

ASH

## About Aebi Schmidt

Aebi Schmidt is the leading system provider of innovative technical solutions for the cleaning and clearing of traffic areas as well as the mowing of green spaces on difficult terrains. Our product range includes vehicles, attachments and demountable devices as well as the corresponding services. Due to our many years of international experience, we are partners and attendants to our customers. By means of a service programme tailored to our customers' requirements, we offer our customers the appropriate solution for nearly any problem!



EUR '000	2013	in %	2012	in %
<b>NET SALES BY SEGMENTS</b>				
Aebi products	48 517	16%	45 245	16%
Schmidt products	171 069	58%	171 844	59%
Service and after sales business	74 571	25%	72 862	25%
<b>Total net sales</b>	<b>294 157</b>	<b>100%</b>	<b>289 951</b>	<b>100%</b>
<b>BALANCE SHEET</b>				
Current assets	141 004	69%	130 525	66%
Fixed assets	62 046	31%	65 893	34%
<b>Total assets</b>	<b>203 050</b>	<b>100%</b>	<b>196 418</b>	<b>100%</b>
Liabilities	111 513	55%	109 772	56%
Equity (incl. shareholders' loan)	91 537	45%	86 646	44%
<b>Total liabilities</b>	<b>203 050</b>	<b>100%</b>	<b>196 418</b>	<b>100%</b>
<b>NUMBER OF EMPLOYEES (FULL-TIME EQUIVALENTS)</b>				
Germany	399	30%	412	32%
Switzerland	254	19%	255	20%
Poland	267	20%	227	18%
Netherlands	203	15%	225	17%
Others	209	16%	166	13%
<b>Total employees</b>	<b>1 332</b>	<b>100%</b>	<b>1 285</b>	<b>100%</b>

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## Foreword

### Market environment: Slow start, satisfying finish

Aebi Schmidt looks back on a challenging year of two very contrasting halves. The first half of the year was dominated by uncertainty, a sluggish inflow of orders and poor sales figures, whereas the second half brought a strong increase in order intake and a year-end rally.

Great uncertainty continued to be evident among our customers in many regions. Financial constraints in public procurement and uncertain economic forecasts had a negative effect on procurement decisions, resulting in a restrained pace of incoming orders early in the year. However, a satisfying upward trend started to become apparent at the mid-year mark, which led to a total increase of about 20% in orders without acquisitions. Remarkably, this growth was achieved largely in the traditional Western European market.

An integrated service organisation was established in the important but difficult-to-access Russian market in the middle of the year. This increased presence is in line with our strategic commitment to being a reliable partner to our customers, especially in terms of after-sales service throughout the lifecycle of new products.

Following some extensive preparatory activities, we managed to secure various particularly large orders. Among

others, Swedish nationally-owned airport operator Swedavia ordered a total of 60 towed jet sweepers equipped with new and particularly eco-friendly technology. Other large projects highlights included a new deal with Munich Airport and an order by Turkish State Railways for 7 special track clearing systems for winter service.

#### Strong focus on cost management in the factories

The relatively small number of orders received at the beginning of the year and the hesitant market recovery were important drivers in continuing cost reduction efforts at the production facilities. Schmidt was able to achieve further satisfying improvements at its production sites in Germany, the Netherlands and Poland, enabling solid gross margin growth.

While the Aebi Division also made further progress in cost management, this area continues to be affected by the unfavourable franc-to-euro exchange rate. Additional measures will be required in 2014.

#### Innovation remains a key strategic element of Aebi Schmidt

Despite the necessity for a tight cost regime, the continuous improvement of our products is of central importance to us. We invest substantial development resources into adapting our products to the latest exhaust emission standards to do our part in protecting the environment. In this effort, we also made sure not to neglect the development of entirely new product solutions. All newly launched products met with a very positive response.

These included Schmidt's rollout of the new Supra self-propelled snow cutter blowers and the Wasa mechanical sweepers. Both vehicles combine technical improvements with a fresh new design.

In late 2012, Aebi introduced the two new VT450 Vario and TP420 transporters to the market. The VT450 is the world's first transporter in this vehicle class to come



**Peter Spuhler**, Chairman of the Board of Directors

equipped with a power-split drive and delivers a veritable quantum leap in its segment with an unparalleled combination of operational comfort and powerful performance. We are very proud to say it received the “Tractor of the Year” award at the Agritechnica 2013.

### Strategically important acquisitions

In the spring, the owners of the Norwegian company Tellefsdal AS signed an agreement for the acquisition of the company by Aebi Schmidt. For the time being, this agreement has led to the acquisition of 50.1% of the company's shares, with the remaining 49.9% being transferred to Aebi Schmidt by the end of 2015 as part of an earn-out model. Tellefsdal will be managed as an operationally independent unit via a board of directors controlled by Aebi Schmidt at least until the acquisition is completed. This step has considerably strengthened our position in the previously underexplored product segment of snow ploughs for the Scandinavian market.

After a challenging acquisition process, Aebi Schmidt was able to take over the operations of the insolvent Italian company BSI via an asset deal made in the summer. This move expanded Aebi's line of transporters in the operating range of up to 90 km/h, a product class that makes an ideal addition to the existing portfolio. The production of the vehicles was started immediately after the acquisition in Burgdorf, Switzerland, which will lead to improved coverage of fixed costs in the factory and substantial stabilisation in the quality of the newly integrated vehicles.

### A change in management and organisational restructuring in sales and service

After many successful years as the Head of the Sales & Service Division, Walter Schmitz passed the baton to a new pair of hands as of the end of January 2013. We would like to express our gratitude to Walter Schmitz for his long-standing commitment to our customers and are delighted that he will continue to provide us with his services in the field of strategic support for specialised projects.

Rudi Rosenkamp became his successor in the course of the year. This change in management also entailed some slight organisational restructuring. Two new regional managers have been put in charge of operations at Aebi Schmidt's integrated sales and service organisations in Europe. Additionally, a new area of responsibility has been created to further strengthen key account management with a primary focus on airports and railway projects.

### Positive prospects for 2014

Aebi Schmidt starts the new business year with a 70% increase in orders compared to last year. Although some



**Walter T. Vogel**, CEO

large orders are scheduled to be delivered after 2014, this fact still contributes to an optimistic assessment of the near future. We are optimistic that new products such as the innovative TT206 and TT211 steep-slope implement carriers, which we unveiled late in the year, will contribute to further increasing Aebi Schmidt's market shares. We are equally confident that additional reductions in purchasing costs and the introduction of lean management methods in the assembly areas will continue to improve profit margins, making the Aebi Schmidt team well prepared for this year's challenges.

**Peter Spuhler**  
Chairman of the Board of Directors

**Walter T. Vogel**  
CEO













## > Federal Wrestling and Alpine Festival ESAF 2013 in Burgdorf

“Schwingen” is a traditional folk wrestling style that is highly popular and considered a national sport in Switzerland – for many years, Aebi has been supporting events that keep this quintessentially Swiss sport alive.

The “Federal Wrestling and Alpine Festival ESAF 2013”, held in Burgdorf from 30 August to 1 September 2013, was a huge event and a home game for Aebi: Less than one kilometre away from its factory, Aebi was present on the festival grounds as one of this year’s major co-sponsors – just like the company did at the “Federal Wrestling and Alpine Festival ESAF 2010 in Frauenfeld”.

Some 300 000 visitors turned the ESAF 2013 into a major social event under the motto “At home in Emmental” – the very place where Schwingen has its historical roots.

Our commitment is based on our passion for a sport, in which strength, cleverness and technical perfection are the success criteria for a one-on-one match in a sawdust ring. These are all characteristics that are a perfect fit for the image of Aebi Schmidt: Throughout our company’s successful 130-year history, we have always had to make smart decisions to demonstrate great determination and the qualities of a true winner – in this effort, the Management Board and the highly dedicated and loyal staff members have proved themselves to be true team players!





## About Aebi Schmidt

# SUCCESSFUL TOGETHER

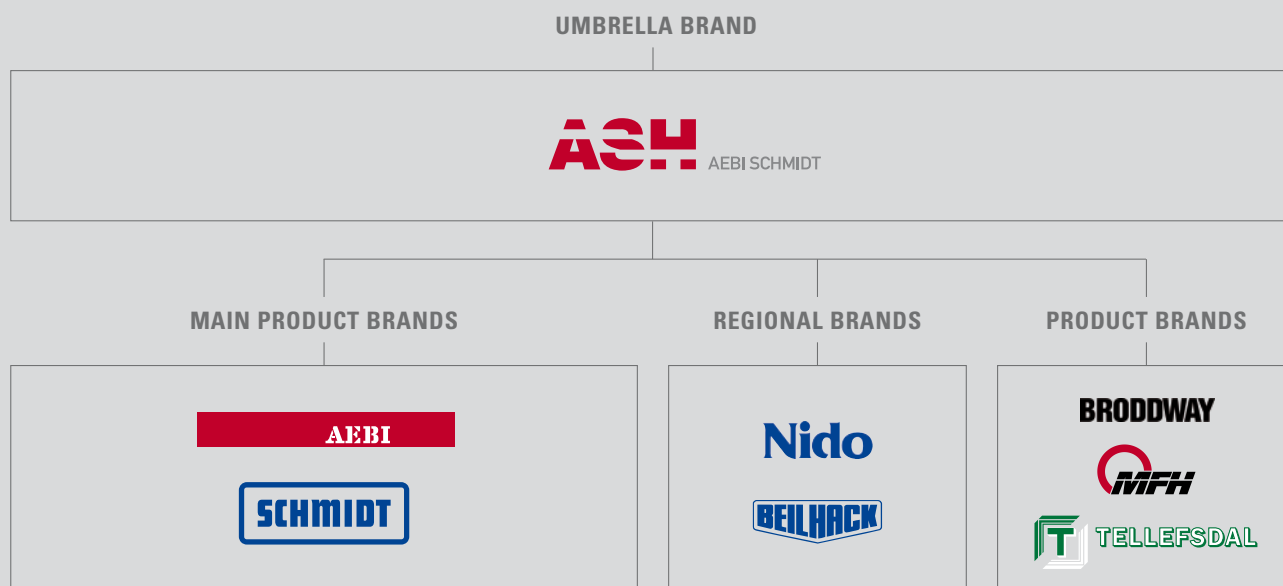
WHETHER IT IS MUNICIPALITIES, PRIVATE CUSTOMERS OR AIRPORTS: WHEN IT COMES TO FORWARD-LOOKING SOLUTIONS TO ENSURE CLEANLINESS AND SAFETY OF ROADS, THE AEBI SCHMIDT GROUP WITH ITS WORLDWIDE UNIQUE PRODUCT, CONSULTING AND SERVICE KNOW-HOW IS USUALLY THE PARTNER OF FIRST CHOICE. FOR THE CULTIVATION OF SENSITIVE AGRICULTURAL AREAS, WE ALSO OFFER TECHNOLOGY THAT SETS STANDARDS AND IS ONE-OF-A-KIND THROUGHOUT THE WORLD. TRADITIONAL BRANDS, INNOVATIVE PRODUCT CONCEPTS AND MORE THAN 1300 HIGHLY SKILLED EMPLOYEES GUARANTEE A SOLID BASIS THAT ENABLES OUR CUSTOMERS TO FACE NEARLY ANY INDIVIDUAL CHALLENGE.

### OUR BRANDS

Some of our traditional brands can look back on more than 100 years of history and are known for unrivalled innovative power and

maximum reliability among our customers. In pursuit of our goal of reaching new target groups and in view of the internationally growing competition, we will continue to

strengthen our brand profiles: Both the qualitative substance and the manifold potentials of our products need to be consistently emphasised in the highly competitive markets.



### AEBI

Established in 1883, Aebi was initially engaged in the design and construction of sowers, fire extinguishers and turbines and received international awards already at that time. As from 1950, Aebi started to focus on the mechanisation of agriculture in hilly and mountainous regions. The vehicle programme was initially extended with motor mowers, later on with transporters featuring various attachments and finally in 1975 with the Terratrak, the first steep-slope implement carrier in the world. Today, both the Terratrak and the VT450 transporter launched in 2010 are counted among Aebi's absolute top-rank products. Continuous product innovations that perfectly meet the customers' requirements both in municipal and agricultural applications reflect the many years of innovative power that characterises Aebi.

### SCHMIDT

Schmidt was established in 1920 as a car repair shop specialising in snow clearance. Besides the manufacture of snow ploughs, Schmidt was already constantly working on a rotating snow clearing solution and constructed its first spreaders for de-icing operations. At the same time, the development of a powerful snow blower made it possible to enter the airport business. The newly introduced product group of sweepers was systematically expanded. This was complemented with new clearing systems, the development of de-mountable sweepers, a new generation of environmentally friendly spreaders, control systems and special machines for clearing airport runways.

### AEBI SCHMIDT

With its excellent municipal and special-purpose vehicles, Aebi Schmidt is now providing for clean and safe traffic routes throughout the world and offers innovative agricultural machines to maintain green space in challenging terrain. By means of a service programme tailored to individual customer needs, Aebi Schmidt attaches great importance to designing its own production environment in a sustainable and responsible manner.

Besides the main product brands Aebi and Schmidt, the brand portfolio includes the regionally focussed brands Beilhack and Nido as well as the product names Broddway, MFH and Tellefsdal.

## Business Segments and Products

# VERSATILE IN USE, INDIVIDUAL IN APPLICATION

FROM PEDESTRIAN WALKWAYS, MOTORWAYS AND RUNWAYS AT AIRPORTS TO THE PROFESSIONAL MANAGEMENT OF GREEN SPACES IN CHALLENGING TERRAIN: THE FIELDS OF APPLICATION OF AEBI SCHMIDT PRODUCTS ARE MANIFOLD.

### MUNICIPAL WINTER

Aebi Schmidt machines can clear any type of snow reliably and efficiently. Aebi Schmidt also offers a broad range of ultra-modern spreading machines with a variety of feed systems and electronically controlled dosing accuracy for environmentally friendly de-icing operations.

- 01 Snow ploughs
- 02 Rotating snow clearance (self-propelled)
- 03 Rotating snow clearance (attachable)
- 04 Spreaders
- 05 Sprayers
- 06 Combination machines (spreading and spraying)
- 07 Winter service attachments for tractors
- 08 Salt solution stations
- 09 Control and information systems

### AIRPORT

The high-tech Aebi Schmidt airport technology machines, which were developed specifically for application on airports, clear, de-ice and clean all runways and the apron as well as all remaining air-traffic surfaces on the airside. In addition, tried and tested machines from both winter and summer maintenance equipment are also used in the professional maintenance of access roads, parking areas, taxi stands as well as on all other ground surfaces on the landside of airports.

- 01 Snow ploughs
- 02 Rotating snow clearance
- 03 Jet sweepers
- 04 Spreaders
- 05 Combination machines for spreading and spraying
- 06 Airport sweepers



## AGRICULTURE

The Terratrac are versatile implement carriers for use in sloping terrain with attachment points at the front and the rear. Their range of uses is almost limitless, which makes them suitable for all-year operation. All transporter models and versions are extremely efficient, safe, manoeuvrable, easy to maintain and long-lasting. In comparison to a combination of towing vehicle (tractor) and trailer, the transporter is both more compact and better able to cope with sloping terrain and hill-climbing. The product range is rounded off by single-axle machines.

