



The Aebi Schmidt Group at a glance

EUR '000	2018		2017	
SALES BY SEGMENTS				
Aebi products	58 674	14.2%	60 433	15.8%
Schmidt products	200 912	48.5%	200 854	52.7%
Meyer/Swenson products	32 638	7.9%	33 688	8.8%
M-B products (6 months)	28 368	6.9%	0	0.0%
Service and spare parts business	92 817	22.5%	86 324	22.7%
Total net sales	413 409	100.0%	381 299	100.0%
BALANCE SHEET TOTAL				
Current assets	240 668	81.5%	186 631	80.6%
Fixed assets	54 689	18.5%	44 986	19.4%
Total assets	295 357	100.0%	231 617	100.0%
Loan capital	234 649	79.4%	143 010	61.7%
Equity capital (incl. shareholders' loans)	60 708	20.6%	88 607	38.3%
Total liabilities	295 357	100.0%	231 617	100.0%
NUMBER OF EMPLOYEES (FTE)				
Germany	454	25.1%	438	28.2%
Switzerland	249	13.8%	240	15.5%
Poland	277	15.3%	257	16.6%
Netherlands	220	12.2%	216	13.9%
USA	426	23.5%	195	12.6%
Other	183	10.1%	204	13.2%
Total employees	1 809	100.0%	1 550	100.0%

Whether runways and taxiways at airports, pedestrian walkways, freeways or green spaces in challenging terrain – the areas of application of the Aebi Schmidt Group's products are as diverse as our portfolio: it comprises our own vehicles, attachable and demountable devices for individual vehicle equipment as well as intelligent product systems and customized services. Decades of diverse experience make the Aebi Schmidt Group unique – and a reliable and competent partner for our customers from all over the world. A support and service program perfectly tailored to customers' needs offers the appropriate solution to nearly any challenge.

Vision and goals

In 2022, the Aebi Schmidt Group will be the global leader for intelligent product systems and services for the management of mission-critical traffic areas and green spaces. By “intelligent” we mean the control and automation of our machines as well as their interconnection and networking. We aim to offer complete solutions for economical, safe and transparent cleaning and clearing operations, thereby improving our customers' performance capacity and making their work easier. To achieve this goal and ensure our future success, we are striving for growth and efficiency enhancements based on highly qualified staff as well as a lean and powerful organisation.

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Facts & Figures

800 000

PRODUCTION HOURS WORLDWIDE



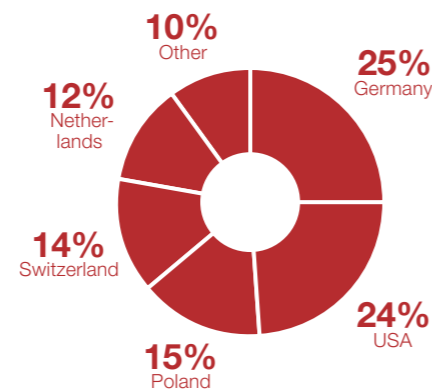
120

SALES PARTNERS WORLDWIDE

Our own sales organisations are complemented by a globally operating distribution net.

EMPLOYEES BY COUNTRIES

in full-time equivalents



10

COMPETENCE CENTRES AND PRODUCTION FACILITIES

With a total production area of 73 000 m².



70

TRAINEESHIP POSITIONS

Attractive traineeship positions and opportunities for a career start at various locations.



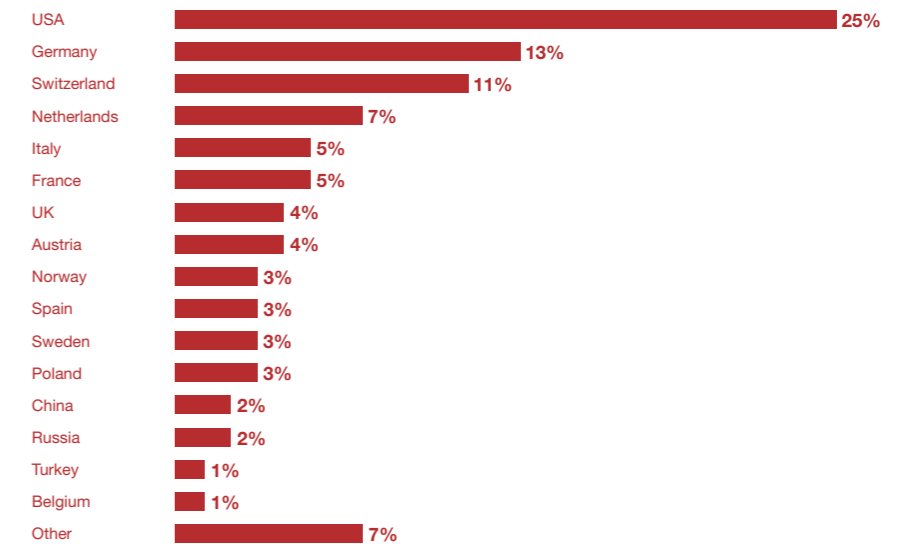
15

SERVICE ORGANISATIONS

Our own service organisations cover the markets in the respective countries.

SALES BY COUNTRIES

in 2018 (restated)



1809

EMPLOYEES IN FULLTIME EQUIVALENTS

We benefit from the comprehensive expertise and the passionate commitment of our employees.



EUR

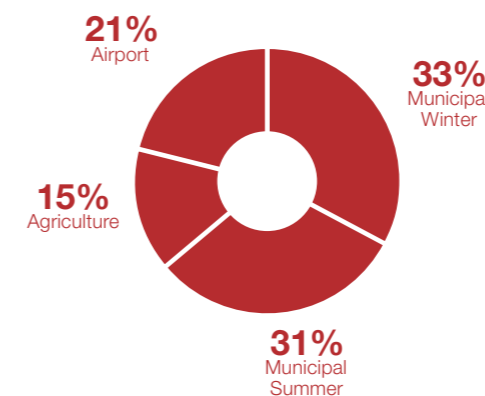
413

MILLION

In the past business year, the Aebi Schmidt Group generated net sales of EUR 413 409 000.

SALES BY AREAS OF APPLICATION

in 2018





The 2018 Business Year

In 2018, the Aebi Schmidt Group enjoyed positive development from a financial and an organizational perspective. The acquisition of the leading US manufacturer of snow removal and cleaning machines in the airport sector, M-B Companies, as well as product innovations, ensured that the Group further expanded its position on the global market.

The Aebi Schmidt Group achieved total sales of EUR 413 million, which equates to a 8% year-on-year increase in sales, mostly as a result of acquisitions. One highlight was the order intake, which saw a 20% improvement on the previous year, 9% of which stemmed from organic growth.

Our aftersales business is on target and we recorded an almost 5% organic year-on-year increase.

For us, the aftersales business is the corporate division with the biggest potential in existing markets. It is therefore of central strategic importance, which is why the new position of Chief Aftersales Officer has been created. Burkhard Ditsche took up the role in June 2018. And successfully so: our aftersales business is on target and we recorded an almost 5% organic year-on-year increase.

We cut costs further, thus improving the annual result considerably compared to the previous year. This goes hand-in-hand with a clear increase in our share of the market: we are now the world number one in the airport sector.

Successful acquisition in the USA

Our market is increasingly trending to consolidation and we are actively contributing to this process. We will continue to seize opportunities and chances to take over suitable businesses in future. The acquisition of M-B Companies has allowed us to expand our portfolio in North America and strengthen our sales and service network.

In the second half of 2018 and beyond, the project team has been devoting all of its energies to integrating M-B Companies. This involves identifying synergies between all organizational units and implementing a clear plan to outline how M-B Companies can be fully integrated into the Aebi Schmidt Group within twelve months. The integration team identified five key points to ensure our company's growth in North America:

1. Geographical expansion
2. Cost savings through company-wide procurement
3. An increase in sales through utilizing all existing sales channels
4. Synergies through exchanging best practices
5. Improvement and expansion of the current product lines

The teams in North America bring a lot of experience, talent and motivation to the table, and we can see significant opportunities and a great deal of potential for growth for our North American organization.

The major Beijing Daxing International Airport contract is an initial joint success with M-B Companies. We are supplying various Schmidt and M-B Companies cleaning machines to the new airport until June 2019 – so this is an excellent reference for the Asian market, which has tremendous potential for growth! The success with the contract also shows how well the M-B Companies machines complement Aebi Schmidt's stock. Having achieved this so soon after the merger motivates us to continue our expansion in the airport sector together with M-B Companies.

First fully electric sweeper launched

In May 2018, we launched our first fully electric sweeper, eSwingo, at IFAT in Munich, to a positive reception from customers. Customer demonstrations followed. The vehicle and its driving and sweeping characteristics went down very well and were scarcely different from diesel engine sweepers. The eSwingo is going into mass production in 2019. We are

completely convinced that, in this machine, we have launched a highly competitive product onto the market.

One-of-a-kind on the US market

We launched a unique product onto the North American market in the shape of the Evolution spreader: a Swenson spreader with a software controller based on European technology. The controller allows this machine to spread perfectly measured material in a controlled and targeted way – making it one-of-a-kind on the North American market!

Outlook and strategic priorities in 2019

In each of our business fields, we want to be counted among the top 3 in Europe at the very least; in the airport industry, we are continuing to expand our global leading position. We also aim to be a leader in the area of servitization and to increase our sales in this business. In Asia, we will maintain our market leadership in the airport sector and drive forward our entry into the market with selected products distributed through local business and collaboration partners.

In the North American market, we are pursuing two goals: a more active approach to the Canadian market and the technology leadership in the US.

New umbrella brand and product logos

To achieve our ambitious goals, it is imperative and desirable that we make even better use of our Group's strengths. And there's more. We want to be seen as a strong, solid, trustworthy company – from a visual perspective, too. Our brand environment, which has grown over time, had become complicated and unwieldy and no longer matched our new strategic focus. That's why we've simplified and unified it.

In addition to creating a stronger Group presence in future, we consider it important to recognize that a strong brand is not simply the result of new logos. It's people who fill the brand with life and values. Our 2000 dedicated employees contribute to this day after day – and I would like to take this opportunity to offer them my profound thanks.

Barend Fruithof
CEO

In each of our business fields, we want to be counted among the top 3 in Europe at the very least; in the airport industry, we are continuing to expand our global leading position.

The Aebi Schmidt Group brands

The Aebi Schmidt Group is an alliance of traditional brands for special-purpose vehicles and attachments that take a leading position in their respective markets. But over the years, our brand environment, which has grown over time, has become complicated and unwieldy. That's why we've simplified and unified it. In future, we also want to be seen and recognized stronger as a Group; accordingly, although the individual product brands remain, they clearly display their connection to the Aebi Schmidt Group visually.

 **aebi schmidt**
group

 **aebi**

 **schmidt**

 **nido**

 **meyer**

 **swenson**

 **mb**

Milestones in 2018



February: Incheon International Airport in South Korea is using 10 Aebi Schmidt jet sweepers for the Winter Olympic Games

Runways and taxiways free from snow and ice are an important hallmark of quality for an airport, particularly when volumes of traffic are high at major events like these. To ensure full safety and punctuality at all times, the Incheon International Airport Corporation is expanding its winter service fleet to include 10 Schmidt TJS 630 jet sweepers.



March: Aebi Schmidt Netherlands wins the 2018 Metaalunie Smart Manufacturing Award

Our business strategy, the digitized, streamlined production and the clever modular concept in the design and construction of our machinery all had an impact. We also cut a convincing figure with our service allowing customers to return machinery at the end of its contracted service life for repairs and resale on the market.



May: IFAT in Munich (Germany)

With over 3000 exhibitors from 59 countries and around 135 000 visitors from around the globe, this industry trade fair has established itself as a leading event in the environmental technology sector. The Aebi Schmidt Group presented its first fully electric sweeper, eSwingo, at IFAT – and encountered major interest.



a brand of aebi schmidt

July: Aebi Schmidt Group strengthens its position in North America

The Aebi Schmidt Group acquired M-B Companies, the leading US manufacturer of snow removal and cleaning machines in the airport sector. This saw the Aebi Schmidt Group enter the North American airport sector and expand its market position in this sector to number one worldwide.



September: the Aebi Schmidt Group's successful presence at the Inter Airport China trade fair



November: successful presence at the IEC Expo municipal trade fair in Ukraine



February: International Winter Road Congress in Gdansk (Poland)

The World Road Association PIARC/AIPCR has been running the International Winter Road Congress since 1969. This Congress brings together global experts from the world of transport technology and offers an international forum for exchanging information from around the world. The Aebi Schmidt Group attended the Congress as the main sponsor and successfully showcased itself with its own information and congress stand.



February: Schmidt Swingo 200+ is once again customers' first choice

Once again, with the Swingo 200+, the Aebi Schmidt Group stood its ground as a market leader in the 2m³ compact sweeper segment in Germany and took the top spot in the Federal Motor Vehicle Transport Authority's annual registration figures in 2017.



April: CEO becomes a shareholder

CEO Barend Fruithof acquired an 8% share in the Aebi Schmidt Group. He acquired the stake in question from both main shareholders, thus highlighting his commitment to the company and its employees.



August: the first eSwingos are ordered by the cities of Heidelberg (Germany) and Thun (Switzerland)



July: Aebi Schmidt Germany wins the Top 100 Innovation Award, becoming one of 2018's leading innovators



August: Swiss Young Wrestlers Day in Landquart (Switzerland)

The Aebi Schmidt Group invested in the future and committed to young wrestling talent. At the event, we showcased our ESAF edition of the TT211 in a wrestling shirt design, drawing attention to our commitment as the main partner of the 2019 Federal Wrestling and Alpine Festival.



December: Agrama 2018 in Bern (Switzerland)

Agrama is the most important information platform for Swiss farmers. Held in a 60 000 m² exhibition space, the trade fair was attended by over 50 000 people, primarily decision-makers in agriculture and forestry. The Aebi Schmidt Group presented the new Aebi TP410, the successor to the TP48P, at the trade fair.

Areas of Application

The areas of application of the Aebi Schmidt Group's products are manifold. Our extensive range of products comprises our own vehicles, attachable and demountable devices for individual vehicle equipment as well as intelligent product systems and customized services. We aim to constantly contribute to improving our customers' performance capacity.



MUNICIPAL WINTER

The Aebi Schmidt Group is a world leader in the field of snow clearance and de-icing. Our snow clearing machines and snow ploughs are capable of removing any type of snow in any terrain at any altitude reliably and efficiently. When it comes to de-icing operations, our broad range of state-of-the-art spreaders also set standards – especially as regards environmental protection: Thanks to the electronic control system, each of our feed systems offers maximum dosing accuracy.



MUNICIPAL SUMMER

We boast the world's largest range of products in the field of sweeper technology. The extensive product range comprises truck-mounted, attachable and compact sweepers. Our machines stand out with their compact design, environmentally friendly technology and excellent sweeping performance. Street washers, sand cutter blowers as well as our own multipurpose transporters complement the summer maintenance equipment that leaves nothing to be desired.



AGRICULTURE

In the field of agricultural equipment, we offer a wide range of vehicles and equipment that are perfectly adapted to the varied requirements of our customers. With our popular Terratrak range, we offer extremely flexible carrier vehicles for steep slopes with front and rear attachment points. Our extensive product portfolio additionally comprises customised transporter models as well as the Combitruck single-axle line. All Aebi vehicles and equipment meet the highest standards and are thus very efficient, safe, manoeuvrable, easy to maintain and durable.



AIRPORT

The Aebi Schmidt Group is a global leader in the field of airport equipment. We offer our discerning customers extensive expertise and a comprehensive product program ranging from snow clearing to cleaning vehicles. Our customized high-tech machines and systems meet the highest safety standards, offer maximum performance and availability and have now also become CO₂ neutral and partly autonomous on request.



RAIL TECHNOLOGY

The business segment of rail track clearance is represented in the market by the Beilhack brand. Outstanding development achievements, highest quality standards and exemplary services have made Beilhack a leading specialist in snow clearance. For the highly specialised snow clearance on rail tracks, Beilhack has the appropriate solution in any case.



