

# INVITATION TO THE ORDINARY ANNUAL GENERAL MEETING

**THURSDAY,  
19 APRIL 2018,  
4.00 P.M.**

Culture and Convention Centre Lucerne  
Europaplatz 1, 6005 Lucerne  
Doors open at 3.00 p.m.

**komax**

The invitation to the Annual General Meeting on 19 April 2018 is also available in German. The original German-language version is the only binding version.

Enclosures

- Agenda for the Annual General Meeting
- Reply coupon with instruction sheet on the reverse
- Instructions and login details for ordering admission tickets online as well as issuing power of attorney for voting representation instructing the independent proxy on the exercising of voting rights
- Short report for the 2017 financial year
- Compensation Report 2017 with Auditor's Report
- Reply envelope

The detailed Annual Report comprising

- Review of 2017
  - 2017 Financial Statements of Komax Holding AG with Auditors' Report and recommendations
  - 2017 Consolidated Financial Statements with Auditors' Report and recommendations
  - 2017 Compensation Report with Auditor's Report
- can be found at [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report).

## DEAR SHAREHOLDER

In 2017, the Komax Group further expanded its position as market and technology leader. The financial year was characterized by strong growth in order intake and revenues, numerous successful product launches, two acquisitions, significant investment in research and development as well as digitalization, a number of projects to expand production capacity, and the breakthrough in the aerospace market segment.

The sharp rise in both order intake and revenues underlines the point: Komax once again grew more strongly than the market in 2017. While revenues increased by 9.6% to CHF 408.5 million (2016: CHF 372.7 million), the order intake rose by as much as 21.5% to CHF 449.7 million (2016: CHF 370.2 million). The growth in revenues comprises internal growth (+6.0%) and acquisition-driven growth (+2.2%), as well as the positive foreign currency influence (+1.4%). In 2017, Komax changed its accounting standard from IFRS to Swiss GAAP FER, and revised the prior-year figures accordingly. These prior-year figures now exclude both the revenues (CHF 19.1 million) and the order intake (CHF 9.3 million) of the Medtech business unit, which was sold in April 2016.

### 26% rise in R&D expenditure

In order to further expand its leading position over the next few years, Komax invested CHF 36.7 million in research and development (R&D). This equates to 9.0% of revenues (2016: 7.4%), and an increase of CHF 7.6 million on the previous year. The two acquisitions executed in 2017 (Laselec and Practical Solution) also contributed to this increase. Issues such as electro-mobility and autonomous driving give Komax further opportunities to develop unique selling features. Komax is keen to grasp these opportunities, which is why it intends to channel some 8%–9% of revenues into research and development over the coming years too.

Despite this significant rise in proactive investment to ensure a sustainably successful future, Komax nonetheless generated operating profit (EBIT) of CHF 55.1 million, thereby essentially matching the prior-year figure (CHF 55.4 million). The additional R&D expenditure had the effect of reducing the EBIT margin by 1.8 percentage points. Yet despite this, Komax was still able to report an EBIT margin of 13.5% in 2017 (2016: 14.1%). Another drag on profitability was the strong increase in inventories to CHF 92.0 million (2016: CHF 70.4 million). Around half of this increase relates to machinery that is now either complete or nearly complete, but has yet to be converted into revenues.

Group profit after taxes (EAT) rose by 8.8% to CHF 42.1 million (2016: CHF 38.7 million). This result was reduced by the sum of CHF 3.6 million as a result of a value adjustment on a loan to an associated company. By making this value adjustment, Komax has drawn a line under the participation that dates back to the Komax Solar era.

### High payout ratio

The Board of Directors is proposing to the Annual General Meeting an unchanged distribution of CHF 6.50 per share. This represents a substantial payout ratio of 59.2%. Due to the strong result and the positive outlook, the proposed distribution is at the upper end of the strategic bandwidth of 50%–60%. The distribution comprises a dividend of CHF 5.00 and a distribution from capital contribution reserves of CHF 1.50. The latter is tax-free for persons domiciled in Switzerland who hold shares as part of their private assets. The dividend yield (calculated on the basis of the 2017 year-end closing price of the Komax share) amounts to 2.0%.

