

ROLAND FREI

FOLLOWING THE TRACKS







Roland, Yvonne und Jörg Frei

This book is dedicated to the global PLASTON and BONECO employees. Their dedication has created a company whose history I continually find both amazing and almost hard to believe.

These «PLASTONERS» have left their mark, their tracks.

The term «Tracks» is a versatile, applicable term and here it refers to a process of history – a process that lies behind us. But tracks can also lead us into the future. They can provide inspiration for future development.

Climate change, for example, and the devastating effects from hurricanes, droughts, flooding and forest fires show us where the consequences of civilization are leading us – into an uncertain future. Tremendous determination and creativity are required to ensure better tomorrows.

Tracks are not only left by nature. Tracks are also left by people, animals and the four elements of fire, water, air and earth. Even our universe of sun, moon and stars will leave tracks today and in the future.

I dedicated the first book of the PLASTON story to my father. It contains the history of the first 50 years of our company.

The book that you hold in your hands I dedicate to all the employees who were part of the PLASTON history and its future designers in the knowledge that success stories are not self-perpetuating. They require hard work and the determination to succeed.

Roland Frei
Honorary President PLASTON Group



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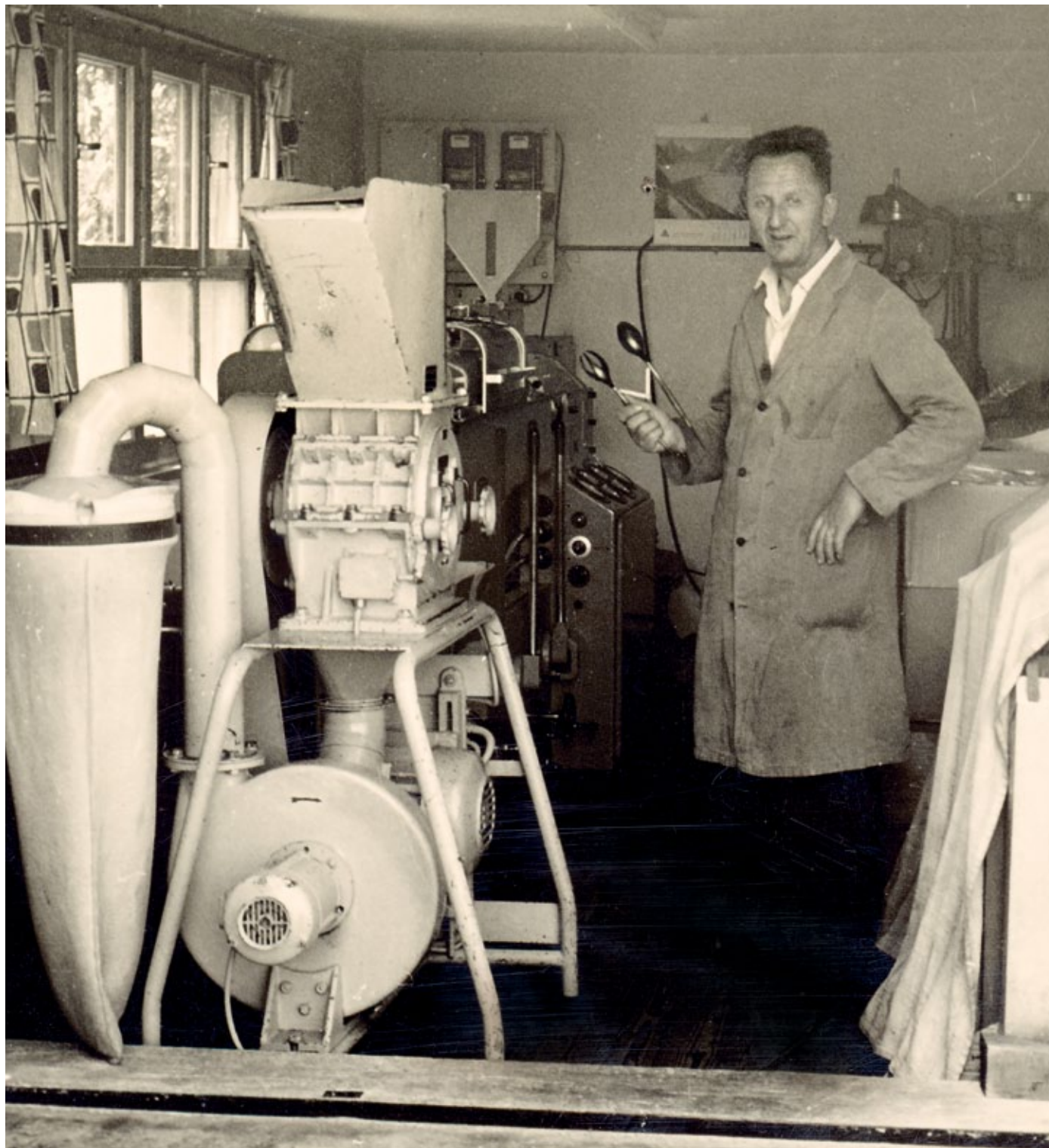
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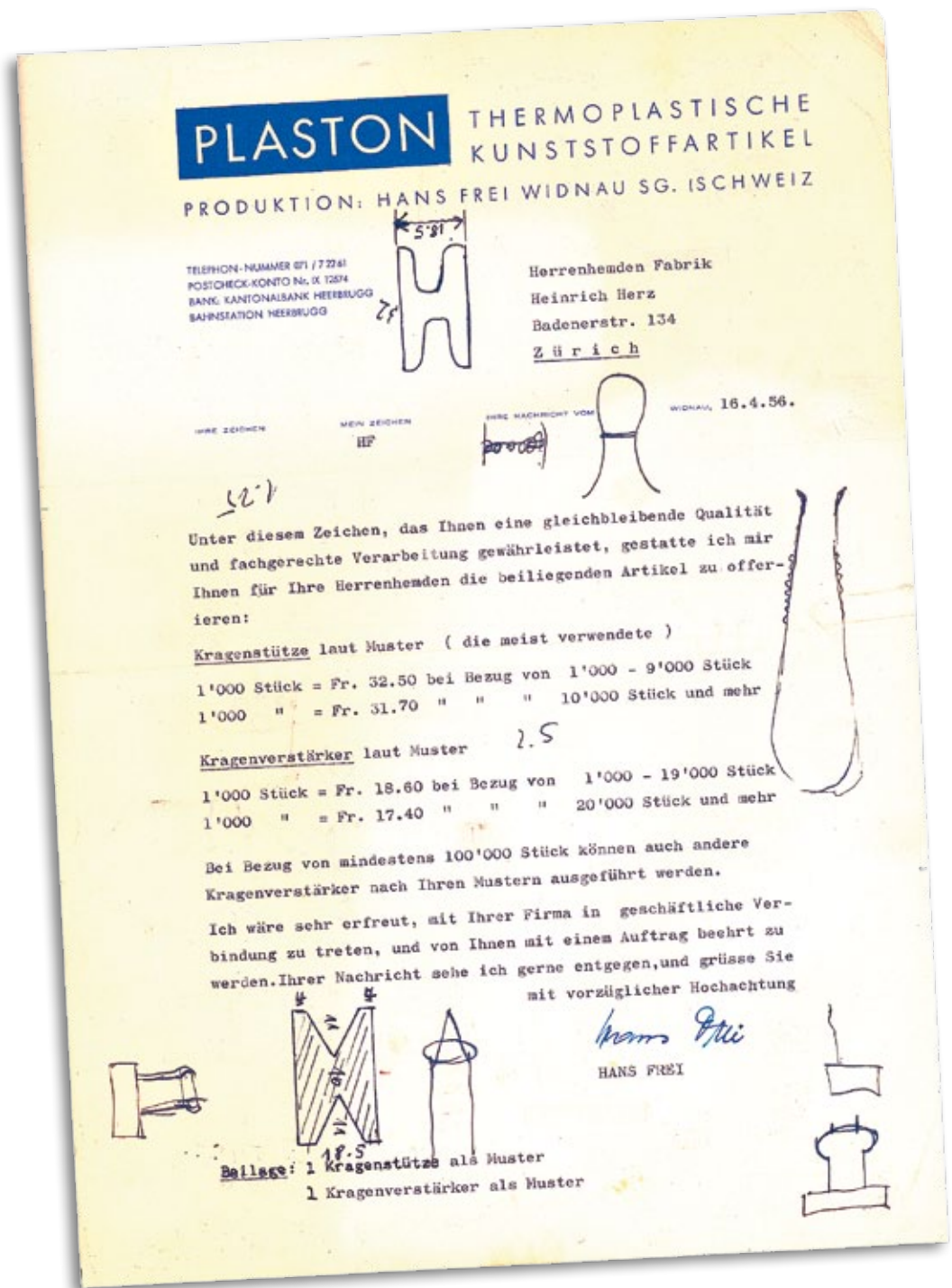


The sole-member company under the name of PLASTON-Thermoplastic Plastic articles Production Hans Frei Widnau – Switzerland was founded on February 6, 1956

The company's «dual approach» strategy was defined with two goals. On one hand, it would be an industrial supplier, and, on the other hand, it would be the manufacturer of its own household products and sell them directly to the trade. This diversification or «dual approach» strategy was based on my father's experiences in

the 1930's. During «the great depression» he had observed how sub-contractors were left «twiddling their thumbs» waiting for customer orders. With the company's ability to produce its own products it was still possible to work with new customers and new brands even during difficult economic times.

Our company started under extremely precarious conditions. After 37 years of service at the textile fiber plant Viscose Widnau, my father was forced to leave his position as Plant-Manager.



Like so many others, he was stricken with the terrible «Viscose disease», Carbon Disulfide poisoning, which severely affected his nervous system. He received CHF 25,000 compensation money which he then used as his starting capital! The financial starting position seemed an almost hopeless endeavor for that time.

Meeting the challenge of Hard Work

Efficient operation of an injection-moulding machine demanded then, as now, uninterrupted 24hour operation. We were a four-

member team. Our mother cooked and cared for us. My younger sister Madlen handled bookkeeping and ran the machine during the worker's break. When necessary, she also helped change the molds. My father and I divided the 24hour operation between the two of us. I was 19years old at this time and had just completed my tool-making apprenticeship. I worked the shift from 10 o'clock at night until 5 o'clock in the morning. My father ran production while I slept. Lunch followed my morning nap and then it was time to address the multitude of tasks at hand; product development, repairing and

replacing tools, changing machine parts or meeting customers. The requirements of the day seemed endless and a 100 hour work week was not uncommon.

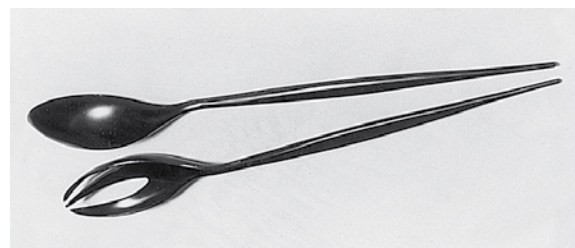
Every Swiss franc we earned was invested in new products. A small assortment was assembled that would significantly enhance the possibility of business opportunities with major distributors.

This was followed by years of hardship and long work days without wages. But there were also years of small successes that became a driving force to continue fighting. With this came the realization that quality, reliability and the careful use of limited resources had developed our reputation as a partner and would thus ensure our future survival.

Our Breakthrough with Salad-Servers

A simple set of salad-servers provided the breakthrough that offered the first opportunity for our financial security. In the years following the war, many major distributors had made special sales promotions. These included products offered in double-packs along with a bonus gift. PLASTON followed this idea by offering two major salad-oil companies, Sais and Usego, our new, attractive «Swedish Design» salad-servers.

Both companies accepted our offer. Sais ordered the servers in black. Usego ordered yellow. This sales-promotion was a big hit. Working day and nights for months, we produced over 400,000 sets of salad-servers.



It was not a PLASTON trait to remain content with achieved success. But we were limited to production of small plastic products by the size of our existing injection-moulding machine. We envisioned greater possibilities – production of larger products to secure better market positioning.

From the garage to the new building in 1961

Our history of careful spending, our product quality and above all our reliability made it possible to relocate from our garage workstation into a proud new factory. This provided the opportunity to invest in larger injection-molding machines which significantly improved our offer in both lines of business. At this time my brother Bruno joined our father's company.

The continuing economic growth of the 60s also applied to the young PLASTON. With the investment of additional injection-molding machines, the new factory of 1961 was quickly becoming inadequate. In 1963 a new warehouse was built but by 1966 we had already outgrown this space. At this point the planning for a major new factory was taken in hand.

February 1966

Our 10th anniversary was celebrated in the restaurant Freihof in Widnau. With our 20 employees we had generated sales of 1.16 million Swiss francs. With the support of Mr. Bleichenbacher, our accountant at the time, our father founded a stock corporation with CHF 1.2 million share capital fully paid into 1,100 registered shares of 1,000.00 CHF and 1000 registered shares of 100.00 CHF.

The new company name was now:

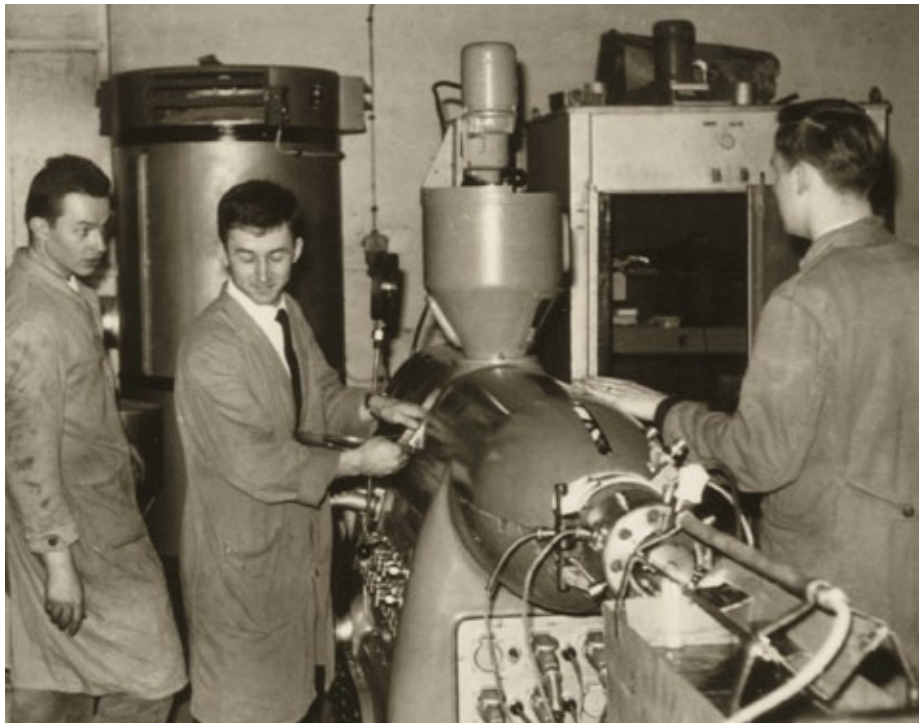
PLASTON AG

Plastic Works Hans Frei + Sons

9443 Widnau – Switzerland

The start-up phase of PLASTON was finally completed. This seemingly impossible goal had been reached!







