



Johnson

Annual Report 2020

Autoneum at a glance

Autoneum is the global market and technology leader in acoustic and thermal management for vehicles and partner to automobile manufacturers around the world. The Company develops and produces multifunctional, lightweight components for optimum noise and heat protection. The innovations of Autoneum make vehicles quieter, lighter and safer and help to reduce fuel consumption and emissions.

1 740.6

Revenue in CHF million

-18.7

Organic revenue change
in %

12 774

Number of employees

1.6

EBIT margin in %

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Hans-Peter Schwald (l)
Chairman of the Board

Matthias Holzammer
Chief Executive Officer

Operating profit thanks to profitable second half-year



Dear shareholders

2020 was marked by the coronavirus pandemic and its massive impact on the global economy. Worldwide lockdowns and production stoppages at vehicle manufacturers had drastic consequences for the entire automobile industry and Autoneum in the first half of the year. Although the market recovered in the second half-year, the number of vehicles produced for the year as a whole remained well below the level of the previous year. Thanks to prompt adjustment of the cost structure to the reduced market volume and improvements achieved during the turnaround in North America, Autoneum nevertheless managed to generate an operating profit in 2020 in an extremely difficult and volatile market environment.

REVENUE DEVELOPMENT IN LINE WITH MARKET

At 74.6 million, the number of vehicles produced globally was down –16.1% in 2020 compared to the prior year, when around 89 million vehicles were produced. In line with the negative market dynamics, Autoneum's revenue in local currencies decreased by –18.7% in 2020. The slightly higher decline in revenue compared to the market is due to the lower share of Asia in Autoneum's total revenue. Impacted by the appreciation of the Swiss franc against the most important currencies for Autoneum, consolidated revenue dropped by –24.2% from CHF 2 297.4 million in 2019 to CHF 1 740.6 million in 2020. While the coronavirus pandemic – due to temporary production stoppages – led to a market slump in the first half of 2020, the recovery and pent-up demand in the second half were also clearly reflected in Autoneum's revenue.

Financial Highlights

CHF million	2020		2019		Change	Organic change ¹
Autoneum Group						
Revenue	1 740.6	100.0%	2 297.4	100.0%	-24.2%	-18.7%
EBITDA	148.5	8.5%	164.0	7.1%	-9.5%	
EBIT	27.8	1.6%	-32.9	-1.4%		
EBIT before one-time effects ²	27.8	1.6%	35.0	1.5%		
Net result	-10.7	-0.6%	-77.7	-3.4%		
Return on net assets (RONA) ³	1.3%		-3.9%			
Free cash flow	112.5		-9.9			
Net debt at December 31 ⁴	271.7		335.0			
Number of employees at December 31 ⁵	12 774		13 128		-2.7%	
BG Europe						
Revenue	641.8	100.0%	900.9	100.0%	-28.8%	-25.6%
EBIT	21.5	3.3%	51.0	5.7%		
BG North America						
Revenue	753.5	100.0%	1 001.8	100.0%	-24.8%	-19.3%
EBIT	-43.6	-5.8%	-134.8	-13.5%		
EBIT before one-time effects ²	-43.6	-5.8%	-72.8	-7.3%		
BG Asia						
Revenue	254.1	100.0%	275.7	100.0%	-7.8%	-2.1%
EBIT	22.2	8.7%	11.9	4.3%		
EBIT before one-time effects ²	22.2	8.7%	17.9	6.5%		
BG SAMEA⁶						
Revenue	88.4	100.0%	125.8	100.0%	-29.7%	-7.5%
EBIT	10.9	12.3%	10.7	8.5%		
Share AUTN						
Share price at December 31 in CHF	161.60		116.20		39.1%	
Market capitalization at December 31	749.6		539.9		38.8%	
Basic earnings per share in CHF	-5.45		-20.82			
Dividend per share in CHF ⁷	-		-			

¹ Change in revenue in local currencies, adjusted for hyperinflation.

² Without one-time effects from impairment of fixed assets in 2019.

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

⁴ Net debt excl. lease liabilities at December 31.

⁵ Full-time equivalents including temporary employees (excluding apprentices).

⁶ Including South America, Middle East and Africa.

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

OPERATING PROFIT THANKS TO GLOBAL COST REDUCTION PROGRAM AND SUBSTANTIAL IMPROVEMENTS IN NORTH AMERICA

The sharp drop in production volumes worldwide and the resulting sudden underutilization of production capacities at Autoneum had a strong negative impact on the Company's profitability. Autoneum responded with a comprehensive range of immediate measures: For example, operating expenses were limited to the absolute minimum necessary and personnel costs were promptly adjusted in all areas to the lower production volumes. In addition, investments were reduced to a minimum thanks to significant investment activities in past years. The adjustment of costs to the new market reality, which is forecast to continue in the coming years as well, enabled Autoneum to benefit considerably from the global recovery in the second half of the year.

The on-site support provided by Group specialists, which is essential for the turnaround in North America, was hampered by the massive travel restrictions imposed by the pandemic and could therefore not be provided to the desired extent. The team in North America nevertheless managed to achieve significant, sustainable improvements. Thanks to the global cost reduction program and positive contributions from the turnaround program in North America, Autoneum generated a positive operating result in 2020 despite the slump in the market. Compared to the previous year, EBIT increased by CHF 60.8 million to CHF 27.8 million, thereby, despite the decline in revenue, almost achieving the prior-year EBIT of CHF 35.0 million excluding one-time charges from impairments. The EBIT margin improved to 1.6% (2019: -1.4%). After deduction of the financial and tax result, the net result for 2020 as a whole amounted to CHF -10.7 million (2019: CHF -77.7 million including one-time charges from impairments in the amount of CHF -68.0 million).

SIGNIFICANTLY IMPROVED FREE CASH FLOW ALLOWS FOR REDUCTION IN NET DEBT

Strict cost management and the controlling of investments in tangible assets to the necessary minimum resulted in a CHF 122.5 million improvement in free cash flow to CHF 112.5 million (2019: CHF -9.9 million). Reduced investments in tangible assets in the amount of CHF 41.9 million (2019: CHF 125.8 million) were the main driver behind the increase in free cash flow. Thanks to disciplined cost management, cash flow from operating activities improved substantially over the prior year to CHF 149.7 million (2019: CHF 119.2 million), despite a sharp fall in revenue. This positive cash flow development enabled a reduction in net debt (excluding lease liabilities) of CHF -63.3 million to CHF 271.7 million (December 31, 2019: CHF 335.0 million) in 2020 for the first time since 2016. As of December 31, 2020 the equity ratio fell to 22.9% (December 31, 2019: 27.1%). In addition to the negative net result, this decrease was particularly due to currency losses from translation of financial statements of foreign subsidiaries into the stronger Swiss franc recognized directly in equity.

Given the negative net result and so as not to burden the financial recovery of the Company, the Board of Directors will propose to the Annual General Meeting on March 25, 2021 waiving the dividend for the 2020 financial year.

PERSONNEL CHANGES ON THE BOARD OF DIRECTORS

The Board of Directors will propose Liane Hirner and Oliver Streuli for election to the Board of Directors. Both have extensive expertise in the areas of finance and corporate management. Peter Spuhler will not stand for reelection at the Annual General Meeting in order to focus on managing Stadler Rail. He was an important driving force in the founding of the Company, played a major role in shaping Autoneum thanks to his entrepreneurial expertise and showed great commitment to the Company. The Board of Directors thanks him sincerely and wishes him continued success.

INNOVATION LEADERSHIP IN THE SERVICE OF CUSTOMERS AND THE ENVIRONMENT

Two trends defined the automobile industry in 2020: ongoing electrification and sustainability. Autoneum anticipated them early on in research and development and so today offers a product portfolio that is not only geared to the individual needs of vehicle manufacturers, but also meets end consumers' expectations when it comes to sustainable mobility. In order to make it easier for customers to select particularly environmentally-friendly components for future models, the Company launched a sustainability label for acoustic and thermal management in the reporting year, making it the first automotive supplier to do so. "Autoneum Pure." stands for technologies with an excellent environmental performance in all four phases of the life cycle: material procurement, production, use and end of life. For example, components with a high content of recyclable materials or those that achieve significant weight savings compared to comparable standard components qualify for the label. Autoneum offers various multifunctional technologies that meet the high standards for "Autoneum Pure." products: Ultra-Silent for underbody systems or battery undercovers, Di-Light for carpet systems, Prime-Light and IFP-R2 for inner dashes and floor insulators as well as Hybrid-Acoustics PET for e-motor encapsulations and engine-mounted parts.

Another contender for the "Sustainability Champion" award is already in the starting blocks: In 2020, Autoneum launched a frunk – short for front trunk – made of Ultra-Silent that was specifically developed for electric vehicles. With demand for electric cars growing sharply, the need for lightweight components that enable a greater driving range for this category of vehicles is rising as well. The innovative component made of Ultra-Silent is particularly light thanks to its textile fibers, which contributes to reduced vehicle weight, less energy consumption and longer driving pleasure. At the same time, the Ultra-Silent-based frunk also improves vehicle acoustics. Thanks to their sound-absorbing material composition, the Ultra-Silent components reduce annoying noises in electric vehicles such as the ones resulting from heat pumps and tires at the source. The Ultra-Silent-based frunk is highly sustainable as well: It is made entirely of PET and contains up to 70% recycled material.

Sustainability, however, is not limited to e-cars: With Relive-1, Autoneum offers an innovative tufted carpet for all powertrain models that meets the highest requirements of sustainable mobility. The technology for the compact to premium class, which has been awarded the "Autoneum Pure." label for outstanding environmental friendliness, convinces with its particularly sustainable use of raw materials: For example, only recycled PET bottles are used to manufacture the carpet fibers. Autoneum reuses this raw material, thus conserving natural resources and reducing plastic waste. At the same time, Relive-1 stands for the above-

average product quality of Autoneum: Compared to standard carpets in compact to large class vehicles, Relive-1 carpets are more durable and have excellent cleanability, which is a benefit for recreational vehicles like SUVs.

BUSINESS GROUPS

At -25.6%, the decline in revenue in local currencies at Business Group Europe reflected the regional, pandemic-marred market development. Revenue in Swiss francs decreased to CHF 641.8 million (2019: CHF 900.9 million). Thanks to a consistent reduction of costs and the use of state programs such as short-time work, the Business Group adjusted its cost base quickly to the lower level of revenue. However, the massive decline in revenue in the first half-year had a strong negative impact on EBIT, reducing it for the year as a whole to CHF 21.5 million (2019: CHF 51.0 million). Nevertheless, a positive EBIT margin of 3.3% (2019: 5.7%) was achieved.

In North America, too, the Business Group's negative organic revenue growth of -19.3% reflected the adverse regional market dynamics. Impacted by the market development and negative currency effects, revenue in Swiss francs fell by CHF -248.3 million to CHF 753.5 million (2019: CHF 1 001.8 million). Significant operational and thus financial improvements were made in 2020 under the ongoing turnaround program. Additionally, a reduction in expenditure exceeding the one achieved in the turnaround program was realized and further costs were flexibilized where possible. As a result, the Business Group increased its EBIT remarkably by CHF 91.2 million to CHF -43.6 million (2019: CHF -134.8 million, including one-time charges from impairments in the amount of CHF -62.0 million). Before impairments, Business Group North America managed to improve the operating result by CHF 29.2 million despite the marked fall in revenue.

Asia was the first region worldwide where the coronavirus pandemic led to the closure of plants as early as in February. The main market, China, recovered to the prior year's level during the first half of the year and even exceeded it in the second half. At -11.3%, Asian automobile production thus recorded the smallest decline in comparison to other regions in 2020. With an organic revenue decline of just -2.1%, Business Group Asia significantly outperformed the market. The recovery of the Chinese market, which is crucial for Business Group Asia, was decisive for the significantly stronger growth of the Business Group compared to the Asian market as a whole. Revenue in Swiss francs decreased to CHF 254.1 million (2019: CHF 275.7 million). Expenditure discipline and positive effects from headcount adjustments that were already initiated the year before resulted in large cost reductions that enabled Business Group Asia to increase its EBIT in 2020 to CHF 22.2 million (2019: CHF 11.9 million including one-time charges from impairments in the amount of CHF -6.0 million) despite the drop in production. The EBIT margin doubled to 8.7% (2019: 4.3%) compared to the prior year.

Business Group SAMEA (South America, Middle East and Africa) also significantly outperformed the market, which contracted sharply as a result of the coronavirus crisis. Although around 20% fewer vehicles were produced in the region compared to the prior year, Business Group SAMEA's revenue shrank by just -7.5% on an inflation- and currency-adjusted basis. This was largely attributable to high-volume programs in Turkey and South Africa. Due to the strong depreciation of various currencies in this region, revenue consolidated in Swiss francs fell by -29.7% to CHF 88.4 million (2019: CHF 125.8 million). Through prompt adjustment of costs in

response to reduced volumes, Business Group SAMEA generated a slightly improved EBIT in the reporting year of CHF 10.9 million (2019: CHF 10.7 million); this corresponds to a considerable EBIT margin of 12.3% (2019: 8.5%).

OUTLOOK

Global automobile production is expected to increase in 2021 compared to 2020, even though the number of vehicles produced is still not forecast to reach the level of 2019. Autoneum's revenue development is expected to be in line with the market. In particular, business performance in the first half of 2021 will be strongly influenced by the further course of the pandemic and is likely to be volatile accordingly. Therefore, revenue may be slightly lower in the first half-year compared to the second half of 2020. Based on the forecast market development and further operational improvements in North America, the Company expects an EBIT margin of 4–5% and a free cash flow in the higher double-digit million range for 2021.

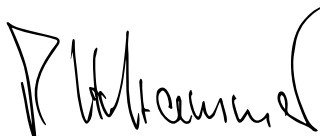
ACKNOWLEDGMENT

After an already challenging previous year, 2020 demanded a lot from all employees in their joint efforts to get Autoneum back on course. We would like to thank our employees sincerely for their outstanding, tireless commitment, for their acceptance of difficult cuts and for their loyalty to the Company, especially in challenging times. Our thanks also go to our customers, suppliers, business partners, most of whom have been with us for many years, and shareholders for their confidence in Autoneum.

Winterthur, March 2, 2021



Hans-Peter Schwald
Chairman of the Board

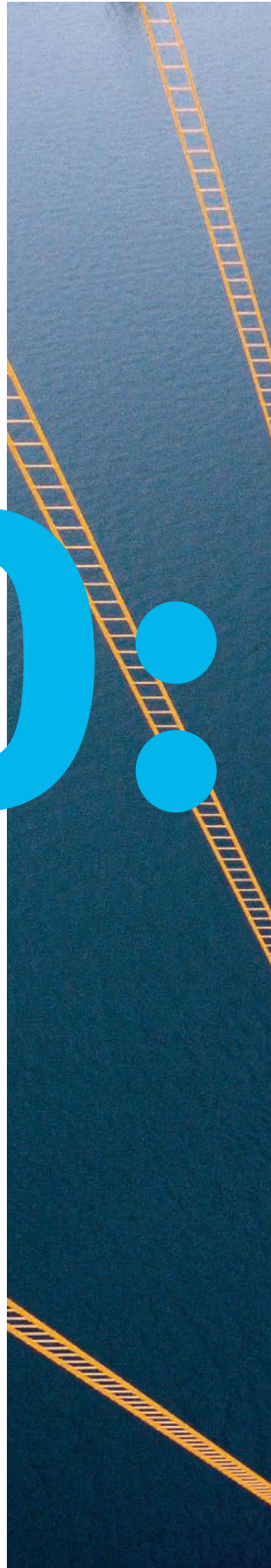


Matthias Holzammer
Chief Executive Officer

2020:

Year in Review

In a highly challenging year impacted by the coronavirus pandemic, Autoneum both invested in and further extended its innovation leadership: The Company not only launched “Autoneum Pure.,” a label determining particularly sustainable technologies, but also expanded its product portfolio by adding components dedicated for electric vehicles among other things. Furthermore, various customer awards once again acknowledged Autoneum’s operative excellence – a success factor for the Company from which numerous vehicle manufacturers around the world benefit.





“Autoneum Pure.” – particularly sustainable

Products with an excellent environmental performance throughout their entire life cycle – that is what “Autoneum Pure.” stands for. The label determines particularly sustainable technologies, thereby guiding car manufacturers in the selection of components for environmentally-friendly models. Autoneum already offers various multifunctional technologies and products that meet the high standards of “Autoneum Pure.” products: Ultra-Silent for underbodies and battery undercovers, Di-Light-based carpet systems, electric engine encapsulations made of Hybrid-Acoustics PET and Mono-Liner, an especially light wheelhouse outer liner that helps to achieve a lower vehicle weight and correspondingly reduces fuel consumption and emissions.







Turnaround on track

Thanks also to the progress in the implementation of the turnaround program for its North American sites, Autoneum has obtained important operational and financial improvements in 2020. Despite the significant impact of the coronavirus pandemic especially in the first half of the year, the turnaround has proceeded according to plan: Necessary efficiency improvements, especially in production, and cost savings in all areas have been achieved. Actions for further improvements in 2021 are currently being prepared and implemented.



Relive-1: PET in its most beautiful form

With Relive-1, Autoneum now offers a premium technology for vehicle carpets that not only impresses thanks to its aesthetic appearance, but also has an exceptional environmental performance. Among other things, carpets made of Relive-1 convince through their sustainable material composition: Only recycled PET bottles are used to produce the carpet fibers. At the same time, Relive-1 is robust, water-repellent and particularly easy to clean – and thus enhances any car interior.







Sales market China

As the world's largest automotive market, China is not only an important sales region for vehicle manufacturers and suppliers alike, but also a pioneer in new forms of mobility. Thanks to the rapid recovery from the pandemic-related decline, over 23 million light vehicles were produced in China in 2020, with around one million of these being electric vehicles. With seven local plants, Autoneum supports both international and local vehicle manufacturers with multifunctional lightweight components for noise and heat protection in their efforts for sustainable mobility. And it has done so with success: 15 electric models produced in China are already equipped "by Autoneum".

