

PRESS RELEASE

Bobst Group announces stable sales and slightly improved net result

- Sales stable at CHF 1 636 million.
- Operating result (EBIT) at CHF 81 million (CHF 87 million in 2018).
- Net result at CHF 53 million (CHF 50 million in 2018).
- Positive cash inflow from operating activities of CHF 55 million (CHF -46 million in 2018).
- Dividend of CHF 1.50 proposed (CHF 1.50 in 2018).
- Order entries and backlog lower as in 2018.

Mex, Switzerland, 2 March, 2020 – Bobst Group, a Swiss-based worldwide leading supplier of equipment and services to the packaging and label industries, reached sales of CHF 1 636 million in 2019, an increase of CHF 2 million, or 0.1%, compared to 2018. The operating result (EBIT) was CHF 81 million (CHF 87 million in 2018), while the net result was CHF 53 million (CHF 50 million in 2018). The return on capital employed (ROCE) decreased to 12.9% compared to 14.2% in 2018 and the equity ratio increased to 36.7% from 32.2% 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 1.50 in 2018). In 2020, the Group is currently expecting full year sales to be around 6% lower as in the previous year. The full year operating result (EBIT) margin is expected to be lower than in the previous year due to lower sales and higher marketing costs.

In January 2020, the coronavirus outbreak occurred in China and is now spreading to Europe and other regions. This is impacting BOBST's business operation to a certain extent. The actual impact will depend on the situation and duration of the coronavirus outbreak.

	2019	2018
In million CHF		
Sales	1636.2	1 634.5
Operating result (EBIT)	81.0	86.5
Net result	52.6	50.4

Order entries and backlog

The Group started 2019 with a similar machine backlog to the year before. 2019 order entries were 8% lower as in the year before, with Business Unit Sheet-fed at -7%, Business Unit Web-fed at -22% and Business Unit Services at the same level as the year before. Order entries improved to a good level in the last 3 months of the year. Compared to the previous year, order entries decreased, mainly in Europe and the Americas, and slightly increased in Asia and Africa. The Group finished the reporting year with a significantly lower machine backlog than in 2018 and a stable service backlog.

Sales

For the full year 2019, consolidated sales increased by CHF 2 million, or 0.1%, to CHF 1 636 million. Adjusted for currency effects, organic sales were up CHF 33 million, or 2.0%, in 2019. Exchange rate variances decreased sales by CHF 31 million, or 1.9%.

Sales reached CHF 899 million in the second half of 2019 compared to CHF 737 million in the first six months of the year, and to CHF 872 million in the second semester of 2018. Sales recognized in the second half of 2019 are at the highest level achieved in a semester since the all-time high recorded in the second half of 2007.

Sales of sheet-fed products increased by 0.7% to CHF 810 million. The demand for products for the corrugated industry was slightly stronger than for products for the folding carton industry. Sales of web-fed products decreased by 1.6% reaching CHF 338 million for the year 2019. The reduction is mainly due to lower sales of coating equipment which could not be fully compensated by higher sales of flexo printing equipment. Sales of services and spare parts increased by 0.4% to CHF 488 million.

Sales	2019		2018		Δ%
In million CHF					
Europe	730.6	44.6%	749.9	45.9%	-2.6
Americas	518.8	31.7%	470.0	28.8%	10.4
Asia & Oceania	328.6	20.1%	361.5	22.1%	-9.1
Africa	58.2	3.6%	53.1	3.2%	9.6
Total	1636.2	100.0%	1634.5	100.0%	0.1

Results

The operating result (EBIT) was CHF 81 million, or 5.0%, of sales compared to CHF 87 million, or 5.3%, of sales in 2018. The operating result (EBIT) achieved in the second half of the year was on a good level but could not compensate for the negative impact of the unfavorable product mix, lower production workload and increased pressure on margins of the first half of 2019. All three Business Units are also impacted by the increased costs associated with the ramp-up of the Group's digital activities (Mouvent, BBS, IoT).

Business Unit Sheet-fed reached an operating result (EBIT) of CHF 40 million compared to CHF 60 million in 2018. A quite unfavorable product mix in the first half of the year, pressure on prices and a lower utilization of the industrial capacities, mainly due to lower orders and the reduction of inventories, led to this drop in operating result (EBIT). Business Unit Web-fed reduced its loss to CHF 16 million compared to a loss of CHF 37 million in 2018. The quality campaigns launched in 2018 are progressing as planned and led to a significant improvement of customer satisfaction. The initiated cost reduction measures are on track and delivered encouraging first results. Business Unit Services absorbed the run rate effect of the significant increase in field service technicians and technical support people which was accelerated

in 2018 in accordance with the Group's strategy. The training costs had a negative impact on the Business Unit's operating result (EBIT). Operating result (EBIT) reached CHF 59 million compared to CHF 66 million in the previous year.