TELEMATICS – DMI

With the integration of innovative information systems, we provide our customers with products that offer added value. Use of spreading material and route reporting – by equipping our machinery with digital data acquisition, we allow our customers to precisely plan, monitor and document the safety, efficiency and economic viability of all applications.



SERVICE & SPARE PARTS

The Aebi Schmidt Service is characterised by a high availability of both service technicians and spare parts. The large number of spare parts in stock enables our numerous regional

service technicians in their mobile workshops to minimise downtimes in our customers' operations. Our state-of-the-art warehouse guarantees the prompt supply of spare parts at all times.



SERVICES

Efficiency advice – a precise analysis of the routes to be covered allows us to select the ideal combination of vehicles and their equipment.

Safety training – safety at work is the top priority not only for us, but also for our customers. In order to meet this requirement, the Aebi Schmidt Group offers professional educational programmes and practical training courses.

Financing – Aebi Schmidt Finance offers our customers collaborative financing solutions to make smooth operations profitable for all involved.

Calibrating and adjusting the winter fleet – by updating our customer's fleet we help them to save salt.

Spare parts availability subscription – in this way, we guarantee our customers high availability of spare parts and fast, direct delivery.

Training – we offer trainings for our customer's drivers and technical staff, so that they learn to use our machines optimally and efficiently.

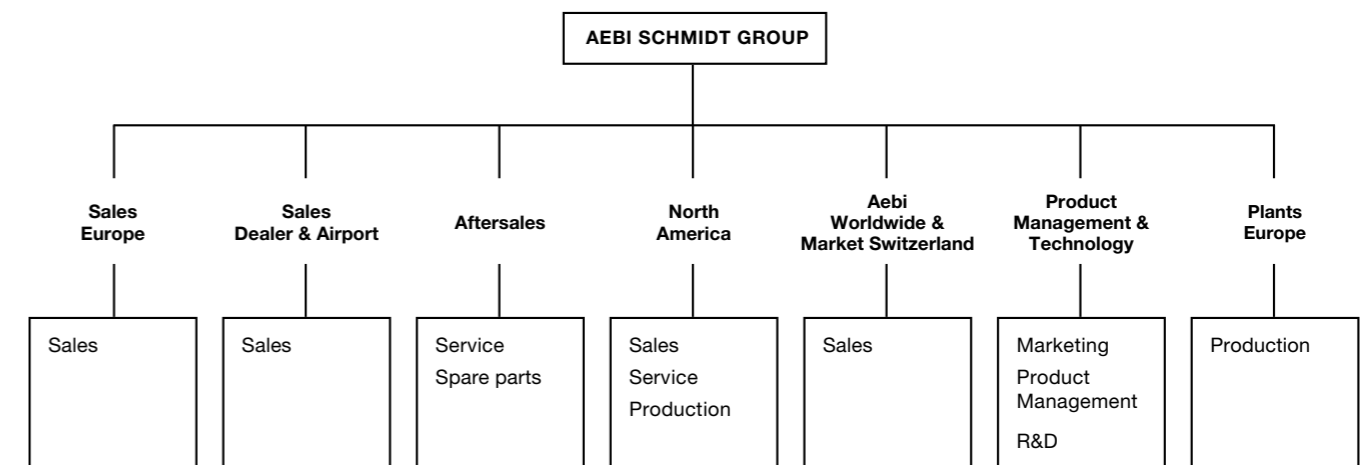
Operational corporate structure

The managerial responsibility for the Aebi Schmidt Group lies with the CEO. The managerial responsibility for the individual divisions is incumbent upon the Division Managers. The parent company of all Group companies is Aebi Schmidt Holding AG.

The Aebi Schmidt Group is structured into seven operational units: Sales Europe, Sales Dealer/Airport, Aftersales, North America, Aebi Worldwide & Market Switzerland, Product Management/Technology as well as Plants Europe. The Aftersales

unit was a new addition in the year under review and is in line with our aim of achieving significant growth in this sector and achieving above-average performance. Management of European plants is being reallocated: the plants in Germany, Swit-

zerland, Poland and the Netherlands are now each under the purview of one Member of Management reporting directly to the CEO. The role of Group Quality Manager has been relaunched and reports directly to the CEO too.



Product Range



Municipal Winter

- Snow ploughs
- Rotary snow clearance (motorised)
- Rotary snow clearance (attachable)
- Spreaders
- Sprayers
- Multipurpose machines (spreading and spraying)

- Winter maintenance equipment for tractors
- Brine saturators
- Special snow ploughs

Municipal Summer

- Compact sweepers
- Truck-mounted sweeper
- Attachable sweepers
- Towed sweepers
- Street washers
- Snow cutter blowers
- Universal transporter
- Universal carrier vehicles

Municipal equipment

- Universal transporter
- Universal carrier vehicles
- Motor mowers
- Dump body

Agriculture

- Carrier vehicles for steep slope/Terratrak
- Multipurpose transporters
- Motor mowers

Airport

- Snow ploughs
- Rotary snow clearance (motorised)
- Multipurpose machines (spreading and spraying)
- Airport sweepers
- Jet sweepers

Rail Technology

- Special machines
- Multipurpose machines

Economically strong – and sustainable

As the globally leading manufacturer of special-purpose vehicles and attachments, the Aebi Schmidt Group focuses on the creation of lasting value. Sustainability is an integral part of the corporate strategy and is also embedded in the management, development and work processes.

The Aebi Schmidt Group offers an innovative product range of superior quality, comprehensive customer advisory services, a high service quality as well as efficient spare parts and emergency management. Strategic, financial and operational opportunities and risks are continuously analyzed and evaluated to ensure the careful handling of resources.

One of the Aebi Schmidt Group's major goals is long-term partnership and a high level of customer satisfaction, which is why the new Aftersales unit was created in 2018. This is a major step towards becoming a full service provider for customers. The targeted aftersales support allows customers to complete their tasks efficiently, smoothly and with minimal downtimes. Customer satisfaction also very much depends on product quality. The Group Quality Manager, a key role within the Group, now reports directly to the CEO. The aim is to standardize and continuously optimize processes and reports. A sales organization globalization

and harmonization program was also adopted to help provide customers with better advice and support and to benefit internally from increased transfer of expertise.

We have continued to pursue our goal of becoming the worldwide leading provider of intelligent product systems and services for the cleaning and clearing of tarmac areas by 2022 with the ongoing implementation of the digitization strategy. In 2018, we took a major step forward as a service and solutions provider in this regard with the new telematics platform. 24-hour machine status monitoring massively improves our customers' performance and the efficiency of their working processes; the system is being officially launched in 2019. Sweepers are also being added in 2019 so we can offer our customers a complete solution. Special functions such as geo-fencing are being added in the airport sector, as well as technologies moving in the direction of self-driving. At Bromma Airport in Sweden, for instance, five TJS-C machines with driver guidance and an interactive display are currently in trial operation in collaboration with the airport operator Swedavia. Driver guidance is the first of three steps on the path towards self-driving with airport machinery.

The airport business has developed very positively at an international level. With the acquisition of the US firm M-B Companies, we have become the world number one in the airport sector. In 2018, we also took over global sales of the German company Smets Technology's airport runway cleaner. The cleaner does high-quality rubber removal work and is a great addition to the Aebi Schmidt product range. Smets Technology continues to develop and manufacture the product.

In early 2019, work began on the switch to a modern, cloud-based IT work environment known as the "Digital Workplace", allowing employees easier, more flexible access to their data and applications. The Aebi Schmidt Group is involving its employees in the further development of the company. As part of the continuous improvement process, employees can make suggestions on all business-related matters.



Aebi Schmidt Group Values

Living by values. Creating values.

In the Aebi Schmidt Group, 2000 people across the globe do their daily work. Having such a diverse group of individuals working together requires shared values. Values are the foundation for our actions and the guideline for our behaviour – both within the company and in dealing with customers and business partners. As part of the Aebi Schmidt Group Strategy 2022, we have defined six values that are essential to our way of working. This makes it easier for us to work together and ensures the success of the Aebi Schmidt Group.



RESULT ORIENTED

We contribute and add value to Aebi Schmidt Group performance
 ... recognize and realize business opportunities
 ... aim for the best result
 ... focus on the outcome of our actions
 ... maximize profitability



COLLABORATION

We strive together for one common goal
 ... work in a global network
 ... utilize each other's skills
 ... take risks, learn from mistakes
 ... benefit from other cultures



CUSTOMER FOCUSED

We improve the performance of our customer
 ... think in solutions
 ... achieve excellent results
 ... build strong partnerships
 ... focus on customer needs



INTEGRITY

We strive for long-term relationships
 ... are trustworthy and keep promises
 ... are open and honest
 ... are reliable and take responsibility
 ... act ethical and tolerant, we respect others' opinion



PASSION

We are part of a winning team
 ... inspire others
 ... are proud of what we do
 ... choose a positive attitude
 ... challenge the limits



INNOVATION

We break new grounds
 ... think out of the box
 ... try the untried
 ... strive for sustainable solutions
 ... encourage continuous improvement

The economic model of the future

The circular economy, a model that conserves resources and saves energy, is becoming increasingly significant. Our clients in public procurement are taking a leading role and are already considering features of the circular economy in their tendering activities.

In the "Circular Economy Action Plan", the European Union has devised a program to stimulate the circular economy that many countries subscribe to. In Holland, for instance, the government implemented a program to transform the economy to circular by 2050. As part of the action plan, the EU approved a strategy on plastics in 2018 that stipulates that all plastic packaging must be recyclable from 2030. Furthermore, indicators that can be used to measure the spread of the circular economy were defined. The Aebi Schmidt Group is helping its clients transition to the circular economy with high-quality products and a comprehensive approach.

The circular economy in practice

Although several definitions of circular economy exist, the most important common denominator is that resources stay in circulation, which means closed loops. Following the widely accepted classification of the Ellen MacArthur Foundation (see figure on page 15), the Aebi Schmidt Group has designed its own circular economy model. In our product development operations and business models, we take the key features of a functioning circular economy into account:

reduction, recycling, re-manufacturing, re-using, prolonging and sharing.

Reduction

The Aebi Schmidt Group launched a company-wide program (Fit 4 Tomorrow) to reduce raw material consumption. Fit 4 Tomorrow focuses on reducing CO₂ emissions through maximum resource efficiency and replacing toxic or environmentally harmful substances that may appear in the likes of coatings.

→ **Alternative epoxide coating**
To protect metal parts from corrosion, they are coated before installation. In this instance, the Aebi Schmidt Group uses powder coating rather than traditional methods that involve acid baths. In close cooperation with one of our suppliers, we managed to replace the conventional zinc coating with an innovative epoxide coating. Besides avoiding environmental load with zinc, this positively influenced the working conditions for our employees.

Recycling

To ensure the circular economy works properly, the inherent value of materials has to be preserved for long periods of time. The Aebi Schmidt Group is trying to overhaul used parts and re-use them for their original purpose. This prevents mere downcycling and the materials remain in circulation for as long as possible. Where possible, parts will also be put to new uses. Resources that cannot have any other use are put into selective waste collection.

→ **Resource-conserving blasting**
At its plant in the Netherlands, the Aebi Schmidt Group blasts steel plates with steel granulate before installation in machinery. Because special attention is given to keeping the material clean, the shot can be recycled and used as an energy-efficient replacement for primary raw materials.

Re-manufacturing

The Aebi Schmidt Group's product range is also impressive under extreme conditions. For instance, some cities in the UK are operating our sweepers at a schedule of up to 2400 hours per year. Despite the high reliability and advanced construction of our machines, wear and

tear is unavoidable over time. At the Aebi Schmidt Group, we are increasingly pursuing the approach of re-manufacturing these machines through carrying out repairs and installing necessary spare parts.

→ **Successful re-manufacturing in the Netherlands**
The province of Overijssel tasked Aebi Schmidt with re-manufacturing a 10-year-old spreader, with the aim of bringing the machine up to the latest state-of-the-art standards so it can be used for another 10 years. In close cooperation with the customer, we broke the machine down into its individual parts, examining each part with regard to economic, functional and environmental aspects, and decided which parts needed to be replaced.

Re-using

The Aebi Schmidt Group follows stringent quality standards for sustainable products. However, some customers want to use the latest models and technologies before their machines have reached the end of their life cycle. That's why we take back older yet technically impeccable machinery. These machines can be re-used without any issues, which is particularly appealing to customers seeking cost-efficient solutions.

→ **A second life for our machines**
In Poland, public clients make strict demands with regard to their products. Products should be recyclable and have a small environmental footprint. One of the reasons the Polish military uses the Aebi Schmidt Group's products for winter maintenance is the fact that we take back used machines and find meaningful purposes for them. Through repairs, shot peening, painting, calibration, checking individual parts and conducting extensive functional tests, we ensure that used machines are fit to serve other clients for many years to come.

Prolonging

In product development, the Aebi Schmidt Group takes the overall operating costs of its machinery (total cost of ownership) into account. Our range of services includes training as well as increasingly comprehensive maintenance contracts. This not only reduces the operating costs for our customers, but also increases the durability of the machines and their residual value. The better the residual value and quality of the products, the better they can be reintegrated into the produc-

tion processes. As we ensure a high level of modularity in our products, we can equip and continue to operate machinery with little outlay.

→ **Increasing efficiency**
The Aebi Schmidt Group gave many machines a new life in 2018. Re-manufacturing was combined with upgrade of the control system to the newest version for two Dutch municipalities. This leads to customers being able to spread more precisely and take more efficient routes. The machines were made fit for another life cycle with the latest technology.

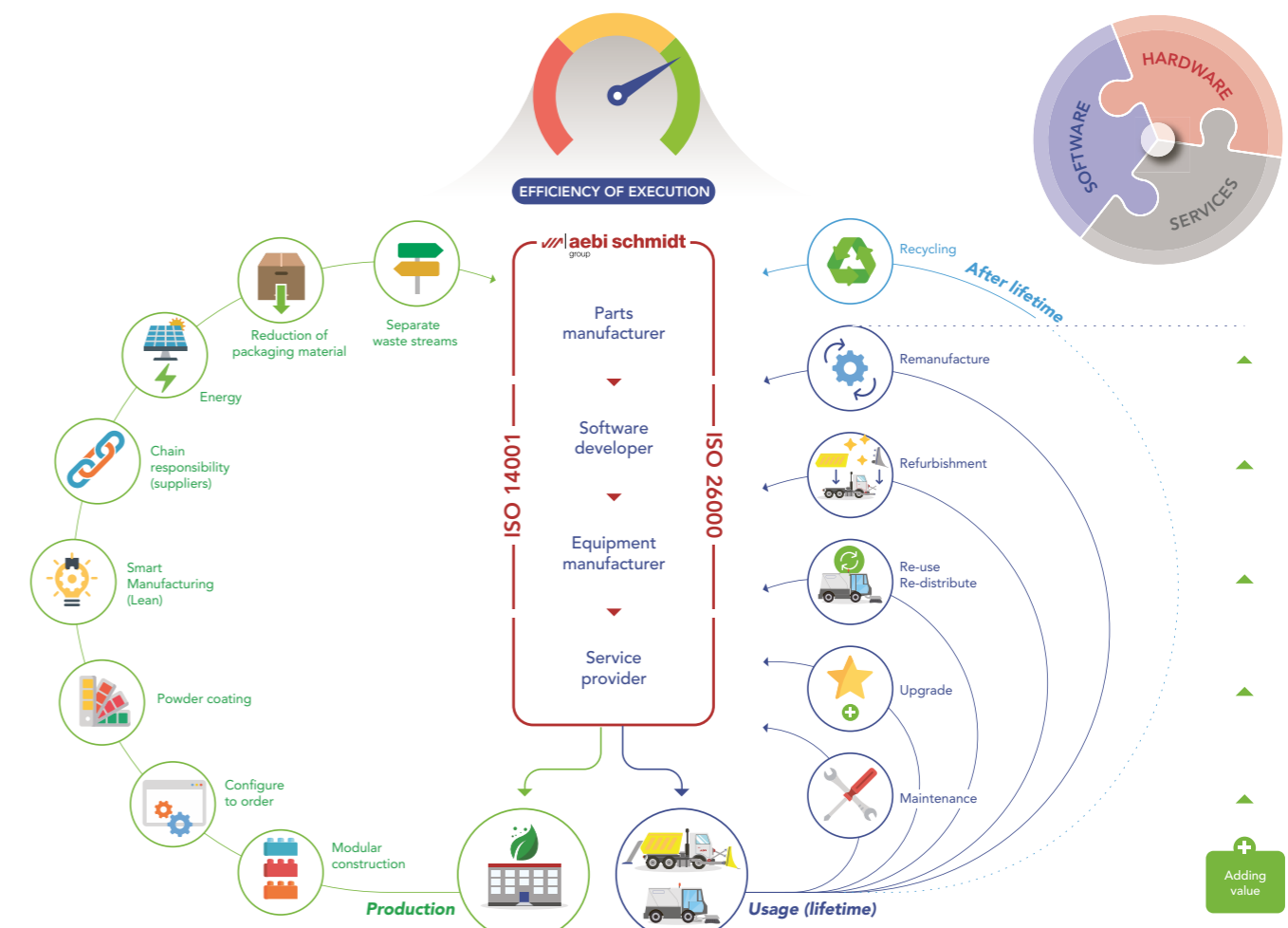
Sharing

Servitization is the shift from the pure sale of products to the delivery of services – this approach fits perfectly into future circular models. Accordingly, the Aebi

Schmidt Group offers services with its machines, for instance. As several customers are benefiting from this at the same time, the individual machines are utilized better. By also updating its machines according to the latest insights, the Aebi Schmidt Group can achieve further increases in efficiency for the customer.

