

Annual Profile 2017  
Bobst Group SA

# LEADING INNOVATION

 **BOBST**

# KEY FIGURES

In million CHF		2016		2015	
Assets	Non-current assets	413.0	29%	419.7	31%
	Current assets	989.7	71%	928.6	69%
		<b>1402.7</b>	<b>100%</b>	<b>1348.3</b>	<b>100%</b>
Liabilities	Equity	477.5	34%	421.8	31%
	Non-current liabilities	388.9	28%	391.7	29%
	Current liabilities	536.3	38%	534.8	40%
		<b>1402.7</b>	<b>100%</b>	<b>1348.3</b>	<b>100%</b>
<b>Net cash/Net debt</b>		<b>51.3</b>		<b>-1.7</b>	
<b>Sales</b>		<b>1446.6</b>		<b>1330.9</b>	
<b>Operating result (EBIT)</b>		<b>103.7</b>		<b>83.9</b>	
As % of sales			7.2%		6.3%
<b>Net result</b>		<b>84.3</b>		<b>67.1</b>	
As % of sales			5.8%		5.0%
As % of equity			17.7%		15.9%
<b>Capital expenditure (CAPEX)</b>		<b>27.0</b>		<b>20.9</b>	
<b>Return on capital employed (ROCE)</b>		<b>19.9%</b>		<b>16.0%</b>	
<b>Share income</b>					
Share price at the end of the year		70.8		42.0	
Market capitalization		1169.5		693.0	
EPS (16 518 478 shares)		5.08		4.02	
Price-earnings ratio		13.9		10.4	
Dividend paid:					
– total, in million CHF		28.1		20.6	
– payout ratio			33.3%		30.7%
– dividend yield			2.4%		3.0%
<b>Headcount</b>					
% change compared to previous year			3.0%		1.4%

## MID- TO LONG-TERM FINANCIAL TARGETS

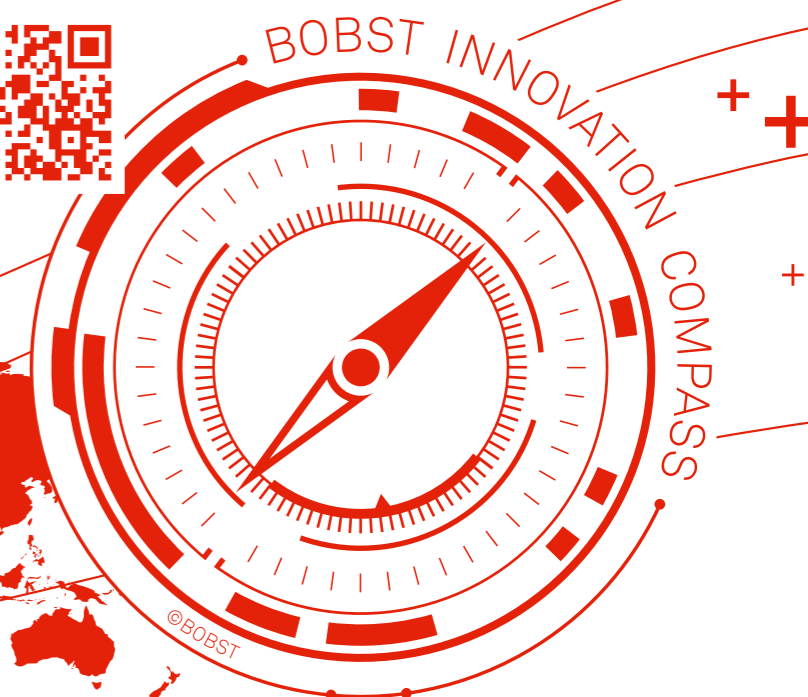
- Sales (in billion CHF) 1.4–1.5
- Operating result (EBIT) min. 8%
- Return on capital employed (ROCE) min. 15%
- Payout ratio 30–50%
- Equity ratio 40–45%

# LEADING INNOVATION

Delivering trailblazing products and services to packaging and label manufacturers is both our goal and our strategy.

## Contents

- 04 BOBST at a glance
- 06 Driving innovation
- 08 BOBST markets
- 10 Innovations
- 12 Industrialization
- 14 Product overview
- 16 New models
- 22 Services
- 24 Global presence
- 26 Sustainability
- 28 Agenda
- 30 Strategy
- 32 Letter to shareholders
- 35 Consolidated financial statements (Extracts from Bobst Group Annual report 2016)



# BOBST AT A GLANCE

## BOBST ORGANIZATION

BOBST provides machines, services, workflows and consumables for packaging and label converters and brand owners.

Business Unit  
**SHEET-FED**

Business Unit  
**WEB-FED**

Business Unit  
**SERVICES**

**PACKAGING  
AND LABEL  
CONVERTERS**

BOBST customers

FOLDING  
CARTON

FLEXIBLE  
MATERIALS

CORRUGATED  
BOARD

**3** MAIN  
INDUSTRIES  
SERVED

with innovative  
packaging solutions

BOBST is one of the world's leading suppliers of equipment and services to packaging and label manufacturers, providing machinery, solutions and technical expertise to its customers in these industries:

- Folding carton
- Corrugated board
- Flexible materials
- Packaging for liquids
- Commercial print finishing
- Label manufacture
- Sack & bag production
- Pressure sensitive adhesive (PSA) tape production
- Security applications
- Decorative printing
- Tobacco applications
- Industrial applications

PERFORMANCE  
**2017**  
ON THE RISE

## KEY FIGURES

CHF

**1.45**  
billion turnover  
in 2016

More than **5 000**  
highly qualified employees  
worldwide

BOBST is one of the world's  
leading suppliers of equipment  
and services to packaging  
and label manufacturers

**PATENTED**

More than  
**1500**  
patents and patent  
applications

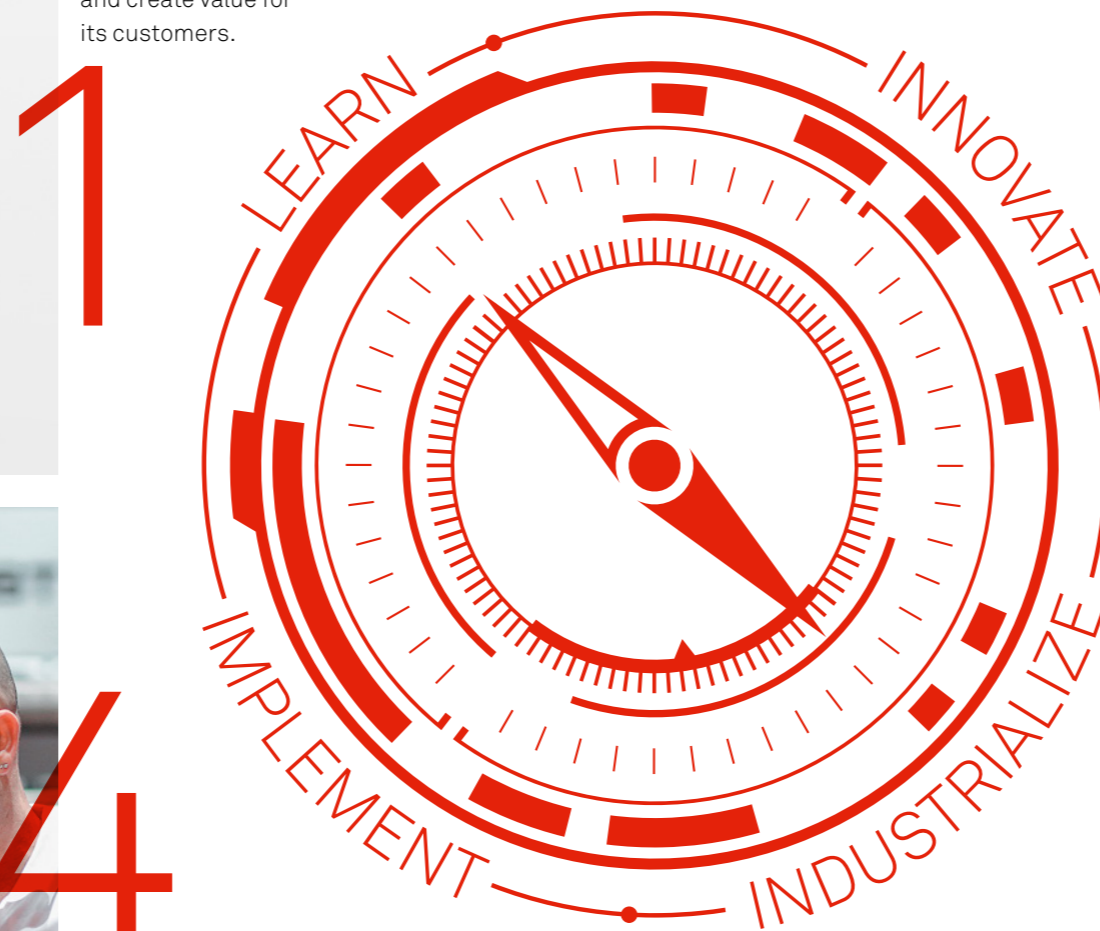
# DRIVING INNOVATION

BOBST FOCUSES ON A FOUR-STEP APPROACH TO DRIVE AND LEAD INNOVATION IN ITS CORE BUSINESS.

