552</b>  | <b>98,574</b>  |

## Consolidated statement of changes in equity for the first half of 2015 (unaudited)

In the first half of 2015, consolidated equity changed as follows:

| in CHF 1,000  | Share capital | Capital reserves | Treasury shares | Currency translation adjustments | Retained earnings | Attributable to owners of the parent | Non-controlling interests | Total equity    |
|---|---------------|------------------|-----------------|----------------------------------|-------------------|--------------------------------------|---------------------------|-----------------|
| <b>Balance at 1 January 2015</b>                    | <b>18,479</b> | <b>404,015</b>   | <b>- 51,501</b> | <b>- 82,415</b>                  | <b>- 163,477</b>  | <b>125,101</b>                       | <b>- 424</b>              | <b>124,677</b>  |
| Net income for the period                           | -             | -                | -               | -                                | - 15,949          | - 15,949                             | 10                        | - 15,939        |
| Other comprehensive income for the period           | -             | -                | -               | - 11,956                         | 1,100             | - 10,856                             | 9                         | - 10,847        |
| <b>Total comprehensive income for the period</b>    | <b>-</b>      | <b>-</b>         | <b>-</b>        | <b>- 11,956</b>                  | <b>- 14,849</b>   | <b>- 26,805</b>                      | <b>19</b>                 | <b>- 26,786</b> |
| Purchase/sale of treasury shares                    | -             | -                | 1,727           | -                                | - 1,734           | - 7                                  | -                         | - 7             |
| <b>Total transactions with owners</b>               | <b>-</b>      | <b>-</b>         | <b>1,727</b>    | <b>-</b>                         | <b>- 1,734</b>    | <b>- 7</b>                           | <b>-</b>                  | <b>- 7</b>      |
| <b>Balance at 30 June 2015</b>                      | <b>18,479</b> | <b>404,015</b>   | <b>- 49,774</b> | <b>- 94,371</b>                  | <b>- 180,060</b>  | <b>98,289</b>                        | <b>- 405</b>              | <b>97,884</b>   |
| <b>Total Group reserves at the end of June 2015</b> |               |                  |                 |                                  |                   | <b>79,810</b>                        |                           |                 |

In the first half of 2014, consolidated equity changed as follows:

| in CHF 1,000  | Share capital | Capital reserves | Treasury shares | Currency translation adjustments | Retained earnings | Attributable to owners of the parent | Non-controlling interests | Total equity   |
|---|---------------|------------------|-----------------|----------------------------------|-------------------|--------------------------------------|---------------------------|----------------|
| <b>Balance at 1 January 2014</b>                    | <b>18,479</b> | <b>396,688</b>   | <b>- 54,991</b> | <b>- 104,883</b>                 | <b>- 54,115</b>   | <b>201,178</b>                       | <b>- 349</b>              | <b>200,829</b> |
| Net income for the period                           | -             | -                | -               | -                                | - 3,590           | - 3,590                              | - 5                       | - 3,595        |
| Other comprehensive income for the period           | -             | -                | -               | 3,357                            | - 4,528           | - 1,171                              | 1                         | - 1,170        |
| <b>Total comprehensive income for the period</b>    | <b>-</b>      | <b>-</b>         | <b>-</b>        | <b>3,357</b>                     | <b>- 8,118</b>    | <b>- 4,761</b>                       | <b>- 4</b>                | <b>- 4,765</b> |
| Convertible bond                                    | -             | 8,074            | -               | -                                | -                 | 8,074                                | -                         | 8,074          |
| Tax effect on convertible bond                      | -             | - 747            | -               | -                                | -                 | - 747                                | -                         | - 747          |
| Purchase/sale of treasury shares                    | -             | -                | 1,849           | -                                | - 1,856           | - 7                                  | -                         | - 7            |
| <b>Total transactions with owners</b>               | <b>-</b>      | <b>7,327</b>     | <b>1,849</b>    | <b>-</b>                         | <b>- 1,856</b>    | <b>7,320</b>                         | <b>-</b>                  | <b>7,320</b>   |
| <b>Balance at 30 June 2014</b>                      | <b>18,479</b> | <b>404,015</b>   | <b>- 53,142</b> | <b>- 101,526</b>                 | <b>- 64,089</b>   | <b>203,737</b>                       | <b>- 353</b>              | <b>203,384</b> |
| <b>Total Group reserves at the end of June 2014</b> |               |                  |                 |                                  |                   | <b>185,258</b>                       |                           |                |



