



The ASH Group is the leading system provider of innovative technical products for cleaning and clearing traffic areas as well as mowing green spaces in particularly challenging terrain. The extensive range of products comprises our own vehicles as well as innovative attachable and demountable devices for individual vehicle equipment. Decades of wide-ranging experience make the ASH Group a both reliable and competent partner to customers from all over the world. A support and service programme perfectly tailored to sophisticated customer needs offers the appropriate solution to nearly any challenge.

## The brands of the ASH Group

The ASH GROUP is an alliance of traditional brands for special-purpose vehicles and attachments that take a leading position in their respective markets and whose technological excellence creates a synergistic effect for enhanced customer value. Combined with reliable services, customers thereby receive optimum solutions of lasting value.

Thinking ahead and acting in a responsible manner are the main pillars of the economic success of the ASH Group, a company in which environmental and social sustainability throughout the value chain, comprehensive product stewardship and a clear commitment to conserving natural resources are an integral part of the corporate strategy.

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### UMBRELLA BRAND



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### MAIN PRODUCT BRANDS



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### REGIONAL BRANDS



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### PRODUCT BRANDS



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#### Aebi

In 1883, Johann Ulrich Aebi laid the foundation for an exceptionally successful company history by opening a mechanical workshop in Burgdorf, Switzerland. Aebi initially designed and built sowers, horse-drawn mowers, fire extinguishers and turbines, earning international recognition. After 1950, Aebi increasingly focussed on the mechanisation of agriculture in hilly and mountainous regions. The range of machines was gradually expanded, adding first motor mowers and single-axle tractors, then transporters featuring various attachments and, in 1975, the Terratrac, the world's very first carrier vehicle for steep slopes. Today, the Terratrac is Aebi's absolute flagship product. "Swiss quality", innovative technology, continuous improvement and reliability are hallmarks of Aebi's superior products.

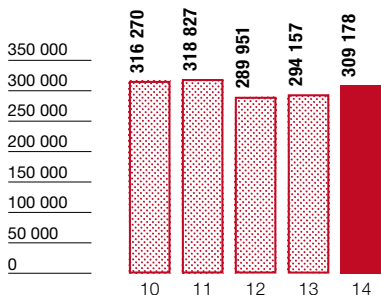
#### Schmidt

For more than 90 years, the Schmidt brand has been synonymous with safety in all traffic areas. The traditional company's rich history began in 1920, when Alfred Schmidt Sr. opened a car repair shop in St. Blasien and successfully specialised in snow clearance. Besides manufacturing snow ploughs, Schmidt consistently worked towards developing rotary snow clearing solutions. In the 1950s, the High Black Forest-based company increasingly expanded its range of products, incorporating summer maintenance equipment including many special machines for street cleaning and maintenance, in addition to snow clearance and de-icing. Only a few years later, Schmidt products would be used to ensure safe and clean runways at airports worldwide.

# The ASH Group at a glance

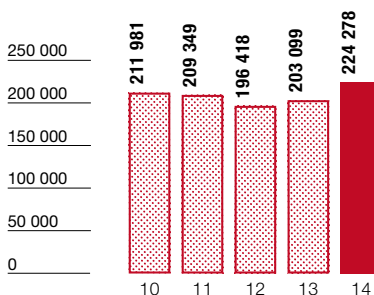
## NET SALES

in EUR '000



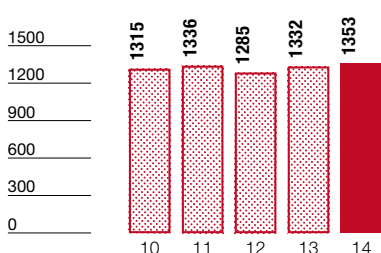
## BALANCE SHEET TOTAL

in EUR '000



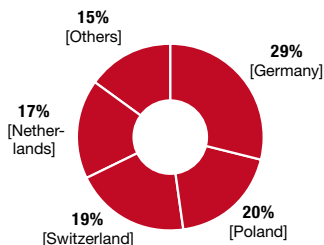
## EMPLOYEES

full-time equivalents



## EMPLOYEES BY COUNTRIES

full-time equivalents



EUR '000

## NET SALES BY SEGMENTS

	2014	in %	2013	in %
Aebi products	55 093	18%	48 517	17%
Schmidt products	189 842	61%	171 069	58%
Service and after sales business	64 243	21%	74 571	25%
<b>Total net sales</b>	<b>309 178</b>	<b>100%</b>	<b>294 157</b>	<b>100%</b>

## BALANCE SHEET

Current assets	153 875	69%	140 289	69%
Fixed assets	70 405	31%	62 811	31%
<b>Total assets</b>	<b>224 280</b>	<b>100%</b>	<b>203 100</b>	<b>100%</b>
Liabilities	132 136	59%	111 811	55%
Equity (incl. shareholders' loan)	92 144	41%	91 289	45%
<b>Total liabilities</b>	<b>224 280</b>	<b>100%</b>	<b>203 100</b>	<b>100%</b>

# Annual Report 2014

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



**Walter T. Vogel**  
CEO

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# Customer focus and innovation – key factors for a bright future.

**2014 – a special and very challenging business year for the ASH Group. Nevertheless, it was possible to increase net sales by about 5% in total during the year under review, strengthening the position as a leading supplier in all market segments.**

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A special and once again very challenging business year is behind us. In large parts of Europe, the temperatures at the beginning and end of the year were much too high during the typical winter months, with snow being in short supply. The summer months, on the other hand, saw excessive rainfall. These external circumstances and the resulting cautious ordering behaviour of many customers, combined with the persistent pressure on public finances, led to an overall tense market situation. This unease created additional pressure on sales prices in most markets, especially in public tenders.

It is therefore more than welcome that the total net sales of the ASH Group increased around 5% thanks to an exceptionally strong order intake in the area of new business.

All in all, we were able to solidify our position as a leading supplier in all market segments during the year under review.

Continuing difficulties in the Polish market and great uncertainty in Russia stood in contrast to the first signs of recovery in the crisis-ridden Spanish sales territory. We also saw an interesting resurgence in the railway business, which had been rather slow in the previous years.

## **Focussing on the customer**

The ASH Group's presence at many trade fairs, particularly at the bi-annual IFAT in Munich, was very well received. We observed increased interest from our customers compared to the previous period. The newly designed website and the launch of e-newsletters aim to meet the constantly evolving need for information among our customers and other interest groups.

In the strategy of ensuring customer satisfaction far beyond pure hardware, which has been pursued for several years now, the comprehensive launch of the ASH Finance solution constitutes an important element. It gives our customers today's urgently needed financial flexibility in the procurement of productive new equipment.

Another element of this strategy is our ASH Service brand, which aims to meet our customers' most exacting requirements. Sophisticated service programmes not only maintain the efficiency of purchased ASH products but also increase their service life and thereby the value of the investments.

## **Success in series**

We are proud to report that 2014 saw the delivery of the 500<sup>th</sup> towed jet sweeper. This anniversary CJS will be used at Harbin Taiping International Airport in China. We also received a major order from China for several dozen airport systems in the year under review. In Sweden, the first completely CO<sub>2</sub>-neutral TJS was

put into service, marking a technological milestone in our efforts to supply our customers with particularly sustainable solutions. This objective was also addressed by the strong commitment to the implementation of the new Euro 6 emission standard, with the ASH Group now being the first company in the market to offer a full range of vehicles. Additionally, we were very pleased to deliver significant orders to Germany's Berlin-Brandenburg Airport and to Munich Airport, which we were privileged to welcome back as a customer after a lengthy period of time.

### **Innovation as a key strategic element**

Forward-looking and sustainable technologies are becoming increasingly significant, which is why we are consistently dedicated to predicting tomorrow's trends today. The development of our groundbreaking products therefore accommodates all aspects of operational

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**“State airport operator Swedavia intends to switch to climate-neutral operations at all 10 Swedish airports by 2020. This project kicks off in October 2014 at Stockholm Arlanda Airport when the first completely CO<sub>2</sub>-neutral Schmidt TJS is put into service.”**

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efficiency, cost-effectiveness and sustainability throughout all business segments. As a result, there is also good news in terms of innovations. The Division Aebi was able to close the final gap in the now completely hydrostatic product range by introducing the new CC110 single-axle motor mower. The new TT206 and TT211 carrier vehicles for steep slopes were also off to a flying start, once again showcasing Aebi's

unrivalled position as an innovation leader. The release of the new Stratos spreader series marked yet another successful market launch by the Division Schmidt. The standout features of these products include a significantly improved, intuitive control system. A new 6-m<sup>3</sup> machine, which had a clear edge over all competing products in initial technical customer comparisons, has been added to the product range with the aim of further strengthening the position in the truck-mounted sweeper market, where there is still room for improvement.

### **“Fit for tomorrow” – for more efficiency**

Great efforts were made at the production facilities to maximize efficiency, including the launch of a comprehensive programme for the introduction of lean production methods at the factories of the Division Schmidt, which has already achieved first major successes. As part of the ongoing consolidation strategy, the final production activities were concluded at the Kiefersfelden location in autumn.

### **Strategically important acquisition in the field of telematics**

As the year came to a close, the acquisition of the Dutch company DMi marked a major step towards accelerated implementation of new telematics and control ideas. We are convinced that by integrating DMi, a leader in its field, we will be able to offer our customers new, innovative and integrated solutions.

The Swiss National Bank's decision to abandon the euro/Swiss franc exchange-rate cap has posed new significant challenges for the 2015 business year. Again, the ASH Group is prepared to address these new difficulties head-on. However, at the time of writing this report, it is still too early to make a reliable prediction about how the ASH Group may be affected.



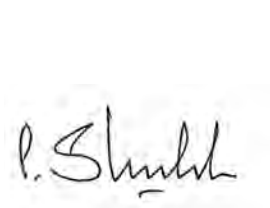
But we are sure of one thing: Any adaptations that may be necessary will not be made at the expense of quality. We will place an even stronger focus on those areas and arguments

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**“DMi data acquisition and analysis tools allow the evaluation of objective data for operations and maintenance services. The acquisition of DMi (Data Mining Innovators) enables us to provide our customers with new solutions for optimum control of their specific applications.”**

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where we can offer clear advantages and unique selling points. We are convinced that the demand for superior quality, exceptionally high product benefits as well as forward-looking, i.e. sustainable, technologies is likely to increase. Moreover, we remain committed to addressing the trend of customers increasingly seeking full-service solutions including consulting and seamless after-sales support.



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



Walter T. Vogel  
**CEO**

# Major Events in 2014



4.–7.2.2014: Andorra, XIVth International Winter Road Congress.

The presence of the ASH Group as one of the major sponsors at the “Winter Road” world congress attracted worldwide attention.



5.–9.5.2014: Munich, impressive presence at the world’s leading trade fair IFAT.

At the IFAT 2014, the ASH Group presented the “NEW GENERATION” of many popular products – impressing with outstanding environmental friendliness and profitability.



06/2014: Plenty of reasons to celebrate: 50 years of Aebi transporters – 50 years of success in series!

In 1964, the first Aebi TP 2000 transporter left the factory in Burgdorf. Always being one step ahead of competitors, combining technical innovation, functionality and comfort while always having customers’ needs in mind: This has always been, and still is, the vocation of Aebi’s staff.



1.10.2014: Delivery of the world’s very first CO<sub>2</sub>-neutral jet sweeper. State airport operator “Swedavia” intends to switch to climate-neutral operations at all 10 Swedish airports by 2020. To this end, Schmidt has developed the world’s very first “green towed jet sweeper (Green TJS)” for thorough snow clearance in collaboration with the Volvo Group. These new TJS are powered by Volvo engines fuelled by a mixture of biogas and biodiesel.



