

# HALF-YEAR REPORT 2020

Bobst Group SA



# KEY FIGURES

In million CHF	June 2020	June 2019	June 2018	June 2017	June 2016
<b>Sales</b>	<b>523.8</b>	<b>736.8</b>	<b>762.5</b>	<b>643.2</b>	<b>600.4</b>
<b>Operating result (EBIT)</b>	<b>-25.1</b>	<b>14.8</b>	<b>35.2</b>	<b>39.8</b>	<b>18.0</b>
In % of sales	(4.8%)	2.0%	4.6%	6.2%	3.0%
<b>Net result</b>	<b>-30.0</b>	<b>7.4</b>	<b>24.9</b>	<b>27.7</b>	<b>9.7</b>
In % of sales	(5.7%)	1.0%	3.3%	4.3%	1.6%
<b>Earnings per share</b>	<b>-1.33</b>	<b>0.87</b>	<b>1.88</b>	<b>1.70</b>	<b>0.57</b>
<b>Headcount</b>	<b>5 775</b>	<b>5 597</b>	<b>5 515</b>	<b>5 185</b>	<b>4 992</b>
% change compared with same period of previous year	3.2%	1.5%	6.4%	3.9%	2.2%
<b>Capital expenditure (CAPEX)</b>	<b>24.0</b>	<b>27.9</b>	<b>18.5</b>	<b>23.9</b>	<b>11.4</b>
<b>Net cash/Net debt</b>	<b>-153.2</b>	<b>-117.1</b>	<b>31.8</b>	<b>7.6</b>	<b>-20.2</b>
<b>Net working capital (NWC)</b>	<b>269.5</b>	<b>309.9</b>	<b>220.6</b>	<b>216.0</b>	<b>191.1</b>

## Distribution of sales by Business Unit

In million CHF	Jan-Jun 2020		Jan-Jun 2019		Jan-Jun 2018		Jan-Jun 2017		Jan-Jun 2016	
Sheet-fed	245.7	46.9%	377.5	51.2%	391.0	51.3%	302.3	47.0%	289.2	48.2%
Web-fed	49.7	9.5%	115.6	15.7%	134.1	17.6%	119.5	18.6%	100.6	16.7%
Services	228.3	43.6%	243.6	33.1%	237.1	31.1%	221.2	34.4%	210.1	35.0%
Other	0.1	0.0%	0.1	0.0%	0.3	0.0%	0.2	0.0%	0.5	0.1%
<b>Total</b>	<b>523.8</b>	<b>100.0%</b>	<b>736.8</b>	<b>100.0%</b>	<b>762.5</b>	<b>100.0%</b>	<b>643.2</b>	<b>100.0%</b>	<b>600.4</b>	<b>100.0%</b>

## Distribution of sales by business activity

In million CHF	Jan-Jun 2020		Jan-Jun 2019		Jan-Jun 2018		Jan-Jun 2017		Jan-Jun 2016	
Machines	293.4	56.0%	490.9	66.6%	522.9	68.6%	420.5	65.4%	388.6	64.7%
Spare parts and services	230.4	44.0%	245.9	33.4%	239.6	31.4%	222.7	34.6%	211.8	35.3%
<b>Total</b>	<b>523.8</b>	<b>100.0%</b>	<b>736.8</b>	<b>100.0%</b>	<b>762.5</b>	<b>100.0%</b>	<b>643.2</b>	<b>100.0%</b>	<b>600.4</b>	<b>100.0%</b>

## Distribution of sales by geographical zone

In million CHF	Jan-Jun 2020		Jan-Jun 2019		Jan-Jun 2018		Jan-Jun 2017		Jan-Jun 2016	
Europe	254.4	48.6%	342.6	46.5%	369.4	48.4%	279.6	43.5%	309.1	51.5%
Americas	149.7	28.6%	240.7	32.7%	221.8	29.1%	173.0	26.9%	161.3	26.8%
Asia and Oceania	103.1	19.7%	138.8	18.8%	150.7	19.8%	170.7	26.5%	100.8	16.8%
Africa	16.6	3.2%	14.7	2.0%	20.6	2.7%	19.9	3.1%	29.2	4.9%
<b>Total</b>	<b>523.8</b>	<b>100.0%</b>	<b>736.8</b>	<b>100.0%</b>	<b>762.5</b>	<b>100.0%</b>	<b>643.2</b>	<b>100.0%</b>	<b>600.4</b>	<b>100.0%</b>

