

# THE COMPANY, ITS ORGANISATION AND ITS ACTIVITIES

## ACTIVITIES

The corporate objective of Perrot Duval Holding S.A. is to invest in financial, industrial or commercial business enterprises.

It pursues this objective by directing its investments towards the creation and acquisition of small or medium-sized companies whose basic activities lie in advanced technologies and, subsequently, the sale of such companies.

It establishes groups with complementary activities composed of specialised industrial and commercial units, sets their goals and determines the route to be followed.

It ensures the development of each entity by providing support and advice in financial matters and management. Thus it pursues the realisation of their own company objectives.

From a geographic point of view, it concentrates its efforts on the industrialised and newly industrialised countries.

## STRATEGY

The prime area of the companies in which Perrot Duval Holding S.A. invests currently is in the field of **automation technologies**. Its Board of Directors has chosen two specific activities in this economic area which is in constant progress:

– **automated production processes** used in manufacturing chemical and pharmaceutical products. This is the field of activity of our subsidiary Füll Process S.A., whose existence is

more recent (14.3 percent of the consolidated sales). The Füll Group furnishes fully automated installations and components for dispensing and safety which improve or simplify certain processes in manufacturing chemical products – such as paints, printing inks, textiles dyes, food and cosmetics – as well as pharmaceutical products (see page 7).

– the **movement automation** relies upon either production tools or installations such as medical, simulation or communication equipment, etc. This is the field of activity pursued by its subsidiary, Infranor Holding S.A., representing 100 percent of our consolidated sales (see page 9).

## SECURITIES

The 6,724,600 CHF share capital of Perrot Duval Holding S.A. (fully paid up) is divided into two classes of stock: 119,632 bearer shares at 50 CHF par value and 74,300 registered shares at 10 CHF par value. All the shares issued by the company have dividend rights.

The bearer shares have been listed on the SIX Swiss Exchange since 1905. They are traded under the securities number CH0252620700, Telekurs & Swissquote: PEDU; Thomson Reuters: PEDU.S; Bloomberg: PEDU.SW.

## KEY FIGURES

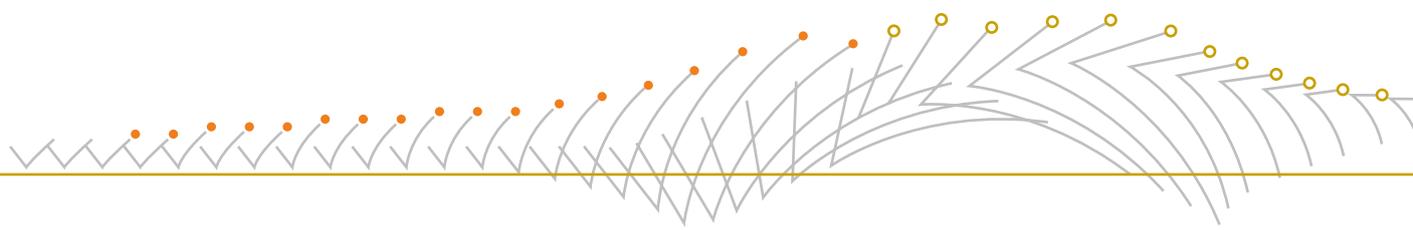
|  | 10/11  | 11/12  | 12/13  | 13/14  | 14/15  |
|--|--------|--------|--------|--------|--------|
|  | Swiss  | Swiss  | Swiss  | Swiss  | Swiss  |
| Perrot Duval Group                               | GAAP   | GAAP   | GAAP   | GAAP   | GAAP   |
| CHF 1,000  | FER    | FER    | FER    | FER    | FER    |
| Sales  | 55,407 | 51,023 | 50,261 | 51,591 | 44,093 |
| Change versus previous year as %                 | 24.1%  | -7.9%  | -1.5%  | 2.6%   | -14.5% |
| Gross margin as % of sales                       | 58.0%  | 57.8%  | 57.7%  | 55.7%  | 59.1%  |
| EBIT   | 4,752  | 3,400  | 3,127  | 2,697  | 1,342  |
| as % of net sales                                | 8.6%   | 6.7%   | 6.2%   | 5.2%   | 3.0%   |
| Net result                                       | 1,700  | 997    | 1,168  | 918    | 106    |
| as % of net sales                                | 3.1%   | 2.0%   | 2.3%   | 1.8%   | 0.2%   |
| Operating cash flow                              | 2,690  | 2,433  | 3,038  | 2,157  | 1,277  |
| as % of net sales                                | 4.9%   | 4.8%   | 6.0%   | 4.2%   | 2.9%   |
| Total assets                                     | 37,856 | 34,463 | 34,382 | 32,498 | 30,351 |
| Shareholders' equity including minority interest | 2,235  | 2,722  | 4,006  | 4,693  | 2,603  |
| Equity ratio %                                   | 5.9%   | 7.9%   | 11.7%  | 14.4%  | 8.6%   |
| Return on equity                                 | 104.0% | 44.6%  | 42.9%  | 22.9%  | 2.3%   |
| Number of employees                              | 239    | 239    | 241    | 253    | 251    |

|                           | 10/11  | 11/12  | 12/13  | 13/14  | 14/15  |
|---------------------------|--------|--------|--------|--------|--------|
| Perrot Duval Holding S.A. |        |        |        |        |        |
| CHF 1,000                 |        |        |        |        |        |
| Net result                | -285   | 239    | 273    | 181    | 193    |
| Total assets              | 16,079 | 15,949 | 15,942 | 16,002 | 19,239 |
| Cash                      | 364    | 236    | 166    | 154    | 29     |
| Shareholders' equity      | 12,981 | 13,220 | 13,493 | 13,674 | 17,019 |

