

**INTEGRA**  
HOLDING

Annual Report  
**2016**







# Table of Contents



Editorial	3
Our Philosophy	5
Company Locations	7
Company Structure	8
Integra Real Estate Ltd.	9
Aquametro Group	11
INTEGRA Biosciences Group	13
SIGNAL Group	15
SITEK Ltd.	17
INTEGRA Engineering India Ltd.	19
Micronic Holding B.V.	21
Auditor's Report	22
Development of the Company	23
INTEGRA Group – Key Figures	23
Addresses	25



## Editorial 2016



Adrian Oehler  
CEO INTEGRA Holding Ltd.

INTEGRA Holding Ltd. is an investment company owned to a minimum of 80 % by the ORGU foundation, based in Sarnen in the Swiss Canton of Obwalden. The primary charter of the foundation is to:

- Ensure the independence of INTEGRA Holding Ltd.
- Undertake direct capital participation in Swiss companies domestically and abroad.
- Reinvest profits in order to ensure research and development within the organization and to provide financing for innovations in traditional as well as new areas.

As the executive body of the ORGU Foundation, INTEGRA Holding Ltd. is tasked with the active and visionary further development of INTEGRA Group values, while adhering to the foundation's mission.

True to the foundation's mission, and in the context of financial and organisational possibilities, INTEGRA Holding Ltd. and its ventures invest their generated resources in new, pioneering products and in future growth markets to generate lasting and above-average profitable growth. Real estate forms the steady, anchoring core of our portfolio.

Last year, the impact of the Swiss National Bank's decision of January 2015 to raise the euro's minimum price further accentuated. Even if the exchange rate fluctuated by around 1.10 to the euro during the year 2016, the effects also left their mark on Swiss companies in 2016.

Good-positioned companies with a natural currency hedge were able to quickly strengthen themselves in the run-up and achieve improved results in 2016. However, the supplier industry was particularly hard hit by the implementation of relocation measures. The various efforts of the last years to shift the productions abroad were probably the beginning of a fundamental change in the producing sector. Many companies are still struggling with great challenges, because shifts and changes in the cost structure require time and lead to a profound reorientation of the processes. In the medium and long term, the number of companies producing in Switzerland and the number of jobs in this sector will probably be reduced, and our economy will increasingly have to focus on highly specialised, knowledge-based activities. Here, Swiss policy is called upon to create an environment that allows such activities with an international exchange and which specifically promotes them.

The retail trade, which is already undergoing major changes due to the digitisation process, will also accelerate structural changes in neighboring regions over the next few years, with the consequence of a further shop dying, which could unfortunately lead to a significant change in the cityscape in the Swiss inner city.

The negative interest rate on bank deposits continued in 2016, which still poses major challenges for the National Bank and the economy as a whole. Strengthened by the turmoil of the Eurozone, the curse of the Swiss franc has hardly stalled, and the negative interest rate has thus missed its hoped-for effect. The higher financing costs triggered by this caused the construction boom in the year under review, since large investors are getting more and more into an emergency. In the case of negative returns on bonds, residential real estate is the safest and most attractive investment for pension funds. Due to the low interest rates and the rising demand, the prices of residential properties rose again to barely comprehensible heights.

In the international environment, the year 2016 was dominated by the Anglo-Saxon countries. The Euroregion, which is in a critical political situation, was shattered in its foundations by the vote of the British on the EU membership of 23 June 2016. Contrary to all expectations the people voted for a Brexit, an exit from the European Union. This led to short-term turmoil in the stock markets and a further weakening of the euro and the pound against the dollar as well as the Swiss franc. However, the real economic and political consequences of the now ongoing expulsions are difficult to foresee at the present time.

Another highlight in the political events of the year was the election of the new American President Donald Trump. These and the subsequent reactions, especially in the urban regions of America, testify to the split America and the failure of the existing political elite. The first steps taken by the new president point to a turning away from open international politics towards an increasingly nationalist orientation. For example, he has already taken measures to limit the free movement of people due to the turmoil of recent years.

Other sad terrorist attacks in Europe have contributed to an increase in fear in Europe and the population is increasingly dissatisfied with the policy of recent years. Europe is not only faced with political and economic challenges, but also

with enormous security, social and migration policy challenges. The results of the elections in Great Britain and the US reflect the general global political environment and a further strengthening of the right-wing policies in France and Germany is not ruled out. The impact of these changes on the global economy will be of greater importance and will probably occupy us for many years.

The past year was marked by further technological developments and the new concept of the Sharing Economy. The number of electric cars in the last year has risen significantly and the topic of autonomous driving is on everyone's lips. The automation and the adoption of further tasks by computers or robots, which has become possible thanks to ingenious handling of large amounts of data, is becoming ever closer. The vertical networking of intelligent production systems is also being pushed forward rapidly in industry, and on-line data, which are accessible at any time, enable acceleration and a continuous adaptation of industrial processes. It is therefore foreseeable that the professional world will fundamentally change in the coming years, which will put employers as well as employees facing great challenges.

At the same time, new business models are emerging through the changing consumption patterns and the increasing trend towards sharing rather than possession. Still, not every industry has chosen its own Uber. This means that companies must fundamentally rethink their value chains and business models so as not to be overtaken by new solutions and approaches. This change in the classical industry is not easy and will require a complete transformation in many companies, both in terms of products, processes and much more in relation to corporate culture. Those who are not characterised by innovation and agility should have a hard time. The challenges meet us all, because only those who can quickly adapt to the new circumstances will emerge as the winner.

Despite the various challenges of the past year, we can look back on another pleasing business year. Compared to the previous year, consolidated operating performance rose slightly to CHF 158.8 million, while the value added rose by 2.5 % to CHF 113 million. EBIT, however, fell by 12 % year-on-year to CHF 17.7 million. With the exception of the Aquametro Group and SITEK Ltd., all companies contributed with growth and gratifying profitability to the development. Thanks to its excellent international positioning and innovative products, the INTEGRA Biosciences Group was

able to increase its operating performance organically by 19% compared to the previous year to just under CHF 40 million. This was already the fourth consecutive year with a growth of this magnitude. The pressure on the production site in Switzerland was felt mainly by Aquametro as well as by SITEK, which both had to accept a reduction in sales and profitability.

