HALF-YEAR REPORT 2017

Bobst Group SA

BOBST

KEY FIGURES

In million CHF	June 2017	June 2016	June 2015
Sales	**643.2**	**600.4**	**524.7**
Operating result (EBIT)	**39.8**	**18.0**	**14.7**
In % of sales	6.2%	3.0%	2.8%
Net result	**27.7**	**9.7**	**14.8**
In % of sales	4.3%	1.6%	2.8%
Earnings per share	**1.70**	**0.57**	**0.86**
Headcount	**5 185**	**4 992**	**4 884**
% change compared with same period of previous year	3.9%	2.2%	0.6%
Capital expenditures	**22.2**	**9.8**	**7.9**

Distribution of sales by Business Unit

In million CHF	Jan-Jun 2017		Jan-Jun 2016		Jan-Jun 2015	
Sheet-fed	302.3	47.0%	289.2	48.2%	235.8	45.0%
Web-fed	119.5	18.6%	100.6	16.7%	108.2	20.6%
Services	221.2	34.4%	210.1	35.0%	180.2	34.3%
Other	0.2	0.0%	0.5	0.1%	0.5	0.1%
Total	**643.2**	**100.0%**	**600.4**	**100.0%**	**524.7**	**100.0%**

Distribution of sales by business activity

In million CHF	Jan-Jun 2017		Jan-Jun 2016		Jan-Jun 2015	
Machines	420.5	65.4%	388.6	64.7%	343.0	65.4%
Spare parts and services	222.7	34.6%	211.8	35.3%	181.7	34.6%
Total	**643.2**	**100.0%**	**600.4**	**100.0%**	**524.7**	**100.0%**

Distribution of sales by geographical zone

In million CHF	Jan-Jun 2017		Jan-Jun 2016		Jan-Jun 2015	
Europe	279.6	43.5%	309.1	51.5%	274.7	52.3%
Americas	173.0	26.9%	161.3	26.8%	143.5	27.4%
Asia and Oceania	170.7	26.5%	100.8	16.8%	97.5	18.6%
Africa	19.9	3.1%	29.2	4.9%	9.0	1.7%
Total	**643.2**	**100.0%**	**600.4**	**100.0%**	**524.7**	**100.0%**

EVOLUTION OF THE GROUP'S BUSINESS ACTIVITY DURING THE FIRST HALF-YEAR OF 2017

- Sales up 7% compared to H1 2016.
- EBIT has improved to CHF 39.8 million from CHF 18.0 million in 2016.
- Net result was CHF 27.7 million compared with CHF 9.7 million in 2016.
- Order entries increased by 20% and backlog by 5% compared to previous year.

KEY FIGURES

During the first half of 2017, consolidated sales amounted to CHF 643.2 million, representing an increase of CHF 42.8 million, or +7.1%, compared with the same period in 2016. This evolution was mainly driven by an overall good level of activity in all three Business Units and a slow start of Business Unit Web-fed in 2016. Volume and price variances had a positive impact of CHF 48.9 million, or +8.1%. An improvement of CHF 1.3 million, or +0.2%, came from the acquisition of the German company Boxplan.

The unfavorable exchange rate evolution due to the conversion of foreign currencies for consolidation accounts for CHF -4.4 million, or -0.7%, and the transactional impact on sales volume from our Swiss operations accounts for CHF -3.0 million, or -0.5%.

Sales by BU	30 June 2017 (In million CHF)	30 June 2016 (In million CHF)	Δ %
BU Sheet-fed	302.3	289.2	+4.5
BU Web-fed	119.5	100.6	+18.7
BU Services	221.2	210.1	+5.2
Other	0.2	0.5	-42.5
Total	**643.2**	**600.4**	**+7.1**

The operating result (EBIT) reached CHF 39.8 million compared with CHF 18.0 million for the same period in 2016. The increase in the operating result (EBIT) is mainly due to the positive contribution from higher sales and a very good utilization of our industrial capacities.

All Business Units improved their operating results (EBIT) with higher sales. The biggest increase comes from Business Unit Sheet-fed, where we are benefitting from the transformation measures implemented in recent years, but also from Business Unit Services, which continues to improve its processes. Business Unit Web-fed continues to have a less favorable product mix and high pressure on margins.