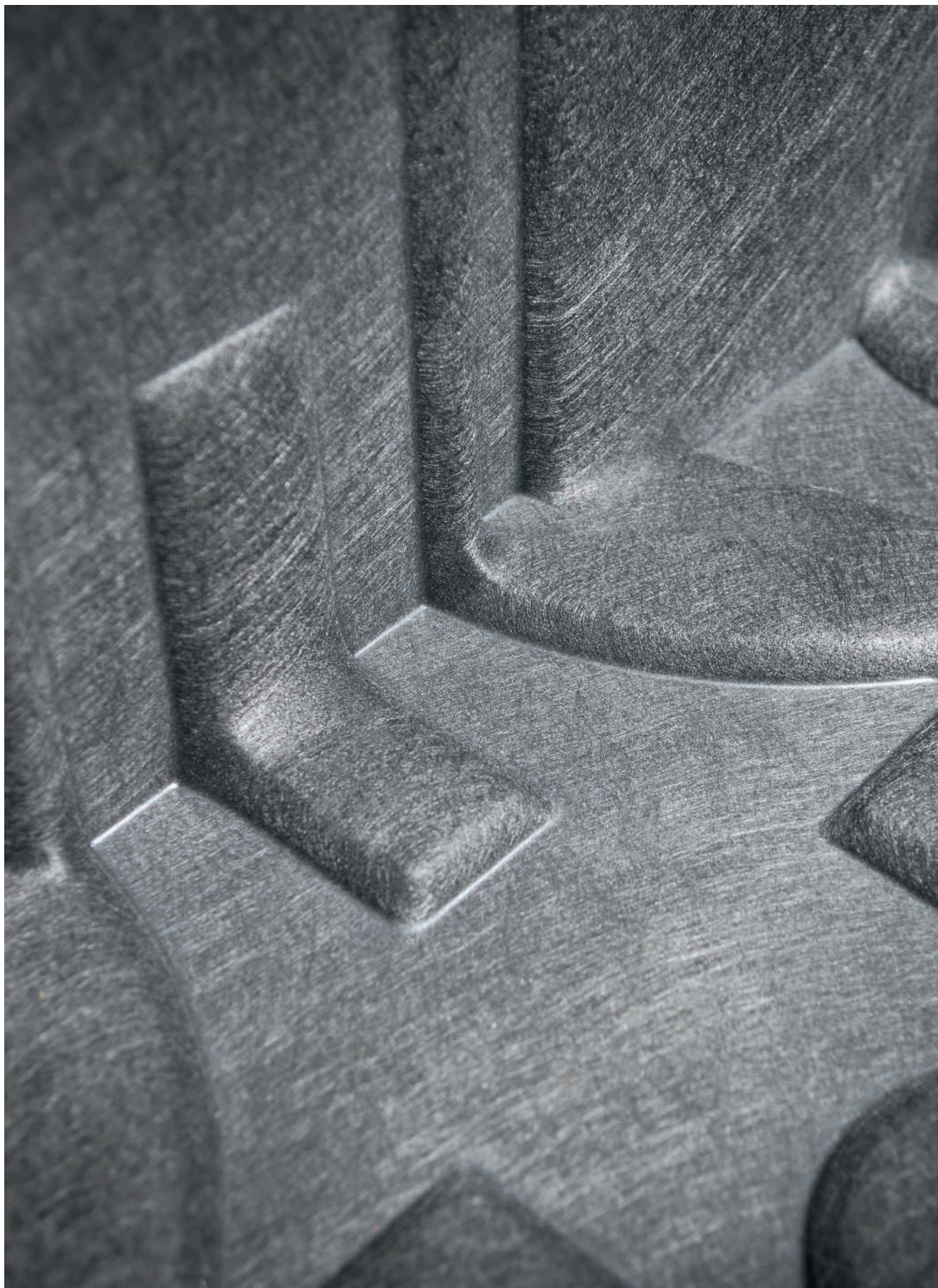




Focus on operational excellence

In 2020, Autoneum has once again received various customer awards honoring its product quality and the way orders are executed in its manufacturing facilities. Among others, the plants in San Luis Potosí, Mexico, and in London and Tillsonburg, Canada, were proud recipients of the prestigious “Supplier Quality Excellence Award” for faultless production and smooth logistics from long-standing customer GM. With its outstanding delivery and quality standards, the London plant has also convinced Ford as a “Q1 supplier”. But there are no limits to quality: The joint venture plant in the South African city of Rosslyn stood out as well for its operational excellence and was honored as one of more than 100 contenders with the “Toyota Quality Management Award”.







Green light for electric cars

For electric vehicles, driving range and energy efficiency are crucial. With an innovative frunk made of the lightweight mono-material Ultra-Silent, Autoneum helps customers to reduce the vehicle weight of e-models and thus ensures additional mileage. Compared to standard components made of plastic, Ultra-Silent frunks are more than 50% lighter. But the e-car innovation has even more up its sleeve: It absorbs both driving and vehicle noise and is particularly environmentally-friendly – because it is made entirely of recyclable PET.

Bor: investment in highest product quality

At the Czech plant in Bor, Autoneum produces needlepunch and tufted carpets for German, French and Korean vehicle manufacturers at its facility arranged over 35 000 square meters. Thanks to a newly installed non-woven carpet line and an associated innovative back coating machine added in 2020, daily production output has been increased to over 12 000 carpets. Drivers of a wide range of vehicle models – from small and sporty models to SUVs – benefit from the noise-absorbing, durable and aesthetic carpet systems offered by the market leader.







Happy Birthday, Guangzhou!

More than 200 million. That's how many components our plant in Guangzhou in southern China has produced since it opened 15 years ago. Today, more than 500 employees produce around 130 000 parts daily in Autoneum's first Chinese joint venture plant. Customers such as Honda, Nissan, Toyota, GAC and XiaoPeng benefit from Autoneum's lightweight carpets and inner dashes – for both gasoline engines and electric vehicles.







ATLAS: measurement system for perfect acoustics

With the progressing electrification of mobility and the trend towards autonomous driving, remote working and recreation in the vehicle are becoming a matter of course. The prerequisite for this is a passenger cabin that is as quiet as possible. To this end, Autoneum's new ATLAS measurement system identifies potential internal and external noise sources already in the pre-development of new models and sets new standards: In no time, customers can now assess and select acoustic components and materials tailored to their needs in a resource-saving manner.





Committed to the **environ- ment** and **society**

Being a responsible corporate citizen, Autoneum wants to make its contribution to a sustainable future. Launched in 2018, the Advance Sustainability Strategy 2025 and its defined set of environmental, social and ethical activities and targets is used as the main instrument to achieve this. Notwithstanding the massive impact of the coronavirus pandemic on all Autoneum locations, the Company once again implemented a large number of projects and measures worldwide in 2020 to protect natural resources and to promote social development.

40

Over 40 eco-efficient projects worldwide

84

In 2020, employees were engaged in 84 social projects.

29

29 plants were certified according to ISO 45001, the leading standard for occupational health and safety.

ECO-EFFICIENT PRODUCTION PROCESSES

As a manufacturing company, Autoneum works continuously to reduce its environmental footprint. In 2020, over 40 eco-efficiency projects at 22 locations helped to reduce the Company's energy and water consumption and decrease and recycle manufacturing waste. Besides energy efficiency measures such as switching to LED lighting and more efficient compressors, fans and cooling systems, the Company is endeavoring to create closed material loops by fully recycling raw and other materials used in production. To this end, Autoneum further expanded its recycling capacity in 2020 and new facilities for reclaiming scrap from the production of inner dashes and tufted carpets commenced operations in the USA. In Europe, thanks to comprehensive process optimization, heavy layer production waste from various European plants is now recycled into newly manufactured inner dashes at the sites in Gundershausen, Germany, and Valdoreix, Spain.

OCCUPATIONAL HEALTH AND SAFETY

Autoneum is committed to promoting the health of its employees and ensuring a safe working environment at all Company locations. In 2020, this undertaking was more important than ever: To protect employees from the coronavirus, all Autoneum plants around the world implemented additional strict health protocols and measures, which in some cases far exceeded local legal requirements. In order to raise awareness of safety-relevant aspects in manufacturing, "Manufacturing Safety Program" workshops were held, largely virtually, at all plants in 2020. At these two-day training sessions, management teams learned different methods to promptly detect and avoid unsafe practices and conditions. In addition, all plant and shift managers as well as EHS managers in Asia undertook specific training on "Safety Leadership", which focused on building a proactive safety culture. The Company further improved its ergonomics standards in the reporting year. Process engineers and EHS employees from all plants were trained in the application of the ergonomics manual and the applicable software. Finally, 23 plants were certified according to ISO 45001, the world's leading standard for occupational health and safety, in 2020. This brought the number of ISO 45001-compliant Autoneum plants to 29.

eco-efficient

EMPLOYEE DEVELOPMENT

Despite the challenges posed by the coronavirus pandemic, Autoneum continued to offer employees a wide range of opportunities for professional and personal development in 2020. For example, 160 managers from all Company regions took part in a virtual workshop series on the topic of “Accountability” in the fall. As part of this innovative event format, employees analyzed and defined the Company’s guiding value and reflected on how they as managers could best exemplify this value on a day-to-day basis. A special focus was placed on the aspect of strengthening team spirit during phases of remote working. The “Valuing the difference” workshop series, which was also developed for managers, addressed the topic of diversity and inclusive management practices, including identifying unconscious bias so as to prevent it from influencing personnel decisions. In addition, selected managers from all locations around the world took part in training sessions on crisis management and communication.

COMPLIANCE

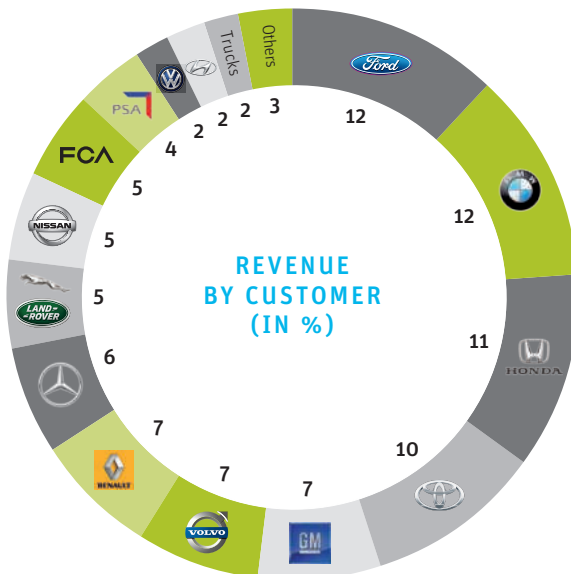
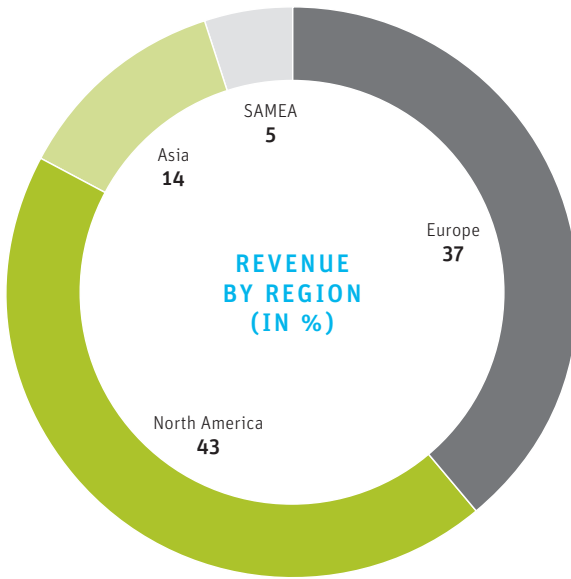
Autoneum strives to observe the highest ethical standards both within the Company as well as in all its business relations. The value basis for all actions is the Code of Conduct, which is binding for all employees. Its implementation is managed through a comprehensive Compliance Management System (CMS) and the guidelines, processes and objectives defined within it. The global compliance risk assessment, which evaluates the development status of the CMS and identifies potential for improvement, was completed as part of this framework in 2020. Other important measures to raise awareness about compliance such as the “Tone at the Top” program were continued in the reporting year as well. As part of this program, managers are made aware of

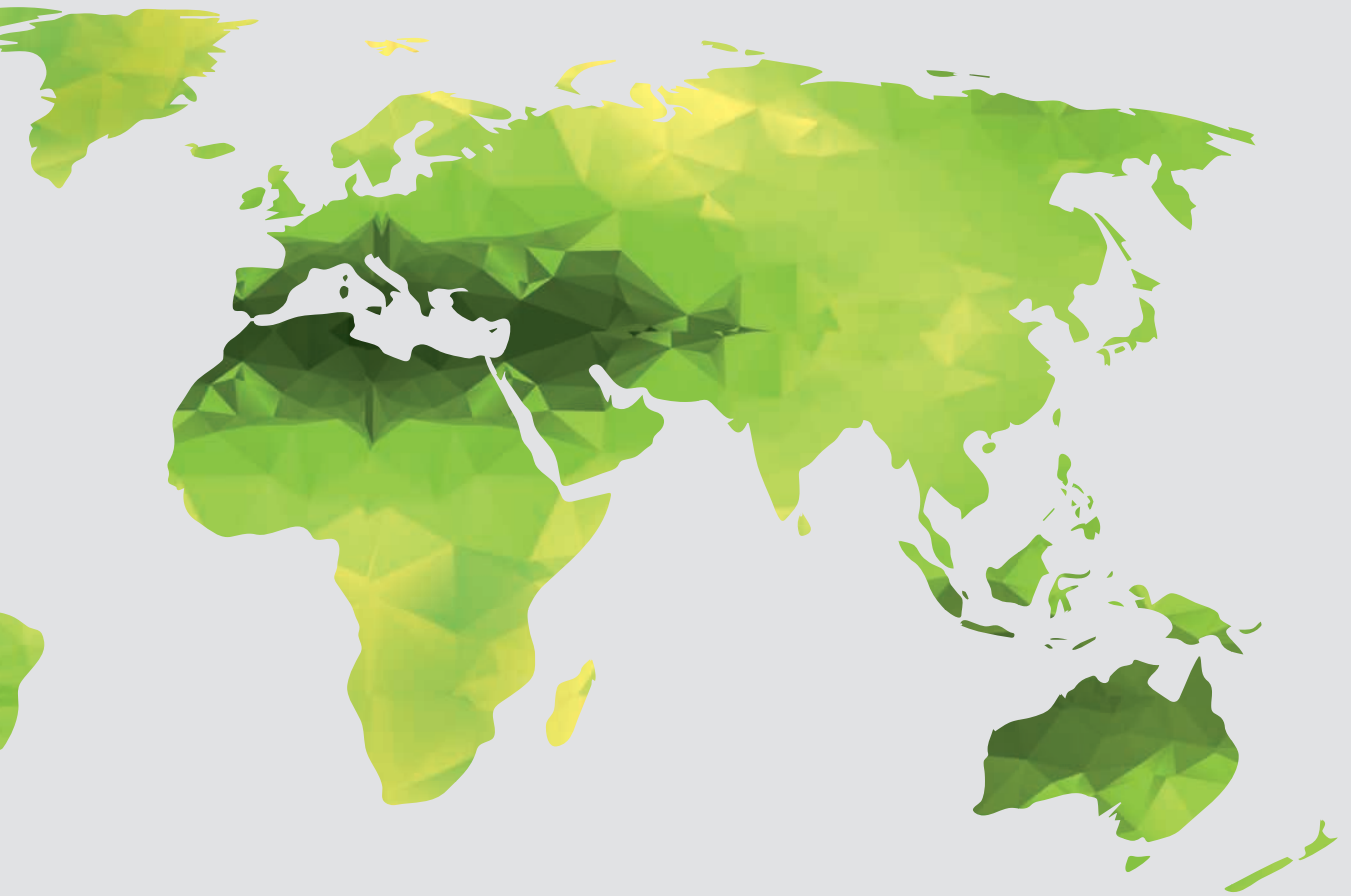
their role model function and appropriate behavior when interacting with employees. Irrespective of position, regular training sessions are held on the Code of Conduct and on topics such as anti-corruption, sexual harassment in the workplace, competition law, data protection and cybercrime. This is to ensure that Autoneum employees do not put themselves or the Company at risk as a result of inappropriate conduct.

SOCIAL ENGAGEMENT

With more than 50 production facilities worldwide, Autoneum has a material economic impact on the communities where it is active. The Company maintains close, long-term ties with local stakeholders in order to make the best possible use of this influence in addressing social and environmental challenges. For instance, our colleagues at the US site in Aiken (South Carolina) worked with the Red Cross in 2020 to conduct a blood drive, thus supporting the health care system during the pandemic. In Shanghai, volunteers from Autoneum’s Asian headquarters organized a day full of activities for 60 disabled young people in the run-up to the Chinese Moon Festival. Employees from the headquarters of the Business Group SAMEA in São Paulo and the attached production plant conducted a winter collection campaign again in 2020 to provide homeless people with weatherproof clothing, food and blankets. Finally, Autoneum was involved in a good cause in Hungary as well: Employees from our site in Komárom planted young birch trees in a nearby forest in a step to improve air quality.

Markets and Customers





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

Poland

- Katowice
- Nowogard

Portugal

- Setúbal

Russia

- Ryazan

Spain

- A Rúa
- Valldoreix

Sweden

- Gothenburg

Switzerland

- Sevelen
- Winterthur (HQ)

United Kingdom

- Halesowen
- Heckmondwike
- Stoke-on-Trent

NORTH AMERICA

Canada

- London, Ontario
- Tillsonburg, Ontario

Mexico

- Mexico City
- San Luis Potosí
- Silao

USA

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

ASIA

China

- Chongqing
- Dadong
- Pinghu
- Shanghai
- Taicang
- Tiexi
- Yantai
- Guangzhou
- Tianjin
- Wuhan
- Fuzhou

