Meyer Burger Report to fiscal year 2016

REPORT TO FISCAL YEAR 2016

MEYER BURGER

KEY FIGURES

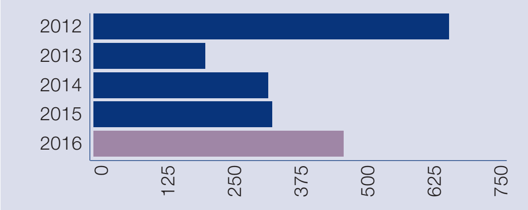
Consolidated income statement

in TCHF	2016	2015
Net sales	453 105	323 567
Operating income after costs of products and services	211 260	154 224
in % of net sales	46.6%	47.7%
EBITDA	10 530	–55 949
in % of net sales	2.3%	–17.3%
EBIT	–44 355	–128 650
in % of net sales	–9.8%	–39.8%
Net result for the year	–97 144	–168 961

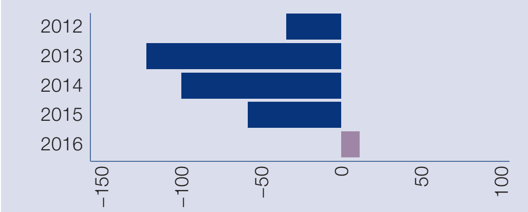
Consolidated balance sheet

in TCHF	31.12.2016	31.12.2015
Total assets	629 889	572 304
Current assets	412 159	279 495
Non-current assets	217 729	292 809
Current liabilities	271 141	137 380
Non-current liabilities	124 323	259 920
Equity	234 424	175 003
Equity ratio	37.2%	30.6%

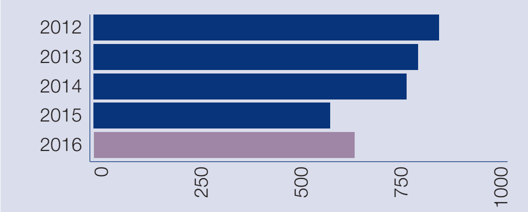
Net sales
in CHF million



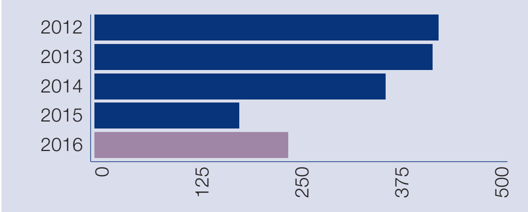
EBITDA
in CHF million



Total balance sheet
in CHF million



Equity
in CHF million



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The Annual Report 2016 consists of two parts: Company Profile and Report to Fiscal Year 2016.
Both documents are available on the company website:
http://www.meyerburger.com/ch/en/meyer-burger/investor-relations/financial-reports-publications/

MANAGEMENT REPORT 2016

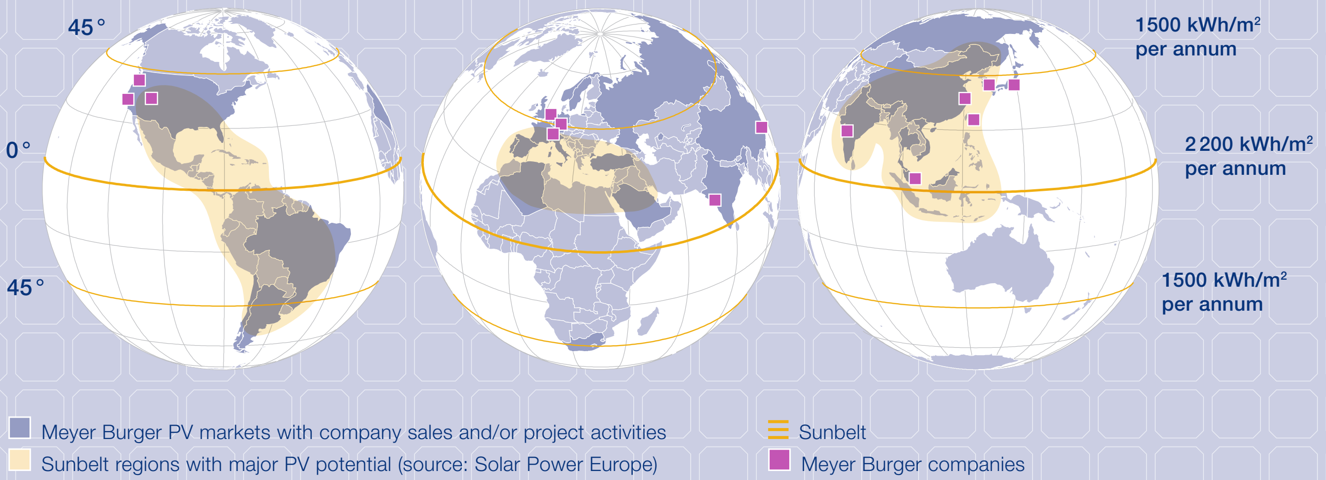
MARKETS AND CUSTOMERS

The market in newly installed photovoltaic (PV) capacity at private and commercial end users showed once more strong growth during 2016. Around 75 GW of new PV capacity was installed globally, corresponding to a growth rate of over 30% compared to the level at year-end 2015. The total globally installed capacity has therefore reached over 300 GW as at year-end 2016 (source: PV Market Alliance “PVMA”). According to the Chinese National Energy Administration, China has installed about 34 GW in additional capacity in 2016. Next are the USA, Japan, India and Europe with between 13 GW and 5 GW of installed capacity during 2016 (source: PVMA).

With the continuing strong growth in end-installed PV capacity, utilisation rates of existing production capacities with many of our customers are also at a high level. Meyer Burger estimates that the current production capacity is about 65 to 70 GW. Prices for solar modules have again declined sharply by up to two-digit percentage rates depending on the module qualities.

This price erosion creates further pressure on solar cell and module producers to improve their manufacturing lines with upgrade technologies in order to increase cell and module efficiencies and achieve higher prices for their cells and modules. This is exactly what Meyer Burger offers with its industry leading MB PERC technology. In the past years, MB PERC has become a real “industry standard” and today, Meyer Burger has an estimated market share of >80% in PERC equipment. We are convinced that the shift in

REGIONS WITH LARGE PHOTOVOLTAICS POTENTIAL



demand from standard cell technologies to high-efficiency cell technologies such as PERC will continue, and that we will see a similar shift in business from slurry-based to diamond wire-based cutting technologies. Within this field, Meyer Burger is also very well positioned with its DW 288 cutting technologies.

MEYER BURGER WILL CONTINUE TO DRIVE THE TECHNOLOGY ROADMAP IN PV INDUSTRY.

The global PV industry is still only at the beginning of its long-term development. Various renowned and independent industry experts (e.g. Solar Power Europe, IHS or PVMA) expect annual growth rates of 60 to 100 GW of additional installed PV capacity at end users and a total of about 600 to 720 GW by the year 2020. The IEA International Energy Agency has even longer estimates and expects that about 16% of the total global energy demand by 2050 will be generated by photovoltaics (compared to currently about 1%). It further estimates that the end-installed capacity at end users will be about 4,700 GW in 2050. These numbers show the impressive market and growth potential that lies ahead of Meyer Burger and the entire PV industry.

SUCCESSFUL RECAPITALISATION OF MEYER BURGER

Meyer Burger announced a comprehensive recapitalisation programme in November 2016 to redeem the 5% straight bond (due on 24 May 2017) and to strengthen its capital structure.

The recapitalisation programme consisted of three elements that were inter-conditional and had to be fulfilled:

- Amendment of the terms of the outstanding CHF 100 million convertible bond (due in 2020), which included removing the bondholder put option exercisable in September 2018, increasing the coupon and reducing the conversion price
- Extension of the loan secured by mortgage certificates on the building in Thun of CHF 30 million and of the guarantee facility of new CHF 60 million by 3 years each by a banking consortium
- Strengthening of balance sheet and liquidity through a capital increase in a minimum amount of CHF 160 million

The first element – the restructuring of the convertible bond 2020 – was approved by the meeting of the convertible bondholders on 25 November 2016 with 73.035% of the total outstanding nominal amount of the convertible bond. The resolutions by the convertible bondholders were approved by the High Court of the Canton of Berne in its verdict on 20 January 2017. This verdict became finally valid on 3 March 2017 and the adjustments of the terms of the convertible bond became effective on 17 March 2017. The new coupon of the convertible bond is 5.5% and the new conversion price is at CHF 0.98.

1 Restructuring of convertible bond 2020

- 73% of convertible bondholders voted in favour of the restructuring on 25.11.2016:
  - Removal of 2018 investor put option
  - Adjustment of conversion price and coupon
  - Final maturity date remains September 2020

→ Approved by High Court of the Canton of Berne with verdict on 20.01.2017, verdict finally valid on 03.03.2017

2 Extension of bank facilities

- Extension of maturity date of MCHF 30 loan secured by mortgage certificates by 3 years
- Extension of maturity date of syndicated guarantee facility by 3 years, reduction from MCHF 90 to MCHF 60 in line with needs
- Respective contracts signed by all parties

→ Contracts valid with closing of capital increase

3 Strengthening of equity base through rights issue

- Ordinary capital increase of MCHF 164.9 through rights issue in 2016
- Extraordinary General Meeting approved capital increase on 02.12.2016
- Capital increase successful, if gross proceeds of at least MCHF 160 will be achieved

→ 99.9% of subscription rights exercised on 15.12.2016; closing of capital increase on 20.12.2016

4 Repayment of outstanding straight bond

- Repayment of MCHF 130 straight bond on 24 May 2017 is secured

The second element – the extension of bank facilities – was finalised prior to the closing of the capital increase and signed by Meyer Burger and the banking consortium.

The third element – strengthening of the equity base through a rights issue – needed the approval of the Extraordinary General Meeting of Shareholders which was held on 2 December 2016. At this Extraordinary General Meeting, the shareholders approved the proposals of the Board of Directors for an ordinary capital increase, an increase of conditional capital for the exercise of conversion and/or option rights in conjunction with the outstanding convertible bond and an increase of authorised capital with large majorities of 98.3%, 98.0% and 91.0%, respectively. The subsequent rights issue (with subscription price of CHF 0.36 per new share) was successfully completed with an exercise ratio of 99.9%. Meyer Burger achieved gross proceeds of CHF 164.9 million through the capital increase.

The balance sheet was substantially strengthened with these proceeds. The repayment of the CHF 130 million 5% straight bonds due in May 2017 is also secured.

STRUCTURAL PROGRAMME TO SUSTAINABLY INCREASE PROFITABILITY

Meyer Burger announced a comprehensive structural programme at the end of September 2016 which, at an unchanged level of net sales, shall reduce the annual operating cost base of the company by CHF 50 million (therefore the break-even level at EBITDA will be reduced to a net sales volume of about CHF 300 million as of 2018).

The structural programme is being carried out efficiently and includes beside a substantial reduction in personnel other far-reaching measures to further optimise/adapt the costs and increase margins.

On 1 March 2017, the company announced that it will discontinue the proprietary wire production of diamond wire at Diamond Materials Tech, Inc. (DMT) in Colorado Springs, USA. This strategic decision regarding DMT will reduce Meyer Burger's annualised operating costs by about CHF 10 million as of the second half of 2017. The decision has led to one-time non-cash related depreciation, impairment and provisions in an amount of CHF 11.9 million, which has been charged to the income statement 2016 (see following comments).

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS 2016

Incoming orders

Meyer Burger's expectation that wafer, cell and module manufacturers will release new investments in 2016 to upgrade their technologies or partially also invest in increasing their production capacities has been confirmed. In the incoming orders for 2016, the Group experienced a strong demand for upgrade technologies which has been continuing in the first months of fiscal year 2017.

The volume in new orders rose by 9% compared to the previous year and reached CHF 455.6 million (2015: CHF 418.9 million). In the Photovoltaics segment besides various small- and mid-sized orders, Meyer Burger won a number of larger orders for diamond wire saws, Heterojunction technology, SmartWire Connection as well as MB PERC/MAiA technologies in a total amount of about CHF 146 million (2015: CHF 142 million). The Specialised Technologies segment also achieved important orders in the various markets that are addressed by this segment.

The order backlog amounted to CHF 244.5 million as at 31 December 2016 (31.12.2015: CHF 257.5 million) and provides a solid starting position for the new fiscal year 2017. The book-to-bill ratio (incoming orders to net sales) was 1.01 (2015: 1.29).

NET SALES +40% TO CHF 453.1 MILLION.

Net sales

Net sales increased by 40% to CHF 453.1 million (2015: CHF 323.6 million). Meyer Burger has reached its target of solid sales growth and slightly surpassed the guidance that was announced in conjunction with the recapitalisation programme (CHF 420–450 million). Adjusted for minor positive currency effects and the divestment of the Roth & Rau Ortner companies in August 2015, the organic sales growth on a like-for-like basis amounted to 43%.

The breakdown in net sales changed as follows compared to the previous year: Asia remained the most important market with 72% of net sales (2015: 63%), Europe reflected 23% (2015: 22%) and America 5% (2015: 15%) of net sales 2016.

Operating income after costs of products and services

Operating income after costs of products and services amounted to CHF 211.3 million (2015: CHF 154.2 million). The margin was 46.6% and remained within the range of the previous year and our expectations (2015: 47.7%).

Operating expenses

The various measures implemented in previous years to reduce the operating expenses have shown the expected results. Operating expenses in total were below the previous year, despite the increase in net sales. Personnel expenses were at CHF 150.5 million in fiscal year 2016 (2015: CHF 154.8 million), other operating expenses at CHF 50.2 million (2015: CHF 55.4 million). The structural programme mentioned above led to one-time extraordinary expenses in an amount of about CHF 3.5 million in 2016. The cost reductions which will be achieved from the decline in personnel in conjunction with the structural programme will mainly become effective in the second half of 2017 (due to running termination periods).

EBITDA and EBIT

Meyer Burger confirmed the turnaround at the EBITDA level with a positive EBITDA of CHF 10.5 million (2015: CHF –55.9 million).

TURNAROUND REACHED
AT EBITDA LEVEL.

Depreciation and amortisation came to a total of CHF 54.9 million (2015: CHF 72.7 million) and is divided as follows: CHF 20.3 million for depreciation of property, plant and equipment and CHF 34.6 million for amortisation of intangible assets, which resulted mainly from the M&A activities of previous years. The result at EBIT level amounted to CHF –44.4 million (2015: CHF –128.7 million).

Financial result

The financial result, net, was CHF –20.3 million (2015: CHF –28.2 million). Financial expenses in fiscal year 2016 include the interest expenses for the straight bond and the convertible bond of CHF –12.8 million (2015: CHF –12.4 million). The valuation of intercompany loans to foreign subsidiaries led to financial income from unrealised positive foreign currency translation effects of CHF 0.04 million (2015: financial expenses from unrealised negative foreign currency translation effects of CHF 7.6 million). In addition, there were other unrealised foreign currency translation effects of CHF –1.3 million, interest expenses for mortgage loans and other interest expenses in a total amount of CHF –1.9 million, other financial expenses of CHF –4.6 million and interest income of CHF +0.4 million.

Extraordinary result

The decision to discontinue the wire production of diamond wire at Diamond Material Tech (DMT) in Colorado Springs, USA, led to one-time non-cash related depreciation and impairment of inventory and manufacturing equipment. The extraordinary result which includes these expenses amounted to CHF –11.9 million in fiscal year 2016 (2015: 0).

Taxes

Tax expenses were CHF 20.6 million (2015: tax expenses of CHF 12.2 million). Tax expenses in 2016 are mainly related to adjustments on deferred tax assets on unused tax loss carry-forwards.

Net result

The net result for fiscal year 2016 came to CHF –97.1 million (2015: CHF –169.0 million), including the extraordinary result of CHF –11.9 million with regards to DMT. Out of this amount, CHF –96.8 million are attributable to the shareholders of Meyer Burger Technology Ltd (the remaining CHF –0.3 million are attributable to the minority shareholders). The net result per share was CHF –0.30 (2015: CHF –0.53).

Balance sheet

The balance sheet structure was substantially strengthened by the capital increase. Total assets rose to CHF 629.9 million as at 31 December 2016 (31.12.2015: CHF 572.3 million). Current assets include cash and cash equivalents of CHF 246.4 million and inventories of CHF 95.2 million. In addition, Meyer Burger already holds CHF 3.1 million of its own 5% straight bond which is due in May 2017. Non-current assets consisted mainly of property, plant and equipment of CHF 100.5 million, intangible assets of CHF 43.8 million and deferred tax assets of CHF 71.7 million.

REPAYMENT OF THE CHF 130 MILLION STRAIGHT BOND SECURED.

Current financial liabilities were CHF 131.5 million, of which CHF 129.9 million reflect the 5% straight bond due in May 2017. The remaining liabilities mainly consisted of trade payables of CHF 28.0 million, customer prepayments of CHF 58.3 million, provisions of CHF 11.4 million and non-current financial liabilities of CHF 118.7 million.

Equity stood at CHF 234.4 million as at 31 December 2016 (31.12.2015: CHF 175.0 million). The equity ratio at year-end 2016 was at 37.2% (31.12.2015: 30.6%) and will increase, once the CHF 130 million 5% straight bond has been repaid in May 2017 (as an effect of the balance sheet contradiction).

Cash flow

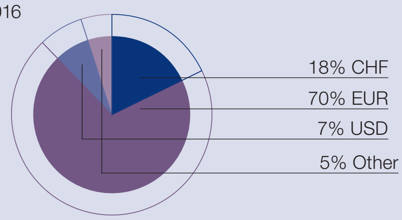
Cash flow from operating activities was CHF +2.6 million (2015: CHF –51.9 million) and improved by CHF 54.5 million compared to the previous year. This is mainly due to a marked improvement of the operating performance and a decline in net working capital.

Cash flow from investing activities amounted to CHF –9.0 million (2015: CHF –11.7 million). Investments into property, plant and equipment were CHF 4.9 million net, and CHF 3.1 million were invested into the company's outstanding 5% straight bond 2017.

Cash flow from financing activities was CHF +151.5 million (2015: CHF –2.0 million). The company received net proceeds of CHF 155.1 million from the capital increase in December 2016. Besides expenses for the capital increase, a further CHF 3.0 million was spent for the refinancing of the convertible bond.

Net sales by currencies

in 2016



R&D INVESTMENTS

Meyer Burger continued with the targeted development and refinement of its technologies, products and systems in 2016. A total of CHF 46.7 million or around 10.3% of net sales was invested in R&D in 2016 (2015: CHF 55.7 million and 17.2% of net sales). Research and development expenses are not capitalised in the balance sheet, but are recognised as an expense in the income statement. A total of 307 employees (FTE) worked in research and development at year-end 2016 (2015: 338 FTE).

CURRENCIES

In 2016, 18% of net sales were generated in Swiss Francs (2015: 26%), 70% in Euro (2015: 49%) and 7% in US Dollars (2015: 18%). Other currencies reflected 5% (2015: 7%). 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.

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 109.

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 18.

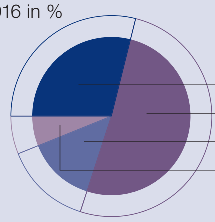
Corporate Brand

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

MEYER BURGER

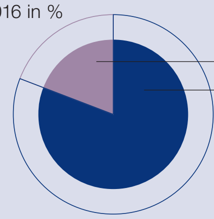
Employee structure by region

in 2016 in %



Employees

in 2016 in %



EMPLOYEES

At the end of 2016, Meyer Burger Group employed slightly over 1,400 people. The number of employees with permanent working contracts was 1,505 (FTE). However, it must be noted that an additional 70 people had already left the Group in conjunction with the structural programme and that the adjusted number of employees amounts to 1,435 FTE at year-end 2016 (compared to 1,555 FTE at the end of September 2016 when the structural programme was announced). Until March 2017, there will be another 50 people who will leave the company as part of the structural programme (currently under period of notice). At the same time, the number of temporary employees was reduced from 187 as at 30 September 2016 to 80 as at 31 December 2016. The average number of full-time employees in 2016 was 1,539 FTE (2015: 1,616 FTE).

→ For more information on Human Resources issues see page 18.

INNOVATION AND TECHNOLOGY

Wafering

In early 2016, the DW 288 Series 3 diamond wire saw was successfully launched. During the reporting year, the diamond wire solution was honoured with awards by two renowned international professional magazines. It received the Technology Highlights Award 2016 from PV Magazine and the Solar+Power Award in the category of Industry Development. According to the jury, this new Meyer Burger technology will positively shape the sawing market during the next five years. The innovative sawing technology cuts even thinner wafers, and the use of thinner diamond wire enhances productivity and increases wafer quality at lower material costs. In 2015, the average wire diameter was between 80 and 120 µm. The DW 288 Series reached highest performance with even thinner wire and cutting times were reduced by a double-digit percentage. At the same time, the wire performance is increased by 50 percent. Therefore, the production costs of the wafers and consequently the costs per watt in the solar module are reduced. So far diamond wire was used for the cutting of mono-crystalline wafers. Meyer Burger's research department has now adapted the technology for the sawing of multi-crystalline silicon material. The DW 288 Series 3 platform can now also be deployed in the multi-crystalline market and it is much more cost-efficient for customers than slurry-based processes.

In 2016, the Brickline was launched in the pre-wafering market. The sawing technology of the DW 288 was adapted for the sawing of long and round ingots, in order to obtain bricks which can then be used downstream in the DW 288 Series 3 sawing process. The Brickline combines three process steps in one platform: the round ingots, which are up to 4 m long, are cropped according to the saw's loading length. Afterwards, the round ingots are squared and the surface of the bricks is ground and polished so that the bricks can be glued to the beam for loading into the DW 288 Series 3. The Brickline has optimised opera-

Workforce

Employees (FTE)	2016[1]	2016	2015	2014	2013	2012
Total at year-end	**1 435**	**1 505**	**1 525**	**1 752**	**1 781**	**2 186**
Production, Logistics	605	643	613	661	675	829
Research, Development	297	307	338	395	382	484
Sales, Services	345	359	367	475	507	597
Finance, Administration	188	196	207	221	218	276

[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.

bility and maintenance, reduced wearing parts and shortened maintenance times while at the same time increasing the time between service intervals which leads to increased technical availability.

In the field of post-wafering, the wafer separator was successfully renewed. Wafers must be separated so that they can be measured and eventually processed into cells.

Cells

The MB PERC technology on the industry-leading MAiA platform and the SiNA cell coating platform remain very popular on the market. With these two technology platforms Meyer Burger holds a share of >80% on the PERC market. In order to be able to defend this strong market position, additional evolutionary developments were initiated in 2016.

In the field of Heterojunction Technology (HJT), improved processes and equipment were implemented. Simplified processes were developed and successfully tested. Meyer Burger operates a HJT-Demoline for industrialising the highly efficient HJT-processes and for customer samples in HJT cells and modules. At the end of 2016, cells with an average front-side efficiency of over 22.5% were produced on this line.

Ongoing cell developments are driven by a small team in Meyer Burger Research in Neuchâtel (CH). They develop new cell processes which will be introduced into the market during the next three years in close cooperation with the relevant international institutes.