## PERROT DUVAL SECURITIES

| CHF  | 10/11    | 11/12    | 12/13    | 13/14    | 14/15* |
|--|----------|----------|----------|----------|--------|
| <b>Key stock figures</b>                         |          |          |          |          |        |
| EBIT per bearer share                            | 864.07   | 618.16   | 568.47   | 490.27   | 9.99   |
| Net result per bearer share                      |          |          |          |          |        |
| including minority interest                      | 309.12   | 181.27   | 212.30   | 166.82   | 0.79   |
| Equity per bearer share                          |          |          |          |          |        |
| including minority interest                      | 406.43   | 494.93   | 728.18   | 853.13   | 19.35  |
| Dividend per bearer share                        | –        | –        | –        | –        | –      |
| Dividend per participation certificate           | –        | –        | –        | –        | –      |
| Payout ratio %                                   | –        | –        | –        | –        | –      |
| <b>Stock prices of the bearer share</b>          |          |          |          |          |        |
| High   | 1,950.00 | 1,790.00 | 1,639.00 | 1,490.00 | 100.00 |
| Low  | 1,021.00 | 1,305.00 | 1,250.00 | 1,035.00 | 50.50  |
| As per 30.4.                                     | 1,700.00 | 1,480.00 | 1,300.00 | 1,111.00 | 59.50  |
| <b>Stock prices of participation certificate</b> |          |          |          |          |        |
| High   | 68.00    | 72.00    | 55.00    | 51.00    | 0.00   |
| Low  | 50.00    | 50.50    | 40.50    | 40.00    | 0.00   |
| As per 30.4.                                     | 57.00    | 55.00    | 48.50    | 44.95    | 0.00   |
| <b>Market capitalisation (CHF million)</b>       |          |          |          |          |        |
| As per 30.4.                                     | 8.6      | 7.6      | 6.7      | 5.8      | 8.0    |

\* After split of the shares par value from 1,000 CHF to 50 CHF, after increase of the share capital following suppression of the participation capital and after merger with Infranor Inter Ltd. - all realized from 29 October, 2014.



# REPORT OF THE BOARD OF DIRECTORS

Ladies and Gentlemen,

We are herewith reporting on the operations of our company during the 2014/15 year under review, providing you with information on the companies in which we participate, and submitting the financial statements for the year ended 30 April 2015 for your approval.

## YEAR UNDER REVIEW

The 2014/15 financial year fell short both of expectations and forecasts. While the Infranor Division – which specialises in producing and marketing components, subassemblies and in providing services for a wide range of market segments – achieved positive and encouraging figures in 2014/15 and while Füll Process was able to compensate for the postponement of projects on the part of its Russian and Ukrainian customers in particular, the same could not be said for the Cybelec Division – a provider of complete solutions in selected niche markets, in particular manufacturers of machinery for sheet-metal bending – mainly because it underwent a restructuring phase throughout the year.

Generally speaking, the Group's accounts were also affected by the negative impact of the floor exchange rate between the Swiss franc and the Euro being abandoned on 15 January 2015. For Group companies located in Switzerland, the franc strength was above all associated with lower sales prices and a decline in orders, while for the other Group companies, the adverse effect – largely unrealised – could be observed when figures were consolidated in Swiss francs. Overall, the negative effects resulting from the Swiss National Bank's decision can be illustrated in just three key figures:

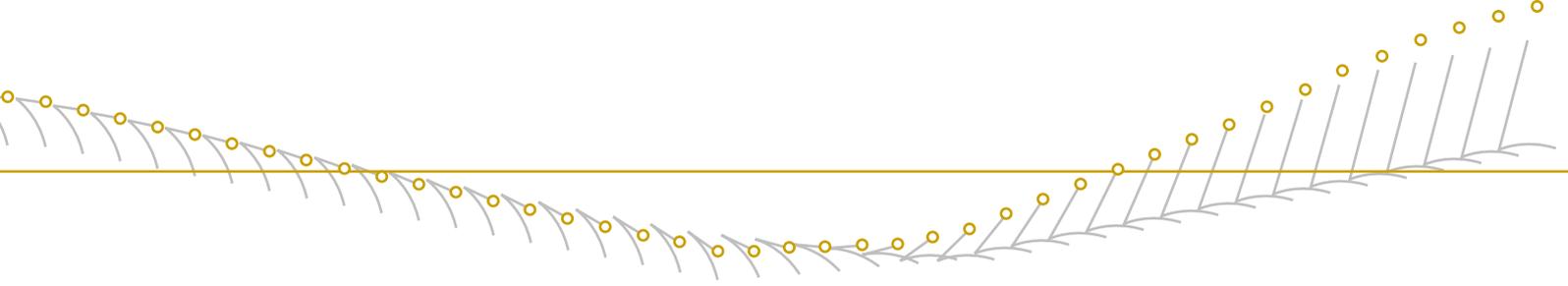
- sales fell from 51.6 million CHF (2013/14) to 44.1 million CHF (2014/15), a drop of 7.5 million CHF, of which 1.9 million CHF resulted from the exchange rates;
- EBIT fell from 2.7 million CHF to 1.3 million CHF, with 0.6 million CHF of the 1.4 million CHF difference resulting from the same exchange rate effects;
- the net profit after taxes amounted to 0.1 million CHF, down by 0.8 million CHF from 0.9 million CHF in the 2013/14 financial year, of which 0.8 million CHF were due to the effects of abandoning the floor exchange rate.

With the aim of counterbalancing the franc strength, the Group's Swiss entities took steps even before the financial year had ended to improve their capacity for innovation and reduce costs, with the latter including transferring specific activities to other countries.

## RESTRUCTURING OF THE CAPITAL AND MERGER OPERATIONS OF 29 OCTOBER 2014

### Introduction to the merger

As a reminder, Perrot Duval Holding S.A. set up Infranor Inter Ltd., Zurich, in 1987, listing it in order to progressively gain financial resources by selling Infranor Inter bearer shares on the market, then starting up new businesses either individually or jointly. Although the stock market has prevented this plan from fully coming to fruition, the gains from the sale of bearer shares have provided a means of supporting Infranor's activities when necessary for over 20 years, and notably permitting the launch of the Füll business.



Perrot Duval Holding S.A.'s stake in Infranor Inter Ltd. has remained higher than forecast (77.9 per cent as at 30 April 2014).