BRUNO AT THE NEW PRODUCTION PLANT 1965



10 Jahre PLASTON

Vortrag von Professor CKDT

Als Aussenstehender stelle ich meinen Vortrag unter das lateinische Motto: in vino veritas - zu deutsch - „Im Wein ist Plastik“ oder etwas freier übersetzt: „Am Anfang war das Wort und das hiess PLASTON“.

Anlässlich vom Blech-, vom, Blech-, anlässlich vom blechernen Jubiläum muss man den Blick-, den Blick-, muss man den Blick in die Vergangenheit werfen. Wer mag sich noch erinnern, wie anhand von Seich-, von Seich-, von Zeichnungen das erste Büdli entstand. An einem schönen Abend war es soweit. Die erste Maschine war da. Beim Abladen tönte es vom Lastwagen herunter: Hebamme-, Hebamme-, heb am Strick, susch gheist sie abe.

Schon bald hörte man von den lieben Nachbarn den neidigen Furz-, den neidigen Furz-, den neidigen Ruf: Ein Plastönli am andere. Dennoch, das Büdli und mit ihm sein unermüdlicher Meister gediehen prächtig und das kleine Garäschli begann sich zu vermehren und gebahr, wenn auch unter Wehen, einen Riesen. Mit dem Ausbruch der Konjunktur mussten bald auch Fremdarbeiter-, auch Fremdarbeiter-, mussten bald auch fremde Arbeiter eingestellt werden. Nun war auch die Zeit gekommen, wo die Söhne und Töchter ins Geschäft eintraten, denn auch diese wollten nun schöpfen-, wollten nun schöpfen-, wollten nun auch schöpferisch tätig sein.

Um die Transporte über die hundsmiesen-, hundsmiese-, über die mit Hunden und Miststöcken verzierte Zufahrtsstrasse zu lösen, wurde ein Wagen angeschafft. Manche Gugelfuhre musste mit dem Schmerz Jesu-, musste mit dem Mercedes Hugo ausgeführt werden. Doch die autofahrenden Töchter machten dem Innenleben des nicht mehr ganz fabrikneuen Wagens bald ein Ende.

Vercherte Schafherden, verherrte Schafheere, verschaffte Ehrherden-, verehrte Herrschaften, es ist kaum zu glauben, was mit dem Bau der neuen Fabrik für eine Sennhütte-, für eine Sinnhütte-, für ein sinnvolles Gebäude entstand. Der Archeolog-, der Archeol-, der Architekt, gab sich alle Mühe, eine Erweiterung nach oben zu verunmöglichen-, eine Erweiterung nach Osten zu ermöglichen. So steht denn heute das schmucke Gebäude neben der alten Tante-, neben der alten Tante-, neben der alten Tanne an der Grenze. Dank dem guten Geschäftsgang konnte auch der alte Haufen-, der alte Haufen-, konnte auch der alte Hausteil dem neuen angepasst werden.

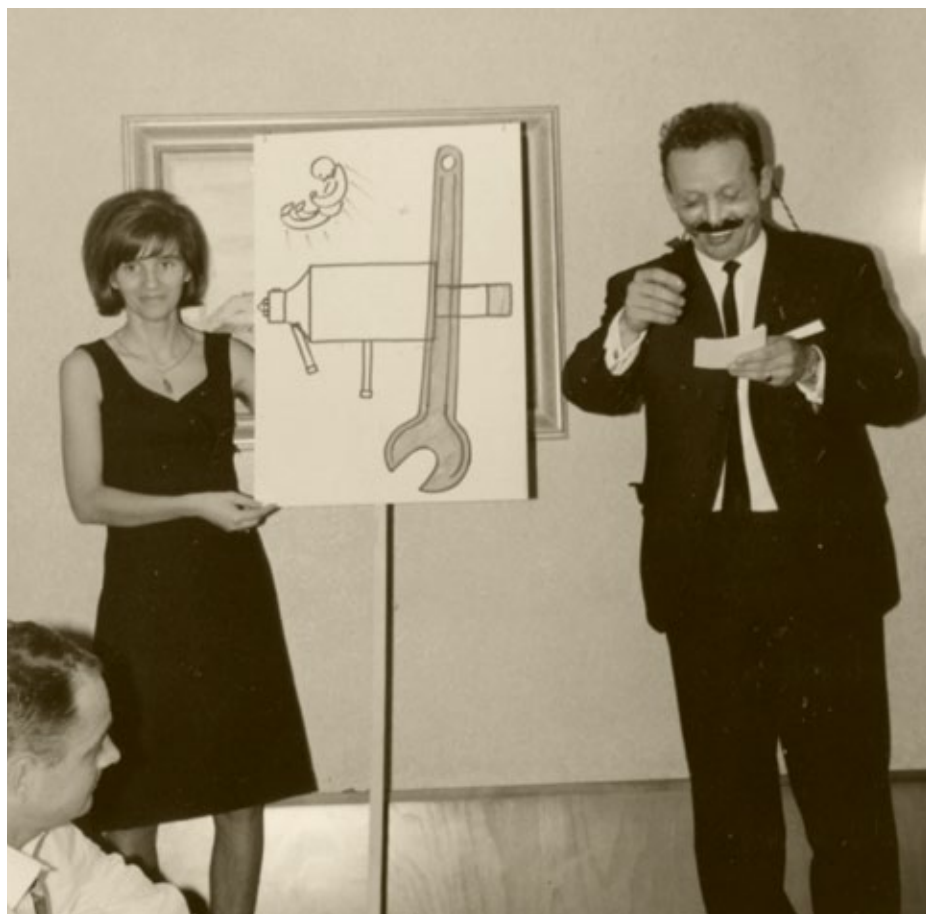
So ist die Firma Plaston zum grössten Unternehmen des Rheintals ennet dem Sicker aufgestiegen. Aber auch da gab es Sorgen mit den Arbeitern. Strolchenfahrer-, Strolchenfahrer-, solch erfahrene Leute, sind auch im Rheintal dünn gesät. Viel Mühe hat der rüstige Alte-, der alte Rüstige-, der rüstige, alte Chef überstanden bis er uns von der Strela aus zurufen konnte: In vino veritas! Wer mag sich noch jener Mitternacht erinnern, als der Räuberhauptmann rief: Wir sind Siebesieche-, mir sind Siebesieche-, mir sind siebe Sickerligorsche und hauets all zäme zum Inaue zu de schwarze Saue.

So wünsche ich zum Schluss dem leuchtenden Unternehmen in alle Zukunft, dass es auch weiterhin ein Vorbild sein in Weinseligkeit-, in Weinseligkeit-, in Weitsicht und Zukunftsgläubigkeit.

Ihr Professor CKDT (alias Leo Krismer)

1966





Tracks are left by people who,
by maintaining faith in themselves and
despite all adversities, achieve their goals.



The new production and administration building had been scheduled to start operation in 1967. With the company Max Sandherr AG, we joined forces to form Sanplast AG as equal partners. Our goal was to produce plastic products for the packaging company Sandherr AG. These included plastic lids for Ovomaltine and Dawamalt as well as yoghurt containers and ice cream cups. Annual production was in the millions.



However, our newly defined strategy maintained that we would eventually say goodbye to disposable products and in the future specialize in production of large-sale plastic items. This change in our strategy led to the sale of our Sanplast shares.

Following almost two years of constant persuasion, we were finally able to prove to HILTI that power-tool cases made of plastic were more durable than the metal cases that were currently in use.

At the time we never imagined that this project would lead to our becoming the world leader in production of high-quality packaging cases. This was the first step in our chosen strategy. With the large injection-molding machines required for the production of cases, we were also able to produce large household products.





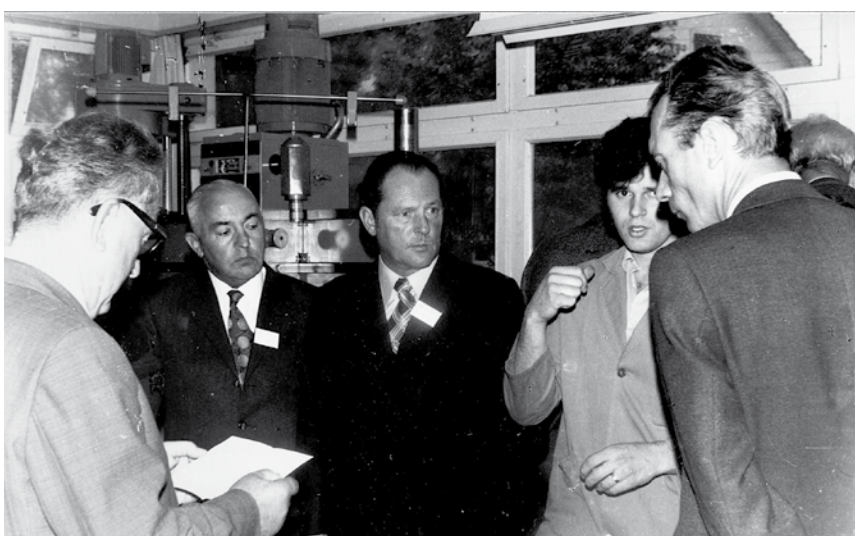
The first electric humidifier was launched almost simultaneously with the new HILTI cases.

At the same time that I assumed management from my father in 1973, the world economy was slipping into the first crisis since the Second World War. The supposedly unlimited period of economic growth was coming to an abrupt end. It was the first major trial for me. However, the continuing loyalty from our customers saved us. Major investments in buildings and machinery on the debt side combined with the market slump on the demand side constituted a challenging environment at the time. Cost effective management, respectability, product quality and services together with innovation and courage restored our confidence. With the expansion of our export markets, we were able to significantly increase our market potential.



Tracks are left by companies that have created a personality of unmistakable character.





Wissen Sie es schon?

PLASTON	löst Ihnen Ihre Kunststoffprobleme
PLASTON	fabriziert Spritzgussartikel
PLASTON	für die Maschinenindustrie
PLASTON	für die Haushaltsindustrie
PLASTON	für die Verpackungsindustrie
PLASTON	liefert Qualität
PLASTON	liefert termingerecht
PLASTON	liefert preisgünstig

PLASTON CELEBRATION AT THE METROPOL 1974







After the surprising slump in the economy in 1973, triggered by the oil crisis, entrepreneurs have adjusted to the fact that in the future, highs and lows will be the new rule. Coping with uncontrollable crises means focusing on one's own strengths. Martin Hilti, the founder of HILTI, wrote in his book for his 80th birthday: «You have to own the market»! This is the most important requirement to survive even in times of crisis.

PLASTON had, until passing from father to son, concentrated one hundred percent on the Swiss market. With the targeted expansion into the Europe-restricted market, we had significantly increased our market potential thus making us more crisis-resistant. Presenting our product portfolio was a real pleasure.

After 21 years working closely together building our company, my father departed this life and his beloved life's work. In 2006 I dedicated the book «Tracks» in his honor. He was and will always remain our role model. With the death of my father in 1977, the weight of sole responsibility was now on my shoulders. However, in 1979 my personal situation was decisively strengthened with the help of my wife Yvonne. With her by my side I felt problems were only half as bad and joint successes were twice as good.

The increasing demand for storage capacity was solved with the provisional installation of an air-inflated hall. The uncertainty of the economic development brought about by the oil crisis had caused us to proceed cautiously with investments. By the end of 1979, the

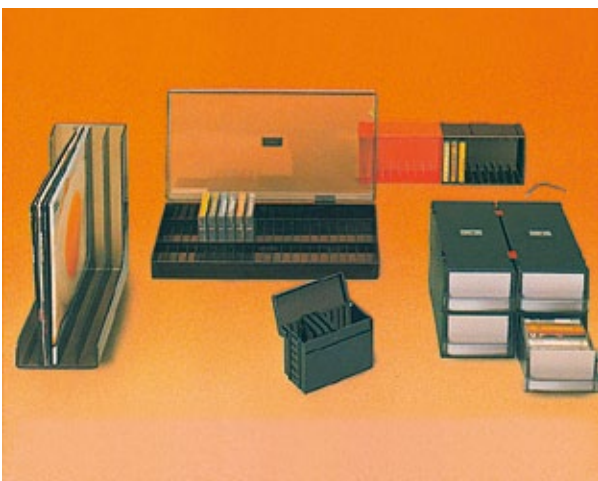




economic outlook had recovered to the point where we were able to solve the storage issues with seven external warehouses by building a new high-bay storage facility. Ever since we had delivered the first HILTI case in 1970, I had tried to convince BOSCH to replace its outdated power-tool case range with a contemporary PLASTON case

design. After 15 years of persistence and persuasion, the effort proved worthwhile. In 1985 we received the order for development of a BOSCH case range consisting of three different sizes. Hans Mafli, our sales manager, successfully supervised the customer support for BOSCH until his retirement in 2005.

Tracks are left when innovative products become market successes.



