BOSSARD
Proven Productivity

REPORT TO THE SHAREHOLDERS

New records and strong growth momentum

SEMI-ANNUAL REPORT 2018

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Group profile

The Bossard Group is a leading international supplier of product solutions and services in industrial fastener and assembly technology. With its comprehensive product range of over 1,000,000 items, combined with its proven expertise in technical consulting (engineering) and inventory management (logistics), Bossard is one of the established companies in the industry, both as an end-to-end supplier and a partner. In addition, Bossard is a pioneer in developing intelligent production facilities in line with Industry 4.0.

The Group's customers include local and international industrial companies who use Bossard solutions to improve their productivity. With 2,300 employees in 80 locations throughout the world, the Group generated CHF 786.2 million in sales in 2017. Bossard is listed on the SIX Swiss Exchange.

Key figures

in CHF million	First 6 months 2018	First 6 months 2017	Year 2017
Net sales	446.3	395.1	786.2
Gross profit	145.2	127.6	253.2
EBIT	61.6	51.4	97.0
in % of net sales	13.8	13.0	12.3
Net income	49.0	45.3	80.2
in % of net sales	11.0	11.5	10.2
Cash flow from operating activities	11.3	35.7	77.2
Current assets	442.2	369.3	385.6
Long-term assets	159.2	143.3	154.2
Current liabilities	213.9	187.2	164.7
Long-term liabilities	107.1	107.9	111.1
Shareholders' equity	280.4	217.5	264.0
in % of total assets	46.6	42.4	48.9
Total assets	601.4	512.6	539.8
Net debt	159.8	151.2	124.0
Weighted average number of employees [1]	2,260	2,132	2,162
Share capital [2]			
Number of shares entitled to dividend			
Registered A shares at CHF 5 par	6,260,653	6,240,814	6,264,709
Registered B shares at CHF 1 par	6,750,000	6,750,000	6,750,000
Registered shares equivalents at CHF 5 par entitled to dividend	7,610,653	7,590,814	7,614,709
Market price in CHF (Ticker symbol: BOSN)			
Closing price share at end of reporting period	184.3	194.4	230.0
Share high during reporting period	250.2	208.5	242.3
Share low during reporting period	178.4	142.7	142.0
Key figures			
Consolidated earning per registered share in CHF [2] [3]	12.59	11.60	10.33
Net asset value per registered share in CHF	36.8	28.7	34.7
Price/earnings ratio (Basis: 30.06./31.12.)	14.6	16.8	22.3
Price/book value per share (Basis: 30.06./31.12.)	5.0	6.8	6.6

1) Period average full time equivalent
2) Basis: Annual average of share capital entitled to dividend
3) Basis: Net income of shareholders of Bossard Holding AG – First 6 months extrapolated to 12 months

REPORT TO THE SHAREHOLDERS

New records and strong growth momentum

Ladies and gentlemen,

The Bossard Group is enjoying strong growth momentum: Sales, EBIT and net income rose significantly in the first half of the year, setting new record highs. Compared to last year, sales rose by 13.0 percent to CHF 446.3 million. The strong growth momentum is also reflected in the 19.9 percent increase in EBIT to CHF 61.6 million, an above-average increase as measured against sales. The EBIT margin of 13.8 percent (13.0 percent last year) is well above the industry average and represents a new record high. Excluding last year's extraordinary income of CHF 4.5 million net from a real-estate sale, net income increased by 20.4 percent to CHF 49.0 million.

This overall dynamic growth in the first half of the year stems from solid demand in all three market regions. For the most part, our investment activities in past years drove this broad-based success, enabling us to firmly consolidate our competitive position in the different markets. These activities include acquisitions in Europe and the USA, hefty expenditures to expand our infrastructure, especially in Germany, Denmark, and the Asian markets, as well investments in our Smart Factory Logistics solutions. These targeted development efforts have expanded our reach and opened up additional customer groups. The second quarter, in particular, saw intense growth.

Marked growth in Europe

Business in Europe contributed significantly to Bossard's strong performance in the first half of the year. In this market region, Bossard was able to boost sales by a remarkable 16.7 percent to CHF 260.5 million (+10.4 percent in local currency). It is noteworthy that the development was solid in all major European markets.