→ **Aebi Schmidt as a full service provider**
Three Dutch municipalities and a water board decided to fully outsource their winter services to Aebi Schmidt. Aebi Schmidt Netherlands is offering de-icing and snow clearance specifically as a service. Customers can request the winter service at the touch of a button – and Aebi Schmidt takes care of all the tasks involved: route planning, suppliers, machines, salt, depots, etc. Thanks to advanced route optimization, GPS mapping, maintenance schedules and de-icing techniques, we manage to deliver better results using fewer machines, thus reducing our clients' total costs and environmental footprint.

CIRCULAR ECONOMY



Our Locations

The Aebi Schmidt Group maintains a global sales and service organisation that is being continuously expanded. Our customers in Europe are served by our own local sales and service organisations as well as local sales and service partners, whereas customers outside this region are taken care of by our globally operating “Aebi Schmidt International”.

Competence Centres and local Sales and Service Organisations

- 1 Germany**
Aebi Schmidt Deutschland GmbH
- 2 Netherlands**
Aebi Schmidt Nederland BV
- 3 Poland**
Aebi Schmidt Polska Sp.z.o.o.
- 4 Switzerland**
Aebi & Co. AG Maschinenfabrik
- 5 USA, Cleveland, Ohio**
Meyer Products LLC
- 6 USA, Lindenwood, Illinois**
Swenson Spreader LLC
- 7 USA, New Holstein & Chilton, Wisconsin**
MB Companies
- 8 USA, Muncy, Pennsylvania**
MB Companies

Local Sales and Service Organisations as well as representations

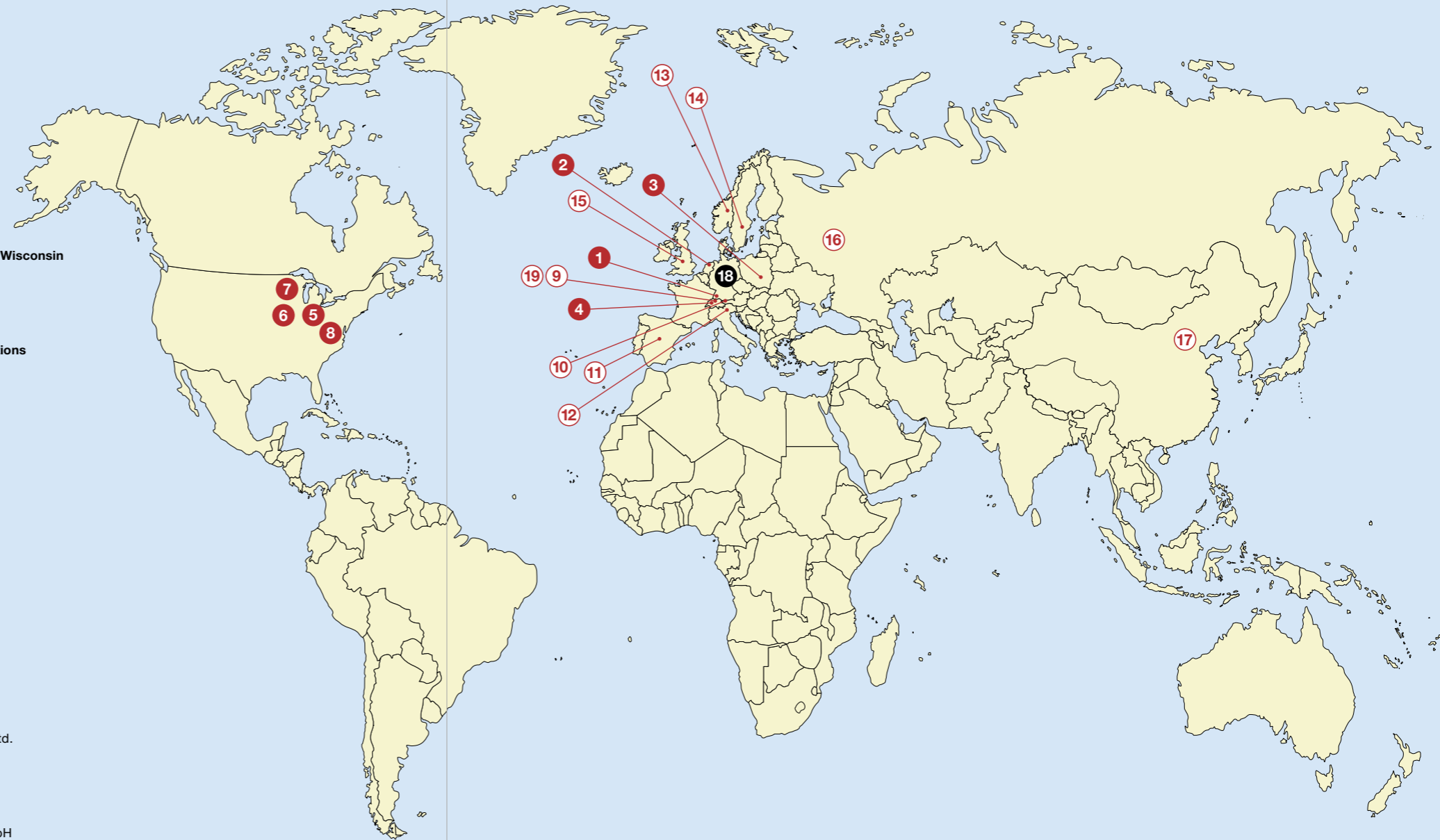
- 9 International**
Aebi Schmidt International AG
- 10 Austria**
Aebi Schmidt Austria GmbH
- 11 Spain**
Aebi Schmidt Iberica S.A.
- 12 Italy**
Aebi Schmidt Italia s.r.l.
- 13 Norway**
Aebi Schmidt Norge AS
- 14 Sweden**
Aebi Schmidt Sweden AB
- 15 Great Britain**
Aebi Schmidt UK Ltd
- 16 Russia**
OOO ASH Rus
- 17 China**
ASH Trading & Services Co., Ltd.

Global Logistics Centre

- 18 Germany**
Aebi Schmidt Logistic Centre,
Aebi Schmidt Deutschland GmbH

Holding

- 19 Switzerland**
Aebi Schmidt Holding AG



Further countries with a presence of local sales organisations or dealers

- Europe**
- Bosnia & Herzegovina
 - Bulgaria
 - Denmark
 - Estonia
 - Finland
 - France

- Georgia
- Greece
- Iceland
- Croatia
- Latvia
- Lithuania
- Luxemburg
- Malta

- Macedonia
- Moldavia
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Czech Republic

- Turkey
- Ukraine
- Hungary
- Belorussia
- Cyprus

America

- USA

- Brazil
- Chile
- Costa Rica
- Canada

Africa

- Egypt
- Algeria

- Libya
- Morocco
- Tunisia

Asia

- Azerbaijan
- Bahrain
- China

- India
- Iraq
- Israel
- Japan
- Jordan
- Kazakhstan
- Kyrgyzstan
- Kuwait

- Lebanon
- Oman
- Qatar
- Pakistan
- Saudi Arabia
- Singapore
- South Korea
- Thailand

- United Arab Emirates
- Vietnam
- Yemen

Oceania

- Australia
- New Zealand

Customers, Sales Organisation, Markets

Enabling our customers to work and run their business in a sustainable manner is our top priority.

If requested, we literally do our customers' work for them, ensuring that they achieve the prescribed Key Performance Indicators (KPI) with our products. We therefore invest a great deal of time, money and energy into developing new products and services in line with the market requirements, such as fully electric street sweepers or software solutions for efficient use and operation of our machines.

Our ambition: we want to be a full service provider for our customers and expand our product range to that effect.

Customer safety takes the top spot

Ensuring high quality is of prime importance to the Aebi Schmidt Group. Guaranteeing the safety of the products for the customers is a basic prerequisite for staying competitive in the market. This is not only important in view of the customers' ever increasing awareness of safety aspects, but also for reasons of liability. In the European Union, the Directive of the European Parliament on General Product Safety and its respective national transpositions define the fundamental requirements for safe operation. Compliance with applicable laws and standards concerning product safety is documented by CE markings and GS certificates (Tested Safety). The CE marking is prescribed by law in the European Union.

Although the GS certificates are only valid in Germany, they are also recognized in other countries. Regulations for products distributed outside the EU are

based on the local laws. All European products of the Aebi Schmidt Group fully meet the respective requirements. All products' entire life cycle is regularly examined for its health and safety impact on the user. Sites in the US perform a technical risk and hazard assessment as part of product development, spanning the products' entire life cycle.

A key aspect of this comprehensive product health and safety assessment is appropriate training for users to ensure risk-free use. Customers confirm compliance with a set handover protocol by providing their signature. All products feature various pieces of protective equipment, such as warning lights and warning signs. In addition, the respective operating manuals, safety manuals and safety data sheets provide information on all relevant safety instructions, including information on the disposal and recycling of individual vehicle components. A number of countries additionally require certificates that prove the EU origin of individual product components. For this reason, the Aebi Schmidt Group obtains certificates of origin for all essential materials from its suppliers.

Extensive dialog with customers

The Aebi Schmidt Group's extraordinarily wide range of customers includes municipalities, public administrations, airports, service enterprises, the military, agricultural businesses and industrial companies. The Aebi Schmidt Group has set itself the goal of meeting these requirements and satisfying all customers in the best way possible. As different needs also entail different product requirements, proximity to the customer, networking and an online presence are important conditions for a functioning customer relationship.

This relationship enables active dialog and allows the Aebi Schmidt Group to continually improve its products and services. The quality management system encompasses all interactions with customers – from the initial call to supplying spare parts or maintenance services – and makes sure that feedback from customers is collected, forwarded to the competent departments, evaluated and translated into corresponding measures. The feedback mainly includes feedback from

end-of-season meetings and any complaints. The customers are often also involved in the development of new products. Special workshops are organized to identify their needs regarding design and function. Before a vehicle is put into trial operation, the prototype is further developed based on customer tests. This often occurs primarily in the airport sector, where customers help to plan and test innovations from the outset. Special requests from customers – insofar as economically reasonable – are taken into account when designing new products. (GRI 102-43)

The Aebi Schmidt Group regularly conducts customer surveys to better understand customers' wishes and to gain an insight into the level of customer satisfaction. Using an online questionnaire, customers are interviewed on product quality, service and customer support, sales and marketing as well as order processing. One such survey took place in late 2018 and revealed that, with eight out of 10 possible points, satisfaction was very high on average. We will set out the detailed analysis and any measures in early 2019.

Customers attach particular importance to swift support in the event of technical issues and short delivery times. Low-emission cleaning technologies are increasingly important too. With the launch of the eSwingo at IFAT 2018, the Aebi Schmidt Group can meet this need with a fully electric device. Furthermore, the expansion of the aftersales business also offers opportunities for a complete machinery overhaul, whereby the duration of use can be extended. (102-43/ 102-44)

Customer Highlight 2018

Beijing's major airport is putting its trust in cleaning machines from the Aebi Schmidt Group

In the future, machines from the Aebi Schmidt Group will also be in use at the major new Beijing Daxing International Airport. The Aebi Schmidt Group has been awarded the contract to supply various cleaning machines from the Schmidt brand and the recently acquired M-B Companies through to June 2019.

The order includes 14 jet sweepers, which are characterized by a wide clearing path and high operating speed, that will be used to keep the runways and taxiways clear of snow and ice. These will be complemented by four high-speed sweepers for cleaning op-

erating and traffic areas in both summer and winter. Aebi Schmidt will also deliver 16 machines from the M-B brand, which are highly maneuverable thanks to a brush on the front and a fan at the rear.

The machines ordered will be produced at the German factory in St. Blasien and in Chilton, Wisconsin, in the US. The fact that Beijing Daxing International Airport is making use of Aebi Schmidt's machines is a major success for the Group and an excellent reference for the Asian market, which has huge potential for growth.

Successful start with M-B Companies

The Aebi Schmidt Group's success with the contract shows how well the products of M-B Companies, acquired in July 2018, complement Aebi Schmidt's machines.

This is the first joint business deal since the acquisition of M-B Companies. Having achieved this success so soon after the merger motivates us to continue our expansion in the airport sector together with M-B Companies.



Customer Highlight 2018

Cost-effective, safe driver training all year round – using simulators



We have taken our customers' need for efficient driver training seriously and developed an airport equipment simulator – and sold it, too.

In communication with our airport customers, time and again we were faced with the enormous outlay involved in providing practical training for their staff year on year. Particularly in winter services, new temporary staff required training every year. We have therefore been working with an external partner that has made a name for itself in the simulator industry when it comes to

HGVs to adapt our TJS jet sweeper to a training simulator.

Come snow or sunshine, day or night, the simulator permits efficient training under realistic conditions well before the winter season arrives. The training simulator therefore significantly enhances and simplifies driver training at once. The biggest advantage

is that controlled and cost-effective training is carried out without any risk of damage to equipment or aircraft. And because training takes place without using the actual machines, the customer saves on maintenance and fuel costs as well. But that's not all. Other benefits include:

- Training with several team members in complex, multioperator maneuvers in fleet operation
- The use of the jet sweepers' actual control units familiarizes operators with real use of the machine long before operating an actual machine for the first time

- Varying degrees of difficulty for beginners and professionals
- User-defined training scenarios
- Avoiding negative environmental impacts
- No risk for inexperienced personnel; cost savings thanks to a more efficient induction period; simulators offer higher availability compared to real machinery
- The opportunity to learn from mistakes without any adverse effects on the driver, machines or the environment
- Various display options: one or more screens, driver view, bird's eye view, with 3D glasses

The training simulator has gone down so well that the first customers want to buy their own simulators. We carried out an initial project with Cologne Bonn Airport: as well as a complete fleet of jet sweepers comprising 12 TJS 630s, the customer also bought a training simulator adapted to their needs.

Two new Stratos spreaders for Schiphol Airport

Two new 5m³ spreading devices from Aebi Schmidt Netherlands headed to Schiphol Airport in Amsterdam just in time for the 2018 winter season. The spreaders are mounted on MAN vehicles. The final adjustments and final inspection took place in a new Aebi Schmidt Netherlands competence center in Alphen aan den Rijn. The modern workshop building, which was put into operation in early 2018, is home to a state-of-the-art workshop and training facilities.



First stop: Stuttgart Airport – the Schmidt CJS-DI on tour

The Schmidt CJS-DI, the multifunctional jet sweeper, combines performance, maneuverability and elegance. It is custom-made for airport use and can be fitted with a removable spreader or sprayer to meet individual requirements. In 2018, the CJS-DI went on tour. Stuttgart Airport was the first stop on the tour and Klaus Bayha, Senior Expert for Fleet Renewal & Fleet Projects, gave us some interesting insights.