# Condensed notes to the consolidated semi-annual report as of 30 June 2015 (unaudited)

## 1. Significant accounting policies

### General information

The present report concerns the unaudited, consolidated semi-annual financial statements as of 30 June 2015 of Von Roll Holding AG. The report was produced in compliance with the International Accounting Standard IAS 34 “Interim Financial Reporting” and should be read in conjunction with the consolidated annual financial statements for the financial year ending on 31 December 2014.

Von Roll Holding AG with its subsidiaries (together Von Roll) is an international manufacturing and service company. Its main activities are presented in the segment reporting (Note 6). The company is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). Its registered office is at Passwangstrasse 20, 4226 Breitenbach, Switzerland.

### Summary of significant accounting policies

The semi-annual report 2015 is based on the accounting policies presented in the annual report 2014. The income tax expense for the interim reporting period was calculated with the anticipated tax rate for the whole financial year 2015 and accrued.

The consolidated semi-annual financial statements are presented in Swiss francs (CHF), as the main Von Roll companies operate and are financed in Switzerland. The semi-annual financial statements are presented in thousands of CHF (TCHF). Due to the chosen presentation method, immaterial rounding differences can occur.

### Adoption of new accounting policies

The following amendments to the IASB’s standards were adopted for the first time for the financial year starting on 1 January 2015. The changes had no impact on the consolidated semi-annual financial statements of the Von Roll Group.

| <b>Amendments to standards</b> |   | Effective for annual periods<br>beginning on or after | Adoption<br>by Von Roll |
|--------------------------------|---|---|-------------------------|
| IAS 19                         | Defined Benefit Plans: Employee Contributions | 1 July 2014   | Financial year<br>2015  |
| Misc.                          | Annual Improvements to IFRSs 2010–2012 Cycle  | 1 July 2014   | Financial year<br>2015  |
| Misc.                          | Annual Improvements to IFRSs 2011–2013 Cycle  | 1 July 2014   | Financial year<br>2015  |

The following new and revised standards have been issued but have yet to take effect and have not been applied prematurely in this condensed (consolidated) interim financial report. So far, there has been no systematic analysis of their impact on the consolidated accounts of Von Roll Holding AG. As such, the anticipated effects reflect nothing more than an initial appraisal by company management.

| <b>New standards</b> |                                       | Effective for annual periods<br>beginning on or after | Planned adoption<br>by Von Roll |    |
|----------------------|---------------------------------------|---|---------------------------------|----|
| IFRS 14              | Regulatory Deferral Accounts          | 1 Jan. 2016   | Financial year<br>2016          | *  |
| IFRS 15              | Revenue from Contracts with Customers | 1 Jan. 2017   | Financial year<br>2018          | ** |
| IFRS 9               | Financial Instruments                 | 1 Jan. 2018   | Financial year<br>2018          | ** |

| <b>Amendments to standards</b> |   | Effective for annual periods<br>beginning on or after | Planned adoption<br>by Von Roll |   |
|--------------------------------|---|---|---------------------------------|---|
| IFRS 11                        | Accounting for Acquisitions of Interests in Joint Operations                          | 1 Jan. 2016   | Financial year<br>2016          | * |
| IAS 16 and IAS 38              | Clarification of Acceptable Methods of Depreciation and Amortization                  | 1 Jan. 2016   | Financial year<br>2016          | * |
| IAS 16 and IAS 41              | Bearer Plants   | 1 Jan. 2016   | Financial year<br>2016          | * |
| IAS 27                         | Equity Method in Separate Financial Statements  | 1 Jan. 2016   | Financial year<br>2016          | * |
| IFRS 10 and IAS 28             | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 Jan. 2016   | Financial year<br>2016          | * |
| Misc.                          | Annual Improvements to IFRSs 2012–2014 Cycle  | 1 Jan. 2016   | Financial year<br>2016          | * |
| IAS 1                          | Disclosure Initiative   | 1 Jan. 2016   | Financial year<br>2016          | * |
| IFRS 10, IFRS 12 and IAS 28    | Investment Entities: Applying the Consolidation Exception                             | 1 Jan. 2016   | Financial year<br>2016          | * |

\* No or no material effects are expected on the consolidated financial statements of Von Roll.