PLASTON CELEBRATION AT THE METROPOL 1980





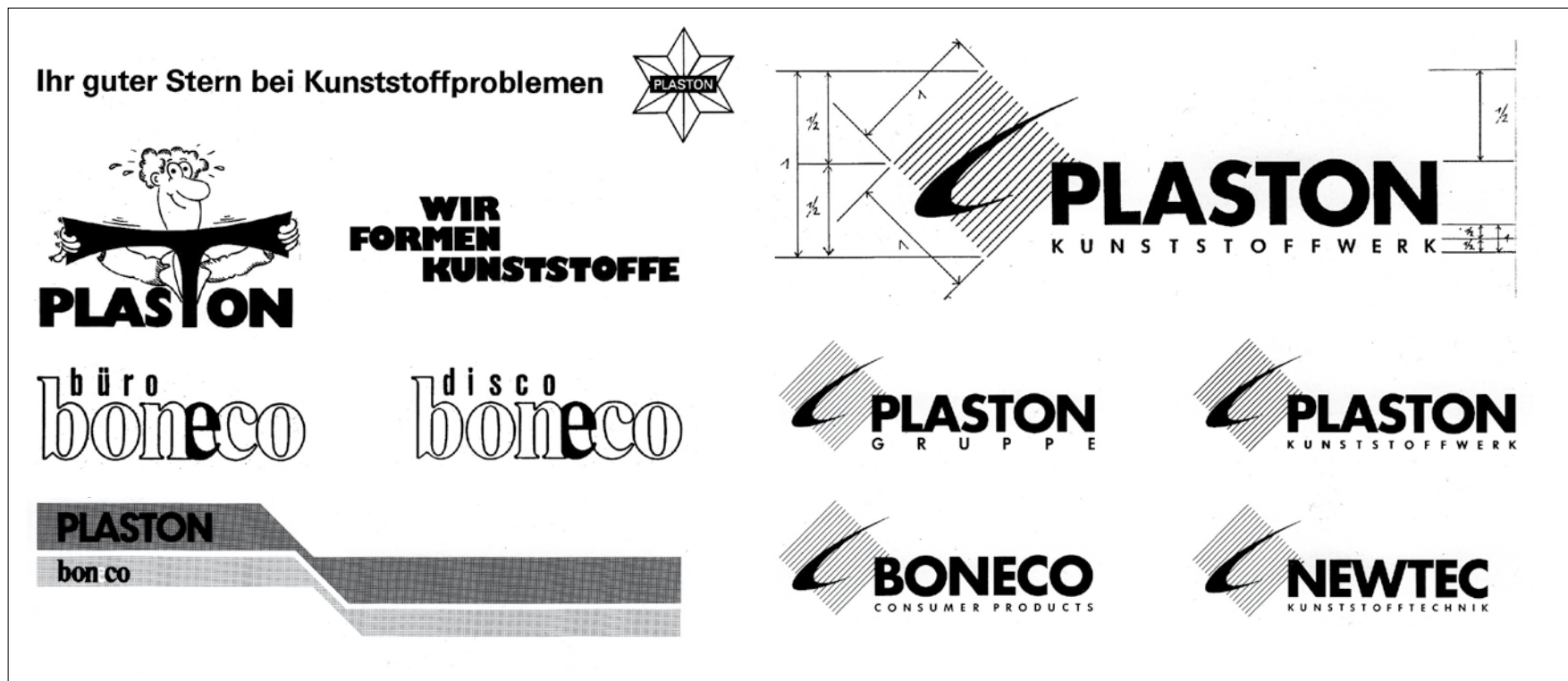


With the death of Sophia Frei, our mother and wife of the company founder, we lost a wonderful and loving soul in our company. Over the years she had presented the new parents among our employees with baby clothing and she took special care to maintain a close bond within the Frei family.

The world kept turning. The USSR was in free-fall. The large-scale study undertaken in 1990/91 produced a strategy for PLASTON's future in the 90's. Major changes occurred in our 100% family-owned enterprise. We purchased the interest held by six of our siblings. Hans and Bruno retained a portion of their inheritance. Management became a partner in the company with 35% of the shares.

In order to fulfill the terms required to implement the planned internationalization of our production facilities, PLASTON Holding AG was founded. At the same time, the corporate identity was redefined.





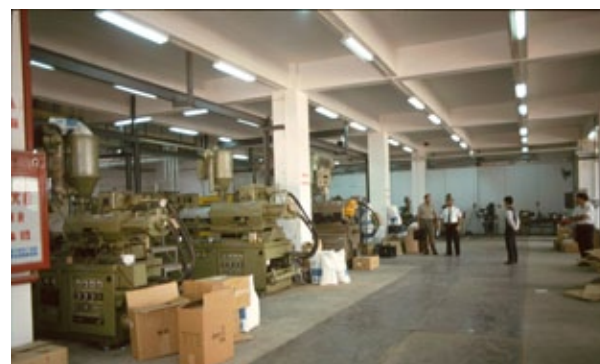
Tracks are left by corporate strategies that bear witness to foresight, courage and success.

FIRST TRIP TO FAR EAST 1988





The markets in Japan, Korea, Taiwan and Hong Kong were rapidly expanding. This created an opportunity to explore a possible cooperation, especially in the sourcing of electronic components. Yvonne organized all travel arrangements and along with Franz Gutmann and Peter Baumann, we made our first trip to Asia. We took home many valuable insights and impressions. The most important of these was that PLASTON would need to become faster and more efficient in all areas.



Our new production strategy stated: PLASTON would cater to its major customers by providing local production facilities. This led to the implementation of our factory in Sluknov CZ and our continuing commitment to HILTI by constructing facilities in Zhangjiang CN. After the collapse of the Soviet Union, we were convinced that some of our case customers in the new markets of Eastern Europe would see promising market potential and define new locations for their power-tool production.

By 1991, we had already researched the possibility of having joint venture partners in Hungary. When Bosch decided in 1992 to take over an existing power-tool plant in the former GDR, on the border with Czechoslovakia, we were not surprised. Systematically, we searched for possible locations in the western part of today's Czech Republic. By accident, we discovered a

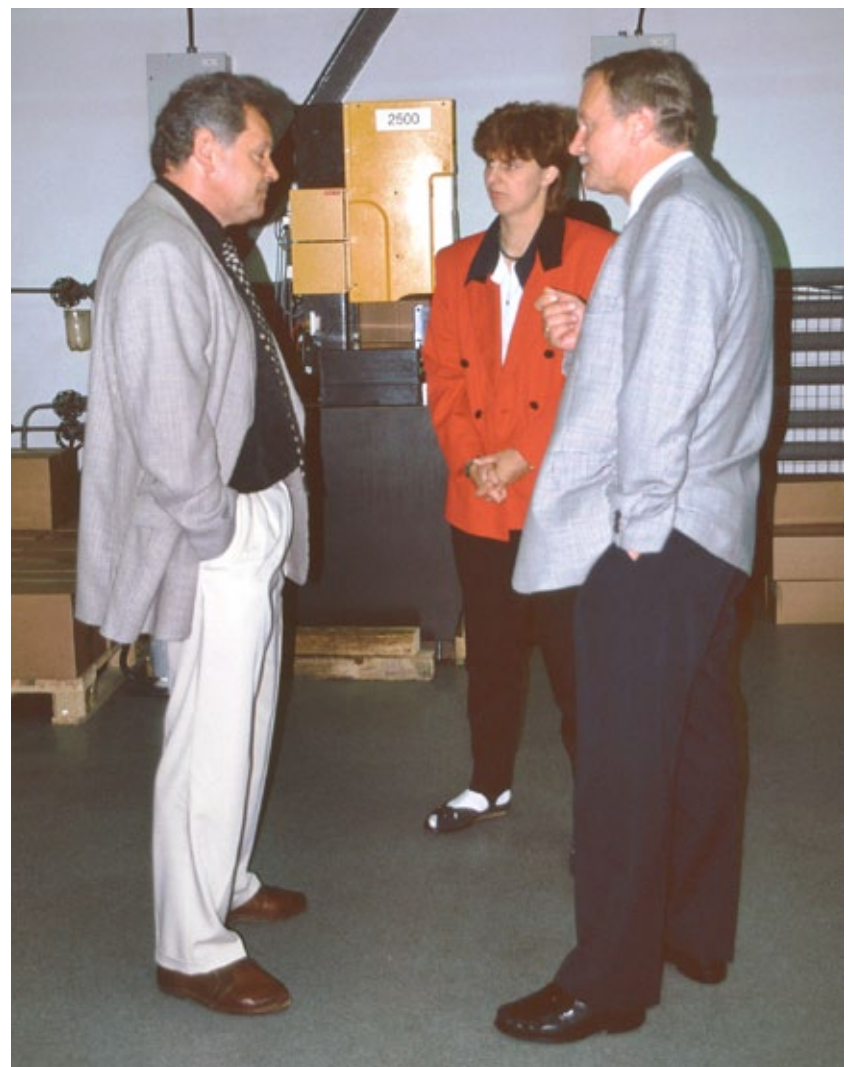
decommissioned production plant in Sluknov, just a few kilometers away from the future BOSCH plant. Key people in the development of the Czech production site included:

- **Mrs. Pajarova**, our German speaking secretary and a vital member of our staff.
- **Petr Bravek**, who had studied at the HSG, rendered valuable services as the first Managing Director of our emerging company.
- **Miroslav Rehounek**, Managing Director of the Czech/Swiss Chamber of Commerce, enthusiastically helped us in realizing the Sluknov Location.
- **Benno Büchel**, former Plant Manager of our facility in Widnau, devoted five years of time and effort in leading the difficult start-up phase and ultimately creating a successful production company.



With courage and determination and many months and years of dedication of our employees from Widnau, an impressive production plant was created. With the successful start of production in early 1996, a good strategy began to take effect. In addition to the power-tool case production for BOSCH, a versatile production program proved promising. Other case customers were supplied from Sluknov. Technical parts and electrical appliances for the sister company BONECO expanded the production portfolio. Years of success, expansion plans, cultivation of the PLASTON culture, anniversaries, etc. all contributed to shaping our family-like relationship with the Sluknov plant.

The gradual withdrawal of house-hold products up until 1995 set the preconditions for a stronger focus on production of industrial cases as well as the strengthening of our program for BONECO air treatment systems.



Tracks are left by companies that implement their strategy with courage and reliability.

The end of the fast-paced economy of the late 1980's triggered a real estate crisis in the early 1990's. Because of their speculation in real estate numerous construction companies had gone bankrupt. The Swiss banks were forced to write-off overvalued real estate worth 60 billion CHF. This development triggered a seven-year economic slowdown.

Due to a slowdown in business, we had to remain vigilant. Securing good liquidity was and remains the most important goal. It was extremely important to me to acknowledge the efforts of my hard-working Executive Committee colleagues as well as promote team spirit. With this in mind, we made various excursions where our partners were

invited to join. The business aspect of these events was always taken into consideration, but the main goal was to nurture team spirit.

These adventures included a visit to Dow Chemicals in Rotterdam with side trips to Brussels and Bruges, the expedition to Portugal which included Lisbon and Porto and a visit to Marina Grande to the firms TecMold and Somoplast Ltd. the most important tool makers of that time. On our trips to Burgundy and Piedmont we concentrated more on culinary delights as well as socializing. These wonderful events, the shared experiences and the relaxed atmosphere had a positive impact on the team and encouraged them to continue their exceptional efforts.









Hilti had taken the first steps toward expansion by establishing a production plant in Zhanjiang in the south of China. PLASTON was faced with the challenge of supplying tool cases onsite – a major task for an SME.

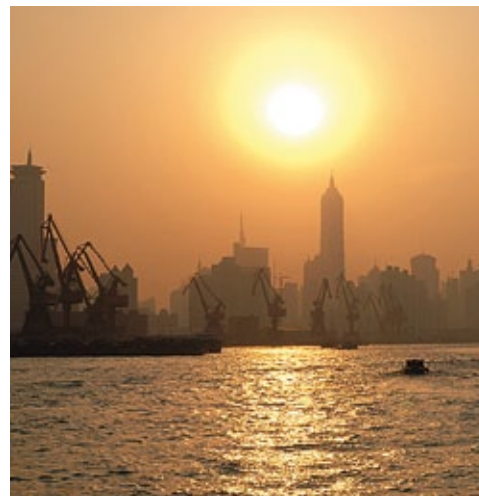
With great courage and determination, we analyzed the possibilities. The case production was finally installed in a Chinese company – presenting problems that we could not have imagined!





The strategy of the 1990's led, in some cases, to the implementation of corrective measures. The virtual supply strategy we used for dealings with HILTI and Bosch in the USA and China was no longer feasible. In the USA, Bosch changed production sites every few years – from Chicago to New Bern, then to Nevada, and finally to New Mexico. Each move caused us to search for new

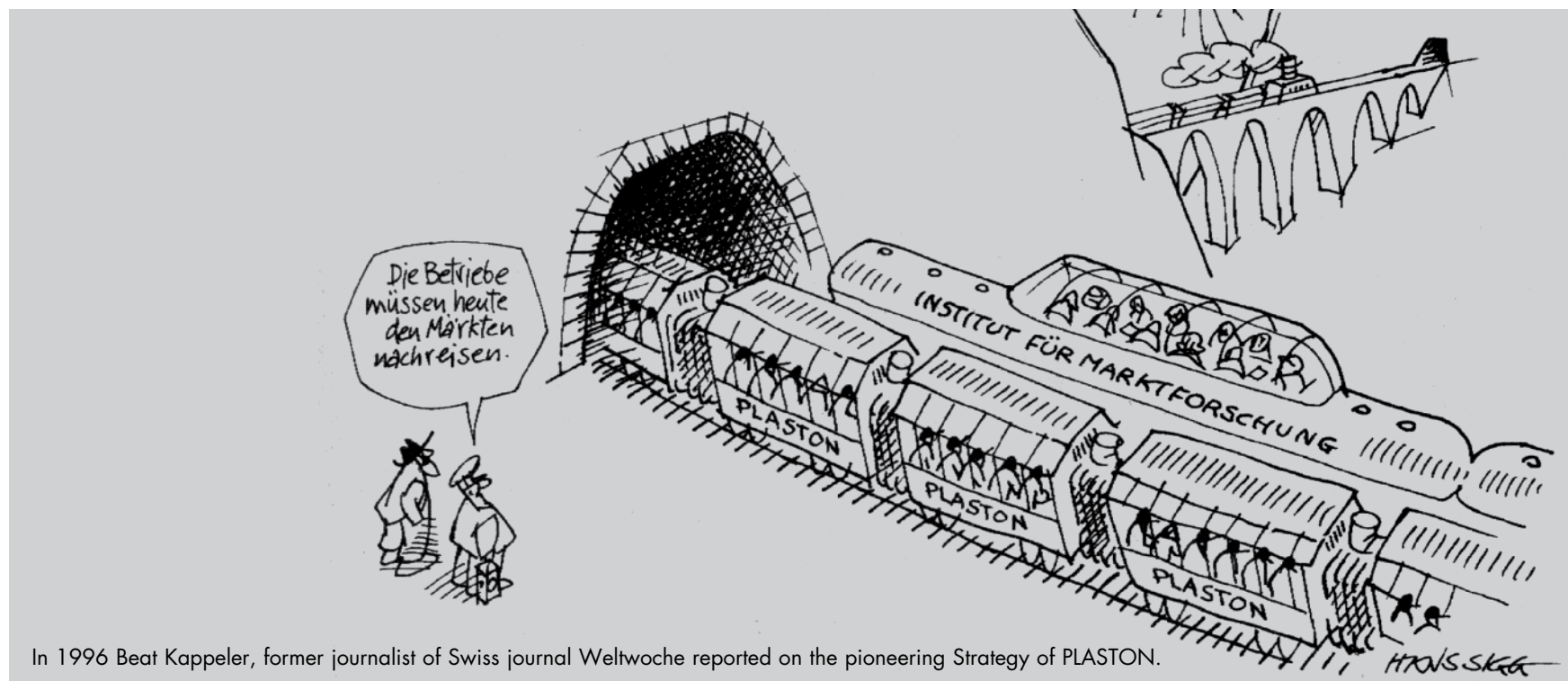
production partners which were often unable to provide the required quality. In China, HILTI had changed their production strategy so that on-site production could no longer meet their needs. The problems encountered with having Michael Lee and Tony Zhao as 10% shareholders of PLASTON Zhangjiang, combined with the Asian currency crisis of



1997/98, brought an eventual end to this commitment. The withdrawal of our virtual tool case production idea in the USA and China was followed in 2004 by the renewed challenge of establishing a production site in China. HILTI, Bosch, Metabo, Black+Decker and Leica had made the decision to set-up new production facilities in and around Shanghai.