06/2014: Success in series – The 500<sup>th</sup> CJS rolls off the assembly line.

In 1990, the first CJS, a compact jet sweeper, left the St. Blasien factory. Now, almost 25 years later, the 500<sup>th</sup> model is delivered. An anniversary we are particularly proud of.

2014

4.–7. FEBRUARY

5.–9. MAY

JUNE JUNE



**11/2014: Prize-winning Supra: The Schmidt Supra 5002 receives German Design Award 2015!**

The Supra 5002 was honoured with the German Design Award 2015 by the Germany-based "Design Council" in the category "Excellent Product Design – Transportation and Public Design": We are very pleased to have received this year's award by being able to live up to the Council's high quality standards!



**11/2014: Aebi TT211 among the top 5 in the "Tractor of the Year 2015 – Best of Specialized"**

The international panel of experts judging the "Tractor of the Year 2015" award made their choice. In addition to technical details, the driveability, ease of operation and the equipment of tractors and specialised machines are assessed as part of the annual competition. In 2014, 12 different models were nominated for the final round – among them again a product by Aebi.



**27.11.–01.12.2014: Aebi presents technical autumn highlights – Unveiling of new models at the Agrama and Agaria.**

Aebi started the 2014 autumn season with the presentation of a new model as well as new technical highlights. The new innovations and Aebi's broad product range were showcased at the Agrama in Bern – the largest trade fair for agricultural equipment in Switzerland. Between 27.11 and 1.12.2014, numerous visitors enjoyed the fair stand of about 600 square metres in the midst of an attractive Aebi brandscape.



**22.10.2014: Handover of nine Schmidt jet sweepers to Munich Airport (MUC).**

ASH supplies airports throughout the world – from Shanghai and Moscow to London/Heathrow, Peking and Frankfurt. With the "Franz Josef Strauss" airport in Munich, another significant airport has been added to the pool of customers: Just in time for the onset of the 2014/2015 winter season, a total of 9 Schmidt TJS jet sweepers and 9 airport snow ploughs were officially handed over.

1. OCTOBER

22. OCTOBER

NOVEMBER  
NOVEMBER

27. NOVEMBER

2015

# Areas of Application

From pedestrian walkways, motorways and runways at airports to the professional management of green spaces in challenging terrain: The areas of application of the ASH Group's products are manifold. The ASH Group's extensive range of products comprises our own vehicles as well as attachable and demountable devices for individual vehicle equipment.



## Municipal Winter

Schmidt snow clearing machines and snow ploughs are capable of removing any type of snow at any altitude reliably and efficiently. Schmidt also offers a broad range of state-of-the-art spreaders with a variety of feed systems and electronically controlled dosing accuracy for environmentally friendly de-icing operations.



## Municipal Summer

Schmidt boasts the broadest range of products in the field of sweeper technology worldwide. Schmidt offers machines for a wide variety of applications. The product range comprises sweepers, street washers and sand cutter blowers, complemented by multipurpose transporters.





## Airport

Developed specifically for airport applications, Schmidt's high-tech machines can clear, de-ice and clean all runways, taxiways and aprons as well as all other flight operation areas on the airside. In addition, the tried and tested winter and summer maintenance equipment is also used in the professional maintenance of access roads, parking areas, taxi stands as well as on all other ground surfaces on the landside of airports.



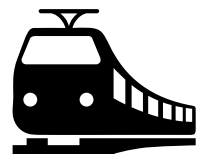
## Agriculture

The Aebi Terratrac are versatile carrier vehicles for steep slopes with front and rear attachment points. All transporter models and versions are extremely efficient, safe, manoeuvrable, easy to maintain and durable. Compared to a combination of towing vehicle (tractor) and trailer, the transporter is more compact, better able to cope with sloping terrain and has improved hill-climbing abilities. The product range is rounded off by the Combicut single-axle machines.



## Rail Technology

The business segment of rail technology is represented in the market by the Beilhack brand. Outstanding development achievements, highest quality standards and exemplary services have made Beilhack a leading specialist in snow clearance. Whether conventional snow removal or highly specialized snow clearance on rail tracks, Beilhack has the appropriate solution.



# Versatile use, individual application

## MUNICIPAL WINTER



Snow ploughs



Rotary snow clearance (motorised)



Rotary snow clearance (attachable)



Spreaders



## MUNICIPAL SUMMER



Compact sweepers



Attachable sweepers



Truck-mounted sweepers



Towed sweepers



## AIRPORT



Snow ploughs



Rotary snow clearance



Jet sweepers



Spreaders



## AGRICULTURE



Carrier vehicles for steep slopes/ Terratrac



Multipurpose transporters



Motor mowers



## RAIL TECHNOLOGY



Special machines



Multipurpose machines



Sprayers



Multipurpose machines (spreading and spraying)



Winter maintenance equipment for tractors



Brine saturators



Control and information systems



Street washers



Snow cutter blowers



Universal carrier vehicles



Universal carrier vehicles



Multipurpose machines (spreading and spraying)



Airport sweepers



# Worldwide Presence

The ASH Group maintains a well-developed sales and service organisation. The European market is covered by our own sales organisations. Customers outside Europe are taken care of by the globally operating Aebi Schmidt International.

## Locations (without Service Centres)

### Sales & Service

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

### Holding

- 5 **Switzerland**  
Aebi Schmidt Holding AG

### Competence Centres

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





# Worldwide Network

## Markets

### Europe and Middle East

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

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

### Asia

We will continue to consistently intensify our activities in the growing Chinese market. The airport business in particular holds a great deal of potential; the continued repeat business we received is a strong indication of a positive trend. Depending on the infrastructure measures, we will also continue to intensify our activities (including India and China) in the municipal segment – although the current social developments there are not easy to anticipate, the general potentials are promising.

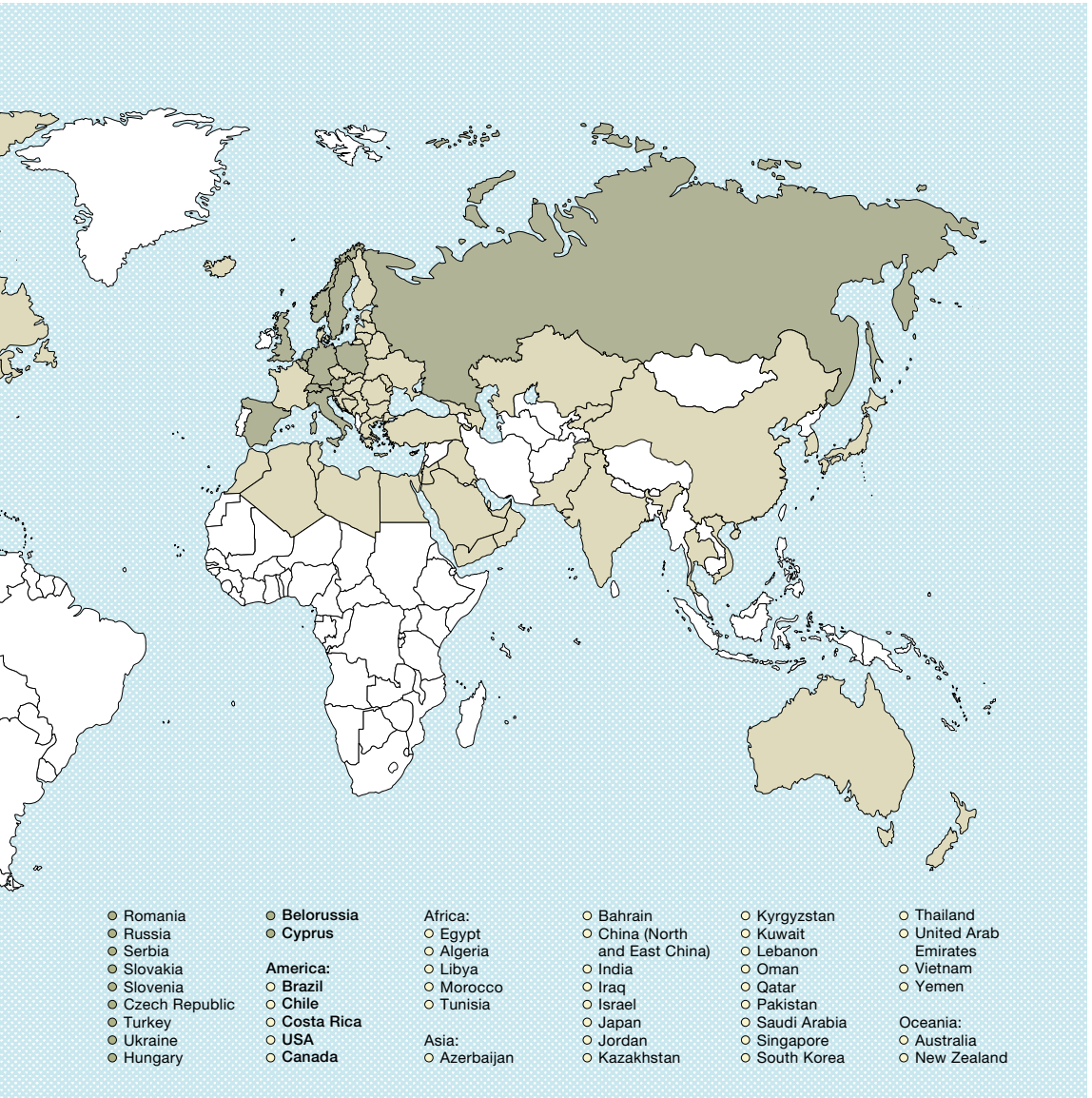
### North America

The Northern US and Canada are very large and interesting markets, particularly for winter maintenance. However there were snow removal equipment used so far, that was about 20 years behind the technology used in Europe. Is all the more gratifying that even in these markets the demand for technologically sophisticated and modern products for winter service ever increases due to a growing environmental awareness. The North American market is being prepared for both Aebi and Schmidt products via the existing dealer structures. A market study for the development of the North American airport market has already been carried out.

## Trade organisations



- Trade organisations
  - Aebi Schmidt sales organisations
- |                        |             |
|------------------------|-------------|
| ● Europe:              | ● Greece    |
| ● Bosnia & Herzegovina | ● Iceland   |
| ● Bulgaria             | ● Croatia   |
| ● Denmark              | ● Latvia    |
| ● Estonia              | ● Lithuania |
| ● Finland              | ● Luxemburg |
| ● France               | ● Malta     |
| ● Georgia              | ● Macedonia |
|                        | ● Moldavia  |





# Municipal winter equipment: Reliable, efficient, sustainable.

**A mild winter and the growing competitive and pricing pressure have led to an overall tense market situation in the winter equipment segment. The ASH Group has nevertheless maintained its strong market shares.**

## Market

In view of our growth targets, the winter business was not satisfactory, since especially in Central Europe the winter was exceptionally mild and many regions saw virtually no snowfall at all. We had to share the remaining markets in the snowy and frosty regions with our competitors, which is why we also experienced increasing pressure in this respect. For these weather-related reasons, our after-sales business was also unsatisfactory and fell far short of the set sales targets.

We were subject to unexpectedly strong pricing pressure, especially in the spreader product segment. The extremely aggressive pricing policies of some of our competitors had a noticeable influence on the market, which is why we will be paying increased attention to this aspect in the future. All in all, the spreader market within the EU had been declining for years; since 2013, however, the volume of in-

coming orders has stabilised at a low level.

The 2014 business year can nevertheless be regarded as positive: Given the overall stable market situation, the ASH Group still has a large market share, which we were able to increase steadily in ordinary years. In ordinary years, we also continued on a clear course for growth in the market segment of snow ploughs: Despite the extremely difficult conditions in this highly competitive market, we successfully maintained our strong market share.

