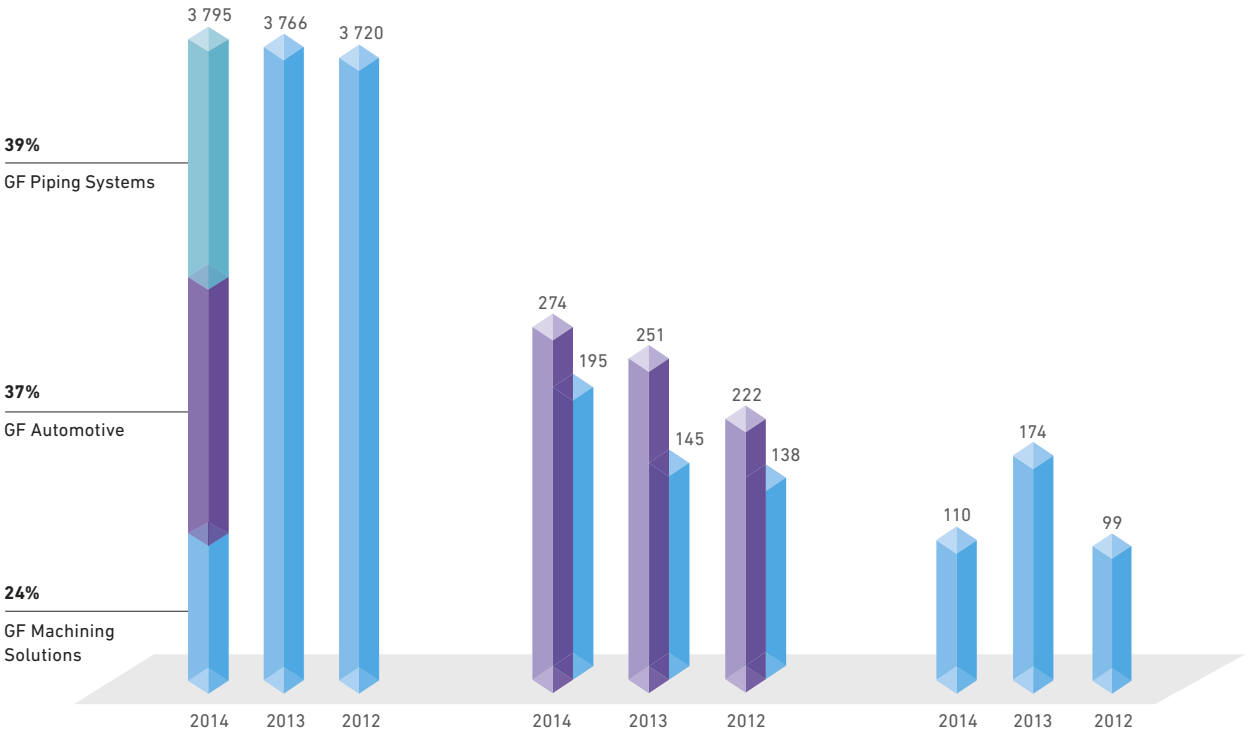
Our services for your success

Annual Report 2014

Short version

Key Figures

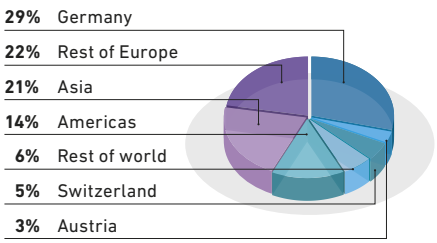


Sales
3 795 million CHF

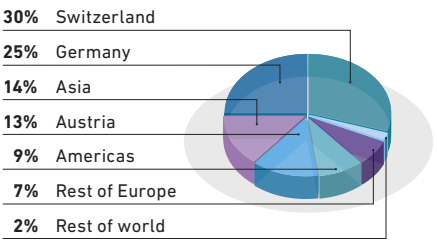
EBIT 274 million CHF
Net profit
195 million CHF

Free cash flow before acquisitions/divestitures
110 million CHF

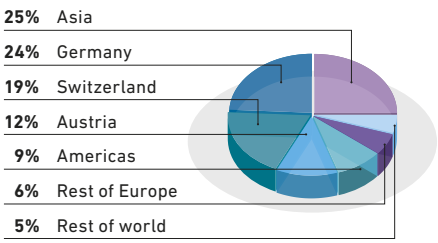
Sales 2014 by region (in %)
(100% = CHF 3.80 billion)



Gross value added 2014 by region (in %)
(100% = CHF 1.33 billion)



Employees 2014 by region (in %)
(100% = 14 140)



million CHF	**2014**	2013	2012
Sales	**3 795**	3 766	3 720
EBIT	**274**	251	222
Return on sales (EBIT margin) %	**7.2**	6.7	6.0
Return on invested capital (ROIC) %	**17.9**	16.7	15.7
Free cash flow before acquisitions/divestitures	**110**	174	99
Dividend (proposed) per registered share in CHF	**17**	16	15
Employees at year-end	**14 140**	14 066	13 412

Service at GF

For more than two centuries, customers trust the high quality and reliability of GF's products and services. With worldwide production locations, customer proximity and performance are ensured around the globe. The decentralized research and development centers in the major markets allow GF to better understand customer needs and quickly act upon them.

First

We put customers first

500 000

CHF invested in employee training

126

Production plants, service and sales centers

38

Centers of Competence

All about GF

Our profile // GF comprises three divisions: GF Piping Systems, GF Automotive, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and is present in 31 countries with 126 companies, 47 of them production facilities. Its approximately 14 100 employees generated sales of CHF 3.80 billion in 2014. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components in vehicles, and high-precision manufacturing technologies.

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

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

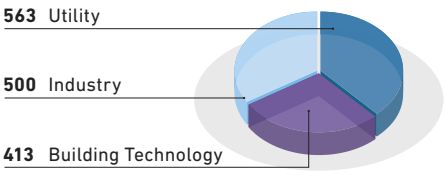
GF Automotive is a technologically pioneering development partner and manufacturer of lightweight cast components and systems made of ductile iron, aluminum, and magnesium for the global automotive industry as well as a variety of industrial applications. The highly complex lightweight components contribute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

GF Automotive manufactures at nine production plants in Germany, Austria, and China. In those countries as well as in Switzerland, Korea, and Japan it also operates sales offices. The lightweight research and development competency is in Schaffhausen (Switzerland) and Suzhou (China).