India

- Behror
- Chennai

Indonesia

- Jakarta

Japan

- Oguchi
- Tokyo

Malaysia

- Shah Alam

South Korea

- Seoul

Thailand

- Laem Chabang
- Chonburi

SAMEA*

Argentina

- Córdoba

Brazil

- Gravataí
- São Paulo
- Taubaté

South Africa

- Rosslyn
- Durban

Turkey

- Bursa

Autoneum

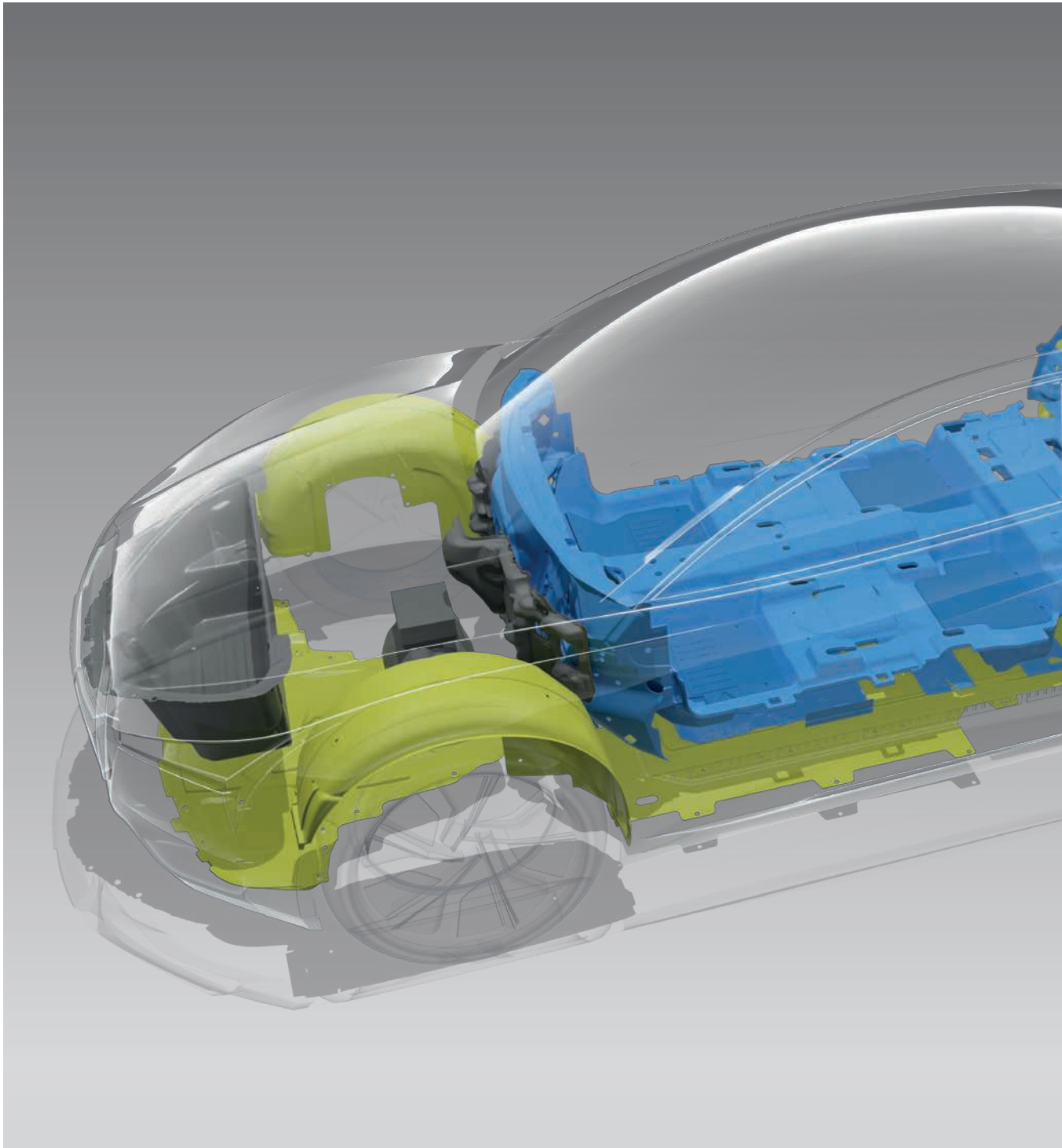
Locations with minority shareholders

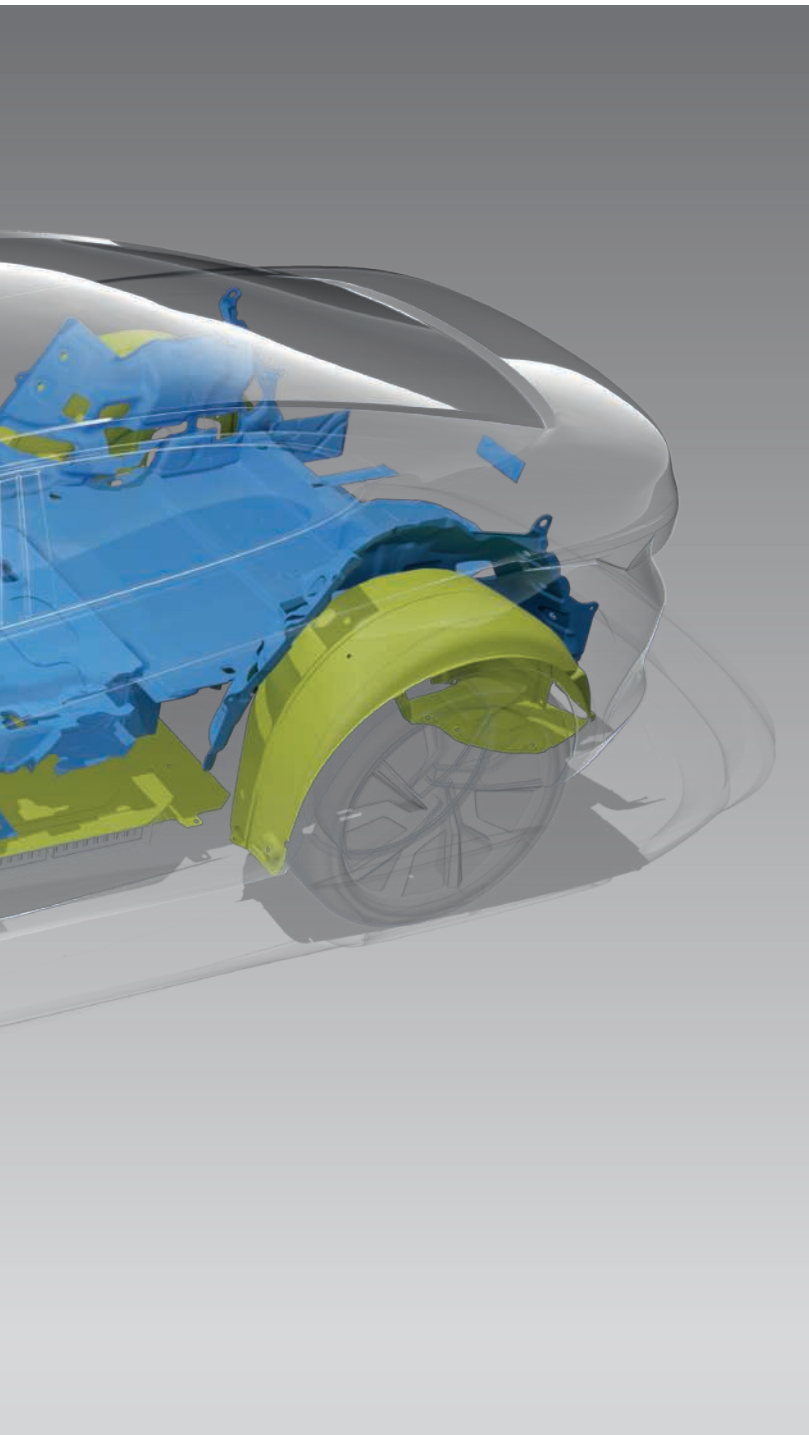
Associated companies and investments

Licensees

* South America,
Middle East
and Africa.

Our Product Portfolio





Exterior

ENGINE BAY

- Frunk
- E-motor Encapsulations
- Outer Dashes
- Hoodliners*
- Engine Top Covers*
- Engine- and Body-Mounted Absorbers*
- Outer Trunk Floor Insulators

UNDERBODY

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

Interior

INTERIOR FLOOR

- Inner Dashes
- Needlepunch Carpets
- Tufted Carpets
- Floor Insulators
- Inner Wheelhouse Insulators
- Floor Mats
- Dampers
- Inner Trunk Floor Insulators

* Components specifically for vehicles with combustion drive.





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, 2020. 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 129 onwards.

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

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, 2020 was CHF 749.6 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 84–86.

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, 2020. 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 111. The management organization of the Autoneum Group is independent of the legal structure of the Group and the individual companies.

SIGNIFICANT SHAREHOLDERS

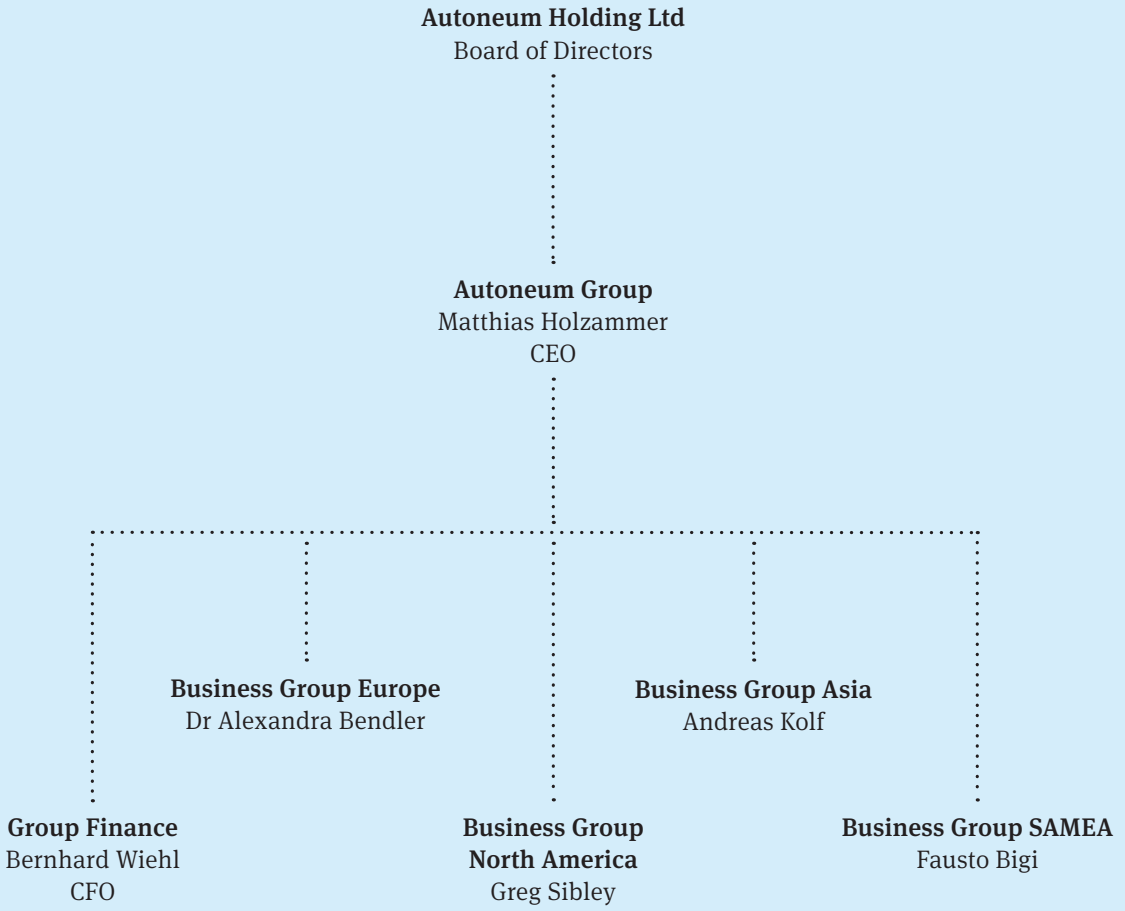
As of December 31, 2020 Autoneum was aware of the following shareholders with 3% or more of all voting rights in the Company:

- Artemis Beteiligungen I Ltd, Hergiswil, Switzerland; Centinox Holding Ltd, Hergiswil, Switzerland; and Michael Pieper, Hergiswil, Switzerland; 21.3%
- PCS Holding Ltd, Frauenfeld, Switzerland; and Peter Spuhler, Warth-Weiningen, Switzerland; 16.17%
- Martin and Rosmarie Ebner via BZ Bank Limited, Wilen, Switzerland; 3.1%

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.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/,](http://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/) where further

ORGANIZATION

As of December 31, 2020



details can also be found. As of December 31, 2020 Autoneum Holding Ltd held 0.72% of the share capital (33 803 shares).

CROSS-HOLDINGS

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

2 CAPITAL STRUCTURE

SHARE CAPITAL

On December 31, 2020 the share capital of Autoneum Holding Ltd totaled CHF 233 618.15. It was divided into 4 672 363 fully paid-up 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 paid-up 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*.

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 instruments 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 paid-up 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 page 44) and a contingent share capital of CHF 12 500 (see above).

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 paid-up 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.

BOARD OF DIRECTORS PROPOSES WAIVER OF DIVIDEND PAYMENT

In view of the net loss, the Board of Directors will propose to the Annual General Meeting on March 25, 2021 no dividend to be distributed for the 2020 financial year.

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 fewer than three and no more than nine members. As of December 31, 2020 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.

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 109).

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 15 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.

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;
- approval of strategic 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 systems;
- 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.

In 2020, five regular meetings of the Board of Directors have taken place which each lasted around one half day. Considering the specific circumstances of the coronavirus pandemic, most of the meetings were held via internet and telephone. One of these five meetings was held in the Swiss plant in Sevelen, combined with a plant visit. The attendance rate was 91.4%. In addition, there were six telephone conferences held with a duration of up to two and a half hours.

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. Over the course of 2020, 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 Chairmen 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 2020 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.

Board of Directors



Hans-Peter Schwald
Chairman



Michael Pieper
Board member



This E. Schneider
Board member



Rainer Schmücke
Vice Chairman



Norbert Indlekofer
Board member



Peter Spuhler
Board member



Ferdinand Stutz
Board member

HANS-PETER SCHWALD

Chairman
Swiss national
(1959)

First elected to the Board Board member and Chairman since 2011
Educational and professional background lic. iur. HSG, lawyer; until 2016 Chairman of the Board of Directors of the law firm Staiger, Schwald & Partner Ltd; since 2017 Senior Partner of BianchiSchwald LLC . **Other activities and vested interests** Vice Chairman of the Board of Directors of Stadler Rail Ltd; Board member of Rieter Holding Ltd; Chairman of the Board of Directors of VAMED Management and Service Switzerland Ltd and VAMED Health Project Switzerland Ltd as well as Chairman of Swiss VAMED rehab hospitals; Chairman, AVIA Association of Independent Swiss Importers and Suppliers of Energy Products, Cooperative; 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

Vice Chairman
German national
(1959)

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 Daimler Group, including CFO and Senior Vice President IT at Freightliner LLC, USA; from 1998 to 2000 first CFO and then CEO at Adtranz LLC; from 2001 to 2005 President and CEO at Freightliner LLC, USA; from 2005 to 2010 COO at Mercedes Car Group, Germany; from 2010 to 2011 Operating Partner of Advent International, USA; from 2011 to 2014 Chief Operating Officer and President Seating Components, Johnson Controls Inc., USA; from 2014 to 2015 CEO of MAG Group, Germany . **Other activities and vested interests** Member of the Board of Directors of Dometic AB Sweden; Chairman of the Board of Directors of STIGA (C), Luxembourg; Member of the Board of Directors STIGA SpA, Italy; Member of the Board of Directors of Canoo Inc., USA; Member of the Board of Directors of ACPs Automotive, Germany; 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

Board member
German national
(1958)

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 vested 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

Board member
Swiss national
(1946)

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 vested interests** Member of the Board of Directors of various Artemis and Franke subsidiaries worldwide; Board member of Bergos Berenberg Ltd, Forbo Holding Ltd, Rieter Holding Ltd, Arbonia Ltd and Reppisch-Werke Ltd . **Non-executive**

THIS E. SCHNEIDER

Board member
Swiss national
(1952)

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 vested interests** Board member of Rieter Holding Ltd . **Committees** Chairman of the Compensation and the Nomination Committee . **Non-executive**

PETER SPUHLER

Board member
Swiss national
(1959)

First elected to the Board Board member since 2011 . **Educational and professional background** Chairman of the Board and since May 2020 Group CEO a.i. of Stadler Rail Ltd. Owner of Stadler Rail Ltd until its IPO in April 2019 and since then biggest shareholder . **Other activities and vested interests** Chairman of the Board of Directors of Stadler Rail Ltd as well as of several other companies of Stadler Rail Group, PCS Holding Ltd and of Aebi Schmidt Holding Ltd; Vice Chairman of ZSC Lions AG and DSH Holding Ltd; Member of the Board Allreal Holding Ltd, Rieter Holding Ltd, European Loc Pool Ltd; Board member of Evonik Industries Ltd, Robert Bosch GmbH; Member of the Executive Committee at Swissmem; Member of the Executive 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

Board member
Swiss national
(1957)

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 vested 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**

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 Risk Report to the Board of Directors and the Group Executive Board;
- 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 2020 of four and four and a half hours. All committee members attended both meetings and also received the written reports from the internal auditors. Except for the representatives of the statutory and Group auditors, in 2020 no consultants have participated in the meetings of the Audit Committee.

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 five regular meetings of between one and three hours. Considering the specific circumstances of the coronavirus pandemic, most of the meetings were held via internet and telephone. All committee members attended all meetings. In 2020, 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, as well as
- support of strategically important projects.

The Strategy Committee met in 2020 for six meetings of between one and a half and four hours, and held a workshop of two days. Considering the specific circumstances of the coronavirus pandemic, most of the meetings were held via internet and telephone. All committee members attended the meetings. In 2020, 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 48–49 (“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.

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 income statement, the balance sheet, the cash flow statement 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 regular meeting about the course of business, important projects and risks, as well as ongoing earnings and liquidity development. 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.

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.

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 80–84 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 six regular audits in 2020. 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 initiate 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.

4 GROUP EXECUTIVE BOARD

The Group Executive Board had six members on December 31, 2020: the CEO, the CFO and the four Business Group Heads. For additional information about the Group Executive Board members please refer to page 58.

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

Group Executive Board



Matthias Holzammer
Chief Executive Officer (CEO)



Fausto Bigi
Head Business Group SAMEA



Andreas Kolf
Head Business Group Asia



Bernhard Wiehl
Chief Financial Officer (CFO)



Dr. Alexandra Bendler
Head Business Group Europe



Greg Sibley
Head Business Group North America

MATTHIAS HOLZAMMER

Chief Executive Officer (CEO)
German national
(1965)

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, Germany, and at Beru Ltd, Germany; from 2009 to 2011 Managing Director Production for Keiper GmbH & Co. KG (later Johnson Controls), Germany, last assignment as General Manager of the Product Business Unit "Metal Region Europe"; from 2012 to January 31, 2019 Head Business Group Europe, Autoneum, Switzerland; in the current function since October 8, 2019 . **Other activities and vested interests** none

* Excluding period from February 1 to October 7, 2019.

BERNHARD WIEHL

Chief Financial Officer (CFO)
German national
(1967)

Member of the Group Executive Board since 2019 . **Education and professional background** Degree in Mechanical Engineering, University of Applied Sciences, Esslingen, Germany; degree in Industrial Engineering (FH), University of Applied Sciences, Esslingen, Germany; from 1994 to 2000 various functions at TRW Automotive, Germany; from 2000 to 2004 Head of Finance & Controlling, Hella Lighting Systems, Germany; from 2004 to 2006 Director Program Management and from 2006 to 2007 Vice President Program Management and Controlling Europe, at Hydraulik-Ring, Germany; from 2007 to 2011 Head Finance & Controlling and Member of Executive Board, Electronics Division and from 2011 to 2013 Head Finance & Controlling and Member of Executive Board, Lighting Division, Hella, Germany; from 2013 to October 2019 Head Finance & Controlling Business Group Europe, Autoneum, Switzerland; in the current function since October 28, 2019 . **Other activities and vested interests** none

DR ALEXANDRA BENDLER

Head Business Group Europe
German national
(1973)

Member of the Group Executive Board since 2019 . **Education and professional background** PhD in Engineering, Technical University of Darmstadt, Germany; from 1998 to 2002 Research Assistant and Team Leader "Corporate Strategy" in cooperation projects with McKinsey & Company, Technical University of Darmstadt, Germany; from 2002 to 2004 Consultant, Droege & Comp., Germany; from 2004 to 2008 Senior Consultant and Project Leader, Technology Management Group (TMG), Germany; from 2008 to 2010 Head Global Cost Reduction Program, Rieter, Switzerland; from 2010 to 2014 Head Strategy & Marketing, Rieter/Autoneum, Switzerland; from 2014 to 2019 Head Sales & Program Management Business Group Europe, Autoneum, Switzerland; in the current function since February 1, 2019
Other activities and vested interests none

FAUSTO BIGI

Head Business Group SAMEA
Brazilian national
(1959)

Member of the Group Executive Board since 2016 . **Educational and professional background** Masters 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 Lighting Division, France; from 2006 to 2008 Purchasing Director South America, Faurecia, Brazil; from 2008 to 2011 Head South America, Rieter, Brazil; from 2011 to 2012 Deputy Head Business Group SAMEA, Autoneum, Brazil; from 2012 to 2016 CEO Correias Mercúrio S.A., Brazil; in the current function since 2016 . **Other activities and vested interests** none

ANDREAS KOLF

Head Business Group Asia
German national
(1962)

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 . **Other activities and vested interests** none

GREG SIBLEY

Head Business Group North America
US national
(1964)

Member of the Group Executive Board since 2019 . **Education and professional background** Bachelor of Science in Mechanical Engineering, Northwestern University, Chicago (IL), USA; Masters in Business Administration in Operations Management and Finance, University of Michigan, Ann Arbor (MI), USA; from 1986 to 1997 various management functions with US automotive companies; from 1997 to 2004 various management functions at Emission Control Division with Tenneco, USA; from 2004 to 2007 Vice President Product Development and Strategic Sourcing with Trico Products, USA; from 2008 to 2010 Executive Director Engineering and from 2011 to 2013 Vice President Engineering and Manufacturing; 2014 Vice President Operations Europe and 2015 Vice President and General Manager North America, Clean Air Division at Tenneco, USA; from 2016 to 2018 President Business Unit Americas at Eberspaecher, USA; in the current function since July 1, 2019 . **Other activities and vested interests** none

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 129 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.

CONVOCAION 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 2021 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.

7 CHANGE-OF-CONTROL AND DEFENSIVE MEASURES

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 2020 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 0.1 million for additional services, mainly for tax advisory services. Additional auditors received from Autoneum approximately CHF 0.3 million for the 2020 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, 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 49–53. The statutory auditors have access to the minutes of the meetings of the Board of Directors and its Committees.