## Product range

The product range in the municipal winter maintenance equipment segment comprises machines and equipment for snow clearing and de-icing operations as well as a wide range of attachments for Unimog and tractors. The main pillar of our business success is the continuous optimisation of this broad product range in terms of technical superiority, operational efficiency, comfort and quality. In 2014, these continuous improvements again manifested themselves in a great number of market launches.

Amongst other products, particular attention was given to our new Schmidt STRATOS spreader, with its predecessor already being counted among the best of its kind. The integrated product concept includes a modular design with unrivalled flexibility, precise distribution systems, intelligent control technologies as well as highly effective corrosion protection – factors that entail one-of-a-kind economic performance, which is of growing significance, especially in times of increasingly tight budgets.

A redesigned line of control panels has also been newly added to the product range. The Schmidt EvolutionLine control panels are characterised by maximum flexibility, exceptional operational comfort and user friendliness as well as outstanding economic efficiency. The

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**Stratos new generation: Maximum versatility combined with a high degree of economic efficiency!**

Employed on all streets, roads and motorways throughout the world: spreaders by Schmidt! The great success of the demountable equipment reflects our excellent reputation of manufacturing products of outstanding cost-effectiveness. Owing to the extensive dialogue with our customers, we regularly develop innovations which set new standards in the entire sector: The name Schmidt stands for innovative quality which pays off day-by-day.




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control panels for spreaders and snow ploughs/ attachments can be readily combined with each other and enhanced flexibly at any time by means of add-on modules. The newly developed Schmidt EvolutionLine operating concept makes municipal operations considerably easier and more efficient. The modular design and the flexible configuration allow for precise adaptation to the specific application. In addition, the new control systems can now be optionally equipped with advanced technologies, such as GPS, modem and additional wireless connections. Combined with the appropriate software and data analysis tools, these components allow the calculation of objective data for operations and maintenance services. This complete documentation not only serves perfect quality assurance, but also provides protection against potential liability claims in the event of damage.

Moreover, the data ascertained provides important insights concerning potential optimisations of operations and maintenance services.

The optimised Galeox demountable spreader also deserves special mention. This vehicle is the perfect choice for those seeking a sturdy demountable spreader with a straightforward design: The high-quality Galeox is fitted with

the tried and tested components of Stratos spreaders and offers an excellent price-performance ratio, despite simplified functionality. The new demountable spreader has been specifically optimised for tipper systems.

**Discontinuation**

The ASH Group's product range is based on the meticulous balance between continuity and profitability. Our valuable resources are always particularly focussed on products in high demand and their positive selling points are also applied to all future innovations. Individual products that are not received well in the market are discontinued.

For this reason, we completely discontinued the Road Repair Patcher, which makes it possible to perform road repairs (e.g. cracks and potholes) reliably and within a short period of time. However, the relatively high purchase price and the necessity of extensive introductory training for the operating staff constitute major barriers for customers.

**Development**

In general, more and more customers demand customised solutions – the trend continues to be towards highly specific product solutions. The implementation of a centre-mounted sweeper (ZAK) for a Russian customer in 2014 and the growing demand for customised spreader equipment are only some examples of this trend.

Irrespective of specific project requirements, however, we also look beyond day-to-day business in terms of product development, as demonstrated by the development of a new spreader platform with a pertinent spreader control system and the implementation of SmartCare solutions for the new spreader generation.

In an effort to further expand the Smart-Care business segment and to exploit its huge potential with regards to networking, we acquired the Dutch software company DMi – even more efficient coordination between control hardware and software will open up entirely new organisational perspectives and great saving potentials for customers.

**Smart WinterCare**

Professional de-icing operations require up-to-date information on the spreading operation. As a result of continuous product development, Schmidt has introduced Smart WinterCare, which allows for the “live” tracking of vehicles, functions, spreading performance and routes, thereby making it possible to accurately record where, when and what amount of de-icing material is or has been spread on the various routes.



The product design, which plays a major role within our development department, is also noteworthy. We are particularly proud to report that this year our Supra 5002 was honoured with the German Design Award in the category “Excellent Product Design – Transportation and Public Design”.

**Purchasing**

By taking manifold cost-cutting measures and conducting negotiations with some of our suppliers, we managed to continuously reduce our costs in 2014. However, continuity is also a key word when it comes to loyalty to our business partners: We are very proud to report that in most cases we were able to expand and further intensify our supplier relations – we made major progress together with our partners, especially in the field of logistics. The introduction of the supply chain management in 2014 will further intensify these efforts in the future.

The raw material markets, which have been subject to pressure for quite some time, also have a cost-reducing effect – a trend that is expected to continue. At monetary value level, the exchange rate risks are largely limited, as we purchase 95% of all raw materials within the euro zone. Thanks to the strong euro, we also achieved some purchasing advantages in the Far East in 2014. The extreme upvaluation of the Swiss franc will constitute a major challenge in the future.

**Production**

We introduced our new “Fit for tomorrow” efficiency programme in both production and logistics with great determination. It is aimed at urging all employees to observe binding guidelines and quality directives, thereby substantially contributing to best optimising the processes, saving further production time and noticeably reducing the overall costs.

**The Schmidt EvolutionLine comprises 3 professional operating concepts**

These three operating concepts consist of three different control panels for spreaders and two control panels for snow ploughs and attachments. These professional solutions make winter service operations easier and more efficient. The huge advantages of this system include its modular design and flexible configuration, allowing the operating concepts to be precisely adapted to the respective application.



A pleasing result is the enhanced harmonisation of the production planning processes between the departments, which has considerably improved material availability – this was

substantially facilitated by the introduction of a new scanner system in all production areas, in logistics and materials management. Furthermore, a significant reduction of inventories was achieved by optimising several warehousing processes.

## Investment

In an effort to improve workplace ergonomics, the St. Blasien location received new height-adjustable desks to facilitate the daily work for the employees. However, the health of our staff is also a key profitability factor: The success of our entire company depends on the physical fitness of every single employee.

## Outlook

Although the market situation is still tense and the budgets are still tight, the overall prospects can be regarded as cautiously positive. Although numerous trends cannot be predicted, a clear trend towards improvement of the economic situation is becoming apparent in Poland and especially in Spain. Moreover, the fact that we finally succeeded in entering the municipal market in the United Kingdom gives rise to optimism.

In order to maintain the positive future prospects despite the still tense overall situation, we have already taken important initial measures, since with our new Stratos spreader – which is unique in terms of quality and technical details – or our snow ploughs, we offer our customers a clearly outstanding price-performance ratio. This quality feature, which all products of the ASH Group have in common, pays off for our customers in several respects, in particular in terms of the long service life and further commercial aspects such as repairs, maintenance intervals and possible resale value.

“This new generation of Stratos spreaders enables us to maintain our leading position in this core segment and once again attests to our claim to leadership in the technological field of de-icing. The new Stratos offers smart performance and low ‘total lifetime costs’ across all subassemblies right up to the new EvolutionLine control panels.”

**Arjan Ruiterkamp**  
Product Manager, Holten (Netherlands)

The product range in the municipal winter maintenance equipment segment comprises machines and equipment for snow clearing and de-icing operations as well as a wide range of attachments for Unimog and tractors. The main pillar of our business success is the continuous optimisation of this broad product range in terms of technical superiority, operational efficiency, comfort and quality.









# Municipal summer equipment: Versatile, powerful, easy on the environment.

**The sweeper market is hotly contested and is particularly dominated by competitors with aggressive pricing policies. Thanks to their technological uniqueness, our Schmidt Swingo compact sweeper came out on top and became the market leader in the strategically important German market in 2014.**

## Market

The municipal summer equipment market is becoming increasingly competitive; the pricing policies of competitors are also much more aggressive than they used to be. In contrast to the unsteady winter business, however, the market trend in the municipal summer maintenance equipment segment is largely favourable, despite tight budgets – this applies to both the EU and all markets outside our continent.

In the market of compact sweepers (Swingo and Cleango), the ASH Group holds an overall good market share; we are particularly pleased to have gained the market leadership in the strategically important core market of Germany.

The market of truck-mounted sweepers is experiencing substantial growth, with the ASH Group's market share having increased again slightly in this segment.

By introducing our new Aebi MT transporter in 2014, we entered a highly competitive growth market that is experiencing clearly noticeable pricing pressure, while bearing great overall potential. Our corresponding market activities are being prepared and we are confident that we will shortly achieve an adequate market share in this segment.

## Product range

Our product range in the municipal winter maintenance equipment segment comprises compact, attachable, towed and truck-mounted sweepers for cleaning roads and streets, multipurpose transporters, carrier vehicles for steep slopes and motor mowers, in addition to other special-purpose products. Our broad range of choices is designed to meet all needs regarding equipment, quality and investment security.

## Innovations and product optimisations

We are global leaders, in particular in the field of compact sweepers. The reason for this is continuous product optimisation, which – as all innovations – is based on regular dialogue with customers.

In 2014, we improved our Swingo and, by introducing a new suction port, achieved another reduction in fuel consumption. The legally required integration of low-emission Euro 6 engines had already been implemented in time for the IFAT in May 2014. Since 2014, we have been offering customers a Swingo variant with a EuroMot 3B engine. While the basic version with the EuroMot 3B already features a closed diesel particulate filter, the best characteristics for environmental protection are achieved with the optionally available Euro 6 diesel engine. Another convincing feature is the vehicle's optimum noise level, which earned it the title "low-

noise vehicle". The high economic efficiency of the Swingo is ensured by its compact design, first-class operational comfort and excellent sweeping performance – the name Swingo is synonymous with compact sweepers in a class of their own.

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### Swingo

The Swingo 200+ is an efficient, easily manoeuvrable and very comfortable compact sweeper designed for use in urban areas. This vehicle is capable of sweeping many roads, streets and squares; in addition, the lowerable chassis allows for sweeping operations in multi-storey and underground car parks. The Swingo 200+ is characterised by a hopper capacity of 2.0 m<sup>3</sup> and is eminently suitable for highest cleaning requirements in urban areas.



Powered by a high-performance 6-cylinder diesel engine of the latest generation, the Cleango 500 compact sweeper meets not only the Euro 5 and EuroMot 3B but also the latest Euro 6 emission standard, enabling it to bring its power to bear in any situation. With its hopper capacity of approx. 4 m<sup>3</sup>, the Cleango 500 boasts the capacity of a large truck-mounted sweeper, combining this benefit with the manoeuvrability of a compact sweeper. This powerful vehicle is used for street cleaning in cities and industrial estates.

Last year, the former SK650 truck-mounted sweeper was relaunched at a customer's special request. The customer purchased the truck-mounted sweepers between 2003 and been very satisfied with them; however, the ASH Group discontinued the production and sale of the SK650 in 2005. In line with the customer's request, this vehicle is now experiencing a revival. It is now developed, manufactured and sold again in selected countries on the

ASH Group's own initiative. The SK650 stands out with fast and economical operation and thorough mechanical cleaning over the entire sweeping width. The great suction power and the high-capacity hopper ensure long periods of operation and maximum efficiency.

### Discontinuation

To streamline our portfolio, the MFH5500 compact sweeper will no longer be part of our product range, but will be replaced by the equivalent Cleango 500 compact sweeper.

### Development

We are consistently dedicated to predicting tomorrow's trends today for all customers who seek municipal summer service solutions. The development of our groundbreaking products therefore accommodates all aspects of operational efficiency, cost-effectiveness and sustainability in this business segment as well.

The selling points that are important to the customers are usually determined by attention to detail: While integrating the Euro 6 (and EuroMot 3B) engine into the Swingo, we paid attention to maintaining the vehicle's dimensions so as to retain its high manoeuvrability.

