



IMAGINE

**You already have
the answer to the
Fourth Industrial
Revolution.**

IMAGINE

**Visions are
within reach.
Your operations
become leaner
thanks to smart
fasteners and
more intelligent
logistics.**

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, technical consulting (engineering) and inventory management (logistics) is Bossard one of the established companies as an end-to-end supplier and partner in the industry.

The Group's customers include local and international industrial companies who use Bossard solutions to improve their productivity. With more than 2,100 employees in over 75 locations throughout the world, the Group generated CHF 695 million in sales in 2016. Bossard is listed on the SIX Swiss Exchange.

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Talk 4.0 Glossary

Are you familiar with the terminology of the Fourth Industrial Revolution? In Talk 4.0, we explain the most important terms clearly and succinctly.



[Online Report](#)



[Annual Report](#)



[Summary Report](#)

Find the Online Report and complete Annual Report as PDF at:
<https://annualreport.bossard.com>

AT A GLANCE

New record highs – improved profitability

Bossard continues on its growth path: Sales, EBIT, and net income reached record highs in 2016. This development confirms our investment policy targeting profitable growth.

Key figures

in CHF 1,000	2016	2015
Net sales	695,015	656,314
Change to prior year in %	5.9	6.2
Gross profit	219,649	202,704
Personnel expenses	145,668	135,903
in % of net sales	21.0	20.7
EBITDA	91,114	81,922
in % of net sales	13.1	12.5
EBIT	78,509	70,319
in % of net sales	11.3	10.7
Net income	62,434	54,490
in % of net sales	9.0	8.3
Cash flow ¹⁾	75,039	66,093
in % of net sales	10.8	10.1
Capital expenditures	40,021	22,128
Operating net working capital ²⁾	264,557	256,321
in % of net sales	38.1	39.1
Net debt	158,767	147,828
Shareholders' equity	207,644	186,186
in % of total assets	41.9	40.2
Total assets	495,769	462,602
Return on equity	31.7	27.5
Return on average capital employed (ROCE)	18.5	17.6
Dividend yield in % (Basis: share price at Dec. 31)	2.3	2.7
Earnings per share ^{3) 4)}		
Registered A share in CHF	8.04	7.01
Registered B share in CHF	1.61	1.40
Price/earnings ratio (Basis: share price at Dec. 31)	17.8	15.6
Price/book value per share	5.2	4.4
Annual weighted average number of employees ⁵⁾	2,012	1,950
Net sales per employee ⁶⁾	345.4	336.5

1) Net income + depreciation and amortization

2) Accounts receivable, inventories, less accounts payable

3) Basis: Average capital entitled to dividend

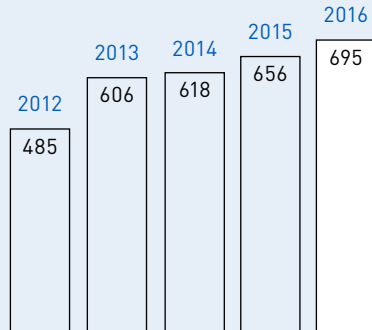
4) Basis: Share attributable to shareholders of Bossard Holding AG

5) Average full time equivalent

6) Basis: Annual weighted average number of employees

Net Sales

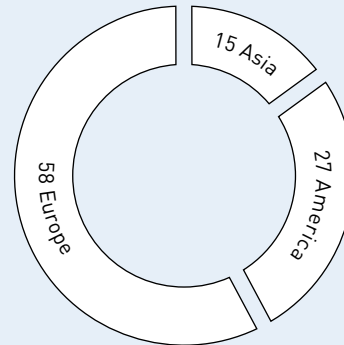
in CHF million



Sales rises by **5.9 percent** to a new record level of CHF 695 million.

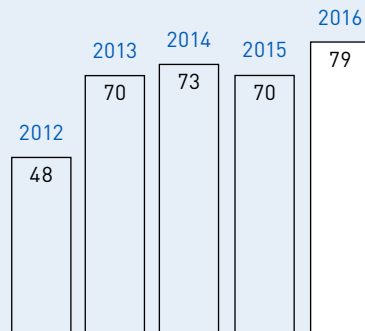
Geographic Sales Distribution

in %



EBIT

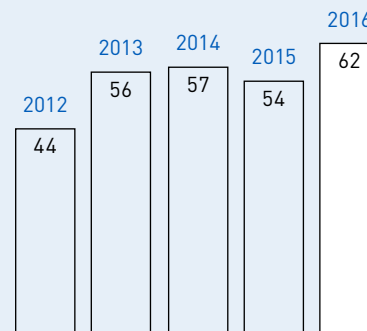
in CHF million



Targeted investments pay off – EBIT increases by **11.6 percent** to a new record high.

Net Income

in CHF million



+14.6 percent
Net income at record high – basis for future growth.

Without a doubt, the time for **Smart Factory Logistics** technology has come. The existing cost pressure is forcing many industrial companies to take a closer look at leaner cost structures. From our perspective, the Smart Factory, or **Industry 4.0**, is a **core element** for our customers to achieve profitable growth.

Bossard places great importance on clear **growth goals** in the area of high-quality and technically sophisticated fastening solutions. These goals have been strengthened through the recent acquisitions. In addition, our **acquisition policy** helps ensure that key personnel – and hence their expertise and experience – are retained at the acquired companies.

REPORT TO THE SHAREHOLDERS

Success based on continuous investments

Dear Shareholders,

The 2016 fiscal year underlined impressively the growth potential of the Bossard Group arising from its premium product and services portfolio. In 2016, we again generated record sales and profits. Sales rose by 5.9 percent to CHF 695 million, and net income grew by an impressive 14.6 percent to CHF 62.4 million. Performance in all market regions (Europe, America and Asia) improved, although business in individual countries continued to be difficult. Fortunately, we were able to make headway toward our ambitious profitability targets. While the previous year had been plagued with the challenges precipitated by the appreciation of the Swiss franc, operating profitability rallied in 2016 to well above the industry average.

Undaunting commitment in America

Our America business grew by leaps and bounds in 2016. The surge in business volume was largely due to our cooperation with the leading US electric vehicle manufacturer and its soaring production volumes. Our commitment to this customer, demonstrated by substantial upfront investments since 2010, is indeed paying off. A mutually binding contract extension until 2020 reflects the successful cooperation and esteem the two companies have for one another.

For years, we have been selectively expanding our America business because we see enormous potential for profitable growth in this region. This commitment is underscored by the acquisition of AeroSpace Southwest, Inc. in 2015. In November 2016, Bossard acquired Massachusetts-based Arnold Industries, Inc., a distributor of premium fastening solutions and thus perfectly aligned with Bossard's philosophy. Arnold Industries is an expert supplier to the electronics, computer and medical technology industries – sectors in which Bossard has gained a wealth of experience in other regions of the world. The acquisition of Arnold Industries solidified our presence in the Northeast of the USA. Bossard already has a presence in a number of major industrial locations in America.

The Technology and Development Center we opened in Silicon Valley at the end of 2016 also reflects our focus on the USA. The center ties into our mission to supply complex and advanced fastening solutions in a highly innovative business landscape.

Vigorous investment

Expanding our America business required considerable investment. In addition, we spent substantial funds in other regions of the world to solidify and expand our market presence. Most recently, we expanded capacities and infrastructures in Germany, Denmark, China, South Korea, Thailand and Malaysia. Overall investments from 2014 to 2016 totaled over CHF 30 million, reflecting this stepped-up commitment. With these efforts, we are building a sustainable foundation on which Bossard can continue to grow organically and successfully.

Noteworthy projects include the new technology and logistics center in Hvidovre near Copenhagen, which plays a key role to opening up the Scandinavian markets. Another is expanded capacity in Illerrieden, Germany, where a state-of-the-art 6,100 square meters' logistics center was built that will serve customers in Germany and other European countries. In late 2016 Bossard moved into a new distribution and technology center in Shanghai that will help us expand our market presence in China. As you can see, valued shareholders, Bossard is investing a great deal in its future. And this willingness to invest is one of the keys to the success we have enjoyed over the past several years.

To make Industry 4.0 tangible

The trend toward intelligent factories within the context of Industry 4.0 will become increasingly important for our customers in the coming years.

With our Smart Factory Logistics methodology, we have developed a system that helps our customers work more effectively and efficiently in this environment. It is not surprising then that RWTH Aachen University chose our methodology for a demonstration factory that shows how a production facility of the future will operate in the real world. RWTH Aachen offers a practical and hands-on opportunity to experience Industry 4.0. We are also cooperating with universities in other countries that value our practical experience. Making Industry 4.0 tangible is a frequent request. With Smart Factory Logistics, Bossard demonstrates how the link between the supply chain and the assembly line works.

Bossard is aware that many industrial companies are still at the very beginning of this transforma-

tion process. But many entrepreneurs know that this is the way to boost productivity and that moving towards Industry 4.0 is a must. In this situation, Bossard benefits from all the groundwork it has done over the years. We are ready for those customers that want to take the next steps toward Industry 4.0, and we are pleased to be able to offer solutions that drive this transformation, thus making Industry 4.0 tangible.

Long-term thinking, responsible action: the basis for success

The aviation industry, our engagement to the automotive industry, the expansion of our America business, and major investments in various countries: A fiscal year like 2016 is much more than a succession of quarterly figures. Over the months, various strategic decisions were made that significantly affect the company's future success. And much of what we accomplished in 2016 should be seen as the basis for future growth. In some cases, measurable results may not manifest themselves in 2017. It is critical to the company, however, that we safeguard our perspectives for growth over the medium and long term. The evidence lies in the many investments we made in 2016, but also in the vigor we bring to each project as we continually break new ground by taking on highly complex tasks from demanding customers. It is in this spirit that we express our confidence in the continued success of the Bossard Group. We are convinced that this forward-looking strategy is in the interest of all our stakeholders: our customers, our employees, and especially you, our valued shareholders. Not only have you given us your loyalty and trust, your feedback and recommendations have been pivotal to our growth. Please accept our heartfelt gratitude.

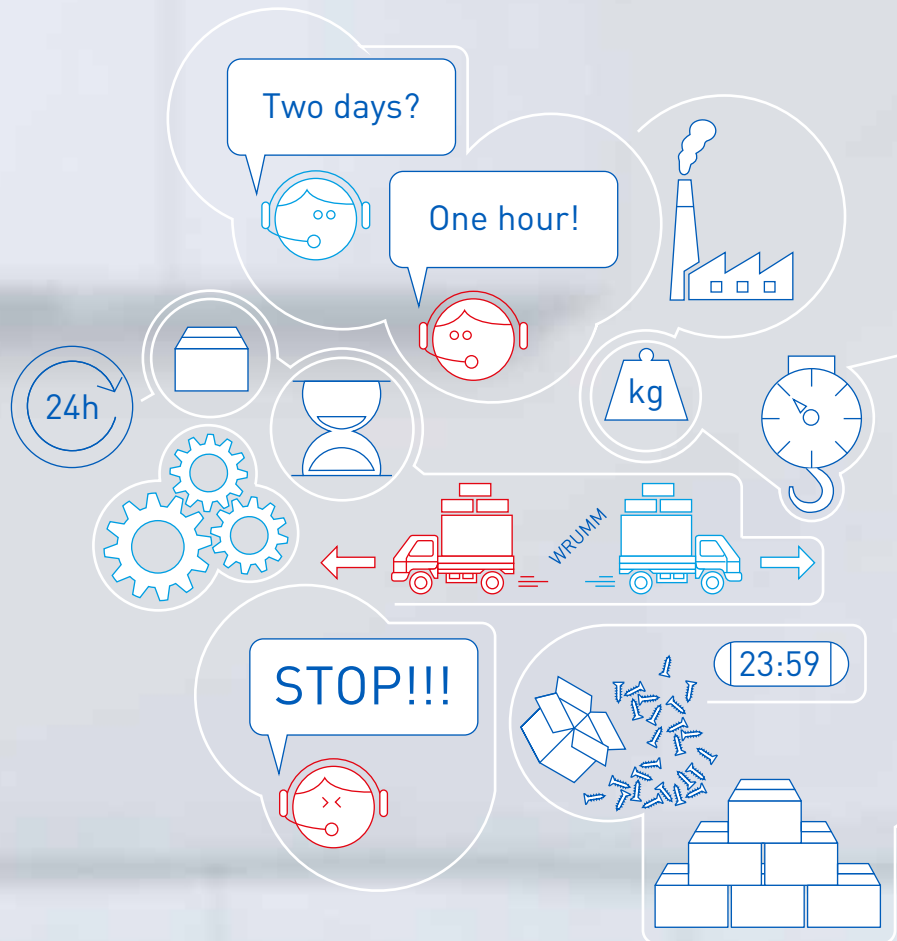


Dr. Thomas Schmuckli, Chairman of the board of directors and David Dean, CEO

Dr. Thomas Schmuckli
Chairman of the
board of directors

David Dean
CEO

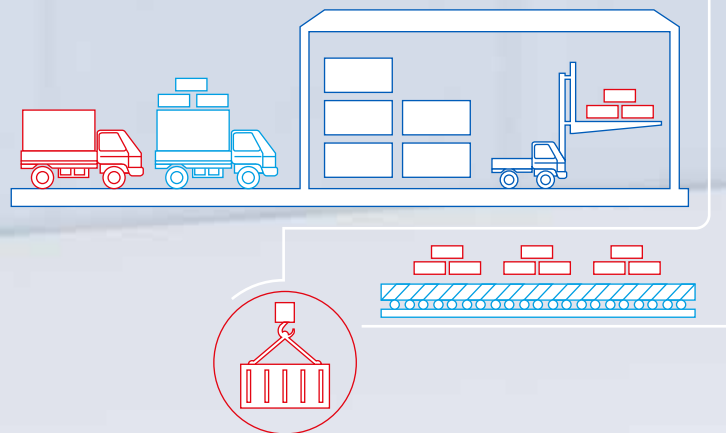
Zug, February 27, 2017

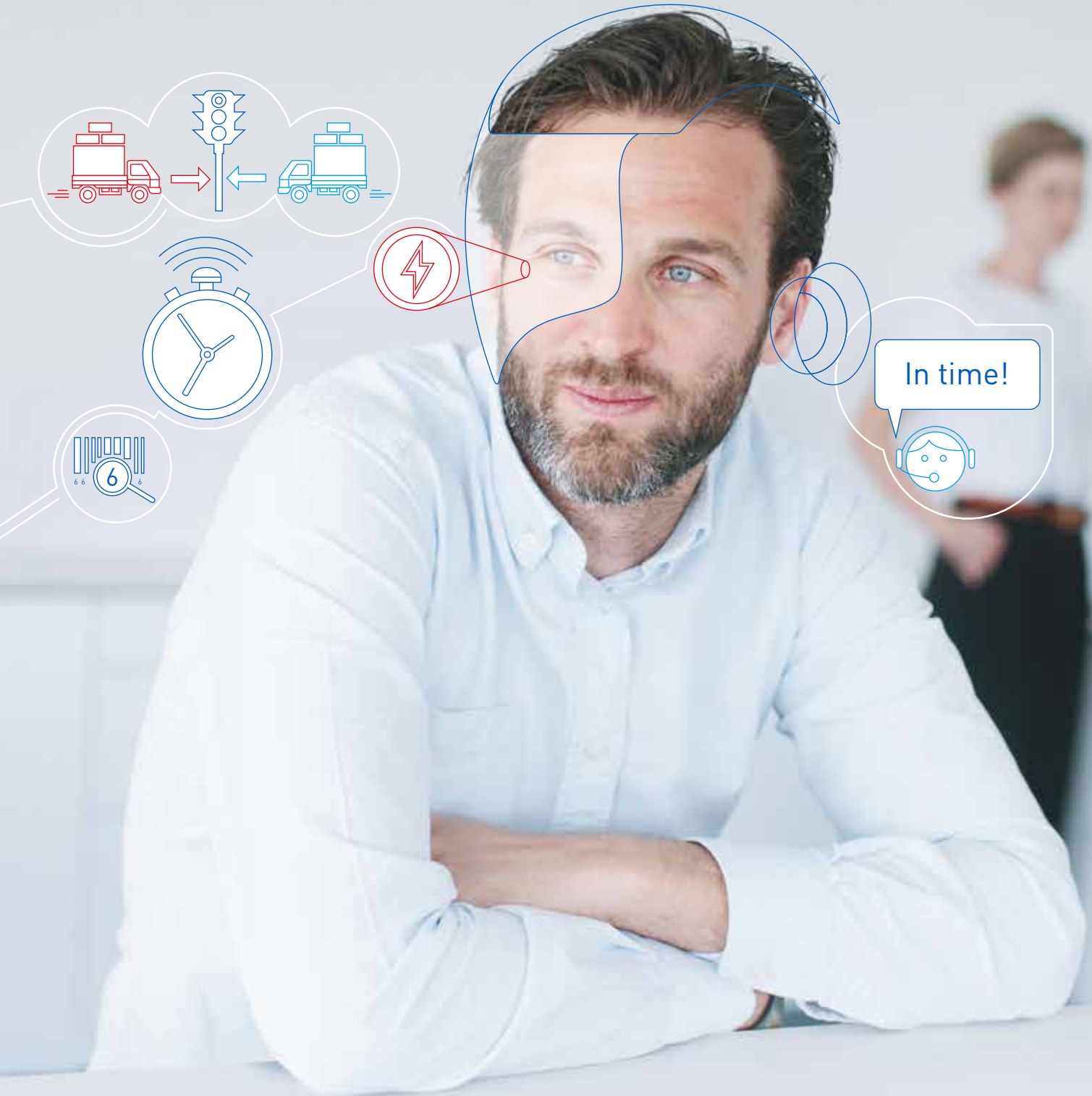


IMAGINE

Your suppliers can read your mind.

If, in fact, suppliers could read minds, it would save production operations a lot of time and unnecessary costs. Bossard always puts itself in its customers' shoes and anticipates their needs along the entire supply chain. This practice has given rise, among other things, to fully automated end-to-end logistics systems. These systems offer customers the utmost degree of transparency and simplify planning processes with better predictability. It's like reading your mind.





In time!

REALIZE

Algorithms identify needs

Bossard can't really read minds, can it?

Urs Güttinger: Of course not. Neither can fortune-tellers. They simply collect information and piece it together into a story. It's similar to what we do at Bossard. Our systems constantly take in large amounts of data and process it intelligently. It's essentially about taking unstructured information, analyzing it using algorithms, and then drawing the appropriate conclusions. That's why we know what customers actually need, often better than they themselves do.

What Bossard services come close to mind-reading?

We want our customers to be able to focus on their core competencies. We take time-consuming B- and C-parts management virtually completely off their hands. Our Smart Factory Logistics products ensure reliable provisioning of B- and C-parts, regardless of whether we stock the part ourselves or procure it from one of the customer's other suppliers.

What exactly is Bossard Inventory Management (BIM)?

Bossard offers solutions that can be used to jointly manage all B- and C-parts. Orders for the broadest range of parts, such as fastening elements, pneumatic parts, hydraulics, sealing technology, electrical materials, are handled by us. Orders are triggered automatically based on demand. Behind the scenes, we consolidate the orders and bundle them into a single delivery. A Bossard logistics specialist goes to the customer site and replenishes the Kanban system right at the point of use, if required. Everything runs through the same system, the BIM – from stock taking and ordering through administration. The customer has 100 percent transparency and control over the entire cycle. He's free of the problems and concerns around deliveries.



Urs Güttinger, Head of Smart Factory Logistics, Bossard AG, Switzerland

Based on your experience, how much can procurement costs be reduced?

Thanks to direct and automated Kanban management systems, procurement costs can be cut by as much as 50 percent. On top of the financial savings, the customer benefits from a totally reliable supply while avoiding human error.

In your view, what are the biggest benefits for the customer?

The customer has more time for what's really important – thanks to absolutely reliable supply, low administration and warehouse management costs, and complete transparency.

What is your vision for your customers' supplier management?

My hope is for seamless communication and uninterrupted data flow between systems through Cloud, thus completely eliminating manual intervention. That would, so to speak, automate mind-reading.

What's been the biggest success you've had with BIM thus far?

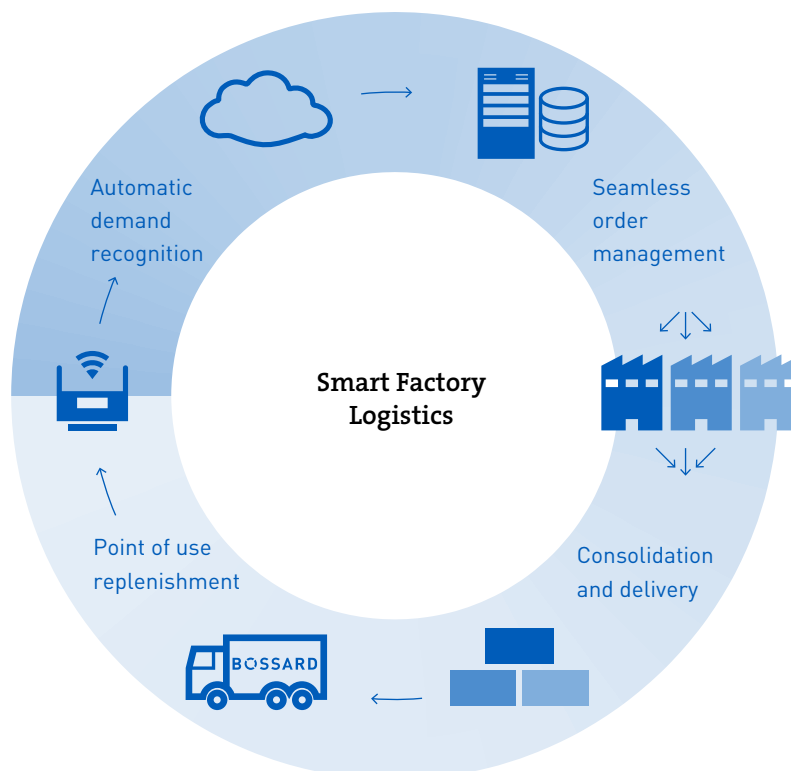
For me it's always a success when the customer wants more as soon as we've finalized the initial implementations. Our solutions simply speak for themselves. We couldn't ask for anything more.

TALK 4.0

BIG DATA


Smart manufacturing generates large, automatically recorded volumes of data which no longer can be analyzed using traditional methods. Evaluating this information and drawing the right conclusions is one of the challenges of the Fourth Industrial Revolution. This requires powerful data analytics to identify weak points, optimization potential and trends.

Bossard Inventory Management (BIM)



KOMAX AG

Obsolete orders



The Komax Group is a global technology company that focuses on markets in the automation sector. As a manufacturer of innovative and high-quality solutions for the wire processing industry, Komax helps its customers implement economical and safe manufacturing processes, especially in the automotive supply sector. With its comprehensive product range, Komax offers automated, intelligent solutions for all modern wire processing applications.

PROVEN

“From 10,000 orders to 0 thanks to Bossard Inventory Management.”

View the full success story at:
www.bossard.com/proven



MARCEL BUCHER
Warehouse Manager
Komax AG, Switzerland





09:47

3. CHECK
Building 2
Section C

Replenish
Part 1.1.3



IMAGINE

Your day has 25 hours.

On-time production requires that every single part be at the right place at the right time. Bossard understands the processes needed to ensure just that. We identify the hidden optimization potential that boosts productivity. The result: up to 80 percent better throughput times. An achievement that allows Bossard customers to outpace the competition. Suddenly it seems like there are more hours in the day.

Yummy...

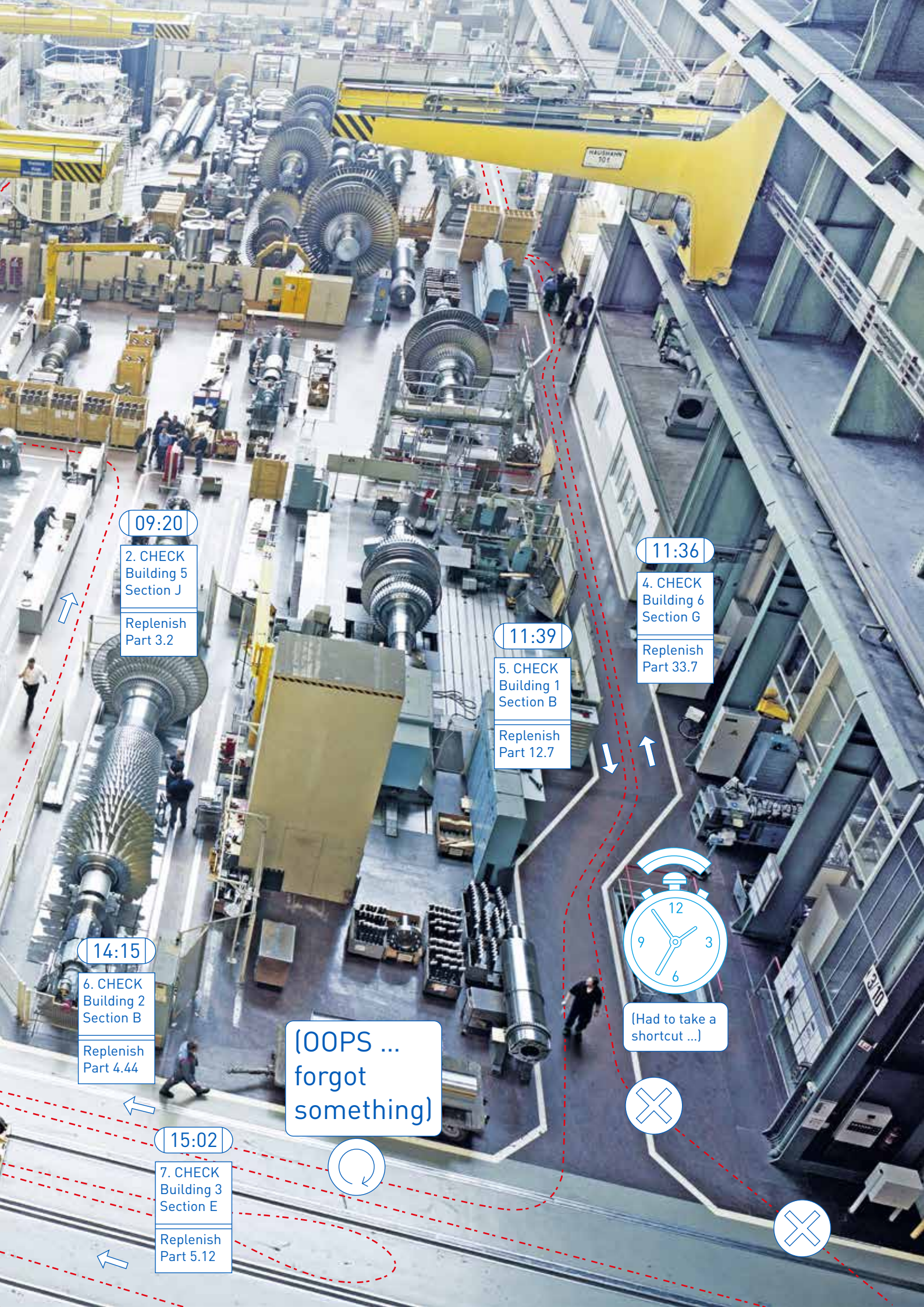


07:59

1. CHECK
Building 3
Section A

Replenish
Part 69.15





09:20

2. CHECK
Building 5
Section J

Replenish
Part 3.2

11:36

4. CHECK
Building 6
Section G

Replenish
Part 33.7

11:39

5. CHECK
Building 1
Section B

Replenish
Part 12.7

14:15

6. CHECK
Building 2
Section B

Replenish
Part 4.44

15:02

7. CHECK
Building 3
Section E

Replenish
Part 5.12

(OOPS ...
forgot
something)



(Had to take a
shortcut ...)



