

autoneum



Annual Report **2018**

Autoneum is the global market and technology leader in acoustic and thermal management for vehicles and is partner to vehicle manufacturers around the world. Autoneum develops and produces multifunctional, lightweight components for optimal protection against noise and heat. Autoneum's innovations make vehicles quieter, lighter and safer and help to reduce fuel consumption and emissions.

Revenue

CHF million



EBIT

CHF million



Net profit

CHF million

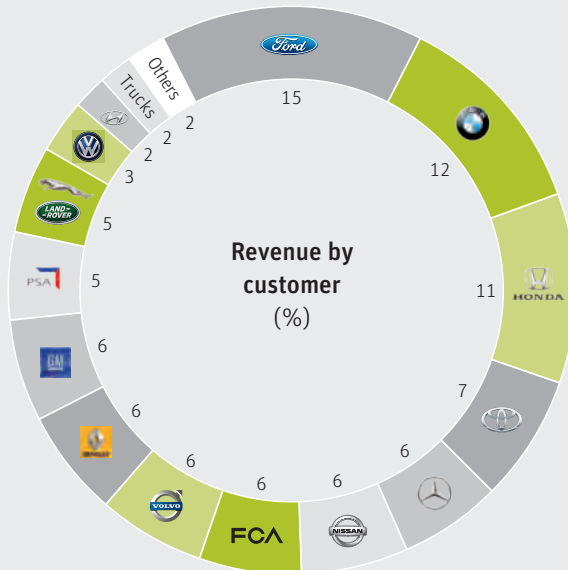
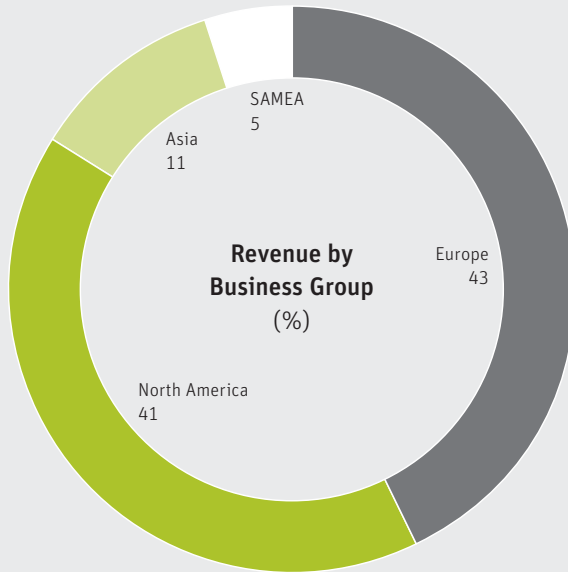


Cash flow from operating activities

CHF million



*The 2017 figures have been restated to reflect the adoption of IFRS 15.



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Revenue growth significantly above market level – 2019: difficult year in a challenging environment

Dear shareholders

2018 was a challenging year for Autoneum. The Company grew much faster than the market, but despite the strong performance of Business Group Europe and the increased profitability of Business Group SAMEA (South America, Middle East and Africa), Group profitability could not be maintained at the previous year's high level. In line with the lower net profit, the Board of Directors proposes a dividend of CHF 3.60 per share for the 2018 financial year.

Growth in revenue despite declining global market

For the first time since the economic crisis in 2009, the number of vehicles produced worldwide in 2018 fell compared to the previous year. In this difficult market environment, Autoneum significantly increased its revenue in all regions except North America thanks to a favorable model mix. The Company recorded organic growth¹ of 3.7% for 2018. Revenue consolidated in Swiss francs rose by 3.4% from CHF 2 205.4 million² to CHF 2 281.5 million.

Operational inefficiencies in the USA impact Group profitability

Operational inefficiencies in particular related to model ramp-ups in the USA, the key North American market, and expansion in Asia as well as increasing raw material prices and rising labor costs in Eastern Europe and China had an impact on the Group's profitability in the reporting year. Continued high production efficiency combined with optimal capacity utilization in Europe as well as the adjustment of capacity to the market potential of the SAMEA region had a positive impact on the result but could not offset the decline in North America and Asia. EBITDA fell by CHF 60.7 million compared to the previous year to CHF 197.2 million, which corresponds to a decline in the EBITDA margin of 3.0 percentage points to 8.6%. EBIT decreased to CHF 114.1 million (2017: CHF 179.9 million). At 5.0%, the EBIT margin was below the figure for the previous year (2017: 8.2%).

¹Adjusted for currency, hyperinflation and divestment effects.

²The 2017 figures have been restated to reflect the adoption of IFRS 15.



Hans-Peter Schwald
Chairman of the Board



Martin Hirzel
Chief Executive Officer

3.7%



In 2018, Autoneum recorded organic revenue growth of 3.7%, thus significantly outperforming the market.

High equity ratio

Compared to the previous year, net profit dropped in 2018 from CHF 118.9 million to CHF 74.7 million, primarily due to the loss recorded by Business Group North America. The lower earnings resulted in a decline in cash flow from operating activities to CHF 124.0 million (2017: CHF 145.2 million). Expansion-related investments in tangible assets totaled CHF 162.6 million in 2018, down CHF 11.0 million from their peak in 2017. The decrease in earnings as well as the investments in capacity building and expansion reduced the return on net assets (RONA) to 7.8% (2017: 15.0%) and led to a rise in net debt to CHF 283.7 million (2017: CHF 183.3 million). At 39.2% (2017: 42.7%), the equity ratio was only slightly below the mid-term financial target of at least 40%. Earnings per share in the reporting year amounted to CHF 11.83 (2017: CHF 19.53).

Strengthening of market leadership through global expansion

2018 was another year marked by the development and expansion of global production capacity. Strong demand for lightweight and multifunctional noise- and heat-reducing components necessitated the construction of a new plant in Europe for the first time since Autoneum became an independent company in 2011. Since May, Autoneum has been producing carpet systems, inner dashes and wheelhouse outer liners as well as other acoustically effective components at its Hungarian plant in Komárom for German and British manufacturers in Hungary and Slovakia. Also based on strong demand, the Company expanded its development and production facilities for tooling and molding in the Czech city of Hnátnice. From summer 2019, injection molding, bending and foaming tools will be manufactured on an area of 6 000 square meters using state-of-the-art production processes to produce carpet systems, inner dashes and heatshields among other things. In China, Autoneum continued its strategy-driven growth course with new plants in Pinghu (Zhejiang Province) and Shenyang Tiexi (Liaoning Province) in addition to the eight existing ones. In Pinghu, some 100 kilometers southwest of Shanghai, Autoneum will produce over five million textile underbody components made of the innovative material composition Ultra-Silent for European, US-American and Chinese customers each year. In Shenyang Tiexi, the site of Autoneum's second plant in the province of Liaoning, the Company produces carpet systems, inner dashes, floor insulators and heatshields on 23 000 square meters for German and Swedish vehicle manufacturers in China.

In view of new forms of mobility such as self-driving cars and a passenger cabin with correspondingly greater wear and tear, carpet systems are particularly important in shielding against external noise sources. In 2018, Autoneum developed the "Carpet Cleanability Analyzer" measuring system to be able to conceptualize these components during predevelopment of new vehicle models. The underlying process enables the cleanability and dirt resistance of different carpet surfaces to be analyzed and compared. Moreover, Autoneum has further strengthened its innovation leadership with "IFP-R3", a manufacturing process

-1.1%



94.1 million

Compared to the previous year, global automobile production decreased to 94.1 million light vehicles in 2018.

Financial highlights

CHF million	2018		2017 ¹		Change	Organic growth ²
Autoneum Group						
Revenue	2 281.5	100.0%	2 205.4	100.0%	3.4%	3.7%
EBITDA	197.2	8.6%	257.8	11.7%	-23.5%	
EBIT	114.1	5.0%	179.9	8.2%	-36.6%	
Net profit	74.7	3.3%	118.9	5.4%	-37.2%	
Return on net assets (RONA) ³	7.8%		15.0%			
Cash flows from operating activities	124.0		145.2			
Net debt at December 31	283.7		183.3			
Number of employees at December 31 ⁴	12 946		12 133		6.7%	
BG Europe						
Revenue	984.5	100.0%	886.2	100.0%	11.1%	7.7%
EBIT	82.0	8.3%	73.0	8.2%		
BG North America						
Revenue	921.8	100.0%	963.8	100.0%	-4.4%	-3.4%
EBIT	-8.2	-0.9%	65.3	6.8%		
BG Asia						
Revenue	260.3	100.0%	241.9	100.0%	7.6%	6.6%
EBIT	18.9	7.3%	28.8	11.9%		
BG SAMEA⁵						
Revenue	111.5	100.0%	114.1	100.0%	-2.3%	24.4%
EBIT ⁶	10.8	9.7%	1.2	1.1%		
Share AUTN						
Share price at December 31 in CHF	147.40		280.75		-47.5%	
Market capitalization at December 31	685.8		1 306.6		-47.5%	
Basic earnings per share in CHF	11.83		19.53		-39.4%	
Dividend per share in CHF ⁷	3.60		6.50		-44.6%	

¹ The 2017 figures have been restated to reflect the adoption of IFRS 15.

² Change in revenue in local currencies, adjusted for hyperinflation and for the disposal of the Betim plant (Minas Gerais), Brazil, in 2017.

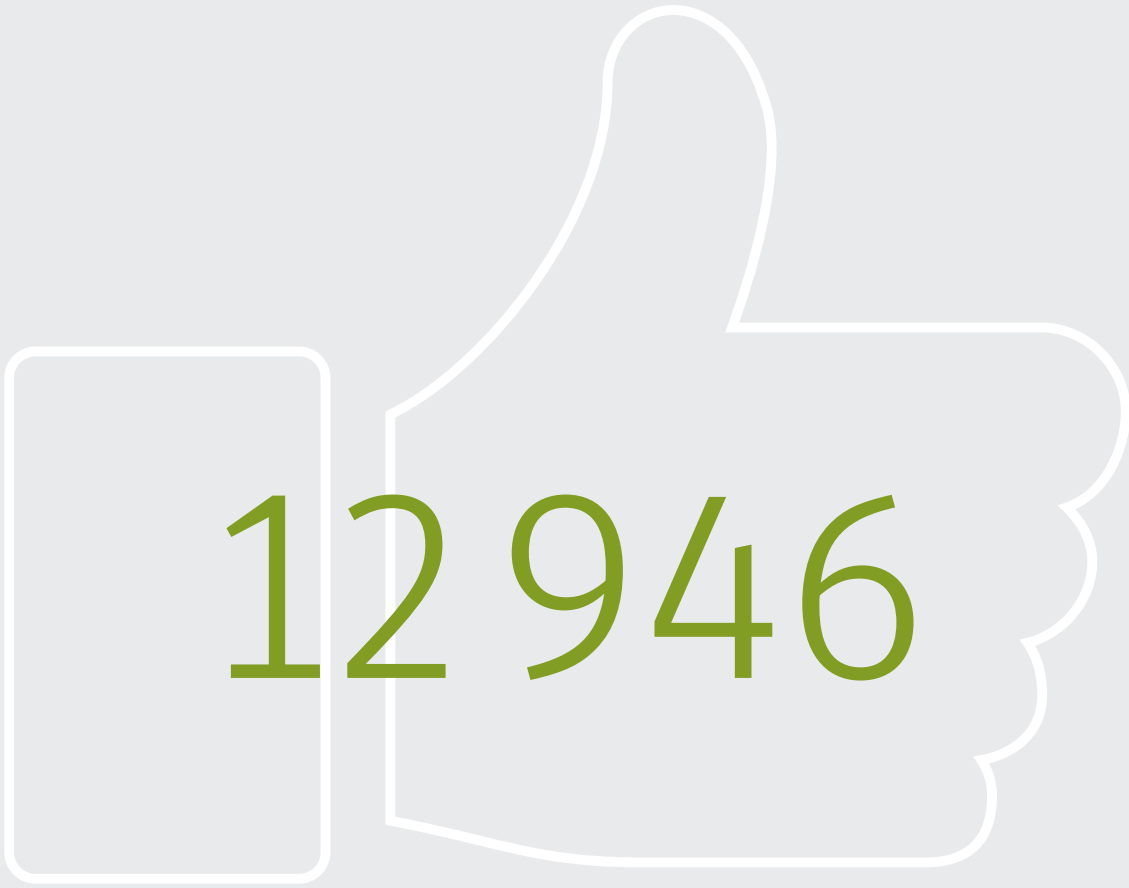
³ Net profit before interest expenses in relation to average shareholders' equity plus borrowings.

⁴ Full-time equivalents including temporary employees (excluding apprentices).

⁵ Including South America, Middle East and Africa.

⁶ Includes a special effect through a subsequently awarded value-added tax credit of CHF 7.5 million from previous years.

⁷ As proposed by the Board of Directors and subject to the approval of the Annual General Meeting.



Autoneum employs around
13 000 people worldwide.

for multifunctional, felt-based inner dashes and floor insulators. With a corresponding production line, output is 50% higher than with the predecessor model with less material usage. IFP-R3 is particularly suitable for the manufacture of large-area components and for use in SUVs. In this way, Autoneum is contributing significantly to the reduction in weight, noise and emissions of this globally growing vehicle segment.

Board of Directors proposes dividend of CHF 3.60

Due to the lower net profit, the Board of Directors will propose to the Annual General Meeting on March 28, 2019 a dividend of CHF 3.60 (2018: CHF 6.50) per share. This represents a distribution of around CHF 16.8 million or around 30% of the Group's net profit attributable to Autoneum shareholders.

Business Groups

In 2018, Business Group Europe continued to be the revenue driver for Autoneum. In a stagnating market, the Business Group increased its revenue in local currencies by 7.7%. In Swiss francs, revenue climbed by 11.1% to CHF 984.5 million (2017: CHF 886.2 million), making Europe Autoneum's strongest Business Group in terms of revenue. EBIT improved by CHF 9.0 million in the reporting year to CHF 82.0 million, equating to an EBIT margin of 8.3%. Thanks to the continuously implemented efficiency improvements, a slight margin increase was achieved compared to the previous year despite higher material costs.

Lower production volumes of models supplied by Autoneum led to a decline in revenue at Business Group North America of -3.4% in local currencies. In Swiss francs, revenue totaled CHF 921.8 million (2017: CHF 963.8 million). Operational inefficiencies, corresponding restructuring expenses as well as higher labor costs and raw material prices resulted in a loss of Business Group North America. At CHF -8.2 million, EBIT was significantly below the prior-year level (2017: CHF 65.3 million).

Despite the decline in automobile production in 2018 in China, the world's largest market, Business Group Asia achieved revenue growth of 6.6% in local currencies thanks primarily to high-volume orders from Japanese and European customers. In the Group currency, revenue increased by 7.6% to CHF 260.3 million (2017: CHF 241.9 million). Decisive for this only single-digit revenue growth is an accounting effect³, which had a positive impact on the prior year's figures. Without this effect, organic growth in 2018 would have still been in the double-digit range. Expansion, rising raw material and labor costs also in this region as well as growing pressure on sales prices resulted in an EBIT margin of 7.3%.

³The 2017 figures have been restated to reflect the adoption of IFRS 15.

Business Group SAMEA (South America, Middle East and Africa) strongly outperformed the market in this region once again, posting organic revenue growth of 24.4%. Revenue in Swiss francs, however, declined by –2.3% to CHF 111.5 million (2017: CHF 114.1 million) as a consequence of significant currency depreciation in this region. Higher production quantities, above all in Brazil, as well as the continued high-volume export business in Turkey and South Africa were the main reasons for this above-average growth rate. An uncompromising focus on operational process optimization and the adjustment of production capacity to the South American market potential are clearly reflected in the Business Group's result. EBIT of CHF 10.8 million (2017: CHF 1.2 million) includes a special effect through a subsequently awarded value-added tax credit of CHF 7.5 million from previous years. The EBIT margin thus stood at 9.7%. Even without this special effect, both EBIT and the EBIT margin more than doubled compared to the previous year, indicating that Business Group SAMEA has entered a phase of sustainable profitable growth.

Outlook

In light of a stagnating automobile market, trade disputes and geopolitical tensions, Autoneum expects revenue in 2019 to be on previous year's level. However, continuing losses in North America and costs associated with the turnaround as well as the still pending return on investment in China will result in a decline in profitability. For the first-half year 2019 the Company therefore anticipates a negative net result. Based on the countermeasures taken, Autoneum should reach substantial improvements in earnings in 2020 and achieve a sound profitability level again in 2021.

Thank you

The Board of Directors and the Group Executive Board would like to thank Autoneum's 13 000 employees worldwide for their continued, strong commitment in what has been a particularly challenging year for Autoneum. Our thanks also go to all those who support Autoneum: our shareholders, customers and business partners.

Winterthur, March 5, 2019



Hans-Peter Schwald
Chairman of the Board



Martin Hirzel
Chief Executive Officer

A Look Back

2018 Highlights

In 2018, Autoneum invested in its worldwide research and production capacities and further expanded its market leadership. Around the globe, the Company manufactures multifunctional and lightweight components for acoustic and thermal management, helping to shape the mobility of the future.



Modernization of research and development laboratory As market and technology leader in acoustic and thermal management for vehicles, Autoneum is committed to setting the industry benchmark with its products. To ensure the required ability to innovate already in the product development phase, the Company modernized the material-testing laboratory at its research and development center in Winterthur, Switzerland, and widened its research expertise in 2018. There, new technologies and components are being tested and validated – including substances that absorb unpleasant odors inside the vehicle and thus improve air quality.





Opening of first plant in Hungary

From its 12 000-square-meter plant in the northern Hungarian city of Komárom, Autoneum supplies German and British manufacturers with carpet systems, inner dashes and wheelhouse outer liners as well as other components just-in-time at their nearby production sites in Hungary and Slovakia. Thanks to their light weight, textile wheelhouse liners produced at this sixth Eastern European Autoneum plant are, for example, being built into a fully electric SUV of a British manufacturer, thereby contributing to noise and weight reduction of this model.

Innovation Days in China

Autoneum regularly holds so-called Innovation Days as a way to present product innovations on-site to both existing and potential customers. In 2018, various vehicle manufacturers in China such as Hyundai-Kia, Guangzhou Automobile Company (GAC) and the e-mobility start-up X-Peng benefited from the Company's tailored in-house exhibitions. The focus was on the acoustic management of electric vehicles and how battery encapsulations, carpet systems and wheelhouse outer liners from Autoneum contribute to noise protection of this vehicle category.



Expansion in China In 2018, Autoneum continued its growth course in China by opening two new plants. At the Pinghu site (Zhejiang Province), Autoneum will in future produce around 5.5 million textile underbody components made of the material composition Ultra-Silent for European, US-American and Chinese customers each year. With an even higher production output of carpet systems, inner dashes, floor insulators and heatshields, Autoneum will be an indispensable partner for European carmakers manufacturing in the northeastern automotive hub of Shenyang Tiexi (Liaoning Province).



New Autoneum plant in Pinghu



Launch of “Carpet Cleanability Analyzer” The innovative Carpet Cleanability Analyzer developed by Autoneum is designed to evaluate and compare the cleanability and dirt resistance of different carpet surfaces. Thanks to the underlying methodology, the measurement system is particularly suited for quality assurance and repeatability of the data obtained, which is used, among other things, for benchmarking and for developing future carpet generations. The Carpet Cleanability Analyzer is already being applied today in the predevelopment of a French vehicle model.



“Social Engagement Award 2018” Autoneum presents its biennial Social Engagement Award in recognition of employees who engage themselves for a good cause in their free time. The winner of this year’s award is Shayne Hodgson from the Canadian city of London. In the “Big Bike Giveaway” project, which he founded together with his wife Monica, he repairs and gives away bikes to economically disadvantaged people. By providing a free means of transport, the project supports the social reintegration of these individuals. Since its inception in 2013, Big Bike Giveaway has enabled over 1 000 recipients to live a more self-determined life.





Increased production capacity for tooling As one of only a few automotive suppliers in the world, Autoneum develops and manufactures most of its high-precision tools for the production of components for noise and heat protection in-house. In 2018, Autoneum expanded its tooling workshop in the Czech city of Hnátnice owing to high demand. In the future, injection molding, bending and foaming tools will be produced on around 6 000 square meters based on state-of-the-art production processes – including Industry 4.0 applications and 3D printing. They will be used in all of Autoneum’s European plants and additional production facilities in the USA, Mexico and South Africa.

“IFP-R3”: optimized production process for inner dashes and floor insulators

With IFP-R3, Autoneum has further improved its renowned manufacturing process for multifunctional, felt-based inner dashes and floor insulators and modernized the corresponding production line. Compared to the previous version, the fully automated line has a higher production output, lower maintenance intensity and reduced material usage. IFP-R3 is intended for the manufacture of large, lightweight components with high acoustic performance, which makes the parts particularly suitable for use in SUVs.



Insight

China in Focus

As the world's largest automotive market, China is not only an important sales region for vehicle manufacturers and suppliers. In fact, the country plays a pioneering role in the design of the automotive future. Already today, Autoneum is exploiting the potential of China's new mobility and has set the course for future growth in the country.



Within just a few decades, China transformed from a country of cyclists to the world's largest automotive market, producing around 27 million light vehicles a year. Today, all major international and over 60 Chinese vehicle manufacturers operate in China. Thanks to state support,



more than 40% of all electric vehicles worldwide are produced in China. Autoneum identified this development in the Far East early on and has been investing continuously in its Chinese manufacturing capacities and in the expansion of its local product portfolio.



High traffic density, environmental impact and strong population growth require new mobility concepts in China. For example, the average driving speed in Beijing is just twelve kilometers per hour and public transport is also reaching its capacity limit. Given these challenges, China



focuses on alternative drive concepts such as electromobility to relieve traffic. Increasing prosperity and the openness of the Chinese people to new technologies and mobility services are helping to accelerate the transition to more sustainable mobility.



To promote the development and use of electric vehicles, China is expanding its charging infrastructure substantially. In 2018, the People's Republic already had more than 214 000 public charging stations, an increase of 50% over the previous year. But that's not enough: By 2020, a total of 500 000 stations is foreseen nationwide.



In addition to increasingly strict environmental-protection regulations, the Chinese government is promoting electromobility by specific measures such as subsidies, production quotas, investments in charging infrastructure and preferential registration for electric cars. And with great success: Half of all electric cars worldwide are sold in China.

Autoneum in China

1964




Autoneum employs around
2000 people in China.

7



Seven Chinese automobile
manufacturers are being delivered
by Autoneum.

22



22 models of Chinese
customers are equipped with
components from Autoneum.





Autoneum further strengthened its regional presence in 2018 by opening new plants in the automotive centers of Pinghu and Shenyang Tiexi. In addition to a research and development center in Shanghai, the Company now operates five production sites and three joint venture plants in China, all in close proximity to its customers – a key prerequisite for ensuring delivery at optimal logistical conditions.



With the introduction of multifunctional noise and heat protection technologies to the Chinese market, Autoneum has expanded its regional product portfolio and thereby supports the development of new forms of mobility locally. For example, textile underbody components based on Ultra-Silent and produced in Pinghu are used in various hybrid models and a fully electric



car of a Chinese manufacturer. With Ultra-Silent, Autoneum offers the lightest underbody technology available for vehicles: Compared to plastic parts, underbody components made of Ultra-Silent are up to 50% lighter, quieter, completely recyclable and help to improve the driving range of electric vehicles thanks to their lightweight.



Regardless of the drive type, carpets, inner dashes and floor insulators will play an even more important role in the car of the future. For self-driving vehicles and car-sharing services, the passenger compartment will increasingly be used as a work and recreation place which requires



durable and noise-absorbing interior components. Di-Light carpet systems developed by Autoneum already today meet these requirements and ensure a comfortable driving experience. In the future, carpets made of Di-Light will be produced at the plants in Taicang and Chongqing.



Autoneum has committed itself to the sustainable use of natural resources. In order to meet its ambitious targets in this area, the Company introduced corresponding eco-efficiency projects at all its production sites in 2018 – including the eight plants in China. Among other things, Autoneum installed new lines for the reuse of production waste at its manufacturing



facilities in Changsha, Shenyang Tiexi, Yantai and Guangzhou. Of around 80 initiatives for resource-saving production processes worldwide, more than 40 were implemented in China, thus helping to combine productivity and sustainability.





As the global market leader in acoustic and thermal management for vehicles, Autoneum wants to make a decisive contribution to a sustainable future. With its environmentally-friendly products and resource-saving manufacturing processes, Autoneum supports vehicle manufacturers around the world along their journey to a mobile future – because mobility connects and is central to society and the economy.

Over- view

Corporate Responsibility Corporate Governance

By managing human and natural resources responsibly, Autoneum aims to make a decisive contribution to a sustainable future. Furthermore, the Company is committed to create long-term value through good Corporate Governance. Through open dialog with its stakeholders, Autoneum lays the basis for mutual trust.

Corporate Responsibility

Autoneum has committed itself to become the Corporate Responsibility benchmark among its industry peers. By managing human and natural resources responsibly, the Company aims to make a decisive contribution to a sustainable future. For “Advance Sustainability”, one of Autoneum's four strategic focus areas, a comprehensive set of environmental, social and ethical targets has been defined in 2018, which are based on the Corporate Responsibility Strategy 2025. Within this framework, a range of projects and measures were already undertaken during the reporting year.