The Euro 6 version of our Cleango compact sweeper is in the pipeline and is scheduled for series production at the beginning of 2015. Although the integration of low-emission engines is mandatory, it may nevertheless represent an additional selling point for municipalities that attach increasing importance to environmental consciousness.

### Purchasing

In the business segment of "municipal summer maintenance equipment", the essential success factors for purchasing are price stability and cost reduction. We are therefore

very pleased to have achieved further reductions by renegotiating the prices with some of our suppliers. At the same time, we are naturally always interested in both close and continuous collaboration: This is the only way to optimally coordinate processes and save unnecessary costs. As a result of the introduction of supply chain management in 2014, these optimisations will continue to be applied consistently.

Cost reduction measures were additionally taken in respect of the Senior attachable sweeper and the Cleango compact sweeper, the aim being to offer our customers an even more attractive price-performance ratio.

By discontinuing the production of the MFH5500 compact sweeper, the number of suppliers was once again reduced.

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**Aebi MT**

The new Aebi MT transporter exclusively features cutting-edge technology, thereby offering customers professional solutions for their specific applications and maximum safety. The vehicles have a narrow and rugged design, while being particularly lightweight with a sturdy chassis and smooth shifting. The reliable electronic system ensures intuitive operation and perfectly complements the Aebi MT's excellent mechanical characteristics.




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**Production**

The strengths of our corporate group consist in our staff's extensive professional expertise combined with a high degree of independent flexibility. This also includes relocations (and the associated transfer of know-how), which brought a fresh breeze, especially into the production of our sweepers in 2014.

Within the production of our municipal summer maintenance equipment, the introduction of lean production methods, which we started with our cab line, is particularly noteworthy.

*The "Fit for tomorrow" programme tailored to all locations of the Division Schmidt ensures even more efficient in-house processes. Time is money – not only for us, but also for our customers, who expect short delivery periods and strict adherence to deadlines. Because of this, we constantly endeavour to make our in-house processes as efficient and smooth as possible.*

*The "Fit for tomorrow" programme provides our staff with both the understanding and the necessary skills to respond to the needs of a market in which attention to detail will play an increasingly essential role in the future. We have set ourselves the goal of offering even more cost-effective, faster and more accurate solutions. It is not our aim to rigidly follow an ideology that would ultimately restrict the required creativity and independence of our employees. On the contrary, we want to create the indispensable foundation of values that enables our employees to best develop their potential. This programme is aimed at organising workplaces in terms of economy and function in such a way as to ensure smooth workflows, thereby avoiding unnecessary searching, long transport routes and waiting times. In short: Working in a highly efficient manner while saving resources and avoiding wastage.*

**Investment**

In the segment of municipal summer maintenance equipment, 2014 saw particular investments in skilled staff. We attached great

importance to developing those skills which allow for making the value creation processes as efficient as possible – in this context, we are very pleased to report that since the beginning

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**Fit for tomorrow and “5S”**

“5S” – “Sorting”, “Systematic order”, “Spotless cleanliness”, “Standardisation” as well as “Securing” and “Steady improvement”. The 5S programme is aimed at turning workplaces into a place of smooth workflows, avoiding unnecessary searching, long transport routes and waiting times. In short: Working in a highly efficient manner while saving resources and avoiding wastage.



**Fit for tomorrow**

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of 2014 we have trained several staff members to become professional lean managers.

**Outlook**

In the aggregate, competition is expected to become much fiercer. Even more competitors will be attempting to seize their opportunity by employing increasingly aggressive pricing policies. We will respond to this trend by offering our customers favourable prices without compromising our commitment to manufacturing only high-quality products.





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**“The latest Euro 6 engine technology presented the design engineers at Schmidt with tremendous challenges, since Schmidt has set itself the clear goal of integrating the Euro 6 generation into the existing vehicles without any compromises and succeeded in doing so: Schmidt Swingo and Cleango – Best in Class!”**

**Tobias Weissenrieder**  
Product Manager, St. Blasien (Germany)

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Our product range in the municipal summer equipment segment comprises compact, attachable, towed and truck-mounted sweepers for cleaning roads and streets, multipurpose transporters, carrier vehicles for steep slopes and motor mowers, in addition to other special-purpose products. Our broad range of choices is designed to meet all needs regarding equipment, quality and investment security.





# Airport equipment: Comprehensive, market-leading, exemplary.

**Globally appreciated expertise in both innovative and customised product solutions as well as premium full service guarantee the ASH Group the world leadership in the airport equipment segment.**

## Market

On the whole, the worldwide airport market is subject to slight growth. Our strong market position in Europe and Asia enabled us to notch up particular success in China, Germany and Scandinavia, where we were able to generate large-scale orders for the future. We also sold a great number of compact and towed jet sweepers to China. Although the growth rates there are slowing, the country keeps investing in its infrastructure. In Germany, we delivered our jet sweepers to Berlin-Brandenburg Airport and Munich Airport. Following lengthy efforts, we gained Munich Airport as a new premium customer. Another significant order for our CSP airport sprayer was placed by the British Military (MOD).

We owe this sales success to our position as market leaders in the airport equipment segment and our globally appreciated expertise in both innovative and customised product solutions. Nevertheless, we are also subject to in-

creasing competitive pressure, which is caused in particular by the increasingly aggressive pricing policies of competitors.

## Product range

Whether both versatile and powerful innovations for efficient snow clearing and de-icing operations, high-tech sweepers for high speeds or pioneering control technologies for highly economical spreading and information systems: We are world leaders in the field of airport equipment and have the appropriate solution for all our airport customers throughout the world.

## Innovations and product optimisations

In 2014, we were able to announce the provision of particularly environmentally friendly technologies to our discerning customers from the airport equipment segment. Amongst other innovations, we fitted our tried and tested Supra 4002 and 5002 snow cutter blowers with the latest EuroMot4 engines. In addition, we substantially improved the design and comfort of the motorised vehicles – which was honoured with the prestigious German Design Award 2015 to our great delight! Maximum operational efficiency can only be achieved with the perfect combination of functionality, comfort and sustainability.

The CO<sub>2</sub>-neutral jet sweeper drive (fuelled by biogas) developed in collaboration with Volvo for Swedish airport operator Swedavia is another technical innovation whose positive signals will reach far beyond the year 2014 – we are convinced that our “Green TJS” will live up to the market.

## Development

In 2014, our development department was motivated by both the project-based business and the compliance with legally required stand-



ards. For our new customer, Munich Airport, we developed a new ring brush concept. Whereas so far only cassette-type brushes

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#### **Green TJS**

We used our long-standing close customer relations in Sweden to develop and sell the world's very first CO<sub>2</sub>-neutral jet sweepers for state airport operator "Swedavia" in collaboration with VOLVO – the issue of climate change will continue to gain in significance, and we are now well prepared with a premium reference product.




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have been available, the new brushes have a larger diameter and longer bristles, making them much more efficient and, accordingly, increasing their service life. The employed quick-change system for the entire brush roller contributes to optimising operational efficiency.

In line with the current environmental standards, we integrated the latest engine technology (Volvo EuroMot4) into our towed jet sweepers (TJS) in 2014. Moreover, the TJS was fitted with the new Volvo dumper head.

#### **Purchasing**

Our purchasing policy of reducing costs as far as possible without cutting back on quality also applies to the business segment of airport equipment. The completed consolidation of suppliers across divisions will allow us to select our partners on the basis of both clear and sustainable criteria. In 2014, we additionally benefited from important suppliers with whom we placed major orders and who therefore granted us noticeable concessions. The general drop in raw material prices also had a positive influence.

#### **Production**

The good order situation is also reflected in the working hours: To enhance general flexibility and increase our output, we introduced two-shift operation in some areas, including the processes from paint coating to final inspection. The production of our airport equipment also involved employees from various locations, enhancing flexibility within the group as a result of quick capacity adjustments.

#### **Outlook**

Our global orientation allows for a positive forecast for the next few years. In contrast to the uncertain Russian market, the market in Europe and Asia is experiencing dynamic growth. The very close and long-term business relationships we have established over the years as well as our excellent reputation as premium full-service provider offering customised, competent solutions will continue to help us maintain our leading position. Nevertheless, we will be paying increased attention to competitors with aggressive pricing policies.





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“Our ambition: Offering optimum solutions tailored to the specific requirements of our customers. Owing to the modular design of the towed jet sweeper, virtually all customer requirements can be accommodated. Our efforts are aimed at further optimising customer value, quality and vehicle costs.”

**Clemens Schwörer**  
Development, St. Blasien (Germany)

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Whether both versatile and powerful innovations for efficient snow clearing and de-icing operations, high-tech sweepers for high speeds or pioneering control technologies for highly economical spreading and information systems: We are world leaders in the field of airport equipment and have the appropriate solution for all our discerning airport customers throughout the world.





# Agriculture: Innovative, comfortable, forward-looking.

**A versatile, innovative product range and superior quality ensure Aebi's market success. In 2014, market shares were gained across all product segments.**

## Market

In the field of agriculture, we were able to further increase our market shares in the important product segments – despite increased pricing pressure from competitors; at the same time, the market has been very stable overall, with particularly strong and noteworthy orders coming from Austria.

As the total market for our Terratrak carrier vehicle for steep slopes continues to grow, we have seen an upward tendency in our market share. Our market share in the stable market for our TP/VT multipurpose transporters has also shown growth while our market share in the equally stable Combicut market is also increasing.

## Product range

The Aebi brand name is synonymous with a both versatile and innovative product range as well as superior quality: Our Terratrak carrier vehicles for steep slopes are the world's premier choice for operations in sloping terrain,

the multipurpose transporters are groundbreaking from concept to comfort, our single-axle motor mowers deliver unrivalled power – and we just keep getting better!

## Innovations and product optimisations

The Aebi TT211's excellent ranking among the top 5 in the "Tractor of the Year 2015 – Best of Specialized" has once again proved our product philosophy of offering our customers both efficiency and operational comfort: We will continue to move forward in this successful commitment.

The Aebi TT211 is the new high-end model in the Terratrak compact class. Boasting a striking new design, a significantly more spacious, state-of-the-art driver's cab and an even more comfortable operating concept, any driver will instantly appreciate this working environment. It also comes equipped with new powerful and clean engines and many other technical improvements. The TT211 is a vehicle for all those who want no compromises.

## Aebi Terratrak – World leader on steep slopes

The Aebi Terratrak are versatile carrier vehicles for steep slopes with front and rear attachment points. Their lightweight, broad and low design and the consistently sized Terra tyres make them eminently suitable for use in sloping terrain and gentle on the ground. All models feature a variable-speed hydrostatic drive. The Terratrak's fields of application are nearly unlimited. Terratrak – ingenious cutting-edge technology, polyvalent application and a good investment at any time of the year.



Our new Aebi TT206 now employs a high-torque 50-HP stage-IIIa Kubota diesel engine to deliver the necessary propulsion. Again, it stands out with its sleek design as well as unique

technical features identical to those in the high-end model. This Terratrac is an affordable alternative in the compact class that provides perfectly sufficient power for many applications.

In our range of motor mowers, it was also the comfort variant that was the most popular (exceeding our expectations in 2014) – which is why this product line will from now on also come exclusively with the exceptionally efficient continuously variable transmissions.

We have added a 90 km/h top-speed variant to our MT transporter series to offer our customer even more versatility – an important aspect for all those whose operations cover larger areas.

The new generation of the Aebi VT450 Vario now packs a VM turbo diesel engine that delivers significantly more power (109 HP) than its predecessor while meeting the Euro 6 standard. This plus in performance combined with a clever operating concept featuring a multi-functional control lever and a new colour display as well as the variable-speed drive make the Aebi VT450 Vario a one-of-a-kind comfort zone for any driver. The VT450 transporter will now be exclusively available with a power-split drive in response to our customers' exceptionally positive feedback to this variant in combination with the comfortable operating concept. 2014 also saw us implement many other improvements that have made our vehicles even easier to operate and, overall, considerably more comfortable to work in.