EBIT by BU	30 June 2017 (In million CHF)	30 June 2016 (In million CHF)	Δ (In million CHF)
BU Sheet-fed	+12.6	-2.5	+15.1
BU Web-fed	-5.3	-7.5	+2.2
BU Services	+33.2	+28.5	+4.7
Other	-0.7	-0.5	-0.2
Total	**+39.8**	**+18.0**	**+21.8**

Net result reached CHF 27.7 million, compared to CHF 9.7 million in 2016. The increase in net result is mainly due to higher operating result (EBIT).

Net cash reduced to CHF 7.6 million from CHF 51.3 million at the end of 2016. This is mainly due to temporarily higher inventories for machines to be invoiced in the second half of the year. The consolidated shareholders' equity reached 32.5% of the total balance sheet, compared to 33.9% at the end of 2016.

BUSINESS ACTIVITY AND OUTLOOK BY BUSINESS UNIT

Business Unit Sheet-fed

Business activity in the first half-year of 2017 was strong and followed the positive trend of 2016, with solid performance in both the corrugated board and in folding carton industries. Total bookings for the first half-year of 2017 were 30% better than the same period in 2016.

Demand is good in both mature and emerging markets which, compared to last year, are reporting increased business activity that is reflected in H1 order intakes. Encouraging results are coming from China, where orders of H1 2017 have more than doubled in volumes and value compared to the first half of 2016. This is mainly due to a more positive economic situation, while increased pressure on prices and margins for customers is driving them to invest in highly productive equipment and automation.

On average all business zones are reporting double-digit percentage booking improvements compared to the same period of last year. The only exceptions are Africa and Turkey, which are underperforming due to political and economic factors that are slowing down investments.

Sales in the first half of the year were 5% above the same period in 2016. The positive volume imbalance which historically has marked the second half of the year has now been decreasing since 2015.

Business Unit Web-fed

Business activity in flexible materials remained in line with the previous year, although sales for the first half of 2017 have been slightly higher than last year.

In the market there have been no significant changes compared to 2016. Our performance in mature countries remains in line with the volumes demanded. Emerging countries, including China, Russia and Brazil, remain at a very low level of activity. Exceptions are India and South-East Asia which show increased activities. Total bookings for the first half-year of 2017 were 2% lower than the same period in 2016.

Construction work for the new China production site and competence center in Changzhou started in May 2017 and will be completed by year end. This new infrastructure will allow BU Web-fed to increase its footprint in Asia, to better serve the local market.

Sales in the first half of the year were 18% above the same period in 2016. This is mainly due to a slow start in 2016. The sales distribution between the first and second halves of the year remains still quite unbalanced. A good level of order backlogs and the so far positive trend in the packaging industry will allow us to increase sales, compared to the previous year's volumes in local currencies.

Business Unit Services

First half-year sales for the Business Unit Services were 5% above the same period in 2016. In European and North American markets the business volume increased, mainly through more contract business such as maintenance programs, machinery inspections and contracts for remote troubleshooting and monitoring. While Europe and North America grew by more than 10% compared to 2016, Greater China and India showed stagnation in service business. In Asia, after an acceptable sales level in 2016, the South-East Asia and Japan service business was slightly below 2016.

The Business Unit Services expects to see normal business development for the second half of 2017, if no major changes in the world economy or exchange rates occur.

The Business Unit Services will continue to increase in competencies to support the worldwide deployment of products. The focus for the remainder of 2017 will therefore be to 'hire, train and retain' service sales managers and service technicians, to further optimize the spare parts warehouse in Asia Pacific, and to continue to work on customer satisfaction.

OUTLOOK FOR THE SECOND HALF OF 2017

The Group expects to see continued good demand in Europe and North America. Asia should further improve but South America and Turkey will remain low due to their slow economies. The Group expects a very busy second half of 2017 in nearly all plants. At current exchange rates, and barring unforeseen circumstances, the Group is confident of achieving slightly higher full-year sales and a slightly higher operating result (EBIT) compared to 2016.

The mid- to long-term financial targets of at least 8% operating result (EBIT) and a minimum 15% return on capital employed (ROCE) remain unchanged.