# EVOLUTION OF THE GROUP'S BUSINESS ACTIVITY DURING THE FIRST HALF-YEAR OF 2020

- 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.

## KEY FIGURES

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 tradeshow, 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.

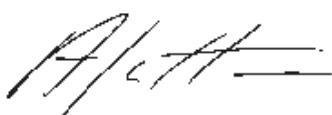
**OUTLOOK FOR THE SECOND HALF OF 2020**

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.



**Alain Guttmann**  
Chairman of the Board



**Jean-Pascal Bobst**  
Chief Executive Officer

Financial calendar Financial calendar

05 November 2020	Conference for financial analysts and the media in Zurich
26 February 2021	Publication of financial statements for the 2020 financial year
	Results press conference and presentation of the 2020 financial statements
30 March 2021	Annual General Meeting of Shareholders in Mex

# INTERIM CONSOLIDATED PROFIT AND LOSS

In million CHF	Notes	Jan-Jun 2020	Jan-Jun 2019 (*restated)	Jan-Dec 2019 (*restated)
<b>Sales</b>		<b>523.8</b>	<b>736.8</b>	<b>1 636.3</b>
Other operating income		7.9	12.1	20.4
Material costs and subcontractors		-257.1	-342.3	-698.0
Changes in inventories		62.9	45.4	-39.9
Personnel costs		-233.4	-272.8	-492.9
Depreciation and amortization		-19.5	-19.1	-40.5
Other operating expenses		-109.7	-145.3	-304.4
<b>Operating result (EBIT)</b>		<b>-25.1</b>	<b>14.8</b>	<b>81.0</b>
Share of result of associates		-1.0	7.4	10.1
Interest expenses		-3.2	-2.8	-5.6
Other financial income		2.9	3.5	7.2
Other financial expenses		-1.5	-5.8	-8.6
<b>Result before income tax</b>		<b>-27.9</b>	<b>17.1</b>	<b>84.1</b>
Income tax		-2.1	-9.7	-31.5
<b>Net result</b>		<b>-30.0</b>	<b>7.4</b>	<b>52.6</b>
<b>Attributable:</b>				
To shareholders		-22.0	14.4	68.1
To non-controlling interest		-8.0	-7.0	-15.5
Earnings per registered share (in CHF)		-1.33	0.87	4.12
Diluted earnings per registered share (in CHF)		-1.33	0.87	4.12