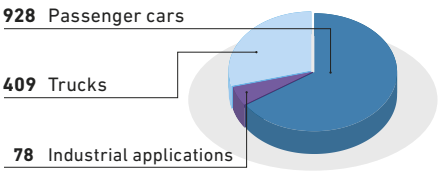
GF Machining Solutions' electrical discharge, high-speed milling, and laser texturing machines, along with automation solutions, make it the world's leading provider to the tool and mold making industry and to manufacturers of precision components. The most important customer segments are information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

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

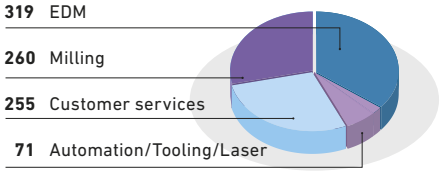
Sales: CHF 1 476 million



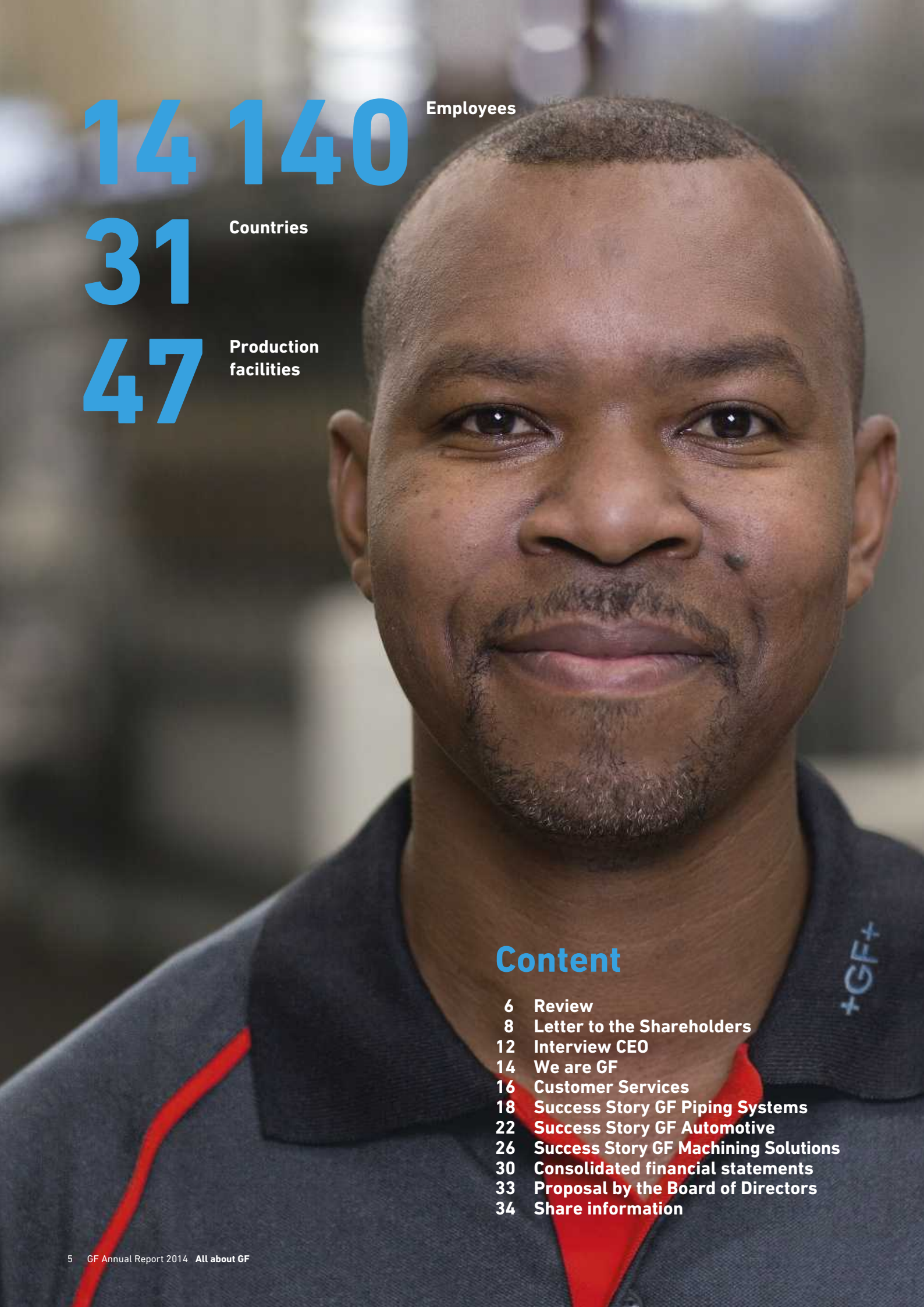
Sales: CHF 1 415 million



Sales: CHF 905 million



	GF Piping Systems		GF Automotive		GF Machining Solutions	
million CHF	**2014**	2013	**2014**	2013	**2014**	2013
Sales	1 476	1 402	1 415	1 498	905	867
EBIT	142	141	93	70	53	51
Return on sales (EBIT margin) %	9.6	10.1	6.6	4.7	5.9	5.9
Invested capital (IC)	685	621	393	384	302	274
Return on invested capital (ROIC) %	17.1	18.7	21.8	16.1	16.9	15.2
Employees at year-end	6 086	6 095	4 898	4 947	3 008	2 873



14 140 Employees

31 Countries

47 Production facilities

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Review

Centers of Competence

Market proximity // Being close to the market is crucial to develop the best solutions for customers. GF has 38 Centers of Competence (CoCs) around the globe. Extensive training centers and large product demonstration areas provide customers with tailor-made services and personal support worldwide.

Network of competence // GF Piping Systems operates eight CoCs in Europe, three in the Americas and six in Asia. Eleven CoCs of GF Machining Solutions are located in Europe, three in the Americas and seven in Asia. Five of them were newly opened in 2014:

Asia // GF Machining Solutions opened a new CoC in Shanghai (China). It focuses on customers in the automotive and electronic component industries and offers comprehensive support in reaching efficiency and sustainability targets.

Europe // The new CoCs near Milan (Italy), Paris (France) and Brno (Czech Republic) allow GF Machining Solutions to be closer to the local markets. Customers benefit from extensive technological expertise and on-the-spot support.

USA // GF Piping Systems and GF Machining Solutions opened a joint CoC in Irvine (California), to further strengthen customer services at the West Coast. Both divisions provide their customers with individual support in maximizing the profitability of operations.

All Centers of Competence collaborate and exchange their expertise to expand the knowledge base across international borders. In future, GF will further extend its global network of competence to be represented wherever its customers are. This allows the Corporation to respond quickly to local market needs and to develop the very best solutions for its customers.

Exhibition area at GF Machining Solutions' new CoC in Shanghai.

Pascal Boillat (l), Head of GF Machining Solutions, and Antonio Faccio, Managing Director of GF Machining Solutions Italy, at the opening ceremony in Milan.

Guests at the opening of the new CoC in Irvine admire the saltwater aquarium with GF pipes.

Highlights

International experts at the Water Technology Summit.

The Helios Award 2014 for energy efficiency went to GF Automotive.

Machine of Liechti Engineering AG producing blisks.