The Chinese government had made changes in the pre-requisite for future start-ups of Western companies. They could now be 100% equity financed, meaning Chinese participation was no longer required. Under these conditions we decided on a second venture into China with the clear intention of not repeating past mistakes.





In 1996 Beat Kappeler, former journalist of Swiss journal Weltwoche reported on the pioneering Strategy of PLASTON.

BONECO AG had been operating with its subsidiary Felixdorf GmbH near Vienna and with the participation of Beurer and the electrical appliance manufacturer Clöer. However, even after four years, they had failed to reach their break-even threshold. There had been numerous actions that did not correspond to the proscribed strategy. Ultimately this led to the dissolution of BONECO AG and its subsequent reintegration into PLASTON in 1998.



One of the hardest decisions I had ever made was, at the age of 62, stepping down from the operational management. In my book «50 years PLASTON – Tracks» I describe my choice of Jan Dobry as my successor as an excellent decision, especially considering the results achieved during his time as CEO. The PLASTON culture «We are PLASTON» was a high priority for me:

- Reliability as a prerequisite for instilling confidence
- Appreciation and social responsibility towards employees
- Openness as a prerequisite for the ability to change
- Strategic foresight to secure the future
- Determination and humility as basic position
- Fostering youth – not just as an end in itself

Guarding and cultivating these values form the basis for:
The PLASTON Group on its path to the future.

Tracks are left by people demonstrating such values as trust, honesty and reliability.

The celebration program that my wife Yvonne and I designed for PLASTON's 50-Year Anniversary captured the Spirit of PLASTON exactly as we had planned.

The apprentice fund we sponsored was designed to reflect the importance of each individual within the PLASTON family. And how could it be otherwise when this concept begins with apprentices and those responsible for their training. Near the entrance to PLASTON in Widnau there stands the sculpture «Spiral of Success» created by

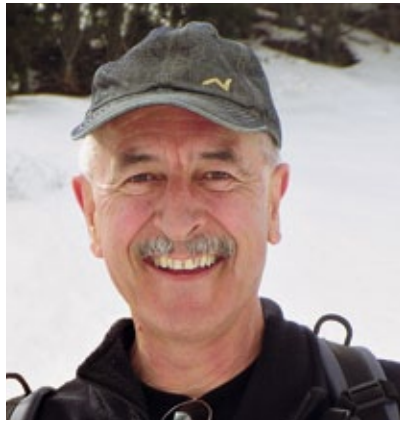
the apprentices as a lasting memorial to this major milestone. As part of the special business forum project «Education and Business» we organized the first event for «Fit for the Apprenticeship» with the intention of better preparing future high school students for their career choices. To this day, this project applies far beyond the Rhine Valley. And now that the celebration has ended, what remains is the conviction that corporate culture will remain the most important success factor for decades to come. In addition, it will require innovative capability, openness to change, and forward-thinking strategic decision making.





In today's world of fast-paced technology, processes and products are quickly outdated and replaced by newer versions.

The identity, personality and values of small and medium-sized businesses will remain unchanged and sustainable provided that they are consciously cultivated and exemplified.



My retirement from operational responsibility in 1999 had cleared the path for the new CEO, Jan Dobry, to rejuvenate the management team. His offer to Peter Blättler, Peter Baumann and Franz Gutmann to step down from management and to continue working 50% in their previous positions until the time of their retirement was largely well received.

In 1996, at the age of 62, my brother Bruno left the company. By the end of 2001 Benno Büchel followed. Both entered a new, well-deserved phase of their lives. The gradual retirement of my longtime General Management colleagues raised the question of buying-back



Tracks are left by people who allow their employees tremendous freedom to develop new ideas and initiatives that promote exceptional performance and personal development.



the company shares which they held. In the 10 years since its issue in 1991, the value of PLASTON's stock had risen 5-fold. Management and the entire PLASTON crew deserved credit for this major achievement. From this perspective, it was a great success. From the family's point of view, however, this had created a major problem. Neither the company nor the Frei family were in a position to repurchase the stock that represented 35% of the total shares.

This resulted in discussions with the Board of Directors and Arthur Andersen regarding various projects. Mergon, an Irish manufacturer of blow-molded cases, had just outrun us at Metabo. From this came the idea to form a future-oriented group of companies with Mergon and CapVis as equity partners. PLASTON had no overlap with Mergon. On the contrary, production facilities and product portfolio would have complemented each other perfectly. At the very last minute however, Patrick Beirne, CEO and principal shareholder of Mergon. Ltd decided to go it alone.



With CapVis, under the direction of Mr. Krebs, we set-out to solve the problem of finding a third-party. This effort also failed. After due diligence, CapVis attempted to acquire the majority stake in PLASTON. This came following the realization that our company was a small business «Pearl». Another attempt to find a third-party in the company of Fabrel Lotus ended for the same reason. Losing our majority vote was out of the question for the Frei Family!

Finally, the decision was made to consider the small caps exchange market.



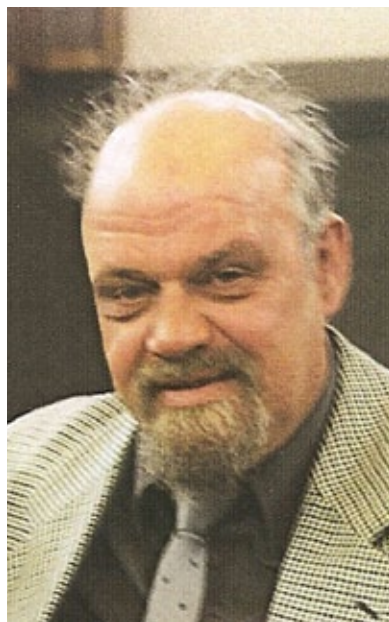
Tracks are left by people who value their employees and their welfare more than they value the millions in their bank accounts.

Members of the so-called «old guard» now had the opportunity to enjoy a new phase of their lives. In our social charter we had stated: Caring for our long serving, well-deserving retired PLASTON employees is sign of both respect and gratitude. Through the efforts of Peter Baumann and myself, lively meetings of retirees have been initiated. In the past, we had shared hikes followed by visits to nearby restaurants. Today, however, we limit ourselves to visits to companies, old-timer museums and such. These are often followed by an enjoyable get-together with food and drink and time to reminisce: «Remember when...».





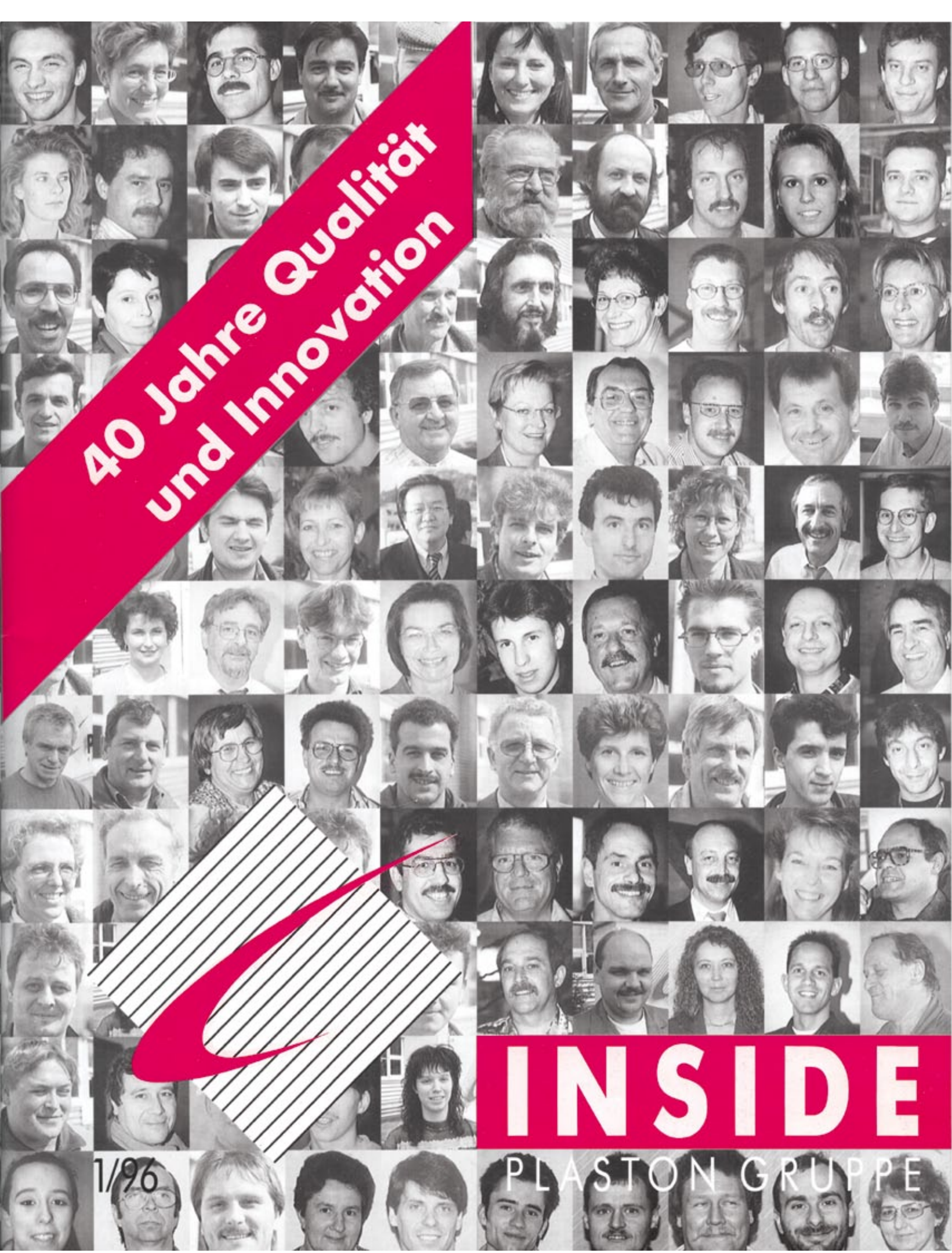
TRACKS OF THE «OLD GUARD» 2001 – 2019





EMPLOYEES 1996





40 Jahre Qualität
und Innovation

INSIDE

PLASTON GRUPPE

WE ARE PLASTON 1996





Going to the small caps exchange last year meant more public relations work for PLASTON. Shareholder information and participation in the OTC Day held in the Kursaal Bern revealed that the issue price had increased from CHF 4600 to CHF 6000 per share. This was an effect of the growth of the PLASTON Group which resulted in a solid net profit of approximately CHF 6 million, with sales of approximately CHF 90 million. Our business unit, Air Treatment Systems, was a contributing factor in this positive sales development.

A particular challenge during this time was the implementation of the 2-component injection-molding technology used for the new HILTI case series. Another challenge included the new plant in Jiaxing CN, where two 2K 1600ton machines had been installed to supply cases for HILTI Shanghai.

The Supply Chain Strategy promoted by Board member Ulrich Schmidt was initiated specifically to reduce working capital. The proclaimed zero-defect strategy was showing its effect. Faulty deliveries had been reduced by approximately 50%.



Board of directors from left to right: Eugen Forster, Hansueli Raggenbass, Roland Frei, Ulrich Schmidt and Jan Dobrý

The success of the financial year 2007/2008 will go down in the chronicles as a year of superlatives. A positive global consumer sentiment and decreased taxes in Canton St Gallen were instrumental in setting conditions for our corporate development.

For the first time in PLASTON history, we exceeded CHF 100 million in sales. This resulted in net profit of CHF 7 million. Deferred taxes contributed CHF 1.1 million. The booming economy boosted the construction industry and thus the business from our major tool case customers.

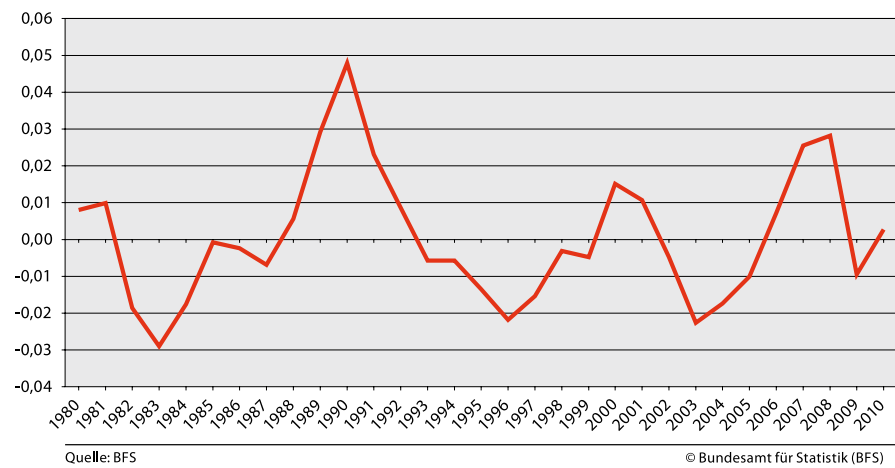
In order to escape our great customer dependence, the Board of Directors had finally approved the strategy repeatedly proclaimed by the CEO. Following is a retrospective out of a euphoric strategy in words:

- World leader in the production and marketing of high-quality air purifiers and humidifiers for households with the promotion of our own brands BONECO and AIR-O-SWISS
- World leader in the development and manufacture of high-quality plastic professional packaging systems, primarily for the power tool industry, **with the increasing importance of our own range of products**
- PLASTON's market presence in the most important markets of the future (Western Europe, Eastern Europe, USA, China)
- Consistent exploitation of cost advantages in production and procurement at our production sites in Switzerland, the Czech Republic and China.