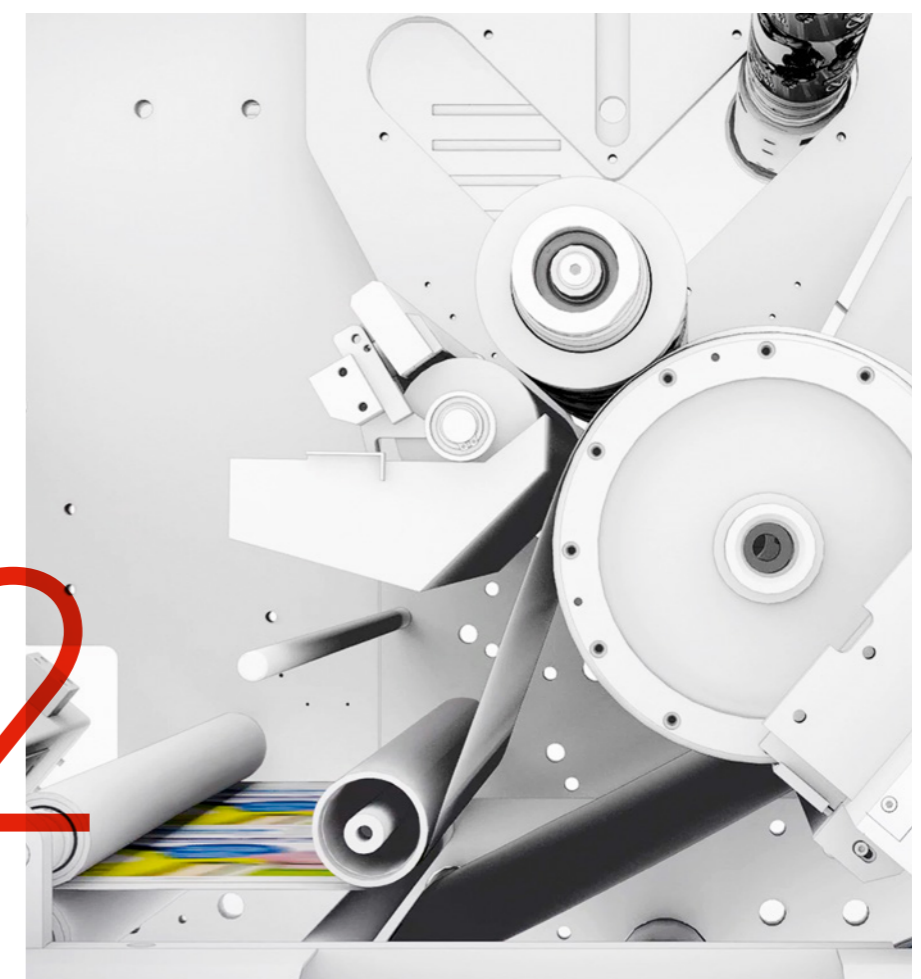


BOBST tracks today's needs and packaging trends to develop innovative solutions for the world market and create value for its customers.

BOBST invests up to 6% of its turnover into R&D every year. We have a global reputation for delivering innovations that drive performance and quality.



2



3



4



BOBST production lines are designed to deliver accuracy, flexibility, performance, and ease of use, while the wide variety of processes, sizes and levels of automation available suit the needs of a huge range of users.

BOBST transforms today's packaging trends into outstanding packaging solutions. For 125 years we have successfully taken innovations from prototyping to market serialization.

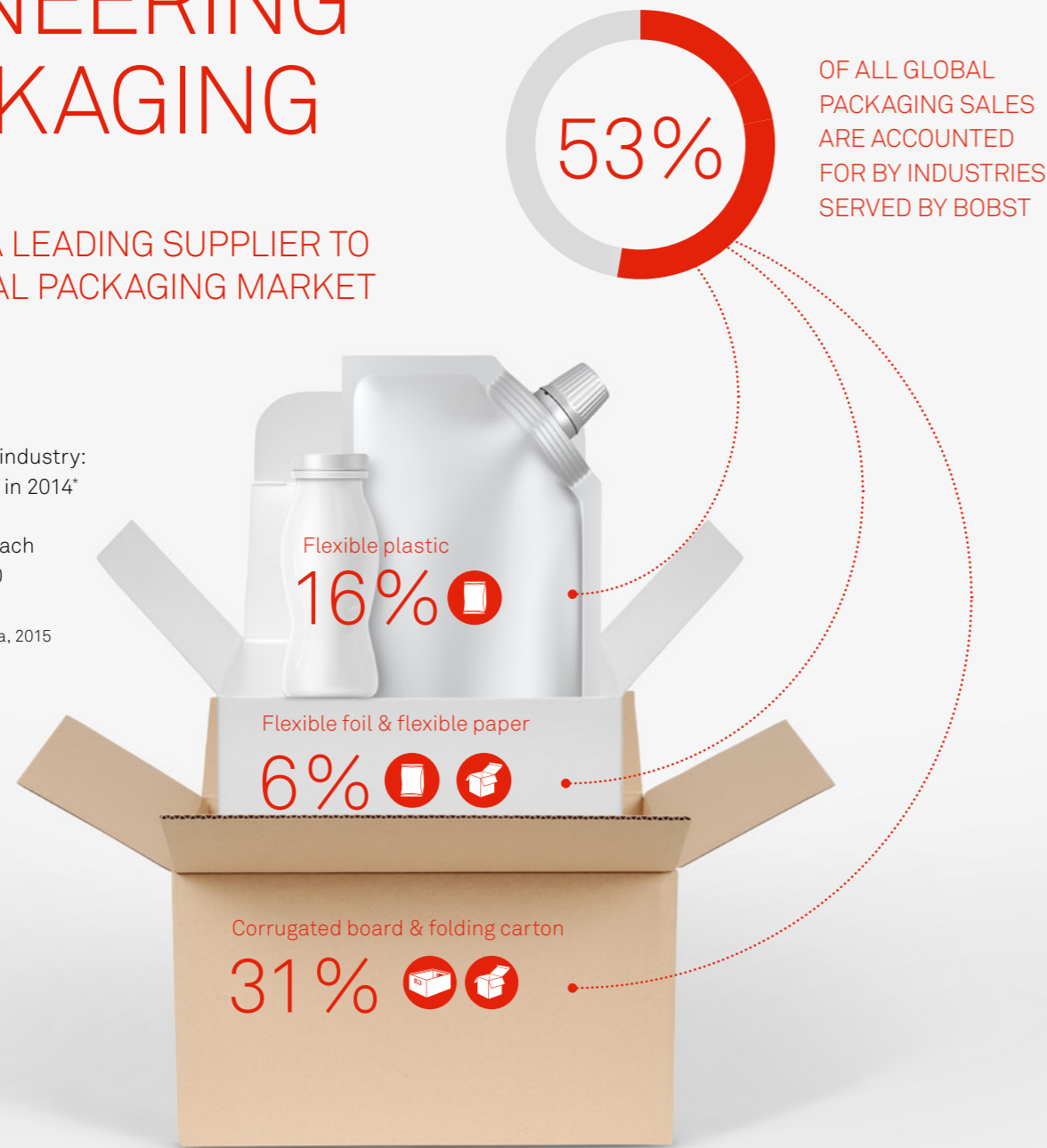
# PIONEERING PACKAGING

BOBST IS A LEADING SUPPLIER TO THE GLOBAL PACKAGING MARKET

**Global Market**  
Global packaging industry:  
\$ 820 billion sales in 2014\*

The market will reach  
\$ 1 trillion by 2020

\* Source: Smithers Pira, 2015



## VALUE CREATION FROM BRAND OWNER TO CONSUMER



## AHEAD OF MARKET TRENDS



### On-the-go packaging: reaching all segments of society

More and more people today eat and drink on the go, demanding higher quality and more choice. As a result, the demand is increasing for single-serve, ready-to-consume and, most of all, convenient product packaging, which is easy to hold, open, use and reseal.



### See-through packaging: a good way to value the goods

Many consumers are more likely to buy something if they can see it, partly because clear packaging gives products an aura of being natural. As a result, more and more marketers are putting their products in packages that are see-through or have transparent windows.



### New package recycling imperatives: improving sustainable practices

Millennials want packaging with less waste and more recycling, and are willing to pay a premium for it. They view brands packaged in a carton as healthier, fresher and easier to store and recycle. 90% of corrugated cardboard production comes from recycled materials.