In autumn, the CC110 was added as a little brother to the Combicut models. Equipped with the variable-speed hydrostatic drive, active steering and the Aebi quick implement attachment mechanism, the new Aebi CC110's technology and design is fundamentally based on the larger and extensively tried-and-tested Aebi comfort single-axle machines.

In its class, the Aebi CC110 is excellent for working on extremely steep slopes and offers many more utilisation possibilities in addition to its professional hay-making results. Its low weight, compact dimensions, powerful 8-HP engine and comfortable handling provide tangi-

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#### **CC110**

Equipped with the variable-speed hydrostatic drive, active steering and the Aebi quick implement attachment mechanism, the new Aebi CC110's technology and design is fundamentally based on the larger and extensively tried-and-tested Aebi comfort single-axle machines. The cutting-edge technology, the exceptional driving comfort, the great variety of possible applications and, particularly pleasing, the affordable purchase price yield an excellent price-performance ratio. Continuously variable, active steering, compact dimensions and lightweight design – the Aebi CC110 is the new small Combicut with professional characteristics!




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ble advantages in sloping terrain. The focus is on great comfort and maximum safety. That is why we also discontinued the production of all mechanically driven Combicut models as of the end of 2014. This was the logical step forward after the same was done with the Terratrac models and Aebi introduced the world's first variable-speed transporter to the market.

#### **New Aebi MT multipurpose transporter – for even more versatility**

After acquiring BSI's range of vehicles and relocating production from Arielli, Italy, to the Aebi facility in Burgdorf, Switzerland in mid-2013, the ASH Group was already able to deliver the first Swiss-built vehicles, named "MT", by late 2013. The new powerful municipal

transporters can reach impressive top speeds of up to 90 km/h. The basic vehicles offer an almost unlimited variety of de-mountable options. High ground clearance and all-wheel drive additionally ensure excellent off-road capabilities with consistently strong traction.

For the time being, 3 models are available: Aebi MT720, Aebi MT740 and Aebi MT750. The compact and fast Aebi MT municipal transporters make an ideal addition to the existing Aebi Viatrac/Transporter line. The expanded product portfolio now includes vehicle variants designed to best meet the specific requirements of municipalities, road construction authorities, building and landscaping contractors, energy, water and forestry industries as well as fire services and agricultural contractors. In the field of winter service, we even offer one-stop complete solutions: Carrier vehicles by Aebi with matching snow ploughs and demountable spreaders by Schmidt.

## Development

We successfully introduced the target cost method as part of our development projects in order to ensure best possible transparency of manufacturing costs and thus adherence to budgets from the very beginning of the development process.

Our experience has also shown that involving subject-matter experts and customers at an early stage of product development can have a very positive influence – as evidenced last year in the development of the CC110 extra-lightweight mower.

Aebi's development department was re-structured, refilling the management positions in the areas of series production support as well as software & hardware. Despite these staff additions, several projects were postponed because the acquisition of BSI entailed a considerable

increase in the development department's workload. However, on a very positive note, we gained substantial know-how in the segment of fast runners > 50 km/h through the purchase of BSI and the consolidation and enhancement

### VT450 Vario

The Viatrac Aebi VT450 Vario Euro 6 is the new high-end model in the top transporter class. Aebi is the first manufacturer worldwide to build transporter vehicles with a variable-speed drive, responding to a long-standing need of many customers. You will be delighted by the newly developed variable-speed, mechanical-hydrostatic power-split drive.



of the three vehicle models MT720, MT740 and MT750. This provides greater availability of resources for further innovations in the future.

## Purchasing

Following the sale of the in-house component manufacture and the discontinuation of purchase commitments in 2013, the procurement volume was reduced to the envisioned lower level. Additionally, it has been agreed that all suppliers who process cast parts will from now on assume responsibility for their cast part procurement – saving us substantial processing costs.

## Production

The production of our new MT vehicles has been consistently optimised (focus in 2014). The switch to Euro 6 engines created an almost entirely new platform for the various models, standardising the assembly of the machines and markedly increasing efficiency. The last Euro 5 engines were fitted in late 2014.

The high volume of incoming orders for Terratrak, Transporter and Combicut models necessitated the recruitment of additional assembly workers while the relocation of the MT series to Burgdorf also required further personnel. The large number of recruitments and new staff members led to a drop in productivity and delivery quality, which did, however, return to their previous levels by the end of the year.

## Investment

2014 saw us invest in improvements in our machinery and IT while also spending money on communication: Our image campaign “Welcome to your new comfort zone” illustrates the many benefits of Aebi products to our customers and also serves to promote both customer acquisition and customer retention. Additionally, individual brochures were created for all Aebi products, providing a comprehensive overview of their technical details and wide range of applications.

## Outlook

It is imperative to take advantage of the overall positive climate and swiftly follow up on our successes by making new strides forward. Above all, it is crucial to seize all opportunities within the large potential markets for our CC110 mower and our TT206 transporter. There also continues to be great overall potential for the MT, TT211 and TT280 Terratrak series – however, we need to keep a close eye on competitors that offer large vehicles: This aspect may have to be addressed by strategic measures in the short term.

Our new MT transporters are also expected to stimulate growth and produce positive results. The same goes for the newly established distribution network as well as the newly recruited sales professional for the German and international market.

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“The Terratrac is our most successful Aebi product. Its versatility, excellent operational comfort and extreme suitability for use in sloping terrain make it a unique vehicle. Whether mowing on steep slopes, maintenance of green spaces or snow removal – the Terratrac meets the highest requirements at any time of the year.”

**Bernhard Tschirren**  
Line Manager Preassembly, Burgdorf (Switzerland)



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The Aebi brand name is synonymous with a both versatile and innovative product range as well as superior quality: Our Terratrac carrier vehicles for steep slopes are the world's premier choice for operations in sloping terrain, the multipurpose transporters are groundbreaking from concept to comfort, our single-axle motor mowers deliver unrivalled power – and we just keep getting better!









# Rail technology: Unique, competent, purposeful.

The business segment of rail technology is experiencing a strong –revitalization– many years of international relations shape the project business.

## Market

Our Beilhack brand stands for unique expertise in the business segment of rail track clearance that is known throughout the world. Beilhack railway snow blowers offer unparalleled quality and efficiency; a great number of machines have been installed and used for decades. Since many of them are beginning to show their age – and due to our still outstanding market position – our rail technology business segment is currently experiencing a strong revival.

The widespread need to modernise or completely replace existing machines has led to a significant increase in demand. In 2014, for example, we already delivered eight new units including snow blowers, multipurpose snow ploughs as well as rail track and track switch sweepers to Turkish State Railways TCDD. The order for the overhaul and modernisation of the existing railway snow blowers by Matterhorn-Gotthard-Bahn has also prompted us to revitalise and release further resources for the business segment of rail technology.

Since every order is a project-based business and every machine needs to be developed to customer specifications – regardless of whether it is a new or modified machine – a high level of professional expertise is required, which is why this segment of rail technology constitutes a great competitive edge for us. The prospects are very promising: New orders have already been received for 2015.

## Product range

Our rail technology business segment is represented in the market by our product brand Beilhack. We sell and develop solutions with a focus on the field of winter service – the varied product programme ranges from attachable snow clearing units and shunted snow clearing machines to motorised high-performance snow blowers with a clearing capacity of up to 22,000 t/h.

## Development

In this segment, where deadlines are usually of great significance, correspondingly adapted, optimum organisation is indispensable. Direct

### Beilhack – Quality, safety and reliability

Beilhack has been synonymous with quality, safety and reliability for 150 years. Outstanding development achievements, highest quality standards and exemplary services have made Beilhack a leading specialist in snow clearance. Whether conventional snow removal or highly specialized snow clearance on rail tracks, Beilhack has the appropriate solution.



collaboration between the development department and the customer – involving the pertinent key account management – allows us to offer tailor-made technical solutions, detailed coordination processes and very short response

times. Our newly created team consists of existing staff members, with the development being focussed on the St. Blasien location.

### Purchasing

In the future, we will significantly intensify our sales efforts in the business segment of rail technology. To this end, we have also provided for special project purchasers. Of course, our selected suppliers possess the officially required railway authorities' licences.

### Production

In order to accommodate the growing demand for rail track clearing products, we also had to adapt our production processes accordingly – both in respect of existing and all potential projects.

The in-house assessment has identified St. Blasien as the optimum location for this purpose. The previous location in Kiefersfelden, where the final railway orders were executed in autumn, will be shut down as of 31/03/2015.

In view of the order placed by Turkish State Railways, we optimised our production processes in St. Blasien, considerably reducing assembly hours.

### Investment

In the course of the revitalisation of the rail technology business segment, we will continue to successively establish and expand the required staff expertise.

### Outlook

Owing to our extensive expertise and corresponding level of integration, we achieved good margins in 2014. The DIN EN 15085-ZCL1 certification in the field of welding technology was fully utilised. The consistently positive experience we had in 2014 with already

executed orders will provide a solid basis for all future projects.

The complete overhaul and modernisation of the existing HB10 high-performance railway snow blowers on behalf of Matterhorn-Gotthard-Bahn will be accomplished in the course of 2015. Additional orders from other clients have already been received and make us optimistic about the future.

“In our business segment, tradition meets modernisation. Our extensive know-how and many years of experience in the project-based business of rail track clearance enables us to offer our customers not only innovative solutions for the modification and modernisation of existing track clearing equipment but also new machines tailored to their specific needs.”

**Andreas Schwald**  
Key Account Management Airport & Rail,  
St. Blasien (Germany)

Our rail technology business segment is represented in the market by our product brand Beilhack. We sell and develop solutions with a focus on the field of winter service – the varied product programme ranges from attachable snow clearing units and shunted snow clearing machines to motorised high-performance snow blowers with a clearing capacity of up to 22,000 t/h.





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# Thinking holistically, developing with foresight, working sustainably.

**The ASH Group is an innovative manufacturer of special-purpose vehicles and attachments that take a leading position in their respective markets and whose technological excellence enhances customer value. Combined with reliable services, customers there-by receive optimum solutions of lasting value.**

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Subjects such as economic efficiency, sustainability and environmental protection are top priority. The motto of “thinking holistically, developing with foresight, working sustainably” is reflected in all our activities. Thinking ahead and acting in a responsible manner are therefore the main pillars of economic success. Ecological and social sustainability throughout the value chain, comprehensive product stewardship and a clear commitment to conserving natural resources are firmly integrated in the ASH Group’s corporate strategy.

In this strategic environment, the three main pillars of the ASH Group’s guiding principle are customer satisfaction, employee satisfaction and profitability. Customer satisfaction

is a crucial success factor in every company. It is directly related to the benefit subjectively perceived by customers while using the products, but it is also an indicator of the quality of the entire service package consisting of advisory services, service quality, emergency management and much more.

Our employees are considered our most important asset, which is why their satisfaction is of essential significance. They want to take responsibility and take care of challenging tasks, so their skills should be utilised and promoted accordingly, while being motivated and given the decision-making powers required for their work.

Adequate profit and liquidity is not only indispensable for shareholder satisfaction, but is also the basic prerequisite for healthy growth and for necessary investments in new products, new production infrastructures or employee training.