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 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 2020 financial year includes the Annual Report, a media release and a presentation. A hardcopy of 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
- Remuneration Report:
www.autoneum.com/investor-relations/corporate-governance
- Order of hardcopy of Annual Reports incl. Financial Reports
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/#presentation
- Media releases:
www.autoneum.com/media/media-releases
- Subscription to media releases:
www.autoneum.com/media/subscription-media
- Contact:
www.autoneum.com/contact

* Due to the situation in connection to the coronavirus, the Annual General Meeting of March 25, 2020 was held under exclusion of physical participation of shareholders according to Art. 6a para. 1 lit. b of the Ordinance 2 on Measures to Combat the Coronavirus (Covid-19). The Annual General Meeting of March 25, 2021 will be held in the identical setting based on Art. 27 of the Ordinance 3 on Measures to Combat the Coronavirus (Covid-19) for the same reason, i.e., again excluding the physical participation of shareholders.

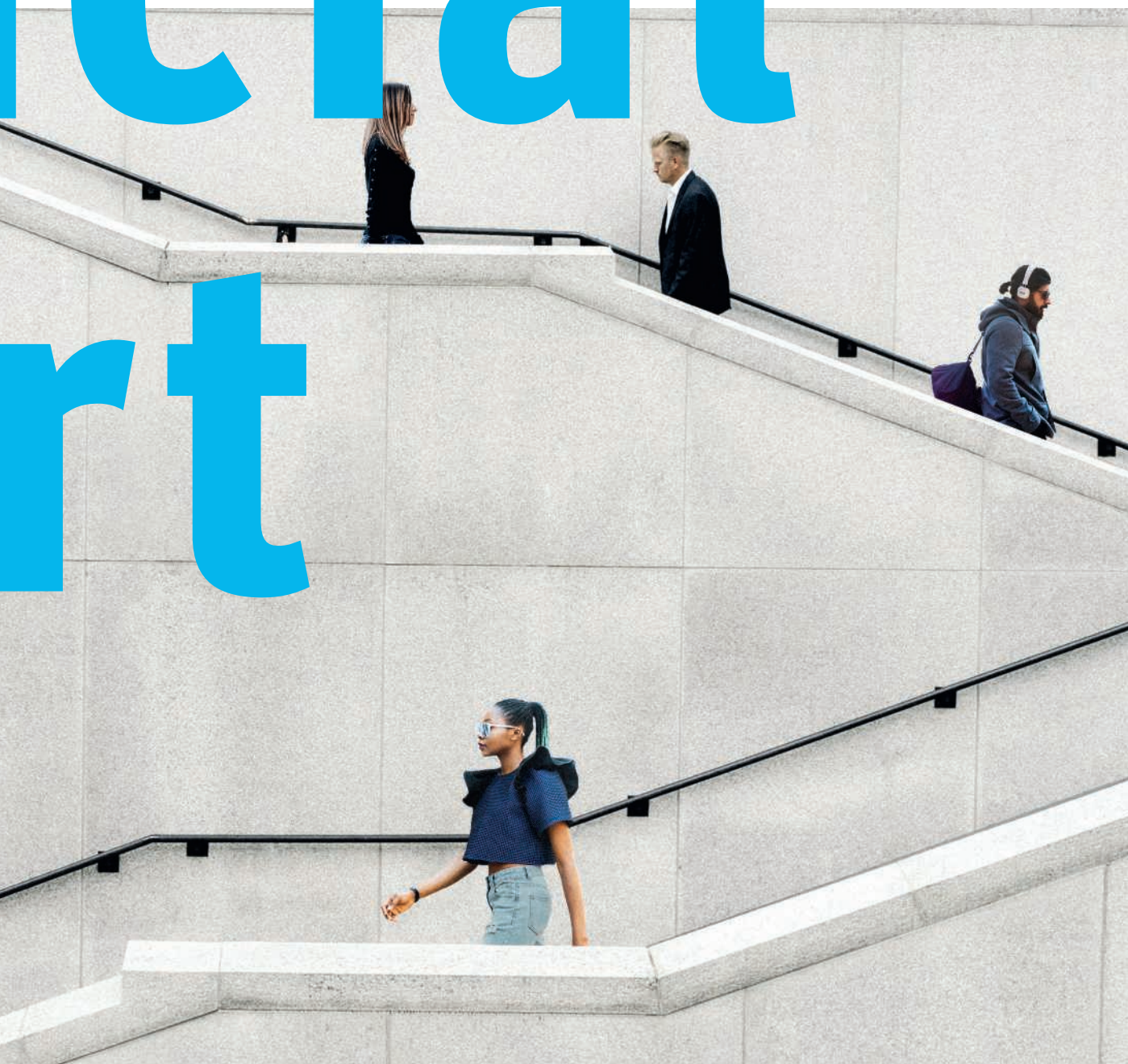
Financial Report



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Consolidated income statement

CHF million	Notes	2020		2019	
Revenue	(4)	1 740.6	100.0%	2 297.4	100.0%
Material expenses ¹		-827.9	47.6%	-1 154.6	50.3%
Employee expenses	(5)	-505.8	29.1%	-642.8	28.0%
Other expenses	(6)	-293.5	16.9%	-363.2	15.8%
Other income	(7)	35.0	2.0%	27.3	1.2%
EBITDA		148.5	8.5%	164.0	7.1%
Depreciation, amortization and impairment	(8)	-120.6	6.9%	-196.9	8.6%
EBIT		27.8	1.6%	-32.9	-1.4%
Financial income	(9)	3.4		4.5	
Financial expenses	(10)	-36.8		-30.8	
Share of profit of associated companies	(15)	3.5		4.0	
Earnings before taxes		-2.1	-0.1%	-55.3	-2.4%
Income taxes	(11)	-8.6		-22.4	
Net result		-10.7	-0.6%	-77.7	-3.4%
attributable to shareholders of Autoneum Holding Ltd		-25.3		-96.8	
attributable to non-controlling interests		14.6		19.1	
Basic earnings per share in CHF	(12)	-5.45		-20.82	
Diluted earnings per share in CHF	(12)	-5.45		-20.82	

¹ Material expenses include CHF -7.3 million (2019: CHF -3.4 million) changes in inventories of finished goods and work in progress.

Consolidated statement of comprehensive income

CHF million	2020	2019
Net result	-10.7	-77.7
Currency translation adjustment ²	-58.6	-11.8
Inflation adjustment	1.3	1.8
Total items that will be reclassified to income statement	-57.4	-10.0
Remeasurement of defined benefit pension plans	3.8	-13.1
Changes in fair value of equity investments (FVOCI)	-9.6	6.0
Income taxes	-0.8	1.1
Total items that will not be reclassified to income statement	-6.6	-6.0
Other comprehensive income	-63.9	-16.0
Total comprehensive income	-74.6	-93.7
attributable to shareholders of Autoneum Holding Ltd	-78.9	-110.6
attributable to non-controlling interests	4.3	16.9

² The currency translation adjustment includes CHF -1.0 million (2019: CHF 0.2 million) from associated companies accounted for using the equity method.

The accompanying notes on pages 68-111 are part of the consolidated financial statements.

Consolidated balance sheet

CHF million	Notes	31.12.2020	31.12.2019
Assets			
Tangible assets	(13)	810.5	942.5
Intangible assets	(14)	9.4	12.0
Investments in associated companies	(15)	20.5	18.5
Financial assets	(16)	42.9	55.9
Deferred income tax assets	(11)	22.4	21.7
Employee benefit assets	(24)	3.2	3.4
Other assets	(17)	93.0	120.8
Non-current assets		1 002.0	1 174.7
Inventories	(18)	154.0	193.8
Trade receivables	(19)	246.5	281.5
Current income tax receivables		7.8	8.0
Other assets	(17)	74.8	81.3
Financial assets	(16)	1.0	1.0
Cash and cash equivalents	(20)	322.0	98.7
Current assets		806.1	664.4
Assets		1 808.1	1 839.1
Shareholders' equity and liabilities			
Equity attributable to shareholders of Autoneum Holding Ltd		309.7	389.1
Equity attributable to non-controlling interests	(22)	103.9	109.8
Shareholders' equity		413.6	498.9
Borrowings	(23)	787.5	652.4
Deferred income tax liabilities	(11)	27.5	29.2
Employee benefit liabilities	(24)	37.2	47.6
Provisions	(25)	14.8	14.8
Other liabilities	(26)	7.2	4.0
Non-current liabilities		874.1	748.0
Borrowings	(23)	98.3	105.9
Current income tax liabilities		13.6	16.2
Provisions	(25)	19.5	19.0
Trade payables		203.7	274.2
Other liabilities	(26)	185.2	176.9
Current liabilities		520.3	592.2
Liabilities		1 394.5	1 340.2
Shareholders' equity and liabilities		1 808.1	1 839.1

The accompanying notes on pages 68–111 are part of the consolidated financial statements.

Consolidated statement of changes in equity

CHF million	Attributable to the shareholders of Autoneum Holding Ltd						Attributable to non-controlling interests		Total
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Retained earnings	Currency transl. adjustm.	Total	Total	
At January 1, 2019	0.2	-3.7	217.5	12.1	340.6	-48.6	518.1	108.4	626.5
Net result	-	-	-	-	-96.8	-	-96.8	19.1	-77.7
Other comprehensive income	-	-	-	6.0	-10.1	-9.7	-13.8	-2.2	-16.0
Total comprehensive income	-	-	-	6.0	-106.9	-9.7	-110.6	16.9	-93.7
Dividends paid ¹	-	-	-	-	-16.8	-	-16.8	-15.5	-32.3
Purchase of treasury shares ²	-	-2.8	-	-	-	-	-2.8	-	-2.8
Share-based remuneration	-	2.9	-	-	-1.7	-	1.1	-	1.1
Total transactions with owners	-	0.1	-	-	-18.5	-	-18.4	-15.5	-33.9
At December 31, 2019	0.2	-3.6	217.5	18.0	215.1	-58.2	389.1	109.8	498.9
Net result	-	-	-	-	-25.3	-	-25.3	14.6	-10.7
Other comprehensive income	-	-	-	-9.6	4.3	-48.3	-53.6	-10.3	-63.9
Total comprehensive income	-	-	-	-9.6	-21.0	-48.3	-78.9	4.3	-74.6
Dividends paid ¹	-	-	-	-	-	-	-	-10.2	-10.2
Purchase of treasury shares ²	-	-1.6	-	-	-	-	-1.6	-	-1.6
Share-based remuneration	-	1.7	-	-	-0.6	-	1.1	-	1.1
Total transactions with owners	-	0.1	-	-	-0.6	-	-0.4	-10.2	-10.7
At December 31, 2020	0.2	-3.5	217.5	8.4	193.5	-106.6	309.7	103.9	413.6

¹ Autoneum Holding Ltd did not pay a dividend for the 2019 financial year in 2020 as approved by the Annual General Meeting. In 2019, Autoneum Holding Ltd paid a dividend of CHF 3.60 per share entitled to dividends, totaling a payout in the amount of CHF 16.8 million.

² Autoneum purchased 21 000 registered shares (2019: 21 677) and transferred 12 980 registered shares (2019: 15 879) in conjunction with share-based remuneration in the period under review.

The accompanying notes on pages 68–111 are part of the consolidated financial statements.

Consolidated statement of cash flows

CHF million	Notes	2020	2019
Net result		-10.7	-77.7
Dividend income	(9)	-1.0	-1.0
Interest income	(9)	-2.0	-2.4
Interest expenses	(10)	28.4	25.7
Income tax expenses	(11)	8.6	22.4
Depreciation, amortization and impairment	(8)	120.6	196.9
Share of profit of associated companies	(15)	-3.5	-4.0
Loss from disposal of tangible assets, net		0.8	1.5
Gain from disposal of subsidiary or business	(7)	-1.8	-
Other non-cash income and expenses		16.4	-0.4
Change in net working capital		8.8	11.9
Change in post-employment benefit assets and liabilities		-4.6	2.3
Change in non-current provisions		1.0	-3.5
Change in other non-current assets		21.8	-13.4
Change in other non-current liabilities		4.1	3.7
Dividends received		1.5	2.9
Interest received		1.9	2.4
Interest paid		-26.7	-25.2
Income taxes paid		-13.8	-23.1
Cash flows from operating activities		149.7	119.2
Investments in tangible assets	(13)	-41.9	-125.8
Investments in intangible assets	(14)	-0.7	-4.0
Investments in financial assets		-0.6	-1.5
Proceeds from disposal of tangible assets		3.4	0.6
Proceeds from disposal of financial assets		0.3	0.2
Proceeds from disposal of subsidiary or business ¹		2.2	1.4
Cash flows used in investing activities		-37.2	-129.1
Dividends paid to shareholders of Autoneum Holding Ltd		-	-16.8
Dividends paid to non-controlling interests		-10.2	-15.5
Purchase of treasury shares	(21)	-1.6	-2.8
Proceeds from borrowings	(23)	340.2	337.4
Repayment of borrowings	(23)	-206.1	-284.8
Cash flows from financing activities		122.3	17.5
Currency translation adjustment		-11.6	-2.0
Change in cash and cash equivalents		223.2	5.6
Cash and cash equivalents at beginning of the year		98.7	93.1
Cash and cash equivalents at end of the year	(20)	322.0	98.7

¹ Deferred purchase price payments from transactions in previous periods.

The accompanying notes on pages 68–111 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 has been 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 111.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are based on historical 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 2, 2021 and are subject to approval by the Annual General Meeting of shareholders on March 25, 2021.

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, 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 80) and the sensitivity analyses of defined benefit plans (refer to note 24, page 102).

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 100), 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.

In rare circumstances, IFRS 16 requires management judgment in order to determine an appropriate lease term. The application of IFRS 16 is outlined in note 1.9 on page 72.

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, 2021 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, utilization levels and the discount rates.

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 102).

In the course of the ordinary operating activities of Autoneum Group, obligations from guarantee and warranty, litigation and non-income 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 non-income 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 106).

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 89).

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, 2019.

In the reporting period, the Group has initially adopted the IFRS 16 amendment "Covid-19-Related Rent Concessions", issued in May 2020. As a practical expedient, the Group accounts for any change in lease payments resulting from rent concessions the same way it would account for the change applying the standard if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the coronavirus pandemic and only if all of the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,
- any reduction in lease payments affects only payments originally due on or before June 30, 2021
- there is no substantive change to other terms and conditions of the lease.

In the reporting period, Autoneum has applied the practical expedient to all leases that meet the conditions and recognized CHF 0.6 million in profit and loss to reflect changes in lease payments that arise from rent concessions.

Other new and revised standards and interpretations are effective as of January 1, 2020 but have no or no significant impact on the Group's consolidated financial statements.

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 following table.

	Effective date	Planned application by Autoneum
New standards and interpretations		
IFRS 17 Insurance Contracts ¹	January 1, 2023	January 1, 2023
Revisions and amendments of standards and interpretations		
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) ¹	January 1, 2021	January 1, 2021
Reference to the Conceptual Framework (Amendments to IFRS 3) ¹	January 1, 2022	January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) ¹	January 1, 2022	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020 ¹	January 1, 2022	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) ¹	January 1, 2022	January 1, 2022
Classification of liabilities as current or non-current (Amendments to IAS 1) ²	January 1, 2023	January 1, 2023
Amendments to IFRS 17 ¹	January 1, 2023	January 1, 2023

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

² The impact on the consolidated financial statements of Autoneum cannot yet be determined with sufficient reliability.

1.4 CORONAVIRUS PANDEMIC

On March 11, 2020 the World Health Organization declared the coronavirus outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. There are several economic relief plans related to the coronavirus pandemic around the world.

ECONOMIC RELIEFS DUE TO COVID-19

In the reporting period, Autoneum has benefited from a selection of programs. In BG Europe the majority of relief plans related to short-time work programs. In BG North America the Coronavirus Aid, Relief and Economic Security (CARES) Act allows employers to delay paying social security payments and reduce payroll taxes which Autoneum made use of in the US. In addition, the US government allowed to carry back net operating losses from previous years for income tax refunding. In Canada Autoneum applied for the Canada Emergency Wage Subsidy (CEWS) program. In BG Asia the Group has benefited from a variety of reliefs including social security reductions to decrease employee expenses and energy cost discounts to reduce other expenses. In BG SAMEA the majority of relief plans related to short-time work programs.

GOING CONCERN AND ASSOCIATED LIQUIDITY MEASURES

Autoneum maintains a long-term credit agreement with a bank syndicate and issued two fixed-rate bonds (refer to note 23, page 101). Along with the economic relief plans related to the coronavirus pandemic, the liquidity is ensured. Based on the above, management considers the company has sufficient resources to continue operating for at least 12 months.

IMPAIRMENT

The worldwide lockdowns and production stoppages at vehicle manufacturers, the decline in demand in the first half-year 2020, short-time working and the general deterioration of the economic environment have been identified as triggering events for potential impairments. Therefore, the tangible assets for each cash-generating unit were tested for impairment. In 2020, no material impairments have been identified as a result of this test and the carrying amount of the cash-generating units are recoverable.

DEFINED BENEFIT PLANS

There was a certain volatility in the fair value of pension assets and discount rates during the first half-year of 2020, but the situation had largely stabilized until the end of the year.

EXPECTED CREDIT LOSS

The Company has considered the impact of the Covid-19 pandemic on the expected credit loss of its financial instruments (mainly trade receivables) which has not resulted in a material impact. Covid-19 has also no major impact regarding extended payment terms or other reliefs.

1.5 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 111.

1.6 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.

1.7 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).

1.8 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.

1.9 LEASES

The Group leases various buildings, vehicles, machineries and other assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as right-of-use assets as part of tangible assets and corresponding lease liabilities at the commencement date. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis and charged to profit or loss. Assets and liabilities arising from a lease are initially measured on a present value basis, using the rate implicit in the lease if this rate could be readily determined. If not, the lessee’s incremental borrowing rate is used, which reflects the refinancing costs of Autoneum.

At the commencement date, right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentive received,
- any initial direct costs incurred by the lessee, and
- restoration costs.

At the commencement date, lease liabilities are initially measured at the present value of the lease payments. Following lease payments are included in the net present value:

- fixed payments, less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,

- the exercise of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group recognizes short-term leases and leases for which the underlying asset is of low value as operating expenses in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets are those not exceeding an amount of CHF 5 000.

Extension and termination options are included in a number of lease agreements across the Group. In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the Group is reasonably certain to extend the contract.

1.10 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.

1.11 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.

1.12 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, means between the nomination date and start of production, 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 that 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.

1.13 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

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 1.21 on page 77). The Group initially measures all other financial assets 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchasing or selling 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. The Group calculates ECLs according to a provision matrix based on days the amounts are past due. Publicly available credit default probabilities for the individual customer based on their ratings (mainly Standard & Poor’s long-term issuer rating) are further used in the assessment.

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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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 and deductible temporary differences will be offset in the future by taxable income.

1.19 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 employers' 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 expenses in the period in which they were incurred.

1.20 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.

1.21 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 depends 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 the serial parts are transferred to the OEM. 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.

1.22 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.

1.23 GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources in return for compliance with certain conditions. Government grants related to capital expenditure (investment premiums) are initially recognized as a liability and subsequently recognized over the useful life of the subsidized tangible asset. In case a government grant is awarded for the purpose of giving immediate financial support to an entity rather than an incentive to undertake specific expenditures, the grant is recognized in profit or loss of the period in which it becomes receivable and is deducted on the related expenses.

1.24 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.