Broad-based growth also in America

The America business also posted substantial gains in demand in the first half of the year. Sales rose by 4.5 percent to CHF 119.5 million, which translated into an even higher 7.7 percent in local currency. Demand in America continued to accelerate in the second quarter and was broad-based across the entire customer base.

Investments in Asia pay off

Investments in recent years to expand our distribution network in the Asian markets are increasingly bearing fruit. Sales in the first half of the year grew by a healthy 15.3 percent to CHF 66.3 million (+11.8 percent in local currency). Second quarter figures (+17.6 percent to CHF 36.1 million) also reflect stronger demand in this region. China, the most important market in this region, was a major contributor to these excellent results.

Profitability exceeds target

Strong growth in the first half of 2018 is also evident in gross profit, which grew by 13.8 percent to CHF 145.2 million. The gross profit margin rose slightly, from 32.3 percent last year to 32.5 percent. The growth of the Group is also apparent in the number of employees, now totaling 2,388, an increase of 142 headcounts over the last twelve months. A major share of our investments in expanding the organization is reflected in higher selling and administration expenses, which rose from CHF 76.2 million to CHF 83.6 million.

Our profitability-oriented growth strategy also yielded considerable success in the first half of the current fiscal year. The high demand for Bossard products and services generated above-average profit: EBIT rose by 19.9 percent to CHF 61.6 million. This notable boost in performance drove the EBIT margin up from 13.0 percent last year to 13.8 percent. Both EBIT and EBIT margin reached new record highs, with the latter holding at well above the industry average.

The strong operational performance is also evident in the record-high net income of CHF 49.0 million. Excluding the extraordinary income of CHF 4.5 million net resulting from last year's real-estate sale of our former property in Austria, Bossard realized a growth in net income of 20.4 percent.

Balance sheets mirrors growth

The pronounced growth of the Bossard Group boosted total assets by 17.3 percent to CHF 601.4 million. Essentially, the increase can be attributed to higher operational net working capital; it is based on higher accounts receivables due to increased sales as well as an increase in inventory. Because lead-times were rising in the dynamic market environment, inventory was intentionally increased to ensure our ability to supply our customers. The equity ratio rose to 46.6 percent compared to 42.4 percent last year.

Net debt rose since the beginning of the year by CHF 35.8 million to CHF 159.8 million. There are two reasons for this increase: the dividend payout of CHF 32.0 million in April of this year and the aforementioned funds tied-up in higher net working capital. The gearing, the ratio of net debt to equity, was 0.6 at the end of June, only slightly higher than at the end of 2017.

More investing activities

In the first half of 2018, cash flow from operating activities was CHF 11.3 million compared to last year's CHF 35.7 million. This decline stems primarily from the increase in net working capital, as reflected in the cash flow from operating activities before changes in net working capital. This grew by 19.3 percent to CHF 57.5 million and reflects the Group's positive course of business in the first half of 2018.

The cash flow from investing activities rose from CHF 2.8 million to CHF 15.4 million over the previous year. Among other things, greater investment in fixed assets compared to the same period last year spurred this development. Furthermore, the Group profited last year from the cash flow resulting from the real-estate sale of the former location in Austria. For these reasons, there was a negative free cash flow of CHF 4.1 million after a positive free cash flow of CHF 32.9 million in the previous year.

Optimistic outlook

We expect demand to remain strong in the second half of the year and we remain optimistic despite the risk of even more trade barriers. The confidence stems from the Bossard Group having consolidated its competitive position in the various markets and countries by broadening its range of products and services and expanding its infrastructure and sales channels. Our customers' well-filled order books and the generally positive economic outlook are additional cause for optimism. The healthy economic outlook is also reflected in the purchasing managers' indices (PMI) in our major markets. These indices are above the 50-point level, in some instances well above, indicating continued industrial expansion. We are targeting sales in the region of CHF 880 million for the 2018 fiscal year (2017: CHF 786.2 million). As always, the projected growth compared to last year depends on the relative stability of current economic conditions.