The net result increased to CHF 53 million compared to CHF 50 million in 2018. The lower operating result (EBIT) was more than compensated for by lower financial costs and lower income taxes. Lower income taxes are mainly due to a reduction of losses in entities, where no deferred tax assets are recognized in 2019.

Balance sheet

A significant reduction of inventories contributed to a cash inflow from operating activities of CHF 55 million compared to the negative cash flow from operating activities of CHF 46 million in 2018. The net debt position increased to CHF 59 million compared to CHF 21 million in 2018. The increase was mainly due to capital expenditures of CHF 56 million and the purchase of non-controlling interests in Bobst Firenze and Bobst Istanbul. The return on capital employed (ROCE) decreased to 12.9% in the reporting year compared to 14.2% in 2018. The equity ratio increased to 36.7% from 32.2% in the previous year, mainly due to the reimbursement of the CHF 110 million bond maturing in February 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 1.50 in 2018). 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 and strategy

Because of Brexit, the political crisis in many countries, the trend towards EUR/CHF parity in the longer term, the commercial war between the USA and China and the weakening in the booking dynamics since mid-2018, we must focus on our key priorities. If a downturn occurs, the Group will be prepared for lower activities in the short term. This will trigger a change in our strategy.

In January 2020, the coronavirus outbreak occurred in China and is now spreading to Europe and other regions. This is impacting BOBST's business operation to a certain extent. The actual impact will depend on the situation and duration of the coronavirus outbreak.

Strategic objectives

BOBST follows a long-term strategy focusing on four strategic objectives – innovation, operational excellence, people development and growth. Delivering these objectives involves a range of initiatives which cover, among others, the quality of our products and services, optimizing our organization, focusing on customers, developing new products and digitalization.

- **Sustainability** continues to grow in importance and is now fully integrated, from machine design to substrate processing. Leading the way with industrial solutions, key industry leaders have been jointly developing new recyclable plastic materials and pouches, with respect for the global environment. BOBST is investing heavily with brand owners in the search for environmentally friendly packaging and label solutions.
- **Digitalization** supports and spurs Group transformation through various initiatives, including a common Group processes platform, IoT and Mouvent. Digital printing will continue to ramp up equipment for labels, film and folding carton applications, ensuring complete solutions and eco-

friendly water-based ink (made by Mouvent). Furthermore, the unmet needs around workflow and connectivity are on the table, and solutions – largely linked to the digitalization of the process – will form a major element of discussions at drupa 2020. We are addressing all these new challenges through development and innovation in connectivity (people and machines) and digitalization (internally through BOBST Business Systems – BBS – to establish the Group business blueprint and externally through IoT).

- **drupa 2020** is a strategic communication platform to officially present our vision for the packaging industry. The new BOBST industry vision embodies how we will drive the future of packaging production across industries. Customer plants will be connected to a digitalized and automated workflow, accessing cloud-based information.

Based on today's evaluation of the overall business environment and prospects, the Group expects for 2020 to reach around a 6% lower sales level as in 2019. The full year operating result (EBIT) margin is expected to be lower than in the previous year due to lower sales and higher marketing costs. Marketing costs are expected to be high due to drupa, the most important exhibition for packaging and printing which takes place every four years in Düsseldorf.

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.

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 7, 2020, 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. 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 2020-AGM 2021) and for the Group Executive Committee (fiscal year 2021).



About BOBST

We are one of the world's leading suppliers of substrate processing, printing and converting equipment and services for the label, flexible packaging, folding carton and corrugated industries.

Founded in 1890 by Joseph Bobst in Lausanne, Switzerland, BOBST has a presence in more than 50 countries, runs 15 production facilities in 8 countries and employs more than 5500 people around the world. The firm recorded a consolidated turnover of CHF 1 636 million for the year ended December 31, 2019.

Today's information meeting – Publication of the annual report 2019

A conference for financial analysts and the media will take place today, March 2, 2020, at 10.15 a.m. in Mex. The 2019 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 06.00 a.m. The presentation will be available from 10.15 a.m.

Inquiries

Media and Investor Relations
Stefano Bianchi
Tel. +41 21 621 27 57
E-mail: investors@bobst.com

Forthcoming releases

07 April 2020	Annual General Meeting at 5.00 p.m. in Mex
27 July 2020	Publication of the 2020 half-year results Teleconference for financial analysts and the media
05 November 2020	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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