We would be pleased to welcome you at the Annual General Meeting of Shareholders on 19 April 2018 at the Culture and Congress Centre Lucerne (KKL).

Komax Holding AG  
On behalf of the Board of Directors



**Dr. Beat Kälin**  
Chairman

Dierikon, 19 March 2018

# ORDINARY ANNUAL GENERAL MEETING OF KOMAX HOLDING AG

## Agenda and proposals of the Board of Directors

### 1. Approval of the Annual Report as well as the financial statements of Komax Holding AG and consolidated financial statements for the 2017 financial year

The Board of Directors proposes that the above-mentioned documents be approved.

As auditor to Komax Holding AG, PricewaterhouseCoopers AG, Basel, recommends in its reports to the Annual General Meeting that the consolidated financial statements and annual financial statements of Komax Holding AG be ratified without reservation.

### 2. Discharge of the Board of Directors and Executive Committee

The Board of Directors proposes that the activities of its members as well as the activities of the members of the Executive Committee in the 2017 financial year be ratified (in a single vote for all members of the Board of Directors and the Executive Committee).

### 3. Appropriation of profit for the 2017 financial year and distribution from capital contribution reserves and dividends

The Board of Directors proposes to the Annual General Meeting the following appropriation of profit, payout from capital contribution reserves as well as a dividend:

in CHF

Balance carried forward from the previous year	262 290
Profit after taxes	36 437 429
Transfer from capital contribution reserves	5 751 723
<b>Total available for distribution</b>	<b>42 451 442</b>
Payout from capital contribution reserves of CHF 1.50 per registered share which is not subject to withholding tax <sup>1</sup>	5 751 723
Dividend of CHF 5.00 gross per registered share <sup>1</sup>	19 172 410
Allocation to free reserves	17 000 000
Profit carried forward	527 309
<b>Total</b>	<b>42 451 442</b>

<sup>1</sup> The stated amount covers the requirement for the payout from capital reserves for all registered shares outstanding. Registered shares which will be issued after 1 January 2018 upon exercise of options are also entitled to the payout from capital reserves. Therefore, the stated amount may be subject to changes.

If the proposal is accepted, a distribution of CHF 6.50 per dividend-bearing share will be paid out on 25 April 2018. Of this amount, CHF 1.50 will be distributed from capital contribution reserves. Distributions from the capital contribution reserves are tax-free for natural persons living in Switzerland who hold shares as part of their private assets.

## **4. Elections**

### **4.1 Re-elections to the Board of Directors**

The Board of Directors proposes individual votes for the re-election of

- Dr. Beat Kälin as Chairman of the Board of Directors
- David Dean as member of the Board of Directors
- Dr. Andreas Häberli as member of the Board of Directors
- Kurt Haerri as member of the Board of Directors
- Daniel Hirschi as member of the Board of Directors
- Prof. Dr. Roland Siegwart as member of the Board of Directors

for a period of office extending until the conclusion of the next ordinary Annual General Meeting.

### **4.2 Elections to the Remuneration Committee**

The Board of Directors proposes individual votes for the election of

- Dr. Andreas Häberli as member of the Remuneration Committee (new)
- Dr. Beat Kälin as member of the Remuneration Committee (established member)
- Prof. Dr. Roland Siegwart as member of the Remuneration Committee (established member)

for a period of office extending until the conclusion of the next ordinary Annual General Meeting.

### **4.3 Re-election of the independent proxy**

The Board of Directors proposes that Thomas Tschümperlin, lawyer and notary, Lucerne, be re-elected independent proxy until the conclusion of the next ordinary Annual General Meeting.