Modules

In the field of module production, we focused on further developing the materials and processes for cell connection technology as well as on module lamination technology. Many new findings were made by Meyer Burger's research and development which lead to new and cost-effective tools and had an influence on machine concepts and material flow concepts. Important advancements in module production (new materials, etc.) were certified by TÜV and other institutes.

Metrology

In 2016, Meyer Burger launched a new inspection technology process, the Wafer Inspection System WIS-06. The new transflection technology (an optical combination of reflection and translation) is able to detect micro cracks at the μ-level on the entire wafer surface and to reduce their negative effects. This is especially helpful when measuring wafers that have been cut with thin wires.

Energy Systems

During the reporting period 2016 various testing systems were installed all over the world in order to test Meyer Burger's Heterojunction and SWCT connection technology with regard to LCOE (levelized cost of produced energy). The results so far confirm the markedly superior performance compared to other tier-one products.

Specialised Technologies

Two products on the Roll-to-Roll platform were successfully introduced into the market. A European chemical producer installed a roll-to-roll process based on ALD (atomic layer deposition) for the mass production of impermeable technical films. These films have similar permeability characteristics to glass. The protective characteristics of this technology protects sensitive electronics from moisture and oxygen. This is a breakthrough for technical films and paves the way for printed electronics. On the same platform, a tool for the growing nanotubes with amorphous silicon coating based on the roll-to-roll process under vacuum was put into operation. This application improves the anode capacity of lithium-ion batteries by a factor of 1.5. In the field of ink-jet technology, a tool for the soldering mask with structures of less than 30 µm was successfully implemented for a customer.

In the joint European project DAPhNE (Development of Adaptive ProductionN systems for Eco-efficient firing Processes), completely new processes were developed for the use of microwave technology on an industrial scale which could replace todays' „energy guzzlers" in the glass, ceramic and cement industries. The specifically adapted microwave supply for switching power supply technology as well as the specially modelled microwave components combined with the process control were successfully implemented by DAPhNE's cooperation partner MUEGGE.

Meyer Burger's group company AIS promotes solutions for the industry 4.0. Data gained by various Meyer Burger tools can now be collected in one common cloud. Other tools in the field of industry 4.0 were implemented in the automotive industry where production data can be displayed on mobile phones.

International Research Cooperation

In 2016, Meyer Burger actively took part in various EU research projects, including the EU project "Horizon 2020". Further research projects in collaboration with Swiss and international research institutes (such as SERIS, CEA INES, FhG and ISFH) and companies have been submitted in order to ensure continuous innovation and our technology leadership in our dynamic market environment. Meyer Burger still advocates for international standardisation and has been president of the international standards committee in the field of bifacial modules since 2015.

OUTLOOK

The long-term positive trend in solar energy will remain and PV produced energy will occupy an increasingly important position in the future energy supply in the coming years and decades. Estimates by the IEA (International Energy Agency), which anticipate an installed PV base of about 4,700 GW in 2050, highlight the substantial growth potential compared to the current somewhat above 300 GW of end installed base at year-end 2016.

For our customers, the continuous growth in the end installed PV base means that they have to make 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 the broadest and most cutting-edge technology and product portfolio in the industry, combined with a strong global sales and service organization.

For fiscal year 2017, we are targeting to achieve a similar level of net sales as in the previous year, and a substantial improvement in our profitability.

RECORD-BREAKING: ROUND-THE-WORLD TRIP IN SOLAR-POWERED PLANE SOLAR IMPULSE 2

On 26 July 2016, a vision became reality. The solar-powered aircraft Solar Impulse 2 completed the last of its 17 legs, landed in Abu Dhabi and thereby achieved a world record. The pilots and pioneers Bertrand Piccard and André Borschberg did it! They travelled the world in a plane solely powered by photovoltaic energy and without fuel. Meyer Burger provided the cutting-edge premium cell connection technology to connect the over 17,000 high-efficiency solar cells to the 269.5 m^2 wing panel of the Solar Impulse 2 airplane. The furthest leg of the round-the-world tour was the flight from Japan to Hawaii. The successful crossing of the Pacific and the round-the-world trip as a whole not only prove the future possibilities, but also the endurance and power of solar energy.

AWARD WINNER: BIFACIAL SOLAR FAÇADE ON CSEM IN NEUCHÂTEL

An award-winning photovoltaic system adorns the south facade of the CSEM research and technology centre in Neuchâtel. The solar façade on CSEM sets a new benchmark combining the innovative Meyer Burger Heterojunction Technology (HJT) solar cell coating technology with the groundbreaking SmartWire Connection Technology (SWCT) for connecting solar cells. Thanks to the high-efficiency technologies and the glass-glass construction of the modules, the solar system produces energy both on the front from direct sunlight and on the back through reflection. That's why it achieves an industry-leading degree of efficiency. With its filigree appearance, the solar façade is a true eye-catcher. The new façade was awarded the “Solar Visualised in Europe Award” by the European solar industry association SolarPower Europe.

SUSTAINABILITY

CEO STATEMENT

Sustainability is a topic widely reported on today and it encompasses a broad number of issues from the corporate, environmental and public perspectives. The common thread across all topics of sustainability is the focus on the future. For companies like Meyer Burger, it is about our sustainable economic future within our rapidly evolving and often demanding markets.

Our corporate strategy is fully aligned with the concept of sustainability. Our focus on maintaining our technology leadership in the photovoltaic market ensures that our customers achieve lowest cost of manufacturing and ownership in their production chain and this directly contributes to the overall reduction in the cost of solar energy. We integrate the principles of solid business management and leading technology processes with environmental and social responsibility into all aspects of our business.

2016 was a year of significant challenges and important achievements for Meyer Burger. The focus was clearly on our economic future when Meyer Burger implemented a company-wide restructuring programme and completed a successful recapitalisation programme which together were aimed at sustainably increasing our profitability. There were also changes in our Board of Directors and our Executive Management. As the new CEO of the Meyer Burger Group, I am pleased to be addressing our stakeholders for the first time in our sustainability report.

Despite our challenges in the past year, in 2016 Meyer Burger also achieved strong growth in sales and an increased demand for our industry-leading PV technologies. We have shown our resilience and we remain dedicated to driving our cutting-edge technologies forward to create sustainable value for all of our stakeholders – customers, shareholders and also our company and our employees.

In this sustainability report, we provide transparent insights into how the manufacturing processes at our two main technology and product centres in Thun (CH) and Hohenstein-Ernstthal (DE) impact the environmental, social and economic systems within which they operate. All three core areas of photovoltaics (wafers, cells and modules) as well as various areas of our Specialised Technologies are represented within this report.

Together with our talented employees, our award-winning technologies and our broad industry expertise, Meyer Burger remains committed to driving the photovoltaic technology roadmap and also achieving our goals as a sustainable business playing a decisive role in shaping the future energy mix.

Dr Hans Brändle
Chief Executive Officer

Sustainability at the heart of the company

Meyer Burger has established itself as a leading global technology company in the solar industry with innovative and cost-efficient solutions based on semiconductor technology. The range of systems, production equipment and services extends to processes in wafers, cells, modules and solar systems. Meyer Burger has a unique, comprehensive technology offering across the entire photovoltaic value chain.

Through the ongoing improvement of technologies for utilising solar energy, which is available in unlimited quantities, Meyer Burger is playing a major part in shaping the future energy mix and making an important contribution to achieving global climate goals. Photovoltaic systems based on Meyer Burger technologies reduce CO_2 emissions by around 27 g per kWh of solar energy; less efficient photovoltaic systems only cut them by around 23 g per kWh. By comparison, gas-fired power plants produce emissions of 148–428 g/kWh and coal-fired plants 662 g/kWh of CO_2. Meyer Burger has the stated aim of consistently increasing the energy efficiency of solar products while simultaneously offering customers the lowest total cost of ownership in the photovoltaic industry. This can only be achieved by continuous technological progress. Meyer Burger is therefore focussed on ways of improving and developing industry-tested technological innovations to permanently lower the cost per kilowatt hour of solar energy. The Meyer Burger business model directly supports sustainable development goal no.7 on the United Nations Sustainable Development Agenda: “affordable and clean energy”.

Meyer Burger’s highly productive and efficient technologies allow customers to clearly reduce their use of materials, auxiliary supplies and energy in the production process, thus cutting the cost of production. Along with unmistakeable precision and high quality, upgrade technologies and comprehensive services ensure machines have a long operating life. The launch of the environmentally friendly DW 288 Series 3 water-based diamond wire saw in 2016 was an important advancement in wafer cutting for Meyer Burger. Wire diameter and wafer thickness were reduced with no loss of quality, allowing 25% more wafers to be produced per brick, a notable increase in productivity. The heterojunction solar cell technology (HJT) was successful in achieving cell efficiencies of 22.5% in 2016. This technology has three fewer process steps than standard cell coating processes and combines the advantages of crystalline and amorphous silicon technology. HJT not only boosts cell performance, it also makes production more efficient and consumes less energy. Meyer Burger’s innovative SmartWire Connection Technology (SWCT) offers the most cost-efficient solution on the market for cell connection. Instead of the usual broad ribbons, solar cells are joined with each other by a filigree foil-wire electrode. With no need for busbars on either side of the cell and by optimising the finger thickness, the amount of silver necessary can be cut by up to 80%, a significant reduction in material costs for the customer.

Meyer Burger has maintained an above-average investment in research and development over the last 10 years, which has ensured its technology leadership in the photovoltaic equipment market. Meyer Burger also works closely with its customers and renowned research institutes to develop innovative and sustainable technologies and solutions. Major industry awards consistently testify to Meyer Burger's leading innovative strength. In 2016, the DW 288 Series 3 diamond wire saw solution won two awards: the "Solar+Power Award 2016" in the category "Industry Development" and the "Technology Highlight Award" from industry journal "PV Magazine". The top 10 highlights of 2016 from "PV Magazine" also included another two Meyer Burger technologies: the MIS solar module tester and the high efficiency heterojunction technology (HJT) for solar cells. To celebrate achieving 100 GW of installed photovoltaic capacity in 2016 in Europe, the industry association Solar Power Europe presented the "Solar Visualised in Europe" award. The winning photo of the solar façade of CSEM, the Swiss research and technology organisation in Neuchatel, was submitted by Meyer Burger recognising the company's contribution to this milestone. The CSEM solar façade consists of an aesthetically striking combination of the latest generation of Meyer Burger cell and module technology.

Along with boosting efficiency and cutting the cost of solar energy, achieving profitability and ensuring a long-term future for the company are also important focus topics. The economic aspect, one of the three pillars of sustainability, is an essential part of being a reliable partner able to add sustainable value for all stakeholders. The wide-ranging restructuring programme, successful recapitalisation and changes to the Executive Board have laid the foundations for sustainably increasing the company's profitability. A competitive cost structure and a solid financial base are crucial to the ability to profit from the growth opportunities in the solar industry.

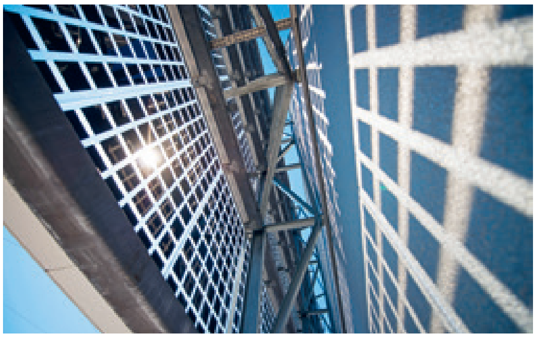
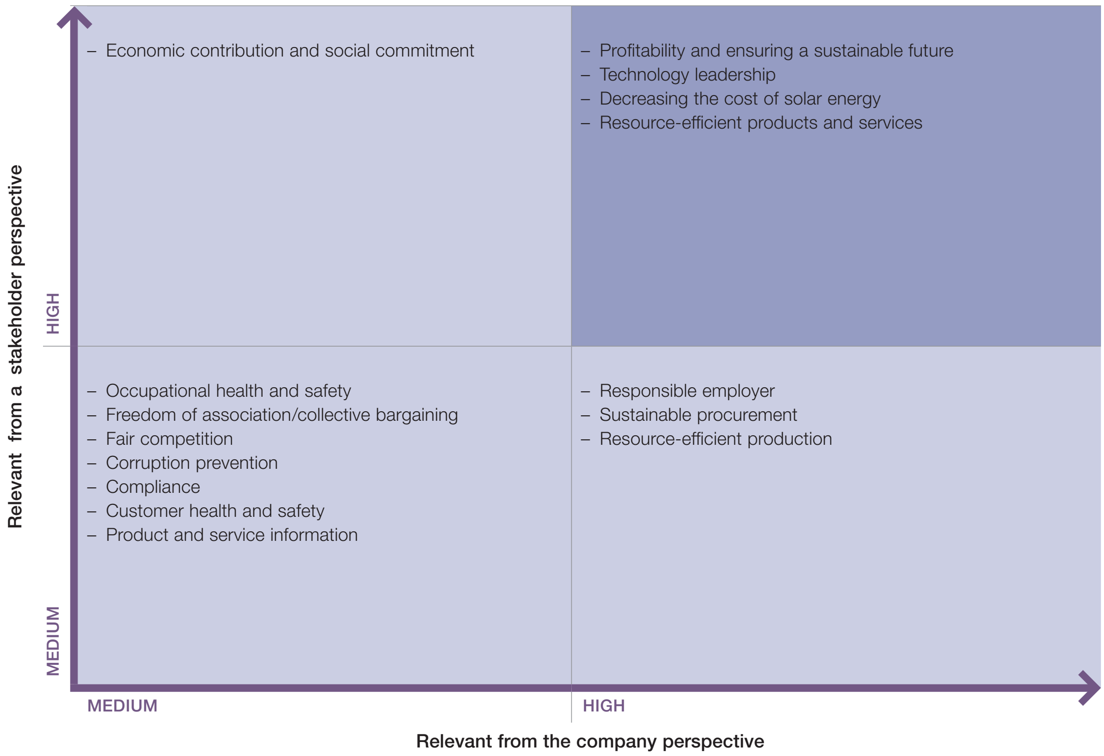


Photo of the CSEM solar façade by Meyer Burger, taken by Swiss photographer David Marchon.

In order to make the business model's contribution to sustainable development clear and tighten the focus even more, the sustainability topics identified in a comprehensive materiality analysis in the previous year were reviewed in 2016 and given a new strategic orientation. The first changes were also made in anticipation of moving towards reporting on sustainability under the new Global Reporting Initiative (GRI) standards in future. The key sustainability topics for Meyer Burger are illustrated in the graphic and form the basis for this report (GRI G4–18). A full list of the key GRI issues and GRI indicators can be found in the GRI content index on page 32 of this report (GRI G4–19).

Key sustainability topics



CUSTOMER FOCUS

Photovoltaics is Meyer Burger's core business, while its competencies and technologies also cover important areas of the semiconductor and optoelectronic industries as well as other selected high-end markets for semiconductor materials. The company's portfolio of technologies, equipment and services along the photovoltaic value chain covers the manufacturing processes for wafers, solar cells, solar modules and solar systems. The service offering also plays an important role in the Meyer Burger product portfolio and will be further extended in future.

Customer and service focus

A structured sales process was introduced in the global sales organisation in 2016 to ensure even better responses to customer requirements. As part of what is known as "solution selling", account managers were given focused training on a new way of conducting meetings. One of the things demonstrated was how targeted discussions can identify customers' needs, which can then be used to design optimally tailored solutions. The first ever VIP Customer Service Day was held in Shanghai in 2016. The entire service portfolio, including upgrading and retrofitting offerings, was presented to around 80 existing and potential customers. After the presentations, customers were able to put questions to staff at round tables on specific topics. After the event, an online survey was conducted to gather additional feedback on the service offering. First steps to further optimise the service offering have already been initiated as a result. However, no systematic customer survey across all product and service categories was carried out in the year under review. Customer feedback from daily business is recorded and systematically documented by service and customer service employees. Consistently keeping a record of all customer contacts also allows the teams in direct contact with customers to deal with their requirements more efficiently, cultivate the relationship and increase customer satisfaction as a result. In addition, Meyer Burger seeks out personal contact with existing and potential customers at specialist and industry trade fairs. This, too, gives it insights into current and future needs.

Product safety and customer training

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. The Meyer Burger three-stage safety concept is fully embedded in the development process. A safety manual, checklists, risk assessments, checks and security reviews ensure that all internal and external rules on protecting the health and safety of customers are observed. All relevant information is set out in technical documentation and user instructions and provided to customers. The global service organisation also ensures optimal support and service throughout the operating life.

Meyer Burger has an extensive customer training programme to ensure the production equipment and systems installed are used properly and function reliably. An on-site training course at the customer's premises before machinery goes into operation is an integral part of each sales contract. It teaches users and maintenance personnel how to handle the machines and systems properly. At the client's request, customised in-depth product and technology training in photovoltaic production is also available. A core topic of the training is how to achieve maximum production performance in terms of operating time, cost and output. Training is conducted both at Meyer Burger sites and directly at the customer's premises. In addition, all customers have access to telephone hotlines and online support.

FOCUS ON EMPLOYEES

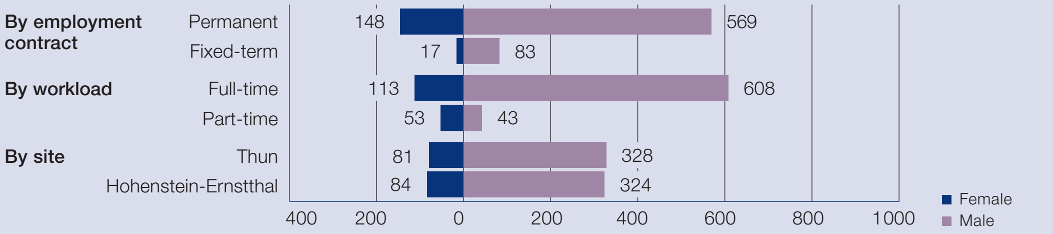
For Meyer Burger, high-performing, motivated and responsible employees are key to the future success of the company. After an extremely challenging year for both the company and its employees, it is all the more important to Meyer Burger to retain and motivate skilled people and to be able to offer them future career prospects.

Training and continuing professional development (CPD)

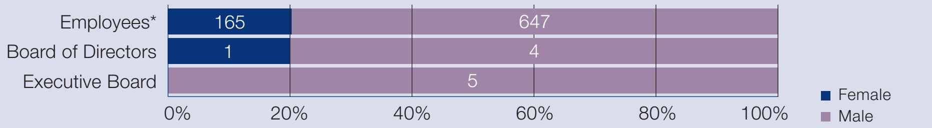
Meyer Burger's market, technology and environment are rapidly evolving, which impacts the employees and the demands made on them. Meyer Burger therefore promotes and expands the qualifications and specialist knowledge of its staff with technical and customised training and CPD opportunities, because employees who have the chance to develop are motivated, embody the corporate culture and contribute to the long-term success of the business. Personal development and training goals are defined with all employees at the annual appraisal interviews. Vacant positions are staffed with internal candidates whenever possible. For example, on 1 January 2017 Dr Dirk Habermann, previously Head Process Material & Line Design for Meyer Burger, assumed the position of Chief Innovation Officer after Sylvère Leu retired from the Executive Board at the end of 2016. In total during the year under review, 67% of open management positions were filled internally.

Employee ratios

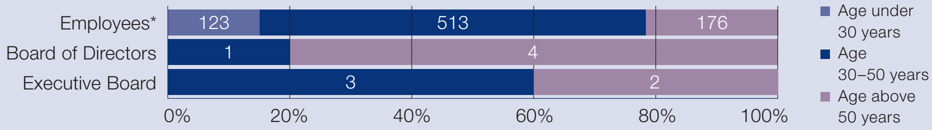
Employee headcount as at 31 December 2016 at the Thun and Hohenstein-Ernstthal* sites



Employees by Gender



Employees by age structure



* excluding apprentices, interns and trainees

In additional to sales training for the global sales organisation, Meyer Burger also offers internal English courses at the Thun site, generally lasting a year. During 2016, 42 employees completed job-specific and business English courses. Students prepare for the business English courses for the internationally recognised Cambridge Certificate. Team leaders have the opportunity to participate in CPD courses focusing on the fundamentals of management, management tools and management values. In the year under review, 30 employees were undergoing multi-year external training and CPD such as master's degrees or Swiss federal vocational certificates with support from Meyer Burger under contractual arrangements. The high demand for the market-leading MAiA cell coating platform manufactured at the Hohenstein-Ernstthal site was such that it required an increase in headcount. The focus in 2016 was therefore on the induction of new employees and the associated need to acquire company-specific knowledge. Various technological and methodological training courses also focussed on strengthening 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. All employees at Hohenstein-Ernstthal can also take English courses. The total number of hours spent on training and CPD was 4,492 at Thun and 5,327 at Hohenstein-Ernstthal.

Meyer Burger remains committed to the important task of training apprentices. 43 apprentices are currently being trained at Thun in the professions of business administration, information technology, automation mechanics, logistics, polymechanics, design engineering and works maintenance. Hohenstein-Ernstthal currently employs 12 apprentices in the professions of office administration, mechatronics, electronics and industrial engineering and 2 students in nanotechnology and industrial production. Four apprentices from Thun took part in the SwissSkills Competition in 2016. Apart from training sessions they received at their vocational school, participants were also intensively prepared at work so they could perform at the highest professional level, even when under time pressure. Fabian Gyger won the gold medal in automation mechanics, which qualified him for the WorldSkills 2017 Competition in Abu Dhabi. Lars Stalder won silver in the design engineering category.

Working environment

As a result of the previous restructurings, the recent headcount reduction at the end of 2016 and the uncertainties associated with the recapitalisation programme, the working environment was extremely challenging for employees. It was of primary importance to Meyer Burger that both the employees impacted by the headcount reduction as well as the employees remaining with the company were supported throughout the restructuring programme. Meyer Burger implemented a detailed internal communication plan which included local employee information sessions, management-specific Q&A information to support team leaders and managers and mailings from the executive management to all employees. At the two main production locations, Thun and Hohenstein-Ernstthal, the close cooperation between management and the employee representatives was of particular importance during the restructuring. The fluctuation rate at the Thun site was 10.29% in 2016, and 1.72% at Hohenstein-Ernstthal. The rate of fluctuation is calculated for permanent employees and includes only notices given by employees.

Staff surveys have been carried out in the past at various sites and in various divisions, but 2016 saw the first company-wide survey covering all employees equally, in all countries and at all sites. The response rate was 71% and over 1,000 employees gave their opinions on eight different areas. As far as the working environment was concerned, 93.1% of those polled said they enjoyed working at Meyer Burger. The results were analysed by the Executive Board and priority measures were defined in three areas: strengthening management skills, promoting cooperation across departments and updating the Levels of Competence and Responsibility. In terms of management skills, the line manager appraisal as part of the annual employee review was optimised. A teamship workshop toolkit has been designed and is already being successfully applied in Hohenstein-Ernstthal to further improve the already good results in the area of cooperation. The toolkit describes ways of cooperating successfully across departments, functions and countries, and is based on objectives, transparency, exchanging experiences and commitment. Even before the staff survey, work had already started on updating the Levels of Competence and Responsibility.

Meyer Burger endeavours to promote diversity and equal opportunities in the entire company, as a diverse workforce reflects customer diversity and is of major importance for corporate success. Meyer Burger does not tolerate any discrimination by employees or other stakeholders and sets great store by fairness and equal treatment. It also strives for a good work/life balance. Once again, no cases of discrimination became known in the year under review.