REALIZE

More efficient use of time

What would you do differently if there were one more hour in a day?

Philippe Züllig: That would be great. I would spend that hour in the air; I'm a hobby pilot. For me, time in the cockpit is the perfect balance to work. By the way, a 25-hour day is a better fit for our natural bio-rhythm. Because the earth rotates more quickly, we don't get that extra hour. But I doubt that the extra hour would satisfy our society's insatiable need for more time.

Is gaining time merely an illusion in day-to-day industrial manufacturing?

It's not an illusion here at Bossard. There are already a number of methods to make production more efficient and effective. I'm convinced that advancing digitalization and the knowledge derived from the Fourth Industrial Revolution will enable us to further improve both manufacturing processes themselves as well as the auxiliary processes to which they are linked. However, our task remains the same. We will continue working on increasing transparency to uncover hidden potential. That's exactly what our Next Generation service is all about.

What does Next Generation from Bossard have to offer?

It may not be immediately obvious, but we consult with our customers as early as the development phase of new generations of products. But considering that on average 50 percent of a product's parts are fastening elements or other C-parts, it's clear that production costs can be reduced right in



Philippe Züllig, Head of Consulting, Bossard Group

the development phase. The optimal product design can influence about 80 percent of production costs. Therein lies enormous and frequently underrated potential to reduce complexity and process costs. We use the value stream analysis to identify that potential.

TALK 4.0

AGILE MANUFACTURING

Agile manufacturing is driven by what customers want. This allows companies to respond quickly and flexibly to customer or market needs without any loss in quality or additional costs. Derived from lean manufacturing, the agile manufacturing concept results in a clear competitive edge.

How exactly does a value stream analysis work?

Sometimes it's worth it to turn things upside down. We don't analyze just the production workflow; we start with the end customer and follow it back to the supplier. This approach gives us a new perspective that allows us to uncover hidden optimization potential. Our goal is to identify subprocesses in production that don't create value. For example, the percentage of pure processing time in overall throughput time is a major indicator of efficiency.

What do you focus on in particular?

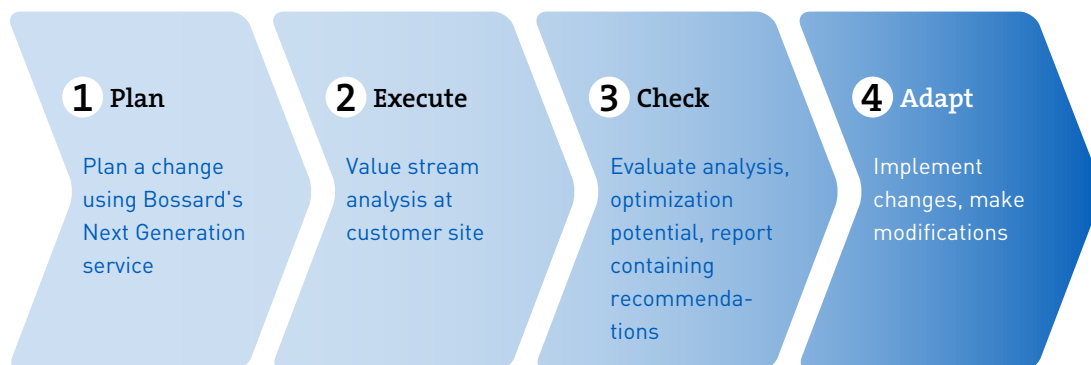
Our analysis focuses not just on the C-parts themselves but also on how they are installed and how they get to the working cell. We scrutinize assembly tools, logistics concepts, production layout, and administration costs. This holistic approach helps us to identify potential cost savings in both production

and administration. The customer can reduce manufacturing costs as well as gain something even more beneficial: With production tying up less capital, he has more options.

What project sticks in your mind in particular?

Actually almost every project has produced unexpected insights. What I remember most is the astonishment on customers' faces when it dawns on them that a single clever screw can permanently cut their costs. Of course, helping a customer to achieve an actual breakthrough is particularly gratifying, like cutting throughput times from 40 to 6.5 days. Successes like that don't need words.

Next Generation process



KOMPTECH GMBH

Optimized processes



Komptech is a leading international technology supplier of machinery and systems for the mechanical and mechanical-biological treatment of solid waste and for the treatment of biomass as a renewable energy source. The product range includes over 30 different types of machines, that cover all key process steps in modern waste handling - shredding, separation, and biological treatment. The focus is always on innovative technology and solutions that ensure the maximum customer benefit.

PROVEN

“Savings in the double-digit range with Next Generation.”

View the full success story at:
www.bossard.com/proven



CHRISTIAN OBERWINKLER
Managing Director
Komptech GmbH, Austria



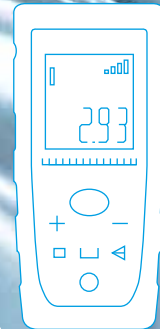


Can somebody turn down the airconditioning?

This is not necessary for me. I can stand high temperatures easily.



Are you milled or pressed?



IMAGINE

Your fasteners invent themselves.

There are countless fasteners on the market. However, it isn't always easy to find the right solution amidst all the technological innovations, new materials, and sophisticated production technologies. In addition to a full range of standard fasteners, Bossard also offers customized fastening solutions. And if there's something that doesn't exist yet, we will invent it for you.

I feel so lucky that I have been chosen out of 1,000,000 parts.

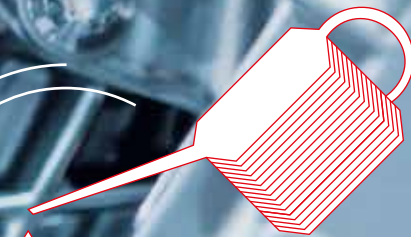


It's so cool to be self-drilling.



I wonder if anybody else is tailormade in here?

I love to be nice and shiny. I'm really glad to be corrosion-resistant.



REALIZE

Cost-saving fastening solutions

If a screw would invent itself, what would it look like?

Boris Sauvignon: That's an easy question to answer: it would be perfect. The screw would be resistant against any type of wear, efficient to install, adjustable, and inexpensive. And something extremely important – it would be reusable.

How does a customer find the right product from the million available?

We take on the job of finding the ideal solution for the customer. Once a company has defined its requirements and knows the quality specifications the fastening element should meet, then we find or invent the right element. First, we jointly define the key

TALK 4.0

PREDICTIVE MAINTENANCE (PM)

Predictive maintenance aims to reduce production downtimes. Measuring and monitoring equipment is used to schedule facility maintenance ahead of time, taking into account service life, operating conditions and the current state of the facility.

functions. After that we know whether a standardized fastening element or a customized solution makes the most sense. Either way we're not focused solely on the element. We consider the larger context and make sure not to incur any unnecessary production costs.

When do individual fastening solutions make sense?

Standardized catalog products are best for day-to-day applications, whereas customized solutions fulfill very specific requirements. These solutions are in demand especially for innovative and premium products. We support customers with the complex technical issues that arise in such processes. Customized designs can often reduce the cost of assembly and support leaner processes.



Boris Sauvignon, Engineering Manager & Group Quality Auditor, Bossard France S.A.

Do your customers know that typically half of product components are fastening elements?

I'm sure that customers know quite well how many fasteners are in their products. What they may not be aware of is the enormous rationalization potential in B- and C-parts management. Most of those costs are hidden. That's exactly where Bossard steps in. That's why we're often brought in during the product development phase. It pays off later in the form of good quality and reduced production costs.

How does Bossard improve screws, nuts, and rivets?

We want to find the best fastening solution for each and every application. Quality and functionality are first and foremost. We can control it all – material, shape, color, coating, and finishes. We define tolerances and design products for machining. If, during the process, we discover a need that others in the market have, we add the new solution to the Bossard ecosyn® line and offer it in the catalog. That's how we keep our overall product range in step with the market. Successful B- and C-parts management also relies on a stable supplier network.

What familiar product contains a customized fastener from Bossard?

Right now we're working with a customer in the luxury segment in France on a suitcase. Surfaces often add value, especially in the luxury sector. Black isn't just black; there are many options – matt, glossy, shimmering. We're developing a champagne-colored element for the new suitcase, an element not found in any catalog.

Hidden potentials of fastening technology

15 %

Visible cost

Cost of fastening element

85 %

Invisible cost

Development
–
Design
–
Sourcing
–
Logistics and handling
–
Ordering and stocking
–
Quality inspection
–
Pre-assembly and assembly
–

GRUPE ATLANTIC

Increased productivity



Groupe Atlantic is market leader in France in heating devices and tankless water heaters. For 40 years, the Group has been developing technologies and products that create long-lasting comfort from raw energy. The company's mission is to provide everyone with comfortable heating tailored to their individual needs – and to do so in an ecologically efficient way.

PROVEN

“Multi-functional ground connection increases productivity by 40 per-cent.”

View the full success story at:
www.bossard.com/proven



STÉPHANE OBRIST
R&D Manager
Groupe Atlantic, France





Can anybody
get me out here?

I have been here
since 2004!



I don't know
why I am here ...



04

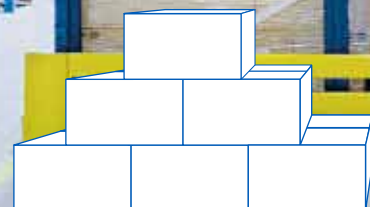
05

06

IMAGINE

You don't need a warehouse.

Maintaining a warehouse is often associated with unnecessarily high costs and ties up capital. Bossard delivers parts right to your production line via automated ordering processes. Our systems place orders when the need actually arises. We guarantee the availability of the required materials, making warehouses redundant.





PLEASE
don't forget me!!!

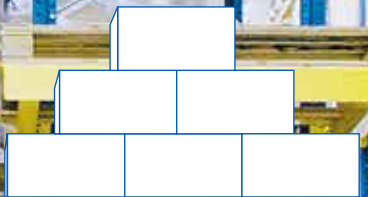


Hey, quiet down,
everyone!

07

08

09



OBSOLETE
INVENTORY!!!



kg kg kg

REALIZE

Smart warehouse management

Isn't minimal stock-keeping risky?

Kelvin Bek: Customers are often skeptical, but today stock can really be reduced without risk. In fact, Smart Factory Logistics has allowed us to take over that entire task from some customers. Many customers are not quite ready to let go of inventories completely because they're concerned about the reliability of supply. They keep a lot of stock on hand in spite of the enormous added expense. It takes courage to move towards inventory-free production. At Bossard, we believe in a future without inventories. The benefits of this solution are proven and have already won over many companies. There is even greater potential for development in the Asian market.

Bossard automates B- and C-parts management. What do the people do now?

Don't worry – we're not making them superfluous. We're simply taking the headaches out of keeping B- and C-parts straight. People now have more time for more important tasks. We offer training and coaching so that teams master the changes. Experience shows that executives and employees alike are happy with the simplified processes.

What are the benefits to customers who produce intelligently?

Simply put: The right number of parts are at the right place at the right time. The fully automated systems from Bossard almost never require manual intervention and guarantee that B- and C-parts are where they're needed. Customers no longer need to maintain inventories. Orders are more predictable and the warehouse – if there still is one – is optimally used.



Kelvin Bek, General Manager,
Bossard Pte. Ltd, Singapore

What's collaborating with customers like in such forward-looking processes?

Projects are usually initiated together with management. But the key to a project's success is the production manager and his or her team. We're often on site during the implementation phase and work closely with the customer. Shared visions lead us toward the goal. But there are also many practical challenges that demand solutions every day.

TALK 4.0

CYBER-PHYSICAL SYSTEMS (CPS)

Cyber-Physical Systems are computer-controlled socio-technical systems which acquire data on their own and actively influence processes. They utilize the Internet and are deployed in logistics, production and management. Cyber-Physical Systems are at the core of smart manufacturing.

A few years ago, we received quite an honor. One customer was so impressed with our solutions that he single-handedly created the Most Innovative Supplier Award for Bossard.

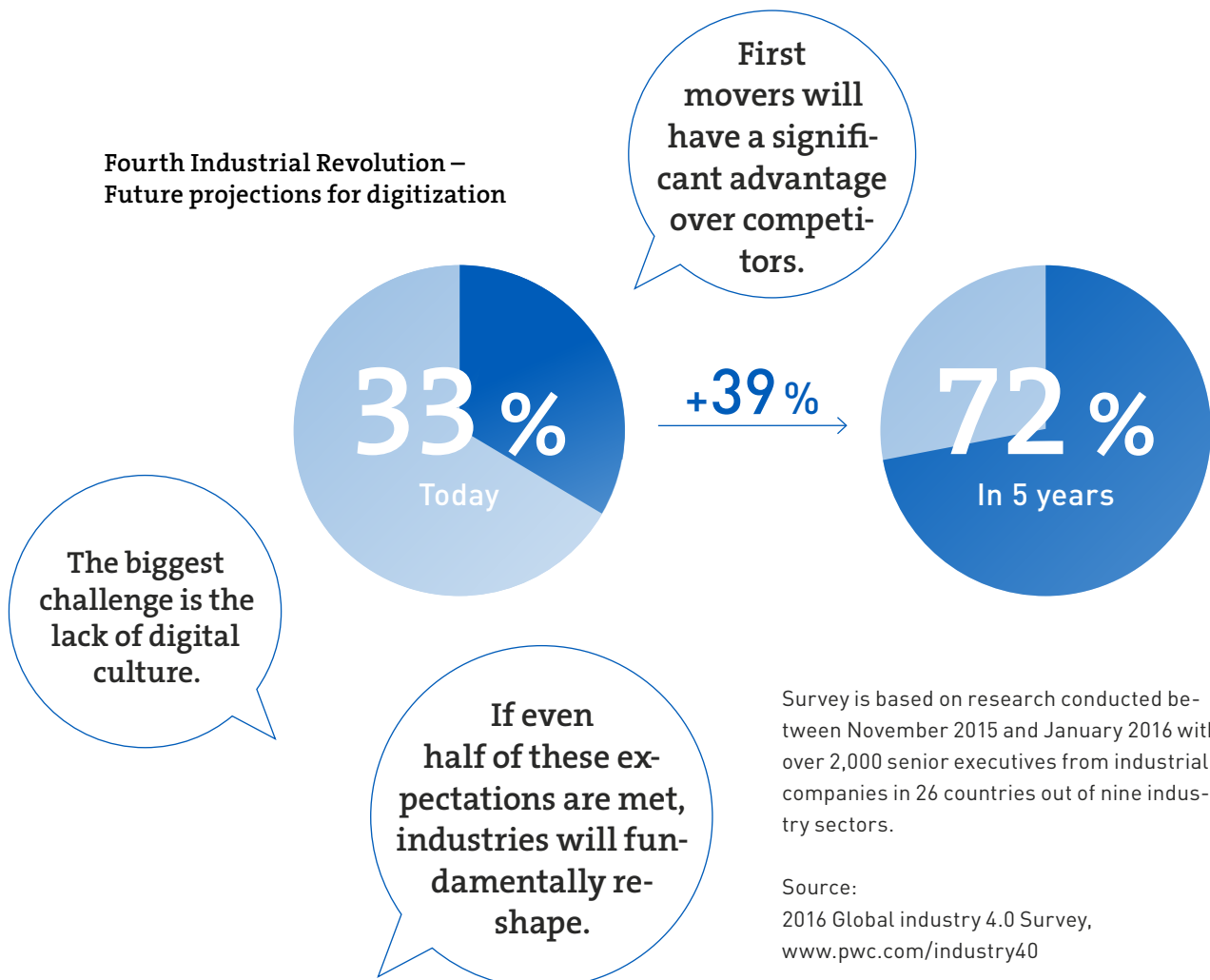
How significant will Cyber-Physical Systems be in future?

The Fourth Industrial Revolution is shaking up the manufacturing sector. It's making fast headway, and I'm convinced that automated and robot-operated production processes will spread rapidly. Systems and machines will be linked even more intensively.

What role does Bossard have to play in this development?

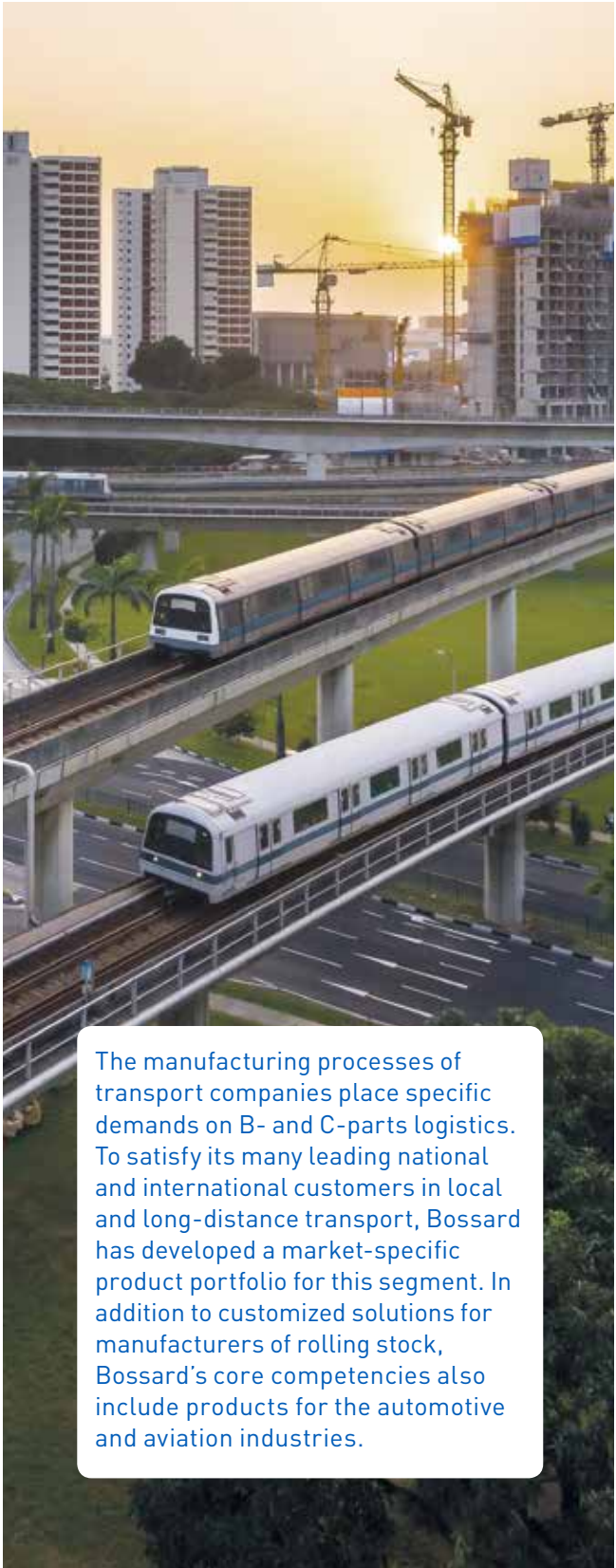
The standard of B- and C-parts management must be able to keep pace with the Fourth Industrial Revolution. That is why Bossard is continuing to invest heavily in service and product development. We take our role as the Most Innovative Supplier seriously and are always thinking ahead.

Fourth Industrial Revolution –
Future projections for digitization



WORLDWIDE TRANSPORT

Intelligent organization



The manufacturing processes of transport companies place specific demands on B- and C-parts logistics. To satisfy its many leading national and international customers in local and long-distance transport, Bossard has developed a market-specific product portfolio for this segment. In addition to customized solutions for manufacturers of rolling stock, Bossard's core competencies also include products for the automotive and aviation industries.

PROVEN

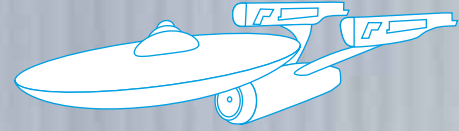
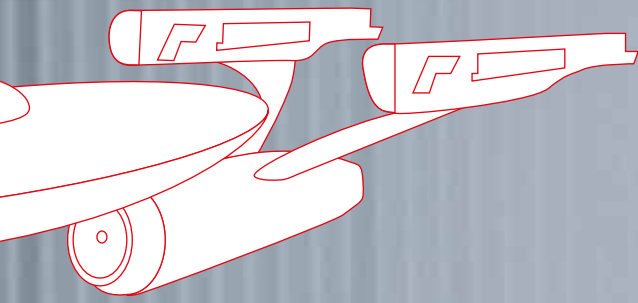
“Logistics costs reduction thanks to SmartBin.”

View the full success story at:
www.bossard.com/proven



JIN HON CHIA
Key Account Manager
Bossard Pte. Ltd, Singapore





IMAGINE

Your company has already joined the Fifth Industrial Revolution.

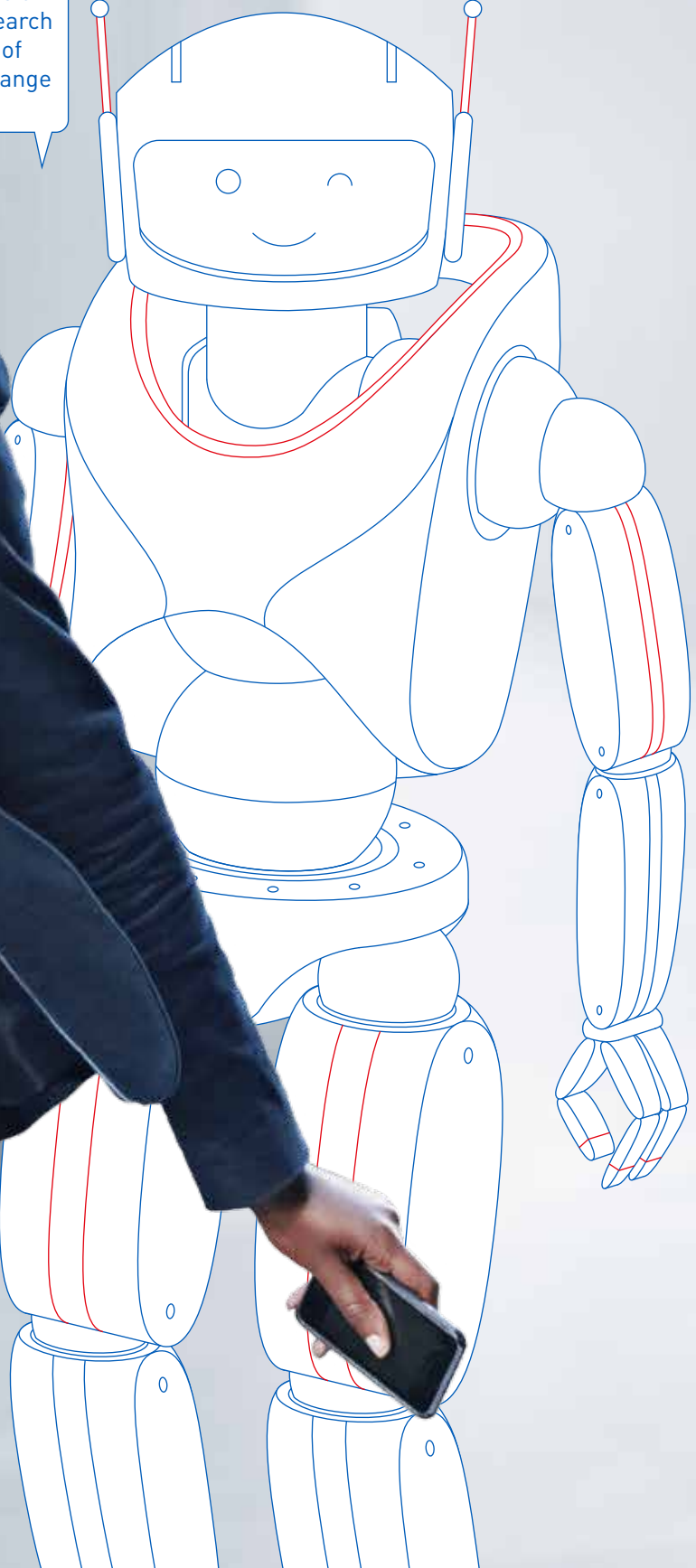
What can production operations expect after the Fourth Industrial Revolution? It's hard to say. One thing is clear, however: The Fourth Industrial Revolution is progressing rapidly, enabling factories to achieve higher agility and productivity than ever before. That's why it's so important to adopt a smart manufacturing methodology now. Being amongst the key players of the Fourth Industrial Revolution, we're constantly looking for what's ahead and beyond.

Could we soon talk about our new production strategy?

Sure, I have some new information from our production line for you.

