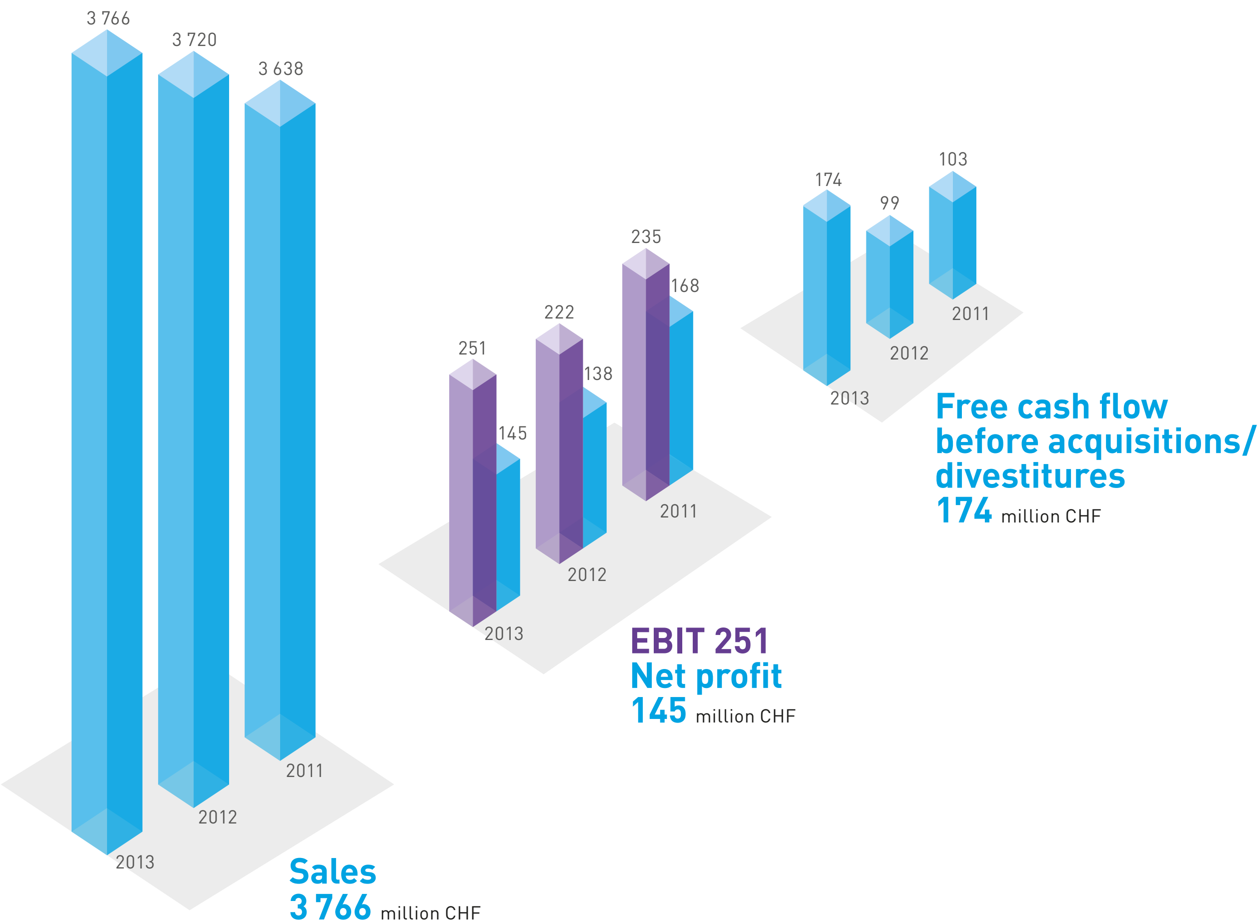
+GF+

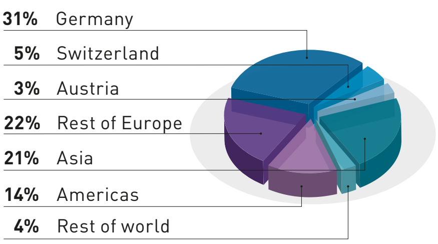
Innovations – inspired by our customers

Georg Fischer
Annual Report 2013

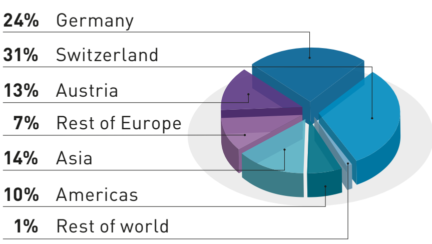
Key Figures 2013



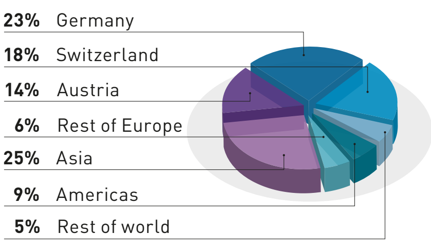
Sales 2013 by region (in %)
(100% = CHF 3.77 billion)



Gross value added 2013 by region (in %)
(100% = CHF 1.29 billion)



Employees 2013 by region (in %)
(100% = 14 066)



million CHF	**2013**	2012	2011
Sales	**3 766**	3 720	3 638
EBIT	**251**	222	235
Return on sales (EBIT margin) %	**6.7**	6.0	6.5
Return on invested capital (ROIC) %	**16.7**	15.7	13.3
Free cash flow before acquisitions/divestitures	**174**	99	103
Dividend (proposed) per registered share in CHF	**16**	15	15
Employees at year-end	**14 066**	13 412	13 606

The figures 2011 have not been adjusted according to Swiss GAAP FER.

Acting on our customers' needs

At GF innovation processes are based on a close collaboration with customers in order to address their specific needs. GF's quest for customer-oriented solutions is reflected in its global R&D centers, which contribute their expert knowledge to the development of well-adapted solutions – to remain our customers' first choice.

>600

specialized engineers for innovative solutions

>100 000 000

CHF invested in research & development

46

new patents registered in 2013

20

R&D centers worldwide

All about GF

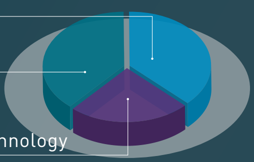
Our Profile // GF comprises three divisions GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 32 countries, with 124 companies, 48 of them production facilities. Its approximately 14 000 employees generated sales of CHF 3.77 billion in 2013. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies.

GF Piping Systems

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

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

Sales: CHF 1 402 million

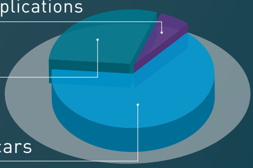


GF Automotive

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

GF Automotive manufactures some 600 000 tons of lightweight components at 9 production plants in Germany, Austria, and China. In those countries as well as in Switzerland, Korea and Japan it operates sales offices. The lightweight research and development competency is in Schaffhausen (Switzerland) and Suzhou (China).

Sales: CHF 1 498 million

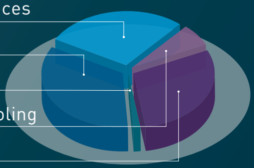


GF Machining Solutions

GF Machining Solutions' electrical discharge, high-speed milling and laser texturing machines, along with automation solutions, make it the world's leading provider to the tool and mold making industry and to manufacturers of precision components. Most important customer segments are information and communication technology, aerospace, and the automotive industry.

The division has its own sales companies in more than 50 countries and production plants in Switzerland, Sweden, and China. GF Machining Solutions operates research and development centers in Meyrin, Losone, and Nidau (Switzerland), Vällingby (Sweden), Beijing, and Changzhou (China).

Sales: CHF 867 million



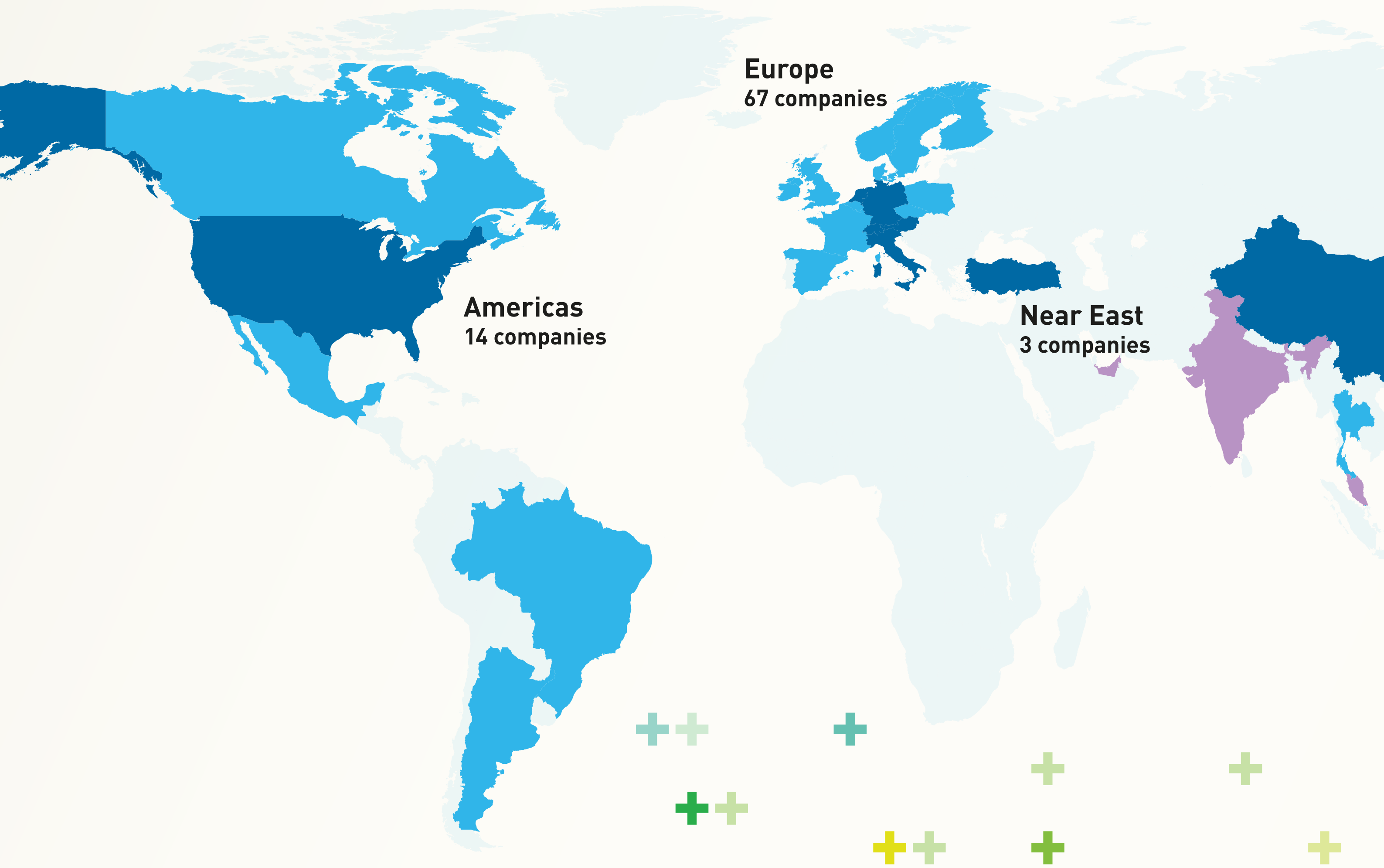
	GF Piping Systems		GF Automotive		GF Machining Solutions	
million CHF	**2013**	2012	**2013**	2012	**2013**	2012
Sales	1 402	1 299	1 498	1 579	867	842
EBIT	141	135	70	53	51	45
Return on sales (EBIT margin) %	10.1	10.4	4.7	3.4	5.9	5.3
Invested capital (IC)	621	559	384	437	274	273
Return on invested capital (ROIC) %	18.7	18.6	16.1	12.1	15.2	16.4
Employees at year-end	6 095	5 282	4 947	5 188	2 873	2 798

32 Countries

124 Companies

48 Production facilities

Worldwide for you



Production plants, service and sales centers

Production plants

Service and sales centers

Content

Financial Report 2013

Highlights 2013

4th Technology Day in Schaffhausen

Innovative solutions // At the 4th GF Technology Day in October more than 60 analysts and journalists came for a presentation of several key innovations and for a glimpse at what is in store at GF regarding technology. The company invested more than CHF 100 million in research & development and registered 46 new patents last year. The three divisions showcased their latest innovations that were explained during workshops and key notes by the heads of the divisions.

Cutting-edge disinfection technology // GF Piping Systems presented new high performance plastic water systems, free of dead space and featuring an innovative disinfection technology to prevent potential health risks caused by legionella.

Reducing weight // Among others, GF Automotive presented an innovative structural component for car bodies (strut dome), replacing previous assemblies of ten different parts welded together.

Precise machining of aircraft components // GF Machining Solutions presented a novel way of machining key components of aircraft engines with electro-erosion machines in order to substitute the expensive broaching process.

Impressed guests // The Technology Day offered visitors a special opportunity to be better acquainted with the products and services of GF, while getting a sense of what the R&D strategy is. At the same time, making it possible to speak to management directly, guests got a lot of valuable market news, which facilitates the assessment of the financial and strategic future of the company.

Revisit on YouTube // GF is present on Social Media channels. The video of the Technology Day is available on GF's YouTube channel www.youtube.com/georgfischercorp or via the QR-Code below:

Welcome Hakan Plastik

GF announced the acquisition of a majority stake in Hakan Plastik A.S. in Cerkezköy (Turkey) in May. Hakan Plastik is the leading provider of plastic piping systems in the building technology and water infrastructure markets in Turkey, the Middle East and Eastern Europe. Jointly, GF Piping Systems and Hakan Plastik provide a unique platform for further growth in the growth markets of those regions.

Largest pipe ever built

For the first time GF Piping Systems built a polypropylene spiral winding sewage pipe with a diameter of 3.5 meters – the largest pipe GF Piping Systems has ever produced. In the province of Haining, close to Shanghai (China), the pipes of this size are used for municipal water transfer and also serve industrial purposes.

Major order for GF Automotive

GF Automotive received a major order for over CHF 400 million from Audi in June. The light structural parts for the German car manufacturer Audi will be produced by aluminum pressure die-casting in Europe and China for several new car models. The new design features a better functionality and a lower number of components, resulting in a weight reduction of over 50%.

IMA Lightweight Design Award

GF Automotive won the first prize at the International Magnesium Association (IMA) Lightweight Design Awards last May in China. The GF roof header forms the central part of the roof of Opel's convertible model Cascada. It was top of the category "Cast Component Design", an award which the division has won for the second time.

Inspiring at the EMO 2013

At the EMO fair in Hanover (Germany) last September, GF Machining Solutions presented innovative products, solutions, and services and highlighted its application and process expertise. Customers visiting the divisions' stand were impressed by the new ways in which they can enhance their businesses in fast-growing market segments and placed major orders for over 100 machines as well as numerous customer services contracts.

Renaming: GF Machining Solutions

On 1 January 2014, GF AgieCharmilles has been renamed GF Machining Solutions to better reflect the diversity of its present offering featuring electrical discharge machining, milling, laser texturing and automation lines. The new name also offers the division the opportunity to communicate its far broader scope than merely being a supplier of machine tools.

A substantial rise in performance

Dear shareholders

GF generated sales of CHF 3 766 million in 2013 for a nominal increase of 1%. On a like-for-like basis, corrected for changes in the scope of consolidation and currency effects, growth amounted to 2%.

After a weak first quarter, sales recovered especially in the second half year, which showed growth of 4% on the back of better market conditions but also market share gains.

Operating profit (EBIT) rose 13% to CHF 251 million as plants were better loaded in the second half and overhead costs were kept at the previous year's level.

The EBIT margin went up from 6.0% to 6.7%, and the return on invested capital (ROIC) from 15.7% to 16.7%. All three divisions contributed to the profitability increase and generated ROICs well above their cost of capital.

Free cash flow before acquisitions went up 76% to CHF 174 million thanks to the higher profit but also as net working capital was kept at previous year level and capital expenditures went slightly down.

The number of employees increased by 654 to 14 066 mainly on account of the acquisition of Hakan Plastik (Turkey) in July 2013.

Net profit grew 5%, amounting to CHF 145 million after the deduction of CHF 26 million resulting from the divestment of the gravity die-casting business of GF Automotive.

Earnings per share stood at CHF 34, after the above-mentioned one-off effect. The Board of Directors will propose a dividend of CHF 16 (CHF 15 in 2012) at the Annual Shareholders' Meeting.

Significant progress towards strategy implementation //

The acquisition in July 2013 of Hakan Plastik, a leading Turkish plastic piping systems manufacturer with annual sales of CHF 100 million, brings GF Piping Systems a strong presence in Turkey, in the Middle East and Eastern Europe as well as a whole array of complementary products, which will be sold by the whole GF Piping Systems sales organization.

The divestment of the aluminum gravity die-casting plant of Herzogenburg (Austria) at the beginning of 2014

Yves Serra, President and CEO and Andreas Koopmann, Chairman of the Board of Directors.

allows GF Automotive to focus on its core iron sand casting as well as aluminum and magnesium pressure die-casting activities.

The cost reduction program of CHF 25 million announced at the beginning of the year has been implemented in full and already supported the second-half result. It will be fully effective in 2014.

All three divisions increased their sales and operative profits

GF Piping Systems

GF Piping Systems increased its top line by 8% to CHF 1 402 million, of which acquisitions accounted for 5% and organic growth 3%. A long and cold winter impacted sales negatively during the first four months in

Europe, compensated however by higher revenues as of May, especially in Asia.

Industrial applications recovered in the second half in all regions. Building technology went up significantly thanks to new products in Europe and a larger customer base in China. Utility-related sales remained subdued in Europe but increased significantly in the Americas and in Asia.

Thanks to the acquisition of Hakan Plastik as well as higher growth in Asia and North America, sales outside of Europe accounted for about 60% of the total.

The division increased its operating profit by 4% to CHF 141 million thanks to a better plant load factor and despite negative currency effects in Turkey, India, Japan and Brazil.

GF Automotive

GF Automotive saw a nominal 5% decrease in sales to CHF 1 498 million owing to the divestment end of 2012 of its sand casting aluminum plants in Germany. Organic growth stood at 1%.

The Chinese car industry again reported double-digit growth, and the two plants of GF Automotive in that country were fully loaded.

The passenger car industry in Europe however remained on a downwards trend especially during the first half. In the second half, however, the division significantly increased its truck-related sales in Europe as customers increased production in view of the year-end Euro 6 deadline but also thanks to significant market share gains on new generations of commercial vehicles.

The division increased its operative result by 32% to CHF 70 million, thanks to a better plant utilization in the second half and as the cost reductions implemented in the first half-year became effective.

The capacity of the two Chinese plants of GF Automotive is being increased by 50%, effective 2015. In Singen, (Germany) the construction of a cutting-edge production line for light-weight components will be started this year for completion end of 2015. It will replace two existing lines, boosting the productivity and competitiveness of this important facility.

GF Machining Solutions

GF AgieCharmilles has been renamed GF Machining Solutions to better reflect the diversity of its present offering featuring electro-erosion, milling, laser texturing and automation lines.

The division increased sales by 3% to CHF 867 million in an overall subdued market, thanks to its success in less cyclical market segments like aeronautics, medical devices and smart phones.

Sales in Europe and the US rebounded whilst demand declined in countries affected by currency depreciations such as India or Brazil. In the important China market, the sales development was pretty uneven as tighter financing affected privately owned companies.

The operating profit of the division went up 13% to CHF 51 million thanks to better margins and higher productivity.

At the EMO 2013 in Hanover (Germany), GF Machining Solutions presented products adapted to its key market segments and in particular new solutions to replace broaching with wire-EDM for the production of key aircraft engine components.

Financing secured // GF emitted two bonds of CHF 150 million each in August 2013 with maturities of 5 and 9 years respectively and coupons of 1.5% and 2.5%. The corporation tapped the favourable market conditions in order to secure funds for the redemption of its 4.5% CHF 300 million bond due in September 2014 but also to allow for the financing of further acquisitions. The equity ratio stood at 31% end of 2013.

Accounting and objectives adapted to Swiss GAAP FER //

GF has changed its accounting standard from IFRS to Swiss GAAP FER as from fiscal year 2013 on. The 2012 figures have all been adapted as follows in order to ensure a correct comparison with 2013: The change of the accounting standard had no material impact on the 2012 results. It just led to a slight EBIT rise of CHF 1 million, therefore bringing it to CHF 222 million. In the balance sheet, the major change concerns goodwill, which has been offset with equity.

This leads together with other effects to a reduction of equity in the amount of CHF 262 million as per 1 January 2012.

The ROIC objective of 15% at the horizon 2015 has been translated into a 16% to 20% range, reflecting the deduction of goodwill from the invested capital according to Swiss GAAP FER.

Mid-term objectives confirmed // Markets remain volatile but the second half has shown an upwards trend in several markets relevant to our corporation. GF Automotive and GF Machining Solutions built up a strong order book, certainly a good sign for 2014.

Moreover, thanks to the latest transactions, a better portfolio balance will be achieved in 2014 with GF Piping Systems and GF Automotive accounting each for about 40% of total sales. This is a further milestone in the implementation of the 2015 strategy of the corporation.

The management of GF is therefore convinced, that barring unforeseen circumstances, further increases in both top and bottom lines are possible in 2014 and confirms its 2015 profitability objectives of a ROIC in the 16% to 20% range and an EBIT margin above 8%.

Articles of Association to be adapted for all listed companies in Switzerland // The ordinance against excessive remuneration in listed companies that came into force on 1 January 2014 requires certain adaptations in the Articles of Association at all listed companies in Switzerland within two years.

Accordingly, the Board of Directors will propose at the 2014 Annual Shareholders' Meeting the revision of a number of articles, including those related to the representation of shares, the elections of the Board of Directors and Compensation Committee members, as well as the limitation of mandates held by the members of the Board of Directors and the Executive Committee of Georg Fischer Ltd in other companies.

The revision of the Articles of Association regarding the remuneration of both Board of Directors and Executive Committee will be reviewed by the Board of Directors during 2014, upon the assessment and advice of the newly elected Compensation Committee, and submitted for approval to the 2015 Annual Shareholders' Meeting.

Working together to serve our customers // We express our gratitude to our investors and our banks for their continuing trust as evidenced by the successful placement of our two bonds in 2013.

We also send our heartfelt thanks to our customers for their constant feedback and close collaboration which inspires and allows us to serve them better and quicker. Finally, our special thoughts go to our employees whose willingness to live up to our values and work together across borders makes all the difference.

Andreas Koopmann
Chairman of
the Board of Directors

Yves Serra
President
and CEO

Corporate Report

Financial overview // The 2013 business year underscores the importance of two elements of the Strategy 2015: focusing the Corporation on less cyclical business activities and strengthening its presence in growth markets. At GF Piping Systems, business in Asia, which was strong especially in the second half, offsets the weather-related sluggishness of European markets in the first four months of the year. At GF Automotive, foundry capacity in China was fully utilized, whereas in Europe, especially in the first six months, the passenger vehicle market was weak. In the last quarter, GF Automotive benefited from a brisk upturn in sales in the truck segment. At GF Machining Solutions, sales in Europe and the US recovered, whereas emerging markets such as India and Brazil felt the impact of exchange rate turbulences.

Accounting // For the 2013 business year, GF switched from the IFRS accounting standard to Swiss GAAP FER. The changeover was made in view of the distortions that the revised IFRS accounting standards would have caused. Under Swiss GAAP FER, for instance, the consolidation of the 50% share in the balance sheet and income statement of the CHF 400 million Chinaust joint venture can be retained. Moreover, Swiss GAAP FER largely eliminates any volatility in equity due to surpluses or deficits in the funding of pension plans, which would have had to be recognized in equity according to the revised IFRS standard. As part of this changeover, the registered shares of Georg Fischer Ltd have been traded on the Domestic Standard of SIX Swiss Exchange Ltd since 28 June, though they are still part of the SMIM and SPI Indices of the Swiss Exchange.

Currency effects // Per end 2013, currency fluctuations had a positive effect of CHF 25 million on sales. Mainly, this was due to the trend of the Euro (+CHF 45 million), while the USD and other currencies (Turkey, India, Japan, and Brazil) had a negative impact of CHF 20 million on sales.

Sales // GF posted sales that were up 2%, on a like-for-like basis, to CHF 3.77 billion (2012: CHF 3.72 billion). GF Piping Systems reported a sales growth of 8% (2.7% on a like-for-like basis), of which CHF 665 million came in the first half and CHF 737 million in the second half year. Despite a strong final quarter, sales at GF Automotive were slightly lower in the second half – at CHF 746 million – than in the first half (CHF 752 million). Overall, the sales increase came to 0.5% on a like-for-like basis. GF Machining Solutions posted sales of CHF 447 million in the second half, compared with CHF 420 million in the period from January to June. All in all, the division's sales rose by 3% on a like-for-like basis.

EBIT // Operating profit rose from CHF 222 million in 2012 to CHF 251 million (+13%) in 2013. The second half benefited from better market conditions than the first semester, especially at GF Piping Systems and GF Automotive. As a result the EBIT rose to CHF 133 million against CHF 118 million in the first half year. The operating margin (return on sales, ROS) rose from 6.0% to 6.7%.

Net profit // The divestment of the gravity die-casting operation in Austria, which was not a core business, resulted in a one-off exceptional charge of CHF 26 million. Net profit came to CHF 145 million, which was 5% higher than the 2012 figure of CHF 138 million. All three divisions again clearly generated value for our shareholders.

ROIC // GF defined an ROIC in the 15% range in the framework of the Strategy 2015. The figure is being increased to the range of 16% to 20%, an adaptation that reflects the change to the Swiss GAAP FER standards. In 2013, ROIC came to 16.7% (2012: 15.7%).

Free cash flow // Cash flow from operations came to CHF 309 million in 2013 (2012: CHF 230 million). Free cash flow stood at CHF 108 million compared with CHF 19 million in 2012.

Net debt // Net debt rose slightly from CHF 334 million to CHF 352 million. The increase was mainly due to the acquisition of Hakan Plastik (Turkey).

Distribution // The Board of Directors proposes to the Annual Shareholders' Meeting the distribution of a dividend of CHF 16 per share (+CHF 1). The dividend is payable in part from a capital contribution reserve and in part from a reduction from CHF 10 to CHF 1 in the par value of the GF share. The proposed dividend, which is scheduled for payment on 4 July 2014, is equivalent to a payout ratio of 47%.

Value added // The gross value added came to CHF 1.29 billion, higher than in 2012 (CHF 1.23 billion). Europe accounted for 75% of the total (2012: 77%), with Switzerland (31%), Germany (24%) and Austria (13%) making large contributions. Asia and the Americas accounted for 24% of value added. Personnel costs came to CHF 914 million, slightly lower than in 2012 (CHF 915 million).

Financing // In August 2013, the Corporation emitted two new bonds of CHF 150 million each with maturities of five and nine years and coupons of 1.5% and 2.5%. The bond issue took advantage of the favourable conditions in the capital markets in order to refinance the 2009–2014 4.5% bond of CHF 300 million due September 2014.

Total assets // Total assets come to CHF 3.1 billion. The equity ratio is still a solid 31%, though it is lower than in 2012 (37%) owing to the increase in current liabilities related to the two new bond issues and the impact of the new accounting standard Swiss GAAP FER.

+ GF assumes that market conditions will remain volatile in the months to come, even though an uptrend in some of the markets relevant for the Corporations was observed in the second half of 2013.

Workforce // The headcount at year-end 2013 came to 14 066 (+4.9%), virtually back at the level before the divestment of the GF Automotive aluminum sand casting business in the fall of 2012. The decline of about 450 employees as a result of this divestment was offset by the new employees from Hakan Plastik (+710). The headcount at GF Automotive will fall further owing to the divestment of the gravity die-casting operations in Austria that was announced in January 2014. With around 3 500 employees, Asia has become the market with the highest number of employees, followed by Germany with 3 200, Switzerland with 2 500 and Austria with 1 900.

Strategy and targets // The implementation of the strategy launched in 2011 continues to proceed according to plan. Progress was made in 2013 towards achieving a better balance portfolio. GF Piping Systems' share of the Corporation's total sales has risen steadily in recent years and has now reached the 37% mark. The aim is to increase the division's share to 40% to 45% by 2015 through acquisitions and penetration into new markets. With the acquisition of Hakan Plastik, Cerkezköy (Turkey), a leading supplier of plastic piping systems in building technology and water utilities, GF Piping Systems has taken a major stride to generate further growth in Turkey, the Middle East and Eastern Europe. The company, acquired in July, will facilitate access to these attractive growth markets and offers a very good match with the product range of GF Piping Systems. Further acquisitions are envisaged, provided that the market conditions and business environment are right.

At GF Automotive, efforts will be focused on increasing productivity in Europe and further expansion in China. The division's share of sales came slightly down to the 40% mark for the first time, mainly on account of the 2012 divestments in Germany. The share of GF Machining Solutions, where focusing on less cyclical markets is in full swing, remained stable at 23%. The Corporation further reduced its dependence on Europe. Asian markets increased their share of total sales from 20% in 2012 to 21% in 2013. China has an overall percentage share of 16%.

