Report to fiscal year 2017

MEYER BURGER

Key Figures

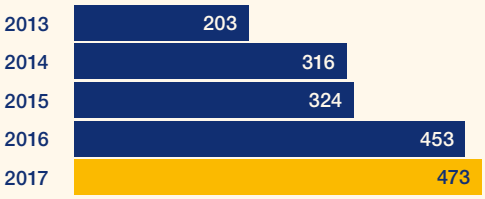
Consolidated income statement

in TCHF	2017	2016
Net sales	473 256	453 105
Operating income after costs of products and services	194 818	211 260
in % of net sales	41.2%	46.6%
EBITDA	12 364	10 530
in % of net sales	2.6%	2.3%
EBIT	–19 308	–44 355
in % of net sales	–4.1%	–9.8%
Net result for the year	–79 339	–97 144

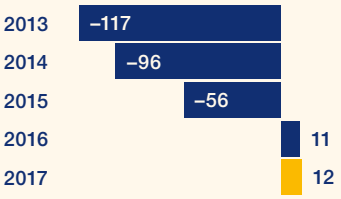
Consolidated balance sheet

in TCHF	31.12.2017	31.12.2016
Total assets	469 983	629 889
Current assets	275 930	412 159
Non-current assets	194 052	217 729
Current liabilities	163 938	271 141
Non-current liabilities	63 088	124 323
Equity	242 957	234 424
Equity ratio	51.7%	37.2%

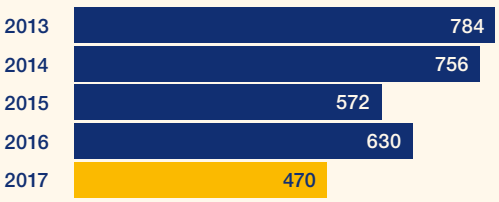
Net sales in CHF million



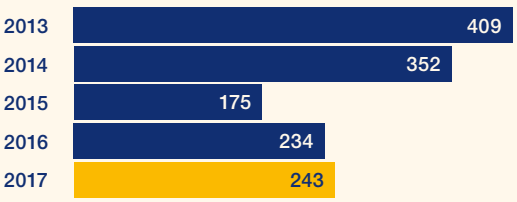
EBITDA in CHF million



Total balance sheet in CHF million



Equity in CHF million



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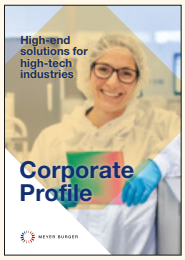


Annual Report 2017

The Annual Report 2017 consists of two parts: Company Profile and Report to Fiscal Year 2017. Both documents are available on the company website: https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/financial-reports-publications/

Management Report 2017

Markets and customers

Photovoltaic (PV) installations rose again strongly in 2017, with annual newly installed PV capacity at private and commercial end users reaching about 100 GW for the first time in history. Only five years ago, the comparable number of installed capacity was 38 GW (in the year 2013). With another strong growth rate of about 33% in 2017, the cumulative globally installed capacity has reached 400 to 410 GW at year-end 2017. China has once more been the leading market in the installations and reaches around 130 GW of cumulative installed PV capacity at year-end 2017.

The many commitments and government plans worldwide to expand solar-driven power in countries like China, India, Turkey, Japan or Germany, but also the Paris agreement signed by 195 nations at the UN Climate Change Conference in December 2015 to confine global warming from greenhouse gases to well below 2 degrees, are expected to continue driving the installations and the use of solar and other renewable energies (e.g. wind) in the next 20 to 30 years. As of February 2018, 175 nations have ratified the Paris agreement. Despite the fact that the current US administration has announced its plans to withdraw from the agreement, even in the US there have been several States like California, Colorado, Massachusetts, New York, Oregon, Washington and others confirming that they will carry on to respect and uphold the terms set in the Paris agreement.

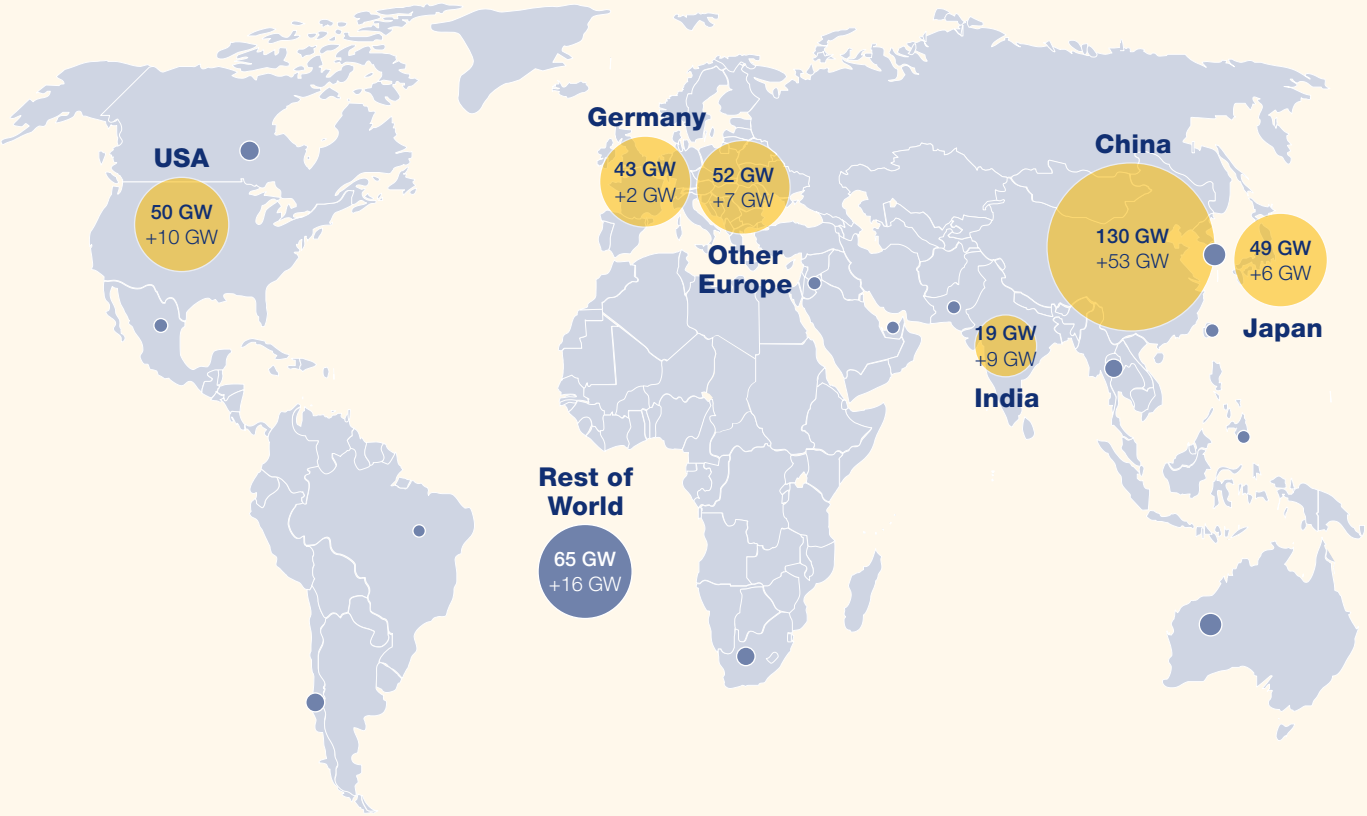
The positive long-term development and growth of the global PV industry is expected to continue: Renowned and independent industry experts (e.g. SolarPower Europe, IHS Markit or PVMA) expect further strong annual growth rates in additional installed PV capacity at end users to occur in the next five years leading to close to 1,000 GW of total installed solar capacity by the year 2021. The IEA International Energy Agency for example also forecasts a further rapid deployment of solar photovoltaics, led by China and India, which will help solar to become the largest source of low-carbon capacity by 2040, by which time the share of all renewables in total power generation is expected by IEA to reach 40%.

Nearly 1 TW (1,000 GW) total installed solar power possible by 2021.

Source: SolarPower Europe

In its direct customer markets, i.e. manufacturers of solar wafers, cells and modules, Meyer Burger experienced strong momentum, especially for cell technologies. Due to the continuing strong growth in end installed PV capacity, utilisation rates of existing production lines with many of our customers were at a high level. This fact and the continuous pressure on prices for solar modules as well as increasing requirements for further module efficiency enhancements have led many customers to order either upgrade technologies or to expand their production capacities. As a result, Meyer Burger achieved in 2017 total incoming orders of CHF 561 million, which represents by far the highest level of incoming orders for the past six years.

Globally installed PV capacity (end-market)



Note: Estimated nominal GW as at year-end 2017; Delta reflects change compared to previous year
Sources: SolarPower Europe, Energy Trend, Apricum, Meyer Burger estimates

Reshaping Meyer Burger Group to secure future profitability

Despite the strong order intake, the Executive Board and the Board of Directors had to take some tough decisions in 2017 to further optimise the company's cost base and to concentrate its product portfolio. A detailed analysis of market opportunities led to decisions in the first half of 2017 to discontinue the proprietary diamond wire production for PV applications at Diamond Materials Tech ("DMT") in Colorado Springs, USA, and to close the manufacturing site in Minhang, China. In December, Meyer Burger divested the remaining non-PV related diamond wire production business of DMT to Thermocompact Group for an amount of about USD 6 million in cash.

In November, the company announced a reorganisation of its production site in Thun which will be carried out during fiscal year 2018. As a result, all manufacturing activities in Thun are expected to be discontinued by the end of 2018. In the Wafering business, with 85% of PV wafers manufactured in China, Meyer Burger will move the production of diamond wire saws from Thun to China in order to achieve more flexible cost structures, reduce delivery time and costs and further increase customer proximity. In Modules, the company is going to focus its resources on establishing SmartWire Connection Technology (SWCT™) as an industrial standard, and will discontinue the Busbar and JT laminator technologies. For Solar Systems, which mainly addresses the Swiss market with its MegaSlate® products for building integration, the company is evaluating strategic alternatives. The decision to restructure the Thun site had become necessary, as the existing manufacturing capacities have been significantly underutilised. The transformation of the site will reduce this excess capacity and cost. The resulting measures are affecting up to

160 positions mainly in manufacturing, logistics, purchasing and production planning in Thun and are carried out over the next 12 months. The relevant consultation procedure took place between 2 November and 28 November 2017. In future, the Thun site will mainly be dedicated to global sales and marketing, services, research and development and headquarter functions.

These decisions were not easily taken by the Executive Board and the Board of Directors. But they were unavoidable and necessary to improve Meyer Burger's operating efficiency and to secure the future profitability of the Group.

Management discussion and analysis of results

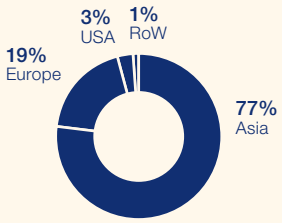
Incoming orders

Meyer Burger experienced a strong momentum in incoming orders during fiscal year 2017. Total volume in new orders increased by 23% compared to the previous year and reached CHF 560.7 million (2016: CHF 455.6 million). In the Photovoltaics segment, Meyer Burger won a number of large orders, especially in MB PERC/MAiA technologies, Heterojunction technology, SiNA technology, and diamond wire saws in a total amount of about CHF 243 million (2016: CHF 146 million). The Specialised Technologies segment also achieved important orders in the various markets that are addressed by this segment.

Incoming orders of CHF 560.7 m at the highest level since 2011.

The total order backlog amounted to CHF 343.8 million as at 31 December 2017, representing an increase of 40% compared to the previous year (31.12.2016: CHF 244.5 million). This provides a solid starting position for the new fiscal year 2018. The book-to-bill ratio (incoming orders to net sales) was 1.18 (2016: 1.01).

Net sales by markets in 2017 in %



Net sales

Net sales increased by 4% to CHF 473.3 million (2016: CHF 453.1 million). Adjusted for currency effects and the divestment of the DMT operations, the organic sales growth of our continuing operations amounted to 3%. As expected at the time of our publication of the half-year report in August 2017, the second half-year was substantially stronger in terms of net sales (H2: CHF 261.0 million) than the first half-year period (H1: CHF 212.3 million).

The breakdown in net sales changed as follows compared to the previous year: Asia remained by far the most important market with 77% of net sales (2016: 71%), Europe reflected 19% (2016: 23%), USA 3% (2016: 5%) and the rest of the world 1% (2016: 0.5%) of net sales 2017.

Operating income after costs of products and services

Operating income after costs of products and services amounted to CHF 194.8 million (2016: CHF 211.3 million), reflecting a margin of 41.2% (2016: 46.6%). The operating income in 2017 includes several adverse effects, such as currency translation losses on trade receivables and customer prepayments of CHF –14.5 million (2016: gains of CHF +1.4 million), inventory provision mainly in connection with streamlining the product portfolio of CHF –14.4 million, warranty provision for update/replacement of solar modules installed in years 2008–2009 of CHF –3.0 million and the closure of the production site in Minhang, China of CHF –1.9 million. Adjusted for these adverse effects, the adjusted operating income after costs of products and services would be at CHF 229.2 million and the normalised margin in 2017 would have been 48.4% compared to a normalised margin of 48.3% in 2016.

Operating expenses

Meyer Burger completed its cost reduction initiatives in conjunction with the structural programme (announced end of September 2016) by the end of June 2017. The company continued to optimise its costs throughout 2017 by various additional measures, such as the discontinuation of diamond wire production at DMT, closure of the Minhang manufacturing site, reorganisation of the Thun site, as described in detail above. In total, over 240 employment contracts were terminated within the scope of these measures during 2017, resulting in a reduction of 229 FTEs as per 31 December 2017 compared to the previous year. At year-end 2017, Meyer Burger employed 1,276 FTEs (2016: 1,505 FTEs).

Due to the strong order intake and the high order backlog, the number of temporary employees was increased from 80 as of year-end 2016 to 175 as of year-end 2017. These additional temporary workers were needed to handle the higher production volumes, mainly at our site in Hohenstein-Ernstthal, Germany.

Personnel expenses declined by CHF 14.8 million or 10% to CHF 135.7 million in fiscal year 2017 (2016: CHF 150.5 million). This proves that Meyer Burger has significantly reduced its fixed cost base and has achieved a more flexible organisation. Other operating expenses also declined by an amount of CHF 3.5 million or 7% to CHF 46.7 million (2016: CHF 50.2 million).

EBITDA

EBITDA reached CHF 12.4 million in fiscal year 2017 (2016: CHF 10.5 million). Without the adverse effects mentioned above in section operating income, EBITDA on an adjusted basis amounts to CHF 46.5 million (2016: comparably adjusted EBITDA of CHF 13.6 million).

EBIT

Depreciation and amortisation came to a total of CHF 31.7 million (2016: CHF 54.9 million) and is divided as follows: CHF 12.4 million mainly for scheduled depreciation of property, plant and equipment and CHF 19.3 million mainly for scheduled amortisation of intangible assets, which resulted mainly from the M&A activities in 2011 and previous years. The result at EBIT level amounted to CHF –19.3 million (2016: CHF –44.4 million). The adjusted EBIT would be at CHF +14.8 million.

Financial result

The financial result, net, was CHF –10.3 million (2016: CHF –20.3 million). Financial expenses in fiscal year 2017 include the interest expenses for the straight bond (redeemed in May 2017) and the convertible bond of CHF –9.5 million (2016: CHF –12.8 million). The valuation of intercompany loans to foreign subsidiaries led to financial income from unrealised positive foreign currency translation effects of CHF +5.7 million (2016: CHF +0.04 million). In addition, there were other unrealised foreign currency translation effects of CHF +1.0 million (2016: –1.3 million), interest expenses for mortgage loans and other interest expenses in a total amount of CHF –1.7 million (2016: CHF –1.9 million), other financial expenses of CHF –6.4 million (2016: CHF –4.6 million) and interest income of CHF +0.6 million (2016: CHF +0.4 million).

Extraordinary result

With the divestment of the non-PV related diamond wire production activities to Thermocompact Group for an amount of USD 6 million (CHF 5.9 million) in December 2017 (PV related business already discontinued during the first half-year 2017), Meyer Burger extracted some residual value and cash flow from its previous DMT operations. Under Swiss GAAP FER 30, Meyer Burger had in 2013 offset goodwill resulting from acquisitions against equity. In case of a divestment of an entity, Swiss GAAP FER accounting standards require the recycling of the associated goodwill through the income statement. Accordingly, Meyer Burger had to record an extraordinary non-cash expense of USD 22.5 million (CHF 22.2 million) in connection with the goodwill recycling from this divestment. The net charge of the DMT transaction in the income statement amounted to CHF –18.2 million (2016: CHF –11.9 million). It is important to note however that the goodwill recycling of CHF 22.2 million in 2017 does not affect the company's equity.

Furthermore, costs in relation to the announced reorganisation and the discontinuation of manufacturing activities at the site in Thun are also included in the extraordinary result. The decision to implement this programme led to extraordinary one-off cash related expenses of CHF 4.7 million for personnel expenses (cash-out will be in 2018) as well as extraordinary one-off non-cash related expenses of CHF 25.9 million for value adjustments on inventories, impairment on the facilities in Thun and impairment on other assets (2016: CHF 0).

Taxes

Tax expenses were CHF 0.9 million (2016: tax expenses of CHF 20.6 million). Tax expenses in 2017 are related to current income taxes on profits of the period of CHF –2.6 million and deferred income taxes of CHF +1.8 million.

Net result

The net loss for fiscal year 2017 was reduced to CHF –79.3 million (2016: CHF –97.1 million). The net result per share was CHF –0.14 (2016: CHF –0.30). On an adjusted basis, without the adverse effects that influenced the results above the EBITDA line and excluding the one-off items in the extraordinary result, net result would have amounted to CHF –3.1 million in fiscal year 2017 (2016: comparably adjusted net result of CHF –55.3 million).

Redemption of CHF 130 million 5% straight bond and conversion of CHF 71.3 million 5.5% convertible bond influence balance sheet positively.

On the maturity date of 24 May 2017, Meyer Burger redeemed the CHF 130 million 5% straight bond at nominal value. Furthermore, the strong share price performance in 2017 gave Meyer Burger the opportunity to launch a voluntary incentive offer to holders of the CHF 100 million 5.5% convertible bond due 2020. The company offered to pay a cash incentive of CHF 250 per CHF 5,000 principal amount of the bonds to bondholders who elected to exercise their right to convert their bonds into Meyer Burger shares at the end of November, early December 2017. As a result of this incentive offer and some minor additional conversions, CHF 71.3 million of convertible bonds was converted during December 2017. Through the repayment of the straight bond in May 2017 and the conversions of the convertible bond in December 2017, liabilities in the company's balance sheet were reduced by CHF 194.7 million. The equity on the other hand was strengthened by CHF 64.0 million.

Balance sheet as at 31 December 2017

The redemption of the straight bond led to a contraction of the balance sheet total. The balance sheet total was CHF 470.0 million as at 31 December 2017 (31.12.2016: CHF 629.9 million). Cash and cash equivalents declined with the repayment of the CHF 130 million straight bond and stood at CHF 124.7 million. Inventories were CHF 83.3 million, property, plant and equipment CHF 91.1 million, intangible assets CHF 24.4 million and deferred tax assets CHF 76.9 million.

Total liabilities came to CHF 227.0 million, of which trade payables were CHF 30.0 million, customer prepayments CHF 67.1 million, provisions CHF 17.4 million and financial liabilities CHF 57.5 million. The financial liabilities include a loan secured by mortgage certificates in an amount of CHF 30.0 million (on building in Thun) and a value of CHF 26.1 million for the remaining convertible bonds that have not been converted yet as well as CHF 1.4 million of other loans.

Equity ratio of 51.7% as at 31 December 2017.

Equity stood at CHF 243.0 million as at 31 December 2017 (31.12.2016: CHF 234.4 million). The equity ratio at year-end 2017 was 51.7% (31.12.2016: 37.2%).

Cash flow

Cash flow from operating activities was CHF +12.8 million (2016: CHF +2.6 million). The improvement is mainly due to the reduced cost base.

Cash flow from investing activities amounted to CHF +2.5 million (2016: CHF –9.0 million). The net cash flow from investments into property, plant and equipment was CHF –6.4 million. Proceeds from the sale of the DMT business activities were CHF +5.9 million, and proceeds from the sale of securities (straight bonds) were CHF +3.1 million net.

Cash flow from financing activities was CHF –139.0 million (2016: CHF +151.5 million), mainly due to the repayment of the 5% straight bond in May 2017 and to the purchase of treasury shares and shares of Meyer Burger (Germany) GmbH.

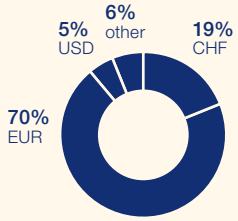
R&D investments

Meyer Burger continued its programme on R&D investments in 2017. A total of CHF 43.4 million or about 9.2% of net sales was invested in R&D in 2017 (2016: CHF 46.7 million; 10.3% of net sales). Research and development expenses are not capitalised in the balance sheet, but recognised as an expense in Meyer Burger's income statement. A total of 232 employees (FTE) worked in research and development at year-end 2017 (2016: 307 FTE).

Currencies

In 2017, 19% of net sales were generated in Swiss Francs (2016: 18%), 70% in Euro (2016: 70%) and 5% in US Dollars (2016: 7%). Other currencies reflected 6% (2016: 5%). Meyer Burger strives to have as great a share of sales as possible in the currencies in which subsidiaries provide their services. To hedge against residual currency risks, the company uses forward currency contracts where necessary. It does not hedge against foreign currency risks on the carrying amounts of foreign subsidiaries or on the conversion of the earnings of foreign companies, however.

Net sales by currencies in 2017



Risk management

Meyer Burger uses various risk management instruments to manage the strategic, financial and operational risks facing the Group. The Board of Directors has primary responsibility for evaluating strategic risks. Financial and operational risks are mainly assessed by the Executive Board of Meyer Burger Technology Ltd. The results are submitted to the Board of Directors at regular intervals and any necessary counter-measures determined. Risk management is integrated within the company's management processes and involves, in particular, Planning, Finance & Controlling, Internal Audit, Production & Logistics, Research & Development, Product Management, Sales, IT, Corporate Communications, Human Resources, and external Tax and Legal Consulting.

→ For information about financial risk management see Note 3 on page 95.

Occupational safety is also of importance to Meyer Burger. Risks are minimised and a high degree of process safety achieved through careful analysis of operating procedures and the provision of employee training.

→ For information about employees see the next section and the corresponding part of the Sustainability Report on page 19.

Corporate Brand

Combines and represents the entire portfolio of systems, machines, solutions and services across all Meyer Burger organisational units.

MEYER BURGER

Workforce

Employees (FTE)	2017	2016[1]	2016	2015	2014	2013
Total at year-end	**1276**	1435	1505	1525	1752	1781
Production, Logistics	587	605	643	613	661	675
Research, Development	232	297	307	338	395	382
Sales, Services	322	345	359	367	475	507
Finance, Administration	135	188	196	207	221	218

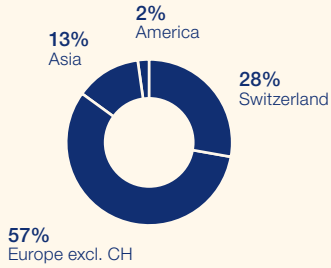
[1] Number of FTE as at 31 December 2016, adjusted by 70 people who had already left the company as at year-end 2016 in conjunction with the structural programme.

Employees

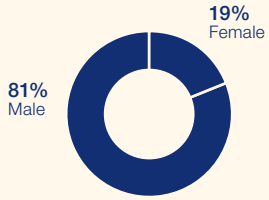
At the end of 2017, Meyer Burger employed over 1,300 people. The number of employees with permanent working contracts was 1,276 FTE at year-end 2017 (2016: 1,505 FTE). In addition the Group employed 175 temporary full-time workers (2016: 80 temporary employees). As already mentioned in sections "Operating expenses" and "Reshaping Meyer Burger to secure future profitability", the optimisation measures executed in 2017 as part of the structural programme 2016, the closure of the Minhang site, the discontinuation of DMT's operations, and the reorganisation of the Thun site were the major factors for the number of employees to decline by a total of 229 FTE during fiscal year 2017. The average number of full-time employees in 2017 was 1,341 FTE (2016: 1,539 FTE).

→ For more information on Human Resources issues see page 19.

Employee structure by region in 2017 in %



Employee structure by gender in 2017 in %



Innovation and technology

Wafering

The focus in wafer technology was on the ongoing optimisation of the DW288 Series 3 model which was successfully introduced in 2016. The applicable wire diameters were further decreased, which paved the way for an industry standard wire diameter of 60 µm. Attention was also focused on the process development for multi-crystalline material. Stable processes were developed which enabled the DW288 Series 3 to also be used for multi-crystalline material, which is a much more challenging material to cut. An important result of these successful development efforts was a commercial sale to REC in Singapore who opted in favour of completely switching its slurry cutting process to a diamond wire based process on the DW288.

At the same time, a new wire saw generation was successfully developed which should set a new technological standard in the solar industry with its productivity boost of up to 40%. This new platform is also capable of cutting with ultrathin wires which enable a reduction in silicon usage to under 2 g/Wp. This technological development will further significantly reduce costs within the value chain for solar modules. The development work was also carried out jointly with a key European customer.

The year 2017 was also marked by heightened interest in wire saw applications outside of the solar industry. In particular, diamond wire saw technology was in demand for production of wafers for the semiconductor industry, with diameters of up to 12" (300 mm), and was thus a main object of research and development. It was also possible to successfully address traditional processing with slurry techniques for wafer sizes of up to 12" for the semiconductor industry. Wire saw applications for sap-

phire applications and wafers made of silicon carbide were successfully handled based on the DW288 platform.

In the area of wafer measurement technology, Meyer Burger was able to maintain and expand its leading position in the market after becoming the world's first company to succeed in measuring multi crystalline wafers cut using diamond wire on an industrial scale with the WIS wafer inspection system. The throughput of the WIS platform was increased to a rate of 7,000 wafers per hour.

Cell

In the global solar industry the implementation of passivated emitter rear cell (PERC) technology continued significantly in 2017 reaching about 30 GW by the end of the year. Meyer Burger's PERC solution based on the industry-leading MAiA® platform maintained its market leadership despite an increase in the market share held by industry competitors. While the latter rely exclusively on a single process – atomic layer deposition (ALD) – for pure deposition of aluminum oxide (AlOx), it was possible for Meyer Burger's research and development to realise further applications within a single machine platform thanks to the modular design of the MAiA® platform. While the successful MAiA® 2.1 model covers the two required PERC process steps for passivation of the rear of solar cells (aluminum oxide and silicon nitride), a new product was developed based on the MAiA® platform and presented to the market that combines all three required coating procedures for a PERC solar cell (silicon nitride on the front, aluminum oxide + silicon nitride on the back) in a single machine ("3-in-1"). For this development, too, Meyer Burger was in close contact with key customers from the beginning and was able to partner with a leading international Chinese company. This initial customer project for the new FABiA 4.1 was successfully completed with exceptional customer results in 2017. In the past year passivating aluminum oxide coating thicknesses were also cut in half compared to the year 2016, generating immense cost savings along with higher efficiency for Meyer Burger's customers.

With its modular design, the MAiA® platform is constructed to further adapt and modularly integrate necessary process steps that may be required in future. It was possible to implement a plasma treatment of the solar cell emitter which improves the passivation of the front of the solar cell, leading to higher efficiency. Further applications along the evolutionary solar cell roadmap are under development, e.g. solutions for producing passivated contacts on the MAiA® platform. In 2017, some initial solar cell trials were completed on the MAiA® platform for these future applications. They achieved exceptionally high efficiency of >22% for an n-type-based PERT solar cell. Meyer Burger works intensively on these development topics in cooperation with globally renowned research institutes such as Fraunhofer (Germany), ISFH (Germany), UNSW (Australia), CSEM (Switzerland) and SERIS (Singapore).

With a view to further reducing non-productive phases of the MAiA® platform for customers, intensive efforts were begun in 2017 to continue cutting the time required for preventive maintenance work. Here, Meyer Burger is taking advantage of the statistical evaluation of machine data, meaning solutions from Industry 4.0. The specific handling of topics of this kind is facilitated by Meyer Burger's wholly owned subsidiary, AIS Automation GmbH – a trailblazer in Industry 4.0. Exploitation of forward-looking Industry 4.0 technologies will remain a focal area of development activities in the year 2018.

In the heterojunction (HJT) area – a strategic project for Meyer Burger – industrialisation of this technology was completed. The HJT production line with a nominal 25 MW p.a. capacity constructed for demonstration and industrialisation purposes at Meyer Burger met all goals defined for it in 2017. Meyer Burger surpassed an efficiency mark of 24% for a solar cell when it successfully recorded a 24.02% heterojunction cell efficiency using a measurement procedure confirmed by Fraunhofer ISE. By the end of the year, HJT solar cell technology held a leading global position in the PV market when average HJT cell efficiencies reached 23%. A total yield of 98.5% was demonstrated for the HJT solar cell process. In 2018, research and development will continue its efforts to follow the efficiency roadmap in order to strengthen and expand HJT's commanding lead over PERC/PERT technology. The highly productive and intensive cooperation with Meyer Burger's development partners for heterojunction technology, CSEM (Switzerland) and CEA INES (France), is set to continue in 2018.

Module

In the past financial year, Meyer Burger announced that it would discontinue the products and development efforts in the area of standard busbar and lamination cell connection technologies in order to focus on the future-oriented SmartWire Connection Technology (SWCT™). The development strategy was adapted because Meyer Burger now develops and offers SWCT™ for all solar cell technologies, and not exclusively for HJT. This offers a much greater market potential since all crystalline solar cell technologies can adapt to multi-wire solutions from classic 3-5 busbar solutions. A multi-wire solution like Meyer Burger's SWCT™ holds the promise of higher energy yields thanks to a significant reduction in electrical resistance losses. At the same time, Meyer Burger's SWCT™ solution stands out for increasing solar module lifespan due to the significantly lower thermal stress development compared to competitors' multi-wire solutions. In addition, only Meyer Burger's SWCT™ solution, in combination with HJT solar cells, is capable of processing ultrathin cells of down to 110 µm. In the year 2017, the module research team succeeded in modifying the bill of materials (BoM) for the module in a way that substantially lowers manufacturing costs for customers. Expensive components were replaced while improving module performance (e.g. in the transparency of ultraviolet spectral regions for the embedding materials for SWCT™); and durability and performance underwent preliminary verification based on TÜV certification.

The module development team was also able to verify during field tests that modules with Meyer Burger HJT/SWCT™ technologies achieve, with the same installed nominal power, an energy yield that is up to 30% higher compared to standard modules and 15% higher compared to PERC/PERT modules. These field tests were carried out worldwide across all climate zones (China, USA, Europe, Middle East, etc.). Also in this field intensive cooperation with research institutions such as CEA INES (France), as well as with EPC companies in the solar sector took place.

In the second half of 2017, work began on a strategic development project for the next generation of SWCT™ stringer. Meyer Burger is cooperating with its key customer REC in Singapore in order to ensure a development that is industry-oriented and optimised in terms of costs and scheduling. The customer placed an order for a machine that will be installed on the customer's premises as early as the second quarter of 2018.

Specialised Technologies

This area is of growing and fundamental importance for the Meyer Burger Group since it is capable of increasing the Group's independence from the solar industry. Specialised Technologies thus encompasses all activities and products that do not fall within the photovoltaic application area.

In particular, this area develops and markets solutions related to manufacturing techniques for battery technology, atomic layer deposition (ALD), ion beam treatment of MEMS components, functional coatings using CVD and PVD for special glass and plastics, and microwave applications in the food technology sector. Within this technology area, Meyer Burger successfully industrialised a scratch-resistant coating for plastics and glass and developed an innovative technique for microwave-based pasteurisation and sterilisation of food that delivers extremely high productivity and food safety/quality.

Inkjet technologies also produced very satisfactory results in research and development. Here, further application areas were opened up for metallisation, masking, etc.

Of similar importance are the product and technology developments in Industry 4.0 driven forward by Meyer Burger's wholly owned subsidiary, AIS Automation in Germany. One of its pioneering product developments is a cloud-based, on-demand manufacturing execution system (MES) that was established in the past financial year.

Within its Specialised Technologies area, Meyer Burger likewise works with renowned research institutions such as the Fraunhofer Gesellschaft (Germany), the Holst Center (Netherlands) and a number of globally active key customers. During the year 2018, a special focus will be placed on further exploiting the potential available outside the solar industry.

First Investor Technology Day

Meyer Burger held its first Technology Day for investors at its technology and production site in Hohenstein-Ernstthal, Germany, on 30 November 2017. The event focused on major product innovations and the leading role that Meyer Burger's technologies have played in shaping the PV industry. Aside from a tour through the technology and product centre (see photos), one of the highlights was the presentation of a 335 Watt record module based on Heterojunction cell technology and SmartWire Connection Technology with an average efficiency of 23.5% using commercially available 6-inch n-type wafers. The best cell achieved a busbar-less efficiency of 24.02%.

Outlook

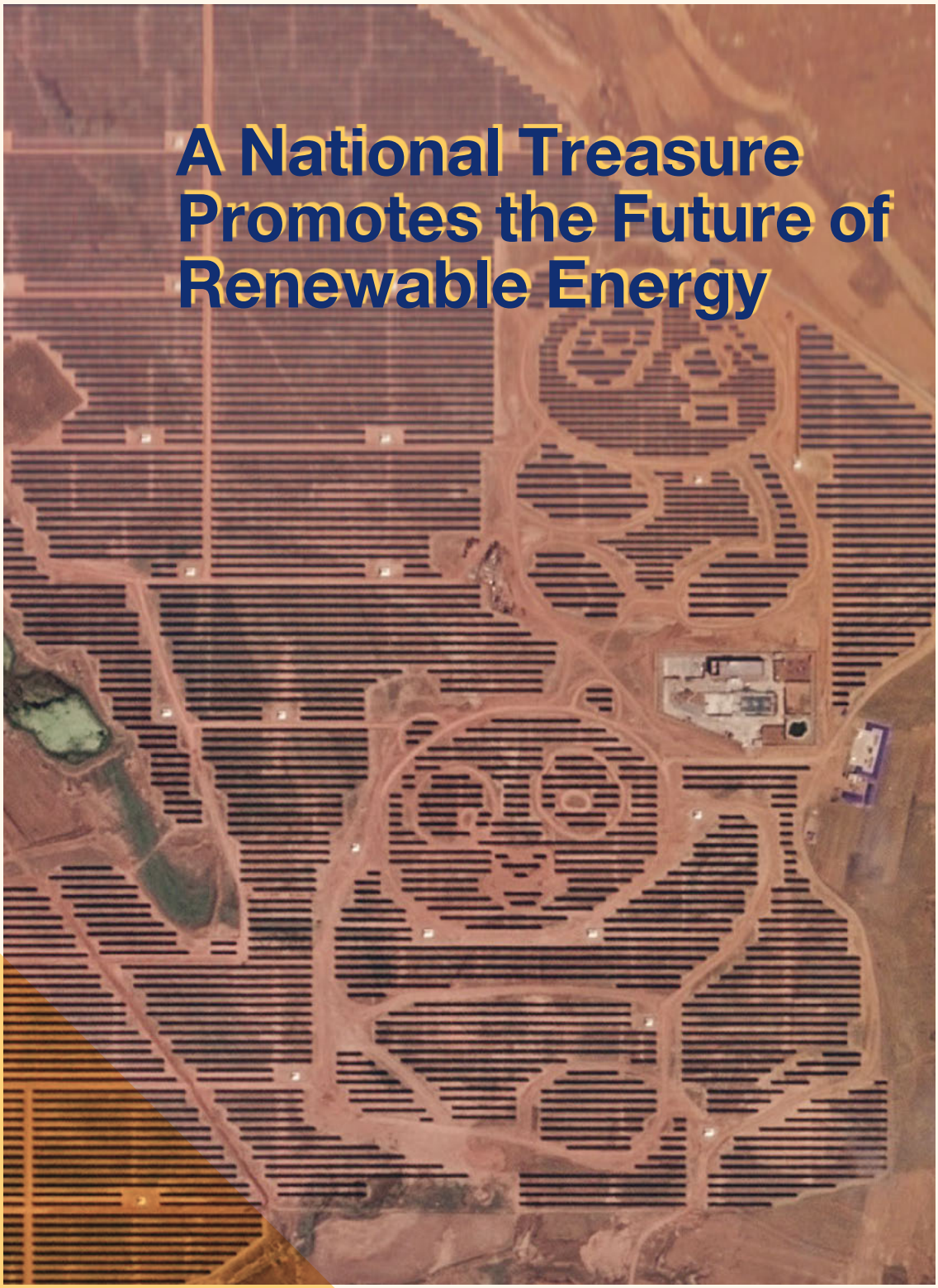
The long-term positives for the PV industry remain intact and further substantial expansion of the end installed PV capacity can be expected for a long time to come. The estimates by IEA (International Energy Agency) that by the year 2050, a total of 4,700 GW in PV capacity could be installed worldwide, shows how far this market can grow over the next 30 years (compared to just above 400 GW installed at the end of 2017).

For our customers, this continuous growth in the end installed PV base means further additional investments to keep up with the technology advances in cell and module efficiency and with the rapid market growth. Meyer Burger is addressing this market potential with its cutting-edge technologies and with a strong global sales and service organisation.

In terms of incoming orders, fiscal year 2018 has started cautiously in January and February (incoming orders of CHF 36.2 million for the first two months). However, based on intensive project discussions with various customers, we expect the order momentum to pick up again during the course of the year.

In terms of net sales, we are targeting to achieve about CHF 450 – 500 million, with an EBITDA margin of about 10%.

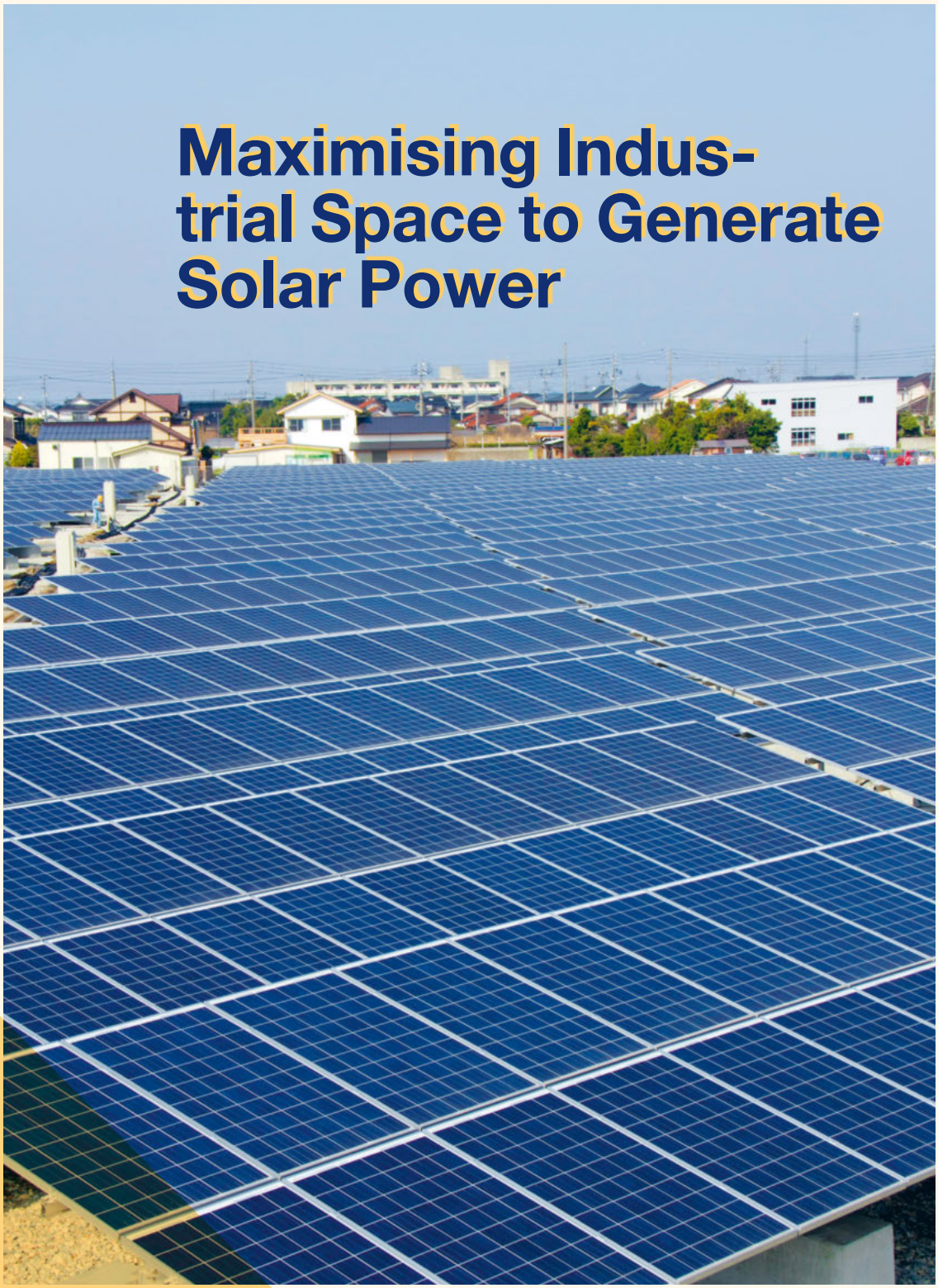
A National Treasure Promotes the Future of Renewable Energy



Jolywood (Taizhou) Solar Technology Co., Ltd.