Employees at the Thun and Hohenstein-Ernstthal sites 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 discussion of topics relating to the company and employees. Meyer Burger is convinced that this regular dialogue leads to better and more productive collaboration. As part of the company-wide restructuring programme in 2016, various positions were reduced at the Thun site. The good cooperation between management and the local employee representatives proved invaluable during the restructuring. Suggestions and creative approaches from the employee representatives were examined, and in some cases implemented. Constructive dialogue has been maintained even after the negotiations. In Switzerland, Meyer Burger is a member of Swissmem, the association which unites the Swiss mechanical and electrical engineering and associated technology-oriented sectors. The Swissmem collective employment agreement is in operation at the Thun site. No collective agreement applies at Hohenstein-Ernstthal, but all employees come under the internal works agreement.

Occupational health and safety

Occupational health and safety are core concerns for Meyer Burger. Avoiding any danger for employees, customers and the environment is a major part of its intended goal of providing employees with a safe and healthy workplace. Careful analysis of operating procedures and employee training minimises risks and achieves a high level of process safety. New employees are fully briefed and sensitised to the safety regulations and operating processes. All employees are required to report any potential sources of danger they identify to the person responsible as a matter of urgency. It goes without saying that Meyer Burger complies with the various local work and safety directives at 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)*

	Thun	Hohenstein-Ernstthal	Total
Injury rate	2.8	1.5	**2.2**
Cases of occupational illness	2.1	–	**1.2**
Days missed (due to injuries/occupational illness)	18.1	24.8	**21.1**
Days of absence	530	1130	**801**

* Rates calculated using 200,000 working hours (≈ 100 FTEs). There were no fatalities.
The FTEs calculated reflect the entire workforce including apprentices, interns and trainees.

EYES ON THE ENVIRONMENT

Efficient use of energy and resources is not only central to the systems and production equipment developed by Meyer Burger, but is also an integral part of internal operations. The environmental management systems at the two main production sites at Thun and Hohenstein-Ernstthal have ISO 14001 environmental management certification. Since 2015, the Hohenstein-Ernstthal site has also had an ISO 50001-certified energy management system. Data are recorded covering energy, emissions, water, wastewater and waste with the aim of evaluating the ecological impact of the company's activity and identifying opportunities for improvement. Meyer Burger seeks to improve its energy efficiency and use of resources further and to continuously minimise the ecological impact of its business activities.

Both the Thun and Hohenstein-Ernstthal production sites are housed in energy-efficient buildings built to the latest environmental standards. The Thun site uses only 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. Energy generated from own photovoltaic equipment and the photovoltaic building façade is also used for operations. The electricity generated by own photovoltaic equipment at Hohenstein-Ernstthal is fed into the public grid. The Thun site also has two electric vehicles, electric bicycles and a charging station.

With electricity consumption of around 3.2 GWh, the Thun site will be subject to the provisions of the "Large consumer article of the Canton of Bern", which came into force in 2016. The article will oblige Meyer Burger to reduce its mains electricity consumption by up to 15% over the next ten years. Starting in 2017, Energie Thun, the local energy supplier, will support Meyer Burger in implementing the article. The initial results will be known in 2017.

Meyer Burger attaches great importance to complying with all applicable legal requirements. A database to consolidate all industry standards and statutory and regulatory provisions in the areas of environmental, safety and energy management was created so employees can have access to all the relevant rules in a simple and transparent manner. No fines or non-monetary penalties were imposed in 2016 for non-compliance with environmental laws and regulations.

Meyer Burger environmental indicators[1]

		2016	2015	2014
Energy consumption in MWh	**Total**	**14123**	**13512**	**11952**
Electricity	MWh	10765	10294	9036
of which own production (photovoltaic)[2]	MWh	87	95	81
Heat	MWh	2000	2012	1631
Total fuels	MWh	1358	1206	1285
Diesel	MWh	1224	1083	1267
Petrol	MWh	103	91	11
LPG/propane	MWh	30	32	7
Total CO_2 emissions in tonnes of CO_2 equivalents[3]	**Total**	**6708**	**6470**	**5580**
Scope 1	tCO_2e	770	**732**	**677**
Heating fuels	tCO_2e	410	412	334
Vehicle fuels	tCO_2e	360	320	343
Scope 2 (electricity)[4]	tCO_2e	3682	3323	2646
Scope 3 (business travel)	tCO_2e	2256	2414	2256
Water use in m³	**Total**	**597002**	**827706**	**1155988**
Drinking water/fresh water	m³	19417	14814	14850
Ground water[5]	m³	577585	812892	1141138
Wastewater in m³	**Total**	**17340**	**15714**	**14855**
Municipal sewage treatment plant	m³	16307	14814	14127
Wastewater treatment by third party	m³	1033	900	728
Waste in tonnes				
Non-hazardous waste				
Residual waste to incineration	tonnes	79	72	67
Residual waste to unknown treatment	tonnes	52	39	52
Composting	tonnes	7	8	11
Wood (burning)	tonnes	189	222	107
Recycling				
Paper and cardboard	tonnes	115	77	81
Glass	tonnes	11	7	9
Metal (mainly aluminium, copper, iron, steel)[6]	tonnes	231	1275	167
Plastic[7]	tonnes	60	7	8
PET[8]	tonnes	2	2	3
Special waste				
Batteries (recycling)	tonnes	0.5	0.1	0.1
Waste electrical and electronic equipment (recycling)[6]	tonnes	47	33	16
Oils, fats, chemicals (mainly aqueous solutions)[9]	tonnes	621	360	577
Hazardous waste (mainly coolants and slurries)	m³	60	59	79

[1] Thun and Hohenstein-Ernstthal sites
[2] PV electricity is also generated at the Hohenstein-Ernstthal site. This is fed into the grid (2016/2015/2014: 18/22/21 MWh)
[3] Emission categories under the Greenhouse Gas Protocol: combustion in own facilities/vehicles (scope 1), purchased electricity (scope 2), third-party services (scope 3).
[4] Now reported under the market-based approach as specified in the Greenhouse Gas Protocol Scope 2 Guidance (GRI G4–22). Using the location-based approach, emissions in 2016 were 4,000 tCO_2e (2015/2014: 3,673/3,024 tCO_2e).
[5] Produced at the Thun site for heating/cooling and then returned to the groundwater reservoir. The quantity of water increased in 2014 owing to problems with the server cooling. Usage optimised in 2016 by reconfiguration.
[6] Recycling waste increased in 2015 due to a major disposal campaign at the Thun site and the scrapping of semi-finished goods at Hohenstein-Ernstthal.
[7] Increase caused by a warehouse clear-out at Thun (disposal of EVA film).
[8] PET recycling data for the Thun site are estimated.
[9] For process reasons, most of this comes from Hohenstein-Ernstthal.

EMPLOYEES




SILEX Clean

ECONOMIC AND SOCIAL CONTRIBUTION

Trusting, focused and professional cooperation, both within the company and with customers, suppliers and other business partners, has to be based on reliability, loyalty and respect. At the Thun and Hohenstein-Ernstthal sites, the company is an important employer, training company and partner for local suppliers. Meyer Burger is aware of the social responsibility that comes with its business role in the region and acts in harmony with the environment. As a leading technology company in photovoltaics, Meyer Burger is actively committed to implementing forward-looking energy strategies and realising smart solar and energy systems. Together with industry partners, research institutes, the world of politics and customers, Meyer Burger is demonstrating that renewables will provide a large portion of our energy needs in future. 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 Swiss Energy and Climate Summit and the Advanced Building Skins Conference.

Sourcing

Reliable and efficient sourcing is extremely important to be able to respond proactively to demand fluctuations in the solar industry. Problems in sourcing could lead to supply bottlenecks, increased materials costs and poor quality. With efficient supplier management, Meyer Burger can identify, assess, further develop and integrate the right partners in terms of quality, flexibility, cost potential and technology potential. Contracts are awarded on the basis of total cost of ownership. This means that the total costs arising up to the point when the goods arrive at the place of installation are taken into account. Since 2014, Meyer Burger has used a 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 human rights and ethics, and that contains a code of conduct. Suppliers have to supply corresponding documents in their self-declarations.

Sourced components, individual parts and assemblies are significant elements of Meyer Burger's machinery and production systems. Wherever possible, materials and goods are procured directly from the manufacturer. Meyer Burger does not produce any wafers, cells or modules itself, except for development and testing purposes. However, customised special solutions for building-integrated solar systems are developed and manufactured for the Swiss reference market. Local suppliers are very important because of the efficiency and flexibility required. Local sourcing is taken to mean sourcing within the country where a production site is based. The main production sites of Thun and Hohenstein-Ernstthal are responsible for more than 80% of Meyer Burger Group's production volume. While around 97% of the purchasing volume is bought from local suppliers in Hohenstein-Ernstthal, the figure is around 54% for Thun. The other suppliers are mainly in the rest of Europe.

Compliance

As a listed company with ISO certification, Meyer Burger is committed to monitoring and ensuring compliance with the relevant laws, regulations and standards. In addition, the key principles of company management and the underlying corporate values are set out in the Code of Conduct. The Board of Directors, the Executive Board and all employees are expected to perform their work in compliance with the Meyer Burger Code of Conduct and to adhere to their responsibility towards the whole group, the environment and society in all their activities and at all times. Every individual is required to observe the highest ethical and professional standards. A three-hour training course on the company's rules of conduct is part of the company induction programme for every new employee. The Code of Conduct was revised in 2016. It is scheduled to be introduced in 2017. The revised Code of Conduct contains updates concerning corruption and granting advantages. Meyer Burger does not tolerate any form of corruption. No advantages are granted to business partners to win orders, nor are any accepted. Corresponding complaint mechanisms have been defined. Meyer Burger is committed to free and fair competition for market share and complies with standard anti-trust and competition laws. Breaches of the law not only result in criminal punishment that damages Meyer Burger's business, but also in consequences for the employees responsible. The company was not involved in any legal proceedings on the grounds of anti-competitive conduct in 2016, nor did any cases of corruption come to light. There were also no fines or penalties for breaches of law and of regulations in 2016.

Sponsorship and commitment

Meyer Burger supports selected projects and aspires to achieve lasting, unique and sustainable experiences. Its commitments are long-term and are linked to the themes of sustainability, research and development, and support for young employees and talents. Total financial and in-kind sponsorship for projects in 2016 came to around CHF 80,000. To demonstrate the use of solar energy, for example, charging stations for mobile devices were provided in mountain restaurants at three selected tourist destinations in Switzerland.

Meyer Burger supported the pioneering Solar Impulse project of Bertrand Piccard and André Boschberg as an official technology supplier. Meyer Burger and Solar Impulse share the same vision: both are committed to the future and to sustainable energy by combining innovative technologies with unlimited solar energy. The wings of Solar Impulse 2, which successfully flew round the world in 2016, measure 269.5m^2 and are fitted with 17,000 solar cells that are equipped with highly efficient and reliable Meyer Burger connection technology. The commitment is a sign of the pioneering spirit at Meyer Burger, and emphasises the company's innovative power.

Meyer Burger continues to support the Swiss charity Startup Africa in Zimbabwe. Because electricity is in short supply, "load shedding" occurs; in other words, entire areas are cut off in turn to prevent the grid from collapsing totally. Business centres are prioritised when it comes to supply. In the countryside, however, there is still no reliable electricity supply. With the help of Meyer Burger, Startup Africa is now building solar island systems so a secondary school and a clinic will have a reliable supply of solar electricity for the first time.

Meyer Burger continues to be involved, together with its other partners, in the informative exhibition called "Sonnenenergie – klar!" ("Solar energy – of course") and with the special exhibition "Energieautarkes Mehrfamilienhaus" ("the energy-self-sufficient apartment building") at the Umwelt Arena in Spreitenbach (CH). Visitors are introduced to the exciting world of photovoltaics, solar heat and solar construction. As a sponsor, Meyer Burger gives free admission to the Umwelt Arena to all employees and their families at the Thun and Neuenburg sites.

Meyer Burger is committed to developing young people as a way of combating the shortage of qualified skilled workers. Kindersonnenland, the company kindergarten at Hohenstein-Ernstthal, is a certified member of the early childhood education foundation "Haus der kleinen Forscher" ("Little Scientists' House"), which has been working in Germany since 2006 to improve what children of kindergarten and primary school age learn about science, maths and technology. Kindersonnenland offers high-quality kindergarten places to the employees of Meyer Burger, and also to those of neighbouring firms if free places are available.

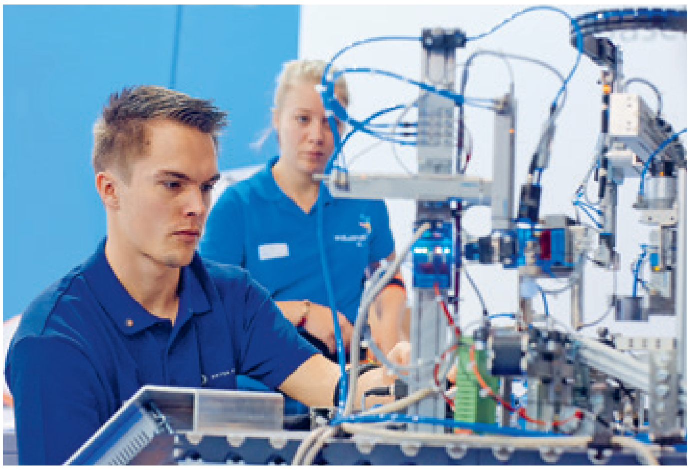
INFORMATION ON SUSTAINABILITY REPORTING

Sustainability is an integral element of business success at Meyer Burger. For this reason, Meyer Burger reports on sustainability topics every year in its annual report (GRI G4-30). The last report was published in March 2016 (GRI G4-29). Reporting for the fiscal year 2016 (GRI G4-28) again follows the GRI-G4 guidelines, taking the core option (GRI G4-32). The contents of the sustainability report have not been externally validated (GRI G4-33). The Minhang site (Shanghai) was not included in this year's report owing to the restructuring of the company, which represents a reduction in the scope of the report compared to the previous year (GRI G4-23). The scope of consolidation can be found on page 98 of this annual report (GRI G4-17). CO_2 emissions are now shown using the market-based approach. A retrospective adjustment has been made to the corresponding data to allow better comparability (GRI G4-22).

Meyer Burger conducted an internal materiality analysis in 2015 with representatives of the sites at Thun and Hohenstein-Ernstthal from the Finance, Production, Marketing, Sales, Customer Service, Quality & Safety, IT, Supply Chain Management, Corporate Communications and Human Resources departments to identify key topics and issues from the perspective of the company and stakeholders. In order to make the business model's contribution to sustainable development clear and tighten the focus even more, the sustainability topics identified during the comprehensive materiality analysis in the previous year were reviewed in 2016 and given a new strategic orientation. The first changes were also made in anticipation of moving towards reporting on sustainability under the new Global Reporting Initiative (GRI) standards in future. 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 G4-24, GRI G4-25). External stakeholders were not directly involved in the process (GRI G4-26). However, management took existing stakeholder concerns into account in the analysis. In particular, customer concerns identified by the close and frequent communication between the Sales organisation, the Service teams, Customer Services and the customers were incorporated (GRI G4-27). All topics regarded as material have a direct or indirect impact on the business of Meyer Burger and are relevant either within or outside the company. All employee issues within the company are of great importance. Environmental issues are central both in the company's own operations and along the value chain. Economic and product-related issues are essential both for Meyer Burger and all stakeholders. Social issues are mainly relevant for the Meyer Burger business environment (GRI G4-20, GRI G4-21).

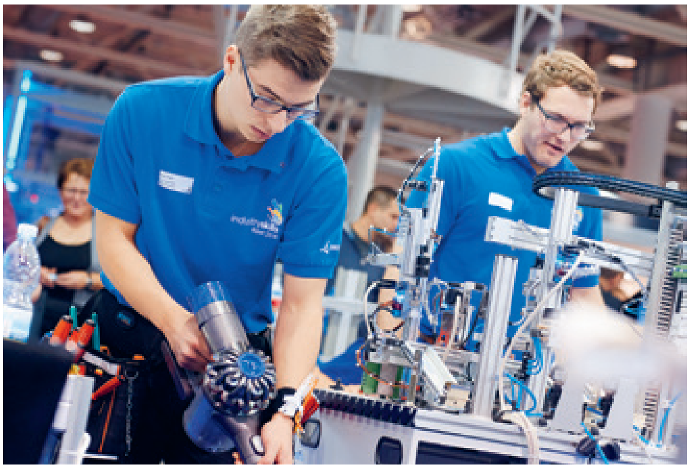
For all questions relating to the sustainability report, please contact Ingrid Carstensen, +41 (0)33 221 28 34, ingrid.carstensen@meyerburger.com

GO FOR GOLD – INDUSTRYSKILLS 2016



It's all about teamwork. Automation mechanics work in teams of 2 – a software and a hardware specialist.

Clarifying a point with the experts.



At the workstation, the 5S principle applies. Close attention is paid to cleanliness and orderliness.

Completed projects are closely scrutinised by the experts.

MEYER BURGER APPRENTICE WINS GOLD AT THE 2016 INDUSTRYSKILLS SWISS CHAMPIONSHIP

Impressive success was achieved at the IndustrySkills 2016 in Basel (CH) where Fabien Gyger, an apprentice in automation mechanics, won a gold medal and secured his ticket to the WorldSkills 2017 in Abu Dhabi.

The best young industry talents in the MEM sector (mechanical and electrical engineering technology sectors) vied for medals in six disciplines during the IndustrySkills 2016 competition from 15 – 18 November 2016 in Basel. Jointly organised by the two major Swiss industry associations, Swissmechanic and Swissmem, the IndustrySkills competition is an important platform to showcase the talent and promote the innovative capability within Swiss industry.

Final sprint. Finishing adjustments and function tests before the final whistle.

The moment of truth as experts test and judge the system.

Very successful Meyer Burger team with Tim Locher, Fabien Gyger, Lars Stalder and Adrian Müller (from left).

In total four Meyer Burger apprentices qualified to participate in the IndustrySkills competition in the fields of automation mechanics and design engineering.

The Swiss champions were selected during the public awards ceremony on Friday, 18 November 2016, Fabien Gyger and his competition partner won the gold medal in automation mechanics which secured their place at the WorldSkills professional championship in Abu Dhabi in autumn 2017. Lars Stalder was awarded the silver medal in design engineering. Meyer Burger is very proud of its apprentices and their fantastic achievements and warmly congratulates them all on their successes.

→ In a blog under the link www.goforgold2017.ch, it is possible to read the latest news and get updates from the two gold medal winners in automation mechanics right up to the WorldSkills in Abu Dhabi.

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PHOTOVOLTAICS AND HERITAGE BUILDINGS: ALPINE SOLAR SYSTEMS IN GSTAAD

In the sunny region of Gstaad, over 100 Meyer Burger solar systems are installed; many of these on historic buildings. The discreet building-integrated solar system MegaSlate® Alpin is available in four standard as well as individual sizes. This allows the solar system to be integrated as homogeneously as possible into any kind of building shape, thereby meeting highest esthetic requirements of heritage building zones. With its durability, it easily shrugs off snow and wind loads. The Meyer Burger success story in Gstaad began in 2012, when a MegaSlate® Alpin system was integrated into the roof of a historic building. The showpiece inspired many building owners and ever since alpine solar systems are part of the character of Gstaad.

AN ARCHITECTURAL GEM: SWISS KRONO’S SOLAR FAÇADE

In the industrial heart of Menznau, the elegant new office building of SWISS KRONO is situated. A Meyer Burger solar system is integrated on all four sides of the building. The solar cells used were coated by the industry-leading MB PERC cell coating technology and further connected in using the high-efficiency SmartWire Connection Technology (SWCT). In total, 406 solar modules, in 23 different forms, were installed on the four sides of the SWISS KRONO building. The energy produced is entirely used directly on the premises. Thanks to the glass-glass structure of the building-integrated modules, the typical red SWISS KRONO color of the board underneath gleams through. This aesthetic effect is the reason for which it has often been identified as one of the most modern solar buildings in 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 2016.

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. Direct link: http://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 2016 are combined into the business segments "Photovoltaics & Alternative Materials" and "Specialised Technologies" (please also refer to Note 4.20 on page 128 in the financial statements of this Annual Report). However, various responsibilities of the members of the Executive Board apply across the entire Group and on a global basis:

- Chief Executive Officer (CEO)
  Overall Operational Management, Strategy, Corporate Communications, Human Resources
- Chief Financial Officer (CFO)
  Finance, Controlling, Treasury, Mergers & Acquisitions, Investor Relations, Tax & Legal, IT
- Chief Commercial Officer (CCO)
  Global Marketing & Sales, Global Services (esp. segment Photovoltaics & Alternative Materials)
- Chief Operating Officer (COO)
  Global Supply Chain Management, selective key projects regarding processes and integration, certain selective group subsidiaries which are important in terms of sales, service or supply chain management report directly to the COO (esp. segment Specialised Technologies)

– Chief Innovation Officer (CIO)
Management of Technology Research and Development along process chain, Technology Roadmap, Control and Organisation of business processes, close cooperation with research institutes

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 2016, Meyer Burger Group held through Meyer Burger Technology Ltd and other consolidated Group companies in total

THE COMPANY'S MARKET CAPITALISATION WAS CHF 367.3 MILLION AS OF 31 DECEMBER 2016.

3,814,832 treasury shares, including 1,047,062 registered shares, which were issued in connection with the share participation programme and are reserved for allotment to eligible employees. In addition, the Company has in conjunction with the capital increase (completed on 20 December 2016) used and exercised subscription rights of the registered shares which were granted and restricted from the share participation programme, in a discretionary manner 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 plans. The number of shares held as a result of the described exercising of subscription rights amounted to 2,671,617 registered shares as of 31 December 2016, and these shares are also included in the total number of shares of 3,814,832 mentioned above.The participation held by the entire Group therefore amounts to 0.70% of shares as of 31 December 2016 (based on number of shares outstanding as well as registered in the commercial register).

1.3 Non-listed companies

→ The scope of consolidation as of 31 December 2016 includes non-listed companies, which are listed on page 98 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 2016:

Shareholder[1]	Purchase positions		Sale positions
	Registered shares[2]	Financial market instruments[3]	Financial market instruments[3]
Generation Investment Management LLP, UK-London	3.17%	–	–
Kondrashev Petr, A-Thomasberg[4]	5.49%	0.74%	–
Och Dan, USA-Scarsdale NY[5]	–	4.065%	–

[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 CHF 100 million 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] The direct shareholder is Brustorm SA, CH-Zug, the benefical owner is Petr Kondrashev, A-Thomasberg.
[5] Different fund companies and investment management companies, whose beneficial owner/persons 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 Investment 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.

In addition, Meyer Burger Technology Ltd holds a purchase position of 96,153 registered shares (percentage of voting rights 0.02%) and in total a sale position of 21.64% of the voting rights as of 31 December 2016 (disclosure notice dated 24.12.2016: purchase position of 99,437 registered shares (0.02% of voting rights) and sale position totaling to 21.64% of voting rights). The sale position is in connection with the 4% convertible bond 2020 that was issued in September 2014

THE FREE FLOAT WAS 100% AS OF 31 DECEMBER 2016.