A strategic reorientation at Aquametro led to the decision to transfer the company into two legal units with the two very different business segments of water & energy and oil & marine. Thanks to this move, in the future, it will be possible to further develop the respective areas in a more focused and focused manner.

In the coming year, we will be forced to scrutinise our business models, strategies and structures more consistently throughout the group, which will require all our employees once again great flexibility and, above all, willingness for continuous and accelerated change. However, we should also see this process as an opportunity to further improve and further increase the group's competitiveness and innovative strength.

I would like to thank all our employees for their continuous daily contribution to the success and development of our group. I am looking forward to working with them to tackle the very exciting challenges of the coming years and thus to seize the great opportunities in the global market.

Adrian Oehler



CEO of INTEGRA Holding Ltd.



## Our **Philosophy**



### **We preserve value**

The INTEGRA Group is a long-term oriented company with roots in Switzerland. INTEGRA's activities extend back to the 1930s. Founder Adolf Gutzwiller made it his goal to independently promote important industries as a way of ensuring Switzerland's autonomy.

In line with the founding father's objectives, and on behalf of the ORGU Foundation, INTEGRA Holding Ltd. preserves and develops the Group's investments.

Our objectives include continuing to independently grow the existing business lines of real estate, energy measurement technology, laboratory equipment, transportation technology and contract manufacturing. In addition to preserving industry in Switzerland, we also plan to increasingly seek growth internationally.

We further invest into additional majority holdings in promising technology-driven production companies in our business segments.

### **We share a vision**

With targeted investments in new, pioneering products and growth markets, in line with our financial and organizational resources, we intend to achieve sustainable and above-average profitable growth – financially, geographically, as well as in terms of our personnel.

Our real estate holdings in Switzerland comprise the stable, anchoring core of our portfolio.

### **Our mission is innovation**

Our passion is to promote innovation, while also continuing to remain independent at all times. Our ambition is to generate jobs and value that benefit all our stakeholders by means of long-term oriented and sustainable growth of the INTEGRA Group companies, both in Switzerland and abroad.



## **Our Management Principles**

### **We take long-term, sustainable decisions**

In line with the philosophy of the founder of the INTEGRA Group, forward-looking decisions are taken, as the successful long-term existence and independence of the Group should always be accorded highest priority. In doing so, we take a responsible approach to our social environment and natural resources.

### **We display entrepreneurial courage, but also have a high risk awareness**

We act entrepreneurially, seize opportunities, act quickly and decisively, but also carefully weigh the risks. Stability and sustainability are more important than rapid short-term growth.

### **We act with integrity and show solidarity**

We distinguish ourselves by acting with integrity, honesty, conscientiously and fairly via-a-vis our business environment. We value our employees and treat each other fairly.

### **We are innovative and constantly looking for improvements**

We actively question the status quo and are always seeking improvements. We have the courage to be frank and open. Innovation characterizes our companies and the spirit of our staff.

### **We are results and performance-oriented**

We work hard but fair. Performance counts. We are an attractive employer, because we promote and encourage our staff. But we also demand performance from them. The objectives of the company precede personal goals.



# Company Locations



## Companies of the INTEGRA Group

**1** INTEGRA Holding Ltd., Wallisellen (CH)

**1** Integra Real Estate Ltd., Wallisellen (CH)

### Aquametro Group

**2** Aquametro Ltd., Therwil (CH)

**3** Aquametro Messtechnik GmbH, Bremen (D)

**4** Aquametro Marine GmbH, Rostock-Warnemünde (D)

**5** Aquametro Belgium Sprl., Sterrebeek (B)

**6** Aquametro ME JLT, Dubai (UAE)

**7** Aquametro (S.E.A.) Pte Ltd., Singapore

**7** Aquametro (China) Pte Ltd., Singapore

**8** Aquametro Korea Ltd., Busan (South Korea)

**9** Aquametro Representative Office, Tokyo (Japan)

**10** Aquametro Representative Office, Mumbai (India)

### INTEGRA Biosciences Group

**11** INTEGRA Biosciences Ltd., Zizers (CH)

**12** INTEGRA Biosciences Deutschland GmbH, Biebertal (D)

**13** INTEGRA Biosciences SAS, Cergy-Pontoise Cedex (F)

**14** INTEGRA Biosciences Ltd., Egham, Surrey (GB)

**15** INTEGRA Biosciences Corp., Hudson, NH (USA)

### SIGNAL Group

**16** SIGNAL Ltd., Büren a. A. (CH)

**17** Segnaletica Mordasini SA, Giubiasco (CH)

**18** SITEK Ltd., Bettlach (CH)

**19** INTEGRA Engineering India Ltd., Halol (India)

**20** Micronic Holding B.V., Lelystad (NL)

# Company Structure

## INTEGRA Holding Ltd.

Board of Directors	Adrian Oehler, Chairman Heinrich M. Lanz, Vice Chairman Hans C. Bodmer Fritz Hauff Clemens Ruckstuhl
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## Integra Real Estate Ltd.