### Functional packaging: a key driver for success

Consumers expect packaging to be much more functional: with 61% of all US households comprising of just one or two people, packages sized to serve singles or couples have become more commonplace. Such formats include single-serve packaging, meals for two, multi-packs of individual portions, and re-sealable packaging.

# TRAILBLAZING SOLUTIONS



A passion for innovation has been encoded into BOBST's DNA for more than 125 years. By continuously moving forward, our engineers translate today's packaging trends into outstanding packaging solutions.

The first BOBST press for **Braille embossing** is designed, giving printers an easier way to produce material for the visually impaired. It takes almost a hundred years for the packaging industry to take up the technology.

BOBST launches the PCR 382, its first folder-gluer. Applying a range of technological solutions, the **PCR 382** establishes a trend for innovation that continues right up to the present day.

BOBST Graphic **Eurocat 120/150/160**. A range of photo-type-setting systems for job composition, including complicated charts and paginations at speeds of up to 120 000 characters per hour.

BOBST **CUBE**, an operator-machine interface specially developed by BOBST, provides improved signals and information. The screen makes operating any machine very easy.

The **MASTERFOIL 106 PR** is the first hot foil stamper with cam driven and Power Register technologies. **MASTERFLUTE** is the latest generation Asitrade high performance sheet to web laminator.

The **EXPERTCUT** maximizes productivity and the platform-based **F&K 20SIX CI** flexo press brings outstanding print quality.

Installation and start up of the **first digital printing presses** for corrugated board applications.



1915 1940 1942 1968 1975 1989 1992 2008 2010 2011 2012 2015 2016



The world's first automatic die-cutter, the BOBST AP 900, enters production and revolutionizes the process of cutting and creasing carton board. Even today, **AP 900's** are still in use in parts of the world.

The **CORSAIR 940/1225** is BOBST's first Swiss made web-fed gravure printing press and is designed specifically for the flexible packaging market.

The ground breaking Martin **FFG 1330 Superline** brings numerical control to the flexo folder-gluer. Only three 1330's are built, but the technology used paves the way for virtually every FFG produced afterwards.

To help pharmaceutical companies meet strict new EU packaging legislation, BOBST develops the **ACCUBRAILLE** system for fast, accurate and reliable rotary Braille embossing onto drug packaging.

BOBST **ACCUCHECK** becomes the first built-in zero-fault quality control system for folder-gluer. BOBST General **Hawkeye** detects, counts and categorizes pinholes and other metallizing defects from 0.1 mm upwards.

Expanding markets with **nine new models**, featuring the MW 85F in the picture.

## MORE THAN EIGHT NEW MACHINES IN THE PIPELINE

Innovation is a vital factor that will shape our future. That is why we are devoting the resources and energy required to produce cutting-edge equipment for the global market.



# 6%

Investment in R&D

## INNOVATION IS ENCODED IN OUR DNA

BOBST invests up to 6% of its turnover into R&D every year to engineer the solutions that packaging and label manufacturers need.

# 520

R&D Employees

## STRIVING FOR NEW PERSPECTIVES

520 highly qualified R&D employees at BOBST work steadily on the next generation of innovations.

## COLLABORATION FOR INNOVATIVE DIGITAL FLEXO PRINT SOLUTIONS

REVO Team is a group of industry partners formed with the aim of developing a turn-key manufacturing process called Digital Flexo.



## LEADING INNOVATION

Intellectual property fosters our innovation and development.

# 2093

Intellectual property rights – and applications



BOBST builds the bridge from prototyping to industrialized series

# ENGINEERING THE FUTURE

By hosting R&D, production infrastructure, processes and equipment at twelve production sites worldwide, BOBST enables the successful launch of new product concepts: building the bridge from a prototype to an industrialized series and implanting new technologies into a production stable product.

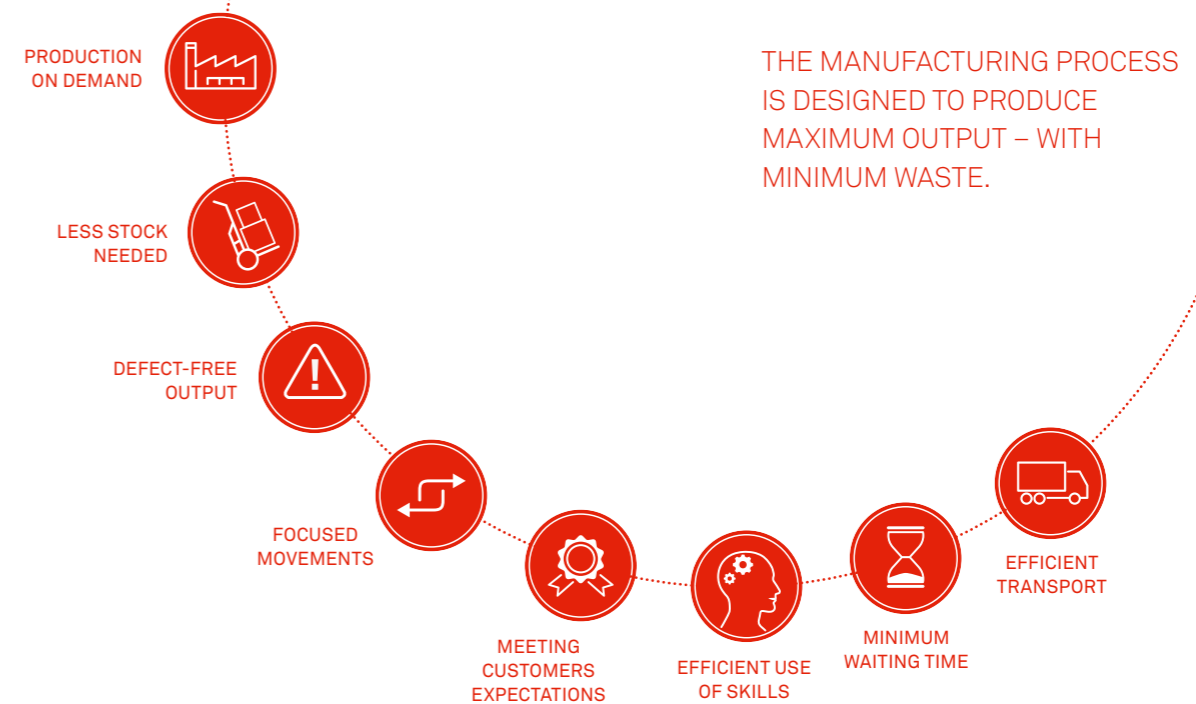
Through constantly listening to customers, investing in R&D, and by accumulating unmatched skills and experience among our people, BOBST has been producing equipment at the forefront of technology for over a century in converting, coating and laminating, printing, and printing and converting.

## Redesigning the production process

BOBST relies on a focused, lean production process. We have successfully redesigned the entire production process – without compromising quality or volume. The result: increased efficiency – and visible impact on business performance.

## Key success factors for increasing customers satisfaction

Each machine ordered can be configured with a wide range of options from our catalog. On top of these, we also offer bespoke solutions tailored to the specific needs of our customers. We produce high-quality machines and, for us, going the extra mile and delivering even more, is part of our DNA.





# GAME CHANGER

## CUSTOMER NEEDS

TO PRINT MORE COLORS IN GREATER DEFINITION, DELIVER SHORT-RUN LENGTHS ECONOMICALLY, NO DOWNTIME

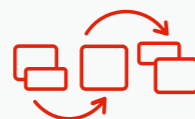
Introducing digital automation, work flow and flexibility into a traditional analog printing process. Digital Flexo delivers lower total cost of ownership, with the highest print quality, on microruns to long runs, and with the same press, operator and process.



DELIVER SHORT-RUN LENGTHS ECONOMICALLY



EASY COLOR MATCHING



DIGITAL WORKFLOW

## M6 DIGITAL FLEXO

PRINTING PRESS FOR FOOD PACKAGING

## BOBST DELIVERS

The M6 line is the press which changes the future of flexible packaging. A combination of in-line UV Flexo, REVO Digital Flexo and the new revolutionary V-Flower print unit allow for job change-overs in literally one minute, "on-the-fly" without stopping the press, with up to 95% press up-time. It is the most productive press to economically produce ultra short, up to long, runs. A new flexible packaging job can literally start production in one minute, with the highest print quality ever.