(Calculated on a theoretical conversion price of CHF 0.87, this amounted to 114,942,529 shares, corresponding to 20.97% of the voting rights as of 31 December 2016. With the adjustment of the final conversion price of CHF 0.98, this amounted to 102,040,816 shares, corresponding to 18.61% of the voting rights as of 17 March 2017– see also description in section 2.8 on page 46) and with restricted share units in connection with the share participation programmes 2015 and 2016 (total of both years 3,718,679 shares, corresponding to 0.68% 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

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 2016.

2. CAPITAL STRUCTURE

2.1 Capital structure as of 31 December 2016

Ordinary share capital
CHF 27,411,108.00
(registered in the commercial register: CHF 27,411,108.00)
548,222,160 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: 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: 639,972 registered shares)

CHF 13,673,555.40
(according to Articles of Association: CHF 13,673,555.40)
273,471,108 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: 273,471,108 registered shares)

Authorised share capital
CHF 5,482,221.60
(according to Articles of Association: 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: 109,644,432 registered shares)

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 72.

2.2 Conditional share capital

In accordance with Article 3b of the Company's Articles of Association, dated 19 December 2016, 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 19 December 2016, the share capital may be increased by a maximum amount of CHF 13,673,555.40 through the issuance of a maximum of 273,471,108 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.

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.

2.3 Authorised share capital

In accordance with Article 3a of the Articles of Association, dated 19 December 2016, 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.

2.4 Changes in capital over the past three reporting years

2.4.1 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 convertible bond (date of maturity in 2020) after the reduction of the conversion price (fixed at CHF 0.98 as of 30 January 2017) (see also description convertible bond in section 2.8 on page 46).

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.

2.4.2 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, amounts 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.

2.4.3 Changes in capital during 2014

In March 2014, a capital increase out of authorised share capital took place in connection with an accelerated bookbuilding and by excluding the subscription rights of the shareholders. 4,800,000 registered shares were issued and placed with shareholders out of the existing authorised share capital at that time (maximum of CHF 240,000.00 and 4,800,000 registered shares, respectively). The ordinary share capital was increased by CHF 240,000.00 to CHF 4,475,705.85 (89,514,117 registered shares). The registration of the capital increase in the commercial register took place on 20 March 2014.

The ordinary General Meeting of Shareholders, held on 29 April 2014, followed the proposal by the Board of Directors and approved again the creation of authorised capital in the maximum amount of CHF 240,000.00 through issuance of a maximum of 4,800,000 fully paid-in registered shares with a nominal value of CHF 0.05 each, issuance possible until 29 April 2016. The registration of the corresponding change in the Articles of Association in the commercial register took place on 30 April 2014.

As a result of the grant of 377,227 shares in connection with the share plan of the Company during 2014, the ordinary share capital increased by CHF 18,861.35 until 31 December 2014. The conditional capital for exercising of option rights granted to employees and members of the Board of Directors decreased by the same amount to CHF 65,579.85 (1,311,597 registered shares). The registration of this change in capital was registered in the commercial register on 26 February 2015.

2.5 Shares

The share capital of Meyer Burger Technology Ltd, as of 31 December 2016, was divided into 548,222,160 registered shares (number of registered shares reflected in the commercial register as of 31 December 2016 was 548,222,160 as well) 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 2016, Meyer Burger Technology Ltd had the following convertible bond outstanding:

- Interest rate as of 24 September 2016: 5.5% p.a., payable annually on 24 September (former interest rate was 4.0%)
- 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 102,040,817 registered shares can be issued. As of 31 December 2016, the newly to be issued registered shares are secured by the existing conditional capital for convertible bonds and/or bonds with option rights (maximum of 273,471,108 fully paid-in registered shares).
- The convertible bond can be redeemed by the Company at all times, provided that more than 85% of the principle amount of the bonds has already 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.

Payment date	Issued amount	Principle amount	Conversion ratio	Conversion price	Retention period
24.09.2014	CHF 100.0 million	CHF 5000.00	5102.0408[1]	CHF 0.98[1]	24.09.2014–24.09.2020

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

In conjunction with the recapitalisation programme of the Company, which has been implemented in November/December 2016, the convertible bondholders approved at the bondholder meeting held on 25 November 2016 the amendment of several terms of the convertible bond: removal of the investor put (on 24 September 2018); increase of the coupon from 4.0% to 5.5% per annum (retroactively as of 24 September 2016); significant reduction of the conversion price from previously CHF 11.39 per share. The reduced conversion price is 25.0% above the average of the daily volume-weighted average share prices (VWAPs) of the Meyer Burger shares in a period between 3 January 2017 and 30 January 2017, and amounts to CHF 0.98. The table above reflects the new conversion price as well as the respective conversion ratio. The High Court of the Canton of Berne approved the amendments of the conditions for the convertible bonds on 20 January 2017.

The potential exercise of the conversion rights can in future lead to a dilution of earnings. The respective 102,040,817 registered shares to be issued as a result of the conversion of the convertible bond represent 18.61% of the outstanding and listed registered shares as of 31 December 2016 (18.61% of the registered shares as registered in the commercial register as of 31 December 2016).

Options

As of 31 December 2016, 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 at its own 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 (usually the nominal value of the registered shares), 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) pay the full acquisition price for all shares, which the participant wishes to acquire.

The purchase of the restricted share units, which the Board of Directors has allocated, generally has a vesting period of three years as of fiscal year 2016 (2015 and 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 the right of ownership for the restricted shares during the vesting period yet. 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. The right of ownership for these restricted share units forfeit 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 (no retention period), the USA (no retention period, no payment of the acquisition price) and in all other countries outside of Switzerland, Germany and the USA (employees have been offered so-called phantom shares).

Number of outstanding shares as of 31 December 2016 that was 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
27.03.2015[1]	367 875	CHF 0.05	27.03.2015–24.03.2017
20.12.2016[2]	911 684	n/a	20.12.2016–24.03.2017
22.03.2016[1]	708 409	CHF 0.05	22.03.2016–21.03.2019
20.12.2016[2]	1 759 933	n/a	20.12.2016–21.03.2019

[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.

The registered shares shown in the table above correspond to 0.68% of the outstanding and listed share capital of the Company as of 31 December 2016 (0.68% of the capital registered in the commercial register as of 31 December 2016). Shares allocated under the share participation programme are issued out of the conditional share capital after the grant date. The number of shares mentioned in the table above is 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

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. Gall, CH-St. Gall. Dissertation in the area of company and group law. Postgraduate studies (LL.M.) at Northwestern University in Chicago, USA-Chicago → **1992–1999** Corporate Attorney with focus on activities in the areas of company and commercial law, as well as banking, financial and capital market law → **1994** Active for law firm Mayer Brown & Platt in Chicago, licensed to practice law in New York → **Since 2000** Partner at law firm Meyerlustenberger Lachenal (previously meyerlustenberger) in Zurich, Geneva, Zug, Lausanne and Brussels, Head Practise Group commercial and financial market law, various publications and lectures in Corporate Governance, M&A, commercial and financial market law → **Since 2003** Head of the Department Corporate & Finance at Meyerlustenberger Lachenal → **2005–2015** Member of the Management Committee of Meyerlustenberger Lachenal

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 fourteen remunerated mandates at non-public companies and ten 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, in which Dr Vogel is one of several partners. The Board of Directors decides about the amount of cooperation with Meyerlustenberger Lachenal as part of the approval of the annual budget. Thereafter, the Executive Board decides on awarding individual mandates without further consulting the Board of Directors.

→ Further details are available in the Remuneration Report under section “Compensation to related parties” on page 85.

Board of Directors as of 31 December 2016

Name	Born	Position	Position since
Dr Alexander Vogel	1964	Chairman	2016
Heinz Roth	1954	Vice Chairman	2016
Wanda Eriksen-Grundbacher	1967	Member	2015
Dr Franz Richter	1955	Member	2015
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.

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 (Vice Chairman 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.

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 Partner Auditing (1999–2011) and as auditor (1990-1999) at PricewaterhouseCoopers Ltd., CH and USA → **Since 2011** Independent consultant for strategy, governance and financial issues

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: Deputy Chairwoman of the Board of Directors of Arnold Energie 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. Member of the Board of Directors of Aquila & Co. AG, CH-Zurich, since 2016. In total four remunerated mandates at non-public companies. 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, Technical University of Aachen, 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 AG, 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-Munich, since 2008 (mandate at a publicly listed company). 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. 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 tool machinery at the Federal Institute of Technology (ETH) Zurich, CH-Zurich. Head of the IWF (Institute for tool machinery and production) 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 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 2016 and fiscal year 2017, respectively

At the Extraordinary General Meeting, held on 2 December 2016, Peter M. Wagner (former Chairman and member of the Board of Directors since 2006) and Peter Pauli (former Delegate of the Board of Directors, CEO since 2002 and member of the Board of Directors since 2011) stepped down from the Board of Directors. Dr Alexander Vogel (former Vice Chairman of the Board of Directors) serves as Chairman of the Board of Directors as of this date, and Heinz Roth as Vice Chairman.

At the Annual General Meeting on 27 April 2017, Michael R. Splinter and Hans-Michael Hauser will be proposed for election to the Board of Directors. In addition, Michael R. Splinter supports the Board of Directors and the management as designated Delegate of the Board as of 1 January 2017.

Summaries of the curriculums vitae of Michael R. Splinter and Hans-Michael Hauser are available in the following two paragraphs.

Michael R. Splinter, nominated for election to the Board of Directors at the Annual General Meeting on 27 April 2017, designated Delegate of the Board of Directors as of 1 January 2017

Michael R. Splinter (US citizen, born 1950) is co-founder of WISC Partners, LLC, an investment fund which supports technology companies and projects. From 2003 to 2013, Michael R. Splinter was Chief Executive Officer of Applied Materials Inc., a leading global company in the semiconductor industry. He was also Chairman of the Board of Applied Materials Inc. from 2009 to 2015. Under his leadership, Applied Materials significantly increased its market share and developed a broad spectrum of commercially successful technology applications. Prior to this, Michael R. Splinter was employed by the Intel Corporation for nearly twenty years. Among his key roles at Intel, he led the development of leading global production processes for the introduction of new technologies as well as development projects for new technologies. From 2001, Michael R. Splinter held the position of General Manager of the Technology and Manufacturing Group. As Director of the Sales and Marketing Group and as Executive Vice President, he was also responsible for global sales and operations at Intel. Michael R. Splinter is a member of the Board of Directors for NASDAQ QMX and Pica8.

Michael R. Splinter holds an Honorary PhD in Electrical and Electronics Engineering of the University Wisconsin as well as a Bachelor and Master of Science in Electrical Engineering of the University Wisconsin, USA-Wisconsin.

Hans-Michael Hauser, nominated for election to the Board of Directors at the Annual General Meeting on 27 April 2017

Hans-Michael Hauser (German citizen, born 1970) is founder of ML Insights AG and supports companies with the development and introduction of digital business models. From 1995 to 2015, he was employed by the Boston Consulting Group (BCG) in Munich and Zurich and he held the position of Partner and Managing Director from 2005. In this role, one of his responsibilities was the expansion of BCG's consulting business in the industrial and technology sectors in Switzerland and Germany.

Hans-Michael Hauser holds a Masters in Physics and Mathematics from the University of Stuttgart, a diploma in engineering science from the Ecole Centrale in Paris and an MBA from the J.L. Kellogg Graduate School of Management in Evanston. He is a member of the Board of Directors at Mikron Holding AG.

Executive activities for the Company or one of its group companies

As of 31 December 2016, 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.

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 72.

In accordance with Article 28 of the Articles of Association (dated 19 December 2016), 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) at other legal entities that are remunerated, 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 19 December 2016, 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 3 May 2016, Peter M. Wagner, Dr Alexander Vogel, Wanda Eriksen-Grundbacher, Peter Pauli, Dr Franz Richter, Heinz Roth and Prof Dr Konrad Wegener were re-elected according to the proposals by the Board of Directors. Peter M. Wagner was re-elected as Chairman of the Board of Directors. Dr Alexander Vogel, Wanda Eriksen-Grundbacher and Dr Franz Richter were elected as members of the Nomination and Compensation Committee. As of the date of the Extraordinary

General Meeting held on 2 December 2016, Peter M. Wagner and Peter Pauli stepped down from the Board of Directors. Dr Alexander Vogel serves as Chairman of the Board of Directors as of this date.

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. If the Chief Executive Officer is a member of the Board of Directors, he will take the role as Delegate of the Board of Directors. As of 31 December 2016, Dr Alexander Vogel acted as Chairman and Heinz Roth as Vice Chairman.

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 2016, the Board of Directors held 28 Board meetings, of which 18 were held as telephone conferences. Furthermore, specific resolutions were 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 2016, the following members of the Executive Board participated at meetings of the Board of Directors: CEO 24, CFO 26, CCO 3, COO 7, CIO 2 meetings.

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 2016, the Board of Directors took in certain projects decisions in principle and delegated the specific decisions of execution to the respective committee (this refers to various decisions of execution by the Nomination & Compensation Committee and by the Merger & Acquisitions Committee during the recapitalisation activities of the Company).

The Board of Directors had four permanent Committees throughout 2016: the Risk & Audit Committee, the Nomination & Compensation Committee, the Mergers & Acquisitions Committee and the Innovation Committee. 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 2016: Heinz Roth (Chairperson), Wanda Eriksen-Grundbacher, Dr Alexander Vogel.

Members of the R&A Committee designated for fiscal year 2017 (assuming re-election as members of the Board of Directors by the General Meeting of Shareholders 2016): Heinz Roth (Chairperson), Wanda Eriksen-Grundbacher, Dr Alexander Vogel.

The R&A Committee mainly has the following responsibilities:

- Examination of the arrangement of accounting
- Inspection of the annual financial statements and of other financial information published
- Supervision of the assessment of risks within the Group
- Examination of the compliance and risk management, and the effectiveness and efficiency of the internal control system ("IKS")
- Supervision of business activities regarding compliance with resolutions by the Board of Directors, internal regulations and guidelines, directives and legal provisions, especially also the compliance with stock exchange laws
- Examination 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, discussions of all important conclusions and recommendations by the external auditors with the Executive Board and the auditors themselves

- Supervision and implementation of the recommendations by the external auditors
- Examination 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 2016, the R&A Committee held three meetings, which lasted between three and five hours. Members of the Executive Board participated at meetings of the R&A Committee as follows: CEO three, CFO three, CCO one meeting(s). 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 2016: Dr Alexander Vogel (Chairperson), Wanda Eriksen-Grundbacher, Dr Franz Richter.

Members of the N&C Committee designated for fiscal year 2017 (proposal by the Board of Directors to the General Meeting of Shareholders 2017 to elect the following Board members as members of the N&C Committee): 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 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 75.

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 2016, the N&C Committee held twelve meetings, of which six were held as telephone conferences. In 2016, 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 meetings with physical attendance of its members lasted up to three 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 seven, CFO eight meetings. The Committee did not consult regularly with external advisors.

3.2.3 Mergers & Acquisitions Committee (M&A Committee)

Committee members until the EGM (Extraordinary General Meeting) held on 2 December 2016: Peter M. Wagner (Chairperson), Heinz Roth, Dr Alexander Vogel.

Committee members since 2 December 2016: Dr Alexander Vogel (Chairperson), Heinz Roth, Dr Franz Richter.

The M&A Committee was dissolved as of 1 January 2017. From that date, Michael R. Splinter is acting as Delegate; therefore an additional M&A Committee is no longer necessary. The tasks of the Committee are undertaken by the team consisting of the Chairman, the Delegate and the CEO.

The M&A Committee mainly had the following responsibilities:

- Preliminary evaluation of material investments (notably purchases of companies) and divestments based on relevant documentation and preparation of a recommendation to the Board of Directors
- Decision about proposals by the Executive Board with regards to the initiation, continuation or the stop of important investment/divestment projects (subject to a fundamental decision by the Board of Directors regarding the implementation of a corresponding investment/divestment) as well as decisions on the execution of major points in such transactions
- Monitoring, and if needed, support of the Executive Board in terms of preparation, valuation and pricing of investments/divestments and negotiations in this respect
- Monitoring, and if needed, support of the Executive Board in terms of preparation and negotiations in conjunction with important financial transactions regarding investments
- Monitoring, and if needed, support of the Executive Board in the implementation and integration of investment or restructuring projects based on reports by the Executive Board

The Committee meets as often as business requires. The Chief Executive Officer and if possible the Chief Financial Officer usually participate at the meetings of the M&A Committee. The Chairperson of the Committee can invite other members of the Board of Directors, other members of the Executive Board, other 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 2016, the M&A Committee held twelve meetings, all of which were held as telephone conferences. The telephone conferences depended on the issues discussed and lasted up to two hours. Members of the Executive Board participated at the meetings of the M&A Committee as follows: CEO ten, CFO ten meetings. The Committee has selectively invited Corporate Finance specialists and attorneys-at-law for certain projects.

3.2.4 Innovation Committee

Committee members as of 31 December 2016: Prof Dr Konrad Wegener (Chairperson), Dr Franz Richter.

Members of the Innovation Committee designated for fiscal year 2017 (assuming re-election, respectively election as members of the Board of Directors by the General Meeting of Shareholders 2017): Prof Dr Konrad Wegener (Chairperson), Dr Franz Richter, Hans-Michael Hauser.

The Innovation Committee mainly has the following responsibilities:

- Preparation of analyses to ensure Meyer Burger Group's innovation capacities (in particular market analyses with regards to technologies, recommendations for strategic innovations and for technology related key aspects of the Group)
- Analyses regarding the potential development of new business areas (in particular evaluation of synergies with existing products and technologies as well as risks and opportunities of new business areas; through organic development or acquisitions)
- Recommendations to Meyer Burger Group's Executive Board (in particular for the strategic direction of innovations and for potential new business areas)

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 2016, the Innovation Committee held four meetings, which lasted between four and nine hours. Members of the Executive Board participated at the meetings of the Innovation Committee as follows: CIO all four 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 2016

Members	Board of Directors	R&A Committee	N&C Committee	M&A Committee	Innovation Committee
Dr Alexander Vogel	28	3	12	12	•
Heinz Roth	27	3	•	12	•
Wanda Eriksen-Grundbacher	26	3	12	5[1]	•
Dr Franz Richter	26	1[1]	12	6[1]	4
Prof Dr Konrad Wegener	26	•	•	4[1]	4
Peter M. Wagner (until 2.12.2016)	24	1[1]	8[1]	12	•
Peter Pauli (until 2.12.2016)	24	3[1]	7[1]	10[1]	•
Total meetings	**28**	**3**	**12**	**12**	**4**
Average attendance ratio at meetings[2] in %	**95%**	**100%**	**100%**	**100%**	**100%**

• Not a member of the Committee
[1] Attendance at individual meetings of the Committee but not a member of the respective committee
[2] 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).

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 structure 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 55 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 109.

Internal control system

The Board of Directors approved an optimized internal control system ("IKS"), which has become effective as of 1 January 2009. The IKS applies a risk oriented approach (focused on major risks and control). The scope of the IKS 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 IKS 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 IKS once per year. In fiscal year 2016, the Board of Directors discussed the risk portfolio during two Board meetings. The external auditors also audit the compliance of IKS 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. Ernst & Young was mandated with the internal audit for another three years until 30 June 2017.

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 six internal audits during fiscal year 2016 and issued detailed reports on each of the audits. It also prepared one combined report about all audits that were carried out in 2016. No material irregularities or shortcomings were reported by the internal auditors. The Risk & Audit Committee held one meeting with Ernst & Young in 2016.

4. EXECUTIVE BOARD

Dr Hans Brändle

Chief Executive Officer as of 1.1.2017, Swiss citizen

Education Doctor of natural scientist in physical chemistry (Dr. sc. nat.), ETH Zurich, CH-Zurich. Executive MBA, University of St. Gall, CH-St. Gall → **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 → **Since 2017** Chief Executive Officer (CEO) and member of the Executive Board of the Company

Other activities and vested interests

Current mandates: Chairman of the Board of Liechtensteinische Post, 2015 until February 2017, member of the Board of G-ray Industries SA (start-up in the sector semiconductor defectors) since 2016. In total 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.

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 Gümlingen, CH-Berne → **1997–1999** Profit Centre Controller at Swatch Ltd, CH-Biel, for profit centres FlikFlak, Swatch Telecom and Swatch Access

Executive Board as of 31 December 2016 and 1 January 2017, respectively

Name	Born	Position	Member Executive Board
Dr Hans Brändle (as of 1.1.2017)	1961	Chief Executive Officer	since 2017
Peter Pauli (until 31.12.2016)	1960	Chief Executive Officer	2002–2016
Michel Hirschi	1967	Chief Financial Officer	since 2006
Michael Escher	1971	Chief Commercial Officer	since 2014
Dr Gunter Erfurt (as of 1.2.2017)	1973	Chief Operating Officer	since 2017
Dr Dirk Habermann (as of 1.1.2017)	1962	Chief Innovation Officer	since 2017
Sylvère Leu (until 31.12.2016)	1952	Chief Innovation Officer	2010–2016

→ **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 → **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.

Current mandates: Member of the Board of Directors, Supervisory Board and/or of the Executive Board of different subsidiaries of Meyer Burger Technology Ltd. Member of the Board of Directors of Zurmont Capital I AG, CH-Baar since 2005; member of the Board of Directors and member of the Investment Committee of Zurmont Madison Management AG, CH-Zurich, since 2006 (in total 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.

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 mandate at non-listed company). 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 Operating Officer as of 1.2.2017, German citizen

Education Degree in Engineering from the Westsächsische Hochschule Zwickau, DE-Zwickau. Degree in Physics, Technische Universität Bergakademie Freiberg, DE-Freiberg and a PhD in Physics from Technische Universität Bergakademie Freiberg, DE-Freiberg → **1999–2003** Research Assistant, 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-Hilsboro. Project manager factory establishment → **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** Chief Operating Officer (COO) and member of the Executive Board of the Company

Other activities and vested interests

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

Dr Dirk Habermann

Chief Innovation Officer as of 1.1.2017, German citizen

Education Masters Degree and PhD in Natural Sciences at the Ruhr University, DE-Bochum → **1994–1998** Research associate at the Institute for Geology, Mineralogy und Geophysics at the Ruhr-University, DE-Bochum → **1998–2001** Assistant Professor at the Institute of Experimental Physics at the Technical University Bergakademie Freiberg, DE-Freiberg → **2002–2005** Process Manager at RENA Sondermaschinen GmbH, DE-Gütenbach → **2005–2008** Chief Technical Officer at Schmid Technology Systems GmbH, DE-Niedereschach. Development of automation and processing systems as well as production lines for the manufacture of solar cells → **2008–2013** Vice President Research & Development at SCHMID Group, DE-Freudenstadt. Head of Development and Process Technology for the solar technology and energy storage divisions with development facilities in Germany, USA and Singapore → **2014–2016** Head of Process & Line Design at Meyer Burger Technology AG, CH-Thun. Responsible for the consolidation of the development, production and automation of solar cell manufacturing processes → **Since 2017** Chief Innovation Officer (CIO) and member of the Executive Board of the Company

Other activities and vested interests

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

Peter Pauli

Chief Executive Officer until 31.12.2016, Swiss citizen

Education Mechanical engineer. Graduate FH engineer in mechanical engineering, specialising in plant engineering. Postgraduate studies in industrial engineering specialising in business management. Advanced Management Program, INSEAD → **1985–1990** Assistant to the Executive Board and Head of IT at Transelastic AG, CH-Wallbach (subsidiary of Siegling Group) → **1990–1995** Manager and member of the Executive Board at Transelastic AG, CH-Wallbach → **1995–2000** Appointment (1995) as Head of the Executive Board at Siegling (Switzerland) as part of the takeover by Forbo, responsible for the Extremultus product group within Siegling Group → **2000–2002** Appointment (2000) to Head of Sales & Marketing at Siegling GmbH, DE-Hanover, responsible for the European sales and service organisations → **2002–2010** Chief Executive Officer (CEO) and member of the Board of Directors of the Company (until 14 January 2010) and of Meyer Burger Ltd, CH-Thun → **2011–2016** Chief Executive Officer (CEO) and again member of the Board of Directors of the Company (member of the Board of Directors until 2 December 2016), member of Executive Board of the Company

Other activities and vested interests

Former mandates: Member of the Swisscanto Advisory Board for Sustainability of Swisscanto Fondsleitung AG, from 2008 until 2011. Member and Delegate of the Board of Directors of Meyer Burger Technology Ltd (until 2 December 2016).