GF took its first steps in China in 1993 and now has 16 production plants as well as sales offices and research and development centers throughout China. By 2015, China's share of total sales is expected to exceed 20%.

Outlook 2014 // GF assumes that market conditions will remain volatile in the months to come, even though an uptrend in some of the markets relevant for the Corporation was observed in the second half of 2013. Its portfolio will also be more balanced with GF Piping Systems and GF Automotive each making for ca. 40% of total sales. Barring unforeseen circumstances, GF expects both sales and net profit to further grow in 2014. The Corporation confirms the profitability targets defined in Strategy 2015, but the ROIC target is being raised from 16% to 20% due to the changeover to the Swiss GAAP FER accounting standard.The target of 8% to 9% is reconfirmed for the EBIT margin (ROS).

GF Piping Systems

Result // The division posted sales of CHF 1.4 billion in 2013. This works out to an increase of 8%, of which 5% was due to the newly acquired Hakan Plastik, integrated as of 1 July. Operating profit rose from CHF 135 million to CHF 141 million, an increase of 4%. This equates to an ROS margin of 10.1%. GF Piping Systems had a ROIC of 18.7%, compared to 18.6% in 2012.

Markets // GF Piping Systems had to confront difficult weather conditions in the first four months both in Europe and in North America; this mainly impacted Utility, the unit that generates the highest sales with CHF 540 million. Industrial applications recovered in the second half of the year in all regions. In the Building Technology unit, markets such as Switzerland and Germany were stable, whereas China reported strong growth. Other European markets, for instance Italy and

GF Executive Committee in the R&D center of GF Automotive (left to right):
Pascal Boillat, Roland Abt, Yves Serra (CEO), Pietro Lori and Josef Edbauer.

the Netherlands, were sluggish, but in countries like Sweden and Spain the pace of growth picked up considerably in the second half of the year. The second half also saw a substantial momentum in Asia, especially in Utility.

Outlook // For 2014, on the basis of the trend towards year-end, the division expects at least a partial recovery in those countries that had performed sluggishly in 2013. The integration of the product range of the newly acquired Turkish firm Hakan Plastik should have a positive impact on the sales of the European sales companies. In North and South America, a positive trend is expected in both the Industry and Utility units, due in large measure to the strong positions held by products for cooling and air conditioning, in the energy and in the marine segment. Sales in China are expected to continue to grow, driven by a product range that has been specially adapted to the local market and by the ongoing success of the Building Technology unit. GF Piping Systems plans to launch a number of new products in 2014. Utility will benefit from various new, large-diameter products. Water quality and water hygiene are major focal points in the activities of Building Technology.

GF Automotive

Result // The division's sales fell below the CHF 1.5 billion mark due to the divestment of the aluminum sand casting business end of 2012. The business with passenger cars generated about two thirds of the sales. Operating profit rose from CHF 53 million to CHF 70 million, a 32% gain leading to an ROS of 4.7% (2012: 3.4%). The ROIC came to 16.1%, clearly above the 12.1% in 2012.

Markets // While passenger vehicle sales in Europe were flat, GF Automotive benefited from an upturn in the truck business towards the end of the year. The introduction of the stricter Euro 6 norms is driving demand for components that contribute to reducing vehicle weight (and by the same token CO_2 emissions). As a result, GF Automotive, which has focused on the development of lightweight components, has also gained market share in the truck sector. The division increased its sales once again in China, while Germany has kept its leading role as market number one for GF Automotive, holding a 59% share of total sales. The cost-cutting measures of around CHF 25 million have already led to savings in 2013, but their full impact will be felt in 2014.

Outlook // Following the sale of its gravity die-casting business, GF Automotive can now focus all its efforts on ductile iron sand-casting and light-metal pressure die-casting. In China, where the capacity is fully utilized, a 50% expansion is proceeding according to plan. This will enable the division to continue to participate in the expected growth of China's car market. Efficiency is being constantly enhanced: following investments in an ultra-modern molding plant in Mettmann (Germany), work will start in 2014 on building a similar line in Singen (Germany). The investments in these two German facilities will maintain competitiveness in this key market.

GF Machining Solutions

Result // Focusing the division on less cyclical market segments such as aerospace, medical technology, and smartphones/tablets is in full swing. Sales rose by 3% from CHF 842 million to CHF 867 million, not least on the back of a strong final quarter. Operating profit improved by 13% from CHF 45 million to CHF 51 million, which works out to a ROS of 5.9% (2012: 5.3%). The ROIC came to 15.2%, compared to 16.4% in 2012.

Markets // In geographic terms, the growth drivers were America and Europe, where sales rose by 8% and 5% respectively, whereas markets in Asia stagnated on the whole. Europe maintained its share of sales at 48%, while the Americas region increased its share to 18%. In a product segment breakdown, Milling showed the biggest growth, up 8%, with sales coming to CHF 245 million. Electric discharge machines, however, remained the strongest segment, with sales of close to CHF 300 million.

Outlook // GF Machining Solutions will continue to focus systematically on the market segments mentioned earlier. The division will further increase its competitiveness by launching additional new products. The offering in the area of Customer Services is being further expanded in order to help customers increase their productivity.

Market and customers

Global market presence // Asia, in particular China, remains a strong growth engine. The Asian markets' share of total sales continued to grow in 2013 and now accounts for 21% (2012: 20%). GF's largest market in the year under review was again Germany with a 31% share of sales (2012: 34%). The companies in Europe accounted for 61% of sales (2012: 64%). Owing to the Asian markets' growing global presence, the headcount in Asia increased over the last years; with 25% of employees Asia is now the market region with the highest number of employees (Germany 23%).

Research & Development // The three divisions have 20 research & development centers worldwide, five each in the Americas and Asia and ten in Europe, employing some 600 people altogether. This decentralization ensures a quick reaction to customers' needs. In 2013, the divisions invested a total of about CHF 100 million in R&D, and GF submitted 46 patent applications in 2013.

Awards // In 2013, GF Piping Systems in Tustin (USA) was awarded "Supplier of the year" for pipes, valves and fittings by Affiliated Distributors (AD), a community of independent distributors and manufacturers of construction and industrial products. Chinaust, joint venture partner of GF in China, received the honor of "2013 Excellent Supplier" prize from Geely. By presenting this award, the Chinese corporation acknowledged the excellent level of cooperation and communication within the supplier relationship. The innovation performance of GF Piping Systems in the promising algae technology was recognized with the regional IVS Innovation Award in February 2013. GF Piping Systems received the award for the development of pipe based bioreactors for microalgae cultivation. This innovation project was already honored with the international innovation award "Gold SolVin Award" in 2010.

GF Automotive won the first prize at the International Magnesium Association (IMA) Lightweight-Design Awards last May in China. The rooftop header with a wall thickness of 1.2 to 2.5 mm, as a lightweight magnesium die-cast component for Opel's convertible model Cascada convinced the jury. The part used in a soft top is coated with folding fabric and plays the central role in the attachment of the rooftop to the windshield. Due to the use of magnesium, the wall thickness could be adapted to particular requirements and complex design geometries. Magnesium is currently the lightest metal material that can be used in large series production. The results are significant cost and weight reductions. The component was top of the category "Cast Component Design", an award which the division has won for the second time already.

Trade fairs // Trade fairs are of crucial importance for GF. It is where GF can show customers that we mean what we say with the new GF brand positioning when we tell them that it's "All about you". The divisions participated in about 130 trade fairs in 2013.

In 2013, GF Piping Systems took part in more than 50 trade fairs and exhibitions worldwide. ISH in March, the world's leading trade fair for building, energy, air-conditioning technology as well as renewable energies, was one of the first highlights in the strong trade fair year. In Frankfurt (Germany), GF Piping Systems has once again positioned itself as a leading provider of system solutions for the complete water cycle – from source to point of consumption. This message was picked up and repeated at the Aquatech in

Amsterdam (Netherlands) in November 2013. With its presence at the world's leading trade exhibition for process, drinking and waste water, GF Piping Systems completed its successful exhibition year with the focus on water applications.

Having been present at ten different smaller trade fairs, GF Automotive presented its key topic lightweight at each of them. This also served to further strengthen the image of GF Automotive as a lightweight specialist.

More than 700 guests from around the world gathered at the companies' plant in Losone (Switzerland) last March for GF Machining Solutions' International Technology Show. Among other innovations, the latest entries in EDM (die-sinking, wire-and hole-drilling), laser texturing and high speed/high efficiency milling were presented to the guests. "Unleash your potential" was the main topic of GF Machining Solutions at the EMO 2013 last September in Hannover (Germany). Customer success stories, new and innovative products, solutions and services as well as new ways in which customers can enhance their businesses in fast-growing market segments were showcased. Visitors to the stand had access to the industry's broadest portfolio of machining solutions and process expertise.

In 2014, too, the three divisions will take part in more than 100 trade fairs worldwide, to further broaden their contacts with existing and potential customers.

Branding // With the launch of the new corporate design, all three divisions fall under a uniform GF brand. At the same time, the brand positioning was adjusted with the core message "All about you" putting the customer to the forefront. Various design elements (such as fresher shades of coloring, new fonts and GF employees as standard bearers of the corporate image) aim at underlining the core message and support the implementation of the 2015 strategy. One further element of the new GF image was the renaming of GF AgieCharmilles to GF Machining Solutions, which took effect on 1 January 2014. However, no change has been made to the logo, which has been protected by copyright since 1902.

Products and processes

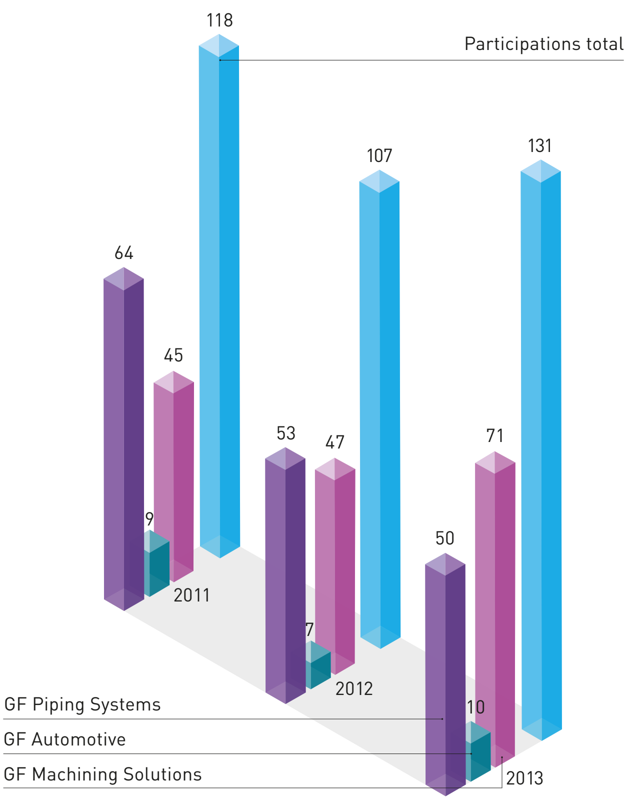
Automation // In the last 15 months, GF Piping Systems established Centers of Excellence for Automation in key markets such as USA, Germany, China, India, and Japan. Several actions and measures have been successfully taken to further extend its automation range, to strengthen its automation expertise and to consolidate its role as a key player in piping systems automation. The new 2260 Ultrasonic Level Transmitter, presented at the Aquatech 2013, was one of the key product launches in the automation portfolio. The innovative sensors precisely measure fluid levels by means of ultrasound – without any contact at all.

Big dimensions // In June 2013, GF Piping Systems started the production of 3.5 meter diameter polypropylene pipes in the Haining plant of the joint venture Chinaust. GF Piping Systems was the first company in China to offer a polypropylene drainage system of such size. Together with the market introduction of the polyethylene ELGEF Plus branch saddle system topload for large-pipe installations up to dimensions of d2 000 mm in water and gas utilities, GF Piping Systems showcased its expertise in large dimensions.

Acquisition of Hakan Plastik // With the acquisition of Hakan Plastik in May 2013, GF Piping Systems was able to enlarge its portfolio with a new attractive product package for building technology and water infrastructure. A whole array of products ideally complements the existing offering and opens up new sales markets, in particular in Emerging Markets and the Turkish fast growing market.

Substitution // The aluminum high-pressure die-casting process used by GF Automotive replaces the conventional welded sheet metal assembling for suspension strut domes. While integrating all functions, the casting component features a new design allowing for better functionality and reducing the weight up to 50% compared with a conventional sheet metal assembly. The

Trade fairs 2011 – 2013
Participations in 2014: ca. 100 (planned)



GF Automotive light structural parts will be built among others into several new Audi models, for which Audi placed a major order of over CHF 400 million.

Miniaturization // In the automotive, aerospace, connector technology, medical, and watch making industries, component miniaturization and precisions are a key topic. The precision of geometric shapes holds a major importance for the successful operation of the finished products. To meet these increased requirements, new products such as the new FORM 200 mS from GF Machining Solutions offer new features in terms of precision, speed, and productivity.

Risk management

Risk control // GF controls risks by means of risk management. Risk management includes the systematic identification, evaluation, and reporting of strategic, operational, financial, market, management, and resources and sustainability risks as well as the determination of adequate measures in order to mitigate the risks identified at the level of the Corporation, the divisions and the Corporate Companies. The criteria applied in assessing risks include their impact and the probability of their occurrence.

Reporting // The strategic risks are assessed by the Board of Directors, together with the Executive Committee, whereas all other risks are handled by the management of each Corporate Company, the management of each division and finally by the CEO and the Executive Committee. Risk management is largely integrated in existing planning and management processes. To coordinate all activities in the field of risk management and to improve the quality of risk reporting, a Risk Council consisting of representatives of the divisions and the Corporate Staff under the leadership of the Chief Risk Officer has been established. The Risk Council coordinates all activities in the area of risk management and secures the quality of the risk management data.

Risk analysis and standards // In production, particularly in the foundries, risks can never be completely ruled out. The careful analysis and mitigation of risks increase process security and thus improve the reliability of deliveries to customers. GF gives great importance to these aspects. Therefore, and in close consultation with the Corporate Companies and the divisions, the Service Center Risk, Tax, & IP Services has implemented technical and organizational standards as well as guidelines regarding Business Continuity Management for the entire Corporation. Business Continuity Management including business impact analysis and the development of business continuity plans has been an important part of all risk engineering visits in 2013.

The standard of risk management at virtually all production sites is either HPR (Highly Protected Risk) or HMP (Highly Managed Prevention) and is regularly audited by external specialists. In the year under review, 16 production sites (previous year: 15) out of a total of 48 (previous year: 48) underwent such audits. The HPR standard applied to 85% (previous year: 85%) of the Corporation's insured assets at the end of the year under review, the HMP standard to 10% (previous year: 9%).

Investments

Property, plant, and equipment // In 2013, GF invested CHF 130 million in property, plant, and equipment. GF Automotive accounted for the bulk of this amount CHF 58 million (45%); a third was invested in the expansion of the Chinese foundries in Suzhou and Kunshan. GF Piping Systems accounted for CHF 55 million, which was spent on modernizing buildings and production facilities. About 63% of the investments were made in Europe, 28% in Asia and 8% in America. Total investments in 2014 will be considerably higher owing to an expenditure of EUR 55 million for a state-of-the-art production line in Singen (Germany), which will significantly increase efficiency and competitiveness at GF Automotive's largest foundry.

“Customers are a key source of inspiration for us”

Yves Serra,
President and CEO

“Innovations – inspired by our customers” is the title of your annual report. What do you mean by this?

Customers are a key source of inspiration for us. By noticing how they use our products, by working together on addressing their needs, we bring about innovations which have a better chance to really serve them.

Can you provide examples of such GF innovations?

Take the three cases presented on the following pages. GF Piping Systems developed the large-size fittings and valves as well as all sensors required for the huge amount of water used at the vast water-based amusement park near Sydney. We guarantee therefore their compatibility, eliminating leaks and contamination. GF Automotive was involved in the development of the new DAF commercial vehicle at a very early stage and designed components which allow DAF to reduce the weight of each truck by 70 kilograms. This clearly helps to reduce diesel consumption and CO_2 emissions. In the aeronautics sector, GF Machining Solutions worked together with its customer MTU and adapted its high speed milling machines, including a new CNC (Computerized Numerical Control) to fit the needs of its customer regarding the large scale production of blisks for the new aircraft engines to be mounted on the Airbus A320neo.

GF has decentralized its R&D centers. Why?

Customers in our market sectors want to have partners who are located in their countries and therefore who can better understand their needs and quickly act upon them. That is why we have decentralized R&D operations in the major markets where we operate, in Europe, in the Americas, and in Asia.

> **"Customers in our market sectors want to have partners who are located in their countries."**

What is the role of Switzerland in this regard?

We have over the years accumulated a huge amount of expertise in Switzerland and our central R&D facilities and are therefore located in this country. In addition, we are producing the core components for our machine tools or our piping systems in Switzerland because this is where we have the know-how to do so. The R&D facilities worldwide benefit from the support of our engineers based here, for example in the transfer of technology and expertise. We also coordinate from Switzerland the worldwide R&D activities to make sure of their efficiency and avoid duplications.

All the more important to have the right talents. What are you doing to make GF attractive to them?

We continuously offer a large amount of internships to business and engineering students across the world. We collaborate on numerous research and development projects with the key universities located in the main markets. For example, in 2012 we started a new collaboration with the Department of Management, Technology and Economics (MTEC) at ETH Zurich, one of the world's leading universities. The project, which will continue in 2014, offers master class students projects for their theses which give them insights into an actual company environment, while we get an outside perspective and new ideas. All the above we do to make sure GF not only remains but is also regarded as an attractive employer offering interesting jobs internationally.

Cameron Woods, Sales Manager at GF Piping Systems, Australia, is very proud of the recently opened Wet'n'Wild amusement park, near Sydney. The water that runs through the racy slides comes out of pipe systems supplied by GF.

"A refreshingly different solution"

6 800 000 liters

volume of water in the largest pool

At Wet'n'Wild Sydney, the world's largest waterpark with over 40 exciting waterslides, a piping system of GF ensures constant action and watery fun. Cameron Woods, Sales Manager NSW (New South Wales), convinced the customer to purchase a complete solution for the highly complex facility.

Fun in the water // Sunshine and temperatures during daytime of 30°C plus in the middle of December are totally normal in Sydney! After all, when winter rules the northern hemisphere, it's the height of summer in the south. Except for its famous beaches like Bondi Beach, the Australian metropolis has few alternatives to offer for cooling off and feeling refreshed. In the western part of Sydney – almost 40 kilometers away from the ocean – Wet'n'Wild Sydney opened its doors in December 2013 as the world's largest waterpark, covering more than 25 hectares with over 40 waterslides and attractions.

2 200 meters of pipes // Cameron Woods, Sales Manager NSW at GF Piping Systems Australia, is also looking forward to a day full of fun and relaxation at Wet'n'Wild. All the pipes, fittings and valves that supply the park's swift waterslides and huge pools come from GF.

Around 2 200 meters of piping with 3 756 cemented connections and over 600 valves were installed in the massive facility in the months prior to opening. "As project manager, I supervised the construction at Wet'n'Wild Sydney from start to finish," says Woods. Now he can finally relax a bit, the park's grand opening on December 12, 2013 went off successfully. By 8 o'clock in the morning, hundreds of impatiently waiting Wet'n'Wild fans stormed the entrances to the waterpark to test the spectacular and breathtakingly-fast waterslides for the first time. 65 000 people visited the park in the first week alone.

Park of superlatives // Some of the highest and fastest waterslides in the world can be found among the more than 40 attractions at Wet'n'Wild. Adrenaline junkies can get their fill on "360 Rush". After a 12-meter-long nearly vertical start, it goes into a 360° loop at speeds up to 60 km/hour. Only people who don't mind getting dizzy should plunge into the eye of the "Tropical Cyclone" with its wild eddies. In the "Half Pipe", after a wild ride through the darkness you feel almost weightless for a moment before you drop another 16 meters down a steep ramp.

Wet'n'Wild Sydney is the fifth waterpark in the Village Roadshow Theme Parks family under this label, joining locations in Gold Coast, (Australia) Hawaii, Phoenix and Las Vegas (USA). Village Roadshow invested circa CHF 96 million in the new Park in Sydney, circa 6.5 million of which was budgeted for marketing. The waterpark creates around 300 new jobs in northern Sydney. The operating company anticipates revenues of over USD 500 million in the first ten years, and a value of up to USD 320 million for the domestic economy. Wet'n'Wild Sydney expects over 900 000 visitors in its first season.

42

number of waterslides and attractions

2 200

meters of piping

3 756

adhesive bonded joints

Naturally, Wet'n'Wild Sydney also has something to offer for calmer guests and families. "The Beach" is Australia's largest pool with more than 6.8 million liters of water, waves and a large sandy beach for sunbathing and relaxing. Or you can float down "Boomerang Bay" on an inner tube, enjoying an almost 500-meter-long artificial river with a sandy shore and several different currents. The "Surf Deck" is a total novelty, a surf simulator that can generate waves in a wide variety of shapes and sizes. That is why it is safe for beginners, but also challenging for surf pros.

3 questions:

Mark McLaughlin, Director of Swimplex Aquatics, about working with GF.

Have you ever had a project as big as Wet'n'Wild Sydney?

No, Wet'n'Wild was a much larger facility than we normally build. We needed a vast number of different components for the park's piping system. Our biggest concern was getting all the components at the right time and in the right number. Only GF Piping Systems was able to deliver all the components as a complete system. GF's team in Sydney quickly convinced us that not only would they sell us the parts: they could actively support us during the installation as well.

What advantages did GF Piping Systems' products and service offer?

Naturally, there was no doubt as to the high quality of GF Piping Systems' products. For Wet'n'Wild, we needed a solution that is cost-effective and guarantees a long service life. GF's excellent support offered another major advantage. The GF project team has supported us continually with technical advice, whenever we had questions or problems – in particular during the delicate approval phase for the waterpark.

Could you sum up the Wet'n'Wild Sydney project?

I am very happy that we were able to finish the park right on time for the opening day, considering the very short installation period of only three months. The opening was a great success, it was a wonderful day and everything went well. We are now in a transitional phase, in which we once again check whether everything is working seamlessly, before Wet'n'Wild takes on full responsibility for the park. We found a reliable partner in GF Piping Systems, one that we would gladly work with again anytime.

Eleven water slides are spread out over the 25-hectare compound.

With GF Signets 9900 Transmitter, all relevant water parameters are visible at a glance.

"We succeeded in safely combining a variety of different standards."

One-stop shopping // The operating company, Australian media group Village Roadshow Limited, invested circa CHF 96 million in Wet'n'Wild Sydney. Swimplex Aquatics construction company was responsible for building the water attractions and slides. "This project was a big challenge for us," says Mark McLaughlin, Director of Swimplex Aquatics. GF Piping Systems was the perfect partner for his company. "We were the only provider that could deliver all the necessary components for the piping system from a single source," explains Cameron Woods.

Metric meets imperial // PVC pipes with diameters ranging from 15 to 375 millimeters were used, in addition to ball valves and butterfly valves of every conceivable size. But another difficulty came with the large number of different parts: Since the waterslides were constructed in the USA, the engineers in Sydney had to combine imperial-sized conduits with metric fittings and pipes. "We succeeded in finding a solution for this challenge as well and combining the different standards safely," reports Woods. GF Piping Systems used piping and components from its subsidiaries all over the world at Wet'n'Wild Sydney. PVC-U pipes and fittings in imperial sizes came from GF Harvel and GF Sloane in the USA; metric PVC pipes and valves from Switzerland; ELGEF fittings from Australia and instruments for monitoring water pressure and flow rates came from GF Signet in the USA.

On-site training // "This was truly a global project," says Cameron Woods. He and a dedicated project team ensured that the right parts were at the construction site at the right time. GF trained the Swimplex Aquatics employees on location for the proper installation of components. "In addition, we were available to the customer around the clock to answer questions," explains Woods. This enabled them to wrap up the installation in a three months record, right on time for the opening day. "Wet'n'Wild and Swimplex Aquatics were extremely satisfied with our performance," Woods notes with pleasure.

Marcus Wackermann, Market Segment Manager for utility vehicles at GF Automotive, is GF's heavy-truck expert. He is the link between the customer, the R&D department and the manufacturing sites. Together with his colleagues, Wackermann developed innovative lightweight components for the new DAF XF.

“Great mutual respect and trust”

70 kg

weight reduction in the rear axle of the new DAF XF thanks to lightweight components made by GF Automotive

To compensate for the extra weight of new truck emission control systems, the lightweight expertise of GF Automotive is in high demand. Marcus Wackermann, Market Segment Manager Commercial Vehicles, supervised solutions for the Dutch truck manufacturer DAF in close consultation with the sites of the division. Thanks to the good collaboration, new DAF XF trucks are constructed with lightweight, innovative components from GF Automotive.

Demanding emission standards // Sometimes, heavy-duty vehicles really are faster than passenger cars – not necessarily in terms of their top speed but in their willingness to adopt innovations. Right now, that is exactly what’s happening with the introduction of new, more stringent emission standards. Starting from the 1st of January 2014, only utility vehicles that meet the “Euro 6” norm can be registered. By contrast, a longer transition period is available for passenger cars, still allowing new Euro 5 models on the roads.

But the implementation of the Euro 6 standard presents an enormous challenge for the makers of heavy-duty vehicles: “Adding the new emission controls can increase a truck’s weight up to 280 kilograms, which could reduce its payload by the same amount,” says Marcus Wackermann, Market Segment Manager for utility vehicles at GF Automotive. “The added weight of Euro 6 technology would be completely unacceptable for freight forwarders.” That’s because first, every additional kilogram the vehicle weighs means higher fuel consumption, and second, the smaller payload reduces overall transport efficiency, which is the lifeblood of the industry. Accordingly, the makers of such vehicles have been feverishly looking to offset the unavoidable additional weight that comes with emission control systems by finding intelligent weight reduction in other areas.

Search for ways of saving weight // That is certainly true for the Dutch utility-vehicle maker DAF Trucks, where the conversion to Euro 6 engines was carried out even before the law required it. The top model of its new generation of vehicles, the new DAF XF, presented at the IAA Commercial Vehicle Show in 2012, showed transport industry customers that everything had been done to offer the Euro 6 technology without increasing the overall load. In their intensive search for ways of saving weight, DAF engineers were also able to take advantage of their long-standing partnership with GF Automotive, a company with outstanding competence in lightweight materials. “DAF got us on board early in the development of the new XF,” recalls Marcus Wackermann.

Since 1996, DAF Trucks N.V. belongs to PACCAR Inc, one of the USA's largest commercial vehicle groups. It is among the most successful truck manufacturers in Europe. The keys to success: first class trucks and comprehensive service offerings. This is supported by a network of over 1000 independent dealers in Europe, the Middle East, Africa, Australia, and Brazil. DAF has its own production facilities in the Netherlands, Belgium, and the UK.

510

horse power of the strongest version of the NEW EURO-6-MOTOR PACCAR MX-13

150 000

the distance between maintenance intervals in km

19 %

DAF's share of the European heavy utility-vehicle segment

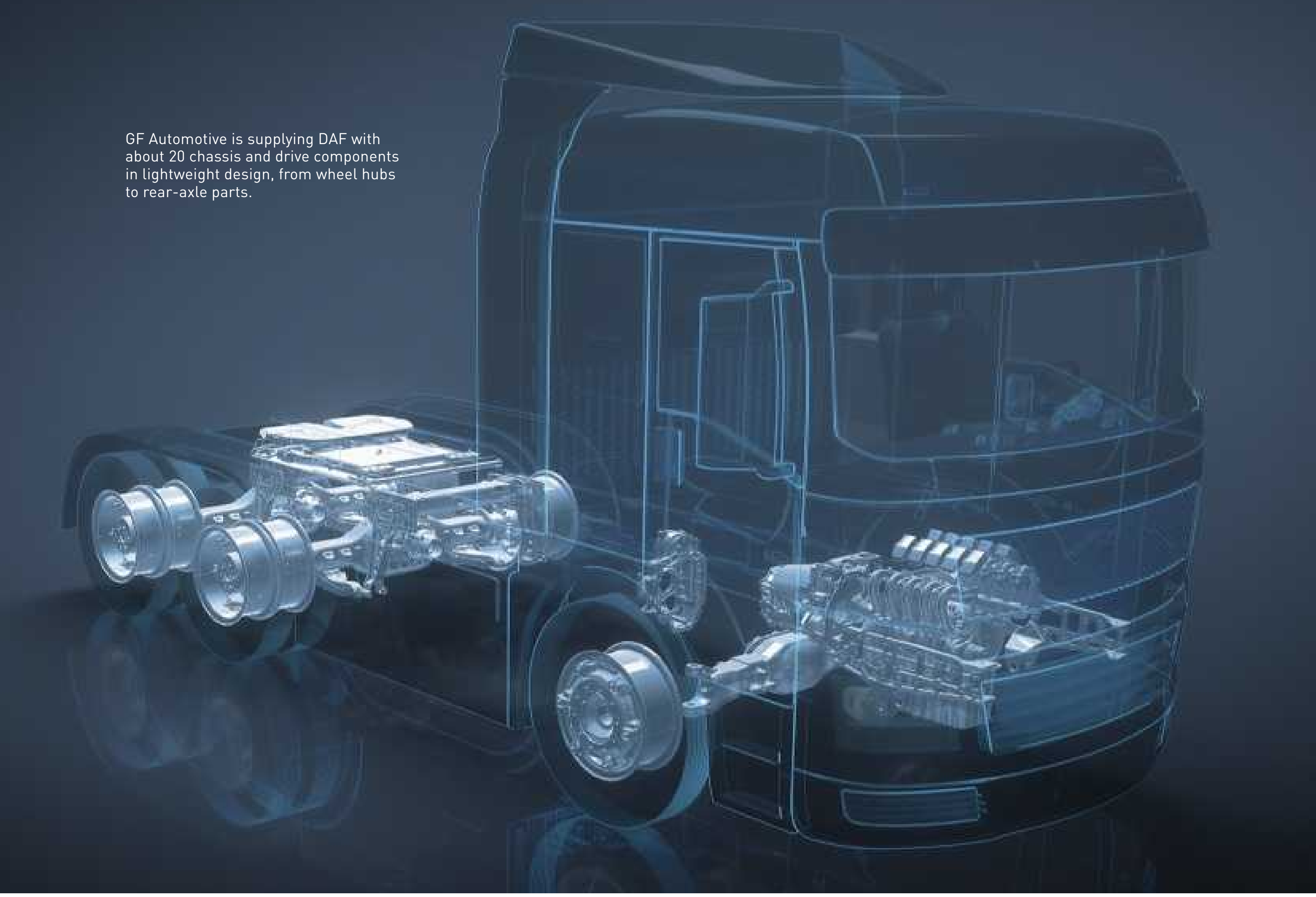
Clean machine: the DAF XF Euro 6.