- 01 Steep-slope implement carriers/Terratrac
- 02 Multipurpose transporters
- 03 Motor mowers

## MUNICIPAL SUMMER

Aebi Schmidt has the broadest range of sweeper technology products worldwide. Street washers as an interesting alternative to sweepers as well as special vehicles such as sand cutter blowers for perfect street cleaning in hot, dry and dusty conditions and the economical road repair vehicles complement the product range.

- 01 Compact sweepers
- 02 Attachable sweepers
- 03 Truck-mounted sweepers
- 04 Towed sweepers
- 05 Street washers
- 06 Sand cutter blowers
- 07 Road repair vehicles
- 08 Multipurpose transporters
- 09 Universal implement carriers

## Organisation and Geographical Coverage

# WORLDWIDE PRESENCE

AEBI SCHMIDT IS SUBDIVIDED INTO THREE OPERATIONAL DIVISIONS: THE PRODUCT DIVISIONS AEBI AND SCHMIDT AS WELL AS A SALES & SERVICE DIVISION, WHICH DISTRIBUTES THE ENTIRE RANGE OF PRODUCTS AND IS ALSO IN CHARGE OF THE MAINTENANCE OF THE EQUIPMENT PLACED ON THE MARKET. AEBI SCHMIDT MAINTAINS A WELL-DEVELOPED SALES AND SERVICE ORGANISATION. THE EUROPEAN MARKET IS COVERED BY OUR OWN SALES SUBSIDIARIES. CUSTOMERS OUTSIDE EUROPE ARE TAKEN CARE OF BY THE GLOBALLY OPERATING AEBI SCHMIDT INTERNATIONAL.

### LOCATIONS (WITHOUT SERVICE CENTRES)

#### Sales & Service

- 1 Germany  
Aebi Schmidt Deutschland GmbH
- 2 Netherlands  
Aebi Schmidt Nederland BV
- 3 Poland  
Aebi Schmidt Polska Sp.z.o.o.
- 4 Switzerland  
Aebi & Co. AG Maschinenfabrik
- 5 Switzerland  
Aebi Schmidt International AG
- 6 Austria  
Aebi Schmidt Austria GmbH
- 7 Spain  
Aebi Schmidt Iberica S.A.
- 8 Italy  
Aebi Schmidt Italia s.r.l.
- 9 Norway  
Aebi Schmidt Norge AS
- 10 Sweden  
Aebi Schmidt Sweden AB
- 11 Great Britain  
Aebi Schmidt UK Ltd
- 12 Belgium  
Aebi Schmidt Belgium
- 13 Germany  
Logistics Centre,  
Aebi Schmidt Deutschland GmbH
- 14 Russia  
OOO Aebi Schmidt Rus

#### Holding

- 5 Switzerland  
Aebi Schmidt Holding AG

#### Competence Centres

- 1 Germany  
Aebi Schmidt Deutschland GmbH
- 2 Netherlands  
Aebi Schmidt Nederland BV
- 3 Poland  
Aebi Schmidt Polska Sp.z.o.o.
- 4 Switzerland  
Aebi & Co. AG Maschinenfabrik





**MARKETS****EUROPE AND MIDDLE EAST**

In most Western European countries, Aebi Schmidt holds a clear leading position – at the same time, these are our domestic markets, which is why we are actively engaged in both the municipal and the airport business segment.

In view of the second mild winter in a row and against the background of the uncertain overall situation, however, we are expecting that the purchase activities will remain restrictive and the competitive situation will become increasingly aggressive – we want to maintain our strong position in Europe by all means.

**ASIA**

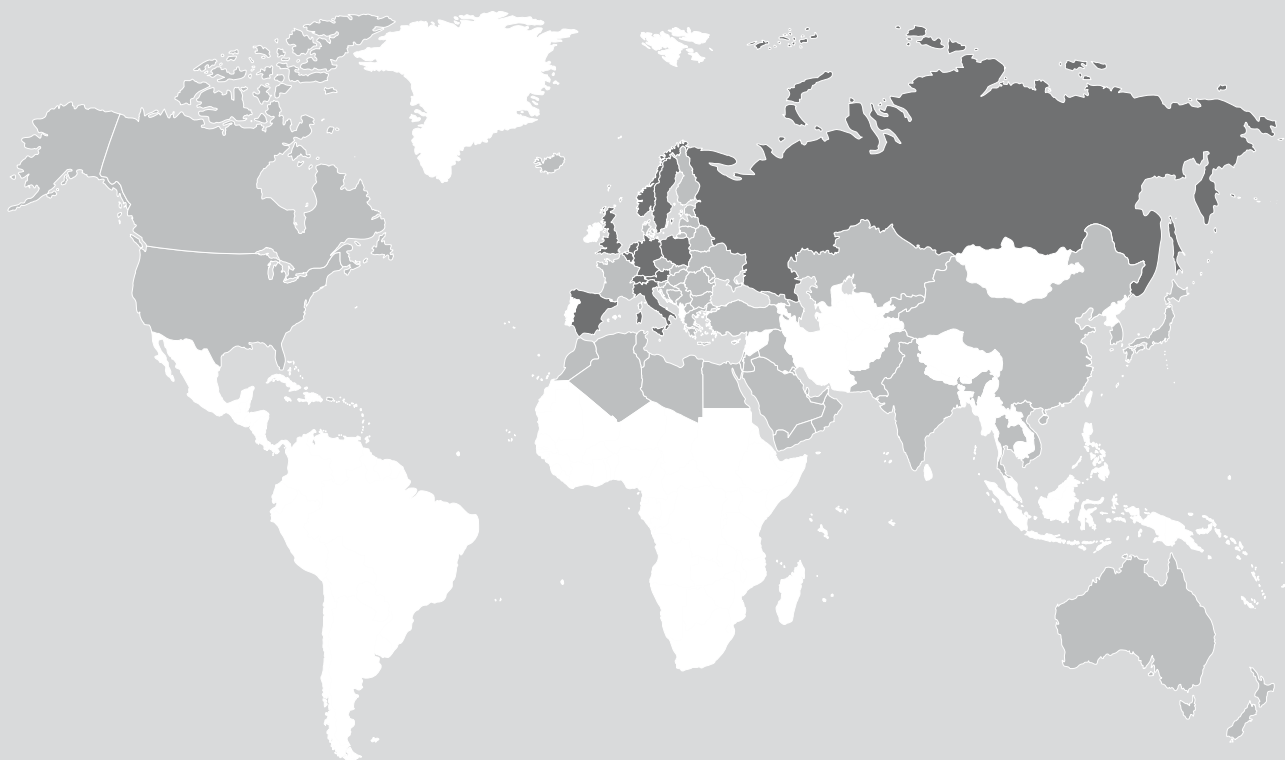
We will continue to consistently intensify our activities in the growth market of China. The airport business in particular holds a great deal of potential; our repeated follow-up transactions are a clear indication of a positive trend. Depending on the infrastructure measures, we will also continue to intensify our activities (including India and China) in the municipal segment – although the current social developments there are not easy to anticipate, the general potentials are promising.

**NORTH AMERICA**

North America and Canada represent a large market, especially for winter service equipment. However, the snow clearance techniques applied there are not supported optimally by Schmidt products, since the present stage of technology is about 20 years behind that in Europe. The North American market is being prepared for both Aebi and Schmidt products via the existing dealer structures. A market study for the development of the North American airport market has already been carried out.

**WORLDWIDE NETWORK**

■ Aebi Schmidt sales organisations  
■ Trade organisations

**Trade organisations**

Europe:	Greece	Romania	Belorussia	Africa:	Bahrain	Kyrgyzstan	Thailand
Bosnia & Herzegovina	Iceland	Russia	Cyprus	Egypt	China (North and East China)	Kuwait	United Arab Emirates
Bulgaria	Croatia	Serbia		Algeria	India	Lebanon	Emirates
Denmark	Latvia	Slovakia	America:	Libya	Iraq	Oman	Vietnam
Estonia	Lithuania	Slovenia	Brazil	Morocco	Israel	Qatar	Yemen
Finland	Luxemburg	Czech Republic	Chile	Tunisia	Japan	Pakistan	
France	Malta	Turkey	Costa Rica	Asia:	Jordan	Saudi Arabia	Australia & Oceania
Georgia	Macedonia	Ukraine	USA	Azerbaijan	Kazakhstan	Singapore	New Zealand
	Moldavia	Hungary	Canada			South Korea	

## Division Sales & Service

### Our conclusion for 2013: More market differentiation, more market penetration, more prospects of success!

The market potential continues to be very heterogeneous, so we are not able to report any consistent overall trend for 2013. The spectrum ranges from Scandinavia, where we were able to generate a steady flow of orders, to the CIS states, where we fell short of our expectations despite the great opportunities that continue to be present in both municipal and airport business. As in the previous years, almost all countries are faced with a difficult financial situation, which made the sale of new machinery, in particular, noticeably more challenging. In line with this assessment, almost all markets are seeing increasing need for maintenance, creating both growing opportunities and challenges, especially for our service area – in addition to new options in rental and used-machinery business.

Even though we did not quite reach the goals we had set for ourselves in the previous year – considering the difficult market environment – we can still report an overall satisfactory year of many individual successes, especially in Central and Northern Europe (municipal and airport) as well as in Asia (airport). In the CIS states, we fell short of our target for 2013 due to a large number of unexpected project delays. The overall economic situation in Southern Europe continues to be problematic. Despite individual successes, Spain in particular performed below our expectations.

Overall, it has become evident that both our product policy (innovative, flexible, modular, always economically and ecologically state-of-the-art) and our unique service portfolio (ranging from a dense sales network to practice-oriented online services and complex after-sales support) are very well received.

Despite the noticeable increase in price sensitivity among our customers, we were often successful in exactly those areas where we were able to communicate our core values of “innovation leadership”, “one-stop solutions”, “expertise in customised solutions”, “first-rate (sustainable) product quality” and “top after-sales service”. In addition to our primary objective of raising our complex service

area’s share in total sales to 30%, it will therefore be particularly important to increase our customers’ awareness of our unique set of values.

#### Municipal service in general

Since it will not be possible to completely remedy the financial problems of many European municipalities in the short or me-



#### TOTAL LIFETIME CARE (TLC) – CREATES REAL ADDED VALUE

Our products are subject to excessive strain during continuous daily operation, often also in extreme conditions. Our “Total Lifetime Care” programme extends the lifecycle of these products. A sophisticated programme comprising the modules of comprehensive service, spare parts availability and individual customer training courses provides a substantial contribution to retaining the value of vehicles and equipment.

dium term, we need to adapt our objectives to this situation. Although there continue to be good market opportunities even for our premium products, sustainable growth potential can be achieved primarily in niche markets as well as by ac-



tively offering a sophisticated range of cost-effective product solutions – a trends towards lightweight vehicle solutions of up to 3.5 tons is already clearly noticeable. Due to the financial situation of municipalities, we also see increasing demand for rental and leasing options to finance municipal utility vehicles, which we will address by offering appropriate services and products. Despite their often tight budgets, most municipalities continue seeking solutions that are both efficient and sustainable: This is why the consistent advancement of eco-friendly technologies is one of our key measures in the ambition to maintain our leading position.

### Municipal winter

The strategic focus of our 2013 winter business was on securing our top position in the market shares of all relevant markets.

In tenders, we predominantly offered affordably-priced ploughs and spreaders. Increasing pricing pressure by a European competitor had presented us with major challenges in late 2012. But we were once again able to prove

#### ENTRY-LEVEL MODELS AND ATTRACTIVE KIT SOLUTIONS

Due to the fierce competition, we will strive for significant cost optimisation, in particular regarding large tenders. We will also soon implement concepts that will help us compete more successfully with regional suppliers: Entry-level models and attractive kit solutions for customers will pave our way in this effort.



that high quality standards, a wide range of products tailored to customer requirements and first-rate service are essential factors for customer satisfaction: This is why we are proud that we clearly came out on top in many cases of direct competition at a similar price level.

Due to scarce financial resources, tractors are becoming an increasingly popular choice in the municipal area. Our comprehensive partnership with Claas has been established to take account of the resulting increase in business in the segment of special winter service equipment for tractors. We also aimed to optimise the distribution channels for tractors and successfully implemented the required measures.

In order to cover the range of attachments for small implement carriers including Aebi, the corresponding compact product range is being continuously expanded – adapting to many different carrier vehicles is a clear strength of Aebi Schmidt.

Furthermore, the continuing trend towards an increasing proportion of privately funded motorway expansions in Europe has been confirmed. Our presence in this market segment is also very promising for the future.

Aebi Schmidt continues to be perceived as a technology leader with the most extensive range of products and services. But the increasing demand for ecologically and environmentally friendly technology was not the only development that enabled us to strengthen our competitiveness: The addition of basic machines to our range of products also secured our position in increasingly price-sensitive market segments.

### Municipal summer

In our summer business, we aimed to maintain our solid position within the EU market, which has been rather stagnant for some time now. We consistently intensified our activities in Eastern Europe, which has seen dynamic development, as well as our project-based operations in Asia as part of local infrastructure developments.

While the apparent decline in demand for compact and truck-mounted sweepers over the past few years had already stopped in 2011, the 2013 business year seems to have brought a lasting positive turnaround. We were very pleased to receive an order for compact sweepers from France, where – as is the case in many other countries – there is growing demand for solutions that are environmentally friendly while still delivering maximum efficiency.

In line with the trend towards small compact solutions, we saw above-average demand for the Swingo, which has just recently been adapted in performance and design. Our Cleango was also purchased by many customers in the Mediterranean region, and we were pleased to see that it has recently been also gaining popularity in countries such as the Netherlands.

It should also be mentioned that this business year marked the first time we sold a compact sweeper to New Zealand – we are excited to find out if and what kind of further business opportunities may present themselves for us there.

By contrast, last year's expectations for truck-mounted sweepers were not met – despite country-specific adaptations in the UK and Scandinavia: In this respect, large-scale sales efforts will be necessary in 2014.

There are plans to explore the increasingly interesting market potential for self-propelled and towed mechanical sweepers in Europe, the Middle East and Asia by increasing the range of products offered in these markets. However, it has become apparent that Aebi Schmidt's position in the segment of sweepers is not entirely positive. For example, outside Switzerland, our multifunctional, high-

performance MFH compact sweepers can only be distributed in special markets due to cost disadvantages.

We also increased our marketing activities for our VT transporter with continuously variable drive and our powerful Terratrak as an innovative steep-slope implement carrier – both vehicles employ equally unique and groundbreaking technology, for which we see tremendous future po-

#### ENVIRONMENTALLY FRIENDLY TECHNOLOGY

The demand for effective dust and noise protective equipment as well as for alternative drives with strongly reduced toxic emissions is expected to increase further. Aebi Schmidt therefore offers solutions that combine ecology and economy in an ideal way. Our products are particularly environmentally friendly without being subject to any restrictions regarding efficiency.



tential. In this effort, we also started to strengthen the market position of all Aebi products in France and North America.