The newly developed product, the Mr BoXx system, was intended to be the first step in the direction toward increased orientation of our own range of products in the industrial sector. Mr BoxX was first presented at the construction fairs in Munich and Basel. This brought positive reactions from professional craftsmen and resulted in our making initial sales in Germany, Denmark and Switzerland.



Economic cycle between 1980 and 2010



Sales development to CHF 100 million:

The business unit IPS (Industrial Plastic Systems) contributed 16% to growth, an increase from CHF 59 million to CHF 69 million. The business unit ATS (Air Treatment Systems) increased sales by 13% from CHF 27.8 million to CHF 31.4 million.

While sales were affected when Eastern and Western Europe suffered from an exceptionally warm winter, sales in the USA increased by 43% and in China by 34%. The brand AIR-O-SWISS played a significant role in this success.

New material tests, new process technologies, reduction of supply chain costs, zero defects and business excellence were all factors that contributed to a solid preparation for the future.

Tracks are left by companies whose strategy is characterized by added value for customers and shareholders.



It is not uncommon that a year of economic highs is often followed by a bear market.

The latest crisis had its roots in the United States where mortgage lending was negotiated without obvious means to cover these loans. The first bank to slide after discovering this situation was Lehman Brothers who promptly went bankrupt. This led the global financial system into a crisis of confidence. Banks were no longer offering credit.

Along with many other banks, UBS came into focus. Because of the belief that they were "too big to fail" the Swiss government supported the bank with CHF 6 billion. The National Bank assumed over CHF 62 billion in bad loans.

In the Annual Report from 2008 it stated:

Business in the PLASTON group was hit overnight by the global turndown in the second half of the year. In particular, business with our power-tool customers fell by 22%. Thanks to new, innovative products, the Air Treatment business remained relatively stable with -10%.

With immediate measures such as cost reduction, holds on investing, hiring freezes, reduction of temporary jobs, and last-but-not-least reduction in working hours, we tried to keep the damage to a minimum. Following the shining financial year 2007/2008 with the all-time high of CHF 112.7 million in sales, as of 1.4.2009 a turnover of CHF 92.8 million was registered.

While the plant in Widnau could compensate for the slump in demand with shortened working hours, it became necessary to terminate 36 employees in Sluknov. The headcount of the group was reduced from 420 to 335 employees. The EBIT result fell by 60% from CHF 7.0 million to CHF 3.7 million!

The newly created homepage with the headline: **«We shape the future»** demonstrated our unbroken spirit – then more than ever!

With the appointment of my son Jörg to the Board of Directors, the third generation of my company would have the opportunity to take on the challenging task of being its principal shareholder. Jörg Frei would continue on with the responsibility to shareholders, employees and society in the same sense and spirit as the company founder.



Tracks are left by family-run companies which secure their future through planning of timely succession and transfer of responsibility.



The rare occurrence of 335 Employee Service Years celebrated at PLASTON demonstrates the positive influence of a strong company culture and its effects on the well-being of its employees. This was a bright spot in an otherwise difficult phase of the PLASTON story.

Even though the crisis had not yet reached its end, there were mounting signs that Switzerland had not yet served its time as a model for success. A national debt lower than many neighboring countries, a stable currency, a prudent monetary policy of the National Bank, social and political stability and a strong work ethic shared by the majority of the population contributed to keeping unemployment relatively low and a small economic upswing was currently taking place. Everything was great, right? Wrong...!

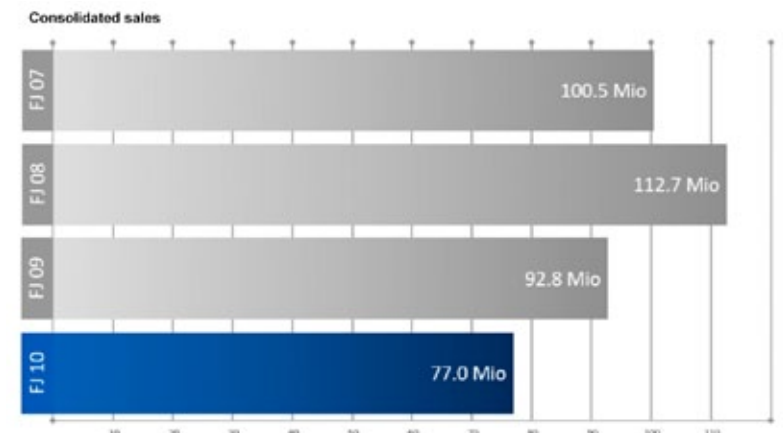
The prosperity of Switzerland and its conscious seclusion, for example as a non-member of the EU, made it the object of targeted attacks. As the financial problems of the surrounding countries grew, so did the violent efforts to persuade Switzerland to provide special benefits such as compensation payments, abandonment of special tax regulations, and the automatic exchange of information in the financial sector and the like.

The «dual approach» strategy defined by my father proved itself once again during this economic crisis. As a supplier to the industry, the results of a sluggish economy had its effects. However, it was possible to largely escape the slump by establishing markets for our own range of products with new customers and by innovative development.

The sales development of recent years charted the massive collapse of the global economy. The Swiss export industry was particularly affected by the strengthened Swiss franc.

Once again, the economic model of success was being penalized. The Swiss franc continued to gain on the Euro. Where previously EUR 1.00 cost CHF 1.60, the exchange rate had lowered to CHF 1.43.

The operating profit was maintained through the introduction of austerity measures set at an appropriate level. Sales reached CHF 77 million, a result 17% lower than the previous year.



Tracks are left by companies whose strategy includes tackling economic crises.





Board of directors from left to right: Hansueli Raggenbass, Jan Dobrý, Roland Frei, Ulrich Schmidt and Urs Tanner.

After 13 years, my successor as CEO, Jan Dobrý, left PLASTON. Jan Dobrý had been a gifted CFO and this strength proved valuable in his position as CEO. Exceptional annual profits were representative of his commitment.

As the new CEO, Markus Bormann brought with him a solid history of achievements over the previous ten years. He was known as serious, thoughtful, reliable and assessable. Along with the new appointment in management came the slow economic recovery.

Both divisions at PLASTON could now look forward to good growth percentages. The annual turnover of the group amounted to CHF 84.9 Million, compared to CHF 77 million the previous year, an increase of 10%.



Tracks are left by companies who see crises as opportunities and use these to their advantage.



We celebrated the anniversary of 55 years PLASTON – a «repgit».

To help us celebrate this occasion, all former apprentices were invited. During the previous 40 years more than 100 young people had successfully completed apprenticeships at PLASTON. For some of

those 60year-old alumni it was an incredible experience to see what had become of PLASTON over the years. The diverse professional developments and chosen career paths presented by five former apprentices fascinated the audience. It was a very successful event which brought back many memories, often with the question: «Do you still remember...?»

Sluknov celebrated its 15th Birthday

To mark this event, PLASTON sponsored the creation of a forest nature trail for the town of Sluknov. The government of Prague even sent a representative to the opening event.

Thanks to the considerable initiative taken by our employees, the party was a great success. The football matches and competitions held on the football field PLASTON had sponsored on its 10th Anniversary will be long remembered.

On the day of "Open House" customers, suppliers, officials and the general public of and around Sluknov were introduced to the jubilant PLASTON.





We could not change the wind which brought daily news reports of the Euro crisis. But we could reset our sails and our course to realign the company.

The ever-present uncertainty was felt by everyone. What the EU debt and Euro Crisis would bring us remained «a book with seven seals» even for chief economists and politicians of all stripes.

It is no wonder that in this situation there was a call for visionary business leaders and politicians. There was a need for people who could foretell the future and who would be able to solve all its problems. Where was superman, where was a higher being?

Are good entrepreneurs visionaries or members of a special species?

I do not think so. Entrepreneurs have their feet firmly planted in reality. Their actions are guided by their logic. They understand their craft, are creative, take risks, and have innovative vision and courage. They are simply great managers with great qualities.

During its 56year history, the PLASTON Group had experienced many difficult crises and thus acquired extensive know-how in tackling unfavorable economic cycles. At the start of our fiscal year in April 2011, PLASTON's Board of Directors and Management were still quite confident that the year ahead would be promising, but not without its challenges. However, on August 8 when the Swiss franc reached parity with the Euro our confidence in an irredeemable reality gave way.

The Board of Directors and the Executive committee spent two days exploring this question: "How will the 20% appreciation of the Swiss franc affect our business and how will we deal with this?"

We proposed the following measures:

- The conversion of our 40year-old administration building in Widnau would be suspended until further notice.
- our highest priority would be to protect our good liquidity.
- a minimum EBIT goal must be achieved.

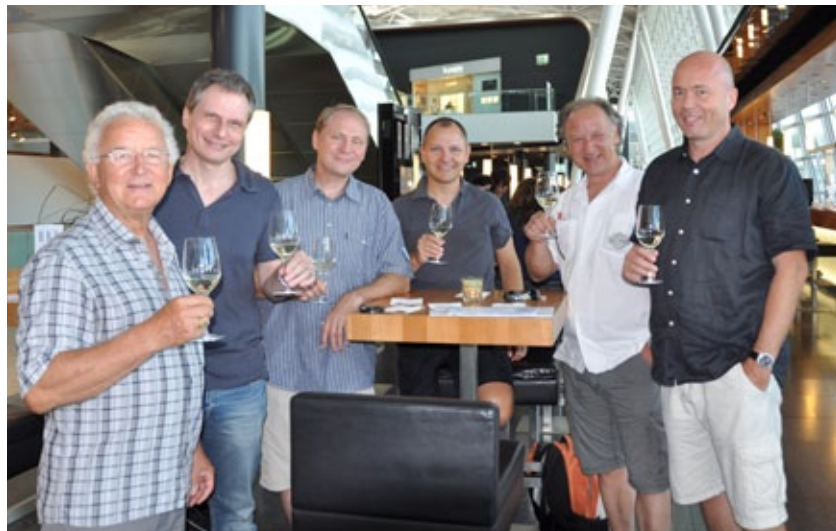
These specifications would be achieved through:

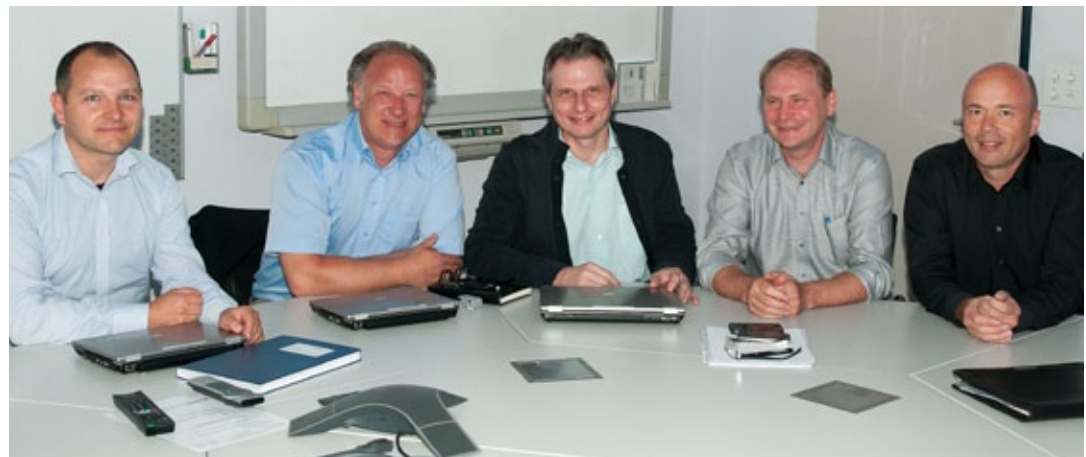
- comprehensive cost management
 - investment in the market development of our two businesses
 - investment in new, innovative products
 - continuation of our supply chain efforts
 - further improvement of our processes
- And last but not least:
- building of a new factory in China to enable the further development of this location

This list of measures is neither spectacular nor visionary. It is based on the logic necessary to react to new, uncontrollable situations. The following year we were able to confirm that the goals set by the Board of Directors and the Executive Committee had been achieved.

Until the intervention of the National Bank, the unfavorable development of the Euro against the Swiss franc had created the expectation of poor profits. However, in the end the Swiss franc against the Euro at 1.20 prevented the worst. In the industrial sector we were able to largely hold our position. In contrast, an unexpectantly warm winter had an adverse effect on our ATS business. Specifically, sales fell from CHF 39 million to CHF 33 million. Due to the exchange rate alone, we experienced a loss in profits of CHF 6.4 million.

With the decision to replace our two rented halls in Jiaxing CN by constructing a new building, the Board demonstrated exceptional courage in committing to future development in China. Major prospective projects by Water Logic and BLH were the catalyst for this confidence.





Tracks are left by a Board of Directors which remains calm in stressful situations and trusts that the management knows what it is doing.

PLASTON apprentices called to help

A snow avalanche had torn down trees and shrubs on the Susten Pass and made use of a cattle pasture no longer possible. The small community of Gadmen lacked the funds necessary to have the avalanche slope cleared. So, PLASTON offered to work with their apprentices on this project. After a hard day's work, they enjoyed a fine dinner in the Susten Pass restaurant followed by a time of fun and games.

Exhausted, they ended the evening with a feeling of personal satisfaction that comes from the knowledge they were able to help others.

With such experiences, the apprentices were made aware that not all people are equally well off. Many are threatened by the forces of nature.





One of the success factors in the history of PLASTON is the willingness and courage to change. If we had not had the wisdom and foresight 20 years ago to invest in the Czech Republic and China – where would PLASTON be today? The ability to recognize the right time for change and the willingness to implement this change is an important part of our culture. Following 57 years at PLASTON, 36 as Chairman of the Board, I stepped down as chairman and remained as a board member.