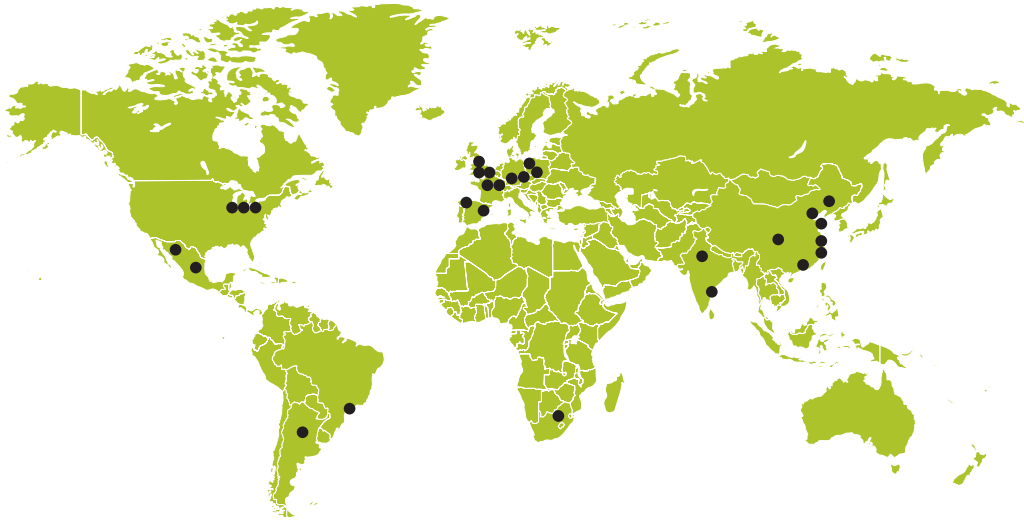
Eco-efficient production processes

Autoneum works continuously to reduce its environmental footprint. To that end, a total of 82 environmental efficiency projects were implemented at 28 locations worldwide in 2018. Among these was the introduction of energy monitoring and energy-efficient LED lighting at various sites. In addition to energy efficiency measures, Autoneum is endeavoring to create closed material loops whereby raw and other materials used during the production process can be completely recycled and waste reduced. Accordingly, the Company further expanded its recycling capacity in 2018. Business Group Asia has installed three new facilities for recovering scrap from the production of heavy layer foam. Furthermore, the Autoneum plant in Oregon (Ohio), USA, has developed a new process for the recycling of polyester waste, which will be used in the production of inner dashes and floor insulators from 2019.

Occupational health and safety

Employee health and safety is a top priority for Autoneum. The Company has therefore committed itself to providing a safe and healthy work environment for employees as well as customers, suppliers and visitors to company sites. To this end, Autoneum launched new initiatives in 2018 such as the five-module safety program for promoting a preventive occupational health and safety culture. Six pilot locations have already introduced this program and more are to follow in 2019. In addition, the existing occupational health and safety e-learning program was expanded during the reporting year to include different accident scenarios. These are intended to help employees better understand the consequences of unsafe conduct and develop appropriate behavioral patterns. Furthermore, Autoneum further expanded its standards in the area of machinery and equipment safety and developed training materials on handling hazardous energy sources and working at heights.





82 eco-efficiency projects at 28 locations worldwide

Employee development

Employees are Autoneum's most important asset. An engaged, motivated and culturally diverse workforce is essential for the Company's sustained business success. In 2018, Autoneum conducted a survey to obtain a comprehensive picture of employee satisfaction and well-being. The findings from the survey for all Autoneum locations will be analyzed in 2019 and appropriate measures for improvement implemented. The Company also defined specific targets and key performance indicators for diversity and inclusion in an effort to promote the cultural and individual diversity of its workforce. Furthermore, last year Autoneum once again made significant investments in employee development, including the International Leadership Program (ILP). The program is directed at managers who display high performance potential. In 2018, 20 candidates from all four Business Groups had the opportunity to become involved in a selection of projects that are strategically important to Autoneum and thus develop valuable competencies.

Compliance

Autoneum aims to act in an exemplary and ethical manner both within the Company as well as in all business relations. The Company complies with legal requirements and sets the highest ethical standards as its benchmark. In 2018, Autoneum expanded its compliance policy framework with new guidelines on preventing corruption and on data protection. In order to ensure compliance with the European Union's General Data Protection Regulation (GDPR), each Business Group appointed a data protection officer. Last year, the Company also conducted several training and e-learning campaigns as a way to raise employee awareness about fair competitive practices, cybersecurity, the Code of Conduct and the Speak Up Line (confidential reporting channel).

Social engagement

Autoneum has a significant economic impact on the communities surrounding its sites, in the form of employment, tax and infrastructure investment. At the same time, the Company builds lasting ties to members of the relevant local communities in order to support them with targeted engagement programs. To this end, every Autoneum site is required to engage in at least one local community project each year. During the past year, a total of more than 120 initiatives were implemented worldwide. Autoneum also continued with its global philanthropy project – the Bookbridge program – in 2018. The objective of Bookbridge is to establish financially independent learning centers in developing countries. As part of a six-month part-time program, Autoneum employees were involved in the development and creation of a learning center in Mongolia last year. In addition, Autoneum presented its “Social Engagement Award” for the second time in 2018. It honors those employees who make an extraordinary contribution by engaging in community or environmental projects in their free time.



In 2018, employees carried out over 120 community engagement projects worldwide.

Corporate Governance

The rules and regulations of Corporate Governance are laid out in numerous Autoneum documents, in particular the Articles of Association*, the Organizational Regulations* and the Board Committee Regulations. The content and structure of this report conform to the Directive Corporate Governance (DCG) and the related Guideline published by the SIX Swiss Exchange.

Unless stated otherwise, the data pertains to December 31, 2018. Some information will be updated regularly on www.autoneum.com/investor-relations. For some information readers are referred to the financial section of this Annual Report. The Remuneration Report can be found from page 128 onwards.

1 Group structure and shareholders

Group structure

Autoneum Holding Ltd is a company incorporated under Swiss law, with its registered offices in Winterthur. Its shares are listed on the SIX Swiss Exchange (securities code 12748036, ISIN CH0127480363, symbol AUTN). Market capitalization as of December 31, 2018 was CHF 685.8 million.

Autoneum Group consists of the four Business Groups Europe, North America, Asia and SAMEA (South America, Middle East and Africa), the Group Finance department and those Corporate functions that report directly to the CEO. It includes all companies controlled by Autoneum Holding Ltd.

Within the framework of internal regulations, the Business Groups are responsible for the profitability of each individual company with the exception of those business activities and companies that report directly to the CEO. Each Business Group has been established for a clearly defined and demarcated specific market region. Each of these Business Groups conducts its business within the framework of the Organizational Regulations* and under the leadership of the Business Group Head, who reports directly to the CEO of the Autoneum Group. The segment reporting information can be found on pages 96–98.

*www.autoneum.com/investor-relations/corporate-governance

The Group Finance department and those corporate functions that report directly to the CEO support the CEO, the Business Group Heads and the Board of Directors in their management and supervisory functions, and are responsible for the activities outside the Business Groups, such as management of holding companies and pension funds. Subsidiary companies are founded based on legal, business and financial considerations. One person (Head of Legal Unit) is appointed for each company and is responsible for local financial management as well as for compliance with national laws and regulations and internal guidelines.

Companies with participation of further shareholders are principally managed as described above, however taking into consideration the respective agreements.

42 companies worldwide belonged to the Autoneum Group as of December 31, 2018. An overview on subsidiaries comprising the names, domiciles and share capital of the subsidiaries and the voting rights held by the Autoneum Group can be found on page 123. The management organization of the Autoneum Group is independent of the legal structure of the Group and the individual companies.

Significant shareholders

As of December 31, 2018 Autoneum was aware of the following shareholders with 3% or more of all voting rights in the Company:

- Artemis Beteiligungen I Ltd; Centinox Holding Ltd; Michael Pieper, Hergiswil, Switzerland; 21.06%
- PCS Holding Ltd, Warth-Weiningen; Peter Spuhler, Weiningen, Switzerland; 17.20%

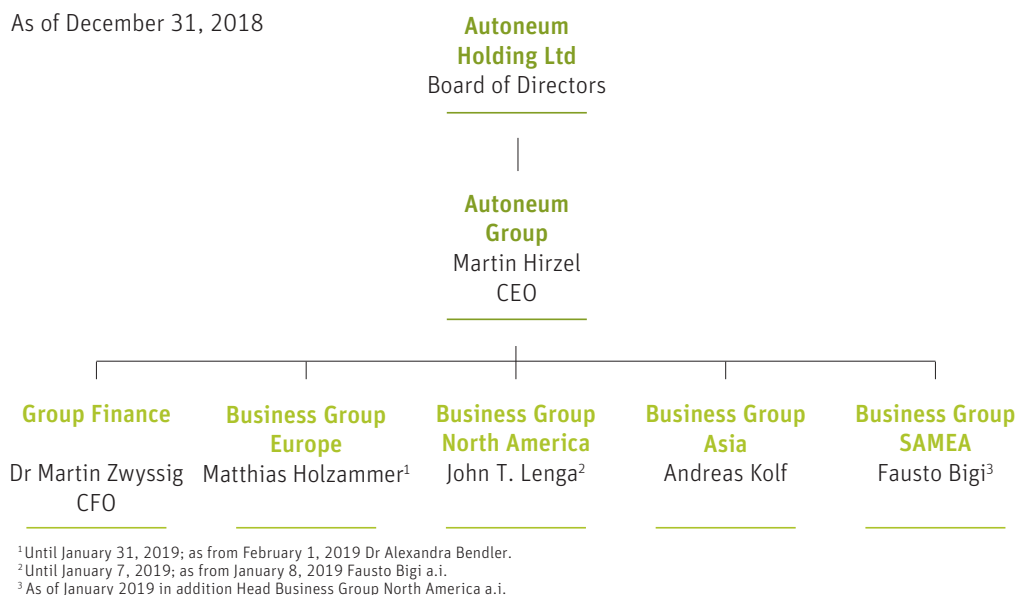
All notifications of shareholders with 3% or more of all voting rights in the Company have been reported to the Disclosure Office of the SIX Swiss Exchange in accordance with Art. 120 of the Financial Market Infrastructure Act (FMIA) and published via its electronic publication platform on www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html, where further details can also be found. As of December 31, 2018 Autoneum Holding Ltd held 0.43% of the share capital (19 985 shares).

Cross-holdings

The Company has no information about cross-holdings of capital or voting shares exceeding the limit of 5% on both sides.

Organization

As of December 31, 2018



2 Capital structure

Share capital

On December 31, 2018 the share capital of Autoneum Holding Ltd totaled CHF 233 618.15. It was divided into 4 672 363 fully paidup registered shares with a par value of CHF 0.05 each. The shares are listed on the SIX Swiss Exchange (securities code 12748036, ISIN CH0127480363, symbol AUTN).

Authorized share capital

There is no authorized share capital available at Autoneum Holding Ltd.

Contingent capital for issuing convertible and/or warranty bonds or granting shareholder options

The share capital may be increased by up to 700 000 fully paidup registered shares with a nominal value of CHF 0.05 each in an amount not to exceed CHF 35 000 or 14.98% through the voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar financial instruments by the Company or one of its Group companies on national or international capital markets, and/or through the exercise of option rights granted to the shareholders. The preemptive rights of the shareholders on the issuance of bonds or other financial instruments with which conversion rights and/or warrants are connected shall be excluded. The then current owners of conversion rights and/or warrants shall be entitled to subscribe to the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors. The acquisition of shares through the voluntary or mandatory exercise of conversion rights and/or warrants as well as each subsequent transfer of shares are subject to the restrictions in §4 of the Articles of Association*.

*www.autoneum.com/investor-relations/corporate-governance

In connection with the issuance of bonds or similar financial instruments with which conversion rights and/or warrants are connected, the Board of Directors is empowered to restrict or exclude the advance subscription rights of shareholders if (1) such instrument is issued for the financing or refinancing of the acquisition of corporations, parts thereof, equity holdings or investments or if (2) such instrument is issued (i) on national or international capital markets or (ii) to one or more financial investors. If the advance subscription rights are restricted or excluded by the Board of Directors, the following shall apply: The issuance of such instrument shall be made at prevailing market conditions, and the new shares shall be issued pursuant to the relevant conditions of that financial instrument. Conversion rights may be exercised during a maximum ten-year period, and warrants may be exercised during a maximum seven-year period, in each case from the date of the respective issuance. The issuance of the new shares upon voluntary or mandatory exercise of conversion rights and/or warrants shall be made at conditions taking into account the market price of the shares and/or comparable instruments with a market price at the time of issuance of the relevant financial instrument.

Contingent capital for employee participation shares

The share capital may be increased by a maximum of CHF 12 500 or 5.35% through the issuance of up to 250 000 fully paidup registered shares with a par value of CHF 0.05 each to employees of the Company or its Group companies. The preemptive rights of the shareholders shall be excluded in connection with the issuance of convertible or warrant-bearing bonds or similar financial instruments. The issuance of these shares to employees will be in accordance with one or more regulations issued by the Board of Directors and will take appropriate account of employee performance, position and degree of responsibility and economic viability criteria subject to §24 of the Articles of Association*. Shares or options may be issued to employees at a price lower than that quoted on the stock exchange. The acquisition of shares within the framework of the employee participation plan, as well as every subsequent transfer of these shares, is subject to the limitations set forth in §4 of the Articles of Association*.

Changes in share capital

There have been no changes to the share capital of Autoneum Holding Ltd since the Company's founding on December 2, 2010. The General Meeting of March 22, 2011 adopted a contingent share capital of CHF 35 000 (see pages 48 f) and a contingent share capital of CHF 12 500 (see above).

*www.autoneum.com/investor-relations/corporate-governance

Participation and dividend-right certificates

Autoneum Holding Ltd has issued neither participation certificates nor dividend-right certificates.

Shares

Autoneum Holding Ltd has issued 4 672 363 fully paidup registered shares with a nominal value of CHF 0.05 each. Each registered share is entitled to dividends and entitles the holder to one vote at General Meetings of Autoneum Holding Ltd shareholders. The Board of Directors maintains a share register in which the owners and usufructuaries are registered with name/company name and address with the following conditions. Only those persons listed in the share register will be recognized as company shareholders or usufructuaries. Any changes of name or address must be communicated to the Company. Those who acquire registered shares must make written application for entry in the share register. The Company can refuse such entry to parties who do not expressly declare that they have acquired and will hold these registered shares in their own names and for their own account. If persons fail to expressly declare in their registration applications that they hold the shares for their own account (“nominees”), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the nominee has entered into an agreement with the Company concerning his or her status, and further provided that the nominee is subject to a recognized bank or financial market supervision. After hearing the registered shareholder or nominee, the Board of Directors may cancel any registration in the share register made based on incorrect information with retroactive effect as of the date of registration. The relevant shareholder or nominee must be informed immediately of the cancellation. The Board of Directors regulates the details and issues the instructions necessary for compliance with the provisions set forth above. In special cases, the Board of Directors may grant exemptions from the rule concerning nominees and may delegate its duties.

The Company only recognizes one proxy per share. Voting rights and associated rights may only be exercised in relation to the Company by a shareholder, usufructuary or nominee entered in the share register as having the right to vote.

The registered shares of Autoneum Holding Ltd are issued in the form of securities and registered as book-entry securities (in the sense of the Book-Entry Securities Act) at SIX SIS Ltd.

Book-entry securities with underlying shares of the Company may not be transferred by way of assignment. Security interests for these book-entry securities cannot be granted by means of assignment. The Company is entitled to convert at any time and without the approval of shareholders shares issued in the form of uncertificated securities into individual share certificates or global share certificates. Shareholders are not entitled to have shares issued in one particular

form transformed into another form. Any shareholder is, however, entitled to request at any time that the Company issue a certificate stating the number of shares registered in his or her name.

Restrictions on share transfers and nominee registrations

Those persons entered in the shareholders' register are recognized as voting shareholders. Autoneum shares can be bought and sold without any restrictions. In accordance with §4 of the Articles of Association*, entry in the register of shareholders can be denied in the absence of an explicit declaration that the shares are held in the applicant's own name and for the applicant's own account. There are no other registration restrictions.

Shares held in a fiduciary capacity are not principally entered in the shareholders' register. However, as an exception to this rule, a nominee is entered in the register if the nominee in question has concluded a nominee agreement with Autoneum and is subject to a recognized bank or financial supervisory authority. The nominee exercises voting rights at the Annual General Meeting of shareholders. At the request of Autoneum Holding Ltd, the nominee is obliged to disclose the name of the person on whose behalf it holds shares.

A resolution of the General Meeting approved by the absolute majority of the voting shares represented is required in order to cancel the restrictions on share transfers.

Convertible bonds and options

Autoneum Holding Ltd has no convertible bonds or options outstanding.

3 Board of Directors

The composition, general rights, duties and responsibilities of the Board of Directors of Autoneum Holding Ltd are pursuant to the Swiss Code of Obligations and the Autoneum Holding Ltd Articles of Association* and Organizational Regulations*.

Board membership

Pursuant to the Articles of Association*, the Board of Directors of Autoneum Holding Ltd consists of no less than three and no more than nine members. As of December 31, 2018 the Board of Directors comprised seven members, none of whom performed executive duties. The functions of Chairman of the Board and CEO are separated in order to ensure a good balance between the Company management and supervisory bodies.

*www.autoneum.com/investor-relations/corporate-governance

Independence of non-executive members

The Board of Directors consists of non-executive members, and none of the members has exercised any operational activities for Autoneum in the three financial years preceding the reporting period. The members of the Board of Directors and the companies represented by them do not have any significant business relationships with companies of the Autoneum Group (but see page 121).

Permissible activities outside the Autoneum Group

According to §20 of the Articles of Association*, no member of the Board of Directors may assume more than fifteen additional mandates and no more than five of these may be held with listed companies. This restriction does not apply to (a) mandates held with companies that control or are controlled by Autoneum Holding Ltd; (b) mandates assumed by a member of the Board of Directors by order of Autoneum Holding Ltd or companies under its control; (c) mandates held with companies that do not qualify as companies within the meaning of Art. 727, para. 1, clause 2 of the Swiss Code of Obligations; (d) mandates held with nonprofit organizations and foundations as well as pension funds. The number of mandates pursuant to (c) and (d) is limited to a total of 20.

Mandates held with various legal entities that are under joint control or controlled by the same beneficial owner count as one mandate. Mandates held with the supreme management or administrative body of a legal entity that is required to be registered in the commercial register or an equivalent register abroad count as mandates.

Election and term of office and principles of the election procedure

The Chairman and the other members of the Board are elected individually by the General Meeting and for a one-year term of office, running from one Annual General Meeting to the next.

Board members can be reelected. They retire at the Annual General Meeting following their 70th birthday, unless the Board of Directors has lifted the age limit in individual cases. For Michael Pieper, the Board of Directors has made this limit void and proposed him to the shareholders for reelection in view of his outstanding personal commitment and significant shareholding in the Company, which is obviously supporting the further development of Autoneum.

Nominations for election to the Board of Directors are made with due regard for the balanced composition of this body, taking industrial and international management experience and specialist knowledge into account.

*www.autoneum.com/investor-relations/corporate-governance

Internal organization

The Board of Directors is responsible for the business strategy and the overall management of the Autoneum Group and Group companies. It exercises a supervisory function over the persons who have been entrusted with the business management.

The Board of Directors is responsible for all transactions that are not explicitly reserved for the General Meeting or other bodies according to the law, the Articles of Association* and the Organizational Regulations*. It prepares the Annual General Meeting and makes the necessary arrangements for implementing resolutions adopted by the Annual General Meeting. The Board of Directors has the following decision-making authority:

- composition of the business portfolio and strategic direction of the Group;
- definition of the Group structure;
- appointment and dismissal of the members of the Group Executive Board;
- definition of the authority and duties of the Chairman and the committees of the Board of Directors as well as the CEO and CFO of the Autoneum Group and the Business Group Heads;
- organization of accounting, financial control and financial planning; the budget and the Annual Report with business review, financial statements, consolidated financial statements and Remuneration Report;
- principles of financial and investment policy, personnel and social policy, management and communications;
- signature regulations and allocation of authority of Autoneum Holding Ltd;
- principles of internal audit;
- principles of compliance management system;
- decisions on investment projects involving expenditure in excess of CHF 10 million;
- issuance of bonds and other significant financial market transactions;
- incorporation, purchase, sale and liquidation of subsidiaries.

The Board of Directors comprises the Chairman, the Vice Chairman and the other members. The Chairman of the Board of Directors and the members of the Compensation Committee are elected for a one-year term of office by the Annual General Meeting. Apart from this, the Board of Directors is self-constituting. The Board of Directors appoints a secretary who does not need to be a member of the Board of Directors. The Vice Chairman deputizes for the Chairman in his absence. The Board of Directors has a quorum if the majority of members are present or if the Board members are able to communicate with each other by telephone, videoconference, Internet or other electronic means. Motions of the Board of Directors are approved by a simple majority of the votes of the members present. In the case of a tie, the Chairman has the casting vote.

*www.autoneum.com/investor-relations/corporate-governance



From left to right: Norbert Indlekofer, Michael Pieper, Rainer Schmückle, Hans-Peter Schwald, This E. Schneider, Ferdinand Stutz, Peter Spuhler

Board of Directors

Hans-Peter Schwald (1959)

Chairman

Swiss national

First elected to the Board Board member and Chairman since 2011 . **Educational and professional background** lic. iur. HSG, lawyer; since 2017 Senior Partner of BianchiSchwald LLC . **Other activities and interests** Vice Chairman of the Board of Directors, Stadler Rail Ltd; Board member, Rieter Holding Ltd; President of the Board of Directors of VAMED Management and Service Switzerland Ltd and VAMED Health Project Switzerland Ltd as well as President of Swiss VAMED rehab hospitals; Chairman, AVIA Association of Independent Importers of Petroleum Products; Board member of other Swiss joint stock companies **Committees** Chairman of the Strategy Committee; Member of the Audit, the Compensation and the Nomination Committee . **Non-executive**

Rainer Schmückle (1959)

Vice Chairman

German national

First elected to the Board Board member and Vice Chairman since 2011 . **Educational and professional background** Dipl. Wirtsch.-Ing. University of Karlsruhe; from 1984 to 1997 various positions at the Daimler Group, including CFO and Senior Vice President IT of Freightliner LLC, Germany; from 1998 to 2000 first CFO and then CEO of Adtranz LLC; from 2001 to 2005 President and CEO of Freightliner LLC, Germany; from 2005 to 2010 COO of Mercedes Car Group; from 2010 to 2011 Operating Partner of Advent International; from 2011 to 2014 Chief Operating Officer and President Seating Components, Johnson Controls Inc., USA; from 2014 to 2015 CEO of MAG Group . **Other activities and interests** Member of the Board of Directors of Dometic Group Ltd and Member of the Board of Directors of a privately held company . **Committees** Chairman of the Audit Committee; Member of the Strategy Committee . **Non-executive**

Norbert Indlekofer (1958)

Board member

German national

First elected to the Board Board member since 2017 . **Educational and professional background** Dipl. Ing. University of Stuttgart; from 2004 to 2006 Chairman of the Management Board, Transmission and Chassis Systems of INA-Schaeffler KG, Germany; from 2006 to 2009 Chairman of the Management Board, Transmission and Chassis Systems of INA-Schaeffler KG as well as Chairman of the Management Board of LuK Group, Germany; from 2011 to 2014 Member of the Executive Board Automotive responsible for the Transmission Systems Business Division and Chairman of Schaeffler Ltd, Germany; from 2014 to 2016 President and CEO Automotive Schaeffler Ltd, Germany . **Other activities and interests** Member of the Board of Directors of Feintool Ltd; Member of the Advisory Council of ATESTEO GmbH & Co. KG . **Committees** Member of the Strategy Committee . **Non-executive**

Michael Pieper (1946)

Board member

Swiss national

First elected to the Board Board member since 2011 . **Educational and professional background** lic. oec. HSG; owner and CEO of Artemis Holding Ltd . **Other activities and interests** Member of the Board of Directors of various Artemis and Franke subsidiaries worldwide; Board member Bergos Berenberg Ltd, Forbo Holding Ltd, Rieter Holding Ltd and Arbonia Ltd. **Non-executive**

This E. Schneider (1952)

Board member

Swiss national

First elected to the Board Board member since 2011 . **Educational and professional background** lic. oec. HSG; from 1991 to 1993 Chairman and CEO of listed company SAFAA, France; from 1994 to 1997 member of the Executive Board, Valora Group, as Managing Director of the Canteen and Catering Division; from 1997 to 2002 Executive Chairman and CEO of the Selecta Group; from 2004 until March 2014 Executive Chairman and CEO, Forbo Group; since April 2014 Executive Chairman of the Board of Directors of Forbo Group . **Other activities and interests** Board member Rieter Holding Ltd . **Committees** Chairman of the Compensation and the Nomination Committee **Non-executive**

Peter Spuhler (1959)

Board member

Swiss national

First elected to the Board Board member since 2011 . **Educational and professional background** Majority shareholder, Chairman of the Board and until January 2018 CEO of Stadler Rail Ltd . **Other activities and interests** Chairman of the Board of several other companies of Stadler Rail Group, Gleisag Gleis- und Tiefbau Ltd, PCS Holding Ltd and of Aebi Schmidt Holding Ltd; Vice Chairman of Walo Bertschinger Ltd (WBZ), ZLE Betriebs Ltd (ZSC Lions), DSH Holding Ltd; Member of the Board Allreal Holding Ltd; Rieter Holding Ltd, Evonik Industries Ltd, European Loc Pool Ltd; Member of the Executive Committee at Swissmem; Member of the Committee at LITRA; Member of the Foundation Board of Tele D; Member of the National Council of the Swiss Parliament from 1999 to 2012 **Non-executive**

Ferdinand Stutz (1957)

Board member

Swiss national

First elected to the Board Board member since 2011 . **Educational and professional background** Dipl. Giesserei-Ing. University of Duisburg; from 1982 to 1989 Operations Manager and Deputy Manager Foundry for Rieter Ltd; from 1989 to 1995 Department Manager, Co-Partner and Executive Director of Schubert & Salzer, Germany; from 1995 to 1997 Executive Director of Georg Fischer Eisenguss GmbH, Germany; from 1998 to 2009 Member of the Management Board of Georg Fischer Ltd and CEO of GF Automotive; since 2009 owner and founder of Stutz Improvement Ltd . **Other activities and interests** Member of the Advisory Board of Halder Beteiligungsgesellschaft GmbH, Germany; Member of the Board of Directors or Advisory Board of other joint stock companies . **Committees** Member of the Audit, the Strategy, the Compensation and the Nomination Committee . **Non-executive**

In 2018, the members of the Board of Directors met for five regular meetings, each of which lasted around half a day. One visit was held abroad and was followed by a visit to a production plant. The attendance rate was 91.4%. In addition, six telephone conferences were held. The agendas for the Board meetings are drawn up by the Chairman. Any member of the Board can also propose items for inclusion on the agenda. Board meetings are generally also attended by the CEO and the CFO, while the other members of the Group Executive Board attend as necessary regarding business matters concerning them. They give an overview of the results, outlook and budget of their operating units, and present those projects requiring the approval of the Board of Directors. During 2018, no external consultants were present at meetings of the Board of Directors.