Successful premiere // At the GF Water Technology Summit in Schlatt (Switzerland) in September, 50 international experts addressed key water challenges with regard to desalination and mobile water treatment. In future, GF Piping Systems will hold the summit annually.

Best supply chain // GF Piping Systems won the Supply Chain Management Award at the international Supply Chain Convention in Frankfurt (Germany) in June. The division's integrated end-to-end supply chain solution was singled out as the best which enables the development of innovative services.

Sustainable production // In July, GF Automotive won the Helios Award given by the Economic Chamber of Lower Austria for performance in terms of energy efficiency. The modernization of the division's production sites in Herzogenburg (Austria) saves 2.5 million kWh of energy and 650 tons of CO_2 per year.

New partnership // GF Automotive announced the financial participation in the German Meco Eckel GmbH in July. The strategic and financial partnership with the leading specialist in mold-making enables not only faster design-to-production processes but also enhanced offerings and seamless supply and service.

Promising aerospace // Since July, Liechti Engineering AG, Langnau (Switzerland), is part of GF Machining Solutions. The acquisition allows GF to expand its presence in the aerospace sector. Liechti is the worldwide market leader for 5-axis milling machines for aircraft engines and power generating turbines.

Golden Micron // GF Machining Solutions' Integrated Vision Unit (IVU Advance) won the Micron d'Or Award last September at the Micronora in Besançon (France). The IVU Advance provides precision up to the micron.

GF keeps its earnings growth path

Dear shareholders

GF generated sales of CHF 3 795 million in 2014 for an increase of 1%. The operating profit (EBIT) rose 9% to CHF 274 million mainly thanks to significant productivity gains.

The EBIT margin went up from 6.7% to 7.2% and the return on invested capital (ROIC) from 16.7% to 17.9%. All three divisions generated ROICs well above their cost of capital.

Free cash flow before acquisitions and divestments stood at CHF 110 million compared to CHF 174 million in 2013 mainly on account of higher investments in fixed assets, especially at GF Automotive. Furthermore, the high turnover in December led to a clear increase of the net working capital at year-end compared to 2013.

The number of employees rose slightly from 14 066 to 14 140. The increase due the acquisition of Meco Eckel (Germany) and Liechti Engineering (Switzerland) has been nearly offset by the divestment of the gravity-die-casting operations in Herzogenburg (Austria).

Net profit grew 34% to CHF 195 million and earnings per share 32% to CHF 45 also supported by the disposal of non-operative real estate. The Board of Directors will propose a dividend of CHF 17 (CHF 16 for 2013) at the Annual Shareholders' Meeting.

Strategy implementation well under way // For the first time ever, GF Piping Systems became the largest division of GF, a change which continues to reduce the corporation's overall exposure to economic cycles and increases its overall profitability.

GF Automotive has divested its non-core activities and significantly improved its position in the pressure die-casting sector by entering in July into a strategic partnership, including a majority stake, with Meco Eckel, a leading German manufacturer of pressure die-casting molds.

GF Machining Solutions is now well focused on less cyclical, more profitable market segments such as the promising electronics and aerospace sectors. In the latter, it became a leading actor in 2014 by acquiring Liechti Engineering AG, the specialist of 5-axis milling machines for the production of the key rotating components of aircraft engines and power generating turbines.

Yves Serra, President and CEO, and Andreas Koopmann, Chairman of the Board of Directors, standing in front of the new production machine for large fittings in Schaffhausen.

GF Piping Systems

GF Piping Systems grew its top line by 5% to CHF 1 476 million. Organic growth reached 3% mainly on account of strong sales in the US gas sector as well as in Building Technology in Europe and shipbuilding worldwide. The general demand in Europe but also in sectors like semiconductor plants remained however subdued.

The operating result went up to CHF 142 million (from CHF 141 million in 2013). Profitability in the core business remained at a high level but the new acquisition in Turkey was affected by the strong depreciation of the Turkish Lira, at least during the first half-year.

Measures have been taken at GF Hakan Plastik which led to a 35% increase in sales and in the fourth quarter to a much higher profitability.

All three divisions increased their operating results, GF Automotive the most

GF Automotive

GF Automotive saw its turnover decrease by 6% to CHF 1 415 million in January on account of the divestment of its gravity die-casting operations in Herzogenburg (Austria) but also because the basic metal price decreases were passed on to customers. The truck-related demand became rather slack during the second half-year. On the other hand, the demand related to passenger cars remained at a good level in 2014, and attractive orders have been obtained, especially at premium manufacturers.

The operating result jumped 33% from CHF 70 million to CHF 93 million as non-core, low performing businesses have been divested and the average contract margins improved. In addition, its new acquisition Meco Eckel contributed very positively to the overall result.

The ROS went significantly up from 4.7% to 6.6% and the ROIC from 16.1% to 21.8%. The extension of the iron casting plant of Kunshan (China) has been completed on time in October 2014 for a capacity increase of 50%.

GF Machining Solutions

GF Machining Solutions increased its turnover by 4% to CHF 905 million. The Liechti acquisition added CHF 32 million. The organic growth stood at 2%. After a rather slow start, orders picked up in the second half-year, especially in the electronics and aerospace sectors, for an increase of 9% compared to 2013 out of which 3% attributed to Liechti who obtained a major order in the amount of CHF 28 million at a well-known aircraft engine manufacturer. The backlog of the division went up 45%, certainly a good sign for 2015.

The operating result reached CHF 53 million against CHF 51 million in 2013, the Liechti contribution being compensated by margin reductions in countries like Japan, owing to the Yen depreciation.

Outlook for 2015 // Whilst the profitability of GF Automotive is not affected as all activities are located outside of Switzerland, the sharp appreciation of the Swiss Franc in January would have, if present levels persist, an impact on GF Machining Solutions and GF Piping Systems. However, this impact is clearly reduced as the Euro is basically naturally hedged and financial hedges cover most of the net exposure in US Dollar for 2015.

Moreover efficiency measures have been taken in Switzerland, purchasing in Euro has been further increased and relevant innovations have been introduced in all three divisions in order to maximize revenues and margins.

Finally, lower raw materials costs will have a positive impact on GF Piping Systems, production capacity in China at GF Automotive has been greatly increased and the order backlog at GF Machining Solutions is much higher than a year ago.

Forecasting has certainly become more challenging on account of the uncertainties regarding the level of the Swiss currency. Nevertheless, based on today's knowledge and the measures we have taken, we expect to further increase our operating margin (ROS) to the 8% range whilst keeping our ROIC between 16% and 20%.

Personnel changes at the Board of Directors // Upon reaching the retirement age for Board members, the term of office of Kurt E. Stirnemann ended at the Annual Shareholders' Meeting of March 2014.

Kurt E. Stirnemann can look back to a successful career in the service of the company, first as President of GF AgieCharmilles as of 1996, then as CEO and Delegate of the Board of Directors of GF from 2003 to 2008 and as member of the Board from 2003 to 2014. The Board of Directors and the Executive Committee warmly thank Kurt E. Stirnemann for his long-time commitment to the company. We wish him all the best for the future.

