

## PRESS RELEASE

### 2016 first half-year results

### Higher sales and operating result (EBIT) compared to first half of 2015

- Sales up 14% compared to H1 2015.
- Half-year EBIT up to CHF 18.0 million from CHF 14.7 million in 2015.
- Stable bookings and slightly higher backlog than in previous year.
- The drupa 2016 exhibition was a real success for BOBST, launching six new products.

*Mex, July 28, 2016* – Bobst Group recorded a good first half-year 2016. Sales amounted to CHF 600.4 million for the first six months of 2016, compared to CHF 524.7 million in the previous year. The operating result (EBIT) increased by CHF 3.3 million to CHF 18.0 million. The net result reached CHF 9.7 million from CHF 14.8 million in the previous year, when the Group had a one-time CHF 8.1 million positive tax effect which did not occur in 2016. Bookings are stable and the backlog is slightly higher than in the previous year.

During the first half of 2016, consolidated sales amounted to CHF 600.4 million, representing an increase of CHF 75.7 million, or +14.4%, compared with the same period in 2015. This evolution was mainly driven by a good backlog at the beginning of the year and an overall good level of activity. Volume and price variances had a positive impact of CHF 46.7 million, or +8.9%. An improvement of CHF 14.9 million, or +2.8%, came from the full impact of the Nuova Gidue acquisition which only affected one month in the first half-year 2015.

The favorable exchange rate evolution, due to the conversion of foreign currencies for consolidation, accounted for CHF +10.8 million, or +2.1%, and the transactional impact on sales volume from our Swiss operations accounted for CHF +3.3 million, or +0.6%.

Sales by BU	30 June 2016 (In million CHF)	30 June 2015 (In million CHF)	Δ %
BU Sheet-fed	289.2	235.8	+22.6
BU Web-fed	100.6	108.2	-7.0
BU Services	210.1	180.2	+16.6
Other	0.5	0.5	0.0
<b>Total</b>	<b>600.4</b>	<b>524.7</b>	<b>+14.4</b>

Bobst Group has changed its accounting standard from IFRS to Swiss GAAP FER as from fiscal year 2016 onwards. The 2015 figures have been restated whenever applicable, in order to ensure a correct comparison with 2016.

The operating result (EBIT) reached CHF 18.0 million, compared with CHF 14.7 million for the same period in 2015. The increase in the operating result (EBIT) was mainly due to the positive contribution from higher sales. This improvement was partly offset by higher costs, particularly for the launch of new products and for exhibitions.

The Business Units Sheet-fed and Services improved their operating results (EBIT) with higher sales, whereas the operating result (EBIT) of Business Unit Web-fed was lower than in the first half of 2015 due to lower sales, a less favorable product mix and pressure on margins.

EBIT by BU	30 June 2016 (In million CHF)	30 June 2015 (In million CHF)	Δ (In million CHF)
BU Sheet-fed	-2.5	-5.2	+2.7
BU Web-fed	-7.5	-2.1	-5.4
BU Services	+28.5	+21.5	+7.0
Other	-0.5	+0.5	-1.0
<b>Total</b>	<b>+18.0</b>	<b>+14.7</b>	<b>+3.3</b>

The net result reached CHF 9.7 million, compared to CHF 14.8 million in 2015. Financial expenses reduced further in the reporting year, but the Group had a one-time CHF 8.1 million positive tax effect in 2015 which did not occur in 2016.

Cash inflow from operating activities was CHF 11.6 million, compared with CHF 48.9 million in the first six months of 2015. This was mostly due to high activity levels in the first half of the year leading to higher receivables than in the previous year, and temporarily higher inventories for machines to be invoiced in the second half of the year.

Net debt increased to CHF 20.2 million from CHF 1.7 million at the end of 2015. This was mainly due to the usual increase of net working capital during the year. The consolidated shareholders' equity reached 30.7% of the total balance sheet, compared to 31.1% at the end of 2015.

#### Transition from IFRS to Swiss GAAP FER

As a consequence of the transition from IFRS to Swiss GAAP FER, results in the income statement for the year 2015 have slightly improved, primarily due to the adjustment of employee benefits and acquisition related charges. In the balance sheet, the biggest changes concern employee benefit liabilities as well as goodwill and other intangible assets from acquisitions, which have been offset with equity. This leads, together with other effects, to a reduction in total assets of CHF 93.1 million and an increase in equity of CHF 8.2 million on the balance sheet as at 31 December 2015. As a consequence of these changes the shareholders' equity ratio on 31 December 2015 improved from 28.6% to 31.1%.

## BUSINESS ACTIVITY AND OUTLOOK BY BUSINESS UNIT

### Business Unit Sheet-fed

Compared with the exceptionally active first half of 2015, activity in the first six months of 2016 was slightly below expectations.

Drupa was a clear success, with strong activity throughout the show, resulting in significant handshakes on deals across all geographical areas.