Klaus Bayha, what was it that first attracted you to the new CJS-DI concept?

We've been looking to add a compact jet sweeper with an extra sprayer to our winter service fleet for a long time. We've been running an Otto 104 – if you like, the “grandfather” of today's CJS-DI – for 20 years. It helps us to clear snow and ice from the tarmac in the shortest possible time, which ensures that flights run on time during the winter. Our Otto 104 is getting a bit long in the tooth now and the requirements in terms of digital systems (e.g. Track

and Trace) are also a major factor for us. Yet digitization means a great deal to us. This means the development of the Schmidt CJS-DI was really positive from our point of view. We were in regular contact with Aebi Schmidt during the development process, so we were able to contribute our own suggestions. The brand-new CJS-DI was in service with us for over two months. So far we have been very happy with it and we are convinced the machine is the ideal addition to our existing winter fleet. After a few tweaks and adjustments, Aebi Schmidt's team of specialists turned it into exactly the machine we wanted for clearing aprons in the future.

What has changed compared to the Otto 104?

The CJS-DI has a spraying width of 15 meters – so it's five times wider than the Otto 104. The new machine has also made a quantum leap in terms of maneuverability, technology and intelligent assistance systems. The Schmidt CJS-DI is definitely the best in its class in all these areas. Yet Aebi Schmidt has also made a major improvement in terms of ergonomics for our drivers. Thanks to

the hydro-pneumatic chassis it is much more comfortable to drive, which means they can work without getting tired. Drivers are also very pleased with the user-friendly, self-explanatory control column, which has a major impact on their enjoyment of driving the machine. Another key difference is the size of the fluid tank: with the Otto it was 3000 liters; now we have 5000 liters.

How do you see the jet sweeper segment developing?

That completely depends on the size of the airport and the numbers of runways and taxiways. Fundamentally, I think the demand for compact, high-performance jet sweepers that can also be used for de-icing will continue to rise, because tarmac areas have to be cleared as quickly as possible.

Customer Highlight 2018

Schmidt exclusive: SK660 and Swingo 200+ now sweeping at Dublin Airport

Dublin Airport has been an Aebi Schmidt customer for over 12 years. Now, a Street King 660 and Swingo 200+ are sweeping the airport, helping to keep it clean and safe.

To ensure that the airport stays in operation all year round and around the clock – even in extreme conditions – its winter service has six jet sweepers, four de-icers, two sweepers for residue-free removal of glycol, a snow blower and a number of snow plows. All from the Schmidt brand. This past winter put the Schmidt devices to a tough test: it was the toughest winter in recent decades. Despite the tough conditions, Dublin Airport remained open throughout and flight operations were maintained thanks to the Schmidt equipment.

However, the latest acquisitions aren't winter machines: they are both sweepers. Odhran McCann, Airfield Delivery Manager at Dublin Airport, says:

"We have a great deal of confidence in the Schmidt equipment and in the outstanding aftersales service. We always receive competent responses to our queries. When it comes to maintenance and spare parts, Aebi Schmidt employees also respond quickly. That's really important to us in keeping vehicle downtimes to a minimum."

In search of two new robust sweepers for airside and landside operations that can be used all year round and around the clock, with access to skilled aftersales support to boot, it was soon clear to the supervisors that Schmidt's sweepers would meet these expectations completely. Odhran McCann adds: "It was also important that the machines were easy to operate and that the operating components were easy to use, as there are over 40 people in our team."

The Schmidt Street King 660 is used for airside and landside sweeping. This includes large areas like the apron,

forecourt and car park. Its little sister, the Schmidt Swingo 200+, covers smaller, hard-to-reach areas. "They work together perfectly," says McCann. "The initial feedback was very positive. Our drivers love the user-friendliness, the clear operating components and the reliability of the Schmidt SK660. The Swingo drivers liked the quiet, comfortable and air-conditioned cab and the fact that the vehicle was easy to maneuver and operate. We are completely satisfied with our purchase."



New arrivals on a sun-soaked island: 12 Swingos and 14 Cleangos keep Palma de Mallorca clean

Around 13 million tourists travel to Mallorca every year. Many visit Palma's historic Old Town, expecting a clean and well-maintained infrastructure.

In summer 2018, Palma's sweeper fleet welcomed some new additions: 12 new Swingo compact sweepers were delivered to the customer, Emaya. Along with 14 Cleango sweepers, which have been in use since early 2018, their little sisters are now also keeping streets and squares clean in this tourist hub.

They're in good company: a total of 40 Schmidt sweepers are used in Palma. And this major order shows that the customer continues to count on the reliable technology and performance of Aebi Schmidt machines. The good relationship and swift service from Aebi Schmidt were also crucial aspects in the purchase decision.

Crawler undercarriages adapted on Aebi products

Two discerning customers rely on Aebi Schmidt's ingenious technology.



The Canton of Zurich's Office of Landscape, Agriculture and Environment required a vehicle for moor management that is capable of mowing reeds on very boggy ground without sinking into it. By adapting a gantry mower and crawler undercarriage on the Aebi TT211, Aebi Schmidt was able to develop a solution that impressed the customer during a six-month trial period. The vehicle is capable of mowing very thick reeds on moorland, which humans are not capable of doing without sinking into the ground. The customer is now able to manage the area in a much shorter time and in a way that protects the ground.

The municipality of Bettmeralp in the canton of Valais experiences heavy snowfall every year. For municipal workers, getting ahead is just as important on tarmac as it is in deep snow. The crawler undercarriage, made of rubber crawlers, makes it possible to do exactly that. The machine's technology and reliability convinced the people in charge and the third vehicle was delivered in 2018. Customers including the Bettmeralp Fire Department are therefore mobile and ready for action at any time, whatever the weather.



Products and Services

Long-lasting products made from light, eco-friendly materials and alternative drive systems – the Aebi Schmidt Group's machines cut an impressive figure with innovative technologies and clean engines.

Since sustainability aspects such as the reduction of greenhouse gas emissions or products with electric drives are becoming increasingly important to customers as time goes on, the Aebi Schmidt Group is taking these customer requirements into account even during the pro-

duct development process. Durability and lightweight, eco-friendly materials are the focal points. International and national laws and regulations are also increasingly stipulating that low-emission engines be used and spreading material measurement be controlled.

The new EURO 5 emissions standard applies across Europe with effect from January 1, 2019. It sets down stricter limits for air pollutant emissions for all motorized vehicles, machinery and equipment that are not considered to be road vehicles. In other words, from 2019 onwards, gradually only agricultural and forestry vehicles and machines equipped with particulate filters and SCR catalysts will enter the market. The EURO 6C emissions standard has applied to cars since September 1, 2018.

The Aebi Schmidt Group has already adapted its agricultural Aebi Terratracs and Aebi Transporters to the new reality. Aebi machines are thus among the first to completely fulfill the EURO 5 emissions standard in early 2019. Schmidt sweepers were also adapted to the latest emissions guidelines. Now, the Swingo and Cleango

machines not only meet the legally required EURO 5 emissions standard, but also the latest EURO 6C emissions standard. We therefore offer our customers the most environmentally friendly diesel sweepers – the EURO 6C engines exceed even the minimum legal requirements! Projects aimed at switching engines in truck sweepers and airport equipment were also started.

The Aebi Schmidt Group is also advancing developments in the field of alternative drive concepts. An important milestone was reached with the market launch of the eSwingo, Schmidt's first fully electric compact sweeper. The eSwingo's driving and sweeping characteristics were met with a positive reception during the first customer demonstrations held in Germany and Switzerland.

At Swenson LLC in Lindenwood, USA, technologies from both continents come together in one melting pot: US Swenson spreaders are fitted with software controllers based on European technology. The controller allows this machine to spread precisely measured material in a controlled and targeted way. Now, spreading

material can also be distributed in precise lanes and more sparingly even on three-lane freeways – which is one-of-a-kind on the North American market!

Like Meyer in Cleveland, Swenson also offers its customers a selection of spreaders that can be run purely on electricity: VBEL, Electric PV Select, Electric LPV Select, Electric MDV and Electric PV Standard.

In the Holten plant in the Netherlands, preparations for the new, more stringent EN 15597 spreader standard were completed. The tests required in Germany according to the German Federal Roads Authority (BASt) are also covered at the same time. In Poland, development activities were started with the aim of reducing the weight of airport snow plows.

Product Highlight 2018

Schmidt CityJet 3030 SW – thorough, uncompromising wet cleaning



This high-performance street cleaner, based on the popular Swingo 200+ series, is equipped with a 1800l water tank system comprising robust plastic tanks and a washing head that can be swiveled through 30° (left/right). Wet cleaning uses 70 l/min at up to 200 bar.

This guarantees effective cleaning even when it comes to stubborn soiling and large amounts of dirt. Its compact dimensions and four-wheel steering make the CityJet 3030 SW a perfect choice for confined spaces, narrow alleyways, pedestrian areas or sidewalks.

In particularly dry conditions, the CityJet 3030 SW binds dusts quickly and easily. At the same time, the cleaning water rinses the drains, countering stagnant waste water and associated odors. The flexibly controllable high-pressure washing head is a highly efficient tool for cleaning surfaces and removing dirt. A telescoping washing

head is also available as an option. This facilitates cleaning of a much larger area and more flexibility in application.

It telescopes 500 mm on each side. The agile carrier vehicle can reach speeds of up to 50 km/h and thus cover a large radius of operation. The finely tuned, fully adjustable drive makes for accurate, straightforward operation. In the driver's cab, the height and angle of the steering column can be adjusted and the steering wheel swiveled, so a comfortable position can be set for drivers of any height. Ergonomically designed controls and a fully air-conditioned cab make working more comfortable. The controller is operated with one hand via controls in the armrest.

Product Highlight 2018

Heidelberg relies on Schmidt's fully electric sweeper

We've known and loved it for many years: Heidelberg's waste management and city cleaning department has been using the tried-and-tested Schmidt Swingo compact sweeper with its 2m³ hopper since 2005.

The city's cleaning fleet now includes six machines, which are being replaced with new vehicles after 48 months as per the leasing contract. Now, a rethink is taking place: in future, the aim is to use CO₂ neutral, quiet sweepers to clean downtown Heidelberg.

Due to good experiences with the diesel model and its machine output, those responsible were very excited about our new, fully electric, structurally

identical sweeper. So the bar was high. Yet the eSwingo impressed the city cleaning team in a number of ways: in terms of performance and functionality, this model is not outdone by the diesel model in any respect. The top driving speed is 50 km/h, permitted by the use of a single electric engine mounted directly on the rear axle, providing higher performance and lower maintenance costs than alternative systems. A powerful rechargeable battery facilitates runs of up to 10 hours without any need to recharge.

Compared to the diesel model, noise levels are significantly lower. This is not only better for drivers but also residents, e.g. when the sweeper is used at night or in the early hours of the morning. It also enables savings of up

to 85% of the energy costs and 70% of the maintenance costs and the customer benefits from a longer life cycle compared to a model with a diesel engine. The customer also has no need to worry about the life cycle of the batteries: battery service and diagnosis are carried out by Aebi Schmidt, as are the complementary returns and recycling.

The city of Heidelberg aims to pioneer the switch to innovative technologies. With the eSwingo, this visionary city is ideally equipped for the new electric era.



Product Highlight 2018



Aebi TP410 – the smallest transporter makes it big

In the TP410, Aebi has created a vehicle that completes its family of transporters and that has carried over and benefited from many of the technologies included in the TP420 and VT450 Vario models. Small-scale farmers can now also look forward to the new transporter, with its high-performance engine, the lowest tare weight in its class, the best maneuverability and the usual easy Aebi operation.

Of course, the TP410 also provides the highest level of operational safety and is at home on any terrain – in other words, it's a typical Aebi transporter. At the heart of the Aebi transporter is the new 3.3 l Kubota turbo diesel engine. Its exceptional torque rise is truly impressive and enables extremely powerful performance. The new generation of engines is quieter and more economical

than previous versions and also complies with the Level 5 emission regulations. This means that the Aebi TP410 is not only economically beneficial for farmers, but is also attractive from an environmental point of view.

Using the Aebi TP410, it is possible to work practically and with great care. In addition to good acceleration, having a low tare weight also enables optimum ground protection. The hand throttle can now be switched on electronically and the speed adjusted at the touch of a button. The new dual-circuit operating hydraulics with a separate oil tank also improve its ability to work using auxiliary equipment, making the TP410 even more versatile. All of the existing attachments are, of course, also compatible with the new model.

The panoramic cab provides the best view in every direction and the interior has been upgraded. The modernized instruments with integrated display give the driver a perfect overview of the

most important functions. Inside the cab, there is now a new steering column, which is adjustable for height and angle, a cell phone holder, a 12 V socket and an optional DAB radio. The levers and controls for the power take-off shaft, gears and hydraulics are practically positioned and extremely easy to operate.

It goes without saying that the Aebi TP410 has extreme off-road capability and provides operational safety in every situation. The permanent four-wheel drive, combined with the 100% lockable front, rear and longitudinal axles, ensure sufficient traction on any terrain. In addition, the torsion of the front and rear parts of the vehicle and the optional skew suppression ensure maximum stability and safety on extreme inclines. With its new dual-circuit brake system (disk brakes at the front, drum brakes at the rear), new battery isolation switch and reinforced cab, the TP410 also easily meets all the latest safety standards.

Making the best even better – new options for the Street King

The Schmidt Street King 660 mounted sweeper is celebrating its birthday and, to mark its two-year reign, it is now available with new options designed to conserve resources. These include the new high-pressure water system, which increases the sweeper's operating time by up to 30% as well as reducing particulate build-up. New high-pressure water jets are capable of dealing with even the toughest dirt. Removing leaves has also been made easier than ever before.

There are many reasons to choose a Street King 660 modular street sweeper. Its outstanding sweeping performance in conjunction with the rear roller brush, which enables 15% faster driving without compromising on cleaning, is just one of them. Its highly flexible self-supporting frame design is another



advantage. It can be mounted on any type of truck of your choosing as long as it is approved to carry the weight. The high level of customizability and additional options allow the customer

to adapt the machine to their precise requirements. There is such a variety of options that Aebi Schmidt ends up building a different configuration almost every day.

New Tarron HP highway snow plow from Schmidt

With a clearing width of almost 4.5 meters, the new Tarron HP highway snow plow is one of the biggest in its class. The multi-blade system guarantees exceptional clearing quality. The four blade segments with individual suspension fit per-

fectly to the profile of the road and remain constantly in the clearing position. Even at high speeds, this leads to a clean clearing result. Consideration was also given to weight during the development process: with a PUR shield and cutting edge, it comes to merely 1320 kg, making it lighter than comparable models.

The rigid polyethylene lower links and polyurethane upper links deliver excellent cushioning and make operation as quiet as possible. In both transport and clearing positions, the outer left-hand blade can be hydraulically folded in, to minimize passing width.

The plow is mounted on the truck using the patented three-point lift system with adapters for all current mounting plates. The three-point lift system

ensures optimum power transmission to the carrier vehicle, as well as tension-free lifting and lowering of the snow plow. A hydraulic safety release for the extension blade is included as standard in the valve block. This prevents overloading on the side blade. All functions are actuated by the optimized hydraulic block. Thanks to the low-maintenance override system with link-guided plow blade, obstacles on the ground can be safely overridden so the snow plow is not damaged. The fold-in angle can be adjusted, so that snow can be cleared by the main plow at various angles. Angle sensors monitor the deviation angle to ensure there is no collision with the vehicle itself when the plow is swiveling to the left.



Digitization Highlight 2018

Telematics platform expansion

With its new telematics platform, the Aebi Schmidt Group took a major step forward as part of its digitization strategy. The new platform is entirely web-based and works in a secure, GDPR-compliant cloud environment.

This architecture offers us advantages in handling all operating and machinery data. Our Service department uses the platform to improve both the quality and service lives of our machines and to cut costs for our customers. The status of our machinery is monitored 24 hours a day to display the required maintenance work – and to anticipate preventative maintenance at a later stage.