### EXTENDED COLOR GAMUT

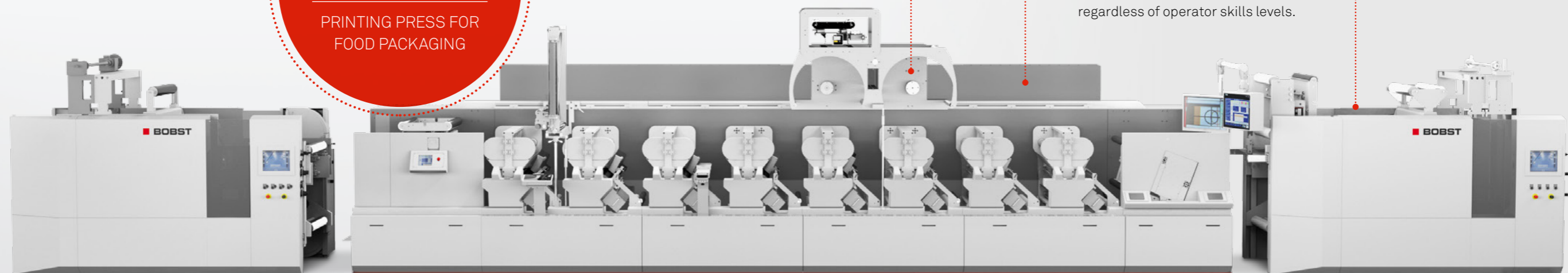
- Printing multiple jobs with a single set of plates reduces plate costs by up to 80%.
- Eliminating color matching reduces set-up times by up to 90%.
- Printing multiple layers as process (heptachromy) instead of as full solids (monochromy) leads to a reduction of up to 30% in ink costs.

### DIGITAL AUTOMATION

- Automatic, non-stop, on-the-fly job change-over can mean a reduction in waste of up to 90%.
- Digital, 100% closed-loop quality control delivers up to 98% quality consistency.
- Full digitally automated set-up and production leads to consistent productivity, regardless of operator skills levels.

### ENERGY-CURABLE INKS

- Safe working environment - no volatile organic compounds (VOCs).
- Accurately measuring the quantity of curing energy (UV) applied to every single meter printed guarantees 100% food packaging compliance and packaging safety traceability.
- Using curing technology can reduce energy consumption by up to half.



# INTELLIGENT AUTOMATION

## CUSTOMER NEEDS

### HIGHEST POSSIBLE PRODUCTIVITY WITH MAXIMUM AUTOMATION AND MINIMAL MAINTENANCE

Customers constantly tell us that they need the highest possible productivity from their die-cutting operations – which means they need intelligent automation, systems for faster changeovers, no loss of production due to quality issues and minimum downtime for maintenance.



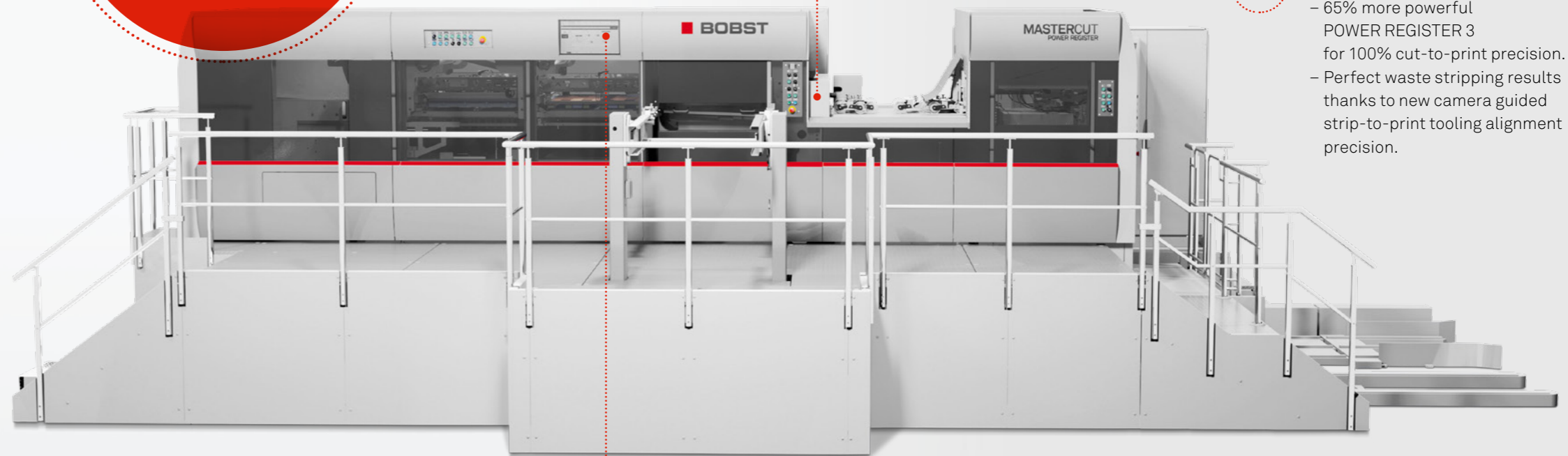
HIGHEST POSSIBLE PRODUCTIVITY



INTELLIGENT AUTOMATION



ZERO-FAULT PRODUCTION



## BOBST DELIVERS

The new generation MASTERCUT 106 PER features a wide range of new and improved systems that allow it to respond to the evolving needs of customers. Its new and enhanced SMART FEEDER 3 and POWER REGISTER 3 systems work together to ensure high uptime and the highest production speeds, along with the best possible quality. The revolutionary “MATIC” machine setting means the utmost degree of automatic operation available on any die-cutter. Paired with its ability to store the parameters for up to 5000 jobs, machine setting has never been easier and faster. A completely new HMI (Human Machine Interface) means easier, more intuitive operation, while video systems keep the operator informed and in control. BOBST Maintenance Premium delivers “no worry” machine care for maximum up-time.

**ZERO-FAULT PRODUCTION**

- 65% more powerful POWER REGISTER 3 for 100% cut-to-print precision.
- Perfect waste stripping results thanks to new camera guided strip-to-print tooling alignment precision.

### AUTOMATION

- Up to 10 minutes faster setting times thanks to its revolutionary MATIC automatic machine setup, piloted via the new HMI.
- Most ergonomic machine on the market with video controlled production.

### UNEQUALLED PRODUCTIVITY

- With 11000 sheets per hour running speed, and a net output of 10000 sheets per hour, it is simply the most productive die-cutter in the world.
- Highest levels of up-time thanks to 5000 jobs storable, ready for recall and automatic setting.

# STRIVING FOR PERFECTION



**K5  
EXPERT**  
VACUUM  
METALLIZER



### INCREASED RELIABILITY

- K5 EXPERT is the most robust metallizer in the market.
- More accurate tension control with new direct drives on the winders.
- Longer lasting vacuum seals.
- The machine is easy to access and service thanks to an improved industrial design.



### HIGHEST PRODUCTIVITY

- 20% higher speed of operation and improved productivity due to innovations that allow 1200 m/min run speeds.
- More rolls and output per day thanks to engineering solutions that reduce production cycles.
- Maximum productivity and efficiency in aluminium collection improved by 16%.



### PROCESS KNOW-HOW

- Barrier properties of the film are preserved by the new AlOx conversion solution for high barrier transparent films (OTR < 0.1 cm<sup>3</sup>/m<sup>2</sup>/day) resulting in increased shelf life.
- Improved barrier levels, improved visual appearance of film, and cost savings result from using DarkNight<sup>®</sup> for high barrier metallized films with low defects.
- No more need for chemically treated films with AluBond<sup>®</sup> technology for high metal adhesion (> 5N/15 mm).

### CUSTOMER NEEDS

HIGH PRODUCTIVITY METALLIZATION WITH A RELIABLE, ROBUST DESIGN AND EASY MAINTENANCE

Our customers told us they required a vacuum metallizer with the highest productivity and reliability, but with a simpler design and easy access in order that maintenance and service can be carried out quickly. Process know-how is equally important in achieving high quality vacuum metallization with excellent Oxygen Transmission Rate (OTR) and Water Vapor Transmission Rate (WVTR) barrier properties.



HIGHEST  
PRODUCTIVITY  
METALLIZER



IMPROVED  
RELIABILITY AND  
SERVICEABILITY



PROCESS  
KNOW-HOW

### BOBST DELIVERS

The BOBST K5 EXPERT is the world's highest productivity vacuum metallizer and houses a unique 700 mm diameter coating drum, setting new standards in the industry. It features significant cost-saving innovations which result in the lowest production costs achievable in the market. The K5 EXPERT has been designed with reliability and robustness in mind and as such has a host of new features to give customers total peace of mind and product quality consistency. The total cost of ownership of the K5 EXPERT is up to 25% lower than competing metallizers in the market.