## **Certifications and clear rules of conduct**

Since 2009, all business locations of the ASH Group have been ISO 9001-certified. The business processes are improved continuously and the Internal Control System (ICS) comprises all processes, measures, regulations and activities to ensure proper business operations. All processes within the Division Schmidt are reviewed and improved by means of the “Fit for tomorrow” programme. The factories and the sales organisations in Holten and Leimuiden (Netherlands) as well as the sales organisations in Peterborough (UK) and Fiume Veneto (Italy) are additionally certified according to the ISO 14001 environmental standard. The Division Schmidt also meets the ISO 3834 (Welding) and the ISO 26001 (Corporate Social Responsibility) standards. By means of the group-wide code of conduct that has been in place since

2010, all employees are given a clear set of rules to comply with voluntary and mandatory measures. Every new employee signs this code of conduct upon recruitment and about 90% of all existing employees have already done so as well. In Germany, the management's awareness was raised for subjects such as proper behaviour in the business environment, fair dealings with competitors and business partners as well as appropriate behaviour among all employees. As a rule, all new employees of the ASH Group receive training in the field of compliance. An e-learning programme regarding compliance is additionally planned for 2015.

In 2014, there were no violations of the code of conduct. The company was not involved in any lawsuits for anti-competitive practices, nor were there any fines or nonmonetary penalties for violations of other laws or regulations.

### External recognition

In 2014, we were again pleased with the regular external recognition of our achievements. For example, the Supra 5002 snow cutter blower was honoured with the German Design Award in the category "Excellent Product Design / Transportations and Public Design – Special Mention 2015" (see p. 18 for more information on the Supra 5002). In November, the international panel of experts also selected the Terratrac Aebi TT211 among the top 5 for the "Tractor of the Year" award in the category "Best of Specialized".

## Customers

All services of the ASH Group are aimed at making customers' work even more efficient, effective and profitable. The broad base of customers includes communities, public administrations, airports, service enterprises, agricul-

ture, military and industry, all of whom have highly diversified requirements regarding customer relations. Due to the changing markets and customer requirements, the ASH Group continuously adapts its wide-ranging programme to current market needs. For this reason, the two additional service brands "ASH Service" and "ASH Finance" have been newly added to the ASH brand family.

### New service brands

The "ASH Service" programmes provide optimum support to customers in any situation. Whether they need prompt emergency service, individual service contracts, first-class staff training courses, efficient spare parts management or competent advice – customers not only preserve the maximum efficiency of their ASH products and vehicles, but also increase their life expectancy, thereby significantly enhancing the value of their investment. The ASH-specific "Total Lifetime Care (TLC)" service programme is now offered throughout the group. Being a key component of ASH Service, TLC consists of comprehensive services, spare parts availability and individual customer training courses, thereby making a major contribution to maintaining the value of vehicles and equipment.

In collaboration with a global provider of finance solutions, the ASH Group's "ASH Finance" programme enables customers to select customised and individual finance solutions. Professional advice and flexible payment options give customers the opportunity of finance lease, hire purchase or an operating lease, depending on which model is the most appropriate for the respective customer in the specific situation.

## Close customer relations/ Customer retention

Our wide-ranging customers have specific requirements regarding the respective application. They receive competent and detailed advice from well-trained sales representative, making it possible to develop and find optimum solutions to their specific problems. The various target groups ranging from airport operators to farmers are always addressed in a targeted, competent and direct manner.

Customer retention is still the order of the day! Throughout Europe, 11 local sales and service organisations ensure direct contact with customers; on a worldwide scale, an excellent network of roughly 120 dealers is at their disposal. Furthermore, the ASH Group continues to increase its presence in the markets outside Europe.

In order to stay connected to customers, the ASH Group employs extensive online measures. For several years now, the ASH Group has also been at its customers' disposal online. More than 50 videos explain to the 1 161 subscribers (previous year: 546) the various benefits of the products.

The successfully completed implementation of a CRM last year provided us with a system that considerably facilitates numerous processes, in addition to enabling all competent employees to access a complete customer database.

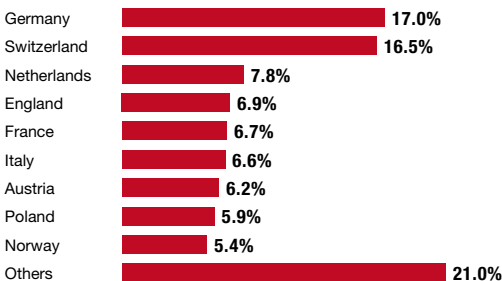
Our new dealer service portal, which has been online since April of last year, is also being actively used. This system makes it possible to manage business processes such as guarantee and warranty management or spare parts orders quickly and easily. The system's direct connection to SAP guarantees automatic data transfer to the ERP system, ensuring optimum process flows within the organisation.

The market of used machinery is becoming increasingly important, which is why all related offers and activities have been consolidated online. This permits complete documentation with specific offers on an individual basis – all related sales transactions are effected directly via the ASH Group's website as well as other specialised online portals.

Since mid-2014, customers have additionally received digital e-newsletters, which have

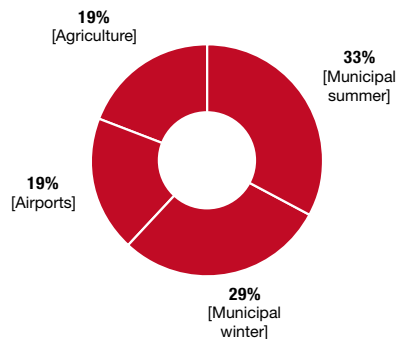
### Sales by countries

2014



### Sales by areas of applications

2014





become very popular. Coinciding with the leading agricultural trade fair Agrama in Bern, the new ASH website was launched, offering visitors user-friendly, modern and visually appealing web experience.

In 2014, the ASH Group again attended a great number of trade fairs worldwide and was able to establish and foster direct contact with customers. Out of the roughly 40 events, the XIVth AIPCR/ PIARC Winter Road Congress in Andorra, the IFAT in Munich (D) and Agrama in Bern (CH) are particularly noteworthy.

### Training programme

Being an all-round service provider with programmes such as TLC, but also in general, the ASH Group as an innovative system provider attaches great importance to the professional training of users in all markets. Skilled users not only guarantee the effective and environmentally friendly use of the machines and vehicles, but also substantially contribute to retaining their value. An overall increase in the demand for product training courses has been observed.

### Safety and quality

Appropriate safety measures are taken into account in all phases of production and use, from development to application and disposal of the products. For this reason, all products that are launched on the market by the ASH Group meet high safety and health standards. A final inspection is therefore mandatory for all machines, in addition to unannounced, irregular product audits conducted as part of internal quality management. Just like the inspection of the products' compliance with the general statutory requirements and standards, these audits usually reveal excellent results. Any deviations are analysed and integrated as improve-

ments into the product development process and the inspections. The individual employees are trained in the product development process on an ongoing basis in order to increase their quality awareness. And even before starting series production, in-depth trial series are performed to increase the development quality, which is additionally ensured by continuous monitoring.

The Schmidt Supra 5002 snow cutter blower, which was honoured with the German Design Award in the year under review, is a prominent example of how important user safety and health is to the ASH Group and that functionality and comfort do not have to be mutually exclusive: To maximise both industrial safety and driver efficiency, the Supra features a great number of comfort elements: plenty of space for more driver convenience, a two-seat driver's cab that absorbs noise and vibrations, mechanical or air suspension and seat heating.

### Customer satisfaction and feedback

Product quality, customer service and support, sales and marketing as well as order processing: These are some of the subjects of our regular customer interviews, involving about 500 customers every year since 2010. These regular surveys have shown a continuous improvement in customer satisfaction over the last four years. The aspired target of an average rating of 2.0 points (1.0 to 5.0 points are possible) was again achieved. The measures already initiated to improve previously problematic areas (delivery times of products and spare parts, handling of complaints) have proved effective and will be carried on. The list of questions for measuring customer satisfaction is planned to be updated in 2015.

The usual end-of-season meetings between customers, sales, development and product

management did not take place in the year under review, as the numerous new products launched on the market in 2014 do not yet provide a valid data basis. The meetings will take place again as soon as the products have been in use for several months. As a substitute, we conducted internal product reviews as part of strategic planning.

Any complaints by customers are recorded by our computer-based QM module and forwarded to the respective specialist departments. This closed and logical system of feedback processing serves to continuously improve our in-house processes, thus substantially contributing to the quality assurance of the ASH Group's products. In the 2014 reporting year, corresponding initial results manifested themselves as significant costs savings in terms of warranty services.

## Employees

As an employer, the ASH Group endeavours to create a corporate culture that provides an intrinsically motivating environment for employees, the goal being to have a motivated, well-trained team that gladly accept challenges and is willing to achieve the corporate objectives. This is the only way for a company to be successful. At the same time, we are aware of our responsibility as an employer to preserve jobs.

Measured in full-time equivalents (FTE), the number of employees worldwide amounted to 1 353 as of the end of 2014 (previous year: 1 332). A total of 1 086 FTEs were working at the production facilities in Switzerland, Germany, Holland and Poland (previous year: 1 123), 106 of which were fixed-term employees (previous year: 92). 41 employees were in training at that time. Women accounted for 15.8% (pre-

vious year: 13.6%), with 0.9% (previous year: 0.9%) being employed in management positions. In 2014, the average fluctuation rate, including reductions due to retirement, amounted to 11.2% (previous year: 9.5%). When recruiting staff, the ASH Group considers both newcomers and people over 50 years of age, depending on the job requirements. Thanks to the extensive range of further training opportunities, an in-house solution is sought first. When recruiting staff, attention is additionally paid to selecting a person with optimum qualifications who also fits well in the existing team. Whereas the staff in Holten are more than ever composed of supra-regional members, the local proportion is 90% in St. Blasien and even 100% in Kielce. Local staff is also sought for management positions, although the ratio drops to 50:50 in Germany and amounts to 20% in Switzerland, with the term "local" being understood in a very narrow sense (radius of 20 km).

## In dialogue with employees

The ASH Group conducts staff interviews on an annual basis to discuss and harness the competencies and the potential of its employees. In 2014, a total of 87% of all staff members participated in these interviews (previous year: 82%).

The ASH Group conducts both potential assessment interviews for management staff and employees with leadership potential and employee interviews with all other employees. This makes it possible to record both the staff development and the systematic future staff planning. At the beginning of the reporting year, many superiors received training in business management, an investment that was worth the efforts: The ratings are now widely perceived as more realistic. In these interviews, personal goals are defined and rated depend-

ing on the location; in Switzerland, this year's major focus was placed on the process. Common subjects of the interviews also include potential further training in industry topics and language skills, leadership and long-term employability as well as communication.

As part of the "Fit for tomorrow" project, employees also become involved across departments and locations, the goal being to make the products and processes in the ASH Group more efficient in the long term, entailing both increased profitability and an edge over competitors.

The opportunity to share experiences and implement changes together not only contributes to employee motivation, but also promotes professional and social skills in the long term.

Ideas of employees are included into a company suggestion scheme and outstanding ideas are rewarded, such as suggested improvements for assembly processes or initiatives for reducing energy consumption.

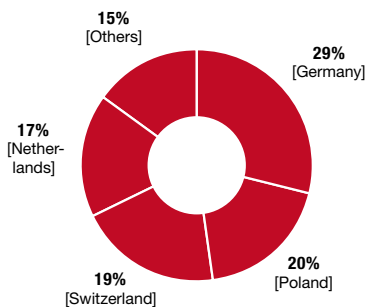
## Education and further training

Since maintaining competent, skilled and experienced employees is very important in our sector, the ASH Group attaches great importance to education and further training. We need skilled employees such as mechatronics engineers, mechanics, logistics specialists and draughtsmen, amongst others, which is why we successfully offer in-house training for these positions. In some departments, trainees account for 10% of all staff members. They prove to be very successful and some of them even go on to win job-specific prizes. In Switzerland, the training of logistics specialists also has a positive influence on the logistics department: The trainers pursue their tasks with great commitment and the educational input from the vocational school is applied successfully. In St. Blasien, the training position as a technical product designer will be newly added in 2015.