Moreover, the financial world and its framework conditions have changed considerably in recent years. Consequently, the distribution and exchange of shares have declined, making listed shares – and not only those of Perrot Duval and Infranor – harder to track. In 2014 Infranor shares' lack of liquidity (there are too few of them to be of interest for major purchases/sales without exceeding the shareholding disclosure thresholds) and their low stock market capitalisation made trading in them less appealing.

Other factors include a raft of legal measures as well as an increasingly restrictive stock market that is forcing its participants to comply with more stringent standards.

Taking these factors into consideration and aiming as much to further the Perrot Duval Group's strategic development as to simplify its structure (including setting up a single organisation and management structure), your Board proposed at the ordinary Annual Shareholders' Meeting on 29 October 2014 that the Perrot Duval and Infranor shares be merged.

#### **Capital structure as at 30 April 2014**

Prior to the aforementioned meeting, Perrot Duval Holding held share capital of 4,150,000 CHF, divided into 3,407 bearer shares at a par value of 1,000 CHF each, and 3,715 registered shares at a par value of 200 CHF each.

Perrot Duval also had participation capital amounting to 1,350,000 CHF, divided into 27,000 bearer participation certificates at a par value of 50 CHF each. Perrot Duval's bearer shares and

bearer participation certificates were listed on the SIX Swiss Exchange (Swiss Reporting Standard). The registered shares were not listed.

The share capital of Perrot Duval Holding S.A.'s 77.9 per cent stake in Infranor Inter Ltd., Zurich, amounted to 15,539,920 CHF, which was divided into 776,996 bearer shares at a par value of 20 CHF each. Infranor's bearer shares were listed on the SIX Swiss Exchange (Swiss Reporting Standard).

The Annual Shareholders' meeting on 29 October 2014 endorsed your Board of Directors' proposed merger plan, which was divided into three phases:

- restructuring of capital prior to merging,
- merger with Infranor Inter Ltd., then
- increase of Perrot Duval Holding S.A.'s share capital.

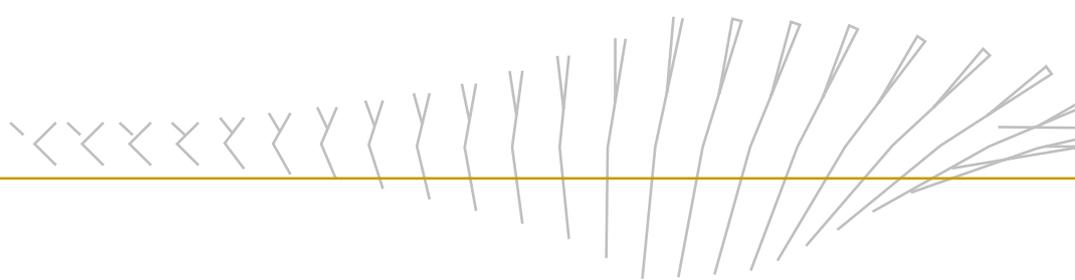
#### **Restructuring of capital prior to merging**

In view of the proposed merger, the Annual Shareholders' Meeting on 29 October 2014 decided that, as a first step, Perrot Duval's existing registered and bearer shares were each to be split at a ratio of 1:20, before then converting all bearer participation certificates into bearer shares.

Following this restructuring of capital, Perrot Duval's share capital amounted to 5,500,000 CHF and were divided into 95,140 bearer shares at a par value of 50 CHF each and 74,300 registered shares at a par value of 10 CHF each.

#### **Merger with Infranor Inter Ltd.**

The decision to merge Perrot Duval Holding S.A. and Infranor Inter Ltd. into one company was made during the same meeting. This operation



## REPORT OF THE BOARD OF DIRECTORS

was effected through a merger by acquisition, following which Perrot Duval Holding S.A. wholly acquired Infranor Inter Ltd. The merger contract was signed by both parties on 17 September 2014 and formally approved by each company's Annual Shareholders' Meeting.

Through the merger, the entirety of the assets in the amount of 25,971,046 CHF and the liabilities in the amount of 6,020,970 CHF, as well as all of Infranor Inter Ltd.'s contracts, were transferred to Perrot Duval Holding S.A. at book value according to Infranor Inter Ltd.'s commercial balance sheet as at 30 April 2014. This transfer took effect on 7 November 2014, following which Infranor Inter Ltd. was struck from the Commercial Register.

As part of the merger, Infranor's shareholders received one Perrot Duval Holding bearer share at a par value of 50 CHF each for every seven bearer shares held in Infranor Inter Ltd. at a par value of 20 CHF each. This corresponded to 0.14286 of a bearer share in Perrot Duval at a par value of 50 CHF for each Infranor share at a par value of 20 CHF (after the restructuring of capital); however, no bearer shares in Infranor Inter Ltd. held by Perrot Duval Holding S.A. were exchanged.

Infranor Inter Ltd. shareholders who were unable to convert their investment into a whole number of Perrot Duval Holding S.A. shares due to the rate of exchange could either sell their leftover fractions to Perrot Duval Holding S.A. at a rate of 17.50 CHF per Infranor Inter Ltd. share, or purchase the fractions necessary to obtain a whole number of shares.

The parties in question determined the value of a fraction – corresponding to 0.14286 of a Perrot Duval Holding S.A. bearer share – following negotiations based on a valuation of Perrot Duval Holding S.A. and Infranor Inter Ltd. using the discounted cash flow method and the review of these valuations by both parties. This value was then confirmed using a market approach.