Once a year the Board of Directors reviews its performance, internal working methods and cooperation with the Group Executive Board. This takes the form of a self-assessment and includes an assessment of the state of information of Board members with regard to the Group and its business development.

Should there be a conflict of interest in the course of making decisions on business matters and items on the agenda, the respective Board member must stand aside prior to discussion of the matter in question and abstain from voting when passing a resolution.

Committees

Besides the Compensation Committee, the Board of Directors appoints an Audit, a Nomination and a Strategy Committee from among its members in order to assist it in its duties. The committees are fundamentally advisory and preparatory bodies and have no decision-making powers; resolutions are passed by the Board as a whole. Each committee has written terms of reference specifying its tasks and responsibilities. The members of the Compensation Committee are elected by the Annual General Meeting. The Chairman and members of the other committees are elected by the Board of Directors. The committees meet regularly to develop recommendations for the Board of Directors and to prepare minutes of their meetings.

The **Audit Committee** currently consists of three members of the Board. Its Chairman is Rainer Schmückle; the other members are Hans-Peter Schwald and Ferdinand Stutz. In the 2018 financial year none of the members of the Audit Committee performed executive duties. The Chairman is elected for one year. The Audit Committee meets at least twice each financial year. The meetings are usually also attended by the Head of Internal Audit, representatives of the statutory and Group auditors, the CEO and the CFO, and other members of the Group Executive Board and management as appropriate. The main duties of the Audit Committee are:

- elaborating principles for external and internal audits for submission to the Board of Directors, and providing information on their implementation;
- assessing the work of the external and internal auditors as well as their mutual cooperation and reporting to the Board of Directors;
- assessing the reports submitted by the statutory auditors as well as the invoiced costs;
- overall supervision of risk management and acceptance of the Group Executive Board's risk report addressed to the Board of Directors;
- assisting the Board of Directors in nominating the statutory auditors and the Group auditors for submission to the Annual General Meeting;
- examining the results of internal audits, approving the audit schedule for the following year and nominating the Head of Internal Audit.

The Audit Committee met for two regular meetings in 2018. The meetings lasted three to four hours. All committee members attended both meetings. All of them received the written reports from the internal auditors.

The **Compensation Committee** consists of three members. The Chairman of this committee is This E. Schneider. The other members are Hans-Peter Schwald and Ferdinand Stutz. The committee meets whenever the need arises, but at least twice a year. It draws up the principles for the remuneration of members of the Board of Directors, the Group Executive Board and senior management within the Autoneum Group, in particular bonus programs and share allocation plans (LTI), as well as the Remuneration Report and the proposals concerning the total maximum remuneration amount for the Board of Directors and Group Executive Board to be submitted annually by the Board of Directors for approval by the shareholders at the Annual General Meeting.

The **Nomination Committee** consists of three members. The Chairman is This E. Schneider; the other members are Hans-Peter Schwald and Ferdinand Stutz. The committee meets whenever necessary, but at least twice a year. This committee stipulates the profile of requirements and the principles for selecting members of the Board of Directors and prepares the election of new members of the Group Executive Board and their terms of employment. It is also briefed on succession plans for the Board of Directors, Group Executive Board and senior management and the relevant development plans.

The members of the Compensation and the Nomination Committee held three regular meetings in 2018. The meeting lasted between two and a half and four hours. All committee members attended all meetings. In 2018, no external consultants were present at the committee meetings.

The Strategy Committee consists of four members: Hans-Peter Schwald is Chairman; Rainer Schmückle, Norbert Indlekofer and Ferdinand Stutz are the other members. The Strategy Committee usually meets at least twice a year. The meetings are also attended by the CEO and the CFO, and other members of the Group Executive Board and management as appropriate. The main duties of the Strategy Committee are:

- supporting and assisting the Board of Directors in strategic planning, especially in assessing market changes and developments affecting the Group;
- assessing Autoneum's short- and long-term strategic orientation, in particular with regard to markets, customers, competitors, products and technologies;
- support of strategically important projects.

The Strategy Committee met in 2018 for a two-day strategy workshop with the entire Group Executive Board and other members of the management. One regular meeting was postponed to January 2019. All committee members attended the strategy workshop. In 2018, no external consultants were present at the committee meetings.

Allocation of authority

The Board of Directors delegates operational business management to the CEO. The members of the Group Executive Board report to the CEO. The allocation of authority between the Board of Directors and the CEO is stipulated in the Organizational Regulations*, while details of the tasks reserved for the Board of Directors can be found on pages 53 ff ("Internal Organization"). The cooperation between the Board of Directors, the CEO and the Business Groups is stipulated in the Group's Organizational Regulations*, which include the following: The CEO draws up the strategic and financial planning and the budget with the Group Executive Board and submits it to the Board of Directors for approval. He reports regularly on the course of business as well as on risks and changes in personnel at the management level. In addition to periodic reporting, he is obliged to inform the Board of Directors immediately about any business transactions of fundamental importance.

*www.autoneum.com/investor-relations/corporate-governance

Information and control instruments regarding the Group Executive Board

The Board of Directors receives a written monthly report on the key figures of the Group and the Business Groups from the Group Executive Board. This provides information on the balance sheet, cash flow and income statements as well as on capital expenditure. The figures are compared with the budget and with the previous year. The Board of Directors is also informed at each meeting about the course of business, important projects and risks, as well as ongoing earnings and liquidity development. Should the Board of Directors have to rule on major projects according to the Organizational Regulations*, a written request is submitted prior to the meeting.

The projects approved by the Board of Directors are monitored within the context of a special project controlling submitted to the Board of Directors every quarter. Once a year, the Board of Directors discusses and decides on the strategic plans drawn up by the Group Executive Board and the financial plan. Financial statements for publication are drawn up twice a year. Furthermore, the Chairman of the Board of Directors has a regular monthly meeting with the CEO and the CFO with respect to all major issues of corporate policy.

The Board of Directors has initiated and implemented a comprehensive internal control system for risk monitoring in connection with business activities, which covers risk identification, analysis and control as well as risk reporting. Refer to pages 90–95 for details on this risk management process and on financial risk management.

The members of the Audit Committee, the CEO, the CFO and appointed members of the management receive the internal audit reports. Internal audit conducted 14 regular audits in 2018. The results were discussed in detail with the Business Groups and the companies concerned, and appropriate measures have been initiated and monitored accordingly.

Compliance Program and Code of Conduct

The Compliance Program of Autoneum is aimed at steering compliance with laws and regulations in order to ensure proper management of the Group and initiates measures for avoidance and early detection of infringements. Further information on compliance and the Code of Conduct can be found at www.autoneum.com/company/compliance.

*www.autoneum.com/investor-relations/corporate-governance

4 Group Executive Board

The Group Executive Board had six members on December 31, 2018: the CEO, the CFO and the four Business Group Heads. For additional information about the Group Executive Board members please refer to pages 62 f.

Permissible activities outside the Autoneum Group

According to §20 of the Articles of Association*, no member of the Group Executive Board may assume more than four additional mandates. No more than two of these may be held with listed companies; they have to be approved by the Board of Directors prior to acceptance. This restriction does not apply to (a) mandates held with companies that control or are controlled by Autoneum Holding Ltd; (b) mandates assumed by a member of the Group Executive Board by order of Autoneum Holding Ltd or companies under its control; (c) mandates held with companies that do not qualify as companies within the meaning of Art. 727, para. 1, clause 2 of the Swiss Code of Obligations; (d) mandates held with nonprofit organizations and foundations as well as pension funds. The number of mandates pursuant to (c) and (d) is limited to a total of 20. Mandates held with various legal entities that are under joint control or controlled by the same beneficial owner count as one mandate. Mandates held with the supreme management or administrative body of a legal entity that is required to be registered in the commercial register or an equivalent register abroad count as mandates.

Management contracts

There are no management contracts between Autoneum Holding Ltd and third parties.

*www.autoneum.com/investor-relations/corporate-governance



From left to right: Dr Martin Zwysig, John T. Lenga, Martin Hirzel, Andreas Kolf, Fausto Bigi, Matthias Holzammer

Group Executive Board

Martin Hirzel (1970)

Chief Executive Officer (CEO)
Swiss national

Member of the Group Executive Board since 2011. **Educational and professional background** Degree in business administration (HWV); General Management Program at Harvard Business School; from 1989 to 1994 Business Unit Controller of IBM (Switzerland) Ltd; from 1997 to 1999 Chief Controller International of Division Textile Systems for Rieter Holding Ltd; from 2000 to 2007 General Manager China of Rieter Holding Ltd; from 2007 to 2011 Head Business Group SAMEA, member of the Executive Committee of the Division Automotive Systems of Rieter Holding Ltd; in the current function since 2011. **Other activities and interests** Member of the Board of Directors of Bucher Industries Ltd; Member of the Executive Committee of Swissmem

Dr Martin Zwysig (1965)

Chief Financial Officer (CFO)
Swiss national

Member of the Group Executive Board since 2014. **Educational and professional background** Master in Accounting and Finance, Dr oec. HSG, University of St. Gallen; from 1995 to 1997 Controller Swiss Bank Corporation; from 1997 to 2001 Division Controller Sarna Kunststoff Holding Ltd; from 2001 to 2002 Senior Vice President Finance & Controlling EMS-EFTEC; from 2003 to 2008 Group CFO Schaffner Holding Ltd; from 2008 to 2013 Group CFO Ascom Holding Ltd; in the current function since 2014. **Other activities and interests** Vice Chairman of the Board of Directors of Belimo Holding Ltd

Fausto Bigi (1959)

Head Business Group SAMEA*
Brazilian national

Member of the Group Executive Board since 2016. **Educational and professional background** Master in Business Administration, INSEAD, France and Graduation in Mechanical Engineering, Brazil; from 1986 to 1993 Senior Manager at Itautec Informatica, Brazil; from 1993 to 2006 various management functions at Valeo Automotive Systems, last assignment as Branch Marketing Director Division Lighting, France; from 2006 to 2008 Purchasing Director South America, Faurecia, Brazil; from 2008 to 2011 Head South America, Rieter Holding Ltd, Brazil; from 2011 to 2012 Deputy Head Business Group SAMEA, Autoneum Holding Ltd, Brazil; from 2012 to 2016 CEO Correias Mercúrio S.A., Brazil; in the current function since 2016

*As from January 8, 2019 in addition Head Business Group North America a.i.

Matthias Holzammer (1965)

Head Business Group Europe*
German national

Member of the Group Executive Board since 2012. **Educational and professional background** Degree in business engineering; from 1993 to 2009 leading functions in operations, plant management and general management at Brose Fahrzeugteile GmbH & Co. KG, Germany, Faurecia Sitztechnik GmbH & Co. KG and at Beru Ltd, Germany; from 2009 to 2011 Managing Director Production for Keiper GmbH & Co. KG (later Johnson Controls), last assignment as General Manager of the Product Business Unit "Metal Region Europe", Germany; in the current function since 2012

*Until January 31, 2019; as from February 1, 2019 Dr Alexandra Bendler.

Andreas Kolf (1962)

Head Business Group Asia
German national

Member of the Group Executive Board since 2016. **Educational and professional background** Lawyer; from 1995 to 2001 various management functions at Tiger Wheels Holding, South Africa; from 2002 to 2004 CEO Federal-Mogul Gorzyce S.A., Poland; from 2004 to 2005 Managing Director, Borbet Thüringen GmbH, Germany; from 2005 to 2006 Global Sales Director, Federal-Mogul GmbH, Germany; from 2006 to 2011 Executive Director Operations, Federal-Mogul India; from 2011 to 2013 Director Operations Federal-Mogul Asia Pacific, China; from 2013 to 2016 Vice President and Managing Director Federal-Mogul India; in the current function since 2016

John T. Lenga (1970)

Head Business Group North America*
US national

Member of the Group Executive Board since 2015. **Educational and professional background** Master in Arts, Bowling Green State University, USA; from 1994 to 1997 Financial Analyst at Ford Motor Company, USA; from 1997 to 1999 Principal Business Analyst to the CEO for Little Caesar's Enterprises, USA; from 1999 to 2003 Financial Planning and Operational Analysis Leader US/Canada Tower Automotive, USA; from 2003 to 2005 Director of Financial Planning and Operational Analysis; from 2005 to 2007 Business Group Controller of Business Group North America, Rieter Holding Ltd, USA; from 2007 to 2015 Chief Financial Officer Business Group North America, Rieter Holding Ltd / Autoneum Holding Ltd, USA; in the current function since 2015

*Until January 7, 2019; as from January 8, 2019 Fausto Bigi a.i.

5 Remuneration, shareholdings and loans

The content and process for determining remuneration and equity participation programs as well as information on the remuneration, shareholdings and loans of the Board of Directors and the Group Executive Board can be found in the Remuneration Report from page 128 onwards.

6 Shareholders' participatory rights

Voting restrictions

Autoneum Holding Ltd imposes no voting restrictions.

Statutory quorum

General Meetings of Shareholders adopt resolutions with the absolute majority of represented voting shares unless the law or Articles of Association* stipulate otherwise. Remuneration is approved with the majority of votes cast regardless of potential abstentions.

Convocation of General Meeting, agenda publication, voting proxies

General Meetings of Shareholders are called through publication in the Swiss Commercial Gazette by the Board of Directors at least 20 days prior to the event, with details of the agenda, pursuant to §8 of the Articles of Association*. Pursuant to §9 of the Articles of Association*, shareholders representing shares with a par value of at least CHF 20 000 can request the inclusion on the agenda of an item for discussion, with details of the relevant motions, by a closing date published by the Company. Shareholders who do not attend General Meetings personally can arrange to be represented by another shareholder by written power of attorney or by the independent voting proxy by issuing written power of attorney and instructions pursuant to the signed registration form or electronically via the platform at <https://autoneum.shapp.ch>. The independent voting proxy is elected annually by the Annual General Meeting. Lic. iur. Ulrich B. Mayer, Attorney-at-Law, shall hold office as independent voting proxy until the closure of the 2019 Annual General Meeting.

Entries in the shareholders' register

In order to ensure an orderly procedure, the Board of Directors fixes the reference date shortly before the shareholders' meeting, by which time shareholders need to be entered in the share register in order to exercise their participation rights at the meeting. This reference date is published in the Swiss Commercial Gazette together with the invitation to the General Meeting.

*www.autoneum.com/investor-relations/corporate-governance

7 Change-of-control and defensive measures

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Change-of-control clauses

There are no change-of-control clauses in Autoneum contracts of employment and office. In the event of a change of control, all shares blocked within the framework of the Executive Bonus Plan are vested.

Obligation to submit an offer

The legal provisions according to Art. 135 of the Financial Market Infrastructure Act (FMIA) are applicable. This states that a shareholder or a group of shareholders acting in concert who hold more than 33% of all shares must submit a takeover offer to the other shareholders.

8 Statutory auditors

Duration of mandate and term of office of the lead auditor

KPMG AG, Zurich, has been the statutory and Group auditor of Autoneum Holding Ltd and the Autoneum Group since the financial year 2011. Reto Benz, licensed audit expert, has been lead auditor for the Autoneum mandate at KPMG since the financial year 2018. The term of office of the lead auditor is limited to seven years.

Audit fees and additional fees

KPMG charged Autoneum approximately CHF 1.1 million for the 2018 financial year for services in connection with auditing the annual financial statements of Group companies, the consolidated Autoneum Group accounts and the Remuneration Report. KPMG also charged Autoneum approximately CHF 1.6 million for additional services in the year under review, mainly for tax and transaction advisory services. Additional auditors received from Autoneum approximately CHF 0.3 million for the 2018 financial year for services in connection with auditing the annual financial statements of Group companies. They also received approximately CHF 0.3 million for additional services in the year under review, mainly for tax advisory services.

Information instruments of the external auditors

The external auditor informs the Audit Committee in writing and verbally at every meeting about relevant auditing activities and other important facts and figures related to the Company. Representatives of the external and internal auditors attend Audit Committee meetings to explain their activities and answer questions. Please also refer to the section on the Audit Committee on page 57. The statutory auditors have access to the minutes of the meetings of the Board of Directors. The Audit Committee of the Board of Directors makes an annual assessment of the performance, fees and independence of the statutory and Group auditors. It submits a proposal to the Board of Directors regarding who should be proposed for election as statutory auditors at the General Meeting. In addition, the Audit Committee reviews the scope of external auditing, the auditing plans and relevant procedures annually, and discusses auditing results with the external auditors in each case.

9 Information policy

Autoneum maintains regular, open communication with all stakeholders and relevant parties, in particular with investors, financial analysts and representatives of banks and the media. Communication takes place through the Annual Report and Semi-Annual Report, the Annual General Meeting and one media conference each year.

Shareholders and the capital market are informed by media releases of significant changes and developments in the Company. Share-price-relevant events are published in accordance with the ad hoc publicity requirements of the SIX Swiss Exchange. In addition, Autoneum maintains communication with investors, financial analysts and representatives of the media at corresponding events. Should shareholders and other interested parties wish to automatically receive the media releases, they may register at www.autoneum.com/media/subscription-media.

Reporting on the 2018 financial year includes the Annual Report, a media release and a presentation. The Annual Report can be ordered by shareholders using the form enclosed with the invitation to the Annual General Meeting. It is also available for perusal at the Company's headquarters no later than 20 days prior to the Annual General Meeting. At the Annual General Meeting, the Board of Directors and the Group Executive Board provide information on the annual accounts and the course of business and answer shareholders' questions.

Sources of information

Autoneum provides extensive information to all interested parties. This is available online via the following links:

- Articles of Association Autoneum Holding Ltd:
www.autoneum.com/investor-relations/corporate-governance
- Organizational Regulations:
www.autoneum.com/investor-relations/corporate-governance
- Download of Annual Reports incl. Financial Reports:
www.autoneum.com/investor-relations/financial-reports
- Order of Annual Reports incl. Financial Reports (printed version):
www.autoneum.com/order-publication-2
- Corporate Governance:
www.autoneum.com/investor-relations/corporate-governance
- Corporate Responsibility:
www.autoneum.com/corporate-responsibility
- Share price:
www.autoneum.com/investor-relations/share
- Presentations:
www.autoneum.com/investor-relations/financial-reports/#praesentation
- Media releases:
www.autoneum.com/media/media-releases
- Subscription to media releases:
www.autoneum.com/media/subscription-media
- Contact:
www.autoneum.com/contact

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Review 2014–2018

Consolidated income statement

CHF million	Notes	2018		2017 ¹	
Revenue	(4)	2 281.5	100.0%	2 205.4	100.0%
Material expenses		-1 101.1	48.3%	-1 005.9	45.6%
Employee expenses	(5)	-627.3	27.5%	-594.1	26.9%
Other expenses	(6)	-404.1	17.7%	-377.1	17.1%
Other income	(7)	48.1	2.1%	29.5	1.3%
EBITDA		197.2	8.6%	257.8	11.7%
Depreciation, amortization and impairment	(8)	-83.1	3.6%	-77.9	3.5%
EBIT		114.1	5.0%	179.9	8.2%
Financial income	(9)	2.8		4.4	
Financial expenses	(10)	-16.4		-12.0	
Share of profit of associated companies	(15)	4.0		3.4	
Profit before taxes		104.5	4.6%	175.7	8.0%
Income taxes	(11)	-29.8		-56.8	
Net profit		74.7	3.3%	118.9	5.4%
attributable to shareholders of Autoneum Holding Ltd		55.1		91.0	
attributable to non-controlling interests		19.6		28.0	
Basic earnings per share in CHF	(12)	11.83		19.53	
Diluted earnings per share in CHF	(12)	11.81		19.50	

¹ Restated, refer to note 1.3 on page 76.

Consolidated statement of comprehensive income

CHF million	2018	2017 ¹
Net profit	74.7	118.9
Currency translation adjustment ²	-30.1	0.1
Inflation adjustment ³	1.8	-
Changes in fair value of financial instruments available for sale	-	15.2
Income taxes	-	-
Total items that will be reclassified to income statement	-28.2	15.3
Remeasurement of defined benefit pension plans	1.6	7.4
Changes in fair value of equity investments (FVOCI)	-26.9	-
Income taxes	-	-1.7
Total items that will not be reclassified to income statement	-25.2	5.7
Other comprehensive income	-53.5	21.0
Total comprehensive income	21.2	140.0
attributable to shareholders of Autoneum Holding Ltd	4.3	115.4
attributable to non-controlling interests	16.9	24.6

¹ Restated, refer to note 1.3 on page 76.

² The currency translation adjustment includes CHF -0.5 million (2017: CHF 0.5 million) from associated companies accounted for using the equity method.

³ Refer to note 1.6 on page 81.

The accompanying notes on pages 74–123 are part of the consolidated financial statements.

Consolidated balance sheet

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CHF million	Notes	31.12.2018	31.12.2017 ¹	01.01.2017 ¹
Assets				
Tangible assets	(13)	688.9	623.0	500.0
Intangible assets	(14)	11.5	11.2	8.8
Investments in associated companies	(15)	16.1	14.1	11.0
Financial assets	(16)	49.6	78.0	43.5
Deferred income tax assets	(11)	19.8	21.7	33.1
Employee benefit assets	(24)	2.8	3.8	3.4
Other assets	(17)	108.8	101.3	104.3
Non-current assets		897.5	853.0	704.2
Inventories	(18)	231.8	206.9	147.6
Trade receivables	(19)	273.1	301.4	276.1
Current income tax receivables		10.9	9.3	8.9
Other assets	(17)	93.4	65.7	59.2
Financial assets	(16)	1.5	2.8	1.9
Cash and cash equivalents	(20)	93.1	103.8	149.8
Assets of disposal group classified as held for sale		-	-	1.6
Current assets		703.8	689.9	645.1
Assets		1 601.3	1 542.9	1 349.3
Shareholders' equity and liabilities				
Equity attributable to shareholders of Autoneum Holding Ltd		519.3	545.7	459.9
Equity attributable to non-controlling interests	(22)	108.4	112.6	108.7
Shareholders' equity		627.7	658.3	568.6
Borrowings	(23)	336.8	242.5	78.4
Deferred income tax liabilities	(11)	30.3	33.5	26.5
Employee benefit liabilities	(24)	32.2	33.9	37.0
Provisions	(25)	22.5	37.4	63.3
Other liabilities	(26)	1.3	1.1	11.3
Non-current liabilities		423.1	348.6	216.4
Borrowings	(23)	40.0	46.2	130.3
Current income tax liabilities		12.4	21.6	15.1
Provisions	(25)	18.9	31.7	11.9
Trade payables		305.6	261.7	253.8
Other liabilities	(26)	173.7	174.8	152.5
Liabilities of disposal group classified as held for sale		-	-	0.7
Current liabilities		550.6	536.0	564.3
Liabilities		973.7	884.6	780.7
Shareholders' equity and liabilities		1 601.3	1 542.9	1 349.3

¹ Restated, refer to note 1.3 on page 76.

The accompanying notes on pages 74–123 are part of the consolidated financial statements.

Consolidated statement of changes in equity

CHF million	Attributable to the shareholders of Autoneum Holding Ltd						Total	Attributable to non-controlling interests	Total
	Share capital	Treasury shares	Capital reserve	Fair value reserve ¹	Retained earnings	Currency transl. adjustm.			
At December 31, 2016 reported	0.2	-2.4	217.5	23.8	179.9	-24.7	394.3	104.7	499.0
Adoption of IFRS 15 ²	-	-	-	-	65.6	-	65.6	4.0	69.7
At January 1, 2017 restated²	0.2	-2.4	217.5	23.8	245.5	-24.7	459.9	108.7	568.6
Net profit	-	-	-	-	91.0	-	91.0	28.0	118.9
Other comprehensive income	-	-	-	15.2	5.7	3.5	24.4	-3.4	21.0
Total comprehensive income	-	-	-	15.2	96.7	3.5	115.4	24.6	140.0
Capital increase	-	-	-	-	-	-	-	0.1	0.1
Acquisition of non-controlling interests	-	-	-	-	-0.3	-	-0.3	-	-0.4
Dividends paid ³	-	-	-	-	-30.3	-	-30.3	-20.7	-51.0
Purchase of treasury shares	-	-2.3	-	-	-	-	-2.3	-	-2.3
Share-based remuneration	-	1.3	-	-	2.0	-	3.3	-	3.3
Total transactions with owners	-	-1.0	-	-	-28.7	-	-29.6	-20.7	-50.3
At December 31, 2017 restated	0.2	-3.3	217.5	38.9	313.5	-21.2	545.7	112.6	658.3
Adoption of IFRS 9 ²	-	-	-	-	-1.2	-	-1.2	-	-1.2
Application of IAS 29 ⁴	-	-	-	-	0.9	-	0.9	-	0.9
At January 1, 2018 restated²	0.2	-3.3	217.5	38.9	313.1	-21.2	545.3	112.6	657.9
Net profit	-	-	-	-	55.1	-	55.1	19.6	74.7
Other comprehensive income	-	-	-	-26.9	3.4	-27.4	-50.8	-2.7	-53.5
Total comprehensive income	-	-	-	-26.9	58.5	-27.4	4.3	16.9	21.2
Dividends paid ³	-	-	-	-	-30.3	-	-30.3	-21.1	-51.4
Purchase of treasury shares	-	-2.4	-	-	-	-	-2.4	-	-2.4
Share-based remuneration	-	2.1	-	-	0.4	-	2.4	-	2.4
Total transactions with owners	-	-0.4	-	-	-29.9	-	-30.3	-21.1	-51.4
At December 31, 2018	0.2	-3.7	217.5	12.1	341.8	-48.6	519.3	108.4	627.7

¹ The former "Available for sale reserve" has been renamed to "Fair value reserve" in course of the adoption of IFRS 9.

² Refer to note 1.3 on page 76.

³ Autoneum Holding Ltd paid a dividend of CHF 6.50 per share entitled to dividends in 2018 (2017: CHF 6.50) as approved by the Annual General Meeting. The total payout amounted to CHF 30.3 million (2017: CHF 30.3 million).