\*\* The effects on the consolidated financial statements of Von Roll cannot yet be reliably determined.

## 2. Changes within the consolidated Group

### Sale of Von Roll Transformers Ltd.

The contract of sale for the shares in Von Roll Transformers Ltd. based in Ramat Ha'Sharon, Israel, to International Transformer AG based in Cham, Switzerland, for a transaction value of CHF 40.0 million was signed on 11 December 2014. Of this amount, receivables totalling CHF 36.0 million were assumed. International Transformer AG qualifies as a related company. The sale price is based on an external valuation. The transaction was completed on 30 December 2014. In addition to the sale price paid, standard price adjustment clauses also apply, which may bring in further payments over two years.

Detailed information was published in the annual report 2014 in Note 2 of the notes to the consolidated financial statements.

The result of Von Roll Transformers Ltd. in the first half of 2014 has been reported under the result from discontinued operations in the statement of comprehensive income.

## 3. Foreign currencies

The following exchange rates were used for the translation into Swiss francs (CHF):

|     | Average rates |         | Period end rates |            |
|-----|---------------|---------|------------------|------------|
|     | 1H 2015       | 1H 2014 | 30.06.2015       | 31.12.2014 |
| EUR | 1.072         | 1.221   | 1.045            | 1.203      |
| USD | 0.952         | 0.890   | 0.933            | 0.986      |
| GBP | 1.456         | 1.482   | 1.467            | 1.534      |
| ILS | 0.242         | 0.255   | 0.246            | 0.251      |
| INR | 0.015         | 0.015   | 0.015            | 0.016      |
| BRL | 0.330         | 0.384   | 0.297            | 0.369      |
| CNY | 0.153         | 0.144   | 0.150            | 0.158      |

## 4. Net sales

Net sales for the first half of 2015 were TCHF 27,027 lower than the restated amount for the first half of 2014. This equates to a decline of 12.5%.

Sales have been negatively affected by changes in exchange rates. Current sales would have been TCHF 6,778 higher at the previous year's exchange rates. Accordingly, if the effect of changes in exchange rates were excluded, there would have been a fall in sales of 9.4% compared with the previous year.

The copper price trend reduced net sales by TCHF 5,698 (first half of 2014: reduction by TCHF 2,932).

## 5. Net income for the period

Net income decreased from TCHF –3,595 for the first half of 2014 to TCHF –15,939 during the reporting period. EBIT fell from TCHF 1,881 in the first half of 2014 (restated) to TCHF –6,557 in the reporting period.

### Employee benefits in accordance with IAS 19 (revised 2011)

In the first half of 2015, expenses relating to defined benefit plans amounted to TCHF 3,770 (first half of 2014 (restated): TCHF 883), of which TCHF 3,518 (first half of 2014 (restated): TCHF 783) was recognised as personnel expense and TCHF 252 (first half of 2014 (restated): TCHF 100) as interest expense. A change in the pension plan in the first half of 2014 reduced expenses for defined benefit plans by TCHF 2,401 in the corresponding period in that year.

## 6. Segment reporting

A breakdown by business segment in the first half of 2015 is shown below:

| in CHF 1,000              | Von Roll<br>Insulation | Von Roll<br>Composites | Other<br>activities | Von Roll |
|---------------------------|------------------------|------------------------|---------------------|----------|
| Net sales                 | 124,344                | 58,173                 | 6,580               | 189,097  |
| Segment result (EBIT)     | – 4,043                | – 1,118                | – 1,396             | – 6,557  |
| Financial result          |                        |                        |                     | – 9,271  |
| Income tax                |                        |                        |                     | – 111    |
| Net income for the period |                        |                        |                     | – 15,939 |