Board of Directors	Adrian Oehler, Chairman Franz Haudenschild Clemens Ruckstuhl Dominik Weber
	Adrian Oehler, CEO

## Aquametro Group

Board of Directors	Adrian Oehler, Chairman Fritz Hauff, Vice Chairman (until March 2017) Roger Baumer Heinrich M. Lanz Elmar Morscher (as of March 2017) Alf Zips (until March 2017)
	Peter Suter, CEO

## INTEGRA Biosciences Group

Board of Directors	Adrian Oehler, Chairman Gary Nelson, Vice Chairman Philip Bodmer Elmar Morscher Prof. Dr. Roger Nitsch John Warren
	Elmar Morscher, CEO

## SIGNAL Group

Board of Directors	Fritz Hauff, Chairman Heinrich M. Lanz Martin Lenz Adrian Oehler
	Ernst Moser, CEO

## SITEK Ltd.

Board of Directors	Fritz Hauff, Chairman Werner Gertsch Clemens Ruckstuhl
	Thomas Teuscher, CEO

## INTEGRA Engineering India Ltd.

Board of Directors	Adrian Oehler, Chairman Rahul G. Divan Shalin Divatia Satish Parekh Bhargav Patel Corinne Rüz Mahendra Sanghvi
	Utkarsh Pundlik, CEO

## Micronic Holding B.V.



# Integra Real Estate



*left and top right:  
Visualisation project Wil  
right below:  
Project new factory building  
SITEK Ltd.*

## Company profile

Integra Real Estate Ltd. commenced operations in 1939 under the name Corbawa Ltd. Initially, the company was responsible for financing the real estate of the INTEGRA Group. In 1987, Integra Real Estate Ltd. took over the management of the property of the pension fund of INTEGRA Holding and started the development, construction and letting of its own properties.

It also owns and manages the Swiss offices and factories of the participants of INTEGRA Holding. With the conversion of the industrial estate south of Wallisellen railway station, the entrepreneurial focus of Integra Real Estate Ltd. has changed significantly since 2002. Through the creation of the IntegraSquare in Wallisellen, the company experienced a much stronger focus towards letting to third parties.

## Comments on the reporting year

The year 2016 was again a successful business year for Integra Real Estate Ltd. In the context of the previous year, revenues of around CHF 15 million were again generated, although in Wil many commercial tenants were given notice due to the impending construction project. Operating profit II of just under CHF 12.7 million was lower than the

previous reporting year, since the property in Therwil was renovated and planning costs incurred for IntegraSquare in Wil. In 2016, another adjoining plot of land was acquired in Wil and the old non-strategic commercial real estate of Emalco in Corgémont was successfully sold.

Construction management commenced in 2016 with a comprehensive renovation of the property in Therwil. All the offices, which are leased for the most part by Aquametro Ltd., will be upgraded to the latest interior fitting standard in the renovation which will last until 2017. In 2016, a new reception area could already be implemented and access could be adapted in such a way that third-party leasing in the upper storeys is possible without any problems. The offices will also be adapted to the new fire protection regulations.

The construction management team also played a major role in the planning of the new commercial real estate of SITEK. Thanks to combined strength, the project could be pushed ahead and the building permit obtained. The construction department team will still be preoccupied with the supervision of this new building in 2017.

The Integra Real Estate Ltd. team currently has 9 employees.



### **IntegraSquare Wil**

The industrial estate owned by Integra Real Estate Ltd. since 1937 will be adapted for residential use due to its close proximity to the railway station, old town and motorway access. This area is close to the city centre and is a strategically important conversion and inner development area of the city of Wil. Together with the owners of 13 properties, a planning community was set up to continue pioneering urban development of the area, which covers around 36,000 m<sup>2</sup>. In a first phase, four building complexes with about 200 apartments are planned and to be implemented.

### **IntegraSquare Wallisellen**

Arising from the classification of the Hammerweg 8 shed building as protected building, Integra Real Estate Ltd. undertook – in consultation with the authorities – a feasibility study to demonstrate urban development and possibilities of compatible redensification of the INTEGRA area in Wallisellen. The INTEGRA area covers around 40,000 m<sup>2</sup>. Various old buildings are still in use; they are to be replaced at the appropriate time by attractive new buildings with commercial and residential properties. Besides an optimal planning of these new buildings, taking into account the historical shed building, the feasibility study also takes into account new SBB interest and a project for the design of Bahnhofplatz Sud.

### **Forecast**

Over the last few years, Integra Real Estate Ltd. has developed into a strong real estate company within the INTEGRA Group with the objective of sustainably and predictably increasing its earnings and investment portfolio.

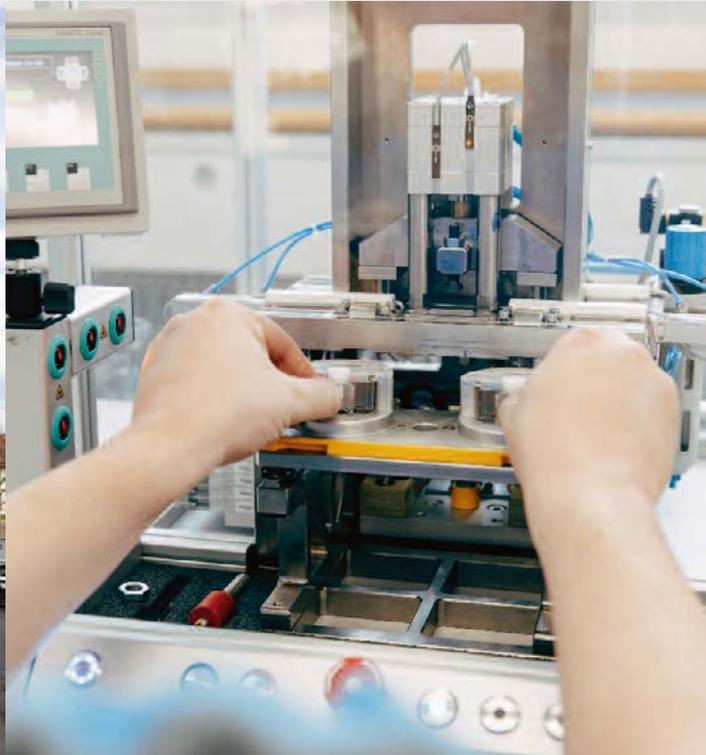
To reduce dependence on industry and commerce, Integra Real Estate Ltd. plans further investments in well-located quality properties. Most of these investments are to be focused on living areas with sustainable returns and long-term upside potential, mainly by means of project developments. In this context, the Wil project will be implemented in about 200 apartments in the coming years and the subsequent stages at the Wallisellen site will be realised. Additional investments in smaller residential properties will be assessed in a situative approach.