Relationship with DAF // "That gave us the chance to apply our ideas and expertise from the start in the best way possible. Exhibiting at a large-scale road show was invaluable: we actively showed customers all the things we could do – a strategy that worked for us and introduced new ideas to the customers." Of course, it helped that the relationship with DAF had existed for many years and was "characterized by great mutual respect and trust", Wackermann emphasizes.

"DAF got us on board early in the development of the new XF truck."

Highlight rear axle design // It is no surprise that the components found in the new XF come from a broad range of the GF Automotive services portfolio. These include frames, cabs, chassis and drivetrains. "We were able to help in several aspects," Marcus Wackermann explains. In terms of weight, the rear-axle design is a highlight, developed jointly for DAF with the auto supplier ZF who is nominated as rear-axle module supplier. Compared to its predecessor, the new rear-axle model alone is almost 70 kilograms lighter – proof of the high level of competence in lightweight design of GF Automotive in collaboration with DAF. "Through our mold and casting techniques, we are able to reduce wall thickness reliably to as little as five millimeters and in this way contribute to lighter designs." But also in vertical manufacturing, GF Automotive and DAF have ushered in a new era: what gets shipped out at the end of the production line of the GF Automotive Herzogenburg plant in Austria is no longer an unfinished component but, for the first time, a complete exhaust manifold, ready to be installed during engine production.

For DAF, that means higher quality and optimal lead times – a strategy that can also be applied to other areas. But GF Automotive can be useful to DAF from another, quite different perspective as well: flexibility. When several components from another supplier had to be replaced at short notice during the development phase of the XF, GF Automotive immediately stepped in. Ensuring that these parts were of higher quality than the original ones was the stated goal of GF Automotive.



GF Automotive is supplying DAF with about 20 chassis and drive components in lightweight design, from wheel hubs to rear-axle parts.

Flexibility // "DAF is an important customer," explains Achim Schneider, Business Development & Sales Manager at GF Automotive. "For one thing, it is an extremely innovative company, one that has long been interested in our know-how with lightweight components. Second, its brand is continually gaining market share in a highly competitive European market." In fact, despite the difficult market conditions in the heavy semi-trailer tractor segment, which includes the new XF, DAF has risen to be number one in Europe with a 19% share of the market.

Its global growth is even stronger, not least due to the fact that DAF is part of the largest American utility-vehicle maker PACCAR, which also owns the US brands Kenworth and Peterbilt. All three models make use of the MX-13 and MX-11 "world engines", which also contain technology from GF Automotive. And according to the forecasts of the majority of logistics experts, the global utility-vehicle market will continue to grow. So it is no surprise that Achim Schneider emphasizes: "The utility vehicle segment is strategically very important for GF Automotive. It already accounts for more than one quarter of our sales. Because it is increasingly becoming more global, it represents an interesting growth potential for our high-performance components."

3 questions:

Jos Smetsers, Procurement Director PACCAR Europe, Board of Management DAF Trucks, about working with GF.

How would you describe the relationship between DAF and GF?
With all our suppliers, we look for a demanding, professional collaboration based on mutual respect. At DAF, we realize that our suppliers play a key role in making optimal transport solutions available for our customers.

How can GF Automotive contribute to your success?
There are many possibilities for improving transport efficiency. An extremely important role, for example, is played by weight-reduction measures. We always look forward to the innovative ideas and suggestions proposed by GF for improving the operating efficiency of DAF vehicles.

What else would you ask from GF as a DAF partner?
In everything we do, our mindset has to be: good today, better tomorrow, so that we can offer our customers continuous improvements. GF is an extraordinarily capable company that offers the best solutions available on the market with excellent quality. We are a strong team.

Jürg Suter, Head of Customized Solutions at GF Machining Solutions in Nidau, shows a lot of flexibility and dedication in fulfilling the special demands of the aircraft engine manufacturer MTU. By 2016, 20 milling machines will be delivered to the customer.

"Our machines are up to the task"

6 000 hours

availability of the machines during the year, as requested by MTU

MTU Aero Engines, a global player in the aircraft engine industry, has chosen the milling technology of GF Machining Solutions. Jürg Suter, Head of Customized Solutions in Nidau, has to supply machines that meet the very high standards of this important customer. In aerospace, absolute precision and hundred-percent quality are not an option but an obligation.

Hidden Champion // Only a few realize that at one of the busiest autobahn sections in Munich, there's a nerve center of global mobility: the headquarters of MTU Aero Engines, a leading player in the world's aviation industry, is located at Munich-Karlsfeld, where day after day, thousands of commuters and truck drivers have to deal with stop-and-go traffic. Michael Eder who as Key Account Manager for GF Machining Solutions is in charge of the MTU Aero Engines account remarks with a smile: "The slogan 'hidden champion' has rarely been truer." At the next traffic lights, Eder turns his car into the visitor parking lot at the MTU plant. Eder has an appointment with Walter Sürth, Director of Blisk Production. It's important because in the spring of 2013, MTU Aero Engines started up a new manufacturing hall, in which GF Machining Solutions milling machines create highly complex engine components.

Swiss precision // The machines of the MIKRON HPM 800U type are produced by GF Machining Solutions in Nidau. There, Jürg Suter, Head of Customized Solutions, is in charge of the processing of the MTU contract. The first milling centers were delivered in October 2012, and by 2016 there will be 20 of them installed, if the customer continues to be satisfied with their performance and service. Jürg Suter appears confident. "Naturally, their demands are high, but our machines are up to the task." Nevertheless, visits to Karlsfeld are not taken lightly, because, as Suter knows, MTU Aero Engines is rightfully "a very exacting customer."

Innovative technologies // MTU Aero Engines, with its 8 500 employees and close to EUR 3.4 billion annual sales, is one of the world's leading suppliers of engine components – along with Rolls-Royce, GE Aviation, and Pratt & Whitney. These companies drive the continuing growth of the total aviation industry. Estimates by ICAO, the international civil aviation organization, suggest that world-wide, some 3 billion passengers travelled by plane in 2013, and the trend is rising. EADS and Boeing forecast passenger numbers to grow by 5% annually until 2030. This boom is being driven by innovative engine technologies, as Walter Sürth explains at the MTU production site in Munich: "The big aircraft manufacturers are racing for efficiency. For example, the new Airbus A320neo should use 15% less fuel than its

MTU Aero Engines is Germany's leading manufacturer of aircraft engines and a big player in the international aeronautics industry. This high-tech company develops, manufactures, sells and supports civil and military aircraft engines. Emerging from BMW Aero Engines, MTU was part of the MAN Group until 1985, then owned by Daimler Chrysler. In 2005, the company became independent and went public. About 60% of its shares are in free float.

20

number of GF milling machines in the new blisk manufacturing hall

–15 %

fuel savings of the A320neo engine compared with the current A320 engines

65

investment for the expansion of the blisk production, in million EUR

predecessors. Noise levels must also be reduced. Those are the challenges the engineers of the engine makers are facing."

Custom designed solutions // MTU has accepted this challenge and invested some EUR 65 million in building the hall, equipped with a modern manufacturing and logistics system for making high-pressure and medium-pressure compressors using blisk (blade integrated disk) design. These engine components are particularly efficient and light. Blisks are high tech products that are fully manufactured in a single piece – at MTU, this is done using GF Machining Solutions milling machines. Blisks improve aerodynamics and efficiency of the engines. The Munich firm is the worldwide leader in this domain and makes no compromises with respect to either quality or process stability. Michael Eder – Key Account Manager for GF Machining Solutions in charge of the MTU Aero Engines account – has the corresponding level of responsibility: "MTU is planning to expand its blisk production capacity from the current 600 to up to 3 500 by 2016.

3 questions:

Walter Sürth, Director of Blisk Production MTU Aero Engines, about working with GF.

What are the biggest challenges of making blisks?
Blisks are extremely complex components. That's why the biggest challenge is to provide continuous process stability and control the necessary supply chain. Given our production volumes, there is simply no room for errors or instabilities in our order processing, so we have to be able to rely on our machinery one hundred percent.

Why did MTU Aero Engines decide to use machines from GF Machining Solutions?
The decisive point was the compact machine design with the integrated pallet changer. The machines can be loaded from behind, which is a unique feature that, as far as I know, no competitor offers. Moreover, GF Machining Solutions has adapted the machines for us and our control standards.

Series production has been going since September 2013. Can you already give a first evaluation?
The initial experiences have shown that even with the most demanding tolerance specifications, the production results are very good, especially with respect to reproducibility. That is extremely important to us: the precision demanded for the parts is so high that we cannot allow even minimal deviations. Due to the uniform results of the GF Machining Solutions machines, we are completely flexible.


As super alloys get even tougher and more heat resistant, EDM becomes the solution.


Conventional engine blades are made up of many individual parts.


Modern blisks are milled from a single piece.

The machines in the compact series MIKRON HPM 800U are among the most productive milling centers of their kind, also thanks to their flexibility and accessibility.

To succeed, GF Machining Solutions is delivering custom designed solutions to MTU." Actually, the machines already installed in the blisk hall have very little in common with standard milling machines. "A team of engineers around Jürg Suter has adapted the machines exactly to customer requirements. We even adapted the MIKRON HPM 800U to be able to use Siemens controls, even though this type of machine wasn't designed for that interface at all."

"Our engineers have adapted the machines precisely to the requirements of MTU."

480 engines annually // Currently, the GF Machining Solutions milling machines are working on compressor stages for the fuel-efficient and especially quiet engines of the PurePower family from Pratt & Whitney. The decisive benefit for MTU: every machine can make every component, so that different blisks for different engine models can be in process when necessary.

Starting in 2014, the lion's share of production will be dedicated to parts for the geared turbofan engines of the A320neo, 2 500 of which have been ordered, making it the bestseller for Airbus. About half the aircrafts are to take off with power units from Pratt & Whitney. For MTU, that means that, as quickly as possible, production of components for the A320neo must be ramped up from zero to as many as 480 engines annually. Once fully installed, the GF Machining Solutions machines should be able to produce up to ten blisks a day. "That is an enormous quantity and the MIKRON HPM 800U will be able to do it all," says Michael Eder, explaining, "with MTU Aero Engines we have promised to provide machine availability of 6 000 working hours per machine per year. That corresponds to working constantly for 250 days. That's a promise we will keep."

Organization of GF

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

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

+ A shared corporate culture is becoming increasingly important with the spread of internationalization.

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

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

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

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

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

Communication // The Corporation has a strong brand with GF. In 2013, the company has implemented a rebranding and an alignment of its brand architecture. A new Corporate Design has been adopted worldwide throughout all three divisions in October. The new Corporate Design, internal and external communications as well as investor relations (i.e. relations with the financial markets) reinforce the public perception and the image of the Corporation.

Corporate values // Shared corporate values are the basis for overall sustainable development and are becoming increasingly important with the spread of internationalization. The Corporate center conveys and promotes the fundamental corporate values throughout the company, thereby nurturing and fostering its corporate culture. Open, active, and timely communication with employees, customers, investors, and the public makes for both credibility and trust.

Corporate Governance // For detailed information about the Corporate Governance of GF see pages 40 to 49.

As of 1 January 2014

Board of Directors
Chairman: Andreas Koopmann
10 members

Executive Committee
CEO: Yves Serra
5 members

GF Piping Systems
Head: Pietro Lori

- **Finance, IT & Strategic Planning** – Mads Joergensen
- **Human Resources** – Noel Schreiber
- **Industry** – Nick Mills
- **Utility** – Claude Fischer
- **Building Technology** – Michael Huck
- **Europe & Global Marketing** – Jens Frisenborg
- **Americas** – Christof Blumer
- **Asia** – Bruno Meier

GF Automotive
Head: Josef Edbauer

- **Finance & Controlling / IT** – Andreas Müller
- **Human Resources** – Noel Schreiber a.i.
- **Purchasing** – Bernhard Rau
- **Business Development & Sales** – Achim Schneider
- **Europe** – Dirk Lindemann
- **China** – Mujia Zhang

GF Machining Solutions
Head: Pascal Boillat

- **Finance** – Aitor Bustinduy
- **Human Resources** – Jean-Marc Hug a.i.
- **Operations** – Ivan Filisetti
- **Services / Academy** – Marcel Vorburger
- **Central Marketing & Sales** – Håkan Pfeiffer
- **Business Development** – Armando Pereira
- **Business Systems & Communications** – Mauro Fontana

Finance & Controlling
Head: Roland Abt

- **Corporate Controlling & Investor Relations** – Daniel Bösiger
- **Corporate Treasury** – Holger Henss
- **Internal Auditing** – Peter Gyger
- **Risk, Tax & IP Services** – Daniel Vaterlaus
- **Law & Compliance** – Marc Lahusen

Corporate Development
Head: Yves Serra

- **Corporate Communications** – Beat Römer
- **Corporate Secretariat** – Roland Gröbli
- **Corporate Human Resources** – Peter Ziswiler
- **Corporate Planning / IT** – Helmut Elben

Responsibility and commitment

GF has been recording and analyzing environmental indicators since 1997. The global reporting system was upgraded in 2005 to include social performance data and was expanded into the Sustainability Information System (SIS). Various documents, for instance the Code of Conduct, support the mainstreaming and implementation in the 32 countries in which GF operates.

Objectives // The currently applicable sustainability objectives were adopted by the Executive Committee and cover the five-year period from 2010 to 2015. At the operational level, the divisions and the Corporate Companies derive their environmental and social objectives from these quantified targets valid throughout the Corporation. Achievement of the targets is monitored by means of a corporation-wide reporting system. The environmental goals include, for instance, a reduction in CO_2 emissions and an improvement in energy efficiency. The social responsibility targets encompass a reduction in the accident and absence rates and the fostering of employee development by means of modern training programs. The general sustainability objectives also call for sustainability aspects to be embedded in GF's cooperation with suppliers (the GF Supplier Code). GF published its last interim report with extensive data in June 2013. The report is made in accordance with the GRI guidelines (Global Reporting Initiative).

Social objectives

Safety at work and health protection // Occupational health and safety protection are part of the management system in all production companies and the system is certified to OHSAS 18001 (Occupational Health and Safety Assessment Series). One of the sustainability goals defined by the Executive Committee is to reduce the accident rate by 15% by 2015. On corporate level a task force focuses on a comprehensive health and safety approach covering all GF sites worldwide. Even though GF's occupational health and safety activities indicate a decrease in accidents, sadly, GF had to regret six fatal accidents in 2013. Two of the fatalities were employees of external companies. The accidents were analyzed in details and actions will be taken to maximize safety around the entire Corporation. Every loss of life is a loss too many and cannot be accepted.

Professional training // GF has a long tradition of training apprentices. We will continue to make every effort to maintain the high percentage of trainees in the workforce and to offer attractive training positions for basic vocational training. Granting interested school-leavers an early insight into the range of training and study opportunities is also an integral part of the corporate culture in training. In 2013, GF offered a total of 476 positions, of which 199 were in Switzerland, for training in various technical or commercial professions.

+ GF offered a total of 476 positions, of which 199 were in Switzerland, for training apprentices in various technical or commercial professions.

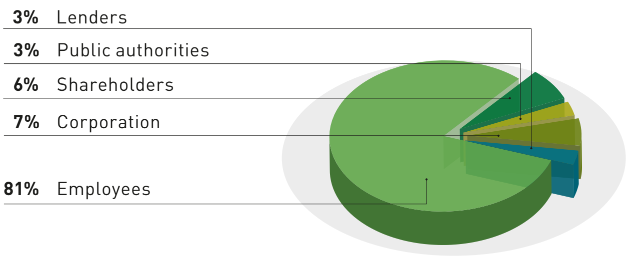
Management training // The GF Corporation has operated a clear management development process for a number of years. Vacancies in senior management can thus be filled by internal candidates in the majority of cases. In the year under review, managers had the opportunity to attend a number of basic and advanced training courses important for their work such as Industrial Business Training (IBT), Financial Management Training (FMT), People Management Training (PMT), and Corporate Management Training (CMT). The Business Economics and Finance Training (EFT) is tailored to the specific requirements in China and is held in Mandarin. Around 200 managers from different regions and all parts of the Corporation underwent intense and customized training at the in-house GF Academy.

Management Development Training
(GF Academy)

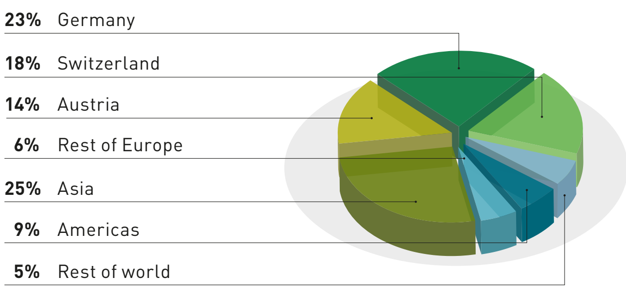
Moreover, a corporation-wide initiative on management issues and cooperation – based on the FranklinCovey Program (a management training institute) – were continued. Managers and employees from all divisions attend these training courses. In addition, the three divisions conduct their own training programs, which are geared specifically to their own operations.

Net value added // Profit is the focus of every corporate report. For the economy as a whole, however, the factor that really counts is net value added. Net value added is the added value that is available after all external costs. It came to CHF 1.132 billion in 2013, compared to CHF 1.078 billion in 2012. More than 80% of this amount was paid out to employees as wages and salaries. Taxes and duties paid to the public accounted for 3%.

Distribution of net value added 2013 (in %)
(100% = CHF 1.132 billion)



Employees 2013 by region (in %)
(100% = 14 066)



Information // The employee newspaper GLOBE, which appears regularly in six languages, keeps all employees up-to-date about relevant issues concerning sustainability.

The special sustainability newsletter ZOOM, which was distributed to Managing Directors and specialists, was abandoned and integrated into the newspaper GLOBE. Information about current events, sustainability trends in society, and activities within GF are now part of the newspaper GLOBE.

Best-practice exchange // Each year, senior management addresses issues of strategic and operational significance both at the annual two-day Corporate Convention and at the Senior Corporate Management Meeting, which are chaired by the President and Chief Executive Officer. In the past year, the meetings were attended by about 150 Managing Directors. In addition to discussing strategy and financial management, the managers addressed human resources management. The two-day sustainability conference is an important platform for promoting an exchange of views within and across the divisions. For the first time, this conference was held in Suzhou (China) addressing current sustainability topics affecting the Corporation and the divisions in the areas of occupational health and safety, social aspects, ecology, and energy. At the Corporation level, discussion centered on the sustainability goals for 2015, and their implementation status was dealt with at length. In addition, time was reserved for the exchange of specialist information in the divisions and for talks by external guest speakers. The conference was conducted bilingually, in Mandarin and English. HR managers, occupational health and safety experts, energy experts and environmental managers from all Chinese Corporate Companies attended the conference, representing the approximately 3 000 employees these Chinese Corporate Companies count.

Enviromental objectives

Energy // The challenges of the future include climate change, the finite nature of fossil fuels, and a steep increase in the demand for energy. In 2012, GF generated about 708 000 tons of CO_2 emissions, of which fossil fuels accounted for 255 000 tons and electricity for 445 000 tons. Business travel by car or plane produced around 8 000 tons. The results for 2013 will be published in the Sustainability Report 2013.

Energy efficiency // Fossil energy will be among the most important and ever-diminishing resources in the coming decades. Consumption is steadily increasing particularly in the emerging markets. According to the International Energy Agency, energy consumption will grow by 45% in the next 20 years. GF has set itself the goal of increasing energy efficiency in production in each division by 10%. All the divisions of GF are developing innovative solutions such as flow-efficient piping components, light-weight components for vehicles, and energy-efficient tool-making machines. In addition, all the divisions contribute, through their products and solutions, to increasing energy efficiency in operations and to lowering energy consumption. For instance, flow-optimized piping components can reduce the pump input power needed in a plant. Further power consumption reduction is achieved through an intelligent machine software optimizing power consumption during operating and stand-by modes.

Resource-efficient innovation // Like fossil energy, other important resources are also becoming scarcer and more expensive. The prices for crude oil, a crucial means of production, has been rising over the last years. As a result, the development departments have introduced processes for resource-efficient innovation (eco design, life cycle assessment). These processes help ensure that product-related sustainability and resource efficiency issues are taken into account as early as the development stage of new products. Developers have to take the product's entire life cycle, and not just the development phase, into consideration. The impact of new products on the environment is analyzed by assessing the raw materials and suppliers selected, production, the customer's use of the products along with their reuse once their life cycle has expired.

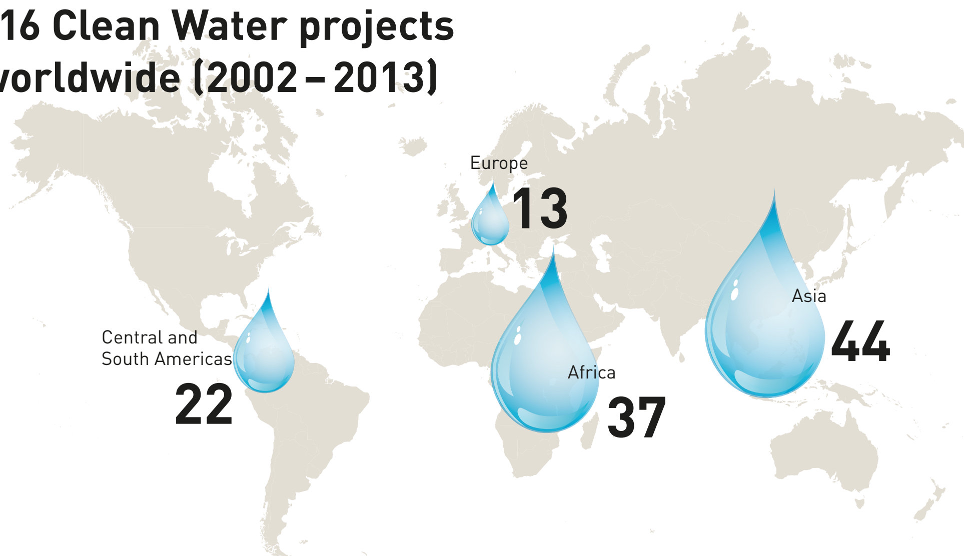
Engagements

Clean Water // The Clean Water Foundation received a donation of CHF 3.5 million when it was founded at the 2002 Annual Shareholders' Meeting. To date, GF has donated CHF 8 million to the Foundation. This has made it possible to implement more than 110 projects in over 50 countries on four continents. To mark the 10th anniversary of its Clean Water Foundation, GF and Caritas Switzerland have agreed to a partnership for the supply of drinking water. The Clean Water Foundation of GF provides the sum of CHF 1 million in cash, which enables Caritas to provide at least 35 000 people worldwide with sustainably improved access to clean drinking water until 2015. Within this partnership, GF and Caritas Switzerland started a regular exchange of information between experts. Thus the division GF Piping Systems makes its know-how and expertise in water treatment and water distribution available to Caritas. The primary aim is to bring about tangible improvements to drinking water access through the use of innovative methods.

In October 2013, representatives of the Clean Water Foundation, together with members of Caritas Switzerland, visited various villages in Tajikistan where GF sponsored, through the Clean Water Foundation, water projects in 2010 and 2012 in the district Muminabad, which borders to Afghanistan. In the villages visited they could take part in the inauguration ceremonies of the water installations. Further, they visited water reforestation projects and water management projects. All water supplies, which are simple and functional, were constructed in cooperation with Caritas Switzerland and the local construction association "Obi Zulol".

Furthermore, the Board of Trustees supported all in all eight new projects with donations of more than CHF 400 000 in Bangladesh, Bolivia, Bosnia-Herzegovina, Congo, Indonesia, Kenia, Vietnam, and in the Philippines for victims of the Typhoon Haiyan.

116 Clean Water projects worldwide (2002 – 2013)



GF supports more than 110 projects in over 50 countries. The main purpose of the Foundation is the financial support of projects related to the improvement of access to clean drinkable water for human beings.

- **+ Bangladesh**
- **+ Bolivia**
- **+ Bosnia-Herzegovina**
- **+ Congo**
- **+ Indonesia**
- **+ Kenia**
- **+ Vietnam**
- **+ Philippines**

Contributing to the common good // GF supports employees who work for the good of their communities. In accordance with its fundamental values and corporate principles, GF undertakes to promote cultural, social, and environmental involvement and contribute to the common good. The holding company and Corporate Companies are involved in many local projects at their respective locations. In 2013, the Corporation spent about CHF 2 million on such projects. In addition, some 30 Corporate Companies supported local activities, with considerable contributions in some cases.

Sustainability dialog // Sustainability and resource efficiency play a crucial role for GF's customers too, for instance in the automotive industry. Customers carefully examine evidence of sustainable production as well as technological competence, quality, and price when selecting suppliers. Again, GF was invited to the "Daimler Sustainability Dialogue" in November 2013. Over 100 stakeholders from business, politics, and social organizations discussed various issues of sustainability.

Awards // GF regularly receives awards for its unwavering commitment to sustainable practices. For the second time, GF was the sector leader Index Group SMIM in the Carbon Disclosure Project (CDP) in 2013.

Tools and systems

Management systems // In 2007 GF decided to have all its production sites certified to OHSAS 18001 (Occupational Health and Safety Assessment Series). This certification, which is compatible with ISO 9001 (quality management) and ISO 14001 (environmental management), integrates occupational safety and health protection into the management system. By year-end, 45 out of 47 sites in scope were certified, a success rate of 96%. Newly founded or acquired production companies must achieve OHSAS certification within three years at the latest.

Reporting systems // The systematic recording of sustainability figures, which was initiated in 1997, is carried out by all production companies and by all sales companies with more than ten employees. In the year under review, 95 operations, or close to 100% of all employees, were covered. The Sustainability Information System (SIS), which has been steadily upgraded over the years, ensures that the data are compiled and that they are comparable corporation-wide. Trained employees in the local companies collect and report the data, which are then consolidated and analyzed in the central database. The findings form the basis for monitoring success and for sustainability reporting and also serve to formulate future objectives.

The internal "Contaminated Land Register" (CLR) lists all sites at which there is a suspicion of potential legacy waste problems caused by contamination of the soil. No such listed sites are known to require any measures. The internal Contaminated Land Register is updated regularly.

Organizational measures, training plus information and advice ensure that the Corporate Companies are able to comply with local legislation and the principles of business ethics applicable in the Corporation. The Executive Committee and the Board of Directors receive a report each year. Binding directives ensure that there is absolutely no leeway in areas crucial for an international industrial corporation such as violations of antitrust law or acceptance of unlawful advantages and that no exception will be permitted to the principle of legal compliance. Employees may report infractions of the law or internal guidelines to their line manager(s), Corporate Audit or directly to the Compliance Officer, anonymously if they so wish. This option of whistleblowing is another instrument designed to prevent illegal behavior. No use was made of this option in 2013.

OHSAS 18001 certified production sites of GF (2013)

Corporate Governance

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

Contents // The present publication fulfills all obligations of the relevant SIX Swiss Exchange directive on information relating to Corporate Governance in terms of content and order and is based on the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, the Swiss Business Federation. The Compensation Report is presented in a separate chapter on pages 50 to 57. All data and information apply to the cutoff date of 31 December 2013, unless otherwise noted. Any changes occurring before the copy deadline on 14 February 2014 are listed at the end of this chapter. Any changes occurring after the copy deadline can be found on our website.