⁴ Refer to note 1.6 on page 81.

The accompanying notes on pages 74-123 are part of the consolidated financial statements.

Consolidated statement of cash flows

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CHF million	Notes	2018	2017 ¹
Net profit		74.7	118.9
Dividend income	(9)	-0.8	-0.9
Interest income	(9)	-1.7	-2.2
Interest expenses	(10)	8.2	11.3
Income tax expenses	(11)	29.8	56.8
Depreciation, amortization and impairment	(8)	83.1	77.9
Share of profit of associated companies	(15)	-4.0	-3.4
(Gain)/loss from disposal of tangible assets, net		0.5	0.2
(Gain)/loss from disposal of subsidiary or business		-0.2	0.1
Loss from disposal of investments in associated companies	(10)	-	0.4
Other non-cash income and expenses		4.9	-3.0
Change in net working capital		-4.0	-46.6
Change in post-employment benefit assets and liabilities		1.2	1.7
Change in non-current provisions		-9.4	-9.5
Change in other non-current assets		-12.5	4.0
Change in other non-current liabilities		0.3	-9.2
Dividends received		2.5	1.7
Interest received		1.7	2.2
Interest paid		-7.7	-11.1
Income taxes paid		-42.5	-44.2
Cash flows from operating activities		124.0	145.2
Investments in tangible assets		-162.6	-173.6
Investments in intangible assets	(14)	-3.8	-4.4
Investments in associated companies	(15)	-0.2	-
Investments in financial assets		-1.1	-17.8
Proceeds from disposal of tangible assets		0.2	0.2
Proceeds from disposal of financial assets		1.5	0.3
Proceeds from disposal of subsidiary or business, net of cash disposed of ²		1.3	-
Consideration paid for disposal of investments in associated companies		-	-0.4
Cash flows used in investing activities		-164.7	-195.7
Dividends paid to shareholders of Autoneum Holding Ltd		-30.3	-30.3
Dividends paid to non-controlling interests		-21.1	-20.7
Acquisition of non-controlling interests		-	-0.4
Proceeds from capital increase		-	0.1
Purchase of treasury shares	(21)	-2.4	-2.3
Proceeds from borrowings	(23)	169.0	197.1
Repayment of borrowings	(23)	-80.8	-138.2
Cash flows from financing activities		34.3	5.4
Currency translation adjustment		-4.3	-0.8
Change in cash and cash equivalents		-10.7	-45.9
Cash and cash equivalents at beginning of the year		103.8	149.8
Cash and cash equivalents at end of the year	(20)	93.1	103.8

¹ Restated, refer to note 1.3 on page 76.

² Includes deferred purchase price payments in the amount of CHF 1.3 million (2017: nil) from transactions in previous periods.

The accompanying notes on pages 74–123 are part of the consolidated financial statements.

Notes to the consolidated financial statements

1 Significant accounting policies

1.1 Basis of preparation

Autoneum Holding Ltd (“the Company”) was incorporated on December 2, 2010 as a Swiss corporation domiciled in Winterthur. The Company is listed on the SIX Swiss Exchange (AUTN, ISIN: CH0127480363) since May 13, 2011. Autoneum Holding Ltd together with its subsidiaries will henceforth be referred to as “Autoneum Group”, “Group” or “Autoneum”. A list of subsidiaries, associated companies and non-consolidated investments of Autoneum Group can be found in note 35 on page 123.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are based on historic cost, with the exception of employee benefit assets and liabilities, which are measured at the fair value of the plan assets less the present value of the defined benefit obligation, and specific financial instruments, which are measured at fair value. The consolidated financial statements were authorized for issue by the Board of Directors on March 5, 2019 and are subject to approval by the Annual General Meeting of shareholders on March 28, 2019.

The consolidated financial statements are published exclusively in English. Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

1.2 Significant accounting judgments, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Other disclosures relating to the Group’s exposure to risks and uncertainties include the risk management process (refer to note 2, page 90) and the sensitivity analyses of defined benefit plans (refer to note 24, page 113).

Judgments

In the process of applying the Group’s accounting policies, management has made the following judgment in connection with the consolidation of entities in which the Group holds less than the majority of voting rights.

Assessing whether Autoneum has control over an entity includes all facts and circumstances that may indicate that the Group is able to direct the relevant activities and key decisions.

Autoneum concludes that it has control over certain entities in which it holds 50% or more (refer to note 22, page 111), based on specific rights allocated. Facts and circumstances indicating that Autoneum controls an entity may change and lead to a reassessment of the management's conclusion.

Estimates and assumptions

Key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending December 31, 2018 include the following:

Impairment losses on tangible assets are assessed based on estimated cash flows, which may vary from actual cash flows. Important assumptions to consider are useful lives, growth rates, achievable margins as well as discount rates (refer to note 13, page 103).

Preproduction costs that are capitalized in the balance sheet include mainly employee costs. In case hourly records are not available, controlling staff estimate the hours spent for each project. Testing for impairment of the capitalized preproduction costs requires management to estimate both the total future consideration and total future costs of a project.

For defined benefit plans, actuarial valuations which are the basis for the employee benefit assets and liabilities in the balance sheet are carried out regularly. These calculations are based on statistical and actuarial assumptions. In particular, the present value of the defined benefit obligation is affected by assumptions such as discount rate, expected future salary growth and the life expectancy. Other assumptions for the valuation are derived from statistical data such as mortality tables and staff turnover rates. Actuaries are independent from Autoneum. Assumptions may differ significantly from actual results. These deviations can ultimately have an effect on the employee benefit assets or liabilities in future periods (refer to note 24, page 113).

In the course of the ordinary operating activities of Autoneum Group, obligations from guarantee and warranty, litigation and tax risk, and environmental risk can arise. Provisions for these obligations are measured on the basis of estimated future cash outflow. The outcome of these business transactions may result in claims against Autoneum that may be below or above the related provisions. Provisions for litigation and tax risk comprise complex cases that include material uncertainties. Environmental provisions are recognized for the expected costs for the cleanup and reconstruction of contaminated sites that are interdependent of many uncertainties, such as Autoneum's share of the cost or the applicable approach for determining these costs. The financial impact of these cases for future periods can only be estimated, because uncertainties relating to amount and date of cash outflow exist (refer to note 25, page 118).

Assumptions in relation to income taxes include interpretations of the tax regulations in place in the relevant countries. The adequacy of these interpretations is assessed by the tax authorities. This can result, at a later stage, in changes in the income tax expenses. To determine whether a deferred income tax asset on tax loss carryforwards may be recognized requires judgment in assessing whether there will be future taxable profits against which these tax loss carryforwards can be offset (refer to note 11, page 100).

1.3 Changes in accounting policies

Adopted changes in accounting policies

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the consolidated financial statements as of December 31, 2017.

The Group has initially adopted IFRS 9 “Financial Instruments” effective as of January 1, 2018. IFRS 9 includes revised guidance on the classification and measurement of financial assets and financial liabilities, including a new expected credit loss model for calculating impairment as well as general hedge accounting requirements. Autoneum is mainly impacted in the area of valuation of trade receivables and contract assets, which is now assessed based on the customer’s credit rating as well as the maturity of the financial asset. In the course of the adoption of IFRS 9 as of January 1, 2018 trade receivables decreased by CHF 0.8 million, financial assets decreased by CHF 0.5 million, other assets decreased by CHF 0.2 million, deferred income tax assets increased by CHF 0.3 million, deferred income tax liabilities increased by CHF 0.1 million, and the cumulative impact of CHF 1.2 million is recognized in retained earnings. In the course of the adoption of IFRS 9, Autoneum elected to classify its equity investments in Nihon Tokushu Toryo Co. Ltd., Tokyo, Japan, into the category “at fair value through other comprehensive income” (FVOCI). Under this new category, the cumulative change in fair value is reclassified from the fair value reserve to retained earnings on disposal of the investment, and is not recycled to profit or loss. The prior-year’s financial information has not been restated, as the impairment need on assets as well as the classification and measurement could not be assessed without the use of hindsight.

The Group has initially adopted IFRS 15 “Revenue from Contracts with Customers” effective as of January 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized based on a five-step approach. Under IFRS 15, an entity recognizes revenue when control of the promised goods and services is transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled. It replaces existing revenue recognition guidance, including IAS 18, IAS 11 and IFRIC 13. Autoneum implemented the new standard as of January 1, 2018 using the full retrospective method. The resultant impact of the conversion is recognized in retained earnings as of January 1, 2017 and the prior-year’s financial information has been restated accordingly.

IFRS 15 requires that preproduction costs be capitalized as “costs to fulfill a contract”. Instead of an immediate recognition in the income statement, the costs are capitalized and amortized over the period when revenue is recognized. The capitalized preproduction costs amount to CHF 86.6 million and are included in other assets (non-current) as of December 31, 2017. The Group capitalized preproduction costs of CHF 21.4 million and amortized preproduction costs from prior periods of CHF 19.0 million in 2017. Both transactions are recorded in the consolidated income statement in the line item “Material expenses”.

The implementation of IFRS 15 led to changes in the timing of recognition of costs and revenue for certain projects in which Autoneum sells the serial production tool to the OEM. According to IFRS 15, both costs and revenue are recognized when Autoneum fulfills the respective performance obligation, which is at a clearly defined point in time. According to the accounting principles applied previously, costs and revenue were in some cases recognized over the serial production period. As a consequence, the line items “Other assets” (non-current and current) decreased by CHF 17.1 million as of December 31, 2017, which is mainly the result of deferred expenses that were reported as a part of other assets and are recognized as material expenses in the year 2017 or earlier, applying the new standard. Inventories decreased by CHF 6.9 million as of December 31, 2017 and the related costs are recognized in the year 2017 or earlier. Other liabilities (non-current and current) decreased by CHF 25.9 million as of December 31, 2017, which is mainly the result of deferred revenue that is recognized as revenue in the year 2017 or earlier, applying the new standard.

The adoption of IFRS 15 resulted in an increase in total equity of CHF 71.1 million as of December 31, 2017, which is net of deferred income taxes. The impact on the consolidated income statement and on the consolidated statement of comprehensive income is immaterial in relation to the Group’s results, as the effect of the change in the accounting for the preproduction costs is partly offset by the effect of the change in the timing of recognition of costs and revenue.

Other new and revised standards and interpretations are effective as of January 1, 2018 but have no or no significant impact on the Group’s consolidated financial statements.

The tables on pages 78 and 79 show the restatement of the prior-year’s financial information due to the retrospective implementation of IFRS 15.

CHF million	Reported	IFRS 15	Restated
Consolidated income statement 2017			
Revenue	2 203.0	2.5	2 205.4
Material expenses	-1 005.4	-0.5	-1 005.9
EBIT	178.0	1.9	179.9
Profit before taxes	173.8	1.9	175.7
Income taxes	-55.3	-1.5	-56.8
Net profit	118.5	0.4	118.9
attributable to shareholders of Autoneum Holding Ltd	91.3	-0.4	91.0
attributable to non-controlling interests	27.2	0.8	28.0
Basic earnings per share in CHF	19.61	-0.08	19.53
Diluted earnings per share in CHF	19.57	-0.08	19.50
Consolidated statement of comprehensive income 2017			
Net profit	118.5	0.4	118.9
Currency translation adjustment	-0.9	1.0	0.1
Other comprehensive income	20.0	1.0	21.0
Total comprehensive income	138.5	1.4	140.0
attributable to shareholders of Autoneum Holding Ltd	114.6	0.8	115.4
attributable to non-controlling interests	23.9	0.7	24.6
Consolidated statement of cash flows 2017			
Net profit	118.5	0.4	118.9
Income tax expenses	55.3	1.5	56.8
Change in net working capital	-49.4	2.8	-46.6
Change in other non-current assets	8.3	-4.3	4.0
Change in other non-current liabilities	-8.8	-0.4	-9.2
Remaining operating cash flow items	21.3	-	21.3
Cash flows from operating activities	145.2	-	145.2
Consolidated balance sheet as of December 31, 2017			
Deferred income tax assets	25.7	-4.0	21.7
Other assets (non-current)	36.1	65.2	101.3
Inventories	213.9	-6.9	206.9
Other assets (current)	61.3	4.3	65.7
Remaining assets	1 147.3	-	1 147.3
Assets	1 484.3	58.6	1 542.9
Equity attributable to shareholders of Autoneum Holding Ltd	479.2	66.4	545.7
Equity attributable to non-controlling interests	107.9	4.7	112.6
Deferred income tax liabilities	17.8	15.8	33.5
Other liabilities (non-current)	20.9	-19.7	1.1
Provisions (current)	34.0	-2.3	31.7
Other liabilities (current)	181.1	-6.2	174.8
Remaining liabilities	643.4	-	643.4
Shareholders' equity and liabilities	1 484.3	58.6	1 542.9

CHF million	Reported	IFRS 15	Restated
Consolidated balance sheet as of January 1, 2017			
Deferred income tax assets	35.2	-2.1	33.1
Other assets (non-current)	46.0	58.3	104.3
Inventories	148.2	-0.6	147.6
Other assets (current)	63.3	-4.1	59.2
Remaining assets	1 005.1	-	1 005.1
Assets	1 297.8	51.6	1 349.3
Equity attributable to shareholders of Autoneum Holding Ltd	394.3	65.6	459.9
Equity attributable to non-controlling interests	104.7	4.0	108.7
Deferred income tax liabilities	10.7	15.9	26.5
Other liabilities (non-current)	31.5	-20.2	11.3
Provisions (current)	13.7	-1.8	11.9
Other liabilities (current)	164.5	-12.0	152.5
Remaining liabilities	578.5	-	578.5
Shareholders' equity and liabilities	1 297.8	51.6	1 349.3

Future changes in accounting policies

The following new and revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements. However, a preliminary assessment has been conducted by the management and the expected impact of each standard and interpretation is presented in the table on page 80.

IFRS 16 "Leases" brings most leases on the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. For lessors, however, the accounting remains largely unchanged. Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if this rate can be readily determined. If the rate cannot be readily determined, the lessee's incremental borrowing rate should be used. IFRS 16 supersedes IAS 17 "Leases" and related interpretations.

The Group will implement the new standard on January 1, 2019 and will apply the modified retrospective method, with right-of-use assets measured at an amount equal to the lease liability, adjusted by the amount of the prepaid or accrued lease payments relating to those leases recognized in the balance sheet immediately before the date of initial application and will not restate prior years. Autoneum has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low value assets.

The Group expects that the application of IFRS 16 will result in an increase in both tangible assets and borrowings in the amount of around CHF 300 million with no impact on shareholders' equity.

	Effective date	Planned application by Autoneum
New standards and interpretations		
IFRS 16 Leases	January 1, 2019	January 1, 2019
IFRIC 23 Uncertainty over income tax treatments ¹	January 1, 2019	January 1, 2019
IFRS 17 Insurance contracts ¹	January 1, 2021	January 1, 2021
Revisions and amendments of standards and interpretations		
Prepayment features with negative compensation (amendments to IFRS 9) ¹	January 1, 2019	January 1, 2019
Long-term interests in associates and joint ventures (amendments to IAS 28) ¹	January 1, 2019	January 1, 2019
Plan amendment, curtailment or settlement (amendments to IAS 19) ¹	January 1, 2019	January 1, 2019
Annual improvements to IFRS standards 2015–2017 cycle ¹	January 1, 2019	January 1, 2019
Amendments to references to conceptual framework in IFRS standards ¹	January 1, 2020	January 1, 2020
Definition of a business (amendments to IFRS 3) ¹	January 1, 2020	January 1, 2020
Definition of material (amendments to IAS 1 and IAS 8) ¹	January 1, 2020	January 1, 2020

¹ No impact or no significant impact is expected on the consolidated financial statements.

1.4 Scope and methods of consolidation

The consolidated financial statements of Autoneum Holding Ltd include the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control is lost. Acquisitions are accounted for using the acquisition method. Intercompany transactions are eliminated.

If Autoneum does not have control over entities but significant influence, which is usually the case if Autoneum holds interests of between 20% and 50%, these investments are classified as associated companies and accounted for using the equity method. Interests of less than 20% where Autoneum does not have significant influence are classified as non-consolidated investments and are accounted for at fair value. The subsidiaries, associated companies and non-consolidated investments are listed in note 35 on page 123.

1.5 Foreign currency translation

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates (“functional currency”). The consolidated financial statements are prepared in Swiss francs, which is the functional currency and the reporting currency of Autoneum Holding Ltd.

Transactions in foreign currencies are translated into the functional currency by applying the exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

For consolidation purposes, items in the balance sheet of foreign subsidiaries are translated at year-end exchange rates, while income statement items are translated at average rates for the period. The resulting currency translation differences are recognized in other comprehensive income and, in the event of a disposal of a foreign operation, transferred to the income statement as part of the gain or loss from disposal.

1.6 Hyperinflation accounting

The Argentinian economy exceeded 100 inflation points in 36 months and is considered to be hyperinflationary in accordance with the criteria in IAS 29 “Financial Reporting in Hyperinflationary Economies” effective as of July 1, 2018. The standard requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date. The financial statements of the Argentinian subsidiary were restated accordingly before being translated and included in the consolidated financial statements of the Group. Inflation is assessed as follows:

- Until December 31, 2016: Argentinian wholesale price index (WPI), except for the two months of November and December 2015 for which the city of Buenos Aires CPI is used.
- From January 1, 2017 onwards: Argentinian consumer price index (CPI).

1.7 Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation, which is recognized on a straight-line basis over the estimated useful life of the asset. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Useful life is determined according to the expected utilization of each asset. The relevant ranges are as follows:

Buildings	20–50 years
Machinery and plant equipment	5–15 years
Data processing equipment	4–8 years
Vehicles and furniture	3–10 years

Components of certain assets with different useful lives are depreciated separately. Gains or losses arising from the disposal of tangible assets are recognized in the income statement. Costs of maintenance and repair are charged to the income statement as incurred. The residual values and useful lives of tangible assets are reviewed, and adjusted if appropriate, at each balance sheet date.

1.8 Leases

Leased assets where Autoneum substantially bears all the risks and rewards of ownership (finance leases) are capitalized. Assets held under such finance leases are depreciated over the shorter of their estimated useful life or the lease term. The corresponding lease obligations, excluding finance charges, are included in borrowings. Lease installments are divided into an interest and a principal component. All other leases are classified as operating leases. Payments in respect of operating leases are charged to the income statement on a straight-line basis over the duration of the lease.

1.9 Intangible assets

Intangible assets such as product licenses, patents and trademark rights as well as software acquired from third parties are included in the balance sheet at acquisition cost and are amortized on a straight-line basis over a period of up to eight years. The residual values and useful lives of intangible assets are reviewed, and adjusted if appropriate, at each balance sheet date. Autoneum has neither in the current reporting period nor in the prior period intangible assets that have an indefinite useful life recorded in the balance sheet. Autoneum has no goodwill capitalized in the balance sheet.

1.10 Impairment of assets

Tangible assets, intangible assets and other assets (non-current) are tested for impairment if there are indications that, due to changed circumstances, their carrying value may no longer be fully recoverable. If such a situation arises, the recoverable amount is determined. This is the higher of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is below the carrying amount, a corresponding impairment loss is recognized in the income statement. Where the recoverable amount cannot be determined for an individual asset, it is determined for the cash-generating unit to which the asset belongs. To determine the value of an asset, estimates of the expected future cash flows from both usage and disposal are made.

1.11 Capitalized preproduction costs

In order to be able to deliver an OEM with serial parts over the production period, Autoneum designs and develops a serial part based on its existing product technologies that meets the OEM's specifications and prepares its manufacturing process allowing serial production over the production period, which is usually between five to eight years. The costs for this process qualify as "costs to fulfill a contract" and are capitalized as "preproduction costs" in the line item "Other assets". Those costs are capitalized when the costs are directly attributable to a project, the costs enhance resources of the entity that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. The majority of costs that fulfill those requirements are employee costs which are allocated to specific projects, either based on actual hours entered by employees multiplied by an hourly cost rate, or in case hourly records are not available, based on estimates made by controlling staff.

The capitalized preproduction costs are amortized in the income statement in the line item "Material expenses" over the period when revenue from the sale of the serial parts is recognized, which is usually between five to eight years.

In case the carrying amount of the capitalized preproduction costs exceeds the remaining amount of consideration that Autoneum will receive minus the remaining costs that Autoneum will incur to fulfill the contract, an impairment loss is recognized immediately.

1.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement of financial assets

At initial recognition, the Group classifies its financial assets, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables are measured at the transaction price determined under IFRS 15 (refer to note 1.20 on page 88). The Group initially measures all other financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement of financial assets

For subsequent measurement, Autoneum classifies its financial assets in three categories:

- Financial assets at amortized cost: The Group measures financial assets at amortized cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments): Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as financial income in the income statement when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its listed investments in non-consolidated companies under this category.

- Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement.

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through arrangement”.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but calculates ECLs according a provision matrix based on days the amounts are past due. For trade receivables and contract assets ECLs are determined by using publicly available credit default probabilities for the individual customer based on their ratings (mainly Standard & Poor’s long-term issuer rating). These ratings incorporate forward-looking information.

As Autoneum did not encounter material credit losses in the past the Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial recognition and measurement of financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, or as financial liabilities at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held for trading are recognized in the income statement.
- The category financial liabilities at amortized cost is most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortization is included as finance expenses in the income statement. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

1.13 Inventories

Raw materials, consumables and purchased parts are valued at the lower of average cost or net realizable value. Semi-finished goods and finished goods are valued at the lower of manufacturing cost or net realizable value. Valuation adjustments are made for obsolete materials and excess stock.

1.14 Cash and cash equivalents

Cash and cash equivalents include bank accounts and time deposits with original maturities from the date of acquisition of up to three months.

1.15 Equity

Ordinary shares are classified as equity since the shares are non-redeemable and any dividends are discretionary.

When shares are repurchased, the amount of the consideration paid is recognized as a deduction from equity and presented as a separate component in equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is recognized in retained earnings.

1.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are discounted if the impact is significant.

1.17 Income taxes

Income taxes comprise both current and deferred income taxes. Normally income taxes are recognized in the income statement, unless they are linked to a position that is recognized directly in equity or in other comprehensive income. In this case, the income taxes are also recognized directly in equity or in other comprehensive income.

Current income taxes are calculated and accrued on the basis of taxable income for the year. Deferred income taxes on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts determined for local tax purposes are calculated using the liability method. Deferred income taxes are measured at the tax rate expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are offset to the extent that an entity has a legally enforceable right to offset current income taxes, and the deferred income taxes relate to income taxes levied by the same taxation authority and relate to the same taxable entity.

Temporary differences resulting from investments in Group companies are not considered if Autoneum is able to control the timing of the reversal of the temporary differences and if it is probable that these temporary differences will not reverse in future.

The tax impact of losses and deductible temporary differences is capitalized to the extent it appears probable that such losses will be offset in the future by taxable income.

1.18 Employee benefits

Employee pension plans are operated by certain subsidiaries, depending upon the level of coverage provided by the government pension facilities in the various countries in which they are present. Some are provided by independent pension funds. If there is no independent pension fund, the respective obligations are shown in the balance sheet under employee benefit liabilities. As a rule, pensions are funded by employees' and employer's contributions. Pension plans exist on the basis of both defined contribution and defined benefit.

Pension liabilities arising from defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. The discount rate used for the calculation is based on interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Remeasurement gains or losses are recognized in other comprehensive income. Pension cost relating to services rendered in the reporting period is recognized in the income statement as current service cost. Pension cost relating to services rendered in previous periods as a result of new or amended pension benefits is recognized in the income statement as past service cost. The net interest expenses or income on the net defined benefit liability or asset for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The net interest expenses or income is recognized in financial expenses or income. The fair value of plan assets is deducted from the defined benefit obligations. Any asset resulting from this calculation is only capitalized up to an amount not exceeding benefits from future contribution reductions or refunds.

In the case of defined contribution plans, the contributions are recognized as expense in the period in which they incurred.

1.19 Share-based payments

Share-based payments to members of the Board of Directors, the Executive Board and senior management are measured at fair value at the grant date, and recognized in the income statement over the vesting period. The fair value is assessed based on the current market price and taking into account a discount for dividends that will not be collected by the beneficiary because the transfer of the shares is deferred. For share-based payments that are settled with equity instruments, a corresponding increase in equity is recognized.

1.20 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

The main business of Autoneum is to develop and produce multifunctional and lightweight components and systems for noise and heat protection for its customers, i.e. original equipment manufacturers (OEM). Autoneum and the OEM agree on a contract upon nomination. The contracts include that Autoneum sells serial parts to the OEM over a production period of five to eight years. The serial parts are manufactured using a tool, which is either manufactured by Autoneum or procured by a third-party supplier and which is sold to the OEM, usually before start of production. As a result, Autoneum agrees on two different kinds of performance obligations upon nomination: a performance obligation for each serial part that will be delivered to the OEM during the serial production period and a performance obligation for the procurement of the tools. Revenue is allocated to the performance obligations based on the selling price that is agreed with the OEM.

The majority of total revenue (more than 90%) is generated with the sale of the serial parts to the OEM and a minor part of total revenue (less than 10%) is generated with the sale of the tools to the OEM.

Upon nomination, the OEM and Autoneum agree on a sales price per serial part and agree that Autoneum will produce and deliver the serial parts to the OEM over its complete serial production period. The OEM and Autoneum agree on a contract that includes an expected quantity of serial products that will be delivered to the OEM, as the final quantity of required serial parts is depending on the number of cars that the OEM will produce. Revenue from the sale of the serial parts is recognized at the point in time when control of the parts is transferred to the OEM, which is according to the delivery terms that are agreed with the OEM. Revenue is recognized based on the applicable sales price at the point in time when the serial parts are transferred to the OEM.

The tools are either manufactured by Autoneum or by a third-party supplier. Control of the tools is transferred to the OEM at the point in time when the OEM accepts the tool.

Revenue recognized from contracts with customers is disclosed as revenue in the consolidated financial statements.

1.21 Financing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized as a part of the acquisition costs of the qualified asset. All other financing costs are recognized directly in the income statement.

