

## PRESS RELEASE

### 2020 first half-year results

### Bobst Group first half-year financials impacted negatively by Covid-19 lock-down

- Severe impact of Covid-19 lock-down on Bobst Group's H1 2020 figures.
- Sales down 29% compared to H1 2019.
- Operating result (EBIT) decreased to CHF -25.1 million from CHF 14.8 million in 2019.
- Net result was CHF -30.0 million compared with CHF 7.4 million in 2019.
- Order entries decreased by 21% and backlog by 10% compared to previous year.
- Improved second half of the year expected despite remaining uncertainties.

*Mex, Switzerland, 27 July 2020* – The spread of Covid-19 had a significant impact on Bobst Group's 2020 first half-year figures. Bobst Group recorded sales of CHF 523.8 million for the first six months of 2020, compared to CHF 736.8 million in the first half of 2019. The operating result (EBIT) decreased to CHF -25.1 million compared to CHF 14.8 million in 2019. The net result reached CHF -30.0 million, down from CHF 7.4 million in previous year. Order entries decreased by 21% and the order backlog is 10% lower than in previous year.

Despite the remaining uncertainties the Group expects an improvement of its results in the second half of the year 2020 but below the levels achieved in the second half of 2019.

BOBST new industry vision to shape the future of the packaging world was unveiled in June and the Group is adapting its organization to implement it. The machine Business Units are being merged, and the Group Executive Committee has been reduced from five to four members.

During the first half of 2020, consolidated sales amounted to CHF 523.8 million, representing a decrease of CHF 213.0 million, or -28.9%, compared with the same period in 2019. Volume and price variances had a negative impact of CHF 199.2 million, or -27.0%.

The exchange rates had an overall negative impact on sales of CHF 23.9 million. The evolution due to the conversion of foreign currencies for consolidation accounts for CHF -21.4 million, or -2.9%, and the transactional impact on sales volume from our Swiss operations accounts for CHF -2.5 million, or -0.3%. An improvement of CHF 10.1 million, or +1.4%, came from a change in scope of consolidation due to the acquisitions of Yancheng Hongjing Machinery Technology Co., Ltd, Dongtai, China, completed 6 January 2020, and of CITO-SYSTEM GmbH, Schwaig, Germany, completed 8 April 2020.

Sales by BU	30 June 2020 (In million CHF)	30 June 2019 (In million CHF)	Δ %
BU Sheet-fed	245.7	377.5	-34.9
BU Web-fed	49.7	115.6	-57.0
BU Services	228.3	243.6	-6.3
Other	0.1	0.1	0.0
<b>Total</b>	<b>523.8</b>	<b>736.8</b>	<b>-28.9</b>

The reduction of consolidated sales was partly due to lower backlog at the beginning of the year and lower order intake compared to the first six months of 2019, but mostly due to the impact of the Covid-19 lock-down. Most machine installations and service interventions scheduled for the second quarter of 2020 could not be performed as planned due to travel bans, which had a significant impact on revenue recognition.

The operating result (EBIT) reached CHF -25.1 million compared with CHF 14.8 million for the same period in 2019. The impact of the Covid-19 lock-down, which led to a lower utilization of the industrial capacities and to significantly lower sales compared to the level achieved in the same period of 2019, led to the reduction of the operating result (EBIT). Measures such as short-time work, hiring freeze, cost reduction and cost containment reduced the negative impact of the Covid-19 pandemic, but could not compensate for the negative impact by far.

The operating result (EBIT) for Business Unit Sheet-fed decreased from CHF 12.1 million in the first half of 2019 to CHF -17.4 million in the first half of 2020. Significantly lower sales in the first half of the year and a lower utilization of the industrial capacities due to the lock-down led to this drop in operating result (EBIT).

The operating result (EBIT) for Business Unit Web-fed was CHF -27.0 million in the first half of 2020 compared to CHF -21.4 million in the first six months of 2019. The quality campaign started in 2018 and new products launched in the last two years showed very promising results. Business Unit Web-fed suffered particularly from the lock-down as most of its Field Service Technicians are based in Europe and could not travel to perform machine installations.

Business Unit Services was less impacted by the Covid-19 pandemic as the spare parts supply chain proved to be very efficient and resilient, and part of the service and technical support interventions could be performed remotely. The Business Unit's operating result (EBIT) was CHF 20.2 million in the first half of 2020 compared with CHF 25.3 million in the same period in 2019.

EBIT by BU	30 June 2020 (In million CHF)	30 June 2019 (In million CHF)	Δ (In million CHF)
BU Sheet-fed	-17.4	+12.1	-29.5
BU Web-fed	-27.0	-21.4	-5.6
BU Services	+20.2	+25.3	-5.1
Other	-0.9	-1.2	+0.3
<b>Total</b>	<b>-25.1</b>	<b>+14.8</b>	<b>-39.9</b>

Net result reached CHF -30.0 million, compared to CHF 7.4 million in 2019. The decrease in net result is mainly due to lower operating result (EBIT) and lower result from associates.