### Airport

In the airport business, we were able to reach our growth target.

Positive market developments in other countries made it possible to largely compensate for the restrained market situation in certain market segments. Notable growth was achieved in Asia (in addition to continuing great potential), and we are also seeing future market opportunities and potential in North America. Regarding the European market, in particular, it should be noted that we were able to maintain our leading position despite cutthroat competition.

We clearly benefit from the fact that Aebi Schmidt jet sweepers and airport sweepers are considered an industry benchmark among airport operators around the world.

We are delighted to have received no less than four major airport orders in 2013, including Swedish airport operator Swedavia, Munich Airport, MoD Poland (military) and Moscow Domodedovo Airport – in all cases, our customers were thoroughly satisfied with our both efficient and innovative TJS or CJS jet sweepers. We are very excited to see what opportunities the future will bring in this segment.

We were also very pleased that London Heathrow Airport placed an order for new machines, continuing our successful cooperation. Moreover, this business year marked the first time we sold a larger number of our new AS990 truck-mounted airport sweepers; the customer was a state in the Middle East – we hope that this business deal will also mark the beginning of a promising partnership.

We can also report very positive results in the segment of airport sprayers. For example, Vienna International Airport has been successfully using our new ASP45 airport sprayer since last December.

Other orders came from Berlin Airport, Germany, and Shenyang Airport, China. This shows that word is spreading about our expertise in innovative solutions and our modular design concept, especially in Asia, where our new key account management has proved to be a competitive advantage. There was very positive development in Scandinavia, where numerous orders for jet sweepers continued our success story.

### Agriculture

In the agricultural segment, we were able to achieve our goal of maintaining our market shares in Switzerland and Austria. The expansion of our business in our core markets of Germany, France, the UK and North America will be continued. We will further optimise our range of attachments to ensure the required product diversity in the market.

Aebi Schmidt's activities are centred on the relatively stable niche segments of mountain farming, so far operating mainly in the Alpine region with a clear focus on Switzerland and Austria. Aebi's products are difficult to position in the agricultural industry outside Switzerland and Austria due to a lack of state subsidies, with unfavourable exchange rates putting considerable pressure on Aebi's margins. We will still try to further develop and strengthen our position, especially in the highly promising North American market.

Our goal is to also regain our market shares in the middle-class segment with the TP420, which we launched in late 2012. Additionally, we will step up marketing efforts for the VT450 Vario with power-split drive. The VT450 (and also TP460) models have already sustainably improved our market position in Switzerland. The continuously variable drive was introduced at the end of 2012, providing a clear USP with continuing major potential in the segment of transporters.

The successful market launch of the TT206 and the TT211 has slightly improved the position of our innovative Terratrak vehicles. A continuing market trend towards hydrostatic steep-slope equipment is being observed.

Aebi's leading position is particularly evident in the field of advanced technology. However, it is still imperative to develop new fields of application for Aebi products. Scandinavia, in particular, offers new opportunities that are yet to be explored. In general, we are aiming to further boost our sales activities in niche markets.

The municipal area is of particular interest, given that the pairing of Aebi products and Schmidt attachments of-

fers customers an ideal combination of utility equipment for the specific tasks in communities and municipalities. The new Aebi MT720, MT740 and MT750 transporter models, which complement our product range of fast-runners (over 50 km/h), have been designed to meet this need.

### After-sales

Due to the difficult financial situation of municipalities, there will be increasing demand for rental and leasing options to finance municipal utility vehicles. We have already seen a rise in demand for rental and used machinery.

In order to secure and strengthen our market position, it will be essential to offer most attractive after-sales services to actively promote customer retention: Combined with the spare parts business, the Aebi Schmidt Group is aiming to generate a 30% share in total sales. In order to achieve this goal, the range of services is being continuously expanded and optimised.

For example, an online portal for efficient spare parts procurement and warranty claims management was completed and made available to customers worldwide in 2013. Our Total Lifetime Care concept is another important cornerstone of our service portfolio, which allows our customers to take advantage of a both unique and comprehensive service package.

The expansion of our service portfolio also includes active marketing of full-service contracts to improve the application and functionality of our products by means of lifecycle support – 2013 saw success in this business segment as well.

The “Aebi Schmidt Total Lifetime Care (TLC)” service concept will be implemented throughout the group and our service technicians will receive the required training – with the aim to enable our customers around the globe to access all service tools while keeping the use of external service workshops to a minimum. In countries where we use a network of subcontractors, a specifically defined certification procedure will be applied for the provision of services.

### Sales

The well-developed sales and service organisation of the Aebi Schmidt Group once again proved its worth in 2013 and will continue to represent an important distinguishing feature to stand out against competitors.

The 2013 business year saw Aebi Schmidt successfully participate in a large number of tenders. Although repeated delays in promised projects caused several problems, especially in the CIS states and in Spain, our sales organisation is always prepared to seize every opportunity that presents itself.

### Strategic partnership in North America with tractor manufacturer Holder

Max Holder GmbH has established the subsidiary Holder Tractors Inc. (HTI) in Embrun, Canada (Ontario), to take over and expand the local operations of the previous North American importer. Right from the outset, HTI and Aebi Schmidt International AG signed a partnership agreement for the spare parts supply of Aebi Schmidt products in the North American market.

### New service organisation in Moscow

To boost our business in Russia, we established an integrated service organisation, Aebi Schmidt RUS GmbH, in July 2013. Again, our aim was to offer local dealers maximum support ranging from spare parts procurement to customer support – we are delighted to have taken another important step in the growing Eastern European market.

### CRM and Online Service Portal launched successfully!

Customer retention is the order of the day! We initiated extensive online measures to always stay connected to our customers. This included the successful completion of a CRM, which will significantly facilitate a large number of processes while also giving all relevant staff members access to a complete customer database.

Additionally, a new service portal for our dealers went online in April, providing them with direct online access to spare parts as well as the respective warranties and warranty services – all orders are automatically fed into our SAP system. This new portal will play a key role in our communication with dealers worldwide.

The market of used machinery is also becoming increasingly important, which is why all related offers and activities have been consolidated online. This enables complete product documentation with specific offers on an individual basis – all related sales transactions are made directly via the Aebi Schmidt website as well as other specialised online portals.

### Suisse Public, Bern, Switzerland, 18 – 21 June 2013

True to its motto “Technology for every season”, Aebi Schmidt Switzerland gave interested trade visitors at this year’s “Suisse Public” in Bern an overview of its wide range of products for the municipal service sector. Aebi also unveiled the Viatrac Aebi VT450 Vario with its newly developed continuously variable drive for maximum safety and traction in any condition. It features a very easy-to-use and multifunctional control lever, which makes it possible to smoothly navigate steep inclines with great ease. This latest innovation is truly one-of-a-kind in the market. The newly added Aebi MT high-speed vehicle was also suc-



cessfully presented to the market – this is how Aebi brings a great new dynamic to municipal transporter design!

#### **Demopark, Eisenach, Germany, 23 – 25 June 2013**

The attendance at the Demopark exhibition in Eisenach was also themed around “Technology for every season”. On a floor space of about 1 600 m<sup>2</sup>, Aebi Schmidt Deutschland gave interested trade visitors an overview of its wide range of products for the municipal service sector and green space maintenance, presenting vehicles and a great variety of attachable and de-mountable equipment – an im-

#### **REFERENCE PROJECTS IN 2013**

Major projects in 2013 included: Russia: Domodedovo Airport; China: Shenyang Airport; Turkey: Turkish States Railways, major order for 7 track clearing systems; United Kingdom: major projects with the British water industry



pressive display of why Aebi Schmidt is the leading system provider! The event marked the first time Aebi Schmidt presented the VT450 Vario at a trade fair in Germany. The new Aebi MT was also showcased. A wide range of Schmidt equipment designed specifically to match Aebi machinery makes this vehicle a true all-rounder. Combined with municipal utility equipment by Schmidt, the implement carrier is ready for operation in no time at all – a perfect choice to meet all municipal service requirements.

#### **Plenty of positive feedback at the Inter Airport in Munich, Germany, 8 – 11 October 2013**

Our participation in the Inter Airport Europe 2013 was a sweeping success. The strong interest in our products – which we once again presented at an attractive exhibition stand – and the consistently positive feedback we received make the inter airport Europe our most important international communication and information platform in this segment. At our evening event, we also welcomed a great number of guests from 32 nations.

Expert discussions clearly indicated that the competition will become increasingly fierce. Speed and efficiency will be crucial factors for success in future airport clearing and cleaning operations – at a consistently high level of safety. More and more airport operators are seeking residue-free high-speed clearance as well as de-icing solutions that are both highly efficient and environmentally friendly – Aebi Schmidt delivers tomorrow’s solutions today.

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# ACQUISITION OF NEW PRODUCTS MT750, MT740 AND MT720

On 5 July 2013, Aebi Schmidt acquired products of the companies BSI Veicoli s.r.l., headquartered in I-66030 Arielli, and Meccanica Ortonese s.r.l., headquartered in I-66026 Ortona. By taking this step, Aebi Schmidt Holding adds the product line of "fast-runners" to its transporter business segment.



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The acquisition of these transporter models will further strengthen Aebi Schmidt's market position in the vehicle technology segment. It will permit to even better match the transporters with attachable and de-mountable equipment and adapt them to individual customer needs – to provide our customers "everything

from one source". The vehicles will be improved and optimised in terms of technical details. Moreover, with its sophisticated service and logistics concept, Aebi Schmidt offers optimum after-sales support: We are convinced that we will be able to win back old customers and, of course, attract new ones.

The acquisition will also strengthen the factory in Burgdorf by manufacturing the new product line. The new transporter models, which will be introduced to the market under the names Aebi MT750, Aebi MT740 and Aebi MT720, have already met with great approval at the "Suisse Public" and "Demopark" trade fairs.

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## Division Aebi

# Aebi is gaining speed

The 2013 business year was marked by many trendsetting milestones. The new transporter models presented at the end of 2012 gained us the hoped-for market shares. By acquiring the MT product line, Aebi managed to optimally complement its product range, also covering the market of high-speed multipurpose implement carriers. The consistently pursued product strategy and the constant focus on increasing efficiency led to the envisaged result improvements.

### Product range

In the three product segments of Combicut, Terratrak and Transporter, the trend towards continuously variable drives was confirmed and intensified.

#### Combicut

In the Combicut segment, the sales figures continued to shift towards single-axle mowers with a hydrostatic drive. Especially the CC36, which was launched in 2011 to round off the small product line of hydrostatically powered Combicut models, proves to meet with broad acceptance in the market. Owing to its low weight, convenient handling and high performance in line with its weight, the CC36 is very popular, especially in mountain farming. By integrating a new two-cylinder engine into the CC56, we managed to meet another market requirement in the municipal segment. This addition enables the CC56 to deliver efficient snow cutting and flail mowing operations.

#### Terratrak

With the high-performance TT240 and TT280 models, the Terratrak product group boasts two superior steep-slope implement carriers, which are perfectly suited to work with heavy equipment. The TT280 particularly stands out against products of competitors and impresses with its high engine performance, which can be used in a highly efficient manner, thanks to the electronic drive. The constant shifting of the overall market share towards hydrostatically powered steep-slope implement carriers prompted Aebi to discontinue the production of mechanically powered steep-slope implement carriers in the middle of 2013. In order to maintain and increase the high sales fig-

ures in the lightweight Terratrak segment, the successor machines of the TT205 and the TT210 were launched in November 2013. Great emphasis was placed on the driver's comfort of the successor models TT206 and TT211. To achieve a high level of comfort, the driver's cab was designed more generously, the control elements were arranged in an ergonomic and appealing fashion and the entire operating concept was simplified. The driver's work is



#### TARRON COMPACT

With the multi-blade Tarron Compact, Aebi Schmidt has introduced an entirely new snow plough that is particularly tailored to Aebi's TT and VT/TP vehicles. This highly efficient snow plough can also be attached to narrow-track vehicles and small tractors. Its outstanding clearing performance especially shines when it comes to removing larger amounts of snow from roadways, car parks, industrial areas or private property.

facilitated by different-coloured control knobs, two analogue displays and a colour display. The mobile phone holder, the 1.5 l bottle holder, the lunch box, the DIN A4 storage compartment and the hook for the driver's jacket demonstrate that the facelift is well-conceived down to the last detail. Last but not least, the air-intake unit for the cab's ventilation, which is integrated in the compartment and always guarantees optimum fresh air supply, should also be mentioned. Despite these add-ons, there was no need to compromise. The machine features a state-of-the-art design and complies with the latest exhaust emission directive: a machine to set new standards.



### Multipurpose implement carriers/Transporters

The two new developments, VT450 Vario and TP420, are optimum additions to the product range, making it possible to cover the entire market segment of low-speed multipurpose implement carriers. With the VT450 Vario, Aebi suc-

#### TP420

The new middle-class model, the Transporter Aebi TP420, has been directly derived from the top-class model, the Transporter Aebi TP460. The result was a Transporter that shot straight to the top of the middle class with a high payload, first-class driving comfort, a powerful and clean engine and an excellent price-performance ratio.



ceeded in considerably increasing its market share and setting new standards as regards economic efficiency and operational comfort. The "Tractor of the Year 2014 – Best of Specialized" award attests to Aebi's role as an innovative trailblazer. By acquiring the rights to the vehicles of the company BSI, Aebi was also able to supply the market with high-speed multipurpose implement carriers as from the middle of 2013. This market entry by purchasing the product rights enabled Aebi to achieve one of its strategic objectives at an early point. The vehicles will be continuously enhanced in terms of technical details and will be distributed under the product names Aebi MT720, Aebi MT740 and Aebi MT750. In addition to expanding Aebi's product range, which is particularly interesting for the municipal sector, the MT product line also creates enhanced synergy effects with the products of the Schmidt Division.

### Development

Alongside the new products TT206, TT211 and CC56, a major portion of the resources was spent on the integration of the new low-emission engine generation. Especially the increasing complexity of installation guidelines by engine manufacturers as well as the additional equipment required to reach the limit values present engineers with ever more challenging tasks. The expenses for integrating the MT product line turned out to be higher than expected. The adoption of the data into the CAD/ERP system, the early elimination of potentially identical parts stored under different file names, the adoption of the homologation with simultaneous phase-out of the Euro5 engine generation and many other details proved to be more challenging than originally assumed. It is all the more gratifying that the high commitment of the employees prevented delays in other development projects. The development of the warranty costs is particularly pleasing. The establishment of the team,

which consistently and exclusively focuses on improving the quality of vehicles in the field, made it possible to repeatedly reduce these costs. This is reflected not only in cost reductions but also in customer feedback. Alongside the planned development projects, the focus in 2014 will be on the integration of the Euro6 engines into the MT product line as well as the creation of synergies between the MT product line and the existing Aebi transporters.