Dr. Thomas Schmuckli Chairman of the board of directors	David Dean CEO

Zug, August 22, 2018

BOSSARD GROUP

Consolidated balance sheet

in CHF 1,000	30.06.2018	30.06.2017	31.12.2017
Assets			
Current assets			
Cash and cash equivalents	27,436	27,555	20,568
Accounts receivable, trade	166,029	138,998	138,161
Other receivables	3,391	4,266	3,978
Prepaid expenses	9,441	8,131	7,671
Inventories	235,917	190,383	215,200
	442,214	**369,333**	**385,578**
Long-term assets			
Property, plant and equipment	115,897	110,017	114,954
Intangible assets	23,695	17,897	20,562
Financial assets	4,264	3,952	4,039
Deferred tax assets	15,372	11,391	14,625
	159,228	**143,257**	**154,180**
Total assets	**601,442**	**512,590**	**539,758**

in CHF 1,000	30.06.2018	30.06.2017	31.12.2017
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	60,994	52,860	59,351
Other liabilities	16,036	14,886	15,452
Accrued expenses	32,515	26,982	30,904
Tax liabilities	9,878	6,520	11,922
Provisions	851	3,265	751
Short-term debts	93,617	82,658	46,292
	213,891	**187,171**	**164,672**
Long-term liabilities			
Long-term debts	93,604	96,111	98,299
Provisions	7,805	7,328	7,671
Deferred tax liabilities	5,695	4,471	5,154
	107,104	**107,910**	**111,124**
Total liabilities	**320,995**	**295,081**	**275,796**
Shareholders' equity			
Share capital	40,000	40,000	40,000
Treasury shares	–2,822	–4,539	–3,697
Capital reserves	63,395	63,307	63,084
Retained earnings	178,423	116,365	163,100
	278,996	**215,133**	**262,487**
Non-controlling interest	1,451	2,376	1,475
Total shareholders' equity	**280,447**	**217,509**	**263,962**
Total liabilities and shareholders' equity	**601,442**	**512,590**	**539,758**

BOSSARD GROUP

Consolidated income statement

in CHF 1,000	First 6 months 2018	First 6 months 2017
Net sales	446,291	395,135
Cost of goods sold	301,116	267,549
Gross profit	**145,175**	**127,586**
Selling expenses	57,340	49,537
Administrative expenses	26,272	26,686
EBIT	**61,563**	**51,363**
Financial result	2,272	2,805
Ordinary result	**59,291**	**48,558**
Non-operating result	0	6,055
Income before taxes	**59,291**	**54,613**
Income taxes	10,255	9,340
Net income	**49,036**	**45,273**
Attributable to:		
Shareholders of Bossard Holding AG	47,917	44,014
Non-controlling interest	1,119	1,259

in CHF	2018	2017
Earnings per registered A share [1]	12.59	11.60
Earnings per registered B share [1]	2.52	2.32

1) Earnings per share, extrapolated to 12 months, is based on the net income of shareholders of Bossard Holding AG and the number of shares entitled to dividend. There is no dilution effect.

Consolidated statement of changes in equity

in CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings: Retained earnings	Retained earnings: Translation differences	Share-holders Bossard	Non-controlling interest	Share-holders' equity
Balance at January 1, 2017	40,000	–5,987	63,427	185,727	–80,869	202,298	5,346	207,644
Dividend				–25,086		–25,086	–197	–25,283
Net income for the period				44,014		44,014	1,259	45,273
Management participation plan			612			612		612
Change in treasury shares		1,448	–732			716		716
Offset goodwill from acquisitions				–1,638		–1,638		–1,638
Non-controlling interest from acquisitions						0	–3,977	–3,977
Translation differences					–5,783	–5,783	–55	–5,838
Balance at June 30, 2017	**40,000**	**–4,539**	**63,307**	**203,017**	**–86,652**	**215,133**	**2,376**	**217,509**
Balance at January 1, 2018	40,000	–3,697	63,084	238,433	–75,333	262,487	1,475	263,962
Dividend				–32,007		–32,007	–982	–32,989
Net income for the period				47,917		47,917	1,119	49,036
Management participation plan			679			679		679
Change in treasury shares		875	–368			507		507
Offset goodwill from acquisitions				–1,854		–1,854		–1,854
Translation differences					1,267	1,267	–161	1,106
Balance at June 30, 2018	**40,000**	**–2,822**	**63,395**	**252,489**	**–74,066**	**278,996**	**1,451**	**280,447**