Alain Guttmann
Chairman of the Board

Jean-Pascal Bobst
Chief Executive Officer

Financial calendar	
09 November 2017	Conference for financial analysts and the media
02 March 2018	Publication of financial statements for the 2017 financial year
	Results press conference and presentation of the 2017 financial statements
28 March 2018	Annual General Meeting of Shareholders

INTERIM CONSOLIDATED PROFIT AND LOSS

In million CHF	Notes	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Sales		**643.2**	**600.4**	**1 446.6**
Other operating income		10.0	8.4	14.5
Raw materials and services		-435.3	-430.0	-887.8
Changes in inventories		76.8	78.0	23.2
Personnel costs		-228.2	-217.9	-443.2
Depreciation and amortization		-19.4	-14.6	-34.7
Other operating expenses		-7.3	-6.3	-14.9
Operating result (EBIT)		**39.8**	**18.0**	**103.7**
Share of result of associates		3.8	0.0	8.4
Interest expenses		-2.9	-2.7	-6.0
Other financial income		2.1	3.4	9.4
Other financial expenses		-2.3	-2.4	-7.1
Result before income tax		**40.5**	**16.3**	**108.4**
Income tax		-12.8	-6.6	-24.1
Net result		**27.7**	**9.7**	**84.3**
Attributable:				
To shareholders		28.1	9.4	83.8
To non-controlling interest		-0.4	0.3	0.5
Earnings per registered share (in CHF)		1.70	0.57	5.08
Diluted earnings per registered share (in CHF)		1.70	0.57	5.08

INTERIM CONSOLIDATED BALANCE SHEET

In million CHF	Notes	June 2017	June 2016	December 2016
Intangible fixed assets		36.1	30.8	32.0
Tangible fixed assets		249.2	257.1	250.8
Financial assets other		15.8	19.2	15.9
Investments in associates		39.3	30.9	38.7
Employer contribution reserves		25.8	25.9	25.8
Receivables		4.4	4.6	5.6
Finance lease receivables		6.4	6.6	4.4
Prepaid expenses and accrued income		1.3	1.4	1.5
Deferred tax assets		37.2	35.7	38.3
Non-current assets		**415.5**	**412.2**	**413.0**
Inventories		436.0	403.1	331.7
Receivables		276.9	244.1	301.4
Finance lease receivables		2.8	6.8	6.5
Income tax receivables		6.8	6.2	12.1
Prepaid expenses and accrued income		9.3	9.8	6.4
Derivative financial instruments		3.0	3.0	6.1
Cash and cash equivalents		282.0	256.9	325.5
Current assets		**1 016.8**	**929.9**	**989.7**
Total assets		**1 432.3**	**1 342.1**	**1 402.7**
Share capital		16.5	16.5	16.5
Reserves		420.7	385.7	375.0
Net result		28.1	9.4	83.8
Shareholders' equity		**465.3**	**411.6**	**475.3**
Non-controlling interest		-1.2	2.1	2.2
Equity		**464.1**	**413.7**	**477.5**
Borrowings		263.7	264.7	264.1
Provisions		16.7	18.6	15.6
Employee benefits		38.5	37.3	39.3
Trade and other payables		19.5	21.6	19.1
Deferred tax liabilities		51.2	46.8	50.8
Non-current liabilities		**389.6**	**389.0**	**388.9**
Borrowings		10.7	12.4	10.1
Provisions		45.8	50.1	50.2
Employee benefits		5.0	1.7	4.9
Trade and other payables		420.0	393.4	360.9
Accrued expenses and deferred income		81.6	70.3	91.1
Income tax payables		10.5	6.1	13.6
Derivative financial instruments		5.0	5.4	5.5
Current liabilities		**578.6**	**539.4**	**536.3**
Total liabilities and equity		**1 432.3**	**1 342.1**	**1 402.7**