Current mandates: Member of the Board of Directors of Gurit Holding AG, CH-Wattwil, since 2012 (mandate at publicly listed company). No further Board of Directors memberships or consultancy activities for important Swiss or foreign organisations. No significant official functions or political offices.

Sylvère Leu

Chief Innovation Officer until 31.12.2016, Swiss citizen

Education Engineer (dipl. El. Ing. ETH) Federal Institute of Technology (ETH) Zurich, CH-Zurich. BSC in Economics and Business Administration at University St. Gall (lic. oec. HSG), CH-St. Gall → **1975–1978** BBC Baden, project planning for large power plants → **1979–1986** Assistant of production management board and Head of controlling for manufacturing plants at Hilti Ltd, LI-Schaan. University lecturer at University St. Gall (HSG) → **1986–1988** Managing Director at Elmess (turnaround situation), DE-Uelzen. Development, manufacturing and sales of electronic measurement systems. Realignment of electromechanical instruments to electronic instruments (memobox) → **1989–1997** Member of the Executive Board at Fabrimex AG, CH-Schwerzenbach. Turnaround, Manager of four Business Units: Photovoltaic, Power supply, EMC and Real time image processing. Construction of the first grid-tied PV system in Switzerland. Co-owner at EMC test centre (MBO from Contraves) from 1995–2005 → **1997–2001** Foundation and Managing Director Fabrisolar Ltd, CH-Küsnacht. MBO from Fabrimex Ltd. Sold to Suntechnics HH in 2001 (Conergy Group) → **2001–2005** Managing Director Suntechnics GmbH, DE-Hamburg (Conergy Group) Development of the first PV MW power plants. Development of engineering and sales departments in 7 countries → **2006–2008** Managing Director Conergy SolarModule GmbH, DE-Frankfurt/Oder. Development of the first fully integrated production line with wafer, cell and module manufacturing → **2008–2010** Chief Operating Officer of 3S Industries Ltd, CH-Lyss → **2010–2016** Chief Innovation Officer (CIO) and member of the Executive Board of the Company

Other activities and vested interests

Former mandates: Member of the Board of Directors of SunTechnics Fabrisolar AG, CH-Küsnacht, from 1997 until 2010.

Current mandates: Member of the Board of Directors of Ciptec Ltd Consulting, CH-Spiez, since 1992 (one remunerated mandate 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.

Changes in the Executive Board during fiscal year 2016 and 2017, respectively

Peter Pauli stepped down as CEO and member of the Executive Board as of 31 December 2016. Hans Brändle joined the Executive Board as the new CEO as of 1 January 2017. Sylvère Leu stepped down as CIO and member of the Executive Board as of 31 December 2016. Dr Dirk Habermann joined the Executive Board as the new CIO as of 1 January 2017. Thomas Kipfer stepped down as COO and member of the Executive Board as of 31 October 2016. Dr Gunter Erfurt joined the Executive Board as the new COO of the Company as of 1 February 2017.

Peter Pauli will remain available to the Board of Directors for specific projects and tasks until the end of April 2017. Sylvère Leu will remain available as consultant to the Company for specific projects and tasks until the end of 2018.

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 73 to 87).

→ 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 http://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

Mandates held by the Executive Board (outside of Meyer Burger Group) as of 31 December 2016 and 1 January 2017, respectively

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	–	2	–
Michel Hirschi	–	2	–
Michael Escher	–	2	–
Dr Gunter Erfurt	–	–	–
Dr Dirk Habermann	–	–	–
Peter Pauli	1	–	–
Sylvère Leu	–	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 54 of the section reporting on members of the Board of Directors.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

→ The web link to the Articles of Association, which are mentioned in the following sections is available on page 72.

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 46 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 3 May 2016 elected Mr. lic. iur. André Weber as independent proxy holder for a term of office until the conclusion of the Ordinary Shareholders' Meeting 2017. In addition, Mr. Weber was appointed as independent proxy holder of the convertible bondholders at the bondholder meeting held on 25 November 2016. 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 eComm (www.ecomm-portal.ch) 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 for 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, the review of the Interim Report of the consolidated statements as of 30 September 2016 and the audit of the Interim Report of Meyer Burger Technology Ltd as of 30 September 2016 and additional audit work in conjunction with the capital increase of the Company as well as the audit of the Remuneration Report amount to a total of TCHF 994.7 for fiscal year 2016.

8.3 Additional fees

Additional fees of Pricewaterhouse Coopers for further services during fiscal year 2016:

Tax consulting	TCHF 12.3
Total	**TCHF 12.3**

The additional fees charged by Pricewaterhouse-Coopers AG represented 1.24% of the audit fees for fiscal year 2016.

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 2016, the external auditors performed three detailed audit reports (one each for the fiscal year and half-year reporting as well as the interim report as of 30 September 2016, which was prepared by the Company in conjunction with the capital increase). Representatives of the external auditors participated in three meetings of the Risk & Audit Committee and at one meeting of the Board of Directors. 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.

During 2016 as well as in the previous years, the Company has especially assigned tax consultancy services to another internationally active consultancy and audit groups. For fiscal year 2016, 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 http://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 http://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 http://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 http://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

→ For details regarding the investor relations contacts as well as an agenda of important dates for fiscal year 2017 please refer to page 164 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 2016. 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 will be presented to the General Meeting of Shareholders, which will be held on 27 April 2017, 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 at its own 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 fix 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 (grant value = share price of the registered shares less nominal value of CHF 0.05).

Each participant receives an individual offer letter, stipulating the number of restricted share units (RSU) being offered, the acquisition price per share, 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 declare acceptance of the offer, declare, which retention period that was set by the Board of Directors, he/she wishes to be applied in acquiring the shares.

The restricted share units, which the Board of Directors has allocated, generally have a vesting period of three years as of fiscal year 2016 (fiscal year 2015 and 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 the right of ownership for the restricted shares during the vesting period yet. 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.

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 (no retention period), the USA (no retention period, no payment of the acquisition price) and in all other countries outside of Switzerland, Germany and the USA (employees have been offered so-called phantom shares).

CHANGES IN THE REMUNERATION SYSTEM FOR FISCAL YEAR 2016

Apart from the extension of the vesting period from previously two years (until 2015 and the years before) to new three years for granted shares out of the share participation programme starting in fiscal year 2016, there were no changes regarding the remuneration system. The long-term aspect of the share participation programme has been fortified through the longer vesting period. All other conditions of the share participation programme remain unchanged.

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 separately has to approve 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 binding effect for these total maximum amounts of compensation. Thereafter, the approval of the individual compensation to 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 pay-out ratios of the actual compensation compared to the compensation approved by the General Meeting are reported in the Remuneration Report underneath the tables concerning compensation of the Board of Directors and of the Executive Board, respectively.

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
http://www.meyerburger.com/ch/en/meyer-burger/investor-relations/articles-of-association/

Nomination and compensation committee

The Board of Directors had four Committees during fiscal year 2016: Nomination & Compensation Committee (N&C), Risk & Audit Committee (R&A), Mergers & Acquisitions Committee (M&A) and Innovation Committee.

→ For details regarding the members and the responsibilities of the Committees please also refer to the Corporate Governance Report page 55 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 Shareholders' Meeting. 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 3 May 2016, Dr Alexander Vogel, Wanda Eriksen-Grundbacher and Dr Franz Richter were

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 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	–
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	–

Members of the Committees

Active members of the Board of Directors as of 31.12.2016	N&C Committee	R&A Committee	M&A Committee	Innovation Committee
Dr Alexander Vogel, Chairman	• (Chairperson)	•	• (Chairperson as of 2.12.2016)	–
Heinz Roth, Vice Chairman	–	• (Chairperson)	•	–
Wanda Eriksen-Grundbacher	•	•	–	–
Dr Franz Richter	•	–	• (Member as of 2.12.2016)	•
Prof Dr Konrad Wegener	–	–	–	• (Chairperson)
Other members of the Board of Directors until 2.12.2016				
Peter M. Wagner, Chairman	–	–	• (Chairperson until 2.12.2016)	–
Peter Pauli, Delegate, CEO	–	–	–	–

• Member of the Committee

elected as members of the N&C Committee by the General Meeting of Shareholders. The N&C Committee held twelve meetings during fiscal year 2016 (of which six 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

Changes in the Board of Directors in fiscal year 2016

As of the date of the Extraordinary General Meeting held on 2 December 2016, Peter M. Wagner and Peter Pauli stepped down from the Board of Directors. Since 2 December 2016, Dr Alexander Vogel serves as Chairman of the Board of Directors and Heinz Roth as Vice Chairman.

Planned changes in the Board of Directors and in the Board Committees, respectively, in fiscal year 2017

The members of the Board of Directors, who were in office as of 31 December 2016, stand for re-election at the Annual General Meeting 2017: Dr Alexander Vogel, Heinz Roth, Wanda Eriksen-Grundbacher, Dr Franz Richter and Prof Dr Konrad Wegener.

Furthermore, Michael R. Splinter and Hans-Michael Hauser are nominated for election as additional Board members. Since 1 January 2017, Michael R. Splinter serves as Delegate of the Board of Directors and supports the Board of Directors and the management.

Assuming election of the Board members at the Annual General Meeting 2017, the following compositions of the Board Committees are planned for fiscal year 2017:

- N&C Committee (by separate proposal to the General Meeting of Shareholders 2017): Wanda Eriksen-Grundbacher (Chairperson), Dr Franz Richter, Michael R. Splinter
- R&A Committee: Heinz Roth (Chairperson), Wanda Eriksen-Grundbacher, Dr Alexander Vogel
- Innovation Committee: Prof Dr Konrad Wegener (Chairperson), Dr Franz Richter, Hans-Michael Hauser
- M&A Committee: The Committee was dissolved as of 1 January 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 (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 judgement. The compensation to the members of the Board of Directors is not bound to specific targets of the Company.

For fiscal year 2016, the Board of Directors had set the fixed fee for its members (as Board members and Committee members, respectively) as follows:

Capacity/Responsibility	2016 CHF	2015 CHF
Chairman of the Board of Directors	140000	140000
Vice Chairman of the Board of Directors	36000	36000
Member of the Board of Directors	34000	34000
Chairmanship in Committees	45000	45000
Membership in Committees	24000	24000

The fees remained unchanged compared to the previous year. 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 on 22 March 2016. The right of ownership for these shares is deferred during the vesting period from 22 March 2016 to 21 March 2019. Afterwards, each Board member can choose the retention period of zero, three or five years (the retention period has to be already chosen at the date of acceptance of the offer).

During fiscal year 2016, only the CEO Peter Pauli (member and Delegate of the Board of Directors until 2 December 2016; CEO until 31 December 2016) was in an executive function within Meyer Burger Group. Peter Pauli did not receive separate compensation for his work as a member of the Board of Directors.

→ For details to the compensation of Peter Pauli please refer to the information below in section "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 Board memberships of Ms Eriksen-Grundbacher and Dr Richter for the entire fiscal year 2016, including the grant of shares to them in 2016 (in 2015, their compensation started as of the election date to the Board of Directors at the end of April 2015, and they did not receive any shares), as well as due to the different memberships in the Board Committees.

The ordinary General Meeting of Shareholders, held on 29 April 2015, approved a total maximum amount of compensation of the Board of Directors of TCHF 980 for fiscal year 2016. Total actual compensation 2016 for the members of the Board of Directors was TCHF 897 corresponding to a pay-out ratio of 91.5%.

The ordinary General Meeting of Shareholders, held on 3 Mai 2016, approved a total maximum amount of compensation for the Board of Directors of TCHF 980 for fiscal year 2017. The compensation 2017 and the pay-out ratio will be disclosed in detail in the Remuneration Report 2017.

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

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 (CHF)
Member as of 31.12.2016							
Dr Alexander Vogel	Chairman	137667	12173	45892	–	11644	**195203**
Heinz Roth	Vice Chairman	103000	8115	30594	–	8782	**142376**
Wanda Eriksen-Grundbacher	Member	82000	6086	22944	–	6286	**111230**
Dr Franz Richter	Member	74000	6086	22944	–	–	**96944**
Prof Dr Konrad Wegener	Member	79000	8115	30594	–	6799	**116393**
Member until 2.12.2016							
Peter M. Wagner	Chairman	158333	20288	76486	–	–	**234819**
Peter Pauli [4]	Member, Delegate	–	–	–	–	–	–
Total		**634000**	**60863**	**229454**	**–**	**33512**	**896965**

2015

Name	Position in Board of Directors	Honorarium [1] (CHF)	Share-based compensation [2] (number)	Share-based compensation [2] (CHF)	Additional compensation (CHF)	Social security [3] (CHF)	Total (CHF)
Peter M. Wagner	Chairman	212000	12500	76875	–	–	**288875**
Dr Alexander Vogel	Vice Chairman	129000	7500	46125	–	10430	**185555**
Wanda Eriksen-Grundbacher [5]	Member	54667	–	–	–	4232	**58899**
Peter Pauli [4]	Member, Delegate	–	–	–	–	–	**–**
Dr Franz Richter [5]	Member	38667	–	–	–	–	**38667**
Heinz Roth	Member	103000	5000	30750	–	9449	**143199**
Prof Dr Konrad Wegener	Member	79000	5000	30750	–	7574	**117324**
Total		**616334**	**30000**	**184500**	**–**	**31685**	**832519**

[1] Fees as a member of the Board of Directors and as a member of the Committees. In the previous year's period (first-half of 2015), the Board of Directors decided, upon the proposal of the Nomination & Compensation Committee and in view of the liquidity situation of the Company, to compensate its members for the first-half year period (half of the cash honorariums) in Company shares, instead of in cash. This did not apply to the W. Eriksen-Grundbacher und Dr F. Richter who joined the Board of Directors in April 2015. These shares were not subject to vesting conditions, but to a retention period of zero, three or five years as selected freely by the member of the Board of Directors.

[2] The shares were granted on 22 March 2016 (2015: 27 March 2015). For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares (grant value = share price of the registered shares less nominal value of CHF 0.05). The grant value was CHF 3.77 (2015: CHF 6.15). Since fiscal year 2016, the shares have a vesting period of 3 years (2015: 2 years). 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 86 and Note 4.17 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] The basic salary of Peter Pauli as CEO of the Company includes the contractually agreed fix salary. See also "Compensation to the members of the Executive Board". The remuneration as a member of the Board of Directors is included in his salary. Peter Pauli does not receive additional compensation for his activities as a member of the Board of Directors.

[5] Member of the Board of Directors since the ordinary General Meeting of Shareholders on 29 April 2015.

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 (variable performance oriented component), a long-term, fixed incentive in form of shares of the Company (share participation programme) as well as social benefits. The amount of the short-term variable performance oriented component (bonus) 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 bonus (target bonus) and the long-term oriented 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. When discussing the compensation of the CEO (Peter Pauli was also a member of the Board of Directors and acted as its Delegate from 2011 until 2 December 2016), the CEO was not included in the discussion. 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.

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.

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 – 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
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

Short-term incentive – Variable, performance related component (bonus)

A target bonus is defined for each member of the Executive Board. This target bonus forms the basis for the calculation of the effective cash bonus. The bonus is usually paid in cash. The target bonus for fiscal year 2016 amounted to 100% of the base salary for the CEO and to between 53% and 78% of the base salary for the other members of the Executive Board (2015: 100% for the CEO and between 53% and 78% for the other members of the Executive Board). The criteria that determine the amount of bonus for each member of the Executive Board are financial targets of the Group and individual mainly "non-financial" targets. The bonus can reach a maximum of 150% of the individually set target bonus for each of the members of the Executive Board.

Financial targets

For the assessment of the bonus portion that is tied to financial targets, the degree of targets achieved with regards to Net sales and EBITDA was relevant during fiscal year 2016 (same as in previous years since 2012). Two indicators were used:

– Absolutely reached Net sales / EBITDA compared to the budgeted amounts with a weighting of 50% ("Budget comparison")
– Change in Net sales / EBITDA compared to the previous year, measured in a Peer-Group comparison with a weighting of 50% ("Peer-Group comparison")

For the assessment of the Budget comparison, Net sales and EBITDA were weighted with 50% each. No bonus proportion will become applicable, if the achieved rate is <50% of the budgeted amount. If the achieved rate is between 50% and 100%, the bonus will be calculated on a straight-line basis and amount to between 1–100%. If the achieved rate is between 101 and 125%, the bonus will be 101–150% (also calculated on straight-line basis). If the achieved rate is >125%, the bonus will be capped at 150%.

Weighting of the targets in fiscal year 2016

		CEO	CFO, COO, CIO, CCO[1]
Financial targets	Absoulute Net Sales/EBITDA vs. Budget (Budget comparison) 50% weighting financial targets	35%	30%
	Change in Net Sales/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 individual components remained unchanged compared to 2015.

Peer-Group Universe[1] used in fiscal year 2016 (compared to Meyer Burger Technology Ltd)

Amtech Systems	Anji Technology Company Limited	Applied Materials Seg. Energy & Environmental Solutions
Asahi Diamond Industrial Co. Ltd.	Beijing Jingyuntong Technology	Centrotherm Photovoltaics AG
Hangzhou First PV Material 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 of division of a company is mentioned in the table, Obermatt AG considered this segment as relevant for the 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 bonus 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 bonus proportion is 0%, and at ≥80% of outperformed peers it is 150%.

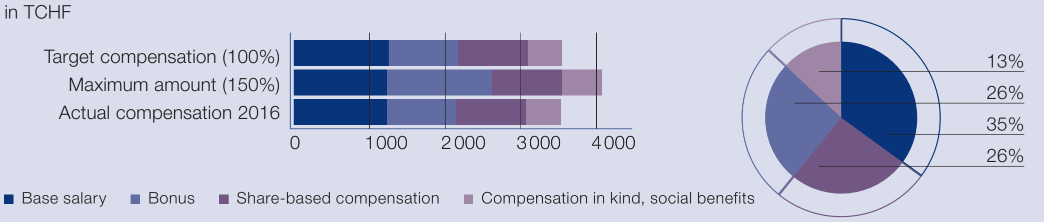
Individual targets

The degree of targets reached with regard 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 bonus can be between 0% and 150%.

For fiscal year 2016, the allotment of the performance oriented component (bonus in cash) as a percentage of the base salary was 80% for the CEO (2015: 73%) and between 52% and 90% for the other members of the Executive Board (2015: between 52% and 75%).

Compensation of Executive Board in fiscal year 2016

in TCHF



Long-term incentive – 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 retention 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, fix component of their total compensation. In fiscal year 2016, the share-based remuneration was TCHF 306 for the 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 CEO and between 54% and 82% of the base salary for the other members of the Executive Board). In 2015, the share-based remuneration was TCHF 308 for the CEO and between TCHF 148 and TCHF 185 for the other members of the Executive Board (corresponding to 99% of the base salary for the CEO and between 63% and 79% 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 2016 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 private use of a company car. 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 governmental social security payments (AHV, IV, ALV and FAK) and the amounts paid by the Company to the pension fund.

Compensation to the members of the Executive Board

The graphs above show the actual compensation to the entire Executive Board for fiscal year 2016 compared to the potential compensation if 100% of the target bonus were reached, as well as the maximum amount with the 150% cap of bonus payment, and the mix of compensation for fiscal year 2016.

The amounts of the base salaries, the performance related component (amount of target bonus and relevant targets) as well as the fix compensation in conjunction with the share participation programme is verified by the Nomination & Compensation Committee together with the CEO using dutiful judgement, and is 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 is mainly due to the changes in the Executive Board (in fiscal year 2016, the COO was reflected for 12 months, in fiscal year 2015 only as of 1 October 2015).

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

2016

Name	Position	Basic salary[1] (CHF)	Bonus (CHF)	Share-based compensation[2] (number)	Share-based compensation[2] (CHF)	Compensation in kind[3] (CHF)	Social security (CHF)	Total (CHF)
Peter Pauli	CEO	310 700	249 023	81 152	305 943	7 333	121 742	**994 741**
Other members of the Executive Board[4]		927 810	657 922	163 551	618 960	30 751	308 467	**2 543 910**
Total		**1 238 510**	**906 945**	**244 703**	**924 904**	**38 084**	**430 209**	**3 538 651**

2015

Name	Position	Basic salary[1] (CHF)	Bonus (CHF)	Share-based compensation[2] (number)	Share-based compensation[2] (CHF)	Compensation in kind[3] (CHF)	Social security (CHF)	Total (CHF)
Peter Pauli	CEO	310 700	227 943	50 000	307 500	6 591	125 116	**977 850**
Other members of the Executive Board[4]		784 184	509 532	79 694	490 118	24 502	263 964	**2 072 300**
Total		**1 094 884**	**737 475**	**129 694**	**797 618**	**31 093**	**389 080**	**3 050 150**

[1] The base salary of Peter Pauli includes the contractually agreed fix salary. The remuneration as a member of the Board of Directors is included in his salary. Peter Pauli does not receive additional compensation for his activities as a member of the Board of Directors.

[2] The shares were granted on 22 March 2016 (2015: 27 March 2015). For the calculation of the number of shares, the determined compensation amount in Swiss Francs was divided by the grant value of the shares (grant value = share price of the registered shares less nominal value of CHF 0.05). The grant value was CHF 3.77 (2015: CHF 6.15). Since fiscal year 2016, the shares have a vesting period of 3 years (2015: 2 years). 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 86 and Note 4.17 in the consolidated financial statements. In addition, in financial year 2016, 1,745 shares were transferred for service anniversaries. The transfer took place at the closing price of the respective transfer date.

[3] Compensation in kind includes the payment for private use of a company car. The sum declared in the salary statement for the purpose of filing a tax return under "private share of company car" was applied as a component of the salary.

[4] The line "Other members of the Executive Board" included for fiscal year 2015 the remuneration for the new Chief Operating Officer (COO) as of 1 October 2015. In fiscal year 2016 the remuneration for the COO is included until 31 December 2016.

