

## Press Release

### Bossard Group Results for 2013

#### Record sales and record profits

Zug, March, 6, 2014 - The Bossard Group had a record-breaking year in FY2013 as the acquisition of KVT-Fastening propelled results to historic highs. Profits rose by 28.7 percent to CHF 56.0 million, with operating profits (EBIT) up 44.3 percent to CHF 69.8 million. The improved performance of the Group is also evident in its profitability: The EBIT margin rose from 10.3 percent to 11.8 percent, which is a record high for the Group. “Following the acquisition of KVT-Fastening, Bossard is in good, solid shape: We took another major step in our growth, further increased profitability and significantly improved our balance sheet ratios,” says CEO David Dean about the Group’s performance in FY2013.

#### INCOME STATEMENT

	2013 CHF mill.	2012 CHF mill.	+/-
Gross sales	609.7	487.1	25.2%
Gross profit	242.0	187.5	29.1%
Period costs	172.2	139.1	23.8%
EBIT	69.8	48.4	44.3%
Net Income	56.0	43.5	28.7%

Sales also reached a record level in FY2013 and rose by 25.2 percent to CHF 609.7 million. This significant increase reflects the acquisition of KVT-Fastening, which was fully

consolidated at the beginning of the year. It should also be noted that the existing business contributed significantly to this growth through increasing volumes. This applies to Europe, too, where Bossard found itself in a challenging market environment. The European business has nevertheless grown in virtually all of the region's sales markets. In the Czech Republic and Poland, the Bossard Group had double-digit growth rates. Sales in Europe grew by no less than 46.3 percent (44.9 percent in local currency) to CHF 384.7 million. In key markets such as Switzerland, Germany and Austria, the company further solidified its market position with the acquisition of KVT-Fastening.

In the Americas, sales (adjusted by the divestment of Bossard Metrics) fell by 0.9 percent to CHF 134.6 million (in local currency +0.3 percent). Demand was more modest during the second half of the year, which can be traced to declining demand by a major customer. This decline was compensated by additional demand from current and new customers. Business in Asia picked up again after Q2 2013: For the entire year, Bossard reported a sales increase of 11.1 percent (to CHF 90.4 million in local currency 13.1 percent). The growing volume is not only due to the market recovery but also from contact with new customers. It is encouraging that Bossard had double-digit growth in China, Malaysia and Korea.

### **Profitability improves further**

Bossard set new record highs in terms of operating profit (EBIT) and profitability. The 44.3 percent increase of EBIT to CHF 69.8 million beat Bossard's expectations. The improved EBIT margin, up from 10.3 percent to 11.8 percent, is also a sign of the company's strong performance. After making continual progress in recent years, this margin is considerably above average for the industry. Bossard's management team is pleased that it has been able to deliver on the promise it made in conjunction with the acquisition of KVT-Fastening: As intended, the company specializing in industrial fastening technology played a major part in improving the profitability of the Group. However, Bossard also improved the operating profit and operational margin in its existing business in all three of its sales regions.

## KEY FIGURES

	2013	2012
Gross profit margin	39.7%	38.5%
EBIT margin	11.8%	10.3%
ROS	9.5%	9.2%
ROCE	22.8%	17.2%

### KVT-Fastening meets all expectations

With the acquisition of KVT-Fastening, Bossard's strategy was put to the test last year. However, the integration of KVT-Fastening went smoothly, much to the satisfaction of Group management. CEO David Dean states: "We raised major expectations when we acquired KVT-Fastening. Today, we can be very proud that the company has met these expectations fully – from both operational and financial perspective: KVT-Fastening is an ideal addition to the Bossard Group, with only marginal areas of overlap." The acquisition provides a solid foundation for the future development of the entire Group. The expertise acquired in the area of self-clinching fasteners, rivet technology and other niche segments will benefit the Bossard Group worldwide and help it to further expand its market share.