A breakdown by business segment in the first half of 2014 is shown below:

| in CHF 1,000   | Von Roll<br>Insulation | Von Roll<br>Composites | Other activities<br>(restated) | Von Roll<br>(restated) |
|--|------------------------|------------------------|--------------------------------|------------------------|
| Net sales  | 145,888                | 62,741                 | 7,495                          | 216,124                |
| Segment result (EBIT)                                    | 5,943                  | – 1,229                | – 2,833                        | 1,881                  |
| Financial result   |                        |                        |                                | – 3,487                |
| Income tax   |                        |                        |                                | – 1,932                |
| Result from continuing operations                        |                        |                        |                                | – 3,538                |
| Result from discontinued operations, net of income taxes |                        |                        |                                | – 57                   |
| Net income for the period                                |                        |                        |                                | – 3,595                |

Segments to be reported are determined on the basis of the management approach. External segment reporting is then carried out on the basis of the organisational and management structure within the Group as well as internal financial reporting to the chief operating decision maker. At Von Roll, this position is held by the Board of Directors of Von Roll Holding AG.

### Segment information

The main operating activities of Von Roll are divided into the Von Roll Insulation and Von Roll Composites business segments. They form the basis for segment reporting. Von Roll's business segments encompass all activities in line with its production processes.

Principal activities break down as follows:

- » Von Roll Insulation – Production and supply of electrical insulation materials and winding wires.
- » Von Roll Composites – Production and supply of composite materials.

Other activities include income and expense of holding companies and companies that cannot be categorised as part of the operating business, net income from investment properties, and activities involving the design and construction of water and wastewater treatment plants.

## 7. Restructuring costs

As part of the implementation of Von Roll's current strategy and the "Delta Integrale" transformation programme, which comprises the elements "Focus & Growth", "Increasing Efficiency", "Reorganisation" and "Employee Motivation", provisions in the amount of TCHF 2,552 were utilised and no provisions were released. Restructuring provisions totalled TCHF 17,281 at the end of the first half of the year.

## 8. Fair value of financial instruments

Valuations at fair value reported in the statement of financial position as of 30 June 2015 relate to derivative financial instruments. The positive valuation of these derivative financial instruments amounts to TCHF 31 (2014: TCHF 0) and is included in other accounts receivable and prepaid expense. The negative valuation amounts to TCHF 456 (2014: TCHF 418) and is reported under current financial liabilities.

The derivative financial instruments are assigned to hierarchical level 1. They are valued based on quoted prices (unadjusted) in an active market. There were no changes to the allocation of financial instruments to hierarchical levels in the first half of 2015. The carrying amounts of other financial instruments reported in the statement of financial position as of 30 June 2015 represent an appropriate estimate of their fair values.

## 9. Share capital, treasury shares and dividends

The share capital as of 30 June 2015 consists of 184,778,889 bearer shares, unchanged compared with 31 December 2014. The par value per share is CHF 0.10.

The Annual General Meeting on 9 April 2014 approved the creation of conditional capital. The Board of Directors is thus entitled to increase the company's share capital by up to CHF 3,000,000 by issuing a maximum of 30,000,000 fully paid-up bearer shares each with a par value of CHF 0.10 to be subscribed for by exercising conversion rights granted in connection with debentures or similar bonds of Von Roll Holding AG or Group companies. Shareholders' subscription rights were excluded.

As of 30 June 2015, Von Roll holds 7,077,629 (31 December 2014: 7,067,629) treasury shares at an average value of CHF 7.03 (31 December 2014: CHF 7.29). This represents a shareholding of 3.83% (31 December 2014: 3.82%) of the share capital issued.

The Annual General Meeting on 15 April 2015 resolved not to pay a dividend for the financial year 2014.

## 10. Contingent liabilities and guarantees

As of 30 June 2015, contingent liabilities and guarantees totalled TCHF 8,688, down by TCHF 5,870 compared with 31 December 2014. This decrease is mainly due to the sale of the transformers business and a decrease in guarantees in the water business.

## 11. Significant events after the balance sheet date

No events subject to a reporting obligation occurred between the balance sheet date and the approval of the report by the Board of Directors.

The consolidated semi-annual financial statements were authorised for publication by the Board of Directors on 20 August 2015.

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Von Roll Holding AG with registered office in 4226 Breitenbach (canton Solothurn), Switzerland, and with a further business address in Steinacherstrasse 101, 8804 Au / Wädenswil, Switzerland, has been listed on the SIX Swiss Exchange (symbol: ROL, security number: 324.535, ISIN: CH0003245351) since 11 August 1987.