To promote the global application and development of green energy, the United Nations Development Programme (UNDP) and Panda Green Energy Group launched the international promotion program of panda-shaped solar plants on 1 September 2016. The Panda Solar Stations base their appearance on China's national treasure – the Giant Panda. The 50-MW power plants cover a total area of 248 acres, with the black part composed of monocrystalline silicone. Future objectives plan to up capacity to 100 MW, increasing the capacity of the plant to provide green energy across a wider area in Datong, China and preventing an equivalent of 2.74 million tons of carbon dioxide in the next 25 years.

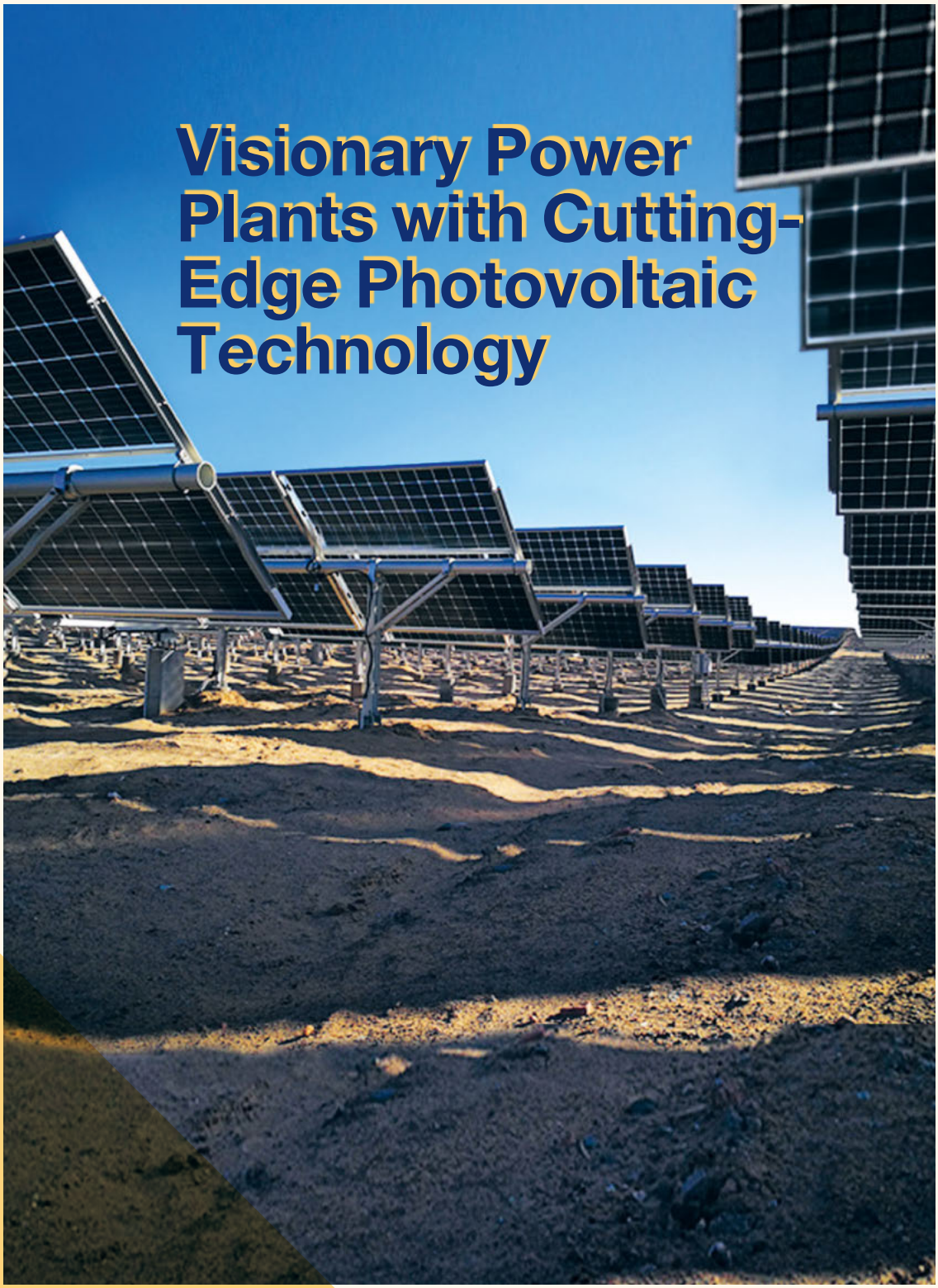
Maximising Industrial Space to Generate Solar Power



REC Group

Built on the grounds of a radio wave transmission station in Yonago, Tottori, Japan, the BSS Yonago solar power plant is comprised of over 7,000 solar panels which are capable of generating 1.7 MW of solar energy; enough to power over 500 households. The ground-mounted PV installation covers an area of 29,400 m^2 and can offset 1,200 tons of CO_2 emissions annually.

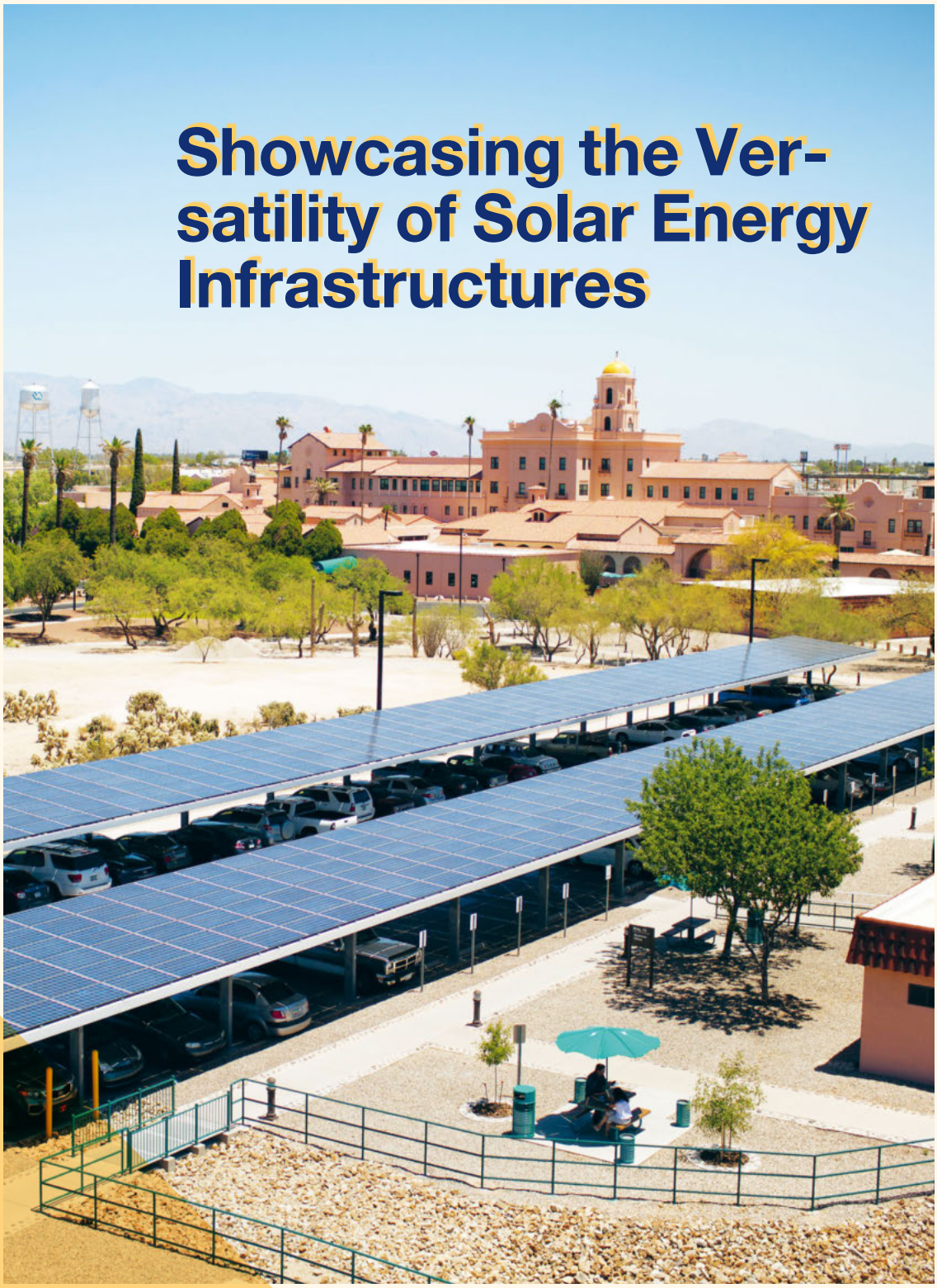
Visionary Power Plants with Cutting-Edge Photovoltaic Technology



LONGi Solar

At the end of 2017, the world's largest bifacial solar power project was connected to the grid in Golmud in China's western province of Qinghai. In total 71 MW of bifacial module capacity was installed as part of a 100-MW power plant. Bifacial PERC modules for the project were supplied by a number of major Chinese module manufacturers. Bifacial solar modules can generate energy on both sides of the module which delivers a significant power gain for power plant operators. Depending on the reflection capabilities of the ground on which a bifacial system is installed (so-called albedo), the energy yield can be between 10 to 30% higher than that of traditional monofacial solar systems.

Showcasing the Versatility of Solar Energy Infrastructures



REC Group

This creative photovoltaic installation not only significantly reduces the power bill, it also provides shade for over 1,700 cars and makes productive use of dormant land. Located at a Veteran Hospital in Arizona, USA, this 4.5 MW installation comprises a 2.9-MW carport roof system and a ground-mounted 1-axis tracker installation of 1.4 MW. While the carport system serves the dual purpose of generating power and providing shade, the tracker was installed on dormant land that was not ideal for any other purpose. Completed in December 2011, the total installation consists of 19,526 solar panels and is expected to produce up to 183,000 MWh of electricity and reduce CO_2 emissions by nearly 122,600 tons over the next 25 years.

Sustainability

Dear stakeholders

The past year was one of challenges and of important achievements for Meyer Burger. Throughout the year we took significant steps to further ensure our sustainable economic future with a strong focus on our return to profitability. At the same time we solidified our leadership in the photovoltaic industry by ensuring our technologies and solutions further contributed to sustainable reductions in the manufacturing costs and production footprints of our customers.

As a technology leader in the PV industry, we are clearly positioned to play a pivotal role shaping the future energy mix. In 2017 we premiered a record 335 Watt solar module which was based on our high efficiency Heterojunction (HJT) cell and SmartWire Connection Technology (SWCT™). The solar module's impressive energy output was confirmed by TÜV Rheinland – Solar Energy Assessment Center Cologne (SEACC). The HJT solar cells were manufactured on Meyer Burger's fully industrialised HELiA PECVD and PVD equipment and connected on our pioneering SWCT™ cell connection platform. This milestone technological achievement not only highlighted our successful research and development progress in delivering cost-competitive PV technologies, it also demonstrated our commitment to permanently lowering the costs per kilowatt hour of solar energy. At Meyer Burger, sustainability plays an important role in our return to profitability.

In 2017 we also remained focused on our economic future as we worked towards reshaping our company. We completed detailed market analyses which lead us to optimize our manufacturing footprint and streamline our product portfolio. These were difficult but necessary decisions for our company to take, especially because they impacted around 240 employees globally. We worked closely with the management and employee representatives throughout the year to ensure that the personnel measures at the impacted locations were carried out in a fair, respectful and socially responsible way. The most significant change we announced was the discontinuation of all manufacturing activities at our production location in Thun, Switzerland, until the end of 2018. Meyer Burger produces equipment used in the wafer and module processes in Thun as well as for building integrated photovoltaics applications. As one of our two main manufacturing locations, the Thun site was also an integral part of our sustainability reporting. For the reporting year 2018, Meyer Burger will include the Thun site in its sustainability reporting to ensure transparency as the scope of activities change to reflect the discontinuation of production.

Although the past year was a very challenging one for Meyer Burger, we achieved our highest level in incoming orders for the past six years and we have a solid order backlog going into the new fiscal year 2018. These positive results motivate all of us to remain focused on our strategic goal of delivering innovative, industrialised manufacturing solutions which meet our customers' manufacturing requirements and result in a real sustainable reduction in the costs per kWh for solar electricity.

Dr Hans Brändle
Chief Executive Officer

Sustainability at the core

Meyer Burger is a global leader in the solar industry with a business model that directly supports sustainable development. The company offers unique, comprehensive technology across the entire photovoltaic value chain with its range of products, systems, and services, including processes in wafers, cells, modules, and solar systems. By continuously improving technologies for utilising solar energy, Meyer Burger is playing a major part in shaping the future energy mix and achieving global climate goals. Meyer Burger's business model directly supports the United Nations Sustainable Development Goal No. 7: Affordable and Clean Energy.

Leading sustainable technology

Meyer Burger strongly believes that only continuous technological development will make it possible to further improve and deliver industry-tested innovations to permanently lower the cost per kilowatt hour of solar energy.

Meyer Burger works closely with its customers and renowned research institutes to develop innovative and sustainable technologies and solutions. It has maintained an above-average investment in research and development over the last decade, ensuring its technology leadership in the photovoltaic equipment market. The company is committed to its clearly stated goal of continuously improving the energy efficiency of its solar technologies while reducing overall manufacturing costs and production footprint, enabling customers to achieve the lowest total cost of ownership in the photovoltaic industry.

In the reporting year, Meyer Burger made further strides in successfully transferring its dedicated, ongoing progress in research and development to the industrial manufacturing level. For example, the company premiered its champion 335 Watt solar module, as measured and confirmed by the Solar Energy Assessment Center Cologne (SEACC) of TÜV Rheinland. The high-efficiency heterojunction (HJT) solar cells in the record-setting 60-cell glass/white backsheet solar module were processed on the industrial manufacturing line operating at the company's production site in Hohenstein-Ernstthal, Germany and connected in Thun using the company's pioneering SmartWire Connection Technology (SWCT). This was an important milestone not only because of the energy level of the module itself but also because it was manufactured using n-type solar wafers, which are readily available on today's market and on an industrialised manufacturing platform. Meyer Burger clearly demonstrated that it can offer its customers technical solutions suitable for mass manufacturing today. This was confirmed by the purchase of two heterojunction solar cell lines in 2017 capable of a total production capacity of up to 200 MW by an Italian solar manufacturer.

Foundations for Sustainable Value Creation

Alongside maintaining technology leadership, achieving profitability and ensuring a long-term future for the company are key goals for Meyer Burger. After implementing a company-wide restructuring programme and successfully completing a recapitalisation in 2016, further steps were taken in 2017 to secure future profitability. In November 2017 Meyer Burger announced that the production site in Thun, which manufactured equipment used in the wafer and module processes as well as for building integrated photovoltaics applications, would be reorganised. All manufacturing activities are expected to be discontinued by the end of 2018. Furthermore, the sales strategy was adjusted, and the product portfolio was further streamlined. These profound changes were necessary to enable a competitive cost structure and build a solid financial base – both crucial for profiting from existing growth opportunities in the solar industry.

Focusing on Material Topics

In order to make the business model's contribution to sustainable development clear and tighten the focus, the material topics for sustainable value creation were reviewed in the previous reporting year. In addition to technology leadership and profitability, decreasing the costs of solar energy and developing resource-efficient products and services rank among the most material topics for Meyer Burger. The materiality matrix depicting the relevance of topics from stakeholder perspective on the y-axis and from the company's perspective on the x-axis can be found below. Meyer Burger has been reporting according to the guidelines of the Global Reporting Initiative (GRI) since 2011. In 2017, Meyer Burger reports according to the new GRI Standards for the first time.

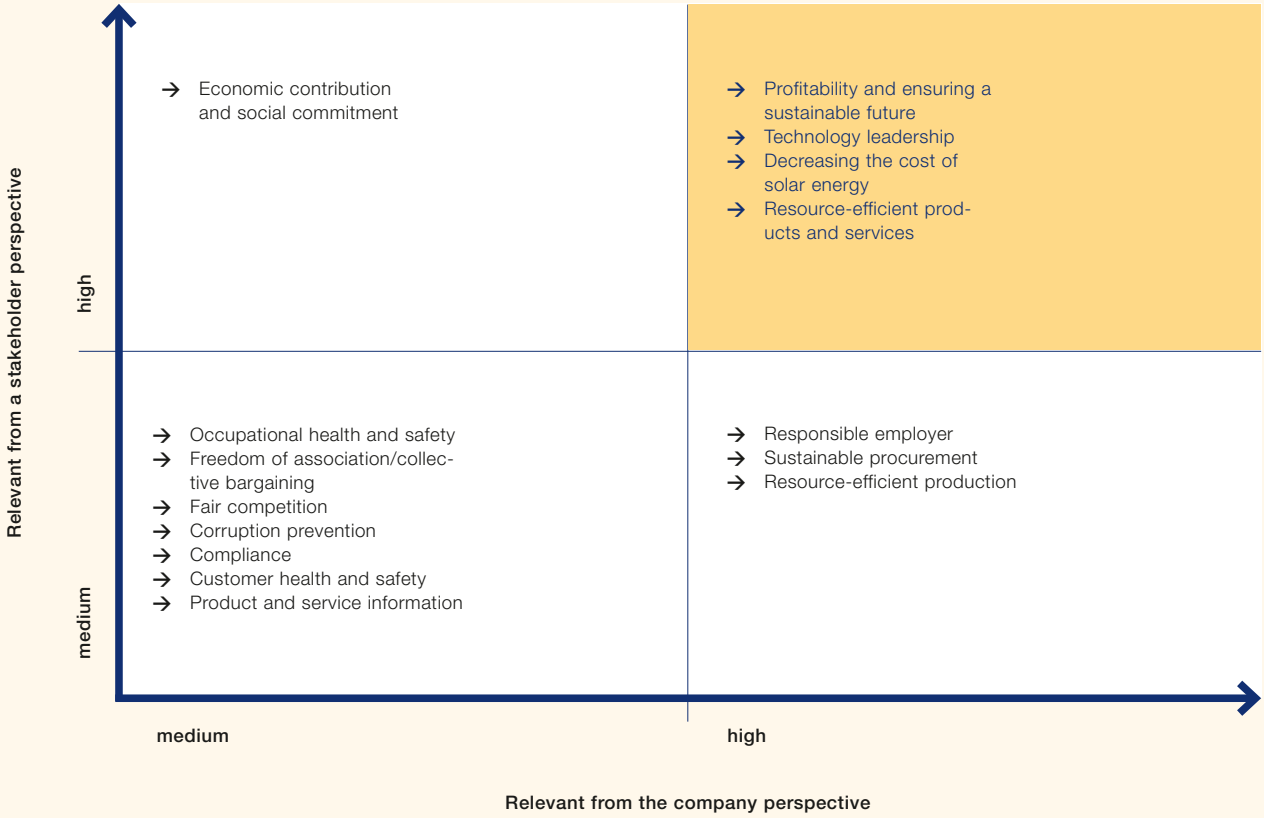
Customer Focus

Meyer Burger's core business is photovoltaics. Its portfolio of technologies and equipment offered to customers along the photovoltaic value chains include manufacturing processes for wafers, solar cells, solar modules, and solar systems. Its service offering, which has been recently strengthened by expansion activities in China, plays an equally important role in fulfilling customer needs.

Proximity to customers

Meyer Burger's close proximity to its customers is critical, ensuring open dialogue and up-to-date knowledge of customer needs. As part of its plan to optimise its manufacturing footprint and production costs, Meyer Burger announced in November 2017 that it will move the production of its diamond wire saws from Thun to China during the course of 2018. In a market where 85% of solar wafers are manufactured in China this will enable the company to achieve more flexible cost structures, reduce delivery time and costs and further increase customer proximity. In addition, service capabilities in China were strengthened in 2017 with the opening of a new service centre in Wuxi, close to Shanghai, China. This is an important step to increasing high quality technological service and support to local customers, and reducing the time required for repairs and services.

Materiality Matrix (GRI 102-47)



In 2017, the structured sales process that was introduced in the global sales organisation in 2016 was further rolled out. Customer feedback resulting from daily business is now systematically documented, allowing the teams to cultivate an efficient relationship and increase customer satisfaction as a result. Insights into current and future needs are also established through personal contact with existing and potential customers at specialist and industry trade fairs. In the reporting year, no systematic global customer survey across all product and service categories was carried out.

Product safety and customer training

As an industrial technology company, ensuring the health and safety of employees and customers using Meyer Burger's technologies and solutions is paramount for sustainable, long-term success. All systems and machines are manufactured in compliance with the applicable laws, standards, and guidelines and checked as part of quality management before delivery to the customer. Meyer Burger fully embeds its three-stage safety concept in the development process. A safety manual, checklists, risk assessments, inspections, and safety reviews ensure that all internal and external rules on protecting the health and safety of customers are fulfilled. All relevant information is set out in the technical documentation and user instructions that are provided to customers. The global service organisation also ensures optimal support and service throughout the operating life.

Extensive customer training programmes ensure that the production equipment and systems installed are used properly and function reliably. Before any machinery commences operation, an on-site handling and maintenance training course on the customer's premises is mandatory. At the client's request, customised, in-depth product and technology training in photovoltaic production is also available. Training is conducted both at Meyer Burger sites and the customer's premises. In addition, all customers have access to telephone hotlines and online support.

Work Environment

Although the Hohenstein-Ernstthal site experienced a record-breaking year, in November 2017 Meyer Burger announced the closure of the Thun manufacturing site, which involves a substantial reduction in workforce. One of the biggest challenges for the company in the coming year will be to foster its employees' understanding and acceptance of this difficult decision.

Discontinuing production in Thun

The reorganisation announced in 2017 will result in a substantial reduction of employees, with up to 160 employees affected. The remaining staff at the Thun site of around 160 employees will be focused on Global Sales and Marketing, Services, Research & Development, and Headquarters functions. Meyer Burger is committed to seeking positive and satisfactory outcomes for all employees affected by these measures. After constructive discussions and consultations with employee representatives during the mandatory consultation process, Meyer Burger announced that of the expected 180 affected positions in manufacturing, logistics, purchasing, and production planning; only up tp 160 will be impacted. The impacted employees were informed immediately following the consultation period about next steps in the process, which is expected to be completed by the end of 2018. The existing social plan was strengthened and early retirement plans starting at age 58 reduced the number of necessary lay-offs. Meyer Burger is also supporting all affected employees in their future job search. With the skills shortage in Switzerland, other companies have expressed high interest in Meyer Burger employees and a job-exchange platform has been created to facilitate this transition.

Meyer Burger's apprenticeship programme in Thun is also impacted by this decision. Of the 43 apprentices training in Thun in 2017, 12 will be able to complete their training in all fields by Summer 2018. Five of the apprentices in the business and IT fields will be able to fully complete their apprenticeships with Meyer Burger. Meyer Burger is individually supporting the remaining 26 apprentices in technical fields, who are not in their final year of training, to arrange solutions for them to complete their apprenticeships at other companies. As of 2018, Meyer Burger will no longer recruit and train apprentices in technical fields at its Thun site.

Training and education

Motivated and responsible employees remain vitally important for Meyer Burger. Retaining highly skilled people that support the corporate culture and become an integral part of the long-term success of the business is critical. Meyer Burger's employees are subject to rapidly evolving technological and market environments. Training and continuing professional development (CPD) are therefore strategic focal points of its employee policy. Qualifications and specialist knowledge of its staff are promoted explicitly through technical and customised trainings and CPD opportunities. On an annual basis, training and education is discussed with every employee globally. Up to the Executive Management level, all employees complete their performance targets and development plan with their direct managers. The employee targets are reviewed mid- and end-year.

At the Thun site, Meyer Burger offers internal English courses, generally lasting a year. During 2017, 22 employees completed job-specific and business English courses. Team leaders have the opportunity to participate in CPD courses that focus on the fundamentals of management, management tools, and management values. In the year under review, 39 employees were participating in multi-year external training and CPD such as master's degrees or Swiss federal vocational certificates with support from Meyer Burger under contractual arrangements. In 2017, the total number of hours spent on training and CDP at the Thun site was 4,542.

The high demand for the market-leading MAiA cell coating platform manufactured at the Hohenstein-Ernstthal site required an increase in headcount and a focus on onboarding as well as specialised knowledge training. Various technological and methodological training courses strengthened core competencies in special equipment manufacturing and future trends. With external support, project managers underwent intensive preparations to qualify for the title Project Management Professional from the Project Management Institute. English courses were also available to all employees at Hohenstein-Ernstthal. A total of 4,480 hours were spent on training and CPD at the Hohenstein-Ernstthal site in 2017. Currently 12 apprentices in office administration, mechatronics, electronics, and industrial engineering and 2 students in nanotechnology and industrial production are employed at Hohenstein-Ernstthal.

Highlighting the importance that Meyer Burger allocates to skilled employees and their continuous development, Swiss Champion and Meyer Burger employee Fabien Gyger won gold in the division automation engineering at the WorldSkills Competitions in Abu Dhabi in October 2017.

Respectful Collaboration

The diversity of Meyer Burger's employees is a significant asset and every employee is a contributor to the company's success. Meyer Burger strives for a good work/life balance, is firmly committed to providing equal opportunity in all aspects of employment throughout the company, and does not tolerate any form of discrimination. As in previous years, once again, no cases of discrimination were reported in 2017.

The newly revised Code of Conduct outlines the company's core values and principles for fostering an encouraging work environment. It contains an explanation of how employees can report any breaches of the Code. The Code of Conduct applies to all employees globally and is made available both internally and externally on the Meyer Burger website. A major challenge in the global rollout and training in 2018 is the 20% of employees that work in production without daily access to online platforms. Solutions to enable all employees to participate in the online trainings are in the works.

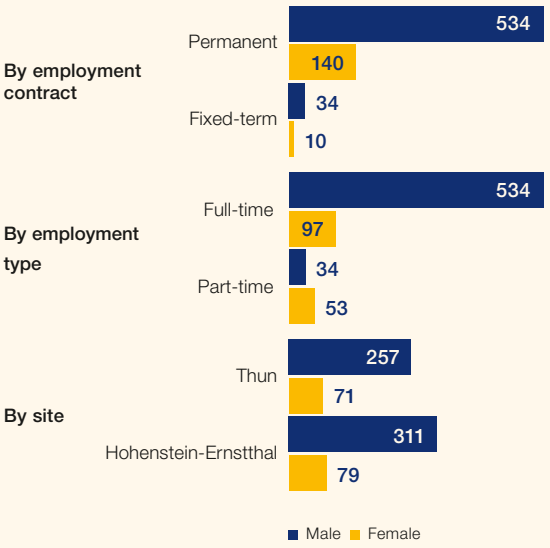
Meyer Burger encourages active participation of its employees in decision making processes of the company. At the production sites in Thun and Hohenstein-Ernstthal, employees elect representatives to put forward concerns of the workforce to local management. This representation complies with local rules and legislation. Regular meetings between the employee representatives and management allow for the open and trusting discussion of topics relating to the company and employees. This is particularly important in times of transition and renewal as it helps ensure and expedite employee acceptance of change. In Thun, the collective employment agreement of Swissmem, a Swiss industry association, is in place. No collective agreement applies at Hohenstein-Ernstthal, but all employees are part of the internal works agreement (GRI 102-41).

The employee fluctuation rate at the Thun site was 9.85% in 2017, and 6.68% at Hohenstein-Ernstthal. The rate of fluctuation is calculated for permanent employees and includes only notices given by employees. A staff survey was not carried out in 2017 but is under review for 2018.

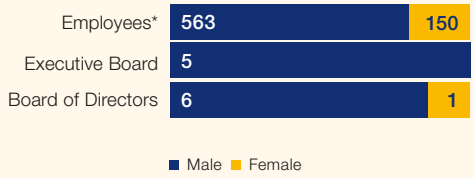
Employee ratios

Employee headcount as at 31 December 2017 at the Thun and Hohenstein-Ernstthal sites*

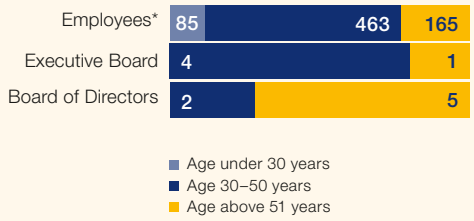
* excluding apprentices, trainees and interns



Employees by gender



Employees by age group



Occupational health and safety

The health and safety of both employees and customers using the technologies and solutions delivered by Meyer Burger are of the highest importance, ensuring safe work environments and sustainable long-term success as a company. Meyer Burger has continued to adhere to its standard operating process: a careful analysis of operating procedures and employee training to minimise risk and achieve a high level of process safety. New employees are fully briefed and sensitised to the safety regulations and processes, and all employees are required to urgently report any potential sources of danger they identify to the person responsible. Meyer Burger complies with the various local work and safety directives at all its sites. All Meyer Burger production sites in Switzerland and Germany have ISO 9001 certification and meet the OHSAS 18001 guidelines.

Key figures occupational health and safety (per 100 FTEs)*

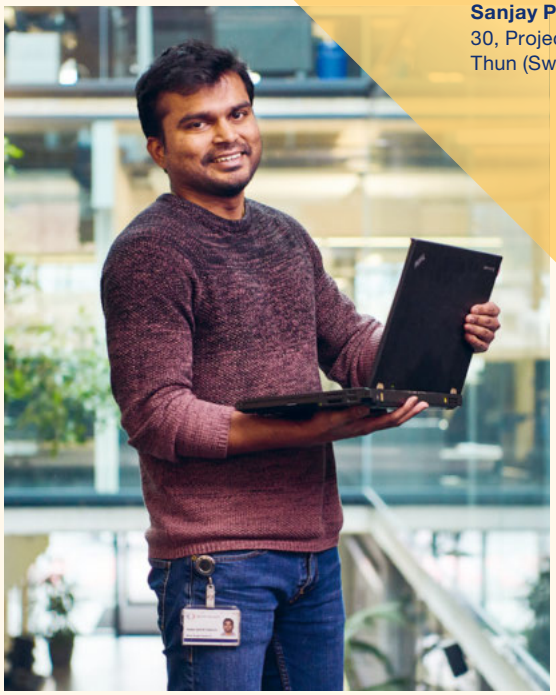
	Overall	Thun	Hohenstein-Ernstthal
Injury rate	2.2	1.9	2.4
Cases of occupational illness	1.4	2.7	0.0
Days of absence	805.0	680.4	943.6

* Rates calculated using 200,000 working hours (≈ 100 FTEs). There were no fatalities.

Employees

Adriana Yánez, 31,
Process Engineer,
Hohenstein-Ernstthal
(Germany)

Gaowei Zhang, 42,
Installation & Field
Service Leader,
Shanghai (China)



Sanjay Palanivel,
30, Project Manager,
Thun (Switzerland)

Roger Aeschbacher,
27, Application
Technician Module,
Thun (Switzerland)

Riccardo Fuchs, 34, Specialist Mechanics/Final Assembly, Hohenstein-Ernstthal (Germany)

Vicky Huang, 32, Customer Support Representative, Shanghai (China)

Caroline Cognard, 24, Service Engineer, Neuchâtel (Switzerland)

Pierre Papet, 37, Research & Development Engineer, Neuchâtel (Switzerland)

Benefiting the Environment

Increasing the energy efficiency of solar cells and modules with innovative products and technologies is Meyer Burger's primary contribution to sustainable development. By improving energy efficiency and resource use at its technology and production sites, the company also continuously reduces its own environmental impact.

Resource-efficient systems and production equipment

Meyer Burger strives to continuously improve the ecological impact of its business activities in order to achieve a sustainable reduction in the cost of solar energy. To maintain a leading position in the area of solar energy and play a substantial role in achieving global climate goals, Meyer Burger focuses on the ongoing improvement of its solar energy technologies. Available in unlimited quantities, solar energy is affordable, inexhaustible, clean, and therefore possesses long-term benefits in decreasing the effects of global warming.

The objective of Meyer Burger is therefore twofold: to sustainably increase the energy efficiency of solar cells and modules while simultaneously offering customers the lowest total cost of ownership in the photovoltaic industry. Since this goal can only be attained through innovation, Meyer Burger's strategy is to invest in industry-tested technological innovations that permanently lower the cost per kilowatt hour of solar energy. This objective is transparent and central to its business model, directly supporting the ongoing development of sustainable solar energy. The company is clear in its aim to maintain leadership in the PV industry.

Continuously improving own operations

A smart and comprehensive approach to energy and resource efficiency is cardinal to Meyer Burger, applying not only to the systems and production equipment, but also to every step of internal operations. The environmental management system strives to organize the company's activities in a comprehensive, systematic, and well documented manner. Both sites, Thun and Hohenstein-Ernstthal, possess ISO 14001 environmental management certifications, while the latter additionally has an ISO 50001-certified energy management system. The data collected covers energy, emissions, water, wastewater, and waste with the goal of assessing the ecological impact of the company's activities and evaluating areas for improvement.

Both production sites are located in energy-efficient buildings that were constructed according to the most recent environmental standards. At Hohenstein-Ernstthal the electricity generated by photovoltaic equipment is fed into the public grid. The Thun site operates only with electricity from renewable sources: 95% of the certified renewable power comes from Swiss hydro, 2.5% from hydro from Thun, and 2.5% from solar, wind, and biomass. The site also takes advantage of the energy created by the photovoltaic equipment and the photovoltaic building façade. Additionally, Meyer Burger provides two electric vehicles and a charging station at the site in Thun.

With the current electricity consumption, the site is subject to the provisions of the "Large consumer article of the Canton of Bern", which came into force in 2016. The article obliges Meyer Burger to reduce its main electricity consumption by up to 15% over the next years. Due to the announced discontinuation of all manufacturing activities by the end of 2018, the provision will no longer apply.

Meyer Burger places great importance on following all applicable legal requirements. In 2017, no fines or non-monetary penalties were imposed for non-compliance with environmental laws. Moreover, in order to make this process more transparent and easier for employees to follow, Meyer Burger designed a database to consolidate all industry standards and inform about statutory and regulatory provisions in the departments of environmental, safety, and energy management.

Meyer Burger environmental indicators[1]

	2017	2016	2015
Energy consumption [MWh]	**13,835**	**14,654**	**14,186**
Electricity	**10,582**	**10,765**	**10,294**
of which own production (photovoltaic)[2]	43	87	95
Heating and cooling[3]	**2,265**	**2,531**	**2,686**
Total fuels	**988**	**1,358**	**1,206**
Diesel	905	1,224	1,083
Petrol	69	103	91
LPG/propane	13	30	32
Total CO_2 emissions [tonnes of CO_2 equivalents][4]	**6,478**	**6,858**	**6,655**
Scope 1	**740**	**893**	**888**
Fuels for heating and cooling[3]	477	532	568
Fuels for vehicles	263	360	320
Scope 2 (electricity)	**3,607**	**3,682**	**3,323**
Scope 3 (business travel)	**2,131**	**2,283**	**2,444**
Air travel	2,111	2,255	2,414
Rental cars and train[5]	19.53	27.60	30.44
Water use m^3	**569,474**	**597,002**	**827,706**
Drinking water/fresh water	17,177	19,417	14,814
Ground water[6]	552,297	577,585	812,892
Wastewater m^3	**13,872**	**17,340**	**15,714**
Municipal sewage treatment plant	13,255	16,307	14,814
Wastewater treatment by third party	617	1,033	900
Waste [tonnes]			
Non-hazardous waste	**328**	**327**	**342**
Residual waste to incineration	66	79	72
Residual waste to unknown treatment	49	52	39
Composting	15	7	8
Wood (burning)	198	189	222
Recycling	**447**	**419**	**1,368**
Paper and cardboard	87	115	77
Glass	46	11	7
Metal (mainly aluminum, copper, iron, steel)	302	231	1,275
Plastic	10	60	7
PET[7]	1	2	2
Special waste	**827**	**728**	**453**
Batteries (recycling)	0.4	0.5	0.1
Waste electrical and electronic equipment (recycling)	60	47	33
Oils, fats, chemicals (mainly aqueous solutions)	696	621	360

[1] Thun and Hohenstein-Ernstthal sites
[2] PV generated electricity at the Hohenstein-Ernstthal site is directly fed into the grid (2017/2016/2015: 17/18/22 MWh).
[3] Since 2017, LPG consumption for air conditioning from Hohenstein-Ernstthal is accounted for. Numbers for 2016 and 2015 were also collected, which led to a restatement of the respective figures.
[4] Emission categories according to the Greenhouse Gas Protocol. Scope 1: combustion in own facilities/vehicles; Scope 2: purchased electricity; Scope 3: third-party services.
[5] Since 2017, diesel consumption of rental cars in Thun is accounted for. For 2016, the data point was collected as well, and for 2015, the data point was extrapolated using the headcount, which led to a restatement of the respective figures.
[6] Drawn at the Thun site for heating/cooling and then returned to the groundwater reservoir.
[7] PET recycling data for the Thun site are estimated.

Economic and Social Contribution

As an important employer, training company, and partner for local suppliers in Hohenstein-Ernstthal and Thun, Meyer Burger's announced discontinuation of all manufacturing activities by the end of 2018 in Thun presents a major challenge for the local employees and the socio-economic environment in the region. Throughout the consultation process following the announcement, Meyer Burger participated in a round table with the canton of Bern, the city of Thun and local social partners. The regional government agencies offered constructive support during the consultative process. Support continues as Meyer Burger plans the future use of its production infrastructure in Thun.

Sourcing

In a rapidly changing and developing industry as solar, responding proactively and quickly to demand fluctuations is extremely important. Reliable and efficient sourcing of materials and goods directly from the manufacturer is key. With efficient supplier management, Meyer Burger can identify, assess, further develop, and integrate the right partners to provide quality, flexibility, cost potential, and technology potential. Contracts are awarded on the basis of total cost of ownership, and include sustainability and corporate responsibility factors. Meyer Burger uses a self-declaring supplier questionnaire that includes questions on the implementation of standards such as ISO 9001, ISO 14001, OHSAS 18001, and Social Accountability 8000, as well as standards relating to a code of conduct, human rights and ethics. Suppliers have to provide corresponding documentation of their efforts in these areas. In 2017, Meyer Burger's first Supplier Day took place, focusing on Supply Chain Management and Global Clustering. Suppliers were informed of Meyer Burger's sustainable sourcing strategy with the goal of creating long-term partnerships.

In order to satisfy the efficiency and flexibility requirements of a modern, internationally active technological company, local suppliers are preferred. Local means that the sourcing is taking place within the country of a specific production site. In 2017, the production sites of Thun and Hohenstein-Ernstthal were responsible for more than 80% of Meyer Burger Group's production volume. While around 94% of the purchasing volume was bought from local suppliers in Hohenstein-Ernstthal, approximately 57% was sourced from local suppliers in Thun. The remaining suppliers are largely located in other parts of Europe.

Immediately following the announcement that it planned to discontinue production operations in Thun, Meyer Burger began an open and transparent dialogue with all local suppliers and partners. As long as manufacturing activities continue, local supplier processes continue. Throughout 2018 Meyer Burger will keep suppliers and partners informed about the progress and timeline of the outsourcing activities. Currently it is not foreseen that local suppliers will continue to deliver material to any potential third party outsource partner in China for Meyer Burger's diamond wire cutting technology. Depending on which strategic solution for the local production of building integrated photovoltaic modules for the Swiss market is decided upon, local suppliers could still be involved with potential manufacturing activities.

Compliance

As a globally active and publicly listed company, Meyer Burger is obligated to ensure that its employees and its products and services adhere fully to all international, national, and local laws and regulations. In 2017, the Code of Conduct was revised and approved by the Executive Management and the Board of Directors. The revised Code of Conduct outlines the company's core values and provides guidance regarding business ethics, compliance, corporate governance, stakeholder interaction, and fostering an encouraging work environment. The Code of Conduct is made available in the company's three languages – English, German, and Chinese – and will be introduced to all employees through global web-based training courses in 2018.