Both the MASTERCUT 106 PER and new MASTERFOLD 110 premiered at drupa surprised customers with their advanced technical solutions which make them the most productive machines in the market. Higher running speeds, much faster make-readies, less waste, increased uptime, and technology that makes 'zero-fault' production achievable, all addressed users' needs for increased automation and the ability to change jobs quickly and accurately.

As in 2015, overall demand continues to be driven by mature markets, in particular North America, but also Western Europe. Emerging markets are performing better in 2016 thanks to South East Asia and Africa & Middle East, however South America continues to underperform. India has seen a slow start to 2016 and China is still impacted by the country's current economic situation.

Despite total bookings for the first half-year of 2016 being 6% down on the same period in 2015, sales for the half-year were 22.6% up, particularly due to the good backlog available at the beginning of the year. The result is that the outlook for the full year is promising, based upon the current backlog and the usual stronger second half. There will, of course, be challenges still to meet, especially for the die-cutting-stamping and folding-gluing product lines.

#### **Business Unit Web-fed**

The first half of the year was in line with 2015 with regards to bookings, largely due to customers putting investments on hold until the drupa 2016 exhibition, which ran from the end of May into June.

The drupa 2016 exhibition was a success and led to a large number of handshakes on deals during the show. The exhibition allowed the BU to show new facets of the integration of its product lines, while simultaneously presenting many new machines. The gravure product line exhibited printing units from the new 6002 and 6003 rotogravure presses, while the flexographic product line showed the new MW 85 F, a machine designed for short runs and minimized waste. The lamination product line presented the new CL 750 solvent and solventless compact laminator, which completes the product range for converters looking for non-automatic machines, particularly for medium run production and emerging markets. The label product line premiered the M6 in-line flexo press in two configurations, one for flexible packaging and one for folding carton applications. Both machines were demonstrated using extended color gamut printing, which maximizes the efficiency of the printing process and avoids the need for Pantone colors.

Overall market trends are in line with last year. Mature countries and the US showed a good level of activity, even as consolidation continues among customers. Activity in emerging markets, China and South America has been slow, while India, the Middle East and Africa have shown good levels of activity despite political instability in some areas.

Sales for the first half of 2016 are behind, compared to the first half of 2015. Despite this, the backlog and the good performance at drupa mean that the BU should meet its objectives for the year.

**Business Unit Services**

The first half-year of 2016 saw Business Unit Services sales 16.6% above the same period in 2015.

In the European and North American markets, volumes rose, mainly through increased contract business such as maintenance programs, machine inspections and contracts for remote troubleshooting and monitoring. Thanks to newly hired field service technicians, the number of service hours delivered was increased. While sales in Europe and North America grew by almost 20%, and Africa & Middle East grew by 8%, South America showed stagnation. Asia, after a slow 2015, saw customers increasingly asking for BOBST Services support and the BU recorded a 20% growth here, largely due to machine overhauls and relocations.

The Business Unit Services expects to see normal business development for the second half of 2016, if no major changes in the world economy or exchange rates occur, and the BU will continue to follow its vision of becoming the service benchmark in the packaging industry.

**OUTLOOK FOR THE SECOND HALF OF 2016**

The Group expects to see continued strong demand in Europe and North America. Asia should further improve, but demand in South America will remain low due to a slow economy. Most of the handshakes from drupa will transform into orders in the third quarter, which will lead to a very busy second half of 2016 in nearly all plants. Due to the strength of business in the first half-year, at current exchange rates and barring unforeseen circumstances, the Group is confident of achieving full year sales of CHF 1.35 to 1.40 billion in 2016 (previous guidance CHF 1.30 to 1.35 billion). For the full year 2016 the Group expects a similar operating result (EBIT) as the restated operating result (EBIT) for 2015 (CHF 83.9 million). The net result will be lower than the restated net result for 2015 (CHF 67.1 million), as the Group benefitted from a one-time tax credit in 2015.

The mid- to long-term financial targets of at least 8% operating result (EBIT) and a minimum 15% return on capital employed (ROCE) remain unchanged. Feedback received from customers and visitors at drupa confirmed the success of the Group's strategy – which is to innovate and to increase the performance of its services.



### **About Bobst Group**

We are one of the world's leading suppliers of equipment and services to packaging and label manufacturers in the folding carton, corrugated board and flexible materials industries.

Founded in 1890 by Joseph Bobst in Lausanne, Switzerland, BOBST has a presence in more than 50 countries, runs 12 production facilities in 8 countries and employs close to 5000 people around the world. The firm recorded a consolidated turnover of CHF 1.33 billion for the year ended December 31<sup>st</sup>, 2015.

### **Half-year report as at 30 June 2016**

The half-year report as at 30 June 2016 is available at <http://investors.bobst.com/publications>.