### Purchase

The further reduction of inventories to an economical level continued to keep the purchasing organisation busy in 2013, the goal being to once again accomplish a major reduction, which was done by reducing the lot sizes. The excellent negotiation skills and the consolidation of product groups made it possible to avoid imminent price increases. This is also attributed to the positive effects of the measures that were initiated at joint purchase meetings between all business locations and divisions. The effects of integrating the MT machines were even more perceivable in the purchasing department than in the development department. Various components needed for the vehicles were unavailable, defective, incomplete or could simply not be procured because their suppliers no longer existed. The substitution of unavailable components, the arrangements with the suppliers regarding delivery dates and the creation of mutual trust between suppliers and Aebi Schmidt constituted challenges which, in view of the tight deadlines, demanded full commitment of the purchasing team. In 2014, the purchasing department will focus on the consolidation of suppliers and the utilisation of synergy potentials between the MT product line and Aebi's traditional products.

### Assembly

The joint assembly of all Terratrak models using one assembly line and the continuously high degree of capacity utilisation in 2013 made it possible to increase productivity. By the end of June, the relocation of the transporter assembly line to the former "small" Terratrak assembly line was completed. The definite purchase of the rights to the MT products, including takeover of existing orders, took place at the end of July. The definite conclusion and the related reception of all data for the procurement of the required components thus took place directly before the summer break, which is why various material orders could not be placed with the suppliers before September 2013. Quite a few overtime hours and work over public holidays enabled us to deliver and put into service the first few vehicles in 2013. This was of particular relevance to markets that will be subject to more stringent emission standards

as from 2014. The great determination and creativity of the employees in finding solutions to missing or incompatible components to achieve this result in the first place was particularly impressive.

#### VT450/TP460

The two transporter models VT450 and TP460 have been further developed, now offering a 1 000 kg increase in payload. The maximisation of the total weight to 9.5 tons not only leads to a huge increase in operational efficiency but also to a considerable increase in economic efficiency.



In 2014, the main priorities will include the maintenance of high productivity, the processing of existing MT orders and the integration of the MT assembly into the existing transporter assembly line.

## Training

Aebi maintains close cooperation with training institutions at various levels. The technical and economic departments collaborate with the Bern University of Applied Sciences Burgdorf. Tours for technical students are organised on a regular basis. Furthermore, Aebi conducted a two-day practical workshop with the subject "Development process at Aebi". In the economic department, a bachelor thesis dealing with "Evaluation – Operational changes and staff culture" was created. Aebi's support included the provision of information and interview partners and assistance with the completion of the thesis.

Aebi is also actively engaged in training apprentices. Together with RCM-Estech AG, multi-skilled mechanics, car mechanics and sales staff are provided vocational training, giving them an optimum start into their future career.

The Lehrwerkstätten Bern training institution offers apprenticeships in basic mechanics EBA [Swiss Federal Vocational Certificate], among other things. Every year since 2011, one apprentice in the 2<sup>nd</sup> year of apprenticeship has been receiving vocational training at Aebi, where he is provided the opportunity to gather practical experience.

The Battenberg Foundation offers training opportunities to persons with disabilities. To gather initial experience in the industry, Aebi offers traineeships for the training positions of basic electronic technician, automated systems assembly specialist and sales staff, which take between six weeks and one year. In 2013, we again had the pleasure of training and employing several persons.

## Outlook

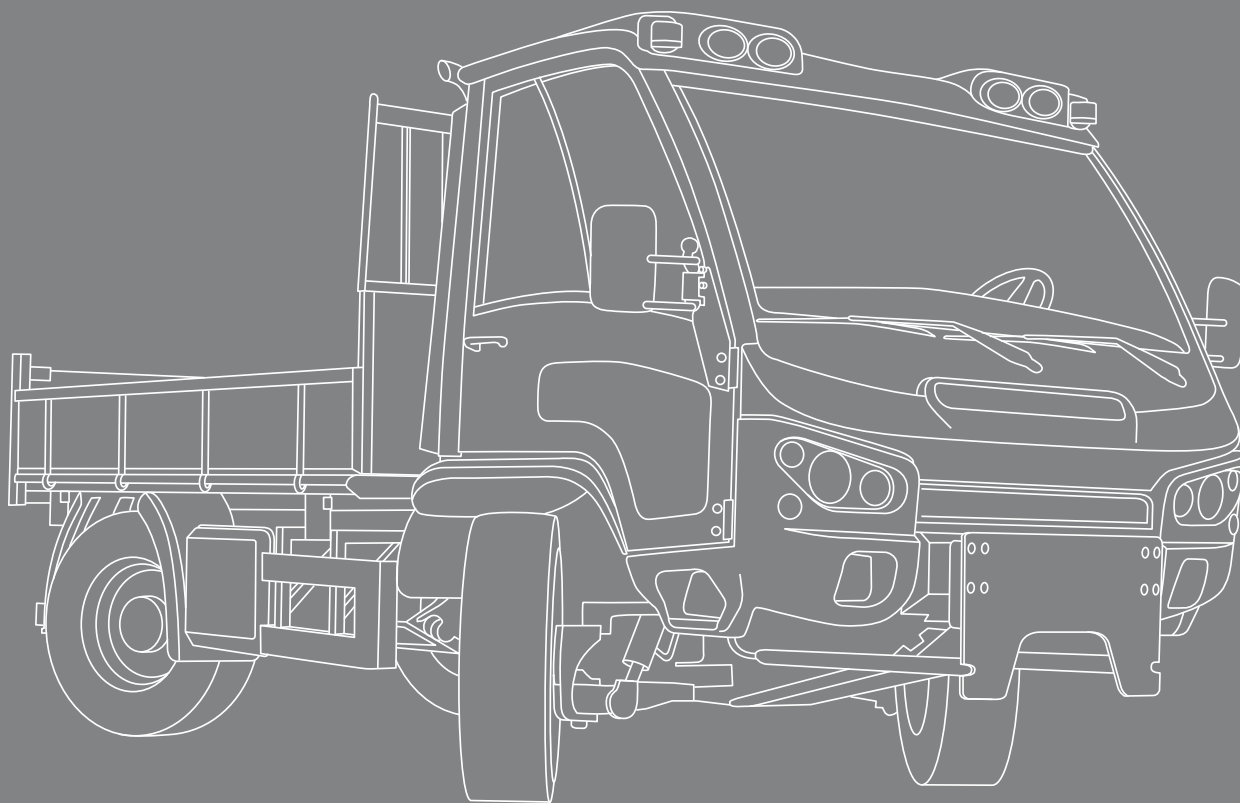
Aebi starts the new business year with a very high number of orders for traditional Aebi products.

This is complemented by a high order volume for the MT products and the sales department's high level of confidence in the positive development of the sales volume throughout the entire product range. The resulting economies of scale and further ongoing measures to optimise the value chain will enable Aebi to once again considerably improve its result and continue countering the strong Swiss franc in 2014. And, of course, you can also expect one or the other innovation in 2014.

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# “TRACTOR OF THE YEAR 2013”: AEBI VT450 VARIO AWARDED AS “BEST OF SPECIALIZED”

Every year, 23 European specialised journalists select the best tractors in three categories as part of the “Tractor of the Year” competition. With the Aebi VT450 Vario, a premium product by Aebi Burgdorf is again selected after 14 years as “Best of Specialized”.



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Safety, operational comfort and outstanding driveability convinced the panel of experts and earned the Aebi VT450 Vario this valuable award. The continuously variable drive, which is unique among tractors, imparts striking advantages in any situation, most notably in steep, challenging and sensitive terrain. Through slow and smooth starting, it is easy on the grass cover and the optimum speed can be

selected for any operation. Shifting gears is no longer necessary and the driver can actuate the functions at the touch of a button on the drive lever while being able to change the direction of travel without clutching. This is advanced vehicle technology that provides a true benefit and driving comfort. We at Aebi Burgdorf are most proud of this award. All Aebi Combicut, Terratrak and

Viatrac vehicles are now equipped with a continuously variable drive. We will continue to consistently advance this drive technology. The users have long since recognised its advantages in a wide variety of tough and difficult applications. They can rest assured: Once continuously variable, always continuously variable!

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## Division Schmidt

# Flexibilisation of factories and successful product innovations anticipate the high degree of seasonality in 2013

The 2013 business year was primarily characterised by a high degree of seasonality, with a moderate spring and a high-sales autumn period. Just like in 2012, this can be attributed to budget cutbacks and delayed project decisions on part of the customers. Stringent cost and portfolio optimisations in the factories as well as targeted innovations enabled the Schmidt Division to largely achieve or even exceed the set targets. In this respect, the optimisation of the entire value chain will continue to be our main focus.

### Product range

Throughout the product range, chassis were continued to be adapted to the new statutory requirements of the E6 and Euromot4 standards to ensure that the machines of the Schmidt Division can be made available to the customers on schedule in 2014.

Combined machines were matched with new carrier vehicles. The optional equipment segment saw strategic enhancements. The expansion of the product portfolio in the segment of supporting electronic system solutions created additional opportunities for customers beyond the actual machine to increase economic efficiency, safety and environmental friendliness in winter service.

The 2013 trade fairs "Suisse Public", "Inter Airport" and "Agritechnica" again saw a great number of innovations. It became evident that competitors from Eastern Europe are increasingly entering the Central European market with their copies and low-priced products, especially in the segment of "snowploughs".

### Development

The development activities in 2013 can be classified into two major categories: Compliance with the changed statutory emission regulations and optimisation of the product portfolio. In both respects, the Schmidt Division has once again proved to be an innovative special vehicle manufacturer who is able to meet the requirements of a wide range of customers by providing solutions that are both technically advanced and cost-effective.

### Compact sweepers

The compact sweepers segment in 2013 was all about developments for the purpose of integrating the new engines conforming to the E6 standard, which will be gradually introduced to the market as from 2014. The goal is to retain the machines' compact dimensions and outstanding manoeuvrability to increase our competitive edge also in the field of machines equipped with E6 engines. All sweepers were improved in terms of technical details in order to optimise their quality. The range of country-specific optional equipment was expanded on the basis of existing customer requirements. The Swingo Cargy carrier vehicle was technically adapted in order to include the Cityjet 3000 street washer into the product portfolio as a strategic addition to the product line of compact sweepers, combined with the simultaneous establishment of our partner Europe Service.

At the beginning of the year, the sales volume of compact sweepers was moderate; however, it stabilised at a high level as from the second quarter, yielding satisfactory results in the compact sweepers segment for the 2013 business year.

### Mechanical sweepers

In the towed sweepers segment, the Wasa 300+ was successfully introduced to the market, with improvements in sweeping quality and capacity being the main priorities. By obtaining the PM-10 certificate, which attests to the vehicle's particularly low-dust sweeping operations, a feature with high market relevance was created.

The G1 and G2 machines from BEMAB's range of products were successfully integrated into the Schmidt Division's product portfolio and will be available at all Aebi Schmidt sales organisations as from 2014.

### Snow ploughs

The snow ploughs product segment was strategically adapted to market-specific requirements in a selective manner. Special plough dimensions for Scandinavian countries and new optional equipment, such as the quick-changing device for airport ploughs, were implemented.

New functions were added to the product line of motorway ploughs, making it possible to clear snow with the lateral blade lifted and thereby optimising the market strategy in this product segment.

The Tarron Compact product line firmly established itself in the market. Following a first successful season, the sales volume is developing in line with the expectations.

Designed to be attached to the TT, VT and TP carrier vehicles of the Schmidt Division, the MPC ploughs were launched to further expand the product range of self-developed attachments for Aebi machines in line with the strategic targets.

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#### EN SNOW PLOUGH

The new EN lightweight snow plough used in municipal winter service is equally powerful and versatile in application. Owing to its optimised blade shape and new attachment design, this snow plough, designed on the basis of latest technical know-how, is particularly efficient and is optimally suited to all Aebi narrow-track vehicles and a wide range of different small tractors.



Due to the increasing activities of our competitors, the plough market in 2013 was generally subject to strong pricing pressure, which necessitated the strategic reorientation of some segments. We were able to respond to low-priced models and product copies and the 2013 business year in the snow ploughs segment was concluded on a successful note.

### Rotating snow-clearing machines

The market launch of the Supra 4002 and 5002 models went very well. The main focus of the well-attended demonstrations in Switzerland, France and Austria was on three improvements: reduced fuel consumption at increased clearing capacity, optimised ergonomics and modern vehicle design. The technological leading position achieved as a result will continue to be strengthened by integrating a GPS-guided automatic steering system. This

system enables the customer to accurately and automatically control the machine in pass openings on snow-covered roads, without the driver having to focus on the position of the road surface underneath. The advantages of this system can also be transferred to applications at airports in poor visibility at night.

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#### SUPRA 4002

The Supra 4002 is a snow cutter blower of the latest generation – specially designed for customers in regions with very high levels of snow. The self-propelled vehicle comes equipped with articulated steering and intelligent power drive transmission, delivering a consistent snow-clearing performance even when cornering.



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Due to the low levels of snow and the tense economic situation in the municipalities, the self-propelled snow cutters market in 2013 experienced only modest development. Main competitors were trying to market technically inferior machines at very low prices.

### Spreaders

Continuous improvements enabled us to further adapt our spreaders to customer requirements. A great deal of detail improvements were implemented and introduced. A new, patented conveyor belt with an optimised profile reduces salt loss by up to 60%, thus being easy on the carrier vehicle and the environment. A chain conveyor system for the Galeox product line was successfully introduced to the market.

The trend towards the increased use of spray technology consolidated in 2013. This technology employs a brine solution, which is sprayed onto the road before onset of frost to prevent the formation of black ice. With the Straliqu and Combi Soliqplus, which are available with different capacities and can be mounted on a number of vehicles and trailers according to customer specifications, Schmidt offers its customers an extensive range of high-quality machines for any field of application. For smaller carrier vehicles, such as tractors or implement carriers, Schmidt offers its customers the modular, adapted machines of the CSP Compact Sprayer product line.

In order to also support customers after purchasing a spreader, Schmidt further diversified its range of electronic system solutions. The existing modules of the "SMART WinterCare" system were improved and enhanced. The display of maps in the "WinterLogic Live" module was optimised to record and display spreading operations even more accurately. The "WinterLogic Report" module, as the documentary evidence for completed spreading opera-

tions, was successfully tested in the market for the first time in 2013 and convinced our customers straightaway.

In the first half of the year, the spreaders market was marked by reserved purchase behaviour on part of the municipalities and road maintenance departments. It was all the more important to successfully conclude crucial tenders, yielding a satisfactory sales volume in the second half of the year. Depending on the country, we were able to increase or maintain our market shares.

#### COMBI SOLIQ<sup>PLUS</sup>

The combination of spreading and preventive spraying is a highly efficient procedure, allowing for considerably reducing the amount of brine and salt used while increasing the effectiveness of operations at the same time. This economically interesting procedure is becoming more and more popular, whereas the requirements and wishes of customers are becoming increasingly sophisticated. The new Stratos Combi Soliq<sup>PLUS</sup> has been optimised in many respects to make operations even more efficient, safer and also more comfortable.