As of 1 January 2014

Board of Directors
10 members
Chairman: Andreas Koopmann

Executive Committee
5 members
CEO: Yves Serra

Finance & Controlling Roland Abt	**Corporate Development** Yves Serra

GF Piping Systems Pietro Lori	**GF Automotive** Josef Edbauer	**GF Machining Solutions** Pascal Boillat

GF also publishes the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Rules, its policies, and much more information online at
www.georgfischer.com/corporate_governance_en
www.georgfischer.com/policies_en

Corporate structure and shareholders

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

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

The parent company of all the Corporate Companies is Georg Fischer Ltd. It is incorporated under Swiss law and is domiciled in Schaffhausen, Switzerland. Georg Fischer Ltd is listed on the SIX Swiss Exchange (FI-N, security number 175 230). Its share capital is CHF 41 008 980, and its market capitalization was CHF 2 573 million as at 31 December 2013 (previous year: CHF 1 509 million).

Affiliated companies // An overview of all affiliated companies in the scope of consolidation can be found in the Financial Report on pages 104 to 106. The list contains the company name, domicile, share capital, and the percentage held by GF.

Significant shareholders and shareholder groups // As at 31 December 2013, two shareholders had voting rights in excess of 5%: Norges Bank (the Central Bank of Norway), Oslo (Norway), and LSV Asset Management, Chicago (USA). No shareholders or shareholder groups had voting rights between 3% and 5%.

Seven disclosure notifications were published in the year under review, of which one relate to BDS (Behr Deflandre & Snozzi) Beteiligungsgesellschaft AG, three to the BlackRock Group (see group structure as published on 3 April 2013 as well on 1 and 6 August 2013 on the SIX disclosure platform), held indirectly by BlackRock Inc (USA), one to LSV Asset Management, Chicago (USA) and two to the Norges Bank (the Central Bank of Norway), Oslo (Norway). Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with

Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform. The notifications can be accessed via the following weblink to the database search page of the disclosure office:
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

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

Capital structure

Capital and share information // Fully paid-in share capital amounts to CHF 41 008 980 and is divided into 4 100 898 registered shares each with a par value of CHF 10. Each registered share has one vote at the Annual Shareholders' Meeting. The authorized capital and the conditional capital amount to a maximum of CHF 6 000 000. The maximum authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of equity-linked bonds or similar debt instruments or new shares.

By no later than 21 March 2014, the maximum authorized share capital will be CHF 6 000 000 divided into no more than 600 000 registered shares each with a par value of CHF 10. Moreover, the share capital may be increased via the conditional capital by a maximum of CHF 6 000 000 by the issue of no more than 600 000 fully paid-in registered shares with a nominal value of CHF 10 each, through the exercise of conversion rights and/or warrants granted in connection with the issuance on capital markets of bonds or similar debt instruments of the company or one of its Corporate Companies. As of 31 December 2013 no such bonds or debt instruments were outstanding. The beneficiaries and the conditions and modalities of the issue of authorized capital are described in § 4.4 a) of the Articles of Association of Georg Fischer Ltd and those of conditional capital in § 4.4 b) of the Articles of Association of Georg Fischer Ltd.
www.georgfischer.com/corporate_governance_en

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

Further information on the share capital and changes in capital in the last five years can be found on pages 120 to 122. No participation or profit-sharing certificates exist.

Restrictions on transferability // Entry in the company's share register as a shareholder or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following conditions: A natural person or legal entity may not accumulate, either directly or indirectly, more than 5% of the registered share capital. Persons who are bound by capital or voting rights, by consolidated management or in a similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person. Applications for registration in excess of this threshold will be refused generally. In the year under review, no applications for exceptions were received.

Nominee registrations // Persons who hold shares for third parties (referred to as nominees) are only entered in the share register with voting rights if the nominee declares his willingness to disclose the names, addresses, and shareholdings of those persons on whose behalf he holds the shares. The same registration limitations apply, mutatis mutandis, to nominees as to individual shareholders. Applications for registration in excess of the threshold of 5% will be refused.

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

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

Board of Directors

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

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

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

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

Elections and term of office // On 1 January 2014, with the entry into force of the "Ordinance against Excessive Compensation for Listed Companies", new statutory requirements took effect in Switzerland. The members of the Board of Directors now have to be elected individually, and their term of office ends at the next Annual Shareholders' Meeting. Re-election is possible. This requirement also applies to members of the Board of Directors who were elected before 2014 for a multi-year term of office.

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

2013 // At the 117th Annual Shareholders' Meeting held on 20 March 2013, Roman Boutellier, Roger Michaelis and Zhiqiang Zhang were re-elected for a three-year term of office. Owing to the new statutory provisions (see previous section), however, their term ends with the 2014 Annual Shareholders' Meeting.

Internal organizational structure // The Board of Directors constituted itself so far by electing a Chairman and a Vice Chairman each year from among its members. The Board of Directors constituted itself the day of the Annual Shareholders' Meeting, 20 March 2013, as follows: Andreas Koopmann, Chairman; Gerold Bührer, Vice Chairman. In accordance with the new statutory requirements, the 2014 Annual Shareholders' Meeting will, for the first time, elect the Chairman of the Board of Directors and the members of the Compensation Committee. In all other respects, the Board of Directors will constitute itself as in the past.

Areas of responsibility // The members of the three standing Board Committees are listed on page 47. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions (except the Compensation Committee; see page 43). They discuss the issues assigned to them and make proposals to the Board of Directors as a whole. The CEO attends the meetings of the Board Committees, but is not entitled to vote. Minutes of the committee meetings are sent to all members of the Board of Directors. The Chairmen of the individual committees also make a verbal report at the next meeting of the Board of Directors and submit any proposals.

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

The Board of Directors meets at least four times a year under the leadership of its Chairman. During the year under review, it met eight times: Three meetings lasted less than two hours, four meetings took a whole day, and the strategy meeting lasted one and a half days in total but was integrated in a week-long marketing trip that involved visits to customers, partners and GF's own companies in China. Moreover, the Board of Directors participated in a two-hour training course, where it received comprehensive information from a specialist on current trends in Corporate Governance and the latest developments in Swiss company law. The three standing Board Committees met a total of 13 times. The dates of the regular meetings are generally set well in advance to enable all members to attend personally. In the year under review, the attendance rate was 93%.

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

Evaluation // In 2013, the Board of Directors worked on the implementation of the findings out of the self-assessment which took place in 2012. Further optimization were incorporated into the annual planning for 2014. Another assessment is planned for autumn 2014.

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

As a rule, the Chairman of the Board, the CEO, the CFO, the Head of Internal Auditing, and representatives of the external auditor also attend the meetings. At the request of the Audit Committee the external auditor also provides information on current questions relating to the financial statements and financial issues.

During the business year just ended, the Audit Committee held six meetings, four of which lasted half a day, and the other two lasted about two hours.

Compensation Committee // The Compensation Committee consists of three Board members. It supports the Board of Directors in setting compensation policy at the highest corporate level. As required, it uses knowledge of external compensation specialists about market data from comparable companies in Switzerland, in addition to publicly available data obtained on the basis of compensation disclosures. In the year under review, an external consultant was retained in one case to a limited extent. The Compensation Committee proposes to the Board of Directors the total amount of compensation to be paid to the entire Executive Committee and the Chief Executive Officer. In addition the Compensation Committee decides on the remuneration of the individual members of the Executive Committee upon a proposal of the Chief Executive Officer. The Compensation Committee held three meetings during the past fiscal year, each of which lasted about an hour and a half.

Nomination Committee // The Nomination Committee consists of three Board members. It supports the Board of Directors in succession planning and assists in the selection of suitable candidates for the Board of Directors and the Executive Committee. The Nomination Committee is kept informed annually about succession planning for the two senior operating management levels. In the year under review, the Nomination Committee held four meetings, which lasted two hours on average.

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

In addition, the Board of Directors receives the estimate prepared twice a year with the figures for the entire business year. The Board of Directors also approves the budget of the Corporation and of the divisions for the following year. Once a year, it receives the results of medium-term planning for the next three years. The Board of Directors holds as a general rule a two-day meeting once a year to discuss the strategies of the divisions and the Corporation as a whole.

The Chairman of the Board of Directors attends the Corporate Convention of the senior management and the Executive Committee's planning meeting and is a regular attendee at other corporate management meetings. The Chairman of the Board of Directors and the CEO inform and consult each other regularly on all business matters that are of fundamental importance or have far-reaching ramifications. The Chairman of the Board receives the invitations and minutes of the Executive Committee and Corporate Staff Meetings. He visits Corporate Companies on a regular basis to see their operations for himself and how they are implementing the Corporation's strategies. In 2013, he visited Corporate Companies in Europe, Asia, and the USA.

Internal Auditing // Internal Auditing reports to the Chairman of the Audit Committee operationally and to the CFO administratively. Based on the risk-oriented audit plan approved by the Audit Committee, Corporate Companies are audited either annually or every two to three years, depending on the risk assessment. In the year under review 55 internal audits were conducted. The written report is discussed with the management of the company in question. Copies are sent to the line managers, the external auditor, the Executive Committee, and the Chairmen of the Board of Directors and of the Audit Committee. Audit reports with significant findings are presented to and discussed in the Audit Committee.

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

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

A number of compliance measures were implemented in 2013: (i) a new Code of Conduct in 16 languages was introduced; (ii) an internal e-learning program on the subject of anti-corruption was held for about 1 600 employees; (iii) an internal e-learning program was conducted on competition and cartel law for approximately 500 employees; (iv) more than twelve training sessions were held for Corporate Companies and at management meetings on cartel law, anticorruption efforts, export controls, and other compliance topics; (v) ongoing advice and support for internal audits; (vi) the "Export Controls Task Force" was reinforced to support coordination and mutual assistance for the Corporate Companies of the GF Machining Solutions division; (vii) a web-based system for the prevention of business with sanctioned persons and organizations was expanded; (viii) advice was given on issues relating to export controls, cartel law and labor law.
Code of Conduct of GF:
www.georgfischer.com/corporate_governance_en

Risk management // The Board of Directors and the Executive Committee attach great importance to the careful management of risks in the areas of strategy, finances, management and resources, production and sustainability. The Head of the Service Center Risk, Tax & IP Services is the Chief Risk Officer (CRO). In this function, the CRO reports directly to the Chief Executive Officer and is supported in this task by a part-time risk officer from each of the three divisions. Together with internal specialists in corporate risk management, the risk officers form the Corporate Risk Council, chaired by the CRO. The Council held two meetings during the past business year. In addition, the CRO conducted workshops with the management of the three divisions and with the Executive Committee at which the concrete risk situation was analyzed, measures were discussed, and key risks were defined.

The approach to financial risks is explained in the financial report on pages 76 to 79, while operational risks are dealt with on page 19 and on page 75.

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

Executive Committee

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

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

Shareholders' rights

As at 31 December 2013, Georg Fischer Ltd had 12 269 shareholders with voting rights (previous year: 14 212), most of whom reside in Switzerland. To maintain this broad base, the Articles of Association provide for the statutory restrictions summarized hereinafter.

Restriction on voting rights // The total number of votes exercised by one person for his own shares and shares for which he votes by proxy may not exceed 5% of the votes of the company's total share capital. Persons bound by capital or voting rights, by consolidated management or otherwise acting in concert for the purpose of circumventing this provision are deemed to be one person. In the year under review, no applications for exceptions were made.

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

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

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

1. the cases listed in art. 704 para. 1 CO
2. the alleviation or withdrawal of limitations upon the transfer of registered shares
3. the creation, extension, alleviation, or withdrawal of the voting restrictions
4. the conversion of registered shares into bearer shares
5. the removal of a quarter or more members of the Board of Directors
6. the amendments to § 16.1 of the Articles of Association concerning the election and term of office of members of the Board of Directors
7. the removal of restrictions concerning the passing of resolutions by the Shareholders' Meeting, particularly those of § 12 of the Articles of Association

An application for a change of items 5 and 6 will be made to the Shareholders' Meeting 2014.

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

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

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

Change of control and defense measures

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

Auditors

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

Audit fees // In 2013, the Corporation spent about CHF 2.39 million worldwide in connection with the audit conducted by PricewaterhouseCoopers of the financial statements of Georg Fischer Ltd, of the GF Corporation, and of the Corporate Companies. For additional services PricewaterhouseCoopers received fees of approximately CHF 0.35 million. In 2013 these services relate to tax advice (CHF 0.13 million) and other consulting mandates in connection with accounting (CHF 0.22 million).

Supervisory and control instruments // The Audit Committee reviews and evaluates the effectiveness and independence of the external auditors annually. The Audit Committee bases its evaluation on the following criteria:
- quality of the documents and management letters
- time taken and costs
- quality of oral and written reports on individual aspects and pertinent questions relating to accounting, auditing, or additional consulting mandates

For the evaluation, the members of the Audit Committee use first of all the knowledge and experience which they have acquired as a result of similar functions at other companies. Internal Auditing also issues an annual list of all services rendered by external auditors for the Corporation and their costs. This report is discussed by the Executive Committee and the Audit Committee. Authorization of the costs for the audit of Georg Fischer Ltd, the audit of the financial statements of the Corporation and of all Corporate Companies was given by the Audit Committee. Further services from PricewaterhouseCoopers will be examined by the Head of Internal Auditing and will be approved either by the CFO or by the managing directors of the individual Corporate Companies, depending on the volume. A high level of cost transparency is ensured because Internal Auditing prepares a report every year.

In the presence of internal and external auditors, the Audit Committee also evaluates potential for improvement regarding collaboration, the processing of assignments and any interfaces or overlapping of Internal and external Auditing. A representative of the auditors attended the five ordinary meetings of the Audit Committee.

Information policy

Open communication at all levels is an important element of management responsibility. Corporate Communications and Investor Relations are the two departments responsible for information and communication in the Corporation. All communication measures are based on a commitment to uphold the company's credibility. Communication with all GF stakeholders is active, open and timely. If possible and permissible, employees are notified first.

GF has been present on five social media channels (LinkedIn, Xing, Facebook, Twitter, YouTube) since October 2013 in order to present the Corporation to younger target groups in an up-to-date manner. The website www.georgfischer.com is continuously updated and, along with media releases on relevant events, it remains a cornerstone of Corporate Communications. Facts and figures on the Corporation, presentations on important activities and the dates of all events of relevance for shareholders, analysts and journalists (Annual Shareholders' Meeting, press conferences, etc.) can be found on the website.

As a company listed on the SIX Swiss Exchange, GF is subject to the requirements on ad hoc publicity, i.e. the obligation to report any potential share price-relevant information. GF also maintains a dialog with investors and journalists at special events and road shows.

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

Investor Relations
Daniel Bösiger
daniel.boesiger@georgfischer.com

Corporate Communications
Beat Römer
beat.roemer@georgfischer.com

Changes after the balance sheet date

Between 1 January and the copy deadline on 14 February 2014, one disclosure notification was made on 30 January 2014 relating the BlackRock Group (see group structure as published on 3 February 2014 on the SIX disclosure platform) stating that the voting rights are at 3%.

Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform. The notifications can be accessed via the following weblink to the database search page of the disclosure office:
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Board of Directors

As of 1 January 2014

Committees

Audit Committee
Rudolf Huber, Chairman
Gerold Bührer
Kurt E. Stirnemann

Compensation Committee
Ulrich Graf, Chairman
Isabelle Welton
Zhiqiang Zhang

Nomination Committee
Andreas Koopmann, Chairman
Roman Boutellier
Jasmin Staiblin

Andreas Koopmann

Chairman of the Board
1951 (Switzerland)

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

Board member since 2010;
Chairman of the Board since 2012

Committees // Chairman of the Nomination Committee

Corporate Governance // Independent member

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

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

Further professional activities and functions // Member of the Board of economiesuisse (Switzerland)

Gerold Bührer

Vice Chairman of the Board
1948 (Switzerland)

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

Board member since 2001;
Vice Chairman of the Board since 2012

Committees // Member of the Audit Committee

Corporate Governance // Independent member

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

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

Further professional activities and functions // Member of the Bank Council of the Swiss National Bank; Board member of Cellere AG and of Meier + Cie AG (all Switzerland); Member of the European Advisory Council of J.P. Morgan

Roger Michaelis

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

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

Board member since 2012

Committees // –

Corporate Governance // Independent member

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

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Managing Director and owner of Verocap; Managing Director of SAMAB Cia. Industria e Comercio de papel S. A. São Paulo and Celena Marketing e Participacoes S. A. São Paulo; Board member of Ocrim Alimentos Ltd. São Paulo and Bentonit Uniao Ltd. São Paulo (all Brazil)

Jasmin Staiblin

Member of the Board of Directors
1970 (Germany)

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

Board member since 2011

Committees // Member of the Nomination Committee

Corporate Governance // Independent member

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

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

Further professional activities and functions // Member of the ETH Board (Switzerland)

Kurt E. Stirnemann

Member of the Board of Directors
1943 (Switzerland)

Dr. sc. techn. ETH Zurich (Switzerland)

Board member since 2003

Committees // Member of the Audit Committee

Corporate Governance // Independent member

Professional background, career // Assistant (1969 –1971) and lecturer (1973 – 1977) at the ETH in Zurich; various positions at Rieter (1977 – 1990), ultimately as Managing Director of Maschinenfabrik Rieter AG and as deputy member of the Executive Committee of Rieter Holding AG; President and CEO of Agie AG (1990 – 1996); member of the Executive Committee of Georg Fischer as well as CEO and Delegate to the Board of Directors of the Agie Charmilles Group (1996 – 2003); President and CEO of Georg Fischer Ltd and Delegate to the Board (2003 – 2008)

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

Further professional activities and functions // –

Roman Boutellier

Member of the Board of Directors
1950 (Switzerland)

Dr. sc. math. ETH Zurich (Switzerland)

Board member since 1999

Committees // Member of the Nomination Committee

Corporate Governance // Independent member

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

Other activities of governing bodies in listed corporations // –

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

Ulrich Graf

Member of the Board of Directors
1945 (Switzerland)

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

Board member since 1998

Committees // Chairman of the Compensation Committee

Corporate Governance // Independent member

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

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

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

Rudolf Huber

Member of the Board of Directors
1955 (Switzerland)

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

Board member since 2006

Committees // Chairman of the Audit Committee

Corporate Governance // Independent member

Professional background, career // Various positions in the financial sector of industrial firms in Switzerland (1985 – 1992); CFO of Geberit AG (1992 – 2004); business consultant (since 2005); part-time lecturer at the Hochschule für Wirtschaft in Lucerne and lecturer at the University of St. Gallen

Other activities of governing bodies in listed corporations // Chairman of the Board of Directors of Looser Holding AG; Board member of Swiss Prime Site AG and of Repower AG (all Switzerland)

Further professional activities and functions // Board member of Hoerbiger Holding AG, Wicor Holding AG (both Switzerland); President of the CFO Forum Switzerland

Isabelle Welton

Member of the Board of Directors
1963 (Switzerland)

Graduated in law at the Faculty of Law of the University of Zurich (Switzerland)

Board member since 2012

Committees // Member of the Compensation Committee

Corporate Governance // Independent member

Professional background, career // Various positions at Citibank in USA and Japan; External Communications Manager Zurich Financial Services (1996 – 2001); Head Corporate Communication EFG Private Bank (2001 – 2003); various positions at IBM Switzerland, ultimately as General Manager IBM Switzerland (2003 – 2012); Group Chief Marketing Officer Zurich Insurance Group Ltd (as of 2013); Group Chief of Staff since September 2013

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // Board member of the Limited Company for the Neue Zürcher Zeitung (Switzerland); Member of the Regional Economic Advisory Council of the Swiss National Bank; member of the Board of Trustees of "LUCERNE FESTIVAL"

Zhiqiang Zhang

Member of the Board of Directors
1961 (China)

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

Board member since 2005

Committees // Member of the Compensation Committee

Corporate Governance // Independent member

Professional background, career // Various positions at Siemens (1987 – 2007), including President of Siemens VDO Automotive China (1999 – 2005); President of Nokia Siemens Networks Greater China Region (2005 – 2012); since 2012 President of Greater China Region and member of extended Group Executive Management of Sandvik AB

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // –

Executive Committee

Yves Serra

Chief Executive Officer of Georg Fischer Ltd,
1953 (France)

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

Member of the Executive Committee since 2003, CEO since 2008

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

Other activities of governing bodies in listed corporations // –

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

Roland Abt

Chief Financial Officer
1957 (Switzerland)

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

Member of the Executive Committee since 2004

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

Other activities of governing bodies in listed corporations // –

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

Pietro Lori

Head of GF Piping Systems
1956 (Italy)

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

Member of the Executive Committee since 2008

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

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // –

Josef Edbauer

Head of GF Automotive
1957 (Germany)

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

Member of the Executive Committee since 2008

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

Other activities of governing bodies in listed corporations // –

Further professional activities and functions // –

Pascal Boillat

Head of GF Machining Solutions
1955 (Switzerland)

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

Member of the Executive Committee since 2013

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

Other activities of governing bodies in listed corporations // –

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

Compensation Report

Contents // This remuneration report provides information about the compensation policy, the compensation programs and the process of determination of compensation applicable to the Board of Directors and to the Executive Committee of GF. It also includes details on the compensation payments related to 2013. This report is written in accordance to the transparency regulations of the Swiss Code of Obligations Art. 663b bis and 663c, the standards related to information on Corporate Governance issued by the SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

The remuneration paid in accordance with the abovementioned provisions of the Code of Obligations is listed and commented in the consolidated financial statements (page 102) and in the statements of Georg Fischer Ltd (pages 114 to 116).

Compensation policy

Overarching principles // The Corporation's compensation policy is designed along the following principles:

Compensation principles

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

Compensation Governance

Compensation Committee // The Compensation Committee consists of three Board members. Since the 2013 Annual Shareholders' Meeting, Ulrich Graf (Chairman), Isabelle Welton and Zhiqiang Zhang are member of the Compensation Committee. The Committee supports the Board of Directors in setting the compensation policy at the highest corporate level and regularly reviews the guidelines governing compensation of the executives. The Committee also proposes the amount of compensation to be paid to the Board of Directors, to the CEO, and to the other members of the Executive Committee.

The Compensation Committee convenes as often as necessary, but at least once a year. In 2013, the Committee held three meetings of approximately one hour and a half each, according to the following schedule:

- In the February meeting, the Committee evaluates the business performance in the past financial year against the preset objectives, and prepares a proposal to the Board of Directors on the related bonus to be paid to the Chief Executive Officer and to the Executive Committee members. In the same meeting, the Committee determines the business objectives for the following business year for the Chief Executive Officer and reviews those of the Executive Committee members, before submitting them to the Board of Directors for approval.
- In the September meeting, the Committee reviews the overall compensation policy.
- In the December meeting, the Committee reviews and approves the target compensation for the following business year for the members of the Executive Committee based on a proposal from the CEO. The Committee determines the target compensation of the CEO for the next business year based on a proposal from the Chairman of the Board and prepares a proposal to submit to the Board of Directors for approval. The Committee also prepares a proposal on the compensation to be paid to the members of the Board of Directors for the next business year. Finally, the Committee reviews the preliminary disclosure of compensation for the annual report.

The CEO and the Head of Corporate Human Resources attend the Committee meetings in advisory capacity. The CEO does not attend the meeting when his own compensation is discussed. In 2013, all Committee members attended all meetings.

The Committee may call in external compensation specialists to obtain independent advice and/or to get benchmarking compensation data. In the year under review, the Compensation Committee mandated CEPEC to conduct a benchmarking analysis on the compensation of the Executive Committee.

Decision-making authority and supervision // The compensation proposals and decisions are made based on the following levels of authority:

Levels auf authority

Approval framework	Subject	Recommendation from	Final approval from
	Compensation of the Board of Directors	Compensation Committee	Board of Directors
	Fixed compensation of the CEO (following year)	Compensation Committee based on proposal by the Chairman of the Board	Board of Directors
	Fixed compensation of the Executive Committee	Compensation Committee based on proposal by the CEO	Board of Directors
	Bonus payout of CEO (previous year)	Compensation Committee based on proposal by the Chairman of the Board	Board of Directors
	Individual bonus payouts of Executive Committee	Compensation Committee based on proposal by the CEO	Board of Directors

On behalf of the Board of Directors, Internal Auditing annually reviews the compliance of the compensation decision made with the compensation regulations for the Executive Committee and the Board of Directors.

Method of determination of compensation // The elements and levels of the compensation of the Board of Directors and the Executive Committee are reviewed regularly and are tailored to the relevant sector and labor market in which GF competes for talent. For the purpose of comparison, the Compensation Committee relies on compensation surveys published by independent consulting firms and on publicly available information, such as compensation disclosures from comparable companies. Comparable companies are defined as companies with similar size in terms of sales, earnings, number of employees, and geographic scope, which operate in similar business segments and are headquartered in Switzerland. In 2013, no changes were made to the structure of compensation of the Board of Directors and of the Executive Committee. The levels of compensation have been reviewed on the basis of the benchmarking analysis provided by CEPEC and of the compensation disclosures of comparable companies.

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

Architecture of compensation

Compensation of the Board of Directors // The compensation regulation applicable to the Board of Directors is regularly reviewed based on competitive market practice and retains its validity for several years. The current regulation is in place since 2010. In 2013, no change was made to the structure of compensation for the Board of Directors, however the level of compensation has been reviewed based on the compensation disclosure of comparable companies.

The annual overall compensation for each member of the Board of Directors depends on the responsibilities carried out and the time effectively spent in the year under review. The compensation is partially delivered in cash (fee) and in shares.

Model of compensation of the Board of Directors

	Responsibility	Fee		Shares
Basis fee	Board Membership	CHF 40 000	+	150 shares
Additional fees	Board Chairmanship Board Vice-Chairmanship Audit Committee Chairmanship Audit Committee Membership Other Committee Chairmanship/ Membership Any additional activity	CHF 144 000 CHF 22 500 CHF 54 000 CHF 18 000 CHF 4 500 per day[1] CHF 4 500 per day	+	100 shares
Business expense	Expense lump-sum	CHF 500 per day		

1 Only payable if the Committee meeting does not take place on a day of a Board meeting.

Members of the Board receive a fixed fee and additional fees for special tasks such as committee chairmanship, vice-chairmanship or membership, and any other extraordinary activities/meetings. The fees may be paid, wholly or in part, in Georg Fischer shares, at the member's discretion. The member can also elect to voluntary block the shares for a period of five years. The value of the shares used to convert the fee cash amount into shares is the closing share price on the last trading day of the reporting year.

In addition, each member of the Board receives a fixed number of Georg Fischer shares. The value of the share-related compensation is calculated on the basis of the closing share price on the last trading day of the reporting year. As of 2014, those shares will be blocked for a period of five years.

Finally, members of the Board also receive a lump-sum allowance to cover their business expenses. They do not receive additional reimbursements of business expense beyond actual expenditures for business travel.

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

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

The compensation of the Executive Committee includes the following elements:
- fixed base salary in cash
- performance-related bonus in cash (short-term incentive)
- share-based remuneration (long-term incentive)
- benefits such as pension and social insurance funds

Model of compensation of the Executive Committee

	Instrument	Purpose	Drivers
Annual base salary	Monthly cash payments	Pay for the function	Scope and responsibilities Profile of the individual
Performance bonus (short-term incentive)	Annual cash payment	Pay for performance	Business and individual performance over a one-year period
Share-based remuneration (long-term incentive)	Restricted shares (blocking period of 5 years)	Participate to long-term success Align to shareholders' interests	Level of the role in the organization
Benefits	Pension and insurances Other perquisites	Protect against risks Cover business expenses	Local legislation and market practice

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

- scope and complexity of the role, as well as the skills required to perform the role
- skills, experience, and performance of the individual in the role
- external market value of the role

Fixed base salaries of the Executive Committee members are reviewed every year on the basis of those factors and adjustments are made according to market development.

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

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

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

The weighting of the business and individual objectives for the CEO and the other Executive Committee members is described in the chart below.

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

			CEO	Head division	Staff functions
Business objectives	Corporation level	Organic sales growth (30%)	24%	9%	18%
		EBIT margin (25%)	20%	7.5%	15%
		ROIC (25%)	20%	7.5%	15%
		Asset turnover (20%)	16%	6%	12%
	Division level	Organic sales growth (30%)		9%	
		EBIT margin (25%)		7.5%	
		ROIC (25%)		7.5%	
		Asset turnover (20%)		6%	
Individual objectives		MBO	30%	30%	30%
Total weight (at maximum) in % of annual fixed base salary			110%	90%	90%

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

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

1 For confidentiality reasons.

The maximum variable incentive is expressed as a percentage of the annual fixed base salary and amounts to 110% for the CEO and 90% for the other members of the Executive Committee. The expected level of performance (fulfillment of the multi-year business objectives and of the individual objectives) corresponds to a bonus payout of approximately 60% of the maximum bonus. In the review year, the performance-related remuneration of the CEO was 62.5% of the fixed base salary and that of the other Executive Committee members varied between 48.4% and 52.4% of the fixed annual base salary.

Share-based remuneration (long-term incentive) // The purpose of the share-based remuneration is to align the interest of the Executive Committee with the shareholders' interests. The CEO receives 750 restricted shares and each of the other Executive Committee members receives 250 restricted shares. The shares are transferred in January of the following year and are subject to a blocking period of five years. The transfer value of the share is based on the closing share price on the last trading day of the previous business year. The shares are automatically unblocked in case of liquidation or change of control.

The underlying shares of the share-based compensation program are either treasury shares or are repurchased on the market.