# BOOSTING PERFORMANCE

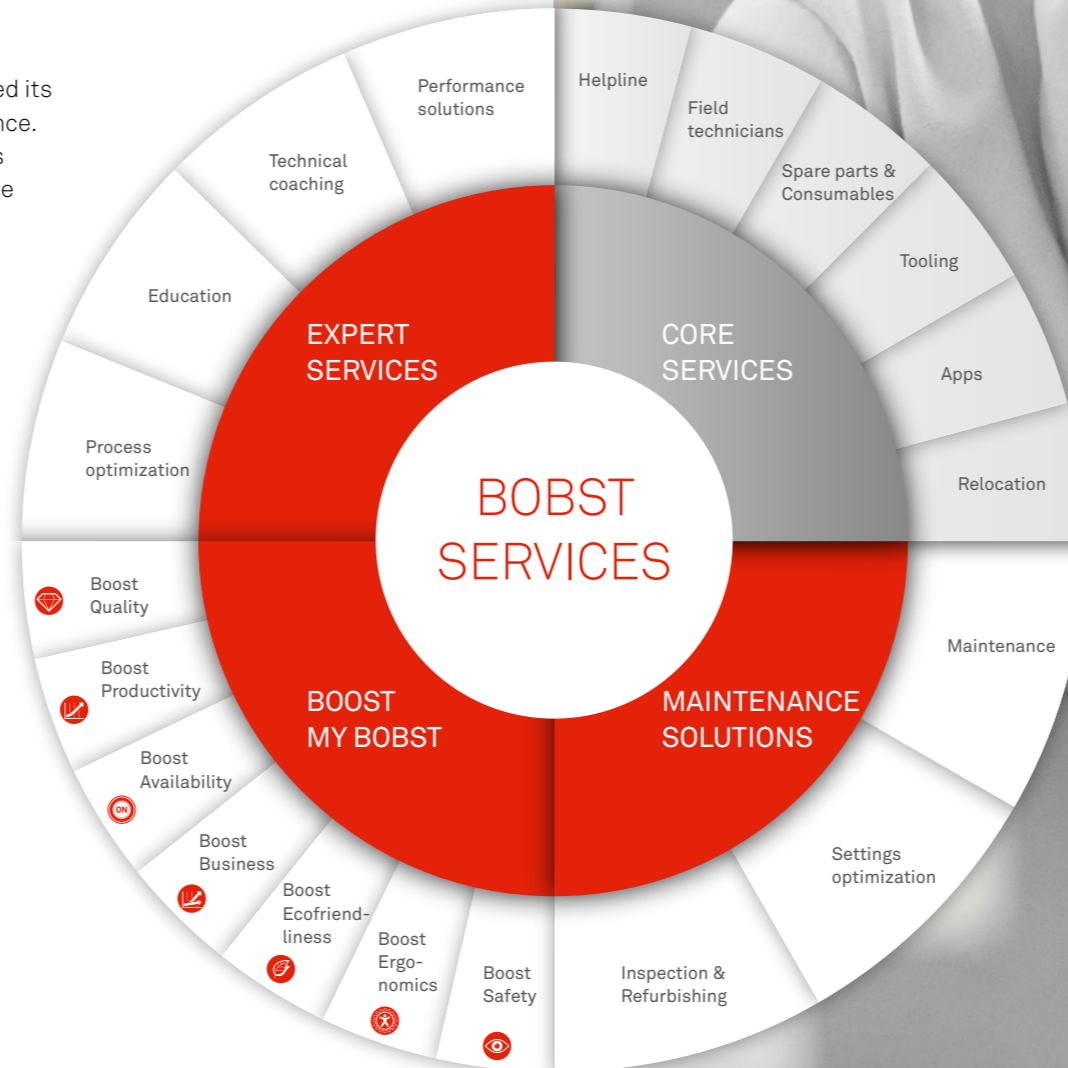


BOBST has developed a complete range of high-end services for its customers. These cover everything they need to keep their equipment in the best possible condition, to maintain optimum production levels, to expand their equipment's capacity and to increase their technological and industrial expertise.

upgrades, remote diagnostics and monitoring, training courses, and specialist production process improvement advice – all of which BOBST has pioneered as part of its drive to become the benchmark for services in the packaging industry.

Today's packaging manufacturers demand much more from their suppliers' service operations than just spare parts and the availability of on-call technicians. With increasing pressure to maximize the investment they have made in equipment and systems, they now expect suppliers to offer service level agreements, in-depth inspection services and machine

For 125 years, BOBST has pursued its quest for innovation and excellence. Through its services, BOBST puts its passion for the industry at the disposal of its customers to help them improve their production, every day and for the long term.



## IMPROVED PERFORMANCE

BOBST has developed its expertise in process optimization and machine upgrades to increase the performance of equipment, extend its original capabilities, prevent reductions in speed, and maximize the efficiency of the production process.

## HIGHER AVAILABILITY

BOBST preventive maintenance solutions and ad-hoc inspections are designed to prevent potential breakdowns and related downtime. If such events do occur, BOBST fulfils 93% of urgent spare part orders within 24 hours and 90% of standard ones within 48 hours.

## ENHANCED QUALITY


BOBST also delivers maintenance, process and specific upgrade solutions that minimize quality losses and production rejects by ensuring higher, consistent quality standards that meet the market's most demanding job requirements.




# DELIVERING INNOVATION WORLDWIDE




BOBST has production facilities on three continents, as well as a sales and services network with facilities in more than fifty individual countries. This worldwide coverage is one of the key factors behind BOBST's position of leadership in its industry. By delivering support close to its customers, in their language and with respect to their customs, BOBST helps customers achieve higher quality, improved productivity and reduced operating costs.


 Group production sites with sales and services

**Strategic partner:**  
BHS Group, Germany

 Number of Group production sites in the country

**Other subsidiary:**  
Gordon Ltd, China

 Group companies and representative offices for sales and services

 Agencies and representatives for sales and services

# EMPOWERING SUSTAINABILITY

As one of the global industry leaders, BOBST is committed to implementing initiatives that advance globally relevant sustainability topics. Our sustainability strategy therefore aims, each year, to support those United Nations sustainable development goals we can.

## SUSTAINABLE DEVELOPMENT GOALS



### How BOBST contributed to a better world in 2016

#### 1 We pay fair salaries around the globe

BOBST operates across the globe and pays salaries based on local conditions. We benchmark salaries to ensure a standard of living in line with local practices, allowing us to attract the skilled, talented individuals we need.

#### 2 Ensuring safe packaging

Packaging both transports products and ensures food remains fresh and safe to eat. Our food-grade lubricants remove the risk of any mineral oil migration from packaging production equipment to humans.

#### 3 High attendance for health days 2016

Fun, with a serious side, promotes well-being. The second annual Health Days at Work at Bobst Lyon, France, saw increased attendance for its mix of sessions.

#### 4 Our continuous learning strategy

At any one time, our Training Centers in Switzerland, India and Brazil will together have more than 200 apprentices undergoing training. BOBST is committed to the continuous development of all staff and provides a large number of different in-house courses.

#### 5 Equal opportunities for equal work

At BOBST, job vacancies, as well as opportunities for personal and career development, are open to everyone, while salaries are based on individual performance, know-how and expertise, not on the gender of the employee.

#### 6 Machines that use less water

BOBST has designed ink recovery and automated wash-up systems for flexo printing on corrugated board that substantially reduce the amount of clean water needed, while also reducing the amount of waste water created.

#### 7 Empowering photovoltaic solar energy

The roof of the Mex, Switzerland site features a 6300 m<sup>2</sup> photovoltaic panel installation that generates 1155 MWh of electrical power from sunlight. The system provides over 11.5% of the power needs of the site.

#### 8 Preparing for the future

BOBST has never considered economic performance alone to be its sole objective. Our 5000 motivated and passionate people worldwide represent direct investment into local economies, while BOBST equipment and services also contribute to growth of the same.

#### 9 Foster innovation through an established process

Up to 6% of our turnover is invested in research and development every year, enabling innovations to go from prototyping to market serialization and to be developed into outstanding packaging solutions.

#### 10 Global action, but with local autonomy

For over 75 years BOBST has spread its wings across continents. This requires an understanding of, and respect for, many different people and cultures, from the way business is carried out to their languages and belief systems.

#### 11 Firenze joins the BOBST family

In 2015, BOBST acquired Nuova Gidue. An inclusive process involving staff from both companies saw the business rapidly integrated into Bobst Group, and just six months later it was presented to the world as Bobst Firenze.

#### 12 Our responsibility spreads across three dimensions

Equipment suppliers, packaging manufacturers and consumers have an influence on sustainability. Together we also have a responsibility to develop new ideas that help change consumer behavior and the impact of packaging.

#### 13 Our new cooling systems run with natural water

The grounds of the Pune site in India are extensively planted to promote natural cooling. Additional fresh water is required which is now delivered via a channeling system, substantially reducing the carbon footprint of its supply.

#### 14 Recycling of PE and PP

Recovering plastic from the waste stream for recycling or for energy generation has the potential to minimize the problem of it ending up in land fill or oceans. Such recycling is increasingly available, including for films such as PE and PP.

#### 15 Recycling leaps 160% in four years

In the USA, the volume of cartons recycled increased by 160% between 2010 and 2014, thanks in part to consumer education initiatives and, in particular, those aimed at children who go on to influence the recycling habits of their parents.

#### 16 A company where people are valued

Values are crucial to BOBST, because our Company is not just a place for professional accomplishment; it is also a place for every co-worker to live, communicate and share with each other, regardless of their cultures, backgrounds or traditions.