### **Today's teleconference**

A teleconference for financial analysts and the media will take place today, at 10.30 CET. The taped recording of the conference will be available shortly after the call until close of business on Friday, 29 July 2016. The telephone number to access this service is:

- International number: +44 (0) 20 8196 1998  
followed by the access code: 8441598#

From Friday, 29 July 2016 at 09.00 CET onwards, the recording will be available on our website <http://investors.bobst.com/publications>.

### **Inquiries**

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### **Forthcoming Releases**

20 December 2016	Conference for financial analysts and the media in Zurich
3 March 2017	Publication of the 2016 financial statements
	Conference for financial analysts and the media in Mex
6 April 2017	Annual General Meeting at 5.00 p.m. in Mex

### **Security symbols**

SIX SWISS EXCHANGE: BOBNN or 1268465  
ISIN: CH0012684657  
SIX Telekurs: BOBNN,4 or 1268465,4  
Bloomberg: BOBNN SW  
Reuters: BOBNN.S

# INTERIM CONSOLIDATED PROFIT AND LOSS

In million CHF	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Sales</b>	<b>600.4</b>	<b>524.7</b>	<b>1 330.9</b>
Other operating income	8.4	4.5	10.6
Raw materials and services	-352.0	-289.5	-812.0
Personnel costs	-217.9	-200.8	-396.5
Depreciation and amortization	-14.6	-17.2	-34.3
Other operating expenses	-6.3	-7.0	-14.8
<b>Operating result (EBIT)</b>	<b>18.0</b>	<b>14.7</b>	<b>83.9</b>
Share of result of associates	0.0	1.4	6.6
Interest expenses	-2.7	-7.4	-10.3
Other financial income	3.4	7.2	4.5
Other financial expenses	-2.4	-3.2	-5.3
<b>Result before income tax</b>	<b>16.3</b>	<b>12.7</b>	<b>79.4</b>
Income tax	-6.6	2.1	-12.3
<b>Net result</b>	<b>9.7</b>	<b>14.8</b>	<b>67.1</b>
<b>Attributable:</b>			
To shareholders	9.4	14.3	66.4
To non-controlling interest	0.3	0.5	0.7
Earnings per registered share (in CHF)	0.57	0.86	4.02
Diluted earnings per registered share (in CHF)	0.57	0.86	4.02

Restated prior year figures due to change from IFRS to Swiss GAAP FER.

# INTERIM CONSOLIDATED BALANCE SHEET

In million CHF	June 2016	June 2015	December 2015
Intangible fixed assets	30.8	25.2	27.2
Tangible fixed assets	257.1	273.6	267.2
Financial assets other	19.2	43.4	19.0
Investments in associates	30.9	27.0	33.2
Employer contribution reserves	25.9	25.9	25.9
Receivables	4.6	7.1	3.8
Finance lease receivables	6.6	4.4	6.5
Prepaid expenses and accrued income	1.4	1.2	1.4
Deferred tax assets	35.7	35.7	35.5
<b>Non-current assets</b>	<b>412.2</b>	<b>443.5</b>	<b>419.7</b>
Inventories	403.1	376.6	320.4
Receivables	244.1	230.4	305.5
Finance lease receivables	6.8	4.0	6.4
Income tax receivables	6.2	9.7	8.5
Prepaid expenses and accrued income	9.8	11.9	7.3
Derivative financial instruments	3.0	7.6	1.3
Cash and cash equivalents	256.9	254.0	279.2
<b>Current assets</b>	<b>929.9</b>	<b>894.2</b>	<b>928.6</b>
<b>Total assets</b>	<b>1 342.1</b>	<b>1 337.7</b>	<b>1 348.3</b>
Share capital	16.5	16.5	16.5
Reserves	385.7	341.2	336.6
Net result	9.4	14.3	66.4
<b>Shareholders' equity</b>	<b>411.6</b>	<b>372.0</b>	<b>419.5</b>
Non-controlling interest	2.1	17.5	2.3
<b>Equity</b>	<b>413.7</b>	<b>389.5</b>	<b>421.8</b>
Borrowings	264.7	266.5	265.6
Provisions	18.6	16.2	16.5
Employee benefits	37.3	40.1	39.8
Trade and other payables	21.6	49.1	21.4
Deferred tax liabilities	46.8	48.9	48.4
<b>Non-current liabilities</b>	<b>389.0</b>	<b>420.8</b>	<b>391.7</b>
Borrowings	12.4	14.7	15.3
Provisions	50.1	41.7	47.0
Employee benefits	1.7	2.2	1.6
Trade and other payables	393.4	376.9	363.7
Accrued expenses and deferred income	70.3	69.4	81.9
Income tax payables	6.1	10.9	17.8
Derivative financial instruments	5.4	11.6	7.5
<b>Current liabilities</b>	<b>539.4</b>	<b>527.4</b>	<b>534.8</b>
<b>Total liabilities and equity</b>	<b>1 342.1</b>	<b>1 337.7</b>	<b>1 348.3</b>

Restated prior year figures due to change from IFRS to Swiss GAAP FER.