1.22 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification. The assets must be available for immediate sale in their present condition. Assets held for sale are measured at the lower of their carrying amount at the date of their first recognition as held for sale and fair value less costs to sell. Such assets are no longer depreciated or amortized systematically. A possible impairment is included in profit or loss. A discontinued operation is a substantial component of the Group that either has been disposed of or is classified as held for sale.

1.23 Definition of non-GAAP measures

EBIT as a subtotal includes all income and expenses before addition/deduction of financial income, financial expenses, share of profit of associated companies and income taxes. EBITDA as a subtotal includes EBIT before deduction of depreciation and impairment of tangible assets as well as amortization and impairment of intangible assets.

2 Risk management

Autoneum maintains an Internal Control System with the objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Internal Control System is an important part of the risk management system.

The process of risk management is governed by the regulation “Autoneum risk management system”, which was adopted by the Board of Directors. The regulation defines the main categories of risk, which serve as a basis of the risk management, and the bodies that deal within the Group with the various risk. In addition, the regulation defines the procedures for detecting, reporting and managing risk and the criteria for qualitative and quantitative risk assessment.

The regulation defines the following main risk categories: strategic risk, operational risk, financial risk, capital risk, litigation and other risk (e.g. political, legal, organizational, environmental and work safety risk).

Besides the financial and capital risk (refer to paragraphs 2.1 and 2.2 respectively), the following risks within the main risk categories are a focus of Autoneum:

- Strategic risk: This risk results on the one hand from different markets in which Autoneum is operating (local aspects, legal regulations, degree of maturity of markets). On the other hand, it results from the share of the customers in Autoneum’s revenue, as well as from the technical and regulatory requirements on Autoneum products.
- Operational risk: This risk results from the technical development of orders until end of production, from the need for cost-efficient production and the possibility of interruptions in production.
- Environmental and work safety risk.

Strategic risk resulting from developments in the relevant markets and of the products offered therein is assessed as part of the strategic planning and the financial planning processes. Strategic risk and operational risk are regularly reviewed at the monthly meetings within the Business Groups and with the CEO and the CFO of the Group. These meetings also deal with other risks impacting actual performance against budget, in order to identify and implement corrective measures.

Risks resulting from acquisitions, divestments or other major projects are monitored at Group level within the framework of competencies and approvals for the respective project. Quarterly review reports were prepared for the attention of the Board of Directors.

Specific risks are addressed by periodic reports in dedicated bodies. Such reports cover environmental and work safety risk at the various sites, treasury risk and risk from legal actions and compliance.

An aggregate review of all identified risks and of the instruments and measures to address them is performed on a semi-annual basis by the Risk Council, consisting of representatives of all Business Groups and Corporate functions. The review results are reported to the Board of Directors and Group Executive Board.

2.1 Financial risk

As a result of its worldwide activities, Autoneum is exposed to various financial risks, such as credit risk, liquidity risk and market risk (foreign exchange risk, interest rate risk and price risk). Autoneum's financial risk management aims to minimize the potential adverse impact of the development of the financial markets on the Group's financial performance and to secure its financial stability. This may include the use of derivative financial instruments to hedge certain risk exposures. Financial risks are identified primarily locally and evaluated and managed centrally by Group Treasury in close cooperation with the Group's legal units.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as from exposures to customers, including outstanding receivables, contract assets and committed transactions. Credit risk may result in a financial loss if one party in a transaction is unable or unwilling to meet its obligations. It is Autoneum's objective to limit the impact of a default. The maximum risk of these positions corresponds to the book values of debt instruments that are classified as financial assets at amortized cost (refer to note 29 on page 120).

Credit risk of financial counterparties is monitored centrally by Group Treasury. Significant relationships with banks and financial institutions are basically only entered into with counterparties rated not lower than "A" (according to Standard & Poor's). At the date of reporting, management does not expect significant losses from non-performance by financial institutions where funds are invested.

Autoneum maintains business relationships with all significant automotive manufacturers and, compared to the industry sector, has a geographically broad, diversified customer portfolio. No customer accounted for more than 14.9% (2017: 16.8%) of Autoneum's revenue. The Group monitors the creditworthiness of its key customers by using independent ratings (if available) and by taking into account their financial position, past experience and other factors. The related credit risk is considered as low at the date of reporting.

In accordance with IFRS 9, Autoneum applies the simplified approach to trade receivables and contract assets, which provides for expected credit losses based on lifetime expected losses. For trade receivables which are not overdue by more than 180 days, expected credit losses are determined by using publicly available credit default probabilities for the individual customer based on their ratings (mainly Standard & Poor's long-term issuer rating). These ratings incorporate forward-looking information. If at this stage information indicating a higher collection risk for individual customers is available, individual allowances are recognized for the respective balances. The risk of an impairment loss increases significantly for open trade receivable balances which are overdue for more than 180 days. Unless the open balance is negligible, an individual assessment is performed to estimate expected credit losses. Individual assessments incorporate forward-looking information such as macroeconomic forecasts.

The following tables show the average expected loss rate for trade receivables per ageing category as well as for contract assets at December 31, 2018:

Average expected loss rate for trade receivables per ageing category as of December 31, 2018

CHF million	Not due	No more than 180 days overdue	181 days to one year overdue	More than 1 year overdue	Total
Expected loss rate (in %)	0.3%	1.9%	50.1%	77.4%	0.9%
Trade receivables (gross)	254.0	19.2	1.6	0.7	275.5
Allowance for impairment	-0.7	-0.4	-0.8	-0.5	-2.4
Trade receivables	253.3	18.9	0.8	0.2	273.1

Average expected loss rate for contract assets as of December 31, 2018

CHF million	Not due
Expected loss rate (in %)	0.2%
Contract assets (gross)	32.3
Allowance for impairment	-0.1
Contract assets	32.3

Liquidity risk

The objective of liquidity risk management is to ensure that sufficient financial resources are available at any point in time in order to be able to completely and timely fulfill all payment obligations of the Group. As part of an integral budgeting and forecasting process, Group Treasury centrally monitors the planned liquidity position of the Group. Group Treasury compares the planned liquidity requirements with the available funds to detect shortages in a timely manner. The liquidity risk management of Autoneum includes the maintenance of sufficient liquidity reserves and the availability of funding through an adequate amount of credit lines.

Beside several smaller bilateral credit facilities with banks, Autoneum maintains a credit agreement for the medium- and long-term financing with a group of banks in the amount of CHF 150.0 million, which expires on December 31, 2022. Furthermore, a bond in the amount of CHF 75.0 million with maturity as of July 4, 2023 and a bond in the amount of CHF 100.0 million with maturity as of December 8, 2025 have been issued, both of which are listed at the SIX Swiss Exchange (refer to note 23, page 112).

The following tables show the contractual maturities of Autoneum's financial liabilities (including interest).

Financial liabilities at December 31, 2018	Carrying amount	Contractual undiscounted cash flows			
		Less than 1 year	1 to 5 years	More than 5 years	Total cash flow
CHF million					
Bonds	174.5	2.0	82.9	102.3	187.1
Bank debts	173.3	34.0	139.7	–	173.6
Finance leasing obligations	21.0	1.6	6.9	22.8	31.3
Other borrowings	8.1	6.0	1.1	2.2	9.3
Trade payables	305.6	305.6	–	–	305.6
Accrued expenses	57.1	57.1	–	–	57.1
Other payables	16.5	16.5	–	–	16.5
Total	756.1	422.8	230.5	127.2	780.6

Financial liabilities at December 31, 2017 ¹	Carrying amount	Contractual undiscounted cash flows			
		Less than 1 year	1 to 5 years	More than 5 years	Total cash flow
CHF million					
Bonds	174.4	2.0	7.9	179.2	189.1
Bank debts	85.9	41.1	45.0	–	86.1
Finance leasing obligations	20.8	1.4	6.7	24.0	32.1
Other borrowings	7.6	5.2	0.9	3.0	9.1
Trade payables	261.7	261.7	–	–	261.7
Accrued expenses	63.3	63.3	–	–	63.3
Other payables	19.3	19.3	–	–	19.3
Total	633.1	394.0	60.5	206.2	660.7

¹ Restated, refer to note 1.3 on page 76.

Foreign exchange risk

Due to the global nature of its activities, the Group is exposed to foreign exchange risk. Foreign exchange risk arises from investments in foreign subsidiaries (translation risk) as well as from transactions and financial assets or financial liabilities that are denominated in a currency other than the functional currency of a legal unit (transaction risk). In order to hedge transaction risk that cannot be eliminated through offsetting transactions in the same foreign currency (natural hedging), subsidiaries may use forward contracts, which are usually traded with banks via Group Treasury. The transaction risk from foreign currencies is monitored periodically.

The subsidiaries' cash holdings with banks are denominated mostly in the functional currency of the subsidiary. The majority of the business transacted in Autoneum's subsidiaries is also in their functional currency. At the reporting date, the Group held financial instruments which were denominated in currencies other than the functional currency of the respective Group company as follows:

CHF million	Assets 31.12.2018	Liabilities 31.12.2018	Assets 31.12.2017	Liabilities 31.12.2017
EUR	47.5	48.3	55.4	32.5
USD	20.4	12.4	34.3	11.8
Other	0.7	1.0	0.8	1.0
Total	68.6	61.7	90.5	45.2

The Group is exposed to foreign exchange risk mostly against the euro and the US dollar. The currency-related sensitivity of the Group against these two currencies is shown in the following table:

CHF million	Reasonable shift	Impact on net result	Impact on equity
December 31, 2018			
EUR/CHF	+/- 10%	+/- 4.3	+/- 15.9
USD/CHF	+/- 10%	+/- 1.4	+/- 36.1
December 31, 2017¹			
EUR/CHF	+/- 10%	+/- 10.9	+/- 14.1
USD/CHF	+/- 10%	+/- 9.3	+/- 41.8

¹ Restated, refer to note 1.3 on page 76.

The impact on net result is mainly due to foreign exchange gains and losses on trade receivables and trade payables as well as the translation of the profit or loss of foreign subsidiaries into Swiss francs for consolidation purposes. The impact on equity additionally includes currency translation adjustments arising from the translation of the net investment in foreign subsidiaries.

Interest rate risk

The interest rate risk of the Group relates to interest-bearing assets and liabilities. Floating interest rate positions are subject to cash flow interest risk. Fixed-interest positions are subject to fair value interest risk if measured at fair value. In general, Autoneum aims to maintain, in consideration of seasonal fluctuations, a balanced relation between fixed and floating interest-bearing financial liabilities as disclosed in note 23 on page 112. The two bonds issued at fixed interest rates are not subject to any interest rate risk, whereas the long-term credit agreement with floating interest rates is subject to a cash flow interest risk.

The Group analyzes the interest rate risk on a net basis. No hedging of the interest rate risk was performed in the reporting period or in the prior period. Based on the interest-bearing assets and liabilities that existed at December 31, 2018 a 100 basis point higher level of the money market interest rates would lead to a CHF 0.7 million (2017: CHF 0.1 million) lower net result as well as equity of the Group on an annual basis. A 100 basis point lower level of the money market interest rates would lead to a CHF 0.2 million (2017: nil) higher net result as well as equity of the Group on an annual basis.

Price risk

Holding financial assets that are measured at fair value exposes Autoneum to a risk of price fluctuation. Autoneum held a significant investment in a non-consolidated company whose shares are listed on the Tokyo Stock Exchange. Autoneum is exposed to a price risk according to the fluctuations in the share price. This investment is classified as a financial asset at fair value through other comprehensive income and changes in the share price do not impact profit or loss. The amount of financial assets at fair value through profit or loss that Autoneum held is not significant.

2.2 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders, and to maintain an optimally leveraged capital structure in order to reduce the cost of capital. Autoneum aims to maintain a stable investment grade rating as perceived by bank partners and debt investors.

Autoneum Group therefore targets a healthy balance sheet with an adequate portion of equity. In the mid-term, Autoneum aims for an equity ratio above 40%. As of December 31, 2018 the equity ratio equaled 39.2% (2017: 42.7%). For the next few years, the dividend policy will depend on a number of factors, such as net profit and the financial situation of the Group, the demand for capital and liquidity, the general business environment as well as legal and contractual restrictions. Subject to the foregoing, the Group intends to distribute at least 30% of its net profit attributable to shareholders of Autoneum Holding Ltd. Dividends, if any, are expected to be declared and paid in Swiss francs.

3 Change in scope of consolidation and significant transactions

On January 1, 2018 Autoneum Netherland B.V., Weert, Netherlands, was merged into Autoneum Belgium N.V., Genk, Belgium.

On March 23, 2018 Autoneum acquired a 25% interest in ATN Auto Acoustics Inc., Kamioguchi, Japan, for a consideration of CHF 0.2 million from Toyota Boshoku Corporation, Kariya, Japan.

On September 30, 2017 Autoneum sold its production facility in Betim, Brazil, to the automotive supplier STS Group, headquartered in Hallbergmoos, Germany. With this transaction, the Group has adapted its South American production capacity to long-term market demand. STS took over the plant with its 90 employees and has continued to supply the existing customer base. In 2017, during the nine months until disposal, the facility in Betim contributed third-party revenue in the amount of CHF 5.9 million. CHF 0.6 million of the total selling price of CHF 3.3 million was received in 2017, the remainder is payable in five installments until 2022. The loss from disposal of business in the amount of CHF 0.1 million was recorded in 2017. The final acceptance of the post-closing purchase price adjustment led to a gain of CHF 0.3 million recorded in the period under review.

On January 31, 2017 Autoneum acquired the remaining 40% interest in Autoneum Korea Ltd., Incheon, Korea, for a consideration of CHF 0.4 million from the minority shareholder SH Global Ltd., Iksan, Korea. The subsidiary is now fully owned by Autoneum. The difference between the carrying amount of non-controlling interests and the consideration paid to the minority shareholder was recognized as a decrease in equity attributable to the owners of Autoneum.

On January 31, 2017 Autoneum disposed of its 49% interest in the associated company SHN Co., Ltd., Daegu, Korea, to the majority shareholder SH Global Ltd., Iksan, Korea, which liquidated the company. A total consideration of CHF 0.4 million was paid to the majority shareholder and recorded as loss from disposal of associated companies (refer to note 6, page 99).

In 2017, the Group newly established Autoneum Hungary Ltd., Komárom, Hungary; Autoneum (Changsha) Co., Ltd., Changsha, China; Autoneum (Pinghu) Co., Ltd., Pinghu, China; Autoneum (Yantai) Co., Ltd., Yantai, China, and Autoneum (Tianjin) Co., Ltd., Tianjin, China.

4 Segment information

Segment information is based on Autoneum Group's internal organization and management structure as well as on the internal financial reporting to the Group Executive Board and the Board of Directors. The chief operating decision maker is the CEO.

Autoneum is the globally leading automobile supplier in acoustic and thermal management for vehicles. Autoneum develops and produces multifunctional and lightweight components and systems for noise and heat protection and thereby enhances vehicle comfort.

The reporting is based on the following four reportable segments (Business Groups/BG): BG Europe, BG North America, BG Asia and BG SAMEA (South America, Middle East and Africa). “Corporate and elimination” include Autoneum Holding Ltd and the corporate center with its respective legal entities, an operation that produces parts for Autoneum’s manufacturing lines, investments in associates and inter-segment elimination. Transactions between the Business Groups are made on the same basis as with independent third parties.

Segment information 2018

CHF million	BG Europe	BG North America	BG Asia	BG SAMEA	Total segments	Corporate and elimination	Total Group
Third-party revenue	981.0	921.6	259.4	110.3	2 272.4	9.2	2 281.5
Inter-segment revenue	3.4	0.2	0.9	1.2	5.7	-5.7	-
Revenue	984.5	921.8	260.3	111.5	2 278.1	3.5	2 281.5
EBITDA	110.4	27.4	30.9	14.6	183.2	13.9	197.2
in % of revenue	11.2%	3.0%	11.9%	13.1%	8.0%	n/a	8.6%
Depreciation, amortization and impairment	-28.4	-35.6	-11.9	-3.8	-79.8	-3.3	-83.1
EBIT	82.0	-8.2	18.9	10.8	103.4	10.6	114.1
in % of revenue	8.3%	-0.9%	7.3%	9.7%	4.5%	n/a	5.0%
Assets at December 31 ¹	565.6	678.3	253.0	75.8	1 572.7	28.6	1 601.3
Liabilities at December 31	373.2	410.0	132.5	52.8	968.5	5.2	973.7
Additions in tangible and intangible assets	44.2	69.0	39.1	10.1	162.4	4.0	166.3
Employees at December 31 ²	4 551	4 760	2 223	933	12 467	479	12 946

¹ Assets in “Corporate and elimination” include investments in associated companies in the amount of CHF 16.1 million. Autoneum increased its investments in associated companies in 2018 in the amount of CHF 0.2 million, refer to note 15, page 105.

² Full-time equivalents including temporary employees (excluding apprentices).

Segment information 2017¹

CHF million	BG Europe	BG North America	BG Asia	BG SAMEA	Total segments	Corporate and elimination	Total Group
Third-party revenue	879.8	963.8	241.5	112.4	2 197.4	8.0	2 205.4
Inter-segment revenue	6.4	-	0.4	1.7	8.5	-8.5	-
Revenue	886.2	963.8	241.9	114.1	2 206.0	-0.5	2 205.4
EBITDA	100.3	100.0	38.4	5.3	244.0	13.8	257.8
in % of revenue	11.3%	10.4%	15.9%	4.7%	11.1%	n/a	11.7%
Depreciation, amortization and impairment	-27.3	-34.7	-9.6	-4.1	-75.7	-2.2	-77.9
EBIT	73.0	65.3	28.8	1.2	168.3	11.6	179.9
in % of revenue	8.2%	6.8%	11.9%	1.1%	7.6%	n/a	8.2%
Assets at December 31 ²	561.6	602.4	225.8	81.4	1 471.2	71.7	1 542.9
Liabilities at December 31	396.0	279.5	108.5	57.8	841.9	42.7	884.6
Additions in tangible and intangible assets	37.6	113.0	33.7	6.4	190.7	7.4	198.1
Employees at December 31 ³	4 163	4 442	2 102	953	11 660	473	12 133

¹ Restated, refer to note 1.3 on page 76.

² Assets in “Corporate and elimination” include investments in associated companies in the amount of CHF 14.1 million. In 2017, Autoneum did not increase its investments in associated companies, refer to note 15, page 105.

³ Full-time equivalents including temporary employees (excluding apprentices).

Revenue and non-current assets by country

CHF million	Revenue ¹ 2018	Revenue ^{1,2} 2017	Non-current assets ³ 31.12.2018	Non-current assets ³ 31.12.2017
USA	672.4	711.2	286.9	261.2
Germany	318.7	205.0	23.9	22.6
China	238.0	224.9	102.4	79.5
Great Britain	154.9	175.2	18.7	16.8
Spain	146.4	140.5	18.2	16.6
Canada	140.4	148.9	7.0	9.1
France	133.5	133.4	20.0	22.7
Mexico	109.2	103.1	54.3	43.8
Switzerland ⁴	2.0	0.5	53.3	51.7
Remaining countries	366.1	362.8	131.8	124.3
Total	2 281.5	2 205.4	716.5	648.2

¹ Revenue is disclosed by location of customers.

² Restated, refer to note 1.3 on page 76.

³ Non-current assets consist of tangible assets, intangible assets and investments in associated companies.

⁴ Domicile of Autoneum Holding Ltd.

The following customers accounted for more than 10% of annual revenue in 2018 or 2017:

Revenue with major customers

CHF million	2018	2017 ¹
Ford	340.4	371.4
BMW	265.2	229.6
Honda	248.1	252.2

¹ Restated, refer to note 1.3 on page 76.

Information on revenue by product group is not available. The major customers generate revenue in all geographic segments.

When Autoneum is nominated by an OEM the contract includes that Autoneum will manufacture a tool which is sold to the OEM before start of production and that Autoneum will produce and deliver serial parts to the OEM over the production period, which is usually between five to eight years. As the OEM's production volumes are continuously adapted to the market demand, the number of serial parts that Autoneum will deliver to the OEM can only be estimated. Autoneum expects that the contracts for which Autoneum was nominated as of December 31, 2018 will generate revenue in the amount of CHF 12.9 billion (2017: CHF 13.1 billion) in future years.

5 Employee expenses

CHF million	2018	2017
Wages and salaries	-470.7	-441.1
Social security expenses	-96.2	-90.5
Pension expenses for defined contribution plans	-6.9	-8.1
Pension expenses for defined benefit plans	-6.3	-5.7
Other personnel expenses	-47.2	-48.8
Total	-627.3	-594.1

Autoneum started a long-term incentive plan (LTI) for the management in 2012. Part of Autoneum's net profit is allocated to beneficiaries defined in advance by granting them shares of Autoneum Holding Ltd. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company. Immediate vesting occurs in case of death or retirement of the beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the Nomination and Compensation Committee. Vesting occurs every year in April. Employee expenses resulting from share-based compensation in course of the LTI are recognized over the vesting period. 3 443 shares (2017: 2 797 shares) valued at CHF 240.50 (2017: CHF 277.75) were granted in 2018, and expenses of CHF 0.7 million (2017: CHF 0.6 million) were recognized in wages and salaries.

Members of the Board of Directors receive part of their remuneration in Autoneum shares. 4 014 shares (2017: 3 569 shares) valued at CHF 255.92 (2017: CHF 280.50) were granted in 2018, and expenses of CHF 1.0 million (2017: CHF 1.0 million) were recognized in wages and salaries.

Members of the Group Executive Board receive part of their remuneration in Autoneum shares. 5 711 shares (2017: 6 124 shares) valued at a weighted average share price of CHF 164.36 (2017: CHF 291.88) were granted in 2018, and expenses of CHF 0.9 million (2017: CHF 1.8 million) were recognized in wages and salaries.

6 Other expenses

CHF million	2018	2017
Energy, maintenance and repairs	-169.6	-155.1
Marketing and distribution expenses	-69.0	-58.4
Operating leasing expenses	-47.3	-42.7
Audit and consulting expenses	-21.6	-21.6
IT and office expenses	-21.1	-20.9
Insurance and other charges	-14.2	-17.3
Loss from disposal of subsidiary or business	-0.1	-0.1
Miscellaneous expenses	-61.2	-60.9
Total	-404.1	-377.1

7 Other income

CHF million	2018	2017
Rental income	1.7	1.3
Gain from disposal of subsidiary or business	0.3	-
Miscellaneous income	46.1	28.2
Total	48.1	29.5

Miscellaneous income contains mainly income generated with by-products arising during the manufacturing process and income from release of unused provisions.

8 Depreciation, amortization and impairment

CHF million	2018	2017
Depreciation of tangible assets	-80.0	-73.4
Impairment of tangible assets	-0.1	-2.3
Amortization of intangible assets	-3.0	-2.2
Total	-83.1	-77.9

9 Financial income

CHF million	2018	2017
Dividend income	0.8	0.9
Interest income	1.7	2.2
Net foreign exchange gains	-	1.0
Other financial income	0.3	0.2
Total	2.8	4.4

10 Financial expenses

CHF million	2018	2017
Interest expenses ¹	-8.2	-11.3
Net foreign exchange losses	-6.8	-
Loss from disposal of investments in associated companies	-	-0.4
Net loss on net monetary position from hyperinflationary accounting	-1.3	-
Other financial expenses	-0.1	-0.2
Total	-16.4	-12.0

¹ Thereof CHF 0.2 million (2017: CHF 0.2 million) amortization of transaction costs and CHF 1.3 million (2017: CHF 1.6 million) interest expenses for defined benefit plans.

11 Income taxes

CHF million	2018	2017 ¹
Current income taxes	-31.8	-39.2
Deferred income taxes	2.0	-17.6
Total	-29.8	-56.8

¹ Restated, refer to note 1.3 on page 76.

Reconciliation between expected and actual income tax expenses:

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CHF million	2018	2017 ¹
Profit before taxes	104.5	175.7
Average applicable income tax rate	24.8%	27.6%
Expected income tax expenses	-25.9	-48.5
Non-taxable income and non-deductible expenses	-1.6	-1.8
Current income taxes from prior periods	-0.1	2.7
Utilization of previously unrecognized tax loss carryforwards	4.7	7.2
Change in value adjustments/first-time recognition of temporary differences	-8.7	-18.6
Non-recoverable withholding taxes	-3.8	-4.9
Income taxes at other income tax rates or taxable base	5.7	0.7
Impact of changes in income tax rates	-0.2	5.6
Other effects	0.1	0.9
Income tax expenses	-29.8	-56.8

¹ Restated, refer to note 1.3 on page 76.

The change in the average applicable income tax rate is mainly due to the different geographic composition of profit or loss before taxes.

Deferred income tax assets and liabilities pertain to the following balance sheet line items:

CHF million	Deferred income tax assets 31.12.2018	Deferred income tax liabilities 31.12.2018	Deferred income tax assets 31.12.2017 ¹	Deferred income tax liabilities 31.12.2017 ¹
Non-current assets	4.7	52.4	10.4	45.1
Inventories	0.9	6.5	4.9	1.0
Other assets	2.5	0.8	3.1	3.2
Employee benefit liabilities	3.2	0.9	2.3	0.9
Provisions	1.3	0.5	2.5	0.4
Other liabilities	8.0	0.6	6.4	10.1
Tax loss carryforwards and tax credits	30.9	-	19.2	-
Inflation adjustment ²	-	0.3	-	-
Subtotal	51.5	62.0	48.8	60.7
Offsetting	-31.7	-31.7	-27.1	-27.1
Total	19.8	30.3	21.7	33.5

¹ Restated, refer to note 1.3 on page 76.

² Refer to note 1.6 on page 81.

The decrease in the net deferred income tax liability by CHF 1.4 million (2017: asset decreased by CHF 18.4 million to a liability) relates to the deferred income tax income recognized in the consolidated income statement of CHF 2.0 million (2017: deferred income tax expenses of CHF 17.6 million), to the deferred income tax expenses recognized in other comprehensive income of CHF nil (2017: deferred income tax expenses of CHF 1.7 million), a negative impact of CHF 0.2 due to the adoption of IFRS 9 as well as the application of IAS 29, and to a negative currency translation adjustment of CHF 0.6 million (2017: CHF 0.9 million positive impact).