Meyer Burger does not tolerate any form of corruption and granting or accepting of undue advantage. The company provides clear guidelines for its employees to ensure that each one can identify and react appropriately to situations that could compromise Meyer Burger's integrity. Good judgement is expected of all employees at all times. Meyer Burger monitors the business environment and trains its employees appropriately. In 2018, Meyer Burger will introduce additional global trainings on compliance and corruption-related issues as well as on IT security issues to employees via a web-based learning platform. Meyer Burger is committed to free and fair competition for market share and complies with the respective national anti-trust and fair competition laws – a topic that is specifically addressed in the revised Code of Conduct. The company was not involved in any legal proceedings on the grounds of anti-competitive conduct in 2017, nor did any cases of corruption come to light. There were also no fines or penalties for breaches of law or regulations in 2017.

Active commitment

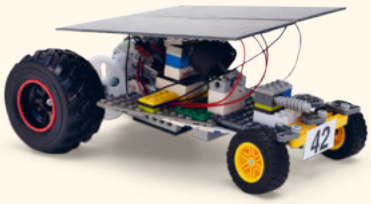
Reliability, loyalty, and respect are Meyer Burger's key values within the company and with customers, suppliers, research institutes, governments, and other business partners. Meyer Burger is actively committed to forward-looking energy strategies and smart solar and energy systems. The company is a member of Solar United, the international photovoltaic industry association, Swissmem, Swisssolar, AEE – The Renewable Energies Agency, and öbu – The Network for a Sustainable Economy. Meyer Burger also takes part in various regional conferences, such as the Advanced Building Skins Conference and the Swiss Energy and Climate Summit – the leading conference on energy and climate change in Switzerland with over 700 decision makers from energy, finance, insurance, and the construction industry, as well as NGOs and federal and cantonal governments.

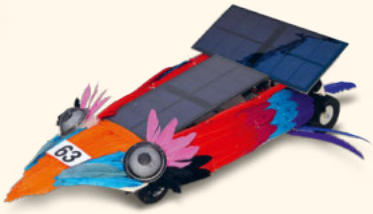
Local Sponsoring

In the area of regional activities, Meyer Burger was co-sponsor of Kulturnacht Thun ('Thun Night of Culture'). Here, a broad range of shows were performed at around 40 different locations under the motto 'The full diversity of Thun culture – to be seen, experienced, heard in one night.' The event included concerts in the most varied musical styles, as well as readings and stories, art and architecture. The enormous diversity of shows gave visitors the unique opportunity to gain an extensive picture of the region's cultural scene in a short time. Meyer Burger ensures that its employees at the Thun and Neuchâtel sites can come into direct contact with the wide variety of Thun's cultural activities.

In the area of events, Meyer Burger was involved in the solar vehicle race in Baden (Switzerland), which takes place every other year and is organized and run by the Swiss Children's Museum. For each race, 48 solar vehicle construction kits are made available. The race itself is divided into eight groups. Girls and boys who like making things and are looking for action can compete against one another on a 15-meter-long race track. For the first time, children or godchildren of Meyer Burger employees took part in the event. To equip them, Meyer Burger held a raffle for six solar vehicle construction kits. Following the race, the miniature self-made works of art were exhibited on the first floor at the Thun site.

The Meyer Burger works of art:





Meyer Burger employee is world champion

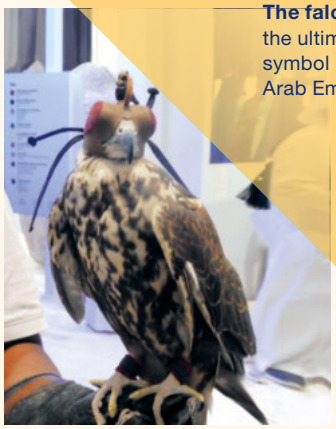
Tremendous success at the 2017 vocational world championships in Abu Dhabi (United Arab Emirates): as member of a two-person team, Meyer Burger employee Fabien Gyger won the gold medal in the vocational category of automation mechanics to become world champion.

The WorldSkills Competitions were held in Abu Dhabi from October 15 to 18, 2017. Fabien Gyger had qualified to take part at last year's IndustrySkills Swiss championships, where he also won the gold medal and secured his ticket to WorldSkills.

Over the course of four days in Abu Dhabi, 1,300 participants from 76 countries competed in 50 different vocations. The definite highlight was the emotional closing ceremony in the arena on Yas Island when the rankings

Proud World Champion
Fabien Gyger

The Swiss fan corner
in the arena on Yas Island



The falcon –
the ultimate status symbol in the United Arab Emirates

Focused on the assignment at the competition in Abu Dhabi

were announced, with the world champions in the different vocational groups. It was here that Fabien Gyger and his colleague learned that they had won the gold medal in the vocational category of automation mechanics.

For almost a year, Fabien Gyger had been working towards this success, completing multiple training sessions a week – a tight program that included apprenticeship, vocational college and practice units. Added to this were preparation weekends and the final apprenticeship examination, which he passed with flying colors. During this time, he received support from his family, friends and above all from Meyer Burger, which provided a fully equipped training room to ensure optimal preparation.

In October, the time had finally come to head off to Abu Dhabi together with the other participants, a technical expert, a physiotherapist and a mental coach. After all, as with professional athletes, it's not just skill that matters but also mental strength.

At WorldSkills, Fabien and his colleague had to construct and program a production line that would fill sand in cups and pack the filled cups in cardboard boxes – all within four days. The assignment consisted of six subtasks, which were assessed individually. Even with all the mammoth preparation and exertion, it was well worth the effort – with a gold medal as a crowning achievement for the hard work!

Meyer Burger is proud of Fabien Gyger and would like to take this opportunity to congratulate him once again on his fantastic success!

The Swiss team won 20 medals in total, including eleven golds, thus delivering the best result to date at the vocational world championships. In the overall ranking, Switzerland came in second behind China. The next WorldSkills will take place in 2019 in Kazan, Russia.

Information on Sustainability Reporting

Sustainability is an integral part of business success at Meyer Burger. For this reason, the company reports on sustainability topics every year in its annual report (GRI 102-52). The last report, covering fiscal year 2016, was published in March 2017 (GRI 102-51). For fiscal year 2017, this sustainability report follows the GRI Standards for the first time (GRI 102-50). This report has been prepared in accordance with the GRI Standards: core option (GRI 102-54). The contents of the sustainability chapter have not been externally validated (GRI 102-56). There were no significant changes regarding material topics and topic boundaries (GRI 102-48). In 2017, energy consumption resulting from air conditioning at the Hohenstein-Ernstthal site and emissions resulting from rental car travel at the Thun site were included in environmental accounting for the first time. Retrospective adjustments have been made to the corresponding data to allow better comparability (GRI 102-49). The scope of consolidation can be found on page 86 of this annual report (GRI 102-45).

Principles for defining report content and quality have been applied throughout the information collection and report development process. In order to prioritise topics for inclusion in this report, Meyer Burger conducted an internal materiality analysis in 2015. During a workshop, senior managers from the Thun and Hohenstein-Ernstthal sites representing the departments of Finance, Production, Marketing, Sales, Customer Service, Quality & Safety, IT, Supply Chain Management, Corporate Communications, and Human Resources identified key topics and issues from the company and stakeholder perspectives. Although external stakeholders were not directly involved in the process, management took their existing concerns into account (GRI 102-46). In particular, customer concerns that were identified in communications between Sales, Service teams, and Customer Service were incorporated (GRI 102-43, GRI 102-44). In order to clarify the business model's contribution to sustainable development, the sustainability topics identified during the materiality analysis were reviewed and given a new strategic orientation in 2016. In 2017, no adjustments were made. The resulting list of material topics can be found on page 18 of this report. The main stakeholders who significantly influence or are influenced by the business success of Meyer Burger comprise customers, employees, shareholders, regional authorities, suppliers, and the public (GRI 102-40, GRI 102-42).

For all questions relating to the sustainability report, please contact Ingrid Carstensen, +41 (0)33 221 28 34, ingrid.carstensen@meyerburger.com (GRI 102-53).

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203	**Indirect Economic Impacts (2016)**		
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		Pages/Reference	Reason for Ommission
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* The GRI reporting scope includes the sites in Hohenstein-Ernstthal (Germany) and Thun (Switzerland)

Corporate Governance

The Company relies on the recommendations of the Swiss Code of Best Practice for Corporate Governance by economiesuisse and adheres to the standards of the directive on information relating to Corporate Governance by SIX Swiss Exchange, if applicable and significant to Meyer Burger.

All information within this Corporate Governance Report and within the Remuneration Report refers to the Company Organisation, Internal Regulations and Articles of Association that were in effect as of 31 December 2017.

"Meyer Burger is fully committed to good Corporate Governance."

→ The current Articles of Association are published on the Company website www.meyerburger.com under section Investor Relations – Articles of Association. Website link: https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

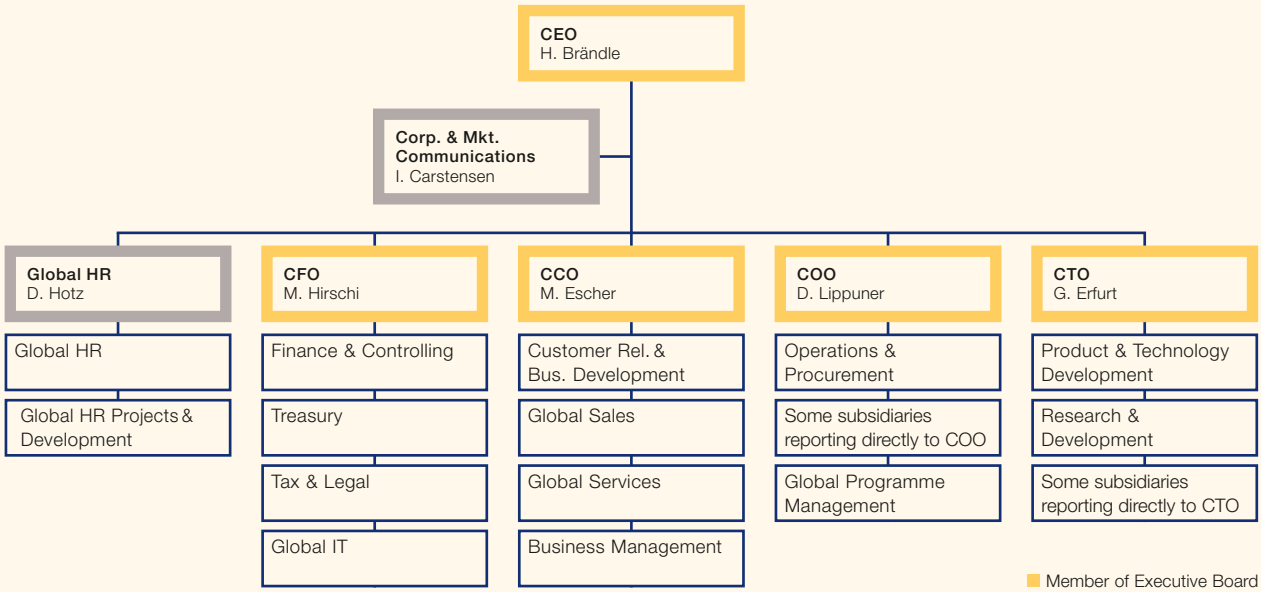
1 Group Structure and Shareholders

1.1 Group structure

Meyer Burger Technology Ltd (subsequently also referred to as "the Company") is a holding company organised in accordance with Swiss law and holds all companies belonging to the Meyer Burger Group either directly or indirectly.

Meyer Burger Group is a leading global technology company specialising in innovative systems and processes based on semiconductor technologies. The entire Group is operationally managed by the Executive Board. For financial reporting, the business activities in fiscal year 2017 are combined into the business segments "Photovoltaics" and "Specialised Technologies" (please also refer to Note 4.21 on page 111 in the financial statements of this Annual Report).

The responsibilities of the members of the Executive Board are aligned in functional and global line organisations. Overview of the operating corporate structure is shown below:



1.2 Listed companies

The shares (registered shares) of Meyer Burger Technology Ltd, headquartered in Thun, Switzerland, are listed on SIX Swiss Exchange (Valor number 10850379, ISIN number CH0108503795). The ticker symbol is MBTN.

As of 31 December 2017, Meyer Burger Group held through Meyer Burger Technology Ltd and other consolidated group companies in total 6,958,903 treasury shares, including 6,063,088 registered shares, which are held by group companies in connection with the share participation programme and are reserved for the plan participants. In addition, the Company has in conjunction with the capital increase 2016 (which was completed on 20 December 2016) exercised subscription rights of registered shares which were granted and restricted from the share participation programme. The then acquired registered shares are subject to the same vesting periods as the underlying share plans (share plan 2015 and share plan 2016), whereas the share plan 2015 has vested in March 2017. The number of shares held as a result of the described exercising of subscription rights amounted to 1,633,152 registered shares as of 31 December 2017, and these shares are also included in the total number of shares of 6,063,088 mentioned above.The participation held by the entire Group therefore amounts to 1.12% based on the number of shares outstanding as of 31 December 2017 (1.27% based on the number of shares registered in the commercial register).

The company's market capitalisation was CHF 1,037.0 million as of 31 December 2017.

1.3 Non-listed companies

→ The scope of consolidation as of 31 December 2017 includes non-listed companies, which are shown in Note 2.3 on page 86 in the financial statements of this Annual Report.

1.4 Significant shareholders

The Company is aware of the following shareholders, who according to Article 120f. FMIA (Financial Market Infrastructure Act) held more than 3% of the voting rights (based on the share capital registered in the commercial register) as of 31 December 2017:

Significant shareholders[1]	Purchase positions		Sale positions
	Registered shares[2]	Financial market instruments[3]	Financial market instruments[3]
BlackRock, Inc., USA-New York[4]	3.44%	–	0.000004%
Credit Suisse Funds AG, CH-Zurich	5.01%	–	–
Henderson Global Investors Limited, UK-London	3.12%	–	–
HSBC Holdings plc, UK-London[5]	3.098%	0.05%	–
Kondrashev Petr, A-Thomasberg[6]	5.49%	0.74%	–

[1] Voting rights participation according to the latest disclosure notice received from this shareholder.
[2] Registered shares held in Meyer Burger Technology Ltd according to the disclosure notice.
[3] Purchase positions and sale positions, respectively, in conversion and/or purchase rights and sales rights (e.g. positions due to holdings in the convertible bond 2020, call or put options/warrants, equity swaps or financial instruments that provide for or permit cash settlement, or contracts for difference) all according to the disclosure notice by the shareholder.
[4] Different fund companies of BlackRock, Inc. 1% of the purchase positions are held in connection with securities lending and similar transactions. 0.06% of the purchase positions are from a third party which transferred the voting rights to BlackRock.
[5] The direct shareholder is Internationale Kapitalanlagegesellschaft mbH, DE-Duesseldorf, the beneficial owner is HSBC Holdings plc, UK-London.
[6] The direct shareholder is Brustorm SA, CH-Zug, the benefical owner is Petr Kondrashev, A-Thomasberg.

In addition, Meyer Burger Technology Ltd holds a purchase position of 895 815 registered shares (percentage of voting rights 0.16%) and in total a sale position of 6.45% of the voting rights as of 31 December 2017 (disclosure notice dated 09.12.2017: purchase position of 765,630 registered shares (0.14% of voting rights) and sale position totaling 6.49% of voting rights). The sale position is in connection with the remaining outstanding CHF 28.705 million of the 5.5% convertible bond 2020 (underlying 29,290,826 shares, corresponding to 5.34% of the voting rights registered in the commercial register as of 31 December 2017 – see also description of the convertible bond 2020 in section 2.8 on page 40) and with restricted share units in connection with the share participation programmes 2016 and 2017 (total of both years 6,063,088 shares, corresponding to 1.11% of the voting rights).

→ Details on the individual disclosure notices according to Article 120f. FMIA in relation to the participations of major shareholders of Meyer Burger Technology Ltd are available on the website of SIX Swiss Exchange: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

The free float was 100% as of 31 December 2017.

Shareholders' agreements

The Company is not aware of any shareholders' agreements.

1.5 Cross-shareholdings

Meyer Burger Technology Ltd did not have any cross-shareholdings with other companies as of 31 December 2017.

2 Capital Structure

2.1 Capital structure as of 31 December 2017

Ordinary share capital
CHF 31,048,607.55
(registered in the commercial register: CHF 27,411,108.00)
620,972,151 fully paid-in registered shares with a nominal value of CHF 0.05 each
(registered in the commercial register: 548,222,160 registered shares)

Conditional share capital
CHF 31,998.60
(according to Articles of Association dated 27 April 2017: CHF 31,998.60)
639,972 registered shares with a nominal value of CHF 0.05 each for exercising of option rights granted to employees and members of the Board of Directors of the Company or of group companies (in connection with the share participation programme of the Company)
(according to Articles of Association dated 27 April 2017: 639,972 registered shares)

CHF 1,464,541.30
(according to Articles of Association dated 27 April 2017: CHF 5,102,040.85)
29,290,826 registered shares with a nominal value of CHF 0.05 each for exercising of conversion and/or option rights in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies
(according to Articles of Association dated 27 April 2017: 102,040,817 registered shares)

Authorised share capital
CHF 5,482,221.60
(according to Articles of Association dated 27 April 2017: CHF 5,482,221.60)
109,644,432 registered shares with a nominal value of CHF 0.05 each
Issuance possible until 2 December 2018
(according to Articles of Association dated 27 April 2017: 109,644,432 registered shares)

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 62.

2.2 Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 27 April 2017, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 27 April 2017, the share capital may be increased by a maximum amount of CHF 5,102,040.85 through the issuance of a maximum of 102,040,817 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies. In December 2017, an amount of CHF 71.215 million of the 5.5% convertible bonds was converted into 72,668,359 registered shares at completion of the incentive offer launched by the Company and thereafter, further CHF 0.080 million of convertible bonds was converted into 81,632 registered shares in December 2017. Therefore, the outstanding conditional capital as of 31 December 2017 in connection with convertible bonds amounts to CHF 1,464,541.30 (29,290,826 registered shares). The registration of this change in capital and the corresponding change of the Articles of Association will be registered in the commercial register in March 2018.

The subscription rights of the shareholders shall be excluded in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments, which carry conversion and/or option rights. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:

1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

The total outstanding amount of conditional capital under Article 3b (639,972 registered shares) and 3c (29,290,826 registered shares) of the Articles of Association represents 4.82% of the outstanding ordinary share capital (620,972,151 registered shares) as of 31 December 2017.

2.3 Authorised share capital

In accordance with Article 3a of the Articles of Association, dated 27 April 2017, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 5,482,221.60, at any time until 2 December 2018, through the issuance of a maximum of 109,644,432 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:

1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

The capital increase may occur by means of underwriting and/or partial increases. The Board of Directors is entitled to set the issue price of the shares, the type of contribution and the date of entitlement to dividends. Shares issued under these terms are subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association of the Company.

The total outstanding amount of authorised capital under Article 3a (109,644,432 registered shares) of the Articles of Association represents 17.66% of the outstanding ordinary share capital (620,972,151 registered shares) as of 31 December 2017.

2.4 Changes in capital over the past three reporting years

2.4.1 Changes in capital during 2017

As of 1 January 2017, the ordinary share capital amounted to CHF 27,411,108.00, divided into 548,222,160 fully paid-in registered shares. In addition, the Company had conditional capital of CHF 31,998.60 (639,972 registered shares) for exercising of option rights in connection with the share participation programme of the Company, and CHF 13,673,555.40 (273,471,108 registered shares) for exercising of conversion and/or option rights in connection with convertible bonds. Furthermore, the Company also had authorised capital of CHF 5,482,221.60 (109,644,432 registered shares) which can be issued until 2 December 2018.

The General Meeting of Shareholders' on 27 April 2017 voted in favour of a modification (reduction) of the conditional capital for conversion and/or option rights which are granted in connection with convertible bonds, option bonds or other financial market instruments from the existing amount of CHF 13,673,555.40 (273,471,108 registered shares) to CHF 5,102,040.85 (102,040,817 registered shares), as proposed by the Board of Directors. Article 3c of the Articles of Association was amended accordingly.

On 27 November 2017, the Company launched an incentive offer to bondholders of the then outstanding CHF 100 million 5.5% convertible bond 2020. By the end of the acceptance period on 5 December 2017, bondholders had submitted conversion notices for a total amount of CHF 71,215,000 and received 72,668,359 fully paid registered shares of Meyer Burger Technology Ltd at the settlement date on 11 December 2017. Furthermore, an additional CHF 80,000 of convertible bonds had been converted as well for 81,632 registered shares in December 2017. The outstanding ordinary share capital of the Company therefore increased by CHF 3,637,499.55 (72,749,991 registered shares) to CHF 31,048,607.55 (620,972,151 registered shares) as of year-end 2017. The outstanding conditional capital for conversion and/or option rights which are granted in connection with convertible bonds, option bonds and other financial market instruments declined by CHF 3,637,499.55 (72,749,991 registered shares) and amounted to CHF 1,464,541.30 (29,290,826 registered shares) as of year-end 2017 (see also description convertible bond in section 2.8 on page 40). The registration of this change in capital and the corresponding change of the Articles of Association will be registered in the commercial register in March 2018.

2.4.2 Changes in capital during 2016

As of 1 January 2016, the ordinary share capital amounted to CHF 4,525,516.60, divided into 90,510,332 registered shares. In April 2016, the ordinary share capital increased by CHF 43,001.40 through the grant of 860,028 shares in connection with the share plan of the Company in fiscal year 2016, and amounted thereafter to CHF 4,568,518.00, divided into 91,370,360 registered shares. The conditional share capital for exercising of option rights granted to employees and members of the Board of Directors that existed at the beginning of April 2016, decreased by the same amount to CHF 31,998.60 (639,972 registered shares). The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 20 October 2016.

In conjunction with the recapitalisation programme of the Company, which has been implemented in November/December 2016, the Extraordinary General Meeting, held on 2 December 2016, followed the proposal by the Board of Directors and approved an increase of the ordinary share capital in the amount of CHF 22,842,590.00 by issuance of 456,851,800 new registered shares with a nominal value of CHF 0.05 each. Following the capital increase (closing of the capital increase as of 20 December 2016), the ordinary share capital amounted to CHF 27,411,108.00, divided into 548,222,160 registered shares.

The Extraordinary General Meeting, held on 2 December 2016, also followed the proposal by the Board of Directors and approved an increase of the conditional capital for the exercise of conversion and/or option rights in connection with convertible bonds, bonds with option rights or similar financial market instruments from previously CHF 440,000.00 (8,800,000 registered shares) to a maximum of CHF 13,673,555.40 (273,471,108 fully paid-in registered shares). The increase of the conditional capital for conversion and/or option rights in connection with convertible bonds became necessary to ensure the full cover of the conversion rights of the CHF 100 million 5.5% convertible bond (date of maturity in 2020) after the reduction of the conversion price (fixed at CHF 0.98 as of 30 January 2017).

The Extraordinary General Meeting, held on 2 December 2016, also followed the proposal by the Board of Directors and approved an increase of the authorised share capital from previously CHF 240,000.00 to CHF 5,482,221.60 (109,644,432 fully paid-in registered shares), issuance possible until 2 December 2018.

The registration of the respective capital increase and the changes in the Articles of Association was registered in the commercial register on 19 December 2016.

2.4.3 Changes in capital during 2015

As a result of the grant of 618,988 shares in connection with the share plan of the Company during 2015, the ordinary share capital increased by CHF 30,949.40 and amounted to CHF 4,525,516.60 (90,510,332 registered shares) as of 31 December 2015. The conditional share capital for exercising of option rights granted to employees and members of the Board of Directors that existed at the beginning of April 2015 decreased by the same amount to CHF 34,630.45 (692,609 registered shares). The registration of this change in capital and the corresponding change of the Articles of Association was registered in the commercial register on 20 April 2015.

The ordinary General Meeting of Shareholders, held on 29 April 2015, followed the proposal by the Board of Directors and approved an increase of the previously existing conditional share capital for the employee participation programme by CHF 40,369.55. With the approval by the ordinary General Meeting of Shareholders, the new conditional share capital for exercising of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors, amounted to a maximum of CHF 75,000.00 through the issuance of a maximum of 1,500,000 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The ordinary General Meeting of Shareholders, held on 29 April 2015, also followed the proposal by the Board of Directors and approved an increase of the previously existing conditional share capital for the exercise of conversion and/or option rights (previously CHF 200,000.00 and 4,000,000 fully paid-in registered shares). In order to ensure that all convertible rights from the convertible bond issued in September 2014 could be allocated out of conditional capital (the convertible bond is convertible into 8,779,631 registered shares), the Board of Directors proposed to increase the conditional capital by CHF 240,000.00. With the approval by the ordinary General Meeting of Shareholders, the new conditional share capital for the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies, amounted to a maximum of CHF 440,000.00 through the issuance of a maximum of 8,800,000 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The registration of these changes in the Articles of Association was registered in the commercial register on 30 April 2015.

2.5 Shares

The outstanding share capital of Meyer Burger Technology Ltd, as of 31 December 2017, was divided into 620,972,151 registered shares (number of registered shares reflected in the commercial register as of 31 December 2017 was 548,222,160) with a nominal value of CHF 0.05 each. All shares are fully paid-in. Each share is entitled to one vote. All shares are entitled to dividends. The Company recognises only one entitled party for each share. A share register is kept on the shares issued, in which the owners, usufructuaries and nominees of the registered shares are entered along with their name, domicile, address and nationality. The entry in the share register depends on identification by means of transfer of the ownership interest or the creation of a usufruct in the correct form and in accordance with the Articles of Association. The Company will only consider as shareholders those, who are registered in the share register.

Meyer Burger Technology Ltd applies the one share – one vote principle.

2.6 Participation or bonus certificates

The Company has neither participation nor bonus certificates outstanding.

2.7 Limitations on transferability and nominee registrations

As a matter of principle, the Articles of Association of the Company do not include any restrictions on transferability. However, the Articles do include the following registration limits:

- Acquirers of registered shares are entered into the share register upon request as shareholders with voting rights provided that they expressly declare that they have acquired these registered shares on their own behalf and for their own account.
- The Board of Directors may enter nominees with up to a maximum of 3% of the registered share capital as recorded in the commercial register with voting rights in the share register. In accordance with this regulation, nominees are persons who do not expressly declare in the share register entry form that they hold the shares for their own account and with whom the Board of Directors has entered into an agreement to this effect.
- Beyond this limit the Board of Directors can enter registered shares of nominees with voting rights in the share register, if the nominee in question states the name, address and shareholdings of those persons for whose account it holds 0.5% or more of the registered share capital as recorded in the commercial register.
- Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restrictions are considered as one shareholder or nominee.
- The entry restrictions also apply to registered shares that were purchased or acquired through the exercising of subscription rights, options or conversion rights.

2.8 Convertible bonds, options, share participation programme

Convertible bonds

As of 31 December 2017, Meyer Burger Technology Ltd had the following convertible bond outstanding:

- Total nominal amount of convertible bond still outstanding as of 31 December 2017 was CHF 28.705 million or 28.705% of the originally issued amount of CHF 100 million (outstanding as of 31.12.2016: CHF 100 million)
- Interest rate 5.5% p.a., payable annually on 24 September

Bond issued on	Outstanding amount as of 31.12.2017	Principle amount	Conversion ratio	Conversion price	Retention period
24.09.2014	CHF 28.705 million	CHF 5,000.00	5,102.04081	CHF 0.98 [1]	24.09.2014–24.09.2020

[1] Defined at 30 January 2017 – see also notes below.

- Listing: SIX Swiss Exchange (Valor number 25344513, ISIN number CH0253445131, Ticker Symbol MBT14)
- At the conversion price of CHF 0.98, a maximum number of 29,290,826 registered shares can be issued. As of 31 December 2017, the newly to be issued registered shares are secured by the existing conditional capital for convertible bonds and/or bonds with option rights.
- The convertible bond can be redeemed by the Company at all times, provided that more than 85% of the originally issued amount of the bonds has been converted and/or redeemed.
- In addition, the convertible bond can be redeemed by the Company on or after 9 October 2018, provided that the volume weighted average price of Meyer Burger Technology Ltd's registered shares for a period of at least 20 out of 30 consecutive trading days is at a price of at least 130% of the conversion price.

In conjunction with the recapitalisation programme of the Company, which was implemented in November/December 2016, the convertible bondholders approved at a bondholder meeting on 25 November 2016 the amendment of several terms of the convertible bond (increase of coupon from 4% to 5.5% per annum; reduction of conversion price from previously CHF 11.39 to CHF 0.98 (new conversion price was set at the daily volume-weighted average share price between 3 January and 30 January 2017, which amounted to CHF 0.98). The High Court of the Canton of Berne approved the amendments of the conditions for the convertible bond on 20 January 2017.

On 27 November 2017, the Company launched an incentive offer to bondholders of the then outstanding CHF 100 million 5.5% convertible bond 2020. By the end of the acceptance period on 5 December 2017, bondholders had submitted conversion notices for a total amount of CHF 71,215,000 and received 72,668,359 fully paid registered shares of Meyer Burger Technology Ltd at the settlement date on 11 December 2017. Furthermore, an additional CHF 80,000 of convertible bonds had been converted as well for 81,632 registered shares in December 2017. The remaining outstanding convertible bonds amount to CHF 28.705 million as of 31 December 2017.

The potential exercise of the conversion rights of these outstanding CHF 28.705 million of bonds can in future lead to a dilution of earnings. The respective 29,290,816 registered shares to be issued as a result of the conversion of the convertible bond represent 4.72% of the outstanding and listed registered shares as of 31 December 2017 (5.34% of the registered shares as registered in the commercial register as of 31 December 2017).

Options

As of 31 December 2017, Meyer Burger Technology Ltd did not have any options outstanding.

Share participation programme

The Company has a share participation programme as a long-term incentive for the members of the Board of Directors and members of the Executive Board as well as for other selected employees within the Group. The Board of Directors determines the individual participants of the plan, based on recommendation of the Executive Board, at its reasonable discretion. Shares may only be allocated to employees with an employment contract of indefinite term and in positions not under notice, and to serving members of the Board of Directors, who have not submitted their resignation.

Each participant receives an individual offer letter, stipulating the number of restricted share units (RSU) being offered, the acquisition price per share (if any), the payment conditions, the period within which the participant has to declare acceptance of the offer, as well as the (optional) retention periods. Within this acceptance period, the participant has to

1) declare acceptance of the offer,
2) declare, which retention period that was set by the Board of Directors he/she wishes to be applied in acquiring the shares,
3) (if applicable) pay the full acquisition price for all shares, which the participant wishes to acquire.

The restricted share units, which the Board of Directors has allocated, generally have a vesting period of three years since fiscal year 2016 (earlier years: vesting period of two years) and an optional retention period that can be selected by the participant of either zero, three or five years (following the end of the vesting period). The participants do not receive title of ownership to the restricted shares during the vesting period. During the vesting period and the optional retention period, the participants can therefore not sell (in part or entirely), assign, transfer, pledge or debit the shares in any form or exercise voting rights. The right of ownership for these restricted share units is forfeited without compensation in the event that the employee gives his/her notice or the Company ends the employment relationship prior to expiration of the vesting period (subject to special situations such as retirement, death, permanent incapacity for work due to invalidity, company ends employment relationship for economic reasons, etc.; also subject to differing rules for the members of the Executive Board, based on their employment contracts – see Remuneration Report). The same rule applies in the event of the voluntary resignation of a member of the Board of Directors (or de-selection by shareholders at a Meeting of Shareholders) prior to expiration of the vesting period.

The Board of Directors is also entitled to set different modalities from the above-mentioned conditions for participants domiciled outside of Switzerland. It will thereby aim for equal treatment of the participants taking into account the tax differences within the different states of domicile. Slightly modified conditions are currently applied for employees in Germany and the USA (no retention period after vesting period), and in all other countries outside of Switzerland and Germany (employees are offered so-called phantom shares).

Number of outstanding shares as of 31 December 2017 that were offered under the share participation programme as well as shares, which were allotted through the exercise of subscription rights on allotted and restricted shares in connection with the capital increase in 2016:

Grant/ Purchase	Number of shares	Acquisition price	Vesting period
22.03.2016[1]	645,747	CHF 0.05	22.03.2016–21.03.2019
20.12.2016[2]	1,633,152	n/a	20.12.2016–21.03.2019
03.01.2017[3]	426,316	n/a	03.01.2017–02.01.2020
31.03.2017[1]	3,824,973	n/a	31.03.2017–30.03.2020

[1] Shares offered for subscription under the share participation programme.
[2] In conjunction with the capital increase in 2016, the Company has used or exercised the subscription rights of the registered shares, which were granted and restricted from the share participation programme, by selling approximately half of the subscription rights in the market and by exercising the remaining subscription rights with the proceeds. The newly acquired registered shares are subject to the same vesting periods as the underlying share participation programmes.
[3] Shares granted to Michael R. Splinter for function as Delegate.

The registered shares shown in the table above correspond to 1.05% of the outstanding and listed share capital of the Company as of 31 December 2017 (1.19% of the capital registered in the commercial register as of 31 December 2017). Since fiscal year 2017, the shares granted in the share participation programme are sourced from treasury shares held by the Company (in earlier years, these shares were issued out of the conditional share capital directly after the grant date). The number of shares mentioned in the table above is therefore already included in the outstanding ordinary share capital as of 31 December of each year and does not lead to further dilution.

3 Board of Directors

Board of Directors as of 31 December 2017

Name	Born	Position	Position since
Dr Alexander Vogel	1964	Chairman	2016
Heinz Roth	1954	Vice Chairman	2016
Wanda Eriksen-Grundbacher	1967	Member	2015
Hans-Michael Hauser	1970	Member	2017
Dr Franz Richter	1955	Member	2015
Michael R. Splinter	1950	Member, Delegate	2017
Prof Dr Konrad Wegener	1958	Member	2010

Dr Alexander Vogel and Heinz Roth hold the above mentioned positions since 2 December 2016. They are members of the Board of Directors since 1999 and 2009, respectively.

Dr Alexander Vogel, LL.M.

Chairman, non-executive member of the Board of Directors, Swiss citizen

Education Studies in business administration and law at the University St. Gallen, CH-St. Gallen. Dissertation in the area of company and group law. Postgraduate studies (LL.M.) at Northwestern/Kellogg University in Chicago, USA-Chicago → **Since 2000** Partner at law firm Meyerlustenberger Lachenal AG (previously meyerlustenberger) in Zurich, Geneva, Zug, Lausanne and Brussels, various publications and lectures in Corporate Governance, M&A, corporate and financial market law → **Since 2003** Head of the Department Corporate & Finance at Meyerlustenberger Lachenal AG → **2005–2015** Member of the Management Committee of Meyerlustenberger Lachenal AG

Other activities and vested interests

Former mandate: Chairman of the Board of Directors of Airopack Technology Group Ltd. (listed at SIX Swiss Exchange), CH-Baar from 2010 until 2015.

Current mandates: Member of the Board of Directors of various medium-sized companies in Switzerland and member of the Board and Secretary of the Swiss Association of Investment Companies (SAIC) (in total thirteen remunerated mandates at non-public companies and seven non-remunerated mandates). No significant official functions or political offices.

The Company obtains consultancy services in legal cases from various law firms, including Meyerlustenberger Lachenal AG, in which Dr Vogel is one of several shareholders. The Executive Board decides on awarding individual mandates without consulting the Board of Directors.

→ Further details are available in the Remuneration Report under section “Compensation to related parties” on page 75.

Heinz Roth

Vice Chairman, non-executive member of the Board of Directors, Swiss citizen

Education Business School, Swiss Certified Banker, Graduate of Swiss Banking School → **1977–2002** Various management positions (international and within Switzerland) at Credit Suisse Group, including Key Account Manager Corporate Banking, Head Region Zurich North-West, Member of the Executive Board of Credit Suisse Private Banking and Head Central/Northern/and Eastern Europe, Member of the Executive Board of Credit Suisse Financial Services and CEO Private Banking Switzerland → **2002** Executive Program at Stanford University, USA-Stanford → **Since 2003** Independent business consultant specialised on the financial sector (mandates as member of the Board of Directors and mandates on a project basis)

Other activities and vested interests

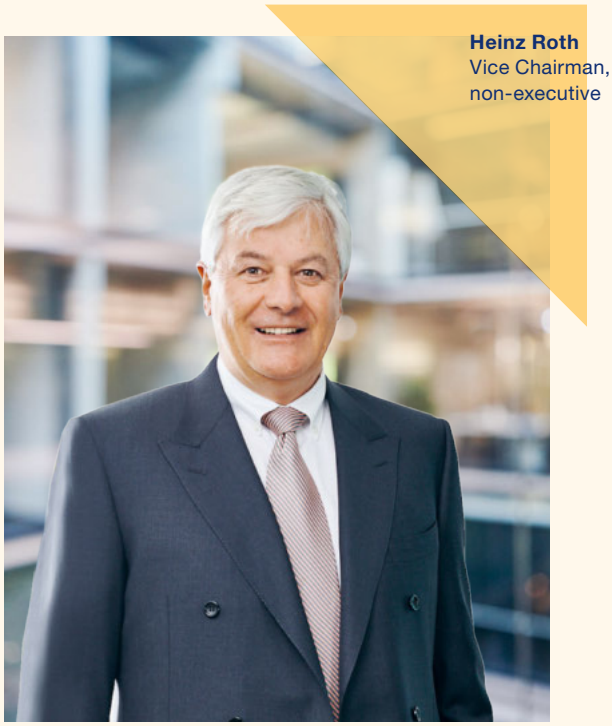
Former mandates: Member of the Board of Directors of Vontobel Holding Ltd, CH-Zurich, and of Bank Vontobel Ltd, CH-Zurich from 2004 until 2009 (Member of Audit Committee, Chairman of IT Committee). Member of the Board of Directors of Banca Arner SA, CH-Lugano from 2009 until 2011. Member of the Board of Directors of various non-listed companies in Switzerland and member of different foundation boards. President of the foundation Davos Festival from 2006 until 2011.

Current mandates: Member of the Board of Directors of Walter Meier Ltd, CH-Schwerzenbach (Member of the Board of Directors and Chairman of Audit Committee; one mandate at a publicly listed company). Member of the Board of Directors of KORAS AG (Blaser Swisslube AG), CH-Hasle-Rüegsau and member of the Board of Directors of various non-listed companies in Switzerland and member of different foundation boards (in total four remunerated mandates with non-listed companies and three non-remunerated mandates). No significant official functions or political offices.

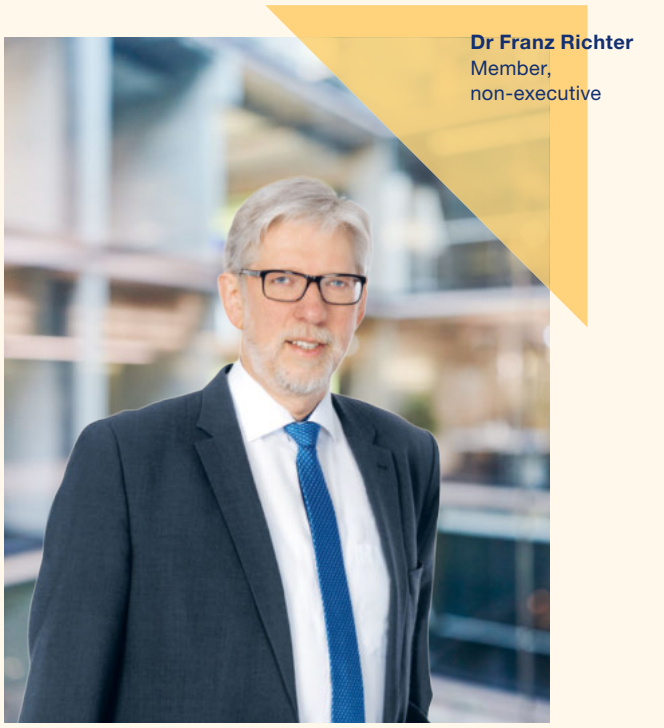
No significant business relationship with the Company or one of its group companies.

Board of Directors

Dr Alexander Vogel
Chairman,
non-executive



Heinz Roth
Vice Chairman,
non-executive



Dr Franz Richter
Member,
non-executive

Hans-Michael Hauser
Member,
non-executive

Wanda Eriksen-Grundbacher
Member,
non-executive

Prof Dr Konrad Wegener
Member,
non-executive

Michael R. Splinter
Member, Delegate,
executive function

Wanda Eriksen-Grundbacher

Non-executive member of the Board of Directors, Swiss and US American citizen

Education Bachelor of Science in Accounting, University of Illinois, USA-Urbana-Champaign. Master of Science in Accounting, University of Illinois, USA-Urbana-Champaign. Swiss Certified Accountant, CH. Certified Public Accountant, USA → **1990–2011** Activities as Audit Partner (1999–2011) and as auditor (1990–1999) at PricewaterhouseCoopers Ltd., CH and USA → **Since 2011** Independent consultant for strategy, governance and financial matters

Other activities and vested interests

Former mandates: Chairperson of the Board of Directors at à ma chère AG, Zurich from 2011 until 2015.