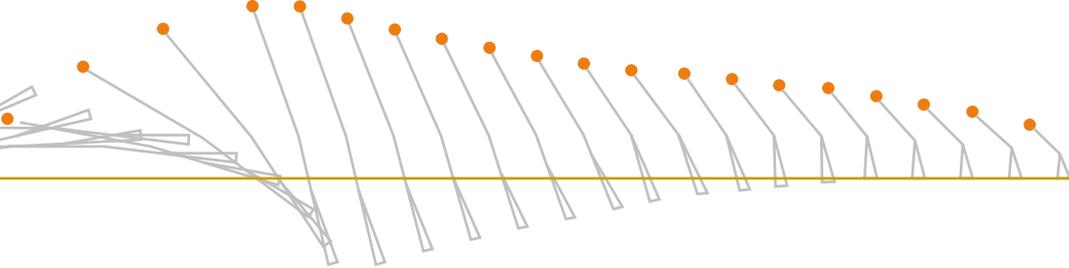
Furthermore, Banque J. Safra Sarasin Ltd., Basel, in its capacity as an independent expert and advisor to the Boards of Directors of Perrot Duval Holding S.A. and Infranor Inter Ltd., provided a fairness opinion on the exchange rate of seven Infranor Inter Ltd. shares for one Perrot Duval Holding S.A. share, concluding that this rate was fair and equitable for the shareholders of the two merging companies.

### **Capital increase for Perrot Duval Holding S.A.**

In order to create the bearer shares necessary to carry out the merger, Perrot Duval Holding S.A.'s Annual Shareholders' Meeting of 29 October 2014 decided to increase its share capital by 1,224,600 CHF from 5,500,000 CHF to 6,724,600 CHF by issuing 24,492 new bearer shares at a par value of 50 CHF each.

The amount required for the capital increase was provided by the asset surplus resulting from the transfer of assets and liabilities from Infranor Inter Ltd. to Perrot Duval Holding S.A.

The listing of new bearer shares for the merged company Perrot Duval Holding S.A. on the SIX Swiss Exchange (Swiss Reporting Standard) resumed on 10 November 2014, at which point Infranor Inter Ltd.'s shares were delisted.



## SECTORIAL INFORMATION

### FÜLL PROCESS GROUP (100%)

#### Activities and organisation

The eponymous group's holding company, Füll Process S.A., located in Fribourg (Switzerland), wholly owns the two operational entities, Füll Systembau GmbH (Idstein, Germany) and Füll Engineering B.V. (Nieuw-Vennep, the Netherlands). The latter two entities specialised in the automation of processes used in obtaining chemical and pharmaceutical products.

#### Füll Systembau GmbH

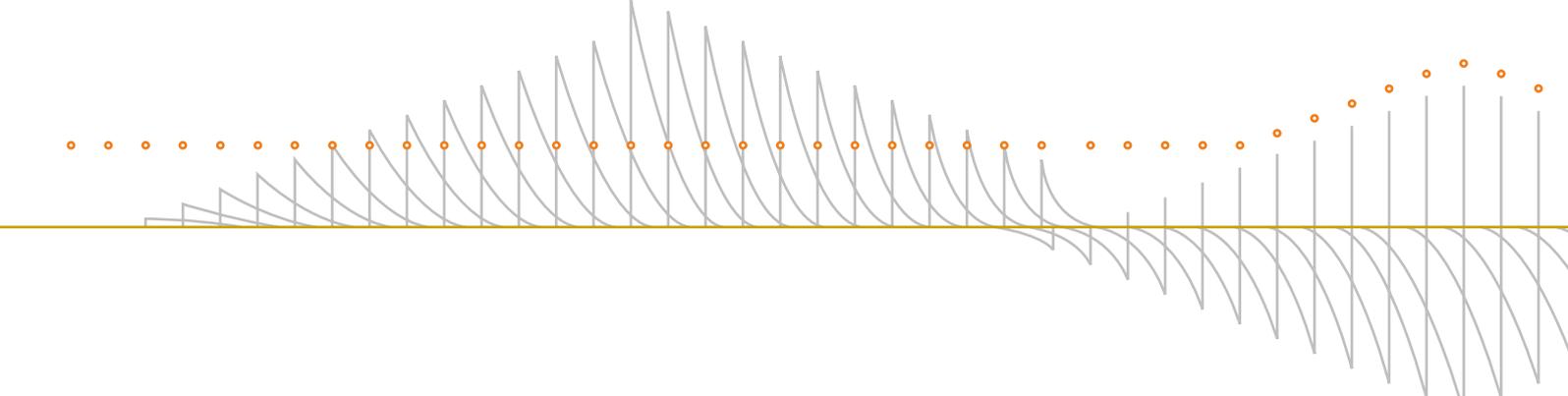
Founded in 1965, the company was fully acquired in 2000. Since its foundation, it has focused on designing and manufacturing dispensing, storage and mixing installations for liquids and pastes used in a wide number of industries. To date, it has supplied over 2,200 customised installations all over the world (half of these outside Germany), making it a leading player in its field. The secrets of the company's long-lasting success lie primarily in its reliable, virtually maintenance-free technology, its proximity to its customers, its steadfast open-mindedness and its multidisciplinary know-how.

Employing 32 staff, the company designs, manufactures and assembles its products and systems in its factory near Frankfurt. It possesses its own professional software, which allows it great flexibility in designing the installations or their connection to a factory data management system. Its know-how, analytical skills and passion for innovative solutions enable it to find the answers to any issue that may arise related to its customers' production requirements.

In its specialised areas of application – printing inks used on packaging – it possesses unrivalled expertise and unique, original modular designs. It provides solutions for water-based and solvent-based printing inks, UV-hardened printing inks, offset printing inks, coatings, preservatives, etc. In addition, the company has extensive experience in practically all types of paint and varnish: coil coating, floor-coating and buildings protection, automotive paint, wood conservation, industrial paint and varnish, and dispersion paint. In the industrial chemicals sector, the company's installations are mainly used for the controlled dispensing of adhesives, resins, cosmetics, silicones, latex, aromatic substances and fragrances.

The majority of Füll's customers are based in Europe. Over the last few years, however, the company has progressively been making a name for itself in Turkey and, in recent times, also in countries to the east of Germany and as far as Russia. Customers in these countries are experiencing an ever-increasing need for their own installations so that they can rapidly meet their own clientele's demands, including small-scale deliveries of pre-dosed mixtures. Other projects spring up all over the world.