Benefits // Benefits consist primarily of retirement and insurance plans that are designed to provide a reasonable retirement remuneration as well as a reasonable level of protection against risks such as death and disability. All members of the Executive Committee have a Swiss employment contract and participate in the pension fund of GF offered to all Swiss-based employees, in which the fixed base salary is insured. The pension fund exceeds the legal requirement of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and is in line with commensurate market practice.

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

Other remuneration

The members of the Board and the Executive Committee of GF do not receive any further compensation for these functions. In particular:

Additional fees // No member of the Executive Committee or the Board of Directors or any person closely associated with them received any fees or other payments for additional services to Georg Fischer Ltd or its Corporate Companies in the 2013 business year.

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

Contractual terms // The contractual agreements with the CEO and the Executive Committee members contain a notice period of maximum twelve months.

Termination benefits // Members of the Board or the Executive Committee have no contractual entitlement to severance payments.

Remuneration for the 2013 business year

Board of Directors // The members of the Board of Directors received cash compensation of CHF 1 041 thousand in the year under review (previous year: CHF 854 thousand). Of this amount, Board members voluntarily drew 377 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 237 thousand in 2013. In the previous year, they drew had been 524 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 193 thousand. In addition, a total of 1 600 Georg Fischer registered shares with a market value of CHF 1 004 thousand were allocated as share-related compensation. In the previous year, the allocation had been 1 603 Georg Fischer registered shares, equivalent to a market value of CHF 590 thousand. Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2 224 thousand (previous year: CHF 1 585 thousand). The detailed disclosure of compensation to the Board of Directors in accordance with the transparency provisions of the Code of Obligations is as follows:

Compensation paid to the members of the Board of Directors 2013

	Compensation					
	Cash compen-sation[1]	Share-related compensation[2]		Other benefits[3]	**Total compensation 2013[4]**	Total compensation 2012[4]
	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Andreas Koopmann						
Chairman of the Board of Directors						
Chairman Nomination Committee	254	250	157	32	443	303
Gerold Bührer						
Vice Chairman of the Board of Directors						
Member Audit Committee	119	150	94	19	232	155
Roman Boutellier						
Member Nomination Committee	83	150	94	16	193	114
Ulrich Graf						
Chairman of the Compensation Committee	83	150	94	14	191	113
Rudolf Huber						
Chairman of the Audit Committee	128	150	94	20	242	180
Roger Michaelis						
Member Board of Directors	81	150	94	17	192	120
Jasmin Staiblin						
Member Nomination Committee	74	150	94	16	184	115
Kurt E. Stirnemann						
Member Audit Committee	58	150	94	12	164	130
Isabelle Welton						
Member Compensation Committee	56	150	94	13	163	89
Zhiqiang Zhang						
Member Compensation Committee	108	150	94	19	221	158
Martin Huber[5]						72
Bruno Hug [5]						36
Rounding difference	–3		1	1	–1	
Total	**1 041**	**1 600**	**1 004**	**179**	**2 224**	1 585

1 The cash compensation may be drawn in the form of Georg Fischer registered shares as per the regulations. The number of shares is calculated on the basis of the year-end share price on 31 December 2013. For 2013, compensation amounting to CHF 237 thousand was drawn in the form of shares; on the basis of a share price of CHF 627.50 the number of shares allocated was 377. Further, there is the possibility to block the transferred shares for five years.
2 The share-related compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 627.50 on 31 December 2013.
3 The other benefits include employee contributions to social insurance funds and lump-sum remuneration for expenses which are assumed by GF.
4 The total compensation encompasses the compensation plus the other benefits. Excluding employer contributions to social security of CHF 111 thousand (previous year: CHF 79 thousand).
5 Member of the Board of Directors until the Annual Shareholders' Meeting 2012 (21 March 2012).

Source: Excerpt from the Financial Statements of Georg Fischer Ltd, see page 114 of the Annual Report.

The compensation paid to the Board of Directors for the year 2013 was above that of the previous year, due to the higher value of the shares and to a week-long strategy meeting in China, for which the members of the Board of Directors were remunerated on a time-spent basis as per the compensation regulations.

Executive Committee // The members of the Executive Committee received cash compensation and social security and pension payments amounting to CHF 5.2 million for the year under review (previous year: CHF 4.8 million). 1 750 Georg Fischer registered shares (par value of CHF 10) with a value of CHF 1 098 thousand, based on a share price of CHF 627.50 at year-end 2013, were allocated to members of the Executive Committee for the year under review (previous year: 1 750 Georg Fischer registered shares with a value of CHF 644 thousand).

The detailed disclosure of compensation to the Executive Committee in accordance with the transparency provisions of the Code of Obligations is as follows:

Compensation paid to the members of the Executive Committee 2013

	Fixed salary in cash	Bonus in cash[1]		Share-related compensation[2]	Pension and social insurance funds[3]	**Total compensation 2013[4]**	Total compensation 2012[4]
	1 000 CHF	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Executive Committee	2 686	1 470	1 750	1 098	1 001	6 255	5 442
Of whom Yves Serra, CEO (highest individual salary)	840	525	750	471	318	2 154	1 806

1 The bonus is based on a bonus plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of the division and the Corporation. The bonus for the 2013 financial year was approved by the Board of Directors on 14 February 2014. Payment will be made in 2014.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated. These shares are blocked for five years. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 627.50 on 31 December 2013. All shares are transferred in 2014.
3 The pension and social insurance fund expenses include employer contributions to social insurance funds and to pension funds.
4 The total compensation is comprised of the fixed salary, the bonus, the share-related remuneration, and the social and pension benefits.

Source: Excerpt from the Financial Statements of Georg Fischer Ltd, see page 115 of the Annual Report.

Total compensation for the Executive Committee and the CEO in 2013 was higher than in 2012. The increase comes predominantly from the increased value of the shares from CHF 368.00 in 2012 to CHF 627.50 in 2013 per share, whereas the number of shares granted remained unchanged. In addition, the fixed remuneration was slightly adjusted in order to reach competitive levels in line with the average of our industrial sector, based on the benchmarking survey conducted by CEPEC and on compensation disclosures from comparable companies. The variable incentive related to the financial results of the Corporation and the divisions was also slightly higher in 2013 compared to 2012.

In the 2013 business year, no severance payments were made to persons who left governing bodies in the year under review or earlier.

Total compensation paid to the Board of Directors and Executive Committee is contained in the Corporation's total expenses. Further details on compensation can be found on pages 114 to 115 of the Annual Report.

The revision of the Articles of Association regarding the remuneration of both Board of Directors and Executive Committee will be reviewed by the Board of Directors during 2014, upon the assessment and advice of the newly elected Compensation Committee, and submitted for approval to the 2015 Annual Shareholders' Meeting.

Financial Report 2013

Consolidated financial statements

Balance sheet as per 31 December 2013

million CHF	Notes	2013	%	2012	%
Cash and cash equivalents		641		330	
Marketable securities		12		8	
Trade accounts receivable	(3)	568		524	
Inventories	(4)	647		630	
Income taxes receivable	(5)	6		5	
Other accounts receivable	(6)	63		62	
Prepayments to creditors		16		15	
Accrued income		13		10	
Assets held for sale	(7)	23			
Current assets		**1 989**	**64**	1 584	59
Property, plant and equipment for own use	(8)	965		923	
Investment properties	(8)	43		47	
Intangible assets	(9)	23		20	
Deferred tax assets	(12)	90		79	
Other financial assets	(11)	16		11	
Non-current assets		**1 137**	**36**	1 080	41
Assets		**3 126**	**100**	2 664	100
Trade accounts payable		421		348	
Bonds	(15)	300			
Other financial liabilities	(15)	149		124	
Loans from pension fund institutions	(15, 16)	26		27	
Other liabilities	(17)	60		50	
Prepayments from customers		47		45	
Current tax liabilities	(14)	43		39	
Provisions	(13)	38		29	
Accrued liabilities and deferred income	(18)	175		177	
Liabilities held for sale	(7)	23			
Current liabilities		**1 282**	**41**	839	31
Bonds	(15)	496		497	
Other financial liabilities	(15)	34		24	
Pension benefit obligations	(16)	128		124	
Other liabilities	(17)	46		45	
Provisions	(13)	120		116	
Deferred tax liabilities	(12)	42		40	
Non-current liabilities		**866**	**28**	846	32
Liabilities		**2 148**	**69**	1 685	63
Share capital	(19)	41		41	
Share premium		60		121	
Treasury shares	(21)	–9		–5	
Retained earnings		843		778	
Equity attributable to shareholders of Georg Fischer Ltd		**935**	**30**	935	35
Non-controlling interests		43	1	44	2
Equity	(19)	**978**	**31**	979	37
Liabilities and equity		**3 126**	**100**	2 664	100

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Income statement for the year ended 31 December 2013

million CHF	Notes	2013	%	2012	%
Sales		**3 766**	**100**	3 720	100
Other operating income	(25)	28		38	
Income		**3 794**	**101**	3 758	101
Cost of materials and products		–1 804		–1 859	
Changes in inventory of unfinished and finished goods		–38		21	
Operating expenses	(26)	–658		–654	
Gross value added		**1 294**	**34**	1 266	34
Personnel expenses	(27)	–914		–915	
Depreciation on tangible fixed assets	(8)	–126		–125	
Amortization on intangible assets	(9)	–3		–4	
Operating result (EBIT)		**251**	**7**	222	6
Interest income	(28)	3		2	
Interest expense	(28)	–36		–35	
Other financial result	(28)	–12		–2	
Share of results of associates				1	
Ordinary result		**206**	**5**	188	5
Non-operating result	(29)	1		1	
Extraordinary result	(30)	–26		–16	
Profit before taxes		**181**	**5**	173	5
Income taxes	(31)	–36		–35	
Net profit		**145**	**4**	138	4
– Thereof attributable to shareholders of Georg Fischer Ltd		139		132	
– Thereof attributable to non-controlling interests		6		6	
Basic earnings per share in CHF	(20)	34		32	
Diluted earnings per share in CHF	(20)	34		32	

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Statement of changes in equity for the year ended 31 December 2013

million CHF	Notes	**Share capital**	**Share premium**	**Treasury shares**	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	**Retained earnings**	**Equity attributable to shareholders of Georg Fischer Ltd**	Non-controlling interests	**Equity**
Balance as per 31 December 2011 (according to IFRS)		**41**	**176**		**–289**	**–1**	**1 251**	**961**	**1 178**	**45**	**1 223**
Adjustments Swiss GAAP FER (see Corporate accounting principles)			7	–7	289		–551	–262	–262		–262
Balance as per 1 January 2012 Swiss GAAP FER		**41**	**183**	**–7**		**–1**	**700**	**699**	**916**	**45**	**961**
Net profit							**132**	**132**	**132**	**6**	**138**
Translation adjustments recognized in the reporting period					–5			–5	–5	–1	–6
Changes of cash flow hedges	(10, 17)					–10		–10	–10		–10
Goodwill offset via equity	(2, 9)						–38	–38	–38		–38
Purchase of treasury shares	(21)			–19					–19		–19
Disposal of treasury shares	(21)			18					18		18
Share-related compensation	(21, 32)			3					3		3
Dividends	(19)		–62						–62	–6	–68
Balance as per 31 December 2012		**41**	**121**	**–5**	**–5**	**–11**	**794**	**778**	**935**	**44**	**979**
Net profit							**139**	**139**	**139**	**6**	**145**
Translation adjustments recognized in the reporting period					2			2	2	–2	
Changes of cash flow hedges	(10, 17)					–6		–6	–6		–6
Goodwill offset via equity	(2, 9)						–75	–75	–75		–75
Addition to non-controlling interests	(2)									1	1
Purchase of treasury shares	(21)			–9					–9		–9
Disposal of treasury shares	(21)		1	2					3		3
Share-related compensation											
– Transferred for 2012	(21, 32)			3					3		3
– Granted for 2013	(21, 32)						5	5	5		5
Dividends	(19)		–62						–62	–6	–68
Balance as per 31 December 2013		**41**	**60**	**–9**	**–3**	**–17**	**863**	**843**	**935**	**43**	**978**

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Statement of cash flows for the year ended 31 December 2013

million CHF	Notes	2013	2012
Net profit		145	138
Income taxes	(31)	36	35
Financial result	(28)	45	35
Depreciation and amortization	(8)	129	129
Impairment on property, plant and equipment	(7, 8, 30)	7	
Other non-cash income and expenses		4	23
Increase in provisions, net	(13, 30)	43	21
Use of provisions	(13)	–24	–25
Loss/profit from disposal of tangible fixed assets			16
Changes in			
– Inventories		–18	–22
– Trade accounts receivable		6	–13
– Other receivables and accrued income		–4	–5
– Trade accounts payable		27	–22
– Other liabilities and accrued liabilities and deferred income		–13	–14
Interest paid		–31	–32
Income taxes paid		–43	–34
Cash flow from operating activities		**309**	**230**
Additions to			
– Property, plant and equipment	(8)	–130	–132
– Intangible assets	(9)	–6	–4
– Other financial assets		–7	
Disposals of			
– Property, plant and equipment	(8)	4	3
– Other financial assets		2	1
Cash flow from acquisitions	(2)	–65	–79
Cash flow from divestitures	(2)	–1	–1
Interest received		2	1
Cash flow from investing activities		**–201**	**–211**
Free cash flow		**108**	**19**
Purchase of treasury shares		–9	–19
Disposal of treasury shares		3	18
Dividend payments to shareholders of Georg Fischer Ltd		–62	–62
Dividend payments to non-controlling interests		–6	–6
Issuance of bonds	(15)	298	
Issuance of long-term financial liabilities	(15)	11	1
Repayment of long-term financial liabilities	(15)	–29	–53
Changes in short-term financial liabilities		1	22
Cash flow from financing activities		**207**	**–99**
Translation adjustment on cash and cash equivalents		–4	–2
Net cash flow		**311**	**–82**
Cash and cash equivalents at beginning of year		330	412
Cash and cash equivalents at end of year[1]		**641**	**330**

1 Cash, postal and bank accounts: CHF 319 million (previous year: CHF 307 million), fixed-term deposits: CHF 322 million (previous year: CHF 23 million).

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Notes to the consolidated financial statements

Segment information

million CHF	GF Piping Systems 2013	2012[4]
Order intake	**1 418**	1 333
Orders on hand at year-end[1]	**64**	66
Sales[2]	**1 402**	1 299
Sales by region		
Europe	582	574
– Thereof Germany	150	150
– Thereof Switzerland	114	114
– Thereof Austria	24	23
– Thereof Rest of Europe	294	287
Americas	316	301
Asia	385	348
– Thereof China	280	245
Rest of world	119	76
Sales	**1 402**	1 299
EBITDA	**187**	178
Depreciation on tangible fixed assets	–44	–41
Amortization on intangible assets	–2	–2
Operating result (EBIT)	**141**	135
Assets[3]	**1 165**	1 030
– Thereof current assets	645	569
– Thereof non-current assets	520	461
Investments by region		
Europe	28	19
– Thereof Germany	3	3
– Thereof Switzerland	18	9
– Thereof Austria	3	3
– Thereof Rest of Europe	4	4
Americas	10	8
Asia	14	12
– Thereof China	14	12
Rest of world	7	
Investments	**59**	39
– Thereof capital expenditures	55	36
– Thereof investments in intangible assets	4	3
Liabilities	**679**	517
– Thereof current liabilities	362	270
– Thereof non-current liabilities	317	247
Research and development	**31**	27

1 In 2012 change of the definition for GF Piping Systems.
2 Sales with other divisions are not material.
3 The amount of investments in associates accounted for by the equity method is not material.
4 Prior year's figures have been adjusted according to Swiss GAAP FER.

GF Automotive		GF Machining Solutions		Total segments	
2013	2012[4]	**2013**	2012[4]	**2013**	2012[4]
1 527	1 533	**852**	825	**3 797**	3 691
382	349	**132**	150	**578**	565
1 498	1 579	**867**	842	**3 767**	3 720
1 300	1 383	418	399	2 300	2 356
882	959	142	137	1 174	1 246
6	5	66	66	186	185
58	57	16	17	98	97
354	362	194	179	842	828
49	52	158	146	523	499
143	136	255	262	783	746
140	133	166	177	586	555
6	8	36	35	161	119
1 498	1 579	**867**	842	**3 767**	3 720
139	126	**62**	55	**388**	359
–69	–72	–10	–9	–123	–122
	–1	–1	–1	–3	–4
70	53	**51**	45	**262**	233
1 047	1 040	**583**	572	**2 795**	2 642
379	349	449	446	1 473	1 364
668	691	134	126	1 322	1 278
43	80	9	7	80	106
24	47	1		28	50
		7	6	25	15
19	33			22	36
		1	1	5	5
			1	10	9
16	3	7	4	37	19
16	3	7	3	37	18
				7	
59	83	**16**	12	**134**	134
58	83	15	11	128	130
1		1	1	6	4
785	812	**402**	415	**1 866**	1 744
342	310	214	209	918	789
443	502	188	206	948	955
18	20	**46**	47	**95**	94

Reconciliation to the segment information

million CHF	2013	2012[1]
Sales		
Sales for reportable segments	3 767	3 720
Elimination of intercompany sales	–1	
Consolidated sales	**3 766**	3 720
Operating result (EBIT)		
Total EBIT for reportable segments	262	233
Total EBIT Corporate Center and Corporate Services	–11	–10
Other unallocated amounts		–1
Consolidated operating result (EBIT)	**251**	222
Interest income	3	2
Interest expense	–36	–35
Other financial result	–12	–2
Share of results of associates		1
Ordinary result	**206**	188
Non-operating result	1	1
Extraordinary result	–26	–16
Profit before taxes	**181**	173
Income taxes	–36	–35
Net profit	**145**	138
Assets		
Assets for reportable segments	2 795	2 642
Elimination of intercompany positions	–308	–314
Other assets		
– Current assets (mainly cash and cash equivalents)	532	235
– Non-current assets	103	95
Other unallocated amounts	4	6
Consolidated assets	**3 126**	2 664
Investments		
Investments for reportable segments	134	134
Other investments		
– Switzerland	2	2
Investments Corporation	**136**	136
Liabilities		
Liabilities for reportable segments	1 866	1 744
Elimination of intercompany positions	–658	–688
Other liabilities		
– Current liabilities	354	49
– Non-current liabilities	552	541
Other unallocated amounts	34	39
Consolidated liabilities	**2 148**	1 685

1 Prior year's figures have been adjusted according to Swiss GAAP FER.

Geographical information

million CHF	Non-current assets 2013	Non-current assets 2012[1]	Sales 2013	Sales 2012[1]
Total	**1 137**	1 080	**3 766**	3 720
Europe	809	824	2 299	2 356
– Thereof Germany	352	313	1 174	1 246
– Thereof Switzerland	257	242	185	185
– Thereof Austria	162	178	98	97
– Thereof Rest of Europe	38	91	842	828
Americas	70	71	523	499
Asia	200	182	784	746
– Thereof China	185	167	586	555
Rest of world	58	3	160	119

1 Prior year's figures have been adjusted according to Swiss GAAP FER.

Products and services

million CHF	Sales 2013	Sales 2012
GF Piping Systems	**1 402**	1 299
Industry[1]	524	509
Utility[2]	540	471
Building Technology[3]	338	319
GF Automotive	**1 498**	1 579
Passenger cars	975	1 063
Trucks	433	417
Industrial applications	90	99
GF Machining Solutions	**867**	842
EDM (electric discharge machining)	295	297
Milling	245	227
Automation/Tooling	60	55
Laser	13	8
Customer services	254	255

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

Information about major customers

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

Corporate accounting principles

Accounting policies

General // The consolidated financial statements of Georg Fischer Ltd have been prepared in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles/FER = Fachempfehlung zur Rechnungslegung). The regulations of Swiss GAAP FER 31 "Complementary Recommendation for Listed Public Companies" have been early adopted. Furthermore, the accounting complies with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law. The consolidated financial statements are based on the financial statements of the GF Corporate Companies for the year ended 31 December, prepared in accordance with uniform corporate accounting principles.

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

Adjustments as a result of the changeover in accounting principles // Until 31 December 2012, GF had prepared its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards). With the media release as per 15 May 2013 the switch from the accounting principles of the IFRS to those of Swiss GAAP FER as of the 2013 business year was announced. The following reasons triggered the decision to change the accounting standard:

1. The Chinaust group, a 50/50 joint venture of GF Piping Systems in China, is with approximately CHF 400 million of sales one of the largest entities of GF today. Its disclosure as equity investment according to the new IFRS 11 accounting standard would no longer give an accurate picture of GF in China. Under Swiss GAAP FER, GF will continue to consolidate the 50% share of Chinaust in its balance sheet and income statement. This better reflects the economic reality of GF.

2. The new IAS 19 revised standard calls for the inclusion of the over- or underfunding of pension funds in a company's other comprehensive income. Swiss pension funds, however, are basically independent, and their performance is not linked to a company's success. Adding or subtracting their under- or overcoverage would lead to considerable volatility in the equity of GF. Under Swiss GAAP FER, those fluctuations are to a large extent eliminated.

The accounting principles applied in the preparation and presentation of the 2013 consolidated financial statements deviate in the following essential points from the consolidated annual financial statements for 2012 prepared according to IFRS:

1. Goodwill from acquisitions

Goodwill from acquisitions as well as brandnames, customer relationships and technologies which are identified during the purchase price allocation and which are part of the goodwill under Swiss GAAP FER, are directly offset, as at the acquisition date, with retained earnings in equity in accordance with the allowed treatment under Swiss GAAP FER 30 "Consolidated Financial Statements". Under IFRS, goodwill was capitalized and tested for its recoverable value annually. Brandnames, customer relationships and technologies under IFRS were separately capitalized and amortized over their estimated economic useful lives as part of the purchase price allocation. Under Swiss GAAP FER, transaction costs incurred in connection with acquisitions are treated as part of acquisition costs. Under IFRS transaction costs were booked to the income statement.

2. Employee benefit obligations

In accordance with Swiss GAAP FER 16 "Pension Benefit Obligations" an economical obligation or a benefit from Swiss pension schemes is determined from the statements made on the basis of Swiss GAAP FER 26 "Accounting of Pension Plans". The economical impact from pension schemes of foreign subsidiaries is determined in accordance with the local valuation methods in effect. Employer contribution reserves and comparable items are capitalized in accordance with Swiss GAAP FER 16. Under IFRS, defined benefit plans were calculated in accordance with the projected unit credit method and recognized in accordance with IAS 19. Retirement provisions not directly linked to the obligations were reclassified to the provisions for personnel and social security in accordance with Swiss GAAP FER 16, paragraph 6. A review of this allocation after the midyear report 2013 lead to a subsequent reclassification from the provisions to the employee benefit obligations not affecting net income as per 31 December 2013 of CHF 13 million.

3. Derivative financial instruments
In accordance with Swiss GAAP FER 27 "Derivative Financial Instruments" derivatives are recognized on the balance sheet as soon as the definition of an asset or liability has been met. Under Swiss GAAP FER 27, there are no exceptional rules for own use contracts, wherefore those are recognized under Swiss GAAP FER. Own use contracts are commodity futures which are concluded for the purpose of an actual purchase or sale of goods or raw materials. The hedging of contractually agreed future cash flows is recognized in equity with no effect on the income statement in accordance with the allowed treatment under Swiss GAAP FER 27. Under IFRS, the exceptional rule for own use contracts was utilized. For hedging transactions that were not booked according to hedge accounting, fair value fluctuations were taken to the income statement under IFRS.

4. Deferred income taxes
The above-mentioned valuation and balance sheet adjustments have consequences for deferred income taxes in the balance sheet and income statement.

5. Translation differences
As a result of the switch to Swiss GAAP FER, accumulated translation differences are offset with retained earnings. Under Swiss GAAP FER, therefore, the result from divestitures only contains foreign exchange translation differences that have occurred after 1 January 2012.

Presentation and structure // The presentation and structure of the balance sheet, income statement, statement of changes in equity, and statement of cash flows were adjusted to meet the requirements of Swiss GAAP FER.

The previous year was restated in order to ensure comparability with the presentation of the year under review.

With the adoption of the Swiss GAAP FER balance sheet structure, positions of the liabilities were relocated in the year under review. The respective previous year numbers have been adjusted accordingly. This reclassification did not affect net income and did not affect equity.

The implications of the above-mentioned adjustments for equity and the income statement of GF are summarized in the following table:

Adjustments equity

million CHF	1 Jan. 2012	31 Dec. 2012
Equity according to IFRS	**1 223**	**1 286**
Adjustments according to Swiss GAAP FER		
Offset goodwill from acquisitions	–194	–216
Offset identified brandnames, customer relationships and technologies of purchase price allocation	–27	–44
Adjustment pension benefit obligations and provisions	–60	–59
Adjustment derivative financial instruments	–19	–37
Deferred tax assets and liabilities, net	38	49
Equity according to Swiss GAAP FER	**961**	**979**

Adjustments net profit

million CHF	Jan. – Dec. 2012
Net profit according to IFRS	**127**
Adjustments according to Swiss GAAP FER	
Adjustment transaction costs from acquisitions	1
Adjustment amortisation intangible assets	4
Adjustment pension benefit obligations and provisions	–2
Adjustment derivative financial instruments	–1
Adjustment translation difference discontinued operations	10
Change deferred income taxes	–1
Net profit according to Swiss GAAP FER	**138**

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

As the subtotal "Gross value added" is a major key figure for GF it is reported separately in the income statement.

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

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

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

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

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

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

Sales and revenue recognition // Billings for goods and services are recognized as sales when they are delivered or when the risks and benefits incidental to ownership are transferred. Assessing whether the principal risks and opportunities were transferred for a particular delivery is made separately for each sales transaction on the basis of the contractual agreement underlying the transaction. The transfer of legal ownership alone does not necessarily result in the transfer of the principal risks and opportunities. This is the case, for instance, if

- the recipient of the delivery has a claim for insufficient quality of the item delivered that goes beyond the normal warranty claims
- the receipt of the proceeds depends on the sale of the goods by the buyer
- the installation of the goods at the recipient's is an essential part of the contract
- the buyer has the right to return the item for a contractually specified reason and the likelihood of such a return cannot be assessed with any certainty

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

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

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

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

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

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

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

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

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

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

Accounts receivable // Short-term accounts receivable are stated at nominal value. Value adjustments for doubtful debts are established based on maturity structure and identifiable solvency risks. Besides individual value adjustments with respect to specific identifiable risks, value adjustments are also recognized based on statistically determined credit risks.

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

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

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

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

The positive or negative goodwill resulting from acquisitions is offset in equity at the date of acquisition against retained earnings. On the disposal of a portion of the company, the goodwill previously offset in equity is transferred to the income statement. If the purchase price contains elements that are dependent on future results, they are estimated as closely as possible at the date of acquisition and recognized in the balance sheet. In the event of disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly. The consequences of a theoretical capitalization and amortization of goodwill are explained in note 9.

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

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

Employee benefit plans // Employee benefit plans in the Corporation comply with the legislation in force in each country. These plans are usually organized as foundations that are financially independent of the Corporation. Pension funds are generally financed by employee and employer contributions.

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

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

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

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

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

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

- costs are clearly defined, clearly attributable to the product or process and can be separately identified and measured reliably
- technical feasibility can be demonstrated
- the company intends to produce and market or use the product or process
- the existence of a market can be demonstrated
- adequate resources exist or their availability can be demonstrated to complete the project and market or use the product or process
- the amount recognized is recoverable through future cash flows

Impairment // The recoverable amount of non-current assets (especially property, plant and equipment, intangible assets, financial assets as well as the goodwill reported in the sample accounting in note 9) is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. As the goodwill is already offset with equity at the date of the acquisition an impairment of the goodwill does not affect the income statement but leads to a disclosure in the notes only.

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

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

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

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

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

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

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

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

Information in connection with the discontinued operation is set out separately in notes 2 and 30.

Treasury shares, share-related compensation and earnings per share // Treasury shares are stated at cost as a separate minus position in equity. Gains or losses arising on the disposal of treasury shares are respectively credited to or deducted from the related share premium.

Share-related compensation to members of the Executive Committee and senior management are measured at fair value at the grant date and recognized as a personnel expense in the period in which the service is performed.

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

Management assumptions and estimates

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

Impairment of non-current assets // Non-current assets and intangible assets are reviewed whenever there are indications that, due to changed circumstances or events, their carrying amount may no longer be recoverable. If such a situation arises, the recoverable amount is determined on the basis of expected future inflows. It corresponds to either the discounted value of expected future net cash flows or the expected net selling price. If the recoverable amount is below the carrying amount, a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins, and discount rates. The cash inflows actually generated can differ considerably from discounted projections. The carrying amounts and information regarding impairments of the items of property, plant and equipment and intangible assets affected are set out in notes 8 and 9.

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

If there are any contractual obligations for which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits to be received (e.g. onerous delivery contracts), provisions for the agreed quantities over the whole or prudently estimated period are made. These provisions are based on management assumptions. The carrying amounts of these provisions are set out in note 13.

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

Risk management

Enterprise risk management as a fully integrated risk management process was systematically applied in 2013 on all levels of the Corporation. The three divisions, the corporate staff, and all important corporate companies semi-annually prepared a risk map elaborating on the most important 25 to 30 risks with regard to the topics strategy, markets, operations, management and resources, financials as well as sustainability. The structure of the likelihood was classified into four categories. Whenever possible and suitable, the risks listed were quantified taking into consideration already planned and executed measurements. Alternatively, a qualification of the risk exposure was applied.