Current mandates: Vice President of the Board of Directors of Arnold AG, CH-Wangen an der Aare since 2012. Member of the Board of Directors of AXA Winterthur (also Chairwoman of the Audit and Risk Committee since 2016), CH-Winterthur since 2012. Member of the Board of Directors of the Federal Audit Oversight Authority FAOA since 2016 (Chairwoman since January 2018). Member of the Board of Directors of Aquila & Co. AG, CH-Zurich, since 2016. In total four remunerated mandates at non-public companies. No other significant official functions or political offices.

No significant business relationship with the Company or one of its group companies.

Hans-Michael Hauser

Non-executive member of the Board of Directors, German citizen

Education Masters in Physics and in Mathematics, University of Stuttgart, DE-Stuttgart. Diploma in Engineering Science, Ingénieur Ecole Centrale, FR-Paris. MBA from J.L. Kellogg Graduate School of Management at Northwestern University, USA-Evanston/IL → **1995–2005** Associate, consultant, project leader and principal at Boston Consulting Group, DE-Munich → **2005–2010** Partner and Managing Director at Boston Consulting Group, DE-Munich, Leader of Technology Practice in Germany, Austria and Eastern Europe, Global Topic Leader Digital → **2010–2015** Partner and Managing Director at Boston Consulting Group, CH-Zurich, Leader of Industrial Practice in Switzerland → **Since 2015** Founder and Managing Director at ML Insights AG, CH-Zug → **Since 2016** Co-founder and Chairman at LoyaltyCoin AG, CH-Zug

Other activities and vested interests

Current mandates: Member of the Board of Directors of Mikron AG, CH-Biel since 2016 (one mandate at a publicly listed company). Chairman of the Board of Directors of LoyaltyCoin AG, CH-Zug since 2017 (non-remunerated mandate at non-publicly listed company). No significant official functions or political offices.

No significant business relationship with the Company or one of its group companies.

Dr Franz Richter

Non-executive member of the Board of Directors, German citizen

Education BsC Mechanical Engineering, Münster University of Applied Sciences, DE-Münster. MSc Physics, University of Bielefeld, DE-Bielefeld and Technical University of Darmstadt, DE-Darmstadt. PhD Mechanical Engineering, RWTH Aachen University, DE-Aachen → **1985–1988** Scientist at Carl Zeiss, DE-Oberkochen → **1988–1990** Scientist at Fraunhofer Institute for Laser Technology, DE-Aachen → **1990–2004** Various roles at Süss MicroTec, including CEO (1998–2004), COO of Süss Holding and CEO of Karl Süss Verwaltung GmbH (1997–1998), DE-Garching → **2005–2007** President of Semiconductor Equipment segment, Unaxis, at OC Oerlikon, CH-Pfäffikon → **2007–2016** CEO and co-founder of Thin Materials, DE-Eichenau → **Since 2016** CEO of Süss Micro Tec SE, DE-Garching

Other activities and vested interests

Former mandates: Member of the Board of Directors of Albis Optoelectronics AG, CH-Rüschlikon from 2006 until 2007. Member of the Board of Directors of "SEMI", the global industry association for the semiconductor industry from 2000 until 2011. Member of the advisory committee of Mück Management Partners AG, CH-Schindellegi from 2009 until 2016. Member of the advisory board of Amicra Technologies GmbH, DE-Regensburg from 2014 until 2016.

Current mandates: Member of the Board of Directors of Siltronic AG, DE-München, since 2008 until 19 April 2018 (mandate at a publicly listed company – see specific comment below). Chairman of the Board of Trustees of Fraunhofer Institute IZM, DE-Berlin, since 2009. Chairman of the Board of Directors of Scint-X Technologies AB, SE-Kista, since 2014 (Board member since November 2014, Chairman since February 2015). Member of the Board of Directors of Comet Holding AG, CH-Flamatt, since 2016 (mandate at a public listed company). In total three mandates at publicly listed companies (including the CEO mandate at Süss Micro TEC AG) and two non-remunerated mandates as of 31 December 2017. Franz Richter has resigned from the Board of Directors at Siltronic AG with effect as of 19 April 2018 (date of Siltronic's Annual General Meeting). After 19 April 2018, he will have two mandates at publicly listed companies and two non-remunerated mandates. No significant official functions or political offices.

No significant business relationship with the Company or one of its group companies.

Michael R. Splinter

Delegate of the Board of Directors (executive function), US American citizen

Education Honorary PhD in Electrical and Electronics Engineering, University Wisconsin, USA-Wisconsin. Bachelor and Master of Science in Electrical Engineering, University Wisconsin, USA-Wisconsin → **1974–1984** Rockwell International Manager of Semiconductor Fabrication Operations in the Electronics Research Center at Rockwell International, USA-Anaheim/CA and USA-Newport Beach/CA → **1984–2003** Intel Corporation: Various management positions, including Executive Vice President and Director of Sales and Marketing Group, Executive Vice President and General Manager of Technology and Manufacturing Group, USA-Santa Clara/CA → **2003–2013** Chief Executive Officer at Applied Materials Inc., USA-Santa Clara/CA → **2009–2015** Chairman of the Board at Applied Materials Inc., USA-Santa Clara/CA → **Since 2015** Co-Founder and General Partner at WISC Partners, LLC, USA-Madison/WI

Other activities and vested interests

Former mandates: Various business and industry councils and non-profit organisations such as Semiconductor and Equipment Manufacturing Industry Association (2005–2015), Silicon Valley Leadership Group (2004–2015), US India business Council (2010–2015), Santa Clara University Board of Regents (2004–2010), President's Council on Semiconductor Technology (2016).

Current mandates: Chairman of the Board of Directors of NASDAQ Inc., member of the Board of Directors at TSMC – Taiwan Semiconductor Manufacturing Company (two mandates at publicly listed companies). Member of the Board of Directors at non-listed Pica8, Tigo Energy, Inc. and Murfie Music. Member of the University of Wisconsin Foundation Board and President of 49 Black Sands Beach Homeowners Association. In total two mandates at listed companies, three remunerated mandates with non-listed companies and two non-remunerated mandates. No significant official functions or political offices.

No significant business relationship with the Company or one of its group companies.

Prof Dr Konrad Wegener

Non-executive member of the Board of Directors, German citizen

Education Studies in machinery construction and doctorate in the equation of material behaviour of plastics at the Technische Universität (TU) Braunschweig, DE-Braunschweig → **1990–1999** Schuler Pressen GmbH & Co. KG, DE-Göppingen. Tasks in restructuring the construction departments. Head of project planning for series machines. Divisional Head of technical services. Preparation of Schuler's engagement in laser technology → **1999–2003** Technical CEO of Schuler Laser Technology, DE-Heusenstamm. Development and construction of large-scale welding installations for the ship building and aviation industries, as well as welding and cutting equipment for applications in the construction of vehicle bodywork and fabric cutting machinery. Lecturer on tensor calculation and continuum mechanics at TU Braunschweig, and on metal forming technology and machinery in Darmstadt → **2003–2011** Delegate of the Board of Directors of inspire Ltd, CH-Zurich → **Since 2003** Professor for production technology and machine tools at the Federal Institute of Technology (ETH) Zurich, CH-Zurich. Head of the IWF (Institute of machine tools and manufacturing) as well as the work groups iwf and irpd of inspire Ltd, a transfer centre for production technology at the ETH Zurich. Areas of research: Machine tools, chip removal, spark erosion, laser material handling, additive assembly, manufacturing processing

Other activities and vested interests

Former mandates: Member of the Board of Directors of 3S Industries Ltd, CH-Lyss until the merger with Meyer Burger Technology Ltd (in January 2010). Member of the Board of Directors of inspire Ltd, CH-Zurich from 2003 until 2011.

Current mandates: Member of the Board of the Swiss Association for Welding Technology (one non-remunerated mandate). No significant official functions or political offices.

No significant business relationship with the Company or one of its group companies.

Changes in the Board of Directors in fiscal year 2017

At the Annual General Meeting on 27 April 2017, Michael R. Splinter and Hans-Michael Hauser were elected as members of the Board of Directors. In addition, Michael R. Splinter has been active as Delegate of the Board of Directors (January to April as designated Delegate, after the election as a Board member by the AGM as Delegate).

Executive activities for the Company or one of its group companies

As of 31 December 2017, the acting members of the Board of Directors have never been members of the Executive Board of the Company or one of the group companies. However, the Company considers the services and support by Michael R. Splinter in his function as Delegate as an executive function.

Articles of Association in connection with the number of permitted mandates outside the Meyer Burger Group

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 62.

In accordance with Article 28 of the Articles of Association (dated 27 April 2017), the members of the Board of Directors and of the Management may not hold or carry out more than the following additional activities in the highest management or governing bodies of other legal entities, which are obliged to register themselves with the commercial register or a comparable foreign register and which are not controlled by the Company or do not control the Company:

- 5 mandates (members of the Board of Directors) and 1 mandate (members of the Management) at publicly listed companies, whereby several mandates at different companies of the same group qualify as one mandate; and
- 15 mandates (members of the Board of Directors) and 3 mandates (members of the Management) that are remunerated at other legal entities, whereby several mandates at different companies of the same group qualify as one mandate; and
- 10 (members of the Board of Directors) and 2 (members of the Management) non-remunerated mandates, whereby the imbursement of expenses is not considered as compensation and several mandates at different companies of the same group qualify as one mandate.

Mandates which a member of the Board of Directors or of the Management takes up at the request of the Company (e.g. joint ventures or pension fund of such legal entity or in companies, in which the Company has a substantial (non-consolidated) interest) are not subject to the above-mentioned limitations.

The acceptance of mandates/appointments outside the Meyer Burger Group by members of the Management requires the pre-approval of the Board of Directors.

3.1 Elections and terms of office

In accordance with the Articles of Association, dated 27 April 2017, the Board of Directors consists of one or more, but a maximum of nine members. The General Meeting of Shareholders elects annually

- the members of the Board of Directors and the Chairman of the Board
- the members of the Nomination and Compensation Committee, who must be members of the Board of Directors

The members of the Board of Directors are elected individually and for a term of office up to and including the next Annual General Meeting. Re-election is possible. The term of office of a member of the Board of Directors will, however, end irrevocably on the date of the Annual General Meeting following the 70th birthday of the particular member of the Board of Directors.

At the General Meeting of Shareholders, held on 27 April 2017, Dr Alexander Vogel, Heinz Roth, Wanda Eriksen-Grundbacher, Dr Franz Richter and Prof Dr Konrad Wegener were re-elected and Hans-Michael Hauser as well as Michael R. Splinter were elected as new members of the Board of Directors, all according to the proposals by the Board of Directors. Dr Alexander Vogel was re-elected as Chairman of the Board of Directors. Wanda Eriksen-Grundbacher, Dr Franz Richter and Michael R. Splinter were elected as members of the Nomination and Compensation Committee.

3.2 Internal organisation

The Board of Directors constitutes itself, except for the mandatory competences by the Annual General Meeting (election of the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee). The Board shall choose its Vice Chairman and a Secretary, who doesn't need to be a member of the Board of Directors. As of 31 December 2017, Dr Alexander Vogel acted as Chairman, Heinz Roth as Vice Chairman and Michael R. Splinter as Delegate of the Board of Directors.

The Board of Directors holds ordinary Board meetings at least four times per year (usually at least one meeting per quarter). Additional meetings are held as often as necessary. In fiscal year 2017, the Board of Directors held fourteen Board meetings, of which nine were held as telephone conferences. Furthermore, one specific resolution was passed by means of circular resolution. The meetings of the Board of Directors with physical attendance of the Board members usually last between half a day and an entire day. The telephone conferences depended on the issues discussed and lasted up to three hours. In fiscal year 2017, the following members of the Executive Board participated at meetings of the Board of Directors: CEO twelve, CFO twelve, CCO four, COO two, CTO two, former CIO one meeting.

The Board of Directors can introduce permanent or ad hoc Committees for the preparation of individual resolutions, for the performance of certain control functions, or for other special tasks. The Committees do not have decision authority. In 2017, the Board of Directors took in certain projects decisions in principle and delegated the specific decisions of execution to the respective committee (this refers in particular to various decisions of execution by the Nomination & Compensation Committee, and by the Executive Committee with regard to the incentive offer for the convertible bond).

The Board of Directors had four permanent Committees throughout 2017: the Risk & Audit Committee, the Nomination & Compensation Committee, the Innovation Committee and the Executive Committee (former M&A Committee was dissolved as of 1 January 2017). The duration of the Committees' meetings depends on the issues discussed.

3.2.1 Risk & Audit Committee (R&A Committee)

Committee members as of 31 December 2017: Heinz Roth (Chairperson), Wanda Eriksen-Grundbacher, Dr Alexander Vogel.

The R&A Committee mainly has the following responsibilities:

- Review of the accounting system
- Review of the annual financial statements and other financial information published
- Supervision of the assessment of risks within the Group
- Monitoring the compliance and risk management, and the effectiveness and efficiency of the internal control system ("ICS")
- Supervision of business activities regarding compliance with resolutions by the Board of Directors, internal regulations and guidelines, directives and statutory provisions, in particular also the compliance with stock exchange laws
- Review of the services, independence and fees of the external auditors as well as recommendation to the Board of Directors regarding the proposal to the General Meeting of Shareholders in respect of the auditors
- Detailed discussions of the audit letters, examination of all important conclusions and recommendations by the external auditors with the Executive Board and the auditors themselves
- Monitoring of the implementation of the recommendations by the external auditors
- Review of the services and fees regarding consulting mandates with related parties
- Periodic examination of the insurances of the Group
- Further special tasks as assigned by the Board of Directors

The Committee meets as often as business requires, but at least three times a year. The Chief Financial Officer usually participates in these meetings. Other members of the Board of Directors, the Chief Executive Officer or other members of the Executive Board, representatives of the external auditors, representatives of the internal auditors or other specialists may also be invited to these meetings. The decision thereto is with the Chairperson of the R&A Committee. The appointment of assignments to third parties requires the approval of the Board of Directors or, in urgent cases, of the Chairman of the Board of Directors. The Committee meets at least twice per year with representatives of the external auditors. During the length of such a meeting with the auditors none of the members of the Executive Board shall be present.

In fiscal year 2017, the R&A Committee held three meetings, which lasted between three and four hours. Members of the Executive Board participated at meetings of the R&A Committee as follows: CEO three, CFO three meetings. The external auditors participated at three meetings. Ernst & Young as internal auditors participated at one meeting. The Committee did not consult regularly with external advisors.

3.2.2 Nomination & Compensation Committee (N&C Committee)

Committee members as of 31 December 2017: Wanda Eriksen-Grundbacher (Chairperson), Dr Franz Richter, Michael R. Splinter.

The N&C Committee mainly has the following responsibilities:

- In charge of the process for the selection and proposal of new members of the Board of Directors
- In charge of the process for the selection and proposal regarding the appointment of the CEO
- Examination and approval, respectively proposals of the selection of members of the Executive Board and for management members of important group companies (including occasional interviews at the end of the selection process) as well as examination of the most important conditions of their employment contracts
- Proposal of the compensation for the members of the Board of Directors and the Board's Committees
- Examination, negotiation and proposal of the remuneration of the CEO
- Examination and proposal (together with the CEO) of the remuneration of the members of the Executive Board as well as examination of mandates by members of the Executive Board outside the Group
- Examination and resolution of the annual targets for the members of the Executive Board and of the ratio by which such targets were achieved
- Examination of the targets and total remuneration of important group companies
- Preparation and proposal of the Remuneration Report
- Examination, proposal and monitoring of the implementation of participation programmes for the Board of Directors, the CEO, the other members of the Executive Board and for other employees
- Examination and resolution on the grant of shares under the share participation programme approved by the Board of Directors
- Examination, proposal (together with the CEO) and monitoring of the implementation of the structure and organisation of the highest level of operating management
- Planning of successors at the highest level of management
- Planning and implementation of a self-assessment of the Board of Directors
- Further special tasks as assigned by the Board of Directors in the areas of nomination, organisation and remuneration

→ Detailed information on the decision authority regarding the remuneration of the Board of Directors and to the Executive Board are included in the Remuneration Report on page 65.

The Committee meets as often as business requires (usually at least four times per year). The Chairperson of the Committee can invite members of the Executive Board, members of the management of significant subsidiaries or third parties to the meetings. The appointment of assignments to third parties requires the approval of the Board of Directors or of the Chairman of the Board of Directors.

In fiscal year 2017, the N&C Committee held ten meetings, of which nine were held as telephone conferences. In 2017, the N&C Committee interviewed candidates for new membership to the Board of Directors, and interviewed and evaluated application documents for management levels at the Company and at certain subsidiaries. The N&C meeting with physical attendance of its members lasted about two hours. The telephone conferences depended on the issues discussed and lasted up to two hours. Members of the Executive Board participated at meetings of the N&C Committee as follows: CEO six, CFO six meetings. The Committee did not consult regularly with external advisors.

3.2.3 Innovation Committee

Committee members as of 31 December 2017: Prof Dr Konrad Wegener (Chairperson), Hans-Michael Hauser, Dr Franz Richter.

The Innovation Committee mainly has the following responsibilities:

- Analysis' in order to ensure the innovative strength of the Group (in particular suggestions for strategic innovations as well as for prioritisation within the Group with regards to technology)
- Analysis' regarding the possibility of opening new markets (in particular evaluation of synergies with regards to existing products and technologies as well as the risks and opportunities of new markets; organic and non-organic development)
- Recommendations to the Executive Board of the Group (in particular with regards to strategic orientation of innovations as well as with regards to new markets)
- Tasks assigned to the Innovation Committee include: Review of the innovation radar and support of management in identifying major technology opportunities and threats; review of the technology roadmap; review R&D resource allocation and helping to align it with the technology roadmap and strategic goals; review of the IP strategy; perform other tasks assigned by the Board of Directors.

The Committee meets as often as business requires (usually at least four times per year). The Chairperson of the Committee can invite members of the Executive Board, members of the management of significant subsidiaries or third parties to the meetings. The appointment of assignments to third parties requires the approval of the Board of Directors or of the Chairman of the Board of Directors.

In fiscal year 2017, the Innovation Committee held four meetings, of which one was held as a telephone conference. The meetings with physical attendance of its members lasted between seven and ten hours, the telephone conference lasted two hours. Members of the Executive Board participated at the meetings of the Innovation Committee as follows: CEO three meetings, CTO two meetings (two meetings from Aug to Dec 2017), former CIO two meetings (two meetings prior to Aug 2017). The Committee did not consult regularly with external advisors.

3.2.4 Executive Committee

Committee members as of 31 December 2017: Dr Alexander Vogel (Chairperson), Michael R. Splinter

The Executive Committee mainly has the following responsibilities:

- Assist the Board in fulfilling its oversight responsibilities relating to the medium- and long-term strategic direction and development of the Group
- Review and evaluate the Company's business strategies and make recommendations to the Board of Directors with respect to potential changes in strategy
- Review and evaluate strategies regarding growth opportunities, marketing, sales, operations and make recommendations to the Board of Directors with respect thereto
- Provide advice, challenge and expertise so that the strategic options may be explored fully before submitting to the Board of Directors for deliberation and approval
- Supervision as well as, insofar as it is reasonable, guidance and support of the Executive Management with the preparation and, if applicable, the implementation of the mid-term plan of the Group

– Preliminary examination of the material investments (particularly mergers and acquisitions) and divestments based on the relevant documents and reports as well as the preparation of recommendations for the attention of the Board of Directors
– Decisions on proposals of the Executive Management regarding the invitation, continuation or termination of material investment/divestment projects (subject to fundamental decisions of the Board of Directors concerning the realisation of respective investments/divestments) and the decisions regarding the execution of the key terms of such transactions (e.g. structure of the transaction, price range, etc.)
– Supervision as well as, insofar as it is reasonable, guidance and support of the Executive Management with the preparation, evaluation and pricing and, if applicable, negotiations in connection with investments/divestments.

The Chairman, the Delegate and the Chief Executive Officer attend the meetings of the Executive Committee (usually at least on a bi-weekly basis). Other members of the Board of Directors, members of the Executive Management, executive staff or other professional experts may be invited to attend the meetings. The decision thereto is with the Chairman.

In fiscal year 2017, the Executive Committee held 28 meetings, of which 26 were held as a telephone conferences. The meetings with physical attendance of its members lasted between two and three hours, the telephone conferences lasted up to two hours. Members of the Executive Board participated at the meetings of the Innovation Committee as follows: CEO 28 meetings. The Committee did not consult regularly with external advisors.

3.2.5 Participation of the members of the Board of Directors at Board of Directors' and Committee meetings (incl. telephone conferences) in fiscal year 2017

Members	Board of Directors	R&A Committee	N&C Committee	Innovation Committee	Executive Committee
Dr Alexander Vogel	14	3	10[2]	•	28
Heinz Roth	13	3	•	•	•
Wanda Eriksen-Grundbacher	14	3	10	•	•
Hans-Michael Hauser	12[1]	•	•	3[1]	•
Dr Franz Richter	14	•	10	4	•
Michael R. Splinter	14[1]	•	4	•	28
Prof Dr Konrad Wegener	14	•	•	4	•
Total meetings	**14**	**3**	**10**	**4**	**28**
Average attendance ratio at meetings[3] in %	**99%**	**100%**	**100%**	**100%**	**100%**

• Not a member of the Committee
[1] Hans-Michael Hauser and Michael R. Splinter attended meetings of the Board of Directors as guests already prior to their election as members of the Board of Directors at the Annual General Meeting on 27 April 2017. Their attendance ratio since election as Board members was 100%.
[2] Dr Alexander Vogel was a member of the N&C Committee until the AGM on 27 April 2017. He attended all meetings of the N&C Committee in 2017 (after AGM as a guest).
[3] The average attendance ratio at the meetings of the Committees refers directly to the members of the respective Committee (additional participants who participate as guests in the Committee meetings are not included in the percentage calculations). For the newly elected Board members, their attendance ratios are calculated as of the date of their election at the Annual General Meeting 2017.

3.3 Definition of areas of responsibility

The main tasks of the Board of Directors are the determination and periodic inspection of the corporate strategy, Company policy, as well as the organisation (including controlling systems) of the Group, the control of the operative management and of the risk management. In addition, it is responsible for the periodic assessment of its own performance and that of the Executive Board.

In addition to the non-transferable and irrevocable tasks pursuant to Article 716a of the Swiss Code of Obligations, the Board of Directors has explicitly reserved the approval of various matters (see the following list). In general, the Board of Directors has delegated the operational management of the Group to the CEO and the Executive Board, respectively.

The Board of Directors explicitly reserved the approval of the following circumstances to itself:

- Incorporation/financing/closing of subsidiaries; investments into/divestments of participations, changes in participation quotas or of share-ownership ratios; purchase of a business or a company or parts thereof through the acquisition of assets or of assets and liabilities (including workforce); opening balance sheet of business parts that shall be transferred to subsidiaries as well as concept and main details of contracts between group companies
- Contracts/cancellation of contracts regarding strategic alliances that have an influence on the business scope, geographic scope or the capital of Meyer Burger Technology Ltd or any of its group companies
- Decisions on business affairs that are of major importance to Meyer Burger Group
- Individual expenditures, investments, divestments; sale of assets, abandonment of plants or assets, liquidation of investments, waiving of receivables; grant of sales reductions or adjustments to invoices; write-off of receivables: Above CHF 1.5 million, if included in the budget; above CHF 1 million, if not included in the budget
- Offers and contracts with customers above CHF 30 million
- Agreements to and allowance of letter of comforts and guarantees, loans and credits to third parties above CHF 5 million
- Loans and credits to members of the Board of Directors or members of the Executive Board (possible up to a maximum of TCHF 50)
- Financing transactions (bank loans, bonds issues), leasing above CHF 5 million
- Structured financing transactions
- Decisions concerning communication (identity, design, branding, communication policy, marketing communication strategy)
- Personnel and salary policy of the Group
- Wage negotiations and social plans for the Group
- Appointment, dismissal and compensation of members of the Executive Board
- Employment conditions for highest level of management positions
- Share and option programmes, including programmes of profit sharing for associates and employees
- Principles for pension plans and social benefits
- Large restructuring programmes

Members of the Board of Directors and the members of the Executive Board of the Company have joint signature authority.

3.4 Information and control instruments vis-à-vis the Executive Board

The Board of Directors monthly receives from the Executive Board a report on business development and on the key figures for all group companies as part of a structured information system. The information relates in particular to:

- Detailed monthly reports and consolidated monthly financial statements including results since the beginning of the year (year-to-date numbers, comparisons with the budget and the results of the previous year's period) and key figures for the Group
- Detailed treasury reporting with information on liquidity, debt position, currency situation and working capital
- Information on incoming orders, order backlog, situation of inventory, production data, development of number of employees
- Share register

The members of the Board of Directors additionally receive the following information prior to Board meetings:

- Interim reports on the course of business
- Information about business and market developments
- Appropriate information with regard to events, which concern the internal control system and the risk management, respectively

At those Board of Directors' meetings, at which financial results are discussed, both the CEO and the CFO participate.

→ Detailed information regarding the participation of members of the Executive Board at the meetings of the Board of Directors and of the Committees are included in the comments to section 3.2 "Internal organisation" and the descriptions of the different Committees on page 48 ff.

During Board meetings, each member of the Board of Directors can request information from the other members of the Board, as well as from the members of the Executive Board on all affairs of the Company. Outside of Board meetings, each member of the Board of Directors can request information on the course of business or important business transactions from the CEO, the CFO or from other members of the Executive Board. Members of the Board of Directors can also contact other associates (in agreement with members of the Executive Board).

Risk management

As part of the risk assessment process, the probability of occurrence and the extent of the loss are considered. The Company uses both quantitative and qualitative methods for this process, applying these on a uniform basis across the Group as a whole and thereby enabling risk assessments to be compared across different areas of the Company. Based on the results for probability of occurrence and expected implications, a clear risk assessment matrix is drawn up.

→ For further information regarding risk management please refer to the Financial Statements Note 3 on page 95.

Internal control system

The Board of Directors approved an optimised internal control system ("ICS"), which has become effective as of 1 January 2009. The ICS applies a risk oriented approach (focused on major risks and control). The scope of the ICS depends on the size and risks of each subsidiary within the group. Each subsidiary of Meyer Burger is classified as a "Full Scope" or "Limited Scope" company. This classification is reviewed once per year.

For the Full Scope companies, the key risks are continuously monitored and every three years, all control measures of the major processes that are relevant for the financial reporting will be reviewed with regards to their effectiveness. For the Limited Scope companies, the controls shall be executed in accordance to a plan that will be defined on a yearly basis. On the group level, controls are implemented with regards to the consolidated financial statements of the group.

The following processes were defined as financially relevant: Sales, materials management, production, fixed assets, payroll accounting, finance department, information technology. For each of these processes, a particular ICS person has been defined as the responsible person for the process. For an evaluation of the companywide controls in accordance with the scope, the Executive Board of each group subsidiary executes a self-assessment each year during the first half of the year. Measures that result out of the evaluation are implemented until the end of the respective year.

The Board of Directors receives a detailed reporting about the risks of the Company on a half-year basis and a report about the ICS once per year. In fiscal year 2017, the R&A Committee discussed the risk portfolio during two of its meetings and the Board of Directors discussed it at one of the Board meetings. The external auditors also audit the compliance of ICS regulations as part of their annual audit, and report their conclusions directly to the Risk & Audit Committee as well as to the Board of Directors.

Internal audit

The Company mandated Ernst & Young, Zurich, as internal auditors (begin of the mandate was 1 July 2011, the Company had used an own internal audit prior to that date). The E&Y mandate was agreed upon with a term of three years and was renewed by the R&A Committee in April 2014 and January 2017, respectively. The current mandate runs until 31 December 2019.

The Risk & Audit Committee regularly monitors the scope of internal audit and once per year (usually in the 4th quarter) approves a plan for internal audit projects, which will be executed by Ernst & Young. The audit plan includes a long-term planning over the next three years and a detailed plan for the next year. The audits mainly concentrate on financial, operational, compliance or management audits. The internal audit can conduct audits, review any document and demand that all information it asks for is provided, in order to ensure that it can fulfil its audit tasks.

The internal audit reports in writing about the audits it has carried out, the findings resulting from the audits and, if necessary, gives recommendations to improve systems and processes. The internal audit is obliged to immediately report possible irregularities or fundamental shortcomings to the Risk & Audit Committee and to the Chairman of the Board of Directors. Ernst & Young executed four internal audits during fiscal year 2017 and issued detailed reports on each of the audits. It also prepared one combined report about all audits that were carried out in 2017. No material irregularities or shortcomings were reported by the internal auditors. The Risk & Audit Committee held one meeting with Ernst & Young in 2017.

4 Executive Board

Executive Board as of 31 December 2017

Name	Born	Position	Member Executive Board
Dr Hans Brändle	1961	Chief Executive Officer	since 2017
Michel Hirschi	1967	Chief Financial Officer	since 2006
Michael Escher	1971	Chief Commercial Officer	since 2014
Dr Gunter Erfurt	1973	Chief Technology Officer	since 2017
Daniel Lippuner	1969	Chief Operating Officer	since 2017

Dr Hans Brändle

Chief Executive Officer, Swiss citizen

Education Doctor of natural scientist in physical chemistry (Dr. sc. Nat.), ETH Zurich, CH-Zurich. Executive MBA, University of St. Gallen, CH-St. Gallen. Executive Development Seminars, IMD Lausanne, CH-Lausanne → **1976–1990** Research Associate, ETH Zurich, CH-Zurich → **1991–1992** Post-Doc / Visiting Scientist, IBM Almaden Research Center, USA-San Jose/CA → **1992–1995** Project Manager, Research & Development at Oerlikon Balzers, LI-Balzers → **1995–1998** Global Head of Research and Development at Oerlikon Balzers, LI-Balzers → **1998–2005** General Manager (Managing Director) at Oerlikon Balzers, DE-Bingen → **2005–2014** Chief Executive Officer at Oerlikon Coating (today Oerlikon Surface Solutions), LI-Balzers. 2006/2007 was the sector Solar part of Oerlikon Coating, before it has been separated into an independent division → **2015–2017** Chairman of the Board of Directors of Liechtensteinische Post, LI-Schaan → **Since 2017** Chief Executive Officer (CEO) and member of the Executive Board of the Company

Other activities and vested interests

Former mandates: Chairman of the Board of Liechtensteinische Post AG (2015–2017). Member of the Board of the Chamber of Commerce and Industry Liechtenstein, LI-Vaduz (2013–2014). Elected Delegate and Member of the Chamber of Commerce and Industry Rhein-Hessen, DE-Mainz (2003–2005).

Current mandates: Founding Member and Member of the Board of Directors of G-ray Industries SA, CH-Hauterive (Start-up in the sector X-ray defectors and wafer to wafer direct bonding technology) since 2016, Member of the Advisory Board of G-ray Switzerland SA, CH-Hauterive. Non-remunerated mandate. No further mandates for Board memberships or consulting activities for important Swiss or foreign organisations. No significant official functions or political offices.

Michel Hirschi

Chief Financial Officer, Swiss citizen

Education Business School (banking industry). Training in software programming and analysis. BSC Economics and Business Administration, College of Higher Education Executive Master of Corporate Finance, College of Higher Education Central Switzerland → **1983–1993** Analyst and Programmer at Valiant Bank, CH-Berne → **1995–1997** Team Leader/Project Leader of a BPR project at the newly formed banking information-outsourcing company RBA-Service Ltd in Gümligen, CH-Berne → **1997–1999** Profit Centre Controller at Swatch Ltd, CH-Biel, for profit centres FlikFlak, Swatch Telecom and Swatch Access → **1999–2002** Head of Controlling at Swisscom Group, CH-Berne, responsible for supervising the business unit International Business Solutions, project participation and Project Manager, inter alia for a project involving the development of a completely new value flow model in SAP → **2002–2006** Chief Financial Officer, responsible for Finance, Administration and Human Resources and member of the Executive Board at Infonet Schweiz AG, CH-Berne (joint venture between Swisscom and Infonet USA) → **2006–2010** Member of the Executive Board and CFO of Meyer Burger Ltd, CH-Thun → **Since 2006** Chief Financial Officer (CFO) and member of the Executive Board of the Company, Deputy CEO

Other activities and vested interests

Former mandates: Member of the Board of Directors of Comsol AG, CH-Berne from 2001 to 2003. Member of the Board of Directors of CLS Corporate Language Services Holding AG, CH-Basel from 2009 until 2014, and member of the CLS Audit Committee from 2010 until 2014. Member of the Board of Directors of Zurmont Capital I AG, CH-Baar from 2005 to 2017; member of the Board of Directors and of the Investment Committee of Zurmont Madison Management AG, CH-Zurich from 2006 to 2017.

Current mandates: Member of the Board of Directors, Supervisory Board and/or of the Executive Board of different subsidiaries of Meyer Burger Technology Ltd. No further mandates for Board memberships or consulting activities for important Swiss or foreign organisations. No significant official functions or political offices.

Executive Board

1 **Dr Hans Brändle**
Chief Executive Officer

2 **Michel Hirschi**
Chief Financial Officer

3 **Michael Escher**
Chief Commercial Officer

4 **Daniel Lippuner**
Chief Operating Officer

5 **Dr Gunter Erfurt**
Chief Technology Officer

Michael Escher

Chief Commercial Officer, Swiss citizen

Education Bachelor of Business Administration & Finance (University of applied sciences Valais). Master of Science (University College London). Executive Master of Business Administration (London Business School) → **1996–1999** Controlling / Head of cost accounting at Lonza, CH-Visp → **2000–2001** Senior Business Analysis Manager at Lonza, UK-Slough → **2002–2003** Head Global Supply Chain & Strategic Sourcing Lonza Biologics Sector, UK-Slough → **2003–2004** Director Business Technology Development and Licensing at Lonza Biologics, UK-Slough → **2004–2006** Head of Corporate Strategic Planning at Syngenta, CH-Basel → **2006–2009** Global Business Manager Bisamides at Syngenta, CH-Basel → **2009–2010** Head Seed Care Europe, Africa and Middle East (EAME) at Syngenta, CH-Basel → **2010–2014** Managing Director Germany/Austria at Syngenta, DE-Maintal → **Since 2014** Chief Commercial Officer (CCO) and member of the Executive Board of the Company

Other activities and vested interests

Current mandates: Member of the Board of Directors of Cave Fin Bec SA, CH-Sion since 2006; member of the advisory board of ESIM Chemicals, A-Linz since 2016 (two remunerated mandates at non-listed companies). No further mandates for Board memberships or consulting activities for important Swiss or foreign organisations. No significant official functions or political offices.

Dr Gunter Erfurt

Chief Technology Officer, German citizen

Education Degree in Engineering Physics from the Westsächsische Hochschule Zwickau, DE-Zwickau. Degree in Physics, Technische Universität Bergakademie Freiberg, DE-Freiberg and PhD in Physics from Technische Universität Bergakademie Freiberg, DE-Freiberg → **1999–2003** Research Associate, Sächsische Akademie der Wissenschaften zu Leipzig, DE-Leipzig → **2003–2005** Development engineer/laboratory manager, Deutsche Solar AG, DE-Freiberg. Establishment and management material- and module test laboratory → **2005–2006** Project manager planning and investments, Deutsche Solar AG, DE-Freiberg. Project manager for building a factory for solar cell production → **2006–2009** Head of Planning and Investment, Solarworld Industries America LLC, USA-Hillsboro → **2009–2011** Global Head Planning and Investment/Technology Transfer, Solarworld AG, DE-Bonn. Staff position to the COO → **2011–2015** Managing Director, Solarworld Innovations GmbH, DE-Freiberg. Responsible for global strategic technology development → **2015–2017** Managing Director and Member of the Management Board of Meyer Burger (Germany) AG, DE-Hohenstein-Ernstthal → **Since 2017** From February to August 2017 Chief Operating Officer (COO) and member of the Executive Board of the Company, as of September 2017 Chief Technology Officer (CTO) and member of the Executive Board of the Company

Other activities and vested interests

Current mandates: Member of the Board of Trustees of Fraunhofer Institute for Electron Beam and Plasma Technology, DE-Dresden, since 2016 (one remunerated mandate at non-listed company).

No further Board of Directors memberships or consultancy activities for important Swiss or foreign organisations. No significant official functions or political offices.

Daniel Lippuner

Chief Operating Officer, Swiss citizen

Education Bachelor in Economics & Business Administration, Controlling, University of Applied Science, St. Gallen → **1988–1990** Accountant & Purchaser, Bonyf AG, FL-Vaduz → **1991** Senior Accountant, Präsidialanstalt, FL-Vaduz → **1994–1998** Plant Controller / Business Development Manager / VP Commercial, Rieter Automotive, CH-Winterthur → **1999–2006** Chief Financial Officer Northern & Central Europe / Chief Financial Officer Asia / General Manager Thailand, Indonesia, Vietnam / Business Development Manager, Hilti Group, FL-Schaan → **2006–2013** Executive Vice President Controlling & IT / Chief Executive Officer Business Unit Oerlikon Textile Components, OC Oerlikon, CH-Pfäffikon → **2013–2015** Group Chief Executive Officer & Member of the Board of Directors, Saurer Group, CH-Wattwil and CN-Shanghai → **2017** February to August 2017 Project Management Consultant, Meyer Burger Technology Ltd, CH-Thun → **Since 2017** As of September 2017 Chief Operating Officer (COO) and member of the Executive Board of the Company

Other activities and vested interests

Current mandates: Member of the Board of Directors of Bossard Group, CH-Zug since 2015 (one mandate at publicly listed company). Member of the Board of Directors of Amsler Tex AG, CH-Aesch/ZH since 2016 (one remunerated mandate at non-listed company).

No further Board of Directors memberships or consultancy activities for important Swiss or foreign organisations. No significant official functions or political offices.

Mandates held by the Executive Board (outside of Meyer Burger Group) as of 31 December 2017

Mandates	Remunerated mandates at publicly listed companies	Remunerated mandates at other legal entities	Non-remunerated mandates
Limit set by Articles of Assocation	1	3	2
Dr Hans Brändle	–	–	1
Michel Hirschi	–	–	–
Michael Escher	–	2	–
Dr Gunter Erfurt	–	1	–
Daniel Lippuner	1	1	–

For the exact wording of Article 28 of the Articles of Association regarding the maximum number of mandates allowed outside the Meyer Burger Group please refer to page 48 of the section reporting on members of the Board of Directors.

Changes in the Executive Board during fiscal year 2017

Hans Brändle joined the Executive Board as the new CEO as of 1 January 2017. Dr Dirk Habermann joined the Executive Board as the new CIO as of 1 January 2017 until 30 August 2017 (left the Executive Board as of 30 August 2017). Dr Gunter Erfurt joined the Executive Board as COO of the Company as of 1 February 2017 until 30 August 2017; as of 1 September 2017 Gunter Erfurt acts as CTO of the Company. Daniel Lippuner joined the Executive Board as the new COO as of 1 September 2017.

4.1 Management contracts

There are no management contracts between Meyer Burger Technology Ltd or any of the group companies and third parties.

5 Compensation, Shareholdings and Loans

→ Detailed information on compensation, shareholdings and loans to active and former members of the Board of Directors and of the Executive Board is included in the Remuneration Report (pages 63 to 76).

→ Statutory rules regarding the principles of compensation, participation plans, loans, credits and pension benefits are set in Articles 30 to 34 of the Articles of Association. The rules regarding the approval of the remuneration by the General Meeting of Shareholders are set in Article 17 of the Articles of Association. The Articles of Association are available under https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

6 Shareholders' Participation Rights

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 62.

6.1 Voting rights restrictions and representation

Each share is entitled to one vote. The shareholder rights can be exercised by anyone who is registered in the share register as a shareholder 30 days prior to the General Meeting of Shareholders and who has not sold his shares until the end of the General Meeting of Shareholders.

A shareholder may be represented at the General Meeting of Shareholders by a person with written power of attorney, who does not need to be a shareholder. All shares held directly or indirectly by a shareholder can only be represented by one person. For voting rights of nominees please refer to section "Limitations on transferability and nominee registrations" on page 40 of this Corporate Governance Report. A cancellation, liberalisation or intensification of the limitations on nominee registration stipulated in the Articles of Association must be approved by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented at the Meeting of Shareholders.

Independent proxy holder

The General Meeting of Shareholders elects an independent proxy holder. Natural persons, legal entities and partnerships are eligible for election. The term of office expires with conclusion of the next Ordinary Shareholders' Meeting. Re-election is permitted.