No deferred income tax assets have been recognized from deductible temporary differences in the amount of CHF 61.7 million (2017: CHF 82.1 million). At the reporting date, tax loss carryforwards in the amount of CHF 59.1 million (2017: CHF 3.2 million) are recognized for Group companies that incurred losses in 2018 or 2017 (2017 or 2016) supported by taxable temporary differences and expected future profitability.

The table below discloses tax loss carryforwards by their year of expiry:

CHF million	Recognized ¹ 31.12.2018	Non-recognized ² 31.12.2018	Recognized ^{1,3} 31.12.2017	Non-recognized ^{2,3} 31.12.2017
Less than 3 years	-	-	0.1	1.4
In 3 to 7 years	-	6.6	-	1.5
Thereafter	117.0	289.2	71.0	282.8
Total	117.0	295.8	71.1	285.6

¹ Tax loss carryforwards for which deferred income tax assets are recognized.

² Tax loss carryforwards for which no deferred income tax assets are recognized.

³ Restated, refer to note 1.3 on page 76.

The tax loss carryforwards for which no deferred income tax assets were recognized originate from countries with a deferred income tax rate between 17% and 31% in both the reporting year and the prior year.

The table below discloses tax credits by their year of expiry:

CHF million	Recognized ¹ 31.12.2018	Non-recognized ² 31.12.2018	Recognized ¹ 31.12.2017	Non-recognized ² 31.12.2017
Less than 3 years	-	-	-	-
In 3 to 7 years	-	0.3	-	-
Thereafter	1.1	19.5	3.3	16.3
Total	1.1	19.9	3.3	16.3

¹ Tax credits for which deferred income tax assets are recognized.

² Tax credits for which no deferred income tax assets are recognized.

12 Earnings per share

		2018	2017 ¹
Net profit attributable to shareholders of AUTN	CHF million	55.1	91.0
Average number of shares outstanding	Number of shares	4 657 815	4 656 670
Average number of shares outstanding diluted	Number of shares	4 666 845	4 665 783
Basic earnings per share	CHF	11.83	19.53
Diluted earnings per share	CHF	11.81	19.50

¹ Restated, refer to note 1.3 on page 76.

The average number of shares outstanding is calculated based on the number of shares issued less the weighted average number of treasury shares held. The shares vested but not yet transferred in course of the management's long-term incentive plan (LTI) and performance-related bonus leads to a diluted average number of shares outstanding but have no dilution effect to net profit attributable to shareholders of AUTN.

13 Tangible assets

CHF million	Land and buildings	Machinery and plant equipment	Data processing equipment	Vehicles and furniture	Tangible assets under construction	Total
Cost at January 1, 2018	277.0	1 104.1	15.6	24.3	171.5	1 592.5
Application of IAS 29 ¹	-	5.5	0.1	0.1	0.1	5.8
Additions	3.8	21.3	1.7	1.6	134.2	162.6
Disposals	-2.0	-12.3	-1.5	-0.7	-	-16.6
Reclassification	16.9	91.5	17.0	4.5	-129.9	-
Inflation adjustment ¹	-	3.2	0.1	0.1	0.2	3.5
Currency translation adjustment	-7.7	-39.4	-0.8	-0.9	-5.4	-54.1
Cost at December 31, 2018	288.0	1 174.0	32.1	29.0	170.6	1 693.7
Accumulated depreciation and impairment at January 1	-145.4	-798.3	-11.4	-14.5	-	-969.5
Application of IAS 29 ¹	-	-4.3	-0.1	-0.1	-	-4.5
Depreciation	-9.9	-62.8	-4.0	-3.2	-	-80.0
Impairment	-	-	-	-	-	-0.1
Disposals	1.9	11.8	1.4	0.7	-	15.8
Reclassification	0.1	6.7	-6.8	-	-	-
Inflation adjustment ¹	-	-2.2	-	-	-	-2.2
Currency translation adjustment	4.2	30.1	0.6	0.6	-	35.6
Accumulated depreciation and impairment at December 31, 2018	-149.0	-818.9	-20.3	-16.5	-	-1 004.8
Net book value at January 1, 2018	131.6	305.8	4.2	9.8	171.5	623.0
Net book value at December 31, 2018	139.0	355.0	11.8	12.5	170.6	688.9

¹ Refer to note 1.6 on page 81.

CHF million	Land and buildings	Machinery and plant equipment	Data processing equipment	Vehicles and furniture	Tangible assets under construction	Total
Cost at January 1, 2017	240.6	978.5	12.5	17.5	124.9	1 374.1
Additions	21.5	26.6	1.5	1.4	142.7	193.6
Disposals	-0.4	-9.0	-0.1	-0.6	-	-10.1
Reclassification	6.4	83.9	1.0	5.4	-96.8	-
Currency translation adjustment	8.8	24.1	0.7	0.6	0.7	34.8
Cost at December 31, 2017	277.0	1 104.1	15.6	24.3	171.5	1 592.5
Accumulated depreciation and impairment at January 1, 2017	-130.4	-722.1	-9.3	-12.3	-	-874.1
Depreciation	-8.5	-61.3	-1.5	-2.2	-	-73.4
Impairment	-1.0	-1.2	-	-	-	-2.3
Disposals	0.3	8.7	0.1	0.6	-	9.7
Currency translation adjustment	-5.8	-22.5	-0.6	-0.6	-	-29.5
Accumulated depreciation and impairment at December 31, 2017	-145.4	-798.3	-11.4	-14.5	-	-969.5
Net book value at January 1, 2017	110.2	256.4	3.2	5.2	124.9	500.0
Net book value at December 31, 2017	131.6	305.8	4.2	9.8	171.5	623.0

Additions in tangible assets comprise mainly investments in production facilities.

Tangible assets with a book value of CHF 19.4 million were financed by long-term leasing contracts as of December 31, 2018 (2017: CHF 20.5 million). No borrowing costs were capitalized in both the reporting year and the prior year.

Tangible assets in the amount of CHF 0.9 million (2017: CHF 0.8 million) are pledged as security for financial liabilities.

14 Intangible assets

CHF million	2018	2017
Cost at January 1	19.3	14.7
Additions	3.8	4.4
Disposals	-0.5	-
Currency translation adjustment	-0.6	0.2
Cost at December 31	22.0	19.3
Accumulated amortization at January 1	-8.2	-5.9
Amortization	-3.0	-2.2
Disposals	0.5	-
Currency translation adjustment	0.2	-
Accumulated amortization at December 31	-10.5	-8.2
Net book value at January 1	11.2	8.8
Net book value at December 31	11.5	11.2

Intangible assets comprise mainly investments in a new ERP system.

15 Investments in associated companies

Investments in associated companies comprise the 30% share in SRN Sound Proof Co., Ltd., Chonburi, Thailand, the 25% share in Wuhan Nittoku Autoneum Sound-Proof Co. Ltd., Wuhan, China, and the 25% share in ATN Auto Acoustics Inc., Kamioguchi, Japan, which was acquired in 2018. On January 31, 2017 Autoneum disposed its 49% interest in the associated company SHN Co., Ltd., Daegu, Korea, to the majority shareholder SH Global Ltd., Iksan, Korea (refer to note 3, page 96). The investments in associated companies are measured using the equity method. The net book value of investments in associated companies changed as follows:

CHF million	2018	2017
Net book value at January 1	14.1	11.0
Additions	0.2	-
Share of profit and other comprehensive income of associated companies	4.0	3.4
Dividends received	-1.7	-0.7
Currency translation adjustment	-0.5	0.5
Net book value at December 31	16.1	14.1

16 Financial assets

CHF million	31.12.2018	31.12.2017
Investments in non-consolidated companies	37.4	64.3
Loans	6.1	8.0
Other financial assets	6.0	5.7
Total non-current portion	49.6	78.0
Loans	1.5	1.1
Marketable securities	-	1.6
Total current portion	1.5	2.8

The decrease in investments in non-consolidated companies results from a change in the market value of those investments of CHF 26.9 million which is recognized in other comprehensive income.

17 Other assets

CHF million	31.12.2018	31.12.2017 ¹
Capitalized preproduction costs	83.4	86.6
Contract assets	23.6	11.3
Other receivables	1.8	3.4
Total non-current portion	108.8	101.3
Non-income tax receivables	36.6	29.7
Deferred expenses	9.0	12.4
Contract assets	8.7	7.7
Advance payments to suppliers	11.4	6.8
Fair value of derivative financial instruments	2.2	1.4
Accrued income	5.8	0.1
Other receivables	19.7	7.6
Total current portion	93.4	65.7

¹ Restated, refer to note 1.3 on page 76.

Contract assets result mainly when tools are sold to the OEM and Autoneum is not reimbursed at the same point in time, but with a predefined part of the price of the serial products that are sold to the OEM over the production period. The contract assets are transferred to receivables when the right for payment becomes unconditional. This usually occurs when the Group issues an invoice to the customer, which is expected within the next year for the current portion and within the next two to eight years for the non-current portion.

The following table shows the movements in capitalized pre-production costs during the year:

CHF million	2018	2017 ¹
Net book value at January 1	86.6	82.9
Capitalization of preproduction costs	26.7	21.4
Amortization of preproduction costs	-27.5	-19.0
Currency translation adjustment	-2.4	1.4
Net book value at December 31	83.4	86.6

¹ Restated, refer to note 1.3 on page 76.

Autoneum spent CHF 66.6 million (2017: CHF 62.8 million) on research and development in the period under review, whereof CHF 26.7 million (2017: CHF 21.4 million) were capitalized. The remaining portion was recognized as an expense in the period when incurred.

18 Inventories

CHF million	31.12.2018	31.12.2017 ¹
Raw materials and consumables	37.2	32.0
Purchased parts	2.1	1.5
Finished goods	34.9	34.4
Work in progress	160.8	142.2
Allowance	-3.2	-3.2
Total	231.8	206.9

¹ Restated, refer to note 1.3 on page 76.

19 Trade receivables

CHF million	31.12.2018	31.12.2017
Trade receivables (gross)	275.5	303.8
Allowance for impairment	-2.4	-2.4
Total	273.1	301.4

The following table summarizes the movement in the allowance for impairment:

CHF million	2018	2017
Allowance at January 1	-2.4	-10.3
Adoption of IFRS 9 ¹	-0.8	-
Additions	-0.8	-0.3
Utilization	0.2	1.5
Release	1.3	0.1
Reclassification ²	-	6.6
Currency translation adjustment	0.1	0.1
Allowance at December 31	-2.4	-2.4

¹ Refer to note 1.3 on page 76.

² Reclassification from allowances for impairment to other current provisions.

The table below sets forth the aging of trade receivables and the allowance for impairment, showing amounts that were not yet due as well as an analysis of overdue amounts as of December 31, 2017. Trade receivables that were neither due nor impaired were expected to be settled within the agreed payment terms.

CHF million	Gross 31.12.2017	Allowance 31.12.2017
Not due	269.9	-0.2
Overdue 1 to 89 days	29.5	-0.6
Overdue 90 to 179 days	1.7	-0.2
Overdue 180 to 359 days	1.1	-0.2
Thereafter	1.6	-1.2
Total	303.8	-2.4

Trade receivables comprise receivables due from customers with the following credit rating (Standard & Poor's long-term issuer rating):

CHF million	31.12.2018	31.12.2017
A- or higher	85.3	91.7
BBB- to BBB+	146.2	132.5
BB+ or lower	33.0	40.2
Not rated	8.5	37.0
Total	273.1	301.4

At December 31, 2018 no trade receivables are pledged as security for financial liabilities (2017: nil). Trade receivables with a book value of CHF 0.4 million (2017: CHF 1.4 million) were sold to third parties based on factoring agreements and no material risks remain with Autoneum.

20 Cash and cash equivalents

CHF million	31.12.2018	31.12.2017
Cash at banks	93.1	103.8
Time deposits with original maturities up to 3 months	0.1	–
Total	93.1	103.8

21 Shareholders' equity

Since the founding of Autoneum Holding Ltd on December 2, 2010 the number of registered shares has remained unchanged at 4 672 363, each with a nominal value of CHF 0.05 per share. The share capital amounts to CHF 233 618 and is composed as follows:

		31.12.2018	31.12.2017
Shares outstanding	Number of shares	4 652 378	4 653 918
Treasury shares	Number of shares	19 985	18 445
Total shares issued	Number of shares	4 672 363	4 672 363
Nominal value per share	CHF	0.05	0.05
Share capital	CHF	233 618	233 618

Share capital

The holders of shares are entitled to receive dividends and are entitled to one vote per share at general meetings of the Company.

Conditional share capital

For issuing convertible bonds, warranty bonds, and for granting shareholder options, the share capital can be increased by a maximum of 700 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 35 000. Furthermore, for the issuance of shares to employees of subsidiaries, the share capital can be increased by a maximum of 250 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 12 500.

Treasury shares

The following transactions with treasury shares were performed during the financial year:

	2018 in shares	2018 in CHF million	2017 in shares	2017 in CHF million
Treasury shares at January 1	18 445	3.3	19 828	2.4
Purchase of treasury shares	12 514	2.4	9 382	2.3
Transfer of treasury shares	-10 974	-2.1	-10 765	-1.3
Treasury shares at December 31	19 985	3.7	18 445	3.3

Capital reserve

The capital reserve originates from the contribution of the Autoneum companies to the Group in the course of the separation in 2011.

Fair value reserve

The fair value reserve (2017: available for sale reserve) contains changes in the fair value of listed non-consolidated investments. The reserve will be reclassified to retained earnings at disposal.

Retained earnings

Retained earnings include accumulated earnings since the Group was established in December 2010.

Currency translation adjustment

The currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities included in the consolidated financial statements.

Changes resulting from other comprehensive income

The table below discloses changes resulting from other comprehensive income to each component of equity:

Other comprehensive income 2018

CHF million	Fair value reserve	Retained earnings	Currency transl. adjustm.	Total	Attributable to non-controlling interests	Total equity
Currency translation adjustment	-	-	-27.4	-27.4	-2.7	-30.1
Inflation adjustment ¹	-	1.8	-	1.8	-	1.8
Income taxes	-	-	-	-	-	-
Total items that will be reclassified to income statement	-	1.8	-27.4	-25.5	-2.7	-28.2
Remeasurement of defined benefit pension plans	-	1.5	-	1.5	-	1.6
Change in fair value of equity investments (FVOCI)	-26.9	-	-	-26.9	-	-26.9
Income taxes	-	-	-	-	-	-
Total items that will not be reclassified to income statement	-26.9	1.6	-	-25.3	-	-25.2
Total	-26.9	3.4	-27.4	-50.8	-2.7	-53.5

Other comprehensive income 2017²

CHF million	Available for sale reserve	Retained earnings	Currency transl. adjustm.	Total	Attributable to non-controlling interests	Total equity
Currency translation adjustment	-	-	3.5	3.5	-3.4	0.1
Changes in fair value of financial instruments available for sale	15.2	-	-	15.2	-	15.2
Income taxes	-	-	-	-	-	-
Total items that will be reclassified to income statement	15.2	-	3.5	18.7	-3.4	15.3
Remeasurement of defined benefit pension plans	-	7.4	-	7.4	-	7.4
Income taxes	-	-1.7	-	-1.7	-	-1.7
Total items that will not be reclassified to income statement	-	5.7	-	5.7	-	5.7
Total	15.2	5.7	3.5	24.4	-3.4	21.0

¹ Refer to note 1.6 on page 81.

² Restated, refer to note 1.3 on page 76.

22 Non-controlling interests

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The non-controlling interests derive from entities that are controlled by the Group (subsidiaries), but Autoneum has not all of the entities' capital rights. Those subsidiaries are listed in note 35 on page 123. Due to disclosure restrictions in shareholder agreements, information on significant non-controlling interests is only disclosed on an aggregated level. The table below sets out aggregated financial information of the subsidiaries with non-controlling interests:

CHF million	31.12.2018	31.12.2017 ¹
Non-current assets	229.5	203.6
Current assets	162.5	165.6
Non-current liabilities	-40.9	-38.3
Current liabilities	-130.7	-98.5
Net assets	220.4	232.3
Attributable to non-controlling interests	108.4	112.6
	2018	2017¹
Revenue	583.2	569.5
Net profit	40.4	61.3
Other comprehensive income	-5.6	-6.5
Total comprehensive income	34.9	54.8
Attributable to non-controlling interests	16.9	24.6
Cash flows from operating activities	48.9	75.3
Cash flows used in investing activities	-43.6	-41.8
Cash flows used in financing activities	-15.7	-46.5
Change in cash and cash equivalents	-10.4	-13.1

¹ Restated, refer to note 1.3 on page 76.

23 Borrowings

CHF million	Bonds	Bank debts	Finance lease obligations	Other borrowings	Total
Borrowings at January 1, 2018	174.4	85.9	20.8	7.6	288.8
Proceeds	-	168.3	-	0.7	169.0
Repayment	-	-80.8	-	-	-80.8
Cash flows	-	87.5	-	0.7	88.2
Increase in present value	0.1	0.1	0.1	-	0.2
Currency translation adjustment	-	-0.2	0.1	-0.3	-0.4
Non-cash changes	0.1	-0.1	0.2	-0.3	-0.1
Borrowings at December 31, 2018	174.5	173.3	21.0	8.1	376.8
Thereof non-current	174.5	139.7	20.4	2.3	336.8
Thereof current	-	33.6	0.6	5.8	40.0

CHF million	Bonds	Bank debts	Finance lease obligations	Other borrowings	Total
Borrowings at January 1, 2017	199.5	7.1	-	2.1	208.7
Proceeds	99.7	91.9	-	5.6	197.1
Repayment	-125.0	-13.1	-	-0.1	-138.2
Cash flows	-25.3	78.8	-	5.5	59.0
Additions	-	-	20.9	-	20.9
Increase in present value	0.2	-	0.2	-	0.4
Currency translation adjustment	-	-	-0.2	-	-0.2
Non-cash changes	0.2	-	20.8	-	21.1
Borrowings at December 31, 2017	174.4	85.9	20.8	7.6	288.8
Thereof non-current	174.4	45.0	20.5	2.6	242.5
Thereof current	-	40.9	0.3	5.0	46.2

On December 14, 2012 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 125.0 million, which was listed on the SIX Swiss Exchange (AUT12, ISIN: CH0196770439). The bond carried a coupon rate of 4.375% and had a term of five years with a final maturity on December 14, 2017.

On July 4, 2016 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 75.0 million, which is listed on the SIX Swiss Exchange (AUH16, ISIN: CH0326213904). The bond carries a coupon rate of 1.125% and has a term of seven years with a final maturity on July 4, 2023. On December 31, 2018 the market value of the bond was CHF 72.6 million (2017: CHF 76.5 million).

On December 8, 2017 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 100.0 million, which is listed on the SIX Swiss Exchange (AUT17, ISIN: CH0373476032). The bond carries a coupon rate of 1.125% and has a term of eight years with a final maturity on December 8, 2025. On December 31, 2018 the market value of the bond was CHF 91.7 million (2017: CHF 100.9 million).

Autoneum maintains a long-term credit agreement with a banking syndicate in the amount of CHF 150.0 million, whereof CHF 140.0 million was drawn at year-end (2017: CHF 45.0 million). The line of credit may partly be used as a guarantee facility. On December 7, 2017 the long-term credit agreement was amended and the final maturity date extended from December 31, 2019 to December 31, 2022. The interest rate is based on the LIBOR rate plus an applicable margin, which is determined based on the ratio of net debt to EBITDA. The credit agreement contains customary financial covenants, which include the ratio of net debt to EBITDA and a minimum economic equity. Compliance with financial covenants is checked semi-annually and reported to the banking syndicate. In the fiscal years 2018 and 2017, the financial covenants were met at all times.

In addition to the aforementioned bonds and the long-term credit agreement, local credit limits and borrowings with individual customary market conditions exist in several countries.

The borrowings are denominated in the following currencies:

CHF million	31.12.2018	31.12.2017
CHF	319.2	257.8
USD	49.6	22.4
CNY	5.0	5.2
Other	3.1	3.4
Total	376.8	288.8

24 Employee benefits

CHF million	31.12.2018	31.12.2017
Post-employment benefit liabilities	25.9	27.9
Other long-term employee benefits	6.2	6.0
Employee benefit liabilities	32.2	33.9

In the reporting period, total expenses for pensions in the amount of CHF 14.5 million have been recognized as employee expenses and interest expenses (2017: CHF 16.8 million).

Some employees participate in defined contribution plans whose insurance benefit results solely from the paid contributions and the return on investment on the plan asset. The other employees participate in defined benefit plans that are based upon direct benefits of the Autoneum Group.

Defined contribution plans

The expenses for defined contribution plans totaled CHF 6.9 million in the current reporting period (2017: CHF 8.1 million).

Defined benefit plans

Autoneum maintains defined benefit pension plans in Switzerland, Great Britain, the USA, Canada and the Netherlands. The most significant pension plans are those in Switzerland and the USA. Those plans sum up to 80.3% (2017: 78.5%) of the Group's defined benefit obligation and to 79.5% (2017: 78.4%) of the Group's plan assets.

The status of the defined benefit plans at year-end was as follows:

CHF million	2018	2017
Switzerland		
Fair value of plan assets at December 31	120.3	125.1
Present value of defined benefit obligation at December 31	-127.7	-129.9
Deficit at December 31	-7.4	-4.8
USA		
Fair value of plan assets at December 31	26.5	28.4
Present value of defined benefit obligation at December 31	-39.1	-42.7
Deficit at December 31	-12.7	-14.3
Other countries		
Fair value of plan assets at December 31	37.9	42.3
Present value of defined benefit obligation at December 31	-41.0	-47.2
Deficit at December 31	-3.1	-4.9
Total deficit at December 31	-23.1	-24.0
Recognized in the balance sheet		
as employee benefit assets	2.8	3.8
as employee benefit liabilities	25.9	27.9

Swiss pension plans

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The Group's pension plans are administered by separate legal foundations, which are funded by regular employee and company contributions. Plan participants are insured against the financial consequences of old age, disability and death. The most senior governing body of the pension plan is the Board of Trustees. The Board of Trustees is responsible for the investment of the plan assets. All investment decisions made by the Board of Trustees need to conform to the guidelines set out in a long-term investment strategy. This

strategy is based on legal requirements, expected future contributions and expected future obligations and is reassessed at least once a year. All governing and administration bodies have an obligation to act in the interests of the plan participants. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plans are treated as defined benefit plans for the purposes of these IFRS financial statements, although they have many characteristics of defined contribution plans. Retirement benefits are based on the accumulated savings capital, which can either be drawn as a lifelong pension or as a lump-sum payment. The pension is calculated by multiplying the balance of the savings capital with the applicable conversion rate. The plan is exposed to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. In case of an underfunding, the Board of Trustees is required to take the necessary measures to ensure that full funding can be expected to be restored within a reasonable period. The measures may include increasing employee and company contributions, lowering the interest rate on retirement account balances or reducing prospective benefits.

US pension plans

Autoneum maintains five defined benefit pension plans in the USA. Four of those plans are funded and one plan is unfunded. The defined benefit plans in the USA have been closed to new members. New employees in the USA now join defined contribution plans. The defined benefit plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the statutory minimum funded status.

Pension plans in other countries

Autoneum maintains defined benefit plans in Canada, Great Britain and in the Netherlands. The pension plan in Canada is open for all Canadian employees. The plan is funded, and the majority of the contributions are paid by the employer. The pension plan in Great Britain is funded and has been closed to new members. New employees join a defined contribution plan. The plan in the Netherlands is funded and has been closed to new members.

The movement in the defined benefit obligation over the year was as follows:

CHF million	2018	2017
Defined benefit obligation at January 1	219.8	213.7
Current service cost	6.3	6.7
Interest expenses	3.9	4.1
Remeasurement gains and losses	-13.4	5.6
Employee contributions	3.4	3.3
Settlements	-	-5.5
Benefits paid	-9.3	-7.7
Currency translation adjustment	-3.1	-0.5
Defined benefit obligation at December 31	207.8	219.8

The movement in the fair value of plan assets over the year was as follows:

CHF million	2018	2017
Fair value of plan assets at January 1	195.8	182.4
Interest income	2.7	2.5
Return on plan assets excluding interest income	-11.8	13.1
Employer contributions	6.8	6.5
Employee contributions	3.4	3.3
Settlements	-	-4.4
Benefits paid	-9.3	-7.7
Currency translation adjustment	-2.9	-
Fair value of plan assets at December 31	184.7	195.8

The major categories of plan assets were as follows:

CHF million	31.12.2018	31.12.2017
Equity	83.5	88.4
Debt	54.1	58.9
Real estate	34.3	29.9
Cash	6.0	11.3
Other	6.7	7.2
Total	184.7	195.8

All equity and debt instruments are listed on a stock exchange.

The amounts recognized in the income statement were as follows:

CHF million	2018	2017
Current service cost	-6.3	-6.7
Gain on settlements	-	1.1
Net interest expenses	-1.3	-1.6
Pension expenses for defined benefit plans	-7.6	-7.2
Recognized in the income statement:		
as employee expenses	-6.3	-5.7
as interest expenses	-1.3	-1.6

The amounts recognized in the income statement result from plans in the following regions:

CHF million	2018	2017
Expenses from defined benefit plans in Switzerland	-5.3	-5.5
Expenses from defined benefit plans in the USA	-1.4	-0.6
Expenses from defined benefit plans in other countries	-1.0	-1.2
Total	-7.6	-7.2

The expected employer contributions for the Group's defined benefit pension plans for 2019 amount to CHF 6.6 million. The expected benefit payments for 2019 are CHF 10.7 million.

The effect from remeasurement of the defined benefit pension plans recognized in other comprehensive income is as follows:

CHF million	2018	2017
Remeasurement gains and losses		
from changes in demographic assumptions	0.2	0.6
from changes in financial assumptions	10.0	-2.6
from experience adjustment	3.1	-3.6
Return on plan assets excluding interest income	-11.8	13.1
Total	1.6	7.4

The table below discloses the main actuarial assumptions at year-end:

Weighted average of all pension plans		31.12.2018	31.12.2017
Discount rate	in %	2.1	1.8
Expected future salary growth	in %	0.6	0.6
Expected future pension growth	in %	0.1	0.1
Life expectancy for females at age of 65	in years	23.9	23.8
Life expectancy for males at age of 65	in years	21.8	21.8

At December 31, 2018 the weighted average duration of the defined benefit obligation was 16.3 years (2017: 16.4 years).