In the year under review, numerous renovations and maintenance work were carried out at various property sites of Integra Real Estate Ltd.

*left and middle:  
Comprehensive renovation of the  
property in Therwil  
right:  
Head office of Integra Real  
Estate Ltd.*



# Aquametro Group



*left:  
Flow and energy measurement,  
including data connection to the  
building management system,  
PostParc Bern  
right:  
Multifunctional assembly unit  
in production Therwil*

## Company Profile

Founded in Basel in 1928, today Aquametro Ltd. in Therwil is Switzerland's leader in the development, production and distribution of flow and energy measuring devices (heating/cooling) as well as data management systems for consumption measurement in water and energy supply and oil measuring technology. The company's target group is water and energy supply companies, municipal utilities and industrial companies, as well as property management and building operators.

Aquametro is however also a supplier for ship builders or manufacturers of heating/cooling generators and motors. Since 1986, the company has also been recognised as a test centre for the Swiss verification bodies. With innovative and future-oriented solutions, customers and business partners are supported from meter data collection to data management to integration in higher-level guidance and evaluation systems.

### **New hydrant meter made of stainless steel**

With the RUBIN HYZ, a hydrant meter made of stainless steel for metering cold drinking water or clean industrial water at a temperature of up to 50 °C, Aquametro was able to launch a top product with unique properties and customer benefits.

The robust stainless steel housing is corrosion-resistant and the meter does not need any inlet and outlet sections, which greatly expands the possible applications. In addition, RUBIN HYZ is the only one of its class to have an SVGW drinking water certificate.

### **New, multifunctional assembly machine in Therwil**

This machine was internally designed and realised. It combines several work steps and is absolutely intuitive to operate. The time saving is e.g. 75 % per part compared to earlier. In the case of the impeller wheel attachment of a mechanical water meter. Equally important is the high level of process and operator safety.

### **Calibration and certification**

Aquametro Ltd. is a calibration centre for Switzerland authorised by METAS in Berne and a calibration centre for Germany under the supervision of the Stuttgart Calibration Directorate and can thus offer its customers calibrated measuring instruments in Germany and Switzerland.

In addition, Aquametro Ltd. maintains an independent, Europe-accredited calibration centre for heat, water and oil quantities according to ISO/IEC 17025. Aquametro Ltd. has one of the few cold



water test rigs and is capable of checking test volumetric measuring units up to a nominal diameter of 250 mm and a maximum flow of 1,200 m<sup>3</sup>/h. The scope of service includes the SCS0077 calibration centre (Swiss Calibration Service) and verification body T02.

**Comments on the reporting year**

The fiscal year must generally be considered very difficult. Due to the previous already challenging year, the Aquametro Group started with a very few orders at the beginning of the year. Various markets were still unpredictable. Planned projects have been delayed or cancelled. The price war continued.

In Switzerland, we have invested heavily in market development. Taking into account that «energy» projects have a decision-making and implementation period of between 6 months and 3 years, this resource development in the year under review has unfortunately not yet had any impact on sales. In various export countries, the market development, which had been neglected for years, was re-emphasized.

The marine business experienced a market-induced slump. The constant low oil prices were also not helpful to our oil business.

In 2016, continuous optimisations and improvements were made in production. In fiscal year 2016, a Group turnover of CHF 44 million was generated with 176 employees.

**Forecast**

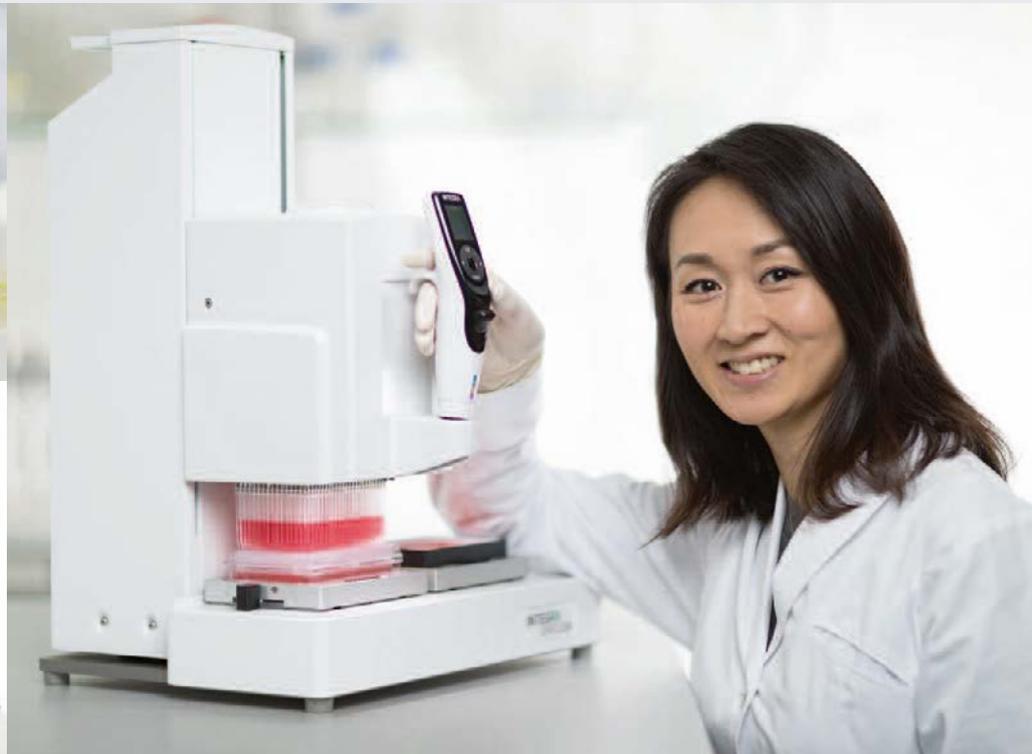
Aquametro has made various investments in the development and expansion of the company. Among other things, by strengthening the national and international sales team or by developing new products, which will be introduced in 2017.