\* See note 2

# INTERIM CONSOLIDATED BALANCE SHEET

In million CHF	Notes	June 2020	June 2019	December 2019
Intangible fixed assets		50.0	45.2	45.6
Tangible fixed assets		272.1	261.4	266.2
Financial assets other		27.2	23.0	26.2
Investments in associates		52.6	56.3	57.5
Employer contribution reserves		40.3	57.8	51.0
Receivables		4.3	3.4	2.8
Finance lease receivables		3.1	9.6	6.9
Prepaid expenses and accrued income		1.6	1.4	1.5
Deferred tax assets		33.7	42.0	32.2
<b>Non-current assets</b>		<b>484.9</b>	<b>500.1</b>	<b>489.9</b>
Assets held for sale		4.1	2.2	1.8
Inventories		461.4	501.9	385.6
Receivables		297.5	315.0	372.0
Finance lease receivables		5.1	4.3	4.6
Income tax receivables		4.3	11.0	4.1
Prepaid expenses and accrued income		25.8	25.9	21.3
Derivative financial instruments		4.6	4.7	4.2
Cash and cash equivalents		360.1	187.4	241.3
<b>Current assets</b>		<b>1 162.9</b>	<b>1 052.4</b>	<b>1 034.9</b>
<b>Total assets</b>		<b>1 647.8</b>	<b>1 552.5</b>	<b>1 524.8</b>
Share capital		16.5	16.5	16.5
Reserves		530.1	535.2	514.8
Net result		-22.0	14.4	68.1
<b>Shareholders' equity</b>		<b>524.6</b>	<b>566.1</b>	<b>599.4</b>
Non-controlling interest		-43.7	-29.1	-40.2
<b>Equity</b>		<b>480.9</b>	<b>537.0</b>	<b>559.2</b>
Borrowings		343.0	285.4	137.0
Provisions		3.6	8.0	4.5
Employee benefits		21.8	37.4	17.6
Trade and other payables		35.9	30.3	34.3
Deferred tax liabilities		41.1	44.0	41.2
<b>Non-current liabilities</b>		<b>445.4</b>	<b>405.1</b>	<b>234.6</b>
Borrowings		170.3	19.1	162.9
Provisions		51.8	54.5	52.2
Employee benefits		2.4	5.4	5.6
Trade and other payables		388.2	416.5	388.6
Accrued expenses and deferred income		105.2	104.8	116.9
Income tax payables		2.0	4.8	3.0
Derivative financial instruments		1.6	5.3	1.8
<b>Current liabilities</b>		<b>721.5</b>	<b>610.4</b>	<b>731.0</b>
<b>Total liabilities and equity</b>		<b>1 647.8</b>	<b>1 552.5</b>	<b>1 524.8</b>

# INTERIM CONSOLIDATED CASH FLOW STATEMENT

In million CHF		Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Net result</b>		<b>-30.0</b>	<b>7.4</b>	<b>52.6</b>
Elimination of income from associates		1.0	-7.4	-10.1
Elimination of income taxes		2.1	9.7	31.5
Elimination of depreciation/amortization on fixed assets		19.5	19.2	40.5
Elimination of changes in provisions		-5.1	-2.0	-7.0
Elimination of changes in employee benefits		1.1	1.1	-18.6
Elimination of the result on disposal of assets		0.0	-4.1	-3.6
Elimination of interest expenses/(income)		2.5	2.1	4.0
Changes in derivative financial instruments		0.6	-1.0	-3.0
Changes in inventories		-74.1	-51.7	61.7
Changes in receivables		71.5	-2.2	-42.8
Changes in payables		-8.9	-17.3	-36.9
Changes in employer contribution reserves		10.7	6.9	13.8
Paid taxes		-6.2	-16.3	-26.7
<b>Cash flow from (used in) operating activities</b>	<b>Total A</b>	<b>-15.3</b>	<b>-55.6</b>	<b>55.4</b>
Acquisition of subsidiaries net of cash acquired		-17.0	0.0	0.0
Disposal of subsidiaries net of cash disposed		0.0	6.8	6.8
Purchase of intangible assets		-6.9	-8.2	-15.6
Purchase of tangible assets		-17.1	-19.7	-41.5
Loans and advances made		0.0	0.0	-3.6
Proceeds from sale of tangible assets		0.0	0.1	0.5
Loan repayments and advances received		4.4	0.2	0.2
Interest received		0.7	0.7	1.6
Dividends received		3.2	4.5	4.5
<b>Cash flow from (used in) investing activities</b>	<b>Total B</b>	<b>-32.7</b>	<b>-15.6</b>	<b>-47.1</b>
Purchase of non-controlling interest		0.0	0.0	-15.2
Purchase of own shares		0.1	-0.1	-0.1
Proceeds from borrowings		211.1	4.2	11.5
Repayments of borrowings		-16.2	-114.6	-125.4
Interest paid		-0.9	-3.9	-7.6
Dividends paid to shareholders		-24.4	-24.8	-24.8
Dividends paid to non-controlling interest		0.0	-0.2	-0.3
<b>Cash flow from (used in) financing activities</b>	<b>Total C</b>	<b>169.7</b>	<b>-139.4</b>	<b>-161.9</b>
<b>Effects of exchange variances</b>	<b>Total D</b>	<b>-2.9</b>	<b>1.7</b>	<b>-1.4</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>A+B+C+D</b>	<b>118.8</b>	<b>-208.9</b>	<b>-155.0</b>
Cash and cash equivalents at beginning of period		241.3	396.3	396.3
Cash and cash equivalents at end of period		360.1	187.4	241.3
<b>Variance</b>		<b>118.8</b>	<b>-208.9</b>	<b>-155.0</b>