#### 17 Promising partnership in Mex

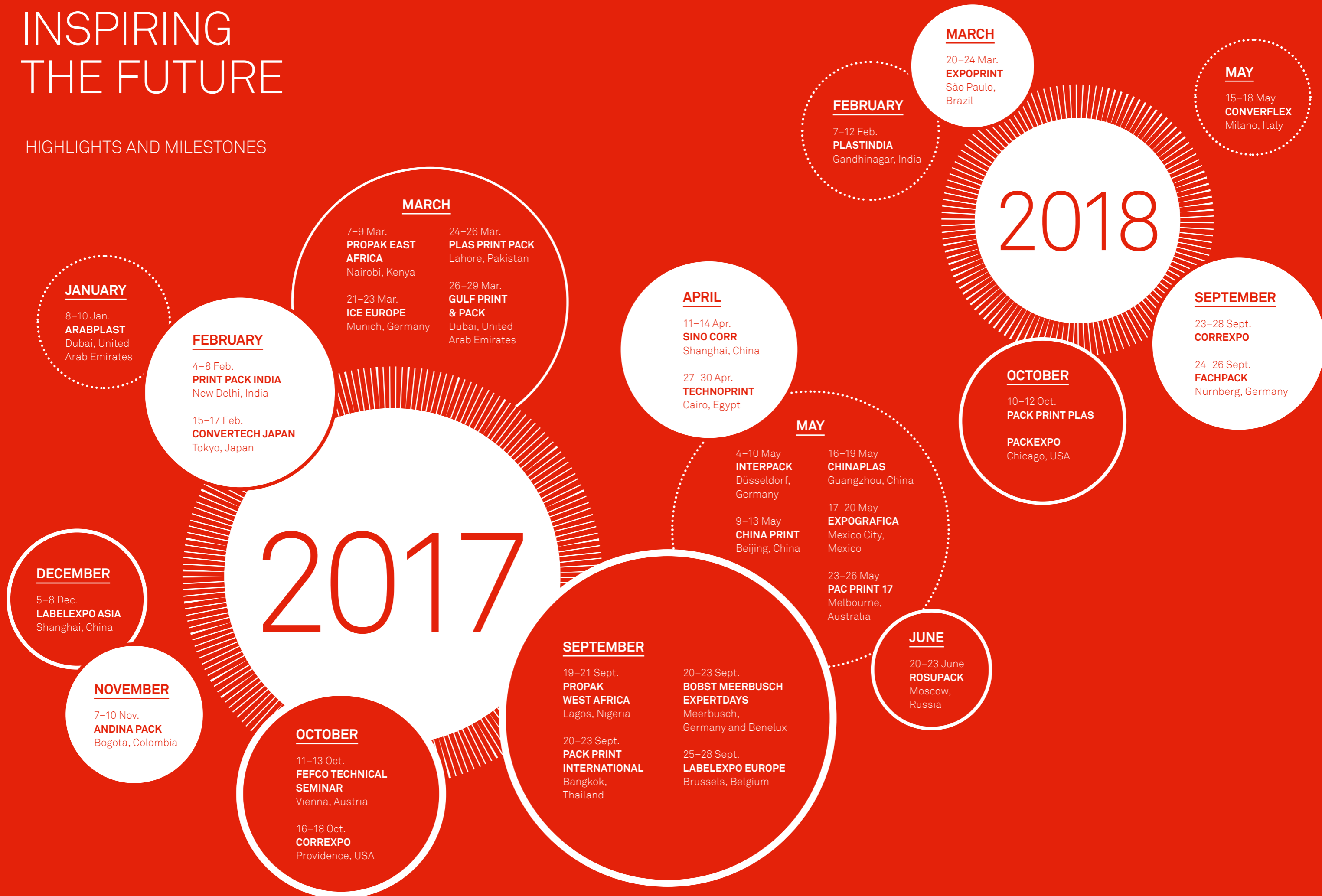
When bringing together the two BOBST production sites in Lausanne, Switzerland into a single facility, sustainability was considered during every phase of the project from the look of the buildings to 'green roofs' and new tree planting.



Read more: Sustainability report 2016

# INSPIRING THE FUTURE

## HIGHLIGHTS AND MILESTONES



# DRIVEN BY INNOVATION



## Group Executive Committee

**Philippe Milliet**  
Head of Business Unit Sheet-fed  
since 08.11.2011.  
1963, Swiss national.

**Attilio Tissi**  
Chief Financial Officer  
since 08.11.2011.  
1968, Swiss and Italian national.

**Stephan März**  
Head of Business Unit Services  
since 01.04.2011.  
1971, German national.

**Jean-Pascal Bobst**  
Chief Executive Officer  
since 07.05.2009.  
1965, Swiss national.

**Erik Bothorel**  
Head of Business Unit Web-fed  
since 01.01.2010.  
1962, French national.

### BOBST follows a long-term strategy

By focusing on our strategic objectives, we aim to be, or become, number one or two in the markets we operate in, and achieve the same in any new markets we enter. Delivering these objectives involves a range of initiatives covering the quality of our products and services, optimizing our organization, focusing on customers, operational excellence, developing new products, and digitalization. Innovation in digital printing solutions will be one of our main focus points for the years to come. We will continue to invest in our people, from those focused internally to those providing market coverage, as well as process specialists who help our customers maximize their productivity. New ranges of products and services will be launched, including in the area of printing and converting, packaging, labels and other printing materials, thus extending our global offering. This will further contribute to the long-term sustainable development of the Group.

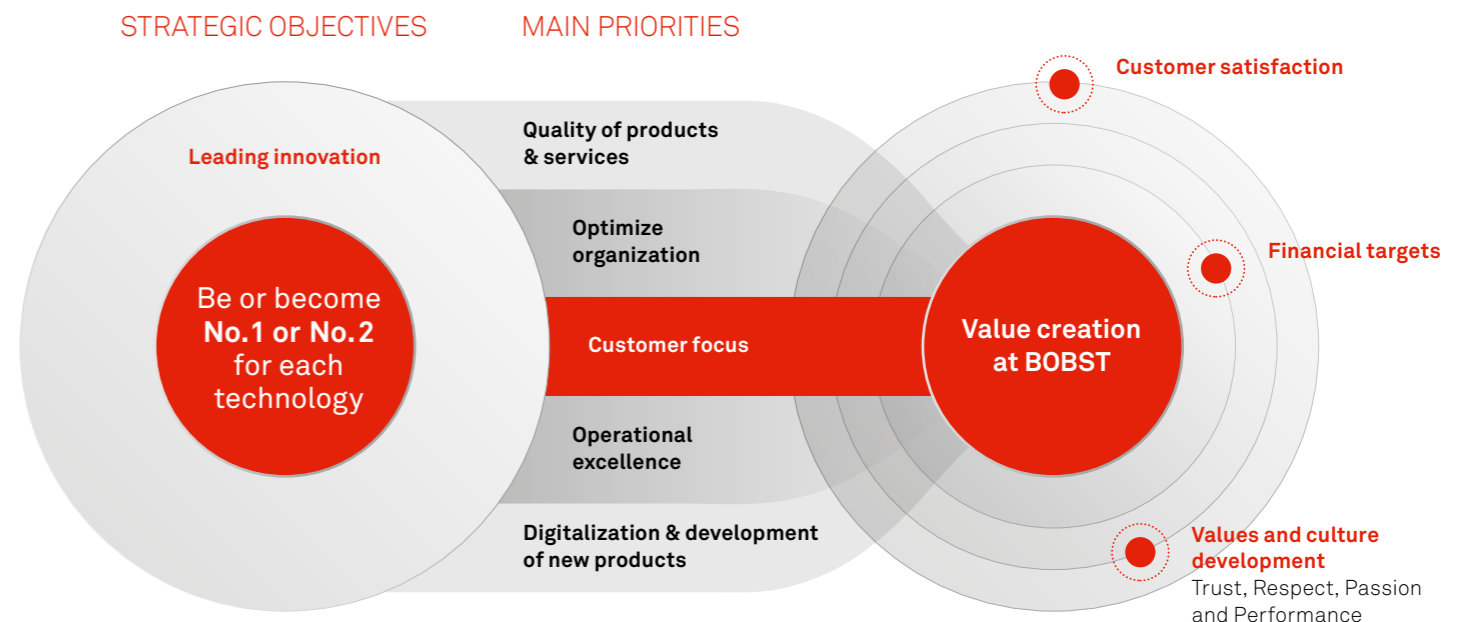
### Values

The phrase that exemplifies BOBST is “People, Knowledge and Values” because it is the people of our Group and the vast technical knowledge they have which translates into success. The values we aim to hold, both as a Group and as individuals, include Trust, Respect, Passion and Performance. These are the foundation of all collaborations that help us achieve our common goals and sustain our future. With these we aim to ensure, among other things, a life-work balance, a pleasant work environment and a higher social responsibility.