The Risk Council, consisting of representatives of the divisions and the corporate staff and headed by the Chief Risk Officer met for two meetings and dealt with the following topics: implementation of a new reporting tool, business continuity management, aggregation and correlation of risks, coordination of all activities in the area of enterprise risk management, and analysis of risk maps.

In accordance with the semi-annually risk reporting process, the Executive Committee and the management of the divisions discussed the risk maps twice during the year under review. They defined the top risks of the Corporation and the divisions and determined adequate measures to mitigate the risks. The Board of Directors is going to deal with enterprise risk management in February 2014, thus comparing its own risk map with the risk assessment of the Executive Committee.

The stepwise procedure, including workshops on the levels of division management, Executive Committee and Board of Directors, has proven to be very effective. Additionally, having the internal audit assessing risk maps prepared by Corporate Companies clearly leads to a raise of the reporting quality.

The following were identified as main risks: lack of achievement of strategic financial targets 2015, loss of reputation due to break down of important production site or insufficient product quality, and dependency of the Corporation on the European market and on the changing market environment.

Clear measures in order to reduce the risk exposure of the above mentioned as well as other identified risks were defined and are in the process of execution. They are in line with strategic targets of the three divisions and the Corporation.

Financial risk management

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

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

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

Credit risk

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

GF invests his cash worldwide and predominantly as deposits in leading Swiss and German banks with at least a single A rating. In accordance with the investment policy of GF, these transactions are entered into only with credit-worthy commercial institutions. As a general rule, the investments have a maturity of less than three months. Besides, Corporate Companies hold current bank accounts. Cash is allocated on several banks to limit counterparty risk.

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

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

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

million CHF	**2013**	2012
Cash and cash equivalents	641	330
Other accounts receivable[1]	23	26
Accrued income	13	10
Trade accounts receivable	568	524
Derivative financial instruments	9	5
Other financial assets[2]	14	10
Total	**1 268**	905

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

Market risk

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

Currency risk

Owing to its international activities, GF is exposed to currency risks. These financial risks occur in connection with transactions (in particular the purchase and sale of goods) which are effected in currencies different from the functional currency of the company in question. Such transactions are effected mainly in Swiss francs, euros and US dollars.

Currency risks can be reduced by purchasing and producing goods in the functional currency ("congruency" rule). In some cases, US dollars or euros are hedged for a maximum of twelve months by means of currency futures.

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

The cash flow hedges serve to hedge currency risks on future sales in foreign currencies. The volume of the foreign currency forward rate contracts is limited to maximal 67% of the expected sales. This volume limitation results in 100% effectiveness. Unrealized gains and losses from changes to fair value are recognized directly in equity. They are transferred to the income statement when the service is performed and invoiced; as a result, the foreign currency forward rate contracts become fair value hedges.

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

Foreign currency forward rate contracts, net

million CHF	Fair value hedges	Cash flow hedges	**2013**	2012
Contract value	231	19	250	239
Replacement value[1]	–7	–2	–9	–5
Market value	224	17	**241**	234

1 Corresponds to the carrying amount recognized as marketable securities.

The fair value hedges cover not only US dollar contracts but also contracts for the Japanese yen and the other currencies. All open foreign currency forward rate contracts fall due and have an effect on liquidity and the income statement within six months after the balance sheet date. Assuming unchanged exchange rates, a cash outflow of CHF 241 million (gross) would be offset by a cash inflow of CHF 250 million (gross), giving a positive replacement value of CHF 9 million. Cash flow hedges account for cash outflows of CHF 17 million and cash inflows of CHF 19 million.

Contract values, net by currencies

million CHF	**2013**	2012
USD/CHF	221	219
TRY/USD	11	
JPY/CHF	12	14
SGD/CHF	4	4
SEK/CHF	2	2
Total	**250**	239

Interest rate risk

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

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

Cash flow sensitivity analysis for financial instruments with variable interest rates:
A one percentage point increase in interest rates would have increased net income by CHF 5.3 million (previous year: CHF 0.3 million). A reduction in the interest rate by the same percentage would have reduced net income by a significantly lower amount, because the actual interest rate level lies considerably below one percent, and an interest yield below zero percent is not expected. The underlying assumption for this analysis is that all other variables remain unchanged.

Price risk

The securities held for trading of CHF 3 million are exposed to price risks (on the stock market). Since the value of the securities held for trading is modest, there is no great sensitivity to changes in share prices. The shares held are those of Swiss blue chip companies.

Liquidity risk

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

Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in requirements. At the same time, the Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as per 31 December 2013 was CHF 482 million. The credit lines are spread over several banks so that there is no excessive dependence on any one institution.

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

million CHF	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2013						
Trade accounts payable	421	421	421			
Other liabilities current/non-current[1]	106	106	51	9	45	1
Accrued liabilities and deferred income	175	175	175			
Bonds	796	874	7	320	388	159
Other financial liabilities	183	194	121	36	32	5
Total	**1 681**	**1 770**	**775**	**365**	**465**	**165**

million CHF	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2012						
Trade accounts payable	348	348	348			
Other liabilities current/non-current	95	95	42	8	44	1
Accrued liabilities and deferred income	177	177	177			
Bonds	497	554	7	14	533	
Other financial liabilities	148	155	86	40	29	
Total	**1 265**	**1 329**	**660**	**62**	**606**	**1**

1 For more details see note 17.

Notes

1 Changes in scope of consolidation

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

Additions (acquisitions) 2013

- As per 16 July 2013, Hakan Plastik A.S., Cerkezköy, Turkey
  Pro rata sales 2013: CHF 50 million, GF Piping Systems

- As per 11 September 2013, Sterisol AG, Sissach, Switzerland
  Merged as per 11 September 2013 with Georg Fischer JRG AG, Sissach, Switzerland, GF Piping Systems

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

Additions (acquisitions) 2012

- As per 6 January 2012, Harvel Plastics Inc, Easton, USA
  Pro rata sales 2012: CHF 73 million, GF Piping Systems

- As per 31 May 2012, Independent Pipe Products Inc, Dallas, USA
  Pro rata sales 2012: CHF 24 million, GF Piping Systems

Disposals (divestitures and liquidations) 2012

- As per 30 November 2012, Georg Fischer GmbH, Friedrichshafen, Germany
  Pro rata sales 2012: CHF 81 million, GF Automotive

- As per 30 November 2012, Georg Fischer GmbH, Garching/Munich, Germany
  Pro rata sales 2012: CHF 37 million, GF Automotive

- As per 24 December 2012, Agie Charmilles Makine Tic Ltd Sti, Istanbul, Turkey
  Pro rata sales 2012: CHF 0 million
  The company was not operative anymore since 2010 and was deconsolidated in 2012, GF Machining Solutions

2 Acquisitions and divestitures of affiliated companies

Additions (acquisitions) 2013

Acquisition of Hakan Plastik A.S. // Georg Fischer Ltd, Schaffhausen (Switzerland), acquired 90% of the capital of Hakan Plastik A.S., Cerkezköy (Turkey). The acquisition includes an option to acquire the outstanding shares. The closing date was 16 July 2013.

Hakan Plastik A.S., founded in 1965, generated sales of approximately CHF 105 million with 650 employees, in 2012. In addition to its headquarters in Cerkezköy (Turkey), the company has another production site in Sanliurfa (Turkey). Hakan Plastik manufactures and sells plastic piping systems in the building technology, gas and water distribution as well as irrigation applications. Hakan Plastik's main market is in Turkey, the Middle East and Eastern Europe.

The provisional price for the acquisition comes to CHF 79 million. This sum includes the purchase price in cash of CHF 67 million plus a conditional increase in the purchase price amounting to CHF 12 million, depending on the course of the business for a two year period after the closing. For the goodwill calculation the purchase price was calculated with the discounted contingent purchase price.

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

million CHF	Acquired assets and liabilities (90%)
Cash and cash equivalents	5
Trade accounts receivable	60
Inventories	20
Other accounts receivable	1
Property, plant and equipment	51
Deferred tax assets	4
Total assets	**142**
Non-interest bearing liabilities	78
Interest-bearing liabilities	55
Net assets	**9**
Goodwill inclusive directly added cost	68
Purchase price	77
Less acquired cash and cash equivalents	–5
Less liabilities from contingent purchase price agreements	–10
Cash outflow from acquisitions, net	**62**

Acquisition of Sterisol AG // Georg Fischer JRG AG, Sissach (Switzerland), acquired 100% of the capital of Sterisol AG, Sissach (Switzerland), on 11 September 2013 within the scope of a "share deal". The price for the acquisition comes to CHF 2 million, plus a conditional increase in the purchase price amounting to a maximum of CHF 2 million, depending on the course of the business for a four year period after the closing. For the goodwill calculation the purchase price was calculated with the discounted contingent purchase price. Sterisol AG was merged on 4 October 2013 retroactively as per the acquisition date on 11 September 2013 into the Georg Fischer JRG AG.

With the acquisition of Sterisol AG the technology and the know-how only was acquired, therefore net assets amount to zero. The table below shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired:

million CHF	Acquired assets and liabilities
Total assets	**0**
Net assets	**0**
Goodwill inclusive directly added cost	3
Purchase price	3
Less liabilities from contingent purchase price agreements	–1
Cash outflow from acquisitions, net	**2**

Additions (acquisitions) 2012

Acquisition of Harvel Plastics Inc // George Fischer Corp, El Monte (USA), gained control of Harvel Plastics Inc, Easton (USA), on 6 January 2012 by purchasing its entire share capital. The purchase price was CHF 47 million. There were no further variable purchase price components.

At the closing date, Harvel Plastics Inc (Harvel), which was founded in 1964, employed 148 people and generated sales of approximately USD 60 million. In addition to its headquarters in Easton, the company has another production site in Bakersfield (USA), as well as a logistics center in Coppell (USA). Harvel manufactures and sells piping systems made of polyvinyl chloride (PVC) and chlorinated polyvinyl chloride (CPVC) that are designed mainly for industrial applications such as water treatment, the chemical process industry and energy. Harvel's main market is in North America.

The following table shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired. For this presentation the translation of the original US dollar values into Swiss francs was calculated with the exchange rates of the respective transaction dates. Additionally a correction of the carrying amount of the acquired deferred tax liabilities of CHF 1 million as per July 2013 was taken into consideration:

million CHF	Acquired assets and liabilities
Cash and cash equivalents	1
Trade accounts receivable	5
Inventories	9
Other accounts receivable	1
Property, plant and equipment	13
Total assets	**29**
Deferred tax liabilities	5
Other non-interest bearing liabilities	4
Interest-bearing liabilities	2
Net assets	**18**
Goodwill inclusive directly added cost	29
Purchase price	47
Less acquired cash and cash equivalents	–1
Cash outflow from acquisitions, net	**46**

Acquisition of Independent Pipe Products Inc // Georg Fischer Central Plastics LLC, Shawnee (USA), acquired 100% of the capital of Independent Pipe Products Inc, Dallas (USA). The closing date was 31 May 2012.

Independent Pipe Products Inc (IPP), founded in 1996, generated sales of approximately USD 50 million with 94 employees at the closing date. In addition to its headquarters in Dallas (USA), the company has another production site in Abbeville (USA). IPP manufactures and sells large-diameter polyethylene fittings and pipes for water utilities.

The price for the acquisition comes to CHF 37 million. This sum includes the purchase price in cash of CHF 34 million plus a conditional increase in the purchase price amounting to a maximum of CHF 3 million, depending on the course of the business for a five year period after the closing. For the goodwill calculation the purchase price was calculated with the discounted contingent purchase price. In the year under review CHF 1 million was paid for the contingent purchase price.

The table below shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired. For this presentation the translation of the original US dollar values into Swiss francs was calculated with the exchange rates of the respective transaction date. Additionally a correction of the carrying amount of the acquired deferred tax liabilities of CHF 3 million as per July 2013 was taken into consideration:

million CHF	Acquired assets and liabilities
Cash and cash equivalents	1
Trade accounts receivable	6
Inventories	10
Property, plant and equipment	13
Total assets	**30**
Deferred tax liabilities	4
Other non-interest bearing liabilities	1
Net assets	**25**
Goodwill inclusive directly added cost	12
Purchase price	37
Less acquired cash and cash equivalents	–1
Less liabilities from contingent purchase price agreements	–2
Cash outflow from acquisitions, net	**34**

Disposals (divestitures) 2012

Divestiture of Georg Fischer GmbH, Friedrichshafen, and Georg Fischer GmbH, Garching // On 28 November 2012, the division GF Automotive signed an agreement for the sale of the "Aluminum Sand Casting" business, which includes the two foundries in Friedrichshafen and Garching (Germany). On all the conditions being met, the transaction was closed successfully on 30 November 2012.

CHF 0.1 million was paid immediately on conclusion of the transaction. Additional components of the sales price are the repayment of a loan made by GF in the amount of CHF 4.3 million and an earn-out arrangement in the sales agreement. The divestiture loss amounts to CHF 16 million. The payment of a liability lead to a cash outflow of CHF 1 million in the year under review.

The table below shows the disposed assets and liabilities at the date of disposal and the respective cash outflow from the divestiture:

million CHF	Disposed assets and liabilities
Cash and cash equivalents	1
Trade accounts receivable	15
Inventories	14
Other accounts receivable	2
Property, plant and equipment	22
Deferred tax assets	2
Non-interest bearing liabilities	–31
Interest-bearing liabilities	–6
Net assets	**19**
Receivables from divestiture	–6
Liabilities from divestiture	3
Loss on divestiture	–16
Thereof disposed cash and cash equivalents	–1
Cash outflow from divestiture, net	**–1**

Further details to the divestiture of Georg Fischer GmbH, Friedrichshafen, and Georg Fischer GmbH, Garching (Germany), are set out in note 30.

3 Trade accounts receivable

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

million CHF	2013	2012
Gross values	**593**	548
Individual value adjustments	–6	–6
Overall value adjustments	–19	–18
Net values	**568**	524
Europe	296	272
– Thereof Germany	89	92
– Thereof Switzerland	25	20
Americas	71	74
Asia	169	163
– Thereof China	128	107
Rest of world	32	15
Total	**568**	524

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

	2013		2012	
million CHF	Receivable after individual value adjustments	Overall value adjustment	Receivable after individual value adjustments	Overall value adjustment
Not yet due	483	1	432	1
1 to 30 days overdue	46		49	
31 to 90 days overdue	33		34	
91 to 180 days overdue	10	3	13	3
More than 180 days overdue	15	15	14	14
Total	**587**	**19**	542	18

Value adjustments on trade accounts receivable have changed as follows:

million CHF	2013	2012
Individual value adjustments		
As per 1 January	6	7
Increase/decrease		–1
As per 31 December	**6**	6
Overall value adjustments		
As per 1 January	18	16
Increase/decrease	1	2
As per 31 December	**19**	18

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

4 Inventories

million CHF	2013	2012
Raw materials and components	266	263
Work in progress	102	103
Finished goods	428	414
Gross value inventories on hand	**796**	780
Valuation adjustments	–149	–150
Inventories	**647**	630

5 Income taxes receivable

Out of the income taxes receivable of CHF 6 million, CHF 2 million relate to Germany, CHF 1 million to France, CHF 1 million to Switzerland, CHF 1 million to the USA, and CHF 1 million to China.

6 Other accounts receivable

million CHF	2013	2012
Tax credits from indirect taxes	40	36
Other current accounts receivable	23	26
Total	**63**	62

7 Assets held for sale

The divestment of the gravity die-casting in Herzogenburg (Austria), planned as part of the strategy implementation at GF Automotive, resulted in the reclassification of all assets to the category "Assets held for sale". As a result of these assets being recognized at lower carrying and realizable values, a loss of CHF 7 million incurred, which is included in the income statement in the extraordinary result (see note 30). The following table shows the major balance sheet items:

million CHF	**Carrying amount of the assets and liabilities**
Trade accounts receivable	5
Inventories	10
Other accounts receivable	1
Property, plant and equipment	13
Deferred tax assets	1
Total assets	**30**
Impairment on property, plant and equipment	–7
Total assets held for sale	**23**
Trade accounts payable	6
Operating provisions	11
Other non-interest bearing liabilities	6
Total liabilities held for sale	**23**
Net assets	0

8 Movements of property, plant and equipment

million CHF	**Investment properties**	Undeveloped properties	Land	Buildings	Building components	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	**Property, plant and equipment for own use**
Cost										
As per 31 December 2011	**54**	3	37	603	103	1 641	334	96	5	**2 822**
– Additions	1			10	5	51	8	57	1	132
– Disposals	–1					–49	–10			–59
– Changes in scope of consolidation			1	4		20				25
– Other changes, reclassifications	17		–6	–4	3	–41	–4	–79		–131
– Translation adjustment				–3	–1	–13	–2	–1		–20
As per 31 December 2012	**71**	3	32	610	110	1 609	326	73	6	**2 769**
– Additions				3	3	37	9	78		130
– Disposals	–4			–3	–5	–28	–14		–1	–51
– Changes in scope of consolidation			10	15		21			9	55
– Other changes, reclassifications	3			–33	32	2	–8	–77		–84
– Translation adjustment			–1			12	–1		–1	9
As per 31 December 2013	**70**	3	41	592	140	1 653	312	74	13	**2 828**
Accumulated depreciation										
As per 31 December 2011	**–22**			–361	–60	–1 188	–266	–3	–4	**–1 882**
– Additions				–16	–5	–87	–16		–1	–125
– Disposals					1	47	10			58
– Other changes, reclassifications	–2			12		70	10			92
– Translation adjustment				1		9	1			11
As per 31 December 2012	**–24**			–364	–64	–1 149	–261	–3	–5	**–1 846**
– Additions	–1			–16	–6	–88	–15		–1	–126
– Impairment						–7				–7
– Disposals	1			3	5	28	14		1	51
– Other changes, reclassifications	–3			38	–27	51	13	3		78
– Translation adjustment				–1		–12				–13
As per 31 December 2013	**–27**			–340	–92	–1 177	–249		–5	**–1 863**
Carrying amount										
As per 1 January 2012	**32**	3	37	242	43	453	68	93	1	**940**
As per 31 December 2012	**47**	3	32	246	46	460	65	70	1	**923**
As per 31 December 2013	**43**	3	41	252	48	476	63	74	8	**965**

The insurance value of property, plant and equipment amounts to CHF 4 241 million (previous year: CHF 4 036 million).

The line "Changes in the scope of consolidation" shows exclusively the acquisition of Hakan Plastik A.S. at GF Piping Systems in 2013. In 2012 the line contains the acquisitions of Harvel Plastics Inc and Independent Pipe Products Inc, both at GF Piping Systems and the disposal of Georg Fischer GmbH, Friedrichshafen and Georg Fischer GmbH, Garching, both at GF Automotive .

Investments in property, plant and equipment in 2013 came to CHF 130 million (previous year: CHF 132 million). They were made primarily by the two divisions GF Automotive (CHF 58 million, previous year: CHF 83 million) and GF Piping Systems (CHF 55 million, previous year: CHF 36 million). Investments in property, plant and equipment with an effect on liquidity in the period 2014 to 2018 amount to CHF 84 million. They are distributed among the divisions as follows: GF Automotive CHF 57 million; GF Piping Systems CHF 24 million; GF Machining Solutions CHF 2 million.

The values in the lines "Other changes, reclassifications" relate to three circumstances: the first is that property, plant and equipment of the gravity die-casting foundry in Herzogenburg were reclassified to current assets under "Assets held for sale", with a carrying amount of CHF 6 million (see note 7). The second is that properties no longer used in operation were reclassified in the period under review to the item "Investment properties". The third is that assets fully depreciated and no longer used in the amount of CHF 14 million were derecognized from costs and accumulated depreciations.

The values in the lines "Other changes, reclassifications" of the year 2012 relate mainly to the derecognition of the discontinued operation "Aluminum Sand Casting" at GF Automotive with a carrying amount of CHF 22 million (see notes 2 and 30).

The impairment charge of CHF 7 million on property, plant and equipment is connected to the planned divestment of the gravity die-casting operations (see note 7).

The fair value of investment properties, as determined by internal experts on the basis of capitalized and current market values, is CHF 76 million (previous year: CHF 76 million).

No interest on liabilities was capitalized in the period under review.

9 Movements of intangible assets

million CHF	Land use rights	Software	Royalties, patents, others	**Total**
Cost				
As per 31 December 2011	12	24	17	**53**
– Additions		3	1	4
– Disposals			–1	–1
– Other changes, reclassifications	1		–1	
As per 31 December 2012	13	27	16	**56**
– Additions		6		6
– Disposals			–1	–1
– Translation adjustment		2	–2	
As per 31 December 2013	13	35	13	**61**
Accumulated amortization				
As per 31 December 2011	–2	–16	–17	**–35**
– Additions	–1	–2	–1	–4
– Disposals			2	2
– Translation adjustment			1	1
As per 31 December 2012	–3	–18	–15	**–36**
– Additions		–3		–3
– Translation adjustment		–2	3	1
As per 31 December 2013	–3	–23	–12	**–38**
Carrying amount				
As per 1 January 2012	10	8		**18**
As per 31 December 2012	10	9	1	**20**
As per 31 December 2013	10	12	1	**23**

The intangible assets are subdivided into the categories land use rights, software and royalties, patents, others. These are the major categories of the intangible values.

The land use rights amount to CHF 10 million and remain unchanged compared to previous year (CHF 10 million). Also royalties, patents, others remain unchanged compared to the previous year. They amount to CHF 1 million (previous year: CHF 1 million). Software came to CHF 12 million and slightly increased in comparison to the previous year (CHF 9 million). The main reason was the SAP implementation in various countries by GF Piping Systems.

All intangible assets are acquired, internally generated intangible values do not exist.

Goodwill

Goodwill from acquisitions is offset against the corporate's equity at the acquisition date. The theoretical amortization is based on the straight-line method over the useful live of 5 years. The theoretical capitalization of the goodwill would affect the result of the consolidated financial statements as follows:

Theoretical movements goodwill

million CHF	**2013**	2012
Cost		
As per 1 January	424	390
Additions from acquisitions	71	38
Adjustments (earn-out, others)	4	
Translation adjustment	–11	–4
As per 31 December	**488**	424
Accumulated amortization		
As per 1 January	390	367
Additions regular	18	27
Translation adjustment	–2	–4
As per 31 December	**406**	390
Theoretical book values, net		
As per 1 January	**34**	23
As per 31 December	**82**	34

Effect income statement

million CHF	**2013**	2012
Operating result (EBIT)	251	222
Return on sales (EBIT margin) %	6.7%	6.0%
Amortization goodwill	–18	–27
Theoretical operating result (EBIT) incl. amortization goodwill	233	195
Theoretical return on sales (EBIT margin) %	6.2%	5.2%
Net profit	145	138
Amortization goodwill	–18	–27
Theoretical net profit incl. amortization goodwill	127	111

Effect balance sheet

million CHF	**2013**	2012
Equity according to balance sheet	978	979
Theoretical capitalization net book value goodwill	82	34
Theoretical equity incl. net book value goodwill	1 060	1 013
Equity in % of balance sheet total	31%	37%
Theoretical equity incl. net book value goodwill in % of balance sheet total	34%	38%

All goodwill positions offset against equity are tested for impairment once a year. An impairment test is performed if there is any indication that the goodwill positions could be affected from such an impairment. On the basis of the impairment test made on the balance sheet date, it was found that there were not any indications for impairments and therefore all goodwill positions have retained their recoverable value.

The goodwill of the Hakan Plastik A.S. acquisition was additionally tested for impairment. The recoverable amount of Hakan Plastik A.S. equals the value in use, which is determined based on future discounted cash flows.

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

By applying the "Capital Asset Pricing Model" a specific rate for the cost of capital was calculated for Hakan Plastik A.S. The calculation of this discount rate refers to the data of a relevant peer group. Furthermore, specific values for the risk free interest rate, the market risk premium, the borrowing costs, and the tax rate were applied.

Since the cash flow projections are based on cash flows after tax, the discount rate has also been determined taking tax effects into account. The discount rate for Hakan Plastik A.S. was determined at 13.8%.

It was confirmed that the theoretical goodwill of Hakan Plastik A.S. retained its recoverable value.

10 Categories of financial instruments

The following table shows the carrying amount of all financial instruments per category. Regarding market values of the bonds see note 15.

million CHF	**2013**	2012
Financial instruments (assets)		
Cash and cash equivalents (without fix-term deposits)	**319**	307
Fix-term deposits	322	23
Other financial assets[1]	14	10
Trade accounts receivable	568	524
Other accounts receivable[2]	23	26
Accrued income	13	10
Loans and receivables stated at amortized cost	**940**	593
Marketable securities	3	3
Financial assets at market value through profit or loss	**3**	3
Derivative financial instruments for hedging purposes	**9**	5
Financial instruments (liabilities)		
Other financial liabilities	183	148
Trade accounts payable	421	348
Bonds	796	497
Other liabilities current/non-current[3]	69	58
Accrued liabilities and deferred income[4]	175	177
Liabilities stated at amortized cost	**1 644**	1 228
Derivative financial instruments	**37**	37

1 Relates to loans to third parties, security deposits and long-term invested securities for the settlement of pension liabilities. For more details see note 11.
2 The balance sheet item "Other accounts receivable" include tax credits. For more details see note 6.
3 The balance sheet items "Other liabilities current/non-current" include derivative financial instruments. For more details see note 17.
4 For more details see note 18.

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

11 Other financial assets

Other financial assets amount to CHF 16 million and include investments in associates with a carrying value of CHF 1 million as well as long-term loans and receivables of CHF 12 million (previous year: CHF 7 million).

Investments in associates

The investments are in detail:

- Wibilea AG, Neuhausen (Switzerland)
- Eisenbergwerk Gonzen AG, Sargans (Switzerland)
- Mecartex SA, Losone (Switzerland)
- Georg Fischer Corys LLC, Dubai (United Arab Emirates)
- Polytherm Central Sudamericana SA, Buenos Aires (Argentina)

Long-term loans and receivables

CHF 10 million of the long-term loans and receivables fall due in the next three years and CHF 2 million at a later date. CHF 9 million were lent in euro, CHF 2 million in Brazilian reais and less than CHF 1 million in UAE dirhams. The interest rates for the loans granted in euro lay by 6%. The long-term loans in Brazil are receivables from customer financing activities in local currency, the average interest rate for these loans is 10%.

Other financial assets include also long-term invested securities for the settlement of pension liabilities in an amount of CHF 2 million.

12 Deferred tax assets and liabilities

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

million CHF	Tax assets	Tax liabilities	**2013 net**	Tax assets	Tax liabilities	2012 net
Investment properties		8	8		9	9
Property, plant and equipment for own use	10	34	24	7	31	24
Intangible assets	4		–4	5		–5
Tax loss carryforwards	13		–13	13		–13
Inventories	16	11	–5	14	11	–3
Provisions	18	3	–15	7	5	–2
Other interest-bearing liabilities				1		–1
Other non-interest-bearing liabilities	33	7	–26	48	2	–46
Other balance sheet items	19	2	–17	3	1	–2
Total	113	65	**–48**	98	59	–39
Offsetting	–23	–23		–19	–19	
Deferred tax assets/liabilities	90	42	**–48**	79	40	–39

Deferred tax assets and liabilities are offset within Corporate Companies if there is a legally enforceable right to offset current tax assets against current tax liabilities and if the deferred taxes relate to the same fiscal authority. The effect from offsetting at Corporate Company level amounts to CHF 23 million (previous year: CHF 19 million). Deferred tax assets and liabilities are calculated based on the actually expected income tax rates per Corporate Company. For further information on the recognition of tax loss carryforwards see note 31.

Temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities have been recognized, amount to CHF 354 million per 31 December 2013 (previous year: CHF 356 million).

13 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Restructuring provisions	Other provisions	Personnel and social security	**Provisions**	Deferred tax liabilities	**Provisions and deferred tax liabilities**
As per 1 January 2012	32	14	15	4	20	66	**151**	39	**190**
– Reclassifications	–1				1				
– Increase	16	11	3	2	2	6	40	3	43
– Interest expense arising from discounting					1		1		1
– Use	–11	–10	–1	–2		–1	–25		–25
– Release	–8	–3	–3	–1	–4		–19	–6	–25
– Changes in scope of consolidation		–1					–1	5	4
– Translation adjustment					–1	–1	–2	–1	–3
As per 31 December 2012	28	11	14	3	19	70	**145**	40	**185**
– Thereof current	13	9	1	3	3		29		29
– Thereof non-current	15	2	13		16	70	116	40	156
As per 1 January 2013	28	11	14	3	19	70	**145**	40	**185**
– Reclassifications	–1	–1				–9	–11		–11
– Increase	15	3	6	1	21	8	54	3	57
– Use	–12	–2	–1	–2	–1	–6	–24		–24
– Release	–4	–2	–3	–1	–1		–11	–5	–16
– Changes in scope of consolidation	1					1	2	5	7
– Translation adjustment						3	3	–1	2
As per 31 December 2013	27	9	16	1	38	67	**158**	42	**200**
– Thereof current	14	7		1	11	5	38		38
– Thereof non-current	13	2	16		27	62	120	42	162

Provisions are classified as follows: warranties on serial products (machines, etc.), onerous contracts (when the costs of meeting the contractual obligations exceed the expected economic benefits), legal cases, restructuring provisions (constructive and contractual obligations to third parties, which have been communicated), personnel and social security (provisions that are related to employee benefits), and other provisions.