The telematics platform is a key component of Aebi Schmidt's strategy as a provider of services and solutions. It helps our customers to improve the performance and efficiency of their work processes.

The first use based on the new platform is taking place in a beta test among a few trusted customers and will be officially launched in 2019. It involves the new winter report application, which customers can use to plan, start, track, document and account for their winter service activities. This means we're not just supporting Aebi Schmidt machines; for our customers who operate a mixed fleet, we also assist with competitor products.



Sweepers like Swingo and Clean-go are also being added in 2019, allowing our customers to enjoy a complete solution. And in the airport sector, special functions such as self-driving and geo-fencing were added.

Highlight 2018 Project Driver Guidance

A step towards self-driving vehicles

Test-driving driver guidance with Swedish airport operator Swedavia.

The Aebi Schmidt Group develops its self-driving systems for airport machinery in three steps, constantly customized to customer requirements (see image below).

In the year under review, the solution for step 1 (driver guidance with interactive display) was launched. The system helps the driver clear snow using a jet sweeper (TJS/TJSC-C) and offers the following features:

- It shows the driver where their optimum lane is heading so they can clean the traffic areas efficiently.
- It shows the driver the optimum speed and lets them know if they have come

away from their lane, which is a major advantage when visibility is poor – in terms of both efficiency and safety.

The system also shows where the driver needs to perform specific actions. The machine also receives information at what are known as geo-points. Such information might be how the plow, brush or blower needs to be swiveled or if and how the vehicle should turn, plus other details that help the driver with their work.

The major benefit is that, with driver guidance, unqualified drivers can learn to drive and work almost as well as long-standing employees in a short space of time. This saves on training costs and maintenance costs, too, as fewer accidents occur.

Five TJS-C machines have been in trial operation at Bromma Airport in Sweden since 2018 and drivers' feedback is directly influencing the further development process. Further driver guidance projects are in the pipeline for 2019.

Innovation Highlight 2018

TOP 100 success: Aebi Schmidt Germany is among the innovation leaders in 2018

Germany. This is the result of the analysis conducted by TOP 100's Scientific Director, Prof. Nikolaus Franke. In the independent selection process, Aebi Schmidt cut a convincing figure in particular with the organization of its innovative processes.

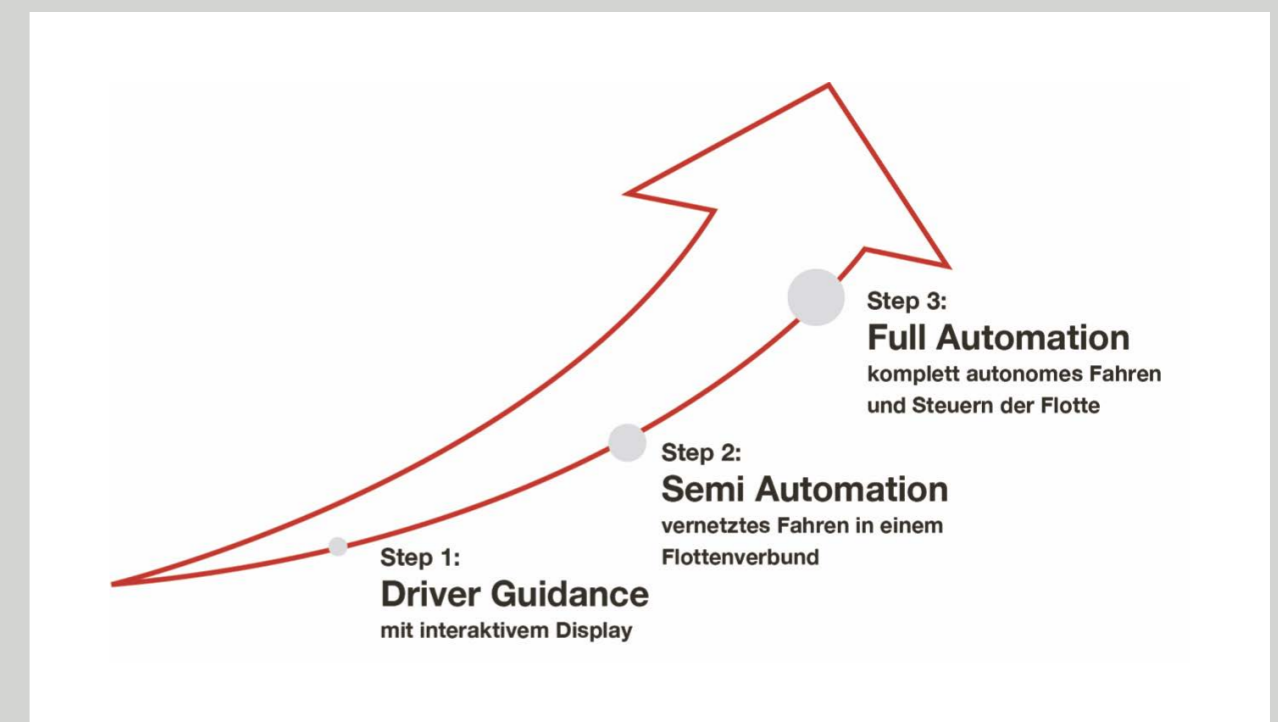
"It's absolutely fascinating how TOP 100 companies approach challenges. They are those whose creativity, determination and boldness help them create what we need as a society: innovative solutions to problems and, consequently, wealth, growth and employment," says TOP 100's Scientific

Director, Prof. Nikolaus Franke, during the awards ceremony.

TOP 100 mentor Ranga Yogeshwar was equally impressed: "The TOP 100 are SMEs that take the plunge when it comes to transformation and are not afraid to let old things go. They're people who are unafraid of new things and welcome change. They're entrepreneurs whose companies stay stable and successful, precisely because they are always changing."



For the 25th time, the TOP 100 competition selected the most innovative German SMEs. In 2018, one of these innovation leaders was Aebi Schmidt



Highlight 2018 Production Facilities

Being lean means becoming more efficient. By 2022, all Aebi Schmidt Group plants will implement all Lean Standards that are mandatory for maximum success.



St. Blasien, Germany

Aebi Schmidt Germany successfully achieved DIN ISO 14001 re-certification. And there's more. Electricity consumption was reduced by 70% by switching to LED technology for all of the plant's outdoor lighting.



Cleveland and Lindenwood, USA

At Swenson LLC in Lindenwood, USA, technologies from two continents come together in one melting pot: US Swenson spreaders are fitted with software controllers based on European technology. The controller allows this machine to spread precisely measured material in a controlled and targeted way. Now, spreading material can also be distributed in precise lanes and more sparingly even on three-lane freeways.



Kielce, Poland

In late 2018, Aebi Schmidt Poland installed a fiber laser. With this machine, energy consumption in laser cutting is being reduced by around 40%. This was accompanied by the comprehensive installation of LED lights in production and storage areas. The introduction of high-speed doors reduced consumption of heat energy. Also in 2018, R&D activity investigating reducing the weight of airport snow plows began in Kielce.



Burgdorf, Switzerland

The optimization measures implemented in 2017 had an impact in the following year: gas consumption was reduced by around 30% in 2018 compared to 2017. The additional required consumption of electrical energy for groundwater heat pumps was offset almost entirely by the optimized activation times for the ventilation facility. The plans for 2019 include installation of a new room ventilation system with heat exchange technology for cavity protection and wax treatment.



Holten, Netherlands

In the year under review, Aebi Schmidt Netherlands successfully obtained ISO 14001 re-certification. It also achieved the goal set in 2017 of covering 50% of its overall energy consumption with the approx. 3,600 solar panels installed in 2018!

Board of Directors



Peter Spuhler
Chairman of the
Board of Directors
Swiss citizen
1959



Dr. Gero Büttiker
Vice President
Swiss citizen
1946



Hansruedi Geel
Member of the
Board of Directors
Swiss citizen
1956



Peter Muri
Member of the
Board of Directors
Swiss citizen
1958



Dr. Peter Ramsauer
Member of the
Board of Directors
German citizen
1954



Andreas Rickenbacher
Member of the
Board of Directors
Swiss citizen
1968



Markus Bernsteiner
Member of the
Board of Directors
(since April 20, 2018)
Swiss citizen
1966

**lic. oec. University of St.Gallen
Entrepreneur**

Since 1989: Majority shareholder and CEO of Stadler Rail AG, Bussnang (until December 31, 2017). Other activities and interests: Chairman of the Board of Directors of Stadler Rail AG, Bussnang, and of various companies in the Stadler Rail Group and PCS Holding AG, Warth Weiningen, member of the Board of Directors of Allreal Holding AG, Baar, Rieter Holding AG, Winterthur, DSH Holding AG, Warth-Weiningen, Wohnpark Promenade AG, Frauenfeld, Vice President of ZLE Betriebs AG, Zurich, shareholder of Rudolf Bosch Industrietreuhand KG, member of the Supervisory Board of Rudolf Bosch IKG, 1999–2012: member of the Swiss Parliament (National Council)

**Dipl. Bau-Ing. ETH Zurich,
Dr. oec. publ.**

Since 1993: Self-employed entrepreneur, 1985–1993: NUEVA Holding AG (formerly Schweizerische ETERNIT Holding AG), Delegate of the Board of Directors

**lic. oec. HSG, Qualified
Public Accountant**

Since 2017: PCS Holding AG, Finance and Investment Management, 2001–2017: CFO Stadler Rail Group, 1994–1997: CFO Lüchinger+Schmid Group, 1990–1994: CFO Elektronikgruppe FELA, 1981–1990: PwC, Public Accountant

lic. iur. Solicitor

Since 1994: Owner of a lawyer's office in Weinfeldern specialized in economic and revenue law, Member of the Board of Directors in various in various SMEs for example Gerlinger Industries AG, Kissling Swiss Switches AG, KMU Personal AG, Polygal AG, Rausch AG Kreuzlingen (SSI AG), TLA Transport Logistik Swiss AG, SwissChem AG, Kifa AG, SUN Bürglen AG, Arbenz + Partner AG Risk Service as well as Board member of chamber of Industry and Commerce Thurhau

**Dipl. Kaufmann, doctorate in
political science**

Since 1990: Member of the German Bundestag, since 2018: Chairman of the Committee on Economic Cooperation and Development in the German Bundestag, 2009–2013: Federal Minister of Transport, Building and Urban Development, 2005–2009: Chairman of the CSU parliamentary group in the German Bundestag, general partner of the company Ramsauer Talmühle KG in Traunwalchen, Bavaria, Chairman of the Supervisory Board of Streicher GmbH & Co. KGaA, Deggendorf, Germany, member of the Supervisory Board of Münchener Hypothekbank eG, Munich and of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn, Germany

**Master of Science (MSc)
Business economist**

Since 2016: Owner of Andreas Rickenbacher Management AG, Bern, 2006–2016: member of the Bern cantonal government, Member of the Board of Directors of Bernexpo AG, BKW AG (since June 2018), HRS Real Estate AG, Swissgrid AG (until May 2018), Vice President of the Switzerland Innovation foundation and the Internationale Lauberhornrennen Wengen association

**Executive MBA – University of
St. Gallen**

Since 1999: Stadler Rail AG, Executive Vice President, 1995–1999: Operations Manager and Member of the Board of Directors of Elektrolux-Compactus AG, 1993–1995: Divisional Management and Member of the Executive Board of Aluwag AG, Member of the Board of Directors of LRS Engineering AG and Trunz AG, Member of the Board of Trustees of the ALLVISA pension fund

Management Board



Barend Fruithof
CEO

Swiss citizen
1967



Thomas Schenkirsch
CFO

Swiss and German citizen
1975



Rudi Rosenkamp
CCO Sales Dealer /Airport

Dutch citizen
1963



Marco Studer
CEO Aebi Schmidt Switzerland
& Aebi Worldwide

Swiss citizen
1976



Jochen Schneider
CEO North America

German citizen
1962



Burkhard Ditsche
CASO
(since June 1, 2018)

German citizen
1967



Gerhard Neudorfer
CCO Sales Europe
(since October 1, 2018)

Austrian citizen
1966

Executive MBA, University St. Gallen

Since 2017: CEO Aebi Schmidt Group, 2015–2016: Bank Julius Bär & Co. AG, Head of Switzerland & Global Custody, Member of the Management Board, 2008–2015: Credit Suisse Group, Zurich, Head of Corporate & Institutional Clients, Member of the Management Board, Credit Suisse Switzerland, Member of Divisional Management Private Banking, 2004–2007: Raiffeisen Group Switzerland, St. Gallen, Chief Financial Officer and Head of Finance & Corporate Centre Department, Member of the Management Board, 2001–2003: CEO Viseca Card Services SA, Glattbrugg, 1997–2000: ZKB, 1997: EUROPAY (Switzerland) SA, 1992–1996: ZKB

Dipl. Betriebswirt

Since June 2016: CFO Aebi Schmidt Group, 2008–2016: Director Group Controlling ASH Group, 2003–2008: Corporate Controller und Head of Corporate Controlling and Head of Corporate Controlling Von Roll Management AG, Switzerland, until 2003: Financial Analyst Perkin-Elmer, Switzerland, and Senior Treasury Analyst Perkin-Elmer, Boston, USA

Dipl. Ingenieur

Since June 2017: CCO Global Sales Dealer/Airport Aebi Schmidt Group, 2013–2017: Head of Division Sales & Service, ASH Group, 2010–2012: Head of Direct Marketing Department, 2008–2010: Head of Service Department, 2004–2008: Sales management in the Netherlands

Dipl. Automobil.-Ing. FH

Since 2018: CEO Aebi Schmidt Switzerland & Aebi Worldwide, 2016–2018: COO Operation Switzerland ASH Group, 2011–2016: Operational management of Division Aebi, 2008–2010: Aebi & Co Maschinenfabrik, Head of Assembly, 2006–2008: Mercedes-Benz Automobil AG, Branch Manager NF Wetzikon, 2001–2006: Mercedes-Benz Automobil AG, Service Manager and Deputy Manager NF Schlieren

Dipl.-Wirtsch.-Ing. Darmstadt University

Since 2018: CEO North America Aebi Schmidt Group, 2016–2018: COO Operations Global ASH Group, 2012–2016: Head of Division Schmidt, 2004–2012: Managing Director FAUN Umwelttechnik GmbH & Co. KG, 2000–2004: CEO Dätwyler Inc. Rubber + Plastics Automotive, 1996–2000: Vice President & Partner ABB Business Services Ltd, 1991–1996: Colgate Palmolive