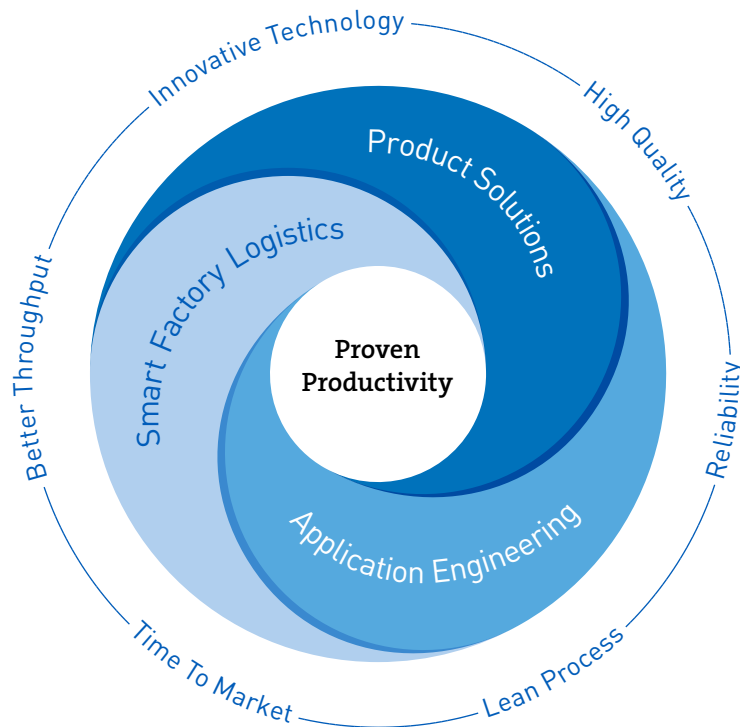
Do you have time for a meeting next Friday?

I'm sorry but I will be on Jupiter with my research team on Friday. But of course we could arrange a video chat.



BUSINESS MODEL

Making our customers more competitive



We live in a fascinating world. The products that surround us make our lives and work easier than ever before. From small everyday devices like smartphones or computers to large, industrially manufactured equipment like trains or tractors – today's products symbolize progress.

When you take a closer look at these products, you will discover an equally fascinating world consisting of thousands of parts, components and screws. Everything is in its place, in the right spot, and optimally connected to other parts.

Hidden Potential

At first glance, you will see things like screws, nuts or bolts. However, some things remain hidden to the eye and do not become obvious until you take a closer look. At Bossard, that is what we call the "hidden potential" of fastening technology. Hidden because at first glance they are invisible. Potential because they have the power to permanently boost the com-

petitiveness of our customers. These hidden aspects account for approximately 85 percent of the total cost of ownership of fastening elements (TCO).

Getting ahead together

For this reason, we work with our customers to uncover this potential along the entire value chain of industrial engineering. We analyze ways and means to optimize costs, to shorten lead times, and to constantly exceed the quality standards of the products used.

This process, this mindset, this targeted analysis and implementation approach has a name: We call it Proven Productivity.

As a promise to our customers, Proven Productivity has two elements: One, it has been proven to work. And two, it sustainably improves the productivity of our customers.

Strong performance

By working with our customers over the years, we have gained an ever clearer picture of what has proven to be effective over the long term. We have come to recognize what it takes to boost our customers' competitive position. As a result, we support our customers in three core areas of strategic importance.

First, finding optimal product solutions – evaluating and using the best fastening element for the intended application in our customers' products.

Second, from the moment our customer start designing a new product, our application engineering provides the most intelligent solution for any given fastening challenge.

And thirdly, optimizing our clients' productions in a smart and lean way with Smart Factory Logistics, our methodology, with intelligent logistics systems and tailor-made solutions.

Key benefits

From the perspective of our customers, the interplay of product solutions, application engineering and customer logistics has six core benefits:

- Time to market: This means that our customers' products are brought to market faster – a crucial competitive advantage in a global environment where speed counts.
- Lean process: For our customers, this means saving time, money and resources, being able to better calculate total costs – and above all, achieving higher margins.
- Better throughput: This is one of the central cost aspects for our customers when it comes to boosting effectiveness – and especially improving efficiency.
- High quality: For our customers, this means absolute reliability in terms of product, process and production safety – and hence, less waste and fewer complaints.
- Innovative technology: From a customer's perspective this is crucial. Only companies open to new developments are ready to successfully forge new paths and go where no other competitor has gone before.

- Maximum reliability: For our loyal customers, this means knowing that they can rely on us and our long-time employees with the utmost confidence – not just now, but decades down the line.

Proven Productivity is rooted in the traditions of our corporate history and today, in an increasingly competitive market environment, permeates every fiber of our global organization.

Proven Productivity is our contribution to boosting the competitiveness of our customers – sustainably and measurably. It is also a philosophy that motivates us on a daily basis to give our utmost and to further strengthen the foundation for the sustainable growth of our group.

TALK 4.0

SMART FACTORY

Smart factories are manufacturing environments in which products and production facilities communicate with each other, allowing for optimal control of the manufacturing process. Everything from logistics to power supply to infrastructure is networked using interactive technologies, resulting in a direct exchange of information.

STRATEGY AND HISTORY

Solid foundation for further growth

In line with its strategy, the Bossard Group has evolved into a global company over the last several years. A consistent business system combined with a successful business model and a clearly defined performance profile, form a solid foundation for further growth.

Proven Productivity – our promise ...

The strategy for the coming years continues to focus on targeted market development. The core of this strategy is our company's long-time philosophy of Proven Productivity – our market-oriented promise to boost the competitiveness of our customers in a sustainable and measurable way. This philosophy strengthens the bridge of trust between us and our customers day in and day out.

... for a globally fragmented market

The global market in which Bossard is growing is heavily fragmented. As opposed to other sectors and industries, there are no globally dominant players in fastening technology. This high level of fragmentation creates significant opportunities for organic growth. We will exploit these opportunities by continuing to be as close to our customers as possible.

Customer proximity creates growth opportunities ...

For us, proximity goes beyond geography. It also encompasses the primary challenge that keeps our customers awake at night – boosting their competitiveness. The better we understand our customers' perspective on this core challenge and the more in-depth we go in analyzing the issues associated with it, the better we can bring our extensive experience and expertise to bear when responding to this challenge.

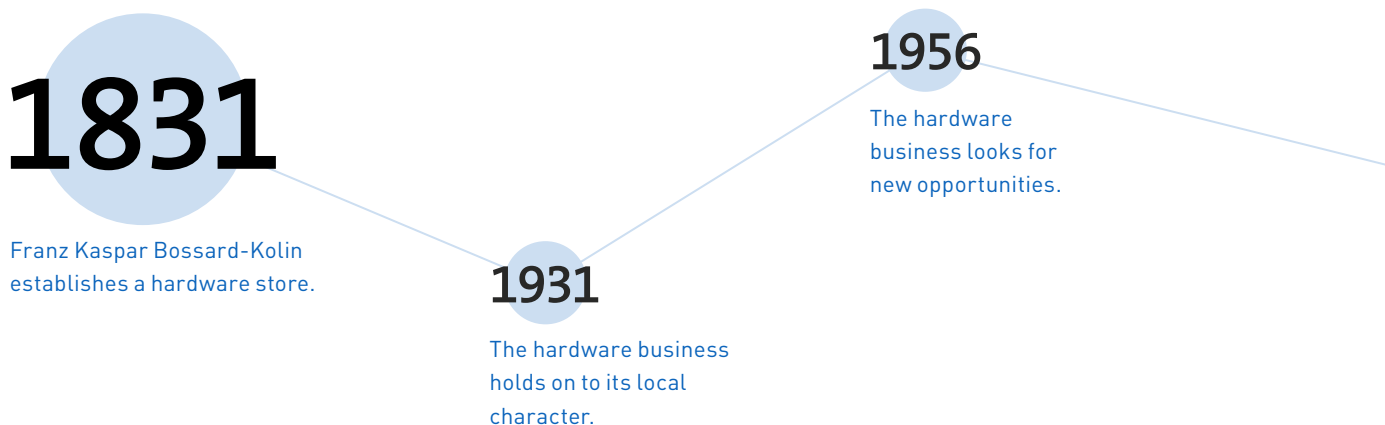
TALK 4.0

MASS CUSTOMIZATION

This seeming contradiction is a distinct industrial trend. Its goal is to customize mass-produced items using variations of key features. This enables demand-driven production and makes it possible to precisely meet customer needs.

... and drives our strategic ambition

"We want to be the trusted expert brand providing assembly technology solutions for our customers globally." To turn this vision into reality, we focus on OEM (original equipment manufacturer) customer groups with the aim of supporting them to boost their competitiveness. Thereby, we rely on outstanding services, technical consulting and efficient processes along the entire supply chain.



Our strategy for strong high-quality growth

Within the context of our strategic goals, which remain unchanged for 2016 to 2020, we are aiming to achieve sustainable high-quality growth. We want to substantially increase our sales revenue in the coming years to further strengthen and expand our market position. However, volume growth should not come at the expense of profit, which must at least keep pace with revenue. In addition, the invested capital must yield a reasonable return for our investors.

Greater focus on higher-end products and solutions

In addition to in-house developments, we continue to rely on worldwide sales agreements with established manufacturers of attractive solutions. Our R&D is advancing the development of new proprietary products and customer-specific application solutions.

On the whole, our Proven Productivity philosophy increasingly targets products and solutions that are proven to give customers lasting added value. This will offer us attractive profit margins. The main focus is on our engineering services and on the development of functional modules that intelligently combine multiple fastening components in a single unit.

Overall, we aim to achieve this growth organically. Acquisitions are an option to augment this approach. However, this requires clearly defined requirements with a view toward products and markets.

Market development shows that Bossard is on the right track

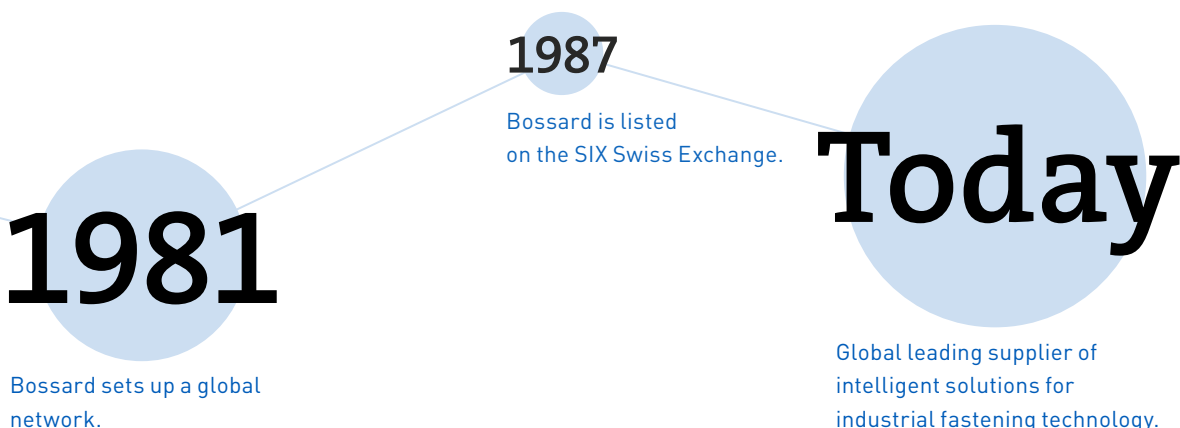
Our confidence that we can successfully implement this strategy is well justified. We are starting out in a strong position in both developed and emerging markets. Although highly fragmented markets mean intense competition, they also offer considerable room for growth.

In addition, we are seeing continued industrial consolidation as well as procurement-related concentration in our customer sectors. Thanks to our size and international presence, we are likely to derive better-than-average benefits from these trends in the coming years.

TALK 4.0

INDUSTRIAL INTERNET OF THINGS (IIOT)

The Internet of Things holds tremendous promise. Using the right software, objects are able to capture information, communicate with each other and respond to situations via the Internet. In smart industrial environments, this capability is actively leveraged to boost efficiency.



VALUES

Basis for sustainable company growth

Successful, long-term business activity depends on a certain value system. As constants, these values shape our daily thinking and actions. The result is a sustainable corporate culture that is practiced by all employees. Our corporate responsibility is reflected in responsible company management, compliance with ethical values and responsibility toward our stakeholders and the environment.

We know our customers' needs

Our customers benefit from our global position and continuous development of our services in our capacity as a leading global supplier of intelligent solutions for industrial fastening technology. With innovative solutions, top quality standards, customer proximity and a global presence, we are a powerful and competent partner for our customers' diverse and constantly changing needs, which we meet effectively and in a timely manner.

We select our partners with a view to the future

Top performance is expected from our manufacturers. We consider them to be partners and demand superior attention to quality and a fair price policy. Our worldwide procurement network is continuously optimized, thereby securing global access to innovative solutions. We require our suppliers to meet the same standards that we offer our customers: competence, quality and reliability at the highest level.

We believe in sustainable corporate management

Our long-term success, based on responsible action, establishes the necessary trust that our investors, customers, suppliers, employees and the general public place in us. Over the course of 185 years of sustainable corporate management, we have earned an excellent reputation which we view as a central prerequisite for achieving our long-term corporate targets. This reputation is based on integrity, transparency and professionalism. Our shared values are laid down in our code of conduct.

We foster continuous and profitable growth

We rely on long-term, healthy and profitable growth rather than quick profits over the short term. Our financial resources are handled with care and professionalism. Moreover, our target is sustainable value growth and reasonable returns for our investors. In doing so, we gain the necessary entrepreneurial freedom of action and secure the company's independence.

We support and promote our employees

We thrive on the dedication, knowledge and creativity of our employees. We provide a working environment that offers them fair opportunities and flexibility in order to support and foster entrepreneurial thinking. We expect our employees to utilize their knowledge and abilities effectively and with dedication. To this end, they must be able to participate actively and be given the opportunity for personal development. We specifically foster the skills and independence of our employees at all levels and allow them to participate in the company's success.

We are committed to the public and the environment

We are aware that business success is always achieved in a social environment, and we view this as our responsibility. As a business enterprise, we can make a difference in our social environment and with a view to ecological development.

Putting values into practice

The company's success depends on the trust that all stakeholders place in Bossard: customers, employees, suppliers, shareholders, public authorities and society as a whole. We therefore have laid down our basic ethical values in a code of conduct that is binding throughout the Group, one to which we feel obligated and to which we owe our long-standing reputation. Integrity, sense of responsibility, fairness, professionalism, compliance and transparency are the ethical constants on which we base our philosophy and actions.

EMPLOYEES

Key to success

First and foremost, Bossard has the dedication, knowledge and creativity of its more than 2,100 employees to thank for its success. This is why Bossard has always pursued a long-term human resources policy in which it fosters professional and personal development and allows its employees to participate in the company's success.

An attractive employer group-wide

Bossard has always set great store in its social responsibility. Its group-wide corporate culture is based on mutual trust as a prerequisite for necessary loyalty. Employees participate in the company's success at all levels. Bossard believes in the importance of employees knowing the Group's long-term targets and strategy. Conversely, managers know the expectations and targets of employees and help empower them to achieve success. We support equal opportunities for all employees, independent from gender, position, life situation, nationality or age.

From employee selection ...

Careful selection and integration of employees is the basis for long-term retention. During recruitment, duties, requirements and processes are communicated clearly and transparently. Furthermore, employment conditions must always be fair. The careful integration of new employees is a key factor in working together successfully over the long term.

... to continuing education as an investment

We value well trained employees and foster line, specialist and project careers as well as the exchange of knowledge throughout the Group. Whenever possible, we recruit new managers from within our own ranks. In particular, we emphasize cross-divisional training because in-depth knowledge of our extensive product range and internal workflows promotes understanding and tolerance and forms the basis for intelligent cooperation. Developed in-house, our interactive online learning program contains more than 230 individual chapters and approximately 3,000 illustrations and provides relevant training in the fastening technology of today.

Leadership and encouragement

Frank interpersonal communication fosters dedication, creativity and efficiency. Our managers help their employees to achieve ambitious targets by encouraging initiative, performance and quality. In Bossard's view, leadership means respect, honesty, fairness and consistency, and cooperation is characterized by openness, trust and mutual appreciation.

Market-oriented compensation system

Performance is the key component in determining compensation. We encourage entrepreneurial thinking and action through a compensation system that is in line with the market and based on targets and individual performance. In addition to a fixed pay component, we offer different success-oriented compensation systems that support our winning spirit.

Direct and open communication

Both internally and externally, we communicate directly, clearly, transparently and in a timely manner. In doing so, we promote understanding for and acceptance of business decisions. We practice an open-door policy. Constructive criticism is not only allowed, it is encouraged. Using regular employee surveys, we identify the strengths and weaknesses of our company and learn about the wishes and suggestions of our employees. This feedback is a valuable source of information for improvements.

Diversity under one roof

As a global company, we try to establish a working environment that is completely free of discrimination. We support equal opportunities for all employees, independent from gender, position, life situation, nationality or age and strictly comply with local laws. We are aware of our responsibility toward all internal and external contacts, which requires responsible thought and action. Our employees are required to meet the standards laid down in our code of conduct, which is binding throughout the Group. Moreover, we have committed ourselves to abiding by the ten sustainability principles of the U.N. Global Compact Initiative.

QUALITY AND PROCESSES

Reliability without compromise

It is our aim to go beyond the needs of our customers and give them maximum added value. Bossard is therefore committed to superior quality management and ongoing process improvement.

Quality begins with procurement

We know and use the global procurement market firsthand. Qualified, innovative and flexible manufacturers are key to our business success. We therefore maintain close relationships with our manufacturers who are subject to strict inspection procedures based on the ISO 3269 standard. We perform regular on-site audits to ensure that our partners meet our high quality standards. We focus on production methods, process safety and quality management.

Bossard's quality management practices are aimed at avoiding errors by detecting and eliminating them at an early stage. We are able to distinguish between random and systematic errors. Due to error analyses, our manufacturers receive detailed information that enables them to quickly and permanently improve the quality of their products and thus save money.

Advanced global testing system

Our advanced, systematically documented testing system ensures that the products of our manufacturers meet our customers' requirements. Incoming goods are tested simultaneously in twelve different quality and test laboratories worldwide. In doing this, we use standard test plans and methods all over the world. We also record and evaluate the results in the same system worldwide, which makes it possible to consolidate and exchange all measurements. The testing process begins with testing of parts and ends with complaint management; consistent, transparent, global. This saves customers the need for expensive inspections and controls.

Our employees can retrieve and implement test plans worldwide with just one mouse click. Our database contains over 1,000,000 catalog and special items as well as the same number of test plans for checking these articles. All inspection plans are based on the ISO 3269 standard, which is also Bossard's standard.

Engineering makes the difference

Every delivered fastener is intended to meet or exceed our customers' expectations. Bossard's engineering team makes this possible. Our experts develop the best solution in collaboration with the customer. We analyze whether and how to optimize the product range and explore ways of reducing the number of parts. The aim is to lower the customers' production costs on a sustainable basis while improving quality at the same time, for instance, through the use of new materials, corrosion prevention, reliable locking systems for nuts and bolts, or improvement of production processes.

Quality lowers costs

Bossard was one of the first companies in the industry to meet the quality assurance criteria of the ISO 9001 standard worldwide. In addition, country-specific certifications offer customers the security they need. Our state-of-the-art testing methods and laboratories guarantee flawless quality and reduce the risk for our customers that their products have defective fasteners. Hence, they not only avoid high follow-up costs but they also maintain their reputation for quality products.

Quality for the environment

As a responsible company eager to make a contribution to a sustainable future, Bossard pays special attention to environmental aspects when selecting the products and manufacturers. In addition, we protect the environment with our own processes and technologies under the ISO 14001 standard. Ultimately, Bossard's environmental commitment is the driver behind its search for the fastening solutions of tomorrow which must achieve a holistic balance between cost-effectiveness, quality and the environment.

TALK 4.0

MACHINE TO MACHINE (M2M)
M2M describes the sharing of information between end devices such as machines, storage containers and vehicles, either with each other or with a central system. In production environments, this automatic exchange of information via the Internet increases productivity and saves resources.

QUALITY AND TEST LABORATORIES

Proven expertise around the globe

Bossard's twelve quality and test laboratories in Europe, America and Asia, along with their cutting-edge measuring and testing equipment, ensure reliable quality assurance and flawless product quality. Our customers benefit from certified processes, documented safety and proven testing competence.

Our wide range of tests include for example:

- Tensile and proof load testing
- Drive and torsional strength testing
- Pull out testing
- Friction coefficient testing
- Hardness measurement
- Measurement of coating thickness
- Optical 3D measurement
- Environment simulation test (corrosion test)
- Chemical analysis
- Microscopic analysis and surface roughness



RISK MANAGEMENT

Systematic risk monitoring and reduction

The aim of risk management is to identify potential risks at an early stage and avoid or substantially limit them through suitable measures. Bossard's risk management approach is an integral part of its group-wide planning, control and monitoring system and is regularly reviewed by the executive committee. Each year, the board of directors and executive committee reassess the situation with a view toward strategic and operational risks.

In annual meetings, we examine all business activities and balance sheet items for potential risks, using a standardized process. Each identified risk is assessed in terms of the possible loss that would be incurred should the damaging event occur. From the results, we then derive targets and effective steps to be taken to mitigate the risks. The results of the risk process are summarized in a report to the board of directors and executive committee. The Group's risk management process is continuously documented and checked for effectiveness. The Group financial management department coordinates the revision of the risk documentation from a central location.

Low supply risk as a result of large network

Supply bottlenecks can occur when our suppliers are working close to capacity during times of above-average demand. Risks can also arise from working with suppliers and when the price of raw materials fluctuate. We counter these risks with tactical and preventive measures in our procurement activities by continuously assessing the market situation and by maintaining a sufficient level of stock. In taking these steps, we ensure that the required volume and quality of fastening parts are available in order to avoid production shutdowns on the part of our customers. Steel, chromium, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products, we can not hedge against price increases. We have an extensive supply portfolio of more than 3,500 manufacturers worldwide and rely on long-term relationships with various suppliers in Europe, America and Asia. Our large network of suppliers enables us to minimize supply risks. Diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

Systematic quality monitoring

Quality assurance constantly faces new challenges as our customers' requirements continue rising and ever stricter regulations apply, which is why we have developed appropriate systems and testing standards. Quality assurance measures are performed in close cooperation with our procurement team and suppliers. We also check our suppliers' technical and economic performance. Deviations and defects identified during quality testing are continuously analyzed, documented and discussed with our suppliers, thereby minimizing quality-relevant risks from the very beginning.

Responding to sales risks through diversification

Regional and global economic developments impact our business environment and can lead to high price and volume fluctuations in the sales markets. We therefore closely monitor economic developments in the individual countries in order to minimize sales risks. We counter this risk with a wide range of products and a customer portfolio that covers a broad spectrum of industrial sectors and regions of the world.

IT protection is a high priority

Unauthorized data access, data abuse and system failure can seriously disrupt operating processes. To prevent this, we use technical measures such as access authorization, virus scanners, firewalls and backup systems. Our IT systems are continuously monitored and updated in order to meet the latest requirements. We have an emergency concept that includes daily backups and data mirroring. Detailed internal policies govern how we use hardware and software.

Minimizing financial risks

Given its international operations, the Bossard Group is exposed to various financial risks; these comprise exchange rate, interest rate, credit, liquidity and capital risks. The individual risks are minimized through stringent controls and monitoring. One of the central tasks to reduce financial risk within the Group is coordinating and managing financial requirements as well as ensuring financial independence. The aim is optimal capital procurement and liquidity management via cash pooling in order to meet payment liabilities.

Financial risk management is described in detail on pages 81/82.

Bossard Group's risk policy also includes a comprehensive and efficient insurance scheme to protect against risks. This is achieved with the help of an international insurance program against third-party liability, property damage and business interruption. On the whole, risks that could negatively impact the Group's further development can not be entirely ruled out. Such risks include, for example, war, terror attacks, acts of God and pandemics.

CORPORATE GOVERNANCE

The Bossard Group's organizational structure meets international standards for corporate management. The Group's corporate bodies and management follow the Directive on Information relating to Corporate Governance of SIX Swiss Exchange as well as the "Swiss Code of Best Practice for Corporate Governance" of *economiesuisse*.

The organizational structure of the Bossard Group is based on clear delimitation of tasks, competencies and responsibilities between the board of directors and of the executive committee. The functions of the chairman of the board of directors and of the chief executive officer (CEO) are held by two different persons, so that the separation of powers is guaranteed. This report is prepared according to the Directive Corporate Governance (DCG) of SIX Swiss Exchange dated January 1, 2016. Unless otherwise indicated, all information applies as at December 31, 2016. The principles and rules on corporate governance are set out in the rules and regulations of Bossard Holding AG, i.e. in the articles of association of Bossard Holding AG (articles of association), in the organizational and business regulations of Bossard Holding AG (OBR), in the regulations of the board's committees, in the code of conduct and in the decisions of the board of directors. The rules are regularly reviewed by the board of directors and adapted to current requirements (articles of association, OBR and regulations of the board's committees most recently in 2015).

Group structure and shareholders

Group structure

Bossard Holding AG, the parent company of the Bossard Group, is a joint-stock company under Swiss law with its registered office in Zug. Bossard Holding AG is the only listed company belonging to the group of consolidated companies. It has a direct or indirect interest in the companies listed in the financial report, note 34. Bossard Holding AG (Swiss securities no. 23 862 714, ISIN CH0238627142/BOSN) is listed on the SIX Swiss Exchange. Its stock market capitalization as at December 31, 2016 was CHF 1,088.4 million (2015: CHF 826.5 million). The Group's structure aims to provide optimum support for its business activities within an efficient

legal, financial and strategic framework. This means that the structure should be as simple as possible and also transparent to anyone outside the Group. The Bossard Group operates exclusively in industrial fastenings technology and generates its entire revenue in this market segment. Further information regarding the group structure are set out in the notes to the financial statements, namely note 1, 16 and 17.