The management training programme was continued with the "Lead the Change" seminar, its main subjects being strategy and management culture. Another focus was placed on compliance and sales training as well as sub-

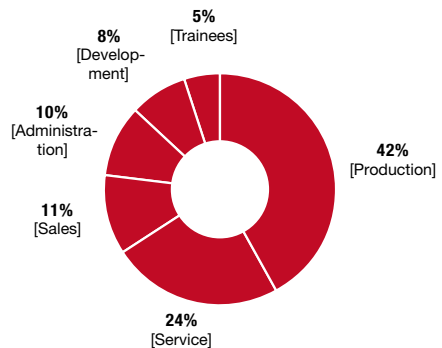
### Employees by countries

full-time equivalents / 2014



### Employees by functions

full-time equivalents / 2014



ject-related technical training, such as hydraulics or English training courses, commercial further training and training in the field of lean management, 5S and CIP. The focus on IT subjects such as SAP can also be regarded as successful; significant process improvements, for example in production, materials management and logistics, have already been observed.

Since October 2011, the new study course of industrial engineering has been offered in cooperation with the Baden-Wuerttemberg Cooperative State University, with the special subject of electrical engineering having been added in October 2012.

### Employee satisfaction

September saw a group-wide employee survey with 600 participants and a return rate of 47%, which constituted a significant improvement compared to the last survey conducted four years ago (28%). The result is very satisfactory: For example, more than 75% of all employees can relate to the ASH Group's guiding principle well to very well. Nearly 80% of them generally enjoy working for the ASH Group and more than 90% appreciate their helpful colleagues. Nearly 80% of all employees also appreciate the various facets of their interaction with the executives and about 85% think that their work is mostly interesting and varied. In order to improve even more, the ASH Group has planned various measures: need-based further training, sustainability in compliance with further training agreements, establishment of structured future staff planning and promotion as well as the improvement of the feedback culture in the employee interviews. The next group-wide survey is scheduled for 2017.

The various employee events in the year under review, such as trainee excursions at several locations, the Christmas parties, health

campaigns and special sales campaigns for ASH clothing, were again highly appreciated.

### Safety and health

As a production business, the ASH Group places high emphasis on creating a safe working environment. All staff members therefore receive thorough initial instruction on safe practices at the workplace. In Holten, for example, the focus was on the availability and correct use of personal protective equipment; in Poland, an external audit in the field of workplace safety and hygiene was conducted. All employees receive regular training in this subject. In St. Blasien, all commercial workplaces were equipped with height-adjustable desks, and a strong focus is placed on back health in the production area of several locations.

The number of missed working days due to accidents at work and on the way to or from work increased; the sickness rate dropped significantly. In the 2014 reporting year, a total of 34 workplace accidents were reported (previous year: 30), some of which required medical attention (17 in Germany, 6 in the Netherlands, 9 in Poland, 9 in Switzerland (previous year: 9, 0, 12, 9). Measured in days, a total of 545 (previous year: 381) working days were missed.

### Environment

Environmental considerations play an important role in the ASH Group, both in product development, at the individual business locations and in production. Firstly, this is related to the fact that the ASH Group, as an innovative manufacturer of special machines, can best accommodate customer requirements regarding quality, efficiency and comfort by offering environmentally friendly products. Particularly among customers in the public sector, these

products are better suited to meet the often very stringent procurement requirements. Additionally, sustainability and environmental protection play an increasingly important role in quite a few future-oriented cities, despite the often tense financial situation. Secondly, the regulatory developments in the ASH Group's markets are increasingly geared towards sustainability. In Switzerland, for example, vehicles weighing 2.5 tons and over with a speed of more than 50 km/h have been legally required to be equipped with a new generation of Euro 6 engines since the beginning of 2014. This resulted in a further substantial reduction of soot particles and NOx. In addition, the ISO 14001 environmental standard is expected to be amended in 2015. In the reporting year, the ASH Group's major efforts were aimed at issues such as reduction of energy consumption, commercial vehicles with lower CO<sub>2</sub> emissions, waste reduction, building renovation regarding insulation as well as hybrid engines.

### Examples of new products

In the autumn of 2014, Aebi presented the new Aebi CC110 mountain mower at the Agrama in Bern. Aebi now also manufactures compact municipal transporters offering a maximum speed of 90 km/h and an almost unlimited variety of upgrade options. The latest generation of the Aebi VT450 Vario features a new VM turbo diesel engine that offers more power and at the same time meets the Euro 6 emission standard. Its excellent key specifications once again significantly increase the driving performance of the Aebi VT450 Vario at reduced fuel consumption. The turbo diesel engine is equipped with a diesel particulate filter and SCR (Selective Catalytic Reduction). The exhaust gas recirculation and SCR processes are continuously adjusted and monitored electro-

nically, ensuring optimum emission control. AdBlue is used for exhaust gas purification. The additional costs of this liquid (approx. 5% of the fuel consumption) are counterbalanced by the lower diesel consumption.

2014 also saw the improvement of the Swingo compact sweeper, yielding another reduction in fuel consumption as a result of the introduction of a new suction nozzle. The legally required integration of low-emission Euro 6 engines was already implemented in May 2014. However, customers can also choose a variant with a EuroMot 3B engine. While the basic version with the EuroMot 3B already features a closed diesel particulate filter system, the best characteristics for environmental protection are achieved with the optionally available Euro 6 diesel engine. Another convincing feature is the vehicle's optimum noise level, which earned it the title "low-noise vehicle". The high economic efficiency of the Swingo is ensured by its compact design, first-class operational comfort and excellent sweeping performance – the name Swingo is synonymous with compact sweepers in a class of their own. Powered by a high-performance 6-cylinder diesel engine of the latest generation, the Cleango 500 compact sweeper meets not only the Euro 5 and EuroMot 3B but also the latest Euro 6 emission standard. With its hopper capacity of approx. 4 m<sup>3</sup>, the Cleango 500 boasts the capacity of a large truck-mounted sweeper, combining this benefit with the manoeuvrability of a compact sweeper. The "Green TJS" jet sweeper combines sustainability and economic efficiency in snow clearing machines for the first time. The ASH Group will deliver a series of 29 new CO<sub>2</sub>-neutral TJS jet sweepers to state airport operator Swedavia in Sweden. These new TJS run on a mixture of biogas and biodiesel and have been developed in collaboration with Volvo. The consistent im-

provement of efficiency by spraying instead of spreading was also carried on (Straliq, multi-purpose spreader, WSP). In this respect, the dosing accuracy is particularly important, since every improvement entails increased efficiency and thus reduced environmental burden. Regarding the roto moulding products, attention was given to using recycled plastic materials as far as possible (Stratos 3), and vehicles with crawler tracks are particularly gentle on the ground. The new Schmidt Stratos spreader deserves special mention. The integrated product concept includes a modular design with unrivalled flexibility, precise distribution systems, intelligent control technologies as well as highly effective corrosion protection – factors that entail one-of-a-kind economic performance, which is of growing significance, especially in times of increasingly tight budgets.

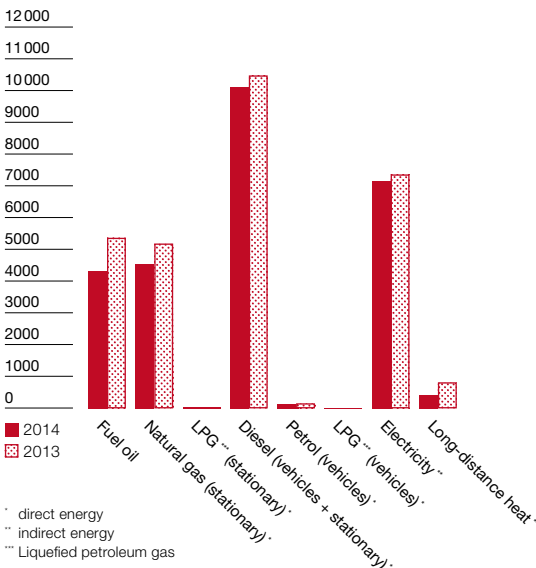
## Production and corporate environmental performance

Of course, the factories and office buildings of the ASH Group meet all applicable requirements concerning waste generation, exhaust gas emissions, industrial wastewater treatment and discharge, monitoring and reduction of energy consumption for production, processes, facilities, transportation and traffic as well as avoidance of emissions in soil, water and air. However, we strive for more than just meeting the minimum requirements, and endeavour to improve our production processes and corporate environmental performance every year.

The factory in the Netherlands, for example, changed over to LED lighting; by installing a ventilation system with heat recovery, gas savings of 67% were achieved in the service hall; the replacement of old heating units by a

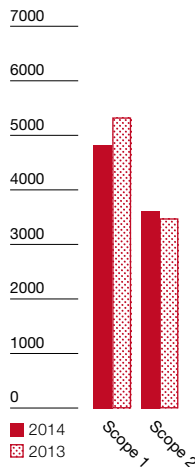
### Energy consumption

in MWh



### CO<sub>2</sub> Emissions

in tCO<sub>2</sub>e



system with gas absorption heat pump yields annual savings of 27% and work clothing is cleaned using cooling water from the air compressors. Sustainable reusable packaging is employed for example in the three wet salt tanks of the Stratos, the plastic hoppers of the Syntos, steel towers for guards and as a frame for other steel components. In St. Blasien, a new waste concept allows for reducing the amount of residual waste by increasing the proportion of recyclable materials.

## Community

Being an important employer at its respective business locations, the ASH Group is very well aware of its role as an economic factor with social responsibility. Conversely, the social environment is considered a crucial factor for suc-

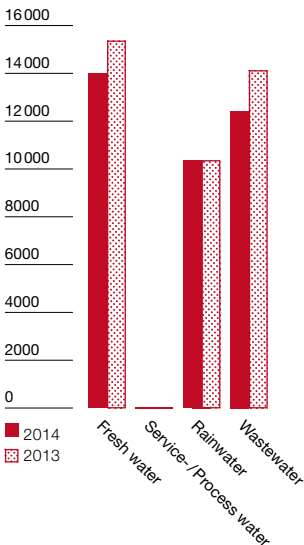
cessful business management. The local managements therefore regularly attend major events organised by regional associations and training centres.

## Local integration

Owing to the regular exchange with associations, community representatives, stakeholders and training centres, all four production divisions of the ASH Group are firmly rooted in their respective business locations in Burgdorf (Switzerland), St. Blasien (Germany), Holten (Netherlands) and Kielce (Poland). Responsibilities such as maintenance of business locations, environmental protection, innovation, employment as well as education and further training are promoted. A great number of employees in Burgdorf are actively involved in culture, sports and politics, a popular family day is

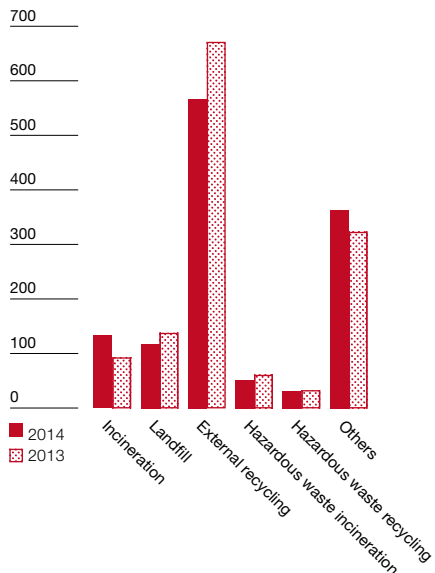
## Water consumption

in m<sup>3</sup>



## Waste

in t



organised in St. Blasien every year and what are called social return projects are conducted in Holten.