Net debt increased to CHF 153.2 million from CHF 58.6 million at the end of 2019. This is mainly due to the loss recorded in the first half of the year, dividends paid, the usual increase of work in progress for machines to be invoiced in the second half of the year and the acquisition of majority participations in Yancheng Hongjing Machinery Technology Co. and in CITO-SYSTEM GmbH. The consolidated equity reached 29.2% of the total balance sheet, compared to 36.7% at the end of 2019. The reduction of the ratio is due to the half-year loss and to a temporary increase of the total balance sheet due to the issuance of the CHF 200 million bond in February of the reporting year, in order to anticipate the reimbursement of the CHF 150 million bond in September 2020.

## **BUSINESS ACTIVITY AND OUTLOOK BY BUSINESS UNIT**

### **Business Unit Sheet-fed**

Total bookings in the first half of the year were impacted by Covid-19 and uncertainty in the global economy with a 31% decrease compared to the same period of 2019. Despite this situation most mature markets have posted bookings in line with our expectations, but this has not offset the strong negative impact on business in several emerging countries. In the first half of the year folding carton activities have been more active than corrugated board and laminating.

Sales are down 35% in the first half of 2020 compared to the previous year, due to lower backlog at the beginning of the year compared to 2019 and to the impossibility of shipping machines during the lock-down period. The delay cumulated during the lock-down has heavily impacted our supply chain and the impact will not be fully recovered in the second half of 2020.

Since the month of May, we have seen a promising increase of project pipelines in both emerging and mature markets and the outlook for year-end has improved in terms of bookings. Nevertheless, there is still a lot of uncertainty in the upcoming months which may impact the full year result.

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

A significant number of shipments and installations of equipment in the first half-year needed to be postponed due to Covid-19 pandemic restrictions and temporary closing of our sites and customers' factories. It is expected that a noteworthy catch-up of shipments can be achieved in the second half-year which will generate an important increase in sales. However, the full year 2020 sales are expected to be lower than in previous year.

Whilst the Chinese market recovered rapidly after the Covid-19 pandemic lock-down, other markets were going through a slowdown of equipment investments. However, as the pandemic created intense packaging demand for the high consumption segments such as Food, Pharma and Home & Personal Care, market activities may considerably evolve in the second half of the year. As the current unstable economic situation strongly affects some market players, customers may put more value on choosing a solid business partner.

In line with the new Group strategy to reduce its presence at industry tradeshows, several virtual events were organized to launch and promote our new solutions in the market.

### **Business Unit Services**

First half-year sales for the Business Unit Services were 10% below the same period in 2019 (excluding the CITO acquisition). The second half of March saw the unfolding of Covid-19, impacting business volumes of both sales of parts and services as the mobility of Field Service Technicians was significantly reduced. Asian markets were the most impacted and China had the worst decline in the region. In Europe and North America, the impact was less significant, showing greater resilience.

The Business Unit Services expects to see a gradual return to normal demand for the second half of 2020, provided that global health conditions do not deteriorate further in its key regions and markets (particularly in North America). The Business Unit Services will continue to support customers despite adverse conditions, thereby protecting the high level of satisfaction observed. The focus for the remainder of 2020 will therefore be to secure the supply chain for spare parts and to further optimize

service interventions, including remotely when possible. In parallel, the Business Unit Services will continue to pursue the digitalization of its activities and the integration of the recent CITO acquisition.

#### **OUTLOOK FOR THE SECOND HALF OF 2020**

In June BOBST unveiled its new vision for the packaging industry and launched a new range of machines and solutions. The BOBST vision is shaping a new reality where connectivity, digitalization, automation and sustainability are the cornerstones of packaging production. BOBST continues to deliver best-in-class machines, and is now adding intelligence, software capabilities and cloud-based platforms, to make packaging production better than ever. At the heart of this vision is BOBST Connect, an open architecture cloud-based platform delivering solutions for pre-press, production, process optimization, maintenance and market access. It ensures an efficient dataflow between digital and physical worlds. It will orchestrate the entire production process from the client's PDF to the finished product.

In order to implement this new vision, the Group is adapting its organization. The Group Executive Committee has been reduced from five to four members. The two machine Business Units are being merged. Stephan März, the current head of Business Unit Web-fed will lead this new Business Unit. Julien Laran will continue to lead the Business Unit Services. This Group transformation will lead to a simplification of the organization and support the achievement of the Group's long-term financial targets.

Uncertainty remains high in our relevant markets due to the Covid-19 pandemic situation. If borders between countries remain open and air travel will further improve, the Group expects a second half of the year 2020 on a significantly higher level compared to the first six months of this year. It will however not be possible to achieve the same results as in the second half of 2019 as some constraints linked to the pandemic situation remain.

The long-term financial targets of at least 8% operating result (EBIT) and a minimum 20% return on capital employed (ROCE) might have to be adapted according to the evolution of the global economy.



### **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.

### **Half-year report as at 30 June 2020**

The half-year report as at 30 June 2020 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 Tuesday, 28 July 2020. The telephone number to access this service is:

- International number: +44 330 6061 122  
followed by the access code: 765787

From Tuesday, 28 July 2020 at 09.00 CET onwards, the recording will be available on our website <http://investors.bobst.com/publications>.

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### **Forthcoming Releases**

5 November 2020 Conference for financial analysts and the media in Zurich

26 February 2021 Publication of the 2020 financial statements  
Conference for financial analysts and the media in Mex

30 March 2021 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

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