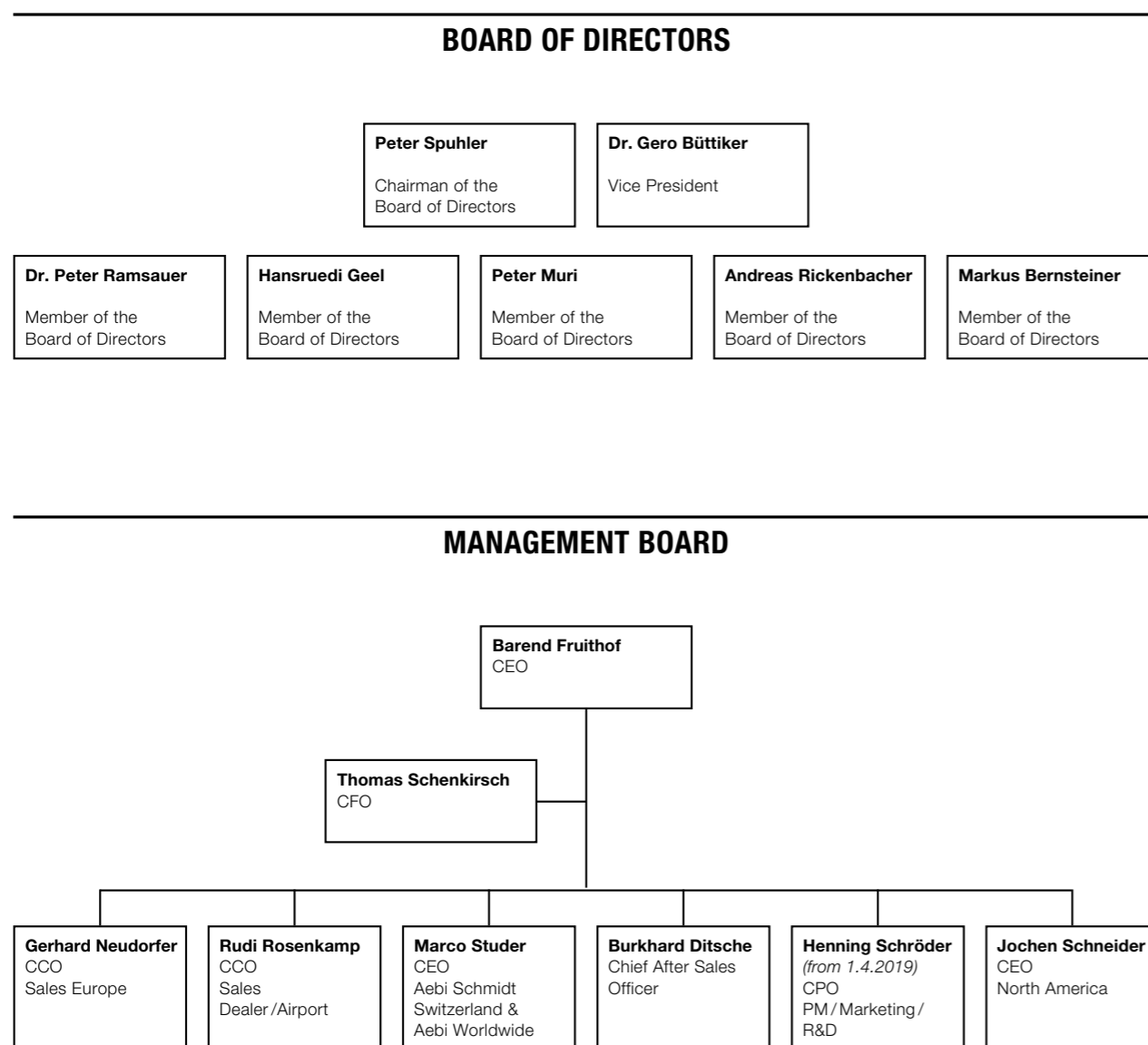
Dipl. Kaufmann

Since June 2018: CASO Aebi Schmidt Group, 2016–2018: Manager Aftermarket Development at KUBOTA GmbH, 2011–2015: Manager Aftermarket Sales at John Deere International, Manager Kramp Marketing & Media Services at Kramp Groep B.V. in Varsseveld (Netherlands)

Mag. rer. soc. oec.

Since October 2018: CCO Sales Europe Aebi Schmidt Group, 2014–2018: Managing Partner at Optimus Consulting GmbH, 2011–2014: CEO of Linde Fördertechnik GmbH, 1987–2011: various managerial roles at Wacker Neuson Baumaschinen GmbH

Group Structure



Sustainable Value Creation through clear Management and Control Principles

Aebi Schmidt Holding AG, with registered office in 8500 Frauenfeld, Schulstrasse 4, and another business address in 8050 Zurich, Leutschenbachstrasse 52, is a public limited company under Swiss law.

The Board of Directors and the Executive Board attach great importance to proper business management in the interest of customers, business partners, employees and shareholders. The basis for this is provided by the company's statutes and organisational regulations. Their implementation and consistent application ensure the required transparency for stakeholders to assess the company's quality.

Group structure

The organisational structure was adapted on 1 June 2017 and is shown on the left side. The managerial responsibility for the Aebi Schmidt Group lies with the CEO, unless it is delegated to the Division Managers. The managerial responsibility for the divisions is incumbent upon the Division Managers. The parent company of all group companies is Aebi Schmidt Holding AG. For an overview of all group companies that belong to the consolidated entity, please see pages 55 of this report.

Shareholders

Aebi Schmidt Holding AG is owned by the following shareholders:

SHAREHOLDERS	
PCS Holding AG, Switzerland (owner: Peter Spuhler)	54%
Gebuka AG, Switzerland (owner: Dr. Gero Büttiker)	35%
CEO Aebi Schmidt Holding AG, Barend Fruithof	8%
Other members of the Board of Directors and the Executive Board	3%

Capital

The fully paid-up equity capital of Aebi Schmidt Holding AG amounts to CHF 27 932 000 and is subdivided into 2 793 200 registered shares, each with a nominal amount of CHF 10. Each registered share constitutes one vote at the general meeting. All shares entitle to share in profits. There is neither approved nor conditional capital. The transfer of shares, whether for ownership or usufruct, is subject to the approval of the Board of Directors. The approval can be withheld for a good cause. The equity capital has remained unchanged since 4 July 2007.

Board of Directors

The Board of Directors is usually elected within the scope of the annual general meeting for the period of three years; the term of office ends on the date of the next annual general meeting. Members newly appointed during a term of office complete the term of office of their predecessors. Re-election is permissible. The Chairman of the Board of Directors is elected in the general meeting. Apart from this, the Board of Directors constitutes itself.

The Board of Directors is in charge of the executive management, supervision and control of the Executive Board of the Aebi Schmidt Group. The Board of Directors is responsible for all matters delegated to its members under statutory law and the statutes, unless the Board of Directors delegates them to third parties. Except as otherwise provided in statutory law or in

the statutes, the Board of Directors fully delegates the operational management to the CEO of the Aebi Schmidt Group, who is supported in this task by the remaining members of the Executive Board according to the authorities assigned to them. The CEO is accountable to the Board of Directors. All members of the Board of Directors are non-executive.

The board meeting is convened upon invitation by the Chairman as often as business matters require and as soon as requested by a member, although usually four times a year. A meeting usually takes half a day to one day. The notice of invitation contains all items that are dealt with. The attendants to the meeting receive an extensive written documentation of the proposals in advance. Besides the Board of Directors, these meetings are attended by the Executive Board, which has no voting rights. The resolutions are passed by all members of the Board of Directors. The Board of Directors constitutes a quorum if the majority of its members are present. The resolutions are passed by a majority of the votes cast. In the event of a tie, the Chairman has the deciding vote.

The Board of Directors appoints an Audit Committee consisting of three members, currently comprising Hansruedi Geel, Dr. Gero Büttiker and Peter Muri. The Audit Committee is the point of contact for the external auditors, holds a meeting at least once a year and is entitled to prepare the company's annual financial statement for inspection by the external auditors as well as to discuss the results of the audit with the external auditors at the end of the audit.

The meetings are usually attended by the CEO and the CFO and, if necessary, a representative of the external auditors. The Audit Committee makes no final decisions. It prepares the business transactions assigned to them and files proposals to the full Board of Directors.

Information and control instruments

The Board of Directors is in charge of supervising the Aebi Schmidt Group's internal control systems, which limit, but cannot rule out, the risk of inadequate business performance. These systems provide adequate, although no absolute, protection against substantial misstatements and pecuniary loss.

The Board of Directors is extensively informed of the business development on a monthly basis. The members of the Board of Directors are provided with a monthly report containing up-to-date information on the business development and the transactions of the Aebi Schmidt Group. At the board meetings, the Executive Board presents and comments on the business development and tables important issues.

Additionally, the Board of Directors adopts the budget for the following year. Once a year, it receives the results of the medium-term plan for the next four years and discusses and resolves adaptations to the corporate strategy. The Board of Directors and the Audit Committee additionally determine factual issues that are taken up within the scope of the internal controlling processes and elaborated by analyses and assessments. The Audit Committee also determines major issues concerning the definition of the scope and the contents of the external audits. Once a year, the Board of Directors deals with the strategic issues of the Aebi Schmidt Group within the scope of a strategy meeting. The Chairman of the Board of Directors and the CEO regularly inform each other of and discuss all business transactions that are of fundamental significance or might have far-reaching consequences.

The Board of Directors subjects the internal information and control systems to a periodic inspection regarding their effectiveness to identify, assess and cope with risks associated with the business activities.

Risk management

The Board of Directors and the Executive Board attach great importance to the careful handling of strategic, financial and operational risks. The risk assessment is determined by the Risk Controlling Manual, which was approved and introduced by the Board of Directors within the scope of its meeting of 9 September 2008. Based on periodic and systematic risk identification, the relevant risks for the Aebi Schmidt Group are assessed regarding their probability of occurrence and their effects. These risks are avoided, limited or passed on by taking corresponding measures. The last risk assessment was conducted by the Board of Directors in September 2018. It is incumbent upon the

Executive Board to identify and communicate the substantial risks to the Board of Directors.

Executive Board

The CEO is in charge of the management of the Aebi Schmidt Group. Under his direction, the Executive Board deals with all relevant issues, makes decisions within the limits of its authority and files proposals to the Board of Directors. The Division Managers are responsible for the development and achievement of their entrepreneurial goals and the independent management of their divisions. The Board of Directors appoints the Executive Board; the CEO is entitled to file proposals. The board meeting is convened if requested by a member or if a meeting is necessary, usually once a month.

Shareholders' participation rights

The general meeting is convened by the Board of Directors, if necessary, by the Audit Committee. The annual general meeting takes place once a year within 6 months after closing the business year. The Annual Report and the Audit Report are sent to the company's registered office no later than twenty days prior to the annual general meeting. Extraordinary general meetings are convened as necessary. The Board of Directors shall convene an extraordinary general meeting if requested in writing by shareholders representing at least 10% of the share capital, indicating the purpose and the proposals. The general meeting is convened by letter to the shareholders no later than twenty days prior to the date of the meeting. Besides the date, time and place of the meeting, the items listed on the agenda as well as the proposals of the Board of Directors and the shareholders shall be indicated in the notice of convocation. No resolutions can be passed on items that are not announced in this manner with a proviso to the regulations regarding general meetings attended by all shareholders (universal meetings).

Provided that no objection is raised, the representatives of all shares can hold a general meeting without having to com-

ply with the formal requirements of convocation (universal meeting). As long as the owners or representatives of all shares are present, this meeting is entitled to discuss and pass valid resolutions on all items within the limits of the general meeting's authority.

There is no statutory limitation of voting rights. Registered shareholders whose names are entered in the company's share register are eligible to vote. Each shareholder can have himself represented by another shareholder provided with a written power of attorney.

Pursuant to Art. 703 OR [Swiss Law of Obligations], resolutions of the general meeting shall be passed by absolute majority of the represented voting shares. Resolutions listed in Art. 704 OR as well as resolutions regarding the conversion of registered shares into unregistered shares, which requires at least two-thirds of the votes represented and absolute majority of the nominal share value represented, shall be exempted from this regulation.

External auditors

In 2014, PricewaterhouseCoopers AG, Zurich, assumed the mandate as the external auditor of Aebi Schmidt Holding AG. The senior auditor Stefan Räsamen has been in office since then.

The inspection and supervision of the audit is incumbent upon the Audit Committee. The external auditors draw up an extensive report on the results of their audit on an annual basis. The Audit Report is accompanied by a management letter and a comprehensive report to the Board of Directors.

Compliance

The Aebi Schmidt Group distributes a large portion of its products in the environment of public institutions (federal states, cities, municipalities, motorway and airport operators) and therefore pays special attention to always complying with all applicable national and international regulations.

The term compliance stands for compliance with standards, laws and industrial standards as well as any requirements within the scope of self-regulatory measures or in-house directions. In the past

business year, the Aebi Schmidt Group examined the existing compliance regulations and processes and adapted them to amended and new statutory requirements, where necessary. Today, the Aebi Schmidt Group exhibits a well-balanced overall system to fulfil the ever more complex issue of compliance.

The major elements of compliance are as follows:

- Code of Conduct – Defines the fundamental values of our employees' activities.
- Competence regulations – Defines the competencies within the company.
- Risk management – The Executive Board examines the risks of the Aebi Schmidt Group on behalf of the Board of Directors and defines measures to avoid, limit or pass on the risks.
- ICS (Internal Control Systems) – The risks identified by the persons in charge of the processes are examined within the scope of appropriate inspections. The inspections are reviewed by the Executive Board on an annual basis and, where necessary, adaptations are requested from the Board of Directors.
- Dealers and agents must undergo regular compliance audits, which are monitored by the Compliance Board. The Compliance Board holds meetings as required and decides whether or not any transactions can be effected with the respective dealer or agent.
- There is also a regular customer review and dual-use inspection in the spare parts business. The export regulations demand compliance and verification that no goods or services are provided to a person or institution prohibited by an official authority from being supplied and whether or not the regulations for goods that can also be used for military purposes are complied with. Last year, the list of affected persons and institutions was constantly extended due to political upheavals. Using the newly introduced processes and IT-based check programmes, the inquiries can be carried out efficiently and promptly.

The Aebi Schmidt Group is convinced that the principle of conducting business transactions in a responsible manner and

in compliance with the statutory and official regulations of the countries in which we are operating is feasible. The Aebi Schmidt Group is making every effort to constantly improve its compliance system in order to be able to respond to the changing requirements in our global business.

Clean, fair and sustainable

Sustainability is part of day-to-day business throughout the Aebi Schmidt Group and is an established feature of our business activity. This is why we also report on the key developments in sustainability in our Annual Report.

We believe that sustainability means leaving future generations a world that's just as livable as it was in the past. This involves conserving natural resources, preserving nature and ensuring political stability, social justice and economic success.

We gear our business activity towards economically viable, environmentally friendly and ethical principles – these are the cornerstones of our commercial success. Ecological and social sustainability along the entire value chain, comprehensive product responsibility, fair working conditions and a clear commitment to conserving resources are firmly anchored in our strategy. Reporting on issues of sustainability is based on Global Reporting Initiative guidelines (GRI Standards).

Challenges and opportunities

Our customers take a very close look – the longer the better – at the environmental footprint and fuel consumption of our vehicles and equipment. In spraying and spreading, for instance, the mixture needs to contain less salt and more brine. The European standard for salt spreaders and the measuring and distribution of spreading material (EN 15597-2) took effect in spring 2018. We believe that this trend will continue – and we will keep up with it. Our Combi Flex spreader, for example, features an improved spreading quality, saves salt and thereby protects the environment.

Reducing fuel consumption and the related carbon neutrality and/or reduction in CO₂ emissions have become a critical success factor in tendering. Electric motors are increasingly sought after by municipalities, cities and airports. In response to that, we were working flat out to launch our first fully electric sweeper in the year under review, and did so with a great deal of success and a very positive reception from customers. 2018 was also characterized by a switch to the latest engine technology for compact sweepers and Aebi vehicles.

The latest engine technology – keeping it clean

With the market launch of the first fully electric sweeper, eSwingo, we reached a key milestone in terms of sustainable products. The series production run is being prepared. The conventional diesel engine systems were optimized further and adapted to the latest EU standards and guidelines. In other words, the Aebi Schmidt Group has already adapted its agricultural Aebi Terratracs and Transporters to the new reality. Accordingly, Aebi machines are among the first to completely fulfill the EURO 5 emission level in early 2019. Schmidt sweepers were also adapted to the latest emissions guidelines. The Swingo and Cleango not only fulfill the legally required Level 5 emissions rating; they also satisfy the latest emissions standard (EURO 6C), meaning we offer our customers the most environmentally friendly diesel sweeper. The EURO 6C engines therefore surpass even the minimum statutory requirements!

And last but not least: projects for switching other product groups, truck spreaders and airport equipment were also begun in 2018.

The goal of the Aebi Schmidt Group: making our customers successful, not least by promoting the model of circular economy.

We have even taken another little step forwards: in 2018, we revised the car policy for the entire Group. This was done partly with the aim of reducing CO₂ emission values and our vehicles' fuel consumption and thereby cementing our credibility as a sustainable, environmentally conscious company.

Further priorities and goals

However, the requirements of our customers are not confined to sustainable products, but also relate to sustainable business management: energy and waste management at production facilities, as well as social aspects for employees and society. For example, in some countries we are responding to the call to employ people who are at a disadvantage on the labor market.

What's good for our environment and society is also good for business: lean production processes and the modular design of products, local suppliers, fair working conditions, high-quality and durable products and the support of our customers with the efficient use of our machines result in less wastage, reduced CO₂ emissions and lower social costs.

We believe that sustainability means leaving future generations a world that's just as livable as it was in the past.