The German company's development strategy focuses on maintaining its leading position in the field of customised dispensing systems and on seeking to introduce modular and standardised products and installations aimed at meeting the needs of specific niche markets, while also offering a wide range of functionalities in compact form. The development of the volumetric dispensing installation by Füll Engineering B.V. (see below) is entirely in line with this objective.



## REPORT OF THE BOARD OF DIRECTORS

### **Füll Engineering B.V.**

The Dutch investment was created in 2007 with the sole objective of developing a new volumetric dispensing technique. Based on this technique and launched onto the market in 2010, the fully automated dispensing and storage installation is compact and precise (+/- 1%), ultra-rapid due to its simultaneous dispensing of components, and is a great success. Its double-action piston pump function has been patented in all industrialised countries. The machine's design is such that multiple arrangements are possible (up to 32 components, variable dispensing volumes, etc.), thereby providing outstanding application flexibility.

In light of the increasing market demand, Füll Engineering B.V. transferred its entire production activity for this machine to its sister company, Füll Systembau GmbH in Germany. Acting as a research and development centre for the Group, the Dutch company is continuing to undertake engineering work and creating new-generation machines and compact equipment.

### **Year under review**

The year under review progressed in line with the forecasts made in spring 2014, but with one exception: the Russian market, which had gradually opened up during previous financial years, closed again temporarily in June 2014 following the enforcement of various political and economic sanctions. Alongside this, the quantity of dispensing installations worth in excess of 0.2 million CHF – on which the Füll Division has only a minor influence – dropped from ten units in the previous financial year to six in this. Finally, consolidation in Swiss francs had a negative impact. Taken together, these three factors explain the fall in sales year on year (6.3 million CHF as against 8.4 million CHF).

Orders received in the 2014/15 financial year were maintained, in local currency, at the same level (6.3 million €), surpassing sales, in local currency, by 18.1 per cent and showing that they had mainly been recorded during the last quarter of the financial year and that these orders helped to increase the item “work in progress” as at 30 April 2015.

The proportion of modular and standardised products and installations such as compact volumetric dispensing machines remained at the same level as that recorded for the previous financial year, with the Füll companies focused on eliminating a number of uncertainties in their operations.

The gross margin amounted to 64.3 per cent (4.0 million CHF), displaying (relatively) substantial growth as compared with that achieved in the previous financial year (48.9 per cent or 4.1 million CHF). This can be explained firstly by the encouraging increase in each operational project's relative value; secondly, by the proportionally higher sales figures in the sector of support and repairs; and, finally, by the significant amount of work in progress at the balance sheet date.

Operating expenses (3.8 million CHF) fell compared with the 2013/14 financial year (4.0 million CHF), exclusively due to the effect of consolidation in Swiss francs at the balance sheet date. It is worth reiterating the considerable efforts made over the past two years by the Füll Division in the commercial sector (hiring new staff) as well as industrialising modular and standardised products and installations (e.g. volumetric dispensing installations), an initiative which has been ongoing for even longer.

Finally, EBIT (0.2 million CHF) matched that of the previous financial year, with the increase in the gross margin compensating for the temporary dip in sales.

| CHF 1,000                     | 14/15      | 13/14     |
|-------------------------------|------------|-----------|
| Net sales                     | 6,306      | 8,369     |
| Change versus previous year   | -24.7%     | 10.8%     |
| <b>EBITDA</b>                 | <b>206</b> | <b>75</b> |
| as % of net sales             | 3.3%       | 0.9%      |
| Depreciation and amortisation | -17        | -15       |
| <b>EBIT</b>                   | <b>189</b> | <b>60</b> |
| as % of net sales             | 3.0%       | 0.7%      |
| Employees                     | 34         | 34        |
| EBIT/employee CHF 1,000       | 5.56       | 1.76      |

### Outlook

Orders on hand as at 30 April 2015 (2.6 million CHF) were proportionally higher than those for the previous year (2.0 million CHF), both in local currency and when converted into Swiss francs. This can be explained, in particular, by the increase in the amount of orders received during the final quarter of the 2014/15 financial year.

Furthermore, both the number of projects in progress and their volumes as at the above-mentioned date were also higher year on year, offering proof – if proof were needed – that Füll is a key player in its sector in Europe. Given these parameters and the completion dates for certain projects, Füll expects to be able to increase its sales by 5 per cent over the 2015/16 financial year. However, the Group is remaining cautious regarding the margins to be achieved in the course of these projects, as they may only generate low EBIT growth.

Finally, Füll is pursuing its efforts to bring to the market its volumetric installations developed in the Netherlands and to design other machinery that incorporates the modular concept. The Division expects this activity to make up 40 per cent of its sales in the long run.

### INFRANOR GROUP (100%)

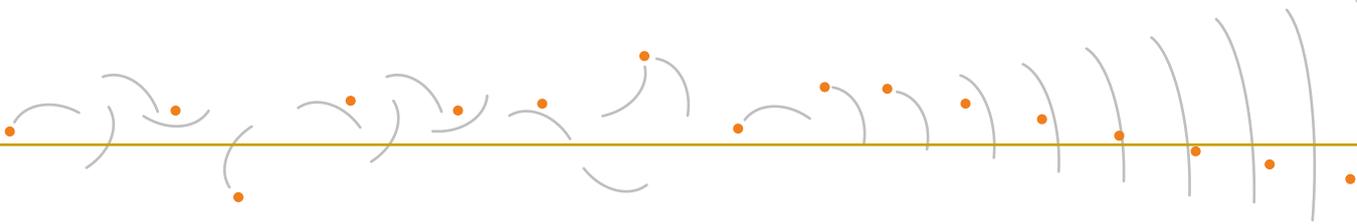
#### Activities

Since 1959, the Infranor Group has specialised in industrial automation. Its core business – the control of movements made by production machinery, industrial installations and autonomous apparatus – is carried out via the provision of services (engineering, multi disciplinary expertise and professional software) and products (electric servo motors, electric signal amplifiers and programmable controls).