At the Annual General Meeting of PLASTON Holding AG on August 5, 2013 my son Jörg was proposed as Chairman of the Board of

the PLASTON Group and was confirmed by acclamation. With his new responsibilities as Chairman of the Board of PLASTON Group, corporate governance required Jörg Frei to hand over the position of Managing Director of the ATS Business Unit.

As his successor, the Board of Directors appointed Marco Sütterle, who, being instrumental in the founding of BONECO AG, would assume his new post on June 1, 2013. He would now report to the Board of Directors of the PLASTON Group. At this time, it would also be possible to focus on further development of the division of air purification and air treatment equipment.



2013 a few months later...

No-one could foresee that the new management situation of BONECO would be so quickly challenged. After a short period Mr Sütterle chose to leave the company. Jörg Frei assumed «double duty» with the office of Chairman of Board and the leadership of BONECO.

In addition to the creation of BONECO as a separate business, we made the decision to reposition the brand BONECO.

The SWISSNESS initiative in Parliament stated that in the future only Swiss brands with «Swiss» contents of at least 60% would be allowed. Under this premise, we had no choice but to say goodbye to the beloved brand AIR-O-SWISS.

Although the increase in sales of 2% to CHF 80 million was not completely satisfactory it was certainly noteworthy considering the general conditions described above.

BONECO

healthy air



Tracks are left when government involvement in business, while good intentioned, produces counterproductive results. Boneco lost valuable market shares in the USA and China when it was forced to discontinue the AIR-O-SWISS brand.

As we looked back to Spring 2012, we found that our economic environment had deteriorated. Although efforts by the European Union prevented bankruptcy for individual countries, they were unable to solve the real problem. The mountains of debt grew to insurmountable heights. Radical austerity measures only added to the weakened economy. The tax revenue was less and thus the prospect of relief for public finances was hopeless. A dramatic increase in unemployment set against a backdrop of a stagnating economy created the risk of escalating social unrest.

Considering the hopeless strategy of the European Union the question arose to us all, «Quo Vadis – Where are you going?» The risk increased, the uncertainty too. Although many of these issues directly affected us, as a company we had no influence. Even Switzerland as part of Europe was not able to escape what was happening.

Despite or even because of difficult economic conditions, the PLASTON Group was still able to continue to develop during this time. In order to satisfy our major customers, we billed in Euros instead of Swiss francs. This cost us, on the bottom line, several million in sales and in EBIT approximately 1 million francs. The fact that we

could still increase sales by 2% and almost maintain EBIT spoke for the great performance of our management team. This achievement was underlined by the fact in recent years no customer had been lost and new customers had been gained!!

The newly built plant in Jiaxing CN was opened on May 16 of that year. The success of growth and projects have confirmed and justified the courageous decision for this major investment. In view of the difficult economic situation at that time, only a small delegation from Widnau participated in the opening ceremony of the new plant. Together with my son Jörg, managing director Markus Bormann and plant manager Roger Bitterlin, we experienced a wonderful opening ceremony that was in keeping with Chinese tradition.

Speeches by the local authority representatives and the Swiss ambassador in Shanghai as well as the handing over of flags of St Gallen and Switzerland, gave the whole event a worthy setting.

Strategically, there was also a very interesting acquisition project in the pipeline for PLASTON. The Board of Directors and Executive Committee were not completely content to improve the consolidated





result with new projects, process optimization and implementation of new measures in the supply chain (for example: the new initialized Cash2Cash project.)

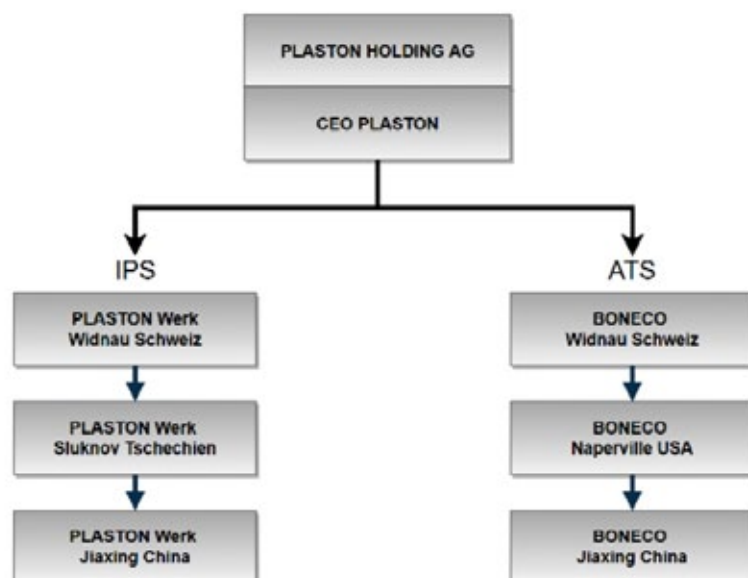
A meeting was set to consider a new strategy for the PLASTON corporate structure. At this historic meeting it was decided that we would align our corporate structure even more closely with market requirements.

From the realization that our dual strategy, one which focuses on industrial customers and the other on the consumer product market, had little or no synergy, the decision was made to create two business units independent of each other.

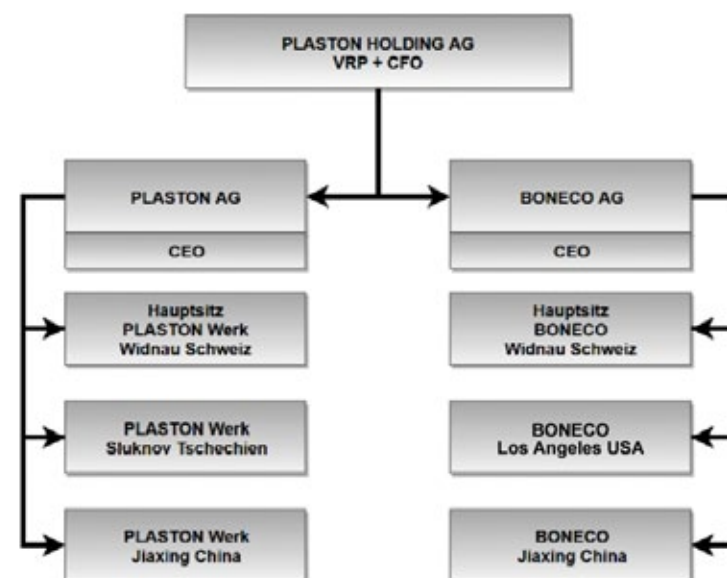
From the separation of the consumer products group BONECO from PLASTON, the Board of Directors anticipated medium to long-term competitive advantages of dynamics and growth thanks to:

- clear market positioning
- own identity
- increased employee motivation
- focus on core competencies and growth opportunities
- focused innovation and investment strategy
- specialization/professionalism of business
- reduction of operating costs through «lean organization»
- more transparent cost and income statement. As a result, the market position and earnings of the PLASTON Group improved.

previous company principles



current company principles





The acquisition of the Company WEZ had required many of our resources:

- Takeover of the operational management of the WEZ in Oberentfelden
- Assessment of which company assets to be held and which should be integrated into PLASTON Widnau.

Market research, including a visit to a transport container fair in Munich, confirmed that the WEZ transport container product line was outdated and would therefore be up for sale. We found an interested buyer in the South Tyrolean company Scherrer. This made it possible for them to enter the Swiss market acquiring good customers like Migros, COOP and Emmi. In addition, the production site in Oberentfelden would be preserved and expanded. The program of technical parts of WEZ, and especially the new customers we would acquire, would prove strategically important to us. The associated integration process of machines and tools led to extensive conversions of the production room at PLASTON.

Contacting new customers required considerable effort. The goal was to provide customers with small series and to convince major customers such as Eugster Frismag, V-Zug and Medela that PLASTON was willing and able to not only take over business, but to expand it. This strategically important acquisition had left its mark not only on personnel but also on our finances. The purchase of WEZ, the analyzes, the production room conversions and the moving and installation had made a considerable impact on the annual profit. Nevertheless, following rather poor production utilization in recent few years, «Operation WEZ» had led to a real spirit of optimism.

In the midst of this phase, CEO Markus Bormann chose to pursue a new professional challenge. Based on our good, long-term relationship of 14 years, he remained in office until August 2014. This ensured that we had sufficient time to find a suitable successor.



The strategy described in the Annual Report 2007 of increasing the focus on our own range products in the industrial sector had, following several attempts, come to a miserable end.

Mr. BoXx, reinvented over and over again by three different sales managers, never got off the ground. My idea to launch this unknown product via HILTI fell on deaf ears among the Board members. The concern was to make PLASTON less dependent on our major customers and so they chose the construction trade as a sales channel. Except for expenses, the CHF 5 million spent on the Mr. BoXx project brought us nothing.



CFO Hansruedi Lanker initialized the project «Cash2Cash» with the focus on optimizing tied-up capital. Having seen the prospect of success with this project, no less than CHF 6 million in committed capital was released.

The takeover of the WEZ business resulted in PLASTON's experiencing a turnover gain of 17%, from CHF 45 million to CHF 53 million. Unfortunately, expectations of a sales upswing in China had not yet been met. Both major customers, Water Logic and BLH were experiencing start-up problems.



The still young BONECO AG benefited in the 2012/2013 season when Beijing experienced extremely bad air pollution in autumn followed by very cold temperatures in winter. With a sales growth of 44%, the previous record turnover of CHF 43 million was achieved.

During this year under review, Group sales rose from CHF 80 million to CHF 96 million. Taking into account the special costs, the net result amounted to CHF 1.1 million.

Tracks are left by both buyers and sellers
in an acquisition.
If both parties benefit, everyone is happy!

With Alexander Gapp as the new CEO of PLASTON AG, we had gained a personality with heart. Alexander Gapp, in his previous position as Managing Director of HILTI Shanghai, had been a customer of PLASTON. From his time at HILTI he was aware of the importance of corporate culture for the success of a company. Preserving and promoting the PLASTON culture was and remains one of its most important goals. Alexander Gapp assumed his leadership position at PLASTON in August 2014. The challenge of getting the most out of the WEZ acquisition was met with great enthusiasm. With the relocation of nine injection-molding machines and 250 injection-molds, the project was completed by the end of the year. In November, Scherrer Group took over production in Oberentfelden. Focus was then centered on optimizing injection-molding tools and processes, thereby improving margins.

On January 15, 2015 the actions taken by the National Bank affected the standing rate of CHF 1.20 for one Euro. This brought the exchange rate back into a very difficult situation for the export industry. The Euro now found itself at 1.05 to the Swiss franc. This dashed any hope of a good year-end result.

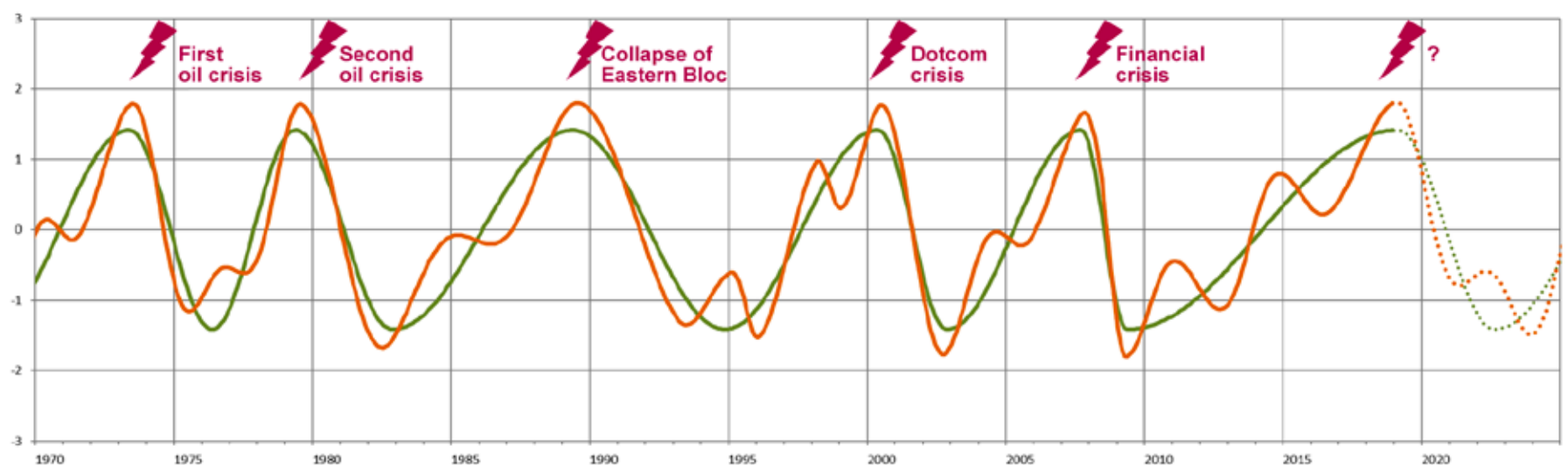


While the PLASTON result was more heavily influenced by the price of the Euro, this was rather negligible with BONECO profits. By contrast, EU sanctions for the Russian's Crimea/Ukraine conflict had a serious impact resulting in the collapse of the ruble. For example, BONECO appliances in Russia were up to 100% more expensive overnight due to the strong Swiss franc and the weak Russian ruble. This resulted in a decline in sales of CHF 4 million.

The Chinese market had also collapsed as a result of the Chinese government's fight against corruption. Companies would purchase luxury items, including humidifiers, at the company's expense and then pass these on to friends as gifts. The growing fear of being caught brought this practice to an abrupt end.



Consumer and industry cycle, seasonally adjusted values and hypothetical course (Standard deviation from trend)



Source: «Die Wirtschaft als schwingendes System» von Peter Meier

Tracks are left not only by the effects of currency and economics fluctuations, but by politics which can present us with situations beyond our control.

Apprentices created artwork for and with Pipilotti Rist

At the request of architect Carlos Martinez, PLASTON received the order to develop and produce an artificial pearl. The aim was to make a multi-colored beaded curtain according to the specifications of Pipilotti Rist.

The presentation at the headquarters of National Insurance in Basel in the company of our apprentices and the artist was another highlight and example of the artistic creativity of our young apprentices.



On the occasion of the Rhine Valley Business Forum, PLASTON Group received an award.

In my acceptance speech, I dedicated this honor to all former and current employees with the realization that PLASTON's development and history has only been possible through the efforts and enthusiasm of its employees.