The equity ratio of Bossard at the start of 2013 was only 13.8 percent because the goodwill from the acquisition of KVT-Fastening was offset fully against equity. As these capital resources no longer met the cautious philosophy of Bossard management, a capital increase of CHF 80 million was proposed and subsequently approved by 99.9 percent of shareholders in March 2013. This has restored the company's equity financing to 35 percent. Thanks to the positive cash flow, this figure rose to 43.2 percent at year-end, which is above the long-term fixed target of 40 percent. In addition, the structure of the balance sheet was in line with the targets published by Bossard in advance of the KVT acquisition.

## BALANCE SHEET

	2013 CHF mill.	2012 CHF mill.	+/-
Current assets	289	281	2.8%
Long-term assets	98	96	2.1%
Liabilities	220	324	-32.1%
Shareholder's equity	167	52	221.2%
Total assets	387	376	2.9%
Operating net working capital in % of net sales	35.8%	42.9%	
Equity ratio	43.2%	13.8%	

Bossard made additional investments this past year to strengthen its position in important sales regions. Investments in tangible and intangible assets amounted to CHF 14.9 million in 2013 following CHF 22.5 million in the prior year. This includes expenditures for the new distribution centers in Korea and Malaysia. Bossard also initiated investments in China, which are intended to better position the company in this enormous market.

### Group profit up significantly – dividend increase

The overall positive performance of its business enabled Bossard to improve its Group profit from CHF 43.5 million to CHF 56.0 million (+28.7 percent). The improvement in performance is all the more remarkable as expenses for financing and taxes weighed on profits. Thanks to the increase in profits, the return on sales rose from 9.2 percent to 9.5 percent. This increase in Group profit will benefit the shareholders: The Board of Directors will ask the annual general meeting to pay a dividend of CHF 6.00 per bearer share for FY2013 (vs. CHF 5.75 in the prior year). The dividend will be paid from capital reserves. It should be noted that the capital increase of CHF 80 million and the record result in 2013 ultimately created the conditions that enabled Bossard to continue its current dividend policy. Accordingly, 40 percent of the Group profits will be passed on to shareholders.

## “Mild tailwind”

Bossard currently sees signs of an economic recovery in Europe. This assessment is underscored by purchasing manager indices, which have been above 50 in past months in all relevant markets. In other words, Bossard is beginning to notice the upturn in business seen in Asia since Q2 2013 in Europe, as well. However, CEO David Dean is hesitant to be overly optimistic. “We expect a less sharp but nevertheless continuous upward trend. At least we can count on a mild tailwind, and that encourages us further after our experiences in the past years.” In its Americas business, Bossard’s management team anticipates new impetus for growth. A continuing upturn in business can also be seen in Asia. This assessment is based in part to the investments that the company has made in this region of the world.

## Additional information

Stephan Zehnder, CFO

Phone +41 41 749 65 86

E-mail [investor@bossard.com](mailto:investor@bossard.com)

[www.bossard.com](http://www.bossard.com)

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### Profile:

Bossard is a leading supplier of intelligent solutions for industrial fastening technology. The company’s complete portfolio for screws includes worldwide sales, technical consulting (engineering) and warehouse management (logistics).

Bossard’s customers include local and multinational industrial companies who use Bossard’s solutions to improve their productivity. Employing more than 1,800 people in over 60 locations worldwide, the Group generated CHF 609.7 million in sales in 2013. Bossard is traded on the SIX Swiss Exchange.

## Historic key figures

In CHF 1,000	2013	+/- in %	2012	2011	2010
Gross sales	609,714	25.2%	487,094	473,484	477,609
Net sales	590,159	25.3%	471,173	457,717	458,724
EBIT	69,783	44.3%	48,373	51,277	47,266
in % of net sales	11.8		10.3	11.2	10.3
Net income	56,001	28.7%	43,505	45,621	44,928
in % of net sales	9.5		9.2	10.0	9.8
Cash flow 1)	68,316	26.6%	53,952	55,457	55,413
Capital expenditures	14,901	-40.4%	24,983	19,986	8,367
Net debt	101,163	-50.0%	202,185	29,607	25,747
Shareholders' equity	167,298	222.6%	51,861	207,073	179,354
in % of total assets	43.2		13.8	62.6	61.3
Total assets	386,951	2.9%	376,217	330,822	292,743
Number of employees at year end	1,842	1.7%	1,812	1,585	1,478

1) Net income + depreciation and amortization