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In million CHF	Share capital	Own shares	Hedge reserve	Translation reserve	Other reserves	Goodwill offset	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
<b>Balance at 1 January 2019</b>	<b>16.5</b>	<b>-0.4</b>	<b>-1.1</b>	<b>-35.3</b>	<b>0.3</b>	<b>-148.8</b>	<b>744.2</b>	<b>575.4</b>	<b>-21.9</b>	<b>553.5</b>
Result for the period							14.4	14.4	-7.0	7.4
Currency translation differences				-1.3				-1.3	0.0	-1.3
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			1.8					1.8		1.8
Net gain/(loss) on cash flow hedges during the year			1.3					1.3		1.3
Income tax			-0.7					-0.7		-0.7
Share-based payments					-0.3			-0.3		-0.3
Movement of own shares		0.3						0.3		0.3
Dividends							-24.8	-24.8	-0.2	-25.0
<b>Balance at 30 June 2019</b>	<b>16.5</b>	<b>-0.1</b>	<b>1.3</b>	<b>-36.6</b>	<b>0.0</b>	<b>-148.8</b>	<b>733.8</b>	<b>566.1</b>	<b>-29.1</b>	<b>537.0</b>
<b>Balance at 1 January 2020</b>	<b>16.5</b>	<b>-0.1</b>	<b>1.6</b>	<b>-44.9</b>	<b>0.4</b>	<b>-148.8</b>	<b>774.7</b>	<b>599.4</b>	<b>-40.2</b>	<b>559.2</b>
Result for the period							-22.0	-22.0	-8.0	-30.0
Currency translation differences				-13.6				-13.6	0.0	-13.6
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			-1.9					-1.9		-1.9
Net gain/(loss) on cash flow hedges during the year			1.7					1.7		1.7
Income tax			-0.3					-0.3		-0.3
Share-based payments					-0.1			-0.1		-0.1
Movement of own shares		0.1						0.1		0.1
Goodwill and NCI on acquisition						-14.3		-14.3	4.5	-9.8
Dividends							-24.4	-24.4	0.0	-24.4
<b>Balance at 30 June 2020</b>	<b>16.5</b>	<b>0.0</b>	<b>1.1</b>	<b>-58.5</b>	<b>0.3</b>	<b>-163.1</b>	<b>728.3</b>	<b>524.6</b>	<b>-43.7</b>	<b>480.9</b>

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In million CHF	Share capital	Own shares	Hedge reserve	Translation reserve	Other reserves	Goodwill offset	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
<b>Balance at 1 January 2019</b>	<b>16.5</b>	<b>-0.4</b>	<b>-1.1</b>	<b>-35.3</b>	<b>0.3</b>	<b>-148.8</b>	<b>744.2</b>	<b>575.4</b>	<b>-21.9</b>	<b>553.5</b>
Result for the period							68.1	68.1	-15.5	52.6
Currency translation differences				-9.6				-9.6	-0.1	-9.7
Net gain/(loss) on cash flow hedges reclassified to profit and loss during the year			1.8					1.8		1.8
Net gain/(loss) on cash flow hedges during the year			1.9					1.9		1.9
Income tax			-1.0					-1.0		-1.0
Transactions with non-controlling interest							-12.8	-12.8	-2.4	-15.2
Share-based payments					0.1			0.1		0.1
Changes in own shares		0.3						0.3		0.3
Dividends							-24.8	-24.8	-0.3	-25.1
<b>Balance at 31 December 2019 (*Restated)</b>	<b>16.5</b>	<b>-0.1</b>	<b>1.6</b>	<b>-44.9</b>	<b>0.4</b>	<b>-148.8</b>	<b>774.7</b>	<b>599.4</b>	<b>-40.2</b>	<b>559.2</b>