Significant shareholders

The following shareholders hold more than 3 percent of the total voting rights in Bossard Holding AG as at December 31, 2016:

The Kolin Group – a shareholder group as per article 120seq. of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) – consisting of Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, owns 56.1 percent (2015: 56.1 percent) of total voting rights and 27.9 percent (2015: 27.9 percent) of dividendbearing capital. Kolin Holding AG is wholly controlled by the Bossard families. This shareholder group does not include shares without pooled voting rights, which are held by individual members of the Bossard families outside this shareholder group (no disclosure notification in 2016).

Bossard Holding AG held 409,793 own registered A shares (2015: 431,503) or 3.058 percent (2015: 3.22 percent) of the total voting rights (no disclosure notification in 2016).

The disclosure notifications in relation to shareholdings in Bossard Holding AG are published on the electronic publication platform of SIX Swiss Exchange and can be accessed via the search function of the disclosure office via the following link: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Bossard Holding AG is not aware of any other shareholders or groups of shareholders that held 3 percent or more of the total voting rights of Bossard Holding AG as at December 31, 2016.

Cross-shareholdings

There are no cross-shareholdings with other companies.

Capital structure

Share capital

As at December 31, 2016 the ordinary share capital of Bossard Holding AG totaled CHF 40,000,000, of which CHF 33,250,000 share capital relates to registered A shares and CHF 6,750,000 to registered B shares.

Authorized and conditional capital

Bossard Holding AG holds 370,000 registered A shares in reserve since the increase in share capital in 1989. These reserve shares carry no voting rights and are not entitled to dividends. Other than this, Bossard Holding AG does not hold any authorized or conditional capital.

Changes in capital in the last three years

In April 2014, a 1:2 stock split was carried out and the listed bearer shares converted to registered A shares and the existing registered shares converted into registered B shares. Since this stock split, the share capital of Bossard Holding AG consists of 6,650,000 registered A shares with a nominal value of CHF 5 per share and 6,750,000 unlisted registered B shares (voting right shares) with a nominal value of CHF 1 per share.

Shares

The share capital of Bossard Holding AG is CHF 40,000,000. It is divided into 6,650,000 registered A shares with a nominal value of CHF 5 per share and 6,750,000 registered B shares with a nominal value of CHF 1 per share (voting right shares). The share capital is fully paid up. With the exception of the own registered A shares held by Bossard Holding AG, (i) each registered share entered in the share register with voting rights is entitled to one vote (see also limitations on transferability and nominee registrations) and (ii) each registered share is entitled to a dividend. The measurement of voting rights by the number of registered voting right shares is not applicable for individual decisions specified in article 16 of the articles of association. Only registered A shares are listed on the SIX Swiss Exchange under the Swiss Reporting Standard (formerly Domestic Standard). Registered B shares are wholly owned by Kolin Holding AG. As at December 31, 2016, Bossard Holding AG held 409,793 own registered A shares (including the

370,000 reserve shares mentioned under authorized and conditional capital).

Participation and profit-sharing certificates

Bossard Holding AG has not issued any participation or profit-sharing certificates.

Limitations on transferability and nominee registrations

Limitations on share transferability

According to article 7 of the articles of association, the transfer of registered B shares is always subject to the approval of the board of directors, irrespective of the form in which these shares were issued. The board of directors may reject such a request for good reason – primarily to protect the purpose of the company and to maintain its economic independence (article 9 of the articles of association). In particular, this includes the transfer of registered B shares to a competitor and a fiduciary transfer. Furthermore, the board of directors may refuse its approval if it offers to the seller or acquirer of the registered B shares that it will acquire these shares for the account of the company, other shareholders or third parties for at least their actual value at the time the request was made (article 8 of the articles of association). If there is good reason to do so, the board of directors may grant exceptions to these rules (no exceptions have been granted in the reporting year 2016). However, transfer requests containing incorrect information must always be rejected; a new, corrected request may subsequently be submitted (article 9 of the articles of association). The provisions also apply for registered B shares, which are acquired (subscribed) by the exercise of subscription, option or conversion rights, and for the establishment of usufruct of registered B shares.

Nominee registrations

According to article 6 of the articles of association, the acquirer of a registered A share is entered in the share register with voting rights provided that he or she confirms that this share is held in his or her own name and for his or her own account.

Up to a registration limit of 0.5 percent of the total number of registered A shares entered in the commercial register, anyone who does not expressly

state that he or she is acting on his or her own account shall be acknowledged as being a nominee with voting rights. Beyond this registration limit, anyone who makes known to Bossard Holding AG the name, address and/or registered office of the person for whose account he or she holds more than 0.5 percent of the total number of registered A shares entered in the commercial register, shall be acknowledged as being a nominee with voting rights. Otherwise the acquirers of registered A shares shall be acknowledged or registered as shareholders without voting rights. These provisions also apply to registered A shares that have been acquired by exercising subscription, option or conversion rights as well as to the creation of rights of usufruct to registered A shares.

Outstanding bonds and options

Bossard Holding AG currently has no bonds or convertible bonds outstanding. Information on the management participation plan (outstanding options resp. restricted stock units) is disclosed in the compensation report and in note 19 of the financial report. Further detailed information can be accessed on the electronic publication platform of the SIX Swiss Exchange via the following link: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=BOSSARD>

Board of directors

Members of the board of directors

As at December 31, 2016 the board of directors of Bossard Holding AG consisted of seven non-executive members. None of the members of the board of directors previously sat on the executive committee.

The board of directors had the following members as at December 31, 2016:

Name	Function	Appointed
Dr. Thomas Schmuckli	Chairman	2007
Anton Lauber	Deputy chairman	2011
Dr. René Cotting	Member	2015
Daniel Lippuner	Member	2015
Prof. Dr. Stefan Michel	Repr. of registered A shares	2014
Maria Teresa Vacalli	Member	2013
Helen Wetter-Bossard	Member	2002

Other activities and vested interests

Dr. Thomas Schmuckli, Anton Lauber and Helen Wetter-Bossard were proposed for election by the majority shareholder, Kolin Holding AG, Zug, and were elected to the board of directors of Bossard Holding AG. Dr. Thomas Schmuckli and Helen Wetter-Bossard are members of the Bossard families, which have 100 percent control over Kolin Holding AG. The members of the board of directors do not perform any activities outside of the Bossard Group other than the mandates listed on pages 40 to 43 and therefore do not have any significant business relationships with Bossard Holding AG or one of the subsidiaries. Furthermore, they do not have any other significant external interests.

Allowed number of mandates

According to article 44 of the articles of association, a member of the board of directors may at the same time take on a maximum of fifteen mandates outside the Bossard Group, of which a maximum of five may be in listed companies and an additional ten mandates which he or she exercises pro bono. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates (i) for mandates assumed in legal entities that are directly or indirectly controlled by Bossard Holding AG or that directly or indirectly control Bossard Holding AG, or (ii) if, in exercising the function for the Bossard Group, a mandate in another, related legal entity is exercised.

Elections and terms of office

According to the articles of association, the board of directors consists of at least five members. The chairman of the board of directors and the other members of the board of directors are elected by the annual general meeting of shareholders for a period of one year (until the next ordinary annual general meeting of shareholders is held). Members are elected on an individual basis. The annual general meeting of shareholders also elects the chairman of the board of directors. There are no statutory limits to the term of office; members may be re-elected. According to the OBR, however, a member of the board of directors shall offer to step down at the annual general meeting of shareholders following his or her 70th birthday. Each category of shareholders,

namely the holders of registered A shares as a group are entitled to one seat on the board of directors. Having been elected for the first time in 2011, Prof. Dr. Stefan Michel was re-elected in 2016 as the representative of the holders of registered A shares (he was elected for the first time in this role in 2014); holders of registered B shares with voting rights did not take part in this election. Generally speaking, the majority of board members should be external members with no executive functions in the company. None of the members of the board of directors exercised any executive functions in the Bossard Group in the 2016 reporting year.

The following table shows the year in which each member was first elected to the board of directors as well as their function as at December 31, 2016:

Name	Function	First elected
Dr. Thomas Schmuckli	Chairman ¹⁾	2000
Anton Lauber	Deputy chairman ²⁾	2006
Dr. René Cotting	Member ³⁾	2015
Daniel Lippuner	Member ²⁾	2015
Prof. Dr. Stefan Michel	Repr. of registered A shares ⁴⁾	2011
Maria Teresa Vacalli	Member ⁵⁾	2013
Helen Wetter-Bossard	Member ⁵⁾	2002

- 1) Chairman of the nomination committee (NC), member of the audit, risk & compliance committee (ARCC)
- 2) Member of the audit, risk & compliance committee (ARCC)
- 3) Chairman of the audit, risk & compliance committee (ARCC)
- 4) Chairman of the compensation committee (CC), member of the nomination committee (NC)
- 5) Member of the compensation committee (CC), member of the nomination committee (NC)

Internal organization

Allocation of duties within the board of directors

The board of directors of the Bossard Group is ultimately responsible for the Group's business policy and management. It is the company's highest management body and is entitled to make decisions on all matters which, by law, through the articles of association and/or under the regulations of Bossard Holding AG, are not the responsibility of the annual general meeting of shareholders, or which it has not transferred to other bodies through regulation or decision.

The board of directors has the following non-transferable and inalienable main tasks:

- overall management of the company, namely defining the strategic direction and management of the Group
- determining the organizational structure
- establishing the accounting system and financial controls
- appointing and dismissing the CEO and other members of the executive committee
- maintaining ultimate supervision of the CEO and other members of the executive committee
- exercising rights of participation from and to shareholdings
- drawing up the annual report and the compensation report, preparing the annual general meeting of shareholders and implementing its decisions
- notifying the judge in the event of excessive indebtedness
- making decisions about the subsequent payment of capital with respect to not fully paid-up shares
- making decisions regarding the approval of capital increases and the resulting amendments to the articles of association

Committees

To assist it in its duties, the board of directors has established three permanent committees:

- the audit, risk & compliance committee (ARCC)
- the nomination committee (NC)
- the compensation committee (CC)

These committees prepare specific issues for discussion by the board of directors. The overall intrinsic responsibility of the board of directors is not affected by the activities of these committees or by any delegation of tasks to them. Ad-hoc committees can be formed to deal with specific or time-limited projects or issues. Currently, Prof. Dr. Stefan Michel provides support with marketing, Maria Teresa Vacalli with IT development, and Anton Lauber with innovation. Unless otherwise stipulated by the articles of association, the board of directors defines the composition, duties, competencies and compensation for these committees in the relevant regulations, which are periodically reviewed by the respective committee and are amended in accordance with any proposed amendments submitted to the board of directors by the latter. With exception of

the CC, the board of directors may dismiss any of the committees it has appointed at any time.

Certain duties and competencies are assigned to the chairman of the board of directors alone.

The board of directors has additionally delegated operational management and overall leadership of the Bossard Group as well as the related duties and competencies to the CEO. In turn, the CEO is authorized to arrange further delegation.

Detailed information on the division of duties within the board of directors can be found in the OBR, which is available via the following link:
<http://www.bossard.com/en/about-us/investor-relations/corporate-governance.aspx>

Working methods of the board of directors

The board of directors normally meets six to eight times per year, but is available to discuss matters at short notice should this be required. A member of the board of directors may request that additional meetings be convened by providing written justification to the chairman of the board of directors. The duration of board and committee meetings depends on the respective agenda. In 2016, a total of five full-day board meetings were held, as well as a three-day retreat and a conference call. The board of directors holds a retreat once a year, which lasts for several days and is used for analyzing the strategic risk/opportunities mix and for fundamentally reviewing the strategy and its development. In 2016, this retreat was held in San Jose, USA, where the board of directors met with the expanded management team to actively discuss the strategy of Bossard North America, the two strategic key accounts as well as the opportunities and possibilities offered by digitalization to the Bossard Group. Apart from its regular meetings, the board of directors is given monthly updates on the Bossard Group's financial development.

The chairman invites the members to the meetings in writing, enclosing the agenda and any relevant documents. The invitations are sent out at least seven days before the meeting. Each member of the board of directors may request the chairman to add further items to the agenda. The board of directors is quorate if the majority of its members is present. The

board of directors makes decisions based on an absolute majority of the votes cast. Each member of the board of directors has one vote. If a vote is tied, the chairman has the casting vote. Minutes must be taken detailing the negotiations and decisions of the board of directors; these minutes must be approved by the board of directors. In particularly urgent cases the chairman may require the board to reach a decision by conference call. Such decisions must be included in the minutes of the next board meeting. To ensure that the board of directors receives sufficient information to reach decisions, it invites the CEO, the CFO and – if necessary – other members of the executive committee, members of staff or third parties to attend meetings.

The chairman, the CEO, the CFO and other representatives of the executive committee meet regularly to discuss fundamental corporate matters. These include the Group's strategy, medium-term financial, operational and succession planning, organizational issues and market consolidation. If there is a conflict of interests, the board or executive committee members concerned abstain from voting.

Composition/Working methods of the board's committees

The functions of the three permanent board committees are primarily analytical, advisory and supervisory. They also have decision-making authority in certain individual cases.

Audit, risks & compliance committee (ARCC)

The ARCC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. As at December 31, 2016, the members of the ARCC were Dr. René Cotting (chairman), Dr. Thomas Schmuckli, Anton Lauber and Daniel Lippuner. The ARCC meets at least three times per year: in the summer, to define the scope and key points of the annual audit with the audit company, in late fall to discuss the findings from the main audit and the existence and effectiveness of the internal control system (ICS), and in February, to discuss the result of the audit of annual accounts. These meetings are attended by the chairman of the board of directors (unless he or she is already a

member of the ARCC), the CFO, the Group controller and at least one representative of the external auditors. The CEO, other members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. The minutes of these meetings are circulated to all members of the board of directors, the CFO and the CEO, as well as to those who attended the meeting. In addition, the ARCC regularly reports on its activities to the board of directors at meetings of the latter. In 2016, the ARCC held three meetings. On average, the meetings lasted half a day. A conference call was also held.

The ARCC ensures that the board of directors is informed of all matters that could significantly impact the financial situation of the Bossard Group and the business environment. The primary duty of the ARCC is to support the board of directors in its ultimate supervisory role and in its financial management activities. In particular, with the assistance of the external auditor it reviews the structures and processes in the area of finance and accounting, thus ensuring that financial reporting and audit activities are transparent and comply with the related legislation. The ARCC also evaluates the effectiveness of the ICS, risk management and compliance with tax-related and other statutory and regulatory provisions as well as corporate ethics. Furthermore, the ARCC works closely together with the external auditor and evaluates the performance, independence and remuneration of the external auditor. Detailed regulations on the areas of activity and competencies of the ARCC can be found in the rules and regulations of the audit, risk & compliance committee drawn up by the board of directors. To date, the board of directors has refrained from creating an internal audit unit.

Compliance

The board of directors is kept continuously informed of all major matters affecting the compliance principles. The statutory auditors additionally inform the board of directors on reports it has received on matters of a legal nature. An evaluation of such reports received in 2016 did not reveal anything new but confirmed what the board of directors already knew. Ultimate supervision of compliance matters rests with the board of directors.

Nomination committee (NC)

The NC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. The representatives of the A shareholder group on the board of directors is entitled to a seat on the NC. As at December 31, 2016, the members of the NC were Dr. Thomas Schmuckli (chairman), Prof. Dr. Stefan Michel, Maria Teresa Vacalli and Helen Wetter-Bossard. The NC meets as required, but at least twice a year. Normally also the CEO and the chairman of the board of directors (unless he or she is already a member of the NC) attend the meeting. Other members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The NC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the nomination process. In 2016, the NC met two times; these meetings lasted an average of half a day.

The NC prepares all relevant business with regard to the nomination of members at strategic and operational management levels of the Bossard Group for the meetings of the board of directors and has the following main tasks:

- periodically reviewing the composition of the board of directors
- developing criteria and requirement profiles for election/re-elections to the board of directors, the CEO and, in collaboration with the CEO, the other members of the executive committee
- supporting the board of directors in implementing selection processes for the nomination of candidates for the board of directors and, in collaboration with the CEO, the executive committee
- providing training to the board of directors in relation to its duties
- ensuring succession planning for members of the board of directors, the executive committee and, in collaboration with the CEO, the deputies on the executive committee

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BOARD OF DIRECTORS



Dr. Thomas Schmuckli-Grob (1963)

Swiss citizen

- Chairman of the board of directors since 2007
- Chairman of the nomination committee since 2007
- Member of the audit, risk & compliance committee since 2002
- Member of the board of directors since 2000
- Secretary to the board of directors from 1997 to 2000

Professional background

Dr. Thomas Schmuckli-Grob currently works as a professional board member. Between 1993 and 2013, he held various management positions in the General Counsel division of Credit Suisse Group, initially in the Bank Leu Group and then from 1998 with a break at Credit Suisse. From 2005 to 2007, he headed the legal department of Corporate & Institutional Clients at Credit Suisse in Zurich, afterwards he was Managing Director of the Legal and Compliance Asset Management division in Zurich (2007 to 2013). From 2000 to 2005, he was head of process and product management at Zuger Kantonalbank.

Educational background

- Studied law (LLB and LLD) at the University of Fribourg
- Accredited lawyer and notary in Zug
- Management studies at the University of Zurich

Other activities and vested interests

- Chairman of the board of directors of Credit Suisse Funds AG, Zurich
- Member of the board of directors of the MultiConcept (Luxembourg) S.A., Luxembourg
- Member of the board of directors of Hans Oetiker Holding AG, Horgen



Anton Lauber (1951)

Swiss citizen

- Member of the board of directors since 2006
- Member of the audit, risk & compliance committee since 2015

Professional background

Anton Lauber is an independent management consultant since 2012. From 2008 to 2011, he headed the Schurter AG, the Schurter Group's Electronic Components division in Lucerne as a delegate of the board of directors of Schurter AG. From 1993 to 2008, he was CEO of Schurter AG and from 1996, he was the delegate of the board of directors of Schurter AG, where he worked as the head of production and technology between 1988 and 1992. Prior to that, he managed the Generator Plant of ABB Switzerland.

Educational background

- Degree in mechanical engineering and various post-degree diplomas awarded by the University of St. Gallen, IMD in Lausanne and the Lucerne University of Applied Sciences and Arts

Other activities and vested interests

- Member of the board of directors of Fr. Sauter Holding AG, Basel; Beutler Nova AG, Gettnau; CTC Analytics AG, Zwingen; Thermalbad Zurzach AG, Bad Zurzach
- Chairman of the board of directors of Hightech Zentrum Aargau AG, Brugg
- Chairman of the board of directors of Voegtlin-Meyer AG, Brugg
- Chairman of the council of the Lucerne University of Applied Sciences and Arts



Dr. René Cotting (1970)

Swiss citizen

- Member of the board of directors since 2015
- Chairman of the audit, risk & compliance committee since 2015

Professional background

Dr. René Cotting has held various positions in Switzerland and abroad for the ABB Group since 1995. He is CFO and a member of the executive board of ABB Switzerland since 2013.

Educational background

- Degree in economics and social sciences and doctorate from the University of Fribourg
- Further studies at the IMD, Lausanne
- Further studies at the Harvard Business School, Boston, USA
- Further studies at Kellogg School of Management Northwestern University, Evanston, USA

Other activities and vested interests

- Chairman of the ABB pension fund and ABB supplementary insurance
- Vice-chairman of the board of directors of AVADIS Vorsorge AG
- Member of the foundation board of ABB Jürgen Dormann Foundation for Engineering Education
- Member of the foundation and economic advisory board of Switzerland Innovation



Daniel Lippuner (1969)

Swiss citizen

- Member of the board of directors since 2015
- Member of the audit, risk & compliance committee since 2015

Professional background

From 2013 to 2015, Daniel Lippuner headed the Saurer Group in Shanghai, China, and Wattwil, Switzerland, as Group Chief Executive Officer. He took over this position after posts in finance, sales and marketing as well as in general management with OC Oerlikon, Hilti AG and Autoneum (formerly Rieter Automotive).

Educational background

- Degree in business administration from the St. Gallen University of Applied Sciences

Other activities and vested interests

- Member of the board of directors of Amsler Tex AG, Aesch ZH



Prof. Dr. Stefan Michel (1967)

Swiss citizen

- Member of the board of directors since 2011
- Representative for holders of registered A shares since 2014
- Chairman of the compensation committee since 2015
- Member of the nomination committee since 2015

Professional background

Prof. Dr. Stefan Michel is a professor for marketing and service management and director of the executive MBA at the IMD Business School in Lausanne, Switzerland since 2008. Between 2003 and 2008, he was as a professor at the Thunderbird School of Global Management in Arizona, USA. Prior to this, he taught as a professor at the Lucerne University of Applied Sciences and Arts, managed a family-run hotel and worked at Bank Leu in Zurich.

Educational background

- Degree in economics and doctorate in marketing at the University of Zurich

Other activities and vested interests

- Owner of Dr. Stefan Michel & Partner GmbH, Hünenberg See
- Owner of Business School Press AG, Zug
- Chairman of the foundation board of the Swiss Association for Marketing GfM
- Member of the foundation board of the IMD, Lausanne (School representative)



Maria Teresa Vacalli (1971)

Swiss citizen

- Member of the board of directors since 2013
- Member of the compensation committee since 2015
- Member of the nomination committee since 2015

Professional background

Maria Teresa Vacalli is CEO of Moneyhouse since 2016. Between 2008 and 2016 she has directed the wholesale unit at Sunrise Communications AG, Zurich, and was appointed executive director in 2014. Between 2002 and 2008, she worked in various executive positions at upc cablecom GmbH, Zurich. Before that, she had been employed in managerial posts in different companies.

Educational background

- Graduate in plant and production engineering at the ETH Zurich

Other activities and vested interests

- Member of the board of directors of WWZ Telekom Holding AG, Zug



Helen Wetter-Bossard (1968)

Swiss citizen

- Member of the board of directors since 2002
- Member of the compensation committee since 2015
- Member of the nomination committee since 2015
- Secretary to the board from 2001 to 2014

Professional background

Helen Wetter-Bossard is responsible for the operational management of her own family business. Between 2005 and 2011, she was a member of the auditing committee of the Corporation of Zug, which she has chaired since 2009. From 1996 to 1999, she worked as a clerk to Canton Lucerne's administrative court.

Educational background

- Degree in law (LLB) from the University of Zurich
- Further studies in board management

Other activities and vested interests

- Member of the board of directors of Wetter Gipsergeschäft AG
- Member of the board of directors of the Corporation of Zug

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- developing annual objectives to be submitted to the board of directors for the CEO (in collaboration with the chairman of the board of directors), defining the annual objectives of the other members of the executive committee and assessing the performance of the CEO and the other members of the executive committee (with the assistance of the chairman of the board of directors and the CEO). If necessary, the NC requests from the board of directors measures to improve performance.
- submitting applications concerning the election and dismissal of members of the board of directors of the more important Group companies.

Detailed regulations on the areas of activity and competencies of the NC can be found in the nomination committee regulations drawn up by the board of directors.

Compensation committee (CC)

The CC consists of at least three members of the board of directors individually elected as members of the CC by the annual general meeting of shareholders for a period of office until completion of the next ordinary annual general meeting of shareholders. Subject to election by the annual general meeting of shareholders, the representative of the A shareholder group on the board of directors is entitled to a seat on the CC. Prof. Dr. Stefan Michel, Maria Teresa Vacalli and Helen Wetter-Bossard were elected to the CC at the annual general meeting of shareholders on April 11, 2016. The board of directors appointed Prof. Dr. Stefan Michel as the chairman of the CC. The CC meets as required, but at least twice a year. The members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. Normally, the CEO attends the meetings of the CC. The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The CC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the compensation process. In 2016, the CC met twice; these meetings lasted an average of half a day.

The CC prepares all relevant business with regard to the compensation of members at strategic and operational management levels of the Bossard Group for the meetings of the board of directors and has the following main tasks:

- developing the general remuneration principles and the remuneration system for the board of directors, the CEO and the other members of the executive committee for the board of directors to make a decision on
- developing the guidelines governing the structure of the occupational pension scheme for the CEO and the other members of the executive committee for the board of directors to make a decision on
- periodically reviewing the compensation system and proposing any necessary changes to the board of directors
- preparing the annual compensation report to be submitted to the board of directors for the annual general meeting of shareholders and, where applicable, preparing other reports as requested
- submitting proposals concerning the compensation of the individual members of the board of directors, the CEO and the other members of the executive committee
- checking and approving employment contracts as well as other agreements with members of the executive committee
- if the CC considers necessary, the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices.

Detailed regulations on the areas of activity and competencies of the CC can be found in the compensation committee regulations drawn up by the board of directors.

Division of responsibility

The division of responsibility between the board of directors and the executive committee is defined in the OBR in accordance with article 23, paragraph 2 and article 25 of the articles of association. These describe the non-transferable and inalienable duties which are vested in the board of directors by law, and also govern the duties and powers of the executive committee. The OBR define the duties and competencies of the board of directors, the chairman of

the board of directors and the CEO. The CEO is entitled to delegate tasks.

Furthermore, the OBR lay down the procedures to follow in the event of a conflict of interests: A member of the board of directors and/or executive committee must abstain from voting if matters are discussed which touch on that member's personal interests or the interests of an individual or legal entity associated with the member.

Regulations on the division of responsibility are set out in the OBR. These are available via the following link: <http://www.bossard.com/en/about-us/investor-relations/corporate-governance.aspx>

Information and control instruments with regard to the executive committee

The board of directors ensures that the executive committee establishes and maintains an internal control system (ICS), which is adapted to the dimensions of the Bossard Group and the risks involved in its business activities. The external auditors review the existence of the ICS as part of its annual audit and submits an annual report to the board of directors. The company renounces from carrying out its own internal audit at present.

Each member of the board of directors may request information concerning all matters relating to Bossard Holding AG. The board of directors receives monthly updates on the Group's financial development. It receives a written monthly report consisting of the income statement, various balance sheet items and the main key figures. The information is based on the internal management information system and includes the current and budget data as well as regular projections based on current trends and expectations.

This written report is supplemented at each board meeting by verbal reports from the executive committee. In special cases the CEO informs the board of directors about the specific issue promptly in writing and/or verbally. The chairman of the board of directors also maintains regular contact with the CEO and the CFO and is informed by them about all business transactions and matters of fundamental importance.