Thomas Tschümperlin, born 1956, has been a partner of the law firm of Fellmann Tschümperlin Lötscher AG in Lucerne since 1985. He advises clients primarily on legal issues related to inheritance law, commercial and company law, real estate transactions, and brand and copyright law. Neither Thomas Tschümperlin nor his law/notary offices maintain any close relationships with management bodies or significant shareholders of Komax Holding AG. They also do not cultivate any significant commercial relationships with Komax Holding AG that go beyond the mandate of acting as independent proxy.

### **4.4 Re-election of the external auditors**

The Board of Directors proposes that PricewaterhouseCoopers AG, Basel, be appointed auditors for a period of one year.

PricewaterhouseCoopers AG, Basel, have been statutory auditors to Komax Holding AG and auditors of the Komax Group's consolidated financial statements since 1994. PricewaterhouseCoopers AG, Basel, have confirmed to the Board of Directors of Komax Holding AG that they have the required independence to carry out such a mandate.

## **5. Compensation**

### **5.1 Advisory vote on the Compensation Report for the 2017 financial year**

The Board of Directors proposes that the Compensation Report for the 2017 financial year be approved in a non-binding advisory vote.

#### **Notes on the proposal**

The Compensation Report provides an overview of the compensation principles and programs applicable to the Board of Directors and the Executive Committee of Komax, as well as details related to the compensation awarded to these two bodies for the 2017 financial year. The vote on the Compensation Report 2017 is consultative and is conducted in line with the recommendations of the "Swiss Code of Best Practice for Corporate Governance."

The Compensation Report can be found as a separate chapter in the 2017 Annual Report and online at [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report).

## 5.2 Approval of the total compensation payable to the Board of Directors for the 2019 financial year

The Board of Directors proposes that the total compensation payable to the Board of Directors for the 2019 financial year, amounting to a maximum of CHF 1 100 000, be approved.

### Notes on the proposal

The proposed amount of compensation payable for the 2019 financial year includes the basic annual fee, attendance fees and share-based compensation (incl. compensation for work on both committees of the Board of Directors). It is based on a body size of six members, and breaks down as follows:

in CHF	
Basic annual fee and attendance fees in cash <sup>1</sup>	900 000
Share-based compensation <sup>2</sup>	200 000
<b>Total<sup>3</sup></b>	<b>1 100 000</b>

<sup>1</sup> Contains flat-rate expenses and employer contributions to social insurance amounting to around CHF 65 000. This amount entitles members of the Board of Directors to draw the maximum insured pension benefits in the future.

<sup>2</sup> Market value at time of allocation. This figure does not take into consideration changes to the share price during the lock-in period.

<sup>3</sup> The proposed total compensation amounts do not fully utilize the limits specified in the Articles of Association.

The compensation actually awarded, including the non-binding breakdown of individual compensation components listed in the table above, will be disclosed in the 2019 Compensation Report and submitted to shareholders at the 2020 Annual General Meeting for an advisory vote. The amount of compensation payable to the Board of Directors will be approved in accordance with Section 13 of the Articles of Association and in compliance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO). The principles of compensation are set out in Section 25 of the Articles of Association. You will also find further details in the 2017 Compensation Report.

## 5.3 Approval of the total compensation payable to the Executive Committee for the 2019 financial year

The Board of Directors proposes that the total compensation payable to the Executive Committee, amounting to a maximum of CHF 4 230 000 for the 2019 financial year, be approved.

### Notes on the proposal

The proposed maximum amount of compensation payable for the 2019 financial year breaks down as follows:

in CHF	
Fixed compensation in cash	1 700 000
Variable compensation (cash bonus) <sup>1</sup>	1 150 000
Performance Share Units (PSU) <sup>2</sup>	950 000
Social benefits <sup>3</sup>	350 000
Other payments <sup>4</sup>	80 000
<b>Total<sup>5</sup></b>	<b>4 230 000</b>

<sup>1</sup> Maximum variable compensation at maximum performance achievement level.