Further optimisation of internal procedures and processes, as well as a general increase in the company's expertise within the organisation, helps to further increase efficiency and speed. Aquametro Ltd. is therefore convinced that it will be able to demonstrate the first, very positive results of this investment in the coming financial year.

*left:  
Heat measurement in the Swiss  
Tower in Dubai  
top middle:  
Power station for electricity and  
heating water supply  
bottom middle:  
Measuring tube for district heating  
in ultrasonic and 2-track technology  
right:  
RUBIN HYZ hydrant meter*



# INTEGRA Biosciences **Group**



top left:  
VOYAGER II – Adjustable tip  
spacing pipette  
bottom left:  
PIPETBOY acu 2 pipette controller  
right:  
VIAFLO 96/384 – Hand-held,  
electronic 96- and 384-channel  
pipette

## INTEGRA Biosciences Group

INTEGRA Biosciences Ltd. was founded in 1965 as a trading company for laboratory equipment in Zurich. In recent years, the company has developed into an internationally leading manufacturer of high-quality laboratory equipment for precise dosing of liquids and sterilisation of culture media.

The group is headquartered in Zizers (CH), where all electromechanical devices and systems are developed and produced. All consumable materials are developed and produced at the US headquarters located in Hudson, New Hampshire. In the US, Germany, France and Switzerland the products are sold to end-users through a direct sales force. In England and China, INTEGRA sales representatives assist the local distributors. In all other countries, a network of over 100 independent distribution partners represent INTEGRA products. These products are used worldwide in many laboratories in the life sciences industry and enjoy a superb reputation. Typical usage of these products is found in the fields of medication research, medical diagnosis, as well as quality assurance in the food and cosmetics industries.

## Comments on the reporting year

2016 was a very successful year for the INTEGRA Biosciences Group. Its consolidated sales increased to about CHF 40 million. This represents an increase of 20% over the previous year. At the same time, the operating profit II could be increased by 34%.

With CHF 20.5 million in sales, North America is the most important region and has shown high-level growth by a further 17% compared to the previous year. Europe also provided a record growth of 25% and contributed CHF 13.4 million to the group turnover. This is largely due to the positive development of the direct sales organisations – especially the branch office established in Germany in the previous year. The Asia/Pacific region generated CHF 4.1 million, a significant increase of 21% compared to the previous year.

All of the strategically important products contributed to the excellent outcome. The largest growth was achieved by the pipettes with the associated consumable materials. Two strategically insignificant product lines were sold to a manufacturer in Germany. The staff increased



from 153 to 180 full-time positions in the reporting year. The direct sales staff in the US, Europe and China contributed significantly to this increase.

## Forecast

The strategy «Closer to the Customer» will continue to be pursued in 2017. In the key markets of North America and Europe as well as in China, the local presence will be further expanded by our own sales and service staff. In these regions more than 70% of the total turnover will be generated. The rest will continue through local sales partners.

With the introduction of the manual pipette «EVOLVE», INTEGRA Biosciences has developed into a complete provider of liquid handling products. This allows the entire portfolio of manual and electronic pipettes to be offered. This will continue to drive above-average growth in the sale of consumable materials, particularly dosing tips. Especially promising for the future are various long-term business-to-business projects, which were initiated in previous years and will begin to materialise in 2017.

The second strategic focus in 2017 is the further increase of innovation. The Development depart-

ment and as well as product management efforts are being expanded and strengthened. Investments in staff and resources in this area will increase above average. A whole series of new liquid handling products are in the pipeline for market launch. Some of these products will already contribute to the planned growth in 2017 and in the long-term will serve to complement the liquid handling product portfolio.

Injection molding production in the US will be further automated and expanded in 2017. This will lead to a gradual improvement in margins for consumables.

A major ongoing project is the introduction of SAP Business One for all European companies (CH, DE, FR) by mid-2017. In a second phase, this ERP system will be introduced in the US. This is a central prerequisite for the Group's efficient financial, sales and production management.

A balanced sales and cost structure in the three most important currencies – CHF, USD, EUR will continue to be considered. This ensures that the INTEGRA Biosciences Group is optimally protected against currency fluctuations.

*left:  
VIAFLO ASSIST – Automating  
multichannel pipettes  
top middle:  
VIAFLO II – Aligned dispensing  
tips for multichannel pipettes  
bottom middle:  
VACUSAFE – Aspiration system  
with vacuum pump  
right:  
EVOLVE manual pipette*



# SIGNAL Group



left:  
Signaling roundabout Chur South  
top right:  
Signaling Seetalplatz Emmen  
bottom right:  
Signmaking, SIGNAL Büren

## Company Profile

SIGNAL Ltd. was founded in 1946 in Biel, thus about 70 years ago. Since 1990, both the head office and production have been located in Büren an der Aare. The company provides systems and solutions for traffic information and safety. In the fields of signaling, road marking and traffic control, SIGNAL Ltd. is the market leader in Switzerland. The product range also includes dynamic display and information systems and shut-off and access systems such as barrier and bollard systems. Motorway construction sites are secured with pre-warning trailers and impact absorbers. The product range is complemented by parking guidance systems, products for traffic area design, systems for escape route signaling and tunnel safety. The solutions offered include services such as consulting, planning, engineering, assembly and maintenance.

The customer base includes municipalities, cities, cantons, motorway workshops and the federal government. In addition, the customers of SIGNAL Ltd. include industrial and commercial enterprises, construction companies, tourism and public transport. The public sector contributes around 70 per cent to the company's turnover.

## Comments on the reporting year

The 70<sup>th</sup> business year of SIGNAL Ltd. was the most successful in the company's history. Operating performance was increased to CHF 57 million. All three business divisions have grown and have contributed to the satisfying result. Thanks to investments in a higher headcount (240 employees) and improvements in the processes, customers have been served more efficiently and quickly.