\* See note 2

# 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 substrate processing, printing and converting equipment and services for the label, flexible packaging, folding carton and corrugated 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 2020. 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 2019. In these consolidated interim financial statements, management made no new assumptions or estimates compared with the consolidated financial statements as of 31 December 2019.

### Restatement of the consolidated statement of changes in equity as at 31 December 2019

The Group acquired the remaining 35% of Bobst Firenze S.r.l. and an additional 15% share in Bobst Istanbul Ambalaj A.S. (resulting in a Group's total interest of 90%) in the second half of 2019.

These transactions have been considered as purchase of non-controlling interests without affecting the Group's already existing control over the two companies. Accordingly, the transactions have been presented as financing activities in the consolidated cash flow statement 2019. However, to be consistent with this accounting treatment, the transactions should have been presented as transactions with non-controlling interests in the consolidated statement of changes in equity 2019 and not as an addition to the initial goodwill calculated at the time of the acquisitions of these two companies.

The correction of this error results in the re-naming of the line "Goodwill on acquisition" into "Transaction with non-controlling interests" and the reclassification of an amount of CHF 12.8 million from the column "Goodwill offset" to the column "Retained earnings" in the consolidated statement of changes in equity at 31 December 2019. As the transactions occurred in the second half of the year, they do not affect the consolidated statement of changes in equity at 30 June 2019.

### Adjustment to the presentation of the consolidated income statement

To improve the readability of the consolidated income statement, some expenses amounting CHF 106.0 million in total and previously classified under "Raw material and services" (re-named in 2020 "Materials costs and subcontractors") were reclassified to "Other operating expenses". Prior year information has been updated accordingly to ensure comparability of both reporting periods (CHF 137.1 million for the first half of 2019 and CHF 287.6 million for the year 2019).

The re-ordering made only affected the line items mentioned above in the income statement and had no effects on the Group's net result, balance sheet, equity and cash flow in the reporting periods under consideration.

# NOTES

## NOTE 3

### ALTERNATIVE PERFORMANCE MEASURES (APM)

Bobst Group uses certain key figures to measure its performance that are not defined by Swiss GAAP FER. Management believes that these non-Swiss GAAP FER performance measures provide useful information regarding the Group's financial and operating performance.

As these measures are not defined by Swiss GAAP FER, the calculation may differ from similar figures presented by other companies. The APM used by Bobst Group are explained as follows :

#### Net cash/Net debt

Net cash/Net debt is our financial liquidity metric that measures our company's ability to pay all its debts if they were due today. This ratio describes the cash and cash equivalents minus the borrowings. A positive amount indicates net cash while a negative amount means net debt.

#### Capital expenditure (CAPEX)

CAPEX corresponds to the addition of the cash outflows relating to the purchase of intangible fixed assets and the purchase of tangible fixed assets.

#### Return on capital employed (ROCE)

ROCE is a profitability ratio that measures how efficiently Bobst Group can generate profits from its capital employed by comparing operating result to capital employed.

#### Net working capital (NWC)

The NWC is the receivables accounts and the inventories minus the payables accounts. It is a measure of a company's liquidity and its ability to meet short-term obligations, as well as fund operations of the business.

The reconciliation of the [APM](#) key figures can be found on the [Bobst Group website](#).

# NOTES

## NOTE 4 CHANGES IN SCOPE OF CONSOLIDATION

On 6 January 2020, Gordon Ltd, Hong Kong acquired 70% of Yancheng Hongjing Machinery Technology Co. Ltd Dongtai, China.