#### Special machines for airports

The FS105T attachable snow cutter blower was presented in combination with a Claas Xerion 5000 on the occasion of the Inter Airport held between 8 and 11 October 2013. This snow cutter blower has been developed for application at airports and for clearing mountain regions at high altitudes in combination with heavy-duty, powerful tractors. In terms of its clearing capacity and drive power, this machine is classified between the SUPRA product line and the FS105 attachable snow cutter blower product line. This carrier vehicle offers customers the opportunity to not only use the tractor in summer service but also in winter service by fitting a snow cutter. This makes it possible to utilise the carrier vehicle to maximum capacity.

In addition, a TJS630 with a large, 30-piece brush roller was presented. As a result, the great modularity of jet sweepers is enhanced, making it possible to respond to customer needs even more specifically.

Following the trend towards increasing spraying activities at airports, we launched the ASP45 airport sprayer. This vehicle is based on the modular concept of the de-mountable sprayers for trucks and is capable of applying the latest generation of high-viscosity spraying materials.

In preparing for the gradual changeover of our vehicles to the new requirements of the Euromot4 standard for auxiliary engines and the adaptation of our machines to the new E6 carrier vehicle generation, we made substantial progress in 2013. Our machines will be available just in

time for the new statutory requirements coming into force.

Market-relevant optimisations and additions were made throughout the entire product segment. We won a strategically important tender of Munich Airport. In line with our expectations, the overall airport vehicles market in 2013 was slightly regressive, given that the European markets are showing signs of a certain degree of saturation. Growing demand is being noticed in Asia and Russia; however, these markets are characterised by high price sensitivity.

#### Tractor attachments

In 2013, we developed and launched attachment solutions for the various tractor types in winter service in collaboration with our partner Claas. Existing gaps in the product portfolio of spreaders are planned to be closed in 2014.

At the Agritechnica 2013, a snow cutter blower and an attachable spreader of the Schmidt Division were showcased in combination with a Claas ARION640 at Claas' fair stand. Conversely, a Claas NEXOS with attached sprayer and front-mounted sweeper was presented at Aebi Schmidt's fair stand. The visitors' feedback during the trade fair clearly demonstrated that there is growing demand among municipalities and service providers for high-quality winter service equipment combined with tractors.

#### Rail technology

In addition to regular repair and modification orders, we were again awarded a contract for new vehicles in 2013.

In collaboration with the Austrian company Plasser+Theurer delivering the carrier vehicle, the order comprises eight blower heads, special snow ploughs, rail track sweepers and track clearing ploughs.

#### De-mountable and attachable equipment for various carrier vehicles

The system partnership with VW was intensified by implementing two attachment solutions in winter service for the Crafter and Amarok vehicles. Existing attachment solutions were adapted to the new E6 carrier trucks of MAN and Daimler Benz, which enables the customers to continue relying on the tried and tested solutions of Schmidt for all their winter service needs.

The hydraulic units were further adapted to customer requirements and the specifications defined in DIN15431, enabling Schmidt to continue offering its customers units of the highest technical level.

#### Purchase

The collaboration of the purchasing departments at the individual business locations was further optimised in 2013.



Not only two purchasing manager meetings (Laatzen and Kielce) but also three one-day events were organised, where objectives and backgrounds as well as the implementation of the purchasing strategy, as a crucial element of the value chain, were intensively discussed by the purchasing teams of each location (St. Blasien, Holten and Kielce) and the Management Board (strategic and operational). The clear focus was the improvement of the production costs, the goal being to offer our customers the innovative Schmidt products at favourable prices. The purchasing department was also able to positively influence this development by optimising the cost prices, terms of payment and the inventory.

A tool (IMS) specifically developed to improve inventory management was introduced. In 2013, this tool was advanced, entailing significant improvements in the NWC at the individual business locations.

The insolvency of two key suppliers, involving noticeable disruptions in production in 2013, has presented us with great challenges, which we managed to successfully mitigate through a joint effort. As a result of the activities, the targets of the purchasing department were achieved very successfully.

## Production

### Location St. Blasien

The 2013 business year started with a moderate workload. Following a weak first quarter, we noticed a considerable increase in incoming orders for compact sweepers and were able to reach our originally envisaged weekly sales volume again as from the middle of the year. The good to very good order volume for compact sweepers in the following months ensured a fairly high workload in the second half of the year and ultimately a satisfactory annual result. The order for 10 Swingo vehicles for the city of Vienna and the delivery of the 3333rd Swingo to the waste management authority in Hannover deserve particular mention.

In the large vehicles segment, the situation was entirely different. Following a good first half of the year, the market noticeably cooled down, entailing that our production capacities could not be utilised to a maximum. A pleasing highlight in 2013 was represented by the on-schedule production start of the new Supra 4002 and 5002 high-performance snow clearing machines, which meet latest standards and future requirements in terms of performance, consumption and ergonomics.

In summary, the factory in St. Blasien proved to possess the required level of flexibility to adapt to the demanding market situation.

### Location Holten

In Holten, too, the first half of the year remained below the expectations. The start of the peak season in the second half of the year was additionally complicated by the insolvency of a key supplier. In close cooperation with the new owner, the supply difficulties were gradually resolved in the further course of the year.

As from the middle of the year, the newly installed welding robot has fully met the expectations. By the second half of the year, many of our welding components and building parts were produced using the new robot.

The stability of our in-house processes combined with the flexibility of our suppliers and employees enabled us to ultimately achieve our targets regarding timely delivery and high quality.

### Location Kielce

At the location of Kielce, the 2013 business year also started with a fair to middling production workload. However, the existing production capacities were successfully utilised in component manufacture. Furthermore, numerous new steel structural components of the Aebi Schmidt Group were successfully integrated. The second half of the year was marked by an increasing production workload.

For the first time in a long time, we used the instrument of providing expert support across locations, in this case, to the factory in St. Blasien, with an excellent result.

In the end, the strategy of intensified insourcing as well as the excellent cost management enabled us to significantly exceed the envisaged targets.

## Investments

In St. Blasien, numerous projects were initiated to increase productivity, their main focus being the systematic improvement of processes and the optimisation of resources, especially regarding handling and ergonomics. For example, height-adjustable workbenches and a handling robot for hopper assembly were successfully integrated into the Swingo assembly line.

In 2013, various complementary or new projects were implemented or initiated to optimise infrastructure and processes.

The investments at the location of Kielce were mainly of infrastructural nature. The factory's flexibility was increased and the range of products was considerably expanded, in particular as a result of insourcing. The function as an extended internal workbench was consistently enhanced, now forming a strategic building block for reducing production costs within the group.

At the location of Holten, the new welding robot was put into service in 2013. The employees and the design

engineers received corresponding training. In line with the plan, this robot has already been used to complete several projects, e.g. a large-scale project for Belgium.

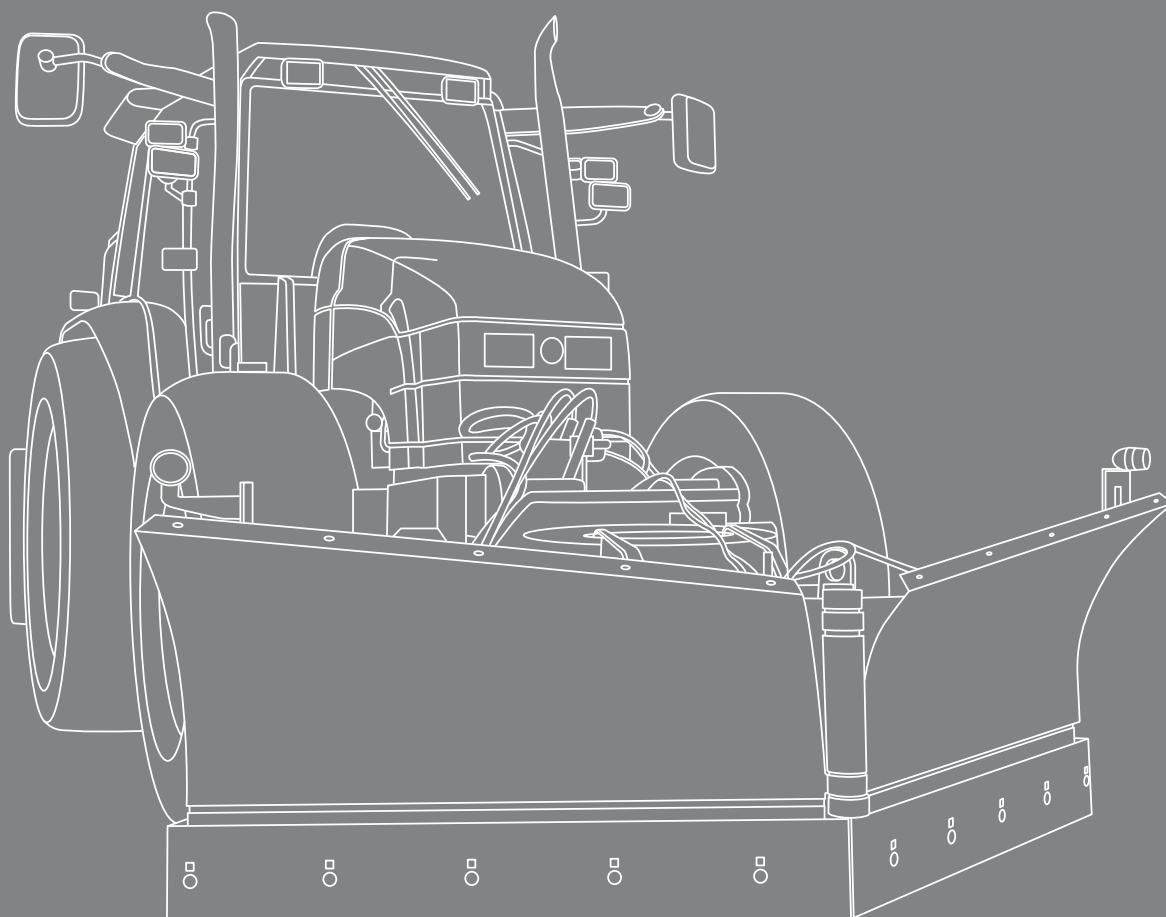
## Outlook

We enter the 2014 business year with conservative optimism. The increased market volatility confirms our strategy. Firstly, we focus on increasing flexibility and profitability at our business locations.

Secondly, the market-oriented exploitation of our innovative potential combined with appropriate insourcing measures is a key element of our approach. Consequently, we feel well prepared for the upcoming challenges in 2014.

# TELLEFSDAL AND AEBI SCHMIDT ENTER INTO A STRATEGIC PARTNERSHIP

**Aebi Schmidt acquires 50.001% of the shares in the Norwegian winter service equipment manufacturer Tellefsdal AS – a partnership that will further strengthen the market position, particularly in Scandinavia and Eastern Europe.**



With its extensive product range of high-quality snow ploughs and tractor/wheel loader attachments, Tellefsdal AS is counted among the leading manufacturers in this market segment, reaching far beyond the borders of Norway. In addition to decades of experience in product development, manufacture and distribution, the two companies share exceedingly high

standards regarding quality and longevity of products designed for professional municipal winter service applications – combined with a service programme that is optimally tailored to customer needs. During the last two years, Tellefsdal AS successfully implemented a comprehensive investment and restructuring programme. The partnership with Aebi

Schmidt will now also secure the company's strategic future. The current local management will continue to be in charge of Tellefsdal AS' business operations. In a further step, Aebi Schmidt will be acquiring the remaining shares from the present owners by the end of 2015, thus becoming the sole owner of Tellefsdal AS.

## Sustainability

### Sustainability as a success factor

Customer satisfaction, employee satisfaction and profitability are the three cornerstones of Aebi Schmidt's guiding principle. Aebi Schmidt thus combines its high standards of customer and employee satisfaction with the goal of efficient and profitable business operations. Sustainability – regarded as long-term business success – is an integral part of Aebi Schmidt's corporate identity. "External tendering requirements of major customers such as communities, municipalities, airports and agriculture confirm Aebi Schmidt's sustainability strategy: This issue plays an important role in the company."

#### Improved processes

Customer value is a key factor for the success of Aebi Schmidt. For this reason, the business processes are constantly improved and product costs as well as innovative solutions are continuously optimised. All Aebi Schmidt business locations have been ISO 9001-certified since 2009. In 2013, 22 internal audits were conducted; substantial progress in the development of the quality management system was attested for all audited business locations. As a supplement to process management, the internal control system (ICS) of Aebi Schmidt comprises all processes, methods, measures, regulations and activities prescribed by the Board of Directors and the Group Management in order to ensure proper business operations. The ICS, which has been effective since 2009, covers 80% of Aebi Schmidt's sales volume and employees. The factories and the sales organisations in Holten and Leimuiden (Netherlands) as well as the sales organisations in Peterborough (England) and Fiume Veneto (Italy) are additionally certified according to the environmental standard ISO 14001. Internal audits and the annual management reviews are used to appraise and define future quality and process improvements. Aebi Schmidt is known by its customers for being dedicated to high quality; corresponding customer audits were passed successfully by the company.

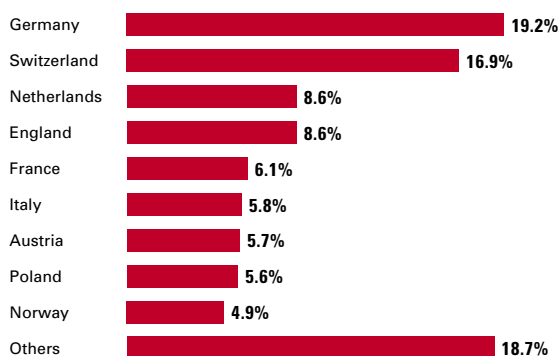
#### Clear rules of conduct

Since 2010, a group-wide code of conduct has been in place governing the proper behaviour in business practices, fair dealings with competitors and business partners and appropriate behaviour among all employees.

The employees are given a clear set of rules to comply with voluntary and mandatory measures. Every new employee signs this code of conduct upon recruitment and about 90% of all existing employees have already done so as well. New training courses on the code of conduct and on compliance in general are planned. The rules of conduct are reviewed as part of the risk management process. In 2013, the code of conduct was violated, which entailed the dismissal of three employees. The company was not involved in any lawsuits for anti-competitive practices, nor were there any fines or nonmonetary penalties for violations of other rules or regulations.

#### SALES BY COUNTRIES

2013





## Sustainability – Customers

### External recognition

The achievements of Aebi Schmidt are also regularly acknowledged elsewhere. Every year, 23 European specialised journalists select the best tractors in three categories as part of the “Tractor of the Year” competition. In the year under review, the new Aebi VT450 Vario, a premium product by Aebi Burgdorf, was selected as “Best of Specialized”. Safety, operational comfort and outstanding driveability convinced the panel of experts and earned the Aebi VT450 Vario this valuable award.

### Customers

Aebi Schmidt measures its success by its customers and their satisfaction. Diversified customer relations are therefore top priority. Aebi Schmidt’s broad customer base includes communities, public administrations, airports, service enterprises, agriculture, military and industry. This results in highly diversified requirements for customer relations. Owing to its many years of international experience, Aebi Schmidt is a reliable partner and attendant to its customers. By means of a service programme tailored to customer requirements, Aebi Schmidt offers its customers the appropriate solution to nearly any problem and, owing to its extremely dense sales and service network, is characterised by close customer relations.