CHF million	2020		2019	
Group				
Revenue	1 740.6	100.0%	2 297.4	100.0%
EBIT	27.8	1.6%	-32.9	-1.4%
One-time effects from impairment ¹	-	-	68.0	3.0%
EBIT before one-time effects	27.8	1.6%	35.0	1.5%
BG North America				
Revenue	753.5	100.0%	1 001.8	100.0%
EBIT	-43.6	-5.8%	-134.8	-13.5%
One-time effects from impairment ¹	-	-	62.0	6.2%
EBIT before one-time effects	-43.6	-5.8%	-72.8	-7.3%
BG Asia				
Revenue	254.1	100.0%	275.7	100.0%
EBIT	22.2	8.7%	11.9	4.3%
One-time effects from impairment ¹	-	-	6.0	2.2%
EBIT before one-time effects	22.2	8.7%	17.9	6.5%

¹ One-time impairment of tangible and intangible assets in 2019.

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 risks. 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, compliance 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 operates (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.

Strategic risk resulting from developments in the relevant markets and of the products offered therein is assessed as part of the strategic planning and financial planning processes. Strategic risk and operational risk are regularly reviewed at 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 divestments or other major projects are monitored at Group level within the framework of authorities and approvals for the respective project. Quarterly project 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 financial instruments that are classified as financial assets at amortized cost (refer to note 29 on page 108).

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 or financial transactions are outstanding.

Autoneum maintains business relationships with all significant automotive manufacturers and has a geographically broad, diversified customer portfolio. No customer accounted for more than 11.6% (2019: 13.6%) 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, the Group calculates the Expected Credit Loss according to a provision matrix based on days the amounts are past due. 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). 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 that 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 average expected loss rates for trade receivables per aging category as well as for contract assets are as follows:

AVERAGE EXPECTED LOSS RATE FOR TRADE RECEIVABLES PER AGING CATEGORY AS OF DECEMBER 31, 2020

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 %)	0.5%	2.2%	51.4%	84.6%	1.8%
Trade receivables (gross)	228.5	17.7	2.7	1.9	250.8
Allowance for impairment	-1.1	-0.4	-1.4	-1.6	-4.5
Trade receivables	227.4	17.3	1.3	0.3	246.5

AVERAGE EXPECTED LOSS RATE FOR TRADE RECEIVABLES PER AGING CATEGORY AS OF DECEMBER 31, 2019

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 %)	0.2%	0.3%	32.7%	78.2%	0.9%
Trade receivables (gross)	250.6	29.8	2.3	1.4	284.0
Allowance for impairment	-0.6	-0.1	-0.7	-1.1	-2.5
Trade receivables	250.0	29.7	1.5	0.3	281.5

AVERAGE EXPECTED LOSS RATE FOR CONTRACT ASSETS AS OF DECEMBER 31

CHF million	Not due 2020	Not due 2019
Expected loss rate (in %)	10.3%	0.1%
Contract assets (gross)	39.3	51.0
Allowance for impairment	-4.1	-0.1
Contract assets	35.3	50.9

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 fulfill all payment obligations of the Group when due. 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 at an early stage. The liquidity risk management of Autoneum includes the maintenance of sufficient liquidity reserves and the availability of funding through an adequate amount of committed 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 350.0 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 101).

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

Financial liabilities at December 31, 2020	Carrying amount	Contractual undiscounted cash flows			
		Less than 1 year	1 to 5 years	More than 5 years	Total cash flow
CHF million					
Bonds	174.7	2.0	180.9	-	182.8
Bank debts	363.2	60.4	304.5	-	365.0
Lease liabilities	292.1	36.0	113.0	240.2	389.3
Other borrowings ¹	55.8	6.9	52.9	-	59.8
Trade payables	203.7	203.7	-	-	203.7
Accrued expenses	83.3	83.3	-	-	83.3
Other payables	13.2	13.2	-	-	13.2
Total	1 186.1	405.6	651.3	240.2	1 297.2

¹ In 2019, two shareholders of Autoneum Holding Ltd have provided subordinated shareholder loans (refer to note 30, page 109).

Financial liabilities at December 31, 2019	Carrying amount	Contractual undiscounted cash flows			
		Less than 1 year	1 to 5 years	More than 5 years	Total cash flow
CHF million					
Bonds	174.6	2.0	82.0	101.1	185.1
Bank debts	210.6	62.5	148.9	-	211.4
Lease liabilities	324.6	40.3	127.5	277.7	445.5
Other borrowings ¹	48.5	7.2	43.1	-	50.3
Trade payables	274.2	274.2	-	-	274.2
Accrued expenses	68.7	68.7	-	-	68.7
Other payables	18.6	18.6	-	-	18.6
Total	1 119.8	473.4	401.5	378.8	1 253.7

¹ In 2019, two shareholders of Autoneum Holding Ltd have provided subordinated shareholder loans (refer to note 30, page 109).

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 continuously.

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 31.12.2020	Liabilities 31.12.2020	Assets 31.12.2019 ¹	Liabilities 31.12.2019 ¹
EUR	100.2	73.2	137.6	157.8
USD	31.3	48.7	63.1	84.5
Other	20.9	7.1	22.5	6.3
Total	152.3	129.0	223.2	248.6

¹ Previous-year calculation adjusted due to implementation of a new calculation logic.

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, 2020			
EUR/CHF	+/- 5%	+/- 2.3	+/- 8.6
USD/CHF	+/- 10%	-/+ 5.0	+/- 45.9
December 31, 2019			
EUR/CHF	+/- 10%	+/- 3.4	+/- 17.8
USD/CHF	+/- 10%	-/+ 6.6	+/- 58.8

The potential impact on net result is mainly due to foreign exchange gains and losses on financial instruments 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 101. 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, 2020 a 100 basis point higher level of the respective underlying refinancing base rates (e.g. LIBOR) would lead to a CHF 1.2 million (2019: CHF 1.1 million) lower net result as well as equity of the Group on an annual basis. A 100 basis point lower level of those rates would lead to a CHF 0.5 million (2019: CHF 0.5 million) 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 Nihon Tokushu Toryo Co. Ltd., 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 reach 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 35%. As of December 31, 2020 the equity ratio equaled 22.9% (2019: 27.1%). For the next few years, the dividend policy will depend on a number of factors, such as net result 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 result 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

There was no change in scope of consolidation in 2020 and the previous year.

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 leading global 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 2020

CHF million	BG Europe	BG North America	BG Asia	BG SAMEA	Total segments	Corporate and elimination	Total Group
Third-party revenue	640.4	753.5	252.1	87.5	1 733.6	7.0	1 740.6
Inter-segment revenue	1.4	–	2.0	0.9	4.3	–4.3	–
Revenue	641.8	753.5	254.1	88.4	1 737.9	2.7	1 740.6
EBITDA	62.1	7.1	41.0	15.9	126.1	22.3	148.5
in % of revenue	9.7%	0.9%	16.1%	18.0%	7.3%	n/a	8.5%
Depreciation, amortization and impairment	–40.6	–50.7	–18.8	–5.0	–115.1	–5.5	–120.6
EBIT	21.5	–43.6	22.2	10.9	11.0	16.9	27.8
in % of revenue	3.3%	–5.8%	8.7%	12.3%	0.6%	n/a	1.6%
Assets at December 31 ¹	522.0	669.3	277.4	68.8	1 537.5	270.6	1 808.1
Liabilities at December 31	417.5	510.1	171.8	45.9	1 145.4	249.0	1 394.5
Addition in tangible and intangible assets	19.5	23.8	8.0	2.4	53.8	0.6	54.4
Employees at December 31 ²	4 372	4 895	2 192	910	12 369	405	12 774

¹ Assets in "Corporate and elimination" include investments in associated companies in the amount of CHF 20.5 million, refer to note 15, page 95.

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

SEGMENT INFORMATION 2019

CHF million	BG Europe	BG North America	BG Asia	BG SAMEA	Total segments	Corporate and elimination	Total Group
Third-party revenue	891.0	1 001.7	273.3	123.6	2 289.7	7.7	2 297.4
Inter-segment revenue	9.8	0.1	2.3	2.2	14.5	–14.5	–
Revenue	900.9	1 001.8	275.7	125.8	2 304.2	–6.8	2 297.4
EBITDA	93.0	–18.5	39.0	16.8	130.4	33.6	164.0
in % of revenue	10.3%	–1.8%	14.2%	13.4%	5.7%	n/a	7.1%
Depreciation, amortization and impairment	–42.0	–116.3	–27.1	–6.2	–191.6	–5.3	–196.9
EBIT	51.0	–134.8	11.9	10.7	–61.2	28.2	–32.9
in % of revenue	5.7%	–13.5%	4.3%	8.5%	–2.7%	n/a	–1.4%
Assets at December 31 ¹	610.1	774.8	295.5	80.0	1 760.4	78.7	1 839.1
Liabilities at December 31	473.4	545.9	187.2	58.0	1 264.5	75.7	1 340.2
Addition in tangible and intangible assets	43.8	90.6	22.7	4.3	161.5	1.3	162.8
Employees at December 31 ²	4 411	5 183	2 041	1 035	12 670	458	13 128

¹ Assets in "Corporate and elimination" include investments in associated companies in the amount of CHF 18.5 million, refer to note 15, page 95.

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

REVENUE AND NON-CURRENT ASSETS BY COUNTRY

CHF million	Revenue ¹ 2020	Revenue ¹ 2019	Non-current assets ² 31.12.2020	Non-current assets ² 31.12.2019
USA	546.2	724.0	292.2	340.9
China	231.9	251.8	114.2	132.5
Germany	134.4	198.1	21.4	24.1
Mexico	116.8	146.8	82.8	105.7
France	104.0	140.5	26.7	29.6
Great Britain	96.2	150.4	26.3	30.7
Canada	92.3	132.0	10.4	13.0
Spain	87.8	129.3	31.9	33.5
Switzerland ³	2.1	0.9	81.3	85.4
Remaining countries	328.9	423.7	153.2	177.4
Total	1 740.6	2 297.4	840.5	972.9

¹ Revenue is disclosed by location of customers.

² Non-current assets consist of tangible assets, intangible assets and investments in associated companies.

³ Domicile of Autoneum Holding Ltd.

The following customers accounted for more than 10% of annual revenue in 2020 or 2019:

REVENUE WITH MAJOR CUSTOMERS

CHF million	2020	2019
Ford	202.3	313.0
BMW	200.3	271.6
Honda	186.4	246.2
Toyota	175.6	206.8

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, 2020 will generate revenue in the amount of CHF 9.6 billion (2019: CHF 11.3 billion) in future years.

5 EMPLOYEE EXPENSES

CHF million	2020	2019
Wages and salaries	-367.8	-473.8
Social security expenses	-90.3	-109.6
Pension expenses for defined contribution plans	-5.6	-7.4
Pension expenses for defined benefit plans	-1.8	-6.4
Other personnel expenses	-40.2	-45.8
Total	-505.8	-642.8

Autoneum started a long-term incentive plan (LTI) for the management in 2012. Part of Autoneum's net result 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 the course of the LTI are recognized over the vesting period. No shares (2019: 4 037 shares valued at CHF 105.00) were granted in 2020, and expenses of CHF 0.3 million (2019: CHF 0.5 million) were recognized in wages and salaries.

Members of the Board of Directors receive part of their remuneration in Autoneum shares. 11 605 shares (2019: 8 693 shares) valued at CHF 60.53 (2019: CHF 124.20) were granted in 2020, and expenses of CHF 0.7 million (2019: CHF 1.1 million) were recognized in wages and salaries.

Members of the Group Executive Board receive part of their remuneration in Autoneum shares. 637 shares (2019: 560 shares) valued at a weighted average share price of CHF 113.15 (2019: CHF 158.58) were granted in 2020, and expenses of CHF 0.1 million (2019: CHF 0.1 million) were recognized in wages and salaries.

In the reporting period, the Board of Directors approved the one-off and extraordinary participation in a turnaround incentive plan (TIP). In view of the challenges ahead, it is intended to create an incentive system to achieve the medium-term goals set for the turnaround of the Company over the next three years. Beneficiaries of the TIP are the members of the Group's senior management including the Group Executive Board, who were granted an individual, maximum number of Autoneum shares on a one-off basis in the 2020 financial year. 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 and if the targets set for the turnaround are achieved at the end of the term of the TIP. The targets set are based on the profitability (EBIT) and free cash flow of the Group for the financial years 2020 until 2022, both criteria weighted 50% each. Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the transfer of shares. The maximum limit corresponds to the maximum number of shares originally granted. Between the two limits, the actual number of shares transferred increases linearly. The entitlement to the other shares lapses without compensation. The value of the turnaround incentive is calculated by the maximum number of shares granted multiplied by the share price on the day the allocation is made. The actual number of shares transferred is calculated after the end of the vesting period at the end of February 2023 taking into account the turnaround targets. Employee expenses resulting from share-based compensation in the course of the TIP are recognized over the vesting period. 8 701 shares valued at CHF 60.80 were granted in 2020, and expenses of CHF 0.1 million were recognized in wages and salaries.

6 OTHER EXPENSES

CHF million	2020	2019
Repairs and maintenance	-65.1	-82.8
Energy	-57.0	-67.1
Marketing and distribution expenses	-46.4	-63.4
Operating material	-21.3	-27.1
Insurance and other charges	-16.8	-15.1
IT and office expenses	-15.7	-19.0
Audit and consulting expenses	-14.8	-13.6
Lease expenses	-11.8	-12.6
Miscellaneous expenses	-44.7	-62.5
Total	-293.5	-363.2

7 OTHER INCOME

CHF million	2020	2019
Gain from disposal of subsidiary or business ¹	1.8	-
Rental income	1.6	1.6
Miscellaneous income	31.6	25.7
Total	35.0	27.3

¹ Earn-out received from transactions in previous periods.

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	2020	2019
Depreciation of tangible assets	-117.4	-125.6
Impairment of tangible assets	-0.3	-68.0
Amortization of intangible assets	-2.9	-3.1
Impairment of intangible assets	-	-0.2
Total	-120.6	-196.9

9 FINANCIAL INCOME

CHF million	2020	2019
Interest income	2.0	2.4
Dividend income	1.0	1.0
Other financial income	0.3	1.1
Total	3.4	4.5

10 FINANCIAL EXPENSES

CHF million	2020	2019
Interest expenses	-28.4	-25.7
Net foreign exchange losses	-7.6	-3.9
Net loss on net monetary position from hyperinflationary accounting	-0.8	-1.0
Other financial expenses	-	-0.1
Total	-36.8	-30.8

Interest expenses include CHF 12.5 million (2019: CHF 13.9 million) interest expenses for lease liabilities, CHF 1.0 million (2019: CHF 1.4 million) interest expenses for defined benefit plans and CHF 0.7 million (2019: CHF 0.4 million) amortization of transactions costs.

11 INCOME TAXES

CHF million	2020	2019
Current income taxes	-11.0	-24.5
Deferred income taxes	2.4	2.1
Total	-8.6	-22.4

Reconciliation between expected and actual income tax result:

CHF million	2020	2019
Earnings before taxes	-2.1	-55.3
Average applicable income tax rate	23.9%	25.1%
Expected income tax result	0.5	13.8
Non-taxable income and non-deductible expenses	-1.6	-3.6
Current income taxes from prior periods	0.6	1.3
Current year losses for which no deferred income tax assets were recognized	-13.0	-35.6
Utilization of previously unrecognized tax loss carryforwards	4.8	2.9
Recognition of previously unrecognized or derecognition of deductible temporary differences	1.3	-3.3
Non-recoverable withholding taxes	-2.1	-2.6
Income taxes at other income tax rates or taxable base	-1.2	2.4
Impact of changes in income tax rates	1.2	2.1
Other effects	1.0	0.1
Income tax expenses	-8.6	-22.4

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

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

CHF million	Deferred income tax assets 31.12.2020	Deferred income tax liabilities 31.12.2020	Deferred income tax assets 31.12.2019	Deferred income tax liabilities 31.12.2019
Non-current assets	2.9	43.4	4.9	48.7
Inventories	0.6	1.5	1.3	4.0
Other assets	1.3	1.4	1.8	1.8
Employee benefit liabilities	2.9	-	4.7	0.7
Provisions	0.4	0.3	0.2	0.6
Other liabilities	7.6	0.7	9.4	0.9
Tax loss carryforwards and tax credits	26.4	-	27.1	-
Inflation adjustment	0.2	-	-	0.1
Subtotal	42.2	47.2	49.4	56.9
Offsetting	-19.7	-19.7	-27.7	-27.7
Total	22.4	27.5	21.7	29.2

The decrease in the net deferred income tax liability by CHF 2.5 million (2019: CHF 3.0 million) relates to the deferred income tax income recognized in the consolidated income statement of CHF 2.4 million (2019: CHF 2.1 million), to the deferred income tax expense recognized in other comprehensive income of CHF 0.8 million (2019: CHF 1.1 million income), a positive inflation adjustment of CHF 0.3 million (2019: negative inflation adjustment of CHF 0.1 million) and to a positive currency translation adjustment of CHF 0.5 million (2019: negative currency translation adjustment of CHF 0.2 million).

No deferred income tax assets have been recognized from deductible temporary differences in the amount of CHF 136.6 million (2019: CHF 67.1 million). At the reporting date, tax loss carryforwards in the amount of CHF 55.8 million (2019: CHF 48.7 million) are recognized for Group companies that incurred losses in 2020 or 2019 (2019 or 2018) 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 31.12.2020	Non- recognized ² 31.12.2020	Recognized ¹ 31.12.2019	Non- recognized ² 31.12.2019
Less than 3 years	-	12.8	-	1.0
In 3 to 7 years	10.5	12.5	-	26.6
Thereafter	86.2	371.3	100.2	408.4
Total	96.8	396.5	100.2	436.0

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.

The tax loss carryforwards for which no deferred income tax assets were recognized originate from countries with a deferred income tax rate between 9% and 34% in both the reporting year and the prior year.

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

CHF million	Recognized ¹ 31.12.2020	Non- recognized ² 31.12.2020	Recognized ¹ 31.12.2019	Non- recognized ² 31.12.2019
Less than 3 years	-	1.3	-	-
In 3 to 7 years	-	15.9	-	4.0
Thereafter	2.1	10.0	1.7	16.7
Total	2.1	27.2	1.7	20.7

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

		2020	2019
Net result attributable to shareholders of AUTN	CHF million	-25.3	-96.8
Average number of shares outstanding	Number of shares	4 640 846	4 650 196
Average number of shares outstanding diluted	Number of shares	4 648 297	4 654 598
Basic earnings per share	CHF	-5.45	-20.82
Diluted earnings per share	CHF	-5.45	-20.82

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 the course of the management's long-term incentive plan (LTI), the turnaround incentive plan (TIP), and the performance-related bonus lead to a diluted average number of shares outstanding but have no dilution effect to net result attributable to shareholders of Autoneum.

