

## PRESS RELEASE

### Bobst Group announces strong sales growth but lower results than in 2017

- Sales increased by 6.9% to CHF 1 635 million
- Operating result (EBIT) at CHF 87 million (CHF 119 million in 2017)
- Net result at CHF 50 million (CHF 107 million in 2017)
- Dividend of CHF 1.50 proposed (CHF 2.60 in 2017)
- Order entries and backlog at a similar level as in 2017

Mex, February 27, 2019 – Bobst Group, a Swiss-based worldwide leading supplier of equipment and services to the packaging and label industries, achieved in 2018 a strong growth in the corrugated board, label and film business. The Group reached sales of CHF 1.635 billion in 2018, an increase of CHF 106 million, or +6.9% compared to 2017.

The Business Unit Web-fed transformation, the large investments in digitalization and the China strategy for growth reduced significantly the Group results in 2018. The operating result (EBIT) was CHF 87 million (CHF 119 million in 2017), while the net result was CHF 50 million (CHF 107 million in 2017). The return on capital employed (ROCE) decreased to 14.2% compared to 23.2% in 2017 and the shareholders' equity ratio decreased to 33.4% from 35.6% in the previous year.

The Board of Directors proposes to the Annual General Meeting of Shareholders the payment of a dividend of CHF 1.50 per share (CHF 2.60 in 2017). In 2019, the Group expects to reach a similar sales level as in 2018. The operating result (EBIT) margin is expected to be in the range of 6% to 7% in 2019 and 2020.

	2018	2017
In million CHF		
Sales	<b>1 634.5</b>	1 528.6
Operating result (EBIT)	<b>86.5</b>	118.7
Net result	<b>50.4</b>	106.9

#### Order entries and backlog

The Group started 2018 with a more than 20% higher machine backlog than the year before. 2018 order entries were at the same level as the year before, with a small increase in Business Unit Sheet-fed. Order entries compared to the previous year remained stable at a high level in Europe. The Americas and Africa increased by around 15%, and Asia decreased by slightly more than 10%. The Group finished the reporting year with a similar machine backlog than in 2017.

#### Sales

For the full year 2018, consolidated sales increased by CHF 106 million, or 6.9%, to CHF 1 635 million. Adjusted for currency effects and acquisitions, organic sales were up CHF 82 million, or 5.4%, in 2018. Two new local entities created in 2018 contributed CHF 4 million to the sales increase. Exchange rate variances increased sales by CHF 20 million.

	In million CHF	In %
Increase in volume	81.9	5.4
Change in scope of consolidation	3.6	0.2
Exchange rate variance	20.4	1.4
<b>Increase in sales</b>	<b>105.9</b>	<b>6.9</b>

Sales reached CHF 872 million in the second half of 2018, compared with CHF 763 million in the first six months of the year, and to CHF 885 million in the second semester of 2017.

Sales of sheet-fed products increased by 8.0% to CHF 805 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 3.9%, reaching CHF 343 million for the year 2018. All product lines contributed to this growth, and the demand for special machines and complex lines remained at a low level. Sales of services and spare parts increased by 7.4%, to CHF 486 million.

Sales	2018		2017		Δ%
In million CHF					
Europe	749.9	45.9%	684.8	44.8%	9.5
Americas	470.0	28.8%	438.7	28.7%	7.1
Asia & Oceania	361.5	22.1%	363.2	23.8%	-0.4
Africa	53.1	3.2%	41.9	2.7%	26.8
<b>Total</b>	<b>1 634.5</b>	<b>100.0%</b>	<b>1 528.6</b>	<b>100.0%</b>	<b>6.9</b>

## Results

The operating result (EBIT) was CHF 87 million, or 5.3% of sales compared to CHF 119 million, or 7.8% of sales in 2017. Based on the strong sales growth and a good overall market situation, the Group has accelerated measures to launch a range of digital printing products and strengthened its activities in Internet of Things (IoT). Quality upgrades on some products launched in recent years and additional transformation measures in the Business Unit Web-fed had a significant negative impact on the operating result (EBIT) of the reporting year.

Business Unit Web-fed was particularly impacted by the additional investments, and its operating result (EBIT) for the year 2018 showed a loss of CHF 37 million, compared to a loss of CHF 7 million in 2017. Business Unit Sheet-fed reached an operating profit (EBIT) of CHF 60 million, compared to CHF 64 million in 2017. Additional profit due to higher sales was more than offset by the investment in the new China 4.0 strategy implemented since March 2018. Business Unit Services further improved its profitability. Operating profit (EBIT) reached CHF 66 million, compared to CHF 63 million in previous year.