### Close customer relations/Customer retention

Throughout Europe, 12 local sales and service organisations ensure direct contact with customers; on a worldwide scale, an excellent network of roughly 120 dealers is at their disposal.

Aebi Schmidt continues to increase its presence in the markets outside Europe. In July 2013, for example, it established its own service organisation in Moscow, Aebi Schmidt RUS GmbH. This organisation is aimed at providing optimum support to the local dealers, ranging from spare parts procurement to service.

A strategic partnership with tractor manufacturer Hyster was established to take account of our service standard in the North American market: In this case, efficient and customer-friendly spare parts supply was ensured.

In 2013, Aebi Schmidt started numerous further initiatives in the field of customer support: In this regard, the CRM (Customer Relations Management) projects and our Online Service Portal are worth mentioning. Another example is the pilot project of our Dutch colleagues in cooperation with the city of Lelystad near Amsterdam. This project was initiated by the local sales organisation as part of our “Total Lifetime Care” programme. Since last winter, the

municipality has been provided an all-inclusive package for the respective clearing operations, covering all tasks from routing and salt procurement to the actual clearing task. The city of Lelystad receives this all-inclusive package directly from our factory in Holten, Netherlands.

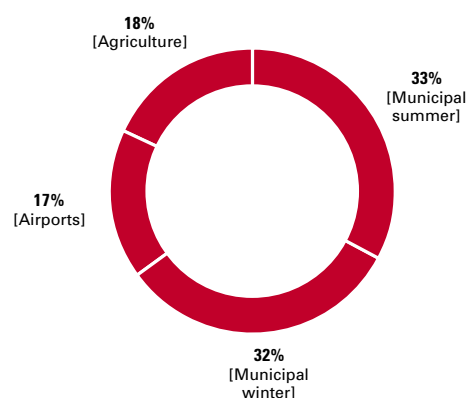
In 2013, Aebi Schmidt again attended a great number of trade fairs worldwide and was able to establish and foster direct contact with customers. Out of the roughly 40 events, the “Suisse Public” in Bern and the German trade fairs “Demopark” (Eisenach), “Inter Airport Europe” (Munich) und “Agritechnica” (Hannover) are particularly noteworthy. For the purpose of marketing and customer information, image films and country-specific customer journals were published and dealer conferences were organised. In addition, Aebi Schmidt has been successfully operating its own YouTube channel since 2011, which contains 45 videos. By the end of 2013, 546 subscribers (previous year: 113) and nearly 300 000 views (previous year: 47 000) were registered.

### Training programme

Being an innovative system supplier and provider of all-inclusive services, Aebi Schmidt attaches great importance to the professional training of vehicle and product users. This is the only way to ensure proper and sustainable application of the machines. Skilled users are not only the guarantee for the effective and environmentally friendly use of the machines and vehicles; they also substantially contribute to retaining their value. Increasing overall demand for product training courses is becoming evident, making the new training courses organised in the year under review even more meaningful: In Great Britain, Aebi

### SALES BY AREAS OF APPLICATION

2013



## Sustainability – Employees

Schmidt now has 3 specially qualified trainers; in Norway, various training courses with large service enterprises and the Norwegian NCC took place. The training programme in Germany was also expanded: In cooperation with the Berlin Academy for Municipal Vehicle Technology, the so-called sweeper driver's licence can now be obtained.

### Safety and quality

Only products that comply with Aebi Schmidt's high safety and health standards are allowed to leave the factory. From development to application and disposal of the products, the relevant safety measures are taken into account. All machines are subjected to a final inspection, in addition to unannounced, irregular product audits conducted as part of the quality management. Just like the inspection of the products' compliance with the general statutory requirements and standards, these revealed excellent results. Any deviations are analysed and integrated as improvements into the product development process and the inspections. Sensitive monitoring and the performance of intensive testing prior to starting series production additionally increase the development quality. The individual employees are trained in the product development process on an ongoing basis in order to increase their quality awareness as well as the quality of products.

### Customer satisfaction

Since 2010, about 5 000 customers have been interviewed each year on subjects such as product quality, service & customer support, sales & marketing as well as order processing. Over the last three years, continuous improvement of customer satisfaction has been observed. In the year under review, the aspired target of an average rating of 2.0 points (1.0 to 5.0 points are possible) was achieved. The previously problematic areas of delivery times, spare parts and new vehicles saw significant improvement. The initiated measures and improvements of in-house processes, such as rolling forecast, continuous monitoring and the spare parts online shop, thus proved effective and substantially contributed to improving customer satisfaction.

### Customer feedback

The end-of-season meetings between customers as well as the purchasing, development and product management departments are standard at Aebi Schmidt and thus also took place in the year under review. Issues that are particularly near and dear to our customers' hearts are checked for feasibility and then incorporated into an action plan. Aebi Schmidt attaches great importance to open dialogue between all parties involved. As a result, issues that are particularly important from the customers' perspective can be

directly considered in product development. Any complaints by customers are recorded by our computer-based QM Module and forwarded to the respective specialist departments. This closed and logical system of feedback processing constitutes another milestone in the improvement of our in-house processes and substantially contributes to the quality assurance of Aebi Schmidt's products.

## Employees

Well-trained and motivated staff is crucial for the success of every company. Aebi Schmidt benefits from the high competence and commitment of its employees. As an employer, Aebi Schmidt is also aware of its responsibility to preserve jobs. In view of the demographic development, the strategic orientation to further training in the individual departments and the securing of succession planning are of particular significance: In the next 10 years, about 25% of the employees will leave the company due to old age. Measured in full-time equivalents (FTE), the number of employees worldwide amounted to 1 332 as of the end of 2013 (previous year: 1 285). A total of 1 123 full-time employees were working at the production facilities in Switzerland, Germany, Holland and Poland (previous year: 1 118), 92 of which were fixed-term employees (previous year: 125). 41 (previous year: 42) employees were in training at that time. Women accounted for 13.6% (previous year: 11.6%), 0.9% (previous year: 1.0%) being employed in management positions. In 2013, the average fluctuation rate, including reductions due to retirement, was still at a low level amounting to 9.5% (previous year: 11.9%). When recruiting staff, Aebi Schmidt considers both newcomers and people over 50 years of age, depending on the job requirements. Thanks to the extensive range of further training opportunities, an in-house solution is sought first.

### In dialogue with employees

Aebi Schmidt conducts staff interviews on an annual basis to discuss and harness the competencies and the potential of its employees. In 2013, a total of 90% of all staff members participated in these interviews (previous year: 87%). Aebi Schmidt offers "potential assessment interviews" for the management staff and employees with leadership potential and "employee interviews" for the employees at all remaining levels. This makes it possible to record both the staff development and the systematic future staff planning. At the beginning of every year, targets are defined and agreed and their achievement is then assessed at the end of the year. The degree of target achievement is taken as the basis for the possible variable remuneration. In the

future, these interviews will focus more closely on personal development. Possible deficiencies in social and professional competence are thus taken as a basis for further training measures. Ideas of employees are included into a company suggestion scheme and outstanding ideas are rewarded, such as suggested improvements for assembly processes or initiatives for reducing energy consumption.

### Education and further training

The education and further training of employees is strongly promoted at Aebi Schmidt. Retaining qualified employees who possess the required expertise is of particular importance in special vehicle construction. Positions that are difficult to fill, e.g. mechatronics engineer, logistics specialist, electrical engineer or draughtsman are now trained within the company. These persons now bring increased professional competence into the corresponding areas. In some departments, trainees account for 10% of all staff members. They usually prove to be very successful and win job-specific prizes.

In the year under review, SAP power users were trained for every specialist department, the goal being to help employees with minor SAP problems. This measure reduced IT costs and entailed a more effective use of SAP in the specialist departments. The management training programme was continued with the “Lead the Change” seminar, its main subjects being strategy and management culture. Compliance and sales training as well as subject-related technical training, such as hydraulics or English training courses, are also important.

Since October 2011, the new study course of industrial engineering has been offered in cooperation with the

Baden-Wuerttemberg Cooperative State University, with the special subject of electrical engineering having been added in October 2012.

### Employee satisfaction

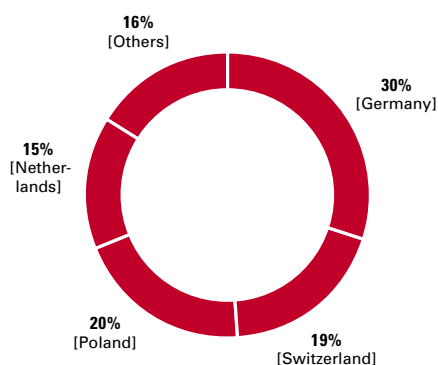
Both at its business locations and within the industry, Aebi Schmidt has become an acknowledged employer. Although an employee survey was not scheduled for the year under review (the next one is planned for 2014), informal positive feedback given in the staff interviews allowed the conclusion that the education and further training opportunities as well as the product shows are highly appreciated at the individual locations. The working atmosphere is also correspondingly good, which is substantially promoted by hosting special events in the company, such as the various summer and winter festivals, trainee excursions, in-house practice days, where the employees are provided the opportunity to field-test the Aebi machines, health campaigns and special sales campaigns for Aebi Schmidt clothing and many more.

### Safety and health

Since many Aebi Schmidt employees work in the field of production, Aebi Schmidt places high emphasis on creating a safe working environment. All staff members therefore receive thorough initial instruction on safe practices at the workplace. Furthermore, safety inspectors are provided with both internal and external training. The introduction of a company health management system is planned for 2014. Health promotion interviews are also being planned; in the year under review, as many as 23 new first-aid experts were trained. All business locations in Germany were

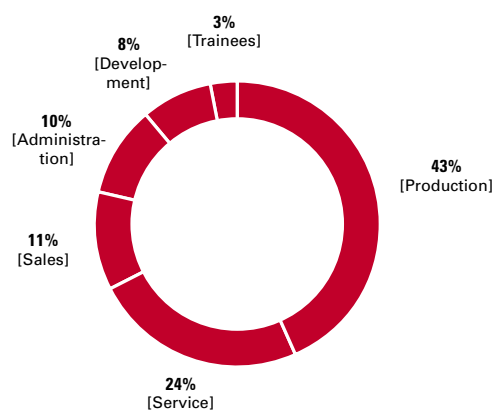
### EMPLOYEES BY COUNTRIES

full-time equivalents/2013



### EMPLOYEES BY FUNCTIONS

full-time equivalents/2013



## Sustainability – Environment

provided with a central dangerous substances registry on the Intranet in order to be able to quickly find material safety data sheets and operating instructions for the safe handling of dangerous substances. Back training sessions, an anti-smoking campaign and the collaboration with health insurance funds for the prevention of orthopaedic conditions round off the programme and the efforts in this respect. The number of missed working days due to workplace accidents was considerably reduced. In the 2013 reporting year, a total of 30 workplace accidents were reported (previous year: 46), some of which required medical attention (9 in Germany, 0 in Holland, 12 in Poland, 9 in Switzerland) (previous year: 15, 8, 11, 12). Measured in days, a total of 381 (previous year: 391) working days were missed.

### Environment

As an innovative manufacturer of special machines, environmental considerations are of great importance to Aebi Schmidt, both in product development and in environmental protection at its business locations. Environmentally friendly products offer a considerable market advantage, particularly among customers in the public sector, since

they are often subject to stringent procurement requirements. Environmental issues will continue to play a major role. In Europe, for example, vehicles weighing 2.5 tons and over with a speed of more than 50 km/h have been legally required to be equipped with a new generation of Euro6 engines since the beginning of 2014. This results in further substantial reduction of soot particles and NOx. One of Aebi Schmidt's major efforts concerned environmental protection at its business locations, predominantly in the field of energy conservation and the corresponding reduction of CO<sub>2</sub> emissions as well as the avoidance of waste and the optimisation of waste flows, in addition to using renewable energy sources.

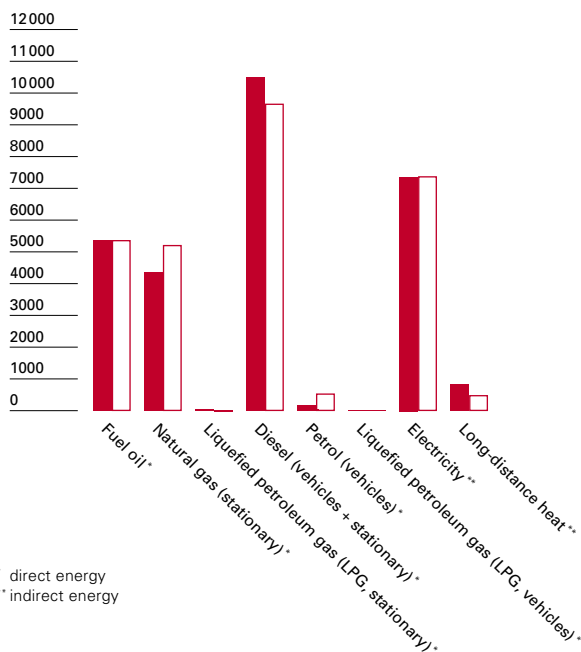
#### Examples of new products

With the two new Terratrak Aebi TT206 and Aebi TT211, Aebi launched the new Terratrak compact class. The two machines were first presented at the "Agritechnica" Hannover 2013 (Germany) and the "Agrialp" 2013 in Bozen (Italy) and are expected to be a great success. The Aebi TT211 is the top-range model of the compact class. Everyone instantly feels comfortable in the state-of-the-art, generously dimensioned driver's cab. The new Kubota stage-III B turbo diesel engine generates high torque and delivers

#### ENERGY CONSUMPTION

in MWh

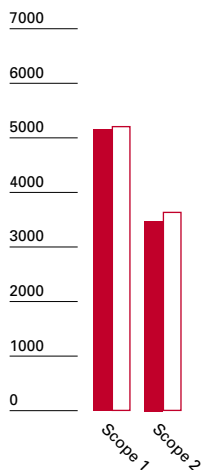
■ 2013  
□ 2012



#### CO<sub>2</sub> EMISSIONS

in tCO<sub>2e</sub>

■ 2013  
□ 2012





a muscular 72 HP. The considerable addition to performance expands the range of application and increases the maximum possible operating widths. Outstanding manoeuvrability and an optimum steering angle provide further benefits to users. Twin tyres can be fitted all around to increase safety in extreme conditions and to protect the soil surface. The only difference between the Aebi TT206 and TT211 is the stage-IIIa Kubota diesel engine with 50 HP and an excellent torque for more propulsion.

The new VM turbo diesel Aebi VT450 Vario complies with the Euro6 emission standard and delivers a strong 80 kW (109 HP) at 2 600 1/min. The maximum torque amounts to 420 Nm and lies within a range of 1 100–1 400 1/min. The torque increase reaches 40%. These excellent key figures once again significantly increase the driving performance of the Aebi VT450 Vario at reduced fuel consumption. The turbo diesel engine is equipped with a diesel particle filter and SCR (Selective Catalytic Reduction). The exhaust gas recirculation and SCR processes are continuously adjusted and monitored electronically, ensuring optimum emission control. The renovation package significantly increases the practical benefit. The clean engine meets the requirements of the “green label”, which also permits driving in Germany’s inner-city areas. The Aebi

VT450 Vario celebrated its premier at the “Agritechnica” 2013 in Hannover.