Outside the meetings of the board of directors, each member can request information from persons responsible for management concerning the course of business and, with authorization from the chairman, individual transactions.

Executive committee

Members of the executive committee

The board of directors has delegated the management of the company to the CEO. He is responsible for the company's operational management. The CEO has delegated individual tasks to the members of the executive committee. Supervision and control of the executive committee is the responsibility of the CEO. The executive committee handles matters relevant to the management of the Bossard Group and is the forum for systematic exchange of information. After consultation with the executive committee, the CEO develops the strategic initiatives of the Group to enable the corporate objectives to be achieved.

The executive committee had the following members as at December 31, 2016:

Name	Function	Joined company	Appointed
David Dean	CEO	1992	2005
Stephan Zehnder	CFO	1996	2005
Beat Grob	CEO Central Europe	1995	2006
Dr. Daniel Bossard	CEO Northern & Eastern Europe	2000	2009
Steen Hansen	CEO America	2001	2008
Robert Ang	CEO Asia	1997	2009
Dr. Frank Hilgers	CCO	2012	2015

Other activities and vested interests

The executive committee members do not perform any important activities outside the Bossard Group apart from the mandates listed on pages 48 to 51. Furthermore, they do not have any other significant vested interests. Beat Grob and Dr. Daniel Bossard are members of the Bossard families, which have 100 percent control over Kolin Holding AG. Beat Grob is chairman of the board of directors and Dr. Daniel Bossard a member of the board of directors of Kolin Holding AG. Individual members of the executive

committee carry out executive functions at Bossard Holding AG subsidiaries.

Allowed number of mandates

According to article 44 of the articles of association, a member of the executive committee may at the same time take on maximum of five mandates outside the Bossard Group, of which a maximum of three may be in listed companies and an additional five mandates which he or she exercises pro bono. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates (i) for mandates assumed in legal entities that are directly or indirectly controlled by Bossard Holding AG or that directly or indirectly control Bossard Holding AG, or (ii) if, in exercising the function for the Bossard Group, a mandate in another, related legal entity is exercised.

Management contracts

There are no management contracts between the Group and companies or persons to whom management tasks have been delegated.

Compensation, participations and loans

This information is provided in the compensation report.

Shareholders' participation rights

Shareholders' participation rights are defined solely according to the Swiss Code of Obligations (OR) and the articles of association. The articles of association are available on the Bossard website via the following link: <http://www.bossard.com/en/about-us/investor-relations/corporate-governance.aspx>

Voting right restrictions and representation (as per articles of association art. 16 to 18)

Registered B shares are voting right shares. At the annual general meeting of shareholders each registered share with voting rights is entitled to one vote. The voting rights for registered A shares may be exercised by anyone entered in the share register as the owner or beneficiary. A shareholder entitled to vote can have him- or herself represented at the an-

nual general meeting of shareholders by the independent proxy, or – with written power of attorney – by any other person. Legal representatives do not require a written power of attorney. In the invitation to the annual general meeting of shareholders, the board of directors shall make known the date by which the shareholders may issue their powers of attorney and instructions to the independent proxy, including by electronic means. Shareholders can issue a special instruction to the independent proxy for each motion announced on the agenda sent out in the invitation. Shareholders may issue general instructions to the independent proxy for other motions on agenda items proposed at the annual general meeting of shareholders as well as for motions for convening extraordinary general meetings without any agenda and the performance of a special audit. The independent proxy is obliged to exercise as instructed the voting rights that have been transferred to him by the shareholders. If he has not received any instructions, he shall abstain from voting.

The measurement of voting rights by the number of shares with voting rights is not applicable for:

- electing the external auditor
- appointing experts to review the management of the business or individual parts thereof
- making decisions on the initiation of a special audit
- making decisions on the filing of a liability claim

Statutory quorum

(as per articles of association art. 19)

The annual general meeting of shareholders makes its decisions and holds its elections with an absolute majority of the valid votes cast, provided there are no legal provisions or provisions in the articles of association to the contrary. In a second ballot, the relative majority decides the outcome.

At least two-thirds of the votes represented and an absolute majority of the represented nominal share value are required for decisions on:

- a change to the corporate purpose
- an increase in the voting power of existing voting shares and the issue of new shares with more extensive voting privileges than those of existing voting shares
- the introduction of more stringent transferability restrictions

- an approved or conditional capital increase
- a capital increase from equity, subscribed in kind or for granting special privileges
- the restriction or withdrawal of subscription rights
- the relocation of the company domicile
- the dissolution of the company

Decisions and elections are generally settled by open ballot. A secret ballot or election is held if required by the chairman or if one or more shareholders who together hold at least 10 percent of the represented voting shares request it.

Convocation and listing of agenda items for the annual general meeting of shareholders (as per articles of association art. 12 and 13)

The ordinary annual general meeting of shareholders is held each year at the latest four months after the end of the fiscal year. It is convened by the board of directors by announcing the venue, date and time of the meeting and the invitation is published at least 20 calendar days before the meeting, along with the agenda, motions and the required form of proving share ownership.

Inclusion of items on the agenda

Shareholders representing shares with a nominal value of at least CHF 1 million may ask for an item to be placed on the agenda for discussion. One or more shareholders who together represent at least 10 percent of the share capital, can request the board of directors to convene a general meeting of shareholders and/or to place an item on the agenda for discussion. By publication in the commercial gazette (Schweizerisches Handelsamtsblatt) at least 20 calendar days before the publication of the invitation for the ordinary annual general meeting of shareholders, the board of directors requests the shareholders, that are fulfilling the mentioned requirements, to submit any items to be placed on the agenda with the respective motions within the time stated.

Entry in the share register (as per articles of association art. 5)

The company keeps a share register in which owners and beneficiaries are inscribed with their names and addresses. The company must be notified of any change of address. Until this notification is received,

all information for registered shareholders must be sent to the legally valid address entered in the share register.

In the invitation to the annual general meeting of shareholders, the board of directors announces the date by which an entry in the share register must be made in order to attend the meeting and vote.

Entry in the share register is subject to advance proof that ownership of the registered A shares was acquired or that usufruct has been granted. (The conditions for transfer of ownership and the registration requirements for registered B shares are governed by articles 7 to 9 of the articles of association.) Shareholders are entered with voting rights if they expressly declare that the shares in question are held in their own name and for their own account.

The company only recognizes a person as a shareholder or beneficiary if this person is registered as such in the share register.

The voting right and the associated rights may only be exercised by the person registered in the share register as having voting rights.

The board of directors can delete entries made on the basis of false information by the acquirer. It will implement this measure within one year, backdated to the date of the entry, after receiving definite information about the error and hearing the person concerned. The person concerned must be notified of the deletion immediately.

Changes of control and defense measures

Duty to make an offer

According to FMIA, anyone, who directly or indirectly or acting in concert with third parties, acquires shares and thereby exceeds the threshold of 33 1/3 percent of the voting rights of Bossard Holding AG must make a takeover offer for all outstanding shares. Bossard Holding AG has waived its opportunity to modify (Opting-up) or dispense (Opting-out) with this regulation.

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EXECUTIVE COMMITTEE



David Dean (1959)

Swiss citizen

Group CEO since 2005

Professional background

From 1998 to 2004, David Dean served as CFO of Bossard Group. He was corporate controller of Bossard Group in the period from 1992 to 1997. Between 1990 and 1992, he was corporate controller and a member of the executive committee of an international logistics group. From 1980 to 1990, he worked for PricewaterhouseCoopers AG in various auditing and business consulting functions.

Educational background

- Swiss certified accountant/controller
- Swiss certified public accountant
- PMD at Harvard Business School and PED at IMD in Lausanne

Other activities and vested interests

- Member of the board of directors of Komax Holding AG, Dierikon; Agta Record AG, Fehraltorf
- Member of the Industry Executive Advisory Board and Executive MBA Supply Chain Management at the ETH in Zurich



Stephan Zehnder (1965)

Swiss citizen

Group CFO since 2005

Professional background

From 1996 to 1997, Stephan Zehnder was a controller in Bossard's corporate finance unit. In 1998, he took over the function of corporate controller of Bossard Group, remaining in this position until the end of 2004. Prior to this, he was employed by various international companies in functions concerned with finance and controlling.

Educational background

- MBA in Finance from the Graduate School of Business Administration, Zurich and the University of Wales



Beat Grob (1962)

Swiss citizen

CEO Central Europe since 2006

Professional background

Beat Grob joined Bossard in 1995 as a project manager in logistics; the following year, he became head of logistics for Bossard Group. From 2005 to 2016 he was managing director of Bossard Switzerland.

Educational background

- Degree in law from the University of Zurich
- Postgraduate MBA from the University of San Diego, USA

Other activities and vested interests

- Chairman of the board of directors of Kolin Holding AG, Zug
- Member of the board of directors of Aeschbach Holding AG, Zug
- Member of the foundation board of Bossard Unternehmensstiftung, Zug



Dr. Daniel Bossard (1970)

Swiss citizen

CEO Northern & Eastern Europe since 2009

Professional background

From 2006 to 2008, he served as sales & marketing manager of Bossard Group and was responsible for the reorientation of Bossard's sales strategy as well as the development of international customer relations. From 2003 until 2006, he was CEO of Bossard Denmark. Dr. Daniel Bossard joined Bossard in 2000 as an e-business manager, after having worked as a consultant for Andersen Consulting (Accenture).

Educational background

- Business administration degree from the University of St. Gallen, with postgraduate studies leading to a doctorate in technology management (Dr. oec. HSG)

Other activities and vested interests

- Chairman of Bossard Unternehmensstiftung, Zug
- Member of the board of directors of Kolin Holding AG, Zug



Steen Hansen (1959)

Danish citizen

CEO America since 2008

Professional background

From 2006 to 2008, he served as the president of Bossard IIP, Cedar Falls, Iowa. He was responsible for the Group's logistics between 2004 and 2006, having joined Bossard in 2001 as head of logistics for Bossard Denmark. Prior to joining Bossard, he filled various management positions, the last being supply chain manager at Nomeco Denmark, a leading wholesaler for pharmaceuticals.

Educational background

- Bachelor degree in technology management and marine engineering at the Technical University of Denmark
- MBA from the ETH in Zurich

Other activities and vested interests

- Member of the board of directors of Kryton Engineered Metals, Cedar Falls, USA
- Member of the board of directors of Hectronic USA Corp., Cheasepeak, USA



Robert Ang (1963)

Citizen of Singapore

CEO Asia since 2009

Professional background

From 2005 until 2009, Robert Ang was responsible for Bossard Greater China (China, Taiwan) and prior to that, the Southeast Asia region. From 1997 until 1999, he was CEO of Bossard Singapore. Robert Ang managed his own company from 1994 until it was acquired by Bossard in 1997. He spent the four years prior as a product manager for Conner Peripherals and Optics Storage Pte Ltd. in Singapore. Between 1986 and 1989 he worked as a buyer at Printronix AG.

Educational background

- Executive MBA from the Thames Business School, Singapore
- Diploma in mechanical engineering from Singapore Polytechnic
- MBA from the Lee Kong Chian School of Business, Singapore



Dr. Frank Hilgers (1966)

German citizen

Group CCO since 2015

Professional background

Since 2015, Dr. Frank Hilgers has been responsible for the group-wide management of branded products and high quality fastening solutions (Chief Category Officer, CCO). He has also headed the business units of KVT-Fastening since 2012. From 2009 to 2012, he was a member of the KVT-Koenig management team in charge of sales, product management and the fastening systems division. During his employment at Continental between 2007 and 2009, he was in charge of all national organizations of the spare parts business and key account management in the Commercial & Special Vehicle area. From 2004 to 2007, Dr. Frank Hilgers headed Group Strategy and Business Development at Siemens VDO Automotive and was instrumental in the turnaround and sale of this Siemens segment. As senior manager for strategy, Dr. Frank Hilgers was in charge of major international projects at Accenture from 1997 until 2004, and was responsible for automotive suppliers and the shareholder value initiative in the German speaking countries.

Educational background

- Degree in chemistry and doctorate from the University of Stuttgart
- Executive MBA from Kellogg School of Management Northwestern University (Accenture Program), Evanston, USA

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Clauses on changes of control

The employment agreement for members of the executive committee does not contain any clauses on changes of control. The Group does not provide golden parachutes for its senior management.

The period of notice for members of the executive committee is between six and twelve months, during which time they are entitled to receive salary and bonus payments. If the company changes hands or goes into liquidation, all share options (RSUs) held under the management participation plan become due immediately.

Auditors

Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich, has been the statutory auditor for Bossard Holding AG since 1986 and audits the annual financial statements and the consolidated financial statements. The statutory auditors are elected by the annual general meeting of shareholders for a term of one year. The auditor in charge is Norbert Kühnis, Swiss certified public accountant, who has been responsible for the auditing mandate since the 2010 fiscal year. A new auditor in charge is appointed every seven years, with the next changeover due in 2017.

Fees for the statutory auditor

In the 2016 fiscal year, PricewaterhouseCoopers AG received fees of CHF 616,942 (2015: CHF 612,607) for auditing services, CHF 109,672 for tax consulting (2015: CHF 99,325) and CHF 36,843 (2015: CHF 19,297) for legal advice.

Information and control instruments towards the statutory auditor

The ARCC meets at least three times per year to discuss plans for the annual and Group audit, the results of the interim audit and the year-end financial statement, as well as other business. The management letters from the statutory auditor form the basis for discussion of the interim audit and the year-end financial statements. The ARCC assists the board of directors with its supervision of the statu-

tory auditors. The ARCC's main responsibility is to propose the statutory auditors, to review their qualifications, independence and performance annually, to approve the auditing fee and to review the accounting principles as well as the annual financial report. The committee annually reviews the scope of the audit, the auditing plans and the related procedures, and discusses the results of the audit with the auditors.

Information policy

With its disclosure policy, the Bossard Group creates transparency for investors and financial markets and ensures a fair market price for Bossard shares.

The Bossard management is convinced that the financial markets will honor a clear, consistent and informative disclosure policy in the long term with a fair valuation of the company's shares. Bossard therefore applies the following principles in its financial reporting and approach to disclosure:

- Transparency: The disclosure principle is intended to ensure a better understanding of the economic drivers influencing the Group and the detailed operating results.
- Consistency: Disclosure within each reporting period and between the individual periods is consistent and comparable.
- Clarity: Information is presented as clearly as possible so that stakeholders can form an accurate picture of how the business is going.
- Relevance: To avoid a flood of information, Bossard focuses on data that is relevant for the company's stakeholders in terms of content and timing, is necessary for supervisory purposes or is required by law.

The Group publishes relevant information on its business operations using a number of channels, including the annual report, interim reports and press releases. The company also keeps its stakeholders informed by means of press conferences and meetings with analysts and via the annual general meeting of shareholders. The consolidated financial statements are drawn up in accordance with Swiss GAAP FER.

List of key dates in 2017:

Meeting for financial analysts & media conference, publication of annual report 2016	March 8, 2017
Annual general meeting	April 10, 2017
Publication of sales results 1st quarter 2017	April 10, 2017
Publication of first results Sales/net income 1st half of 2017	July 13, 2017
Publication of semi-annual report 2017	August 22, 2017
Publication of sales results 3rd quarter 2017	October 10, 2017
Publication of sales results 2017	January 11, 2018

Bossard maintains contact with representatives of the capital market via media conferences, meetings with analysts and roadshows. The company also regularly holds individual and group meetings with institutional investors and analysts. All publications on business results and press releases are available in English and in German under the “Investor Relations” section of the Bossard website www.bossard.com (<http://www.bossard.com/en/about-us/news-and-press-releases.aspx>).

Further, shareholders can subscribe on the Bossard website (<http://www.bossard.com/en/about-us/investor-relations/ad-hoc-news.aspx>) to our announcements, press releases and ad hoc publications. All Bossard publications can be ordered by e-mailing investor@bossard.com or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, CH-6301 Zug, Switzerland.

COMPENSATION REPORT

The compensation report describes the compensation principles and programs as well as the governance framework related to the compensation of the board of directors and the members of the executive committee of Bossard Holding AG. The report also provides details around the compensation awarded to those two bodies in the 2016 fiscal year.

The compensation report has been prepared in compliance with the Ordinance against Excessive Compensation in Listed Companies (VegüV), the standard relating to information on Corporate Governance of the SIX Swiss Exchange and the principles of the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*.

1. Compensation philosophy and principles

The compensation philosophy of Bossard Holding AG reflects the commitment to recruit, retain, motivate and develop well-qualified employees and executives at all levels in the organization. Compensation programs are designed to motivate executives to achieve the business objectives and to create long-term and sustainable value for the company. They are based on the following principles:

Pay for performance	A portion of compensation is directly linked to the sustainable success of the company and to individual contributions
Alignment to shareholders' interests	The compensation system strengthens the link to shareholders' interests through the delivery of part of the compensation in the form of shares or share-based payments
Balanced system	There is a healthy balance between fixed and variable performance-based compensation (no excessive leverage of variable compensation, capped at 100 percent of fixed compensation)
Market competitiveness	Compensation levels are market competitive in order to attract and retain individuals with the required skill sets and leadership capabilities
Simplicity and transparency	Compensation programs are straightforward and transparent

2. Compensation Governance

2.1. Articles of association

As required by the Ordinance against Excessive Compensation in Listed Companies (VegüV), the articles of association of Bossard Holding AG summarize the compensation principles and include the following provisions:

- Compensation principles (articles 36 to 40): the compensation of the members of the board of directors and the executive committee consists of fixed and variable compensation. Variable compensation depends on the performance of the group, its businesses and/or individual contributions and may be paid out in cash and/or restricted shares. The variable compensation is capped to one time the annual fixed compensation in order to avoid unexpected upward volatility of payouts. In addition, members of the executive

committee may be awarded restricted stock units at the discretion of the board of directors.

- Binding vote on compensation amounts of the board of directors and the executive committee (articles 11.8 and 43): the annual general meeting of shareholders approves separately the maximum aggregate amounts of compensation payable to the board of directors and to the executive committee respectively, for the period from May 1 to April 30 of the following year. In addition, the annual general meeting of shareholders has the opportunity to express its opinion on the compensation report in a consultative vote.
- Additional amount for payments to members of the executive committee appointed after the vote on compensation at the annual general meeting of shareholders (article 42): to the extent that the maximum aggregate compensation amount as approved by the annual general meeting of shareholders does not suffice, an amount of up to 30 percent of the maximum aggregate compensation amount approved for the executive committee is available, without further approval, for the compensation of the members of the executive committee who have been appointed after the annual general meeting of shareholders.
- Loans, credit facilities and post-employment benefits for members of the executive committee (article 41): the board of directors may, in justified cases, grant to members of the executive committee and persons related to them: mortgage-backed loans or credit up to a maximum of CHF 1 million per person, unsecured loans or credit up to a maximum of CHF 0.5 million per person, pension benefits outside the occupational pension scheme up to a maximum of CHF 0.5 million (one-time) per person.

Details available at:

www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association.aspx

2.2. Compensation committee

In accordance with the articles of association, the organizational rules of Bossard Holding AG and the compensation committee regulations, the compensation committee is composed of at least three members of the board of directors that are elected individually by the annual general meeting of shareholders for a period of one year. Subject to the approval of the annual general meeting of shareholders, the representative of registered A shares is entitled to be a member of the compensation committee. The 2016 annual general meeting of shareholders elected Prof. Dr. Stefan Michel (chairman), Helen Wetter-Bossard and Maria Teresa Vacalli as members of the compensation committee. All three members are independent in accordance with the regulations.

It is the responsibility of the compensation committee to:

- determine and regularly review the compensation policy and principles applicable to the board of directors and the executive committee, including the design of compensation programs and retirement benefits plans;
- propose to the board of directors the maximum aggregate amounts of compensation of the board of directors and of the executive committee to be submitted to the shareholders' vote at the annual general meeting of shareholders;

- propose to the board of directors the individual compensation for the members of the board of directors, the CEO and the other members of the executive committee, within the limits approved by the annual general meeting of shareholders;
- review and approve the employment contracts of the executive committee members;
- prepare the compensation report.

The levels of authority between the CEO, the compensation committee (CC), the board of directors (BoD) and the annual general meeting of shareholders (AGM) are summarized in the table below:

	CEO	CC	BoD	AGM
Compensation policy and principles		Proposes	Approves	
Maximum aggregate compensation amounts of the board of directors		Proposes	Reviews	Approves (binding vote)
Maximum aggregate compensation amounts of the executive committee		Proposes	Reviews	Approves (binding vote)
Individual compensation of members of the board of directors		Proposes	Approves	
Compensation of CEO including objectives setting and performance assessment		Proposes	Approves	
Individual compensation of members of the executive committee including objectives setting and performance assessment	Proposes	Reviews	Approves	
Compensation report		Proposes	Approves	Consultative vote

The compensation committee meets as often as business requires but at least twice a year. In 2016, it held two meetings, which all members attended.

As a general rule, the CEO participates in the meetings of the compensation committee in an advisory capacity. Members of the board of directors may attend the committee meetings (without voting rights) and other executives may be invited in an advisory capacity as well. However, the members of the board of directors and the executives abstain from voting when their own performance and/or compensation are being discussed. After each meeting, the chairman of the compensation committee reports to the board of directors on its activities and recommendations. The minutes of the compensation committee meetings are available to the full board of directors.

The compensation committee may retain external consultants to provide support in fulfilling its duties. In 2016, no such external advisors were engaged. The compensation committee performs a self-evaluation at regular intervals.

2.3. Method of determination of compensation

Benchmarking: in order to assess the market competitiveness of compensation and to determine appropriate compensation levels for the members of the board of directors and of the executive committee, the compensation committee periodically reviews the compensation reports published by other international industrial companies that are listed in Switzerland and comparable to Bossard in

terms of size (market capitalization, employees, revenues), geographic scope and business complexity. Such benchmarking analysis was conducted at the end of 2015 on the basis of the Ethos study “annual general meetings 2015, compensation and corporate governance in SPI companies”, published in October 2015. The SPI companies ranking 49 to 100 in terms of market capitalization (excluding financial sector) were selected as peer group. The result of the benchmark analysis led to some structural changes in the compensation of the board of directors and the executive committee as explained more in details below.

Performance management: the actual compensation effectively paid out in a given year to the executive committee members depends on their individual performance. Depending on the level of responsibility, the evaluation of individual performance takes into account the results of the entire group and/or of a business area. The performance evaluation is based on quantitative and qualitative assessment criteria. The quantitative elements are derived both from the current business results and from the longer-term value drivers, which are decisive for Bossard’s future results and profitability. This is aligned to the value-oriented and sustainability-focused management approach implemented by Bossard. Qualitative criteria are derived from the company’s strategic targets. Therefore, compensation reflects both the sustainable success of the company and the individual contributions.

3. Compensation structure – board of directors

The compensation of the board of directors includes a fixed component and a variable component. Based on the benchmarking analysis conducted at the end of 2015, it has been decided to increase the fixed component and to decrease the variable component. The fixed component adequately compensates members of the board of directors for their time spent serving on the board of directors and on the committees. It amounts to CHF 300,000 for the chairman and to CHF 90,000 for the other members of the board of directors. The variable component corresponds to 0.05 percent of the Group EBIT (compared to 0.1 percent of the Group net income in previous year), is expected to amount to approx. CHF 39,000 and is capped to a maximum of CHF 60,000. Those amounts are exclusive of social security contributions.

Effective for the period of office starting at the annual general meeting of shareholders in 2016, at least CHF 30,000 of the total compensation (previously 20 percent of total compensation) is paid in the form of registered A shares of Bossard Holding AG. Board members may elect to receive up to CHF 60,000 (in total) of their total compensation in shares (previously 50 percent of total compensation). The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in case of termination of mandate, except in case of termination following death where the restriction immediately lapses. The shares are priced at their market value, determined at the end of February of each year based on the average share price over the previous ten trading days, less a discount of approximately 16 percent for the three-year restriction period as permitted under Swiss tax law.

The decision on the proportion of compensation to be paid in shares (at least CHF 30,000 up to CHF 60,000 of total compensation) is made the day after the annual general meeting of shareholders. The shares required for the share plan are purchased on the market by Bossard Holding AG.

	Fixed compensation (in CHF per year)	Variable compensation (in CHF per year)
Chairman of the board of directors	300,000	0.05 percent of EBIT, maximum 60,000
Members of the board of directors	90,000	0.05 percent of EBIT, maximum 60,000

4. Compensation structured – Executive committee

According to the compensation principles defined in section 1, the compensation of the executive committee includes the following elements:

- Fixed compensation
- Variable compensation
- Management participation plan
- Occupational benefits

Structure of compensation of the executive committee:

	Purpose	Drivers	Performance measures	Vehicle
Fixed compensation	Attract & retain	Position, skills and experience		Monthly cash payments
Variable compensation	Pay for performance	Annual performance	Operational results, group net income, strategic goals	Annual bonus in cash
Management participation plan	Align to shareholders' interests, retain	Position		RSU with five-year staged vesting period
Occupational benefits	Protect against risks, attract & retain	Market practice and position		Retirement plan, insurance, perquisites

The result of the benchmarking analysis conducted at the end of 2015 showed that the compensation level of the executive committee was lower than the market median on all elements (fixed compensation, variable compensation, management participation plan). Consequently, the compensation of the executive committee has been adjusted.

4.1. Fixed compensation

The annual fixed compensation is a fixed remuneration paid in cash on a monthly basis. It reflects the scope and responsibilities of the role, the skills required to perform the role and the profile of the jobholder in terms of experience and capabilities.

4.2. Variable compensation

The variable compensation rewards the achievement of annual financial goals and of individual strategic objectives agreed and evaluated within the annual objective-setting process.

The fixed compensation and the expected variable compensation (assuming 100 percent achievement of all performance objectives) form the so-called total cash compensation. The target value of the total cash compensation of the CEO and the other executive committee members is reviewed annually based on the scope of the role, competitive market practice, individual profile and performance, as well as the company's affordability.