The Ordinary General Meeting of Shareholders held on 27 April 2017 elected Mr. lic. iur. André Weber as independent proxy holder for a term of office until the conclusion of the Ordinary Shareholders' Meeting 2018. Mr. Weber is independent and has no further mandates for Meyer Burger Technology Ltd.

The Company enables its shareholders to transfer their votes to the independent proxy holder by electronic means through the platform of Computershare (https://ip.computershare.ch/meyerburger) for any General Meeting. The relevant description of the procedure to register and vote through the platform is sent to shareholders who are registered in the share register together with the invitation to the Shareholders' Meeting.

→ For statutory rules regarding the independent proxy holder please refer to Article 13 of the Articles of Association.

6.2 Statutory quorums

The General Meeting of Shareholders drafts its resolutions and performs its votes on the basis of the absolute majority of the voting rights represented. At least two thirds of the votes represented and the absolute majority of the nominal value of shares represented is required, among others, for resolutions in accordance with Article 704 paragraph 1 and 2 of the Swiss Code of Obligations (CO).

6.3 Convocation of a General Meeting of Shareholders

The convocation of a General Meeting of Shareholders will take place by means of the publication of an invitation in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the Meeting. In addition, shareholders who are registered in the share register will receive a written invitation from the Company to participate at the General Meeting of Shareholders. The invitation must include the motions and the proposals by the Board of Directors and of those shareholders, who have requested either the convocation of a Meeting or the inclusion of a certain motion on the agenda.

6.4 Agenda

Shareholders representing shares that account for at least 10% of the voting rights may request the inclusion of an item on the agenda of the General Meeting of Shareholders. Such requests must be submitted to the Board of Directors at least 45 days prior to the General Meeting of Shareholders in writing, specifying the items and proposals to appear on the agenda.

Requests with regard to motions that have not been properly announced may be permitted for discussion, if the General Meeting of Shareholders concludes to do so. It will not be possible, however, to take a decision on such a request until the next General Meeting of Shareholders. This rule does not apply for requests of an Extraordinary General Meeting or for the performance of a special audit.

No prior notice is required for requests regarding motions that are on the agenda.

6.5 Registration into the share register

No entries will be made in the share register for a period of 30 days prior to a General Meeting of Shareholders, including the day after the General Meeting.

7 Change of Control and Defence Measures

7.1 Duty to make an offer

There are no statutory regulations with regard to opting-out (Article 125 Financial Market Infrastructure Act FMIA) or opting-up (Article 135 paragraph 1 FMIA).

7.2 Clauses on changes of control

In case that a third party would acquire more than 33⅓% of voting rights of Meyer Burger Technology Ltd, the vesting periods and/or retention periods for employee shares set by the Board of Directors shall be accelerated so that any unvested share shall be immediately vested in full. The vesting would take place on the first day of the grace period in case of a successful public tender offer. There are no further clauses regarding a change of control that would favour the members of the Board of Directors, members of the Executive Board or other members of management or associates.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor

The auditors of the Company have been PricewaterhouseCoopers AG since fiscal year 2003. The lead auditor, Rolf Johner, has been responsible for the audit mandate since 2013. The auditors have to be elected each year by the General Meeting of Shareholders.

8.2 Auditing fees

The auditing fees of PricewaterhouseCoopers AG, for services related to the audit of the annual financial statements of Meyer Burger Technology Ltd and its subsidiaries, the consolidated statements of Meyer Burger Group, the review of the Half-Year Report as well as the audit of the Remuneration Report amount to a total of TCHF 761 for fiscal year 2017.

8.3 Additional fees

Additional fees of PricewaterhouseCoopers for further services during fiscal year 2017:

Tax consulting	TCHF 39
Total	**TCHF 39**

The additional fees charged by PricewaterhouseCoopers AG represented 5.1% of the audit fees for fiscal year 2017.

8.4 Supervisory and control instruments vis-à-vis the auditors

The Risk & Audit Committee once per year examines the auditing concept, the auditing plan and the fee structure, as well as the auditors' independence from the Company.

The external auditors at least once per year perform a detailed audit report and brief the Risk & Audit Committee extensively. The important statements and recommendations in the audit reports compiled by the external auditors are then discussed in detail with the entire Board of Directors and the Executive Board.

In fiscal year 2017, the external auditors issued two detailed audit reports (one each for the fiscal year and half year reporting). Representatives of the external auditors participated in three meetings of the Risk & Audit Committee. Representatives of the internal audit of Meyer Burger Technology Ltd (Ernst & Young, Zurich) participated at one of these Risk & Audit Committee meetings.

The Board of Directors once per year verifies the selection of potential auditors, in order to propose the preferred audit firm for election to the shareholders at the General Meeting of Shareholders. The Risk & Audit Committee evaluates the effectiveness of the auditors in accordance with the Swiss law. In this evaluation, the Risk & Audit Committee attaches great importance to the following criteria: Independence of the external auditors (personal independence of the lead auditor and independence of the audit firm in general), understanding of the Company's business areas, sufficient resources set aside by the auditors, practical recommendations for the implementation of regulations in accordance with Swiss law and Swiss GAAP FER, global network of the auditors, understanding of the specific business risks of the Company, focus of the audit within the audit programme, cooperation with the Risk & Audit Committee, as well as with the internal audit and the Executive Board.

The Board of Directors follows the regulations of the Swiss Code of Obligations with regards to the rotation intervals of the lead auditor, i.e. the lead auditor will be rotated every seven years.

The Risk & Audit Committee also examines the proportion between the auditing fee for the annual financial statements and the additional non-audit services performed by the auditors. The Committee will examine potential consequences regarding the independence of the auditors. The Executive Board is permitted to assign non-audit mandates to the auditors up to an amount of TCHF 50. For any non-audit mandates exceeding this amount, the Risk & Audit Committee or the Board of Directors, respectively, must be informed. The auditing fee for the annual audit mandate is finally approved by the entire Board of Directors.

For fiscal year 2017, the Board of Directors concluded that the independence of the auditors was fully ensured at all times.

9. Information Policy

Meyer Burger Technology Ltd communicates openly and transparently and treats shareholders, analysts, business partners, employees and the public equally when it promptly informs about any development in the Company.

→ Company website www.meyerburger.com

Meyer Burger Technology Ltd publishes its results in an annual report and an interim report, as well as through press releases. When the annual results are released, the Company organises a physical conference for the media and the financial community and a conference call to discuss details of the reported earnings. For the interim results, the Company organises a conference call. The Company's financial reports are available on the Company website in electronic form or can be ordered from the Company in print form and free of charge.

→ Financial reports are directly available on https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/financial-reports-publications/

Official notices are published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt, SOGC). Publications in conjunction with the listing of the registered shares at SIX Swiss Exchange are made in accordance with the listing rules of SIX Swiss Exchange. The rules can be viewed under https://www.six-exchange-regulation.com/dam/downloads/regulation/admission-manual/listing-rules/03_01-LR_en.pdf

Detailed information regarding disclosure notices is available under www.six-swiss-exchange.com, Product Search "MBTN", Overview, Major Shareholders.

Price sensitive information is published according to the ad-hoc publicity rules. The modalities for distribution of ad-hoc press releases (the so called push and pull systems) have been implemented in accordance with the ad-hoc publicity rules of SIX Swiss Exchange.

→ Press releases can be viewed under https://www.meyerburger.com/ch/en/meyer-burger/media/

→ The contact form to subscribe for direct receipt of the ad hoc press releases is available under https://www.meyerburger.com/ch/en/meyer-burger/news-service/

Information on transactions with shares of the Company by members of the Board of Directors and members of the Executive Board are published under www.six-swiss-exchange.com, Product Search "MBTN", Overview, Management Transactions.

→ The Articles of Association of the Company are available under https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

→ For details regarding the investor relations contacts, address details of the Company as well as an agenda of important dates for fiscal year 2018 please refer to page 141 of this Annual Report.

Remuneration Report

This Remuneration Report provides information on the remuneration system and the compensation paid to the members of the Board of Directors and of the Executive Board of Meyer Burger Technology Ltd for fiscal year 2017. The content and amount of information provided is in line with the provisions of the "Ordinance against Excessive Compensation at stock exchange listed companies" (OaEC), which was issued by the Federal Council and has become effective as of 1 January 2014, as well as the Corporate Governance directive issued by SIX Swiss Exchange and the Swiss Code of Best Practice by economiesuisse.

The Remuneration Report 2017 will be presented to the General Meeting of Shareholders, to be held on 2 May 2018, for a consultative vote as in the previous years.

Remuneration principles

Meyer Burger Group offers all of its employees a compensation system that is competitive, performance oriented and aligned to sustainable value creation. The compensation is based on the following principles:

- Fair and competitive compensation that fosters entrepreneurial behaviour
- Total compensation that aligns the Company's long-term strategy and the interests of employees, Executive Board, Board of Directors and shareholders
- Attract highly qualified and motivated employees, specialists and executives
- Performance oriented compensation to support the short-term and long-term corporate targets
- Share participation programme, depending on hierarchy level, which allows direct financial participation in the mid-term and long-term development of the value of Meyer Burger shares

Share participation programme as long-term incentive

The Company has a share participation programme as a long-term incentive for the members of the Board of Directors and members of the Executive Board as well as for other selected employees within the Group. The Board of Directors determines the individual participants of the plan, based on recommendation of the Executive Board, at its own reasonable discretion. Shares may only be allocated to employees with an employment contract of indefinite term and in positions not under notice, and to serving members of the Board of Directors, who have not submitted their resignation.

The Board of Directors considers the grant of shares as a part of the total compensation and therefore the direct, long-term participation in the Company as an important instrument to focus the share plan participants on the mid- and long-term success of the Company. For the calculation of the number of granted shares, the determined compensation amount in Swiss Francs will be divided by the grant value of the shares.

Each participant receives an individual offer letter, stipulating the number of restricted share units (RSU) being offered, the acquisition price per share (if any), the payment conditions, the period within which the participant has to declare acceptance of the offer, as well as the (optional) retention periods following the vesting of shares. Within this acceptance period, the participant has to declare acceptance of the offer and declare, which retention period that was set by the Board of Directors he/she wishes to be applied following the vesting of the shares.

The restricted share units, which the Board of Directors has allocated, generally have a vesting period of three years since 2016 (earlier years: vesting period of two years), and an optional fiscal retention period that can be selected by the participant of either zero, three or five years (following the end of the vesting period). The participants do not receive title of ownership to the restricted shares during the vesting period. During the vesting period and the optional retention period, the participants can, therefore, not sell (in part or entirely), assign, transfer, pledge or debit the shares in any form or exercise voting rights.

The Board of Directors is entitled to set different modalities from the above mentioned conditions for participants domiciled outside of Switzerland. It will thereby aim for equal treatment of the participants taking into account the tax differences within the different states of domicile. Slightly modified conditions are currently applied for employees in Germany and the USA (no retention period after vesting period). In all other countries outside of Switzerland and Germany, employees are offered so-called phantom shares.

Changes in the remuneration system for fiscal year 2017

The following changes were applied in fiscal year 2017:

- Fees for the members of the Board of Directors have been adapted (for amounts see table below).
- Regarding the variable, performance related remuneration component – Short-term Incentive (STI) – for the members of the Executive Board, the metric concerning financial targets in the budget comparison was changed from absolutely reached net sales and EBITDA to absolutely reached net sales and net result, and the percentages of the achievement ratios were changed (for further details see Financial targets in section "Short-term incentive – Variable, performance related component" in compensation to the members of the Executive Board below).
- A new metric was introduced for the share-based compensation – Long-term Incentive (LTI) – for the members of the Executive Board. The actual vesting ratio of the LTI after the expiration of the 3-year vesting period is linked to the share price performance of Meyer Burger registered shares (share price performance between the grant date and the end of the vesting period) and can vary between a minimum of 50% and a maximum of 150% (for further details see section "Long-term incentive – Share-based compensation" in compensation to the members of the Executive Board below).
- Since the fiscal year 2017, the shares granted in the share participation programme are sourced from treasury shares held by the Company. There is no dilutive effect from the 2017 share grants. In 2016 and earlier years, shares granted as part of the share participation programme were usually sourced from existing conditional share capital.

Governance

The overall responsibility for defining the compensation principles at Meyer Burger Group is with the Board of Directors. Since the ordinary General Meeting of Shareholders in 2015, the General Meeting has to approve separately the total maximum compensation of the members of the Board of Directors and of the Executive Board for the business year that follows the General Meeting. The vote at the General Meeting of Shareholders has a binding effect for these total maximum amounts of compensation. Thereafter, the approval of the individual compensation of the members of the Board of Directors and of the Executive Board (within the approved limits by the General Meeting) is directly with the Board of Directors.

The approval process for compensation is set in Article 17, the forms and criteria of compensation, participation plans, loans, credits and pension benefits are set in Articles 30 to 34 of the Articles of Association.

→ The Articles of Association are available on the Company's website
https://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

Nomination & Compensation Committee

The Board of Directors had four Committees during fiscal year 2017: Nomination & Compensation Committee (N&C), Risk & Audit Committee (R&A), Executive Committee and Innovation Committee.

→ For details regarding the members and the responsibilities of the Committees please also refer to the Corporate Governance Report page 34 ff.

The Nomination & Compensation Committee (N&C Committee) consists of at least two members of the Board of Directors. They are individually elected by the General Meeting of Shareholders each year. The term of office is one year and expires at the end of the following ordinary General Meeting of Shareholders. Re-election is possible. If the Nomination & Compensation Committee is not complete, the Board of Directors may appoint the lacking members for the remaining term of office. At the ordinary General Meeting of Shareholders on 27 April 2017, Wanda Eriksen-Grundbacher, Dr Franz Richter and Michael R. Splinter were elected as members of the N&C Committee. Wanda Eriksen-Grundbacher is Chairperson of the N&C Committee. The N&C Committee held ten meetings during fiscal year 2017 (of which nine were held as telephone conferences).

The N&C Committee mainly has the following responsibilities regarding subjects concerning compensation:

- Proposal of the compensation for the members of the Board of Directors and the Board's Committees
- Examination, negotiation and proposal of the remuneration of the CEO
- Examination and proposal (together with the CEO) of the remuneration of the members of the Executive Board as well as examination of mandates by members of the Executive Board outside the Group
- Examination and resolution of the annual targets for the members of the Executive Board and of the ratio by which such targets were achieved
- Examination of the targets and total remuneration of important group companies
- Preparation and proposal of the Remuneration Report
- Examination, proposal and monitoring of the implementation of participation programmes for the Board of Directors, the CEO, the other members of the Executive Board and for other employees
- Examination and resolution on the grant of shares under the share participation programme approved by the Board of Directors
- Further special tasks as assigned by the Board of Directors in the areas of nomination, organisation and compensation

Levels of decision authority

Compensation	CEO	N&C Committee	Board of Directors	General Meeting
Maximum total compensation of the Board of Directors for the business year following the ordinary General Meeting of Shareholders	–	Recommendation	Proposal to the General Meeting	Approval
Individual compensation to the members of the Board of Directors in the reporting year	–	Proposal	Approval	–
Grant of shares to the members of the Board of Directors in connection with the share participation programme in the reporting year	–	Proposal	Approval	–
Maximum total compensation of the Executive Board (including the compensation for the function of the Delegate of the Board of Directors) for the business year following the ordinary General Meeting of Shareholders	–	Recommendation	Proposal to the General Meeting	Approval
Individual compensation to the members of the Executive Board (without CEO) (Base salary, variable component, compensation in kind, social benefits) in the reporting year	Proposal	Review, recommendation	Approval	–
Individual compensation CEO (Base salary, variable component, compensation in kind, social benefits) in the reporting year	–	Proposal	Approval	–
Individual compensation for the function of the Delegate of the Board of Directors in the reporting year	–	Proposal	Approval	–
Grant of shares to the members of the Executive Board (without CEO) in connection with the share participation programme in the reporting year	Proposal	Review, recommendation	Approval	–
Grant of shares to the CEO in connection with the share participation programme in the reporting year	–	Proposal	Approval	–
Grant of shares for the function of the Delegate of the Board of Directors in the reporting year	–	Proposal	Approval	–

Members of the Committees as of 31 December 2017

Members of the Board of Directors	N&C Committee	R&A Committee	Innovation Committee	Executive Committee
Dr Alexander Vogel, Chairman	–	•	–	• (Chairperson)
Heinz Roth, Vice Chairman	–	• (Chairperson)	–	–
Wanda Eriksen-Grundbacher	• (Chairperson)	•	–	–
Hans-Michael Hauser	–	–	•	–
Dr Franz Richter	•	–	•	–
Michael R. Splinter	•	–	–	•
Prof Dr Konrad Wegener	–	–	• (Chairperson)	–

• Member of the Committee

Changes in the Board of Directors in fiscal year 2017

Hans-Michael Hauser and Michael R. Splinter were elected as new members of the Board of Directors at the Annual General Meeting on 27 April 2017.

Compensation to the members of the Board of Directors

The compensation of the members of the Board of Directors is based on the exposure and responsibilities of each individual member for their Board functions (Board of Directors: Chairman, Vice Chairman, Member; Committees: Chairperson, Member). The total compensation includes the following elements:

– Fixed Board of Directors fee (usually paid in cash)
– Grant of shares as long-term incentive (share participation programme)
– Social security costs

The compensation structure with a fixed Board of Directors' fee and a certain amount of shares granted as long-term incentive ensures the focus of the Board of Directors on the long-term success of the Company. The Nomination & Compensation Committee usually proposes the Board and Committee fees as well as compensation through the grant of shares once per year. The entire Board of Directors then decides on this proposal using dutiful judgment. The compensation to the members of the Board of Directors is not bound to specific targets of the Company.

For fiscal year 2017, the Board of Directors had set the fixed fee for its members (as Board members and Committee members, respectively) as follows:

Capacity/Responsibility	2017[1] CHF	2016 CHF
Chairman of the Board of Directors	204 000	140 000
Vice Chairman of the Board of Directors	42 000	36 000
Member of the Board of Directors	39 500	34 000
Chairperson in Committees	40 000	45 000
Member in Committees	24 000	24 000

[1] The members of the Executive Committee of the Board of Directors, Dr Alexander Vogel and Michael R. Splinter, do not receive additional Board fees for serving on such committee.

The Board and Committee membership fees are paid-out on a half-year basis.

The Restricted Share Units, granted as part of the share participation programme, which represent the second, fix portion of the compensation to the members of the Board of Directors, were granted to the then acting members of the Board of Directors on 31 March 2017. The shares granted to Hans-Michael Hauser as new member of the Board of Directors have been allocated after the election by the General Meeting of Shareholders in April 2017. The right of ownership for these shares is deferred during the vesting period from 31 March 2017 to 30 March 2020. Afterwards, each Board member can choose the fiscal retention period of zero, three or five years (the retention period has to be chosen already at the date of acceptance of the offer).

During the entire fiscal year 2017, Michael R. Splinter has been active as Delegate of the Board of Directors (January to April as designated Delegate, after the election as a Board member by the Annual General Meeting as Delegate), which the company considers an executive function. He receives separate compensation for his work as Delegate. All other members of the Board of Directors are non-executive members.

→ For details to the Delegate compensation of Michael R. Splinter (cash compensation and shares granted for his Delegate function in 2017) please refer to the information in the table with the compensation to the members of the Executive Board.

The difference in the total compensation to the members of the Board of Directors compared to the previous year is mainly due to the changes in the members of the Board of Directors and to the amendments in the Board fees.

The ordinary General Meeting of Shareholders, held on 3 Mai 2016, approved a total maximum amount of compensation of the Board of Directors of TCHF 980 for fiscal year 2017. Total actual compensation 2017 for the members of the Board of Directors was TCHF 966.1.

The ordinary General Meeting of Shareholders, held on 27 April 2017, approved a total maximum amount of compensation for the Board of Directors of TCHF 1,080 for fiscal year 2018. The compensation 2018 will be disclosed in detail in the Remuneration Report 2018.

Overview of the compensation to the members of the Board of Directors (Audited)

2017

Name	Position in the Board of Directors	Honorarium[1] (CHF)	Share-based compensation[2] (number)	Share-based compensation[2] (CHF)	Additional compensation (CHF)	Social security[3] (CHF)	Total
Dr Alexander Vogel	Chairman	241 333	64 706	55 000	–	19 268	315 601
Heinz Roth	Vice Chairman	82 000	54 706	46 500	–	7 500	136 000
Wanda Eriksen-Grundbacher	Member	98 167	54 118	46 000	–	7 575	151 742
Hans-Michael Hauser[4]	Member	42 333	24 314	20 667	–	3 266	66 266
Dr Franz Richter	Member	87 500	54 118	46 000	–	–	133 500
Michael R. Splinter[4]	Member, Delegate	42 333	–	–	–	2 801	45 134
Prof Dr Konrad Wegener	Member	79 500	36 471	31 000	–	7 307	117 807
Total		**673 166**	**288 433**	**245 168**	**–**	**47 716**	**966 050**

2016

Name	Position in the Board of Directors	Honorarium[1] (CHF)	Share-based compensation[2] (number)	Share-based compensation[2] (CHF)	Additional compensation (CHF)	Social security[3] (CHF)	Total
Member as of 31.12.2016							
Dr Alexander Vogel	Chairman	137 667	12 173	45 892	–	11 644	195 203
Heinz Roth	Vice Chairman	103 000	8 115	30 594	–	8 782	142 376
Wanda Eriksen-Grundbacher	Member	82 000	6 086	22 944	–	6 286	111 230
Dr Franz Richter	Member	74 000	6 086	22 944	–	–	96 944
Prof Dr Konrad Wegener	Member	79 000	8 115	30 594	–	6 799	116 393
Member until 2.12.2016							
Peter M. Wagner	Chairman	158 333	20 288	76 486	–	–	234 819
Peter Pauli[5]	Member, Delegate	–	–	–	–	–	–
Total		**634 000**	**60 863**	**229 454**	**–**	**33 512**	**896 965**

[1] Fees as a member of the Board of Directors and as a member of the Committees. The compensation for the function of Delegate is included in the table "Compensation to the members of the Executive Board".

[2] The shares were granted on 31 March 2017 (2016: 22 March 2016). The shares granted to Hans-Michael Hauser have been allocated after the election by the General Meeting of Shareholders on 27 April 2017. For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares. The shares granted in 2017 were sourced from treasury shares held by the Company. In the previous year 2016, the shares granted were sourced from the conditional share capital. The grant value of the 2017 shares equals the share price of the registered shares; the grant value of the 2016 shares equalled the share price of the registered shares less the nominal value of CHF 0.05, which had to be paid by the plan participants. The grant value was CHF 0.85 for the shares granted in 2017 (2016: CHF 3.77). The shares have a vesting period of 3 years.
In the previous year 2016 and in connection with the capital increase 2016 that was closed on 20 December 2016, the interests of the plan participants have been protected by the Company by selling part of the subscription rights on the allocated (and restricted) shares directly in the market. With the proceeds the Company acquired shares, which are subject to the relevant vesting period (such as the originally allocated shares) and to which the plan participants are entitled at the end of the vesting period. For more information see the table with the participations on page 76 and Note 4.18 in the consolidated financial statements.

[3] Contains governmental social security (AHV, IV, ALV and FAK) on honorarium, additional remunerations for Board members and on shares under the share plan for which the vesting period ended during the reporting period.

[4] Member of the Board of Directors since the General Meeting of Shareholders on 27 April 2017.

[5] In the previous year 2016, the basic salary of Peter Pauli as CEO of the Company included the contractually agreed fix salary. See also the table "Compensation to the members of the Executive Board" relevant for fiscal year 2016. The remuneration as a member of the Board of Directors and the function as Delegate was included in his salary. Peter Pauli did not receive any additional compensation for his activities as a member of the Board of Directors.

Compensation to the members of the Executive Board

The compensation to the members of the Executive Board includes a fixed portion (yearly base salary, compensation in kind), a variable component as Short-term Incentive (STI) (variable performance oriented component), a Long-term Incentive (LTI) in form of shares of the Company (share participation programme) as well as social benefits. The amount of the Short-term Incentive – the variable performance oriented component – depends on the achievement of operating targets reached for the particular year and on the performance of Meyer Burger Group compared to a selected Peer-Group. The grant of shares as Long-term Incentive enables a direct participation in Meyer Burger and ensures the focus of the Executive Board on mid- and long-term value creation of the Company. It also ensures the focus on shareholders' interests. In general, the Company seeks a system, whereby the base salary, the Short-term Incentive (target STI) and the Long-term Incentive (share-based compensation) would represent approximately one third each of the total compensation of the Executive Board members (compensation in kind and social benefits not considered for this break-up).

The compensation for the members of the Executive Board is verified and proposed to the Board of Directors by the Nomination & Compensation Committee together with the Chief Executive Officer (except for the CEO's own compensation). The total compensation is decided upon by the entire Board of Directors, usually once a year. The CEO is not included in the discussion when his own compensation is being discussed by the Board of Directors. The other members of the Executive Board usually do not participate during the time of the Board meeting, when the Board of Directors discusses their compensation. The compensation for the Delegate function is proposed by the Nomination & Compensation Committee and decided upon by the entire Board of Directors, usually once a year (Delegate participating in this meeting, but without voting right). The compensation for the Delegate function is not tied to specific company targets.

Compensation components for members of the Executive Board

Compensation in kind, Social benefits	→ Market practice, Stipulated by law → Social insurance and pension fund costs, Private use of company car or alternatively reimbursement of car expenses → Protection against risks, Attract and retain Executive Board members
Long-term incentive Share-based compensation	→ Long-term compensation to put focus on mid-/long-term development of the Company → Align to shareholders' interests → Compensation through grant of registered shares → Vesting ratio depending on share price performance over three year period
Short-term incentive Variable performance related component	→ Variable performance related component (Pay for Performance) → Achievement of business objectives over a one year period → Usually paid in cash
Base salary	→ Attract and retain Executive Board members → Market practice, Position and experience of the person → Paid in cash

Base salary

The members of the Executive Board receive an annual base salary that reflects the position and responsibilities of each member. The base salary is fixed at the beginning of the year and will not be changed during the reporting period. The base salary is paid out in cash on a monthly basis.

Short-term Incentive (STI) – Variable, performance related component

A target amount of STI is defined for each member of the Executive Board. This target amount forms the basis for the calculation of the effective amount of STI, which is usually paid in cash. The target STI for fiscal year 2017 amounted to 100% of the base salary for the CEO and to between 38% and 67% of the base salary for the other members of the Executive Board (2016: 100% for the CEO and between 53% and 78% for the other members of the Executive Board). The criteria that determine the amount of STI for each member of the Executive Board are financial targets of the Group and individual, mainly "non-financial" targets. The STI is capped at a maximum of 150% of the individually set target STI for each of the members of the Executive Board.

Financial targets

For the assessment of the STI portion that is tied to financial targets, the degree of target achievement with regards to net sales, net result and EBITDA was relevant during fiscal year 2017. The following indicators were used:

- Budget comparison: Absolutely reached net sales and net result compared to the budgeted amounts with a weighting of 50%
- Peer-Group comparison: Change in net sales and EBITDA compared to the previous year, measured in a Peer-Group comparison with a weighting of 50%

Budget comparison (net sales and net result): For the assessment of the Budget comparison, net sales and net result were weighted with 50% each in fiscal year 2017 (metrics in 2016 were net sales and EBITDA).

Net sales target: No STI proportion will become applicable, if the achieved rate is <80% of the budgeted amount (2016: <50%). If the achieved rate is between 80% and 100% (2016: between 50% and 100%), the STI will be calculated on a straight-line basis and amount to between 1–100%. If the achieved rate is between 101% and 110% (2016: 101% and 125%), the STI will be 101–150% (also calculated on straight-line basis). If the achieved rate is >110%, the STI proportion will be capped at 150%.

Net result target (newly introduced in 2017): The Board of Directors defined the budget net result and a certain scope with a minimum and maximum amount. If the net result achieved is below the lower value of this scope, no STI proportion will become applicable. If the achieved net result is between the lower value and the budget value, the STI will be calculated on a straight-line basis and amount to between 1–100%. If the achieved net result is between the budget value and the higher value, the STI will be 101–150% (also calculated on straight-line basis). The STI proportion will be capped at 150%.

Weighting of the targets in fiscal year 2017

Compensation		CEO	CFO, CCO, CTO, COO, CIO[1]
Financial targets	Absolute Net Sales and Net Result vs. Budget (Budget comparison) 50% weighting financial targets	35%	30%
	Change in Net Sales and EBITDA vs. previous year against Peer-Group (Peer-Group-comparison) 50% weighting financial targets	35%	30%
Total financial targets		70%	60%
Individual targets	Individual targets (project targets, product or market targets, etc.)	30%	40%
Total		100%	100%

[1] The percentage weightings of the components remained unchanged compared to 2016. The CIO (Chief Innovation Officer) position was replaced by the CTO (Chief Technology Officer) position.

Peer-Group comparison

For the assessment of the Peer-Group comparison (applied since fiscal year 2012), Meyer Burger Group uses the bonus index of independent financial research company Obermatt AG (www.obermatt.com). Obermatt calculates the relative performance of Meyer Burger Group in relation to the changes of net sales and EBITDA (delta in case of EBITDA scaled with the annual net sales of the previous year) and compares this with the Peer-Group companies. The performance of Meyer Burger Group is measured as a ranking within the Peer-Group (i.e. percentage of Peer-Group companies that were outperformed by Meyer Burger). Such rank can be between 0% and 100% (at 0% no Peer-Group company was outperformed, at 100% Meyer Burger outperformed all of the Peer-Group companies). The resulting STI proportion is calculated in a straight-line depending on the rank reached and can be between 0% and a maximum of 150%. At ≤20% of outperformed peers, the STI proportion is 0%, and at ≥80% of outperformed peers it is 150%. The STI proportion is also capped at 150%.

Individual targets

The degree of targets reached with regards to individual mainly "non-financial" targets (e.g. targets for specific projects, targets for product market launches or development of certain markets, etc.) is verified and proposed to the Board of Directors by the Nomination & Compensation Committee together with the CEO. The resulting proportion of STI can be between 0% and the STI cap at 150%.

For fiscal year 2017, the allotment of the performance oriented component (STI) as a percentage of the base salary was 99% for the CEO (2016: 80%) and between 35% and 66% for the other members of the Executive Board (2016: between 52% and 90%).

Long-term Incentive (LTI) – Share-based compensation

The Board of Directors grants shares as a long-term incentive to the members of the Executive Board as well as to other members of the management team, depending on management level and individual function. This enables the retaining of employees and reinforces the focus of the share plan participants on the mid- to long-term success of the Company. The portion of share-based remuneration for the members of the Executive Board represents an important component of their total compensation.

In fiscal year 2017, the Board of Directors decided to link the Long-term Incentive (LTI) for the members of the Executive Board to the share price performance of the registered shares of the Company over the time span of the vesting period (three years). The maximum vesting ratio of the granted shares can vary between a minimum of 50% and a maximum of 150%. For the valuation of the share-based compensation (LTI), the number of allocated registered shares is reflected in the compensation table (100%). The actual vesting ratio (actual number of shares) after the expiration of the three year vesting period will depend on the development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period.

Peer-Group Universe[1] used in fiscal year 2017 (compared to Meyer Burger Technology Ltd)

Amtech Systems	Anji Technology Company Limited	Asahi Diamond Industrial Co. Ltd.
Beijing Jingyuntong Technology	Centrotherm Photovoltaics AG	Hangzhou First PV Material Co., Ltd.
Hanwa Q-Cells Co., Ltd	Intevac Inc.	Manz Automation Seg. Solar
NPC Incorporated	Renesola Limited	San Chih Semiconductor Company Limited
Singulus Technologies Seg. Solar	SMA Solar Technology Seg. High & Medium Power Solutions	Solaria Energia Y Medio
Solarworld Seg. Production Germany	Spire Seg. Solar	Sunlux Energy Corp
Takatori Corporation	Wacker Chemie Seg. Polysilicon	Wafer Works Corp.

[1] If the segment or division of a company is mentioned in the table, Obermatt AG considered this segment as relevant for the Peer-Group comparison. Hanwa Q-Cells replaced Applied Materials in the Peer-Group Universe in 2017.

The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period in consideration of the share price development is calculated linearly and can vary between a minimum of 50% and a maximum of 150% (e.g. in case of a share price performance of 150% or more at the end of the three year vesting period compared to the grant date, the maximum vesting ratio of 150% of the shares will apply).

In fiscal year 2017, the share-based compensation was TCHF 310 for the CEO and between TCHF 0 and TCHF 186 for the other members of the Executive Board (corresponding to 100% of the base salary for the CEO and between 0% and 80% of the base salary for the other members of the Executive Board). In 2016, the share-based compensation was TCHF 306 for the former CEO and between TCHF 122 and TCHF 193 for the other members of the Executive Board (corresponding to 98% of the base salary for the former CEO and between 54% and 82% of the base salary for the other members of the Executive Board).

The amounts of compensation for the share-based remuneration and the corresponding grant of shares for fiscal year 2017 has been decided by the Nomination & Compensation Committee (decision on execution), based on a special decision by the Board of Directors, and was finally approved by the Board of Directors. For the calculation of the number of shares to be allocated, the determined compensation amount in Swiss Francs was divided by the grant value of the shares.

Compensation in kind and social benefits

Compensation in kind includes the payment for private use of a company car or alternatively reimbursement of car expenses. The members of the Executive Board are like all employees (with domicile in Switzerland) insured under a pension fund scheme in Switzerland. The compensation for social benefits contains the social security payments to the state provided social insurance schemes (AHV, IV, ALV and FAK) and the amounts paid by the Company to the pension fund.

Overview of the compensation to the members of the Executive Board including Delegate (Audited)

2017

Name	Position	Basic salary (CHF)	Short-term Incentive STI (CHF)	Share-based compensation LTI[1] (number)	Share-based compensation LTI[1] (CHF)	Compensation in kind[2] (CHF)	Social security (CHF)	Total (CHF)
Dr Hans Brändle	CEO	310 700	306 218	364 706	310 000	21 600	115 548	**1 064 067**
Other members of the Executive Board incl. Delegate[3]		1 010 276	485 655	1 045 138	832 948	29 166	260 174	**2 618 219**
Total		**1 320 976**	**791 873**	**1 409 844**	**1 142 948**	**50 766**	**375 723**	**3 682 286**

2016

Name	Position	Basic salary (CHF)	Short-term Incentive STI (CHF)	Share-based compensation LTI[1] (number)	Share-based compensation LTI[1] (CHF)	Compensation in kind[2] (CHF)	Social security (CHF)	Total (CHF)
Peter Pauli[4]	CEO	310 700	249 023	81 152	305 943	7 333	121 742	**994 741**
Other members of the Executive Board[3]		927 810	657 922	163 551	618 961	30 751	308 467	**2 543 910**
Total		**1 238 510**	**906 945**	**244 703**	**924 904**	**38 084**	**430 209**	**3 538 651**

[1] The shares granted to the members of the Executive Board were granted on 31 March 2017 (2016: 22 March 2016). The grant value of these shares was CHF 0.85 (2016: CHF 3.77). The shares have a vesting period of 3 years. For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares. For the 2017 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board receives after expiration of the three year vesting period will depend on the development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period under consideration of the share price development is calculated linearly and can vary between a minimum of 50% and a maximum of 150%. All shares granted in 2017 were sourced from treasury shares held by the Company. In the previous year 2016, the shares granted were sourced from the conditional share capital. The grant value of the 2017 shares equals the share price of the registered shares; the grant value of the 2016 shares equalled the share price of the registered shares less the nominal value of CHF 0.05, which had to be paid by the plan participants. The shares granted to Michael R. Splinter for his function as Delegate were granted on 3 January 2017. The grant value of these shares was CHF 0.72. The shares have a vesting period of 3 years. They vest at 100% and do not have the vesting ratio conditions like the shares granted to the members of the Executive Board.
In the previous year 2016 and in connection with the capital increase 2016 that was closed on 20 December 2016, the interests of the plan participants have been protected by the Company by selling part of the subscription rights on the allocated (and restricted) shares directly in the market. With the proceeds the Company acquired shares, which are subject to the relevant vesting period (such as the originally allocated shares) and to which the plan participants are entitled at the end of the vesting period. For more information see the table with the participations on page 76 and Note 4.18 in the consolidated financial statements.

[2] Compensation in kind includes the payment for private use of a company car or alternatively reimbursement of car expenses. The relevant amounts declared in the salary statement of filing a tax return were applied as a component of the compensation in kind.

[3] The line "Other members of the Executive Board" includes for fiscal year 2017 compensation to CFO Michel Hirschi (12 months), CCO Michael Escher (12 months), CTO Dr Gunter Erfurt (11 months), COO Daniel Lippuner (4 months), former CIO Dirk Habermann (8 months) and the Delegate function of Michael R. Splinter (12 months). Mr Splinter received for his Delegate function in 2017 TCHF 94.5 basic salary and share-based compensation of TCHF 306.9 through the grant of 426,316 shares (at grant value CHF 0.72), social security costs amounted to TCHF 23.7, the total compensation therefore was TCHF 425.2. For fiscal year 2016, the line "Other members of the Executive Board" included the compensations of the CFO, CCO, COO and CIO positions (each 12 months).

[4] For fiscal year 2016, the base salary of former CEO Peter Pauli included the contractually agreed fix salary. The remuneration as a member of the Board of Directors and as Delegate was included in his salary. Peter Pauli did not receive additional compensation for his activities as a member of the Board of Directors.

Compensation to former members of the Board of Directors or the Executive Board (Audited)

In compliance with their employment contracts the former CEO Peter Pauli (remaining 11 months of termination period in 2017) and former COO Thomas Kipfer (remaining 4 months of termination period in 2017) received total combined compensation of TCHF 1,148.5 (including TCHF 158.0 of social security costs) during fiscal year 2017 (2016: no compensation to former members of the Board of Directors or of the Executive Board).

Supplement amount for members of the management in accordance with Art. 32 of the Articles of Association (Audited)

A supplement amount in accordance with Article 19 of the OaEC is available for members of the management who join after the maximum overall amount has been approved by the Annual General Meeting. In the case of a new CEO and/or CFO, the supplement amount may not be higher than 20% above the amount which the previous CEO or CFO, respectively, was entitled to, based on the approval by the Shareholders' Meeting for the respective business year. In the case of a new member of the management, such supplement may not be higher than 20% above the average overall amount of a member of the management (excluding CEO and CFO) for the respective business year.

The ordinary General Meeting of Shareholders, held on 3 May 2016, approved a total maximum amount of compensation for the Executive Board of TCHF 3,800 for fiscal year 2017. Total compensation to the members of the Executive Board, who were active during fiscal year 2017, amounted to TCHF 3,682.3. Including the compensation paid to former members of the Executive Board of TCHF 1,148.5, the total amounted to TCHF 4,830.8. A supplement amount of TCHF 1,030.8 was used for the new CEO Dr. Hans Brändle.

Compensation to the members of the Executive Board

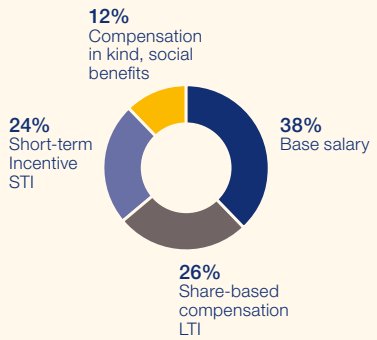
The graphs on the right show the actual compensation to the members of the Executive Board for fiscal year 2017 compared to the potential compensation if 100% of the target STI were reached, as well as the maximum amount with the 150% cap of the STI payment and LTI share-based payment, and the mix of compensation for fiscal year 2017.

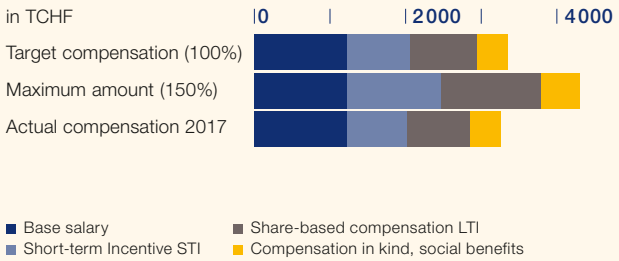
The amounts of the base salaries, the STI performance related component (amount of target STI and relevant targets) as well as the LTI compensation in conjunction with the share participation programme are verified by the Nomination & Compensation Committee together with the CEO using dutiful judgment, and are finally approved by the entire Board of Directors. Neither external consultants nor particular surveys were used. Obermatt AG – as external research company – calculates the above mentioned Peer-Group comparison that forms part of the financial target achievements.

The difference in the total compensation to the members of the Executive Board compared to the previous year is mainly due to the changes in the Executive Board and the Delegate function (see also footnotes below the compensation table). The total compensation to the members of the Executive Board (incl. Delegate), active in fiscal year 2017, amounted to TCHF 3,682.3.