The table below shows the results of the sensitivity analysis. It was analyzed how expected changes in the discount rate, in future salary and pension growth, and in the life expectancy would impact the defined benefit obligation. Changes in these parameters would have the following effect on the defined benefit obligation:

CHF million	31.12.2018	31.12.2017
Increase in discount rate by 0.25 percentage point	-7.9	-8.7
Decrease in discount rate by 0.25 percentage point	8.4	9.3
Increase in future salary growth by 0.5 percentage point	2.2	2.3
Decrease in future salary growth by 0.5 percentage point	-2.2	-2.4
Increase in future pension increase by 0.25 percentage point	3.0	3.2
Decrease in future pension increase by 0.25 percentage point	-2.8	-3.0
Increase in life expectancy by one year	5.8	6.3
Decrease in life expectancy by one year	-5.4	-5.8

25 Provisions

CHF million	Guarantee and warranty	Litigation and tax risk	Environmental	Other	Total
Provisions at January 1, 2018 ¹	0.3	44.9	8.5	15.4	69.1
Additions	0.3	8.5	-	8.8	17.5
Utilization	-	-21.5	-0.8	-5.5	-27.9
Release	-0.8	-7.1	-0.1	-6.9	-15.0
Reclassification	0.6	1.2	-	-1.7	-
Currency translation adjustment	-	-1.7	-0.3	-0.3	-2.3
Provisions at December 31, 2018	0.3	24.1	7.2	9.8	41.4
Thereof non-current	-	12.3	7.0	3.2	22.5
Thereof current	0.3	11.9	0.2	6.5	18.9

¹ Restated, refer to note 1.3 on page 76.

Guarantee and warranty provisions are related to the production and supply of goods or services and are based on experience.

Litigation and tax risk provisions comprise provisions for expected costs resulting from investigations and proceedings of government agencies, provisions for court cases, such as claims brought up by workers for health- or accident-related incidents, and provisions for tax risks. The majority of litigation and tax risk provisions are expected to be used within the next two to three years.

Environmental provisions contain the estimated costs for the cleanup of contaminated sites due to past industrial operations. The majority of provisions stem from Group companies within Business Group Europe. Long-term environmental provisions are expected to be used mainly over the next five to ten years.

Other provisions are made for contracts where the unavoidable costs to fulfill the obligation are greater than the expected economic benefits, as well as for other constructive or legal liabilities of Group companies. The majority of other non-current provisions are expected to be used in two to three years.

26 Other liabilities

CHF million	31.12.2018	31.12.2017 ¹
Deferred income	0.7	0.6
Other payables	0.6	0.6
Total non-current portion	1.3	1.1
Advance payments from customers	67.5	60.4
Accrued expenses	57.1	63.3
Accrued holidays and overtime	13.8	14.0
Non-income tax payables	17.9	15.7
Deferred income	0.4	1.9
Fair value of derivative financial instruments	1.1	0.8
Other payables	15.9	18.7
Total current portion	173.7	174.8

¹ Restated, refer to note 1.3 on page 76.

Advance payments from customers qualify as contract liabilities and stem primarily from the sale of tools to the OEM which could already be invoiced, but the final acceptance from the OEM is still missing and consequently revenue is not yet recognized. The current portion of advance payments from customers is usually recognized as revenue within the next twelve months. No material amount of revenue was recognized in 2018 or in 2017 from performance obligations that were satisfied in previous periods.

27 Other commitments

Some Group companies rent tangible assets under finance and operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future, cumulated minimum lease payments for operating leases and for finance leases are due as follows:

CHF million	Operating lease 31.12.2018	Finance lease 31.12.2018	Operating lease 31.12.2017	Finance lease 31.12.2017
Less than 1 year	35.7	1.6	28.2	1.4
1 to 5 years	108.4	6.9	68.3	6.7
Thereafter	112.6	22.8	94.0	24.0
Total	256.7	31.3	190.5	32.1

In the reporting period, CHF 47.3 million was charged to the income statement as operating leasing expenses (2017: CHF 42.7 million).

At year-end, open commitments for investments in tangible and intangible assets summed up to CHF 27.4 million (2017: CHF 32.6 million).

28 Contingent liabilities

There are no single matters pending that Autoneum expects to be material in relation to the Group's business, financial position or results of operations.

29 Financial instruments

The following tables summarize all financial instruments classified by categories according to IFRS 9:

CHF million	31.12.2018	31.12.2017 ¹
Marketable securities ²	-	1.6
Fair value of derivative financial instruments ³	2.2	1.4
Total financial assets at fair value through profit or loss	2.2	3.1
Cash at banks	93.1	103.8
Time deposits with original maturities up to 3 months	0.1	-
Trade receivables	273.1	301.4
Other receivables	21.5	11.0
Accrued income	5.8	0.1
Investments in non-consolidated companies	1.5	1.5
Loans	7.7	9.2
Other financial assets	6.0	5.7
Total financial assets at amortized cost⁴	407.2	431.2
Investments in non-consolidated companies ²	37.4	64.3
Total financial assets at fair value through other comprehensive income⁵	37.4	64.3
Total	446.7	498.5
CHF million	31.12.2018	31.12.2017 ¹
Borrowings	376.8	288.8
Trade payables	305.6	261.7
Accrued expenses	57.1	63.3
Other payables	16.5	19.3
Total financial liabilities at amortized cost	756.1	633.1
Fair value of derivative financial instruments ³	1.1	0.8
Total financial liabilities at fair value through profit or loss	1.1	0.8
Total	757.2	633.8

¹ Restated, refer to note 1.3 on page 76.

² Measured at fair values that are based on quoted prices in active markets (level 1).

³ Measured at fair values that are calculated based on observable market data (level 2).

⁴ Classified as "loans and receivables" as of December 31, 2017.

⁵ Classified as "available for sale" as of December 31, 2017.

Borrowings comprise two bonds with a total net book value of CHF 174.5 million (2017: CHF 174.4 million) and a total fair value of CHF 164.3 million (2017: CHF 177.3 million) based on quoted prices in active markets. Refer to note 23 on page 112 for further information. The book values of other financial instruments measured at amortized cost correspond to their fair values.

30 Related parties

Related parties are members of the Board of Directors and the Executive Board or close members of that person's family, pension funds, associated companies as well as companies controlled by significant shareholders. At December 31, 2018 Artemis Beteiligungen I Ltd, Hergiswil, Switzerland, Centinox Holding Ltd, Hergiswil, Switzerland, and Michael Pieper, Hergiswil, Switzerland, held 21.06% (2017: 20.52%) of the shares of the Company and PCS Holding Ltd, Warth-Weiningen, Switzerland, and Peter Spuhler, Weiningen, Switzerland, held 17.20% (2017: 17.19%) of the shares of the Company.

The pension fund of an Autoneum Group entity granted a loan to the Company. The loan bears an interest rate of 0.35% and is due within six days upon cancellation of the agreement by either the lender or the borrower.

The total remuneration to the Board of Directors and to the Group Executive Board was as follows:

CHF million	2018	2017
Short-term benefits	4.2	4.6
Share-based payments	2.1	2.9
Post-employment benefits	0.1	0.1
Total	6.4	7.6

The compensation of the Board of Directors and of the Group Executive Board is disclosed in the Remuneration Report on pages 128–131.

Year-end balances with related parties were as follows:

CHF million	31.12.2018	31.12.2017
Current borrowings due to pension funds	5.0	5.0
Bonus accruals for Group Executive Board	1.2	2.7
Total	6.2	7.7

31 Net debt

CHF million	31.12.2018	31.12.2017
Cash and cash equivalents	-93.1	-103.8
Marketable securities	-	-1.6
Borrowings	376.8	288.8
Net debt	283.7	183.3

32 Exchange rates for currency translation

CHF	ISO code	Units	Average rate 2018	Average rate 2017	Year-end rate 2018	Year-end rate 2017
Argentine peso	ARS	100	3.69	5.92	2.60	5.17
Brazilian real	BRL	1	0.27	0.31	0.25	0.29
Canadian dollar	CAD	1	0.75	0.76	0.72	0.78
Chinese yuan	CNY	100	14.75	14.58	14.25	14.99
Czech koruna	CZK	100	4.49	4.23	4.36	4.58
Euro	EUR	1	1.15	1.11	1.12	1.17
Pound sterling	GBP	1	1.30	1.27	1.24	1.32
Indian rupee	INR	100	1.44	1.51	1.40	1.53
Mexican peso	MXN	100	5.08	5.20	4.98	4.95
Polish zloty	PLN	100	27.07	26.14	26.09	28.02
United States dollar	USD	1	0.98	0.99	0.98	0.98

33 Events after balance sheet date

There were no events between December 31, 2018 and March 5, 2019 which would necessitate adjustments to the book value of the Group's assets or liabilities, or which require additional disclosure in the consolidated financial statements.

34 Proposal of the Board of Directors

For the year ended December 31, 2018 the Board of Directors proposes to the Annual General Meeting on March 28, 2019 a dividend of CHF 3.60 per share entitled to dividends. This represents a total distribution up to CHF 16.8 million. In 2018, a total dividend of CHF 30.3 million (CHF 6.50 per share entitled to dividends) was distributed to the shareholders of Autoneum Holding Ltd.

35 Subsidiaries, associated companies and non-consolidated investments

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			Nominal capital in million	Subsidiaries	Associated companies Non-cons. investments	Voting & capital rights	Research & technology Application developm.	Production & supply Service & financing
Switzerland	Autoneum Holding Ltd, Winterthur	CHF	0.2	•		100%		•
	Autoneum International Ltd, Winterthur	CHF	7.0	•		100%		•
	Autoneum Management Ltd, Winterthur	CHF	1.3	•		100%	•	•
	Autoneum Switzerland Ltd, Sevelen	CHF	0.3	•		100%	•	•
Argentina	Autoneum Argentina SA, Córdoba	ARS	22.5	•		100%		•
Belgium	Autoneum Belgium N.V., Genk	EUR	8.0	•		100%		•
Brazil	Autoneum Brasil Têxteis Acústicos Ltda., São Paulo	BRL	201.6	•		100%	•	•
Canada	Autoneum Canada Ltd., Tillsonburg	CAD	–	•		100%		•
China	Autoneum (Chongqing) Sound-Proof Parts Co. Ltd., Chongqing	CNY	49.3	•		100%		•
	Autoneum (Shenyang) Sound-Proof Parts Co. Ltd., Shenyang	CNY	49.2	•		100%		•
	Autoneum (Shanghai) Management Co. Ltd., Shanghai	CNY	13.2	•		100%	•	•
	Autoneum (Yantai) Sound-Proof Parts Co. Ltd., Yantai	CNY	34.5	•		100%		•
	Autoneum (Changsha) Management Co. Ltd., Changsha	CNY	34.5	•		100%		•
	Autoneum (Pinghu) Co. Ltd., Pinghu	CNY	134.5	•		100%		•
	Autoneum (Tianjin) Co. Ltd., Tianjin	CNY	17.0	•		100%		•
	Autoneum Nittoku (Guangzhou) Sound-Proof Co. Ltd., Guangzhou	CNY	75.8	•		51%		•
	Tianjin Autoneum Nittoku Sound-Proof Co. Ltd., Tianjin	CNY	47.2	•		51%		•
	Wuhan Nittoku Autoneum Sound-Proof Co. Ltd., Wuhan	CNY	89.6	•		25%		•
Czech Republic	Autoneum CZ s.r.o., Choceň	CZK	206.2	•		100%		•
France	Autoneum Holding France SAS, Lyon	EUR	39.8	•		100%		•
	Autoneum France SAS, Aubergenville	EUR	8.0	•		100%	•	•
Germany	Autoneum Germany GmbH, Rossdorf	EUR	11.2	•		100%		•
Great Britain	Autoneum Great Britain Ltd., Stoke-on-Trent	GBP	41.8	•		100%		•
Hungary	Autoneum Hungary Ltd., Komárom	EUR	–	•		100%		•
India	Autoneum India Pvt. Ltd., New Delhi	INR	571.4	•		100%		•
	Autoneum Nittoku Sound Proof Products India Pvt. Ltd., Chennai	INR	220.0	•		51%		•
Indonesia	PT Tuffindo Nittoku Autoneum, Jakarta	IDR	162 666.0	•		9%		•
Italy	Porfima Uno S.r.l., Torino	EUR	–	•		100%		•
Japan	Nihon Tokushu Toryo Co. Ltd., Tokyo	JPY	4 753.0	•		13%	•	•
	ATN Auto Acoustics Inc., Kamioguchi ¹	JPY	100.0	•		25%	•	•
Korea	Autoneum Korea Ltd., Incheon	KRW	264.0	•		100%		•
Mexico	Autoneum Mexico, S. de R.L. de C.V., Hermosillo	MXN	–	•		100%		•
	Autoneum Mexico Operations, S.A. de C.V., San Luis Potosí	MXN	503.9	•		100%		•
	Autoneum Mexico Servicios, S.A. de C.V., San Luis Potosí	MXN	3.1	•		100%		•
	UGN de Mexico, S. de R.L. de C.V., Silao	MXN	0.1	•		50%		•
	Servicios de Acoustical Solutions, S. de R.L. de C.V., Silao	MXN	0.1	•		50%		•
Poland	Autoneum Poland Sp.z.o.o., Katowice	PLN	20.8	•		100%	•	•
Portugal	Autoneum Portugal Lda., Setúbal	EUR	0.6	•		87%		•
Russia	Autoneum Rus LLC, Ryazan	RUB	0.8	•		100%		•
South Africa	Autoneum Feltex (Pty) Ltd., Durban	ZAR	–	•		51%		•
Spain	Autoneum Spain S.A.U., Terrassa	EUR	5.8	•		100%		•
Thailand	SRN Sound Proof Co., Ltd., Chonburi	THB	100.0	•		30%		•
	Summit & Autoneum (Thailand) Co., Ltd., Chonburi	THB	16.0	•		51% ²		•
Turkey	Autoneum Erkurt Otomotive AS, Bursa	TRY	2.5	•		51%		•
USA	Autoneum America Corporation, Farmington Hills	USD	–	•		100%		•
	Autoneum North America Inc., Farmington Hills	USD	–	•		100%	•	•
	UGN Inc., Tinley Park	USD	–	•		50%	•	•

¹ The company was established in 2018.

² Autoneum has 49% of the capital rights.



Statutory Auditor's Report

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Autoneum Holding Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 70 to 123) give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



Revenue Recognition



Deferred Tax Assets

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Revenue Recognition

Key Audit Matter

Total consolidated revenue of the financial year 2018 amounted to CHF 2281.5 million (2017 CHF 2205.4 million).

Revenue is a key performance indicator and therefore in the focus of internal and external stakeholders. The Group recognizes revenue when it transfers control over a good or service to its customers.

The majority of the Group's revenue relates to the sale of serial parts to Original Equipment Manufacturers (OEM) over a production period of usually five to eight years. Revenue from the sale of the serial parts is recognized at the point in time when control of the parts is transferred to the OEM in accordance with the agreed delivery terms. There is a risk that revenue may be recognized in the wrong accounting period.

In 2018, IFRS 15 was applicable for the first time. The Group implemented the new standard fully retrospectively and restated the comparative figures. The main impact on opening retained earnings as at January 1, 2017, related to the capitalization of preproduction costs as costs to fulfil a contract.

When performing the audit we had a focus on the appropriate recognition of revenue transactions, including the Group's implementation of IFRS 15.

For further information on deferred tax assets refer to the following:

- Significant accounting judgments, estimates and assumptions relating to preproduction costs, Note 1.2
- Changes in accounting policies, Note 1.3
- Significant accounting policies, Note 1.11 Capitalized preproduction costs & Note 1.20 Revenue Recognition

Our response

Our audit procedures included, amongst others, inquiring of management regarding the changes to the revenue recognition accounting policy as well as assessing the Group's revised accounting policies in light of the industry specific circumstances.

We gained an understanding of the internal controls and processes with respect to revenue recognition and performed testing of key controls. This included walk-throughs and where appropriate testing operating effectiveness of internal controls.

We took a sample of transactions before and after the year-end and agreed the details of these transactions to underlying documentation such as the contractual terms, to assess that revenue has been recognized in the appropriate period and in the appropriate amount.

We challenged the Group's retrospective analysis to identify and recalculate the relevant preproduction costs to be capitalized as of January 1, 2018, and for the restatement of the comparative figures 2017. This included assessing the consistent implementation of the accounting policy as well as testing the accurate amortization of preproduction costs.

Furthermore, we assessed the Group's disclosures relating to revenue recognition



Deferred Tax Assets

Key Audit Matter

The deferred tax assets recorded by the Group amounted to CHF 19.8 million as of December 31, 2018 (CHF 21.7 million as of December 31, 2017). The tax loss carryforwards not recognized as deferred tax assets amount to CHF 295.8 million (2017: CHF 285.6 million).

The recognition of deferred tax assets depends on several assumptions and estimates in respect of the probability

Our response

Our audit procedures included, amongst others, challenging the Group's assumptions, including evaluating the tax planning strategies and the availability of future taxable profits. In this context, we involved tax specialists.

We compared key inputs used by the Group in forecasting future profits. We also analyzed the accuracy of the Group's own historical forecast data and assessed the

of sufficient future taxable profits, future reversals of existing taxable temporary differences, tax rates and tax law changes.

sensitivity of the outcomes to reasonably possible changes in assumptions. We paid particular attention to the tax planning strategies and to forecasts of future profitability in those jurisdictions with the most significant tax loss carryforwards.

Furthermore, we assessed whether the Group's disclosures appropriately reflect its tax position.

For further information on deferred tax assets refer to the following:

- Significant accounting judgments, estimates and assumptions relating to deferred income tax assets, Note 1.2
- Significant accounting policies, Note 1.17 Income taxes
- Note 11, Income taxes

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

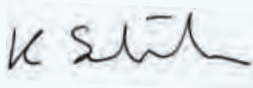
Report on Other Legal and Regulatory Requirements

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

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

KPMG AG


Reto Benz
Licensed Audit Expert
Auditor in Charge


Kathrin Schünke
Licensed Audit Expert

Zurich, March 5, 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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Remuneration Report

Authority and definition process

The basic features of the remuneration policy are elaborated by the Compensation Committee (COC) and approved by the Board of Directors, which also approves the executive bonus plan and the long-term incentive plan (LTI). The Board of Directors fixes annually the remuneration of the Directors and of the members of the Group Executive Board, based on suggestions of the COC and within the limits approved by the shareholders. The Directors, whose remuneration is decided on, also participate in the meeting. The Board of Directors reviews annually the main features of the remuneration policy, approves the fixed portion of the remuneration of the Group Executive Board members and defines the targets for the executive bonus plan as well as the parameters for the LTI. The Board of Directors has not engaged third-party consultants for the elaboration of the salary policy or the compensation programs. The Board of Directors annually submits the proposal for the maximum aggregate total compensation of the members of the Board of Directors and the Group Executive Board to the Annual General Meeting for prospective approval by the shareholders. For a detailed description of the rules on the vote on pay at the Annual General Meeting, reference is made to §14 of the Articles of Association¹.

For the rules in the Articles of Association¹ on the principles applicable to performance-related pay and to the allocation of equity securities as well as the additional amount for payments to new members of the Group Executive Board appointed after the vote on pay at the Annual General Meeting as well as on loans, credit facilities and post-employment benefits for members of the Board of Directors and the Group Executive Board, reference is made to §24 and §25 of the Articles of Association¹.

Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of an annual fee. The remuneration is determined at the discretion of the Board of Directors, taking into consideration the remuneration at companies with comparable size, industry and globalization. In addition, the members of the Board of Directors receive an annual lump-sum payment for representation expenses.

The members of the Board of Directors may opt to obtain all or part of their remuneration in cash or in Autoneum shares. The cash component is paid out in December of the related business year. The shares are delivered in the respective year and blocked for three years. The share price applicable for the conversion of the remuneration into shares is based on the average trading price of the ten trading days following the dividend payment, discounted to reflect a three-year blocking period.

¹ www.autoneum.com/investor-relations/corporate-governance

Remuneration of the Group Executive Board

Remuneration of the Group Executive Board consists of a fixed component, a performance-related bonus and the participation in the long-term incentive plan (LTI). Remuneration is determined at the discretion of the Board of Directors, taking into consideration function, responsibility and experience, as well as remuneration at comparable industrial companies for which information is publicly available or known to the Directors from their experience or office at similar companies. Industrial companies are considered comparable with Autoneum if they are similar in terms of business sector, structure, size and international activity.

The Board of Directors may define an additional portion of the basic salary which shall be paid in Autoneum shares. The number of shares is calculated considering the average trading price of the first ten trading days of the respective year. The granted shares are delivered in December of the respective year and blocked for three years.

The members of the Group Executive Board may reach a performance-related remuneration of up to 80% of their basic salary, subject to the achievement or exceeding of defined minimum profitability and liquidity targets of the Group or of the Business Groups (BG), as well as to the achievement of agreed individual targets. The targets for the CEO and the CFO refer to the Group net profit margin (weighted with 52.5%), Group RONA (22.5%) and individual targets (25%). For the Heads of the BG the targets refer to the Group net profit margin (17.5%), Group RONA (7.5%), BG EBIT margin (35%), BG free cash flow (15%)² and individual targets (25%). Minimum and maximum limits are defined for the weighted targets. Achievement of the minimum limit is a condition for the bonus, while maximum bonus is achieved at the maximum limit. Bonus develops linearly between the two limits. Irrespective of the other targets, a bonus is only earned in case of a positive Group net profit. At least 40% of the bonus is paid in shares of Autoneum. Each member of the Group Executive Board can opt for receiving up to 100% of the bonus in shares and for receiving either restricted shares with a blocking period of three years or an entitlement to shares with a deferred transfer after a period of three years. The calculated bonus is multiplied by 1.4 and then converted into shares considering the average trading price of the first ten trading days in January of the following year.

The long-term incentive plan (LTI) allows the Board of Directors to allocate part of the Group's net profit to the beneficiaries defined in advance. Beneficiaries are the upper management of the Group, including the Group Executive Board. An allocation is only granted if Group net profit is positive and exceeds a defined threshold. The total amount of Group net profit dedicated to the LTI is converted into Autoneum shares and the shares are allocated to the beneficiaries at fixed percentage rates, corresponding to the internal function levels. The shares become property of the beneficiaries after a vesting period of 35 months, if the beneficiaries are then still employed by an Autoneum company. Due to the 35-month vesting period, the value of the LTI is in strong correlation to the Autoneum share price performance. Immediate vesting occurs in case of death or retirement of a beneficiary. In case of employment termination, shares not yet vested lapse without compensation. Exceptions are possible at the discretion of the COC. For the year 2018, 1% of Group net profit has been allocated (2017: 1%).

There are no share options or share purchase plans.

² For 2018 and onwards, the Board of Directors has revised the BG free cash flow target. The calculation of the free cash flow for bonus target purposes is based on the monthly average net working capital instead of the net working capital of the year-end closing. The bonus plan is amended accordingly.

Remuneration to the members of the Board of Directors and Group Executive Board in 2018

CHF	Fixed remuneration		Other ²	Total
	in cash	in shares ¹		
Board of Directors				
Hans-Peter Schwald Chairman		369 037	22 836	391 873
Rainer Schmückle Vice Chairman	140 000	71 402	-	211 402
Norbert Indlekofer	87 024	51 184	9 779	147 987
Michael W. Pieper		119 003	5 503	124 506
This E. Schneider		178 632	8 736	187 368
Peter Spuhler		119 003	7 586	126 589
Ferdinand Stutz	90 000	119 003	14 137	223 140
Total	317 024	1 027 264	68 577	1 412 865

CHF	Fixed remuneration		Variable remuneration		LTI ⁵	Other ⁶	Total
	in cash	in shares ³	in cash	in shares ⁴			
Group Executive Board							
All members	2 616 441	72 009	348 523	866 640	142 405	980 922	5 026 940
Thereof Martin Hirzel, CEO	668 000	72 009	125 492	117 191	52 331	161 502	1 196 525

¹ The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average trading price for the ten days following the dividend payment in 2018 (CHF 255.92). The transfer took place after deduction of applicable social security contributions and withholding taxes.

² Other remuneration includes the employer's portion of social insurance contributions.

³ The applicable share price during the defined period was CHF 292.72.

⁴ The part of the bonus opted to be paid out in shares (at least 40%) is multiplied by the factor 1.4 and then converted into shares using the average trading price for the first ten days in January 2019 (CHF 158.58).

⁵ The rights allocated in April 2019 will vest end of February 2022.

⁶ Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

At the Annual General Meeting 2017 a total remuneration to the Board of Directors of CHF 1 550 000 and a total remuneration to the Group Executive Board of CHF 7 300 000 was approved for the financial year 2018. The total remuneration to the Board of Directors and to the Group Executive Board for 2018 is within the approved limit.

Remuneration to former members of the Board of Directors and of the Group Executive Board

There has been no remuneration to former members of the Board of Directors or of the Group Executive Board.

Directorships at other companies

The Board of Directors decides on directorships of members of the Group Executive Board or senior management at other companies. When the directorship is exercised outside the contractual working time, the director's remuneration received must not be surrendered to Autoneum.

Remuneration to the members of the Board of Directors and Group Executive Board in 2017

CHF	Fixed remuneration		Other ²	Total
	in cash	in shares ¹		
Board of Directors				
Hans-Peter Schwald Chairman	–	369 138	22 147	391 285
Rainer Schmückle Vice Chairman	120 000	95 090	–	215 090
Norbert Indlekofer	66 000	37 307	7 267	110 574
Michael W. Pieper	–	118 932	5 479	124 411
This E. Schneider	–	178 398	11 300	189 698
Peter Spuhler	–	118 932	7 420	126 352
Ferdinand Stutz	120 000	83 309	14 151	217 460
Total	306 000	1 001 106	67 764	1 374 870

CHF	Fixed remuneration		Variable remuneration		LTI ⁵	Other ⁶	Total
	in cash	in shares ³	in cash	in shares ⁴			
Group Executive Board							
All members	2 627 877	57 191	529 791	1 730 268	261 692	1 008 739	6 215 557
Thereof Martin Hirzel, CEO	668 000	57 191	154 338	504 064	83 132	193 343	1 660 068

¹ The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average trading price for the ten days following the dividend payment in 2017 (CHF 280.50). The transfer took place after deduction of applicable social security contributions and withholding taxes.