The net result reached CHF 50 million (CHF 107 million in 2017). The decrease came from lower operating result (EBIT), missing one-time favorable tax impact of CHF 15 million recognized in 2017 and due to losses, on which no deferred tax assets are recognized in 2018.

### **Balance sheet**

The lower net result, and a disproportional temporary increase of the net working capital, resulted in a negative cash flow from operating activities of CHF 46 million, compared to the exceptionally high positive CHF 150 million in 2017. This had an impact on the cash ending in a net debt position of CHF 21 million at year end, compared to a net cash position of CHF 133 million in 2017. The return on capital employed (ROCE) decreased to 14.2% in the reporting year, compared to 23.2% in 2017, and the shareholders' equity ratio decreased temporarily to 33.4%, from 35.6% in the previous year, due to the additional bond issued in September of the reporting year.

### **Dividend Proposal**

The Board of Directors proposes to the Annual General Meeting of Shareholders the payment of a dividend of CHF 1.50 per share (CHF 2.60 in 2017). 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.

### **Group Organization**

The Business Unit Web-fed faces various challenges linked to its strategy implementation, market penetration and profitability improvement, and the Group is therefore implementing executive changes in this Business Unit.

The Group Executive Committee is evolving. Erik Bothorel, in charge of the Business Unit Web-fed, left the Group Executive Committee at the end of 2018. Stephan März, in charge of the Business Unit Services, took on responsibility for the Business Unit Web-fed on January 1, 2019, while Julien Laran, in charge of Supply Chain and Operations within the Business Unit Services, was appointed Head of Business Unit Services as of January 1, 2019.

### **Outlook and strategy**

The consumption level worldwide is still good, supporting the overall business environment. We expect that political tensions will remain, likely leading to a slow down of the economy. We prepare the Group to further seize opportunities, and for a potential economic down turn.

To support our strategic objectives we remain focused on the following priorities:

- As we increase our customer satisfaction, which we measure through the Net Promoter Score methodology (NPS), we aim to continuously develop and retain our technicians, while increasing spare parts' availability worldwide thanks to our hub concept. We will keep improving the execution of quality deliveries of our machines and services;
- We will continue to expand and invest in China, South East Asia and the Middle East regions, adapting our offerings for machines and services to markets' trends;
- The digitalization of our core processes is taking the Group to a higher level of efficiency, integration, and in the mid term, of performance improvement;
- The digital printing journey is well underway and we will offer to the textile and label sectors a comprehensive portfolio of products during 2019. This is the start of a new venture for Bobst Group and demonstrates its ability to reach new market segments.

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 2019 to reach a similar sales level as in 2018. The operating result (EBIT) margin is expected to be in the range of 6% to 7% in 2019 and 2020. The long-term objectives,



with an operating result (EBIT) margin of at least 8%, and a return on capital employed (ROCE) of at least 20%, are maintained. The sales objective is increased to CHF 1 700-1 800 million from previously CHF 1 600-1 700 million.

#### **Annual General Meeting**

The mandates of all the members of the Board of Directors become due for renewal for a one-year period. At the forthcoming Annual General Meeting of Shareholders on April 4, 2019 Alain Guttmann, Thierry de Kalbermatten, Jürgen Brandt, Gian-Luca Bona and Philip Mosimann will be proposed for re-election for a new period of one year. Patrice Bula will not be standing for re-election due to other commitments. We express our warmest thanks for his various contributions. The Board of Directors wishes to propose Alain Guttmann as Chairman. The Annual General Meeting will, besides the dividend proposal of CHF 1.50 per share in particular, further deal with the requests concerning the remuneration for the Board of Directors (AGM 2019-AGM 2020) and for the Group Executive Committee (fiscal year 2020).



## 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 more than 5 600 people around the world. The firm recorded a consolidated turnover of CHF 1 635 million for the year ended December 31<sup>st</sup>, 2018.

## Today's information meeting – Publication of the Annual Report 2018

A conference for financial analysts and the media will take place today, February 27, 2019, at 10.15 a.m. at Mouvent SA in Cheseaux-sur-Lausanne. The 2018 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

04 April 2019	Annual General Meeting of Shareholders at 5.00 p.m. in Mex
24 July 2019	Publication of the 2019 half-year results Teleconference for financial analysts and the media
08 November 2019	Conference for the financial analysts and the media in Zurich

## Security symbols

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

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