13 TANGIBLE ASSETS

TANGIBLE ASSETS 2020

CHF million	Land and buildings	Machinery and plant equipment	Data-processing equipment	Vehicles and furniture	Tangible assets under construction	Total
Cost at January 1, 2020	550.2	1 355.0	34.9	44.7	96.1	2 081.0
Addition	4.1	10.8	0.9	3.9	33.9	53.7
Disposal	-3.8	-19.4	-1.7	-2.5	-1.7	-29.1
Modification	0.3	-0.1	-	-	-	0.2
Reclassification	43.2	36.1	1.6	2.5	-83.4	-
Inflation adjustment	-	1.8	0.1	-	-0.1	1.8
Currency translation adjustment	-29.0	-87.8	-2.6	-2.7	-6.1	-128.2
Cost at December 31, 2020	565.1	1 296.3	33.2	46.0	38.8	1 979.4
Accumulated depreciation and impairment at January 1, 2020	-186.2	-903.5	-23.2	-25.6	-	-1 138.5
Depreciation	-33.4	-72.1	-4.4	-7.6	-	-117.4
Impairment	-	-	-	-0.3	-	-0.3
Disposal	3.7	17.6	1.6	2.1	-	25.0
Reclassification	-3.2	3.2	-	-	-	-
Inflation adjustment	-	-1.2	-	-	-	-1.2
Currency translation adjustment	7.8	52.2	1.8	1.7	-	63.5
Accumulated depreciation and impairment at December 31, 2020	-211.3	-903.9	-24.1	-29.7	-	-1 168.9
Net book value at January 1, 2020	364.0	451.6	11.7	19.1	96.1	942.5
Net book value at December 31, 2020	353.8	392.4	9.1	16.4	38.8	810.5

TANGIBLE ASSETS 2020 EXCLUDING RIGHT-OF-USE 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, 2020	269.2	1 299.5	34.3	31.5	96.1	1 730.6
Addition	0.3	6.8	0.7	0.2	33.9	41.9
Disposal	-1.5	-18.8	-1.7	-1.2	-1.7	-24.9
Reclassification	2.4	76.9	1.6	2.5	-83.4	-
Inflation adjustment	-	1.8	0.1	-	-0.1	1.8
Currency translation adjustment	-12.5	-81.4	-2.6	-2.2	-6.1	-104.7
Cost at December 31, 2020	257.8	1 284.9	32.4	30.8	38.8	1 644.7
Accumulated depreciation and impairment at January 1, 2020	-162.1	-898.0	-23.0	-21.7	-	-1 104.8
Depreciation	-8.4	-68.4	-4.2	-3.4	-	-84.3
Impairment	-	-	-	-0.3	-	-0.3
Disposal	1.4	16.9	1.6	0.9	-	20.8
Inflation adjustment	-	-1.2	-	-	-	-1.2
Currency translation adjustment	6.0	51.5	1.8	1.5	-	60.7
Accumulated depreciation and impairment at December 31, 2020	-163.2	-899.3	-23.7	-23.0	-	-1 109.2
Net book value at January 1, 2020	107.1	401.6	11.3	9.8	96.1	625.8
Net book value at December 31, 2020	94.6	385.6	8.7	7.8	38.8	535.5

RIGHT-OF-USE ASSETS 2020

CHF million	Land and buildings	Machinery and plant equipment	Data-processing equipment	Vehicles and furniture	Tangible assets under construction	Total
Cost at January 1, 2020	281.0	55.5	0.6	13.2	–	350.4
Addition	3.9	4.1	0.2	3.7	–	11.9
Disposal	–2.3	–0.7	–	–1.2	–	–4.2
Modification	0.3	–0.1	–	–	–	0.2
Reclassification	40.8	–40.8	–	–	–	–
Currency translation adjustment	–16.5	–6.4	–0.1	–0.5	–	–23.5
Cost at December 31, 2020	307.3	11.5	0.8	15.2	–	334.7
Accumulated depreciation and impairment at January 1, 2020	–24.1	–5.5	–0.2	–3.9	–	–33.7
Depreciation	–25.0	–3.7	–0.2	–4.2	–	–33.1
Disposal	2.3	0.7	–	1.2	–	4.2
Reclassification	–3.2	3.2	–	–	–	–
Currency translation adjustment	1.9	0.7	–	0.2	–	2.8
Accumulated depreciation and impairment at December 31, 2020	–48.1	–4.6	–0.4	–6.6	–	–59.8
Net book value at January 1, 2020	257.0	50.0	0.4	9.3	–	316.7
Net book value at December 31, 2020	259.2	6.8	0.4	8.6	–	275.0

TANGIBLE ASSETS 2019

CHF million	Land and buildings	Machinery and plant equipment	Data-processing equipment	Vehicles and furniture	Tangible assets under construction	Total
Cost at January 1, 2019	530.9	1 222.5	32.7	38.5	170.6	1 995.3
Addition	22.2	21.4	0.8	5.1	109.3	158.8
Disposal	–3.8	–39.4	–1.7	–1.3	–0.1	–46.3
Modification	–0.9	0.2	–	0.1	–	–0.6
Reclassification	9.6	167.0	3.6	3.1	–183.4	–
Inflation adjustment	–	3.2	–	–	–	3.3
Currency translation adjustment	–7.8	–19.9	–0.6	–0.7	–0.4	–29.5
Cost at December 31, 2019	550.2	1 355.0	34.9	44.7	96.1	2 081.0
Accumulated depreciation and impairment at January 1, 2019	–149.0	–818.9	–20.3	–16.5	–	–1 004.8
Depreciation	–33.1	–79.2	–4.9	–8.4	–	–125.6
Impairment	–9.0	–56.7	–0.1	–2.2	–	–68.0
Disposal	3.4	38.0	1.7	1.1	–	44.2
Reclassification	–1.6	1.6	–	–	–	–
Inflation adjustment	–	–2.2	–	–	–	–2.3
Currency translation adjustment	3.1	13.9	0.4	0.4	–	18.0
Accumulated depreciation and impairment at December 31, 2019	–186.2	–903.5	–23.2	–25.6	–	–1 138.5
Net book value at January 1, 2019	381.9	403.6	12.4	22.0	170.6	990.5
Net book value at December 31, 2019	364.0	451.6	11.7	19.1	96.1	942.5

TANGIBLE ASSETS 2019 EXCLUDING RIGHT-OF-USE 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, 2019	267.2	1 174.0	32.1	29.0	170.6	1 672.9
Addition	0.3	14.8	0.8	0.5	109.3	125.8
Disposal	-3.5	-38.7	-1.7	-0.7	-0.1	-44.7
Reclassification	9.2	167.4	3.6	3.1	-183.4	-
Inflation adjustment	-	3.2	-	-	-	3.3
Currency translation adjustment	-4.1	-21.1	-0.6	-0.5	-0.4	-26.7
Cost at December 31, 2019	269.2	1 299.5	34.3	31.5	96.1	1 730.6
Accumulated depreciation and impairment at January 1, 2019	-147.6	-818.9	-20.3	-16.5	-	-1 003.4
Depreciation	-9.4	-73.1	-4.7	-4.0	-	-91.1
Impairment	-9.0	-56.7	-0.1	-2.2	-	-68.0
Disposal	2.9	37.4	1.7	0.7	-	42.7
Reclassification	-1.6	1.6	-	-	-	-
Inflation adjustment	-	-2.2	-	-	-	-2.3
Currency translation adjustment	2.6	13.9	0.4	0.4	-	17.4
Accumulated depreciation and impairment at December 31, 2019	-162.1	-898.0	-23.0	-21.7	-	-1 104.8
Net book value at January 1, 2019	119.6	355.0	11.8	12.5	170.6	669.5
Net book value at December 31, 2019	107.1	401.6	11.3	9.8	96.1	625.8

RIGHT-OF-USE ASSETS 2019

CHF million	Land and buildings	Machinery and plant equipment	Data-processing equipment	Vehicles and furniture	Tangible assets under construction	Total
Cost at January 1, 2019	263.6	48.6	0.7	9.5	-	322.4
Addition	21.9	6.6	-	4.6	-	33.0
Disposal	-0.3	-0.6	-	-0.6	-	-1.6
Modification	-0.9	0.2	-	0.1	-	-0.6
Reclassification	0.4	-0.4	-	-	-	-
Currency translation adjustment	-3.7	1.2	-	-0.3	-	-2.8
Cost at December 31, 2019	281.0	55.5	0.6	13.2	-	350.4
Accumulated depreciation and impairment at January 1, 2019	-1.4	-	-	-	-	-1.4
Depreciation	-23.8	-6.1	-0.2	-4.4	-	-34.5
Disposal	0.5	0.6	-	0.4	-	1.6
Currency translation adjustment	0.5	-	-	0.1	-	0.6
Accumulated depreciation and impairment at December 31, 2019	-24.1	-5.5	-0.2	-3.9	-	-33.7
Net book value at January 1, 2019	262.2	48.6	0.7	9.5	-	321.0
Net book value at December 31, 2019	257.0	50.0	0.4	9.3	-	316.7

Tangible assets in the amount of CHF 1.2 million (2019: CHF 2.0 million) are pledged as security for financial liabilities.

Lease accounting has impacted profit or loss and the consolidated statement of cash flows as follows:

CHF million	2020	2019
Lease expenses relating to short-term leases and low-value assets	-11.8	-12.6
Depreciation charge for right-of-use assets	-33.1	-34.5
Interest expenses on lease liabilities	-12.5	-13.9
Total recognized in profit or loss	-57.4	-61.0
Lease expenses paid relating to short-term leases and low-value assets	-11.8	-12.6
Interest paid on lease liabilities	-12.5	-13.9
Total recognized in cash flows from operating activities	-24.3	-26.5
Repayment of lease liabilities	-28.9	-25.8
Total recognized in cash flows from financing activities	-28.9	-25.8
Total cash flows used for leases	-53.2	-52.3

IMPAIRMENT

Tangible assets are tested for impairment if there are indications that, due to changed circumstances, their carrying amount may no longer be recoverable. In 2020, no material impairments have been identified as a result of this test and the carrying amount of the cash-generating units are recoverable.

In 2019, CHF 62.0 million of the impairment charges on tangible assets are attributable to Business Group North America, CHF 5.8 million to Business Group Asia and CHF 0.2 million to Business Group Europe.

14 INTANGIBLE ASSETS

CHF million	2020	2019
Cost at January 1	25.4	22.0
Addition	0.7	4.0
Disposal	-0.1	-0.4
Currency translation adjustment	-0.7	-0.3
Cost at December 31	25.2	25.4
Accumulated amortization and impairment at January 1	-13.4	-10.5
Amortization	-2.9	-3.1
Impairment	-	-0.2
Disposal	0.1	0.3
Currency translation adjustment	0.4	0.1
Accumulated amortization and impairment at December 31	-15.8	-13.4
Net book value at January 1	12.0	11.5
Net book value at December 31	9.4	12.0

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, the 25% share in Wuhan Nittoku Autoneum Auto Parts Co. Ltd., Wuhan, China, and the 25% share in ATN Auto Acoustics Inc., Kamioguchi, Japan. 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	2020	2019
Net book value at January 1	18.5	16.1
Addition	1.4	-
Share of profit and other comprehensive income of associated companies	3.5	4.0
Dividends received	-1.8	-1.8
Currency translation adjustment	-1.0	0.2
Net book value at December 31	20.5	18.5

The 2020 dividend payment of Wuhan Nittoku Autoneum Sound-Proof Co. Ltd. based in Wuhan, China, was fully used for a capital increase into Wuhan Nittoku Autoneum Auto Parts Co. Ltd. based in Wuhan, China. These two transactions are shown net as non-cash transactions in the consolidated statement of cash flows.

16 FINANCIAL ASSETS

CHF million	31.12.2020	31.12.2019
Investments in non-consolidated companies	33.8	43.4
Loans	2.4	5.4
Other financial assets	6.7	7.1
Total non-current portion	42.9	55.9
Loans	0.9	1.0
Time deposits with original maturities between 3 and 12 months	0.1	-
Total current portion	1.0	1.0

The decrease in investments in non-consolidated companies results from a change in the market value of those investments of CHF 9.6 million which is recognized in other comprehensive income.

17 OTHER ASSETS

CHF million	31.12.2020	31.12.2019
Capitalized preproduction costs	67.4	83.5
Contract assets	24.8	34.8
Other receivables	0.9	2.5
Total non-current portion	93.0	120.8
Non-income tax receivables	26.6	30.4
Accrued income	23.3	17.3
Contract assets	10.5	16.1
Deferred expenses	5.3	6.9
Advance payments to suppliers	3.1	4.0
Fair value of derivative financial instruments	1.7	2.1
Other receivables	4.2	4.5
Total current portion	74.8	81.3

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	2020	2019
Net book value at January 1	83.5	83.4
Capitalization of preproduction costs	12.8	21.7
Amortization of preproduction costs	-25.5	-20.9
Currency translation adjustment	-3.4	-0.8
Net book value at December 31	67.4	83.5

Autoneum spent CHF 42.8 million (2019: CHF 61.3 million) on research and development in the period under review, whereof CHF 12.8 million (2019: CHF 21.7 million) were capitalized. The remaining portion was recognized as an expense in the period when incurred.

18 INVENTORIES

CHF million	31.12.2020	31.12.2019
Raw materials and consumables	25.8	35.8
Purchased parts	1.6	1.7
Finished goods	26.3	33.1
Work in progress	106.9	126.6
Allowance	-6.6	-3.4
Total	154.0	193.8

19 TRADE RECEIVABLES

CHF million	31.12.2020	31.12.2019
Trade receivables (gross)	251.0	284.0
Allowance for impairment	-4.5	-2.5
Total	246.5	281.5

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

CHF million	2020	2019
Allowance at January 1	-2.5	-2.4
Addition	-2.7	-0.8
Utilization	0.1	0.1
Release	0.5	0.5
Currency translation adjustment	0.2	-
Allowance at December 31	-4.5	-2.5

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

CHF million	31.12.2020	31.12.2019
A- or higher	90.1	109.7
BBB- to BBB+	56.4	120.0
BB+ or lower	89.4	44.3
Not rated	10.6	7.6
Total	246.5	281.5

At December 31, 2020 no trade receivables are pledged as security for financial liabilities (2019: nil). Trade receivables with a book value of CHF 0.1 million (2019: CHF 0.4 million) were sold to third parties based on factoring agreements and no material risks remain with Autoneum.

20 CASH AND CASH EQUIVALENTS

CHF million	31.12.2020	31.12.2019
Cash at banks	232.0	98.6
Time deposits with original maturities up to 3 months	90.0	0.1
Total	322.0	98.7

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:

		31.12.2020	31.12.2019
Shares outstanding	Number of shares	4 638 560	4 646 580
Treasury shares	Number of shares	33 803	25 783
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:

	2020 in shares	2020 in CHF million	2019 in shares	2019 in CHF million
Treasury shares at January 1	25 783	3.6	19 985	3.7
Purchase of treasury shares	21 000	1.6	21 677	2.8
Transfer of treasury shares	-12 980	-1.7	-15 879	-2.9
Treasury shares at December 31	33 803	3.5	25 783	3.6

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 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 2020

CHF million	Fair value reserve	Retained earnings	Currency transl. adjustm.	Total	Attributable to non-controlling interests	Total equity
Currency translation adjustment	-	-	-48.3	-48.3	-10.3	-58.6
Inflation adjustment	-	1.3	-	1.3	-	1.3
Total items that will be reclassified to income statement	-	1.3	-48.3	-47.1	-10.3	-57.4
Remeasurement of defined benefit pension plans	-	3.8	-	3.8	-	3.8
Change in fair value of equity investments (FVOCI)	-9.6	-	-	-9.6	-	-9.6
Income taxes	-	-0.8	-	-0.8	-	-0.8
Total items that will not be reclassified to income statement	-9.6	3.0	-	-6.6	-	-6.6
Total	-9.6	4.3	-48.3	-53.7	-10.3	-63.9

OTHER COMPREHENSIVE INCOME 2019

CHF million	Fair value reserve	Retained earnings	Currency transl. adjustm.	Total	Attributable to non-controlling interests	Total equity
Currency translation adjustment	-	-	-9.7	-9.7	-2.2	-11.8
Inflation adjustment	-	1.8	-	1.8	-	1.8
Total items that will be reclassified to income statement	-	1.8	-9.7	-7.9	-2.2	-10.0
Remeasurement of defined benefit pension plans	-	-13.1	-	-13.1	-	-13.1
Change in fair value of equity investments (FVOCI)	6.0	-	-	6.0	-	6.0
Income taxes	-	1.1	-	1.1	-	1.1
Total items that will not be reclassified to income statement	6.0	-11.9	-	-6.0	-	-6.0
Total	6.0	-10.1	-9.7	-13.8	-2.2	-16.0

22 NON-CONTROLLING INTERESTS

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 111. 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	31.12.2020	31.12.2019
Non-current assets	236.3	277.1
Current assets	211.5	170.2
Non-current liabilities	-93.8	-75.1
Current liabilities	-140.3	-147.8
Net assets	213.6	224.4
Attributable to non-controlling interests	103.9	109.8
	2020	2019
Revenue	528.2	643.3
Net profit	32.5	40.8
Other comprehensive income	-20.6	-4.5
Total comprehensive income	12.0	36.3
Attributable to non-controlling interests	4.3	16.9
Cash flows from operating activities	67.3	81.6
Cash flows used in investing activities	-15.5	-43.0
Cash flows from/(used in) financing activities	0.4	-36.4
Change in cash and cash equivalents	52.3	2.2

23 BORROWINGS

CHF million	Bonds	Bank debts	Lease liabilities	Other borrowings	Total
Borrowings at January 1, 2020	174.6	210.6	324.6	48.5	758.3
Proceeds	-	330.9	-	9.4	340.2
Repayment	-	-175.9	-28.9	-1.3	-206.1
Cash flows	-	154.9	-28.9	8.1	134.1
Addition	-	-	11.9	-	11.9
Increase in present value	0.1	0.6	-	-	0.7
Modification	-	-	-0.1	-	-0.1
Currency translation adjustment	-	-2.9	-15.4	-0.8	-19.1
Non-cash changes	0.1	-2.3	-3.7	-0.8	-6.7
Borrowings at December 31, 2020	174.7	363.2	292.1	55.8	885.8
Thereof non-current	174.7	304.5	257.5	50.8	787.5
Thereof current	-	58.7	34.6	5.0	98.3

CHF million	Bonds	Bank debts	Lease liabilities	Other borrowings	Total
Borrowings at January 1, 2019	174.5	173.3	21.0	8.1	376.8
Application of IFRS 16	-	-	301.6	-	301.6
Proceeds	-	296.7	-	40.7	337.4
Repayment	-	-258.9	-25.8	-0.1	-284.8
Cash flows	-	37.8	-25.8	40.6	52.6
Addition	-	-	33.0	-	33.0
Increase in present value	0.1	0.3	-	-	0.4
Modification	-	-	-1.6	-	-1.6
Currency translation adjustment	-	-0.7	-3.8	-0.1	-4.6
Non-cash changes	0.1	-0.5	27.8	-0.1	27.3
Borrowings at December 31, 2019	174.6	210.6	324.6	48.5	758.3
Thereof non-current	174.6	148.9	286.8	42.2	652.4
Thereof current	-	61.7	37.8	6.3	105.9

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, 2020 the market value of the bond was CHF 74.4 million (2019: CHF 75.0 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, 2020 the market value of the bond was CHF 91.5 million (2019: CHF 98.0 million).

Autoneum maintains a long-term credit agreement with a banking syndicate in the amount of CHF 350.0 million, whereof CHF 305.0 million was drawn at year end (2019: CHF 150.0 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. On May 7, 2019 the existing long-term credit agreement was increased from CHF 150.0 million to CHF 350.0 million with an unchanged final maturity date. On June 29, 2020 the existing long-term credit agreement was amended, among other things, with regards to the financial covenants. The final maturity date remained unchanged at 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 an adjusted ratio of net debt to EBITDA, a minimum of last-twelve-months-EBITDA and a minimum liquidity. Compliance with financial covenants is checked on a regular basis and reported to the banking syndicate. In the fiscal years 2020 and 2019, 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.

In 2019, two shareholders of Autoneum Holding Ltd have provided subordinated shareholder loans. In the reporting period, it was agreed to extend the term of the subordinated shareholder loans in alignment with the credit agreement with the bank syndicate. Further information is disclosed in note 30 on page 109.

The borrowings are denominated in the following currencies:

CHF million	31.12.2020	31.12.2019
CHF	574.6	404.2
USD	128.8	181.8
EUR	55.0	74.0
CNY	43.4	64.7
Other	83.9	33.6
Total	885.8	758.3

24 EMPLOYEE BENEFITS

CHF million	31.12.2020	31.12.2019
Post-employment benefit liabilities	32.4	42.5
Other long-term employee benefits	4.8	5.1
Employee benefit liabilities	37.2	47.6

In the reporting period, total expenses for pensions in the amount of CHF 8.5 million have been recognized as employee expenses and interest expenses (2019: CHF 15.2 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 5.6 million in the current reporting period (2019: CHF 7.4 million).