BOSSARD GROUP

Consolidated cash flow statement

in CHF 1,000	First 6 months 2018	First 6 months 2017
Net income	49,036	45,273
Income taxes	10,255	9,340
Financial income	–1,593	–1,553
Financial expenses	3,865	4,358
Depreciation and amortization	7,958	7,141
Increase provisions	82	949
Gain from disposals of property, plant and equipment	–27	–6,124
Interest received	350	372
Interest paid	–1,461	–1,809
Taxes paid	–12,253	–7,933
Increase management participation plan (part of equity)	679	612
Other non-cash expenses/(income)	578	–2,453
Cash flow from operating activities before changes in net working capital	57,469	48,173
Increase accounts receivable, trade	–28,390	–15,379
Increase other receivables	–1,166	–392
Increase inventories	–20,135	–3,688
Increase accounts payable, trade	1,661	5,197
Increase other liabilities	1,811	1,776
Cash flow from operating activities	**11,250**	**35,687**
Investments in property, plant and equipment	–9,176	–6,868
Proceeds from sales of property, plant and equipment	844	7,041
Investments in intangible assets	–3,976	–3,931
Cash flow from purchases of companies	–2,816	653
Investments in financial assets	–438	–302
Divestments of financial assets	194	597
Cash flow from investing activities	**–15,368**	**–2,810**
Proceeds/Repayment of short-term debts	47,414	–1,099
Proceeds/Repayment of long-term debts	–4,563	–1,480
Purchase/Sale of treasury shares	219	293
Dividends paid to shareholders	–32,007	–25,086
Dividends paid to non-controlling interest	–67	–59
Cash flow from financing activities	**10,996**	**–27,431**
Translation differences	–10	–402
Change in cash and cash equivalents	**6,868**	**5,044**
Cash and cash equivalents at January 1	20,568	22,511
Cash and cash equivalents at June 30	27,436	27,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of operations (1)
Bossard Holding AG, Zug, Switzerland, a limited company subject to Swiss law, is the parent company of all entities within Bossard Group (hereinafter Bossard). Bossard is a leading distributor of fasteners of every kind and a provider of related engineering and logistics services including inventory management solutions. The Group operates in three geographic regions, Europe, America and Asia, and is one of the market leaders in its sector of industry.

Accounting principles of the consolidated financial statements (2)
The unaudited, consolidated interim financial statements for the first six months of 2018 were prepared in accordance with Swiss GAAP FER 31.
The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at June 30, 2018 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with full Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

Principles of consolidation (2.1)
The consolidated financial statements include the financial statements of Bossard Holding AG as well as the domestic and foreign subsidiaries over which Bossard Holding AG exercises control. Group companies acquired during the year are included in the consolidation from the date on which control over the company is transferred to Bossard. Group companies are excluded from the consolidation as of the date Bossard ceases to have control over the company. June 30 represents the uniform closing date for all companies included in the consolidated financial statements.
The purchase method of accounting is used for capital consolidation. Intercompany receivables and liabilities as well as transactions and intercompany profits not yet realized through sales to third parties are eliminated.

Investments in subsidiaries
Investments in subsidiaries are fully consolidated. These are entities over which Bossard Holding AG directly or indirectly exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent directly or indirectly holds more than one half of the voting rights of an entity or the control can be exercised by any other form. This does not apply, if in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Under the full consolidation method, 100 percent of assets, liabilities, income and expenses are included. The interests of minority shareholders in equity and net income or loss are shown separately in the balance sheet and income statement.

Non-controlling interest

Non-controlling interest of less than 20 percent and without any other form of control is recognized at acquisition cost less any economically necessary impairment.

Goodwill

In accordance to Swiss GAAP FER 30 “Consolidated financial statement” goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date and is fully offset against equity at the date of acquisition.

Foreign currency translation (2.2)

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are drawn up in the applicable local currency.
Transactions in foreign currencies are translated at the time of the transaction at the daily rate applicable on that date. Exchange differences from adjustments of foreign exchange portfolios at the balance sheet date are recognized in the income statements of the Group companies as exchange gains or losses.
For the consolidated financial statements, the annual accounts of Bossard subsidiaries reporting in foreign currencies are translated into Swiss francs as follows: balance sheet items at period-end rates, equity at historical rates, and items in the income statement at the average exchange rate for the period. The translation differences are netted directly with the Group’s consolidated translation differences in shareholders’ equity.
Exchange differences arising from intercompany loans of an equity nature are booked to equity.

Accounting and valuation principles (2.3)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, time deposits, and other short-term highly liquid investments with original maturities of up to three months. Cash and cash equivalents are recognized at nominal value.

