

PRESS RELEASE

Bobst Group reports a further significant increase in performance

- Sales increased by 5.7% to CHF 1 529 million
- Operating result (EBIT) up 14.5% to CHF 119 million
- Net result up 26.8% to CHF 107 million
- High cash inflow from operating activities of CHF 150 million
- Net cash position increased to 133 million from CHF 51 million in 2016
- Dividend increase proposed to CHF 2.60, up from CHF 1.70 in 2016
- Order entries increased 17% and backlog more than 20% compared to 2016

Mex, February 27, 2018 – Bobst Group, a Swiss-based worldwide leading supplier of equipment and services to the packaging and label industries, achieved consolidated sales of CHF 1 529 million in 2017, an increase of CHF 82 million, or 5.7%, compared to 2016. The operating result (EBIT) was CHF 119 million (CHF 104 million in 2016), while the net result was CHF 107 million (CHF 84 million in 2016). Net cash position increased by CHF 82 million to CHF 133 million. The return on capital employed (ROCE) increased to 23.2% compared to 19.9% in 2016 and the shareholders' equity ratio increased to 35.6% from 33.9% in the previous year.

The Board of Directors proposes to the Annual General Meeting of Shareholders the payment of a dividend of CHF 2.60 per share (CHF 1.70 in 2016).

	2017	2016
In million CHF		
Sales	1 528.6	1 446.6
Operating result (EBIT)	118.7	103.7
Net result	106.9	84.3

Order entries and backlog

The Group started 2017 with a lower machine backlog than the year before and order entries during 2017 have been higher than in the previous year for both of the machinery Business Units and particularly for Business Unit Sheet-fed. Globally, order entries increased by nearly 17% compared to the previous year, driven by very high activity in Europe. The Americas, Asia and Africa remained stable. The Group finished the reporting year with a more than 20% higher machine backlog than in 2016.

Sales

For the full year 2017, consolidated sales increased by CHF 82 million, or 5.7%, to CHF 1 529 million. Adjusted for currency effects and acquisitions, organic sales were up CHF 68 million, or 4.7%, in 2017. Boxplan GmbH acquired in 2017 and the new company Mouvent (digital printing) created in June 2017 contributed CHF 3 million to the sales increase. Exchange rate variances increased sales by CHF 11 million.

	In million CHF	In %
Increase in volume	68.0	4.7
Change in scope of consolidation	3.4	0.2
Exchange rate variance	10.6	0.8
Increase in sales	82.0	5.7

Sales reached CHF 885 million in the second half of 2017 compared with CHF 643 million in the first six months of the year, and to CHF 847 million in the second semester of 2016.

Sales of Sheet-fed products increased by 4.4% to CHF 745 million. This growth was once more driven by a very strong demand for products for the corrugated industry. The demand for products for the folding carton industry remained stable. Sales of Web-fed products increased by 6.9%, reaching CHF 330 million for the year 2017. The growth came mainly from gravure printing and coating equipment. The demand for special machines and complex lines remained at a similarly low level as in 2016. Sales of Services and spare parts increased by 7.1% to CHF 453 million.

Sales	2017		2016		Δ%
In million CHF					
Europe	684.8	44.8%	661.4	45.7%	3.5
Americas	438.7	28.7%	426.6	29.5%	2.8
Asia & Oceania	363.2	23.8%	307.3	21.2%	18.2
Africa	41.9	2.7%	51.3	3.6%	-18.3
Total	1 528.6	100.0%	1 446.6	100.0%	5.7

Results

The operating result (EBIT) was CHF 119 million, or 7.8%, of sales compared to CHF 104 million, or 7.2%, of sales in 2016. The increase in operating result (EBIT) was driven by higher sales, optimal utilization of the Group's industrial capacities as well as by improvement measures to continuously increase our competitiveness.

Significant investments to sustain the growth and digital printing activities, pressure on margins, and the costs for restructuring measures in a German plant decided at the end of the year had a negative impact of more than CHF 10 million on the operating result (EBIT) of Business Unit Web-fed, resulting in a CHF 7 million loss for the year 2017, compared to a CHF 11 million positive operating result (EBIT) in 2016. Business Unit Services further improved its profitability. Operating result (EBIT) reached CHF 63 million compared to CHF 54 million in previous year. 2017 was an excellent year for Business Unit Sheet-fed. Operating result (EBIT) reached CHF 64 million compared to CHF 40 million in 2016.