DEFINED BENEFIT PLANS

Autoneum maintains defined benefit pension plans in Switzerland, the USA, Canada, Great Britain, France and the Netherlands. The most significant pension plans are those in Switzerland and the USA. Those plans sum up to 76.7% (2019: 77.1%) of the Group's defined benefit obligation and to 79.1% (2019: 78.7%) of the Group's plan assets.

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

CHF million	2020	2019
Switzerland		
Fair value of plan assets at December 31	141.3	139.1
Present value of defined benefit obligation at December 31	-147.6	-151.0
Deficit at December 31	-6.3	-11.9
USA		
Fair value of plan assets at December 31	31.8	29.7
Present value of defined benefit obligation at December 31	-42.7	-44.3
Deficit at December 31	-10.8	-14.7
Other countries		
Fair value of plan assets at December 31	45.9	45.6
Present value of defined benefit obligation at December 31	-57.9	-58.1
Deficit at December 31	-12.1	-12.6
Total deficit at December 31	-29.2	-39.2
Recognized in the balance sheet		
as employee benefit assets	3.2	3.4
as employee benefit liabilities	32.4	42.5

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 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 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, France and in the Netherlands. The pension plan in Canada is closed to new members. 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 France is unfunded and settled by the employer while 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	2020	2019
Defined benefit obligation at January 1	253.5	207.8
Current service cost	6.7	6.6
Past service cost from plan curtailments	-4.8	-
Interest expenses	3.0	4.4
Remeasurement gains and losses	10.3	36.5
Employee contributions	3.1	3.4
Settlements	-	-0.2
Benefits paid	-15.9	-7.4
Reclassification	-	1.9
Currency translation adjustment	-7.6	0.6
Defined benefit obligation at December 31	248.2	253.5

In 2020, a material change in the plan participants led to a plan curtailment under IAS19.105 for the Swiss plans. The resulting past service cost was recognized in profit and loss as an income of CHF 4.8 million.

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

CHF million	2020	2019
Fair value of plan assets at January 1	214.3	184.7
Interest income	1.9	3.0
Return on plan assets excluding interest income	14.1	23.4
Employer contributions	7.6	6.3
Employee contributions	3.1	3.4
Benefits paid	-15.9	-7.4
Currency translation adjustment	-6.1	0.9
Fair value of plan assets at December 31	219.0	214.3

The major categories of plan assets were as follows:

CHF million	31.12.2020	31.12.2019
Equity	109.7	101.6
Debt	57.8	63.2
Real estate	39.0	37.4
Cash	8.7	9.7
Other	3.8	2.3
Total	219.0	214.3

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

The amounts recognized in profit or loss were as follows:

CHF million	2020	2019
Current service cost	-6.7	-6.6
Past service cost from plan curtailments	4.8	-
Gain on settlements	-	0.2
Net interest expenses	-1.0	-1.4
Pension expenses for defined benefit plans	-2.9	-7.8
Recognized in the income statement:		
as employee expenses	-1.8	-6.4
as interest expenses	-1.0	-1.4

The amounts recognized in profit or loss result from plans in the following regions:

CHF million	2020	2019
Expenses from defined benefit plans in Switzerland	-0.6	-5.3
Expenses from defined benefit plans in the USA	-1.2	-1.5
Expenses from defined benefit plans in other countries	-1.1	-1.0
Total	-2.9	-7.8

The expected employer contributions for the Group's defined benefit pension plans for 2021 amount to CHF 5.7 million. The expected benefit payments for 2021 are CHF 14.7 million.

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

CHF million	2020	2019
Remeasurement gains and losses		
from changes in demographic assumptions	-2.3	-1.6
from changes in financial assumptions	-3.0	-29.7
from experience adjustment	-5.0	-5.2
Return on plan assets excluding interest income	14.1	23.4
Total	3.8	-13.1

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

Weighted average of all pension plans		31.12.2020	31.12.2019
Discount rate	in %	1.0	1.2
Expected future salary growth	in %	0.7	0.6
Expected future pension growth	in %	0.1	0.1
Life expectancy for females at age of 65	in years	24.1	23.9
Life expectancy for males at age of 65	in years	22.0	21.8

At December 31, 2020 the weighted average duration of the defined benefit obligation was 16.6 years (2019: 16.9 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	31.12.2020	31.12.2019
Increase in discount rate by 0.25 percentage point	-9.8	-10.1
Decrease in discount rate by 0.25 percentage point	10.5	10.8
Increase in future salary growth by 0.5 percentage point	2.9	2.6
Decrease in future salary growth by 0.5 percentage point	-2.9	-2.7
Increase in future pension increase by 0.25 percentage point	3.8	3.9
Decrease in future pension increase by 0.25 percentage point	-3.6	-3.7
Increase in life expectancy by one year	7.5	7.4
Decrease in life expectancy by one year	-6.7	-6.8

25 PROVISIONS

CHF million	Guarantee and warranty	Litigation and tax risk	Environmental	Other	Total
Provisions at January 1, 2020	0.3	17.3	7.6	8.5	33.8
Addition	3.2	2.2	0.1	14.9	20.4
Utilization	-	-1.9	-0.4	-5.3	-7.7
Release	-	-8.1	-	-1.5	-9.7
Currency translation adjustment	-0.1	-1.7	-0.2	-0.5	-2.4
Provisions at December 31, 2020	3.5	7.7	7.0	16.1	34.3
Thereof non-current	0.7	4.6	6.8	2.6	14.8
Thereof current	2.7	3.1	0.2	13.5	19.5

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

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

Environmental provisions contain the estimated costs for the clean-up of contaminated sites due to past industrial operations. The majority of provisions are 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	31.12.2020	31.12.2019
Advance payments from customers	5.6	3.3
Deferred income	0.3	0.6
Other payables	1.2	0.1
Total non-current portion	7.2	4.0
Advance payments from customers	59.6	61.2
Accrued expenses	83.3	68.7
Accrued holidays and overtime	11.3	11.8
Non-income tax payables	15.4	14.3
Deferred income	2.1	1.4
Fair value of derivative financial instruments	1.6	1.0
Other payables	12.0	18.4
Total current portion	185.2	176.9

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 2020 or in 2019 from performance obligations that were satisfied in previous periods.

27 OTHER COMMITMENTS

At year end, open commitments for investments in tangible and intangible assets amounted to CHF 5.0 million (2019: CHF 38.2 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	31.12.2020	31.12.2019
Fair value of derivative financial instruments ¹	1.7	2.1
Total financial assets at fair value through profit or loss	1.7	2.1
Cash at banks	232.0	98.6
Time deposits with original maturities up to 3 months	90.0	0.1
Time deposits with original maturities between 3 and 12 months	0.1	-
Trade receivables	246.5	281.5
Other receivables	5.2	7.1
Accrued income	23.3	17.3
Loans	3.3	6.4
Other financial assets	6.7	7.1
Total financial assets at amortized cost	607.1	418.2
Investments in non-consolidated companies ²	33.8	43.4
Total financial assets at fair value through other comprehensive income	33.8	43.4
Total	642.6	463.7

CHF million	31.12.2020	31.12.2019
Borrowings	885.8	758.3
Trade payables	203.7	274.2
Accrued expenses	83.3	68.7
Other payables	13.2	18.6
Total financial liabilities at amortized cost	1 186.1	1 119.8
Fair value of derivative financial instruments ¹	1.6	1.0
Total financial liabilities at fair value through profit or loss	1.6	1.0
Total	1 187.6	1 120.8

¹ Measured at fair values that are calculated based on observable market data (level 2).

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

Borrowings comprise two bonds with a total net book value of CHF 174.7 million (2019: CHF 174.6 million) and a total fair value of CHF 165.9 million (2019: CHF 173.0 million) based on quoted prices in active markets. The fair value of the discounted contractual future cash flows is equal to the carrying amount of the variable interest bank borrowings. Refer to note 23 on page 101 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, 2020 Artemis Beteiligungen I Ltd, Hergiswil, Switzerland, Centinox Holding Ltd, Hergiswil, Switzerland, and Michael Pieper, Hergiswil, Switzerland, held 21.30% (2019: 21.10%) of the shares of the Company and PCS Holding Ltd, Warth-Weiningen, Switzerland, and Peter Spuhler, Weiningen, Switzerland, held 16.17% (2019: 16.15%) of the shares of the Company.

In 2019, Artemis Beteiligungen I Ltd and PCS Holding Ltd have granted a subordinated loan of CHF 20.0 million each and with an interest rate of 4.0%. The loans are not available for repayment before a certain financial ratio is reached in two consecutive financial quarters, but can be terminated afterwards by each party.

The pension fund of an Autoneum Group entity granted a loan to the Company. The loan bears an interest rate of 1.5% 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	2020	2019
Short-term benefits	4.0	4.8
Share-based payments	0.8	1.3
Post-employment benefits	0.1	0.2
Total	5.0	6.2

The compensation of the Board of Directors and of the Group Executive Board is disclosed in the Remuneration Report on pages 129–133.

Year-end balances with related parties were as follows:

CHF million	31.12.2020	31.12.2019
Current borrowings due to pension funds	5.0	5.0
Non-current borrowings due to shareholders	40.0	40.0
Total	45.0	45.0

31 NET DEBT

CHF million	31.12.2020	31.12.2019
Cash and cash equivalents	-322.0	-98.7
Bonds	174.7	174.6
Bank debts	363.2	210.6
Other borrowings	55.8	48.5
Net debt excl. lease liabilities	271.7	335.0
Lease liabilities	292.1	324.6
Net debt	563.7	659.6

32 EXCHANGE RATES FOR CURRENCY TRANSLATION

CHF	ISO code	Units	Average rate 2020	Average rate 2019	Year-end rate 2020	Year-end rate 2019
Argentine peso	ARS	100	1.35	2.12	1.05	1.62
Brazilian real	BRL	1	0.19	0.25	0.17	0.24
Canadian dollar	CAD	1	0.70	0.75	0.69	0.74
Chinese yuan	CNY	100	13.59	14.40	13.55	13.91
Czech koruna	CZK	100	4.06	4.33	4.14	4.28
Euro	EUR	1	1.07	1.11	1.09	1.09
Pound sterling	GBP	1	1.21	1.27	1.20	1.28
Indian rupee	INR	100	1.27	1.41	1.21	1.36
Mexican peso	MXN	100	4.42	5.15	4.45	5.16
Polish złoty	PLN	100	24.09	25.85	23.83	25.54
United States dollar	USD	1	0.94	0.99	0.88	0.97

33 EVENTS AFTER BALANCE SHEET DATE

There were no events between December 31, 2020 and March 2, 2021 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 financial year 2020 the Board of Directors proposes to the Annual General Meeting on March 25, 2021 no dividend to be distributed. In 2020, no dividend was distributed to the shareholders of Autoneum Holding Ltd.

35 SUBSIDIARIES, ASSOCIATED COMPANIES AND NON-CONSOLIDATED INVESTMENTS

			Nominal capital in millions	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 S.A., Córdoba	ARS	22.5	•			100%				•
Belgium	Autoneum Belgium NV, 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) Co., Ltd., Yantai	CNY	34.5	•			100%				•
	Autoneum (Changsha) Co., Ltd., Changsha	CNY	34.5	•			100%				•
	Autoneum (Pinghu) Co., Ltd., Pinghu	CNY	144.9	•			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%				•
Wuhan Nittoku Autoneum Auto Parts Co., Ltd., Wuhan	CNY	81.0	•			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	49.8	•			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	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	803.9	•			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% ¹				•
Turkey	Autoneum Erkurt Otomotiv A.S., Bursa	TRY	2.5	•			51%				•
USA	Autoneum America Corporation, Novi	USD	-	•			100%				•
	Autoneum North America, Inc., Novi	USD	-	•			100%		•		•
	UGN Inc., Tinley Park	USD	-	•			50%		•		•

¹ 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, 2020 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 64 to 111) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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



Valuation of Tangible Assets



Revenue Recognition

Key Audit Matter

Total consolidated revenue of the financial year 2020 amounted to CHF 1 740.6 million (2019: CHF 2 297.4 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.

Our response

Our audit procedures included, amongst others, inquiring of management regarding significant new contracts and their assessment of existing contracts.

We gained an understanding of the internal controls and processes with respect to revenue recognition and performed testing of key controls. This included walkthroughs 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.

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

For further information on revenue recognition refer to the following:

- Significant accounting policies, Note 1.21 Revenue Recognition



Valuation of Tangible Assets

Key Audit Matter

Tangible assets including leased assets used as part of the operating activities amounted to CHF 810.5 million (2019: CHF 942.5 million).

The Group assesses whether there is any indication of tangible assets being impaired. If any such indication exists, the company estimates the appropriate value of the tangible assets and records an impairment, if necessary.

In 2020, Autoneum identified the following indicators triggered by the COVID-19 pandemic:

- Temporary business interruptions and short-time working
- Decline in demand in the first half year 2020
- Deterioration of the economic environment

In this context, the tangible assets for each cash-generating units were tested for impairment.

To determine a potential need for impairment, management performs valuations using various estimates and assumptions regarding remaining useful life, expected revenues and production costs and utilization level.

The assessment of the valuation involves significant judgment, in particular regarding estimated future cash flows, long-term growth rates and discount rates.

Our response

In the context of our audit, we have, among other procedures, critically examined management's assessment whether there are any indications of impairment by means of discussions with the Group Management and by reviewing the minutes of the meetings of the Board of Directors, the annual financial statements and business plans.

We have assessed the valuations that have been performed by Group Management. In particular, we have carried out the following audit procedures:

- We have assessed whether a methodologically correct valuation approach was chosen and whether the calculations are comprehensible and mathematically correct.
- We have gone over the forecasted figures with Group Management and compared Management's assumptions to external data where available.
- We reconciled the forecasted figures applied with business plans approved by the Board of Directors.

Additionally, in case of possible impairment we have carried out the following audit procedures:

- We used our own valuation specialists to independently calculate an appropriate pre-tax discount rate and to verify the long-term growth rate used by management to observable market data.
- We have tested the sensitivity analyses prepared by Group Management for reasonableness and accuracy.

Furthermore, we assessed the Group's disclosures relating to the impairment test.

For further information on valuation of tangible assets refer to the following:

- Significant accounting judgments, estimates and assumptions relating to impairment losses of tangible assets, Note 1.2
- Significant accounting policies, Note 1.11 Impairment of assets
- Note 13, Tangible assets

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, actions taken to eliminate threats or safeguards applied.

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 2, 2021

Income statement of Autoneum Holding Ltd

CHF million	Notes	2020	2019
Income			
Dividend income		68.3	52.2
Financial income	(2)	7.3	5.9
License income		3.5	4.8
Total income		79.1	62.9
Expenses			
Valuation adjustments on investments and loans	(3)	-2.8	-8.2
Financial expenses	(4)	-46.4	-15.6
Administration expenses		-5.4	-9.2
Taxes		-0.3	-0.2
Total expenses		-54.9	-33.2
Net profit		24.3	29.7

Balance sheet of Autoneum Holding Ltd

CHF million	Notes	31.12.2020	31.12.2019
Assets			
Cash and cash equivalents		189.9	8.3
Loans and financial receivables	(6)	69.8	101.8
Accrued income and deferred expenses	(7)	7.8	8.9
Current assets		267.6	119.0
Loans and financial receivables	(6)	398.5	411.6
Investments	(8)	422.5	413.0
Non-current assets		820.9	824.6
Total assets		1 088.5	943.6
Liabilities and shareholders' equity			
Borrowings	(9)	63.3	96.6
Other liabilities	(10)	4.2	7.1
Deferred income and accrued expenses	(11)	4.1	2.4
Current liabilities		71.6	106.1
Borrowings	(9)	520.0	365.0
Non-current liabilities		520.0	365.0
Liabilities		591.6	471.1
Share capital	(12)	0.2	0.2
Legal capital reserves	(12)	350.0	350.0
Retained earnings			
Balance brought forward		125.9	96.2
Net profit		24.3	29.7
Treasury shares	(12)	-3.5	-3.6
Shareholders' equity		496.9	472.5
Total liabilities and shareholders' equity		1 088.5	943.6

Notes to the financial statements of Autoneum Holding Ltd

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	2020	2019
Interest income	5.3	5.6
Other financial income	2.0	0.3
Total	7.3	5.9

3 VALUATION ADJUSTMENTS ON INVESTMENTS AND LOANS

CHF million	2020	2019
Increase of valuation adjustments on investments	-	-72.1
Increase of valuation adjustments on loans due from third parties	-2.8	-
Reversal of valuation adjustments on loans due from subsidiaries	-	63.9
Total	-2.8	-8.2

4 FINANCIAL EXPENSES

CHF million	2020	2019
Interest expenses	-12.2	-7.7
Net foreign exchange losses	-32.8	-7.0
Other financial expenses	-1.3	-0.9
Total	-46.4	-15.6

5 EXTRAORDINARY EXPENSES

There are no extraordinary expenses in 2020 and 2019.

6 LOANS AND FINANCIAL RECEIVABLES

CHF million	31.12.2020	31.12.2019
Loans due from subsidiaries	52.8	83.0
Loans due from third parties	0.9	1.0
Cash pool receivables due from subsidiaries	16.2	17.8
Total current portion	69.8	101.8
Loans due from subsidiaries	396.5	406.6
Loans due from third parties	1.9	5.0
Total non-current portion	398.5	411.6

7 ACCRUED INCOME AND DEFERRED EXPENSES

CHF million	31.12.2020	31.12.2019
Accrued income and deferred expenses due from subsidiaries	4.2	5.2
Accrued income and deferred expenses due from third parties	3.6	3.8
Total	7.8	8.9

8 INVESTMENTS

The subsidiaries, associated companies and non-consolidated investments are listed in note 16 on page 123. They are owned directly or indirectly by Autoneum Holding Ltd.

9 BORROWINGS

CHF million	31.12.2020	31.12.2019
Cash pool liabilities due to subsidiaries	37.3	70.6
Bank debts	21.0	21.0
Loans due to related parties	5.0	5.0
Total current portion	63.3	96.6
Bonds	175.0	175.0
Bank debts	305.0	150.0
Subordinated shareholder loans	40.0	40.0
Total non-current portion	520.0	365.0

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 1.5% and is due within six days upon cancellation of the agreement by either the lender or the borrower.

The two main shareholders of Autoneum Holding Ltd have granted a subordinated loan of CHF 20.0 million each and with an interest of 4.0%. The loans are not available for repayment before a certain financial ratio is reached in two consecutive financial quarters, but can be terminated afterwards by each party.

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 350.0 million, whereof CHF 305.0 million was drawn at year end (2019: CHF 150.0 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. On May 7, 2019 the existing long-term credit agreement was increased from CHF 150.0 million to CHF 350.0 million with an unchanged final maturity date. On June 29, 2020 the existing long-term credit agreement was amended, among other things, with regards to the financial covenants. The final maturity date remained unchanged at 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 an adjusted ratio of net debt to EBITDA, a minimum of last-twelve-months-EBITDA and a minimum liquidity. Compliance with financial covenants is checked on a regular basis and reported to the banking syndicate. In the fiscal years 2020 and 2019, the financial covenants were met at all times.