Through its status of preferred partner for its customers, Infranor builds assemblies – called systems – that are tailor-made to the specific needs of its customers, using its own key products.

The central control unit of a system is the real mastermind of any appliance, machine or installation. It coordinates the functioning of the servo motors, amplifiers and other equipment, and serves as an interface with the human operator. Cybelec S.A. at Yverdon-les-Bains designs and produces numeric controls.

Infranor has acquired a global reputation among manufacturers of machines that require dynamic, precise and, in many cases, synchronised movements, which are in demand in a growing number of highly diverse markets and applications.



## REPORT OF THE BOARD OF DIRECTORS

The Group has focused on a core competence that covers the needs of a number of very different sectors. Its target market is the production machinery and industrial material-handling industry, as well as the processes industry, focusing in particular on applications in the fields of packaging, robotics, medical equipment and simulation, to mention just a few. Alongside this, Infranor's customer base is steadily expanding to include manufacturers of stand-alone installations and equipment used, for example, in the generation of electricity by wind turbines.

### Organisation

The Infranor Group follows a strategy of a geographically dense commercial presence, which, directly or indirectly, covers the European, North American (as well as Brazilian in the near future) and Asian markets (China). Each sales and engineering entity has the necessary skills to enable it to offer services and solutions adapted to its customers' particular requirements. This know-how is sustained by often optimised and exclusive products.

The Group's activities have been split into two clearly defined segments, each following development strategies and objectives adapted to their specific markets:

- the Infranor Division, made up of eight sales and engineering entities and two production and development units, concentrates on the servo technology and drive techniques used by machinery manufacturers in the most diverse economic sectors, via its vast range of products and from its local base.

The sale of these products and subassemblies requires specialist knowledge on the part of the application engineers in (both hard and soft)

electronics, as well as programming and communication language and logic. To this end, the Infranor Division has created a centralised internal service, responsible for equipping the Group companies with a uniform programming language, optimising the choices of hardware and training employees. This policy enables the development of the organisation to be continued on the basis of product marketing towards the supply of unified industrial solutions.

- The Cybelec Division offers complex, vertically integrated drive solutions, on the basis of its own numeric controls, reserved for manufacturers of sheet metal processing machines and, particularly, press brakes.

More recently, the division has expanded by providing new complete solutions (numeric controls, drives and professional software) specifically intended for managing, coordinating and controlling entire machinery processes and providing an interface with human beings. Its new applications are used in machine tools and parallel fields of press brakes.

### Year under review

The Infranor Group continued to expand its range of customised automation solutions. These are developed on the basis of components that the Group designs, produces and sells (servo motors, power units and numerical controls) or that it modifies and then assembles into unique systems that are tailored to the specific needs of its customers, themselves often key players in important niche markets. This approach has given Infranor an outstanding and exclusive position.

This was clearly visible in the Infranor Division, which represents the largest business activity

within the eponymous group. The proportion of total sales generated with major customers, especially those based in Germany, France and the UK, increased, while first orders for promising new projects in the United States were also received. However, this positive trend was counterbalanced by the definitive absence of orders from a major Chinese customer that preferred to source supplies locally, as well as by the slowdown in orders received from a number of distributors.

The Cybelec Division's development contrasted with this positive image. In fact, the market for sheet-metal bending machine manufacturers has changed markedly over the last few years, with major Northern European customers now providing their own solutions for numerical controls and associated professional software. On the other hand, new market segments have opened up (China, Turkey, Brazil, India, etc.) and are growing steadily despite being more prone to economic fluctuations. Cybelec is boosting its presence and has met with further success in these countries. However, demand from these countries is geared towards products and solutions that are cheaper and easier to use, thereby limiting the pursuit of certain developments connected with Cybelec's high-end products. Moreover, these customers often require long technical validation periods. These factors go some way towards explaining the drop in Cybelec's sales over the year under review.

As a result, the Infranor Group took various decisions concerning Cybelec since the beginning of the 2014/15 financial year:

- The materials purchasing policy became more focused and thus geared towards a progressive reduction in inventories;

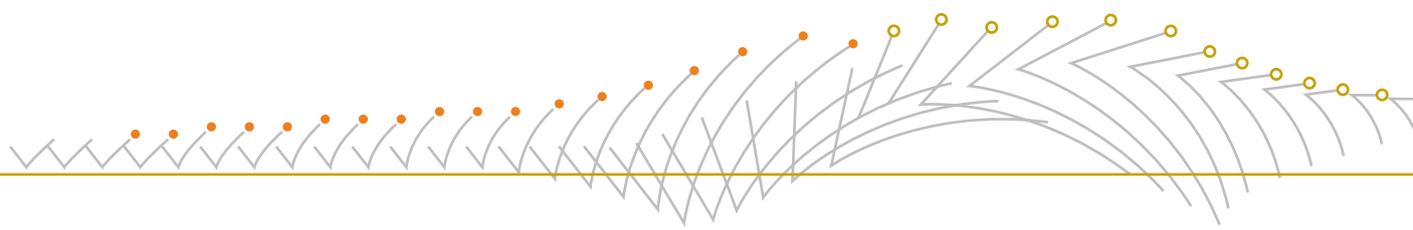
- Targeted measures led to the progressive consolidation of the gross margin, particularly in terms of selecting products and subcontractors. In this context, the reinforcement of the established entity in China, CNC Infranor, allows to absorb part of Cybelec's existing construction/assembly/test entity (it should here be noted that this entity will also enable the integration of other Infranor Group products, particularly power units, as soon as the need arises);
- The reliability of the company's products, a guarantee of their acceptance and positive market image, was significantly improved.

| CHF 1,000                     | 14/15        | 13/14        |
|-------------------------------|--------------|--------------|
| Net sales                     | 37,787       | 43,222       |
| Change versus previous year   | -12.6%       | 1.2%         |
| <b>EBITDA</b>                 | <b>2,513</b> | <b>3,806</b> |
| as % of net sales             | 6.7%         | 8.8%         |
| Depreciation and amortisation | -1,167       | -1,253       |
| <b>EBIT</b>                   | <b>1,346</b> | <b>2,553</b> |
| as % of net sales             | 3.6%         | 5.9%         |
| Employees                     | 215          | 217          |
| EBIT/employee (CHF 1,000)     | 6.3          | 11.7         |

### Consolidated income account

Interpreting the Infranor Group's 2014/15 results (covering the Infranor and Cybelec Divisions) was complicated by the negative influence exerted on all items in the consolidated income statements, due to the minimum exchange rate between the Swiss franc and the Euro being abandoned in January 2015.