The ordinary General Meeting of Shareholders, held on 27 April 2017, approved a total maximum amount of compensation for the Executive Board (including Delegate) of TCHF 4,700 for fiscal year 2018. The total compensation for the members of the Executive Board (including Delegate) for fiscal year 2018 will be disclosed in detail in the Remuneration Report 2018.

Structure of compensation of active members of the Executive Board in fiscal year 2017 (excluding Delegate function)





Benefits, contractual terms on leaving the company

Fixed employment and mandate agreements with members of the Board of Directors and of the Executive Board may be concluded for a period of up to one year. The termination period of unlimited employment or mandate agreements, respectively, with members of the Board of Directors and of the Executive Board may not exceed twelve months to the end of a month. The employment contracts (as of 31 December 2017) with the members of the Executive Board contain termination periods of six months (four employment contracts) and twelve months (one employment contract), respectively.

All employment contracts with the members of the Executive Board contain a non-competition clause for a period of 24 months after the employment relationship has ended. The non-competition clauses are valid globally. The members of the Executive Board do not receive compensation during the period of the non-competition clause. If a member of the Executive Board violates the non-competition clause, such member has to pay a penalty to the Company for breaching the contract.

The Restricted Share Units (granted out of the share participation programme) generally have a vesting period. In the event that the working relationship with a member of the Executive Board ends due to the Executive giving his notice or that the employer (Company) gives notice, the member of the Executive Board will keep the right of ownership for his restricted share units – contrary to the rules that apply for the members of the Board of Directors or other participants in the share participation programme. However, even if the working relationship with a member of the Executive Board is ended during a vesting period (since 2016: 3 years), the delivery of the shares will only take place after the end of the corresponding vesting period, i.e. no early vesting will take place. The members of the Executive Board have the right to forego the optional additional retention period (which they have chosen) once the vesting period has passed (potential tax implications have to be accepted by such respective member).

Change of control clause regarding employee shares: In case that a third party would acquire more than 33⅓% of voting rights of Meyer Burger Technology Ltd, the vesting periods and/or retention periods for employee shares set by the Board of Directors shall be accelerated so that any unvested share shall be immediately vested in full. The vesting would take place on the first day of the grace period in case of a successful public tender offer. There are no further clauses regarding a change of control.

Members of the Board of Directors, members of the Executive Board and employees are in general treated equally with regards to the conditions of the share participation programme. The exception is the rules mentioned above with regards to members of the Executive Board for a) in case they leave the Company, b) the specific link of the LTI to the share price performance of the registered shares over the time span of the vesting period (three years).

Loans and credits to the members of the Board of Directors or the Executive Board

As of 31 December 2017 and 31 December 2016, there were no company loans or credits outstanding to the current members of the Board of Directors or the Executive Board. There were also no loans or credits outstanding to former members of the Board of Directors or of the Executive Board or of any related party.

Compensation to related parties

All compensation that the Company has made to related parties during fiscal years 2017 and 2016 was market-compliant.

→ Further information in Note 4.32 on page 115 “Transactions with related parties” in the financial statements.

Participations in the company (Audited)

The members of the Board of Directors and of the Executive Board (including related parties) held a total participation of 0.96% of the outstanding registered shares as of 31 December 2017 (2016: 2.79%). This participation includes registered shares purchased as well as shares allocated in connection with the compensation schemes.

Overview of the participations in the Company by the members of the Board of Directors and of the Executive Board (Audited)

31.12.2017

Name	Position	Registered shares (non-restricted) (number)	Restricted registered shares[1] (number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2 239 460	179 198	0.39%
Heinz Roth	Vice Chairman of the Board of Directors	341 116	83 527	0.07%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	75 733	0.01%
Hans-Michael Hauser	Member of the Board of Directors	–	24 314	0.00%
Dr Franz Richter	Member of the Board of Directors	–	75 733	0.01%
Michael R. Splinter	Member of the Board of Directors, Delegate	–	426 316	0.07%
Prof Dr Konrad Wegener	Member of the Board of Directors	211 309	68 085	0.04%
Dr Hans Brändle	Chief Executive Officer	100 000	547 059	0.10%
Michel Hirschi	Chief Financial Officer	84 526	535 384	0.10%
Dr Gunter Erfurt	Chief Technology Officer	–	272 290	0.04%
Michael Escher	Chief Commercial Officer	100 000	404 163	0.08%
Daniel Lippuner	Chief Operating Officer	200 000	–	0.03%
Total as of 31 December 2017		**3 276 411**	**2 691 802**	**0.96%**

[1] In the participation table, the number of restricted registered shares includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 for the members of the Executive Board (i.e. maximum of 150% of the granted shares in 2017; the final vesting ratio depends on the share price performance between the grant date and the end of the vesting period, as described in the footnotes to the compensation table for the Executive Board). Details of shares not yet vested are in the table below:

Grant/Purchase date	Number of shares	Vesting period until
31.03.2017/03.01.2017	1 640 198 / 426 316	30.03.2020 / 02.01.2020
22.03.2016/20.12.2016	517 014	21.03.2019

The remaining restricted registered shares are subject to an optional retention period.

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2017 (620,972,151 shares).

31.12.2016

Name	Position	Registered shares (non-restricted) (number)	Restricted registered shares[1] (number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2 237 960	115 992	0.43%
Heinz Roth	Vice Chairman of the Board of Directors	323 358	46 579	0.07%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	21 615	0.00%
Dr Franz Richter	Member of the Board of Directors	–	21 615	0.00%
Prof Dr Konrad Wegener	Member of the Board of Directors	191 484	51 439	0.04%
Peter Pauli	Chief Executive Officer	10 182 024	562 393	1.96%
Michel Hirschi	Chief Financial Officer	512 202	279 473	0.14%
Michael Escher	Chief Commercial Officer	81 084	225 383	0.06%
Sylvère Leu	Chief Innovation Officer	201 758	248 091	0.08%
Total as of 31 December 2016		**13 729 870**	**1 572 580**	**2.79%**

[1] Details of shares not yet vested in the table below:

Grant/Purchase date	Number of shares	Vesting period until
22.03.2016/20.12.2016	891 689	21.03.2019
27.03.2015/20.12.2016	522 765	24.03.2017

The remaining restricted registered shares are subject to an optional retention period.
In connection with the capital increase 2016 that was closed on 20 December 2016, the subscription rights for the allocated and restricted shares of the share participation plan have been protected by the Company by selling certain subscription rights in the market and using the proceeds to exercise the remaining subscription rights. The newly acquired registered shares are subject to the same vesting period as the underlying share plans. In total, the number of restricted shares in connection with the two current share plans increased from 398,266 to 1,414,454 shares.

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2016 (548,222,160 shares).

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology Ltd

Thun

We have audited the remuneration report of Meyer Burger Technology Ltd for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables and sections labeled 'audited' on pages 68 and 73 to 76 of the remuneration report.

Board of Directors' responsibility
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.

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pwc

Opinion
In our opinion, the remuneration report of Meyer Burger Technology Ltd for the year ended 31 December 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

René Jenni
Audit expert

Bern, 16 March 2018

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Financial Statements

Consolidated Financial Statements

Consolidated Balance Sheet

in TCHF	Notes	31.12.2017		31.12.2016	
	4.x				
Assets					
Current assets					
Cash and cash equivalents		124 700		246 427	
Securities	1	–		3 060	
Trade receivables	2	32 633		37 674	
Other receivables	3	25 407		22 681	
Net receivables from construction contracts	4	1 137		679	
Inventories	5	83 314		95 240	
Prepaid expenses and accrued income	6	8 739		6 399	
Total current assets		**275 930**	**58.7%**	**412 159**	**65.4%**
Non-current assets					
Other long-term receivables	3	1 624		1 727	
Property, plant and equipment	7	91 138		100 458	
Intangible assets	8	24 380		43 806	
Deferred tax assets	15	76 910		71 739	
Total non-current assets		**194 052**	**41.3%**	**217 729**	**34.6%**
Total assets		**469 983**	**100.0%**	**629 889**	**100.0%**
Liabilities and equity					
Liabilities					
Current liabilities					
Financial liabilities	9	328		131 484	
Trade payables		29 970		28 010	
Net liabilities from construction contracts	4	12 666		699	
Customer prepayments		67 065		58 270	
Other liabilities	10	5 004		6 281	
Provisions	12	15 883		9 614	
Accrued expenses and prepaid income	13	33 020		36 783	
Total current liabilities		**163 938**	**34.9%**	**271 141**	**43.0%**
Non-current liabilities					
Financial liabilities	9	57 128		118 695	
Other liabilities	10	3 031		2 129	
Provisions	12	1 565		1 752	
Deferred tax liabilities	15	1 364		1 747	
Total non-current liabilities		**63 088**	**13.4%**	**124 323**	**19.7%**
Total liabilities		**227 026**	**48.3%**	**395 464**	**62.8%**
Equity					
Share capital	16	31 049		27 411	
Capital reserves		966 460		904 194	
Treasury shares	17	–5 179		–2 947	
Reserve for share-based payments		2 319		2 651	
Accumulated losses		–751 692		–697 256	
Total equity excl. minority interests		**242 957**	**51.7%**	**234 053**	**37.2%**
Minority interests		–		372	
Total equity incl. minority interests		**242 957**	**51.7%**	**234 424**	**37.2%**
Total liabilities and equity		**469 983**	**100.0%**	**629 889**	**100.0%**

The Notes starting on page 85 are an integral part of the consolidated financial statements.

Consolidated Income Statement

in TCHF	Notes	1.1.–31.12.2017		1.1.–31.12.2016	
	4.x				
Net sales	19/20/21	**473 256**	**100.0%**	**453 105**	**100.0%**
Other operating income		5 300		6 835	
Currency translation gains and losses on trade receivables and customer prepayments	27	–14 492		1 419	
Income		**464 065**		**461 359**	
Changes in inventories of finished and semi-finished products as well as machines before acceptance		–6 233		–12 932	
Cost of products and work in process		–268 174		–243 494	
Capitalised services	7/8	5 161		6 326	
Operating income after costs of products and services		**194 818**	**41.2%**	**211 260**	**46.6%**
Personnel expenses	22	–135 716		–150 537	
Operating expenses	23	–46 738		–50 193	
Earnings before interests, taxes, depreciation and amortisation (EBITDA)		**12 364**	**2.6%**	**10 530**	**2.3%**
Depreciation and impairment on property, plant, equipment	7/8	–12 400		–20 332	
Depreciation and impairment on intangible assets	7/8	–19 272		–34 554	
Earnings before interests and taxes (EBIT)		**–19 308**	**–4.1%**	**–44 355**	**–9.8%**
Financial result	24	–10 346		–20 283	
Ordinary result		**–29 654**	**–6.3%**	**–64 638**	**–14.3%**
Extraordinary result	25	–48 834		–11 866	
Earnings before taxes		**–78 488**	**–16.6%**	**–76 504**	**–16.9%**
Income taxes	26	–851		–20 640	
Result		**–79 339**	**–16.8%**	**–97 144**	**–21.4%**
Attributable to					
Shareholders of Meyer Burger Technology Ltd		–79 214		–96 848	
Minority interests		–125		–296	
in CHF					
Earnings per share					
Basic earnings per share	28	–0.14		–0.30	
Diluted earnings per share	28	–0.14		–0.30	

The Notes starting on page 85 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

in TCHF	Attributable to shareholders of Meyer Burger Technology Ltd	
	Share capital	**Capital reserves**
Notes (4.x)	**16**	
Equity at 1.1.2016	**4 526**	**768 533**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Restructuring convertible bond	–	–
Capital increases	22 886	133 889
Purchase Meyer Burger (Germany) GmbH shares after change in control	–	853
Sale/use of treasury shares	–	–841
Share-based payments	–	–
Issuance of shares for employees	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	1 759
Equity at 31.12.2016	**27 411**	**904 194**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Goodwill recycling	–	–
Conversion of convertible bond	3 638	60 402
Capital increases (follow-up costs capital increase December 2016)	–	–199
Purchase Meyer Burger (Germany) GmbH shares after change in control	–	1 245
Purchase of treasury shares	–	–
Sale/use of treasury shares	–	–64
Share-based payments	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	882
Equity at 31.12.2017	**31 049**	**966 460**

The Notes starting on page 85 are an integral part of the consolidated financial statements.

Attributable to shareholders of Meyer Burger Technology Ltd								
Treasury shares	Reserve for share-based payments	Currency translation differences	Offset goodwill	Other retained earnings	Accumulated losses	Total equity excl. minority interests	Minority interests	Total equity incl. minority interests
17								
–4 494	**3 664**	**–27 606**	**–237 677**	**–332 761**	**–598 045**	**174 185**	**819**	**175 003**
–	–	–	–	–96 848	**–96 848**	**–96 848**	–296	**–97 144**
–	–	–1 305	–	–	**–1 305**	**–1 305**	3	**–1 302**
–	–	–	–	212	**212**	**212**	–	**212**
–	–	–	–	–	**–**	**156 775**	–	**156 775**
–	–	–	–	–1 271	**–1 271**	**–417**	–154	**–571**
1 309	–	–	–	–	**–**	**468**	–	**468**
–	2 789	–	–	–	**–**	**2 789**	–	**2 789**
–1 807	–	–	–	–	**–**	**–1 807**	–	**–1 807**
2 045	–2 045	–	–	–	**–**	**–**	–	**–**
–	–1 759	–	–	–	**–**	**–**	–	**–**
–2 947	**2 651**	**–28 911**	**–237 677**	**–430 668**	**–697 256**	**234 053**	**372**	**234 424**
–	–	–	–	–79 214	**–79 214**	**–79 214**	–125	**–79 339**
–	–	5 999	–	–	**5 999**	**5 999**	–1 677	**4 322**
–	–	–	21 140	1 036	**22 176**	**22 176**	–	**22 176**
–	–	–	–	–	**–**	**64 040**	–	**64 040**
–	–	–	–	–	**–**	**–199**	–	**–199**
–	–	–	–	–3 397	**–3 397**	**–2 152**	1 431	**–721**
–3 822	–	–	–	–	**–**	**–3 822**	–	**–3 822**
142	–	–	–	–	**–**	**77**	–	**77**
–	1 998	–	–	–	**–**	**1 998**	–	**1 998**
1 052	–1 052	–	–	–	**–**	**–**	–	**–**
396	–1 278	–	1 973	–1 973	**–**	**–**	–	**–**
–5 179	**2 319**	**–22 912**	**–214 564**	**–514 215**	**–751 692**	**242 957**	**–**	**242 957**

Consolidated Cash Flow Statement

in TCHF	Notes	1.1.–31.12.2017	1.1.–31.12.2016
	4.x		
Result		**–79 339**	**–97 144**
Depreciation and amortisation	7/8	31 341	50 727
Impairment / reversal of impairment on non-current assets	7/8	10 522	8 863
Gains / losses from sale of fixed assets and business activities		–4 667	–431
Deferred income taxes	26	–1 712	19 772
Decrease (+) / increase (–) in other (non-current) assets		238	327
Increase (+) / decrease (–) in (non-current) provisions	12	–187	–3 356
Increase (+) / decrease (–) in other (non-current) liabilities		835	–210
Decrease (+) / increase (–) in trade receivables	2	5 797	–9 860
Decrease (+) / increase (–) in net assets from construction contracts	4	–458	–679
Decrease (+) / increase (–) in inventories	5	13 529	21 984
Decrease (+) / increase (–) in other receivables and accruals	3/6	–3 909	3 089
Increase (+) / decrease (–) in (current) provisions	12	7 600	–386
Increase (+) / decrease (–) in (current) financial liabilities	9	–30	–39
Increase (+) / decrease (–) in trade payables		650	–8 080
Increase (+) / decrease (–) in customer prepayments		7 715	12 123
Increase (+) / decrease (–) in other (current) liabilities and deferrals	10/13	4 737	–375
Other non–cash related changes		20 099	6 260
Cash flow from operating activities (operative cash flow)		**12 761**	**2 584**
Investments in securities	1	–15 065	–3 069
Sale of securities	1	18 125	–
Investments in property, plant and equipment	7	–7 053	–7 133
Sale of property, plant and equipment	7	611	2 240
Investments in intangible assets	8	–378	–1 053
Sale of intangible assets	8	296	–
Sale of business activities Diamond Materials Tech, Inc.		5 927	–
Cash flow from investing activities		**2 464**	**–9 015**
Capital increase (follow-up costs capital increase December 2016)		–199	155 146
Issue tax on conversion of bond		–674	–
Purchase of treasury shares		–3 822	–
Purchase of shares of Meyer Burger (Germany) GmbH after change in control		–3 151	–568
Repayment of (non-current) financial liabilities		–131 180	–72
Refinancing costs		–	–3 000
Cash flow from financing activities		**–139 026**	**151 507**
Change in cash and cash equivalents		**–123 801**	**145 076**
Cash and cash equivalents at beginning of period		**246 427**	**101 457**
Currency translation differences on cash and cash equivalents		2 075	–106
Cash and cash equivalents at end of period		**124 700**	**246 427**

The Notes starting on page 85 are an integral part of the consolidated financial statements.

Notes to the consolidated Financial Statements

1 General information

Meyer Burger Technology Ltd is a public limited company constituted in accordance with Swiss law. The address of the company's registered office is: Schorenstrasse 39, 3645 Gwatt/Thun, Switzerland. Meyer Burger Technology Ltd registered shares (ticker: MBTN) are listed on the SIX Swiss Exchange in Zurich. The fiscal year of Meyer Burger Technology Ltd runs from 1 January to 31 December.

These consolidated financial statements were approved for publication by the Board of Directors on 13 March 2018. They will be submitted for approval to the Annual General Meeting to be held on 2 May 2018.

The Group currency (reporting currency) is the Swiss franc (CHF). The consolidated financial statements are presented in thousands of Swiss francs.

2 Significant accounting policies

The significant accounting policies employed in the preparation of these consolidated financial statements are described below. The policies described have been applied consistently to the reporting periods presented unless specifically stated to the contrary.

2.1 Basis of accounting policies

The consolidated annual financial statements have been prepared in accordance with the complete standards of Swiss GAAP FER and give a true and fair view of the net assets, financial position and results of operations.

The provisions of Swiss law have also been complied with.

2.2 Principles of consolidation

Group companies are all companies in which Meyer Burger Technology Ltd either directly or indirectly holds more than half of the voting rights or over which it has control in another form. New Group companies are fully consolidated from the time at which control of the company is transferred to Meyer Burger. They are deconsolidated at the point in time at which control ceases.

Assets and liabilities as well as income and expenses of these companies are fully consolidated. Minority interests are presented separately in the balance sheet and income statement. All material intercompany transactions, balances, and unrealised gains and losses resulting from intercompany transactions are eliminated.

Preparation of the consolidated financial statements requires that management make estimates and assumptions that could affect the reported amounts of income and expenses, assets and liabilities and contingent liabilities at the time of the preparation of the accounts. If such estimates and assumptions, which were made to the best of management's knowledge at the time of the preparation of the accounts, deviate from actual events, the original estimates and assumptions are updated accordingly in the reporting period in which the altered circumstances arise.

These consolidated financial statements are published in German and English. The German original version is the binding version.

2.3 Scope of consolidation

Consolidated companies

				Participation[1]	
Company	Registered office	Currency	Nominal value	31.12.2017	31.12.2016
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	100.00%	98.29%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	100.00%	98.29%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MB Services Pte. Ltd	Singapore, Singapore	SGD	1	100.00%	100.00%
MB Systems Co. Ltd	Seoul, Korea	KRW	50 000 000	100.00%	100.00%
MBT Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MBT Systems Ltd	Delaware, USA	USD	1	100.00%	100.00%
Meyer Burger (Germany) GmbH	Hohenstein-Ernstthal, Germany	EUR	16 207 045	100.00%	98.29%
Meyer Burger (Italy) S.r.l.	Milan, Italy	EUR	10 000	100.00%	–
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	100.00%	98.29%
Meyer Burger (Switzerland) Ltd	Thun, Switzerland	CHF	500 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	100.00%	100.00%
Meyer Burger GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger India Private Ltd	Pune, India	INR	18 552 930	100.00%	100.00%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research Ltd	Hauterive, Switzerland	CHF	100 000	100.00%	98.29%
Meyer Burger Sdn. Bhd.	Cyberjaya, Malaysia	MYR	1 000 000	100.00%	100.00%
Meyer Burger Systems (Shanghai) Co. Ltd	Shanghai, China	CNY	37 460 922	100.00%	100.00%
Meyer Burger Technology AG	Thun, Switzerland	CHF	31 048 608	100.00%	100.00%
Meyer Burger Trading (Shanghai) Co. Ltd	Shanghai, China	CNY	1 655 400	100.00%	100.00%
Muegge GmbH	Reichelsheim, Germany	EUR	400 000	100.00%	98.29%
Pasan SA	Neuenburg, Switzerland	CHF	102 000	100.00%	100.00%
Somont GmbH	Umkirch, Germany	EUR	30 000	100.00%	100.00%

[1] The share of equity corresponds to the share of voting rights.

Liquidated companies

				Participation[1]	
Company	Registered office	Currency	Nominal value	31.12.2017	31.12.2016
Roth & Rau India Pvt. Ltd[2]	Mumbay, India	INR	100'000	–	98.29%

[1] The share of equity corresponds to the share of voting rights.
[2] The company has been liquidated in the course of 2017.

2.4 Foreign currency translation of financial statements of subsidiaries in foreign currencies

Individual Group companies compile their financial statements in local currency (functional currency).

Assets and liabilities in balance sheets prepared in foreign currencies are translated into Swiss francs at the closing rate on the reporting date. Equity is translated at historical rates and income, expenses and cash flows at the average rate for the year. Foreign currency translation differences arising from the application of this method are offset against retained earnings or cumulative losses without affecting the income statement.

Other translation differences, including those from foreign currency transactions of operating activity, are recognized to the income statement.

Intercompany loans are considered as liabilities as long as future positive cash flows are expected and no decision has been taken to convert them into equity or debt waivers. A semi-annual reassessment of the subsidiaries' capital situation is carried out and the share of intercompany loans with equity character redefined. Foreign currency effects attributable to these long-term intercompany loans with equity character are recognized directly in equity. The currency differences recognised in equity are derecognised only in the event of a disposal or liquidation of the company.

The following translation rates into Swiss francs were used during the year under review:

		Closing rate		Average rate	
Forein currency exchange rates	Unit	2017	2016	2017	2016
Euro (EUR)	1	1.1696	1.0739	1.1116	1.0900
US Dollar (USD)	1	0.9763	1.0191	0.9846	0.9851
Chinese Yuan Renminbi (CNY)	100	14.9980	14.6700	14.5704	14.8325
Japanese Yen (JPY)	100	0.8666	0.8730	0.8779	0.9075
Indian Rupee (INR)	100	1.5324	1.5020	1.5121	1.4665
South-Korean Won (KRW)	100	0.0916	0.0847	0.0871	0.0850
Malaysian Ringgit (MYR)	100	24.0639	22.7370	22.9062	23.7915
Singapore Dollar (SGD)	1	0.7305	0.7048	0.7131	0.7134
Taiwan Dollar (TWD)	100	3.2913	3.1540	3.2356	3.0550

2.5 Cash and cash equivalents

Cash and cash equivalents include all cash, postal and bank account balances, cheques and notes receivable as well as time deposits with an original maturity of up to 90 days.

Cash and cash equivalents are measured at nominal value.

2.6 Securities

Initial measurement of securities is at cost. Transaction costs are charged to the income statement.

Securities are subsequently measured at fair value. Securities without a market price are measured at cost less any impairment. All realised and unrealised gains and losses are recognised in the income statement.

2.7 Trade receivables

In most cases, Meyer Burger produces machines in exchange for prepayments made by its customers. At the time of delivery to customers, these prepayments account for around 70%–80% of the contract value. When the project is completed and the final acceptance issued by the customer on its premises, the prepayments are offset and only the final payment due is recognised as a trade receivable. Consequently, the trade receivables recognised only include the residual receivable not covered by the prepayments made. Prepayments are not generally made for services, with the result that receivables relating to services cover the full contract value.

Trade receivables are measured at nominal value less any allowances. Individual allowances are generally set aside based on the specific debtor risks and other known risks. An allowance can also be made on a portfolio basis where this is deemed appropriate on the basis of historical experience. In such cases, the risk pattern is regularly assessed and adjusted where necessary.

Changes to valuation allowances for doubtful receivables and real losses on receivables are posted under other operating expenses.

2.8 Other current receivables

This item includes all other receivables that do not arise from trade (e.g. VAT credits, withholding tax credits, social security receivables, etc.). Prepayments made to suppliers are also included under this item. The positive replacement values of derivative financial instruments used for hedging purposes are recognised under this position.

Other receivables are measured at nominal value less any allowances. Subsequent measurement is at amortised cost less allowances.

2.9 Inventories

Depending on the stage of completion of the individual products and their purpose, inventories are broken down into raw materials, purchased parts and goods for resale, goods in consignment, semi-finished goods and work in progress, finished goods and machinery before acceptance. Machinery before acceptance is recognised from the delivery of a machine to the time of final acceptance by the customer.

Raw materials, purchased parts, goods for resale and goods in consignment are measured at the lower of weighted-average cost or net realisable value. Semi-finished goods, work in progress, finished goods and machinery before acceptance are measured at the lower of cost of production or net realisable value. Discounts for cash are treated as reductions in purchase price. Net realisable value is the estimated selling price less direct selling costs and where applicable any costs of completion.

Allowances are set aside for overly high levels of inventories that in all probability cannot be sold, for inventories where there is no or virtually no inventory turnover, and for damaged and unsellable inventories.

Customer prepayments directly attributable to a machine or an order and for which no claims to refunds exist are recognised as deductions in inventories, but only up to the amount of the value of the goods that has been recognised.

2.10 Construction contracts

Construction contracts are contracts for the construction of customer-specific assets or groups of assets that normally extend over several months.

Construction contracts are measured using the percentage-of-completion (PoC) method where these contracts have a material impact on total sales or income. The stage of completion is calculated individually for each construction contract and is equal to the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total construction costs. Accrued costs and realised net revenue calculated on the basis of the stage of completion are recognised on an ongoing basis in the income statement.

If the outcome of a construction contract can be estimated reliably, a proportion of profit is realised. If the earnings cannot yet be estimated reliably, sales are recognised in the amount of the costs already incurred.

The accrued costs plus the proportion of profit (if this can be estimated reliably) minus customer prepayments are reported in the balance sheet as net assets or net liabilities from construction contracts.

An allowance is set aside covering the full amount of anticipated losses. If the impairment is higher than the value of the asset, a provision is created in the amount of the difference.

2.11 Property, plant and equipment

Property, plant and equipment include land, property used for operational purposes, facilities, machines, IT and vehicles, as well as assets under construction.

Property, plant and equipment are measured at cost less any cumulative depreciation and any cumulative impairment losses. Government subsidies are deducted from the cost of acquisition or production.

Depreciation is generally carried out using the straight-line method over the following expected useful lives:

	Useful life in years
Land	No depreciation
Properties used for operational purposes	10–30
Facilities	5–20
Machines	3–10
IT	3
Vehicles	4–8

2.12 Intangible assets

Intangible assets relate in particular to goodwill, development costs, acquired software, patents, licenses and intangible assets from acquisitions. Intangible assets from acquisitions include technologies, customer relationships, brands and order backlogs that have been evaluated. If no customer relationships have as yet been booked at the time of the acquisition, they are not re-measured but offset directly against equity (retained earnings) as part of the goodwill.

Goodwill is offset directly against equity (retained earnings) at the time of the acquisition. In accordance with Swiss GAAP FER rules, the effects of any theoretical capitalisation (purchase price, residual value, useful life, amortisation) as well as any impairment are disclosed in the Notes as a shadow account. In the event of a sale, any goodwill acquired that was earlier offset against equity must be taken into account in determining the gain or loss recognised in the income statement.

Intangible assets from acquisitions (e.g. technology, brands) are measured at fair value at the time of acquisition and then amortised using the straight-line method over their scheduled useful lives.

Development costs are only capitalised if they relate to a project that is technically feasible, a future inflow of benefits is probable and the costs can be reliably determined. Research costs are expensed.

Development costs and all other intangible assets are measured at cost less any cumulative amortisation and cumulative impairment charges.

Intangible assets from acquisitions are amortised over the following useful lives:

	Useful life in years
Order backlog	1–2
Technologies	6–10
Customer relationships	6–10
Trade names	6–10

Intangible assets are amortised on a straight-line basis over their scheduled useful lives. Software is depreciated on a straight-line basis over three years. All other intangible assets are amortised over their expected useful lives, subject to a maximum of ten years.

2.13 Income taxes

Income taxes comprise current and deferred income taxes.

Current income taxes are the expected taxes payable on the taxable income for the year of the Group companies in question including any adjustment to taxes payable in respect of previous years. Current income taxes are accrued in the year to which they relate and are recognised in accrued or prepaid expenses.

Deferred income taxes are recognised using the liability method on all temporary differences (valuation differences) between the tax bases of assets and liabilities and their carrying amounts in the financial statements under Swiss GAAP FER. Deferred income taxes are measured using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference or a loss carry-forward can be utilised. Deferred income tax assets are offset against deferred income tax liabilities provided they relate to the same entity.

2.14 Financial liabilities

Financial liabilities are divided into current and non-current depending on the time to maturity and include in particular liabilities to banks, bonds and convertible bonds, liabilities from finance leases, loans and mortgages.

The straight bond issued was initially recognised at fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

The convertible bond issued was split into a debt component and an equity component upon first recognition (bifurcation). The debt component was obtained by discounting the future coupon payments and the repayment of the principal amount at the maturity date by a discount rate appropriate to a comparable straight bond. This discount rate is higher than the effective interest rate for the convertible bond since the latter includes a discount for the conversion right received. The equity component, in turn, reflects the conversion right for the bond.

The early conversions of a part of the convertible bond carried out in 2017 have been considered by reclassifying the debt component into equity as per conversion date. The remaining convertible bond is still measured at amortised cost using the effective interest rate method.

Other financial liabilities are as a general rule carried at their fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method, which normally corresponds to the principal amount.

Finance leases are discussed in Note 2.24.

2.15 Trade payables

Trade payables are recognised when a legal obligation to pay cash and cash equivalents arises due to prior performance.

Trade payables are recognised at amortised cost, which is generally the nominal value.

2.16 Customer prepayments

A prepayment is a non-interest-bearing payment made by a customer under an existing contract for construction and/or delivery of products and services.

Customer prepayments are recognised at amortised cost, which is the nominal value.

Customer prepayments directly attributable to a machine or a long-term construction contract are recognized directly as deductions in inventories or in long-term construction contracts. The prepayments are only offset against inventories up to the maximum amount of the value of the goods carried in the balance sheet or the long-term construction contract.

Prepayments for which no manufacturing costs have yet been incurred for the production of machinery or prepayments that exceed the value of the manufacturing costs already incurred are reported in current liabilities.

2.17 Other liabilities

Other liabilities include non-interest-bearing liabilities, in particular VAT liabilities, liabilities for social security payments, current and non-current employee benefits (e.g. accrued paid annual leave and overtime, profit-sharing, bonuses, etc.). The negative replacement values of derivative financial instruments used for hedging purposes are also recognised under this position.

Other liabilities are normally measured at cost, which is generally the nominal value. Subsequent measurement is at amortised cost, which is generally also the nominal value. Derivative financial instruments are measured at their replacement value.

2.18 Provisions and contingent liabilities

Meyer Burger makes a distinction between the following categories of provisions: warranties, provisions for restructuring, onerous contracts, litigation and other provisions.

Provisions are only created if there is a present obligation to third parties as a result of a past event, a reliable estimate can be made of the amount of the obligation, and an outflow of resources is probable. If an obligation cannot be estimated with sufficient reliability, it is reported as a contingent liability but not recognised in the balance sheet.

The amount of warranty provisions is determined from past historical data and currently known warranty risks. Provisions are made for onerous contracts if the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits.

Provisions are measured using the best estimate concept, i.e. the amount recognised as a liability is the best estimate of the expenditure required to settle the present obligation on the reporting date. The amount of provisions is reviewed for appropriateness at every reporting date. Non-current provisions are discounted if they exceed CHF 5 million.

2.19 Equity

Equity includes share capital, capital reserves, treasury shares, the reserve for share-based payments, retained earnings or cumulative losses and non-controlling interests.

Share capital is the nominal value of all outstanding shares.

Capital reserves contain payments by shareholders in excess of the nominal value. This is the premium, educed by the excess value over the nominal value of cancelled treasury shares. Gains and losses realised on the sale of treasury shares are also recognised directly in capital reserves. In addition, the reserves for share-based payment are reallocated to the capital reserves upon expiry of the vesting period. Any difference between the purchase price and the acquired minority interests is also recognised in the capital reserves.

Treasury shares comprise shares in Meyer Burger Technology Ltd held by Meyer Burger Technology Ltd itself or indirectly through a Group company. Treasury shares are recognised at cost and are not remeasured as at the reporting date. Any gains or losses realised on the sale of treasury shares are transferred to capital reserves.

The reserve for share-based payments includes the fair value of shares issued to the Executive Board, the Board of Directors and key employees and recognised over the vesting period.

Retained earnings or cumulative losses are undistributed gains and losses of Meyer Burger Group that are freely available for the most part. They include the legal, statutory and free reserves. Goodwill arising from the acquisition of a company is offset directly against retained earnings at the time of the acquisition. Foreign currency translation differences from the translation of annual financial statements prepared by foreign subsidiaries are also recognised in retained earnings. Foreign currency effects on non-current intercompany loans with an equity character are also recognised directly in equity.

The minority interests in equity include the part of Group company equity that is attributable directly or indirectly to thirdparty shareholders.

2.20 Revenue recognition

Revenue corresponds to the fair value of the consideration received or receivable from the sale of goods and services. Revenue is recognised net of sales or transaction taxes, deductions of credit notes, returns and discounts.

Appropriate provisions are created for expected warranty claims arising from the sale of goods and services.

Revenue is recognised when the amount of revenue can be measured with reliability and when it is probable that the future economic benefits associated with the transaction will flow to the company and the following specific criteria are fulfilled:

Net revenue from the sale of machinery is recognised after deduction of discounts at the time of the sale to the customer once the risks and rewards of ownership of the product are transferred to the buyer. At Meyer Burger net revenue from the sale of machinery is generally not posted and realised until a final acceptance test has been signed by the customer at the destination.

Net revenue from long-term construction contracts is measured using the percentage-of-completion (PoC) method (see Note 2.10).

Net revenue from service agreements is recognised on the basis of the proportion of services performed by the reporting date.

Other operating income is recognised at the time of delivery of the asset or performance of the service.

Net interest income is recognised using the effective interest rate method in the period to which it relates; dividend income is recognised as soon as a legal right to payment is established.

2.21 Extraordinary Result

Expense and income which arise extremely rarely in the context of the ordinary operations and which are not predictable are considered as extraordinary.

2.22 Share-based payments

A share-based payment is a transaction in which an entity receives or acquires goods or services as consideration for its equity instruments or by incurring liabilities to the supplier of those goods or services for amounts that are based on the price of the entity's shares or other equity instruments of the entity. The accounting treatment of share-based payments depends on how the transaction is settled, namely whether it is settled by equity instruments or in cash. Under the current share participation programme, Meyer Burger Technology Ltd makes an individual offer to every plan participant in an offer letter stipulating the number of conditional rights to purchase shares, the acquisition price per share (if any), the payment conditions, the acceptance period and the (optional) retention periods. The fair value at the time of the granting of conditional rights, shares or options is recognised in personnel expenses at the time of being granted or, where appropriate, over the vesting period.

2.23 Business combinations

Capital consolidation is based on the acquisition method. For the first-time consolidation, the acquired identifiable assets and the assumed liabilities of an acquired company are measured at fair value. At the time of control being assumed, goodwill is calculated as the difference between the acquisition cost (measured at fair value) and the net amount of the acquired assets. Goodwill is offset directly against equity (retained earnings) at the time of the acquisition. In accordance with Swiss GAAP FER rules, the effects of any theoretical capitalization (purchase price, residual value, useful life, amortisation) and impairment are disclosed in the Notes as a shadow account.

2.24 Leases

A fundamental distinction is made between finance leases and operating leases. Meyer Burger Group does not have any finance leases, only operating leases. Operating leases are treated in the same way as normal rents, i.e. the resultant payments are recognised as an expense.

2.25 Impairment of non-financial assets

Assets must be tested for impairment at every reporting date. This test is carried out on the basis of indications that individual assets may be affected by such an impairment. If such indications exist, the recoverable amount must be determined.

The same method is applied to reversals of impairments as to identifying impairments, i.e. a review is carried out on each reporting date to assess whether there are indications that a reversal has occurred. If this is the case, the amount of the reversal (the difference between the recoverable amount and the maximum carrying amount excluding the original impairment) must be determined and the impairment reversed accordingly.

2.26 Pension plans

Meyer Burger Group has joined a collective insurance foundation providing full benefit coverage for its pension plans in Switzerland. The foreign Group companies have country-specific pension plans run by pension funds and not by the local companies themselves. Meyer Burger Group therefore has no economic obligation arising from pension solutions that has to be recognised in the balance sheet.

3 Risk management

In its capacity as an international group, Meyer Burger Group is exposed to various financial and non-financial risks that are inextricably linked to its business activities. In the broadest sense, the risks are defined as the threat that it might not be possible for the Group to achieve its financial, operational or strategic aims as planned. In order to secure the company's long-term success, it is therefore crucial to effectively identify and analyse risk and to eliminate or limit it by means of appropriate steering mechanisms.

Clearly defined management information and control systems are used to measure, monitor and control the risks to which Meyer Burger is exposed. A duly detailed report is drawn up on a semi-annual basis and submitted to the Board of Directors. In 2017, the Board of Directors discussed the risk portfolio at two Board meetings.

For the purposes of guaranteeing effective risk management, transparency and the aggregation of risks in risk reporting, Meyer Burger has opted for a uniform and integrated approach to corporate risk management across the Group as a whole.

The probability of occurrence and the extent of the loss are considered as part of the risk assessment process. Meyer Burger uses both quantitative and qualitative methods for this process, applying these on a uniform basis across the Group as a whole and thereby enabling risk assessments to be compared across different areas of the company. A clear risk assessment matrix is drawn up based on the results in terms of probability of occurrence and the expected implications.

3.1 Foreign currency risks

Meyer Burger Group is exposed mainly to exchange rate fluctuations in connection with operating expenses and loans denominated in a currency other than the local currencies (functional currency) of the Group companies concerned. The extent of the risk exposure of revenue denominated in a foreign currency is lower. At a consolidated level, the Group is also exposed to exchange rate fluctuations between the Swiss franc and the respective local currencies of the Group companies. The major foreign currencies relevant to Meyer Burger Group are the Euro, US Dollar and Chinese Yuan Renminbi.

Group Treasury is responsible for the management of foreign currency risks on the basis of Treasury policy issued by the executive bodies. According to this policy, derivative financial instruments such as forward currency contracts or currency options may be used for hedging purposes. Meyer Burger Group uses forward currency contracts to hedge against exchange rate risks. Most of the hedge transactions have a term of up to 12 months. Foreign exchange rate risks relating to the carrying amount of the net investment in a foreign entity or to the conversion of results posted by foreign entities are not currently hedged.

3.2 Interest rate risks

Meyer Burger Group's non-current financial liabilities are mainly subject to fixed rates of interest. The risks arising from them have no direct impact on the Group's cash flows or results. This risk is therefore not measured at present. Interest rate risk arising from fluctuations in capital market interest rates exists for cash and cash equivalents, which are subject to the risk of interest rate fluctuations, with a corresponding potential impact on cash flow.

3.3 Other price risks

Meyer Burger Group does not currently hold any financial instruments with equity character and is therefore not exposed to any related price risks. A commodity is a physical substance, generally a basic resource such as iron ore, nickel, aluminium, copper or other metals, crude oil, natural gas, coal, etc. Meyer Burger is generally only indirectly exposed to fluctuations in commodity prices through the products it acquires. The actual price risk arises from the time difference between cost increases implemented by suppliers due to the rise in commodities prices and the opportunity for Group companies to increase their prices. Each Group company is responsible for identifying and quantifying its commodity price risks. Meyer Burger Group did not trade in any such derivatives during the 2017 and 2016 reporting years.

3.4 Credit risks

Meyer Burger Group is exposed through its operating activities to various credit risks. The Group has guidelines in place to ensure that products and services are only sold to customers with a good credit rating. Outstanding debts are also permanently monitored as part of ongoing operations. Due account is taken of credit risks in relation to trade receivables and prepayments by means of individual valuation allowances and general valuation allowances. Default risks are minimised wherever possible by customer prepayments and credit commitments from banks. The Group's counterparties in securities transactions, derivative financial instruments and financial investments are carefully selected financial institutions with a minimum rating of A- (S&P) or A3 (Moody's), which are constantly monitored within defined limits. For significant current third-party financial investments maturing in less than six months, the companies ensure that the counterparty has a minimum rating of A-1 (S&P) or P-1 (Moody's). This guideline ensures that the credit risk from financial institutions is properly monitored. The present limits in respect of banks are subject to continuous monitoring and duly reallocated where necessary.