### Shareholders

We seek to achieve sustainable profitability across business cycles, ensuring “value creation” for our Group. Our challenge is to be the leading technical innovator in the packaging and label industry, delivering the highest quality and productivity. This will involve developing even stronger relationships with our customers, partners and suppliers, to ensure both a “common good” and mutual longevity.

## THE BOBST GROUP STRATEGY FRAMEWORK



# GUIDED BY VALUES



## “WE ARE ON OUR WAY TO ACHIEVING OUR OBJECTIVE!”

It is sometimes essential to celebrate good performance and positive accomplishments. Since 2011, when the currency turmoil was at its most acute, BOBST has used every appropriate measure to continuously improve, resulting in the progression of our share price from CHF 16.05 to today's CHF 70+.

With good people, a strong strategy and consistent values, we have worked hard, and continue to do so, focusing on one objective: creating more human and financial value for our customers and stakeholders.

In December 2011, we communicated that we wanted to achieve sustainable profitability across business cycles, ensuring “value creation” for our Group – which we see as achieving an operating result (EBIT) above 7% and a return on capital employed (ROCE) in the range of 9–12%. We also acquired 65% of Gordon Ltd to reinforce Bobst Group's strategy and presence in China.

In 2012 we completed the BOBST headquarters relocation from Prilly to Mex and substantially reduced our net working capital.

In 2013, our Group transformation picked up speed with the aim of BOBST becoming the industry benchmark in terms of innovation, services, worldwide footprint and productivity. In 2015, we enlarged our offering with the acquisition of 65% of Nuova Gidue, solidified our Asian presence and enhanced our facilities in India. This growth path continues. And now, at the end of 2016, we can see that we have gone a long way towards transforming our Group into the benchmark for our industry, while keeping our technical and innovation leadership. Congratulations to all our employees and partners. Life being an ever-changing cycle, we shall continue to build a long-lasting and prosperous future for the Company.

In a challenging environment, we are pleased to report the results for 2016. Our turnover increased by CHF 116 million in 2016, compared to 2015, reaching CHF 1.447 billion. This represents a strong performance – backed by all three Business Units. The operating profit grew to CHF 103.7 million in 2016 (CHF 83.9 million in 2015). We aim to ensure stability throughout 2017 and we are considering more growth in 2018.

To achieve this, we have reinforced our technological leadership and our position as a key player in the packaging and label industry. Our strategy to develop an industrial product range for film, label, corrugated and folding carton applications has translated into new products. At drupa, the world's leading trade fair devoted to graphic arts and industrial printing, six world premieres were on our booth. We took this opportunity to position our products and services in relation to new market trends, showing brand owners, packaging designers, cartonmakers and label manufacturers what requirements they will be expected to meet in the future in terms of traditional processes, digital technology and services. Drupa 2016 was a very good vintage, as BOBST surpassed its expectations.

For the folding carton industry, BOBST has developed hot foil stamping, folding and die-cutting solutions featuring exceptional performance. Fast, versatile, efficient and accurate, they have technology which ensures the highest productivity and optimal operating costs.

One of the great innovations was our M6 narrow- to mid-web UV flexo press for reel-fed cartonboard and flexible packaging. Its Digital Flexo automation technology offers a powerful alternative to offset printing, with remarkable set-up times of about one minute. It achieves high production rates on folding carton and flexible materials.

In the flexible packaging sector, the Group has unveiled innovative solutions with the new MW 85 and MW 125, the K5, and the M6 Digital Flexo equipment, which open up new markets to customers, while in the field of laminating a new compact model is responding to the market need for shorter runs.

While our strong innovation pace is visible in our new products, we have also drastically quickened our service response and transformed the interaction with our customers. BOBST today has made available to its clients a specific tool design application, capable of covering a very broad range of high-performance cutting dies. Our new Service Navigator application helps customers more easily find the service they need to improve the productivity, quality, safety and profitability of their equipment. We have also introduced our new web portal MyBobst, a real online dashboard, where customers can do their e-shopping at leisure, searching the catalog, finding the parts they need and getting access to international peer benchmarking that highlights improvement options.

Staying close to, and growing with, our markets is a necessity. We have established our own subsidiary in the Turkish market, BOBST Istanbul, inaugurated at the beginning of the year and, late in the year, we also opened a new office in Nigeria, BOBST Lagos, to improve technical and commercial support for customers and reinforce our presence in Central and Western Africa. As of 2017, a team of technicians for the installation and maintenance of machines, as well as a group of salesmen, will be on-site.

### Order Entries

2016 started with a higher level of backlog than at the beginning of 2015. Bookings during 2016 have been higher than in the previous year for the Business Unit Web-fed, while the Business Unit Sheet-fed ended 2016 somewhat lower. Globally, order entries were at the same level as last year. As we had expected and communicated, Asia improved significantly, while Central and North America improved once again on the previous year. Not surprisingly, Europe experienced a slowdown and activity remained low in South America.

## Turnover

Consolidated sales for the full year 2016 amounted to CHF 1.447 billion, representing an increase of CHF 116 million, or 8.7%, compared to 2015. Business Unit Services has experienced strong growth during 2016, up CHF 48 million, or 12.8%. This represents the best year since the creation of the Business Unit Services. In a year of major fairs, the drupa and K, Business Unit Web-fed achieved an improved turnover of CHF 309 million (CHF 297 million in 2015) and Business Unit Sheet-fed exceeded expectations by achieving a turnover of CHF 714 million (CHF 658 million in 2015).

## Profitability

The operating profit for the Group was CHF 103.7 million. Once again, sales were stronger in the second half-year than in the first. At CHF 84.3 million, our consolidated net result represents an increase of CHF 17.2 million, or 26%, compared to 2015. The successful business operations, as well as continued efforts to optimize net working capital and capital employed, resulted in an increase in cash of CHF 46.3 million leading to a net cash position of CHF 51.3 million in 2016. The Bobst Group is now debt free. The return on capital employed (ROCE) increased to 19.9% compared to 16.0% in 2015 and consequently the Group has again created significant value for its stakeholders. As a consequence of the continued strong underlying performance, the Board of Directors proposes a dividend for 2016 of CHF 1.70 per share (CHF 1.25 in 2015).

## Board of Directors re-election/election

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 6 April 2017, Alain Guttman, Thierry de Kalbermatten, Jürgen Brandt, Gian-Luca Bona and Philip Mosimann will be proposed for re-election for a new period of one year. Ulf Berg will not be standing for re-election, as he has decided after eleven years as a director of the Company not to enroll for another year. We express our warmest thanks for his outstanding contribution and for the innovative business approach he has brought to the Group since 2006.

Mr. Patrice Bula (1956), member of the Executive Board of Nestlé SA since 2011, and a member of the Board of Directors of Schindler Holding Ltd, will be proposed as a new member of the Board. He will enrich the Group with his experience and competencies in the consumer goods industry and his long experience of Far East countries. The Board of Directors wishes to propose Alain Guttman as Chairman.

## Outlook and strategy

Change is all around and 2017 will be another "unpredictable year". The way that countries are run under new political leaderships may influence global trade and change its dynamics. Although the markets will remain unpredictable, there will still be plenty of opportunities.

Our journey, and our targets, embrace innovation and the development of new machines, new services and an increase in market share. In support of our strategy, we re-emphasize our focus on customer satisfaction, which is a vital source of the Company's well-being. We aim for growth in all Business Units and some targeted markets, demonstrated by the future opening of our third Chinese production site in early 2018. We continue to invest in innovation through the future development of a competence center for digital printing technology and we will continue to streamline our operation, be it looking for synergies within the Group, implementing lean processes or developing common practices.

Since its creation 125 years ago, BOBST has continuously adapted and innovated to keep its place at the top, with the best products and services. Our strategy for 2017 will unfold as follows:

- Continue to invest in a strong presence in large markets;
- Continue to deploy our values and culture of Trust, Respect, Passion and Performance;
- Consistently generate financial and human value for our stakeholders;
- Learning from our successes, and mistakes, we will develop and innovate in new fields, thus generating mid- to long-term additional revenue streams.

## Vision

In 2016, the Company turned 125 years old. The celebrations held throughout the Group will remain in our memory as unique moments of sharing and rallying around our legacy and current successes, around our values, and around our capacity to build an even better future: "the best is yet to come". During the course of the year, we defined our key core values, namely Trust, Respect, Passion and Performance. These values will serve as a basis and a guide for our leadership and they will give our corporate culture a fresh boost. In a world where behaviors are no longer meaningful, and where it is easier to push away the human element from the core of our success, values prove their true meaning and relevance. In our Company, we deliver services and manufacture machines: we need the best people for that. We have these people – more than 5 000 wonderful and committed employees around the world to whom we owe our past, current and future successes. We wish to thank all our collaborators for their professionalism and their determination to put the Company strategy into practice in a constructive, forward-looking spirit. We also thank our shareholders, suppliers and financial partners for their unfailing, and long-standing support. They can count on our commitment to further strengthening the position of Bobst Group during the years to come.