Orders received in the 2014/15 financial year fell markedly year on year (down by 8.8 per cent from 39.4 million CHF to 43.2 million CHF). An



## REPORT OF THE BOARD OF DIRECTORS

analysis of individual activities reveals that the Infranor Division's result (28.6 million CHF) remained at practically the same level as in the previous financial year (down by 3.7 per cent to 29.7 million CHF). This slowdown is virtually offset when the figures are expressed in local currency (down by 0.3 per cent). The Cybelec Division reported a drop in orders received for the reasons outlined in the "Year under review" section.

In parallel to the trend in orders received, the Group's sales fell by 12.5 per cent from 43.2 million CHF at 30 April 2014 to 37.8 million CHF the following year, with 1.5 million CHF being due to the negative effect of foreign exchange differences. Cybelec's sales figures, were primarily responsible for this drop. Benefiting from more favourable business development in Germany, France and the UK, the Infranor Division's sales (27.6 million CHF) nearly matched those of the previous financial year (29.5 million CHF) if the exchange rate difference of 1.1 million CHF is not taken into account.

The change in the relative gross margin reflected the reduction in sales, corresponding to a favourable product mix in terms of the gross margin. Overall, it rose to 58.2 per cent from the 57.1 per cent recorded in the 2013/14 financial year. Expressed in absolute terms, it amounted to 22.0 million CHF as against 24.7 million CHF in the previous year due to the decline in sales.

An assessment of operating expenses (20.6 million CHF as against 22.1 million CHF in the previous year) revealed that spending was more or less kept under control. EBIT amounted to 1.3 million CHF (3.5 per cent of consolidated sales), down

on 30 April 2014 (2.6 million CHF or 5.9 per cent of sales), with 0.6 million CHF of the 1.3 million CHF drop in earnings resulting from foreign exchange losses.

### Outlook

Infranor retains its capacity to offer solutions (optimised for specific applications in certain fields) to the movement control issues encountered by its customers. Being familiar with certain of its customers' areas of business allows each Infranor entity to provide not only an ideal range of Group products but also complete systems incorporating expertise in complex software.

Most of its customers are manufacturers wishing to enhance their machinery with automation products of unique and exclusive quality in order to stand out from their competitors. The projects that fit this profile generally fall into very specific niche markets and are growing in number.

At 6.8 million CHF, orders on hand as at 30 April 2015 remained constant year on year. The 2015/16 financial year started with a 5 per cent rise in orders received, in line with the prevailing economic climate. Provided that the situation does not worsen in the coming months, the Infranor Group expects a 4 per cent increase in sales.

### Retirement of Mr Francesc Cruellas

After working for 40 years for the Infranor Group, Mr Francesc Cruellas has decided to bring his career with the company to a close. Joining Mavilor Motors S.A. in 1974 with industrial experience gained from his time spent as



a methods engineer with the Spanish pharmaceuticals group, Carlo Erba, he soon found himself drawn to sales and marketing. In 1980, he set up Infranor's sales and engineering firm in Badalona, Spain, before returning a year later to take over the reins at Mavilor, the Group's manufacturer of electric servo motors. From 1987 onwards, he shared the roles of Chairman of the Board of Directors and CEO of the Infranor Inter Group, which was spun off that same year. He remained in this position for six years before reassuming responsibility for mechanical operations for the Infranor Group while also remaining in charge of Mavilor.

Both the Infranor Group and Perrot Duval's shareholders owe much to Mr Cruellas. Imaginative, convincing and tenacious, he managed his business operations and his employees expertly, constantly guiding the latter towards success and the future. His technical skills, combined with his solid financial expertise, have made him a team member who will be difficult to replace.

An extremely faithful person, always ready to listen and passionate about the multidisciplinary aspects of his work, he deserves our deepest gratitude for spending his career within our Group.

#### **Death of Mr Giampiero Tassinario**

To retrace the steps in Mr Giampiero Tassinario's career with the Infranor Group, we must take a brief look back at the Spanish company Mavilor. In 1969, as part of a French industrial group specialising in particular in manufacturing crankshafts for various applications, the company appointed a highly skilled mechanical engineer from Florence to facilitate the machi-

ning of these items. The mechanic's deputy, a senior research assistant in physics at Italy's University of Florence, was Giampiero Tassinario. Together, they set up the industrial powerhouse of Mavilor, the many future innovations of which have contributed to the success of our Group.

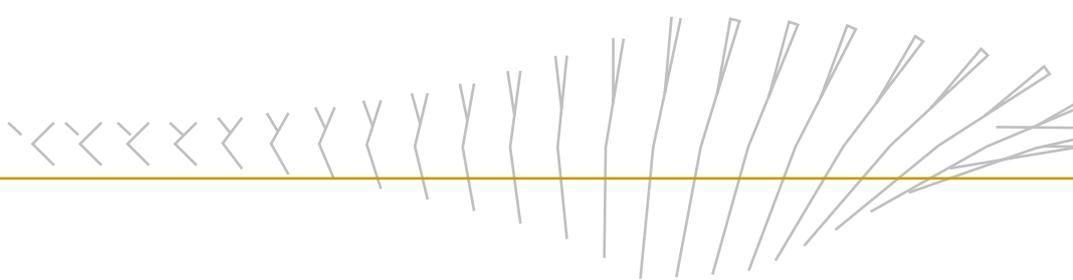
Mr Giampiero Tassinario spent a number of years working for an independent engineering firm, then rejoined Infranor in the early 1990s. Inventive, analytical and driven by a constant desire for improvement, he created new, original and exclusive motors; their commercial success looks set to be reaped over the next few years, even though he himself passed away in November 2014. We will never be able to thank him sufficiently for his achievements and for having trained a new generation of engineers who will follow in his footsteps.