## Sponsorship

While organising their sponsorship activities, the companies of the ASH Group strongly focus on local projects in their areas. In Burgdorf, Aebi is actively engaged in the promotion of a typical Swiss sport by sponsoring young wrestling talent. Thanks to the long-standing, close collaboration with the Battenberg Foundation, an economic-social enterprise, Aebi gives people with disabilities the opportunity to successfully return to professional life. By offering permanent positions in the fields of assembly, logistics or office work, Aebi enables 100% integration, thereby taking social responsibility as an employer. Kielce provided one-off funding to the local fire department. Amongst other projects, Holten supported the NoaLies farm

for people with disabilities as well as the provision of food to people with a low budget. In addition, a focus is placed on education, and active cooperation was established with various schools and training centres to motivate students to work in our industry. St. Blasien was actively engaged in sponsorship for the promotion of young talent in the skiing association Skiverband Schwarzwald.

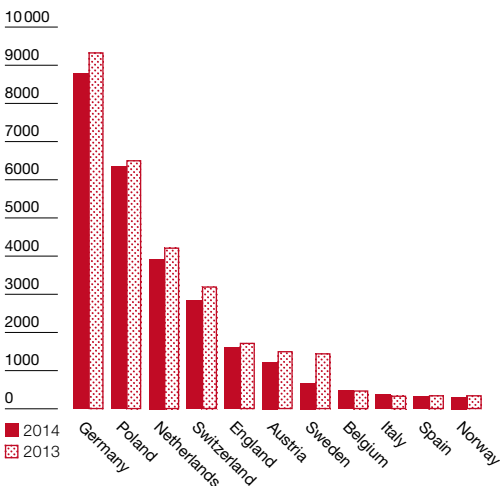
## Suppliers

The ASH Group has an extensive network of suppliers for its factories, which comprises small, medium-sized and large enterprises from a variety of industry sectors with a primary focus on material groups such as steel, stainless steel, welding parts, engines and hydraulic components. A well-established network of small local suppliers, who partly provide finishing services, is incorporated in the production chain at all business locations of the ASH Group. The relations with these roughly 2 000 suppliers are essential to the ASH Group and are evaluated on an annual basis. For this purpose, every supplier is directly contacted at least once a year, either by visits, on-site receptions or a suppliers' day. On this occasion, the expectations for the future collaboration are also discussed. Not only price optimisations but also subjects such as quality, environment, energy, workplace conditions and the like are addressed as part of a suppliers' day. All suppliers are classified according to a lead-buyer structure and are rated regarding their processes, energy consumption, various environmental guidelines, ISO 14001 and transport kilometres. The SAP QM Module introduced in December 2012 makes it possible to view up-to-date data on supplier quality at any time and use it for targeted negotiations.

In the reporting year, a supplier management manual was introduced in St. Blasien,

## Energy consumption by locations

in MWh





which describes processes and interaction with strategic suppliers. This starts with uniform procedures in supplier qualification, supplier management, including a new, more comprehensive supplier evaluation, and also includes contract management, logistics guidelines and risk management. Alongside quality aspects, supplier qualification puts a strong focus on environmental aspects, such as corresponding certifications, environmental objectives as well as the efficient handling of raw and packaging materials to conserve natural resources. If necessary, these requirements are laid down in a target agreement. During qualification, the suppliers are supported by our specifically trained strategic buyers. In addition, a compliance screening is employed to check whether the respective supplier is listed in a sanctions list. In the year under review, our 60 largest suppliers evaluated their processes and signed the code of conduct.

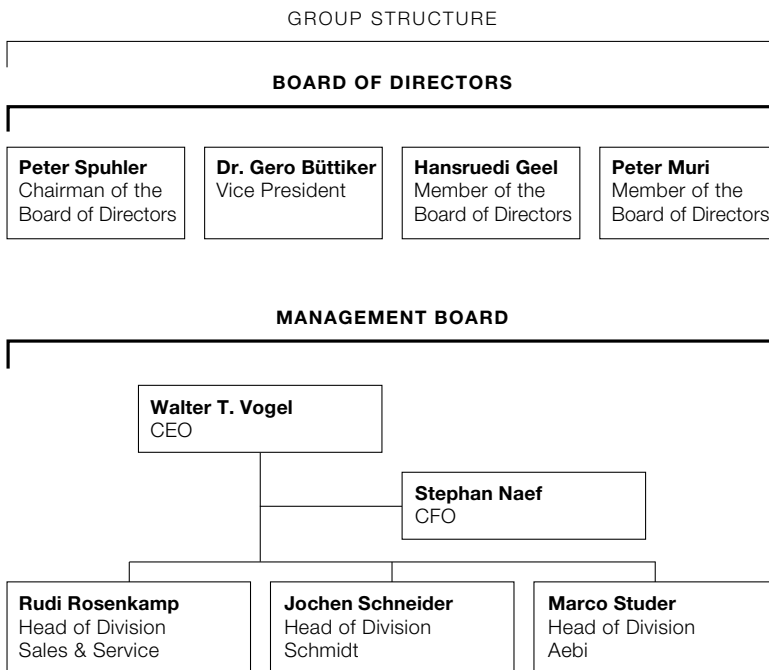
Good collaboration with suppliers is additionally promoted by corresponding IT training, specific external further training courses and in-house coaching of employees, the goal being to involve the purchasing department in the product development as early as possible in order to optimise the supplier selection process.

### About this report

The 2014 Annual Report of ASH Group Holding AG contains a sustainability report, which is based on the guidelines of the Global Reporting Initiative (GRI), version G3. The Annual Report with integrated sustainability report complies with application level C, which was verified and confirmed by the GRI. The corresponding GRI icon for the application level service can be found in the GRI content index belonging to this report at [www.aebi-schmidt.com/en/sustainability](http://www.aebi-schmidt.com/en/sustainability)

# Sustainable value creation through clear management and control principles.

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





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

## Board of Directors

### 1 Peter Spuhler

Chairman of the Board of Directors  
Born 1959, Swiss citizen

#### Entrepreneur

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

### 2 Dr. Gero Büttiker

Vice President  
Born 1946, Swiss citizen

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

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

### 3 Hansruedi Geel

Member of the Board of Directors  
Born 1956, Swiss citizen

#### lic. oec. HSG, Qualified Public Accountant

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

### 4 Peter Muri

Member of the Board of Directors  
Born 1958, Swiss citizen

#### lic. iur. Solicitor

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

## Management Board

### 5 Walter T. Vogel

CEO  
Born 1957, Swiss citizen

#### Dipl. Masch.-Ing. ETH Zurich

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

### 6 Stephan Naef

CFO  
Born 1962, Swiss citizen

#### lic. oec. publ., Zurich University

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

### 7 Rudi Rosenkamp

Head of Division Sales & Service  
Born 1963, Dutch citizen

#### Dipl. Ing.

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

### 8 Jochen Schneider

Head of Division Schmidt  
Born 1962, German citizen

#### Dipl.-Wirtsch.-Ing. Darmstadt University

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

### 9 Marco Studer

Head of Division Aebi  
Born 1976, Swiss citizen

#### Dipl. Automobil.-Ing. FH

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

## Group structure

The organisational structure is shown in the chart on page 54. The ASH Group is subdivided into three divisions: Sales & Service, Aebi and Schmidt. The managerial responsibility for the ASH Group lies with the CEO, unless it is delegated to the Division Managers. The managerial responsibility for the divisions is incumbent upon the Division Managers. The parent company of all group companies is Aebi Schmidt Holding AG. For an overview of all group companies that belong to the consolidated entity, please see page 62 of this report.

## Shareholders

Aebi Schmidt Holding AG is owned by the following shareholders:

### SHAREHOLDERS

PCS Holding AG, Switzerland (owner: Peter Spuhler)	57.36%
Gebuka AG, Switzerland (owner: Dr. Gero Büttiker)	38.65%
Other members of the Board of Directors and the Management Board	3.99%

## Capital

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

## Board of Directors

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

The Board of Directors is in charge of the executive management, supervision and control of the Management Board of the ASH Group. The Board of Directors is responsible for all matters delegated to its members under statutory law and the statutes, unless the Board of Directors delegates them to third parties. Except as otherwise provided in statutory law or the statutes, the Board of Directors fully delegates the operational management to the CEO of the ASH Group, who is supported in this task by the remaining members of the Management Board according to the authorities assigned to them. The CEO is accountable to the Board of Directors. All members of the Board of Directors are non-executive.

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

bers are present. The resolutions are passed by a majority of the votes cast. In the event of a tie, the Chairman has the deciding vote.

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

### Information and control instruments

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

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

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

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

### Risk management

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

The last risk assessment was conducted by the Board of Directors in September 2013. It is incumbent upon the Management Board to identify and communicate the substantial risks to the Board of Directors.

## Management Board

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

## Shareholders' participation rights

The general meeting is convened by the Board of Directors, if necessary, by the Audit Committee. The annual general meeting takes place once a year within 6 months after closing the business year. The annual report and the audit report are sent to the company's registered office no later than twenty days prior to the annual general meeting. Extraordinary general meetings are convened as necessary. The Board of Directors shall convene an extraordinary general meeting if requested in writing by shareholders representing at least 10% of the share capital, indicating the purpose and the proposals. The general meeting is convened by letter to the shareholders no later than twenty days prior to the date of the meeting. Besides the date, time and place of the meeting, the items listed on the agenda as well as the proposals of the Board of Directors and the shareholders shall be indicated in the notice of convocation. No resolutions can be passed on items that are not announced in this manner with a proviso to the regulations regarding general meetings attended by all shareholders (universal meetings).

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

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

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

## External auditors

In 2014, PricewaterhouseCoopers AG, Zurich, assumed the mandate as the external auditor of Aebi Schmidt Holding AG. The senior auditor Stefan Räbsamen has been in office since then.

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

## Compliance

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

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

The major elements of compliance are as follows:

- Code of Conduct – Defines the fundamental values of our employees' activities.
- Competence regulations – Defines the competencies within the company.
- Risk management – The Management Board examines the risks of the ASH Group on behalf of the Board of Directors and defines measures to avoid, limit or pass on the risks. One of the identified risks explicitly deals with compliance risks. A "risk officer" and risk limitation measures were defined for these risks as well; the implementation of the measures is inspected on an annual basis and adapted, where necessary.
- ICS (Internal Control Systems) – The risks identified by the persons in charge of the processes are examined within the scope of appropriate inspections. The inspections

are reviewed by the Management Board on an annual basis and, where necessary, adaptations are requested from the Board of Directors.

- The process of checking existing and new dealers and agents was supplemented and a Compliance Board was introduced. The dealers and agents must undergo an extensive inspection and sign an agreement amended by the new compliance regulation. The Compliance Board holds meetings as required and decides whether or not any transactions can be effected with the respective dealer or agent.
- The inspection of customers and the dual-use inspection were tightened, especially in the spare parts business. The export regulations demand compliance and verification that no goods or services are provided to a person or institution prohibited by an official authority from being supplied and whether or not the regulations for goods that can also be used for military purposes are complied with. Last year, the list of affected persons and institutions was constantly extended due to political upheavals. Using the newly introduced processes and computer-based check programmes, the inquiries can be carried out efficiently and promptly.
- The international sales team completed a training conducted by external specialists to further raise awareness of compliance and improve communication.

The ASH Group is convinced that the principle of conducting business transactions in a responsible manner and in compliance with the statutory and official regulations of the coun-



tries in which we are operating is feasible and that the high compliance requirements will develop to become an integral part of our business model. The ASH Group is making every effort to constantly improve its compliance system in order to be able to respond to the changing requirements in our global business.

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