For the CEO, the fixed compensation amounts to 59 percent of total cash compensation, while the variable compensation amounts to 41 percent (or 68 percent of the annual fixed compensation). For the other executive committee members, the fixed compensation ranges from 61 percent to 66 percent of total cash compensation while the variable portion ranges from 34 percent to 39 percent. In order to maintain compensation at a reasonable level and to not encourage excessive risk taking or a focus on short-term decisions to the expense of the company's sustainable success, the variable compensation is capped at 100 percent of the annual fixed compensation.

The variable compensation is based on two components:

- The financial performance of the group as a whole and/or its businesses;
- The achievement of individual strategic goals that are defined and reviewed annually by the board of directors.

The approximate weighting of those components is illustrated in the graph below. The weightings are defined as ranges because the system shall remain flexible enough to reflect specific strategic priorities for any business area in any given year.

Components		CEO	CFO	Other members of the executive committee
Financial performance 80–100 percent	Group	Operational results of all business areas	Operational results of all business areas Group net income	Group net income
	Own business area			Operational results of own business area and Group
Strategic objectives 0–20 percent		Individually determined	Individually determined	Individually determined

The financial objectives always include a measurement of profitability, such as group net income or business area and group operating profit, because profitability is absolutely critical to the long-term success of the company. In addition, financial objectives may also include a measurement of growth, such as revenue or gross profit growth, depending on the strategic priorities of the respective business area. For each financial objective, an expected (target) level of perfor-

mance is determined, either on the basis of the annual financial plan or of the previous year's achievements. In addition, a threshold level of performance, below which the payout factor is zero, and a maximum level of performance, above which the payout factor is capped, are determined as well.

The strategic objectives include more qualitative goals related to innovation, key project management and leadership.

Due to the commercial sensitivity of financial and strategic objectives, they are not being disclosed in the compensation report. However, the payout level of the variable compensation in the reporting year is explained and commented on in section 5.

The CEO and the other members of the executive committee may opt to buy up to 20 percent of their total cash compensation in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in case of termination of employment, except in case of termination following death where the restriction immediately lapses. The shares are priced at their market value, determined at the end of February of each year, based on the average share price over the previous ten trading days, less a discount of approximately 16 percent for the three-year restriction period as permitted under Swiss tax law. The decision to buy shares by the CEO or the other members of the executive committee is made the day after the annual general meeting of shareholders. The shares required for the share plan are purchased on the market by Bossard Holding AG.

4.3. Management participation plan

The objectives of the management participation plan are to strengthen the link between management and shareholders' interests, to foster the participants' long-term motivation and identification with the group, to let participants directly participate in the long-term shareholder value created through share price appreciation, and to enable the company to retain and motivate highly-qualified employees.

The long-term management participation plan is offered to selected members of the management of the group in the form of restricted stock unit (RSU) awards. At the beginning of the vesting period, a number of RSUs are granted to each participant, which is based on a monetary amount. The conversion is carried out at market value in November and is based on the average share price over the last ten trading days in November. For members of the executive committee, the number of RSUs granted is determined at the discretion of the board of directors. In 2016, the grant size for executive committee members amounted from 14 percent to 17 percent of the annual fixed compensation. For other participants, the grant size is determined at the discretion of the CEO.

Each RSU is a conditional right to receive one registered A share of Bossard Holding AG after the vesting period. The RSUs vest conditionally upon the continuous employment of the participant at the vesting date and according to the following vesting schedule: one third of the RSUs vest three years after the

grant date, one third vest four years after the grant date and the last third vest five years after the grant date. At the respective vesting date, the vested RSUs are converted into registered A shares of Bossard Holding AG. The shares are not subject to any further restrictions other than the general rules governing management transactions. In circumstances where the allocation of shares may be unsuitable or impractical, the award may be settled in cash.

Vesting period:



In case of termination of employment, the RSUs forfeit without any compensation, except in the cases of retirement, death, disability or change of control, where the RSUs are subject to an accelerated vesting at the date of termination/ change of control.

4.4. Occupational benefits

The executive committee members participate in the benefits plan available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and health. The members of the executive committee with a Swiss employment contract participate in Bossard's pension plan offered to all employees in Switzerland, in which a base compensation up to an amount of CHF 282,800 per annum is insured, as well as a supplementary plan in which earnings in excess of this limit are insured up to the maximum amount permitted by law. Bossard's pension benefits exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and are in line with what other international industrial companies offer. Members of the executive committee under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and are, as a minimum, in accordance with the legal requirements of the respective country.

In addition, executive committee members are also eligible to standard perquisites, such as a company car, seniority awards, child allowance and other benefits in kind, according to competitive market practice in their country of contract. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation tables.

4.5. Employment contracts

The members of the executive committee are employed under employment contracts of unlimited duration with a notice period of six months, or twelve months for the CEO. Executive committee members are not contractually entitled to termination payments or any change-in-control provisions other than the early vesting of RSU awards mentioned previously.

5. Compensation to the members of the board of directors and of the executive committee

5.1. Compensation paid to current members of the board of directors for the fiscal years 2016 and 2015

In 2016, the members of the board of directors received a total compensation of CHF 1.3 million (2015: CHF 1.2 million) in the form of fixed compensation of CHF 0.8 million (2015: CHF 0.6 million), variable compensation of CHF 0.3 million (2015: CHF 0.4 million) and social security contributions of CHF 0.2 million (2015: CHF 0.2 million). Of the total amount, CHF 0.4 million was delivered in restricted shares (2015: CHF 0.4 million).

Following a conducted benchmark analysis at the end of 2015, the structure of the remuneration of the board of directors has been adjusted. The amount of fixed remuneration has been increased while the variable compensation potential has been decreased. Therefore, the fixed remuneration of the board of directors has increased by 29 percent compared to 2015, while the variable compensation effectively paid out decreased by 20 percent.

In addition, all seven board members have been compensated for the full calendar year in 2016 while two members were compensated on a pro-rata basis in 2015 as they had joined the board of directors after the 2015 annual general meeting of shareholders. This led to an additional increase of compensation.

The chairman's variable compensation in 2016 amounted to 18 percent of the fixed compensation (2015: 34 percent). For the other board members, the variable compensation amounted to 58 percent (2015: 90 percent).

Compensation paid to members of the board of directors for the fiscal year 2016

in CHF		Fixed	Variable	Social costs	Total compensation	Thereof in shares ⁴⁾
Dr. Thomas Schmuckli	Chairman, chairman NC ¹⁾ , ARCC ²⁾	266,667	49,000	43,867	359,534	53,690
Anton Lauber	Deputy chairman, ARCC	85,000	49,000	18,704	152,704	28,662
Dr. René Cotting	Chairman ARCC	85,000	49,000	18,704	152,704	71,697
Daniel Lippuner	ARCC	85,000	49,000	18,704	152,704	71,697
Prof. Dr. Stefan Michel	Repr. of registered A shares, chairman CC ³⁾ , NC	85,000	49,000	18,704	152,704	71,697
Maria Teresa Vacalli	NC, CC	85,000	49,000	18,704	152,704	71,697
Helen Wetter-Bossard	NC, CC	85,000	49,000	18,704	152,704	43,365
2016		776,667	343,000	156,091	1,275,758	412,505

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Compensation committee (CC)

4) Members of the board of directors must draw at least 20 percent, but may draw up to 50 percent of their total compensation (according to the compensation rules applicable for the term of office until the annual general meeting of shareholders in 2016) in registered A shares of Bossard Holding AG (according to article 37 of the articles of association). The shares are priced at market value, less a reduction of approximately 16 percent for the three years lockup period. The purchase price was CHF 82.60 and took place one day after the annual general meeting of shareholders 2016.

Compensation paid to members of the board of directors for the fiscal year 2015

in CHF		Fixed	Variable	Social costs	Total compensation	Thereof in shares ⁴⁾
Dr. Thomas Schmuckli	Chairman, chairman NC ¹⁾ , ARCC ²⁾	200,000	68,500	37,233	305,733	100,650
Anton Lauber	Deputy chairman, ARCC	75,000	68,500	19,980	163,480	75,030
Dr. René Cotting	Chairman ARCC	50,000	43,500	12,997	106,497	-
Daniel Lippuner	ARCC	50,000	43,500	12,997	106,497	-
Prof. Dr. Stefan Michel	Repr. of registered A shares, chairman CC ³⁾ , NC	75,000	68,500	19,980	163,480	75,030
Maria Teresa Vacalli	NC, CC	75,000	68,500	19,980	163,480	75,030
Helen Wetter-Bossard	NC, CC	75,000	68,500	19,980	163,480	75,030
2015		600,000	429,500	143,147	1,172,647	400,770

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Compensation committee (CC)

4) Members of the board of directors must draw at least 20 percent, but may draw up to 50 percent of their total compensation (according to the compensation rules applicable for the term of office until the annual general meeting of shareholders in 2016) in registered A shares of Bossard Holding AG (according to article 37 of the articles of association). The shares are priced at market value, less a reduction of approximately 16 percent for the three years lockup period. The purchase price was CHF 91.50 and took place one day after the annual general meeting of shareholders 2015.

In 2016, the annual general meeting of shareholders authorized a maximum compensation amount for the board of directors of CHF 1,500,000 for the period from May 1, 2016 to April 30, 2017.

Payments to former members of the board of directors

In 2016, as well as in 2015, no compensation was paid to former members of the board of directors.

Payments to related parties of members of the board of directors

In 2016, as well as in 2015, no compensation was paid to related parties of present or former members of the board of directors.

Loans and credits to present or former members of the board of directors or to related parties

As of December 31, 2016 as well as of December 31, 2015 no such loans or credit payments existed to present or former members of the board of directors, or to related parties of present or former members of the board of directors.

5.2. Compensation paid to current members of the executive committee for the fiscal years 2016 and 2015

In 2016, the members of the executive committee received a total compensation of CHF 5.6 million (2015: CHF 5.2 million) in the form of fixed compensation of CHF 2.7 million (2015: CHF 2.5 million), variable compensation of CHF 1.6 million (2015: CHF 1.5 million), other benefits of CHF 0.1 million (2015: CHF 0.1 million), RSU grant of CHF 0.5 million (2015: CHF 0.4 million) and social security/pension contributions of CHF 0.8 million (2015: CHF 0.8 million). Of the total amount, CHF 0.4 million was delivered in restricted shares (2015: CHF 0.4 million).

The increase in compensation compared to the previous year is due to the following factors:

- All executive committee members were paid for the full calendar year 2016, while one executive committee member was paid on a pro-rata basis for eight months in 2015;
- The fixed compensation has been adjusted in 2016 following the benchmarking analysis in order to ensure market conformity;
- The variable compensation was slightly higher than in previous year due to the strong sales growth (+5.9 percent) and impressive EBIT result (+11.6 percent). Individual objectives were exceeded overall as well;
- The grant size of RSU for the CEO has been increased to further align the compensation structure to market practice and to strengthen further the alignment to shareholders' interests.

In 2016 the variable component of the fixed compensation amounted to 69 percent of fixed compensation for the CEO (2015: 69 percent) and to 71 percent on average for the other executive committee members (2015: 74 percent). The total expenses for the management participation plan offered to the executive committee and specified middle and senior managers amounted to CHF 1.5 million in 2016 (2015: CHF 1.2 million).

Compensation paid to members of the executive committee

in CHF	Executive committee total		David Dean, CEO	
	2016	2015	2016	2015
Fixed compensation	2,664,353	2,456,330	540,000	526,664
Variable compensation ¹⁾	1,587,184	1,487,172	371,000	362,000
Other benefits ²⁾	96,305	101,561	9,600	9,600
Subtotal (compensation)	4,347,842	4,045,063	920,600	898,264
Management participation plan (RSU) ³⁾	450,000	350,000	150,000	50,000
Social and pension costs	791,845	750,953	234,944	229,099
Total	5,589,687	5,146,016	1,305,544	1,177,363
Thereof share payment ⁴⁾	398,215	361,425	-	-
Members of the executive committee	7	7		

1) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the following reporting year for which the compensation was paid. The compensation disclosed for 2015 is the actual total payment made.

2) Private share in company vehicle, child allowances, anniversary bonus

3) The market value of the RSUs allocated in the 2016 fiscal year was CHF 137.65 (2015: CHF 101.70).

4) Members of the executive committee may draw up to 20 percent of their total compensation in registered A shares of Bossard Holding AG of the previous year (according to article 38 and 39 of the articles of association). The shares are priced at market value, less a reduction of approximately 16 percent for the three years lockup period. The draw always takes place one day after the annual general meeting of shareholders. For the drawn shares in 2016 the price was CHF 82.60 (2015: CHF 91.50).

In 2016, the annual general meeting of shareholders authorized a maximum compensation amount for the executive committee of CHF 5,600,000 for the period from May 1, 2016 to April 30, 2017.

Compensation paid to former members of the executive committee

In 2016, as well as in 2015, no compensation was paid to former members of the executive committee.

Compensation paid to related parties of members of the executive committee

In 2016, as well as in 2015, no compensation was paid to related parties of present or former members of the executive committee.

Loans and credits to present or former members of the executive committee or to related parties

As of December 31, 2016 as well as December 31, 2015 no such loans or credit payments existed to present or former members of the executive committee, or to related parties of present or former members of the executive committee.

6. Participations of members of the board of directors and of the executive committee at December 31, 2016

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following numbers of registered A shares of Bossard Holding AG:

Board of directors		2016	2015
Dr. Thomas Schmuckli	Chairman, chairman NC, ARCC	14,150	15,600
Anton Lauber	Deputy chairman, ARCC	8,041	7,694
Dr. René Cotting	Chairman ARCC	918	500
Daniel Lippuner	ARCC	868	-
Prof. Dr. Stefan Michel	Representative of registered A shares, chairman CC, NC	4,270	3,402
Maria Teresa Vacalli	NC, CC	2,488	1,620
Helen Wetter-Bossard	NC, CC	22,853	23,178
Total		53,588	51,994

Executive committee		2016	2015
David Dean	CEO	11,166	23,502
Stephan Zehnder	CFO	13,444	14,930
Beat Grob	CEO Central Europe	32,174	30,610
Dr. Daniel Bossard	CEO Northern & Eastern Europe	4,147	5,474
Steen Hansen	CEO America	1,168	354
Robert Ang	CEO Asia	8,663	6,578
Dr. Frank Hilgers	CCO	900	442
Total		71,662	81,890

At December 31, the individual members of the executive committee held the following numbers of awarded restricted stock units (RSU):

		2016	2015
David Dean	CEO	3,350	3,074
Stephan Zehnder	CFO	2,623	3,074
Beat Grob	CEO Central Europe	2,623	3,074
Dr. Daniel Bossard	CEO Northern & Eastern Europe	2,623	3,074
Steen Hansen	CEO America	2,623	3,074
Robert Ang	CEO Asia	2,623	3,074
Dr. Frank Hilgers	CCO	2,266	2,361
Total		18,731	20,805

REPORT OF THE STATUTORY AUDITOR on the Compensation Report



Report of the statutory auditor
to the general meeting on the
compensation report 2016 of
Bossard Holding AG
Zug

Report of the statutory auditor on the Compensation Report

We have audited the compensation report of Bossard Holding AG for the year ended December 31, 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the note 5 on pages 62 to 65 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 to 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of Bossard Holding AG for the year ended December 31, 2016 complies with Swiss law and articles 14 –16 of the Ordinance.

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zürich, February 27, 2017

FINANCIAL REPORT

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New record highs – improved profitability

Bossard continues on its growth path: Sales, EBIT, and net income reached record highs in 2016. Sales grew by 5.9 percent to CHF 695.0 million, with substantial contributions from the European and American market regions. Business in America was particularly impressive, not only because of the acquisition of Arnold Industries but also because of the solid performance of our existing business. EBIT improved a notable 11.6 percent to CHF 78.5 million. This development confirms our investment policy targeting profitable growth. Upward-trending profitability after the appreciation of the Swiss franc was reflected in the operating margin increase from 10.7 percent to 11.3 percent. Also noteworthy was the 14.6 percent growth in net income to CHF 62.4 million.

Our growth-oriented strategy led to significant acquisitions and investments in modern, high-performing infrastructures in recent years. This groundwork had an appreciable effect on our results, as evidenced by our performance in 2016.

Palpable momentum in Europe

2016 sales in Europe rose by 4.7 percent to CHF 401.6 million. Fortunately, momentum in the second half of the year was especially strong, notably in the fourth quarter, with most markets contributing to this accelerated growth. By the end of the year, positive trends were particularly evident in Switzerland, where the significant appreciation of the Swiss franc at the beginning of 2015 had taken its toll on previous quarters.

Net Sales

+5.9%

Growth spurt in America

Progress in the America business was remarkable in 2016, with sales increasing a full 12 percent to CHF 186.1 million. Fourth-quarter growth reached a staggering 38.9 percent, two thirds of which stemmed from the acquisition of Arnold Industries. Bossard's existing business thrived as well. Sales resulting from the cooperation with the leading US electric vehicle manufacturer, for instance, increased substantially. Excluding the Arnold acquisition, we posted a strong 15.3 percent growth in the fourth quarter, a clear reflection of the highly promising nature of our America business.

Organic development in Asia

In Asia, Bossard is benefiting from the investment activities launched in prior years. Sales in this region rose by 0.6 percent to CHF 107.3 million. However, the 3.1 percent growth in sales in local currency clearly indicates we are in a position to realize our potential in Asia as well. We even achieved double-digit growth in India, Taiwan, and Singapore. The fact that we were able to compensate weaker demand from various customers with new business is likewise encouraging. Finally, Bossard made strides in the third and fourth quarters even in the currently challenging Chinese market.

Increased gross profit – higher selling expenses

The growth of the Bossard Group is also reflected in its gross profit, increasing to CHF 219.6 million from the previous year's CHF 202.7 million. After the appreciation of the Swiss franc affected performance in the previous year, we were able to improve our gross profit margin in 2016 from 30.9 percent to 31.6 percent.

Compared to 2015, selling and administrative costs rose by 6.6 percent to CHF 141.1 million. Their percentage of net sales totaled 20.3 percent, remaining at the previous year's level. Sales expenditures grew, in particular due to our ongoing investment in the development and expansion of our sales organization. The number of employees increased from 2,018 in the previous year to 2,179, due in part to the acquisition of Arnold Industries, which added 105 employees to our workforce.

EBIT at a new record high

We are pleased to note that Bossard's operating profitability is bouncing back from the slump precipitated by the appreciation of the Swiss franc in the previous year. EBIT grew in 2016 by 11.6 percent to CHF 78.5 million. There are several reasons for this disproportional increase as measured against revenue – especially the above-mentioned investments and acquisitions, which bolstered the profitable development of the Group. The cooperation with the leading US electric vehicle manufacturer and the acquisition of new customers also made an important contribution to strengthening profitability.

EBIT

+11.6%

Compared to the prior year, financial expenses rose from CHF 2.5 million to CHF 2.8 million, largely due to lower currency gains.

Taxes amounted to CHF 13.3 million, equaling those of the previous year. The tax rate fell from 19.7 percent to 17.5 percent, which is attributable to the use of existing loss carryforwards and the altered profit mix.

Higher dividend thanks to record profit

Net income in 2016 increased a remarkable 14.6 percent to CHF 62.4 million, in turn pushing up return on sales from 8.3 percent to 9.0 percent. In accordance with our dividend policy (40 percent of net income), the record net income results in increased dividends. The board of directors' recommendation to the annual general meeting of shareholders is to increase dividends from CHF 3.00 to 3.30 (+10 percent). This is equivalent to a dividend yield of 2.3 percent based on the share price at the end of December 2016.

Continued solid balance sheet structure

The Group's continuing growth and the acquisition of Arnold Industries as per September 2016 boosted total assets by 7.2 percent to CHF 495.8 million. Good signs were evident regarding capital employed for the net working capital: Its percentage of net sales fell from 39.1 percent in 2015 to 38.1 percent. The equity ratio rose from 40.2 percent to 41.9 percent, even though Bossard offsets the goodwill from acquisitions directly against equity. The gearing – the ratio of net debt to equity – remained unchanged at 0.8 in spite of vigorous investment activity.

In spite of the acquisition of Arnold Industries and substantial investments in our infrastructure, net debt increased only slightly from CHF 147.8 million to CHF 158.8 million owing to solid cash flow. Cash flow from operating activities rose by a healthy CHF 32.2 million to CHF 85.1 million, aided by positive results and in particular by the marked reduction in inventory. Cash flow from investing activities totaled CHF 71.8 million in 2016, CHF 6.3 million less than in the previous year. This includes acquisitions and investments in tangible and intangible assets. A substantial amount of these investments went to the technology and logistics

centers in China and Germany completed in 2016. Free cash flow rose to CHF 13.2 million, up from the previous year's negative free cash flow of CHF 25.3 million.

Solid basis for future development

Our performance in fiscal year 2016 is reason for confidence going forward. Bossard is on a solid foundation that promotes growth. The groundwork and the acquisitions in America have consolidated our competitive position, thereby opening up new potential. In other market regions and markets, vigorous investment activities - including fields such as Industry 4.0 and e-mobility - has delivered measurable competitive benefits. In the overall view, we have started the 2017 fiscal year with optimism. We have the potential to continue growing in all three market regions. However, we remain aware that political uncertainties and changing market conditions can affect the earnings situation of companies.

Consolidated balance sheet

in CHF 1,000	Notes	31.12.2016	31.12.2015
Assets			
Current assets			
Cash and cash equivalents	4	22,511	29,918
Accounts receivable, trade	5	124,235	103,372
Other receivables		2,920	3,364
Prepaid expenses		9,305	7,758
Inventories	6	188,445	198,602
		347,416	343,014
Long-term assets			
Property, plant and equipment	7	110,181	91,920
Intangible assets	8	14,774	6,392
Financial assets	9	12,569	11,474
Deferred tax assets	10	10,829	9,802
		148,353	119,588
Total assets		495,769	462,602
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	48,123	45,653
Other liabilities		16,854	12,267
Accrued expenses		22,266	20,362
Tax liabilities		4,782	8,062
Provisions	12	3,577	255
Short-term debts	13	83,861	73,935
		179,463	160,534
Long-term liabilities			
Long-term debts	14	97,417	103,811
Provisions	12	6,725	7,492
Deferred tax liabilities	10	4,520	4,579
		108,662	115,882
Total liabilities		288,125	276,416
Shareholders' equity			
Share capital	15	40,000	40,000
Treasury shares	15	-5,987	-6,672
Capital reserves		63,427	85,311
Retained earnings		104,858	62,538
		202,298	181,177
Minority interest		5,346	5,009
Total shareholders' equity		207,644	186,186
Total liabilities and shareholders' equity		495,769	462,602

The notes on pages 76 to 99 are an integral part of the consolidated financial statements.

BOSSARD GROUP

Consolidated income statement

in CHF 1,000	Notes	2016	2015
Net sales	16/17	695,015	656,314
Cost of goods sold		475,366	453,610
Gross profit		219,649	202,704
Selling expenses		94,652	89,077
Administrative expenses		46,488	43,308
EBIT		78,509	70,319
Financial result	21	2,797	2,497
Income before taxes		75,712	67,822
Income taxes	10	13,278	13,332
Net income		62,434	54,490
Attributable to:			
Shareholders of Bossard Holding AG		60,992	52,982
Minority interest		1,442	1,508
in CHF	Notes	2016	2015
Earnings per registered A share ¹⁾	22	8.04	7.01
Earnings per registered B share ¹⁾	22	1.61	1.40

1) Earnings per share is based on the net income of the shareholders of Bossard Holding AG and the annual average number of outstanding shares entitled to dividend. There is no dilution effect.

The notes on pages 76 to 99 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

in CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings		Share- holders Bossard	Minority interest	Share- holders' equity
				Retained earnings	Translation differences			
Balance at January 1, 2015	40,000	-6,844	106,615	135,524	-68,444	206,851	3,752	210,603
Dividend			-22,694			-22,694	-71	-22,765
Net income for the period				52,982		52,982	1,508	54,490
Management participation plan			1,085			1,085		1,085
Change in treasury shares		172	305			477		477
Offset goodwill from acquisitions				-46,254		-46,254		-46,254
Minority interests from acquisitions						0	17	17
Translation differences					-11,270	-11,270	-197	-11,467
Balance at December 31, 2015	40,000	-6,672	85,311	142,252	-79,714	181,177	5,009	186,186
Balance at January 1, 2016	40,000	-6,672	85,311	142,252	-79,714	181,177	5,009	186,186
Dividend			-22,730			-22,730	-1,360	-24,090
Net income for the period				60,992		60,992	1,442	62,434
Management participation plan			1,174			1,174		1,174
Change in treasury shares		685	-328			357		357
Offset goodwill from acquisitions				-17,517		-17,517		-17,517
Minority interests from acquisitions						0	279	279
Translation differences					-1,155	-1,155	-24	-1,179
Balance at December 31, 2016	40,000	-5,987	63,427	185,727	-80,869	202,298	5,346	207,644

For details regarding share capital, please refer to note 15 on page 89 and regarding the offset goodwill from acquisitions to note 25 on page 94.

The notes on pages 76 to 99 are an integral part of the consolidated financial statements.