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

Warranty provisions amounting to CHF 27 million declined only slightly compared to the previous year (CHF 28 million). Thanks to a favorable claim history, it was possible to release CHF 4 million. At the same time, new warranty provisions of CHF 15 million had to be set aside, as well as the utilization of CHF 12 million.

About one third of the warranty provisions are for GF Machining Solutions and about one quarter for GF Automotive. They derive from complaints and claims for damages at the various sites.

Interest expense from discounting was below CHF 1 million and consisted of two items. One of them is a non-current provision in the category "Onerous contracts" with a remaining term to maturity of 4 years and an interest rate of 9%. The other is a non-current provision in the category "Other provisions", which has a remaining term to maturity of 20 years and is discounted at an interest rate of 2.8%.

The non-current provisions in the category "Personnel and social security" in the amount of CHF 62 million are expected to result in a cash outflow in an average of 10 years, the non-current provisions in the other categories are expected to result in a cash outflow within the next two to three years.

Provisions shown under the category "Legal cases" can be split into a number of individual cases in the divisions with an estimated cash outflow of less than CHF 5 million per case.

The category "Other provisions" contains liabilities in connection with the planned divestment of the gravity die-casting foundry in Herzogenburg in the amount of CHF 19 million and provisions for employee commitments (CHF 10 million), for captive insurances (CHF 2 million), and for other operating risks.

Expenditures not connected with pension plans in the narrow sense, such as awards for length of service and anniversary bonuses – especially in Austria – are recognized in the category "Personnel and social security" and came to CHF 67 million in 2013 (previous year: CHF 70 million).

The values in the line "Reclassification" in the category "Personnel and social security" refer to a reclassification of provisions for the gravity die-casting foundry in Herzogenburg to "Liabilities held for sale", amounting to CHF 11 million.

14 Current tax liabilities

Liabilities for current income taxes amount to CHF 43 million (previous year: CHF 39 million).

15 Interest-bearing financial liabilities

Net debt, which is calculated as the difference between interest-bearing liabilities and cash, cash equivalents, and marketable securities, increased slightly from CHF 334 million to CHF 352 million in the year under review. This increase was due in the main to the fact that the free cash flow, which came to CHF 108 million, was more than offset by the dividend distribution (CHF 62 million) and the debts assumed as part of the takeover of Hakan Plastik A.S. (CHF 55 million).

Interest-bearing financial liabilities consist of the following items:

million CHF	Within 1 year	Up to 5 years	Maturity over 5 years	**2013**	Within 1 year	Up to 5 years	Maturity over 5 years	2012
Other financial liabilities (at fixed interest rates)[1]	50	22	1	73	42	21		63
Other financial liabilities (at variable interest rates)	99	7	4	110	82	3		85
Bonds (at fixed interest rates)	300	348	148	796		497		497
Loans from pension fund institutions	26			26	27			27
Total	475	377	153	**1 005**	151	521	0	672

1 This category comprises other financial liabilities with a fixed interest period of more than 3 months.

In order to secure non-current liabilities, assets valued at CHF 16 million (previous year: CHF 0 million) were pledged or assigned. These assets consisted of property, valued at CHF 2 million, buildings at CHF 12 million, and payments to customers at CHF 2 million.

Further information on pledged assets can be found in note 24, "Pledged assets".

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

million CHF	Issuing currency	Range interest rate	2013	Issuing currency	Range interest rate	2012
Other financial liabilities (at fixed interest rates)[1]			**73**			63
	USD	3.2%-7.2%	35	CHF	3.2%-3.9%	40
	CHF	3.2%	20	CNY	5.7%-6.9%	18
	EUR	3.2%-4.7%	12	Others	2.0%-5.5%	5
	Others	4.8%-6.4%	6			
Other financial liabilities (at variable interest rates)			**110**			85
	CNY	2.6%-7.4%	65	CNY	5.3%-7.2%	58
	EUR	1.8%-2.0%	30	EUR	1.4%-2.5%	17
	SGD	2.4%	5	Others	1.7%-16.8%	10
	Others	0%-15.5%	10			
Bonds (at fixed interest rates)			**796**			497
Bond (Georg Fischer Finanz AG) 4 ½ % 2009-2014 (22 September) Nominal value: CHF 300 million	CHF	4.7%	300	CHF	4.7%	299
Bond (Georg Fischer Ltd) 3 ⅜% 2010-2016 (12 May) Nominal value: CHF 200 million	CHF	3.7%	198	CHF	3.7%	198
Bond (Georg Fischer Finanz AG) 1 ½ % 2013-2018 (12 September) Nominal value: CHF 150 million	CHF	1.6%	149			
Bond (Georg Fischer Finanz AG) 2 ½ % 2013-2022 (12 September) Nominal value: CHF 150 million	CHF	2.6%	149			
Loans from pension fund institutions			**26**			27
	EUR	6.0%	25	EUR	6.0%	24
	CHF	2.0%	1	Others	2.0%	3
Total			**1 005**			672

1 This category comprises other financial liabilities with a fixed interest period of more than 3 months.

GF has the following syndicated loan:

Debtors	Term	Credit	Thereof utilized
Georg Fischer Ltd/Georg Fischer Finanz AG	2011-2016	CHF 250 Mio.	CHF 0 Mio.

Two bonds were issued in the year under review. In August, a 1½% CHF 150 million bond with a maturity of 5 years and a 2½% CHF 150 million bond with a maturity of 9 years were floated on the capital market. These two bonds will be used to refinance the 4½% CHF 300 million bond that matures in September 2014. As a result of premature refinancing of this bond, GF will temporarily have a very high level of liquidity with the associated financial costs.

The syndicated loan gives GF the necessary financial security to be able to act swiftly in the event it wishes to make acquisitions. This line of credit was not drawn on in the year under review. In addition to other terms, the loan contains covenants with respect to the net debt ratio (ratio of net debt to EBITDA), interest-coverage ratio (ratio of EBITDA to net interest expense) and equity ratio (ratio of equity to total assets). The loan also has additional terms such as are usual for a syndicated credit. Owing to the switchover to Swiss GAAP FER, the covenant was adjusted with respect to the equity ratio since it has changed significantly as a result of goodwill being offset against equity.

The bonds placed on the market are subject to the usual cross-default clauses: the outstanding amounts move into default if the premature repayment of another financial obligation is demanded of the company or one of its major Corporate Companies owing to failure to meet the credit terms. As per the balance sheet date, the effective credit terms had been met.

The interest-bearing financial liabilities also include loan debts to employee benefit plans in Germany amounting to CHF 26 million (previous year: CHF 27 million).

16 Employee benefit liabilities

The overall situation for employee benefits in the Corporation is as follows:

Employer contribution reserves // In the year under review, there were no employer contribution reserves available. In the previous year, 2012, an available employer contribution reserve of CHF 1 million was used completely, and this use was recognized in pension benefit expenses.

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

		2013	2012				2013	2012
million CHF	Surplus/deficit according to FER 26	Economical part of the Corporation	Economical part of the Corporation	Translation differences	Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
Patronage funds	8					1	1	2
Pension institutions w/o surplus/deficit						17	17	20
Pension institutions with surplus	11					2	2	
Pension institutions with deficit	–10	–19	–19			1	1	1
Pension institutions without own assets		–109	–105	1	3	2	5	5
Loans from pension fund institutions		–26	–27					
Total	**9**	**–154**	–151	**1**	**3**	**23**	**26**	28

The employee benefit plans with a shortfall of CHF 10 million in cover are defined benefit plans in the UK and the US. The amount of the shortfall depends largely on the value of the securities. The entire economical obligation covering the outflow of funds anticipated in the medium term is higher than the reported pension deficit because the value of the securities is subject to potentially large fluctuations. It amounts to CHF 19 million. The recognized economical obligation for employee benefit plans without own assets, i.e. unfunded plans, comes to CHF 109 million and relates mainly to employee benefit plans in Germany. The loans by employee benefit plans in the amount of CHF 26 million (previous year: CHF 27 million) are from employee benefit plans in Germany that have invested their funds in Corporate Companies.

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

million CHF	2013	2012
Contributions to pension institutions from Corporate Companies	21	23
Contributions to pension institutions from employer contribution reserves		1
Total contributions	21	24
+/- Changes ECR from asset development, value adjustments, etc.		
Contributions and changes employer contribution reserves	**21**	24
Increase/decrease economical benefit Corporate from surplus		
Decrease/increase economical obligation Corporate from deficit		
Decrease/increase economical obligation Corporate from pension institutions without own assets	5	5
Total changes economical effects from surplus/deficit	5	5
Pension benefit expenses within personnel expenses in the period under review	**26**	29

The change in the recognized economical obligation from employee benefit plans and the employer contributions paid for the year under review amount to CHF 26 million (previous year: CHF 29 million) and are contained in "Personnel expenses".

17 Other liabilities

million CHF	2013	2012
Social security	14	16
Other non-interest-bearing liabilities	34	21
Derivative financial instruments	37	37
Other tax liabilities (e.g. withholding tax)	21	21
Total	**106**	95
– Thereof short term	60	50
– Thereof long term	46	45

Derivative financial instruments // GF uses financial instruments as part of its Corporation-wide efforts to manage risk. Currency risks from accounts receivable, accounts payable, and financing in foreign currencies are partially hedged. The only hedging instruments employed are currency futures contracts and currency swaps with a maximum maturity of 12 months. The hedging of other underlying assets consists of hedging against price fluctuations for the purchase of raw materials and electric power.

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

The following table shows the market value (gross) of the derivative financial instruments as at 31 December 2013 and 2012, broken down by investment category:

	2013			2012		
million CHF	Contract- or nominal value	Positive fair value	Negative fair value	Contract- or nominal value	Positive fair value	Negative fair value
Derivative financial instruments						
Foreign exchange (e.g. derivative)	250	9		239	5	
Other underlying basic values	96		–37	102		–37
Total	**346**	**9**	**–37**	**341**	**5**	**–37**

Furthermore, GF obtained with the acquisition of Hakan Plastik A.S. an option for the purchase of the remaining shares, which corresponds to a capital share of 10% of the company. This option cannot be valuated reliably at present and therefore it is not recognized.

18 Accrued liabilities and deferred income

million CHF	2013	2012
Overtime, holiday, bonuses, and profit-sharing	74	77
Other accrued expenses and deferred income	101	100
Total	**175**	177

The other accrued expenses and deferred income in the amount of CHF 101 million (previous year: CHF 100 million) were recognized among others for interest, rents, commissions, and annual audit costs.

19 Share capital/capital management

Share capital // The share capital remained unchanged in comparison with 2012. As of 31 December 2013, it comprised 4 100 898 registered shares with a par value of CHF 10 each. Total dividend-bearing nominal capital amounted to CHF 41 008 980.

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

- maintaining a healthy and sound balance sheet structure based on continuing values
- ensuring the necessary financial scope in order to be able to make investments and acquisitions in the future
- achieving a return for investors that is appropriate to the risk

The Corporation employs two ratios to monitor equity: the equity ratio and the return on equity. The equity ratio equates to equity as a percentage of total assets. Return on equity is obtained by measuring net profit as a percentage of average equity. These ratios are reported to the Executive Committee and the Board of Directors at regular intervals by internal financial reporting. The equity ratio as per 31 December 2013 was at 31%. The decrease of this ratio (previous year: 37%) is mainly resulting from the bonds issued in 2013 in the amount of CHF 300 million boosting the balance sheet total.

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

The ratios are shown in the table below:

million CHF	2013	2012
Equity attributable to shareholders of Georg Fischer Ltd	935	935
Non-controlling interests	43	44
Equity	978	979
Total assets	3 126	2 664
Equity ratio	31%	37%
Theoretical equity incl. net value goodwill	1 060	1 013
Theoretical equity ratio incl. net value goodwill	34%	38%
Average reported equity	979	970
Net profit	145	138
Return on average reported equity	15%	14%

The Corporation does not have any financial covenants with minimal capital requirements.

The Board of Directors proposes the appropriation of retained earnings to the Annual Shareholders' Meeting. GF pursues a results-oriented dividend policy and distributes about 30% to 40% of the Corporation's consolidated net profit to shareholders. This may be distributed either in form of a dividend payment from the retained earnings or from the reserves from capital contributions or as a reduction in par value. The Board of Directors is proposing to the Shareholders' Meeting a profit distribution in form of a par value reduction of CHF 9 and additionally a dividend payment out of the reserves from capital contributions of CHF 7 per registered share for the fiscal year 2013 (previous year: dividend payment out of the reserves from capital contributions of CHF 15). As of 31 December 2013 the par value of the Georg Fischer registered share amounts to CHF 10. The authorized capital and the conditional capital amount to a maximum of CHF 6 000 000. The maximum authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of bonds or similar debt instruments or new shares.

By no later than 21 March 2014, the maximum authorized share capital will be CHF 6 000 000 divided into no more than 600 000 registered shares each with a par value of CHF 10.

The reserves which are not disposable respectively distributable amount to CHF 137 million as of 31 December 2013 (previous year: CHF 131 million).

20 Earnings per share

The earnings per share in the amount of CHF 34 (previous year: CHF 32) is calculated by dividing the portion of net profit attributable to Georg Fischer Ltd shareholders by the weighted average number of shares outstanding during the year under review (number of shares issued less number of treasury shares). The weighted average number of shares amounted to 4 085 110 in 2013 (previous year: 4 082 287).

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

21 Treasury shares

			2013			2012
million CHF	Quantity	Trans-action price (Ø)	Purchase cost (Ø)	Quantity	Trans-action price (Ø)	Purchase cost (Ø)
As per 1 January	**15 248**	**357.39**	**5**	**21 974**	**339.39**	**7**
Purchases	16 391	572.65	9	52 193	361.77	19
Disposals	–6 985	391.06	–3	–49 413	348.08	-17
Transfers (share-related compensation)	–8 325	370.07	–3	–9 506	321.58	-3
Changes in stock price			1			-1
As per 31 December	**16 329**	**571.48**	**9**	**15 248**	**357.39**	**5**

As at end-2013, GF held 16 329 treasury shares each with a par value of CHF 10 (previous year: 15 248 registered shares). In the year under review, 16 391 treasury shares were purchased on the stock market at an average transaction price of CHF 572.65, and 6 985 treasury shares were sold on the stock market at an average transaction price of CHF 391.06.

In accordance with a plan defined by the Board of Directors, a fixed number of Georg Fischer registered shares are granted to members of the Executive Committee and members of senior management as a long-term financial incentive. Of the 16 329 treasury shares (registered shares) held by GF as at end-2013, 8 298 registered shares are earmarked for this long-term financial incentive, after consideration of the registered shares transferred in 2013 for the year under review. The distribution of these share-related compensations is effected in line with the conditions of the above-mentioned plan.

The share-related compensations to members of the Board of Directors and the Executive Committee and members of senior management are measured at fair value and recognized as an expense at the grant date; these compensations are booked to "Operating expenses" (see note 26) for the Board of Directors and to "Personnel expenses" (see note 27) for the Executive Committee and senior management. The total expense for the stock compensation plan came to CHF 5 million (previous year: CHF 3 million).

22 Contingent liabilities

Contingent liabilities amount to CHF 6 million (previous year: CHF 9 million) and include obligations to take back leasing transactions entered into by third parties totaling CHF 3 million (previous year: CHF 6 million), as well as guarantees and securities granted to third parties of CHF 3 million (previous year: CHF 3 million). This contrasts with contingent liabilities amounting to CHF 1 million arising from litigation.

23 Leases

million CHF	**2013**	2012
Liabilities under leases up to 1 year	17	16
Liabilities under leases 1 to 5 years	42	35
Liabilities under leases over 5 years	19	13
Operating leases (nominal values)	**78**	64

Liabilities under financial lease contracts amount to CHF 8 million (previous year: CHF 0 million) and mainly relate to the machinery leases of the Hakan Plastik A.S. acquisition of GF Piping Systems. The liabilities under financial lease are included in the position “Other financial liabilities” and are disclosed in note 15 “Interest-bearing financial liabilities”.

24 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 22 million (previous year: CHF 5 million). In the year under review CHF 14 million relate to land and buildings, CHF 7 million to accounts receivable, and CHF 1 million to inventories. In previous years the pledged assets in the amount of CHF 5 million fully related to accounts receivable. The assets are pledged or restricted on title to secure bank loans.

25 Other operating income

million CHF	**2013**	2012
Sales of material, waste, and scrap	10	14
Income from insurance contracts	6	6
Income from services	10	9
Gains on disposal of property, plant and equipment		1
Foreign exchange gains/losses	–8	–4
Remaining other operating income	10	12
Total	**28**	38

26 Operating expenses

million CHF	2013	2012
External services[1]	141	159
Rent, leases	47	47
Utility services third parties	118	114
Selling costs, commissions	127	125
Advertisements, communication	93	87
Repair, maintenance	95	94
Other expenses[2]	37	28
Total	**658**	654

1 External services include e.g. temporary employees, IT costs, R&D, insurance costs as well as consulting.
2 Other expenses include compensation to the members of the Board of Directors of CHF 2.2 million.

27 Personnel expenses

million CHF	2013	2012
Salaries and wages	739	747
Employee benefits	26	29
Social security	149	139
Total	**914**	915

According to a plan established by the Board of Directors, a fixed number of registered shares of Georg Fischer Ltd are distributed to the members of the Executive Committee and the members of senior management as a long-term incentive. For the year under review 6 398 shares (previous year: 6 171) were issued and recognized as personnel expenses at their market value of CHF 4.0 million (previous year: CHF 2.3 million).

28 Other financial result

million CHF	2013	2012
Interest income	3	2
Net gains on financial instruments at fair value through profit or loss		1
Financial income	**3**	3
Interest expenses	36	35
Net losses on financial instruments at fair value through profit or loss	9	
Other financial expenses	3	3
Financial expenses	**48**	38

Additions of accrued interest of bonds are recognized in the amount of CHF 1 million (previous year: CHF 1 million) under interest expenses.

Net losses on financial instruments at fair value through profit or loss include mainly foreign exchange losses.

29 Non-operating result

The non-operating result amounts to CHF 1 million (previous year: CHF 1 million). The income reflects the result of the investment properties.

30 Extraordinary result

An extraordinary loss of CHF 26 million arose owing to the divestiture of the gravity die-casting foundry in Herzogenburg (Austria), by GF Automotive; the divestiture was planned at the end of 2013. The sum consists of an impairment charge on property, plant and equipment amounting to CHF 7 million plus incurred liability of CHF 19 million. The transaction was completed on 30 January 2014 retroactive to 1 January 2014.

Gravity die-casting is an independent technology that is significantly different from other casting techniques. The gravity die-casting foundry in Herzogenburg was the only unit to operate this form of casting, which was therefore run as a separate technology unit and a detached business area within GF Automotive. With the divestment of the gravity die-casting foundry in Herzogenburg, GF is withdrawing completely from this technology and is focusing on the two casting technologies iron casting and aluminum die-casting. The divestiture is therefore treated as a discontinued operation and is reported in "Extraordinary result".

Further information on the assets and liabilities involved can be found in note 7, "Assets held for sale", and note 34, "Events after the balance sheet date".

The table below shows the results of the gravity die-casting foundry as a discontinued operation:

million CHF	**2013**	2012
Sales	**75**	75
Operating result (EBIT)	**–9**	–6
Cash flow from operating activities	**1**	–4

Another discontinued operation was divested in the previous year. It was the aluminium sand casting which was also an independent technology. The loss of CHF 16 million was due to the disposal of the GF Automotive foundries in Garching and Friedrichshafen (Germany). The loss was reported in the income statement for 2012 as "Extraordinary result". The table below shows the results of aluminum sand casting as a discontinued operation:

million CHF	**2013**	2012
Sales	**0**	118
Operating result (EBIT)	**0**	–1
Cash flow from operating activities	**0**	4

31 Income taxes

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

million CHF	2013			2012		
Tax rate reconciliation	Total	Thereof current taxes	Thereof deferred taxes	Total	Thereof current taxes	Thereof deferred taxes
Profit before taxes	181			173		
Expected income tax rate	20%			23%		
Expected income tax expense	**36**	**43**	**–7**	40	46	–6
Non-tax deductible expenses/ tax exempted income	2	2		–1	–1	
Use of unrecognized tax loss carryforwards	–4	–5	1	–10	–12	2
Effect of non-recognition of tax losses in current year	6	6		4	4	
Recognition of previously unrecog-nized tax loss carryforwards				–9		–9
Depreciation of recognized tax loss carryforwards				10		10
Tax charges and credits related to prior periods, net	–1	–1		2	2	
Effect of change in tax rates	–1		–1			
Other effects	–2	2	–4	–1	–1	
Effective income tax expense	**36**	**47**	**–11**	35	38	–3
Effective income tax rate	20%			20%		

The expected income tax expense of the Corporation corresponds to the weighted average tax rate which is based on the profit/loss before taxes and the income tax rate of each individual Corporate Company. The change of the expected income tax rate is due to the variation in profitability and the change of the tax rate of different Corporate Companies.

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

million CHF	2013	2012
Expiry unlimited	250	250
After 2016	41	38
2016	5	6
2015	13	9
2014	2	2
2013		2
Total unrecognized tax loss carryforwards	**311**	307
Potential tax relief effect	85	84

The recognition of tax loss carryforwards is assessed on an annual basis and is based on current assumptions and estimates of the management. Tax loss carryforwards are recognized only to the extent that, within the next two to three years, sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilized. In countries or Corporate Companies where such utilization is not probable, tax loss carryforwards are not recognized. The potential tax relief effect from the unrecognized tax loss carryforwards amounts to CHF 85 million.

As per 31 December 2013, based on the aforementioned estimates, tax loss carryforwards of CHF 51 million (previous year: CHF 54 million) were activated resulting in a deferred tax asset of CHF 13 million (previous year: CHF 13 million). Country-specific tax-relevant regulations and opportunities were hereby respected.

32 Related parties

Related parties include members of the Executive Committee, the Board of Directors and their close family members. Also employee benefit plans or important shareholders as well as companies under their control belong to this group. Transactions with related persons and companies are generally conducted at arm's length.

The members of the Board of Directors are compensated with a fixed number of Georg Fischer registered shares and a cash remuneration, which, at their discretion, can also be settled with Georg Fischer registered shares. For special functions (e.g. Chairman, Vice Chairman, committee member, extraordinary meetings), an additional compensation commensurate with the time required is granted in the form of cash or Georg Fischer registered shares.

The members of the Board of Directors received cash compensation of CHF 1.0 million in the year under review (previous year: CHF 0.9 million). Of this amount, Board members drew on a voluntary basis 377 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 0.2 million in 2013. In the previous year, this draw had been 524 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 0.2 million. In addition, a total of 1 600 Georg Fischer registered shares with a market value of CHF 1.0 million were allocated as share-related compensation (previous year: 1 603 Georg Fischer registered shares, equivalent to a market value of CHF 0.6 million). Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2.2 million (previous year: CHF 1.6 million). This compensation is recognized in operating expenses (see note 26).

The members of the Executive Committee received 1 750 Georg Fischer registered shares (par value of CHF 10) with a market value of CHF 1.1 million in the year under review (previous year: 1 750 Georg Fischer registered shares with a market value of CHF 0.6 million). In addition, the members of the Executive Committee received a cash compensation and social security and pension contributions of CHF 5.2 million for the year under review (previous year: CHF 4.8 million). The total compensation of the Executive Committee is included in personnel expenses (see note 27).

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

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

1 000 CHF	**2013**	2012
Compensation	5 376	4 771
Employee benefit contributions	712	594
Social security	400	507
Share-related compensation	2 102	1 234
Total compensation	**8 590**	7 106

Additional fees and remuneration // No member of the Executive Committee or the Board of Directors or any person closely associated with them received any fees or other payments for additional services to Georg Fischer Ltd or its Corporate Companies in the fiscal year 2013.

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

The detailed disclosure of compensation and participation of the Board of Directors and the Executive Committee in accordance with Swiss law can be found in the financial statements of Georg Fischer Ltd on pages 114 to 116.

33 Foreign exchange rates

CHF		Average rates 2013	Average rates 2012	Spot rates 2013	Spot rates 2012
1	AED	0.252	0.255	0.242	0.249
1	ARS	0.171	0.206	0.136	0.186
1	AUD	0.898	0.971	0.793	0.951
1	BRL	0.432	0.481	0.376	0.446
1	CAD	0.901	0.938	0.835	0.921
1	CNY	0.151	0.149	0.147	0.147
1	EUR	1.231	1.205	1.226	1.207
1	GBP	1.450	1.485	1.468	1.479
1	HKD	0.120	0.121	0.115	0.118
1	INR	0.016	0.018	0.014	0.017
1	MXN	0.073	0.071	0.068	0.070
1	MYR	0.295	0.304	0.271	0.299
1	NZD	0.760	0.760	0.731	0.754
1	SGD	0.741	0.750	0.703	0.749
1	TRY	0.488	0.521	0.421	0.512
1	USD	0.927	0.937	0.889	0.916
100	CZK	4.743	4.800	4.475	4.806
100	DKK	16.503	16.189	16.432	16.184
100	JPY	0.952	1.176	0.847	1.064
100	KRW	0.085	0.083	0.085	0.086
100	NOK	15.802	16.131	14.615	16.365
100	PLN	29.356	28.867	29.560	29.594
100	SEK	14.241	13.859	13.845	14.030
100	THB	3.021	3.016	2.705	2.995
100	TWD	3.123	3.169	2.981	3.159

34 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 14 February 2014. They must also be approved at the Annual Shareholders' Meeting.

GF announced in the media release of 31 January 2014 that the division GF Automotive is divesting its non-core gravity die-casting business in Herzogenburg (Austria). The signing took place on 30 January 2014 with retroactive effect as per 1 January 2014. The balance sheet positions have been reclassified as of 31 December 2013 into the positions assets held for sale respectively corresponding liabilities (see notes 7 and 30 to the consolidated financial statements). Further information can be taken out of the media release of 31 January 2014.

In addition there were no other events between 31 December 2013 and 14 February 2014 that would require an adjustment to the carrying amounts of assets and liabilities and equity or would need to be disclosed under this heading.