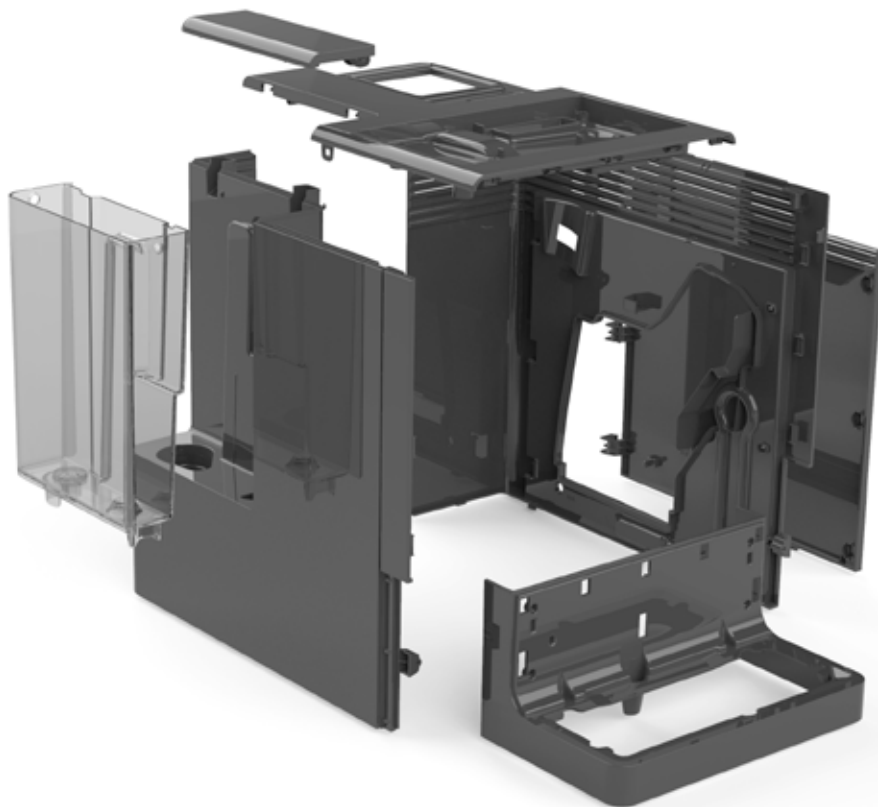
When the National Bank withdrew its support of the Swiss franc on January 15, 2015, we were hit just as hard as all other Swiss companies and this required tremendous effort on our part.

The Board of Directors and Management refrained from proposing extreme measures, such as paying workers from across the border in Euros. Other countless steps were taken to reduce costs. We benefited from the fact that we had been distributing the global currency risk for years and for some time we had been working outside the Swiss franc in our purchasing department as well.



In order to increase efficiency and to address environmental issues, in recent years we had invested in new machinery and infrastructure at all our sites. This included replacement of 20% of the injection-molding machines with newer, energy saving machines.

These efforts resulted in a savings of 40% on electricity costs. On the market side, PLASTON had become so popular among technical parts customers that we were inundated with new requests and orders.



In sales of our power-tool cases we registered a major success with the company Rothenberger, a worldwide leader in pipe tool manufacturing. They wanted to replace 50 different types of cases with a PLASTON concept.

BONECO business was weak in the winter of 2015/2016. Warm weather and sanctions against Russia had led to high inventories and product returns at the end of the season. The related decline of 10% in annual sales dropped to CHF 31 million, down from CHF 34.8 million the previous year.



PLASTON
SWITZERLAND

To more accurately convey the dynamics of PLASTON, the corporate identity was redesigned. The extraordinary success – based on the «360° Service» of PLASTON – is symbolically visible in the new logo.

Tracks were left by the strategy of the National Bank. Their actions were certainly with the best intentions but not always in the best interests of the economy.



In a modest but dignified celebration with our employees, customers, suppliers and business friends, we celebrated PLASTON's 60th birthday in the wonderful atmosphere of the Restaurant Ochsen in Berneck. Mr. Benedikt Würth and the newly elected Mr. Bruno Damann, two government officials, honored us with their presence. In addition to the various speeches, guests were able to experience a wonderful performance by the youth orchestra «Swing Kids» under the direction of Dai Kimoto. The evening was topped off with an excellent meal prepared by the Ochsen kitchen. This was the perfect ending to a very worthy anniversary celebration.





The Apprentice Fund sponsored by Yvonne and I had, over the last 14 years provided the opportunity for our apprentices to experience several wonderful events. With an additional CHF 60,000, continuation of the valuable apprentice week was made possible.

Promoting the character and creativity of the apprentices was the main goal.

The following events took place between 2006 and 2019:

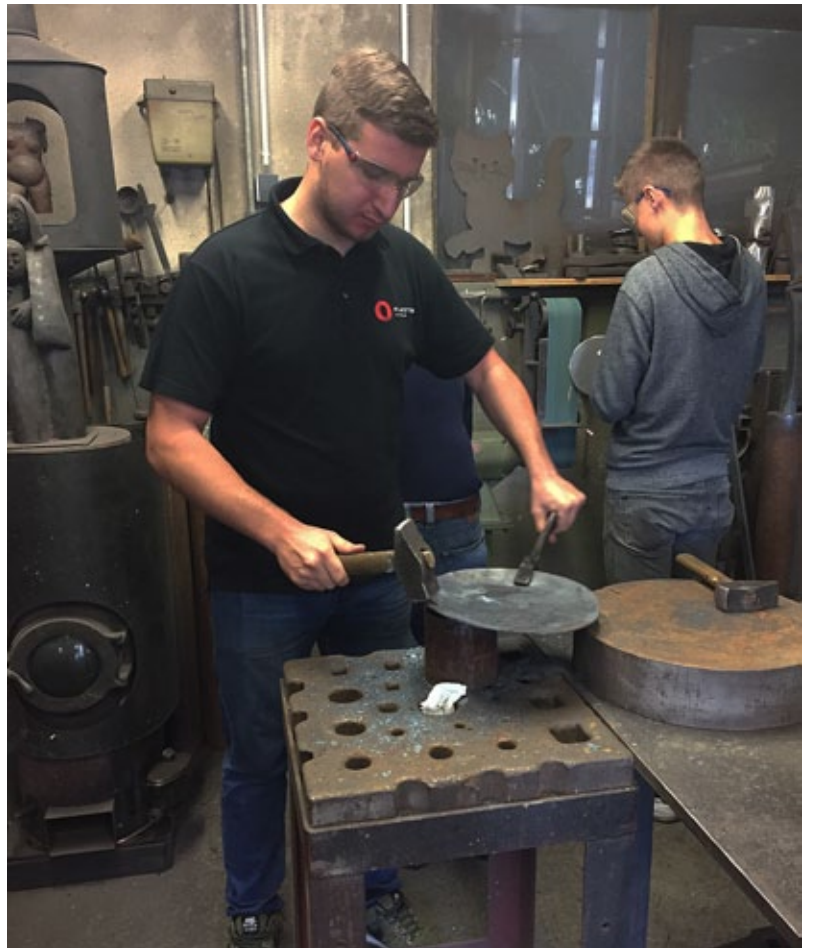
- 2006 Design and realization of the sculpture «Spiral of Success»
- 2007 Training: Identification with the teaching company – Character building
- 2008 Training with W. Elsener: Fun in learning
- 2009 One-week adventure in Ausserberg, Valais restoring paths and dry-stone walls
- 2010 Professional cooking class with Hansruedi Frischknecht at the Restaurant Eintracht, Oberriet.
- 2011 Art Week, with artists Jürg Jenny and Peter Federer
- 2012 Clean-up of avalanche slope on Sustenpass – civil engagement
- 2013 Apprentice event – visit to Sealife
- 2014 Creation of artificial Pearl Curtain for Pipilotti Rist
Cooking class conducted by Y+R Frei as well as T + HR Lanker
- 2015 Participation in mountain rescue mission, Ausserberg, Valais
- 2016 Art Week, with artists Jürg Jenny and Peter Federer
- 2017 Excursion to Sluknov and Prague with a tour of the PLASTON production plant
- 2018 Cooking class with professional chef Greuter, held in the secondary school in Widnau
- 2019 two modest houses were built in Bosnia-Herzegovina.





With support from the organization «Farmers Help Farmers» two modest houses were built in 2019. Our apprentices experienced a memorable engagement in a war-torn country – Bosnia-Herzegovina.







Young people between the ages of 15 and 20 are in an important phase of their personality development. The influence of parents and teachers can be a positive factor and play a vital role. However, during this time young people are also faced with the realities of alco-

hol, drugs and addiction to digital media. The goal of the apprentice fund is to create a positive means to assist these young people as they negotiate their way through this phase. Particular focus is given to creativity and personality development.

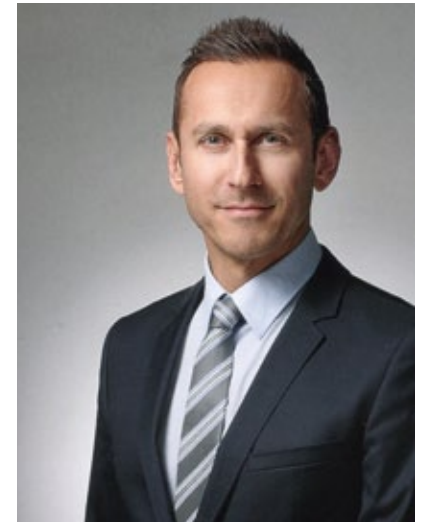
The financial year 2016/2017 was a turbulent period for PLASTON. During the first half of the year we proceeded on course for both sales and profitability. However, as of November 2016 we were surprised by an unprecedented rise in commodity prices. The effects of these price increases were quickly felt in the form of additional expenses which, in turn, forced PLASTON's year end result into the minus.

We learned from this painful experience and in the future all contracts negotiated with customers include a clause which ensures that any or all eventual commodity price increases will be carried on to the customer.



The hectic pace of recent times had led to a change among the Board of Directors. The words of Urs Tanner «no more of the same» has remained with us. To replace him, Robert Suter was voted on to the Board at the 2016 General Meeting.

While conducting our Board member search, we were introduced to Michael Leitner. Based on his affinity for new media and his proven success at SFS, he was hired as the new CEO of BONECO.



We also made personnel changes in the management of our plant in Jiaxing. Following 13 successful years of leadership, Roger Bitterlin left our China factory. In his place, Samuel Ning assumed the management responsibilities. Alexander Gapp had known Samuel Ning during his time at HILTI and regarded him as a capable, serious manager with a European way of thinking.

Probably the most important event for the PLASTON Group was the renewed order from HILTI for the fifth generation of power-tool cases. With great relief we were able to celebrate the fact that our production plant in Widnau would be secured for the next 13 years, until 2030.

Determining whether the renewed decline in sales of BONECO in the US and China was triggered by the brand change of AIR-O-SWISS or the role played by two excessively warm winters, may never be answered.

In any case, this period was not only a disappointment for the PLASTON Group, but especially for the new CEO Michael Leitner.

He had presented his ideas with incredible energy and conviction at the strategy session in November 2016. His main focus included:

- Further development of the global organization
- Introduction of an "assembly strategy" in the development of new appliances where 85% of the components could be used for several different products.
- Networking of appliances for control via an App.
- Developing a new logistics concept

Despite sales growth in Europe, BONECO's sales revenue fell to a record low of CHF 23.4 million, compared to CHF 31.0 million the previous year.



Tracks were left by market losses provoked by a brand change. This is especially painful when the departing brand contains so much emotion.





On the occasion of my 80th birthday I stepped down from my position on the Board. I had spent 56 years as a member of the Board of Directors, 36 of those as Chairman of the Board.

I was somewhat wistful but happy I could hand over the responsibility to my son Jörg and his crew on the Board of Directors and the Executive Committee.

The quarterly meetings and leisurely meals with Management, our participation in the Board budget meetings, as well as our attendance at the strategy days, keep Yvonne and I well informed.



The business development of the PLASTON Group once again was experiencing an upward trend. The consolidated sales had increased from CHF 74.8 to CHF 87 million. This represented an increase of 16.2%

PLASTON AG contributed to this figure with its increase of 20% totaling CHF 10.6 million. The slight recovery of the Euro was also a contributing factor. The favorable exchange rate of about CHF 1.15 had generated an increase of CHF 1.5 million in turnover. The HILTI project proceeded according to plan. Just one year after receiving the order, the factory in Jiaxing was able to deliver the new-generation tool cases. This further reinforced our reputation for reliability and professionalism. The technical parts business for the three largest customers also performed well with 5 million sales.



In the Czech Republic, we had decided that for BONECO we would relocate the current equipment production to a third-party supplier in China. This decision had two major benefits. First of all, BONECO saved approximately CHF 2 million in purchasing costs, and second, peace was restored in Sluknov. There was no longer a seasonal peak and there was less inventory volume. These factors contributed to a reduction in committed funds and allowed room for expansion.

BONECO, under new leadership, had hoped for more.

The modest sales recovery of 6.8% to CHF 25 million was not enough. However, this result showed that without the great commitment of the entire BONECO crew, the business could not have been saved. Through the efforts of our engineering and design crew, our product range experienced a completely new, even more pronounced design image. Implementation of the exchange platform was not the only factor that played a role in all appliance variations.

The first products could be controlled with the BONECO App and with the newly designed fan series, for the first time the seasonal balance of the previous BONECO business could be re-created.



We are confident that all actions together will positively influence the future development of BONECO.

BONECO at the IFA Berlin

BONECO's very impressive appearance at the most important European trade fair in Berlin was an opportunity for the professional world's introduction to its new leadership. The positive responses to the performance and design of the new advance appliances offered hope for a speedy turnaround.

The EBIT of the PLASTON Group was not satisfactory. We are depending on BONECO to make a positive contribution to the consolidated result to get us back on track. This is expected to be the case in the financial year 2019/20.