Hubert Achermann, Swiss citizen, was elected to the GF Board at the Annual Shareholders' Meeting 2014. Hubert Achermann is attorney-at-law and held various key positions at KPMG, of which eight years as CEO. He is a member of a number of company boards and cultural trusts.

Amendments of the Articles of Association // According to the new Corporate Governance directives and the associated adaptions of the compensation, the Board of Directors will propose at the Annual Shareholders' Meeting of March 2015 a revision of the Articles of Association.

All together at the service of our customers // We highly value the constructive feedback and the close cooperation we enjoy with our customers. Our before and after sales services stand at the heart of our constant efforts to keep in touch with them, adapt our offering and quicken our innovation pace.

We express our heartfelt gratitude to our shareholders for their continuing trust. Our deepest thanks go to our employees. Their willingness to act as a team, their dedication, flexibility and tremendous commitment to GF make outstanding achievements possible.

Andreas Koopmann
Chairman of
the Board of Directors

Yves Serra
President
and CEO

“Today’s services bring the orders of tomorrow”

Is GF a service company?

Yes. All three divisions of GF are selling solutions, not only products. Services are essential to our solutions offering, before and after sales are concluded. In fact, they often play a decisive role to convince customers and certainly to retain them. Today’s services bring tomorrow’s orders.

What does service mean for GF Piping Systems?

At first glance, service in this sector consists in the availability of all components and products wherever our customers need them. This we ensure by maintaining a proper stock in each region or each country. In fact, GF Piping Systems offers much more than that. GF Piping Systems has developed the most comprehensive handbook regarding the use of plastic piping systems for virtually any industrial application, a reference which is used by our customers to select, joint, and inspect every kind of plastic piping systems. Our skilled engineers provide technical support during the design phase as well as by selecting the right piping materials for aggressive media. We also train every year more than 10 000 customers worldwide to ensure a proper layout and installation. GF Piping Systems is present in virtually all sites where construction happens.

And for GF Automotive?

GF Automotive is specialized on offering lightweight solutions to its customers, the car and truck manufacturers. The division acts as a partner, developing its own materials and component designs in close contact with its customers. Its test centers can handle the largest car and truck components, even whole vehicles. Thanks to its extensive production facilities in Europe and China and production partners in the US and Japan, it offers to international car customers the same solutions worldwide. In addition, the division develops and builds its own molds and patterns and undertakes their maintenance including at our customers’ premises, 24 hours a day.

“Services are essential to our solutions offering, before and after sales are concluded.”

GF Machining Solutions is a machine tool business. Can service be described as the delivery of spare parts?

Not only. Service starts with advising of our customers regarding their projects. For example the development of automated solutions, typically tailored to each client’s needs. GF Machining Solutions also offers in each and every one of its worldwide facilities the necessary test cuts to prove the validity of its offering. The exclusive training of customers’ operators upon delivery and the availability of application engineers plays thereafter a key role to maximize the efficiency and utilization of the proposed solutions. Finally, GF Machining Solutions ensures a prompt delivery of components and parts close to its customers and a whole array of preventive maintenance contracts for each and every one of its clients. All the above account for 30% of the turnover of GF Machining Solutions.

Where do you see opportunities for the service business of GF Piping Systems?

GF Piping Systems recently developed geolocalisation tools and services to enable customers to trace the

location of the components they install, a real novelty in this business. We also see opportunities in the offering of novel plastic weld inspection technologies but also in innovations regarding leak detection across plastic pipe networks.

Yves Serra, President and CEO

Will service be more relevant for GF Automotive in the future?

With the development of electric cars or even the strict application of CO_2 reduction targets, the expertise of GF Automotive in lightweight component construction will certainly be an asset regarding the competitiveness of its offering. Also, the upstream support of our customers at the R&D and component design stage will become even more relevant. For example for aluminum die-casting components we also offer the relevant molds, an essential part of their design.

Can you describe how GF Machining Solutions can expand its service business?

With internet chips inside the machine controls, remote services will certainly be expanded, just like the services offered in cars. They include for example software additions and advanced diagnostics.

How can GF benefit from a further enhancement of its service business?

Service activities are less cyclical, especially in the machine-tool business. They are an important and growing source of revenues. Services offered worldwide are also a key differentiator, especially for our international customers in the car, aerospace or electronics sectors, for example. Finally, services bring us closer to our customers, to their needs and allow us to quickly adapt our offering, in other words to quicken our innovation pace.