With regard to financial assets that were neither impaired nor in arrears as at the reporting date, there are no signs that the debtors concerned will be unable to meet their payment obligations. Based on its debtors' credit ratings, Meyer Burger Group does not expect to incur any losses on account of the non-performance of contracts.

3.5 Liquidity risks

Liquidity risk is the risk that Meyer Burger Group might be unable to meet its financial obligations as and when they fall due. The availability of sufficient liquidity is monitored permanently and reported weekly to the management and monthly to the Board of Directors.

The loan with several Swiss financial institutions for the purposes of funding acquisitions and working capital extended in the first quarter of 2015 would have matured in April 2017. The agreement was extended in the fourth quarter of 2016 until December 2019. The limit was adjusted to CHF 60 million in accordance with requirements.

In addition to this negotiated guarantee limit of CHF 60 million, Meyer Burger (Switzerland) Ltd extended at the end of 2016 the existing loan secured by mortgage certificates of CHF 30 million with the same banking consortium up to December 2019.

An increase in positive cash flow from operating activities was reported in 2017 due to the increase in incoming orders and the optimised cost base. After reporting a smaller positive cash inflow from operating activities of CHF 2.6 million in 2016, a cash inflow from operating activities of CHF 12.8 million was achieved in 2017. From a current perspective, the management and the Board of Directors assume that the Group's liquidity situation is secure for the foreseeable future as a result of the current cash and cash equivalents totalling approximately CHF 125 million as at the reporting date, the further optimised cost base, expected customer payments on new orders and the significantly reduced liabilities in the reporting period 2017.

4 Notes to the consolidated Financial Statements

4.1 Securities

In 2016 Meyer Burger Technology Ltd purchased several tranches of its own straight bond maturing on 24 May 2017. The tranches acquired totalled TCHF 3,060 as at 31 December 2016. The purchased tranches of the own straight bond were redeemed at the maturity of the bond on 24 May 2017.

4.2 Trade receivables

in TCHF	31.12.2017	31.12.2016
Trade receivables (gross)	44 961	51 048
Allowances	–12 328	–13 374
Trade receivables	**32 633**	**37 674**

Meyer Burger Group has not pledged any receivables to third parties as collateral. The maximum credit risk for Meyer Burger Group corresponds in every case to the carrying amount of the receivables recognised.

The allowances consist almost entirely of individual allowances relating to a small number of customers, estimated on the basis of these customers' solvency. The flat-rate value adjustments, at TCHF 13 (2016 TCHF 9), accounted for a very small part of these allowances. The flat-rate value adjustment on receivables is based on historical data.

Receivables from related parties are disclosed separately in Note 4.32.

4.3 Other receivables

in TCHF	31.12.2017	31.12.2016
Prepayments to suppliers	12 232	11 831
Derivative financial instruments	9	–
Other receivables	15 847	13 746
Allowances	–1 057	–1 169
Other receivables	**27 031**	**24 408**
Thereof non-current	1 624	1 727

4.4 Net assets from construction contracts

in TCHF	31.12.2017	31.12.2016
Work in Process	16 599	14 876
Customer prepayments	–28 129	–14 896
Net construction contracts	**–11 530**	**–20**
thereof		
Net receivables from construction contracts	1 137	679
Net liabilities from construction contracts	12 666	699
Additional information		
Net sales from the PoC method (income statement)	1'725	14'889

4.5 Inventories

in TCHF	31.12.2017	31.12.2016
Raw materials, purchased parts	80 624	78 566
Goods in consignment	870	742
Semi-finished goods	53 899	46 186
Finished goods	31 989	29 959
Machines before acceptance	66 584	75 844
Customer prepayments	–77 420	–81 344
Value adjustment inventories	–73 232	–54 712
Inventories	**83 314**	**95 240**

The increase in value adjustments compared to the previous year is essentially due to the following factors: In order to answer to the fast changing nature of the solar industry and the related reduction of product lifecycles, the parameters for value adjustments on raw material and purchased parts have been further tightened. The total effect of this adaption amounted to CHF 11.5 million. As a consequence of the decision to close down production activities in Thun, which was communicated on 2 November 2017, a revaluation of the inventories concerned took place. As a result, a value adjustment of CHF 15.6 million has been considered in the extraordinary result.

Without this effect, overall value adjustments declined mainly due to inventory clearance (scrapping/sale of impaired inventories and machinery) at several Group companies. Partly or fully value adjusted inventories as well as machines have been sold or scrapped in the course of the inventory clearance. These inventory clearances had no material effect on the net result for the year.

4.6 Prepaid expenses and accrued income

in TCHF	31.12.2017	31.12.2016
Prepaid expenses and accrued income	8 657	6 319
Receivables from current income taxes	82	80
Prepaid expenses and accrued income	**8 739**	**6 399**

4.7 Property, plant and equipment

in TCHF	Land and buildings	Equipments	Machines	IT	Vehicles	Assets under construction	Total
Purchase price							
Balance as of 1.1.2016	**77170**	**28619**	**85119**	**3445**	**1264**	**422**	**196038**
Changes in scope of consolidation	–	–	–	–	–	–	–
Increase	–149	596	–132	179	33	388	915
Capitalisation	–	682	4744	–	–	793	6219
Reclassification within property, plant and equipment	206	–	955	–	–	–1161	–
Disposal	–2129	–987	–6240	–610	–192	–	–10158
Currency translation differences	–199	–83	359	–7	–2	–6	63
Balance as of 31.12.2016	**74899**	**28827**	**84804**	**3008**	**1103**	**436**	**193076**
Changes in scope of consolidation	–	–	–	–	–	–	–
Increase	456	374	793	285	–	107	2016
Capitalisation	–	437	2854	–	–	1746	5037
Reclassification within property, plant and equipment	141	–40	159	99	–	–359	–
Disposal	–2789	–2075	–30078	–314	–146	–6	–35408
Currency translation differences	2648	1428	2875	119	3	110	7182
Balance as of 31.12.2017	**75355**	**28952**	**61407**	**3197**	**960**	**2033**	**171904**
Cumulative depreciation and impairments							
Balance as of 1.1.2016	**–11872**	**–13631**	**–46749**	**–2539**	**–930**	**–**	**–75721**
Changes in scope of consolidation	–	–	–	–	–	–	–
Ordinary depreciation	–3264	–2044	–10425	–354	–107	–	–16194
Impairment	–1407	–568	–6163	–145	–32	–119	–8434
Reclassification within property, plant and equipment	–	–	–	–	–	–	–
Disposal	736	966	5701	610	181	–	8194
Currency translation differences	–7	55	–519	4	1	1	–465
Balance as of 31.12.2016	**–15814**	**–15222**	**–58154**	**–2425**	**–886**	**–117**	**–92618**
Changes in scope of consolidation	–	–	–	–	–	–	–
Ordinary depreciation	–2721	–1949	–7021	–281	–133	–	–12105
Impairment	–4025	–1335	–2390	–	–15	–	–7765
Reclassification within property, plant and equipment	–	74	10	–84	–	–	–
Disposal	2760	2055	29543	313	142	–	34813
Currency translation differences	–682	–1169	–1152	–82	–2	–4	–3090
Balance as of 31.12.2017	**–20482**	**–17546**	**–39164**	**–2559**	**–893**	**–121**	**–80765**
Net book value							
1.1.2016	65298	14988	38370	906	334	422	**120318**
31.12.2016	59085	13604	26650	583	217	318	**100458**
31.12.2017	54873	11406	22243	638	66	1912	**91138**

Increase and capitalisation in 2017 mainly consisted of investments in the course of normal business.

Disposals relate mainly to the sale and derecognition of assets of Diamond Materials Tech, Inc. in December 2017. The impact resulting from the sale of the assets, which were substantially impaired in 2016, is included in the extraordinary result. Furthermore, some group companies derecognised assets no longer used. This had no material effect on the net result for the year.

As a result of the decision to discontinue all the production activities in Thun, the value of the assets of Meyer Burger (Switzerland) Ltd has been reassessed. This analysis led to impairments of CHF 7.5 million which are reported in the extraordinary result.

A loan secured by mortgage certificates of CHF 30 million for the building in Thun was concluded with a banking consortium on 7 March 2013. The funds were drawn in the first quarter of 2013. In this connection, mortgage notes totalling CHF 33 million were raised on this building and pledged to the consortium. The agreement with the banking consortium was extended in 2015 and 2016. The agreement terminates in December 2019.

Capital commitments for the acquisition of property, plant and equipment are disclosed in Note 4.29.

None of the property, plant and equipment listed above was held under finance leases.

4.8 Intangible assets

in TCHF	Technology	Tradename	Customer relationships	Capitalised services	Other intangible assets	Total
Purchase price						
Balance as of 1.1.2016	**238 583**	**56 777**	**5 433**	**977**	**14 728**	**316 497**
Changes in scope of consolidation	–	–	–	–	–	–
Increase	–	–	–	–	946	946
Capitalisation	–	–	–	–	107	107
Disposal	–	–	–	–	–109	–109
Currency translation differences	–155	–290	–45	–7	–24	–521
Balance as of 31.12.2016	**238 428**	**56 487**	**5 388**	**970**	**15 648**	**316 921**
Changes in scope of consolidation	–	–	–	–	–	–
Increase	–	–	–	–	254	254
Capitalisation	–	–	–	–	124	124
Disposal	–41 812	–7 119	–	–144	–1 119	–50 193
Currency translation differences	12 821	3 146	480	74	520	17 041
Balance as of 31.12.2017	**209 438**	**52 514**	**5 868**	**900**	**15 427**	**284 147**
Cumulative depreciation and impairments						
Balance as of 1.1.2016	**–196 300**	**–28 675**	**–2 400**	**–256**	**–10 977**	**–238 609**
Changes in scope of consolidation	–	–	–	–	–	–
Ordinary depreciation	–24 150	–7 414	–547	–318	–2 104	–34 533
Impairment	–	–409	–	–	–21	–430
Disposal	–	–	–	–	109	109
Currency translation differences	110	194	28	5	10	348
Balance as of 31.12.2016	**–220 341**	**–36 304**	**–2 918**	**–569**	**–12 983**	**–273 115**
Changes in scope of consolidation	–	–	–	–	–	–
Ordinary depreciation	–11 824	–5 070	–558	–293	–1 491	–19 236
Impairment	–	–2 688	–	–	–68	–2 757
Disposal	41 812	7 119	–	144	824	49 898
Currency translation differences	–11 827	–1 954	–289	–52	–436	–14 558
Balance as of 31.12.2017	**–202 181**	**–38 897**	**–3 765**	**–771**	**–14 154**	**–259 768**
Net book value						
1.1.2016	42 282	28 101	3 033	720	3 751	**77 888**
31.12.2016	18 087	20 182	2 469	401	2 666	**43 806**
31.12.2017	7 257	13 617	2 103	129	1 273	**24 380**

Intangible assets mostly stem from company acquisitions in earlier years and have therefore been purchased.

As a result of the decision to discontinue the production activities in Thun and the related product portfolio streamlining, an impairment on tradenames has been recognised. This value adjustment in the amount of CHF 2.7 million is reported in the extraordinary result.

Disposals mainly relate to the derecognition of assets of Diamond Materials Tech, Inc. in December 2017. Furthermore, some group companies derecognised fully adjusted intangibles no longer used.

Capital commitments for the acquisition of intangible assets are disclosed in Note 4.29.

Under Swiss GAAP FER, goodwill is offset directly against equity (retained earnings) at the time of the acquisition. The effect on equity and income of a theoretical capitalisation of goodwill and amortisation on a straight-line basis over five years is shown in the following overview:

Goodwil offset against shareholder's equity

in TCHF	2017	2016
Purchase price		
Balance as of 1.1.	**296 820**	**298 231**
Increase	–	–
Disposal	–22 176	–
Currency translation differences	16 895	–1 411
Balance as of 31.12.	**291 539**	**296 820**
Cumulative amortisation		
Balance as of 1.1.	**–296 523**	**–295 110**
Amortisation	–82	–2 846
Impairment	–	–
Disposal	22 176	–
Currency translation differences	–16 907	1 433
Balance as of 31.12.	**–291 336**	**–296 523**
Theoretical net book value 31.12.	**202**	**296**
Equity according to the balance sheet incl. minority interests	242 957	234 424
Theoretical capitalisation of goodwill (net book value)	202	296
Theoretical equity incl. net book value of goodwill and incl. minority interests	**243 159**	**234 720**
Equity according to the balance sheet incl. minority interests	242 957	234 424
Equity ratio	51.7%	37.2%
Theoretical equity incl. net book value of goodwill and incl. minority interests	243 159	234 720
Theoretical equity ratio incl. net book value of goodwill and incl. minority interests	**51.7%**	**37.2%**
Result according to the income statement incl. minority interests	–79 339	–97 144
Theoretical goodwill amortization	–82	–2 846
Theoretical result incl. minority interests and goodwill amortisation	**–79 421**	**–99 990**

In the reporting year 2017, the operational activities of Diamond Materials Tech, Inc. have been closed down and the assets of the company have been sold. Therefore, the goodwill paid and offset against equity at acquisition had to be recycled through profit and loss at average rate of the period (CHF 22.2 million). In equity, the goodwill recycling has been considered in the component "offset goodwill" at historical rate and the resulting difference in "other retained earnings". In the cash flow statement the goodwill recycling – translated at the average rate of the period – is included in other non-cash related changes.

4.9 Financial liabilities

in TCHF	31.12.2017	31.12.2016
Liabilities towards banks	6	1 088
Current portion of non current debts	322	130 264
Other current financial liabilities	–	132
Current financial liabilities	**328**	**131 484**
Convertible bond	26 121	87 705
Loans	1 007	991
Mortgage loans	30 000	30 000
Non-current financial liabilities	**57 128**	**118 695**
Financial liabilities	**57 456**	**250 179**

On 17 September 2014, Meyer Burger Technology Ltd issued an unsecured convertible bond in the amount of CHF 100 million, maturing in 2020 and with an investor put option in 2018. The convertible bond was issued at 100% of the principal amount. This convertible bond was restructured in 2016 by deleting the investor put option and raising the coupon from 4% to 5.5%. Following the bond's restructuring, the conversion price is now CHF 0.98 (previously: CHF 11.39). In November 2017, Meyer Burger Technology Ltd launched a voluntary incentive offer, inviting bondholders to convert the convertible bond. 71.2% of the bondholders accepted the incentive offer. Together with other bondholders that have converted their bond in 2017 finally CHF 71.3 million of the total nominal value has been converted. The outstanding nominal value as per 31 December 2017 is CHF 28.7 million. The convertible bond matures at 100% of its nominal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled.

The loan concluded with several Swiss financial institutions for the purposes of funding acquisitions and working capital was extended in the fourth quarter of 2016. The renegotiated framework loan agreement provides a guarantee limit of CHF 60 million and runs until December 2019.

In addition to this negotiated guarantee limit, Meyer Burger (Switzerland) Ltd extended the existing agreement on a loan secured by mortgage certificates of CHF 30 million with the same banking consortium up to December 2019. The interest rate is Libor plus a spread based on a given spread table and the trend in EBITDA and is set quarterly. The interest rate was 3.25% as at 31 December 2017.

Meyer Burger Technology Ltd raised long-term debt on 24 May 2012 with the issue of a CHF 130 million straight bond denominated in Swiss francs. The bond has been fully repaid on the maturity date on 24 May 2017.

The value of assets pledged was CHF 39.9 million as at 31 December 2017, the largest share of which was attributable to the pledge on the building in Thun. As at 31 December 2016, CHF 47.1 million of assets were pledged.

4.10 Other liabilities

in TCHF	31.12.2017	31.12.2016
Employee benefits	2 509	1 771
Derivative financial instruments	55	–
Other liabilities	5 472	6 639
Other liabilities	**8 035**	**8 410**
Thereof non-current	3 031	2 129

4.11 Derivative financial instruments

Meyer Burger Technology Ltd holds derivative financial instruments for hedging balance sheet positions in foreign currency. Positive fair values of such derivative financial instruments (TCHF 9 as per 31.12.2017) are reported under other receivables, whereas negative fair values (TCHF 55 as per 31.12.2017) are reported under other liabilities. The corresponding value adjustments are recognized in the financial result.

As at 31 December 2016, no derivative financial instruments were outstanding.

4.12 Provisions

in TCHF	Warranties	Restructuring	Onerous contracts	Legal cases	Other provisions	Total
Balance as of 1.1.2016	**6641**	**–**	**5883**	**311**	**2293**	**15129**
Changes in scope of consolidation	–	–	–	–	–	–
Increase	5718	–	955	–	180	6853
Use	–3678	–	–1106	–113	–252	–5149
Release	–2186	–	–2442	–201	–618	–5446
Currency translation differences	–26	–	16	2	–13	–20
Balance as of 31.12.2016	**6469**	**–**	**3306**	**–**	**1591**	**11366**
Changes in scope of consolidation	–	–	–	–	–	–
Increase	10617	4694	1103	–	500	16914
Use	–7287	–	–1310	–	–720	–9317
Release	–642	–	–1348	–	–	–1989
Currency translation differences	348	–	22	–	104	474
Balance as of 31.12.2017	**9505**	**4694**	**1774**	**–**	**1475**	**17448**
Thereof current						
1.1.2016	4574	–	4104	311	1038	**10028**
31.12.2016	4717	–	3306	–	1591	**9614**
31.12.2017	7940	4694	1774	–	1475	**15883**

Warranties: provisions for services to be rendered during the contractual warranty period. The amount of the provisions is determined from past historical data and the currently known warranty risks. The outflow of cash is expected within the term of the warranty given, which is generally one year, or a maximum of two years.

Restructuring: The decision communicated on 2 November 2017 to cease production activities in Thun and to cut back staff has led to liabilities for Meyer Burger. The costs recognized as a provision for restructuring mainly comprise indemnifications related to the social plan as well as retention payments.

Onerous contracts: provisions for contracts under which the unavoidable costs of meeting the contractual obligations exceed the expected economic benefits.

Other provisions: other provisions cover various risks arising during the normal course of business.

There were no non-current provisions that fulfilled the criteria for discounting in either 2017 or 2016.

4.13 Accrued expenses and prepaid income

in TCHF	31.12.2017	31.12.2016
Accrued expenses thirds	17699	21702
Employee benefits	11581	12483
Liabilities from current income taxes	3740	2598
Accrued income and prepaid income	**33020**	**36783**

4.14 Pension plans

Meyer Burger Group has joined a collective insurance foundation providing full benefit coverage for its pension plans in Switzerland. This full benefit insurance means that Meyer Burger Group is not the risk carrier and is subject to no economic obligation apart from the normal contributions. Consequently, there are no employer contribution reserves and the Group therefore has no capitalisable economic benefits arising from pension plans.

The employees of Group companies outside Switzerland are members of the state pension plans of the countries in question in accordance with local legislation. Consequently, neither an economic benefit nor an economic obligation arises therefrom, with the exception of the payments of contributions, which are recognised as expenses.

As at 31 December 2017, around TCHF 900 of the contributions had not yet been paid (2016: TCHF 260).

The economic benefit or obligation and the pension expenses are as follows:

Pension institutions 31.12.2017

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2017	Economical part of the organisation 31.12.2017	Economical part of the organisation 31.12.2016	Change to prior year period or recognised in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses 2017
Pension institutions of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	492	492
Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	3 115	3 115
Total	**–**	**–**	**–**	**–**	**3 607**	**3 607**

Pension institutions 31.12.2016

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2016	Economical part of the organisation 31.12.2016	Economical part of the organisation 31.12.2015	Change to prior year period or recognised in the current result of the period	Contributions concerning the business period	Pension benefit expenses within personnel expenses 2016
Pension institutions of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	517	517
Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	3 557	3 557
Total	**–**	**–**	**–**	**–**	**4 074**	**4 074**

4.15 Deferred income taxes

	Deferred tax assets		Deferred tax liabilities	
in TCHF	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Trade receivables	601	384	74	108
Inventories	3093	2402	1150	579
Financial assets	44	65	–	–
Property, plant and equipment	75	68	3521	4520
Intangible assets	6751	6576	6573	10640
Other assets	27	25	–	200
Tax loss carry-forwards	77982	78033	–	–
Financial liabilities	67	148	15	3
Trade payables	798	535	1829	1592
Provisions	34	–	845	602
Other liabilities	110	–	30	–
Subtotal	**89582**	**88236**	**14037**	**18245**
Netting	–12673	–16498	–12673	–16498
Deferred income taxes in the balance sheet	**76910**	**71739**	**1364**	**1747**

Deferred income taxes on trade receivables, inventories and trade payables are of a short-term nature.

The weighted average applicable tax rate on the basis of the operating result was 27.51% in 2017 (2016: 26.75%).

The change in the deferred tax assets on tax loss carry-forwards is attributable to two reversing effects: On the one hand, capitalized loss carry-forwards in an amount of CHF 4.4 million were offset against profits earned. On the other hand, tax loss carry-forwards have been increased by currency translation effects in a similar amount.

The capitalised tax loss carry-forwards mainly result from losses realised at Meyer Burger (Germany) GmbH and Meyer Burger (Switzerland) Ltd. Future taxable profits of approximately CHF 300 million will be needed in the various companies in order to be able to use the loss carry-forwards of CHF 78.0 million.

On the basis of the current estimation of the market, the existing technology portfolio and the present multi-year plans, management assumes that it can achieve these results and that it will be possible to use the loss carry-forwards for future tax purposes. However, there is a risk that the profit situation may unexpectedly fail to develop positively in the medium term, which would lead to a correction in the value of the realised loss carry-forwards.

Development of deferred tax liabilities

in TCHF	Deferred tax liabilities
As of 1.1.2016	**2364**
Increase	36
Release	–642
Currency translation differences	–11
As of 31.12.2016	**1747**
Increase	138
Release	–642
Currency translation differences	121
As of 31.12.2017	**1364**

Deferred income taxes are shown net for each taxable entity in the balance sheet and deferred income tax assets mostly exceed deferred income tax liabilities. The deferred income tax liabilities released in 2017 and 2016 largely resulted from the scheduled amortisation of intangible assets.

Tax loss carry-forwards not recognised

in TCHF	31.12.2017	31.12.2016
Expiry in 1 year	31986	4383
Expiry in 2–3 years	81648	33959
Expiry in 4–5 years	716586	165816
Expiry in more than 5 years	394227	798475
Tax loss carry-forwards not recognised	**1224448**	**1002633**

The increase in the tax loss carry-forwards not recognised is on the one hand due to the fact that in some group companies the tax losses incurred in the reporting period were not, or only partially, assessed as deferred income tax assets (CHF 105.1 million). On the other hand, tax loss carry-forwards have been increased by CHF 133.8 million based on tax decisions for the previous year. Further reasons for the change in tax loss carry-forwards not recognized are the sett-off with profits earned (CHF -16.5 million), the expiry of tax loss carry-forwards (CHF -4.3 million) as well as currency translation effects (CHF 2.6 million).

The total income tax deferred asset on unrecognised tax loss carry-forwards would amount to CHF 177.0 million, considering that CHF 504.4 million of the total unrecognised tax loss carry-forwards stem from losses incurred at Meyer Burger Technology Ltd that are taxed at a reduced rate.

See also the Notes under 4.26 Income taxes.

4.16 Share capital

in TCHF	Number of shares	in TCHF
Balance as of 1.1.2016	**90 510 332**	**4 525 516**
Employee share plans	860 028	43 001
Increase in share capital	456 851 800	22 842 590
Balance as of 31.12.2016	**548 222 160**	**27 411 108**
Conversion bond	72 749 991	3 637 500
Balance as of 31.12.2017	**620 972 151**	**31 048 608**

The share capital of Meyer Burger Technology Ltd as at 31 December 2017 was divided into 620,972,151 registered shares with a nominal value of CHF 0.05 each. The share capital is fully paid-up.

On 20 December 2016, Meyer Burger Technology Ltd carried out a capital increase, issuing 456,851,800 new registered shares with a nominal value of CHF 0.05 each. The costs of this capital increase totalling TCHF 9,899 were fully offset against the capital reserves.

No dividend was paid in the reporting period or in the previous year.

As at the end of 2017, non-distributable reserves in Group equity totalled CHF 80.6 million (2016: CHF 153.0 million). These are largely attributable to the capital reserves of Meyer Burger Technology Ltd arising from the capital increases. In accordance with the provisions of Art. 680 Swiss Code of Obligations, these may not be distributed within one calendar year (there is a prohibition on the return of capital contributions).

Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 27 April 2017, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 27 April 2017, the share capital may be increased by a maximum amount of CHF 5,102,040.85 through the issuance of a maximum of 102,040,817 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies. As the Company has successfully concluded an Incentive Offer for the CHF 100 million 5.5% convertible bond 2020 in December 2017 and was able to convert nominal value in the amount of CHF 71.215 million of the convertible bonds into 72,668,359 registered shares, and a further CHF 0.080 million of the convertible bonds was converted as normal conversion into 81,632 registered shares, the outstanding conditional capital as of 31 December 2017 in connection with convertible bonds amounts to CHF 1,464,541.30 (29,290,826 registered shares). The registration of this change in capital and the corresponding change of the Articles of Association will be registered in the commercial register in March 2018.

The subscription rights of the shareholders shall be excluded in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments, which carry conversion and/or option rights. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:

1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

Authorised share capital

In accordance with Article 3a of the Articles of Association, dated 27 April 2017, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 5,482,221.60, at any time until 2 December 2018, through the issuance of a maximum of 109,644,432 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:

1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

The capital increase may occur by means of underwriting and/or partial increases. The Board of Directors is entitled to set the issue price of the shares, the type of contribution and the date of entitlement to dividends. Shares issued under these terms are subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association of the Company.

4.17 Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

in TCHF	Number of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2016	**159 359**	**7.46**	**1 189**
Acquisition	116 932	6.36	744
Sale	–180 138	7.63	–1 374
31.12.2016	**96 153**	**5.81**	**559**
Acquisition	4 874 177	0.85	4 167
Sale	–4 074 515	0.97	–3 956
31.12.2017	**895 815**	**0.86**	**770**

Treasury shares held by subsidiaries

in TCHF	Number of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2016	**735 427**	**4.49**	**3 305**
Increase share plan 2016[1]	828 922	1.99	1 648
Decrease share plan 2014[2]	–254 741	6.21	–1 582
Decrease share plan 2015[3]	–123 379	5.41	–667
Decrease share plan 2016[3]	–139 167	2.27	–316
Increase related to sale/exercise of subscription rights[4]	2 671 617	–	–
31.12.2016	**3 718 679**	**0.64**	**2 389**
Increase share plan 2017[5]	4 009 986	0.85	3 408
Decrease share plan 2015[6]	–1 268 991	0.83	–1 058
Decrease share plan 2016[3]	–176 469	0.81	–143
Decrease share plan 2017[3]	–220 117	0.85	–187
31.12.2017	**6 063 088**	**0.73**	**4 409**

[1] Share plan 2016: the shares have been allocated and issued at a price of CHF 3.77 (market price at the time of allocation less CHF 0.05 nominal value). After allocation, the shares are subject to a thirty-six-months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (396,965 shares) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the nominal value (CHF 0.05).

[2] In April 2016, the two-years' vesting period of share plan 2014 ended and the shares have been transferred to the plan participants.

[3] If a plan participant gives notice to the employment contract during the vesting period, the shares allocated are returned to Meyer Burger Technology Ltd. In some particular cases (i.e. if Meyer Burger terminates an employment contract for economical reasons or if a group company is sold), the leaving participant is entitled to keep the shares, i.e. an early vesting is performed.

[4] In the context of the increase of share capital in 2016 (which was concluded on 20 December 2016), the interests of the plan participants have been safeguarded by selling some subscription rights on the market and by exercising the remaining subscription rights using the revenue from the selling transaction. The newly acquired shares are subject to the same vesting periods as the underlying share plans.

[5] Share plan 2017: the shares have been allocated at a price of CHF 0.85 (market price at the time of allocation). After allocation, the shares are subject to a thirty-six-months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (1,994,708 shares) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.85).

[6] In March 2017, the two-years' vesting period of share plan 2015 ended and the shares granted as well as the shares from the sale and exercise of the subscription rights of December 2016 have been transferred to the plan participants.

All treasury shares that are held in conjunction with the employee share plans are held by subsidiaries of Meyer Burger Technology Ltd. These are therefore reserved in full and will be transferred to employees upon expiry of the vesting period.

Meyer Burger Technology Ltd does not hold any treasury shares in connection with the employee share plan and no treasury shares held by Meyer Burger Technology Ltd are reserved.

Meyer Burger Group is not aware of any shares in the Company being held by the pension fund.

4.18 Share-based payment

The Company has a share participation programme as a long-term incentive for the members of the Board of Directors and members of the Executive Board as well as for other selected employees within the Group. The Board of Directors determines the individual participants of the plan, based on recommendation of the Executive Board, at its own reasonable discretion. Shares may only be allocated to employees with an employment contract of indefinite term and in positions not under notice, and to serving members of the Board of Directors, who have not submitted their resignation. Each participant receives an individual offer letter, stipulating the number of restricted share units being offered, the acquisition price per share (if any), the payment conditions, the period within which the participant has to declare acceptance of the offer, as well as the (optional) retention periods following the vesting of shares. The restricted share units, which the Board of Directors has allocated, generally have a vesting period of three years since 2016 (earlier years: vesting period of two years), and an optional fiscal retention period that can be selected by the participant of either zero, three or five years (following the end of the vesting period). The participants do not receive the title of ownership to the restricted shares during the vesting period. During the vesting period and the optional retention period, the participants cannot sell (in part or entirely), assign, transfer, pledge or debit the shares in any form. If notice is given or the employment is ended by the employee or the employer before the end of the vesting period, the right to acquire ownership of the shares conditionally allocated under this plan lapses without payment. The amount of the share-based payment is calculated using the rate on the day on which the recipients of the shares are informed of the allocation and of the applicable terms and conditions.

Share plan

in TCHF	2017[1]	2016
Number of shares granted	3547443	860028
Date of grant	31.03.2017	22.03.2016
Share price at date of grant in CHF	0.85	3.82
Fair value of the granted shares in CHF	3015327	3285307
Grant price (nominal value) in CHF	–	0.05

[1] For the 2017 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board receives after expiration of the three year vesting period will depend on the development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above) . The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period under consideration of the share price development is calcualted linearly and can vary between a minimum of 50% and a maximum of 150%.

4.19 Net sales

in TCHF	2017	2016
Net sales from sales of goods	453297	422416
Net sales from rendering of services	18235	15801
Net sales from construction contracts	1725	14889
Net sales	**473256**	**453105**

4.20 Segmentation of net sales by geographic market

in TCHF	2017	2016
Switzerland	17782	24835
Germany	21868	27001
Rest of Europe	50424	52461
Asia	362772	323526
USA	16285	23117
Rest of World	4126	2164
Net sales	**473256**	**453105**

4.21 Segment reporting

The activities of Meyer Burger Group are divided into the reportable business segments "Photovoltaics" and "Specialised Technologies". While in previous years Alternative Materials was part of the business segment "Photovoltaics & Alternative Materials" it has been shifted to the segment "Specialised Technologies". The business includes technologies to be used for slicing crystalline and other hard and brittle materials for applications outside the solar industry. This change in business segment was a consequence of the economic similarity and interrelationships between the entities as well as of the management structure. The comparison period has been restated according to the new structure.

Net sales by segments 2017

in TCHF	Photovoltaics	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales thirds	406 102	67 155	**473 256**	–	**473 256**
Net sales intercompany	1 274	20 238	**21 512**	–21 512	**–**
Net sales	**407 376**	**87 393**	**494 768**	**–21 512**	**473 256**

Net sales by segments 2016

in TCHF	Photovoltaics	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales thirds	394 385	58 721	**453 105**	–	**453 105**
Net sales intercompany	611	13 256	**13 867**	–13 867	**–**
Net sales	**394 996**	**71 977**	**466 973**	**–13 867**	**453 105**

Photovoltaics

The Photovoltaics segment largely comprises the core business of photovoltaics and covers the processes of wafering, solar cells, solar modules and solar systems with its portfolio of systems, production equipment and services.

Meyer Burger pursues the strategically long-term technology approach of considering core technologies of the photovoltaic value chain and optimally harmonising the technologies along the different processes (wafers, cells, modules, solar systems). Significant efficiency improvements in wafers, cells and modules can be achieved by using the latest technologies, which will continue to substantially reduce our customers' production costs (Total Cost of Ownership).

Specialised Technologies

With Specialised Technologies, Meyer Burger uses technologies that are successfully deployed in photovoltaics, particularly in the field of applying or removing layers on different substrates and materials as well as for slicing crystalline and other hard and brittle materials, in a wide range of other high-tech markets. Muegge's microwave and plasma technologies are used in biotechnology and environmental technology. PiXDRO inkjet print technology is used in the semiconductor industry as a pioneering technology. MicroSystems offers excellent solutions for surface treatment and sensor production with innovative plasma and ion-beam technologies. As a software development specialist, AIS manufactures control systems for factory automation, the automotive industry and other complex industrial processes. With this extensive portfolio, Meyer Burger is perfectly positioned and can efficiently take an active approach to new trends in other industries on the basis of its existing core technologies.

As outlined above, Meyer Burger currently manages its operations in different operating business units, which are grouped into the reporting business segments "Photovoltaics" and "Specialised Technologies". Disclosure of the segment results would lead to much higher transparency in terms of our cost and margin structure than that of our relevant competitors, and we would be the only company to present detailed information on segment profitability. Most of our relevant competitors are companies without publicly available financial information or are large companies with large reporting segments in which comparable information is diluted accordingly. The disclosure of segment results would therefore lead to a considerable competitive disadvantage for Meyer Burger compared to its competitors. In addition, such information may have negative impacts on the company's negotiating position with customers and suppliers. For this reason Meyer Burger Group does not disclose segment results.

4.22 Personnel expenses

in TCHF	2017	2016
Wages and salaries	–91 686	–104 036
Social security	–13 852	–15 108
Pension benefit expenses	–3 607	–4 074
Share-based payment expenses	–2 681	–2 851
Temporary personnel	–11 250	–10 972
Other personnel expenses	–12 639	–13 497
Personnel expenses	**–135 716**	**–150 537**

4.23 Other operating expenses

in TCHF	2017	2016
Rental costs	–4 632	–5 345
Maintenance and repair	–2 734	–3 541
Vehicles and transportation expenses	–3 513	–3 639
Property insurance, fees and contributions	–1 966	–2 642
Energy and waste disposal expenses	–3 865	–3 290
Administration expenses	–9 088	–10 447
IT expenses	–4 503	–4 621
Marketing expenses	–2 835	–3 172
Loss on sale of property, plant and equipment	–13	–11
Expenses for research and development	–7 544	–7 945
Other operating expenses	–6 044	–5 539
Other operating expenses	**–46 738**	**–50 193**

4.24 Financial result

in TCHF	2017	2016
Interests received		
Cash and cash equivalents	559	354
Currency translation differences (net)	6 749	–
Financial income	**7 307**	**354**
Interest paid		
Liabilities towards banks	–797	–905
Loans	–24	–28
Mortgage loans	–928	–986
Straight bond/convertible bond	–9 494	–12 830
Currency translation differences (net)	–	–1 314
Other financial expenses	–6 411	–4 573
Financial expenses	**–17 653**	**–20 637**
Financial result (net)	**–10 346**	**–20 283**

4.25 Extraordinary result

in TCHF	2017	2016
Transaction Diamond Materials Tech, Inc.	–18247	–11866
Restructuring Meyer Burger (Switzerland) AG	–30587	–
Extraordinary result	**–48834**	**–11866**

The extraordinary result comprises the effects of the sale of the remaining business activities of Diamond Materials Tech, Inc. to Thermocompact Group, which has been communicated on 13 November 2017. The transaction was completed in December 2017. The sales price amounted to USD 6 million, what led to a gain from the transaction. The goodwill which was offset against equity at acquisition has to be charged to this gain. The goodwill recycling led to an extraordinary, non-cash expense in the amount of USD 22.5 million (CHF 22.2 million).

Furthermore, the costs in relation with the planned stop of the production activities in Thun are comprised in the extraordinary result. This adaptation of strategy led to extraordinary one-time expenses of CHF 4.7 million for personnel expenses in 2017. In addition, extraordinary one-time, non-cash expenses of CHF 25.9 million for value adjustments on inventories and impairments on the facilities in Thun as well as on other assets.

4.26 Income taxes

in TCHF	2017	2016
Current income taxes	–2623	–903
Deferred income taxes	1772	–19737
Income taxes	**–851**	**–20640**

Reconciliation from expected to effective income taxes

in TCHF	2017	2016
Earnings before taxes (EBT)	–78488	–76504
Expected average weighted tax rate (%)	27.51%	26.75%
Expected income taxes	**21592**	**20465**
Cause for variance:		
Waive of capitalisation of tax losses incurrend in reporting period	–13315	–15886
Deviation from tax rate to expected tax rate of the Group	–7496	906
Deviation tax-deductible expenses	–1966	–1428
Change of deferred income tax rate in comparison to previous year	358	–53
Income tax in other accounting periods and corrections of prior years	–198	267
Write-off of tax losses	–	–24942
Subsequent recognition of tax loss carry forwards from previous years	–	13
Other effects	174	19
Effective income taxes	**–851**	**–20640**
Effective income taxes (%)	**–1.1%**	**–27.0%**

The expected tax rate of 27.51% in 2017 and 26.75% in 2016 has been calculated on the basis of the weighted operating results of the Group companies.

The tax loss carry-forwards that cannot be capitalised for the period relate to companies where, according to the current budgets, it will probably not be possible to generate sufficient profits to offset against the tax loss carryforwards before they expire.

Write-off of deferred tax assets (incl. tax loss carry-forwards): due to reassessments in 2016, allowances had to be set aside for capitalised loss carry-forwards totalling CHF 22.3 million at a number of Group companies. The remaining effect is attributable to the non-recognition of deferred tax assets on temporary differences at some Group companies.

4.27 Currency translation differences

in TCHF	2017	2016
Currency translation gains and losses on trade receivables and customer prepayments	–14 492	1 419
Cost of products and services	–631	82
Other operating expenses	280	–91
Financial expenses	6 749	–1 314
Currency translation differences	**–8 094**	**95**

Until 2016, the currency translation gains and losses on trade receivables and customer prepayments have been reported in the other operating income. As this position shows a material loss in the reporting period, the effect is disclosed as a separate line in the Consolidated Income Statement. The previous year has accordingly been adapted.

The effect from the unrealised currency translation differences arising from the translation of Group loans in foreign currencies at the reporting date is recognised in the financial result. The currency gain on Group loans totalled CHF 13.0 million, of which CHF 5.7 million were recognised in the income statement and CHF 7.3 million in equity. In 2016, unrealised foreign exchange gains totalled TCHF 835, of which TCHF 35 was recognised in the income statement and TCHF 800 in equity.

4.28 Earnings per share

	2017	2016
Basic		
Net result attributable to shareholders of Meyer Burger Technology Ltd (in TCHF)	–79 214	–96 848
Weighted average number of ordinary shares (in 1,000)	553 002	327 646
Basic earnings per share (in CHF)	**–0.14**	**–0.30**
Diluted		
Diluted earnings per share (in CHF)	**–0.14**	**–0.30**

Basic earnings per share are calculated by dividing net profit for the reporting period by the average number of outstanding shares. Diluted earnings per share take into account the impact of the convertible bond issued in September 2014, restructured in 2016 and partially converted in reporting period 2017. There was a dilution effect in 2017, as the average share price during 2017 was above the conversion price of the convertible bond of CHF 0.98. This positive effect in 2017 taking into account the net result except interests (TCHF –72,018) as well as adjusted number of shares (increase of number of shares by 29,290,825) is ignored as a diluted result cannot be better than the basic earnings per share. In 2016 there was no dilution effect.

4.29 Off-balance sheet liabilities

in TCHF	31.12.2017	31.12.2016
Investment obligations from contracts already signed	362	25

Capital commitments totalling TCHF 362 as at 31 December 2017 are related to the acquisition of intangible assets in the amount of TCHF 354 and property, plant and equipment of about TCHF 8. Capital commitments as at 31 December 2016 in the amount of TCHF 25 were related to the acquisition of intangible assets. There were no commitments to purchase property, plant and equipment.