10 OTHER LIABILITIES

CHF million	31.12.2020	31.12.2019
Other liabilities due to subsidiaries	3.7	6.6
Other liabilities due to third parties	0.5	0.5
Total	4.2	7.1

11 DEFERRED INCOME AND ACCRUED EXPENSES

CHF million	31.12.2020	31.12.2019
Deferred income and accrued expenses due from subsidiaries	-	0.1
Deferred income and accrued expenses due from third parties	4.1	2.3
Total	4.1	2.4

12 SHAREHOLDERS' EQUITY

SHARE CAPITAL

The share capital amounts to CHF 233 618.15. It is divided into 4 672 363 fully paid-up 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 (2019: 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:

	2020 in shares	2020 in CHF million	2019 in shares	2019 in CHF million
Treasury shares at January 1	25 783	3.6	19 985	3.7
Purchase of treasury shares	21 000	1.6	21 677	2.8
Sale of treasury shares	-3 110	-0.4	-8 420	-1.5
Transfer of treasury shares	-9 870	-1.3	-7 459	-1.4
Treasury shares at December 31	33 803	3.5	25 783	3.6

13 GUARANTEES AND COLLATERAL PROVIDED

Autoneum Holding Ltd has guaranteed CHF 33.1 million (2019: CHF 34.1 million) to financial institutions for granting credit facilities to direct and indirect subsidiaries and CHF 3.8 million (2019: CHF 7.2 million) to other third parties for securing transactions they entered into with direct and indirect subsidiaries and other third parties. No financing commitment was given in favor of a subsidiary (2019: CHF 7.6 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 2020, 11 605 shares (2019: 8 693 shares) with a total value of CHF 702 451 (2019: CHF 1 079 671) were allocated and 9 871 shares (2019: 7 461 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	31.12.2020	31.12.2019
Hans-Peter Schwald, Chairman	46 154	43 296
Rainer Schmückle, Vice Chairman	4 152	2 677
Norbert Indlekofer	1 416	538
Michael Pieper	995 014	986 068
This E. Schneider	16 837	14 794
Peter Spuhler	755 523	754 603
Ferdinand Stutz	5 264	3 514
Total Board of Directors	1 824 360	1 805 490
Matthias Holzammer, CEO	6 839	6 202
Bernhard Wiehl	149	89
Alexandra Bandler	703	628
Greg Sibley	-	-
Andreas Kolf	1 015	1 015
Fausto Bigi	-	-
Total Group Executive Board	8 706	7 934

16 SUBSIDIARIES, ASSOCIATED COMPANIES AND INVESTMENTS

			Nominal capital in millions	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 S.A., Córdoba	ARS	22.5	•	100%					•
Belgium	Autoneum Belgium NV, 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) Co., Ltd., Yantai	CNY	34.5	•	100%					•
	Autoneum (Changsha) Co., Ltd., Changsha	CNY	34.5	•	100%					•
	Autoneum (Pinghu) Co., Ltd., Pinghu	CNY	144.9	•	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%					•
Wuhan Nittoku Autoneum Auto Parts Co., Ltd., Wuhan	CNY	81.0	•	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	49.8	•	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	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	803.9	•	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, Novi	USD	-	•	100%					•
	Autoneum North America Inc., Novi	USD	-	•	100%			•	•	
	UGN Inc., Tinley Park	USD	-	•	50%			•	•	

¹ Unless otherwise noted, voting and capital rights have not changed compared to prior year.² Autoneum has 49% of the capital rights.

17 SIGNIFICANT SHAREHOLDERS

At December 31, 2020 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):

	31.12.2020	31.12.2019
Artemis Beteiligungen I Ltd, Hergiswil, Switzerland; Centinox Holding Ltd, Hergiswil, Switzerland; and Michael Pieper, Hergiswil, Switzerland ¹	21.30%	21.10%
PCS Holding Ltd, Frauenfeld, Switzerland; and Peter Spuhler, Warth-Weiningen, Switzerland ¹	16.17%	16.15%
Martin and Rosmarie Ebner via BZ Bank Limited, Wilen, Switzerland	3.10%	3.10%

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, 2020 and March 2, 2021 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	2020
Balance brought forward	125 915 843
Net profit	24 268 626
At the disposal of the Annual General Meeting	150 184 469
Proposal	
Distribution of a dividend ¹	-
Carried forward to new account	150 184 469
Total	150 184 469

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 no dividend to be distributed.



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, 2020, 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 117 to 124) for the year ended December 31, 2020 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, 2020, include investments in the amount of CHF 422.5 million, current loans due from subsidiaries in the amount of CHF 52.8 million and non-current loans due from subsidiaries in the amount of CHF 396.5 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.

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.

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

- Note 3, Valuation adjustments on investments and loans
- Note 6, Loans and financial receivables
- 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 scepticism 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.
- 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, actions taken to eliminate threats or safeguards applied.


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 2, 2021

Remuneration Report

1 INTRODUCTION

CONTENT AND BASIS OF THE REMUNERATION REPORT

This remuneration report explains the authority and definition of the remuneration of the members of the Board of Directors and the Group Executive Board as well as Autoneum's remuneration system and how it was applied in the reporting period. Disclosures are made in accordance with the applicable provisions of the Swiss Ordinance against Excessive Remuneration in Listed Companies (ERCO), the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance from *economiesuisse*. The remuneration tables listed under item 4 have been audited by the statutory auditors. In addition, this remuneration report will be submitted to the shareholders at the Annual General Meeting on March 25, 2021 for a consultative vote so that they can express their opinion on the remuneration policy and remuneration systems.

RULES ON REMUNERATION IN THE ARTICLES OF ASSOCIATION

Autoneum's Articles of Association contain provisions on the remuneration principles applicable to the members of the Board of Directors and the Group Executive Board:

- Resolutions and powers of the Annual General Meeting (§12/13)
- Approval of the remuneration of the members of the Board of Directors and the Group Executive Board as well as additional amount for payments to new members of the Group Executive Board appointed by the Board of Directors after the approval of the remuneration (§14)
- Contracts of office and employment of the members of the Board of Directors and the Group Executive Board (§19)
- Number of permissible mandates (§20)
- Election and duties of the Compensation Committee (§23)
- Principles applicable to the fixed and variable performance-related remuneration and to the allocation of shares to the members of the Board of Directors and the Group Executive Board (§24)
- Loans, credit facilities and post-employment benefits for members of the Group Executive Board (§25)

The full text of the Articles of Association (in German) is available online at www.autoneum.com/wp-content/uploads/2017/08/Statuten.pdf.

The maximum aggregate total compensation of the members of the Board of Directors and the Group Executive Board as proposed by the Board of Directors is submitted to the shareholders for approval at the Annual General Meeting each year separately and prospectively for the coming financial year (§14 of the Articles of Association).

2 AUTHORITY AND DEFINITION PROCESS

The basic features of the remuneration policy, the remuneration system and the share-based payment plans are elaborated by the Compensation Committee, reviewed annually and approved by the Board of Directors. No third-party consultants have been engaged for the elaboration of the salary policy or the compensation programs.

The Board of Directors fixes annually the remuneration of the members of the Board of Directors and the Group Executive Board, approves the fixed portion of the remuneration and defines the targets, parameters and other details for the executive bonus and the long-term incentive plans, based on the suggestions of the Compensation Committee and within the limits approved by the shareholders. The Directors, whose remuneration is decided on, also participate in the meeting. The amount of remuneration for the members of the Board of Directors and the Group Executive Board is determined at the discretion of the Board of Directors. In doing so, the Board of Directors takes into consideration function and responsibility, in the case of the Group Executive Board also experience, and incorporates information which is publicly available or known from their own experience.

3 REMUNERATION SYSTEM

REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed annual fee for all their board activities as well as an annual lump sum payment for representation expenses. They receive no variable remuneration.

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 financial year. The shares are allocated in the respective financial year and blocked for three years. The share price applicable for the conversion of the remuneration into shares is based on the average closing price of the ten trading days following the dividend payment or the Annual General Meeting, if no dividend is paid, discounted to reflect a three-year blocking period.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

The remuneration structure for the Group's senior management consists of several components and, within a market-based remuneration framework, takes into account the individual performance and the Company's performance in the financial year as well as the creation of long-term, sustainable added value. The remuneration of the Group's senior management including the members of the Group Executive Board consists of a basic salary (fixed remuneration), a variable, performance-related bonus according to the executive bonus plan and the participation in the long-term incentive plan (LTI). To ensure a consistent focus on the long-term interests of the shareholders, a part of the variable remuneration is paid in the form of blocked shares. Due to the three-year blocking period of the allocated shares, this remuneration is linked to the long-term development of the company value of Autoneum.

At the beginning of the 2020 financial year, the Board of Directors approved the one-off and extraordinary participation in a turnaround incentive plan (TIP). In view of the challenges ahead, it is intended to create an incentive system to achieve the medium-term goals set for the turnaround of the Company over the next three years.

BASIC SALARY

The basic salary of the members of the Group Executive Board consists of a fixed annual remuneration. The Board of Directors may define a portion of the basic salary to be paid in Autoneum shares. The number of shares is calculated based on the average closing price during the first ten trading days of the respective year. The shares are allocated in December of the respective year and are blocked for three years.

BONUS

The members of the Group Executive Board may reach a variable, performance-related remuneration of up to 80% of their basic salary in the form of a bonus, subject to the achievement or exceeding of defined minimum profitability and liquidity targets of the Group or of the Business Groups as well as to the achievement of annually agreed individual targets. The targets set for the CEO and CFO relate to the Group net result margin (weighting 52.5%), Group RONA (22.5%) and individual targets (25%). For the Heads of the Business Groups, the targets relate to the Group net result margin (17.5%), Group RONA (7.5%), EBIT margin of the Business Group (35%), free cash flow of the Business Group (15%) and individual targets (25%). Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the performance-related bonus, while the maximum bonus is achieved at the maximum limit. Between the two limits, the performance-related bonus increases linearly. Irrespective of the other targets, a bonus is only paid if the Group net result is positive. At least 40% of the bonus is paid in Autoneum shares. Each member of the Group Executive Board can opt to receive up to 100% of the bonus in shares and to receive 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 using the average closing price of the first ten trading days in January of the following year.

LONG-TERM INCENTIVE PLAN (LTI)

The LTI allows the Board of Directors to allocate a part of the Group's net result to predefined beneficiaries. Beneficiaries are the members of the Group's senior management including the Group Executive Board. An allocation is only made if the Group's net result is positive and exceeds a defined threshold. The total amount of the Group's net result 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 performance of the Autoneum share price. 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 Compensation Committee.

TURNAROUND INCENTIVE PLAN (TIP)

Beneficiaries of the TIP are the members of the Group's senior management including the Group Executive Board, who were granted an individual, maximum number of Autoneum shares on a one-off basis in the 2020 financial year. 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 and if the targets set for the turnaround are achieved at the end of the term of the TIP. The targets set are based on the profitability (EBIT) and free cash flow of the Group for the financial years 2020 until 2022, both criteria weighted 50% each. Minimum and maximum limits are defined for the weighted targets. The achievement of the minimum limit is a condition for the transfer of shares. The maximum limit corresponds to the maximum number of shares originally granted. Between the two limits, the actual number of shares transferred increases linearly. The entitlement to the other shares lapses without compensation.

There are no share options or share purchase plans.

PERMISSIBLE ACTIVITIES OUTSIDE THE AUTONEUM GROUP

The Board of Directors decides on directorships of members of the Group Executive Board or the Group's 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.

4 DISCLOSURE OF REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE BOARD

REMUNERATION OF THE BOARD OF DIRECTORS

In view of the severely impacted business development resulting from the coronavirus pandemic, the members of the Board of Directors have waived half of their fee for the 2020 financial year and, in order to align their remuneration with shareholder interests, have opted to obtain it entirely in Autoneum shares.

The total remuneration paid to the current members of the Board of Directors in the 2020 financial year thus amounts to CHF 741 953. There has been no remuneration to former members of the Board of Directors.

At the 2019 Annual General Meeting a maximum total remuneration to the Board of Directors of CHF 1.75 million was awarded for the 2020 financial year, thus the remuneration for 2020 is within the approved limit.

No loans, credit facilities or additional fees or remuneration have been paid to members of the Board of Directors or parties related to them. In the 2020 financial year, fees in the amount of CHF 42 358.10 (2019: CHF 44 989) were paid to the law firm managed by the Chairman of the Board of Directors for legal services provided.

The total of all remuneration paid to the members of the Board of Directors is composed as follows:

Board of Directors	2020			2019				
	Fixed remuneration		Other ¹	Fixed remuneration		Other ¹	Total	
CHF	in cash	in shares ²	Total	in cash	in shares ³	Total	Total	
Hans-Peter Schwald Chairman	-	184 556	13 560	198 116	-	369 122	22 428	391 551
Rainer Schmückle Vice Chairman	-	119 063	-	119 063	50 000	178 600	-	228 600
Norbert Indlekofer	-	77 418	5 771	83 189	83 074	55 890	9 807	148 771
Michael W. Pieper	-	59 501	2 702	62 203	-	118 984	5 814	124 798
This E. Schneider	-	89 282	4 600	93 882	-	178 600	9 177	187 776
Peter Spuhler	-	59 501	4 435	63 936	-	118 984	8 073	127 056
Ferdinand Stutz	-	113 131	8 433	121 564	140 000	59 492	13 974	213 465
Total	-	702 452	39 501	741 953	273 074	1 079 672	69 273	1 422 017

¹ Other remuneration includes the employer's portion of social insurance contributions.

² The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average closing price for the ten days following the 2020 Annual General Meeting (CHF 60.53). The transfer took place after deduction of social security contributions and withholding taxes.

³ The fixed remuneration in shares is calculated by the number of shares granted multiplied by the average closing price for the ten days following the dividend payment in 2019 (CHF 124.20). The transfer took place after deduction of social security contributions and withholding taxes.

REMUNERATION OF THE GROUP EXECUTIVE BOARD

The drop in revenue and earnings caused by the coronavirus pandemic has prompted the Group Executive Board to take comprehensive cost-cutting measures across the Group. As part of the reduction of personnel costs, a three-month wage sacrifice of 10% of the basic salary was implemented for the Group Executive Board.

In the 2020 financial year, the criteria for the payment of a bonus and the allocation of an LTI were not met, so that no corresponding payments or share allocations were made. The value of the TIP is calculated by the maximum number of shares granted multiplied by the share price on the day the allocation is made. The actual number of shares transferred is calculated after the end of the vesting period at the end of February 2023 taking into account the turnaround targets.

The total remuneration paid to the members of the Group Executive Board in the 2020 financial year thus amounts to CHF 4 411 500, thereof CHF 898 563 to the CEO, who receives a part of his basic salary in shares. The total remuneration of CHF 4 411 500 also includes remuneration paid to the following former members of the Group Executive Board, who resigned in 2019: Martin Hirzel and Dr Martin Zwyszig.

At the 2019 Annual General Meeting a maximum total remuneration to the Group Executive Board of CHF 8.5 million was awarded for the 2020 financial year, thus the remuneration for 2020 is within the approved limit.

No loans, credit facilities or additional fees or remuneration have been paid to members of the Group Executive Board or parties related to them.

The total remuneration paid to the members of the Group Executive Board is composed as follows:

Group Executive Board	Fixed remuneration		Variable remuneration		LTI	TIP ¹	Other ²	Total
	in cash	in shares ³	in cash	in shares				
2020								
CHF	in cash	in shares ³	in cash	in shares				
All members	3 127 056	72 077	–	–	–	156 947	1 055 421	4 411 500
Thereof								
Matthias Holzammer	657 150	72 077	–	–	–	35 995	133 342	898 563
2019								
CHF	in cash	in shares ⁴	in cash	in shares				
All members	3 334 045	88 805	152 967	–	–	–	1 118 776	4 694 592
Thereof Martin Hirzel ⁵	674 000	72 154	–	–	–	–	137 161	883 315

¹ The maximum number of shares was multiplied by the applicable share price of CHF 58.15 for the rights granted in April 2020; the vesting period ends at the end of February 2023.

² Other remuneration includes the employer's portion of social insurance contributions, the employer's portion of contributions to pension funds and other fringe benefits.

³ The applicable share price during the defined period was CHF 113.15.

⁴ The applicable share price during the defined period was CHF 158.58.

⁵ CEO until October 7, 2019.



Report of the Statutory Auditor

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, 2020.

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 of the Board of Directors” and “Remuneration of the Group Executive Board” on pages 132 to 133 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, 2020 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 2, 2021

Review 2016 – 2020

CONSOLIDATED INCOME STATEMENT

CHF million	2020	2019	2018	2017 ¹	2016
Revenue	1 740.6	2 297.4	2 281.5	2 205.4	2 152.6
BG Europe	641.8	900.9	984.5	886.2	833.4
BG North America	753.5	1 001.8	921.8	963.8	1 018.7
BG Asia	254.1	275.7	260.3	241.9	210.7
BG SAMEA ²	88.4	125.8	111.5	114.1	93.5
EBITDA	148.5	164.0	197.2	257.8	278.1
in % of revenue	8.5%	7.1%	8.6%	11.7%	12.9%
EBIT	27.8	-32.9	114.1	179.9	204.5
in % of revenue	1.6%	-1.4%	5.0%	8.2%	9.5%
Net result	-10.7	-77.7	74.7	118.9	133.8
in % of revenue	-0.6%	-3.4%	3.3%	5.4%	6.2%
Return on net assets in % (RONA)	1.3%	-3.9%	7.8%	15.0%	21.5%
Return on equity in % (ROE)	-2.3%	-13.8%	11.6%	19.4%	29.9%
Consolidated balance sheet at December 31					
Non-current assets	1 002.0	1 174.7	897.5	853.0	648.0
Current assets	806.1	664.4	703.8	689.9	649.8
Equity attributable to shareholders of AUTN	309.7	389.1	519.3	545.7	394.3
Equity attributable to non-controlling interests	103.9	109.9	108.4	112.6	104.7
Total shareholders' equity	413.6	498.9	627.7	658.3	499.0
Non-current liabilities	874.1	748.0	423.1	348.6	220.7
Current liabilities	520.3	592.2	550.6	536.0	578.1
Total assets	1 808.1	1 839.1	1 601.3	1 542.9	1 297.8
Net debt ³	271.7	335.0	262.7	162.4	57.4
Shareholders' equity in % of total assets	22.9%	27.1%	39.2%	42.7%	38.4%
Consolidated statement of cash flows					
Cash flows from operating activities	149.7	119.2	124.0	145.2	194.1
Cash flows used in investing activities	-37.2	-129.1	-164.7	-195.7	-92.8
Cash flows from/(used in) financing activities	122.3	17.5	34.3	5.4	-28.6
Employees at December 31 ⁴	12 774	13 128	12 946	12 133	11 725

¹ Restated.

² Including South America, Middle East and Africa.

³ Net debt excl. lease liabilities at December 31.

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

INFORMATION FOR INVESTORS

CHF million	2020	2019	2018	2017 ¹	2016
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 result of Autoneum Holding Ltd	24.3	29.7	21.4	51.9	61.8
Market capitalization at December 31	749.6	539.9	685.8	1 306.6	1 243.4
in % of revenue	43.1%	23.5%	30.1%	59.2%	57.8%
in % of equity attr. to shareholders of AUTN	242.0%	138.8%	132.1%	239.5%	315.4%

DATA PER SHARE (AUTN)

CHF	2020	2019	2018	2017 ¹	2016	
Basic earnings per share	-5.45	-20.82	11.83	19.53	20.61	
Dividend per share ²	-	-	3.60	6.50	6.50	
Shareholders' equity per share ³	66.77	83.73	111.62	117.25	84.74	
Share price at December 31	161.60	116.20	147.40	280.75	267.25	
Share price development during the year	High	167.50	174.30	317.00	298.00	290.00
	Low	50.00	91.65	130.00	228.80	185.00

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 2021

March 25, 2021

Semi-Annual Report 2021

July 29, 2021

Annual General Meeting 2022

March 23, 2022

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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 2021

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