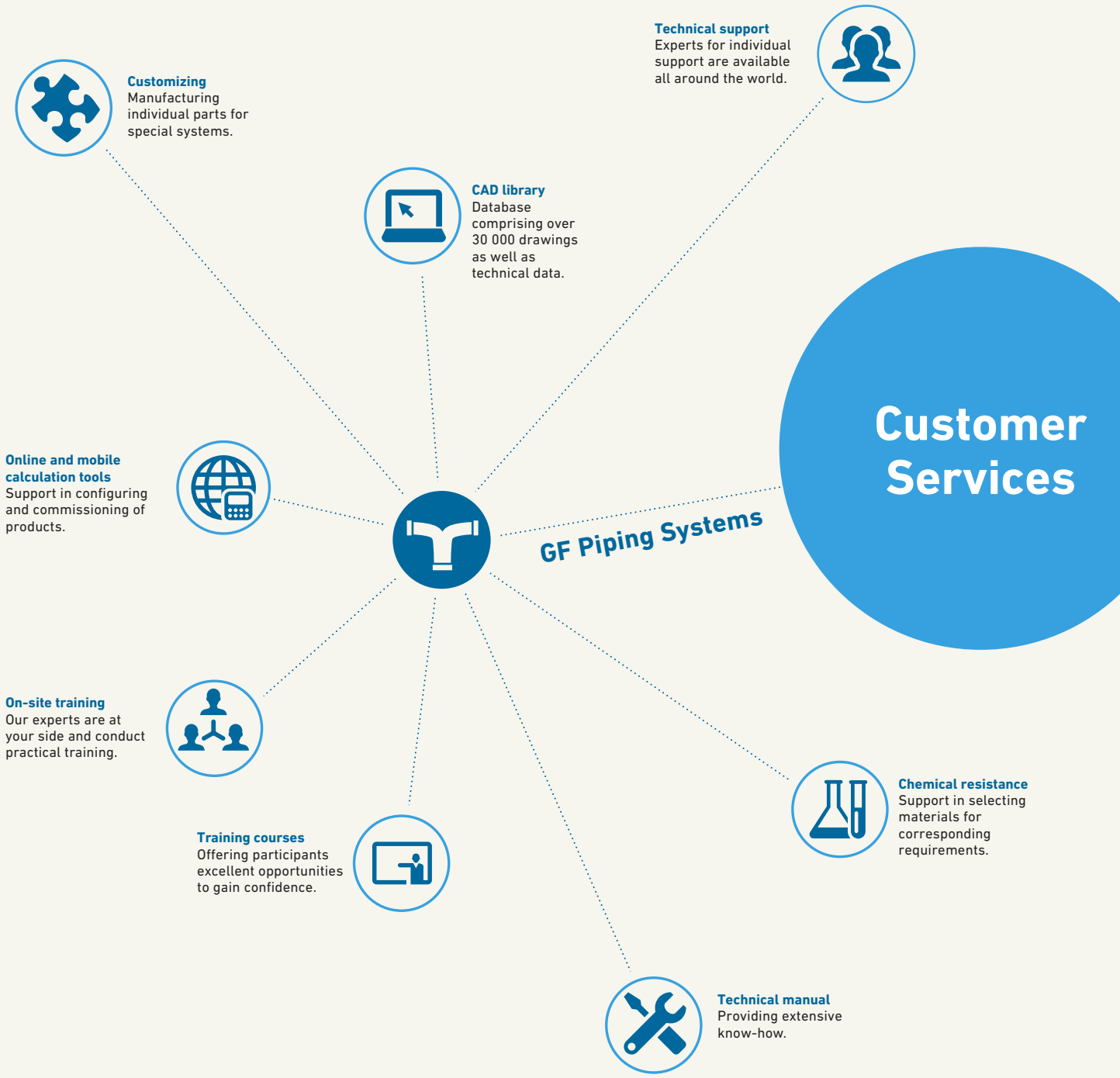
Each customer can count on us

This team from the Competence Center in Irvine (USA) is exemplary for all 14 140 employees of GF who put their heart and soul into their work. Thanks to the personal dedication and passion of each of them, GF delivers exceptional products and services to customers worldwide.


+GF+

Individual service for your needs

Customer needs are in the center of whatever GF does. From on-site training to adapted design and tailor-made processes – GF provides individual service which fits customers best.




Design
Optimal design for all customer demands regarding lightweight and functionality.
Support
GF Automotive is capable of responding 24/7.
Process
The right application per product and the desired vertical integration from casting to the finished component.
Delivery
Nine production sites worldwide guarantee seamless delivery.
Material
Materials that are exactly tailored to the needs and requirements of customers.
GF Automotive
Validation
Components validated for safety, quality, and functioning.
Solution
Complete solutions provider – from the conception stage to serial production.
Operations support
A comprehensive range of consumables and original wear parts for optimum day-to-day performance.
GF Machining Solutions
Machine support
Technical after-sales, original spare parts, and preventive services.
Business support
Individual solutions, application studies, training programs and technical upgrades.
GF Machining Solutions Academy
Tailor-made training is key to constantly raise the technological knowledge.

Fresh water for ocean giants

Thomas Runge grew up at the North German coast and has been involved with ships for half his life. After training at a shipyard, he studied marine engineering and was then at sea for years. So as Market Segment Manager Marine with GF Piping Systems, he is very familiar with the business area of Meyer Werft.

Products for modern shipbuilding must meet the very highest standards. GF Piping Systems supplies this industrial sector with long-lasting plastic piping systems that are flexible to mount, very light, and highly corrosion-resistant. Moreover, the division provides individually tailored services for shipyards and ocean carriers.

Tailor-made services – a key success factor for Meyer Werft:

1 Technical support

GF Piping Systems supports customers in planning with sound expertise and information on products, systems, and materials.

2 CAD library

One important planning instrument is a product database containing over 30 000 drawings and technical details.

3 Online tools

Online tools facilitate material and product selection as well as calculation of all central factors for the relevant application.

4 Mobile calculation tools

Useful apps provide a quick overview of GF Piping Systems products, allowing on-site calculation of values like pipe diameters and flow speed.

5 Training courses

Comprehensive hands-on training programs are provided for handling systems and products.

“GF Piping Systems is always there to help.”

Thomas Spekker, Technology & Standards, Meyer Werft GmbH

GF Piping Systems offers a large selection of individual components for shipbuilding and marine applications. This includes the piping system Instaflex for water distribution. The system components of the plastic polybutene are corrosion- and incrustation-free in operation. The durability of Instaflex also ensures reliable and economic operation.

Instaflex piping systems of highly resilient plastic are ideal for cold and hot water distribution on large ships.

Ocean giant // The Quantum of the Seas is anchored in all of its majesty in the port of Nassau in the Bahamas. The newest vessel of the shipping company Royal Caribbean Cruises completed its maiden voyage in the Caribbean in November 2014: over 374 meters long, it is currently the third largest cruiser in the world. Its 18 decks hold 4 180 passengers and 1 550 crew members. For guests’ entertainment there are 18 restaurants, twelve bars, pools, and even a theater. The GF Piping Systems products installed throughout the ship ensure that passengers enjoy clean drinking water at all times.

Three new ships // The Quantum of the Seas was built by Meyer Werft in Papenburg (Germany). It is the first of three new cruise ships of the same size to be commissioned by Royal Caribbean International. The keel-laying of its sister ship Anthem of the Seas has already taken place and is set to be delivered in spring 2015. The third liner, the Ovation of the Seas, is planned for 2016.

Long partnership // “Seeing these huge ships grow piece by piece over many months is always fascinating to me,” says Thomas Runge, Market Segment Manager Marine with GF Piping Systems in Germany. Once a week he drives to Meyer Werft from his sales office in Hannover to support his customer. Meyer Werft and GF Piping Systems enjoy a long-standing partnership. The shipbuilding company has used Instaflex for hot and cold water distribution in all its new ships since 2006. “The system’s enormous flexibility strongly appeals to us because we have a high degree of standardization when installing components,” explains Thomas Spekker, who is responsible for procuring piping systems at Meyer Werft.

“Having studied shipbuilding, I am quite aware what’s important for a shipyard.”

Thomas Runge, Market Segment Manager Marine, GF Piping Systems

Simple installation // The system’s components are simple to mount with an electrical welding system. “This allows us to prefabricate large sections easily while remaining flexible because we can still effortlessly compensate for tolerances during subsequent installation,” explains Spekker. Instaflex and Instaflex Big pipes are installed

in the Quantum of the Seas, with diameters of 25 to 225 mm. "A ship of this size has at least 20 kilometers of piping just for the drinking water," says Spekker.

Inspection of new products // Other GF Piping Systems elements are also used in the three ships. When it comes to water processing for the swimming pools and the main cooling water systems for the air conditioning, the adhesive piping system ABS, automatic fittings, and valves are used for example, as well as measuring instruments made by GF Signet. "At the beginning of a ship project we talk to Meyer Werft about which products or systems are best suited," explains Thomas Runge. As a result, the shipbuilders used polyethylene products made by GF Piping Systems for the first time in the flue gas cleaning system of Quantum of the Seas' main engine system.