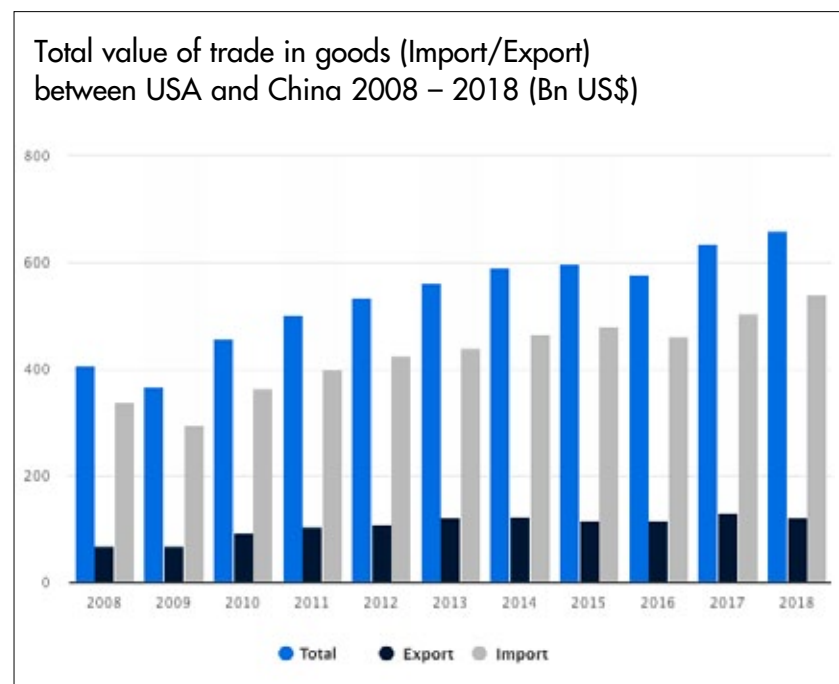
While the world experienced the euphoria of growth in 2017, a certain disillusionment set in during 2018. President Donald J. Trump's credo of «America first» has not been well received by the global economy. This protectionist policy, allegedly to protect the US's partly outdated, no longer competitive technology industry, has left its mark.

Above all, the US policy towards China, with tariffs of up to 25% on Chinese products, has led to a veritable economic war. The attitude of «I'll do to you what you do to me» will ultimately lead to disaster. The stock exchanges did not react well to this argument.

Stock market prices fell by approximately 20% in 2018. This did little to brighten the mood of the global economy.

The «divorce» between Great Britain and the European Union has all the makings of a rose war. The EU wants to show its conviction in the exit negotiations that a break-away will not be worthwhile. This is a warning for any other countries that are considering the idea that they no longer accept membership. This situation added considerable gray to the general mood, especially of the European economy.

Thankfully, PLASTON AG was not yet affected by this scenario. In the industrial sector we had recorded good capacity utilization. The efforts of recent years had a positive effect on profits. Various new projects promise positive development for the future too. The realization of the fifth generation of HILTI power-tool cases was progressing rapidly in the main plant, while in Jiaying, the conversion to the new design was completed. PLASTON had made a considerable investment in automatization for the production of the new HILTI power-tool cases.



Tracks are left by people who, despite adversities, believe in the established goal and work tirelessly to achieve it.

BONECO continues to have difficulty in meeting the statistics of previous years in terms of sales. The relocation of equipment production from our plant in Sluknov CZ will only turn a profit in the coming season. On the product side, the new fan series will generate sales for the first time in the summer of 2019.

The brand change had a significant negative impact on the US market. In particular, we were challenged with capturing certain sales channels, especially in the area of air purifiers. Based on these factors, in 2018 BONECO management entered into negotiations with the company Envion with the goal of a possible acquisition. The owner of Envion was searching for a succession solution for the family run business.

Envion operated exclusively within the US market. With their brands Therapur, Ionic

Pro, Allergy Pro and Four Seasons, Envion was represented with air cleaners in many distribution channels which had been previously closed to BONECO.

Envion was particularly strong in the area of Internet web-shop sales. On May 1, 2019 negotiations were successfully completed. With this acquisition, BONECO is now well positioned to significantly increase sales of its North American business resulting in access to new customers and distribution channels.

At the same time, BONECO can now sell Envion products in Europe, Eastern Europe, and Asia. The BONECO USA sales team will handle the US and Canada markets from the Los Angeles office.



ENVION Ionic Pro



ENVION Allergy Pro



ENVION Therapur Living



BONECO Air Shower Fan



BONECO Humidifier



BONECO Air-Purifier

In the fall of 2018, it became apparent that a slowdown in PLASTON sales was happening within the European market. By contrast, business in China was booming. With a sales growth of 30%, we realized a result that not even the optimists could have foreseen. This growth was not with our traditional tool case sales but rather largely with electro-mobility products. The state-subsidized electric car market presents a huge potential for growth.

The sideways movement of the world economy can be attributed to the general uncertainty surrounding the global political situation. This has led to cautious, restrained investment decisions. The PLASTON Group held steady in the financial year 2018/2019. Consolidated sales decreased by 1.2% or CHF 1.1 million.

Investments amounting to CHF 8.1 million attest to the continuing optimism of the PLASTON leadership. The updating of machinery alone amounted to CHF 6.1 million. Despite a slight decrease in overall sales, EBIT increased to CHF 2.7 million. Credit for this goes to a stable margin situation and strict cost management.

Future prospects are hard to calculate considering the high volatility and general uncertainty in the markets. However, what we can say with certainty is that we are on track with both our strategies and our efforts to improve EBIT and net income in both businesses. Numerous projects to increase efficiency are currently in progress. Optimization of logistical processes, expansion of automation and reduction of



production costs – these will all have a lasting effect on profit. At PLASTON, we expect to see continued growth in the areas of technical parts and electro-mobility. In the field of packaging, normalization is emerging in Europe. With the acquisition of Envion and the new products, BONECO is experiencing a significant boost.

Political and above all, trade-related uncertainties continue. So once again, we expect a challenging year ahead. Realizing the merits of our solid strategy and effectiveness of measures we have taken; we remain optimistic about the challenges.



Management and Board of Directors – General Assembly 2019

from left to right: Michael Leitner, Alexander Gapp, Hansruedi Lanker, Jörg Frei, Hansueli Raggenbass, Carole Ackermann and Martin Wipfli.



PLASTON's 25 years presence in China

China has undergone unimaginable changes in the economy, society and politics in the first quarter of this century. Following an annual growth of > 10% in the 1990's China has reduced the GDP to a moderate 6 – 7% since 2012. I witnessed the most visible growth boost at the Bund, the famous waterfront promenade of Shanghai. In 1994, the view from the Bund was only of a skyscraper standing next to the TV tower on the Pudong side of the Huangpu River.

By 2004, on the occasion of our production restart in Shanghai, a virtual «Manhattan» had been created on the Pudong side. Now, in 2019 both the Bund and the Pudong side present themselves in a glorious Las Vegas-like style. This appearance reflects the self-confidence gained over time by the Chinese government on their path chosen in leadership and society.



1994 – PLASTON takes its first step in China

Our long-standing customer HILTI had decided to open a production plant in China. Since the idea of importing cases from Switzerland made little sense neither logistically nor ecologically, PLASTON was asked to consider the possibility of supplying HILTI with these cases

locally. This was a real challenge for us. Our main hurdle was the lack of resources necessary for this project. The following report is intended to describe how PLASTON experienced this time and subsequently made further engagement possible.

In 1994, in Zhanjiang located in southern China, PLASTON arrived with its current supply concept. Along with HILTI and BOSCH, who had their power-tool cases locally produced, we experienced a sample of the Chinese mentality. To start a business, only a 10% participation of a Chinese partner or of bank participation was possible. This partnership was mostly characterized by constant interventions by the minority shareholder. Allegedly, new rules of the state inhibited the development of the main shareholder strategies. Without the use of «black money» bribes or other «incentives», it was difficult, if not impossible, to move forward.

Those responsible: The Party Secretary of the region, the representative of the Bank of China, and the representative of the Zhanjiang Industrial Zone – they alone had the final say on matters and interpreted their position as they saw fit. As potential investors, we were treated like heads of state. Greeted at the airport in a 500er Mercedes sedan, we were picked up directly at the plane and escorted, without passport or luggage control, directly into the Presidential Suite of our hotel. As cautious Swiss citizens, this odd behavior seemed rather suspicious to us. Our actions were always with the thought: «Do not make any mistakes». This would keep us on the right side of the law.

The operational economic side came to an eventual end in the years 1997–1999. Triggered by the financial crisis in Asia, customer demand collapsed. With this, PLASTON said goodbye to its first China adventure with the knowledge of having gained valuable experience.

Whether or not authorities in Beijing have succeeded in eliminating the serious corruption in the south, we do not know. However, we have been reliably informed that those involved have been subjected to draconian penalties - without prior trial. This example should serve as a warning for the region to the consequences for those who violate the law.

2004 – 2019: 15 years of PLASTON, Jiaxing, China

When the economy finally settled again following the financial crisis in the late 1990's, our European power-tool customers decided to make a fresh start in the greater Shanghai area.



As a result of this development, PLASTON's management and Board of Directors were also faced with the question: «Should we make a second attempt». The decision was made easier based on the valuable experience gained during the 1990's as well as by new regulations of the state. These allowed foreign companies to own a company in China without Chinese involvement. With the tremendous support of our main factory in Widnau, over the last 15 years a production plant has been created that, without exaggeration, can truly be described as a world-class production facility.

At the same time that we had resumed service to our power-tool customers, we also relaunched BONECO's business in China. Both humidifiers and primarily air purifiers are popular products among those living in large cities. Swiss products generally have a good image in China based on their reputation for high quality, technology and design. Thus, BONECO has created a success story with its attractive product range.

The restart of the production took place in a rented, 5000 m² factory. The location of PLASTON's new production plant was chosen based on the fact that it was within one hour's driving distance to all current and potential customers. Jiaxing, PLASTON's headquarters, is located south of Shanghai. It has grown, according to the Chinese point of view, into a small town of 6 million people. In just 5 years, we had already outgrown this place, so it became necessary to rent additional space. We found this right next door.

In 2013 the PLASTON Board of Directors decided to build a new environmentally friendly factory. Material flow was not optimal in the

rented halls and demand for our products had increased. These were the two main arguments for making this major decision. The new building was in operation by the middle of 2014 and since then has grown in terms of quality.

PLASTON Jiaxing is a wholly owned subsidiary of PLASTON with no foreign involvement. Following 13 years under Swiss leadership, the production plant is now almost 100% under Chinese management. The only expat is Marco Oesch who, as head of research and development, has been working in China for 11 years. He also speaks Mandarin. The plant operates 5 days a week in 24-hour shifts producing cases for the power-tool and surveying industries.

PLASTON also specializes in 2-component injection-molding for the manufacturing of housings for power-tools. The growth market in China for products for electric mobility should not be underestimated. These are heavily promoted by the state to address the widespread problem of air pollution.

The management of the PLASTON production plant consists of the general manager, four women and two men. This is one example of China's respect for the importance of women in the work force. It should be mentioned that all members of the management except the CEO are "homegrown" and have been trained by us. The PLASTON culture is also alive and well in China and talent development is also following the Swiss model.



Over the past 25 years of our presence, China's economy has undergone a tremendous development. The first phase of development since the opening of the market and the creation of the special industrial zone in Shenzhen by Xiaoping in 1978, was characterized by the import of know-how, especially from Chinese satellite states such as Hong Kong, Taiwan and Singapore. Since the 1990's Western companies have played a major role in contributing to this gain in know-how.



Since our restart in 2004, we have found that China is making its mark with its own innovations and economic successes. Well-known examples in Europe include the internet portal Alibaba and the mobile phone manufacturer and network operator Huawei. In terms of technology and revenue, Huawei has outperformed both Apple and Samsung. The fact that the world's previous economic power, the United States, is trying to stem the development in China with protectionist tariffs demonstrates a desperate attempt by a country that has forgotten how to roll up its sleeves.

The mentality of the Chinese differs in many ways from the Western way of thinking. For us, protecting our freedom, human rights, democracy and personal values are things worth dying for. For the Chinese leaders the continuing challenge is to support 1.3 billion people. They believe that it requires different values when trying to provide this number of people with dignified lives that entail enough to eat, roofs over their heads and, if possible, a growing standard of living.

The Chinese market-based economy is quite comparable to the West. This mentality and set of values are taken quite seriously. For PLASTON, this requires our adhering to the law without exception. Coming into conflict with the State would mean being subjected to stronger surveillance.

Corruption, nepotism, crime, possession or trafficking of drugs and crossing against a red light are all subject to severe punishment. The surveillance of people by face recognition cameras located in all public places, intersections and streets scares us Europeans. By contrast, Chinese citizens seem to show little concern for these facts of life. They seem to accept this total surveillance as an appropriate means of ensuring law and order in their country. Because without this repression, unrest, even riots cannot be ruled out. However, it is general knowledge that these events do exist. However, the state censors all reporting of these incidents to prevent a domino effect from occurring.

The growth of the past 30 years has led to a major divide between rural population and cities or regions bordering on the China sea. Also, the state has fallen into horrendous debt. State-owned enterprises are subsidized to maintain employment, although they are largely unprofitable. The financing of infrastructure projects, entire satellite cities and high-speed trains all contribute to this debt. With the planned new Silk Road, an attempt is being made to involve the tangent countries in the financing of this Mammoth project. This is typical Chinese strategy.

In a summary of my reflections on the 25th anniversary of our engagement in China, I note:

- The PLASTON group has definitely established a solid position in the future market of Asia and will continue to develop with great professionalism and foresight.
- China will face the future with its own values, a difficult high-wire act. This will require considerable skill, innovation and effort.
- The US «needs to dress warmly» if they do not want to give up economic leadership to China.
- Switzerland, as a cosmopolitan economy, needs no state intervention against Chinese investment projects except those in strategic areas.

In contrast to its size, Switzerland is the country with the most companies and business relationships abroad – a success story that the market understands better than the state ever can.

To be afraid of the
alleged «yellow danger»
is poor advice.

You have to try to understand
China. The PLASTON Group
tries it successfully!



On February 6, 2026 PLASTON will celebrate its 70th birthday.

On this anniversary, the third edition of the PLASTON book «Tracks» will appear.

With this book, «Following the Tracks» we have made a simple stopover in time.

The digital age is accelerating our world. This process is unstoppable. Today, in 2019, we have no idea of what this world will be like in 2026. New professions, new products, new processes and new offers will all have changed our everyday lives.

Keeping up with this fast-paced change will require openness to change. A cornerstone of the successful PLASTON story.

«When time passes and values remain, this testifies to a lived culture».

We preserve and promote this unique PLASTON culture through our example.

October 2019

Roland Frei

Honorary President, PLASTON Group

Acknowledgments:

Many thanks to:

My **wife Yvonne**. Without her help I would not have been able to complete this book.

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Karen Kobelt for the English translation

«When time passes and
value remains, this testifies to
a lived culture.»