## Notable projects

In the fiscal year of 2016, various motorway projects were implemented. These include the static and dynamic signaling for:

- the bypass A5 around Biel (BE)
- the motorway section A12 between Kerzers (FR) and Faoug (VD)
- the section A14 between Rotsee (LU) and Buchrain (LU)
- the A2 Eastbound in Basel (BS)
- the section A16 between Court (BE) and Loveresse (BE)



The Swiss Federal Roads Office (ASTRA) awarded the joint venture under the leadership of SIGNAL Ltd. the contract for the execution of the large-scale project of the northern bypass in Zürich (ZH). The project includes the supply of signalisation and signaling boards as well as assembly and cabling. The project will be carried out between 2017 and 2027.

In addition, SIGNAL Ltd. received the order for signaling, traffic control, assembly and cabling on the A6 motorway between Rubigen, Thun and Spiez in the Canton of Berne.

In addition, the city of Zurich and the Canton of Ticino awarded SIGNAL Ltd. new framework contracts for the supply of signaling and the marking of canton routes in the cantons of Bern and Ticino.

As of 1<sup>st</sup> December 2016, SIGNAL Ltd. took over the operational activities of STRAMAG Strassenmarkierungen Ltd. It promises further expansion of the market position in the agglomeration of Berne.

### Sales network

The sales and service network with twelve branch offices in the cantons of Aargau, Basel, Freiburg, Geneva, Graubünden, Lucerne, Ticino, Thurgau, Valais, Vaud and Zurich ensures customer proximity in all language regions of Switzerland. It is crucial for market success to know the local characteristics and to work closely with the customers. In Ticino, the subsidiary company of SIGNAL Ltd., Segnaletica Mordasini SA, is active in road marking.

### Forecast

SIGNAL Ltd. is pursuing its growth strategy with the focus on acquiring new projects and expanding the market segment of public transport. The future prospects are positive due to the satisfying order backlog. The ever-increasing traffic volume on the national roads as well as in the cities and agglomerations requires further investments in the maintenance and expansion of transport infrastructure. In order to make better use of existing capacities, innovative systems for traffic management and signaling are indispensable. SIGNAL Ltd. has the right solutions for this.

left:  
Zone 30, Apples  
top middle:  
Signaling & road marking,  
Mobility Lucerne  
bottom middle:  
LED departure display monitor,  
Postauto Chur  
right:  
Pipe bending machine,  
SIGNAL Büren



# SITEK



*left:  
Production of worm wheel with  
metal inlay  
top right:  
Turned parts  
bottom right:  
Plastic gear parts with molded  
inlay*

## Company profile

SITEK Ltd. is a company that manufactures product components, small gear units, assemblies, and precision parts made of plastic and metal.

The company was founded in 1997 at its current location in Bettlach and taken over by Aquametro Ltd. in 2004. In 2015, the majority of shares was acquired by INTEGRA Holding.

SITEK Ltd. has a good network for the manufacture of precise assemblies made of plastic and metal. Today's strong market position shall be systematically expanded in the main markets of Switzerland and Germany, focusing on profitability.

Thanks to its distinct niche policy, the company is able to react quickly and flexibly to customer needs. Proximity to the customer is important as a supplier. SITEK Ltd. offers a range of services that comprises all processes, from development to design to the finished component. The production of turned metal parts with plastic components as well as the in-house construction of corresponding assemblies is a great benefit for our customers. In this area, SITEK can rely on a network of specialists. This allows the company to concentrate mainly on its core competence: The production of technical serial parts.

## Comments on the reporting year

2016 was characterized by a difficult market environment. The decision of January 15, 2015 by the Swiss National Bank to discontinue the minimum exchange rate had a profound impact on export-oriented suppliers. Many customers were hesitant and ordered only very cautiously. As a result, sales fell by 12 % to CHF 3.45 million. Through targeted measures, the gross margin of the previous year could only just be maintained. The workforce was correspondingly adapted.

New customer contacts were established, especially in the south of Germany and in the meantime sales and projects were further developed. In 2016, only the rotary parts division grew by 4%. Production in the water metering sector lost importance once again.

The manufacturing of ever more complex parts represents a growing challenge for SITEK Ltd. To accommodate the demands of customers, investments have been made in various new machines. Further investments in the areas of quality assurance, parts cleaning, tooth cutting, and in logistics processes must follow to sustainably counteract the margin pressure.



**SITEK AG**



### **Forecast**

Despite a weak economic situation at present, we are convinced of the potential of SITEK Ltd. The market position in the supply market will be developed and strengthened by targeted marketing and customer proximity. SITEK Ltd. will continue to focus on a niche market producing smaller and medium series. Our company's goal is to provide customers with our expertise from early in the project phase, and to support them in sample production. Relationships and knowledge gained from this will pave the way for subsequent long-term production orders. Furthermore, the name SITEK must become better known as a qualified supplier for assemblies. The combination of rotation-symmetric, precision-machined and injection-molded parts sets SITEK apart from its competitors and is a competitive advantage to be exploited.

Further expansion into a modern production facility according to current requirements is no longer possible at SITEK's present location in Bettlach. Therefore, land was purchased in the Grenchen industrial zone in 2014 to build a new production facility. Planning, building permission, and construction contracts were concluded by the end of 2016.

Construction began in February 2017 and the new building will be ready for occupation at the end of the year. The new production facility will be finished on the 20-year anniversary of SITEK Ltd. It is intended to be a sign of continuity and represent the long-term company development. The SITEK team will take the opportunity to create additional space and to improve its administrative and production processes. Production steps which were previously distributed on different floors will be now carried out in the same hall. But not only the flow of goods, but also the accessibility for employees, external service providers, and visitors were reassessed and optimized from scratch.