We will continue to support our customers in achieving their sustainability KPIs. Depending on the case, this means re-manufacturing, retrofitting or prolonging the service life of their machines and equipment. Our product range is to comply with the circular economy concept in the long term. For more information, see pages 14 and 15.

A sustainable brand

In 2018, we devoted a lot of our energies to creating a new brand strategy. First of all, this involved simplifying the Group's brand environment, which had become confusing, and combining it visually under one umbrella brand. Secondly, we are considering how we can integrate aspects of sustainability into the branding, to make our brands even more appealing. We believe that businesses that do not consider the issue of sustainability in their brand strategies will be punished by customers in future. Brands need a conscience to stay relevant, which is why the right certifications and standards, such as those issued by the Global Reporting Initiative (GRI), are becoming increasingly important. Our medium-term goal is to cultivate an image as an innovative and sustainable brand or business. We wish to clearly set ourselves apart from our competitors with this step – and with our innovative prod-

ucts, wide range of services and committed employees too. In that sense, we're well on our way.

The United Nations' Agenda 2030, agreed in September 2015, is a global action plan for sustainable development. The sustainable development goals (SDGs) are at the heart of this plan and aim to ensure sustainable development on economic, social and environmental levels. With our business activities, we're also making a contribution to some of these goals, as you will see on the following pages.



Barend Fruithof
CEO

Employees

Almost 2000 employees make a huge effort every single day to fully satisfy all the Aebi Schmidt Group's different customers with their specialist expertise and experience.

As a global corporate organization, the Aebi Schmidt Group must define and implement norms and standards that create a consistent framework for all employees. At the same time, it's important to show flexibility in dealing with the different cultural and job-specific backgrounds of the employees. The strong seasonal variations in incoming orders place particularly high demands on human resource management. Since advance manufacturing would involve considerable risks because the products are often configured to customer specifications, careful preparation is essential. If necessary, additional temporary workers are hired.

Attractive working environment

In many countries, the good situation on the labor market makes the recruitment of qualified workforce increasingly difficult. We offer our employees an attractive working environment and strongly welcome them making an active contribution. In 2018, we expanded our internal communications significantly. We keep our employees regularly informed by means of CEO newsletters, teleconferences, town hall meetings and the CEO roadshow at the beginning of the year. The application process for production employees was simplified significantly. Tours and trial days replace the written application. In Switzerland, attractive pension plans and the employer taking on the majority of pension contributions help ensure a secure future for staff. The Aebi Schmidt Group is dedicated to ensuring a high level of staff satisfaction, which helps

to keep good employees in the company. Company outings, practice and family days as well as health campaigns contribute to a good working atmosphere and enhance the well-being of employees. The Aebi Schmidt Group remains committed to ensuring perfect working conditions for employees, allowing them to work without any distractions.

The Aebi Schmidt Group considers the staff's diversity to be an asset that needs to be protected and promoted. Diversity boosts understanding of global markets and customers and helps the company access skilled staff and stand out from the competition – and, last but not least, it's great for its reputation. The Aebi Schmidt Group is dedicated to ensuring that all employees are given equal opportunities. In Switzerland, the Swissmem collective bargaining agreement prescribes equal treatment. In 2018, the

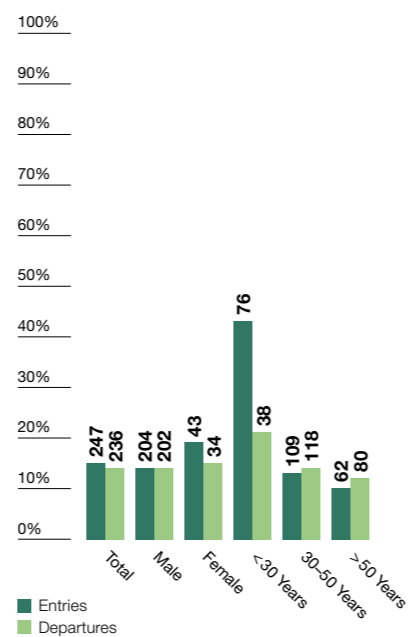
Our diverse workforce provides added value that needs to be protected and promoted. We want to make sure that all employees receive the same opportunities.

increase in the minimum wage in Switzerland resulted in pay adjustments for two assistants. After comparing wage levels, another 16 adjustments were made. Moreover, the fair and non-discriminatory interaction within the company and with business partners is one of the basic prerequisites for long-term partnerships and is therefore firmly embedded in the corporate culture. The binding Group-wide Code of Conduct was revised in 2018 and defines central values and standards, which all employees undertake to observe in writing. The superiors, in particular, are required to lead by example, promoting and monitoring compliance with these standards in daily business routine. In the event of any questions or complaints, the employees can contact the Compliance Officer. In 2018, there were no registered cases of discrimination within the Aebi Schmidt Group.

Employees at several business locations are covered by collective agreements. This applies to all employees in Germany and the Netherlands, to 56% in the US and to 9% in Poland. In Poland, employees can have their overtime hours compensated over a period of twelve

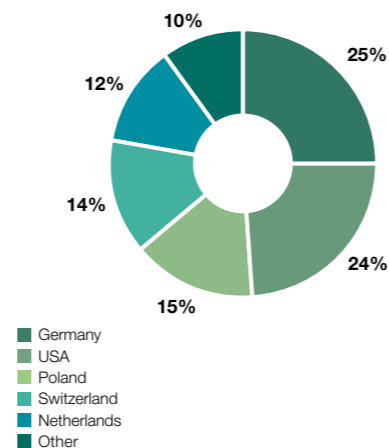
months according to an agreement with the trade unions. In Switzerland, 90% of all employees are subject to the Swissmem collective bargaining agreement. (GRI 102-41)

FLUCTUATION BY GENDER AND AGE GROUP*



*Percentage indicates entry/exit rate. Numbers above the columns are in persons. Only permanent staff.

EMPLOYEES BY COUNTRY 2018



Occupational safety and health as the top priority

The health and safety of employees are a top priority. Of course, the Aebi Schmidt Group complies with all corresponding statutory regulations. In addition, it implements further preventive healthcare measures within the scope of occupational safety management. These include internal regulations and the Code of Conduct, safety initiatives and regular information events. As part of training courses on occupational safety and health, employees are additionally instructed in how to deal with risks and hazards in the daily work routine. At the end of 2017, Aebi Schmidt Germany introduced a preventative healthcare program in collaboration with Deutsche Rentenversicherung (the German Statutory Pension Insurance Scheme), which proved its worth in 2018 and will be carried on in the years to come.

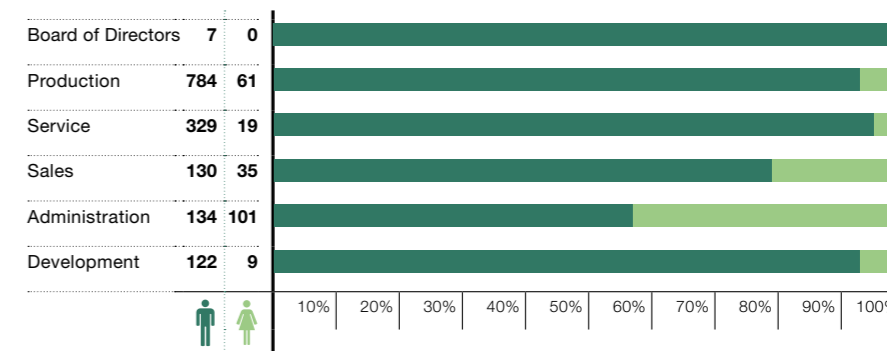
To monitor hygiene and safety in the workplace, Aebi Schmidt Poland performs audits at an interval of three years. In Germany, a bike hire program was introduced for employees to promote a healthy and environmentally friendly lifestyle. In Switzerland, the production plant is subjected to an annual audit by the Swiss National Accident Insurance Fund (SUVA) in the area of occupational safety and healthcare. The six Emergency Response Officers undergo ongoing training. Accidents at work are recorded and analyzed. The analysis influences improvements in safety.

Training and continuing education

The Aebi Schmidt Group is reliant on well-trained, skilled and experienced staff to ensure long-term business success. In view of the shortage of skilled workers, the training and continuing education of the existing skilled personnel is of great significance. In 2018, electricians and painters were particularly thin on the ground, as were mobile service technicians. In Switzerland, demand for agricultural mechanics with knowledge of hydraulics or electrics is also high. Each site's Executive Board is responsible for

WORKFORCE BY CATEGORY*

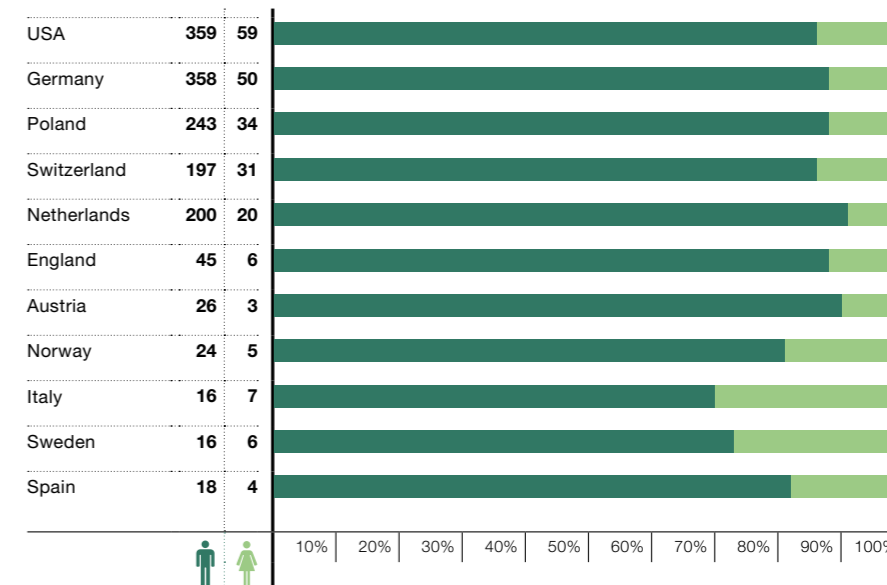
in full-time positions



* excl. interns, apprentices and temporary agency workers

WORKFORCE BY COUNTRY AND GENDER*

in full-time positions



* excl. interns, apprentices and temporary agency workers

WORKFORCE BY COUNTRY AND GENDER*

in full-time positions (as of 31/12/2018)

	Male	Female	Total
Workforce by employment contract			
Permanent	1 499	225	1 724
Temporary*	80	9	89
Workforce by employment type			
Full-time	1 445	178	1 623
Part-time	54	47	101

* excl. interns, trainees and apprentices

OCCUPATIONAL SAFETY AND HEALTH

Numbers per 100 full-time positions

	Male	Female	Switzerland	Other Locations	All
Injuries	5,1	4,6	2,9	4,4	5,0
Days lost as a result of injury	119,9	11,7	36,0	108,9	106,7
Days lost as a result of injury and illness	1 026,0	741,0	643,0	1 164,0	991,0

Rates were calculated for 200 000 working hours (= 100 full-time positions). There were no fatalities. The data represents a weighted average of all incidents (actual number of incidents weighted by the number of target hours).

the integration and professional promotion of employees so they can be deployed in a way that maximizes their value.

Training and continuing education is planned in annual performance reviews, which take place annually for around 60% of the workforce. Whereas training courses on specialist technical knowledge are only relevant to individual groups, product training is offered throughout the Group. The Aebi Schmidt Group organizes other training and continuing education programs based on the employees' individual needs and the corporate strategy. This way, methodological knowledge, technical skills as well as process management and team-building skills can be promoted specifically.

Continuing education with internal and external courses are promoted at all sites as required, either through a financial contribution or the option of taking out an

interest-free loan for Swiss certified traineeships. Employees of the Aebi Schmidt Group in Germany, for instance, therefore attended external training on high-voltage work in 2018. A Sales Academy has also been set up. In 2019, all sales staff will be trained in sales methodology and key account management there.

We introduced structured succession planning in 2018 to enhance our support of internal talent. The aim is to fill 70% of vacancies with internal candidates in the medium term. A promotion program for internal talent and individual development plans for employees were also introduced in 2018. An insight into other Group sites and the acquisition of experience within the Group are expressly promoted.



Health and safety at work are a top priority

Community

As an employer whose business locations are often situated in regions with a weak infrastructure, the Aebi Schmidt Group makes a significant contribution to local employment and has a substantial influence on the economic development of the regions.

The selection of suppliers from the areas surrounding the factories has both positive economic and ecological effects by reducing transport routes and costs and emission levels.

Collaboration along the supply chain

In 2018, the Aebi Schmidt Group purchased products and services from about 1,800 suppliers, among them both small and medium-sized and large enterprises from a wide range of industry sectors. The most important product categories include steel, stainless steel, welded assemblies, engines as well as hydraulic and electronic components. The Aebi Schmidt Group is backed by a network of specialized local suppliers to take care of specific finishing work. In August 2018, a Group-wide Supply Chain Manager, who reports directly to the CEO, was introduced. This replaced previous initiatives with a more local focus. The new organization led to a clear increase in efficiency in structures and processes and thus has a positive impact on the Aebi Schmidt Group's cost structure.

For the products of the Aebi brand manufactured in Switzerland and the vehicles of the Schmidt brand manufactured in various European countries, the majority of the suppliers come from Europe. The inbound freight products are ordered, consolidated and delivered to the production facilities by two logistics partners. Re-

garding key suppliers, the Aebi Schmidt Group places a focus on central procurement, which is supplemented by decentralized, logistically optimized procurement from the respective business locations' surroundings. In Asian countries, smaller volumes are procured directly via specialized dealers.

In 2018, the purchasing volume amounted to EUR 170 million for products and services for the European factories; CHF 42 million of this was attributable to Switzerland (for 554 suppliers). In Switzerland, suppliers were switched several times due to cost reduction projects and to avoid supply problems. Aebi Schmidt North America, including MB-Companies acquired in July, purchased products and services worth USD 67 million from 1,235 suppliers, with the majority of them coming from the US and Canada.

The Aebi Schmidt Group classifies suppliers based on the ABC principle, which enables targeted collaboration and good relationship management. The structured supplier management makes it possible to evaluate and classify all suppliers with regard to processes, quality, energy consumption, environmental policies as well as ISO 9001 and 14001 certifications. The newly created Global Quality Management department will also have a key role in supplier assessment in future. Contracts (quality assurance agreements), which stipulate a fine or free replacement of substandard parts, are negotiated with all key suppliers. All suppliers are also checked for sustainability. If

The qualification process for new suppliers includes the evaluation of environmental aspects, such as the recycling of raw materials and the reduction of CO₂ emissions.

the Aebi Schmidt Group discovers that a supplier is not meeting the required sustainability standards, the collaboration with them is canceled.

Environmental guidelines and corresponding certifications are increasingly important in a market where customers are attaching increasing importance to sustainability. They have also become a key USP for the Aebi Schmidt Group. By passing these requirements on to its suppliers, the company both increases the value of incoming and outgoing goods and streamlines its supply chain. Custom-

ers' willingness to pay for products whose enhanced environmental benefits entail a higher purchase price continues to represent a challenge for the Aebi Schmidt Group.

The qualification process for new suppliers includes the evaluation of environmental aspects, such as the recycling of raw materials and the reduction of CO₂ emissions. Furthermore, all suppliers are subjected to a compliance check to ensure that the companies have not gained an economic advantage through either corruption or illegal practices.

Exchange with stakeholders

The Aebi Schmidt Group's stakeholders include employees, customers, suppliers, business partners, trade associations, municipalities, regional authorities and research institutions. (GRI 102-40/102-42) Regular exchange takes place with all of them. Customer requests, in particular, are taken into account in detail. As was the case in previous years, environmental issues, such as the goal of reducing the consumption of salt in the spray mixtures, were a major concern in 2018.

Tailor-made products are also designed. For example, a Cleango sweeper with about 40 specifications, including a data controller that permits the monitoring of service data, was manufactured for the city of Amsterdam. In 2018, a jointly designed, four-axle, self-driving snow blower with a turning device for track clearing went into production for the Austrian Federal Railways (ÖBB). In municipalities and at airports, carbon neutrality is becoming an ever more important purchase criterion. An airport equipment simulator made previously extremely labor-intensive driver training dramatically easier and better. Working together with an external company, the TJS jet sweeper was adapted to a training simulator, which enables controlled, efficient and cost-efficient practice without running the risk of damage to equipment and aircraft.