Smart WinterCare helps optimise the machines’ application in winter service. The electronic software tool allows for precisely adjusting where, when and what amount is and has been spread on the various routes. It provides a direct overview and full control of the spreading operation.

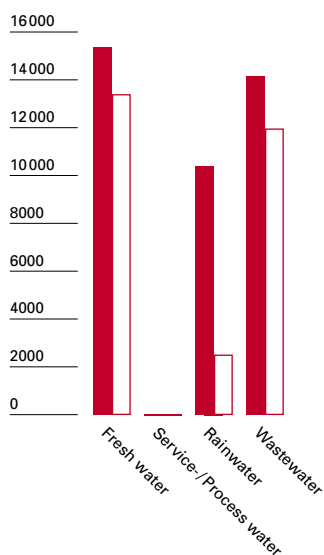
The Straliq is designed specifically for brine spraying applications. The spraying width can be individually adjusted to any road. The issue of fine particulate matter is currently subject to intense debate. This prompted tests in order to investigate how to reduce the pollution caused by fine particulate matter. The solution to this problem is the spraying of calcium chloride. It has a binding effect, making particulate matter adhere to the road surface and preventing its release.

The compact sprayer of the CSP product line can effectively prevent the formation of ice – before potential risks on roads, streets and squares become incalculable. The sprayer can also be used for curative de-icing. In dry or slightly moist conditions and up to a temperature of –6 °C, this method is particularly suitable for municipal winter service where the spreading material consumption is to be significantly reduced.

## CO<sub>2</sub> WATER CONSUMPTION

in m<sup>3</sup>

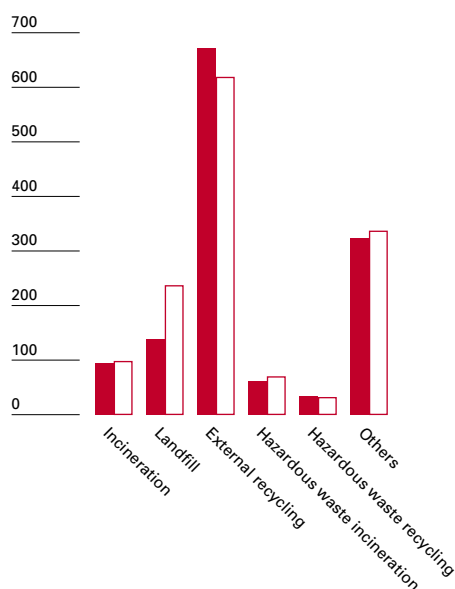
■ 2013  
□ 2012



## WASTE

in t

■ 2013  
□ 2012



## Production and corporate environmental performance

Compliance with the applicable requirements on waste disposal, exhaust gas emissions, industrial wastewater treatment and discharge, monitoring and reduction of energy consumption for products, processes, facilities, transportation and traffic as well as the avoidance of emissions in soil, water and air is self-evident at Aebi Schmidt. During the year under review, for example, the thermal energy

generated in drying ovens and compressors in the Netherlands was conducted back into the energy cycle, making it possible to save about 15 000 m<sup>3</sup> of natural gas. In addition, the air-conditioning system in the administrative building was modernised to reduce CO<sub>2</sub> emissions, which resulted in a considerable improvement in air quality, a saving in natural gas thanks to the reduction of pre-heating as well as reduced power consumption of water heating systems and pumps. A new contract for the supply of green energy was

## Aebi Schmidt environmental performance figures

		Unit	2013	2012
Energy	<b>Total energy consumption</b>	mWh	<b>28 506</b>	<b>28 672</b>
	Direct energy			
	Fuel oil	mWh	5 361	5 369
	Natural gas (stationary)	mWh	4 338	5 214
	Liquefied petroleum gas (LPG, stationary)	mWh	25	21
	Diesel (vehicles and stationary)	mWh	10 470	9 661
	Petrol (vehicles)	mWh	149	540
	Liquefied petroleum gas (LPG, vehicles)	mWh	0	0
	Indirect energy			
	Electricity	mWh	7 353	7 377
	Long-distance heat	mWh	810	490
Emissions <sup>1)</sup>	<b>Total CO<sub>2</sub> emissions</b>	tCO <sub>2</sub> e	<b>8 635</b>	<b>8 862</b>
	Scope 1	tCO <sub>2</sub> e	5 158	5 217
	Scope 2	tCO <sub>2</sub> e	3 478	3 645
Water	Fresh water <sup>2)</sup>	m <sup>3</sup>	15 360	13 390
	Service/Process water	m <sup>3</sup>	0	0
	Rainwater	m <sup>3</sup>	10 351	2 484
	Wastewater <sup>3)</sup>	m <sup>3</sup>	14 125	11 950
Waste <sup>4)</sup>	<b>Total waste</b>	t	<b>1 319</b>	<b>1 393</b>
	Incineration	t	93	98
	Landfill	t	138	237
	External recycling	t	671	619
	Hazardous waste incineration	t	61	70
	Hazardous waste recycling	t	33	32
	Others <sup>5)</sup>	t	323	337

<sup>1)</sup> The CO<sub>2</sub> emissions were calculated in compliance with the guidelines of the Greenhouse Gas Protocol. The emission factors for direct emissions were obtained from the IPCC 2006 and the British environmental authority (Defra). The emission factors for indirect emissions were obtained from the International Energy Agency (IEA), whereby the average emission factor for Switzerland stated in the ecoinvent database was used to determine the amount of electricity consumed in Switzerland. Scope 1 covers direct CO<sub>2</sub> emissions from e.g. heating boilers and fuel. Scope 2 emissions are generated during the production of the electricity and long-distance heat consumed.

<sup>2)</sup> At the location of Kielce, the consumption increased because of a defective fresh water-supply line.

<sup>3)</sup> For the locations of Inzing, Aartselaar, Fiume Veneto, Peterborough and Skänninge, the amount of wastewater had to be estimated on the basis of the water consumption.

<sup>4)</sup> No data on waste is available for the locations of Biri, Cassarubios del Monte and Skänninge.

<sup>5)</sup> Absorption and filter material, cleaning cloths, protective wear, scrap from ironworks, laser scrap.

## Sustainability – Community

concluded in Poland. Furthermore, various CO<sub>2</sub> reduction measures were initiated, for example a modernisation of exhaust systems in welding facilities, controlled illumination, the installation of thermostatic valves and the purchase of vehicles equipped with a diesel particle filter. In Germany, a new performance indicator system is being established to enable corresponding deductions. This system will allow for documenting variations in consumption per hour of manufacture and publishing them in reports. The installation of nine high-efficiency pumps in the main heating system and the renewal of the hot water preparation system and two boilers will also bear fruit. In Switzerland, a paper recycling concept was introduced and various initiatives in the field of illumination and the related reduction of power consumption were started. Further measures at all business locations are planned for the next few years. It is already the fourth time for Aebi Schmidt to publish its most important environmental performance figures.

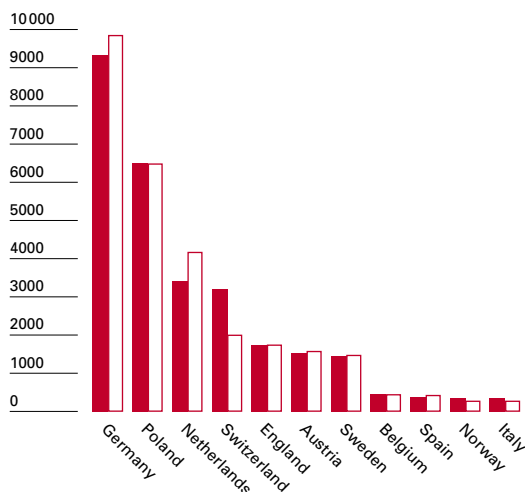
### Community

Aebi Schmidt is an important employer and economic factor at its respective business locations. The company is very well aware of its social responsibility and also considers its social environment to be a crucial factor for successful business management.

#### ENERGY CONSUMPTION BY LOCATIONS

in MWh

■ 2013  
□ 2012



### Local integration

All four product divisions of Aebi and Schmidt are firmly rooted in their respective business locations in Burgdorf (Switzerland), St. Blasien (Germany), Holten (Netherlands) and Kielce (Poland). Intensive exchange is taking place with associations, community representatives and stakeholders. A well-established network of minor, local suppliers, who partly provide finishing services, is incorporated in the production chain at all business locations of Aebi Schmidt. In addition, memberships in a great number of business associations (regional, national and international) underline the commitment of Aebi Schmidt to issues such as maintenance of business locations, environmental protection, innovation, employment as well as education and further training.

Aebi Schmidt is still very involved in supporting people with disabilities and has been able to offer more than 20 barrier-free traineeship positions in assembly, logistics or the office during the last 3 years. Our employees assist trainees with disabilities with a great deal of respect, great commitment and the required understanding.

### Sponsorship

In the 2013 reporting year, the focus of Aebi Schmidt's sponsorship activities was on wrestling: Aebi Schmidt was one of the major sponsors of the ESAF (Swiss Federal Wrestling and Alpine Festival) in Burgdorf, the location of the Aebi product division. Wrestling at a high sporting level, beautiful weather and 300 000 visitors made the ESAF 2013 become a major social event, where the activities in the disciplines of wrestling, Hornussen (cross between baseball and golf) and Steinstossen (Swiss variant of stone put) could be watched live on site. Smaller, regional events are supported ad hoc directly by the local organisations. In Holten, for example, the focus is put on education, which is why active cooperation with various schools and education centres was established to motivate students to work in our industry.

### Suppliers

Aebi Schmidt has an extensive network of suppliers for its factories, which comprises small, medium-sized and large enterprises from a variety of industry sectors with a primary focus on material groups such as steel, stainless steel, welding parts, engines and hydraulic components. The relations with these roughly 2 000 suppliers are essential to Aebi Schmidt and are evaluated on an annual basis. For this purpose, every supplier is directly contacted at least once a year, either by visits, on-site receptions or a suppliers' day. As part of these visits, the expectations for the future collaboration are also discussed. Not only price optimisations

but also subjects such as quality, environment, energy, workplace conditions and the like are addressed as part of a suppliers' day. All suppliers are classified according to a lead-buyer structure and are rated regarding their processes, energy consumption, various environmental guidelines, ISO 14001 and transport kilometres. The SAP QM Module introduced in December 2012 makes it possible to view up-to-date data on supplier quality at any time and use it for targeted negotiations. The information concerning costs and complaints rate obtained from the module is recorded in the "Supplier development and potential sheet" and is used by the purchase department as a control instrument. With these new instruments, another step is taken towards increasing the delivery quality – an important issue in view of the purchase volume, amounting to about EUR 159 million in the year under review (previous year: EUR 147 million). When selecting new suppliers, the corresponding businesses are visited to discuss the most important environmental issues and verify the existence of an environmental management system.

Whereas the conditions of collaboration with Aebi Schmidt are set out in the General Terms and Conditions of Business and no separate code of conduct for suppliers is in place, the in-house code of purchase and its behavioural rules are communicated to all suppliers. Whenever possible, environmental standards such as the use of reusable packaging and eco-friendly packaging materials are taken into account in the evaluation of suppliers. The risk of suppliers violating environmental and social standards is rather low. Good collaboration with suppliers is additionally promoted by corresponding IT training, specific external further training courses and in-house coaching of employees, the goal being to involve the purchase in the product development as early as possible in order to optimise the supplier selection process. New employees receive a corresponding introduction to the subject of suppliers; if the need arises, all employees can additionally refer to the relevant process descriptions and instructions.



## Sustainability – GRI Statement



### Statement GRI Application Level Check

GRI hereby states that **Aebi Schmidt Holding AG** has presented its report “Annual Report 2013” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 March 2014

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

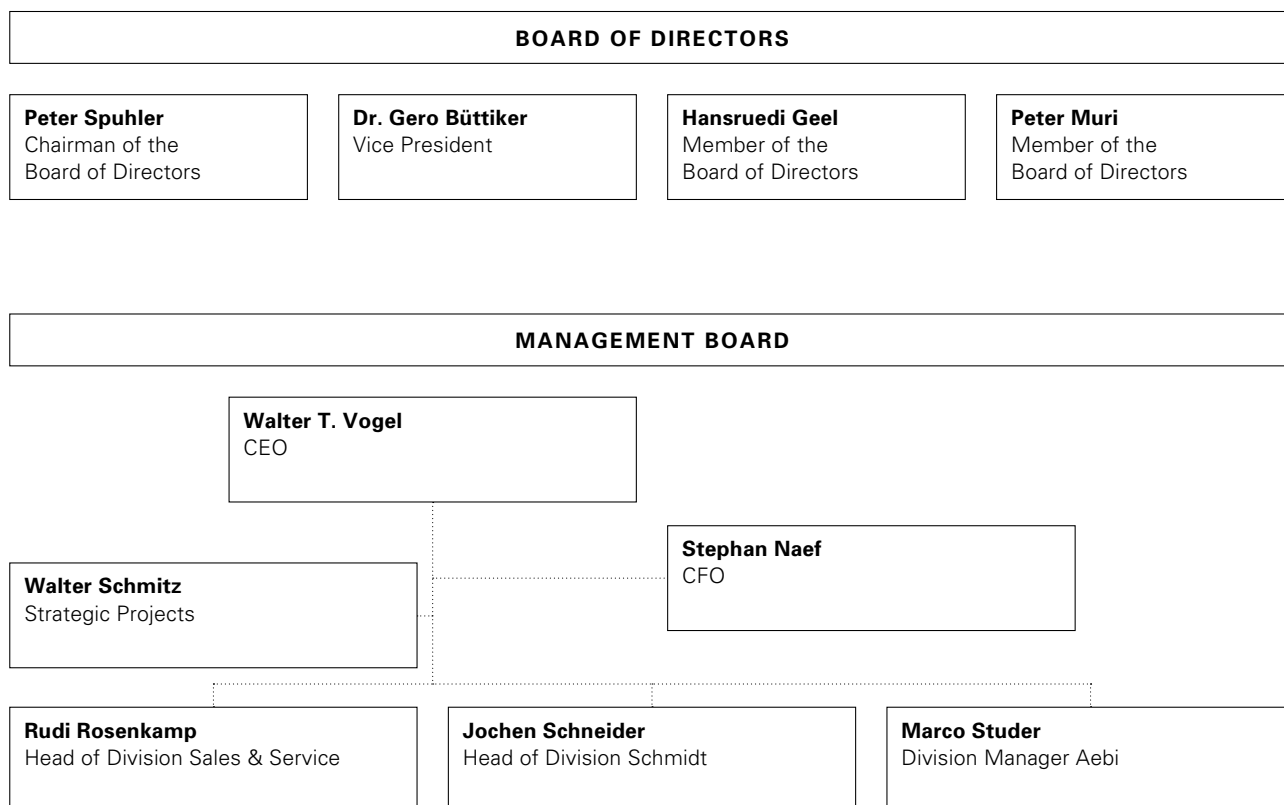
**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 17 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

## Corporate Governance

### Sustainable value creation through clear management and control principles

Aebi Schmidt Holding AG, with registered office in 8500 Frauenfeld, Zürcher Strasse 310 and another business address in 8050 Zurich, Thurgauerstrasse 40, is a public limited company under Swiss law. The Board of Directors and the Management Board attach great importance to proper business management in the interest of customers, business partners, employees and shareholders. The basis for this is formed by the company's statutes and organisational regulations. Their implementation and consistent application provide for the required transparency for stakeholders to assess the company's quality.