The net result reached CHF 107 million (CHF 84 million in 2016). The increase came from a higher operating result (EBIT) as well as from lower tax expense, mostly thanks to the impact on the evaluation of deferred tax assets and liabilities of lower future tax rates in Canton Vaud, Switzerland, and the new tax law approved in the USA at the end of 2017 (a net impact of CHF 15 million).

Balance sheet

The higher net result, as well as continued efforts to optimize net working capital, resulted in a high cash inflow from operating activities of CHF 150 million (CHF 108 million in 2016). This contributed to a net cash position of CHF 133 million in the reporting year compared to CHF 51 million in 2016. The return on capital employed (ROCE) increased to 23.2% compared to 19.9% in 2016, and the shareholders' equity ratio increased to 35.6% from 33.9% in the previous year.

Dividend Proposal

The Board of Directors proposes to the Annual General Meeting of Shareholders the payment of a dividend of CHF 2.60 per share (CHF 1.70 in 2016). This proposal is in line with the Group's dividend policy which recommends a payout ratio between 30-50% of the net consolidated profit after tax.

Outlook 2018, updated mid- to long-term financial targets

We are living in a fast moving world and the markets are challenging. The packaging and label industries keep good perspectives and will support the growth of BOBST markets in the coming years. We are tailoring our Group for the future as we adapt and innovate continuously to keep our place at the top, with the best products and services, while expanding our innovation in digital printing and software offering. To support our strategic ambition, we have developed a program called Ambition 2020 with the following priorities and focus:

- **Increase customer satisfaction.** We will recruit and train technicians to support growth and customer satisfaction initiatives. Effective design to cost, good installation, fast snag list clearance and improved time to market will be our focus to reach our target.
- **Expand the Group's presence.** We will increase market share and profitability through investments to build up an enlarged product portfolio and increased services capabilities, to implement our Group strategy in South-East Asia, Africa and North America and to give our business in China a new impulse. We are setting up new Competence Centers by technology in 2018 in Lyon (France), in China, and in 2019 in San Giorgio (Italy).
- **Improve business processes.** We are developing a common business process / IT backbone called Bobst Business Systems (BBS) which is establishing the Group business blueprint for processes and applications. Once fully deployed, it will run all our local entities across the world in an efficient and harmonized way, whether they are production sites or local sales and service entities.
- **Digitalization development through Mouvent.** We aim to play a leading role in the fourth emerging printing technology in packaging after offset, flexo and gravure, and increase our offering in connectivity and software.

Both machine Business Units enjoy promising order backlogs and the increasing number of field service technicians allows us to grow our service offering. Based on today's evaluation of the overall business environment and prospects, the Group expects for 2018 to slightly increase sales and operating result (EBIT), in line with our updated mid- to long-term objectives which are sales of CHF 1 600 to 1 700 million, with an operating result (EBIT) margin of at least 8%, and a return on capital employed (ROCE) of at least 20%.

Annual General Meeting

At the forthcoming Annual General Meeting of Shareholders on March 28, 2018, Alain Guttman, Thierry de Kalbermatten, Jürgen Brandt, Gian-Luca Bona, Philip Mosimann and Patrice Bula will be proposed for re-election for a new period of one year. The Board of Directors wishes to propose Alain Guttman as Chairman. The Annual General Meeting will besides the dividend proposal of CHF 2.60 per share in particular further deal with the requests concerning the remuneration for the Board of Directors (AGM 2018-AGM 2019) and for the Group Executive Committee (fiscal years 2018 and 2019), and two proposals to adapt the Articles of Association of Bobst Group SA (variable remuneration ratio and Board decisions).



About BOBST

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 14 production facilities in 8 countries and employs close to 5 400 people around the world. The firm recorded a consolidated turnover of CHF 1 529 million for the year ended December 31, 2017.

Today's information meeting – Publication of the annual report 2017

A conference for financial analysts and the media will take place today, February 27, 2018, at 10.15 a.m. in Mex. The 2017 annual report, financial statements, along with translations in French and German of this release, will be available on the Group's website <http://investors.bobst.com> from 06.30 a.m. The presentation will be available from 10.15 a.m.

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Forthcoming Releases

28 March 2018	Annual General Meeting at 5.00 p.m. in Mex
25 July 2018	Publication of the half-year Report as of 30 June 2018 Teleconference for financial analysts and the media
7 November 2018	Conference for financial analysts and the media in Zurich

Security symbols

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

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