INTERIM CONSOLIDATED CASH FLOW STATEMENT

In million CHF		Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Net result		**27.7**	**9.7**	**84.3**
Elimination of income from associates		-3.8	0.0	-8.4
Elimination of income taxes		12.8	6.6	24.1
Elimination of depreciation, amortization and provisions		17.4	16.8	36.6
Elimination of the result on disposal of assets		0.3	1.5	2.5
Elimination of interest expenses/(income)		2.1	1.7	3.0
Changes in derivative financial instruments		0.5	-1.7	-4.4
Changes in inventories		-105.2	-80.9	-10.0
Changes in receivables		19.4	56.9	4.6
Changes in payables		49.0	19.4	8.4
Paid taxes		-9.5	-18.4	-32.5
Cash flow from operating activities	**Total A**	**10.7**	**11.6**	**108.2**
Acquisition of subsidiaries, net of cash acquired		-1.3	0.0	-8.9
Purchase of intangible assets		-7.2	-6.5	-15.0
Purchase of tangible assets		-16.7	-4.9	-10.9
Purchase of investments in associates		0.0	-0.7	-0.7
Loans and advances made		-0.1	0.0	-0.1
Proceeds from sale of tangible assets		0.3	0.2	1.1
Loan repayments and advances received		0.1	1.5	1.7
Interest received		0.8	0.9	3.0
Dividends received		3.9	3.2	3.2
Cash flow from investing activities	**Total B**	**-20.2**	**-6.3**	**-26.6**
Proceeds from non-controlling interest		0.3	0.0	0.0
Proceeds from borrowings		4.7	1.3	3.4
Repayments of borrowings		-8.2	-6.1	-10.9
Interest paid		-2.9	-2.7	-6.0
Dividends paid to shareholders		-28.1	-20.6	-20.6
Cash flow from financing activities	**Total C**	**-34.2**	**-28.1**	**-34.1**
Effects of exchange variances	**Total D**	**0.2**	**0.5**	**-1.2**
Increase/(decrease) in cash and cash equivalents	**A+B+C+D**	**-43.5**	**-22.3**	**46.3**
Cash and cash equivalents at beginning of period		325.5	279.2	279.2
Cash and cash equivalents at end of period		282.0	256.9	325.5
Variance		**-43.5**	**-22.3**	**46.3**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In million CHF	Share capital	Hedge reserve	Translation reserve	Other reserves	Goodwill offset	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Balance at 1 January 2016	**16.5**	**-1.5**	**-36.0**	**0.4**	**-133.6**	**573.7**	**419.5**	**2.3**	**421.8**
Result for the period						9.4	9.4	0.3	9.7
Currency translation differences			1.8				1.8		1.8
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year		2.3					2.3		2.3
Net gain/(loss) on cash flow hedges during the year		-0.2					-0.2		-0.2
Income tax		-0.7					-0.7		-0.7
Acquisition of non-controlling interests						0.5	0.5	-0.5	0.0
Share-based payments				-0.4			-0.4		-0.4
Dividends						-20.6	-20.6		-20.6
Balance at 30 June 2016	**16.5**	**-0.1**	**-34.2**	**0.0**	**-133.6**	**563.0**	**411.6**	**2.1**	**413.7**
Balance at 1 January 2017	**16.5**	**-0.1**	**-36.5**	**0.5**	**-142.5**	**637.4**	**475.3**	**2.2**	**477.5**
Result for the period						28.1	28.1	-0.4	27.7
Currency translation differences			-3.0				-3.0	0.1	-2.9
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year		0.0					0.0		0.0
Net gain/(loss) on cash flow hedges during the year		-1.9					-1.9		-1.9
Income tax		0.3					0.3		0.3
Goodwill on acquisition					-4.9		-4.9		-4.9
Share-based payments				-0.5			-0.5		-0.5
Dividends						-28.1	-28.1		-28.1
Non-controlling interests arising on business combinations							0.0	-3.1	-3.1
Balance at 30 June 2017	**16.5**	**-1.7**	**-39.5**	**0.0**	**-147.4**	**637.4**	**465.3**	**-1.2**	**464.1**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In million CHF	Share capital	Hedge reserve	Translation reserve	Other reserves	Goodwill offset	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
Balance at 1 January 2016	**16.5**	**-1.5**	**-36.0**	**0.4**	**-133.6**	**573.7**	**419.5**	**2.3**	**421.8**
Result for the period						83.8	83.8	0.5	84.3
Currency translation differences			-0.5				-0.5	-0.1	-0.6
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year		2.3					2.3		2.3
Net gain/(loss) on cash flow hedges during the year		0.1					0.1		0.1
Income tax		-1.0					-1.0		-1.0
Acquisition of non-controlling interests						0.5	0.5	-0.5	0.0
Share-based payments				0.1			0.1		0.1
Dividends						-20.6	-20.6		-20.6
Goodwill on acquisition					-8.9		-8.9		-8.9
Balance at 31 December 2016	**16.5**	**-0.1**	**-36.5**	**0.5**	**-142.5**	**637.4**	**475.3**	**2.2**	**477.5**

NOTES

NOTE 1
GENERAL INFORMATION

Bobst Group SA, a company incorporated in Switzerland and having its main offices at 3, Route de Faraz, in Mex, Switzerland, is the holding company of the Bobst Group, 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.