<sup>2</sup> The allocation of PSUs is calculated on the basis of a fixed allocation amount and the share price at the point of allocation. This figure assumes maximum performance achievement, under which the target number of originally allocated PSUs is multiplied by a payout factor of 150%. The payout factor depends on the average development of the RONCE over three years. This figure does not take into consideration changes to the share price during the vesting period.

<sup>3</sup> Contains mandatory employer contributions to social insurance as well as contributions to occupational benefits (BVG). This amount entitles members of the Executive Committee to draw the maximum insured pension benefits in the future.

<sup>4</sup> Expenditure compensation for members of the Executive Committee seconded abroad, e.g. tax equalization payments and housing.

<sup>5</sup> The proposed total compensation amounts do not fully utilize the limits specified in the Articles of Association.

The proposed amount of compensation payable is based on a body size of five members and therefore includes an increase of three members (planned as per 1 January 2019). By expanding the body in this way, the company is creating an organizational structure that reflects the strong growth of recent years and at the same time continues to ensure good corporate governance.

The compensation actually awarded, including the non-binding breakdown of individual compensation components listed in the adjacent table, will be disclosed in the 2019 Compensation Report and submitted to shareholders at the 2020 Annual General Meeting for an advisory vote. The amount of compensation payable to the Executive Committee will be approved in accordance with Section 13 of the Articles of Association and in compliance with ERCO. The principles of compensation are set out in Section 25 of the Articles of Association. You will also find further details in the 2017 Compensation Report.

## Further information

### Documents

The 2017 Annual Report (including the 2017 Compensation Report) and the 2017 Auditors' Reports, the minutes of the last Annual General Meeting and the proposals of the Board of Directors are available for inspection by shareholders at the registered office of the company in Dierikon from 20 March 2018. The Annual Report (including Compensation Report) can also be found at [www.komaxgroup.com/annual-report](http://www.komaxgroup.com/annual-report) and ordered online.

### Voting entitlement and admission tickets

All shareholders entered in the share register at 5.00 p.m. on 12 April 2018 are entitled to vote in respect of the number of shares registered in their name at that time. Shareholders who were entered in the share register as per 14 March 2018 will receive the registration and subscription slip for admission tickets, a short version of the Annual Report, and the Compensation Report. They are requested to sign the registration slip and return it by 12 April 2018 at the latest. The admission ticket and ballot documentation will be forwarded by mail following completion of the registration process (dispatched from 3 April 2018). Shareholders who acquire shares later and whose registration application is received by the Komax Holding AG share register no later than 5.00 p.m. on 12 April 2018 will receive their invitation subsequently, or ballot materials will be waiting for them at the front desk of the Annual General Meeting. Shareholders who dispose of their shares before the Annual General Meeting are no longer entitled to vote. In the event of a partial sale or purchase of additional shares, the entry ticket received should be exchanged at the front desk on the date of the Annual General Meeting.

### Representation and power of attorney

Shareholders who wish to be represented at the meeting are requested to sign the power of attorney on the registration slip and return it. The representative may be another holder of registered shares or an individual who is independent of the company. Based on Art. 30 para. 1 of ERCO, the Board of Directors has appointed the lawyer Thomas Tschümperlin, Fellmann Tschümperlin Lötscher AG, Löwenstrasse 3, P.O. Box 6770, 6000 Lucerne 6, Switzerland, as that independent person. Shareholders may issue their proxy with voting instructions. Please note that family members who are not shareholders themselves may not exercise representation rights.

If no instructions are issued with respect to the proposals contained in the invitation and/or no general instructions are issued, the independent proxy will exercise the relevant votes on the corresponding resolution in favor of the proposal of the Board of Directors.

### Issue instructions or order admission tickets electronically

Shareholders can order admission tickets, issue power of attorney for voting representation and instruct the independent proxy on the exercising of voting rights online at [www.netvote.ch/komax](http://www.netvote.ch/komax). Login details will be sent to shareholders together with the written documentation for the AGM. You can issue instructions online at any time up to 12.00 a.m. (CET) on 17 April 2018.

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