#### **REAL ESTATE INVESTMENTS (100%)**

Perrot Duval Holding S.A. owns one real estate company: Bleu-Indim S.A., Fribourg, which owns land and an industrial building in Santa Perpetua de la Mogoda (Spain) leased out to a company of the Infranor Group.

#### **SERVICES (100%)**

Our company entirely controls the service company Perrot Duval Management S.A., in Coppet (Switzerland), charged on the one hand with assisting each of the legal entities of the Group in the administrative, financial, legal and fiscal areas and, on the other, with coordinating the complementary tasks in these spheres between the Group companies throughout the world.



# REPORT OF THE BOARD OF DIRECTORS

## PERROT DUVAL HOLDING S.A.

### PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION

The Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) came into force on 1 January 2014 and requires, among other things, that your company's Articles of Association be amended. The following notes explain the most important changes to the Articles of Association proposed by your Board of Directors in order to comply with the requirements of the ERCO.

#### **Approval of the remuneration for the Board of Directors and Management**

Article 18 ERCO stipulates that the total remuneration of the Board of Directors and Management be approved by the Annual Shareholders' Meeting. Article 17a of the Articles of Association introduces this change as well as the procedure to be followed should the Annual Shareholders' Meeting reject the remuneration proposed.

Under this new article, the Annual Shareholders' Meeting will deliberate upon the proposals made by the Board of Directors pertaining to the maximum total amount of future remuneration for the members of the Board of Directors and Management, and their decision shall remain valid until the time of the next Annual Shareholders' Meeting.

Article 17b defines the conditions of supplementary payments in accordance with Article 19 ERCO, while Article 17c lays out the general principles applicable to the remuneration of the

Board of Directors and Management (pursuant to Article 12 ERCO), which, in particular, set the fixed and variable components of remuneration and how it is granted as well as any loans and advances extended to members of the Board of Directors and Management.

#### **Elections**

Articles ERCO 2 and 3 require that, every year, the Annual Shareholders' Meeting elect members of the Board of Directors and its Chairman, the members of the Remuneration Committee and the independent representative, in each case for a term until the next Annual Shareholders' Meeting.

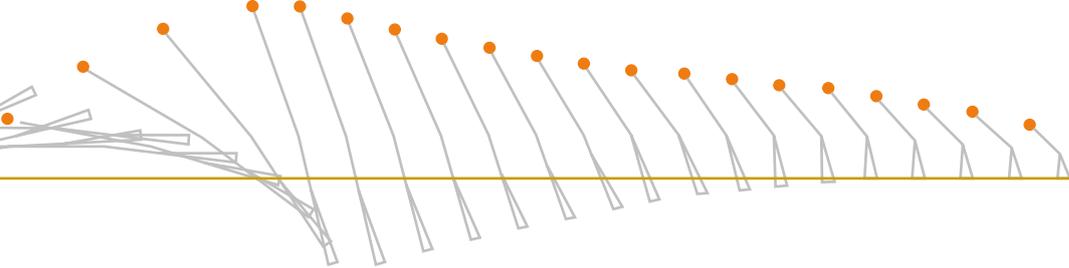
This new organisational structure has necessitated amendments to Articles 9, 14, 19 and 20 of the Articles of Association.

#### **Independent representative**

Shareholders may only be represented by a member of an executive body of the company or by an appointed depository acting as an independent representative, who is elected annually by the Annual Shareholders' Meeting. This requirement of the ERCO (Article 11) has led to a proposed amendment to Article 14 of the Articles of Association.

#### **Remuneration Committee**

Bringing the Articles of Association into compliance with the legal obligations has led to the introduction of a new article covering the duties and powers of the Remuneration Committee (Article 25a).



### **Number of mandates to be held by members of the Board of Directors and Management**

ERCO Article 12 requires companies to specify the maximum number of mandates that members of the Board of Directors and Management may hold in addition to their usual responsibilities for your company. The new addition to the Articles of Association, Article 19a, sets out these new criteria based on the type of company registered with the Swiss Commercial Register and/or a foreign equivalent.

### **Contracts and duration of mandates for members of the Board of Directors and Management**

In accordance with Article 12 ERCO, Articles 20 and 20a of the Articles of Association specify the maximum term or the maximum notice period for permanent contracts governing the remuneration of members of the Board of Directors and Management.

### **RENEWAL OF THE MANDATE OF THE BOARD OF DIRECTORS**

In accordance with the Swiss Ordinance against Excessive Remuneration (ERCO), the mandate of the members and Chairman of the Board of Directors is to be renewed each year. It is thus proposed that mandates be renewed for Mr Nicolas Eichenberger, Mr Roland Wartenweiler, Mr Frédéric Potelle and Mr Luca Bozzo, and that Mr Nicolas Eichenberger be appointed Chairman of the Board of Directors.

### **RENEWAL OF THE MANDATE OF THE AUDITORS**

Your Board of Directors proposes to renew the mandate given to the auditors PricewaterhouseCoopers S.A., Lausanne for the coming year.

### **RENEWAL OF THE MANDATE OF THE INDEPENDENT REPRESENTATIVE**

For shareholders who are unable to attend the Annual Shareholders' Meeting, your Board of Directors proposes to renew the mandate of the independent representative pursuant to Article 8 ERCO, which was granted in 2014 to Mr Pierre-Yves Cots of 88 rue Ancienne, CH-1227 Carouge.

### **PERROT DUVAL HOLDING S.A. AND PROPOSED APPROPRIATION OF RETAINED EARNINGS FOR 2014/15**

In the light of the development of the company, the need to conserve the liquid assets within the group and to reinforce the equity, the Board proposes that the unappropriated retained earnings be carried forward this year.