NOTE 2
BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated interim financial statements are published in English and cover the unaudited half-year results for the six months ending 30 June 2017. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations).

These interim financial statements do not contain all the information and disclosures required in the annual consolidated financial statements. They should therefore be read in conjunction with the consolidated financial statements as of 31 December 2016. In these consolidated interim financial statements, management made no new assumptions or estimates compared with the consolidated financial statements as of 31 December 2016.

NOTE 3
CHANGES IN SCOPE OF CONSOLIDATION

There were two changes in the scope of consolidation during the period under review. On 1 January 2017, the Group acquired 75% of Boxplan GmbH and on 1 June 2017, the Group acquired 50.1% of Mouvent AG. The total acquired assets and liabilities are as follow:
— Fixed assets CHF 0.3 million,
— Current assets including cash CHF 3.2 million,
— Current liabilities CHF 3.3 million.

The purchase agreements of Mouvent AG and Boxplan GmbH also comprise an earn-out clause depending on the financial performance of the acquired businesses. As of 30 June 2017, these contingent liabilities cannot be estimated reliably and are therefore not recorded on the consolidated balance sheet.

NOTE 4
SEASONALITY OF OPERATIONS

Even if there is no reason to expect seasonality from the nature of the Group activities, in recent years its customers have appeared to be more inclined to take delivery in the second half of the year. Consequently, higher revenues and operating profits are usually observable during that period than during the first six months.

NOTES

NOTE 5
SEGMENT REPORTING

In million CHF	June 2017	June 2016	December 2016
Revenue			
Sheet-fed third party sales	302.3	289.2	714.1
Sheet-fed inter-segment	11.4	10.7	21.4
Sheet-fed total revenue	313.7	299.9	735.5
Web-fed third party sales	119.5	100.6	308.8
Web-fed inter-segment	1.9	1.9	4.0
Web-fed total revenue	121.4	102.5	312.8
Services third party sales	221.2	210.1	422.6
Other third party sales	0.2	0.5	1.1
Eliminations inter-segment	-13.3	-12.6	-25.4
Total third party sales	**643.2**	**600.4**	**1 446.6**
Results			
Sheet-fed	12.6	-2.5	39.5
Web-fed	-5.3	-7.5	10.9
Services	33.2	28.5	54.4
Other	-0.7	-0.5	-1.1
Total segment operating result (EBIT)	**39.8**	**18.0**	**103.7**

NOTES

NOTE 6
INCOME TAX

Taxes for the half-year period are accrued at expected tax rates, on an annual basis, prevailing in the different countries.

NOTE 7
EQUITY

At the Annual General Meeting of Shareholders held on 6 April 2017, the shareholders approved the distribution of an ordinary dividend of CHF 1.70 per share (2016: CHF 1.25 per share).

NOTE 8
SUBSEQUENT EVENTS

The condensed interim consolidated financial statements were approved for publication by the Board of Directors on 24 July 2017. No events have occurred up to 24 July 2017 which would necessitate additional adjustments to the book values of the Group's assets or liabilities, or which require disclosure.

NOTE 9
EXCHANGE RATES

	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Profit and loss statement			
1 EUR	1.08	1.09	1.09
1 USD	1.00	0.98	0.99
1 GBP	1.25	1.40	1.33
1 CNY	0.14	0.15	0.15

	Jun 2017	Jun 2016	Dec 2016
Balance sheet			
1 EUR	1.09	1.09	1.07
1 USD	0.96	0.98	1.02
1 GBP	1.25	1.32	1.26
1 CNY	0.14	0.15	0.15

Certain statements in the half-year report, 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
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