#### Group structure



## Board of Directors and Management Board



1



2



3



4



5



6



7



8



9



10

**1** Peter Spuhler, **2** Dr. Gero Büttiker, **3** Hansruedi Geel, **4** Peter Muri,  
**5** Walter T. Vogel, **6** Stephan Naef, **7** Walter Schmitz, **8** Rudi Rosenkamp,  
**9** Jochen Schneider, **10** Marco Studer (from top left)

## Board of Directors

### 1 Peter Spuhler

**Chairman of the Board of Directors**

Born 1959, Swiss citizen

#### Entrepreneur

since 1989: CEO and Chairman of the Board of Directives Stadler Rail Group; mandates: Member of the Board of Directors Rieter Holding AG, Member of the Board of Directors Autoneum Holding AG

### 2 Dr. Gero Büttiker

**Vice President**

Born 1946, Swiss citizen

**Dipl. Bau-Ing. ETH Zurich, Dr. oec. publ.**

since 1993: Self-employed entrepreneur; 1985–1993: NUEVA Holding AG (former Schweizerische ETERNIT Holding AG) Delegate of the Board of Directors

### 3 Hansruedi Geel

**Member of the Board of Directors**

Born 1956, Swiss citizen

**lic. oec. HSG, Qualified Public**

#### Accountant

since 2001: CFO Stadler Rail Group; 1997–2001: CFO Benninger AG/Benninger Group; 1994–1997: CFO of Lüchinger + Schmid Group; 1990–1994: CFO Elektronikgruppe FELA; 1981–1990: PwC, Public Accountant

### 4 Peter Muri

**Member of the Board of Directors**

Born 1958, Swiss citizen

**lic. iur. Solicitor**

since 1994: Owner of a law firm in Weinfelden specialising in economic and revenue law, Member of the Board of Directors in various SMEs

## Management Board

### 5 Walter T. Vogel

**CEO**

Born 1957, Swiss citizen

**Dipl. Masch.-Ing. ETH Zurich**

since 2007: CEO Aebi Schmidt; 2003–2007: CEO Von Roll Holding AG; 1999–2003: Von Roll Group, Head of the Infratec Division and Member of the Group Management; 1995–1999: HILTI AG, Head of Direct Fastening Business Unit and Member of the Extended Group Management; 1992–1995: Aliva AG, Marketing and Sales Director and Member of the Management Board

### 6 Stephan Naef

**CFO**

Born 1962, Swiss citizen

**lic. oec. publ., Zurich University**

since 2008: CFO Aebi Schmidt; 2006–2007: CFO Von Roll holding AG; 1998–2005: Head of Finance and Controlling Danzas Switzerland, after merger and renaming, Head of Finance and Administration DHL Switzerland and member of the Management Board; 1994–1997: Controller Siber Hegner Management AG

### 7 Walter Schmitz

**Strategic Projects**

Born 1953, German citizen

**Diplom-Kaufmann, Regensburg University**

since 2013: Strategic Projects Aebi Schmidt; 2008–2013: Head of Division Sales & Service; 2003–2009: Managing Director Schmidt Holding AG; 2000–2002: Member of the Executive Board Sick AG, 1995–2000: Member of the Management Board Bosch Telecom Private Networks

### 8 Rudi Rosenkamp

**Head of Division Sales & Service**

Born 1963, Dutch citizen

**Dipl. Ing.**

since 2013: Head of Division Sales & Service Aebi Schmidt; 2010–2012: Head of Direct Sales Department; 2008–2010: Head of Service Department; 2004–2008: sales management in the Netherlands

### 9 Jochen Schneider

**Head of Division Schmidt**

Born 1962, German citizen

**Dipl.-Wirtsch.-Ing. Darmstadt University**

since April 2012: Head of Division Schmidt; 2004–2012: Managing Director FAUN Umwelttechnik GmbH & Co. KG; 2000–2004: CEO Dätwyler Inc. Rubber + Plastics Automotive; 1996–2000: Vice President & Partner ABB Business Services Ltd; 1991–1996: Colgate Palmolive

### 10 Marco Studer

**Head of Division Aebi**

Born 1976, Swiss citizen

**Dipl. Automobil.-Ing. FH**

since 2011: Head of Division Aebi; 2010–2011: Operational management of Division Aebi; 2008–2010: Aebi & Co Maschinenfabrik, Head of Assembly; 2006–2008: Mercedes-Benz Automobil AG, Branch Manager NF Wetzikon; 2001–2006: Mercedes-Benz Automobil AG, Service Manager and Deputy Manager NF Schlieren



## Group structure

The organisational structure is illustrated in the figure on page 38. Aebi Schmidt is subdivided into the three divisions Sales & Service, Aebi and Schmidt. The managerial responsibility for Aebi Schmidt lies with the CEO, unless it is delegated to the Division Managers. The managerial responsibility for the divisions is incumbent upon the Division Managers. The parent company of all group companies is Aebi Schmidt Holding AG. Please find an overview of all group companies that belong to the consolidated entity on page 44 of this report.

## Shareholders

Aebi Schmidt Holding AG is owned by the following shareholders:

SHAREHOLDERS	
PCS Holding AG, Switzerland (owner: Peter Spuhler)	57.5%
Gebuka AG, Switzerland (owner: Dr. Gero Büttiker)	38.8%
Other Members of the Board of Directors and the Management Board	3.7%

## Capital

The fully paid-up equity capital of Aebi Schmidt Holding AG amounts to CHF 27 932 000 and is subdivided into 2 793 200 registered shares, each with a nominal amount of CHF 10. Every registered share constitutes one vote at the general meeting. All shares entitle to share in profits. There is neither approved nor conditional capital. The transfer of shares, whether for ownership or usufruct, is subject to the approval of the Board of Directors. The approval can be withheld for a good cause. The equity capital has remained unchanged since 4 July 2007.

## Board of Directors

The Board of Directors is usually elected within the scope of the annual general meeting for the period of three years; the term of office ends on the date of the next annual meeting. Members newly appointed during a term of office complete the term of office of their predecessors. Re-election is permissible. The Chairman of the Board of Directors is elected in the general meeting. Apart from this, the Board of Directors constitutes itself.

The Board of Directors is in charge of the executive management, supervision and control of the Management Board of Aebi Schmidt. The Board of Directors is responsible for all matters delegated to its members under statutory law and the statutes, unless the Board of Directors delegates them to third parties. Except as otherwise provided in statutory law or the statutes, the Board of Directors fully

delegates the operational management to the CEO of Aebi Schmidt, who is supported in this task by the remaining members of the Management Board according to the authorities assigned to them. The CEO is accountable to the Board of Directors. All members of the Board of Directors are non-executive.

The board meeting is convened upon invitation by the Chairman as often as business matters require and as soon as requested by a member, although usually four times a year. A meeting usually lasts for half a day to one day. The notice of invitation contains all items that are dealt with. The attendants to the meeting receive an extensive written documentation of the proposals in advance. Besides the Board of Directors, these meetings are attended by Management Board, which has no voting rights. The resolutions are passed by all members of the Board of Directors. The Board of Directors constitutes a quorum if the majority of its members are present. The resolutions are passed by a majority of the votes cast. In the event of a tie, the Chairman has the deciding vote.

The Board of Directors appoints an Audit Committee consisting of one to three members, currently comprising Hansruedi Geel, Dr. Gero Büttiker and Peter Muri. The Audit Committee is the contact partner for the external auditors, holds a meeting at least once a year and is entitled to prepare the company's annual financial statement for inspection by the external auditors as well as to discuss the results of the audit with the external auditors at the end of the audit. The meetings are usually attended by the CEO and the CFO and, if necessary, a representative of the external auditors. The Audit Committee makes no final decisions. It prepares the business transactions assigned to them and files proposals to the full Board of Directors.

## Information and control instruments

The Board of Directors is in charge of supervising Aebi Schmidt's internal control systems, which limit, but cannot rule out, the risk of inadequate business performance. These systems provide adequate, although no absolute, protection against substantial misstatements and pecuniary loss.

The Board of Directors is extensively informed of the business development on a monthly basis. The members of the Board of Directors are provided with a monthly report containing up-to-date information on the business development and the transactions of Aebi Schmidt. At the board meetings, the Management Board presents and comments the business development and tables important issues. Additionally, the Board of Directors adopts the budget for the following year. Once a year, it receives the results of the medium-term plan for the next four years and

discusses and resolves adaptations to the corporate strategy. The Board of Directors and the Audit Committee additionally determine factual issues that are taken up within the scope of the internal controlling processes and elaborated by analyses and assessments. The Audit Committee also determines major issues concerning the definition of the scope and the contents of the external audits. Once a year, the Board of Directors deals with the strategic issues of Aebi Schmidt within the scope of a strategy meeting. The Chairman of the Board of Directors and the CEO regularly inform each other of and discuss all business transactions that are of fundamental significance or might have far-reaching consequences.

The Board of Directors subjects the internal information and control systems to a periodic inspection for their effectiveness to identify, assess and cope with risks associated with the business activities.

### Risk management

The Board of Directors and the Management Board attach great importance to the careful handling of strategic, financial and operational risks. The risk assessment is determined by the Risk Controlling Manual, which was approved and introduced by the Board of Directors within the scope of its meeting of 9 September 2008. Based on periodic and systematic risk identification, the relevant risks for Aebi Schmidt are assessed regarding their probability of occurrence and their effects. These risks are avoided, limited or passed on by taking corresponding measures. The last risk assessment was conducted by the Board of Directors in September 2013. It is incumbent upon the Management Board to identify and communicate the substantial risks to the Board of Directors.

### Management Board

The CEO is in charge of the management of Aebi Schmidt. Under his direction, the Management Board deals with all relevant issues, makes decisions within the limits of its authority and files proposals to the Board of Directors. The Division Managers are responsible for the development and achievement of their entrepreneurial goals and the independent management of their divisions. The Board of Directors appoints the Management Board; the CEO is entitled to file proposals. The board meeting is convened if requested by a member or if a meeting is necessary, usually once a month.

### Participation rights of shareholders

The general meeting is convened by the Board of Directors, if necessary, the Audit Committee. The annual general meeting takes place once a year within 6 months after

closing the business year. The annual report and the audit report are sent to the company's registered office no later than twenty days following the annual general meeting. Extraordinary general meetings are convened as necessary. The Board of Directors shall convene an extraordinary general meeting if requested in writing by shareholders representing at least 10% of the share capital, indicating the purpose and the proposals. The general meeting is convened by letter to the shareholders no later than twenty days prior to the date of the meeting. Besides the date, time and location of the meeting, the items listed on the agenda as well as the proposals of the Board of Directors and the shareholders shall be indicated in the notice of convocation. No resolutions can be passed on items that are not announced in this manner with a proviso to the regulations regarding general meetings attended by all shareholders (universal meetings).

Provided that no objection is raised, the representatives of all shares can hold a general meeting without having to comply with the formal requirements of convocation (universal meeting). As long as the owners or representatives of all shares are present, this meeting is entitled to discuss and pass valid resolutions on all items within the limits of the general meeting's authority.

There is no statutory limitation of voting rights. Registered shareholders whose names are entered in the company's share register are eligible to vote. Each shareholder can have himself represented by another shareholder provided with a written power of attorney.

Pursuant to Art. 703 OR [Swiss Law of Obligations], resolutions of the general meeting shall be passed by absolute majority of the represented votes allocated to the shares. Resolutions listed in Art. 704 OR as well as resolutions regarding the conversion of registered shares into unregistered shares, which requires at least two-third of the votes represented and absolute majority of the nominal share value represented, shall be exempted from this regulation.

### External auditors

In 2008, Deloitte AG, Zurich, assumed the mandate as the external auditor of Aebi Schmidt Holding AG. The senior auditor Daniel Flammer has been in office since then.

The inspection and supervision of the audit is incumbent upon the Audit Committee. The external auditors draw up an extensive report on the results of their audit on an annual basis. The audit report is accompanied by a management letter and a comprehensive report to the Board of Directors.

## Compliance

Aebi Schmidt distributes a large portion of its products in the environment of public institutions (federal states, cities, municipalities, motorway and airport operators, PPP projects) and therefore pays special attention to always complying with all applicable national and international regulations.

The term compliance stands for compliance with standards, laws and industrial standards as well as any requirements within the scope of self-regulatory measures or in-house directions. In the past business year, Aebi Schmidt examined the existing compliance regulations and processes and adapted them to amended and new statutory requirements, where necessary. Today, Aebi Schmidt exhibits a well-balanced overall system to fulfil the ever more complex issue of compliance.

The major elements of compliance are as follows:

- Code of Conduct – Defines the fundamental values of our employees' activities.
- Competence regulations – Defines the competencies within the company.
- Risk management – The Management Board examines the risks of Aebi Schmidt on behalf of the Board of Directors and defines measures to avoid, limit or pass on the risks. One of the identified risks explicitly deals with compliance risks. A "risk officer" and risk limitation measures were defined for these risks as well; the implementation of the measures is inspected on an annual basis and adapted, where necessary.
- ICS (Internal Control Systems) – The risks identified by the persons in charge of the processes are examined within the scope of appropriate inspections. The inspections are reviewed by the Management Board on an annual basis and, where necessary, adaptations are requested from the Board of Directors.
- The process of checking existing and new dealers and agents was supplemented and a Compliance Board was introduced. The dealers and agents must undergo an extensive inspection and sign an agreement amended by the new compliance regulation. The Compliance Board holds meetings as required and decides whether or not any transactions can be effected with the respective dealer or agent.
- The inspection of customers and the dual-use inspection were tightened, especially in the spare parts business. The export regulations demand compliance and verification that no goods or services are provided to a person or institution prohibited by an official authority from being supplied and whether or not the regulations for goods that can also be used for military purposes are complied with. Last year, the list of affected persons and institutions was constantly extended due to political upheavals. Using the newly introduced processes and computer-based check programmes, the inquiries can be carried out efficiently and promptly.
- The international sales team completed a training conducted by external specialists to further raise awareness of compliance and improve communication.

Aebi Schmidt is convinced that the principle of conducting business transactions in a responsible manner and in compliance with statutory and official regulations of the countries in which we are operating is feasible and that the high compliance requirements will develop to become an integral part of our business model. Aebi Schmidt is making every effort to constantly improve its compliance system in order to be able to respond to the changing requirements in our global business.

# Addresses

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This Annual Report is also available in German.  
The German version shall be legally binding.

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