The Aebi Schmidt Group informs its stakeholders about its activities, progress and objectives in the Annual Report. In order to allow more in-depth communication with the stakeholders re-

garding economic, social and environmental topics, the company conducts surveys and is involved in various regional and international committees and associations. The associations and committees the Aebi Group is involved in include the European Engineering Industries Association (EUnited), the DIN Standards Committee on Municipal Technology (NKT), the Municipal Vehicles and Equipment Industry Association (VAK) and the Mechanical Engineering Industry Association (VDMA). In addition, the Aebi Schmidt Group is a member of the SWISSRAIL Industry Association, which unites more than 100 companies from the Swiss automotive and transport industry, and the European International Contractors (EIC) federation, which advocates the interests of the construction industry on an international scale.

Aebi Schmidt Poland is a member of the Polish-Swiss Chamber of Commerce. Aebi Schmidt North America is a member of the National Truck Equipment Association (NTEA), which supports the sustainability efforts of companies from the truck industry and represents their interests. Moreover, the factories in Cleveland and Lindenwood are members of the Member Verification Program (MVP), which honors companies for excellent business practices and the implementation of quality standards. In 2018, the factory in Cleveland successfully renewed its membership for the next three years.

Taking social responsibility

As part of its social commitment and sponsorship, the Aebi Schmidt Group predominantly supports local sports and social projects. As a sustainable company manufacturing products in Switzerland, the Group is sponsoring the 2019 Federal Wrestling and Alpine Festival in Zug, as well as young wrestlers and an ice hockey club. In the Netherlands, it supports triathlon in Holten, as well as various local social projects. In Germany, Aebi Schmidt promotes the junior squad of the Black Forest Ski Association. Furthermore, numerous employees in St. Blasien support students in the Hochrhein-Bodensee economic region in preparing for job interviews.

Corporate values and compliance

The Group-wide Code of Conduct, which is specified in in-house directives, was adapted in late 2018, primarily in the areas of IT security and data protection. A Group Data Protection Officer was also hired in 2018. The adjusted Code of Conduct shall enter into force in early 2019. It defines the corporate values and applicable ethical standards and addresses environmental protection, fair competition and anti-corruption. Along with a clear definition of responsibilities, risk management and efficient control systems, the Aebi Schmidt Group makes sure that all statutory provisions and industry standards in a complex regulatory environment are observed.

The six Group values defined in 2017 – focus on results, collaboration, customer focus, integrity, commitment and innovation – were explored in detail at employee workshops and incorporated into operations in 2018. They apply to the just under 2000 employees and their business activities, both within the company and in dealing with customers and partners. By defining common values, the Aebi Schmidt Group aims to facilitate collaboration and safeguard the company's success in the long term.

The Aebi Schmidt Group also understands integrity to mean that the operations are in line with the applicable anti-trust and competition laws and that all employees refrain from any actions that would inhibit trade or restrict competition or could make such an impression. The Code of Conduct additionally lays down the rules for handling gifts and other benefits and prohibits any form of bribery.

In 2018, the Aebi Schmidt Group was not involved in any legal proceedings relating to anti-competitive conduct, nor were any fines or non-monetary penalties imposed on it for violations of other laws and regulations.

The Aebi Schmidt Group believes that corruption risks need to be minimized predominantly in the supply chain. In 2018, no cases of corruption were recorded, thanks to a systematic review as part of strategic supplier development, strict selection and evaluation procedures and improved supplier management.

The Aebi Schmidt Group applies stringent export controls to ensure that civil goods and, in particular spare parts,

are not used for military purposes. For this purpose, a software solution compares every new contracting partner – whether a supplier, customer or distributor – with public sanctions lists and prevents supply to persons or institutions banned from receiving supplies by a public authority. Should they screen positive, further clarifications take place.

The Code of Conduct additionally defines the corporate values and applicable ethical standards and addresses environmental protection, fair competition and anti-corruption.

Environment

Careful handling of natural resources plays a key role within the Aebi Schmidt Group. Cost pressures, political targets, customer expectations and innovation are the main drivers in this regard.

The Aebi Schmidt Group aims to continuously enhance productivity to be able to offer premium-quality products at competitive prices in a hotly contested international market. The economical use of natural resources plays a central role in this process. The incentives to promote “cleaner” production are also increasingly coming from politics; production facilities must comply with increasingly stringent limits, particularly with regard to energy consumption and emission levels. The Aebi Schmidt Group closely monitors the relevant national and international developments and prepares for any changes in the regulatory framework in good time. At the same time, this allows the Group to meet customer needs and promote their own innovative efforts. One of the major challenges for the Aebi

Schmidt Group is keeping pace with increasingly rapid technological change.

Reducing the consumption of resources requires an integrated approach: not only do environmental performance figures need to be collected, but processes need to be changed and employees trained too. The Aebi Schmidt Group complies with all applicable statutory environmental regulations and was neither fined nor punished with non-monetary penalties for violations of environmental laws and regulations in 2018.

Implementing ambitious goals

The Aebi Schmidt Group sets itself ambitious goals in environmental protection, aiming to exceed the minimum statutory requirements. Since 2009, all business locations have been ISO 9001-certified. The production facilities as well as the local sales and service organizations in Peterborough (UK), Fiume Veneto (Italy), Burgdorf (Switzerland), Skänninge (Sweden) and Holten and Leimuiden (The Netherlands) are additionally certified to ISO 14001. In 2017, the factory in St. Blasien and the local sales organization in Germany were successfully certified according to ISO 14001. The factory in Poland was certified in 2018. In addition, the entire Group observes the guidelines for social responsibility in accordance with ISO 26000.

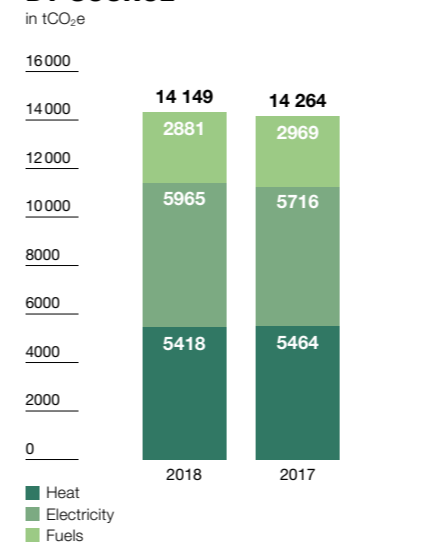
Ensuring success by implementing a great variety of measures

In 2018, the efforts to reduce the consumption of resources were stepped up at various Aebi Schmidt Group business locations by introducing further measures. In the German factory in St. Blasien, for example, electricity consumption was cut by 70% by switching all outdoor lighting to LEDs. Work also began in North America on switching to more eco-friendly LED lighting. Furthermore, in Lindenwood, what is known as an air curtain was installed to minimize heat loss at open reception docks.

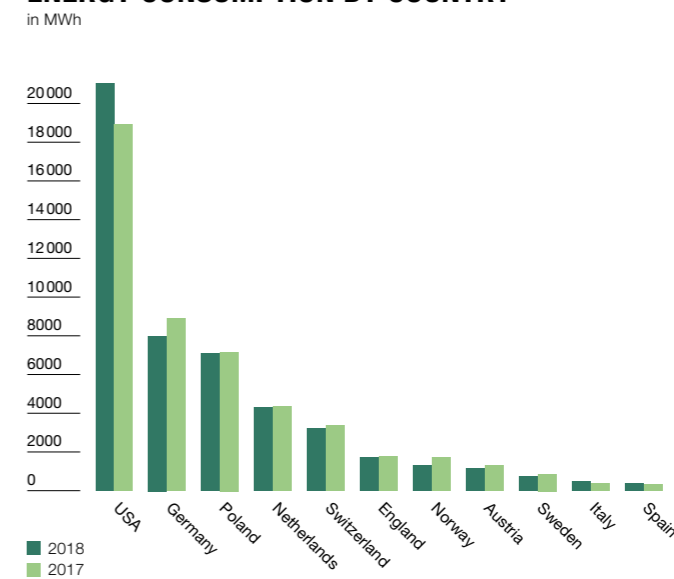
In Poland, high-speed doors are reducing heat energy consumption, and in the Holten factory in the Netherlands, 3566 solar panels were installed in the year under review. The facility's entire output is almost 1000 kWp and covers half of its own energy use. Furthermore, consumption of powder for corrosion protection was reduced significantly thanks to a new high-density/low-volume power coating system. The facility achieves the same thickness of coating while using less material.

In 2018, no new projects were carried out in Burgdorf, Switzerland. However, the optimization measures from the previous year bore fruit: gas consumption fell by around 30%. The additional required consumption of electrical energy for the

GREENHOUSE GAS EMISSIONS BY SOURCE



ENERGY CONSUMPTION BY COUNTRY



groundwater heat pump was offset almost entirely by optimizing the ventilation facility's activation times. The installation of a new room ventilation system for cavity protection and wax treatment with heat exchange systems is planned for 2019. We also examine the installation of LED lights for its economic viability. All business locations of the Aebi Schmidt Group rely on energy-efficient machines when replacing old ones and, as far as possible, downsize technical equipment to further reduce the energy consumption.

Besides energy consumption, attention is also paid to continuously reducing the amount of waste and effluents. This way, the Aebi Schmidt Group prevents high disposal costs while also responding

to customers' increased awareness of environmental issues. In Germany, disposal costs are projected to rise by around 20% from January 2019 thanks to the amendments to the German Commercial Waste Ordinance, which is why Aebi Schmidt Germany is reducing packaging waste and the logistical outlay involved by switching from three other suppliers to an external Kanban provider with added value containers and two suppliers of disposable and reusable transport racks. For 2019, as part of the ISO 14001 environmental audit, we are planning further improvements, such as the switch from spray cans to pump systems, which will lead to a further reduction in VOC emissions and disposal costs.

Environmental aspects play an important role in the Aebi Schmidt Group's product development, as well as in production and operations.

Various types of waste are produced in the Aebi Schmidt Group production plants: general waste and special waste. Where waste cannot be prevented, it is sorted according to the waste code applicable in the country in question or reintroduced to the production process in the spirit of the "circular economy". In Burgdorf, Switzerland, a waste concept with strict waste separation was introduced as

part of the Fit 4 Tomorrow project. All recyclable waste is sent to specialist disposal companies and the remaining waste is sent for thermal use. In Kielce, Poland, waste is split into 36 groups. In late 2018, the factory tasked a specialist company with handling increased waste recycling. In Lindenwood, packaging waste is now collected, sorted and recycled separately.

ENVIRONMENTAL PERFORMANCE INDICATORS¹⁾

	2018	2017	Delta
Energy consumption in MWh	48,730	48,760	-0.1%
Electricity	12,798	12,471	3%
Heat	25,101	25,137	-0.1%
Fuel oil	4,126	4,759	-13%
Natural gas	20,204	19,666	3%
LPG/propane	279	320	-13%
District heating	491	393	25%
Fuels	10,831	11,152	-3%
Diesel	9,995	10,484	-5%
Petrol	718	546	31%
LPG	118	121	-2%
CO₂ Emissions in tCO₂e^{2) 3)}	14,264	14,149	1%
Scope 1	8,190	8,346	-2%
Combustibles	5,309	5,377	-1%
Fuels	2,881	2,969	-3%
Scope 2	6,074	5,803	5%
Electricity ⁴⁾	5,965	5,716	4%
District heating	109	87	25%
Waste in tonnes	1,652	1,518	9%
General waste	1,193	1,086	10%
Incineration	114	130	-12%
Residue landfill	191	240	-20%
Recycling	887	716	24%
Special waste	460	431	7%
Incineration	95	62	54%
Recycling	74	62	20%
Other ⁵⁾	290	308	-6%

¹⁾ Figures for 2017 slightly differ from the 2018 report due to updated figures made available during 2018.

²⁾ Calculations in accordance with the WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: CO₂ emissions from own sources, e.g. boilers and fuels. Scope 2: CO₂ emissions stemming from the production of electricity and district heating.

³⁾ Sources for emission factors: Defra, IEA & Frischknecht.

⁴⁾ Greenhouse gas emissions associated with the production of electricity were accounted for in accordance with the 'location-based approach' according to Greenhouse Gas Protocol Scope 2 standard.

⁵⁾ Absorption and filter material, cleaning cloths, protective wear, scrap from ironworks, laser scrap.



Information on the sustainability report

Sustainability at the Aebi Schmidt Group is a group-wide responsibility and is therefore not allocated to an independent department.

After creating separate sustainability reports in 2015 and 2016, the Aebi Schmidt Group has again been reporting on its sustainability efforts since the 2017 business year as part of the Annual Report (GRI 102-49).

The last Sustainability Report was published in May 2018. This report has been prepared in accordance with the GRI Standards: Core option. An external assurance of the contents was dispensed with. The Annual Report of the Aebi

Schmidt Group was subjected to and successfully passed the GRI Materiality Disclosures Service (see GRI icon on p. 51). The Annual Report includes all divisions and business locations of Aebi Schmidt Holding AG that are listed in the consolidated entities on page 16/17 (GRI 102-45). The contact for any questions regarding the 2018 Annual Report is Cathrin Moser, Group Communication Manager, cathrin.moser@aebi-schmidt.com.

In July 2018, the Aebi Schmidt Group took over M-B Companies (MBC), the leading US manufacturer of snow removal and cleaning machines in the airport sector. This acquisition saw an adjustment to the Group organization: Jochen Schneider, COO for Operations Global, is now taking up the role of CEO for North America and will be responsible for all US businesses: Swenson, Meyer and M-B Companies. The management of Operations Global will now be divided between Thomas Berger, who will take over the general management of the St. Blasien and Burgdorf plants, and Pawel Pawlowski, who will take over that of the plants in Kielce and Holten. The key importance of after-sales is taken into account with the installation of a new Aftersales department managed by Burkhard Ditsche. The relocation of production operations from Sundebu in Norway to the plant in Poland

was successfully completed. Restatements of information given in the previous reports were not made (GRI 102-48).

The essential sustainability topics were determined in 2015 as part of an internal workshop, taking into account various functions of the Aebi Schmidt Group as well as the points of view of the Group and the individual divisions. External stakeholders were not involved directly in this process. The result was reviewed by the Executive Board. (GRI 102-46).

Essential sustainability topics (GRI 102-47)

ECONOMIC	Economic Performance	
	Indirect Economic Impacts	
	Anti-corruption	
	Anti-competitive Behaviour	
ENVIRONMENTAL	Energy	
	Emissions	
	Effluents and Waste	
	Supplier Environmental Assessment	
	Environmental Compliance	
	Energy-efficient Products and Services	
SOCIAL	Employment	
	Occupational Health and Safety	
	Training and Education	
	Diversity and Equal Opportunity	
	Non-discrimination	
	Customer Health and Safety	
	Marketing and Labelling	
		Socioeconomic Compliance

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Company and report profile

Reference	Disclosure	Page number
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GRI 102: 2016 GENERAL DISCLOSURES		
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GRI 102-3	Location of headquarters	57
GRI 102-4	Location of operations	55
GRI 102-5	Ownership and legal form	37
GRI 102-6	Markets served	3
GRI 102-7	Scale of the organisation	2
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GRI 102-9	Supply chain	45
GRI 102-10	Significant changes to the organisation and its supply chain	50
GRI 102-11	Precautionary principle or approach	12
GRI 102-12	External initiatives	none
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GRI 102-18	Governance structure	36
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GRI 102-42	Identifying and selecting stakeholders	45
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Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	50
GRI 102-46	Defining report content and topic boundaries	50
GRI 102-47	List of material topics	50
GRI 102-48	Restatements of information	none
GRI 102-49	Changes in reporting	50
GRI 102-50	Reporting period	01.01.–31.12.2018
GRI 102-51	Date of most recent report	May 2018

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

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GRI 103: 2016 103-1/103-2/103-3	Management approach		12
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