The ordinary General Meeting of Shareholders, held on 29 April 2015, approved a total maximum amount of compensation for the Executive Board of TCHF 3,800 for fiscal year 2016. The total actual compensation for the members of the Executive Board was TCHF 3,539 corresponding to a pay-out ratio of 93.1% for fiscal year 2016.

The ordinary General Meeting of Shareholders, held on 3 Mai 2016, approved a total maximum amount of compensation for the Executive Board of TCHF 3,800 for fiscal year 2017. The total compensation for the members of the Executive Board and the pay-out ratio for fiscal year 2017 will be disclosed in detail in the Remuneration Report 2017.

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 2016) with the members of the Executive Board contain termination periods of six months (three 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; until 2015: 2 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 regard to members of the Executive Board in case they leave the Company.

LOANS AND CREDITS TO THE MEMBERS OF THE BOARD OF DIRECTORS OR THE EXECUTIVE BOARD

As of 31 December 2016 and 31 December 2015, 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 FORMER MEMBERS OF THE BOARD OF DIRECTORS OR THE EXECUTIVE BOARD

No compensation was paid to former members of the Board of Directors or of the Executive Board during fiscal years 2016 or 2015.

COMPENSATION TO RELATED PARTIES

All compensation that the Company has made to related parties during fiscal years 2016 and 2015 were market-compliant.

→ Further information in Note 4.32 on page 133 "Transactions with related parties" in the financial statements.

PARTICIPATIONS IN THE COMPANY

The members of the Board of Directors and of the Executive Board (including related parties) held a total participation of 2.79% of the outstanding registered shares as of 31 December 2016 (2015: 2.98%). 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)

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 as 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	2237960	115992	0.43%
Heinz Roth	Vice Chairman of the Board of Directors	323358	46579	0.07%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	21615	0.00%
Dr Franz Richter	Member of the Board of Directors	–	21615	0.00%
Prof Dr Konrad Wegener	Member of the Board of Directors	191484	51439	0.04%
Peter Pauli	Chief Executive Officer	10182024	562393	1.96%
Michel Hirschi	Chief Financial Officer	512202	279473	0.14%
Michael Escher	Chief Commercial Officer	81084	225383	0.06%
Sylvère Leu	Chief Innovation Officer	201758	248091	0.08%
Total as of 31 December 2016		**13729870**	**1572580**	**2.79%**

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

Grant/Purchase date	Numbers of shares	Vesting period until
22.03.2016/20.12.2016	891689	21.03.2019
27.03.2015/20.12.2016	522765	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).

2015

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 as of 31 December 2015:

Name	Position	Registered shares (non-restricted) (number)	Restricted registered shares[1] (number)	Total participation[2] (in % of outstanding shares)
Peter M. Wagner	Chairman of the Board of Directors	62 903	19 482	0.09%
Dr Alexander Vogel	Vice Chairman of the Board of Directors	115 869	53 623	0.19%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	–	0.00%
Dr Franz Richter	Member of the Board of Directors	–	–	0.00%
Heinz Roth	Member of the Board of Directors	51 100	7 793	0.07%
Prof Dr Konrad Wegener	Member of the Board of Directors	26 864	10 860	0.04%
Peter Pauli	Member of the Board of Directors, Chief Executive Officer	1 829 045	310 957	2.36%
Michel Hirschi	Chief Financial Officer	31 000	82 622	0.13%
Michael Escher	Chief Commercial Officer	–	37 708	0.04%
Thomas Kipfer	Chief Operating Officer	–	–	0.00%
Sylvère Leu	Chief Innovation Officer	5 500	55 383	0.07%
Total as of 31 December 2015		**2 122 281**	**578 428**	**2.98%**

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

Grant date	Number of shares	Vesting period until
27.03.2015	159 694	24.03.2017
12.05.2014	89 199	30.04.2016

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 2015 (90,510,332 shares).

REPORT OF THE STATUTORY AUDITOR

Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

We have audited the remuneration report of Meyer Burger Technology AG for the year ended 31 December 2016. 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 labeled 'audited' on pages 78, 83, 86 and 87 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 AG for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Rolf Johner	René Jenni
Audit expert Auditor in charge	Audit expert

Bern, 13 March 2017

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CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET

in TCHF	Notes 4.x	31.12.2016		31.12.2015	
Assets					
Current assets					
Cash and cash equivalents		246 427		101 457	
Securities	1	3 060		–	
Trade receivables	2	37 674		27 861	
Other receivables	3	22 681		17 339	
Net receivables from construction contracts	4	679		–	
Inventories	5	95 240		117 829	
Prepaid expenses and accrued income	6	6 399		15 009	
Total current assets		**412 159**	**65.4%**	**279 495**	**48.8%**
Non-current assets					
Other long-term receivables	3	1 727		2 045	
Property, plant and equipment	7	100 458		120 318	
Intangible assets	8	43 806		77 888	
Deferred tax assets	14	71 739		92 558	
Total non-current assets		**217 729**	**34.6%**	**292 809**	**51.2%**
Total assets		**629 889**	**100.0%**	**572 304**	**100.0%**
Liabilities and equity					
Liabilities					
Current liabilities					
Financial liabilities	9	131 484		702	
Trade payables		28 010		36 138	
Net liabilities from construction contracts	4	699		705	
Customer prepayments		58 270		46 241	
Other liabilities		6 281		7 134	
Provisions	11	9 614		10 028	
Accrued expenses and prepaid income	12	36 783		36 431	
Total current liabilities		**271 141**	**43.0%**	**137 380**	**24.1%**
Non-current liabilities					
Financial liabilities	9	118 695		250 111	
Other liabilities		2 129		2 345	
Provisions	11	1 752		5 101	
Deferred tax liabilities	14	1 747		2 364	
Total non-current liabilities		**124 323**	**19.7%**	**259 920**	**45.4%**
Total liabilities		**395 464**	**62.8%**	**397 301**	**69.4%**
Equity					
Share capital	15	27 411		4 526	
Capital reserves		904 194		768 533	
Treasury shares	16	–2 947		–4 494	
Reserve for share-based payments		2 651		3 664	
Accumulated losses		–697 256		–598 044	
Total equity excl. minority interests		**234 053**	**37.2%**	**174 185**	**30.4%**
Minority interests		372		819	
Total equity incl. minority interests		**234 424**	**37.2%**	**175 003**	**30.6%**
Total liabilities and equity		**629 889**	**100.0%**	**572 304**	**100.0%**

The Notes starting on page 97 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

in TCHF	Notes	1.1.–31.12.2016		1.1.–31.12.2015	
	4.x				
Net sales	18/19/20	**453 105**	**100.0%**	**323 567**	**100.0%**
Other income	21	8 254		6 415	
Income		**461 359**		**329 982**	
Changes in inventories of finished products and work in process		–12 932		31 119	
Cost of products and services		–243 494		–219 875	
Capitalised services	7/8	6 326		12 998	
Operating income after costs of products and services		**211 260**	**46.6%**	**154 224**	**47.7%**
Personnel expenses	22	–150 537		–154 787	
Operating expenses	23	–50 193		–55 386	
Earnings before interests, taxes, depreciation and amortisation (EBITDA)		**10 530**	**2.3%**	**–55 949**	**–17.3%**
Depreciation and impairment on property, plant, equipment	7/8	–20 332		–27 966	
Amortisation and impairment on intangible assets	7/8	–34 554		–44 735	
Earnings before interests and taxes (EBIT)		**–44 355**	**–9.8%**	**–128 650**	**–39.8%**
Financial result	24	–20 283		–28 159	
Operating result		**–64 638**	**–14.3%**	**–156 809**	**–48.5%**
Non-operating result		–		–	
Extraordinary result	25	–11 866		–	
Earnings before taxes		**–76 504**	**–16.9%**	**–156 809**	**–48.5%**
Income taxes	26	–20 640		–12 152	
Result		**–97 144**	**–21.4%**	**–168 961**	**–52.2%**
Attributable to					
Shareholders of Meyer Burger Technology Ltd		–96 848		–168 446	
Minority interests		–296		–515	
in CHF					
Earnings per share					
Basic earnings per share	28	–0.30		–0.53	
Diluted earnings per share	28	–0.30		–0.53	

The Notes starting on page 97 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)	15	
Equity at 1.1.2015	**4 495**	**760 642**
Result	–	–
Currency translation differences recognised in reporting period	–	–
Recycling goodwill from sale of companies	–	–
Offset goodwill from purchase of companies	–	–
Capital increases	31	2 451
Purchase Meyer Burger (Germany) AG shares after change in control	–	3 816
Sale/use of treasury shares	–	–
Share-based payments	–	–
Issuance of shares for employees	–	–
Transfer of shares for employees to the plan participants after vesting period	–	–
Reclassification	–	1 624
Equity at 31.12.2015	**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) AG 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**

The Notes starting on page 97 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
16								
–4517	**4127**	**–10637**	**–244858**	**–159934**	**–415428**	**349318**	**3113**	**352431**
–	–	–	–	–168446	**–168446**	**–168446**	–515	**–168961**
–	–	–16969	–	–	**–16969**	**–16969**	–337	**–17306**
–	–	–	7573	–	**7573**	**7573**	–	**7573**
–	–	–	–393	–	**–393**	**–393**	–	**–393**
–	–	–	–	–	**–**	**2482**	–	**2482**
–	–	–	–	–4381	**–4381**	**–566**	–1442	**–2008**
50	–	–	–	–	**–**	**50**	–	**50**
–	3323	–	–	–	**–**	**3323**	–	**3323**
–2188	–	–	–	–	**–**	**–2188**	–	**–2188**
2278	–2278	–	–	–	**–**	**–**	–	**–**
–117	–1508	–	–	–	**–**	**–**	–	**–**
–4494	**3664**	**–27606**	**–237677**	**–332761**	**–598045**	**174185**	**819**	**175003**
–	–	–	–	–96848	**–96848**	**–96848**	–296	**–97144**
–	–	–1305	–	–	**–1305**	**–1305**	3	**–1302**
–	–	–	–	212	**212**	**212**	–	**212**
–	–	–	–	–	**–**	**156775**	–	**156775**
–	–	–	–	–1271	–1271	**–417**	–154	**–571**
1309	–	–	–	–	**–**	**468**	–	**468**
–	2789	–	–	–	**–**	**2789**	–	**2789**
–1807	–	–	–	–	**–**	**–1807**	–	**–1807**
2045	–2045	–	–	–	**–**	**–**	–	**–**
–	–1759	–	–	–	**–**	**–**	–	**–**
–2947	**2651**	**–28911**	**–237677**	**–430668**	**–697256**	**234053**	**372**	**234424**

CONSOLIDATED CASH FLOW STATEMENT

in TCHF	Notes	1.1.–31.12.2016	1.1.–31.12.2015
	4.x		
Result		**–97 144**	**–168 961**
Depreciation and amortisation	7/8	50 727	56 928
Impairment / reversal of impairment on non-current assets	7/8	8 863	15 773
Gain (–) / loss (+) from sale of property, plant and equipment and intangible assets	21/23	–431	–254
Loss (+) / gain (–) from sale of group companies		–	6 340
Deferred income taxes	26	19 772	9 832
Decrease (+) / increase (–) in other (non-current) assets		327	–349
Increase (+) / decrease (–) in (non-current) provisions	11	–3 356	1 419
Increase (+) / decrease (–) in other (non-current) liabilities		–210	282
Decrease (+) / increase (–) in trade receivables	2	–9 860	7 044
Decrease (+) / increase (–) in net assets from construction contracts	4	–679	122
Decrease (+) / increase (–) in inventories	5	21 984	9 521
Decrease (+) / increase (–) in other receivables and accruals	3/6	3 089	–7 392
Increase (+) / decrease (–) in (current) provisions	11	–386	–5 738
Increase (+) / decrease (–) in (current) financial liabilities	9	–39	356
Increase (+) / decrease (–) in trade payables		–8 080	2 258
Increase (+) / decrease (–) in customer prepayments		12 123	–1 833
Increase (+) / decrease (–) in other (current) liabilities and deferrals		–375	6 078
Other non-cash related changes		6 260	16 712
Cash flow from operating activities (operative cash flow)		**2 584**	**–51 860**
Investments in securities	1	–3 069	–
Investments in property, plant and equipment	7	–7 133	–14 288
Sale of property, plant and equipment	7	2 240	1 713
Investments in intangible assets	8	–1 053	–1 299
Acquisition of group companies net of cash		–	–626
Sale of group companies net of cash		–	2 799
Cash flow from investing activities		**–9 015**	**–11 701**
Capital increase (incl. premium)		155 146	31
Purchase of shares of Meyer Burger (Germany) AG after change in control		–568	–2 008
Repayment of (non-current) financial liabilities		–72	–68
Refinancing costs		–3 000	–
Cash flow from financing activities		**151 507**	**–2 045**
Change in cash and cash equivalents		**145 076**	**–65 607**
Cash and cash equivalents at beginning of period		**101 457**	**169 768**
Currency translation differences on cash and cash equivalents		–106	–2 704
Cash and cash equivalents at end of period		**246 427**	**101 457**

The Notes starting on page 97 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 2017. They will be submitted for approval to the Annual General Meeting to be held on 27 April 2017.

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.

The new rules on the recognition of sales (amendments to the Swiss GAAP FER framework, FER 3 and FER 6) clarify how income is recognised, measured and presented. Meyer Burger is applying these new rules, which are binding for financial statements from 1 January 2016 onwards. The amendments had no effect on how Meyer Burger recognises sales and the prior-year figures did not have to be restated.

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

Company	Registered office	Currency	Nominal value	Participation[1] 31.12.2016	31.12.2015
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	98.29%	97.73%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	98.29%	97.73%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	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) AG	Hohenstein-Ernstthal, Germany	EUR	16 207 045	98.29%	97.73%
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	98.29%	97.73%
Meyer Burger (Switzerland) Ltd[2]	Thun, Switzerland	CHF	500 000	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%	99.19%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research AG	Hauterive, Switzerland	CHF	100 000	98.29%	97.73%
Meyer Burger Sdn. Bhd.[3]	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	27 411 108	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	98.29%	97.73%
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.
[2] Meyer Burger Ltd has been merged as per 1.1.2016 with Meyer Burger Global Ltd. In parallel, it has been renamed Meyer Burger (Switzerland) Ltd.
[3] In December 2016, the share capital of Meyer Burger Sdn. Bhd. has been increased by MYR 900,000 to MYR 1,000,000.

Merged, liquidated or sold companies

				Participation [1]	
Company	Registered office	Currency	Nominal value	31.12.2016	31.12.2015
Meyer Burger Global Ltd [2]	Thun, Switzerland	CHF	500 000	–	100.00%

[1] The share of equity corresponds to the share of voting rights.
[2] Meyer Burger Global Ltd has been merged with Meyer Burger Ltd as per 1.1.2016.

Companies to be discontinued

				Participation [1]	
Company	Registered office	Currency	Nominal value	31.12.2016	31.12.2015
Roth & Rau India Pvt. Ltd [2]	Mumbay, India	INR	100 000	98.29%	97.73%

[1] The share of equity corresponds to the share of voting rights.
[2] As the company is no longer active, it will be liquidated in the course of the following months. In view of the liquidation, the nominal capital has been reduced by INR 826,200 to INR 100,000.

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 recognised 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 recognised directly in equity. The currency differences recognised in equity are derecognised only in the event of a disposal or closure of the company.

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

		Closing rate		Average rate	
	Unit	2016	2015	2016	2015
Euro (EUR)	1	1.0739	1.0829	1.0900	1.0685
US Dollar (USD)	1	1.0191	0.9911	0.9851	0.9624
Chinese Yuan Renminbi (CNY)	100	14.6700	15.2740	14.8325	15.4535
Japanese Yen (JPY)	100	0.8730	0.8224	0.9075	0.7950
Indian Rupee (INR)	100	1.5020	1.4970	1.4665	1.5015
South-Korean Won (KRW)	100	0.0847	0.0845	0.0850	0.0850
Malaysian Ringgit (MYR)	100	22.7370	23.0800	23.7915	24.7705
Singapore Dollar (SGD)	1	0.7048	0.7010	0.7134	0.7002
Taiwan Dollar (TWD)	100	3.1540	3.0130	3.0550	3.0295

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 Investments in associated companies

An entity's holding of between 20% and 50% of the voting rights is normally presumed to be an investment in an associated company. Nonetheless, a holding of less than 20% of the voting rights can also represent an investment in an associated company if the entity is able to exercise significant influence.

Investments in associated companies are accounted for using the equity method. The acquired investment is recognised at cost upon initial recognition of an investment in an associated company. The investment in the associated company is adjusted thereafter for post-acquisition changes in the investor's proportionate share of net assets.

2.12 Property, plant and equipment

Property, plant and equipment include land, property used for operational purposes, facilities, machinery, 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
Machinery	3–10
IT	3
Vehicles	4–8

2.13 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
Brands	6–10

Intangible losses 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.

2.14 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.

2.15 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 restructuring of the convertible bond that took place in 2016 resulted in a revaluation of the debt and equity components. Both debt and equity components were recalculated as at the reporting date and the adjustment recognised in these financial statements. The debt portion is measured at amortised cost using the effective interest rate method and an estimate is made of the most probable date at which the option rights will be converted. The interest accrued on the principal amount of 100% of the convertible bond over this most probable term is recognised in the income statement. The most probable term is reassessed annually.

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.

2.16 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.

2.17 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 recognised 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.

2.18 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.

2.19 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.

2.20 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, 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. 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.

2.21 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.

2.22 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 sharebased 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, 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 capitalisation (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 nonfinancial 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 2016, 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. No cash flow hedges are being used at present. 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 2016 and 2015 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 the existing loan secured by mortgage certificates of CHF 30 million with the same banking consortium up to December 2019.

A positive cash flow from operating activities was reported in 2016 due to the increase in incoming orders in the reporting period and the optimised cost base. After reporting a cash outflow from operating activities totalling CHF –51.9 million in 2015, there was a cash inflow from operating activities of CHF 2.6 million in 2016. From a current perspective, management and the Board of Directors assume that the Group's liquidity situation is secure for the foreseeable future as a result of the inflow of cash generated by the capital increase conducted in the fourth quarter of 2016, current cash and cash equivalents totalling approximately CHF 246 million as at the reporting date, the further optimised cost base, expected customer payments on new orders and the extension of the loan secured by mortgage certificates.

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 the reporting date.

4.2 Trade receivables

in TCHF	31.12.2016	31.12.2015
Trade receivables (gross)	51 048	40 914
Allowances	–13 374	–13 052
Trade receivables	**37 674**	**27 861**

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 9 (2015: TCHF 61), 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	31.12.2016	31.12.2015
Prepayments to suppliers	11 831	8 132
Other receivables	13 746	12 421
Allowances	–1 169	–1 169
Other receivables	**24 408**	**19 384**
Thereof non-current	1 727	2 045

4.4 Net assets from construction contracts

in TCHF	31.12.2016	31.12.2015
Work in Process	14876	679
Customer prepayments	–14896	–1384
Net construction contracts	**–20**	**–705**
thereof		
Net receivables from construction contracts	679	–
Net liabilities from construction contracts	699	705
Additional information		
Income from the PoC method (income statement)	14889	672

4.5 Inventories

in TCHF	31.12.2016	31.12.2015
Raw materials, purchased parts	78566	90564
Goods in consignment	742	701
Semi-finished goods	46186	54028
Finished goods	29959	28615
Machines before acceptance	75844	82978
Customer prepayments	–81344	–83826
Value adjustment inventories	–54712	–55230
Inventories	**95240**	**117829**

Value adjustments 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. As a result of the decision to discontinue wire production of diamond wire at the site in Colorado Springs (as communicated on 1 March 2017), inventories were re-valued at residual value. Value adjustments resulting from this decision amounted to about CHF 6.7 million. Without this effect, overall value adjustments declined mainly due to inventory clearance (scrapping/sale of impaired inventories and machinery) at several Group companies. These inventory clearances had no material effect on the net result for the year.

4.6 Prepaid expenses and accrued income

in TCHF	31.12.2016	31.12.2015
Prepaid expenses and accrued income	6319	14897
Tax receivables	80	113
Prepaid expenses and accrued income	**6399**	**15009**

4.7 Property, plant and equipment

in TCHF	Land and buildings	Equipments	Machines	IT	Vehicles	Assets under construction	Total
Purchase price							
Balance as of 1.1.2015	**80266**	**29742**	**79806**	**2348**	**1492**	**8128**	**201783**
Changes in scope of consolidation	–	–48	–97	–14	–38	–	–197
Increase	594	670	3210	612	–	–	5087
Capitalisation	–	288	10973	–	–	978	12239
Reclassification within property, plant and equipment	2	329	4400	633	27	–5391	–
Disposal	–46	–348	–9946	–96	–205	–2643	–13283
Currency translation differences	–3647	–2015	–3228	–38	–12	–651	–9591
Balance as of 31.12.2015	**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**
Cumulative depreciation and impairments							
Balance as of 1.1.2015	**–9363**	**–13286**	**–35430**	**–1532**	**–985**	**–**	**–60596**
Changes in scope of consolidation	–	–	–	5	36	–	41
Ordinary depreciation	–3225	–2174	–12307	–498	–142	–	–18347
Impairment	–	–	–9619	–	–	–	–9619
Reclassification within property, plant and equipment	–	–	620	–620	–	–	–
Disposal	46	226	8660	96	154	–	9182
Currency translation differences	669	1604	1326	10	7	–	3616
Balance as of 31.12.2015	**–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**
Net book value							
01.01.2015	70904	16456	44376	816	507	8128	**141187**
31.12.2015	65298	14988	38370	906	334	422	**120318**
31.12.2016	59085	13604	26650	583	217	318	**100458**

Increase and capitalisation in 2016 mainly consisted of investments in the course of normal business and investments in the heterojunction demonstration line in Hohenstein-Ernstthal.

Disposals relate mainly to the derecognition of assets no longer used. This had no material effect on the net result for the year.

As a result of the decision to discontinue wire production of diamond wire at the site in Colorado Springs, property, plant and equipment at Diamond Materials Tech, Inc. were valued at residual value. This re-valuation led to value adjustments of about CHF 4.3 million which are reported in extraordinary result. All other value adjustments mainly concern equipment no longer used or equipment no longer fully utilised, such as manufacturing machines as well as leasehold improvements in premises for which the existing rental contracts have been terminated ahead of time.

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 for another two years to April 2017 in the first quarter of 2015. An additional extension of the credit agreement to December 2019 was announced in the fourth quarter of 2016.