Consolidated cash flow statement

in CHF 1,000	Notes	2016	2015
Net income		62,434	54,490
Income taxes	10	13,278	13,332
Financial income	21	-2,975	-3,617
Financial expenses	21	5,772	6,114
Depreciation and amortization	7/8	12,605	11,603
Increase provisions	12	2,535	1,692
Gain from disposals of property, plant and equipment	7	-252	-90
Loss from disposals of intangible assets	8	1	122
Interest received		229	939
Interest paid		-3,767	-3,833
Taxes paid		-14,642	-14,385
Increase management participation plan (part of equity)		1,174	1,085
Other non-cash income		-1,166	-2,101
Cash flow from operating activities before changes in net working capital		75,226	65,351
Increase accounts receivable, trade		-16,467	-2,243
Increase other receivables		-1,761	-402
Decrease/(Increase) inventories		23,172	-3,934
Increase/(Decrease) accounts payable, trade		874	-698
Increase/(Decrease) other liabilities		4,020	-5,237
Cash flow from operating activities		85,064	52,837
Investments in property, plant and equipment	7	-30,480	-18,140
Proceeds from sales of property, plant and equipment	7	771	658
Investments in intangible assets	8	-9,541	-3,988
Cash flow from purchases of companies	23	-31,431	-56,607
Investments in financial assets	9	-2,462	-338
Divestments of financial assets	9	1,326	296
Cash flow from investing activities		-71,817	-78,119
Proceeds/Repayment of short-term debts	13	10,029	15,513
Proceeds/Repayment of long-term debts	14	-6,233	38,235
Purchase/Sale of treasury shares		-171	-138
Dividends paid to shareholders		-22,730	-22,694
Dividends paid to minority interests		-1,360	-71
Cash flow from financing activities		-20,465	30,845
Translation differences		-189	-1,063
Change in cash and cash equivalents		-7,407	4,500
Cash and cash equivalents at January 1		29,918	25,418
Cash and cash equivalents at December 31	4	22,511	29,918

The notes on pages 76 to 99 are an integral part of the consolidated financial statements.

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 consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at December 31, 2016 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.

The consolidated financial statements were authorized for issue by the board of directors on February 27, 2017 and will be recommended for approval at the annual meeting of shareholders.

The main principles of consolidation and valuation are detailed in the following chapters.

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. December 31 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.

Investment 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 unless, 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.

Minority interest

Minority interest of less than 20 percent 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 year-end rates, equity at historical rates, and items on the income statement at the average exchange rate for the year. 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 depreciated using the straight-line method over its estimated useful life, up to a maximum of 15 years.

Others

This item includes rights. Rights are depreciated 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 a 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 has not left the company or been given notice. 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 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.

Risk management (2.4)

Risk management is a tool to analyze and evaluate all the processes for identifying and assessing risks in the Bossard Group. The results are defined in a report submitted to the board of directors and the executive committee.

Financial risk management

Within the scope of its international operations, Bossard is exposed to various financial risks arising from its business activities, but also from the Group's financial activities. The Group's main financial risks include foreign exchange and interest rate fluctuations as well as the credit worthiness and solvency of the Group's counter parties.

The board of directors and the executive committee lay down the principles governing the Group's financial risk management with regard to exchange rate, interest rate, credit, liquidity and capital risks. The aim is, where necessary, to hedge against the financial risks listed above and thus to minimize any negative impact on the consolidated result as well as on the Group's performance. Where this is considered advisable, the Group may hedge individual financial risks using financial instruments such as derivatives. However, these must be linked with the Group's business operations.

The Group has comprehensive insurance cover to safeguard itself against other risks.

Foreign currency risk

Given its international operations, the Group is exposed to exchange rate fluctuations that impact on the Group's financial and income situation, because these are disclosed in Swiss francs. The Group continuously monitors its currency risks and, if necessary, hedges against them. The Group's currency risks are essentially confined to the Euro and the US dollar. Business transactions in the Group's individual companies are mainly performed in local currency.

Consequently, the currency risks for the Group's ongoing operations can basically be considered as low. In some Group companies, however, there are foreign currency risks in connection with payments outside their local currency, mainly in regard to payments to suppliers. Where necessary, parts of these foreign currency risks are hedged through foreign exchange contracts.

The net assets of foreign subsidiaries are exposed to exchange rate risk. Such risks are partly hedged through taking up loans in the currency concerned and, where necessary, through foreign exchange contracts of up to a maximum of twelve months.

Interest rate risk

Changes in interest rates can negatively affect the Group's financial and income situation and thus lead to changes in interest income and expense. Financing and related interest rate conditions are invariably handled centrally by corporate treasury. In certain market situations the Group can employ interest hedge transactions to safeguard itself against interest rate fluctuations, or it can convert a part of the loan requirements into fixed interest loans.

Credit risk

Credit risks can arise if, in a transaction, the counter party is either not prepared or not in a position to meet its obligations. The credit loss risk for accounts receivable trade can be confined through setting credit limits, undertaking credit investigations where possible, and by running an efficient system for managing receivables. Given the Group's monthly reporting system, continual monitoring of overdue payments is ensured. Accounts receivable trade are recognized after deducting allowances for bad debts. The danger of risk concentration is limited through the fact that the Group's customer base is composed of numerous customers and is widely spread in geographic terms. Short-term bank deposits are placed in banks with high credit rating.

Liquidity risk

One aspect of judicious risk management is ensuring that an adequate sum can be drawn on through approved credit limits and that there is a possibility of re-financing. To ensure that the company is invariably solvent and financially flexible, a liquidity reserve has been established in the form of credit limits and cash in hand. Optimal liquidity control is conducted by means of cash pooling.

Capital risk

To minimize its capital risk, Bossard Group ensures that the company's operations can run smoothly and that the shareholders will receive an adequate yield. To achieve this, the company may, if necessary, adjust dividend payments, pay back capital to shareholders, issue new shares or sell assets.

Bossard Group monitors its capital structure on the basis of its equity ratio. The equity ratio is equity as a percentage of total assets.

Changes in the scope of consolidation (3)

In 2016 the Bossard Group invested in the following companies:

- Interfast AG, Zug
100 percent investment, January 2016
- Arnold Industries, LLC, USA
100 percent investment, September 2016
- Arnold Management Delaware, LLC, USA
100 percent investment, September 2016
- Arnold Industries Shanghai, Ltd, China
100 percent investment, September 2016
- Arnold Industries Cork DAC, Ireland
95 percent investment, September 2016

The scope of consolidation changed in 2016 as follows:

- Bossard South Africa (Pty) Ltd (founding)
- KVT-Fastening AG, Dietikon (merger with Bossard AG)

In 2015 the Bossard Group invested in the following companies:

- Aero-Space Southwest, Inc., USA
100 percent investment, January 2015
- Aero-Space Southwest, Inc., Mexico
100 percent investment, January 2015
- SertiTec SAS, France
100 percent investment, January 2015
- Torp Tekniske AS, Norway
60 percent investment, January 2015
- Forind Fasteners S.r.l., Italy
100 percent investment, February 2015

Cash and cash equivalents (4)

in CHF 1,000	2016	Interest rates in %	2015	Interest rates in %
Cash at banks and on hand	21,948	0.0–1.8	29,641	0.0–2.3
Short-term bank deposits	563	1.2–9.1	277	0.0–9.1
Total	22,511		29,918	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 75).

Accounts receivable, trade (5)

in CHF 1,000	2016	2015
Accounts receivable, trade gross	123,710	103,328
According to due date not due	115,921	97,097
30 days overdue	3,658	3,451
60 days overdue	1,166	983
90 days overdue	2,965	1,797
Notes receivable	4,649	3,050
Allowance for bad debts		
Balance at Jan. 1	-3,006	-3,472
Changes	-1,078	454
Changes scope of consolidation	-47	-142
Translation differences	7	154
Balance at Dec. 31	-4,124	-3,006
Total	124,235	103,372

The book value of receivables is based on fair value and represents the maximal credit risk on this position.

Inventories (6)

Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs. Value adjustments amounted to CHF 32.1 million as per December 31, 2016 (2015: CHF 28.7 million), this is equivalent to 14.6 percent of gross inventory (2015: 12.6 percent).

Property, plant & equipment (7)

in CHF 1,000	Facilities under construction	Land and buildings	Machinery and equipment	Others	Total
Cost					
Balance at Jan. 1, 2016	6,769	100,347	100,745	7,309	215,170
Additions	16,849	1,819	9,503	2,309	30,480
Changes scope of consolidation	-	26	222	20	268
Disposals	-	-347	-4,753	-1,670	-6,770
Reclass	-478	247	231	-	-
Translation differences	-547	-175	-389	-42	-1,153
Balance at Dec. 31, 2016	22,593	101,917	105,559	7,926	237,995
Accumulated depreciation					
Balance at Jan. 1, 2016	-	46,463	72,724	4,063	123,250
Depreciation	-	2,647	7,157	1,396	11,200
Disposals	-	-347	-4,439	-1,466	-6,252
Translation differences	-	-116	-248	-20	-384
Balance at Dec. 31, 2016	0	48,647	75,194	3,973	127,814
Net book value	22,593	53,270	30,365	3,953	110,181

The insurance value of property, plant and equipment is CHF 207.5 million (2015: CHF 190.3 million).

in CHF 1,000	Facilities under construction	Land and buildings	Machinery and equipment	Others	Total
Cost					
Balance at Jan. 1, 2015	-	103,096	101,486	7,156	211,738
Additions	6,757	1,108	8,992	1,283	18,140
Changes scope of consolidation	-	28	135	54	217
Disposals	-	-1,485	-7,414	-920	-9,819
Translation differences	12	-2,400	-2,454	-264	-5,106
Balance at Dec. 31, 2015	6,769	100,347	100,745	7,309	215,170
Accumulated depreciation					
Balance at Jan. 1, 2015	-	46,030	75,025	3,621	124,676
Depreciation	-	2,629	6,533	1,310	10,472
Disposals	-	-1,437	-7,082	-732	-9,251
Translation differences	-	-759	-1,752	-136	-2,647
Balance at Dec. 31, 2015	0	46,463	72,724	4,063	123,250
Net book value	6,769	53,884	28,021	3,246	91,920

Intangible assets (8)

in CHF 1,000	Software in development	Software	Others	Total
Cost				
Balance at Jan. 1, 2016	2,528	25,489	427	28,444
Additions	6,981	2,560	-	9,541
Changes scope of consolidation	-	245	-	245
Disposals	-	-306	-	-306
Translation differences	-	-59	-	-59
Balance at Dec. 31, 2016	9,509	27,929	427	37,865
Accumulated amortization				
Balance at Jan. 1, 2016	-	21,823	229	22,052
Amortization	-	1,362	43	1,405
Disposals	-	-305	-	-305
Translation differences	-	-61	-	-61
Balance at Dec. 31, 2016	0	22,819	272	23,091
Net book value	9,509	5,110	155	14,774

In 2016 CHF 1,149,156 self-created intangible assets were capitalized.

in CHF 1,000	Software in development	Software	Others	Total
Cost				
Balance at Jan. 1, 2015	-	27,012	427	27,439
Additions	2,528	1,460	-	3,988
Disposals	-	-2,405	-	-2,405
Translation differences	-	-578	-	-578
Balance at Dec. 31, 2015	2,528	25,489	427	28,444
Accumulated amortization				
Balance at Jan. 1, 2015	-	23,584	186	23,770
Amortization	-	1,088	43	1,131
Disposals	-	-2,283	-	-2,283
Translation differences	-	-566	-	-566
Balance at Dec. 31, 2015	0	21,823	229	22,052
Net book value	2,528	3,666	198	6,392

Financial assets (9)

in CHF 1,000	2016	Interest rates in %	2015	Interest rates in %
Loans and deposits to third parties	11,829	0,0–10,0	10,734	0,0–10,0
Other financial assets	740		740	
Total	12,569		11,474	

Income taxes (10)

The tax expenses are made up as follows:

in CHF 1,000	2016	2015
Current taxes	13,404	13,988
Deferred taxes	-126	-656
Total	13,278	13,332

The effective tax rate on the Group's profit differs from the average basic tax rate of the various countries in which Bossard operates as follows:

in %	2016	2015
Group's average tax rate	27.4	25.9
Non tax deductible expenses	0.5	0.5
Non-taxable income	-5.2	-4.8
Expenses taxed at special rate	0.1	0.1
Unrecognized current year tax losses	0.6	0.6
Utilization unrecognized prior year tax losses	-6.7	-2.6
Others	0.8	-0.0
Effective tax rate	17.5	19.7

The Group's average tax rate is the weighted average based on the various individual results and the local tax rates.

The deferred taxes consist of the following:

in CHF 1,000	Assets 2016	Liabilities 2016	Assets 2015	Liabilities 2015
Accounts receivable	501	20	374	834
Inventories	4,511	1,752	3,746	1,835
Property, plant and equipment	111	422	64	363
Intangible assets	3,922	2	4,057	71
Liabilities	1,784	2,324	1,561	1,476
Total deferred taxes	10,829	4,520	9,802	4,579
Net		-6,309		-5,223

The gross values of unused tax loss carryforwards which have not been capitalized expire as follows:

Expiry of unused tax loss carryforwards in CHF 1,000	Within 5 years	Over 5 years	Total
2016	0	26,612	26,612
2015	0	40,390	40,390

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 7.6 million (2015: CHF 11.7 million).

Accounts payable, trade (11)

in CHF 1,000	2016	2015
Accounts payable, trade	47,879	45,437
Notes payable	244	216
Total	48,123	45,653

Provisions (12)

in CHF 1,000	Pension and other termination benefits	Management participation plan	Others	Total
Balance at Jan. 1, 2016	3,326	588	3,833	7,747
Additions	522	308	3,463	4,293
Change in consolidation scope	-	-	-	-
Usage	-537	-160	-985	-1,682
Reversals	-43	-	-43	-86
Translation differences	-42	-4	76	30
Balance at Dec. 31, 2016	3,226	732	6,344	10,302
Thereof short-term	39	-	3,538	3,577

Pension and other termination benefits include liabilities for pension and granted legal benefits based on affiliation to the company.

The provision management participation plan pertains a long-term orientated program which is offered by Bossard Group to specified middle and top management personnel. The manager annually receives a defined sum which is converted into restricted stock units on Bossard Holding AG registered A shares. The additional compensation is locked up for three years.

Other provisions include CHF 2.0 million (2015: CHF 2.1 million) for assumed obligations for renovations related to the acquisition of KVT-Fastening and CHF 3.1 million (2015: CHF 0.5 million) earn-out provisions related to acquisitions.

in CHF 1,000	Pension and other termination benefits	Management participation plan	Others	Total
Balance at Jan. 1, 2015	2,339	474	2,665	5,478
Additions	1,102	202	859	2,163
Change in consolidation scope	227	-	610	837
Usage	-132	-53	-286	-471
Reversals	-10	-17	-9	-36
Translation differences	-200	-18	-6	-224
Balance at Dec. 31, 2015	3,326	588	3,833	7,747
Thereof short-term	20	-	235	255

Short-term debts (13)

in CHF 1,000	2016	Interest rates in %	2015	Interest rates in %
Bank overdrafts	5,218	0.6–3.5	5,336	0.6–4.0
Bank loans	55,907	0.7–6.3	49,414	1.1–6.3
Personnel savings accounts	22,724	1.3	19,175	1.3–2.0
Other	12	0.0	10	0.0
Total	83,861		73,935	

The personnel savings accounts correspond to savings of employees. The effective weighted average interest rate on all borrowings was 1.5 percent (2015: 1.6 percent).

Long-term debts (14)

in CHF 1,000	2016	Interest rates in %	2015	Interest rates in %
Bank loans	97,417	0.8–1.3	103,811	0.8–2.5
Total	97,417		103,811	

Share capital (15)

Details of share capital	Par value in CHF	Number of shares	Total in CHF 1,000
Registered A shares	5	6,650,000	33,250
Registered B shares	1	6,750,000	6,750
Total			40,000

409,793 registered A shares of CHF 5 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement.

The consolidated retained earnings and reserves include non-distributable legal reserves of CHF 16 million (2015: CHF 16 million).

Treasury shares

	2016	2015
Balance at Jan. 1: 61,503 shares (2015: 72,542 shares)	4,822,355	4,993,916
Additions: 6,427 registered A shares of CHF 5 par value (2015: 5,473 shares)	708,762	553,244
Disposals: 28,137 registered A shares of CHF 5 par value (2015: 16,512 shares)	-1,393,639	-724,805
Balance at Dec. 31: 39,793 shares, rate 143.40 (2015: 61,503 shares, rate 109.20)	4,137,478	4,822,355

In addition, Bossard Holding AG holds 370,000 registered A shares with a nominal value of CHF 5 in reserve since the increase in share capital.

39,793 registered A shares (2015: 61,503) are reserved for the management participation plan (RSU).

Dividend

At the upcoming annual general meeting of shareholders on April 10, 2017 the board of directors of Bossard Holding AG will propose a dividend for the 2016 fiscal year of CHF 3.30 (2015: CHF 3.00) per registered A share or CHF 0.66 (2015: CHF 0.60) per registered B share.

Segment information (16)

The Bossard Group, with all of its Group companies, operates globally in the industrial fastening technology segment. All the Group companies are managed according to a consistent business strategy with a centralized decision-making structure. Key elements of Bossard's strategy include a consistent business model with uniform customer and product focus in the world's most important industrial regions. Bossard provides industrial companies with fastening technology products at their different production sites around the world and offers associated services with consistently high standards of quality, as well as standardized systems and processes. The board of directors and CEO manage the Bossard Group on the basis of the financial statements of the individual Group companies as well as the Group's consolidated financial statements. Due to their economic similarity, uniform strategy and similar product and service solutions for all Bossard customers, as well as the central management of the Group by the CEO, Bossard reports its business together in one segment in compliance with Swiss GAAP FER 31.

Sales by regions (17)

in CHF million	Europe		America		Asia		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales	404.5	386.8	186.8	166.7	108.0	106.6	699.3	660.1
Sales deductions	2.9	3.4	0.7	0.5	0.7	-0.1	4.3	3.8
Net sales	401.6	383.4	186.1	166.2	107.3	106.7	695.0	656.3

Personnel expenses (18)

in CHF 1,000	2016	2015
Salaries and variable compensation	115,948	108,932
Social security expenses	16,055	14,848
Pension expenses	8,954	8,985
Other personnel expenses	4,711	3,138
Total	145,668	135,903

The expense recognized for share-based compensation in the results for the period is CHF 1,477,766 (2015: CHF 1,246,344).

Awarded restricted stock units (19)

No. RSU	2016	2015
Balance at Jan. 1: Number of RSU outstanding	77,401	71,639
Deliveries	-19,738	-7,697
Allocations	11,985	14,725
Other changes	-1,060	-1,266
Balance at Dec. 31: Number of RSU outstanding	68,588	77,401

Other operating expenses (20)

in CHF 1,000	2016	2015
Occupancy costs	12,173	11,747
Capital taxes, insurance and charges	3,230	3,016
Other operating expenses	6,644	7,267
Total	22,047	22,030

Financial result (21)

in CHF 1,000	2016	2015
Financial income		
Income from interests and securities	930	956
Income from non-consolidated investments	59	93
Exchange gains	1,986	2,568
Total	2,975	3,617
Financial expenses		
Interest expenses	4,026	4,134
Exchange losses	1,746	1,980
Total	5,772	6,114
Total Financial result	2,797	2,497

Earnings per share (22)

	2016	2015
Net income in CHF 1,000	60,992	52,982
Average number of shares entitled to dividend ¹⁾	7,582,379	7,562,677
Earnings per registered A share in CHF	8,04	7,01
Earnings per registered B share in CHF	1,61	1,40

1) Registered B shares adjusted to the nominal value of the registered A shares.

Earnings per share are calculated by dividing the net income attributable to Shareholders of Bossard Holding AG by the weighted average number of shares entitled to dividend during the year. Since no options or convertible bonds are outstanding, no dilution effect results.

Acquisition and disposal of subsidiaries and businesses (23)

Acquisitions 2016

In January 2016, Interfast AG, Switzerland was acquired. In February 2016, assets from LWB VerbindungsTechnik AG, Switzerland were acquired as part of an asset deal. In September 2016, Arnold Industries was acquired. The companies are well-known specialists in high-quality fastening applications in their respective markets.

in CHF 1,000	Provisional market value as per acquisition
Cash and cash equivalents	2,086
Accounts receivable, trade	6,209
Inventories	12,369
Other current assets	365
Long-term assets	1,540
Accounts payable, trade	1,824
Other current liabilities	2,475
Long-term liabilities	7
Net assets	18,263
Minorities	-279
Net assets acquired	17,984
Goodwill	17,517
Total	35,501
Less acquired cash and cash equivalents	-2,086
Less purchase price not yet paid	-2,609
Cash flow from acquisitions	30,806

Acquisitions 2015

In January 2015, 100 % of the shares in Aero-Space Southwest, Inc., USA, Aero-Space Southwest, Inc., Mexico and SertiTec SAS, France as well as 60 % of the shares in Torp Tekniske AS, Norway were acquired. In February 2015, 100 % of the shares in Forind Fasteners S.r.l., Italy were acquired. The four companies are well-known specialists in high-quality fastening applications in their respective markets.

in CHF 1,000	Market value as per acquisition
Cash and cash equivalents	1,172
Accounts receivable, trade	9,894
Inventories	12,445
Other current assets	695
Long-term assets	2,543
Accounts payable, trade	4,981
Other current liabilities	8,373
Long-term liabilities	828
Net assets	12,567
Minorities	-17
Net assets acquired	12,550
Goodwill	46,254
Total	58,804
Less acquired cash and cash equivalents	-1,172
Less purchase price not yet paid	-1,025
Cash flow from acquisitions	56,607

Disposals

In 2016 and 2015, no subsidiaries were disposed.

Derivative financial instruments (24)

Open forward contracts at December 31 were as follows:

in CHF million	2016	2015
Contract value	3.1	4.4
Fair value	0.0	0.0
Balance sheet value	0.0	0.0

The contract value shows the volume of open forward exchange contracts at the balance sheet date.

Goodwill (25)

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

in CHF 1,000	2016	2015
Equity incl. minority interest	207,644	186,186
Equity ratio	41.9%	40.2%
Cost		
Balance at Jan. 1	228,747	182,493
Additions	17,517	46,254
Balance at Dec. 31	246,264	228,747
Amortization over 5 years		
Balance at Jan. 1	121,445	75,561
Amortization	48,467	45,884
Balance at Dec. 31	169,912	121,445
Theoretical net book value goodwill as per 31.12.	76,352	107,302
Theoretical equity incl. minority interest and net book value goodwill	283,996	293,488
Theoretical equity ratio	49.6%	51.5%

Goodwill is theoretically amortized on a straight-line basis usually over 5 years. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

Impact on income statement:

in CHF 1,000	2016	2015
Operating result (EBIT) without theoretical amortization goodwill	78,509	70,319
Theoretical amortization goodwill	-48,467	-45,884
Operating result (EBIT) incl. theoretical amortization goodwill	30,042	24,435

Pension benefit obligations (26)

The Group has various pension plans to which most of its employees contribute. With the exception of companies in Switzerland, the pension institution is responsible for providing coverage for retirement, survivors' and disability benefits.

The pension plan institution for the Swiss companies is an independent pension plan in accordance with the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG).

Economic benefit/economic obligation and pension plan expenses:

in CHF 1,000	Surplus/ Deficit according to pension plans	Economic share of the company		Change or capitalized in fiscal year	Contributions accrued	Pension plan expenses in personnel expenses	
	31.12.2016	31.12.2016	31.12.2015	2016	2016	2016	2015
Patronage funds/pension institutions	2,092				615	615	40
Pension institutions without surplus/deficit					5,187	5,187	5,156
Pension institutions with surplus							
Pension institutions with deficit							
Pension institutions abroad					3,152	3,152	3,789
Total	2,092	-	-	-	8,954	8,954	8,985

In accordance with Swiss GAAP FER 26, the provisional financial statements of the pension plan institution serve as a basis for calculation. The surplus in the patronage fund corresponds to the non-committed funds. The patronage fund may, at its own discretion, make contributions to the pension plan institution.

Items comprising the pension plan expenses:

in CHF 1,000	2016	2015
Contributions to pension institutions charged to the company	8,954	8,985
Contributions to pension plans paid out of the employer contribution reserve (ECR)	-	-
Total contributions	8,954	8,985
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	-	-
Contributions and changes in employer contribution reserve	8,954	8,985
Changes in economic benefit of the company from surplus	-	-
Changes in economic obligations of the company from deficit	-	-
Total changes of economic impact through surplus/deficit	-	-
Pension plan expenses in personnel expenses	8,954	8,985

Financing is through employer and employee contributions. The contributions are calculated as a percentage of the insured compensation.

Participations by the board of directors and the executive committee (27)

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following registered A shares of Bossard Holding AG:

		2016	2015
Board of directors			
Dr. Thomas Schmuckli	Chairman, chairman NC ¹⁾ , ARCC ²⁾	14,150	15,600
Anton Lauber	Deputy chairman, ARCC	8,041	7,694
Dr. René Cotting	Chairman ARCC	918	500
Daniel Lippuner	ARCC	868	-
Prof. Dr. Stefan Michel	Representative of registered A shares, chairman CC ³⁾ , NC	4,270	3,402
Maria Teresa Vacalli	NC, CC	2,488	1,620
Helen Wetter-Bossard	NC, CC	22,853	23,178
Total		53,588	51,994

1) Nomination committee

2) Audit, risk & compliance committee

3) Compensation committee

Executive committee

David Dean	CEO	11,166	23,502
Stephan Zehnder	CFO	13,444	14,930
Beat Grob	CEO Central Europe	32,174	30,610
Dr. Daniel Bossard	CEO Northern & Eastern Europe	4,147	5,474
Steen Hansen	CEO America	1,168	354
Robert Ang	CEO Asia	8,663	6,578
Dr. Frank Hilgers	CCO	900	442
Total		71,662	81,890

At December 31, the individual members of the executive committee held the following numbers of awarded restricted stock units (RSU):

		2016	2015
David Dean	CEO	3,350	3,074
Stephan Zehnder	CFO	2,623	3,074
Beat Grob	CEO Central Europe	2,623	3,074
Dr. Daniel Bossard	CEO Northern & Eastern Europe	2,623	3,074
Steen Hansen	CEO America	2,623	3,074
Robert Ang	CEO Asia	2,623	3,074
Dr. Frank Hilgers	CCO	2,266	2,361
Total		18,731	20,805

Related party transactions (28)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 120seq. of Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). They hold 56.1 percent (2015: 56.1 percent) of total voting rights or 27.9 percent (2015: 27.9 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families.