*left:  
Outflow control of sockets  
right:  
Serial parts / Turning*



# INTEGRA Engineering India



left:  
New 260T bending machine  
top right:  
Power converter housing for  
locomotives (rear)  
bottom right:  
Power converter housing for  
locomotives (front)

## Company profile

The INTEGRA Group has been producing relays in India since 1987. In 2012, INTEGRA Holding Ltd. took a majority stake in Schlafhorst Engineering, which was established in 1981 for the production of textile machinery. After the takeover, the two companies were merged into today's INTEGRA Engineering Ltd. Since then, INTEGRA Holding Ltd. holds 55% of the shares of INTEGRA Engineering, while the remaining shares are listed on the Mumbai stock exchange.

Today, the company offers comprehensive production services, which include everything from machining through manufacturing, welding, painting/coating to assembly and wiring. The main customers are various OEMs in the fields of transport and energy technology, including ABB, Bombardier Transportation, Hitachi, BHEL and Crompton Greaves. In addition, the company continues to produce its own products.

## Comments on the reporting year

Considering the downtrend of the textile market and the old products, the company decided in 2016 to concentrate on its core competency – relays and control panels.

Keeping in mind the «Make in India» initiative, which signals the government's plan to make India a global site for manufacturing industry, the company has adopted a few ambitious projects. India's growth rate is currently about 7%, the largest growth among the BRICS countries, and is thus still ahead of China. Moreover, India has had the lowest inflation rate for years. This strong growth was caused by a correspondingly growing production sector.

INTEGRA Engineering Ltd. was able to benefit from this positive development and recorded an order intake of approximately TCHF 450 higher than in the previous year, representing an increase of almost 10%. Revenue also rose by about 30%, mainly due to the increased sales of relays.

The entire production has been restructured to match the requirements of sheet metal production. Machines were sold and removed to create a more transparent production environment while increasing efficiency.



The new management also promoted the team and represented a new way of thinking. Thanks to the increased production, the company also created new jobs. In addition, it also leased all the remaining buildings to emerging companies. The gross profit margin rose again slightly, so that a positive EBITDA and a net profit of approximately TCHF 320 were achieved in 2016.

In the area of railway safety, the market position was strengthened by the relay portfolio and some major orders were booked. The introduction of the production of new stainless steel switchboards for the transport sector also helped. In addition, the company has been able to expand the customer base.

**Forecast**

The company is planning to expand its product portfolio for railway signaling products and undertakes projects to expand into adjacent areas. The new fuse monitoring system will continue to be strongly advertised as soon as it is approved for use by the Indian Design & Standards Organisation, RDSO.

At the same time, the areas of design and sheet metal fabrication, with emphasis on stainless steel, will be systematically expanded. Additional measures to improve the processes and to create transparency are to be implemented through the planned introduction of modern systems. The company continues to work on expanding its manufacturing capacity and plans to develop new products in the coming year.

The market reacts very positively to the company profile and the manufacturing set-up of INTEGRA Engineering Ltd. With the current economic situation, and through further changes within the company, the management is confident that it will benefit from the investments. These developments can be summarized for INTEGRA Engineering Ltd. in many opportunities for positive expansion of the business over the next few years.

*left:  
Complete power converter  
housing  
top right:  
New 110T bending machine  
bottom right:  
Workforce of INTEGRA Engineering  
India*



# MICRONIC



left:  
Univo Screw Cap Recapper  
SR096 & SR008  
top right:  
0.75 ml & 1.40 ml tubes with  
external thread  
bottom right:  
Screw cap colors for  
tubes with external thread

## Company profile

Micronic's goal is to advance research by serving scientists in finding solutions that contribute to a higher quality of life. We develop and manufacture a range of Dutch-designed products to enhance the process of sample preservation and storage.

## Comments on the reporting year

In 2016, the advanced Life Sciences markets in the US and Europe again showed strong growth. This also applies to the emerging and more challenging Asian market. To support the growth of equipment sales, Micronic has rented a new building near its headquarters in which the Equipment Assembly Center will be established. In addition, Micronic has designed the lay-out of a new clean room in The Netherlands, which is scheduled to be ready in 2017. After completion of the construction work, Micronic will have over 1,000 m<sup>2</sup> of clean room for injection molding. In 2016, Micronic launched several new and innovative products. The Screw Cap Recapper equipment line has been extended with three new models. In addition to the Univo Screw Cap Recapper SR008 for recapping a row of 8 tubes, Micronic now also offers the Univo SR096, SR048 and SR024. These devices enable users to cap, decap or recap 96, 48 or 24 tubes with screw caps in a single action.

The complete Screw Cap Recapper range was very well received by the market. In addition, Micronic has introduced the 0.75 ml and 1.40 ml tubes with external thread as the first two sizes in a range of new designs featuring an external thread. Using externally threaded tubes for sample storage eliminates the chance of the sample coming into contact with the screw thread, greatly reducing the chance of cross-contamination and improving sample integrity. Due to their robust design, the tubes have excellent properties for storage at ultra-low temperatures.

## Forecast

In 2017, Micronic aims to expand its market share in the US market and reinforce its focus on the Canadian region. The emerging and challenging Asian market will be another focus for Micronic in 2017. In addition, Micronic will invest heavily in the development and design of sample handling and management equipment. The equipment line will be refreshed with an impressive new look.

# INTEGRA Holding Ltd.

## Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of INTEGRA Holding AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes for the year ended 31 December 2016.

### Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

### Other Matter

The consolidated financial statements of INTEGRA Holding AG for the year ended 31 December 2015 have been audited by another auditor, which expressed an unmodified opinion on those consolidated financial statements on 8 April 2016.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements be approved.

Zurich, 13 April 2017  
BDO Ltd.