Correct installation is crucial // Every potential component is assigned its own ID number by Meyer Werft – including the GF Piping Systems products. "We therefore have all information on every component at the press of a button," says Thomas Spekker. For each item, GF Piping Systems and Meyer Werft also jointly draw up shipbuilding standards, design guidelines, and installation instructions for shipyard employees and subcontractors. "About 600 to 700 people are involved in installing pipes on a ship like the Quantum of the Seas," estimates Spekker. Each one of them must first train with GF Piping Systems in order to be able to install the system components without error. The training programs are usually conducted by Thomas Runge of GF Piping Systems personally at the shipyard. "As many as 200 fitters take our courses every year," he says. There are also training programs for the shipping company's inspection officers. They, too, must know how the piping systems are correctly installed.

Intensive support // Thomas Runge supervises production on site at Meyer Werft throughout the entire construction phase of the ship and is available to the various installation departments if questions arise about the products. Shortly before the ship is delivered, he helps draw up a list of spare parts and prepares other documents for the shipping company. Furthermore, he provides training for the crew so that they can carry out any repairs and necessary maintenance work themselves at sea.

The Quantum of the Seas on the premises of Meyer Werft just before delivery.

Scan QR Code to see the float out.

Teamwork – a key factor for success

As Sales Manager for GF Automotive in Leipzig, **Norbert Pomplun** literally gets the big wheels turning. He is responsible for projects with the US company Caterpillar, which makes huge trucks and wheel loaders designed for extreme use under the Cat brand.

When it comes to Caterpillar, GF Automotive offers outstanding services far beyond standard offerings. The close collaboration between Caterpillar and GF Automotive has grown rapidly and created mutual trust.

Tailor-made services – a key success factor for Caterpillar:

1 Design

In close collaboration with Caterpillar, developers constantly adapt components to new models so as to reduce weight while maintaining identical stability.

2 Process

The automated GF casting process offers unique solutions. Combined with the dedication and focus on quality, GF delivers consistent, high-quality products.

3 Material

The right material at the right place. Materials from GF Automotive are the basis for solid and light castings.

4 Validation

Will the prototypes really meet actual demands? Before a component enters series production, it is tested extensively in realistic conditions.

5 Delivery

GF Automotive supplies the various Caterpillar production facilities worldwide from Leipzig.

6 Support

GF Automotive supports developments beyond project completion and is capable of responding to production queries 24/7.

“GF Automotive is one of the leading technology companies in the transport sector.”

Al Augustine, Global Purchasing Strategic Sourcing Leader Advanced Component System Division for Iron Castings, Caterpillar USA

A Cat 980H wheel load is not for small fry – with its huge excavator shovel lifting up to 20 tons and an operating weight of 30 tons. The GF Automotive wheel loader axles for this model series have to be very robust. They are manufactured by way of an automated casting process and can support weight in excess of 15 tons.

Harnessing the biggest molding box in Europe, the Leipzig plant can produce wheel loader axles for the various Cat models far more economically than by hand molded casting.

Combination of extremes // In 1998, US manufacturer Caterpillar presented the world's largest off-road truck with a load capacity of 393 tons – a record that is held by the company to this day. The tires alone have a diameter of at least four meters. The yellow giants with the white-on-black Cat lettering are seen frequently on large construction sites and also in mining scenarios. In addition to the trucks, the company has also made a name for itself worldwide with huge wheel loaders. Caterpillar has axles for a number of its models made by GF Automotive in Leipzig (Germany). “For us it was important to find a company that could handle the size of our components and had the necessary production capacity – as well as the expertise, of course. That was the case here,” emphasized Al Augustine, Global Purchasing Strategic Sourcing Leader Advanced Component System Division for Iron Castings with Caterpillar in Peoria (USA), the company's headquarters.

Automated production of large cast parts // In Leipzig, GF Automotive also has an extreme to offer: here the division operates a foundry with Europe's biggest molding flask for machine-molded casting. “The automated production of components like the big Caterpillar axles is unique worldwide,” explains Norbert Pomplun, Sales Manager with GF Automotive in Leipzig. “They're usually produced by hand molded casting due to their size. We're able to make them by means of an automatic casting process, which is far more cost-efficient.” GF Automotive has supplied the giant parts since 2008. The Leipzig foundry mainly makes axle components for Cat wheel loader models ranging from the 980 through the 994K – twelve components all in all, tipping the scales between 254 and 1 195 kilograms each.

Closely dovetailed development // “We optimized some of the components together,” explains Al Augustine, who has often made the trip from Illinois to Leipzig himself. “But there are some which are developed from scratch – requiring a partner to offer particularly close collaboration and much more flexibility than when optimizing existing components.” Caterpillar and GF Automotive developers now form a highly effective team. Half a dozen engineers are involved in the projects on both sides. Meetings are held in the USA or Germany to maintain close contact, interspersed by regular video conferences. “But face-to-face is best,” as Norbert Pomplun underscores. “On this type of project you can't just send e-mails. There has to be a sense of mutual trust – and that has grown very rapidly between Caterpillar and ourselves.”

Identifying optimization potential – not only on request // GF Automotive produces the single-piece axles for the Cat models on an automatic molding facility. This is much more cost efficient than welding together several pieces

Machine-formed, freshly painted axle parts for Caterpillar vehicles at GF Automotive in Leipzig.

of steel, and spells weight and cost savings for Caterpillar. The company also benefits from process optimizations. In the case of a new edition of a wheel loader model, for example, Caterpillar reinforced the axles with additional consoles. "We were asked to make the same axles for the new series, but with the same consoles that had no longer been required for the predecessor model," Norbert Pomplun recalls. "So instead we presented Caterpillar with a new reinforced axle without consoles – more resilient but not heavier. This enabled Caterpillar to dispense with one stage of the process that would have made production unnecessarily expensive." Caterpillar had neither requested nor expected this new development. "But it's important to support your customers wherever you can," says Norbert Pomplun. "This is what close, trusting collaboration is all about."

> **"Our close collaboration has created a real sense of mutual trust."**
>
> Norbert Pomplun, Sales Manager, GF Automotive

Tying in with the process chain // In fact, the engineers at GF Automotive are always thinking ahead. In addition to producing axles, the Leipzig plant also makes transmission casings, planetary carriers, and chassis parts. "Of course we always take a look at the Caterpillar plants where final assembly takes place so as to jointly identify new potential, or we call in local machining suppliers when we only supply raw parts," as Norbert Pomplun explains. "The better we can support all those involved on site, the smoother the entire operation."

Perfect service – pit lane style

Phil Parkin is Key Account Manager with GF Machining Solutions in Coventry (UK) and ensures his customers get what they want. Lotus F1 Team is an especially interesting case. Phil Parkin keeps the Formula 1 team's operations in Enstone regularly updated with the latest GF Machining Solutions products and services.