4.30 Future liabilities from operating leases

in TCHF	31.12.2017	31.12.2016
Due date in the following financial year	4374	5538
Due date from 1 to 5 years	5830	9938
Due date more than 5 years	9949	29939
Future liabilities from operating lease	**20154**	**45414**

Obligations arising from operating leases mainly relate to obligations for non-cancellable building rights and rental agreements. The largest item is the building right agreement of Meyer Burger (Switzerland) Ltd for the company premises in Thun. The original agreement had a term of 99 years. The decision to assign part of the area originally included in the building rights is included in the calculation of future liabilities. The lease obligations for future building right interest totalled about CHF 7.4 million as at 31 December 2017 (31 December 2016: CHF 29.7 million).

4.31 Contingent liabilities

As at 31 December 2017 and 31 December 2016, Meyer Burger Group had no external contingent liabilities.

4.32 Transactions with related parties

Balances and transactions between companies within the scope of consolidation (see Note 2.3) were eliminated on consolidation and are not discussed in this Note. Details of transactions between a Meyer Burger company and other related parties are provided below.

Information on the allocation of shares to the Board of Directors and the Executive Board is disclosed in detail in the remuneration report.

The Company and Meyer Burger (Switzerland) Ltd procure advisory services from attorneys Meyerlustenberger Lachenal Ltd., among others. Dr Alexander Vogel, a member of the Board of Directors, is a partner in this law firm. The amount of services received came to TCHF 483 in 2017 and TCHF 963 in 2016.

Of the transactions with related parties described above, TCHF 178 (31 December 2016: TCHF 650) had not been paid as at 31 December 2017 and were recognised as a liability. As at both 31 December 2017 and 31 December 2016, there were no receivables due from related parties.

No unusual transactions were effected with either the main shareholders or other related parties.

4.33 Events after the reporting date

No events occurred between 31 December 2017 and 13 March 2018 that would have a material effect on the recognised carrying amounts of assets and liabilities of the Meyer Burger Group or would have to be disclosed at this point.

Report of the Statutory Auditor

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology Ltd

Thun

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Meyer Burger Technology Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement 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 80 to 115) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

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 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 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.

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Our audit approach

Overview

Overall Group materiality: CHF 4,400,000

- We concluded full scope audit work at three Group companies in two countries. Our audit scope addressed 82% of the sales of the Group.
- Additionally, we performed statutory audits and a review of the reporting packages at three companies in three countries, which addressed a further 5% of the sales of the Group.
- We performed either specified or analytical audit procedures at all other companies.

As key audit matters the following areas of focus have been identified:

- Valuation of deferred tax assets
- Valuation reserve on inventory due to reorganisation

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 4,400,000
How we determined it	Approximately 0.9% of net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is a key benchmark and the Meyer Burger Group has had volatile results in the past.

We agreed with the Risk & Audit Committee that we would report to them misstatements above CHF 220,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Valuation of deferred tax assets

Key audit matter	*How our audit addressed the key audit matter*
We consider the valuation of the deferred tax assets as a key audit matter because of the significance of the amount recognised (CHF 76.9 million) and because the utilisation of these assets depends on the future taxable profits of each taxable entity concerned. In addition, some countries limit the periods in which tax loss carryforwards can be utilised. Please refer to note 4.15 'Deferred income taxes' in the notes to the consolidated financial statements. Further, the forecasting of future cash flows involves significant scope for judgement concerning sales and market growth, price changes and the future structure of the taxable entities of the Meyer Burger Group.	We have assessed, on the basis of the three-year plan approved by the Board of Directors, the forecasted taxable results of the principal companies holding deferred tax assets. We performed the following audit procedures: • reviewed the three-year plan and assessed the likelihood of achieving the taxable profits; • compared the key assumptions (sales, costs of materials, operating expenses) of the budget and the three-year plan with the results in 2017; • examined external research and compared the forecasted growth in the solar industry with the assumptions made for the budget and the three-year plan; • discussed with management representatives the planned organisational changes that could have an effect on future taxable profits; • assessed the extent to which taxable profits occur before tax loss carryforwards expire; and • discussed the results of our audit procedures with management representatives and with the Risk & Audit Committee of the Board of Directors. Our audit results support the valuation of the deferred tax assets performed by management and the Board of Directors.

Valuation reserve on inventory due to reorganisation

Key audit matter	*How our audit addressed the key audit matter*
Due to the decision to close the production site in Thun and to change the product portfolio and its impact on the valuation of inventory, we consider the valuation reserve on inventory a key audit matter. As a result of the reorganisation, the manufacturing of equipment used in wafer and module processes and to build integrated photovoltaic applications will be discontinued by the end of 2018 or outsourced to third parties. Management has adjusted the methodology of the day-of-inventory analysis to reflect the new business model and its strategy. As a result of these measures, the valuation reserve on inventory increased by CHF 27.1 million. We refer to note 4.5 'Inventories' in the notes to the consolidated financial statements.	On the basis of detailed documentation regarding the valuation reserve on inventory, we assessed the day-of-inventory analysis as well as the valuation reserves for products, for which production will be discontinued or outsourced. We performed the following audit procedures: • assessed whether sales forecasts are reasonable and consistent with the 2018 budget and the three-year plan; • checked whether the mapping of material to products was correct and we made a comparison with sales forecasts; • assessed extraordinary write-offs; • assessed the design of the inventory reserve calculation and checked whether it was applied correctly; and • examined the assumptions regarding sales prices for finished goods. Our audit results support the valuation reserve on inventory determined by management as of 31 December 2017.

Responsibilities 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 Swiss GAAP FER 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 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 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 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 we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and 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.

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

René Jenni
Audit expert

Bern, 16 March 2018

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Financial Statements Meyer Burger Technology Ltd

Balance Sheet

in TCHF	Notes	31.12.2017	31.12.2016
Assets			
Current assets			
Cash and cash equivalents		65 054	184 695
Securities		–	3 060
Other receivables			
intercompany		23 265	23 737
thirds		88	310
Accrued income and deferred expenses		292	407
Total current assets		**88 699**	**212 209**
Non-current assets			
Financial assets	2.1	263 337	261 164
Investments	2.2	204 573	204 573
Total non-current assets		**467 910**	**465 736**
Total assets		**556 609**	**677 945**
Liabilities and equity			
Current liabilities			
Current financial liabilities thirds	2.3	–	129 928
Other payables			
intercompany		651	358
thirds		1 169	3 927
Accrued expenses and deferred income & current provisions		5 074	9 863
Total current liabilities		**6 895**	**144 076**
Non-current liabilities			
Non-current financial liabilities thirds	2.3	28 705	100 000
Provisions		391	297
Total non-current liabilities		**29 096**	**100 297**
Equity			
Share capital	2.4	31 049	27 411
Legal capital reserves			
Capital contribution reserves	2.5	685 531	615 545
Other capital reserves		2 276	6 035
Legal retained earnings			
General legal retained earnings		140	140
Reserve for treasury shares	2.6	4 409	2 388
Cumulated losses		–202 017	–217 388
Treasury shares	2.7	–770	–559
Total equity		**520 618**	**433 572**
Total liabilities and equity		**556 609**	**677 945**

Income Statement

in TCHF	Notes	1.1.–31.12.2017	1.1.–31.12.2016
Other operating income	2.8	16 838	16 305
Personnel expenses		–9 398	–11 341
Compensation to the Board of Directors		–673	–634
Administration expenses		–9 086	–13 116
Impairments on intercompany loans and investments	2.9	–5 220	–35 088
Earnings before interests and taxes		**–7 540**	**–43 875**
Financial costs			
Interests paid	2.10	–8 147	–11 531
Other financial expenses	2.11	–555	–11 816
Loss from currency translations	2.13	–	–1 420
Financial income			
Interests received	2.12	19 984	19 702
Other financial income		–	124
Gain from currency translations	2.13	15 088	–
Ordinary result before taxes		**18 829**	**–48 817**
Extraordinary expenses	2.14	–3 391	–
Earnings before taxes		**15 438**	**–48 817**
Income taxes		–67	–41
Net result		**15 371**	**–48 858**

Notes to the financial statements

1 Principles

1.1 General

These annual financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations (32nd Title of the Code of Obligations). The significant valuation policies employed that are not prescribed by the Code are described below.

1.2 Securities

Securities are initially measured at cost. Subsequently, listed securities are recorded in the balance sheet at market value. Securities that are not listed are measured at cost minus necessary value adjustments. All realised and unrealised gains and losses are recorded in the income statement.

1.3 Financial assets

Financial assets consist of non-current loans. Loans granted in foreign currencies are measured at the rate on the actual reporting date, with unrealised losses being reported but not unrealised gains (prudence concept).

1.4 Investments

Meyer Burger applies the principle of individual valuation while, however, aggregating Group companies where close business interrelationships exist.

1.5 Interest-bearing liabilities

Interest-bearing liabilities are recognised at nominal value. Financial liabilities are divided into current and non-current depending on their time to maturity and include in particular liabilities from bonds.

The straight bond and convertible bond issues were initially recognised at fair value including transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

1.6 Provisions and contingent liabilities

Provisions are only created if there is a present obligation to third parties as a result of a past event, a reliable estimate can be made of the amount of the obligation, and an outflow of resources is probable. If an obligation cannot be estimated with sufficient reliability, it is reported as a contingent liability but not recognised.

Provisions are measured using the best estimate concept, i.e. the amount recognised as a liability is the best estimate of the expenditure required to settle the present obligation on the reporting date. The amount of provisions is reviewed for its appropriateness at every reporting date.

1.7 Equity

Equity includes share capital, capital reserves, retained earnings, treasury shares and cumulative losses.

Share capital is the nominal value of all outstanding shares.

Capital reserves contain payments by shareholders in excess of the nominal value. This is the premium, reduced by the excess value over the nominal value of cancelled treasury shares. Gains and losses realised on the sale of treasury shares are also recognised directly in capital reserves. In addition, the reserves for share-based payment are reallocated to the capital reserves upon expiry of the vesting period. Costs related to capital increases are charged to the income statement.

Treasury shares comprise shares in Meyer Burger Technology Ltd held by Meyer Burger Technology Ltd itself. Treasury shares are recognised at cost and are not remeasured as at the reporting date.

The reserve for treasury shares contains shares of Meyer Burger Technology Ltd that were created for sharebased payments and are indirectly held through Group companies.

The retained earnings or cumulative losses are undistributed gains and losses.

1.8 Share-based payments

A share-based payment is a transaction in which an entity receives or acquires goods or services as consideration for its equity instruments or by incurring liabilities to the supplier of those goods or services for amounts that are based on the price of the entity's shares or other equity instruments of the entity. The accounting treatment of share-based payments depends on how the transaction is settled, namely whether it is settled by equity instruments or in cash. Under the current share participation programme, Meyer Burger Technology Ltd makes an individual offer to every plan participant in an offer letter stipulating the number of conditional rights to purchase shares, the acquisition price per share (if any), the payment conditions, the acceptance period and the (optional) retention periods. The fair value at the time of the granting of conditional rights, shares or options is recognised in personnel expenses at the time of being granted or, where appropriate, over the vesting period.

1.9 Leases

A fundamental distinction is made between finance leases and operating leases. Meyer Burger Technology Ltd does not have any finance leases, only operating leases. Operating leases (lease and rental agreements) are recognised according to legal ownership, i.e. the resulting payments are recognised as an expense by the lessee or tenant in the period to which they relate, although the leased or rented assets themselves are not recognised.

1.10 Cash flow statement and additional disclosures not included in the Notes

Since Meyer Burger Technology Ltd prepares consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), in compliance with the statutory provisions, it has not included disclosures in the Notes on interest-bearing liabilities and audit fees, presented a cash flow statement or prepared a report on the financial year in these annual financial statements.

2 Disclosures relating to items in the balance sheet and income statement

2.1 Financial assets

Financial assets consist solely of loans to participations (investments) aimed at financing their ordinary business activity.

2.2 Investments

Meyer Burger Technology Ltd holds the following direct and indirect investments:

Consolidated companies

				Participation[1]	
Company	Registered office	Currency	Nominal value	31.12.2017	31.12.2016
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	100.00%	98.29%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	100.00%	98.29%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MB Services Pte. Ltd	Singapore, Singapore	SGD	1	100.00%	100.00%
MB Systems Co. Ltd	Seoul, Korea	KRW	50 000 000	100.00%	100.00%
MBT Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
MBT Systems Ltd	Delaware, USA	USD	1	100.00%	100.00%
Meyer Burger (Germany) GmbH	Hohenstein-Ernstthal, Germany	EUR	16 207 045	100.00%	98.29%
Meyer Burger (Italy) S.r.l.	Milan, Italy	EUR	10 000	100.00%	–
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	100.00%	98.29%
Meyer Burger (Switzerland) Ltd	Thun, Switzerland	CHF	500 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	100.00%	100.00%
Meyer Burger GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger India Private Ltd	Pune, India	INR	18 552 930	100.00%	100.00%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research Ltd	Hauterive, Switzerland	CHF	100 000	100.00%	98.29%
Meyer Burger Sdn. Bhd.	Cyberjaya, Malaysia	MYR	1 000 000	100.00%	100.00%
Meyer Burger Systems (Shanghai) Co. Ltd	Shanghai, China	CNY	37 460 922	100.00%	100.00%
Meyer Burger Technology Ltd	Thun, Switzerland	CHF	31 048 608	100.00%	100.00%
Meyer Burger Trading (Shanghai) Co. Ltd	Shanghai, China	CNY	1 655 400	100.00%	100.00%
Muegge GmbH	Reichelsheim, Germany	EUR	400 000	100.00%	98.29%
Pasan SA	Neuenburg, Switzerland	CHF	102 000	100.00%	100.00%
Somont GmbH	Umkirch, Germany	EUR	30 000	100.00%	100.00%

[1] The share of equity corresponds to the share of voting rights.

Liquidated companies

				Participation[1]	
Company	Registered office	Currency	Nominal value	31.12.2017	31.12.2016
Roth & Rau India Pvt. Ltd[2]	Mumbay, India	INR	100 000	–	98.29%

[1] The share of equity corresponds to the share of voting rights.
[2] The company has been liquidated in the course of 2017.

2.3 Current and non-current interest-bearing liabilities

Straight bond

Meyer Burger Technology Ltd issued a straight bond in the amount of CHF 130 million in May 2012. The coupon was 5%. The redemption of the bond was due in May 2017. For this reason, the straight bond was reported under current interest-bearing liabilities as at 31 December 2016. Because of the complete redemption of the straight bond in May 2017, no liability is reported as at 31 December 2017.

Convertible bond

In September 2014, Meyer Burger Technology Ltd issued a convertible bond in the amount of CHF 100 million, maturing in 2020 and with an investor put option in 2018. The convertible bond carried a coupon of 4% and the conversion price was CHF 11.39. The convertible bond was issued at 100% of the principal amount. This convertible bond was restructured in the fourth quarter of 2016, by deleting the investor put and raising the bond's coupon to 5.5% retrospectively with effect from 24 September 2016. The convertible price was reset at CHF 0.98.

In November 2017, Meyer Burger submitted a voluntary incentive offer to the bondholders. In case of acceptance, the incentive offer proposed to the bondholders the payment of CHF 250 in cash per CHF 5,000 nominal value of the convertible bond. After expiry of the acceptance period, bondholders holding 71.2% of the outstanding nominal value (CHF 71,215,000) had accepted the incentive offer. Further bondholders holding CHF 80,000 of the nominal value have converted their bonds into Meyer Burger shares during December 2017. Therefore, the outstanding nominal value amounts to CHF 28,705,000 as per 31 December 2017.

The convertible bond matures at 100% of its principal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled.

2.4 Share capital

The share capital of Meyer Burger Technology Ltd as at 31 December 2017 was divided into 620,972,151 registered shares with a nominal value of CHF 0.05 each. The share capital is fully paid-up.

Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 27 April 2017, the share capital may be increased by a maximum amount of CHF 31,998.60 through the issuance of a maximum of 639,972 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of option rights granted to employees and members of the Board of Directors of the Company or of group companies in accordance with a plan to be prepared and issued by the Board of Directors. The subscription rights of shareholders shall be excluded. Upon acquisition, the new registered shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

In accordance with Article 3c of the Company's Articles of Association, dated 27 April 2017, the share capital may be increased by a maximum amount of CHF 5,102,040.85 through the issuance of a maximum of 102,040,817 fully paid-in registered shares with a nominal value of CHF 0.05 each, by the exercise of conversion and/or option rights which are granted in connection with convertible bonds, bonds with option rights or similar financial market instruments of the Company or of group companies. As the Company has successfully concluded an Incentive Offer for the CHF 100 million 5.5% convertible bond 2020 in December 2017 and was able to convert nominal value in the amount of CHF 71.215 million of the convertible bonds into 72,668,359 registered shares, and a further CHF 0.080 million of the convertible bonds was converted as normal conversion into 81,632 registered shares, the outstanding conditional capital as of 31 December 2017 in connection with convertible bonds amounts to CHF 1,464,541.30 (29,290,826 registered shares). The registration of this change in capital and the corresponding change of the Articles of Association will be registered in the commercial register in March 2018.

The subscription rights of the shareholders shall be excluded in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments, which carry conversion and/or option rights. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association.

The Board of Directors is entitled to restrict or exclude the advance subscription rights in connection with the issuance of convertible bonds, bonds with option rights or other financial market instruments of existing shareholders, provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments; or
2) an issue by firm underwriting through a bank or a banking syndicate followed by a public offer, thereby excluding the advance subscription rights, seems to be the best way of issue at that point in time, in particular with respect to the terms and conditions of the issue or the timeline of the transaction.

If advance subscription rights are denied by decision of the Board of Directors, the following shall apply:

1) conversion rights may be exercisable only for up to ten years, option rights only for up to seven years from the date of the respective issuance; and
2) the respective financial market instruments must be issued at the relevant market conditions.

Authorised share capital

In accordance with Article 3a of the Articles of Association, dated 27 April 2017, the Board of Directors is entitled to increase the share capital of the Company by a maximum amount of CHF 5,482,221.60, at any time until 2 December 2018, through the issuance of a maximum of 109,644,432 fully paid-in registered shares with a nominal value of CHF 0.05 each.

The Board of Directors is entitled (including in the case of a public offer for shares of the Company) to restrict or exclude the subscription rights of the shareholders and to allocate them to third parties, if the new shares are to be used:

1) for the acquisition of enterprises, parts of enterprises, participations or for new investment plans, or in the case of a placement of shares for the financing or refinancing of such transactions;
2) for the purpose of the participation of strategic partners or for the purpose of broadening the shareholder constituency in certain investment markets; or
3) for the rapid and flexible creation of equity capital through a placement of shares, which would only be possible with difficulties with subscription rights.

The capital increase may occur by means of underwriting and/or partial increases. The Board of Directors is entitled to set the issue price of the shares, the type of contribution and the date of entitlement to dividends. Shares issued under these terms are subject to the limitations for registration in the share register in accordance with Article 4 of the Articles of Association of the Company.

Significant shareholders

31.12.2017

The Company is aware of the following shareholders, who within the meaning of Article 120f. FMIA – Financial Market Infrastructure Act – held more than 3% of the voting rights based on the share capital registered in the commercial register as at 31 December 2017. The disclosure notices are published on the website of the Disclosure Office.[1]

Shareholders[2]	Purchase positions		Sale positions
	Registered shares[3]	Financial market instruments[4]	Financial market instruments[4]
BlackRock, Inc., USA-New York[5]	3.44%	–	0.000004%
Credit Suisse Funds AG, CH-Zurich	5.01%	–	–
Henderson Global Investors Limited, UK-London	3.12%	–	–
HSBC Holdings plc, UK-London[6]	3.098%	0.05%	–
Kondrashev Petr, A-Thomasberg[7]	5.49%	0.74%	–

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=MEYER
[2] Voting rights participation according to the latest disclosure notice received from this shareholder.
[3] Registered shares held in Meyer Burger Technology Ltd according to the disclosure notice.
[4] Purchase positions and sale positions, respectively, in conversion and/or purchase rights and sales rights (e.g. positions due to holdings in the convertible bond 2020, call or put options/warrants, equity swaps or financial instruments that provide for or permit cash settlement, or contracts for difference) all according to the disclosure notice by the shareholder.
[5] Different fund companies of BlackRock, Inc. 1% of the purchase positions are held in connection with securities lending and similar transactions. 0.06% of the purchase positions are from a third party which transferred the voting rights to BlackRock.
[6] The direct shareholder is Internationale Kapitalanlagegesellschaft mbH, DE-Duesseldorf, the beneficial owner is HSBC Holdings plc, UK-London.
[7] The direct shareholder is Brustorm SA, CH-Zug, the benefical owner is Petr Kondrashev, A-Thomasberg.

31.12.2016

The Company is aware of the following shareholders, who within the meaning of Article 120f. FMIA – Financial Market Infrastructure Act – held more than 3% of the voting rights based on the share capital registered in the commercial register as at 31 December 2016. The disclosure notices are published on the website of the Disclosure Office.[1]

Shareholders[2]	Purchase positions		Sale positions
	Registered shares[3]	Financial market instruments[4]	Financial market instruments[4]
Generation Investment Management LLP, UK-London	3.17%	–	–
Kondrashev Petr, A-Thomasberg[5]	5.49%	0.74%	–
Dan Och, USA-Scarsdale NY[6]	–	4.065%	–

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=MEYER
[2] Voting rights participation according to the latest disclosure notice from this shareholder.
[3] Notified holding in registered shares of Meyer Burger Technology Ltd.
[4] According to the notification, purchases and sales reported relate to conversion, call or put options/warrants, equity swaps or financial instruments where settlement is or may be in cash and contracts for difference.
[5] Direct shareholder: Brustorm SA, CH-Zug, the beneficial owner is Petr Kondrashev, A-Thomasberg.
[6] Different fund companies and investment management companies, whose beneficial owner/person that can exercise the voting rights at their own discretion is Dan Och, USA-Scarsdale NY. According to the disclosure notice, direct shareholders are:: Merrill Lynch Investments Solutions, Och-Ziff European Multi Strategy UCITS Fund, LUX-Luxembourg; OZEA Holdings, LP, Cayman Islands; OZEA, LP, USA-Wilmington DE; OZ Special Funding (OZMD) LP, Cayman Islands; OZ Europe Master Fund, Ltd, Cayman Islands

2.5 Capital contribution reserves

Out of the total amount of TCHF 685,531 as at 31 December 2017, TCHF 604,319 was approved by the Federal Tax Administration and is available for distribution free of withholding tax. The increase of TCHF 69,986 compared to 31 December 2016 corresponds to the premium paid on the capital increase performed in December 2017 as a result of the incentive offer and the movements recognised in the employee share plans in 2017, particularly the expired 2015 share plan. These premiums are again reported to the Federal Tax Administration for approval for potential distribution free of withholding tax.

In the capital contribution reserves as at 31 December 2017 there are capital transaction costs of TCHF 11,226 included that are not yet approved as reserves from capital contribution by the Swiss federal tax administration (FTA). This practice may be changed in the future.

2.6 Reserve for treasury shares

The current share participation programmes set up in accordance with 1.8 above resulted in holdings of treasury shares in Meyer Burger Technology Ltd at the subsidiaries involved up to the end of the vesting period. The law stipulates that a special reserve for treasury shares has to be created for these allocated shares during the retention period in the amount of the number of allocated shares multiplied by the share value at the time of allocation (share price on grant date).

2.7 Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

Name	No. of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2016	**159 359**	**7.46**	**1 189**
Acquisition	116 932	6.36	744
Sale	–180 138	7.63	–1 374
31.12.2016	**96 153**	**5.81**	**559**
Acquisition	4 874 177	0.85	4 167
Sale	–4 074 515	0.97	–3 956
31.12.2017	**895 815**	**0.86**	**770**

Treasury shares held by subsidiaries

Name	No. of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2016	**735 427**	**4.49**	**3 305**
Increase share plan 2016[1]	828 922	1.99	1 648
Decrease share plan 2014[2]	–254 741	6.21	–1 582
Decrease share plan 2015[3]	–123 379	5.41	–667
Decrease share plan 2016[3]	–139 167	2.27	–316
Increase related to sale/exercise of subscription rights[4]	2 671 617	–	–
31.12.2016	**3 718 679**	**0.64**	**2 389**
Increase share plan 2017[5]	4 009 986	0.85	3 408
Decrease share plan 2015[6]	–1 268 991	0.83	–1 058
Decrease share plan 2016[3]	–176 469	0.81	–143
Decrease share plan 2017[3]	–220 117	0.85	–187
31.12.2017	**6 063 088**	**0.73**	**4 409**

[1] Share plan 2016: the shares have been allocated and issued at a price of CHF 3.77 (market price at the time of allocation less CHF 0.05 nominal value). After allocation, the shares are subject to a thirty-six-months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (396,965 shares) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the nominal value (CHF 0.05).

[2] In April 2016, the two-years' vesting period of share plan 2014 ended and the shares have been transferred to the plan participants.

[3] If a plan participant gives notice to the employment contract during the vesting period, the shares allocated are returned to Meyer Burger Technology Ltd. In some particular cases (i.e. if Meyer Burger terminates an employment contract for economical reasons or if a group company is sold), the leaving participant is entitled to keep the shares, i.e. an early vesting is performed.

[4] In the context of the increase of share capital in 2016 (which was concluded on 20 December 2016), the interests of the plan participants have been safeguarded by selling some subscription rights on the market and by exercising the remaining subscription rights using the revenue from the selling transaction. The newly acquired shares are subject to the same blocking periods as the underlying share plans.

[5] Share plan 2017: the shares have been allocated at a price of CHF 0.85 (market price at the time of allocation). After allocation, the shares are subject to a thirty-six-months' vesting period during which the sale is forbidden. Due to legal reasons, the shares allocated to the Board of Directors and to the employees of Meyer Burger Technology Ltd (1,994,708 shares) are held by Meyer Burger (Switzerland) Ltd. Those shares have been transferred at the market price at allocation date (CHF 0.85).

[6] In March 2017, the two-years' vesting period of share plan 2015 ended and the shares granted as well as the shares from the sale and exercise of the subscription rights of December 2016 have been transferred to the plan participants.

All treasury shares that are held in conjunction with the employee share plans are held by subsidiaries of Meyer Burger Technology Ltd. These are consequently reserved in full and will be transferred to employees upon expiry of the vesting period.

Meyer Burger Technology Ltd does not hold any treasury shares in connection with the employee share plan and no treasury shares held by Meyer Burger Technology Ltd are reserved.

Meyer Burger Group is not aware of any shares in the Company being held by the pension fund.

2.8 Other operating income

Other operating income mainly includes management fees that were invoiced to the Group companies.

2.9 Impairments on non-current assets

Impairments on investments and loans to subsidiaries in previous years were reviewed and adjusted in 2017.

2.10 Interest expenses

In the year under review and in the previous year, interest and fees for the straight bond until the redemption and for the convertible bond issued were recognised as interest expenses in accordance with 2.3. The commitment fee related to provision of the credit facility agreement with the banking syndicate is also recognised under this item.

2.11 Other financial expenses

In 2016, other financial expenses included the costs of restructuring the convertible bond and the costs incurred by the capital increase in December 2016. No significant costs have been incurred in the current fiscal year.

2.12 Interest income

The interest income reported includes the interests received for loans granted to Group companies as well as interest income from banks and interest from short-term money market instruments.

2.13 Gain and loss from currency translation

The recovery of the EUR exchange rate to the Swiss franc especially in the second half of the year is the main reason for the gain from currency translations in 2017, resulting from devaluated foreign currency loans to foreign subsidiaries. These gains have been partly compensated by the slight fall of the USD. There are no significant gains and losses resulting from currency translations in 2016.

2.14 Extraordinary expenses

The extraordinary expenses contain the effects from the premature conversion of the convertible bond.

3 Other disclosures

3.1 Full-time emplyees

The average number of full-time employees for both the reporting period and the previous year did not exceed 50.

3.2 Liabilities to pension funds

There are no liabilities to pension funds.

3.3 Lease obligations not recorded in the balance sheet

in TCHF	31.12.2017	31.12.2016
Up to 1 year	59	122
1–5 years	34	156
Total	**93**	**278**

These amounts comprise the rental or lease payments due by the end of the agreement or the expiry of the notice period.

3.4 Contingent liabilities (guarantees and pledged assets)

As at 31 December 2017, Meyer Burger Technology Ltd provided a guarantee up to an amount of CHF 72 million for the framework loan agreement with several Swiss financial institutions. This credit facility matures at the end of April 2020. The framework loan agreement contains a guarantee limit of CHF 60 million. Bank guarantees in the amount of TCHF 44,464 (31 December 2016: TCHF 25,605) had been drawn down as at 31 December 2017.

Meyer Burger Technology Ltd is the borrower of a guaranteed credit from a German financial institution. The credit line amounted to TCHF 10,527 as at 31 December 2017 (2016: TCHF 11,276). The guaranteed credit can be drawn by subsidiaries by way of pledged assets/guarantees for advance payments, warranties or the clearance of debt. It cannot be used for the collateralisation of loans. A total of TCHF 1,780 of this guaranteed credit had been drawn down as at 31 December 2017 (31 December 2016: TCHF 4,210).

In 2017 Meyer Burger Technology Ltd concluded a bank guarantee line with a Swiss insurance institution. The credit line amounted to TCHF 5,556 as at 31 December 2017 (2016: TCHF 0). Meyer Burger Technology Ltd is entitled to apply advance payment bonds for one of its subsidiaries. If agreed by the insurance company, the credit line can be used for other types of bank guarantees. A total of TCHF 3,755 of this bank guarantee line had been drawn down as at 31 December 2017 (31 December 2016: TCHF 0).

Meyer Burger Technology Ltd provided a guarantee for the loan secured by mortgage certificates for the building in Thun. This credit agreement was concluded between Meyer Burger (Switzerland) Ltd and a consortium of Swiss banks in March 2013, maturing in April 2015, under which Meyer Burger (Switzerland) Ltd received proceeds of CHF 30 million. Meyer Burger Technology Ltd provided a guarantee for this contract up to an amount of CHF 33 million. The contract was concluded in the first quarter of 2015 until April 2017 and in the fourth quarter of 2016 until December 2019.

In addition, there were several guarantees of Meyer Burger Technology Ltd for group companies in favour of third parties for a maximum amount of TCHF 28,772 as at 31 December 2017 (31 December 2016: TCHF 17,066). They mainly concern guarantees to customers and suppliers of Group companies.

Letters of comfort and liquidity commitments in favour of Group companies

Meyer Burger Technology Ltd issued a letter of comfort in favour of Meyer Burger (Germany) GmbH and its subsidiaries that secures the allocation of liquidity by Meyer Burger Technology Ltd up to a maximum amount of EUR 110 million, should such need arise. Meyer Burger (Germany) companies had drawn down EUR 99.2 million as at 31 December 2017 (31 December 2016: EUR 99.7 million). The letter of comfort expires on 26 February 2018. This letter of comfort is not prolonged but is replaced by an extension of the terms of the intercompany loan contracts.

In addition, Meyer Burger Technology Ltd has issued several liquidity commitments in favour of Group companies to ensure the provision of liquidity by Meyer Burger Technology Ltd. This enables the Group companies in question to settle their accounts payable to creditors on time.

3.5 Shares allocated to the Board of Directors, Executive Board and employees

In the years 2017 and 2016, participation rights were allocated to members of the Board of Directors and employees as follows:

Name	No. of shares	Price/share in CHF	Value of allocated shares in CHF
2017 [2]			
Allocated to the Board of Directors and Executive Board	1 710 043	0.82	1 398
Allocated to employees	425 099	0.85	361
Total	**2 135 142**		**1 759**
2016 [1]			
Allocated to the Board of Directors and Executive Board	303 821	3.82	1 161
Allocated to employees	93 144	3.82	356
Total	**396 965**		**1 517**

[1] In 2016, the participants have been charged with the nominal value of CHF 0.05 per share.
[2] For the 2017 LTI Share Plan, the actual vesting ratio (actual number of shares) that a member of the Executive Board receives after expiration of the three year vesting period will depend on the development of the share price of the Company in the period between the grant date of the shares and the end of the vesting period (vesting ratio at 100% is reflected in the table above). The actual number of shares that a member of the Executive Board will receive after the expiration of the vesting period under consideration of the share price development is calcualted linearly and can vary between a minimum of 50% and a maximum of 150%.

To counteract any dilution resulting from the capital increase in December 2016 and therefore to preserve the interests of the programme participants, the company sold some of the subscription rights for granted shares which were restricted during the vesting period. Proceeds from these sales were used to exercise the other subscription rights. With this transaction the number of shares under the share participation programme 2016 increased by 921,347 (692,382 thereof for Board of Directors and Management).

3.6 Holdings held by the Board of Directors and the Executive Board

2017

The members of the Board of Directors and of the Executive Board (including related parties) held the following participations through shares and restricted shares in Meyer Burger Technology Ltd of 31 December 2017:

Name	Position	Registered shares (non-restricted) (Number)	Restricted registered shares[1] (Number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2 239 460	179 198	0.39%
Heinz Roth	Vice Chairman of the Board of Directors	341 116	83 527	0.07%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	75 733	0.01%
Hans-Michael Hauser	Member of the Board of Directors	–	24 314	0.00%
Dr Franz Richter	Member of the Board of Directors	–	75 733	0.01%
Michael R Splinter	Member of the Board of Directors, Delegate	–	426 316	0.07%
Prof Dr Konrad Wegener	Member of the Board of Directors	211 309	68 085	0.04%
Dr Hans Brändle	Chief Executive Officer	100 000	547 059	0.10%
Michel Hirschi	Chief Financial Officer	84 526	535 384	0.10%
Dr Gunter Erfurt	Chief Technology Officer	–	272 290	0.04%
Michael Escher	Chief Commercial Officer	100 000	404 163	0.08%
Daniel Lippuner	Chief Operating Officer	200 000	–	0.03%
Total as of 31 December 2017		**3 276 411**	**2 691 802**	**0.96%**

[1] In the participation table, the number of restricted registered shares includes the maximum potential amount of shares that could be vesting from the LTI Share Plan 2017 for the members of the Executive Board (i.e. maximum of 150% of the granted shares in 2017; the final vesting ratio depends on the share price performance between the grant date and the end of the vesting period, as described in the footnotes to the compensation table for the Executive Board in the Remuneration Report). Details of shares not yet vested in the table below:

Grant/Purchase date	Number of shares	Vesting period until
31.03.2017/03.01.2017	1 640 198 / 426 316	30.03.2020 / 02.01.2020
22.03.2016/20.12.2016	517 014	21.03.2019

The remaining restricted registered shares have been subject to an optional retention period.

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2017 (620,972,151 shares).

2016

The members of the Board of Directors and of the Executive Board (including related parties) held the following participations through shares and restricted shares in Meyer Burger Technology Ltd of 31 December 2016:

Name	Position	Registered shares (non-restricted) (Number)	Restricted registered shares[1] (Number)	Total participation[2] (in % of outstanding shares)
Dr Alexander Vogel	Chairman of the Board of Directors	2 237 960	115 992	0.43%
Heinz Roth	Vice Chairman of the Board of Directors	323 358	46 579	0.07%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	21 615	0.00%
Dr Franz Richter	Member of the Board of Directors	–	21 615	0.00%
Prof Dr Konrad Wegener	Member of the Board of Directors	191 484	51 439	0.04%
Peter Pauli	Chief Executive Officer	10 182 024	562 393	1.96%
Michel Hirschi	Chief Financial Officer	512 202	279 473	0.14%
Michael Escher	Chief Commercial Officer	81 084	225 383	0.06%
Sylvère Leu	Chief Innovation Officer	201 758	248 091	0.08%
Total as of 31 December 2016		**13 729 870**	**1 572 580**	**2.79%**

[1] Details of shares not yet vested in the table below:

Grant/Purchase date	Number of shares	Vesting period until
22.03.2016/20.12.2016	891 689	21.03.2019
27.03.2015/20.12.2016	522 765	24.03.2017

The remaining restricted registered shares have been subject to an optional retention period.
In connection with the capital increase 2016 that was closed on 20 December 2016, the subscription rights for the allocated and restricted shares of the share participation plan have been protected by the Company by selling certain subscription rights in the market and using the proceeds to exercise the remaining subscription rights. The newly acquired registered shares are subject to the same vesting period as the underlying share plans. In total, the number of restricted shares in connection with the two current share plans increased from 398,266 to 1,414,454 shares.

[2] Participation as a percentage of the number of outstanding registered shares as of 31 December 2016 (548,222,160 shares).

3.7 Significant events after the reporting date

No significant events took place between the reporting date and the approval of the annual financial statements by the Board of Directors of Meyer Burger Technology Ltd on 13 March 2018.

Report of the Statutory Auditor

pwc

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology Ltd

Thun

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Meyer Burger Technology Ltd, which comprise the balance sheet as at 31 December 2017 and the income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 122 to 135) as at 31 December 2017 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.

Our audit approach

Overview

Overall materiality: CHF 4,000,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in Group companies and intercompany loans and receivables

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Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 4,000,000
How we determined it	0.7% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the company primarily holds investments in and grants loans to Group companies.

We agreed with the Risk & Audit Committee that we would report to them misstatements above CHF 200,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, 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.

Valuation of investments in Group companies and intercompany loans and receivables

Key audit matter	*How our audit addressed the key audit matter*
As at 31 December 2017, Meyer Burger Technology Ltd recognised investments in Group companies (CHF 204.6 million), intercompany loans (non-current: CHF 263.3 million) and intercompany receivables (current: CHF 23.3 million). Investments in Group companies and intercompany loans and receivables are recognised at historical cost less impairment in accordance with the requirements of the Swiss Code of Obligations. The Board of Directors and management have tested the valuations of these investments, loans and receivables based on actual shareholders' equity, past results and the company's three-year plan. Where necessary, impairment charges have been booked. We considered the assessment of the valuations of the investments in Group companies and intercompany loans and receivables to be a key audit matter because of: • the significant scope for judgement involved in performing impairment tests; • the use of aggregate valuation for various investments in Group companies where close business interrelationships exist; • the operating results of certain companies; and • the significant amount these asset categories represent.	We tested the investments in Group companies and intercompany loans and receivables for impairment triggers. Specifically, we: • reconciled the valuation results of management with the basic data; • checked for plausibility the future outlooks based on the three-year plan, which the Board of Directors approved; • tested the correct application of Group valuation for investments where close business interrelationships exist; • compared the market capitalisation with the recorded shareholders' equity of Meyer Burger Technology Ltd, and • examined the completeness and correct booking of necessary impairment charges. We consider the valuation process applied by the Board of Directors and management as appropriate and adequate to support the valuation of the investments in Group companies and intercompany loans and receivables.

Responsibilities 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 the entity'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 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 we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and 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 recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

René Jenni
Audit expert

Bern, 16 March 2018

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Information for investors and the media

Registered shares Meyer Burger Technology Ltd

Swiss valor number	10850379
ISIN	CH0108503795
Listing	SIX Swiss Exchange
Ticker symbol	MBTN
Reuters	MBTN.S
Bloomberg	MBTN SW
Nominal value per registered share	CHF 0.05
Number of outstanding shares	620 972 151 as of 31 December 2017
Share price high/low 2017	CHF 1.89/0.68
Closing price as of 31 December 2017	CHF 1.67

Convertible Bond 2014–2020

Swiss valor number	25344513
ISIN	CH0253445131
Listing	SIX Swiss Exchange
Ticker symbol	MBT14
Reuters	MBTN
Bloomberg	MBTN SW
Coupon	5.50% per annum
Outstanding amount	CHF 28 705 000
Conversion price	CHF 0.98
Maturity	24 September 2020
Bond price high/low 2017	191.95%/101.00%
Closing price as of 31 December 2017	170.80%

Other information

Accounting Standard	Swiss GAAP FER
Auditors	PricewaterhouseCoopers AG
Share Register	Computershare Switzerland Ltd

Important dates

22 March 2018	Publication Fiscal Year Results 2017, Analyst and Media Conference, Metropol, Zurich
2 May 2018	Ordinary Annual General Meeting, Kultur- und Kongresszentrum, Thun
16 August 2018	Publication Half-Year Results 2018, Conference call for analysts and investors

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Interesting and useful product portfolio information and background knowledge about the entire technology company can be found on the corporate homepage www.meyerburger.com.

All companies within the Meyer Burger Group can be reached using the email address mbtinfo@meyerburger.com.

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Declaration on forward-looking statements

This Company Profile and the Report to Fiscal Year 2017 are integral parts of the Meyer Burger Technology Ltd Annual Report 2017. Both documents contain statements that constitute “forward-looking statements”, relating to Meyer Burger. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to Meyer Burger at the time of preparing the Annual Report 2017. Meyer Burger does not undertake any obligation to update any forward-looking statements contained in these documents as a result of new information, future events or otherwise.

The Company Profile and Report to Fiscal Year 2017 are also both available in electronic form and in German. The original German language version is binding.

The Company Profile and Report to Fiscal Year 2017 are available on the internet:
www.meyerburger.com

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