35 Affiliated companies

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

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Sweden	PS	Georg Fischer AB, Stockholm[1]	SEK	1,6	100	C	S
	MS	Järfälla Härdverkstad AB, Järfälla	SEK	0,1	100	C	P
	MS	System 3R International AB, Vällingby[1]	SEK	17,1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen[1]	CHF	1,0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[1]	CHF	0,5	49	F	M
	CM	Georg Fischer AG, Schaffhausen	CHF	41,0		C	H
	CM	Georg Fischer Liegenschaften AG, Schaffhausen[1]	CHF	4,0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[1]	CHF	10,0	100	C	M
	PS	Georg Fischer Kunststoffarmaturen AG, Seewis[1]	CHF	2,5	100	C	P
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen[1]	CHF	20,0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen[1]	CHF	0,5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen[1]	CHF	17,8	60	C	P
	PS	Georg Fischer JRG AG, Sissach[1]	CHF	1,8	100	C	P
	AU	Georg Fischer Automotive AG, Schaffhausen[1]	CHF	1,0	100	C	M
	MS	Agie Charmilles SA, Losone[1]	CHF	10,0	100	C	P
	MS	Agie Charmilles Services SA, Meyrin[1]	CHF	3,6	100	C	S
	MS	Agie Charmilles Management SA, Meyrin[1]	CHF	0,5	100	C	M
	MS	Agie Charmilles Sales SA, Losone[1]	CHF	2,6	100	C	S
	MS	Agie Charmilles New Technologies SA, Meyrin[1]	CHF	10,0	100	C	P
	MS	Mecartex SA, Losone	CHF	0,4	30	E	P
	MS	System 3R Schweiz AG, Flawil[1]	CHF	1,0	100	C	P
	MS	Mikron Agie Charmilles AG, Nidau[1]	CHF	3,5	100	C	P
	MS	Step-Tec AG, Luterbach[1]	CHF	1,3	98	C	P
Near East							
UAE	PS	Georg Fischer Corys LLC, Dubai[1]	AED	0,3	49	E	P
	PS	Georg Fischer Hakan Plastik AS, Cerkezköy[1]	TRY	20,0	90	C	P
Turkey	MS	System 3R Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul[1]	TRY	0,1	100	C	S
America							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires[1]	ARS	1,4	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0,1	49	E	S
Bermuda	CM	Munot Reinsurance Ltd, Hamilton[1]	EUR	0,1	100	C	M
Brazil	PS	Georg Fischer Sistemas de Tubulacoes Ltda, São Paulo[1]	BRL	4,1	100	C	S
	MS	Agie Charmilles Ltda, São Paulo[1]	BRL	60,9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Mississauga[1]	CAD	0,1	100	C	S
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[1]	MXN	0,1	100	C	S
USA	CM	George Fischer Corporation, El Monte, CA[1]	USD	0,1	100	C	H
	PS	Georg Fischer LLC, Tustin, CA	USD	3,8	100	C	S
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0,1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee, OK	USD	1,1	100	C	P
	PS	Georg Fischer Harvel LLC, Easton, PA	USD	0,1	100	C	P
	MS	Agie Charmilles LLC, Lincolnshire, IL	USD	0,1	100	C	S
	MS	System 3R USA LLC, Chicago, IL	USD	0,1	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Asia/Australia							
Australia	CM	George Fischer IPS Pty Ltd, Riverwood[1]	AUD	7,1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood[1]	AUD	3,8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai[1]	CNY	1,1	100	C	M
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10,0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou	CNY	53,6	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen[1]	CNY	45,0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan[1]	CNY	50,0	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	58,2	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[1]	CNY	40,3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	58,3	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai[1]	CNY	52,0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai[1]	CNY	41,4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai[1]	CNY	1,7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing[1]	CNY	36,7	100	C	P
	AU	Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou[1]	CNY	199,6	100	C	P
	AU	Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan[1]	CNY	149,5	100	C	P
	MS	ACM East China (HK) Ltd, Hongkong[1]	HKD	3,0	100	C	S
	MS	ACM North China (HK) Ltd, Hongkong[1]	HKD	0,1	100	C	S
	MS	Agie Charmilles China (HK) Ltd, Hongkong[1]	HKD	0,5	100	C	S
	MS	Agie Charmilles machine tools (Shanghai) Co Ltd, Shanghai	CNY	2,5	100	C	S
	MS	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	CNY	2,5	100	C	S
	MS	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1,7	100	C	S
	MS	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing[1]	CNY	80,3	78	C	P
	MS	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4,5	78	C	S
	MS	Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou[1]	CNY	55,4	100	C	P
	MS	System 3R Shanghai Co Ltd, Shanghai	CNY	1,5	100	C	S
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai[1]	INR	215,4	100	C	P
Japan	PS	Georg Fischer Ltd, Osaka[1]	JPY	480,0	81	C	S
	MS	Agie Charmilles Japan Ltd, Yokohama[1]	JPY	440,0	100	C	S
	MS	System 3R Japan Co Ltd, Tokyo[1]	JPY	94,0	100	C	S
Korea	PS	Georg Fischer Piping Systems Ltd, Seongnam[1]	KRW	600,0	100	C	S
	MS	Agie Charmilles Korea Co Ltd, Seoul[1]	KRW	975,0	100	C	S
Malaysia	PS	George Fischer (M) SDN BHD, Shah alam[1]	MYR	10,0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington[1]	NZD	0,1	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore[1]	SGD	1,0	100	C	S
	MS	Agie Charmilles (South East Asia) Pte Ltd, Singapore[1]	SGD	2,1	100	C	S
	MS	System 3R Far East Pte Ltd, Singapore[1]	SGD	0,8	100	C	S
Taiwan	PS	Georg Fischer Co Ltd, New Taipei City[1]	TWD	1,0	100	C	S
	MS	Agie Charmilles Taiwan Ltd, San Chung, Taipei Hsien[1]	TWD	10,0	100	C	S
Thailand	MS	Agie Charmilles Thailand Co Ltd, Bangkok[1]	THB	12,0	100	C	S

1 Directly held by Georg Fischer Ltd.

Division

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

Consolidation

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

Function

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

Status as of 31 December 2013

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

As statutory auditor, we have audited the consolidated financial statements of Georg Fischer Ltd, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flow and notes (pages 60 to 106), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers Ltd

Stefan Räbsamen	Diego J. Alvarez
Audit expert	Audit expert
Auditor in charge	

Zurich, 14 February 2014

Financial statements Georg Fischer Ltd

Balance sheet as per 31 December 2013

1 000 CHF	Notes	**2013**	2012
Cash and cash equivalents		416 407	120 708
Marketable securities		3 249	2 917
Prepaid expenses and accrued income		349	232
Other accounts receivable		5 776	2 144
Loans to Corporate Companies		30 102	33 174
Current assets	(1)	**455 883**	159 175
Investments		904 142	841 900
Loans to Corporate Companies		340 442	359 358
Non-current assets	(2)	**1 244 584**	1 201 258
Assets		**1 700 467**	1 360 433
Current liabilities			
– Accounts payable to third parties		2 592	3 476
– Tax liabilities		2 767	10
– Accrued expenses and deferred income		4 750	4 526
– Accounts payable to Corp. Companies and loans from Corp. Companies		356 396	35 463
Non-current liabilities			
– Bonds		200 000	200 000
– Loans from third parties		2 430	2 269
– Provisions		28 551	26 942
Liabilities	(3)	**597 486**	272 686
Share capital		41 009	41 009
Legal reserves			
– General reserves		148 740	148 740
– Reserves from capital contributions		38 689	100 202
– Reserves for treasury shares		9 332	5 450
Retained earnings			
– Available earnings carried forward		788 464	691 779
– Net profit for the year		76 747	100 567
Equity	(4)	**1 102 981**	1 087 747
Liabilities and equity		**1 700 467**	1 360 433

Income statement for the year ended 31 December 2013

1 000 CHF	Notes	**2013**	2012
Ordinary income from investments		94 371	147 077
Financial income		21 162	21 488
Income from services provided to Corporate Companies		40 874	40 014
Other income		2 206	3 493
Income	(6)	**158 613**	212 072
Ordinary expenses for investments		42 627	72 810
Financial expenses		2 559	6 432
Cost of services provided by Corporate Companies		2 029	2 058
External expenses		15 925	16 066
Personnel expenses		15 620	15 006
Income taxes		3 106	–867
Expenses	(7)	**81 866**	111 505
Net profit for the year		**76 747**	100 567

Statement of changes in equity for the year ended 31 December 2013

1 000 CHF	Share capital	General reserves[1]	Reserves from capital contributions[1]	Reserves for treasury shares[1]	Retained earnings	**Equity**
Balance as per 31 December 2011	**41 009**	**148 741**	**161 715**	**7 458**	**689 771**	**1 048 694**
Net profit for the year					100 567	100 567
Dividend from reserves from capital contributions			–61 513			–61 513
Reclassification				–2 008	2 008	
Rounding difference		–1				–1
Balance as per 31 December 2012	**41 009**	**148 740**	**100 202**	**5 450**	**792 346**	**1 087 747**
Net profit for the year					76 747	76 747
Dividend from reserves from capital contributions			–61 513			–61 513
Reclassification				3 882	–3 882	
Balance as per 31 December 2013	**41 009**	**148 740**	**38 689**	**9 332**	**865 211**	**1 102 981**

1 Legal reserves.

Notes to the financial statements

1 Current assets

Current assets increased during the year under review by roughly CHF 297 million. The increase mainly concerned the balance sheet position "Cash and cash equivalents" due to the emission of two bonds by Georg Fischer Finanz AG in the amount of CHF 150 million each. In line with the Swiss cash pool set up, Georg Fischer Finanz AG provided Georg Fischer Ltd with the funds (see note 3).

Reportable cash pool items are disclosed on a gross basis either as short-term "Loans to Corporate Companies" or "Accounts payable to Corporate Companies and loans from Corporate Companies".

The securities were valued at 31 December 2013 at year-end stock market prices.

2 Non-current assets

Direct and indirect investments in Corporate Companies, joint ventures, and associates of Georg Fischer Ltd included the companies listed on pages 104 to 106. They were valued at the lower of historical cost and market value. Compared to 2012, investments increased by roughly CHF 62 million, mainly due to the following:

- Acquisition or foundation of new Corporate Companies: CHF 68 million (Georg Fischer Management BV, Epe, Netherlands; Georg Fischer Hakan Plastik A.S., Cerkezköy, Turkey; System 3R Shanghai Co Ltd, Shanghai, China)
- Capital increases: CHF 34 million (Georg Fischer Holding NV, Epe, Netherlands; Georg Fischer SA, Madrid, Spain; George Fischer Pte Ltd, Singapore; Georg Fischer Piping Systems PVT Ltd, Mumbai, India; Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan, China; Georg Fischer Automobilguss GmbH, Herzogenburg, Austria; Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan, China; Agie Charmilles New Technologies SA, Meyrin, Switzerland; Agie Charmilles Management SA, Meyrin, Switzerland; Agie Charmilles (South East Asia) Ptd Ltd, Singapore; Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou, China
- Adjustment of book value of investments: CHF 40 million.

Loans granted by Georg Fischer Ltd to Corporate Companies slightly decreased by CHF 19 million due to capital increases. The financing policy of the Corporation, according to which the activities of Corporate Companies are, whenever possible and suitable, financed by corporate loans instead of local bank credit facilities, was retained during the year under review.

As of 31 December 2013, CHF 21 million of the loans to Corporate Companies were subordinated (previous year: CHF 24 million).

3 Liabilities

Compared to the previous year, non-current liabilities remained stable. On the other hand, current liabilities increased considerably by CHF 323 million, mainly concerning the balance sheet position "Accounts payable to subsidiaries and loans from subsidiaries". The reason for the increase was the emission of two bonds by Georg Fischer Finanz AG in the amount of CHF 150 million each. In line with the Swiss cash pool set up, Georg Fischer Finanz AG provided Georg Fischer Ltd with the funds (see note 1).

A breakdown of the bonds is disclosed in note 15 to the consolidated financial statements on page 93.

At the year-end 2013, pension fund obligations amounted to CHF 0.5 million (previous year: CHF 0.4 million).

4 Equity

Share capital // The share capital remained unchanged in comparison with 2012. As of 31 December 2013 it comprised 4 100 898 registered shares with a par value of CHF 10 each. Total dividend-bearing nominal capital amounted to CHF 41 008 980.

Legal reserves // As a result of a dividend payment to the shareholders, reserves from capital contributions decreased by CHF 62 million to CHF 39 million in comparison with the previous year.

Conditional capital // At the Annual Shareholders' Meeting of 24 March 2010 a conditional capital in the amount of maximal CHF 12 million was decided by issuing at most 600 000 registered shares with a fully paid par value of CHF 20 each. This capital can be issued by exercising conversion rights or options which are related to bonds or similar debt securities of Georg Fischer Ltd or its Corporate Companies. Due to the reduction in par value of CHF 10 per registered share, decided by the Annual Shareholders' Meeting of 23 March 2011, the conditional capital decreased to maximal CHF 6 million.

Authorized capital // According to the decision of the Annual Shareholders' Meeting of 21 March 2012, the Board of Directors of Georg Fischer Ltd is authorized to increase the share capital until 21 March 2014 in the maximal amount of CHF 6 million by issuing at most 600 000 registered shares with a fully paid par value of CHF 10 each. The capital increase can be executed in partial amounts.

Significant shareholders // An overview is disclosed in the Corporate Governance part of the Annual Report on page 40.

Treasury shares held by Georg Fischer Ltd and by Corporate Companies

	Number of registered shares	Net market value 1 000 CHF
Balance as per 1 January 2013, stated at market value	**15 248**	**5 611**
Purchases	16 391	9 386
Sales	–6 985	–2 514
Used for employee incentive program and Board of Directors	–8 325	–2 990
Value adjustments		753
Balance as per 31 December 2013, stated at market value	**16 329**	**10 246**
Thereof recognized by Corporate Companies	16 329	10 246
Thereof recognized by Georg Fischer Ltd		
Reserve for treasury shares	**16 329**	**9 332**
(at Ø purchase cost of 571.48 per registered share)		

5 Contingent liabilities

1 000 CHF	**2013**	2012
Guarantees and pledges in favour of third parties:		
Guaranteed maximum amount	**1 681 121**	1 439 872
Thereof utilized	849 536	573 355

In comparison with the previous year, the guaranteed maximum amount and the amount utilized thereof increased significantly by approximately CHF 241 million and CHF 276 million respectively, amongst others due to a guarantee relating to two bonds in the amount of CHF 150 million each issued by Georg Fischer Finanz AG. From the guaranteed maximum amount CHF 2 million are in favour of third parties and CHF 1 679 million of Corporate Companies.

Georg Fischer Ltd carries joint liability to the federal tax authorities for value added tax debts of all Swiss Corporate Companies.

6 Income

Ordinary dividend income from investments decreased in comparison with 2012 by CHF 53 million, caused mainly by less dividend income from the US, where George Fischer Corporation, El Monte (USA), had paid out an accumulated dividend in the previous year.

Financial income, income from Corporate Companies, and other income remained unchanged.

7 Expenses

Mainly the adjustments of the fair market value of Corporate Companies (see note 2) caused the ordinary expenses for investments in the amount of CHF 43 million.

Financial expenses decreased due to non-realized exchange gains (previous year: exchange losses) on intercompany loans granted to Corporate Companies and foreign exchange contracts.

Cost of services provided by Corporate Companies, external expenses, and personnel expenses remained stable in comparison with the previous year.

Income taxes in the period under review concerned not only income taxes of Georg Fischer Ltd, but also income taxes of Georg Fischer AG & Co OHG, Singen, acting as the German fiscal unity parent. Georg Fischer Ltd as the associate of Georg Fischer AG & Co OHG is liable for German income taxes.

8 Compensation and shareholdings

Compensation paid to the members of the Board of Directors 2013

	Compensation					
	Cash compensation[1]	Share-related compensation[2]		Other benefits[3]	**Total compensation 2013[4]**	Total compensation 2012[4]
	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Andreas Koopmann						
Chairman of the Board of Directors						
Chairman Nomination Committee	254	250	157	32	443	303
Gerold Bührer						
Vice Chairman of the Board of Directors						
Member Audit Committee	119	150	94	19	232	155
Roman Boutellier						
Member Nomination Committee	83	150	94	16	193	114
Ulrich Graf						
Chairman of the Compensation Committee	83	150	94	14	191	113
Rudolf Huber						
Chairman of the Audit Committee	128	150	94	20	242	180
Roger Michaelis						
Member Board of Directors	81	150	94	17	192	120
Jasmin Staiblin						
Member Nomination Committee	74	150	94	16	184	115
Kurt E. Stirnemann						
Member Audit Committee	58	150	94	12	164	130
Isabelle Welton						
Member Compensation Committee	56	150	94	13	163	89
Zhiqiang Zhang						
Member Compensation Committee	108	150	94	19	221	158
Martin Huber[5]						72
Bruno Hug[5]						36
Rounding difference	–3		1	1	–1	
Total	**1 041**	**1 600**	**1 004**	**179**	**2 224**	1 585

1 The cash compensation may be drawn in the form of Georg Fischer registered shares as per the regulations. The number of shares is calculated on the basis of the year-end share price on 31 December 2013. For 2013, compensation amounting to CHF 237 thousand was drawn in the form of shares; on the basis of a share price of CHF 627.50 the number of shares allocated was 377. Further, there is the possibility to block the transferred shares for five years.
2 The share-related compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 627.50 on 31 December 2013.
3 The other benefits include employee contributions to social insurance funds and lump sum remuneration for expenses which are assumed by GF.
4 The total compensation encompasses the compensation plus the other benefits. Excluding employer contributions to social security of CHF 111 thousand (previous year: CHF 79 thousand).
5 Member of the Board of Directors until the Annual Shareholders' Meeting 2012 (21 March 2012).

The compensation paid to the Board of Directors for the year 2013 was above that of the previous year, due to the higher value of the shares and to a week-long strategy meeting in China, for which the members of the Board of Directors were remunerated on a time-spent basis as per the compensation regulations.

Compensation paid to the members of the Executive Committee 2013

	Fixed salary in cash	Bonus in cash[1]		Share-related compensation[2]	Pension and social insurance funds[3]	**Total compensation 2013[4]**	Total compensation 2012[4]
	1 000 CHF	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Executive Committee	2 686	1 470	1 750	1 098	1 001	6 255	5 442
Of whom Yves Serra, CEO (highest individual salary)	840	525	750	471	318	2 154	1 806

1 The bonus is based on a bonus plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of the division and the Corporation. The bonus for the 2013 financial year was approved by the Board of Directors on 14 February 2014. Payment will be made in 2014.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated. These shares are blocked for five years. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 627.50 on 31 December 2013. All shares are transferred in 2014.
3 The pension and social insurance fund expenses include employer contributions to social insurance funds and to pension funds.
4 The total compensation is comprised of the fixed salary, the bonus, the share-related remuneration, and the social and pension benefits.

Total compensation for the Executive Committee and the CEO in 2013 was higher than in 2012. The increase comes predominantly from the increased value of the shares from CHF 368.00 in 2012 to CHF 627.50 in 2013 per share, whereas the number of shares granted remained unchanged. In addition, the fixed remuneration was slightly adjusted in order to reach competitive levels in line with the average of our industrial sector, based on the benchmarking survey conducted by CEPEC and on compensation disclosures from comparable companies. The variable incentive related to the financial results of the Corporation and the divisions was also slightly higher in 2013 compared to 2012.

In the 2013 business year, no severance payments were made to persons who left governing bodies in the year under review or earlier.

Total compensation paid to the Board of Directors and Executive Committee is contained in the Corporation's total expenses.

Shareholdings of members of the Board of Directors, Executive Committee, or persons related to them

Related persons and companies are defined as family members and persons or companies over which a significant influence can be exercised. Transactions with related persons and companies must be settled on prevailing market terms.

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

Shareholdings Board of Directors

		Number of Georg Fischer registered shares as per 31 Dec. 2013
Andreas Koopmann	Chairman of the Board of Directors	1 281
Gerold Bührer	Vice Chairman of the Board of Directors	2 422
Roman Boutellier	Member Nomination Committee	2 499
Ulrich Graf	Chairman of the Compensation Committee	1 846
Rudolf Huber	Chairman of the Audit Committee	3 964
Roger Michaelis	Member Board of Directors	267
Jasmin Staiblin	Member Nomination Committee	445
Kurt E. Stirnemann	Member Audit Committee	3 821
Isabelle Welton	Member Compensation Committee	267
Zhiqiang Zhang	Member Compensation Committee	2 087
Total Directors		**18 899**

Shareholdings Executive Committee

		Number of Georg Fischer registered shares as per 31 Dec. 2013
Yves Serra	President and CEO	3 928
Roland Abt	CFO, Head of Corporate Finance & Controlling	1 701
Josef Edbauer	Head of GF Automotive	1 182
Pietro Lori	Head of GF Piping Systems	1 384
Pascal Boillat	Head of GF Machining Solutions	155
Total Executive Committee		**8 350**

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

As per 31 December 2013, members of the senior management registered overall 17 040 shares of Georg Fischer Ltd. A total of 44 289 Georg Fischer shares were held by the Board of Directors, the Executive Committee, and the senior management as per 31 December 2013, corresponding to 1.1% of issued shares.

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

Compensation has not involved the allocation of options to current or past members of the Executive Committee or Board of Directors. Neither they nor any related persons possess option rights allocated by Georg Fischer. As of 31 December 2013 the members of the Executive Committee held no option rights for Georg Fischer registered shares.

In 2013, GF did not make any severance payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

9 Risk Management

Enterprise Risk Management as a fully integrated risk management process for Georg Fischer Ltd was systematically applied in 2013 as part of the corporate-wide activities. The semi-annual risk maps prepared by Corporate Staff also include specific risks of Georg Fischer Ltd. The structure of the likelihood was classified into four categories. Whenever possible and suitable, the risks listed were quantified taking into consideration already planned and executed measures. Alternatively, a qualification of the risk exposure was applied.

During the year under review, the risk maps were presented to and discussed by the Executive Committee twice. In addition, workshops with the Executive Committee and the management of the divisions took place in order to assess the risk situation of Georg Fischer Ltd and the Corporation and to compare the workshop findings with the risk assessment of the management of Corporate Companies and divisions.

Similarly to the previous year, the following were identified as main risks: sustainability of the value of loans granted to Corporate Companies as well as the development of foreign currency exchange rates.

Clear measures to reduce the risk exposure of the above-mentioned as well as other identified risks were defined and are in the process of execution. They are in line with the strategic targets of the Corporation.

10 Accounting law

The financial statements of Georg Fischer Ltd comply with the requirements of the Swiss law for companies, the Swiss Code of Obligations. Applying the transitional provisions of the new Swiss accounting law introduced on 1 January 2013, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations valid until 31 December 2012.

Proposal by the Board of Directors for the appropriation of retained earnings 2013 and for the appropriation of reserves from capital contributions

Proposal by the Board of Directors for the appropriation of the retained earnings 2013

1 000 CHF	**2013**	2012
Net profit for the year	76 747	100 567
Earnings carried forward	792 346	689 771
Reduction/allocation to treasury share reserves	–3 882	2 008
Retained earnings	**865 211**	792 346
To be carried forward	**865 211**	792 346

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

1 000 CHF	**2013**	2012
Reserves from capital contributions carried forward from previous year	38 689	100 202
Balance as per 31 December 2013	**38 689**	100 202
Dividend payment out of reserves from capital contributions[1]	–28 706	–61 513
To be carried forward	**9 983**	38 689

1 The dividend payment is based on the issued share capital as per 31 December 2013. No distribution will be made for treasury shares held by Georg Fischer Ltd.

The Board of Directors will propose to the Annual Shareholders' Meeting of 19 March 2014 to carry forward retained earnings as of 31 December 2013 to new account and to pay out a dividend of CHF 7 per registered share free of 35% withholding tax out of reserves from capital contributions. In addition, the Board of Directors will propose to the Annual Shareholders' Meeting a par value reduction of CHF 9 to CHF 1 per registered share. A profit distribution of CHF 16 will be proposed to the Annual Shareholders' Meeting.

In the previous year, a dividend of CHF 15 per registered share free of 35% withholding tax was paid out of reserves from capital contributions according to the decision taken by the Annual Shareholders' Meeting of 20 March 2013.

Schaffhausen, 14 February 2014

For the Board of Directors
The Chairman

Andreas Koopmann

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

As statutory auditor, we have audited the financial statements of Georg Fischer Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 109 to 118), for the year ended 31 December 2013.

Board of Director's responsibility

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

Auditor's responsibility

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

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

Opinion

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

Report on other legal requirements

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

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

We further confirm that the proposed appropriation of earnings and reserves from capital contributions complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Stefan Räbsamen	Diego J. Alvarez
Audit expert	Audit expert
Auditor in charger	

Zurich, 14 February 2014

Investor information

Share information

	2013	2012	2011	2010	2009
Share capital					
Number of shares as per 31 December					
Registered shares	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Thereof dividend-entitled	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Number of registered shareholders	**12 269**	14 212	13 966	14 180	15 410
Share prices in CHF					
Registered share					
Highest (intraday)	648	451	574	579	300
Lowest (intraday)	363	302	261	261	110
Closing as per 31 December	628	368	321	528	262
Earnings/loss in CHF					
Per registered share	34	32	39	24	–61
Price-earnings ratio	**18**	11	8	22	n/a
Market capitalization as per 31 December					
million CHF	2 573	1 509	1 316	2 163	1 073
In % of sales	68	41	36	63	37
In % of equity attributable to shareholders of Georg Fischer Ltd	275	161	112	200	97
Cash flow from operating activities in CHF					
Per registered share	76	56	61	59	60
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
Per registered share	229	229	288	264	273
Dividend paid (proposed) in million CHF[1]	**66**	62	62	41	0
Dividend paid (proposed) in CHF					
Per registered share[1]	16	15	15	10	0
Pay-out ratio in %	**47**	47	38	42	n/a

1 In 2013 as a par value reduction of CHF 9 and as a dividend of CHF 7 out of reserves from capital contributions. In 2012 and 2011 as dividend out of reserves from capital contributions. In 2010 as a par value reduction.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior year figures have been adjusted accordingly.

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

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

Share price 2009 – 2013

GF daily closing (CHF)
SPI daily closing – rebased

Market capitalization, earnings per share // The market capitalization stood at CHF 2 573 million on 31 December 2013. Earnings per share is at CHF 34 (previous year: CHF 32).

Proposed distribution of dividends // At the Annual Shareholders' Meeting, the Board of Directors will propose a profit distribution in the form of a par value reduction of CHF 9 and as a dividend of CHF 7 out of reserves from capital contributions per registered share.

Significant shareholders // Seven disclosure notifications were published in the year under review, of which one relate to BDS (Behr Deflandre & Snozzi) Beteiligungsgesellschaft AG, three to the BlackRock Group, held indirectly by BlackRock Inc (USA), one to LSV Asset Management, Chicago (USA) and two to the Norges Bank (the Central Bank of Norway), Oslo (Norway).

As at 31 December 2013, two shareholders had voting rights in excess of 5%: Norges Bank (the Central Bank of Norway), Oslo (Norway) and LSV Asset Management, Chicago (USA). No shareholders or shareholder groups had voting rights between 3% and 5%.

Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform. The notifications can be accessed via the following weblink to the database search page of the disclosure office:
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Categories of shareholders as per 31 Dezember 2013

Number of shares	Number of shareholders	Number of shares %
1 – 100	10 314	8.2
101 – 1 000	1 745	11.0
1 001 – 10 000	189	10.2
10 001 – 100 000	18	12.9
› 100 000	3	19.3
Shares not registered in share register	–	38.4
Total	**12 269**	**100.0**

Five-year overview Corporation

million CHF	2013	2012	2011	2010	2009
Order intake	3 795	3 691	3 734	3 625	2 906
Orders on hand at year-end[1]	577	565	666	579	475
Income statement					
Sales	3 766	3 720	3 638	3 447	2 906
EBITDA	380	351	370	329	106
Operating result (EBIT) before special charges	251	222	235	180	–58
Special charges					–143
Operating result (EBIT)	251	222	235	180	–201
Net profit/loss	145	138	168	108	–238
Cash flow					
Cash flow from operating activities	309	230	250	243	242
Depreciation on tangible fixed assets	126	125	121	140	152
Amortization on intangible assets	3	4	14	9	12
Additions to property, plant and equipment	–130	–132	–147	–124	–148
Cash flow from acquisitions and divestitures	–66	–80			–10
Free cash flow before acquisitions/divestitures	174	99	103	150	104
Free cash flow	108	19	103	150	94
Balance sheet					
Current assets	1 989	1 584	1 651	1 569	1 468
Non-current assets	1 137	1 080	1 274	1 269	1 447
Assets	3 126	2 664	2 925	2 838	2 915
Current liabilities	1 282	839	904	836	1 013
Non-current liabilities	866	846	798	878	750
Equity	978	979	1 223	1 124	1 152
Invested capital (IC)	1 224	1 217	1 476	1 418	1 592
Net debt	352	334	294	321	472
Asset structure					
– Current assets %	64	59	56	55	50
– Non-current assets %	36	41	44	45	50
Capital structure					
– Current liabilities %	41	31	31	29	35
– Non-current liabilities %	28	32	27	31	25
– Equity %	31	37	42	40	40
Key figures					
Return on equity (ROE) %	14.8	14.2	14.0	9.5	–18.6
Return on invested capital (ROIC) %	16.7	15.7	13.3	9.1	–12.5
Return on sales (EBIT margin) %[2]	6.7	6.0	6.5	5.2	–2.0
Asset turnover	3.0	3.2	2.5	2.3	1.7
Cash flow from operating activities in % of sales	8.2	6.2	7.0	7.0	8.3
Employees					
Employees at year-end	14 066	13 412	13 606	12 908	12 481
Europe	8 548	8 871	9 465	9 196	9 385
– Thereof Germany	3 220	3 351	3 859	3 754	3 796
– Thereof Switzerland	2 539	2 577	2 650	2 521	2 560
– Thereof Austria	1 926	2 059	2 073	2 075	2 164
– Thereof Rest of Europe	863	884	883	846	865
Asia	3 468	3 226	3 077	2 721	2 145
– Thereof China	3 073	2 839	2 688	2 374	1 811
Americas	1 290	1 259	1 011	934	897
Rest of world	760	56	53	57	54

1 In 2012 change of definition for GF Piping Systems.
2 In 2009 before special charges.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior year figures have been adjusted accordingly. The years 2009–2011 are represented according to IFRS.

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Save the date

2014

19 March // Shareholders' Meeting for fiscal year 2013
17 July // Publication of Mid-Year Report 2014

2015

24 February // Publication of Annual Report 2014, Media and Financial Analysts' Conference
18 March // Shareholders' Meeting for fiscal year 2014

Investor Relations
Daniel Bösiger
Phone: +41 (0) 52 631 21 12
Fax: +41 (0) 52 631 28 16
daniel.boesiger@georgfischer.com

Corporate Communications
Beat Römer
Phone: +41 (0) 52 631 26 77
Fax: +41 (0) 52 631 28 63
beat.roemer@georgfischer.com

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

The Financial Report 2013 of Georg Fischer Ltd is also available in German. In the event of any discrepancy, the German version shall prevail.

We thank our customers for giving their consent to the reports on the use of our products in their company.

Cover, page five and page 58: employees of Georg Fischer Ltd

Publisher's information
Published by: Georg Fischer Ltd
Edited by: Georg Fischer Ltd, Corporate Development
Editorial assistance: Burda Creative Group GmbH
Publishing System: ns.publish by Multimedia Solutions AG
Designed by: Markenfels AG
Photos by: Nik Hunger, Markus Bertschi, Rüdiger Nehmzow
All other photos: Georg Fischer Ltd
Translation: bmp translations AG, Basel
Printed by: Neidhart + Schön AG

FSC MIX Paper from responsible sources FSC® C016003
ClimatePartner climate neutral
Print | ID: 53232-1310-1022

Georg Fischer Ltd
Amsler-Laffon-Strasse 9
8201 Schaffhausen
Switzerland

Phone: +41 (0) 52 631 11 11
www.georgfischer.com

700671602