GF Machining Solutions provides an integrated service package that helps Lotus F1 Team optimize their resources and ensure their manufacturing potential can respond to the innovation challenges they face every day – from purchasing consultation and machine training through to rapid-response aftersales, regular maintenance, and supply of original spare parts.

Tailor-made services – a key success factor for Lotus F1 Team:

1 Operations support

Operations support ensures optimum day-to-day performance with a comprehensive range of consumables and original wear parts.

2 Machine support

Technical aftersales, original spare parts, and preventive services such as inspection and maintenance ensure that the machines remain in perfect condition.

3 Business support

Business support includes solutions, application studies, training programs, and technical upgrades to ensure first-class operations.

4 GF Machining Solutions Academy

GF Machining Solutions Academy offers tailor-made solutions for its customers. Training is the key to constantly raise the technological knowledge and motivation of employees.

“GF Machining Solutions is Lotus F1 Team’s longest-standing technical partner.”

Luca Mazzocco, Head of Partner Management, Lotus F1 Team

The Mikron HPM 450U meets all Lotus F1 Team’s needs. 5-axis simultaneous machining enables milling of complex metal shapes in a single operation. Integrated automation, including a pallet changer with seven positions and tool changer with 120 positions, ensures superior flexibility.

The Mikron HPM 450U is used for the production of the Lotus F1 Team’s manifold for gearbox control system. It is built from a solid aluminum block and measures 100 mm x 70 mm.

Every second counts // When the Lotus E22 turns into the pit lane, things happen lightning-fast. Lotus F1 Team’s mechanics take just a few seconds to change the tyres before the V6 engine catapults the car back onto the track. The race team travels to every race event with 35 tons of equipment.

Top precision required // “Downtime within our machine shop can have enormous consequences for the team and the race outcome,” says Luca Mazzocco, Head of Partner Management with Lotus F1 Team. Every part of the E22 is produced individually at the team’s Technical Centre in Enstone (UK). Most of the bodywork is made of carbon fibre. Metal parts are made of titanium or special alloys. Since top precision and performance are crucial, Lotus F1 Team uses machines and services supplied by GF Machining Solutions.

Long-standing partnership // GF Machining Solutions has been a technical partner to Lotus F1 Team for nearly 20 years. The history of the team dates back to the eighties with Toleman and continued with Benetton and Renault until 2011, when it was renamed Lotus F1 Team. The team won its first Constructors‘ Championship title in 1995 under the Benetton name; ten years later it went on to win back-to-back championships in 2005 and in 2006 as Renault F1 Team.

In the mid-nineties the team introduced the first EDM machines by AgieCharmilles, a key technology in mold and tool making with the needed precision of detail. Before the 2014 season, Lotus F1 Team enhanced its capability at the Technical Centre with six new Mikron HPM 450U 5-axis machining centers – as they were deemed as the ideal tools to respond to the complexity of modern Formula One designs. With their integrated automation, pallet and tool changer, the HPM 450U machines give Lotus F1 Team maximum flexibility. “The new machines have enabled us to boost productivity significantly,” says Luca Mazzocco.

Individual solution // Phil Parkin provided in-depth consultation for Lotus F1 Team in selecting and configuring the new machining centers. “As a sales consultant, it’s my role to identify the customer’s needs and find a tailor-made product solution,” he says. Lotus F1 Team was able to test the machines extensively at the GF Machining Solutions premises in Coventry in advance. “We even had the opportunity to produce some parts with their machines,” says Mazzocco. GF Machining Solutions provided an in depth customer specific training program to ensure that Lotus F1 Team staff would be able to use the full potential of the new machines right from the start.

Immediate response // Lotus F1 Team produces at least 50 000 metal components for its cars during a season. "Our machines run virtually around the clock. If one fails, this can spell a serious problem – especially just before a Grand Prix," explains Luca Mazzocco. This was why the quality and rapid response capability of GF Machining Solutions aftersales was critical for Lotus F1 Team. The team can contact technical support in Coventry any time – also outside regular office hours. "If there are problems with a machine, all we do is contact support. The staff respond right away," says Mazzocco. "We rely on GF Machining Solutions reacting immediately, so that any issue can be resolved within 24 hours."

> "It's our job to understand the customer's needs."
>
> Phil Parkin, Key Account Manager, GF Machining Solutions

Real-time diagnosis // The diagnostic system is a very helpful feature, and provides the GF Machining Solutions service experts with online access to the machines' system data. In the case of smaller errors, they can often help the customer find a solution themselves. If there is a more serious issue, a service technician can be in Enstone in no time. If necessary, GF Machining Solutions can supply original spare parts within a day. GF Machining Solutions carries out annual maintenance and technical overhaul to ensure the machines available to Lotus F1 Team are always in excellent condition.

Top-class accessories // GF Machining Solutions naturally supplies Lotus F1 Team with the best consumables and original wear parts such as wire and electrodes for the erosion machines, lubricants, cleaning agents, and filters for the new milling centers. Phil Parkin also informs his customers regularly about upgrades and new accessories so that the machines continue to provide excellent performance. "This means Lotus F1 Team is always on top of their game," he says.

When the Lotus E22 pulls into the pits, the crew has to be able to react rapidly.

Five-year overview Corporation

CHF million	**2014**	2013	2012	2011	2010
Order intake	3 836	3 795	3 691	3 734	3 625
Orders on hand at year-end[1]	634	577	565	666	579
Income statement					
Sales	3 795	3 766	3 720	3 638	3 447
EBITDA	399	380	351	370	329
Operating result (EBIT)	274	251	222	235	180
Net profit/loss	195	145	138	168	108
Cash flow					
Cash flow from operating activities	248	309	230	250	243
Cash flow from investing activities	–158	–201	–211	–147	–93
Free cash flow before acquisitions/ divestitures	110	174	99	103	150
Free cash flow	90	108	19	103	150
Balance sheet					
Assets	2 989	3 126	2 664	2 925	2 838
Liabilities	1 885	2 148	1 685	1 702	1 714
Equity	1 104	978	979	1 223	1 124
Invested capital (IC)	1 354	1 224	1 217	1 476	1 418
Net debt	354	352	334	294	321
Key figures					
Return on equity (ROE) %	18.7	14.8	14.2	14.0	9.5
Return on invested capital (ROIC) %	17.9	16.7	15.7	13.3	9.1
Return on sales (EBIT margin) %	7.2	6.7	6.0	6.5	5.2
Asset turnover	2.9	3.0	3.2	2.5	2.3
Cash flow from operating activities in % of sales	6.5	8.2	6.2	7.0	7.0

1 In 2012 change of definition for GF Piping Systems.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior-year figures have been adjusted accordingly. The years 2010-2011 are represented according to IFRS.