**Alain Guttman**  
Chairman of the Board

**Jean-Pascal Bobst**  
Chief Executive Officer

# CONSOLIDATED FINANCIAL STATEMENTS

This section highlights the most relevant financial information of Bobst Group for the full year 2016, extracted from our annual report.



## CONSOLIDATED PROFIT AND LOSS

In million CHF	2016	2015
<b>Sales</b>	<b>1446.6</b>	<b>1330.9</b>
Other operating income	14.5	10.6
Raw materials and services	-887.8	-841.8
Changes in inventories	23.2	29.8
Personnel costs	-443.2	-396.5
Depreciation and amortization	-34.7	-34.3
Other operating expenses	-14.9	-14.8
<b>Operating result (EBIT)</b>	<b>103.7</b>	<b>83.9</b>
Share of net result in associates	8.4	6.6
Interest expenses	-6.0	-10.3
Other financial income	9.4	4.5
Other financial expenses	-7.1	-5.3
<b>Result before income tax</b>	<b>108.4</b>	<b>79.4</b>
Income tax	-24.1	-12.3
<b>Net result</b>	<b>84.3</b>	<b>67.1</b>
<b>Attributable:</b>		
To shareholders	83.8	66.4
To non-controlling interest	0.5	0.7
Earnings per registered share (in CHF)	5.08	4.02
Diluted earnings per registered share (in CHF)	5.08	4.02

Source: Annual report 2016 – Financial statements 2016 – Consolidated financial statements.

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

In million CHF	31 December 2016	31 December 2015
Intangible fixed assets	32.0	27.2
Tangible fixed assets	250.8	267.2
Financial assets other	15.9	19.0
Investments in associates	38.7	33.2
Employer contribution reserves	25.8	25.9
Receivables	5.6	3.8
Finance lease receivables	4.4	6.5
Prepaid expenses and accrued income	1.5	1.4
Deferred tax assets	38.3	35.5
<b>Non-current assets</b>	<b>413.0</b>	<b>419.7</b>
Inventories	331.7	320.4
Receivables	301.4	305.5
Finance lease receivables	6.5	6.4
Income tax receivables	12.1	8.5
Prepaid expenses and accrued income	6.4	7.3
Derivative financial instruments	6.1	1.3
Cash and cash equivalents	325.5	279.2
<b>Current assets</b>	<b>989.7</b>	<b>928.6</b>
<b>Total assets</b>	<b>1402.7</b>	<b>1348.3</b>
In million CHF	31 December 2016	31 December 2015
Share capital	16.5	16.5
Reserves	375.0	336.6
Net result	83.8	66.4
<b>Shareholders' equity</b>	<b>475.3</b>	<b>419.5</b>
Non-controlling interest	2.2	2.3
<b>Equity</b>	<b>477.5</b>	<b>421.8</b>
Borrowings	264.1	265.6
Provisions	15.6	16.5
Employee benefits	39.3	39.8
Trade and other payables	19.1	21.4
Deferred tax liabilities	50.8	48.4
<b>Non-current liabilities</b>	<b>388.9</b>	<b>391.7</b>
Borrowings	10.1	15.3
Provisions	50.2	47.0
Employee benefits	4.9	1.6
Trade and other payables	360.9	363.7
Accrued expenses and deferred income	91.1	81.9
Income tax payables	13.6	17.8
Derivative financial instruments	5.5	7.5
<b>Current liabilities</b>	<b>536.3</b>	<b>534.8</b>
<b>Total liabilities and equity</b>	<b>1402.7</b>	<b>1348.3</b>

Source: Annual report 2016 – Financial statements 2016 – Consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

In million CHF		2016	2015
<b>Net result</b>		<b>84.3</b>	<b>67.1</b>
Elimination of net result in associates		-8.4	-6.6
Elimination of income taxes		24.1	12.3
Elimination of depreciation, amortization and provisions		36.6	19.3
Elimination of the result on disposal of assets		2.5	1.6
Elimination of interest expenses(income)		3.0	7.3
Elimination of derivative financial instruments results		-4.4	0.4
Changes in inventories		-10.0	-6.8
Changes in receivables		4.6	-29.2
Changes in payables		8.4	50.6
Paid taxes		-32.5	-11.2
<b>Cash flow from operating activities</b>	<b>Total A</b>	<b>108.2</b>	<b>104.8</b>
Acquisition of subsidiaries, net of cash acquired		-8.9	-3.6
Purchase of intangible fixed assets		-15.0	-8.1
Purchase of tangible fixed assets		-10.9	-14.0
Purchase of investments in associates		-0.7	-1.5
Loans and advances made		-0.1	-0.2
Proceeds from sale of tangible fixed assets		1.1	2.2
Proceeds from sale of financial assets		0.0	75.0
Loan repayments and advances received		1.7	1.2
Interest received		3.0	3.0
Dividends received		3.2	3.0
<b>Cash flow from(used in) investing activities</b>	<b>Total B</b>	<b>-26.6</b>	<b>57.0</b>
Acquisition of non-controlling interest		0.0	-25.6
Proceeds from borrowings		3.4	10.1
Repayments of borrowings		-10.9	-195.8
Interest paid		-6.0	-15.2
Dividends paid to Group shareholders		-20.6	-20.6
Dividends paid to non-controlling interest		0.0	-1.0
<b>Cash flow from(used in) financing activities</b>	<b>Total C</b>	<b>-34.1</b>	<b>-248.1</b>
<b>Effects of exchange variances</b>	<b>Total D</b>	<b>-1.2</b>	<b>-20.8</b>
<b>Change in cash and cash equivalents</b>	<b>A+B+C+D</b>	<b>46.3</b>	<b>-107.1</b>
Cash and cash equivalents at beginning of period		279.2	386.3
Cash and cash equivalents at end of period		325.5	279.2
<b>Variance</b>		<b>46.3</b>	<b>-107.1</b>

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are easily and quickly convertible to a known amount of cash.

Source: Annual report 2016 – Financial statements 2016 – Consolidated financial statements.

## SEGMENT REPORTING

In million CHF	2016	2015
<b>Revenue</b>		
Sheet-fed third party sales	714.1	658.1
Sheet-fed inter-segment	21.4	18.8
Sheet-fed total revenue	735.5	676.9
Web-fed third party sales	308.8	296.8
Web-fed inter-segment	4.0	3.6
Web-fed total revenue	312.8	300.4
Services third party sales	422.6	374.8
Other third party sales	1.1	1.2
Eliminations inter-segment	-25.4	-22.4
<b>Total third party sales</b>	<b>1446.6</b>	<b>1330.9</b>

No operating segments were aggregated to form the above reportable operating segments.

Inter-segment operations correspond to the contribution paid by the Business Unit Services to the other Business Units for the right to sell spare parts and services for their equipment. These contributions do not generate internal margin.

In million CHF	Sheet-fed		Web-fed		Services		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Results</b>										
<b>Total segment operating result (EBIT)</b>	<b>39.5</b>	<b>29.2</b>	<b>10.9</b>	<b>11.0</b>	<b>54.4</b>	<b>43.6</b>	<b>-1.1</b>	<b>0.1</b>	<b>103.7</b>	<b>83.9</b>
Share of result of associates	8.4	6.6							8.4	6.6
Financial result									-3.7	-11.1
<b>Result before income tax</b>									<b>108.4</b>	<b>79.4</b>

Source: Annual report 2016 – Financial statements 2016 – Consolidated financial statements.

Certain statements in the annual profile, including but not limited to those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for Company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward-looking statements. These statements are based on current decisions and plans as well as on currently known factors. They involve known and unknown risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the Company. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange rate fluctuations and interest rate fluctuations, competitive product and pricing pressures, the Company's operating conditions, and regulatory developments.

**Bobst Group SA**

P.O. Box  
CH-1001 Lausanne  
Switzerland  
Tel. +41 21 621 21 11  
Fax +41 21 621 20 70  
www.bobst.com

**Investor Relations**

Tel. +41 21 621 25 60  
Fax +41 21 621 20 69  
E-mail: investors@bobst.com

**Security symbols**

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

**Disclosure of shareholdings**

Bobst Group SA  
Share Register  
P.O. Box  
CH-1001 Lausanne  
Switzerland  
Fax +41 21 621 20 37  
E-mail: shareholders@bobst.com

**Website links**

<http://investors.bobst.com/documents> –  
to reach the Articles of Association of Bobst Group SA,  
the Organization Regulations of Bobst Group SA,  
the Worldwide code of employee and business conduct,  
the Charter of Group policy with regard to health,  
safety at work and environmental protection.  
<http://investors.bobst.com/publications> –  
to reach the Annual report, Annual profiles and  
Sustainable development reports of Bobst Group SA.

© Copyright 2017 Bobst Group SA