Accounts receivable, trade

Accounts receivable are carried at the invoiced amount less allowances. The allowance for bad debts is based on the aging of accounts receivable and recognized credit risks.

Inventories

Goods for trading are recognized at average acquisition cost. Should the net realizable value be lower, the necessary value adjustments are made. Acquisition cost comprises product price and delivery cost (freight, customs duties, etc.). Cash discounts are treated as reductions of the acquisition value. Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs.

Property, plant and equipment

Land is stated at cost and generally not depreciated. Buildings, machinery and equipment, office machines and furniture as well as vehicles are stated at cost less economically necessary depreciation. Depreciation is calculated on a straight-line basis over the expected useful life of the asset. The general applicable useful lives are as follows:

Buildings	30–40 years
Machinery and equipment	5–20 years
Office machines and furniture	3–10 years
Vehicles	4–10 years

Leasehold improvements are depreciated over the shorter of useful life or lease term. Repair and maintenance costs which do not increase the value or useful life of an asset are charged directly as an expense. Replacement work to increase the useful life of assets is capitalized. Fixed assets no longer in use or sold are taken out of the assets at acquisition cost minus the related accumulated depreciation. Any gains or losses arising are recognized in the income statement.

Leasing

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases, and payments are recognized as an expense on a straight-line basis over the lease term.

Intangible assets

Software

Costs (purchased or self-created) arising from the development of computer software are recognized as intangible assets; provided such costs are clearly associated with an identifiable and business-related computer program, can be reliably determined, and lead to measurable benefits over a number of years. Computer software is amortized using the straight-line method over its estimated useful life, up to a maximum of 15 years.

Others

This item includes rights. Rights are amortized using the straight-line method over their estimated useful life, up to a maximum of ten years.

Financial assets

Financial assets comprise both non-consolidated investments and long-term loans. They are recognized at acquisition cost less economically necessary value adjustments. Changes in fair value are recognized in the income statement for the period in which they arise.

Impairment

The recoverability of long-term assets is monitored annually. Impairment is treated adequately in the financial statements.

Derivative financial instruments

Financial instruments are recognized in the balance sheet at fair value. Positive replacement values are recognized under financial assets and negative replacement values under current liabilities. Derivative financial instruments held for hedging purposes are carried at the same value as the underlying transactions.

Liabilities

All liabilities of Bossard vis-à-vis third parties are recognized at nominal value.

Provisions

A provision is recognized if, on the basis of past events, Bossard has reason to assume that it will need to meet an obligation for which the amount and due date are still uncertain but can be reliably estimated.

Contingent liabilities

Contingent liabilities are valued as at the balance sheet date. A provision is made if an outflow of funds without an utilizable inflow is both probable and assessable.

Financial debts

Financial debts are recognized at nominal value. They are classified as current liabilities unless Bossard can defer the settlement of the liability for at least twelve months after the balance sheet date.

Treasury shares

Treasury shares are recognized as deduction in the equity at acquisition cost. Any gains and losses from transactions with treasury shares are included in capital reserves and recognized in equity.

Share-based compensation

There is a share purchase plan for the board of directors and the executive committee, and they are required, or may elect, to draw part of their total compensation in shares. The shares are made available at market price, less the allowable tax discount of approximately 16 percent for the three-year lockup period. The market value is always determined in February and is based on the average closing price over the last ten trading days in February. There is a restricted stock unit plan (RSU) in place for the members of the management. The eligible participants annually receive a defined sum which is converted into RSUs on Bossard Holding AG registered A shares. The conversion is performed at market value and is based on the average closing price over the last ten trading days in November. The stock options (RSU) are subject to a three-year vesting period. After three years, yearly one-third of the allocated RSUs is passed on to the manager provided as long as he or she is employed at the time of the vesting. After the last contractual working day, all remaining stock options (RSU) forfeit immediately. The share-based compensation is valued at present value when granted and is recognized over the vesting period as personnel costs and as equity (instruments with equity compensation) or liabilities (instruments with cash compensation). If no cash settlement is planned, no subsequent valuation is made unless the terms of exercise and purchase are amended. The subsequent valuation is based on the closing price for the share of the last trading day of the fiscal year. No dilution effect results because no additional shares have been issued.