Reto Frey  
Auditor in Charge  
Licensed Audit Expert



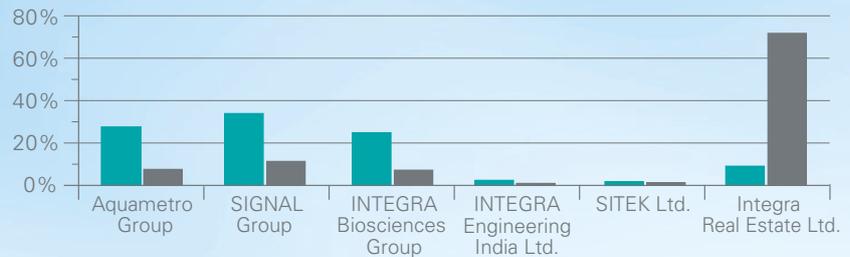
Guido Schwengeler  
Licensed Audit Expert



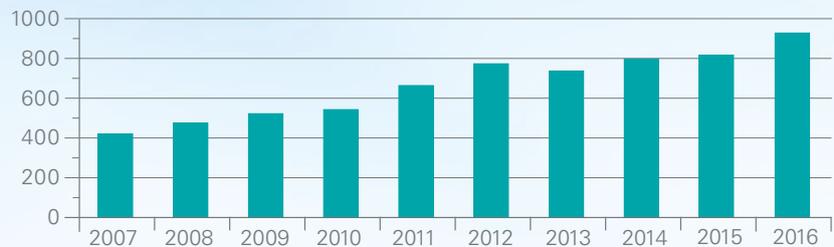
# Development of the company

## Percentage Share of FY2016 Revenue and B/S Total by Company (%)

■ Revenue  
■ B/S total



## Staff Count



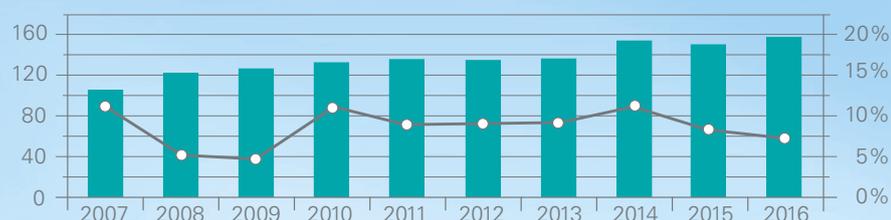
## Key Figures

(in 1'000 CHF)

	2016	2015
Net turnover and other operating revenues	157'877	150'253
Added value	113'275	110'305
- Per employee	133	139
EBITDA	24'051	27'915
- Percentage of turnover	15,2%	18,6%
EBIT	17'744	19'707
- Percentage of turnover	11,2%	13,1%
Profit after tax	10'649	11'630
Investments in tangible assets	9'763	5'965
Staffing Level (31.12.)	863	814
Return on equity	6,5%	7,3%
Return on net operating assets (RONOA)	5,1%	5,8%
Equity ratio	49,3%	47,7%

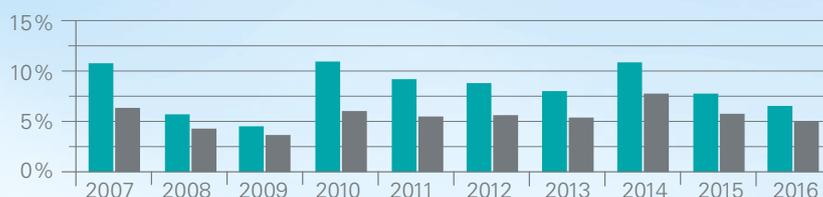
## Profitability

- Revenue (CHF, millions, left scale)
- Profit after tax in % (% , right scale)

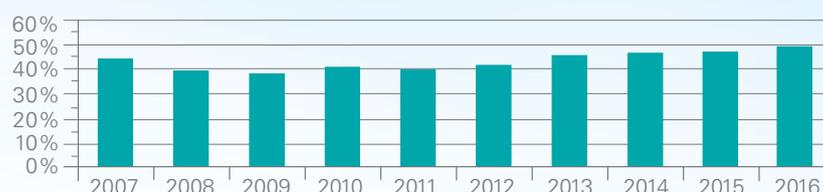


## Return on Investment

- Return on equity
- Return on operating assets



## Equity ratio



## Overview of key figures

The INTEGRA Group can again look back on a successful 2016 despite a significantly tougher economic environment. Consolidated operating income amounted to around CHF 158.8 million, slightly more than last year. Consolidated net sales, also increased compared with 2015 by 5.4% to CHF 157.0 million. Net profit for the entire group amounted to approximately CHF 10.6 million, representing a decline of 8.4% since the previous year.

### Integra Real Estate Ltd.

In 2016, due to the positive rental situation of the properties, the operating income could be maintained at around CHF 15 million. Operating expenses increased compared to the previous year, as more projects were implemented and the Wil project was further delayed. Due to the further improvements in the rental situation and the further fall in interest rates compared to last year, the value of the investment properties continued to rise. This resulted thus in an operating profit of CHF 12.7 million, which corresponds to a reduction of just under 2% compared to the previous year.

### Aquametro Group

Aquametro achieved an operating income of CHF 43.9 million in 2016 with an operating profit of CHF 0.9 million. The fiscal year was very challenging as planned customer projects have been annulled or cancelled.

### INTEGRA Biosciences Group

The INTEGRA Biosciences Group generated sales of around CHF 40 million in 2016. As in the previous two years, it grew by 20%. The direct sales companies have made a significant contribution to this. The operating profit II of CHF 3.3 million is 34% higher than in the previous year.

### SIGNAL Group

In 2016, SIGNAL Ltd achieved the best result in its 70-year company history. Sales and earnings were increased. Operating income rose by CHF 2.8 million to CHF 57 million and operating profit II was CHF 4.85 million. All three business divisions have grown and contributed to the satisfying result.

### SITEK Ltd.

Compared to the previous year, SITEK had to accept a decline of 12% on operating income to CHF 3.45 million and an operating profit of TCHF -207. Overall, the company has continued to make progress in all areas in 2016 and was partially reorganised.

### INTEGRA Engineering India Ltd.

In 2016, INTEGRA Engineering India Ltd. recorded a growth of about 30% sales of CHF 4.3 million in comparison to the previous year. Thanks to the increased sales, good profit margins in the railway business and controlled costs, a positive operating performance and an annual profit of around TCHF 320 was achieved.



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Halol