² Other remuneration includes the employer's portion of social insurance contributions.

³ The applicable share price during the defined period was CHF 268.50.

⁴ The part of the bonus opted to be paid out in shares (at least 40%) is multiplied by the factor 1.4 and then converted into shares using the average trading price for the first ten days in January 2018 (CHF 292.72).

⁵ The rights allocated in April 2018 will vest end of February 2021.

⁶ Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

Loans to directors or officers

No loans have been granted to members of the Board of Directors or the Group Executive Board.

Other remuneration and payments to related parties

There have been no further payments or remuneration to members of the Board of Directors or Group Executive Board in 2018 or in 2017. In 2018, CHF 44 427 (2017: CHF 44 040) of fees were paid to the law firm managed by the Chairman of the Board of Directors, for legal services provided.



Statutory Auditor's Report

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Remuneration Report

We have audited the accompanying remuneration report of Autoneum Holding Ltd for the year ended December 31, 2018.

The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables “Remuneration to the members of the Board of Directors and Group Executive Board in 2018” and “Remuneration to the members of the Board of Directors and Group Executive Board in 2017” on pages 130 to 131 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended December 31, 2018, of Autoneum Holding Ltd complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Kathrin Schünke
Licensed Audit Expert

Zurich, March 5, 2019

Income statement of Autoneum Holding Ltd

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CHF million	Notes	2018	2017
Income			
Dividend income		66.9	81.7
Financial income	(2)	18.9	19.1
License income		3.7	6.2
Total income		89.6	106.9
Expenses			
Valuation adjustments on investments and loans	(3)	-37.7	-27.0
Financial expenses	(4)	-16.9	-7.8
Administration expenses		-13.3	-6.0
Extraordinary expenses	(5)	-	-13.6
Taxes		-0.2	-0.7
Total expenses		-68.1	-55.1
Net profit		21.4	51.9

Balance sheet of Autoneum Holding Ltd

CHF million	Notes	31.12.2018	31.12.2017
Assets			
Cash and cash equivalents		28.7	13.6
Loans and financial receivables	(6)	116.4	82.6
Accrued income and deferred expenses	(7)	7.1	8.5
Current assets		152.2	104.6
Loans and financial receivables	(6)	349.6	281.9
Investments	(8)	378.2	407.0
Non-current assets		727.7	688.9
Total assets		879.9	793.6
Liabilities and shareholders' equity			
Borrowings	(9)	77.2	58.2
Other liabilities	(10)	0.8	16.0
Deferred income and accrued expenses	(11)	5.0	7.2
Current liabilities		83.0	81.4
Borrowings	(9)	337.5	243.4
Non-current liabilities		337.5	243.4
Liabilities		420.4	324.8
Share capital	(12)	0.2	0.2
Legal capital reserves	(12)	350.0	350.0
Retained earnings			
Balance brought forward		91.6	70.0
Net profit		21.4	51.9
Treasury shares	(12)	-3.7	-3.3
Shareholders' equity		459.5	468.7
Total liabilities and shareholders' equity		879.9	793.6

1 Principles

General

Autoneum Holding Ltd was incorporated on December 2, 2010 as a Swiss corporation domiciled in Winterthur. The Company does not have any employees.

The financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Loans and financial receivables

Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized. In the case where the currency effect of loans is hedged, both unrealized losses and gains are recognized.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a sale, the gain or loss is recognized in the income statement as financial income or financial expenses.

Bonds and bank debts

Borrowings are recognized in the balance sheet at nominal value. The issue costs for the bonds and for finance agreements are recognized as accrued income and deferred expenses due from third parties and amortized on a straight-line basis over the maturity period.

Investments

Investments are valued using the single-item approach.

2 Financial income

CHF million	2018	2017
Interest income	17.9	15.9
Net foreign exchange gains	-	2.0
Other financial income	1.1	1.2
Total	18.9	19.1

3 Valuation adjustments on investments and loans

CHF million	2018	2017
Increase of valuation adjustments on investments	-40.3	-
Increase of valuation adjustments on loans due from subsidiaries	-15.3	-39.9
Reversal of valuation adjustments on investments	-	12.9
Reversal of valuation adjustments on loans due from subsidiaries	17.9	-
Total	-37.7	-27.0

4 Financial expenses

CHF million	2018	2017
Interest expenses	-4.1	-7.5
Net foreign exchange losses	-12.2	-
Other financial expenses	-0.6	-0.3
Total	-16.9	-7.8

5 Extraordinary expenses

Extraordinary expenses in 2017 include the loss from the disposal of the production facility in Betim, Brazil, of CHF 4.8 million and expenses in relation with the settlement of a liability from a former subsidiary of CHF 8.8 million.

6 Loans and financial receivables

CHF million	31.12.2018	31.12.2017
Loans due from subsidiaries	67.0	70.3
Loans due from third parties	1.2	1.3
Cash pool receivables due from subsidiaries	48.2	11.0
Total current portion	116.4	82.6
Loans due from subsidiaries	343.4	273.9
Loans due from third parties	6.1	8.0
Total non-current portion	349.6	281.9

7 Accrued income and deferred expenses

CHF million	31.12.2018	31.12.2017
Accrued income and deferred expenses due from subsidiaries	4.1	6.4
Accrued income and deferred expenses due from third parties	3.0	2.1
Total	7.1	8.5

8 Investments

The subsidiaries, associated companies and non-consolidated investments are listed in note 16 on page 140. They are owned directly or indirectly by Autoneum Holding Ltd.

9 Borrowings

CHF million	31.12.2018	31.12.2017
Loans due to subsidiaries	14.6	4.1
Cash pool liabilities due to subsidiaries	57.6	40.5
Bank debts	-	8.6
Loans due to related parties	5.0	5.0
Total current portion	77.2	58.2
Bonds	175.0	175.0
Loans due to subsidiaries	22.5	23.4
Bank debts	140.0	45.0
Total non-current portion	337.5	243.4

Loans due to related parties comprise a loan of CHF 5.0 million that was granted by the pension fund of an Autoneum Group entity to the Company. The loan bears an interest rate of 0.35% and is due within six days upon cancellation of the agreement by either the lender or the borrower.

On July 4, 2016 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 75.0 million, which is listed on the SIX Swiss Exchange (AUH16, ISIN: CH0326213904). The bond carries a coupon rate of 1.125% and has a term of seven years with a final maturity on July 4, 2023.

On December 8, 2017 Autoneum Holding Ltd issued a fixed-rate bond with a nominal value of CHF 100.0 million, which is listed on the SIX Swiss Exchange (AUT17, ISIN: CH0373476032). The bond carries a coupon rate of 1.125% and has a term of eight years with a final maturity on December 8, 2025.

Autoneum maintains a long-term credit agreement with a banking syndicate in the amount of CHF 150.0 million, whereof CHF 140.0 million was drawn at year-end (2017: CHF 45.0 million). The line of credit may partly be used as a guarantee facility. On December 7, 2017 the long-term credit agreement was amended and the final maturity date extended from December 31, 2019 to December 31, 2022. The interest rate is based on the LIBOR rate plus an applicable margin, which is determined based on the ratio of net debt to EBITDA. The credit agreement contains customary financial covenants, which include the ratio of net debt to EBITDA and a minimum economic equity. Compliance with financial covenants is checked semi-annually and reported to the banking syndicate. In the fiscal years 2018 and 2017, the financial covenants were met at all times.

10 Other liabilities

CHF million	31.12.2018	31.12.2017
Other liabilities due to subsidiaries	0.3	7.7
Other liabilities due to third parties	0.5	8.3
Total	0.8	16.0

11 Deferred income and accrued expenses

CHF million	31.12.2018	31.12.2017
Deferred income and accrued expenses due from subsidiaries	2.8	2.5
Deferred income and accrued expenses due from third parties	2.3	4.7
Total	5.0	7.2

12 Shareholders' equity

Share capital

The share capital amounts to CHF 233 618.15. It is divided into 4 672 363 fully paid registered shares with a par value of CHF 0.05 each.

Conditional share capital

For issuing convertible bonds, warranty bonds and for granting shareholder options, the share capital can be increased by a maximum of 700 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 35 000. Furthermore, for the issuance of shares to employees of subsidiaries, the share capital can be increased by a maximum of 250 000 fully paid-up registered shares with a par value of CHF 0.05 up to a maximum value of CHF 12 500.

Legal capital reserves

These reserves include an amount of CHF 0.1 million (2017: CHF 0.1 million) whose distribution as dividends is not subject to income taxes in Switzerland and can be effected free of Swiss withholding tax. The remaining part of the legal capital reserve does not benefit from the Swiss capital contribution principle.

Treasury shares

The following transactions with treasury shares were performed during the financial year:

	2018 in shares	2018 in CHF million	2017 in shares	2017 in CHF million
Treasury shares at January 1	18 445	3.3	19 828	2.4
Purchase of treasury shares	12 514	2.4	9 382	2.3
Sale of treasury shares	-7 460	-1.4	-7 662	-0.9
Transfer of treasury shares	-3 514	-0.7	-3 103	-0.4
Treasury shares at December 31	19 985	3.7	18 445	3.3

13 Guarantees and collateral provided

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Autoneum Holding Ltd has guaranteed CHF 35.0 million (2017: CHF 24.1 million) to financial institutions for granting credit facilities to direct and indirect subsidiaries and CHF 7.6 million (2017: CHF 28.7 million) to other third parties for securing transactions they entered into with direct and indirect subsidiaries and other third parties. Furthermore, a financing commitment in the amount of CHF 7.9 million was given in favor of a subsidiary (2017: CHF 8.2 million).

14 Shares allocated to the Board of Directors

Part of the remuneration of the Board of Directors is paid in shares of Autoneum Holding Ltd. In 2018, 4 014 shares (2017: 3 569 shares) with a total value of CHF 1 027 264 (2017: CHF 1 001 106) were allocated and 3 514 shares (2017: 3 103 shares) were transferred to the members of the Board of Directors. The remaining shares were withheld by the Company to account for the beneficiaries' part of social security contributions and withholding taxes.

15 Shares held by the members of the Board of Directors or Group Executive Board

The following shares were held by members of the Board of Directors or the Group Executive Board, including parties related to them (Art. 663c Swiss Code of Obligations):

Number of shares	31.12.2018	31.12.2017
Hans-Peter Schwald, Chairman	40 000	38 000
Rainer Schmückle, Vice Chairman	1 599	1 390
Norbert Indlekofer	229	91
Michael Pieper	984 151	958 657
This E. Schneider	9 782	5 226
Peter Spuhler	803 705	803 269
Ferdinand Stutz	3 065	2 628
Total Board of Directors	1 842 531	1 809 261
Martin Hirzel, CEO	12 461	10 092
Dr Martin Zwyssig	3 391	2 272
Matthias Holzammer	3 166	3 224
John T. Lenga	670	601
Andreas Kolf	730	405
Fausto Bigi	-	-
Total Group Executive Board	20 418	16 594

16 Subsidiaries, associated companies and investments

			Nominal capital in million	Directly owned	Indirectly owned	Voting and capital rights ¹	Research & technology	Application development	Production & supply	Service & financing
Switzerland	Autoneum International Ltd, Winterthur	CHF	7.0	•		100%				•
	Autoneum Management Ltd, Winterthur	CHF	1.3	•		100%	•			•
	Autoneum Switzerland Ltd, Sevelen	CHF	0.3	•		100%	•	•		
Argentina	Autoneum Argentina SA, Córdoba	ARS	22.5	•		100%				•
Belgium	Autoneum Belgium N.V., Genk	EUR	8.0	•		100%				•
Brazil	Autoneum Brasil Têxteis Acústicos Ltda., São Paulo	BRL	201.6	•		100%	•	•		
Canada	Autoneum Canada Ltd., Tillsonburg	CAD	–	•		100%				•
China	Autoneum (Chongqing) Sound-Proof Parts Co. Ltd., Chongqing	CNY	49.3	•		100%				•
	Autoneum (Shenyang) Sound-Proof Parts Co. Ltd., Shenyang	CNY	49.2	•		100%				•
	Autoneum (Shanghai) Management Co. Ltd., Shanghai	CNY	13.2	•		100%	•			•
	Autoneum (Yantai) Sound-Proof Parts Co. Ltd., Yantai ²	CNY	34.5	•		100%				•
	Autoneum (Changsha) Management Co. Ltd., Changsha ²	CNY	34.5	•		100%				•
	Autoneum (Pinghu) Co. Ltd., Pinghu ²	CNY	134.5	•		100%				•
	Autoneum (Tianjin) Co. Ltd., Tianjin ²	CNY	17.0	•		100%				•
	Autoneum Nittoku (Guangzhou) Sound-Proof Co. Ltd., Guangzhou	CNY	75.8	•		51%				•
	Tianjin Autoneum Nittoku Sound-Proof Co. Ltd., Tianjin	CNY	47.2	•		51%				•
Wuhan Nittoku Autoneum Sound-Proof Co. Ltd., Wuhan	CNY	89.6	•		25%				•	
Czech Republic	Autoneum CZ s.r.o., Choceň	CZK	206.2	•		100%				•
France	Autoneum Holding France SAS, Lyon	EUR	39.8	•		100%				•
	Autoneum France SAS, Aubergenville	EUR	8.0	•		100%	•	•		
Germany	Autoneum Germany GmbH, Rossdorf	EUR	11.2	•		100%				•
Great Britain	Autoneum Great Britain Ltd., Stoke-on-Trent	GBP	41.8	•		100%				•
Hungary	Autoneum Hungary Ltd., Komárom ²	EUR	–	•		100%				•
India	Autoneum India Pvt. Ltd., New Delhi	INR	571.4	•		100%				•
	Autoneum Nittoku Sound Proof Products India Pvt. Ltd., Chennai	INR	220.0	•		51%				•
Indonesia	PT Tuffindo Nittoku Autoneum, Jakarta	IDR	162 666.0	•		9%				•
Italy	Porfima Uno S.r.l., Torino	EUR	–	•		100%				•
Japan	Nihon Tokushu Toryo Co. Ltd., Tokyo ³	JPY	4 753.0	•		13%	•	•	•	•
	ATN Auto Acoustics Inc., Kamioguchi ⁴	JPY	100.0	•		25%	•			
Korea	Autoneum Korea Ltd., Incheon ⁵	KRW	264.0	•		100%				•
Mexico	Autoneum Mexico, S. de R.L. de C.V., Hermosillo	MXN	–	•		100%				•
	Autoneum Mexico Operations, S.A. de C.V., San Luis Potosí	MXN	503.9	•	•	100%				•
	Autoneum Mexico Servicios, S.A. de C.V., San Luis Potosí	MXN	3.1	•	•	100%				•
	UGN de Mexico, S. de R.L. de C.V., Silao	MXN	0.1	•		50%				•
	Servicios de Acoustical Solutions, S. de R.L. de C.V., Silao	MXN	0.1	•		50%				•
Poland	Autoneum Poland Sp.z.o.o., Katowice	PLN	20.8	•		100%	•	•		
Portugal	Autoneum Portugal Lda., Setúbal	EUR	0.6	•	•	87%				•
Russia	Autoneum Rus LLC, Ryazan	RUB	0.8	•	•	100%				•
South Africa	Autoneum Feltex (Pty) Ltd., Durban	ZAR	–	•		51%				•

Spain	Autoneum Spain S.A.U., Terrassa	EUR	5.8	•	100%	•
Thailand	SRN Sound Proof Co., Ltd., Chonburi	THB	100.0	•	30%	•
	Summit & Autoneum (Thailand) Co., Ltd., Chonburi	THB	16.0	•	51% ⁶	•
Turkey	Autoneum Erkurt Otomotive AS, Bursa	TRY	2.5	•	51%	•
USA	Autoneum America Corporation, Farmington Hills	USD	-	•	100%	•
	Autoneum North America Inc., Farmington Hills	USD	-	•	100%	• •
	UGN Inc., Tinley Park	USD	-	•	50%	• •

¹ Unless otherwise noted, voting and capital rights have not changed compared to prior year.

² The companies were established in 2017.

³ The Company acquired additional 4% of voting and capital rights in 2017.

⁴ The Company acquired 25% of voting and capital rights in 2018.

⁵ The Company acquired the remaining 40% of voting and capital rights in 2017.

⁶ Autoneum has 49% of the capital rights.

17 Significant shareholders

At December 31, Autoneum knew that the following shareholders had more than 3% of the Company voting rights (in accordance with Art. 663c of the Swiss Code of Obligations):

	31.12.2018	31.12.2017
Artemis Beteiligungen I Ltd, Hergiswil, Switzerland; Centinox Holding Ltd, Hergiswil, Switzerland; and Michael Pieper, Hergiswil, Switzerland ¹	21.06%	20.52%
PCS Holding Ltd, Warth-Weiningen, Switzerland; and Peter Spuhler, Weiningen, Switzerland ¹	17.20%	17.19%
Norges Bank (the Central Bank of Norway), Oslo, Norway	n/a	3.04%

¹ Voting rights according to the Company's records at December 31.

Details of the disclosures can be found at:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

18 Events after balance sheet date

There were no events between December 31, 2018 and March 5, 2019 that would necessitate adjustments to the book value of the Company's assets or liabilities, or that require additional disclosure in the financial statements.

Dividend proposal

for the appropriation of available earnings

CHF	2018
Balance brought forward	91 575 326
Net profit	21 429 881
At the disposal of the Annual General Meeting	113 005 207
Proposal	
Distribution of a dividend ¹	16 820 507
Carried forward to new account	96 184 700
Total	113 005 207

¹ Shares held by Autoneum Holding Ltd at the time of dividend distribution are not entitled to dividends. The amount distributed will be reduced accordingly at the time of distribution.

The Board of Directors proposes that a dividend of CHF 3.60 be paid per registered share entitled to dividends.



Statutory Auditor's Report

To the General Meeting of Autoneum Holding Ltd, Winterthur

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Autoneum Holding Ltd, which comprise the balance sheet as at December 31, 2018, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 133 to 141) for the year ended December 31, 2018, comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Investments and loans due from subsidiaries

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Investments and loans due from subsidiaries

Key Audit Matter

The financial statements of Autoneum Holding Ltd as at December 31, 2018, include investments in the amount of CHF 378.2 million, current loans due from subsidiaries in the amount of CHF 67.0 million and non-current loans due from subsidiaries in the amount of CHF 343.4 million. The company annually reviews investments and loans due from subsidiaries for impairment on an individual basis.

The impairment assessment of investments and loans due from subsidiaries requires significant management judgment, in particular in relation to the forecast earnings and growth rates as well as discount rates, and is therefore a key area that our audit was concentrated on.

For further information on investments and loans due from subsidiaries refer to the following:

- Note 6, Loans and receivables due from subsidiaries
- Note 8, Investments

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests as well as the appropriateness of management's assumptions.

This comprised:

- Agreeing forecasts used in the impairment tests to current expectations of management.
- Challenging the robustness of key assumptions on a sample basis, based on our understanding of the commercial prospects of the respective entities.

In relation to evaluating the discount rates used, our internal valuation specialists assisted us by comparing the relevant inputs to industry and economic forecasts.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

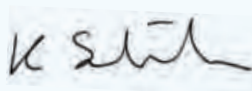
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG



Reto Benz
Licensed Audit Expert
Auditor in Charge



Kathrin Schünke
Licensed Audit Expert

Zurich, March 5, 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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Review 2014 – 2018

Consolidated income statement

CHF million	2018	2017 ¹	2016	2015	2014 ¹
Revenue	2 281.5	2 205.4	2 152.6	2 085.9	1 954.7
BG Europe	984.5	886.2	833.4	833.2	803.3
BG North America	921.8	963.8	1 018.7	977.9	882.7
BG Asia	260.3	241.9	210.7	180.9	145.3
BG SAMEA ²	111.5	114.1	93.5	94.3	123.9
EBITDA	197.2	257.8	278.1	191.5	201.6
in % of revenue	8.6%	11.7%	12.9%	9.2%	10.3%
EBIT	114.1	179.9	204.5	126.5	135.1
in % of revenue	5.0%	8.2%	9.5%	6.1%	6.9%
Net profit	74.7	118.9	133.8	68.7	102.8
in % of revenue	3.3%	5.4%	6.2%	3.3%	5.3%
Return on net assets in % (RONA)	7.8%	15.0%	21.5%	12.7%	20.3%
Return on equity in % (ROE)	11.6%	19.4%	29.9%	17.4%	29.6%

Consolidated balance sheet at December 31

Non-current assets	897.5	853.0	648.0	553.6	536.2
Current assets	703.8	689.9	649.8	561.1	563.0
Equity attributable to shareholders of AUTN	519.3	545.7	394.3	301.3	303.5
Equity attributable to non-controlling interests	108.4	112.6	104.7	96.2	89.0
Total shareholders' equity	627.7	658.3	499.0	397.5	392.5
Non-current liabilities	423.1	348.6	220.7	284.8	276.8
Current liabilities	550.6	536.0	578.1	432.3	430.0
Total assets	1 601.3	1 542.9	1 297.8	1 114.7	1 099.3
Net debt	283.7	183.3	57.4	106.1	54.6
Shareholders' equity in % of total assets	39.2%	42.7%	38.4%	35.7%	35.7%

Consolidated statement of cash flows

Cash flows from operating activities	124.0	145.2	194.1	111.7	138.2
Cash flows used in investing activities	-164.7	-195.7	-92.8	-123.1	-108.8
Cash flows from/(used in) financing activities	34.3	5.4	-28.6	-43.5	-15.0

Employees at December 31 ³	12 946	12 133	11 725	11 423	10 681
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¹ Restated.² Including South America, Middle East and Africa.³ Full-time equivalents including temporary employees (excluding apprentices).

Information for investors

CHF million	2018	2017 ¹	2016	2015	2014
Number of issued shares	4 672 363	4 672 363	4 672 363	4 672 363	4 672 363
Share capital of Autoneum Holding Ltd	0.2	0.2	0.2	0.2	0.2
Net profit of Autoneum Holding Ltd	21.4	51.9	61.8	19.8	11.9
Market capitalization at December 31	685.8	1 306.6	1 243.4	938.1	783.0
in % of revenue	30.1%	59.2%	57.8%	45.0%	40.1%
in % of equity attr. to shareholders of AUTN	132.1%	239.5%	315.4%	311.3%	258.0%

Data per share (AUTN)

CHF	2018	2017 ¹	2016	2015	2014	
Basic earnings per share	11.83	19.53	20.61	9.12	17.03	
Dividend per share ²	3.60	6.50	6.50	4.50	4.50	
Shareholders' equity per share ³	111.62	117.25	84.74	65.01	65.71	
Share price at December 31	147.40	280.75	267.25	202.40	169.50	
Share price development during the year						
	High	317.00	298.00	290.00	226.40	209.30
	Low	130.00	228.80	185.00	148.40	129.10

¹ Restated.

² As proposed by the Board of Directors and subject to the approval of the Annual General Meeting.

³ Equity attributable to shareholders of Autoneum Holding Ltd per share outstanding at December 31.

Important Dates

Annual General Meeting 2019:	March 28, 2019
Semi-Annual Report 2019:	July 25, 2019
Annual General Meeting 2020:	March 25, 2020

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All statements in this report which do not refer to historical facts are forecasts for the future that offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors that are outside the Company's control.

March 2019

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Autoneum

Locations with minority shareholders

Associated companies and investments

Licensees



Global presence

North America

Canada

- London, Ontario
- Tillsonburg, Ontario

Mexico

- Hermosillo
- Mexico City
- San Luis Potosí
- Silao

USA

- Aiken, South Carolina
- Bloomsburg, Pennsylvania
- Jeffersonville, Indiana
- Novi, Michigan
- Oregon, Ohio
- Sunnyvale, California
- Jackson, Tennessee
- Monroe, Ohio
- Somerset, Kentucky
- Tinley Park, Illinois
- Valparaiso, Indiana

SAMEA

Argentina

- Córdoba

Brazil

- Gravataí
- São Paulo
- Taubaté

South Africa

- Rosslyn
- Durban

Turkey

- Bursa

Europe

Belgium

- Genk

Czech Republic

- Bor
- Choceň
- Hnátnice

France

- Aubergenville
- Blainville
- Lachapelle-aux-Pots
- Moissac
- Ons-en-Bray

Germany

- Munich
- Rossdorf-Gundernhausen
- Sindelfingen

Hungary

- Komárom

Italy

- Santhià

Poland

- Katowice
- Nowogard

Portugal

- Setúbal

Russia

- Ryazan

Spain

- A Rúa
- Valldoreix

Sweden

- Gothenburg

Switzerland

- Sevelen
- Winterthur (HQ)

United Kingdom

- Halesowen
- Heckmondwike
- Stoke-on-Trent

Asia

China

- Changsha
- Chongqing
- Pinghu
- Shanghai
- Shenyang
- Taicang
- Yantai
- Guangzhou
- Tianjin
- Wuhan
- Fuzhou

India

- Behror
- Chennai

Indonesia

- Jakarta

Japan

- Oguchi
- Tokyo

Malaysia

- Shah Alam

South Korea

- Seoul

Thailand

- Laem Chabang
- Chonburi

Our Product Portfolio



Interior Floor

- Tufted Carpets
- Non-Woven Carpets
- Inner Dashes
- Floor Insulators
- Floor Mats



Underbody

- Under Floor Shields
- Heatshields
- Wheelhouse Outer Liners
- Battery and Floor Pans
- Tunnel Insulators



Engine Bay

- Engine Encapsulations
- Engine Top Covers
- Hoodliners
- Outer Dashes
- Battery Covers



Body Treatment

- Dampers
- Stiffeners

Autoneum. Mastering sound and heat.