Pension benefit obligations

Bossard operates a number of pension plans in accordance with the legal requirements in the individual countries. Their assets are generally held in autonomous pension institutions or in statutory occupational pension plans. The pension plans are funded by employee and employer contributions. Pension plans are dealt in accordance with Swiss GAAP FER 16.
Any actual economic impacts of pension plans on the company are calculated as at the balance sheet date. An economic benefit from a surplus is capitalized provided this is admissible and the surplus is to be used to decrease the company's future contributions to its pension plans. An economic liability is recognized if the conditions for forming a provision are met. Contributions by subsidiaries to other pension plans are recognized in the income statement in the year in which they are made.

Net sales and revenue recognition

Revenue is recognized at fair value and represents the amount receivable for goods supplied and services rendered, net of sales-related taxes and revenue reductions. Revenue reductions include all positions that can be directly assigned to the sales, such as discounts, losses on receivables and exchange rate differences. Sales revenues are recognized when the goods and services have been supplied or rendered.

Non-operating result

Non-operating results are expenses and income arising from events or transactions which clearly differ from the ordinary operations of Bossard.

Income taxes

All taxes are accrued irrespective of when such taxes are due. Deferred income taxes are recognized according to the "liability method" for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.
Deferred tax assets on temporary differences can only be capitalized if recovery is probable. Deferred taxes are calculated using the expected applicable local tax rates. Bossard will not capitalize tax savings from tax loss carryforwards. The value of such tax assets is recognized only when realized.
Taxes payable on the distribution of profits of subsidiaries and associates are accrued only for profits that are to be distributed the following year.

Related parties

A party is related to Bossard if the party directly or indirectly controls, is controlled by, or is under common control with Bossard, has an interest in Bossard that gives it significant influence over Bossard, has joint control over Bossard (board of directors and executive committee) or is an associate or a joint venture of Bossard. In addition, members of the key management personnel of Bossard as well as pension plans are also considered related parties.

Accounting estimates and assumptions

Preparing the financial statements in accordance with Swiss GAAP FER requires the board of directors and the executive committee to make estimates and assumptions which can impact on the recognized assets, liabilities, contingent liabilities and contingent assets at the time of preparation as well as income and expenses for the reporting period. These assessments are based on the board of directors' and the executive committee's best knowledge and belief of current and future Bossard activities. The actual results may deviate from these estimates.

Changes in the scope of consolidation (3)

In first half of 2018, Effilio AG, Switzerland, was founded and Arnold Industries Shanghai, Ltd, China, was liquidated.

In first half of 2017, bigHead Fasteners Ltd, England, and bigHead Bonding Fasteners Ltd, England, were included in the scope of consolidation with an investment of 19 percent.

Segment information (4)

The Bossard Group and all its regional companies are active internationally in the field of industrial fastening technology. There are no separate segments as per Swiss GAAP FER 31. All the regional companies are managed based on a uniform business strategy. The core of Bossard's strategy is a uniform business model with the same customer and product orientation in the world's major industrial regions. Bossard supplies industrial companies at their worldwide production sites with fastening technology products and related services based on uniform quality standards using uniform operational systems and processes. The board of directors and executive committee manage the Bossard Group on the basis of the financial statements of the individual regional companies and the Group's consolidated financial statement. Based on the number of regional companies, the CEO delegates the oversight of the goals and their implementation in daily operations to the remaining members of the executive committee, each of whom is responsible for a different number of companies in the various regions.

Sales by regions (5)

in CHF million	Europe		America		Asia		Group	
first 6 months	2018	2017	2018	2017	2018	2017	2018	2017
Sales	261.3	223.9	120.1	114.3	66.6	57.5	448.0	395.7
Sales deductions	0.8	0.6	0.6	0.0	0.3	0.0	1.7	0.6
Total Net sales	**260.5**	**223.3**	**119.5**	**114.3**	**66.3**	**57.5**	**446.3**	**395.1**

Financial result (6)

in CHF 1,000	First 6 months 2018	First 6 months 2017
Financial income	–1,593	–1,553
Financial expenses	3,865	4,358
Total Financial result	**2,272**	**2,805**

Acquisition and disposal of subsidiaries and businesses (7)

Acquisitions 2018

The following table shows the acquired balances at their market value as per acquisition date and the resulting goodwill.

in CHF 1,000	Provisional market value as per acquisition
Inventories	1,238
Long-term assets	48
Other current liabilities	–112
Long-term liabilities	–21
Net assets acquired	**1,153**
Goodwill	1,854
Total	3,007
Less purchase price not yet paid	–191
Cash flow from acquisitions	**2,816**

In March 2018, assets from RGM SAS, France, were acquired as part of an asset deal.