Balance sheet as of 31 December 2014

CHF million	2014	%	2013	%
Cash and cash equivalents	374		641	
Marketable securities	6		12	
Trade accounts receivable	643		568	
Inventories	666		647	
Income taxes receivable	9		6	
Other accounts receivable	62		63	
Prepayments to creditors	26		16	
Accrued income	15		13	
Assets held for sales			23	
Current assets	**1 801**	**60**	1 989	64
Property, plant, and equipment for own use	1 009		965	
Investment properties	44		43	
Intangible assets	27		23	
Deferred tax assets	88		90	
Other financial assets	20		16	
Non-current assets	**1 188**	**40**	1 137	36
Assets	**2 989**	**100**	3 126	100
Trade accounts payable	419		421	
Bonds			300	
Other financial liabilities	154		149	
Loans from pension fund institutions	27		26	
Other liabilities	69		60	
Prepayments from customers	52		47	
Current tax liabilities	42		43	
Provisions	37		38	
Accrued liabilities and deferred income	181		175	
Liabilities held for sale			23	
Current liabilities	**981**	**33**	1 282	41
Bonds	497		496	
Other financial liabilities	56		34	
Pension benefit obligations	131		128	
Other liabilities	51		46	
Provisions	123		120	
Deferred tax liabilities	46		42	
Non-current liabilities	**904**	**30**	866	28
Liabilities	**1 885**	**63**	2 148	69
Share capital	4		41	
Share premium	33		60	
Treasury shares	–9		–9	
Retained earnings	1 029		843	
Equity attributable to shareholders of Georg Fischer Ltd	**1 057**	**35**	935	30
Non-controlling interests	47	2	43	1
Equity	**1 104**	**37**	978	31
Liabilities and equity	**2 989**	**100**	3 126	100

Income statement for the year ended 31 December 2014

CHF million	2014	%	2013	%
Sales	**3 795**	**100**	3 766	100
Other operating income	45		28	
Income	**3 840**	**101**	3 794	101
Cost of materials and products	–1 841		–1 804	
Changes in inventory of unfinished and finished goods			–38	
Operating expenses	–665		–658	
Gross value added	**1 334**	**35**	1 294	34
Personnel expenses	–935		–914	
Depreciation on tangible fixed assets	–122		–126	
Amortization on intangible assets	–3		–3	
Operating result (EBIT)	**274**	**7**	251	7
Interest income	3		3	
Interest expense	–39		–36	
Other financial result	–6		–12	
Ordinary result	**232**	**6**	206	5
Non-operating result	14		1	
Extraordinary result			–26	
Profit before taxes	**246**	**6**	181	5
Income taxes	–51		–36	
Net profit	**195**	**5**	145	4
– Thereof attributable to shareholders of Georg Fischer Ltd	184		139	
– Thereof attributable to non-controlling interests	11		6	
Basic earnings per share in CHF	45		34	
Diluted earnings per share in CHF	45		34	

Statement of cash flows for the year ended 31 December 2014 (condensed)

CHF million	2014	2013
Net profit	195	145
Depreciation and non-cash income/expenses	233	264
Use of provisions	–28	–24
Changes in net working capital	–42	15
Changes in other receivables and accrued income	1	–4
Changes in other liabilities and accrued liabilities and deferred income	–26	–13
Interest and income taxes paid	–85	–74
Cash flow from operating activities	**248**	309
Cash flow from investing activities	**–158**	–201
Free cash flow before acquisitions/divestitures	**110**	174
Free cash flow	**90**	108
Cash flow from financing activities	**–368**	207
Net cash flow	**–267**	311

Proposal by the Board of Directors

Proposals by the Board of Directors for the appropriation of retained earnings 2014

CHF 1 000	**2014**	2013
Net profit for the year	129 048	76 747
Earnings carried forward	865 211	792 346
Allocation/reduction to treasury share reserves	200	–3 882
Retained earnings	**994 459**	865 211
Dividend payment CHF 14.57 per registered share[1]	–59 750	
To be carried forward	**934 709**	865 211

Proposals by the Board of Directors for the appropriation of reserves from capital contributions 2014

CHF 1 000	**2014**	2013
Reserves from capital contributions carried forward from previous year	9 983	38 689
Balance as of 31 December 2014	**9 983**	38 689
Dividend payment out of reserves from capital contributions of CHF 2.43[1]	–9 965	–28 706
Reclassification of reserves from capital contribution to retained earnings	–18	
To be carried forward		9 983

1 The dividend payment is based on the issued share capital as of 31 December 2014. No distribution will be made for treasury shares held by Georg Fischer Ltd.

The Board of Directors will propose to the Annual Shareholders' Meeting of 18 March 2015 to pay out a dividend of CHF 14.57 per registered share out of retained earnings. In addition, the Board of Directors will propose to the Annual Shareholders' Meeting to pay out a dividend of CHF 2.43 per registered share free of 35% withholding tax out of reserves from capital contributions. A profit distribution of CHF 17 per registered share will be proposed to the Annual Shareholders' Meeting.

In the previous year, a dividend of CHF 7 per registered share free of 35% withholding tax out of reserves from capital contributions and a par value reduction of CHF 9 per registered share was paid out according to the decision taken by the Annual Shareholders' Meeting of 19 March 2014.

Schaffhausen, 13 February 2015

For the Board of Directors
The Chairman

Andreas Koopmann

Share information

	2014	2013	2012	2011	2010
Share capital					
Number of shares as of 31 December					
Registered shares	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Thereof dividend-entitled	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Number of registered shareholders	**13 446**	12 269	14 212	13 966	14 180
Share prices in CHF					
Registered share					
Highest (intraday)	738	648	451	574	579
Lowest (intraday)	495	363	302	261	261
Closing as of 31 December	629	628	368	321	528
Earnings/loss in CHF					
Per registered share	45	34	32	39	24
Price-earnings ratio	**14**	18	11	8	22
Market capitalization as of 31 December					
CHF million	2 579	2 573	1 509	1 316	2 163
In % of sales	68	68	41	36	63
In % of equity attributable to shareholders of Georg Fischer Ltd	244	275	161	112	200
Cash flow from operating activities in CHF					
Per registered share	61	76	56	61	59
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
Per registered share	259	229	229	288	264
Dividend paid (proposed) in CHF million[1]	70	66	62	62	41
Dividend paid (proposed) in CHF					
Per registered share[1]	17	16	15	15	10
Pay-out ratio in %	**38**	47	47	38	42

1 In 2014 as a dividend of CHF 14.57 out of retained earnings and as a dividend of CHF 2.43 out of reserves from capital contributions. In 2013 as a par value reduction and as a dividend out of reserves from capital contributions. In 2012 and 2011 as a dividend out of reserves from capital contributions. In 2010 as a par value reduction.

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Prior-year figures have been adjusted accordingly.

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Save the date

2015

18 March // Shareholders' Meeting for fiscal year 2014
21 July // Publication of Mid-Year Report 2015

2016

1 March // Publication of Annual Report 2015, Media and Financial Analysts' Conference
23 March // Shareholders' Meeting for fiscal year 2015

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