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 1.1.2015	**256 433**	**63 533**	**9 168**	**1 147**	**24 170**	**354 451**
Changes in scope of consolidation	–	–	–	–	–195	–195
Increase	–	–	–	–	540	540
Capitalisation	–	–	–	3	756	759
Disposal	–	–2 219	–2 783	–82	–9 112	–14 197
Currency translation differences	–17 850	–4 537	–952	–92	–1 431	–24 862
Balance as of 31.12.2015	**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**
Cumulative depreciation and impairments						
Balance as of 1.1.2015	**–174 197**	**–25 386**	**–3 132**	**–145**	**–19 456**	**–222 318**
Changes in scope of consolidation	–	–	–	–	65	65
Ordinary depreciation	–30 212	–5 786	–722	–177	–1 689	–38 586
Impairment	–3 176	–1 313	–1 647	–14	–	–6 150
Disposal	–	2 219	2 783	82	9 112	14 197
Currency translation differences	11 286	1 591	318	–2	990	14 184
Balance as of 31.12.2015	**–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**
Net book value						
01.01.2015	82 236	38 146	6 035	1 002	4 714	**132 133**
31.12.2015	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**

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

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 over five years is shown in the following overview:

Goodwill offset against shareholder's equity

in TCHF	2016	2015
Purchase price		
Balance as of 1.1.	**298 231**	**328 761**
Increase	–	393
Disposal	–	–8 846
Currency translation differences	–1 411	–22 077
Balance as of 31.12.	**296 820**	**298 231**
Cumulative amortisation		
Balance as of 1.1.	**–295 110**	**–317 690**
Amortisation	–2 846	–5 881
Impairment	–	–
Disposal	–	7 200
Currency translation differences	1 433	21 261
Balance as of 31.12.	**–296 523**	**–295 110**
Theoretical net book value 31.12.	**296**	**3 120**
Equity according to the balance sheet incl. minority interests	234 424	175 003
Theoretical capitalisation of goodwill (net book value)	296	3 120
Theoretical equity incl. net book value of goodwill and incl. minority interests	**234 720**	**178 123**
Equity according to the balance sheet incl. minority interests	234 424	175 003
Equity ratio	37.2%	30.6%
Theoretical equity incl. net book value of goodwill and incl. minority interests	234 720	178 123
Theoretical equity ratio incl. net book value of goodwill and incl. minority interests	**37.2%**	**31.0%**
Result according to the income statement incl. minority interests	–97 144	–168 961
Theoretical goodwill amortization	–2 846	–5 881
Theoretical result incl. minority interests and goodwill amortisation	**–99 990**	**–174 842**

4.9 Financial liabilities

in TCHF	31.12.2016	31.12.2015
Liabilities towards banks	1 088	7
Current portion of non-current debts	130 264	327
Other current financial liabilities	132	368
Current financial liabilities	**131 484**	**702**
Straight bond / convertible bond	87 705	217 958
Loans	991	2 153
Mortgage loans	30 000	30 000
Non-current financial liabilities	**118 695**	**250 111**
Financial liabilities	**250 179**	**250 813**

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). The convertible bond matures at 100% of its nominal value on 24 September 2020, unless previously redeemed, converted or repurchased and cancelled. It will be convertible into 102.0 million registered shares in Meyer Burger Technology Ltd.

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 2.9% as at 31 December 2016.

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 bears interest of 5% per annum and runs for five years (maturing on 24 May 2017). The bond is measured at amortised cost using the effective interest rate method. This measurement resulted in a carrying amount of CHF 129.9 million as at the reporting date. This bond is reported as a current financial liability as at the reporting date.

The value of assets pledged was CHF 47.1 million as at 31 December 2016, the largest share of which was attributable to the pledge on the building in Thun. As at 31 December 2015, CHF 49.2 million of assets were pledged.

4.10 Derivative financial instruments

As at 31 December 2016 and 31 December 2015, no derivative financial instruments were outstanding.

4.11 Provisions

in TCHF	Warranties	Restructuring	Onerous contracts	Legal cases	Other provi-sions	Total
Balance as of 1.1.2015	**6585**	**503**	**10069**	**30**	**3256**	**20443**
Changes in scope of consolidation	–130	–	–	–	–416	–546
Increase	3169	–	2989	307	1358	7823
Use	–2514	–503	–5139	–6	–362	–8525
Release	–282	–	–1940	–20	–1374	–3617
Currency translation differences	–187	–	–95	1	–168	–450
Balance as of 31.12.2015	**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**
Thereof current						
01.01.2015	4146	503	8842	30	3256	**16777**
31.12.2015	4574	–	4104	311	1038	**10028**
31.12.2016	4717	–	3306	–	1591	**9614**

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.

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 2016 or 2015.

4.12 Accrued expenses and prepaid income

in TCHF	31.12.2016	31.12.2015
Accrued expenses thirds	21702	21547
Employee benefits	12483	12753
Liabilities from current income taxes	2598	2131
Accrued income and prepaid income	**36783**	**36431**

4.13 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 2016, around TCHF 260 of the contributions had not yet been paid (2015: CHF 3.8 million).

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

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 2015
Pension institutions of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	517	517
Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	3557	3557
Total	**–**	**–**	**–**	**–**	**4074**	**4074**

Pension institutions 31.12.2015

Economical benefit/economical obligation and pension benefit expenses in TCHF	Surplus/deficit 31.12.2015	Economical part of the organisation 31.12.2015	Economical part of the organisation 31.12.2014	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 2015
Pension institutions of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	478	478
Pension institutions of subsidiaries of Meyer Burger Technology Ltd without surplus/deficit	–	–	–	–	3820	3820
Total	**–**	**–**	**–**	**–**	**4298**	**4298**

4.14 Deferred income taxes

in TCHF	Deferred tax assets 31.12.2016	Deferred tax assets 31.12.2015	Deferred tax liabilities 31.12.2016	Deferred tax liabilities 31.12.2015
Trade receivables	384	423	108	156
Inventories	2 402	3 152	579	838
Financial assets	65	72	–	–
Property, plant and equipment	68	247	4 520	4 279
Intangible assets	6 576	6 240	10 640	16 978
Other assets	25	73	200	202
Tax loss carry-forwards	78 033	103 833	–	–
Financial liabilities	148	562	3	–
Trade payables	535	1 052	1 592	1 571
Provisions	–	–	602	1 435
Subtotal	**88 236**	**115 654**	**18 245**	**25 459**
Netting	–16 498	–23 095	–16 498	–23 095
Deferred income taxes in the balance sheet	**71 739**	**92 558**	**1 747**	**2 364**

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 26.75% in 2016 (2015: 24.66%).

The change in the deferred tax assets on tax loss carry-forwards is attributable to two effects: allowances totalling CHF 22.3 million were recognised at a number of Group companies due to reassessments, and capitalised loss carry-forwards totalling CHF 3.0 million were offset against profits earned. The remainder of the change is mainly attributable to foreign currency translation effects.

The capitalised tax loss carry-forwards mainly result from losses realised at Meyer Burger (Germany) AG and Meyer Burger (Switzerland) Ltd. Future taxable profits of approximately CHF 301.3 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 1.1.2015	**5 264**
Change in scope of consolidation	–634
Increase	10
Release	–1 805
Currency translation differences	–471
As of 31.12.2015	**2 364**
Increase	36
Release	–642
Currency translation differences	–11
As of 31.12.2016	**1 747**

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 2016 and 2015 largely resulted from the scheduled amortisation of intangible assets.

Tax loss carry-forwards not recognised

in TCHF	31.12.2016	31.12.2015
Expiry in 1 year	4 383	–
Expiry in 2–3 years	33 959	2 115
Expiry in 4–5 years	165 816	7 366
Expiry in more than 5 years	798 475	791 985
Tax loss carry-forwards not recognised	**1 002 633**	**801 466**

The increase in the tax loss carry-forwards not recognised is in particular due to the fact that in some Group companies and at Meyer Burger Technology Ltd the losses incurred in the reporting period were not, or only partially, assessed as deferred income tax assets (CHF 111.0 million). Furthermore, tax loss carry-forwards totalling around CHF 88.8 million that had been previously accounted for at a number of Group companies had to be released and the value of income tax assets therefore had to be adjusted by CHF 22.3 million. The foreign currency effect of CHF 4.1 million on tax loss carry-forwards not recognised should also be noted.

The total income tax deferred asset on unrecognised tax loss carry-forwards would amount to CHF 132.4 million, considering that CHF 519.8 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.

4.15 Share capital

	Number of shares	in CHF
Balance as of 1.1.2015	**89 891 344**	**4 494 567**
Employee share plans	618 988	30 949
Balance as of 31.12.2015	**90 510 332**	**4 525 516**
Employee share plans	860 028	43 001
Increase in share cpaital	456 851 800	22 842 590
Balance as of 31.12.2016	**548 222 160**	**27 411 108**

The share capital of Meyer Burger Technology Ltd as at 31 December 2016 was divided into 548,222,160 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 2016, non-distributable reserves in Group equity totalled CHF 153.0 million (2015: CHF 6.6 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 as amended on 19 December 2016, 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 par 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 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 as amended on 19 December 2016, the share capital may be increased by a maximum amount of CHF 13,673,555.40 through the issue of a maximum of 273,471,108 fully paid-in registered shares with a par value of CHF 0.05 each, by the exercise of conversion and/or option rights in conjunction with convertible bonds, bonds with option rights or other financial market instruments of the Company or Group companies.

The subscription rights of 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 are 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 of existing shareholders when issuing convertible bonds, bonds with warrants attached or similar financial market instruments provided that:

1) the financing instruments with conversion or option rights are issued in connection with the financing or re-financing of the acquisition of enterprises, divisions thereof or participations or of newly planned investments;
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 company's Articles of Association as amended on 19 December 2016, the Board of Directors is entitled to increase the share capital of the Company at any time until 2 December 2018 by a maximum amount of CHF 5,482,221.60 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 new investment plans or in the case of a share placement 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 a firm underwriting and/or in partial amounts. 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.

4.16 Treasury shares

Treasury shares held by Meyer Burger Technology Ltd

	Number of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2015	**56 359**	**10.22**	**576**
Acquisition	107 224	6.19	663
Sale	–4 224	11.81	–50
31.12.2015	**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**

Treasury shares held by subsidiaries

	Number of shares	Price/share in CHF	Value treasury shares in CHF
1.1.2015	**619 926**	**6.36**	**3 941**
Increase share plan 2015[1]	584 372	3.73	2 182
Decrease share plan 2013[2]	–301 693	5.97	–1 800
Decrease share plan 2014[3]	–63 492	8.69	–551
Decrease share plan 2015[3]	–103 686	4.47	–464
31.12.2015	**735 427**	**4.49**	**3 305**
Increase share plan 2016[4]	828 922	1.99	1 648
Decrease share plan 2014[5]	–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[6]	2 671 617	–	–
31.12.2016	**3 718 679**	**0.64**	**2 389**

[1] Share plan 2015: the shares have been allocated and issued at a price of CHF 6.15 (market price at the time of allocation less CHF 0.05 nominal value). After allocation, the shares are subject to a twenty-four-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 (200,974 shares) are held by Meyer Burger Ltd. Those shares have been transferred at the nominal value (CHF 0.05).
[2] In April 2015, the two-years' vesting period of share plan 2012 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] 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 Ltd. Those shares have been transferred at the nominal value (CHF 0.05).
[5] In April 2016, the two-years' vesting period of share plan 2014 ended and the shares have been transferred to the plan participants.
[6] 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.

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.

4.17 Share-based payment

The Company has a share participation programme as a long-term incentive in which members of the Board of Directors and Executive Board and other key employees of Group companies may participate. The Board of Directors decides on the participants in the programme at its own 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 conditional rights to purchase shares offered, the acquisition price per share, the payment conditions, the period within which the participant has to accept the offer, and the (optional) retention periods. The acquisition of ownership of the shares conditionally allocated by the Board of Directors as a rule is subject to a vesting period of three years (a vesting period of two years applied until financial year 2015) and an optional retention period of zero, three or five years that can be chosen by the participant (the retention period follows the end of the vesting period). Participants do not acquire ownership of the allocated shares during the vesting period. During the vesting period and the optional retention period, participants cannot sell, assign, transfer, pledge or otherwise encumber any of the shares. 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

	2016	2015
Number of shares granted	860 028	618 988
Date of grant	22.03.2016	27.03.2015
Share price at date of grant in CHF	3.82	6.20
Fair value of the granted shares in CHF	3 285 307	3 837 726
Grant price (nominal value) in CHF	0.05	0.05

4.18 Net sales

in TCHF	2016	2015
Net sales from sales of goods	422 416	302 692
Net sales from rendering of services	15 801	20 203
Net sales from construction contracts	14 889	672
Net sales	**453 105**	**323 567**

4.19 Segmentation of net sales by geographic market

in TCHF	2016	2015
Switzerland	24 835	25 606
Germany	27 001	31 095
Rest of Europe	52 461	14 935
Asia	323 526	204 527
USA	23 117	47 255
Rest of World	2 164	148
Net sales	**453 105**	**323 567**

4.20 Segment reporting

As a globally active technology company, Meyer Burger Group directs its main business focus on its product portfolio. In light of the difficult market conditions, Meyer Burger has carried out extensive restructuring and optimisation programmes and continues to be in a phase of major change. In parallel, the reporting system is continuously adapted and optimised to reflect the changes in the organisation. The activities of Meyer Burger Group are divided into the reportable business segments “Photovoltaics & Alternative Materials” and “Specialised Technologies” as a consequence of the economic similarity and interrelationships between the entities as well as on the basis of the management structure.

Net sales by segments 2016

in TCHF	Photovoltaics & Alternative Materials	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales thirds	405 148	47 957	**453 105**	–	**453 105**
Net sales intercompany	499	12 967	**13 466**	–13 466	**–**
Net sales	**405 647**	**60 925**	**466 572**	**–13 466**	**453 105**

Net sales by segments 2015

in TCHF	Photovoltaics & Alternative Materials	Specialised Technologies	**Total**	Consolidation	**Total after consolidation**
Net sales thirds	253 091	70 476	**323 567**	–	**323 567**
Net sales intercompany	255	14 207	**14 462**	–14 462	**–**
Net sales	**253 345**	**84 684**	**338 029**	**–14 462**	**323 567**

Photovoltaics & Alternative Materials

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

Meyer Burger pursues the strategically long-term technology approach of considering the entire photovoltaic value chain and optimally harmonising technologies along the different processes (wafers, cells, modules, solar systems). Significant efficiency improvements in the area of wafers, cells and modules are possible using the latest technologies, which will continue to substantially reduce our customers’ production costs (Total Cost of Ownership). The technologies developed for this purpose will also continue to be used to slice crystals and other hard and brittle materials for applications outside the solar industry.

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, 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. Roth & Rau Ortner (a Group company until August 2015) supplied award-winning service and handling systems to clean room environments in the semiconductor industry. 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 & Alternative Materials" 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.

4.21 Other operating income

in TCHF	2016	2015
Gain from sale of property, plant and equipment	443	355
Currency translation differences	1 419	–1 418
Gain/loss on foreign currency contracts	–9	–4
Other income	6 401	7 481
Other operating income	**8 254**	**6 415**

4.22 Personnel expenses

in TCHF	2016	2015
Wages and salaries	–104 036	–105 929
Social security	–15 108	–16 475
Pension benefit expenses	–4 074	–4 298
Share-based payment expenses	–2 851	–3 710
Temporary personnel	–10 972	–9 309
Other personnel expenses	–13 497	–15 066
Personnel expenses	**–150 537**	**–154 787**

4.23 Other operating expenses

in TCHF	2016	2015
Rental costs	–5345	–5826
Maintenance and repair	–3541	–3208
Vehicles and transportation expenses	–3639	–3480
Property insurance, fees and contributions	–2642	–3128
Energy and waste disposal expenses	–3290	–3366
Administration expenses	–10447	–8034
IT expenses	–4621	–5759
Marketing expenses	–3172	–2840
Loss on sale of property, plant and equipment	–11	–102
Expenses for research and development	–7945	–7914
Other operating expenses	–5539	–11728
Other operating expenses	**–50193**	**–55386**

4.24 Financial result

in TCHF	2016	2015
Interests received		
Cash and cash equivalents	354	280
Financial income	**354**	**280**
Interest paid		
Liabilities towards banks	–905	–1014
Loans	–28	–29
Mortgage loans	–986	–992
Straight bond/convertible bond	–12830	–12420
Currency translation differences (net)	–1314	–10971
Other financial expenses	–4573	–3015
Financial expenses	**–20637**	**–28439**
Financial result (net)	**–20283**	**–28159**

4.25 Extraordinary result

The extraordinary result exclusively contains the effects from the decision to discontinue wire production of diamond wire at the site in Colorado Springs. It mainly concerns impairments on inventories (CHF 6.7 million) and property, plant and equipment (CHF 4.7 million) of Diamond Materials Tech, Inc.

4.26 Income taxes

in TCHF	2016	2015
Current income taxes	–903	–2 293
Deferred income taxes	–19 737	–9 859
Income taxes	**–20 640**	**–12 152**

Reconciliation from expected to effective income taxes

in TCHF	2016	2015
Earnings before taxes (EBT)	–76 504	–156 809
Expected average weighted tax rate (%)	26.75%	24.66%
Expected income taxes	**20 465**	**38 669**
Cause for variance:		
Write-off of tax losses	–24 942	–24 552
Waive of capitalisation of tax losses incurred in reporting period	–15 886	–22 673
Deviation tax-deductible expenses	–1 428	–2 163
Deviation from tax rate to expected tax rate of the Group	906	23
Income tax in other accounting periods and corrections of prior years	267	69
Change of deferred income tax rate in comparison to previous year	–53	–110
Subsequent recognition of tax loss carry forwards from previous years	13	267
Other effects	19	–1 682
Effective income taxes	**–20 640**	**–12 152**
Effective income taxes (%)	**–27.0%**	**–7.7%**

The expected tax rate of 26.75% in 2016 and 24.66% in 2015 has been calculated on the basis of the weighted operating results of the Group companies.

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. In 2015, Meyer Burger set aside allowances for deferred tax assets totalling CHF 16.2 million at Diamond Materials Tech, Inc. In addition, there was a reduction in loss carry-forwards recognised at Meyer Burger (Switzerland) Ltd.

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 carry-forwards before they expire.

4.27 Currency translation differences

in TCHF	2016	2015
Other income	1 419	–1 418
Cost of products and services	82	–245
Other operating expenses	–91	–818
Financial expenses	–1 314	–10 971
Currency translation differences	**95**	**–13 453**

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 loss on Group loans with an equity character totalled TCHF 835, of which TCHF 35 were recognised in the income statement and TCHF 800 in equity. In 2015, unrealised foreign exchange losses totalled CHF 16.8 million, of which CHF 7.6 million was recognised in the income statement and CHF 9.2 million in equity.

4.28 Earnings per share

	2016	2015
Basic		
Net profit attributable to shareholders of Meyer Burger Technology Ltd	–96 848	–168 446
Weighted average number of ordinary shares (in 1,000)	327 646	320 211
Basic earnings per share	**–0.30**	**–0.53**
Diluted		
Net profit attributable to shareholders of Meyer Burger Technology Ltd	–96 848	–168 446
Weighted average number of ordinary shares (in 1,000)	327 646	320 211
Weighted average number of ordinary shares diluted (in 1,000)	327 646	320 211
Diluted earnings per share	**–0.30**	**–0.53**

Basic earnings per share are calculated by dividing earnings for the reporting period by the average number of outstanding shares. Diluted earnings per share take into account the potential impact of the convertible bond issued in September 2014 and restructured in 2016. There was no dilution effect in 2016, as the average share price during 2016 was below the conversion price of the convertible bond.

4.29 Off-balance sheet liabilities

in TCHF	31.12.2016	31.12.2015
Investment obligations from contracts already signed	25	–

Capital commitments totalling TCHF 25 as at 31 December 2016 related to the acquisition of intangible assets. There were no commitments to purchase property, plant and equipment as at 31 December 2016. There were no capital commitments as at 31 December 2015.

4.30 Future liabilities from operating leases

in TCHF	31.12.2016	31.12.2015
Due date in the following financial year	5538	6395
Due date from 1 to 5 years	9938	12731
Due date more than 5 years	29939	31005
Future liabilities from operating lease	**45414**	**50131**

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 construction of new company premises in Thun. The agreement has a term of 99 years. The lease obligations for future building right interest totalled approximately CHF 29.7 million as at 31 December 2016 (31 December 2015: CHF 30.0 million).

4.31 Contingent liabilities

As at 31 December 2016 and 31 December 2015, 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, 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 963 in 2016 and TCHF 311 in 2015.

Of the transactions with related parties described above, TCHF 650 (31 December 2015: TCHF 37) had not been paid as at 31 December 2016 and were recognised as a liability. As at both 31 December 2016 and 31 December 2015, 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

Meyer Burger Technology Ltd announced on 1 March 2017 that it will discontinue the wire production for diamond wire at Diamond Materials Tech, Inc. in Colorado Springs, USA. As a result of this decision, the respective assets and liabilities are reported at residual value in the consolidated financial statements 2016. All costs in conjunction with the discontinuation of production at Diamond Materials Tech, Inc. will be recognised through the income statement, following the communication of the decision in 2017. The negative effect on earnings is estimated to be in a lower single-digit million amount. In fiscal year 2016 Meyer Burger Group achieved net sales of CHF 7.0 million with products of Diamond Materials Tech, Inc.

No other events occurred between 31 December 2016 and 13 March 2017 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

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Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

Thun

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Meyer Burger Technology AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2016 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 accompanying consolidated financial statements (pages 92 to 133) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 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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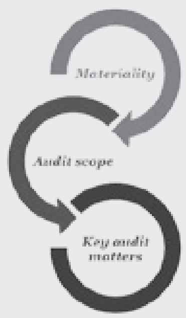
Our audit approach

Overview	Overall Group materiality: CHF 4.4 million • We concluded full scope audit work at three Group companies in two countries. • Our audit scope addressed 80% 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 11% of the sales of the Group. • For one company domiciled abroad, we performed specified audit procedures, which addressed a further 1% of the sales of the Group. • We performed analytical audit procedures at all other companies.
	As key audit matters, the following areas of focus were identified: • Assessment of liquidity and ensuring the refinancing of the bond that matures in May 2017 • Valuation of deferred tax assets • Valuation of capitalised technology and brands

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 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.

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Overall Group materiality	CHF 4.4 million
How we determined it	Approximately 1% 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.

Assessment of liquidity and ensuring the refinancing of the bond that matures in May 2017

Key audit matter	*How our audit addressed the key audit matter*
We consider the assessment of liquidity and ensuring the refinancing of the Meyer Burger Group to be a key audit matter for the following reasons: • The Meyer Burger Group disclosed a cash outflow of CHF 10.1 million (excluding capital increase) and a loss of CHF 97.1 million in 2016. • In May 2017, the CHF 130 million bond issued by the Company falls due for repayment. • The extension of the loan agreement concluded in Q4 2016 is linked to the achievement of financial indicators (covenants). If these covenants are not achieved, the loan secured by mortgage certificates of CHF 30 million and the bank guarantees received may become due for payment. • For budgeting and liquidity planning purposes, Management and the Board of Directors have considerable scope for judgement in forecasting market and sales growth, expenses and margins. These are key for the forecasts of the future cash flows and results and for complying with the covenants.	We assessed whether the measures taken by the Board of Directors and Management will be appropriate to ensure sufficient liquidity to repay the CHF 130 million bond that matures on 24 May 2017 and to ensure the Company's ability to continue as a going concern. The main audit procedures we performed for our assessment were as follows: • We compared the monthly expenses in 2016 with the liquidity plan for 2017 and assessed the liquidity plan, taking into account the actual volume of orders. • We discussed with Management's representatives the results of the year under review, the budget and the liquidity plan. • We checked the consistency of the assumptions used in liquidity planning and in the budget by inspecting the minutes of the meetings of the Board of Directors and its committees. • We compared the key budget expectations (sales, costs of materials, operating expenses) with the results in 2016. • We examined external research and compared the forecasted growth in the solar industry with the assumptions made for budgeting purposes. • On the basis of the 2017 budget and the liquidi-

	ty plan, we assessed the extent to which the Meyer Burger Group can maintain its covenants in the next 12 months. Our audit results support the estimates made by the Board of Directors and Management relating to liquidity and ensuring the refinancing of the bond.