On 8 April 2020, Bobst Beteiligungsgesellschaft mbH, Meerbusch, acquired 51% of Cito-System GmbH Schwaig, Germany. The agreement related to the acquisition of 51% of Cito-System GmbH also included a purchase call option and a written put option for the remaining 49% of Cito-System GmbH. Consequently, Bobst Beteiligungsgesellschaft mbH has the option or may be required by the minority interest holders of Cito-System GmbH to acquire the entirety of the remaining 49% of Cito-System GmbH. As of 30 June 2020, this contingent liability cannot be estimated reliably and is therefore not recorded on the consolidated balance sheet.

The total acquired assets and liabilities are as follows:

- Fixed assets CHF 14.6 million;
- Current assets including cash CHF 28.9 million;
- Current liabilities CHF 19.4 million.

## NOTE 5 SEGMENT REPORTING

In million CHF	June 2020	June 2019	December 2019
<b>Revenue</b>			
Sheet-fed third party sales	245.7	377.5	810.4
Sheet-fed inter-segment	11.7	12.1	24.3
Sheet-fed total revenue	257.4	389.6	834.7
Web-fed third party sales	49.7	115.6	337.5
Web-fed inter-segment	1.9	2.5	5.0
Web-fed total revenue	51.6	118.1	342.5
Services third party sales	228.3	243.6	488.3
Other third party sales	0.1	0.1	0.1
Eliminations inter-segment	-13.6	-14.6	-29.3
<b>Total third party sales</b>	<b>523.8</b>	<b>736.8</b>	<b>1636.3</b>
<b>Results</b>			
Sheet-fed	-17.4	12.1	39.6
Web-fed	-27.0	-21.4	-15.5
Services	20.2	25.3	59.2
Other	-0.9	-1.2	-2.3
<b>Total segment operating result (EBIT)</b>	<b>-25.1</b>	<b>14.8</b>	<b>81.0</b>

# NOTES

## **NOTE 6**

### **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.

## **NOTE 7**

### **INCOME TAX**

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

## **NOTE 8**

### **EQUITY**

At the Annual General Meeting of Shareholders held on 7 April 2020, the shareholders approved the distribution of an ordinary dividend of CHF 1.50 per share (2019: CHF 1.50 per share).

## **NOTE 9**

### **ASSETS HELD FOR SALE**

The amount reclassified in assets held for sale relates to:

- The land and buildings in Villeurbanne, France, for which an agreement to sell was signed on 22 July 2019; as well as,
- The land and buildings in Roseland, United States, for which the contractual conditions have been accepted on 19 May 2020.

# NOTES

## NOTE 10 BORROWINGS

On 24 January 2020, Bobst Group SA successfully completed the placement of a CHF 200 million senior bond with a term of 6 years and a coupon of 0.50%.

## NOTE 11 SIGNIFICANT EVENTS AND COVID RELATED IMPACTS

The overall impact of Covid-19 situation on Bobst Group business is further detailed and explained on pages 2 to 5 of this half-year report.

Unless otherwise disclosed in this half-year report, no other material events occurred that might have an impact on the critical estimates, appraisals and assumptions to be found in the consolidated financial statements as at 31 December 2019.

## NOTE 12 SUBSEQUENT EVENTS

The condensed interim consolidated financial statements were approved for publication by the Board of Directors on 23 July 2020. No events have occurred up to 23 July 2020 which would necessitate additional adjustments to the book values of the Group's assets or liabilities, or which require disclosure.

## NOTE 13 EXCHANGE RATES

	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Profit and loss statement</b>			
1 EUR	1.07	1.13	1.11
1 USD	0.96	1.00	0.99
1 GBP	1.22	1.29	1.27
1 CNY	0.14	0.15	0.14

	Jun 2020	Jun 2019	Dec 2018
<b>Balance sheet</b>			
1 EUR	1.07	1.11	1.09
1 USD	0.95	0.97	0.97
1 GBP	1.17	1.24	1.27
1 CNY	0.13	0.14	0.14

Certain statements in the half-year report, including but not limited to those regarding tions 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.



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