The following related party transactions were undertaken:

Balance sheet positions as per year end in CHF million	2016	Interest rates in %	2015	Interest rates in %
Deposits in the personnel savings accounts	6,7	1,3	4,0	1,3–2,0

Lease and rental obligations (29)

At December 31, future operating lease payments not recorded in the balance sheet amounted to:

Operating lease commitment in CHF 1,000	Due within 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due after 4 years	Total
2016	997	626	360	59	23	2,065
2015	952	680	328	61	5	2,026

At December 31, future rental liabilities for office and warehouse premises amounted to:

Long-term rental liabilities in CHF 1,000	Due within 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due after 4 years	Total
2016	6,793	5,692	4,100	3,374	16,935	36,894
2015	5,989	4,456	3,631	2,941	18,203	35,220

Assets pledged or otherwise restricted (30)

in CHF 1,000	2016	2015
Inventories	6,108	5,992
Property, plant and equipment	1,485	1,396
Total	7,593	7,388

The pledged or restricted assets are used as collateral for outstanding bank loans which are not encumbered with any special conditions. The assets are after the repayment of the credits freely available again. The total credit lines amount to CHF 4.9 million (2015: CHF 6.4 million). The current borrowings amount to CHF 0.9 million (2015: CHF 1.3 million).

Contingent Liabilities (31)

As per December 31, 2016 no contingent liabilities exist (2015: CHF 0.03 million). In the previous year they resulted mainly from discounted notes given to third parties in the course of normal business operations. There are no other contingent liabilities or capital commitments. Investment commitments from signed contracts for warehouse construction in China and Germany not recognized in the balance sheet, amounted to CHF 11.9 million as at December 31, 2015.

Events occurring after balance sheet date (32)

Between December 31, 2016 and the approval of the consolidated financial statements by the board of directors, no major events occurred which would require additional disclosures or changes in the consolidated financial statements for 2016.

Exchange rates (33)

	31.12.2016 Year-end exchange rate	01.01.2016– 31.12.2016 Average exchange rate	31.12.2015 Year-end exchange rate	01.01.2015– 31.12.2015 Average exchange rate
1 EUR	1.07	1.09	1.09	1.07
1 USD	1.02	0.99	1.00	0.96
1 GBP	1.26	1.34	1.47	1.47
1 AUD	0.74	0.73	0.73	0.72
1 RON	0.24	0.24	0.24	0.24
1 CAD	0.76	0.74	0.72	0.75
1 NOK	0.12	0.12	0.11	0.12
1 ZAR	0.07	0.07	0.06	0.08
100 DKK	14.42	14.64	14.57	14.31
100 SEK	11.19	11.52	11.87	11.41
100 CZK	3.97	4.03	4.02	3.91
100 HUF	0.35	0.35	0.34	0.34
100 PLN	24.32	24.99	25.35	25.52
100 SGD	70.23	71.34	70.84	69.98
100 TWD	3.14	3.05	3.05	3.03
100 RMB	14.61	14.83	15.41	15.44
100 MYR	22.67	23.79	23.30	24.75
100 THB	2.84	2.79	2.77	2.81
100 INR	1.50	1.47	1.51	1.50
100 KRW	0.08	0.08	0.09	0.09
100 MXN	4.93	5.28	5.79	6.07

List of group companies (34)

Companies and branches		Headquarters	Currency	Capital in 1,000	Share-holding
Holding and finance companies					
Switzerland	Bossard Holding AG	Zug	CHF	40,000	100
	Bossard Finance AG	Zug	CHF	100	100
Germany	Bossard-KVT Beteiligungs GmbH	Illerrieden	EUR	25	100
	KVT-Fastening Beteiligungs GmbH	Illerrieden	EUR	25	100
USA	Bossard U.S. Holdings, Inc.	Phoenix, AZ	USD	40,000	100
	Arnold Management Delaware, LLC	Canton, MA	USD	-	100
Europe					
Switzerland	Bossard AG	Zug	CHF	12,000	100
	KVT-Fastening, Branch of Bossard AG	Dietikon	CHF	-	100
	Interfast AG	Zug	CHF	50	100
Germany	KVT-Fastening GmbH	Illerrieden	EUR	100	100
	Bossard Deutschland GmbH	Illerrieden	EUR	25	100
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100
	Forind Fasteners S.r.l.	Cassina de' Pecchi	EUR	10	100
Austria	Bossard Austria Ges.m.b.H.	Schwechat	EUR	1,017	100
	KVT-Fastening GmbH	Linz	EUR	509	100
Denmark	Bossard Denmark A/S	Hvidovre	DKK	9,000	100
Sweden	Bossard Sweden AB	Malmö	SEK	400	100
France	Bossard France SAS	Souffelweyersheim	EUR	17,600	100
	SertiTec SAS	Souffelweyersheim	EUR	681.8	100
Spain	Bossard Spain SA	Sant Cugat del Vallès	EUR	745	100
Poland	Bossard Poland Sp.Z o.o.	Radom	PLN	1,300	100
	KVT-Fastening Sp.Z o.o.	Radom	PLN	100	100
Romania	KVT-Fastening S.R.L.	Bucharest	RON	0.2	100
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.2	100
Czech Rep.	Bossard CZ s.r.o.	Modrice	CZK	1,000	100
	KVT-Fastening s.r.o.	Brno	CZK	200	100
Hungary	KVT-Fastening Kft.	Budapest	HUF	3,000	100
South Africa	Bossard South Africa (Pty) Ltd	Kempton Park	ZAR	-	100
Ireland	Arnold Industries Cork DAC	Cork	EUR	200	95
Norway	Torp Tekniske AS	Oslo	NOK	200	60
America					
USA	Bossard North America, Inc.	Cedar Falls, IA	USD	2,255	100
	Aero-Space Southwest, Inc.	Phoenix, AZ	USD	4.9	100
	Arnold Industries, LLC	Canton, MA	USD	-	100
Canada	Bossard Canada, Inc.	Montreal	CAD	-	100
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100
	Aero-Space Southwest, Inc.	Guadalajara	MXN	10	100
Asia/Oceania					
Singapore	Bossard Pte. Ltd	Singapore	SGD	42,600	100
India	LPS Bossard Pvt. Ltd	Rohtak	INR	48,000	51
China	Bossard Industrial Fasteners Int. Trading (Shanghai) Co. Ltd	Shanghai	RMB	110,488	100
	Bossard Fastening Solutions (Shanghai) Co. Ltd	Shanghai	RMB	76,829	100
	Arnold Industries Shanghai, Ltd	Shanghai	RMB	4,649	100
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100
Thailand	Bossard (Thailand) Ltd	Bangkok	THB	45,000	100
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	-	100
South Korea	Bossard (Korea) Ltd	Cheonan	KRW	3,500,000	100
Australia	Bossard Australia Pty. Ltd	Melbourne	AUD	500	100

As per December 31, 2016

REPORT OF THE STATUTORY AUDITOR on the consolidated financial statements



Report of the statutory auditor
to the general meeting of
Bossard Holding AG
Zug

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bossard Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2016 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 72 to 99) give a true and fair view of the consolidated financial position of the Group as at December 31, 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

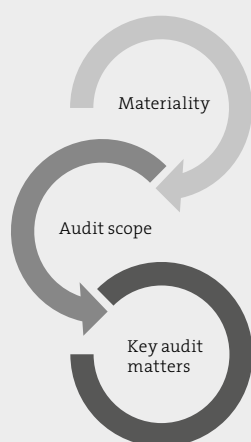
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 3,700,000

We concluded full scope audit work at eight reporting units in six countries. Our audit scope addressed 71 % of the sales, 65 % of the assets and 84 % of the net income of the Group.

Additionally, we concluded reviews at a further four reporting units in three countries, which addressed an additional 10 % of the sales, 14 % of the assets and 7 % of the net income of the Group.

As a key audit matter, the following area of focus was identified:
Valuation of inventories



Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. All significant subsidiaries of the Group were audited by PwC. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit in order to assess whether adequate sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included telephone conferences with the component auditors, an investigation of the risk assessment and participating in the audit discussions of group companies subject to full scope audits, at which the local management, local auditor and the Group's representative took part.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3'700'000
How we determined it	5 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. In addition, profit before tax is a generally accepted benchmark for considerations of materiality.

We agreed with the Audit, Risk & Compliance Committee that we would report to them misstatements above CHF 370,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.



Report on key audit matters based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
<p>The inventories amount to CHF 188.4 million (after deduction of a value adjustment of CHF 32.1 million) as of December 31, 2016 and are thus the largest asset category, representing around 38 % of total assets.</p> <p>Merchandise is valued at the lower of the acquisition cost and net realisable value (lower of cost or market principle).</p> <p>We consider the valuation of inventories as a key audit matter due to the amount they represent on the balance sheet and the significant scope for judgement involved in determining the write-downs required on obsolescent or slow-moving products.</p> <p>Please refer to page 77 (2.3 Accounting and valuation principles) and page 84 (6 Inventories) in the annual report.</p>	<p>We performed the following audit procedures to assess the appropriateness of the valuation of the inventories:</p> <ul style="list-style-type: none">– We checked on a sample basis the acquisition costs based on the latest purchase prices used for valuation purposes. Additionally, by reference to sales prices achieved in the year, we checked on a sample basis the compliance with the lower of cost or market principle.– We noted that the method for determining write-downs of inventories was applied consistently.– For obsolescent or slow-moving inventories, we discussed with Management the assumptions applied in calculating the required write-downs and assessed these assumptions. In doing so, we paid particular attention to the changes in the write-downs for each category of product or of write-downs compared with the prior year. We also took into account the impact of significant unforeseen product write-downs or write-offs in previous years.– We tested on a sample basis the computational accuracy and completeness of the calculation of the write-downs.– We discussed with Management and the Audit, Risk & Compliance Committee the results of our work and movements in the write-downs. <p>Based on the audit procedures performed, we have addressed the risk of an incorrect valuation of the inventories. We have no findings to report.</p>



Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zürich, 27. Februar 2017

BOSSARD HOLDING AG

Balance sheet

in CHF	Notes	31.12.2016	31.12.2015
Assets			
Current assets			
Cash and cash equivalents		71,113	69,472
Other receivables	1	551,440	100,036
Prepaid expenses		8,370	26,498
		630,923	196,006
Non-current assets			
Financial assets	2	9,246,817	26,775,781
Investments	3	118,023,215	118,023,215
		127,270,032	144,798,996
Total assets		127,900,955	144,995,002
Liabilities and shareholders' equity			
Current liabilities			
Other current liabilities	5	33,004	136,554
Accrued expenses		972,005	924,849
		1,005,009	1,061,403
Total liabilities		1,005,009	1,061,403
Shareholders' equity			
Share capital		40,000,000	40,000,000
Legal reserve			
Reserves from capital contributions		4,093,912	26,824,006
Other legal reserves		2,049,686	2,049,686
Statutory retained earnings			
General statutory retained earnings		16,000,000	16,000,000
Other reserves		34,111,700	34,111,700
Retained earnings			
Profit brought forward		31,620,562	27,628,816
Profit for the current year		5,007,564	3,991,746
Treasury shares	4	-5,987,478	-6,672,355
Total shareholders' equity		126,895,946	143,933,599
Total liabilities and shareholders' equity		127,900,955	144,995,002

BOSSARD HOLDING AG

Income statement

in CHF	2016	2015
Income		
Dividend income	5,000,000	5,000,000
Other operating income	300,000	300,000
Expenses		
Personnel expenses	1,425,710	1,232,119
Other operating expenses	328,893	344,343
Amortization	-	859,373
Other financial income	1,507,641	1,141,605
Financial expenses	21,974	14,024
Income before taxes	5,031,064	3,991,746
Taxes	23,500	-
Net income	5,007,564	3,991,746

Notes to the financial statements

Accounting principles applied in the preparation of the financial statements

General

The financial statements of Bossard Holding AG, Zug were prepared in accordance with the Swiss Code of Obligations and under the new financial reporting law (Title 32 of the Swiss Code of Obligations).

Financial assets

Financial assets include non-current loans. Loans in foreign currency are translated into Swiss francs at year-end rate. Unrealized translation losses are recognized in the income statement, whereas unrealized translation gains remain unrecognized (Principle of imparity).

Investments

Investments are measured at cost at the time of recognition. Investments are valued individually, if they are material and are not usually grouped together because of their similarity for the valuation.

Treasury shares

Treasury shares are measured at cost at the time of recognition and are disclosed as a negative item in the shareholders' equity. Gains and losses arising from disposal of treasury shares are recognized in the income statement as financial income or financial expenses.

Foreign currencies

	31.12.2016 Year-end exchange rate	31.12.2015 Year-end exchange rate
Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:		
EUR	1.07	1.09

Information and explanations relating to items on the balance sheet and in the income statement

in CHF	2016	2015
1. Other receivables		
To subsidiaries	551,440	100,036
Total	551,440	100,036
2. Financial assets		
To subsidiaries	9,246,817	26,775,781
Total	9,246,817	26,775,781

3. Investments

NAME, LEGAL FORM, REGISTERED OFFICE	2016		2015	
	Capital	Votes	Capital	Votes
Direct investments				
Bossard Finance AG, Zug	100 %	100 %	100 %	100 %
Indirect investments				
Bossard-KVT Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
KVT-Fastening Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard AG, Zug	100 %	100 %	100 %	100 %
KVT-Fastening AG, Dietikon (Merger with Bossard AG as of January 1)	-	-	100 %	100 %
Interfast AG, Zug	100 %	100 %	-	-
KKV AG, Zug	35 %	35 %	35 %	35 %
KVT-Fastening GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard Deutschland GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard Italia S.r.l., Legnano	100 %	100 %	100 %	100 %
Forind Fasteners S.r.l., Cassina de' Pecci	100 %	100 %	100 %	100 %
Bossard Austria Ges.m.b.H., Schwechat	100 %	100 %	100 %	100 %
KVT-Fastening GmbH, Linz	100 %	100 %	100 %	100 %
Bossard Denmark A/S, Hvidovre	100 %	100 %	100 %	100 %
Bossard Sweden AB, Malmö	100 %	100 %	100 %	100 %
Torp Tekniske AS, Oslo	60 %	60 %	60 %	60 %
Bossard France SAS, Souffelweyersheim	100 %	100 %	100 %	100 %
SertiTec SAS, Souffelweyersheim	100 %	100 %	100 %	100 %
Bossard Spain SA, Sant Cugat del Vallès	100 %	100 %	100 %	100 %
Bossard Poland Sp.Z o.o., Radom	100 %	100 %	100 %	100 %
KVT-Fastening Sp.Z o.o., Radom	100 %	100 %	100 %	100 %
KVT-Fastening S.R.L., Bucharest	100 %	100 %	100 %	100 %
KVT-Fastening spol. s.r.o., Bratislava	100 %	100 %	100 %	100 %
KVT-Fastening d.o.o., Ljubljana	100 %	100 %	100 %	100 %
Bossard CZ s.r.o., Modrice	100 %	100 %	100 %	100 %
KVT-Fastening s.r.o., Brno	100 %	100 %	100 %	100 %
KVT-Fastening Kft., Budapest	100 %	100 %	100 %	100 %
Bossard South Africa (Pty) Ltd, Kempton Park	100 %	100 %	-	-
Arnold Industries Cork DAC, Cork	95 %	95 %	-	-
Bossard U.S. Holdings, Inc., Phoenix	100 %	100 %	100 %	100 %
Arnold Management Delaware, LLC, Canton	100 %	100 %	-	-
Bossard North America, Inc., Cedar Falls	100 %	100 %	100 %	100 %
Aero-Space Southwest, Inc., Phoenix	100 %	100 %	100 %	100 %
Arnold Industries, LLC, Canton	100 %	100 %	-	-
Bossard Canada, Inc., Montreal	100 %	100 %	100 %	100 %
Bossard de México, S.A. de C.V., Monterrey	100 %	100 %	100 %	100 %
Aero-Space Southwest, Inc., Guadalajara	100 %	100 %	100 %	100 %
Bossard Pte. Ltd, Singapore	100 %	100 %	100 %	100 %
LPS Bossard Pvt. Ltd, Rohtak	51 %	51 %	51 %	51 %
LPS Bossard Information System Pvt., Rohtak	51 %	51 %	51 %	51 %
Bossard Ind. Fasteners Int. Trading (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard Fastening Solutions (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Arnold Industries Shanghai, Ltd, Shanghai	100 %	100 %	-	-
Bossard (M) Sdn. Bhd., Penang	100 %	100 %	100 %	100 %
Bossard (Thailand) Ltd, Bangkok	100 %	100 %	100 %	100 %
Bossard (Korea) Ltd, Cheonan	100 %	100 %	100 %	100 %
Bossard Australia Pty. Ltd, Melbourne	100 %	100 %	100 %	100 %

4. Treasury shares, incl. shares held by subsidiaries	2016		2015	
	Number	Value	Number	Value
Balance at January 1	431,503	6,672,355	442,542	6,843,916
Additions	6,427	708,762	5,473	553,244
Disposals	-28,137	-1,393,639	-16,512	-724,805
Balance at December 31	409,793	5,987,478	431,503	6,672,355

Group companies don't hold any registered A shares. In 2016 28,137 registered A shares (2015: 16,512 registered A shares) were used for the share option programs.

5. Other current liabilities	2016	2015
To third parties	33,004	136,554
Total	33,004	136,554

6. Collateral to third parties	2016	2015
Guarantees	223,725,516	227,809,279
thereof used	161,575,460	157,446,194

The Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.

7. Shares and options on share held by management and related parties

The disclosure of shareholdings of the board of directors and the executive committee as per Swiss Code of Obligation article 959c, section 2, paragraph 11 and article 663c can be found in the notes to the consolidated financial statements (note 27 page 96).

8. Significant shareholders

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 120seq. of Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). They hold 56.1 percent (2015: 56.1 percent) of the voting rights.

Kolin Holding AG, Zug, is wholly owned by the Bossard families.

Other information required by law

9. Full-time equivalents / Personnel expenses

Bossard Holding AG has no employees. The personnel expenses include the compensation of the board of directors.

Appropriation of available earnings

Statement of changes in retained earnings

in CHF	2016	2015
Retained earnings at the beginning of the year	31,620,562	27,628,816
Net income	5,007,564	3,991,746
Retained earnings at the end of the year	36,628,126	31,620,562

Statement of changes in capital contribution reserve

in CHF	2016	2015
Capital contribution reserve at the beginning of the year ¹⁾	26,824,006	49,517,566
Distribution	-22,730,094	-22,693,560
Capital contribution reserve at the end of the year	4,093,912	26,824,006

1) Subject to adjustments by the Swiss tax authorities

The board of directors proposes to the annual general meeting of shareholders the following appropriation of available retained earnings

in CHF	2016
Available retained earnings before distribution	36,628,126
Dividend of 66 percent on the share capital of max. CHF 37,951,035 eligible for dividends	-25,047,683 ²⁾
To be carried forward	11,580,443

2) The figure is based on the issued share capital as of December 31, 2016 eligible for dividends. It may change due to movements on treasury shares after the balance sheet date.

REPORT OF THE STATUTORY AUDITOR

on the financial statements of Bossard Holding AG



Report of the statutory auditor
to the general meeting of
Bossard Holding AG
Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bossard Holding AG, which comprise the balance sheet as at December 31, 2016, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 104 to 108) as at December 31, 2016 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



Overall materiality	CHF 1,000,000
How we determined it	0.8% of shareholder's equity
Rationale for the materiality benchmark applied	We chose shareholder's equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Audit, Risk & Compliance Committee that we would report to them misstatements above CHF 100,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the Circular 1/2015 of the Federal Audit Oversight Authority

We have no key audit matters to report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zürich, 27. Februar 2017

INVESTOR INFORMATION

	2016	2015	2014	2013	2012
Share capital					
Registered A shares at CHF 5 par					
Capital stock in CHF 1,000	33,250	33,250	33,250	33,250	26,600
Number of shares issued	6,650,000	6,650,000	6,650,000	6,650,000	5,320,000
Number of shares entitled to dividend	6,240,207	6,218,497	6,207,458	6,212,792	4,882,826
Registered B shares at CHF 1 par					
Capital stock in CHF 1,000	6,750	6,750	6,750	6,750	5,400
Number of shares issued	6,750,000	6,750,000	6,750,000	6,750,000	5,400,000
Number of shares entitled to dividend	6,750,000	6,750,000	6,750,000	6,750,000	5,400,000
Registered A shares equivalents, entitled to dividend at Dec. 31	7,590,207	7,568,497	7,557,458	7,562,792	5,962,826
Market price					
Ticker symbol (BOSN)					
Volume traded (daily average)	8,991	8,011	13,014	11,964	8,160
Closing price at Dec. 31	143.4	109.2	109.3	103.3	67.0
Registered A share high in CHF	144.0	118.4	130.8	104.3	73.0
Registered A share low in CHF	90.4	88.8	88.0	59.1	50.9
Dividend per share					
Registered A share in CHF	3.30 ¹⁾	3.00	3.00	3.00	2.88
Registered B share in CHF	0.66 ¹⁾	0.60	0.60	0.60	0.58
In % of share capital	66.0	60.0	60.0	60.0	57.5
Dividend yield in % (Basis: price at Dec. 31)	2.3	2.7	2.7	2.9	4.3
Earnings per share ^{2) 5)}					
Registered A share in CHF	8.04	7.01	7.49	7.40	7.29
Registered B share in CHF	1.61	1.40	1.50	1.48	1.46
Cash flow per share ^{2) 4)}					
Registered A share in CHF	9.90	8.74	9.20	9.03	9.05
Registered B share in CHF	1.98	1.75	1.84	1.81	1.81
Price/Earnings ratio (Basis: price at Dec. 31)	17.8	15.6	14.6	14.0	9.2
Net worth per share ³⁾					
Registered A share in CHF	27.4	24.6	27.9	22.1	8.7
Registered B share in CHF	5.5	4.9	5.6	4.4	1.7
Market capitalization (Basis: price at Dec. 31)					
In CHF million ³⁾	1,088.4	826.5	826.0	780.9	399.5
In % of shareholders' equity	524.2	443.9	392.2	466.7	770.3

in CHF million	2016	2015	2014	2013	2012
Economic value added analysis					
Net sales	695.0	656.3	617.8	605.7	485.2
Earnings before interest and taxes (EBIT)	78.5	70.3	72.8	69.8	48.4
Effective tax rate in %	17.5	19.7	18.0	14.8	12.7
Net operating profit after tax (NOPAT)	64.7	56.5	59.7	59.5	42.2
Equity	207.6	186.2	210.6	167.3	51.9
Gross financial debt	181.3	177.7	123.3	126.6	227.8
Less cash and cash equivalents	22.5	29.9	25.4	25.4	25.6
Capital employed (year-end)	366.4	334.0	308.5	268.5	254.1
Average annual capital employed (A)	350.2	321.3	288.5	261.3	245.5
Return on average capital employed in % (ROCE)	18.5	17.6	20.7	22.8	17.2
Cost of financial debt in %					
Average cost of financial debt	1.5	1.6	1.8	2.0	1.7
Less effective tax	17.5	19.7	18.0	14.8	12.7
Cost of financial debt after tax	1.2	1.3	1.5	1.7	1.5
Cost of equity in %					
Risk free rate (Basis: yearly average of yield Swiss government bond)	-0.4	-0.1	0.7	0.9	0.7
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	5.1	5.4	6.2	6.4	6.2
Equity ratio	41.9	40.2	48.5	43.2	13.8
Weighted average cost of capital in % (WACC)	2.9	3.0	3.8	3.7	2.1
Economic profit in % (ROCE – WACC) (B)	15.6	14.6	16.9	19.1	15.1
Economic profit in CHF million (A) * (B)	54.7	47.1	48.9	49.8	37.0

- 1) Proposal to annual general meeting of shareholders
- 2) Basis: Average number of outstanding shares entitled to dividend
- 3) Basis: Number of outstanding shares entitled to dividend at year end
- 4) Net income + depreciation and amortization
- 5) Share attributable to shareholders of Bossard Holding AG

The articles of association do not include any provisions for opting-out or opting-up.

in CHF million	2016	2015	2014	2013	2012
Economic book value (EBV)					
Market value added (economic profit/WACC)	1,905.6	1,593.7	1,297.3	1,333.8	1,733.2
Capital employed	366.4	334.0	308.5	268.5	254.1
Implied enterprise value	2,272.0	1,927.7	1,605.8	1,602.3	1,987.3
Less gross financial debt	181.3	177.7	123.3	126.6	227.8
Plus cash and cash equivalents	22.5	29.9	25.4	25.4	25.6
Economic book value at Dec. 31	2,113.2	1,779.9	1,507.9	1,501.1	1,785.1
Market valuation and key ratios					
Share price at Dec. 31 in CHF	143.4	109.2	109.3	103.3	67.0
Market capitalization	1,088.4	826.5	826.0	780.9	399.5
Net financial debt	158.8	147.8	97.9	101.2	202.2
Enterprise value (EV)	1,247.2	974.3	923.9	882.1	601.7
EV in % of net sales	179.4	148.5	140.8	134.4	91.7
EV/EBITDA	13.7	11.9	10.8	10.7	10.2
EV/EBIT	15.9	13.9	12.7	12.6	12.4
EV/NOPAT	19.3	17.2	15.5	14.8	14.3
Price/book value per share	5.2	4.4	3.9	4.7	7.7
Return on equity in %	31.7	27.5	30.2	51.1	33.6

EBIT	Earnings Before Interest and Taxes
NOPAT	Net Operating Profit After Taxes
ROCE	Return On Capital Employed
WACC	Weighted Average Cost of Capital
EV	Enterprise Value
EVA	Economic Value Added
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization

Share price development 2012–2016

Valor: 238,627,14, ISIN CH0238627142/BOSN



— Bossard N
— Price development with moving average 200 days

AGENDA

**Meeting for financial analysts & media conference,
publication of annual report 2016**

March 8, 2017

Annual general meeting

April 10, 2017

Publication of sales results, 1st quarter 2017

April 10, 2017

Publication of first results

Sales/net income 1st half of 2017

July 13, 2017

Publication of semi-annual report 2017

August 22, 2017

Publication of sales results, 3rd quarter 2017

October 10, 2017

Publication of sales results 2017

January 11, 2018

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This Annual Report 2016 is also available in German.

The German Annual Report 2016 is binding.

Dieser Jahresbericht 2016 ist auch in deutscher Sprache erhältlich.

Der deutsche Jahresbericht 2016 ist massgebend.

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