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 71.7 million) and because the utilisation of these assets depends on the future taxable profits of each tax entity concerned. In addition, some countries limit the periods in which tax loss carryforwards can be utilised. Please refer to note 4.14 '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 the forecasted taxable results of the principal companies holding deferred tax assets, on the basis of the three-year plan approved by the Board of Directors. In addition, we performed the following audit procedures: • We checked the three-year plan and assessed the likelihood of achieving the taxable profits. • We compared the key expectations (sales, costs of materials, operating expenses) of the budget and the three-year plan with the results in 2016. • We examined external research and compared the forecasted growth in the solar industry with the assumptions made for budgeting purposes. • We discussed with Management representatives the planned organisational changes that could have an effect on future taxable profits. • We assessed the extent to which taxable profits occur before tax loss carryforwards expire. • We 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.

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Valuation of capitalised technology and brands

Key audit matter	*How our audit addressed the key audit matter*
We consider the valuation of the capitalised technology and brands to be a key audit matter for the following reasons: • The capitalised technology and brands represent a significant asset category at CHF 38.3 million (see note 4.8 in the notes to the consolidated financial statements). The valuation of these intangible assets largely depends on whether the positive growth outlook for the solar industry will endure and whether the Meyer Burger Group can retain its market position and realise proportionate cash flows. • Management and the Board of Directors have significant scope for judgement in determining assumptions underlying future business results and the discount rates to be applied to forecasted cash flows.	• To identify whether there is any indication of impairment, we discussed with Management representatives the current results and the future prospects relating to the individual technology and brands, and we read the minutes of the meetings of the Board of Directors and its committees. • On the basis of the risk and materiality considerations, we tested the calculations relating to the valuation of the recognised technology and brands. • We compared the business results of the year under review with the forecasts prepared in the prior year in order to assess whether the Group had achieved its budgets in the past. • We compared Management's assumptions concerning sales growth and long-term growth rates with forecasts and developments in the solar industry. We compared the discount rate with the cost of capital of the Group and of analogous firms, taking into account the country-specific particularities. To this end, we involved our internal valuation specialists. • We discussed the results of the impairment tests with Management representatives and with the Risk & Audit Committee of the Board of Directors. We consider the process applied by the Board of Directors and Management to be an appropriate and adequate basis for the impairment testing of the recognised technology and brands.

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 intends either 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 judgement 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In accordance with article 728a 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	René Jenni
Audit expert Auditor in charge	Audit expert

Bern, 13 March 2017

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FINANCIAL STATEMENTS MEYER BURGER TECHNOLOGY LTD
BALANCE SHEET

in TCHF	Notes	31.12.2016	31.12.2015
Assets			
Current assets			
Cash and cash equivalents		184695	49042
Securities		3060	–
Other receivables			
intercompany		23737	20704
thirds		310	71
Accrued income and deferred expenses		407	60
Total current assets		**212209**	**69877**
Non-current assets			
Financial assets	2.1	261164	281330
Investments	2.2	204573	204351
Total non-current assets		**465736**	**485681**
Total assets		**677945**	**555558**
Liabilities and equity			
Current liabilities			
Current financial liabilities thirds	2.3	129928	–
Other payables			
intercompany		358	327
thirds		3927	1055
Accrued expenses and deferred income		9863	9438
Total current liabilities		**144076**	**10820**
Non-current liabilities			
Non-current financial liabilities thirds	2.3	100000	229746
Provisions		297	365
Total non-current liabilities		**100297**	**230111**
Equity			
Share capital	2.4	27411	4526
Legal capital reserves			
Capital contribution reserves	2.5	615545	470407
Other capital reserves		6035	5989
Legal retained earnings			
General legal retained earnings		140	140
Reserve for treasury shares	2.6	2388	3284
Cumulated losses		–217388	–168530
Treasury shares	2.7	–559	–1189
Total equity		**433572**	**314627**
Total liabilities and equity		**677945**	**555558**

INCOME STATEMENT

in TCHF	Notes	1.1.–31.12.2016	1.1.–31.12.2015
Other operating income	2.8	16 305	16 030
Personnel expenses		–11 341	–9 139
Compensation to the Board of Directors		–634	–615
Administration expenses		–13 116	–7 641
Impairments on intercompany loans and investments	2.9	–35 088	–146 314
Earnings before interests and taxes		**–43 875**	**–147 679**
Financial costs			
Interests paid	2.10	–11 531	–12 380
Other financial expenses	2.11	–11 816	–25
Loss from currency translations	2.13	–1 420	–22 885
Financial income			
Interests received	2.12	19 702	16 704
Other financial income		124	–
Earnings before taxes		**–48 817**	**–166 265**
Income taxes		–41	–31
Net loss		**–48 858**	**–166 296**

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 share-based 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, 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	31.12.2016	31.12.2015
AIS Automation Dresden GmbH	Dresden, Germany	EUR	51 000	98.29%	97.73%
Diamond Materials Tech, Inc.	Colorado Springs, USA	USD	100	100.00%	100.00%
Gerling Applied Engineering, Inc.	Modesto, USA	USD	10 000	98.29%	97.73%
Hennecke Systems GmbH	Zuelpich, Germany	EUR	25 000	100.00%	100.00%
Meyer Burger Co. Ltd	Zhubei City, Taiwan	TWD	5 000 000	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) AG	Hohenstein-Ernstthal, Germany	EUR	16 207 045	98.29%	97.73%
Meyer Burger (Netherlands) B.V.	Eindhoven, Netherlands	EUR	18 200	98.29%	97.73%
Meyer Burger (Switzerland) Ltd[2]	Thun, Switzerland	CHF	500 000	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%	99.19%
Meyer Burger Kabushiki Kaisha	Tokyo, Japan	JPY	10 000 000	100.00%	100.00%
Meyer Burger Research AG	Hauterive, Switzerland	CHF	100 000	98.29%	97.73%
Meyer Burger Sdn. Bhd.[3]	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	27 411 108	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	98.29%	97.73%
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.
[2] Meyer Burger Ltd has been merged as per 1.1.2016 with Meyer Burger Global Ltd. In parallel, it has been renamed Meyer Burger (Switzerland) Ltd.
[3] In December 2016, the share capital of Meyer Burger Sdn. Bhd. has been increased by MYR 900,000 to MYR 1,000,000.

Merged, liquidated or sold companies

Company	Registered office	Currency	Nominal value	Participation[1] 31.12.2016	31.12.2015
Meyer Burger Global Ltd[2]	Thun, Switzerland	CHF	500 000	–	100.00%

[1] The share of equity corresponds to the share of voting rights.
[2] Meyer Burger Global Ltd has been merged with Meyer Burger Ltd as per 1.1.2016

Companies to be discontinued

Company	Registered office	Currency	Nominal value	Participation[1] 31.12.2016	31.12.2015
Roth & Rau India Pvt. Ltd[2]	Mumbay, India	INR	100 000	98.29%	97.73%

[1] The share of equity corresponds to the share of voting rights.
[2] As the company is no longer active, it will be liquidated in the course of the following months. In view of the liquidation, the nominal capital has been reduced by INR 826,200 to INR 100,000.

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 is 5%, and the bond will be redeemed in May 2017. For this reason, the straight bond is reported under current interest-bearing liabilities as at 31 December 2016.

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. 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 2016 was divided into 548,222,160 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 as amended on 19 December 2016, 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 par 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 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 as amended on 19 December 2016, the share capital may be increased by a maximum amount of CHF 13,673,555.40 through the issue of a maximum of 273,471,108 fully paid-in registered shares with a par value of CHF 0.05 each, by the exercise of conversion and/or option rights in conjunction with convertible bonds, bonds with option rights or other financial market instruments of the Company or Group companies.

The subscription rights of 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 are 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 of existing shareholders when issuing convertible bonds, bonds with warrants attached or similar financial market instruments 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;
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 Company's Articles of Association as amended on 19 December 2016, the Board of Directors is entitled to increase the share capital of the Company at any time until 2 December 2018 by a maximum amount of CHF 5,482,221.60 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 new investment plans or in the case of a share placement 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 a firm underwriting and/or in partial amounts. 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

31.12.2016

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]

Shareholder [2]	Purchase positions		Sale positions
	Registered shares [3]	Financial market instruments [4]	Financial market instruments [4]
Generation Investment Management LLP, London, UK	3.17%	–	–
Petr Kondrashev, 2840 Thomasberg, Austria [5]	5.49%	0.74%	–
Dan Och, Scarsdale, NY, USA [6]	–	4.065%	–

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=MEYER

[2] Percentage of voting rights according to the latest disclosure notice from this shareholder. These are the beneficial owners entitled to exercise voting rights.

[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, 6300 Zug, Switzerland

[6] Direct shareholder: Merrill Lynch Investments Solutions, Och-Ziff European Multi Strategy UCITS Fund, Luxembourg City, Luxembourg; OZEA Holdings, LP, Camana Bay, Grand Cayman, Cayman Islands; OZEA, LP, Wilmington, DE, USA; OZ Special Funding (OZMD) LP, Camana Bay, Grand Cayman, Cayman Islands; OZ Europe Master Fund, Ltd, Camana Bay, Grand Cayman, Cayman Islands

31.12.2015

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 2015. The disclosure notices are published on the website of the Disclosure Office.[1]

Shareholder[2]	Purchase positions		Sale positions
	Registered shares[3]	Financial market instruments[4]	Financial market instruments[4]
The Capital Group Companies, Inc., Los Angeles, CA, USA[5]	10.1618%	–	–
Credit Suisse Group AG, Zurich, Switzerland[6]	1.24%	4.23%	0.02%
Generation Investment Management LLP, London, UK	3.21%	–	–
Henderson Global Investors, London, UK	3.22%	–	–
Lancaster Investment Management LLP, London, UK	3.14%	–	–
Platinum International Fund, Sydney, Australia[7]	4.99%	–	–
Platinum Investment Management Limited, Sydney, Australia[8]	5.33%	–	–

[1] https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=MEYER
[2] Percentage of voting rights according to the latest disclosure notice from this shareholder.
[3] Registered shares of Meyer Burger Technology AG held according to the disclosure notice.
[4] According to the disclosure notice, the purchases and disposals 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] Various fund management companies and investment management companies of The Capital Group Companies, Inc., Los Angeles, CA, USA.
[6] Various subsidiaries of Credit Suisse Group AG, Zurich, Switzerland. 5.10% of purchases relate to securities lending or similar.
[7] Platinum International Fund, Sydney, Australia, for own funds and under investment management agreements.
[8] In January 2013 Platinum Investment Management Limited disclosed that the Platinum International Fund was the beneficial owner of the registered shares and that Platinum Investment Management Limited controlled the voting rights as investment manager of the fund.
The share of voting rights disclosed separately by Platinum International Fund in this disclosure (at the time of the notification in January 2013 this was 3.01%) was noted as being part of the voting rights disclosed by Platinum Investment Management Limited.

2.5 Capital contribution reserves

Out of the total amount of TCHF 615,545 as at 31 December 2016, TCHF 470,407 was approved by the Federal Tax Administration and is available for distribution free of withholding tax. The increase of TCHF 145,138 compared to 31 December 2015 corresponds to the premium paid on the capital increase performed in December 2016 and the movements recognised in the employee share plans in 2016, particularly the expired 2014 share plan. These premiums are again reported to the Federal Tax Administration for approval for potential distribution free of withholding tax.

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

	No. of shares	price/share in CHF	Value treasury shares in CHF
1.1.2015	**56 359**	**10.22**	**576**
Acquisition	107 224	6.19	663
Sale	–4 224	11.81	–50
31.12.2015	**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**

Treasury shares held by subsidiaries

	No. of shares	price/share in CHF	Value treasury shares in CHF
1.1.2015	**619 926**	**6.36**	**3 941**
Increase share plan 2015[1]	584 372	3.73	2 182
Decrease share plan 2013[2]	–301 693	5.97	–1 800
Decrease share plan 2014[3]	–63 492	8.69	–551
Decrease share plan 2015[3]	–103 686	4.47	–464
31.12.2015	**735 427**	**4.49**	**3 305**
Increase share plan 2016[4]	828 922	1.99	1 648
Decrease share plan 2014[5]	–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[6]	2 671 617	–	–
31.12.2016	**3 718 679**	**0.64**	**2 389**

[1] Share plan 2015: the shares have been allocated and issued at a price of CHF 6.15 (market price at the time of allocation less CHF 0.05 nominal value). After allocation, the shares are subject to a twenty-two-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 (200.974 shares) are held by Meyer Burger Ltd. Those shares have been transferred at the nominal value (CHF 0.05).
[2] In April 2015, the two-years' vesting period of share plan 2012 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] 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 Ltd. Those shares have been transferred at the nominal value (CHF 0.05).
[5] In April 2016, the two-years' vesting period of share plan 2014 ended and the shares have been transferred to the plan participants.
[6] 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.

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 of non-current assets

Impairments of investments and loans to subsidiaries in previous years were reviewed and adjusted in 2016.

2.10 Interest expenses

In the year under review and in the previous year, interest and fees for the straight bond and 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 include the costs of restructuring the convertible bond and the costs incurred by the capital increase in December 2016.

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 translations

There are no significant gains and losses resulting from currency translations in 2016. The sharp fall in the value of the Euro in January 2015 was the main reason for losses from currency translations in 2015, resulting from write-downs of foreign currency loans to foreign subsidiaries.

3 OTHER DISCLOSURES

3.1 Full-time employees

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	31.12.2016	31.12.2015
Up to 1 year	122 332	77 449
1–5 years	156 270	161 399
Total	**278 602**	**238 848**

These amounts comprise the rental or lease payments due by the end of the agreement or the expiry of the notice period.

3.4 Collateral provided to third parties

To secure a bank guarantee issued by a member of the banking syndicate under the loan agreement, limited collateral was provided as a pledge to this bank in the amount of TCHF 1,159 in 2012. The bank guarantee in question expired as at 31 December 2015 and the limited collateral was released.

3.5 Contingent liabilities (guarantees and pledged assets)

As at 31 December 2016, 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 25,605 (31 December 2015: TCHF 21,709) had been drawn down as at 31 December 2016.

Meyer Burger Technology Ltd is the borrower of a guaranteed credit from a German financial institution. The credit line amounted to TCHF 11,276 as at 31 December 2016 (2015: TCHF 11,370). 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 4,210 of this guaranteed credit had been drawn down as at 31 December 2016 (31 December 2015: TCHF 5,923).

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 17,066 as at 31 December 2016 (31 December 2015: TCHF 11,094). 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) AG 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 99.7 million as at 31 December 2016 (31 December 2015: EUR 110 million). The letter of comfort expires on 26 February 2018.

In addition to the letter of comfort in favour of Meyer Burger (Germany) AG, Meyer Burger Technology Ltd has issued additional 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.

3.6 Shares allocated to the Board of Directors, Executive Board and employees

In the years 2016 and 2015, participation rights were allocated to members of the Board of Directors and employees as follows:

	Number of shares	Price/share in CHF[1]	Value of allocated shares in CHF
2016			
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**
2015			
Allocated to the Board of Directors and Executive Board	159 694	6.20	990
Allocated to employees	41 280	6.20	256
Total	**200 974**		**1 247**

[1] The participants have been charged with the nominal value of CHF 0.05 per share.

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) and the number of shares under the share plan 2015 increased by 511,501 (407,465 thereof for Board of Directors and Management).

3.7 Holdings held by the Board of Directors and Executive Board

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	Numbers 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 subscriptions 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).

2015

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 2015:

Name	Position	Registered shares (non-restricted) (number)	Restricted registered shares[1] (number)	Total participation[2] (in % of outstanding shares)
Peter M. Wagner	Chairman of the Board of Directors	62 903	19 482	0.09%
Dr Alexander Vogel	Vice Chairman of the Board of Directors	115 869	53 623	0.19%
Wanda Eriksen-Grundbacher	Member of the Board of Directors	–	–	0.00%
Dr Franz Richter	Member of the Board of Directors	–	–	0.00%
Heinz Roth	Member of the Board of Directors	51 100	7 793	0.07%
Prof Dr Konrad Wegener	Member of the Board of Directors	26 864	10 860	0.04%
Peter Pauli	Member of the Board of Directors, Chief Executive Officer	1 829 045	310 957	2.36%
Michel Hirschi	Chief Financial Officer	31 000	82 622	0.13%
Michael Escher	Chief Commercial Officer	–	37 708	0.04%
Thomas Kipfer	Chief Operating Officer	–	–	0.00%
Sylvère Leu	Chief Innovation Officer	5 500	55 383	0.07%
Total as of 31 December 2015		**2 122 281**	**578 428**	**2.98%**

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

Grant date	Number of shares	Vesting period until
27.03.2015	159 694	24.03.2017
12.05.2014	89 199	30.04.2016

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 2015 (90,510,332 shares).

3.8 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 2017.

REPORT OF THE STATUTORY AUDITOR

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Report of the statutory auditor

to the General Meeting of Meyer Burger Technology AG

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Report on the audit of the financial statements

Opinion
We have audited the financial statements of Meyer Burger Technology AG, which comprise the balance sheet as at 31 December 2016, income statement for the year then ended and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 142 to 157) as at 31 December 2016 comply with Swiss law and the 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 matters, the following areas of focus were identified:

- Assessment of liquidity and ensuring the refinancing of the bond that matures in May 2017
- Impairment testing of investments in Group companies and of intercompany 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	0.6% 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 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 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.

pwc

Assessment of liquidity and ensuring the refinancing of the bond that matures in May 2017

Key audit matter	*How our audit addressed the key audit matter*
We consider the assessment of liquidity and ensuring the refinancing of Meyer Burger Technology AG to be a key audit matter for the following reasons: • The Meyer Burger Group disclosed a cash outflow of CHF 10.1 million (excluding capital increase) and a loss of CHF 97.1 million in 2016. • In May 2017, the CHF 130 million bond issued by the Company falls due for repayment. • The extension of the loan agreement concluded in Q4 2016 is linked to the achievement of financial indicators (covenants). If these covenants are not achieved, the loan secured by mortgage certificates of CHF 30 million and the bank guarantees received may become due for payment. • For budgeting and liquidity planning purposes, Management and the Board of Directors have considerable scope for judgement in forecasting market and sales growth, expenses and margins. These are key for the forecasts of the future cash flows and results and for complying with the covenants. • Meyer Burger Technology AG, as the holding company, has issued binding letters of comfort and liquidity commitments in favour of Group companies. Please refer to note 3.5 in the notes to the financial statements of Meyer Burger Technology AG.	We assessed whether Meyer Burger Technology AG is likely to have sufficient liquidity to repay the bond that matures on 24 May 2017 and to ensure the Company's ability to continue as a going concern. The main audit procedures we performed for our assessment were as follows: • We compared the monthly expenses in 2016 with the liquidity plan for 2017 and assessed the liquidity plan, taking into account the actual volume of orders. • We discussed with Management representatives the results of the year under review, the budget and the liquidity plan. • We checked the consistency of the assumptions used in liquidity planning and in the budget by inspecting the minutes of the meetings of the Board of Directors and its committees. • We compared the key budget expectations (sales, costs of materials, operating expenses) with the results in 2016. • We examined external research and compared the forecasted growth in the solar industry with the assumptions made for budgeting purposes. • We assessed based on the 2017 budget and the liquidity plan the extent to which Meyer Burger Technology AG can achieve its covenants in the next 12 months. • We assessed the extent to which Meyer Burger Technology AG was likely to incur liabilities arising from binding letters of comfort and liquidity commitments and whether it would be able to meet these liabilities. Our audit results support the estimates made by the Board of Directors and Management relating to liquidity and ensuring the refinancing of the bond.

Impairment testing of investments in Group companies and of intercompany receivables

Key audit matter	*How our audit addressed the key audit matter*
As at 31 December 2016, Meyer Burger Technology AG recognised investments in Group companies (CHF 204.6 million) and intercompany receivables (current: CHF 23.7 million/non-current: CHF 261.2 million). Investments in Group companies and intercompany receivables are recognised at historical cost less impairment in accordance with the requirements of the Code of Obligations. The Board of Directors and Management have tested the valuations of these investments and receivables based on the actual shareholders' equity, past results and the three-year plan, and, where necessary, they have booked impairment charges. We considered the assessment of the valuations of the investments in Group companies and intercompany receivables to be a key audit matter because of: • the significant scope for judgement involved in performing the 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 this asset category represents.	We tested for impairment the investments in Group companies and intercompany receivables. Specifically, we: • reconciled the results of our tests with the requisite data, • checked for plausibility the future prospects based on the three-year plan approved by the Board of Directors, • compared the market capitalisation with the recorded shareholders' equity of Meyer Burger Technology AG, and • checked for completeness the impairment charges and how they were booked. We consider the valuation process applied by the Board of Directors and Management to be an appropriate and adequate basis for the impairment testing of the investments in Group companies and intercompany 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 intends either 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 judgement 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to 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	René Jenni
Audit expert Auditor in charge	Audit expert

Bern, 13 March 2017

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	548 222 160 as of 31 December 2016
Year-end closing price 2016	CHF 0.67

STRAIGHT BOND 2012–2017

Swiss valor number	18498778
ISIN	CH0184987789
Listing	SIX Swiss Exchange
Ticker symbol	MBT12
Reuters	MBTN
Bloomberg	MBTN SW
Coupon	5.00% per annum
Issued amount	CHF 130 000 000
Maturity	24 May 2017
Year-end closing price 2016	100.35%

CONVERTIBLE BOND 2014–2020

Swiss valor number	25344513
ISIN	CH0253445131
Listing	SIX Swiss Exchange
Ticker dymbol	MBT14
Reuters	MBTN
Bloomberg	MBTN SW
Coupon	5.50% per annum (retroactively as of 24.09.2016)
Issued amount	CHF 100 000 000
Conversion price	CHF 0.98
Maturity	24 September 2020
Year-end closing price 2016	101.50%

OTHER INFORMATION

Accounting Standard	Swiss GAAP FER
Auditors	PricewaterhouseCoopers AG
Share Register	SIX SAG AG

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IMPORTANT DATES

22 March 2017	PUBLICATION FISCAL YEAR RESULTS 2016 ANALYST AND MEDIA CONFERENCE SIX SWISS EXCHANGE, ZURICH
27 April 2017	ORDINARY ANNUAL GENERAL MEETING STADE DE SUISSE, BERNE
16 August 2017	PUBLICATION HALF-YEAR RESULTS 2017 CONFERENCE CALL FOR ANALYSTS AND INVESTORS

ADDRESS DETAILS

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.

Group Companies

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Declaration on forward-looking statements

This document Report to Fiscal Year 2016 and the Company Profile are integral parts of the Meyer Burger Technology Ltd Annual Report 2016. 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 2016. 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 2016 are also available in electronic form and in German. The original German language version is binding.

The Company Profile and Report to Fiscal Year 2016 documents are also available on the company website www.meyerburger.com

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