In March 2018, a purchase price adjustment for assets which were part of an asset deal with Mario Marchi Eredi, S.p.A, Italy, in August 2017 resulted in a goodwill adjustment of CHF 0.1 million.

In June 2018, a purchase price adjustment of an acquisition in the USA from the year 2016 resulted in a cash inflow of CHF 0.8 million and a reduction of goodwill in the same amount.

Acquisitions 2017

In the first six months of 2017, no subsidiaries were acquired.

The financial investment in bigHead Fasteners Ltd, England, of 19 percent acquired in 2014 was organizationally integrated into the Bossard Group. The company was fully consolidated after taking over the control over the business policy as of January 2017. The following table shows the acquired balances at their market value. The resulting goodwill amounts to CHF 1.6 million.

in CHF 1,000	Market value as per acquisition
Cash and cash equivalents	1,200
Accounts receivable, trade	483
Inventories	311
Other current assets	51
Long-term assets	819
Accounts payable, trade	–341
Other current liabilities	–807
Long-term liabilities	–6,626
Net assets	**–4,910**
Non-controlling interest	–3,977
Net assets acquired	**–933**

The full consolidation of cash and cash equivalents of bigHead Fasteners Ltd, England, of CHF 1.2 million, reduced by an earn-out payment for Forind Fasteners S.r.l., Italy, of CHF 0.5 million, resulted in a cash flow of CHF 0.7 million.

Disposals

In 2018 and 2017, no subsidiaries were disposed.

Exchange rates (8)

	30.06.2018 Exchange rate	01.01.2018–30.06.2018 Average exchange rate	31.12.2017 Exchange rate	30.06.2017 Exchange rate	01.01.2017–30.06.2017 Average exchange rate
1 EUR	1.16	1.17	1.17	1.09	1.08
1 USD	1.00	0.97	0.97	0.96	0.99
1 GBP	1.31	1.33	1.32	1.24	1.25
1 AUD	0.73	0.75	0.76	0.73	0.75
1 RON	0.25	0.25	0.25	0.24	0.24
1 CAD	0.75	0.76	0.78	0.74	0.75
1 NOK	0.12	0.12	0.12	0.11	0.12
1 ZAR	0.07	0.08	0.08	0.07	0.08
100 DKK	15.51	15.71	15.72	14.69	14.47
100 SEK	11.07	11.53	11.91	11.36	11.22
100 CZK	4.45	4.59	4.58	4.18	4.02
100 HUF	0.35	0.37	0.38	0.35	0.35
100 PLN	26.46	27.73	28.04	25.83	25.21
100 SGD	72.92	72.85	72.93	69.57	70.81
100 TWD	3.26	3.27	3.28	3.15	3.24
100 RMB	15.08	15.18	14.95	14.15	14.47
100 MYR	24.70	24.54	23.99	22.32	22.66
100 THB	3.01	3.05	2.99	2.82	2.87
100 INR	1.45	1.47	1.53	1.48	1.51
100 KRW	0.09	0.09	0.09	0.08	0.09
100 MXN	5.01	5.07	4.98	5.29	5.13

Events occurring after balance sheet date (9)

Since June 30, 2018 no major events occurred which would require additional disclosures or changes in the Semi-Annual Report 2018.

AGENDA

Publication of sales results, 3rd quarter 2018
October 10, 2018

Publication of sales results 2018
January 10, 2019

Meeting for financial analysts & media conference, publication of Annual Report 2018
March 6, 2019

Annual general meeting
April 8, 2019

Publication of sales results, 1st quarter 2019
April 8, 2019

The complete Semi-Annual Report 2018 is available on www.bossard.com > About us > Investor Relations. This report is unaudited and prepared in accordance with Swiss GAAP FER 31.
The Semi-Annual Report contains forecasts. They reflect the company's present assessment of market conditions and future events and are thus subject to certain risks, uncertainties and assumptions. Through unforeseeable events the actual results could deviate from the forecasts made and the information published in this report. Thus all the forecasts made in this report are subject to this reservation.

This Semi-Annual Report 2018 is also available in German. The German version is binding.

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